



Innovation creates  
compelling  
opportunities for  
further growth

**Focused, Faster, Fitter**

Full-Year Results 2009

Frank Dorjee (CEO)

## Headlines 2009<sup>1</sup>

### Satisfactory results in turbulent market conditions:

Volume:	-18%	
Operating result:	€ 75 million	(-47%)
Operating margin:	3.7%	(-130bp)
Result for the period:	€ 48 million	(-42%)
Earnings per share:	€ 1.01	(-54%)
Operating working capital ratio:	13.7%	(-130bp)
Operating cash flow:	€ 189 million	(+71%)
Net debt:	€ 295 million	(-46%)
Net debt / EBITDA:	2.16	(-59bp)

### Outlook for 2010:

- Global cable market is expected to show a modest growth; growth in Europe will be only marginal
- Continued focus on reducing cost base, grasping opportunities for growth while maintaining healthy balance sheet position

<sup>1</sup> All figures excluding non-recurring items;

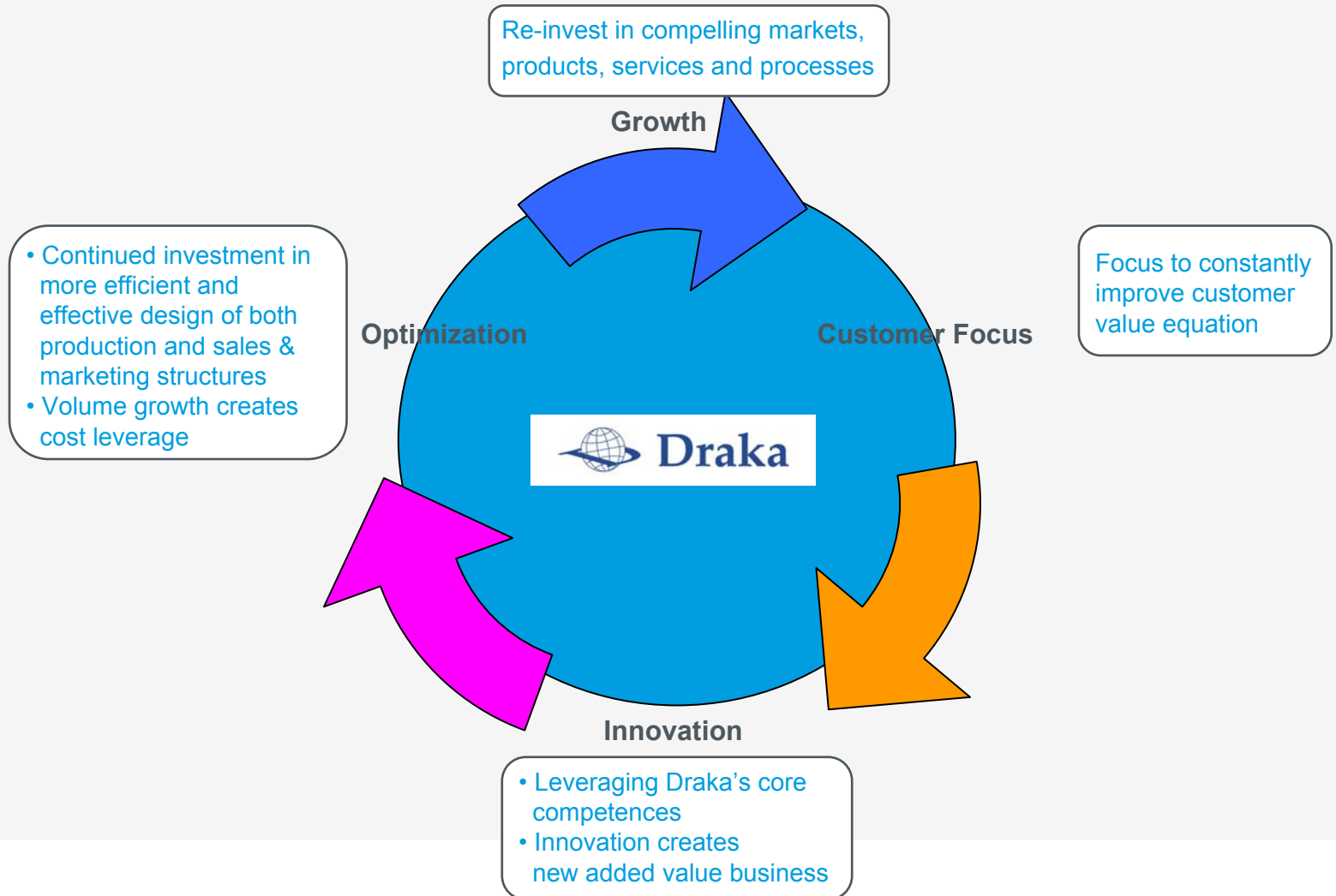
Proportionate consolidation of Draka's JV's Telcon (Brazil), YOFC (China) and PFO (Japan) as from 1 January 2009.

Comparative figures over 2008 have been restated accordingly.

## Agenda

- Strategy & progress
- Business environment
- Cost reduction & capital discipline
- Financial Results 2009
- Financial Position
- Result per group
- Outlook 2010

## Proven strategic roadmap...



## ...with decisive execution...

Objectives	Medium term	2009	2005
• Specialty profile as % of revenues	40% → 60%	51%	40%
• Continuous optimisation	Cost leadership	c.€ 30m savings	€ 85m savings (total)
• Operating margin over economic cycle	≥ 5%	3.7%	2.0%
• Operating working capital as % of revenues	15-17%*	13.7%	21.3%
• Free cash flow	Optimum	€ 161m	€ 335m (total)

Solid performance given volume decline of around 4% over the period

<sup>1</sup> Adjusted downwards from 16-18% until 2009.

...resulting in diversified portfolio with innovative strength...

### Energy & Infrastructure

32% of revenue, 35% of EBIT



Clyxis solution: joint innovation by Draka and ABB supporting 'Ease of installation'

### Industry & Specialty

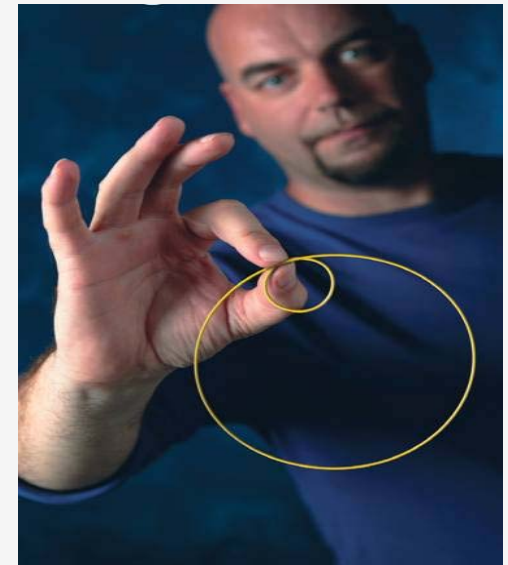
32% of revenue, 36% of EBIT



Innovative elevator cable in Dubai's Burj Khalifa, the world's tallest skyscraper (828 metres or 2716 feet)

### Communications

36% of revenue, 29% of EBIT



Innovative BendBright XS fiber range: extremely insensitive to optical bending loss

