

# Nexans / Polycab Press conference

Mumbai (India), February 19, 2008

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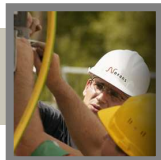
## **Signature of a draft agreement between Nexans and Polycab for the creation of a joint venture**

- **Nexans**, the worldwide leader in the cable industry, gains a foothold in India, and continues its geographic redeployment in high-growth regions.
- **Polycab**, the Indian leader in the cable industry, expands to become a major player in the Asia-Pacific region, supplement capacity and enhance technical capability in response to an ever-demanding Indian market.



1

**Nexans: global expert in cables and cabling systems**



2

**Nexans in Asia-Pacific and in India**



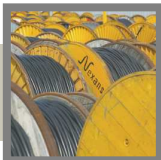
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**Polycab: the Indian leader in the cable industry**



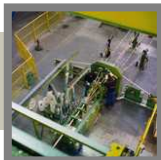
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**A booming cable market in India**



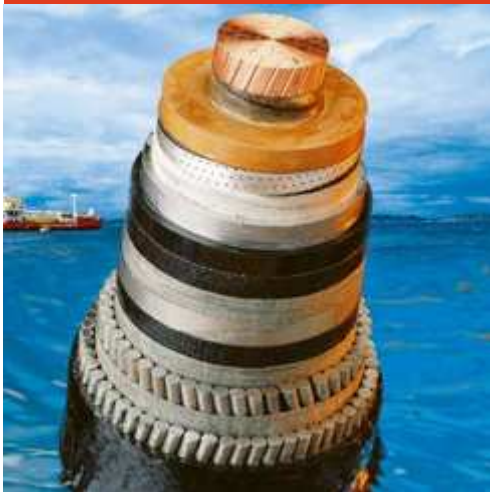
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**Nexans Polycab Pvt Ltd: a key step for both companies**



