



Press release

## 2007 Results

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### **Increased 2007 profits and solid fundamentals lead Nexans to view the future with confidence**

- **Net sales at constant metal prices <sup>1)</sup>: 4.822 billion euros (+8.5%)**
- **Organic growth of cable businesses: (+12.1%)**
- **Operating margin <sup>2)</sup>: 409 million euros (+57%)**
- **Net income (Group share) doubled <sup>3)</sup>**
- **2007-2009 strategic plan: continued refocusing and revision of profit margin objectives**

**Paris, January 31, 2008** - The Nexans Board of Directors, which met on January 30, 2007 with Gérard Hauser as Chairman, has approved the accounts for 2007.

- *Net sales in 2007* totaled 7.412 billion euros compared with 7.489 billion euros in 2006. At constant non-ferrous metals prices <sup>1)</sup>, sales amounted to 4.822 billion euros compared with 4.442 billion euros in 2006. At constant consolidated scope and exchange rates, sales have increased by 4.8% compared with 2006, representing organic growth of 12.1% for the cable businesses.
- *Operating margin <sup>2)</sup>* amounted to 409 million euros, an increase of 57% compared with 2006. *Operating margin* as a percentage of sales rose from 5.8% to 8.5% at constant metal prices.
- *Net financial expense* was 81 million euros compared with 69 million euros in 2006. This is due in particular to the rise in the average cost of financing following the decision to extend the average debt maturity from 6 to 8 years through a bond issue for an amount of 350 million euros with a maturity of 10 years.

1) To neutralize the effect of variations in the purchase price of non-ferrous metals and thus measure the underlying sales trend, Nexans also calculates its sales using a constant price for copper and aluminum.

2) A management indicator used by the Group to measure its operational performance

3) Excluding one-off net gain of 149 million euros in 2006 from the sale of distribution business in Switzerland

- *Income tax* expense amounted to 84 million euros, representing an effective tax rate of 30%, compared with a rate of 16% in 2006 due to non-recurring tax exempt items.
- *Net income (Group share)* was 189 million euros in 2007 compared with 241 million euros in 2006. Excluding a one-off gain of 149 million euros in 2006 from the sale of distribution businesses in Switzerland, net income doubled over a 12-month period.
- The Group's *net financial debt* stood at 290 million euros at December 31, 2007, compared with 632 million euros at December 31, 2006. The reduction in debt is attributable to a significant increase in cash flows from operations in the second half of the year and the considerable reduction in the working capital resulting from the reduction in electrical wires activity.

In light of these results, the Board of Directors will propose the payment of a 2-euro per share dividend, a 67% increase compared with 2007 (1.2 euro). The shareholders will be asked to vote on this proposal at the 2008 General Shareholders' Meeting.

### **2007-2009 strategic plan: continued refocusing and review of profit margin objectives**

Nexans confirms its strategy based on "core businesses", namely infrastructure, industry and building markets, and has decided to add LAN cables to the lineup. The capacity for innovation that the Group has demonstrated over the last few years in both systems and high-speed cables augurs well for the future development of these businesses.

As part of this continued refocusing, the Group today announced:

- a project for the divestiture of its telecommunications copper cables businesses activity in Spain.
- a study of the possible sale of its automotive cable harnesses business which, given its limited size on the world stage, no longer falls within the scope of the Group's strategic businesses.

The Group is also continuing its geographic deployment in high-growth countries, as demonstrated by its planned acquisition of the Madeco cables business in South America, for which the closing is expected in mid 2008.

These decisions aim to optimize the Group's capital employed and by concentrating as a priority on high growth segments which are synergistic.

**"Boosted by excellent 2007 results and a sound development model, we have decided to revise our medium-term objectives."**

Commenting on the 2007 results, Nexans Chairman and CEO Gérard Hauser said: "Our results for 2007 indicate sound performance. Showing organic growth of more than 12%, our cable businesses sales are increasing in all geographical areas across the infrastructure, industry and building markets. A year after the launch of our 3-year strategic plan, this performance offers clear proof of the pertinence of our strategy, which aims to establish Energy at the core of the Group's activities, re-balance our presence throughout the world and constantly improve the value added of our product portfolio. Indeed in 2007 we started to see the first fruits of this new strategic direction. We are also pleased by the positive effects of our external growth strategy implemented several years ago. The strong performance of Olex is evidence that we are making the right choices. The integration of Madeco, the cable industry leader in South America, into the Group should also help to improve our performance in the future.

The strategy we have implemented makes us less vulnerable to cycle reversals: our sound balance sheet, our results, our rapid growth in long-cycle businesses, our ability to generate cash flow as well as our geographic diversification are our best assets for the future.

