Draka's full year results 2006

Solid base, solid results, solid prospects

Draka

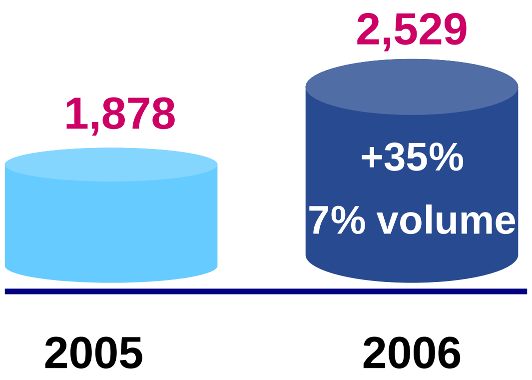
Agenda

- Achievements in 2006
- Strategy & Execution
- Financial Results 2006
- Results per Group
- Financial position
- Outlook 2007

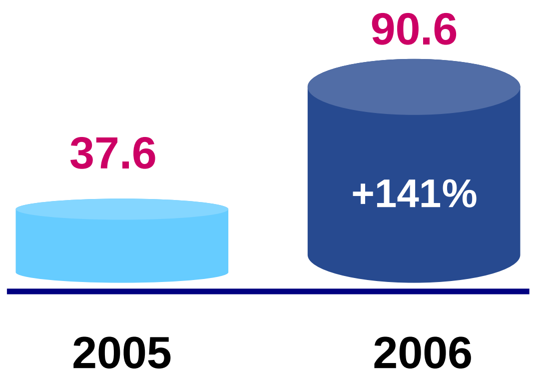
Draka

2006 in graphs & figures[1]

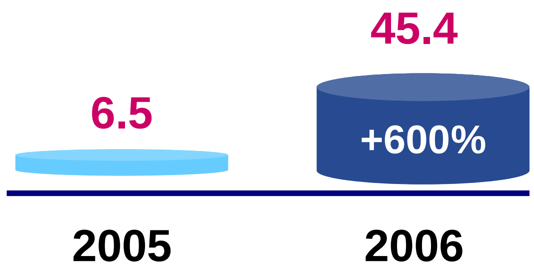
Revenue (€m)



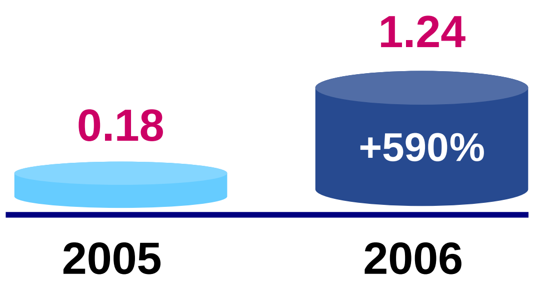
Operating result (€m)



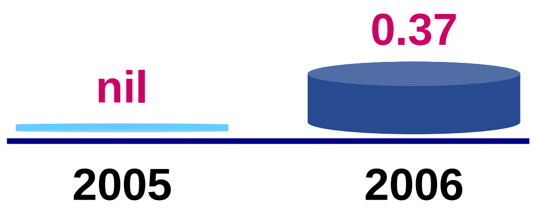
Net income (€m)



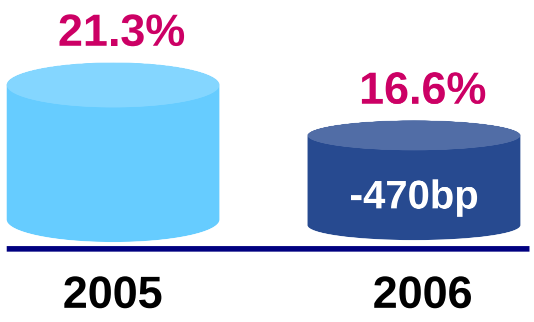
EPS (€)



Dividend (€)



Operating WC ratio



[1] All figures excluding non-recurring items

Draka

Achievements in 2006*

- Record sales of € 2.5bn, up 35%
- Growth in all segments - volume (7%) exceeds world market growth
- Operating result (excl. except.) 141% higher at € 91 million
- Net income € 45.4m; EPS: € 1.24, dividend proposal € 0.37 per share
- Financial position strengthened by reclassification part of preference shares (€ 76.6m)
- Operating working capital ratio reduced to 16.6%, the lowest in Draka's history
- Outlook 2007: Further profit growth; target remains operating result (excl. except.) of € 90m, excl. volume, price & acquisition effects since 1 July 2005 (combined effect: € 25m)

* All figures excluding non-recurring items

Strategy & Execution

Strategy

Growth | Optimisation | Finance | Targets

Delivering on our promises in 2006

Strategy

Growth	Execution
• Expand in selected markets (specialty cable & emerging markets) • Consolidate position in mature markets	• Volume growth 7%, outperforming World & European markets • Strenghtened position in specialty cable segments (Transport & Rubber Cable) by acquiring insulated wire activities from IWG and Cornelia Thies • Revenue in specialty & emerging markets increased to 43% (45% run rate), vs. 40% in 2005

Strategy

Optimisation

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

Execution

- First phase Triple S-programme finalised; cost savings: € 15 million
- Other efficiency measures; savings: € 9 million

Total cost base lowered by € 24 million in 2006

- Similar Triple S project in Draka Comteq (EMEA); well on track, savings of € 12 million in 2008 and already € 5 million expected for 2007
- Follow up in Low-Voltage Cable division and European wire & cable assembly activities; cost savings € 3 million in 2007

