

# Nexans



Roadshow  
Presentation

December 2007

This presentation contains forward-looking statements relating to the Group's expectations for future financial performance, including sales and profitability.

The forward looking statements contained in this presentation are dependent on known and unknown risks, expectations and assumptions, uncertainties and other factors which may cause the Group's actual results, performance and objectives to be materially different from those indicated by the forward looking statements.

These forward looking statements depend, amongst other things, on the following assumptions and risks : (1) the rates of economic growth in the areas where the Group operates remaining at current levels; (2) the continued strong demand of the energy infrastructure market, in particular in developing countries, and in the Oil & Gas sector; (3) the possibility to pass on to final customers increases in the costs of raw materials, energy and transport; (4) the management of risks associated with sales in turnkey projects; (5) the effect of currency fluctuations being neutral; (6) the Company being able to modify customer and supplier payment terms relating to metals; (7) the Company being able to reduce its cost base through realization of restructuring actions in the anticipated time frame; (8) the Company being able to achieve productivity improvements; (9) retention of key customers, (10) the absence of substantial capacity increases by competitors in the Group key markets, (11) the Company successfully integrating acquisitions; and (12) the Company being able to adapt its organization.

Investor Relations:

Michel Gédéon

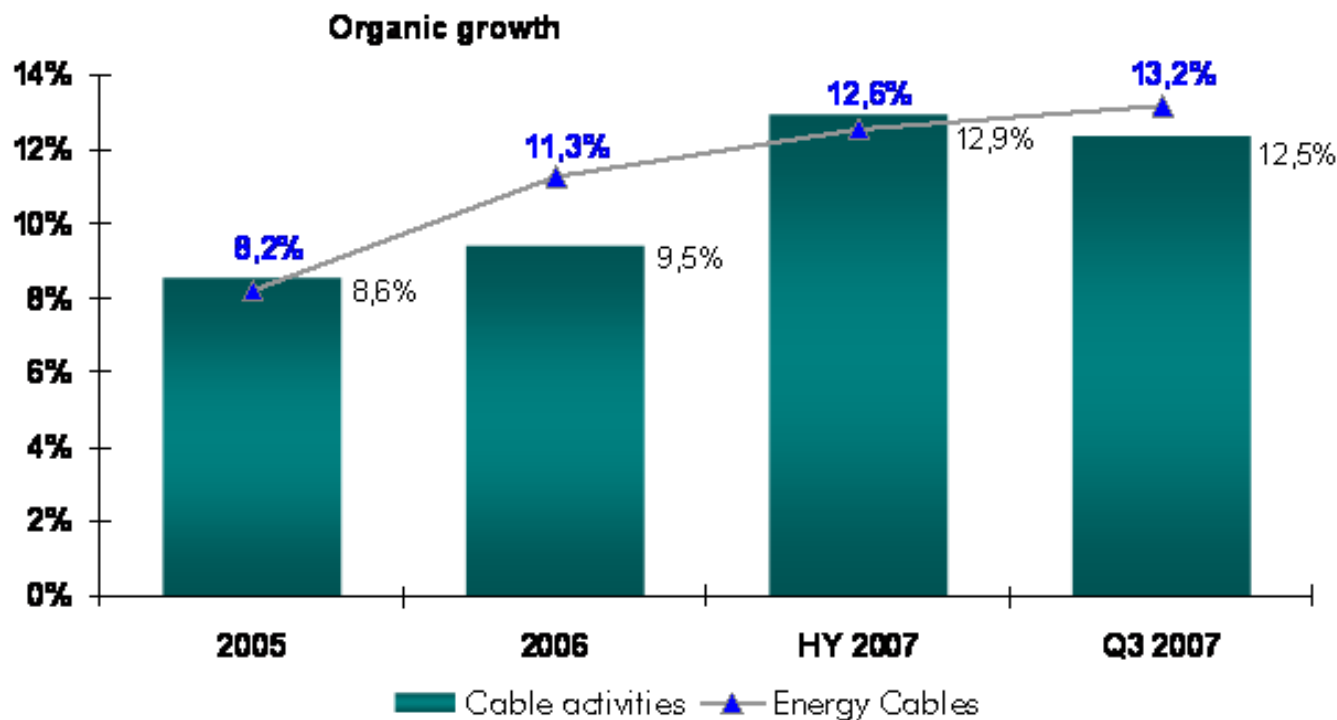
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1. Business update at end Q3 '07
2. Why is Nexans more resilient to cycle downturns ?
3. Highlights on our three core-businesses
4. Highlights on the Acquisition of Madeco

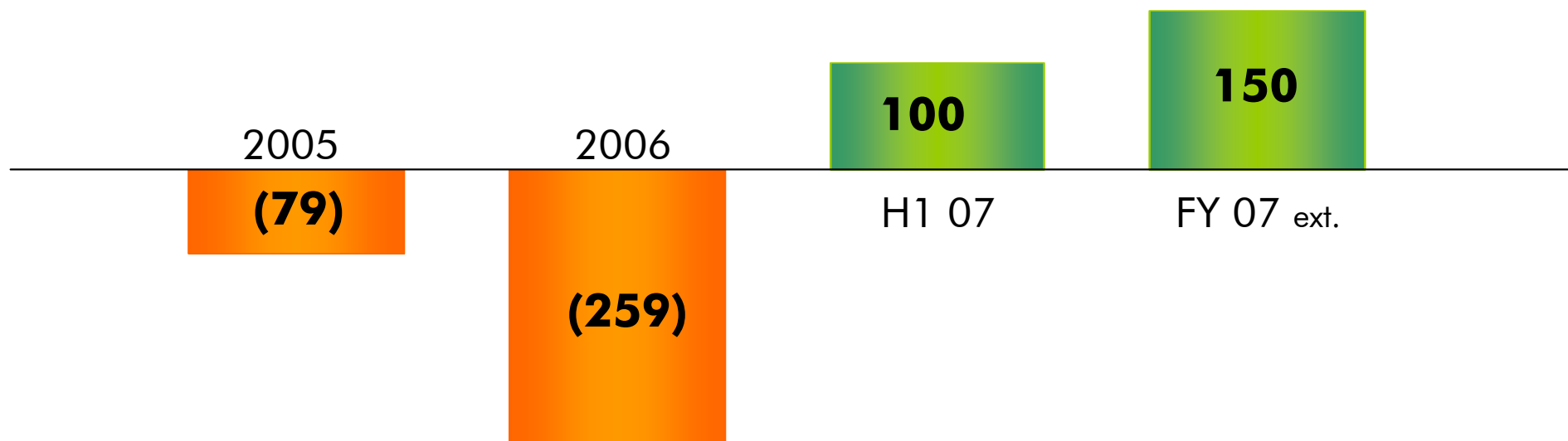
- Robustness of the growth confirmed
- Further improvement of operating margin
- Focus on Energy Cables



Cable activities growing **12.5%** organically, of which:

- ✓ Energy infrastructures +9%
- ✓ Industry +18.3%
- ✓ Building +15.5%

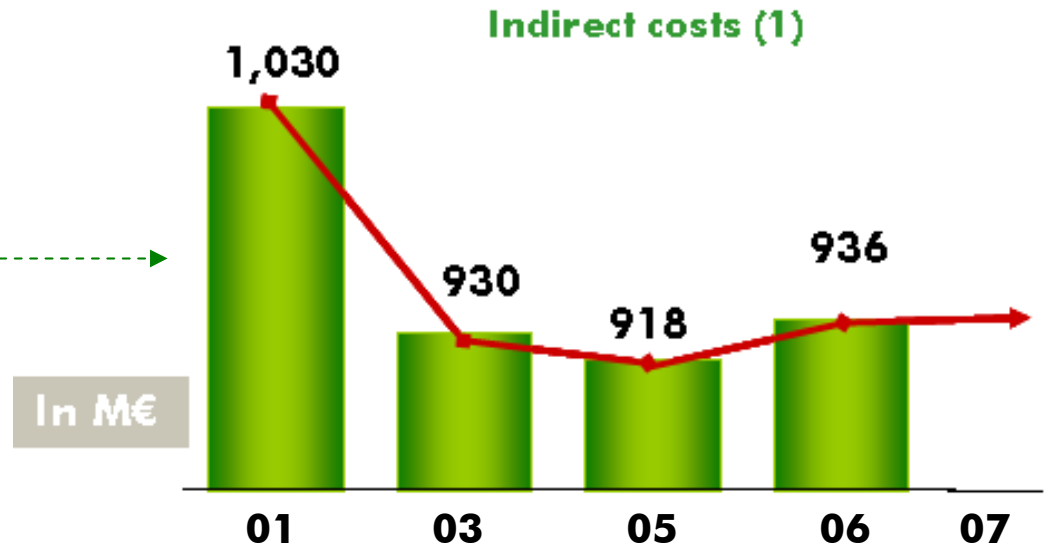
## Free cash flow at current copper prices (€m)



