Nexans

# 2008 Half-Year Results


July 24, 2008

# Safe Harbor

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

The forward looking statements contained in this presentation are dependent on known and unknown risks, expectations and assumptions, uncertainties and other factors which may cause the Group's actual results, performance and objectives to be materially different from those indicated by the forward looking statements.

These forward looking statements depend, amongst other things, on the following assumptions and risks :
(1) the rates of economic growth in the areas where Nexans operates remaining at current levels until 2009; (2) the continued strong demand of the energy infrastructure market, in particular in developing countries, and in the Oil & Gas sector; (3) the possibility to pass on to final customers increases in the costs of raw materials, energy and transport; (4) the management of risks associated with sales in turnkey projects; (5) the effect of currency fluctuations being neutral; (6) the Company being able to modify customer and supplier payment terms relating to metals; (7) the Company being able to reduce its cost base through realization of restructuring actions in the anticipated time frame; (8) the Company being able to achieve productivity improvements; (9) retention of key customers, (10) the absence of substantial capacity increases by competitors in Nexans' key markets, (11) the Company successfully integrating acquisitions ; and (12) the Company being able to adapt its organization.

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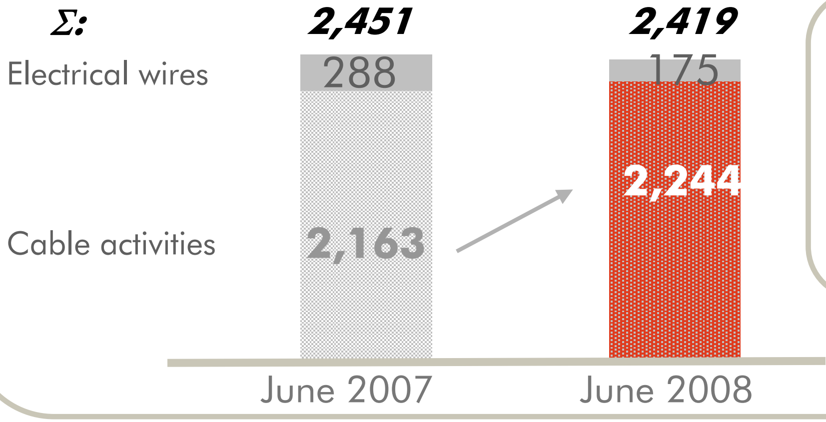
# Strength of the business model confirmed

**Gérard Hauser**
Chairman and CEO

# Key figures (1/2)
## Performance in line with our objectives

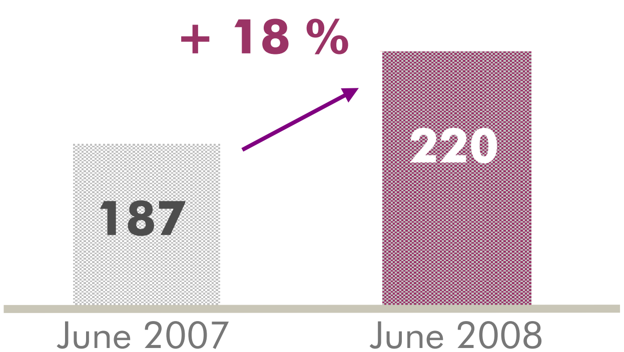
**in M€**

### Sales
**(at constant metal prices)**




**+ 7.2 %**
Organic growth of cable activities

### Operating margin




**9.1 %** (*)
Operating margin rate

***Objectives April 2008***

**above + 6 %**

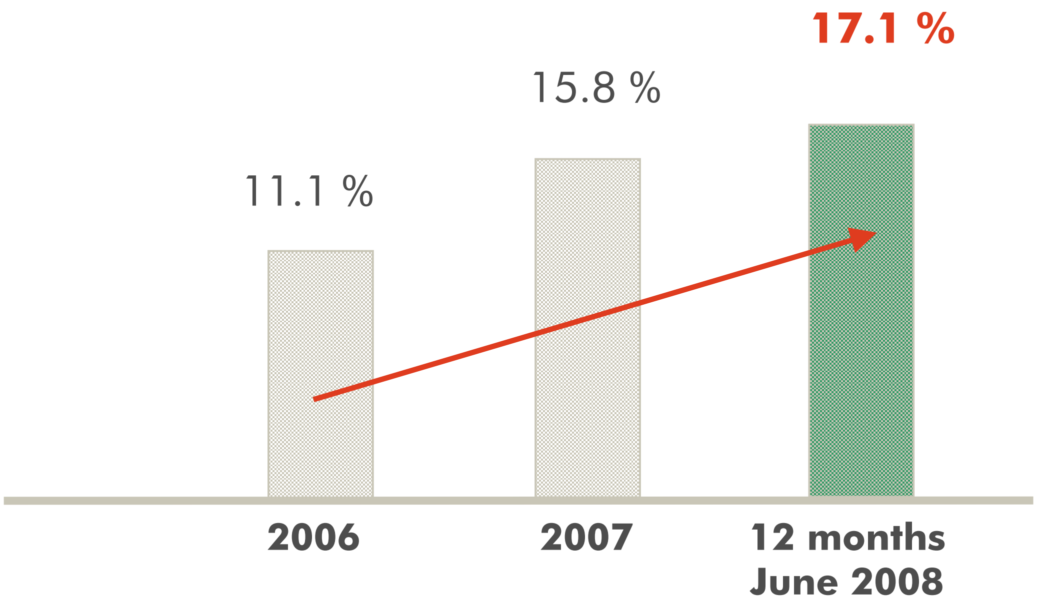
**8.5 % to 9 %** (*)