Over the 2008-2009 period – and after scope changes which would result from the sale of the harnesses business and the telecommunication copper cables business in Spain, and the acquisition of Madeco – the Group is aiming for an average annual organic growth rate of 6% for its cable businesses, continuing to outstrip market growth as a results of its investments. This should lead to a further increase in the operating margin, as a percentage of sales at constant non-ferrous metal prices, of between 7% and 10%, depending on economic conditions. The Group should continue to generate positive cash flow in the coming years."

**Detailed analysis of progress by business and by geographical area**

**2007 Key figures**

(in millions of euros)	<b>At constant non-ferrous metal prices</b>	
	<b>2006</b>	<b>2007</b>
Net sales	4,442	4,822
<b>Net sales at constant exchange rates (2007)</b>	<b>4,373</b>	<b>4,822</b>
Operating margin	260	409
Operating margin (% of sales)	5.8	8.5
Net income attributable to equity holders of the company	241	189
Diluted EPS (in euros)	8.93	6.67

## Net sales and operating margin by business segment

(in millions of euros)	2006*	2007	% change
<b>Sales</b>	4,373	<b>4,822</b>	+10.27%
at constant exchange rates and non-ferrous metals prices			
Energy	3,104	<b>3,780</b>	+21.8%
Telecoms	472	<b>529</b>	+12.1%
Other	10	<b>11</b>	
<b>Sub-total: Cable businesses</b>	3,586	<b>4,320</b>	+20.5%
Electrical wires	787	<b>502</b>	-36.2%
<b>Operating margin</b>	260	<b>409</b>	+57.3%
Energy	242	<b>365</b>	+50.8%
Telecoms	40	<b>49</b>	+22.5%
Other	(18)	<b>(14)</b>	-
<b>Sub-total: Cable businesses</b>	264	<b>400</b>	+51.5%
Electrical wires	(4)	<b>9</b>	N/A
<b>Operating margin as % of sales</b>	5.8%	<b>8.5%</b>	
Energy	7.7%	<b>9.7%</b>	
Telecoms	8.2%	<b>9.3%</b>	
Other	N/A	<b>N/A</b>	
<b>Sub-total: Cable businesses</b>	7.3%	<b>9.3%</b>	
Electrical wires	-0.5%	<b>1.7%</b>	

(\*) taking into account segmentation changes occurring in 2007.

## **Analysis of net sales\* and operating margin by business sector**

(\* Cable business sales at constant non-ferrous metals prices and exchange rates)

### **Energy: full impact of Olex's integration and brisk business in the high-voltage cables segment**

Sales in the energy business amounted to 3,780 million euros, a 12.1% increase at constant consolidated scope and exchange rates compared with 2006.

2007 saw very strong growth in **energy infrastructure cables** (+10.2%), particularly in land-based and submarine high-voltage cables. The ramping up of production at the new Japanese plant of Tokyo Bay (a company in which Nexans has a majority interest alongside Viscas) in the second half of 2007 also largely contributed to the second half year's accelerated growth. Sales of energy accessories rose by almost 20% in 2007. Olex's sales were particularly strong in the medium-voltage network infrastructure cables sector.

**Cables for industry** saw a sales increase of 17.5% at constant consolidated scope and exchange rates. Sales of special cables rose by 19.1% thanks to a marked increase in business in the Group's priority market segments, namely oil and gas, shipbuilding, railways and robotics.

Finally, in the **building cables** market, Nexans recorded a growth of 10.4% at constant consolidated scope and exchange rates. In Europe, volumes increased slightly in 2007, with the exception of the German market where prices are very low. In North America, following a sales recovery in the first half of the year, the American residential market suffered a sharp downturn in the second half due to the subprime crisis. Nexans was only slightly affected as it is mainly present in the industrial and commercial buildings market. The weakening of the US dollar served to increase competition in Canada, making this market attractive to US producers. As a result, pressure was exerted on Nexans' margins without undermining profitability, which remained highly satisfactory in the second half of 2007.

Operating margin was 365 million euros in 2007 compared with 242 million euros in 2006, an increase of 50.8%. Nexans' three key market segments (energy infrastructure, industry and building) all significantly contributed to this increase in profitability.

### **Telecoms: 13.9% increase in LAN cable sales**

Telecoms sales increased by 12% to 529 million euros at constant consolidated scope and exchange rates compared with 2006. In a relatively stagnant market, Nexans benefited fully from the mounting investment in railway infrastructures and high-speed LAN cables.

Sales of **network infrastructure cables** in 2007 rose by 9.9% at constant consolidated scope and exchange rates, boosted by the continuing high demand for optical fiber cables, particularly in Europe.

In the **LAN cables** segment, Nexans achieved a 13.9% increase in sales at constant consolidated scope and exchange rates by offering high value-added system solutions for the high end of the market in Europe and the United States.

