



Results by geographical area

Asia



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

“Asia presents some interesting opportunities. The region’s huge infrastructure requirements are accompanied by the continued growth of local consumer spending. Asia as a whole offers particularly attractive terms for local investment. However, the economic situation varies considerably from country to country. Our acquisitions in Korea are developing and China plays a crucial role, with Western companies already present and competing with local businesses. Other countries, like Vietnam, are particularly favorable to growth.”

Nexans’ sales in Asia increased by 63% in 2003. The year was characterized by the acquisition of the Korean company Kukdong, making Nexans the world leader in cables for shipbuilding.

Nexans’ activities in Asia have long been concentrated on the telecommunications sector. The setting up of a joint venture in China and the creation of Nexans Korea through the acquisition of Daesung Cable in 2001 have progressively strengthened the Group’s presence in the region. Nexans is now in a position to offer its Asian customers a comprehensive range of products and services covering energy cables, telecom network cables, umbilicals and other special cables. The acquisition of the ultra-modern Korean company Kukdong in 2003,

apart from strengthening Nexans’ presence in the region, also - most importantly - permitted Nexans to become the world leader in the shipbuilding market.

Korea and China, two vastly different situations

The Korean and Chinese economies vary widely. Korea fell victim to the economic crisis, compounded by political and social instability. Nexans’ plants in Korea were badly affected by this slowdown. Kukdong however, which exports cables for shipbuilding all over the world, should see steady growth in the next few years.

SIGNIFICANT EVENTS

JUNE 2003

Nexans involved in China’s first superconductor cable project. Nexans is to take part in China’s first high critical temperature superconductor cable project led by the Chinese company Innopower Superconductor Cable Co. The project concerns a power plant in Kunming, the capital of Yunnan province in southern China, which is due to enter into service in spring 2004.

MARCH 2003

Contract to install 219 kilometers of submarine cables in Indonesia. A contract from Hyundai Heavy Industries has confirmed Nexans’ leadership in the submarine cables market. Korea’s industrial giant placed an order for 219 kilometers of optical fiber submarine cables, an ultra high-tech product destined for the Indonesian oil company, Perushan Gas Negara.

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Sales of **175** million euros (income from operations: 10 million euros)



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

■ settling without industrial presence

China on the other hand is a booming market. Salaries are particularly competitive. Nexans owns two plants in China, one for telecom cables and the other for transformer cables, and is currently building a third to manufacture special cables and cables for shipbuilding, to further exploit its potential in this field. China also represents a sizeable market in terms of energy infrastructure, in spite of pressure on prices and fierce local competition. Telecommunications and special cables are promising markets, and there are fine opportunities in the railway infrastructure and rolling stock sectors since China plans to lay several thousand kilometers of high-speed tracks in the near future. French manufacturers are well placed to win both

infrastructure and rolling stock contracts.

A promising future in Vietnam

It is one of Nexans' objectives to expand in Vietnam. France still enjoys a privileged relationship with this market of 80 million people. With the political system progressively opening up to the private sector, Vietnam represents a valuable stepping stone to all bordering countries (Cambodia, Laos, Thailand, etc.). Nexans' two Vietnamese subsidiaries are profitable thanks to modern facilities and low production costs. Opportunities exist in port, airport, rail and road infrastructures, and energy, telecommunications and special cables all show strong growth potential.

Background

Despite the effects of the SARS outbreak, the Asian economy continued to grow rapidly in 2003. Following its entry into the WTO in 2002, China offers huge potential to stimulate American and world growth. Other countries like Vietnam are also starting to make their presence felt. Driven by exports, the situation in Korea is improving, since the domestic market on the whole slowed down in 2003.

OUTLOOK Nexans' expansion in Asia is set to continue and the region could account for almost 10% of sales in three to five years. This requires that, in addition to industrial and sales capability, Asia acquires technical support capability on products with high added value. In addition to the numerous expansion projects it is considering in this region, Nexans is not ruling out any opportunity for external growth, provided the price is right.

1,100 employees