

# Interview with the Chairman and CEO\_



Gérard Hauser, Chairman and Chief Executive Officer

"Our aim is to be the most profitable company in the cable industry"

## **The year 2000 saw the birth of Nexans. Is it too early to make an initial assessment of the situation?**

The creation of Nexans enabled the majority of the Alcatel group's cable and components activities to be combined in a single independent legal entity. This separation from Alcatel has given us the opportunity to take our future firmly into our own hands, focusing on a core activity in which we are not only experts, but also one of the world's forerunners. Our new organization based on three business divisions (Energy, Telecom and Electrical wires) enables us to tackle our markets with confidence and clear visibility. The setting up of centralized functions gives us complete management independence, especially regarding the financial aspects.

## **The Nexans IPO has reinforced that independence. What development opportunities does this represent?**

Once the restructuring was completed, the only way of definitively acquiring our independence was to go public, but not at any price. The IPO was initially planned for 2000, but as the stock markets were not in the best of health at the time, Alcatel postponed it. Now the move has been made. Our public status now gives us the means to look further ahead and exercise our activity in a responsible and responsive manner, for the benefit of our customers and shareholders alike. The financial markets simply provide a vector for possible growth. Now, yet again, it is up to us.

## **Nexans is in good health. Is it in phase with its markets?**

We are lucky in that we work on strong markets. Second to food, the vital needs of man are energy, telecommunications, transport and housing. Nexans is a major player in all these areas. Today, more than ever, the future runs through Nexans. This is why our organization and strategy are based on the study of new needs and our ability to satisfy them. Nexans has top quality personnel and a customer portfolio of the first order. The company has low debt, and all the commercial, technical and financial means to progress rapidly over the next three years. We want to increase our share of the American market—which still represents only 23% of our

turnover—and concentrate on the development of products with higher added value.

## **What are your ambitions for external growth?**

The IPO has given Nexans the independence and means necessary to buy out companies whose products will enable it to increase its market share or strengthen its presence on progressing markets, by about 7% to 12% per year. We are talking essentially of products and components for telecommunications, electronic cables, special systems and cables, not to mention special products from our Energy Division. In a word, products with high added value.

"Nexans is an international group with top quality personnel and a customer portfolio of the first order. The company has low debt, and all the commercial, technical and financial means to progress even more rapidly over the next three years."

**The year 2000 also saw continued restructuring. Can you tell us more about this?**

External growth is not sufficient. If we are to improve profitability, we must improve productivity. This demands a detached and objective identification of our weak points. It was with this aim that we consolidated and streamlined our high voltage cable production sites. On the research front, we can go even faster in the invention, development and commercialization of new products. We also have the means of progressing in customer relations and stock management. The year 2000 saw the start of a substantial continuous improvement program on twelve pilot sites.

**Quality and innovation are watchwords; what are your goals in this respect?**

Development also demands an active quality policy. Our aim is to reduce the level of defective products to below 0.5%. As for innovation, this constitutes the very heart of our activities. Although Nexans does not plan to embark on the production of optical fibres, we are at the forefront of R&D for the new generations of fibre cables. We will make the investments necessary to offer our customers the most comprehensive range of high-performance products. We are also starting to commercialize our first plastic fibre cables for the automotive industry.

**And what about customer service?**

The customer is, and must remain, at the forefront of our concerns. Our policy in this area is based on the development of long-term partnerships in programs of research and innovation in the most dynamic industrial areas such as the automotive industry and aeronautics. The contract signed last year with the automotive equipment manufacturer Valeo is a perfect example in this respect. It will lead to mass production applications resulting in commercial spinoffs in the largest countries in the world. Today more than ever the future runs through Nexans.