



2003 Half Year Results
July 22, 2003

Gérard Hauser

This presentation contains forward-looking statements relating to the Company's expectations for future financial performance, including sales and profitability.

Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance and achievements to be materially different from those implied in the forward-looking statements.

Such expectations depend amongst others on the following assumptions and risks: (1) the European and North American economies will recover; (2) drop in demand for LAN and winding wire will reverse; (3) telecom operators return to normal levels of infrastructure spending; (4) the effect of metal price and currency fluctuations will be neutral; (5) the company will be able to reduce its cost base through realization of restructuring actions in the anticipated time frame; (6) the company will be able to achieve productivity improvements; and (7) the company will successfully integrate acquisitions.

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2003 : MARKETS DETERIORATE FURTHER

OPERATIONAL

- Weakness of markets linked to Industrial Capex
- Price pressure in the building sector
- Drop in sales by 4.4% on a comparable basis
- Telecom division at breakeven

SALES & ACQUISITIONS

- Acquisition of
 - Furukawa (Brazil)
 - Kukdong
- Disposal of the Norwegian distribution activity currently underway
- Other opportunities presently being examined

FINANCIAL

- Lower breakeven point resulting from reduction in indirect costs (3.2%).
- Debt reduced by 57 M€ over one year (excluding acquisitions and share buy-back)
- Capex below depreciation
- WC maintained at a low level
- Restructuring in accordance with budget

(in Million €)	HY1 02	HY2 02	HY1 03
Sales at current metal prices	2,228	2,074	1,992
Sales at constant metal prices	2,090	2,006	1,945
Sales at constant metal prices and exchange rates	2,007	1,988	1,945
EBITDA	99	102	89
EBITDA Margin	4.7 %	5.1 %	4.6 %
Operating profit	24	32	20
Operating profit margin	1.2 %	1.6 %	1 %
Net income	(11)	(29)	(2)
Operating Cash Flow (*)	74	69	66
Earnings per share	(0.46)	(1.32)	(0.10)

(*) Cash flow provided by operations not including restructuring expenses

Recovery in Telecom Deterioration in Industrial sector

Sales at constant metal price & exchange rates (in Million €)	HY1 02			HY2 02			HY1 03		
	Sales	OP	%	Sales	OP	%	Sales	OP	%
Energy	1,038	34	3.2 %	1,068	37	3.5 %	1,033	24	2.4 %
Telecom	276	(22)	-7.8 %	274	(13)	-4.9 %	278	(1)	-0.5 %
Electrical Wires	539	8	1.5 %	488	4	0.8 %	494	-	-
Distribution	154	5	3.2 %	158	11	7 %	140	4	2.7 %
Non allocated	-	(1)	n/a	-	(7)	n/a	-	(7)	n/a
Total	2,007	24	1.2 %	1,988	32	1.6 %	1,945	20	1 %

Sales change on a comparable basis (constant consolidation perimeter, exchange rates & copper) = - 4.4 %

		Electrical Wires	Energy	Telecom		
END MARKETS	Infrastructure	Rod (13 %) Cost Leader position	Energy Public Networks (21 %) Medium / Low voltage – HV Land and umbilical cables ++	Copper and Fiber Networks, Access Components (6 %) Slight growth since Q3 2002		
		Bare Wires (3 %) Industrial Capex			Industrial Applications (12 %) Industrial Capex	Data Transmission Special Cables (3 %) Slight growth since end 2002 (ADSL)
		Winding Wires (9 %) Industrial Capex				
	Building			LV General Market (18 %) Commercial reactivity in a falling price context	Private Networks (LAN) (5 %) Slight growth since Q2 2002 and swing towards higher value added products	

() = % of 2003 sales



- Infrastructure : Very good performance in High Voltage Land cables
- Building : Gain in market shares but fall in prices
- OEM's : Good resistance of the Automotive sector

(*) Constant metal prices and exchange rates
 Annual change in sales = - 3.2 % on a comparable basis

Electrical Wires: Hard time for the Winding Wires sector



- Rod : Very good resistance in Europe, reduction of market in North America
- Winding Wires :
 - Slowdown in wires for transformers
 - North-American restructuring generated 3 M€ of exceptional costs included in Operating Profit

(*) Constant metal prices and exchange rates

Annual change in sales = - 8.3 % on a comparable basis



- Overall stabilization of sales
- Favorable effect of ADSL development together with a swing towards higher value added products (Telecom Copper cables – LAN Private Networks)
- Continued reduction of indirect costs (- 6.3% between HY1 2002 and HY1 2003)

