Press release

Amsterdam, 11 November 2010

– TRADING UPDATE[1] –

Recovery in demand gaining momentum, forecasted operating result[2] of € 80–85 million of which € 46-51 million is expected for H2 2010 (up 34–49% vs. H2 2009) Net result[2] of € 50–55 million expected in 2010

- **Market conditions** improving compared with H2 2009 and H1 2010. Recovery in both industry-related cable activities and communication cable activities. European construction markets stable overall, with slowing decline in the Benelux compensated by modest growth in the Scandinavian countries. Pressure on prices has not increased, pressure on margins from higher raw-material prices (polymers) has eased.
- **Volume growth** 3.5% in period from 1 July to 31 October 2010; growth gathering pace after +0.9% in Q2 2010 and –2.5% in Q1 2010, driven mainly by stronger demand for high-end special-purpose cables and optical fiber telecommunication cables.
- **EBITDA**[2] expected to rise to € 142–147 million in 2010 (€ 138.2 million in 2009).
- **Operating result**[2] of € 80–85 million expected in 2010 compared with € 75.3 million in 2009. This implies a forecasted result of € 46-51 million in H2 2010, up 34-49% vs. H2 2009.
- **Result for the year**[2] expected to be around € 50–55 million compared with € 48.3 million in 2009.
- **Maintaining momentum in cost-reduction programmes:** projects already in progress are on track and new programmes have been started. Reduction in cost base of around € 30 million in 2010 and additional circa € 10 million in 2011.
- **Operating working capital** as a percentage of revenue expected to rise slightly to 14–15% from 13.7% in 2009. Higher working capital due to volume growth, considerably higher copper prices and exchange effects offset by free cash flow. Net debt expected to remain stable relative to year-end 2009 (€ 295 million).
- **Unsolicited indicative non-binding proposal** by Nexans: after careful consideration the Boards of Draka are of the view that the current proposal is inadequate and have initiated a review of its strategic alternatives, including continuing the stated stand-alone strategy.

This trading update for 2010 is issued by Draka Holding N.V., one of the world's leading producers of low-voltage cable, cable for OEMs and communication cable, ahead of the publication of the full-year figures on Tuesday, 15 February 2011 (before start of trading).

Commenting on the expected results in 2010, Frank Dorjee, Chairman and CEO of Draka Holding N.V, said: *'The cautious recovery in demand that started in the second quarter has continued and gathered pace in the second half of 2010. This is expected to translate into a considerably higher operating result – excluding non-recurring items – in H2 2010 compared with both H2 2009 and H1 2010. With demand picking up, we are deriving extra benefit from the strong reduction in our cost base we have achieved in the past two years and we have embarked on new initiatives that will yield a further reduction in our cost base in 2011. It is also encouraging that price pressure has not intensified and the pressure on margins from higher raw-material prices is easing.*

We look forward to 2011 with confidence built on consistent pursuit of our strategy, including new growth initiatives and cost-reduction measures, and the market recovery which is now in evidence.

We remain of the view that the current proposal from Nexans is not in the interests of our stakeholders and are reviewing our alternatives. We are making good progress with this review and will keep all of our stakeholders informed of any significant developments.'

[1] All figures are unaudited.
[2] Excluding non-recurring items. Gross non-recurring items in 2010 are expected to be around € 45 million negative (2009: € 66.5 million negative).

Draka

Draka Group

Developments in H2 2010

The slight improvement in the market conditions which started in the second quarter of 2010 gained momentum in the third quarter and the beginning of the fourth quarter of 2010. This recovery has manifested itself primarily in the special-purpose cable and communication cable segments. The end markets for construction-related cable in Europe remain more or less stable.

The picture in the construction-related activities in Europe is mixed, with a small increase in several Scandinavian countries wiped out by the continuing fall in demand in the Benelux. One positive sign, however, is that the rate of decline in demand in the Benelux has not increased compared with the first half of 2010. The picture in the Asia-Pacific region is also mixed, with demand again falling back a little after a strong initial recovery.

In the special-purpose cable segment, the Industrial division has posted the strongest performance, in line with expectations, driven mainly by the wind-energy segment. The Elevator Products and Offshore divisions are also reporting higher demand in the second half of the year. Automotive & Aviation and Cableteq USA have remained stable relative to the first half of 2010.

