NEXANS SA (NEX:PA)

INVESTMENT THESIS

- **Introduction to Nexans**: Nexans is a leading European cable manufacturer, offering infrastructure solutions across power grids, data centers, and industrial applications. With strong positioning in energy transition and electrification projects, and increasing exposure to high-growth segments like offshore wind and data connectivity, the company is expected to exceed consensus net income estimates of €360M by over 10% by 2028. Nexans is well-positioned to capture tailwinds from accelerating infrastructure investment. According to our estimates, total capex between 2025 and 2029 will exceed €2B, further reinforcing the company's exposure to long-term infrastructure and electrification trends. Our coverage maintains a Hold rating and sets a €138.88 price target, implying an 8.76% upside from the current share price.

- **All-in on Electrification**: Nexans is set to benefit from powerful secular trends, as electrification, renewables, and grid resilience remain policy priorities across advanced economies. The company's sharpened focus on high-voltage interconnectors and smart distribution systems positions it to tap into growing demand from utilities and governments aiming to modernize aging infrastructure and enable the energy transition. While its divestment from non-core businesses may slightly heighten earnings volatility, it enhances capital efficiency and strategic clarity. R&D investments, now exceeding €89M annually, support innovation in digital monitoring, AI-driven maintenance, and fire-safe cabling. As capex intensifies and backlog conversion accelerates, management expects margins in electrification to expand by over 500 basis points by 2028, unlocking scalable profitability as legacy contracts roll off, strongly supporting our Hold rating.

- **Geopolitical Uncertainty**: In response to these growing uncertainties, Nexans is reinforcing its operational resilience through vertical integration and localisation. By expanding its copper rod recycling capacity in France and investing in logistics and manufacturing autonomy, the firm aims to reduce its exposure to fragile global supply chains. The company's "local-for-local" strategy also provides a buffer against cross-border disruptions, especially in politically sensitive areas such as subsea interconnectors. While geopolitical risks cannot be fully eliminated, the company's forward-looking mitigation efforts support execution stability and long-term competitiveness in a complex macro environment.

August 4th 2025

HOLD 8.76%

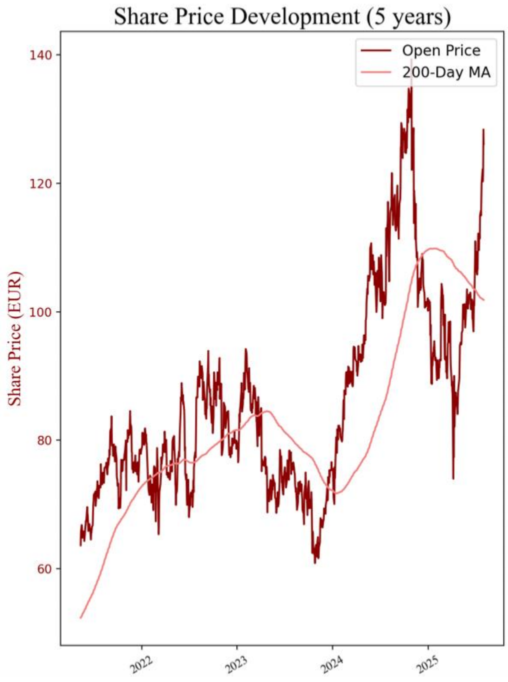
Current Price	Price Target
EUR 127.70	EUR 138.88

04/08/2025 PA Close

Market Cap (EUR M)	6,438
Capital IQ	ENXTPA:NEX
Bloomberg	NEX.FP

Share data

Shares Outstanding (M)	43.75
Ex. Dividend Yield (%)	2.06
30D Avg. Trading Volume	102,649



STOCK SUMMARY

Current Price	Target Price
EUR 127.70	EUR 138.88

Nexans is a **leading European electrification pure player**, operating in 41 countries across six continents. The company provides advanced cable solutions for high-voltage transmission, smart grids, and low-voltage connectivity, supporting the global energy transition.

- **All-in on Electrification**: Nexans is doubling down on energy transition opportunities. Management targets over **500 bps** of **margin expansion by 2028**, driven by the roll-off of legacy contracts and rising demand across Europe.
- **Geopolitical Uncertainty**: Nexans is **actively mitigating geopolitical** and **supply chain risks** by reinforcing its operational autonomy. Through increased **copper recycling** capacity and localized production hubs the company reduces its reliance on volatile global trade flows.

Income Statement Summary

EUR M	'20 FY	'21 FY	'22 FY	'23 FY	'24 FY
Total Sales	5,979	7,374	8,369	7,790	8,546
EBITDA	347	463	599	665	783
EBIT	246	337	395	374	513
EBT	192	236	337	291	398
Net Interest Expenses	(43)	(22)	(35)	(59)	(55)
Income taxes	(112)	(72)	(90)	(69)	(116)
Net income	78	164	244	220	279
Basic EPS	1.80	3.76	5.64	5.08	6.39
Diluted EPS	1.76	3.66	5.47	4.92	6.20

Balance Sheet Summary

EUR M	'20 FY	'21 FY	'22 FY	'23 FY	'24 FY
Net income	78	164	244	220	279
D&A	154	163	180	156	217
WC Change	(221)	(67)	(59)	(261)	(82)
CAPEX	238	225	398	377	378
Gross Debt Change	207	(274)	270	29	590
Surplus A&L Change	(36)	(67)	(34)	(13)	(90)
FCFE	636	(151)	264	377	297
Dividends Paid	4	32	54	93	102
Net Debt Change	(293)	(104)	108	32	467

Growth and Margins

%	'20 FY	'21 FY	'22 FY	'23 FY	'24 FY
Revenue growth	(11.22)	23.33	13.49	(6.92)	9.70
EBITDA growth	(15.98)	33.43	29.37	11.02	17.74
EBIT growth	2136	37	17	(5)	37
EPS adj growth	164.10	108.90	50	(9.90)	25.78
FCF growth	931.58	(15.31)	22.29	30.05	26.52
EBITDA margin	5.80	6.28	7.16	8.54	9.16
EBIT margin	4.11	4.57	4.72	4.80	6.00
NIM	1.30	2.22	2.92	2.82	3.26

Key Ratios

%	'20 FY	'21 FY	'22 FY	'23 FY	'24 FY
Gross Margin	11.66	12.03	11.54	12.62	14.24
SG&A to Sales	7.73	6.52	6.89	7.23	7.10
Operating Margin	3.93	5.51	4.65	5.39	7.14
N et Margin	1.30	2.22	2.93	2.84	3.28
FCF Margin	3.28	2.25	2.43	3.39	3.91
Capex To Sales	3.76	2.79	3.56	4.84	4.42
Return on Assets	1.51	3.03	4.09	3.42	3.94
Return on Equity	6.43	12.32	15.81	13.21	15.96

Valuation Metrics

	'20 FY	'21 FY	'22 FY	'23 FY	'24 FY
Price/Sales	0.44	0.52	0.45	0.46	0.55
Price/Earnings	32.87	22.87	15.00	15.64	16.31
Price/BV	2.13	2.59	2.22	2.04	2.5
Price/TBV	2.98	3.41	3.09	2.90	4.44
Price/CF	6.40	10.69	7.56	5.56	6.59
Price/FCF	13.41	23.18	18.67	13.50	14.04
Dividend Yield (%)	1.18	1.40	2.49	2.90	2.5
EV/EBIT	11.93	9.45	9.94	8.78	8.59
EV/EBITDA	7.21	6.76	6.82	6.17	6.36
EV/Sales	0.47	0.52	0.46	0.47	0.61
Total Debt/EV	0.47	0.27	0.34	0.36	0.37

Key Risks

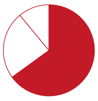
- **Execution Risk:** Nexans' transition into a pure electrification player involves a major **reallocation** of capital and **operational focus**. With over €1.2B in capex planned by 2028, any delays in new plant rollouts, integration of recent acquisitions, or R&D execution could derail EBITDA expansion targets and return on capital ambitions.
- **Market Timing Sensitivity:** Nexans' revenues are closely linked to the **execution timelines** of large-scale electrification projects. If **macro uncertainty** or **budget reallocations** delay these investments, the company could face revenue lags and a weaker backlog conversion rate.

COMPANY OVERVIEW

Nexans is a French **electrification services provider** and a **leading European cable manufacturer** with over 20 years of experience in enabling **efficient energy** and **data transmission**. The company operates on a **vertically integrated model** across global markets, with a presence in **41 countries** spanning all six inhabited continents. Nexans' **key revenue** segments are **electrification** (**€4.603B**), **non-electrification** (**€1.701B**), and **other activities** (**€774M**), but the firm has recently been making **major strategic efforts** to shift to being a "**pure electrification player**" as a part of the **New Nexans plan**.

This has involved a **targeted focus on high-growth sectors** such as renewable energy, smart-grid solutions, and power transmission infrastructure, while streamlining the business by **divesting** from **non-electrification segments**. This entails **capital expenditures** of approximately **€1.2B** between 2025 and 2028 to fuel growth in electrification, targeting an increase in **adjusted EBITDA** of **€350M** (43.03% increase) and a **return on capital employed** of **over 20%** by 2028.

Electrification



65%
of revenues

Nexans' **core business**, made up of power grid (18%), transmission (18%), and connection (29%) segments.

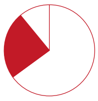
Target customer

- **Grid operators** looking to modernize or expand.
- **Renewables projects** in need of specialized cables.

Competitors

prysmian
Southwire
NKT
FURUKAWA ELECTRIC GROUP

Non-Electrification



24%
of revenues

Provides **custom cabling** and **connectivity solutions** for internal power and data transmission in industry.

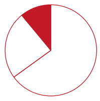
Target customer

- **Manufacturers** in need of cables to operate plants.
- Those in sectors with **specialized cable demand**.

Competitors

prysmian
LEONI
SUMITOMO ELECTRIC
LS Cable & System

Other Activites



11%
of revenues

Comprised of **copper wire sales** and **miscellaneous corporate sales** with no clear sector allocation.

Target customer

- Customers requiring **raw copper** for any application.
- Those needing **ancillary products** and **services**.

Competitors

FREEPORT McMoRAN COPPER & GOLD
BHP
KGHM POLSKA MIEDŹ
AngloAmerican

Company History

2000
Nexans is **founded** as the cable unit of French telecom firm Alcatel.

2001
Nexans **spins out** from Alcatel and **lists itself** on the Euronext Paris.

2003 - 2012
Nexans executes **strategic acquisitions**, with a focus on global growth.

2018
Rolling out of the **New Nexans Plan**, starting the focus on electrification.

2022
Nexans begins **divesting non-electrification** units to streamline its portfolio.

Shareholder Structure

Nexans has **43,753,380** outstanding **shares**, with **institutional investors** holding **82.6%**. The largest shareholders are **Quiñenco SA** (14.2%), **Baillie Gifford & Company LTD** (4.9%), and **Bpifrance Participations** (7.7%). Additionally, **private investors** own **6.3%**, **employees** own **3.2%**, and **treasury shares** make up **0.4%**. Nexans shares are **included in indices** such as SBF120, NEXT 150, CAC MID & SMALL, CAC MID 60, CAC Industrials, and CAC SBT 15.

Management Team

Christopher Guérin
Chief Executive Officer

- Became **CEO** on **4 July 2018** after holding various senior roles at **Nexans**.
- He previously served as **Senior VP for Europe** and **Senior VP in Telecom**.
- Before joining Nexans, he worked at **Alcatel**, Nexans' founding company.
- He is the **main driver** behind the push to become a "pure electrification player".

Jean-Christophe Juilliard
Chief Financial Officer and Deputy CEO

- Juilliard joined Nexans in **2019** as **CFO** and was promoted to **Deputy CEO** in **2022**.
- He has more than **30 years** of **experience** in finance across the **U.S.** and **Europe**.
- On **July 30,** Nexans announced that Juilliard will **step down** in the coming months, and the company is currently searching for his **replacement**.

