Draka

–Press release–
Amsterdam, 9 March 2007

ANNUAL FIGURES 2006

OPERATING RESULT AND NET INCOME SHARPLY HIGHER AT € 90.6 MILLION AND € 45.4 MILLION RESPECTIVELY (BOTH EXCLUDING NON-RECURRING ITEMS)

DIVIDEND PAYMENT RESUMED; PROPOSED DIVIDEND € 0.37 PER SHARE

DRAKA HOLDS FIRM TO 2007 TARGETS

(in millions of euros, unless stated otherwise)	2006	2005
Revenues	2.529,4	1.878,7
EBITDA, excluding non-recurring items[1]	145.3	90.6
Operating result, excluding non-recurring items[1]	90.6	37.6
Operating result	57.7	30.5
Net income, excluding non-recurring items[1]	45.4	6.5
Net income	21.8	4.4
EPS, excluding non-recurring items[1,2] (€)	1.24	0.18
Proposed dividend per ordinary share (€)	0.37	0.00
Cash flow from operating activities	79.9	88.4

- **Rapid (7%) volume growth sustained, reflecting expansion of the low-voltage cable market (Draka Cableteq) in response to economic recovery in Europe and faster growth in the optical fibre market (Draka Comteq).**

- **Operating result excluding non-recurring items 141% higher, at € 90.6 million, reflecting volume growth, cost savings and efficiency gains, with Draka Cableteq posting a sharply higher result and Draka Comteq moving into profit[1] for the first time since its formation.**

- **Net income € 45.4 million; EPS € 1.24 (both excluding non-recurring items).**

- **Dividend payment resumed; proposal is € 0.37 per ordinary share, payable in cash.**

- **Operating working capital reduced to 16.6% of revenues (2005: 21.3%), despite sharp increase in raw material prices and volume growth.**

- **Outlook for 2007: further volume growth in global cable market expected, but prices of important raw materials (copper and polymers) likely to remain volatile. Draka reiterates its target of an operating result[3] of € 90 million (excluding price, volume and acquisition effects); including price, volume and acquisition effects until 31 December 2006 this amounts to around € 115 million.**

[1] The non-recurring charge in 2006 amounted to € 32.9 million and concerned the implementation of the Stop, Swap & Share project at Draka Comteq (€ 26.8 million) and a number of smaller projects at Draka Cableteq (€ 6.1 million). In 2005, the non-recurring charge amounted to € 7.1 million.
[2] Earnings per ordinary share after appropriation of preference dividend in 2006.
[3] Excluding non-recurring items.

Annual figures 2006

Commenting on developments in 2006, Ingolf Schulz, Chairman and CEO of Draka Holding N.V., stated: *"2006 was a good year for Draka. Apart from the fact that the company profited from favourable economic conditions, the sharp profit recovery was mainly attributable to the execution of its strategy, focusing on operational excellence, commercial dynamism and investment in growth markets. During the year under review, Draka also proved able to absorb the turbulence on the commodities markets without weakening its financial position. Our performance in 2006 confirms that Draka has created a solid foundation on which to pursue further growth.*

"In line with Draka's strategic principles this growth will be pursued in all our business segments with specific focus on the special-purpose cable segment and emerging markets. We have started 2007 in a good position: our strategy is clear, the market conditions are generally favourable and Draka's divisions are well-positioned. Draka therefore stands by its target of achieving an operating result[4] of € 90 million (excluding volume, price and acquisition effects) in 2007. Including volume, price and acquisition effects since the announcement of this target until 31 December 2006 this amounts to approximately € 115 million."

(in € millions)	2006	2005	2H 2006	2H 2005
Revenues				
Draka Cableteq	1,936.2	1,379.9	1,021.0	715.1
Draka Comteq	593.2	498.8	318.8	265.7
Total	2,529.4	1,878.7	1,339.8	980.8
Operating result[1]				
Draka Cableteq	99.6	57.7	54.5	29.2
Draka Comteq	5.5	–7.6	4.0	1.1
Unallocated	–14.5	–12.5	–7.0	–4.9
Total	90.6	37.6	51.5	25.4

[1] Excluding non-recurring items. In 2006, these totalled € 32.9 million negative, of which € 26.8 million related to the Stop, Swap & Share-project at Draka Comteq and € 6.1 million related to a number of cost-saving projects at Draka Cableteq. Non-recurring items in 2005 totalled € 7.1 million negative.

