

**NKT**

## **Summary Financial Statement**

**NKT Group 1999**

**Brøndby, 7 March 2000**

**Summary Financial Statement 1999 - NKT Holding A/S**

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## Key figures

for the Group 1995 - 1999

# NKT

DKK million	1995	1996	1997	1998	1999
Net turnover	4,612	4,771	5,581	6,426	6,057
Depreciation on fixed assets	301	286	338	403	534
Operating profit (loss)	138	304	390	567	-533
Financial items, net	16	-55	-57	-123	-10
Profit (loss) on ordinary operations before tax	154	249	333	444	-543
Profit (loss) on ordinary operations after tax	84	148	217	291	-449
Extraordinary items, net	-85	-46	0	91	2,890
Extraordinary items after tax	-72	-30	0	91	2,890
Profit after tax	12	118	217	381	2,441
NKT's share of Group profit after tax	41	108	203	362	2,419
Share capital, year-end	749	749	749	751	540
Shareholders' equity, year-end	2,440	2,494	2,645	2,739	3,441
Balance sheet total	5,207	5,045	6,342	6,935	8,972
Development costs	139	152	176	174	197
Number of employees (average)	6,009	6,056	6,549	7,296	6,820
Cash flow from operations	253	647	502	100	-17
Cash flow from investments	-158	-13	-1,415	-567	2,656
Of which, investment in tangible fixed assets, net	-495	-352	-575	-280	-232
Cash flow from financing	-167	-302	677	335	-750

## Key performance indicators

Equity ratio	47%	49%	42%	39%	38%
Return on shareholders' equity after tax	4%	6%	8%	10%	(12)%
Return on capital employed before tax	5%	10%	11%	12%	neg.
Earnings per share, DKK*	11	15	22	30	-52
Cash flow per share, DKK*	28	71	55	11	-2
Dividend per share, DKK*	10	10	12	16	20
Intrinsic value per share, DKK*	268	274	291	301	638
Year-end market price per share, DKK*	214	286	444	330	416
Dividend per share, DKK**	12	12	14	20	20
Year-end market price per share, DKK**	260	347	539	400	416

\*Comparative figures aligned with changed capital structure in 1999.

\*\*Comparative figures before alignment with changed capital structure 1999.

Calculation of key performance indicators has been based on the guidelines of the Danish Society of Financial Analysts.

### Definitions of key performance indicators

Equity ratio: Shareholders' equity at year-end as a percentage of total liabilities at year-end

Return on shareholders' equity: Profit on ordinary operations after tax and minority interests as a percentage of average shareholders' equity

Return on capital employed, before tax: Operating profit as a percentage of average capital employed

Earnings per share: Profit on ordinary operations after tax and minority interests per average number of shares

Cash flow per share: Cash flow from operations per average number of shares

Intrinsic value per share: Shareholders' equity at year-end per share at year-end

## **Summary Financial Statement 1999**

### **Comments to the accounts and annual report of the Board of Directors**

The NKT Group's profit after tax and minority interests amounted to DKK 2.4 billion. The profit, which is in line with the most recently published expectations, was strongly influenced by transactions with a financial weight which is substantially greater than in a normal operating situation.

These relate to:

- the considerable income from the sale of the Lexel group
- the initiated restructuring of NKT's cable business after the acquisition of Felten & Guillaume Kabelwerke GmbH
- losses, write-offs and absence of income resulting from the termination of the NorNed contract
- fewer projects in the areas of high voltage cables, submarine cables and off-shore pipelines
- income from sale to Stolt Comex Seaway of a 49% interest in NKT Flexibles.

1999 was an atypical year, and in particular the considerable changes which have taken place in the Group's corporate portfolio make it difficult to perform a direct comparison of the figures in the 1998 and 1999 accounts.

Group turnover in 1999 amounted to DKK 6.1 billion, as against DKK 6.4 billion the year before. Turnover from the acquired businesses largely compensated for the loss of turnover of around DKK 2.5 billion attributable to the businesses divested. 85% of the turnover was derived from the Group's operations abroad.

The operating result for 1999, a loss of DKK 533 million, was caused by the deficit incurred by the NKT Cables group which was mainly influenced by losses relating to the NorNed project.

After substantial extraordinary income, amounting to DKK 2.8 billion after tax, resulting from sale of the Lexel group, NKT's share of the profit for the year – after tax and minority interests – was DKK 2.4 billion.

Key figures for the NKT Group (1995 - 1999) can be found on page 1, key figures for the individual companies being shown in the individual company reviews which commence on page 8.

The financial review, which starts on page 26, provides more detailed comment on items in the accounts which relate both to the Group and the individual Group companies. The annual accounts for 1999 were drawn up in accordance with the same accounting policies as in 1998.

## **Changed capital structure**

At an extraordinary general meeting held at NKT Holding A/S on 26 October 1999 the company approved a capital restructuring project which had been planned as a result of the sale of the Lexel group and the extraordinary income generated thereby.

The project was implemented with a disbursement totalling DKK 1,689,920,800 to NKT shareholders on 3 February 2000. At the same time, NKT Holding's share capital was reduced by the nominal value of the shares repurchased, so that the share capital today stands at DKK 539,598,400.

The capital reduction has been incorporated in the annual accounts for 1999 (i.e. shareholders' equity has been reduced).

## **Ownership**

Following the capital reduction, the distribution of the share capital of NKT Holding A/S is thus: Aalborg Portland Holding A/S 34.9%, Danish Labour Market Supplementary Pension Fund (ATP) 9.5%, Employees' Capital Pension Fund (LD) 5.9%, unregistered shareholders 20%, pension funds, banks, insurance companies, etc. 17.5%, other registered shareholders 12.2%.

## **NKT share price**

At 31 December 1999 the NKT market share price stood at DKK 416 per share, compared with DKK 400 per share at the end of 1998. After adjustment in accordance with the capital reduction, the latter figure corresponds to a price of DKK 330 per share.

## **Vision 2005**

With the implementation of new strategic initiatives related to Vision 2005, the plan is to allocate substantial financial resources to technology development, innovation and establishment of new businesses. The resources will be concentrated on areas which lie in context with the competencies possessed by NKT and which are judged to have a commercial potential.

The Group's businesses will be operated on individual footings - according to whether they are mature businesses, growth businesses or development businesses. Thus the vision is to establish a future foundation for the Group in which the development activities generate new businesses and in which the increased value is derived from operating income, from acquisition of new activities – and

from sale of licences, activities and established businesses. The value created via these channels must be continuously reflected in the NKT share price.

### **Group Valuation**

The Group company GIGA A/S has during recent years documented its ability to consistently create both increased turnover and earnings, and also to develop and market new, advanced products. Added to this, GIGA is a player in a market with considerable growth potential.

Following on from the Group's Vision 2005 strategy it is therefore the perception that the ownership of a business which is of the type and size of GIGA, and which has GIGA's track record, represents value for the company's investors which should be reflected in the Group's market valuation.

It is the opinion of the Board of Directors that this is not currently the case, and against this background consideration is being given to how the value represented by GIGA can be rendered visible.

### **The NKT Group as at 1 January 2000**

<b>NKT Holding (the Group parent company)</b>		
<b>Mature businesses</b>	<b>Growth businesses</b>	<b>Development businesses</b>
NKT Cables	NKT Flexibles	NKT Research Center
Nilfisk-Advance	GIGA	Nordic Superconductor Technologies
Priorparken	IONAS	Crystal Fibre*
NKT Project Center		Lios Technology*
		Scandinavian Micro Biodevices*

\* In process of establishment

### **Employees**

The NKT Group employed a total of 6,436 people (1998: 7,692) at 31 December 1999. 4,628 of this number, corresponding to 71%, were employed by the Group's companies outside Denmark (1998: 5,223 and 68%). The reduction in the size of the work force was due to the number of employees in the divested businesses being greater than the number in the acquired businesses.

## **Managerial changes**

### *Board of Directors*

Commercial Development Manager Henrik Morgen, who was an employee-elected Group representative on the Board of Directors, resigned on 31 January 2000. The vacant position on the Board was unable to be filled immediately as the originally elected substitute for Henrik Morgen was no longer employed with the Group. The process to elect a replacement has been initiated.

### *Board of Management*

It was announced in mid 1999 that Tom Knutzen, Executive Director and Corporate Chief Financial Officer will become Managing Director of NKT Holding A/S when Managing Director Gerhard Albrechtsen retires at the end of April 2000.

On 1 August 1999, Søren Isaksen, Managing Director of NKT Research Center A/S, joined the Group Management where he is responsible for the Group's technological competence development.

On 15 February 2000, Thomas Hofman-Bang joined the Group Management where he will assume responsibility for Group finance and accounting.

## **Share options**

At 31 December 1999 a total of 110,465 share options had been issued. NKT's own shares are purchased to meet the option commitments. As reported at the 1999 Annual General Meeting, the share option scheme was widened in 1999 to also include the Board of Directors,

As a result of the capital restructuring in which the share capital of NKT Holding A/S was reduced, the number of share options and their exercise price were adjusted accordingly.

## **Developments since 31 December**

Please refer to the following reviews under the following headings:

- Capital restructuring, page 3
- Three new business units, page 24
- Managerial changes, page 5
- IONAS – in team with US/Canadian fiberoptic player, page 20.

## **Prospects for 2000**

Group turnover in year 2000 is expected to rise by around 9% to a figure of around DKK 6.6 billion.