Vijay Mahadevan
Chief Operations Officer

- Mahadevan became **COO** in **January 2025** after holding various senior roles at Nexans.
- He previously served as the **Executive VP** of the **Distribution & Usages Business**.
- Before joining Nexans, he served as **CEO** at various **ArcelorMittal Mines** a globally.
- He has extensive experience in **Eastern Europe**, **Central Asia**, and the **Middle East**.

Vincent Dessale
Senior Executive VP Strategic Projects & Key Accounts

- Dessale took up his current role in **January 2025** after being at Nexans since **2001**.
- Before taking up his current role, he was **COO** from **2022 to 2025**.
- Dessale has **worked globally**, serving a crucial role in the firm's **APAC expansion**.
- He is experienced in **supply chain management**, **operations**, and **subsea systems**.

Guillaume Eymery
Chief Strategy, Innovation & Digital Officer

- Took up his current role in **January 2025** after being with Nexans since **2008**.
- Eymery has held **key leadership roles** in business development and strategy.
- Previously, he served as **General Manager** for **Land High Voltage**.
- He has played a **pivotal role** in driving Nexans' recent electrification transformation.

Severine Grosjean
Chief Human Resources & ESG Officer

- Grosjean joined Nexans to take up her current role in **December 2024**.
- She has extensive experience in **HR management** in energy and industrials.
- Before joining Nexans, she worked at **Tarkett**, **Schneider Electric**, and **Alstom**.
- She is skilled at leading **talent development** and **strategic HR initiatives**.

SHARE PRICE DEVELOPMENT

Pandemic-Induced Market Shock (2020)

In early 2020, Nexans' **share price dropped 45%** from €48 to €25 as the **COVID-19 pandemic** outbreak triggered widespread market turmoil. The company, exposed to global industrial and infrastructure projects, was impacted by lockdown-induced project delays and supply chain disruptions. Despite the initial plunge, the stock began **recovering** by **late 2020** as stimulus measures revived investor confidence.

Record-High After H1 2024 Results

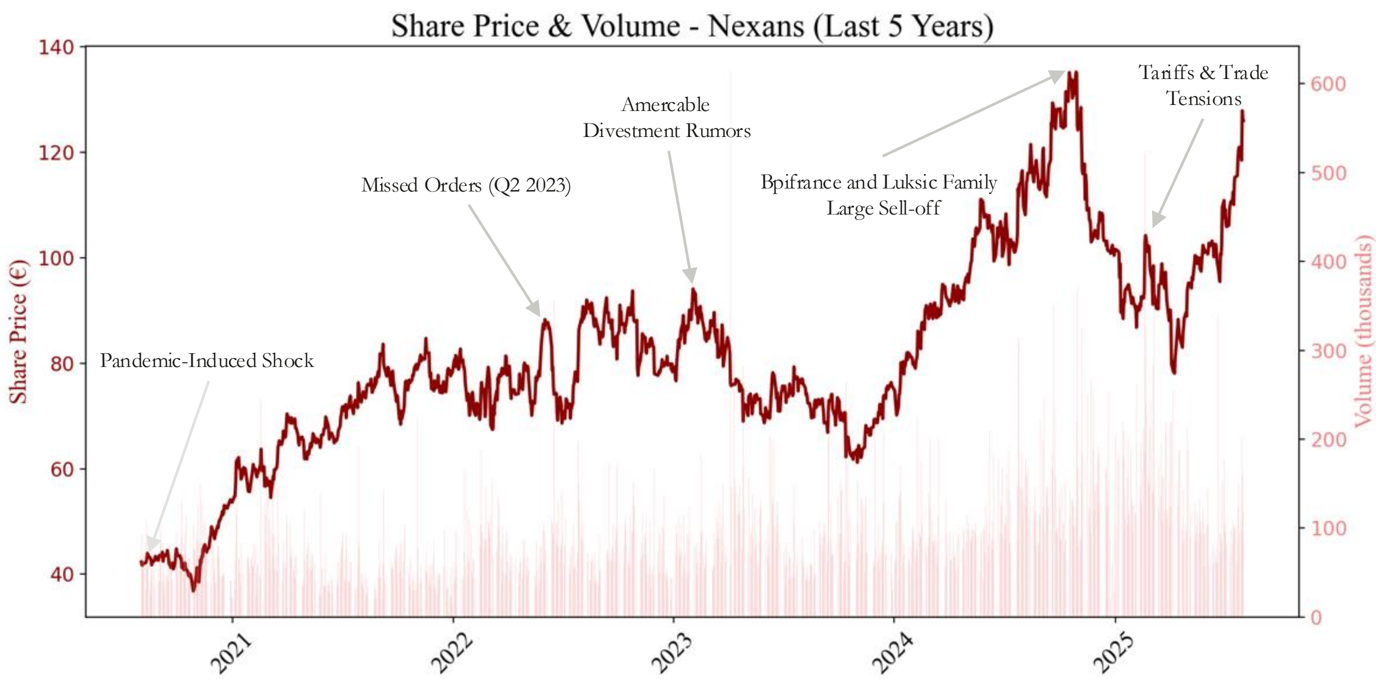
In July 2024, Nexans reported a stronger-than-expected H1, with adjusted **EBITDA up by 16% YoY** and net profit rising up by 32%. The company raised its full-year guidance thank to **growing demand** across the energy transition space. Investors reacted positively, driving the **stock up by up 8.5%** on the day of the announcement. Shares eventually climbed **above €130**, setting a new all-time high and reflecting renewed **market optimism** over Nexans' strategic positioning in the electrification value chain.

Nexans dips after dual sell-offs

At the end of November 2024, Nexans' stock experienced a **sharp decline** following three **significant sell-offs** within a few weeks. First, on November 15th, **Bpifrance** sold approximately 1.09M shares via a private accelerated book-building, raising around €125M, while retaining a 5.2% stake and a board seat. Then, on November 22nd, the Chilean holding company **Quinenco** sold approximately 2.2M shares (5% of the capital) at **€102** per share via accelerated book-building. The combined effect triggered a drop of **over 6%** from pre-sale levels **reaching €92**.

Tariffs and Trade Tensions (2025)

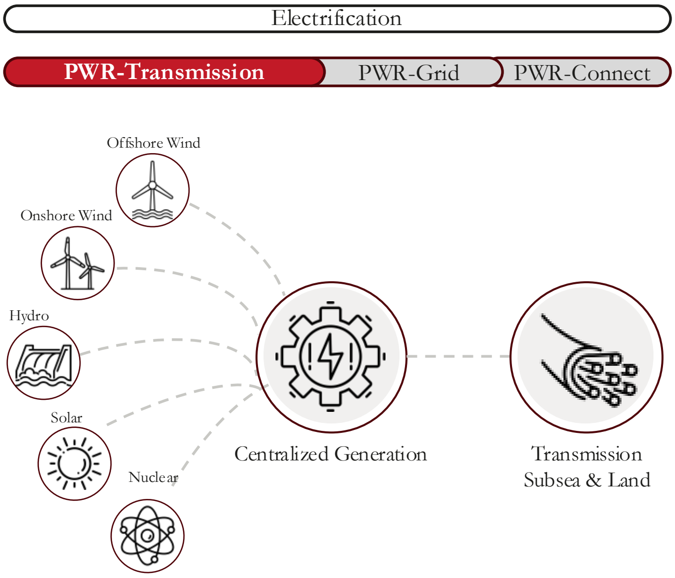
In early 2025, the new wave of **protectionist policies** by the U.S. administration, including tariffs on imported industrial components, led to a **broad sell-off** in European industrial stocks. As a global cable manufacturer with exposure to transatlantic supply chains, Nexans was affected by the market's concern over **rising input costs** and **trade uncertainty**. The event reinforced the company's vulnerability to macro trade shocks.



BUSINESS MODEL

Overview

Nexans operates as a leading "**electrification pure player**", with approximately 65 % of its 2024 revenues generated by the three core Electrification divisions: **PWR-Transmission** (18 %), **PWR-Grid** (18 %), and **PWR-Connect** (29 %). These segments deliver a comprehensive range of cable solutions, from high-voltage transmission systems for offshore wind and interconnectors, to medium/low-voltage infrastructure, and last-mile building and installation wiring, anchored in advanced technology, vertical integration, and local manufacturing. Complementing this, the **Non-Electrification business** (Industry & Solutions) accounted for 22 % of sales, offering specialized cables and harnesses across markets such as transportation, aerospace, renewables, and mining. Finally, **Other Activities** (mainly metallurgy) made up the remaining 13 %, encompassing copper rod production and recycling operations that underpin the firm's raw material security and circular economy initiatives.



Electrification

Power Transmission

Nexans' PWR-Transmission segment provides **high-voltage cables** (HVDC and HVAC) and turnkey services for large-scale power transmission, particularly for connecting offshore **wind farms to onshore grids** and linking national grids through **subsea or underground interconnectors**. Indeed, this segment primarily serves electric utilities and transmission system operators (TSOs), as well as developers of large renewable energy projects and interconnectors. The company offers comprehensive solutions, from cable design and manufacturing to installation and maintenance, using specialized technologies for both land and submarine applications. Its cables feature either mass-impregnated (MI) paper insulation for ultra-long links or advanced extruded XLPE (cross-linked polyethylene) insulation for higher capacity and thermal performance.

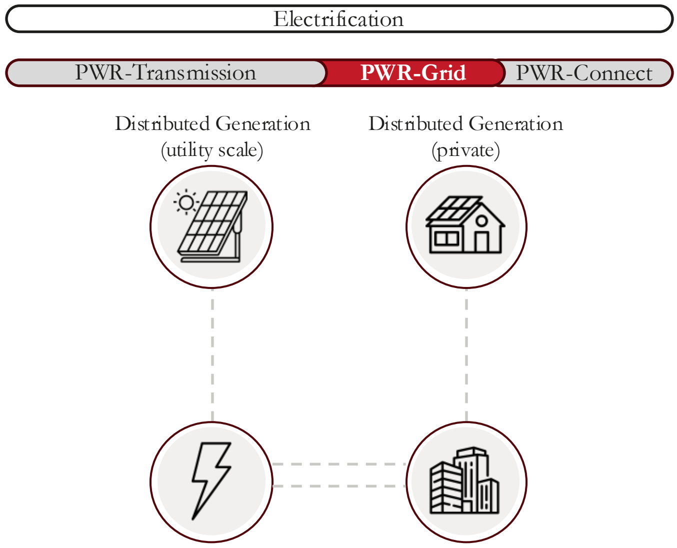
Nexans has secured **major contracts** that reinforce its leadership in high-voltage transmission, including a **€1 billion deal with RTE** to connect French offshore wind farms and a **€1.43 billion contract for the EuroAsia Interconnector** linking Cyprus, Greece, and Israel. Additional agreements, such as a **€1.7 billion** frame **deal with TenneT** and the **€1.43 billion GSI subsea project**, contribute to a record €7.4 billion order backlog, covering around 80% of projected transmission revenues through 2028. Nexans stands out for its ability to deliver long subsea links like NordLink and North Sea Link on time and on budget, and for its in-house cable-laying fleet, including the CLV Nexans Aurora and a new vessel to be completed by 2026.

The PWR-Transmission segment is benefiting from strong structural trends, with the **global high-voltage cable market** expected to **grow** by around **10% annually** through 2028, driven by investments in grid interconnections and offshore wind. The rapid expansion of renewables, projected to reach 80% of the EU energy mix by 2050, and the forecasted deployment of over 275 GW of offshore wind capacity by 2030 are creating **unprecedented demand for submarine cabling**. Nexans is well-positioned to capture this growth, as shown by its 50% sales surge in 2024 following the expansion of its Norwegian XLPE cable plant. However, challenges persist; profitability has been affected by cost inflation on older contracts, and the **long project cycles require precise execution**. Nexans must also continue investing in R&D to stay ahead of strong competitors and address geopolitical risks, including threats to subsea infrastructure. While the segment's backlog ensures revenue visibility, success will depend on operational excellence, cost control, and resilience to external disruptions.

