

Our core businesses

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ENERGY



"Despite the deterioration in our environment, our activity has continued to be profitable. We will continue to strengthen our sales positions, and continue efforts to reduce costs."

Yvon Raak, President, Energy division

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TELECOM



"The rigorous restructuring plans we have implemented will have their full effect in 2003, and combined with a policy of targeted increases in market share, they should lead to a return to breakeven."

Pascal Portevin, President, Telecom division

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ELECTRICAL WIRES



"Development of our products is closely linked to that of our markets. In a difficult economic period, the quality of our teams and our processes will allow us to keep our customers' trust. In addition, the excellence of our products gives us the opportunity to win new customers."

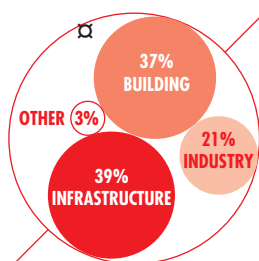
Michel Lemaire, President, Electrical Wires division



In 2002, the Energy division's sales accounted for 52% of Nexans' sales. Income from operations reached 71 million euros, backed by strong progress in operating margins on umbilical and high-voltage cables. These results were achieved in a difficult context and provided Nexans with a strong base. At the same time, the Group pursued its selective acquisitions policy with the purchase of Petri in Germany. Nexans also signed agreements for the acquisition of Kukdong in Korea and Furukawa energy cables' activities in Brazil.



Solid performance in a lackluster environment



Sales breakdown by activity

Infrastructure markets: sustained operating margins

In the area of infrastructure, Nexans produces and installs cables and cabling systems for power transmission and distribution utilities. In 2002, the Group reported sales of 839 million euros (down 4% compared with 2001), while significantly improving its operating margin (up from 3.4% in 2001 to 6.4% in 2002). These results confirm the major trends already observed in 2001. In 2002, the major European

power transmission and distribution utilities continued to perform **network maintenance** operations, especially for medium voltage. They also stepped up the **development of interconnections** between national grids, in compliance with European directives on the liberalization of energy markets, which contributed significantly to sustain activity in the area of high-voltage networks.



European rank
for equipment cables*

N_o.1

Worldwide rank
for power cables*

N_o.2

European rank for high-and medium-
voltage power accessories*

N_o.2

* See the cover flap.

Nexans also confirmed its **leading position on certain high-technology cable markets, such as some type of umbilical cables**. Used in the operation of offshore oil and gas fields, these cables route power, data and fluids. With more than ten years' experience in this area, Nexans further strengthened its position with oil companies. In this respect, the contract signed with BP America Production

Company for the supply of 120 km of umbilical cables for the "Thunder Horse" and "Atlantis" fields is of particular significance. The Group also signed new contracts with Shell and Norsk Hydro for the supply of umbilical cables for their projects in the Gulf of Mexico

and in the North Sea. Further, major orders were placed with Nexans for the supply of special cables: submarine cables for power supply to "Daydream Island" (Australia), and high-voltage underground connection cables for Kuwait, under international calls for tender.

OUTLOOK FOR 2003 > *Despite low visibility, power utilities should continue to boost international grids interconnection. In this context, Nexans will pursue its work along the entire value chain, from research (design of new insulating materials, composite overhead cables, etc.) all the way to reducing manufacturing costs.*

Industry markets: subdued results

In 2002, the sales of cables to industry rose 8% compared with 2001, but 2001's 3.2% operating margin fell to 1.2%. This drop hides excellent performances in certain areas of business, such as automotive harnesses, cables for the nuclear industry, and safety cables. In May, the Group signed a major contract for the supply of special cables for the Cernavoda Nuclear Power Plant (Romania). In the area of shipbuilding, Nexans signed an agreement

in October 2002 with Chantiers de l'Atlantique for the supply of 3,000 kilometers of cables for the Queen Mary 2, the world's largest cruise ship.

Besides, **the signature of an agreement for the acquisition of the Korean company, Kukdong**, specialized in marine cables, will strengthen the Group's

position in this market segment. In response to slower demand for certain products, such as industrial installation cables, affected by the significant decline in capital expenditure, Nexans implemented a **cost reduction** and restructuring program. It also rationalized its products portfolio.

