



**Press release**

## **2010 Third-Quarter Financial Information**

---

### **Target confirmed for full year operating margin rate of 4.5%**

---

- **Organic growth of 2.8% in the third quarter**
- **Confirmed recovery in low and medium voltage energy infrastructure business and special cables**
- **Stabilized building sector**
- **Net debt reduced despite rise in copper prices**

**Paris, October 28, 2010** – Nexans today announced 2010 third-quarter sales of 1,566 million euros (at current non-ferrous metal prices), or 1,094 million euros at constant non-ferrous metal prices\*, which corresponds to an organic increase of 2.8%\*\*.

For the first nine months of the year, the organic drop in sales was 2.6%, compared with a 5.3% contraction at the end of the first half. This trend reflects the ongoing recovery in activity across the Group's various businesses in the third quarter and provides reassurance that the Group will achieve its target of stable sales in 2010.

The Low and Medium Voltage Energy cable business has recovered after six consecutive downward trending quarters.

The upturn is also visible in the Building segment where volumes are up slightly despite the ongoing difficulties experienced by this industry. In addition, in the third quarter, the Group did not witness any further deterioration in its prices levels compared with the first half-year in Europe.

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

(\*\*) 2009 sales on the basis of comparable data correspond to constant non-ferrous metal sales, recalculated after adjustments for comparable scope and exchange rates. The exchange effect on sales at constant non-ferrous metal prices, at the end of September 2009, is 208 million euros. There is no scope effect.

The Industry segment progressed at a similar rate to that in the first two quarters: automotive harness sales rose 55% year-on-year, while the other segments reported organic growth of 8%. Finally, Telecom Infrastructure and LAN are both still trending well and making a positive contribution to the global figures.

In the high voltage submarine cable business, the Group has taken the necessary corrective measures, whose positive effects are already being felt in the business's operation. They should enable this business gradually to regain normal performance starting in the last quarter of 2010. The sales dynamic of high voltage business is still very encouraging with an order backlog of approximately 18 months at the end of September.

At the same time, the Group is continuing to adapt its organizational structure and production facilities to reflect the market conditions. The restructuring measures coupled with an upturn in activity will result in an improved operating margin compared with the first half.

In light of the above trends, the Group confirms its target operating margin of 4.5% for 2010.

The Group's net consolidated debt fell in the third quarter to less than 250 million euros at the end of September 2010. The ongoing effort to reduce the structural working capital requirement and the seasonal effect of activity in the third quarter have more than offset the negative impact of the rise in copper prices on the Group's debt.

## 2010 THIRD-QUARTER CONSOLIDATED SALES

(in millions of euros)	2009	2010
	At constant metal prices (*)	At constant metal prices (*)
<b>3rd quarter</b>	988	1,094
2nd quarter	1,042	1,129
1st quarter	1,043	971
<b>Total at September 30</b>	<b>3,073</b>	<b>3,194</b>

## Organic annual growth

	H1 2010	Q3 2010	Sept. 30, 2010
<b>ENERGY</b>			
Energy infrastructure	-8.9%	-4.0%	-7.3%
Industry	11.7%	18.5%	13.9%
Building	-15.9%	0.1%	-11.0%
<b>TELECOMS</b>			
Telecom infrastructure	-18.2%	-4.9%	-13.9%
Private networks (LAN)	6.4%	2.9%	5.2%
<b>Sub-total: Cable business</b>	<b>-6.3%</b>	<b>1.6%</b>	<b>-3.7%</b>
<b>Electrical wires</b>	12.1%	22.0%	15.5%
<b>Group total</b>	<b>-5.3%</b>	<b>2.8%</b>	<b>-2.6%</b>

## ENERGY

Energy business sales came to 900 million euros in the third quarter 2010. At a constant exchange rate and scope, this figure is 1.7% higher than in 2009.

- **Energy infrastructure: recovery in South America for overhead power lines and stronger low and medium voltage cable business in Europe**

At a constant exchange rate and scope, the sales figure was 460 million euros, down 4.0% compared with 2009. This contraction is due to the execution issues encountered in the high voltage submarine cable business.