Power Grid

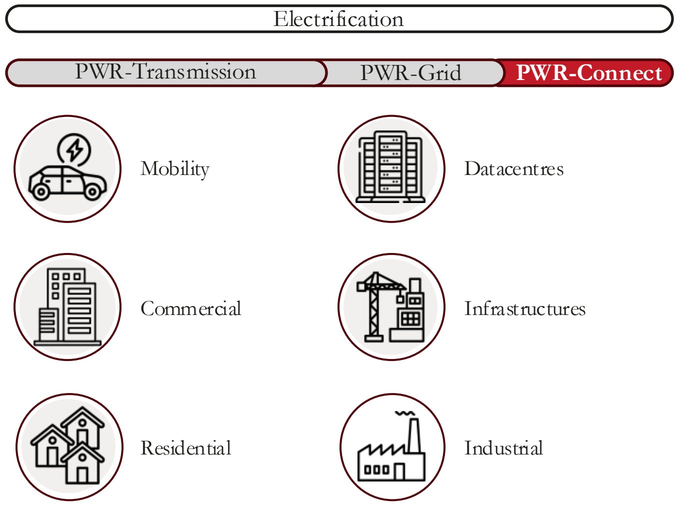
The PWR-Grid segment of Nexans focuses on **medium- and low-voltage cables and accessories** that distribute electricity from regional substations to end users. Covering voltages from 700 V to 33 kV, with accessories rated up to 145 kV, these products are used in both overhead and underground networks managed by distribution system operators. This business line **serves electric utilities and DSOs** globally, supporting urban and rural electrification and integrating distributed energy sources.

In the distribution cable market, Nexans stands out for its **high-quality products**, **technological innovation**, and **local manufacturing capabilities**. Its dual-layer XLPE insulation enhances durability and performance, while smart MV cables with sensors and digital twins enable real-time monitoring and predictive maintenance, advancing a sector long reliant on periodic checks.



The company benefits from **vertical integration**, producing its own copper rods, and operates with a "local-for-local" production strategy, which ensures faster delivery, cost control, and compliance with local content requirements. With operations in over 40 countries and long-standing relationships with utility clients, Nexans is positioned as a trusted, **full-service partner** in distribution grid infrastructure. This strong positioning is reflected in recent wins, such as a **€100 million contract with Enedis** in France and a major supply agreement in Italy for 6,000 km of low- and medium-voltage cables.

The growth outlook for Nexans' PWR-Grid segment is highly positive, supported by a global push to modernize and expand electricity distribution networks. With an estimated €10 trillion in global investment by 2030 (two-thirds of which is expected to go toward distribution infrastructure), **demand for MV and LV cables** is forecasted to **grow** around **7% annually**, reaching **€37 billion by 2028**. This growth is driven by the integration of renewables, increased electrification of transport and heating, data center development, and the replacement of aging grid infrastructure. In both emerging and mature markets, governments are backing the trend through funding programs such as Italy's €5 billion and Spain's €6.3 billion for smart grids. However, the segment also faces key challenges, including **intense price competition from regional manufacturers**, regulatory constraints on utility spending, project delays due to permitting or public resistance, and cost volatility in raw materials. Maintaining competitiveness, adaptability, and technological leadership will be critical to sustaining growth in this sector.



Power Connect

The PWR-Connect line of Nexans delivers low-voltage cables and connectivity solutions for the **final stage of electrification**, serving residential, commercial, industrial, and public infrastructure. Its offerings include building wires, power cords, EV charging cables, data center solutions, and accessories like connectors and cable management systems. The segment serves a **broad customer base** (contractors, installers, distributors) and operates **via high volumes of small orders and preferred supplier agreements** rather than large contracts. Nexans recently expanded this business line in Southern Europe through the **acquisition of La Triveneta Cavi**, a key producer of low- and medium-voltage cables, strengthening its position in EV charging infrastructure, smart building systems, and fire-safety wiring.

Nexans stands out in the low-voltage cable market for its quality, safety compliance, and innovative service. Its LSZH (low-smoke, zero-halogen) cables meet **strict fire safety standards**, while vertical integration ensures material availability and costs control. Local manufacturing across key markets allows it to respond quickly to regional standards and policy requirements. The company further differentiates itself by focusing on installer efficiency, with innovations like the **MOBIWAY POP reel system** and **ULTRACKER logistics** platform, which reduce labor time and improve on-site coordination. These value-added features and ongoing innovation position Nexans as a **premium provider**, delivering integrated solutions that go beyond standard cabling to meet the demands of quality-focused professionals.

The segment benefits from strong and sustained growth driven by global electrification, rising electricity demand, and construction trends. The **low-voltage cable market**, valued at €74 billion in 2023, **is expected to grow to €94 billion by 2028**, fueled by urbanization, the expansion of electric mobility, and the surge in data centers and smart buildings. In developed economies, retrofitting old infrastructure and the rollout of EV charging stations further boost demand, while government incentives and regulatory mandates support investment in modern electrical systems. Nexans is **well-positioned to capture this momentum** through increased production capacity, targeted acquisitions, and innovation. Nonetheless, this business line faces challenges such as pricing pressure from commoditization, sensitivity to construction cycles, and raw material cost volatility. Additionally, **supply chain disruptions** and evolving building technologies require ongoing adaptation.

Non - Electrification

Nexans' non-electrification segment delivers **specialized cable** and connectivity solutions **for** demanding **industrial sectors** such as transportation, industrial automation and medical equipment, internal wiring for wind and solar installations, automotive harnesses for electric and hybrid vehicles, and robust cables for sectors like mining, oil & gas, and nuclear energy. Products are engineered for challenges like oil, radiation, or heat resistance, and often **co-designed with OEMs** (Original Equipment Manufacturers) **and EPCs** (Engineering, Procurement, and Construction companies) for custom energy, data, or automation systems.

Rather than focusing on one-off contracts, the company typically engages through **long-term supply agreements or project-specific orders** embedded in larger industrial systems. Indeed, the segment has contributed to high-profile projects, such as aircraft wiring, wind turbine cabling, and railway electrification, while also benefiting from the transfer of knowledge between sectors.

Nonetheless, Nexans is now shifting its strategic focus toward electrification. It has begun **divesting non-core assets like AmerCable and Lynxéo**, redirecting capital toward its core power cable businesses, recognizing that other specialized players may achieve better scale and efficiency in these markets. Despite opportunities driven by the energy transition and Industry 4.0, the segment faced high cyclicality and operational complexity. Businesses such as automotive harnesses and oil & gas cables require constant investment and intense cost competitiveness, making them less strategic for Nexans. These divestments mark a **clear transition in its industrial strategy**, consolidating efforts around growth segments aligned with global electrification trends.

Other Activity

The Other Activities segment of Nexans encompasses its metallurgy and copper rod operations, which support cable production by ensuring a stable and **high-quality copper supply**. Nexans operates four copper rod mills in France, Canada, Peru, and Chile, with a total capacity of 600,000 metric tons per year. These plants process copper cathodes and scrap into high-purity wire rod, primarily for **internal use**, with only a small portion sold externally.

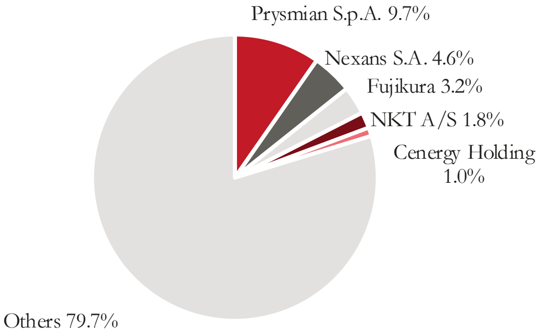
Expertise in hedging and centralized procurement helps manage price swings, turning copper into a strategic asset that boosts resilience and profitability. Amid rising global copper demand and potential supply shortages, Nexans is shifting from external sales to internal copper use, making this segment a **value-added support for its cable business**.

Nexans is **expanding its copper recycling capabilities**, having processed over 90,000 tons in 2024, and is investing in its Lens plant to boost European recycling capacity. This vertical integration enhances material control, cost management, and supply security, key advantages in a resource-intensive industry. Moreover, the segment strategically supplies Nexans' cable factories, **improving margins** through internal copper use and **supporting sustainability goals**, including a target to raise **recycled copper content** in cables from 5% to **25% by 2028**.

While reported revenues may fall due to reduced trading, the **focus** is **on margin improvement** and securing material supply. However, the segment carries key risks, including commodity price volatility, operational disruptions at rod mills, and challenges in securing enough recycled copper.

COMPETITIVE OVERVIEW

The global wire and cable industry is estimated to be worth **€199 billion** in 2025 and is expected to grow at a CAGR of 5.44% until 2030, when it is projected to reach approximately **€259.37 billion**. Prysmian leads the market with a 9.7% share, followed by **Nexans** at **4.6%**, Fujikura at 3.2%, NKT at 1.8% and Cenergy Holding at 1.0%.



Prysmian Group

Prysmian is the **world's largest cable producer** and a more diversified competitor. In 2024 Prysmian delivered **€17 billion** in **revenue** (up 11% year-on-year) with **€1.93 billion EBITDA** (11.3% margin) driven by booming demand for submarine and HVDC links. Prysmian's broad portfolio spans **energy cables** (transmission, distribution, industrial) and **telecom cables**, leveraging a unique dual strength in both power and fiber. Critically, Prysmian enjoys a **dominant** position in **high-voltage projects**, with a record order **backlog** that is effectively **sold out through 2032**. Its financial heft and turnkey execution services (backed by vertically integrated fiber production and an in-house fleet of laying ships) further reinforce its competitive edge.

While Prysmian's outlook is robust, it must manage certain **headwinds**. For instance, it has encountered **regional challenges** like pausing a planned U.S. offshore cable factory due to market uncertainties, and it faces **intensifying rivalry** as competitors enhance technical capabilities.

NKT

NKT is a more focused challenger, dedicated almost entirely to **power cables** and related **services**. It reported approximately **€2.5 billion** in **revenue** for 2024, a significant leap from 2023 driven by its **high voltage solutions** division, which makes up **64% of NKT's sales**. NKT has been rapidly scaling this segment (+39% in 2024) reflecting the execution of a hefty order backlog for offshore wind farm connections and cross-border interconnectors. NKT is aggressively **investing** to seize future growth **expanding manufacturing capacity** and capabilities by 2027, including a new state-of-the-art and a high-capacity cable-laying vessel, thanks to such expansions, NKT's **order book** provides about **8 years of revenue visibility**.

However, NKT remains much smaller in absolute size than Nexans or Prysmian, and it **lacks diversification** with 100% of its revenue coming from the wires & cables business. This concentrated exposure means NKT's fortunes are tied closely to the cyclical timing of big projects, which can lead to lumpy results.

Cenergy Holdings

Cenergy Holdings, through its Hellenic Cables unit, is a rising player in the cable industry. In 2024, it reported **€1.8 billion in revenue** (+10%) and **€272 million in EBITDA** (+27%). Hellenic Cables generated €1.22 billion in revenue (+16.9%) and €179 million EBITDA, driven by strong demand for HV submarine and onshore cables across EMEA, particularly in Greece. With a 21% ROIC and 94% of sales in Europe, the company is now **expanding** its footprint, funding a **new U.S. cable plant** to access North American grid investment.

Despite solid profitability, **liquidity concerns** persist due to balance sheet pressure **from rapid growth**.

