

The logo for Mexans features a stylized orange 'M' with a 3D effect, followed by the letters 'e', 'x', 'a', 'n', and 's' in a black, lowercase, sans-serif font. The background is a blue gradient with a wavy, water-like texture.

**Mexans**

**Half Year Results  
September 12 2001**

G rard 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.**

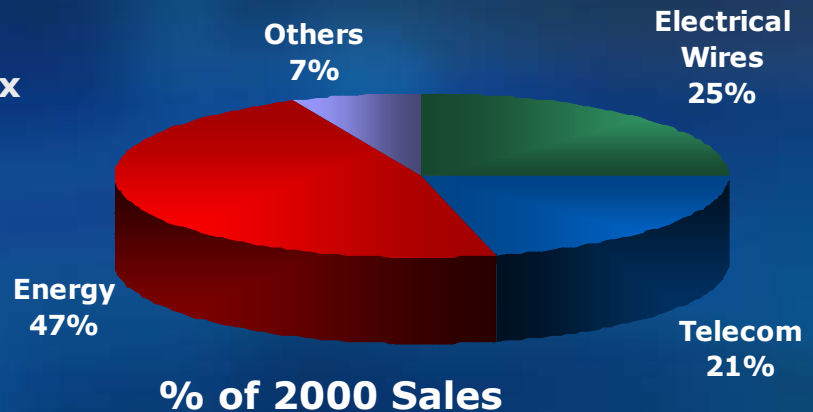
**Such expectations assume amongst others that (1) the European economy will not deteriorate further ;(2) demand in North American markets, in particular for LAN and winding wire does not further deteriorate; and (3) telecom operators do not cut infrastructure spending more than expected.**

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- **Main events since IPO**
- **Key figures and comments**
- **Market trends and competitive environment**
- **Half year performance by division**
- **Restructuring & cost reduction**
- **Financial review**
- **Perspectives**

# Nexans : a World Class Player with a Clear Strategy

- **N° 1 worldwide, with sales of 4.8 bn euros**
  - **Balanced business mix**
  - **Addressing different markets**
    - **Infrastructure**
    - **Industry / OEM**
    - **Building**



- **A strategy focusing on innovation and high value added products**
  - **April 2001 : contract with Thyssenkrupp to supply 1000 km of Stator cables for the Shanghai Transrapid**
- **Selective external growth**
  - **March 2001 : acquisition of Daesung (Korea)**

- **Mid June : Listing at 27 €/share (oversubscribed 6.7x)**
- **End June : Exercising of the greenshoe**
- **Estimated breakdown at allocation with greenshoe exercised :**
  - **by type:**
    - **Alcatel : 20% of capital**
    - **Institutional : 64% of capital**
    - **Retail : 16% of capital**
  - **Geographical:**
    - **France : 55% (including Alcatel & Retail)**
    - **USA : 18%**
    - **UK : 13%**
    - **Germany/Italy : 9%**
- **July : Admission to SBF 250**
- **August : S&P assigns BBB corporate rating and A-2 short term rating**

(In millions of €)	2000 Full(*)	HY 2000(*)	HY 2001
Sales Current metal	4.783	2.360	2.536
Sales Constant metal	4.361	2.198	2.320
Cash Flow from Operations	225	n/a	111
EBITDA	301	145	151
Operating Profit	169	79	79
Operating Profit Margin	3.9%	3.6%	3.4%
<b>Net Income</b>	<b>75</b>	<b>31</b>	<b>19</b>

(\*) pro forma

- **Sales improved 5.5% (3.1% at constant perimeter)**
- **Operating performance stable due to slowdown in the US and Italy, as foreseen at IPO date**
- **Un-representative level of net income as compared to full year expectation due to seasonality of business and exceptional level of tax**
- **Restructuring actions to address specific situations**
- **Aggressive cost reduction program on tracks**

