The limited review procedures were carried out and the Statutory Auditors' report is being issued.

Consolidated income statement

(in millions of euros)	Notes	First-half 2020	First-half 2019
NET SALES[1]	3 and 4	**2,953**	3,432
Cost of sales		(2,623)	(3,040)
GROSS PROFIT		**330**	392
Administrative and selling expenses		(206)	(231)
R&D costs		(41)	(48)
OPERATING MARGIN[2]	3	**83**	113
Core exposure effect[3]		(3)	2
Other operating income and expenses[4]	5	(21)	13
Reorganization costs	14	(53)	(182)
Share in net income of associates		(1)	0
OPERATING INCOME (LOSS)		**4**	(54)
Cost of debt (net)		(18)	(19)
Other financial income and expenses	8	(2)	(12)
INCOME (LOSS) BEFORE TAXES		**(15)**	(85)
Income taxes	9	(39)	(27)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**(54)**	(113)
Net income from discontinued operations		-	-
NET INCOME (LOSS)		**(54)**	(113)
▪ attributable to owners of the parent		(55)	(116)
▪ attributable to non-controlling interests		1	3
ATTRIBUTABLE NET INCOME (LOSS) PER SHARE (in euros)	10		
▪ basic earnings (loss) per share		(1.27)	(2.67)
▪ diluted earnings (loss) per share		(1.27)	(2.67)

(1) *Sales at constant metal prices calculated using these reference prices are no longer presented in the income statement but are still presented in the segment information provided in Note 3 and are used in the management report (section 2.1).*
These sales figures based on a constant price for copper and aluminum are used by the Group in its tracking of its operating performance to neutralize the effect of fluctuations in non-ferrous metal prices and therefore measure the underlying trend in its business (cost of sales is adjusted in the same way). Since January 1, 2020, the reference price for copper has been 5,000 euros per tonne (compared with 1,500 euros in 2019 and previous years). The reference price for aluminum is 1,200 euros per tonne for both 2019 and 2020.

(2) *Performance indicators used to measure the Group's operating performance.*

(3) *Effect relating to the revaluation of Core exposure at its weighted average cost.*

(4) *As explained in **Note 5**, "Other operating income and expenses" for first-half 2020 include net impairment losses of 18 million euros. In first-half 2019, they included a net disposal gain of 10 million euros.*

The limited review procedures were carried out and the Statutory Auditors' report is being issued.

Consolidated statement of comprehensive income

(in millions of euros)	First-half 2020	First-half 2019
NET INCOME (LOSS)	**(54)**	(113)
Recyclable components of comprehensive income	**(89)**	30
▪ Currency translation differences	(66)	15
▪ Cash flow hedges	(23)	16
Tax impacts on recyclable components of comprehensive income	**5**	(3)
Non-recyclable components of comprehensive income	**(7)**	(10)
▪ Actuarial gains and losses on pensions and other long-term employee benefit obligations	(7)	(10)
▪ Financial assets at fair value through other comprehensive income	-	-
▪ Share of other non-recyclable comprehensive income of associates	-	-
Tax impacts on non-recyclable components of comprehensive income	**1**	3
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	**(89)**	21
TOTAL COMPREHENSIVE INCOME (LOSS)	**(143)**	(92)
▪ attributable to owners of the parent	(144)	(95)
▪ attributable to non-controlling interests	1	3

The limited review procedures were carried out and the Statutory Auditors' report is being issued.

Consolidated statement of financial position

ASSETS

(in millions of euros)	Notes	June 30, 2020	December 31, 2019
Goodwill	11	237	242
Intangible assets		116	126
Property, plant and equipment		1,318	1,382
Investments in associates		34	37
Deferred tax assets		165	175
Other non-current assets		110	92
NON-CURRENT ASSETS		**1,981**	2,053
Inventories and work in progress		900	1,113
Contract assets		86	69
Trade receivables		886	1,015
Current derivative assets		57	40
Other current assets		193	186
Cash and cash equivalents	15	1,028	642
Assets and groups of assets held for sale	7	90	0
CURRENT ASSETS		**3,240**	3,065
TOTAL ASSETS		**5,220**	5,117

EQUITY AND LIABILITIES

(in millions of euros)	Notes	June 30, 2020	December 31, 2019
Capital stock, additional paid-in capital, retained earnings and other reserves		1,097	1,167
Other components of equity		(39)	42
Equity attributable to owners of the parent		**1,058**	1,209
Non-controlling interests		42	42
TOTAL EQUITY	**12**	**1,100**	1,251
Pensions and other long-term employee benefit obligations	14	361	373
Long-term provisions	13 and 14	105	106
Long-term debt	15	938	923
Non-current derivative liabilities		8	7
Deferred tax liabilities		120	118
NON-CURRENT LIABILITIES		**1,532**	1,527
Short-term provisions	13 and 14	145	191
Short-term debt	15	365	190
Contract liabilities		322	256
Current derivative liabilities		94	33
Trade payables		1,208	1,319
Other current liabilities		391	350
Liabilities related to groups of assets held for sale	7	63	0
CURRENT LIABILITIES		**2,588**	2,339
TOTAL EQUITY AND LIABILITIES		**5,220**	5,117

The limited review procedures were carried out and the Statutory Auditors' report is being issued.