(*) OM rate on sales at constant metal prices

# Key figures (2/2)
# a value creating growth

## Value creation

*ROCE before tax (*)*

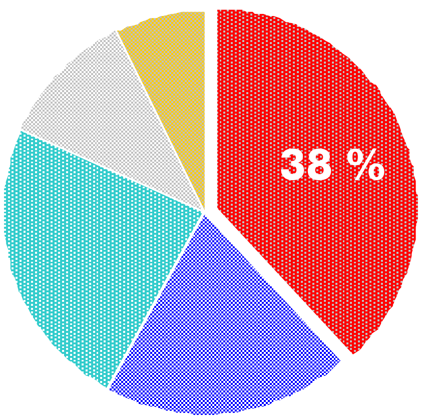



(*) Operating margin on average capital employed over the last four quarters

# Focus on highly predictable activities

**Growing exposure to Energy infrastructure** → **Resistance of business model**

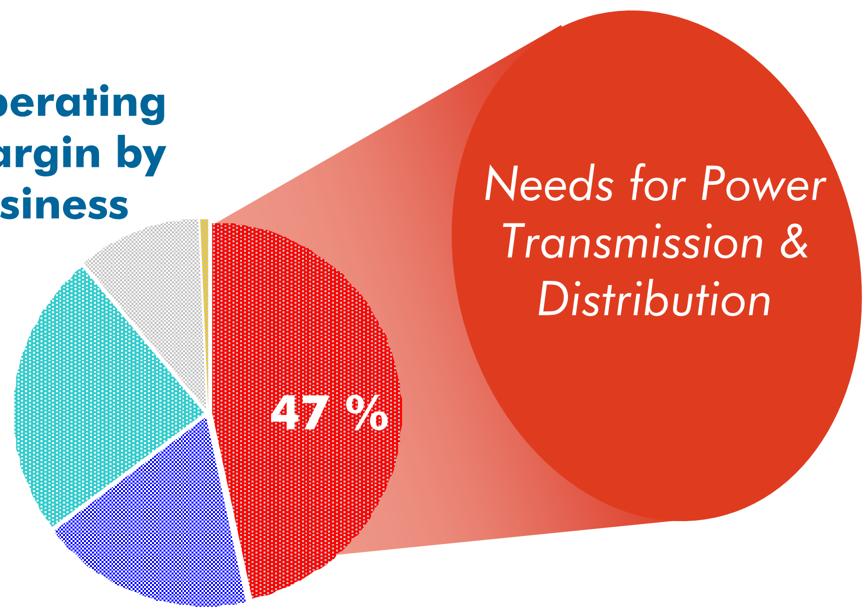
## Sales by business (*)




