



Press release

2008 first half-year results

- **Continued increase in organic sales growth of cable businesses*: +7.2%**
- **Strong improvement in profitability with operating margin of 9.1% at constant non-ferrous metal prices** (6.2% at actual non-ferrous metal prices)

Paris, July 24, 2008 - The Nexans Board of Directors chaired by Gérard Hauser, which met on July 23, 2008, has reviewed the Group's consolidated financial statements for the 2008 first half-year.

- *First half-year **Sales*** totaled 3,554 million euros, compared to 3,792 million euros at June 30, 2007.
*At constant non-ferrous metal prices***, sales reached 2,419 million euros compared to 2,451 million euros for the first half of 2007.
The decrease in revenues corresponds to the deliberate reduction of the external sales in the electrical wires business.

Organic growth in the cable businesses *** stood at 7.2%.

- The **operating margin** for the period was 220 million euros compared to 187 million euros for the first half of 2007, an increase of almost 18%. Operating margin as a percentage of sales therefore rose from 7.6% at June 30, 2007 to 9.1% at constant non-ferrous metal prices at June 30, 2008 (from 4.9% to 6.2% at actual non-ferrous metal prices).
- **Net income** (Group share) for the first half of 2008 was stable at 119 million euros, due in particular to the lesser effect of the revaluation of the copper "core exposure" and to an increase in the effective rate of tax, the company having now used up most of its tax loss carryforwards which can be absorbed in the near term.
- **Net financial debt** totaled 457 million euros at June 30, 2008, down 76 million euros compared to June 30, 2007. The gearing is 25.4%.

* Cable businesses and associated products (accessories), excluding electrical wires

** To neutralize the effect of variations in the purchase price of non-ferrous metals and thus measure the underlying sales trend, Nexans also calculates its sales using a constant price for copper and aluminum

*** 2007 sales based on comparable data correspond to sales at constant metal prices, taking into account the effects of variations in exchange rates and consolidation scope

A continuation of strong growth based on profitability

Commenting on the 2008 first half-year results, Nexans Chairman and CEO Gérard Hauser said: "In spite of the increased uncertainty in the economic and financial environment, the increase in profits announced today is completely in line with the objectives Nexans has set for 2009. This performance is the result of a strategic plan focused on longer-cycle growth sectors, significant targeted investments and a carefully crafted external growth strategy. These factors, combined with a strict cost monitoring policy, allow us to expect an increase in operating margin for 2008 compared with 2007, based on organic growth in sales of more than 6%.

Finally, the possible sale of our automotive cable harnesses business has been abandoned. Considering the state of the markets, the proposed valuation multiples were not in line with the Group's or with the business's potential. Taking this into account, as well as the acquisitions of Intercond and Madeco, the Group's net financial debt at year-end should be between 500 and 600 million euros".

Detailed analysis of business

Key figures – First half 2008

(in millions of euros)	At constant non-ferrous metal prices	
	First half 2007	First half 2008
Sales	2,451	2,419
Sales at constant exchange rates	2,397	2,419
Operating margin (% of sales)	7.6%	9.1%
Net income (group share)	119	119

Sales and operating margin by business sector

Sales				
	First half 2007		First half 2008	
(in millions of euros)	At constant metal prices (**)	On comparable data (***)	At constant metal prices (**)	Organic growth (calculated on the basis of unrounded figures)
Energy sector	1,883	1,823	1,972	8.1%
Energy infrastructures	784	768	919	19.7%
Industry	510	459	482	4.8%
Building	589	596	571	-4.2%
Telecom sector	276	266	267	0.7%
Local Area networks (LANs)	147	145	149	3.2%
Telecom infrastructures	129	121	118	-2.2%
Other	5	5	5	N/A
Sub-total: Cable Businesses	2,164	2,094	2,244	7.2%
Electrical wires	287	274	175	-36.1%
Group total	2,451	2,368	2,419	2.2%

Operating margin		
(in millions of euros)	First half 2007	First half 2008
Energy sector	160	202
Energy infrastructures	56	106
Industry	39	41
Building	65	55
Telecom sector	27	23
Local Area networks (LANs)	18	15
Telecom infrastructures	9	8
Other	(4)	(7)
Sub-total: Cable Businesses	183	218
Electrical wires	4	2
Group total	187	220

Energy

Sales in the Energy business in the first half of 2008 amounted to 1,972 million euros, reflecting an organic growth of 8.1%.

