



# 2010 Half-Year Results

July 28, 2010

Nexans

## Safe Harbor

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

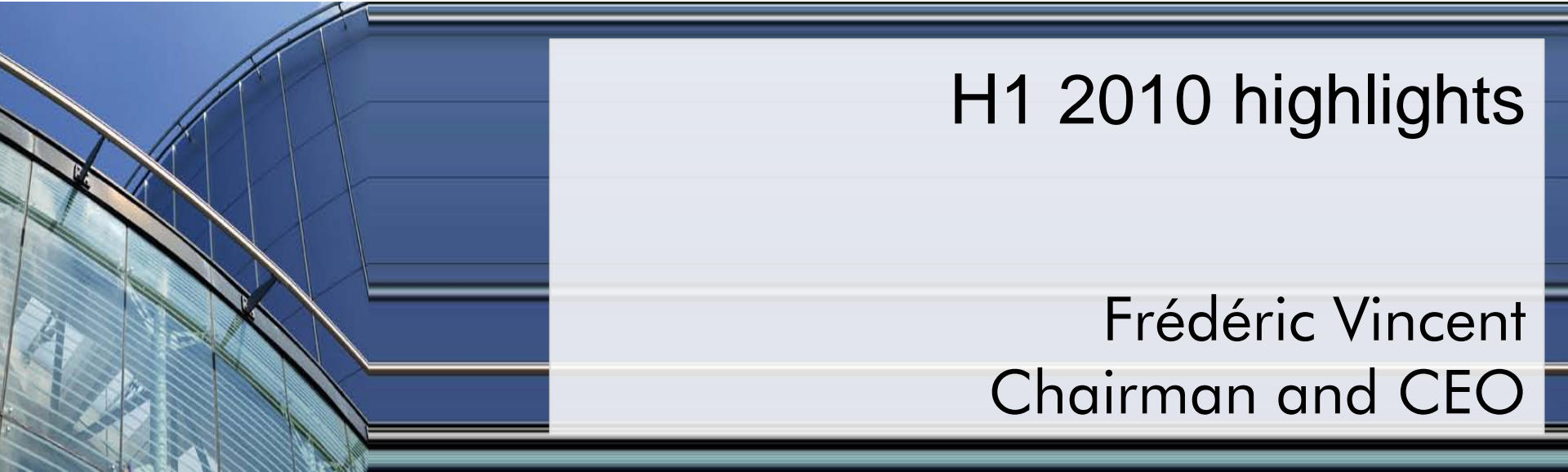
The forward looking statements contained in this presentation are dependent on known and unknown risks, expectations and assumptions, uncertainties and other factors which may cause the Group's actual results, performance and objectives to be materially different from those indicated by the forward looking statements. Such factors may include the trends in the economic and commercial conditions and in the regulatory framework and also the risk factors set out in section 6 of the 2009 management report (pages 35 to 42 and 173 to 183 of the 2009 Registration Document) and referred to in section 4 of the 2010 Half-Year Activity Report, in particular the antitrust investigations launched against Nexans in January 2009. As a result, achievement of the perspectives herein described remains uncertain.

These forward looking statements depend, amongst other things, on the following assumptions and risks :

- (1) the resilience of the infrastructure energy business and of the market of industrial cables dedicated to the transportation sector;
- (2) the continued expansion of the markets for energy infrastructure in emerging countries, renewable energies and Oil & Gas, together with the restart of long-term investments programs of customers in such markets;
- (3) the recovery of sales volumes in the other businesses;
- (4) maintaining margins despite weakened demand;
- (5) the possibility to pass on to final customers any increase in the costs of raw materials, energy and transport;
- (6) the management of risks associated with sales in turnkey projects;
- (7) the effect of currency fluctuations being neutral ;
- (8) the Company being able to reduce its cost base in the anticipated time frame through realization of restructuring actions;
- (9) the Company being able to achieve productivity improvements ;
- (10) retention of key customers,
- (11) the absence of substantial capacity increases by competitors in Nexans' key markets,
- (12) the Company successfully integrating acquisitions; and
- (13) the Company being able to adapt its organization.

### Investor relations :

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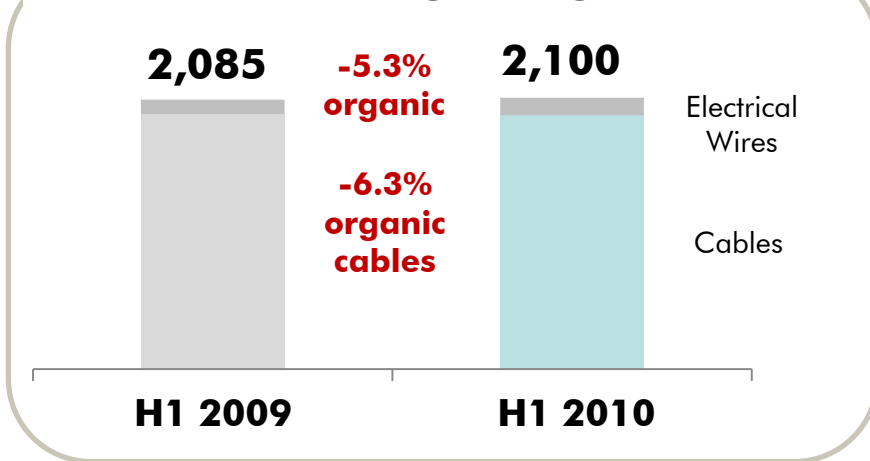


