



2002 Half Year Results  
July 22, 2002

Gérard Hauser

This presentation contains forward-looking statements relating to the Company's expectations for future financial performance, including sales and profitability.

Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance and achievements to be materially different from those implied in the forward-looking statements.

Such expectations depend amongst others on the following assumptions and risks: (1) the European and North American economies will recover; (2) drop in demand for LAN and winding wire will reverse; (3) telecom operators return to normal levels of infrastructure spending; (4) the effect of metal price and currency fluctuations will be neutral; (5) the company will be able to reduce its cost base through realization of restructuring actions in the anticipated time frame; (6) the company will be able to achieve productivity improvements; and (7) the company will successfully integrate acquisitions.

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## " STRATEGIC "

- Acquisition of Petri
- Disposal of Agro
- Other opportunities currently being examined

## OPERATIONAL

- Sustained demand in Energy Infrastructure
- Beginning of a recovery in Electrical Wires
- Drop in demand in export contracts in Telecom Public Networks
- Weakness of European demand in Telecom Private Networks

## FINANCIAL

- Breakeven points lowered by the 6% reduction in indirect costs
- Debt level 100 M€ lower than 2001
- Capex below depreciation
- WCN maintained at a low level

## RESTRUCTURING

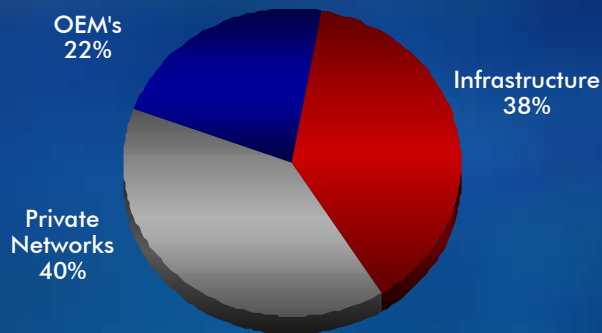
- 2002 program 40%-committed and on schedule
- Total cost on completion confirmed at 120 M€ (80 M€ in cash)
- Full-year expected payback of 35 M€ (3 years +) of which 24 M€ already achieved

**2002 : PRESERVING OUR CAPITAL  
IN A TOUGH PERIOD**

(million €)	1H 01	2H 01	1H 02
Sales at current metal prices	2,536	2,241	2,228
Sales at constant metal prices	2,320	2,147	2,090
EBITDA	151	129	99
EBITDA margin	6.5 %	6 %	4.7 %
Operating profit	79	60	24
Operating margin	3.4 %	2.8 %	1.2 %
<b>Net income</b>	<b>19</b>	<b>11</b>	<b>(11)</b>
<b>Cash flow from operations</b>	<b>111</b>	<b>99</b>	<b>74</b>
<b>Earnings per share</b>	<b>0.78</b>	<b>0.44</b>	<b>(0.46)</b>

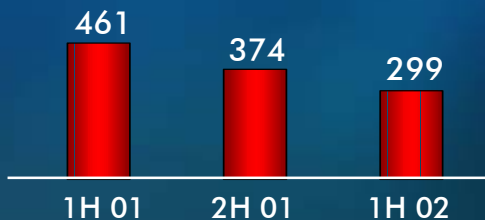
(million €) at constant metal prices	1H 01			2H 01			1H 02		
	Sales	OP	%	Sales	OP	%	Sales	OP	%
Energy	1,085	32	3 %	1,104	48	4.3 %	1,066	34	3.2 %
Telecom	461	23	4.9 %	374	7	2 %	299	(22)	-7.2 %
Electrical Wires	605	18	2.9 %	497	(3)	-0.5 %	569	8	1.4 %
Dist. & Other	169	6	3.7 %	172	8	4.2 %	156	4	2.6 %
<b>Total</b>	<b>2,320</b>	<b>79</b>	<b>3.4 %</b>	<b>2,147</b>	<b>60</b>	<b>2.8 %</b>	<b>2,090</b>	<b>24</b>	<b>1.2 %</b>

