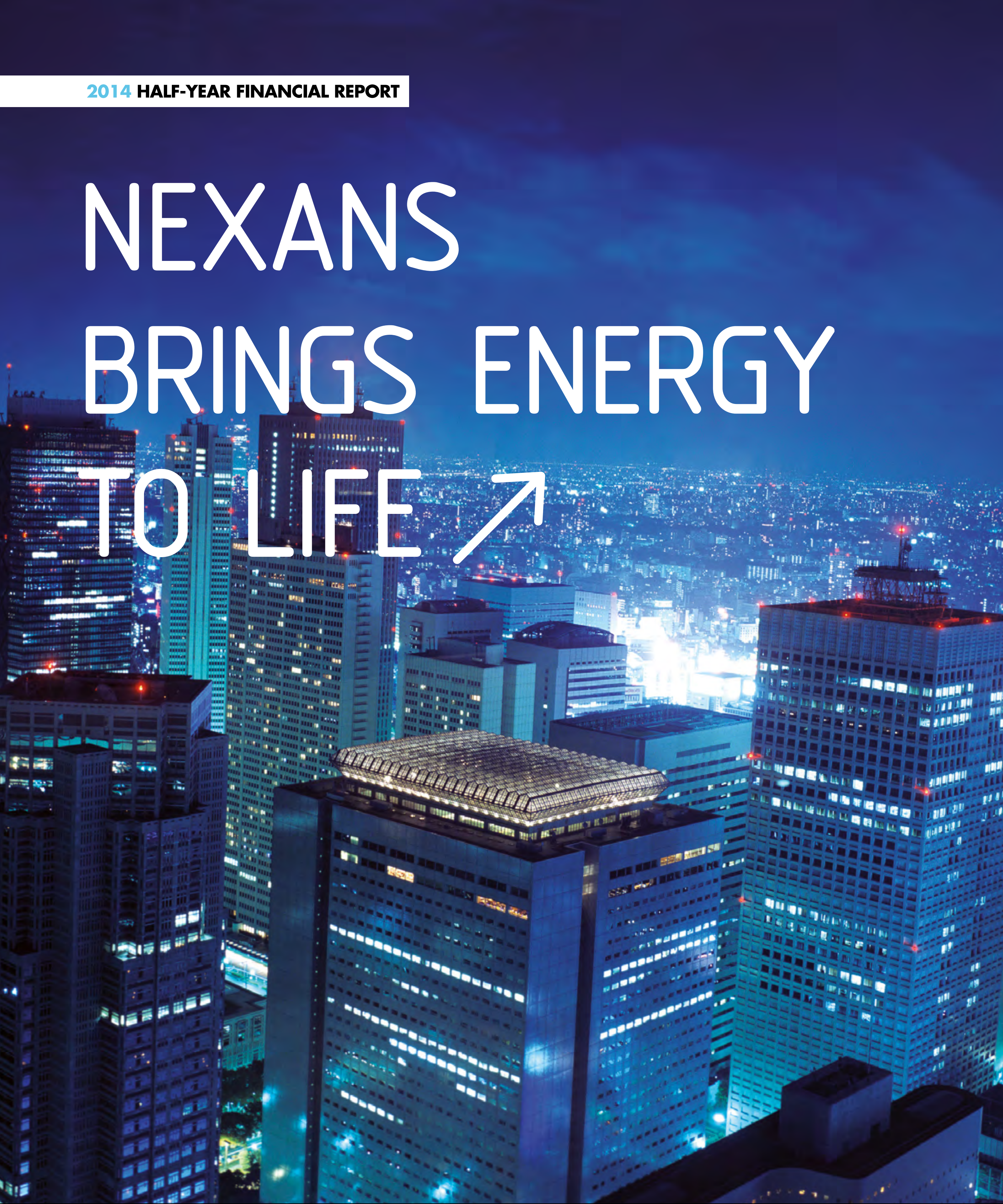
2014 HALF-YEAR FINANCIAL REPORT

NEXANS BRINGS ENERGY TO LIFE ↗



Nexans

Global expert in cables and cabling systems

The purpose of this report is to present an overview of the operations and results of the Nexans Group for the first half of fiscal year 2014. It is based on the consolidated financial statements for the six months ended June 30, 2014.

Nexans' shares are traded on the NYSE Euronext Paris market and are included in the SBF 120 index. The Company's estimated ownership structure – broken down by shareholder category – was as follows at June 30, 2014:

- Institutional investors: 90% of which approximately 28% held by Invexans (Quiñenco group, Chile), 7.9% by Manning & Napier Advisors (United States), 7.8% by Bpifrance Participations (France), and 5.6% by Amber Capital (United Kingdom)
- Private investors and employees: 9.8%
- Unidentified shareholders: 0.2%

This interim activity report must be read in conjunction with the consolidated financial statements for the six months ended June 30, 2014 (including the notes to those financial statements), as well as with Nexans' Registration Document for the year ended December 31, 2013 which was filed with the French financial markets authority (*Autorité des Marchés Financiers* – AMF) on April 7, 2014 under number D.14-0296.

CONTENTS

1. Significant events of first-half 2014

1.1 Governance and Executive Management

Members of the Board of Directors of Nexans S.A.

At the Annual Shareholders' Meeting held on May 15, 2014, Nexans' shareholders re-elected Véronique Guillot-Pelpel as a director for a four-year term and elected two new directors, also for four-year terms: Philippe Joubert and Fanny Letier (a new director put forward by BPI to replace its previous representative, Jérôme Gallot, who remains on the Board as an independent director). At the close of the Shareholders' Meeting the Board of Directors comprised 14 members, after taking into account the expiration of François Polge de Combret's term of office and the resignation of Nicolas de Tavernost which he tendered in order to comply with the recommendations of the AFEP-MEDEF Corporate Governance Code.

Splitting the duties of Chairman of the Board and Chief Executive Officer

On May 15, 2014, on the recommendation of its Chairman, the Board of Directors approved the principle of splitting the duties of Chairman of the Board and Chief Executive Officer. Consequently, the Board decided that Frédéric Vincent will retain his role as Chairman of the Board and Arnaud Poupart-Lafarge will become Chief Executive Officer, effective from end-September 2014.

Long-term partnership between Invexans (a Quiñenco group subsidiary) and Nexans

On May 22, 2014, Nexans announced that (i) the agreement between Nexans and Invexans (a Quiñenco group subsidiary) dated March 27, 2011, as modified by the amendment of November 26, 2012, had been terminated, and (ii) Invexans had given a long-term commitment, expiring on November 26, 2022, concerning the future of the two companies' partnership. In this commitment – the full wording of which is available on Nexans' website at www.nexans.com (under Finance/Documentation) – Invexans has undertaken not to request representation on the Board in excess of three non-independent members in a Board of 14 members, or if the Board were to be enlarged, in excess of a number of directors proportionate to its shareholding.

1.2 International employee share ownership plan

At its meeting held on May 15, 2014, and in accordance with the authorizations granted at the Annual Shareholders' Meeting of the same date, the Board of Directors announced the launch of an employee share ownership plan involving a maximum of 400,000 new shares to be issued as part of an employee rights issue which is expected to take place in early 2015.

This will be the sixth international employee share ownership plan set up by the Group.

It will propose a "leveraged" structure in the same way as in the 2010 and 2012 plans, whereby employees are provided with a capital guarantee.

Subject to approval by the AMF, the shares will be subscribed through a corporate mutual fund and will be offered at a 20% discount to the benchmark price (apart from in countries where this is not possible for legal or tax reasons).

1.3 Antitrust investigations: April 7, 2014 notification of the European Commission's decision

On April 7, 2014, Nexans France SAS and the Company were notified of the European Commission's decision which found that Nexans France SAS had directly participated in a breach of European antitrust legislation 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 by the European Commission. Nexans France SAS and the Company have appealed the European Commission's decision to the General Court of the European Union.

On July 4, 2014, Nexans France SAS paid the 70.6 million euro fine imposed by the European Commission.

At June 30, 2014, Nexans France SAS has booked a debt of 70.6 million euros (identified as "Other current liabilities" in the consolidated accounts of the Company at June 30, 2014) for payment of the fine which was made by Nexans France SAS in early July 2014 (thus within 90 days since the receipt of the notification of the decision as provided for in the European regulations). Nexans France SAS also booked a provision for risks of 80 million euro for the direct and indirect consequences of the European Commission's decision and of other on-going proceedings in the same sector of activity.

See Note 16 to the condensed interim consolidated financial statements for further details.