General

World demand for cable grew at 4-5% in 2006, compared with 2.9% in 2005 (assuming constant exchange rates and copper prices). The growth was evenly spread over the first and second halves of the year. Emerging markets such as Eastern Europe, the Far East, Middle East and Latin America were still the main drivers of global demand. Growth in Western Europe, one of Draka's key markets, exhibited growth of around 5%, a marked improvement on 2005 when the market contracted by approximately 3%. At product level, all segments contributed to growth in the cable market, with the exception of copper telecommunication cable where, as in 2005, demand was lower.

Revenues

Draka's revenues in 2006 amounted to € 2,529.4 million, an increase of 34.6% on 2005. Acquisitions contributed 3.3% to the growth in revenues which mainly related to the acquisition of the insulated cable activities of International Wire Group, Inc. (US) and the German company Cornelia Thies Kabeltechnik GmbH and the purchase of an interest in Draktel (Brazil).

[4] Excluding non-recurring items.

The organic growth in revenues amounted to 31.3%, or € 588.0 million, of which 7.1% came from the growth in volume. This growth was achieved in all three Draka market segments: low-voltage cable, special-purpose cable and communication cable. The remaining 24.2% of organic growth reflected the sharp rise in the copper price (by an average of 79.5% in euros compared with 2005), which had the effect of pushing up revenues by 23.5%, and to exchange rate effects (0.7%).

Operating result
On a like-for-like basis, the operating result excluding non-recurring items was 141.2% higher at € 90.6 million, compared with € 37.6 million in 2005. The operating result including non-recurring items amounted to € 57.7 million, up 89.2% on 2005 (€ 30.5 million). The non-recurring charge of € 32.9 million included in the operating result consists of a restructuring charge of € 26.8 million (€ 6.5 million for impairments and € 20.5 million for the Stop, Swap & Share project) at Draka Comteq and € 6.1 million for impairments and a number of smaller optimisation projects at Draka Cableteq. The non-recurring charge in 2005 was € 7.1 million.

Operating margin
Draka's operating margin – the operating result excluding non-recurring items expressed as a percentage of revenues – nearly doubled to reach 3.6% as compared with 2.0% in 2005. Contributory factors were volume growth, improved capacity utilisation at Draka's factories, efficiency gains and improvements flowing from the Stop, Swap & Share programmes.

Other financial items
In 2006, the net financing charges, excluding non-recurring charges, rose slightly to € 43.2 million (2005: € 40.8 million). The increase was due in part to several exceptional items, including the costs of the repurchase of the preference shares. An important change compared with 2005 is that, from the date of conversion (15 August), the dividend payable on the preference shares reclassified in August 2006 is no longer included in net financing costs. That part of the preference dividend amounted to € 1.4 million, which the Board of Management proposes to distribute as dividend. In 2007, net financing costs will be reduced by the amount of the dividend on all the reclassified preference shares in issue (additional effect of approximately € 4.0 million).

Taxes amounted to € 8.6 million negative as compared with € 9.0 million positive (excluding the taxation effect of the non-recurring items) in 2005. With the improvement in profitability, the tax burden has reverted to a more normal level of 18%. The share in the results of associates rose sharply to € 8.2 million, up from € 2.6 million in 2005 mainly due to the excellent performance of Draka's associates in Oman (OCI), Brazil (Telcon) and Russia (Elkat).

Net income
On a like-for-like basis, excluding non-recurring items, net income in 2006 increased to € 45.4 million from € 6.5 million in 2005. Including non-recurring items, net income amounted to € 21.8 million, as against € 4.4 million in 2005.

Net earnings and dividend per share
Excluding non-recurring items and after appropriation of preference dividend, net earnings per ordinary share in 2006 amounted to € 1.24 (2005: € 0.18). Including non-recurring items, net earnings turned out at € 0.57 per share (2005: € 0.12). The number of ordinary shares in issue (35,567,406) remained unchanged compared with 31 December 2005. The Board of Management proposes to resume paying dividend for 2006 of € 0.37 per ordinary share, payable in cash.

Draka Cableteq

General
In 2006, Draka Cableteq benefited from the good market conditions in Western Europe following the decline in that market in 2005. In addition, demand in emerging countries remained buoyant. The growth in demand was balanced, with both the special-purpose and the low-voltage cable segments recording healthy growth.

