

Nexans

2018 Full Year Results

Paris, 14th February 2019

The Nexans logo features a stylized red 'N' followed by the word 'exans' in a white, sans-serif font.

Safe Harbor

NB: Any discrepancies are due to rounding.

This presentation contains forward-looking statements which are subject to various expected or unexpected risks and uncertainties that could have a material impact on the Company's future performance. Readers are also invited to log onto the Group's website where they can view and download the presentation of the 2018 annual results to analysts as well as Nexans' 2018 financial statements and Registration Document, which includes a description of the Group's risk factors – particularly those related to the investigations into anti-competitive behavior launched in 2009 – as well as an overview of the Group's strategy and outlook.

The major uncertainties for 2019 and for the New Nexans transformation plan unveiled on November 9, 2018 as well as its roll-out in Europe, which led to the presentation of a proposed European reorganization and restructuring plan to Nexans' employee representative bodies on January 24, 2019, are mainly related to (i) the geopolitical and macroeconomic environment, (ii) potential changes to trends on the markets we serve, and (iii) operating performance risks.

- o The uncertain economic and political environments in the United States and Europe, with the risk of growth being slowed down by potential major changes in US trade policy on one side of the Atlantic and the possible consequences of Brexit on the other.*
- o 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, nationalism and populism uprise in Europe.*
- o Geopolitical instability, including the embargoes in Qatar and Iran, political instability in Libya and Ivory Coast and persistent tensions in Lebanon and the Persian/Arabian Gulf.*
- o 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.*
- o Sudden fluctuations in metal prices that could affect customer purchasing patterns in the short term.*
- o 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 impacting net income.*
- o The impact of growing inflationary pressure, particularly on commodities prices (resins, steel,) and labor costs, which could affect competitiveness depending on the extent to which they can be passed on to customers in selling prices.*
- o The impact of exchange rate fluctuations on the conversion of the financial statements of Group subsidiaries located outside the Eurozone.*
- o The sustainability of high growth rates and/or market penetration in segments related to datacenters, to the development of renewable energy (wind and solar farms, interconnectors, etc.) and to transport.*
- o 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.*
- o The risk that the sustained growth expected on the North American automotive markets and on the global electric vehicle market does not materialize.*
- o Fluctuating oil and gas prices, which are leading Oil & Gas sector customers to revise their exploration and production capex programs at short notice. The considerable uncertainty about the implementation of these customers' capex programs also creates uncertainty about the confirmation of cable orders booked by the Oil & Gas segment.*
- o The risk of the award or entry into force of submarine and land 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.*
- o The risk of delays or cost-overruns affecting implementation of the transformation and reorganization plan in the land high-voltage and submarine medium-voltage activities and the time required for these activities to return to break-even.*
- o Inherent risks related to (i) carrying out major turnkey projects for submarine high-voltage cables, which will be exacerbated in the coming years as this business becomes increasingly concentrated and centered on a small number of large-scale projects (Nordlink, NSL, East Anglia One, Hornsea 2 and DolWin6, which will be our first contract to supply and install HVDC extruded insulation cables), (ii) the high capacity utilization rates of the plants involved, and (iii) the projects' geographic location and the political, social and economic environments in the countries concerned (Venezuela, Philippines).*
- o The inherent risks associated with major capital 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 2021 objectives.*

INVESTOR RELATIONS:

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Performance in line with November communication

- Sales at constant metal stable versus 2017 (Organic Growth at -0.8%), of which +4.2% for cables and wires(*)
- EBITDA(**) at 325 M€, improved in H2'18 and corresponding to 188 M€ Operating Margin
- Strong backlog in High Voltage & Projects exceeding 1,250 M€

Financials 2018

- Improved OWC at 10.7% of sales at current metal price at year-end versus 12.8% in 2017
- Net income at +14 M€ after restructuring (-53 M€), capital gain (+44 M€) and impairments (-44 M€)
- Net Debt at 330 M€ (equal to end 2017) after 61 M€ restructuring cash out, 50 M€ equity operations (dividends payments and share buy back) and 51 M€ proceeds on disposals
- Group financing secured through 325 M€ bond issued in August and 600 M€ RCF renewed in December and extended to 2023
- Proposed dividend of 0.3 € per share

(*) Include all businesses except High voltage & Projects

(**) Operating margin before depreciation and amortization

Transformation

- “New Nexans” strategic plan launched in November 2018
- New Executive Committee in place in November 2018
- Restructuring project (Europe) announced on January 24, 2019



- 1. Highlights**
- 2. Key Financials**
- 3. Outlook**
- 4. Deals Signed / CSR / Foundation**
- 5. Appendices**

1

HIGHLIGHTS

Christopher Guérin
CEO

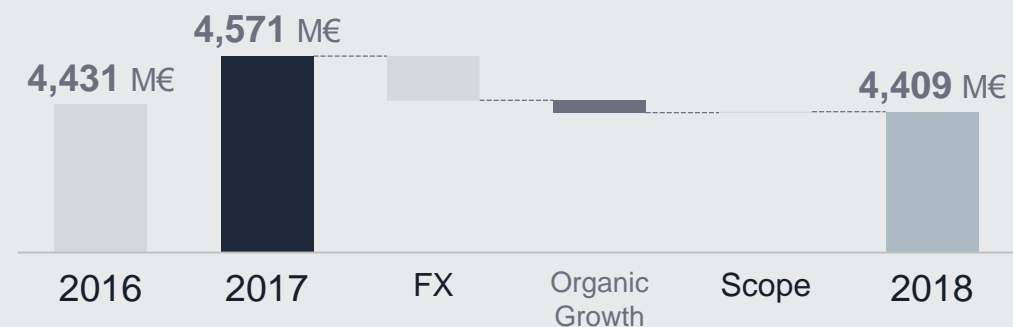


Full Year 2018 key figures

HIGHLIGHTS

-0.8% Organic Growth

Sales at constant metal prices in M€



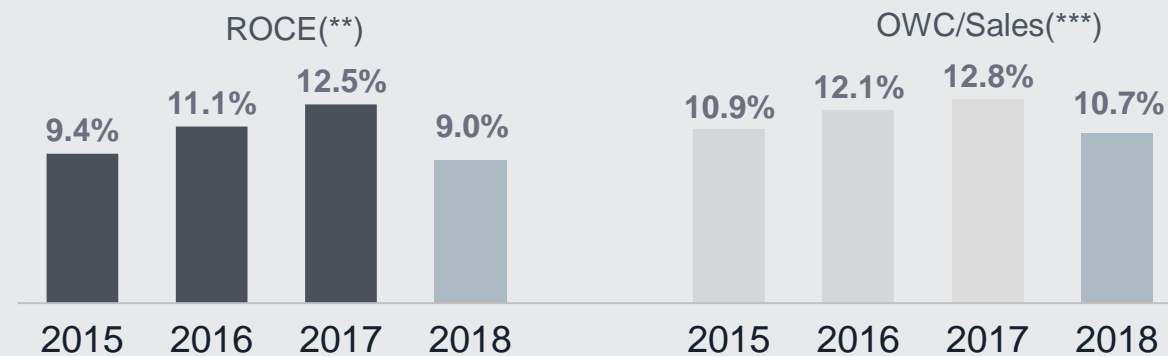
EBITDA

Legend: HY 1 (Dark Blue), HY 2 (Light Blue)

EBITDA in M€

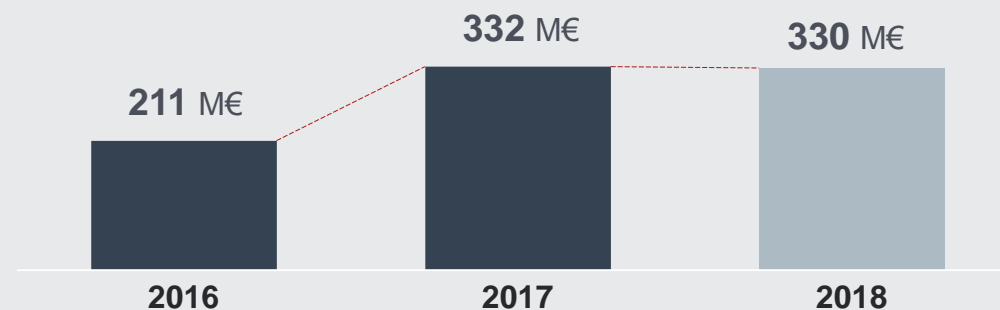


ROCE and Working Capital



Net Debt evolution

Net Debt in M€



(*) Corresponding to an Operating Margin of 188 M€

(**) 12 month OM on end of period Capital Employed, restated for Antitrust provision

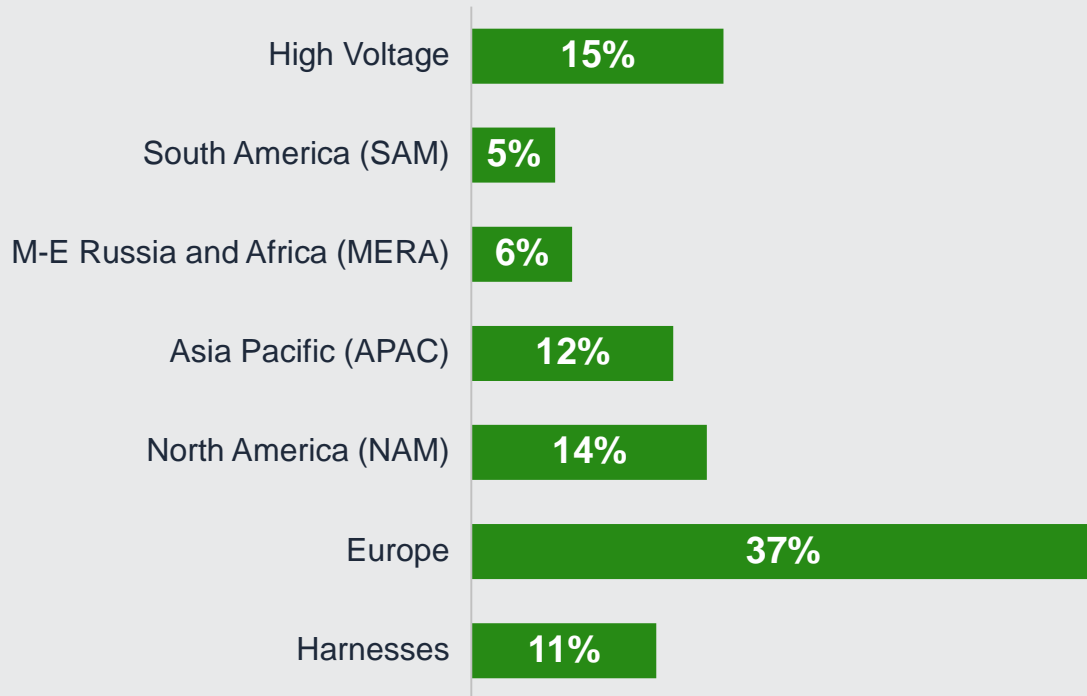
(***) Operating Working Capital / (Q4 Sales at current metal price x 4)