Strategy

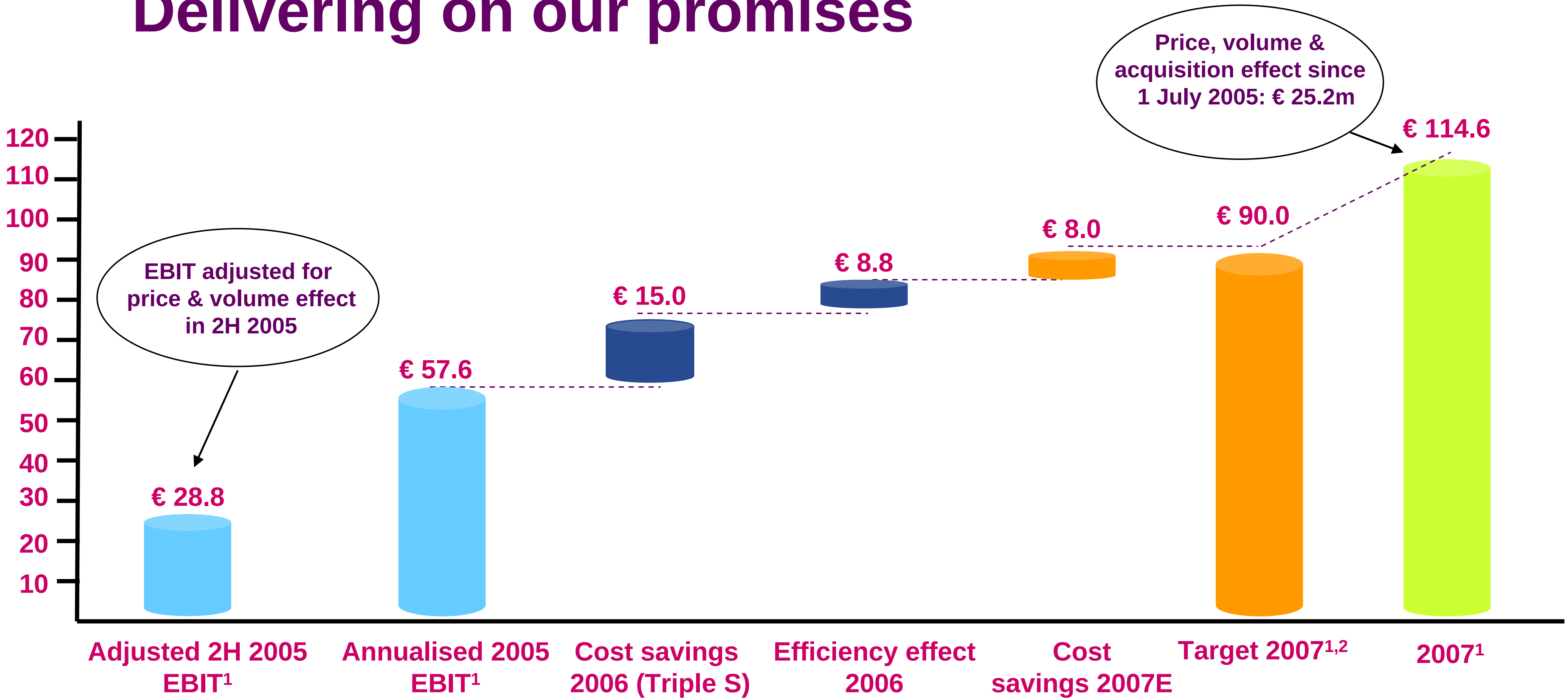
Finance	Execution
• Refinancing the balance sheet • Improving balance sheet ratios	• Solvency improved to 24.5% (2005: 22.0%), partly due to reclassification of part of preference shares (€ 76.6 million) • Net gearing lowered to 81.0% (2005: 115.7%) • Due to taken measures impact substantial higher raw material prices on financial position remained limited

Strategy

Targets	Execution
• EBIT[1] of € 90 million in 2007 excluding price, volume and acquisition effects since 1 July 2005 • Lower operating working capital to 20-22% in 2007	• EBIT[1] in 2006: € 90.6 million • Well on track to reach EBIT target for 2007 of € 90 million, excluding price, volume & acquisition effects • Price, volume & acquisition effect since 1 july 2005: € 25 million • Operating working capital well under control; as % of revenue lowered to 16.6%, or substantially below target

[1] Excluding non-recurring items

Delivering on our promises



[1] Excluding non-recurring items
[2] Excluding price, volume and acquisition effects since 1 July 2005

Financial results 2006

Draka

Key figures

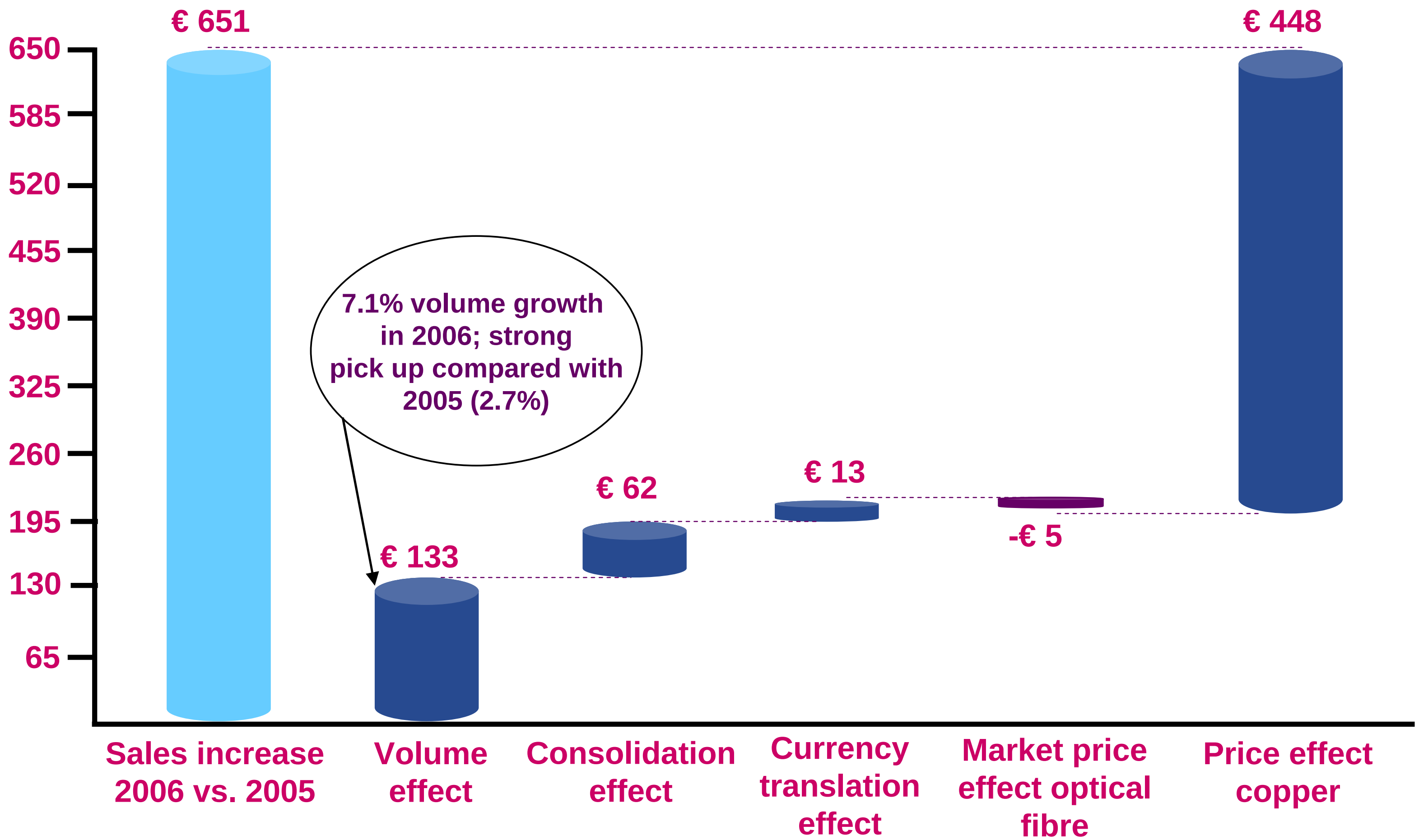
(x €m)	2006[1]	2005[1]	2H 2006[1]	2H 2005[1]
Revenues	2,529.4	1,878.7	1,339.8	980.8
EBITDA	145.3	90.1	78.5	57.0
EBITDA-margin	*5.7%*	*4.9%*	*5.9%*	*5.8%*
EBIT	90.6	37.6	51.5	25.4
EBIT-margin	*3.6%*	*2.0%*	*3.8%*	*2.6%*
Net income	45.4	6.5	28.3	5.5
EPS (€)[2]	1.24	0.18	0.76	0.15
Operating cash flow	79.9	88.4	97.3	116.0

