–PRESS RELEASE–

– TRADING UPDATE –

SOUND UNDERLYING PERFORMANCE

DRAKA EXPECTS A LIMITED INCREASE IN OPERATING RESULT AND A STRONG IMPROVEMENT IN NET INCOME IN THE FIRST HALF OF 2008 DESPITE CURRENCY IMPACT

- **Draka expects operating result to rise to around € 75 million in H1 2008 (H1 2007: € 70.5 million); adverse impact of currency movements of around 10%**
- **Net income expected to increase to approximately € 51 million (H1 2007: € 39.6 million), including net tax benefit of around € 6 million**
- **Operating working capital as a percentage of revenues expected to be lowered to 16–18% (H1 2007: 18.6%)**
- **Draka's YOFC joint venture in China extended by one year; negotiations opened on extension for further 19 years**

Amsterdam, 11 June 2008 – This trading update for the first half of 2008 is issued by Draka Holding N.V., one of the world's leading manufacturers of low-voltage cable, OEM cable and communication cable, ahead of the publication of its half-year figures on Monday, 1 September 2008 (before start of trading).

For the first half of 2008, Draka expects an operating result of approximately € 75 million (H1 2007: € 70.5 million) and net income of approximately € 45 million (H1 2007: € 39.6 million), both excluding non-recurring items[1]. Including non-recurring items, net income will be around 30% higher, or around € 51 million. This result includes a non-recurring net tax benefit of approximately € 6 million. The provision for the closure of the plant in Vigo (Spain), which was announced earlier this year, is not included in this forecast and will be announced at the time of publication of the half-year figures.

The sound underlying performance is the product of sustained volume growth, operational improvements, cost-saving programmes and further improvements in the product mix. The volume growth will be driven by almost all of Draka's activities except for the Automotive & Aviation division (Industry & Specialty Group). Although the prices of raw materials (copper and polymers) are still volatile, the effect on margins is expected to be modest. On the other hand, adverse movements in certain currencies (especially the US dollar and sterling) relative to the euro are expected to have a 10% negative effect on Draka's operating result.

Cost-control programmes will again be a factor in the growth in results and are expected to contribute around € 5 million in the first six months of 2008. This saving is due entirely to the Stop, Swap and Share (Triple S) programme launched in 2006 at the Communications Group (Cable Solutions EMEA division).

[1] No non-recurring items were reported in the first half of 2007.

Draka

Energy & Infrastructure

Profile
The Energy & Infrastructure Group generates around 39% (€ 1.1 billion in 2007) of Draka's total revenues. The Group consists of three divisions: Europe, Australasia and Greater China. The Europe division is the largest, accounting for 85–90% of the Group's revenues. The products comprise low-voltage and medium-voltage cable, ranging from installation to instrumentation cables and from fire-resistant cable to halogen-free cable. Most of these products are supplied to technical wholesalers, direct to construction and installation companies and to end-users such as energy companies.

Analysed by application, housing construction accounts for around 30% of revenues, industrial and commercial construction accounts for 35–40% and the infrastructure sector generates the remaining 30–35% of revenues. Within Europe, sales are spread fairly evenly over Scandinavia, the UK, Benelux and Spain, with a limited sales volume in France and Eastern Europe. Outside Europe, the division is active mainly in Asia and China, where primarily special-purpose cable products are supplied for infrastructure and commercial projects that are not housing-related.

Developments
The markets on which Energy & Infrastructure is active within Europe show a mixed picture. The trend in the infrastructure and industrial markets is positive without exception and the markets are still growing. In the housing sector, however, there are differences from country to country and region to region. The decline in the Spanish housing market that started in the second half of 2007 has continued at an even faster pace in the first part of 2008. The UK housing market is also clearly in decline, down by over 10%, but the markets in the Scandinavian countries are more or less stable. In contrast, there is still some growth in the Benelux countries and the market in Eastern Europe is growing significantly faster.

In the countries where Draka is faced with a weaker housing market, its strategy is to expand the share of the other two market segments, infrastructure and industry. Draka is also continuing to improve the product mix, with ongoing promotional campaigns for halogen-free, fire-resistant cable and products for special applications such as renewable energy systems. Draka is seeking to expand its share of the UK market by offering clients a broader product range and more comprehensive services.