2. Operations during first-half 2014

2.1 Overview

Consolidated sales for the six months ended June 30, 2014 came to 3.216 billion euros compared with 3.412 billion euros for the same period of 2013. This year-on-year contraction includes a negative copper effect of 99 million euros due to the decrease in copper prices and a 182 million euro adverse currency effect compared with the first six months of 2013.

At constant non-ferrous metal prices, sales amounted to 2.304 billion euros versus 2.351 billion euros in first-half 2013. This decrease breaks down into an organic sales growth of 3.2% more than offset by a negative currency effect.

In the second quarter of 2014, sales were up 8% on first-quarter 2014 and 2.7% on the second quarter of 2013 on a comparable basis.

The first six months of 2014 saw the following three main trends:

- Strong activity in submarine high-voltage cables with favorable timing of projects and highly dynamic automotive harnesses business.
- A modest sales recovery in Europe in some industrial sectors and a return to growth in North America during the second quarter.
- A marked slowdown in sales in South America due to the unsettled economic environment in the region, as well as in the Middle East and in Russia as a result of geopolitical tensions.

A sales analysis shows that the Group experienced organic growth in each of its main businesses compared with first-half 2013, as follows:

- a 0.6% increase in the building market, reflecting a slight rise in sales volumes, in an environment that remains very difficult;
- a 1.1% rise in the industry market, fueled by brisk sales of automotive harnesses and the Group's position in Europe within seven segments that it has identified as strategic;
- 4.7% growth for energy infrastructure, with very mixed performances between (i) the submarine business which turned in a robust performance (particularly strong in umbilical cables), (ii) the land high-voltage business (sharp contraction), and (iii) low- and medium-voltage operations (slight sales decline).

Consolidated operating margin amounted to 77 million euros in first-half 2014 compared with 75 million euros in the equivalent prior-year period and 66 million euros in the second half of 2013. At constant exchange rates, this represents a year-on-year increase of 10%.

In a difficult market environment exacerbated by a still strong euro and by slowdowns in South America, Russia, the Middle East and the mining sector in general, growth initiatives did not yet produce the expected effects. However, ongoing strategic structural initiatives (recovery in submarine high-voltage sales, reduction of fixed costs in Europe and the Asia-Pacific area and the drive to enhance competitiveness by reducing variable costs) were the main contributors to the improved operating margin, with an estimated positive impact of 27 million euros over the period, compared with 19 million euros for the whole of 2013.

The Group reported strong results in certain specific businesses, such as umbilical cables, harnesses, and low- and medium-voltage accessories, which offset the negative impacts of difficult or deteriorated economic environments.

Overall, first-half 2014 **operating margin** represented 3.4% of sales at constant non-ferrous metal prices, versus 3.2% in the first six months of 2013.

2.2 Analysis by division

Distributors & Installers

The Distributors & Installers division registered sales of 565 million euros for first-half 2014 at constant non-ferrous metal prices, up 0.6% on the first half of 2013 on an organic basis.

In Europe, business performance remained mixed between Scandinavia and Belgium on the one hand (which reported high growth) and France and the Netherlands on the other. Sales volumes were stable during the period and prices remained on a par with the second half of 2013.

Sales of cables for the building industry in North America experienced the contrasting effects of a recovery in the industrial construction sector in Canada and ongoing weak business levels in the US construction sector.

Sales of LAN cables were boosted by the positive effects of an upswing in business in the United States, where the benefits of the Group's partnership with Leviton are gradually beginning to feed through in a still lackluster market.

The Asia-Pacific and Middle East, Russia and Africa areas also contributed to the division's organic increase, delivering strong growth spurred by buoyant market conditions in Korea, Turkey and Morocco and, to a lesser extent, by a slight recovery in the Australian building industry.

Business volumes narrowed sharply in South America, particularly in Brazil – due to weak domestic growth – and Chile, which saw a steep falloff in mining infrastructure projects.

Operating margin for the Distributors & Installers business came to 14 million euros and corresponded to 2.5% of sales, representing a decrease compared with the first-half 2013 figure of 4.1% due to price reductions that occurred in the third quarter of 2013. However the first-half 2014 operating margin was up on the 2.2% reported for the second half of 2013, due to an improved performance by LAN cables in the United States.

Industry

Sales for the Industry business totaled 600 million euros in the first half of 2014, up 1.1% year on year on an organic basis. Performance was mixed, however, in the division's two main sub-segments:

- The energy resources segment reported a 13% contraction. Sales for the upstream Oil & Gas sector increased sharply, particularly in Korea and the United States, and observed a more moderate growth in the downstream sector for which the Group's operations are mainly based in the Middle East, Russia and Africa area. The situation in the mining sector showed no signs of improvement during the period, particularly in South America and the Asia-Pacific area, due to financial difficulties experienced by the main mining companies and industrial unrest in South America. The renewable energy sector was also severely impacted by market conditions during the period.

- The transport segment experienced the same brisk momentum as in previous quarters. Automotive cables once again delivered double-digit growth, and the railways sector also performed well, driven mainly by the Chinese market which saw fresh capital expenditure for high-speed trains. Meanwhile, the shipbuilding sector retreated compared with the first half of 2013, which saw particularly strong sales volumes in Korea. Sales of cables to the aeronautical industry continued to trend upwards in Europe, buoyed by the Group's partnership with Airbus. In North America, however, they slowed considerably.

- In the other segments of the Industry business, the Group's strategy of focusing on high value-added sectors drove up sales of automation cables, but sales of cables for other industrial applications remained sluggish, and in some cases contracted year on year.

Lastly, the plans for the Group's restructuring in Europe are proceeding on schedule.

Operating margin for the Industry business amounted to 24 million euros, or 3.9% of sales, up by 50 basis points on the first half of 2013.

Transmission, Distribution & Operators

Sales generated by the Transmission, Distribution & Operators business totaled 993 million euros, representing organic growth of 4.7% compared with the first half of 2013.

<u>Distribution & Operators</u>

Sales of low- and medium-voltage cables decreased by 1.9% on an organic basis.

Sales of cables to energy operators contracted by 2.9% due to a sharp decline experienced in France and the Asia-Pacific area. In addition, the political situation in the Middle East weighed on sales in Europe which is the export base for these markets (notably Libya). In China, the Group's subsidiary Yanggu saw a temporary slowdown and Australia continued to suffer from weak domestic demand.

Sales momentum was brisk in North America but South America posted a sales contraction in Chile and Peru as a result of a slowdown in infrastructure expenditure, although this effect was temporarily offset by the delivery of overhead line projects in Brazil.

In the Middle East, Russia and Africa area, the operating environment was more difficult in Russia, growth picked up pace in Morocco and business continued to trend upward in Lebanon.

Sales to telecom operators increased once again, up 3.7% on first-half 2013, led by sales of fiber optic cables.

<u>Land high-voltage cables</u>

The land high-voltage business reported a 13% sales decline as a result of an ongoing challenging market context and increased use of internal subcontracting for the land-based portion of submarine projects. Restructuring measures continued to be rolled out during the period.

<u>Submarine high-voltage cables</u>

Sales of submarine high-voltage cables climbed by over 30% in first-half 2014, driven by high volumes for umbilical cables. In addition, the last projects affected by the operational difficulties of 2012 were delivered during the second quarter of 2014.

Operating margin for the Transmission, Distribution & Operators business as a whole came to 48 million euros, or 4.8% of sales, up significantly on the 34 million euros posted in first-half 2013, with the price pressure experienced for low- and medium-voltage cables in second-half 2013 and land high-voltage cables more than offset by the strong showing from submarine cables.

Sales reported by Other Activities amounted to 146 million euros, up 14% on the first half of 2013 on an organic basis due to higher sales volumes in Canada.

2.3 Other items in the first-half 2014 consolidated income statement

2.3.1 Core exposure effect

For the six months ended June 30, 2014, the Core exposure effect was a negative 17 million euros compared with a negative 27 million euros in first-half 2013. The year-on-year difference is due to the fact that copper prices decreased by a lesser extent during first-half 2014 than in the first six months of 2013.

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

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

2.3.2 Restructuring costs

Restructuring costs came to 16 million euros in first-half 2014 versus 32 million euros in the corresponding prior-year period.

- The 16 million euro figure for first-half 2014 relates to (i) various restructuring plans launched during the period – notably in China and Brazil – which accounted for 6 million euros of the total, and (ii) restructuring plans launched in previous years, notably in connection with the cost-saving plan implemented in Europe and the industrial reorganization measures put in place in Australia.

- Of the 32 million euros in restructuring costs recorded for first-half 2013, 13 million euros related to Australia and the remainder corresponded to costs expensed as incurred under restructuring plans launched in previous years, notably in France, Germany, Italy and Brazil.

