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# **Financial Analysts Meeting**

**Morges, 21 March 2002**

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# Optical Fiber market

# Market Trends in Optical Communication

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- The price of standard single mode fiber to decrease continuously.
- The growth in fiber and fiber cable is driven by the need for bandwidth and geographic and regional distribution. Production capacity is available and long-term growth is in line with market. Historically fiber deployment has been cyclical.
- Growth rate will differentiate according to regions. Europe has a large installed fiber-base, deregulation of the last mile and 3G deployment will add demand as of 2003.
- The US market peaked at record levels in Q2 2001. In Q3 and Q4 a significant slow down has resulted after Sept. 11, 2001. The market is expected to recover second half of 2002
- Asia, in particular China (long haul) and Japan (last mile), show strongest demand for deployment and are expected to grow strongly over the following years.

**Long-term growth is healthy, but in the mid-term cyclical.**



# Customer Trends

**Nextrom's customers are globally operating producers of fiber and fiber cable, today subject to the following market trends:**

<b>Trends</b>	<b>Examples</b>
● Concentration / Consolidation	<ul style="list-style-type: none"><li>● Increasing concentration in the OF (top 10 companies have 90% market share) and FOC (75%) industry.</li><li>● Furukawa acquires Lucent FOC activities (November 2001)</li><li>● Corning acquires Pirelli's FO components activities (May 2001)</li></ul>
● Outsourcing	In-house OF / FOC manufacturing, service departments, etc.
● Cost Reduction	Standard equipment customized to particular customers to optimise cost globally
● Focus	Cable-makers increasingly focusing only fiber optics Alcatel - Nexans spin-off

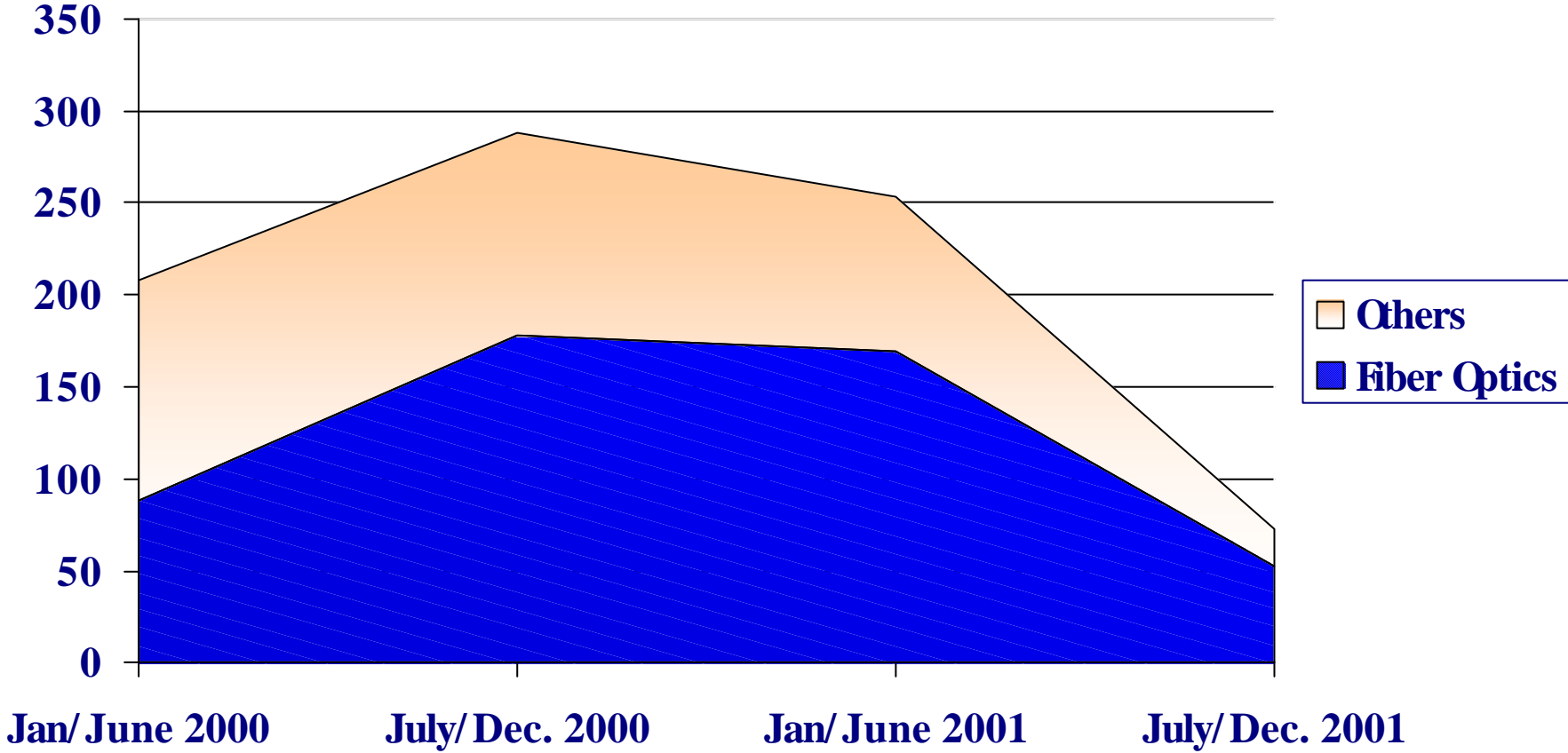
**The important trends that represent opportunities for Nextrom are:**

