Draka

Draka's first half-year results 2006

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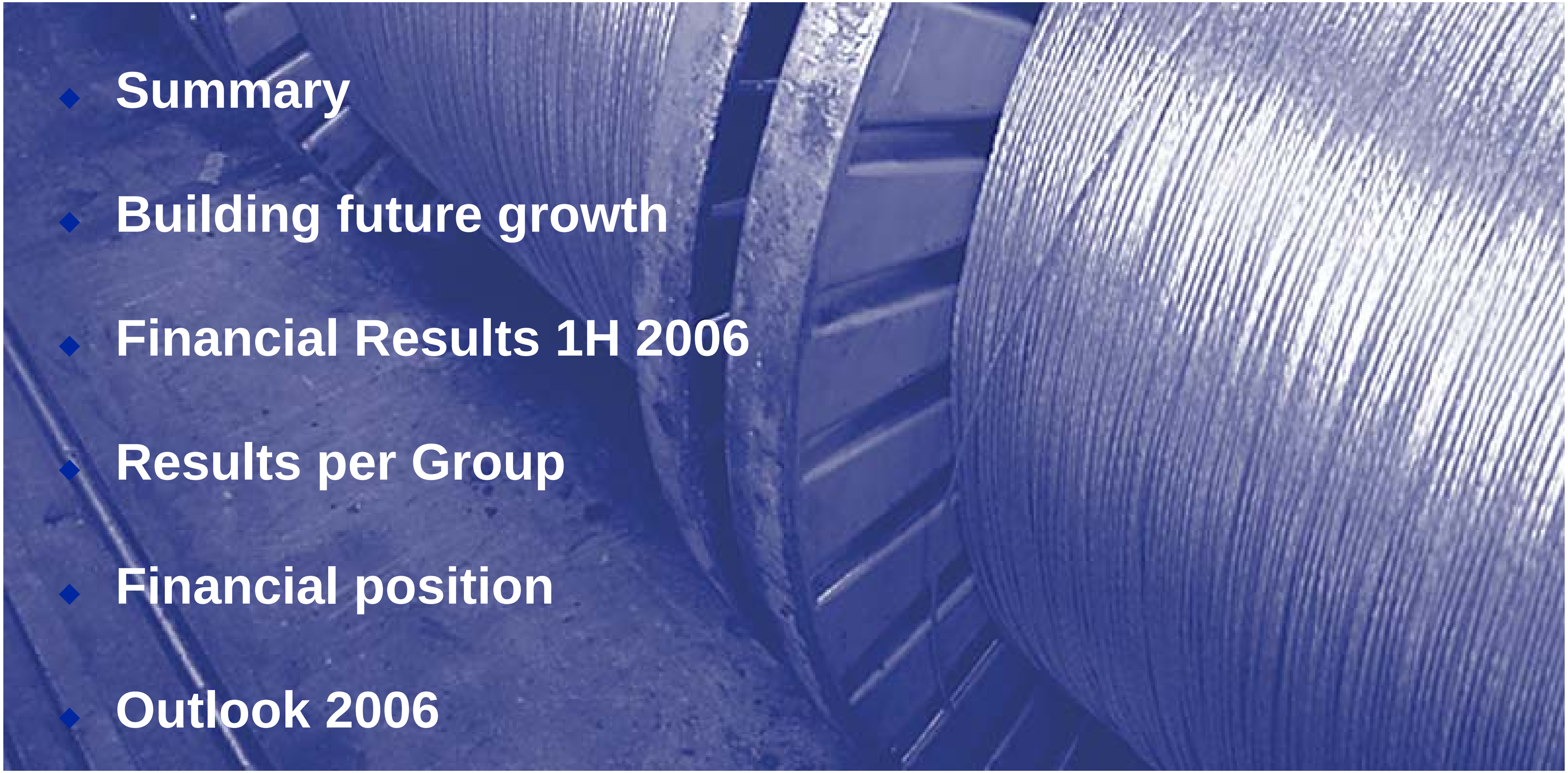
Agenda



- Summary
- Building future growth
- Financial Results 1H 2006
- Results per Group
- Financial position
- Outlook 2006

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Summary

- Revenue growth 32.5%; volume growth of 9%, driven by Draka Cableteq and continued growth at Draka Comteq in the fibre market
- EBIT excl. exceptionals more than tripled to € 39.1 million; Draka Cableteq's results sharply up, Draka Comteq stable positive result
- Operating working capital further reduced to 20.0% of revenues (1H 2005: 29.3%), despite higher raw material prices
- Preference shares with nominal value of € 53.5 million extended for six years. Shares reclassified so they qualify as shareholders equity
- Outlook for 2006: continued volume growth on global cable market anticipated. Draka expects operating result and net income (excluding non-recurring items) in 2H 2006 to at least equal 1H 2006

Building Future Growth

Building Future Growth

Strategy

- Focus on core competences
- Expand in selected markets (specialty cable & emerging markets)
- Consolidate position in mature markets

Optimisation

- Introduction of Stop, Swap & Share projects across the company
- Efficiency drive at operating level

Targets

- EBIT of € 90 million in 2007
- Lower NWC to 20-22% in 2007 to reduce capital employed

Finance

- Refinancing the balance sheet
- Improving balance sheet ratios

Building Future Growth: *Twelve months later*

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- ## Strategy
  - All insulated wire activities bought from International Wire Group, Inc. (USA). Transport division strongly improves its position as world's largest independent cable manufacturer
  - Acquired stake of 29.9% in Oakwell Engineering Ltd. strengthening position of Marine, Oil & Gas division in Far East
  - Organic growth: expanded position in China (Suzhou), opened new facilities in Australia, Indonesia and Slovakia
  - Focus on core competences: divested three companies of which two non-cable companies

