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– TRADING UPDATE[1] –

DRAKA EXPECTS AN OPERATING RESULT OF AROUND € 145 MILLION AND NET INCOME OF ABOUT € 85 MILLION IN 2007

- **Strong performance has been sustained, driven by favourable market conditions, cost savings and strategy implementation**
- **Further growth in revenues and result in almost all divisions**
- **Stop, Swap & Share programmes on track; cost savings expected of around € 8 million**
- **Forecast operating result of around € 145 million, an increase of 60% compared with 2006 (€ 90.6 million[2])**
- **Net income expected to increase by more than 85% to around € 85 million (2006: € 45.4 million[2])**
- **Operating working capital as a percentage of revenues expected to turn out slightly above 2006 level (16.6%), but below previous forecast of a bandwidth of 18–20%**

Draka expects for 2007 an operating result of around € 145 million (2006: € 90.6 million[2]) and net income of about € 85 million (2006: € 45.4 million[2]). This represents a slight improvement on the previous forecast for 2007 of an operating result of at least € 141 million and net income of at least € 80 million.

Draka expects 2007 to be the third consecutive year of substantially improving results. The anticipated sharp growth in the results is the product of sustained and healthy volume growth, cost-control programmes and further improvement in the product mix. Helped by the favourable macroeconomic conditions, most notably in Europe, Draka will achieve volume growth in all segments of its business: low-voltage cable, special-purpose cable and communication cable. Although raw material prices (copper and polymers) have remained highly volatile, the impact on margins is expected to be limited.

The contribution of cost-control programmes is expected to amount to around € 8 million in 2007, in line with Draka's earlier forecast. The Stop, Swap & Share (Triple S) programme implemented in Draka Comteq's Cable Solutions EMEA division in 2006, will generate the highest contribution of around € 5 million, of which € 4 million in the second half of 2007. This phase of the Triple S programme is anticipated to be finalised in 2008, which should result in additional annual cost savings of about € 7 million. The corresponding Triple S programme at Draka Cableteq's Low-Voltage Cable division will generate cost savings of approximately € 3 million in 2007 (€ 1 million in the second half), in line with the forecast.

[1] This trading update for the second half of 2007 is issued by Draka Holding N.V., one of the world's leading manufacturers of low-voltage cable, cable for OEM's and communication cable, ahead of the publication of the full-year figures on Friday, 7 March 2008 (before start of trading).
[2] Excluding non-recurring charges of € 32.9 million in 2006.

Draka Cableteq

Profile
Draka Cableteq accounts for some 77% of Draka's total revenue. It consists of six divisions which together form a balanced portfolio of cable businesses serving a highly diverse customer base. The largest is the Low-Voltage Cable division which generates about half of Draka Cableteq's revenue. Sales in Europe, the division's main market, are split between the housing sector, representing some 40%, and the remaining 60% divided equally between infrastructure and industry. European sales are fairly evenly spread over the Scandinavian countries, the UK, Benelux and Spain and, to a lesser extent, France. Outside Europe, the division is chiefly active in Asia and the USA, selling mostly specialty cables not depended on the housing market.

Original equipment manufacturers (OEMs) operating on a global scale are the main customers for special-purpose cable. The global automotive industry is the biggest customer group served by the Transport division, which generates around 20% of Draka Cableteq's revenues. The Transport division also meets some 50% of Airbus's cable requirement. The other divisions – Marine, Oil & Gas (cable for oil and gas production platforms and shipping), Elevator Products (cable and other products for lifts), Rubber Cable (cable for cranes, mining and alternative energy sources) and Mobile Network Cable (feeder cables for mobile telephony base stations) – each contribute 5–10% to Draka Cableteq's revenue.

Developments
The divisions within Draka Cableteq continue to perform strongly in the second half of 2007. Favourable market conditions, a high level of industrial activity and positive macroeconomic developments in both Europe and Asia have ensured good capacity utilisation in Draka's low-voltage and special-purpose cable businesses.

The Low-Voltage Cable division is taking full advantage of the positive market trends in most European countries, with exception of Spain where the housing sector declined by around 20%. The division is matching its strong performance of the first six months in the second half of 2007. The operating margin is expected to widen further, driven by volume growth and an improving product mix thanks to its focus on higher added-value products (such as fire-resistant and halogen-free cables). The difficult conditions on the American construction market have had no noticeable effect on Draka's results because its exposure to that market segment is negligible.