Consolidated statement of changes in equity

(in millions of euros)	Number of shares outstanding[2]	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, 2019[1]	**43,371,996**	**44**	**1,606**	**(8)**	**(309)**	**(36)**	**22**	**1,319**	42	**1,361**
Net income (loss) for the period	-	-	-	-	(116)	-	-	(116)	3	(113)
Other comprehensive income (loss)	-	-	-	-	(7)	13	15	21	0	21
TOTAL COMPREHENSIVE INCOME (LOSS)	**-**	**-**	**-**	**-**	**(122)**	**13**	**15**	**(95)**	**3**	**(92)**
Dividends paid	-	-	-	-	(13)	-	-	(13)	(2)	(15)
Capital increases	-	-	-	-	-	-	-	-	-	-
Share buyback program	-	-	-	-	-	-	-	-	-	-
OCEANE bonds	-	-	-	-	-	-	-	-	-	-
Employee share-based and stock option plans:										
▪ Service cost	-	-	-	-	4	-	-	4	-	4
▪ Proceeds from share issues	-	-	-	-	-	-	-	-	-	-
Transactions with owners not resulting in a change of control	-	-	-	-	-	-	-	-	(4)	(4)
Other	-	-	0	-	0	0	(1)	(1)	-	(1)
JUNE 30, 2019	**43,371,996**	**44**	**1,607**	**(8)**	**(441)**	**(23)**	**36**	**1,214**	**39**	**1,254**
JANUARY 1, 2020	**43,449,835**	**44**	**1,606**	**(5)**	**(479)**	**(4)**	**47**	**1,209**	42	**1,251**
Net income (loss) for the period	-	-	-	-	(55)	-	-	(55)	1	(54)
Other comprehensive income (loss)	-	-	-	-	(6)	(18)	(65)	(89)	-	(89)
TOTAL COMPREHENSIVE INCOME	**-**	**-**	**-**	**-**	**(61)**	**(18)**	**(65)**	**(144)**	**1**	**(143)**
Dividends paid	-	-	-	-	-	-	-	-	(1)	(1)
Capital increases	-	-	-	-	-	-	-	-	-	-
Share buyback program	(310,914)	-	-	(10)	-	-	-	(10)	-	(10)
Employee share-based plans:										
▪ Service cost	-	-	-	-	3	-	-	3	-	3
▪ Proceeds from share issues	-	-	-	-	-	-	-	-	-	-
Transactions with owners not resulting in a change of control	-	-	-	-	-	-	-	-	-	-
Other	-	-	0	-	(3)	-	3	(0)	-	(0)
JUNE 30, 2020	**43,138,921**	**44**	**1,607**	**(15)**	**(540)**	**(22)**	**(16)**	**1,058**	**42**	**1,100**

(1) *"Retained earnings and other reserves" at January 1, 2019 include in particular the impacts of the application of IFRIC 23.*

(2) *The number of shares outstanding at June 30, 2020 corresponds to 43,606,320 issued shares less 467,399 shares held in treasury.*

The limited review procedures were carried out and the Statutory Auditors' report is being issued.

Consolidated statement of cash flows

(in millions of euros)	Notes	First-half 2020	First-half 2019
Net income (loss)		(54)	(113)
Depreciation, amortization and impairment of assets *(including goodwill)*		96	82
Cost of debt (gross)		19	21
Core exposure effect(1)		3	(2)
Current and deferred income tax charge (benefit)		38	28
Net (gains) losses on asset disposals	5	(1)	(10)
Other restatements(2)		(46)	128
CASH FLOWS FROM OPERATIONS BEFORE GROSS COST OF DEBT AND TAX(3)		**56**	136
Decrease (increase) in working capital		307	(203)
Income taxes paid		(12)	(21)
Impairment of current assets and accrued contract costs		5	3
NET CHANGE IN CURRENT ASSETS AND LIABILITIES		**301**	(220)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES		**357**	(85)
Proceeds from disposals of property, plant and equipment and intangible assets		7	12
Capital expenditure		(106)	(133)
Decrease (increase) in loans granted and short-term financial assets		(3)	0
Purchase of shares in consolidated companies, net of cash acquired		(1)	-
Proceeds from sale of shares in consolidated companies, net of cash transferred		(0)	0
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES		**(103)**	(122)
NET CHANGE IN CASH AND CASH EQUIVALENTS AFTER INVESTING ACTIVITIES		**254**	(207)
Proceeds from (repayments of) long-term and short-term borrowings	2 and 15	215	(199)
▪ *of which drawn down on syndicated line of credit*		*200*	-
▪ *of which proceeds from the government-backed loan*		*279*	
▪ *of which repayment of drawdowns on syndicated line of credit*		*(200)*	
▪ *of which redemption of 2016-2019 OCEANE bonds*		-	(269)
Cash capital increases (reductions)(4)		(10)	-
Interest paid		(24)	(29)
Transactions with owners not resulting in a change of control		(7)	(4)
Dividends paid		(0)	(15)
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES		**175**	(246)
Net effect of currency translation differences		(39)	3
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**390**	(451)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	15.A	626	886
CASH AND CASH EQUIVALENTS AT PERIOD-END	15.A	1,015	436
▪ *Of which cash and cash equivalents recorded under assets*		*1,028*	464
▪ *Of which short-term bank loans and overdrafts recorded under liabilities*		*(12)*	(28)

(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, 2020 primarily included (i) a negative 59 million euros to cancel the net change in operating provisions (including provisions for pensions and restructuring costs), and (ii) a positive 2 million euros to cancel the effect of changes in fair value of metal and foreign exchange derivatives, and (iii) a positive 3 million euros to cancel the expense relating to share-based payments. Other restatements for the six months ended June 30, 2019 primarily included (i) a positive 116 million euros to cancel the net change in operating provisions (including provisions for pensions and restructuring costs), (ii) a positive 2 million euros to cancel the effect of changes in fair value of metal and foreign exchange derivatives, and (iii) a positive 4 million euros to cancel the expense relating to share-based payments.