OUTLOOK FOR 2003 > *The Group will pursue three objectives: continue to develop high value-added products; continue to improve its customer service; and finally boost its presence on outside Europe markets, via targeted acquisitions.*



Supply of 3,000 kilometers of cables for the Queen Mary 2, the world's largest cruise ship

● **MARCH 21, 2003 SIGNATURE OF AN AGREEMENT FOR THE ACQUISITION OF KUKDONG ELECTRICAL WIRES COMPANY.** *Kukdong Electrical Wires Company is a Korean cable manufacturer specialized in shipboard cables. Its sales amounted approximately to 95 million dollars in 2002. This agreement is part of Nexans' strategy to improve its positioning in high value-added products and on growing markets.*

● **MARCH 31, 2003 ACQUISITION OF FURUKAWA CABOS DE ENERGIA S.A. (FCE).** *A Brazilian company, Furukawa Cabos de Energia S.A. (FCE) provides a complete range of aluminum cables for power transmission and distribution utilities. Its sales amounted approximately to 50 million dollars in 2002. The aim of this agreement is to strengthen Nexans' positions in South American markets.*

A middle-aged man with grey hair, wearing a grey suit jacket, a light blue shirt, and a dark tie, is smiling warmly. He has his hand resting on his chin. The background is a blurred industrial setting, likely a factory, with large red coils in the foreground. The image is framed by a purple border with a curved top-left corner.

Kjell Storborg
Norway

"In 10 years, we have increased
the plant's production by 50 %."

Interview

Kjell Storborg has been managing the Langhus plant, one of Nexans' four plants in Norway, for ten years.

This plant manufactures a range of performance power cables for the Norwegian and export markets.

How did you become manager of this plant?

Kjell Storborg: I was production manager for the offshore production in a Norwegian company when Alcatel acquired it in 1986. In 1991, when it was decided to build the Langhus plant, I was offered the position as manager. When the site was switched to Nexans, I retained my position.

Could you tell us a little more about this plant?

K.S.: The Langhus plant employs approximately one hundred people and manufactures installation cables and heating cables and

mats. The installation cables are mainly for the domestic market. Heating cables have been sold, mainly in the Norwegian market, for more than fifty years. Through extensive product development of heating cables and mats, a wide range of these products are now exported worldwide. The most important markets are France, Russia, and China. A great achievement.

What was the outstanding event for the Langhus plant in 2002?

K.S.: Its anniversary in August! In 10 years and despite a decreasing number of employees, we have increased

the plant's production by 50%. We were also awarded ISO 14001 certification, which was recognition for the efforts made by all the teams in the environmental area. It was also a real satisfaction for the Group, which is very demanding in terms of organization and respect for the environment.

I spend a lot of time with our Norwegian and European customers, and I now get the feeling that everyone recognizes the outstanding quality of Nexans' products and services.



Energy division's sales in 2002:
2,141 million euros (excluding copper price variation)

● **JUNE 10, 2002 ACQUISITION OF PETRI.** *Petri is specialized in the design, manufacture and sale of medium- and low-voltage accessories for energy networks. Its sales amounted approximately to 19 million dollars in 2001. This acquisition fits into Nexans' strategy to develop leading positions in infrastructure business. Petri's products are complementary to Nexans' offering.*



Building markets: significant deterioration

Nexans supplies low-voltage power cables to European and American distributors or directly to installers, for the building market. Sales from this activity were down 3.4% to 785 million euros in 2002 compared with 813 million euros in 2001. This performance hides **wide disparities between different sectors of the building market**: whilst residential building remained at a

satisfactory level, the industrial and tertiary building sectors dropped sharply. Here again, the measures to reduce costs and adapt production facilities introduced by Nexans were clearly effective. Besides, Nexans' expertise and logistics network were strong advantages. With approximately fifteen logistic platforms, this international

network allows the Group to provide an excellent level of service, attuned to its most demanding customers' expectations. Finally, to capitalize on its offering,

Nexans developed a **new marketing tool**: all Group salespeople and customers now have access to the complete product catalogue on the Internet.

OUTLOOK FOR 2003 > *In response to fluctuating building markets, Nexans efforts in 2003 will focus on two areas. First, the Group will continue its policy to lower costs by integrating, for example, the manufacture of insulating polymer compounds in its production lines. Secondly, Nexans again aims at strengthening its logistics and its marketing platform.*