- Concentration and cost reduction – drives increasing standardisation of machinery
- Outsourcing of in-house manufacturing and service operations

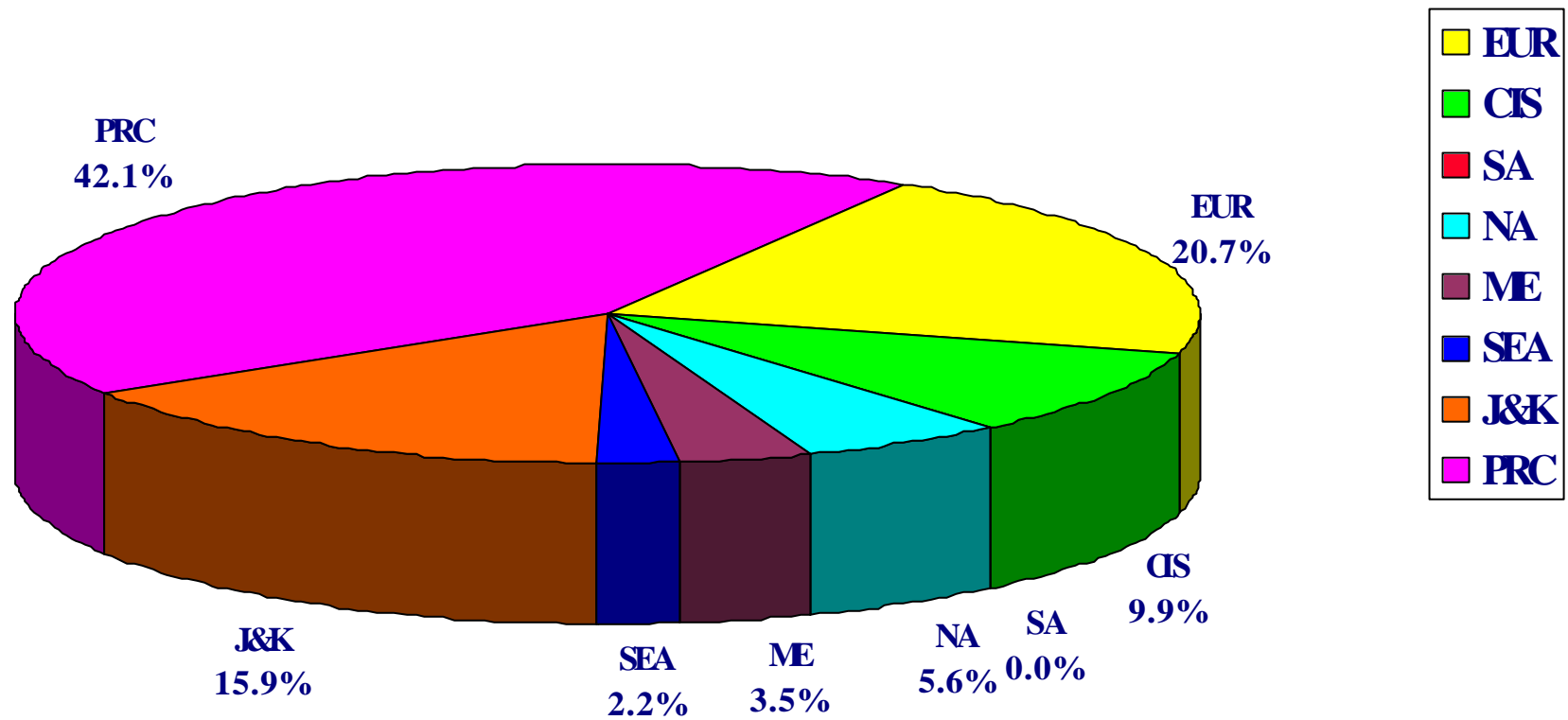
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# Nextrom performance 2001

