Nexans

2006 Full Year Results

January 31, 2007

Safe Harbor

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 others on the following assumptions and risks :
(1) the rates of economic growth in the zones where Nexans is active remaining at current levels until 2009; (2) the continued strong demand of the energy infrastructure market in particular in developing countries and of 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 for 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 Nexans' key markets, (11) the Company successfully integrating acquisitions ; and (12) the Company being able to adapt its organization.

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Summary

1 **Achievements and outlook**

2 **Financial results**

3 **Medium-term strategy and plan**

4 **Appendices: Performance by businesses**

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Achievements and Outlook

Gérard Hauser
Chief Executive Officer

Exit from winding wires activities

- Signature of a sale agreement with Superior Essex concerning the remainder of the winding wires business :
  - In Canada : 100 % Simcoe, a division of Nexans Canada
  - In China : 80 % of Nexans Tianjin (the entire group share)

- Key figures of the business divested
  - Impact on consolidated sales ≅ 69 M€ at constant copper price (*)
  - EBITDA = 5.5 M€ (basis 100 %)
  - Headcount = 330

- Sale price = 32 M€

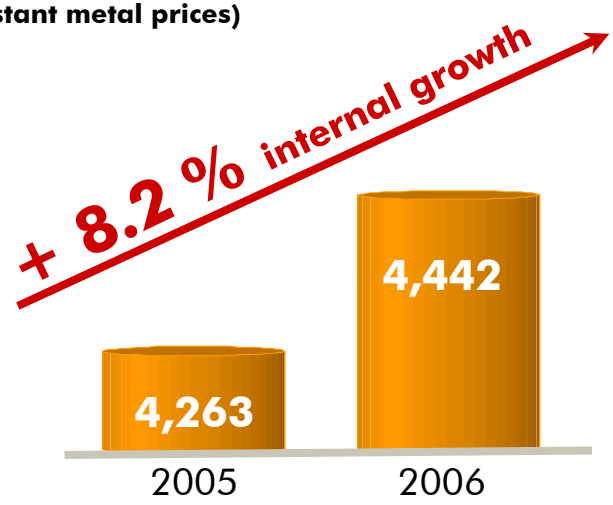
- Closing expected in the second quarter of 2007

(*) 46 M€ reduced by continuing sales to Superior Essex

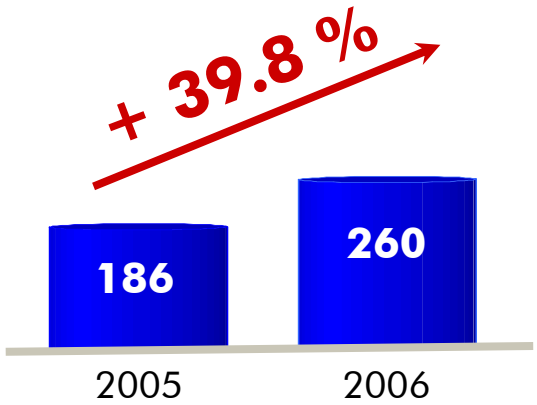
2006 : Growth and Profitability

In M€

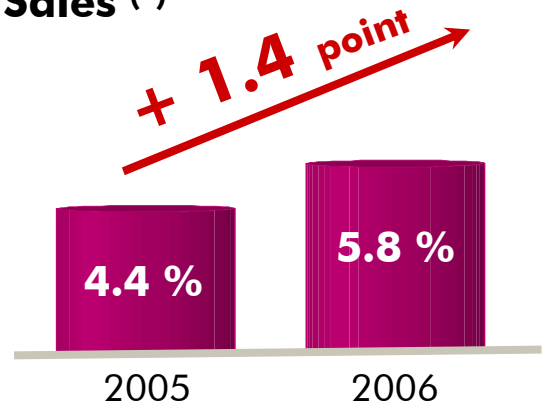
Sales (*)
(at constant metal prices)



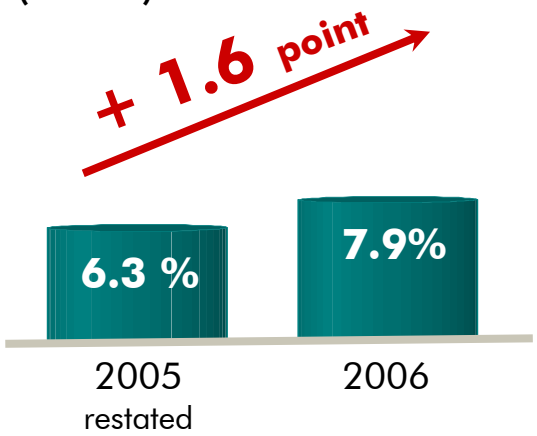
Operating Margin (*)



OM/Sales (*)