Operating margin increased by 26%, rising from 160 million euros at June 30, 2007 to 202 million euros at June 30, 2008.

Energy infrastructures: sharp increase in high voltage business

Sales of energy infrastructure cables reached 919 million euros representing organic growth of 19.7% compared with the first half of 2007. This accelerated growth was mainly due to the sharp increase in sales of high voltage cables in the first half of 2008, but also to the increase in sales of medium voltage infrastructure cables, particularly in Europe, thanks to the development of renewable energy and infrastructure projects starting up in Central Europe and Russia. Operating margin amounted to 106 million euros (corresponding to an operating margin as a percentage of sales of 11.4%), and almost doubled compared with the first half of 2007.

Industry: increase in sales of cables for industrial applications

Sales of special cables to major international equipment manufacturers for the first half of 2008 totaled 482 million euros, an increase of 4.8% based on comparable data. Demand is steady in high value-added sectors such as cables for automation, transport (shipbuilding, aerospace and railways) and the oil and gas industry. Sales of cables for telecom equipment manufacturers (around 10% of sales in the Industry segment) fell sharply.

Finally, in this first half of 2008, the Group strengthened its presence in the automation segment by signing a contract for the acquisition of the Italian company Intercond, which should be completed in the third quarter of 2008.

The operating margin improved, rising from 7.7% in the first half of 2007 to 8.6% at June 30, 2008.

Building: profitability maintained despite pressure on prices in the United States

The downturn in sales of cables for building was limited to 4.2% based on comparable data. Sales totaled 571 million euros in the first half of 2008. In Europe, the decline in sales volume in Spain, the United Kingdom and Ireland has had only a limited impact on margins. The Group has adapted its production capacity to changes in the market, particularly in Ireland and Germany. In North America, sales are only slightly down under the combined effect of an increase in volumes made possible by the expansion of the product range and a lowering of prices which has had a substantial impact on the operating margin.

Overall, the Energy business has maintained a high level of profitability with an operating margin, at 55 million euros, close to 10%.

Telecom

At June 30, 2008, based on comparable data, the sales of the Telecom activity were stable compared with the first half of 2007, totaling 267 million euros.

Local area networks (LANs): increase in exports

Sales of cables for local area networks amounted to 149 million euros, reflecting 3.2% organic growth compared with the first half of 2007. In Europe (with the exception of England), volumes held steady and export sales were boosted by projects started in the Middle East. In the United States, sales increased, particularly in optical fiber cables. Business was also boosted by sales of top-of-the-range (Category 6 and 7) copper cables which have superior profitability. Operating margin as a percentage of sales remained high, still double digit.

Telecom infrastructures: extensive FTTH development in Northern Europe

Sales of telecom infrastructure cables in the first half of 2008 totaled 118 million euros, down 2.2% organically as a result of the production stoppage in Vietnam at the end of June 2007.

This trend must also be viewed in the context of the Group's decision to sell its Santander (Spain) based telecom copper cables business at the end of May 2008.

The temporary stoppage of production of telecommunications copper cables in Vietnam and the priority given to improving profitability mainly explain the decline in sales in this sector.

On the other hand, Nexans is performing well in the optical fiber cables sector, particularly in Northern Europe where numerous Fiber To The Home (FTTH) programs are underway, as well as in the accessories sector.

Electrical wires

The sales of the Electrical Wires businesses totaled 175 million euros in the first half of 2008, down 36% based on comparable data; this downward trend reflects the Group's decision to refocus only on its internal requirements.

Operating profit dropped from 4 million to 2 million euros.

Analysis of sales and operating margin by geographical area, excluding electrical wires

Sales				
(in millions of euros)	First half 2007		First half 2008	Organic growth (calculated on the basis of unrounded figures)
	At constant metal prices (**)	On comparable data (***)	At constant metal prices (**)	
Europe	1,476	1,453	1,581	8.8%
North America	217	194	205	5.5%
Asia-Pacific	287	266	259	-2.4%
Rest of the World	184	181	199	9.9%
Sub-total: Cable Businesses	2,164	2,094	2,244	7.2%
Electrical wires	287	274	175	-36.1%
Group total	2,451	2,368	2,419	2.2%

The breakdown of "electrical wires" sales by geographic area for the first half-year 2007 was: Europe 140 million euros; North America 139 million euros, and Asia-Pacific 8 million euros. In the first half-year 2008, the breakdown by geographic area is: Europe 97 million euros and North America 78 million euros.