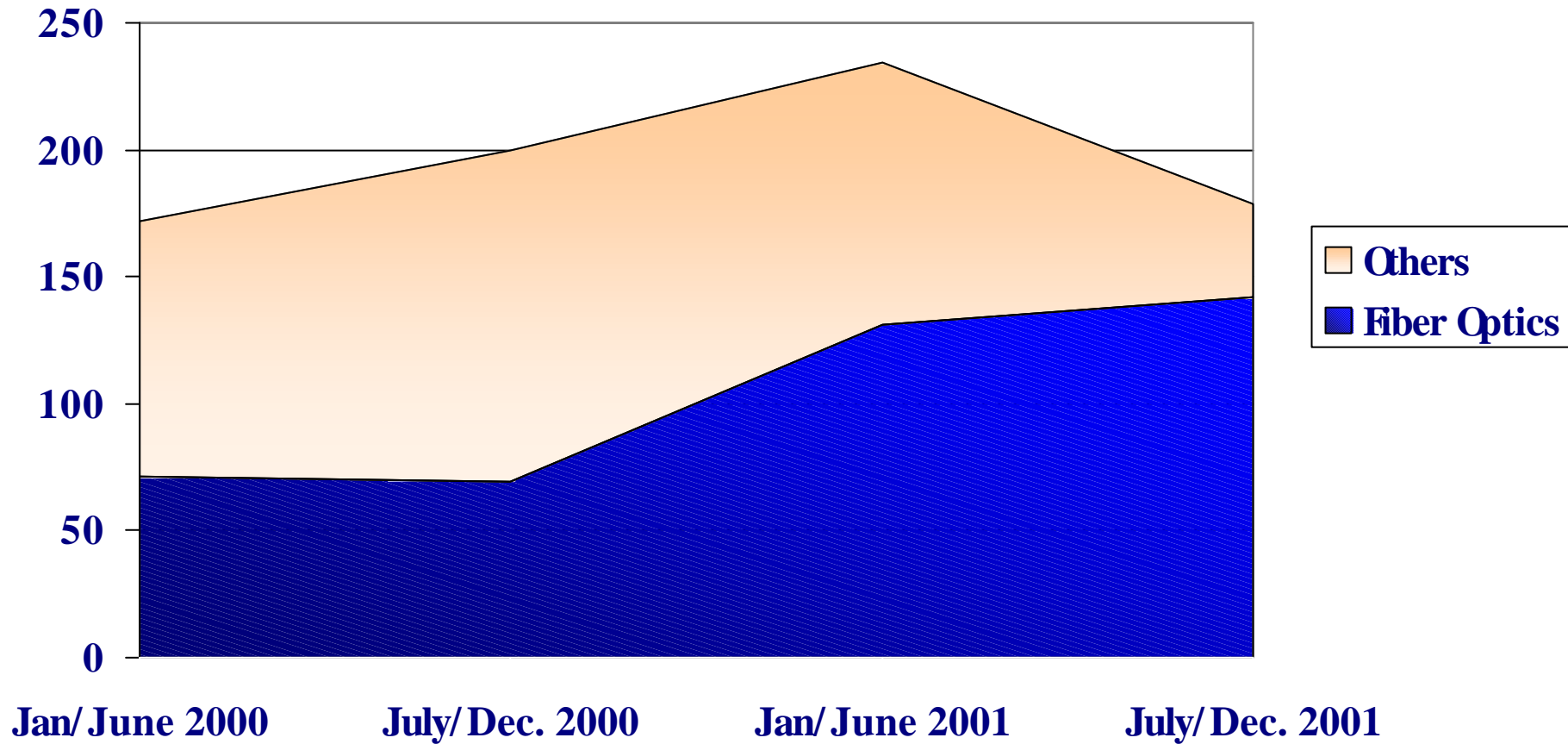
# SEMI ANNUAL ORDER INTAKE DEVELOPMENT



