



Press Release

Preliminary Consolidated Results for 2003:

Increase in profits thanks to an upturn in the 4th quarter, in a still difficult economic climate

Paris, February 2, 2004 - The Nexans Board of Directors, chaired by Gérard Hauser, met on January 30, 2004 and reviewed the preliminary consolidated accounts for 2003.

- Based on constant non-ferrous metal prices, *fourth-quarter sales* reached 1,035 million euros, an increase of 6.8% (3.9% on a comparable consolidation scope) compared with the same period in 2002 and a 9.7% increase compared with the third quarter of 2003. This improvement is being felt in all geographical areas and main product areas of the Group.
- *Sales in 2003* totaled 4.046 billion euros.
Sales calculated at constant non-ferrous metal prices, were 3.924* billion euros compared to 3.955 billion euros in 2002 (at constant exchange rates), i.e. a 0.8% drop (-2.7% on a comparable consolidation scope).
- *Operating profit* stood at 91 million euros and *net income* was slightly over the breakeven point at 1 million euros following recognition of a non-recurring charge of 21 million euros in respect of the Winding Wires business. These results are after taking into account, **as announced in July 2003, the impact of CRC 2002-10 Regulation relating to accounting for fixed assets and goodwill (depreciation and impairment); the latter being an early application of the IAS standards 16 and 36.**
- ***Without the change in accounting method***, *operating profit* would have amounted to 58 million euros compared to 56 million euros in 2002 (a 3.5% increase), with a tangible improvement in the operating margin in the second half of the year (1.9% compared to 1% for the first six months), and *net income* would have resulted in a loss of 31 million euros compared to a loss of 40 million euros at December 31, 2002.

* To neutralize the effect of variations in the purchase price of non-ferrous metals and thus measure its effective sales evolution, Nexans also calculates its sales using a constant price for copper and aluminum.

- Net debt at closing stood at 23 million euros at December 31, 2003 compared to 52 million euros a year earlier, confirming the Group's ability to generate cash in times of crisis and marking a further reduction in its debt ratio.

Commenting on these preliminary results, Nexans Chairman and CEO Gérard Hauser said:

"In spite of a difficult economic environment and the persistent low level of industrial investment, and thanks to the upturn experienced at the end of the year, Nexans has – before the change in accounting method - managed to increase its operating profit. The Group is thus reaping the benefits of its rigorous management, continuing to reduce debt and increasing its operating margin, all of which put it in a favorable position to take advantage of the hoped for economic recovery in 2004.

With this in mind, Nexans aims to increase sales by approximately 3% at constant exchange rates and further increase its operating margin while maintaining its cash generation requirements. We continue to seek targeted acquisitions to enhance our business portfolio and develop avenues for growth with a view to achieving enduring profitability."

Confident in the Group's financial stability and in its return to profitability, the Board of Directors expressed a favorable view of the management's proposal in principle to pay out a total dividend of euros 4.6 million, i.e. euro 0.20 per share. The dividend proposal to be made to the General Shareholders' Meeting will be made by the Board when meeting to approve the definitive financial statements.

Sales - 4th quarter and FY 2003

Q4/02	Q4/03	in millions of euros	2002	2003
1,035	1,089	Sales	4,302	4,046
969	1,035	Sales	3,955	3,924
		(at constant metal prices and exchange rates)		
519	577	Energy	2,089	2,143
129	137	Telecom	539	545
244	248	Electrical wires	1,029	957
77	73	Distribution	298	279

Having fallen for the previous 6 semesters, sales finally picked up during the fourth quarter of 2003, up 6.8% compared with the same period in the previous year and up 9.7% compared with the third quarter of 2003. At constant non-ferrous metal prices, sales reached 3,924 million euros for the year.

Preliminary consolidated income by business sector

in millions of euros (at constant metal prices and exchange rates)	2002	Before change in accounting method 2003	2003
EBITDA (*)	201	190	190
Operating profit:			
Energy	71	65	78
Telecom	(35)	(7)	(1)
Electrical wires	12	(3)	10
Distribution	16	13	13
Other	(8)	(10)	(9)
Operating profit:	56	58	91
Net income	(40)	(31)	1
Earnings per share in euro	(1.78)	(1.47)	0.06
Net debt	52	23	23

(*) Operating Profit before depreciation

In July 2003 Nexans announced its intention to implement, as of December 31, 2003, the French CRC 2002-10 regulation relating to accounting for fixed assets and goodwill (separate depreciation periods for each element of tangible asset, and impairment tests). These new methods represent an advance application of the IAS standards 16 and 36 and result in an *operating profit* of 91 million euros.

Restructuring costs were 41 million euros, corresponding to the completion of the 130 million euro restructuring program started in February 2002 aimed at sizing the Group's manufacturing base to market conditions. This item should return to normal levels (around 30 million euros) in 2004.

With the prospect of the possible full or partial disposal of its worldwide Winding Wires business, the Group considered it necessary to acknowledge a *non-recurring charge* of 21 million euros in its 2003 results to bring the book value of the assets of this business into line with their estimated market value.