...and a more balanced geographical spread

North-America

2009: 14%

2005: 12.5%

Europe

2009: 55%

2005: 73%

Asia

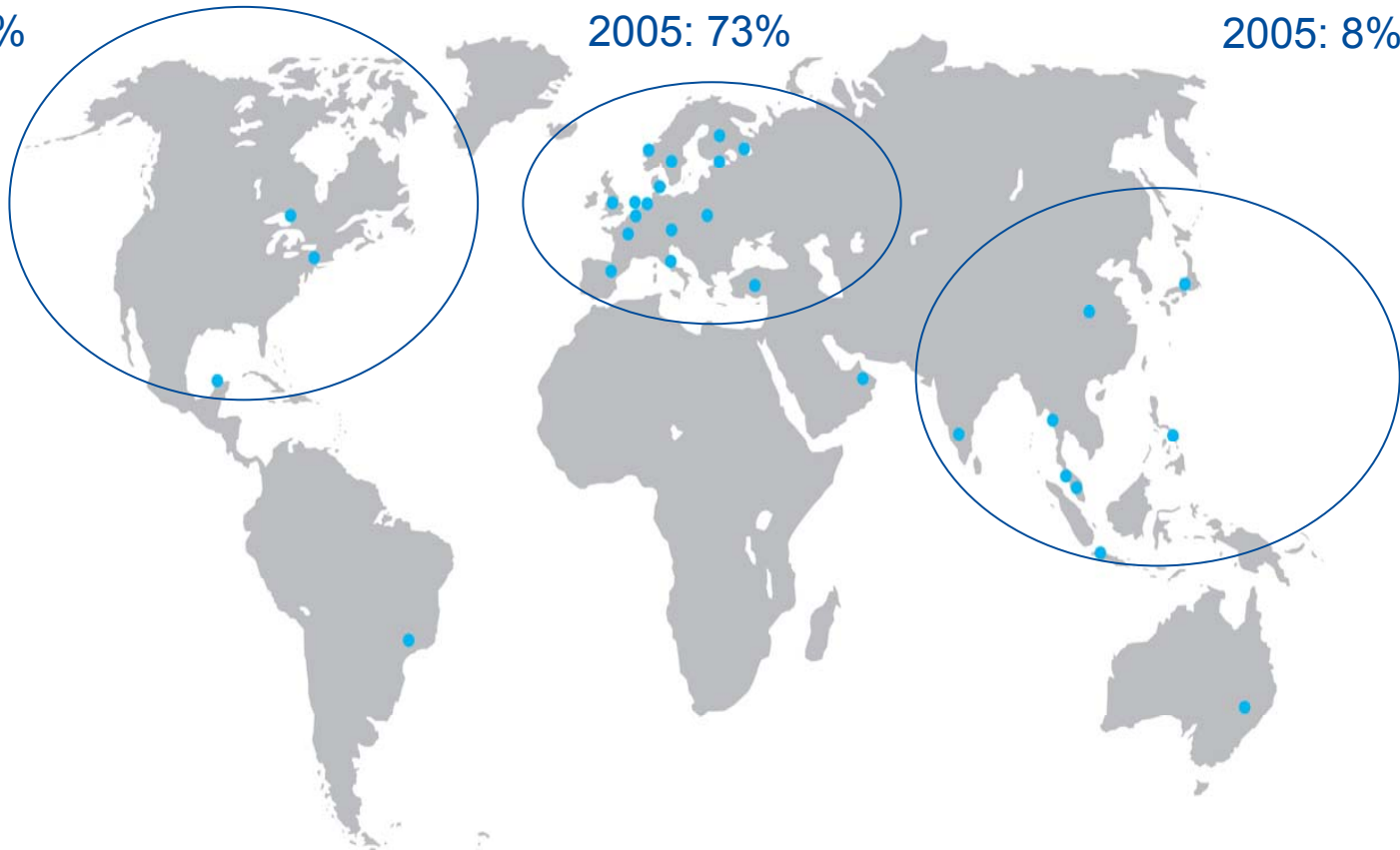
2009: 21%

2005: 8%













ROW

2009: 10%

2005: 6.5%



## Going forward

		Currently		Action
Business model		Global scale with regional strength		Reinforce position in specialty products and in BRIC's
Cost base		Optimized		Ongoing Triple S Cost leadership
Innovation		Worldwide R&D community		Leverage synergies between divisions
Supply chain		Supplier of cables and components		Value added and solutions provider
Portfolio		Diversified		Optimise Prudent acquisitions
Financial structure		Sound ratios		Maintain

**Focused, Faster, Fitter**



## Business environment

## Turbulent market circumstances

### Stabilisation of market conditions in H2 2009

- Fall out in global cable demand in Q1, stabilisation since Q2/Q3
- Construction related activities, automotive, copper telecom and datacom hit hardest showing volume declines of 25-35%
- Automotive recovered in H2 (government stimulus) while elevator declined
- Fiber stood out with 15% growth driven by buoyant demand in China

### Decisive actions

- First mover to reduce cost base further; actions initiated in Summer 2008
- Programmes further expanded and intensified in Q1 and Q3 2009
- Successful focus on maximising free cash flow and strict capital discipline

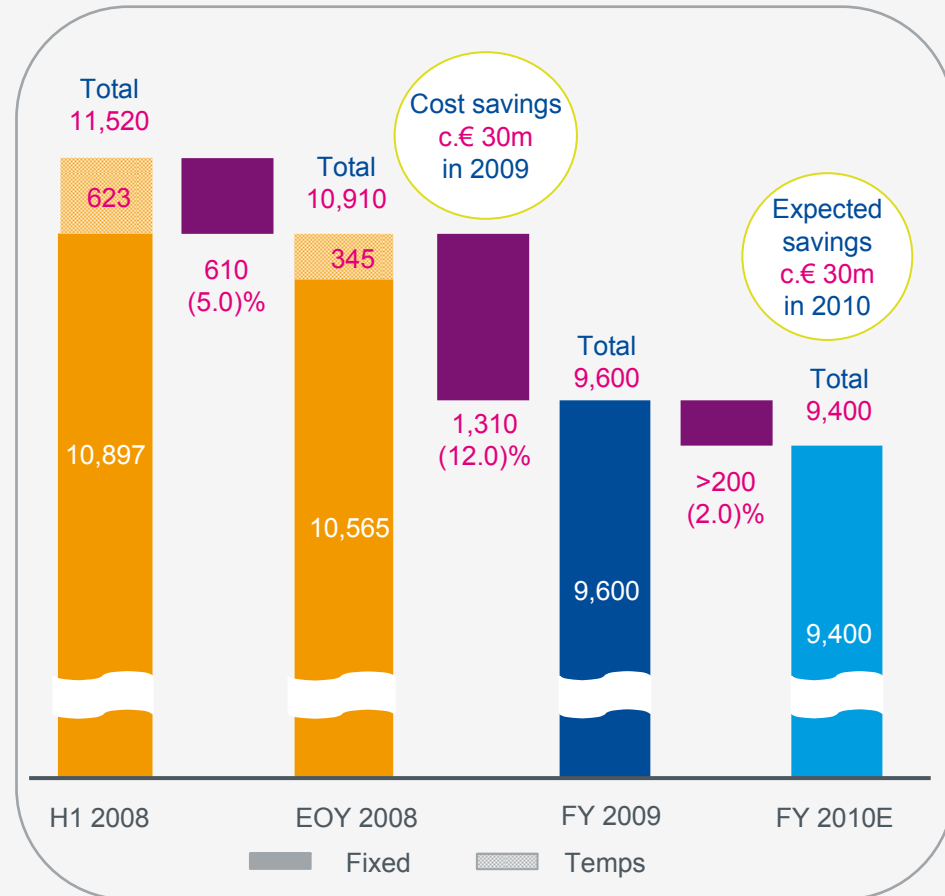
## Cost measures & Capital discipline

## Extended cost measures on track

### Actions

- **Factory closures in Europe:**
  - 3 finalised
  - 2 commenced
- **Other initiatives:**
  - Permanent staff reduction in connection with cut-back in shift working
  - Overhead reduction
  - Further downscaling Automotive and Wire & Cable Assemblies
- **Cost:**
  - Total cost € 115m or € 105m cash
  - Remaining € 25m in 2010
- **Savings:**
  - Total annual savings c.€ 60m; pay back period: 1.6 years
  - Additional savings c.€ 30m in 2010

