



Press release

First half results

Strong improvement in profitability

Paris, July 21, 2005 - The Board of Directors of Nexans, which met on July 20, 2005 under the chairmanship of Gérard Hauser, reviewed the Group's consolidated financial statements for the first half-year. (*Figures are published in compliance with IFRS, and the income statement for the first half of 2004 adjusted for the purposes of comparison.*)

- First-half sales* reached 2,465 million euros. *At constant non-ferrous metal prices***, sales reached 2,016 million euros compared to 1,959 million euros in the first half of 2004, an increase of 3% (+1.3% at constant exchange prices and on a comparable consolidation scope).
- *The operating margin* totaled 72 million euros, compared to 53 million euros in the first half of 2004, a rise of 36%. Operating margin as a percentage of sales has thus increased from 2.7% to 3.6%.
- *Net income* for the first half of the year totaled 16 million euros, compared to 35 million euros at June 30, 2004. *Current net income (excluding exceptional items)* was double the amount for the first half of 2004 (34 million euros compared to 17 million euros at June 30, 2004).
- *Group debt* totaled 502 million euros at June 30, 2005. Not including the effect of IAS standards 32 and 39 (applied since January 1st, 2005), this represents an increase of 210 million euros, compared to 221 million euros for the first half of 2004. In addition to the impact of the new rise in copper prices, this change stems from the high level of investment and working capital in growth sectors, coupled with slow reduction of copper inventories in the Wirerod business. The level of debt expected at year end should not exceed 320 million euros, taking into account the proceeds of the divestitures expected to close in the second semester in the amount of 80 million euros.

* At current non-ferrous metal prices, first-half sales for 2004 totaled 2,307 million euros.

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

- In relation to the previously announced negotiations for the creation of a joint venture to include Nexans' European Winding Wire business and to be controlled by Superior Essex, Nexans confirms having reached an agreement on the substantive terms and expects to sign the definitive agreements in the coming days, which would be subject only to customary closing conditions. This transaction has resulted in a reduction of 72 million euros in turnover in the June 30th accounts and follows an impairment charge against net income of 20 million euros on the assets to be transferred (described further in the accounts). The closing will result in a decrease of debt of approximately 35 million euros at year end. Nexans will hold a 40% interest in the joint venture.
- The Group also announces the signing of an agreement for the sale of its Distribution business in Norway to Ahlsell for 45 million euros. This business had sales of 118 million euros in 2004. Capital gain from the sale (approximately 34 million euros) will be booked in the second half of 2005.

Commenting on the results, Gérard Hauser, Nexans Chairman and CEO, said: *"Against a backdrop of uncertainty in the European economic climate, this strong improvement in operating margin highlights the Group's ability to improve its productivity and to foster profitable growth by investing in products with high added value and in countries with growth opportunities. If the economic climate continues on its current course, these positive factors can be expected to bring annual growth in sales (at constant non-ferrous metal prices and exchange rates) of 1% to 2%, with an operating margin rate between 3.8% and 4.1% for the year as a whole. The divestitures, coupled with the encouraging results posted for the first half of the year, are in line with the objectives set forth in our strategic plan."*

Consolidated results – first half 2005:

<i>in millions of euros</i>	H1 2004	H1 2005	Change
Sales (at constant metal prices)	1,959	2,016	+ 3%
Sales (at constant metal prices and exchange rates)	1,973	2,016	+ 2.2%
EBITDA (as % of sales)	99 5%	121 6%	+ 22%
Operating margin (OM) (as % of sales)	53 2.7%	72 3.6%	+36%
Net income (part of the Group)	35	16	

Sales at constant non-ferrous metal prices reflect organic growth of 1.3% over the same period last year, and 4.2% excluding sales in the Electrical Wires sector, which were down 10%. There was also a fluctuation in sales between different Group

locations: while sales for Asia, Europe and North America were moderate, organic growth in sales for the Rest of the World totaled 16.8%.

The *operating margin* amounted to 72 million euros, 36% higher than in the first half of 2004, thus confirming the boost brought on by the upswing in sales.

Net income was 16 million euros after adjustment for capital loss of 20 million euros stemming from the disposal of European Winding Wires activity.

Results by business sector

in millions of euros	H1 2004		H1 2005	
	Sales (1)	Operating margin	Sales (1)	Operating margin
Energy	1,258	46	1,342	63
Telecom	273	4	292	10
Electrical Wires	437	5	377	3
Other	5	-2	5	-4
Total	1,973	53	2,016	72

(1) Sales at constant metal prices and exchange rates

Energy:

Sales rose by 6.7%, reaching 1,342 million euros. The operating margin for this business was 63 million euros, 37% higher than in the first half of 2004, strongly supported by excellent performance in the infrastructure businesses, particularly in high voltage cables and umbilical cables.

In industrial cables, the upturn in profitability continued despite a lack of vitality in the European economic climate (Germany and France).

In a stable market, the Building sector was able to improve profitability through price increases.

Telecom:

The sector continued to reflect an upward trend: sales grew by 7%, while operating margin increased by a factor of 2.5.

Infrastructure cables showed strong growth, driven by the success of xDSL and TriplePlay applications.

