



We provide a complete offer, worldwide

THE CABLE AND CABLING SYSTEMS MARKET TODAY AND TOMORROW

Improving market conditions

2004 marked a turnaround in market trends in the cable and cabling systems industry after several years characterized by the burst of the telecommunications bubble and the slowdown in the global economy. This movement should continue over the next three financial years, bolstered by the economic recovery, the progressive turnaround in the telecommunications industry and, above all, the increase in global energy requirements. The development of standards and regulations for increasingly well-performing products that are safer and more environmentally friendly is also contributing to the revitalization of the cable and cable systems market. In 2007, our market should generate 72 billion dollars globally*, or an increase of 14% compared with 2003.

Varied situations depending on geographical areas

Growth in developing countries has risen sharply, notably in China, India, Latin America and the Middle East. Two-thirds of Nexans' activity is still derived from Europe, which experiences a less favorable economic climate combining price erosion and volume stagnation. North America, which widely restructured its industry, benefits from more favorable market and growth conditions.

Cost of raw materials, competitive pressure and price erosion

The considerable increases in raw materials and energy costs were main characteristics of 2004. Nexans relayed the cost of the increases in copper prices to its customers, and thanks to the quality of its relationships with its suppliers, the Group was able to successfully negotiate during this difficult financial year, thereby preserving and maintaining its margins. In a highly competitive market, cost reductions and the capacity for innovation remain the two main keys to success and to achieving the Group's priorities.

⁽¹⁾ 2004 CRU report.

With a capacity to anticipate restructuring changes, and with clearly defined growth priorities in the markets and countries with the greatest potential, Nexans is well equipped to profit from growth opportunities and consolidate its leadership.

NEXANS' RESULTS BY BUSINESS

Energy:
62% of the Group's activities

2004 RESULTS

Energy (including distribution activities) generated sales of 2,604 million euros, representing organic growth of 6.8% compared with 2003. Infrastructure projects (high-voltage and umbilicals) grew 24%, and the Group won several major export contracts. Nexans reported satisfactory performance overall in cables for the building industry owing notably to the strength of the North American market. Finally, cables for industry experienced a significant turnaround that varied according to country.

STRENGTHS

Nexans maintains excellent market positions, notably in the energy infrastructure market in Europe and on the east coast of North America. This excellent positioning also benefits its cable and accessories activities. Furthermore, Nexans is a leading player in several industrial sectors (shipbuilding, petrochemicals, and railway equipment, among others).

OUTLOOK

In an environment marked by increasing energy infrastructure needs throughout the world, Nexans is well equipped to meet the demand of operators since the Group offers a full and particularly well-performing range of cables and accessories and already offers solutions for tomorrow such as superconductor cables. In the field of special cables for industry, Nexans also

* For the purposes of comparability, the figures given in this section have been calculated at constant metal prices, exchange rates and accounting methods.

offers advanced technical solutions for the automotive, ship-building, automation, and materials handling industries, among others. Likewise, with improved flame-resistant and flame-retardant cables, Nexans offers products and solutions to the construction sector that allow the Group to take advantage of new opportunities and to anticipate changes in European standards.

Telecom: 14% of the Group's activities

2004 RESULTS

The Telecom activity represented 570 million euros in sales, a 6.7% increase compared with 2003 at constant exchange rates and scope of consolidation. Income from operations increased significantly to 17 million euros. Nexans saw significant growth in infrastructure cables in Europe, as the development of ADSL technology requires the maintenance of copper networks and represents powerful potential for growth in demand. The Group profited from the volume effect and from an effective marketing policy in cables for private LAN networks, as sales continued to focus on strong value-added products.

STRENGTHS

Nexans' positions have historically been strong in Europe, particularly in cables for industry as well as in the USA, where Nexans is very well known in the LAN cable sector. In addition, the Group is developing its positions and sales in Asia, for example in Korea (network cables) and in Vietnam, where Nexans is a leader in the local telecom markets.

OUTLOOK

Nexans offers particularly well-performing products and solutions in the areas of high-bandwidth transmission and connectivity and is particularly well positioned in the local loop market and in ADSL and xDSL technologies. After several difficult years, 2004 results confirmed the recovery in the telecommunications sector that was started in 2003. The roll-out of ADSL, growth in our "FTTX" offering for urban networks, strong trends in private telecommunications networks and in category 6 cables and connectors should continue to

sustain performance in this activity. The special cables and data transmission markets remain strong in the building, industry and transportation sectors in particular.

