



Press Release

2006 third-quarter sales: organic growth of 6.3%

Outlook for stronger 2006 results

Paris, October 24, 2006 – Nexans today announced 2006 third-quarter sales of **1,900** million euros (at actual non-ferrous metal prices*). This result is based on 13 working weeks, compared to 14 working weeks in the third quarter 2005.

At constant non-ferrous metal prices**, sales stood at **1,066** million euros, an increase of **6.3%**, on the basis of comparable scope, exchange rate and number of working days with the third quarter 2005.

Sales for the first 9 months of the year totaled 3,339 million euros, up 10.2% over the same period last year, on the basis of comparable data***.

Referring to these figures, Nexans Chairman and CEO, Gérard Hauser said: *“The third quarter has matched our expectations, with strong activity on the energy market, especially in infrastructure and special cables, as well as a highly favorable product mix in telecom cables for local area networks. In this context, we are expecting an operating margin around 5.5% for 2006 as a whole, representing an improvement compared to our previous objective”.*

* At actual metal prices, third-quarter sales for 2005 totaled 1,468 million euros (published).

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

*** 2005 sales on the basis of comparable data correspond to constant metal sales, recalculated after estimated adjustments for comparable scope, exchange rate and working days.

Consolidated sales

(in millions of euros)	2005		2006
	At constant metal prices **	On the basis of comparable data ***	At constant metal prices **
3rd quarter	1,134	1,003	1,066
2 nd quarter	1,058	1,007	1,178
1 st quarter	958	1,021	1,095
Total on September 30	3,150	3,031	3,339

Consolidated sales by business sector

(in millions of euros)	Q3 2005		Q3 2006
	At constant metal prices **	On the basis of comparable data ***	At constant metal prices **
Energy	758	655	715
Telecom	170	156	166
Electrical wires	203	189	183
Other	3	3	2
Total	1,134	1,003	1,066

▪ Energy: strong increase in demand for special cables

(main activities – constant metal prices)

in million of euros (comparable data)	Q3.05	Q3.06
Infrastructure	291	315
Building	214	224
Industry	138	163

Sales of energy cables for infrastructure were up by 8.2% compared with the same period a year earlier. They continue to benefit from strong demand for high-voltage submarine cables and umbilical cables.

In the 3rd quarter, this strong demand largely offset a lesser increase in medium and low-voltage cables in the Middle East (Lebanon crisis), and decreasing residential sector business in North America.

Third-quarter sales of special cables for industry markets (oil platforms, automotive, shipbuilding, railways, etc.) rose by more than 18%, thus confirming the sales growth targets for high value-added products.

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▪ **Telecom: buoyant demand for LAN cables**

(constant metal prices)

in millions of euros (comparable data)	Q3.05	Q3.06
Infrastructure	66	63
LAN	63	71
Industry	27	32

Up 6.4% compared with 3rd quarter 2005, Telecom has continued its steady recovery. It has enjoyed excellent results in LAN cables and special cables for the industry sector, offsetting a drop in infrastructure cables related to the postponing of some projects in Europe and a decreasing export activity.

▪ **Electrical wires: refocusing on our own needs in Europe**

(constant metal prices)

in millions of euros (comparable data)	Q3.05	Q3.06
Bare wire (wirerod and electrical wires)	175	165
Winding wires	14	18

In this quarter, the metallurgy business slowed in Europe as a result of our activity refocus on our own needs, as well as in the residential building market in North America.

Sales by geographic area

(in millions of euros)	Q₃ 05		Q₃ 06
	At constant metal prices **	On the basis of comparable data ***	At constant metal prices **
Europe	782	665	719
North America	216	205	200
Asia	60	60	68
Rest of the World	76	73	79
Total	1,134	1,003	1,066

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- **Europe: very strong demand for power cables**

European activities achieved organic growth of 8% over the 3rd quarter 2005.

The strong demand for power cables, especially in the industry and infrastructure sectors, offset the slowdown in activity in Europe in the metallurgy and telecom infrastructure sectors.

Dynamic sales of special cables for the oil sector, as well as instrumentation cables, particularly on the export market, contributed to maintaining a strong level of activity in Europe.

- **North America: smaller volumes but activity of quality**

On a comparable basis, sales for the North America area were down slightly by 2.3% over the 3rd quarter of the previous year that had reported a particularly high level of activity.

Sales volumes, especially wirerod and cables for the residential building sector, suffered from the third-quarter economic slowdown in North America. This element has no effect on the result which benefit from a favorable product mix and a high level of margin.

In total, the organic growth for the first 9 months of the year 2006 is still above 13%.

- **Asia: very strong demand in China for high value-added cables**

Organic growth of sales was 12.9% over the third quarter 2005.

This increase is attributable to the very strong demand in China for cables with high value-added: telecom cables for LANs, and special cables for OEMs. This increase also reflects the production ramp-up at the third manufacturing facility opened in Shanghai (China) in June 2005.

- **Rest of the World: excellent performance in growing countries**

Organic growth in the rest of the world is 9.4% over the 3rd quarter of the previous year.

This growth is due to excellent performance in certain countries: Morocco with very strong demand for energy infrastructure cables and automotive cables; Turkey, due to a particularly vigorous residential building market and many export contracts; and Egypt, where medium-voltage cable sales were up sharply.

Outlook for 2006

Ongoing measures taken by the Group to reduce its working capital needs should allow us to achieve our debt target of about 350 million euros by the end of the year, at current copper price.

Considering the high level of activity, the operating margin should reach 5.5% for 2006 as a whole, an improvement compared to our previous objectives.

Financial calendar

November 13, 2006: Individual shareholders' information meeting in Lyon

December 7, 2006: Individual shareholders' information meeting in Montpellier

January 31, 2007: 2006 consolidated annual results

April 26, 2007: 2007 first-quarter sales

May 10, 2007: Annual Shareholders' Meeting

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 aerospace, automotive, railways, building, petrochemical, medical applications, etc. With an industrial presence in 29 countries and commercial activities worldwide, Nexans employs 20,000 people and had sales in 2005 of 5.4 billion euros. Nexans is listed on the Paris stock exchange. More information on <http://www.nexans.com/>

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Appendix

Consolidated sales by business sector at actual metal prices

(in millions of euros)	At actual metal prices	
	Q ₃ 05	Q ₃ 06
Energy	894	1,080
Telecom	183	205
Electrical wires	388	612
Other	3	3
Total	1,468	1,900