Operating margin		
(in millions of euros)	First half 2007	First half 2008
Europe	108	158
North America	41	21
Asia-Pacific	23	21
Rest of the World	11	18
Sub-total: Cable Businesses	183	218
Electrical wires	4	2
Group total	187	220

Europe: steady growth and a further significant increase in profitability

Cable businesses sales in Europe in the first half of 2008 amounted to 1,581 million euros, representing 8.8% organic growth compared with the first half of 2007.

Operating margin for the cable businesses amounted to 170 million euros (before deduction of Headquarters-related costs) in the first half of 2008, compared with 108 million euros in 2007, representing an increase of more than 57% over the period.

Energy infrastructures development is the primary driver for growth in Europe and in the Group. In the industry cables business, development efforts are concentrated on the high added value segments (transport, automation and the oil and gas industry).

Conversely, sales volumes in the building sector slowed down in some countries (Spain, the United Kingdom and Ireland) but margins were maintained on the whole.

North America: performance affected by the crisis in the US real estate market

Cable businesses sales in the first half of 2008 amounted to 205 million euros, an organic growth of 5.5% compared with the first half of 2007.

In the energy cables market, sales based on comparable data increased by more than 14% in infrastructure cables (due in part to the restarting of production in Quebec) and fell by 2.8% in the building cables sector; the difficult economic conditions prevailing in North America have led to a reduction in margins, although they remain within the Group average.

In the telecom cables market, sales of LAN cables were strong.

Operating margin of cable businesses sales in the region fell from 41 million euros at June 30, 2007 to 21 million euros for the first half of 2008.

Asia-Pacific: decline in sales in Vietnam

Sales in the Asia-Pacific region totaled 259 million euros in the first half of 2008, down 2.4% based on comparable data compared with the first half of 2007. The downturn is mainly due to the production stoppage of copper telecom infrastructure cables in Vietnam. Outside Vietnam, organic growth stands at 2.4%.

Sales to telecom equipment manufacturers are also down.

Conversely, sales of special industry cables, on which the Group is concentrating the bulk of its development efforts, are booming: Australia (up 23.2% on comparable scope and constant exchange rates) and China (up 36.3% on comparable scope and constant exchange rates).

Operating margin for this region was slightly down, 21 million euros in the first half of 2008 compared with 23 million euros at June 30, 2007.

Rest of the World: sharp increase in sales and profitability

Sales in the region totaled 199 million euros in the first half of 2008, representing organic growth of almost 10% compared with the first half of 2007. Growth was particularly high in Egypt, Lebanon and Morocco as a result of investment undertaken in 2006 and 2007.

Operating margin for the first half of 2008 amounted to 18 million euros compared with 12 million euros at June 30, 2007.

2008 financial calendar

September 30, 2008: Individual shareholders' information meeting in Nice*

October 2, 2008: Individual shareholders' information meeting in Paris*

October 23, 2008: Publication of financial information for 2008 third-quarter

November 24, 2008: Individual shareholders' information meeting in Reims*

(*dates given as a rough guide only)

A full set of slides for the presentation of the half-year results, including the results by business sector, is available at www.nexans.com/finance/presentationsfinancieres. A detailed presentation of the accounts, the half-year report of the company's activities and full half-year financial statements will be available July 25 on the Nexans website at www.nexans.com

About Nexans

With energy as the basis of its development, Nexans, the worldwide leader in the cable industry, offers an extensive range of cables and cabling systems. The Group is a global player in the infrastructure, industry, building and Local Area Network markets. Nexans addresses a series of market segments from energy, transport and telecom networks to shipbuilding, oil and gas, nuclear power, automotive, electronics, aeronautics, handling and automation.