### Headcount



## Historical high cash generation

### Actions

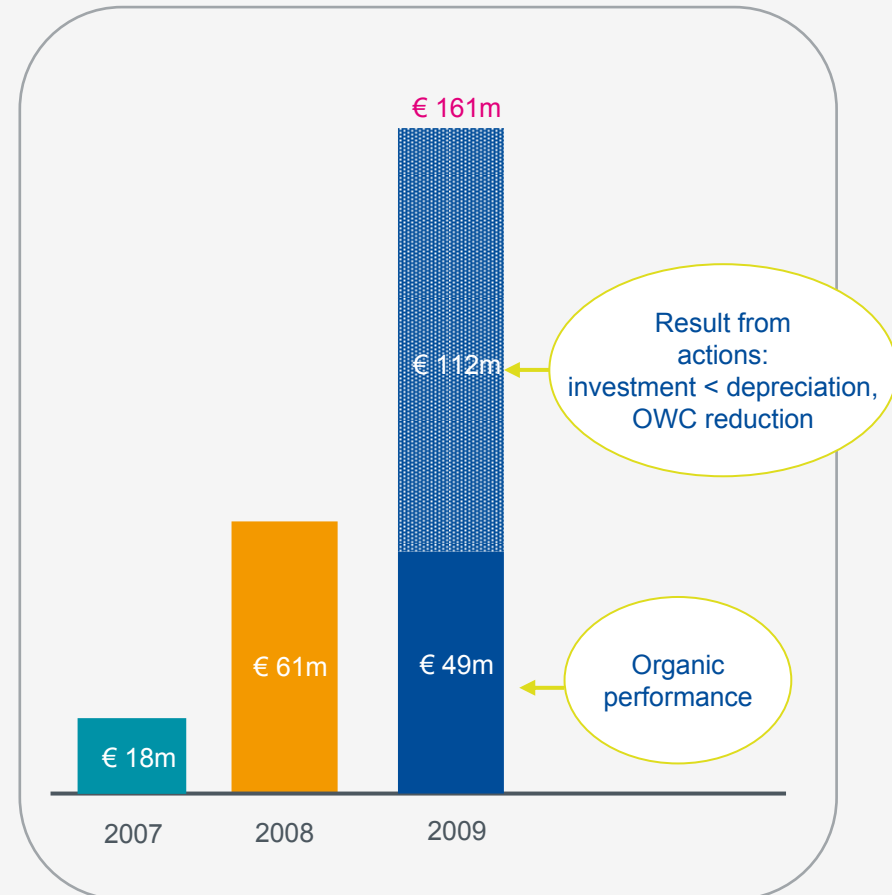
- **Investments:**

- Investments	€ 42m
- Depreciation	<u>€ 63m</u>
Cash flow contr.	€ 21m
  
- **Operating working capital:**

- Inventories*	€ 10m
- Payment terms	€ 50m
- Securitization	<u>€ 31m</u>
Cash flow contr.	€ 91m
  
- **Total contribution:**

- Investments	€ 21m
- OWC	<u>€ 91m</u>
Actual contribution	€ 112m, or € 37m higher than forecast
  
- **2010:**
  - OWC: no absolute improvement
  - Invest < depr. c.€ 25m cash flow

### Free cash flow\*\*



\* Adjusted for high copper price at EOY09 vs. EOY08

\*\* Excluding share issue

## Financial Results 2009

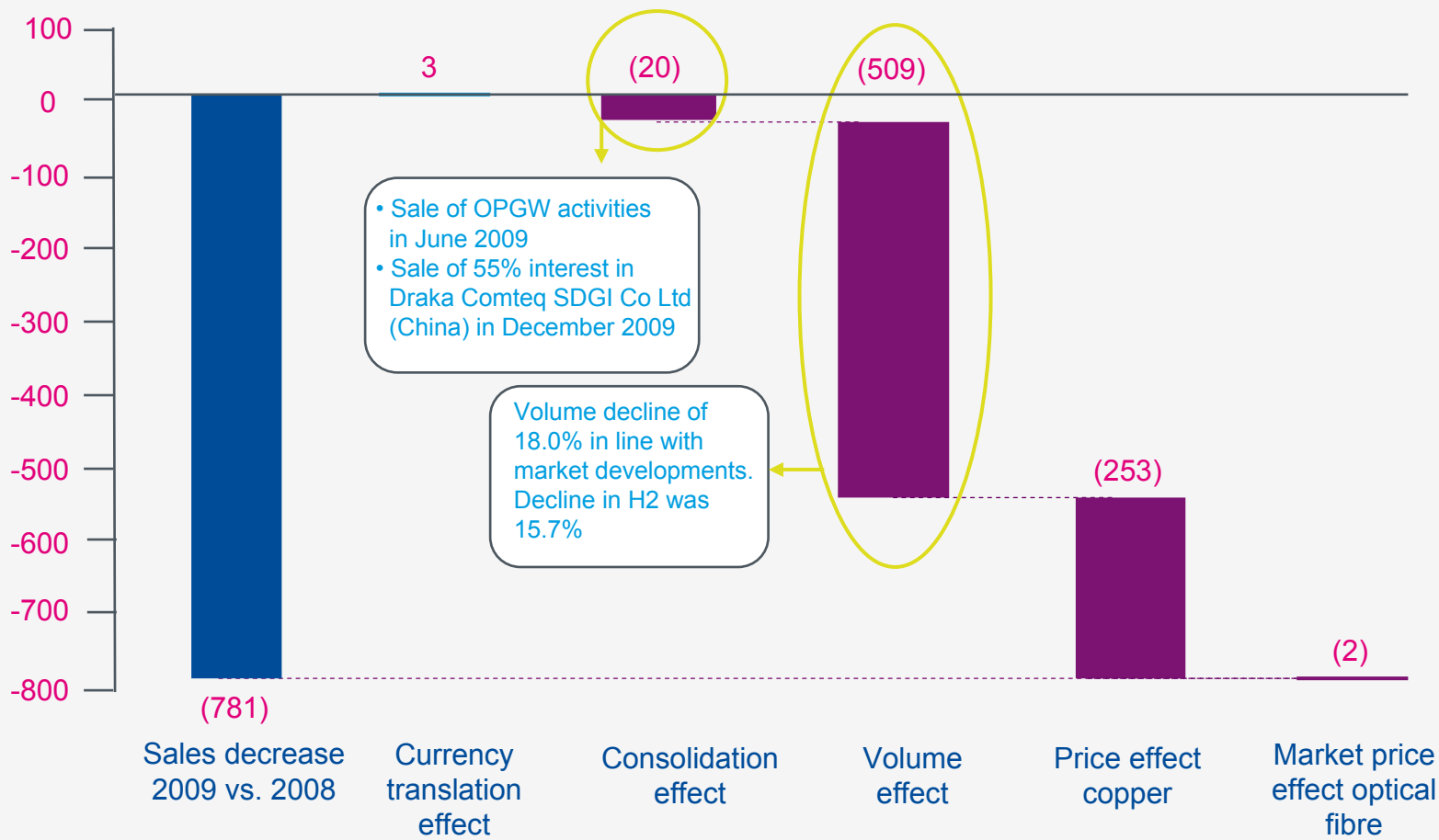
## Key figures<sup>1</sup>

(x €m)	2009	2008	▲%	2H 2009	2H 2008	▲%
Revenues	2,048	2,829	(28)	1,026	1,367	(25)
EBITDA	138	203	(32)	66	94	(30)
<i>EBITDA-margin</i>	6.7%	7.2%	(50)bp	6.5%	6.8%	(30)bp
EBIT	75	142	(47)	34	62	(45)
<i>EBIT-margin</i>	3.7%	5.0%	(130)bp	3.3%	4.6%	(130)bp
Result for the year	48	84	(42)	29	34	(15)
EPS (€)	1.01	2.18	(54)	0.60	0.87	(31)
Operating cash flow	189	111	71	115	106	9

<sup>1</sup> Excluding non-recurring items of net € 66.5 million negative in 2009 (restructuring charges) and net € 14.2 million negative in 2008.