Optimisation

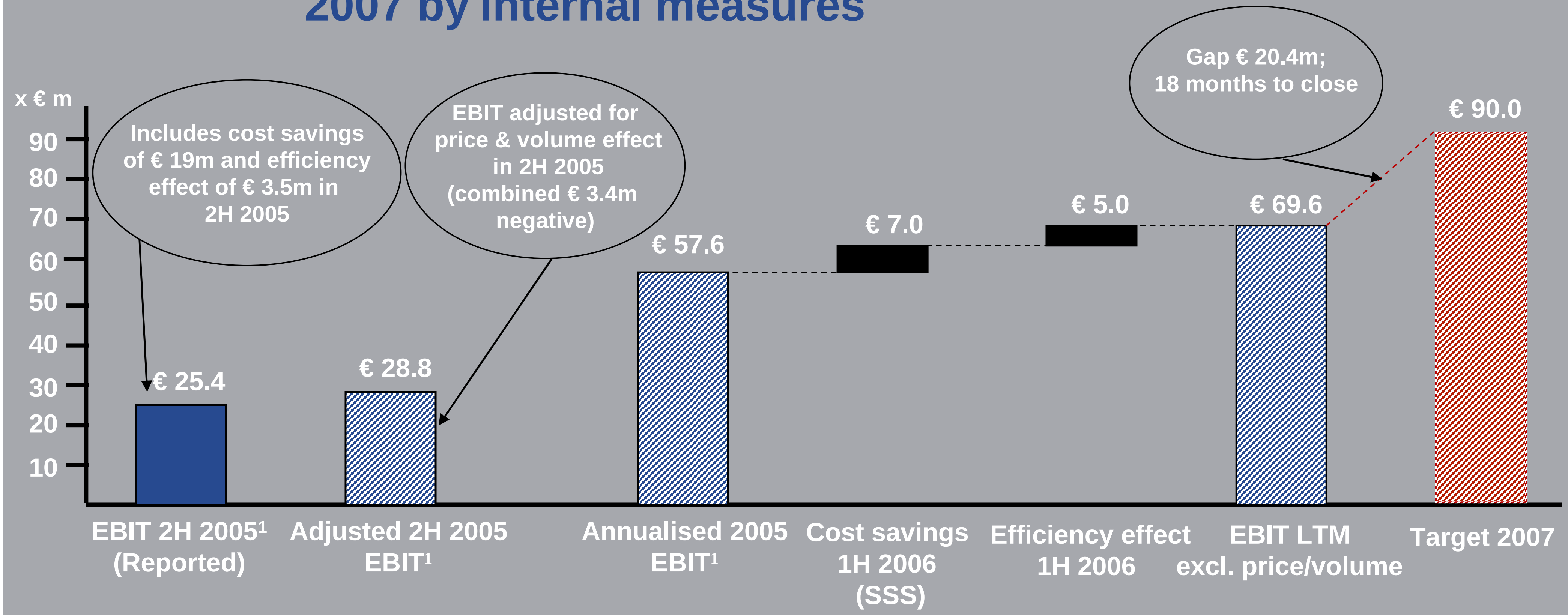
- Draka Comteq: launch of Stop, Swap & Share project in Cable Solutions EMEA division started in July 2006; Cost savings of € 12 million expected in 2008
- Draka Cableteq: Stop, Swap & Share project (announced in September 2005) in Low-Voltage and Rubber Cable divisions well on track; Cost savings of € 7 million realised in 1H 2006 plus additional € 8 million to come in 2H 2006
- Continuing efficiency drive and focus on further cost reductions driven by the new organisational structure

- Financial targets

	2004A	2005A	2H 2005A	1H 2006A	2007E
Revenue	€ 1,684m	€ 1,879m	€ 981m	€ 1,190m	c.€ 1,800m[1]
Operating result	€ 20.9m	€ 37.6m	€ 25.4m[2]	€ 39.1m[2]	€ 90m
NWC as % of sales	27.3%	21.3%	21.3%	20.0%	~20-22%

[1] Based on copper prices of 30 August 2005 and portfolio of activities
[2] Excluding non-recurring items of € 23m negative in 2H 2005 and € 5m negative in 1H 2006

- **Targets: Well on track to reach operating result of € 90 million in 2007 by internal measures**



[1] Excluding non-recurring items of € 23m negative in 2H 2005

- **Finance**
  - **Further strengthening of balance sheet ratios by extending preference shares with nominal value of € 53.5m for six years. Shares reclassified so they qualify as shareholders' equity (as from 15 August 2006)**
  - **Refinancing finalised in September 2005:**
    - **Successful issue of € 100 million 4% convertible bond**
    - **Buy back of € 48.6m of existing 5% convertible bond**
    - **Syndicated credit facility (€ 350 million) syndicated in the market**

Financial results 1H 2006

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Key figures

(x €m)	1H 2006	1H 2006[1]	1H 2005[1]	2H 2005[1]
Revenues	1,189.9	1,189.9	897.9	980.8
EBITDA	66.8	66.8	38.7	57.0
EBITDA-margin	*5.6%*	*5.6%*	*4.3%*	*5.8%*
EBIT	34.1	39.1	12.2	25.4
EBIT-margin	*2.9%*	*3.3%*	*1.4%*	*2.6%*
Net result	12.1	17.1	1.0	5.5
EPS (€)	0.34	0.48	0.03	0.15
Operating cash flow	(17.4)	(17.4)	(27.6)	125.2

[1] Excluding non-recurring items of € 5.0m negative in 1H 2006, € 15.4m positive in 1H 2005 and € 23m negative in 2H 2005

- **Explanation financing costs (cash & non cash)**

(x €m)	Cash	Non cash	Total
Convertible bond 2007 (€ 91m)			
Interest	2.4		2.4
IFRS (3%)		1.4	1.4
Convertible bond 2010 (€ 87m)			
Interest	1.8		1.8
IFRS (3%)		1.3	1.3
Preference dividend	4.6		4.6
Interest costs	9.4		9.4
Alcatel put		+0.8	+0.8
Total	18.2	1.9	20.1

