



**Press release**

## **Nexans' half year results: Operating Profit maintained despite a difficult economic environment**

**Paris, 12<sup>th</sup> September 2001** - Nexans' Board of Directors met on 11<sup>th</sup> September 2001, under the chairmanship of Gérard Hauser, to review the group's accounts for the first half of the year.

Commenting on these results, the Chairman declared:

*" Sales for the first half came to 2,536 million euros. This represents a rise, at constant non ferrous-metals price, of 5.5% over the same period in 2000, to sales of 2,320 million euros.*

*Despite the depressed economic climate in North America, and thanks to good performance in infrastructure markets, operating profit came to 79 million euros as of 30<sup>th</sup> June 2001, which was stable compared to the first half of 2000.*

*Net income came to 19 million euros. As announced at the time of the IPO, this figure is less than that of the first half of 2000 owing to an increase in financial costs and a high effective tax rate during this period. The figure recorded on June 30<sup>th</sup> is not representative of the expected annual result. Second half net income will be significantly higher than the first half of the year.*

*In a difficult economic environment, due to the partial spread of the North American recession to Europe, we are confident in Nexans' capacity to pursue its growth policy and maintain its objective of reaching, for the entire 2001 fiscal period, operating profit close to that of the year 2000 resulting from the adjustments made as well as the energetic cost reduction programmes undertaken".*

## **1. Consolidated results (non audited):**

In millions of euros	H <sub>1</sub> 2000*	H <sub>1</sub> 2001
Sales	2,360	2,536
Sales (at constant metal price)	2,198	2,320
EBITDA	145	151
(As % of sales)	6.6%	6.5%
Operating profit	79	79
(As % of sales)	3.6%	3.4%
Net income	31	19
Net income per share	1.27	0.78

\*pro forma

As of 30 June 2001, *EBITDA* reached 151 million euros, representing a 4.1% increase compared to the first half of 2000. *Operating profit* came to 79 million euros, equivalent to that recorded on June 30<sup>th</sup> 2000. These figures demonstrate Nexans' ability to resist in an economic environment marked by a slowdown in the US and Italy.

As forecasted, the seasonal character of the business increased the debt to 247 million euros. The combined effect of this increase and the localisation of part of the debt in countries with high interest rates (Brazil and Turkey) meant that *financial costs* came to 20 million euros.

Furthermore, the Group's average effective tax rate rose from 35 to 51%, owing to the fiscally unbalanced geographic distribution of the operating profit.

In this context, *net income* as of June 30<sup>th</sup> 2001 was 19 million euros compared to 31 million euros for the same period in the previous year.

## **2. Results per activity (non audited):**

In millions of euros	H1 2000		H1 2001	
	Sales (1) (2)	Operating profit (2)	Sales(1) (2)	Operating profit (2)
Energy	1,037	29	1,085	32
Telecom	429	23	461	23
Electrical wires	576	26	605	18
Distribution & Others	156	1	169	6
<b>Total</b>	<b>2,198</b>	<b>79</b>	<b>2,320</b>	<b>79</b>

(1) Sales at constant metal price

(2) Pro forma combined data

**Energy:** Sales grew by 2.5% due to the good performance in medium and low voltage energy networks and the infrastructure market recovery. *Operating profit* increased by 13.4% in the first half of 2001 reaching 32 million euros compared to 29 million euros as of 30<sup>th</sup> June 2000. This result essentially reflects the positive impact of the restructuring programmes carried out in recent years, notably in France and Germany, and the recovery in the infrastructure markets.

**Telecom:** Sales grew significantly (+7.5%), in comparison to the first half of 2000. *Operating profit* remained stable at 23 million euros under the contrasting effect of very good performance in the field of cables for public operators and OEM's and the weakness in LAN activities which have been particularly affected by the slowing down of the American economy. Cost reduction programmes already commenced will be pursued during the second half.