After taking into account these effects, and other pertinent items, *net income* stood at 1 million euros, slightly above breakeven.

Taking into account the diluted weighted average number of shares during FY 2003 (after the share buyback operations), *net earnings per share* stood at 6 cents (euro cents).

Before change in accounting method, Nexans' operating profit amounted to 58 million euros, i.e. more than double that recorded at June 30, 2003 and net income amounted to a loss of 31 million euros compared to a 40 million loss in 2002.

Analysis of operating profit by business sector (before the change in accounting method)

Power cables: Sales in the Energy sector accounted for 55% of Nexans' total sales. They rose appreciably compared with the first half of 2003 and reached 2.143 billion euros for the year as a whole, practically stable compared with 2002 at comparable consolidation scope.

Operating profit for this business, before the change in accounting method, was 65 million euros, down 8.4% compared with 2002. The outstanding performance of High-Voltage and Umbilical Cables, up 60%, and the good performance of Energy Accessories were nonetheless unable to fully compensate for persistently low sales of Low-Voltage Cables for the Building market, particularly in France, Italy and Spain. Corrective measures have already been implemented in these countries.

Telecommunications Cables: Sales in the Telecom sector stabilized at 545 million euros in 2003.

Operating losses were reduced to 7 million euros from a loss of 35 million euros in 2002, having benefited from the recovery of the industrial cables and accessories businesses and from the impact of the restructuring programs carried out in 2001 and 2002 which led to a 21.2% decrease in indirect costs over two years. However, business in the infrastructure cables sector has proved to be worse than expected.

Electrical wires: Sales of the Electrical Wires activities were 957 million euros in 2003 compared to 1.029 billion euros at December 31, 2002, i.e. a 7% drop.

Affected by weak sales in the Winding Wires business, an operating loss of 3 million euros was incurred compared to a profit of 12 million euros in 2002, notwithstanding the satisfactory performance of the Wirerod business in some still difficult markets.

Considering the persistent difficulties encountered in the fiercely competitive Winding Wires market and its business activities' lack of critical mass in the North American market, Nexans is considering disposal, joint venture and partnership solutions for this business.

Analysis of sales and operating profit by geographical area

Sales at constant metal prices and exchange rates (in Meuro)	2002			2003				
	Sales	OP	OP/Sales	Sales	OP*	OP/Sales	OP	OP/Sales
Europe	3,040	29	1%	2,959	32	1.1%	54	1.8%
North America	697	19	2.7%	659	15	2.3%	22	3.3%
Asia	107	4	3.8%	175	10	5.6%	12	7%
Rest of the World	111	4	3.4%	131	1	1.1%	3	2.6%
TOTAL	3,955	56	1.4%	3,924	58	1.5%	91	2.3%

*Before change in accounting method

Europe

Sales amount to 2.959 billion euros, down 2.6% compared with 2002, reflecting a sharp contrast between the favorable performance of the Nordic countries and weak sales in France, Italy and Spain.

Operating profit equals 32 million euros, up 10.3% compared with the prior year, supported by excellent results in High-Voltage Cables and Umbilical Cables in Norway and Belgium.

North America

Sales amount to 659 million euros compared to 697 million euros in 2002, essentially affected by the sharp downturn in Winding Wires business in the USA.

Operating income equals 15 million euros compared to 19 million in 2002. The area has benefited from the promising trend of private telecom network cables, a favorable evolution of the product mix towards high value-added products (Category 6), and the effects of the restructuring carried out in 2002. The weakness of the Winding Wires market combined with the disruption to operations due to restructuring nonetheless had a negative impact on income.

Asia

Sales rose significantly by 63% in 2003 to 175 million euros, largely due to the entry of Kukdong into the group.

Operating profit for the area more than doubled during the year, rising from 4 million euros in 2002 to 10 million euros in 2003. This performance is essentially due to the breakthrough achieved in the marine cables market in South Korea and the highly encouraging increase in business in Vietnam and China.

Financial calendar

March 12, 2004: Board of Directors' Meeting to approve the definitive financial statements.

April 20, 2004: Publication of the first quarter sales

June 3, 2004: Annual Shareholders' Meeting

July 20, 2004: Publication of 1st half sales and results

A full set of slides for the presentation of the results as well as a detailed presentation of the accounts are available on the Nexans Web site www.nexans.com

About Nexans

Nexans is the worldwide leader in the cable industry. The Group brings an extensive range of advanced copper and optical fiber cable solutions to the infrastructure, industry and building markets. Nexans cables and cabling systems can be found in every area of people's lives, from telecommunications and energy networks, to aeronautics, aerospace, automobile, railways, building, petrochemical, medical applications, etc. With an industrial presence in 29 countries and commercial activities in 65 countries, Nexans employs 17 000 people and had sales in 2003 of euros 4 billion. Nexans is listed on the Paris stock exchange. More information on www.nexans.com