(*) Constant metal prices and exchange rates

Annual change in sales = - 0.9 % on a comparable basis

Financial Results

Frédéric Vincent

Profit & Loss Account

(in Million €)	HY1 2002	2002	HY1 2003
Sales at constant metal	2,090	4,096	1,945
Margin on variable costs	545	1,058	515
<i>Margin on variable costs (%)</i>	<i>26.1%</i>	<i>25.8%</i>	<i>26.5%</i>
Indirect costs	(446)	(857)	(426)
EBITDA ^(*)	99	201	89
<i>EBITDA Margin (%)</i>	<i>4.7 %</i>	<i>4.9 %</i>	<i>4.6 %</i>
Depreciation	(75)	(145)	(69)
Operating Profit	24	56	20
<i>Operating Profit Margin (%)</i>	<i>1.2 %</i>	<i>1.4 %</i>	<i>1 %</i>
Financial charge	(13)	(31)	(15)
Restructuring	(33)	(90)	(9)
Other revenues	15	23	1
<hr/>			
Income before taxes	(7)	(43)	(3)
Income tax	(2)	10	5
Goodwill amortization	(1)	(2)	(1)
Minority interests	(1)	(5)	(3)
NET INCOME	(11)	(40)	(2)

(*) Operating profit before depreciation

Cash Flow Statement

Capex and Working Capital under control

in Million €	HY1 2002	2002	HY1 2003
Net income (incl. Minority interests)	(10)	(35)	1
Depreciation and Amortization	76	148	69
Other non-cash items	8	30	(4)
Operating Cash flow (*)	74	143	66
Change in working capital	(83)	39	(65)
Capital expenditure, net	(45)	(84)	(21)
Restructuring expenses	(22)	(57)	(19)
<i>Subtotal</i>	<i>(76)</i>	<i>41</i>	<i>(39)</i>
Cash impact of acquisition/divestiture	8	3	(31)
Share Buy-Back	0	(25)	(3)
Dividends paid	(3)	(15)	(8)
Other	7	15	(9)
Net (increase)/decrease in Debt	(64)	19	(90)

(*) Cash flow provided by operations not including restructuring expenses

in Million €	June 30, 02	Dec 31, 02	June 30, 03
Intangible assets	39	45	49
Property, Plant & Equipment	858	799	771
Investments & other non-current assets	92	67	67
Total non-current assets	989	911	887
Working Capital	711	616	698
Total to Finance	1,700	1,527	1,585
Net Debt (*)	135	52	142
Reserves	408	396	384
Minority Interests	96	88	108
Shareholders' equity	1,061	991	951
Total Financing	1,700	1,527	1,585
(*) after non-recourse sale of receivables (COB Recommendation, December 02)	104	93	108



(*) proforma

- **Necessity to implement CRC 2002-10 regulation as of December 31, 2003** (Differentiated approach for each item of equipment)
- **Amends the (very conservative) amortization policy of Nexans**

- $$\frac{\text{Depreciation charge}}{\text{Property, Plant \& Equipment}} = 18 \% \text{ (Competitors average} = 10 \% \text{)}^{(*)}$$



Probable positive impact on 2003
shareholders' equity and operating profit

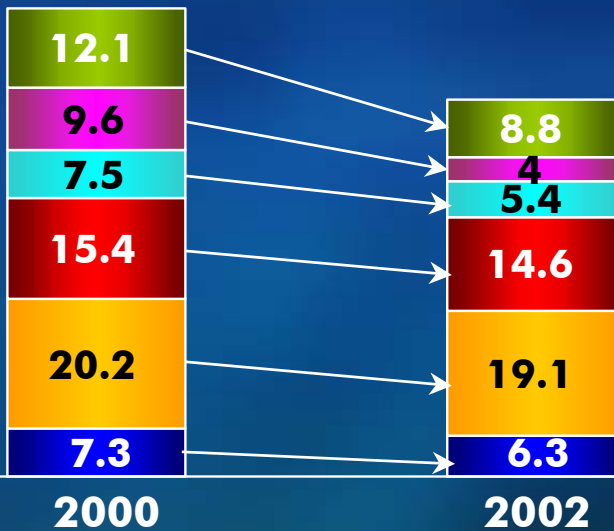
(*) Source : Nexans estimate

June 2001 – June 2003
2 years on the Stock Exchange







In a worldwide market reduced by 20%

2000 Market:
72.1 Bn \$

2002 Market:
58.1 Bn \$



Change

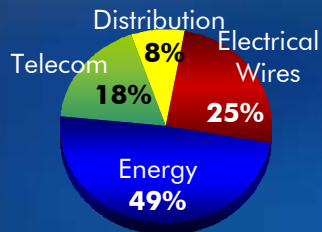
- 27 %  Internal Telecom data (LAN)
- 59 %  Optical Fiber Telecom
- 29 %  External Copper telecom (infrastructure)
- 5 %  Power Energy cables
- 5 %  LV Energy Cables
- 14 %  Winding Wires