[1] Excluding non-recurring items (€ 32.9m negative in 2006 and € 7.1m negative in 2005)
[2] Earnings per share after preference dividend in 2006

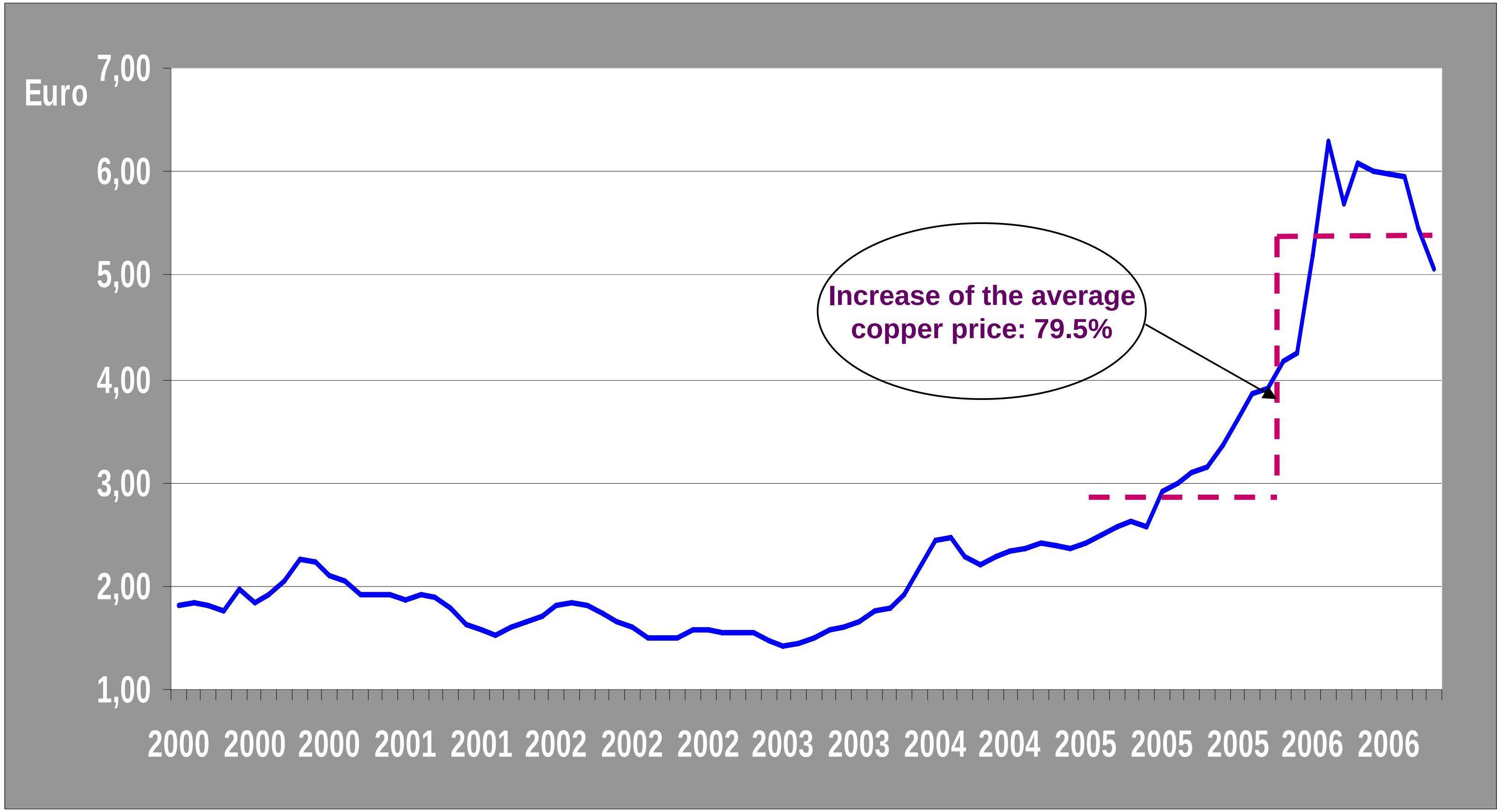
Explanation financing costs (cash & non cash)

(x €m)	Cash	Non cash	Total
Convertible bond 2007 (€ 94m)			
Interest	4.9		4.9
IFRS (3%)		2.8	2.8
Convertible bond 2010 (€ 89m)			
Interest	4.0		4.0
IFRS (3%)		2.5	2.5
Preference dividend	7.8		7.8
Interest costs	21.2		21.2
Total	37.9	5.3	43.2