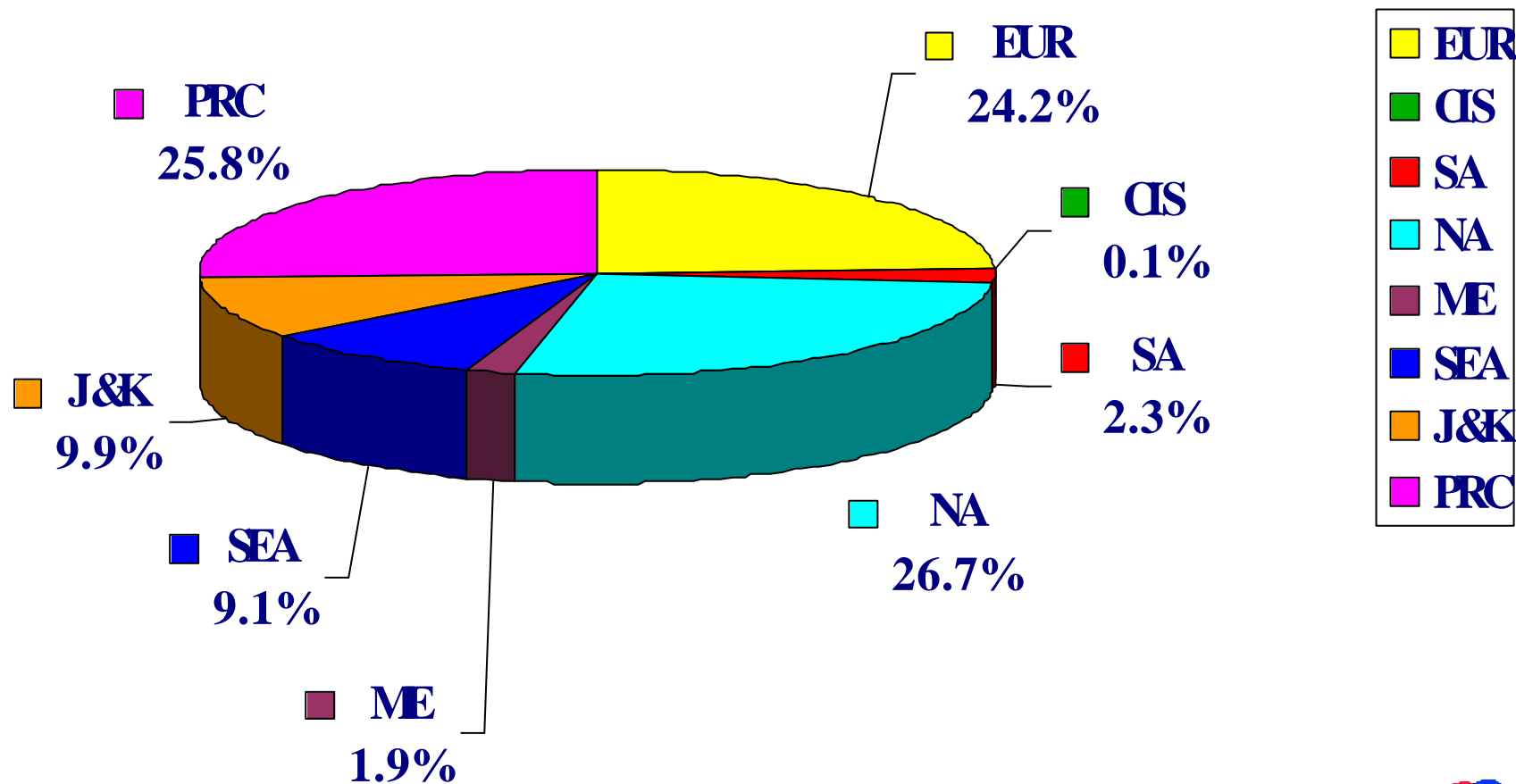
# FIBER OPTICS ORDER intake BY REGION - 2001