1H 2002 SALES : 299 M€<sup>(a)</sup>

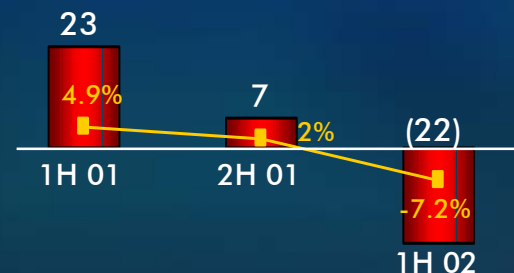


- USA : Fixed costs reduced = OP back to positive at constant load
- Europe: Market decrease occurred later than in the US
- Far Export: Drop in infrastructure contracts (approx. 35 M€)

Sales (M€)<sup>(a)</sup>



Operating Profit (M€)



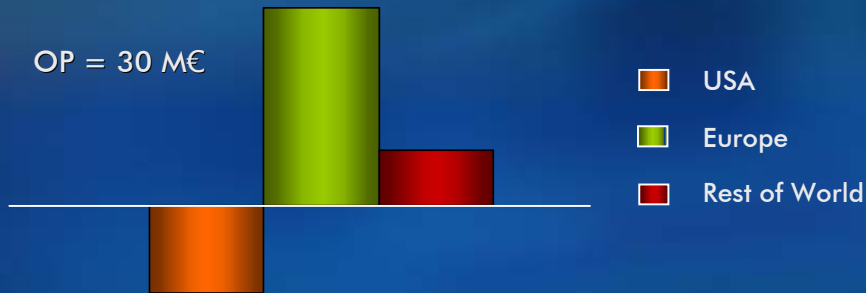
(a) Sales at constant metal prices

1H 02 Sales = - 36.8% at constant perimeter

# Telecom Breakeven point lowered (cont'd)

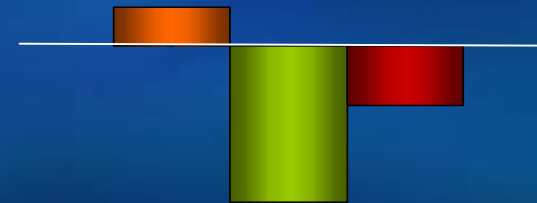
2001 (12 months)

OP = 30 M€



2002 (6 months)

OP = - 22 M€



- Difficulties centered around private US networks
- European public network markets are driven by maintenance needs
- Investment from emerging countries operators

- USA : breakeven point lowered to a level corresponding to 2001 load
- Strong decrease of European LAN cables demand
- Freeze of export contracts

(Sales breakdown  
million € )