## Revenue analysis

x € m

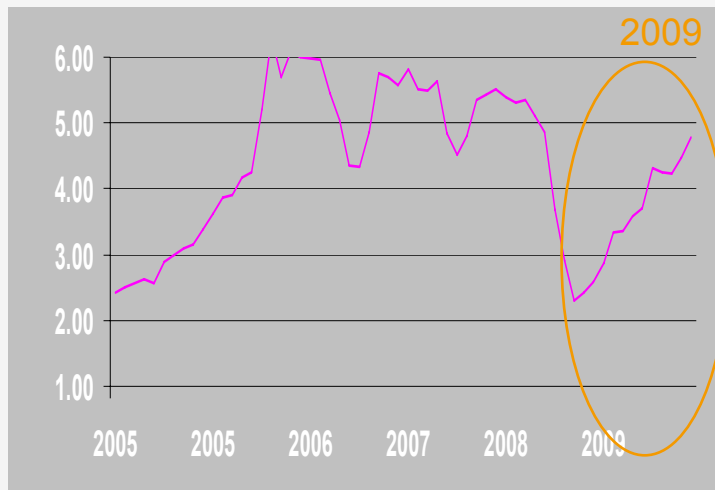




## Raw material prices

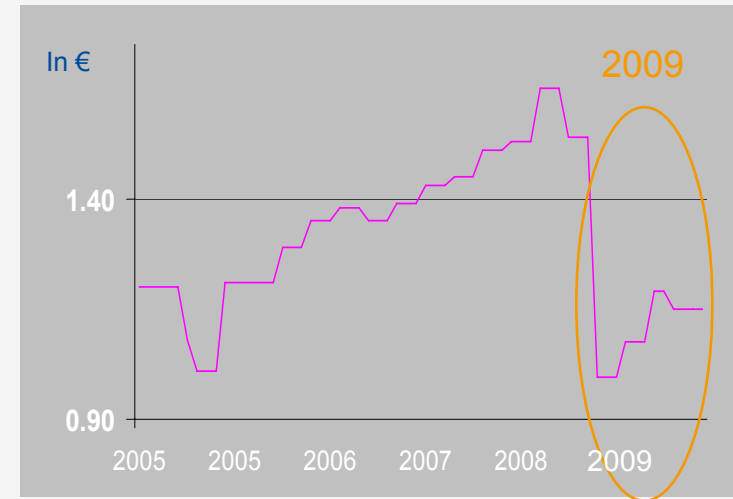
### Copper (per kg)

In €



### Polyethylene (per kg)

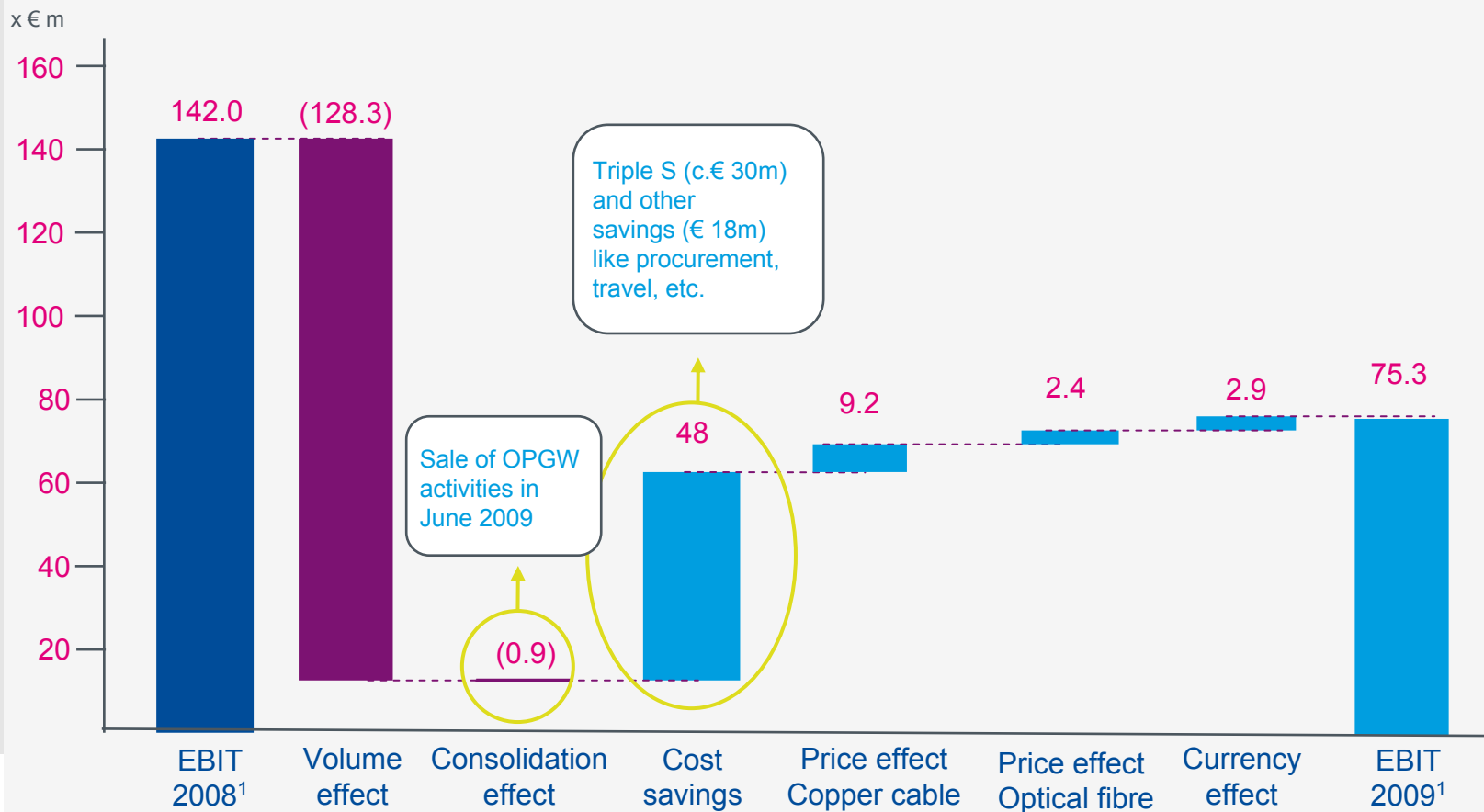
In €



Steep rebound in copper price during 2009 (+108%)

Fall in polymer prices resulted in margin relief, particularly in H1

## EBIT analysis



<sup>1</sup> Excluding non-recurring items of € 66.5 million negative in 2009 and € 46.7 million negative in 2008