- Energy Infrastructure
- Industry
- Building
- Telecom
- Electrical Wires

- Energy infrastructure at the core of our business

## Operating margin by business

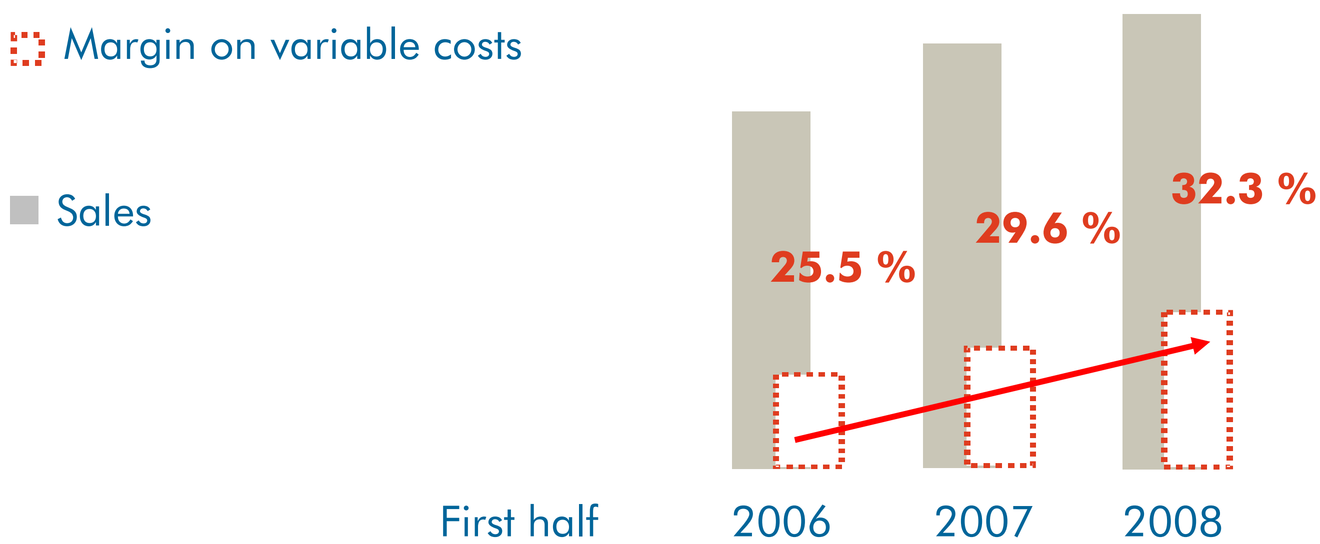



(*) Sales at constant metal prices

# … and on the most profitable activities

**Growing exposure to Energy infrastructure** → **Lower break-even point** → → → **Resistance of business model**

## Product mix improvement




(*) Sales at constant metal prices

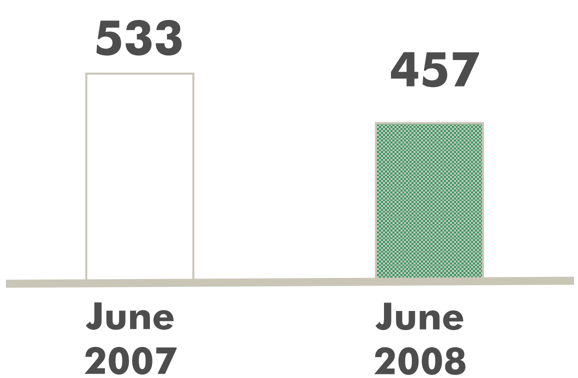


Nexans

# Solid financial structure

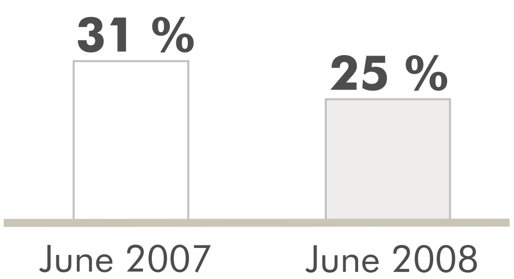
Growing exposure to Energy infrastructure | Lower break-even point | **Financial structure maintained** | | **Resistance of business model**

## Net debt

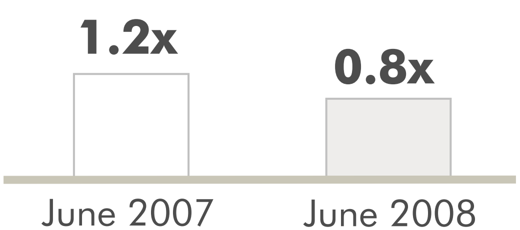



## Solid financial ratios

*Gearing*




*Net debt /*
12m EBITDA



# Update on acquisitions and divestitures

## Acquisitions

**Intercond**

Sales* 50 M€

EBITDA > 25 % of sales

Goal : Strengthen the "automation" high value activity

Status : closing planned for August '08

**Madeco W&C**

CA* 370 M€

EBITDA > 15 % of sales

Goal : Geographical expansion, n°1 in South America

Status : closing planned end September '08

## Divestitures

**Copper Telecom Santander**

Sales* 55 M€

Exit this business in Spain

**Harnesses**

Not sufficiently valued by the market

⇩

Divestiture cancelled

* Estimated 2008 annual sales at constant metal prices

# In line with mid term objectives

| | 2008-2009 Objectives | Achievements at June 30, 2008 | |
|---|---|---|---|
| ***Organic growth*** *(Cable activities)* | **+ 6 %** | **+ 7.2 %** | ✓ |
| ***Operating margin*** | **7 to 10 %** | **+ 9.1 %** | ✓ |
| ***Free Cash Flow*** | **Positive** | Positive over the last 12 months | ✓ |

# Financial Results

**Frédéric Michelland**
Chief Financial Officer

# Key figures

| (in Million €) | June 2007 | June 2008 | 08/07 ▲ |
|---|---|---|---|
| Sales at current metal prices | 3,792 | 3,554 | |
| **Sales** **at constant metal prices and exchange rates** | **2,397** | **2,419** | **+ 7.2 %** **cable activities** |
| **Operating margin** | **187** | **220** | **+ 18 %** |
| ***Operating margin rate at constant metal prices*** | *7.6 %* | *9.1 %* | |
| ***Operating margin rate at current metal prices*** | *4.9 %* | *6.2 %* | |
| **Net income (group share)** | **119** | **119** | |
| **Operating Cash Flow** | **178** | **194** | **+ 9 %** |
| **Net debt** | **533** | **457** | ↘ |

# Income Statement

| (in Million €) | June 07 | | June 08 | |
|---|---|---|---|---|
| Sales at constant metal prices | 2,451 | | 2,419 | |
| Margin on variable costs | 725 | 29.6 % | 781 | 32.3 % |
| Indirect costs | (484) | | (508) | |
| EBITDA (operating margin before depreciation) | 241 | 9.8 % | 273 | 11.3 % |
| Depreciation | (54) | | (53) | |
| **Operating margin** | **187** | 7.6 % | **220** | 9.1 % |
| Core exposure impact | 48 | | 18 | Metal effect |
| Impairment | (11) | | (10) | |
| Change in fair value of metal derivatives and other | (5) | | 10 | |
| Financial charge | (38) | | (45) | |
| Restructuring | (12) | | (17) | |
| Other revenue | 4 | | (2) | |
| **Income before tax** | **173** | | **174** | |
| Income tax | (49) | | (56) | Effective rate 32 % |
| **Net income from operations** | **124** | | **118** | |
| Minority interests | (5) | | 1 | |
| **Net income (group share)** | **119** | | **119** | |