\* Free cash flow = Operating Cash Flow + Δ working capital - Capex

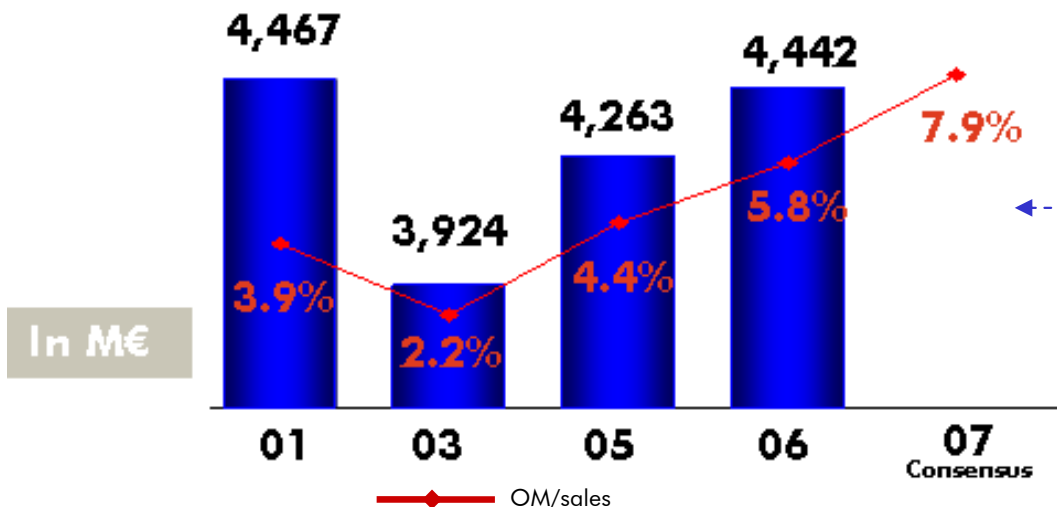
- Lower **Breakeven** point
- Higher exposure to **fast growing** economies
- Internal and external growth designed to **exit cyclicality**
- Increasing backlog and **visibility**

- Restructuring efforts of €246m in cash since 2001:
  - ◆ Indirect Costs **reduced by 10% between**
  - ◆ kept **under control despite activity growth**



(1) Indirect costs = Indirect production costs + R&D + SG&A

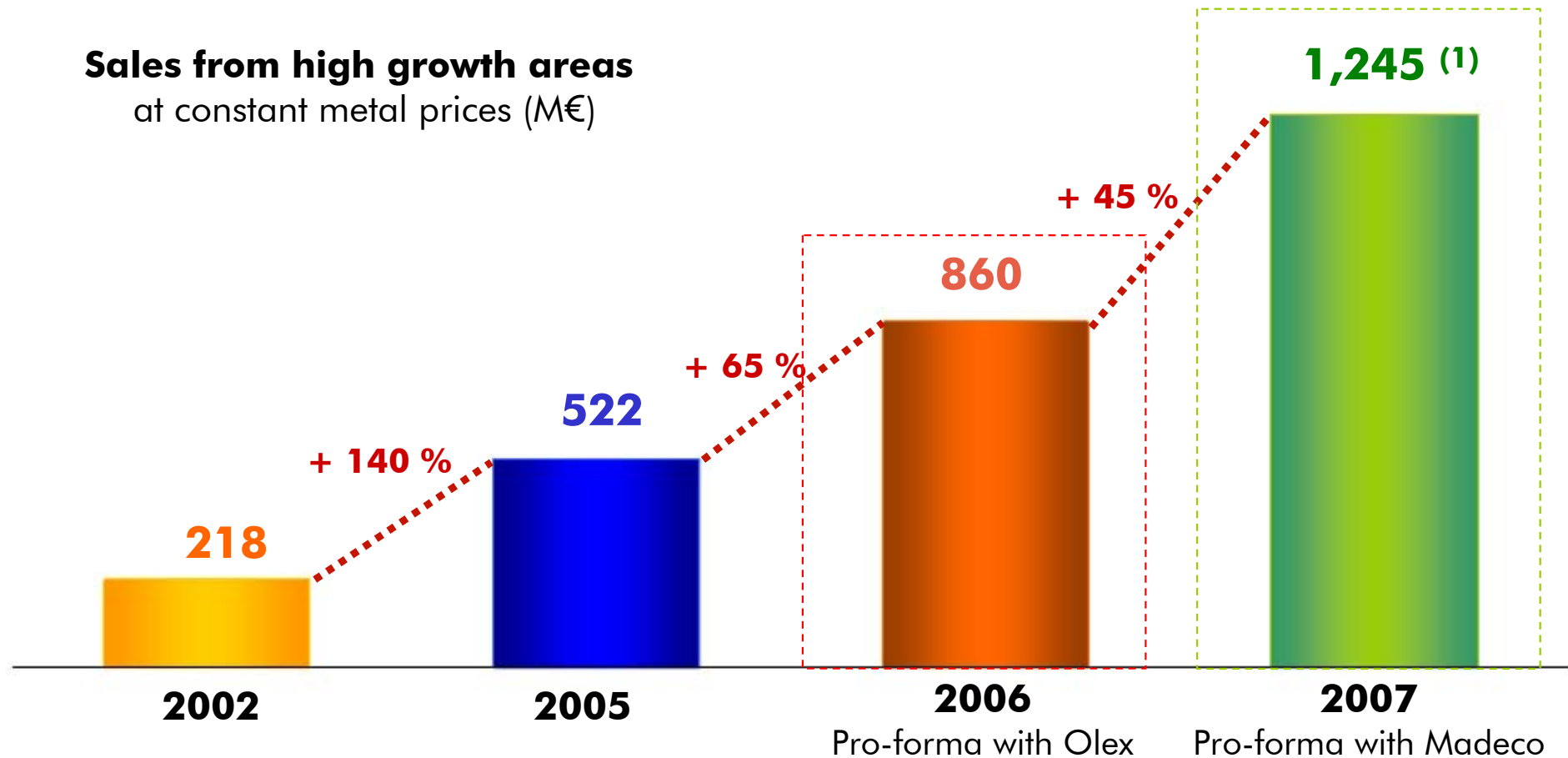
**Sales**  
at constant metal prices



## 2006 vs 2001:

- Same Sales level
- Lower fixed costs (-10%)
- Profitability improved 200 bp with same level activity

**Sales from high growth areas**  
at constant metal prices (M€)



■ Activity **x6** in 5 years

- 20% through internal growth and 80% through acquisitions

■ Includes China, Vietnam, South Korea, Middle East, Morocco, Latam and Australasia

<sup>(1)</sup> Estimation based on H1 '07 x2

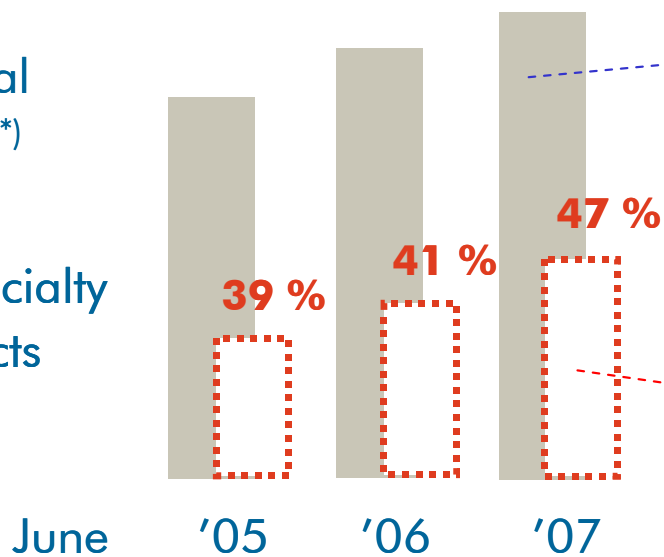
1 € = 1,47 USD

Assuming for Madeco the same constant / current sales ratio as for Olex actual

## Development of Specialty products

■ total Sales (\*)

▤ Specialty products

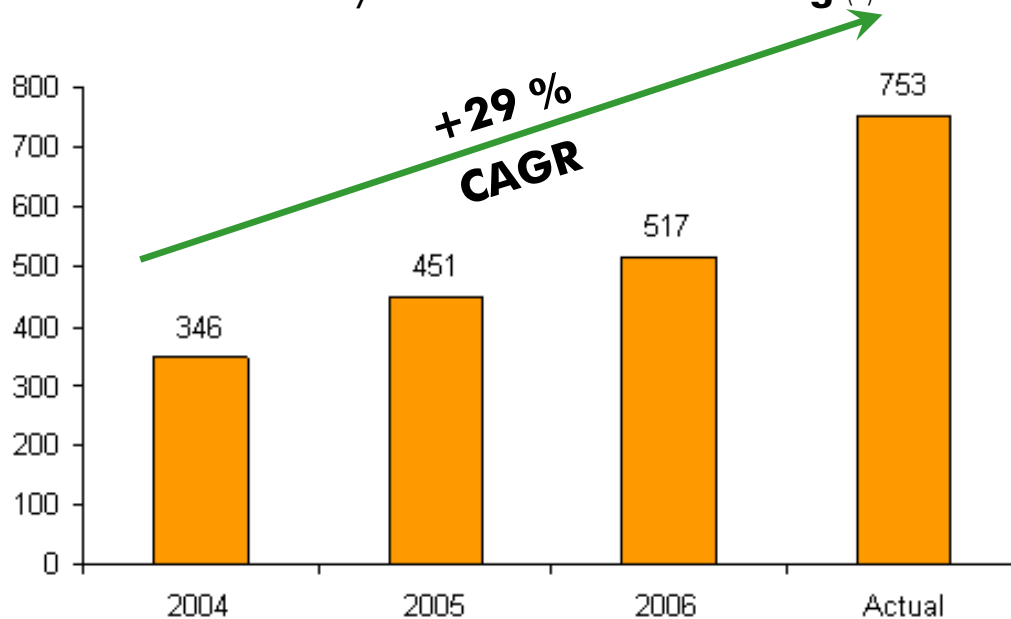


(\*) Sales at constant metal prices

- Exposure to cyclical end markets **reduced**
  - ◆ €240m annual sales divested in Winding
  - ◆ €280m annual sales down-sized in '07 aiming at €500m
- Exposure to “long visibility” **increased** through specialty products (Infrastructure, long cycle industry, ...) growing twice faster than average group growth

