



Announcement of Annual Accounts

NKT Group 2000

Brøndby, 6 March 2001



Announcement of Annual Accounts 2000

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Key figures

for the Group 1996 - 2000

DKK million	1996	1997	1998	1999	2000
Net turnover	4,771	5,581	6,426	6,057	6,509
Depreciation and writedown on fixed assets	286	338	403	534	943
Operating profit	304	390	567	(533)	(1,060)
Financial items, net	(55)	(57)	(123)	(10)	77
Profit (loss) on ordinary operations	249	333	444	(543)	(983)
Profit (loss) on ordinary operations after tax	148	217	291	(449)	(914)
Extraordinary items, net	(46)	0	91	2,890	4,919
Extraordinary items after tax	(30)	0	91	2,890	4,919
Profit after tax	118	217	381	2,441	4,006
NKT's share of Group profit after tax	108	203	362	2,419	4,030
Share capital, year-end	749	749	751	540	540
Shareholders' equity, year-end	2,494	2,645	2,739	3,117	4,149
Balance sheet total	5,045	6,342	6,935	8,972	9,981
Development costs	152	176	174	197	169
Number of employees (average)	6,056	6,549	7,296	6,820	6,206
Cash flow from operations	647	502	100	(17)	(111)
Cash flow from investments	(13)	(1,415)	(567)	2,656	2,827
Of which, investment in tangible fixed assets, net	(352)	(575)	(280)	(232)	(286)
Cash flow from financing	(302)	677	335	(750)	(2,875)

Key performance indicators

Equity ratio	49%	42%	39%	35%	42%
Return on shareholders' equity after tax	6%	8%	10%	(12)%	(24)%
Return on capital employed before tax	10%	11%	12%	neg.	neg.
Earnings per share, DKK*	15	22	30	(52)	(165)
Cash flow per share, DKK*	71	55	11	(2)	(20)
Dividend per share, DKK*	10	12	16	80	520
Intrinsic value per share, DKK*	274	291	301	578	769
Year-end market price per share, DKK*	286	444	330	416	1,838
Dividend per share, DKK**	12	14	20	80	520
Year-end market price per share, DKK**	347	539	400	416	1,838

*Comparative figures for 1996 - 1998 adjusted with changed capital structure in 1999.

**Comparative figures for 1996 - 1998 before adjustment with changed capital structure in 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



Comments on 2000 by the Board of Directors and the Management

The year's positive events included:

- Realisation of extraordinary income of DKK 4.9 billion by NKT Holding through the sale of the electronics company GIGA.
- Establishment of own facilities for IONAS, and entry into service of Denmark's first chip production plant.
- Substantially increased level of activity and significant technological advances among the Group's development businesses.
- Distribution of around DKK 2 billion to the Group's investors, who thus acquired a share in the value created by the sale of the Lexel group in 1999, and a "provisional share" of the value realised by the GIGA transaction.

The year's negative events were:

- No improvement in the level of activity for high voltage cable projects, and adverse prospects for new cable projects. At the end of 2000 an amount of DKK 500 million was therefore charged as expenses to the profit and loss account, principally to cover writedowns in the NKT Cables group. At the same time we also initiated a series of measures aimed at improving profitability and reducing the risk profile of the NKT Cables group. It has thus been decided to reduce the number of project activities by closing the submarine cable plant in Kalundborg.
- The US division of Nilfisk-Advance was unsuccessful in implementing planned organisational changes aimed at increasing efficiency in production and logistics. The financial result for 2000 was influenced by depreciation and provisions etc. of a non-recurring nature amounting to DKK 125 million and by shortage of operating income as a result of production bottlenecks.

Profits 2000

The Group's turnover amounted to DKK 6.5 billion in 2000, as against DKK 6.1 billion the previous year. Organic growth was around 4% after adjustment for exchange factors and for turnover relating to corporate acquisitions and divestments. As in 1999, 85% of turnover was generated by the Group's activities outside Denmark.

The operating result, which in 2000 amounted to a loss of DKK 1.1 billion, was influenced by substantial depreciation and provisions relating to NKT Cables' submarine cable activities and depreciation on the cable group's combined goodwill. The operating result was also affected by extremely unsatisfactory progress particularly in Nilfisk-Advance's US operations.

Following the sale of GIGA, which generated exceptional income of DKK 4.9 billion, profit was DKK 4 billion after tax and minority interests. This is in line with our most recent predictions to the Copenhagen Stock Exchange.



Comments to developments in the individual Group companies follow later in this report.