# H1 2010 highlights

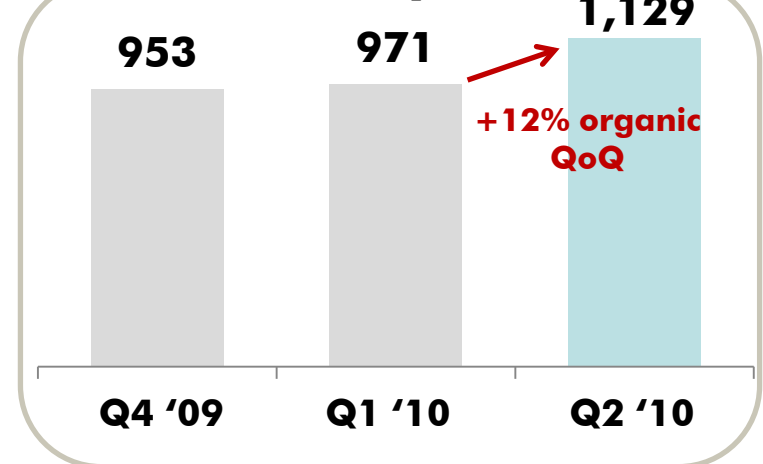
Frédéric Vincent  
Chairman and CEO

# Key figures

## ▶ Sales and organic growth(\*)

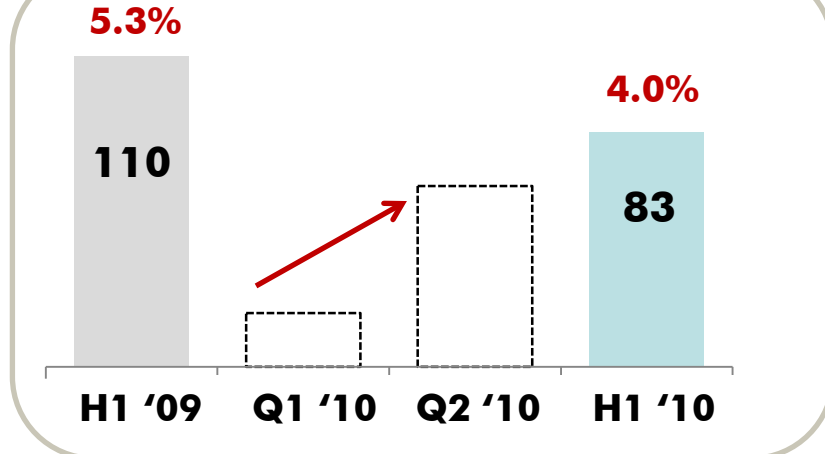


## ▶ Quarterly sales(\*\*)

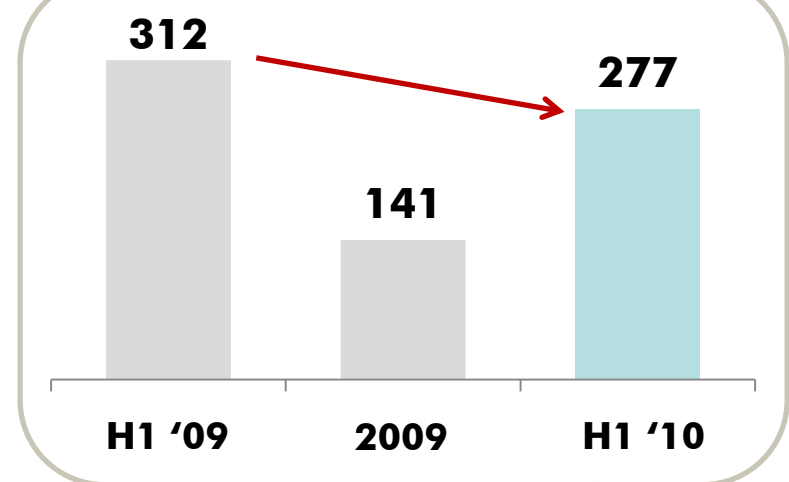


in M€

## ▶ Operating Margin



## ▶ Net debt



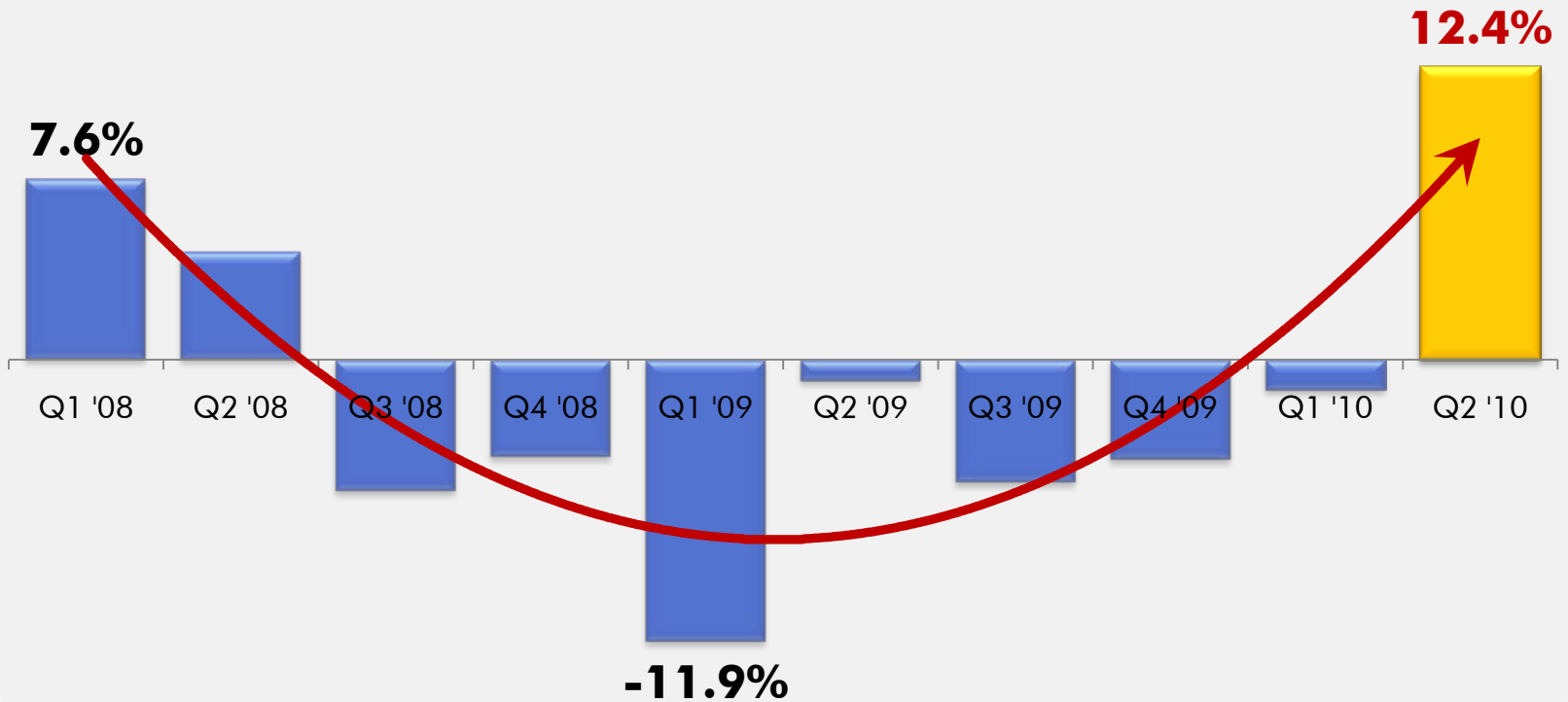
(\*) in million €, at constant metal prices, Year over year

(\*\*) in million €, at constant metal prices

## Results meet expectations

	Expected	Achieved
Year over year sales evolution	Between -4% and -5%	-5.3% (-6.3% excluding Electrical Wires)
Quarter over quarter sales evolution	Strong upturn	+12%
Operating Margin rate	In the range of 4%	4.0%