2.3.3 Other operating income and expenses

Other operating income and expenses represented net income of 45 million euros for the first six months of 2014 versus a net expense of 94 million euros for first-half 2013. The main explanatory factors for this positive swing are as follows:

- Net asset impairment, which represented a net charge of 5 million euros in first-half 2014, versus 92 million euros in the corresponding period of 2013. In the fourth quarter of each year, the Group carries out impairment tests on goodwill, property, plant and equipment and intangible assets, based on estimated medium-term data provided by its business units.

  At June 30, 2014, Nexans carried out a review of these assets to identify any indications of impairment that may have arisen since the tests carried out in the fourth quarter of 2013. No indications of impairment requiring an impairment test were identified at June 30, 2014.

  The 5 million euro net impairment loss recognized in the first half of 2014 mainly concerned intangible assets affected by a loss of clientele.

- Expenses and provisions for antitrust investigations, which represented net income of 48 million euros in first-half 2014 and mainly corresponded to (i) the reversal of the 200 million euro provision set aside in June 2011 to cover the risks of a fine being imposed by the European Commission for anti-competitive behavior, and (ii) the recognition of a 70.6 million euro expense corresponding to the actual fine imposed by the European Commission and an 80 million euro provision to cover the direct and indirect consequences of the European Commission's decision and of other on-going proceedings in the same sector of activity (see Note 16 to the condensed interim consolidated financial statements).

2.3.4 Financial income and expenses

The Group recorded a net financial expense of 53 million euros in the first six months of 2014, compared with 46 million euros in first-half 2013.

The net cost of debt contracted to 43 million euros in first-half 2014 from 45 million euros one year earlier, notably attributable to a lower level of external borrowings for certain subsidiaries.

However, other financial expenses increased by 9 million euros year on year, mainly as a result of the 1 million euro net foreign exchange loss recorded in first-half 2014 versus a 7 million euro net foreign exchange gain in the same period of 2013.

2.3.5 Income taxes

The Group recognized an income tax expense of 14 million euros in the first six months of 2014 for 36 million euros in income before taxes and share in net income of associates, representing an effective tax rate of 38.1%. In first-half 2013, the income tax expense was 21 million euros.

2.3.6 Principal cash flows for the period

Cash flows from operations before gross cost of debt and tax totaled 105 million euros in first-half 2014.

The increase in working capital requirement in the first half of 2014 primarily reflects a seasonal effect. Net cash used in investing activities came to 84 million euros, chiefly corresponding to purchases of property, plant and equipment.

Net cash used in financing activities totaled 104 million euros, chiefly comprising 64 million euros in interest paid and 43 million euros in repayments of external borrowings.

Overall, taking into account the effect of currency translation differences, net cash and cash equivalents decreased by 330 million euros during the period and stood at 638 million euros at June 30, 2014 (including 653 million euros in cash and cash equivalents recorded under assets and 15 million euros corresponding to short-term bank loans and overdrafts recorded under liabilities).

2.3.7 Consolidated statement of financial position

The Group's total consolidated assets decreased to 5,326 million euros at June 30, 2014 from 5,461 million euros at December 31, 2013.

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

- Non-current assets totaled 2,004 million euros at June 30, 2014, versus 1,964 million euros at December 31, 2013.

- Operating working capital requirement (trade receivables plus inventories plus amounts due from customers on construction contracts less trade payables and liabilities related to construction contracts) rose by 209 million euros between December 31, 2013 and June 30, 2014.

- Net debt increased by 270 million euros to 607 million euros at June 30, 2014 from 337 million euros at December 31, 2013.

- Provisions for contingencies and charges – including for pension and other long-term employee benefit obligations – decreased by 108 million euros in the six months between December 31, 2013 and June 30, 2014, to 716 million euros. The most significant year-on-year change concerned provisions for anti-competitive behavior.

- Total equity stood at 1,632 million euros at June 30, 2014 compared with 1,600 million euros at December 31, 2013.

3. Trends and outlook for the second half of 2014

Despite an extremely mixed operating environment across our various businesses and geographic areas, Nexans' first-half results for 2014 are in line with the plan that was disclosed.

The Group believes that it will still be able to achieve an increase in operating margin in full-year 2014 compared with 2013, notably due to the results of the strategic initiatives that have been put in place. However, the extent of the increase will depend on market conditions in the second half of the year.

Meanwhile, the entire Group is continuing to put all of its efforts into successfully implementing the business transformation plan and speeding up the pace of growth.

Please also see section 4 below, "Risk factors and main uncertainties".

4. Risk factors and main uncertainties

Nexans operates in a context of risk and uncertainty as a result of the general economic environment as well as the specific nature of its own business activities.

A detailed description of risk factors and uncertainties is provided in the "Risk Factors" section on pages 25 to 33 of the 2013 Registration Document, in the notes to the consolidated income statement on pages 162 to 175 of the 2013 Registration Document and in Note 16 to the condensed interim 2014 consolidated financial statements in respect of the antitrust investigations launched in 2009 in relation to the submarine and underground high voltage power cable sector in various countries and for which the European Commission announced on 2 April 2014 its decision to impose a fine on all the major European and Asian cable industry actors.

Nexans does not consider that the main risks identified in the 2013 Registration Document have changed significantly, subject to the risks relating to the antitrust investigations.

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

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

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

- The impacts of execution of the cost-saving plans put in place in Europe and the Asia-Pacific area.

- Maintaining or restoring a sufficient level of demand and prices in Europe.

- The economic and political environment in certain emerging markets (notably China, Brazil, Argentina, Russia, Lebanon, and Lybia).

- The medium-term outlook in those countries and in Australia.

- Demand within the mining sector in general.

- Continuing increased in customer credit risks, which in some cases cannot be insured, or very partially insured, in Southern Europe, Middle East and North Africa and Russia and in some customer segments in China.

5. Related party transactions

Apart from the termination of the agreement with the Group's main shareholder, Invexans, which forms part of the Quiñenco group, as described in section 1.1 above, the Company considers that there were no significant changes in its main transactions with related parties compared with those described in the 2013 Registration Document in Note 31 to the consolidated financial statements for the year ended December 31, 2013.

July 24, 2014

The Board of Directors
Represented by Frédéric Vincent
Chairman and CEO

Condensed interim consolidated financial statements

Six months ended June 30, 2014

Consolidated income statement

(in millions of euros)	Notes	First-half 2014	First-half 2013
NET SALES	(3)	3,216	3,412
Metal price effect*		(912)	(1,061)
SALES AT CONSTANT METAL PRICES*	(3)	2,304	2,351
Cost of sales		(2,836)	(3,016)
Cost of sales at constant metal prices*		(1,924)	(1,954)
GROSS PROFIT		380	397
Administrative and selling expenses		(266)	(282)
R&D costs		(37)	(40)
OPERATING MARGIN*	(3)	77	75
Core exposure effect**		(17)	(27)
Restructuring costs		(16)	(32)
Other operating income and expenses	(4)	45	(94)
Share in net income (loss) of associates		2	0
OPERATING INCOME (LOSS)		91	(78)
Cost of debt (net)		(43)	(45)
Other financial income and expenses	(6)	(10)	(1)
INCOME (LOSS) BEFORE TAXES		38	(124)
Income taxes	(8)	(14)	(21)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		24	(145)
Net income (loss) from discontinued operations		-	-
NET INCOME (LOSS)		24	(145)
- attributable to owners of the parent		25	(145)
- attributable to non-controlling interests		(1)	(0)
ATTRIBUTABLE NET INCOME (LOSS) PER SHARE (in euros)	(9)		
- basic earnings (loss) per share		0.60	(4.92)
- diluted earnings (loss) per share		0.59	(4.92)

* Performance indicators used to measure the Group's operating performance.
** Effect relating to the revaluation of Core Exposure at its weighted average cost.

Consolidated statement of comprehensive income

(in millions of euros)	First-half 2014	First-half 2013
NET INCOME (LOSS) FOR THE PERIOD	24	(145)
Recyclable components of comprehensive income	28	(129)
- Available-for-sale financial assets	-	(0)
- Currency translation differences	22	(65)
- Cash flow hedges	6	(64)
Tax impacts on recyclable components of comprehensive income*	(1)	15
Non-recyclable components of comprehensive income	(28)	3
- Actuarial gains and losses on pension and other long-term employee benefit obligations	(28)	3
- Share of other non-recyclable comprehensive income of associates	-	-
Tax impacts on non-recyclable components of comprehensive income*	7	(1)
Total other comprehensive income (loss)	6	(112)
Total comprehensive income (loss)	**30**	**(257)**
- attributable to owners of the parent	31	(257)
- attributable to non-controlling interests	(1)	0

* Note 8.b provides a breakdown of the tax impacts on other comprehensive income.