- 1H 2001
- 2H 2001
- 1H 2002



## OEM's

## Infrastructure

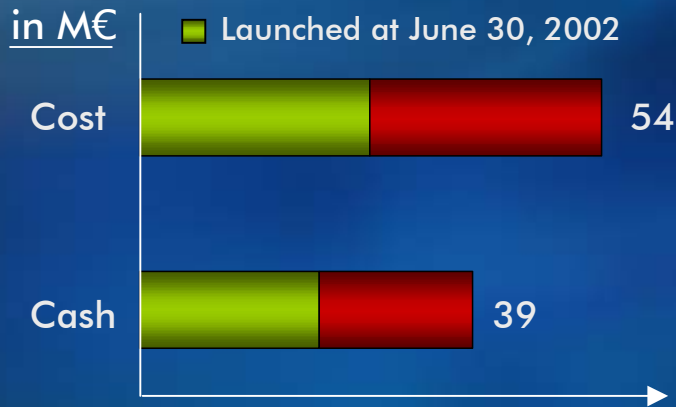
## Private networks

Operating margin

1H 01	2H 01	1H 02
10.6%	2.4%	-5.7%

1H 01	2H 01	1H 02
7.7%	9.7%	-8.9%

1H 01	2H 01	1H 02
-3%	-9.3%	-6.4%

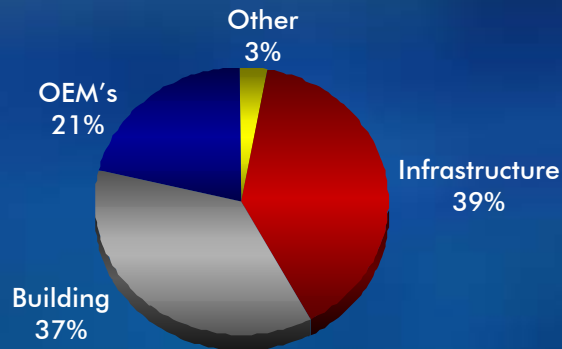


## MEASURES UNDER WAY

- Reduction of capacity in :
  - Public Networks
  - Private Networks and electronic cables

- **Realization** rate at June 30 : 50%
  - Staff reduction = More than 330
  - Cost of measures launched = 27 M€ (21 M€ in cash)
- Savings already **achieved** on a full-year basis = 17 M€
  - Cost Payback = 1.6 years
  - Cash Payback = 1.2 years

1H 2002 Sales : 1,066 M€<sup>(a)</sup>

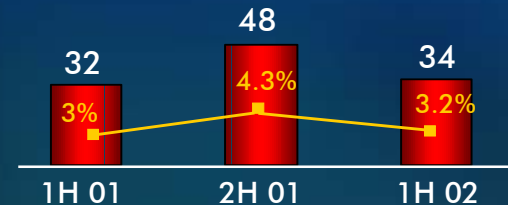


- Encouraging level of profitability in view of normal seasonality factor
- Contrast between :
  - Public Networks : ++
  - OEM's : +-
  - Building : --
- Benefit from past restructuring plans

Sales (M€)<sup>(a)</sup>



Operating profit (M€)



<sup>(a)</sup> Sales at constant metal prices

1H 02 Sales = - 3.8% at constant perimeter

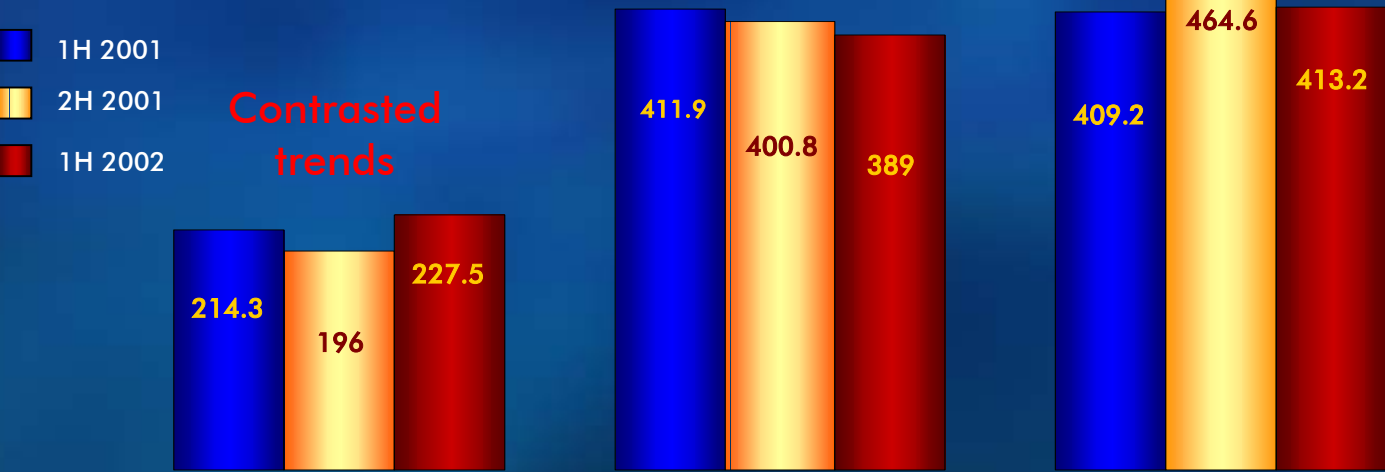
(Sales breakdown  
million € )

