



**Press release**

## **2009 first-quarter financial information**

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- **Cable business sales down 8.3% in the first quarter of 2009 despite the positive impact of the Group's geographic redeployment into high growth areas.**
- **Group's net debt reduced by one third, that is 175 million euros, compared with its level at December 31, 2008.**

**Paris, April 22, 2009** – Nexans today announced 2009 first-quarter sales of 1,245 million euros. At constant non-ferrous metal prices\* and consolidation scope, the quarter's sales stood at 1,043 million euros, down 8.3% for Cable business compared with the good first quarter 2008 (down 9.9% when including electrical wires).

In a difficult global economic climate, the Group benefited from the good performance of its new activities in South America following the acquisition in September 2008 of the Madeco group's cable business.

At a comparable scope and exchange rate, cable business sales were down 14.6%\*\* because of the sharp fall in economic activity (and particularly in January) both in Europe and North America. This contraction is in line with the trend observed in the fourth quarter of 2008.

As expected, Energy Infrastructures withstood the current conditions better than the other segments in the first quarter of 2009.

The areas where the Group has invested heavily in the past three years are evolving more favorably with sales holding steady in the Asia-Pacific and MERA (Middle East-Russia-Africa) areas.

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\* 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 aluminum

\*\* 2008 sales on the basis of comparable data correspond to constant metal sales, recalculated after adjustments for comparable scope and exchange rates. The exchange effect on sales at constant non-ferrous metal prices amounts to a negative 34 million euros, while the comparable scope effect amounts to a negative 15 million euros.

The difference between the current scope (-8.3%) and the constant scope (-14.6%) confirms the Group's acquisitions policy which aims at establishing positions in growth areas.

Confronted with a worse than expected deterioration in its historical scope, the Group considerably stepped up its restructuring actions, one of which is now complete in Canada (low and medium voltage), as well as in Romania and the Czech Republic (cables and harnesses for the automotive industry). In this respect, nearly 900 employees are expected to leave the Group. Furthermore, a project to close the Building Cable business in Germany has been announced, with 160 employees concerned. Finally, projects for additional reorganizations, mostly in Europe, and site specialization are being examined.

The Group has continued to focus on generating cash flow and as a result is able to report a further sharp reduction in its net financial debt down from 536 million euros at December 31, 2008 to 362 million euros at March 31, 2009.

## CONSOLIDATED SALES BY BUSINESS SEGMENT

	Q1 2008	Q1 2009	Absolute growth at constant exchange rates	Organic growth
(in million of euros)	At constant metal prices (*)	At constant metal prices (*)		
Energy business				
- Energy infrastructures	441	444	+4.8%	-4.9%
- Industry <i>(Industry excluding automotive cables and harnesses***)</i>	237	196	-16.1%	-25.1%
- Building	294	238	-1.2%	-14.7%
Telecom business				
- Telecom infrastructures	58	48	-14.3%	+2.9%
- Private networks (LAN)	72	55	-26.6%	-24.8%
Other	4	5	N/S	N/S
<b>Sub-total: Cable business</b>	<b>1,106</b>	<b>986</b>	<b>-8.3%</b>	<b>-14.6%</b>
Electrical wires	86	57	-30.1%	-45.9%
<b>Group total</b>	<b>1,192</b>	<b>1,043</b>	<b>-9.9%</b>	<b>-17.0%</b>

\*\*\* Estimated growth for Industry excluding automotive cables and harnesses

- **Energy infrastructures: Standing up to the crisis**

Sales at a constant exchange rate were up by 4.8% as a result of the contribution of the newly acquired Cable business from Madeco in South America. At a constant scope, the 4.9% drop is only due to a temporary delay in High Voltage invoicing.

At a constant scope and exchange rate, low and medium voltage cables and accessories sales are steady despite the unfavorable climatic conditions in the first quarter, particularly in Northern Europe.

The surge in activity reported for some countries, such as Germany, Brazil, South Korea, Lebanon, Australia and Vietnam, offset the decrease on certain other markets, such as Italy and North America, where the Group is gradually redeploying production from its Quebec, Canada, site (closed at the start of the year) to other plants in the area.

- **Industry: High impact of the slowdown in certain industrial segments**

At a constant exchange rate, industry cable sales were down by 16.1% compared with the first quarter 2008.

Automotive cables and harnesses business were particularly affected by the negative economic climate in this sector. Automotive cables and harnesses were down by 44.9% in line with the trends observed in the final quarter of 2008. Cost-cutting measures were immediately taken to tackle this sudden sharp contraction in activity (employee numbers down by 13% in the quarter, and by 22% compared with the end of March 2008).