# Highly reactive to cost hikes

Growing exposure to Energy infrastructure → Lower break-even point → Financial structure maintained → **Inflation risk under control** → **Resistance of business model**

| Operating costs | | Impact HY 2008 (*) | Actions |
|---|---|---|---|
| Other fixed costs | 8% | Increase under control | Selecting customers |
| Payroll | 13% | | Productivity |
| Energy, transportation | 4% | ~ 20 M€ | Partial pass through |
| Plastics and components | 15% | | |
| **Copper and Aluminum** | 60% | ~ 40 M€ | Full pass through |
| **HY '08: 3.3 Bn€** | 100 % | | |

**Δ margin on variable costs HY '08/'07**

Infrastructure : **+ 2.4 pts**

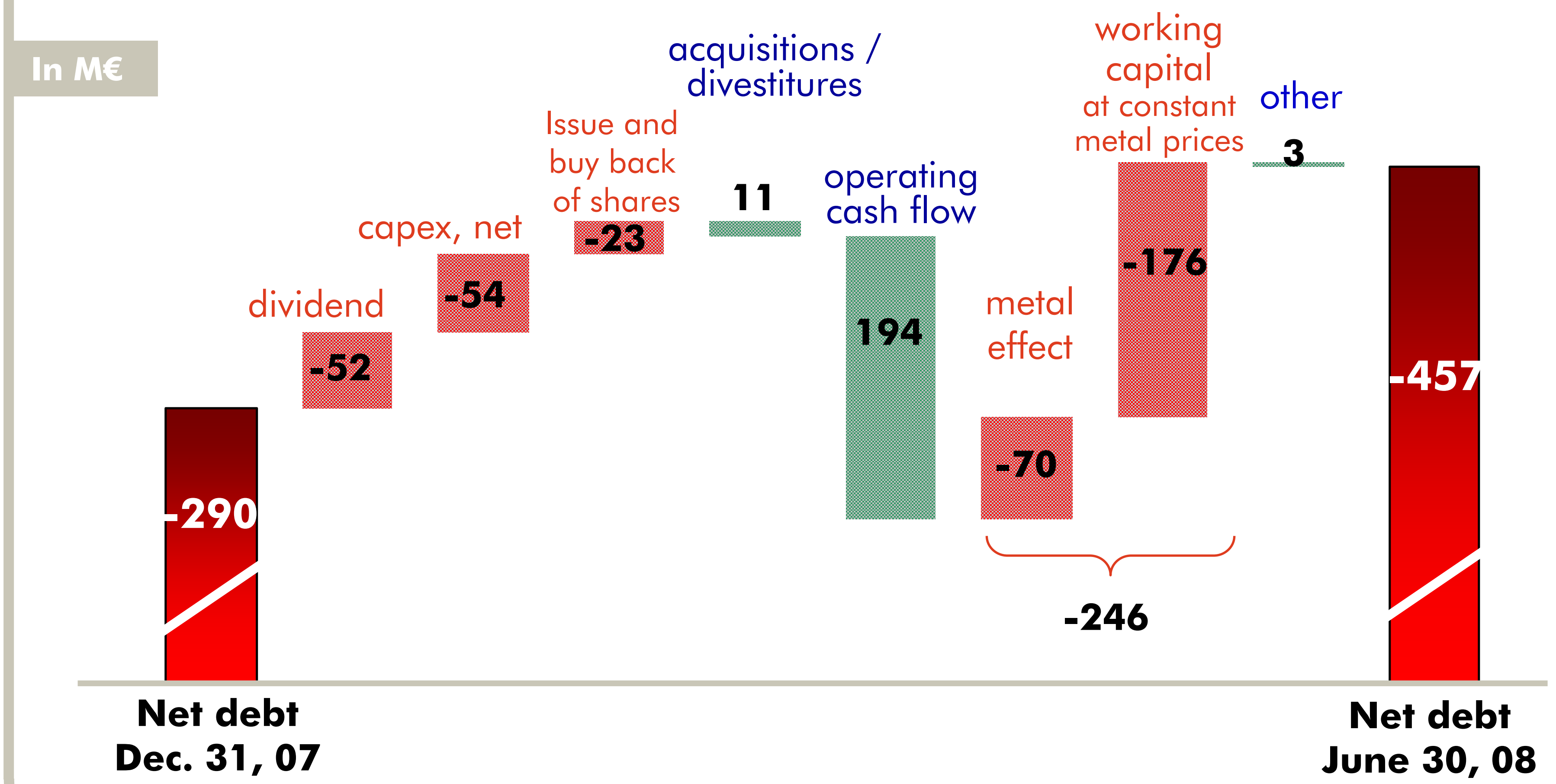
Industry : **+ 0.6 pt**

Building : **- 0.3 pt**

Group: **+ 2.7 pts**

(*) Impact of rising costs at HY 2008 vs 2007 average

# Net debt evolution



# Business review & outlook: Energy is core

**Frédéric Vincent**
Chief Operating Officer

# Opportunities remain the same

## Growth potential

- Electrification needs worldwide
- Oil & gas infrastructure
- Transport needs
- Datacom private networks