Overall, operating margin for the telecommunications cables business rose from 40 million euros in 2006 to 49 million euros in 2007, mainly due to sustained price levels and increased profits in the LAN segment.

### **Electrical wires: capital optimization strategy implemented**

In 2007 external sales of electrical wires decreased 33% to 502 million euros at constant consolidated scope and exchange rates. Pursuing its policy of refocusing solely on its own requirements, Nexans reduced the tonnages sold outside the Group by an average of approximately 45% in Europe and North America.

Operating margin for electrical wires in 2007 amounted to 8.5 million euros. In 2006, when a loss of 4.2 million euros was recorded, profitability had been affected by an exceptional provision for claims.

The reduction in business contributed significantly to the decrease in working capital requirements in 2007.

### **Analysis of net sales and operating margin by geographical area, excluding Electrical Wires**

(in millions of euros)	<b>2006</b>	<b>2007</b>	
	Net sales*	Net sales*	% change organic growth
Europe	2,614	2,960	+ 13.9 %
North America	401	422	+ 5.4 %
Asia-Pacific	245	564	+ 6.6 %
Rest of the world	326	374	+ 14.5 %
<b>Sub-total Cables Businesses</b>	<b>3,586</b>	<b>4,320</b>	<b>+ 12.1 %</b>
Electrical Wires	787	502	- 32.8 %
<b>Total Nexans</b>	<b>4,373</b>	<b>4,822</b>	<b>+ 4.8 %</b>

(\*) At constant metal prices and exchange rates

## **Europe: second consecutive year of very high growth**

Cables business sales totaled 2.96 billion euros, an increase of 13.9% on a like-for-like basis and constant metal prices and exchange rates compared with 2006. Operating margin rose from 144 million euros in 2006 at constant exchange rates to 264 million euros in 2007.

Growth was particularly strong in high-voltage cables and industrial cables, segments in which the Group is concentrating its development efforts. This growth was accompanied by increased profitability. Building cables maintained steady volumes and profits boomed in 2007.

## **North America: growing demand for high value-added cables**

In North America, cable business sales totaled 422 million euros, an increase of 5.4% compared with 2006 at constant consolidated scope and exchange rates.

Operating margin for cable businesses was 72 million euros in 2007.

The housing market crisis in America had little impact on Nexans due to the Group's low exposure to this segment in the USA. The depreciation of the US dollar against the Canadian dollar on the other hand gave US producers a competitive edge. Profit margins have shrunk but remain satisfactory. Nexans is keeping a close eye on this market's development.

In the data cables sector, the new 10 Gbit/s cables have been an out-and-out success.

## **Asia-Pacific: more than 50% growth in China and profitability objectives fully met by Olex (EBITDA equal to 14% of sales at constant non-ferrous metal prices)**

Since January 1st, 2007, sales for the Asia-Pacific region have included Olex's contribution which totaled 284 million euros in 2007.

Cable business sales for the region amounted to 564 million euros in 2007 (at constant metal prices). At the scope of consolidation prior to the acquisition of Olex, organic growth amounted to 14.2%.

Operating margin for the area's cable businesses jumped from 15 million euros in 2006 to 49 million euros in 2007 (at constant exchange rates). The increased profits were due in particular to a qualitative pricing policy and the expansion of industrial capability in China and South Korea which enables the Group to take advantage of the boom in the industrial and electronic cables market.

## **Rest of the World: booming markets and increased industrial capacity**

Sales for the Rest of the World region amounted to 374 million euros in 2007, an increase of 14.5% compared with 2006 (at constant consolidated scope and exchange rates).

In 2006 and 2007, all the countries in this region reaped the benefits of the high level of investment enabling them to take advantage of the booming markets. Nexans in particular strengthened its positions in Industry (Brazil, Turkey, Morocco) and in Infrastructure (Lebanon, Egypt).

## **Share issue reserved for Nexans employees: Act 2008**

Nexans postponed the launch of an employee shareholding plan, originally announced in a press release dated July 25, 2007, until 2008. The plan will take the form of a share issue reserved for Group employees who are members of a corporate savings plan. A maximum of 500,000 new shares will be issued. This will be the third international employee shareholding plan implemented by the Group.

Two share subscription options will be made available through employee investment funds (except where local restrictions apply): (i) a standard plan enabling employees to subscribe to Nexans shares at a 20% discount on the reference price; and (ii) a leveraged plan under which employees benefit from a guarantee on their investment. For the leveraged plan, the sponsor financial institution may enter into hedges relating to Nexans' shares prior to the plan implementation, as of the publication of this press release and throughout the duration of the scheme (the five-year regulatory lock-up period applicable to corporate savings plans). Voting rights attached to Nexans shares subscribed and held by the beneficiaries through one of the employee investment funds will be exercised by the Supervisory Board of that fund.

