



Press release

Nexans' half year results :
Operating margin holds up well despite a fall in sales

Paris, July 22, 2003 - At its meeting of July 21, 2003, chaired by Gérard Hauser, the Nexans Board of Directors reviewed Nexans' financial statements for the first half of the year.

- Against the background of a continuing deterioration in market conditions, sales in the first half of the year were 1,992 million Euros. At constant non-ferrous metal prices and exchange rates, sales were 1,945 million Euros compared with 2,007 million Euros in the 6 first months of 2002 (a fall of 4.4% compared with the first half of 2002, at constant consolidated scope but only 3.4% lower than the second half of 2002).
- Operating profit was 20 million Euros at June 30, 2003, 4 million Euros lower than at 30 June 2002. Despite the fall in sales, the operating profit margin rate was close to that of first half 2002 (1% compared with 1.2%). In line with earlier announcements, income from operations in the Telecom business was close to the breakeven point (-1 million Euros).
- Net income was -2 million Euros compared with -11 million Euros at June 30, 2002.
- In line with its targets Nexans has maintained very considerable downward pressure on working capital and investments, thereby limiting net debt at June 30, 2003 to 142 million Euros, despite the 38 million Euros in expenditures on acquisitions, share buybacks and dividend payments of Nexans.

Gérard Hauser, Chairman and CEO, commented: *"While the economic environment continues to worsen and industrial investment is slow to pick up, Nexans has given priority to rigorous management of its operations, which should enable it to consolidate its leading position in the Energy and Telecom infrastructure*

markets and to be better placed to profit from economic recovery. In view of the restructuring that has been undertaken in the cable industry as a whole and future needs for plant and equipment throughout the world, the company's prospects remain favorable.

For 2003, we believe we can maintain our operating profit margin rate for the year as a whole at a level close to that for 2002. However, our net income, which has risen compared with the previous year, is likely to remain negative".

1. Consolidated results:

In millions of Euros	H1 2002	H1 2003
Sales	2,228	1,992
Sales (at constant metal prices and exchange rates)	2,007	1,945
EBITDA (as % of sales)	99 4.7%	89 4.6%
Operating profit (as % of sales)	24 1.2%	20 1%
Net income	(11)	(2)

Sales for the six months ending June 30, 2003, were 1,992 million Euros, versus 2,228 million at 30 June 2002. At constant non-ferrous metal prices, sales were 1,945 million Euros, a fall of 4.4% compared with the first half of 2002, on a comparable basis and at constant exchange rates.

Operating profit was 20 million Euros, compared with 24 million Euros in the first half of 2002. Nexans' performance was boosted by the return of the Telecom business to a breakeven level and the outstanding results recorded in the high-voltage power cable activity.

Provisions for restructuring expenses amounted to 9 million Euros, consistent with the overall restructuring budget of 130 million Euros spread over 2002 and 2003.

Net income is close to the breakeven point (-2 million Euros).

2. Results by activity:

in millions of Euros	H1 2002		H1 2003	
	Sales (1)	Operating profit	Sales (1)	Operating profit
Energy	1,038	34	1,033	24
Telecom	276	(22)	278	(1)
Electrical wires	539	8	494	-
Distribution	154	5	140	4
Other	-	(1)	-	(7)
Total	2,007	24	1,945	20

(1) Sales at constant metal prices and exchange rates

Energy:

Sales in the Energy Division of 1,033 million Euros, were close to those of the first half of 2002, after taking into account the inclusion of Kukdong and energy cable subsidiary of Furukawa in Brazil in the Group account which impact this figure by approximately 25 million Euros.

Operating profit was 24 million Euros, compared with 34 million Euros at June 30, 2002. This result reflects very different situations, ranging from the excellent performance of the infrastructure cable business to the weakness of low-voltage cables for building, which was due largely to a fall in prices.

Telecom:

Sales in the Telecom Division were unchanged from the first half of 2002 at 278 million Euros. This followed four consecutive half-years of declines.

At -1 million Euros, the operating profit came close to the breakeven point. This reflected mainly the positive impact of the vigorous restructuring plans the Group has been implementing since the end of 2001, which have led to a reduction of 6.3% in indirect costs compared with June 30, 2002.

Electrical wires:

Sales in the Electrical wires division came to 494 million Euros, compared with 539 million Euros at the end of June 2002, a fall of 8.3%.

Operating profit is at breakeven, which represents a decline compared with the first half of 2002 resulting from the weakness of industrial investment in the winding wires sector and the negative impact (3 million Euros) of the restructuring in the USA.

3. Outlook for 2003

The economic environment in which Nexans operates is likely to remain difficult in 2003 and will continue to have an adverse impact on sales. However, the recovery in

the telecommunications cable business, the prospects for an improvement in power cable sales in the second half and the continuing fall in indirect costs mean that the operating profit margin for 2003 is likely to be close to that achieved in 2002. The Board of Directors has decided that in the full year accounts at December 31, 2003, the provisions of CRC regulation 2002-10, which allow for the calculation of various depreciation periods depending on the composition of the assets, will be applied. This should have a positive effect on shareholders' equity and on operating profit, which could then exceed that recorded in the previous financial year.