## Business model

- Global leader
- Geography and product redeployment
- A consolidation player in the industry

## Profitability

- Constantly improving profitability
- Resilience across the cycles
- Value creation

## Financial structure

- Solid and stable Cash flow
- Dividend constantly increasing
- Financial flexibility

**+ 9.3 %**
**Average organic growth 2003-2007 (*)**

**33 %**
**Contribution from high growth areas (**)**

**+ 45 %**
**per year on average 2003-2007**

- **Dividend: x 2 in two years**
- **Gearing: 25 % at end of June '08**

(*) cable activity

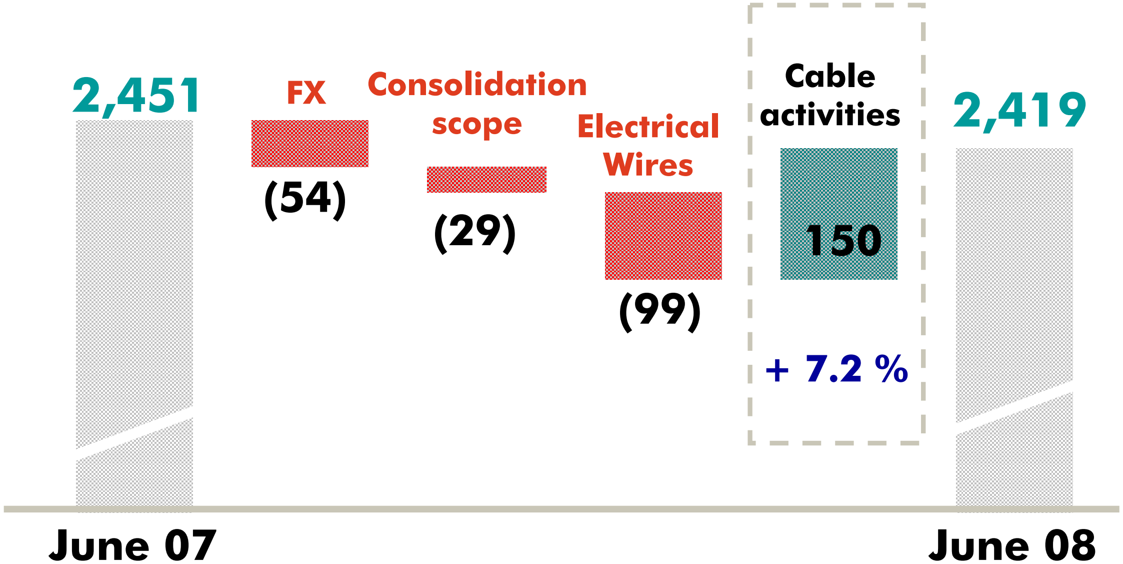
(**) pro-forma with Madeco

# Sustained growth in cable activities

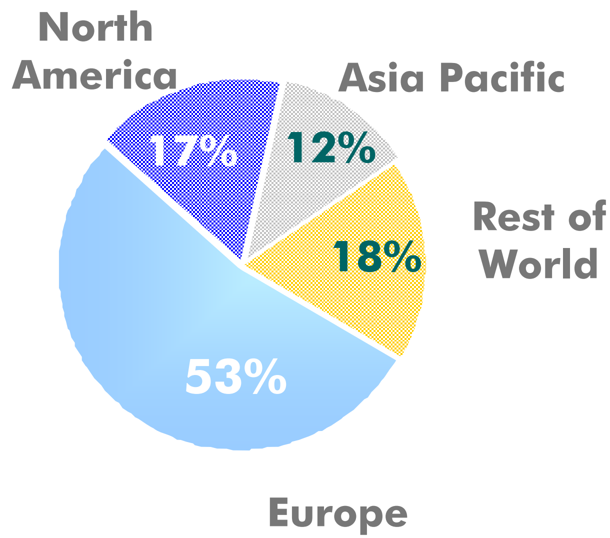
- **7.2 % organic growth of cable activities** (*)
- Electrical Wires down-sizing

In M€

***Sales at constant metal prices***




*Sales (**) by destination*




(*) Excluding Electrical Wires

(**) at current metal prices

# Very high growth in Energy networks

| Organic growth of Cable activities | 2007 | Q1 | Q2 | HY '08 |
|---|---|---|---|---|
| Energy infrastructure | 10.2% | 16.4 % | 22.6 % | 19.7 % |
| Industry | 17.5 % | 3.8 % | 6.1 % | 4.8 % |
| Building | 10.4 % | -0.7 % | -7.7 % | -4.2 % |
| Private networks (LAN) | 13.9 % | 2,5 % | 3.4 % | 3.2 % |
| Telecom infrastructure | 9.9 % | -8.5 % | 3.5 % | -2.2 % |
| **Total Cable** | **12.1 %** | **6.4 %** | **7.8 %** | **7.2 %** |
| Electrical Wires | - 32.8 % | | | - 36.1 % |