(3) The Group also uses the "cash from operations" concept, which is calculated after adding back cash outflows relating to reorganization costs (98 million euros and 44 million euros for the first six months of 2020 and 2019 respectively) and after restating the income taxes paid.

(4) During the first-half of 2020, the Group bought back 350,314 of its own shares, representing a cash outflow of 10 million euros.

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 28, 2020. 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, 2019.

Standards and interpretations applied

The accounting policies adopted for the financial statements at June 30, 2020 are consistent with those applied in the annual consolidated financial statements for the year ended December 31, 2019, except as explained below and where specific conditions apply relating to the preparation of interim financial statements (see **Note 1.B** below).

The following new standards, amendments or interpretations issued by the IASB and adopted by the European Union were applied by the Group at June 30, 2020, without any material impact on the consolidated financial statements:

- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to IFRS 3, "Definition of a Business";
- Amendments to IAS 1 and IAS 8, "Definition of Material".

In addition, during first-half 2020 the Group completed its analysis of the consequences of the IFRIC interpretation dated November 26, 2019 on the determination of lease terms for the application of IFRS 16. The impact of this interpretation on the consolidated financial statements is not material.

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

The IASB has not issued any new standards, amendments or interpretations that have been endorsed by the European Union but which are not yet effective.

The IASB has issued the following amendments that have not yet been endorsed by the European Union and are potentially applicable by the Group:
- Amendments to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”;
- Amendments to IFRS 16 concerning rent concessions granted as a result of the Covid-19 crisis.

The Group does not expect its application of these amendments to have a material impact on its consolidated financial statements.

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, income and expenses.

When preparing the interim consolidated financial statements for the first six months of 2020, the consequences of the Covid-19 pandemic were taken into account by Management in its assessments despite the high level of uncertainty concerning the future development of the pandemic and the resulting crisis. These consequences are described in more detail in **Note 2**. The main sources of estimation uncertainty were the same as those described in the annual consolidated financial statements for the year ended December 31, 2019.
During the first six months of 2020, Management reviewed its estimates concerning:
- The recoverable amount of certain items of property, plant and equipment, goodwill and other intangible assets (see **Note 6** 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 16**);
- The measurement of derivative instruments and their qualification as cash flow hedges.

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. 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. COVID-19 – IMPACT ON OPERATIONS AND FINANCING

Since early 2020, the world has been faced with an unprecedented pandemic. After a solid start to the year, Nexans has had to adapt its operating model in order to safeguard its business and employees, while continuing with its operational activities in a way that also protects its customers. The Group has taken measures to protect health and safety and ensure the continuity of its manufacturing operations. As a result, almost all of its plants have been able to operate without interruption, although activity levels have varied depending on the plants and time periods concerned.
The operating impacts of the pandemic are described in further detail in sections 2 and 4 of the half-year financial report.

The Covid-19 crisis has had widespread economic effects. The Group considers that it represents an indicator of impairment and therefore reviewed the values of its net assets, notably by carrying out impairment tests on its cash-generating units (see **Note 6**).
Changes in the Group’s exposure to customer and supplier risks (claims and litigation risks, contracts cancellation risks, credit risks) are being closely monitored, along with the consequences for the Group’s metal price and currency hedges. The review at June 30, 2020 did not reveal any changes that could necessitate a material adjustment to the Group’s financial statement positions.

The crisis also led to non-recurring health and safety expenses necessary for the Group to continue to operate. Totaling 2 million euros, these expenses have been included in “Other operating income and expenses” in the income statement (see **Note 5**).

Concerning financing, on May 25, 2020, Nexans was granted a 280 million euro government-backed loan by a pool of French banks. It has a twelve-month maturity which Nexans has the option to extend by up to five years. The French government's guarantee covers 80% of the loan's amount.
The lending banks are Crédit Agricole CIB (acting as agent), BNP Paribas (acting as coordinator), CIC, Crédit Agricole Ile de France, Natixis and Société Générale.

In accordance with the recommendation of the ANC (the French accounting standards authority), the loan has been presented in long-term debt at June 30, 2020 as the Group has until April 9, 2021 to exercise its option to extend its maturity.

Prior to taking out this loan, in early April 2020 the Group drew down 200 million euros on its syndicated credit facility in order to redeem commercial paper reaching maturity. This drawdown was repaid on June 22, 2020.

The Group's net debt is presented in **Note 15**.

B. Asset disposal programs

Two asset disposal programs were in progress at June 30, 2020. The first concerns the German metallurgy business and the second relates to Berk-Tek, a leading US-based manufacturer of local area network cables.
The two programs are due to be completed in the second half of 2020 and the businesses have therefore been reclassified as "Assets and groups of assets held for sale" at June 30, 2020 in accordance with IFRS 5, see **Note 7**.
The businesses' contribution to the consolidated financial statements is also presented in **Note 7**.

Note 3. Operating segments

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 99% of the sales at constant metal prices recorded under “Other Activities” in first-half 2020 were generated by the Group’s Electrical Wires business (compared with 98% in first-half 2019).
- Operating margin for “Other Activities” was a negative 15 million euros in first-half 2020, 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).