KPI ANALYSIS

Nexans' strategy is centered on generating strong free cash flow, optimizing capital deployment, and reducing financial risk exposure. This KPI analysis focuses on key metrics to provide insights into operational efficiency, revenue resilience, and financial health.

Backlog

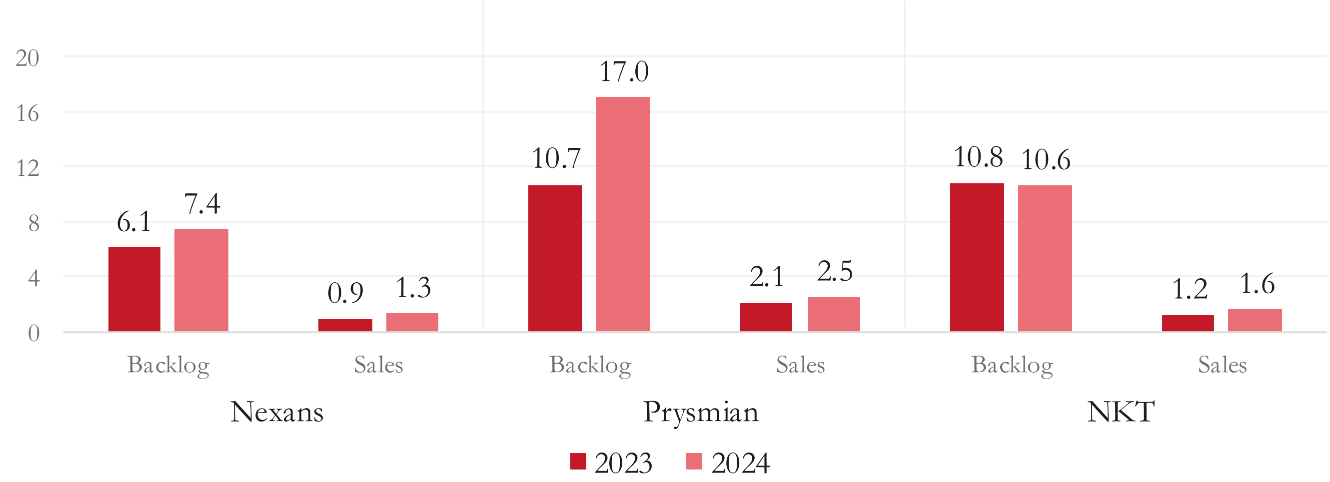
Nexans continues to benefit from strong structural drivers, including the global shift toward electrification, increasing power demand fueled by data center expansion, and the critical need to modernize grid infrastructure. These trends underpin the company's long-term organic sales resilience and are reflected in its solid order intake and backlog growth. As of December 31st, 2024, Nexans reported an **adjusted transmission backlog of €7.4 billion, up 21.4%** year on year, with over 90% of this backlog linked to subsea interconnection and offshore wind projects. This figure reflects a strong upward trajectory over recent years, with the backlog growing steadily from €1.5 billion in Q3 2021 to €6.7 billion in Q1 2024, before slightly normalizing at €6.2 billion in Q3 2024.

With **80% of the backlog** already **secured through 2028**, visibility remains high, and earnings predictability is supported despite cyclical pressures.

Compared to its peers, Nexans holds a strong competitive position within the transmission segment. Although its €7.4 billion backlog in 2024 is below Prysmian's €17.0 billion and NKT's €10.6 billion, Nexans recorded a notable **year-on-year growth**, up **21.4%**, reflecting robust commercial traction. This backlog strength is translating into solid top-line performance, with 2024 transmission sales reaching €1.3 billion, representing a **healthy conversion rate of 17.6%** relative to its peers (Prysmian at 14.7% billion and NKT at 14.8% billion). This outperformance is particularly notable given Nexans' sharper strategic focus on high-margin segments, such as subsea interconnection and offshore wind projects. The strong alignment between its expanding backlog and rising revenue underscores both resilient market demand and disciplined project execution capabilities.

In addition to a firm backlog, Nexans maintains a robust **€20 billion opportunity pipeline** in subsea high-voltage transmission, including key interconnection and offshore wind projects.

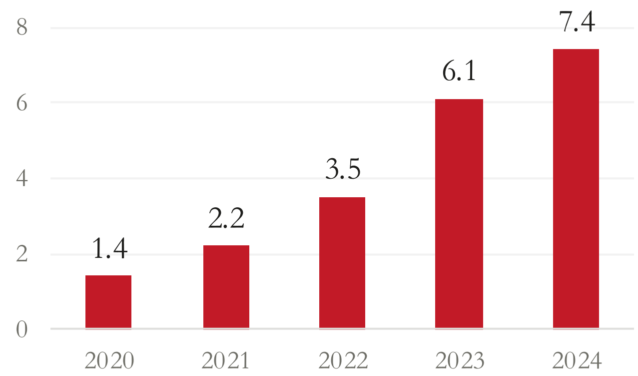
Order Backlog and Sales in the Transmission Segment (€B)



Source: Bloomberg Intelligence

Despite a slowdown following a record €2.6 billion in orders in 2024, the company has maintained a **Book-to-Bill ratio of ~1x**, with annual order intake projected at €1.3 to €1.4 billion, indicating continued commercial momentum.

Historical Transmission order Backlog (€B)



Source: Nexans Annual Reports (2024, 2023, 2022, 2021, 2020)

Capacity Utilization Rate

Nexans demonstrates strong operational efficiency, with consistently **high-capacity utilization** across its key production facilities and cable-laying assets. The company's two flagship **high-voltage manufacturing plants**, **Halden** (Norway) and **Charleston** (United States), are expected to remain at **over 90% capacity** through 2028, offering high visibility on asset utilization and backlog conversion. This robust pipeline is a testament to Nexans' strategic positioning in the energy transition and interconnection markets.

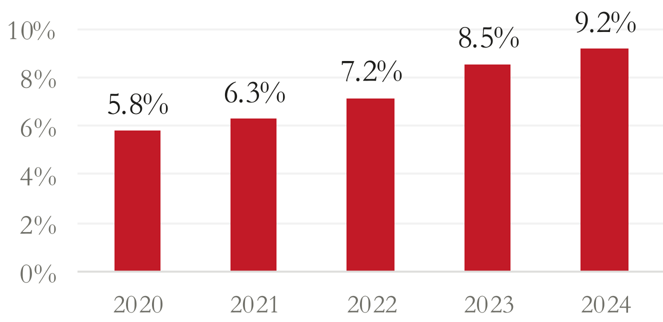
In terms of wire rod production, Nexans operates **four rod mills** located in Lens (France), Montreal (Canada), Lima (Peru), and a joint venture in Santiago (Chile), with a total **annual capacity** of up to **600,000 metric tons**. In **2024**, the company produced **430,215 metric tons** of wire rods, indicating a utilization rate of approximately 72% of total capacity. This production was supported by the **integration of 90,540 metric tons of recycled copper**, accounting for 21% of the total input, demonstrating Nexans' commitment to sustainable and circular manufacturing.

Segment Margins

At the total group level, the company demonstrated meaningful profitability expansion, with the **EBITDA margin** climbing from **8.5% in 2023 to 9.2% in 2024**. EBITDA increased from €665 million to €783 million, supported by revenue growth from €7,790 million to €8,546 million. This broad-based improvement underscores disciplined execution, particularly in PWR Transmission, PWR Grid, and Industry and Solutions, which all saw margin gains. High utilization of strategic assets, combined with ongoing efficiency improvements, supports the **potential for adjusted EBITDA margins to exceed 17%** in the medium term.

When compared at the group level, Nexans' 2024 EBITDA margin of 9.2% lags meaningfully behind its two closest peers. **Prysmian achieved** a **margin** of approximately **11.3%** on €17.0 billion in sales, while **NKT** slightly **outperformed Nexans** with a **margin** of around **10.4%** on €3.3 billion in sales. This underscores Nexans' need for further operational leverage and cost efficiency improvements to close the profitability gap and enhance its competitive positioning within the sector.

Historical EBITDA margin

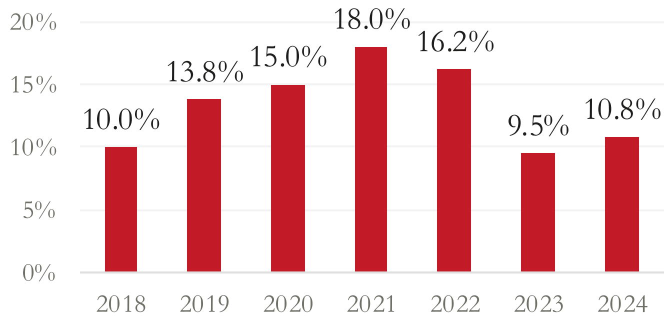


Source: Nexans Annual Reports (2024, 2023, 2022, 2021, 2020)

Power Transmission

In 2024, Nexans' transmission division delivered a notable improvement in profitability, with the **EBITDA margin rising from 9.5% to 10.8%**, supported by strong revenue growth from €896 million to €1,315 million. EBITDA surged from €83 million to €142 million, reflecting efficient conversion of top-line gains into bottom-line results. Despite this progress, profitability remains **significantly below** the peak achieved in **2021**, when the **EBITDA margin reached 18.0%**.

Transmission Margin Historical Evolution



Source: Nexans Annual Reports (2024, 2023, 2022, 2021, 2020)

Moreover, Nexans still trails its main peers on profitability within this business segment. **Prysmian's Transmission** segment posted a **14.6% EBITDA margin**, while **NKT's high-voltage Solutions** division outperformed both with a margin of **15.8%** on €1,598 million in revenue. While Nexans demonstrates improving efficiency, it's clear that the company remains behind peers in absolute profitability, with room to enhance margins further to close the gap with industry leaders and with its past peak.

Power Grid

The segment showed notable **margin expansion**, climbing from **11.4% in 2023** to **11.7% in 2024**. EBITDA grew from €156 million to €170 million, while revenue rose from €1,366 million to €1,457 million. In comparison, **Prysmian's Power Grid** segment **outperformed** Nexans in profitability, recording an EBITDA margin of 13.4%, while **NKT's Applications segment trailed at 9.4%**. This places Nexans in a solid middle ground and behind Prysmian, which continues to set the benchmark for margin leadership in this category.

Power Connect

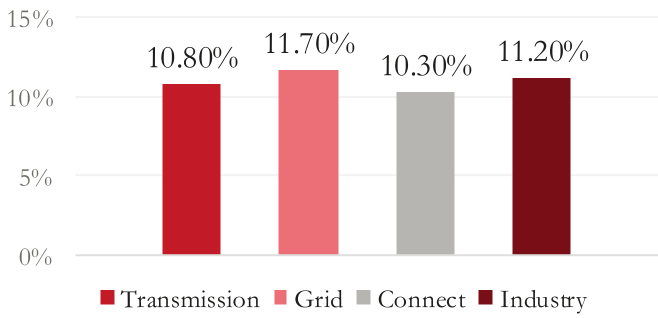
In 2023, the segment delivered a solid **10.3% EBITDA margin**, with €229 million in EBITDA on €2,214 million in revenue. Fast forward to **2024**, the segment **maintained its 10.3% margin**, as EBITDA expanded to €283 million alongside revenue growth to €2,746 million. This stability indicates strong operational execution, with the business **scaling effectively** while **preserving** its **profitability levels**.

Industry and Solutions

The segment delivered notable margin expansion, with the **EBITDA margin rising** from **9.8% in 2023 to 11.2% in 2024**. EBITDA increased from €185 million to €207 million, even as revenue slightly declined from €1,886 million to €1,853 million, underscoring **disciplined cost management**.

In comparison, **Prysmian's Industrial & Construction** segment generated €6,151 million in revenue and €620 million in EBITDA in 2024, translating to a **10.1% EBITDA margin**, slightly **below Nexans**' 11.2%. While Prysmian operates at a far larger scale, Nexans outperformed on profitability, delivering stronger margin resilience despite a contracting top line.