For NKT's mature businesses, comprising the NKT Cables group, Nilfisk-Advance, Priorparken and NKT Project Center, an increase in turnover of around 5% is expected. Nilfisk-Advance, Priorparken and NKT Project Center will realise profits, but an overall pre-tax deficit will be yielded by the mature businesses as the NKT Cables group is expected to report a substantial loss also in year 2000.

Collectively, the growth businesses NKT Flexibles, GIGA and IONAS, expect to more than double their turnover and to realise a pre-tax profit better than that achieved in 1999.

The development businesses, comprising NKT Research Center, Nordic Superconductor Technologies, Crystal Fibre, Lios Technology and Scandinavian Micro Biodevices, will increase their development activities significantly in year 2000. The aggregate deficit of the development businesses is expected to be around DKK 50 million. This is double the figure for 1999 and a consequence of the acceleration of the Group's development activities in line with Vision 2005.

Conclusions are therefore as follows:

- The aggregate pre-tax deficit of the mature businesses is expected to be compensated by the pre-tax profit of the growth businesses.
- The development businesses will record a deficit of around DKK 50 million in year 2000.
- Against this background, the NKT Group as a whole is expected to record a loss before tax and minority interests.
- Added to this, despite an overall Group deficit, expenditure in the form of a tax payment must be anticipated as not all the Group's companies can be taxed jointly, and as in a number of countries amortisation of goodwill is not tax-deductible.

After tax and after deduction of the share of net profit attributable to minority interests, NKT Holding's share of the result for year 2000 is expected to be a loss of between DKK 125–175 million. This result may be described as very unsatisfactory.

Measures initiated in the restructuring process for the NKT Cables group and the expectations of improved operating results for NKT's other companies mean that a substantial improvement in profits is anticipated in the years ahead.

### **Resolutions passed at the Board of Directors' meeting on 7 March 2000**

The Annual General Meeting will be recommended to approve a dividend payment of DKK 20 per share for 1999, the same as for 1998. This corresponds to a disbursement of DKK 108 million, as against DKK 150 million for 1998.

The Board of Directors further recommends amendment of Article 3 A of the Articles of Association concerning authorisation to expand the company's share capital in accordance with special guidelines, authorisation to take decisions re-

garding the raising of a possible convertible loan and on a related increase in capital, and authorisation to acquire up to 10% of the company's own shares.

## **Annual report and Annual General Meeting**

Copies of the NKT Group's Annual Report are expected to be available on Monday, 27 March 2000. The Annual General Meeting will be held at 16:00 on Tuesday 18 April 2000 at Radisson SAS Falconer Center, 2000 Frederiksberg.

## NKT mature businesses

*The key to success for the Group's mature businesses lies in product development, increased market share and a cost-effective business system.*

### NKT Cables group

Key figures <sup>1)</sup>	1999	1998
Turnover	3,098	1,602
Operating profit/(loss)	(672)	97
Profit/(loss) before tax <sup>2)</sup>	(538)	39
Shareholders' equity	1,059	575
Balance sheet total	3,845	2,294
Investment in tangible fixed assets, net	149	345
Development costs	62	11
Employees, average	3,777	1,603
<b>Products</b>		
<ul style="list-style-type: none"> <li>- Submarine cables, low, medium and high voltage cables and accessories</li> <li>- Overhead power lines with integral optical fibres</li> <li>- PVC and halogen-free cables and industrial wires</li> <li>- Rubber cables</li> <li>- Communication and data cables and accessories</li> <li>- Traction wire</li> </ul>		

<sup>1)</sup> The figures for 1998 relate solely to the cable activities of the Danish company NKT Cables A/S. The figures for 1999 cover NKT's total cable activities, i.e. both NKT Cables A/S and the activities of F&G Kabelwerke acquired in 1999. The legal amalgamation of the cable group's businesses within NKT Cables Holding A/S took place as from 1 January 2000. The acquired activities made a turnover contribution of DKK 1,892 million in 1999.

<sup>2)</sup> The 1999 figure includes income of DKK 182 million relating to divestment of pipe activities. This income is eliminated in the NKT Group accounts. Minority interests' share of the result before tax comprises DKK 4 million, against DKK 0.3 million in 1998.

### Results

The very unsatisfactory final result for 1999 is principally attributable to activities relating to the Danish part of the group, where delays in relation to the timetable for the 570 km long NorNed cable link between Norway and the Netherlands led to the contract with NKT Cables being cancelled.

The financial target defined for NKT Cables is a net profit ratio of 6-7%. The NKT Cables group is not expected to achieve this target until 2002 at the earliest.

Breakdown of the overall operating loss recorded by the NKT Cables group:

NorNed project:	<u>DKK million</u>
- Depreciation on projects in progress at 1.1.1999	(191)
- Depreciation on production plant at Kalundborg	(150)
- Expenditure, depreciation, etc. relating to the project in 1999	<u>(139)</u> (480)
Operating losses in 1999 relating to other cable activities (high voltage cables, Brøndby)	(136)
Operating losses relating to flexible offshore pipelines in first-half 1999	( 56)
Other activities, including acquired businesses, net (breakeven result when aggregated)	<u>-</u>
Total	<u>(672)</u>

As can be seen from the table, the NorNed project contributed a loss of DKK 480 million to the operating deficit. The amount includes one-off depreciation on projects in progress and on the Kalundborg production plant. To this must be added expenditure and depreciation which were either incurred in direct relation to the project or can be regarded as “idle-time expenditure” in 1999 caused by the halting of the project.

The activities relating to high voltage cables in Brøndby inflicted losses on the 1999 accounts amounting to DKK 136 million. This was due to shortage of orders and tough price competition. The production of high voltage cables in Brøndby will be phased out during year 2000 and land cables for the NKT Cables group will in future be made in Cologne. Cable production in Brøndby will result in operating losses until closed at the end of 2000.

The operating loss of DKK 56 million pertaining to flexible pipe activities relates to the first half of 1999 until the date at which these activities were transferred to NKT Flexibles I/S. The operating loss was attributable to depressed levels of activity in the international offshore sector in 1999 resulting from prolonged low oil prices – up until the start of this year. As a result, the sector’s willingness to invest has been strongly subdued.

Collectively, the other activities of the NKT Cables group yielded a breakeven result, something which was not satisfactory. As anticipated, the acquired activities belonging to Felten & Guillaume Kabelwerke GmbH reported a deficit, but they have otherwise lived up to the plans made and the expectations which existed at the time of acquisition. The exception to this is the company in China, which experienced a lower than expected level of activity.

As a result of the substantial operating loss, the NKT Cables group was in 1999 provided with necessary working capital in the form of equity capital.

## **Prospects for 2000**

NKT Cables expects an increase in turnover, primarily through the possibility of cross-sales, where the group's companies market and sell one another's products. The synergy potential in the area of costs which is realised as a result of the initiated restructuring is first expected to become visible after 2000.

The cable market, which is undergoing an intensive process of consolidation, continues to be influenced by strong competition as a result of overcapacity. The accelerating liberalisation of the European electricity market will to a large extent be crucial for developments in the European cable sector, and thus also for NKT Cables' possibilities for development. In all probability the supply of cable projects will remain meagre for some time yet. As a result, it is believed that the submarine cable factory in Kalundborg will be unable to achieve an acceptable level of activity in 2000. Furthermore, cost savings from closure of cable production in Brøndby will not have an effect until after 2000.

Against this background, the NKT Cables group anticipates a negative net profit ratio in the order of 3% and a substantial pre-tax loss.

## **Strategic problem solved**

The acquisition of the German cable company Felten & Guilleaume Kabelwerke GmbH (F & G), its German subsidiaries, and its part-owned undertakings in Austria, the Czech Republic and China has solved a strategic problem for both NKT and F & G. With an amalgamation of the activities of both organisations, a strong European supplier has been created with access to the markets of central Europe and a commercial base with the volume to meet the continuing intensified competition prevailing in the cable market. NKT Cables has established itself with headquarters in Cologne within a new company, NKT Cables GmbH, from which the cable group, which now employs 3,400 employees, is administered.

## **Enhancing business system efficiency**

An extensive restructuring project, which was initiated shortly after the acquisition of F & G, includes a coordination of the manufacturing activities which are performed in the individual countries. The goal is in future only to manufacture the same type of cable in one place. Accordingly, notice has been given that the activities conducted at the high voltage factory in Brøndby will be relocated to Cologne and Kalundborg respectively, and that the activities undertaken place at the

telephone cable factory in Jyderup will be transferred to Austria. Similar changes are under way at the hitherto German-owned factories, while in Poland it has been necessary to expand production capacity with a new factory. As an element in the restructuring and integration, NKT Cables has taken steps to increase its ownership interest in those undertakings which were not wholly owned. NKT Cables has thus increased its ownership of the Austrian company and plans to do likewise with the Czech and Chinese companies.

When the restructuring project is completed in 2 -3 years the work force will have been reduced by around 500. The development, sales and service functions in the various countries have also been subject to reorganisation with a view to creating the most efficient possible working organisation. It is estimated that synergy benefits in the order of DKK 250 million annually will be generated by the integration and restructuring project when it is fully implemented – i.e. in 2002.

### **Projects in Denmark, Greece, China and Thailand**

NKT Cables has continued working on a test programme for the NorNed cables for its own account with a view to having them tested and approved by Bureau Veritas. The shallow- and deep-water cables have both successfully completed the type-testing programme. Final testing and approval of the complete system solution is thus still awaited. It is expected to be concluded during the first half of year 2000.

During 1999, NKT Cables completed phase 2 of the Copenhagen Metropolitan Power Project for which the company has supplied and installed a 420 kV AC cable. The project represents a pioneering development and is one of the first AC ground cables in commercial operation covering such long distances and having such a high voltage specification.

