



WEBINAR

Raw material market outlook

June 29, 2022

**By: Thomas Saint-Bonnet, Guillaume Morin,
Bruno Chatelain**



Nexans
ELECTRIFY THE FUTURE

ATTENTION

AUDIENCE PARTICIPATION

- **Questions can be asked at any time using the chat function on the webinar screen**
- **Any unanswered questions will be followed up through email**
- **This presentation, a recording of the webinar and a brief survey will be emailed to all registrants**

ABOUT THE PANELISTS



Thomas Saint-Bonnet

Chief Purchasing Officer B&T Northern



Guillaume Morin

RM Purchasing Manager B&T Northern



Bruno Chatelain

Plant Manager Eurocable



AGENDA

- Raw Material Market Insights & Outlook
- Wood Market Situation
- Q&A

Nexans locations in the Benelux



Nexans Benelux
Buizingen

Nexans Benelux
Elouges

Nexans Benelux
Charleroi



Nexans Nederland
Nexans Cabling Solutions Nederland
Schiedam

NNS – Div. Euromold
Erembodegem

NNS – Div. Nexans Cabling Solutions
Buizingen

Opticable
Frameries

Services aligned with customer needs



SUPPLY CHAIN SOLUTIONS

- Cut to length service
- Extranet to follow all your projects
- Drum return management
- ULTRACKER : IOT drum tracking & geolocalisation
- In development: shippeo (ETA solution)

BUSINESS SOLUTIONS

- Cable recycling
- Hedging

TRAINING

- Medium Voltage Training Center

CONTRIBUTING TO YOUR SUSTAINABILITY

- Recycled drums in PEFC™ wood
- PEP ecopassport®
- EcoCalculator

Nexans: Contributing to Carbon Neutrality by 2030





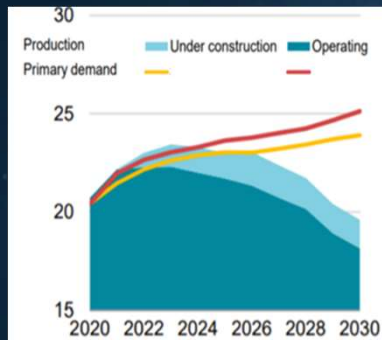
Raw material market outlook

JUNE 2022

NFM scarcity & Raw material tensions will become our new basics for the coming years

NON FERROUS METAL OFFER WILL RUN BEHIND MARKET DEMAND

« PRICING TO SCARCITY »



- Today's mineral supply and investment plans fall short of what is needed to transform the Electrification sectors
- Copper & Aluminium demand will rise everywhere: Green energy production, network renewal, mobility...



- At the same time, market offer is structurally under pressure:
 - _ Time-to-market leadtime >10y to open a new mine
 - _ Strong Investment are needed
 - _ New governmental taxes

NEW MARKETS RULES & DYNAMIC IN RAW MATERIAL

VUCA ENVIRONNEMENT BECOMES OUR BASICS



Strictly confidential

- Climat incidents x5 during the last decades (Frequency & magnitude will accelerate)
- Sanitary crisis