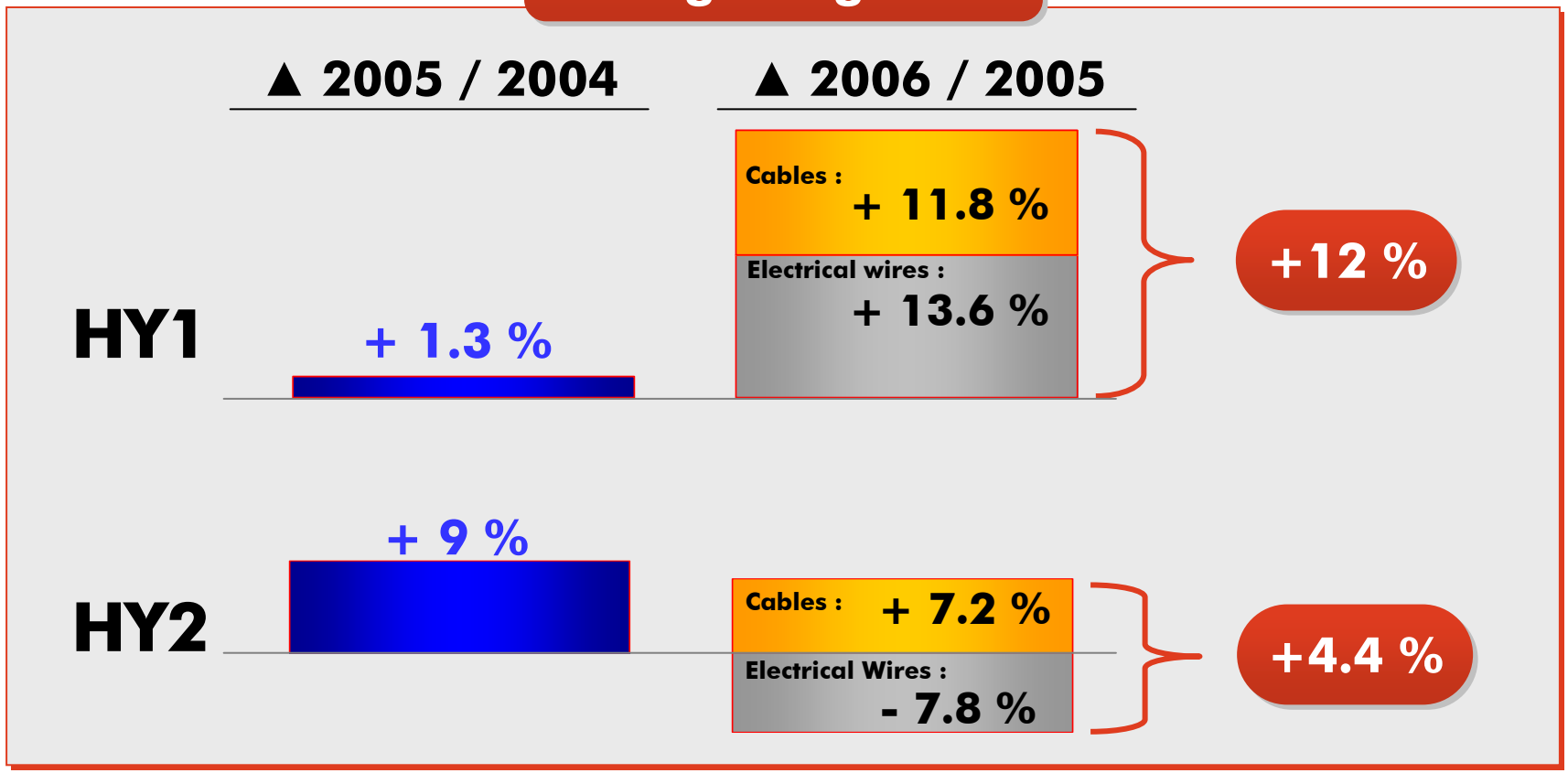
ROCE (*) (after tax)



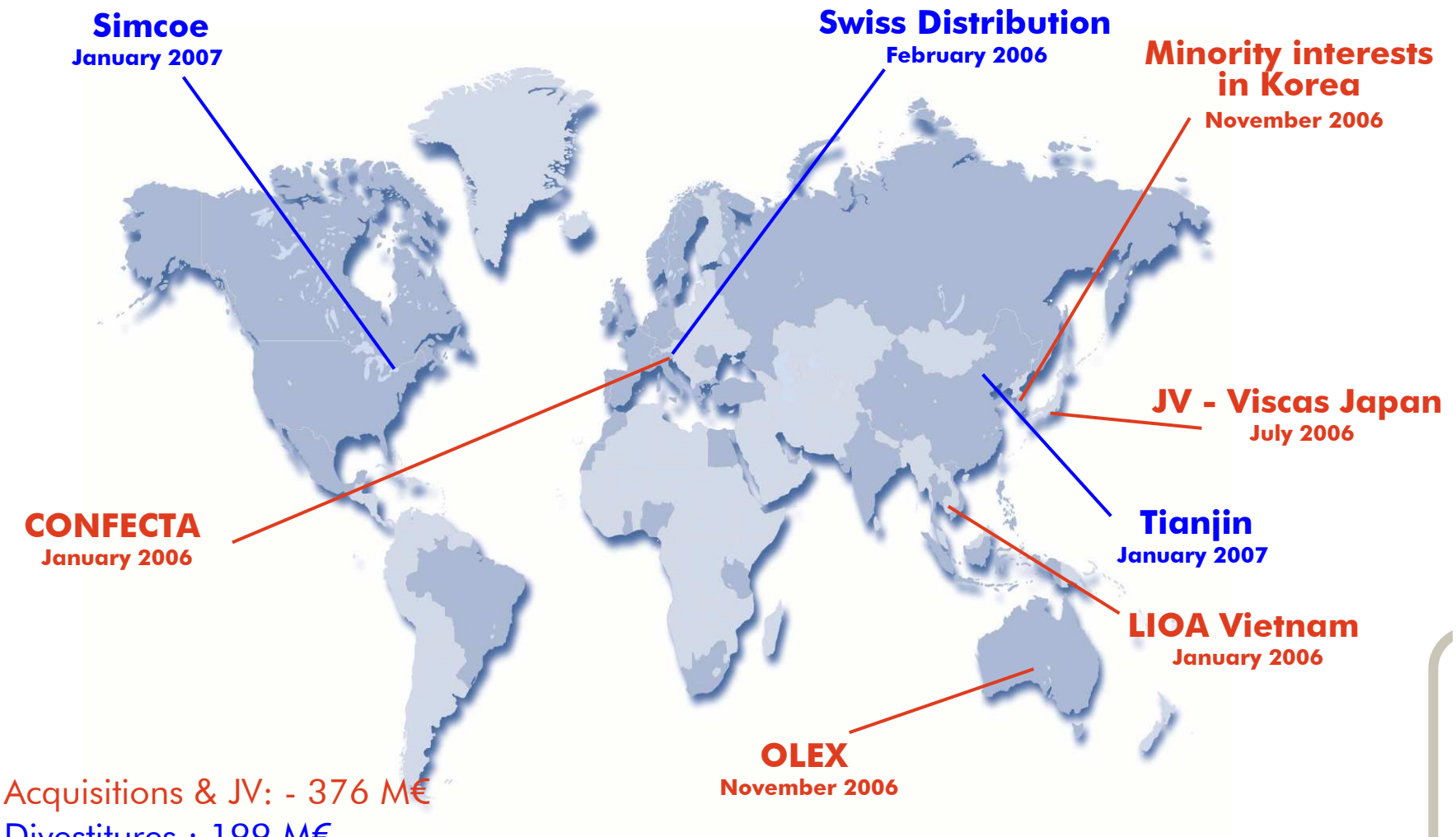
(*) Excluding Olex acquisition

Continued sustained growth in cable activity

HY organic growth



Concentration on Core business and geographical repositioning



- Acquisitions & JV: - 376 M€
- Divestitures : 199 M€

2007 : Winding wires = 32 M€

Targets 2005 / 2007 achieved one year in advance

Objectives 2005 – 2007 [a]	Achievements at end of 2006
Growth Organic growth ≥ 4 % per year	CAGR 2005/2006 : **+ 6.7 %**
Operating Margin 5 % in 2007	**5.8%** **today**
Development Product Mix and geographical presence	Priority Segments : **+ 30 %[b]** **growth over 2 years** Geographical reach outside Europe : **+ 40 %** **including Olex**