In the autumn, development and testing work was performed on a submarine cable project for Greece comprising a 170 kV oiled-paper insulated AC cable to be manufactured and supplied in the first half of year 2000. Work has also taken place on development and manufacture of a special mass-impregnated 50 kV DC submarine cable for China. Production of the 115 km long cable for this project began at the Kalundborg factory in 1999. In addition, the end of the year saw the start of production on a 22 km long 3 x 36 kV XLPE submarine cable for supply to a project in Thailand.

In December, NKT Cables was awarded a contract for the manufacture of cables for a wind farm project at Middelgrunden off the coast of Copenhagen. This is a pilot project for which the scope of the cable supply is modest, but which is expected to “set the standard” for future Danish wind turbine projects.

**Nilfisk-Advance A/S**

<b>Key figures</b>	<b>1999</b>	<b>1998</b>	<b>Products</b>
Turnover	2,638	2,117	- Dry and wet cleaning machines
Operating profit	114	75	- Floor maintenance machines
Profit before tax	61	31	- Sweepers
Shareholders' equity	884	708	- Carpet cleaners
Balance sheet total	2,480	2,213	- Domestic vacuum cleaners
Investment in tangible fixed assets, net	37	5	- High pressure cleaners
Development costs	72	61	
Employees, average	2,572	2,270	

**Results**

As anticipated, Nilfisk-Advance recorded improved profits compared with 1998. This positive development was a result partly of ongoing initiatives to enhance business system efficiency, and partly of successful integration of the business unit which Nilfisk-Advance acquired from Electrolux in autumn 1998.

The financial target defined for Nilfisk-Advance is a net profit ratio of 7-8%. In 1999 the company realised a net profit ratio of 4,3%.

Although the profit cannot be termed satisfactory it represents an acceptable development for Nilfisk-Advance in 1999.

**Prospects for 2000**

Nilfisk-Advance expects growth in turnover of around 10%, half this figure being generated by the acquisition of CFM in Italy. Net profit ratio is expected to rise to between 5 and 6%, and the pre-tax profit will be higher than in 1999 – although not yet satisfactory.

**Globalisation**

Parallel with the implementation of a radical modernisation of the company, Nilfisk-Advance has seriously positioned itself as an international supplier of professional cleaning machines. At the end of 1999, Nilfisk-Advance acquired the majority interest (70% of the share capital) in CFM, an Italian manufacturer of industrial vacuum cleaners, with effect from 1 January 2000. With its own production units in Denmark, Sweden, Germany, Italy and the USA, its own sales subsidiaries in a total of 25 countries, a worldwide network of distributors and an extensive product programme of quality machines, Nilfisk-Advance is today among the major, leading suppliers in the global cleaning sector.

## **Focus on customer and user problems**

With the establishment of a competence centre for vacuum cleaners and a competence centre for floor washers and sweepers, Nilfisk-Advance has created a number of knowledge bases in which the problems - ergonomic, operational and environmental - of customers and users are confronted with the company's technological knowhow.

During 1999 Nilfisk-Advance added a large number of new products to its range. These included the introduction of a series of four wet and dry floor cleaners, created with extreme user-friendliness in mind. A new vacuum cleaner for offices and hotels, a combined indoor and outdoor sweeper, and a series of heavy-duty floor washers and polishers were also introduced. With the acquisition of CFM in Italy, Nilfisk-Advance has also gained access to an extensive programme of modern industrial vacuum cleaners. At the start of year 2000 the company presided over a product range comprising the best from Nilfisk-Advance, the best from the former Electrolux division, together with the products from CFM. The result is a product repertoire which can successfully accomplish with all professional cleaning tasks.

## **Positive trend in the USA**

In the US section of Nilfisk-Advance the activities of the Electrolux production unit (Kent) of Elkhart, Indiana, which were acquired in 1998, were transferred in 1999 to the Nilfisk-Advance production company in Plymouth, Minnesota. The Elkhart factory was closed at the end of 1999, the relocation leading to 145 redundancies in Elkhart, while 75 new jobs were created at the plant in Plymouth.

Targeted marketing directed at the customer categories which are potential buyers for the products supplied by Nilfisk-Advance in the USA has resulted in an improvement in the company's share of the US cleaning market. During 1999, supply contracts were signed with a number of important contract cleaners.

## **Enhancing the efficiency of internal systems**

In 1999, as an element in the ongoing adjustment to a market in which the demands for high quality and low prices are constantly being intensified, Nilfisk-Advance worked on an extensive logistics project aimed at optimising its storage and distribution systems in the European section of the company. Thus, a central distribution depot is under construction in Brøndby which will enable products to be distributed with very short lead times. However the project has proved more complex than originally anticipated and has therefore taken somewhat longer than planned.

Nilfisk-Advance has completed an extensive project aimed at integrating itself and its former Electrolux-owned activities into a single business entity. As a result several production units have been closed down. A project has also been initiated aimed at streamlining the company's business systems.

## **Priorparken A/S (Property management company)**

<b>Number of employees, average: 53</b>
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### **Results**

Turnover by Priorparken in 1999 amounted to DKK 116 million, as against DKK 118 million in 1998. Of this amount, extra-Group activities accounted for DKK 52 million, compared with DKK 50 million in 1998. Profit before tax was DKK 24 million, as against DKK 63 million the year before. The decrease in profit can partly be explained by the fact that income entered in 1998 included substantial proceeds from property sale.

### **Prospects for 2000**

Turnover and pre-tax profit for Priorparken are expected to be similar to 1999.

### **An attractive industrial park**

Following the earlier division of the Priorparken site into 20 registered units and the completion in 1999 of connection to district heating and other public supplies, substantial parts of the process of converting the site to an industrial park with attractive opportunities for extra-Group tenancy and possible divestment are now complete. At the end of 1999, 97% of the part of the site which is under Priorparken was let.

## **NKT Project Center A/S**

<b>Number of employees, average: 49</b>
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### **Results**

NKT Project Center realised turnover of DKK 36 million in 1999, as against DKK 40 million in 1998. Pre-tax profit amounted to DKK 2 million, as against DKK 6 million the previous year. The decrease in profit may be ascribed to a declining level of activity resulting from completion of the production factories in Kalundborg. Extra-Group activities represented a turnover of DKK 11 million in 1999, as against DKK 6 million in 1998.

## Prospects for 2000

Profit in year 2000 is expected to be on a level with 1999.

## Increase in extra-Group activities

With the gradual completion of the extensive and complex tasks associated with establishment of the pipe and submarine cable factories in Kalundborg the number of extra-Group activities has increased. A strategic process has been initiated with a view to expanding NKT Project Center's existing and future commercial base.

## NKT growth businesses

*NKT's growth businesses are characterised by a potential for growth and earnings which derives from their high technology and future-oriented product programmes and which is on a far higher plane than for businesses operating in a mature market. However, the richly promising market perspectives are attended by an element of risk resulting from the demands of constantly having to be at the forefront with successful development of new groundbreaking products. Added to this there is the requirement always to be able to attract personnel who possess the exact technological competencies needed to enable the business to maintain a leading position.*

## NKT Flexibles I/S

<b>Ownership</b> NKT Holding A/S 51% Stolt Comex Seaway S.A. 49%	<b>Products</b> Flexible pipelines for conveying oil, gas, water and chemicals
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	1998	1999
Turnover	140	70
Employees, average	219	199

## Results

There exist no external accounting figures for previous years as until 1 July 1999 this business was an integral part of NKT Cables A/S. The figures stated for turnover are approximate, based on full-year sales of flexible pipes.

The following financial targets have been defined for NKT Flexibles:

- mean annual growth in turnover of > 30%
- turnover in 2003 in the order of DKK 500 million.

1999 was a very unsatisfactory operating year for pipe activities. In the second half of the year, which is the company's first reporting period, NKT Flexibles recorded turnover of DKK 45 million and a pre-tax loss of DKK 44 million. The NKT Group's share of the company's pre-tax financial result for the first half of the year amounted to a loss of DKK 37 million. The explanation for the performance lies in a shortage of new orders occasioned by the restraint shown by the international offshore sector as a result of the low oil prices prevailing at the end of 1998 and the start of 1999.

The sale of a 49% interest in NKT Flexibles I/S to Stolt Comex Seaway S.A. yielded an extraordinary pre-tax income for the NKT Group of DKK 55 million.

### **Prospects for 2000**

NKT Flexibles is expecting substantial improvement in both annualised turnover and final result compared with 1999. However, the result will depend on the general level of activity within the offshore oil and gas sector, and on the company's ability to continuously meet the requirements to be at the leading edge with technologically advanced products. At the start of year 2000 NKT Flexibles had an order portfolio worth around DKK 100 million for implementation in the current year. A pre-tax deficit must also be expected for year 2000.

### **Globalisation via joint venture**

At 1 July, NKT Flexibles was split from NKT Cables and established as an independent company under NKT Holding with a view to subsequent inclusion in a joint venture partnership with the offshore contractor Stolt Comex Seaway. The partnership between Stolt Comex Seaway and NKT Flexibles, which individually are both among the world's three leading suppliers of offshore installations and offshore pipes respectively, has placed NKT Flexibles in a substantially improved strategic position – with improved access to the global market.

### **Projects in a thin year**

During 1999, NKT Flexibles completed three significant projects with are of major testimonial value for the company. A riser (a pipe rising from the seabed to a collection point on the surface, e.g. a ship) was supplied to Maersk-Odebrecht, and long flowlines (pipes running along the seabed) were supplied to Elf UK and Shell UK. The order for the latter company, comprising a 7.1 km long pipeline, is believed to be the longest 8" pipe ever manufactured in a single section for the offshore oil and gas industry.