Sales by geographies

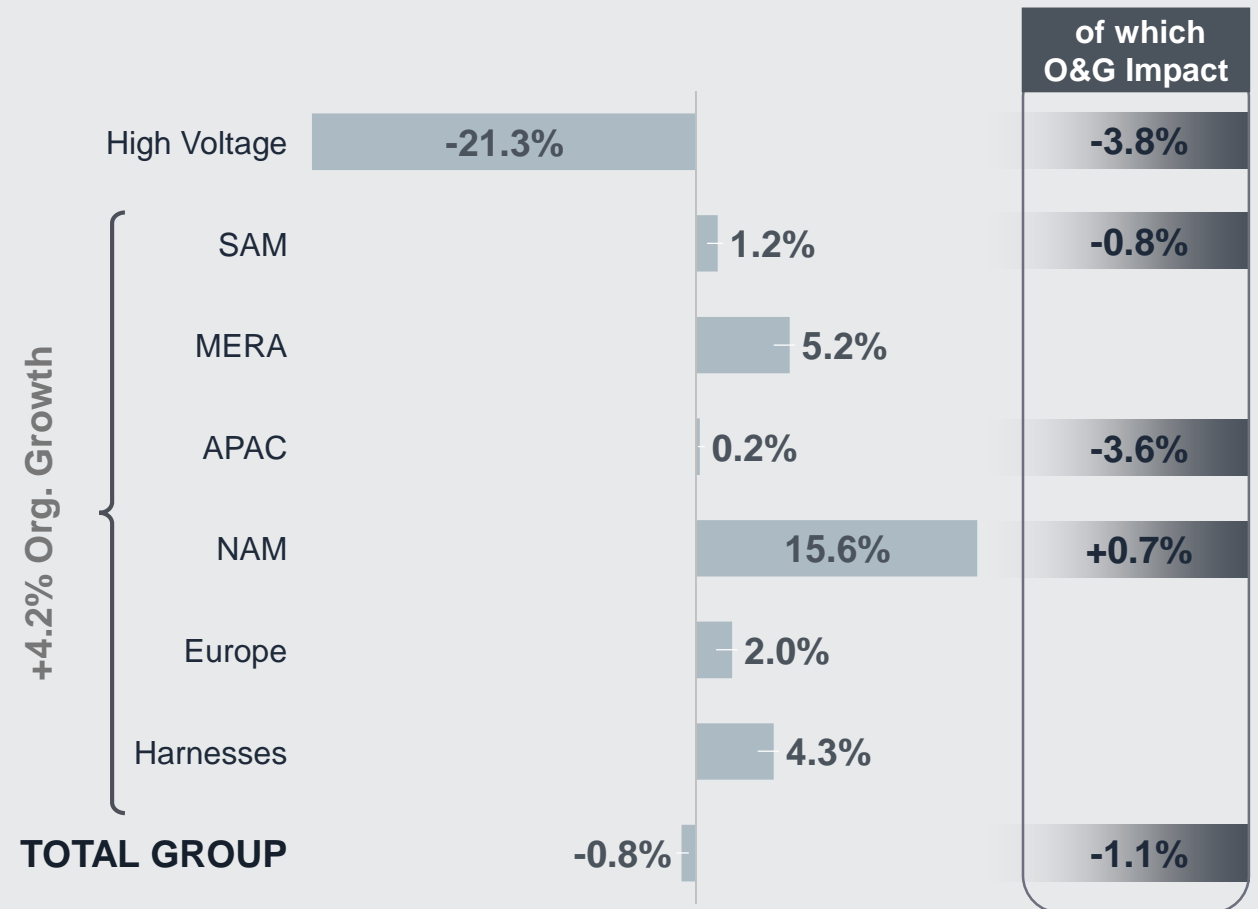
A contrasted business environment

HIGHLIGHTS

% of Sales at constant metal prices



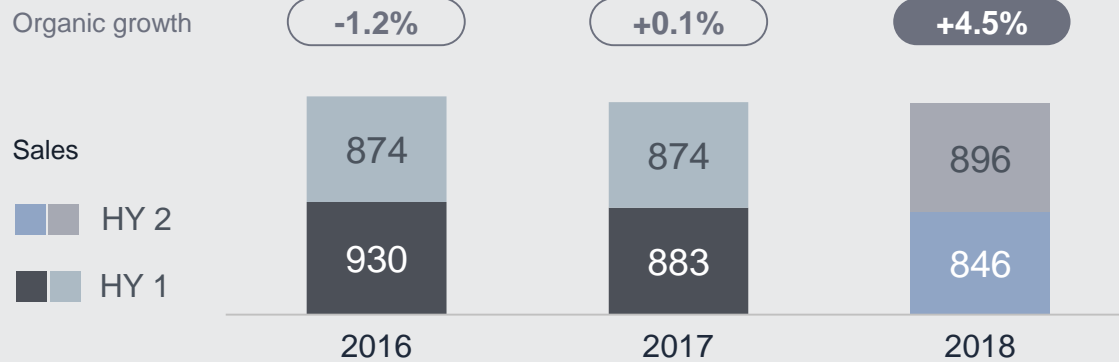
Organic Growth



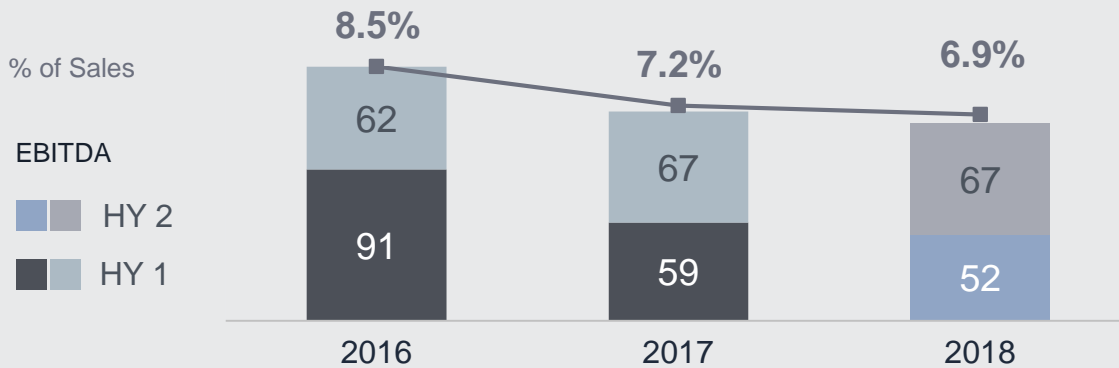
Building & Territories

Solid momentum for Building and progressive recovery for Utilities

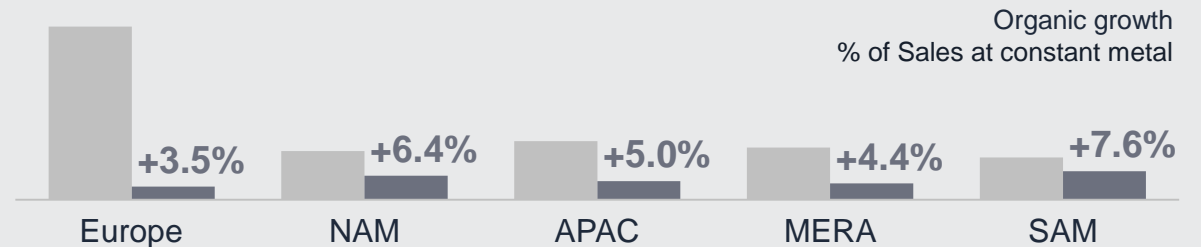
Sales at constant metal: 1,742 M€



EBITDA: 120 M€



Business Update



BUILDING: +9.1% organic growth

- Positive momentum accelerated in H2 in all areas

UTILITIES: Flat organic growth

- Cables: Positive trend in Europe and SAM
- Accessories: Progressive recovery in H2 after a weak H1

Margins

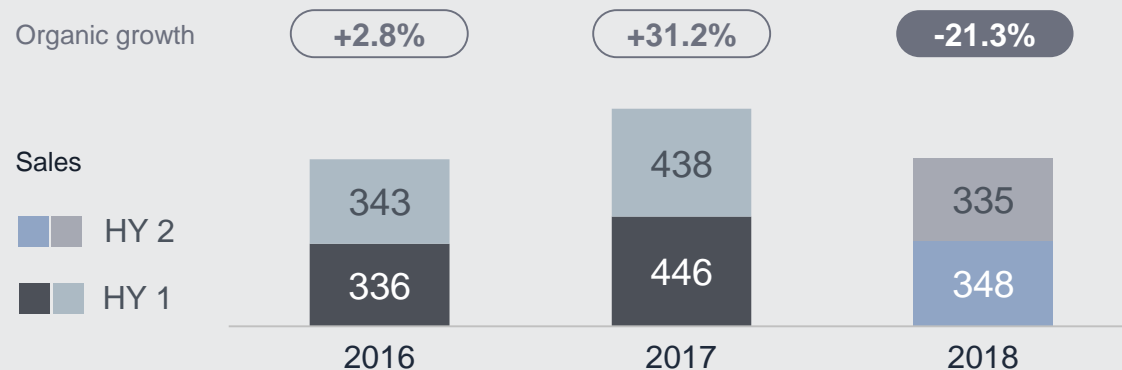
Impact of the raw material inflation

- Building: Organic growth partially translates to EBITDA
- Utilities: impact not offset in H1 but better in H2