Electrical Wires: 24% of the Group's activities

2004 RESULTS

Electrical wires generated sales of 985 million euros, representing significant growth compared with 2003 (+5.6% at a constant scope of consolidation). Improvement in the winding wire activity's operating profitability offset price erosion reported in the wirerod activity in North America, which was related notably to the unfavorable change in parity between the Canadian and US dollars.

STRENGTHS

Nexans holds the leadership position in the wirerod sector. It benefits from control of the basic component, copper, a full range of conductors, and a worldwide presence. Nexans' metal casting plants offer a competitive advantage as well as guarantee of quality and control over the processing of its raw materials.

OUTLOOK

Bare wires represent the cable industry's basic product and are used in telecom and energy as well as in the industrial sector. The wirerod markets, which are strongly dependent on economic conditions in industry, should profit from a sustained level of demand originating first and foremost from the Group's various entities that use electrical wires from the metallurgy entities to produce their own cables. With regard to the enamel-coated winding wire activity in Europe and China, Nexans announced on February 3, 2005 that the Group signed a preliminary agreement to transfer control of these businesses.

Nexans' results by geographical area

EUROPE*

Increasing results and profitability

With 73% of the Group's total sales and the largest portion of activity and personnel in Europe, this area is Nexans primary "reservoir" of technology and know-how. Europe's 2004 sales totaled 3,048 million euros resulting in a considerably higher income from operations of 84 million euros (+56%). Far from being in a defensive position with regard to other geographical areas, Nexans made significant industrial and modernization investments in Europe in 2004. The profitability turnaround was coupled with strong growth in exports and numerous synergies with the other continents.

INCREASING ACTIVITY AND RESULTS

In 2004, Nexans reported growth in total sales of 3.6% compared to 2003 in Europe. This favorable performance was achieved in a period of economic recovery marked by unfavorable parity with the dollar and a very sharp increase in raw materials and energy costs. The area benefited from the results of restructuring plans conducted notably in France, Spain, and Italy, which significantly contributed to the area's spectacular growth in profitability.

VARIED GROWTH ACCORDING TO ACTIVITIES

The Group's activities benefited from excellent performance in high-voltage cables and accessories. In the building market, the situation was particularly varied. While the weakness in industrial investment penalized construction somewhat everywhere in Europe, certain countries such as France and Spain experienced a high level of residential investment, while the Germany market remained very stagnant. Among the numerous segments in the industry, the machine tools market was particularly buoyant in Germany, where automotive harnesses also showed excellent performance. Finally, in the infrastructure sector, all telecommunications equipment related to subscriber access and xDSL technologies experienced strong growth, while a large number of power utilities continued to invest in securing their networks.

VARIED MARKET CONDITIONS ACCORDING TO COUNTRY

Nexans' performance by country was varied. The Group's situation in France and Spain was markedly improved in 2004. This turnaround was not only due to the strong performance in domestic markets, but also to efforts made to modernize industrial equipment and the concerted effort of local teams. In Spain, growth in the energy activity benefited from synergies developed with other countries in the area. Activity in telecom cables was slightly better, while the Santander production facility largely exported its production, notably to Asia. Finally, investments in the areas of signaling cables for railroads began to bear their fruit. In Germany, automotive cable and harness manufacturing showed excellent results, while sales of special cables manufactured in Nuremberg were satisfactory. Nexans' activity in Norway flourished, notably owing to excellent performance in the areas of umbilical cables and high-voltage cables. While the local market still provides vast opportunities in these areas, Norwegian exports continued to grow throughout the world. In Italy and Greece, results are still falling short of expectations, but the restructurings in progress are expected to pay off in the next few years. Generally across Europe, accessories were at a very good activity level, notably in telecommunications, where growth is strong. The acquisition of the company GPH in Germany contributed to this activity's positive results. Finally, the enamel-coated winding wire activity experienced a turnaround compared to results in 2003.

DEVELOPING SYNERGIES TO PROMOTE LONG-LASTING GROWTH

Subject to very varied conditions depending on the country and the various markets, Nexans was able to mitigate the gaps in market conditions thanks to the scope of its product offering and the synergies it is developing. The Group profited from all opportunities in the sectors and strengthened its responsiveness. A number of facilities saw their production

INTERVIEW

Yvon Raak, Executive Vice-President, Europe area

"We have all the means to maintain strong industrial activity in Europe provided we continue to develop strong value-added products and supply exemplary quality service to our customers. This, of course, along with reducing our direct and indirect costs."

* Austria, the Baltic States, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom.

become more diversified to better profit from strong segments: the Nuremberg factory (Germany), for example, focused on the automobile, robotics, and high temperature cable markets. This redeployment will continue in 2005.

