



Press release

Clear improvement in First half results

Paris, July 21, 2004 - The Board of Directors of Nexans, which met on July 20, 2004 under the chairmanship of Gérard Hauser, reviewed the Group's consolidated financial statements for the first half-year. (The figures of the first half 2003 have been restated in order to present the effect of the implementation of CRC regulation 2002-10).

- First half sales totaled 2,378 million euros, benefiting largely from the rise in copper prices over the period. *At constant non-ferrous metals prices*, sales reached 2,029 million euros compared to 1,902 million euros in the first half of 2003 (based on 2004 exchange rates), an increase of 6.7% (+5.4% on a comparable consolidation scope).
- *Operating profit* totaled 54 million euros, compared to 37 million euros in the first half of 2003, a rise of 46%. Operating margin has therefore increased from 1.9% to 2.6%, confirming the announced prospects of recovery.
- All the Group's businesses and geographical areas have benefited from this improvement, and have made progress in terms of results, although there are contrasts in the rates of improvement.
- *Net income* for the first half totaled 33 million euros compared to 14 million euros at June 30, 2003, taking into account capital gains on disposals of 8 million euros and released a financial provision of 8 million euros.
- The sharp increase in copper prices, which had a disruptive effect on activity in the first quarter, added to *Group debt*, which reached 226 million euros at June 30, 2004, an increase of 84 million euros, compared with one year earlier.

Commenting on the results, Nexans Chairman and CEO Gérard Hauser said: *"In an economic environment that seems to be recovering - admittedly more rapidly in North America than in Europe - the Group is reaping the benefit of its rigorous financial management and sales development programs. Guided by a clear strategy, the Group is striving to build sustainable profitability and develop the driving forces for growth it has identified to strengthen its attractiveness. The positive achievements of the first half of 2004 augur well for further advances in the second half of 2004. At constant non-ferrous metal prices and exchange rates, the Group's sales could increase by about 5%*

in 2004 compared to 2003, and annual operating margin could be between 2.8% and 3%. Considering the non recurring elements that contributed to the first half net income, the progress of the net income should not maintain the same rhythm in the second half”.

Consolidated results – first half 2004:

<i>millions of euros</i>	H1 2003	H1 2004	Change
Sales	1,992	2,378	+19%
Sales (at constant metal prices and exchange rates)	1,902	2,029	+6.7%
EBITDA (as % of sales)	89 4.6%	101 5%	+13.5%
Operating profit (as % of sales)	37 1.9%	54 2.6%	+45.9%
Net income	14	33	X2

Breaking the 2 billion euro barrier, sales at constant non-ferrous metals prices, which rose by 6.7% (at constant exchange rates) compared with the same period last year, and by 3.7% compared with the second half of 2003, totaled 2,029 million euros.

All the Group's businesses and geographical areas benefited from this growth: sales in Asia / Rest of the World and North America achieved the most substantial advances, with organic increases of 22% and 13% respectively.

Operating profit totaled 54 million euros, 45.9% higher than in the first half of 2003. This trend reflects two quarters of differing trends: the first quarter was affected by sluggish industrial demand in Europe and the disruption of customer behavior patterns linked to a 57% rise in copper prices in one year, while the positive trend in the second quarter was in line with the second half of 2003.

Net income amounted to 33 million euros after allowing for a restructuring charge of 11 million euros, released a financial provision of 8 million euros and capital gains on disposals of the same amount.

Results by business sector

<i>millions of euros</i>	H1 2003		H1 2004	
	Sales (1)	Operating profit	Sales (1)	Operating profit
Energy	1,016	31	1,104	38
Telecom	267	2	279	4
Electrical wires	488	7	504	10
Distribution	130	4	137	6
Other	1	(7)	5	(4)
Total	1,902	37	2,029	54

(1) Sales at constant metal prices and exchange rates

Energy:

The operating profit for this business amounted to 38 million euros, 22.6% higher than in the first half of 2003, strongly supported by excellent performances in the infrastructure businesses, particularly in high voltage cables and umbilical cables.

In industrial cables, profitability was maintained thanks to a very good performance in automotive cables, which offset the weak trends in other industrial cables.

In the Building sector, the rise in copper prices disrupted players' behavior patterns, adversely affecting the profitability of this segment in Europe. There was an improvement in the second quarter.

Telecom:

This business is clearly recovering, although it has not yet returned to a satisfactory level of profitability.