	Electrical Wire	Energy	Telecom
<b>Upstream</b>	<b>Wire Rod and Bare:</b> Harder general context		
<b>Infrastructure</b>		<b>HV MV LV</b> Overall Strong (Europe and NA)	<b>Networks</b> Europe : Strong and large Export
<b>Industry</b>	<b>Winding Wires</b> Europe : Average US : Weak (-6%)	<b>Industrial Applications</b> France : Strong Germany : Weak	<b>Electronic &amp; Datacom</b> Europe : Strong US : Weak
<b>Building</b>		<b>LV Cable</b> Europe : Satisfactory NA : Difficult	<b>Cabling</b> Europe : Average US : Weak

# A Changing Competitive Environment

	Electrical Wires	Energy	Telecom
<b>Business Discontinued</b>	-	NKT (HV)	-
<b>Businesses for sale or sold</b>	Phelps Dodge Pirelli	Pirelli Phelps Dodge General Cable	Superior Telecom Lucent (FO + FO Cables)
<b>Businesses in Restructuring</b>	Pirelli	Elektrim General Cable NKT Japanese Industry	Corning CDT Commscope Ericsson Avaya

# Sales and Operating Profit by Division

(In millions of €)	Full Year(*) 2000		June 30(*) 2000		June 30 2001	
	Sales	OP	Sales	OP	Sales	OP
Energy	2062	64	1037	29	1085	32
Telecom	876	46	429	23	461	23
Electrical Wires	1095	43	576	26	605	18
Distribution	327	12	156	3	169	6
Other	1	4	-	(2)	-	-
	<b>4361</b>	<b>169</b>	<b>2198</b>	<b>79</b>	<b>2320</b>	<b>79</b>

(\*) pro forma

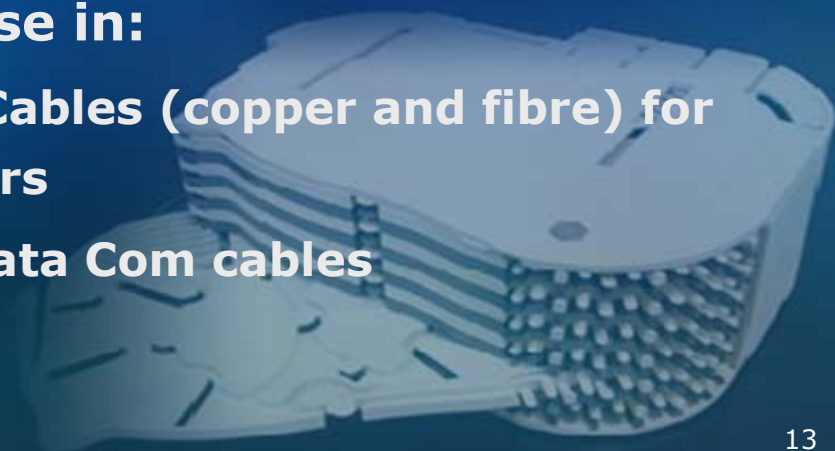
(In millions of €)	HY 2000	HY 2001	
Revenues	1.037	1.085	+4.6%
Operating Profit	29	32	+13.4%
OP Margin	2.8%	3.0%	

- **On track recovery in High Voltage:**
  - **Outstanding Order Book in umbilicals**
  - **Good level of activity in terrestrial cables**
- **Medium & Low Voltage Energy Networks sales up except Italy (ENEL)**

- **Industrial Applications:**
  - On track industrial recovery in Germany but signs of slowdown in some areas
  - Strong business in harnesses (BMW- Audi)
  - On target deployment of automotive cable facilities in Morocco, Romania and Mexico
- **Strong Commercial Success**
  - Horns Rev (energy networks)
  - Mikkel (Umbilicals)
  - Mexico (HV)
  - Shanghai Transrapid (Industrial Applications)

