Draka

Full Year Results 2008

Working together, improving performance

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Highlights

Satisfactory results[1] in 2008:

• Volume:	-1.7%	
• Operating result:	€ 133.1 million	(–9%)
– excluding exchange effects	€ 140.9 million	(–3%)
• Operating margin:	4.9%	(-30bp)
• Result for the year:	€ 83.5 million	(–2%)
• Earnings per share:	€ 2.18	(–3%)
• Operating working capital ratio:	14.4%	(-170bp)
• Operating cash flow:	€ 97.6 million	(+50%)

Outlook for 2009:

- Global cable market is expected to show a marked decline
- Continue to focus on cutting costs and reducing debt position by exercising capital discipline and maximising free cash flow

[1] All figures excluding non-recurring items

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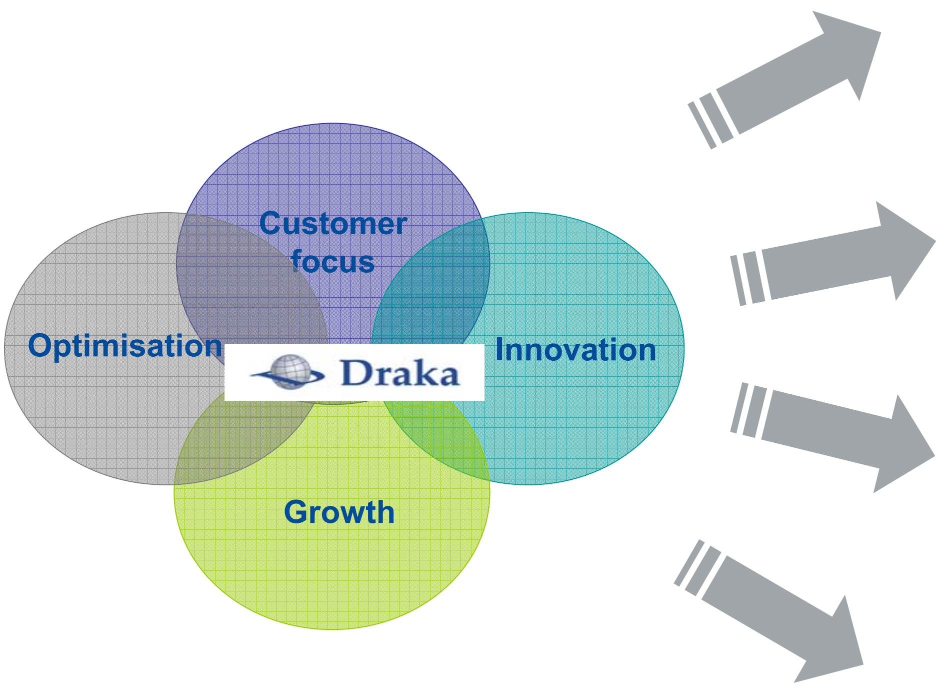
Agenda

- Strategy & progress
- Business environment
- Cost reduction & capital discipline
- Financial Results 2008
- Results per Group
- Financial Position
- Outlook and Objectives

Core of Draka's strategy:



Customer focus
Creating innovative product portfolios and solutions that meet its customers' needs, in terms of logistics, services, software and product solutions

Innovation
Widen range of products and services by leveraging Draka's core competences, creating customer-driven and market-led innovations & raising profile of Draka's brand

Growth
Draka's strategic objectives, which it seeks to achieve within the constraints of sound financial practice, are organic growth, selective investment and consolidation

Optimisation
Draka will continue to invest in more efficient and effective design of both the production structure and the sales and marketing structure with undiminished vigour

Progress towards strategic objectives

Objectives	Medium term	2008	2007
• Specialty profile as % of revenues	47% →60%	49%	47%
• Continuous optimisation	cost leadership	€ 10m savings	€ 8m savings
• Operating margin over economic cycle	≥ 5%	4.9%	5.2%
• Operating working capital as % of revenues	16-18%	14.4%	16.1%
• Free cash flow	optimum	€ 52m	€ 18m

Business environment

‘A perfect storm’

- Economic downturn has affected Draka’s business starting in H2 2008
- Volume growth in global cable market was 2% in H1 and minus 3% in H2
- Automotive and residential have been hit hardest; decline respectively 20-30% and 20% in H2
- Other industrial activities started to slow down as from Q4

Weathering the storm

- Businesses are diverse, both geographically as in terms of end markets
- Innovative strength
- Local entrepreneurship ideal for grasping suitable opportunities for growth
- Early actions taken to mitigate impact; will be continued in 2009

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Cost measures & Capital discipline

Measures taken to match Draka's capacity to market conditions

- New Triple S projects announced in summer of 2008
  - E&I Europe: closure of copper wire plant in UK
  - Automotive & Aviation: closure of plant in Spain and optimisation in Germany
  - Communications: reduction of overhead in European plants
- Other initiatives
  - Global moratorium on recruitment since July 2008
  - Significant reduction in use of temporary staff
  - Shorter working hours in some European countries
  - Reduction in permanent staff in connection with cut-back in shift working

→ Annual cost savings c.€ 40 million, fully realised in 2010
Bulk of savings – € 25 million – will be achieved in 2009

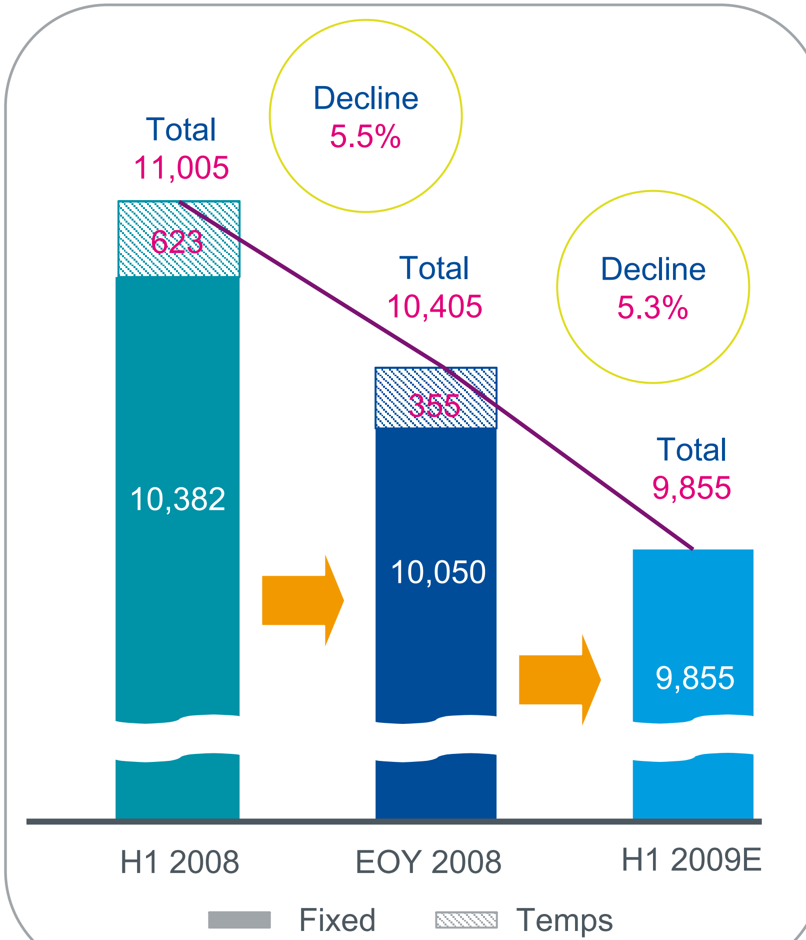
Cost measures (II)

Measures taken

	FTE impact H2 08-H1 09E
Energy & Infrastructure	**290**
• Triple S	140
• Other	150
Industry & Specialty[1]	**605**
• Triple S	95
• Other	510
Communications	**255**
• Triple S	110
• Other	145
Total Draka	**1,150**
• Triple S	345
• Other	805

