

Krupa Global Investments Announces Significant Stake in Nexans; Emphasizes Confidence in Management's Vision

The Central Europe based investment firm has stressed that the French cable manufacturer is undervalued, has made considerable turnaround progress and that significant growth prospects lie ahead

Krupa Global Investments ("KGI"), a Prague based investment firm with approximately €1.7 billion in assets under management, has announced a significant stake in French cable manufacturer Nexans. With 126,789 shares, KGI now owns approximately 0.4% percent of Nexans thus making KGI one of its largest institutional shareholders.

KGI contends that Nexans stock has been unduly punished by the announcement of the resignation of veteran Chief Executive Officer Arnaud Poupart-Lafarge in March 2018 and his subsequent departure in September 2018. KGI contends that Nexans will be well run by his successor Christopher Guerin who has been at Nexans since 1997.

Additionally, while KGI shares the concerns of fellow shareholders about management's profit warning issued in June 2018, KGI contends that long-term growth prospects underscored by the company's "Paced for Growth" plan for 2018-2022 are compelling. As part of this 2022 strategy, Nexans aims to increase its adjusted EBITDA by 50% to €600mn by 2022. Additionally, it aims to bring its Return on Capital Expenditures (ROCE) to over 15%. KGI contends that, together, these factors should allow for external growth options for up to 1.5 to 2 Billion EURO in revenue.

KGI also believes that management has a track record of delivering on its projections. For example, management delivered strong execution of its previous 2015-17 "Nexans in Motion" program. The program saw a doubling of Return on Capital Expenditure (ROCE) within those 3 years from 5.5% to more than 11% despite crises in Oil&Gas and crises in South America over that same period. Thus, KGI believes that this plan can be taken more seriously than many other turnaround plans.

Additionally, KGI contends that Nexans is well positioned to take advantage of the growth of the High Voltage Cable (HVC) Market. Allied Market Research projects the global market for HVCs will reach \$47.2 Billion by 2022. According to the report, "Proliferating infrastructure projects, growing industrialization and expanding power production capabilities of developing nations is expected to navigate the demand of HVCs. Underground cables are extensively used as they inculcate the properties of enhanced safety, reduced land consumption and abridged radio interference. Further, recently discovered river basins and expanding offshore power projects in developing countries have fostered the demand of submarine cables. These superior properties and broadening applications of both the cables have collectively contributed in the growth of overall HVC market."

This report, in KGI's view, is very positive for Nexans considering it is positioned well on resource projects, submarine cables and buildings. Considering Nexans is one of only three HVC makers in Europe, KGI contends that Nexans can profit significantly from this growth both in Europe and abroad. Nexans has been awarded contract by more than €300m in recent months.

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“Nexans S.A. is a truly global player in the cable and optical fiber industry. We believe in management’s ability to take advantage of significant global growth in demand for High Voltage Cables while strongly executing on its turnaround and plans. Through these steps, Nexans can increase profits while still achieving significant growth. Moreover, we believe in Nexan’s long-term vision articulated by Mr. Guerin of connecting smart cities and being a critical part of global development. We believe strongly in the company and look forward to working with management to making these near term goals and long term visions into reality,” said Pavol Krupa, Chairman of Krupa Global Investments.

KGI currently has a €40 per share price target for Nexans thus equating to a 65% increase from the current stock price.

About Krupa Global Investments:

Krupa Global Investments, previously known as Arca Capital, is a private investment group with a focus on energy, real estate, retail and service activities, as well as regulated activities focused on building and managing fund structures focusing on energy, real estate and financial services. It is named after its founder and chairman, Pavol Krupa. The firm takes an activist approach, with the goal of remedying and eliminating management actions that have a negative impact on companies, and with the goal of achieving significant positive change in strategy, financial structure or management. The firm has fought and won many successful battles and in so doing has streamline companies and realize hundreds of millions in shareholder value. Krupa Global Investments currently has approximately \$2 Billion in Assets Under Management.

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