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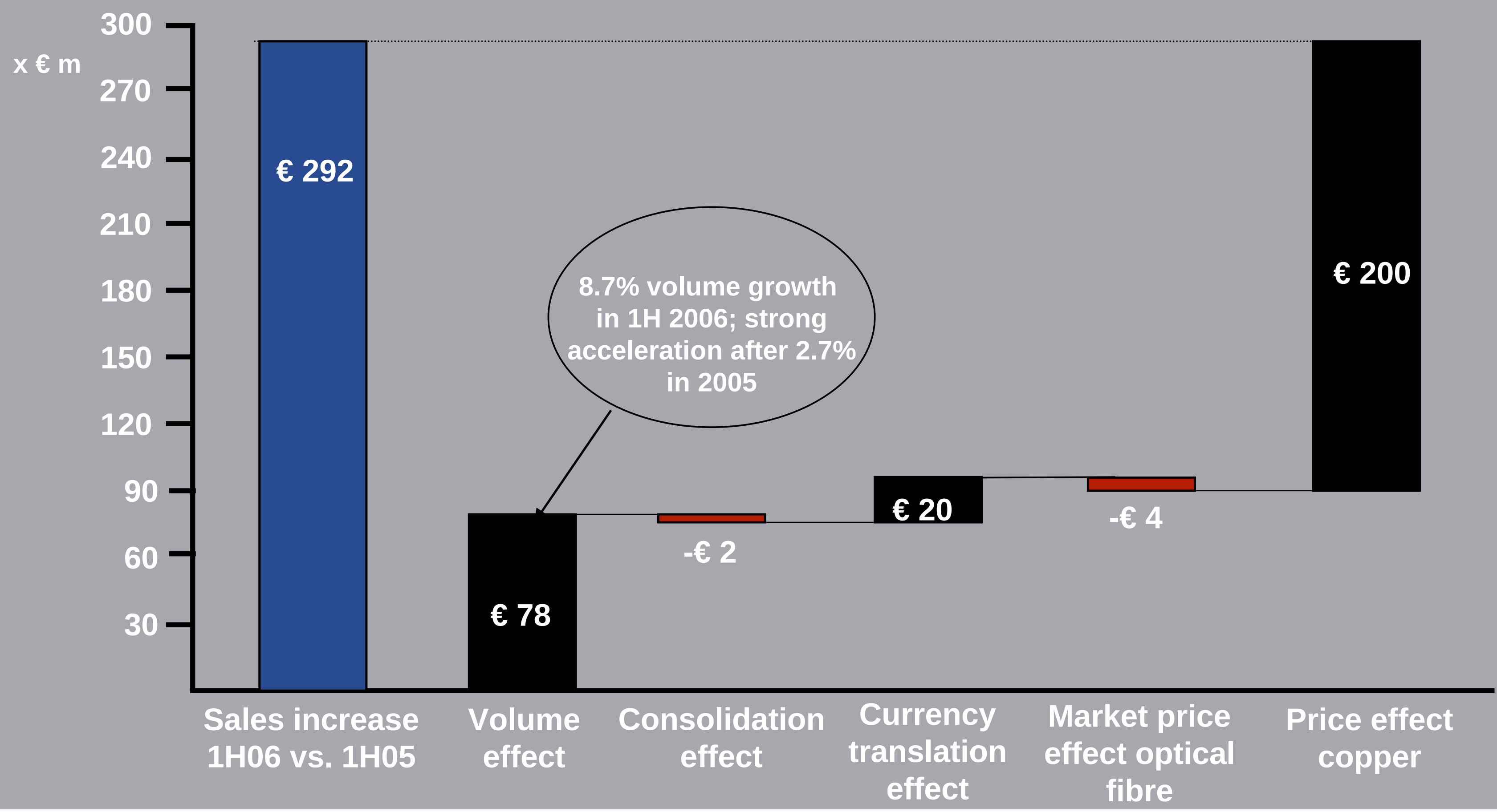
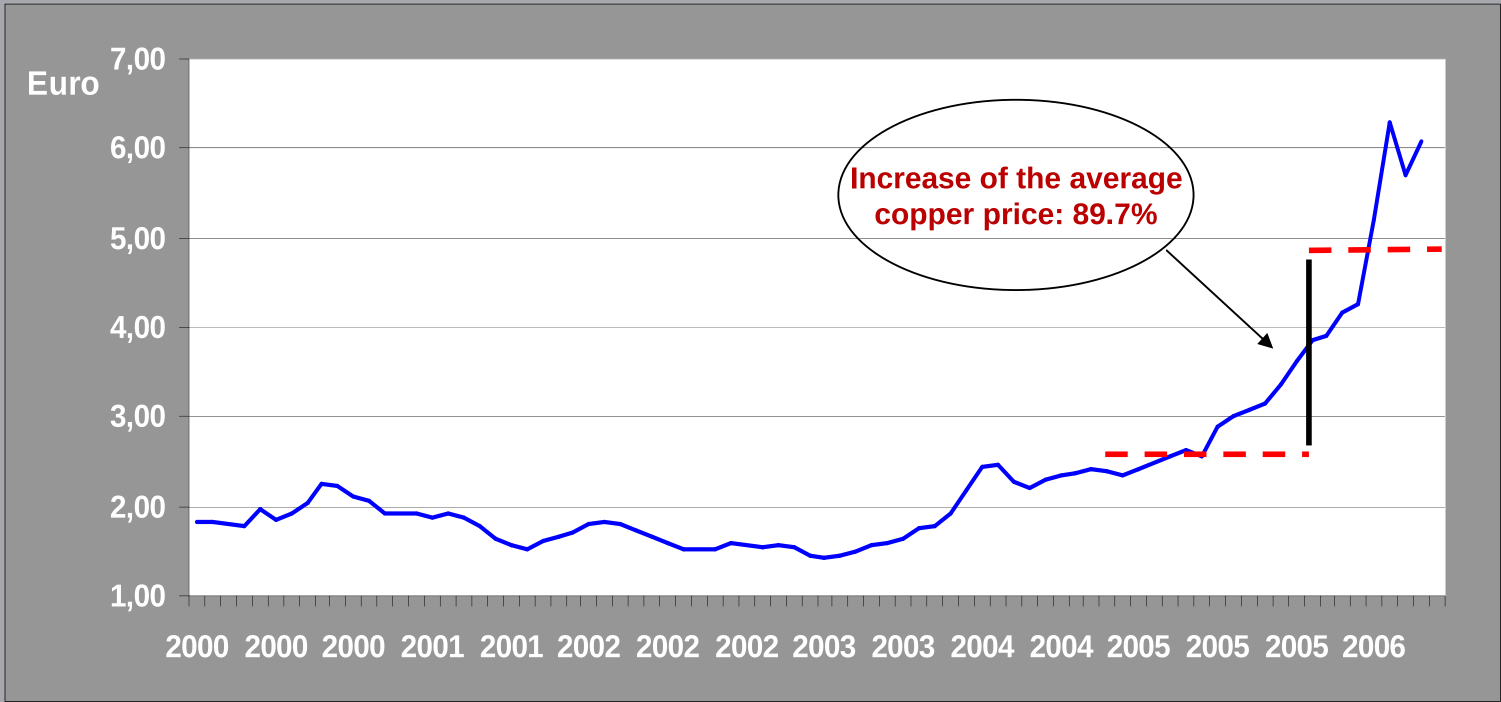
Revenue analysis 1H 2006 vs. 1H 2005