The company review for the NKT Cables group describes the adverse development in the cable sector, and thus also in the NKT Cables group, which has led to extensive staff reductions, heightened focus on income-generating activities, and resulted in closure of the Kalundborg submarine cable factory. The NKT Cables group realised an operating loss of DKK 868 million in 2000.

Similarly, the company review for Nilfisk-Advance describes the background for the decline in income which led to a highly unsatisfactory operating loss of DKK 99 million.

The Financial Review provides more detailed comment on items in the accounts – both for the Group and for the individual companies.

Employees

At the end of 2000 the NKT Group employed a total of 5,902 people (1999: 6,436). Of this number, 4,392 – corresponding to 73% - were employed in the Group's companies outside Denmark (1999: 4,628 and 71%). The decrease in the number of employees was principally due to the restructuring of activities at NKT Cables and Nilfisk-Advance.

NKT share price

2000 was a landmark year for NKT shares, which returned to the Copenhagen Stock Exchange Index on 19 June. The substantial value generated by the sale of the Lexel group in 1999 and by the sale of GIGA in 2000 attracted a large group of new investors, which led to considerable trading in NKT shares. Focus was placed on our technology activities, and during the second half of 2000 the NKT share price closely followed the movements on the Nasdaq stock exchange in the US on which many technology shares are listed.

Five years of continuous value creation for NKT investors	DKK bn
The Annual General Meeting in April 2000 approved payment of an extraordinary dividend of DKK 60 per share	0.3
At the 2001 AGM the Board of Directors will recommend payment of an extraordinary dividend of DKK 500 per share	2.7
Purchase of own shares with a view to capital reduction, approx.	0.7
The Lexel transaction led to payment of in 2000 through buyback of shares	1.7
Ordinary dividend for the period 1997 – 2001	0.6
Total payment in the period 1997 – 2001 therefore amounts to approx.	6.0

Stock exchange calendar 2001

28 March	Extraordinary General Meeting
24 April	Annual General Meeting
23 August	Half-yearly Accounts
19 November	Quarterly Accounts



The Annual General Meeting will be held at 16:00 on Tuesday 24 April at Radisson SAS Falconer Center, 2000 Frederiksberg.

Prospects for 2001

The Management will concentrate its efforts in 2001 on creating the further foundation for the activities that relate to the Group's growth and development strategy, and on bringing the NKT Cables group and Nilfisk-Advance into a situation of operational development where they can again generate satisfactory levels of profit.

We expect a moderate increase in Group turnover in 2001 to around DKK 6.6 billion.

As in 2000, the development businesses, comprising NKT Research & Innovation, Crystal Fibre, CISILIAS, SMB (Scandinavian Micro Biodevices), NST (Nordic Superconductor Technologies), LIOS Technology, Watech and other new businesses, will increase their development activities significantly. In 2001, aggregate net expenditure on the development businesses is expected to be reflected in the Group's operating profit to the amount of around DKK 125 million, as compared with DKK 46 million in 2000.

The growth businesses, comprising IONAS and NKT Flexibles, are together expected to double their turnover compared with 2000 and to significantly improve their operating results.

The Group's mature businesses, comprising the NKT Cables Group, Nilfisk-Advance, Priorparken and Novator (NKT Project Center), expect a small aggregate fall in turnover as a result of a reduction in the number of activities performed by NKT Cables. Overall, an operating profit is expected for 2001, which will therefore be a substantial improvement on 2000.

The expectations for 2001 for the individual companies are described in the company reviews.

The financial items in the profit and loss account will - after distribution of the exceptionally large dividend for 2000 - largely balance. A tax outlay must be expected as not all the Group's companies can be taxed jointly. In addition, in a number of countries goodwill amortisation is not deductible against tax.

NKT Holding's share of profit for the year in 2001 after tax and minority interests is expected to be a loss of between DKK 50 – 100 million.

Board of Directors' decisions and proposals

NKT Cables group

With the prospect of continued losses by the submarine cable factory in Kalundborg due to shortage of orders for new cable projects it has been decided to close the factory during spring 2001. This decision will mean that around 60 jobs will be lost to add to the 95 announced on 8 December 2000.

New development business being established

A new business, to be named PicoSep, is in the course of establishment. PicoSep will be a player in the cluster of NKT companies which – like their sister company SMB – are oriented towards the life science component market. PicoSep, which will be set up in partnership with the University of



Southern Denmark, Centre for Proteome Analysis will develop and manufacture special products suitable for protein analysis. Once patent issues relating to the product concept are in place, further information about the new company will be announced.

