NEXANS POSTS A SOLID PERFORMANCE FOR THE FIRST HALF 2019

- **Sales of 3.432 billion euros, representing +5.0% organic growth[1]**
- **EBITDA of 195 million euros[2] for the first half 2019 (versus 153 million euros in first half 2018), up +19% like-for-like**
- **Progress of the New Nexans plan in line with expectations, contributing +48 million euros to EBITDA before price cost-squeeze**
- **Reorganization costs of -182 million euros impacting net income Group share (-116 million euros)**
- **Consolidated net debt of 709 million euros at June 30, 2019, up +43 million euros year on year based on like-for-like data**
- **Improved EBITDA outlook for 2019 now expected to be between 360 and 390 million euros excluding IFRS 16**

Paris La Défense, July 24, 2019 – Today, Nexans published its financial statements for the six months ended June 30, 2019, as approved by the Board of Directors at its July 23, 2019 meeting chaired by Jean Mouton.

Commenting on the Group's first half 2019 results, Christopher Guérin, Nexans' Chief Executive Officer, said:

"*Our results for the first half of 2019 are very encouraging, which shows that the transition to the "New Nexans" is underway, it is paying off and is under control.*
The recovery dynamic is homogeneous across the Group, both in terms of geographical areas and business.
After six intense months, our transformation plan delivers significant progress on cost reduction, our Shift program, and selective growth. The greatest encouragement for me is the strength of mobilization and discipline of the teams during this first semester.
I am confident in our ability to continue and accelerate our transformation process."

[1] The first half 2019 sales figure used for like-for-like comparisons corresponds to sales at constant non-ferrous metal prices, adjusted for the effects of exchange rates and changes in the scope of consolidation. Exchange rates and changes in the scope of consolidation impacted sales at constant non-ferrous metal prices by +5 million euros and -4 million euros respectively.

[2] Consolidated EBITDA is defined as operating margin before depreciation and amortization. The impact of the first-time application of IFRS 16 at June 30, 2019 was +15 million euros on consolidated EBITDA and +132 million euros on consolidated net debt

BRINGS ENERGY TO LIFE

Consolidated sales for the six months ended June 30, 2019 came to 3,432 million euros, versus 3,282 million euros in the same period of 2018. At constant metal prices[3], first half 2019 sales amounted to 2,311 million euros, representing +5.0% organic growth. Excluding the High Voltage & Projects segment (-6.0%), the growth figure for cable sales was +7.0%.

EBITDA amounted to 195 million euros versus 153 million euros in the first six months of 2018. The transformation measures undertaken within the Group had an estimated positive impact of +48 million euros, which offset a price cost squeeze effect during the period estimated at a negative -30 million euros. The volume effect was a positive +28 million euros whereas non-recurring items had a negative impact of -18 million euros. Overall, EBITDA increased by 28 million euros on a comparable basis excluding IFRS 16.

Operating margin totaled 113 million euros, representing 4.9% of sales at constant metal prices (against 3.7% in first half 2018).

The Group ended the first half of 2019 with an **operating loss** of -54 million euros, compared with operating income of 91 million euros in the first six months of 2018. The year-on-year swing primarily reflects 182 million euros in restructuring costs, mainly reflecting provisions recognized for the European restructuring plan announced on January 24, 2019, for which the negotiation process with the relevant employee representative bodies has now been completed.

Net financial expense came to -31 million euros, on a par with the first half 2018 figure.

The Group reported a -116 million euro **net loss attributable to owners of the parent** for first half 2019, compared with attributable net income of 40 million euros for the first six months of 2018. The first half 2019 figure corresponds to a -85 million-euro **loss before taxes** (versus +59 million euros in income before taxes in the first half of 2018). **Income tax expense** amounted to -27 million euros for first half 2019 (versus -23 million euros in the same period of 2018), reflecting the fact that the majority of the Group's restructuring costs do not generate immediate tax gains.

Consolidated net debt totaled 709 million euros at June 30, 2019, up +43 million euros on the June 30, 2018 figure. This increase corresponds to (i) 243 million euros in operating cash flow, (ii) 242 million euros in capital expenditure net of proceeds from asset disposals, (iii) a 77 million euro cash outflow relating to restructuring costs, and (iv) dividend payments, partially offset by a 3-million-euro inflow from an employee share issue. Operating working capital requirement fell by 65 million euros, due to a better positioning in the cash flow curve for high-voltage projects, despite the use of a portion of the down payments received in December 2018.

