



–PRESS RELEASE–

– TRADING UPDATE –

**DRAKA EXPECTS A SHARPLY HIGHER OPERATING RESULT AND NET INCOME
TO MORE THAN DOUBLE IN FIRST HALF OF 2007
(BOTH EXCLUDING NON-RECURRING ITEMS)**

- **Excellent performance, driven by favourable market conditions, cost savings and implementation of its strategy**
- **Sustained growth in revenues and result by all divisions**
- **Stop, Swap & Share programmes well on schedule**
- **Operating result expected of at least €68 million (H1 2006: €39.1 million)**
- **Net income expected to more than double to at least €38 million (H1 2006: €17.1 million)**
- **Operating working capital as a percentage of revenues expected to fall within an 18–20% bandwidth, compared with 20.0% in the first half of 2006**
- **On the basis of these projections, Draka is well ahead of schedule to reach its target for 2007 of an operating result of €115 million and working capital as a percentage of revenues of under 20%**
- **Barring unforeseen circumstances, Draka expects the favourable market conditions to continue in the second half of 2007**

Amsterdam, 29 June 2007 – This trading update for the first half of 2007 is issued by Draka Holding N.V., one of the world's leading producers of low-voltage cable, cable for OEMs and communication cable, in advance of the publication of the half-year figures on Friday, 31 August 2007 (before start of trading).

For the first half of 2007, Draka expects an operating result of at least €68 million (first half 2006: €39.1 million) and a net income of at least €38 million (first half 2006: €17.1 million), both excluding non-recurring items¹.

These excellent results are driven by sustained healthy volume growth, cost-control programmes and a further improvement in the product mix. The volume growth is being driven by favourable macro-economic conditions, especially in Europe. Draka generates volume growth in all segments: low-voltage cable, special-purpose cable and communication cable. Prices for raw materials (copper and polymers) are still highly volatile. Thanks to the actions taken by Draka, this price volatility is expected to have only a limited effect on margins in the first half of 2007.

The contribution by cost-savings to the growth in the result is expected to amount to some €3 million for the first six months of 2007. The Stop, Swap & Share (or the 'Triple S') programme launched at Draka Comteq's Cable Solutions EMEA division in the summer of 2006 is well on schedule. With savings of around €1 million in the first half of the year, the programme is expected to meet its target of approximately €5 million in 2007. The savings yielded by the similar Triple S programme at Draka Cableteq's Low-Voltage Cable division in the first half of 2007 will amount to around €2 million.

¹ Non-recurring items in the first half of 2006 amounted to €5 million negative.

Draka Cableteq

Draka Cableteq is benefiting strongly from the good market conditions in Europe. High demand in the OEM sector means high capacity utilisation rates at Draka's special-purpose cable activities. The favourable macro-economic trends in Europe and the sustained growth in the construction sector associated with them results into volume growth and yields record profits in the Low-Voltage Cable division. Coordinated action to further improve the product mix, by increasing the share of higher added-value products such as halogen-free fire-resistant cable, is also contributing to a structural improvement in the operating margin.

Draka is performing well across the board in the OEM (special-purpose cable) segment, with results strongly to sharply higher, depending on the division, compared with the same period in 2006. The Marine, Oil & Gas division and the Transport division are expected to post the strongest growth in results. Marine, Oil & Gas is benefiting from the high capacity utilisation at its plants engendered by the oil companies' propensity to invest. The Transport division is benefiting from higher production levels in the automotive and aerospace industries and its stronger market position following the acquisition in 2006 of businesses in Cebu (Philippines) and Durango (Mexico).

For the Rubber Cable division, and in particular its activities in the renewable-energy (wind and solar) segment, the favourable market conditions are reflected in sharply higher revenues and profit. The operating margin will show a further increase as a result of a higher share of revenues from cable for wind turbines driven by higher global investments in windmill parks.

The other two divisions, Elevator Products and Mobile Network Cable, are also posting excellent results. Although the pace of growth is slower worldwide in these segments, Draka is able to sustain the improvement in results by expanding both product range and production capacity on the fast-growing Chinese market. Draka Elevator Products further strengthened its position on the Chinese market by forming a second joint venture, Nantong Zhongyao Draka Elevator Products Co. Ltd., which has also helped to extend the product range.

Draka Cableteq expects to post limited (4–7%) volume growth and a sharply higher operating result (excluding non-recurring items) for the first half of 2007 compared with the same period in 2006 (€45.1 million). All divisions are expected to contribute to the increase in the result, driven by volume growth, cost savings and an improved product mix. Although the prices of raw materials (copper and polymers) have been highly volatile in the past six months, prompt action by the management has ensured that the effect on the margins is expected to be limited.

Draka Comteq

The telecommunication cable market is still expanding. In line with expectations, the fibre-optic cable market is growing at around 8–9%, driven mainly by good demand in the United States and Europe. Asia is lagging behind at present, due to falling demand in Japan. Competition on the optical fibre and optical fibre cable markets is still intense with prices remaining stable at best.

In this market environment, Draka Comteq is able to maintain its position well. In Europe, Draka Comteq is benefiting from its strong presence in the French market, which is currently witnessing the fastest growth in demand for Fibre-To-The-Home (FTTH) projects. The company is also profiting from sales under two prestigious FTTH contracts, in Amsterdam and Paris (Illiad), which it won in the second half of 2006. Draka Comteq was able to extend its market position in the United States, with the first deliveries under a new contract with Verizon taking place in the second quarter.

Draka Comteq is in an excellent position to advance its share of the FTTH market segment in the coming period, helped by the successful launch of BendBright^{XS} optical fibre, which has been specially developed for FTTH applications where ease of installation and maintenance is paramount.

Although demand for copper telecommunication cable continues to decline in Europe in the first half of 2007, Draka Comteq is able to maintain its market position.

The data communication market continues to grow steadily (at 4–5%), with demand rising in both the copper and optical-fibre segments. The demand is being driven by new local area networks (LANs), which offer higher performance in existing as well as new buildings. Draka Comteq has achieved volume growth in both market segments, thus retaining its position as European market leader.

Given the continuing volume growth, Draka Comteq expects to triple the operating result in the first half of 2007 (excluding non-recurring items) compared with the same period last year (€ 1.5 million). All divisions are expected to contribute to the higher result. Draka Comteq expects to offset the sustained pressure on optical fibre prices with volume growth and cost savings.

Working capital

The higher average raw material prices and the growth in volume in the first half of 2007 are expected to have an upwards effect on the operating working capital in absolute terms. The shorter payment periods for 2007 which Draka has agreed with its raw material suppliers have also led to an increase in working capital. Draka's ongoing efforts to curb working capital have again been successful. The operating working capital as a percentage of revenues is expected to fall within an 18–20% bandwidth, compared with 20.0% in the first half of 2006.

Outlook

Barring unforeseen circumstances, Draka expects the favourable market conditions to continue in the second half of 2007. The prices of the main raw materials (copper and polymers) are expected to remain volatile.

Board of Management
Amsterdam, 29 June 2007