

Strategic priorities for 2007

➤ Nexans has implemented tools to analyze its markets and is working on methods to reinforce and ensure its durable leadership. The Group will take advantage of every possible sectorial and geographical growth opportunity.

A VISION FOR THE FUTURE

The relevance of the new organization established in July 2003 quickly became apparent in 2004. We assigned the countries (now reorganized into large geographical areas) the role of driving force, which allows Nexans to better pinpoint its customers' expectations and to anticipate trends in our markets. The creation of the Strategic Operations Department, which is comprised of several Nexans' functional departments, has strengthened the Group's marketing acumen, improved the internal exchange of best industrial practices, and allowed us to define strategic orientations and priorities.

THREE WELL-DEFINED STRATEGIC PRIORITIES

In 2004, Nexans defined the three strategic priorities on which the Group intends to focus its actions and develop its corporate culture for the medium term. These three directions are as follows:

1. Build sustainable profitability, by reducing focal points of recurring loss, bringing weak activities back to break-even or, in certain cases, defining a future for them outside of the Group. To achieve this priority, we will also seek to reduce operational and fixed costs. Further, we will invest in solutions and services for our customers that offer increased value-added for our customers and that allow us to differentiate ourselves from our competitors.

2. Develop growth engines, by concentrating our efforts and developing investments to target market segments and countries with strong growth potential. A well-mapped plan of

market segments categorized according to this potential, rapidity of development, and projected profitability has allowed Nexans to select 19 priority markets. The Group will concentrate its efforts on these markets, promote investments in these areas, and strengthen its capacity for innovation. By doing so, Nexans will focus on markets in which the Group is already strongly positioned, for example, high-voltage cables, accessories or LAN cables, and markets in which the Group has certain advantages to grow more rapidly than its competitors (for example, safety cables or railway infrastructure cables). With regard to the geographical areas, Nexans is targeting countries and regions with high growth potential, such as China, the ASEAN, the Middle East, Central Europe, Russia and Brazil.

3. Make Nexans more attractive for its customers by improving our sales forces, and for its employees through training activities and by actively managing human resources and skills.

PRIORITY FUNCTIONAL AREAS STARTING IN 2005

Several priority functional areas were identified in order to support each of the strategic priorities:

- **Nexans will continue to modernize its industrial equipment**, and actions to reduce costs will be intensified, notably with regard to fixed costs,
- **a savings program** of approximately fifty million euros will be initiated through optimizing our purchases,
- **the Group will accelerate its development** in countries and market segments that represent the strongest growth potential. Targeted acquisitions transactions will strengthen our

activities in our most profitable businesses. However, the Group may be required to terminate certain activities that do not contribute to our medium-term objectives,

- **Research and development programs** will be continued in a way that adapts to our marketing and strategic priorities,
- **a significant focus will be made on improving our sales forces.** The program, launched at the beginning of 2005 and named "Sales +", will target the development of best practices within our sales teams, much like our "Program +"

continuous improvement program in the industrial area. "Sales +" will promote exchange and strengthen our focus on customer needs,

- **finally, a Human resources program** that encompasses a dozen "key actions" was proposed to our country managers to be adapted within each of the entities. These key actions are intended to improve skills, anticipate retraining needs where necessary, and respond to the Group's strategic requirements (for example, development in Asia).

→ IMPROVING OUR RESPONSE TO OUR CUSTOMERS' NEEDS

In parallel to our reorganization by geographical areas, a number of cross-organizational improvements were implemented to enhance our ability to respond to our customers' needs, to cover buoyant market segments, and to better anticipate future changes in our products.

Twelve "Key Account Managers" (KAMs) were appointed in 2003. These individuals are high-level managers responsible for establishing partnerships with a few of the Group's largest customers worldwide. They offer these customers a single point of contact within the Nexans Group capable of identifying all of the clients' needs everywhere in the world and make the Group's entire product offering available to them. Key Account Managers are Nexans' global response to customers who are themselves becoming more and more global.

"Global Product Managers" (GPMs) are responsible for overseeing and ensuring the worldwide consistency of Nexans' policies for a given family of products. At the Group level, Global Product Managers steer the positioning of this family of products on Nexans' various markets, oversee technical changes, pinpoint the most promising segments and opportunities, and thereby complement the Group's central Marketing Team.

"Clubs" are virtual networks created for a given market (for example, oil and gas and petrochemicals) within which Nexans' experts and salespeople share both information and action plans. These clubs fully utilize all of the exchange opportunities and collaborative work tools offered by the Group's Intranet.