Through this plan (known as "Act 2008") Nexans hopes to strengthen existing ties with its employees both in France and abroad and involve them closely in the Group's future development and performance. Employees will be provided with formal details of the scheme at a later date. The plan is due to be implemented in the first half of 2008, and a press release will be issued at that time.

## **Madeco acquisition: completion expected for mid-2008**

On November 15, 2007, the Nexans Group signed a framework agreement to acquire the cables business of the Chilean company Madeco.

At current non-ferrous metal prices, the Madeco Group's cables business recorded sales of 672 million USD in 2006 (490 million euros at average non-ferrous metal prices for 2007) in its three key segments of cables for infrastructure, industry and building, and to a lesser extent in electrical wires. For the first half of 2007, the bulk of Madeco's sales in

this business were in Brazil (43%), the largest market in South America, followed by 28% in Chile, 18% in Peru, 6% in Argentina, and 5% in Colombia.

Payment for this acquisition will consist of:

- 422 million USD (approximately 287 million euros at the 2007 year-end exchange rate) in cash and assumption of debt for a portion of the shares of Madeco's cable and wire subsidiaries, and
- for the remaining portion of share of Madeco's cable and wire subsidiaries, 2.5 million newly-issued Nexans shares which it shall undertake to hold for a minimum period of 12 months following completion. This will give Madeco a stake in Nexans of approximately 9% (based on 28.1 million shares).

The completion of the transaction is subject to the signing of a definitive agreement, which is scheduled to take place in February 2008, as well as to obtaining the approval of both companies' shareholders and the necessary regulatory authorizations. The Nexans Annual Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2007 will also approve the remuneration of Madeco through the issuance of new shares and the appointment of a Madeco Group representative to the Nexans Board of Directors.

### **Launch of a share buyback program**

The Nexans Board of Directors, pursuant to the authorization of the Shareholders' Meeting of May 10, 2007, has decided to launch a program to buy back company's shares up to a maximum amount of 70 million euros, with the intention to cancel the shares so purchased.

#### **Financial timetable**

April 3, 2008: Individual shareholders' information meeting in Saint-Etienne\*

April 22, 2008: Publication of first-quarter 2008 financial information

April 22, 2008: Annual Shareholders' Meeting

June 5, 2008: Individual shareholders' information meeting in Lille\*

September 30, 2008: Individual shareholders' information meeting in Nice\*

November 24, 2008: Individual shareholders' information meeting in Reims\*

(\* provisional dates intended for guidance only)

The full results presentation of the results will be available on the Nexans website at [www.nexans.com](http://www.nexans.com) from 9.00am (Paris time) today. The Board's management report and the Notes to the accounts will be available on the website on Friday, February 1<sup>st</sup>, 2008.

#### **About Nexans**

With energy at the heart of its development, Nexans, the worldwide leader in the cable industry, offers an extensive range of cables and cabling systems. The Group is a leading player in the infrastructure, industry and building markets. Nexans addresses a series of market segments from energy, transport and telecoms networks to shipbuilding, oil and gas, nuclear, automotive, rail infrastructure, electronics, aeronautics, handling and automation.

With an industrial footprint in more than 30 countries and commercial activities worldwide, Nexans employs 22,000 people and recorded sales of 7.4 billion euros in 2007. Nexans is listed on Compartment A of Euronext Paris. More information at <http://www.nexans.com/>

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*Appendices*

1. Consolidated income statement under IFRS
2. Consolidated balance sheet under IFRS
3. Consolidated statement of cash flows under IFRS
4. Segment information