Copper price development 2000-1H 2006

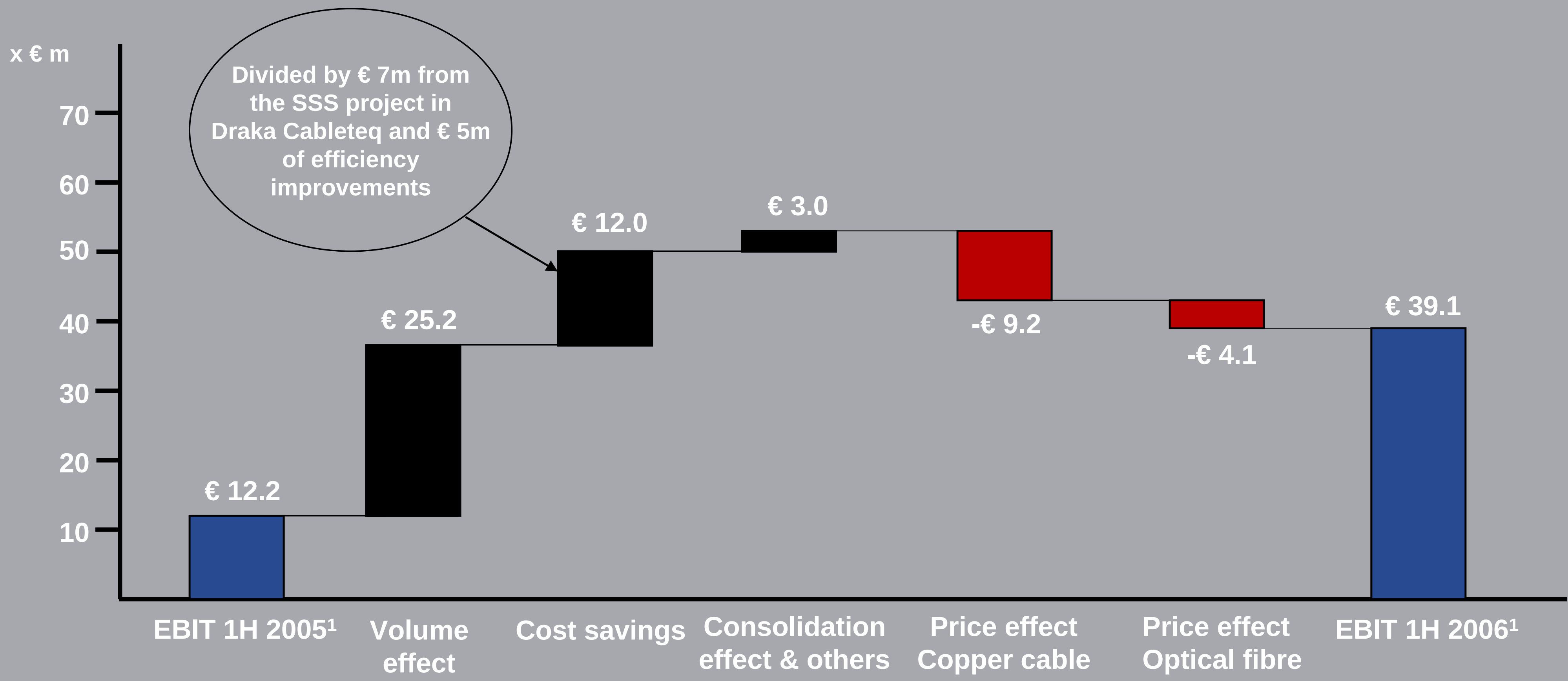


Average copper price in 1H 2006: € 4.92

Copper price 4 September: € 5.92

Average copper price in 1H 2005: € 2.59

EBIT analysis 1H 2006 vs. 1H 2005



[1]Excluding non-recurring items of € 5.0m negative in 1H 2006 and € 15.4m positive in 1H 2005

Results per Group

	Revenue			EBIT		
(x €m)	1H06	1H05	2H05	1H06[1]	1H05[1]	2H05[1]
Draka Cableteq	915.2	664.8	715.1	45.1	28.5	29.2
Draka Comteq	274.4	233.1	265.7	1.5	(8.7)	1.1
Others	-	-	-	(7.5)	(7.6)	(4.9)
Total	1,189.6	897.9	980.8	39.1	12.2	25.4