(a) Presentation on February 3, 2005

(b) estimate at current perimeter

Dividend increased by 20 %

Growth

Profitability

Objectives met in advance

Confidence in the future

Dividend at 1.20 €/share(*)

(*) To be proposed at the Annual Shareholders' Meeting on May 10, 2007

A promising environment …

A growing market

- Growth led by demand in the energy sector…
  - ➔ *.. strongly driven by the need to replace and interconnect networks*
  - ➔ *.. and by emerging new forms of energy production*
- Unprecedented development of the transportation and Oil & Gas sectors
- Increasingly global customers
- A geographic redistribution of growth of our markets
  - ➔ *Increasing weight of emerging countries in the world GDP*

… and a positive mid-term outlook

- Capitalize on the growth of energy markets
- Concentrate on our longer cycle core business areas
- Support geographic repositioning
- Continue the operational excellence

OM = 7.5 % at end of 2009

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Financial Results

Frédéric Michelland
Chief Financial Officer

Key Figures

NB : Olex enters in the consolidation scope as of December 31, 2006

(in Million €)	2005(*)	2006	06/05 ▲
Sales at current metal prices	5,449	7,489	+ 37.4 %
Sales at constant metal prices and exchange rates	**4,301**	**4,442**	**+ 8.2 % organic**
Operating margin	**186**	**260**	**+ 39.8 %**
Operating margin rate at constant metal prices	*4.4 %*	***5.8 %***	
Operating income	291	363	+ 24.7 %
Net income (group share)	**163**	**241**	**+ 47.9 %**
Return on capital employed (ROCE) before tax	9.3 %	11.7 %(**)	

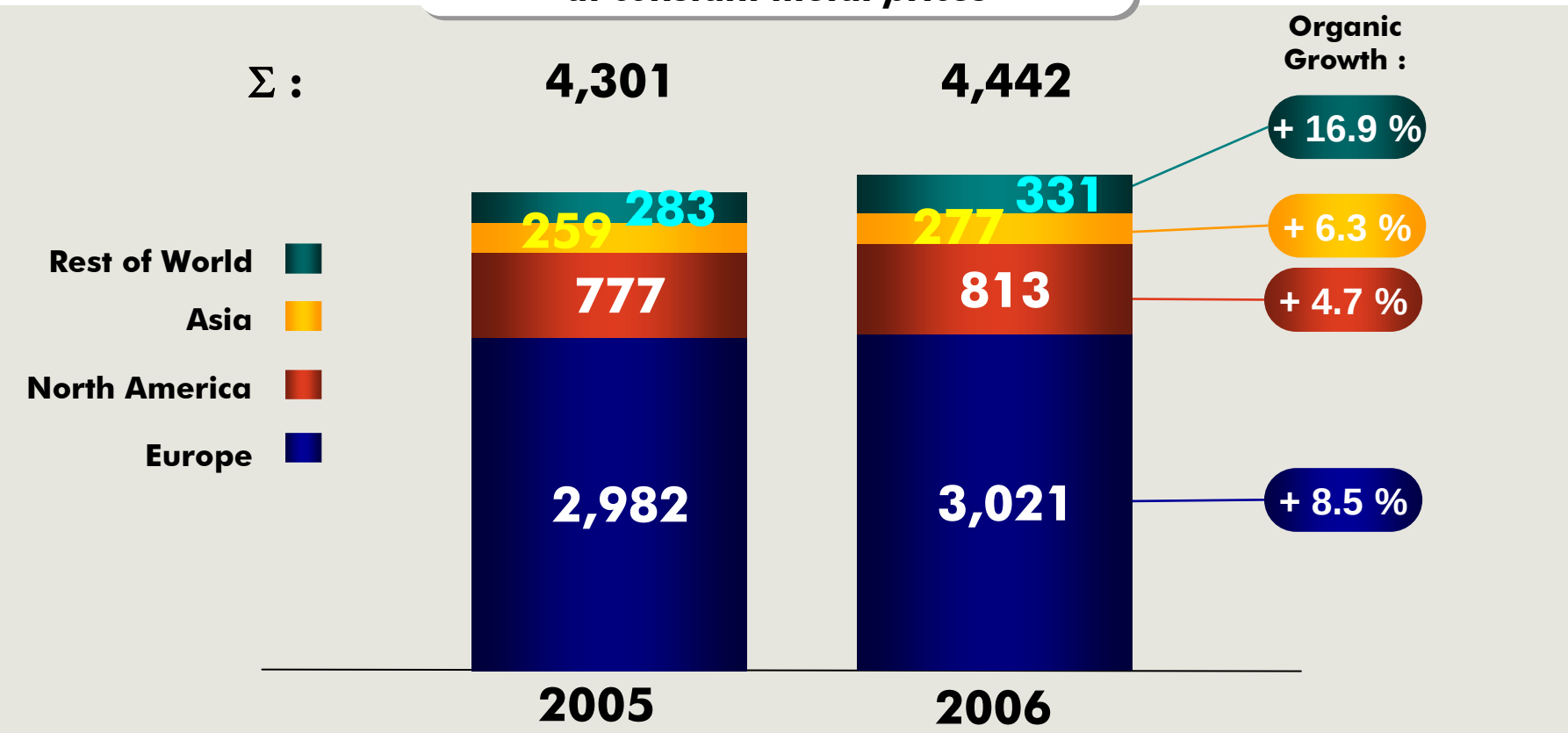
(*) Restated by applying the change in the core-exposure valuation method

