

Shareholder Newsletter

APRIL 2021 #51

Nexans



Results 2020

In 12 months, the Group has exceeded expectations in the midst of a global pandemic:

EBITDA

€347 M

CASH GENERATION

€+157 M

IMPROVEMENT IN WORKING CAPITAL

€+366 M

A 10-YEAR LOW NET DEBT

€179 M

Dear Shareholder,

Faced with an unprecedented global health crisis in 2020, Nexans successfully rose to the challenge, taking decisions that brought results. We introduced a comprehensive series of measures to protect Group employees and our partners. The members of the Executive Committee quickly implemented an action plan that was successfully rolled out with the help of meticulous internal checks, preventive measures, team commitment, and support from social partners. Despite a difficult environment, the Group maintained production throughout the crisis and avoided the risk of commodity shortages. We also took the opportunity to accelerate our transformation plan by stepping up efforts to reduce costs, improve margins and ensure cash conversion.

As an advocate of selective growth, the Group focused on meeting its commitments to customers, especially key accounts who provide 90% of profitability, and on improving margins while managing working capital more effectively to maintain liquidity. Against this backdrop, sales slipped 11.2% but net income (Group share) was again positive, at €78 million.

Throughout the financial year, Nexans pursued its strategic investments and portfolio management to refocus on its core business, notably by completing two divestments and discontinuing two operations. In portfolio management, the Group completed the sale of LAN cable maker Berk-Tek to Leviton Inc, along with the disposal of Nexans Metallurgie Deutschland GmbH. On the investment front, construction of the Aurora cable-laying vessel is on track for delivery in May 2021. The Charleston plant conversion will be completed this summer, following a move to bring additional €40 million in investment to 2021.

In the second half of 2020, we focused our efforts on our long-term ambition. We began by defining our new purpose: "Electrify the Future", which is hard-wired into Nexans' DNA. We then arranged an extensive internal campaign enabling our employees to choose from a list of options to select three values that best capture our purpose. The majority voted for "Pioneers", "Dedicated" and "United".

We are fully aware of our responsibilities with regard to sustainable electrification and plan to rise to the challenge, including on an operational level. Nexans is committed to contributing to carbon neutrality by 2030 and has rolled out

a clear roadmap targeting an average annual reduction in its greenhouse gas emissions of 4.2%. We are even prouder of our leadership in sustainable development after being added to the prestigious CDP Climate Change «A List» in 2020. This puts Nexans among a very small number of high-performing companies selected from 5,800+ ranked.

2021 sees us enter a new strategic phase, full throttle toward 2024. We will simplify our business model by switching from eight macro sectors representing 34 subsectors to four sectors spanning 12 subsectors, based on the belief there is no future in the generalist model. The goal is to simplify our approach to amplify our impact, making Nexans a unique, fully integrated player covering the entire electrification value chain: from energy production to end usage, including energy transmission and distribution along the way. We are on the eve of a new revolution in decarbonized power, in which Nexans is set to play a leading role.

As you can see, Nexans is embarking on 2021 with confidence, galvanized by ambitious goals... I look forward to continuing this discussion at our Shareholders' Meeting on May 12.

Christopher Guérin
CEO



"We are on the eve of a new revolution in decarbonized power, in which Nexans is set to play a leading role"

NEXANS: A PURE PLAYER IN ELECTRIFICATION

Driven by its new purpose – Electrify the Future – and the three values that underpin that purpose – **Pioneers, Dedicated, United** – Nexans is rolling out its strategic plan leading up to 2024, with a focus on electrification. The Group has set its sights firmly on developing decarbonized electricity production and upgrading power grids.

Convinced that remaining a generalist cable manufacturer will eventually be a weakness rather than a strength, Nexans plans to become a pure player in electrification. The sector represents 65% of the global cable market and is expected to grow by 4.3% per annum over the next 10 years. The Group will simplify its business model by moving from eight macro sectors representing 34 subsectors to four sectors spanning 12 subsectors. Simplify to amplify... making Nexans a unique, fully integrated player covering the entire electrification value chain: from energy production to end usage, including energy transmission and distribution along the way.

A twofold impact

The drive to amplify the Group’s impact will focus on two key areas: pursuing the transformation program across all segments and stepping up growth in electrification segments. This overhaul is needed to unlock the resources required to invest and move upmarket. Demand is evolving: customers no longer want only cables and components; they need interconnected systems and solutions. Nexans must pursue this widespread transformation while maintaining sales between €6bn and €7bn by 2024 and improving profitability: the Group is targeting EBITDA of between 10% and 12% of sales by 2024, compared with 6.1% by the end of 2020.

A €154 billion market in 2030

What exactly does it mean to count on electrification? Business will range from electricity production and connections to offshore wind and solar farms to distribution and usage of that energy in buildings. There is huge growth potential: the electrification ecosystem is now a market worth over €100 billion, and is set to be worth €154 billion by 2030. Nexans aims to invest through M&A activities between €1.5 billion and €2 billion in the next three years. In the interim, the Group

plans to sell cable-manufacturing assets across a range of sectors, including the automotive, telecom, and industries, to focus on businesses linked to electrification, with no site closures or layoffs.

