



Press release

2009 third-quarter financial information

- **Cable business down at the end of September, in the same trend observed in the first half (-17.2% vs -16.4%)**
- **Energy infrastructure business continues to hold up well; major contracts signed in the third quarter**
- **Ongoing cost-cutting actions**
- **Further decrease of financial net debt**
- **Target operating margin of about 6% at the end of the year confirmed**

Paris, October 22, 2009 – Nexans today announced 2009 third-quarter sales of 1,267 million euros (at current non-ferrous metal prices), 988 million euros at constant non-ferrous metal prices*, which correspond to an organic decrease in cable business sales of 18.9%.

For the first nine months of the year, the organic drop in cable business sales is a negative 17.2%** , compared with a negative 16.4% at the end of the first half. This deterioration is attributable to the combined effect of an ongoing sharp base effect (sales at September 30, 2008: + 7.2%) and a slight intrinsic deterioration in the third quarter 2009 compared with the second quarter of the same year. This situation was compounded by a slight decline in building cable sales in Europe and Asia-Pacific coupled with a temporary setback in the execution of High Voltage contracts, which should be absorbed by the end of the year.

(*) To neutralize the effect of variations in the purchase price of non-ferrous metals and therefore measure the underlying sales trend, Nexans also calculates its sales using a constant price for copper and aluminum.

(**) 2008 sales on the basis of comparable data correspond to constant non-ferrous metal sales, recalculated after adjustments for comparable scope and exchange rates. The exchange effect on sales at constant non-ferrous metal prices, at the end of September 2008, is a negative 68 million euros, while the comparable scope effect is a negative 19 million euros

The 2009 third quarter data reflect an environment quite similar to that of the first half, without any marked deterioration or noteworthy improvement either. Still, several positive factors are worth mentioning:

- a clear improvement in the prospects for submarine umbilical cable contracts (BP contracts) and High Voltage contracts for wind farms following the confirmation of financings, as evidenced by the Belwind contract (39 million euros) and large contracts to come in the same sphere;
- prices remain stable, which is an essential factor for meeting our targets;
- improved activity in the area of automotive harnesses resulting in a recovery in profitability thanks to a lower cost base.

The Group is continuing to align its structure and production facilities on market conditions. After the significant actions carried out in the first half in Germany, Canada and Central Europe, the Group stepped up its projects in Europe in the second half.

The Group's consolidated net debt came to 275 million euros at the end of September, reflecting a steady improvement throughout the year, despite the increase in non-ferrous metal prices in the third quarter. The Group has thus confirmed its capacity to continue to strengthen its financial fundamentals, even in a crisis period.

In this context, and despite a difficult economic climate that will lead to organic shrinkage in cable sales likely to be close to 15% at the end of the year, the Group should produce an operating margin of about 6%, which is consistent with the levels of return noted at this point in time, providing prices remain stable in the last quarter and submarine and terrestrial High Voltage contracts are performed as scheduled.

2009 third quarter consolidated sales

(In millions of euros)	2008	2009
	At constant metal prices (**)	At constant metal prices (**)
3rd quarter	1,165	988
2nd quarter	1,228	1,042
1st quarter	1,192	1,043
Total at September 30	3,585	3,073

Organic annual growth

	H1 2009	Q3 2009	Sept. 30, 2009
ENERGY business			
Energy infrastructure	-5.8%	-10.9%	-7.6%
Industry	-28.4%	-23.6%	-26.9%
Building	-23.1%	-29.5%	-25.2%
TELECOM business			
Telecom infrastructure	-6.2%	-13.7%	-8.7%
Private networks (LAN)	-26.3%	-26.1%	-26.2%
Sub-total: Cable business	-16.4%	-18.9%	-17.2%
Electrical wires	-45.4%	-35.1%	-42.3%
Group total	-18.5%	-20.0%	-19.0%

ENERGY

Energy business sales came to 823 million euros in the third quarter 2009. At a constant exchange rate, this figure is 12.8% down on 2008.

- **Energy infrastructure: strong fundamentals confirmed**

At a constant exchange rate, the sales figure was up by a slight 0.8% in the first nine months of the year compared with 2008. At a constant scope and exchange rate, it is down by 7.6%.

For High Voltage submarine cables, cumulated sales at the end of September 2009 were up a slight 0.5%. For terrestrial high voltage, the quarter's sales rose again compared with the first and second quarters 2009. High voltage activities are holding up well because of the depth of the Group's order backlog, which represents nearly 18 months' activity and which was further boosted by orders booked in this third quarter.

For low and medium voltage cables, the quarter's volumes in Europe (42% of this segment's total) remained unchanged in the main countries, with the exception of Italy and Greece. In North America, strong sales in Canada partially offset the more difficult market conditions in the United States. In South America, the Group is benefiting from its strong positions in Peru. In Asia and the Middle East-Russia-Africa area, volumes held up well with organic growth of 4% and 10% respectively in these two areas in the first nine months of the year.

The profitability of energy infrastructure business – the foundations of the Group's results – improved compared with the first half.

- **Industry: recovery in automotive harnesses – persistent low volumes in certain sectors**

The third quarter saw sales stabilize in Industry business after a sharp decline in the first half.

At a constant exchange rate, industry cable sales fell 19.1% compared with the first nine months of 2008 (down 26.9% at a constant exchange rate and scope).

For automotive harnesses, sales rose sequentially by 9.4% in the third quarter 2009, confirming that the low point had been reached at the end of June 2009.

The transportation sectors (rail and aeronautics mainly) remain strong.

Sales to equipment industries remain weak, such as the machine tools/automation sector.

The strong cost-cutting measures undertaken in the automotive harnesses business as well as in the industrial cables activity in Germany for example offset the economic decline.