## Financial Position

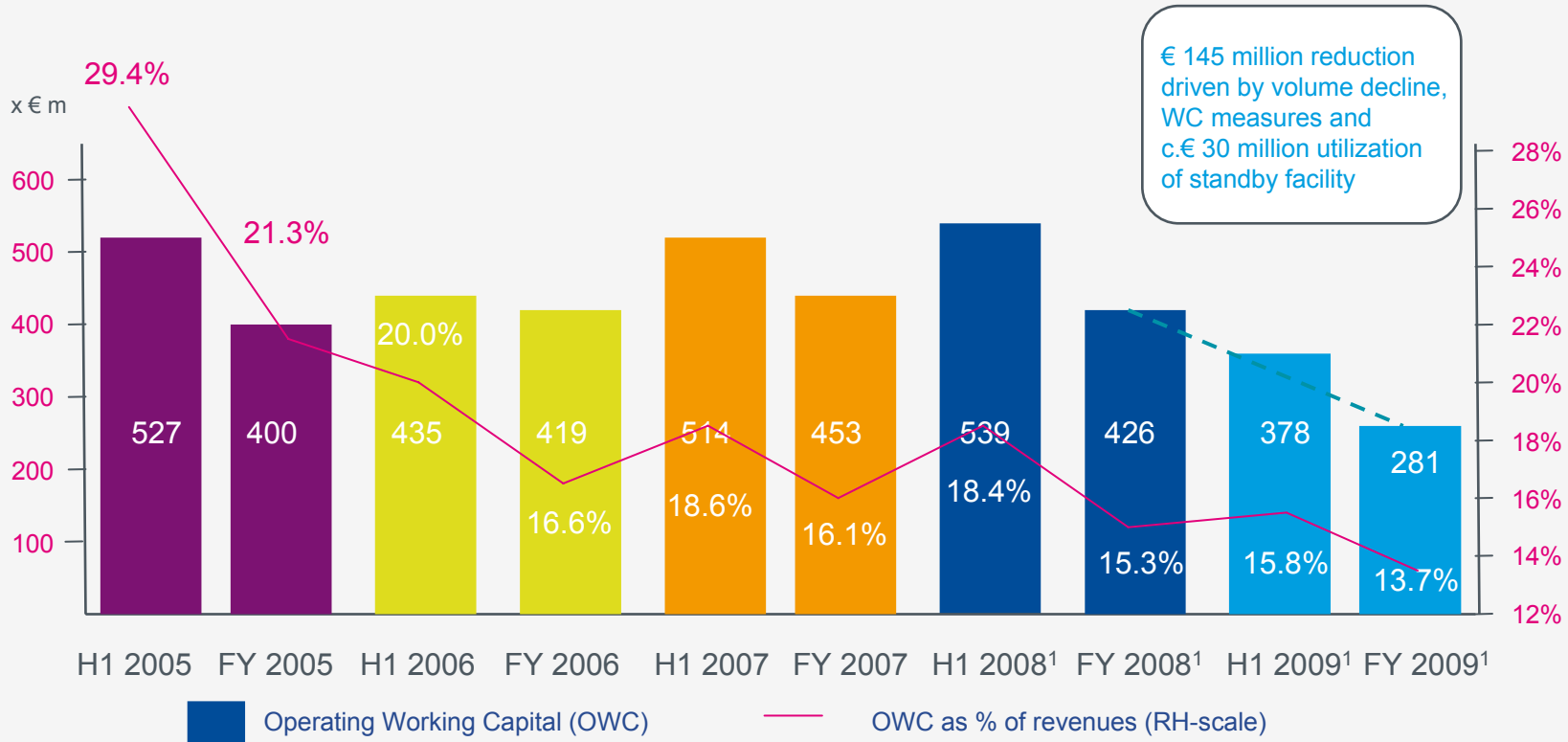
## Highlights

	2009	2008	Δ
• Operating working capital	€ 281 million	€ 426 million	€ (144) million
• Operating working capital ratio	13.7%	15.0%	-130bp
• Operating cash flow	€ 189 million	€ 111 million	€ 79 million
• Investments	€ 42 million	€ 60 million	€ (18) million
• Depreciation	€ 63 million	€ 60 million	€ 3 million
• Net debt (incl. leases)	€ 295 million	€ 545 million	€ (250) million
• Net debt / EBITDA	2.16	2.75	-59bp
• Equity	€ 550 million	€ 440 million	€ 110 million
• Equity / Total assets	34.6%	25.9%	870bp
• Net gearing	54%	124%	(7000)bp

## Cash Flow Statement

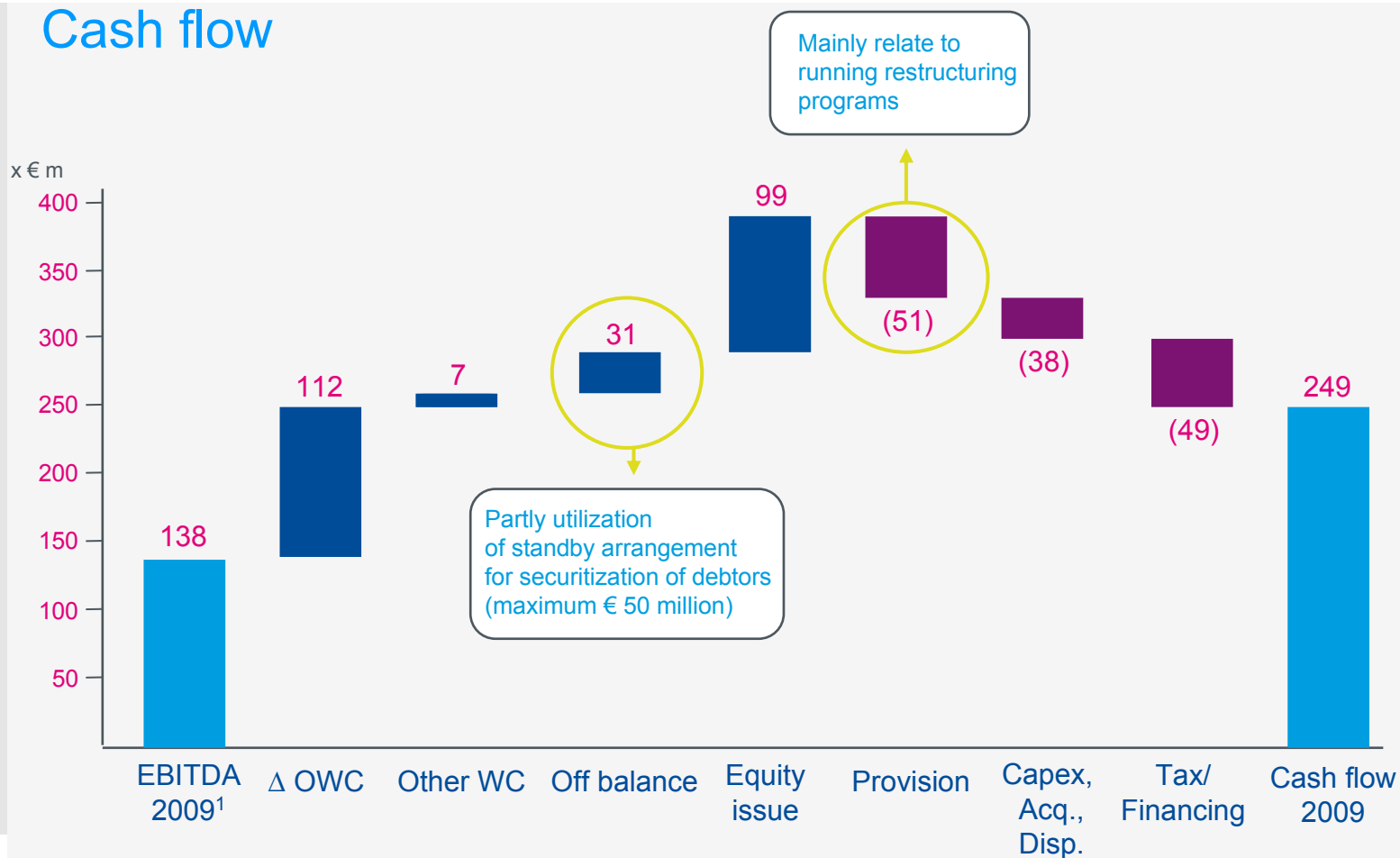
(x €m)	2009	2008	2H 2009	2H 2008
Result for the year	(16)	71	(23)	18
Depreciation, amortisation	63	60	32	31
Operating working capital	143	64	93	135
Others (interest, tax, provisions)	<u>(1)</u>	<u>(84)</u>	<u>12</u>	<u>(79)</u>
Net cash from Operating Activities	189	111	114	105
Net cash used in Investments	<u>(36)</u>	<u>(53)</u>	<u>(28)</u>	<u>(28)</u>
Cash flow	153	58	86	77
Net cash from Financing	<u>(126)</u>	<u>10</u>	<u>(34)</u>	<u>(8)</u>
Net cash flow	27	68	52	69