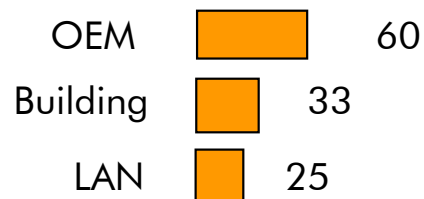
## HIGH VOLTAGE

Number of days of **sales within backlog** <sup>(1)</sup>



## OTHER SEGMENTS

Number of days of **sales within backlog** <sup>(1)</sup>

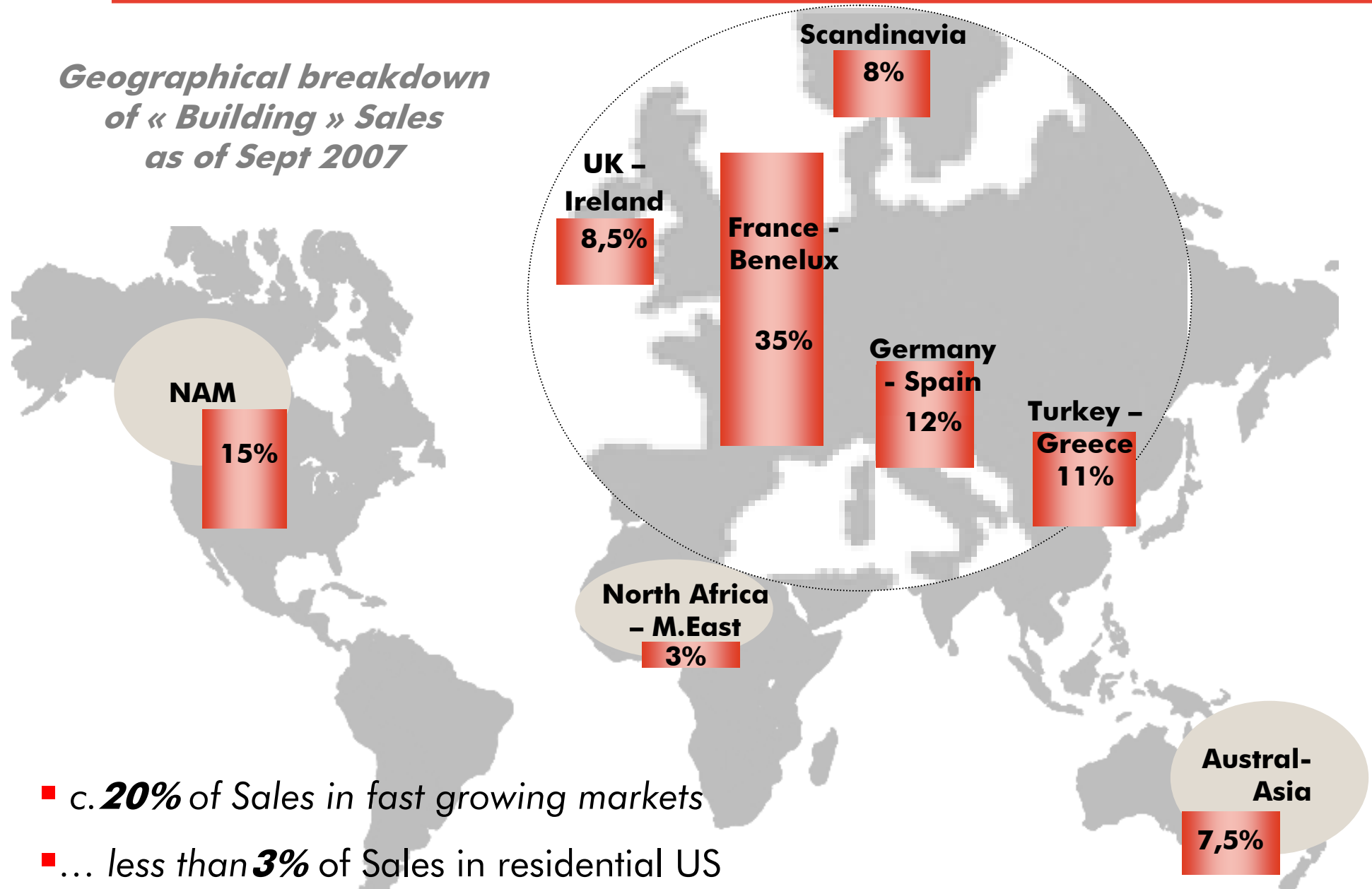


- Higher proportion of Infrastructure cables
- Better mix between product oriented & project oriented activities
- Business predictability significantly increased

<sup>(1)</sup> Book to bill at current copper expressed in number of days of sales

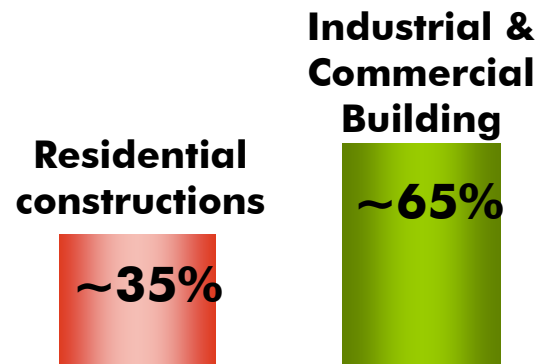
## Highlights on our three core-businesses

*Geographical breakdown  
of « Building » Sales  
as of Sept 2007*



- c. **20%** of Sales in fast growing markets
- ... less than **3%** of Sales in residential US

