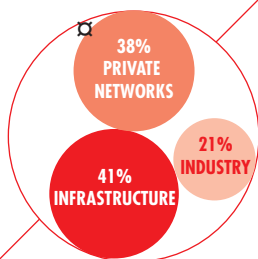


In 2002, the Telecom division's sales were down over 30% to 577 million euros compared with 836 million in 2001, resulting in a loss on operations of 35 million euros. This significant deterioration affected all market segments... and all stakeholders. However, the restructuring programs implemented on all markets are already showing results and led to an 18% reduction in indirect costs. In the United States, for example, the private networks activities are now reporting positive earnings.



A difficult year



Sales breakdown by activity

Infrastructure markets seem to have bottomed out

In mid-2001, there was a sudden downturn in the market, which continued into 2002. The sales on this market totaled 235 million euros in 2002, compared with 382 million euros in 2001, a drop of 38.6%. It reflects the **crisis experienced by telecom operators**, forced to significantly reduce their capital expenditure. In this context, restructuring programs implemented early in the year by Nexans

resulted in an important drop in the number of employees, especially in Spain. The main growth relay for the Telecom division on the infrastructure market is still the local loop, especially ADSL. This **fast Internet technology** is used to optimize existing telecom network copper cables. As a result of operations involving the maintenance and extension of these networks, Nexans booked sizeable orders. To



European rank
for telecom network copper cables*

N_{o.}1

European rank
for data transmission special cables*

N_{o.}1

Worldwide rank for LAN cables*

N_{o.}2

* See the cover flap.

meet the need for accessories used to install ADSL, Nexans developed **new systems** for telecom operators, for example, to test the quality of their lines. Easy to use, these innovations meet operators' new needs, namely, limited expenditure for an almost immediate return.

More generally, the development of city networks (local communities, for example) should enable Nexans to capitalize on

a particularly well-adapted offering of cables and connectivity products. In some emerging countries, the first signs of an upturn were visible largely because the telecom operators' inventory reduction phase was coming to an end

during the past few months. Such was the case in Brazil and Egypt where needs are set to increase.

In this context, Nexans' international presence, especially in South America, is a serious competitive advantage.

OUTLOOK FOR 2003 > *Nexans aims at developing its lead position on the local loop market by offering new, more efficient cables and cabling solutions. The Group is also intent on developing its presence in emerging countries by capitalizing on opportunities arising from the end of inventory reductions made by operators.*

Industry markets: good performance on certain "niche" activities

Nexans designs and manufactures data cables for telecom equipment, computer hardware, and for numerous industrial applications. In 2002, Nexans' sales totaled 121 million euros, down 35.3% on the previous year. This figure is the result of varying situations depending on the market segment. While 2002 was undeniably

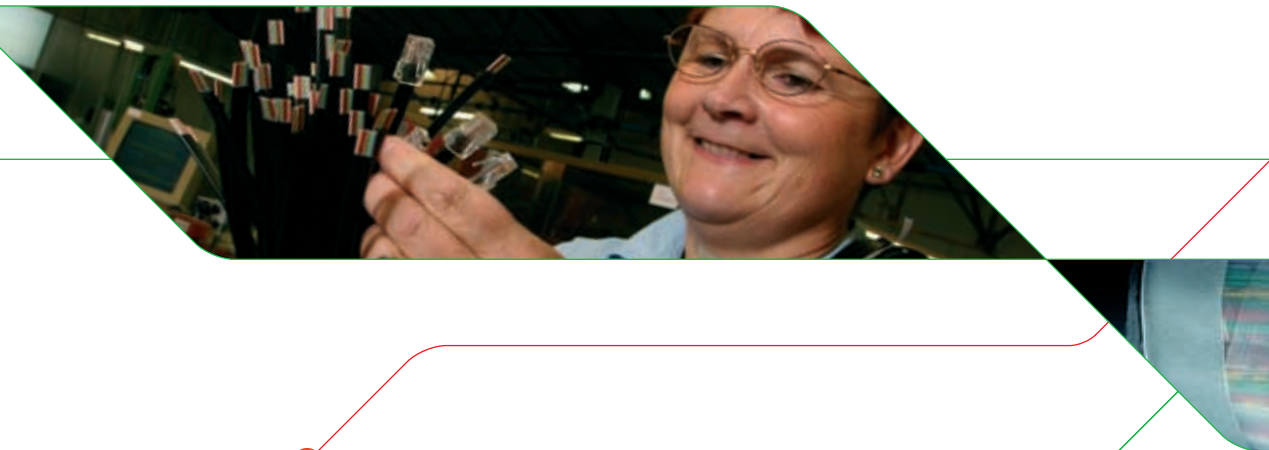
a bad year for the telecom equipment market, Nexans is, on the other hand, benefiting from the **relocation trend among OEMs (Original Equipment Manufacturers)**. This trend has a positive spin-off for the Group's facilities outside Europe, which benefit when production is transferred. The electronics cables sector is particularly

strong thanks to orders from the transport sector.