Dividend for 2000

The Board proposes the payment of an ordinary dividend of DKK 20 per share and an extraordinary dividend of DKK 500 per share - a total of DKK 520 per share for financial year 2000. Subject to the approval of this proposal by the Annual General Meeting the aggregate dividend payment will thus be DKK 2.8 billion.

Capital restructuring project

With the sale of GIGA, NKT Holding is over-capitalised. Within the framework of the current 10% authorisation we have therefore initiated purchasing of own shares for the purpose of reducing the amount of NKT Holding's share capital. It is proposed to reduce the share capital by DKK 39.6 million (nominal amount), after which the share capital will comprise DKK 500 million. This corresponds to a 7.3% reduction.

The intention of the proposed capital restructuring is to create a more balanced financing structure for the Group as regards the capital requirement that principally relates to the realisation of our growth and development strategy.

As at 6 March 2001, NKT Holding's portfolio of own shares comprised 7.24% of the share capital, of which 2.7% had been acquired to cover the existing warrants programme. The shares were purchased at market price.

It is expected that own shares corresponding to around 2.5% of the share capital will be purchased in the period up to the Annual General Meeting.

At the Annual General Meeting the Board will seek authorisation to purchase up to 10% of the company's own shares. The intention is then to purchase a further 5% of own shares within the framework of this authorisation as the Group's relatively low net interest-bearing debt permits this form of long-term capital resource. The capital structure will be regularly reviewed.

Stock split

The Annual General Meeting will also be recommended to approve implementation of a 1:5 stock split. This means that the nominal value of the NKT share will be changed from DKK 100 to DKK 20, so that NKT investors will receive five shares of a nominal value of DKK 20 each for every DKK 100 share which they hold.

Incentives

The Board of Directors will further propose the issue during the period 2001 – 2003 of up to 120,000 warrants based on the current denomination of the NKT share (DKK 100 per share). The warrants programme, which will contain no element of preference, will be offered to all employees of the companies NKT Holding and NKT Research & Innovation. If the proposal is approved the programme will take effect from 2001. For the Group's other companies, individual incentive programmes have been established which are linked to the value creation within the individual company.

The warrants programme at NKT Holding will succeed a three-year warrants programme that was established in 1998 oriented towards the Group's top executives.



Group companies

NKT 2001 - Technologies creating value

Recognising that future development will be powered by the demand for faster, better and cheaper technical products, we decided in 1999 to concentrate far more systematically on our various fields of expertise and our track record as technology and business developers rather than on our primary tradition of operating established manufacturing companies.

During the 18 months that have elapsed since the launch of Vision 2005 we have further narrowed our area of focus to target development of new business activities in the areas of optical communication components, life science components, and selected materials technology disciplines.

Under Vision 2005 it is intended that NKT's increase in value will result from operating revenue produced by those businesses that stay in the Group, and from income generated by sale of undertakings, individual activities and licences.

Following on from our thinking that the potential for value creation in industry can only be realised to the full when businesses are placed in the best possible ownership structure, the matter of the future "best ownership" of the new NKT businesses will naturally enter onto the agenda.

In principle, it is intended that NKT development businesses which become potential leading players in their respective markets will continue as NKT Group growth businesses and thus contribute to our future value creation.

Corporate portfolio, March 2001

NKT Holding – NKT Research & Innovation			
Mature businesses	Growth- and development businesses		
	<i>Optical communications components</i>	<i>Life science components</i>	<i>Materials technology</i>
NKT Cables	IONAS	SMB	NKT Flexibles
Nilfisk-Advance	Crystal Fibre	PicoSep	NST
Priorparken	CISILIAS		LIOS
NOVATOR			Watech



Focus on active ownership

The responsibility for the successful implementation of Vision 2005 lies with the Group's two core businesses NKT Holding and NKT Research & Innovation. The expertise commanded by these two organisations includes high levels of technological knowhow (NKT Research), experience in development of new businesses (NKT Innovation), and expertise in business management and business systems (NKT Holding). The crux of NKT's active ownership is to focus on technology-based business development, and to provide active support to the development businesses that are set up so that the managements of these small undertakings can concentrate their efforts on building their technological and commercial base.

NKT Research & Innovation

The *NKT Research division* employs 49 people. A number of different research groups are attached to the division, each focusing on its own technology/product development project.

The task of NKT Research is to establish working relationships with Danish and international research bodies and to perform research aimed at new product and process possibilities considered to have industrial potential.