Business segments EBITDA Margins



Other

This business line saw its **EBITDA margin decline** from 0.9% in 2023 **to 0.2% in 2024**, with **EBITDA falling to €2 million**, primarily due to a €19 million share-based payment. Revenue also declined from €1.43 billion to €1.17 billion, reflecting one-off charges and weaker top-line performance.

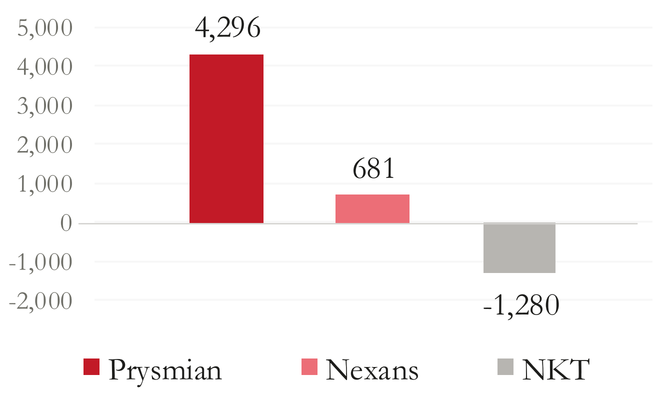
Leverage

Nexans is on a **clear deleveraging trajectory**, supported by strong operating cash flow generation, disciplined capital allocation, and a strategic focus on balance sheet optimization. **Current net debt** stands at **€681 million**, with **forecasts** pointing to a reduction toward €400 million in the near term and potentially **€200 million by 2028**. This represents a projected decrease of approximately 40% to 70%, driven by recurring free cash flow and the **divestment of non-core assets**. By comparison, **Prysmian's net debt** has risen sharply to **€4.3 billion** following the **Encore Wire acquisition**, while **NKT** has moved into a strong net cash position of **–€1.28 billion**, reflecting **divergent capital strategies** across the sector.

Nexans' **net debt to EBITDA ratio** currently stands at approximately **1.0x** and is **projected to decline** substantially to around 0.4x in the short term and potentially **to 0.2x in the medium term**. This trajectory is underpinned by growing EBITDA from high-margin high-voltage projects, disciplined investment execution, advanced customer payments, and ongoing operational efficiency efforts. The **tightening of** Nexans' **leverage profile** is further reinforced by a sustained increase in EBITDA margins and controlled capital expenditures. In relative terms, **Nexans is positioned between Prysmian**, which has seen its net debt to EBITDA ratio rise to approximately **2.23x, and NKT**, which has reached a highly conservative level of **–3.7x** in 2024.

From a broader financial sustainability perspective, the company maintains a strong **interest coverage ratio** currently **above 5x**, with forecasts suggesting further improvement to 6x to 7x. The **net debt-to-equity ratio** is also **expected to strengthen from 0.4x** to a range of 0.2x **to 0.1x**, reflecting both enhanced equity levels and continued debt reduction. Working capital efficiency initiatives aim to lower the ratio of **working capital to sales from** the current **15% to 12%-13%**, potentially freeing up €50 to €70 million in cash. Overall, Nexans is making **steady progress** in strengthening its balance sheet and **improving financial flexibility**, though it still sits between more leveraged peers like Prysmian and the more conservatively positioned NKT in terms of capital structure.

Net Debt levels in 2024



Source: Nexans, Prysmian and NKT 2024 annual reports

TAILWINDS

Trends Supporting Cable and Optical Fibre Companies' Growth

Global Electrification & Renewables Boom

Nexans stands to benefit from a **massive global push** toward electrification and **renewable energy**. Utilities and governments worldwide are racing to expand renewable generation – from offshore wind farms to solar parks – and crucially, to connect these new energy sources to the grid.

Europe, in particular, has raised its 2030 renewable energy targets and is accelerating high-voltage transmission projects to integrate green power. Regulators estimate that annual **European power grid investment** needs to **double** (to around €100 billion per year by 2030) to keep pace with renewables, **implying robust demand** for cables and interconnectors. Large-scale projects like offshore wind farm links and cross-border HVDC interconnectors are tailwinds for Nexans' Power Transmission segment.

The company's strategic focus as a "pure electrification player" positions it to capture this rising tide of demand. For example, **Nexans** has **secured major contracts** such as a recent €1 billion framework to supply over 700 km of subsea and land cables for French offshore wind connections – tangible evidence of booming opportunities in the energy transition.

Government Infrastructure Spending & Policy Support

Public policy is strongly **in favor** of **electrification**, creating an advantageous environment for Nexans. The **EU and national governments** are rolling out unprecedented **funding for energy infrastructure** as part of climate and recovery programs. NextGenerationEU and similar stimulus plan earmark hundreds of billions of euros for **green projects**, including grid modernization and electrification of transport.

In 2024, the EU's Connecting Europe Facility dedicated over €1.2 billion to cross-border electricity links (e.g. offshore wind connectors), and the European Investment Bank is actively **financing cable manufacturing expansion** to meet green infrastructure goals. Major economies like France and Germany have launched initiatives (e.g. France 2030, Germany's "Easter Package") that channel sizable investments into power networks, smart grids, and renewable integration. These public commitments provide **long-term visibility** and a **steady** tailwind for cable demand.

Digitalization & Data Infrastructure Upswing

The **digital revolution** is another tailwind lifting Nexans' prospects. Explosive growth in data traffic and cloud computing is **fueling** a **construction boom** for **data centers**, fibre networks, and high-speed connectivity – all of which require extensive cabling. Europe's data center capacity has been growing near double digits annually, with industry forecasts expecting it to roughly double by 2030. Every new hyperscale data center and 5G network rollout translates into kilometers of power cable and fibre optic cable.

At the same time, **governments** are **investing** in **digital infrastructure**: projects like nationwide fibre broadband, 5G backhaul, and high-performance computing centers are underway across the EU. These trends support Nexans' industry and telecom cable segments, providing steady demand for both power cables and communication cables.

HEADWINDS

Trends Weighing on Cable and Optical Fibre Companies' Growth

Labor & Supply Chain Constraints

Cable and optical fibre companies are facing operational **headwinds** from **tight labor markets** and **supply chain bottlenecks**. A persistent shortage of skilled labor in construction and engineering is impacting project timelines across Europe. For instance, roughly a quarter of European construction firms report that **labor scarcity** in fields like civil engineering is a **major impediment**, leading to schedule delays and wage cost pressures.

This shortage can slow down the execution of grid and installation projects, indirectly tempering the pace at which cable orders translate into revenue. At the same time, the **global supply chain** for certain components and materials remains **fragile**. Although Nexans is vertically integrated in key inputs (like producing its own copper rod and recycling copper), it is not immune to supply disruptions for other materials (polymers, specialty components) or logistics challenges.

The pandemic and geopolitical tensions highlighted **vulnerabilities in sourcing** and **transport**, with longer lead times for some electrical equipment. For a cable manufacturer, any bottleneck in receiving raw materials or delivering finished cables to project sites can cause backlogs. Furthermore, tight labor and supply conditions have driven up manufacturing costs, wage inflation in Europe is running around 5–6%, and any shortage of inputs often comes with price spikes. These factors collectively act as headwinds, potentially **constraining Nexans**' ability to rapidly scale **production** and **deliver** on the surge of new orders from the energy transition.

Geopolitical Uncertainty and Budget Prioritization

Heightened **global tensions**, such as war or geopolitical rivalries, can have two major effects: **disrupt supply/demand dynamics** and **alter government spending priorities**. The war in Ukraine has already led European governments to shift budget priorities, with Germany alone raising defense spending by €100 billion in 2024. Such reallocations can delay funding for grid and renewables at the same time, supply chains remain exposed: the late 2024 sabotage of Baltic submarine cables underscored infrastructure vulnerabilities.

These events heighten scrutiny and permit **delays** on new subsea projects, adding friction to project pipelines. Furthermore, **trade tensions** with China and the U.S. have triggered European policy debates on tech sovereignty and supply chain security, complicating procurement for major projects. These geopolitical factors collectively inject **uncertainty** into the timing of investments that drive Nexans' business.

Permitting Bottlenecks

Bureaucratic delays are **slowing** the deployment of **new energy infrastructure**, which in turn tempers near-term demand for cables. Lengthy permitting processes for wind farms, grid expansions, and even large data centers often push project start dates out by years. For example, grid connection lead times of **3–5 years** have been reported in major markets, such as Dublin and Frankfurt, reflecting **regulatory bottlenecks** in power permitting.

Such delays in approvals postpone project investments (and thus cable orders), **constraining** the **speed** at which **Nexans** can **convert** the electrification **pipeline into revenues**.

KEY RISKS

Strategic Transformation Execution

Nexans is in the midst of an **ambitious strategic** shift to become a **pure electrification** and cable solutions leader, and execution missteps here pose a key risk. The company's "New Nexans" plan calls for significant capital expenditures (~€1.2 billion between 2025 and 2028) to **boost capacity and innovation** in its core electrification segments, intending to substantially increase EBITDA (targeting €1.15 billion by 2028, up from ~€800 million currently) and achieve over 20% ROCE.

Successfully delivering on these targets requires flawless implementation of new projects, plant expansions, and technology rollouts. Any delays, **cost overruns**, or **integration issues** (for instance, with recent acquisitions in electrification) could jeopardize the expected growth and return on investment.

There is also **execution risk** in winding down or divesting the remaining non-electrification businesses; if not managed well, it could drag on overall performance. Essentially, Nexans is betting its future on high-growth electrification markets. If those markets evolve differently than expected or if Nexans fails to capture the forecasted demand due to internal challenges, the company's financial outlook would be undermined.

Market Cyclicality and Demand Variability

Nexans' **order book could soften quickly** if a recession or emerging market slowdown were to curtail the funding available for new power lines, renewable installations, or data centers. Furthermore, the company's revenues are **tied to project timing**; any **deferment or cancellation** of big projects would **directly hit sales**.

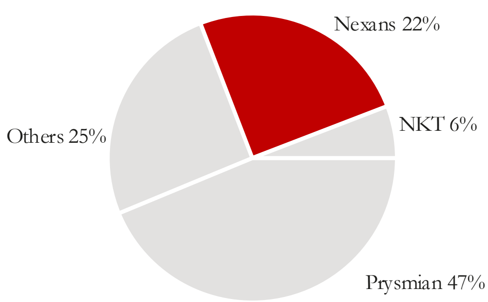
Competitive and Contracting Risks

Intense competition in the cable industry not only acts as a general headwind but also represents a **specific risk** to Nexans' margins and market share.

Nexans competes in an industry where a **few players dominate the market**, and losing key projects could materially affect its growth. The European HVDC cable market is led by Nexans, Prysmian, and NKT, but recent wins by Prysmian, including the €5 billion, 4,400 km German HVDC program, show the scale of competition.

Nexans' €7.4 billion transmission backlog is similarly concentrated in a few large offshore and HVDC contracts. If project execution slips or the company **loses future tenders**, revenue could become lumpy. Past performance has been strong, but **delivery risk remains**. Moreover, certain customer segments (notably TSO frameworks) are moving toward larger, bundled contract structures, raising stakes for each bid. With **Prysmian expanding its capacity** and other Asian competitors targeting Europe, **contract** wins could become **harder to secure**. In short, Nexans' growth depends on continuing to win large, high-profile projects; any stumble in execution or competitive positioning could pressure both revenue and margins.