## Back to growth in Q2 '10 (Quarter over quarter organic evolution)



## Growth in Q2 in all segments

<i>Organic growth</i>	H1 '10 vs H1 '09	Q2 '10 vs Q1 '10	
Energy Infrastructures	- 8.9%	15.2%	<i>Normal weather conditions in Q2</i>
Industry	11.7%	9.5%	<i>Strong upturn in Automotive and Robotics, stable in Transportation</i>
Building	- 15.9%	6.7%	<i>Clear upturn in Northern and Southern America. Stable in Europe</i>
Telecom Infrastructures	- 18.2%	5.2%	<i>Slight upturn in optical fiber cable in Northern Europe in particular</i>
Private Networks (LAN)	6.4%	11.0%	<i>Further growth in Northern America</i>
<b>Total cable activities</b>	<b>- 6.3%</b>	<b>11.4%</b>	
Electrical Wires	12.1%	26.9%	<i>Strong upturn</i>
<b>Total Group</b>	<b>- 5.3%</b>	<b>12.4%</b>	

## The Half-Year performance has been impacted by a difficult beginning of the year

<i>Operating Margin rate</i>	<b>H1 2009</b>	<b>H1 2010</b>
Energy Infrastructures	9.3%	6.8%
Industry	1.0%	1.6%
Building	6.2%	2.1%
Telecom Infrastructures	6.3%	1.6%
Private Networks (LAN)	0.0%	6.7%
Electrical Wires	-1.9%	4.7%
<b>Total Group</b>	<b>5.3%</b>	<b>4.0%</b>



## Some one-off events had an impact on the operating margin of the Half-Year

**Impact on H1 '10 margin**

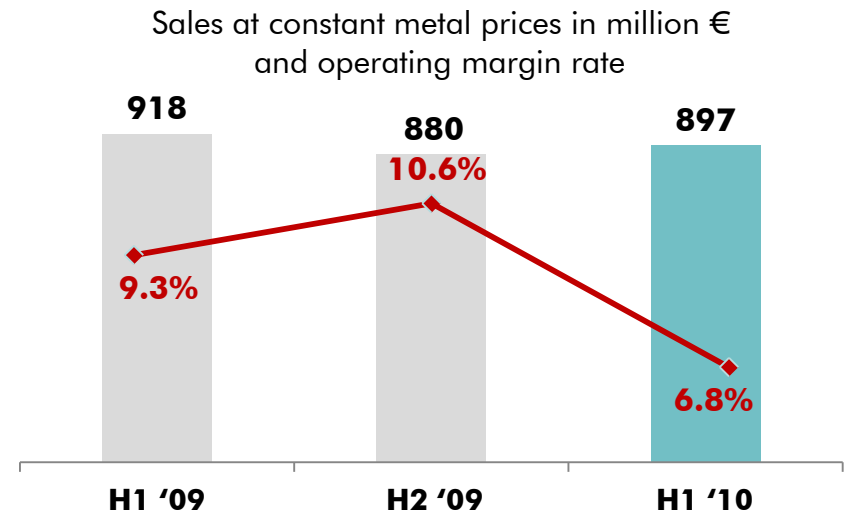
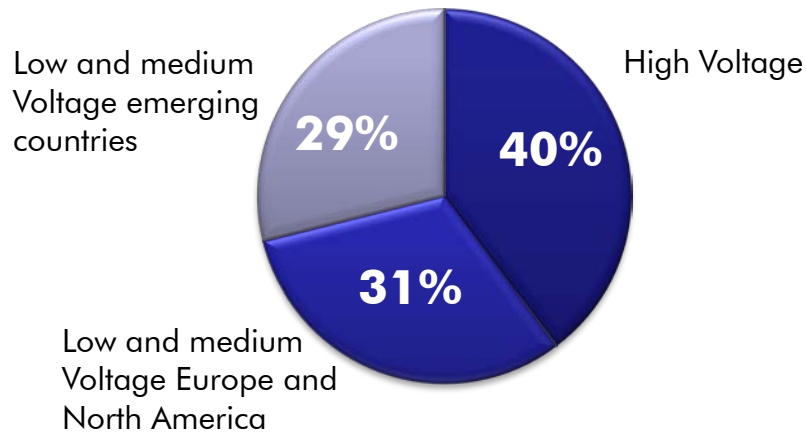
**Execution issues in the submarine  
High Voltage activity**

**~20 M€**

**Negative effect of Q1 weather  
conditions in Europe**

**~10 M€**

## Energy Infrastructures: the growth crisis in submarine HV has cost ~200 bp in profitability



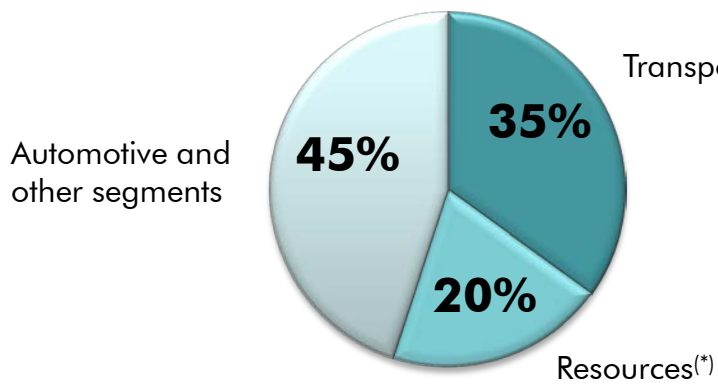
### High Voltage

- Backlog ~18 months of sales thanks to contracts awarded in terrestrial and submarine cables
- Significant project completions: HVDC Spain-Balearic Islands, Qatar and Libya projects
- Strong profitability improvement in terrestrial HV

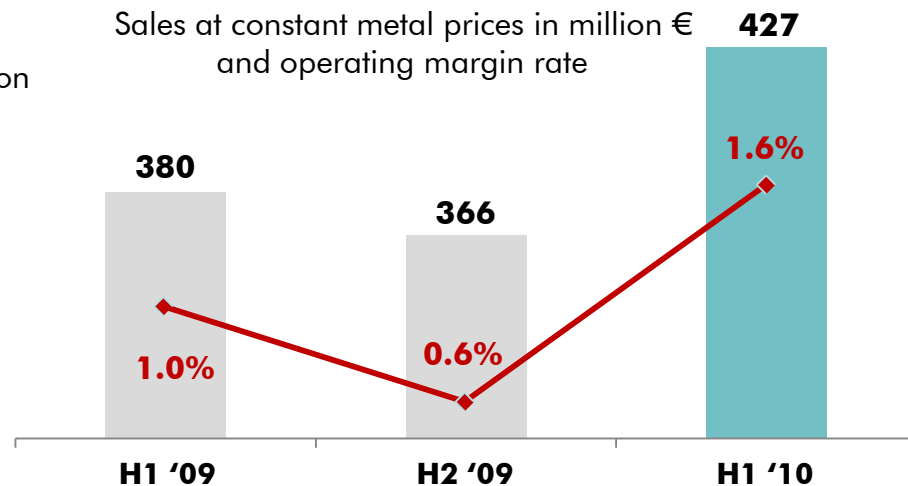
### Low and medium Voltage

- High level of activity in France
- Weak demand in other European markets
- Projects postponed in overhead lines in Brazil
- Further growth in the MERA Area (ramp up of the new Russian factory)