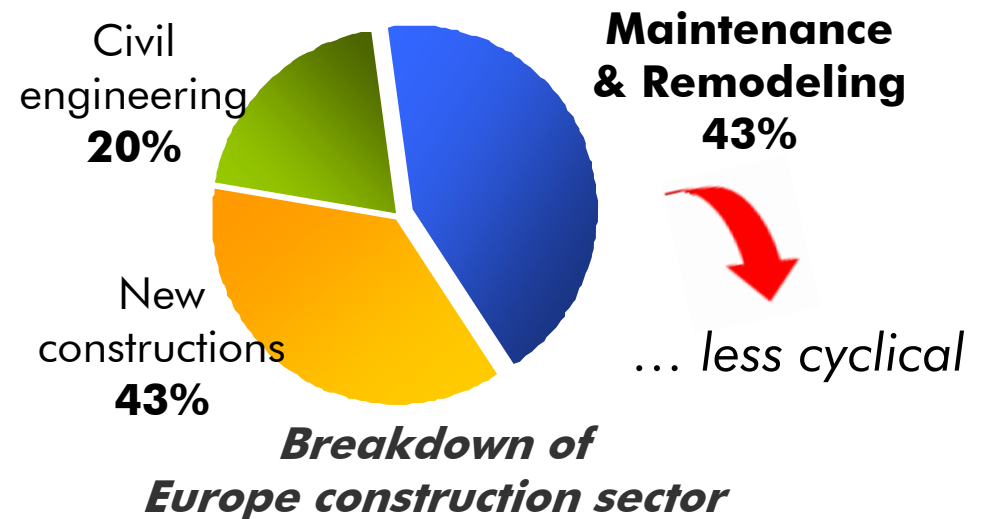
- a limited exposure to residential



... very limited in the US : €30m /year

... equally weighed in Europe

- a mature & resistant European construction market

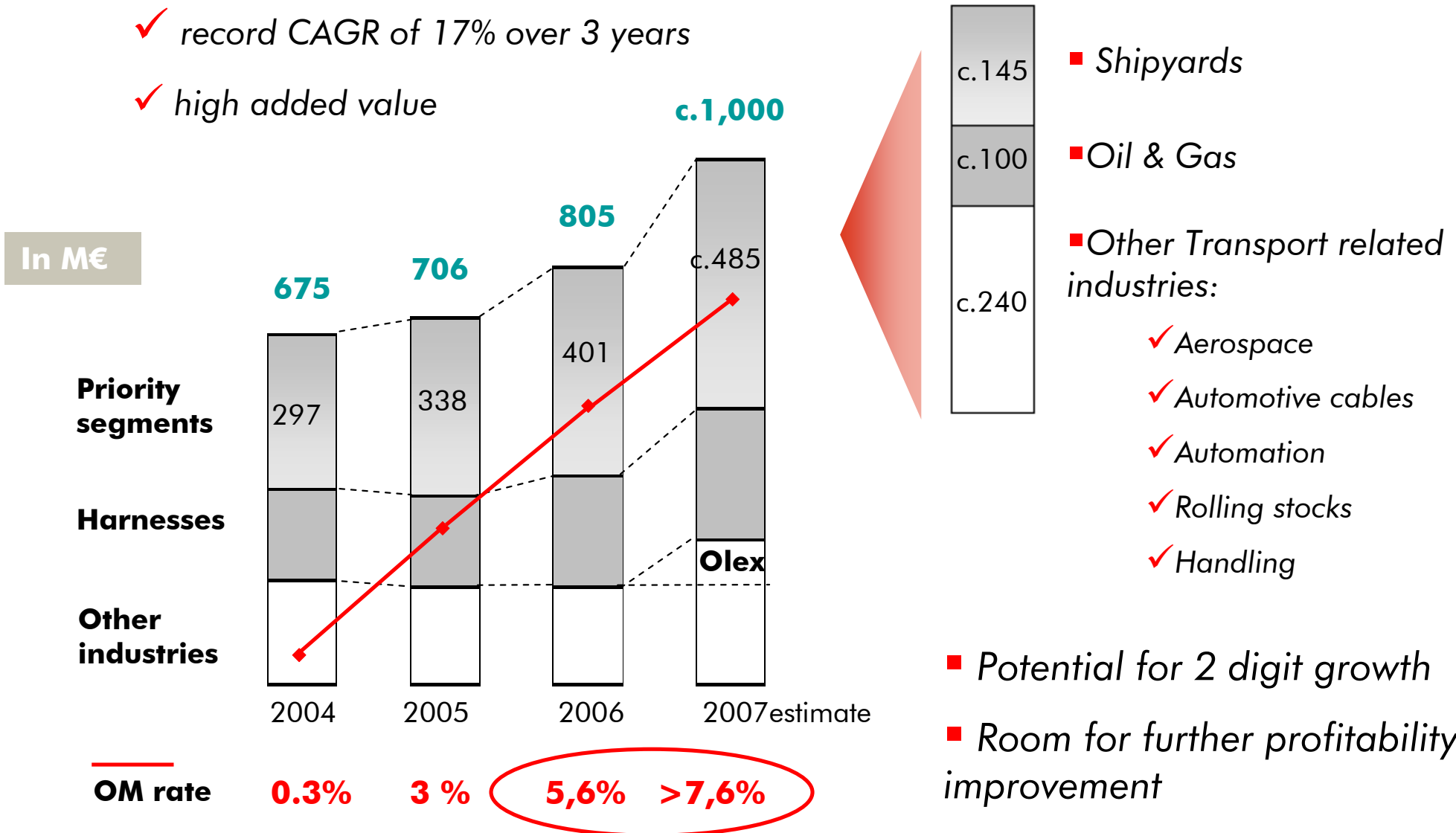


- A number of key strengths :

- ✓ Strong historical positions in Europe and in Canada
- ✓ A unique logistic center in Europe
- ✓ Innovative products, such as fire-resistant & halogen-free cables

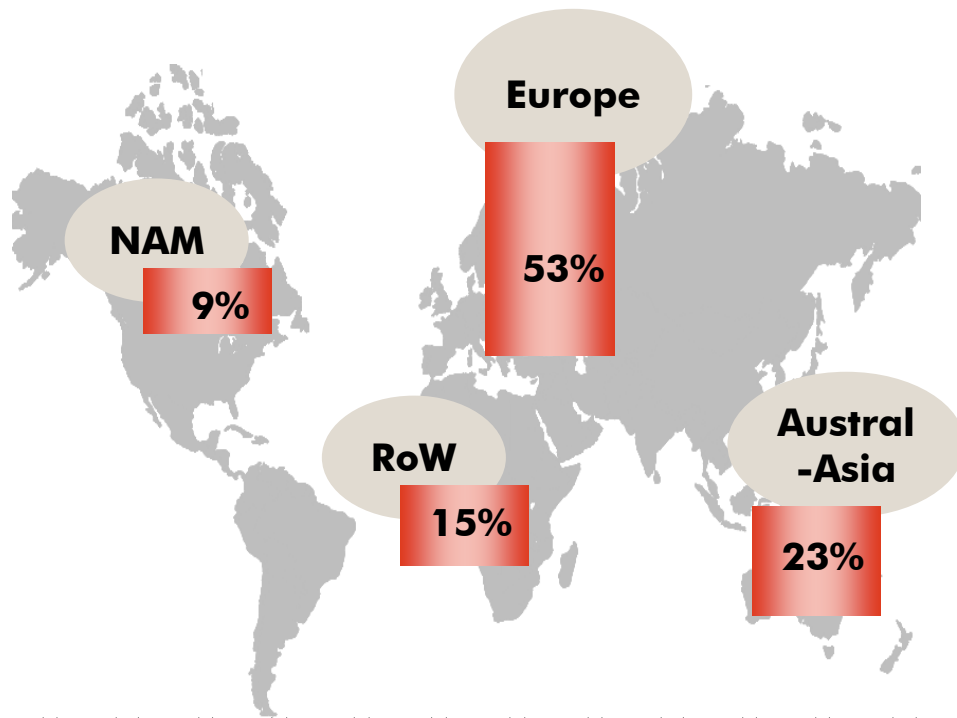
■ **“Priority segments”** boost Sales & profitability ...

- ✓ record CAGR of 17% over 3 years
- ✓ high added value



■ **Distribution** ~60% \*

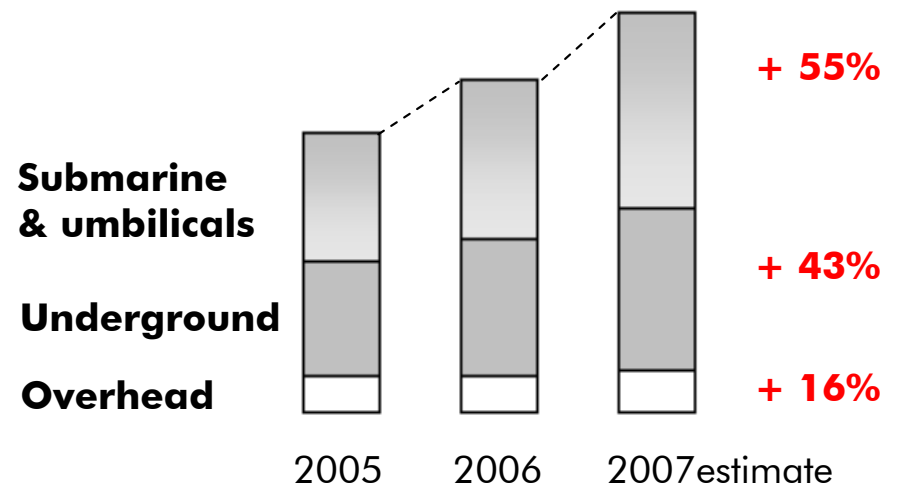
✓ strong positions in well oriented markets



« Distribution » Sales breakdown as of Sept 2007

■ **Transmission (HV) & umbilicals** ~40%\*

- ✓ 2 digit growth rate
- ✓ 2 years backlog
- ✓ Submarine HV capacity X2 in 2 years
- ✓ Furukawa/ Fujikura partnersip



\*Note: Estimated Sales breakdown at end of 2007

# Highlights on the Acquisition of Madeco

## Structure

- Acquisition by Nexans of Madeco's Wire & Cable division with a mix of cash, debt assumption and Nexans shares (2.5m)

## Consideration

- Enterprise value<sup>1</sup> of US\$822m (based on Nexans share price as of November 14 closing of €101.67)
- 9.5x implied EV/EBITDA 2007<sup>2</sup>

## Lock up

- Full lock-up for the first year following closing<sup>3</sup>
- Then 50% of shares subject to lock-up between 12 and 18 months

## Board representation

- Nexans to propose one representative from Madeco on its board

## Next steps

- SPA signing before end of January 2008
- Madeco and Nexans shareholders meetings to approve the transaction
- Filing for regulatory approvals
- Expected closing: mid-year 2008

Note:

- 1 Including minority interests of USD 26m
- 2 Illustration on the basis of 2 x H1 2007 figures (source : Madeco Form 6K)
- 3 Madeco has the possibility to hedge up to 5 % of Nexans share capital during this first year period
- 4 Exchange rate USD/EUR:1.47 in all pages of this document

## Combination of the leading cable producer in South America with the worldwide leader in the cable industry...

### MADECO

- N°1 in South America and in Brazil, the largest market
- High growth and margin perspective
- Product portfolio in energy & industry cables
- Premium assets
  - State-of-the-art production facilities
  - Premium brands portfolio
- A unique network in South America
- Integrated and autonomous business
- First-class management
- Available production capacity to seize further growth opportunities



- **Increased geographic diversification and growth profile**
- **Cross selling opportunities**
- **Reduced integration risks**
- **Same culture**
- **Support of a stable new shareholder**



- Worldwide leader
- Key player in consolidating markets
- Recognised Industrial know-how and R&D capacity
- Proven track-record in acquisitions
- Profitability and financial firepower

**...to build a stronger global cable leader**

## Nexans' objectives

### More profitable growth

- Enhance position in fast-growing and highly attractive markets
- Favour high value-added products

### Less cyclical

- Develop a multi-regional strategy
- Increase longer cycle businesses

### Maintain financial flexibility

- Keep firepower in a consolidating market

## Madeco Wire & Cable contribution

- Attractive growth prospects (>12% organic volume growth over the last two years)
  - strong infrastructure needs
  - large electrical transportation projects
  - growing petrochemical industry
- EBITDA/Sales (H1 2007) = 10.6%



- #1 in South America
  - #1 in Brazil, Chile and Peru
  - Strong market positions in Colombia (#3) and Argentina (#4)
- Strong presence in industry and infrastructure energy cables