Market Shares in Europe's Electrification Segment (2024)



Source: Facset

FUTURE OUTLOOK

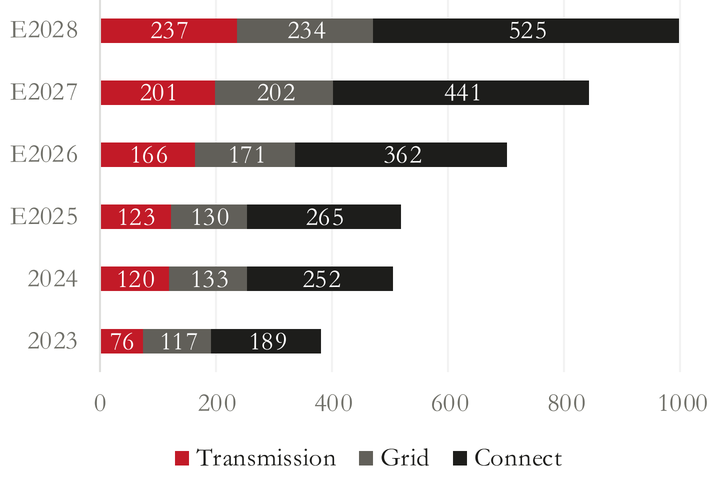
What the Future of Nexans Entails

Electrification sector growth

Nexans and other European cable suppliers may receive a **secular sales boost**, with estimates suggesting **8% YoY growth** in **global cabling investments** in the medium term. This will likely be driven by the need to build grid infrastructure to connect new power-generating units coming online to electricity grids. In this context, Nexans' adjusted **EBITDA** could expand **at an 8-9%** compounded annual growth rate in the medium term, driven by **4-6% organic top-line growth** through 2027. The company will become a **pure player in electrification** given its strategy to divest non-electrification businesses, and, though that decision will increase its cyclical vulnerability, it offers room for solid structural growth in the medium term as it enables growth capture from the **electrification megatrend**. Customer investment in new and the upgrading of existing infrastructure is likely to remain high to connect the new power generation capacity coming online to power grids.

Nexans' electrification business is expected to deliver steady growth in both sales and adjusted EBITDA through 2028, driven by all three divisions: Transmission, Grid, and Connect. The chart shows **EBITDA rising from €382M** in **2023** to an **estimated €996M** in **2028**, supported by expanding demand and improved operating efficiency across segments.

Forecasted Adj EBITDA (M) of the electrification segments



Expansion of R&D expenditures

The company has **increased** the level of **R&D expenses** for the last 5 years, with an increase from €77M in 2020 **to €89M** in **2024**. The company focuses a great part of its expenses on developing technologies for decarbonized electrification and has launched more than 24 new offers in 2024. Indeed, Nexans established **AmpaCity**, a **global innovation hub** in Lyon, France, bringing together approximately 100 engineers, researchers, and technicians to design new production technologies. Moreover, Nexans currently holds more than 1700 patents in its portfolio, most of which are related to AI, IoT, and Cloud-based solutions.

Trasmission's boost

Nexans' PWR-Transmission unit's adjusted EBITDA margin may expand **beyond** the company's **target of 17%** in the medium term, from current levels of about 11%. That's driven by the **completion of** deliveries on **lower-margin** legacy **contracts** in 2024, execution on **new orders** that have **higher margins**, and a rise in sales volume via the **Halden facility expansion**, delivering on a backlog that spans multiple years. The unit's margins have dipped since 2021 due to execution on legacy contracts, where margins have been impacted by high-cost inflation. That's likely to reverse as most of these contracts are nearing completion in 2025.

On the other hand, specifically regarding the Transmission sector, **submarine cable installation offers** the **highest growth rate** in the medium term, with the total length of sub-sea cables, including those used to connect offshore wind farms expected to grow at a **9%** pace through 2027.

Key projects

On March 25, 2025, Nexans secured a **€1B contract from French grid operator RTE** to design, manufacture, and supply high-voltage cables to offshore wind farms in France. The French cable systems and services company said that the deal covers **450 kilometres of subsea cables and 280 kilometres of onshore wires** to connect the Centre Manche 1 & 2 and Oléron wind farms to France's transmission network. The new contract adds to a €7.4 billion adjusted order backlog that Nexans reported toward the end of last year.

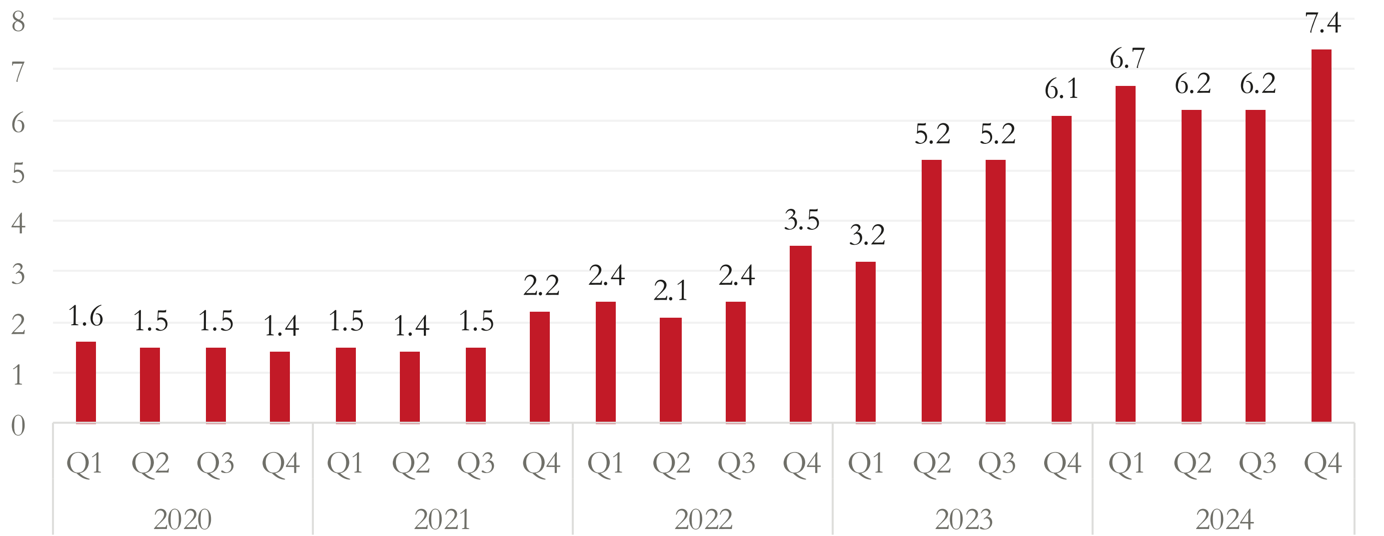
GSI is Nexans' **flagship project**, with a **cable procurement** contract **valued** at approximately **€1.43B**, accounting for around 23% of the current backlog as of 2024. In the same year, **revenue recognition** from GSI started at about **€60M** in the **first half** and increased to nearly **€138M** in the **second half**, with margins of 42% in H1 and 32% in H2; the annual margin was therefore 36%. Forecasts indicate that GSI will contribute roughly 12.5% of the segment's sales, rising to 17.5% in 2026 and eventually stabilizing at around 23% in 2029.

Refocusing resources on ESG goals

Firms in the cable manufacturing sector are **increasingly recycling copper and aluminium** wires, a process that uses **85% less energy than mining** new copper and is becoming more cost-effective amid material shortages and price volatility. This shift supports the **EU's Circular Economy Action Plan**, part of the European Green Deal, which aims to mobilize €1T over the next decade to promote sustainability and efficiency.

Nexans is aligning with this initiative by **investing** over **€90M to expand recycling capabilities**, particularly at its Lens and Bourg-en-Bresse plants, in France. These upgrades will enable the **processing** of up to **80,000 metric tons of copper** scrap **annually**, reinforcing a closed-loop model, reducing exposure to volatile commodity markets, and **enhancing cost efficiency**. In the long run, these efforts are expected to deliver both environmental and economic benefits, strengthening Nexans' position in a market increasingly driven by ESG goals.

Adjusted Backlog – Power Transmission (€B)



Source: Bloomberg Intelligence

VALUATION AND SENSITIVITY

Valuation Methodology

Introduction

The **target price** for Nexans was set at **€138.88**, indicating an **upside potential of 8.76%** from current market levels. The valuation was based on a **blended methodology**, combining a discounted cash flow (**DCF**) model and a **multiples-based approach**, weighted at 75% and 25%, respectively.

To validate the strength of this analysis, a **sensitivity assessment** was carried out, testing the effects of varying the WACC and terminal growth rate on the resulting equity value.

Cost of Equity

We estimated the cost of equity using the **Capital Asset Pricing Model** (CAPM). A **risk-free rate of 2.6%**, mirroring from 10-year German government bonds, was used to reflect long-term Euro area yields. We adopted a **market risk premium of 4.3%**, based on Damodaran's data, and applied a corporate **tax rate of 25.8%**, consistent with Nexans' tax environment. To determine the unlevered beta, we relied on an industry average beta of 1.14, obtained from a peer group of comparable companies active in the cable manufacturing sector. The unlevered beta was calculated by removing the effect of financial leverage using the respective tax rate.

Given Nexans' **positive net debt** and a **target debt-to-equity** (D/E) **ratio of 19.8%**, we re-levered the beta to reflect the company's capital structure. This resulted in a **re-levered beta of 1.31**, leading to a calculated cost of equity of **8.7%**. As a benchmark, the unlevered cost of equity was also computed, resulting in **7.5%**.

Cost of Debt

To determine the cost of debt, we took the sum of the previously mentioned **risk-free rate** to the **credit spread** of 2.48% sourced from Damodaran's model, which was based on the **rating** of Nexans' bonds rather than the interest coverage ratio, as the latter was at an **atypical level** that did not fit standard classifications. The **BB+ bond rating** was derived by calculating an average from Bloomberg data on Nexans' **most recent bond issuance**. This reflects a composite of Moody's (Ba1) and S&P's (BB+) assessments.

Weighted Average

The **final discount rate** is **7.88%**, obtained by weighting the cost of equity and cost of debt by their respective proportions. In this case, the weight for debt was 16.5%, considering the previous assumption regarding the value of Nexans' **net debt** at the valuation date, including the **current market value of** their bonds, valued at **€681M**.

WACC

10y risk-free rate (average 12m 2025)	2.6%
Levered beta	1.31
Market risk premium	4.30%
Levered cost of equity	**8.70%**
Spread on debt	2.48%
Cost of debt	**5.10%**
Corporate tax rate	25.8%
Market value of net debt (M)	(€681.00)
Market capitalization at valuation date (M)	6,438
D/(D+E)	16.50%
E/(D+E)	83.50%
WACC	**7.88%**

Assumptions

Our valuation relies on a **hybrid approach**, combining top-down market growth trends with bottom-up segment-specific forecasts. Nexans' revenue has been segmented into its five business lines - **PWR-Transmission**, **PWR-Grid**, **PWR-Connect**, **Industry & Solutions**, and **Other Activities** - to capture structural divergences in growth and margin outlooks. Starting from **PWR-Transmission**, we assume **strong momentum** supported by a robust **€8.1B backlog** and rising demand in subsea interconnectors. Following a 46.8% revenue jump in 2024, we forecast a **10.4%** increase in 2025, stabilizing at 9% YoY in 2026–2028, and 8% in 2029. The forecast reflects higher-margin contract execution, capacity expansions, and alignment with the 10% CAGR expected for the global HV cable market.

For **PWR-Grid**, we model a more gradual ramp-up: after +3.5% growth in 2025, we assume acceleration toward **6% by 2028**, driven by public investment in smart grids and electrification. The segment's mid-single-digit trajectory is in line with Nexans' own guidance and sector benchmarks, CAGR 5–6%. **PWR-Connect** is expected to benefit from secular growth in EV infrastructure, data centers, and smart buildings. We forecast a **+14.5%** in 2025, before stabilizing at 10% annually through 2029, consistent with the segment's exposure to fast-growing verticals and price resilience. Conversely, **Industry & Solutions** and **Other Activities** are in **phase-out mode**, as Nexans transitions into a pure electrification player. We project revenue contraction of **–16.2%**, continuing at **–15% YoY** through 2029, with full divestment expected before 2030.