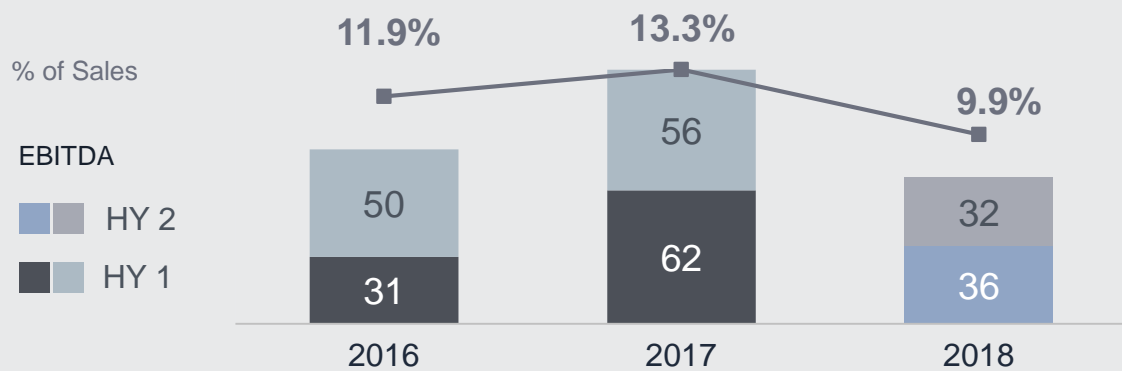
High Voltage & Projects

Improved order backlog enabling strong visibility

Sales at constant metal: 683 M€



EBITDA: 68 M€



Business Update

SUBSEA: -21.1% organic growth

- Drop in activity resulting from postponements of projects and contracts initially planned in H2'18
- Major projects awarded in Q4'18 (Hornsea II ca. 150 M€, Lavrion 111 M€, Mindanao 100 M€ and Red Eléctrica 50 M€)
- Flawless execution of ongoing projects

LAND: -21.9% organic growth

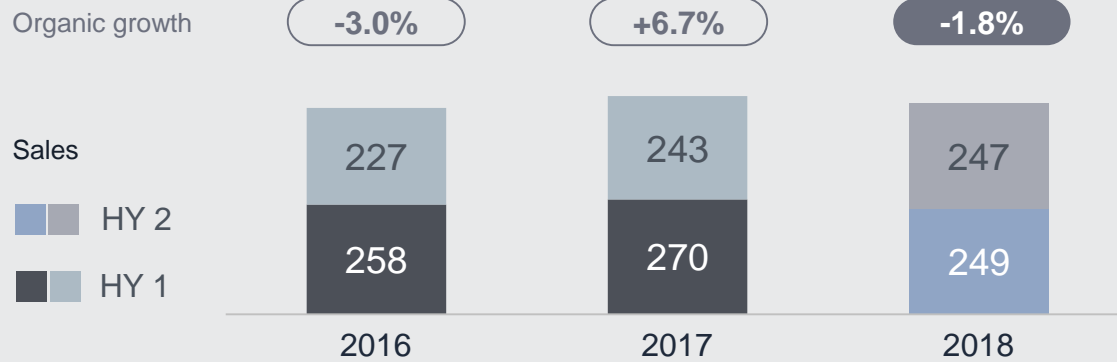
- Under activity in Europe and China leading to an impairment of assets (ca. 50 M€)
- Qualification of 525 kV HVDC cable system to play a role in Germany's energy transition
- Current situation considered in the transformation plan

Margins

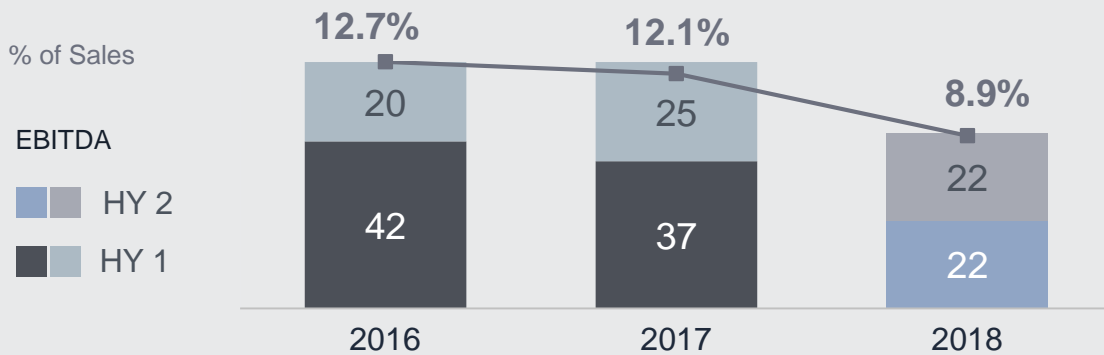
- Subsea: improved margins in H2
- Land: double digit negative EBITDA

Improved LAN & Infrastructure offset by low Special Telecom

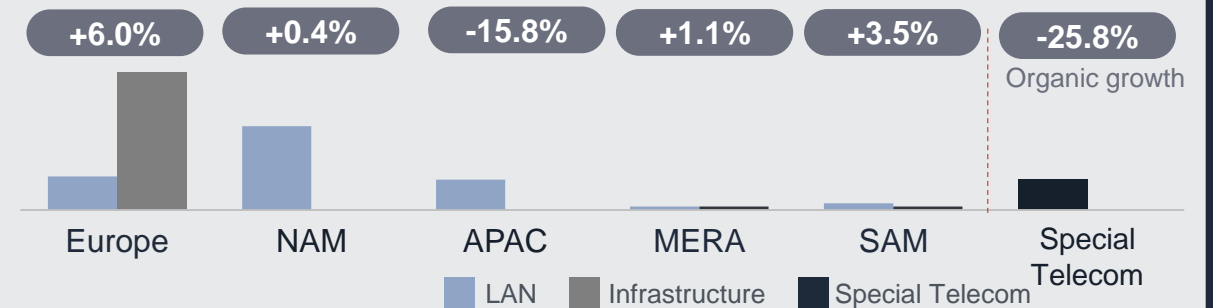
Sales at constant metal: 496 M€



EBITDA: 44 M€



Business Update



LAN and CABLING SYSTEMS: -1.5% organic growth

- LAN US: Sound volume recovery in H2 in Copper
- Positive trend in Europe and SAM
- Volume slowdown in MERA and APAC

TELECOM INFRASTRUCTURE: +5.1% organic growth

- Solid volume growth for optical fiber business and accessories in Europe

SPECIAL TELECOM: -25.8% organic growth

- Very low volumes in H2

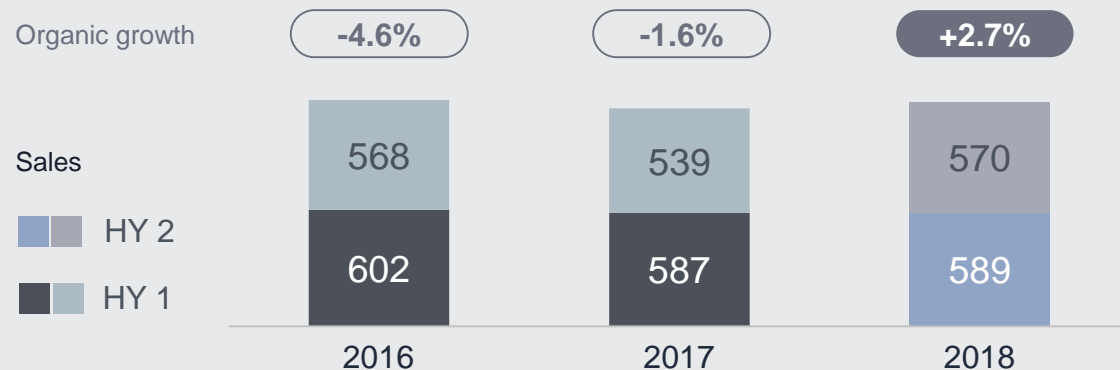
Margins

- LAN (Copper): margins bottoming out in US thanks to costs reduction
- Infrastructure: positive momentum materializing in H2 and supporting future expansion of capacity in Q4'19