Revenue analysis 2006 vs. 2005



Copper price development 2000-2006

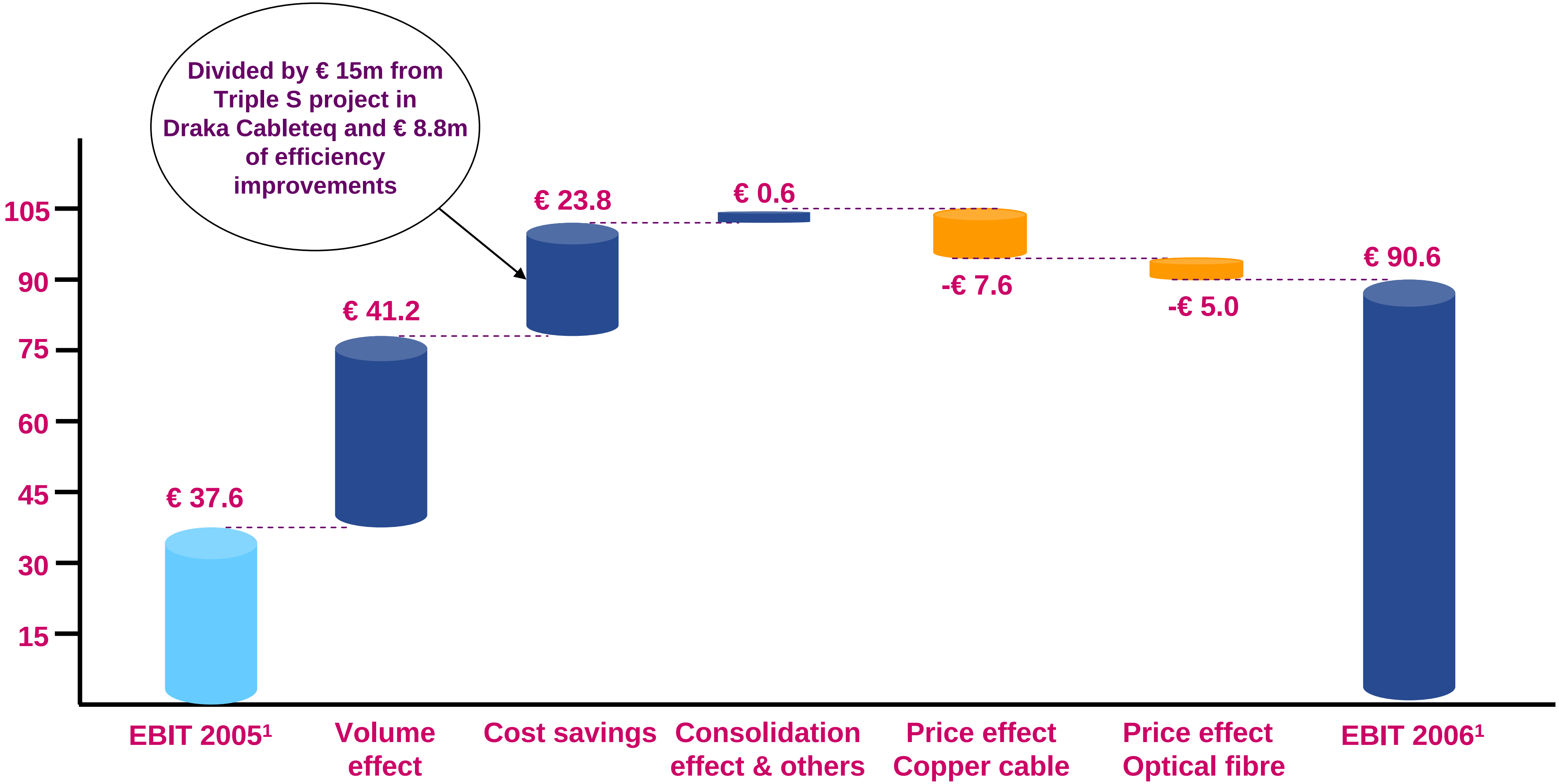


Average copper price in 2006: € 5.33

Copper price 8 March: € 4.75

Average copper price in 2005: € 2.97

EBIT analysis 2006 vs. 2005



[1]Excluding non-recurring items (€ 32.9m negative in 2006 and € 7.1m negative in 2005)

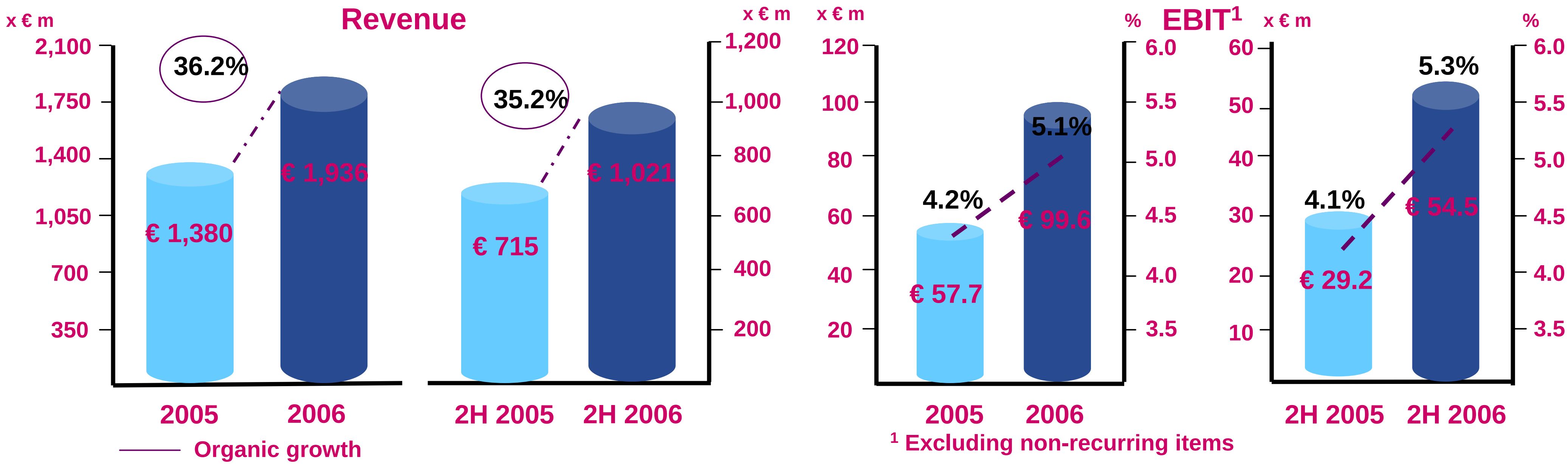
Results per Group

	Revenue				EBIT			
(x €m)	2006	2005	2H06	2H05	2006[1]	2005[1]	2H06[1]	2H05[1]
Draka Cableteq	1,936	1,380	1,021	715	99.6	57.7	54.5	29.2
Draka Comteq	593	499	319	266	5.5	(7.6)	4.0	1.1
Others	-	-	-	-	(14.5)	(12.5)	(7.0)	(4.9)
Total	2,529	1,879	1,340	981	90.6	37.6	51.5	25.4