[1] Reduction in Automotive & Aviation FTE's (330) included in Industry & Specialty

Number of FTE's

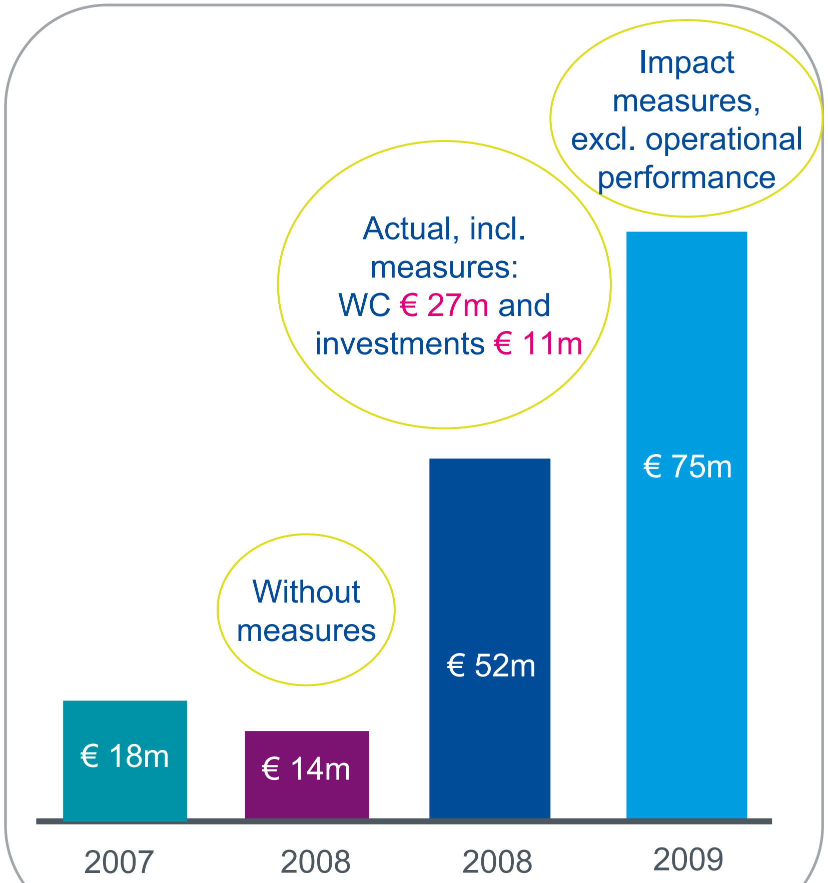


Capital discipline

Maximising free cash flow[1]

Minimize working capital needs	H2 2008
• Inventory	€ 39m
• Trade receivables	€ 58m
• Trade payables	€ (70)m
Contribution to free cash flow	€ 27m
Minimize investments	**H2 2008**
• Maintenance & repair	€ 11m
• Special projects	-
Contribution to free cash flow	€ 11m
Additional measures undertaken	**2009**
Lower inventories	€ 20m
Longer payment terms	€ 30m
Investments = 50% of depreciation	€ 25m
Contribution to free cash flow	€ 75m

Free cash flow



[1] All figures excl. impact market conditions

Financial Results 2008

Key figures[1]

(x €m)	2008	2007	▲%	2H 2008	2H 2007
Revenues	2,707	2,816	(4)	1,300	1,400
EBITDA	190	198	(4)	87	101
EBITDA-margin	*7.0%*	*7.0%*	-	*6.7%*	*7.2%*
EBIT	133	146	(9)	57	75
EBIT-margin	*4.9%*	*5.2%*	(30)bp	*4.4%*	*5.4%*
Result for the year	84	85	(2)	34	46
EPS (€)	2.18	2.25	(3)	0.87	1.28
Operating cash flow	98	65	50	96	100

[1] Excluding non-recurring items of net € 14.2m negative in 2008 and € 7.7m positive in 2007

Non-recurring items

Inventory write down to net realisable value due to 55% drop in copper price in 4Q 2008

Charges	Gross	Net
• Provision for Triple S projects	€ (25.6)m	€ (19.2)m
• Inventory revaluation	€ (21.1)m	€ (15.8)m
- Associate Oman Cables Industry		€ (8.0)m
Income		
• Book profit on bid on convertible bonds		€ 12.6m
• Tax assets		€ 16.2m
Total Draka		€ (14.2)m

- Agreement with Dutch tax authority about issues 2004: € 6.2 million
- Tax loss carry-forward resulting from acquisition of 100% in Draka Comteq: € 10 million
- Excluding one-off items effective tax rate is 22%

- Combined bid of cash and shares for € 100 million 4% convertible subordinated bond loan 2010
- 74.2% or € 74.2 million accepted the offer
- Book profit € 18.5 million before costs and IFRS adjustments

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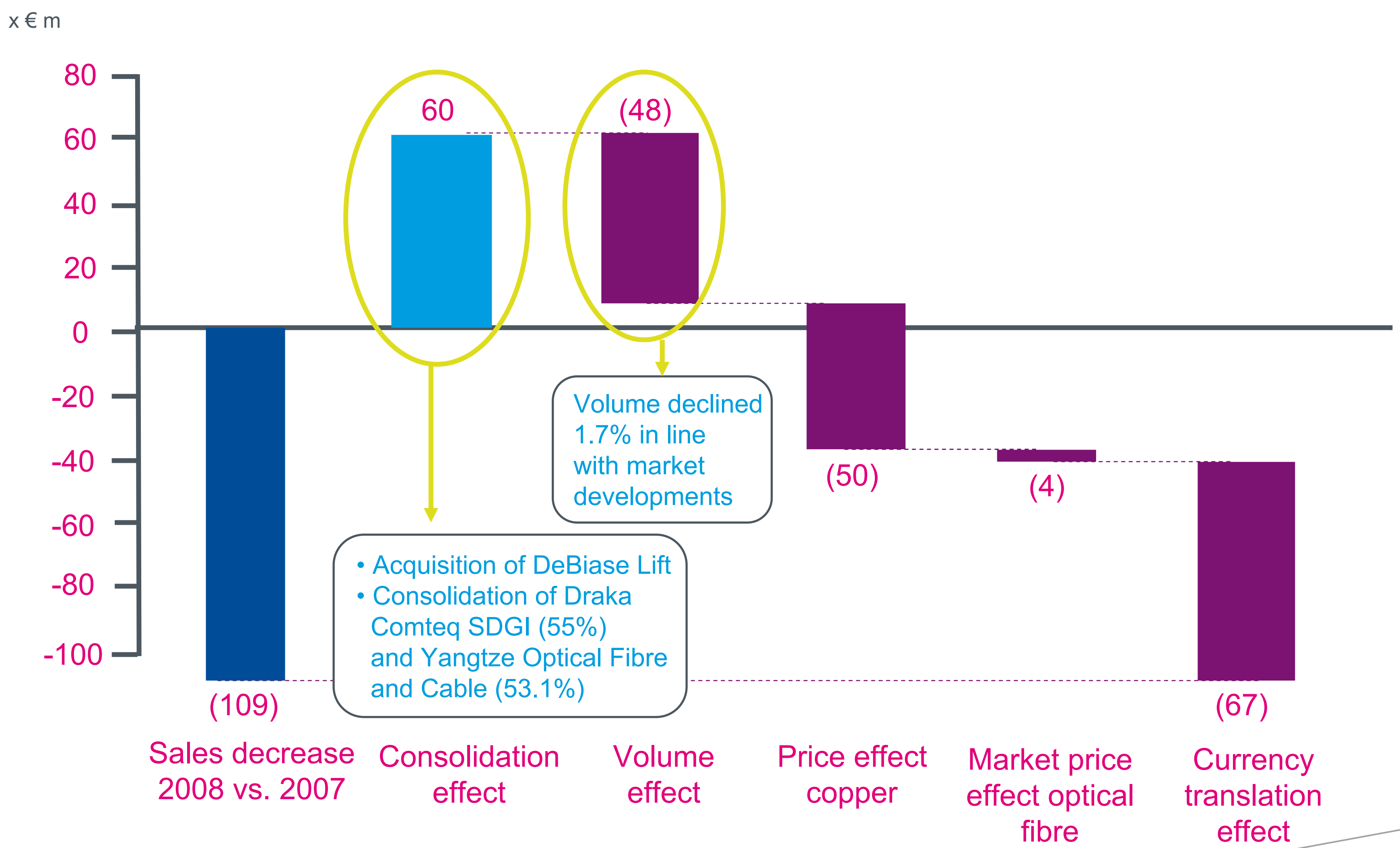
Revenue analysis