6

**Q&A**



## **Nexans, global expert in cables and cabling systems**

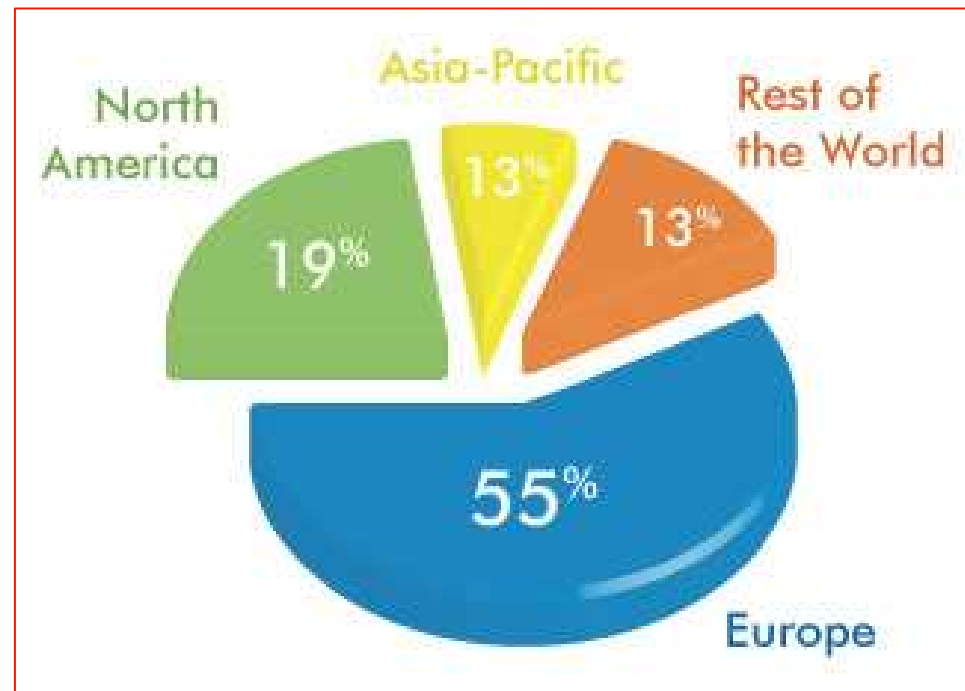
**Michel Lemaire**

**Nexans Executive Vice President Asia-Pacific Area**



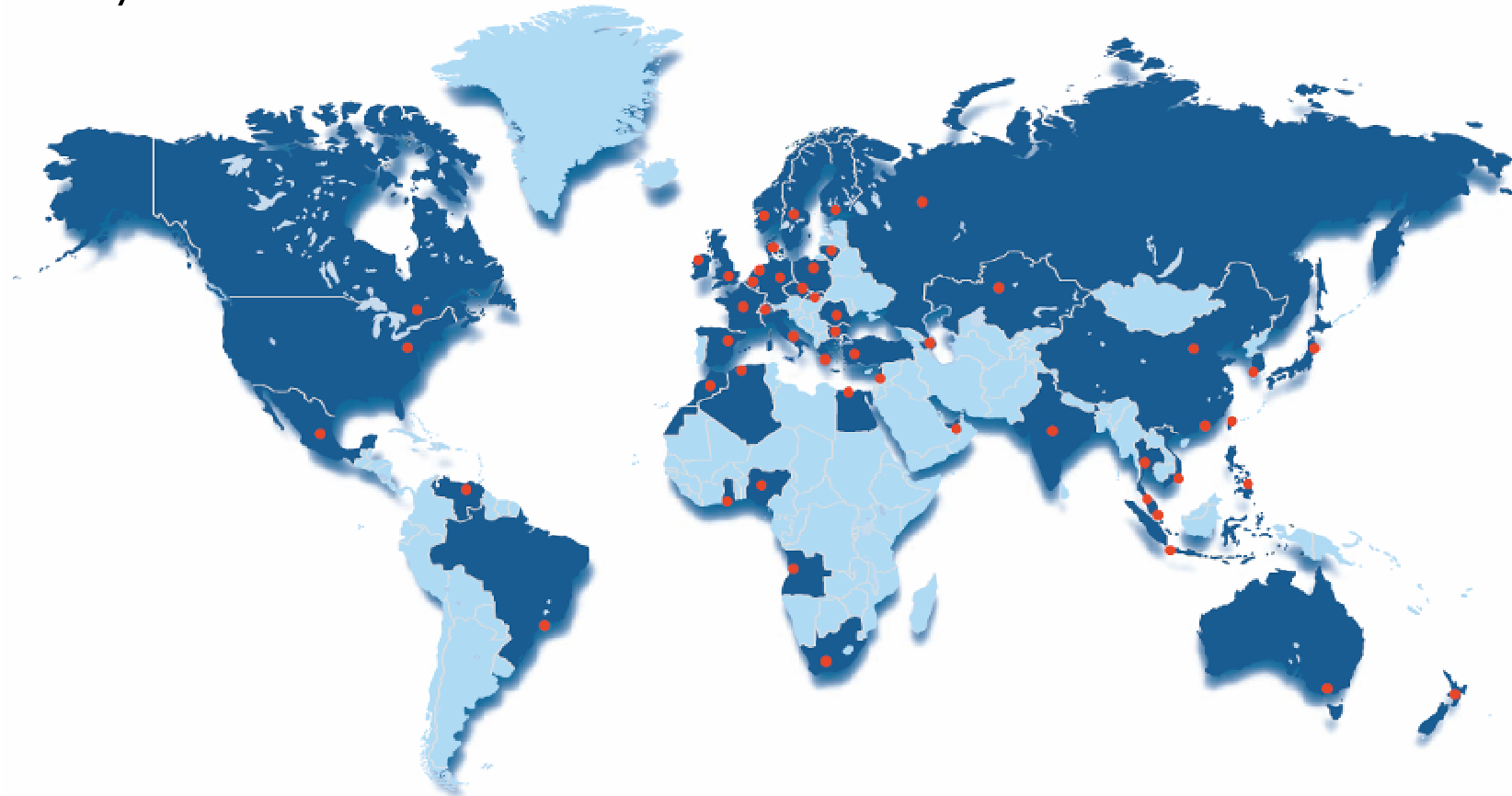
- 7.4 Billion Euro sales in 2007 (at current metal prices)

