



Draka Holding

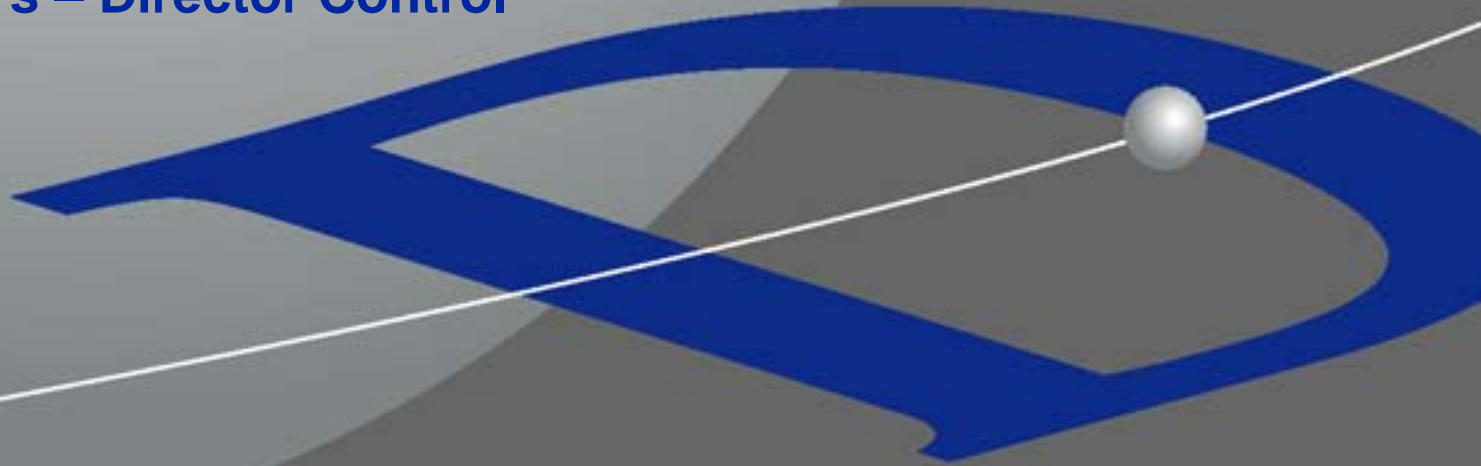
First Half Year Results 2004

31 August 2004

Jan van Kesteren – CEO

Garo Artinian – Deputy Chairman

Jaap Sulkers – Director Control





- ◆ **Summary 1H 2004**
- ◆ **Financial Results 1H 2004**
- ◆ **Results per Product Group**
- ◆ **Financial position**
- ◆ **Outlook 2004**





- ◆ **Draka realised net profit of €3.5 million (excl. non-recurring items) thanks to volume growth and cost control**
- ◆ **Turnover grew by 14.1%, accelerated by volume growth of 10.1%; mainly in communication (copper and fibre) and transport**
- ◆ **EBIT from operational activities increased 57.4% to €19.2 million**
- ◆ **Operational working capital as a proportion of turnover reduced further to 30.1% (1H03: 31.5%)**
- ◆ **Outlook 2H04: organic growth with reduction in margin pressure should lead to higher net profit in 2H04 compared with 1H04**



Draka's key figures

(x €m)	1H 04	1H 03	1H 04 ¹	1H 03 ²
Net turnover	796.1	697.7	796.1	697.7
EBITDA	47.9	54.0	50.0	44.1
EBITDA-margin	6.0%	7.7%	6.3%	6.3%
EBIT	17.1	22.1	19.2	12.2
EBIT-margin	2.1%	3.2%	2.4%	1.8%
Net result	1.4	5.1	3.5	(4.8)
EPS (€)³	(0.15)	0.04	(0.05)	(0.44)
Operating cash flow	(20.8)	21.0	(20.8)	21.0

¹ Excluding non-recurring charges of €2.1m

² Excluding non-recurring income of €9.9m

³ Per ordinary share after a reserve for preference dividend (€4.6m in 1H 04 and €4.4m in 1H 03)