A two-part strategy

Part 1:

The first point of focus is to pursue performance improvements, with an EBITDA margin of between 11% and 13% (compared with 8% and 10% in 2021e) and standard sales of between €3.5 bn and €3.7 bn across the current electrification portfolio. To achieve that progression, the Group intends to continue streamlining its cost structure and improving its industrial performance. It will aim to profit from its innovations and investments in the cutting-edge Aurora cable-laying vessel—due



for delivery in May 2021 – and Charleston high-voltage subsea cable plant expansion in the United States. Nexans has also scheduled investments in additional capacity for the High Voltage & Projects segment. The Group has an ambitious plant digitization program to ensure swift progress across the scope of possibilities unlocked by Industry 4.0. The digitization of solutions through the use of connected devices, artificial intelligence and digital twins is another growth driver Nexans plans to actuate.

Part 2:

The Group will streamline the rest of its portfolio through disposals, along with transformative initiatives and other targeted acquisitions to expand its electrification offering and amplify its value proposition. This new focus is expected to generate EBITDA growth of between 50 and 150 basis points. Nexans will run a tight financial ship, with a net debt-to-EBITDA ratio of less than 2.5.

“Power grids will undergo the same transformation seen in telecom networks 10 years ago, as traditional copper cables are replaced by fiber optics.”

C. Guerin, CEO



Nexans: a key player in the energy transition

Decarbonized energy is a primary point of focus for Nexans. 200GW of installed offshore wind capacity will be installed by 2030, equivalent to 200 nuclear plants, rolled out over nine years, requiring 300 million cables per gigawatt. Nexans has already signed a major contract in the United States, where the Group will connect 80% of East Coast wind farms with the help of its unit in Charleston, South Carolina. The same development potential can be found in Northern Europe, including Scotland. Another major initiative is the drive to upgrade grids, with key projects underway in the Americas, Europe and Asia, and especially China.



NEW BUSINESS

Nexans has won several key contracts in the early months of 2021 and bolstered its long-term partnership strategy, cementing its bid to become a leader in electrification and the global energy transition.

Contracts

Airbus and its “zero-emission” aircraft

This 50-year business relationship continues to go from strength to strength. Under a new arrangement, Nexans will supply the aircraft manufacturer with high-voltage cable solutions for the new generation of hybrid and electric aircraft in its ZEROe program. The goal is to see a zero-emission aircraft take to the skies by 2035. Nexans previously supplied cable technology for the single-aisle A320 Neo, the double-deck A380 and the A350 series.



The Amazon boosts its bandwidth

Nexans continues to develop its relationship with **Programa Amazônia Conectada** to bring high-speed data connectivity to one of Brazil's more remote and environmentally sensitive regions. The project involves laying fiber-optic cables on riverbeds in the Amazon basin. 470 km of submarine cables were delivered in 2020, taking the total length installed so far to 1,170 km. Another 620 km will be supplied in 2021.



Partnerships

With Vestas Wind Systems, Nexans has established itself as a leading supplier through a two-year contract to deliver one million WINDLINK™ cable kits for turbines destined for onshore wind farms in Europe, the United States, China and Brazil.



RTE makes “greener choice” for underground grid connections



French transmission systems operator RTE has awarded Nexans—its preferred supplier—with a contract to deliver cables, accessories and installation services for underground grid connections at 90 kV, 220 kV and 400 kV. The new agreement extends Nexans' long-term partnership with RTE and strengthens the Group's positioning in designing eco-friendly products and services while showcasing its ability to ensure safe end-to-end installations, even in the middle of the pandemic.

Statnett secures archipelago supply



Norway's national transmission and systems operator has awarded Nexans a contract to supply and install a new high-voltage subsea power link in the far north of the country. This will ensure a secure supply to some 50,000 people living in the Lofoten and Vesterålen archipelagos. Nexans will upgrade the link by installing two 170 kV subsea systems—made at its two plants in Norway—covering a route of around 8.8 km at a depth of 200 m.

With Orange Business Services as a global IoT connectivity supplier, Nexans has accelerated the extension of its connected products program. The program provides customers with real-time information on the location of their cables, helping to reduce theft and loss, and increase recycling.



Words from our key customers

“Nexans is a strategic partner for Sonepar because it is one of the global leaders in cable technology. Since the arrival of the new management team, we have seen deep-seated changes and the introduction of new practices in areas such as analyzing processes, doing business and generating margins. We have a loyal, transparent relationship. We see quality at every level of the company, from top management to people in the field.”

Philippe Delpuch
CEO of **Sonepar**,
global leader in distribution of electrical products, solutions and related services

Find the video [here](#)

“The partnership with Nexans is unique in three ways. It's transparent and it's fact-based, and I very much like this approach. The second dimension is in the innovation field: what has been announced, has been promised, has been delivered... Third, we can think global: it's not one country, it's not one region; it can be in different parts of the world where it makes sense for the two companies. We work collectively at being efficient... It's really solid.”