The other industry cable business fared better in the first quarter, falling only by 1.2% at constant exchange rates (and -14.7% at a constant scope). This drop is largely attributable to Europe, especially the German market, where cables for the machine tool and mining sectors contracted sharply, as well as France where Oil & Gas projects have been set back. On the contrary, railways, aeronautics and shipbuilding industries have remained strong.

- **Building: Sharp decline confirmed**

In the first quarter of 2009, Building business fell 16.5% at a constant exchange rate, compared with the same quarter a year earlier.

In Europe, the general drop in volumes, about 25% year-on-year, can be traced to the Spanish, British and German markets. It has necessitated continuing in 2009 the rationalization actions initiated in 2008. Nexans has therefore, announced its proposal to close its Vacha (Germany) site, after already closing that of Athlone (Ireland) in 2008.

In North America, the decline was less steep, with sales falling approximately 13%, which led Nexans to speed up measures to cut fixed costs to limit the impact on its profitability.

In the other areas, in particular the emerging countries, business was satisfactory.

Overall, the Group did not suffer any price reductions in this business.

- **Telecom infrastructures: Steady activity at a comparable scope**

Sales decreased from 58 to 48 million euros at constant metal prices. This drop is solely attributable to the sale of the copper telecom cable business in Santander (Spain). At a constant scope and exchange rate, this business was actually up by 2.9%.

- **Telecom networks (LAN): Sharp reduction in customer investments**

LAN cable business was down by a sharp 25% or so in the first quarter of 2009. This drop affected Europe and North America in similar proportion and reflects the direct reduction in investment by the financial sector in data networks as well as the sharp drop in new real estate development that would otherwise require the installation of new cabling systems. This decline is compounded by distributors' efforts to bring down their own inventory levels.

- **Electrical wires: Ongoing attrition**

Down by 45.9%, electrical wires business almost halved (at constant metal prices, consolidation scope and exchange rates) due to the Group's policy of refocusing on its own needs.

## **OUTLOOK**

**Despite a difficult economic context accentuated by seasonal effects attributable to climate conditions and the deferred billing due to delays in certain high voltage projects, the Group remains focused on its internal year-end objective of 6% operating margin, factoring in the measures already committed and the satisfactory performance of its South American business.**

### **2009 financial calendar**

May 26, 2009: General Shareholders' Meeting

June 3, 2009: Payment of the dividend

June 18, 2009: Individual shareholder information meeting in Nantes\*

(\*Approximate date to be confirmed)

## **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, transport 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 23,500 people and had sales in 2008 of 6.8 billion euros. Nexans is listed on NYSE Euronext Paris, compartment A. More information on [www.nexans.com](http://www.nexans.com)

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## APPENDIX 1

	First quarter	
	2008	2009
<b>At actual metal prices</b>	<b>1,743</b>	<b>1,245</b>
<b>At constant metal prices</b>	<b>1,192</b>	<b>1,043</b>
<b>Sales at actual metal prices by business segment</b>		
<b>Energy</b>	<b>1,335</b>	<b>1,036</b>
Energy infrastructures	535	508
Industry	315	230
Building	485	298
<b>Telecom</b>	<b>155</b>	<b>110</b>
Telecom infrastructures	68	50
Telecom networks (LAN)	87	60
<b>Other</b>	<b>3</b>	<b>5</b>
<b>Electrical wires</b>	<b>250</b>	<b>94</b>
<b>Group total</b>	<b>1,743</b>	<b>1,245</b>
<b>Sales at constant metal prices by business segment</b>		
<b>Energy</b>	<b>972</b>	<b>878</b>
Energy infrastructures	441	444
Industry	237	196
Building	294	238
<b>Telecom</b>	<b>130</b>	<b>103</b>
Telecom infrastructures	58	48
Telecom networks (LAN)	72	55
<b>Other</b>	<b>4</b>	<b>5</b>
<b>Electrical wires</b>	<b>86</b>	<b>57</b>
<b>Group total</b>	<b>1,192</b>	<b>1,043</b>
<b>Sales at actual metal prices by geographic area of activity</b>		
Europe	1,122	731
North America	284	141
Asia-Pacific	193	140
Middle East-Russia-Africa	110	89
South America	34	147
Corporate area		-3
<b>Group total</b>	<b>1,743</b>	<b>1,245</b>
<b>Sales at constant metal prices by geographic area of activity</b>		
Europe	825	644
North America	141	110
Asia-Pacific	129	110
Middle East-Russia-Africa	72	71
South America	25	111
Corporate area		-3
<b>Group total</b>	<b>1,192</b>	<b>1,043</b>