### Sales by destination \*



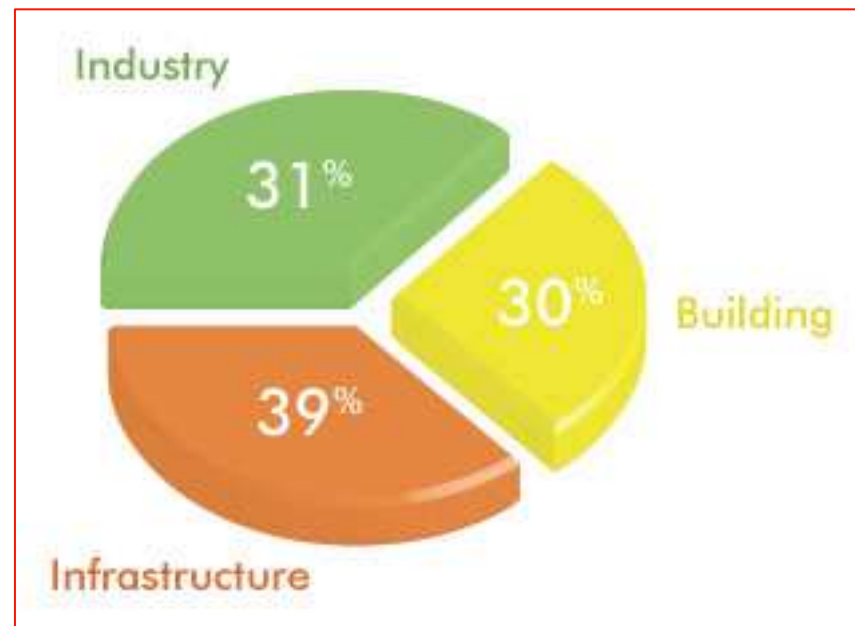
\* Based on sales at current metal prices

- Plants in more than 30 countries and commercial activities worldwide
- 22,000 employees
- Mastery of national and international standards



- A global player in the infrastructure, industry, building markets with energy as the basis of its leadership development.

### Sales by key market\*\*



\*\* Based on sales at constant metal prices



- **Horns Rev**: the biggest offshore windfarm worldwide

- **Queen Mary II**: one of the biggest cruise ships in the world



- **Airbus A380**: new generation of passenger aircraft

- **Petronas Towers**: 2 super skyscrapers in Malaysia

- **Transrapid**: first magnetic levitation train in Shanghai





- 1 international research center
- 8 competence centers
- 450 researchers, engineers and technicians
- 450 families of patents registered

### Leading position in advanced technologies:

- High data transmission capacity
- Insulation material
- Superconductors
- Safety: fire behaviour of cables

### Concentration on core business and geographical repositioning



■ Acquisitions : - 376 M€ (without Madeco)



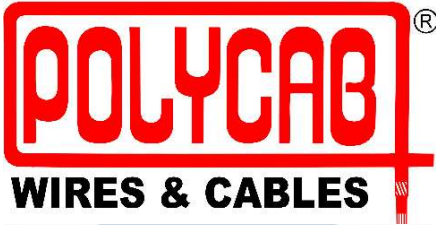
## Nexans in Asia-Pacific



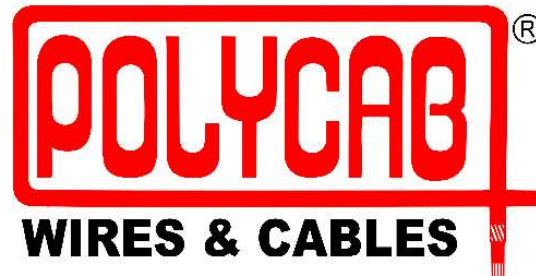
- Asia-Pacific sales  
**564 Million Euros (2007)**
- Asia-Pacific Organic growth  
**6,6% in 2007**
- Asia-Pacific sales are **13%** of Nexans
- Factories in **6 countries**
- Sales and support offices in **12 countries**

- Sales in India in 2007: **17 million Euros**
- Head office in New Delhi
- Staff in Mumbai, Bangalore and Chennai
- No industrial presence until now
  
- **Breakdown of sales by product families:**
  - Power cables: 6 Meuros
  - Special cables: 1 Meuros
  - Telecommunications cables: 10 Meuros
  
- **Major customer references:**
  - Neyveli Lignite, ABG Shipyards, Bharati Shipyards, Mazagon Docks, Hindustan Aeronotics, Tata Power, Suzlon, NHPC...
  