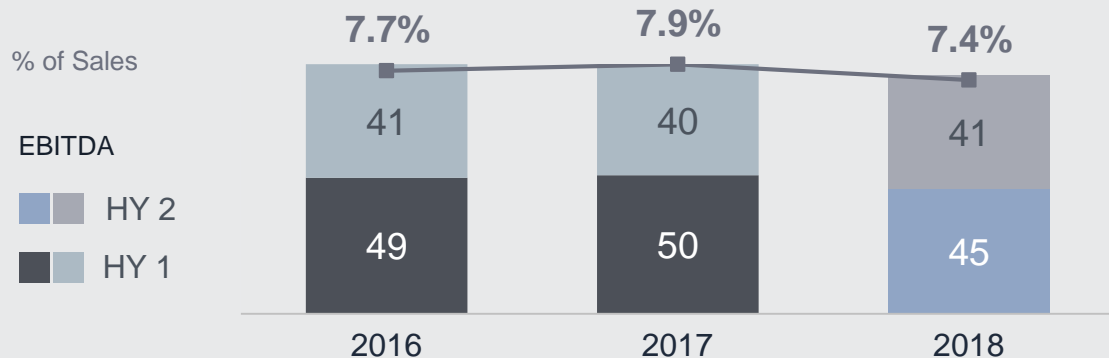
Industry & Solutions

Opposing headwinds for Transport and Resources

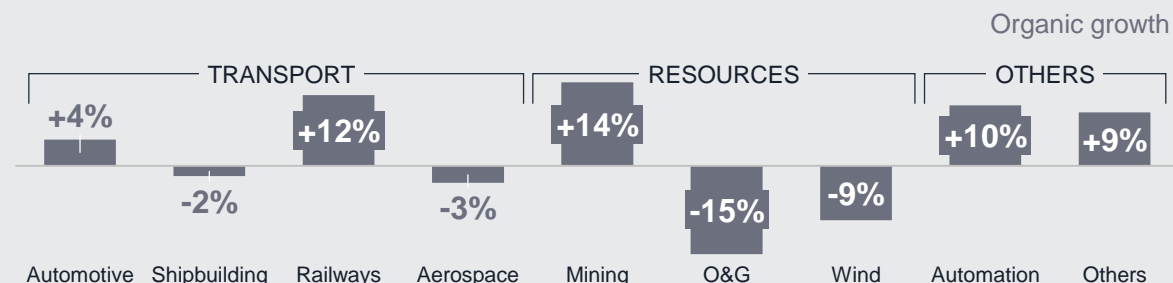
Sales at constant metal: 1,160 M€



EBITDA: 86 M€



Business Update



TRANSPORT: 66% of Sales

- Continued growth of harnesses in Europe and NAM
- Strong rise of railways in Europe and APAC
- Shipyards now stable after 3 continuous years of decline

RESOURCES: 20% of Sales

- Growth acceleration in mining
- Lower volumes for wind and O&G upstream

OTHERS: 14% of Sales

- Solid growth in automation

Margins

- Erosion of margin attributable to harnesses (R&D costs and industrial relocation)

KEY FINANCIALS

Nicolas Badré
CFO



Income Statement (1/2)

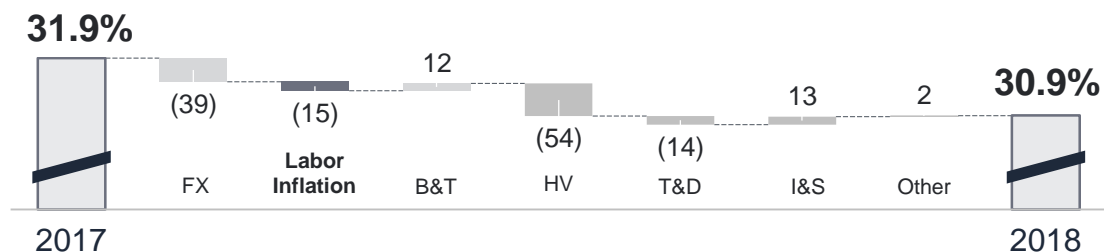
KEY FINANCIALS

Key figures

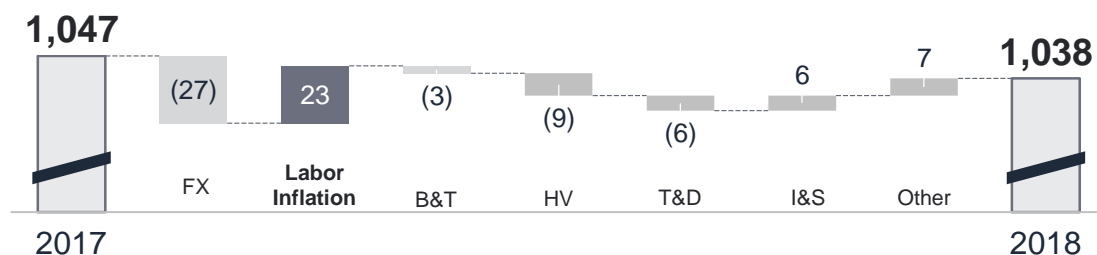
In M€	2017	2018
Sales at current metal prices	6,370	6,490
Sales at constant metal prices	4,571	4,409
Margin on variable costs	1,458	1,363
margin rate (*)	31.9%	30.9%
Indirect costs	(1,047)	(1,038)
EBITDA	411	325
EBITDA rate (*)	9.0%	7.4%
Depreciation and amortization	(139)	(137)
Operating margin	272	188
Operating Margin rate (*)	6.0%	4.3%

(*) Margin on Sales at constant metal price

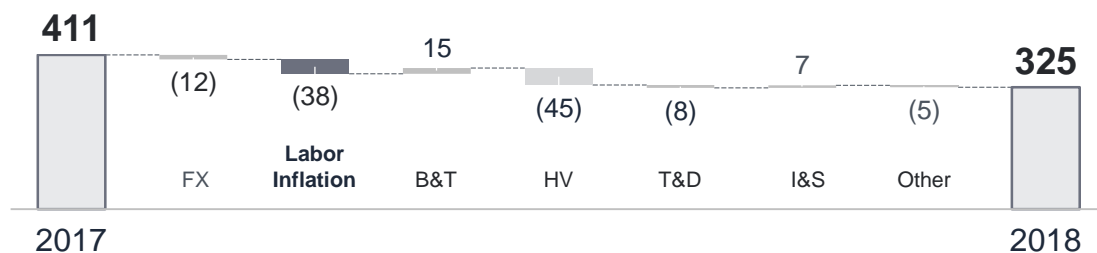
Gross Margin evolution



Indirect costs evolution



EBITDA evolution



Income Statement (2/2)

KEY FINANCIALS

Key figures

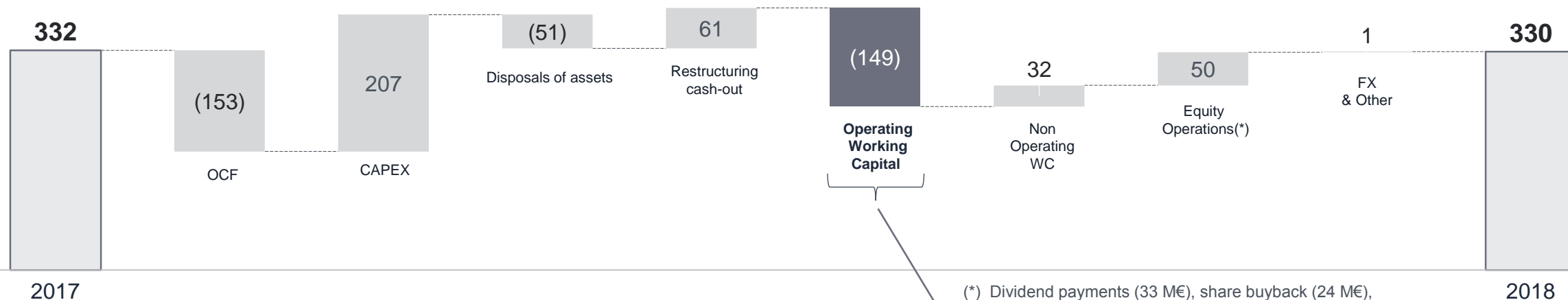
<i>In M€</i>	2017	2018
Operating margin	272	188
Restructuring	(37)	(53)
Others	46	(23)
Operating income	281	112
Financial charge	(62)	(56)
Income before tax	219	56
Income tax	(91)	(44)
Net income from operations	127	13
Net income Group share	125	14

From Operating Margin to Operating Income

<i>In M€</i>	2017	2018
Restructuring	(37)	(53)
Core exposure impact	64	(15)
Net asset Impairment	(8)	(44)
Antitrust investigation	(6)	(1)
Proceeds from disposals	0	44
Others	(4)	(7)
Others	46	(23)
Adjustments to operating margin	9	(76)
Financial charge		
<i>In M€</i>	2017	2018
Cost of debt	(56)	(47)
Net foreign exchange gain (loss)	3	6
Interest on Pension	(6)	(5)
Others	(4)	(10)
Financial charge	(62)	(56)

Focus on cash management

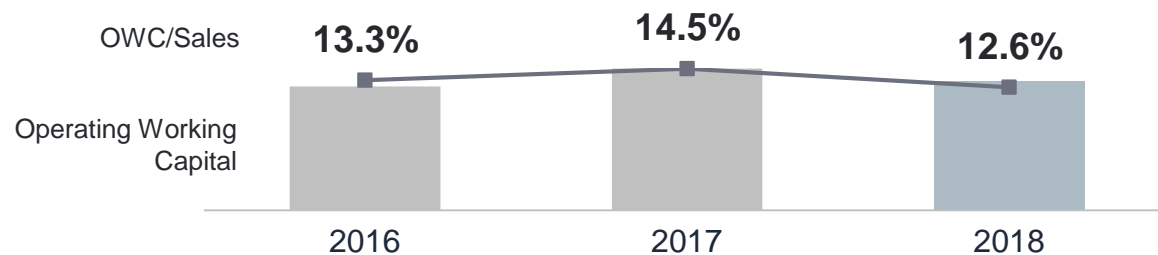
Net Debt last 12 month evolution in M€



(*) Dividend payments (33 M€), share buyback (24 M€), employees shareholding (-14 M€) and M&A (7 M€)

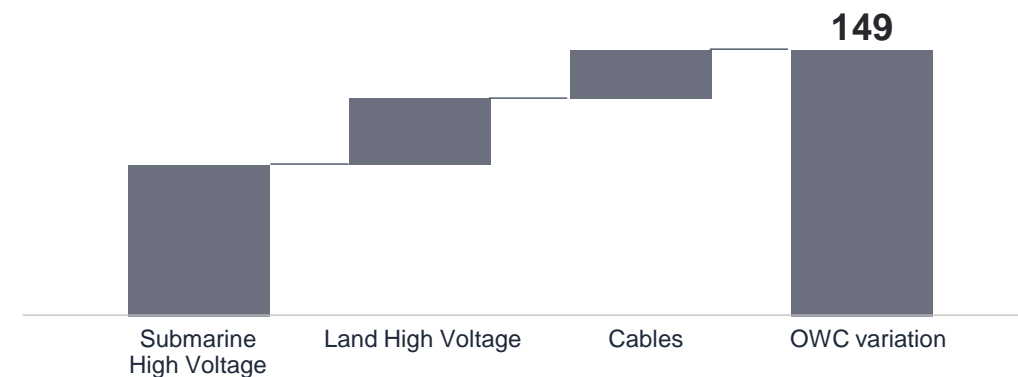
OWC on Sales - excluding Projects

Evolution of Operating Working Capital excluding High Voltage & Project activities(**)



(**) 2016 and 2017 are restated. Special Telecom's OWC included in the figures.