## 1. Consolidated income statement under IFRS

<i>in millions of euros</i>	<b>2007</b>	<b>2006</b>	<b>2005</b>	
			<b>Restated**</b>	<b>Reported</b>
<b>Net sales</b>	<b>7 412</b>	<b>7 489</b>	<b>5 449</b>	<b>5 449</b>
<i>Metal price effect *</i>	(2 591)	(3 046)	(1 186)	(1 186)
<b>Net sales at constant metal prices *</b>	<b>4 822</b>	<b>4 442</b>	<b>4 263</b>	<b>4 263</b>
Cost of sales	(6 521)	(6 802)	(4 825)	(4 825)
<i>Cost of sales at constant metal prices *</i>	(3 930)	(3 756)	(3 640)	(3 640)
<b>Gross profit</b>	<b>892</b>	<b>687</b>	<b>623</b>	<b>623</b>
Administrative and selling expenses	(423)	(372)	(386)	(386)
R&D costs	(60)	(55)	(52)	(52)
<b>Operating margin *</b>	<b>409</b>	<b>260</b>	<b>186</b>	<b>186</b>
Core exposure effect ***	20	107	93	
Net asset impairment	(21)	(99)	(32)	(4)
Change in fair value of non ferrous metal derivatives	(36)	(7)	33	33
Gains or losses on asset disposals	4	151	34	34
Restructuring costs	(14)	(48)	(24)	(24)
<b>Operating Income</b>	<b>362</b>	<b>363</b>	<b>290</b>	<b>225</b>
Cost of debt (gross)	(57)	(45)	(26)	(26)
Income from cash and cash equivalents	13	12	7	7
Other financial expenses	(37)	(36)	(17)	(17)
Share in net income of associates		3	(0)	(0)
<b>Income before taxes</b>	<b>281</b>	<b>297</b>	<b>254</b>	<b>189</b>
Income taxes	(84)	(48)	(36)	(26)
<b>Net income from continuing operations</b>	<b>197</b>	<b>249</b>	<b>218</b>	<b>163</b>
Net income / (loss) from discontinued operations	-	(4)	(46)	(46)
<b>Consolidated net income</b>	<b>197</b>	<b>244</b>	<b>172</b>	<b>117</b>
Attributable to equity holders of the Company	189	241	163	108
Attributable to minority interests	7	3	9	9
<b>Net income from continuing operations per share (in euros)</b>				
- Basic earnings per share	7,41	10,44	9,90	7,30
- Diluted earnings per share	6,67	9,10	8,52	6,36
<b>Net income / (loss) from discontinued operations (in euros)</b>				
- Basic earnings per share	0,00	(0,19)	(2,18)	(2,18)
- Diluted earnings per share	0,00	(0,17)	(1,89)	(1,89)
<b>Net income per share attributable to equity holders of the company (in euros)</b>				
- Basic earnings per share	7,41	10,25	7,73	5,12
- Diluted earnings per share	6,67	8,93	6,63	4,46

\* Business management indicators used to measure the Group's operating performance.

\*\* The 2006 financial statements were prepared following a change relating to the recognition of non-ferrous metal inventories. The impact of the change is shown in the "restated" column for 2005

\*\*\* Effect relating to the revaluation of the core exposure at the weighted average unit cost.

## 2. Consolidated balance sheet under IFRS

As of December 31 <sup>st</sup> , in millions of euros	2007	2006**	2005	
			Restated*	Reported
<b>ASSETS</b>				
Goodwill	192	174	82	88
Intangible assets	101	110	14	14
Property, plant and equipment	858	830	778	942
Investment in associates	1	22	18	18
Other non-current financial assets	28	50	56	56
Deferred tax assets	48	97	53	76
Other non-current assets	-	-	-	-
<b>NON-CURRENT ASSETS</b>	<b>1 227</b>	<b>1 283</b>	<b>1 001</b>	<b>1 194</b>
Inventories and work in progress	1 158	1 328	874	563
Amounts due from customers on construction contracts	163	77	47	47
Trade receivables	1 092	1 272	1 105	1 105
Current tax receivables	11	7	9	9
Other current non-financial assets	83	79	54	54
Other current financial assets	125	105	155	155
Cash and cash equivalents	622	287	117	117
Assets and group of assets held for sale	150	60	81	81
<b>CURRENT ASSETS</b>	<b>3 403</b>	<b>3 214</b>	<b>2 441</b>	<b>2 130</b>
<b>TOTAL ASSETS</b>	<b>4 630</b>	<b>4 497</b>	<b>3 442</b>	<b>3 324</b>
<b>EQUITY &amp; LIABILITIES</b>				
Capital stock	26	25	24	24
Additional paid-in capital	1 133	1 127	1 019	1 019
Treasury stock	-	-	(28)	(28)
Reserves	374	158	23	(40)
Net income attributable to equity holders of the Company	189	241	163	108
<b>Equity excluding minority interests</b>	<b>1 722</b>	<b>1 551</b>	<b>1 201</b>	<b>1 083</b>
Minority interests	36	39	77	77
<b>TOTAL EQUITY</b>	<b>1 758</b>	<b>1 589</b>	<b>1 278</b>	<b>1 160</b>
Pension and other post-employment benefit obligations	322	336	353	353
Other long-term employee benefits	15	17	10	10
Long-term provisions	25	27	4	4
Convertible bonds	258	247	117	117
Other long-term financial debt	353	7	5	5
Deferred tax liabilities	85	94	33	33
Other non-current payables	-	-	-	-
<b>NON-CURRENT LIABILITIES</b>	<b>1 058</b>	<b>728</b>	<b>522</b>	<b>522</b>
Short-term provisions	72	89	83	83
Short-term financial debt	301	665	369	369
Customers' deposits and advances	59	39	18	18
Amounts due to customers on construction contracts	128	71	70	70
Trade payables	817	917	692	692
Current tax payables	32	39	31	31
Other current non-financial liabilities	47	47	33	33
Other current financial liabilities	313	290	308	308
Liabilities related to group of assets held for sale	45	22	39	39
<b>CURRENT LIABILITIES</b>	<b>1 814</b>	<b>2 180</b>	<b>1 642</b>	<b>1 642</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4 630</b>	<b>4 497</b>	<b>3 442</b>	<b>3 324</b>

