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**– Press release –  
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**- TRADING UPDATE -**

**DRAKA EXPECTS A CONSIDERABLE IMPROVEMENT IN OPERATING RESULT IN THE FIRST  
HALF OF 2004, EXCLUDING NON-RECURRING ITEMS**

The Board of Management of Draka Holding N.V. expects that the operating result (excluding non-recurring items) for the first six months of 2004 will show a considerable improvement compared with the €12.2 million achieved in the comparable period in 2003. This improved result is expected in a market which can still be described as challenging. With a slight increase in market demand, the strong rise in raw material prices (especially copper) is putting pressure on margins. In addition, the lower average exchange rate of the US dollar against the euro has put pricing pressure on Draka's European optical fibre activities. A positive factor, however, is that, in these market conditions, Draka has again managed to achieve growth in volume. Volume growth is expected to be 7-9% in the first six months of 2004, with an expected overall increase in net turnover of at least 10%. In addition, the further reduction in the cost base is having a marked beneficial effect on the operating result.

Non-recurring charges are expected to be €2.2 million in the first half of 2004, and comprise the previously announced provision of €3.2 million for additional production optimisation projects and a book profit of €1.0 million on a real estate transaction in France. In the first half of 2003, there was a book profit of €9.9 million on a real estate transaction in Spain.

Draka's net result (before and after non-recurring items) for the first six months of 2004 is forecast to be slightly positive. In the comparable period in 2003, the net profit was €5.1 million (net loss of €4.8 million excluding non-recurring items).

**Telecommunication Cable and Systems**

The operating result of the Telecommunication Cable and Systems Product Group is expected to improve substantially compared with the first half of 2003. An operating profit is being forecast for the first half of 2004 (first half of 2003: €4.5 million loss), mainly resulting from higher volumes of optical fibre and increased sales of radio-frequency (RF) cable.

Draka's optical fibre activities are benefiting from higher demand in Europe and China, while greater investment in laying UMTS networks has a positive effect on the demand for RF cable. Demand for copper cable is comparable with the same period in 2003.

## **Low-voltage and special-purpose cable**

The performance of the Low-Voltage and Special-Purpose Cable Product Group has been comparable with that in the second half of 2003. Demand for cable from the oil and gas and transport industries continues to be good.

There is still declining demand for standard low-voltage cable for buildings as a result of the lower level of construction activities in the Benelux and Germany in particular. This development is accompanied by further price pressure influenced partly by the strong increase in the price of copper. A positive development can be seen in Draka's data-communication cable activities where the recovery in demand, which started in the second half of 2003, continues. This recovery applies to both copper and optical fibre activities.

The operating result of the product group is expected to be lower in the first six months of 2004 than in the comparable period in 2003 (€22.4 million). Positive influences on the result, such as improved capacity utilisation in data-communication activities and the lower cost base, have been more than offset by the lower volume of standard low-voltage cables and pressure on margins resulting from the substantially higher price of copper. It is, however, expected that the pressure on margins caused by the strong rise in the price of copper will subside in the second half of 2004 when there will be a benefit from the price increases implemented during the first half of the year.

## **Financial position**

A continuous reduction in working capital is part of Draka's objective of further reducing its debt. Progress slowed during the first five months of 2004 as a result of the substantial rise in the price of copper with the associated effect on working capital. Nevertheless, Draka expects that working capital in mid-2004 will be slightly lower as a percentage of net turnover than the level in mid-2003 (31.5%). Given the current stabilisation of copper prices, working capital is expected to decline once again during the final six months of 2004.

## **Outlook**

Draka continues to expect that conditions in the cable market will improve compared with 2003, especially in the second half of 2004. This expectation is based on an expected continuation of the recovery in demand seen in the first five months of 2004 combined with a forecast reduction in the pressure on margins as a result of price increases that have been implemented (under the assumption that there will be no unforeseen rise in the price of copper).

At this moment Draka regards it as too early to make a statement on its forecast for 2004. Draka expects to issue a statement on its forecast for the year as a whole on the publication of the 2004 half-year figures on 31 August.

## **Extraordinary General Meeting of Shareholders**

Draka will hold an Extraordinary General Meeting ("EGM") of shareholders on 13 July 2004, to inform shareholders about the joint venture with Alcatel S.A. ("Alcatel") as announced on 10 February 2004 and 17 May 2004 and the issue of shares proposed in connection therewith (see below), and to seek approval for an amendment to its Articles of Association in anticipation of the proposed equity issue and the proposed appointment of Mr I. Schulz as

member of the Board of Management. Notice of the EGM has been published today in Het Financieele Dagblad, de Telegraaf and the Officiële Prijscourant of Euronext Amsterdam.

The agenda with explanatory notes can be inspected and obtained free of charge at the offices of Draka (Rhijnspoorplein 22, 1018 TX Amsterdam) and ING Bank N.V. (Van Heenvlietlaan 220, 1083 CN Amsterdam) or through the website of Draka ([www.drakaholding.com](http://www.drakaholding.com)).

**Equity issue**

As announced on 17 May 2004, Draka and Alcatel are forming a joint venture in which they will combine their global optical fibre and communication cable businesses (the “Transaction”). In connection with the Transaction, Draka confirms its intention to issue €150 million of new ordinary shares shortly after completion of the Transaction, with the proceeds to be used to repay existing indebtedness and to reinforce Draka's balance sheet. The Transaction is expected to be completed this week and is subject to the satisfaction of certain conditions, including approval by national competition authorities.

The proposed equity issue is fully underwritten by two of Draka's shareholders: Flint Holding N.V. and Parcom Ventures B.V. It is intended that the interests of Draka's shareholders will be protected in the issue through the grant of tradable subscription entitlements (“SETs”) for the new shares (the “Shares”), subject to applicable securities laws. The principal terms of the equity issue, including the number of Shares to be issued and the issue price, will be announced prior to the launch of the equity issue, which is expected to take place shortly after the EGM.

More information on the proposed equity issue will be provided in a separate prospectus, which will be available for all shareholders prior to the launch of the equity issue.

<b>Financial agenda 2004 (subject to change)</b>	
<b>Publication of interim figures 2004</b>	<b>Tuesday, 31 August (before start of trading)</b>
<b>Publication trading update second half year 2004</b>	<b>November 2004</b>