[3] To neutralize the effect of fluctuations in non-ferrous metal prices and therefore measure the underlying sales trend, Nexans also calculates its sales using constant prices for copper and aluminum.

Key figures for the first half of 2019

(in millions of euros)	H1 2018	H1 2019
Sales at current metal prices	3,282	3,432
Sales at constant metal prices	2,201	2,311
EBITDA	153	195
Operating margin	82	113
Operating margin as a % of sales at constant metal prices	3.7%	4.9%
Operating income (loss)	91	(54)
Net financial expense	(31)	(31)
Income taxes	(23)	(27)
Attributable net income (loss)	40	(116)
Diluted earnings (loss) per share (in euros)	0.90	(2.67)
Net debt	534	709

CONSOLIDATED SALES BY SEGMENT

(in millions of euros)	H1 2018 At constant metal prices	H1 2019 At constant metal prices	Organic growth H1 2019 vs. H1 2018	Organic growth Q2 2019 vs. Q1 2019
Building & Territories	846	910	+7.5%	+0.2%
High Voltage & Projects	348	324	-6.0%	+57.9%
Telecom & Data	249	270	+7.7%	+5.5%
Industry & Solutions	589	600	+2.2%	+2.7%
Other Activities	169	205	+19.7%	+2.3%
Group total	**2,201**	**2,311**	**+5.0%**	**+8.2%**

EBITDA BY SEGMENT

(in millions of euros)	H1 2018	H1 2019	H1 2019 (excluding IFRS 16[4])
Building & Territories	52	81	81
High Voltage & Projects	36	37	33
Telecom & Data	22	27	27
Industry & Solutions	45	57	56
Other Activities	(2)	(6)	(15)
Group total	**153**	**195**	**181**

[4] The Group's first-time application of IFRS 16 on lease accounting had a positive 15 million euro impact on EBITDA in first half 2019. The impact related to assets not allocated to a specific business (mainly buildings) has been included in the "Other Activities" segment for segment reporting purposes.

2019-2021 transformation plan

At end-June 2019, all of the projects provided for in the New Nexans transformation plan were in full operational phase:

- The information and consultation process concerning the restructuring plan announced on January 24, 2019 has been completed and the plan is being implemented. The plan will simplify the Group's current organizational structure significantly by reducing he number of hierarchical levels, removing certain regional structures and optimizing support functions.
- The SHIFT program – which corresponds to a global approach for sustainable transformation – has been implemented in 12 plants that are considered as priorities. It is being rolled out via a methodology developed in-house at Nexans, by dedicated centrally-managed teams.
- A new cost-savings plan aimed at reducing fixed costs other than salaries has been launched at all plants.
- A plan to improve industrial performance has been launched on a local basis, supported by dedicated on-site task forces.

The initial positive effects of the transformation plan can be seen in the Group's higher EBITDA figure. The strategic initiatives launched under the New Nexans plan have already generated a **48-million-euro** improvement in EBITDA during the period, breaking down as follows:

- Measures to reduce both fixed and variable costs had a **22-million-euro** positive impact on EBITDA.
- The net favorable impact of the SHIFT transformation program has been estimated at **14 million euros**, highly concentrated on the Building & Territories segment.
- Growth and value creation measures contributed **12 million euros.**

Lastly, the price cost squeeze effect represented a negative **30 million euros** for the period under review, and non-recurring items had a negative **-18-million-euro impact**.

During the first half of 2019, Nexans notched up a number of commercial successes across its business domains.

As part of its strategy to grow its value chain, in partnership with start-up Cosmo Tech, Nexans launched Asset Electrical, a new asset management software designed for Distribution System Operators (DSOs). Asset Electrical helps create a balance between grid performance, CAPEX, OPEX and risk factors (including financial, regulatory, security and environmental risks). It is a powerful tool intended to improve the cost efficiency of electrical grid assets and can deliver cost savings of up to 10%-15% on the DSOs' mid- and long-term strategies.

In the high-voltage sector, the Group is setting up a dedicated task force in order to accelerate its growth in the renewable energies sector and in offshore wind farms in particular. During the period the Group completed a project to connect Kyle Muir wind farm to Scotland's power grid via an underground high-voltage cable.