Overview 1H 2004: Sales & EBIT

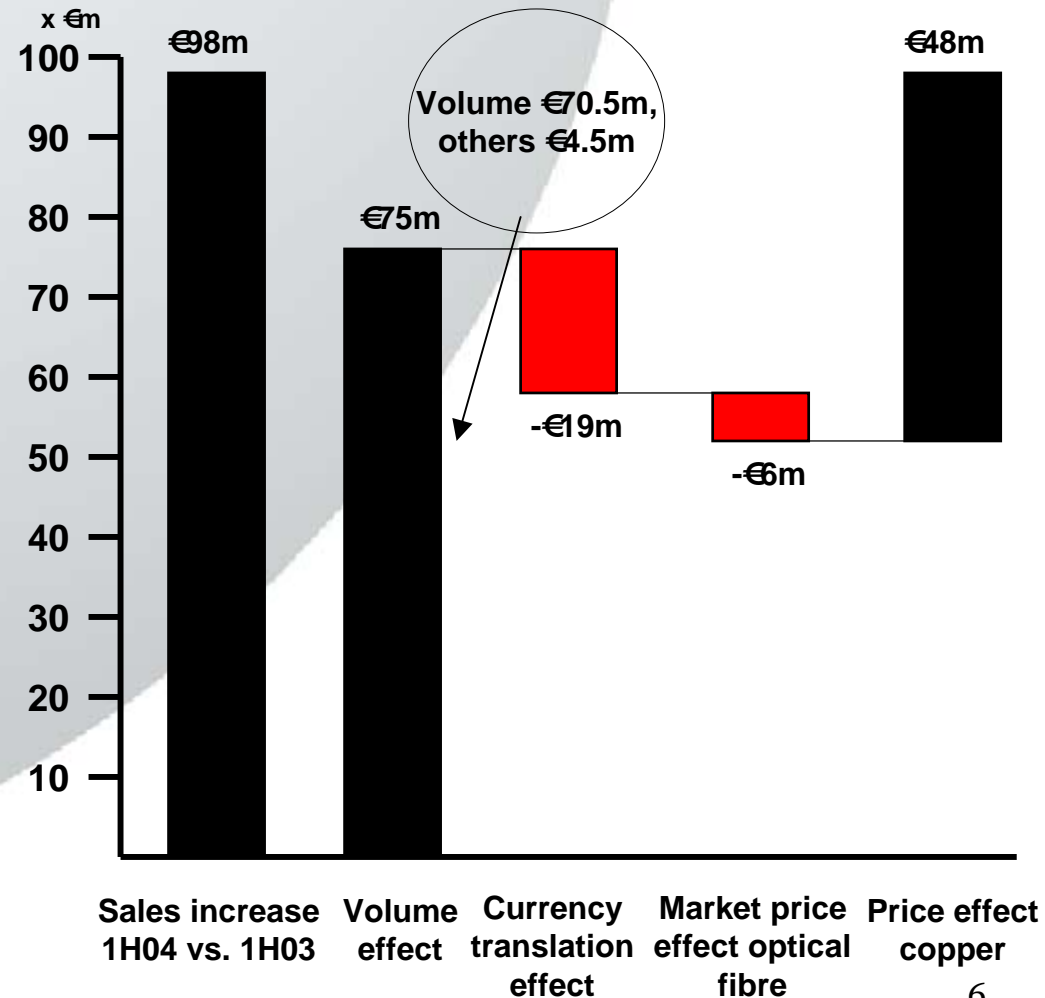
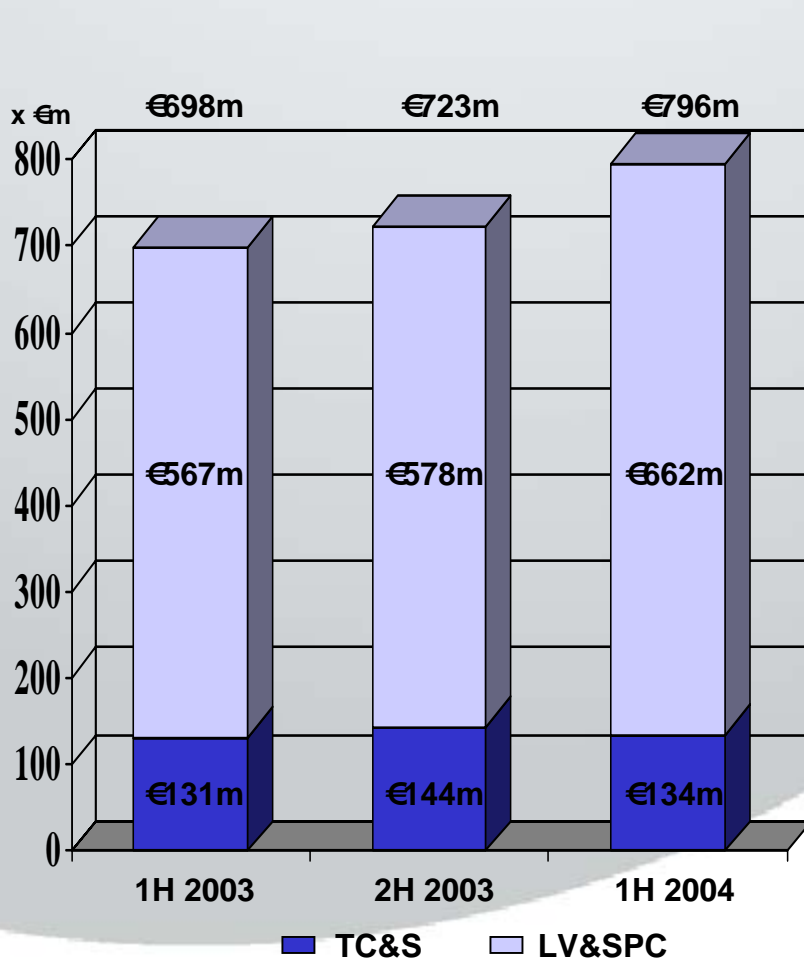
(x €m)	Sales			EBIT		
	1H 2004	1H 2003	△ %	1H 2004 ¹	1H 2003 ¹	△ %
TC&S	134.4	130.5	3.0	2.2	(4.5)	NMF
LV&SPC	660.4	570.7	15.7	22.3	22.4	(0.4)
Others	1.3	(3.5)		(5.3)	(5.7)	7.0
Total	796.1	697.7	14.1	19.2	12.2	57.4

¹Excl. non-recurring items of €2.1 million negative in 1H 2004 and €9.9 million positive in 1H 2003

- ◆ Volume growth accelerated to 10.1% in 1H 2004 after 2.6% realised in 1H 2003 and 3.9% in 2H 2003
- ◆ EBIT improvement mainly accounted for by volume growth and cost control; however, sustained pressure on selling prices and sharp increase in copper price depressed margins