(In millions of €)	<b>HY 2000</b>	<b>HY 2001</b>	
<b>Revenues</b>	<b>429</b>	<b>461</b>	<b>+7.6%</b>
<b>Operating Profit</b>	<b>23</b>	<b>23</b>	<b>-</b>
<b>OP Margin</b>	<b>5.4%</b>	<b>4.9%</b>	

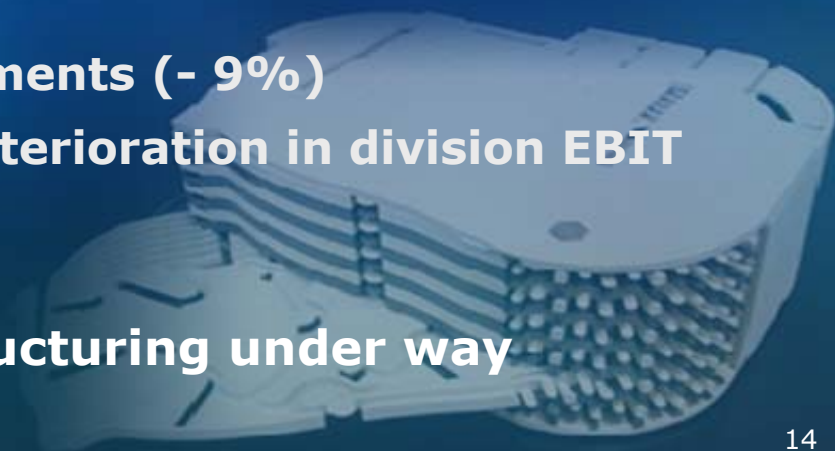
- **Revenue Growth in all segments but LAN**
- **Double digit increase in:**
  - **Public Network Cables (copper and fibre) for Telecom operators**
  - **Electronic and Data Com cables**



- **Significant successes:**
  - **Access components contract in Taiwan**
  - **Cabling structures for cruise ships**
  - **Airbus**
- **LAN activity particularly affected by the US slowdown**
  - **Shortfall in shipments (- 9%)**
  - **Led to overall deterioration in division EBIT margin rate**



**Heavy restructuring under way**



(In millions of €)

**HY 2000**

**HY 2001**

	HY 2000	HY 2001	
<b>Revenues</b>	<b>576</b>	<b>605</b>	<b>+5%(*)</b>
<b>Operating Profit</b>	<b>26</b>	<b>18</b>	<b>-31%</b>
<b>OP Margin</b>	<b>4.5%</b>	<b>2.9%</b>	

(\*)+1.6 % at constant perimeter

- **Decrease of US market in Winding Wires related to automotive products**
- **Lower rate of profitability as a consequence of strong demand in Rod Wires (High Copper content products)**

- **Solid level of activity in Varnishes**
- **Encouraging results on NHP new process pilot plant**

## **ACTIONS**

- **Restructuring actions launched in the US**
- **Increased internal sourcing in Rod and Bare Wires**
- **Close monitoring of European business**

# Finalise past Restructuring & Launch new initiatives

**M€ 14 cash mainly spent to:**

- **Complete past restructuring programs paying off in 2001:**
  - **Energy Networks: Switzerland (Cortailod Site) completed**
  - **High Voltage: France (Calais Site) completed**
  - **General Markets: France Sales Network in progress**
- **Launch new initiatives to address 2001 specific issues:**
  - **USA: New Holland in LAN, Mexico (Missouri) and La Grange sites in Winding Wires**
  - **Distribution business in Norway**
  - **Italy: Energy and Winding Wires**

- **October 2000: Launched in Paillart Pilot site (Electronic & Data Com)**
- **April 2001: First results in**
  - **De-bottlenecking: Increase of capacity led to OP effect of 400 k€**
  - **Scrap rate: Reduction of 26% of Scrap costs in 36 weeks**
  - **WIP & Inventories: Reduction of 50% of WIP before jacketing**
  - **Maintenance costs: immaterial at this stage (LT action)**
- **May 2001: First conclusions in terms of**
  - **Feasibility of spread on a GroupWise base**
  - **Size of savings to target**
- **April 2001: Spread to 9 other sites**