- Mix of cash/shares consideration preserving ability to seize other strategic opportunities



	<b>Nexans</b>	<b>Madeco Wire &amp; Cable</b>
<b>Net sales</b>	€7.6 billion	€0.6 billion
<b>EBITDA</b>	€500 million	€59 million
<b>Number of employees</b>	21,150	1,670
<b>Geographic footprint</b>	<div style="border: 2px solid red; transform: rotate(180deg); padding: 10px; margin-bottom: 10px;"><b>A global player</b></div> Europe: 62% North America: 19% Asia Pacific: 12% Africa-Middle East: 5% South America: 2%	<div style="border: 2px solid orange; transform: rotate(180deg); padding: 10px; margin-bottom: 10px;"><b>A regional leader</b></div> Brazil: 43% Chile: 28% Peru: 18% Argentina: 6% Colombia: 5%

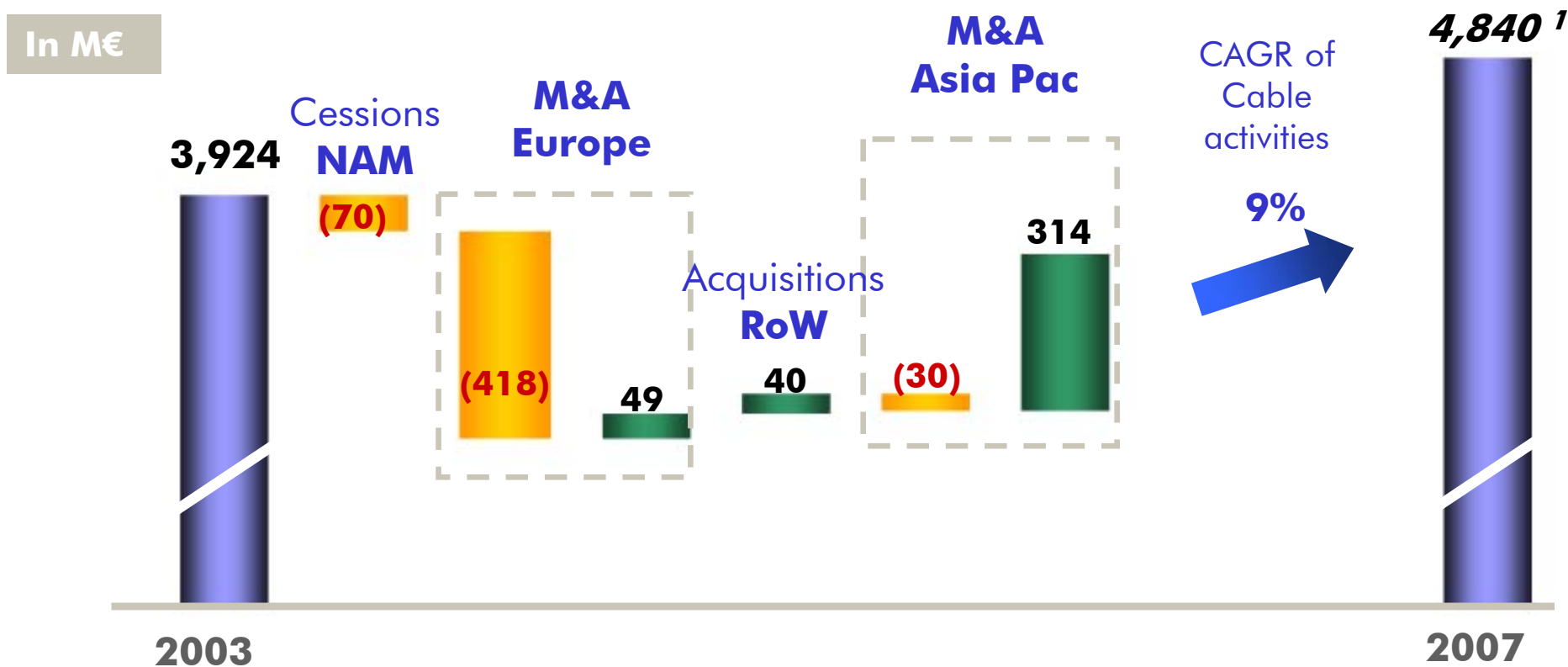
Sources :

For net sales and EBITDA : based on 2007 brokers' consensus for Nexans , 2 x H1 2007 for Madeco Wire & Cable

Number of employees as of December 31 ,2006

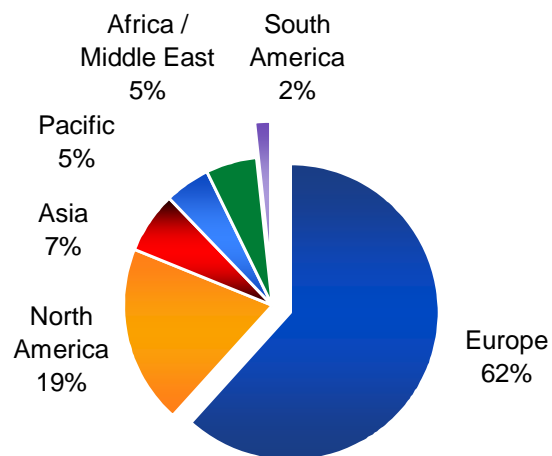
Sales breakdown by region : H1 2007 for Nexans and Madeco Wire & Cable

### Evolution of Nexans sales at constant metal prices

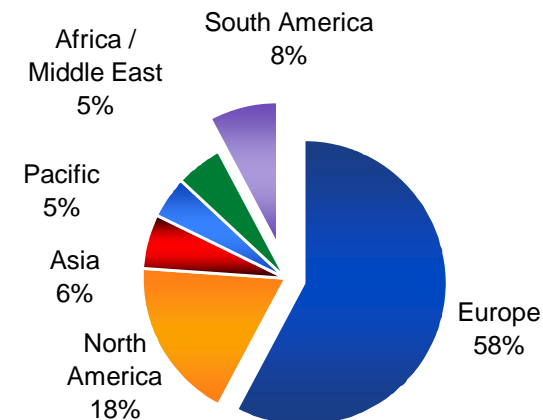


Note:  
<sup>1</sup> Analysts' consensus

**Nexans Group - €7.6bn sales<sup>1</sup>**

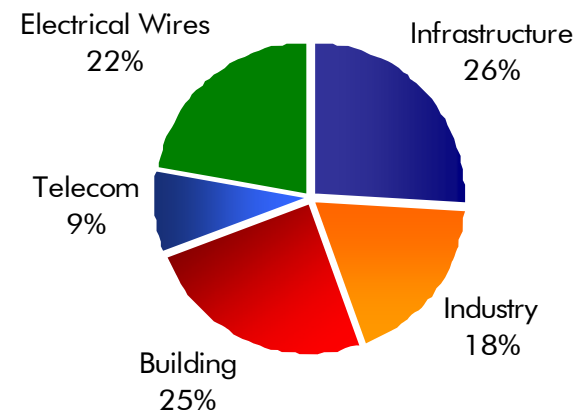
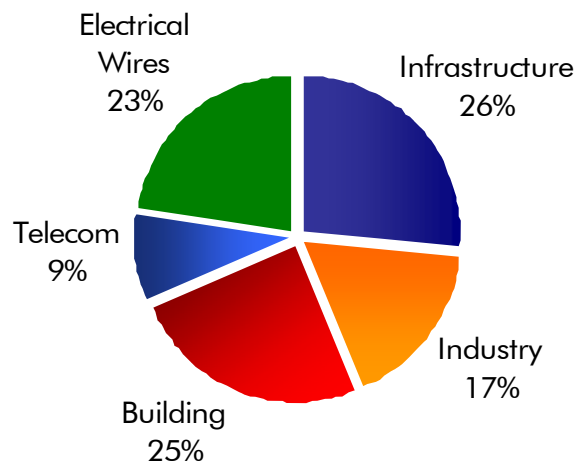