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Appendices

1. Profit and loss account
2. Balance sheet
3. Fund statement

I - Consolidated income statement*in millions of euros*

	2003	2002	2001
Net sales	4,046	4,302	4,777
Metal price effect	(122)	(206)	(310)
Net sales at constant metal price	3,924	4,096	4,467
Cost of sales	(3,383)	(3,571)	(3,833)
Gross profit	541	525	634
Administrative and selling expenses	(403)	(421)	(445)
R&D costs	(47)	(48)	(50)
Income from operations	91	56	139
Financial income (loss)	(31)	(31)	(33)
Restructuring costs	(41)	(90)	(36)
Other revenues (expenses)	(2)	23	3
Income before taxes	18	(43)	73
Income tax	7	10	(28)
Share in net income of equity affiliates	(1)	-	-
Consolidated net income before amortization of goodwill	25	(33)	45
Amortization and depreciation of goodwill	(14)	(2)	(2)
Minority interests	(10)	(5)	(13)
Net income (Group share)	1	(40)	30
Earnings per share (in euros)	0.06	(1.78)	1.22
Diluted earnings per share (in euros)	0.06	(1.74)	1.22

II - Consolidated balance sheet*in millions of euros*

ASSETS at December 31	2003	2002	2001
Goodwill, net	23	39	38
Other intangible assets, net	4	7	6
Intangible assets, net	27	45	44
Property, plant and equipment	2,843	2,870	2,918
Depreciation	(2,059)	(2,071)	(1,997)
Property, plant and equipment, net	784	799	921
Share in net assets of equity affiliates	3	4	10
Other investments and miscellaneous, net	65	63	65
Investments and other non-current assets	68	67	75
TOTAL NON-CURRENT ASSETS, NET	879	911	1,040
Inventories and work in progress, net	556	628	637
Trade receivables and related accounts, net	744	761	861
Other accounts receivable, net	170	133	133
Accounts receivable, net	914	894	994
Marketable securities, net	102	33	87
Cash, net	1	135	190
Cash and cash equivalents	104	167	277
TOTAL CURRENT ASSETS	1,574	1,689	1,908
TOTAL ASSETS	2,453	2,600	2,948

in millions of euros

LIABILITIES AND EQUITY at December 31	2003	2002	2001
Capital stock (EUR 1 nominal value; 23,122,972 shares issued at December 31, 2003)	23	23	25
Additional paid-in capital	1,014	1,014	1,044
Retained earnings	(40)	(7)	(23)
Cumulative translation adjustments	(28)	26	53
Net income	1	(40)	30
Treasury stock	(28)	(25)	(33)
SHAREHOLDERS' EQUITY	942	991	1,096
MINORITY INTERESTS	103	88	104
Accrued pension and retirement obligations	260	253	257
Accrued contract costs and other reserves	120	143	157
TOTAL RESERVES FOR LIABILITIES AND CHARGES	380	396	414
TOTAL FINANCIAL DEBT	126	219	348
Customers' deposits and advances	51	37	48
Trade payables and related accounts	463	485	530
Other payables	387	384	408
TOTAL OTHER PAYABLES	901	905	986
TOTAL LIABILITIES AND EQUITY	2,453	2,600	2,948

III - Consolidated statement of cash flows*in millions of euros*

	2003	2002	2001
Net income	1	(40)	30
Minority interests	10	6	13
Depreciation and amortization	113	148	143
Changes in reserves for pension obligations, net	3	(3)	(2)
Changes in other reserves, net	(36)	(1)	(11)
Net (gain) loss on disposal of non-current assets	2	(23)	(3)
Share in net income of equity affiliates (net of dividends received)	1	-	-
Other	-	-	-
Cash flow provided by operations	93	87	170
Decrease (increase) in accounts receivable	17	112	204
Decrease (increase) in inventories	69	1	82
Increase (decrease) in accounts payable and accrued expenses	(15)	(60)	(163)
Changes in reserves on current assets (including accrued contract costs)	(24)	(14)	3
Net change in current assets and liabilities	47	39	126
Net cash provided (used) by operating activities	140	126	296
Proceeds from disposal of fixed assets	15	12	8
Capital expenditure	(67)	(96)	(203)
Decrease (increase) in loans	(3)	(1)	(17)
Cash expenditures for acquisition of consolidated companies, net of cash acquired, and for acquisition of unconsolidated companies *	(35)	(64)	(53)
Cash proceeds from sale of previously consolidated companies, net of cash sold, and from sale of unconsolidated companies	-	41	-
Net cash provided (used) by investing activities	(90)	(108)	(265)
Net cash flow after investment	50	18	31
Proceeds from issuance of shares	-	1	2
Dividends paid	(8)	(15)	(24)
Net cash provided (used) by financing activities	(8)	(15)	(22)
Net effect of exchange rate changes	(13)	16	(4)
Net increase (decrease) in net debt / cash	29	20	5
Net (debt)/cash at beginning of year	(52)	(71)	(76)
Net (debt)/cash at end of year	(23)	(52)	(71)

* including Treasury Stock: EUR 3 million in 2003, EUR 25 million in 2002 and EUR 33 million in 2001