



Results by geographical area

North America



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

"North America represents an area of rapid growth for our activities, particularly on the East coast where we hold an extremely strong position. Stimulated by economic growth, infrastructure and building projects seem to be on the rise, benefiting to the energy and telecommunications markets. The massive blackout in August revealed weaknesses in the North American power grid. In this favorable climate, Nexans has a lot to offer; all the more since we have progressively reduced our costs and possess precisely the right expertise to respond to local requirements."

North America accounts for 17% of Nexans' total sales. In 2003 the region benefited from a healthy level of business in Canada and some improvements in the United States, the promising trend in private Local Area Network (LAN) cables and a successful restructuring program.

Varying results in 2003

In spite of the growth seen in the second half of the year, the North American economy suffered from low capital expenditure in industry in 2003. Nexans' sales in the region totaled 658 million euros in 2003, compared to 697 million in 2002. This decline was mainly due to the sharp fall in sales of electrical wires in the United States, low sales of special cables for industry and the disruptions of operations linked to the restructuring. Despite not reaching its sales targets, Nexans nonetheless fared better than all of its North American competitors. Its results in most sectors exceed the targets set,

particularly in the private network, LAN and optical fiber sectors. The positive

effects of the restructuring carried out in 2002 in the telecommunications sector were felt.

SIGNIFICANT EVENTS

NOVEMBER 2003

Nexans to supply high-temperature superconductor components. Nexans has won a contract to supply high critical temperature superconductor components for a 12 million-dollar matrix fault current limiter (MFCL) project launched by the US Department of Energy.

JUNE 2003

Nexans participates in International Oil & Gas conference in Houston. This year in Houston the Group presented five product ranges: high-voltage cables and accessories, cabling systems (LAN), network cables, low-voltage cables and special cables. The products were promoted to more than 50,000 visitors and 2,000 exhibitors at the 2003 session.

JANUARY 2003

Nexans wins €50 million contract in Arizona. Salt River Project (SRP), one of the main power utilities on the West coast of the United States, signed a 4-year contract with Nexans. The contract, worth 50 million euros, covers cabling for the supply of electricity to SRP's customers, a combination of private homes and commercial buildings in central Arizona.

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Sales of **658** million euros (income from operations: 15 million euros)



Canada, USA, Mexico, Central America, Caribbean.

■ settling without industrial presence

Background

North America saw a return to economic growth in March 2003. The boost to certain public-sector projects and the tax reductions favored consumption.

Business is picking up in the telecommunications sector, particularly in private LANs. Infrastructure and building seem finally to be on an upward curve, and only winding wires are showing disappointing results.

A strong customer base

With a growth rate two to three times higher than Europe, North America represents an area of rapid development for Nexans. The Group is the region's fourth largest cabling maker. North America also favors the emergence of new technologies, particularly in the telecommunications sector. Thanks to the activities of Berk-Tek in the United States, Nexans has a key advantage in this domain. The New York area in particular is a sizeable and promising market for the Group. A number of major projects are currently under consideration, notably in energy infrastructure and private LANs.

A high added value niche market strategy

North America represents a wealth of opportunity in certain niche markets. Success in these markets depends on a thorough knowledge of customer requirements, and sales teams who can respond quickly, even when it comes to prices. Nexans's new organizational structure allows for that by giving sales teams in the field maximum independence and responsibility. Notably higher expectations can be seen in project management and solutions development. A lot of customers are calling on engineering firms which, on behalf of their clients, pay particularly close attention to prices and delivery schedules. The challenge for Nexans is to control the various stages

of the logistics chain, from order all the way to delivery and payment. Support functions, particularly in marketing and logistics, play a crucial role. The development of "e-service", as well as the single commercial contact, enables sales forces to construct complex, multi-product proposals very quickly, and meet their customers' requirements.

OUTLOOK The outlook for the next few years looks particularly promising for North America. In the energy infrastructure sector, the recent blackouts point to a need to overhaul the existing networks. Nexans is currently testing some highly promising superconductor cable solutions on Long Island. In New York, where Nexans is firmly established, residential and non-residential projects appear finally to be on the upturn after the almost total standstill that followed the events of September 11, 2001. Numerous projects are under consideration and should give rise to some sizeable orders in 2004, particularly in energy and data transmission cables.

1,750 employees