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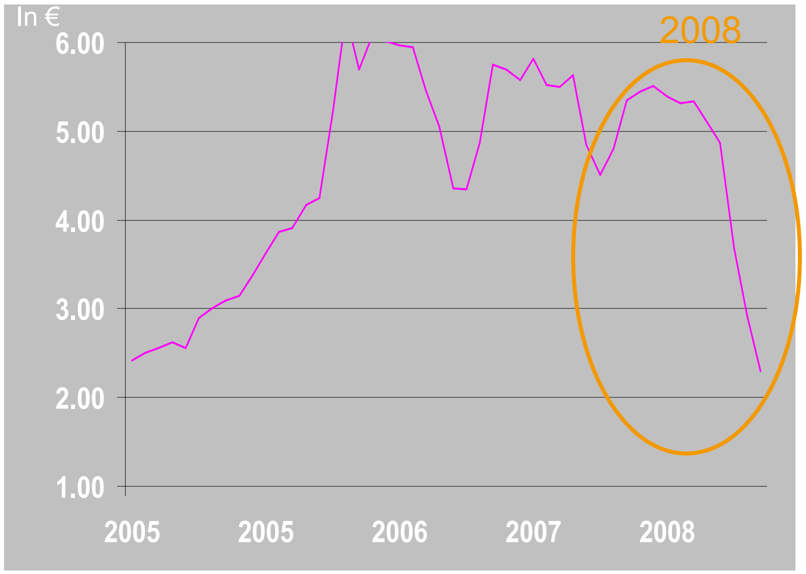
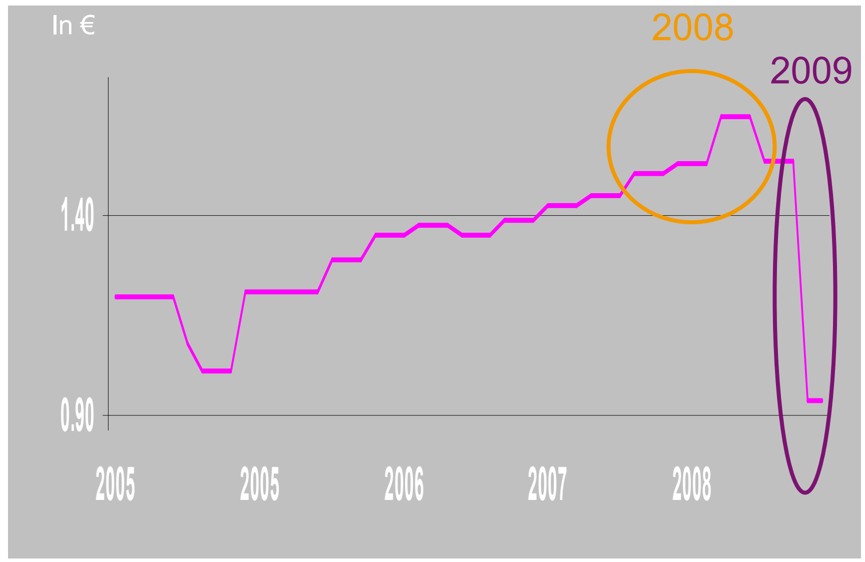
Raw material prices

Copper (per kg)



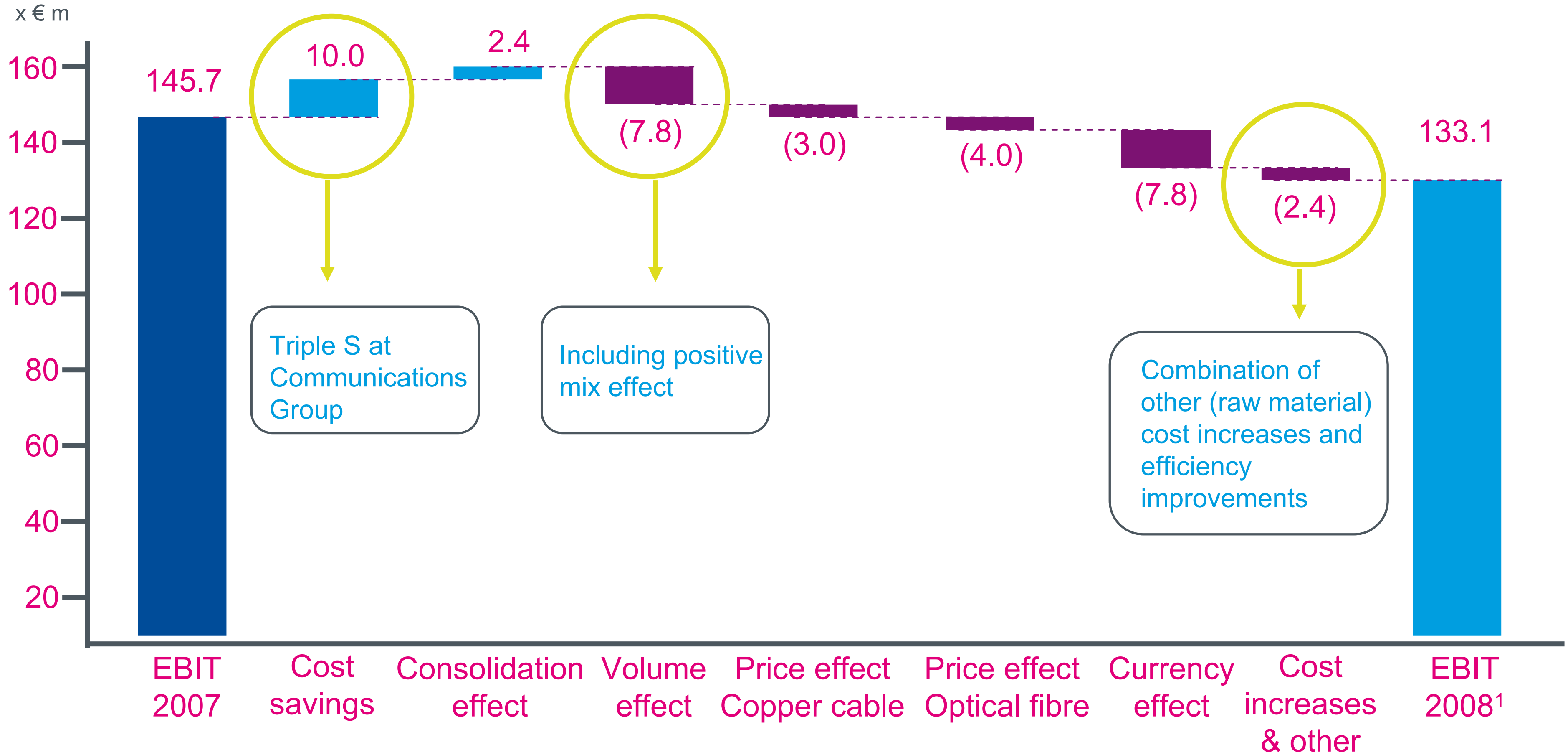
Polyethylene (per kg)