**Pro forma - €8.2bn sales<sup>1</sup>**



**Increase exposure to high growth regions**

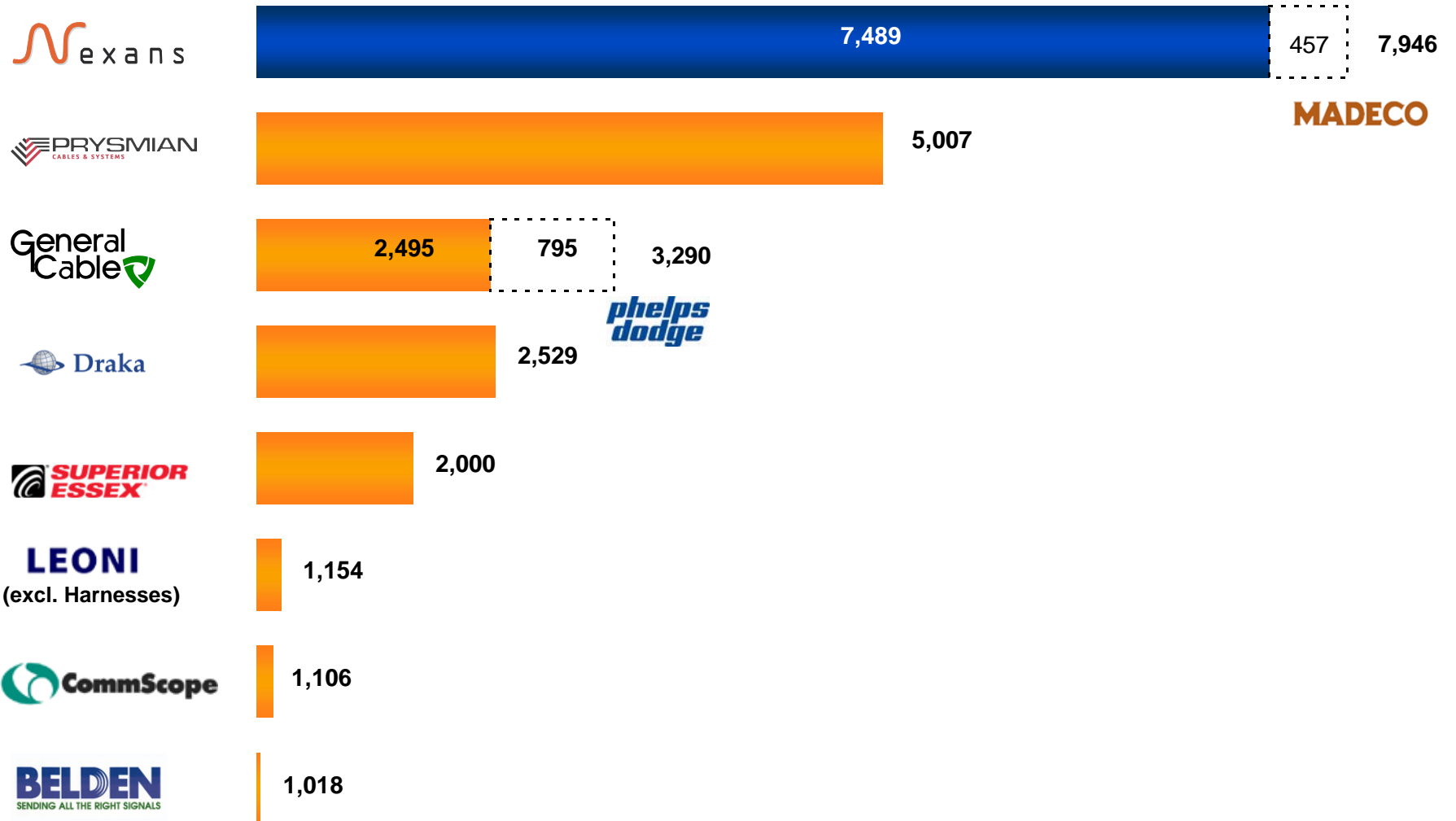
**Consolidation in high value added segments**



Note:

<sup>1</sup> Based on H1 2007 x 2

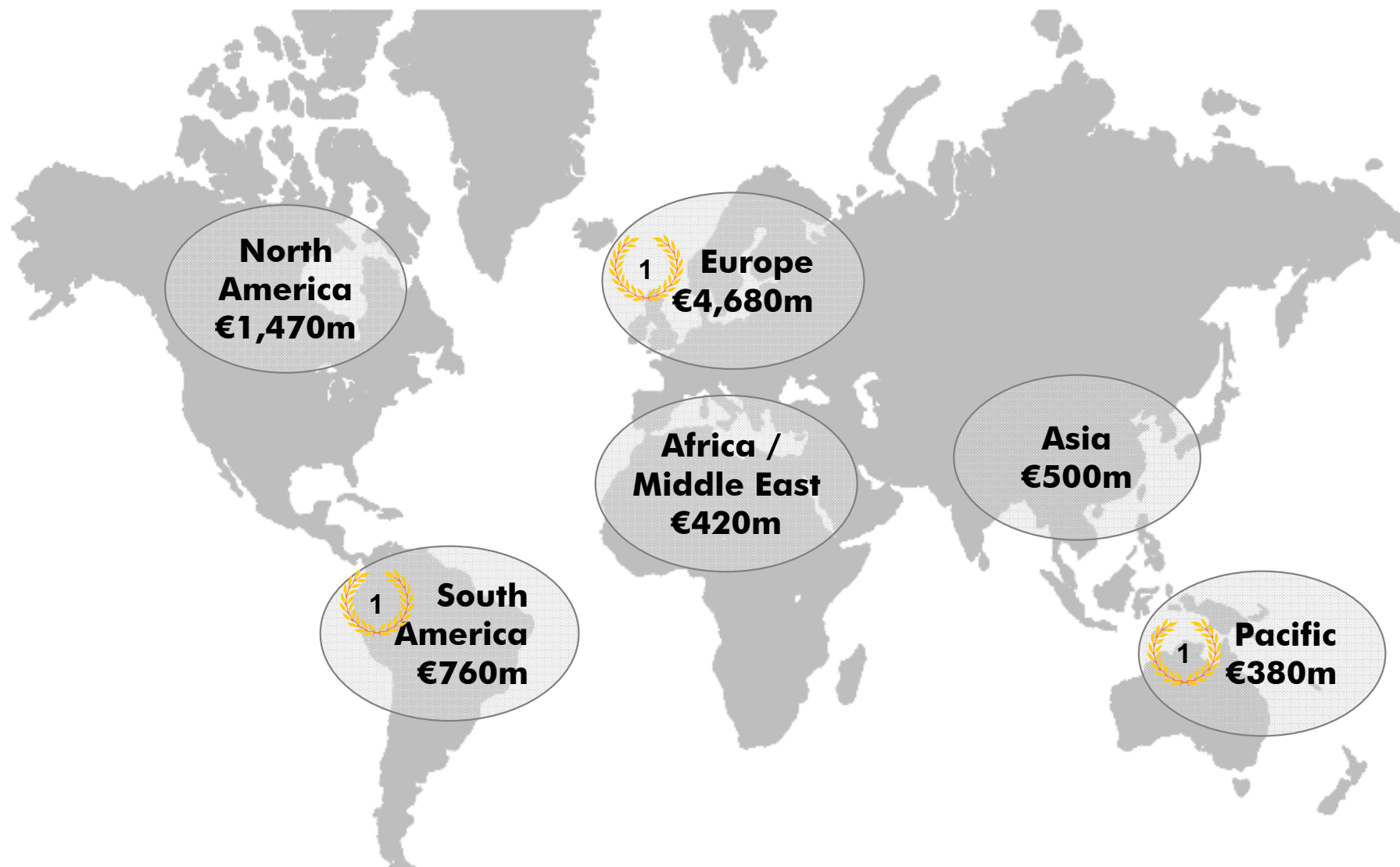
## Pro forma sales 2006 (€m) – Main US & European players



Sources : Financial communication of corresponding companies, Nexans estimates

Note : Actual metal prices

### Combined 2007 Sales<sup>1</sup> clearly demonstrate future global leadership of Nexans Group



Note

<sup>1</sup> Based on H1 2007 x 2

	<b>Nexans</b>	<b>Madeco Wire &amp; Cable</b>	<b>Transaction impact</b>	<b>Combined</b>
<b>Net sales</b>	€7.6 billion	€0.6 billion	-	€8.2 billion
<b>EBITDA</b>	€500 million (6.6%)	€59 million (10.6%)	-	€559 million (6.8%)
<b>Employees</b>	21,150	1,670	-	22,820
<b>Financial Debt</b>	€533 million	n.a.	€287 million	€820 million
<b>Shareholder Equity</b> including minority interests	€1.7 billion	n.a.	€257 million <sup>1</sup>	€2.0 billion <sup>1</sup>
<b>Debt / EBITDA</b>	1.1x	n.a.	n.m.	1.5x
<b>Gearing</b>	31%	n.a.	n.m.	41%

Source:

For Net sales & EBITDA : 2007 consensus for Nexans and H1 2007 x 2 for Madeco W&C

Number of employees as of December 31, 2006

For other information : H1 2007 balance sheet for Nexans and Madeco W&C

Notes:

<sup>1</sup> Impact of 2.5 million shares capital increase (assuming €101.67 p.s.)

## 1 Nexans standalone<sup>1</sup>

(€m)	2007(e)	2008(e)
<b>Sales (at constant metal price)</b>	<b>4,836</b>	<b>5,042</b>
<i>Growth</i>		4.3%
<b>EBITDA</b>	<b>509</b>	<b>556</b>
<i>Margin</i>	10.5%	11.0%
<b>EBIT</b>	<b>382</b>	<b>425</b>
<i>Margin</i>	7.9%	8.4%
<b>Net Income</b>	<b>216</b>	<b>241</b>
<b>Net debt</b>	<b>534</b>	<b>419</b>
<b>Capex</b>	<b>(195)</b>	<b>(150)</b>

- Sharp increase in EBITDA, going from €509m to €567m in 2007E and from €556m to €624m in 2008E
- Margins improvement, from 10.5% to 11.1% in 2007E and from 11.0% to 11.7% in 2008E