## Operating working capital



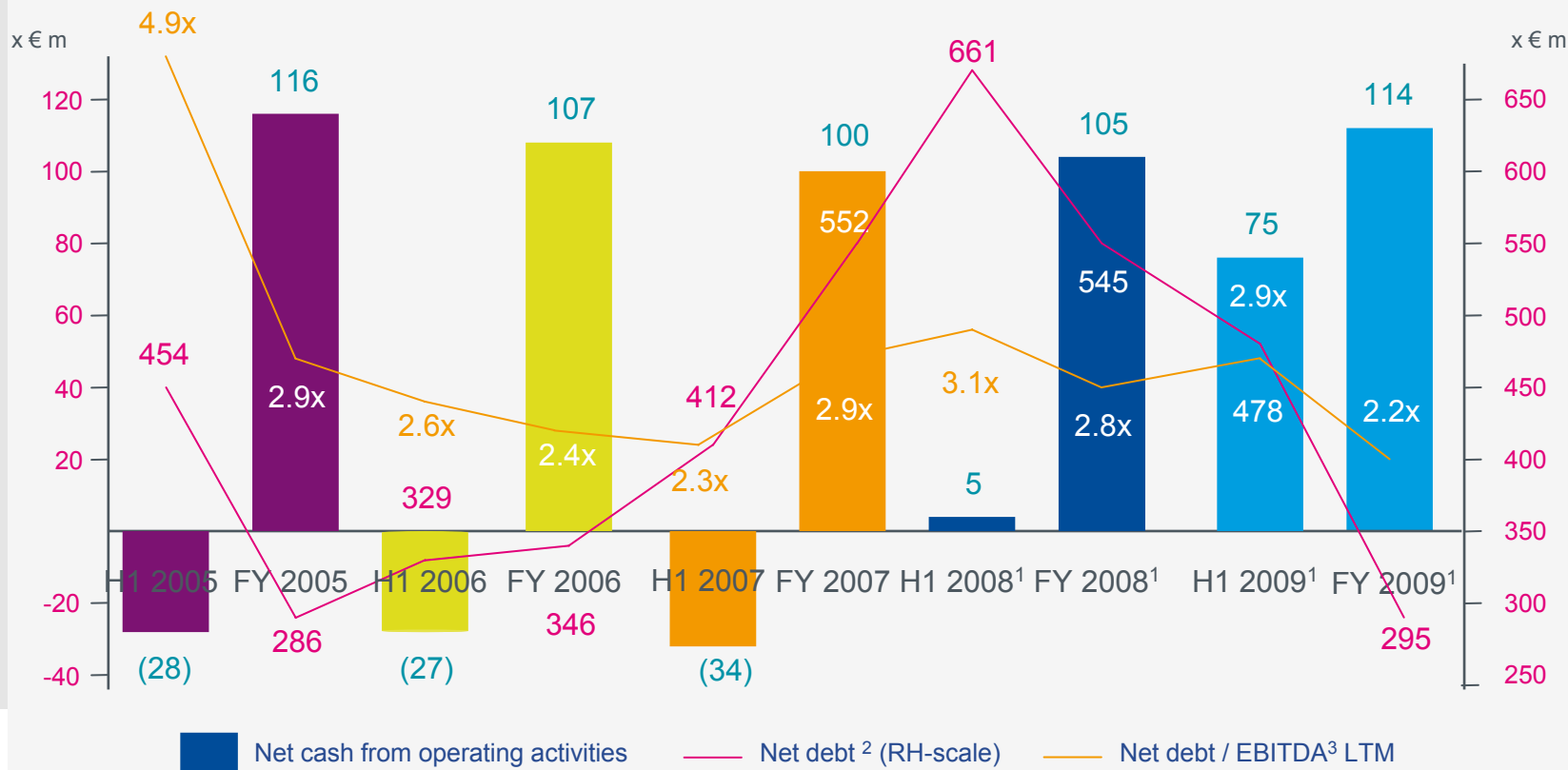
<sup>1</sup> Restated for proportionate consolidation of joint ventures

## Cash flow



<sup>1</sup> Excluding non recurring items

## Cash from operating activities & Net interest bearing debt



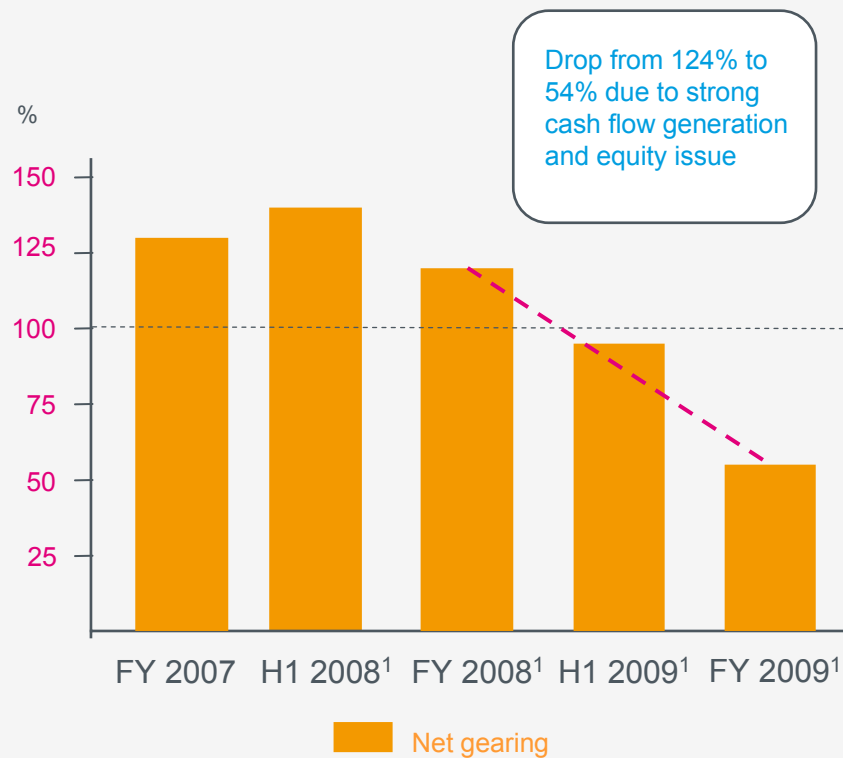
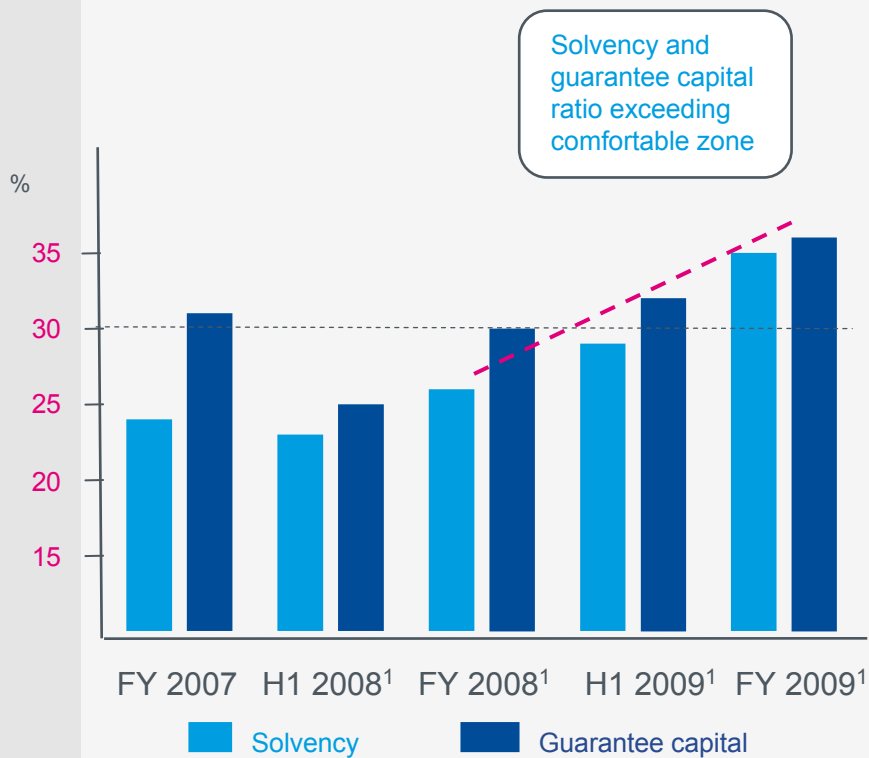
<sup>1</sup> Restated for proportionate consolidation of joint ventures