Consolidated statement of financial position

ASSETS

(in millions of euros)	Notes	June 30, 2014	Dec. 31, 2013
Goodwill	(10)	425	414
Other intangible assets		220	223
Property, plant and equipment		1,131	1,135
Investments in associates		21	14
Deferred tax assets		143	120
Other non-current assets		64	58
NON-CURRENT ASSETS		2,004	1,964
Inventories and work in progress		1,066	1,031
Amounts due from customers on construction contracts		257	218
Trade receivables		1,125	1,012
Derivative assets	(15)	28	33
Other current assets		193	186
Cash and cash equivalents	(14)	653	987
Assets and groups of assets held for sale	(7)	0	30
CURRENT ASSETS		3,322	3,497
TOTAL ASSETS		**5,326**	**5,461**

EQUITY AND LIABILITIES

(in millions of euros)	Notes	June 30, 2014	Dec. 31, 2013
Capital stock, additional paid-in capital, retained earnings and other reserves		1,554	1,550
Other components of equity		26	(1)
Equity attributable to owners of the parent		1,580	1,549
Non-controlling interests		52	51
TOTAL EQUITY	(11)	1,632	1,600
Pension and other long-term employee benefit obligations	(12)	424	398
Long-term provisions	(13) and (16)	113	32
Convertible bonds	(14)	245	445
Other long-term debt	(14)	604	604
Deferred tax liabilities		88	82
NON-CURRENT LIABILITIES		1,474	1,561
Short-term provisions	(13) and (16)	179	394
Short-term debt	(14)	410	275
Liabilities related to construction contracts		133	126
Trade payables		1,079	1,108
Derivative liabilities	(15)	35	51
Other current liabilities		384	316
Liabilities related to groups of assets held for sale	(7)	0	30
CURRENT LIABILITIES		2,220	2,300
TOTAL EQUITY AND LIABILITIES		**5,326**	**5,461**

Consolidated statement of cash flows

(in millions of euros)	Notes	First-half 2014	First-half 2013
Net income (loss) attributable to owners of the parent		25	(145)
Net income (loss) attributable to non-controlling interests		(1)	(0)
Depreciation, amortization and impairment of assets (including goodwill)[1]		83	170
Cost of debt (gross)		46	48
Core exposure effect[2]		17	27
Other restatements[3]		(65)	18
CASH FLOWS FROM OPERATIONS BEFORE GROSS COST OF DEBT AND TAX[4]		105	118
Decrease (increase) in receivables		(149)	(190)
Decrease (increase) in inventories		(35)	(32)
Increase (decrease) in payables and accrued expenses		(34)	54
Income tax paid		(23)	(24)
Impairment of current assets and accrued contract costs		(2)	2
NET CHANGE IN CURRENT ASSETS AND LIABILITIES		(243)	(190)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES		(138)	(72)
Proceeds from disposals of property, plant and equipment and intangible assets		4	3
Capital expenditures		(71)	(84)
Decrease (increase) in loans granted and short-term financial assets		(3)	(5)
- of which margin calls on metal derivatives		*(0)*	*(0)*
Purchase of shares in consolidated companies, net of cash acquired		(6)	(2)
Proceeds from sale of shares in consolidated companies, net of cash transferred		(8)	1
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES		(84)	(87)
NET CHANGE IN CASH AND CASH EQUIVALENTS AFTER INVESTING ACTIVITIES		(222)	(159)
Proceeds from long-term borrowings	(14)	2	2
Repayments of long-term borrowings	(14)	(1)	(0)
Proceeds from (repayment of) short-term borrowings	(14)	(43)	(99)
- of which repayment of the OCEANE 2013 convertible/exchangeable bonds[5]	(14)	*(0)*	*(85)*
Cash capital increases (reductions)		(0)	0
Interest paid[6]		(64)	(49)
Transactions with owners not resulting in a change of control		2	-
Dividends paid		(0)	(15)
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES		(104)	(161)
Net effect of currency translation differences		(4)	1
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(330)	(319)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		968	818
CASH AND CASH EQUIVALENTS AT PERIOD-END		638	499
of which cash and cash equivalents recorded under assets		*653*	*534*
of which short-term bank loans and overdrafts recorded under liabilities		*(15)*	*(35)*

(1) Including the portion of restructuring costs corresponding to impairment of non-current assets.
(2) Effect relating to the revaluation of Core exposure at its weighted average cost, which has no cash impact.
(3) Other restatements for the six months ended June 30, 2014 primarily included (i) a positive 14 million euros in relation to offsetting the Group's income tax charge and (ii) a negative 59 million euros to cancel the net change in operating provisions (including provisions for pensions, restructuring costs and antitrust).
Other restatements for the six months ended June 30, 2013 mainly included (i) a positive 21 million euros in relation to offsetting the Group's income tax charge and (ii) a positive 1 million euros to cancel the net change in operating provisions (including provisions for pensions and restructuring costs).
(4) The Group also uses the "operating cash flow" concept which is mainly calculated after adding back cash outflows relating to restructurings (29 million euros and 20 million euros for the first half of 2014 and 2013, respectively), and deducting gross cost of debt and the current income tax paid during the period.
(5) In late February 2012, the Company carried out (i) a partial buyback of its OCEANE 2013 bonds, representing an aggregate amount of 241 million euros, and (ii) a 275 million euro new issue of OCEANE bonds maturing in 2019. In early January 2013, the Company redeemed its outstanding OCEANE 2013 bonds at maturity, for an amount of 85 million euros.
(6) In the second half of 2013, the Group changed its presentation of interest paid and the net effect of currency translation differences. This change had a negative 17 million euro retroactive impact on interest paid in first-half 2013.

Consolidated statement of changes in equity

(in millions of euros)	Number of shares outstanding	Capital stock	Additional paid-in capital	Treasury stock	Retained earnings and other reserves	Changes in fair value and other	Currency translation differences	Equity attributable to owners of the parent	Non-controlling interests	Total equity
January 1, 2013	29,394,042	30	1,301	-	275	7	180	1,793	50	1,843
Net income (loss) for the period	-	-	-	-	(145)	-	-	(145)	(0)	(145)
Other comprehensive income (loss)	-	-	-	-	2	(49)	(66)	(113)	1	(112)
Total comprehensive income (loss)	-	-	-	-	(143)	(49)	(66)	(258)	1	(257)
Dividends paid	-	-	-	-	(15)	-	-	(15)	(0)	(15)
Capital increases	-	-	-	-	-	-	-	-	-	-
Equity component of OCEANE bonds	-	-	-	-	-	-	-	-	-	-
Employee stock option plans:										
- Service cost	-	-	-	-	1	-	-	1	-	1
- Proceeds from share issues	-	-	-	-	-	-	-	-	-	-
Transactions with owners not resulting in a change of control	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	1	0	0	1	(1)	0
June 30, 2013	29,394,042	30	1,301	-	119	(42)	114	1,522	50	1,572
January 1, 2014	42,043,145	42	1,569	-	(61)	(37)	36	1,549	51	1,600
Net income (loss) for the period	-	-	-	-	25	-	-	25	(1)	24
Other comprehensive income (loss)	-	-	-	-	(21)	5	22	6	0	6
Total comprehensive income (loss)	-	-	-	-	4	5	22	31	(1)	30
Dividends paid	-	-	-	-	-	-	-	-	(0)	(0)
Capital increases	-	-	-	-	-	-	-	-	-	-
Equity component of OCEANE bonds	-	-	-	-	-	-	-	-	-	-
Employee stock option plans:										
- Service cost	-	-	-	-	1	-	-	1	-	1
- Proceeds from share issues	1,108	0	0	-	-	-	-	0	-	0
Transactions with owners not resulting in a change of control	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	(1)	-	0	(1)	2	1
June 30, 2014	42,044,253	42	1,569	-	(57)	(32)	58	1,580	52	1,632

Notes to the interim consolidated financial statements

Note 1: Summary of significant accounting policies

a. General principles

Nexans 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 8, rue du Général Foy, 75008 Paris, France.

Nexans is listed on the NYSE Euronext Paris market and forms part of the SBF 120 index.

These condensed interim consolidated financial statements are presented in euros rounded to the nearest million.

These condensed interim consolidated financial statements were approved by Nexans' Board of Directors on July 24, 2014.