For **special cables**, Nexans has boosted its business with some players, especially in the oil and gas and nuclear industries. In December, the

Group announced a contract with the CEA (Commissariat à l'Énergie Atomique-French Atomic Energy Commission) for the supply of cables to be used in the "Crohydro" system.

OUTLOOK FOR 2003 > *On these markets, Nexans will continue to streamline its production plants and aims at developing sales, especially to telecom operators' sub-contractors. Nexans will also capitalize on its international sales network to increase sales in the railway sector.*



● **APRIL 17, 2002 RATIFICATION OF THE GG-45 STANDARD.** *The International Electrotechnical Commission's Connector Committee unanimously voted in favor of standardizing the GG-45 connector. Because of its performance, the model submitted by Nexans will become the international standard.*

● **SEPTEMBER 3, 2002 GOVERNMENT COMMUNICATION HEADQUARTERS (GCHQ).** *The UK's Government Communications Headquarters (GCHQ) – one of the most demanding customers possible – selected Nexans for the supply of a high-performance LAN. All voice and data communications needs will be provided by Nexans' LANmark structured cabling system.*

Approximately 550 kilometers of cables, of which 150 kilometers of telecom cables for the Mont-Blanc tunnel

A man wearing a white hard hat and a dark blue jacket stands in an industrial setting, possibly a factory or control room. He has his arms crossed and is smiling slightly. The background shows various pieces of machinery and equipment. The image is framed by a green border with a curved top-left corner.

Kyu Chul Kim
Korea

"I tell myself that if Nexans cables are so highly considered the world over, it's also a little because of me!"

Interview

Kyu Chul Kim works for Nexans Korea. Since the beginning of his career in 1983, production methods have changed, but it is above all in the areas of quality and safety that requirements have increased.

What is your position at the plant?

Kyu Chul Kim: I mainly work in copper telecom cable insulation, but also in LAN cables. The same machine produces both types of cables. Switching from one to the other requires a level of operational skill and speed that very few possess. I am proud to be one of them!

Were you trained to be so efficient?

K.C.K.: Of course. That's the advantage of working for an international group such as

Nexans. It gives us the opportunity to continually acquire new skills and to adapt to new techniques. Whether through visits to other Nexans plants, or by participating in certification programs: there are always ways to improve our skills.

What are the most interesting aspects of your work?

K.C.K.: I feel very involved in all aspects of our working methods. For example, last year Overall Equipment Efficiency (OEE) program was implemented in all Nexans

Korea plants. This new inspection system, already implemented at other Nexans plants abroad, will allow us to improve productivity. I am also very aware of the quality of the products I produce. Since I joined the company, I have noted considerable progress in this area and, at my level, I do everything to make further improvements. Finally, when I really think about it, I tell myself that if Nexans cables are so highly considered the world over, it's also a little because of me!



Telecom division's sales in 2002: :
577 million euros (excluding copper price variation)



Private network markets: boosting innovation

In this area, Nexans' cables and cabling systems are mainly used in LANs (Local Area Networks). The building market, which is highly dependent on the economy, had a difficult year. Sales for 2002 totaled 221 million euros, down 17% over 2001. **Many companies were forced to put back their real estate projects** or

the renewal of their information technology systems. These choices weighed heavily on the business of specialist distributors, Nexans' main customers for data cables. In this depressed context, **Nexans continued to restructure**, mainly in France and Belgium. The Group remained active in terms of innovation, releasing new

cable and accessories lines. One of the best performers has been an indoor-outdoor cable called Adventum™, which simplifies the installation of office building networks.

In the United States, the restructuring of the subsidiary Berk-Tek was highly successful, and the New Holland plant regained a good level of earnings in 2002.

OUTLOOK FOR 2003 > *As the deterioration seems to have bottomed out, Nexans' main aim for its private network business is to participate in the sector's reorganization in Europe and the United States, where the Group is committed to becoming one of the market majors. Nexans will also pursue its cost cutting policy.*