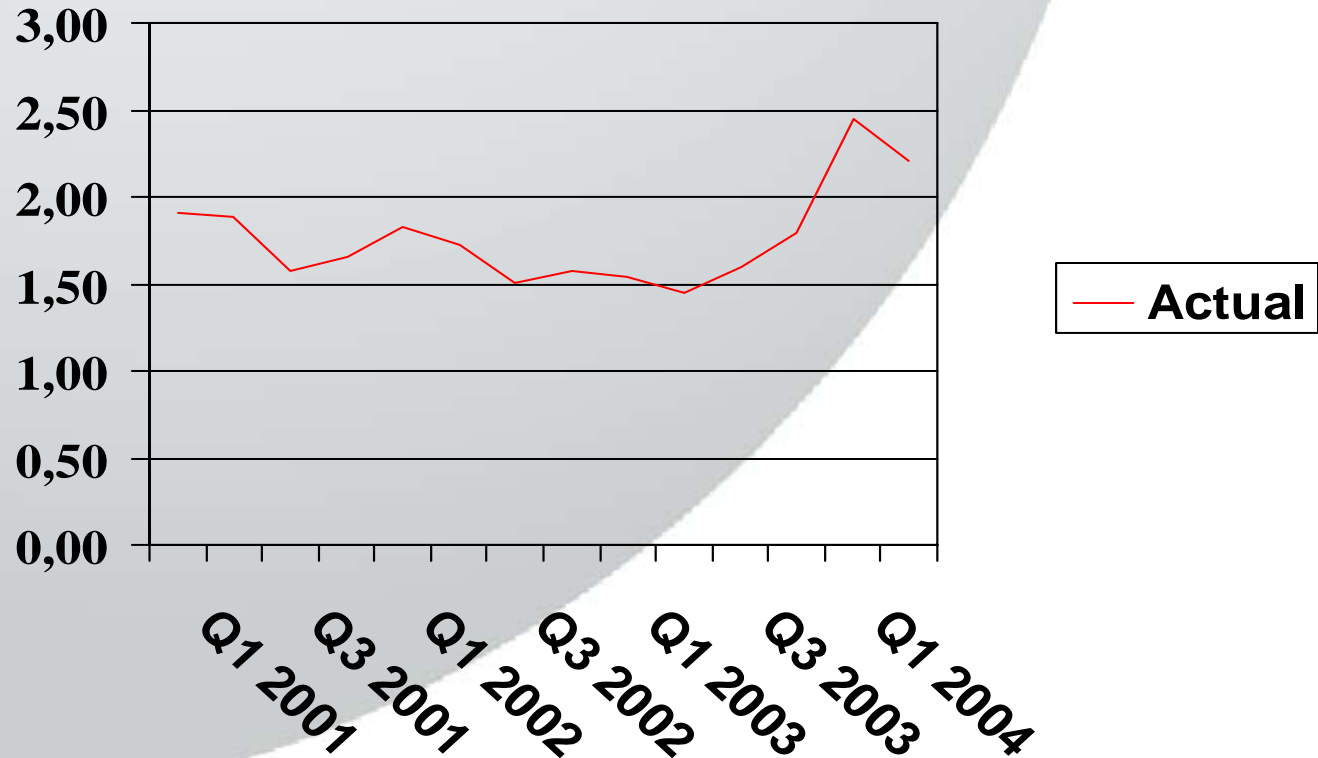
Sales development 1H 2004 vs. 1H 2003





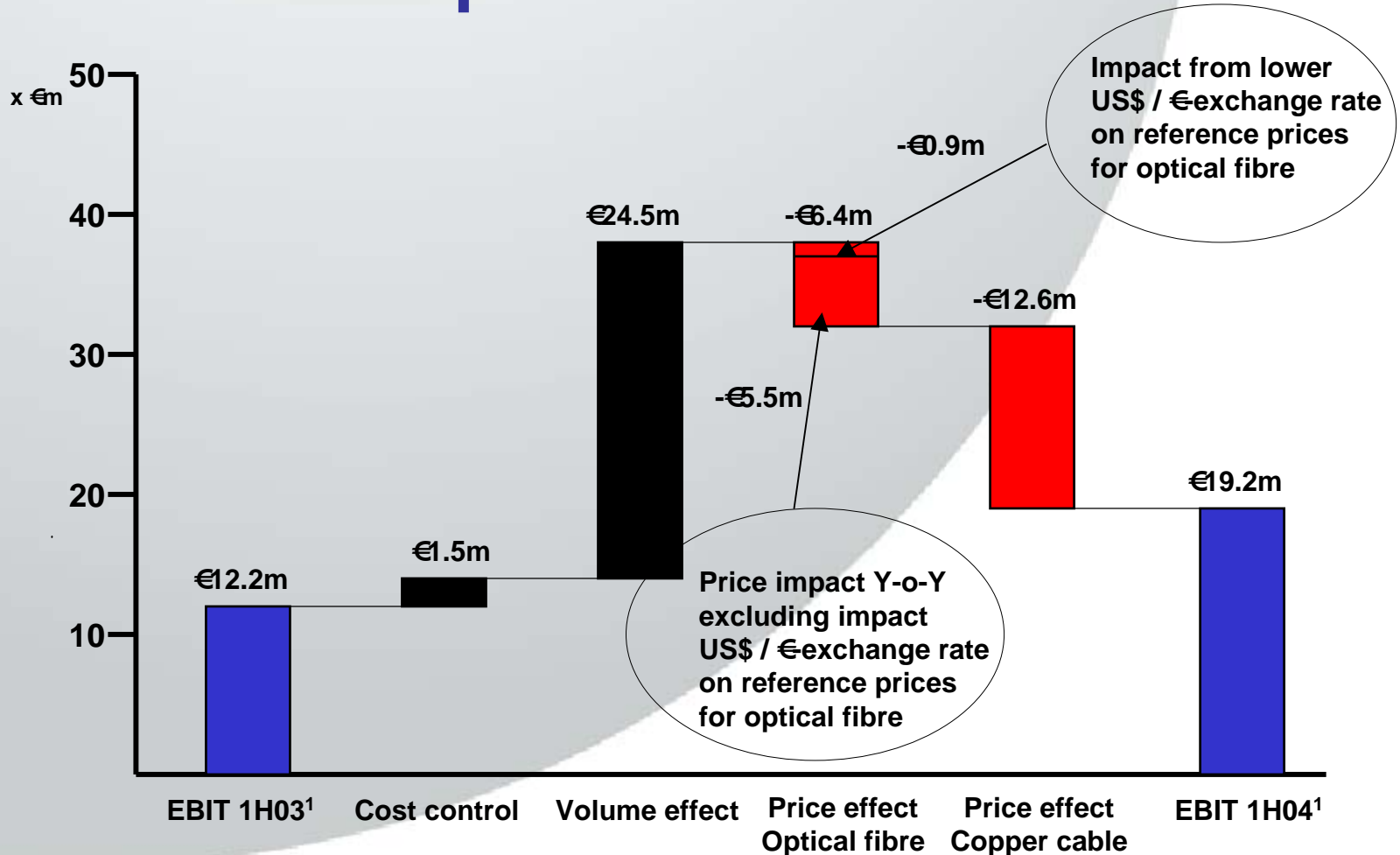
Sharp increase in price of copper

Euro