- 1H 2001
- 2H 2001
- 1H 2002

**Contrasted trends**

**Pressure on Price & Volumes**

**Progress**

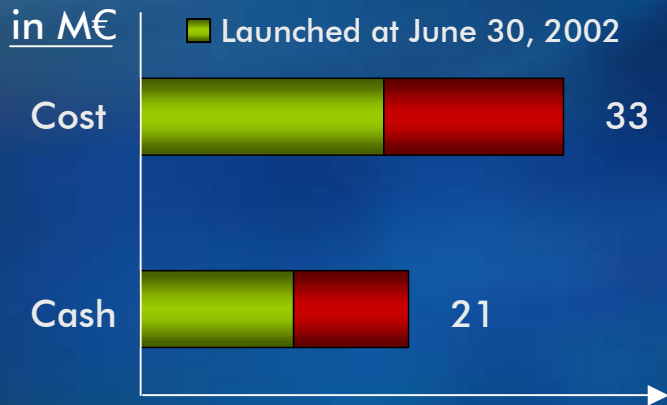


**OEM's**

**Building**

**Infrastructure**

Operating margin	OEM's			Building			Infrastructure		
	1H 01	2H 01	1H 02	1H 01	2H 01	1H 02	1H 01	2H 01	1H 02
	3.8%	2.6%	2.1%	3.7%	3.5%	1%	1.3%	5.3%	5.6%



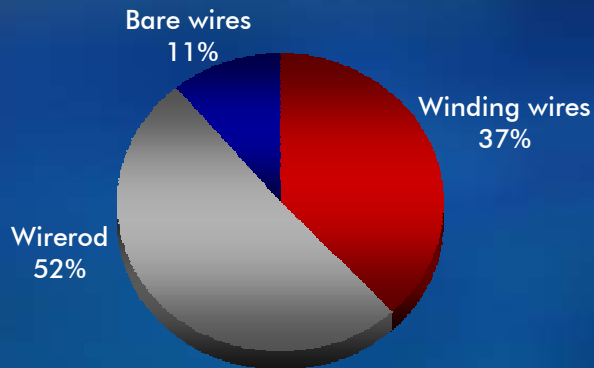
## MEASURES UNDER WAY

- Capacity reduction in :
  - Building
  - Industrial cables (OEM's )

- **Realization** rate at June 30 : 58%
  - Staff reduction = More than 150
  - Cost of measures launched = 19 M€ (12 M€ in cash)
- Savings **achieved** on a full-year basis = 7 M€
  - Cost Payback = 2.7 years
  - Cash Payback = 1.7 years

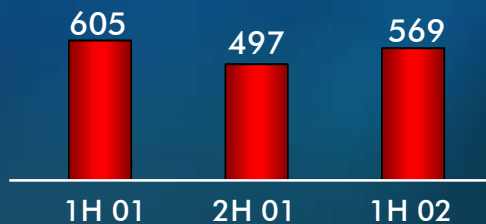
# Electrical Wires: Beginning of a recovery

1H 2002 Sales : 569 M€<sup>(a)</sup>

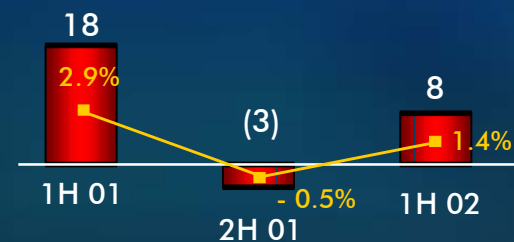


- Wirerod business holds firm
- Upturn in demand in bare wires but weakness in Telecom end market
- European upturn in winding wires in a low price context

Sales (M€)<sup>(a)</sup>



Operating Profit (M€)