Patrick Berard
CEO of **Rexel**,
a global expert in multichannel distribution of products and services for the energy world

Find the video [here](#)

With Schneider Electric, Nexans has begun a joint program to take its digital journey to the next level. The aim is to accelerate Nexans' transformation into a business driven by clear, rich, actionable data as a foundation for improved business performance, safety and flexibility.



GROUP LIFE

The story of Nexans' purpose #ElectrifyTheFuture

In November 2020, Nexans unveiled its new purpose: **Electrify the Future**, which is hard-wired into the company's DNA. It reflects the vision and meaning the Group lends to its mission, and shapes its identity and contribution to society as a whole. This message was made clear during Nexans Capital Markets Day on February 17, 2021.

Nexans has also chosen three values to guide its actions and relations with different stakeholders. Since these values must be embodied by everyone, all employees were invited to choose the three they felt best reflected the New Nexans.

There was an overwhelming preference for PIONEERS, DEDICATED and UNITED. There's a practical streak that runs through our business.



We don't just look to the future to see how it's shaping up. We see how we can shape the future. Just like Edison, we are and have always been **PIONEERS**, overcoming any hurdle and taking every opportunity to design a sustainable electrification of the future. We are **UNITED**, in our shared purpose, with each other, our customers, stakeholders and the communities within which we operate, because every single one of us has a shared interest in making sustainable electrification a reality.

In everything we do, we are **DEDICATED** to using the power of electricity to make the future brighter. It's our calling, our focus, and the reason why every day we dedicate ourselves to deliver with excellence for our customers, for each other, and for the world. There's much we have already achieved and so much more we can do, together.

Shareholder's diary

ANNUAL SHAREHOLDERS' MEETING

May 12, 2021, at 2.30 pm
broadcast live on the Nexans website

The Annual Shareholders' Meeting is a highlight for the Group and an opportunity for Nexans to set out its strategy and outlook for growth. This year, we have again done everything in our power to ensure ongoing dialogue with our shareholders, including the use of electronic voting and other interactive solutions. Nexans feels it is crucial that all shareholders take part. We would like everyone to voice their views at the Shareholders' Meeting by whichever means they see fit, including voting by mail, internet or proxy.

Against the backdrop of the Covid-19 pandemic, and in line with the latest health and safety recommendations, shareholders cannot attend the Meeting in person.

Full details are available online.

Shareholders should regularly check the specific section for the 2021 Annual Shareholders' Meeting on the Group website www.nexans.com/2021asm

You are urged to vote before the Shareholders' Meeting:

- by proxy or remotely,
- by mail or online.

The secure Votaccess platform will be available:

- from Friday, April 23, 2021, 9 am, CET,
- from Tuesday, May 11, 2021, 3 pm, CET, the deadline for receipt of absentee ballots.

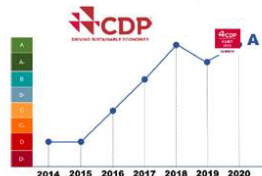
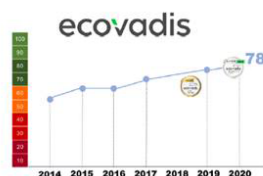
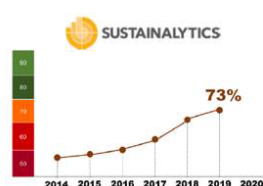
Non-financial performance in 2020

ISS-Oekom is one of the world's leading extra-financial rating agencies. It assesses around 5,500 companies a year.

Sustainalytics is a global leader in environmental, social and governance (ESG) research for socially responsible investment.

MSCI offers ESG services used by around 1,200 investors worldwide.

EcoVadis assesses the CSR performance of suppliers for global supply chains. The Carbon Disclosure Project (**CDP**) provides a global benchmark for major corporations' carbon strategies.



What's Watt by Nexans, the channel all about electricity

Nexans' YouTube channel features a series of short videos filled with fun facts on everything you need to know about electricity. Presented by one of our own experts - **Frédéric Lesur** is a senior engineer for high-voltage products and cable systems at Nexans - the videos talk about everything from energy to transmission lines and emerging technologies. Subscribe now!



Stay connected

For details of the presentation of the 2020 full year results. www.nexans.com

2021 Financial calendar

29 th April	First Quarter Financial Information
12 th May	Annual shareholders' Meeting
19 th May	Dividend - Ex date
20 th May	Dividend - Record date
21 st May	Dividend - Payment date
28 th July	2021 Half Year Financial Information

Electrify the Future

To watch the replay of the Capital Markets day, please [click here](#)



Nexans share

Euronext Paris
Compartment A

- Share capital: € 43,755,627
- Shares outstanding: 43,755,627
- Par value: € 1
- ISIN Code: FR0000044448
- Deferred settlement service
- SBF 120 Index

investor.relations@nexans.com – www.nexans.com

Nexans – Individual Shareholder Relations – 4 allée de l'Arche, 92080 Paris La Défense – France

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