A number of projects carried out by NKT Research continue to be aimed at the NKT Group's own companies. For example, in 2000 NKT Research undertook development assignments on behalf of NKT Cables, Nilfisk-Advance, NKT Flexibles, SMB and IONAS, as well as selling project assistance to external parties.

The *NKT Innovation division* employs eight people. Their task is to identify and assess new business possibilities based on the technology development which takes place at NKT Research or at external research bodies. NKT Innovation screens

- the sustainability of a given technology
- the global market perspectives
- patent issues

and other basic prerequisites for initiating a development process with commercial perspectives.

As soon as it is established that a development project probably has a commercial future, the project is transferred to an independent company where work takes place to create a new NKT business. In the initial phase, NKT Innovation actively participates in a managerial role with a view to realisation of technological and commercial milestones.

Activities during 2000

As a special activity within NKT Research, and R&D group is working on a special surface treatment technique. A substantial number of surface-treated components are being supplied to the car industry.

A project to develop a new generation of high-temperature superconducting squid sensors for measuring and interpreting low-current signals from, for example, the heart or brain was discontinued in mid 2000. The project was highly promising technologically, but its commercial perspectives could not be verified. It was therefore decided to close the project.



Final development and laboratory testing of a 30 m long high-temperature superconductor cable proceeded to plan, and the cable will be installed in spring 2001 at the Amagerværket transformer station with a view to entering service in the Copenhagen grid in May. It will be the world's first operational superconductor cable installed in a commercial electricity grid.

During 2000 a pilot facility was built for PVC waste recycling, based on an NKT Research process for which a patent is pending. The pilot facility, which has a capacity of 600 tonnes/year, is located at NKT's recycling plant for scrap cable in Stenlille. In trials, the pilot facility has satisfied all set criteria for product output quality. Against the background of the fine results achieved it has been decided to transfer all activities in this field to a newly formed company, Watech (cf. company review later in this report)

Prospects for 2001

In the year ahead we expect several of the project possibilities at present being evaluated to be established as development projects. We also expect a number of the development projects currently in progress to be transferred to independent companies.

Aggregate cash burn – ie. operating expenditure and investment – for our development businesses is expected to be around DKK 150 million in 2001, compared with DKK 60 million in 2000.

NKT's technology and business base 1999 – 2000

(The chart includes NKT's growth and development businesses – except for the 51% owned company NKT Flexibles – plus NKT Research & Innovation and NKT Holding)

		Number <u>2000</u>	Number <u>1999</u>
New businesses established		3	1
Devel. projects under way	- start phase	4	
	- end phase	3	
Project ideas rejected		10	
Major development projects discontinued		1	
Patents			
Basic applications filed		24	19
Basic applications pursued internationally		16	10
Applications leading to first issue of patent		6	1
Development partnerships		7	2
Employees at year end		188	113
Age profile			
	< 25	4	1
	25-34	82	40
	35-44	65	45
	45-54	28	18
	55-64	9	9
Education/training profile			
	Engineer training/PhD	70	41
	Other technical university training	18	13
	Other technical training	24	15
	Long-duration commercial education	20	15
	Other education/training	56	29



Optical communications

IONAS

Products, technology and market

A manufacturer of optical wafers and integrated components, IONAS targets component and system suppliers in the telecoms sector with a product programme that includes DWDM chips (for AWG components), switches, attenuators and power splitters. These are optical units capable of performing a variety of signal processing tasks in the optical telecommunications network. The company also manufactures and markets fibre lasers for special applications.

IONAS presides over a process technology which is based on PECVD process equipment known from the semiconductor and other industries, but which uses a different material composition. This means that the quality and uniformity of the micro-thin glass layers are extremely high, which gives both high yield and a very high standard of performance in the finished components. The PECVD technology was developed with a view to mass production, and IONAS therefore expects to switch from five-inch to six-inch wafer production in the course of 2001. This will substantially increase capacity and ensure continued competitive production costs per wafer.

With the explosive increase in the need for data, graphics and sound transmission via the internet there is a steadily growing requirement for expansion of transmission capacity on the global telecoms network. The demand for components incorporating IONAS chips and enabling increased transmission capacity in the optical network is therefore expected to accelerate strongly in the years ahead.

Summary 2000

IONAS fulfilled its financial performance expectations for the year with rising turnover and a smaller than expected loss. Around 20% of company turnover was generated by wafers and fibre lasers, the remaining turnover being based on sales of AWG components containing optical chips manufactured by IONAS.