<sup>2</sup> Net debt: incl. convertible bond loan at nominal value

<sup>3</sup> Excluding non-recurring items



## Balance sheet ratios



## Result per group



Draka Energy & Infrastructure



Draka Industry & Specialty



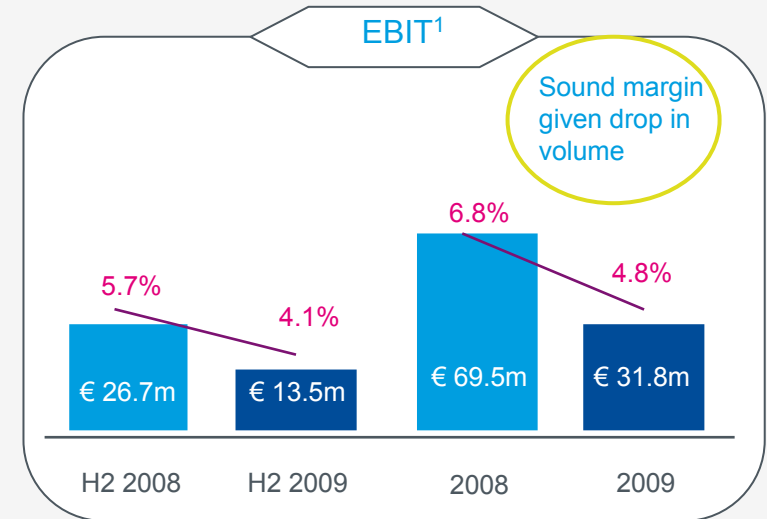
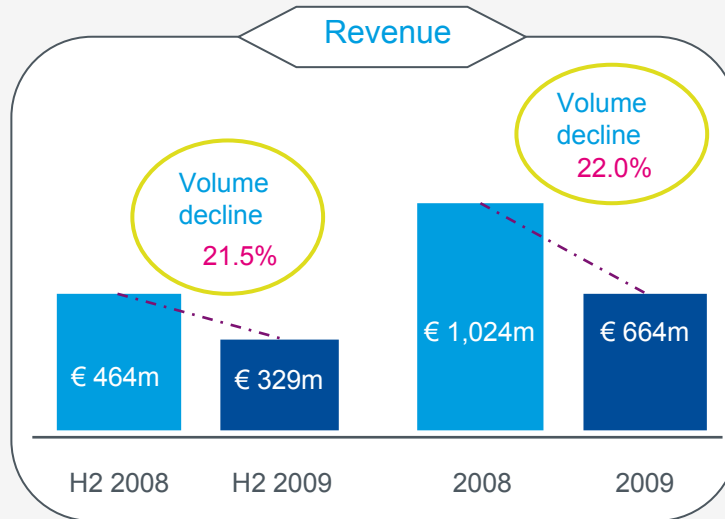
Draka Communications

## Revenue & EBIT

(x €m)	Revenue					EBIT <sup>1</sup>				
	2009	2008	▲ %	2H09	2H08	2009	2008	▲ %	2H09	2H08
Energy & Infrastructure	664	1,024	(35)	329	464	31.8	69.5	(54)	13.5	26.7
Industry & Specialty	648	960	(33)	321	463	33.4	59.2	(44)	12.8	27.5
Communications	736	845	(13)	377	439	26.7	29.4	(9)	16.9	14.8
Others	-	-	-	-	-	(16.6)	(16.1)	3	(8.9)	(6.6)
<b>Total</b>	<b>2,048</b>	<b>2,829</b>	<b>(28)</b>	<b>1,026</b>	<b>1,367</b>	<b>75.3</b>	<b>142.0</b>	<b>(47)</b>	<b>34.3</b>	<b>62.4</b>

<sup>1</sup> Excluding non-recurring items of € 66.5 million negative in 2009 and € 46.7 million negative in 2008.

## Energy & Infrastructure



### Headlines

- Sharply lower revenues in Europe division; stabilization in construction and industrial sectors in H2
- Revenues down in Asia-Pacific division in H2
- Effective cost reduction actions, including job cuts and plant closures in Europe
- Government investment, especially in China, is expected to have a beneficial effect

<sup>1</sup> Excluding non-recurring items

## Market developments in Europe

	%-of sales	Residential volume	Commercial volume	Infrastructure volume	Industry volume	Margin	Outlook/ trend compared to H2 2009
Benelux	c.20%	-	-	+/-	-	+/-	-
UK	c.15%	+/-	-	+/-	+/-	+/-	+/-
France	5-10%			+		+/-	+/-
Spain	10-15%	+/-	+/-	+/-	+/-	--	+/-
Sweden	5-10%	+/-	+/-	+/-	+/-	+/-	+/-
Finland	c.10%	+/-	+/-	+/-	+/-	+/-	+/-
Norway	5-10%	+/-	+/-	+/-	+/-	+/-	+/-
Denmark	<5%	+/-	+/-			+/-	+/-
Baltic's	<5%	+/-	+/-	+/-		+	+/-
CZ and East	c.5%	+/-	+/-			+/-	+/-

Legend: Empty spot in matrix: no market relevance

For volumes: +/- = neutral

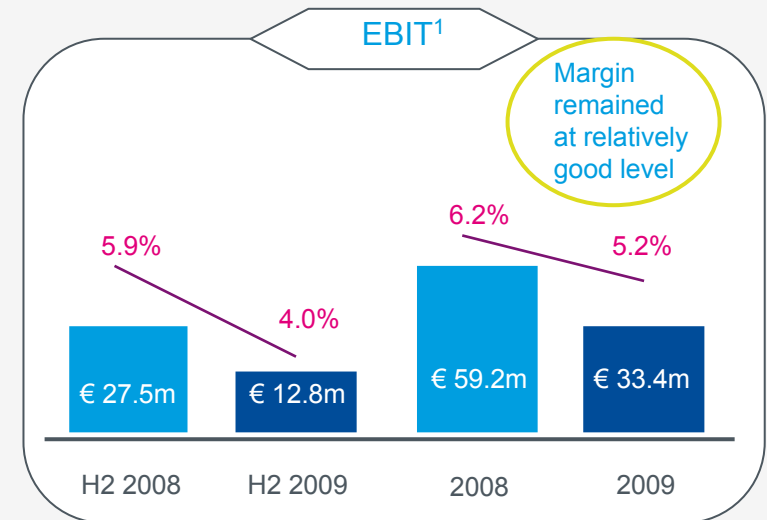
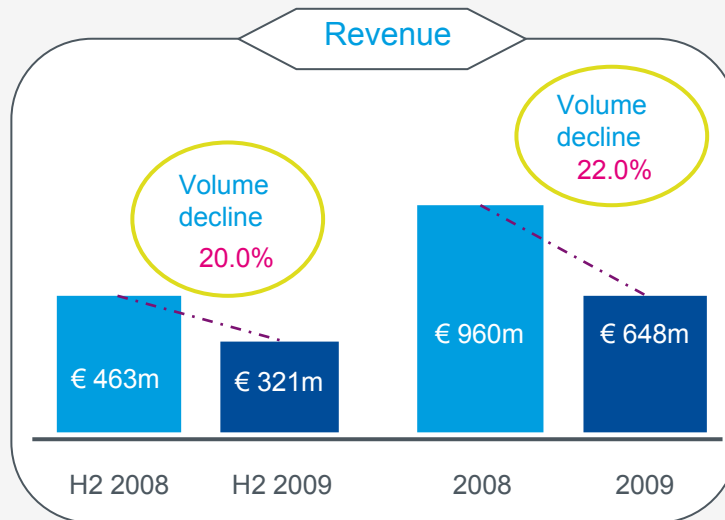
+ = +1-5 %