Nexans was also chosen as the end-to-end supplier of turbine cables and accessories for WindFloat Atlantic, the world's first floating offshore wind farm operating at 66 kV. This 25 megawatt (MW) floating wind farm to be installed off the coast of Portugal is expected to demonstrate the viability of Floating Offshore Wind (FOW) technology that holds the key to an inexhaustible resource potential in Europe.

In the Telecom & Data segment, at a time when new trends such as 5G and edge computing are putting increasing strain on data centers, Nexans has simplified data center network monitoring and scale-up with the launch of LANsense AIM and new high-density copper and fiber solutions.

Lastly, building on its success in France and Belgium, Nexans has extended its innovative Connected Drums solution to new international markets. With real-time geolocation of drums, an alert system and stock visibility, this solution reduces costs and provides even greater added value for DSOs by enabling them to streamline all of the cable-related activities involved in their projects.

The above success stories are just a few examples of the solutions and services the Group is developing to respond and anticipate to the challenges raised by growing global demand for energy and data, and of how the teams are helping Nexans customers meet those challenges.

Analysis by segment

Building & Territories

EBITDA for the Buildings & Territories segment totaled 81 million euros in the first half of 2019, up +51% on the 52 million euros recorded in first half 2018. This year-on-year rise includes the effect of a +7.5% organic increase in sales, which in first half 2019 came to 1,423 million euros at current metal prices and 910 million euros at constant metal prices. It also reflects a +260-bp rise in EBITDA margin from 6.2% to 8.8% of sales at constant metal prices, achieved thanks to the improvement measures implemented across the Group.

All of the segment's business areas and geographic regions saw an improved performance during the period:

- The cost-reduction plans carried out in Asia Pacific, Brazil and Chile began to pay off. A rich pipeline of projects aimed at improving industrial performance that will be implemented in the second half of the year has been identified.
- Since the end of 2018, the transformation projects launched under the SHIFT program have mainly concerned the Building & Territories segment in Chile, Columbia, Peru, Lebanon, Turkey, and North America. Their impact on the segment's first half 2019 EBITDA is estimated at a positive 14 million euros.
- The segment also felt the benefit of a high volume effect, which generated around 20 million euros worth of EBITDA (most of which concerned the Group's Profit Drivers) whose growth has a positive impact on EBITDA. The volume effect excluding Profit Drivers mostly stemmed from the ongoing execution of contracts signed in prior periods.

The improved performance during the period led to an increase in EBITDA margin both for power cables for the building market and distribution cables and accessories.

High Voltage & Projects

EBITDA margin for the High Voltage & Projects segment remained stable year on year at 10.2% like-for-like (and 11.5% overall including the impact of IFRS 16), despite negative organic sales growth of -6.0%. Sales generated by this segment amounted to 350 million euros at current metal prices in first half 2019, or 324 million euros at constant metal prices.

In the **submarine high-voltage** business, operational execution of projects was fully on schedule. After a first quarter marked by lower cable-laying activity than in the same period of 2018, the second quarter of 2019 saw period-on-period organic growth of +65.8%. For the six months as a whole, sales decreased -2.5% on an organic basis, mainly attributable to a lower cable-laying workload at the beginning of the year.

For the **land high-voltage** business, the Group pursued its initiatives aimed at restoring its profitability on an adjusted basis.

- The closure of the Yanggu high-voltage plant in China will take place during the summer of 2019 once it has honored the last contracts in its order book. In Europe, the Group has announced the closure of the Hanover site, and the requisite negotiation procedure with the employee representative bodies has been completed.
- The transformation plan for this business focuses on improving the quality of existing project performance and enhancing the system for estimating future offers.

Against this backdrop, the land high-voltage business posted a -15.9% organic sales decrease in first half 2019 (versus a -21.1% decrease in the first quarter of the year), but it registered an improvement in EBITDA.

EBITDA for the High Voltage & Projects segment came to 37 million euros in the first half of 2019 (33 million euros excluding the impact of IFRS 16), compared with 36 million euros in the equivalent period of 2018.

Telecom & Data

EBITDA margin for the Telecom & Data segment widened by +110 bps on a like-for-like basis in the first half of 2019, driven by a +7.7% year-on-year organic increase in sales, which totaled 301 million euros at current metal prices and 270 million euros at constant metal prices.

- The segment is benefiting from the impact of the indirect cost saving plans as well as the measures to improve industrial performance.
- The SHIFT program is currently being deployed in North America.
- Growth initiatives are having a positive impact on results, particularly in the Telecom Infrastructure and Submarine segments.