[1] Excluding non-recurring items of € 5.0m negative in 1H 2006, € 15.4 positive in 1H 2005 and € 23m negative in 2H 2005

- Revenue growth 32.5%: accelerated volume growth (8.7%) & copper price impact (21.8%)
- EBIT more than tripled, driven by cost savings and efficiency drive

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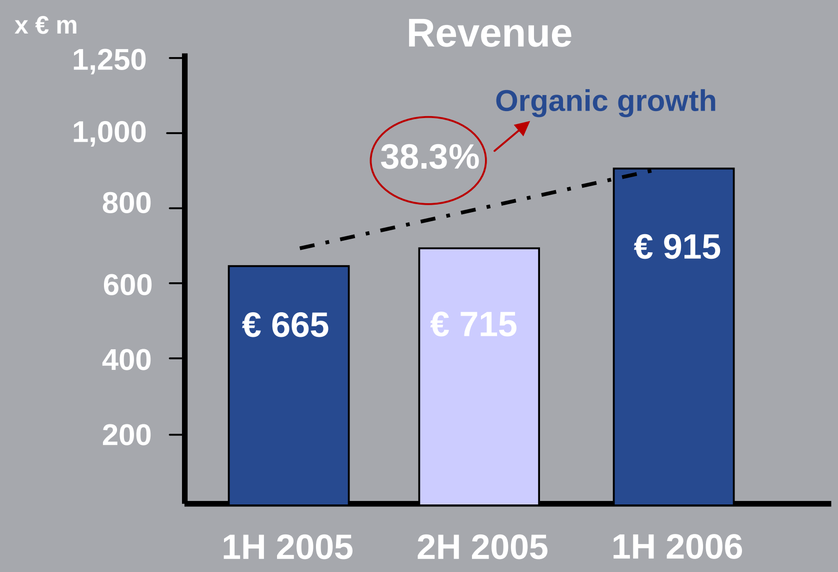
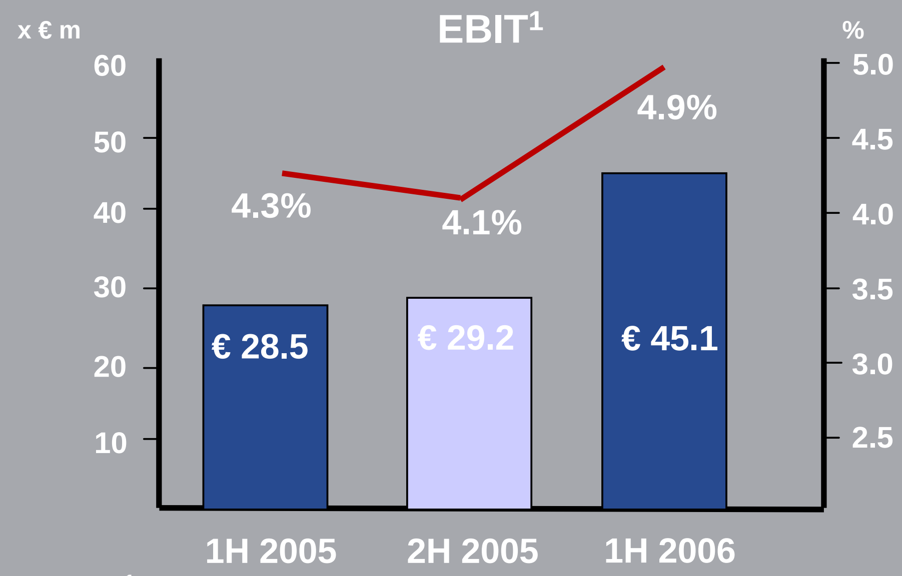
Draka Cableteq