# Industry: volume upturn driven by Automotive



(\*) mining, renewable, nuclear and O&G activities



## Transportation

- Further strong growth in railways
- Slight growth in aeronautics
- Drop in shipbuilding but growth in offshore

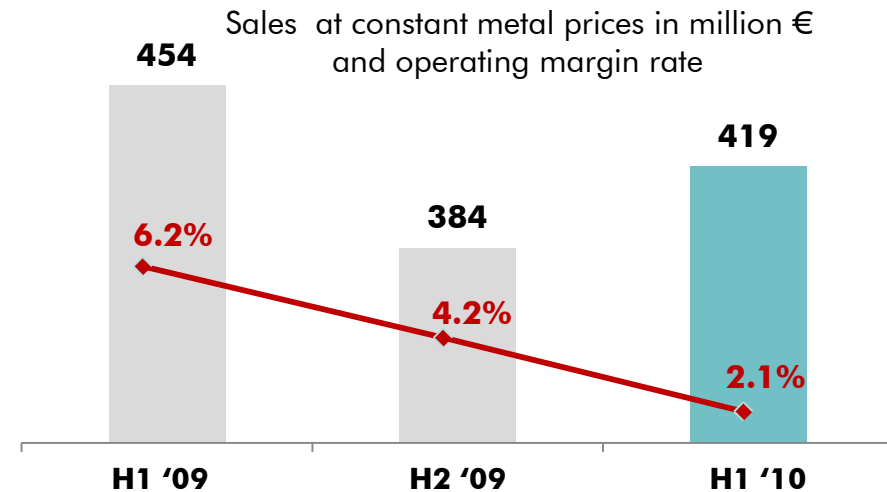
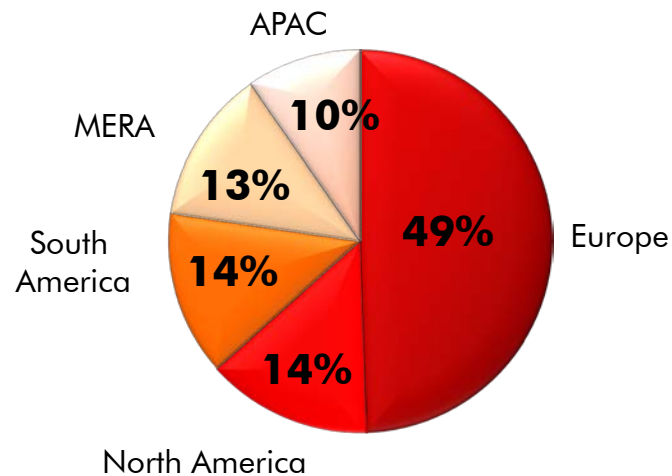
## Resources(\*)

- Upturn in mining cables
- Further growth in windmills and solar
- Successful commercial achievements in nuclear cables
- Progressive recovery in O&G projects

## Auto & other segments

- Further strong upturn in Automotive: +17% Q2/Q1
- Recovery of Automation driven by emerging countries

# Building: volume recovery in Q2 in a competitive pricing environment



## Europe:

- Positive impact of restructuring measures
- Stable volumes in Q2
- Drop of the margins in Q1

## North America:

- Pricing and volume increase in Q2

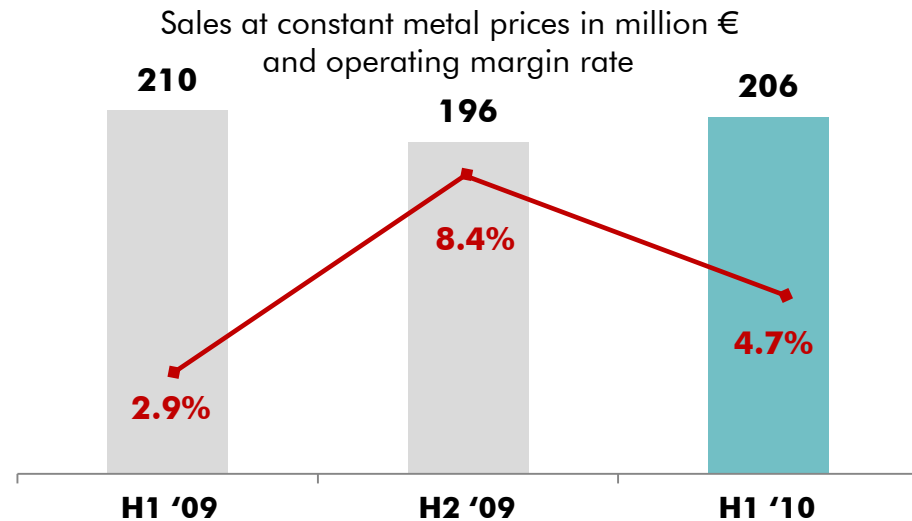
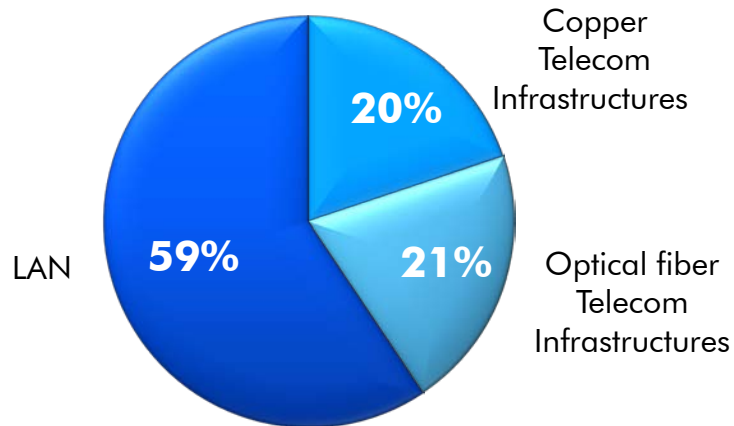
## South America / MERA:

- Growth driven by governmental programs for construction (Brazil) or reconstruction (Lebanon, Chile)

## Asia Pacific:

- Strong competitive pressure

## Telecom: sustained by the LAN profitability



### LAN

- Continuing sales upturn confirming H2 '09 trends
- Strong upturn in Q2 in the US and in cabling systems in Europe
- Market conditions remain difficult in Europe for cables
- Further improvement of the operating margin to reach 6.7% in H1 '10

### Telecom Infrastructures

- Copper cables: weak demand in the main European markets
- Optical fiber cables: sales recovery in Q2, after projects postponements in Q1
- Operating margin slightly positive

## Further restructuring measures...

Implementation of the restructuring measures initiated in 2009 is progressing on track

Two new proposed site closures have been announced in H1 '10 (450 jobs)

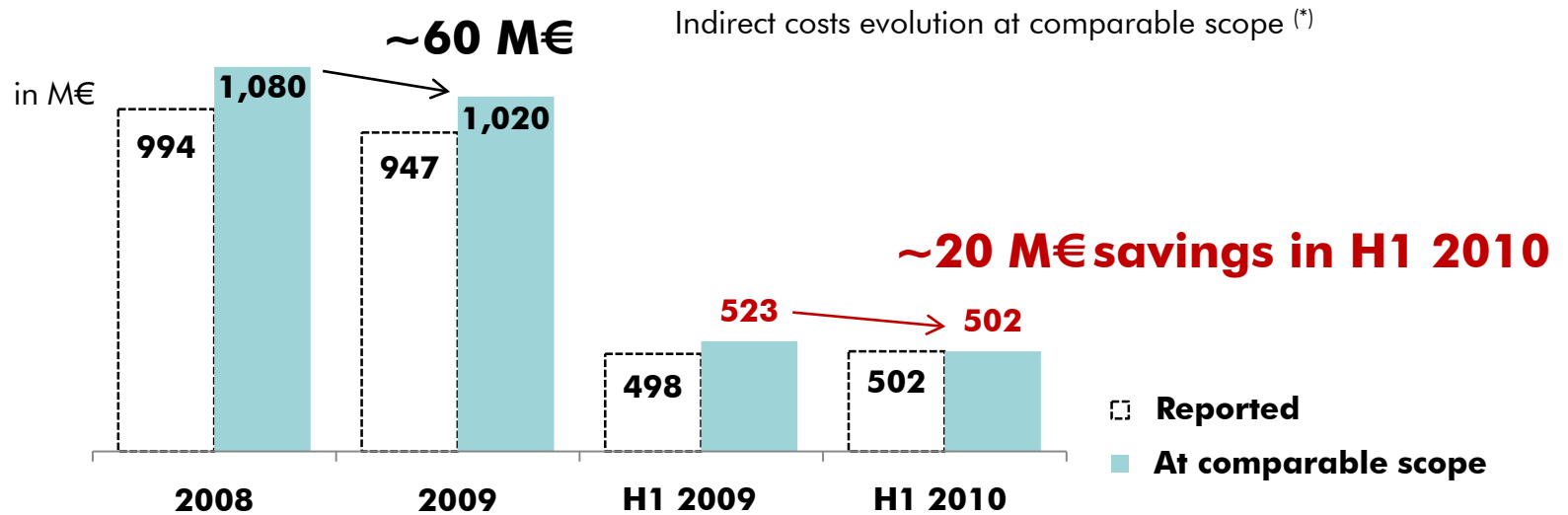
### **Italy:** Latina

- Rationalizing the productions of Low and medium Voltage power distribution cables in Europe