\* The 2006 financial statements were prepared following a change relating to the recognition of non-ferrous metal inventories. The impact of the change is shown in the "restated" column for 2005

\*\* Following the impact of the final purchase accounting entries recorded on the opening balance sheet of the Olex Group.

### 3. Consolidated statement of cash flows under IFRS

<i>in millions of euros</i>	2007	2006	2005	
			Restated**	Reported
Net income attributable to equity holders of the Company	189	241	163	108
Minority interests	7	3	9	9
Depreciation, amortization and impairment of assets	122	178	129	101
Cost of debt	57	45	26	26
Core exposure impact *	(20)	(107)	(93)	-
Other restatements ***	118	(70)	(11)	(21)
<b>Cash flow from operations before interests and taxes ****</b>	<b>473</b>	<b>290</b>	<b>223</b>	<b>223</b>
Decrease (increase) in receivables	61	(181)	(404)	(404)
Decrease (increase) in inventories	129	(308)	(64)	(64)
Increase (decrease) in payables and accrued expenses	(6)	242	310	310
Other assets and liabilities	-	-	(7)	(7)
Income tax paid	(80)	(58)	(46)	(46)
Depreciation of current assets and accrued contract costs	(4)	12	(14)	(14)
<b>Net change in current assets and liabilities</b>	<b>100</b>	<b>(294)</b>	<b>(225)</b>	<b>(225)</b>
<b>Net cash generated from / (used in) operating activities</b>	<b>573</b>	<b>(3)</b>	<b>(2)</b>	<b>(2)</b>
Proceeds from disposals of property, plant and equipment and intangible assets	7	6	10	10
Capital expenditures	(168)	(171)	(130)	(130)
Decrease (increase) in loans granted	2	2	(10)	(10)
Purchase of consolidated entities, net of cash acquired	(36)	(365)	(28)	(28)
Proceeds from sale of consolidated companies, net of cash transferred	48	201	116	116
<b>Net cash used in investing activities</b>	<b>(147)</b>	<b>(327)</b>	<b>(42)</b>	<b>(42)</b>
<b>Net change in cash and cash equivalents after investing activities</b>	<b>427</b>	<b>(330)</b>	<b>(44)</b>	<b>(44)</b>
Proceeds from / (repayment of) long-term borrowings	344	276	(9)	(9)
Proceeds from / (repayment of) short-term borrowings	(409)	282	77	77
Proceeds from issuance of shares paid up in cash	7	8	7	7
Interest paid	(36)	(45)	(23)	(23)
Dividends paid	(32)	(23)	(12)	(12)
<b>Net cash generated from financing activities</b>	<b>(125)</b>	<b>497</b>	<b>40</b>	<b>40</b>
Net effect of currency translation differences	4	1	3	3
Impact of change in scope of discontinued operations	-	1	(3)	(3)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>306</b>	<b>170</b>	<b>(4)</b>	<b>(4)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>287</b>	<b>117</b>	<b>121</b>	<b>121</b>
<b>Cash and cash equivalents at year-end</b>	<b>594</b>	<b>287</b>	<b>117</b>	<b>117</b>
<i>Including Cash and cash equivalents</i>	<b>622</b>	<b>287</b>	<b>117</b>	<b>117</b>
<i>Including Bank overdrafts</i>	<b>(28)</b>	-	-	-

\* Impact relating to the revaluation of the core exposure at the weighted average unit cost – no cash impact

\*\* The 2006 financial statements were prepared following the change relating to the recognition of non-ferrous metal inventories. The impact of this change is shown in the "restated" columns for 2005.

\*\*\* For 2007, the main impacts are as follows : offsetting of the tax charge (84 million euros), non-cash impact of the change in fair value of derivatives (54 million euros).

For 2006, the main impacts are as follows: capital gains on the disposal of Electro-Matériel (150 million euros), offsetting of the tax charge (48 million euros), non-cash impact of the change in fair value of derivatives (16 million euros), goodwill impairment and negative goodwill (17 million euros), cost of stock-option plans (3.4 million euros).

\*\*\*\* The Group also uses the concept of "operating cash flow" which excludes the restructuring costs paid (22 million euros in 2007 and 40 million euros in 2006), and includes financial interest costs and current income tax expense.