[1] Excluding non-recurring items of € 32.9m negative in 2006 and € 7.1m negative in 2005

- Revenue growth 34.6% driven by sound volume growth (7.1%) & sharp increase in copper price (23.5%)
- EBIT leaped 141% resulting from volume growth, cost control and efficiency drive

Draka Cableteq



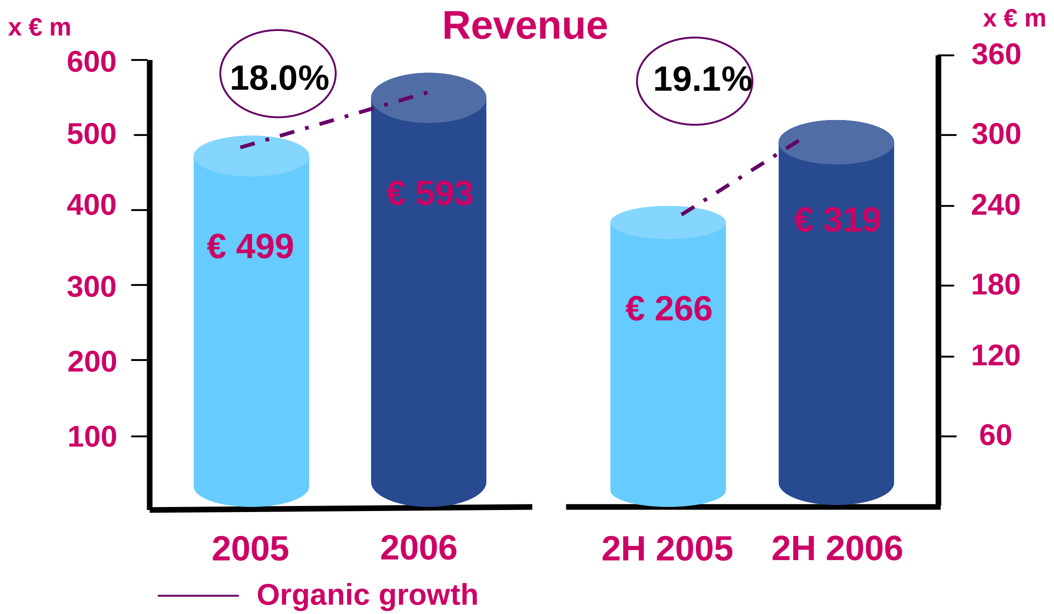
[1] Excluding non-recurring items

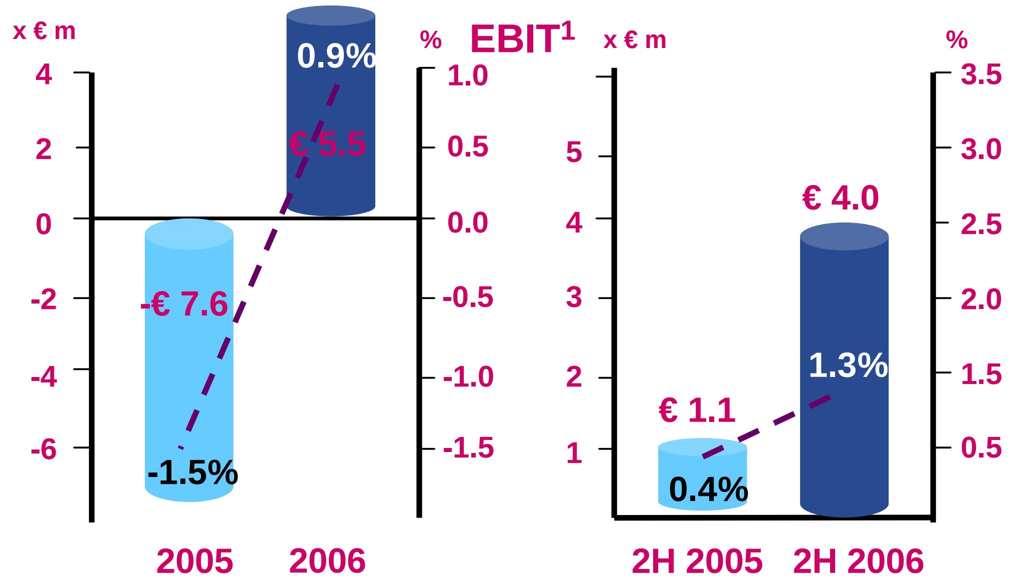
- Substantial organic growth (36.2%)
- EBIT leaped 87% in 2H 2006 vs. 58% in 1H 2006
- Same drivers contributed to results (volume, better product mix, cost control); negative impact from higher raw material prices halted in 2H 2006

- Low-voltage cable segment improved strongly; special-purpose cable segment displayed healthy growth
- According to its strategic principles, Draka's position in emerging markets & specialty cable segment strengthened; driven by internal growth and acquisitions
- All divisions contributed to the higher results, with the low-voltage cable activities achieving the most progress
- Negative impact from raw material prices was halted in 2H 2006. Reasons: price stabilisation & shortening the period to customers
- Successful completion of first step Stop, Swap & Share project. € 15 million cost savings realised in 2006, additional € 3 million expected in 2007

Draka

Draka Comteq





[1] Excluding non-recurring items

- Organic growth improved to 19.1% in 2H 2006 (1H 2006: 16.8%)
- For the first time profitable since establishment of the joint venture
- Volume growth and ongoing cost reductions contributed to the underlying results; sustained margin pressure by lower selling prices and higher raw material prices

Draka

Draka Comteq – Main topics

- Significant growth in single mode fibre segment (27%) and continued healthy growth in data communication cable (5-6%)
- Maintained leadership position in EMEA and China
- Market share in US substantially increased; Verizon added to the customer list for which a multi-year contract was secured
- New manufacturing facility in Presov (Slovakia) opened in order to meet growing demand for copper data communication products
- Substantial progress in Stop, Swap & Share programme realised; activities in Oulu (Finland) terminated and reduction of number of staff in Europe has started. Annual cost savings estimated at c.€ 12 million in 2008, already € 5 million in 2007