Key figures (DKK million)	2000	1999
Turnover	47	9
EBIT	(11)	(7)
Capital employed	74	6
Investment in tangible fixed assets, net	72	7
Development costs	5	3
Employees, average for year	36	20

In the course of the year IONAS relocated from the Technical University of Denmark to facilities of its own in Birkerød. Here, in late August, IONAS launched Denmark's first chip production. Start-up and run-in of the new factory both went very successfully. Specifications and yields achieved for the company's advanced optical chips have been very pleasing. In spring 2000, IONAS signed a joint venture agreement with JDS Uniphase, the US/Canadian market leader in the field of optical components, to ensure swift penetration into the AWG components market. The company's growth in turnover in second-half 2000 was principally generated by this joint venture.



In late 2000, against the background of a rising demand for AWG and other components, it was decided to accelerate the expansion of the Birkerød factory. The additional investment will amount to around DKK 100 million. This will double IONAS' production investment at Birkerød, and the company's production capacity at the end of 2001 will be four times greater than in August 2000. By that time, total capital investment in production equipment and cleanrooms will be close on DKK 200 million. The production plant is designed to enable a continued ongoing expansion of capacity in line with market developments.

Prospects for 2001

IONAS expects 2001 to realise a turnover of around DKK 200 million and to be the first year to yield an operating profit. Growth expectations have been revised from earlier statements to match short-term market developments, among other things because system suppliers to the telecoms sector make stock adjustments at the start of the year. A gradual widening of the customer base is expected in 2001, but the major part of turnover is still expected to be generated by the joint venture with JDS Uniphase.

Crystal Fibre

Products, technology, market

Crystal Fibre develops and markets a range of microstructured optical fibres – also called crystal fibres.

Crystal fibres are a new type of fibre which is provided with voids along its length. This design offers new product characteristics, the voids conducting the light through the fibre in a completely different way than in today's conventional optical fibres.

The new fibres will offer a range of functionalities depending on the size, shape and position of the voids. For example, crystal fibres make it possible to achieve very large nonlinearities, sensitivity to external influences and, in the long term, potentially very low transmission losses.

Crystal Fibre is targeting users of special fibres, such as component manufacturers in the telecoms sector and producers of technical equipment using advanced light sources.

Summary 2000

An independent company for 12 months, Crystal Fibre's initial products have yielded such good results that the company has supplied its first commercial consignments to a variety of customers.

Crystal Fibre has filed a number of patent applications within its field of activity.



Milestones 2000	Spring	Summer	Autumn	Winter
Project employees	3			8
First fibre drawn		July		
First commercial supplies			September	
Managing Director appointed			October	
Decision to establish own production facilities			November	

Cash burn in 2000 amounted to DKK 5 million.

Crystal Fibre is expected to become a growth business within two to three years.

Prospects for 2001

In spring 2001, Crystal Fibre will establish its own production facilities on a 600 m² site adjacent to IONAS in Birkerød. The production plant, which will include an 8 m high drawtower, is expected to become operational in May. Technological further-development of the new fibres is focused on solutions to enable accurate reproduction of fibre void structure.

Crystal Fibre expects to expand its work force considerably in 2001.

CISILIAS

Products, technology, market

CISILIAS develops and markets optical chips that possess amplifier characteristics. CISILIAS uses specially developed PECVD technology that facilitates erbium ion deposition in optical wave guides. Erbium is a rare-earth atom that enables optical amplification. Use of this technology will render it possible to manufacture amplifier arrays, laser arrays and loss-free optical chips in the wavelength ranges essential for optical communication.

The company's initial area of focus is production of signal equalisers for use in the telecom network's optical distribution frames. Here the chip will neutralise the power loss that takes place when the signal passes through passive optical components.

The technology will in the longer term also enable CISILIAS to manufacture optical chips with multiple functions. This will enable both the size and the cost of optical components to be reduced compared with today.

CISILIAS' products are targeted at the optical telecoms sector, principally the market for DWDM systems. The company's potential customers are therefore component suppliers to and system builders for the telecoms sector.

Summary 2000

CISILIAS, which has been operational for four months, operates out of rented premises at the Technological University of Denmark's Center for Communications, Optics and Materials (COM), where the company has access to laboratory and cleanroom facilities.



Milestones 2000	Spring	Summer	Autumn	Winter
Company established		August		
Project employees		5		8

Cash burn in 2000 amounted to DKK 2 million.

CISILIAS is expected to develop into a growth business within two to three years.

Prospects for 2001

CISILIAS will focus on optimising its manufacturing process and is expected to conclude agreements for prototype deliveries of its amplifier chips with several major suppliers of optical components and systems.