(**) 10.2 % after Olex

Significant growth in all areas

In M€

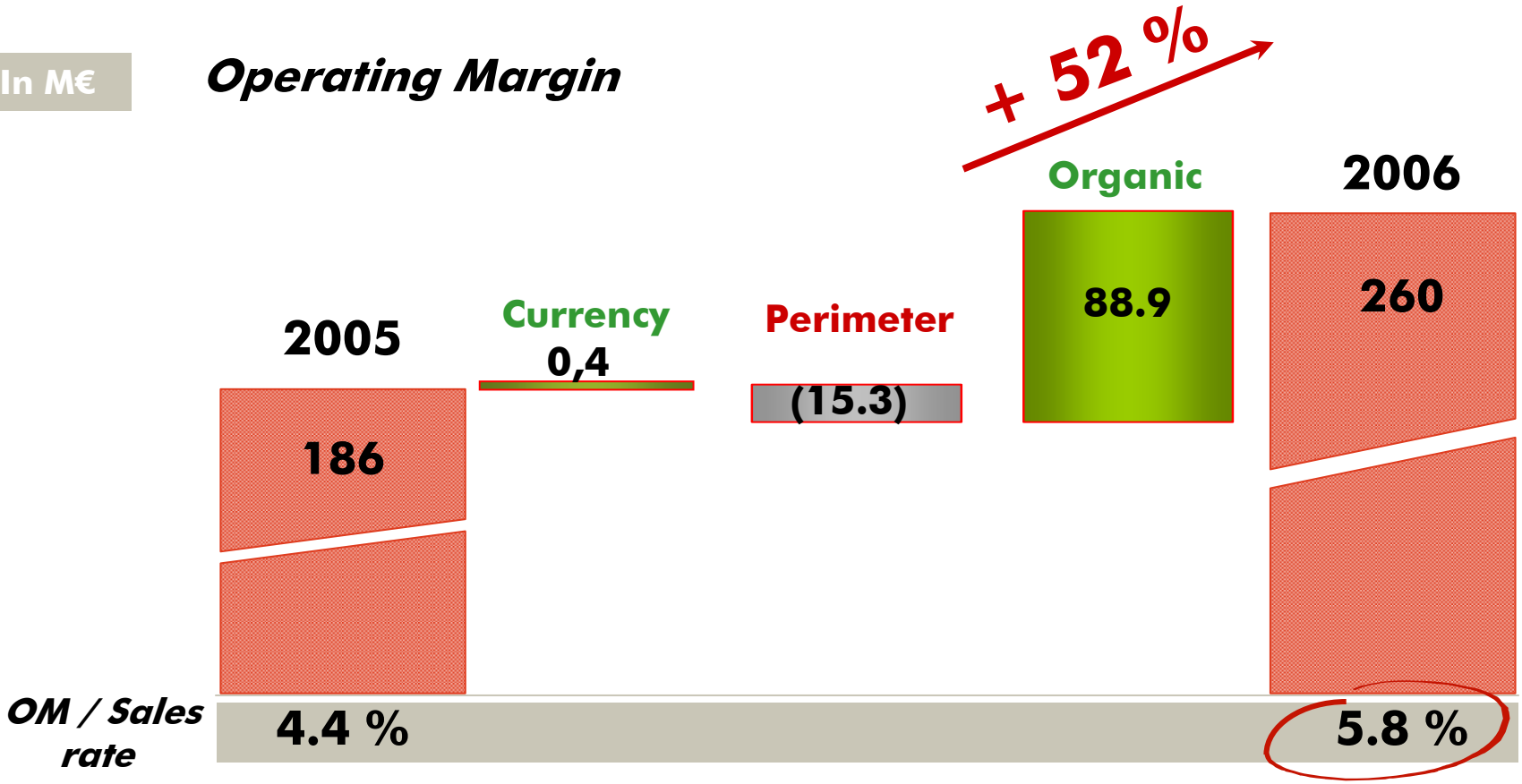
Sales
at constant metal prices



Continued strong operational leverage

In M€

Operating Margin



Strong improvement in profitability of the Energy and Telecom businesses

(in Million €)	2005			2006		
Sales at constant metal prices and exchange rates	**Sales**	**OM**	**%**	**Sales**	**OM**	**%**
Energy	2,883	171	5.9 %	2,983	233	7.8 %
Telecom	631	25	3.9 %	648	48	7.5 %
Electrical wires	777	6	0.7 %	802	(4)	- 0.5 %
Other	10	(16)	-	9	(17)	-
Total	**4,301**	**186**	**4.4 %**	**4,442**	**260**	**5.8 %**

Effects of the change in accounting method

(in Million €)	2005(*)	2006	06/05 ▲
Operating margin	**186**	**260**	**+ 39.8 %**
Operating margin rate (%)	*4.4 %*	*5.8 %*	
"Core-exposure" impact	**92**	**107**	
Asset impairment losses and reversals for negative goodwill	**(31)**	**(100)**	
Change in fair value of metal derivatives and other	**34**	**(7)**	
Capital gain and loss on asset divestitures	34	151	
Restructuring	(24)	(48)	
Operating income	**291**	**363**	**+ 24.7 %**
Financial charge	(37)	(69)	
Other revenue	-	3	
Income before tax	254	297	**+ 16.9 %**
Income tax	(36)	(48)	
Net income from operations	**218**	**249**	**+ 14.2 %**
Net income from discontinued activities	(46)	(5)	
Minority interests	(9)	(3)	
Net income (group share)	**163**	**241**	**+ 47.9 %**

(*) Restated by applying the change in the core-exposure valuation method

Change of "core-exposure" valuation method

Previous method (2004 – 2005 – 1st half 2006)

- Following the adoption of IFRS, part of the metal inventory was booked as "Property, Plant and Equipment" at its historical cost value (for approximately 150 M€).
- This wholly-owned "Core-exposure" corresponds to the minimum quantity of metal necessary to maintain plant operations.
- It is stable in size, and considered as a long term asset, since it is intended to be perpetually renewed as long as the plants operate. For this reason, it is not hedged..

A compromise close to "LIFO (*)"

New method (as of the 2006 fiscal year)

- **The "Core-exposure" is posted in the "Inventories" account, and as such, is re-valued.**

Adjusted "fair value" of this asset

to better reflect the "fair value" of this asset at closing date

(*) Last in / First out

Financial impact of the new method

- At December 31, 2006 :
  - Accumulated adjustment on shareholders' equity of **+ 123 M€**
    - ✓ *Stocks and work in progress + 422* (reclassification + evaluation)
    - ✓ *Property, Plant and Equipment - 276* (reclassification + « impairment »)
    - ✓ *Deferred tax liabilities - 23*
  - Adjustment on net income of **7 M€** in 2006,

- In the future :
  - ➔ **Operating margin unchanged,** key performance indicator
  - ➔ **No "Cash" impact**
  - ➔ **Impact on net income and capital employed,** partially offset by impairment tests