As well as through organic growth, Draka Cableteq also consolidated the position of its Transport and Rubber Cable divisions through acquisitions. The acquisition of the insulated cable activities of International Wire Group, Inc. (USA) significantly advanced the Transport division's position as the world's largest independent producer of wire and cable for the automotive industry. The Rubber Cable division strenghtened its leading position in the global wind energy market with the takeover of Cornelia Thies Kabeltechnik GmbH in Germany.

Financial result
The rising trend in Draka Cableteq's results gathered further momentum in 2006. All divisions contributed towards the improved result, with the low-voltage cable activities achieving most progress. Draka Cableteq's revenues rose 40.3% in 2006 to € 1,936.2 million. Excluding the effects of acquisitions (the insulated cable activities of International Wire Group, Inc. and the German company Cornelia Thies Kabeltechnik GmbH), organic revenue growth amounted to 36.2%.
The sharply higher copper price once again had a substantial upward effect on revenues.

(in millions of euros, unless stated otherwise)	**2006**	**2005**	**2H 2006**	**2H 2005**
Revenues	1,936.2	1,379.9	1,021.0	715.1
Operating result[1]	99.6	57.7	54.5	29.2
Operating margin (%)	5.1	4.2	5.3	4.1

[1] Excluding non-recurring charges of € 6.1 million in 2006 and € 4.7 million in 2005.

The operating result excluding non-recurring items rose by 72.6% to € 99.6 million. Part of the improvement (approximately € 15 million) was due to cost savings yielded by the Stop, Swap & Share project. This project, designed primarily to reduce costs at the Low-Voltage Cable division and increase efficiency, was successfully embedded in 2006. An improved product mix and volume growth, which translated into better capacity utilisation at Draka's factories, also contributed to the higher result. On balance, it proved possible to limit the negative impact on the result of the higher raw material prices (copper and polymers) by reducing the delay in passing price rises on to customers.

The non-recurring charge taken in 2006 (€ 6.1 million) relates to the extension of the Stop, Swap & Share project within the Low-Voltage Cable division and downsizing the European wire and cable assembly activities. The cost savings, estimated at around € 3 million, will be fully achieved in 2007.

Developments per division

Low-Voltage Cable
Growth in demand of 10% or more was recorded in some markets in Southern and Eastern Europe, reflecting the growth in specific sectors. Growth in these countries was higher than in Central and Northern Europe, where it remained more in line with economic growth. With the volume of grid maintenance work expanding, energy companies account for an ever-growing share of the market addressed by the Low-Voltage Cable division. The level of activity in this sector is high, with demand for electricity rising and the energy companies switching to underground distribution in order to avoid storm damage. In the United States, Southeast Asia and Australia, the division expanded its position thanks to the good performance of the special-purpose cable products.

The result of the Low-Voltage Cable division rose sharply. The growth in volume, which was coupled with better capacity utilisation at the factories, was an important factor. The Stop, Swap & Share project and the cost savings which have accrued from it also made a valuable contribution to the improvement. Finally the division was able to pass on the higher raw material prices to its customers.

Transport
Global demand for cable products in the automotive sector rose approximately 3%, but grew slightly faster in Europe partly reflecting increased exports of smaller vehicles to the US markets where consumers are increasingly switching to more energy-efficient cars.

Demand for cabling in the aerospace sector remained strong, thanks in particular to Airbus for which Draka Transport supplies approximately 50% of the cable requirements. Despite delays in the A380 programme, the production of the A320 family remains high at around 30 aircrafts per month, each requiring approximately 200 kilometres of cable.

With the acquisition of the IWG plants in Mexico and the Philippines, Draka Transport is able to serve clients in all three regions – America, Europe and Asia – from local production facilities. By acquiring the IWG operations, the division also secured the relevant regional approvals which can be transferred to other factories, thereby strengthening the division’s position as a worldwide supplier. This has resulted in increased sales to the largest two or three harness manufacturers, which were already part of the existing customer base. The higher revenues generated by the Transport division also contributed to the improved result in 2006.

Elevator Products
Overall, market growth was only modest in 2006, with exception of China, where penetration of new construction exceeded 80%. The European market was stable, divided more or less equally between new construction and renovation projects. The division’s operations in all regions were affected by the sharp increase in the price of copper, which could not be passed on to customers in all cases.

Draka Elevator Products still performed well in 2006, with further improvement in the results. As well as volume growth, cost-saving measures, including the further roll-out of the ‘lean’ approach, also contributed to this improvement. Productivity at one plant, for example, was increased by 30%, by raising output despite reducing the number of shifts from three to two.