Life science components

SMB (Scandinavian Micro Biodevices)

Products, technology, market

SMB develops and markets microsystems – “biochips” – which are typically used in connection with development of new medicines, for in-vitro diagnostics, and for industrial applications.

The company’s activities are based on core expertise in materials technology, surface technology and microtechnology in the areas of glass, silicon and plastic.

SMB focuses on three different products

- surface-prepared slides for DNA arrays, etc.
- microfluid systems for screening or identifying proteins or cells
- specially designed microsystems for cell manipulation in the area of drug discovery.

There is strongly growing demand for analysis, principally resulting from the mapping of human DNA (the human genome project) and protein research. Use of biochips offers significant advantages – both for the staff performing the analysis in the laboratory and for the reliability of the results obtained. As only minimal quantities of the – often expensive– substances used in the analysis process need be applied to the biochip, the high costs often associated with laboratory work can be substantially reduced.

SMB is a player in that part of the business-to-business sector concerned with mass production - or fast procurement - of analysis results for purposes such as disease diagnosis. Potential customers include the pharmaceuticals industry, the food industry, other companies with industrial research activities, the hospital and health sector and analysis equipment manufacturers.

Summary 2000

2000 saw SMB establish agreements for its first commercial supplies of prototypes to customers. In this process, the success of which depends on close customer relations, SMB is focusing on creating solutions from specification to mass production of chips, as the way in which for example the physical shape and surface characteristics of the chip must be tailored to the instrument of analysis in every single case. “Mass production” of a given biochip must therefore be preceded by a relatively lengthy preliminary work.



Milestones 2000	Spring	Summer	Autumn	Winter
Company established	x			
Number of employees	3			9
Relocated to own facilities		July		
Managing Director appointed		July		
Set up molecular biology laboratory			September	
Commercial contracts			September	
Convincing technology for binding of DNA molecules			October	
Cooperation agreements with Microelektronik-centret at the Technological University of Denmark			October	

Cash burn in 2000 amounted to DKK 7 million.

SMB is expected to become a growth business within two to three years.

Prospects for 2001

In the year ahead SMB expects to have finalised development of slides for production of DNA arrays as a standard product.

Materials technology

NKT Flexibles (NKT Holding 51%, Stolt Offshore 49%)

Products, technology, market

NKT Flexibles develops and manufactures flexible subsea pipelines. The company possesses special expertise in the extrusion and reinforcement of long-length pipelines. Production is based in Denmark.

NKT Flexibles' advanced pipeline systems are targeted at the offshore industry, the chemical industry and the water supply industry.

NKT Flexibles is one of the world's three suppliers of flexible subsea pipeline systems.

Summary 2000

As predicted at the start of the year, NKT Flexibles recorded a loss for 2000.

Key figures*	2000
Turnover (DKK million)	215
EBIT**	(55)
Capital employed	463
Investment	30
Development costs	16
Employees, average for year	209

*NKT Flexibles was established in 1998 and separated from NKT Cables in mid 1999.

2000 was thus the company's first full year of operations as an independent entity.

**EBIT was calculated after Group eliminations.



Due to the high oil price, levels of activity in the offshore oil and gas industry showed a general tendency to rise, but principally in other parts of the offshore sector. NKT Flexibles participated in feasibility studies and submitted a series of tenders, some of which are expected to develop into new project orders.

During the year, the company completed a variety of assignments having significant testimonial value, including the Girassol project off the coast of Angola.

In spring, NKT Flexibles pushed back the limits for long-length high-temperature pipelines. The delivery by the company of a 7.4 km long gas flowline is believed to be the longest single-section PVDF flowline ever supplied.

Together with Stolt Offshore, the company's joint venture partner, NKT Flexibles participated in Equatorial Guinea in its first deepwater project - installation of a pipeline at a depth of 850 m. Parallel with this project, NKT Flexibles signed a development agreement with the Brazilian state oil company for production of a pipeline system to be installed at up to 1 km depth.

Towards the end of the year NKT Flexibles was awarded another project in West Africa, and rounded off the year in conspicuous fashion when chosen to supply flowlines and risers for a Norwegian project. NKT Flexibles sees this development as a significant strategic breakthrough, the Norwegian market traditionally being a major customer for flexible pipelines.

During the year, in connection with its supply of the 7.4 km long gas flowline, NKT Flexibles further qualified its non-plasticised PVCD material for use with high pressure gas pipeline installations. Together with NKT Research the company is working on development of pipe systems for projects involving high concentrations of hydrogen sulphides and/or carbon dioxide. It is expected that field developments of this type will increase in the years ahead. In addition, NKT Flexibles recorded promising test results for optical sensors integrated into pipeline reinforcement. This will enable far more accurate measurement of the service life of the individual layers of reinforcement.

