–Press Release–
Amsterdam, 23 November 2005

– TRADING UPDATE –

DRAKA EXPECTS FOR 2005 A SHARP INCREASE IN OPERATING RESULT (EXCLUDING NON-RECURRING ITEMS)

SUCCESSFUL REDUCTION IN OPERATING WORKING CAPITAL

The Board of Management of Draka Holding N.V. expects to close 2005 with a sharply higher operating result (2004: € 20.9 million) and a small positive net income[1], both excluding non-recurring items (net income in 2004: € 6.3 million, excluding costs for preference dividend). Net income in the second half of 2005 will include costs of around € 4 million for the refinancing program (non-recurring).

The clear improvement in operating result is being achieved in a market which remains difficult, with slow demand and still rising raw material prices (copper and polymers) maintaining the pressure on margins. These adverse factors are being more than offset, however, by the benefits accruing from the fundamental change in Draka's organisational structure, which has gained momentum in the second half of 2005, and a further reduction in the cost base of around € 25 million (of which about € 18 million in the second half-year).

Non-recurring items in the second half of 2005 are expected to amount to € 23 million negative, consisting of a provision formed for the 'Stop, Swap and Share' project at Draka Cableteq, which was announced on 30 August. This compares with non-recurring items of € 23.1 million negative in the second half of 2004. Including the non-recurring items of € 15.4 million positive in the first half of 2005, total non-recurring items are expected to amount to € 7.6 million negative this year (2004: € 25.2 million negative).

Draka expects to achieve its objectives for 2005: to reduce the level of capital employed and to generate an optimum level of free cash flow. In part this will be achieved by further reducing the operating working capital. Draka has set itself a target of lowering the operating working capital as a percentage of revenues to 27% by year-end, compared with 29.4% in June 2005 (year-end 2004: 27.4%). Despite a further increase in raw material prices since June 2005, inflating operating working capital in absolute terms, Draka currently expects to exceed that target by at least one percentage point. Partly thanks to this improvement, Draka also expects to generate a positive free cash flow in 2005 (excluding non-recurring items, utilisation of provisions and effects of disposals and acquisitions).

The dedicated working capital task force, set up in the second quarter of 2005, is clearly succeeding in its aim of lowering the working capital ratio.

[1] Under IFRS, preference shares are accounted for as debt as from 1 January 2005. Preference dividend is included in financial expenses in the profit and loss account. In accordance with IFRS, the comparative figures have not been restated.

Draka Cableteq

Draka Cableteq is expected to maintain the healthy performance it reported for the first half of 2005. With total market demand remaining broadly similar to that in the first half of the year, special-purpose cable is still outperforming the low-voltage cable segment. In particular the Elevator Products, Mobile Network Cable and Marine, Oil & Gas divisions are benefiting from favourable market conditions. The picture for the Transport division is mixed, with good demand for cable in the aerospace industry but a slight decline in demand from the automotive sector, in response to a modest downturn in car production.

The markets addressed by the Low-Voltage Cable and Rubber Cable divisions are stable, with the exception of the specialty cable segments such as zero-halogen, fire-retardant cable and cable for alternative energy sources (wind turbines and solar power systems) which are enjoying healthy growth. Despite continuing pressure on selling prices, results are improving in both divisions thanks to the positive impact of operational improvements and further price increases to compensate for the rise in raw material prices.

The ‘Stop, Swap and and Share’ project, which Draka Cableteq launched at the beginning of September, is on track. The resulting actions from this project, such as the closure of the factory in Leeds (UK), the reduction in the workforce in the Netherlands and the downsizing of the European wire and cable assembly activities, are proceeding and will be completed in the first quarter of 2006. Draka will form a provision of approximately € 23 million in the second half of 2005 to cover the cost of these measures. Annual cost savings of around € 15 million are expected to accrue, starting in 2006.

Draka Cableteq is expected to report modest volume growth and a considerably improved operating result (excluding non-recurring items) for the second half of 2005, compared with the same period last year (€ 21.0 million).

Draka Comteq

Conditions in the communication cable markets showed a further improvement in the third quarter of 2005, with prices stabilising and volume growth gradually picking up, driven by the data communication cable and optical fibre telecommunication markets. Demand for copper telecommunication cable in Europe is weakening, however.

Draka Comteq is benefiting from improved operating conditions and is gaining market share, particularly in the US, helped by the start-up of optical fibre production at its North American plant in Claremont at the beginning of the third quarter of 2005.

Partly reflecting the recovery in volume, Draka Comteq is expected to report a break-even operating result in the second half of 2005, a substantial improvement on the € 18.7 million loss reported in the same period of 2004 and € 8.7 million negative in the first six months of 2005. In addition to volume growth, cost savings (€ 14 million forecast for the second half of 2005, compared with € 5 million for the first six months) and industrial synergies (€ 4 million estimated for the second half 2005, as against € 2 million for the first half) will also contribute to the improvement in the operating result.

Draka Comteq is benefiting from its continuing improvement programmes and will continue to review additional decisions and actions that may be necessary to achieve and sustain excellence going forward.

Outlook

Draka does not expect conditions on the cable market to change significantly in the next few months, although the copper price is likely to remain volatile. Draka will continue to pursue the programmes designed to tighten the focus of its production activities and strengthen its marketing organisations, paying particular attention to the specialty cable segments.

Board of Management
Amsterdam, 23 November 2005