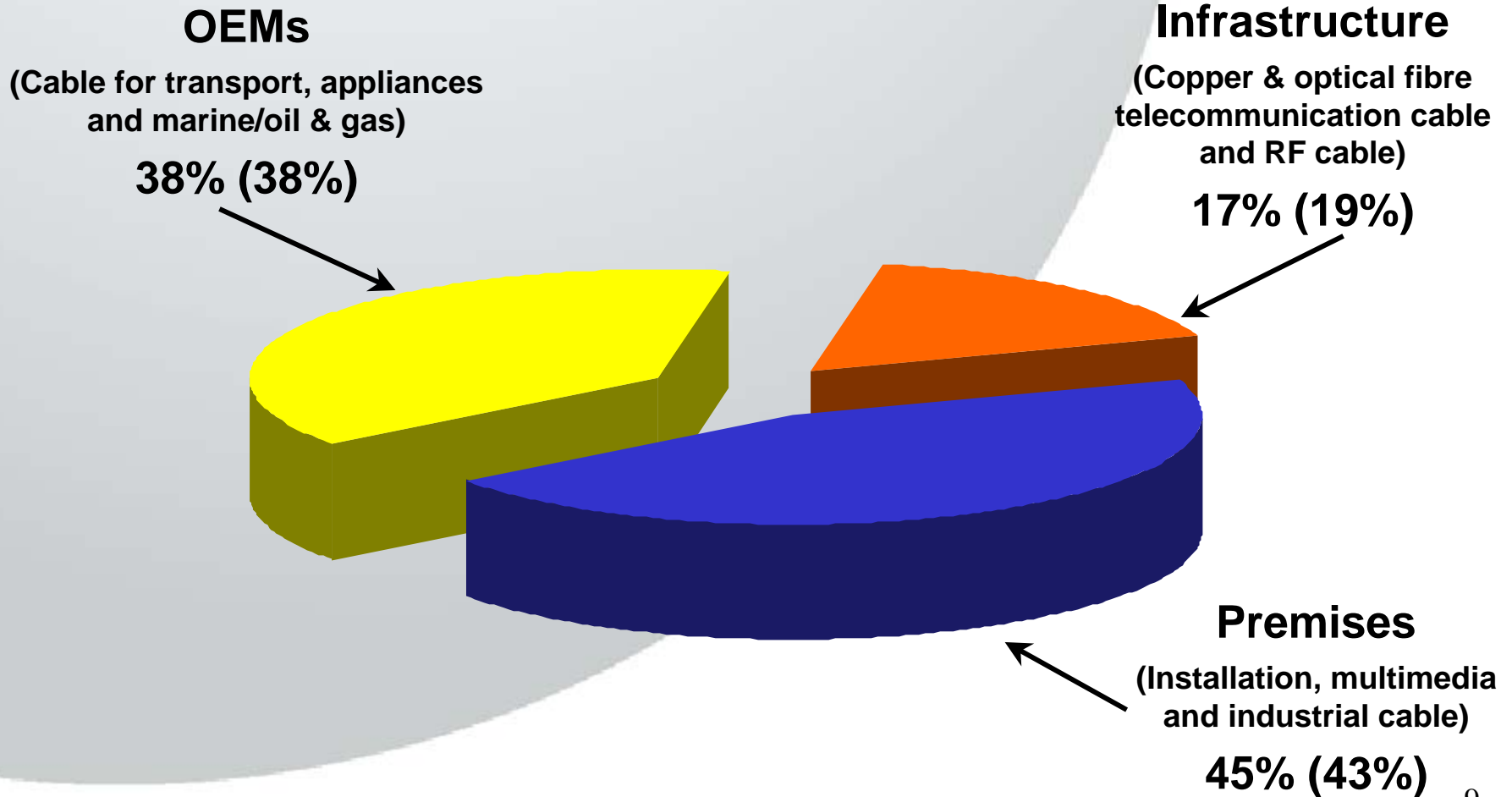
EBIT development 1H 2004 vs. 1H 2003



¹Excluding a non-recurring charge of €2.1m in 1H 2004 and non-recurring income of €9.9m in 1H 2003