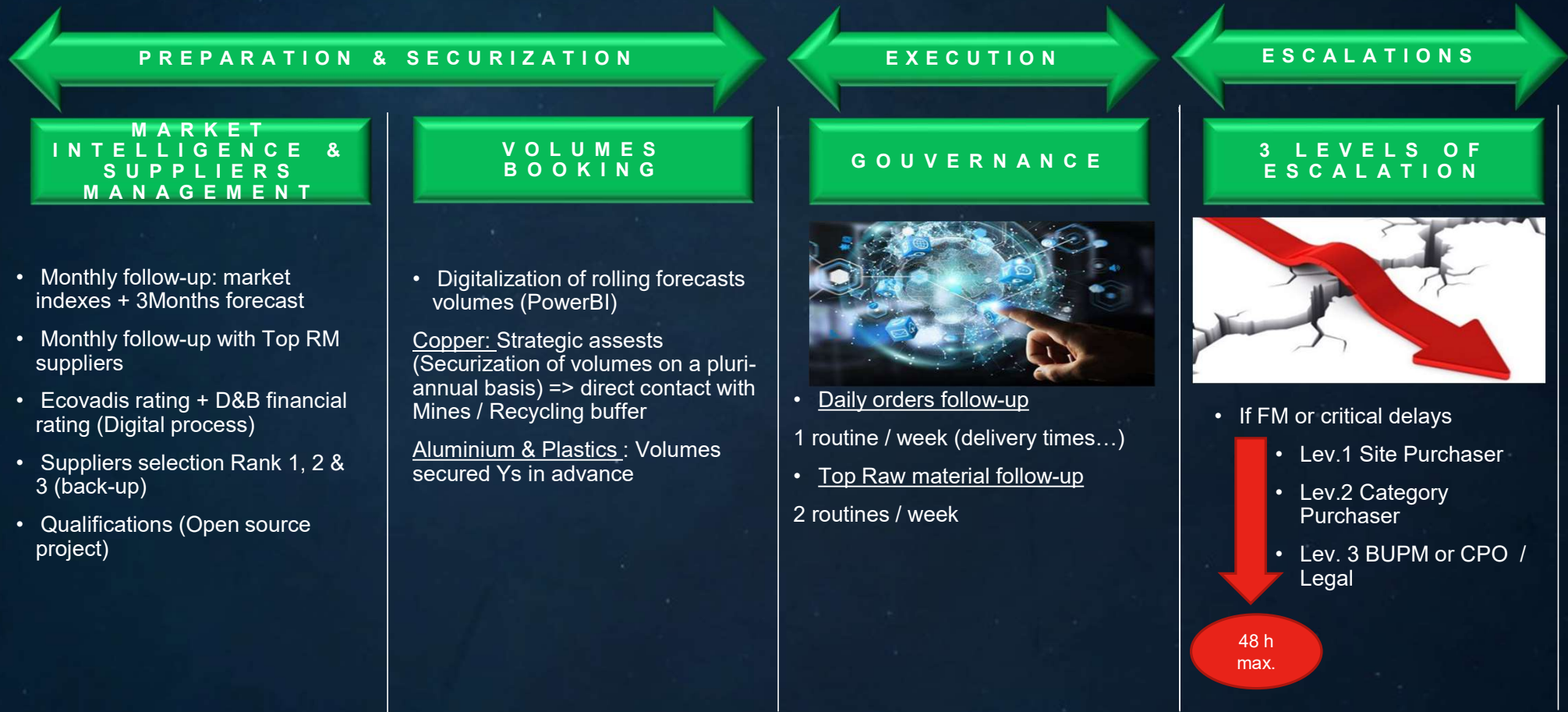


- Shortage supply /Production shutdowns
 - 1st wave: Force majeure
 - 2nd wave: Maintenance / Technical



- Price volatility: -/+50% RM markets indexes PE, PVC, Plasticizer...
- VUCA env.

Last 18 months, Purchasing organization has been transformed to succeed in Raw material crisis and supply sustainability



GLOBAL MARKET TRENDS

- **Crude oil unpredictable outlook** leading to feedstocks (ex. Ethylene) inflation over 50% vs 2021 avg
- **Energy market** is increasing by 89% (Avg. YTD May vs 2021 average), expected to pass through the whole supply chain
- **Freight costs** continue to increase, especially sea freight +26% (avg YTD May vs 2021 avg) most likely not going down short term (China Covid lock down, Russian flow).
- **Global Chemicals market still tight & unbalanced** on specialty materials (Carbon black, peroxide, ...)
- Stocks finally under reconstitution, suppliers anticipating a number of maintenances.
- **Sales driven market**, where raw materials can be sold at higher prices outside Wire and Cables Industry

PVC EU +30%

- Supply remains tight
- Energy intensive consumption



COPPER +7%

PE EU +15%

Feedstock price increase
(oil/naphtha & gas driven)