Steep drop in copper price in H2 2008; even 55% in Q4

5% price decline in polymers in Q4, but 40% in Jan. & Feb. 2009

EBIT analysis



[1] Excluding non-recurring items of € 46.7m negative in 2008

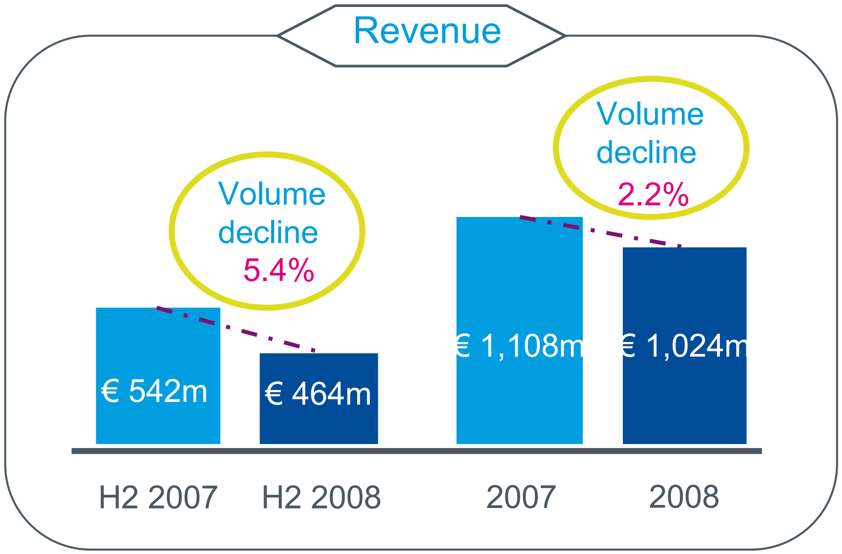
Results per Group

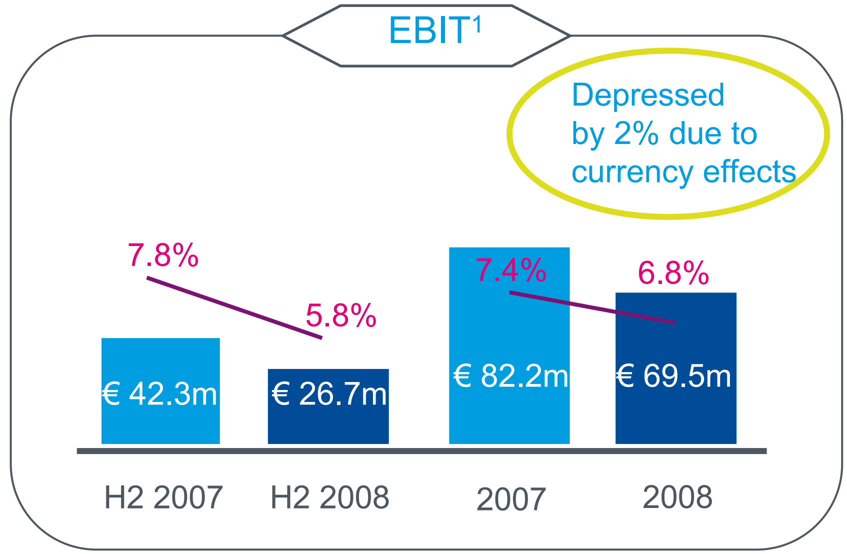
Revenue & EBIT

(x €m)	Revenue					EBIT[1]				
	2008	2007	▲ %	2H08	2H07	2008	2007	▲ %	2H08	2H07
Energy & Infrastructure	1,024	1,108	(8)	464	542	69.5	82.2	(15)	26.7	42.3
Industry & Specialty	960	1,001	(4)	463	502	59.2	56.9	4	27.5	28.1
Communications	723	708	2	373	357	20.5	21.3	(4)	9.8	12.0
Others		-	-	-	-	(16.1)	(14.7)	10	(6.6)	(7.2)
Total	2,707	2,816	(4)	1,300	1,400	133.1	145.7	(9)	57.4	75.2

[1] Excluding non-recurring items of € 46.7m negative in 2008. No non-recurring items in 2007.

Energy & Infrastructure





[1] Excluding non-recurring items of € 23.1 million negative in 2008

Highlights

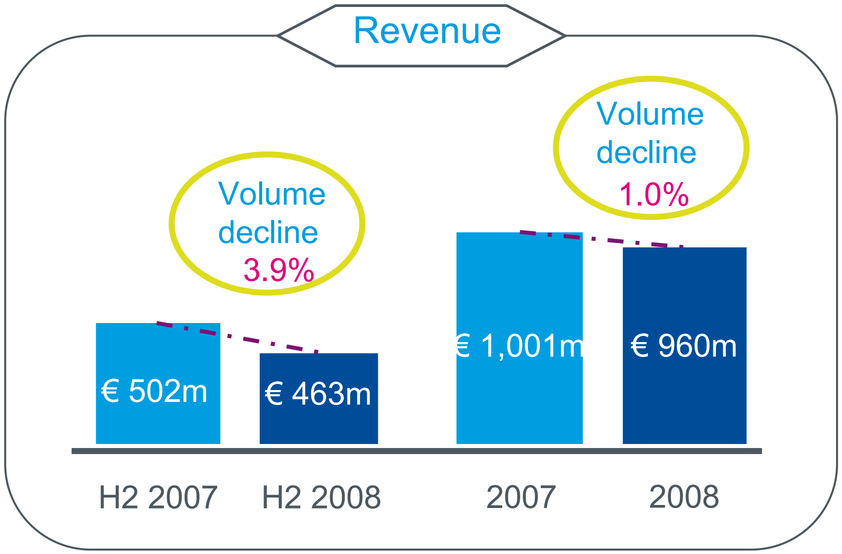
- Sharp downturn in housing market in 2nd half year
- Slowdown in commercial and industrial activity, especially in Q4
- Contracting market demand exacerbated by sharp fall in copper price
- Further cost-saving measures announced and implemented; benefits in 2009
- Focus on new segments: industrial, infrastructure and renewable energy

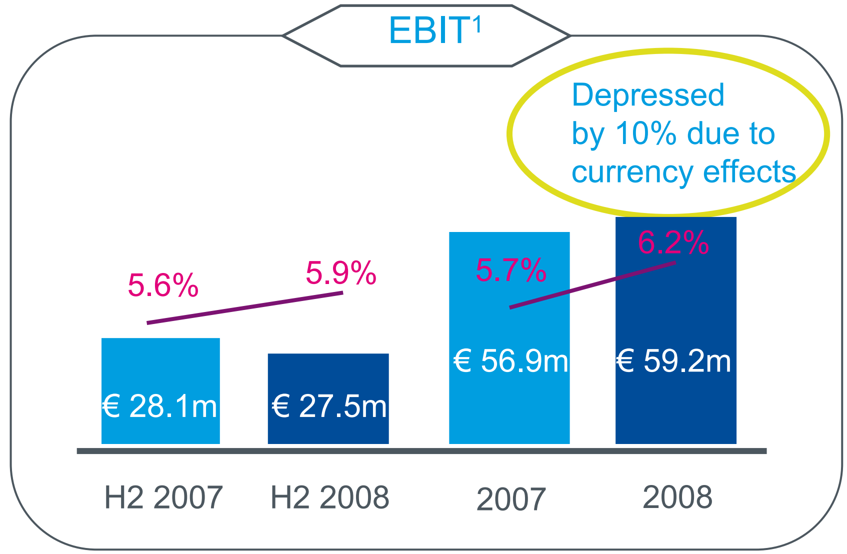
Market developments in Europe

	%-of sales	Residential volume	Commercial volume	Infrastructure volume	Industry volume	Margin	Outlook/ trend compared to H2 2008
Benelux	c.20%	+/-	+/-	+/-	+/-	+/-	-
UK	c.15%	--	-	+/-	+/-	+/-	+/-
France	5-10%			-		+/-	-
Spain	15-20%	--	--	-	+/-	-	--
Sweden	5-10%	-	-	-	+/-	+/-	-
Finland	c.10%	--	--	+/-	+/-	-	--
Norway	5-10%	-	-	-	+/-	+/-	-
Denmark	<5%	+/-	+/-			+/-	+/-
Baltics	<5%	--	--	-		-	--
CZ and East	c.5%	--	--			-	+/-