2006 results : strong improvement

(in Million €)	2005(*)	2006	06/05 ▲
Operating Margin	**186**	**260**	+ 39.8 %
Operating margin rate (%)	*4.4 %*	*5.8 %*	
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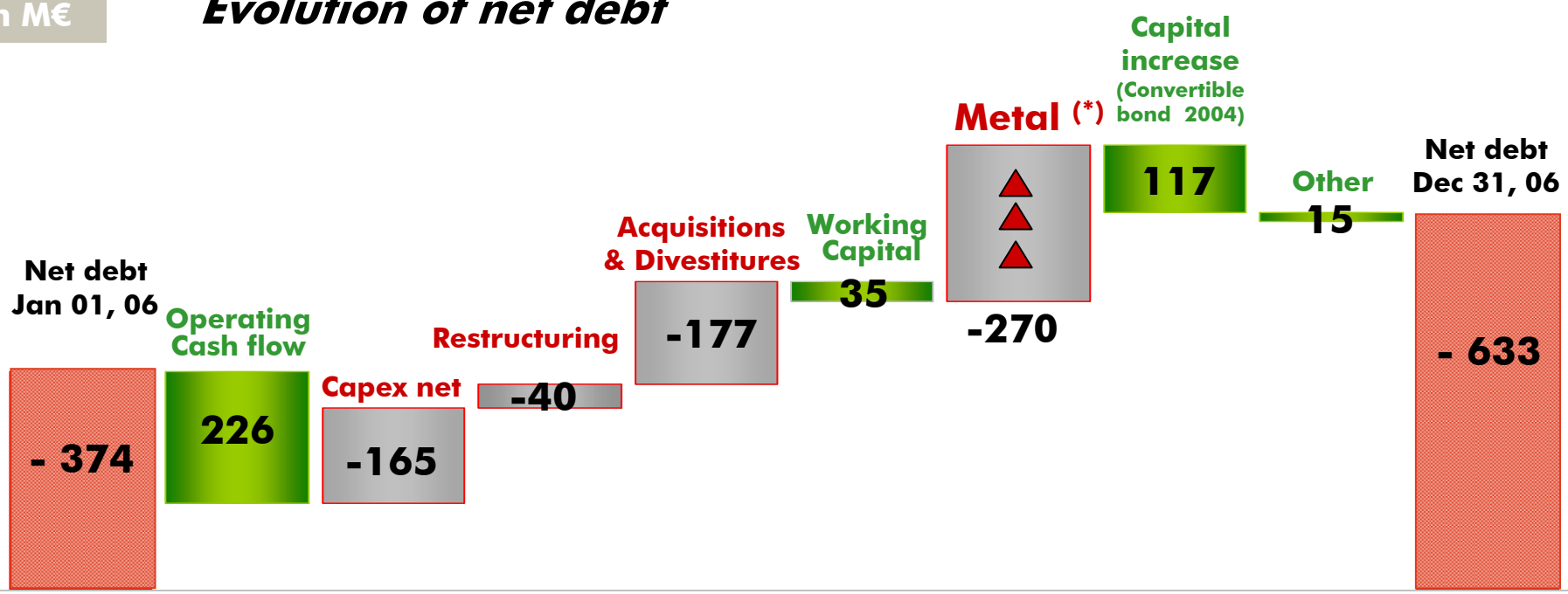
Key Financial ratios maintained at solid levels

In M€

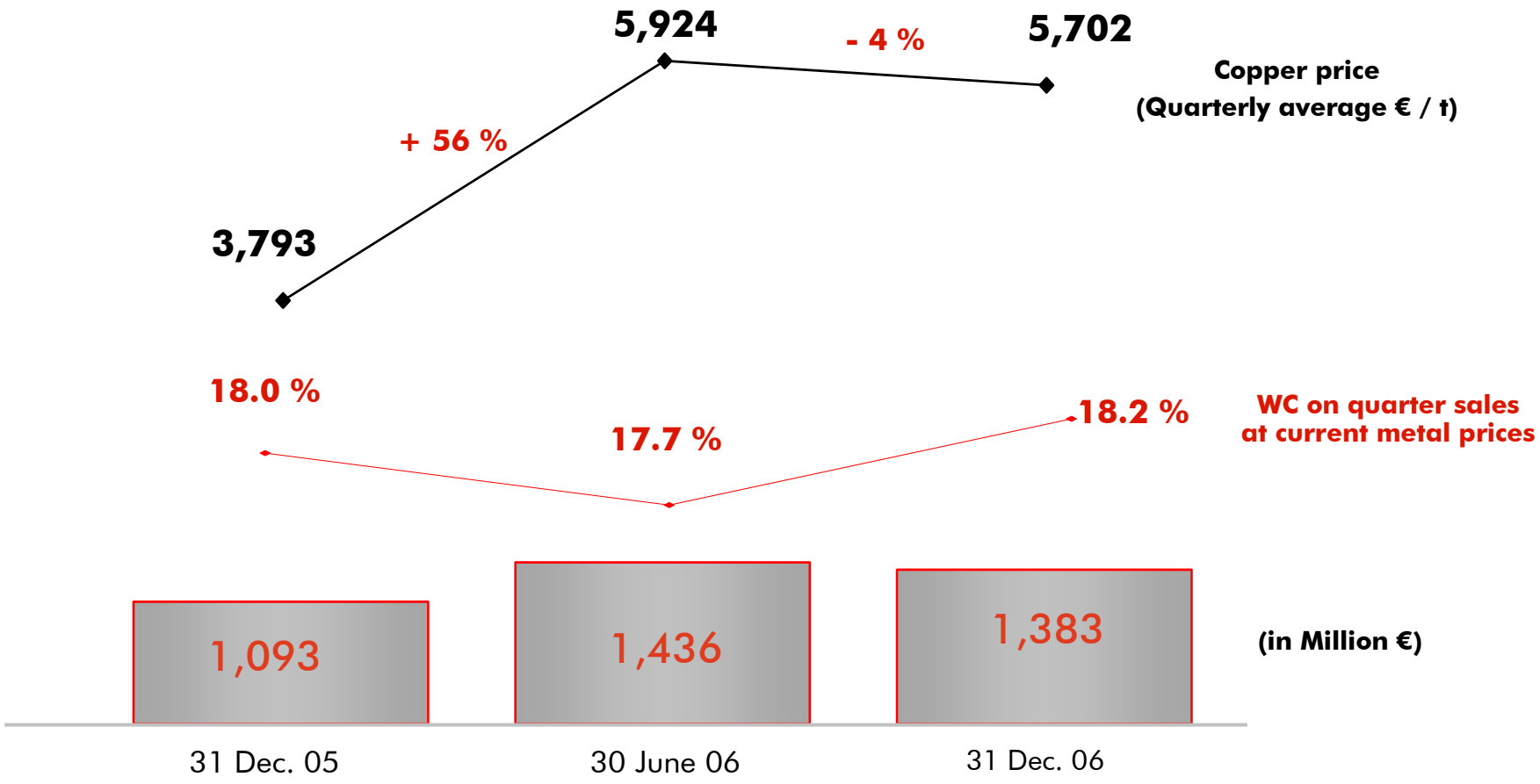
Evolution of net debt



Net debt / Shareholders' equity = 40 %
Net debt / EBITDA = 1.6 year
(after Olex integration)