- **Latest key projects in India:**
  - Dulhasti 400kV, Chamera 400kV, Tata Power 220kV and 110kV, Bharati Shipyards...

- **Reasons for investing in India?**
  - Nexans is a global player, hence must be active in all important markets
  - India is a booming country with strong growth perspectives
  - Nexans is willing to bring its expertise and contribute to that growth
  - Request by our global customers
  
- **Why a joint-venture?**
  - Benefit from industrial expertise from a reliable partner
  - Benefit from commercial presence of partner established all over the country (sales offices, logistic centres, distribution network, market practices...)
  - Fast and appropriate access to the market
  - Flexibility in combining product ranges and services with a reliable partner to support customers to their satisfaction

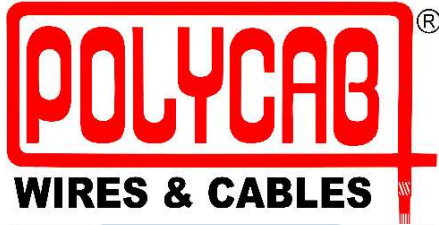


THE SILENT LEADER IN THE  
CABLE INDUSTRY

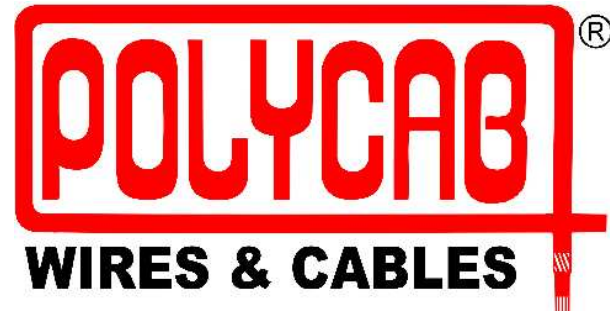


Joining Forces in India

19<sup>th</sup> Feb 2008



THE SILENT LEADER IN THE  
CABLE INDUSTRY



**Mr. R.S. Vaidyanathan**  
CEO

Polycab Group of Companies

19<sup>th</sup> Feb 2008

# THE SILENT LEADER IN THE CABLE INDUSTRY

- Over three decades of experience in cable manufacture
- Largest manufacturer of cables and wires in India
- Strong and renowned brand name
- Present in wide range of cables & wires - HT / LT Power, Control, Instrumentation, Communication, Signaling Cables and Building Wires
- Entrepreneurial flair with professional management skill sets

# THE SILENT LEADER IN THE CABLE INDUSTRY

- Focused on single business - an organization which effectively senses the market conditions and competition
- The Company has a nationwide network of over 300 authorized distributors, dealers, stockist and agents in India and Overseas
- Direct institutional sales constitutes approximately 40% of the total sales