With an industrial presence in more than 30 countries and commercial activities worldwide, Nexans employs 22,000 people and had sales in 2007 of 7.4 billion euros. Nexans is listed on Euronext Paris, compartment A. More information on <http://www.nexans.com/>

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Appendices

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2. Consolidated balance sheet
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Consolidated income statement

in millions of euros

	1st Half-year 2008	1st Half-year 2007
Net sales	3 554	3 792
Metal price effect*	(1 135)	(1 341)
Net sales at constant metal prices*	2 419	2 451
Cost of sales	(3 065)	(3 369)
Cost of sales at constant metal prices*	(1 930)	(2 028)
Gross profit	489	423
Administrative and selling expenses	(237)	(207)
R&D costs	(33)	(29)
Operating margin*	220	187
Core exposure effect**	18	48
Net asset impairment	(10)	(11)
Changes in fair value of non-ferrous metal derivatives	10	(5)
Net gains on asset disposals	(2)	4
Restructuring costs	(17)	(12)
Operating income	219	210
Cost of debt (gross)	(33)	(26)
Income from cash and cash equivalents	13	6
Other financial expenses	(25)	(17)
Share in net income of associates	0	0
Income before taxes	174	173
Income taxes	(56)	(49)
Net income from continuing operations	118	124
Net loss from discontinued operations	0	0
Net income	118	124
Attributable to equity holders of the Company	119	119
Attributable to minority interests	(0)	5
Attributable net income from continuing operations per share (in euros)		
- basic earnings per share	4,67	4,67
- diluted earnings per share	4,18	4,16
Net income/(loss) from discontinued operations per share attributable to equity holders of the Company (in euros)		
- basic loss per share	-	-
- diluted loss per share	-	-
Net income per share attributable to equity holders of the Company (in euros)		
- basic earnings per share	4,67	4,67
- diluted earnings per share	4,18	4,16

* Performance indicators used to measure the Group's operational performance

** Effect relating to the revaluation of core exposure at weighted average cost.

Consolidated balance-sheet

in millions of euros

June 30, 2008

December 31, 2007

	June 30, 2008	December 31, 2007
ASSETS		
Goodwill	201	192
Intangible assets	103	101
Property, plant and equipment	876	858
Investments in associates	0	1
Other non-current financial assets	29	28
Deferred tax assets	45	48
Other non-current assets	-	-
NON-CURRENT ASSETS	1 254	1 227
Inventories and work in progress	1 244	1 158
Amounts due from customers on construction contracts	228	163
Trade receivables	1 268	1 092
Current income tax receivables	9	11
Other current non-financial assets	64	83
Other current financial assets	202	125
Cash and cash equivalents	437	622
Assets and groups of assets held for sale	2	150
CURRENT ASSETS	3 454	3 403
TOTAL ASSETS	4 708	4 630
EQUITY AND LIABILITIES		
Capital stock	25	26
Additional paid-in capital	1 110	1 133
Treasury stock	-	-
Reserves	516	374
Net income attributable to equity holders of the Company	119	189
Equity excluding minority interests	1 770	1 722
Minority interests	31	36
TOTAL EQUITY	1 801	1 758
Pension and other retirement benefit obligations	322	322
Other long-term employee benefit obligations	15	15
Long-term provisions	25	25
Convertible bonds	264	258
Other long-term debt	353	353
Deferred tax liabilities	105	85
Other non-current payables	-	-
NON-CURRENT LIABILITIES	1 083	1 058
Short-term provisions	86	72
Short-term debt	277	301
Customer deposits and advances	58	59
Amounts due to customers on construction contracts	122	128
Trade payables	856	817
Current income tax payables	47	32
Other current non-financial liabilities	52	47
Other current financial liabilities	326	313
Liabilities related to groups of assets held for sale	1	45
CURRENT LIABILITIES	1 824	1 814
TOTAL EQUITY AND LIABILITIES	4 708	4 630