SIGNIFICANT INVESTMENTS IN MODERNIZATION

The restructuring of a number of sites, finalized in 2004, enabled the Group to redefine the specialization of its factories. As such, significant investments were made in France, notably to modernize facilities in Lyon and Mehun, in order to enable these sites to concentrate their efforts on priority segments. The metallurgy activities in Lens focused on the Noyelle site. In Germany, the redeployment and modernization of the Mönchengladbach factory should enable the Company to quickly break-even again. Similarly, in Italy, restructuring plans are in progress, notably in the energy cable sector, with a similar objective. In Greece, the administrative site in Athens was closed, and its teams were relocated to the factory and to the Group's logistics center.

GROWING PROFITABILITY AND DEVELOPING SALES

The reduction in fixed and operating costs coupled with the concentration of factories on Nexans' strongest segments bolstered the Group's performance. The promotion of a marketing culture that listens more to customers' needs is a source of added value and competitive differentiation. One of Nexans' priority objectives is to develop sales. The implementation in 2003 of the new organization by country began to bear fruit in this area. It revitalized commercial activity, promoting improved responsiveness and proximity to customers, thereby encouraging sales development across segments. With the support of the new Strategic Operations Department, a number of market segments and growth engines were identified in Europe: oil and gas and petrochemicals, the automotive industry, railway infrastructure and equipment, aerospace and defense, automation, ADSL, access networks, etc. Nevertheless, no activity was neglected in favor of these buoyant markets. Nexans continued to consolidate its positions in the low and medium-voltage sectors and in equipment cables, for example.

STATE-OF-THE-ART TECHNOLOGY

Europe remains an area of considerable innovation. In 2004, Nexans produced the electrical harnesses for Europe's most ambitious space program: the comet probe Rosetta. The Group also supplied the largest portion of the cabling for the Airbus giant A380. In the area of renewable energy, Nexans designed and produced a high-voltage / fiber-optic hybrid cable for the Smøla wind turbine project in Norway. By coordinating the European project on second-generation superconducting cable, the Group strengthened its progress in the area of high-performance energy cables. In 2004, Nexans also joined the "FTTH Council Europe", which was conceived to promote advanced telecommunications solutions. Another example, the acquisition of the Italian company Cabloswiss, specialized in high value-added cables (notably robotics) confirms Nexans' intention to position itself in highly technological segments.

GREAT SUCCESS IN ALL ACTIVITY SECTORS

In 2004, Nexans continued to win prestigious contracts in the areas of building, infrastructure, and industry. In the oil and gas market, Nexans will equip the world's largest offshore field. At a value of 47 million euros, the signed contract calls for Nexans to supply an umbilical system for the production units of the Ormen Lange natural gas field (Norway). In another contract, this time in the railway sector, Nexans was chosen as the cable and cable solutions supplier for the new lines of Spain's high-speed railway system. In the infrastructure market, the most significant contracts in 2004 were to supply several high-voltage transmission links for Libya (100 million euros) and the agreement signed with Telefonica (Spain) to deliver 2 million kilometers of cables over the next two years.

Sales of 3,048 million euros
(Income from operations: 84 million euros)
15,000 employees
Plants in 17 countries

NORTH AMERICA***Sustained growth in all activities**

North America represents 17% of Nexans' total sales. This is a strongly growing area with a sales figure of 697 million euros, up almost 12% compared with 2003, and income from operations of 33 million, a 50% increase. In Canada, we reported growth in all businesses; while in the United States, the LAN, special cables and telecommunications sectors largely benefited from the general increase in consumption and service activities.

Sales of 697 million euros
(Income from operations: 33 million euros)
1,650 employees

SUSTAINED GROWTH

Carried by the recovery in exports and the increase in raw materials prices, the Canadian economy shifted into full force in 2004. This vitality bolstered Nexans' activities in all sectors, including cables for infrastructure, building, and industry. In the United States, the situation was more varied: industrial investment continued at an advanced pace, stimulated by the weak dollar and exports. Growth in consumption and service activities furthermore benefited the housing, automotive, information systems, and telecommunications sectors. In this last area, Nexans recorded an excellent performance in 2004 in terms of sales and income. The Group fully benefited from sustained growth in the LAN market with the enhancement of its product offering (category 6 cables). Its fiber-optic cable activity, although reduced, returned to profitability in 2004. Nexans is expecting a resurgence in sales in this area in the coming years. On the energy markets, grid equipment remained extremely buoyant and profitable even though several large urban grid renovation projects are taking time to materialize. The great success of testing on the LIPA superconductor cable in Long Island is positioning Nexans as a technological leader for tomorrow's urban infrastructure programs. Building cables also experienced strong results in 2004. Finally, thanks to the restructuring efforts and the sale of the winding wire activities in North America, all of the Group's businesses in the area got off to a healthy start.