• Compliance with IAS 34

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, 2013.

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: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

The application of IFRS as issued by the IASB would not have a material impact on the financial statements presented.

• Standards and interpretations

The accounting policies adopted for the financial statements at June 30, 2014 are consistent with those applied in the annual consolidated financial statements for the year ended December 31, 2013, except where specific conditions apply relating to the preparation of interim financial statements (see Note 1.b below).

The Group has applied all of the following, which are mandatory for 2014:

- IFRS 10, *Consolidated Financial Statements.*
- IFRS 11, *Joint Arrangements.*
- IFRS 12, *Disclosure of Interests in Other Entities.*
- Consequential amendments to IAS 28, *Investments in Associates and Joint Ventures,* following the publication of IFRS 10, 11 and 12; and Transition Guidance amendments for IFRS 10, 11 and 12.
- Amendments to IAS 32, *Financial Instruments: Presentation:* Offsetting Financial Assets and Financial Liabilities.
- Amendments to IAS 36, *Impairment of Assets:* Recoverable Amount Disclosures for Non-Financial Assets.

The Group has not early adopted the following interpretation, which has been published by the IASB but has not yet been endorsed by the European Union and is therefore not mandatory in 2014 in accordance with IFRS as adopted by the European Union:

- IFRIC 21, *Levies.*

• Accounting estimates and judgments

The preparation of interim consolidated financial statements requires Management to exercise its judgment and make estimates and assumptions.

The main sources of uncertainty relating to estimates used to prepare the interim consolidated financial statements for first-half 2014 were the same as those described in the full-year 2013 consolidated financial statements. During the first six months of 2014, Management reviewed its estimates concerning:

- The recoverable amount of certain items of property, plant and equipment, goodwill and other intangible assets (see Note 5 and Note 10).
- Deferred tax assets not recognized in prior periods relating to unused tax losses (see Note 8).
- Margins to completion and percentage of completion on long-term contracts.
- The measurement of pension liabilities and other employee benefits (see Note 12).
- Provisions and contingent liabilities (see Note 13 and Note 16).
- The measurement of derivative instruments and their qualification as cash flow hedges (see Note 15).

These estimates and underlying assumptions are based on past experience and other factors considered reasonable under the circumstances. They serve as the basis for determining the carrying amounts of assets and liabilities when such amounts cannot be obtained directly from other sources. Actual amounts may differ from these estimates. 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 paragraph a):

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

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

Note 2: Significant events of the period

a. Governance and Executive Management

Members of the Board of Directors of Nexans S.A.

At the Annual Shareholders' Meeting held on May 15, 2014, Nexans' shareholders re-elected Véronique Guillot-Pelpel as a director for a four-year term and elected two new directors, also for four-year terms: Philippe Joubert and Fanny Letier (a new director put forward by BPI to replace its previous representative, Jérôme Gallot, who remains on the Board as an independent director). At the close of the Shareholders' Meeting, the Board of Directors comprised 14 members, after taking into account the expiration of François Polge de Combret's term of office and the resignation of Nicolas de Tavernost which he tendered in order to comply with the recommendations of the AFEP-MEDEF Corporate Governance Code.

Splitting the duties of Chairman of the Board and Chief Executive Officer

On May 15, 2014, on the recommendation of its Chairman, the Board of Directors approved the principle of splitting the duties of Chairman of the Board and Chief Executive Officer. Consequently, the Board decided that Frédéric Vincent will retain his role as Chairman of the Board and Arnaud Poupart-Lafarge will become Chief Executive Officer, effective from end-September 2014.

Long-term partnership between Invexans (a Quiñenco group subsidiary) and Nexans

On May 22, 2014, Nexans announced that (i) the agreement between Nexans and Invexans (a Quiñenco group subsidiary) dated March 27, 2011, as modified by the amendment of November 26, 2012, had been terminated, and (ii) Invexans had given a long-term commitment, expiring on November 26, 2022, concerning the future of the two companies' partnership. In this commitment – the full wording of which is available on Nexans' website at www.nexans.com (under Finance/Documentation) – Invexans has undertaken not to ask for representation on the Board in excess of three non-independent members in a Board of 14 members, or if the Board were to be enlarged, in excess of a number of directors proportionate to its shareholding.

b. International employee share ownership plan

At its meeting held on May 15, 2014, and in accordance with the authorizations granted at the Annual Shareholders' Meeting of the same date, the Board of Directors announced the launch of an employee share ownership plan involving a maximum of 400,000 new shares to be issued as part of an employee rights issue which is expected to take place in early 2015.

This will be the sixth international employee share ownership plan set up by the Group. It will propose a "leveraged" structure in the same way as in the 2010 and 2012 plans, whereby employees are provided with a capital guarantee.

Subject to approval by AMF, the shares will be subscribed through a corporate mutual fund and will be offered at a 20% discount to the benchmark price (apart from in countries where this is not possible for legal or tax reasons).

c. Antitrust investigations: April 7, 2014 notification of the European Commission's decision

On April 7, 2014, Nexans France SAS and the Company were notified of the European Commission's decision which found that Nexans France SAS had directly participated in a breach of European antitrust legislation 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 by the European Commission. Nexans France SAS and the Company have appealed the European Commission's decision to the General Court of the European Union.

On July 4, 2014, Nexans France SAS paid the 70.6 million euros fine imposed by the European Commission.

At June 30, 2014, Nexans France SAS has booked a debt of 70.6 million euros (identified as "Other current liabilities" in the consolidated accounts of the Company at June 30, 2014) for payment of the fine which was made by Nexans France SAS in early July 2014 (thus within 90 days since the receipt of the notification of the decision as provided for in the European regulations). Nexans France SAS also booked a provision for risks of 80 million euro for the direct and indirect consequences of the European Commission's decision and of other on-going proceedings in the same sector of activity.

See Note 16 for further details.

Note 3: Operating segments

The Group has the following three reportable segments within the meaning of IFRS 8:

- "Transmission, Distribution & Operators", comprising power cables for energy infrastructures (low-, medium- and high-voltage cables and related accessories), as well as copper and optical fiber cables for public telecommunications networks.
  The "Transmission, Distribution & Operators" reportable segment is made up of four operating segments: power cables, power cable accessories, cables for telecom operators, and high-voltage & underwater cables.

- "Industry", comprising specialty cables for industrial customers, including harnesses, and cables for the shipbuilding, railroad and aeronautical manufacturing industries, the oil industry and the automation manufacturing industry.
  The "Industry" reportable segment is made up of three operating segments: harnesses, industrial cables, and infrastructure & industrial projects.

- "Distributors & Installers", comprising equipment cables for the building market as well as cables for private telecommunications networks.
  The "Distributors & Installers" reportable segment is made up of a single operating segment, as the Group's power and telecom (LAN) products are marketed to customers through a single sales structure.

The Group's segment information also includes a column entitled "Other" 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 wirerods, electrical wires and winding wires production operations.

A total of 85% of the sales at constant metal prices recorded in the "Other" column in first-half 2014 were generated by the Group's Electrical Wires business (compared with 87% in first-half 2013).

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

Operating segment data are prepared using the same accounting policies as for the consolidated financial statements, as described in the notes to the consolidated financial statements for the year ended December 31, 2013.

a. Information by reportable segment

First-half 2014 (in millions of euros)	Transmission, Distribution & Operators	Industry	Distributors & Installers	Other	Group total
Contribution to net sales at current metal prices	1,158	737	917	404	3,216
Contribution to net sales at constant metal prices	993	600	565	146	2,304
Operating margin	48	24	14	(9)	77
Depreciation, amortization and impairment of assets (including goodwill)	(42)	(23)	(15)	(3)	(83)

First-half 2013 (in millions of euros)	Transmission, Distribution & Operators	Industry	Distributors & Installers	Other	Group total
Contribution to net sales at current metal prices	1,225	789	1,016	382	3,412
Contribution to net sales at constant metal prices	993	622	596	140	2,351
Contribution to net sales at constant metal prices and first-half 2014 exchange rates	936	610	561	128	2,235
Operating margin	34	21	24	(4)	75
Depreciation, amortization and impairment of assets (including goodwill)*	(46)	(21)	(16)	(85)	(168)

* Depreciation, amortization and impairment for the "Other" segment includes an 80 million euro impairment charge recognized against net assets and goodwill in respect of Nexans Olex in Australia. The impairment charge was allocated to the appropriate operating segments during the second half of 2013.

b. Information by major geographic area

First-half 2014 (in millions of euros)	France**	Germany	Norway	Other***	Group total
Contribution to net sales at current metal prices*	467	379	365	2,005	3,216
Contribution to net sales at constant metal prices*	336	326	341	1,301	2,304

* Based on the location of the assets of the Group's subsidiaries.
** Including Corporate activities.
*** Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.