To overcome these operational difficulties, the Group took a series of correctives measures. The organization of this business has been reviewed to enable it to respond better to the challenges it faces, especially in terms of production and supply chain management. The Group has also decided to increase its production capacity at the Halden (Norway) site. These changes will provide the production facilities with the flexibility needed to meet the demands of a rapidly growing market. They should also enable this business to gradually work back to normal operating conditions in the fourth quarter 2010.

For low and medium voltage cables, the quarter saw stabilization in Asia-Pacific and firmer conditions in Europe. In South America, the progress in the third quarter compared with the first part of the year was particularly noticeable in Brazil where sales rose sharply driven by a recovery in major energy infrastructure projects. Demand in North America remains sluggish, while in the Middle East-Russia-Africa area, organic sales volumes have risen by more than 30%, driven in particular by sales in Russia and Egypt.

- **Industry: recovery varies by sector**

With a 18.5% organic growth, the third quarter confirmed the recovery in Industry business.

Automotive harness sales rose by 55% compared with 2009.

The rail and air transportation markets remain buoyant, but shipbuilding is contracting. The growth in offshore oil application sales only partially offset the decline in the freight ship market. It is expected that this downward trend will continue into the fourth quarter.

Industrial sectors serving the capital goods markets are still growing in line with the trend set in the first half. Robotics saw sales increase by more than 50% in the quarter. The first signs of a recovery in onshore oil and nuclear projects were visible. This positive trend should be confirmed in the fourth quarter.

- **Building: stabilizing volumes and overall prices**

After several consecutive quarters of organic contraction, the Group's Building sector stabilized in the third quarter 2010 (organic growth of 0.1% compared with 2009). The situation does, however, vary depending on the area. In North America, sales are up compared with 2009, but against a backdrop of poorer prices. In Europe, excluding businesses restructured in Germany in 2009, growth for this business was 3%. However, this figure was not sufficient to substantially improve the segment's operating margin. In the Asia-Pacific area, the situation remains relatively difficult in Australia. At the opposite end of the scale, South America has reported very strong growth, driven by the excellent performance of the activities in Brazil. All areas combined, prices remained stable in the third quarter compared to the second quarter and further declines are not anticipated through the end of the year.

## **TELECOM**

Telecom business sales came to 109 million euros in the third quarter 2010. At a constant exchange rate and scope, this figure is down by 0.5% on 2009.

- **Telecom infrastructure: fiber optic cable sales still improving**

In the third quarter, sales were up slightly on the second quarter. Copper cable business is steady, while fiber optic cable and accessory business recovered further.

- **Private Networks (LAN): sustained growth in North America**

Private network cable business rose by 2.9% at a constant exchange rate and scope in the third quarter 2010.

This situation reflects a duality between profitable growth in North America and continuing weak demand in Europe.

## **ELECTRICAL WIRES: a good quarter on the back of strong sales**

Sales by the electrical wire business came to 77 million euros in the third quarter 2010, that is, 22.0% organic growth. This positive development is mainly attributable to business in North and South America where the market conditions supported an ongoing high level of external sales.

In Europe, the Group is now deriving the full benefit from its strategy to reduce capacity in this highly competitive sector and to focus on its own needs.

## **ENVISAGED BID FOR DRAKA HOLDING N.V.**

Nexans distributed on October 27 a press release precisising the Group's position on this project announced on October 18.

Readers should also consult the Group's Web site on which are available in particular the 2010 half-year report and the 2009 Registration Document, which includes the Group's risk factors and confirmation of the risk relating to the antitrust investigations announced on February 3, 2009.

### **Financial calendar**

December 2, 2010: individual shareholder meeting in Rennes

February 14, 2011: 2010 annual results

### **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, transportation and telecom networks to shipbuilding, oil and gas, nuclear power, automotive, electronics, aeronautics, material handling and automation.

Nexans is a responsible industrial company that regards sustainable development as integral to its global and operational strategy. Continuous innovation in products, solutions and services, employee development and engagement, and the introduction of safe industrial processes with limited environmental impact are among the key initiatives that place Nexans at the core of a sustainable future.