4. Financial calendar :

Publication of third-quarter sales: October 15, 2003

The full set of accounts is available on Nexans' Web site: 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 28 countries and commercial activities in 65 countries, Nexans employs 17,150 people and had sales in 2002 of euros 4.3 billion. Nexans is listed on the Paris stock exchange. More information on www.nexans.com

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Appendices :

1. Income statement
2. Balance sheet
3. Cash flow statement

Consolidated income statement

in millions of euros

	Half-year 2003	Half-year 2002	Full-year 2002
Net sales	1,992	2,228	4,302
Metal price effect	(47)	(139)	(206)
Net sales at constant metal price	1,945	2,089	4,096
Cost of sales	(1,695)	(1,816)	(3,571)
Gross profit	250	273	525
Administrative and selling expenses	(207)	(224)	(421)
R&D costs	(23)	(25)	(48)
Income from operations	20	24	56
Financial income (loss)	(15)	(13)	(31)
Restructuring costs	(9)	(33)	(90)
Other revenues (expenses)	1	15	23
Income before taxes	(3)	(7)	(43)
Income tax	5	(2)	10
Share in net income of equity affiliates	-	-	-
Consolidated net income before amortization of goodwill	2	(9)	(33)
Amortization of goodwill	(1)	(1)	(2)
Minority interests	(3)	1	(5)
Net income (Group share)	(2)	(11)	(40)
Earnings per share (in euros)	(0.10)	(0.46)	(1.78)
Diluted earnings per share (in euros)	(0.10)	(0.45)	(1.74)

Consolidated balance sheet

in millions of euros

ASSETS	30/06/03	30/06/02	31/12/02
Goodwill, net	43	33	39
Other intangible assets, net	6	6	7
Intangible assets, net	49	39	45
Property, plant and equipment	2,884	2,905	2,870
Depreciation	(2,113)	(2,047)	(2,071)
Property, plant and equipment, net	771	858	799
Share in net assets of equity affiliates	3	4	4
Other investments and miscellaneous, net	64	89	63
Investments and other non-current assets	67	93	67
TOTAL NON-CURRENT ASSETS, NET	887	990	911
Inventories and work in progress, net	621	635	628
Trade receivables and related accounts, net	811	889	761
Other accounts receivable, net	168	172	133
Accounts receivable, net	979	1,061	894
Marketable securities, net	7	30	33
Cash, net	152	157	135
Cash and cash equivalents	159	187	167
TOTAL CURRENT ASSETS	1,759	1,883	1,689
TOTAL ASSETS	2,646	2,873	2,600
LIABILITIES AND EQUITY			
Capital stock (EUR 1 nominal value; 23,171,472 shares issued at June 30, 2003)	23	23	23
Additional paid-in capital	1,013	1,014	1,014
Retained earnings	(50)	(6)	(7)
Cumulative translation adjustments	(4)	41	26
Net income	(2)	(11)	(40)
Treasury stock	(28)	-	(25)
SHAREHOLDERS' EQUITY	952	1,061	991
MINORITY INTERESTS	107	96	88
Accrued pension and retirement obligations	260	260	253
Accrued contract costs and other reserves	124	148	143
TOTAL RESERVES FOR LIABILITIES AND CHARGES	384	408	396
TOTAL FINANCIAL DEBT	301	322	219
Customers' deposits and advances	34	39	37
Trade payables and related accounts	474	527	485
Other payables	394	420	384
TOTAL OTHER PAYABLES	902	986	905
TOTAL LIABILITIES AND EQUITY	2,646	2,873	2,600

Consolidated statement of cash flows

in millions of euros

	Half- year 2003	Half- year 2002	Full- year 2002
Net income	(2)	(11)	(40)
Minority interests	3	1	6
Depreciation and amortization	70	76	148
Changes in reserves for pension obligations, net	4	4	(3)
Changes in other reserves, net	(27)	(4)	(1)
Net (gain) loss on disposal of non-current assets	(1)	(14)	(23)
Share in net income of equity affiliates (net of dividends received)	-	-	-
Other	-	-	-
Cash flow provided by operations	47	52	87
Decrease (increase) in accounts receivable	(62)	(69)	112
Decrease (increase) in inventories	10	(11)	1
Increase (decrease) in accounts payable and accrued expenses	(5)	-	(60)
Changes in reserves on current assets (including accrued contract costs)	(8)	(3)	(14)
Net change in current assets and liabilities	(65)	(83)	39
Net cash provided (used) by operating activities	(18)	(31)	126
Proceeds from disposal of fixed assets	3	2	12
Capital expenditure	(24)	(47)	(96)
Decrease (increase) in loans	1	(11)	(1)
Cash expenditures for acquisition of consolidated companies, net of cash acquired, and for acquisition of unconsolidated companies	(34)	(19)	(64)
Cash proceeds from sale of previously consolidated companies, net of cash sold, and from sale of unconsolidated companies	-	27	41
Net cash provided (used) by investing activities	(54)	(48)	(108)
Net cash flow after investment	(72)	(79)	18
Proceeds from issuance of shares	-	1	1
Dividends paid	(8)	(3)	(15)
Net cash provided (used) by financing activities	(8)	(2)	(15)
Net effect of exchange rate changes	(9)	17	16
Net increase (decrease) in net debt / cash	(89)	(64)	20
Net (debt)/cash at beginning of year	(52)	(71)	(71)
Net (debt)/cash at end of year	(142)	(135)	(52)