The communication cable activities are benefiting from the sustained high demand for optical fiber. Demand for optical fiber telecommunication cable has also risen in Europe and the United States in the second half of the year, reflecting greater propensity on the part of telecom operators to invest in Fiber-to-the-Home projects. The data communication cable activities have recovered significantly from the steep decline in 2009.

Forecast result for 2010

Draka expects to report marginally higher volume (0–2%) in 2010 compared with 2009. All of this increase will occur in the second half of the year, with 3–4% growth after the 0.6% decline in volume reported in the first six months of 2010. The forecast volume growth will translate into slightly higher capacity utilisation at Draka's factories, especially in the second half of the year, which will benefit profitability. On the downside, the competitive market conditions, though no worse than in H1 2010, will adversely affect the result, but this is expected to be more than compensated by the positive effects of the improved product mix and the cost-reduction programmes that have been implemented. The cost savings are expected to total around € 30 million in 2010.

Draka is forecasting an operating result, excluding non-recurring items, of € 80–85 million in 2010, compared with € 75.3 million in 2009. This implies an expected operating result in the second half of 2010 of € 46–51 million, considerably higher (34–49%) than the € 34.3 million realised in the same period in 2009. The net result excluding non-recurring items is expected to come in at € 50–55 million, compared with € 48.3 million in 2009. Including non-recurring items, the operating result is expected to be € 35–40 million (2009: € 8.8 million), with a net result of € 9–14 million (2009: € 18.2 million loss).

Non-recurring items

The non-recurring items in 2010 are expected to total around € 45 million negative. These relate to the cost of Triple S projects that have already been announced and new projects designed primarily to reduce overhead expenses and implement operational excellence. Of the total cost of € 45 million around € 10 million can be regarded as non-cash.

Cost-saving measures

Draka expects to complete the closure of the factories in Ystad (Sweden) and Årnes (Norway) this year. The other measures, including the further downsizing of the automotive cable production activities in several countries (Automotive & Aviation) and the implementation of various efficiency measures in the Communications group, will also be completed this year. The new projects started in the second half of 2010 with the aim of reducing overhead expenses and implementing operational excellence in Draka's three groups are expected to reach completion in 2011.

As a result of these measures, the workforce will be reduced by 300 in 2010, a decrease of 3% compared with year-end 2009. Cost savings in 2010 will total around € 30 million, in line with earlier estimates. The savings in 2011 yielded by the cost-reduction programmes that are currently in progress are estimated at about € 10 million.

Working capital and cash flow

Draka's operating working capital is expected to increase significantly in 2010 compared with year-end 2009 (€ 281 million), due to 1) the considerable rise in the copper price, 2) exchange effects and 3) the expected volume growth in the second half of the year.

The operating working capital as a percentage of revenue is expected to be 14–15%, slightly better than the target range of 15–17% and slightly higher than the 13.7% figure in 2009.

Draka expects the positive cash flow from operating activities to be sharply lower compared with the € 189 million realised in 2009. This is due entirely to the projected significant increase in operating working capital, compared with the € 143.4 million decrease in working capital in 2009.

Net debt is expected to remain fairly stable relative to the € 295 million figure as at year-end 2009.

Energy & Infrastructure

The European construction markets are stable overall, with slowing decline in the Benelux compensated by limited growth in the Scandinavian countries. Because volume is keeping pace with the market trend in the individual geographical markets, Draka's market share is remaining stable.

The picture in the Asia-Pacific region is mixed, with demand again falling back a little after a strong initial recovery. Draka's position in the region has been significantly strengthened by the opening of a second factory in Malaysia. When market demand picks up again, driven by the strong economic recovery, Draka will be ideally placed to benefit.

The group's strategy of focusing constantly on offering added value by reliably supplying a complete range of products that achieve ever higher levels of performance is continuing to prove its worth in the current market conditions. At the same time, the group is constantly targeting new segments (industry, infrastructure and renewable energy) and high-margin products such as halogen-free and fire-resistant cable. There has been a further structural reduction in the fixed cost base with the closure of the factory in Ystad (Sweden).

Industry & Specialty

The Automotive & Aviation division's position has remained stable compared with the first half of 2010. Demand for cable for the automotive industry is still running at a high level and the prospects for demand in the upmarket segment of the car market, where Draka holds a large market share, are encouraging. Demand in the aviation segment (cables for Airbus) has risen compared with the first half of the year.

Elevator Products volume is rising again after the strong decline in the first six months of 2010, driven by the sustained growth of the Chinese market.