Rubber Cable
Market growth remained strong for both standard cables and special-purpose cables for the industrial and project market. Growth was particularly strong in the sustainable energy market, including wind, solar, geothermal and biomass energy. Growth in this segment in 2006 continued to run at close to the 15-20% level of recent years. The solar energy market is expected to grow 30% in the years ahead.

Thanks in part to growth in its market share, the division’s results were sharply higher. The acquisition of Cornelia Thies Kabeltechniek (CTK), which occupies a strong position in the German market as a supplier of cable sets and systems, offers the prospect of further growth in the division’s share of the wind energy sector. Further progress will be made towards forward integration in the energy market with the commencement of deliveries of cable sets and systems to a number of other plants. This will enable the division to improve its already strong position in this sector and strengthen its ties with customers.

Marine, Oil & Gas

The deep drilling and maintenance markets both grew strongly in 2006. The drilling activities benefited in particular from the high oil prices during the year, a trend which the oil companies expect to continue. Maintenance activity also ran at a high level, with an almost unprecedented increase in capacity. This was because many drilling platforms are now at least 20 years old, presenting customers with the choice of renovation or replacement.

The Marine, Oil & Gas division improved its results substantially, gaining from both the favourable market conditions and the easing of price pressures. The division also benefited from its worldwide network of distribution centres, which became fully operational in early 2006.

Mobile Network Cable

The strongest growth was evident in Asia, where work on building mobile telephony networks is progressing rapidly in the biggest markets (India, Indonesia and Vietnam). In Western Europe, the level of investment in new technologies such as 3G is steadily rising, although the major breakthroughs that had been expected have not so far materialised. Investments continue to be made in existing 2G networks.

Despite the pressure on margins due to the sharp increase in raw material prices, Mobile Network Cable managed to sustain its excellent results of 2005. This was mainly due to the increase in market share in both Europe and Asia and the addition of high-value products to the portfolio.

Draka Comteq

General

The communication cable market developed satisfactorily in 2006, with the exception of the copper telecommunication cable segment, where demand eased. Demand for data communication cable (copper and optical fibre) grew in line with the total cable market. The fastest growth (approximately 15%) was recorded at optical fibre telecommunication cable, reflecting the rise in the number of FTTH (Fibre-To-The-Home) projects worldwide. The communication cable market continued to suffer from price pressure across the board.

Financial results

Draka Comteq posted substantially improved results in 2006, moving into profit for the first time since the formation of the joint venture in 2004. Draka Comteq's revenues rose 18.9% to € 593.2 million. Adjusted for the acquisition of Draktel (Brazil), organic growth turned out at 18.0%. Volume was higher in all market segments except copper telecommunication cable. Organic growth in revenues, however, was held back by the continuing pressure on selling prices.

(in millions of euros, unless stated otherwise)	**2006**	**2005**	**2H 2006**	**2H 2005**
Revenues	593.2	498.8	318.8	265.7
Operating result[1]	5.5	(7.6)	4.0	1.1
Operating margin	0.9	(1.5)	1.3	0.4

[1] Excluding non-recurring items of € 26.8 million negative in 2006 and € 2.4 million negative in 2005.

The operating result excluding non-recurring items improved to € 5.5 million positive, as against € 7.6 million negative in 2005. The volume growth and continuing efforts to reduce the cost base contributed towards the improvement in the underlying results. By contrast the sustained pressure on selling prices and the higher raw material prices (copper, aluminium and polymers) were a negative factor.

The non-recurring charge of € 26.8 million in 2006 relates to the Stop, Swap & Share programme launched at Draka Comteq's Cable Solutions EMEA division in the second half of 2006. Good progress has already been made in implementing the actions identified by the project: the activities in Oulu (Finland) have been terminated and a start has been made on reducing staffing levels in Europe. The annual cost savings, estimated at around € 12 million, will be fully achieved in 2008. The project is expected to generate savings of around € 5 million in 2007.

Developments per market segment

Telecommunications
Demand for optical fibre cable was significantly higher in 2006 in all market segments, with demand for optical fibre telecommunication cable rising approximately 15%. The main drivers were construction of FTTH networks and faster VDSL 2+ connections, coupled with a sharp rise in consumer demand for bandwidth. Verizon led the way in FTTH deployment/development in the USA. Europe continues to build momentum in this endeavour and Asia-Pacific showed a sharp increase through the infrastructure-building programmes in China. Demand for copper telecommunication cable declined slightly worldwide. Despite the growth in demand, the telecommunication market is still experiencing intense competition and pressure on selling prices.

