



2006 ANNUAL REPORT

 Nexans

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* Free translation from the original French version of the AMF certificate.

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GLOBAL LEADER IN CABLES

21,150 employees | 9 research centers | Industrial presence in more than 30 countries | Commercial activities worldwide | Sales of 4.442 billion euros at constant metal prices | Operating margin of 260 million euros | Net income, Group share of 241 million euros.

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 and building markets. Nexans addresses a series of market segments from energy, transport and telecom networks to shipbuilding, oil and gas, nuclear power, automotives, railways, electronics, aeronautics, material handling and automation.

Its products meet the most demanding requirements in terms of performance, quality, and the environment. Its services cover the entire value chain, from upstream to downstream: research, design, manufacturing, installation and maintenance.

With its technological leadership, global expertise, and local presence, Nexans operates around the world to satisfy essential needs while maintaining the highest levels of safety and performance.

Nexans is listed on the Paris stock exchange.



“Our goals are to accelerate Nexans’ business growth and make the company more profitable, more resistant, and more streamlined. And our recent performance proves that we can translate these goals into tangible results.”

Gérard Hauser
Chairman and
Chief Executive Officer



AHEAD OF OUR STRATEGIC PLAN

Excellent 2006 results

2006 was the Group's best year by far, with healthy sales growth and a sharp jump in profits. These results reflect a buoyant economic climate, especially in our energy cables business which is enjoying vibrant demand across the globe. These results are also the fruit of our aggressive, targeted growth strategy designed to boost the Group's profitability and increase sales faster than the sector average.

We have made Nexans a more resistant company, cut its fixed costs, made its plants more efficient, and expanded its product range. We also enlarged its footprint by expanding into the most dynamic, lucrative markets in rapidly-developing regions such as South America, i.e. in Brazil, and the Middle East. We increased our presence in Asia-Pacific substantially with the acquisition of Olex, the region's leading cable manufacturer. We created organizations that are closer to our customers and stepped-up our R&D spending. And perhaps most significantly, we were able to maintain margins despite the skyrocketing prices of copper and plastics that make up over half of the manufacturing costs of our cables – by passing on those increases and continuously lowering our costs.

We achieved the goals of our 2005-2007 strategic plan one year ahead of schedule. Nexans' sales grew an average of 6.7% between 2005 and 2006, the operating margin climbed to 5.8%, and the after-tax ROCE improved substantially.

A new Strategic Plan for 2007-2009

In 2007 we will embark on a new three-year strategic plan that was approved by the Board of Directors on January 17, 2007. This new plan will allow Nexans to accelerate its business growth, and become more profitable, more resistant, and more streamlined.

Energy will be at the core of our business development, and our strategy is built around our energy infrastructure, industry, and building businesses.

We will be more targeted in the telecom activity by focusing on higher value-added cables and systems.

In the electrical wires and wire rods activities, we plan to shift towards manufacturing to supply only the Group's own needs.

We target consolidated sales approaching 5 billion euros by 2009 (at constant metal prices), which corresponds to an average annual growth rate of 6%, excluding acquisitions and scaled-down businesses.

This sales growth will require an increasing amount of financial and human resources. We plan to invest in capacity upgrades, enrich our product range, and penetrate new markets. 500 million euros will be allocated to manufacturing capital expenditures between 2007 and 2009, of which 80% will be spent on three priority areas: energy infrastructure, industry, and buildings.

Our operating margin target for 2009 is 7.5%, with a ROCE close to 13% (at 2006 copper prices). To get there, we plan to focus on driving sales from higher-margin businesses, growing sales to the industrial markets, boosting profitability, and striving to better understand and meet our customers' needs.

A well-understood, well-received strategy

Our strategy has met with support from investors. Nexans' share price soared 142% in 2006, making it the best performer in the SBF 120.

Our business outlook is very positive. There is still substantial room to progress, and our sound financial structure puts us in a position to seize promising opportunities.

Nexans operates in an industry oriented towards the future, with large, diversified, and sustainably profitable markets. We aim to make the most of this, while serving the best interests of our shareholders, employees and customers.