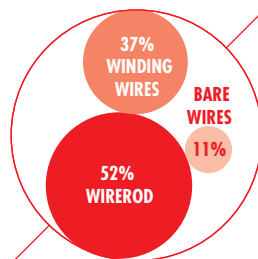


ELECTRICAL WIRES

Results in 2002 were uneven. However, despite the significant drop in volumes and pressure exerted by industry on prices, Nexans reported only a limited downturn in sales, 1,066 million euros in 2002 compared with 1,102 million euros a year earlier. Income from operations was 12 million euros. Wirerod made further gains, and sales of bare wires remained strong. On the other hand, winding wires suffered from weak demand. The restructuring plans implemented in 2002 should be reflected in the figures for 2003.



A year of contrasts



Sales breakdown by activity

Wirerod: the benefits of integration

Wirerod, the basic product for the cable industry, accounts for **more than 50% of the division's sales**. Today, Nexans is the world leader on the wirerod market, and the only cable manufacturer in Europe present both up and downstream in this activity, from the transformation of metals to the manufacture of power and telecommunication



Worldwide rank for winding wires*

N_{o.}1

European rank for wirerod*

N_{o.}1

European rank for bare wires*

N_{o.}2

* See the cover flap.

cables. This integrated development model enables the Electrical Wires Division to sell part of its production to other Group divisions, as well as to outside cable manufacturers. Furthermore, the **sales offensives** launched in 2002, especially in Europe and the United States, also enabled Nexans to gain significant market

share through the acquisition of new customers. This dynamic approach meant Nexans was able to maintain a high level of activity with sales of 553 million euros, down slightly 1.2% compared

with 2001. Finally, the **policy of stringent cost cutting** and production facility streamlining resulted in a significant increase to the Group's operating margin from 2.6% in 2001 to 3.2% in 2002.

OUTLOOK FOR 2003 > *While pursuing restructuring and cost reduction efforts in an environment that should be less positive globally, Nexans aims in 2003 at strengthening its sales strategy to other Group divisions.*

Bare wire: good resistance in 2002

Nexans manufactures bare wire used as conductors, which are needed to produce cables and winding wires.

In particular, it is used in the telecom, energy and industry sectors.

The Group has a **complete range of conductors** and geographic coverage allows it to serve customers worldwide, from its facilities in North

America, Europe and Asia. In 2002, the Group's sales totaled 120 million euros, virtually unchanged compared with 122 million euros in 2001, but saw a reduction in its operating margin as a result of changes to the product mix. Automotive, railway and aeronautics OEMs accounted for the bulk of sales, whereas orders from telecom operators

were in line with their market and fell by 40%. Similarly, shipbuilding and the oil and gas sector were less active. Nexans pursued its strategy of gaining footholds on niche


markets, such as the aeronautics or medical equipment sectors, by developing new products, for example alloy conductors (medical probes, etc.).

OUTLOOK FOR 2003 > *On the bare wire market, Nexans has set itself the goal of doubling its income from operations. With this in mind, the Group will continue its actions to improve productivity, which should begin to show results in 2003, and develop sales activities for new products and on niche markets.*



● **MARCH AND NOVEMBER 2002 CERTIFICATIONS AND CONTINUOUS IMPROVEMENT.** *Various Nexans plants were certified following an audit. The Montreal (Canada) wirerod production plant, was awarded ISO 9001-2000, and the Arolsen, Bramsche and Neunburg plants (Germany) were awarded QM-QS 9000 and DIN EN ISO 14001 certifications. These achievements illustrate Nexans' involvement in production process optimization programs and certification procedures.*

50 meters of ultra-fine winding wires
in a mechanical wristwatch

A man with grey hair, wearing a dark suit, white shirt, and patterned tie, stands outdoors. He is holding a dark jacket over his left shoulder. In the background, a sign for the Toronto Congress Centre is visible, along with a digital clock showing 5:30. The scene is set in a city street with snow on the ground and utility poles in the distance.

Mark Chouinard
Canada

“Our customers can be assured of committing to Nexans for the long term in complete trust.”

Interview

Mark Chouinard joined Nexans in March 2002. Vice President Sales & Marketing for Winding Wires in North America, he manages a team of 22 people, and has just one goal: win and keep his customers' trust!

How has the market in North America changed?

Mark Chouinard: Today, globalization has changed everything. As for many other products, there is a trend toward standardization for cables. Production modes, quality criteria, etc., everything tends to become similar.

So how can you stand out among your competitors other than through the relationship you have with your customers? It's through its "local" presence that Nexans will manage to strengthen its position with existing customers and bring new ones onboard.

What example could you give to illustrate this relationship with customers?

M.C.: The contract we signed in February 2003 with PROLEC-GE, a joint venture between General Electric and the Mexican company Xignux. For several years, we have been supplying services to this customer, especially in the area of new processes. By 2004, we will be their sole cable supplier largely because of the involvement of all the team members in this project, but also because of the relationship of trust that has been built up between us.

What are Nexans' strengths on a sales level?

M.C.: The first is undeniably the Group's size. Nexans is a fully rounded cable maker, present in all markets, worldwide. This allows us to serve our customers wherever they go and to supply them with a complete range of cables. The other strength, and not the least, is the Group's solid grounding. Our customers know they can count on us to supply them with cables that meet the required quality criteria, whatever the volume. They can be assured of committing to Nexans for the long term in complete trust. These are compelling arguments!



Electrical wires division's sales in 2002:
1,066 million euros (excluding copper price variation)

JULY 2002 INNOVATIVE CONTINUOUSLY TRANSPOSED CABLES FOR SIEMENS. Nexans signed a contract with Siemens for the supply of continuously transposed cables (CTC) to one of its divisions. The specially developed cables will be used in low-loss power transformers. These cables are able to withstand particularly high electrical charges.



Winding wires: restructuring plans underway

Winding wires are varnish-coated copper or aluminum wires (varnish coatings protect them from electromagnetic interference). It is used in coils in the automotive industry and in industrial and electric motors, household appliances, lighting, computer screens, clocks, etc. In an industrial context marked by a strong decline in capital expenditure, Nexans reported sales for this activity of 393 million euros, down more than 6% compared with 2001. This figure hides wide disparities between markets and geographic zones. Orders

continued to slide in the United States, notably from automotive OEMs, and for power energy networks transformers. On the other hand, the market improved in Europe, even if the pressure on prices did not ease. In response to the deterioration in its operating margin, Nexans implemented a vast **restructuring program** of its industrial plant, which mainly involved the closure of

its Mexico (Missouri) plant in the United States.

Winding wires still retain considerable growth potential. The Group is thus continuing its research effort into new products and production processes. In 2002, the Group focused its work on varnish coatings for copper wire with a view to improving the wire's resistance to high temperatures.

OUTLOOK FOR 2003 > *The main objective for the Group in 2003 will be to return to breakeven or even a slightly positive level of earnings. To this end, the division will continue to streamline its production plants.*