Infrastructure cables returned to break-even and private local area network (LAN) cables are continuing to expand in North America.

Electrical wires:

The operating profit of this business advanced by 42.8% to 10 million euros, supported by improved profitability in the Winding Wires activity, reflecting the impact of the restructuring plans carried out in 2003, and the good resilience of the Wirerod businesses which have maintained market share in a period of price pressure.

Analysis of sales and operating profit by geographical area

millions of euros	H1 2003			H1 2004		
	Sales (1)	OP	OP/sales	Sales (1)	OP	OP/sales
Europe	1,467	24	1.6%	1,501	37	2.5%
North America	309	6	1.9%	348	10	2.8%
Asia / Rest of the World	126	7	5.3%	180	7	3.9%
Total	1,902	37	1.9%	2,029	54	2.6%

(1) Sales at constant metal prices and exchange rates

Europe Area

There was no real revival in sales in Europe, which advanced by only 2.3% in the first half of 2004 compared with the first half of 2003.

The increase in operating profit, which totaled 37 million euros (up 54% from June 30, 2003), can be attributed to the growth achieved in high value-added products (high voltage cables and automotive cables), the return to breakeven in infrastructure energy cables in Italy and the general reduction in indirect costs.

North America Area

Sales increased by 13% up to June 30, 2004, compared with one year earlier. The increase in operating profit from 6 million euros to 10 million euros can mainly be attributed to the good performance of energy cables for the Building sector and the favorable impact of restructuring plans carried out in Winding Wires.

Asia and Rest of the World Area

Sales growth in this area increased sharply, reflecting the favorable impact of the entry of Kukdong (Korea) and Furukawa (Brazil) in the consolidation scope. Performances in Asia however were in decline, undermined by price pressure in the marine cable business and disruptions caused by rising copper prices.

Financial calendar

October 18, 2004: publication of the 2004 third quarter sales

February 3, 2005: publication of 2004 preliminary annual consolidated financial statements

A full set of slides to illustrate the presentation of the results, and a detailed presentation of the financial statements are available on the Nexans Internet site at www.nexans.com

About Nexans

Nexans is the worldwide leader in the cable industry. The Group brings an extensive range of advanced copper and optical fiber cable solutions to the infrastructure, industry and building markets. Nexans cables and cabling systems can be found in every area of people's lives, from telecommunications and energy networks, to aeronautics, aerospace, automobile, railways, building, petrochemical, medical applications, etc. With an industrial presence in 29 countries and commercial activities in 65 countries, Nexans employs 17,000 people and had sales in 2003 of 4 billion euros. Nexans is listed on the Paris stock exchange. More information on: www.nexans.com

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Annexes

1. Consolidated income statement
2. Consolidated Balance sheet
3. Consolidated statement of cash flows

Consolidated income statement

in millions of euros

	1 st Half- year 2004	1 st Half- year 2003	1 st Half- year 2003 proforma (a)	Full-year 2003
Net sales	2,378	1,992	1,992	4,046
Metal price effect	(349)	(47)	(47)	(123)
Net sales at constant metal price	2,029	1,945	1,945	3,924
Cost of sales	(1,758)	(1,695)	(1,678)	(3,383)
Gross profit	271	250	267	541
Administrative and selling expenses	(194)	(207)	(207)	(402)
R&D costs	(23)	(23)	(23)	(47)
Income from operations	54	20	37	91
Financial income (loss)	(6)	(15)	(15)	(31)
Restructuring costs	(11)	(9)	(9)	(41)
Other revenues (expenses)	8	1	1	(2)
Income before taxes	45	(3)	14	18
Income tax	(9)	5	4	8
Share in net income of equity affiliates	-	-	-	(1)
Consolidated net income before amortization of goodwill	36	2	18	25
Amortization and depreciation of goodwill	1	(1)	(1)	(14)
Minority interests	(4)	(3)	(3)	(10)
Net income (Group share)	33	(2)	14	1
Earnings per share (in euros)	1.57	(0.10)	0.68	0.06
Diluted earnings per share (in euros)	1.49	(0.10)	0.66	0.06

(a) The proforma financial statements for the six month period ending June 30, 2003 have been restated in order to present the effect of the implementation of CRC regulation 2002-10 relating to accounting for fixed assets.