Financial position

- Cash flow from operating activities € 80 million (2005: € 88 million); negative movement in operating working capital almost offset by sharp increase (+141%) in operating result
- Operating working capital ratio reduced to 16.6% (2005: 21.3%), the lowest in Draka's history
- Solvency rose to 24.5% as against 22.0% in 2005, mainly due to reclassification of preference shares (€ 76.6 million). Net gearing substantially improved to 81.0% vs. 115.7% in 2005
- Net interest-bearing debt (incl. subordinated convertible bonds at nominal value) increased with € 60 million, mainly attributable to repurchase part of the preference shares (€ 54 million)

Draka

Cash flow statement

(x €m)	FY 2006	FY 2005	2H 2006	2H 2005
EBIT[1]	91	38	52	26
Depreciation	61	58	33	31
Working capital	12	55	77	82
Others (interest, tax, provisions)	(84)	(43)	(56)	(3)
Operating cash flow	80	88	106	116
CF from Investments	(67)	(20)	(53)	(28)
Free cash flow	13	69	53	88
CF from Financing	11	(87)	(35)	(118)
Net cash flow	24	(18)	18	(30)

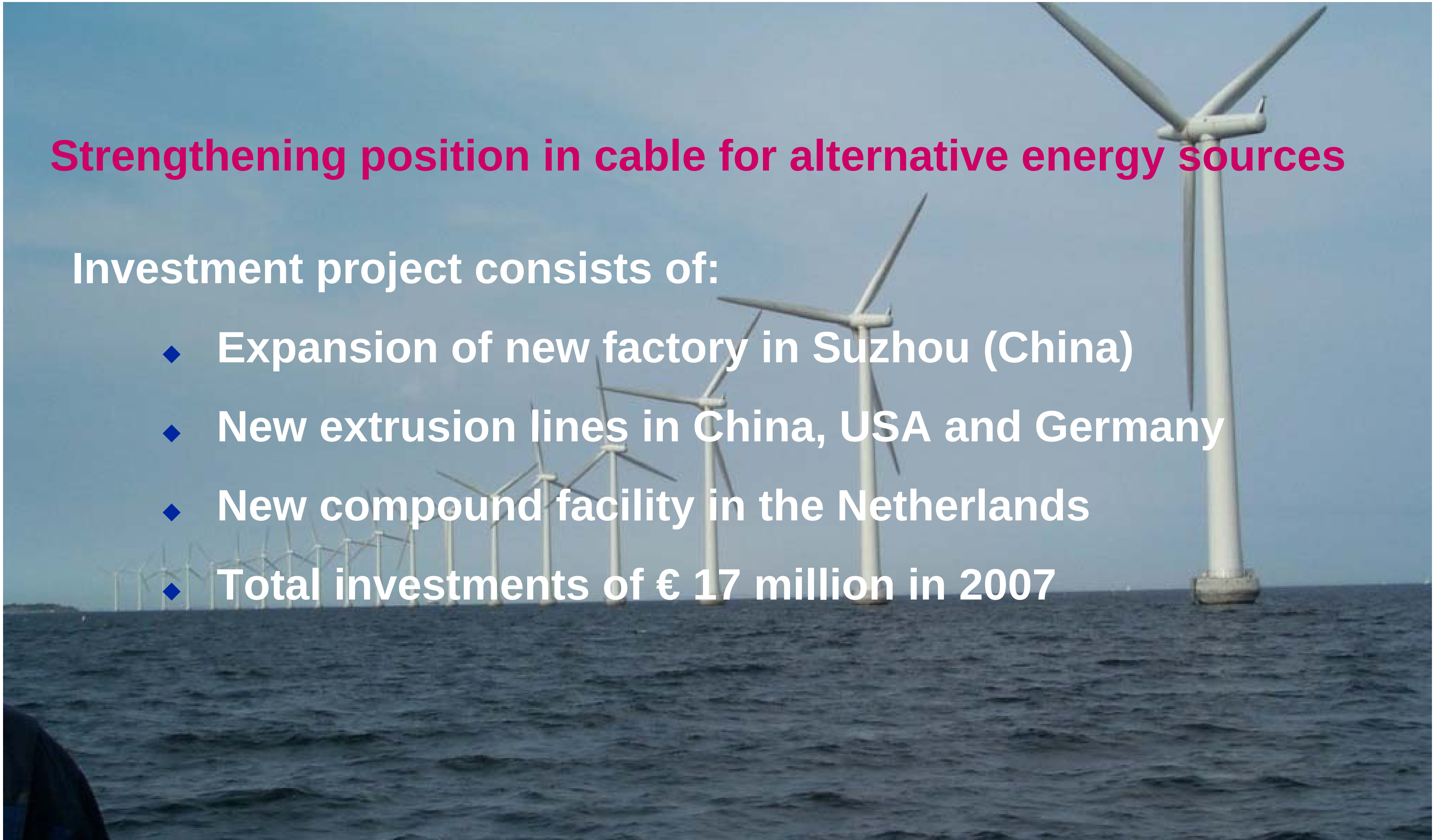
[1] Excluding non-recurring items of € 32.9m negative in 2006 and € 7.1m negative in 2005

Draka

Investments & depreciation

(x €m)		2006	2005
Draka Cableteq	- Investments	28	36
	- Depreciation	37	43
Draka Comteq	- Investments	20	13
	- Depreciation	23	15
Total	- Investments	48	49
	- Depreciation	60	58