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

Consolidated EBITDA is defined as operating margin before depreciation and amortization. Information for 2020 includes the consequences of applying IFRS 16, “Leases”.

For both first-half 2020 and 2019, figures are based on the following items:

- Sales at constant metal prices have been calculated using the 2020 reference prices of 5,000 euros per tonne for copper and 1,200 euros per tonne for aluminum.
- Allocation by reportable segment takes into account a rationalization made in the tracking of the business since January 1st, 2020. This rationalization has no impact on the cash generating units.

A. INFORMATION BY REPORTABLE SEGMENT

First-half 2020 *(in millions of euros)*	Building & Territories	Industry & Solutions	Telecom & Data	High Voltage & Projects	Other	Group total
Net sales	1,279	603	221	381	469	2,953
Net sales at constant metal prices	1,233	598	220	376	468	2,895
EBITDA	58	30	15	60	(1)	162
Depreciation and amortization	(25)	(18)	(4)	(18)	(14)	(79)
Operating margin	33	12	11	42	(15)	83
Net impairment of non-current assets (including goodwill) (see **Note 6**)	(14)	-	-	-	(3)	(18)

First-half 2019 *(in millions of euros)*	Building & Territories	Industry & Solutions	Telecom & Data	High Voltage & Projects	Other	Group total
Net sales	1,472	738	266	340	617	3,432
Net sales at constant metal prices	1,386	723	264	337	561	3,271
Net sales at constant metal prices and 2020 exchange rates	1,353	722	262	312	562	3,210
EBITDA	80	58	25	39	(7)	195
Depreciation and amortization	(25)	(18)	(5)	(19)	(14)	(82)
Operating margin	55	39	20	20	(21)	113
Net impairment of non-current assets (including goodwill) (see **Note 6**)	-	-	-	-	-	-

B. INFORMATION BY MAJOR GEOGRAPHIC AREA

The Executive Committee also analyzes the Group's performance based on geographic area.

First-half 2020 *(in millions of euros)*	France	Germany	Norway	Other(2)	Group total
Net sales at current metal prices(1)	431	349	375	1,798	2,953
Net sales at constant metal prices(1)	419	351	370	1,755	2,895

(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 2019 *(in millions of euros)*	France	Germany	Norway	Other(2)	Group total
Net sales at current metal prices(1)	557	412	352	2,111	3,432
Net sales at constant metal prices(1)	529	406	348	1,988	3,271
Net sales at constant metal prices and 2020 exchange rates (1)	529	406	315	1 959	3,210

(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 did not have any customers that individually accounted for more than 10% of its net sales in first-half 2020 or first-half 2019.

Note 4. Sales

Consolidated sales can be analyzed as follows:

First-half 2020 *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	1,279	37	221	603	469	2,609
Performance obligations satisfied over time	-	345	-	-	-	345
NET SALES	**1,279**	**381**	**221**	**603**	**469**	**2,953**

First-half 2019 *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	1,423	45	301	714	644	3,127
Performance obligations satisfied over time	-	305	-	-	-	305
NET SALES	**1,423**	**350**	**301**	**714**	**644**	**3,432**

Note 5. Other operating income and expenses

(in millions of euros)	Notes	First-half 2020	First-half 2019
Net asset impairment	6	(18)	-
Changes in fair value of non-ferrous metal derivatives		(2)	4
Net gains (losses) on asset disposals	(a)	2	10
Acquisition-related costs (completed and planned acquisitions)		(1)	(0)
Expenses and provisions for antitrust investigations	16	(1)	-
Other non-recurring operating expenses	(b)	(2)	-
OTHER OPERATING INCOME AND EXPENSES		**(21)**	13

(a) In first-half 2020, "Net gains (losses) on asset disposals" mainly concerned sales of real estate assets in China.
In first-half 2019, "Net gains (losses) on asset disposals" mainly included sales of real estate assets respectively in France and in Switzerland.

(b) In first-half 2020, "Other non-recurring operating expenses" consisted of non-recurring public health-related expenditures required to enable the Group's plants to remain open during the Covid-19 pandemic.

Note 6. Net asset impairment

Process followed and results of impairment tests

The Group carries out impairment tests on goodwill and intangible assets with indefinite useful lives 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.

For the preparation of the interim financial statements at June 30, 2020, due to the Covid-19 pandemic, Nexans reviewed its assets for impairment by:
- Identifying any impairment indicators specific to individual assets and performing impairment tests on the identified assets.
- Reviewing the values of all of its CGUs, as the Group considers that Covid-19 represents an impairment indicator for all of its CGUs.

Main assumptions

The main assumptions applied by geographic area when preparing the business plans used in connection with the impairment tests performed at June 30, 2020 are listed below:

- The cash flows used for the impairment calculations were based on the most recent projections and include the impacts of the Covid-19 crisis as assessed at June 30, 2020. The assumptions used were approved by Group Management and cover a period of five to six years.
- The Group revised the discount rates applied for the impairment tests. In addition, as the interest-rate environment was stable in first-half 2020 despite the crisis, the Group used the same rates as those applied at end-December 2019.
- The Group reviewed the perpetual growth rates applied and used the same rates as at December 31, 2019.

Results of the impairment tests

The impairment tests carried out in the first half of 2020 led to the recognition of a 14 million euro impairment loss, primarily on the property, plant and equipment of certain operations in South America. An impairment loss was also recognized in respect of the German metallurgy business due to the disposal program see **Note 7**.

No impairment losses were recognized in respect of the Group's CGUs following the review of their values.