PROMOTING VALUE-ADDED PRODUCTS AND SEIZING OPPORTUNITIES

Regardless of the market considered, Nexans takes great care to develop products with significant added value to better meet the needs of its customers. The Nexans teams in Canada and the United States possess valuable know-how in the marketing and technical field. The development of marketing tools combined with a favorable economic climate, enabled them to fully benefit from the opportunities in their markets and to generate satisfactory cash flow. Aside from local production, the efforts of the marketing teams were particularly focused on cross-company sales. Imports originating from the European entities of the Group were maintained at a high level, as were exports of wirerod products from Montreal to Asia. This success in "cross-company" sales exceeded all expectations and demonstrates the relevance of the Group's strategic options in North America and the trust that Nexans' customers and distributors have in the quality of our product offering. For the future, Nexans fully intends to maintain its level of performance in this geographical area.

PERFORMANCE IN TELECOMMUNICATIONS... AND MARTIAN ROBOTS

In parallel to its excellent performance in the energy and telecommunications sectors, Nexans reported great success in the area of special cables in 2004. Whether with its large automotive customers or naval shipbuilding yards, the collaboration was rewarding. Furthermore, in its Elm City (United States) factory, Nexans manufactured almost all of the wires and cables on board the Martian robots Spirit and Opportunity. These energy, control and data cables were designed in collaboration with engineers from NASA's Jet Propulsion Laboratory (JPL). They use state-of-the-art materials that can withstand extreme temperatures and the harshest environments.

INTERVIEW Michel Lemaire, Executive Vice-President, North America/Asia area

"All of our indicators increased in this area, whether we are talking about sales or performance in terms of profitability. Since the sale of our winding wire activity, all of our businesses in North America are now showing profit."

* Canada, Caribbean, Central America, Mexico, USA.

ASIA*

Strengthened positions and cross-sales development

With growth rates of approximately 10% in certain countries like China and Vietnam, Asia represents one of Nexans' most favored development areas. The Group posted sales in 2004 of 214 million euros versus 163 million the previous year, for an income from operations of 10 million euros. The turn-around in the Japanese economy and Nexans' solid base in Korea complement each other and give the Group the competitive advantage to seize opportunities that arise in the region, whether these consist of large projects, commercial expansion, or external growth.

Sales of 214 million euros
(Income from operations: 10 million euros)
1,100 employees

INDUSTRIAL UNITS IN FULL DEVELOPMENT IN A GROWING COUNTRY

Given its influence in the world economy, China represents an indispensable growth opportunity for Nexans, as for most large industrial corporations. The Group has solid industrial sites in the country. Its Kang Hua entity, specializing in telecommunications, reported excellent results in 2004. This entity increased its product range and its customer base. The Tianjin factory, which produces cables for transformers, also benefited from the energetic market growth in China. As a supplier to several joint ventures located in the region, it also developed export sales throughout Asia, and mainly in Japan, where Nexans entered into significant contracts with Toshiba, Japan's leader in transformer manufacturing. The Group's third site in the area has been launched in April 2005 in Pudong. It will produce special cables, notably for shipyards. Using "XLPE" technology, which complements the offering from the Korean factory of Kukdong, this new entity will focus on the Chinese market as a priority.

SOLID POSITIONING IN KOREA

Nexans' activity in Korea, concentrated in buoyant markets, did not suffer too badly from the economic stagnation that

affected almost the entire country in 2004. The Kukdong factory continued to supply special cables to shipyards in the northeast region of Asia, while Nexans' Korean teams obtained very good results in the automotive sector and notably the materials handling sector. Confronted with a sharp slowdown in its other markets (power networks, medium-voltage cables, cables for the building sector, fiber-optic cables, etc.), one of Nexans' objectives in Korea is to develop and diversify its special cable activity for industry. Nexans Korea also contributes to supplying shipbuilding and automotive cables to the other countries in the area and in particular Oceany, ASEAN, as well as the East of Russia.

AMBITIOUS GOALS IN THE REST OF THE AREA

In 2004, Nexans continued to develop its activities in Vietnam, where economic growth is extremely strong. The two subsidiaries of the Group located in this country reported good results and remained very profitable. The goal is to serve the domestic market, but also to export in the ASEAN, Malaysia, Thailand, Laos and Cambodia. In India, the economic recovery also offers attractive growth opportunities for Nexans.