Draka Comteq performed well in 2006, gaining share in all of the major market sectors. Lower costs, focused selling efforts and overall attention to being the leader in customer satisfaction contributed to this success.

In the US, significant progress was achieved in expanding the customer base in optical fibre cable. The most important new addition was Verizon, which awarded Draka Comteq a multi-year contract. As a result, new capacity in cabling and fibre was brought on line to support this growth. In Europe, Draka Comteq's unique capabilities in cable and hardware solutions enabled it to obtain a number of new, important FTTH projects, in Amsterdam and Paris and elsewhere. Draka Comteq maintained its market leadership in China through its joint ventures.

Data Communication
The data communication market continued to grow steadily at 5-6% in 2006. Both copper and optical fibre cable contributed to the growth. Demand is driven by new LANs (local area networks), offering higher performance in both existing and new buildings. Data centres and server farms are increasing their bandwidth capability by upgrading to cable solutions offering 10 Gigabit performance.

Draka Comteq achieved a further improvement in its results and market share in 2006. In part this was attributable to the focus on a new generation of products for high bandwidth applications. Draka Comteq created the basis for these applications with the MaxCap 10 Gigabit optical fibre solutions. In response to the growing demand for copper data communication products and in pursuit of expansion in new, fast-growing markets, Draka Comteq opened a new cable manufacturing facility in Presov (Slovakia) in the third quarter of 2006. This facility, initially employing a workforce of around 30, produces CAT 5 cables.

Optical Fibre
The optical fibre market grew even faster in 2006, by around 27% to 84 million fibre kilometres, compared with the 13% increase recorded in 2005. The strongest growth was in the single mode segment, at almost 30% as against around 5% for the multi mode market. Like 2005, there were discernible regional differences: demand in Asia showed the strongest growth (almost 35%), the North American market grew by 25%, while growth in Northwestern Europe was limited to 8-9%. Optical fibre prices in US dollars were relatively stable for single mode, but prices in the multi mode segment were again under pressure.

Draka Comteq made further advances in 2006 as a leading player in the fibre market by leveraging its ColorLock optical fibre, BendBright optical fibre and the MaxCap multi mode broadband product range. Further progress was made in improving optical fibre production processes using the APVD and the PCVD technologies. The improvements related to both production efficiency and the technical properties of the products themselves. Capacity at the optical fibre facility in Claremont (North Carolina, USA) was expanded to meet the growing demand for single mode fibres.

Financial position

Cash flow and operating working capital
Cash flow from operating activities amounted to € 79.9 million in 2006, 9.6% lower than in 2005 (€ 88.4 million). Per share this comes out at € 2.25 as against € 2.49 in 2005. The most important reason behind this decline was a negative movement in the operating working capital.

In 2006, the increase in the operating working capital amounted to € 19.6 million, compared with a fall of € 83.4 million in 2005. Corrected for acquisition effects, the increase was limited to € 4.6 million. Both the volume growth and the sharp increase in the price of copper (80% in euros) contributed to the increase in the absolute operating working capital. As a percentage of revenues, however, the operating working capital fell to 16.6%, compared with 21.3% at the end of 2005. The target of maintaining the operating working capital ratio at 20-22% was therefore exceeded in 2006. Thanks to the strategic decision taken almost two years ago, which made reducing operating working capital one of the core priorities, the effects of sharply higher raw material prices on Draka's financial position were limited.

Annual negotiations with Draka's main raw material suppliers were held at the end of 2006. Due to the sharp increase in most raw material prices in 2006, capital requirements of Draka's suppliers rose significantly. This resulted in new contracts that contain shorter payment terms for Draka which will have an upward effect on the operating working capital in 2007. Partly because of this Draka will continue its efforts unabated with regards to managing its operating working capital requirements in 2007.

Investments and acquisitions
The net investments in intangible and tangible fixed assets amounted to € 47.5 million, somewhat higher than the anticipated € 45 million but below the level of depreciation of € 54.7 million. The majority of these investments consisted of normal maintenance and replacement investments.

A special investment project for the Rubber Cable division was approved in December 2006. This project, designed to enable the division to respond effectively to the good prospects for cabling for the renewable energy sector, such as wind farms, involves the extension of the existing factory at Suzhou (China), the installation of new extrusion lines (China, the US and Germany) and a new compounding facility (the Netherlands). The total investment of approximately € 17 million will be made in 2007. This project will advance the Rubber Cable division's position in the special-purpose cable market and widen its geographical spread, in line with Draka's strategic principles.