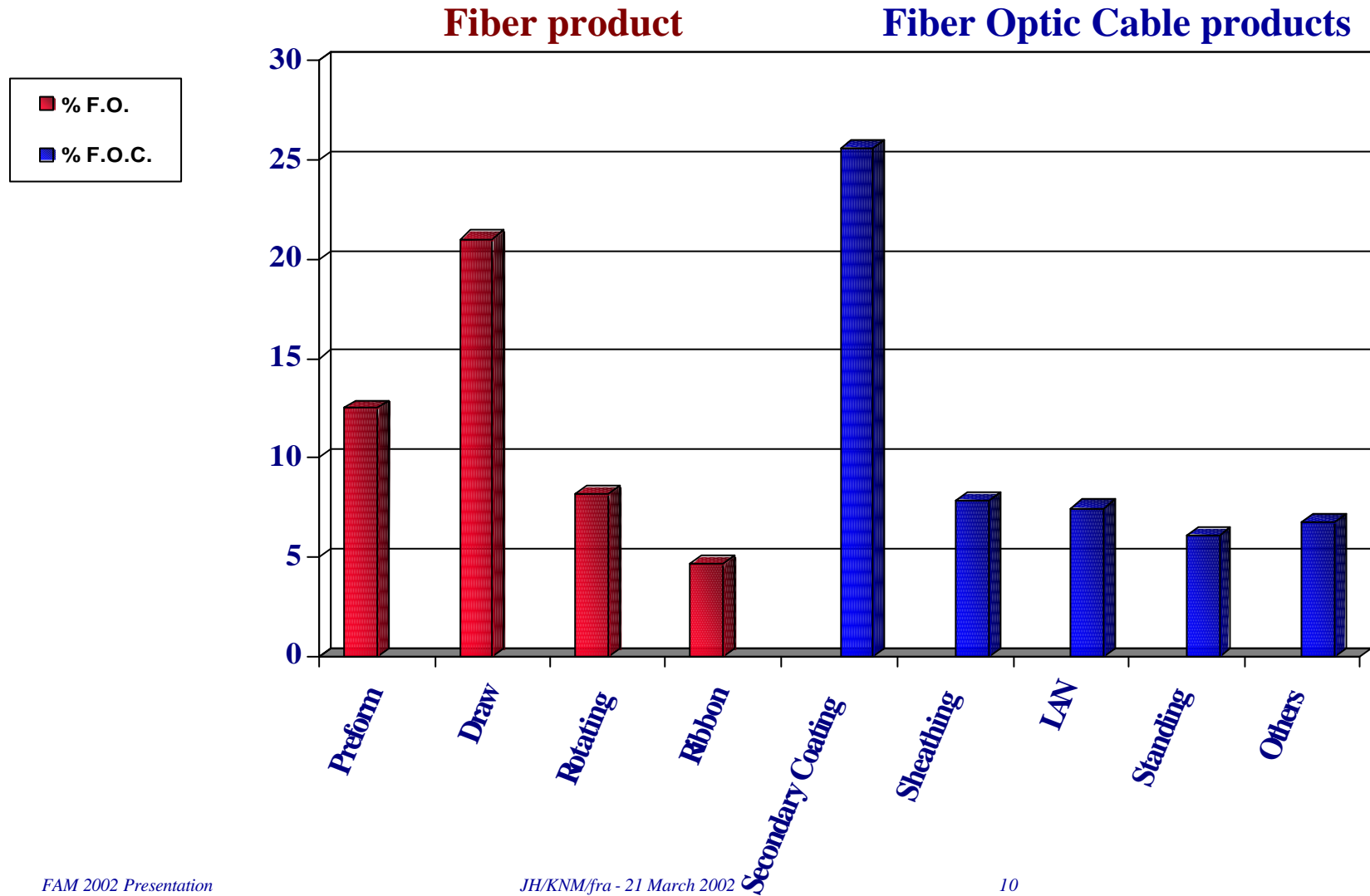
# SEMI ANNUAL GROSS SALES DEVELOPMENT



# FIBER OPTICS DELIVERIES BY REGION - 2001



# FIBER Deliveries by concepT - 2001



# PROFIT & LOSS

	Jan/Dec 2000	Jan/Dec 2001
<b>Order intake</b>	<b>496.0</b>	<b>326.0</b>
<b>Gross sales</b>	<b>359.5</b>	<b>413.1</b>
<b>Gross profit</b>	<b>51.9</b>	<b>79.7</b>
<b>Operating result ordinary activities</b>	<b>(8.1)</b>	<b>28.6</b>
• <b>Extraordinary expenses</b>	<b>(17.9)</b>	<b>(30.5)</b>
<b>Operating result</b>	<b>(26.0)</b>	<b>(2.1)</b>
• <b>Financial expenses</b>	<b>(10.2)</b>	<b>(4.7)</b>
• <b>Taxes</b>	<b>(5.9)</b>	<b>(9.2)</b>
<b>Net result</b>	<b>(42.1)</b>	<b>(16.0)</b>