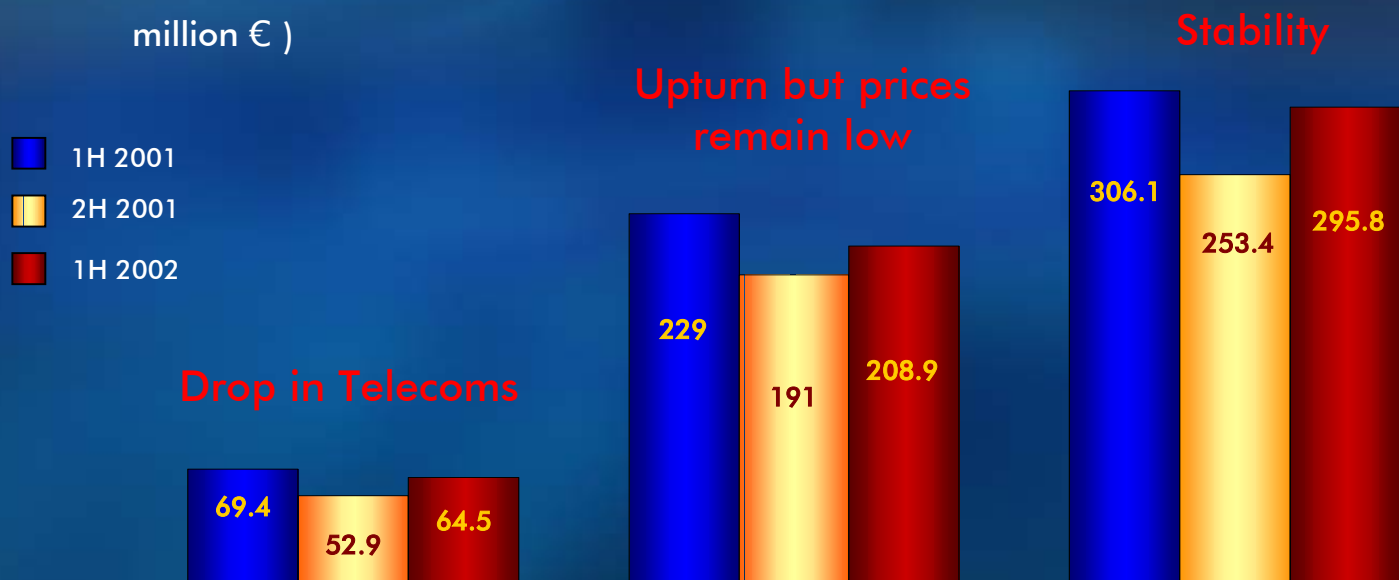
<sup>(a)</sup> Sales at constant metal prices

1H 02 Sales = - 5.8% at constant perimeter

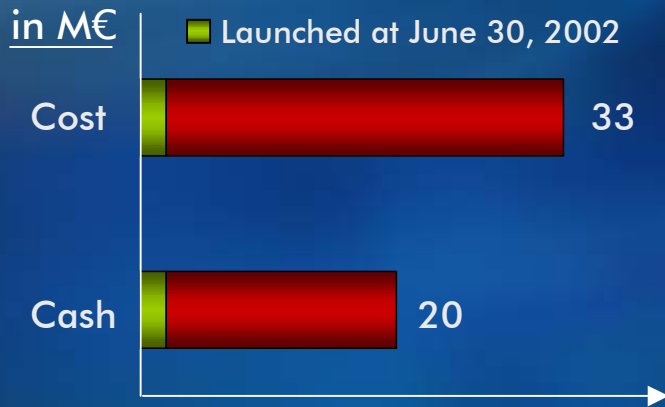
# Electrical Wires Operating margins affected

(Sales breakdown  
million € )

- 1H 2001
- 2H 2001
- 1H 2002



	Bare wires			Winding wires			Wirerod		
Operating margin	1H 01	2H 01	1H 02	1H 01	2H 01	1H 02	1H 01	2H 01	1H 02
	5%	-1.6%	2.5%	2%	-4%	-1.4%	2.8%	2.3%	3.2%



## MEASURES UNDER WAY

- Restructuring of the main French activities in the three product lines
  - Change in the management of winding wires
- 
- Lower degree of completion due to complexity of "Customer - Products - Plant" matrix
  - Action plan scheduled to be launched in 2H for an amount of approximately 30 M€ (targeted payback : 2 years)