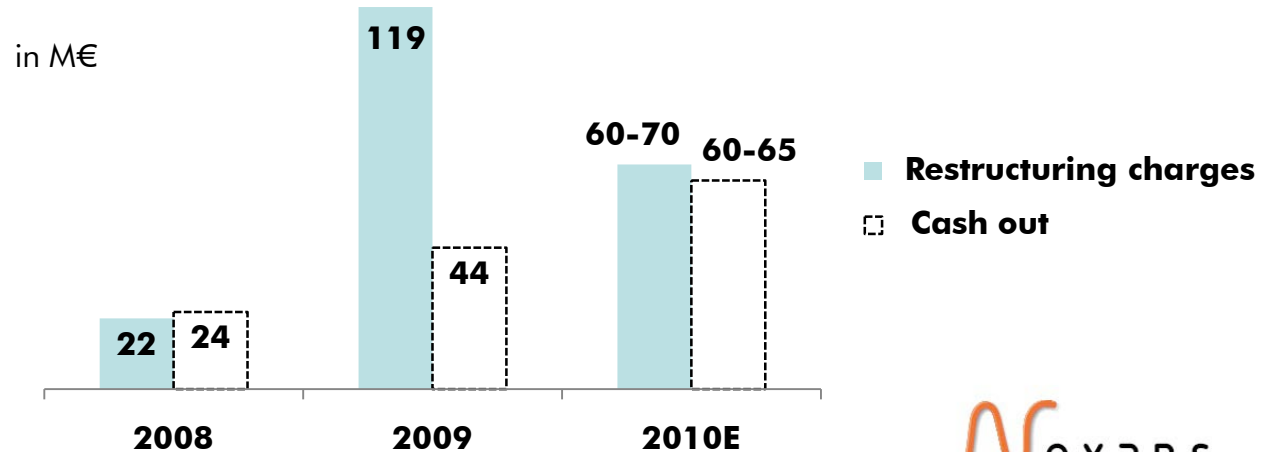
### **Brazil:** Lorena

- Grouping together overhead line cables production in one single site

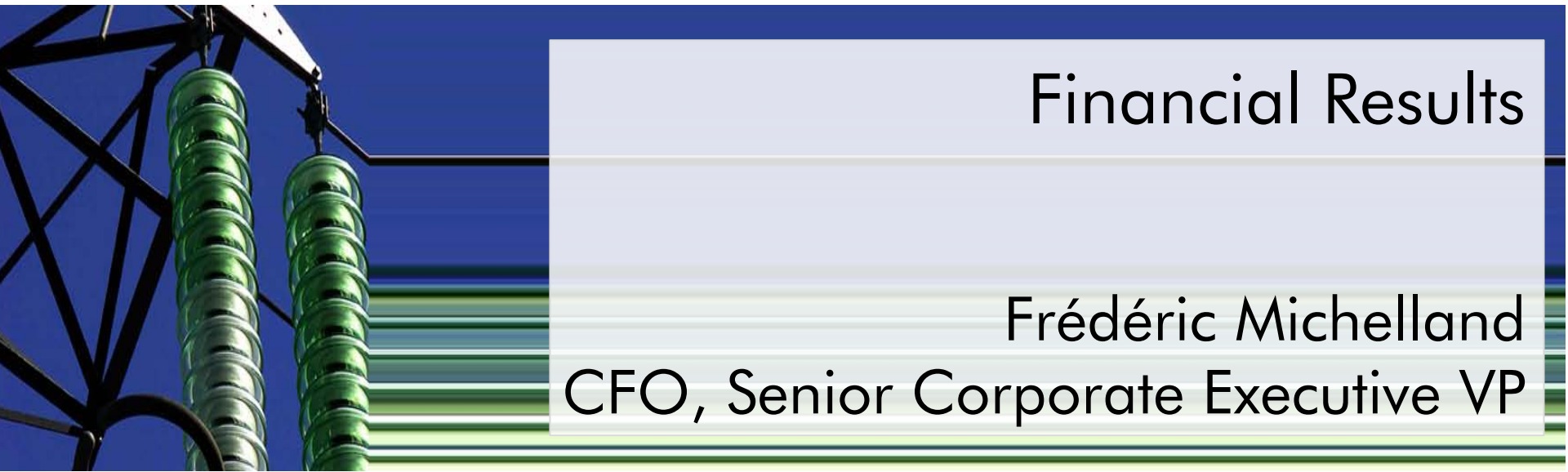
## ... to lower the Group's breakeven point



## Stepping up the effort



(\*) Restated for FX and scope effects



# Financial Results

Frédéric Michelland  
CFO, Senior Corporate Executive VP



## Key figures

(in Million €)

	H1 2009	H1 2010	
Sales at current metal prices	2,514	2,955	
<b>Sales</b> at constant metal prices	<b>2,085</b>	<b>2,100</b>	-5.3% organic
<b>Operating Margin</b>	<b>110</b>	<b>83</b>	
<i>Operating Margin rate at constant metal prices</i>	5.3 %	4.0 %	
<i>Operating Margin rate at current metal prices</i>	4.4 %	2.8 %	
Restructuring	(53)	(56)	
<b>Net income (Group share)</b>	<b>(57)</b>	<b>(17)</b>	
<b>Operational Cash Flow</b>	<b>78</b>	<b>95</b>	
<b>Net debt</b>	<b>312</b>	<b>277</b>	

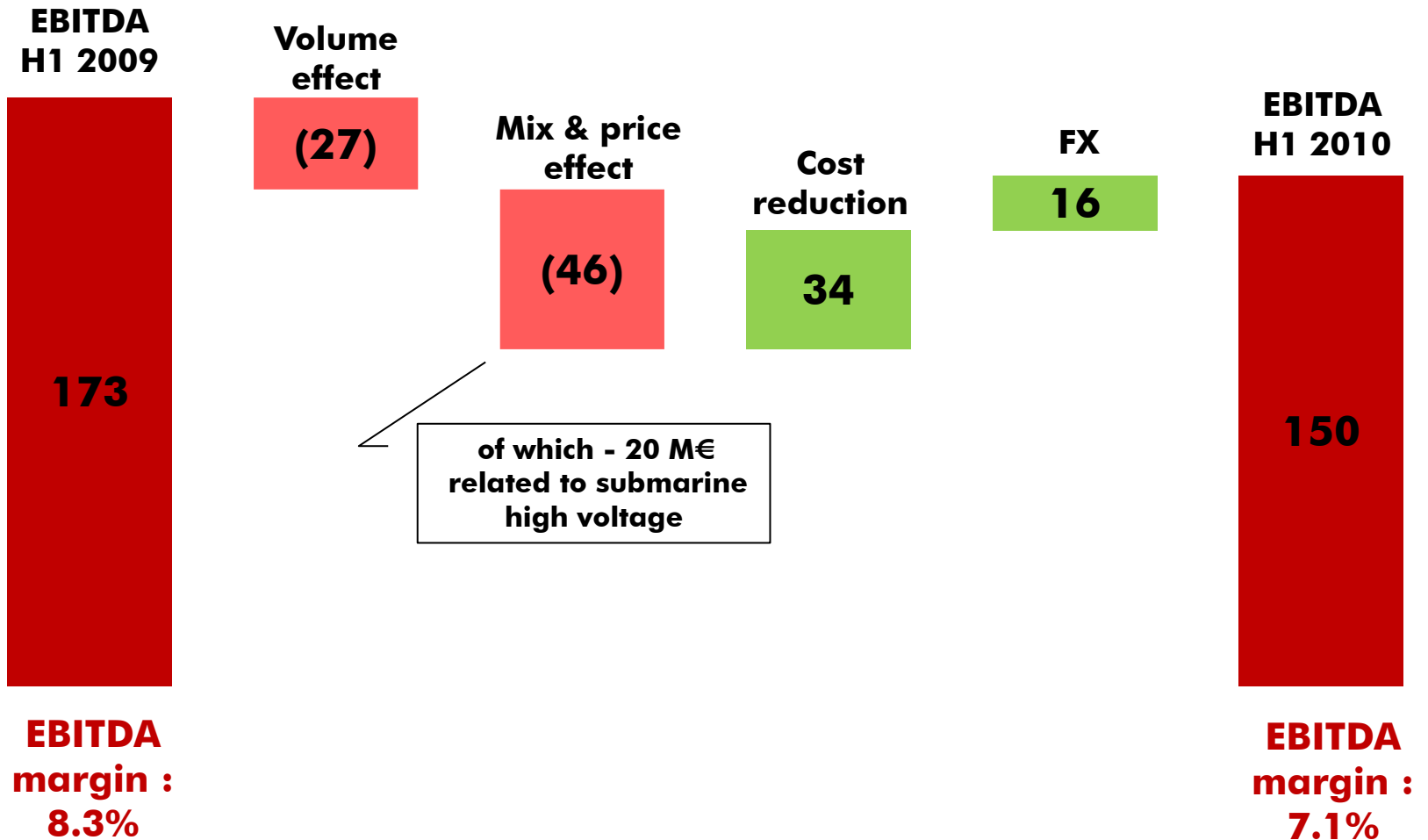
## Income statement (1/3)

<i>In Million €</i>	H1 2009		H1 2010	
Sales at constant metal prices	2,085		2,100	
Margin on variables costs	672	32%	651	31%
Indirect costs	(498)		(502)	
<b>EBITDA (*)</b>	<b>173</b>	<b>8.3%</b>	<b>150</b>	<b>7.1%</b>
Depreciation	(63)		(66)	
<b>Operating Margin</b>	<b>110</b>	<b>5.3%</b>	<b>83</b>	<b>4.0%</b>
Core exposure impact	(41)		50	
Asset impairment	(9)		(26)	
Change in fair value of metal derivatives and other	3		(8)	
Capital gain and loss on asset divestitures	2		2	
Restructuring	(53)		(56)	
<b>Operating result</b>	<b>12</b>		<b>45</b>	