The Industrial division is experiencing substantial recovery in demand in the second half of 2010. The marked improvement in order intake for cable for the renewable energy market that was previously reported is expected to generate important volume growth in the last half of 2010. Orders for submarine cable are also rising, and this is already translating into higher revenue in the Offshore division in 2010.

Organic growth in demand at Cableteq USA is remaining stable at the good level of the first half-year. Pressure Tube Manufacturing (VS), a producer of high-pressure tubing for the US oil and gas industry which was acquired in the first half of 2010, is already contributing strongly to profit and is expected to make a significant contribution to organic growth in 2011.

Communications

The communication cable activities are benefiting from the sustained high demand for optical fiber. The slightly lower demand in Asia is being offset completely by higher demand in North America and Europe, from which Draka is deriving maximum benefit thanks to its strong position in these two regions.

Demand for optical fiber cable is rising, driven by the greater propensity on the part of telecom operators in Europe and the United States to invest in Fiber-to-the-Home (FTTH) projects. Growth is particularly strong in Europe, where Draka has fulfilled several major FTTH contracts, but competition remains intense and selling prices are still under pressure. Draka is responding by further reducing its cost base.

The leading position in optical fiber cable enjoyed by Draka's joint ventures in China and Brazil is also contributing to the rising trend in results in the second half of the year.

Demand for data communication cable is recovering strongly after the steep decline in 2009, due to substantial investments in new data centres which are being driven by developments such as cloud computing. This is benefiting high-end applications such as cable for 10GB networks in particular. Furthermore, recovery in demand is also driven by Draka's improved market position in several European countries.

The various cost-saving measures implemented in 2009 are on track and have been further expanded. These are aimed mainly at reducing the fixed costs.

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Cautionary note regarding forward-looking statements

This announcement contains forward-looking statements. Forward-looking statements are statements that are not based on historical fact, including statements about our beliefs and expectations. Any statement in this announcement that expresses or implies our intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement. Such statements are based on plans, estimates and projections as currently available to the management of Draka. Forward-looking statements therefore speak only as of the date they are made and we assume no obligation to publicly update any of them in the light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. A number of significant factors could therefore cause actual future results to differ materially from those expressed or implied in any forward-looking statement. Such factors include but are not limited to conditions on the markets in Europe, the United States and elsewhere from which we derive a substantial portion of our revenue, potential defaults on the part of borrowers or trading counterparties, the implementation of our restructuring programme including the envisaged reduction in headcount and the reliability of our risk management policies, procedures and methods. For more information on these and other factors, please refer to our annual report. The forward-looking statements contained in this announcement are made as of the date hereof and the companies assume no obligation to update any forward-looking statement contained in this announcement.

2011 Financial calendar (provisional)	
Publication of 2010 full-year figures	**Tuesday 15 February 2011** **(before start of trading)**
General Meeting of Shareholders, Holiday Inn Amsterdam	**Monday 8 May 2011** **Start at 14.30h**
Publication of trading update for the first half of 2011	**Wednesday 18 May 2011** **(before start of trading)**
Publication of 2011 half-year figures	**Thursday 4 August 2011** **(before start of trading)**
Publication of trading update for the second half of 2011	**Tuesday 15 November 2011** **(before start of trading)**

Company profile

Draka Holding N.V. ('Draka') is the holding company of a number of operating companies that are active worldwide in the development, production and sale of cable and cable systems. Draka's activities are divided into three groups: Energy & Infrastructure, Industry & Specialty and Communications.

Within these three groups, the activities are organised into divisions. Energy & Infrastructure consists of the Europe and Asia-Pacific divisions; Industry & Specialty consists of the Automotive & Aviation, Elevator Products, Cableteq USA, Industrial and Offshore divisions and the Communications Group comprises the Telecom Solutions, Multimedia and Specials, Americas and Optical Fiber divisions.

Draka has 68 operating companies in 31 countries throughout Europe, North and South America, Asia and Australia. Worldwide, the Draka companies employ some 9,600 people. Draka Holding N.V.'s head office is in Amsterdam. In 2009, Draka reported revenue of € 2.0 billion and net income of € 48.3 million (excluding non-recurring items).

Draka Holding N.V. ordinary shares and subordinated convertible bonds are listed on NYSE Euronext

Amsterdam. The company is included in the Next150 index and the AMX index (Amsterdam Midkap index). Options on Draka shares are also traded on the NYSE Euronext Amsterdam Derivative Markets.

More information on Draka Holding N.V. can be found at www.draka.com.