(*) Estimate

Working Capital impacted by the rise of copper price



Impact of copper price ≅ 270 M€

Capital employed under control

Objectives	Actions
Lower exposure to high copper content businesses	✓
Changes to customer terms of payments	✓
Renegotiation of supplier terms of payment	✓

Balance sheet

(in Million €)	Dec. 31, 05 (*)	Dec. 31, 06
Long-term fixed assets	**946**	**1,155**
of which goodwill	***82***	***253***
Deferred tax assets	53	100
Non-current assets	**999**	**1,255**
Working capital	1,093	1,465
Assets (net) held for sale	42	38
Total to finance	**2,134**	**2,758**
Net financial debt		
Current	246	379
Non-current	128	254
Reserves		
Current	**83**	**97**
Non-current	**367**	**372**
Deferred tax liabilities	33	67
Shareholders' equity and Minority interests	**1,277**	**1,589**
Total financing	**2,134**	**2,758**

including OLEX

(*) Restated

In short

Strong results :

- + 8.2 % organic growth
- 5.8 % operating margin
- + 48 % growth in net income (group share)

Material means engaged :

- Capex (gross) = 171 M€
- Acquisitions = 376 M€

Key Financial ratios maintained at solid levels

Nexans

Medium-Term Strategy and Plan

Frédéric Vincent
Chief Operating Officer

Our Objectives

A Nexans group:

- More **Profitable**
- Less **Cyclical**
- More **Streamlined**
- With more **Synergies** between businesses

Our analysis

	Energy Infrastructure	OEMs	Construction	Telecom	Electrical Wires
▶ Growth	++	++	=	+	=
▶ Profitability	+	++	=	=	--
▶ Threats	+	+	++	=	-
▶ Nexans Strengths	++	=	++	=	=
▶ Synergies with the other businesses	+	+	++	-	-

Focus on three business areas

Activities Portfolio Review

Refocus on own needs

- **Electrical wires**

Core businesses

- **Energy Infrastructure** → **Consolidate our leadership**
- **OEMs** → **Increase our presence**
- **Construction** → **Expand our offer**

Additional activities

- **Public and Private Telecom networks**

Synergies

Sales/marketing :	Customers, Logistics, Complementary cycles
Technical:	Common Materials and process
Industrial :	Procurement, Upstream (metallurgy, compounds), shared plants

Energy Infrastructure
Consolidate our leadership

Power networks and transportation infrastructures will soon receive massive investments

Nexans

- ✓Sales ≅ 1,500 M€
- ✓N°2 worldwide
- ✓ Complete range of products

The Market

Annual growth = 3 to 4 %

- ✓ Energy Consumption is on the rise
- ✓ Network Interconnection
- ✓ Renewable energies
- ✓ Electrification of emerging countries

Initiatives and objectives for 2009

- ✓ Support the global offer
- ✓ Strengthen presence in emerging countries and North America
- ➔Annual organic growth rate of 6 % (X 2 vs the market)

OEMs
Increase our presence

Medium-term strategy based on development of specifically selected priority segments

Nexans

- ✓ Sales ≅ 780 M€
- ✓ N°1 worldwide in Petrochemicals and Shipboard
- ✓ Wide variety of segments

The Market

Annual growth = 3.2 %

- ✓ Robust trends in transportation-related segments
- ✓ Increased investments in "Oil & Gas"
- ✓ Renewed interest in the nuclear sector

Initiatives and objectives for 2009

- ✓ Stress on priority segments (70 % of sales in 2009)
- ✓ Expansion in high-growth areas (Asia, Middle east)
- ✓ Adaptation of our internal organization

➔ Growth > Market

Construction
Expand our offer

In the building sector, our leadership position will be consolidated through product upgrades and higher value added

Nexans

- ✓ Sales ≅ 1,100 M€
- ✓ N°1 worldwide in Europe and in Canada
- ✓ Exceptional profitability in 2006

The Market

- ✓ Cyclical and geographically diverse markets
- ✓ Low barriers to entry
- ✓ Segment acts as a stepping stone to other businesses

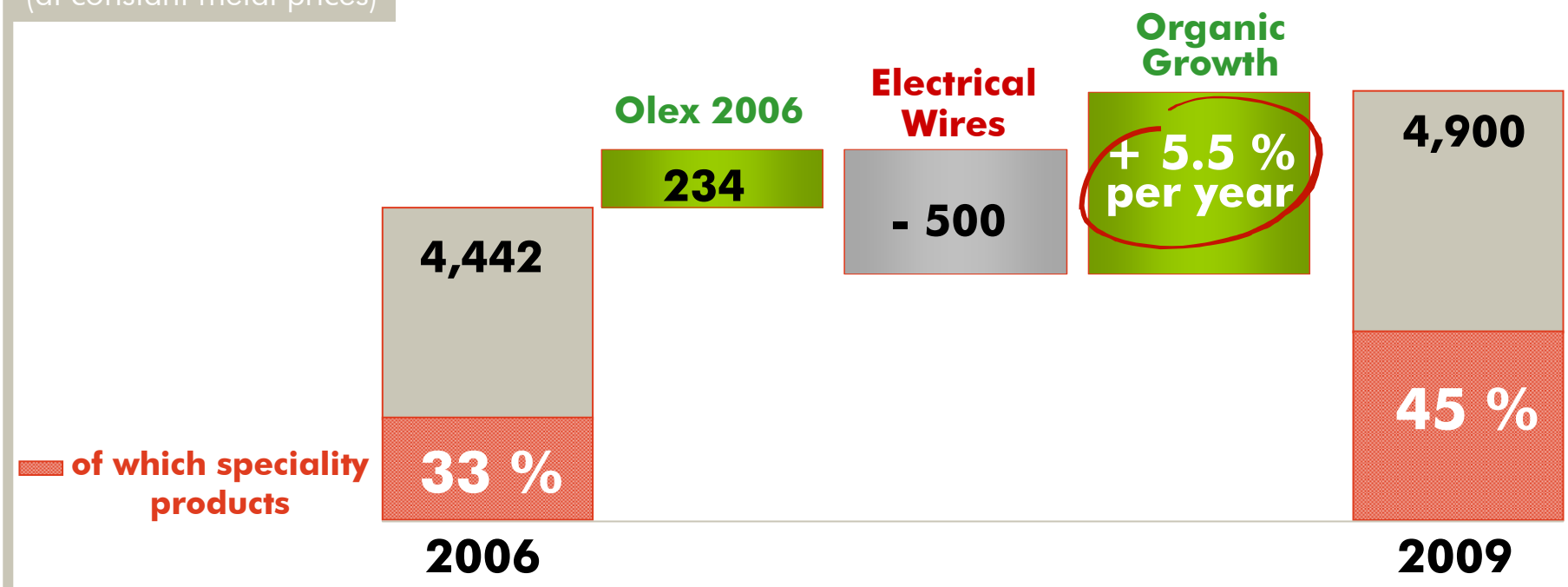
Initiatives and objectives for 2009

- ✓ Develop a value added offer
- ✓ Strengthen logistics
- ✓ Optimize production
- ✓ Choose quality over quantity (2% annual growth)