OWC 12 month evolution – cash impact



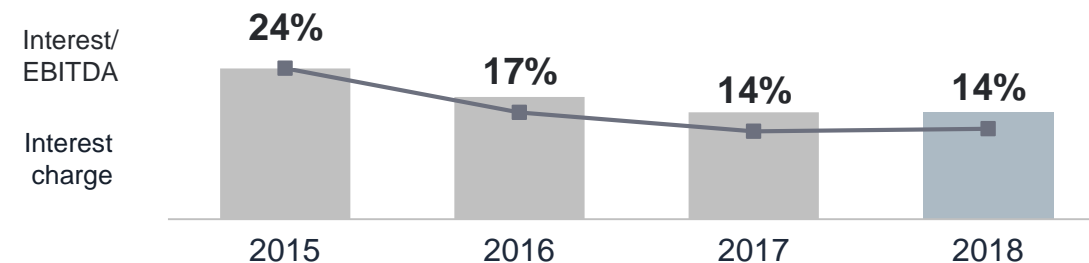
Balance Sheet

KEY FINANCIALS

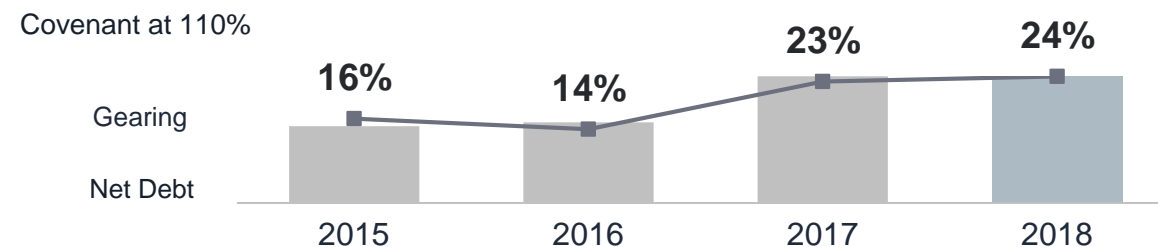
Balance Sheet

In M€	2017	2018
Fixed assets and other non-current assets	1,633	1,608
Of which goodwill	236	243
Deferred tax assets	135	162
Non-current assets	1,767	1,770
Working Capital	698	556
Total to finance	2,465	2,327
Net financial debt	332	330
Reserves	560	510
Of which: - restructuring	48	34
- pension & jubilee	387	363
Deferred tax liabilities	102	109
Derivative liability non current	3	11
Shareholders' equity and minority interests	1,468	1,367
Total financing	2,465	2,327

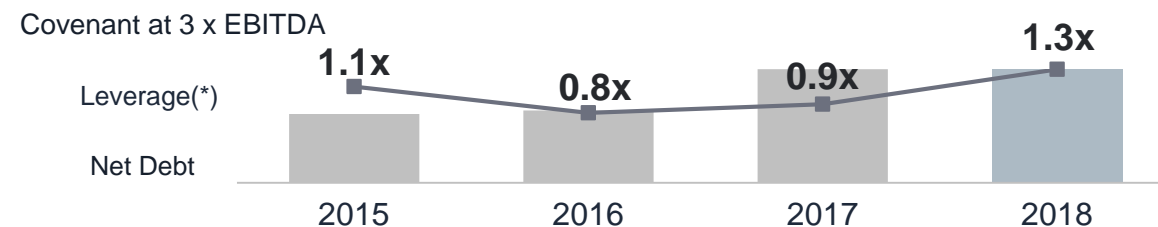
Interest Charge over EBITDA



Net Debt and Gearing ratios



Leverage ratios



(*) Average net debt of June and December 2018/EBITDA

Strong liquidity covering future debt refinancing needs

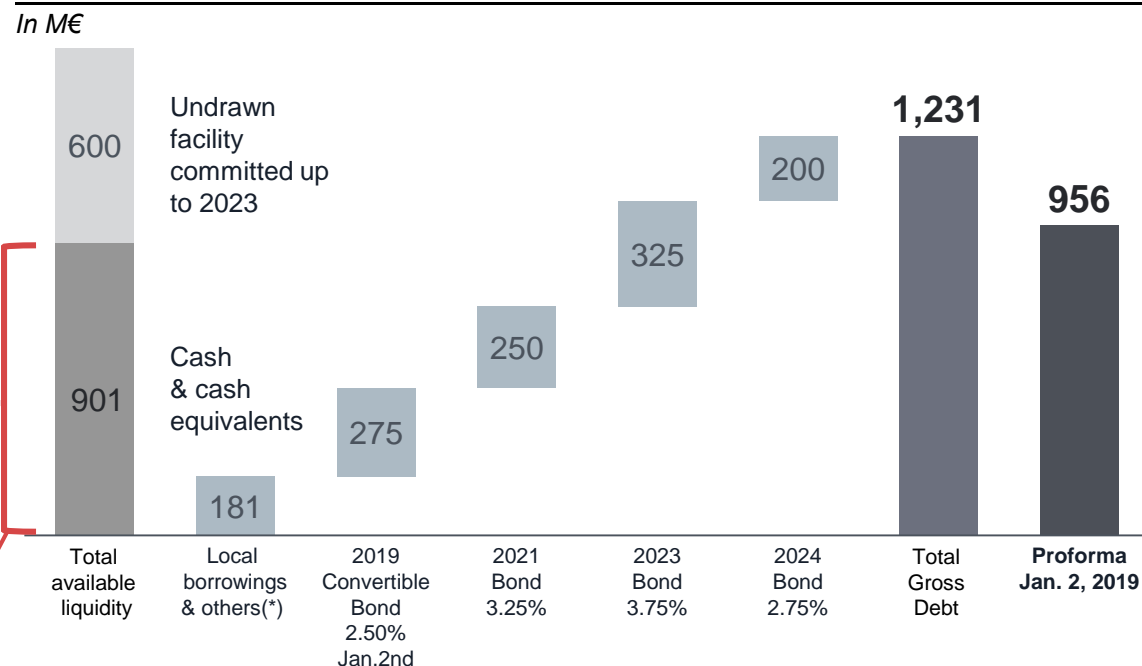
Net Debt breakdown

In M€	2018
Long-term ordinary bonds	771
Other long-term borrowings	7
Short-term convertible bonds	269
Short-term borrowings and short-term accrued interest not yet due + Short-term ordinary bonds	169
Short-term bank loans and overdrafts	15
Gross Debt	1,231
Short-term financial assets	-
Cash and cash equivalents	(901)
Net Debt	330

Rating & covenants

- S&P rating : BB negative outlook
- Credit facility covenants at end of 2018 :
 - leverage $\leq 3 \times$ EBITDA
 - gearing ≤ 1.1

Debt redemption



(*) Including IFRS restatements on convertible and ordinary Bonds

Anticipated impacts of IFRS 16

- Increase of debt by ca. 120 M€ on transition date (mostly from real estate contracts)
- Estimated impacts 2019: ca. 30 M€ EBITDA, not material on OM and net result
- New ratios included in the RCF reflect the application of IFRS 16: leverage at +0.2 and gearing at +0.1 starting June 2019

OUTLOOK

Christopher Guérin
CEO

Jean-Christophe Juillard
CFO

A new Executive team to lead the New Nexans

Why the change?

1. Reinforce proximity to Business Units while ensuring faster decision making
2. Develop new offers in the solution space
3. Strengthen the emphasis on execution - cost control, client centricity, business development and reinforce Innovation & Services
4. Internationalize Nexans' management to impulse transversal best practices, and innovative models



C. Guérin



P. Portevin



B. Fitoussi



V. Dessale



J. Hueber



V. Mahadevan



S. Vermeulen



J-C. Juillard



N. Cusimano



J-I. Eyzaguirre



J. Fournier

Christopher Guérin, Chief Executive Officer

Pascal Portevin, Deputy CEO, acting as Special Advisor

Five business leaders:

- **Benjamin Fitoussi**, Chief Operations Officer, is in charge of the Europe region, Power Accessories Business Group, Harnesses business for the Automotive segment, and the Industrial Operations and Purchasing departments.
- **Vincent Dessale**, heads the Subsea & Land Systems Business Group.
- **Julien Hueber**, is in charge of the Industry and Solutions Business Group and the Asia-Pacific region.
- **Vijay Mahadevan**, heads the Middle East, Russia, Africa and South America regions.
- **Steven Vermeulen**, is in charge of Telecom & Data Business Group and the North America region.

Five functional division leaders:

- **Jean-Christophe Juillard**, Chief Financial Officer and Information Systems.
- **Nino Cusimano**, General Counsel and Secretary General .
- **Juan Ignacio Eyzaguirre**, Strategy and Mergers & Acquisitions.
- **Jérôme Fournier**, Innovation, Services & Growth.
- A new Human Resources Director in charge of CSR and Communication will join on March 18th.

All transformation initiatives underway

OUTLOOK



Incremental EBITDA effects by 2021 **M€**

A Cost reduction initiatives **210 M€**

A1- Restructuring project (Announced)

- A complete resizing of the organization through the refocusing on its core Business Groups, suppressing regional structures and greatly reducing complexity.

A2- Indirect Cost reduction

- Reduce our indirect spending through demand reduction and cost optimization

A3- Manufacturing & Working capital performance

- Restore our capability to offset the price costs squeeze through industrial performance & OWC improvement.

A4- Capex reengineering

- Reengineer our CAPEX policy and all associated processes to improve our Capex payback.