First-half 2013 (in millions of euros)	France**	Germany	Norway	Other***	Group total
Contribution to net sales at current metal prices*	497	356	323	2,236	3,412
Contribution to net sales at constant metal prices*	357	300	290	1,404	2,351
Contribution to net sales at constant metal prices and first-half 2014 exchange rates*	357	300	264	1,314	2,235

* Based on the location of the assets of the Group's subsidiaries.
** Including Corporate activities.
*** Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.

c. Information by major customer

The Group does not have any customers that individually accounted for over 10% of its sales in first-half 2014 or first-half 2013.

Note 4: Other operating income and expenses

(in millions of euros)	Notes	First-half 2014	First-half 2013
Net asset impairment	(5)	(5)	(92)
Changes in fair value of non-ferrous metal derivatives		(1)	(2)
Net gains (losses) on asset disposals	(7)	3	0
Acquisition-related costs		-	(0)
Expenses and provisions for antitrust investigations		48	0
Other operating income and expenses		**45**	**(94)**

"Expenses and provisions for antitrust investigations" mainly correspond to (i) the reversal of the 200 million euro provision that was set aside in June 2011 to cover the risks of a fine being levied by the European Commission for anti-competitive behavior and (ii) the recognition of a 70.6 million euro expense corresponding to the actual fine imposed by the European Commission and an 80 million euro provision to cover the direct and indirect consequences of the European Commission's decision.

Note 5: Net asset impairment

In the fourth quarter of each year, the Group carries out impairment tests on goodwill, property, plant and equipment and intangible assets, based on estimated medium-term data provided by its business units.

At June 30, 2014, Nexans carried out a review of these assets to identify any indications of impairment that may have arisen since the tests carried out in the fourth quarter of 2013. No indications of impairment requiring a full impairment test were identified at June 30, 2014.

The 5 million euro net asset impairment loss recognized in the first half of 2014 mainly concerned intangible assets affected by a loss of clientele.

In the first half of 2013 the Group recognized a 92 million euro net asset impairment loss, mainly corresponding to writedowns of goodwill (43 million euros) and property, plant and equipment (37 million euros) allocated to the "Australia" cash-generating unit, which includes Nexans' activities in Australia and New Zealand acquired in December 2006.

Sensitivity analyses

The Group did not carry out any sensitivity analyses at June 30, 2014 as no impairment indicators were identified during the asset reviews.

Note 6: Other financial income and expenses

(in millions of euros)	First-half 2014	First-half 2013
Dividends received from non-consolidated companies	0	0
Provisions	(1)	(0)
Net foreign exchange gain (loss)	(1)	7
Net interest expense on pension and other long-term employee benefit obligations	(6)	(7)
Other	(2)	(1)
Other financial income and expenses	**(10)**	**(1)**

Note 7: Assets and groups of assets held for sale

At December 31, 2013, International Cable Company (based in Egypt) was classified under "Assets and groups of assets held for sale". The sale of this entity took place on April 29, 2014 and resulted in a 3.4 million euro disposal gain recorded in the income statement.

Similarly, Nexans Indelqui (based in Argentina) was also classified under "Assets and groups of assets held for sale" at December 31, 2013. The sale process for this entity that was under way at December 31, 2013 was broken off during the first half of 2014.

Statement of financial position

(in millions of euros)	December 31, 2013
Inventories and work in progress, net	13
Trade receivables	17
Other assets	0
Total assets and groups of assets held for sale	30
Trade payables	14
Other liabilities	16
Liabilities related to groups of assets held for sale	30

Note 8: Income taxes

Nexans S.A. heads up a tax group in France that comprised 11 companies in first-half 2014. Other tax groups have been set up where possible in other countries, including in Germany, North America and South Korea.

a. Effective income tax rate

The effective income tax rate was as follows for first-half 2014 and first-half 2013:

Tax proof (in millions of euros)	First-half 2014	First-half 2013
Income (loss) before taxes	38	(124)
- of which share in net income (loss) of associates	2	0
Income (loss) before taxes and share in net income (loss) of associates	36	(124)
Standard tax rate applicable in France (in %)	34.43%	36.10%
Theoretical income tax benefit (charge)	(13)	45
Effect of:		
- Difference between foreign and French tax rates	2	(4)
- Change in tax rates for the period	0	(0)
- Net effect unrecognized deferred tax assets	(32)	(46)
- Taxes calculated on a basis different from "Income before taxes"	(4)	(6)
- Other permanent differences	33	(10)
Actual income tax benefit (charge)	(14)	(21)
Effective tax rate (in %)	38.13%	-16.99%

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

b. Taxes recognized directly in other comprehensive income

Taxes recognized directly in other comprehensive income in the first half of 2014 can be analyzed as follows:

	January 1, 2014	Gains (losses) generated during the period*	Amounts recycled to the income statement*	Total other comprehensive income (loss)	June 30, 2014
Available-for-sale financial assets	0	-	-	-	0
Currency translation differences	(4)	(0)	-	(0)	(4)
Cash flow hedges	12	3	(4)	(1)	11
Tax impact on recyclable components of comprehensive income	8	3	(4)	(1)	7
Actuarial gains and losses on pension and other long-term employee benefit obligations	37	7	N/A	7	44
Share of other non-recyclable comprehensive income of associates	-	-	N/A	-	-
Tax impact on non-recyclable components of comprehensive income	37	7	N/A	7	44

* The tax effects relating to cash flow hedges and available-for-sale financial assets, as well as the gains and losses generated during the period and amounts recycled to the income statement are presented in the consolidated statement of changes in equity in the "Changes in fair value and other" column.

These taxes will be recycled to the income statement in the same periods as the underlying transactions to which they relate (see Notes 1.c and 1.f.k to the full-year 2013 consolidated financial statements).

c. Unrecognized deferred tax assets

At June 30, 2014 and December 31, 2013, deferred tax assets in the respective amounts of 445 million euros and 417 million euros – primarily corresponding to tax losses – were not recognized as the Group deemed that their recovery was not sufficiently probable in the medium-term (typically five years).

Note 9 : Earnings per share

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

	First-half 2014	First-half 2013
Net income (loss) attributable to owners of the parent (in millions of euros)	**25**	**(145)**
Interest expense (OCEANE bonds), net of tax	Anti-dilutive	Anti-dilutive
Adjusted net income (loss) attributable to owners of the parent (in millions of euros)	**25**	**(145)**
Attributable net income (loss) from discontinued operations		
Average number of shares outstanding	42,043,256	29,394,042
Average number of dilutive instruments	590,166	0 (anti-dilutive instruments)
Average number of diluted shares	42,633,422	29,394,042
Attributable net income (loss) per share (in euros)		
- basic earnings (loss) per share	0.60	(4.92)
- diluted earnings (loss) per share	0.59	(4.92)

Note 10 : Goodwill

The increase in goodwill in first-half 2014 (to 425 million euros at June 30, 2014 from 414 million euros at December 31, 2013) is chiefly 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 2013 consolidated financial statements. No goodwill impairment losses were recognized in first-half 2014. A 43 million euro impairment loss was recognized against the "Australia" CGU during the first half of 2013, as a result of strong competitive pressure in that region (see Note 5).

Note 11: Equity

a. Composition of capital stock

At June 30, 2014, Nexans' capital stock comprised 42,044,253 fully paid-up shares with a par value of 1 euro each (42,043,145 shares at December 31, 2013). The Company's shares no longer carry double voting rights, following the resolution passed at the Shareholders' Meeting held on November 10, 2011.

A total of 1,108 stock options were exercised in the first half of 2014 whereas none were exercised in first-half 2013.

b. Dividends

At the Annual Shareholders' Meeting held on May 15, 2014 to approve the financial statements for the year ended December 31, 2013, the Company's shareholders approved the Board's proposal not to pay a dividend for 2013.

At the Annual Shareholders' Meeting held on May 14, 2013 to approve the financial statements for the year ended December 31, 2012, the Company's shareholders authorized the payment of a dividend of 0.5 euro per share – representing a total of 14.7 million euros – which was paid out on May 22, 2013.

c. Treasury shares

Nexans did not hold any treasury shares at either June 30, 2014 or December 31, 2013.

d. Stock options

At June 30, 2014, there were 1,386,560 stock options outstanding, each exercisable for one newly-issued share, i.e., 3.3% of the Company's capital stock. At December 31, 2013, a total of 1,408,832 options were outstanding, exercisable for 3.4% of the Company's capital stock.