## 2 Pro Forma<sup>1,2</sup>

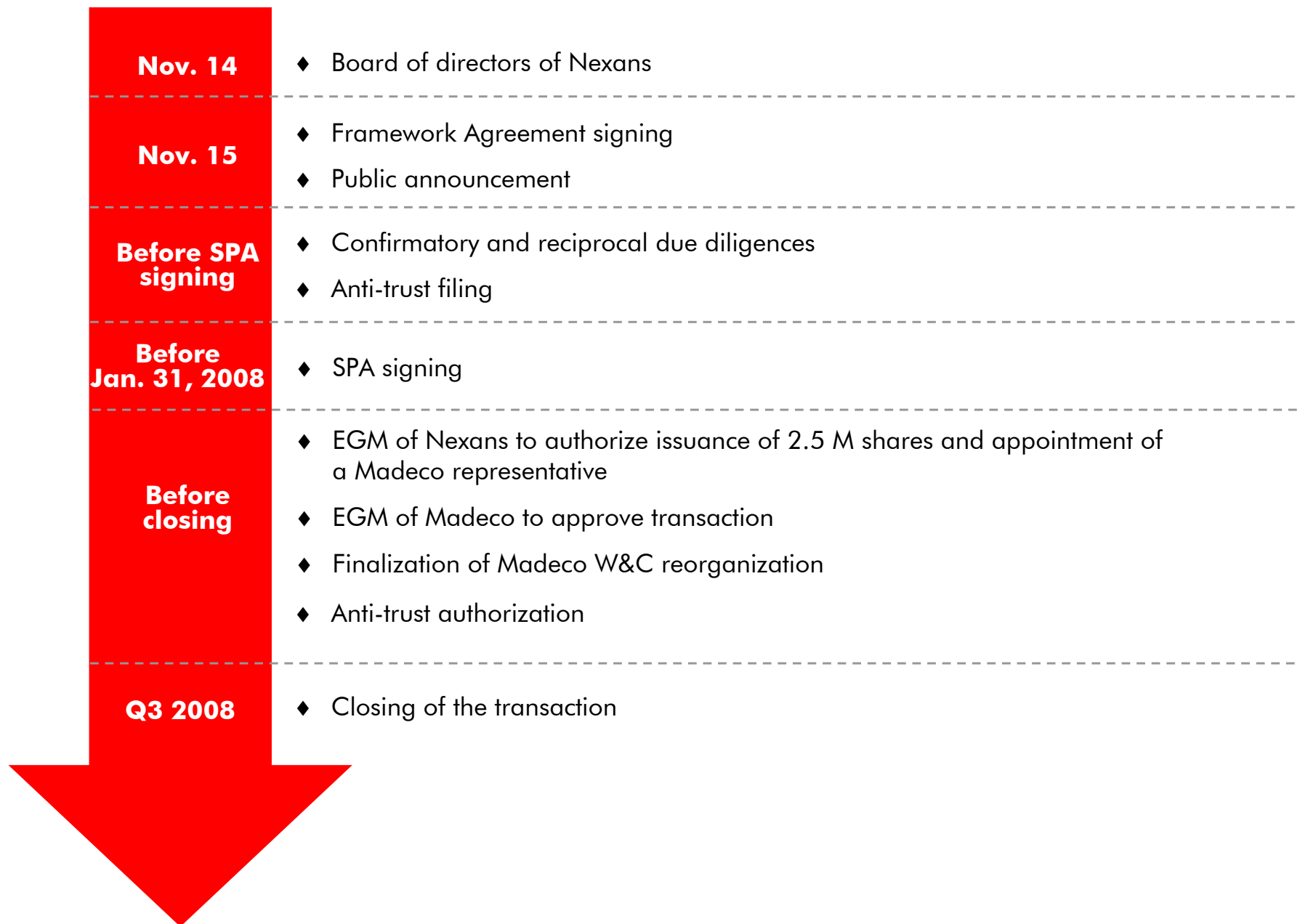
(€m)	2007(e)	2008(e)
<b>Sales (at constant metal price)</b>	<b>5,110</b>	<b>5,353</b>
<i>Growth</i>		4.8%
<b>EBITDA</b>	<b>567</b>	<b>624</b>
<i>Margin</i>	11.1%	11.7%
<b>EBIT</b>	<b>421</b>	<b>473</b>
<i>Margin</i>	8.2%	8.8%
<b>Net Income</b>	<b>232</b>	<b>263</b>
<b>Net debt</b>	<b>821</b>	<b>681</b>
<b>Capex</b>	<b>(210)</b>	<b>(163)</b>

- EBIT improvement with levels going from €382m to €421m in 2007E and from €425m to €473m in 2008E
- Margins improvement, from 7.9% to 8.2% in 2007E and from 8.4% to 8.8% in 2008E

Note:

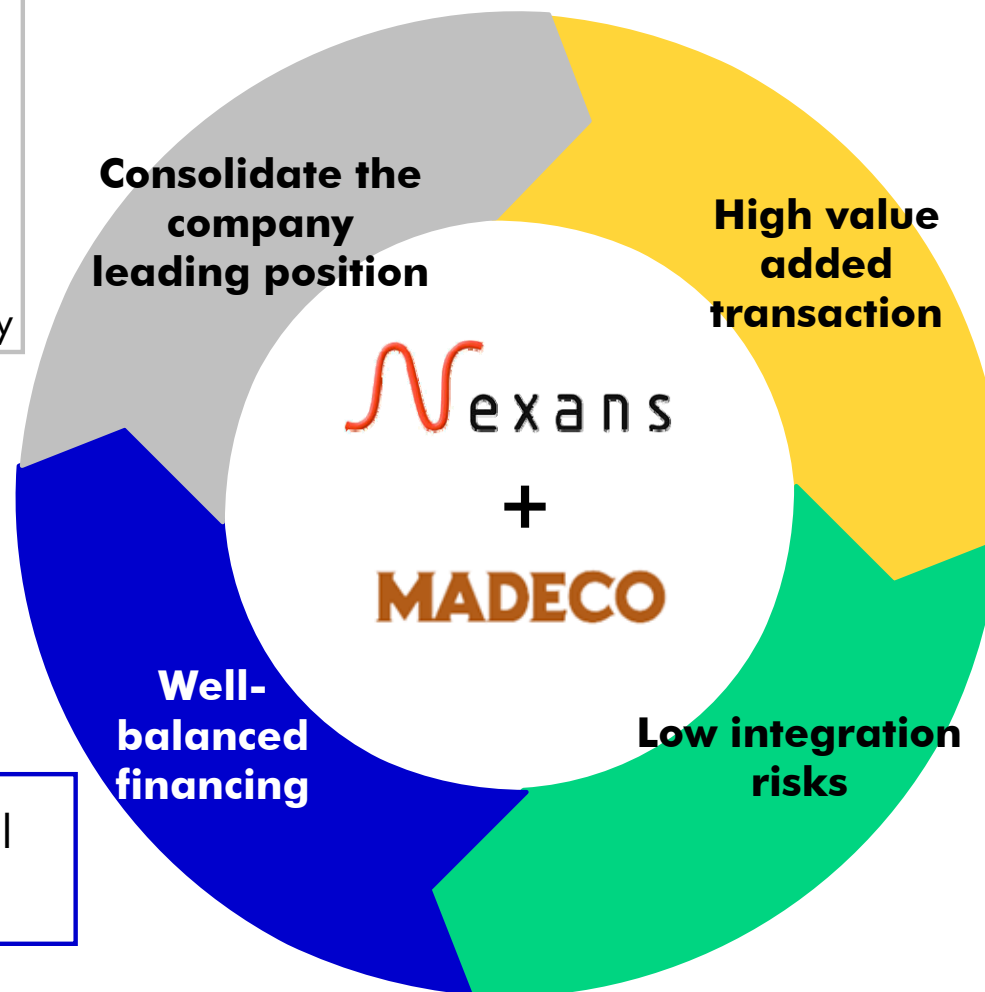
1 Based on broker reports as of November 23<sup>th</sup>, 2007

2 Madeco W&C forecasts based on Nexans estimates



- A new stronger leader
  - With a well-balanced geographical footprint
  - Positioned as a key player in a consolidating industry

- Increasing geographical presence
- Premium assets
- Enhancing position in strong growth and highly profitable markets



- Maintaining financial flexibility

- Exclusively concentrated in South America with integrated and autonomous business
- Cross selling opportunities

- New expertise joining the board
- Friendly combination

Nexans

Appendices

		Electrical Wires	Energy	Telecom
END MARKETS	Infrastructure		<b>Energy Public Networks</b> 32 % of Sales <i>including HV insulated cables &amp; Umbilicals</i>	<b>Copper &amp; Fiber Networks, Accessories</b> 5 % of Sales
	Industry	<b>Wirerod (mainly) &amp; Bare conductors</b> 12 % of sales	<b>Industrial Applications</b> 18 % of Sales	<b>Special Telecom Cables</b> 3 % of Sales
	Building		<b>MV and LV energy cables</b> 24 % of Sales	<b>Private Networks / LAN (Data &amp; Communication)</b> 6 % of Sales

**N°1 Worldwide**

**N°1 in Europe  
N°3 Worldwide**

Note : percentages based on Half year 2007 Sales at standard metal

### Market Trends

Infrastr.