Consolidated balance sheet

in millions of euros

ASSETS	1st Half- year 2004	1st Half- year 2003	1st Half- year 2003 proforma (a)	Full-year 2003
Goodwill, net	24	43	37	23
Other intangible assets, net	4	6	6	4
Intangible assets, net	28	49	43	27
Property, plant and equipment	2,866	2,884	2,884	2,843
Amortization and depreciation	(2,090)	(2,113)	(2,071)	(2,059)
Property, plant and equipment, net	776	771	813	784
Share in net assets of equity affiliates	1	3	3	3
Other investments and miscellaneous, net	61	64	64	65
Investments and other non-current assets	62	67	67	68
TOTAL NON-CURRENT ASSETS, NET	866	887	923	879
Inventories and work in progress, net	620	621	621	556
Trade receivables and related accounts, net	956	811	811	744
Other accounts receivable, net	177	168	168	170
Accounts receivable, net	1,133	979	979	914
Cash and cash equivalents	202	159	159	104
TOTAL CURRENT ASSETS	1,955	1,759	1,759	1,574
TOTAL ASSETS	2,821	2,646	2,681	2,453

in millions of euros

LIABILITIES AND EQUITY	1st Half- year 2004	1st Half- year 2003	1st Half- year 2003 proforma (a)	Full-year 2003
Capital stock (EUR 1 nominal value; 23 172 947 shares issued at June 30, 2004)	23	23	23	23
Additional paid-in capital	1,014	1,013	1,013	1,014
Retained earnings	(48)	(50)	(40)	(40)
Cumulative translation adjustments	(16)	(4)	(4)	(28)
Net income	33	(2)	14	1
Treasury stock	(28)	(28)	(28)	(28)
SHAREHOLDERS' EQUITY	978	952	978	942
MINORITY INTERESTS	105	107	105	103
Accrued pension and retirement obligations	266	260	260	260
Accrued contract costs and other reserves	102	124	124	120
TOTAL RESERVES FOR LIABILITIES AND CHARGES	368	384	384	380
TOTAL FINANCIAL DEBT	428	301	301	126
Customers' deposits and advances	52	34	34	51
Trade payables and related accounts	493	474	474	463
Other payables	397	394	406	387
TOTAL OTHER PAYABLES	942	902	913	901
TOTAL LIABILITIES AND EQUITY	2,821	2,646	2,681	2,453

Consolidated statement of cash flows

in millions of euros

	1 st Half- year 2004	1 st Half- year 2003	1 st Half- year 2003 proforma (a)	Full-year 2003
Net income	33	(2)	14	1
Minority interests	4	3	3	10
Depreciation and amortization	46	70	53	113
Changes in reserves for pension obligations, net	2	4	4	3
Changes in other reserves and deferred taxes	(29)	(27)	(26)	(36)
Net (gain) loss on disposal of non-current assets	(8)	(1)	(1)	2
Share in net income of equity affiliates (net of dividends received)	-	-	-	1
Other non-cash items	-	-	-	-
Cash flow provided by operations	48	47	47	93
Decrease (increase) in accounts receivable	(211)	(62)	(62)	17
Decrease (increase) in inventories	(60)	10	10	69
Increase (decrease) in accounts payable and accrued expenses	45	(5)	(5)	(15)
Changes in reserves on current assets (including accrued contract costs)	-	(8)	(8)	(24)
Net change in current assets and liabilities	(226)	(65)	(65)	47
Net cash provided (used) by operating activities	(178)	(18)	(18)	140
Proceeds from disposal of fixed assets	17	3	3	15
Capital expenditure	(35)	(24)	(24)	(67)
Decrease (increase) in loans	2	1	1	(3)
Cash expenditures for acquisition of consolidated companies, net of cash acquired, and for acquisition of unconsolidated companies	(4)	(34)	(34)	(35)
Cash proceeds from sale of previously consolidated companies, net of cash sold, and from sale of unconsolidated companies	-	-	-	-
Net cash provided (used) by investing activities	(20)	(54)	(54)	(90)
Net cash flow after investment	(198)	(72)	(72)	50
Proceeds from issuance of shares	1	-	-	-
Dividends paid	(9)	(8)	(8)	(8)
Net cash provided (used) by financing activities	(8)	(8)	(8)	(8)
Net effect of currency translation differences	3	(9)	(9)	(13)
Net increase (decrease) in net debt / cash	(203)	(89)	(89)	29
Net (debt)/cash at beginning of year	(23)	(52)	(52)	(52)
Net (debt)/cash at end of year	(226)	(142)	(142)	(23)