Sales of cables for private Local Area Networks (LAN) continue to grow in North America despite less favorable product mix than last year.

The industrial cables market suffered from the slowdown in industrial investment in Europe.

Electrical Wires:

Wirerod and Electrical Wires sales were hit by the slowdown in their target industrial markets.

Residual business for Winding Wires (other than the European business units being sold) benefited from an improved profitability related to the 2004 sale of the LaGrange factory in the USA.

Analysis of sales and operating margin by geographical areas

<i>in millions of euros</i>	H1 2004			H1 2005		
	Sales (1)	OM	OM/Sales	Sales (1)	OM	OM/Sales
Europe	1,441	36.8	2.6%	1,458	42.9	2.9%
North America	349	10.2	2.9%	326	14.9	4.6%
Asia / Rest of the World	183	6	3.3%	232	13.9	6%
Total	1,973	53	2.7%	2,016	72	3.6%

(1) Sales at constant metal prices and exchange rates

Europe

Profitability in Europe grew by 16%, boosted by the upturn in cables and accessories for energy and telecom infrastructure, and the impact of restructuring carried out since 2001.

North America

Sales remained virtually stable after adjustment for divestitures in 2004. The operating margin continued to reflect an upward trend (+46%) due to growth in the energy market and the sale of the unprofitable Winding Wires business.

Asia and Rest of the World

Sales growth in this area increased significantly.

While profitability in Asia was still impacted by the scale of investment required to construct the Shanghai factory and strong competition in the shipbuilding cables sector in South Korea and China, profitability in the Rest of the World continued to reflect very strong growth, boosted by development of energy networks in Brazil, Turkey and Morocco, and the successful integration of the Liban Cables operations in the Middle East.

Financial calendar

October 25, 2005: publication of the 2005 third-quarter sales

February 2, 2006: publication of 2005 estimated annual consolidated financial statements.

A full set of the slide presentation of the results is available on the Nexans Internet site at www.nexans.com.

About Nexans

Nexans is the worldwide leader in the cable industry. The Group brings an extensive range of advanced copper and optical fiber cable solutions to the infrastructure, industry and building markets. Nexans cables and cabling systems can be found in every area of people's lives, from telecommunications and energy networks, to aeronautics, aerospace, automobile, railways, building, petrochemical, medical applications, etc. With an industrial presence in 29 countries and commercial activities throughout the world, Nexans employs 20,000 people and had sales in 2004 of 4.8 billion euros. Nexans is listed on the Paris stock exchange. More information available on www.nexans.com

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Appendices

1. Consolidated income statement
2. Consolidated balance sheet
3. Consolidated cash flow statement
4. Information by business sector and by geographical area

Consolidated income statement under IFRS

in millions of euros

	1st Half-year 2005	1st Half-year 2004*	Full-year 2004*
Net sales	2,465	2,307	4,758
Metal price effect	(449)	(349)	(725)
Net sales at constant metal prices	2,016	1,959	4,034
Cost of sales	(1,729)	(1,697)	(3,479)
Gross profit	287	262	554
Administrative and selling expenses	(192)	(184)	(376)
R&D costs	(24)	(23)	(47)
Other operating income and expenses	0	-	-
Operating margin	72	53	131
Income from metal trading	(0)	-	-
Gains or losses on asset disposals	0	8	9
Restructuring costs	(7)	(11)	(36)
Asset impairment losses net of reversals for negative goodwill	2	2	7
Financial income	9	3	8
Financial expense	(25)	(11)	(43)
Income before taxes	50	45	76
Taxes	(12)	(9)	(19)
Share in net income of equity affiliates	(0)	(0)	(0)
Net income from operations	38	35	57
Net income from discontinued operations	(19)	4	6
Consolidated net income	19	39	63
Of which Group share	16	35	58
Of which minority interests	3	4	5
Net income from operations (before discontinued operations) per share, Group share (in euros)			
- earnings per share	1.64	1.47	2.48
- diluted earnings per share	1.63	1.43	2.28
Net income from discontinued operations per share (in euros)			
- earnings per share	(0.90)	0.19	0.27
- diluted earnings per share	(0.89)	0.19	0.25
Net income per share, Group share (in euros)			
- earnings per share	0.74	1.67	2.75
- diluted earnings per share	0.73	1.62	2.53

* The financial statements of 1st Half-year 2004 and Full-year 2004 have been prepared before adoption of IAS 32 and IAS 39 related to financial instruments, applied for the first time by Nexans from January 1st, 2005.

