– Press Release –
Amsterdam, 30 November 2004

–TRADING UPDATE –

DRAKA EXPECTS TO POST A SMALL POSITIVE NET RESULT FOR 2004, EXCLUDING EXCEPTIONALS

COST BASE TO BE CUT BY € 21 MILLION IN 2005

The Board of Management of Draka Holding N.V. expects to close 2004 with a small positive net result, excluding non-recurring items (2003: € 0.2 million negative). The net result for the second half of 2004, excluding non-recurring items, will be at least break-even (first half of 2004: € 3.5 million). These results are being achieved in a market that remains difficult, with continued heavy pressure on margins amongst others due to the strong rise in raw material prices, especially for copper and polymers. In addition, the lower average exchange rate of the US dollar against the euro has again resulted in a price squeeze for Draka's European optical fibre activities.

Positive developments, including sustained volume growth (expected to be 5-6% in the second half of 2004), a further lowering of the cost base and an expected tax contribution, will mitigate the above adverse effects.

The non-recurring item in the second half of 2004 represents a provision amounting to € 23 million, formed mainly to cover the integration of the Alcatel and Draka optical fibre activities into Draka Comteq. This joint venture creates new opportunities for further cost reduction. Besides additional production optimisation projects, Draka will be closing an optical fibre factory in Finland and in Germany. The integration plan in Draka Comteq and the optimisation plans in Draka Cableteq will result in a total reduction of the workforce by 316 employees in Finland, Germany, France and UK. The resultant cost savings are expected to be € 21 million per annum from 2005 onwards.

Including the already announced non-recurring charges of € 2.2 million in the first half of 2004, non-recurring charges are expected to total around € 25 million in 2004.

Draka Comteq[1]

Conditions in the telecommunication/data communication cable markets in the second half of 2004 are similar to the first six months of the year. The data communication market in particular is experiencing some growth in both copper and optical fibre cable. Developments in the telecommunication cable market are still mixed, however, with higher demand for optical fibre cable (mainly in the US and to a lesser extent in China, the Western European market being flat) and stable volumes for copper telecommunication cable. Despite a slight

[1] Draka Comteq is jointly owned by Draka Holding N.V. and Alcatel S.A., combining their respective global optical fibre and communication cable businesses. This new company was formed on 1 July 2004, with Draka Holding N.V. holding 50.1% and Alcatel S.A. holding 49.9%.

market recovery, prices for both telecommunication and data communication cable remain under pressure across the board.

Draka Comteq is benefiting from the tentative recovery in demand for telecommunication and data communication cable. Despite higher volumes, however, Draka Comteq is expected to report an operating loss over this period, mainly as a consequence of the continuing price squeeze. The pressure on prices is being intensified in the case of the European optical fibre activities by the lower average exchange rate of the US dollar against the euro and in the case of the copper cable activities by the high copper price. To address this difficult market, Draka Comteq has set in motion an accelerated integration plan that will result in a more balanced geographical spread of the optical fibre production activities, enabling the company to derive maximum benefit from its lower cost base from 2005 onwards.

With regard to the data communication cable activities in the US, Draka Comteq and General Cable have an agreement in principle to sell the electronic cable and copper data communication cable activities to General Cable at net asset value (around € 6 million). These activities generate sales of approximately € 23 million. Draka Comteq expects to finalise the transaction in the first quarter of 2005.

Discussions are still in progress with Draka Comteq's co-shareholders in the Chinese joint venture Yangtze Optical Fibre Cable (YOFC) on the transfer of knowledge and related equipment in exchange for shares in YOFC. Draka Comteq expects to finalise these discussions in the first quarter of 2005.

Draka Cableteq[2]

Developments affecting Draka Cableteq give a mixed picture, with market conditions for standard low-voltage cable remaining difficult, mainly as a result of the lower level of construction activity in Germany and the Benelux countries. The market is still highly competitive, which means that selling prices are under constant pressure. Demand for elevator cable and cable for the transport industry remains solid, at a level similar to the second half of 2003. The marked growth in demand for cable by the marine/oil & gas market experienced in the first half of the year is continuing in the second half. A higher level of investment by the oil companies, combined with a dedicated market approach by Draka's operating companies, will translate into higher sales in 2004.

Draka expects to report volume growth for this product group in the second half of 2004, despite the weak performance of the low-voltage cable activities. The operating result is expected to be on a par with the second half of 2003. Positive effects on the results, such as the improved capacity utilisation and cost control, are expected to be cancelled out by the pressure on prices for standard low-voltage cable and the tighter margin resulting from the further increase in the price of raw materials (copper and polymers) in the second half of 2004. With raw material prices expected to remain high for the foreseeable future, Draka plans to accelerate the production optimisation projects within Draka Cableteq to improve efficiency in 2005. Moreover, Draka is reviewing the future of its non-strategic activities.

[2] Draka Cableteq, a wholly-owned subsidiary of Draka Holding N.V. which was formed on 1 July 2004, encompassing the following cable activities: low-voltage cable, cable for the transport industry, cable for the marine/oil &gas market, elevator cable and industrial cable.

Cost-saving measures
To address the current market situation and to improve profitability, Draka announces further cost cuts and plans for accelerating integration within Draka Comteq that will bring about a structural reduction in the level of costs from 2005 onwards.

Draka Comteq is to close an optical fibre plant in Finland and some of the equipment from Finland will be transferred to Draka's joint venture Neva Cables Ltd. (St. Petersburg) in the growing Russian market. Besides that, the production of optical fibre in Mönchengladbach (Germany) will be closed. To reduce its optical fibre production exposure in euro-zone countries still further, Draka Comteq is shifting production to Brazil, China and Russia. Together with additional production optimisation projects in Germany and France, this will result in a further reduction in the workforce by around 300, of which 85 jobs have already been shed in France in August 2004. Draka Comteq will form a provision of approximately € 20 million in the second half of 2004 to cover the cost of these measures. Annual cost savings of around € 19 million should be achieved, starting in 2005. This figure excludes the annual industrial synergies of at least € 20 million from 2005 onwards, as announced earlier this year.

Draka is continuing to implement the production optimisation projects at Draka Cableteq, for which the company will form a provision of about € 3 million in the second half of 2004. These projects will result in cost savings of approximately € 2 million in 2005.

The combined effect of the above measures will be to cut the Draka workforce by around 316. The works councils and unions in the various countries will be consulted on the implementation of these plans. Total provisions of approximately € 23 million will be charged to the result for the second half of 2004 in respect of these integration and optimisation plans. Of these provisions, approximately € 8 million represents a cash outflow for Draka Holding N.V. The cost savings will amount to approximately € 21 million per annum from 2005 onwards.

Working capital
One of Draka's objectives for 2004 is to reduce operating working capital as a percentage of sales in order to reduce its debt further. Draka set itself a target of lowering the working capital ratio from 28.4% in 2003 to around 27% in 2004. Despite the effect on working capital of the substantial rise in the price of copper so far this year, Draka still expects the working capital ratio to decline in the second half of 2004, although the target of 27% will not be reached. A further reduction of the working capital ratio is expected for 2005 thanks to an accelerated refocusing of the cable production activities.

Outlook
The continuing pressure on margins from the high raw materials prices (copper and polymers) and the weakness of the US dollar against the euro make it necessary to accelerate the refocusing of Draka's production activities. On completion of the integration project referred to above and the production optimisation projects which have already started and are being developed, Draka will be well placed to derive maximum benefit from a further market recovery. The lower cost base combined with a dedicated market approach will secure profitable future growth.

Board of Management
Amsterdam, 30 November 2004