In addition, NKT Flexibles supplied flowlines for the Indian state oil company ONGC, and late in the year was awarded orders for two very interesting projects: the prestigious Girassol project for Elf in Angola and a project for Soekor in South Africa. Finally, NKT Flexibles was chosen to supply a 7.5 km long flowline by the second largest oil company in the world, BP Amoco.

## I.C. Holding A/S

I.C. Holding A/S is the parent company for NKT's two growth businesses, GIGA A/S and IONAS A/S, which are both component suppliers to the international telecom market.

## Ownership

NKT Holding A/S 63.25%  
 Employees' Capital Pension Fund (LD), 12.25%  
 Dansk Kapitalanlæg A/S, 12.25%  
 A/S Dansk Erhvervsinvestering, 12.25%

## Results

Group turnover in 1999 amounted to DKK 199 million, as against DKK 129 million in 1998. Profit before tax was DKK 96 million compared with DKK 60 million in 1998. NKT's share of profit before tax was DKK 59 million in 1999, as against DKK 37 million in 1998. Development may therefore be described as very satisfactory.

## GIGA A/S

Key figures	1999	1998	Products
Turnover	190	127	Electronic components
Operating profit	93	70	
Profit before tax	102	68	
Shareholders' equity	114	95	
Balance sheet total	214	125	
Investment in tangible fixed assets, net	10	6	
Development costs	31	25	
Employees, average	70	46	

**Results**

The following financial targets have been defined for GIGA:

	<u>Realised 1999</u>
- mean annual growth in turnover of > 20%	50%
- net profit ratio of > 25%	49%

These results may therefore be described as very satisfactory.

**Prospects for 2000**

GIGA believes that the transition to new technology has given the company a technological lead in a heavily competitive market. The positive predictions for the company are supported by continued product development and expectations of the introduction of a large number of new products, while at the same time the company starts the year with a substantial order portfolio. Against this background GIGA anticipates turnover and profits for year 2000 which are substantially above 1999.

**Continued growth**

A successful transition to use of new technology, increased demand, and a widening of business area to make the company a player in the datacom and videocom sectors as well as the telecom market have given GIGA significantly higher activity levels than previously. This has led to a substantial expansion of the company's production capacity.

During 1999 GIGA made a technological transition from circuits based on gallium arsenide to silicon-based products. At the end of the year, the sales split was around 30% for the new circuits and 70% for the traditional circuits. A significant increase in demand was experienced for both the 2.5 Gbit circuits and the new 10 Gbit circuits.

**Unique technological competence**

In 1999, with a view to expanding its design competence, GIGA set up its own design houses in Greece and Germany. A number of extremely competent design engineers are employed at both locations. The focus in Germany is on a widening of GIGA's business area, while in Greece support is provided for the company's existing product programme.

**IONAS A/S**

<b>Key figures</b>	<b>1999</b>	<b>1998</b>	<b>Products</b>
Turnover	9	3	Integrated optical circuits and fibreoptic components
Operating profit/(loss)	(7)	(8)	
Profit/(loss) before tax	(6)	(8)	
Shareholders' equity	13	11	
Balance sheet total	21	13	
Investment in tangible fixed assets, net	7	2	
Development costs	3	3	
Employees, average	20	13	

**Results**

The following financial targets have been defined for IONAS:

- growth in turnover
- profitability in 2001-2002

With an increase in turnover and striking technical progress, IONAS has lived up to its planned business development.

**Prospects for 2000**

For IONAS, year 2000 will be influenced by establishment of an entirely new production installation within new facilities. IONAS will thus find itself in a transitional phase between laboratory-oriented undertaking and volume manufacturer. As a result it is expected that the company's deficit in year 2000 will be greater than in 1999.

**From development to growth**

In the years which have elapsed since the establishment of IONAS in 1997 the company has undergone a process of rapid commercial maturity. On account of the special technological competence – so-called “PECVD” production technology – which IONAS commands, the optical components made by the company possess a number of unsurpassed qualities in terms of performance and reliability. The company therefore increased its customer base substantially in 1999.

The substantially increased activity led to a decision in 1999 to relocate IONAS from Microelektronik Centret at the Technological University of Denmark to alternative rented premises. The establishment of new production facilities represents an investment in the order of DKK 60 million. These facilities, which will include a class 100 cleanroom, and the associated production equipment, will place the company among the world's biggest and most advanced manufacturing

units for integrated optical circuits. For IONAS, the relocation to its own facilities will firmly cement the shift from development business to growth business.

## **In team with US/Canadian fibreoptic player**

Discussions with the company JDS Uniphase Inc. (JDSU), today one of the leading suppliers of fibreoptic components to the telecoms market, have led to an agreement on establishment of joint working in the area of selected optical sub-components – so-called “DWDM” units and others. Under this collaboration agreement, which takes effect from 1 April 2000, JDSU will base the manufacture of a number of fibreoptic components on the key competence possessed by IONAS. For IONAS the joint working arrangement means that its new manufacturing facility can from the very outset be geared to a rising volume of component production.

## **NKT development businesses**

*During their development phase, NKT development activities which are chosen for continuation within an independent commercial framework must realise an increase in value which is greater than their related operating costs. Ongoing confirmation must be shown of the existence of a commercial platform, and concrete technical progress must also be made. There must be continued growth in the business's customer portfolio.*

### **NKT Research Center A/S**

Technology development, product development and innovation
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## **Results**

In 1999 the activities performed within NKT Research Center lived up to the targets defined for the Group's development businesses. Technological progress, supported by patents, was made on many fronts during the year. In addition, commercial platform evaluations for several of the development activities resulted in decisions to establish new businesses. During 1999 NKT Research Center had profit-earning activities from sale of engineering time both inside and outside the Group. 1999 turnover by NKT Research Center was DKK 19 million, around half of which was represented by external sales.

**Prospects for 2000**

A substantial increase is expected in the level of activity for NKT Research Center. In line with the strategic plans laid down the company is expected to generate a loss.

**Focus on technology-based business development**

With the launch of NKT's Vision 2005, the focus for the Group's long-term business development was placed squarely on the activities pursued by NKT Research Center. Included in Vision 2005 is an intensification and professionalisation of the technology-based side of NKT's business development.

**NKT Innovation**

At 1 July 1999, the existing research-oriented organisation was supplemented by the establishment within NKT Research Center of a new business unit, NKT Innovation, which has the organisational responsibility for taking research results to commercial fruition – in an interplay between researchers, NKT and other interest groups. The intensification of NKT's technology-based business development consists in the fact that focus is now also placed on commercial development of ideas and competencies born or generated outside NKT Research Center, for instance in the public research domain. The professionalisation aspect consists in the fact that new projects are continuously evaluated throughout the innovation and product maturation phase with a view to identifying the commercial perspectives, and – where these are not of interest to NKT – selling off the project to other parties.

**Patents – alpha and omega in an innovation process**

Globalisation, and the attendant intensified international competition being experienced by all technology-based undertakings, means that protection of product and process rights by patents and trademarks is absolutely essential for the company's competitive situation.

Accordingly, a patents and trademarks function has been established within NKT Research Center. Besides attending to NKT Research Center's own interests, this function assists the whole of the NKT Group in the area of patents and trademarks.

During 1999, 13 patent applications were filed in which NKT Research Center personnel were cited as inventors or co-inventors. In addition, through its activities within NKT Innovation, NKT Research Center secured rights and options to a

number of patent applications where the inventors were typically researchers or research groups outside NKT Research Center.

### **Three new business units established**

NKT Research Center has over the years created the technological foundation for a number of businesses which have demonstrated a basis for long-term existence – for example in the field of fiberoptic communication.

Today, the framework for the activities of NKT Research Center consists of a number of competence areas:

- Electrical and superconductor technology
- Opto-technology and semiconductor technology
- Microtechnology
- Polymer and surface technology
- Environmental and cleaning technology.

It is within these areas that the company's development activities take place and from which new projects are generated.

Three projects have been transferred to independent business units with the aim of initiating a commercial maturation process and testing their sustainability (see description on page 24).

The three new business units will work under the supervision of and in close dialogue with NKT Innovation.

### **Ongoing research and development activities**

Together with NKT Cables, NKT Research Center is continuing work on development of high temperature superconducting cables, the next step in the process being production of a 30 metre long superconductor cable planned for installation at Copenhagen's Amagerværket power station. On behalf of Nilfisk-Advance, NKT Research Center has worked on new techniques to enhance the efficiency of the processes used in cleaning machines. For NKT Flexibles, projects are under way relating to materials and process development.

Activities relating to recycling of PVC building waste are now approaching the pilot testing stage. With support from the Danish Environmental Agency, a facility with an overall capacity of 200 tonnes/year/shift is under construction. The facility will enter service early in year 2000. With NKT's process, for which patent application has been filed, PVC waste is converted to pure, reusable products in the form of thawing salt, coke and oils, and a heavy metal concentrate.

With a view to application in unshielded rooms, a new generation of high temperature, superconducting SQUID sensors has been developed. These are less sensitive to ambient magnetic interference and capable of measuring and interpreting the very weak electrical signals emitted from the brain, heart, etc. No developed market exists for these types of components today, and their potential will depend on clinical experiments currently be performed on low temperature superconducting SQUIDS.