The impairment tests performed in first-half 2019 did not lead to the recognition of any impairment losses.

Sensitivity analyses

The values of the tested CGUs were based on the main assumptions described above.

In addition, analyses were performed to test the sensitivity of the calculations to a 50 basis-point increase in the discount rate and a 50 basis-point decrease in the perpetuity growth rate.
These analyses showed the following:

- A 50 basis-point increase in the discount rate compared with the assumptions applied would have led to the recognition of an additional 2 million-euro impairment loss for the Group's South American operations at June 30, 2020.
- A 50 basis-point decrease in the perpetuity growth rate compared with the assumptions applied would have led to the recognition of an additional 1 million-euro impairment loss for the Group’s South American operations.
- No impairment losses would have been recognized for the CGUs if the above changes in the discount rate and perpetuity growth rate had been applied.

The Group also carried out sensitivity analyses by changing the EBITDA margin applied for the impairment tests. A further 50 basis-point decrease compared with the assumptions used would have led to the recognition of an additional 2 million-euro impairment loss for the Group’s South American operations, but would not have had any impact on the other tests carried out.

Note 7. Assets and groups of assets held for sale

The Group is actively seeking to dispose of its metallurgy business in Germany and expects to complete the disposal program within the next twelve months.
In the segment information, the metallurgy assets are classified in the “Other” segment.

A buyer is also actively being sought for US-based Berk-Tek. The project’s progress makes it highly probable that the sale of the business will be completed in less than one year.
Berk-Tek manufactures local area network cables and is part of the Transmission, Distribution & Operators segment.

As the metallurgy business and Berk-Tek both meet the criteria to be classified as held for sale in accordance with IFRS 5, they have been included in the statement of financial position under "Assets and groups of assets held for sale” at June 30, 2020.

As required under IFRS 5, the Group has measured these disposal groups at the lower of their carrying amount and fair value less costs to sell. Metallurgy business carrying amount is higher than its fair value less costs to sell, an impairment loss was therefore recorded on this disposal group at June 30, 2020.

Statement of financial position *(in millions of euros)*	Assets and groups of assets held for sale at June 30, 2020	Allocation of impairment losses	Carrying amount after allocation of impairment losses
Net property, plant and equipment and intangible assets	32	(3)	29
Inventories and work in progress, net	40	-	40
Trade and other receivables	16	-	16
Other assets	5	-	5
Total assets and groups of assets held for sale	**93**	**(3)**	**90**
Trade payables	51	-	51
Other liabilities	12	-	12
Liabilities related to groups of assets held for sale	**63**	**-**	**63**

At June 30, 2020, reserves for currency translation differences on these entities represented a 1 million euro gain.

Note 8. Other financial income and expenses

(in millions of euros)	First-half 2020	First-half 2019
Dividends received from non-consolidated companies	1	1
Provisions	-	0
Net foreign exchange gain (loss)	2	(6)
Net interest expense on pension and other long-term employee benefit obligations	(1)	(3)
Other	(3)	(4)
OTHER FINANCIAL INCOME AND EXPENSES	**(2)**	(12)

Note 9. Income taxes

The effective income tax rates were as follows for first-half 2020 and first-half 2019:

Tax proof *(in millions of euros)*	First-half 2020	First-half 2019
Income before taxes	(15)	(85)
- of which share in net income of associates	1	0
INCOME BEFORE TAXES AND SHARE IN NET INCOME OF ASSOCIATES	**(14)**	(85)
(Income tax expense)	(39)	(27)
EFFECTIVE INCOME TAX RATE (in %)	**(277.3)%**	(32.18)%

The negative effective income tax rate for first-half 2020 was mainly due to (i) the non-recognition of deferred tax assets for the losses of certain Group companies and (ii) the more conservative approach to recognizing European deferred tax assets in order to take into account the unfavorable impact of the Covid-19 crisis on some Group businesses.

The negative effective income tax rate for first-half 2019 is a consequence of the European restructuring plan for which the impacts recorded during that period mainly concerned countries where the recognition of deferred tax assets is limited.

Note 10. Earnings per share

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

	First-half 2020	First-half 2019
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT(1)	(55)	(116)
ADJUSTED NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT(1)	(55)	(116)
ATTRIBUTABLE NET INCOME FROM DISCONTINUED OPERATIONS(1)	-	-
Average number of shares outstanding	43,277,726	43,371,996
Average number of dilutive instruments – Free shares and performance shares	*Anti-dilutive*	Anti-dilutive
Average number of diluted shares	43,277,726	43,371,996
ATTRIBUTABLE NET INCOME PER SHARE (in euros)		
- Basic earnings per share(2)	(1.27)	(2.67)
- Diluted earnings per share(2)	(1.27)	(2.67)

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

Note 11. Goodwill

The change in goodwill in first-half 2020 (237 million euros at June 30, 2020 versus 242 million euros at December 31, 2019) is attributable to 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 2019 consolidated financial statements. Due to the Covid-19 crisis, all of the Group's goodwill was tested for impairment in the first half of 2020 (see **Note 6**).

No goodwill impairment losses were recognized in first-half 2020, first-half 2019 or full-year 2019.

Note 12. Equity

A. COMPOSITION OF CAPITAL STOCK

At June 30, 2020, Nexans S.A.'s capital stock comprised 43,606,320 fully paid-up shares with a par value of 1 euro each (43,606,320 shares at December 31, 2019).