$\Sigma = - 20 \%$

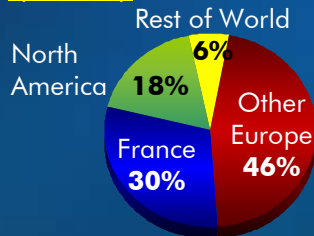
Source : CRU International April 2003

2001

Sales (in M€)
By Segment



By Country



(in Million €)

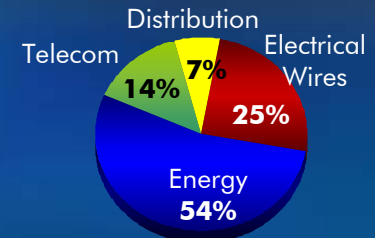
Annual sales : 4,467
Operating Profit : 3.4 %
Net Debt : 247

"AGAINST HEAD WIND"

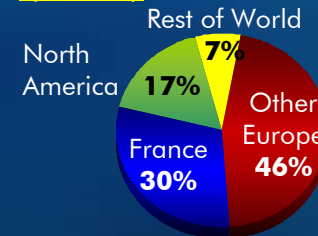
- Sound financial structure maintained
- Control of capital employed
- Implementation of an exceptional restructuring plan (130 M€)
- 8.7% Headcount reduction on a comparable basis
- Reduction in indirect costs and breakeven
- Share buy-back of 4.2 million shares
- Targeted acquisitions
- Selective disposals

2003

Sales (in M€)
By Segment



By Country



(in Million €)

Annual sales: +/- 3,850
Operating Profit : 1 %
Net Debt : 142

Leverage each item of value creation

The Value Equation

+ Sales

- Costs

= **OP**

X Multiple

= **Enterprise Value**

- Average Debt

= **Market Cap.**

÷ Number of Shares

= **Share price**

2001 / 2003

In process

- Restructuring program
- Indirect Costs reduced by 10.1%

In process

- Selective Acquisitions
- Opportunistic divestiture

Addressed

- Reduction of Capital employed
- Cash generation

Addressed

- Cancellation of shares in 2002
- 4.2 million shares repurchased (ie 17%) in 2 years

- Share buy-back program
 - 1,990,000 shares purchased in 2001
 - 2,221,199 shares purchased in 2002 / 2003 (of which 1,500,000 from Alcatel)
 - A total of 16.8% of shares cancelled (program 2001) or accounted for in reduction of shareholders' equity.

- Dividend policy maintained for 2002
 - 0.20 € Dividend / share voted at the shareholder's meeting (4.2 M€)
 - 2% yield on 2002 year end share price (including French tax credit - Avoir fiscal -)

in Million €

June 2001 / June 2003

Debt at June 30, 2001	(247)
Operating Cash flow (*)	308
Change in working capital	222
Net Capex (79% of Depreciation)	(207)
Restructuring expenses	(101)
Impact of actions implemented	222
Cash impact of Acquisition / Divestiture	(28)
Share Buy-Back / Dividends paid (including minorities)	(85)
Other	(4)
Cash generation	105
Debt at June 30, 2003	(142)

(*) Cash flow provided by operations not including restructuring expenses

Maintain constant pressure on costs through restructuring

(in Million €)	Recognized (cumulated)		Initiated		Total launched at June 30, 2003		During HY1 2003	
	Cost	Cash	Cost	Cash	Cost	Cash	Cost	Cash
Energy	25	15	22	20	47	35	5	8
Telecom	45	34	5	3	50	37	2	5
Electrical Wires	24	13	-	-	24	13	1	4
Other	5	4	4	3	9	7	1	2
Total	99	66	31	26	130	92	9	19

Reduction in headcount

> 1,500

- Total budget 130 M€
- 100% plan launched
- 30 to 40 M€ impact on full year 2003