# THE MARKET LEADER

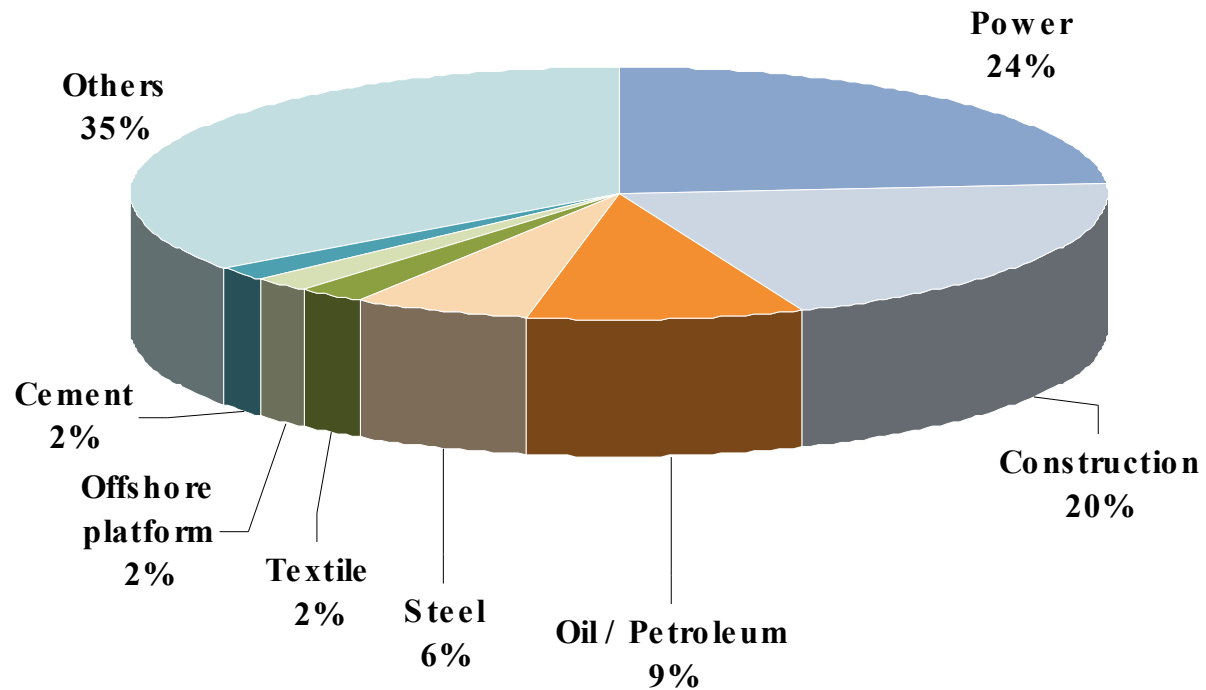
➤ With a conscious and strategic direction and growth plan, Over the years, the Company has become a market leader in almost all the product categories:

Products	5 years prior	Current	Market Share
H T Power cable	H	H	Market leader
L T Power cable	H	H	Market leader
Instrumentation cable	L	H	Market leader
Control cable	L	H	Market leader
Building Wires	L	H	Amongst the Top 3