Legend: Empty spot in matrix: no market relevance
For volumes: +/- = neutral
\+ = +1-5 %
\- = -1-5 %
++ = > 5 %
-- = < -5 %

Industry & Specialty





[1] Excluding non-recurring items of € 20.3 million negative in 2008

Highlights

- Profit growth driven by strong performance of Industrial and Elevator Products; sharp fall in demand by Automotive & Aviation in 2nd half year
- Automotive & Aviation restructures its operations in face of historically bad market conditions, including closure of plant in Vigo (Spain)
- Good result by Industrial, thanks to strong growth in renewable energy sector

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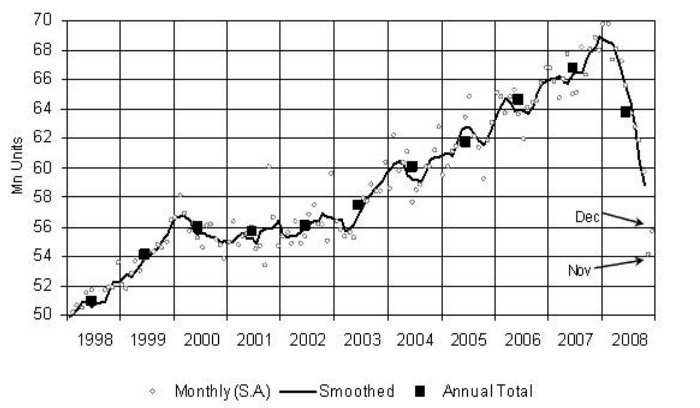
Automotive market

Worldwide car sales, annualised



Decisive actions

- Closure of factory in Spain; now globally 5 operational
- 15% reduction in FTE's in 2008; 13% to follow in 2009
- Additional measures examined
- A&A: small profit in 2008, despite 18% fall in H2 volume
- Forecast 2009: break even to small loss

Forecast global car sales

							Growth Analytics (2007-2012)				
Region	2007	2008	2009	2010	2011	2012	Unit Diff.	% Chg	CAGR	CTG %	Rank+
1 Asia-Pacific	26,700	27,100	25,350	27,500	30,500	33,100	6,400	24.0%	4.4%	85.3%	1
2 European Union	18,800	17,600	15,500	16,100	17,000	17,800	-1,000	-5.3%	-1.1%	-13.3%	6
3 North America	15,000	12,600	10,500	12,200	13,200	14,000	-1,000	-6.7%	-1.4%	-13.3%	5
4 South America	3,500	3,800	3,400	3,800	4,200	4,600	1,100	31.4%	5.6%	14.7%	3
5 East Europe	3,100	3,300	2,900	3,400	4,200	4,700	1,600	51.6%	8.7%	21.3%	2
6 Middle East & Africa	1,800	1,700	1,600	1,800	2,000	2,200	400	22.2%	4.1%	5.3%	4
Global Total Assembly	68,900	66,100	59,250	64,800	71,100	76,400	7,500	10.9%	2.1%	100.0%	
Global Capacity	83,000	87,000	88,000	93,000	96,000	98,000	15,000	18.1%	3.4%		
Global Utilization	83.0%	76.0%	67.3%	69.7%	74.1%	78.0%					

+ Ranking based on contribution to total global growth (CTG%)

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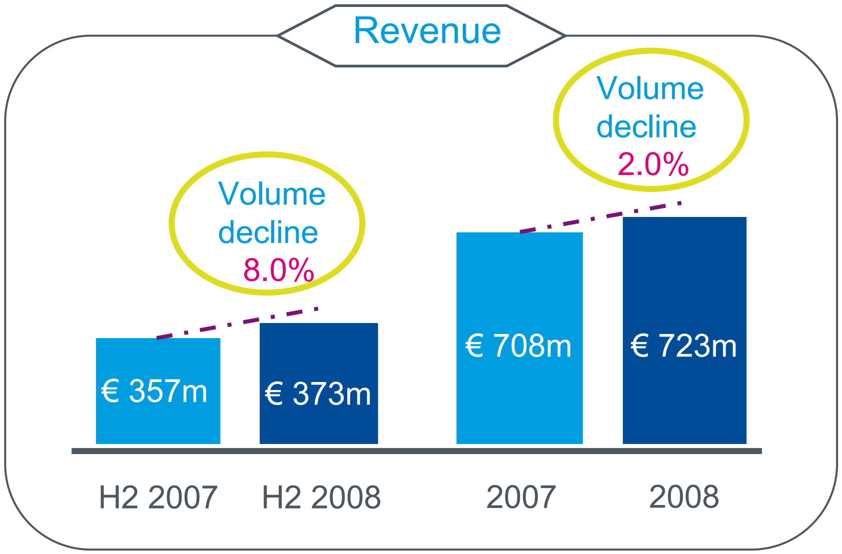
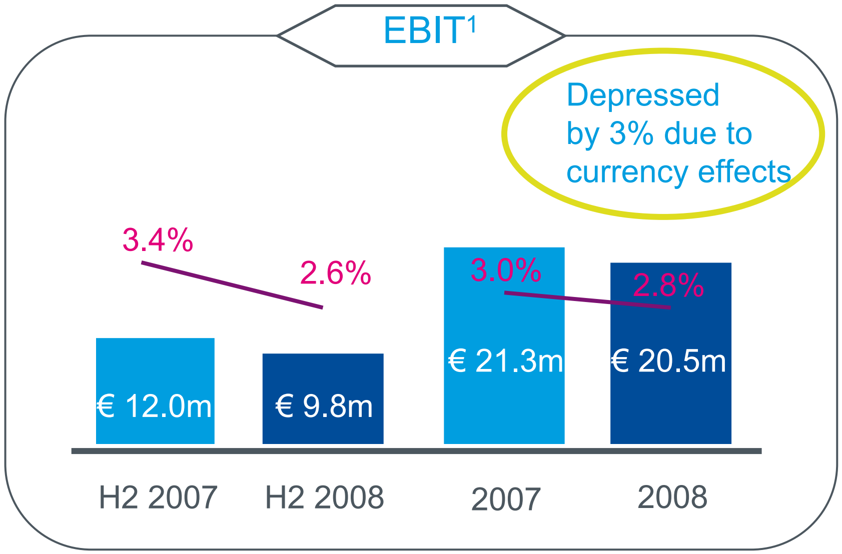
Communications





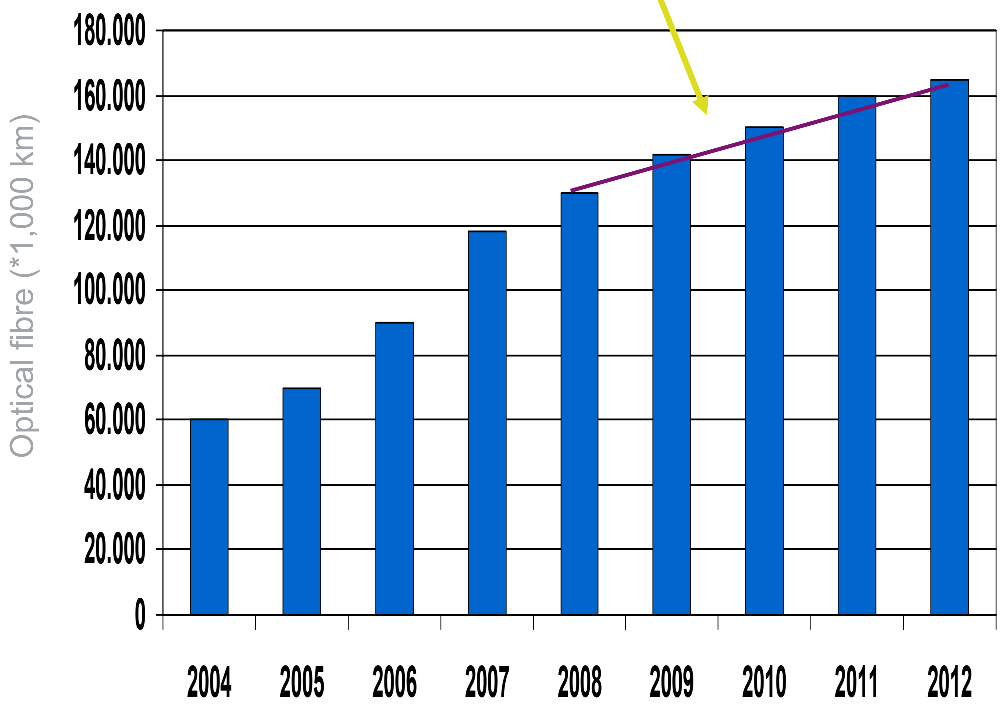
[1] Excluding non-recurring items of € 3.3 million negative in 2008