Sales of **LAN cables and systems** rose by +1.9%. Profitability increased in North America.

Sales for the **telecom infrastructure** business climbed +11.4% year on year.

Sales of **submarine telecom** cables advanced +18.5% on an organic basis, reflecting an upturn in business and the signature of new contracts.

EBITDA for the Telecom & Data segment came to 27 million euros in the first half of 2019, representing 9.8% of sales at constant metal prices (versus 22 million euros and 8.8% in first half 2018). This segment is not impacted by IFRS 16.

Industry & Solutions

EBITDA margin for the Industry & Solutions segment widened by +190 bps (with no significant impact arising from IFRS 16). Sales amounted to 714 million euros at current metal prices and 600 million euros at constant metal prices, representing a year-on-year organic increase of +2.2%.

Automotive harnesses turned in a better performance in first half 2019 than in the equivalent period of 2018, both in terms of sales and profitability. Sales rose +1.7%, led by the strong truck market in the United States, which offset the impact of a weak Chinese market. In Europe, the industrial reorganization projects carried out in 2018 aimed at achieving operational excellence have now been completed.

For other industrial cables, EBITDA margin increased by +270 bps year on year, with organic sales growth coming in at a contained +2.5%.

EBITDA for the Industry & Solutions segment as a whole stood at 56 million euros for the first half of 2019, representing 9.3% of sales at constant metal prices (versus 45 million euros and 7.7% in first half 2018).

- The cost saving plans in the USA, South Korea and in automotive harnesses as well as the measures to improve industrial performance had a favorable impact.
- The transformation projects launched under the SHIFT program have now been rolled out in China and South Korea and in the Amercable plant.
- Analyzed globally by sector, cables for the aeronautical, mining, rail and automotive harnesses sectors in the USA posted particularly strong growth. Some sectors saw volumes edge down, especially industrial automation activities in Germany.

Other Activities

The “Other Activities” segment – which essentially corresponds to external sales of copper wires – reported sales of 205 million euros at constant metal prices, up +19.7% on an organic basis on the first half of 2018. Demand remained strong in Canada and France.

EBITDA for “Other Activities” was a negative -6 million euros in first-half 2019 against a negative -2 million euros in the same period of 2018. The first-half 2019 figure includes corporate structural costs that cannot be allocated to the other segments, notably the impacts of the restatements made on the first-time application of IFRS 16 for assets not allocated to specific activities. At June 30, 2019, IFRS 16 restatements had a total positive impact on EBITDA of 15 million euros, of which 10 million euros (mainly corresponding to buildings) was included in the “Other Activities” segment for segment reporting purposes.

Outlook for 2019

In light of its first half 2019 results, the Company's outlook for full-year 2019 is as follows:

EBITDA estimated at between 360 and 390 million euros.

Consolidated net debt at year-end, impacted by the expected outflow for reorganization costs, should amount to approximately 600 million euros, including the c. 130 million euro effect of IFRS 16 restatements.

A net loss of around -110 million euros, given that a material portion of restructuring provisions are not tax deductible (particularly in France and Germany, where significant deferred tax assets have already been recognized).

A conference call is scheduled today at 10:00 a.m. (Paris time).
To take part, please sign up using the following link:
https://cossprereg.btci.com/prereg/key.process?key=PX6F48AWM

Financial calendar

November 7, 2019: Third quarter 2019 financial information

NB: Any discrepancies are due to rounding

This press release contains forward-looking statements which are subject to various expected or unexpected risks and uncertainties that could have a material impact on the Company's future performance.
Readers are also invited to log onto the Group's website where they can view and download the presentation of the 2018 annual results to analysts as well as 2018 financial statements and 2018 Registration Document, which includes a description of the Group's risk factors – particularly those related to the investigations into anti-competitive behavior launched in 2009 – as well as section 4 of the 2019 half-year financial report "Risk factors and main uncertainties".