**Annual cost savings at stake: 20/25 M€**



Mexans

**Financials**

*Frédéric Vincent*

€m	June 30 2000(*)	Full Year 2000(*)	June 30 2001
Sales at constant metal	2198	4361	2320
EBITDA	145	301	151
<i>EBITDA margin (%)</i>	<i>6.6</i>	<i>6.9</i>	<i>6.5</i>
Operating Profit	79	169	79
<i>Operating Profit margin (%)</i>	<i>3.6</i>	<i>3.9</i>	<i>3.4</i>
Financial charge	(7)	(20)	(20)
Restructuring	(18)	(30)	(12)
Other revenues	-	1	2
<hr/>			
Income before taxes	54	120	49
Income tax	(19)	(40)	(25)
Goodwill amortization	-	-	(1)
Minority interests	(4)	(5)	(4)
<b>NET INCOME</b>	<b>31</b>	<b>75</b>	<b>19</b>

(\*) pro forma

# Debt Evolution & Financial Charge

- Net Debt (cash in millions of €)



- Half Year Charge

	2000 H1	2001 H1
Financial Interests	(1)	(13) (of which 6 Turkey + Brazil)
Pension: Financial cpt	(4)	(5)
All Other	(2)	(2)
	<u>(7)</u>	<u>(20)</u>

(\*) estimates

# Income Tax Charge

(in millions of €)	June 30 2000			June 30 2001		
	NIBT	Tax	%	NIBT	Tax	%
Profit Making Countries	67	(20)	30%	92	(22)	23.9%
Loss Making Countries	(13)	1	-	(43)	(3)	
<b>Group</b>	<b>54</b>	<b>(19)</b>	<b>35%</b>	<b>49</b>	<b>(25)</b>	<b>51%</b>

- **Income Tax Charge influenced by Geographical Breakdown**
  - Germany moving from loss to profit making country where TLCF's available
  - Norway (because of restructuring) and USA (business issue), moving from profit to loss making countries
  - Italy from slightly to largely negative