**Nordic Superconductor Technologies A/S (NST)**

<b>Key figures</b>	<b>1999</b>	<b>1998</b>	<b>Products</b>
Turnover	9	7	- High temperature superconducting tapes, ZEROME™, for power transmission
Operating profit/(loss)	(10)	(5)	
Profit/(loss) before tax	(10)	(5)	
Shareholders' equity	3	3	
Balance sheet total	12	6	
Investment in tangible fixed assets, net	5	2	
Development costs	4	3	
Employees, average	17	15	

**Results**

Nordic Superconductor Technologies (NST), which was established in 1997, is still classified as a development business, and its business success is thus measured by the targets which apply to the Group's development activities. Against this background, progress within NST has been satisfactory with positive development in sales. The deficit recorded must be seen in the light of investment by the company in new production plant and its relocation to new facilities.

**Prospects for 2000**

Turnover by NST is expected to rise compared with 1999, with increased sales to international customers. The company's strong technical position is underlined by the awarding of a number of contracts in 1999 under the EU's 5th framework programme, thus enabling a high pace of development to be maintained. With increased product development a deficit similar to 1999 will also be recorded in year 2000.

**Growing customer portfolio**

In 1999, NST registered commercial sales of HTS (high temperature, superconducting) tapes to a growing number of external customers. NST supplied tapes to NKT Cables for the superconducting cable project being carried out by that com-

pany in partnership with NKT Research Center. NST's clientele embraces all the segments in which superconducting tapes are believed to have commercial perspectives. As well as cables this means motors, electrical equipment, magnets and current leads.

Collaboration with Oxford Magnet Technology, which earlier resulted in the world's first MRI scanner based on HTS tapes, is continuing as a separate project in which building and testing of a pre-production series is planned. This field is believed to hold out very interesting commercial perspectives for NST within the next 2 – 3 years.

### **A leading supplier of advanced technology**

NST maintained its position in 1999 among the leading international manufacturers of HTS tapes, and ongoing development is under way with a view to enhancing the superconducting electrical properties of these products. In particular, work has taken place on the company's special ZEROME™ HTS tapes, which also in year 2000 will be the subject of further development aimed at achieving a dramatic (three-fold) improvement in electrical and mechanical properties. At the same time, NST is seeking to halve the marginal fabrication costs in order to mature the product for volume production – and thus a strengthened commercial position. New methods, patented by NST, for achieving this aim are currently being tested.

### **Expansion in new facilities**

During 1999, NST underwent a cultural change, from being a development group under NKT Research Center to being given an independent identity as a manufacturing company. In April 1999 the company relocated to newly appointed premises capable of accommodating NST's anticipated expansion for the next five years.

### **Three new business units**

**Crystal Fibre A/S** has been established as a wholly owned company under NKT Holding A/S.

The company will develop and manufacture optical fibres according to entirely new principles in which the light is guided through cavities in the glass fibre. By this means it will be possible to achieve reduced losses compared with conventional optical fibres. This will enable transmission distances to be increased.

If the project lives up to expectations it is considered to have very interesting commercial perspectives in the telecommunications sector. However, there may also be valuable applications in contexts where short sections of fibre are used in analysis and measuring instruments.

Crystal Fibre A/S was established on the basis of knowhow and patent applications held by a number of research scientists at the Center for Communications, Optics and Materials (COM) at the Technical University of Denmark (DTU). NKT has thus concluded special collaboration agreements with the researchers, COM and DTU.

**Lios Technology GmbH** is a new businesses in the process of establishment as a wholly owned company under NKT Holding A/S.

The activities of the company will be based on development work initiated by Felten & Guillaume Kabelwerke in Cologne aimed at further-developing a system which - by means of an optical fibre and a control unit - can perform distributed temperature measurements in tunnels, along underground installations and other locations where such measurements can warn of approaching problems. Systems of this kind are already in use, but the specific principle developed by Lios Technology is based on components which render that undertaking's systems extremely price competitive.

The addressable market for these types of systems is very wide in extent. The systems will be relevant everywhere a need exists for temperature monitoring over long distances or at numerous locations. Examples include cables, tunnels, pipelines and process plants. A development of this technology to embrace, for example, longitudinal stresses and thus crack formation tendencies in large mechanical structures, is included in the company's concept and could significantly expand the market base.

**Scandinavian Micro Biodevices A/S** was established on the basis of knowhow relating to surface technology and microflow systems, as well as associated patent rights held by NKT Research Center and Mikroelektronik Centret at the Technical University of Denmark. The company is wholly owned by NKT Holding A/S but works in close partnership Mikroelektronik Centret with which special agreements have been concluded.

The objectives of Scandinavian Micro Biodevices, which targets the medical sector, include further-development of a method to substantially streamline time-consuming and complicated laboratory analyses (e.g. DNA analyses).

This area of focus is new for NKT, and a decision will be made on how and how quickly the company should be progressed, when it has been established whether the method is commercially viable.

## **Financial review 1999**

The 1999 annual accounts for the NKT Group have been drawn up in accordance with the same accounting policies as in 1998.

The annual accounts cover the parent company NKT Holding A/S and all directly and indirectly owned subsidiaries and associated companies. Besides NKT Holding the consolidation comprises 59 companies.

As described in the annual report of the Board of Directors and the Management, 1999 was characterised by a large number of strategic initiatives which materially influenced the profit for the year and which at the same time complicates the comparison of the accounts for 1999 with those of the previous year.

With the sale of three companies – NKT Trådværket, Lexel and Fr. Rasch's Eftf. – at the end of 1998 and the start of 1999, the Group lost a large sales portfolio and associated activities. In particular, the divestment of Lexel, which in 1999 provided the NKT Group with income of DKK 2.8 billion, is very significant for comparison of the accounts for 1998 and 1999.

As an element in the NKT Group's strategy for the period to 2005, some DKK 900 million was invested at the start of 1999 in a major strengthening of the market position of the NKT Cables group through acquisition of the German cable group Felten & Guillaume Kabelwerke. In conjunction with the amalgamation of the two cable groups, substantial sums were allocated for integration and restructuring costs. Felten & Guillaume Kabelwerke is represented in the Group accounts with effect from 1 January 1999. Through the transfer of the division for flexible offshore pipelines from NKT Cables to the independent legal entity NKT Flexibles I/S, and subsequent disposal of a 49% ownership share to the offshore contractors Stolt Comex Seaway, basis was created for provision of a unified concept in which NKT Flexibles I/S supplies flexible pipes and Stolt Comex Seaway lays and installs them. The disposal of the 49% ownership share yielded extraordinary income of DKK 55 million. NKT Flexibles is included in the accounts of the NKT Group as a subsidiary company in conformity with the Group's accounting policies.

Aside from the profit of DKK 2.8 billion arising from the sale of Lexel, the loss of the NorNed contract was the event which had the single greatest influence on profits for 1999 as compared with 1998. The project cancellation inflicted upon the Group a combined operating loss of around DKK 500 million in 1999. Added to this, operating profits of DKK 290 million recorded by the divested businesses in 1998

were not compensated by a corresponding profit effect in the acquired businesses, as in 1999 these businesses were still undergoing integration into the NKT framework.

The substantial income from the sale of Lexel resulted in an adjustment of the Group's capital structure, with repayment of DKK 1.7 billion to the Group's shareholders. This project, which was initiated in the course of 1999, concluded with a disbursement to the shareholders in February 2000. The net financial effect on shareholders' equity has been included in the annual accounts for 1999.

## Profit and loss account and key figures

The breakdown of Group profits and losses for 1999 by mature businesses, growth businesses and development businesses respectively is shown in the table below:

DKK mio.	1999										1998	
	Mature businesses				Growth businesses			Development businesses			Total	Total
	Cables Gruppen	Nilfisk-Advance	Prior-parken	NKT Project Center	NKT Flexibles 07.01-12.31	GIGA 1)	IONAS 1)	NST	NKT Research Center	Parent company & eliminations		
<b>Profit and loss account</b>												
Net turnover	3,098	2,638	116	36	45	190	9	9	19	(103)	6,057	6,426
Operating profit before depreciation	(296)	223	62	2	(29)	96	(4)	(9)	(12)	(32)	1	970
Depreciation on fixed assets	(376)	(109)	(24)	0	(14)	(3)	(3)	(1)	(1)	(3)	(534)	(403)
Operating profit	(672)	114	38	2	(43)	93	(7)	(10)	(13)	(35)	(533)	567
Financial items, net	(48)	(53)	(14)	0	(1)	9	1	0	0	96	(10)	(123)
Profit on ordinary operations	(720)	61	24	2	(44)	102	(6)	(10)	(13)	61	(543)	444
Extraordinary items, net 2)	182	0	0	0	0	0	0	0	0	2,708	2,890	91
Profit before tax	(538)	61	24	2	(44)	102	(6)	(10)	(13)	2,769	2,347	535
Group tax											94	(154)
Group profit before minority interests											2,441	381
Minority interests' share of profit for the year											(22)	(19)
NKT's share of group profit											2,419	362
<b>Key figures</b>												
R & D costs	62	72	0	0	7	31	3	4	18	0	197	174
Cash flow from operations	(160)	76	(4)	1	(45)	56	2	(7)	(8)	72	(17)	58
Investments in tangible fixed assets, net 3)	149	37	3	1	18	10	7	5	1	1	232	280
Balance sheet total	3,845	2,480	360	13	492	214	21	12	16	1,519	8,972	6,935
Shareholders' equity, year end	1,059	884	104	5	157	114	13	3	6	1,096	3,441	2,739
Goodwill	254	775	-	-	-	7	-	-	-	24	1,060	1,334
Depreciation on goodwill	14	47	-	-	-	1	-	-	-	1	63	76
Interest bearing items, net 4)	(959)	(985)	(166)	8	(137)	102	7	(2)	9	2,907	784	(2,061)
Capital employed 5)	2,155	1,872	278	(1)	443	62	6	5	(4)	2	4,818	5,058
Growth in turnover, %	95	25	-	-	-	50	225	25	-	-	Neg.	15
Net profit ratio	-	4	33	4	-	49	-	-	-	-	Neg.	9
ROCE before tax 5)	-	7	14	-	-	245	-	-	-	-	Neg.	12
Number of full time employees - (average)	3,777	2,572	53	49	189	70	20	17	46	27	6,820	7,296

1. Minority interests' share of the profit/loss before tax and shareholders' equity of GIGA and IONAS comprises DKK 37 million and DKK 71 million, respectively.
2. 'Extraordinary items' for the NKT Cables group includes DKK 182 million relating to sale of pipe activities. The income is eliminated in the NKT Group accounts.
3. Acquisition and sale of fixed assets relating to transactions of businesses are not included in this item.
4. Interest-bearing cash items and receivables less interest-bearing debt.
5. ROCE before tax: Operating profit before tax in relation to equity, due dividend, minority interests and interest-bearing items, net - calculated as an average for the year.