**Electrical Wires:** Growth in sales reflects the acquisition of Saficonel. *Operating profit* as of 30 June 2001 came to 18 million euros, a sharp decline (-31%) over that of the first half of 2000.

This is the result of the deterioration in performance in the enamelled wire segment, due to the continuous decline in the US market, especially in the automobile sector, and to the pressure on the selling prices of commodity products. Significant restructuring has taken place in the US and Italy with the aim of tackling this.

### **3. Financial calendar**

Publication of third quarter sales: 18<sup>th</sup> October 2001

The full set of accounts is available on Nexans' Internet site at [www.nexans.com](http://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 systems can be found in every area of people's lives, from telecommunications and energy networks, to aeronautics, aerospace, automobile, building, petrochemical, medical applications, etc. Operating in more than 20 countries, Nexans employs 19,000 people and had sales in 2000 of euros 4.8 billion. Nexans is listed on the Paris stock exchange. More information on [www.nexans.com](http://www.nexans.com)

*Safe Harbor:* "This press release contains forward-looking statements relating to the Company's expectations for future financial performance, including sales and profitability. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance and achievements to be materially different from those implied in the forward looking statements. Such expectations assume amongst others that (1) the European economy will not deteriorate further ; (2) demand in North American markets, in particular for LAN and winding wire does not further deteriorate ; and (3) telecom operators do not cut infrastructure spending more than expected."

#### **For all further information:**

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#### **Annex:**

1. Consolidated income statements
2. Consolidated Balance Sheet
3. Consolidated Statements of Cash Flow



# Consolidated income statements

In millions of euros

	Notes	1 <sup>st</sup> half 2001	1 <sup>st</sup> half 2000*	2000*
<b>Net sales</b>	(3)	<b>2536</b>	<b>2360</b>	<b>4783</b>
Metal effect		(216)	(162)	(422)
<b>Net sales at constant metal price</b>	(3)	<b>2320</b>	<b>2198</b>	<b>4361</b>
Cost of sales		(1981)	(1874)	(3714)
<b>Gross profit</b>		<b>338</b>	<b>324</b>	<b>647</b>
Administrative and selling expenses		(234)	(224)	(440)
R&D costs		(25)	(21)	(38)
<b>Income from operations</b>	(3)	<b>79</b>	<b>79</b>	<b>169</b>
Financial income (loss)	(4)	(20)	(7)	(20)
Restructuring costs	(9)	(12)	(18)	(30)
Other revenues (expenses)	(5)	2		1
<b>Income before taxes and goodwill amortization</b>		<b>49</b>	<b>54</b>	<b>120</b>
Income tax		(25)	(19)	(40)
Share in net income of equity				
<b>Consolidated net income before goodwill amortization</b>		<b>24</b>	<b>35</b>	<b>80</b>
Goodwill amortization		(1)		
Minority interests		4	4	5
<b>Net income</b>		<b>19</b>	<b>31</b>	<b>75</b>
Earnings per share (in euros)		<b>0.78</b>	<b>1.27</b>	<b>3.00</b>