(\*) Operating Margin before depreciation

## Significant cost reduction efforts

in M€



## Income statement (2/3)

<i>In Million €</i>	H1 2009		H1 2010	
Sales at constant metal prices	2,085		2,100	
Margin on variables costs	672	32%	651	31%
Indirect costs	(498)		(502)	
<b>EBITDA (*)</b>	<b>173</b>	<b>8.3%</b>	<b>150</b>	<b>7.1%</b>
Depreciation	(63)		(66)	
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Asset impairment	(9)		(26)	
Change in fair value of metal derivatives and other	3		(8)	
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Restructuring	(53)		(56)	
<b>Operating result</b>	<b>12</b>		<b>45</b>	

(\*) Operating Margin before depreciation

## Income statement (3/3)

<i>In million €</i>	H1 2009	<b>H1 2010</b>
<b>Operating income</b>	<b>12</b>	<b>45</b>
Financial charges	(48)	(40)
<b>Income before tax</b>	<b>(36)</b>	<b>5</b>
Income tax	(19)	(20)
<b>Net income from operations</b>	<b>(55)</b>	<b>(15)</b>
<b>Net income Group share</b>	<b>(57)</b>	<b>(17)</b>

## A solid balance sheet

<i>In million €</i>	31 Dec 2009	30 June 2010
<b>Long-term fixed assets</b>	<b>1,693</b>	<b>1,783</b>
<i>of which goodwill</i>	<i>335</i>	<i>368</i>
Deferred tax assets	57	69
<b>Non current assets</b>	<b>1,750</b>	<b>1,852</b>
Working capital	908	1,057
<b>Total to finance</b>	<b>2,658</b>	<b>2,909</b>
<b>Net financial debt</b>	<b>141</b>	<b>277</b>
Reserves	490	501
Deferred tax liabilities	109	112
<b>Shareholder's equity and minority interests</b>	<b>1,918</b>	<b>2,019</b>
<b>Total financing</b>	<b>2,658</b>	<b>2,909</b>