Net turnover and operating profits/losses adjusted for acquisition and divestment of companies are compared below for 1998 and 1999, respectively:

Amounts in DKK mill.	1998 Realised	Divested businesses	Acquired businesses	1998 Adjusted	1999 Realised
Net turnover	6,426	(2,528)	2,397	6,295	6,057
Operating profit/(loss)	567	(291)	(16)	260	(533)

### **Turnover**

Aggregate Group turnover in 1999 comprised DKK 6,057 million, corresponding to a fall of DKK 369 million in relation to the year before. The decrease in turnover comprised around DKK 300 million after adjustment for corporate acquisitions/divestments and exchange factors, as described in more detail in the following. The fall in turnover may predominantly be ascribed to factors relating to the activities of NKT Cables in Denmark.

Felten & Guillaume, the cable group acquired by NKT Cables, contributed turnover amounting to DKK 1,892 million in 1999. The activities of the original NKT Cables showed a decrease in turnover of around DKK 390 million in relation to 1998. The substantial decrease is attributable primarily to the loss of the NorNed project, which according to plan was to have filled the production capacity of the newly built factory in Kalundborg. Added to this there were depressed sales of high voltage cables and flexible pipes.

Nilfisk-Advance recorded increased turnover in 1999 of DKK 521 million, which is particularly related to the full-year effect in 1999 of the acquisition of Euroclean/Kent from Electrolux at 1 October 1998, and to exchange factors deriving principally from the rise in the US Dollar rate.

NKT Flexibles, which at 1 July 1999 split to become an independent partnership company, realised turnover of DKK 45 million in the period from its establishment to the end of the year. During 1998 its operations were an integral part of NKT Cables.

In 1999, GIGA again lived up to the positive expectations and recorded a substantial increase in turnover totalling DKK 64 million. This corresponds to a rise of around 43% in relation to 1998 when after exchange factors deriving from the rise in the US Dollar rate have been taken into account.

**Operating profits and losses**

The Group realised an operating loss of DKK 533 million in 1999, the corresponding figure for 1998 after adjustment for divested and acquired businesses being a profit of 260 million. The difference, a decrease of DKK 793 million, can essentially be ascribed to factors relating to NKT Cables, which by itself turned in an operating result which was DKK 769 million down on 1998.

The NKT Cables group recorded an aggregate operating loss of DKK 672 million in 1999, against a profit of DKK 97 million in 1998. The substantial operating loss of DKK 672 million realised in 1999 breaks down as follows:

	<b>DKK million</b>
NorNed project:	
Depreciation on projects in progress at 1.1.1999	(191)
Depreciation on production plant at Kalundborg	(150)
Expenditure, depreciation, etc. relating to the project in 1999	<u>(139)</u>
	(480)
Operating losses in 1999 relating to other cable activities (high voltage cables, Brøndby)	(136)
Operating losses concerning flexible offshore pipelines, first half 1999	( 56)
Other activities, including acquired businesses, net, breakeven	<u>      -</u>
	<u>(672)</u>

The production of high voltage cables in Brøndby will be phased out in the course of year 2000 and the NKT Cables group's land cables will in future be made in Cologne. As already mentioned, activities relating to flexible pipes were transferred to a separate company and are not a part of the NKT Group in year 2000. As a result of the substantial operating loss, NKT Cables was assigned additional capital in 1999.

In 1999, Nilfisk-Advance realised an operating profit of DKK 114 million and a net profit ratio of 4%, against DKK 75 million and 3% the previous year. An extensive project to integrate the organisational structure of the original Nilfisk-Advance company with the Euroclean/Kent organisations was carried out in 1999, and a new distribution system was also introduced for product deliveries in Europe. Work continues on a streamlining of the entire organisation. The net profit ratio of 4% is not yet up to the target of 7-8%.

Collectively, NKT's property management company, Priorparken, and engineering company, NKT Project Center recorded operating profits of DKK 40 million, as against DKK 81 million in 1998. The figure for 1998 included income of DKK 38 million from sale of property and the year was also being characterised by a high level of activity for NKT Project Center.

NKT Flexibles, which split from NKT Cables with effect from 1 July 1999, recorded an operating loss of DKK 43 million for the second half of 1999. This unsatisfactory result was attributable to a shortage of new orders as a result of continued investment reluctance in the offshore sector during a large part of 1999, combined with expenditure on the further technological development of company products and running-in of the production plant in Kalundborg.

GIGA lived up to the expectations of substantial growth in 1999 and achieved a highly satisfactory operating profit of DKK 93 million with a net profit ratio of 49%, compared with DKK 70 million and 56% respectively in 1998. Substantial sums were invested in operational expansions, both in terms of production machinery and also in design, where increased access to engineer capacity was acquired through establishment of subsidiary companies in Greece and Germany. GIGA met its financial targets in full.

As anticipated, IONAS recorded an operating loss, amounting to DKK 7 million, against a loss of DKK 8 million in 1998. IONAS expanded its production during the year, and a substantial capacity enlargement is also planned for the coming year. The development of IONAS, a growth business, is proceeding in accordance with the financial plans established.

The development businesses NST and NKT Research Center recorded a combined operating loss, amounting to DKK 23 million, compared with DKK 3 million in 1998. This loss was in accordance with the plans laid down. Both companies lived up to expectations for the creation of increased value through development and commercialisation of new products or product platforms. As one of the driving forces in the realisation of the NKT Group's Vision 2005 strategy, NKT Research Center started a number of cost-intensive initiatives in 1999.

Developments in turnover and operations, and expectations with regard to future financial development in the Group's companies, are described in more depth in the reviews for the individual companies.

## **Financial items**

Total net interest expenditure amounted to DKK 10 million in 1999, against DKK 130 million in the previous year, a change of DKK 120 million.

The improvement may largely be ascribed to the effect of the Lexel divestment, the net interest-bearing balance sheet items being improved by DKK 2.8 billion.

### **Result of ordinary operations**

The Group recorded a pre-tax loss on ordinary operations of DKK 543 million, against a profit of DKK 444 million in 1998.

Exchange rate fluctuations did not materially affect the individual profit and loss items in 1999, and their impact on the result recorded was also negligible.

Tax on ordinary operations entered as income amounted to DKK 94 million. The amount differs from the current rate of Danish company tax, 32%, due to goodwill depreciation which is non tax-deductible, and to deficits abroad for which there is no corresponding tax effect in the form of income, as the Group does not capitalise tax. In addition, there are various adjustments and permanent deviations in the statement of the Group's tax liability and also differences in the individual countries' tax rates.

### **Extraordinary items**

The Group's profit for the year incorporates extraordinary income totalling DKK 2,890 million. This income includes DKK 2,831 million and DKK 4 million relating to the sale of shares in Lexel Holding and Fr. Rasch's Eftf., respectively. Also included in this amount are proceeds of DKK 55 million relating to divestment of the 49% interest in NKT Flexibles to Stolt Comex Seaway.

The extraordinary income is not subject to taxation.

### **Net profit**

The accounts show an exceptionally large profit after tax of DKK 2,441 million, compared with DKK 381 million in 1998. As mentioned, the profit for the year was influenced by many special factors, including the substantial income, totalling DKK 2,890 million, arising from sales of shares.

NKT's share of Group profit after tax and minority interests amounted to DKK 2,419 million, against DKK 362 million in 1998.

### **Balance sheet**

The balance sheet total amounted to DKK 8,972 million at 31 December 1999, as compared with DKK 6,935 million at the end of 1998. The net increase in the balance sheet total, DKK 2,037 million, was principally attributable to the cash generated by the income from the sale of Lexel. Of this income, DKK 1.7 billion was temporarily included in 'cash at bank and in hand' until execution in February 2000 of the payment to shareholders resulting from the capital restructuring of the NKT Group. Lastly, the balance sheet was affected by the change in the portfolio of businesses.

**Goodwill**

Goodwill is stated in the balance sheet at current exchange rates to the amount of DKK 1,060 million. This amount predominantly comprises the investment by Nilfisk-Advance in Advance Machine Company and in Euroclean/Kent, totalling DKK 799 million, and the investment by the NKT Cables group in F & G Kabelwerke, totalling DKK 254 million. The acquisition by NKT Cables of F & G Kabelwerke at the start of 1999 resulted in capitalisation of goodwill totalling DKK 259 million, which includes provision of DKK 132 million for restructuring costs.

