

Interview with the Chairman

How would you sum up 2004?

Despite a difficult economic climate, marked by sharp increases in raw materials costs, 2004 was a good year for Nexans. Sales totaled 4.159 billion euros at constant non-ferrous metal prices, which represents a 7.8% increase compared with 2003 at constant exchange rates on a 2004 basis. Our income from operations rose by 48%. Today, all of our product lines and geographical areas are profitable.

What are the primary reasons for this success?

We are benefiting from the growth in current energy infrastructure needs throughout the world. This success is also the result of the disciplined management we have implemented since our listing on the stock market, as well as of the restructuring policies we introduced in Europe and the United States. Our new organization by geographical areas, effective since July 1st, 2003, has improved our responsiveness and proximity to our customers.

What about your capital expenditures during the year?

In 2004, we continued to modernize our plants, notably in Europe and France. We also invested in rapidly developing countries where we want to accelerate sales and strengthen our presence, such as in China, Korea, Egypt and Lebanon. We continued to build our portfolio of high value-added products. One example of this is the acquisition of the Italian company Cabloswiss, which has broadened our expertise in special cables for robotics.

What were your results in Nexans' various market segments?

Sales increased in all of our geographical areas, and I am particularly pleased with the performance and profitability reported in North America, Norway and Switzerland. In terms of business activity, several sectors also reported remarkable results for the year. This was the case in automotive cables, energy and telecommunications accessories, and cables for private Local Area Networks (LANs) in North America. I am also quite pleased with the profitability of our high-voltage activities.



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How have Nexans’ shares performed?

Nexans’ shares performed well in 2004. The share price rose by 9.13%, thus surpassing the CAC 40 and SBF 120 indices. We must also recognize the growing share of our capital that

is held in significant positions by long-term investment funds. These signs are evidence of our share’s attractiveness. The encouraging income results achieved last year led our Board of Directors to propose an increase in our dividend at our Annual Shareholders’ Meeting, up to fifty cents per share, or more than twice the amount paid in 2004.

What are your goals for the next few years?

The strategic priorities that we set for 2007 should further support our goal of achieving an average growth of 15% in sales over three years and generating an operating margin of 5% in an equivalent economic environment. I am confident in our Group’s ability to build sustainable profitability by developing its markets and investing in countries that will lead the way for the Group’s growth. We are also counting on growth in our sales teams and on a dynamic human resources policy to provide us with the means to better serve our customers.

Gérard Hauser,
Chairman and Chief Executive Officer