The Australasia and Greater China divisions are benefiting from local market conditions, which remain favourable. Investment in both infrastructure and industrial and commercial projects (shopping centres, hospitals, schools etc.) is at a high level and is still growing.

Expected results
Draka Energy & Infrastructure expects to achieve modest (2–4%) volume growth in the first half of 2008 and a markedly (7-12%) higher operating result compared with the same period last year. Draka Energy & Infrastructure reported revenues of € 565.9 million and an operating result of € 39.9 million in the first half of 2007[2]. All divisions are expected to contribute to the growth in result, the main factors being volume growth, cost reduction and a better product mix.

[2] Over the full year 2007, Draka Energy & Infrastructure generated revenues of € 1,107.5 million and an operating result of € 82.2 million.

Industry & Specialty

Profile

The Industry & Specialty Group, which generates around 36% (or € 1.0 billion) of Draka's total revenues, comprises a number of divisions that supply (special-purpose) cable to original equipment manufacturers (OEMs), many of which operate on a global scale. Most of the multitude of different cable types are developed and produced in accordance with customer specifications.

The Industry & Specialty Group comprises five divisions. Automotive & Aviation, which generates about 40% of the Group's revenues, is the world leader among independent suppliers of advanced cables for the automotive sector and supplies around 50% of Airbus' cable requirement. Since 1 April 2008, the Rubber Cable and Marine, Oil & Gas divisions have been combined to form the Industrial division, which generates 35–40% of the Group's revenues. The former divisions have been amalgamated because many of the cables used for oil and gas production platforms and shipping are rubber cables, so there is scope for synergy gains. Industrial's product range comprises cable and related products for oil and gas platforms, shipping, equipment construction, mining and renewable energy systems such as wind and solar. The other divisions are Elevator Products, which generates 10–15% of the Group's revenues from cable and other products for lifts, Cableteq USA, which also contributes 10–15% by supplying cable for the defence industry, infrastructure and other applications, and Wire & Cable Assemblies (less than 5% of the Group's revenues), whose products include cable harnesses for agricultural vehicles.

Developments

In the Industry & Specialty Group, the Automotive & Aviation division reports limited lower sales, particularly due to the weakness of the US market. Another factor is the closure of the plant in Vigo (Spain), which was announced earlier this year, in response to customers relocating their production facilities to low-labour cost countries. This decline is partly offset by the stronger performance of the aviation business (cables for Airbus) and the rapidly growing demand for cables that can withstand high temperatures (in car motor rooms).

The newly formed Industrial division continues to perform well and reports substantial growth, driven mainly by the renewable energy, mining and material handling segments in the US, India, China and Asia-Pacific. Sales of cable products for the oil industry fell short of the high level achieved in the same period in 2007 because of capacity shortages. The capital expenditure projects relating to submarine cable and expansion of wind-turbine cable capacity are proceeding according to plan.

The Elevator Products and Cableteq USA divisions also report excellent results. Elevator Products is benefiting from sustained rapid growth in China, where a second joint venture was set up in 2007. DeBiase Lift Components s.r.l. (Italy), which was acquired in early 2008, has already started contributing to the results. Cableteq USA's result is boosted by stronger demand from the defence industry and increased infrastructure investment. The Wire & Cable Assemblies division is benefiting from the higher investment level in agriculture.

Expected results

Reflecting the weakness in some of the markets addressed by the Automotive & Aviation division, Draka Industry & Specialty expects volume to remain flat in the first half of 2008, with modest (2–4%) growth in operating result compared with the same period last year. Draka Industry & Specialty reported revenues of € 499.0 million and an operating result of € 28.8 million in the first half of 2007[3]. The good developments achieved by the other divisions are expected to more than compensate for the decline in Automotive & Aviation's result.

[3] Over the full year 2007, Draka Industry & Specialty reported revenues of € 1,000.7 million and an operating result of € 56.9 million.