Exchange rate adjustment in conjunction with conversion to US Dollars increased the goodwill amounts by DKK 83 million in 1999. Goodwill relating to strategic acquisitions is amortised by the straight-line method over 20 years. Total goodwill depreciation in 1999 amounted to DKK 63 million, as against DKK 76 million in 1998, which also included the businesses now divested.

The Group's capitalised goodwill and the rate of depreciation are reviewed regularly. Writedowns are made as deemed necessary. The goodwill valuation performed at 31 December 1999, including expectations regarding earnings development in the businesses acquired, did not give occasion for writedowns.

**Shareholders' equity**

The Group's shareholders' equity amounted to DKK 3,441 million at 31 December 1999. Equity movements during 1999 were as follows:

DKK million	1999	1998
Equity capital, 1 January	2,739	2,645
NKT's share of Group profit	2,419	362
Currency translation of profits and equity of foreign subsidiaries	94	(78)
Purchase of NKT shares less dividend thereon	(2)	(42)
Increase by new issue of employee shares	-	2
Costs of capital restructuring	(11)	-
Payment to shareholders resulting from capital restructuring	(1,690)	-
Dividend	<u>(108)</u>	<u>(150)</u>
Equity capital, 31 December	<u>3,441</u>	<u>2,739</u>

Acquisition sums for non-portfolio NKT shares are deducted from the retained earnings in equity. Dividends received on these shares and future selling sums are similarly entered directly in equity. NKT shares acquired as an investment portfolio continue to be entered at acquisition sum or market value, whichever is the lower.

The Group's equity ratio was 38%, as against 39% the previous year.

**Cash flow**

Cash flow from operations amounted to DKK 17 million in 1999. Despite the substantial operating loss, expenditure was limited by the fact that the depreciation amount is not cash-intensive.

Cash flow from investments amounted to DKK 2,656 million in 1999. This item relates to acquisition and divestment of businesses and tangible fixed assets, as further clarified in Investment below. The corresponding figure for 1998 was DKK 567 million.

Cash flow from financing amounted to DKK 750 million in 1999, as compared with DKK 335 million in 1998. Following the sale of Lexel at the start of 1999 the Group's capital structure was changed, whereby the Group had a liquidity surplus at the end of 1999 after being a net borrower at the end of 1998.

Total cash inflow from operations, investments and financing amounted to DKK 1,889 million in 1999, as compared with outflow of DKK 133 million in 1998. The

liquidity surplus in 1999 caused an increase in cash at bank and in hand from DKK 350 million at 1 January to DKK 2,252 million at 31 December 1999. Cash at bank and in hand will be reduced by DKK 1,690 million through the disbursement made to shareholders in February 2000 as a result of the capital restructuring.

### **Investment**

As a result of the divestment of Lexel, the Group had a negative net investment amount in 1999 comprising DKK 2,656 million. Together, the sale of Lexel, Fr. Rasch's Eftf. and a 49% interest in NKT Flexibles yielded DKK 3,236 million, while investment in acquisition of businesses amounted to DKK 284 million. This amount is largely comprised by NKT Cables' acquisition of Felten & Guillaume Kabelwerke, along with outstanding investment relating to the acquisition of Euroclean by Nilfisk-Advance. In 1998, when NKT Trådværket was sold, business divestments yielded DKK 194 million, while expenditure on business acquisitions amounted to DKK 475 million.

Investment in tangible fixed assets amounted to DKK 295 million, compared with DKK 608 million in 1998, while disposals of tangible fixed assets in 1999 comprised DKK 63 million, as against DKK 328 million the previous year. The increase in tangible fixed assets chiefly comprises completion of the production plants in Kalundborg along with normal replacement of production equipment. Lastly, an amount of DKK 64 million was used for purposes which included purchase of software and additional shares in subsidiaries.

### **Risks**

#### **Commercial risk factors**

NKT's mature businesses operate in markets which are characterised by intensive competition. These markets are also characterised by a relatively small number of international players for the quality products which the NKT Group supplies.

For NKT Cables, the level of activity, and thus the supply of projects from the energy sector, is the decisive factor for the group's utilisation of its existing productive apparatus and for its further development options. In 1999, the loss of the NorNed project meant that capacity utilisation of the productive apparatus for submarine cables was very low. Also in year 2000, market conditions may be expected to lead to low capacity utilisation of the submarine cable factory. In addition, it is very important that prices for cables other than high voltage cables should approach a more reasonable level in Europe. Recent years have been characterised by very low prices, particularly due to a degree of surplus production capacity in the market.

For Nilfisk-Advance the primary issue is to cement its position among global leading suppliers of professional cleaning equipment and to be able to offer its customers consistently competitive products and cleaning solutions.

For NKT Flexibles, one of the Group's two growth businesses, the market is characterised by a very small number of suppliers in a domain which is heavily dependent on a single factor, namely the price of crude oil and the resulting willingness to invest of the offshore sector. After a period of very subdued interest, the offshore sector appears to be slowly recovering its willingness to invest. Combined with the fact that the products made by NKT Flexibles are among the leaders in terms of quality and technology, demand for the company's products is expected to rise.

GIGA, NKT's other growth business, also operates in a market dominated by strong competition, relatively few suppliers, and heavy dependence on maintaining a continuous technological edge. Customers for GIGA's products are the telecommunications and data communications industries, which are characterised by strong expansion. GIGA has a substantial order portfolio and is expected at the same time to be able to match future quality and technological requirements from its customers.

In summary, NKT is considered not to be facing commercial risks beyond those which are normal for the sectors and markets in which it operates.

### **Financial risk factors**

The financial risk factors can be split into three categories: foreign exchange exposure, interest exposure, and the general financial exposure which arises from trading with third parties or third party countries.

In the management of cash flow and financial exposure the NKT Group commonly employs a variety of financial instruments, such as forward exchange contracts, currency and interest swaps, options, FRA's, the NKT Group's own commercial paper programme and similar measures, within the framework of established policies. The Group's financial activities are related solely to its commercial operations. The NKT commercial paper programme was not employed in 1999.

*Foreign exchange exposure* relates to the potential for loss or profit incurred from changes in exchange rates. The risk arises in connection with income and expenditures in the profit and loss account and the resulting transaction exposure, and in connection with possession of net assets in the Group's foreign businesses. The vast majority of the Group's operations take place in the EU and USA, a

smaller number taking place in eastern Europe, overseas countries and the Far East. Operations in eastern Europe principally comprise production, while those in overseas countries and the Far East essentially relate to sales organisations.

To combat its foreign exchange exposure the Group employs a number of the financial instruments listed above. Management and hedging of existing and anticipated exchange risks is performed by the individual Group companies within the framework of established policies, in partnership with NKT Holding's finance department. It is NKT policy that anticipated net risks in the leading currencies - in 1999 principally EURO, USD and GBP - be hedged for a specific number of months ahead. Around 40% of the Group's activities in 1999 were transacted in currencies represented in the EURO partnership and 18% transacted in DKK, the exposure on these activities therefore being considered limited. In addition, some 19% of the activities were transacted in USD. Overall, NKT is not considered to be exposed to material exchange risks which may influence future Group profits.

As a basic principle, hedging of currency risk is not performed for net assets (equity) in foreign subsidiaries. Gains and losses relating to unprotected net assets in foreign subsidiaries are accounted directly in equity.

*Interest exposure* refers to the influence of changes in market interest rates on future cash flows relating to the Group's interest-bearing assets and liabilities.

NKT's overall financial structure has been substantially changed as a result of the payment of DKK 1.7 billion to Group shareholders in February 2000. As stated earlier, the disbursement took place as an element in the capital restructuring implemented following the sale of Lexel. 'Cash at bank and in hand' at 31 December 1999 thus temporarily included DKK 1.7 billion which was paid out to the company's shareholders in February 2000.

At year end, the Group's interest-bearing current assets exceeded the short-term debt by DKK 1,972 million. After adjustment for the payment to shareholders in February 2000 the Group's net interest-bearing current assets comprised around DKK 270 million.

#### **Breakdown of Group long-term debt as at 31 December 1999**

DKK million	Maturity			Total
	2-3 yrs	4-5 yrs	After 5 yrs	
<u>Interest terms</u>				
Fixed interest 4-6% p.a.	162	166	68	396
Fixed interest above 6% p.a.	36	6	2	44

Variable interest	509	220	20	749
Total long-term debt	707	392	90	1,189

The Group's variable interest long-term debt amounted to DKK 749 million at 31 December 1999. Part of the risk on the long-term debt was hedged by derivatives consisting of interest swaps totalling DKK 200 million with a fixed interest rate of just under 5% per annum valid till year 2005, and an interest option (CAP) of 6% per annum with a principal of DKK 100 million, which is valid till year 2001.

Where the Group's long-term debt is concerned, a change of one percentage point in the market interest rate will have an effect on profit of around DKK 2-3 million per annum. On maturity it is expected that the loan term for the long-term debt will be able to be extended on the market conditions prevailing at that time.

The *general financial exposure* arising from trade with third parties or third party countries is hedged by guarantees or other instruments to the extent considered necessary and wherever the exposure exceeds normal trading risk. At 31 December 1999 no material risks were considered to exist.

### **Key figures and performance indicators**

Group key figures and performance indicators covering the years 1994 -1998 are included at the front of this Summary Financial Statement. The table has been compiled according to the same principles for all five years.

The key performance indicators were calculated according to the guidelines issued by the Danish Society of Financial Analysts.