Draka spent € 30.0 million on acquisitions in 2006. This concerns the takeover of the insulated cable activities of International Wire Group, Inc. (US) for € 28.5 million and the acquisition of the German firm Cornelia Thies Kabeltechnik GmbH for € 1.5 million.

Balance sheet and financing
The balance sheet total in 2006 amounted to € 1,745.0 million, up 6.6% on 2005. The rise was entirely attributable to the increase in current assets (inventories and trade receivables) by € 117.7 million reflecting the sharp increase in the price of copper, the higher volumes and the consolidation of acquired companies.

In 2006, Draka had cumulative preference shares in issue with a value of € 130.9 million. These were divided into two categories: category A, totalling € 53.5 million, with a final dividend review date of 15 August 2006 and category B, totalling € 77.4 million, with a final dividend review date of 31 December 2006. Draka has decided to continue the A category of cumulative preference shares and place them with Fortis Verzekeringen Nederland. Draka has also decided to continue the B category cumulative preference shares placed with Ducatus N.V., totalling € 23.1 million. The remaining B category shares, totalling € 54.3 million, were repurchased on 31 December 2006. Draka intends to withdraw the repurchased preference shares, a proposal that is to be submitted for approval to the General Meeting of Shareholders on 11 May 2007.

As a result of the amendment of the terms for the continuing preference shares (the Board of Management can pay out dividends on preference shares or defer payment, at its own discretion), the shares were reclassified from liabilities to shareholders' equity as from 15 August and 31 December 2006, respectively. Both categories have a maturity of six years, with an annual dividend of 7.11% for category A and 7.06% for category B.

Shareholders' equity as at 31 December 2006 amounted to € 426.9 million, an increase of 18.5% as compared with 31 December 2005. The reclassification of part of the preference shares (€ 76.6 million) and the net income for 2006 explain the increase in shareholders' equity. Net interest-bearing debt increased by 20.9% or € 59.6 million to € 345.9 million. This increase was mainly due to the loan taken out to repurchase part of the preference shares (€ 54.3 million).

The solvency ratio (shareholders' equity as a percentage of the balance sheet total) rose slightly to 24.5%, compared with 22.0% at the end of 2005. The guarantee capital (consisting of shareholders' equity, the provision for deferred tax liabilities and the long-term portion of the subordinated loans), amounted to € 619.5 million, equivalent to 35.5% of the total invested capital (year-end 2005: 42.8%). The fall in this percentage was due to:

1) the decrease in guarantee capital due to the inclusion of the 5% subordinated convertible bond loan 2007 (€ 94.2 million) in current liabilities at the end of 2006;
2) the increase in the balance sheet total due to the increase in current assets.

Net gearing (total net interest-bearing debt as a percentage of shareholders' equity) improved significantly from 115.7% in 2005 to 81.0% in 2006 due to the reclassification of part of the preference shares (€ 76.6 million).

Strategy update

At the end of August 2005, Draka launched its revised strategy known as 'Building Future Growth'. The main elements of this strategy are:

- strategic focus on its core competencies with further enhancement of the product and service range for the customer;
- advancement of Draka's position in those markets which are expected to display above-average growth, such as the special-purpose cable segment and emerging markets;
- extension of Draka's leading position in innovation;
- continued work on optimising the organisation.

The aim of this strategy was to restore Draka's operating result[5] (excluding price, volume and acquisition effects since 1 July 2005) to € 90 million in 2007, while generating free cash flow and achieving healthy balance sheet ratios.

Major progress has been made in all these areas over the past eighteen months, resulting in a sharp improvement in profitability. Accordingly, Draka is convinced of the correctness of the strategy adopted and expects the profit target for 2007 to be achieved. The combined effect of volume, price and acquisition effects since the announcement of this target until 31 December 2006 amounts to approximately € 25 million.

Having created a solid basis for further growth, Draka will continue to pursue its strategy in the coming years. As well as organic growth, the company will concentrate more closely on growth through acquisitions than it has in the recent years and therefore will play a more active role in the consolidation of the industry. In accordance with Draka's strategic principles, the focus will be on the special-purpose cable segment and emerging markets.

[5] Excluding non-recurring items.

Draka

Outlook for 2007

Prospects
The world economy got off to a positive start in 2007. Economic conditions in the emerging markets and Asia remain robust, while there are also no signs of any weakening in the important European market. Industrial activity in these regions is expected to remain at a healthy level. On the basis of these economic trends, the global cable market may reasonably be expected to display a further growth in volume in 2007. It is assumed that the growth will end up somewhat below the level of 2006 (4-5%).

