

Interview with the Chairman

GÉRARD HAUSER,
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER



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How would you sum up 2003?

In a particularly difficult economic climate, Nexans has, on the whole, met its financial targets. The Group has been able to maintain a balance overall while increasing market share in many sectors. Sales, at constant copper prices and exchange rates, dropped by only 0.8% in 2003, which is well above the cable market average. Admittedly, our income from operations is not yet as high as we would like, but this is mainly due to the state of the economy rather than Nexans' performance. The Group has responded to the problems of overcapacity and price erosion by taking the restructuring measures required. Our strength today lies in the fact that we are a general-purpose cablemaker with a comprehensive line of products and excellent geographic coverage.

How have Nexans' shares performed?

Our performance is in line with market expectations. Our share price rose by 74% over the year, ranking us among the top 15 performers in the SBF 120 index. This result demonstrates our shareholders' and the financial markets' confidence in Nexans and our approach to communication. Our shareholders have been particularly loyal since our stock market listing.

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What are your results by market in 2003?

We performed extremely well in everything connected with medium- and high-voltage power cables. Conversely, in low-voltage cables we suffered from the downturn in industrial investment. The telecommunications market has stabilized. We benefited from the ADSL boom and from the effects of restructuring, particularly in the United States. The situation in electrical wires is variable. Our wirerod business is still performing extremely well, but our results and insufficient critical mass in the winding wires sector are leading us to consider selling off this business.

What about your strategic direction?

In 2003, we put in place a new organizational structure according to country and geographic area. The main aim of this change was to be closer to our customers to better enable us to promote the full range of Nexans products and solutions locally. We also turned our attention to the medium term in creating a cross-organizational department designed to give the Group a new marketing dimension and institute a strategic planning process.

What are Nexans' prospects for 2004?

Numerous contracts were signed in 2003 which means that we can approach 2004 with greater confidence, especially since the economic situation should improve in our core businesses. We have set our priorities in markets that are looking particularly buoyant in the medium term, such as railways, aeronautics, cables for shipbuilding and safety cables. We want to consolidate the profitability of the energy sector through new cabling solutions and we intend to take advantage of the recovery of the telecommunications sector to develop our solutions for the local loop. In all areas, innovations abound and rely on every individual's responsiveness and sense of initiative. We continue to pursue a rigorous financial management policy, anticipating and taking advantage of commercial opportunities, and this should improve our profitability still further in 2004. In addition, we will continue to seek targeted acquisitions. More than ever, our absolute priority is still to consolidate and increase our attractiveness to our shareholders, employees and customers.