# OPERATING results by segment

	January - December 2000			January - December 2001		
	Gross Sales	Segment Result		Gross Sales	Segment Result	
<b>Fiber Optics</b>	<b>140.2</b>	<b>15.2</b>	<b>10.8%</b>	<b>272.9</b>	<b>42.5</b>	<b>15.6%</b>
<b>Metallic &amp; Pipe</b>	<b>137.1</b>	<b>3.1</b>	<b>2.3%</b>	<b>88.8</b>	<b>3.0</b>	<b>3.4%</b>
<b>Rotating &amp; Twinning</b>	<b>47.8</b>	<b>-19.4</b>	<b>-40.7%</b>	<b>35.3</b>	<b>-3.6</b>	<b>-10.1%</b>
<b>Film</b>	<b>38.3</b>	<b>-1.8</b>	<b>-4.7%</b>	<b>25.7</b>	<b>-3.8</b>	<b>-14.7%</b>
<b>Others</b>	<b>8.4</b>	<b>-1.8</b>	<b>-21.4%</b>	<b>4.1</b>	<b>-4.6</b>	
<b>Unallocated Holding costs</b>		<b>-3.4</b>			<b>-5.0</b>	
<b>Elim. Int. Sales</b>	<b>-12.3</b>			<b>-13.7</b>		
<b>Op.result ord.activities</b>	<b>359.5</b>	<b>-8.1</b>	<b>-2.3%</b>	<b>413.1</b>	<b>28.6</b>	<b>6.9%</b>

## Exceptional items

	Jan/Dec 2000	Jan/Dec 2001
<b>Sale of Metallic &amp; Pipe</b>	-	(11.6)
<b>Rotating &amp; Twinning restructuring</b>	(16.7)	(5.1)
<b>Milan liquidation</b>	-	(9.5)
<b>Conex</b>	(5.9)	(4.4)
<b>Others</b>	4.7	-
<b>Total exceptional items</b>	<b>(17.9)</b>	<b>(30.6)</b>

## balance sheet development

	<b>December 1999</b>	<b>June 2000</b>	<b>December 2000</b>	<b>June 2001</b>	<b>December 2001</b>
<b>Working capital</b>	<b>83</b>	<b>62</b>	<b>35</b>	<b>34</b>	<b>11</b>
<b>Long-term assets</b>	<b>138</b>	<b>134</b>	<b>86</b>	<b>81</b>	<b>57</b>
<b>Net debt</b>	<b>139</b>	<b>123*</b>	<b>80*</b>	<b>59*</b>	<b>47*</b>
<b>** Gearing %</b>	<b>178</b>	<b>67</b>	<b>41</b>	<b>14</b>	<b>1</b>
<b>** Equity ratio %</b>	<b>20.1</b>	<b>31.3</b>	<b>27.5</b>	<b>29.2</b>	<b>32.8</b>

\* *Including subordinated loan of MCHF 46.*

\*\* *Subordinated loan considered as equity for gearing and equity ratio.*

## Cash flow

	Jan/Dec. 2000	Jan/Dec. 2001
<b>Loss before tax</b>	<b>-36.1</b>	<b>-6.7</b>
Depreciation, amortisation and impairment	41.5	18.9
Gain on disposal of fixed assets	-9.1	1.9
Loss on disposal of Metallic Cable & Pipe	0	11.6
Financial income and expenses	9.1	3.4
<b>OP before WC changes</b>	<b>5.4</b>	<b>29.1</b>
Change in current operating assets	15.9	15.3
Change in current operating liabilities	28.0	0.6
<b>Cash generated from Operations</b>	<b>49.3</b>	<b>45.0</b>
Income tax paid	-6.8	-5.8
<b>Net cash from Operating activities</b>	<b>42.5</b>	<b>39.2</b>

# Nextrom worldwide