Prices of important raw materials (copper, aluminium and polymers) are likely to remain volatile in 2007. In addition, a number of cable market segments will face continuing price pressure.

Draka still stands by its previously published target for 2007 of an operating result (excluding non-recurring items) of approximately € 90 million, including the effect of internal measures but excluding volume, price and acquisition effects since 1 July 2005. Including volume, price and acquisition effects since this target was announced until 31 December 2006 this amounts to approximately € 115 million. Draka also expects to make further progress in achieving its other strategic goals.

Objectives
In line with Draka's strategic focus, the following objectives have been formulated for 2007:

- Further reinforcement of the sales and marketing organisations, with the emphasis on the special-purpose cable segment, with the aim of stimulating organic growth.
- Continued investment in innovation, not confined solely to the introduction of new, innovative products, but aimed at the entire proposition Draka offers the client.
- Continuation of programmes aimed at greater focus at the production facilities.
- Successful completion of the Stop, Swap and Share project at Draka Comteq, which is expected to yield to annual cost savings of some € 12 million in 2008. Initial cost savings of about € 5 million are expected in 2007. Together with other smaller projects at Draka Cableteq, total cost savings of around € 8 million are expected in 2007.
- Keeping the operating working capital ratio below 20% of revenues.
- Achieving an optimum free cash flow. Regular investments in intangible and tangible fixed assets are expected to turn out at around € 55 million, or in line with depreciation. The special investment project for the Rubber Cable division (around € 17 million) is in addition to this. The free cash flow will be invested in growth, both organic and through acquisitions, and/or in further reducing the interest-bearing debt.

Board of Management
Amsterdam, 9 March 2007

Appendix

The financial information included in the appendix is extracted from the company's financial statements 2006. These financial statements were authorised for issue on 09 March 2007. The financial statements have been audited and an unqualified auditor's report has been issued. The annual report is yet to be approved in the annual general meeting of shareholders at 11 May 2007 and will be published approximately 3 weeks in advance.

Consolidated income statement

For the year ended 31 December

In millions of euro	**2006**	**2005**
Revenue	2,529.4	1,878.7
Cost of sales	(2,290.8)	(1,703.9)
Gross profit	**238.6**	**174.8**
Selling and distribution expenses	(156.9)	(146.1)
Other income and expenses	(24.0)	1.8
Operating result	**57.7**	**30.5**
Finance income	24.5	17.2
Finance expenses	(58.4)	(58.0)
Net financing costs	(33.9)	(40.8)
Share of result of associates and joint ventures	8.2	2.6
Result before tax	**32.0**	**(7.7)**
Income tax (expense) / benefit	(8.6)	14.0
Result for the year	**23.4**	**6.3**
Attributable to:		
Equity holders of the company	21.8	4.4
Minority interests	1.6	1.9
Result for the year	**23.4**	**6.3**
Basic earnings per share (euro)	0.57	0.12
Diluted earnings per share (euro)	0.57	0.12

Draka

Consolidated balance sheet

As at 31 December

In millions of euro	**2006**	**2005**
Assets		
Non-current assets		
Property, plant and equipment	531.7	535.8
Intangible assets	96.5	101.2
Investments in associates and joint ventures	94.9	95.5
Deferred tax assets	52.7	52.5
Other non-current financial assets	32.2	33.3
Total non-current assets	**808.0**	**818.3**
Current assets		
Inventories	433.7	363.6
Trade and other receivables	458.8	439.0
Income tax receivable	2.4	2.2
Cash and cash equivalents	42.1	14.5
Total current assets	**937.0**	**819.3**
Total assets	**1,745.0**	**1,637.6**
Equity		
Shareholders' equity		
Share capital	20.4	17.9
Share premium	311.4	237.3
Other reserves	95.1	105.0
Total equity attributable to equity holders of the company	**426.9**	**360.2**
Minority interests	12.2	10.1
Total equity	**439.1**	**370.3**
Liabilities		
Non-current liabilities		
Interest-bearing loans and borrowings	268.2	392.0
Other interest-bearing liability	127.7	137.0
Provision for employee benefits	93.3	92.9
Other provisions	26.1	35.7
Deferred tax liabilities	26.1	34.1
Total non-current liabilities	**541.4**	**691.7**
Current liabilities		
Bank overdrafts	32.0	27.6
Interest-bearing loans and borrowings	107.2	31.0
Trade and other payables	566.6	468.4
Income tax payable	26.8	23.1
Other provisions	31.9	25.5
Total current liabilities	**764.5**	**575.6**
Total liabilities	**1,305.9**	**1,267.3**
Total equity and liabilities	**1,745.0**	**1,637.6**