**Sustained Energy infrastructure activity**

**Growth in priority industry segments**

**Slow down in Building increased by base effect**

# Higher profitability
# in two of our main core businesses

| Operating margin rate | HY '07 | HY '08 |
|---|---|---|
| Energy Infrastructure | 7.2 % | 11.4 % |
| Industry | 7.7 % | 8.6 % |
| Building | 10.9 % | 9.7 % |
| Private networks (LAN) | 12.3 % | 10.4 % |
| Telecom infrastructure | 7.1 % | 6.8 % |
| **Total Cable** | **8.4 %** | **9.7 %** |
| Electrical Wires | 1.4 % | 1.1 % |
| **Total Group** | **7.6 %** | **9.1 %** |

**Energy infrastructure accelerating**

**Consolidation of industry margins**

**Building margins holding up**

# Energy Infrastructure : years of opportunities ahead

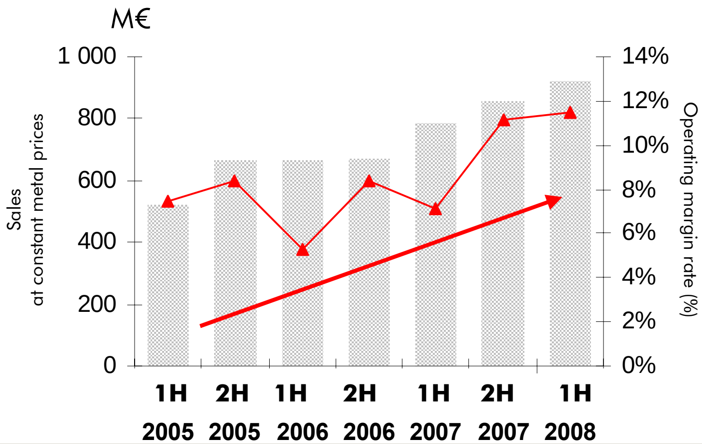
## Fundamentals unchanged

- Needs for **interconnection** and **renovation** of networks in Europe and North America
- Building new infrastructure in **Asia and Middle East**
- Powerful growth in offshore **oil & gas** and **wind power**

## Appropriate positioning

- A **global** leader, with a presence in both emerging and developed countries
- A **complete range** of products and services
- Unrivaled **technologies**, especially in High Voltage

## Uninterrupted growth in sales & margins




## Making intensive use of resources

- Impact of capacity increase in **submarine HV** (2006-2007) and **underground** (2008)

**In 2008 :**

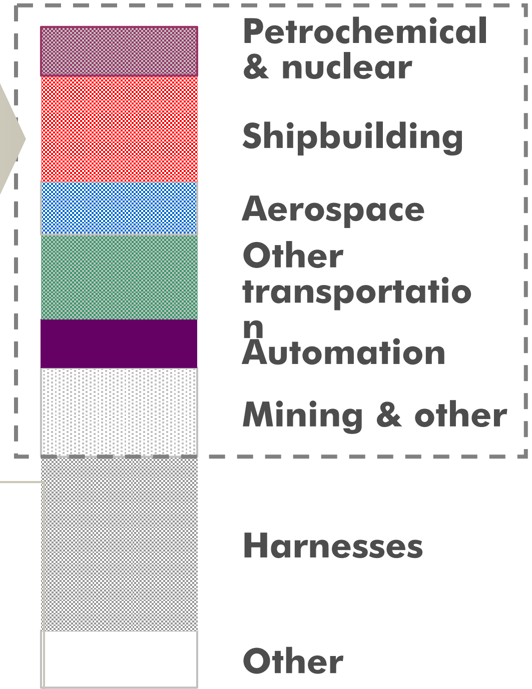
- Sustained growth
- Increasing contribution to Group profits

# Industry : High potential for growth and profitability

## Priority for high value-added segments

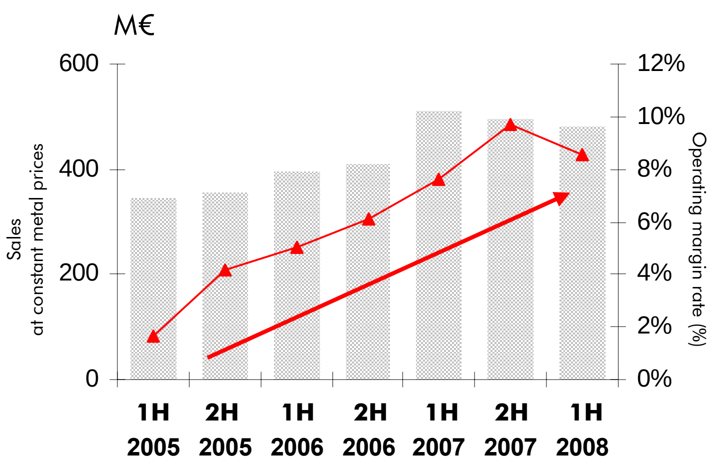
- Focus on **« priority » segments**
- « Automation» business **X2** : Nexans becomes European leader