B Shift transformation **100 M€**

- Duplicate the SHIFT performance obtained on Europe on the full Group through several waves of SHIFT modules deployments.
- 6 Modules already up and running (Asia, North & South America)
- 40 Shift leaders embarked for the transformation, weekly pace action & report



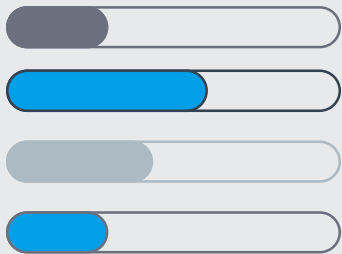
C Profit Drivers Growth **55 M€**

- Boost sales of Profit drivers
- 400 M€ of orders signed in last 4 months for Subsea

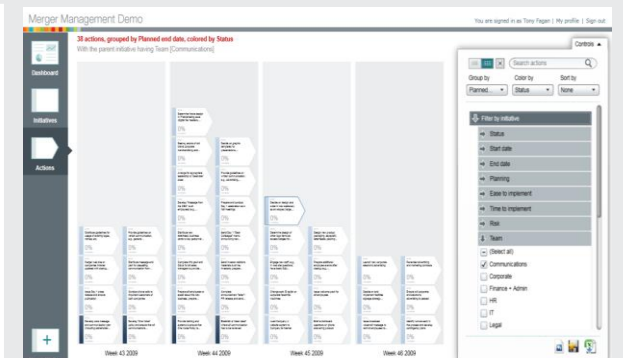
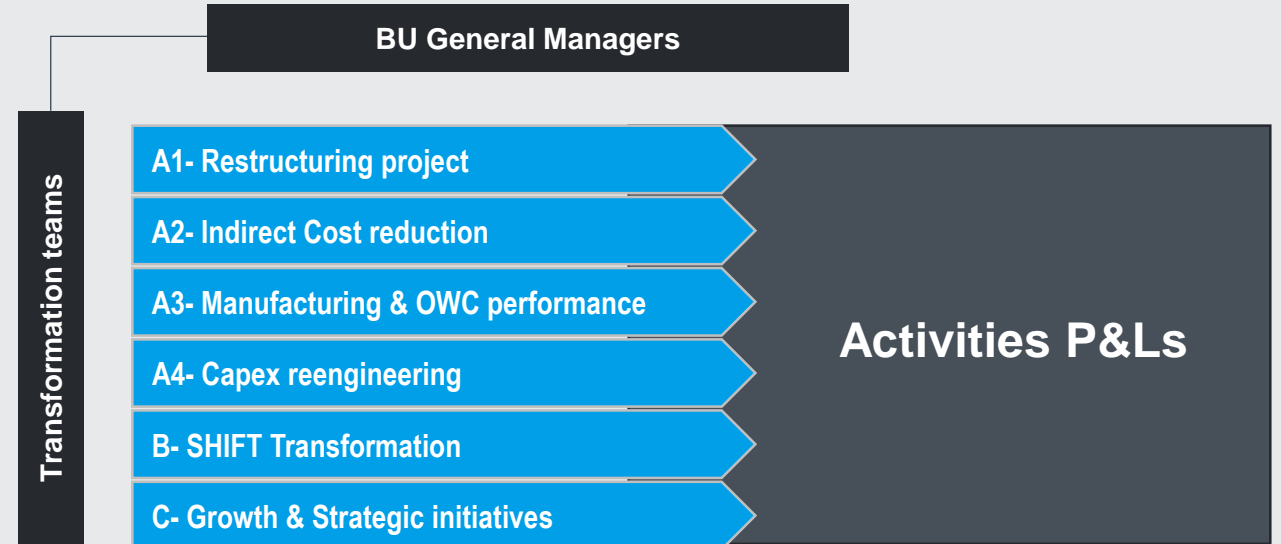
Strict Discipline in Execution

CENTRAL CONTROL TOWER

- Run a weekly cadence on all initiatives
- Track results contribution to the overall Nexans trajectory
- Allocate support & resources (SWAT Teams)
- Analyze data & portfolio evolution to target management focus priorities
- Weekly report to CEO



CEO & EXCOM Managing the transformation on weekly pace



Some successes for « Profit Drivers » activities

OUTLOOK

High Voltage projects

- Oct 2018 Triton Knoll Offshore wind farm in the UK
- Nov 2018 Majorca-Menorca interconnection in Spain
- Nov 2018 Lavrion-Syros interconnection in Greece
- Nov 2018 Hornsea 2 offshore wind farm in the UK
- Dec 2018 Mindanao-Visayas Interconnection in the Philippines

HV & Projects order backlog(*)



(*) Sales at constant metal prices

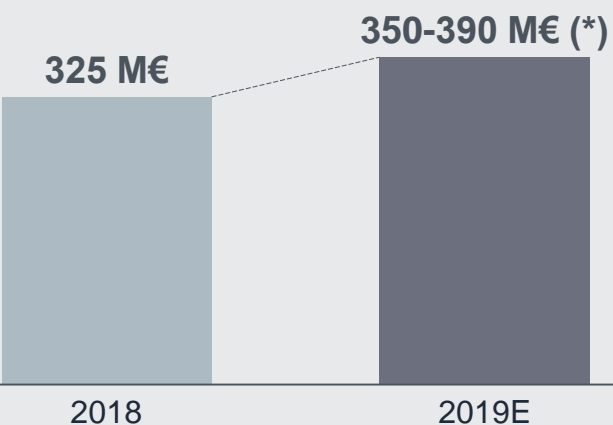
Other Businesses

- Jul 2018 Liwa Plastics Industries Complex in Oman
- Nov 2018 Jayabaya data highway in Indonesia
- Dec 2018 10-year frame agreement with Trafikverket in Sweden
- Dec 2018 Stockyard Hill Wind Farm in Australia
- Jan 2019 Multimillion-euro frame contract with one of the Internet and public cloud service giants in China

2019 objectives

Based on the current market conditions

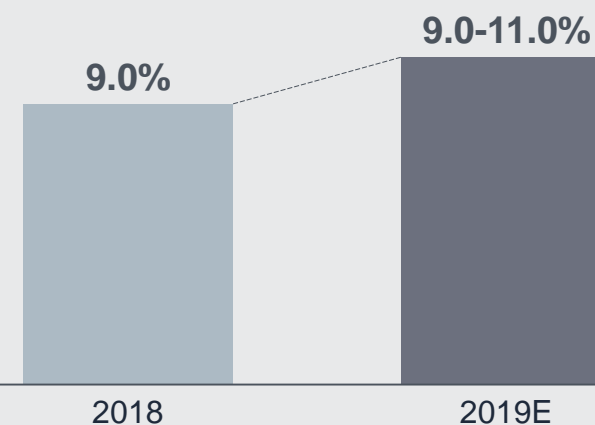
In M€



EBITDA

- OWC
 - Further improvement for Cables
- FY'19 FCF expected negative due to specific Restructuring and Capex
 - End of the year leverage < 1.5x
- FY'19 Net income expected negative due to specific Restructuring

In % at constant perimeter



ROCE before taxes

- **Transform** underperforming units towards **greater profitability**
- **Focus** profitable units on **growth for value** via differentiation and innovation
- **Restore** competitiveness through **ambitious cost reduction plan**
- **Enforce more discipline in CAPEX management and ROI monitoring**

(*) Operating Margin before depreciation and amortization. Yearly depreciation and amortization amounting to approximately 150 M€, Operating Margin can be computed accordingly.

4

DEALS SIGNED
CSR
FOUNDATION



Nexans brings Energy to Life

Building & Territories

DEALS SIGNED

OVER THE NEXT TWO YEARS, Nexans will supply medium and low voltage cables to one of the world's major Utilities for the development of electricity networks in Europe and Latin America.

The customer will benefit from a single point of reference and the convenience of having Nexans as a global supplier.

This project involves many Nexans units and will cover Argentina, Brazil, Chile, Colombia, Peru, Italy and Romania.

Nexans has been awarded a

>190 M€

CONTRACT

by one of the World leaders
in Utilities



Nexans' innovative POWERBOOST™ MV cable technology will make its debut in projects for Italy.

Nexans brings Energy to Life

High Voltage & Projects

DEALS SIGNED

THREE BIGGEST PROJECTS OF 2018:

ADMIE has awarded Nexans a 111 million euros contract for an interconnector between the Greek city Lavrion and the island of Syros.



Nexans has won a contract worth over 150 million euros to supply over 200 km of 245 kV HV cable for the near shore section of Hornsea 2 wind farm.



Nexans has been awarded a full turnkey 100-million-euro contract to reinforce the national grid of the Philippines.

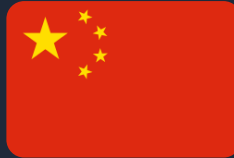


Nexans brings Energy to Life

Telecom & Data

DEALS SIGNED

NEXANS HAS BEEN AWARDED A MULTIMILLION-EURO FRAME CONTRACT



with one of the internet and public cloud service giants in China to provide state-of-the-art copper and fiber pre-term cabling solutions (10g/25g/40g/100g/200g) for its hyperscale datacenter projects in China and overseas in 2019.



NEXANS HAS BEEN AWARDED A 65-MILLION-EURO CONTRACT BY TRAFIKVERKET, THE SWEDISH GOVERNMENT'S TRANSPORT ADMINISTRATION FOR THE SUPPLY OF OPTICAL FIBER SOLUTIONS.

Nexans cabling solutions allied with microducts and microduct bundles provided by Emtelle will be used in rail projects as the Swedish government continues to develop FTTX networks throughout the country.

NEXANS SUPPLIES THE CITY HALL OF THE GREEK CAPITAL WITH CUTTING-EDGE FIBRE TO THE OFFICE (FTTO) Solution allowing for an energy saving up to 45%.