\* Combined pro forma financial statements

# Consolidated Balance Sheet

In millions of euros

<b>ASSETS</b>	Notes	<b>June 30 2001</b>	<b>December 31 2000*</b>
Goodwill, net value	(6)	33	-
Other intangible assets, net		5	5
<b>Intangible assets, net</b>		<b>38</b>	<b>5</b>
Property, plant and equipment		2885	2758
Depreciation		(1990)	(1932)
<b>Property, Plant and equipment, net</b>		<b>895</b>	<b>826</b>
Share in net assets of equity affiliates	(7)	10	2
Other investments and miscellaneous, net		56	61
<b>Investments and other non-current assets, net</b>		<b>66</b>	<b>63</b>
<b>TOTAL NON CURRENT ASSETS NET VALUE</b>		<b>999</b>	<b>894</b>
<b>Inventories and work in progress, net value</b>		<b>806</b>	<b>704</b>
Trade receivables and related accounts, net		1045	1005
Other accounts receivables, net		217	160
<b>Accounts receivables, net value</b>		<b>1262</b>	<b>1165</b>
Marketable securities, net value		29	4
Cash, net		277	125
<b>Cash and cash equivalents</b>		<b>306</b>	<b>129</b>
<b>CURRENT ASSETS</b>		<b>2374</b>	<b>1998</b>
<b>TOTAL ASSETS</b>		<b>3373</b>	<b>2892</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY before appropriation</b>	Notes	<b>June 30 2001</b>	<b>December 31 2000*</b>
Capital stock (Euro 1 nominal value ; 25 000 000 shares issued at June 30, 2001)		25	25
Additional paid-in capital		1044	1044
Retained earnings		(23)	(78)
Cumulated translation adjustments		69	45
Net income		19	75
<b>SHAREHOLDERS' EQUITY before appropriation</b>		<b>1134</b>	<b>1111</b>
<b>MINORITY INTERESTS</b>		<b>93</b>	<b>49</b>
Accrued pension and retirements obligations		260	259
Accrued contract costs and other reserves	(9)	168	181
<b>TOTAL RESERVES FOR LIABILITIES AND CHARGES</b>		<b>428</b>	<b>440</b>
Other borrowings		553	205
<b>TOTAL FINANCIAL DEBT</b>		<b>553</b>	<b>205</b>
Customers' deposits and advances		39	32
Trade payables and related accounts		615	635
Other payables		511	420
<b>TOTAL OTHER PAYABLES</b>		<b>1165</b>	<b>1087</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>3373</b>	<b>2892</b>

\* Combined pro forma financial statements

# Consolidated Statements of Cash Flow

In millions of euros

	<b>1<sup>st</sup> half</b>	<b>2000*</b>
	<b>2001</b>	
- Consolidated net income, group share	19	75
- Minority interests	4	5
- Depreciation and amortization	72	132
- Changes in reserves for pension obligations, net	1	(7)
- Changes in other reserves, net	2	(58)
- Net (gain) loss on disposal of non-current assets	(2)	(1)
- Share in net income of equity affiliates (net of dividends received)	1	-
- Other	-	-
<b>Cash flow provided by operations</b>	<b>97</b>	<b>146</b>
- Decrease (increase) in accounts receivables	(43)	(151)
- Decrease (increase) in inventories	(81)	(71)
- Increase (decrease) in accounts payable and accrued expenses	-	114
- Changes in reserves on current assets (including accrued contract costs)	2	(7)
<b>Net change in current assets and liabilities</b>	<b>(122)</b>	<b>(115)</b>
<b>Net cash provided (used) by operating activities</b>	<b>(25)</b>	<b>31</b>
Proceeds from disposal of fixed assets	5	21
Capital expenditures	(98)	(239)
Decrease (increase) in loans	(1)	(1)
Cash expenditures for acquisition of consolidated companies, net of cash acquired, and for acquisition of unconsolidated companies	(20)	(31)
Cash proceeds from sale of previously consolidated companies, net of cash sold, and from sale of unconsolidated companies	-	-
<b>Net cash provided (used) by investing activities</b>	<b>(114)</b>	<b>(250)</b>
<b>Net cash flow after investment</b>	<b>(139)</b>	<b>(219)</b>
Proceeds from issuance of shares	-	2
Dividends paid	(23)	(25)
<b>Net cash provided (used) by financing activities</b>	<b>(23)</b>	<b>(23)</b>
Net effect of exchange rate changes	(9)	(5)
<b>Net increase (decrease) in net debt /cash</b>	<b>(171)</b>	<b>(247)</b>
<b>Net (Debt)/Cash at beginning of year</b>	<b>(76)</b>	<b>171</b>
<b>Net (Debt)/Cash at end of year</b>	<b>(247)</b>	<b>(76)</b>

\* Combined pro forma financial statements