In order to lower the breakeven point

REDUCING THE BREAKEVEN POINT

=

REDUCING INDIRECT COSTS



OPTIMIZING PROCUREMENT

+

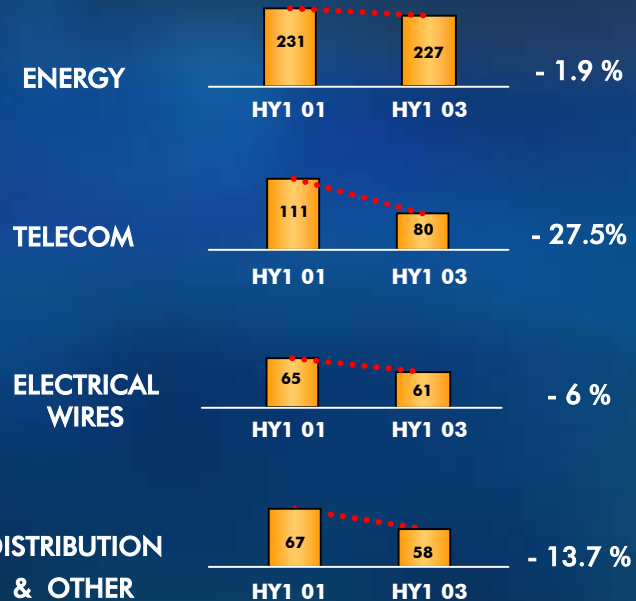
REPLACING FIXED WITH VARIABLE COSTS

+

REORGANIZATION RESTRUCTURING

INDIRECT COSTS (M€)^(*)

(Comparable basis & constant exchange rate)



Indirect Costs Structure lowered by 10.1% in line with reduction of sales

(*) Indirect production costs, R&D and SG&A not including Depreciation

in million €	Acquisitions ^(A)	Divestitures ^(B)
Annual sales	242 (6% of consolidated sales)	130
Annual Operating Profit	16 (6.6% on sales)	5
Operating Profit (group share)	10	5
Sale price / (acquisition)	(65)	45
Implicit Multiple	6.5	8.8
Capital gain / (Goodwill)	(16)	14
Impact on Net Income	4.9	(1.7)

■ 3 criteria Acquisitions

- High Value Added products
- Reinforce geographical presence in developing markets
- Immediately accretive to EPS

^(A) Daesung, Petri, Kukdong and Furukawa

^(B) Agro and the Distribution Norwegian activities (MOU signed in July 2003)

- Some positive points
 - **Recovery of the Telecom division**
 - **Continued decrease in indirect costs thanks to a restructuring plan confirmed at 130 M€**
 - **Permanent control of Cash**

- Weakened by a tough 2003 economic environment
 - **2003 Sales < 2002 Sales**

- That should lead to (before implementation of CRC 2002-10 regulation) :
 - **Operating margin similar to 2002**
 - **Improved net income versus 2002 but still negative**
 - **Debt reduction**

What solutions pending a recovery in Industrial Capital Spending ?



- | | | |
|---|---|--|
| <ul style="list-style-type: none"> ● Lower breakeven point ● Reduce capital employed ● Consistent shareholder policy | <ul style="list-style-type: none"> → → → | <ul style="list-style-type: none"> ● Increase sales ● Convergence of ROCE and WACC ● Opportunistic acquisitions |
|---|---|--|

LEVERAGING
THE ANTICIPATED UPTURN

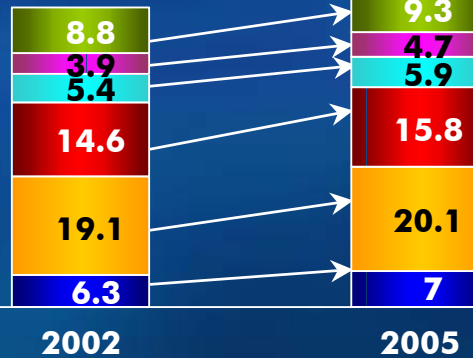
Industry in a restructuring process

Demand recovery







**Headcount evolution
2000 / 2002**
Cable Industry :
- 9 %

2002 Market :
58.1 Bn \$

2005 Market:
62.8 Bn \$



Change

- + 6 %  Internal Telecom data (LAN)
- + 20 %  Optical Fiber Telecom
- + 9 %  External Copper Telecom (Infrastructure)
- + 8 %  Power Energy cables
- + 5 %  LV Energy cables
- + 12 %  Winding wires

Σ = + 8 %

Source : CRU International 2003, Nexans estimates

- Market revival as a result of the reduction in offer
- Increase of demand through the effect of strong long-term drivers (ecology, security, ...)

The image features a stylized logo for 'Mexans' centered on a blue background. The letter 'M' is rendered in a thick, orange, wavy font that resembles a sine wave. The remaining letters 'e', 'x', 'a', 'n', and 's' are in a simple, black, sans-serif font. The background is a gradient of blue, with a lighter, hazy blue at the top and a darker blue at the bottom, suggesting a sky or water surface.

Mexans