Prospects for 2001

At the end of 2000, the oil companies showed increasing interest in starting new projects and reactivating existing ones, and a continued upward trend in this area is expected in the year ahead.

If this trend becomes a reality, NKT Flexibles expects an increase of around 30% in turnover and a significantly improved operating result, although still a loss.

At 1 January 2001 NKT Flexibles had work in hand valued at DKK 100 million.



NST (Nordic Superconductor Technologies)

Products, technology, market

NST develops and manufactures superconducting tapes. The company presides over process technology that enables high-temperature (HTS) superconducting tapes to be produced in long lengths and to very high quality standards.

An HTS superconducting tape – at low temperature – can transmit large quantities of current without power loss. This opens up new applications in energy transmission, transformation and storage and in generation of large magnetic fields. Expected customer categories include the electricity and energy sector, transformer and engine manufacturers, and R&D laboratories involved with cable, engine, transformer and MRI scanner applications. NST's superconducting tapes are marketing under the ZEROME™ trademark.

Which market segments will be first to purchase superconducting tapes on an industrial scale is uncertain as yet. Clarification is expected as the production technology becomes optimised so that the tapes become commercially available.

Summary 2000

NST is one of the leading global producers of high-temperature superconducting tapes.

In autumn 2000, NST concluded a development alliance with the German company VAC (Vaccuumschmelze GmbH & Co. KG) aimed at accelerating the development of its superconductor technology to achieve commercial breakthrough as quickly as possible. The specific target set by the alliance is a current density – a critical quality parameter – greater than 25kA/cm². This is a three-fold increase on today's performance. In addition, tape manufacturing price must be substantially reduced over the coming five-year period.

During 2000 NST supplied HTS tapes for the first European high-power superconducting engine, and continued – with promising results – its cooperation with Oxford Magnet Technology which is focused on tape development for HTS MRI scanners. NST also supplied tapes for a Danish project taking place over several years aimed at development of superconductor energy supply cables. This project work is so far advanced that the cable will enter service in the Copenhagen grid in spring 2001. In a close contest with parallel projects in the US and Japan this will be the first grid installation of a superconductor cable anywhere in the world. The event is an important milestone for testing out the advantages of HTS technologies.

NST's patents position was strengthened considerably in 2000 through establishment of worldwide licence agreements for several hundred key patents in the field of HTS technology. To this can be added systematic protection of the company's own patentable processes.



Milestones	1997	1998	1999	2000
Company established	x			
Number of employees	8			29
First commercial supplies		x		
Alliance on superconductors for MRI scanners		x		
Establishment in own premises			x	
Development alliance with VAC				x
Alliance on superconductors for engines				x
Decision on new facilities				x

Cash burn in 2000 amounted to DKK 22 million.
NST will remain a development business in the years ahead.

Prospects for 2001

NST expects a rise in activity level and turnover. As the company is still in the development phase, a loss is also expected in 2001. NST will relocate during the year to new premises in Birkerød in a production layout which will enable this growing company to increase the efficiency of its work routines and business systems.

LIOS Technology

Products, technology, market

LIOS develops and markets measuring systems for distributed temperature monitoring by means of fibre-optic sensor cables. The company's measuring technology is based on an OFDR (Optical Frequency Domain Reflectometry) technique - a modulation principle that facilitates a cost-effective measuring system.

The LIOS product consists of a sensor cable, a PC and a control box and laser unit which combine to provide a complete warning system.

The company's present main market is in the area of early warning systems for tunnel fires. Future applications include process supervision for major chemical installations, temperature monitoring of high voltage cables, and monitoring of fluid transport systems such as oil pipelines.

LIOS is focused on segments within the business-to-business market and targets contractors and industries with large-scale process installations (the oil, electricity and chemical industries).

Summary 2000

The activities of LIOS Technology are a spin-off from the cable undertaking, Felten & Guillaume Kabelwerke GmbH, which NKT acquired in 1999. The company was born with a commercial base and an initial product programme. During 2000, Cologne-based LIOS established itself in earnest as a independent entity with its own business systems and processes.

LIOS has entered into a close partnership in the area of tunnel surveillance with Siemens Building Technologies – Cerberus Division – which involves not only sales to existing systems, but also development of new systems for integration in existing installations. During 2000, LIOS embarked



on a pilot project in the area of process supervision with a leading supplier of systems to this market. LIOS' turnover was twice as high in 2000 as in the previous year, which resulted in a reduced deficit.