Investment project Rubber Cable

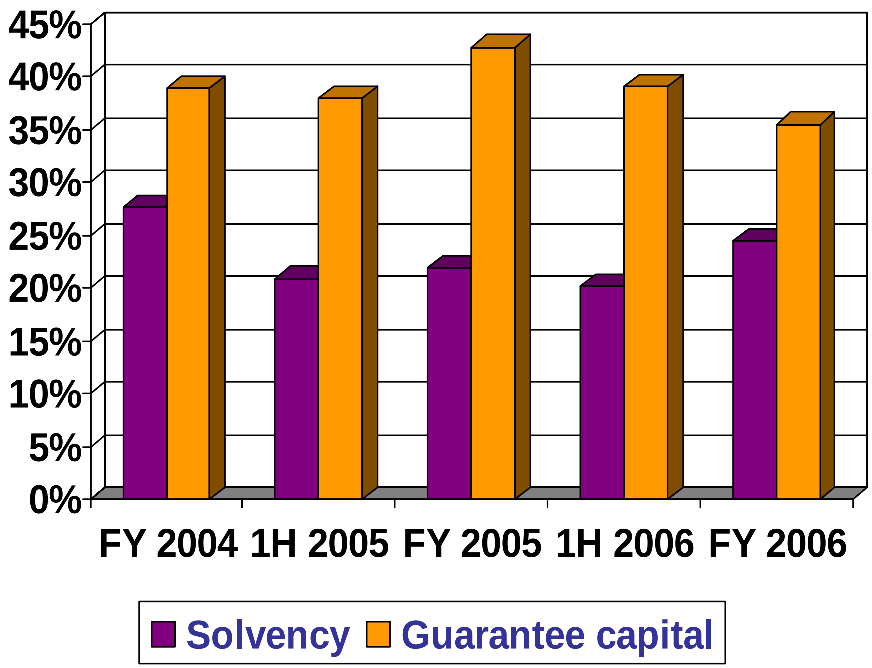


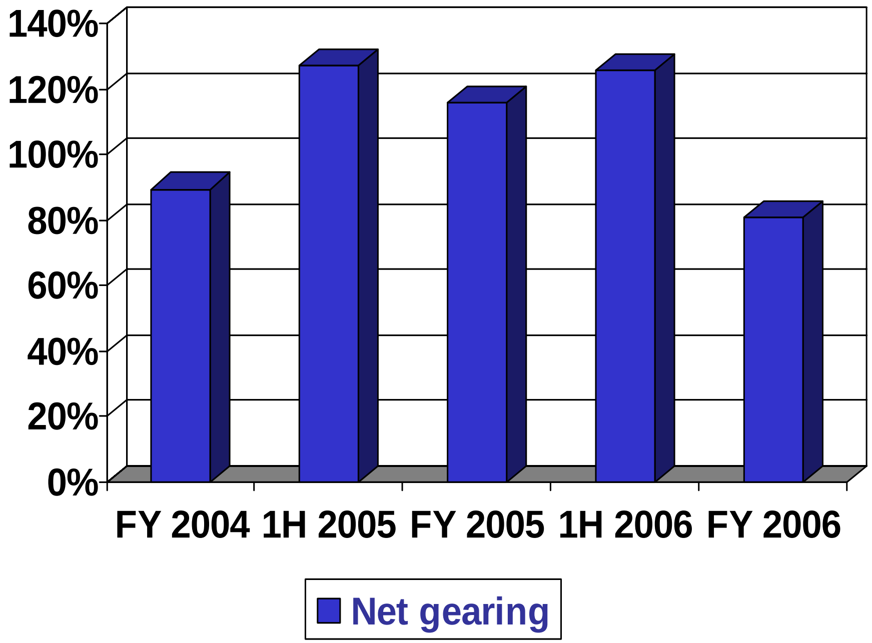
Strengthening position in cable for alternative energy sources

Investment project consists of:

- Expansion of new factory in Suzhou (China)
- New extrusion lines in China, USA and Germany
- New compound facility in the Netherlands
- Total investments of € 17 million in 2007

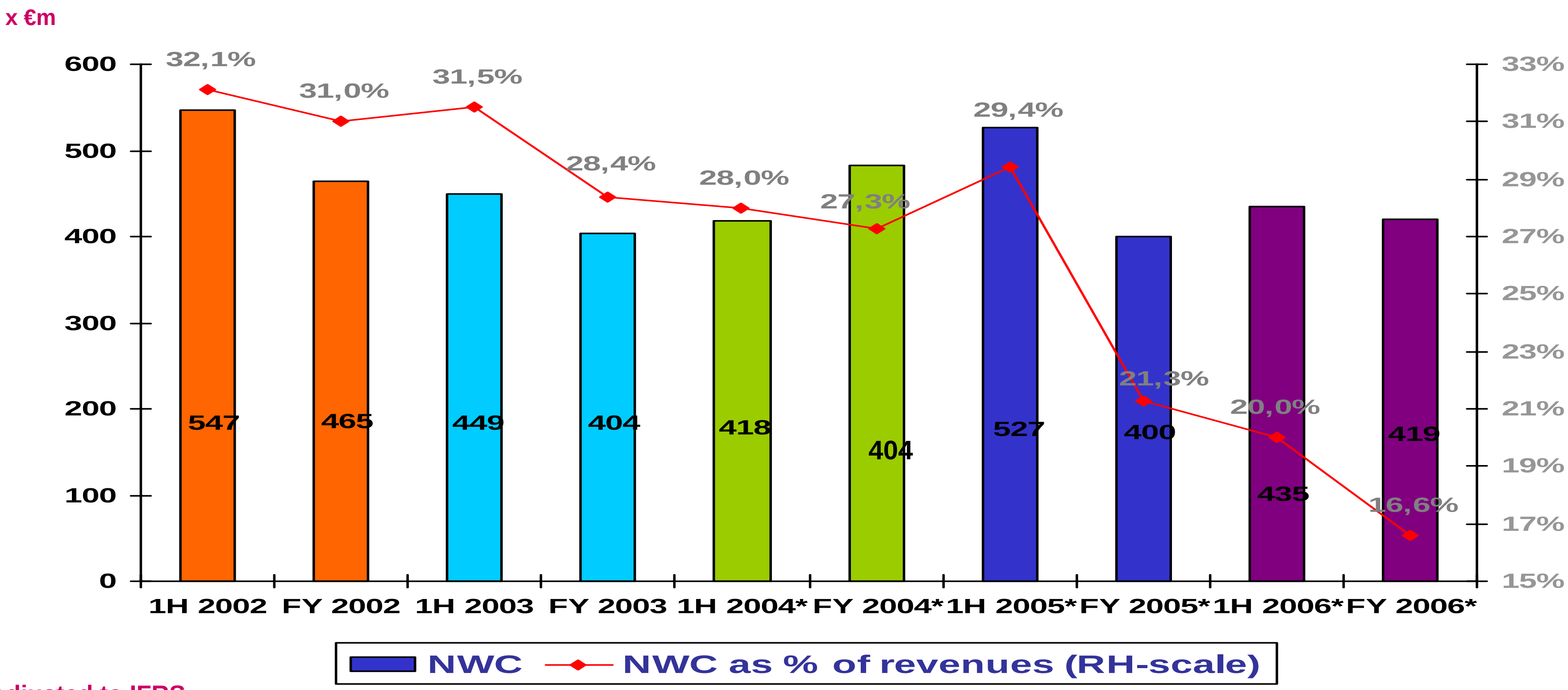
Balance sheet ratios





- Solvency & net gearing improved due to reclassification of part of preference shares
- Guarantee capital ratio decreased since 5% subordinated convertible bond loan 2007 (€ 94.3 million) is part of the current liabilities at year end 2006