Major uncertainties for the second half of 2019 mainly include:

- *The uncertain economic and political environments in the United States and Europe, with the risk of growth being slowed by potential major changes in US trade policy on one side of the Atlantic and the possible consequences of Brexit on the other.*
- *The impact of protectionist trade policies (such as those implemented by the current US government), as well as growing pressure to increase local content requirements.*
- *Geopolitical instability, particularly in certain countries or regions such as Qatar, Libya and Lebanon and the Persian/ Arabian Gulf.*
- *Political and economic uncertainty in Brazil and in Turkey, which is affecting the building market and major infrastructure projects as well as creating exchange rate volatility and an increased risk of customer default.*
- *A marked drop in non-ferrous metal prices resulting in the impairment of Core exposure, not having an impact on cash or operating margin, but impacting net income.*
- *The impact of growing inflationary pressure, particularly on commodities prices (resins, steel,) and labor costs, which could affect competitiveness depending on the extent to which they can be passed on to customers in selling prices.*
- *The sustainability of high growth rates and/or market penetration in segments related to datacenters, to the development of renewable energy (wind and solar farms, interconnectors, etc.) and to transport.*
- *The rapidity and extent of market take up of LAN cables and systems in the USA and the Group's capacity to seize opportunities relating to the very fast development of data centers.*
- *The risk that the sustained growth expected on the North American automotive markets and on the global electric vehicle market does not materialize.*
- *Fluctuating oil and gas prices, which are leading Oil & Gas sector customers to revise their exploration and production capex programs at short notice. The considerable uncertainty about the implementation of these customers'' capex programs also creates uncertainty about the confirmation of cable orders booked by the Oil & Gas segment.*
- *The risk of the award or entry into force of submarine and land cables contracts being delayed or advanced, which could interfere with schedules or give rise to low or exceptionally high capacity utilization rates in a given year.*

- *Inherent risks related to (i) carrying out major turnkey projects for submarine high-voltage cables, which will be exacerbated in the coming years as this business becomes increasingly concentrated and centered on a small number of large- scale projects (Nordlink, NSL, East Anglia One, Hornsea 2 and DolWin6, which will be our first contract to supply and install HVDC extruded insulation cables), (ii) the high capacity utilization rates of the plants involved, and (iii) the projects' geographic location and the political, social and economic environments in the countries concerned (Venezuela, Philippines).*
- *The inherent risks associated with major capital projects, particularly the risk of completion delays. These risks notably concern the construction of a new submarine cable laying ship and the extension of the Goose Creek plant in North America to increase the production of submarine high voltage cables, two projects that will be instrumental in ensuring that we fulfill our 2021 objectives.*
- *The transformation and reorganization plan announced in the land high voltage and submarine medium voltage activity could lead to delays in implementation, customer delivery and/or generate additional costs that would question a rapid return to balance.*

Without major operational impacts, the two following uncertainties may have an impact on the financial statements:
- *Sudden changes in metal prices that may affect customers' buying habits in the short term;*
- *The impact of foreign exchange fluctuations on the translation of the financial statements of the Group's subsidiaries located outside the euro zone.*

About Nexans

Nexans brings energy to life through an extensive range of advanced cabling systems, solutions and innovative services. For over 120 years, Nexans has been providing customers with cutting-edge cabling infrastructure for power and data transmission. Today, beyond cables, the Group advises customers and designs solutions and services that maximize performance and efficiency of their projects in four main business areas: Building & Territories (including utilities, e-mobility), High Voltage & Projects (covering offshore wind farms, submarine interconnections, land high voltage), Telecom & Data (covering data transmission, telecom networks, hyperscale data centers, LAN), and Industry & Solutions (including renewables, transportation, Oil & Gas, automation, and others).

Corporate Social Responsibility is a guiding principle of Nexans' business activities and internal practices. In 2013, Nexans became the first cable player to create a Foundation supporting sustainable initiatives bringing access to energy to disadvantaged communities worldwide. The Group's commitment to developing ethical, sustainable and high-quality cables also drives its active involvement within leading industry associations, including Europacable, NEMA, ICF or CIGRE to mention a few.

Nexans employs nearly 27,000 people and has an industrial footprint in 34 countries and commercial activities worldwide. In 2018, the Group generated 6.5 billion euros in sales.

Nexans is listed on Euronext Paris, compartment A.