Net turnover by application in 1H04 (1H03)





Draka Holding

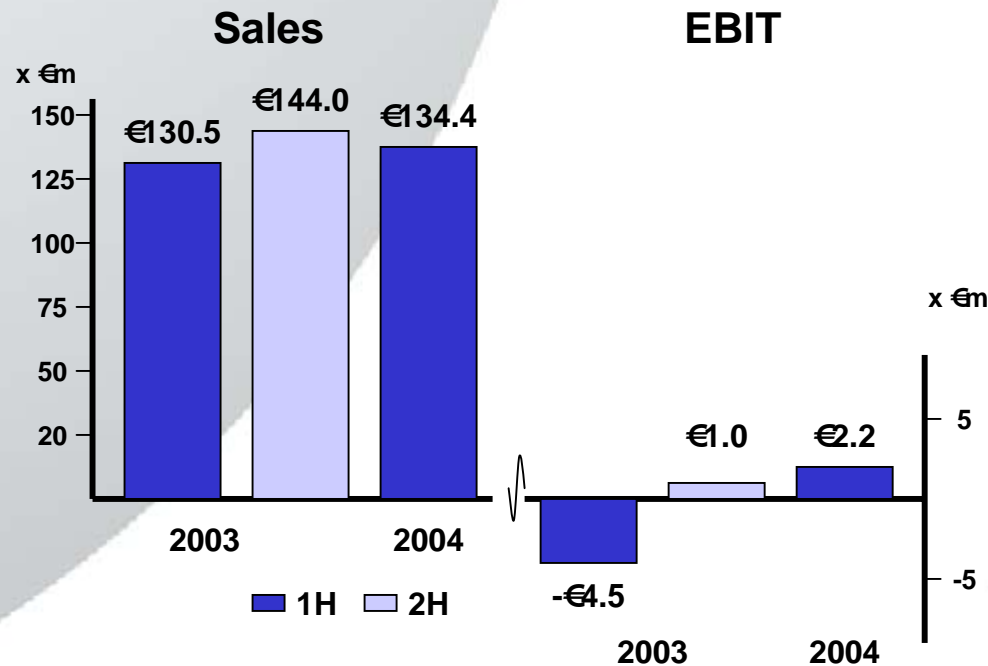
Results per Product Group





Telecommunication Cable & Systems

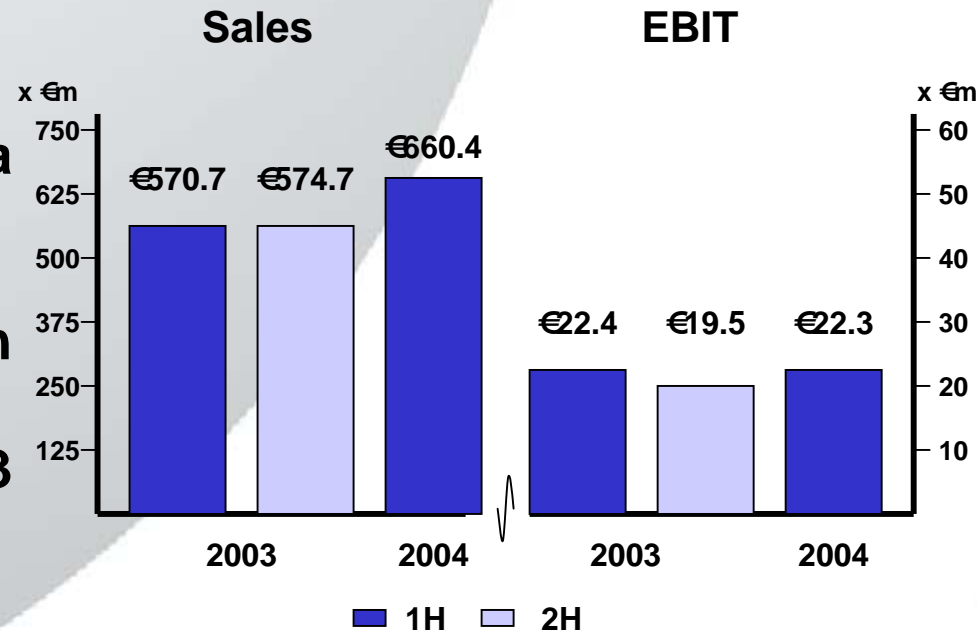
- ◆ EBIT-result continued to improve to €2.2m positive in 1H 2004, driven by:
 - ◆ 1) volume growth in optical fibre (24%);
 - ◆ 2) cost control
- ◆ Recovery in EBIT depressed by lower demand for copper cable and continued price pressure
- ◆ RF-cable benefited from the marked recovery of the market





Low-Voltage & Special-Purpose cable

- ◆ Sales rose 15.7% partly driven by growth in transport, oil & gas and data communication segments
- ◆ In addition, turnover was inflated by sharp increase in copper price
- ◆ EBIT-result equal to 1H 2003 despite:
 - ◆ 1) margin pressure at standard LV-cable due to lower selling prices;
 - ◆ 2) tighter margin resulting from sharp increase in copper price