Consolidated statement of cash flows

<i>in millions of euros</i>	1st Half-year 2008	1st Half-year 2007
Net income attributable to equity holders of the Company	119	119
Minority interests	0	5
Depreciation, amortization and impairment of assets	63	63
Cost of debt (gross)	33	26
Core exposure impact*	(18)	(48)
Other restatements**	68	69
Cash flows from operations before gross cost of debt and tax***	264	235
Decrease (increase) in receivables	(252)	(148)
Decrease (increase) in inventories	(58)	(43)
Increase (decrease) in payables and accrued expenses	46	206
Other assets and liabilities	-	-
Income tax paid	(34)	(40)
Impairment of current assets and accrued contract costs	7	(5)
Net change in current assets and liabilities	(291)	(30)
Net cash generated from (used in) operating activities	(27)	205
Proceeds from disposals of property, plant and equipment and intangible assets	6	4
Capital expenditures	(60)	(69)
Decrease (increase) in loans granted	(1)	8
Purchase of shares in consolidated companies, net of cash acquired	(6)	(29)
Proceeds from sale of shares in consolidated companies, net of cash transferred	17	48
Net cash used in investing activities	(44)	(38)
Net change in cash and cash equivalents after investing activities	(71)	166
Proceeds from (repayment of) long-term borrowings	-	350
- of which issuance of borrowings	-	350
- of which repayment of borrowings	-	(1)
Proceeds from (repayment of) short-term borrowings	(11)	(388)
Proceeds from issuance of shares paid up in cash	(23)	6
Interest paid	(39)	(26)
Dividends paid	(52)	(32)
Net cash (used in) generated from financing activities	(125)	(91)
Net effect of currency translation differences	4	(10)
Net increase (decrease) in cash and cash equivalents	(192)	66
Cash and cash equivalents at beginning of year	594	288
Cash and cash equivalents at year-end	402	354
<i>Of which cash and cash equivalents recorded as assets in the balance sheet</i>	437	354
<i>Of which short-term bank loans and overdrafts</i>	(35)	

* Impact relating to the revaluation of core exposure at weighted average cost – no cash impact

** 1st Half 2008 : of which off-setting of the income tax charge for 56 millions euros

1st Half 2007 : of which non cash impact of the change in fair value of derivatives (+22 millions euros) and off-setting of the income tax charge (+ 49 millions euros).

*** The Group also uses the "operating cash flow" concept which is calculated after adding back restructuring costs (7 million euros and 9 million euros at first half 2008 and first half 2007), and deducting gross cost of debt and current income tax charge.

Information by business line

<i>in millions of euros</i>	Electrical wires	Energy	Telecom	Other (or not allocated)	Inter-segment eliminations*	Group total
June 30, 2008						
Net sales at current metal prices	1 128	2 706	318	5	(602)	3 554
Net sales at constant metal prices	359	1 971	267	5	(183)	2 419
Operating margin	2	202	24	(8)		220
June 30, 2007						
Net sales at current metal prices	1 437	2 598	334	5	(582)	3 792
Net sales at constant metal prices	470	1 883	276	5	(182)	2 451
Net sales at constant metal prices and 2008 exchange rates	464	1 849	261	5	(182)	2 397
Operating margin	4	160	27	(4)		187

* Inter-segment eliminations mostly stem from the upstream Electrical Wires business.

Information by geographic area

<i>in millions of euros</i>	France*	Germany	Other European countries	North America	Asia-Pacific	Rest of the World	Group total
June 30, 2008							
Net sales at current metal prices (before inter-area eliminations)	1 363	467	1 291	581	408	318	4 428
Inter-area sales at current metal prices	(542)	(38)	(253)	(1)	(16)	(24)	(874)
Net sales at current metal prices	821	429	1 038	580	392	294	3 554
Net sales at constant metal prices	560	320	797	283	259	199	2 419
Operating margin	35	26	96	24	21	18	220
June 30, 2007							
Net sales at current metal prices (before inter-area eliminations)	1 485	459	1 187	736	444	289	4 600
Inter-area sales at current metal prices	(538)	(44)	(206)		(5)	(15)	(808)
Net sales at current metal prices	947	415	981	736	439	274	3 792
Net sales at constant metal prices	559	299	757	357	295	184	2 451
Net sales at constant metal prices and 2008 exchange rates	559	299	755	330	273	181	2 397
Operating margin	32	26	52	42	24	11	187

* Including Corporate Activities

Net sales at current metal prices by geographic market

<i>in millions of euros</i>	France	Germany	Other European countries	North America	Asia-Pacific	Rest of the World	Group total
June 30, 2008	454	343	1 095	597	438	627	3 554
June 30, 2007	529	371	1 178	753	494	467	3 792