For the **OpEx** calculations, we estimated core cost components as a percentage of segment revenues, using historical ratios from 2018–2023 as a base. This includes COGS, SG&A, and R&D, which have shown **relatively stable trends**, except for non-recurring transformation costs tied to electrification. We adjusted these percentages in line with management's guidance from recent earnings calls and expected **inflationary pressure** on key inputs such as copper and energy.

Lastly, on the investing side, our assumptions reflect Nexans' public capex roadmap, which targets **€1.2B in cumulative investments** by 2028, We assume a gradual tapering in 2029, consistent with historical capex intensity and normalized asset replacement cycles.

DCF Asset side (FCFO)	2023	2024	2025	2026	2027	2028	2029	2030
FCFO	347.32	(71.52)	(43.71)	181.08	269.81	376.14	351.00	361.18
Discount factor (WACC)			0.93	0.86	0.80	0.74	0.68	
Present value of FCFO			332.10	311.13	358.84	411.70	466.78	
Terminal value							7,258.01	
PV of FCFO			1,880.54					
PV of TV			4,968.08					
Enterprise value			**6,848.62**					
(Net debt)			(681.00)					
+/- Surplus assets & non-operating liabilities			(357.00)					
(Minorities)			(19.00)					
Equity value			**5,791.62**					
Number of shares (NOSH) (m)			43.80					
Equity value per share (€)			**132.23**					
Implied EV / EBITDA 2025E multiple			8.7x					

Sensitivity Analysis

The sensitivity analysis examines the impact of changes in WACC and perpetual growth on price per share. The results indicate that price per share is **inversely related to WACC** and **positively correlated with perpetual growth**. As WACC increases, the share price decreases, reflecting the **higher discount rate** applied to future cash flows. Conversely, higher perpetual growth assumptions result in greater share price, as a **larger portion of future earnings** is capitalized into the present valuation.

Price per Share sensitivity: WACC and perpetual growth

WACC \ Perpetual Growth	2.50%	2.70%	2.90%	3.10%	3.30%
7.48%	€140.52	€144.31	€148.44	€152.93	€157.86
7.68%	€136.23	€139.70	€143.46	€147.55	€152.02
7.88%	€132.25	€135.44	€138.88	€142.62	€146.68
8.08%	€128.55	€131.48	€134.65	€138.07	€141.78
8.28%	€125.10	€127.81	€130.73	€133.87	€137.27

At a WACC of 7.88% and a perpetual growth rate of 2.90%, the **base case price per share** stands at **€138.88**. As WACC decreases, the share price rises due to the lower discount rate applied to future cash flows. For example, when **WACC is 7.48%** and the **growth rate is 2.90%**, the price per share increases to **€148.44**, whereas increasing **WACC to 8.28%** results in a lower valuation of **€130.73** at the **same growth rate**. Similarly, increasing the perpetual growth rate **from 2.50% to 3.30%** at a **fixed WACC of 7.88%** leads to a share price increase from **€132.25 to €146.68**, showing how stronger growth expectations enhance valuation. Moreover, in light of easing monetary policy across the Eurozone, a potential decline in the **risk-free rate** could drive WACC lower, unlocking further **upside** in Nexans' valuation through enhanced discounting effects.

Multiples Valuation

In addition to the estimate obtained through the Discounted Cash Flow (DCF) model, Nexans' valuation was assessed through a **comparative market analysis**, measuring its financial performance against a group of carefully selected industry peers. This method provides insight into how the market prices Nexans relative to similar cable manufacturing companies by **analyzing key financial ratios**. The peer group includes both diversified industrial groups like ABB and Schneider Electric, as well as cable-focused specialists such as Prysmian and nVent Electric, providing a balanced view **across different business models and scales** within the electrical cables manufacturing sector.

Market Multiples Valuation

Company	EV / Sales Actual	EV / Sales Forward	EV / EBITDA Actual	EV / EBITDA Forward	P/E Actual	P/E Forward
Prysmian	1.3x	1.2x	12.5x	10.0x	20.5x	17.4x
NKT	0.8x	0.8x	7.5x	7.3x	16.5x	18.2x
Sumitomo Electric	0.7x	0.7x	6.0x	6.5x	11.8x	13.2x
Fujikura	2.2x	2.2x	13.8x	13.3x	21.1x	21.7x
SFS Group AG	1.4x	1.4x	9.2x	8.8x	17.9x	16.1x
Cenergy Holding	1.4x	1.1x	8.8x	7.7x	16.3x	13.7x
TKH Group	1.3x	1.2x	8.4x	7.3x	13.3x	12.9x
Schneider Electric	3.7x	3.5x	17.0x	16.2x	29.5x	25.6x
ABB	3.2x	3.3x	17.4x	16.7x	24.0x	24.5x
Eaton Corporation	5.6x	5.5x	23.0x	23.2x	32.6x	30.0x
nVent Electric	4.0x	3.6x	16.2x	16.2x	31.4x	24.4x
Average	2.3x	2.2x	12.7x	12.1x	21.3x	19.8x
Median	1.4x	1.4x	12.5x	10.0x	20.5x	18.2x
Nexans	0.6x	0.7x	6.6x	6.8x	13.6x	14.1x

One of the key valuation metrics examined was **EV/Sales**, which reflects how the market values a company's revenue-generating capabilities. Nexans' EV/Sales multiple **for 2025** stands at **0.6x**, which is notably **lower than** both the peer group **median** (**2.3x**) and **mean** (**1.4x**). This suggests that **Nexans' revenue** is being **valued at a discount compared to its peers**, potentially indicating weaker revenue growth expectations or a more cautious investor outlook on the company's ability to scale its top-line performance. However, it is also important to consider that differences in **business mix** and **geographic exposure** between Nexans and some of its more diversified peers could influence how sales are valued by the market.

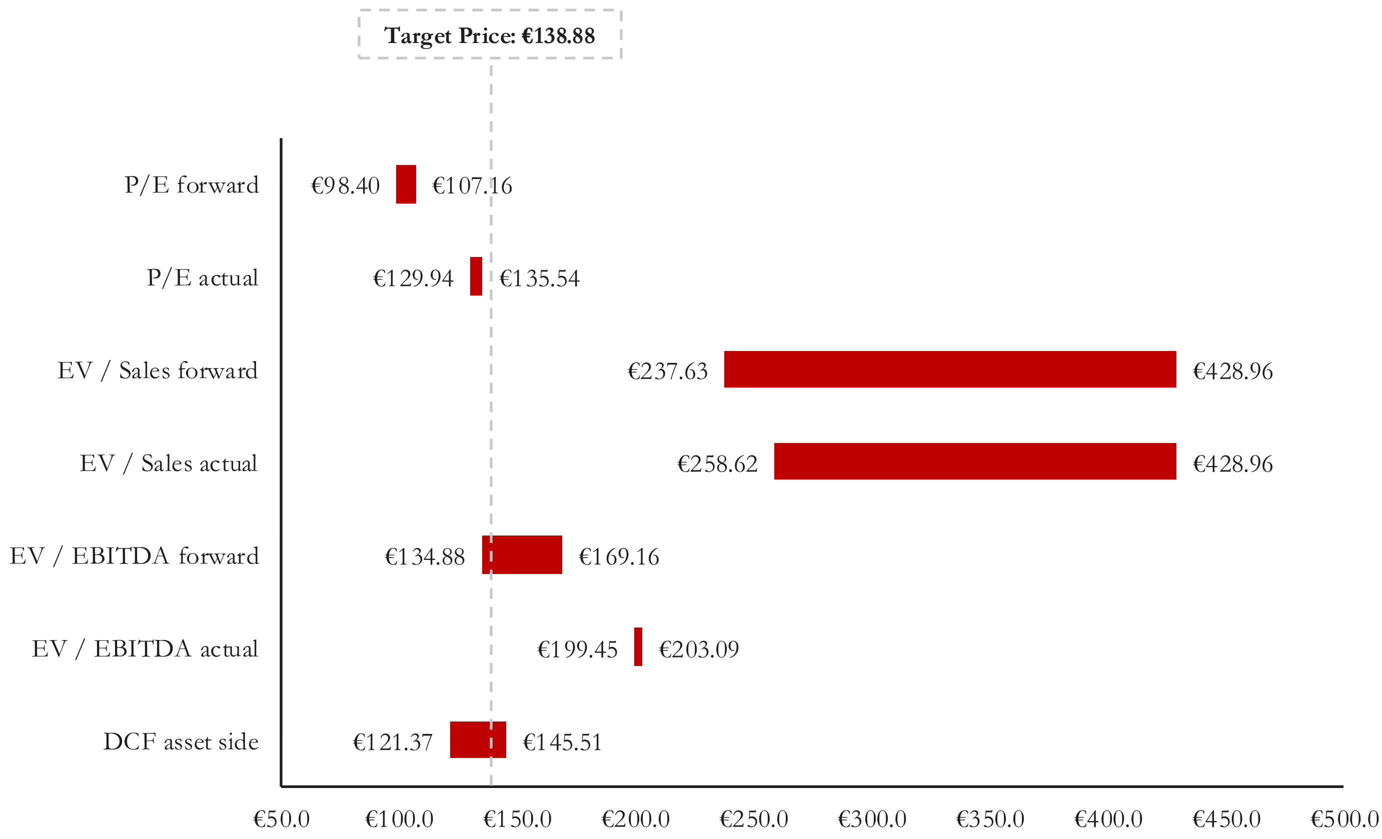
An analogous, yet even more pronounced, trend emerges when analyzing the **EV/EBITDA**, which reflects a company's operating profitability relative to its enterprise value. Nexans's EV/EBITDA multiples for **2025** are **6.6x** and **6.8x**, significantly **lower than the peer group medians** of **12.5x** and **10.0x**. While this might indicate concerns over operational efficiency, earnings quality, or cost structure, such a gap does not automatically imply undervaluation. Market participants may be pricing in higher earnings volatility, strategic execution risk, or structural differences in capital intensity and margin profile.

When analyzing **P/E ratios**, which indicate how much investors are willing to pay for each unit of earnings, Nexans's multiples **for 2025** stand at **13.6x** and **14.1x**, once again **lower than the industry averages** of **21.3x** and **19.8x**.

This persistent discount suggests investor skepticism regarding Nexans' profitability trajectory, the quality and sustainability of its earnings, and its strategic positioning relative to larger or more diversified peers, particularly given the cyclical nature of demand in the cable manufacturing sector. However, **P/E ratios can** also **be influenced by other factors**, such as capital structure, tax regimes, and non-operating items, which may limit the direct comparability across companies.

To complement this analysis, valuation figures derived **from the DCF model** suggested an **implied EV/EBITDA** multiple of **8.7x**, significantly above the 6.6x observed, reinforcing the idea that the market **undervalues** Nexans despite its stronger **fundamentals** relative to peers.