## 4. Segment information

<i>in millions of euros</i>	Electrical wires	Energy**	Telecom	Others (or non-allocated)	Inter-segment eliminations*	<b>Total Group</b>
<b>December 31, 2007</b>						
Net sales at current metal prices	2 603	5 270	638	11	(1 110)	<b>7 412</b>
Net sales at constant metal prices	845	3 780	529	11	(343)	<b>4 822</b>
Operating margin	9	365	49	(14)		<b>409</b>
Depreciation and amortization	(3)	(76)	(13)	(9)		<b>(101)</b>
Impairment losses	(34)	(21)	(7)			<b>(63)</b>
Reversal of impairment losses		38	4			<b>42</b>
EBITDA ***	12	441	62	(5)		<b>510</b>
Restructuring costs	(3)	(8)		(2)		<b>(14)</b>
Capital expenditures	10	141	14	10		<b>174</b>
Property, plant and equipment, net	13	759	98	22		<b>893</b>
Total segment assets ****	400	3 014	270	56		<b>3 740</b>
Total segment liabilities *****	281	879	85	84		<b>1 329</b>
Investment in associates	1					<b>1</b>
Share in net income of associates						<b>-</b>
Staff (number of employees)	779	18 089	2 183	847	-	<b>21 898</b>
<b>December 31, 2006 (1)</b>						
Net sales at current metal prices	3 438	4 298	781	9	(1 038)	<b>7 489</b>
Net sales at constant metal prices	1 133	2 983	648	9	(331)	<b>4 442</b>
Net sales at constant metal prices and 2007 exchange rates	1 163	3 104	472	9	(375)	<b>4 373</b>
Operating margin	(4)	233	48	(18)	-	<b>260</b>
Depreciation and amortization	(10)	(62)	(19)	(4)	-	<b>(95)</b>
Impairment losses	(54)	(61)	(9)	(4)	-	<b>(128)</b>
Reversal of impairment losses	-	19	8	-	-	<b>27</b>
EBITDA ***	6	296	67	(14)	-	<b>355</b>
Restructuring costs	(5)	(19)	(24)	(1)	-	<b>(48)</b>
Capital expenditures	14	137	17	4	-	<b>171</b>
Property, plant and equipment, net	23	643	143	20	-	<b>829</b>
Total segment assets ****	662	2 725	399	41	-	<b>3 826</b>
Total segment liabilities *****	416	732	100	50	-	<b>1 298</b>
Investment in associates	22	-	-		-	<b>22</b>
Share in net income of associates	3	-	-		-	<b>3</b>
Staff (number of employees)	1 140	15 952	3 276	782	-	<b>21 150</b>

## Information by business segment

<i>in millions of euros</i>	Electrical wires	Energy**	Telecom	Others (or non-allocated)	Inter-segment eliminations*	<b>Total Group</b>
<b>December, 31 2005 restated</b>						
Net sales at current metal prices	1 991	3 342	677	10	(573)	<b>5 449</b>
Net sales at constant metal prices	1 056	2 865	630	10	(298)	<b>4 263</b>
Net sales at constant metal prices and 2006 exchange rates	1 076	2 883	631	10	(298)	<b>4 301</b>
Operating margin	6	171	25	(16)	-	<b>186</b>
Depreciation and amortization	(10)	(61)	(20)	(4)	-	<b>(95)</b>
Impairment losses	(0)	(14)	(22)	(18)	-	<b>(55)</b>
Reversal of impairment losses	4	15	3	-	-	<b>21</b>
EBITDA ***	15	232	45	(12)	-	<b>280</b>
Restructuring costs	(4)	(12)	(6)	(3)	-	<b>(24)</b>
Capital expenditures	6	102	20	1	-	<b>129</b>
Property, plant and equipment, net	96	498	146	38	-	<b>778</b>
Total segment assets ****	562	1 936	398	36	-	<b>2 933</b>
Total segment liabilities *****	281	639	112	48	-	<b>1 079</b>
Investment in associates	17	1	-	-	-	<b>18</b>
Share in net income of associates	-	-	-	-	-	<b>-</b>
Staff (number of employees)	1 162	14 157	3 473	792	-	<b>19 584</b>

\* Inter-segment eliminations mostly stem from the upstream Electrical Wires business.

\*\* Of which net sales (at current metal prices) related to construction contracts : 511 million euros in 2007 (394 million euros in 2006)

\*\*\* Operating margin excluding depreciation and amortization on property, plant and equipment and intangible assets.

\*\*\*\* Segment assets include property, plant and equipment and intangible assets, inventories, receivables, advances to suppliers, amounts due from customers on construction contracts, other operating receivables and goodwill.  
Segment assets reported in 2007 include items related to entities held for sale. These represent 145,4 M€ of segment assets and 34,9 M€ of property, plant and equipment, net.