# Summary Balance Sheet

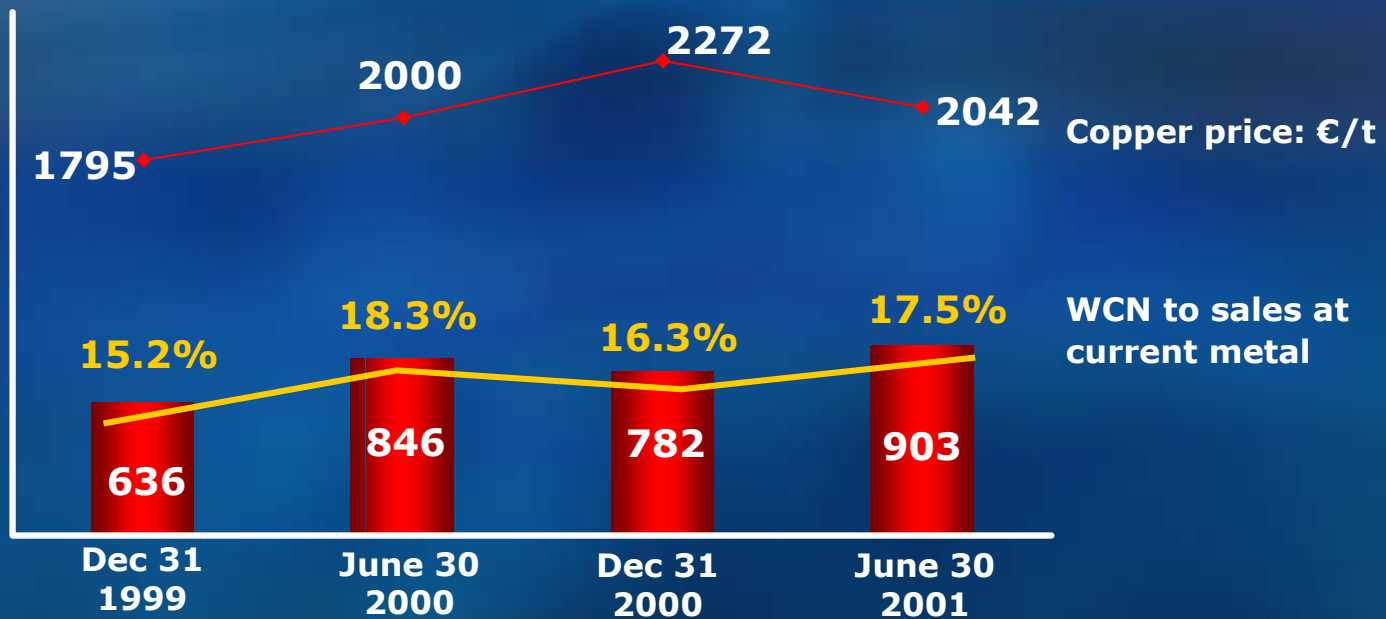
€m	Dec 31 2000(*)	June 30 2001
Intangible assets	5	38
Property, plant & equipment	826	895
Investments & other non-current assets	63	66
<b>Total Non-Current Assets</b>	<b>894</b>	<b>999</b>
Working Capital Needs	782	903
<b>TOTAL TO FINANCE</b>	<b>1,676</b>	<b>1,902</b>
Net Debt (cash) position	76	247
Reserves	440	428
Minority interests	49	93
Shareholders' equity	1,111	1,134
<b>TOTAL FINANCING</b>	<b>1,676</b>	<b>1,902</b>

(\*) pro forma

# Cash Flow Statement

€m	2000 FY	2001 HY
Net Income (incl. minority interests)	80	23
Depreciation and Amortization	132	73
Other non-cash items	13	15
<b>Cash flow from operations</b>	<b>225</b>	<b>111</b>
Change in working capital needs	(115)	(122)
Capital Expenditure, Net	(218)	(93)
Cash cost acquisition of consolidated companies	(31)	(20)
Restructuring expense	(79)	(14)
Dividends paid	(25)	(23)
Other	(4)	(10)
<b>NET Increase / Decrease in Debt</b>	<b>(247)</b>	<b>(171)</b>

# Working Capital Needs



- Working Capital needs evolution closely linked to:
  - Evolution of Copper price
  - Seasonality factor
- Actions taken to reduce Working Capital regardless to copper price evolution

## IPO Time

## Today

### Business

- No spread of the US slowdown in Europe
- Recovery of Energy Networks business
- Sustained return for public Telecom Cables
- Strong resilience in some businesses (Utilities, ..) but material signs of slowdown in some areas (Germany, WW, LAN)
- Confirmed
- Telecom Market Slowdown

## IPO Time

- Quality and robustness of earning streams
- Net Debt to increase at June 30 (seasonality but not to exceed €300M)
- Low level of net income at June 30 due to high interest costs
- CAPEX around €200M
- Restructuring in the region of €25M
- Confidence in 2001 performance in OP terms

## Today

- Confirmed by constant HY OP despite difficult economical conditions
- Confirmed at an even better level (€247M)
- Confirmed
- CAPEX around €180M
- Confirmed
- Globally confirmed despite - economical conditions more difficult than expected

The image features a stylized logo for the word "Mexans". The letter "M" is rendered in a thick, wavy, orange-red font with a slight 3D effect. The remaining letters "exans" are in a simple, black, sans-serif font. The entire logo is centered against a background of a blue gradient that transitions from a lighter, hazy blue at the top to a darker, more saturated blue at the bottom, suggesting a sky or ocean horizon.

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