- = -1-5 %

++ = > 5 %

-- = < -5 %

## Industry & Specialty



### Headlines

- Industry & Specialty's profitability was under pressure from lower results in all divisions
- Conditions in automotive market stabilized in H2 after an extremely steep decline in H1
- Renewable energy: sharp fall in demand in 2009, outlook 2010 moderately optimistic
- Resilient performance by Cableteq USA, thanks to niche-market strategy
- Sharp fall in demand for elevator cable in H2, reflecting market's late-cycle nature

<sup>1</sup> Excluding non-recurring items

## Divisions Industry & Specialty

### Automotive & Aviation

- Financial distress in supply chain and severe production cuts dominate automotive industry
- Government subsidies for old car replacement mitigate effects of demand fall

### Industrial

- Business starting to improve from lows in H1 2009
- Strong variations between sectors; solar, mining, oil & gas and offshore remain positive

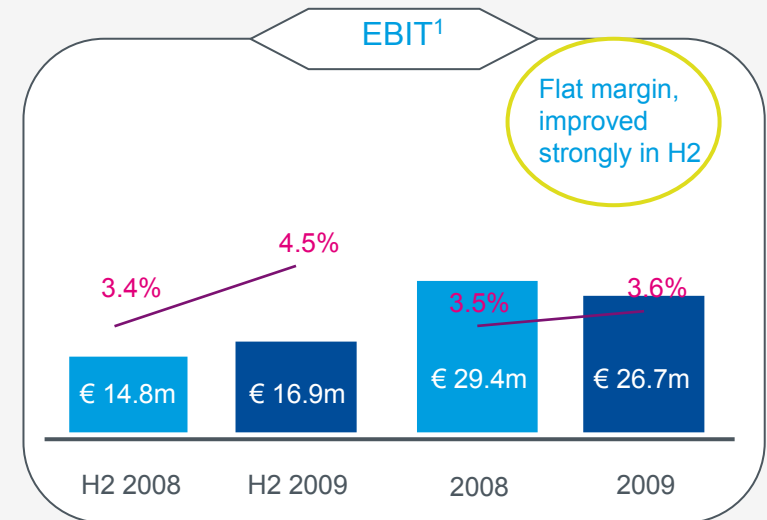
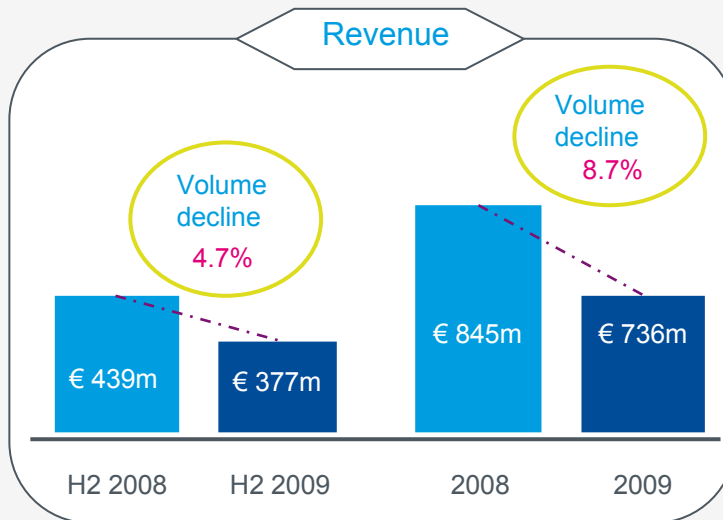
### Elevator Products

- Downturn in construction industry felt from mid-2009 onwards
- Chinese market remains strong with continued growth opportunities

### Cableteq USA

- Market downturn and price erosion largely compensated by stable sales and margins in unaffected sectors
- Infrastructure-related markets starting to benefit from government stimulus programmes

## Communications



### Headlines

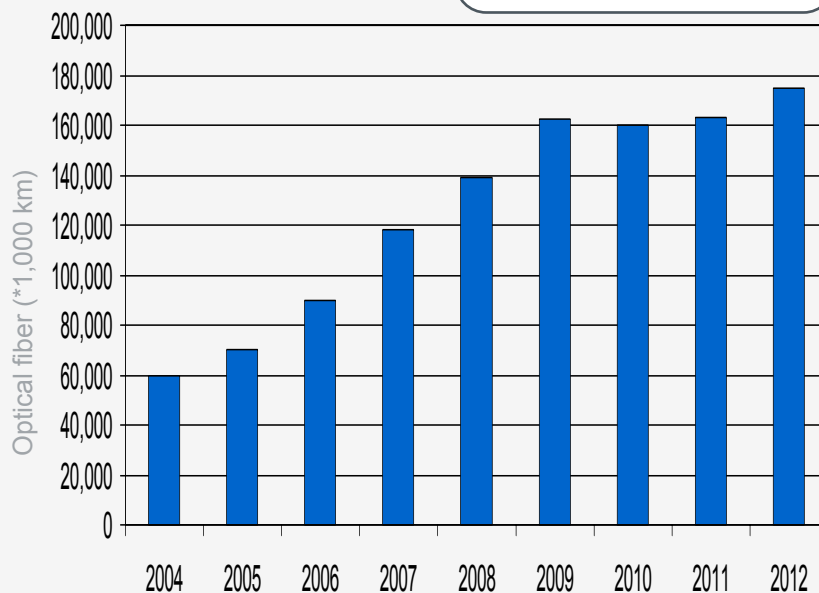
- Solid performance, thanks to strong growth in fiber demand and rigorous cost cutting; result in H2 2009 up 14% on H2 2008
- Growth in global optical fiber market of around 15%, driven mainly by China
- Lower level of network investment by telecom companies in Europe and USA
- Substantial decline in demand for data communication cable and mobile network cable
- Excellent performance by Optical Fiber division, reflecting high capacity utilization

<sup>1</sup> Excluding non-recurring items



## Global fiber market

LT growth rate 5-7% intact.  
Short term flat demand  
expected due to leveling off  
growth in China



Source: CRU

World fiber demand	2009 final m f-km	2010LE m f-km
SMF total	160-165	c.160
USA	-15%	c. +10%
Europe	-20%	c. +10%
China	+75%	c.-10-0%
Global market	+15%	flat to down 5%

## Outlook 2010

## Outlook 2010

- Modest volume growth on global cable market expected, in line with level of industrial activity; growth in Europe will be only marginal
- Prices of main raw materials (copper, aluminium and polymers) are predicted to remain volatile in 2010
- Competition in several segments of cable market is expected to remain strong, exerting sustained pressure on selling prices
- Continued focus on reducing cost base, grasping opportunities for growth while maintaining healthy balance sheet position
  - Triple S and others expected to generate annual cost savings of c.€ 60 million in 2010. Additional savings of c.€ 30 million expected for 2010 since € 30 million has already been realised in 2009
  - To preserve its healthy balance sheet position:
    - Maximize free cash flow: maintaining operating working capital ratio at 14–16%
    - Investment at c.€ 35 million, or c.60% of amortization and depreciation charge (€ 60 million)

Thank you for your attention

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## Disclaimer

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