Draka Holding

Financial position





Highlights

- ◆ **Significant progress in achieving the objectives for 2004:**
 - ◆ net investments reduced to €8.0 million
 - ◆ operational NWC further reduced to 30.1% of net turnover (1H 2003: 31.5%), well on track to achieve target of around 27% at EOY04
- ◆ **Free cash flow amounted to €38.3 million negative (1H 2003: €3.1 million negative) accounted for entirely by the increase in working capital due to the significant increase in turnover**



Cash flow statement

(x €m)	1H 2004	1H 2003	FY 2003
EBIT ¹	19	12	31
Depreciation	31	32	61
Working capital	(45)	16	46
Others (interest, tax, provisions)	(26)	(39)	(57)
Operating cash flow	(21)	21	81
Dividend	(10)	(8)	(9)
CF from Investments	(8)	(16)	(15)
Free cash flow	(38)	(3)	57
CF from Financing	41	3	(62)
Net cash flow	3	0	(5)

¹ Excluding non-recurring items of €2.1m negative in 1H 2004 and €9.9m positive in 1H 2003



Investments & Depreciation

(x €m)		1H 2004	1H 2003	FY 2003
TC&S	- Investments	3	4	5
	- Depreciation	9	9	18
LV&SPC	- Investments	8	13	25
	- Depreciation	21	23	43
Total	- Investments	10	17	30
	- Depreciation	31	32	61

→ Investments well below depreciation level in 1H 2004



Balance sheet

(x €m)	1H 2004	1H 2003	FY 2003
Tangible fixed assets	567	613	587
Financial fixed assets	86	86	82
Total fixed assets	654	699	669
Stocks	347	299	282
Receivables	412	383	323
Trade creditors & others	-352	-274	-255
Curr. assets - curr. liabilities	407	407	350
Invested capital	1,060	1,106	1,019

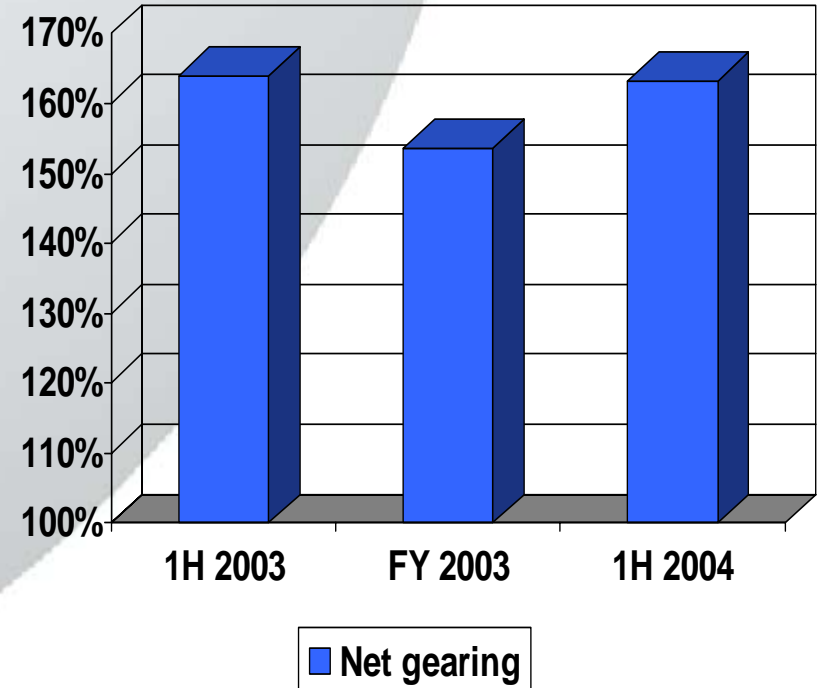
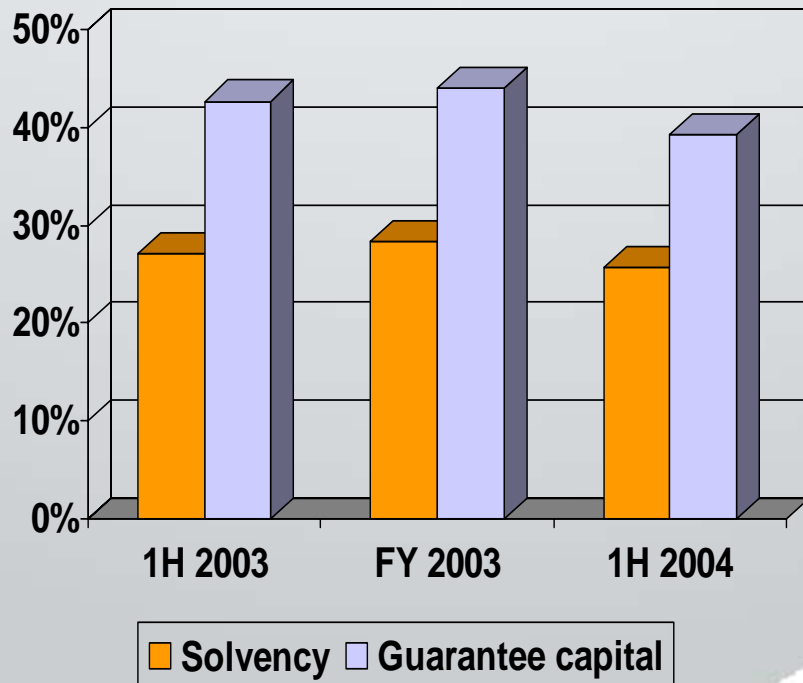