H - Highly focused ; L - Less focused

# INDUSTRIAL PRESENCE

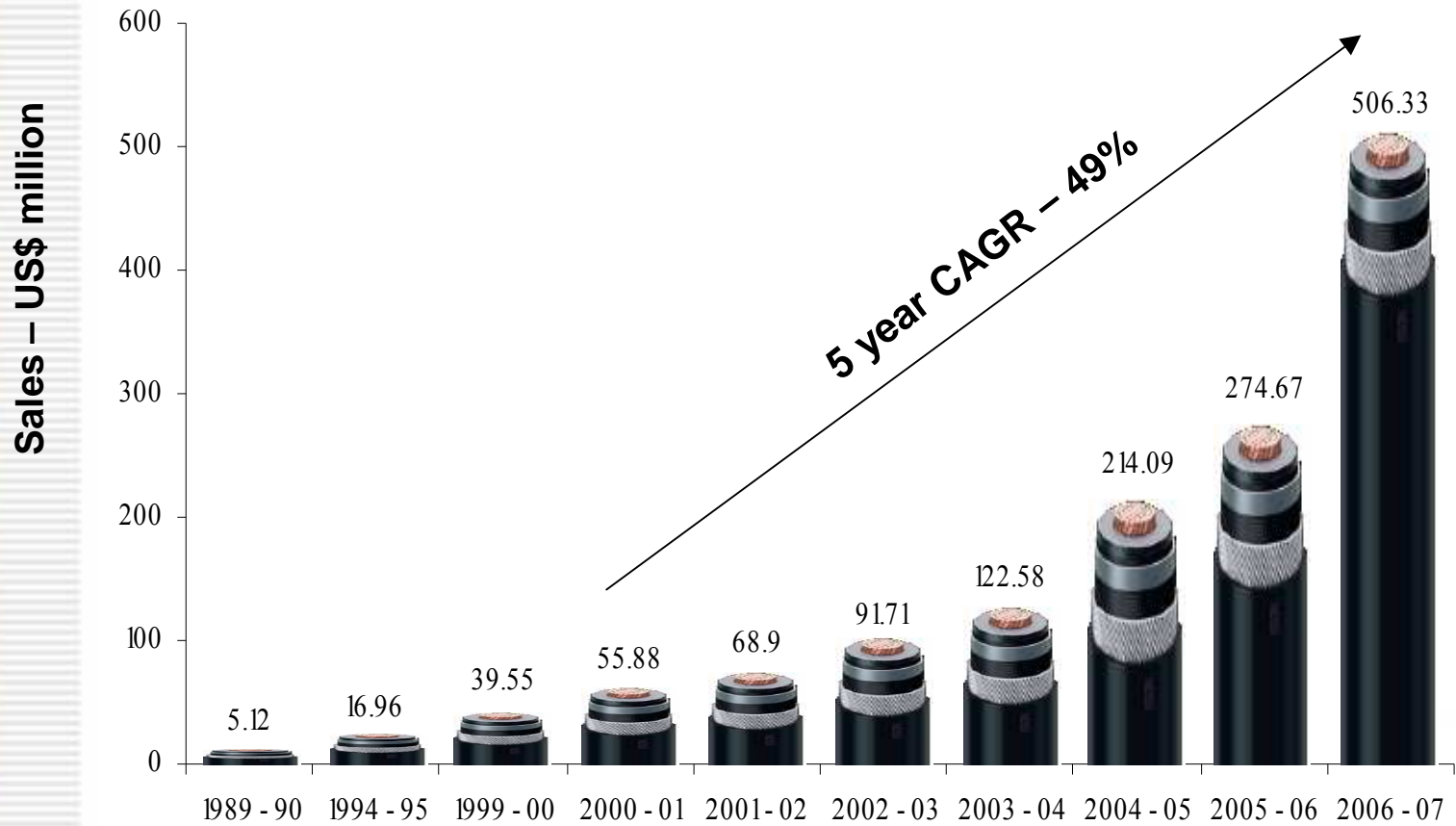
▶ Leader in major industrial segments and has a significant presence in the retail segment. Accepted and certified by all leading OEMs, consultants and contractors



# MANUFACTURING BASE

- Spread across over **100 acres** of land in Daman and Gujarat, produces more than 10,000 km of cables and 150,000 km of Wires per month
- **ISO 9002** certified; products certified at **CPRI & ERDA**
- Capacity utilization of almost **100%**

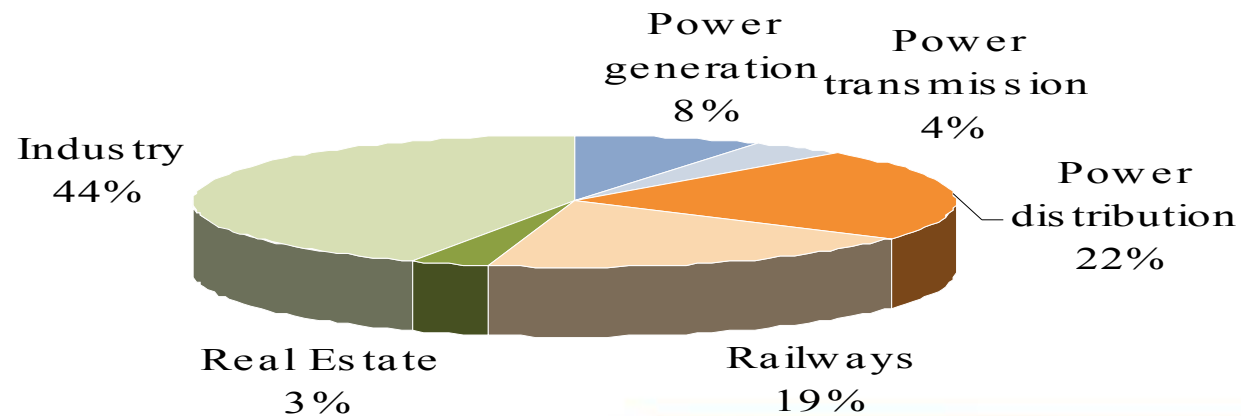




- The Indian Cable industry is currently estimated to be about **US\$ 6 billion**, dependent on growth in consumer sectors like
  - Power generation, transmission and distribution
  - Industrial CAPEX (new plants and factories)
  - Railways
  - Infrastructure - housing, commercial and business
  - Household wires
- The government has launched the program of “Power for all” by 2012 to keep up with the pace of the growing economy and plans to increase the power generation capacity to almost 2.25 times the current capacity in the next 10 years.