Nexans Valuation – Football Field



APPENDIX: COMPANY HISTORICAL FINANCIALS

Income Statement (EUR m)	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY	2024 FY
Product Revenues	5,470.00	3,157.00	3,402.00	4,233.00	4,582.00	6,362.00	7,372.00
Other Revenues	1,020.00	3,578.00	2,577.00	3,141.00	3,787.00	1,428.00	1,174.00
Sales	**6,490.00**	**6,735.00**	**5,979.00**	**7,374.00**	**8,369.00**	**7,790.00**	**8,546.00**
Depreciation and Amortization	137.00	163.00	154.00	163.00	180.00	156.00	217.00
Adjustment to account for 2023 change in EBITDA def	-	-	-	-	-	77.00	-
Cost of goods sold (COGS)	(5,728.00)	(5,949.00)	(5,324.00)	(6,593.00)	(7,373.00)	(6,795.00)	(7,373.00)
R & D Expenditures	(105.00)	(94.00)	(77.00)	(80.00)	(87.00)	(89.00)	(89.00)
Selling, general & adminsitrative expenses (SGAs)	(469.00)	(442.00)	(385.00)	(401.00)	(490.00)	(474.00)	(518.00)
EBITDA	**325.00**	**413.00**	**347.00**	**463.00**	**599.00**	**665.00**	**783.00**
Margin	*5.01%*	*6.13%*	*5.80%*	*6.28%*	*7.16%*	*8.54%*	*9.16%*
Adjustment to account for 2023 change in EBITDA def	-	-	-	-	-	(77.00)	-
Depreciation and Amortization	(137.00)	(163.00)	(154.00)	(163.00)	(180.00)	(156.00)	(217.00)
Operating Margin	**188.00**	**250.00**	**193.00**	**300.00**	**419.00**	**432.00**	**566.00**
Restructuring Charges	(53.00)	(251.00)	(107.00)	(58.00)	(39.00)	(49.00)	(62.00)
Other Operating Income/(Expense) - Net	(23.00)	(10.00)	160.00	95.00	15.00	(9.00)	9.00
EBIT	**112.00**	**(11.00)**	**246.00**	**337.00**	**395.00**	**374.00**	**513.00**
Margin	*1.73%*	*-0.16%*	*4.11%*	*4.57%*	*4.72%*	*4.80%*	*6.00%*
Interest Expense - Net	(47.00)	(38.00)	(43.00)	(22.00)	(35.00)	(59.00)	(55.00)
Other financial income and expenses	(9.00)	(24.00)	(11.00)	(79.00)	(23.00)	(24.00)	(60.00)
EBT	**56.00**	**(73.00)**	**192.00**	**236.00**	**337.00**	**291.00**	**398.00**
Income taxes	(43.00)	(44.00)	(112.00)	(72.00)	(90.00)	(69.00)	(116.00)
Effective tax rate	*76.79%*	*60.27%*	*58.33%*	*30.51%*	*26.71%*	*23.71%*	*29.15%*
Minority/Non Controlling Interest	1.00	(5.00)	(2.00)	0.00	(3.00)	(2.00)	(3.00)
Net income	**14.00**	**(122.00)**	**78.00**	**164.00**	**244.00**	**220.00**	**279.00**
Margin	*0.22%*	*-1.81%*	*1.30%*	*2.22%*	*2.92%*	*2.82%*	*3.26%*
Dividend distribution	33.00	15.00	4.00	32.00	54.00	93.00	102.00
Retained portion	(19.00)	(137.00)	74.00	132.00	190.00	127.00	177.00

APPENDIX: COMPANY HISTORICAL FINANCIALS

Balance Sheet (EUR m)	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY	2024 FY
Trade Receivables	1,021.00	1,015.00	829.00	947.00	935.00	856.00	1,197.00
Other Current Assets	184.00	186.00	200.00	191.00	259.00	236.00	211.00
Inventories	1,110.00	1,113.00	937.00	1,316.00	1,432.00	1,319.00	1,279.00
Contract Assets	95.00	69.00	94.00	42.00	198.00	187.00	194.00
Trade Payables	(1,290.00)	(1,319.00)	(1,213.00)	(1,622.00)	(1,735.00)	(1,601.00)	(1,622.00)
Contract Liabilities	(252.00)	(256.00)	(364.00)	(395.00)	(588.00)	(738.00)	(1,003.00)
Short-Term Provisions (net of restructuring costs)	(63.00)	(191.00)	(122.00)	(92.00)	(100.00)	(117.00)	(113.00)
Other Current Liabilities	(298.00)	(350.00)	(348.00)	(420.00)	(462.00)	(482.00)	(508.00)
Cash Net Working Capital	**507.00**	**267.00**	**13.00**	**(33.00)**	**(61.00)**	**(340.00)**	**(365.00)**
Financial Instruments (Short Term)	(13.00)	7.00	40.00	19.00	(12.00)	6.00	(51.00)
NonCash Net Working Capital	**494.00**	**274.00**	**53.00**	**(14.00)**	**(73.00)**	**(334.00)**	**(416.00)**
Net PPE	1,135.00	1,382.00	1,346.00	1,442.00	1,645.00	1,854.00	2,196.00
Total Tangible Assets	**1,135.00**	**1,382.00**	**1,346.00**	**1,442.00**	**1,645.00**	**1,854.00**	**2,196.00**
Other Intangible Assets	131.00	126.00	115.00	110.00	175.00	210.00	320.00
Goodwill	243.00	242.00	232.00	240.00	289.00	293.00	470.00
Total Intangible Assets	**374.00**	**368.00**	**347.00**	**350.00**	**464.00**	**503.00**	**790.00**
Total Financial Asset	28.00	30.00	32.00	26.00	15.00	(14.00)	(42.00)
Other Noncurrent Assets	60.00	92.00	102.00	118.00	136.00	235.00	225.00
Other Operational Fixed Asset (Deferred taxes)	162.00	175.00	115.00	112.00	122.00	129.00	117.00
Fixed assets	**1,759.00**	**2,047.00**	**1,942.00**	**2,048.00**	**2,382.00**	**2,707.00**	**3,286.00**
Core Capital Employed	**2,253.00**	**2,321.00**	**1,995.00**	**2,034.00**	**2,309.00**	**2,373.00**	**2,870.00**
Pension/Postretirement Liabilities	(363.00)	(373.00)	(350.00)	(301.00)	(232.00)	(237.00)	(213.00)
Financial Instruments Held For Sale	-	-	-	-	-	-	102.00
Deferred Tax Liabilities (Long-Term)	(109.00)	(118.00)	(133.00)	(117.00)	(151.00)	(129.00)	(151.00)
Noncurrent Provisions	(84.00)	(106.00)	(78.00)	(76.00)	(77.00)	(81.00)	(95.00)
Surplus Assets & Non-Operating Liabilities	**(556.00)**	**(597.00)**	**(561.00)**	**(494.00)**	**(460.00)**	**(447.00)**	**(357.00)**
Net Capital Employed	**1,697.00**	**1,724.00**	**1,434.00**	**1,540.00**	**1,849.00**	**1,926.00**	**2,513.00**
Total Short-Term Debt	453.00	190.00	636.00	311.00	805.00	598.00	228.00
Long Term Debt	778.00	923.00	603.00	645.00	429.00	644.00	1,568.00
Long-Term Lease Liabilities	-	-	81.00	90.00	82.00	103.00	139.00
Gross Financial Debt	**1,231.00**	**1,113.00**	**1,320.00**	**1,046.00**	**1,316.00**	**1,345.00**	**1,935.00**
Cash and Equivalents	(901.00)	(642.00)	(1,142.00)	(972.00)	(1,134.00)	(1,131.00)	(1,254.00)
Net Financial Position	**330.00**	**471.00**	**178.00**	**74.00**	**182.00**	**214.00**	**681.00**
Other Reserves	(14.00)	43.00	(42.00)	25.00	(16.00)	(102.00)	(135.00)
Retained earnings	(303.00)	(479.00)	(397.00)	(226.00)	46.00	159.00	321.00
Treasury stock	(8.00)	(5.00)	(3.00)	(10.00)	(26.00)	(10.00)	(21.00)
Common Stock	1,650.00	1,650.00	1,658.00	1,658.00	1,648.00	1,648.00	1,648.00
Group equity	**1,325.00**	**1,209.00**	**1,216.00**	**1,447.00**	**1,652.00**	**1,695.00**	**1,813.00**
Minority/Non Controlling Int	42.00	42.00	40.00	17.00	15.00	16.00	19.00
Total Equity	**1,367.00**	**1,251.00**	**1,256.00**	**1,464.00**	**1,667.00**	**1,711.00**	**1,832.00**
Total Funds Invested	**1,697.00**	**1,722.00**	**1,434.00**	**1,538.00**	**1,849.00**	**1,925.00**	**2,513.00**

APPENDIX: COMPANY HISTORICAL FINANCIALS

Cash Flows Statement (EUR M)	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY	2024 FY
Net Income	(117.00)	80.00	164.00	247.00	222.00	282.00
D&A and Impairment of Assets	150.00	175.00	178.00	126.00	133.00	217.00
Cost of Debt (Gross)	43.00	46.00	24.00	41.00	80.00	81.00
Core Exposure Effect	11.00	(42.00)	(106.00)	30.00	12.00	(44.00)
Current and Deferred Taxes	44.00	111.00	72.00	90.00	68.00	115.00
Net (Gains) Losses and Asset Disposals	(7.00)	(142.00)	(15.00)	(54.00)	9.00	4.00
Other Restatement	135.00	(94.00)	20.00	28.00	(4.00)	74.00
Cash Flows from Operations before Interest and Taxes	**259.00**	**134.00**	**337.00**	**508.00**	**520.00**	**729.00**
Decrease (Increase) in Working Capital	56.00	362.00	117.00	104.00	262.00	176.00
Impairment	19.00	4.00	(5.00)	48.00	24.00	2.00
Icome Taxes Paid	(36.00)	(46.00)	(47.00)	(114.00)	(107.00)	(132.00)
Net Change in Current Assets	**39.00**	**320.00**	**65.00**	**38.00**	**179.00**	**46.00**
Net Cash Generated From Opariting Activities	**298.00**	**454.00**	**402.00**	**546.00**	**699.00**	**775.00**
Proceeds from Disposal of PPE	12.00	16.00	14.00	62.00	6.00	2.00
Capex	(238.00)	(225.00)	(206.00)	(298.00)	(377.00)	(378.00)
Decrease (increase) in Loans Granted and Short-Term Financial Assets	(1.00)	(42.00)	5.00	11.00	(23.00)	2.00
Purchase of Shares in Consolidated Companies, Net of Cash Acquired	(1.00)	(2.00)	(5.00)	(211.00)	(60.00)	(528.00)
Proceeds from Sale of Shares in Consolidated Companies, Net of Cash Transferred	(1.00)	155.00	8.00	7.00	13.00	(1.00)
Net Cash Used in Investing Activities	**(229.00)**	**(98.00)**	**(184.00)**	**(429.00)**	**(441.00)**	**(903.00)**
Net Change in Cash and Cash Equivalents after Investing Activities	**69.00**	**356.00**	**218.00**	**117.00**	**258.00**	**(128.00)**
Proceeds from (Repayments of) Long-Term and Short-Term Borrowings	(261.00)	218.00	(305.00)	198.00	(58.00)	475.00
Cash capital increases	-	7.00	(10.00)	(32.00)	(6.00)	(33.00)
Interest paid	(52.00)	(45.00)	(41.00)	(43.00)	(59.00)	(63.00)
Transactions with owners not resulting in a change of control	(4.00)	(7.00)	(30.00)	-	-	-
Dividends paid	(15.00)	(4.00)	(32.00)	(54.00)	(93.00)	(102.00)
Net Cash Used in Financing Activities	**(332.00)**	**169.00**	**(418.00)**	**69.00**	**(216.00)**	**277.00**
Impact of Hyperinflation	-	-	-	5.00	3.00	(2.00)
Net Effect of Currency Translation Differences	-	(19.00)	33.00	(28.00)	(62.00)	(12.00)
Net Increase (Decrease) in Cash and Cash Equivalents	**(263.00)**	**506.00**	**(167.00)**	**163.00**	**(17.00)**	**135.00**

Disclaimer

Market valuations, terms and calculations contained herein are estimates only. Over time, there may be changes to the information currently supplied in this document. We take no responsibility for amending or correcting any previously supplied information. This material is for your private information only and we are not soliciting any action based upon it. This document is not to be construed as an offer to sell or the solicitation of an offer to buy any investment product. The document is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such.