## Building on growth segments




- ***Oil & Gas:*** *Take-off in this industry*
- ***Transportation:*** *Order backlog in aerospace, rail, shipbuilding*
- ***Renewable energies:*** *Wind, photovoltaic*

## Rise in margins




(*) restated for segmentation changes in 2007

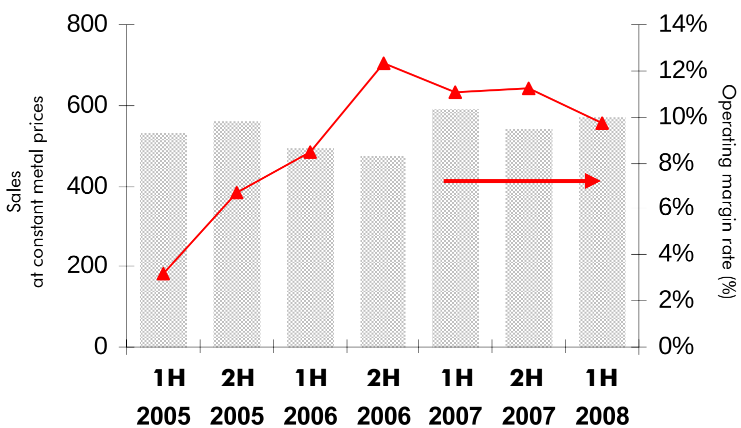
**In 2008 :**

- Continued growth
- Potential for higher margins

# Building : solid business model

- **Strategy oriented on both costs and product mix**
  - Customer selection and enhancement of product portfolio
  - Restructuring efforts in Ireland and Germany
  - Control over fixed costs : 19 % of sales

- **Level of activity and margin remaining high**




- **A balanced geographical mix**

| In % of sales (*) | | HY 2008/ 2007 Volume | HY 2008/ 2007 Price |
|---|---|---|---|
| France - Benelux | 36 % | - | =/+ |
| Scandinavia | 10 % | = | = |
| Other Europe | 20 % | - | = |
| North America | 14 % | + | - - |
| Asia-Pacific | 11 % | = | + |
| Rest of World | 9 % | + | + |

(*) June 2008, at constant metal prices

**In 2008 :**

– Business model is holding up

# LAN & Telecom infrastructure

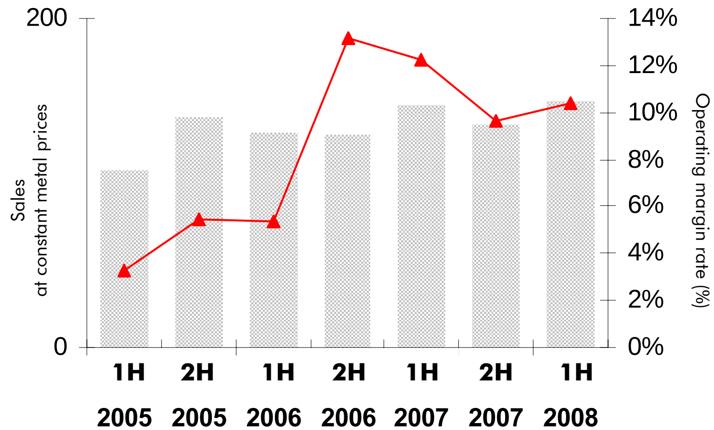
## LAN

### Continued enhancement of product mix

- Demand for broader bandwidth, driven by data centers
- Success of 10 Gigabit in the U.S.
- Opportunities in the Middle East
- Technology breakthrough in 40 Gigabit

### Consolidating margins

M€




## Telecom Infrastructure

### Copper Telecom

– Exit in Spain

**Selective approach in Asia and Rest of world**

### Optical Fiber

– FTTH Programs in Europe

**Powerful growth drivers**

# Outlook for 2008

## Assuming continuation of first-half 2008 economic trends

- Above 6 % organic growth in cable activities for the year
- Increase of operating margin compared to 2007
- Net debt between 500 M€ and 600 M€ after acquisitions financing (Intercond et Madeco) and including the cancellation of the harnesses divestiture

# Appendices

# Foreign exchange & consolidation scope impacts on sales

In M€

| | June 2007 | Foreign exchange | Consolidation scope | Organic growth | June 2008 |
|---|---|---|---|---|---|
| **Sales at constant metal prices** | | | | | |
| Energy Infrastructures | 784 | (7) | (9) | 151 | 919 |
| Industry | 510 | (14) | (36) | 22 | 482 |
| Building | 589 | (13) | 19 | (24) | 571 |
| Private networks (LAN) | 147 | (12) | 10 | 4 | 149 |
| Telecom Infrastructure | 129 | (3) | (5) | (3) | 118 |
| Other | 4 | - | - | - | 5 |
| Electrical Wires | 287 | (5) | (8) | (99) | 175 |
| **Total Group** | **2,451** | **(54)** | **(29)** | **51** | **2,419** |