- Investments in other macro economic sectors like the railways, real estate and other industry of approximately **\$300 – \$400 billion** over next 5 years to sustain growth
- The cable industry is expected to grow over **US\$ 15-16 billion** with a CAGR of approximately **22%** in the next 5 years

## Sector wise cable demand



# **Nexans Polycab Pvt. Ltd.**

A key asset for both companies

- Joint venture majority-held by Nexans, named **Nexans Polycab Pvt Ltd**
- Nexans will be in charge of managing the company in close cooperation with Polycab
- **Nexans, complementing Polycab's portfolio, will bring:**
  - its expertise in high voltage cables
  - its expertise in industrial markets for elastomeric products
  - its worldwide strong commercial presence in all continents
  - Its presence towards global accounts
- **Polycab, strongly implanted in India, will bring:**
  - its industrial expertise in India
  - its understanding of local markets
  - its large distribution network all over the country
  - its logistics centers and commercial networks

## The joint-venture Nexans Polycab Pvt Ltd will:

- **Phase 1:**
  - Open its own production facility
  - Manufacture elastomeric products
  - Have its own sales forces, besides Polycab's teams
  - Distribute Nexans products which are not part of Polycab or joint-venture portfolios
- **Phase 2:**
  - Manufacture extra high voltage cables
  - Open a second production facility

## Calendar:

- Signature end of January 2008 of Memorandum
- Signature of final agreements expected during of the second quarter 2008
- Opening of the JV' s plant expected by the first quarter of 2009

- Alliance between the leading cable producer in India and the worldwide leader in the cable industry



## Creation of **Nexans Polycab Pvt Ltd**

### **POLYCAB**

- N° 1 in India
- 30 years of experience and strong relationships with major national and international customers
- Strong growth: sales x7 in ten years
- Strong manufacturing base (10 plants in Daman and Vadodara)
- Wide range of products compliant with latest standards
- Large distribution network
- Large commercial network

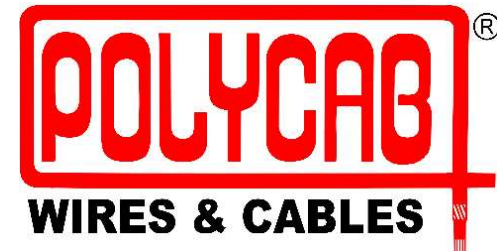
### **NEXANS**

- Worldwide leader
- Recognised industrial know-how and R&D capacity
- High Voltage leading position
  - Mastering of all technologies
  - Increasing part of the Group's global sales (12% in 2007 and + 45% of growth since 2005)
  - Book of orders full for the next 2 years
- Industry
  - 42% of growth in sales since 2005

- 
- **Answer to market demand for elastomeric cables addressing predominately following segments:**
    - Rolling Stocks (cables for trains)
    - Shipyards (cables for boats – Commercial & Navy)
    - Mining (cables for mines)
    - Handling (cables for cranes)
    - Windmills (cables for wind turbines)
    - Oil and Gas (cables for platform manufacturers)
  
  - **Adapt and develop its portfolio in future to meet market evolution**
    - Extra high Voltage cables
    - Other value added products for Industrial and Infrastructure segments

- **Location:** Daman
- **Date of opening:** 1<sup>st</sup> quarter 2009
- **Workforce:** Around 100
- **Type of cables manufactured:** Elastomeric
  
- **Market targeted:**  
Rolling Stocks, Shipyards, Oil&Gas, Windmills, Mining, Handling...
  
- **Capacity of production:**  
metallurgy, insulation, CV lines, mixing, jacketing, bedding, assembling, testing few thousands km of cables per year (depends on cable size !)

# Q & A



**Thank you for your attention**