

A strong global position in spite of

2001 was marked by a fall in operating profitability due to the impact of the US (and later European) recession on the company's winding wires business. Against this backdrop, the Division plans to pursue its cost-cutting and innovative product development strategy while consolidating its solid achievements in the wirerod and bare wire sectors.



W The difficulties linked to the market are forcing us to seek excellence across all our operations.

That is how we will maintain our leadership position and emerge strengthened from the recession that has sorely tested us in 2001. **//**

*Michel Lemaire
President, Electrical Wires Division*

A STRONGER POSITION IN WIREROD

Wirerod is the cable industry's key basic product, accounting for 51% of the Division's sales. Subject to global standardization, wirerod fell prey in 2001 to increased competition, a fall in volumes linked to the manufacturing slowdown, pressure to lower prices and increased energy costs. In this context, the Division this year gave priority to internal sales to the Energy and Telecom divisions, to which it supplied about half its production.

► Outlook for 2002

The Division's strategy in these markets consists in pursuing cost-cutting initiatives, optimizing the use of its production capabilities and developing its position in Europe and North America.

a difficult year



- No.1** worldwide for winding wires*
- No.1** European for wirerod*
- No.2** European for bare wires*

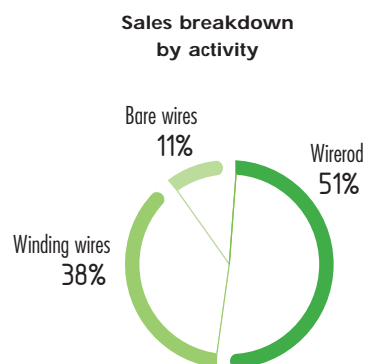
ECONOMIC SLOWDOWN IN THE TELECOMS SECTOR PENALIZED BARE WIRE

This product range is made up of bare wires used as conductors and to produce cables and winding wires. It represents 11% of the Division's sales. The sharp fall in production volumes in 2001 (10%), mainly in the second half of the year, is essentially attributable to the fall in the number of orders from telecoms equipment manufacturers, themselves hit by the dramatic downturn in their own market.

► Outlook for 2002

The Division has some solid assets in this market: an extensive product range, geographical coverage which enables it to serve its customers all over the world, and tried-and-tested know-how. In 2002, it will concentrate on a three-pronged objective: strengthen its standing in value-added products such as fine multiwire and braiding coils; consolidate its position in niche markets such as bare copper alloy conductors and special cables (e.g. catenary cables and railroad overhead feeder cables); and lastly, continue to streamline its sites and production processes while modernizing its manufacturing facilities.

ELECTRICAL WIRES: 25% OF THE GROUP'S ACTIVITIES



* Nexans uses its own internal estimations to evaluate its position and its market share as compared to its competitors. These estimations are based on publications made by the cable industry, information published by its competitors and its own knowledge of the market. Nexans believes its internal estimations to be correct but however cannot guarantee their total accuracy.

REFRIGERATORS FOR CHINA

In the developed countries, each member of the population consumes between 1 and 2 kilos of winding wires per year. In China, consumption per capita per year is of the order of a few hundred grams, hence the existence of a huge potential market. If every Chinese family were to buy a refrigerator of its own, the global winding wires industry would not be able to keep up with the resulting demand...



120 ELECTRIC MOTORS IN A CAR

In the Mercedes S-Class, the windshield wipers, headlights, mirrors, windows, seats... in fact nearly everything can be controlled remotely, by a finger and the eyes, thanks to electricity and kilometers of onboard wiring!



February

NEXANS REINFORCES ITS POSITION AS SUPPLIER FOR SIEMENS WORLDWIDE

No.1 worldwide for winding wires, Nexans signed a contract with Siemens for 15.8 million euros to provide Continuously Transposed Cables.



WINDING WIRES

Sales of these high-performance products were disappointing in 2001. Winding wires are varnish-coated copper or aluminium wires, used in coils in the automotive industry, for lighting, industrial and electric motors, household appliances, computer and television screens, power transformers, pumps, large and hand-held power tools—in short, products that are central to our daily lives. Sales of winding wires were poor in 2001 due to the slowdown in the global

economy, falling more sharply in the fourth quarter. The global market fell by 9% (7% in Europe, 15% in North America and 25% in northern Asia). The sharp drop in business led to increased competition and falling prices, especially in North America, which in turn were responsible for the 65% drop in the Division's income from operations (to 15 million euros) in 2001.

► Outlook for 2002

The situation is likely to remain difficult throughout the next year. The global winding wires market nonetheless still has considerable growth potential, especially in booming sectors like the car manufacturers industry. Nexans' expertise in this area is recognized by the world's leading automakers, and the company is working closely with top OEMs, such as Bosch, Denso, Delphi and Valeo. Its European plants have QS 9000 automotive quality approval and ISO 9001 certification. Many new technologies offer development prospects for Nexans, especially the changeover to a 42V electrical architecture and "hybrid" vehicles running on both electricity and gasoline.

April

OFFICIAL OPENING OF NEXANS TIANJIN MAGNET WIRES AND CABLES CO., LTD.

Nexans Tianjin Magnet Wires and Cables Co., Ltd is the first joint venture in China producing CTC. The company was established by Nexans and Tianjin Electromagnetic Wires Factory, a domestic large scale magnet wires producer. Nexans Tianjin JV employs 120 employees in its 20,000 m² modern plant.



VALEO CHOOSES NEXANS AS A STRATEGIC SUPPLIER

Nexans now figures among the 300 preferred suppliers of Valeo, a worldwide automotive equipment manufacturer. As a result, the Group will be automatically approached for new projects, enjoying priority treatment in the selection process opposite other competitors, which is proof of the relevance of its offering to the automotive market.



INNOVATION AND SPECIALIZATION

The Electrical Wires Division stepped up its research and development efforts this year along three lines: ultrafine wires, in response to demand from customers in terms of miniaturization; polymer-coated wire, in response to demand for ever-increasing heat resistance; and varnishes for coating bare conductors. Nexans is already well-versed in winding wires coating procedures: a horizontal enamelling furnace as well as more effective lubricants have

been developed to optimize production procedures. Nexans also plans to strengthen its expertise in the booming Continuously Transposed Cables (CTC) market, used mainly in the manufacture of transformers.

STRONG GEOGRAPHICAL POSITION

Nexans is the only global manufacturer with production facilities in Europe, North America and Asia. The increase in demand is coming largely from Asia at the present time, a result of rapid infrastructure development. China is now the leading market in Asia and demand for all types of electrical equipment is soaring. Nexans opened a new production plant at Tianjin in April 2001. The Group's global presence allows it to support

its customers all over the world, offering them identical levels of quality and service wherever they are. In the television sector, for example, the Thomson group assigns the same specifications to wires used in its plants in France, Poland, North America and Mexico. The same can be said of Philips Televisions, which orders the same type of wire for its plants in China (PRC), Taiwan (ROC) and the United Kingdom.