# Sales & Operating margin by business

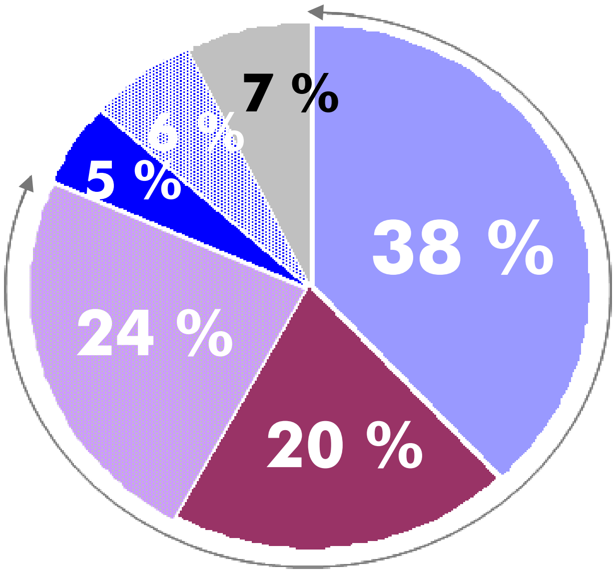
In M€

| | HY 2007 | | | HY 2008 | | |
|---|---|---|---|---|---|---|
| | Sales* | OM | % | Sales* | OM | % |
| Energy infrastructure | 784 | 56 | 7.2 % | 919 | 106 | 11.4 % |
| Industry | 510 | 39 | 7.7 % | 482 | 41 | 8.6 % |
| Building | 589 | 65 | 10.9 % | 571 | 55 | 9.7 % |
| Private network (LAN) | 147 | 18 | 12.3 % | 149 | 15 | 10.4 % |
| Telecom Infrastructure | 129 | 9 | 7.1 % | 118 | 8 | 6.8 % |
| Other | 5 | (4) | - | 5 | (7) | - |
| **Total Cable** | **2,164** | **183** | **8.4 %** | **2,244** | **218** | **9.7 %** |
| Electrical Wires | 287 | 4 | 1.4 % | 175 | 2 | 1.1 % |
| **Total Group** | **2,451** | **187** | **7.6 %** | **2,419** | **220** | **9.1 %** |

* Sales at constant metal prices

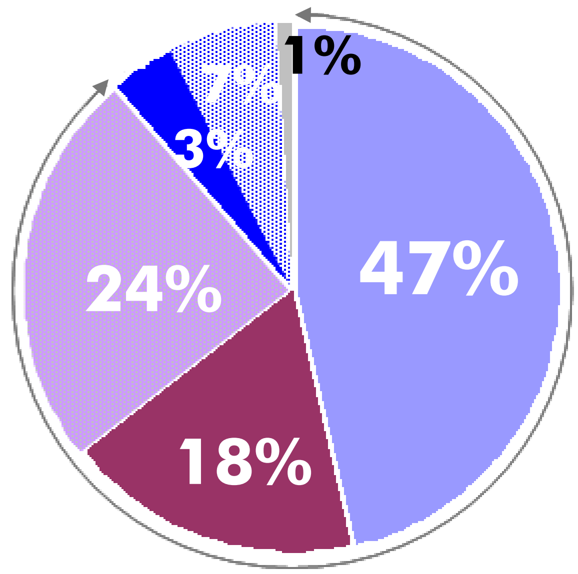
# Break-down by business segments

**Sales**
**by business segments**
*at constant metal and exchange rates*




- Energy infrastructure
- Industry
- Building
- Private networks (LAN)
- Telecom infrastructure
- Electrical wires

**Operating margin**
**by business segments**





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# Break-down by geographic area

**Sales by origin**
*at constant metal and exchange rates*

**Operating margin by origin**

# Strong operating leverage maintained

## Excluding Electrical Wires

| (in Million €) | June 07 | | June 08 |
|---|---|---|---|
| Sales cable activities, at current metal prices | 2,937 | 3,029 | |
| Sales cable activities, at constant metal prices | 2,163 | **80** | 2,243 |
| Margin on variable costs | 687 | | 751 |
| *Margin on variable costs (%)* | *31.8 %* | | *33.5 %* |
| Indirect costs (*) | (453) | | (481) |
| EBITDA (**) | 234 | | 270 |
| *EBITDA margin (%)* | *10.8 %* | | *12 %* |
| Depreciation | (51) | | (52) |
| Operating margin cable activities | 183 | **35** | 218 |
| Operating margin rate (on Sales at constant metal prices) | ***8.4%*** | **44 %** | ***9.7%*** |

(*) Includes factory indirect costs excluding Depreciation + R&D + SG&A

(**) Operating margin before depreciation

# Solid financial structure

| (in Million €) | Dec. 31, 07 | June 30, 08 |
|---|---|---|
| **Long term fixed assets** | **1,192** | **1,209** |
| ***of which goodwill*** | ***192*** | ***201*** |
| Deferred tax assets | 48 | 45 |
| **Non-current assets** | **1,240** | **1,254** |
| Working capital | 1,222 | 1,556 |
| Assets (net) held for sale | 105 | 1 |
| **Total to finance** | **2,567** | **2,811** |
| Net financial debt | 290 | 457 |
| reserves | 434 | 448 |
| Deferred tax liabilities | 85 | 105 |
| **Shareholder's equity and Minority interests** | **1,758** | **1,801** |
| **Total financing** | **2,567** | **2,811** |

**Gearing 25 %**
**Leverage (Net debt / 12m EBITDA) = 0,8 x**

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