For more information, please visit: www.nexans.com

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Appendices

1. Consolidated income statement
2. Consolidated statement of comprehensive income
3. Consolidated statement of financial position
4. Consolidated statement of cash flows
5. Information by reportable segment
6. Information by major geographic area

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

Consolidated income statement

(in millions of euros)	First-half 2019[1]	First-half 2018
NET SALES	**3,432**	**3,282**
Metal price effect[2]	(1,122)	(1,081)
SALES AT CONSTANT METAL PRICES[2]	**2,311**	**2,201**
Cost of sales	(3,040)	(2,912)
Cost of sales at constant metal prices[2]	(1,918)	(1,832)
GROSS PROFIT	**392**	**370**
Administrative and selling expenses	(231)	(236)
R&D costs	(48)	(52)
OPERATING MARGIN[2]	**113**	**82**
Core exposure effect[3]	2	9
Other operating income and expenses[4]	13	21
Reorganization costs	(182)	(20)
Share in net income of associates	0	0
OPERATING INCOME	**(54)**	**91**
Cost of debt (net)	(19)	(22)
Other financial income and expenses	(12)	(9)
INCOME BEFORE TAXES	**(85)**	**59**
Income taxes	(27)	(23)
NET INCOME FROM CONTINUING OPERATIONS	**(113)**	**36**
Net income from discontinued operations	-	-
NET INCOME	**(113)**	**36**
▪ attributable to owners of the parent	(116)	40
▪ attributable to non-controlling interests	3	(3)
ATTRIBUTABLE NET INCOME PER SHARE (in euros)		
▪ Basic earnings per share	(2.67)	0.92
▪ Diluted earnings per share	(2.67)	0.90

(1) The Group applied IFRS 16 for the first time in its financial statements for the six months ended June 30, 2019, using the modified retrospective approach without restating prior-year comparative data.

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

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

(4) "Other operating income and expenses" included a 10-million-euro net disposal gain in first-half 2019. In first-half 2018, this item included a 44-million-euro net disposal gain and 18 million euros in net asset impairment.

Consolidated statement of financial position

(in millions of euros)	June 30, 2019	December 31, 2018
Goodwill	241	243
Intangible assets	129	131
Property, plant and equipment[1]	1,326	1,135
Investments in associates	38	39
Deferred tax assets	162	162
Other non-current assets	79	60
NON-CURRENT ASSETS	**1,976**	**1,770**
Inventories and work in progress	1,238	1,110
Contract assets	115	95
Trade receivables	1,140	1,021
Current derivative assets	26	38
Other current assets	216	184
Cash and cash equivalents	464	901
Assets and groups of assets held for sale	0	0
CURRENT ASSETS	**3,200**	**3,349**
TOTAL ASSETS	**5,176**	**5,119**

Capital stock, additional paid-in capital, retained earnings and other reserves	1,201	1,339
Other components of equity	13	(14)
Equity attributable to owners of the parent	**1,214**	**1,325**
Non-controlling interests	39	42
TOTAL EQUITY	**1,254**	**1,367**
Pensions and other long-term employee benefit obligations	363	363
Long-term provisions	94	84
Long-term debt[(2)]	928	778
Non-current derivative liabilities	6	11
Deferred tax liabilities	117	109
NON-CURRENT LIABILITIES	**1,508**	**1,345**
Short-term provisions	191	63
Short-term debt[(2)]	246	453
Contract liabilities	221	252
Current derivative liabilities	33	51
Trade payables	1,396	1,290
Other current liabilities	329	298
Liabilities related to groups of assets held for sale	0	0
CURRENT LIABILITIES	**2,415**	**2,407**
TOTAL EQUITY AND LIABILITIES	**5,176**	**5,119**

(1) At June 30, 2019, property, plant and equipment included 121 million euros in right-of-use assets recognized on the Group's first-time application of IFRS 16, "Leases" from January 1, 2019.

*(2) At June 30, 2019, the Group's debt included 123 million euros in liabilities for future lease payments recognized on the Group's first-time application of IFRS 16, "Leases" from January 1, 2019 (see **Note 1.B**).*