Balance sheet

(x €m)	1H 2004	1H 2003	FY 2003
ST interest bearing debt	228	190	150
LT interest bearing debt	213	253	243
Subordinated LT debt	156	175	164
Net debt	597	618	557
Shareholders' equity	366	377	362
Minority interest	7	5	5
Provisions	91	106	95
Total financing	1,060	1,106	1,019
Guarantee capital	558	593	563



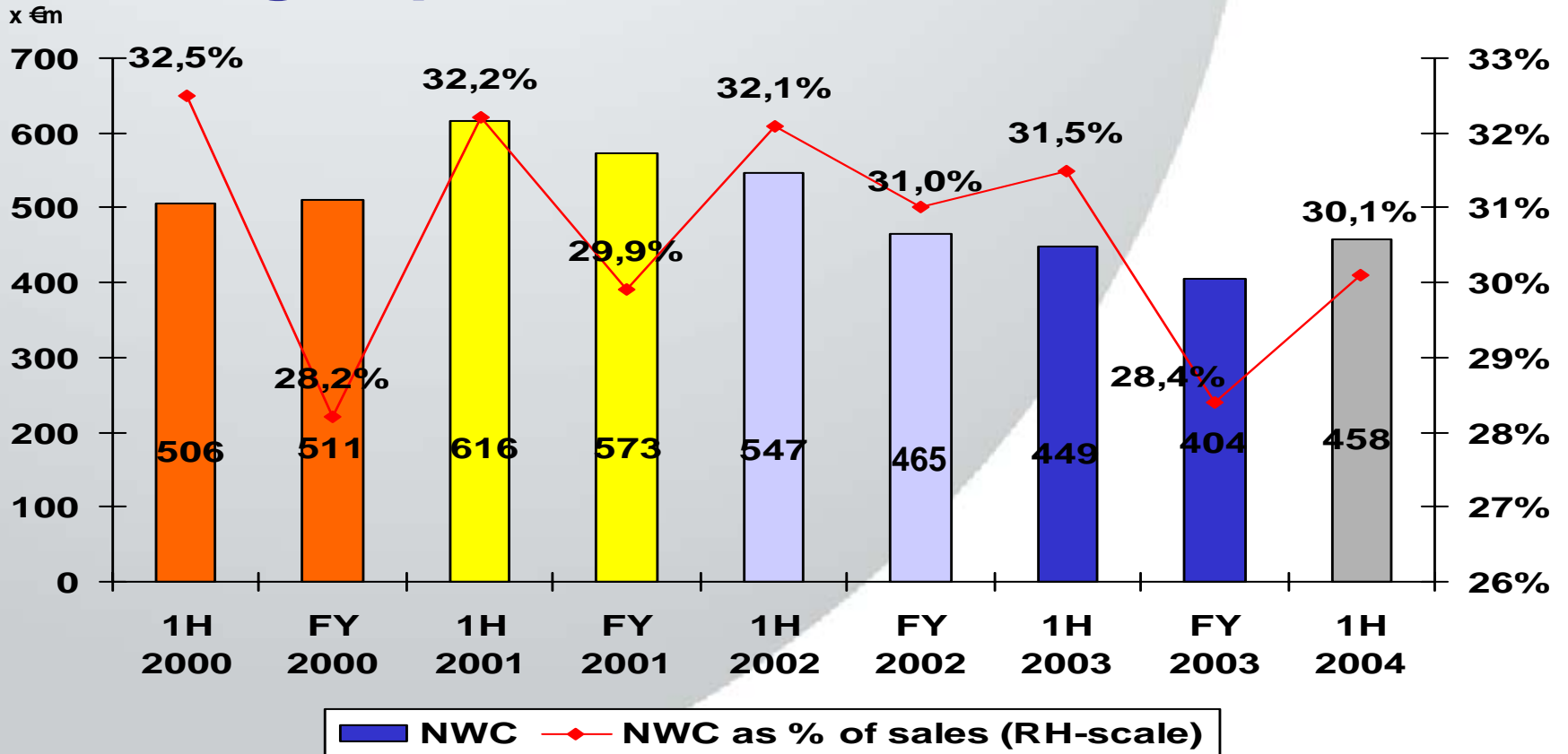
Balance sheet ratios



→ Lower capital ratios due to increase in balance sheet total



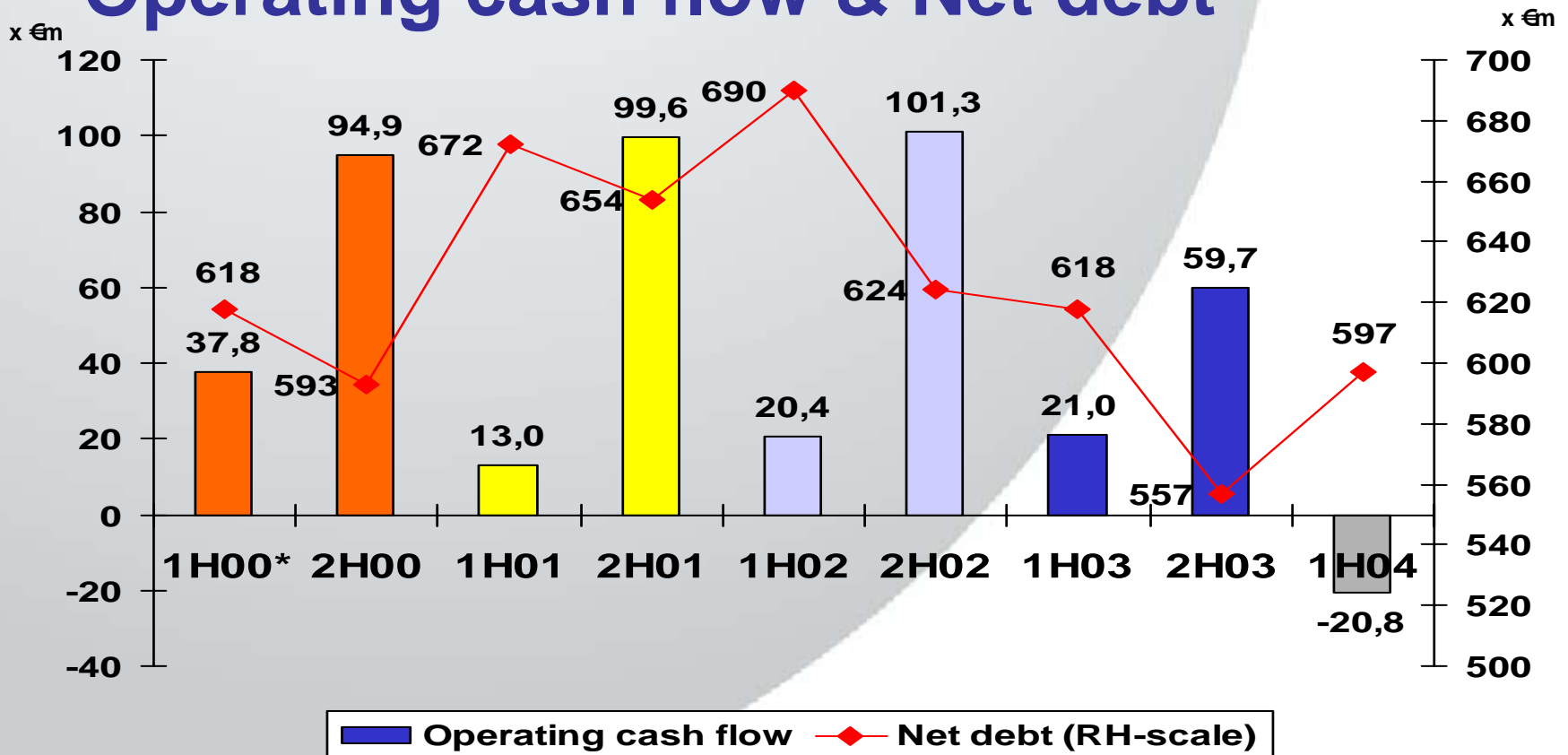
Working capital movement



➔ Well on track to achieve NWC target of 27% at EOY04



Operating cash flow & Net debt



*Excluding YOFC

➔ Increase in net debt caused by rise in NWC



Draka Holding

Outlook 2004





Draka Comteq (I)

- ◆ **As stated earlier, potential revenue synergies resulting from the deal with Alcatel are not yet expected in 2H 2004 since the focus is currently on integrating the two businesses**

Telecommunication

- ◆ **Market for singlemode fibre is expected to show some recovery in 2H 2004, particularly in the US and Europe. The announcement of several major FTTH-projects in both regions are encouraging**
- ◆ **Market position in China will improve**
- ◆ **Fibre prices are anticipated to remain stable in US-dollars**
- ◆ **Demand for copper telecommunication cable is expected to show some decline in 2H 2004**



Draka Comteq (II)

Data communication

- ◆ **Data communication cable should continue to benefit from tentative recovery in relevant investments in IT-networks and systems**
- ◆ **Market for multimode fibre is expected to remain stable; prices in US\$ anticipated to be comparable with 1H 2004**
- ◆ **Higher volumes anticipated in multimode fibre thanks to positive impact of marketing efforts**
- ◆ **Copper cable: further growth in demand, in line with developments in 1H 2004**



Draka Cableteq (I)

Standard low-voltage cable