Highlights

- 10% growth in world optical fiber market to 130–135 million kilometres
- Substantially lower operating result reflecting sustained pressure on selling prices in all market segments and lower copper telecommunication cable volume
- Positive effects of Triple S and other measures not enough to compensate fully
- Action taken to reduce overheads, so lower cost base expected in 2009

Global fibre market

Trend line, still actual given demand for broadband; However, economic downturn will affect investments in short term



Source: CRU

World demand	2008 Final Mfkm	2009LE Mfkm
SMF total	130-135	130
USA		-10%
Europe		-10%
China		+15%
Global market		flat to down 5%

Financial position

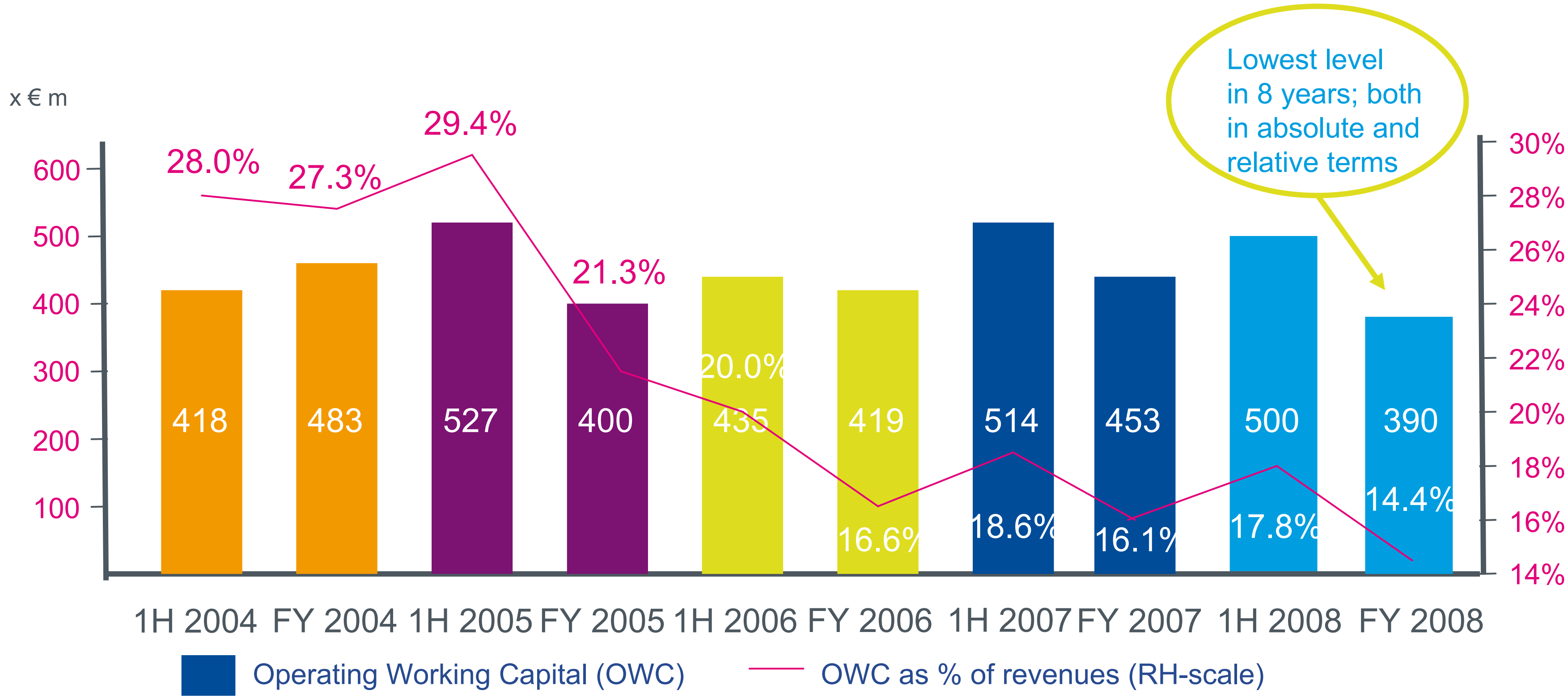
Highlights

	2008	Δ 2007
• Operating working capital	€ 390 million	€ (63) million
• Operating working capital ratio	14.4%	-170bp
• Operating cash flow	€ 98 million	50%
• Investments	€ 59 million	-18%
• Depreciation	€ 57 million	8%
• Net debt (excl. leases)	€ 498 million	€ (54) million
• Net debt / EBITDA	2.75	-18bp
• Equity	€ 440 million	€ 40 million
• Equity / Total assets	26.6%	370bp
• Net gearing	113%	NMF

Cash flow statement

(x €m)	2008	2007	2H 2008	2H 2007
Result for the year	71	94	18	53
Depreciation, amortisation	62	52	30	26
Operating working capital	60	(34)	128	60
Others (interest, tax, provisions)	(95)	(47)	(79)	(39)
Net cash from Operating Activities	98	65	97	100
Net cash used in Investments	(47)	(257)	(28)	(239)
Free cash flow	51	(192)	69	(139)
Net cash from Financing	13	188	(6)	118
Net cash flow	64	(4)	63	(21)