Draka's special-purpose cable activities (for the OEM market segment) continue to perform strongly, helped by the favourable market conditions and further strengthening of its market positions. The Marine, Oil & Gas, Transport and Rubber Cable divisions are expected to report the fastest improvement, posting sharply higher results. The Marine, Oil & Gas division is still deriving full benefit worldwide from the heavy investment by oil companies in both new capacity and maintenance of existing equipment. The Rubber Cable division's product mix has continued to improve, reflecting its strategic focus on cable for the wind and solar power and mining markets. Demand for these special-purpose cables, which generate an above-average profit margin, is growing fast. The Transport division is profiting from higher levels of activity in the automotive and aircraft industries and the stronger market position secured by its acquisitions in Cebu (Philippines) and Durango (Mexico) in 2006.

The Elevator Products and Mobile Network Cable divisions have continued to perform well. Mobile Network Cable expects its results to equal the high level achieved in 2006, with its operations on the European market holding firm and further growth on the Asian market. Draka Elevator Products is looking forward to record results again in 2007, with a significantly higher profit generated by further expansion of the product range and the strengthening of its market position. Capacity on the fast-growing Chinese market was augmented by the formation of a joint venture earlier this year and the position on the European market will be strengthened by the acquisition of DeBiase Lift Components s.r.l. in Milan (Italy), which is expected to be finalised at the end of this year.

Expected results

Draka Cableteq expects to post a modest volume growth (2–4%) in the second half of 2007 and a considerably higher operating result compared with the same period last year (€ 54.5 million[3]). All divisions are expected to contribute to the improved result. The main drivers have again been volume growth, cost savings and improvements in the product mix. Although the raw material prices (copper and polymers) have remained volatile, the impact on margins is expected to be limited.

Draka Comteq

Profile

Draka Comteq, responsible for around 23% of Draka's revenues, is dedicated to the development, production and sale of optical fibre, cable and communication infrastructure solutions. Draka Comteq, a jointly owned company of Draka (50.1%) and Alcatel-Lucent (49.9%), is a global leader in optical fibre technology, cabling solutions, applications and project management expertise for broadband infrastructures. The telecom operators are the main customer group and most of the sales is generated in Europe (c.85%) and in the US (c.10%).

Developments

Demand for telecommunication cable is still growing steadily, with growth in the second half similar to that in the first six months of 2007. For the optical fibre cable market, this means growth of 8–9%. The growth is mainly driven by strong demand in Europe and Asia. In Europe this is clearly due to the release of pent-up demand, with all the major telecom operators now busy upgrading their networks. Several large fibre-to-the-home (FTTH) projects have also been announced which, depending on European legislation and regulations, will be rolled out in the foreseeable future. Demand in the United States remained stable at a high level. With no easing of competitive pressures on the optical fibre and optical fibre cable markets, prices are remaining stable at best.

Draka Comteq is benefiting strongly from the current market trends and has strengthened its position on the global market. This is due in part to Draka Comteq's leading position on the European market, which is growing at faster than the average rate owing to increased propensity to invest on the part of the telecom companies. Draka Comteq is also benefiting from several fibre-to-the-home contracts in France, the Netherlands and Scandinavia. Draka Comteq has achieved further growth on the stable American market, resulting from the new contract with Verizon. Through its joint ventures, Draka Comteq has retained its leadership in the growing Chinese market.

In 2007, demand for copper telecommunication cable is expected to remain stable globally, but to continue declining in Western Europe. Draka Comteq has successfully defended its position in this market segment.

The data communication cable market, both copper and optical fibre, has continued to grow at a healthy 4–5%. Draka Comteq is taking full advantage of this growth and is maintaining its position as European market leader.

Expected results

Against this background of strong and sustained volume growth, Draka Comteq expects to more than double its operating result in the second half of 2007 compared with the same period last year (€ 4.0 million[4]). Volume growth and cost savings (around € 4 million) will more than compensate for the sustained pressure on optical fibre cable prices and the adverse effects of the lower dollar-euro exchange rate on its European optical fibre activities in the second half of the year.

[3] Excluding a non-recurring charge of € 6.1 million in the second half of 2006.
[4] Excluding a non-recurring charge of € 21.8 million in the second half of 2006.

Working capital

The volume growth and the shorter payment terms that Draka has agreed with its raw material suppliers for 2007 are expected to exert upward pressure on the absolute level of operating working capital. However, Draka's constant focus on further reducing its working capital is again expected to be successful in 2007. Operating working capital as a percentage of revenues in 2007 is expected to increase slightly compared with year-end 2006 (16.6%), but to remain below the earlier forecast of a bandwidth of 18–20%. The efforts of the special working capital taskforce will continue undiminished in 2008.

Board of Management
Amsterdam, 28 November 2007