PLASTICIZER EU +27%

- Significant increase linked to energy cost
- Low stock due to FM in Q3 2021

ALUMINIUM +29%

SEA FREIGHT +26%



ENERGY EU +89%



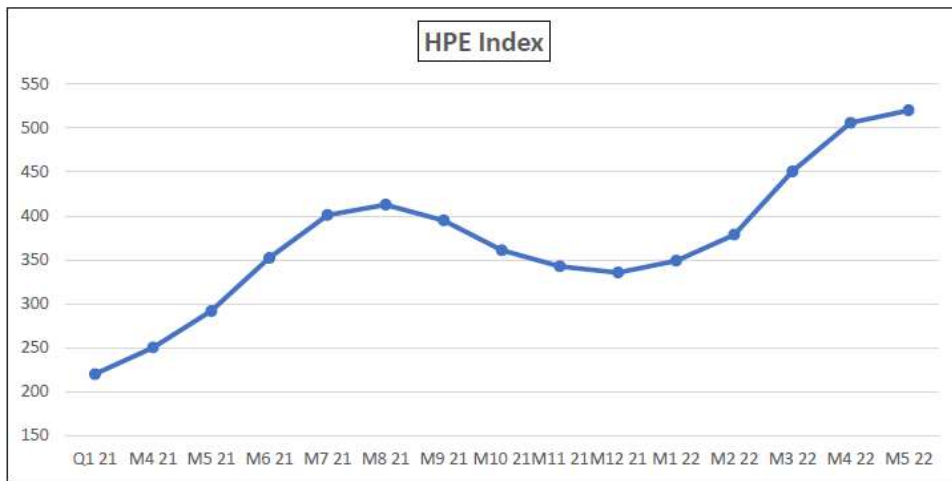
Av. 2021 VS YTD Av. (May) 2022

A satellite view of Earth at night, showing the curvature of the planet and numerous city lights glowing across the dark surface. The lights are concentrated in major urban centers and along coastlines. The background is the deep black of space with some faint stars visible.

Wood Market Situation

Past & Current situation: offer vs. demand, pricing, availability
Forecast & risks
Nexans strategy in this context

Wood Europe



➤ Fundamentals

- China decided to stop cutting timbers for 100 year
- Russia is not exporting any timbers since 31-12-21 , the exported wood should be transformed
- Standards for building in Europe are pushing the use of wood
- Good environmental image

April 2022 perturbation with ukrainian crisis

May 2022 vs. Average 2021

Price Development: **+ 64.22 % ↑**

May 2022 vs. April 2022

Price Development: **+ 2.81 % ↑**

➤ Consequences for Nexans

- Availability need market price acceptance
- Long term relationship with suppliers is the only service warranty

Nexans in the drum market Europe : Eurocable







Eurocable :


- 100% owned by Nexans
- 20 M€ turnover and 70 people on Plainfaing site (France - Vosges)
- 30% external customers
- Service as core competency :



Nexans policy : consequence on drums

	Sustainability 	Switch in materials 	Drums kits 	Circular Economy 
Trends	<p>Multi-way (iron-circled) drums</p> <p>Second-hand drums</p>	<p>Cheaper and more sustainable materials</p> <p>Cardboard/ Fibreboard/Bamboo or Plastics could replace plywood</p> <p>For Wooden lagging material such Nolco flex with very similar characteristics is an solution</p>	<p>Eurocable drum kits to optimise the vehicle load. Economical issue with plant volume to be considered</p> <p>Proximity limitation can be partially solved by this solution</p>	<ul style="list-style-type: none"> • Circular economy keeps the resources in the economic system for as long as possible and at the „highest value“ possible • To find the way of reusing the product and its scrap in the further packaging application and regain the value



Application for Nexans	<ul style="list-style-type: none"> • Reusing drums and buy second-hand drums can reduce significantly the spend on this category 	<ul style="list-style-type: none"> • Due to EU sanctions towards Russia Nexans is forced to explore new materials and ply sources 	<ul style="list-style-type: none"> • Using drum kits optimizes the vehicle load and can reduce transport costs • Majority of the deliveries to Nexans already supplied in kits 	<ul style="list-style-type: none"> • XLPE scrap from cables in the production of plastics reels 
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Switching material : example of plywood facing Ukraine crisis