B. DIVIDENDS

In light of the Covid-19 crisis, at the Annual Shareholders' Meeting held on May 13, 2020 to approve the financial statements for the year ended December 31, 2019, the Company's shareholders approved the Board of Directors' recommendation to waive the 2019 dividend.

At the Annual Shareholders' Meeting held on May 15, 2019 to approve the financial statements for the year ended December 31, 2018, the Company's shareholders authorized payment of a dividend of 0.30 euros per share, representing an aggregate payout of 13 million euros based on the 43,606,320 ordinary shares making up the Company's capital stock on the payment date (May 21, 2019).

C. TREASURY STOCK

At June 30, 2020, Nexans S.A. held 467,399 shares in treasury (156,485 shares at December 31, 2019). In first-half 2020, 350,314 shares were purchased into treasury under the buyback program approved by the Board of Directors on March 17, 2020.

D. STOCK OPTIONS

There were no stock options outstanding at June 30, 2020 or December 31, 2019 or during the first half of either 2020 or 2019.

E. FREE SHARES AND PERFORMANCE SHARES

At June 30, 2020 there were 1,087,908 free shares and performance shares outstanding, each entitling their owner to one share on vesting, representing a total of 1.7% of the Company's capital stock (996,625 at December 31, 2019, representing a total of 2.3% 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 2020 income statement, this expense totaled 3 million euros (versus 3 million euros in first-half 2019).

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, 2020 the main benefit obligations and plan assets of the plans in France, Germany, Canada and the United States were remeasured, primarily based on the applicable discount rates and the fair value of the plan assets. The assets of the plan in Switzerland were also remeasured.

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, 2020	Discount rate December 31, 2019	Discount rate June 30, 2019
France	1.00%	0.70%	1.15%
Germany	1.00%	0.70%	1.15%
Switzerland	0.10%	0.10%	0.35%
Canada	2.35%	2.85%	2.95%
United States	2.95%	3.60%	3.80%.

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

(in millions of euros)	2020	2019
NET PROVISION RECOGNIZED AT JANUARY 1	**365**	358
- *of which pension assets*	*(8)*	(5)
- *of which pension liabilities*	*373*	363
Expense/(income) recognized in the income statement	9	4
Expense/(income) recognized in other comprehensive income	7	10
Contributions and benefits paid	(15)	(15)
Other impacts (translation adjustments, changes in scope, etc.)	(5)	-
NET PROVISION RECOGNIZED AT JUNE 30	**360**	357
- *of which pension assets*	*(2)*	(6)
- *of which pension liabilities*	*361*	363

Note 14. Provisions

A. ANALYSIS BY NATURE

Movements in provisions for contingencies and charges were as follows during the first half of 2020:

(in millions of euros)	TOTAL	Accrued contract costs	Restructuring provisions	Other provisions
AT DECEMBER 31, 2019	**297**	38	159	101
Additions	31	7	21	5
Reversals (utilized provisions)	(74)	(3)	(68)	(2)
Reversals (surplus provisions)	(6)	(3)	(4)	(0)
Business combinations	-	-	-	-
Exchange differences and other	(0)	(1)	4	(2)
AT JUNE 30, 2020	**249**	**37**	**111**	**101**

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. Where appropriate, they also include provisions for goods and services contracts in progress.

The “Other provisions” column primarily includes provisions set aside for antitrust investigations, which amounted to 74 million euros at June 30, 2020 (see **Note 16**).

B. ANALYSIS OF REORGANIZATION COSTS

Reorganization costs amounted to 53 million euros in first-half 2020, breaking down as follows:

(in millions of euros)	Redundancy costs	Asset impairments and write-offs(1)	Other monetary costs	TOTAL
Charges to provisions, net of reversals of surplus provisions	10	-	6	17
Other costs for the period	7	2	27	37
TOTAL REORGANIZATION COSTS	**17**	**2**	**34**	**53**

(1) *Deducted from the carrying amount of the corresponding assets in the consolidated statement of financial position.*

These costs include 26 million euros related to the project to reorganize the Group's operations in Europe announced on January 24, 2019. This amount mainly corresponds to costs for which no provisions could be recorded in accordance with IFRS (notably in Germany, France and Belgium). In first-half 2019, costs related to this project announced on January 24, 2019 totaled 154 million euros.
The first-half 2020 amount also includes costs for new projects launched this year in the Asia-Pacific, North America and Europe regions for a total of 10 million euros.
In addition to restructuring costs, in first-half 2020, “Other monetary costs” included 11 million euros in costs directly related to the transformation program announced by the Group on November 9, 2018. Transformation program costs incurred in first-half 2019 amounted to 4 million euros.

As was the case in previous periods, wherever possible the reorganization plans implemented by the Group in first-half 2020 included assistance measures negotiated with employee representative bodies as well as measures aimed at limiting lay-offs and facilitating redeployment.

Note 15. Net debt

At June 30, 2020 and December 31, 2019, the Group's long-term debt was rated BB by Standard & Poor's with a negative outlook.