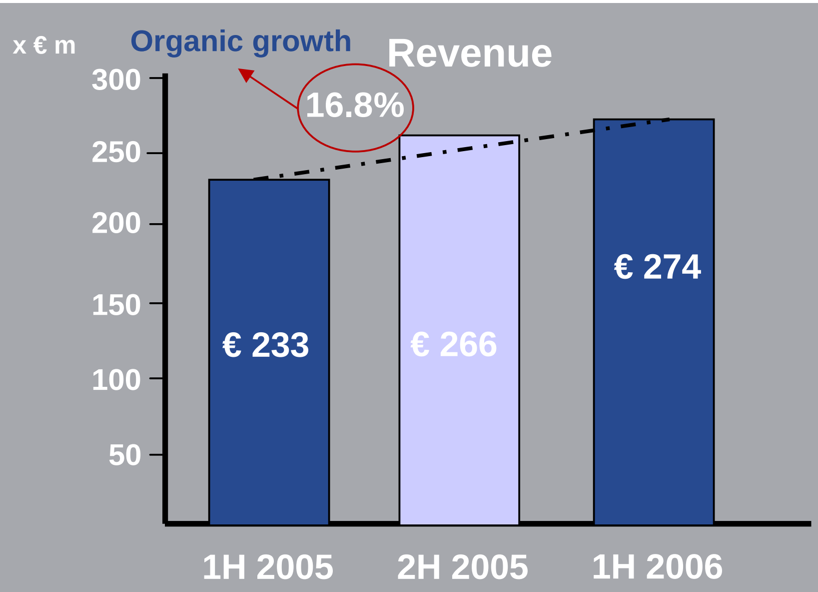


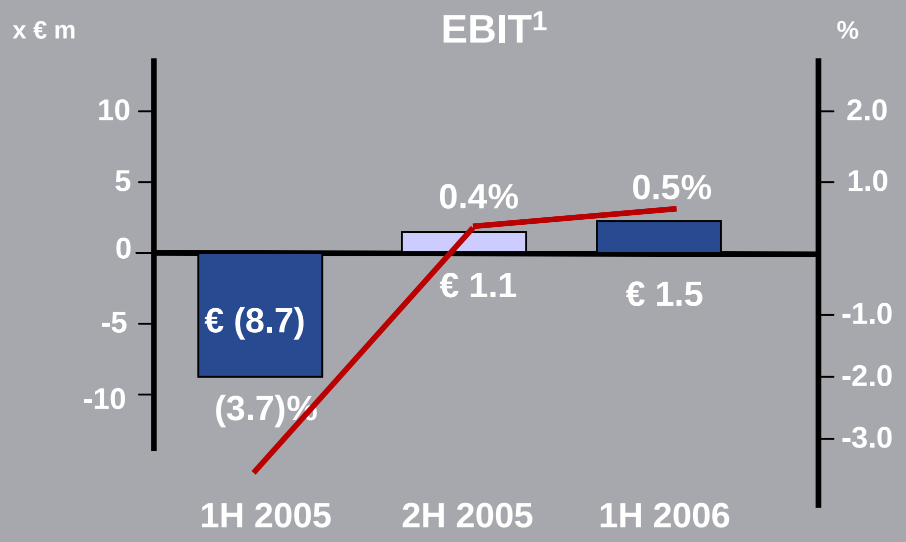
[1] Excluding non-recurring items

- **Considerable organic revenue growth of 38.3% in 1H 2006**
- **EBIT growth accelerated further to 58.2% in 1H 2006**
- **Volume growth, better product mix and cost control contributed to improved results; Negative impact from higher raw material prices mitigated by reducing delay in passing on price increases to clients**

Draka Cableteq – Main topics

- Market circumstances in low-voltage cable improved; Special-purpose cable segment maintained its healthy growth
- Position in emerging markets and specialty cable segment expanded by the acquisition of insulated cable activities from IWG
- All divisions contributed to the results, with the low-voltage cable activities achieving the most progress
- Sharp increase in raw material prices had limited impact on margins; lower impact was realised by increased focus on passing on price increases to customers
- Successful completion of the first step of the Stop, Swap & Share project. Achieved cost savings € 7 million in 1H 2006, additional € 8 million expected in 2H 2006





[1] Excluding non-recurring items

- Organic growth recorded of 16.8%
- Draka Comteq reports a stable positive result of € 1.5 million
- Volume growth and ongoing cost reductions contributed to the underlying results; lower average selling prices and higher raw material prices continued to depress results

Draka Comteq – Main topics

- Communication cable market experienced strong growth in single mode fibre segment (20%) and healthy performance in data communication cable (4.5%)
- Draka Comteq maintained its leadership position in Europe and China and gained further market share in the US
- Stop, Swap & Share programme announced (29 June 2006) in Cable Solutions EMEA division. Implementation is on schedule. Provision of € 25 million is formed of which € 5.0 million (impairment) is taken in 1H 2006. Annual cost savings, estimated at c.€ 12 million, will be realised in full in 2008
- New manufacturing facility in Presov (Slovakia) opened in order to meet growing demand for copper data communication products

Financial position

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- Cash flow from operating activities improved to € (17) million from € (28) million driven by more than tripling of operating result and smaller seasonal increase in operating working capital
- Operating working capital further reduced to 20.0% of revenue (2004: 29.4%), despite 90% increase in average copper price
- Shareholder's equity increased by € 53.5 million on 15 August 2006 due to change in conditions of preference shares (A); term is six years and dividend is 7.11%
- Net interest-bearing debt (excl. preference shares, incl. subordinated convertible bonds at nominal value) showed modest increase of € 43 million

Cash flow statement

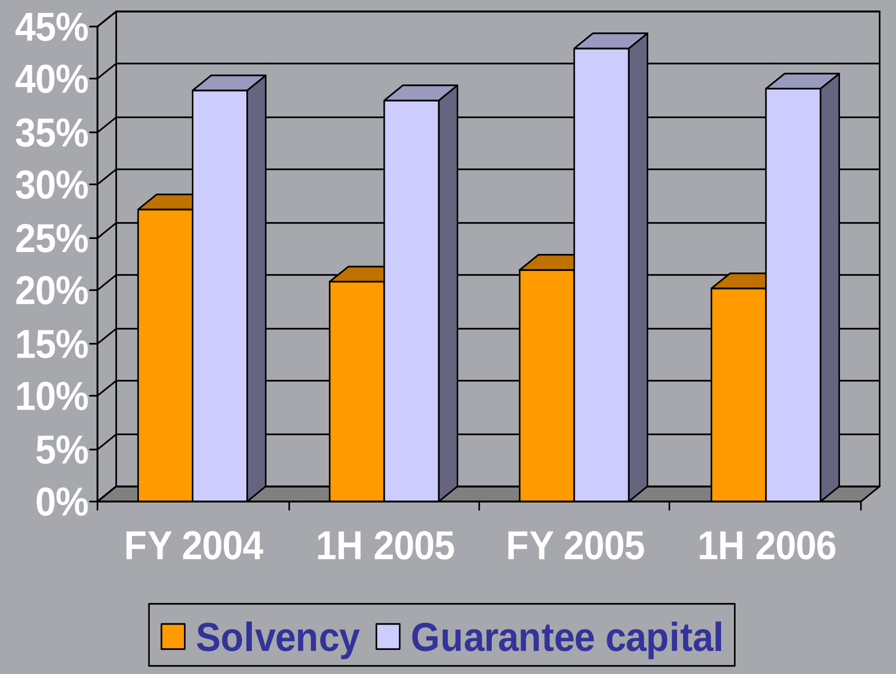
(x €m)	1H 2006	1H 2005	FY 2005
EBIT[1]	39	12	38
Depreciation	28	27	58
Working capital	(65)	(27)	55
Others (interest, tax, provisions)	(19)	(40)	(53)
Operating cash flow	(17)	(28)	98
Dividend	(9)	(9)	(9)
CF from Investments	(14)	8	(20)
Free cash flow	(40)	(29)	69
CF from Financing	46	30	(88)
Net cash flow	6	1	(19)

