



Press release

2014 Third-Quarter Financial Information

Paris, November 5, 2014 – Today, Nexans announced that its sales for the third quarter of 2014 amounted to 1,574 million euros at current non-ferrous metal prices, or 1,130 million euros at constant¹ non-ferrous metal prices, down 2.1%² on an organic basis versus third-quarter 2013.

Business slowed compared with the first six months of the year due to the following factors: (i) the impact, as expected, of delivery schedules in the submarine high-voltage business, (ii) lower demand from utilities companies, (iii) weak sales of copper wires, and, to a lesser extent, (iv) an unfavorable basis of comparison for the Industry division.

South America suffered declining demand in the building and energy distribution sectors, and Australia saw a further erosion of business – notably for Utilities – which weighed on performance in the Asia-Pacific region as a whole after sales had stabilized during the first half of 2014.

Overall, sales slowed considerably in July and August, but September saw a return to growth compared with the same month of 2013.

The third quarter of 2014 saw a number of commercial wins, including:

- the renewal of the framework agreement with the energy operator, Dong, for offshore array cables in the North Sea;
- the signature of two contracts for developing energy and rail infrastructure in Brazil;
- a contract to supply fiber optic cables for a new refinery in Qatar;
- the implementation of a new framework agreement with Swiss railway operator SBB for upgrading cabling infrastructure across its network.

During the period we also continued to implement our strategic initiatives at a sustained pace. Our capacity reduction measures in Europe and Australia are advancing in line with the announced schedule.

¹ To neutralize the effect of variations in non-ferrous metal prices and thus measure the underlying sales trend, Nexans also calculates its sales using a constant price for copper and aluminum.

² 2013 third quarter sales correspond to sales at constant non-ferrous metal prices, adjusted for the effects of exchange rates (a negative 14.6 million euros) and changes in the scope of consolidation (a negative 2.1 million euros).

Overall, the Group is standing by the guidance it issued on October 1, 2014, namely for full-year 2014 operating margin to come in at a similar level to 2013 (i.e., around 140 million euros), with sales volumes remaining stable year on year.

Sales at constant non-ferrous metal prices and organic growth by division

(in millions of euros)□	Q3 2013	Q3 2014	Organic growth 3rd quarter	Organic growth YTD (first nine months of 2014)
Distributors & Installers	280	281	+0.9%	+0.7%
Industry	303	295	-0.3%	+0.6%
Transmission, Distribution & Operators	516	489	-4.4%	+1.5%
<i>Utilities & Operators</i>			-4.1%	-2.6%
<i>Transmission</i>			-5.0%	+9.1%
Other activities	71	65	-5.3%	+7.3%
Group total	1,171	1,130	-2.1%	+1.4%

Trends by division

Distributors & Installers

The Distributors & Installers division posted sales of 281 million euros for the third quarter of 2014, representing 0.9% organic growth compared with the same period of 2013.

In North America, sales of LAN cables continued to pick up, driven by the new offering designed with the Group's partner Leviton.

In the MERA and Asia-Pacific regions, business was also fueled by sales of LAN cables as well as by improved sales volumes with major distributors in Australia.

In Europe, sales of cables for the building sector decreased, reflecting the combined impact of a slight upturn in France and a marked reduction in sales levels in Scandinavia compared with the particularly strong showing delivered in third-quarter 2013.

Meanwhile, sales in South America were hit by the morose environment in Brazil, Peru and Chile.

Industry

Sales for the Industry division came to 295 million euros, representing a 0.3% organic decrease compared with the third quarter of 2013.

The energy resources sector contracted during the third quarter of 2014, reflecting the impact of lower demand in the mining industry that could not be offset by stable sales recorded for Oil & Gas.

Conversely, the transport sector turned in another solid performance, fueled by sales of automobile harnesses and cables for the railways industry.

Cables for other industrial applications fell back during the period and the Group is continuing its repositioning efforts in the energy resources and transport sectors.

Transmission, Distribution & Operators

Sales generated by the Transmission, Distribution & Operators division totaled 489 million euros, representing an organic decrease of 4.4% compared with the third quarter of 2013.

Distribution & Operators

The Distribution segment experienced a decline during the period, with sales hampered by economic slowdowns in both South America (principally Brazil) and Australia.

In Europe, the segment held firm overall but sales levels nevertheless remained low, with contractions in the French market.

On the other hand, general trends for the highest value-added sectors – such as accessories for low- and medium-voltage power lines – regained momentum during the period.

Sales to telecom operators were down year on year, reflecting lower demand for fiber optic cables in Europe as well as an unfavorable basis of comparison with 2013.

Land high-voltage cables

The land high-voltage business reported a double-digit sales decline in Europe in the third quarter of 2014 and reorganization measures in the region are still under way.

In the United States, construction of the Charleston plant was completed and its first cables have been approved and delivered. The site's inauguration event was attended by national energy sector players, who confirmed that they expect capital expenditure to increase due to planned upgrades to the US power network.

Submarine high-voltage cables

Sales of submarine high-voltage cables came in on a par with the same period of 2013 (versus a 30% year-on-year increase reported in first-half 2014). This was due to the schedule for project rollouts, with a higher number of deliveries in the first half of the year than in the second, and is not a reflection of the sector's underlying momentum or short- and medium-term outlook.

In all, the business's operating performance is satisfactory and in line with its development plan.

Other activities

The "Other activities" segment – which essentially corresponds to sales of copper wires – reported third-quarter 2014 sales of 65 million euros, versus 71 million euros for the comparable prior-year period.

Financial calendar

February 13, 2015: 2014 Full-Year Results

This press release contains forward-looking statements which are subject to various risks and uncertainties that could affect the Company's future performance. Actual results could therefore differ significantly from those currently expected or anticipated. Readers are invited to log on to the Group's website where they can view and download (i) the [2013 Registration Document](#), which provides a detailed description of the Group's risk factors, (ii) the 2014 Half-Year Financial Report, which describes the uncertainties facing the Group for the second half of 2014, and (iii) the condensed consolidated financial statements for the six months ended June 30, 2014, in which Note 16 sets out the risks related to the investigations launched in 2009 on anti-competitive behavior in the submarine and underground high-voltage cables sector in various countries, which resulted in fines being imposed on the main cable industry players in Europe and Asia by the European Commission in its decision of April 2, 2014, and an 80 million euro provision in the Group's consolidated financial statements to cover the direct and indirect consequences of the European Commission's decision and other proceedings in progress in the same sector.

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

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

About Nexans

Nexans brings energy to life through an extensive range of cables and cabling solutions that deliver increased performance for our customers worldwide. Nexans' teams are committed to a partnership approach that supports customers in four main business areas: Power transmission and distribution (submarine and land), Energy resources (Oil & Gas, Mining and Renewables), Transportation (Road, Rail, Air, Sea) and Building (Commercial, Residential and Data Centers). Nexans' strategy is founded on continuous innovation in products, solutions and services, employee development, customer training and the introduction of safe, low-environmental-impact industrial processes.

In 2013, Nexans became the first cable player to create a Foundation to introduce sustained initiatives for access to energy for disadvantaged communities worldwide.

We have an industrial presence in 40 countries and commercial activities worldwide, employing close to 26,000 people and generating sales in 2013 of nearly 6.7 billion euros. Nexans is listed on NYSE Euronext Paris, compartment A. For more information, please consult: www.nexans.com

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