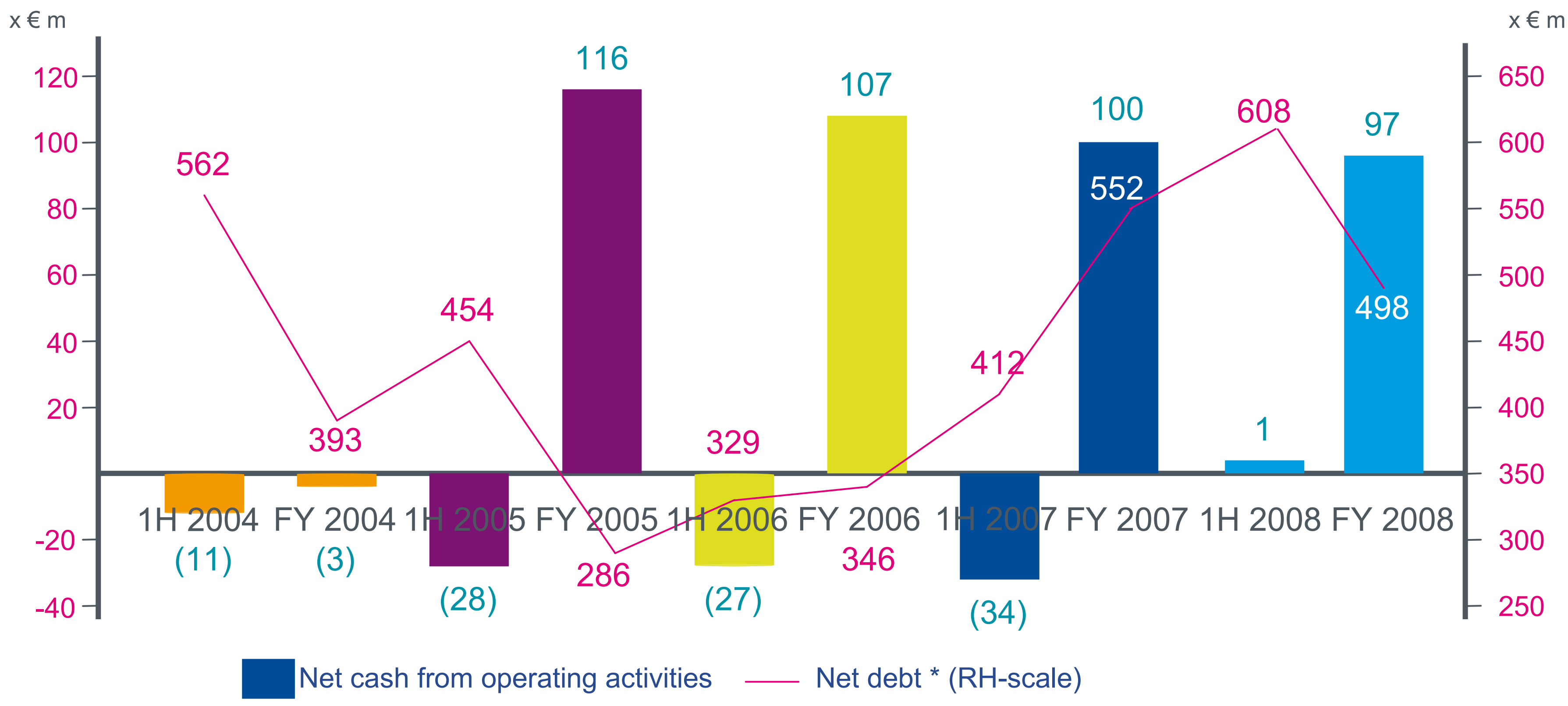
Operating Working Capital



Working capital well under control; confirmed in H2

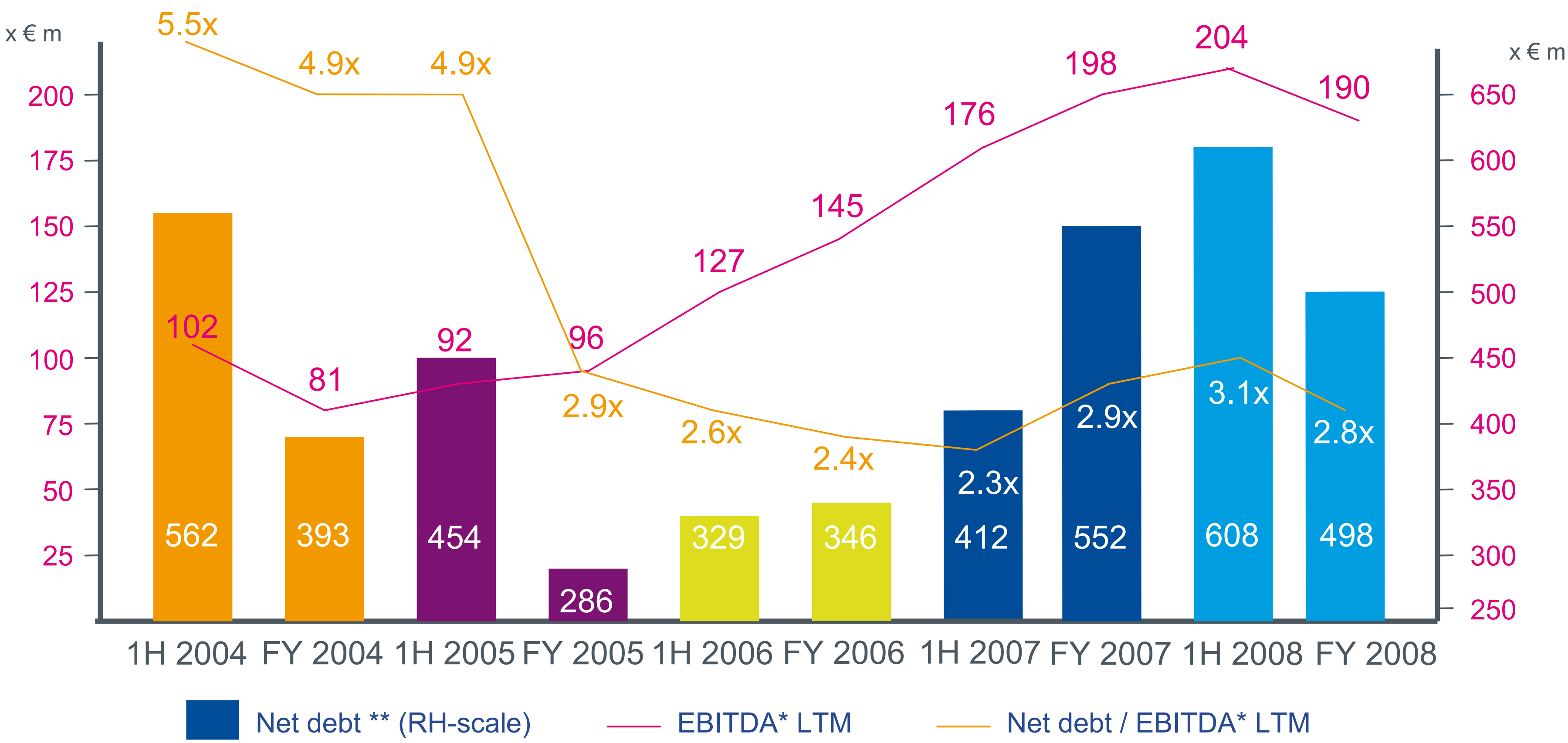
	H2 2007	H2 2008
Inventory	58 days	52 days
Payment period customers	54 days	45 days
Payment period suppliers	52 days	42 days
Total	59 days	55 days

Cash from operating activities & Net interest bearing debt



* Net debt: incl. convertible bond loan at nominal value

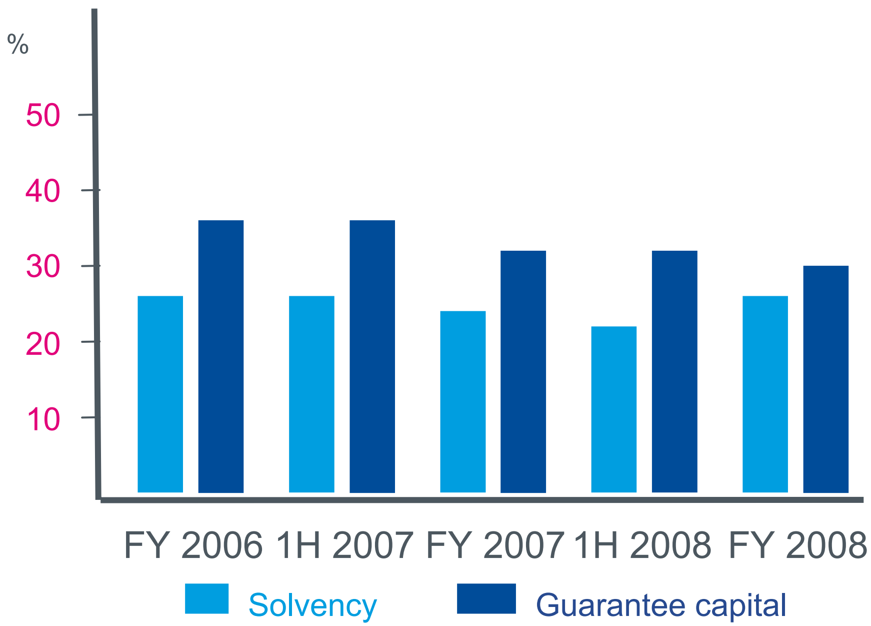
EBITDA (LTM) & Net interest bearing debt