- Energy transmission: LT demand in insulated HV cables
  - *Interconnection needs in Europe,*
  - *Island/mainland connections*
  - *Offshore Oil & Gas platform connections*
- Energy distribution:
  - *Demographic growth & urbanization*
  - *Maintenance*



Industry

- Unprecedented development of transport
  - *Infrastructures need adaptations/upgrades*
  - *High volume growth in shipyards and rolling stocks*
- Massive investments in Oil & Gas



Building

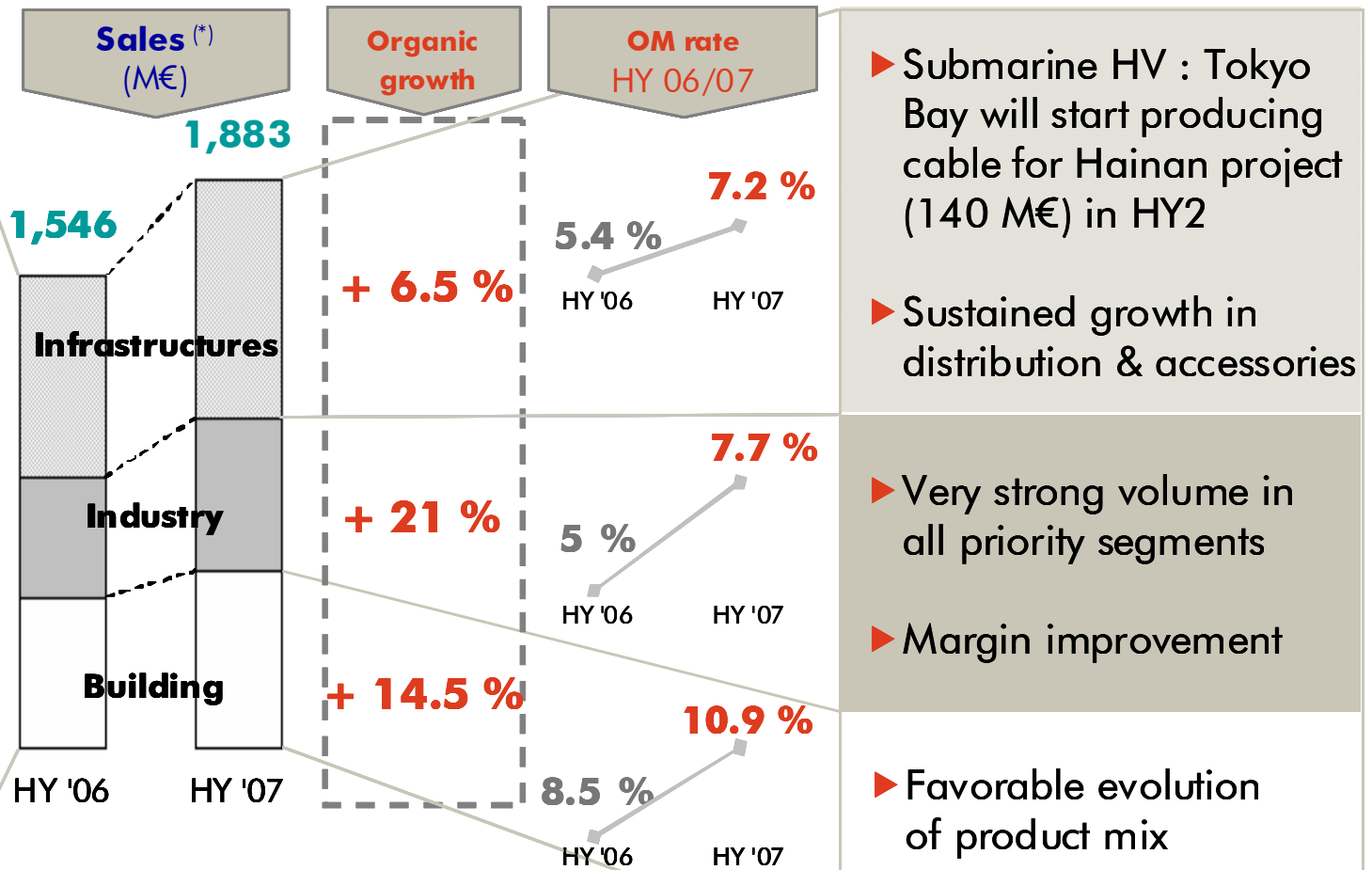
- Growing demand for players with a complete offer (products & logistics)
- Development of safety requirements



### Our plan

- ▶ Higher exposure to High Voltage activities
- ▶ Consolidate our leadership
- ▶ Focus on fast growing segments & areas
- ▶ Adapt to client globalization
- ▶ Develop higher value added offer

### Nexans performance



- ▶ Submarine HV : Tokyo Bay will start producing cable for Hainan project (140 M€) in HY2
- ▶ Sustained growth in distribution & accessories
- ▶ Very strong volume in all priority segments
- ▶ Margin improvement
- ▶ Favorable evolution of product mix

(\*) Sales at constant metal prices and exchange rates

### Market Trends

#### Telecom Infrastr.

- ▶ Development of High Speed strategies by a growing number of players
- ▶ Variety of the existing network solutions and accessory requirements (xDsL, FTTH, FTTx ..)
- ▶ Moves towards FTTH implementation

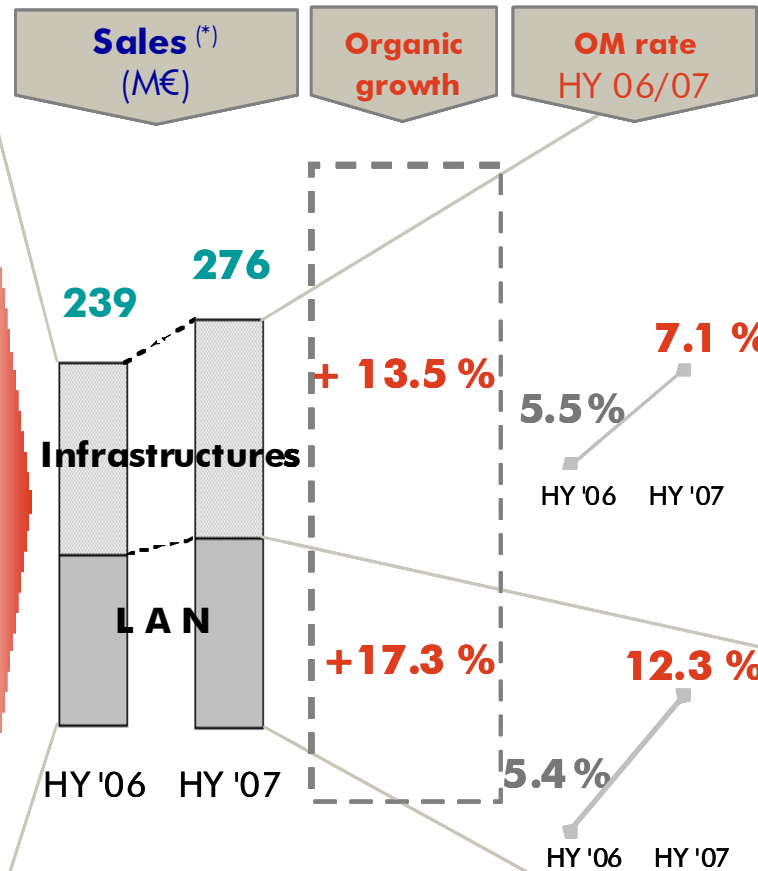
#### LAN

- ▶ Consolidation within the sector
- ▶ Commoditization of low-end products
- ▶ Development of high-end products and cabling solutions

## Our plan

- ▶ Fiber: strong positions in targeted countries
- ▶ Copper: maintain presence in profitable markets
- ▶ Bringing added-value through network engineering assistance
- ▶ High-end markets targeted

## Nexans performance



- ▶ Strong development of FTTx & FFTH in Northern Europe and in Asia
- ▶ Development of connectivity accessories
- ▶ Sustained price level
- ▶ Growing success of cable systems (public & industrial building), as well as 10 G.bit offer.

(\*) Sales at constant metal prices and exchange rates

Wires & conductors

Winding wires

### Market Trends

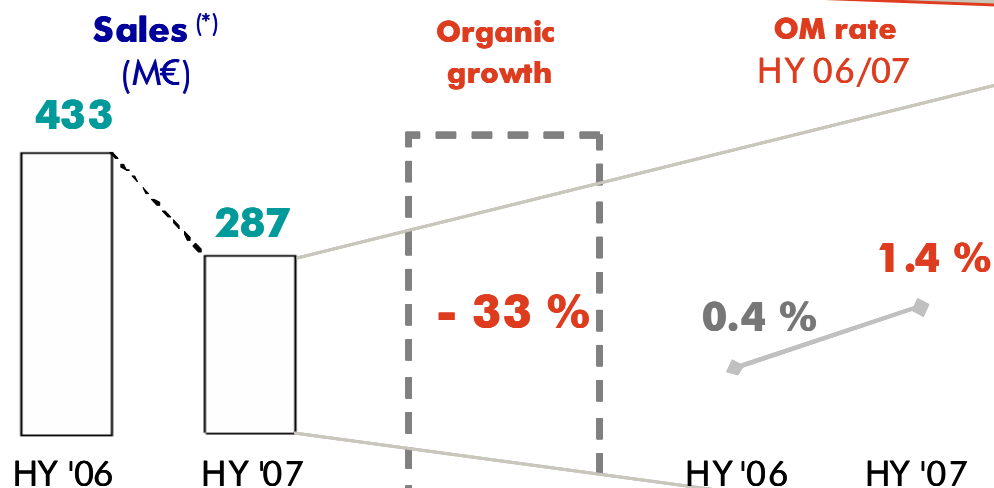
- ▶ Strong demand
- ▶ Emerging specialized players (Brazil, Turkey...)

### Our plan

- ▶ Down-sizing external sales

Full exit in the process of finalization

### Nexans performance



- ▶ Active sales reduction
- ▶ Transformation premium significantly increased
- ▶ Preservation of profitability

(\*) Sales at constant metal prices and exchange rates