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

Consolidated statement of cash flows

(in millions of euros)	First-half 2019[1]	First-half 2018
Net income	(113)	36
Depreciation, amortization and impairment of assets (including goodwill)	82	89
Cost of debt (gross)	21	24
Core exposure effect[2]	(2)	(9)
Current and deferred income tax charge (benefit)	28	23
Net (gains) losses on asset disposals	(10)	(44)
Other restatements[3]	128	(52)
CASH FLOWS FROM OPERATIONS BEFORE GROSS COST OF DEBT AND TAX[4]	**136**	**67**
Decrease (increase) in working capital[5]	(203)	(112)
Income taxes paid	(21)	(24)
Impairment of current assets and accrued contract costs	3	(1)
NET CHANGE IN CURRENT ASSETS AND LIABILITIES	**(220)**	**(137)**
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	**(85)**	**(70)**
Proceeds from disposals of property, plant and equipment and intangible assets	12	47
Capital expenditure	(133)	(82)
Decrease (increase) in loans granted and short-term financial assets	0	(6)
Purchase of shares in consolidated companies, net of cash acquired	-	(12)
Proceeds from sale of shares in consolidated companies, net of cash transferred	0	-
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES	**(122)**	**(53)**
NET CHANGE IN CASH AND CASH EQUIVALENTS AFTER INVESTING ACTIVITIES	**(207)**	**(123)**
Proceeds from (repayments of) long-term and short-term borrowings	(199)	(99)
▪ *of which redemption of 2016-2019 OCEANE bonds*	*(269)*	-
▪ *of which redemption of 2012-2018 ordinary bonds*	-	*(250)*
Cash capital increases (reductions)[6]	-	(23)
Interest paid	(29)	(39)
Transactions with owners not resulting in a change of control	(4)	-
Dividends paid	(15)	(32)
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	**(246)**	**(193)**
Net effect of currency translation differences	3	(2)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(451)**	**(318)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	886	794
CASH AND CASH EQUIVALENTS AT PERIOD-END	436	475
▪ *Of which cash and cash equivalents recorded under assets*	*464*	*483*
▪ *Of which short-term bank loans and overdrafts recorded under liabilities*	*(28)*	*(8)*

(1) The Group applied IFRS 16 for the first time in its financial statements for the six months ended June 30, 2019, using the retrospective approach without restating prior-year comparative data.

(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, 2019 primarily included (i) a positive 116 million euros to cancel the net change in operating provisions (including provisions for pensions and restructuring costs), and (ii) a positive 2 million euros to cancel the effect of changes in fair value of metal and foreign exchange derivatives, and (iii) a positive 4 million euros to cancel the expense relating to share-based payments. Other restatements for the six months ended June 30, 2018 primarily included (i) a negative 39 million euros to cancel the net change in operating provisions (including provisions for pensions and restructuring costs), (ii) a negative 24 million euros to cancel the effect of changes in fair value of metal and foreign exchange derivatives, and (iii) a positive 7 million euros to cancel the expense relating to share-based payments.

(4) The Group also uses the "operating cash flow" concept, which is mainly calculated after adding back cash outflows relating to reorganization costs (44 million euros and 28 million euros for the first six months of 2019 and 2018 respectively) and deducting gross cost of debt and current income tax paid during the period.

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

(6) During the first-half of 2018, the Group had bought back 784,413 of its own shares, representing a cash outflow of 24 million euros.

Information by reportable segment

First-half 2019 *(in millions of euros)*	Building & Territories	High Voltage & Projects	Telecom & Data	Industry & Solutions	Other	Group total
Net sales at current metal prices	1,423	350	301	714	644	3,432
Net sales at constant metal prices	910	324	270	600	205	2,311
EBITDA	81	37	27	57	(6)	195
Depreciation and amortization	(24)	(19)	(6)	(19)	(15)	(82)
Operating margin	57	18	21	38	(21)	113
Net impairment of non-current assets (including goodwill)	-	-	-	-	-	-

First-half 2018 *(in millions of euros)*	Building & Territories	High Voltage & Projects	Telecom & Data	Industry & Solutions	Other	Group total
Net sales at current metal prices	1,374	379	283	705	541	3,282
Net sales at constant metal prices	846	348	249	589	169	2,201
Net sales at constant metal prices and first-half 2019 exchange rates	847	345	251	592	172	2,206
EBITDA	52	36	22	45	(2)	153
Depreciation and amortization	(24)	(20)	(5)	(17)	(5)	(71)
Operating margin	28	16	16	28	(7)	82
Net impairment of non-current assets (including goodwill)	-	(18)	-	-	-	(18)

Information by major geographic area

First-half 2019 *(in millions of euros)*	France	Germany	Norway	Other(2)	Group total
Net sales at current metal prices(1)	557	412	352	2,111	3,432
Net sales at constant metal prices(1)	346	371	322	1,271	2,311

(1) Based on the location of the assets of the Group's subsidiaries.

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

First-half 2018 *(in millions of euros)*	France	Germany	Norway	Other(2)	Group total
Net sales at current metal prices(1)	553	427	354	1,947	3,282
Net sales at constant metal prices(1)	337	381	323	1,160	2,201
Net sales at constant metal prices and first-half 2019 exchange rates(1)	337	381	318	1,169	2,206

(1) Based on the location of the assets of the Group's subsidiaries.

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