The expense recognized in first-half 2013 relating to stock options amounted to 0.2 million euros. At June 30, 2014, net income of 0.5 million euros was recorded as a result of the end of the vesting period for the last stock option plan set up.

e. Free shares and performance shares

At June 30, 2014 there were 575,512 free shares and performance shares outstanding, each entitling their owner to one share on vesting, representing a total of 1.4% of the Company's capital stock (587,460 at December 31, 2013, also representing a total of 1.4% of the Company's capital stock).

The fair value of free shares and performance shares is recorded as a payroll expense on a straight-line basis from the grant date to the end of the vesting period, with a corresponding adjustment to equity. A 1.7 million euro expense was recognized in the income statement for the six months ended June 30, 2014.

Note 12: Pension and other long-term employee benefit obligations

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, 2014 the benefit obligations and plan assets for France, Switzerland, Germany and Canada were remeasured based on the applicable discount rates and fair value of the plan assets.

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, 2014	December 31, 2013	June 30, 2013
France	2.50%	3.25%	3.25%
Germany	2.50%	3.25%	3.25%
Switzerland	1.75%	2.00%	2.00%
Canada	4.15%	4.50%	4.25%

* In accordance with IAS 19R, interest income on plan assets is calculated based on the applicable discount rate rather than the expected return on plan assets.

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

(in millions of euros)	**2014**	2013
Net provision recognized at January 1	393	462
- of which pension plan assets	*(5)*	*(1)*
- of which pension liabilities	*398*	*463*
Net cost for the period	16	19
Actuarial gains and losses	28	(3)
Contributions and benefits paid	(19)	(24)
Other	0	(5)
Net provision recognized at June 30	418	449
- of which pension plan assets	*(6)*	*(1)*
- of which pension liabilities	*424*	*450*

Note 13: Provisions

(in millions of euros)	**Total**	Accrued contract costs	Restructuring provisions	Other provisions
At December 31, 2013	426	36	151	239
- of which long-term	*32*	*-*	*12*	*20*
Additions	98	4	9	85
Reversals (utilized provisions)	(28)	(3)	(17)	(8)
Reversals (surplus provisions)	(203)	(2)	(1)	(200)
Business combinations	-	-	-	-
other	(1)	3	1	(5)
At June 30, 2014	292	38	143	111
- of which long-term	*113*	*-*	*10*	*103*

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. They do not include provisions for construction contracts in progress, as expected losses on these contracts are recognized as contract costs in accordance with the method described in Note 1.e.a to the full-year 2013 consolidated financial statements.

Restructuring costs came to 16 million euros in first-half 2014 versus 32 million euros in the corresponding prior-year period.

- The 16 million euro figure for first-half 2014 relates to (i) various restructuring plans launched during the period – notably in China and Brazil – which accounted for 6 million euros of the total, and (ii) restructuring plans launched in previous years, notably in connection with the cost-saving plan implemented in Europe and the industrial reorganization measures put in place in Australia.

- Of the 32 million euros in restructuring costs recorded for first-half 2013, 13 million euros related to Australia and the remainder corresponded to costs expensed as incurred under restructuring plans launched in previous years, particularly in France, Germany, Italy and Brazil.

As was the case in previous years, all of the restructuring plans set up by the Group in the first half of 2014 included assistance measures negotiated with employee representative bodies and, where appropriate, the relevant authorities, aimed at reducing the impact of the plans on the employees concerned.

The "Other provisions" column mainly includes provisions set aside for antitrust investigations. At June 30, 2014 this item amounted to 80 million euros, versus 200 million euros at December 31, 2013 (see Note 16). As explained in Notes 2 and 16, the 70.6 million euro fine imposed by the European Commission and paid by Nexans France on July 4, 2014 was recorded under "Other current liabilities" at June 30, 2014.

Surplus provisions are reversed when the related contingency no longer exists or has been settled for a lower amount than the estimate made based on information available at the previous period-end (including provisions for expired customer warranties).

The line item "Other" includes the impact of fluctuations in exchange rates as well as reclassifications of restructuring provisions that correspond to provisions for impairment of assets to the appropriate line of the consolidated statement of financial position.

See also Note 16 on disputes and contingent liabilities.

Note 14: Net debt

At June 30, 2014, the Group's long-term debt was rated BB- by Standard & Poor's with a stable outlook. It was rated BB with a negative outlook at December 31, 2013.

a. Analysis by nature

(in millions of euros)	June 30, 2014	Dec. 31, 2013
Ordinary bonds*	596	595
Convertible bonds*	453	445
Other long-term borrowings*	9	9
Short-term borrowings**	186	256
Short-term bank loans and overdrafts	15	19
Gross debt	1,259	1,324
Short-term financial assets	-	-
Cash	(419)	(605)
Cash equivalents	(233)	(382)
Net debt	**607**	**337**

* Excluding short-term accrued interest.

** Excluding the OCEANE bonds redeemable in 2016 which are classified under short-term debt (see section b below) and including short-term accrued interest.

Since the second quarter of 2010, "short-term borrowings" have included a securitization plan set up by Nexans France involving the sale of euro-denominated trade receivables, which was contractually capped at 110 million euros at June 30, 2014 (the "ON balance-sheet" program).

There were no material cash and cash equivalent balances held by subsidiaries that were considered as not available for use by the Group in accordance with IAS 7 at either June 30, 2014 or December 31, 2013.

b. Bonds

(At June 30, 2014 in millions of euros)	Carrying amount at June 30, 2014	Face value at issue date	Maturity date	Nominal interest rate	Strike price
OCEANE 2016 convertible/ exchangeable bonds	212	213	January 1, 2016	4.00%	53.15
OCEANE 2019 convertible/ exchangeable bonds	248	275	January 1, 2019	2.50%	72.74
Total convertible bonds*	460	488			
Ordinary bonds redeemable in 2017	351	350	May 2, 2017	5.75%	N/A
Ordinary bonds redeemable in 2018	251	250	March 19, 2018	4.25%	N/A
Total ordinary bonds**	602	600			

* Including 7 million euros in short-term accrued interest.

** Including 6 million euros in short-term accrued interest.

As the holders of the OCEANE bonds redeemable in 2016 have an option to redeem the bonds in advance, which expires on January 1, 2015, these OCEANE bonds have been classified as short-term debt. This classification will be reviewed at December 31, 2014 in line with whether or not the option has been exercised.

c. Committed credit facilities

In accordance with the announcement made on December 7, 2012 concerning the extension of its committed credit facilities, on February 5, 2013, the Group signed a second addendum to its December 1, 2011 syndicated loan agreement. The amended agreement includes a new lender and the committed credit facility has been increased by 57 million euros, bringing the total amount of this secured source of financing – which expires on December 1, 2016 – to 597 million euros.

The syndicated loan agreement is subject to two financial ratio covenants:

- the consolidated net debt to equity (including non controlling interests) ratio must be below 1.10; and
- consolidated debt must not exceed 3x EBITDA. In December 2012, Nexans negotiated with its lending banks to increase this EBITDA multiple to 3.50, effective from January 1, 2013 to December 31, 2014.

These ratios were well within the specified limits at both June 30, 2014 and December 31, 2013.

Note 15: Derivative instruments

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

(in millions of euros)	June 30, 2014	Dec. 31, 2013
Assets		
Foreign exchange derivatives – Cash flow hedges*	8	17
Metal derivatives – Cash flow hedges*	4	6
Foreign exchange derivatives – Held for trading*	13	10
Metal derivatives – Held for trading*	3	0
Total – Assets	28	33
Liabilities		
Foreign exchange derivatives – Cash flow hedges*	16	37
Metal derivatives – Cash flow hedges*	3	6
Foreign exchange derivatives – Held for trading*	15	8
Metal derivatives – Held for trading*	1	0
Total – Liabilities	35	51

* Within the meaning of IAS 32/39.

Derivatives primarily comprise forward purchases and sales.

For derivatives qualified as "cash flow hedges", the opening and closing positions in the consolidated statement of financial position cannot be directly reconciled with amounts recorded in equity under "Changes in fair value and other" as certain positions may notably be rolled over while retaining the cash flow hedge accounting qualification.

Note 16: Disputes and contingent liabilities

a. Antitrust investigations

On 7 April 2014, Nexans France SAS and the Company were notified of the European Commission's decision in the high voltage power cable sector which found that Nexans France SAS had participated directly in an infringement of the European Competition laws in the high voltage underground and submarine power cable sector. The Company was held jointly liable for the payment of a portion of the fine imposed by the European Commission. Nexans France SAS and Nexans S.A. have filed an appeal of the decision before the General Court.