\*\*\*\*\* Segment liabilities include trade payables, amounts due to customers on construction contracts, customers' deposits and advances, accrued contract costs and other operating liabilities.  
Segment liabilities include items related to entities held for sale for 39,4 M€ of the total amount.

### **(1) including Olex as of December 31, 2006**

<i>in millions of euros, as of December 31, 2006</i>	Electrical wires	Energy**	Telecom	Others (or non-allocated)	Inter-segment eliminations*	<b>Total Group</b>
Property, plant and equipment, net	-	83	-	-	-	<b>83</b>
Total segment assets ****	-	394	-	-	-	<b>394</b>
Total segment liabilities *****	-	27	-	-	-	<b>27</b>
Staff (number of employees)	-	929	-	-	-	<b>929</b>

## Information by geographical area

<i>in millions of euros</i>	France***	Germany	Other Europe	North America	Asia and Pacific	Rest of the world	<b>Total Group</b>
<b>December 31, 2007</b>							
Net sales at current metal prices (before inter-segment eliminations)	2 871	935	2 390	1 333	886	591	<b>N/A</b>
Inter-segment sales at current metal prices	(1 032)	(83)	(432)	(1)	(15)	(31)	<b>N/A</b>
Net sales at current metal prices	1 839	852	1 958	1 332	871	560	<b>7 412</b>
Net sales at constant metal prices	1 083	621	1 511	662	571	374	<b>4 822</b>
Operating margin	61	65	123	78	50	31	<b>409</b>
Capital expenditures	35	28	55	10	16	29	<b>174</b>
Property, plant and equipment, net	146	120	264	90	153	121	<b>893</b>
Total segment assets *	973	386	1 062	307	640	372	<b>3 740</b>
Staff (number of employees)	3 919	2 862	8 407	1 870	2 269	2 571	<b>21 898</b>
<b>December 31, 2006**</b>							
Net sales at current metal prices (before inter-segment eliminations)	3 112	911	2 175	1 745	435	519	<b>N/A</b>
Inter-segment sales at current metal prices	(937)	(59)	(354)	(2)	(6)	(50)	<b>N/A</b>
Net sales at current metal prices	2 175	852	1 821	1 743	429	469	<b>7 489</b>
Net sales at constant metal prices	1 037	582	1 402	813	277	331	<b>4 442</b>
Net sales at constant metal prices and 2007 exchange rates	1 037	582	1 397	769	261	326	<b>4 373</b>
Operating margin	35	33	72	63	19	37	<b>260</b>
Capital expenditures	30	18	64	24	6	30	<b>171</b>
Property, plant and equipment, net	158	105	235	88	153	91	<b>829</b>
Total segment assets *	1 180	404	989	305	616	332	<b>3 826</b>
Staff (number of employees)	3 858	2 707	7 807	1 960	2 459	2 359	<b>21 150</b>
<b>December 31, 2005 restated</b>							
Net sales at current metal prices (before inter-segment eliminations)	2 065	692	1 846	1 153	302	348	<b>N/A</b>
Inter-segment sales at current metal prices	(592)	(43)	(293)	(1)	(3)	(26)	<b>N/A</b>
Net sales at current metal prices	1 473	649	1 553	1 152	299	322	<b>5 449</b>
Net sales at constant metal prices	1 024	553	1 412	753	247	275	<b>4 263</b>
Net sales at constant metal prices and 2006 exchange rates	1 024	553	1 406	777	259	283	<b>4 301</b>
Operating margin	6	27	73	41	11	28	<b>186</b>
Capital expenditures	18	22	52	12	14	12	<b>129</b>
Property, plant and equipment, net	165	121	213	125	86	68	<b>778</b>
Total segment assets *	874	363	860	365	220	250	<b>2 933</b>
Staff (number of employees)	3 823	2 685	7 766	1 835	1 270	2 205	<b>19 584</b>

\* Segment assets include property, plant and equipment and intangible assets, inventories, receivables, advances to suppliers, amounts due from customers on construction contracts, other operating receivables and goodwill.

\*\* Including as of December 31, 2006 the impact of the final purchase accounting entries recorded on the Olex Group.

\*\*\* Including Corporate activities

### Net sales at current metal prices by geographical market

<i>in millions of euros</i>	France	Germany	Other Europe	North America	Asia and Pacific	Rest of the world	<b>Total Group</b>
Year 2007	998	762	2 283	1 380	993	996	<b>7 412</b>
Year 2006	987	852	2 512	1 729	512	896	<b>7 489</b>
Year 2005	740	616	1 957	1 127	407	601	<b>5 449</b>