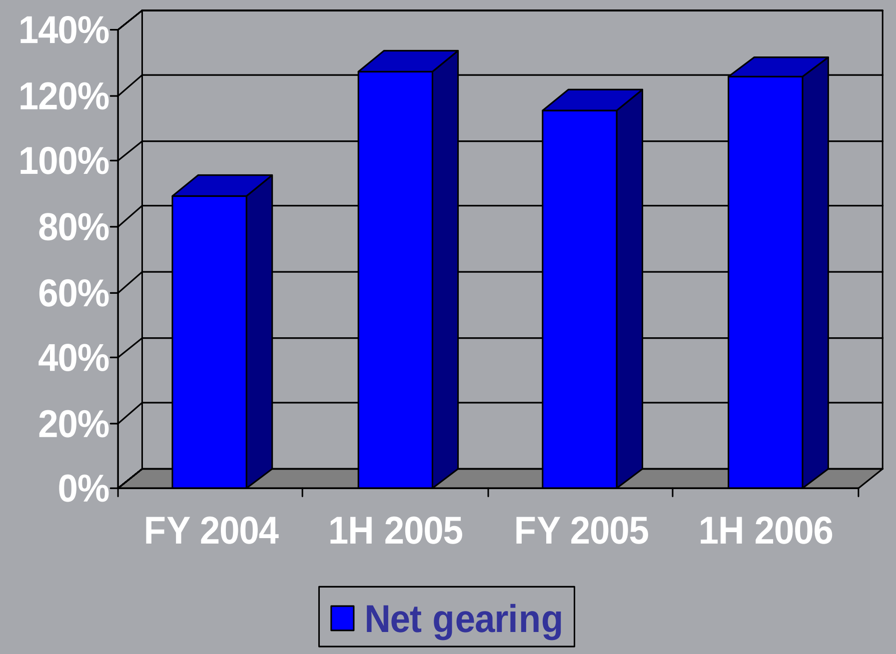
[1] Excluding non-recurring items of € 5m negative in 1H 2006, € 15.4m positive in 1H 2005 and € 7.1m negative in FY 2005

Investments & depreciation

(x €m)		1H 2006	1H 2005
Draka Cableteq	- Investments	9	13
	- Depreciation	19	18
Draka Comteq	- Investments	8	2
	- Depreciation	9	9
Total	- Investments	17	15
	- Depreciation	28	27

Balance sheet ratios





Solvency & guarantee capital decreased, while net gearing increased; all fully explained by financing (seasonal) increase operating working capital