- **Building: third quarter slightly down compared with the second quarter**

At the end of September 2009, Building activity was down by 20.8% at a constant exchange rate (down 25.2% on a comparable scope), and compared with the 23.1% drop on a comparable scope at the end of the first half. One percentage point of the difference is attributable to the closure of the Vacha (Germany) plant; and the balance is due to the tough market conditions in Europe and North America where sales contracted by 11% compared with the second quarter. The Group's strong presence in Canada helped partially offset the ongoing decline in volumes in the United States, in both the residential, and industrial and commercial sectors.

In Asia-Pacific, the contraction of the Australian market weighed on sales.

But, the Middle East-Russia-Africa area reported strong growth with the third quarter finishing up by about 12% on the second quarter.

TELECOM

Telecom business sales came to 102 million euros in the third quarter of 2009. At a constant exchange rate, this figure is down 19.3% on 2008.

- **Telecom infrastructure: cable business holding up well**

At the end of September 2009, the activity was down by 12.6% at a constant exchange rate (down 8.7% on a comparable scope) compared with 2008.

The drop in sales was slowed in the third quarter of 2009 by the resilience of copper telecom cable projects in rail transportation, and also by the good resilience of optical fiber cable sales. On the other hand, accessory sales were down.

Profitability improved sharply in this last quarter.

- **Private networks (LAN): a better quarter in the United States**

In the first nine months of 2009, LAN cable business dropped 28.0% at a constant exchange rate (or 26.2% on a comparable scope).

The third quarter is up slightly compared with the second quarter, although positions vary sharply between geographic areas. In North America, the upturn was very much in evidence in July and August after a first half notable for inventory reductions by the main distributors.

In Europe, the trend was the opposite, reflecting the paucity of investment by the financial sector and commercial building market customers.

The operating margin is recovering with time.

ELECTRICAL WIRES: planned reduction in production capacity

Sales by the electrical wires business came to 58 million euros in the third quarter of 2009. This business has shown a 35.1% drop in its sales compared with last year, at comparable data.

In Europe, internal and external volume demand is insufficient to match the available production capacity and there is no prospect for any improvement in the medium term. The Group has therefore started discussions with its employees' representatives in France.

Moreover, the Group had to suspend the project to sell its wirerod business in Montreal (Canada), as the purchaser was unable to meet the financing requirements. Nonetheless, this activity has remained profitable throughout the year.

Financial calendar

November 10, 2009: Individual shareholder information meeting in Lyon

February 10, 2010: 2009 annual results

About Nexans

With energy as the basis of its development, Nexans, the worldwide leader in the cable industry, offers an extensive range of cables and cabling systems. The Group is a global player in the infrastructure, industry, building and Local Area Network markets. Nexans addresses a series of market segments from energy, transportation and telecom networks to shipbuilding, oil and gas, nuclear power, automotive, electronics, aeronautics, handling and automation.

With an industrial presence in 39 countries and commercial activities worldwide, Nexans employs 22,400 people and had sales in 2008 of 6.8 billion euros. Nexans is listed on NYSE Euronext Paris, compartment A. More information on <http://www.nexans.com/>

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APPENDIX 1

	First quarter		Second quarter		Third quarter		Cumul. to end Sept	
	2008	2009	2008	2009	2008	2009	2008	2009
At actual metal prices	1 743	1 245	1 811	1 269	1 686	1 267	5 241	3 781
At constant metal prices	1 192	1 043	1 227	1 042	1 165	988	3 585	3 073
Sales at actual metal prices by business segment								
Energy	1 335	1 036	1 371	1 037	1 320	1 018	4 026	3 091
Energy Infrastructure	535	508	572	528	576	505	1 683	1 541
Industry	315	230	324	217	286	220	925	667
Building	485	298	475	292	458	293	1 418	883
Telecom	155	110	163	115	146	113	464	338
Telecom Infrastructure	68	50	70	53	54	49	192	152
Local Area Network (LAN)	87	60	93	62	92	64	272	186
Others	3	5	2	7	2	6	7	18
Electrical Wires	250	94	275	110	218	130	744	334
Group total	1 743	1 245	1 811	1 269	1 686	1 267	5 241	3 781
sales at constant metal prices by business segment								
Energy	972	878	1 000	874	964	823	2 936	2 575
Energy Infrastructure	441	444	478	474	475	444	1 394	1 362
Industry	237	196	245	184	216	180	698	560
Building	294	238	277	216	273	199	844	653
Telecom	130	103	137	107	126	101	393	311
Telecom Infrastructure	58	48	60	49	49	45	167	142
Local Area Network (LAN)	72	55	77	58	77	56	226	169
Others	4	5	1	6	2	6	7	17
Electrical Wires	86	57	89	55	73	58	249	170
Group total	1 192	1 043	1 227	1 042	1 165	988	3 585	3 073
Sales at actual metal prices by geographical area								
Europe	1 122	731	1 166	742	1 055	727	3 343	2 200
North America	284	141	296	155	281	164	862	460
Asia-Pacific	193	140	199	160	192	155	584	455
Middle East, Russia, Africa	110	89	115	97	120	97	345	283
South America	34	147	35	117	38	126	107	390
Corporate area	0	-3	0	-2	0	-2	0	-7
Group total	1 743	1 245	1 811	1 269	1 686	1 267	5 241	3 781
Sales at constant metal prices by geographical area								
Europe	825	644	853	651	792	616	2 470	1 911
North America	141	110	142	107	143	102	426	319
Asia-Pacific	129	110	130	122	125	118	384	350
Middle East, Russia, Africa	72	71	77	77	79	70	228	218
South America	25	111	25	87	26	84	77	282
Corporate area	0	-3	0	-2	0	-2	0	-7
Group total	1 192	1 043	1 227	1 042	1 165	988	3 585	3 073