## Financial Results

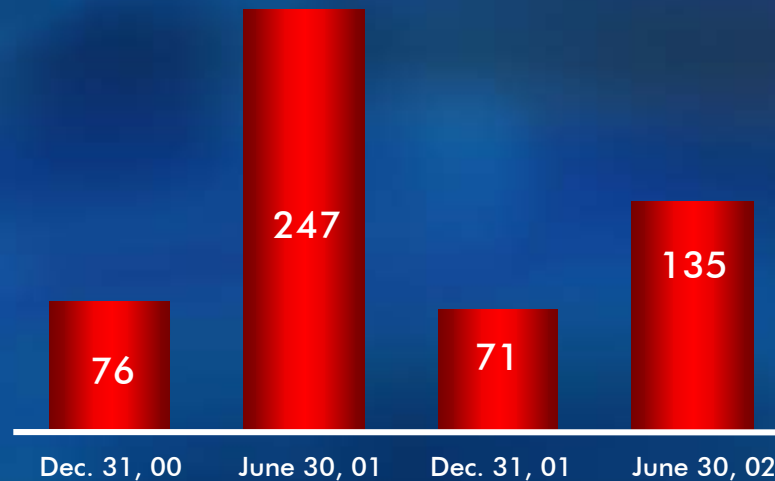
Frédéric Vincent

# Profit & Loss Account

(in million €)	1H 2001	2001	1H 2002
Sales at constant	2,320	4,467	2,090
Margin on Variable Costs	627	1,196	545
Indirect Costs	(476)	(916)	(446)
EBITDA(*)	151	280	99
<i>EBITDA Margin (%)</i>	<i>6.5 %</i>	<i>6.3 %</i>	<i>4.7 %</i>
Amortization	(72)	(141)	(75)
Operating profit	79	139	24
<i>Operating profit margin (%)</i>	<i>3.4 %</i>	<i>3.1 %</i>	<i>1.2 %</i>
Financial charge	(20)	(33)	(13)
Restructuring	(12)	(36)	(33)
Other revenues	2	3	15
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Income before taxes	49	73	(7)
Income Tax	(25)	(28)	(2)
Goodwill amortization	(1)	(2)	(1)
Minority interests	(4)	(13)	(1)
<b>NET INCOME</b>	<b>19</b>	<b>30</b>	<b>(11)</b>

(\*) Operating profit before amortization

■ Debt (M€)



- 112 M€ debt reduction over one year mainly through Capital Employed reduction (program launched in September 2001)
  - Working Capital needs reduced by 21% (192 M€)

(in million €)	June 30, 2001			June 30, 2002		
	NIBT	Tax	%	NIBT	Tax	%
Profit Making Countries	91.5	(22.1)	24.1 %	45.9	(7.9)	17.5 %
Loss Making Countries	(42.5)	(2.8)	n/a	(52.8)	6.4	n/a
<b>Group</b>	<b>49</b>	<b>(24.9)</b>	<b>50.9 %</b>	<b>(6.9)</b>	<b>(1.6)</b>	<b>n/a</b>

- Profit Making Countries: Low tax rate (non taxable profits)
  - Loss Making Countries: Tax assets generally not recognized
- ➔ Prudent deferred Tax position