- ◆ **Market conditions will remain challenging since no recovery is expected in European construction market**
- ◆ **Volume anticipated to be comparable with 2H 2003**
- ◆ **Margins remain under pressure due to continued price pressure**
- ◆ **Squeeze on margins due to sharp increase in copper price will ease in 2H 2004 thanks to price rises which have been implemented**



Draka Cableteq (II)

Special low-voltage cable

- ◆ **Cable for transport industry: continued good demand in automotive cable and further growth in aircraft cable (comparable with 1H 2004)**
- ◆ **Cable for marine/oil & gas industry: increasing demand thanks to higher investments in E&P by oil companies; further growth in demand for ship cable**
- ◆ **Elevator cable: comparable development with 1H 2004**
- ◆ **RF-cable will continue to benefit from increasing investments in UMTS**



Draka group

- ◆ **Market conditions expected to be similar to 1H 2004, implying an improvement compared with 2H 2003**
- ◆ **Organic growth is expected to continue, but price pressure will remain in some cable segments; squeeze on margins due to sharp increase in copper price will ease in 2H 2004 thanks to price rises which have been implemented**
- ◆ **Additional cost measures will be implemented**
- ◆ **Net result based on ordinary activities in 2H 2004 is expected to be higher than in 1H 2004 (assumption: no unforeseen rise in the price of copper)**
- ◆ **Net debt position will improve considerably, thanks to:**
 - 1) successful equity issue (€150m);**
 - 2) reduction in working capital to around 27% of sales (2003: 28.4%) and**
 - 3) stringent investment policy**



Draka Holding

Split in sales: Draka Comteq & Draka Cableteq

(x €m)	1H 2004
Total sales	796
Draka Comteq (incl. 37.5% in YOFC)	189
Draka Cableteq	607



Draka Holding

Q & A



Draka Holding

www.draka.com