Consolidated statement of cash flows

For the year ended 31 December

In millions of euro	**2006**	**2005***
Result for the year	23.4	6.3
Adjustments for:		
Depreciation	49.6	48.5
Amortisation	5.1	4.5
Impairments	6.3	5.1
Finance income	(24.5)	(17.2)
Finance expenses	58.4	58.0
Share of result of associates and joint ventures	(8.2)	(2.6)
Income tax benefit / expense	8.6	(14.0)
	118.7	**88.6**
Changes in Inventories	(70.1)	4.2
Changes in Trade receivables	(39.6)	(8.7)
Changes in Trade payables	93.4	87.9
Changes in other working capital	28.1	(28.6)
Changes in provisions	12.0	15.8
Other	1.4	(8.7)
	143.9	**150.5**
Interest paid	(39.9)	(40.9)
Income tax received (paid)	(1.3)	25.1
Application of provisions	(22.8)	(46.3)
Net cash from operating activities	**79.9**	**88.4**
Dividends received	2.1	3.2
Proceeds from sale of intangible assets	-	2.2
Proceeds from sale of property, plant and equipment	8.6	4.1
Disposal of subsidiaries and associates, net of cash disposed	-	25.2
Acquisition of subsidiaries and associates, net of cash acquired	(30.0)	(9.2)
Acquisition of intangible assets	(1.9)	(4.1)
Acquisition of property, plant and equipment	(45.6)	(41.0)
Net cash from investing activities	**(66.8)**	**(19.6)**
Redeemable preference shares issued	76.6	-
Redeemable preference shares redeemed	(129.5)	-
Convertible subordinated bond issued	-	100.0
Convertible subordinated bond redeemed	-	(48.6)
Subordinated loan issued	77.5	-
Movements in other bank loans	(14.2)	(138.5)
Net cash from financing activities	**10.4**	**(87.1)**
Net increase/(decrease) in cash and cash equivalents	**23.5**	**(18.3)**
Cash and cash equivalents at 1 January	(13.1)	5.8
Exchange rate fluctuations on cash and cash equivalents	(0.3)	(0.6)
Cash and cash equivalents at 31 December	**10.1**	**(13.1)**

* Adjusted for comparison purposes

Segment reporting

In millions of euro	Draka Cableteq		Draka Comteq		Not allocated to segments / eliminations		Consolidated	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Revenue from external customers	1,936.2	1,379.9	593.2	498.8	-	-	2,529.4	1,878.7
Intersegment transactions	76.3	43.4	63.3	46.2	(139.6)	(89.6)	-	-
Revenue	2,012.5	1,423.3	656.5	545.0	(139.6)	(89.6)	2,529.4	1,878.7
Operating result (excluding non-recurring items)	99.6	57.7	5.5	(7.6)	(14.5)	(12.5)	90.6	37.6
Non-recurring items	(6.1)	(4.7)	(26.8)	(2.4)	-	-	(32.9)	(7.1)
Operating result	93.5	53.0	(21.3)	(10.0)	(14.5)	(12.5)	57.7	30.5
Net financing costs							(33.9)	(40.8)
Share of results of associates and joint ventures	5.8	0.9	2.4	1.7	-	-	8.2	2.6
Income tax (expense) / benefit							(8.6)	14.0
Result for the year							**23.4**	**6.3**
Capital expenditure	26.5	33.6	20.2	12.9	0.8	2.0	47.5	48.5
Depreciation and amortisation	37.4	38.6	17.1	14.1	0.2	0.3	54.7	53.0
Impairments	-	4.6	6.3	0.5	-	-	6.3	5.1
Segment operating liabilities	594.1	469.2	258.7	236.8	(134.9)	(83.5)	717.9	622.5
Segment assets	1,492.6	1,251.2	463.1	388.5	(305.6)	(97.6)	1,650.1	1,542.1
Investments in associates and joint ventures	24.1	19.2	70.8	76.3	-	-	94.9	95.5
Total assets	**1,516.7**	**1,270.4**	**533.9**	**464.8**	**(305.6)**	**(97.6)**	**1,745.0**	**1,637.6**