Communications

Profile

The Communications Group, which accounts for some 25% (around € 700 million) of Draka's revenues, specialises in the development, production and sale of optical fiber and copper cable and communication infrastructure solutions. The Communications Group is a world leader in optical fiber technology, cable solutions and applications and possesses considerable expertise in managing broadband infrastructure projects. Telecom operators are the Group's largest customer category. Europe accounts for the bulk of its sales (around 80% of revenues), with the remaining 20% split more or less equally between the US and Asia.

The Communications Group comprises four divisions: Cable Solutions EMEA, Cable Solutions Americas, Mobile Networks and Optical Fiber. The Cable Solutions EMEA division generates around 75% of the Group's revenues, supplying copper and optical fiber cable solutions for broadband infrastructures and multimedia. Cable Solutions Americas supplies optical fiber and optical fiber cable solutions for telecom networks in the US. Mobile Networks supplies complete antenna line products for mobile telephone base stations. Optical Fiber develops and produces optical fiber products supporting both internal use and sale to third parties.

Developments

Driven by the strong demand for optical fiber, the market for telecommunication cable shows a continuing growth. Closely in line with the forecasts, the optical fiber market is growing at 8–9%, mainly reflecting the rising demand (+10%) in the US and Europe and in emerging economies such as Brazil, India and Russia. In Asia, the markets in China and Japan are holding firm, with demand at a high level. Despite the rising demand, selling prices on the telecommunication market are still under pressure from the intense competition.

Draka is benefiting from the positive market trends. Volume growth is being driven by deliveries under fiber-to-the-home contracts in France, Spain, the Netherlands and Scandinavia. The Group is now also supplying Verizon (USA) according to the multi-year contract signed at the end of 2006. In response to the favourable market conditions, Draka has become more selective in the new contracts it enters into. Furthermore, the company is losing some market share in optical fiber and optical fiber cable because Draka is still engaged in a programme to improve its delivery performance in the EMEA region, which was launched in the second half of 2007. Through its joint ventures, Draka maintains its position as market leader on the stable Chinese market.

Demand for copper telecommunication cable continues to fall In Europe, but Draka is maintaining its market position.

In the datacommunication market, demand in the copper cable segment in particular is growing steadily at about 3%. Draka is achieving volume growth in this market, taking advantage of its strong position among the leading system integrators in Europe.

The mobile network cable market is stable at the global level, with growth in Asia (Indonesia and India) and Eastern Europe and declining demand in Western Europe. Although prices in the emerging markets are under pressure from Chinese competition, Draka is defending its market share.

Expected results

Limited but sustained volume growth (4–7%) will translate into a marked improvement (7-12%) in Draka Communications' operating result in the first half of 2008 compared with the same period last year. Draka Communications reported revenues of € 351.4 million and an operating result of € 9.3 million in the first half of 2007[4]. Volume growth and cost savings (of around € 5 million) will more

[4] Over the full year 2007, Draka Communications reported revenues of € 708.0 million and an operating result of € 21.3 million.

than compensate for the continuing pressure on optical fiber cable prices and the adverse effects of the lower dollar-euro exchange rate on its European optical fiber activities in the first half of the year.

Yangtze Optical Fibre & Cable

Draka has had a 37.5% stake in Yangtze Optical Fibre & Cable (YOFC), the largest producer of optical fiber and optical fiber cable in China, since 1988. The other shareholders in this joint venture are China Telecom (37.5%) and Wuhan Yangtze Communications Industry Group (25%). Since its inception, YOFC has used the Draka-developed PCVD (Plasma-activated Chemical Vapour Deposition) technology, which is a highly efficient process for producing the optical fiber core. The original term of the joint venture agreement was 20 years and negotiations on its extension opened at the beginning of this year. Agreement has been reached on extending the joint venture for at least one year, during which time Draka aims to reach agreement on a further 19-year extension.

Working capital

The developments in raw material prices in the first few months of 2008 were similar to those in the same period last year and are stable overall. However, the volume growth expected in the first half of 2008 will exert some upward pressure on the absolute level of operating working capital. Thanks to Draka's ongoing efforts to reduce working capital, operating working capital as a percentage of revenues is expected to remain within a bandwidth of 16-18%, compared with 18.6% in the first half of 2007.

Board of Management
Amsterdam, 11 June 2008