With an industrial presence in 39 countries and commercial activities worldwide, Nexans employs 22,700 people and had sales in 2009 of 5 billion euros. Nexans is listed on NYSE Euronext Paris, compartment A. For more information, please consult [www.nexans.com](http://www.nexans.com)

### **Additional information:**

Financial Communication

Corporate Communication

Communication Financière

Communication

Michel Gédéon

Jean-Claude Nicolas

Tel : +33 (0)1 73 23 85 31

Tel : + 33 (0)1 73 23 84 51

e-mail : [michel.gedeon@nexans.com](mailto:michel.gedeon@nexans.com)

e-mail : [jean-claude.nicolas@nexans.com](mailto:jean-claude.nicolas@nexans.com)

Angéline Afanoukoe

Pascale Strubel

Tél : + 33 (0)1 73 23 84 56

Tel : + 33 (0)1 73 23 85 28

e-mail : [angeline.afanoukoe@nexans.com](mailto:angeline.afanoukoe@nexans.com)

e-mail : [pascale.strubel@nexans.com](mailto:pascale.strubel@nexans.com)

Jean-Marc Bouleau

Céline Revillon

Tél : + 33 (0)1 73 23 84 61

Tél : + 33 (0)1 73 23 84 12

e-mail : [jean\\_marc.bouleau@nexans.com](mailto:jean_marc.bouleau@nexans.com)

e-mail : [celine.revillon@nexans.com](mailto:celine.revillon@nexans.com)

## APPENDIX 1

	Q3		Sept YTD	
	2009	2010	2009	2010
<b>At actual metal prices</b>	<b>1 267</b>	<b>1 566</b>	<b>3 781</b>	<b>4 521</b>
<b>At constant metal prices</b>	<b>988</b>	<b>1 094</b>	<b>3 073</b>	<b>3 194</b>
<b>Sales at actual metal prices by business segment</b>				
<b>Energy</b>	<b>1 018</b>	<b>1 212</b>	<b>3 091</b>	<b>3 542</b>
Energy Infrastructure	505	551	1 541	1 626
Industry	220	280	667	821
Building	293	381	883	1 095
<b>Telecom</b>	<b>113</b>	<b>126</b>	<b>338</b>	<b>368</b>
Telecom Infrastructure	49	52	152	147
Local Area Network (LAN)	64	74	186	221
<b>Others</b>	<b>6</b>	<b>8</b>	<b>18</b>	<b>23</b>
<b>Electrical Wires</b>	<b>130</b>	<b>220</b>	<b>334</b>	<b>588</b>
<b>Group total</b>	<b>1 267</b>	<b>1 566</b>	<b>3 781</b>	<b>4 521</b>
<b>Sales at constant metal prices by business segment</b>				
<b>Energy</b>	<b>823</b>	<b>900</b>	<b>2 575</b>	<b>2 643</b>
Energy Infrastructure	444	460	1 362	1 357
Industry	180	217	560	644
Building	199	223	653	642
<b>Telecom</b>	<b>101</b>	<b>109</b>	<b>311</b>	<b>315</b>
Telecom Infrastructure	45	46	142	130
Local Area Network (LAN)	56	63	169	185
<b>Others</b>	<b>6</b>	<b>8</b>	<b>17</b>	<b>21</b>
<b>Electrical Wires</b>	<b>58</b>	<b>77</b>	<b>170</b>	<b>215</b>
<b>Group total</b>	<b>988</b>	<b>1 094</b>	<b>3 073</b>	<b>3 194</b>
<b>Sales at actual metal prices by geographical area</b>				
Europe	727	806	2 200	2 399
North America	164	255	460	677
Asia-Pacific	155	195	455	559
Middle East, Russia, Africa	97	120	283	372
South America	126	192	390	519
Corporate area	-2	-2	-7	-5
<b>Group total</b>	<b>1 267</b>	<b>1 566</b>	<b>3 781</b>	<b>4 521</b>
<b>Sales at constant metal prices by geographical area</b>				
Europe	616	629	1 911	1 889
North America	102	131	319	364
Asia-Pacific	118	135	350	391
Middle East, Russia, Africa	70	84	218	249
South America	84	117	282	306
Corporate area	-2	-2	-7	-5
<b>Group total</b>	<b>988</b>	<b>1 094</b>	<b>3 073</b>	<b>3 194</b>