On 30 June 2014, Nexans France SAS has booked a debt of 70.6 million euros (identified as "Other current liabilities" in the consolidated accounts of the Company at 30 June 2014) for payment of the fine which was made in the beginning of July 2014 (thus within the 90 days since the receipt of the notification of the decision as provided for in European regulations). It also booked a provision for risks of 80 million euros, for:

- costs of eventual follow on actions in Europe (even if the decision of the European Commission did not take into account the lack of effects on customers which it is not required to find in order to impose sanctions),
- other consequences related to this decision, which found that there was a cartel covering much of the world, and related to other recent developments in countries where investigations or procedures are currently ongoing in the same business sector, that is United States, Canada, Brazil, Australia and South Korea (other than ongoing investigations into local activity as described below).

The provision is based on assumptions about consequences in similar cases as well as on the management's estimations based on the information available today. There therefore remains uncertainty as to the amount of the risk linked to eventual claims and fines in the other countries where investigations or procedures are currently ongoing. The final costs related to these risks could thus be significantly different from the amount of the provision constituted at 30 June 2014.

In addition, as mentioned above, Nexans' Korean subsidiaries are being investigated by local antitrust authorities in relation to activities other than high-voltage cables since 2007 (6 cases) and an additional case in 2013. To date, these subsidiaries have paid fines representing approximately 4 million euros in relation to some of the investigations from 2007 and in 2014, and an insignificant amount in relation to the 2013 procedure for which there has been a criminal conviction both for the Korean subsidiary and a former executive. A number of the related court decisions have been appealed. A 7 million euro provision has been booked in the financial statements to cover customer claims following the decisions handed down in these procedures.
Nexans local subsidiaries are cooperating with local Korean authorities in additional investigations into businesses other than the high voltage business for which decisions have not yet been taken. The Group cannot estimate at this stage the amount of risk relating to these still outstanding investigations and eventual customer claims.

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 provisions recorded in the financial statements are sufficient to cover the related contingencies and does not believe that the resolution of the disputes and proceedings concerned will materially impact the Group's results. 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 most significant of such cases are as follows:

- In 2009, during the performance of a contract for high-voltage submarine cables a ship operated by a Chinese subcontractor involved in the cable-laying process accidentally damaged a submarine optical fiber link owned by the Chinese army. The Chinese army then impounded the ship and would not allow the equipment on board – which belonged to a Group company – to be unloaded. The subcontractor claimed the payment of invoices for the leasing costs of its equipment during the period when it was impounded by the Chinese army. Conversely, the Group company concerned claimed from the subcontractor compensation for losses caused by the accident (notably delays in the project) in an arbitration in Singapore. The arbitration tribunal made an award in favor of the Nexans subsidiary which is seeking enforcement in China. The subcontractor is opposing the enforcement proceedings launched by the Nexans subsidiary in the Chinese court.

- When the Purchase Agreement for the cables business of Invexans (formerly Madeco) was signed on February 21, 2008, Invexans gave a seller's warranty. The Company and its Brazilian subsidiary Nexans Brasil subsequently made claims under this warranty and a settlement agreement was entered into between the three parties on November 26, 2012 concerning the amounts payable by Invexans to Nexans Brasil in relation to the outcome of civil, employment law and tax proceedings in Brazil.
  Some of the tax proceedings in Brazil relating to the period prior to the acquisition, or in progress at the time of the acquisition and still ongoing at the date of the settlement agreement, remain governed by the terms of previous agreements entered into between the parties.
  In view of the Purchase Agreement signed on February 21, 2008 and the settlement agreement of November 26, 2012 as well as the fact that Invexans' compensation liability has been capped, Nexans Brasil has maintained the provisions previously recorded to cover the civil and employment law proceedings still under way.

- In 2013, a Group subsidiary received a claim alleging that the manufacture and sale of "top drive service loop" products infringed certain industrial property rights. The subsidiary has refuted these claims. Since then, there has been no further contact with the holder of the industrial property rights concerned. Even though no lawsuits have been filed in connection with this alleged infringement of industrial property rights, this does not in any way prejudge the outcome of the claim. However, in view of the subject matter of the claim, Nexans can in turn claim compensation from a third party, which has been duly notified of the case, even if a dispute involving a higher amount than the amount of compensation payable by the third party cannot be ruled out.

The Group considers that the other existing or probable disputes for which provisions were recorded at June 30, 2014 and December 31, 2013 do not represent sufficiently material amounts when taken individually to require specific disclosures in the consolidated financial statements.

c. Contingent liabilities relating to disputes and proceedings

The main cases for which the Group has not recognized provisions are as follows:

- A European transmission link owner has made a claim against a Nexans subsidiary for reimbursement of significant repair costs relating to an interconnection cable installed more than ten years ago (which is therefore no longer covered by a warranty) as well as the future costs of replacing this cable. The dispute between the transmission link owner and the Nexans subsidiary is currently subject to arbitration proceedings, in which the transmission link owner has reduced its claim to approximately 33 million pounds sterling. The Group's subsidiary accepts no liability whatsoever.

- In 2012, Nexans Inc. filed a procedure to invalidate a number of patents held by Belden for data network cables and Belden has lodged infringement lawsuits against Nexans Inc.
  Nexans Inc. was successful in invalidating the patents in reexamination proceedings before the US Patent and Trademark Office; Belden has appealed.

Although the outcome of these proceedings is not yet known, the Group believes that they will not have a material impact on its consolidated earnings although such a possibility cannot be entirely ruled out.

At the end of June 2014, certain contracts entered into by the Group could lead to performance difficulties, although the Group does not currently consider that the potential difficulties concerned justify the recognition of provisions in the consolidated financial statements or specific disclosure as contingent liabilities.

Note 17: Subsequent events

On July 4, 2014, Nexans France SAS paid the 70.6 million euro fine imposed on it by the European Commission Directorate General for Competition for anti-competitive behavior. At June 30, 2014 a liability in the same amount was recognized under "Other current liabilities" in the consolidated financial statements.

See Note 16 for further information.

Statutory Auditors' review report on the 2014 interim financial information
(For the six months ended June 30, 2014)

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

Nexans
8 rue du Général Foy
75008 Paris, France

To the Shareholders,

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

- the review of the accompanying condensed interim consolidated financial statements of Nexans for the six months ended June 30, 2014;
- the verification of the information contained in the interim activity report.

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

I – Conclusion on the financial statements

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

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

Without qualifying our conclusion, we draw your attention to the "Antitrust investigations" section of Note 2.c and Note 16.a to the condensed interim consolidated financial statements, which describes the European Commission's decision and the consequences thereof.

II - Specific verification

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

The Statutory Auditors

Neuilly-sur-Seine and Paris La Défense, July 24, 2014

PricewaterhouseCoopers Audit

Éric Bulle
Partner

KPMG Audit
Department of KPMG S.A.

Valérie Besson
Partner

Statement by the person responsible for the 2014 half-year financial report

Statement by the person responsible for the 2014 half-year financial report

Paris, July 24, 2014

I hereby declare that to the best of my knowledge, (i) the condensed interim consolidated financial statements for the six months ended June 30, 2014, have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of operations of the Company and its subsidiaries, and (ii) the interim activity report presented herein provides a fair view of significant events of half-year 2014 and their impact on the financial statements, the main related party transactions and the principal risks and uncertainties for the remaining six months of the year.

The Statutory Auditors' review report on the condensed interim consolidated financial statements for the six months ended June 30, 2014 presented on pages 34 and 35 of the 2014 Half-year Financial Report contains the following observation: "Without qualifying our conclusion, we draw your attention to the "Antitrust investigations" section of Notes 2.c. and 16.a. to the condensed interim consolidated financial statements, which describes the European Commission's decision and the consequences thereof."

Frédéric Vincent,
Chairman and Chief Executive Officer

Nexans is one of the top two cable manufacturers in the world. The Group is a major player in the energy sector and operates in three key markets: Energy Infrastructure (transmission and distribution), Industry and Building. Nexans works with a wide range of businesses and provides solutions for the most complex applications and the most demanding environments. In close collaboration with its clients, which specialize in networks, energy production, mining, engineering, equipment manufacturing, infrastructure, building, installation and distribution, Nexans develops comprehensive offerings for each market segment. Its services cover the entire value chain: analysis, design, production, installation, training, related services, and monitoring and control of facilities. With its technological leadership, worldwide expertise and local presence, Nexans S.A.tisfies essential needs while maintaining the highest levels of performance, safety, and respect for people and the environment.

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