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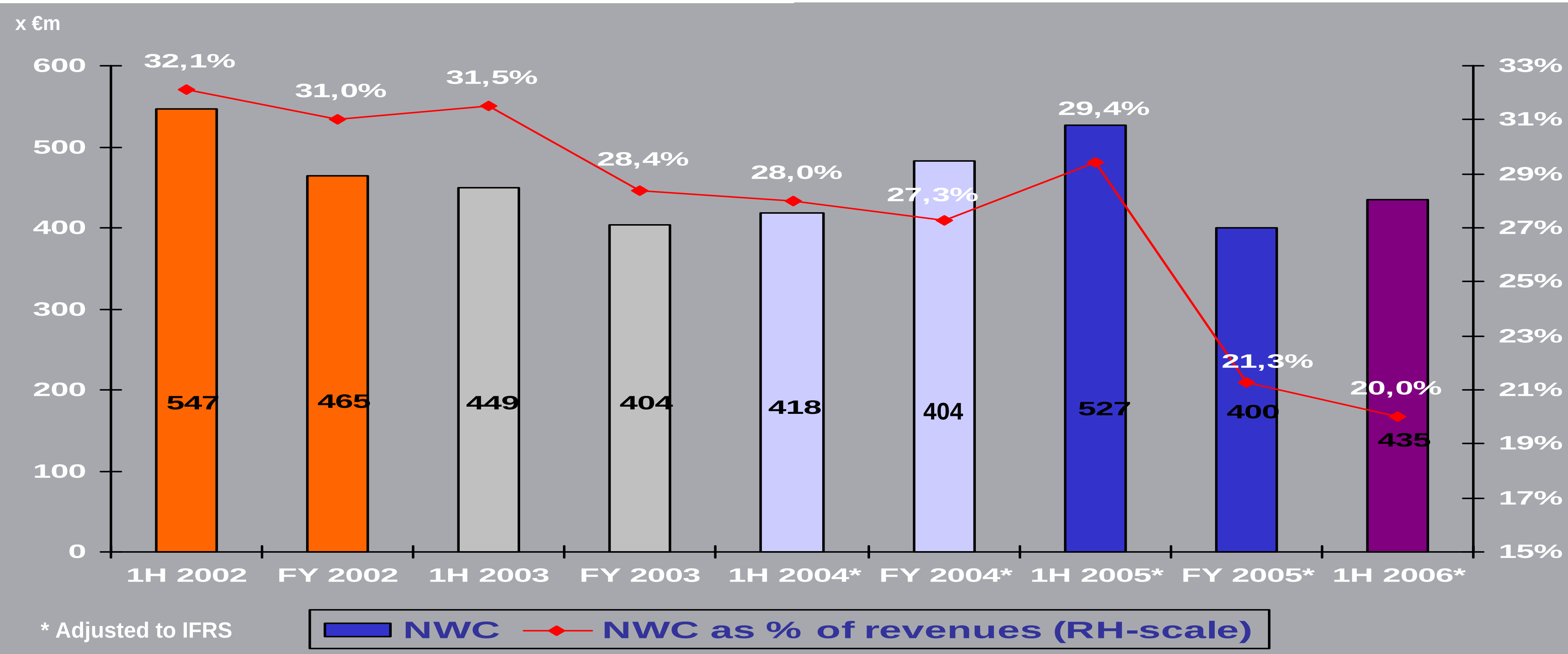
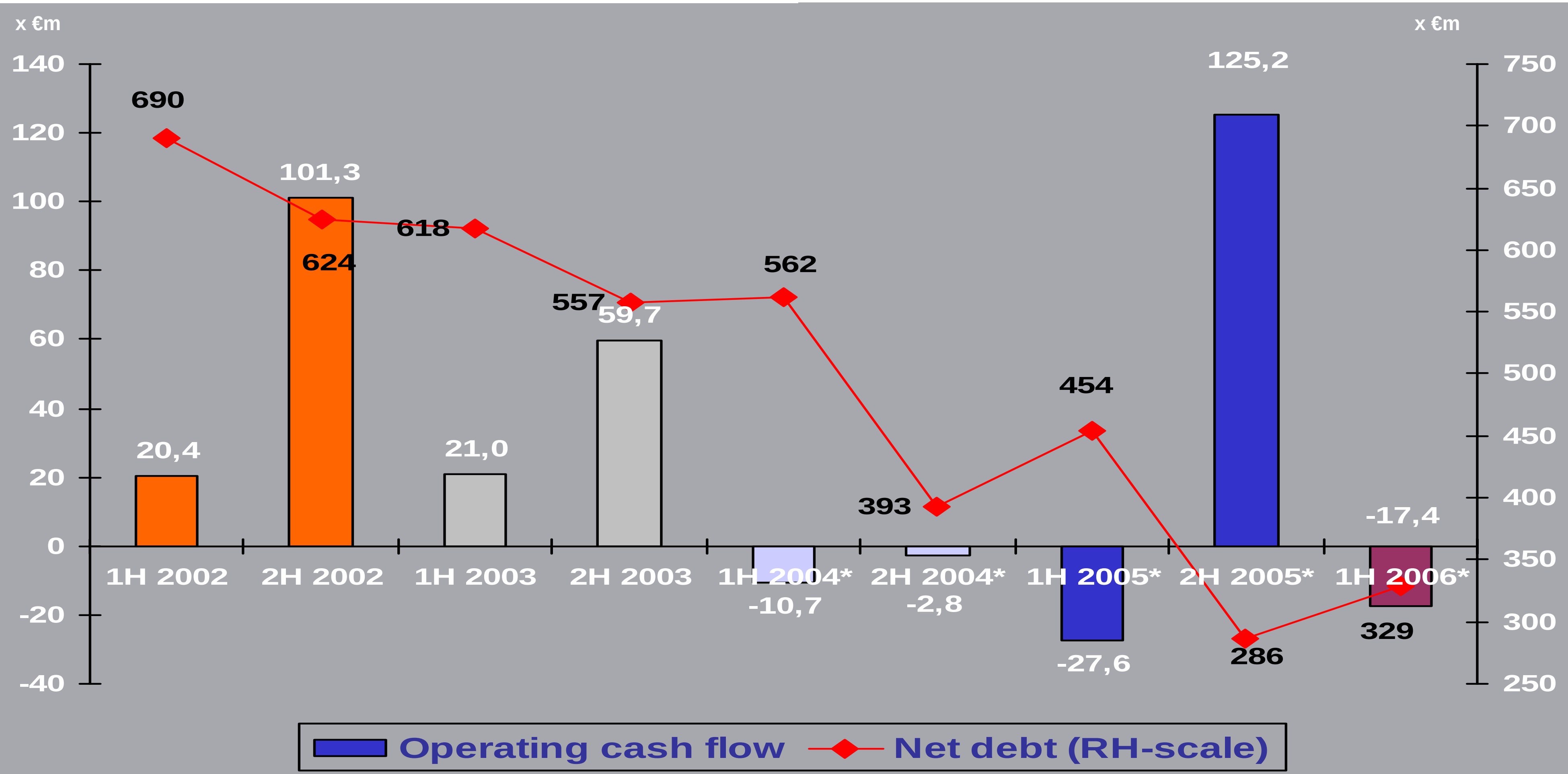
Operating working capital



* Adjusted to IFRS

- Inventory reduced from 75 days in June 2005 to 69 days in June 2006
- Payment period with customers shortened from 82 days in June 2005 to 77 days in June 2006
- Payment period with suppliers increased from 50 days in June 2005 to 73 days in June 2006

Operating cash flow & Net interest-bearing debt



*Adjusted to IFRS

Net debt: all figures excluding preference shares incl. convertible bonds at nominal value

Outlook for 2006

- Positive market conditions in Western-Europe anticipated to continue; Asia and US expected to outperform European market demand
- Continued volume growth expected, albeit at a lower pace than in 1H 2006; growth anticipated to be driven by both specialty segment and low-voltage segment
- Continued management focus to address volatile raw material prices
- Succesful completion of first step Stop, Swap & Share project; additional cost savings of € 8 million expected in 2H 2006

- Further growth in demand for communication cable expected; ongoing good performance in fibre market and small recovery in copper telecom compared to 1H 2006
- Market for single mode fibre expected to grow by c.10-15% in 2H 2006 driven by US and Asian markets
- Sustained pressure on selling prices
- Important first steps in implementation of Stop, Swap & Share project within Draka Comteq’s Cable Solutions EMEA division

- Draka expects that, barring unforeseen circumstances, its operating result and net income (excl. non-recurring items) in 2H 2006 will at least equal 1H 2006 figures.
- Objectives for 2006 in accordance with Draka's strategic focus:
  - Further strengthening of marketing organisations with emphasis on special-purpose cable segment with the aim of stimulating organic growth
  - Continuation of policy to strengthen Draka's organisation in general
  - Ongoing investment in R&D: emphasis on product innovation
  - Continuation of programmes aimed at greater focus at production facilities
  - Stabilising operating working capital ratio at level (20-22%)
  - Achievement of optimum free cash flow. Investments expected of c.€ 45 million, around 80% of depreciation

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Invitation for Draka's factory visit 2006

When:	**Tuesday, 31 October**
Where:	**Draka's Low Voltage Cable activities (Emmen, Holland)**
Who:	**Analysts, journalists and institutional investors**
What time:	**11.00h-16.00h**

Q & A