A. ANALYSIS BY NATURE

(in millions of euros)	Notes	June 30, 2020	December 31, 2019
Long-term – ordinary bonds[1]	15.B	523	772
Other long-term borrowings[1]	15.C	334	59
TOTAL LONG-TERM DEBT[2]		**857**	**831**
Short-term – ordinary bonds	15.B	250	-
Short-term borrowings and short-term accrued interest not yet due[2]	15.C	79	150
Short-term bank loans and overdrafts		12	16
TOTAL SHORT-TERM DEBT[2]		**341**	**165**
GROSS DEBT[2]		**1,198**	996
Short-term financial assets		-	-
Cash		(992)	(617)
Cash equivalents		(36)	(25)
NET DEBT EXCLUDING LEASE LIABILITIES		**170**	355
Lease liabilities[3]		106	116
NET DEBT		**276**	471

(1) *Excluding short-term accrued interest not yet due and lease liabilities.*
(2) *Excluding lease liabilities.*
(3) *Out of the total lease liabilities recognized at June 30, 2020, 81 million euros corresponded to long-term liabilities, the remaining part corresponding to short-term liabilities. The related interest expense amounted to 2 million euros in first-half 2020.*

B. BONDS

At June 30, 2020 *(in millions of euros)*	Carrying amount	Face value at issue date	Maturity date	Nominal interest rate
Ordinary bonds redeemable in 2021	250	250	May 26, 2021	3.25%
Ordinary bonds redeemable in 2023	335	325	August 8, 2023	3.75%
Ordinary bonds redeemable in 2024	200	200	April 5, 2024	2.75%
TOTAL BONDS[1]	**785**	**775**		

(1) *Including 13 million euros in short-term accrued interest.*

On August 8, 2018, Nexans issued 325 million euros worth of fixed-rate bonds with a five-year term, maturing on August 8, 2023. The bonds were issued at par and have an annual coupon of 3.75%.

On April 5, 2017, Nexans carried out a 200 million euro bond issue with a maturity date of April 5, 2024. All of these bonds were issued at par.

On May 26, 2016, 250 million euros worth of bonds were issued, maturing on May 26, 2021. All of these bonds were issued at par. They are reported under "Short-term - ordinary bonds" in the consolidated statement of financial position at June 30, 2020.

All of the OCEANE 2019 bonds were redeemed in early January 2019 for an aggregate amount of 276 million euros, including accrued interest.

C. OTHER BORROWINGS

On June 17, 2020, Nexans received the proceeds of a 280 million euro government-backed bank loan (see **Note 2**). It has a twelve-month maturity which Nexans has the option to extend by up to five years. The French government's guarantee covers 80% of the loan's amount.
It is reported under “Other long-term borrowings” in the consolidated statement of financial position at June 30, 2020 for a carrying amount of 279 million euros.

In early April 2020, Nexans drew down 200 million euros on its 600 million syndicated credit facility (which was amended in December 2018). This drawdown was repaid on June 22, 2020.

The amount recognized under “Other long-term borrowings” at June 30, 2020 includes an approximately 50 million euro drawdown on a loan to finance the construction of a cable-laying vessel (approximately 50 million euros at December 31, 2019). See Note **15.D** below for further details.

At December 31, 2019, the Group’s short-term debt included a securitization program (the “On-Balance Sheet” program) set up by Nexans France in the second quarter of 2010. This program involves the sale of trade receivables and is contractually capped at 80 million euros. The program terminated as of June 30, 2020.

D. COVENANTS

The 600 million euro syndicated credit facility taken out in December 2015 and amended on December 12, 2018 expires on December 12, 2023.
It includes a 200 million euro very short-term drawing facility, aimed notably at securing a negotiable instruments program set up on December 21, 2018 for a maximum amount of 400 million euros. This short-term negotiable instruments program had not been used at June 30, 2020.

The amended syndicated credit facility and the government-backed loan are subject to the following two covenants:
- the consolidated net debt to equity ratio (including non-controlling interests) must not exceed 1.20x; and
- consolidated debt must not exceed 3.2x consolidated EBITDA as defined in **Note 3**.

These ratios were well within the specified limits at both June 30, 2020 and December 31, 2019.

In addition, in order to finance the construction of Nexans’ new cable-laying vessel, a Group subsidiary took out a loan of 1,050 million Norwegian krone in May 2019. This loan, which will be drawn down in tranches throughout the vessel’s construction, will be repaid on a straight-line basis over the twelve years following delivery of the vessel. It includes two options exercisable by the Group on the vessel’s delivery date: (i) an option to switch from a variable interest rate to a fixed rate, and (ii) an option to choose between the Norwegian krone, the euro or the US dollar as the repayment currency.
The loan also includes (i) the same financial covenants as those set out in the Group’s amended syndicated credit facility described above and (ii) covenants specific to the Group’s subsidiary, based on the following:
- an equity to asset ratio;
- a net debt to equity ratio;
- a certain level of cash and cash equivalents.

These covenants were well within the specified limits at June 30, 2020 and December 31, 2019.

The Group is not subject to any other financial ratio covenants.

Note 16. Disputes and contingent liabilities

A. ANTITRUST INVESTIGATIONS

In late January 2009, antitrust investigations were launched in several countries against various cable manufacturers including Group companies in relation to anticompetitive behavior in the submarine and underground high-voltage power sector.

On April 7, 2014, Nexans France S.A.S. and the Company were notified of the European Commission's decision, which found that Nexans France S.A.S. had participated directly in anticompetitive practices in the submarine and underground high-voltage power cable sector. The Company was held jointly and severally liable for the payment of a portion of the fine imposed on Nexans France S.A.S. by the European Commission.

In early July 2014, Nexans France S.A.S. paid the 70.6 million euro fine imposed by the European Commission.
Nexans France S.A.S. and the Company appealed the European Commission's decision to the General Court of the European Union. The appeal was dismissed on July 12, 2018. Nexans France S.A.S. and the Company appealed the European Commission's decision to the General Court of the European Union. The appeal was dismissed on July 16, 2020.