## Balance Sheet

### Sound structure maintained

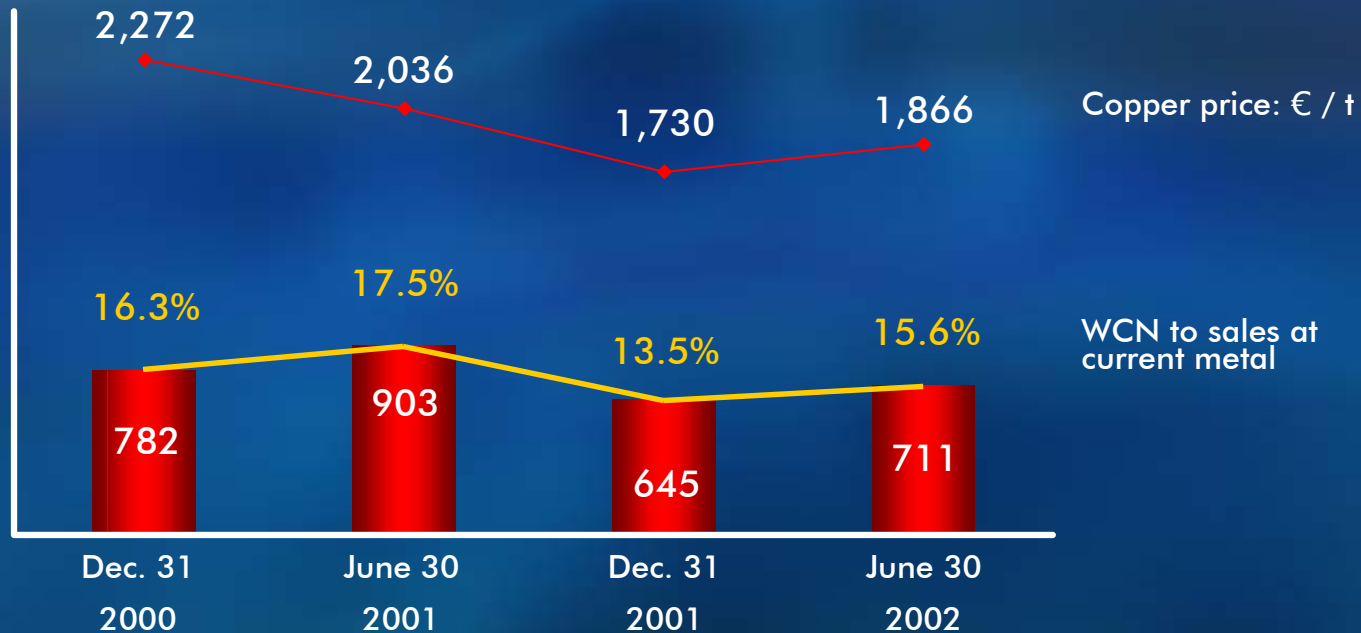
in million €	June 30, 01	Dec 31, 01	June 30, 02
Intangible assets	38	44	39
Property, plant & equipment	895	921	858
Investments & other non-current assets	66	75	92
Total Non-current Assets	999	1,040	989
Working Capital Needs	903	645	711
<b>Total to Finance</b>	<b>1,902</b>	<b>1,685</b>	<b>1,700</b>
Net Debt (cash) position	247	71	135
Reserves	428	414	408
Minority interests	93	104	96
Shareholders' equity	1,134	1,096	1,061
<b>Total Financing</b>	<b>1,902</b>	<b>1,685</b>	<b>1,700</b>

# Fund Statement

## Capex and Working Capital Needs reduced

in million €	1H 2001	2001	1H 2002
Net Income (Incl. Minority interests))	23	43	(10)
Depreciation and Amortization	73	143	76
Other non-cash items	15	24	8
<b>Cash flow from operations</b>	<b>111</b>	<b>210</b>	<b>74</b>
Change in working capital needs	(122)	126	(83)
Capital expenditure, Net	(93)	(195)	(45)
Cash acquisition cost of consolidated companies	(20)	(20)	8
Share Buy-Back	0	(33)	0
Restructuring expense	(14)	(39)	(22)
Dividends paid	(23)	(24)	(3)
Other	(10)	(20)	7
<b>NET(increase) / Decrease in Debt</b>	<b>(171)</b>	<b>5</b>	<b>(64)</b>

# Working Capital Needs



- Maintained effort on WCN Reduction Program launched in September 2001
- Reminder : seasonality factor inherent to businesses
- As announced, reduction of the "bubble effect" at June 30