**Gearing:**

**7%**

**14%**

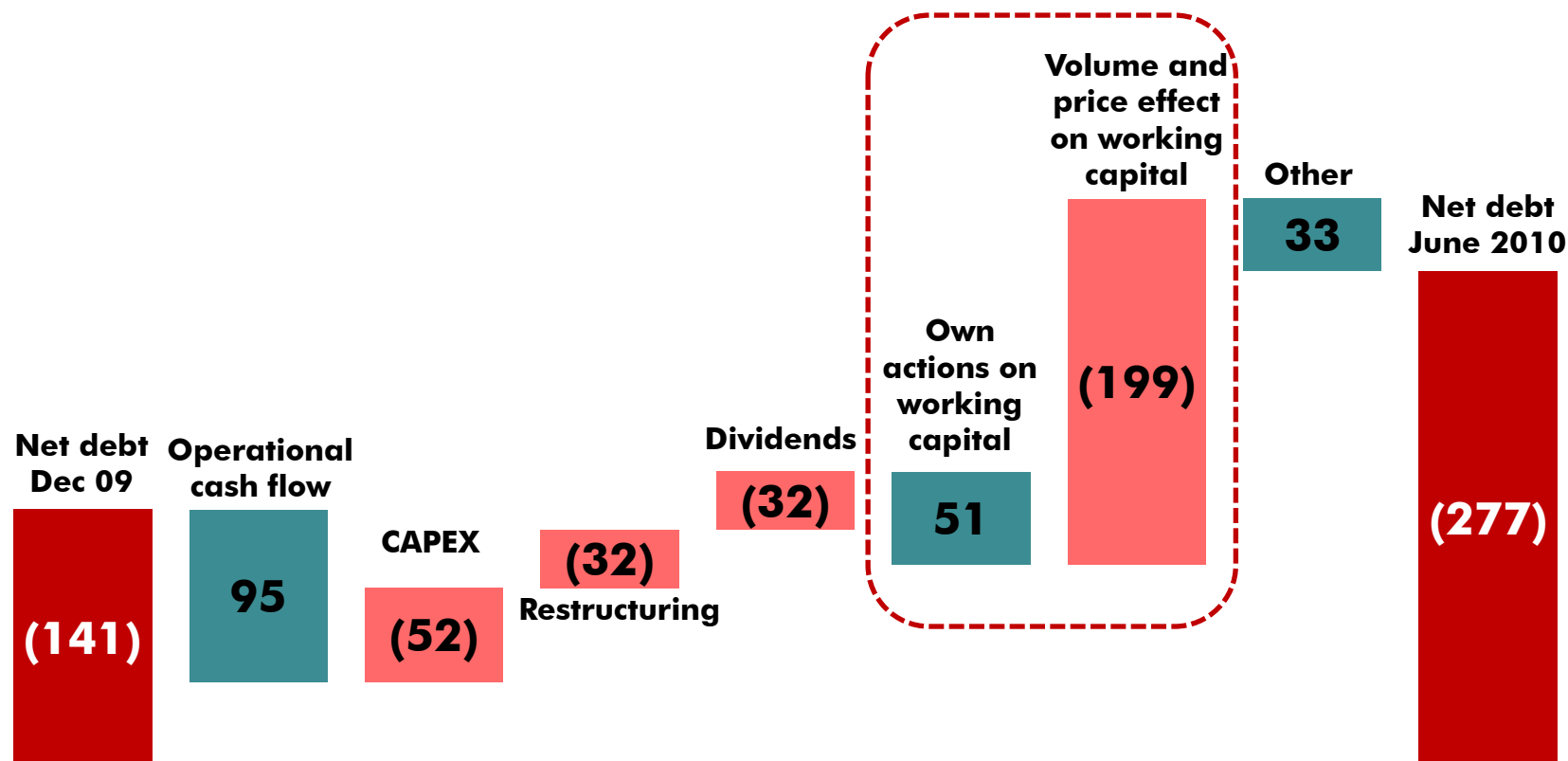
**Leverage (net debt / EBITDA)\* :**

**0.4x**

**0.8x**

(\*) based on LTM EBITDA

# Net debt evolution

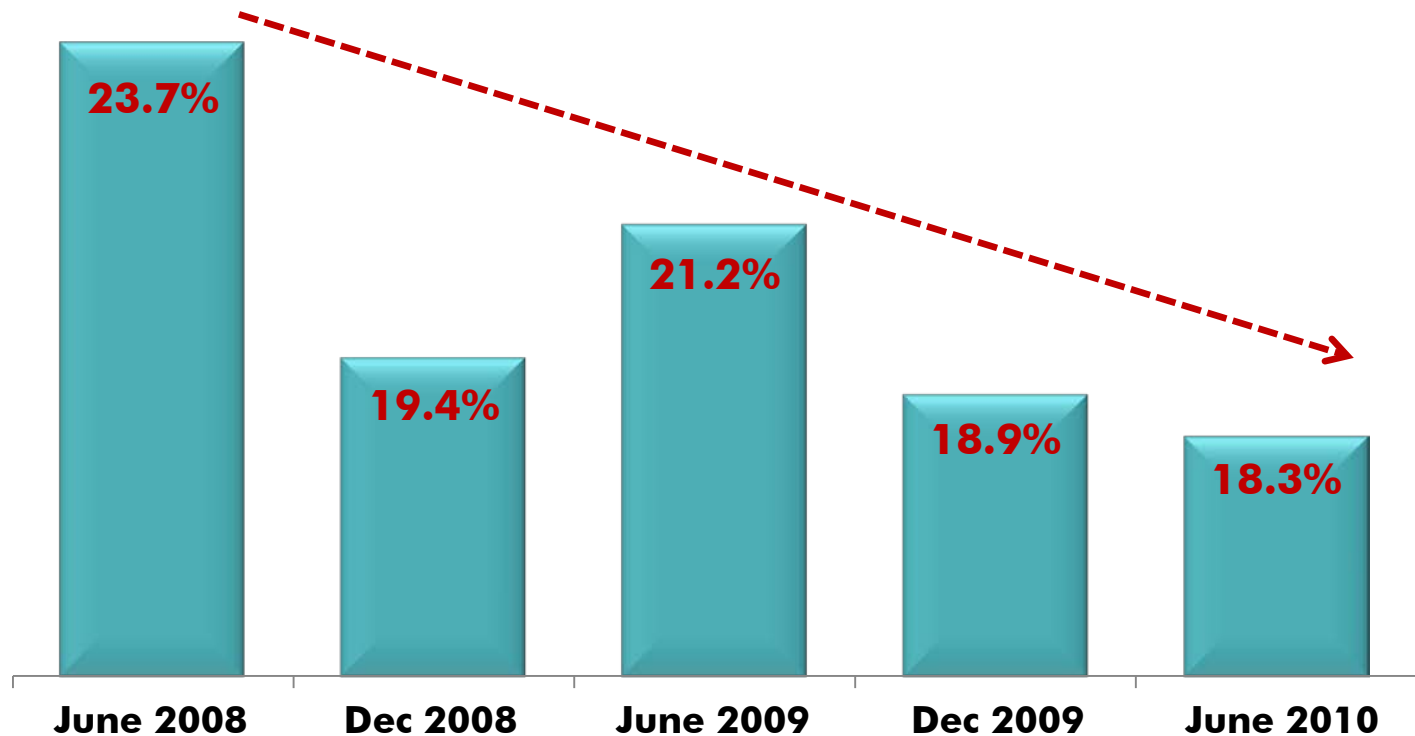


**Net debt reduction expected at H2(\*)**

(\*) at 30 June 2010 metal prices

## Further structural reduction in working capital: + 50 M€ cash

Operational working capital in % of sales (\*) at current metal prices



**17% decrease in tons of copper in inventory(\*\*)**

(\*) based on last quarter sales x 4

(\*\*) Year over year





# Conclusion

Frédéric Vincent  
Chairman and CEO

## Perspectives for 2010

- *H2 '10 level of activity expected to be higher than H1 '10  
→ flat organic growth for 2010*
- *2010 Operating Margin rate expected at 4.5% with a potential upside*
- *2010 net income to be positive*
- *Net debt reduction at 30 June 2010 metal prices*

## Medium term perspectives

### Business

- Renewable: ~200 M€ in backlog
- High Voltage submarine and terrestrial: ~800 M€ in backlog
- Good position in HVDC
- Participation in Transgreen
- Development of the first commercial applications in superconductivity

### Geography

Growth through greenfields definitely oriented towards emerging countries

- Russia: ramping up
- Qatar: first production end 2010
- Australia: HV extension fully operational
- India: engineering in progress
- China: further extension under consideration

### Numerous initiatives

- Industrial rationalization
- Deployment of Operational Excellence programs
- Launching of "Customer focus" program
- Development of employees shareholding: **Act**<sub>2010</sub>

### Solid indicators

#### Financial

- Gearing : 14%
- Fixed costs 2008-2010:  $\cong$  - 10%
- Operational WC / sales: from 23.7% to 18.3% (2008-2010)

#### Operational

- OTIF (On Time In Full) : 87.8%
- Inventory coverage : 8.2 weeks of production in inventory
- Safety (accident frequency rate) : 10.3

**Strong confidence  
in the medium term**



Q&A session



# Appendices

## Sales and profitability by segment

<i>(in million €)</i>	<b>H1 2009</b>			<b>H1 2010</b>		
	Sales	OM	OM%	Sales	OM	OM%
Energy Infrastructures	918	86	9.3%	897	61	6.8%
Industry	380	4	1.0%	427	7	1.6%
Building	454	28	6.2%	419	9	2.1%
Telecom Infrastructures	97	6	6.3%	84	1	1.6%
Private Networks (LAN)	113	0	0%	122	8	6.7%
Others	11	(12)	NS	13	(9)	NS
<b>Total Cable activities</b>	<b>1,973</b>	<b>112</b>	<b>5.7%</b>	<b>1,962</b>	<b>77</b>	<b>3.9%</b>
Electrical Wires	112	(2)	-1.9%	137	6	4.7%
<b>Total Group</b>	<b>2,085</b>	<b>110</b>	<b>5.3%</b>	<b>2,100</b>	<b>83</b>	<b>4.0%</b>

## Impact of foreign exchange and consolidation scope

<i>(in million €)</i>	<b>H1 '09</b>	<b>Forex</b>	<b>Scope</b>	<b>Organic growth</b>	<b>H1 '10</b>
Energy Infrastructures	918	69	(2)	(88)	897
Industry	380	14	(13)	46	427
Building	454	31	15	(81)	419
Telecom Infrastructures	97	5	1	(19)	84
Private Networks (LAN)	113	3	(1)	7	122
Other	11	0	0	2	13
<b>Total cable activities</b>	<b>1 973</b>	<b>122</b>	<b>0</b>	<b>(133)</b>	<b>1,962</b>
Electrical Wires	112	10	0	15	137
<b>Total Group</b>	<b>2 085</b>	<b>132</b>	<b>0</b>	<b>(118)</b>	<b>2,100</b>



Mexans