A series of compensation claims were triggered as an indirect consequence of the European Commission's decision. In April 2019, certain Group entities received claims from customers filed before the courts in the United Kingdom, the Netherlands and Italy against Nexans and other defendants.
In the United Kingdom, Scottish & Southern Energy filed a claim against Nexans France S.A.S., the Company and certain Prysmian Group companies. However, the claim against Nexans France S.A.S. and the Company was suspended in September 2019.
In addition, one of the Group's competitors, which has been subject to damages claims initiated in 2015, filed two contribution claims against the other cable producers sanctioned by the European Commission, including Nexans France S.A.S. and the Company. One of the contribution claims is currently suspended pending the results of the proceedings in the principal action, while the procedure concerning the other claim has only just begun.
The claim in Italy has been filed with the Court of Milan by Terna S.p.A. Nexans Italia presented arguments in its defense on October 24, 2019. One of its main arguments is that the claim is inadmissible because it has been made against the wrong entity, since Nexans Italia was not named in the European Commission's decision. After an initial hearing on November 13, 2019, Terna's claim was dismissed on February 3, 2020 due to lack of clarity. Terna has revised the wording of its claim and a new hearing is scheduled for September 29, 2020.
The damages claim in the Netherlands was filed jointly by the Electricity & Water Authority of Bahrain, the Gulf Cooperation Council Interconnection Authority, the Kuwait Ministry of Electricity and Water and Oman Electricity Transmission Company, against certain companies in the Prysmian Group and its former shareholders, and companies in the Nexans Group and ABB Group. This action has been brought before the Amsterdam Court. On December 18, 2019, Nexans filed a motion challenging the Amsterdam Court's jurisdiction. The plaintiffs submitted their arguments in response on February 12, 2020 and the hearing on this preliminary procedural issue has been scheduled for September 8, 2020. The court's ruling on the matter is expected to be handed down before the end of the year.

Investigations carried out by the American, Japanese, New Zealand and Canadian authorities in the high-voltage power cable sector were closed without sanctions. The case brought against Nexans by the Australian antitrust authority (ACCC) was dismissed by the Australian courts, which refused to sanction Nexans and its Australian subsidiary in the high-voltage power cable sector in a matter pertaining to the sale of low and medium-voltage cables.

In Brazil, the local antitrust authority "CADE" has completed its investigations in the high voltage power cable sector. On April 15, 2020, the antitrust tribunal imposed fines on several cable manufacturers, including the Company for 6,384,600 reals (approximately 1.1 million euros). The fine has been paid and the Company is currently appealing the antitrust tribunal's decision before the Brazilian courts.

In South Korea, Nexans' local subsidiaries have cooperated with the country's antitrust authority (KFTC) in investigations initiated between 2013 and 2015 in sectors other than high-voltage cables. KFTC has granted total immunity (and has not levied any fines) in fifteen of these investigations. Following two other investigations, the fines imposed on Nexans' Korean subsidiaries were reduced by 20%, and they finally paid a total of 850,000 euros. All of the administrative investigations are now closed and the Group is no longer exposed to any risks associated with the majority of damages claims brought by customers in connection with the investigations. Only four proceedings are still in progress.

On November 24, 2017 in Spain, Nexans Iberia and the Company (in its capacity as Nexans Iberia's parent company) were notified of a decision by the Spanish competition authority ("CNMC"), which found that Nexans Iberia had participated directly in practices infringing Spanish competition laws in the low- and medium-voltage cable sectors. The Company was held jointly and severally liable for the payment of part of the fine levied on Nexans Iberia by the CNMC. In early January 2018, Nexans Iberia settled the 1.3 million euro fine levied by the CNMC. Nexans Iberia and the Company have appealed the CNMC's decision. A ruling on the appeal is expected to be handed down before the end of the year.

Following a reassessment of the risks, a contingency provision of 74 million euro was set aside in the consolidated statement of financial position at June 30, 2020 to cover all the proceedings 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 related action for damages (existing or potential) initiated by customers. The amount of the provision is based on management's estimates, which take into account legal precedents set by comparable cases and currently available information. There is still a high level of uncertainty as to the extent of the risks related to potential action for damages and/or fines. The provision recorded could be adapted substantially to reflect the final costs related to these risks.

The Group's risk prevention and compliance systems have been strengthened regularly and significantly in recent years. However, the Group cannot guarantee that all risks and problems relating to practices that do not comply with the applicable rules of ethics and business conduct will be fully managed or eliminated. The compliance program includes detection measures which may trigger internal or external investigations. As already stated in the Company's previous communications, if any of the above described procedures and/or antitrust investigations result in an unfavorable outcome, this could have a material adverse effect on the Group's earnings and therefore its financial position

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 that 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 other existing or probable disputes for which provisions were recorded at June 30, 2020 do not individually represent sufficiently material amounts to require specific disclosures in the consolidated financial statements.

C. CONTINGENT LIABILITIES RELATING TO DISPUTES AND PROCEEDINGS

Certain contracts entered into by the Group as at June 30, 2020 could lead to performance difficulties, but 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 17. Subsequent events

In July 2020, the Group decided to shut down its industrial establishment based in Chester, New-York state, the reasons for the decision being the reduced share in the market of Buildings & Territories in the United-States and a will to optimize its costs structure.
The reorganization costs to be spent will be booked in the second semester of 2020.

As regards the disposal programs of Berk-Tek and Germany metallurgy, their progresses do not question the accounting impacts booked at end of June 2020.

No other significant events for which disclosure is required have occurred since June 30, 2020.