Operating working capital

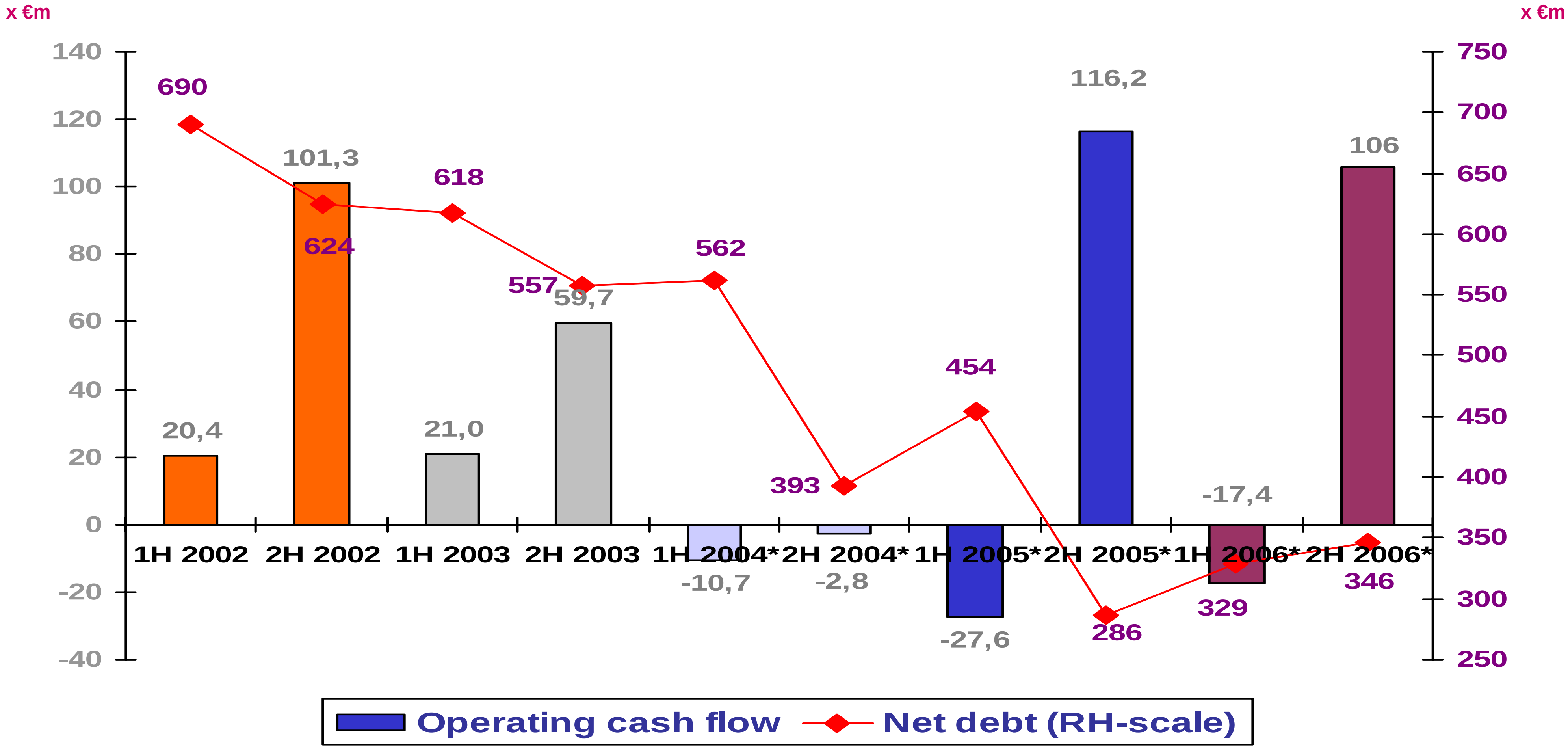


* Adjusted to IFRS

- Inventory reduced from 71 days in 2005 to 63 days in 2006
- Payment period with customers shortened from 69 days in 2005 to 58 days in 2006
- Payment period with suppliers remained stable at 60 days (62 days in 2005)

Draka

Operating cash flow & Net interest-bearing debt



*Adjusted to IFRS

Net debt: incl. convertible bonds at nominal value

Draka

Outlook for 2007

- Global cable market expected to display further volume growth, albeit somewhat lower than the level of 2006 (4-5%)
- Volume growth expected; pace expected to soften somewhat as compared with 2006
- Growth expected to be driven by both low-voltage cable segment and specialty cable segment
- Acquisitions done in 2006 are expected to have a positive impact on results in 2007; special investment project in Rubber Cable anticipated to contribute in 2008
- Stop, Swap & Share project phase II: additional cost savings of € 3 million expected in 2007

- Expectations for communication cable market: 5-9% growth in single mode fibre, modest growth in data communication while copper telecom is expected to stabilise
- Draka Comteq should increase its market share further thanks to its new organisational structure in EMEA and deliveries to new customers (a.o. Verizon, Illiad)
- Pressure on selling prices will continue
- Further progress in implementing Stop, Swap & Share project within Draka Comteq's Cable Solutions EMEA division; expected cost savings € 5 million for 2007

Draka

- Draka reiterates its target for 2007: operating result of c.€ 90 million[1]. Target excludes volume, price and acquisition effects since 1 July 2005; including combined effect since this goal was announced: c.€ 115 million.
- Objectives for 2007 in accordance with Draka's strategic principles:
  - Strengthening the sales & marketing organisations, with emphasis on special-purpose cable segment
  - Continued investment in innovation
  - Continuation of programmes aimed at greater focus at the production facilities
  - Keeping the operating working capital ratio below 20% of revenue
  - Achieving an optimum free cash flow. Investments expected of c.€ 55 million, in line with depreciation. Special investment project for Rubber Cable division (c.€ 17 million) will be in addition to this

[1] Excluding non-recurring items