Sales Objectives for **2009**

Assuming continuation of 2006 economic trends

In M€
(at constant metal prices)



2009 Financial goals

Assuming continuation of 2006 economic trends

- **Consolidated sales close to 5,000 M€ (constant metal prices)**
- **Operating margin rate of 7.5 %**
- **ROCE(*) before tax close to 13 %**
- **Cash flow(**) neutral in 2007(*) and positive in 2008(*) and 2009(*) taking into account :**
  - ➔ *A capex program of 500 M€ over three years*
  - ➔ *Restructuring costs of 30 M€ per year*
  - ➔ *A dividend ratio of 30 % of the current net income*

(*) at 2006 copper prices

(**) Cash flow = Operating Cash flow + ▲ Working Capital – Capex - Dividend

Objectives for **2007**

Assuming continuation of 2006 economic trends

- **Organic growth close to 4 % after including reduction in electrical wires sales**
- **Operating margin Improvement; too early to quantify the extent**
- **Restructuring**

  ➔ ***carrying forward to 2007 that portion of 2006 not committed before year end (≅ 30 M€)***

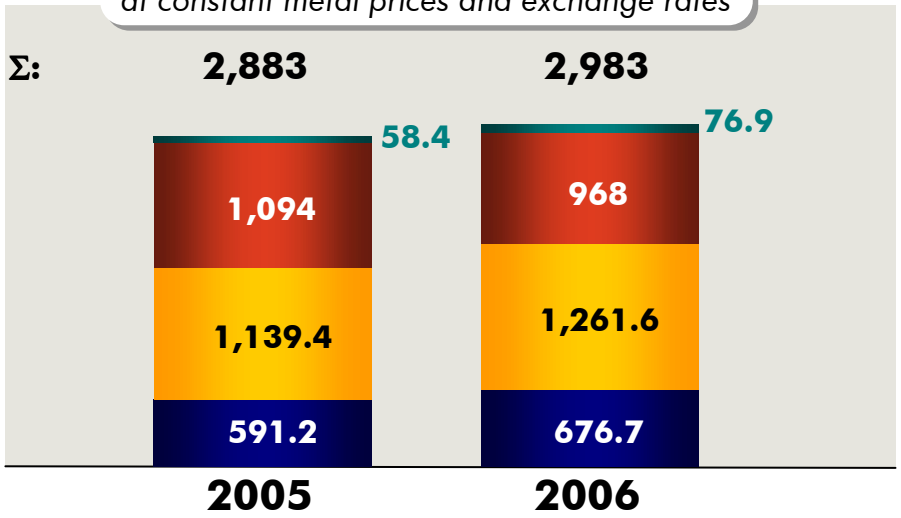
- **Dividend proposal of 1.20 € per share (+ 20 %)**
- **Investments ≅ 195 M€**
- **Net Debt at closing close to 2006 level**
- **ROCE(*) improvement**

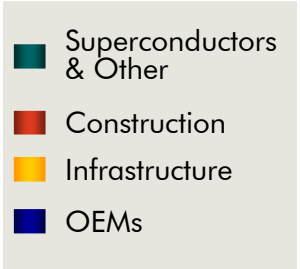
(*) at 2006 copper prices

Appendices : Performance by businesses

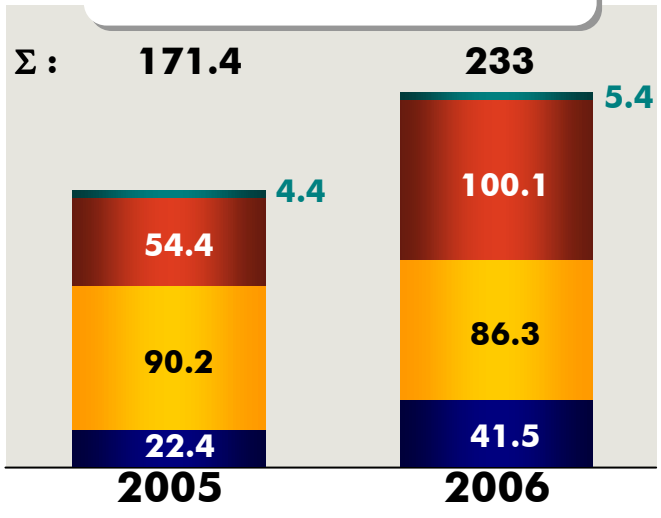
Energy

Sales (M€) (*)
at constant metal prices and exchange rates





Operating Margin (M€)

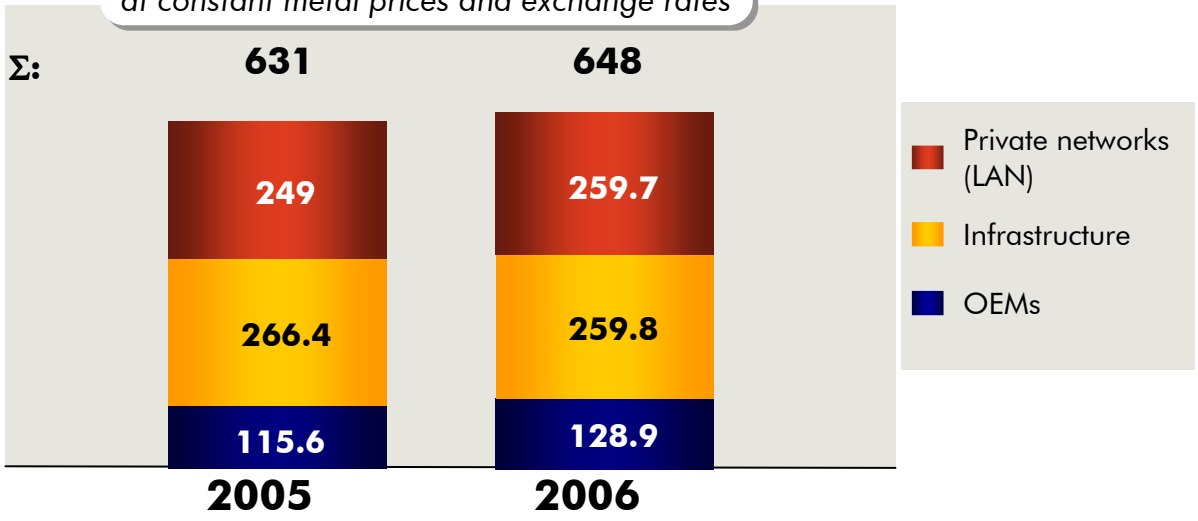


- **Infrastructure :**
  - Higher demand in all markets
  - Record commercial activity in high voltage, notably submarine
  - One-off technical difficulties on two projects have affected profitability
- **OEMs :** Buoyant activity in transportation related sectors (shipboard, automotive) and tooling
- **Construction :**
  - 12.6 % organic growth at constant consolidation scope (divestiture of the distribution business)
  - Margins driven by a healthy market