# PROFIT AND LOSS ACCOUNT

1 January - 31 December 1999 - all amounts in DKK million

# NKT

1998	1999		1999	1998
		<i>Income</i>		
		Net turnover	6,057.4	6,425.7
		Variation in stocks of finished goods and work in progress	<u>-62.4</u>	<u>163.3</u>
			5,995.0	6,589.0
		Work performed for own purpose and capitalised	21.0	27.3
193.4	-640.1	Share of profit before tax of subsidiary companies	-	-
210.5	0.0	Share of profit before tax of pro rata consolidated associated company	-	-
17.8	13.3	Other operating income	<u>52.2</u>	<u>131.4</u>
<u>421.7</u>	<u>-626.8</u>	Total	<u>6,068.2</u>	<u>6,747.7</u>
		<i>Costs</i>		
		Raw materials, consumables and goods for resale	-2,797.5	-2,694.0
-26.5	-27.4	Other production, sales and administrative costs	-1,364.1	-1,165.8
<u>-22.2</u>	<u>-20.3</u>	Staff costs	<u>-1,905.2</u>	<u>-1,917.9</u>
<u>-48.7</u>	<u>-47.7</u>	Total	<u>-6,066.8</u>	<u>-5,777.7</u>
373.0	-674.5	<i>Operating profit before depreciation</i>	1.4	970.0
<u>-1.3</u>	<u>-1.3</u>	Depreciation on fixed assets	<u>-534.4</u>	<u>-403.1</u>
371.7	-675.8	<i>Operating profit or loss</i>	-533.0	566.9
		<i>Financial items</i>		
2.7	0.0	Share of profit before tax other associated companies	0.0	5.4
15.2	13.3	Income from investments	0.0	1.9
61.3	129.4	Financial income	131.5	43.8
<u>-37.8</u>	<u>-45.1</u>	Financial expenses	<u>-141.1</u>	<u>-173.6</u>
413.1	-578.2	<i>Profit or loss on ordinary operations</i>	-542.6	444.4
<u>-142.1</u>	<u>107.2</u>	Tax on ordinary operations	<u>93.7</u>	<u>-153.8</u>
<u>271.0</u>	<u>-471.0</u>	<i>Profit or loss on ordinary operations after tax</i>	<u>-448.9</u>	<u>290.6</u>
90.8	2,889.9	Extraordinary income	2,889.9	90.8
0.0	0.0	Tax on extraordinary income	0.0	0.0
<u>90.8</u>	<u>2,889.9</u>	<i>Extraordinary income after tax</i>	<u>2,889.9</u>	<u>90.8</u>
361.8	2,418.9	<i>Profit after tax</i>	2,441.0	381.4
-	-	Minority interests' share of profit for the year	<u>-22.1</u>	<u>-19.6</u>
<u>361.8</u>	<u>2,418.9</u>	<i>NKT's share of Group profit</i>	<u>2,418.9</u>	<u>361.8</u>

**BALANCE SHEET**

At 31 December 1999 - all amounts in DKK million

**NKT**

NKT Holding A/S		NKT Group	
1998	1999	1999	1998
<b>ASSETS</b>			
<i>Fixed assets</i>			
<i>Intangible assets</i>			
0.0	0.0	39.7	20.6
0.0	0.0	1,059.7	1,334.2
0.0	0.0	3.2	0.0
<u>0.0</u>	<u>0.0</u>	<u>1,102.6</u>	<u>1,354.8</u>
<i>Tangible assets</i>			
0.2	0.0	1,060.2	1,159.9
0.0	0.0	1,097.5	984.7
3.3	3.3	195.2	160.6
0.0	0.0	103.1	205.3
<u>3.5</u>	<u>3.3</u>	<u>2,456.0</u>	<u>2,510.5</u>
<i>Investments</i>			
1,534.0	2,327.1	-	-
238.0	238.0	-	-
546.5	0.0	0.0	19.5
0.5	0.5	13.9	3.5
0.0	0.0	28.6	17.0
<u>2,319.0</u>	<u>2,565.6</u>	<u>42.5</u>	<u>40.0</u>
<u>2,322.5</u>	<u>2,568.9</u>	<u>3,601.1</u>	<u>3,905.3</u>
<i>Current assets</i>			
<u>0.0</u>	<u>0.0</u>	<u>1,517.7</u>	<u>1,516.0</u>
<i>Debtors</i>			
0.0	0.0	1,188.2	938.0
1,321.5	1,258.8	-	-
20.9	8.7	-	-
12.1	50.5	203.9	162.6
0.1	0.1	30.7	49.1
<u>1,354.6</u>	<u>1,318.1</u>	<u>1,422.8</u>	<u>1,149.7</u>
<u>0.0</u>	<u>177.6</u>	<u>178.2</u>	<u>14.2</u>
<i>Cash at bank and in hand</i>			
-	1,689.9	1,689.9	-
13.8	358.6	562.0	349.6
<u>13.8</u>	<u>2,048.5</u>	<u>2,251.9</u>	<u>349.6</u>
<u>1,368.4</u>	<u>3,544.2</u>	<u>5,370.6</u>	<u>3,029.5</u>
<u>3,690.9</u>	<u>6,113.1</u>	<u>8,971.7</u>	<u>6,934.8</u>

# BALANCE SHEET

At 31 December 1999 - all amounts in DKK million

# NKT

NKT Holding A/S		NKT Group	
1998	1999	1999	1998
<b>LIABILITIES</b>			
<i>Shareholders' equity</i>			
750.8	539.6	539.6	750.8
0.0	0.0	10.0	55.8
0.0	0.0	-	-
1,988.4	2,901.0	2,891.0	1,932.6
<u>2,739.2</u>	<u>3,440.6</u>	<u>3,440.6</u>	<u>2,739.2</u>
-	-	362.8	107.9
<i>Provisions for liabilities and charges</i>			
1.7	1.6	136.5	48.8
0.0	0.0	98.4	249.5
6.5	7.5	263.8	192.0
<u>8.2</u>	<u>9.1</u>	<u>498.7</u>	<u>490.3</u>
<i>Creditors</i>			
<i>Long-term creditors</i>			
100.0	100.0	613.8	1,395.7
0.0	0.0	151.0	133.8
0.0	0.0	423.7	3.5
<u>100.0</u>	<u>100.0</u>	<u>1,188.5</u>	<u>1,533.0</u>
<i>Short-term creditors</i>			
0.0	0.0	129.4	290.9
572.5	18.4	328.7	600.5
0.0	0.0	82.9	28.9
6.8	14.3	505.8	426.5
97.2	681.6	-	-
0.0	0.0	23.4	60.3
16.8	21.0	570.3	485.9
0.0	30.3	42.8	21.2
-	1,689.9	1,689.9	-
150.2	107.9	107.9	150.2
<u>843.5</u>	<u>2,563.4</u>	<u>3,481.1</u>	<u>2,064.4</u>
943.5	2,663.4	4,669.6	3,597.4
<u>3,690.9</u>	<u>6,113.1</u>	<u>8,971.7</u>	<u>6,934.8</u>

# CASH FLOW STATEMENT

1 January - 31 December 1999 - all amounts in DKK million

# NKT

NKT Holding A/S			NKT Group	
1998	1999		1999	1998
371.7	-675.8	Operating profit or loss	-533.0	566.9
-403.9	640.1	Including share of profit of subsidiary companies and pro rata consolidated associated company	-	-
1.3	1.3	Depreciations	534.4	403.1
0.0	-0.1	Other adjustments	-12.1	-110.8
5.5	-1.2	Change in working capital	52.0	-509.4
		Cash flow from ordinary operations		
-25.4	-35.7	before financial items	41.3	349.8
74.5	140.7	Financial income received	131.5	44.4
-35.6	-44.0	Financial expenses paid	-134.3	-171.4
13.5	61.0	Cash flow from ordinary operations	38.5	222.8
		Extraordinary expenses paid	0.0	0.0
-1.0	0.0	Corporation tax paid	-55.6	-122.9
14.9	19.7	Received joint taxation contribution from subsidiaries	-	-
27.4	80.7	<i>Cash flow from operations</i>	-17.1	99.9
0.0	0.0	Acquisition of undertakings	-284.1	-475.0
0.0	3,343.0	Divestment of undertakings	3,235.7	193.5
-0.7	-1.3	Purchase of tangible fixed assets	-301.4	-608.3
0.3	0.2	Disposal of tangible fixed assets	69.3	328.4
12.7	0.0	Securities etc., net	-63.5	-6.2
0.0	0.0	Dividend from associated company	0.0	0.5
		Dividend from subsidiaries and pro rata consolidated associated company	-	-
337.5	20.9	Increase and decrease of capital in subsidiaries	-	-
-227.4	-1,285.7	Change in loans to/from subsidiaries and pro rata consolidated associated company	-	-
-420.4	624.8	<i>Cash flow from investments</i>	2,656.0	-567.1
-298.0	2,701.9			
0.0	0.0	Change in long-term loans	-126.7	78.8
426.2	-554.1	Change in short-term loans	-422.0	409.9
-	-	Minority interests	-7.3	-8.7
-42.2	-31.7	Purchase of own shares	-31.7	-42.2
-104.9	-150.2	Dividend paid	-150.2	-104.9
	-11.9	Costs of capital restructuring	-11.9	
1.8	-	Increase of share capital	-	1.8
280.9	-747.9	<i>Cash flow from financing</i>	-749.8	334.7
		<i>Total cash flow from operations, investments and financing</i>	1,889.1	-132.5
10.3	2,034.7			
3.5	13.8	Cash at bank and in hand at 1 January	349.6	485.8
0.0	0.0	Valuation adjustments	13.2	-3.7
10.3	2,034.7	Cash flow for the year	1,889.1	-132.5
13.8	2,048.5	Cash at bank and in hand at 31 December	2,251.9	349.6