AN ARRAY OF ACHIEVEMENTS AND REFERENCE PROJECTS

2004 marked a year of diversification in Nexans' activities throughout the area. In China, for example, significant contracts were signed with the largest multinational corporations located in the country, such as Toshiba, the leader in the area of transformers, and Alcatel, Siemens and Nokia in the area of telecommunications. In Vietnam, the Davipco entity, specializing in power cables, began to export its products in the ASEAN countries and is well positioned to benefit from land-use projects in greater Mekong, which aim at interconnecting six Southeast Asian countries.

INTERVIEW Michel Lemaire, Executive Vice-President, North America/Asia area

"Beyond the cables and cabling systems themselves that we manufacture in the Asian countries, cross-company sales and synergies with the Group's other geographical areas have been particularly strong this year. In a high-growth area, this is a very encouraging factor for reinforcing our position."

* Australia, China, India, Japan, New Zealand, Oceany, Southeast Asia and Pacific Asia, South Korea, Vietnam.

REST OF THE WORLD***Diversification and strong development**

The Rest of the World area includes Africa, the Middle East, Latin America, Russia, and the former Soviet republics. With total sales of 200 million euros in 2004 versus 129 million in 2003 and income from operations that grew 300%, this group is experiencing an exceptionally strong rate of growth. However, situations remain extremely varied according to the country. While taking into account the exposure to political and economic risk in certain regions, Nexans chose to diversify its activities in the area and to capitalize on all available opportunities.

Sales of 200 million euros
(Income from operations: 9 million euros)
2,100 employees

VERY STRONG OPPORTUNITIES

The Rest of the World area offers strong growth potential for Nexans. While Brazil and Turkey are currently overcoming their financial crises and are strengthening their rankings as new regional economic powers, sustained development is continuing in Morocco, Lebanon, Egypt and Nigeria. In all of these countries, Nexans is extremely active and participates in all emerging projects, notably in the area of energy infrastructure. The persistent weakness in the telecommunications sector weighs down the results in certain entities, thereby requiring diversification. Therefore, the conversion of telecommunications factories in Morocco and Turkey were launched in 2004. The same effort will be led in Brazil, Lebanon and Egypt in 2005.

MAKING FACTORIES MORE FLEXIBLE

Diversifying activities is a priority in most of the countries in the area. Such diversification is more difficult in some countries and entities than in others; nonetheless, its goal is to reduce dependence on large operators. This policy is leading Nexans to turn more toward the industrial or residential building markets and to strengthen its positions in buoyant segments such as special cables for the petroleum, chemicals, railways or automotive industries. Personnel training programs have been implemented to accelerate these diversifications, in particular in Brazil. The objective is also to make the sales teams

more multi-purpose. To combat "dumping" practices conducted by certain specialized competitors, Nexans is relying on the scope and quality of its global product offering. In direct response to this qualitative and selective policy, Nexans is choosing to establish new sites in countries that have sufficient population and resources to develop diversified local demand.

SEVERAL INDUSTRIAL INVESTMENTS

The economic turnaround in a number of countries in the area gave rise to the development of projects in the energy, infrastructure, and building sectors. To capitalize these opportunities, Nexans launched a vast renovation and expansion program in its entities. The Brazilian factory in Lorena will be expanded in order to develop its activities in power cables. Our factory in Egypt will also see its production capacity increase very soon, and we plan to renovate and modernize our production facilities in Lagos (Nigeria). Finally, our factories in Turkey and Morocco should be diversified by also producing flexible cables and automotive cables.

A POLICY OF TARGETED SITES AND ACQUISITIONS

The vitality of the countries in the area led Nexans to question the best methods to locate its sites or develop its activities and sales there. In certain countries such as Russia, difficulty in establishing local partnerships leads Nexans to establish "turnkey" factories. In other countries such as Iran and Senegal, the acquisition of existing companies may be planned. In Algeria, Lebanon, and Venezuela, business development occurs via dynamic technical and commercial partnerships. Under this target policy, Nexans significantly increased its investment share in the capital in Liban Câbles (up to 94%). This acquisition supplies the Group with a solid base to develop itself in the Persian Gulf, Egypt, and the new East African customs union, which brings together countries such as Kenya, Sudan and Ethiopia.

INTERVIEW Bruno Thomas, Executive Vice-President, Rest of the World area

"One of the important points for us is to position ourselves in rapidly developing countries, but the ones which have sufficient resources and population to sustain economic activity and to ensure that their needs are met."

* CIS, Egypt, Ghana, Latin America (including Brazil), Lebanon, the Middle East, Morocco, Nigeria, Pakistan, Russia, South Africa, Tanzania, Turkey.