Nexans brings Energy to Life

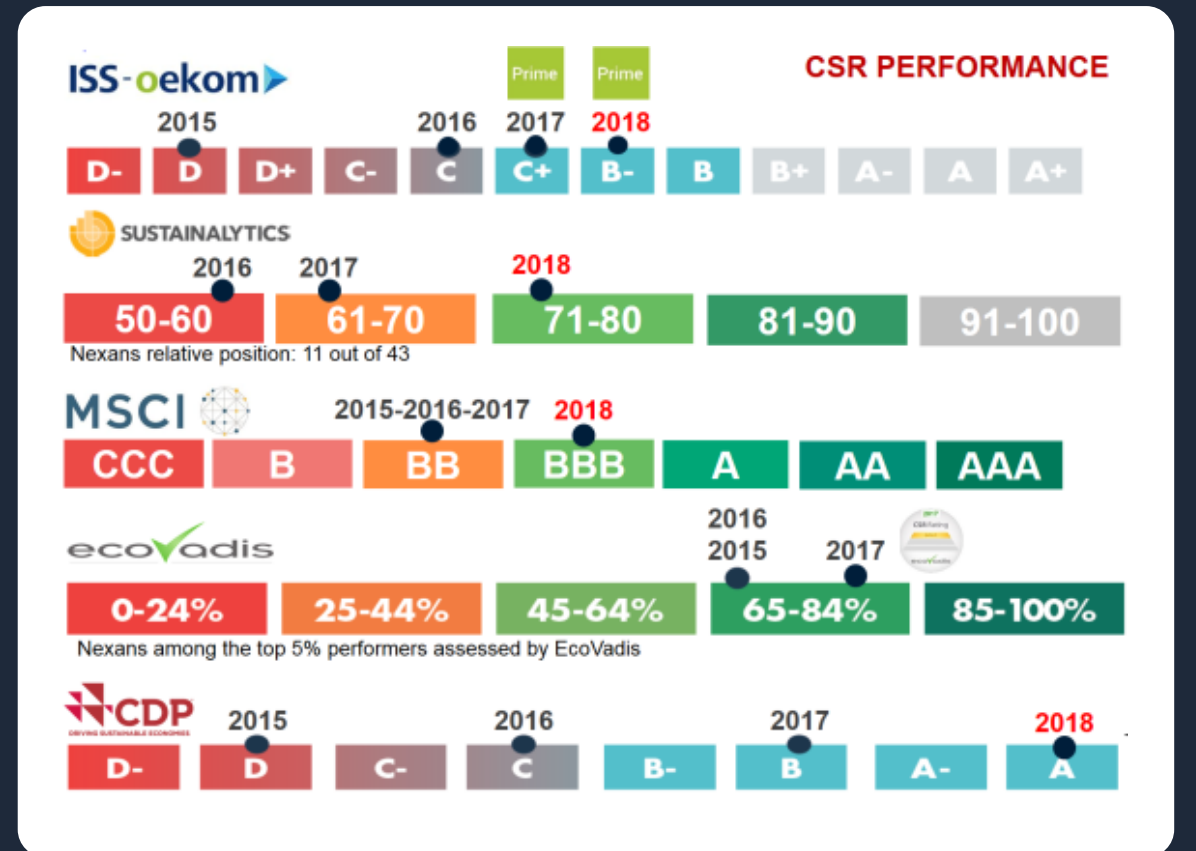
CSR Performance

CONTINUOUS IMPROVEMENT IN CORPORATE SOCIAL RESPONSIBILITY PERFORMANCE

The Group's CSR initiatives and progress recognized by non-financial rating agencies



Nexans is the winner of The Integrated Thinking Award 2018. This European prize for integrated thinking, particularly rewards the Group's expression of its ambition and the interaction of its stakeholders in its ecosystem at the core of its strategy



Nexans brings Energy to Life

CSR initiatives

CSR

NEXANS FOUNDATION: 7TH CALL FOR PROJECTS

89

PROJECTS SUPPORTED
WORLDWIDE SINCE 2013

1.3 M

PEOPLE BENEFITED
FROM SUPPORTED PROJECTS



APPENDICES



Nexans, a global cable solution provider

End markets

Building & Territories



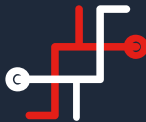
- Building
- Smart Cities / Smart Grids
- E-mobility
- Local infrastructure
- Decentralized energy systems
- Rural electrification

High Voltage & Projects



- Offshore wind farms
- Interconnections
- Land high voltage
- Smart solutions for O&G (DEH, subsea heating cables)

Telecom & Data



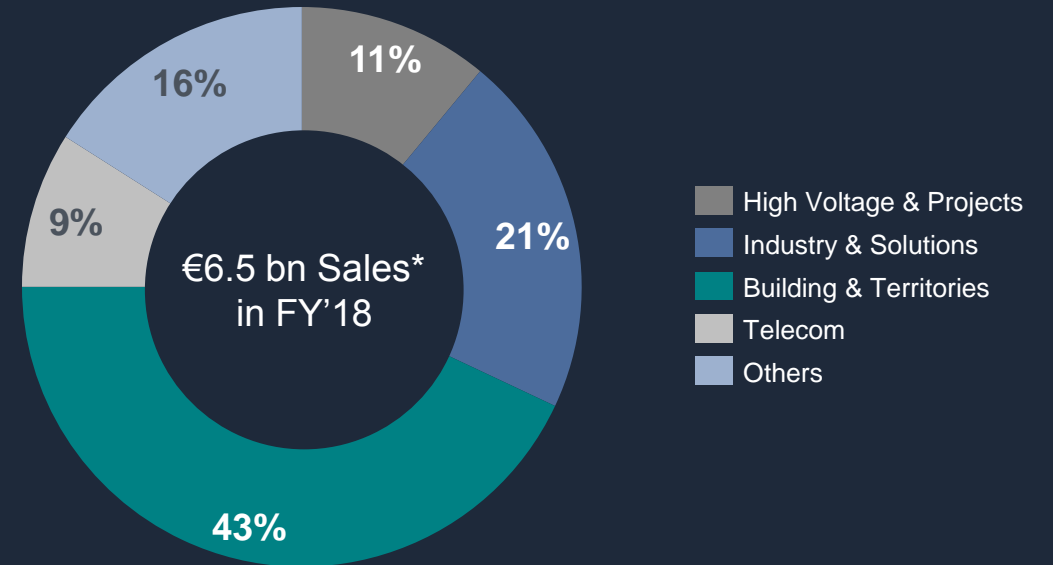
- Data transmission (submarine fiber, FTTx)
- Telecom network
- Hyperscale data centers
- LAN cabling solutions

Industry & Solutions



- Transportation
- Automation
- Renewables
- Resources (O&G, Mining)
- High-tech (nuclear, medical)

Sales by new business segments



* Sales at current metal prices

Sales and profitability by segment

APPENDICES

<i>In M€</i>	2017					2018				
	Sales	EBITDA	EBITDA %	OM	OM %	Sales	EBITDA	EBITDA %	OM	OM %
Building & Territories	1,757	126	7.2%	77	4.4%	1,742	120	6.9%	72	4.1%
High Voltage & Projects	885	118	13.3%	80	9.1%	683	68	9.9%	34	4.9%
Telecom & Data	512	62	12.1%	52	10.1%	496	44	8.9%	34	6.8%
Industry & Solutions	1,126	89	7.9%	56	5.0%	1,160	86	7.4%	51	4.3%
Other	290	16	n/a	7	n/a	329	7	n/a	(2)	n/a
TOTAL GROUP	4,571	411	9.0%	272	6.0%	4,409	325	7.4%	188	4.3%

Impact of foreign exchange and consolidation scope

APPENDICES

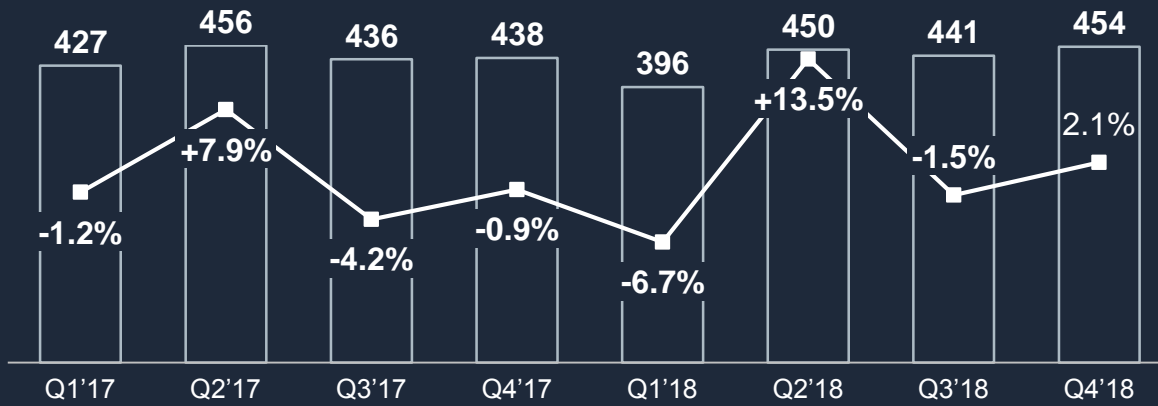
<i>Sales at constant metal prices, in M€</i>	2017	FX	Organic growth	Scope	2018
Building & Territories	1,757	(70)	75	(20)	1,742
High Voltage & Projects	885	(20)	(185)	3	683
Telecom & Data	512	(18)	(9)	11	496
Industry & Solutions	1,126	(15)	30	18	1,160
Other	290	(6)	54	(9)	329
TOTAL GROUP	4,571	(129)	(36)	2	4,409

