–PRESS RELEASE–
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– TRADING UPDATE –

DRAKA EXPECTS IN 2006 TO ACHIEVE AN OPERATING RESULT OF AT LEAST € 88 MILLION AND NET INCOME OF AT LEAST € 45 MILLION (BOTH EXCLUDING NON-RECURRING ITEMS)

STOP, SWAP & SHARE PROJECTS ON SCHEDULE

FURTHER REDUCTION IN OPERATING WORKING CAPITAL RATIO

The Board of Management of Draka Holding N.V. expects to close 2006 with an operating result of at least € 88 million (2005: € 37.6 million) and a net income of at least € 45 million (2005: € 6.5 million), both excluding non-recurring items[1]. The operating working capital as a percentage of revenues is expected to fall to under 19%, despite the sharply higher raw material prices in 2006.

The expected sharp upturn in the results reflects the combined effect of improving market conditions (especially in Europe), the ongoing reduction in the cost base and higher efficiency at the production facilities. With an improving market climate in Europe, Draka expects to achieve volume growth in all its three market segments: low-voltage cable, special-purpose cable and communication cable. Volume growth in the second half of 2006 is likely to fall slightly short of the exceptionally high level achieved in the first half (8.7%). On the other hand, the negative impact on margin of sharply higher raw material prices (copper and polymers) will be less significant in the second half than in the first six months of 2006, thanks to price increases which have been implemented and the stabilisation of the raw material prices in the past three months.

The Stop, Swap & Share (Triple S) programme which Draka launched in 2005 is making a clear contribution to lowering the cost base and improving production efficiency. The first phase at Draka Cableteq will be completed this year, generating annual cost savings of € 15 million (€ 8 million in the second half of 2006). Implementation of the Triple S project at Draka Comteq's Cable Solutions EMEA division is proceeding on schedule. The annual cost savings, which are expected to amount to around € 12 million, will be achieved in full in 2008. Already in 2007 the project is expected to yield savings of around € 5 million.

Non-recurring items in the second half of 2006 are expected to turn out at around € 20 million negative, consisting of the provision for the Triple S project which Draka Comteq announced on 29 June. Non-recurring items in the second half of 2005 totalled € 23 million negative. Including the previously announced non-recurring impairment charge of € 5 million for the first six months of 2006, non-recurring items in 2006 are expected to amount to around € 25 million negative (2005: € 7.1 million negative).

Draka expects to generate a positive free cash flow in 2006 (excluding the effect of disposals and acquisitions), mainly as a result of the improved profitability. The operating working capital is expected to show a limited increase due to the sharp rise in raw material prices. However, excluding acquisition effects the operating working capital will remain stable. Draka expects operating working capital as a percentage of revenues to fall to under 19%, compared with 20.0% in June 2006 (year-end 2005: 21.3%).

[1] Net non-recurring items are expected to amount to around € 25 million negative in 2006 (2005: € 7.1 million negative).

Draka Cableteq

The divisions within Draka Cableteq are performing well, helped by the favourable market conditions in Europe (driven by the macroeconomic recovery) and the cost savings which have been achieved. The Low-Voltage Cable division is deriving optimal benefit from these developments, maintaining the strong performance achieved in the first six months. Growth in the division's specialty cable segment has been supported by sales and marketing efforts focused on halogen-free, fire-resistant cable, which has yielded a higher operating margin. Within the Rubber Cable division, the strategic focus on cable for the wind power, solar power and mining markets has translated into a sharp improvement in profitability. The acquisition of Cornelia Thies Kabeltechnik GmbH (Germany) in October 2006 fits well with this strategy and has consolidated Draka's leading position in the global wind power market.

The Marine, Oil & Gas, Elevator Products and Mobile Network Cable divisions have continued to perform at a high level, helped by the favourable market conditions and the further advances in market position. The Transport division has increased its market share among the leaders in automotive harnesses, such as Yazaki (Japan), Lear (USA) and Delphi (USA), with the acquisition of the insulated cable activities of International Wire Group, Inc. (USA), which was announced in June 2006. The integration process is running smoothly and will be completed by the end of this year. These new activities will, earlier than expected, already make in 2006 a small positive contribution to the results.

The first phase of the Triple S project, which Draka Cableteq launched in September 2005, has been completed. The annual cost savings of around € 15 million will be achieved in full in 2006. With savings of € 7 million in the first six months of 2006, this means that the savings in the second half will amount to € 8 million. The production optimisation projects in several Draka Cableteq divisions will continue.

Draka Cableteq is expecting to report further volume growth and a sharply higher operating result (excluding non-recurring items) for the second half of 2006 compared with the same period in 2005 (€ 29.2 million). All divisions are again expected to contribute to the improvement, thanks primarily to volume growth, a lower cost base and a better product mix. The negative impact on margin of higher raw material prices (copper and polymers) will be less significant in the second half than in the first six months of 2006, thanks to price increases which have been implemented and the stabilisation in the raw material prices in the past three months.

Draka Comteq

Conditions on the telecommunication cable market in the second half of 2006 are similar to those in the first six months. The market for optical fibre cable is expected to grow 10–15%, driven by sustained demand in the United States and Asia (notably Japan and China). Market demand in Europe is growing by around 5%. The optical fibre and optical fibre cable markets remain highly competitive.

Draka Comteq maintained its market position in China and advanced its position on both the US and European markets. In Europe, Draka Comteq won two prestigious Fibre-To-The-Home (FTTH) contracts. The first was an order from Iliad, the prominent French Internet and telecom provider of triple-play solutions, to supply a state-of-the-art network in Paris. The project, which is scheduled for completion within 24 months, involves the supply of two million kilometres of advanced optical fibre and innovative cables designed for rapid installation. The second was a contract with Glasvezelnet Amsterdam to connect around 40,000 homes and businesses in the Zeeburg, Oost/Watergraafsmeer and Osdorp districts to an optical fibre network. Both projects have consolidated Draka Comteq's leading position in the field of FTTH solutions.

Demand for copper telecommunication cable in Europe is picking up a little compared with the weak first half of 2006 and Draka Comteq is maintaining its market position.

Both the copper and optical fibre segments of the data communication cable market are maintaining a healthy growth of 4-5%, from which Draka Comteq derived full benefit. The successful start of CAT 5 copper cable production at the new facility in Presov (Slovakia) in the third quarter of 2006 is contributing to this growth.

Draka Comteq expects to report a sharply higher operating result (excluding non-recurring items) for the second half of 2006 compared with the figure of € 1.1 million for the same period last year. Volume growth and cost savings are expected to compensate fully for the negative effect of higher raw material prices and the sustained pressure on optical fibre cable prices.

Working capital

Draka expects that the operating working capital in absolute terms at year-end 2006 will show a limited increase compared to the year-end 2005 figure due to the sharply higher raw material prices (the average copper price in 2006 so far is some 90% higher than in the same period last year). The operating working capital as a percentage of revenue is expected to fall to under 19% of revenue (year-end 2005: 21.3%). The special working capital taskforce will continue its efforts also in 2007.

Board of Management
Amsterdam, 16 November 2006