# 6.3% Reduction in Indirect costs

REDUCING THE BREAKEVEN POINT

=

REDUCING INDIRECT COSTS



OPTIMIZING PROCUREMENT

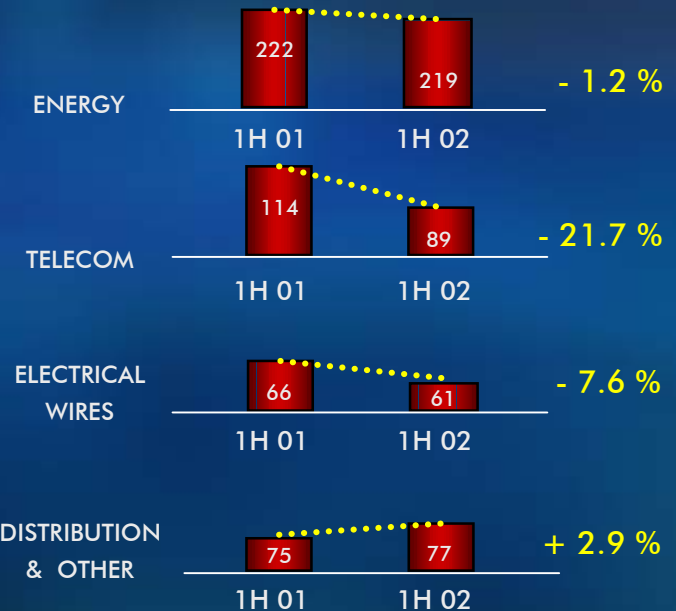
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REPLACING FIXED WITH VARIABLE COSTS

+

REORGANIZATION / RESTRUCTURING

INDIRECT COSTS (M€) (\*)



→
**Indirect Costs Structure lowered by 6.3%**  
 (-22% in Telecom)

(\*) Indirect production costs, R&D and SG&A without including Amortization

# Completion schedule of the restructuring program


(in million €)	Recognized		Underway		Total launched at June 30, 2002		Not yet committed	
	Cost	Cash	Cost	Cash	Cost	Cash	in 2002	in 2003
Energy	13	7	6	5	19	12	4	10
Telecom	18	13	9	8	27	21	17	10
Electrical Wires	2	2	-	-	2	2	31	0
<b>Total</b>	<b>33</b>	<b>22</b>	<b>15</b>	<b>13</b>	<b>48</b>	<b>35</b>	<b>52</b>	<b>20</b>
<i>Staff concerned</i>					<i>500</i>			

- Total budget envelope confirmed at 120 M€ (including 80 M€ in cash)
- Percentage of completion (actions launched) 40% at June 30
- Bottom line impact spread over 2002 (100 M€) and 2003 (20 M€)

- Operating profit higher than achieved in 1H
  - Energy holds up well
  - Effect of restructuring program on cost structure
  - Beginning of recovery in Electrical wires
  
- Net income lower than achieved in 1H
  - Capital gain on disposal recognized in 1H (14 M€)
  - Restructuring provision to come for 67 M€ in 2H
  
- Continued drive to cut capital employed
  - Capex targeted at around 120 M€ maximum
  - Working Capital Needs close to 15% of sales in FY 2002
  - Average annual debt at approximately 150 M€

# CONCLUSION

Gérard Hauser

- Increase in Energy division profitability despite tough economic outlook<sup>2</sup>
  - EWD back to positive OP after 2H 2001 operating loss position
  - Demonstrated ability to rapidly restructure businesses in difficulty
    - HV from 2 digits negative to 2 digits positive in 4 years
    - LAN US from red to black in 10 months
    - Turnaround of Electrical Wires
  - Management of a sound financial structure
    - Capital employed reduced
      - WCN from 17.5% to 15.6% sales
      - Capex cut by 50% year over year
      - Indirect costs structure reduced by 6.3% year over year
- 
 Gearing decreased by 9 b.p. in one year

- In a **tough** operating climate, Nexans acts to :
  - Preserve its " **Capital** " in 2002
    - Market positions
    - Financial ratios
    - Strategic focus
  - Be in a position ready to rebound upon recovery, on the basis of an adjusted and modernized industrial tool

The image features a stylized logo for the word "Mexans". The letter "M" is rendered in a thick, wavy, orange-red font. The remaining letters "exans" are in a black, sans-serif font. The entire logo is centered on a blue background that has a gradient from a lighter blue at the top to a darker blue at the bottom, with some faint, wispy white clouds visible at the very top.

Mexans