Sales by quarter by segment

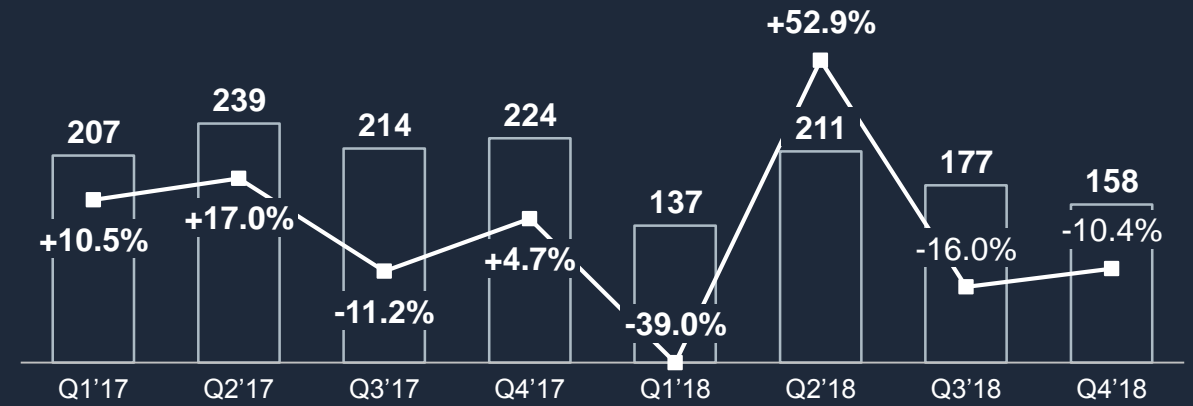
■ Sequential Growth
 Sales at constant metal in M€

APPENDICES

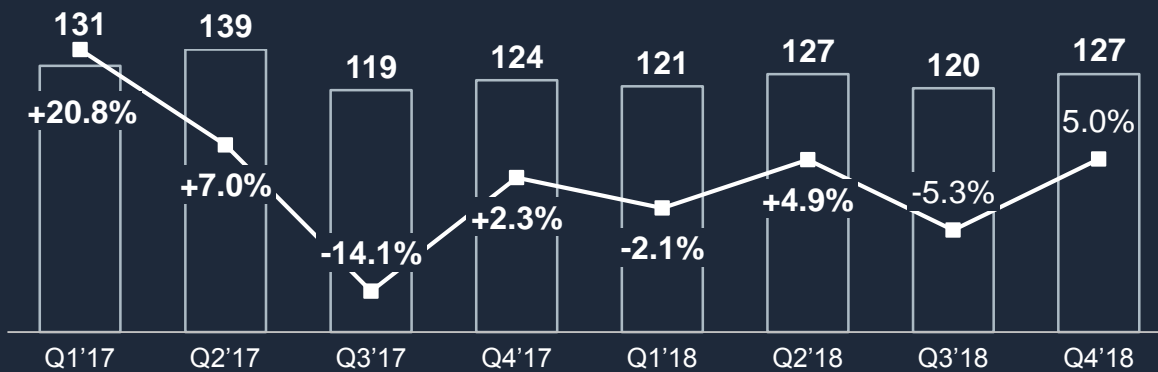
Building & Territories



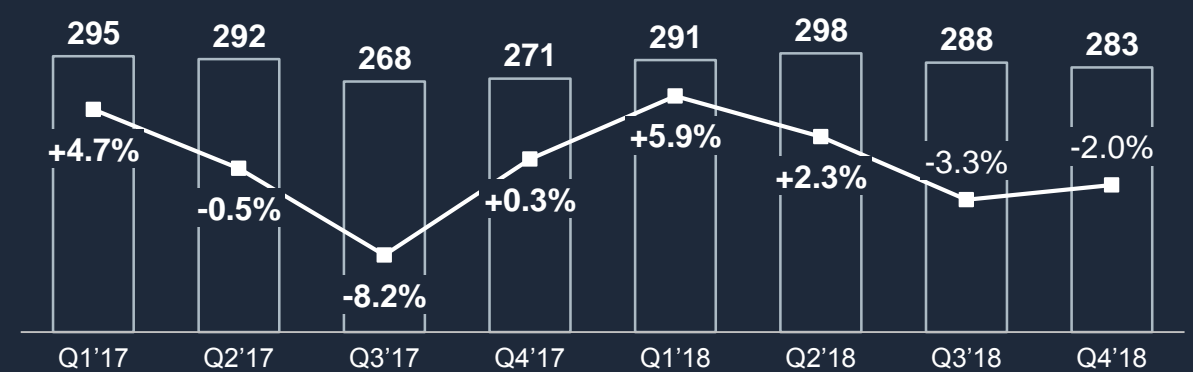
High Voltage & Projects



Telecom & Data

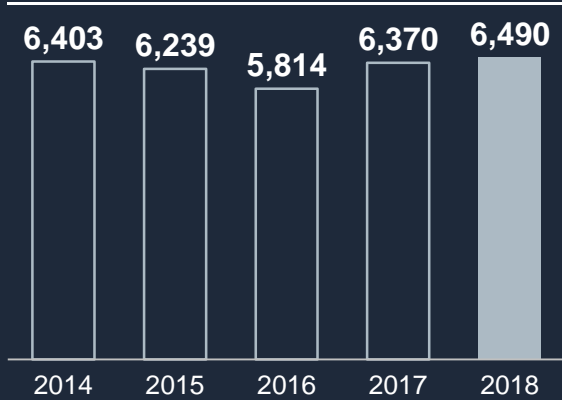


Industry & Solutions

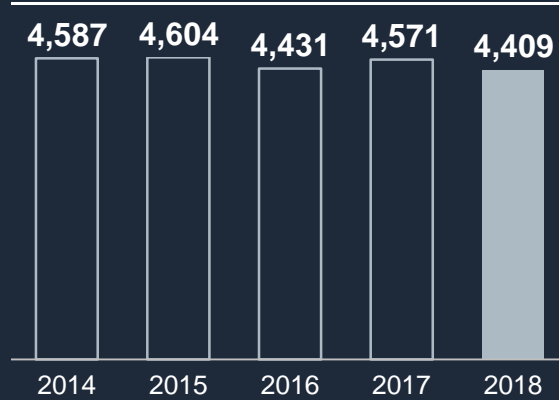


Financial highlights

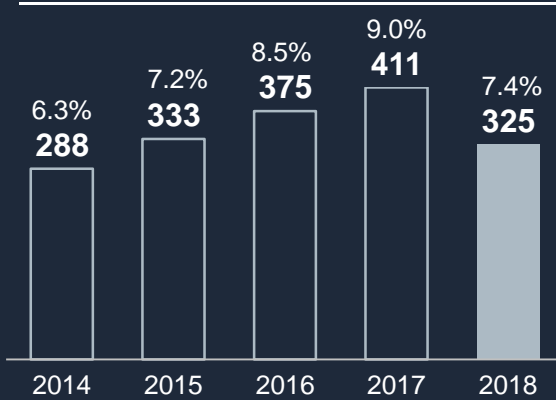
Sales at current metal prices (in M€)



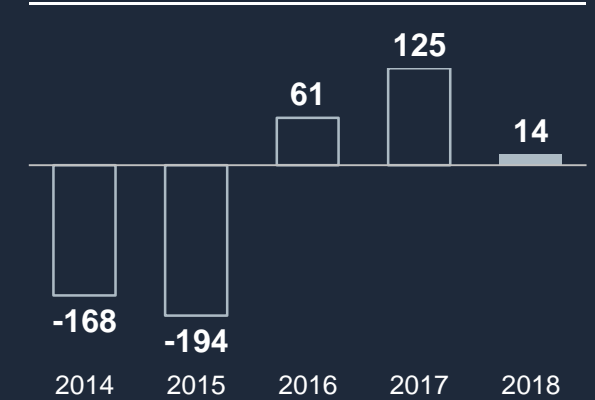
Sales at constant metal prices (in M€)



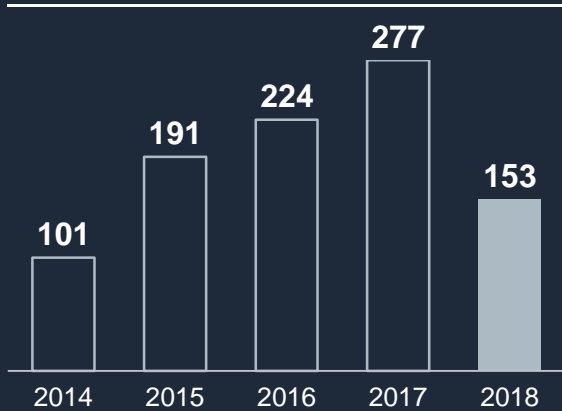
EBITDA (in M€ and as % of sales at constant metal prices)



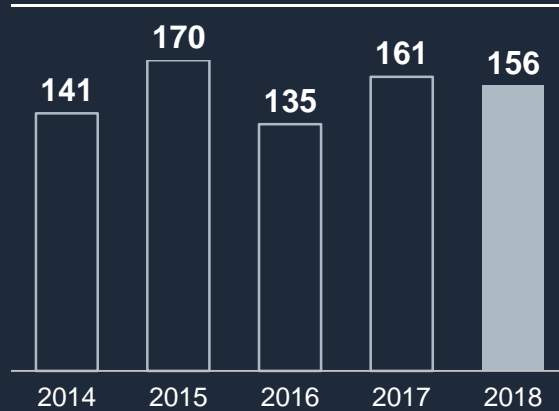
Net income/(Loss) attributable to the owners of the parent (in M€)



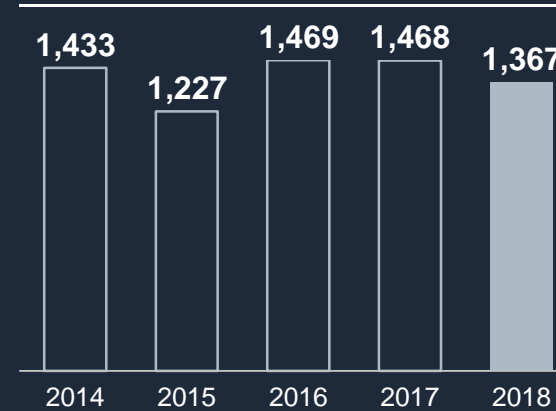
Operational Cash Flow (in M€)



Net Capital expenditure (in M€)



Equity (in M€)



Net Debt (in M€)