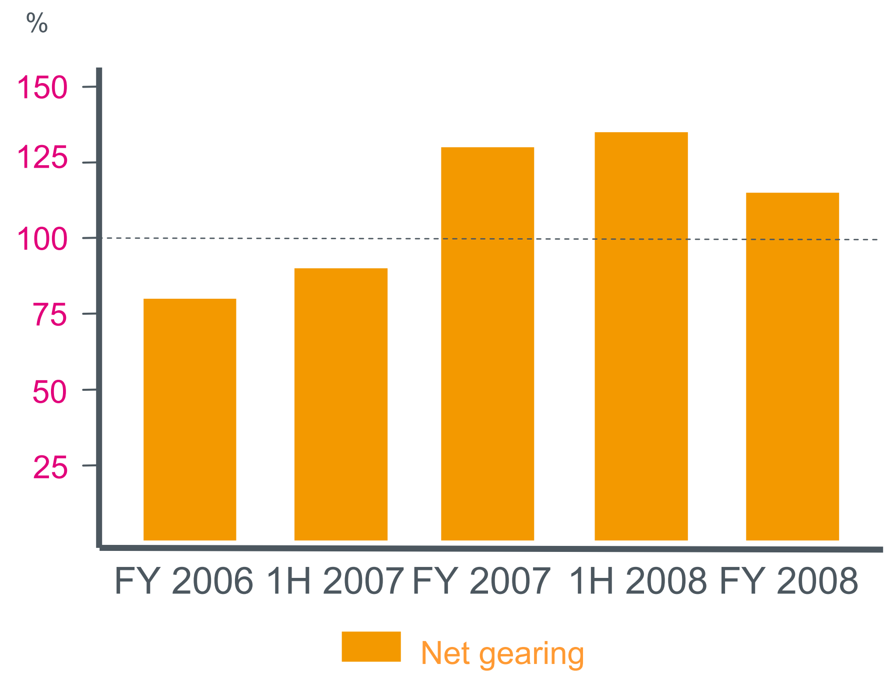


* Excluding non-recurring items

** Net debt: incl. convertible bonds at nominal value

Balance sheet ratios





Balance sheet ratios improved in H2 2008

Outlook and Objectives

Draka

2009

Prospects

- Global cable market will show a marked contraction in 2009
- Prices of raw materials (copper, aluminium and polymers) will remain highly volatile; pressure on selling prices in some cable market segments
- Capacity will be adjusted where necessary to match market conditions
- Draka will continue to pursue its strategy of cutting costs, reducing the debt position and grasping suitable opportunities for growth

Objectives

- Continuation of programmes aimed at greater focus at the production facilities
- Further reinforcement of sales & marketing organisations, with emphasis on special-purpose cable segment
- Continued investment in innovation
- Continuation of programmes aimed at greater focus at production facilities, lower overheads and synergy gains in central services (purchasing, ICT, insurance etc.)
- Faster implementation and completion of Triple S projects and other measures which will result in annual cost savings of c.€ 40 million in 2010 of which c.€ 25 million is expected for 2009
- Maximising free cash flow by focusing constantly on operating working capital and holding investment down to approximately € 28 million

Thank you for your attention
Any questions?

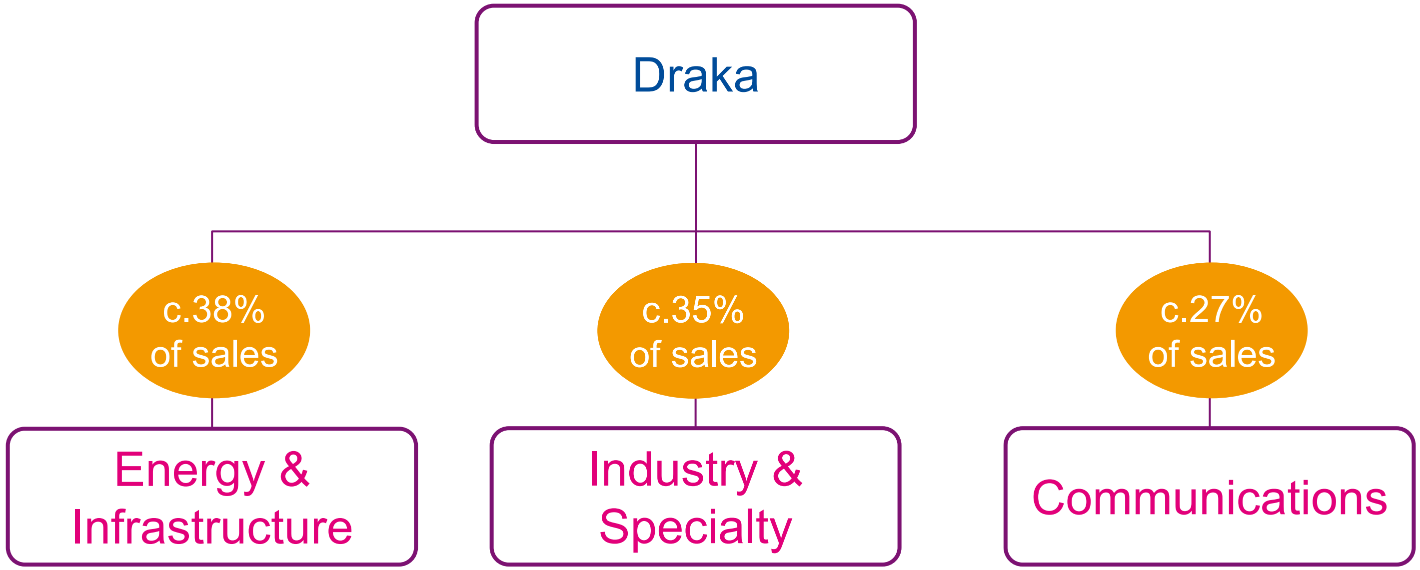
Appendices

Three leading businesses

Draka's activities

Clustered in three Groups

Based on customer requirements



Expected to generate additional growth and further synergies in the future

Organisational structure

- **Draka Holding N.V.**
  - **Energy & Infrastructure**
    - Europe
    - Asia-Pacific
  - **Industry & Specialty**
    - Automotive & Aviation
    - Cableteq USA
    - Elevator Products
    - Industrial
  - **Communications**
    - Fiber Cable Solutions
    - Copper Cable Solutions
    - Americas
    - Optical Fiber

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Operational exposure

Draka's activities are widely spread

Draka's activities

c.38% of sales → **Energy & Infrastructure**
30/40/30 split between residential, infrastructure and commercial construction markets in EU and Asia; European sales fairly evenly spread over Benelux, Scandinavia, Spain, UK, and to lesser extent in France

c.35% of sales → **Industry & Specialty**
Global businesses with sound order backlog: Marine, oil & gas, Renewable energy, Airbus

c.27% of sales → **Communications**
Market leader in Europe and China (fibre & fibre cable) and leading in USA; Increasing investments by Telco's and other network providers

Promising mid term prospects

- Organisational structure reinforced
- Strong management team
- Entrepreneurship on local level
- Continuing investments in people & customers

➡ Midterm goals

- *Increase special-purpose cable segment and emerging markets from c.49% to c.60% of revenues*
- *Average operating margin over economic cycle (of 6–7 years) of ≥5% of revenue*
- *Ongoing focus on free cash flow generation*

Disclaimer

This presentation includes forward-looking statements. Other than statements of historical fact, all statements included in this press release, including, without limitation, those regarding our financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events, including numerous assumptions regarding our present and future business strategies, operations and the environment in which we will operate in the future. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors relating to the company, including: our ability to enhance operational performance, increase our revenue and improve our margins; our liquidity needs exceeding expected levels; our ability to maintain our relationships with suppliers, insurers and customers; our ability to maintain our market share in the markets in which we operate; the state of the economy in the markets in which we operate; and our anticipated future results. Many of our assumptions are beyond the control of Draka and are inherently subject to substantial uncertainty. Our assumptions involve significant elements of subjective judgment that may or may not prove to be accurate, and consequently no assurances can be made regarding the analyses or conclusions derived from analyses based upon such assumptions. These forward-looking statements exclude the impact of currently unforeseen future fair value adjustments and/or impairments. Actual results may differ materially from those expressed in these forward-looking statements, and one should not place undue reliance on them. The forward-looking statements contained herein speak only as of the date on which they are made and are subject to change without notice. Except when required by applicable law or the applicable rules of any exchange on which our securities may be traded, we have no obligation to update forward-looking statements.