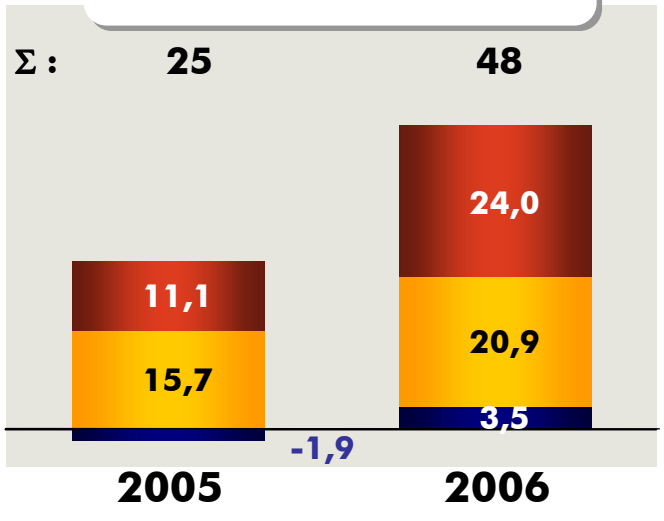
(*) *Annual change in sales = + 11.3 % organic*

Telecom

Sales (M€) (*)
at constant metal prices and exchange rates



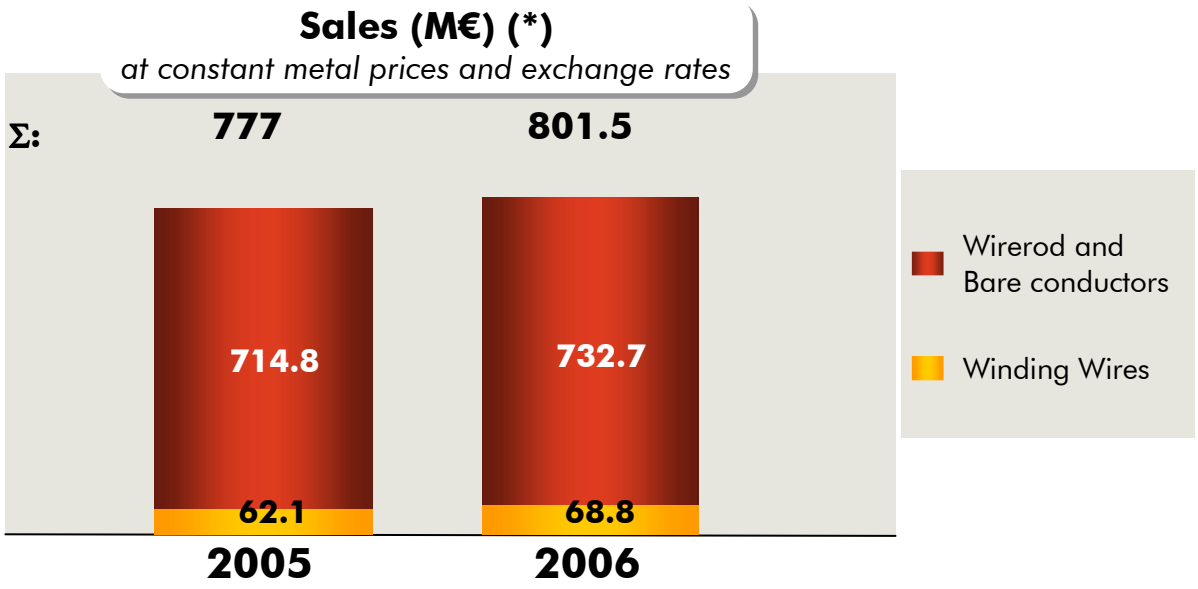
Operating Margin (M€)

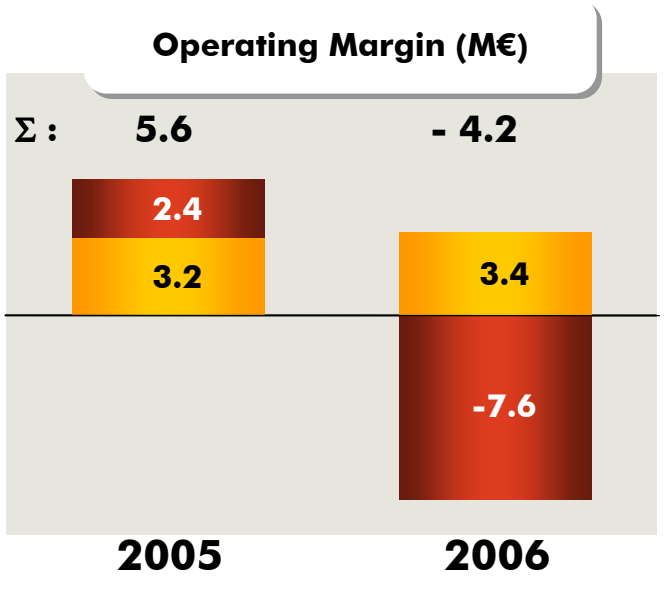


- **Infrastructure :**
  - Beginning of the slowdown for ADSL in Europe
  - Healthy demand for fiber optic in local loops in Northern Europe
- **Private networks :**
  - Strong increase in margins thanks to an improved product mix and restructuring
- **OEMs :**
  - Sustained activity in aeronautics and geophysics

(*) *Annual change in sales = + 1.7 % organic*

Electrical Wires





- **Winding wires :** Exit in January 2007
- **Wirerod and bare conductors :**
  - Progressive reduction of external sales in the second half of the year
  - Provision for an exceptional claim weighed on operating margin
  - Weakness of the North American market combined with deferred orders caused by the drop in copper price in the fourth quarter

(*) *Annual change in sales = + 3.1 % organic*