Consolidated balance sheet under IFRS

in millions of euros

	1st Half-year 2005	Full-year 2004
ASSETS		
Goodwill	85	77
Intangible assets	13	8
Property, plant and equipment	941	928
Share in net assets of equity affiliates	1	1
Other investments and miscellaneous	28	36
Deferred tax assets	63	66
Other non-current assets	-	-
NON-CURRENT ASSETS	1,132	1,116
Inventories and work in progress	590	512
Amounts due by customers on construction contracts	48	28
Trade receivables and related accounts	1,115	713
Other current assets	81	99
Cash and cash equivalents	88	121
CURRENT ASSETS	1,922	1,473
Assets and group of assets held for sale	120	133
TOTAL ASSETS	3,174	2,722
LIABILITIES & EQUITY		
Capital stock	23	23
Additional paid-in capital	1,017	1,014
Treasury stock	(28)	(28)
Retained earnings	(49)	(168)
Net income, Group share	16	58
Shareholders' equity - Group share	979	899
Minority interests	72	71
TOTAL EQUITY	1,051	970
Accrued pension and retirement obligations (non current)	339	325
Provisions (non current)	15	21
Convertible bonds	117	135
Other long-term financial debt (non current)	14	11
Deferred tax liabilities	29	32
Other non-current payables	(6)	-
NON-CURRENT LIABILITIES	508	525
Accrued pension and retirement obligations (current)	26	38
Provisions (current)	85	94
Other financial debt (current)	458	152
Customers' deposits and advances	18	16
Amounts due to customers on construction contracts	53	32
Trade payables and related accounts	544	510
Other current payables	368	324
CURRENT LIABILITIES	1,552	1,165
Debts related to group of assets held for sale	63	62
TOTAL LIABILITIES AND EQUITY	3,174	2,722

Consolidated statement of cash flows under IFRS

<i>in millions of euros</i>	1st Half-year 2005 (1)	Full-year 2004 (1)
Net income, Group share	16	58
Minority interests	3	5
Depreciation and amortization	70	84
Interest expense	15	19
Other restatements	(12)	(12)
Cash flow provided by operations before interests and taxes	92	154
Decrease (increase) in accounts receivable	(233)	(58)
Decrease (increase) in inventories	(59)	(117)
Increase (decrease) in accounts payable and accrued expenses	88	75
Other assets & liabilities	(6)	(1)
Income tax paid	(26)	(25)
Changes in reserves on current assets (including accrued contract costs)	(6)	3
Net change in current assets and liabilities	(243)	(123)
Net cash provided (used) by operating activities	(151)	31
Proceeds from disposal of fixed assets	6	19
Capital expenditures	(57)	(97)
Decrease (increase) in loans	3	(0)
Cash expenditures for acquisition of consolidated companies, net of cash acquired	(8)	(113)
Cash proceeds from sale of previously consolidated companies, net of cash sold	2	16
Net cash provided (used) by investing activities	(54)	(175)
Net cash flow after investing activities	(205)	(144)
Issuance of long-term borrowings	4	141
Repayment of long-term borrowings	-	-
Issuance/(repayment) of short-term loans	184	43
Proceeds from issuance of shares	4	1
Financial interests paid	(13)	(17)
Dividends paid	(10)	(9)
Net cash provided (used) by financing activities	170	159
Net effect of currency translation differences	3	2
Net increase (decrease) in cash	(32)	17
Cash and cash equivalents at beginning of period	121	104
Cash and cash equivalents at end of period (including cash from discontinued operations)	89	121

(1) Including cash flows from discontinued operations

Information by business sector and by geographical area

Information by business sector

in millions of euros

	Electrical Wires	Energy	Telecom	Other	Total Group
1st Half-year 2005					
Net sales at current metal prices	630	1,517	315	5	2,465
Net sales at constant metal prices	377	1,342	292	5	2,016
Operating margin	3	63	10	(4)	72
1st Half-year 2004					
Net sales at current metal prices	654	1,357	291	5	2,307
Net sales at constant metal prices	433	1,245	275	5	1,959
Net sales at constant metal prices and 2005 exchange rates	437	1,258	273	5	1,972
Operating margin	5	46	4	(2)	53
Full-year 2004					
Net sales at current metal prices	1,286	2,865	597	11	4,758
Net sales at constant metal prices	858	2,595	570	11	4,034
Net sales at constant metal prices and 2005 exchange rates	861	2,618	567	11	4,056
Operating margin	5	119	17	(10)	131

Information by geographical area

in millions of euros

	France	Germany	Other Europe	North America	Asia	Rest of World	Total Group
1st Half-year 2005							
Net sales at current metal prices	653	336	741	467	124	145	2,465
Net sales at constant metal prices	494	282	682	326	106	126	2,016
Operating margin	1	4	38	15	3	11	72
1st Half-year 2004							
Net sales at current metal prices	638	325	676	478	109	82	2,307
Net sales at constant metal prices	514	287	635	348	98	77	1,959
Net sales at constant metal prices and 2005 exchange rates	513	286	642	348	104	79	1,972
Operating margin	(1)	12	27	10	5	1	53
Full-year 2004							
Net sales at current metal prices	1,284	663	1,408	956	227	221	4,758
Net sales at constant metal prices	1,026	588	1,318	697	204	200	4,034
Net sales at constant metal prices and 2005 exchange rates	1,025	588	1,326	694	216	206	4,056
Operating margin	(9)	13	78	31	10	8	131

Sales at current metal prices by geographical market

in millions of euros

	France	Germany	Other Europe	North America	Asia	Rest of World	Total Group
1st Half-year 2005	356	324	883	459	172	271	2,465
1st Half-year 2004	321	283	883	480	166	174	2,307
Full-year 2004	623	578	1,817	950	338	452	4,758