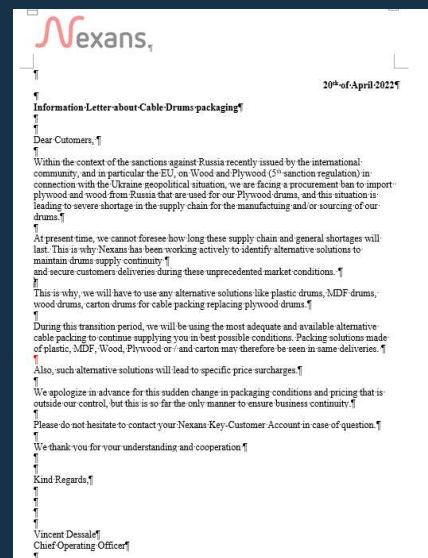
- A process



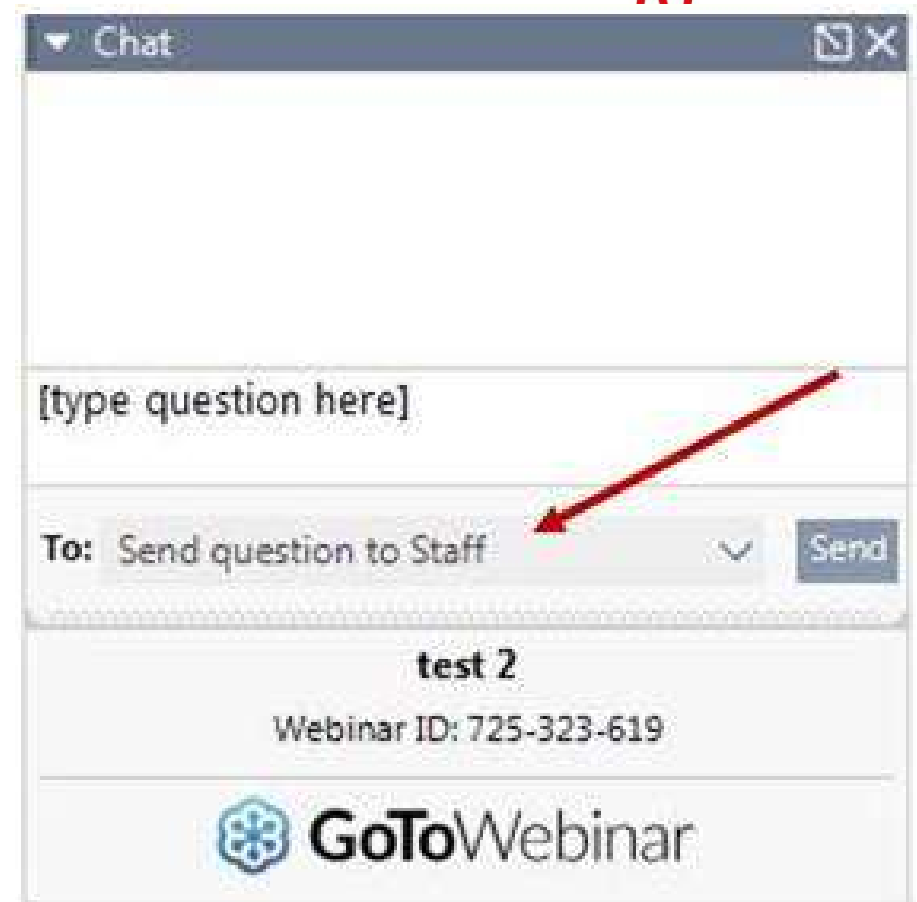
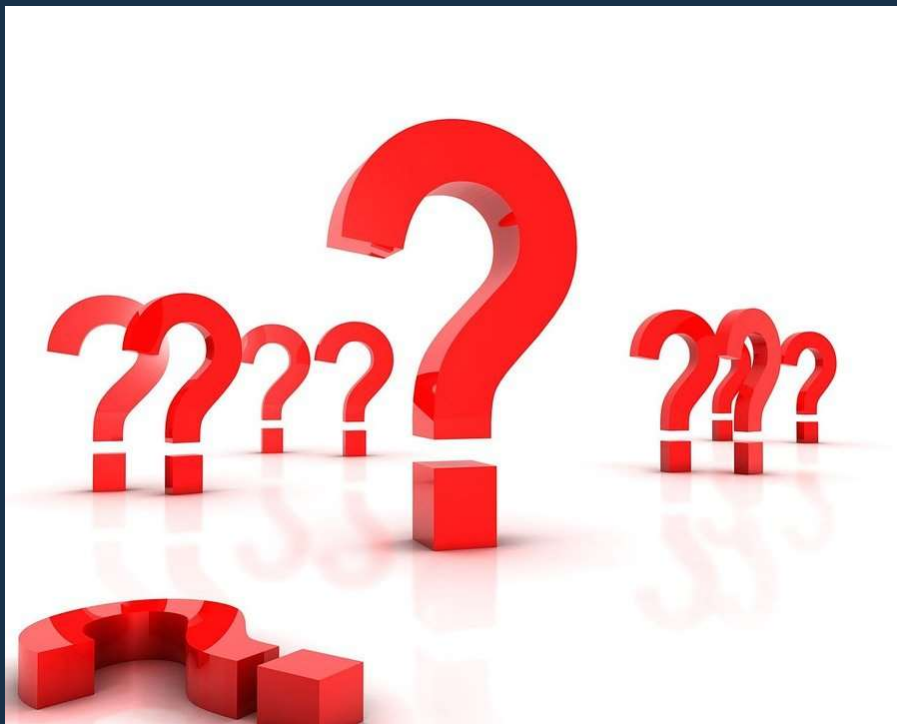
- Possibilities

	technical adaptation	availability	environment
Platics	good	recycled PE	-
Wood	good but natural material	OK	+++
Other plywood	idem but lower quality (more nodes)	higher supply lead time	= or - if lar away
MDS /OSB	good	capacity adaptation	=

- A letter to customers



Q & A



Thank you for your attention!

Contact:

Pascal Place

Marketing Manager, Nexans Benelux

Pascal.place@nexans.com

www.nexans.be



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