Milestones 2000	Spring	Summer	Autumn	Winter
Company established		x		
Number of employees	5		10	
New software	x			
Own premises	x			
VdS certification	x			
First sales to process supervision		x		
Sales target 2000 reached				x

Cash burn in 2000 amounted to DKK 5 million.
 LIOS is expected to become a growth business within one to two years.

Prospects for 2001

LIOS expects levels of sales and activity to be increased in 2001.

Watech

Product, technology, market

Watech has developed an advanced process technology for recycling of waste products – in the first instance, products containing PVC. The technology, which is patented, has been undergoing trials at a pilot facility since August 2000, and results are positive. With the new technology it is possible to reprocess PVC waste into useful raw materials.

Watech also offers solutions for stabilisation and use of waste products from flue gas cleaning, and is currently developing a process to enable recycling of bromated plastic (electronic waste).

There is an increased awareness and acceptance in the industrialised countries that disposal of PVC waste by incineration and landfill is not a long-term environmentally sustainable solution as the volumes of waste from industry and redundant consumer products are expected to increase by 10-15% a year in the coming decade. The market for environmental reprocessing facilities is closely linked, however, to the political willingness to open the way for their establishment. When such a willingness manifests itself, potential customers for Watech's knowhow will be incinerator plants, municipal authorities and private recycling businesses.



Summary 2000

Watech (waste technologies) was established at the end of 2000 on the basis of an NKT Research development project involving PVC waste recycling. The new company took over a newly built pilot facility at NKT’s recycling plant at Stenlille in western Zealand.

The pilot facility, which was built with support from the Danish Environmental Agency, was test-run in the autumn and entered continuous operation in December. The facility has the capacity to reprocess 600 tonnes of PVC waste a year. The results of the trials were extremely satisfying.

However, as involvement in the recycling industry is not encompassed by NKT’s strategic plan, Vision 2005, a search will be launched for partners to assist in developing this promising project commercially.

Milestones 2000	Spring	Summer	Autumn	Winter
Company established				January 2001
Number of employees				6
Pilot facility completed		x		
First successful tests			September	
EU application re. PVC waste solution for DK				November
Pilot facility in continuous operation				December

Watech’s progression to a growth phase is conditional upon an external ownership arrangement being established for the company, and upon a political solution being reached that promotes recycling of environmentally harmful waste.

Prospects for 2001

It is expected that political approval will be forthcoming during 2001 for NKT’s reprocessing technology – and thus also for the Watech facility. This will be followed by design of a full-scale plant. At the pilot facility in Stenlille it is expected that trials will be performed on flue gas products followed by trials on reprocessing of electronics waste.

It is expected that the work initiated in 2000 to establish an alliance with one or more partners will also be completed in 2001.

Mature businesses

NKT Cables Group

<p>Products Low, medium and high voltage cables, overhead lines, traction wire, installation cables and wires, communication and data cables, cable accessories</p> <p>Production in Denmark, Germany, Poland, Czech Republic, Austria, China</p>	<p>Customers Energy sector, electrical trade Building and construction Telecom companies Industry and railway companies</p>
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Summary

Key figures (DKK million)	2000	1999
Turnover	3,153	3,098
EBIT	(868)	(672)
Capital employed	1,573	2,155
Investment in tangible fixed assets, net	107	149
Development costs	51	62
Number of employees, average	3,331	3,777

Turnover for the NKT Cables group was expected to be up on 1999, and this was achieved despite a cable market characterised by pressure on prices and limited volume growth.

It was also expected that the cost-cutting measures implemented in the organisation would not have a significant effect before 2001, and a substantial loss was therefore anticipated.

2000 offered a very limited supply of submarine cable projects globally, and there is no prospect of an immediate improvement in this situation. In December the decision was therefore taken to further concentrate the focus of the cable group's activities, and at the same time to charge DKK 500 million against the profit and loss account, primarily for writedown on goodwill and selected fixed assets and, to a lesser extent, as a provision for costs relating to adjustment of activities in NKT Cables.

Out of the operating loss of DKK 868 million, extraordinary depreciation and provisions totalled around DKK 660 million. The loss on day-to-day operations was thus around DKK 200 million. This was substantially more than originally expected and as such is highly unsatisfactory. NKT Cables' financial performance is analysed in more detail in the Financial Review.

The unsatisfactory profit development was attributable to reduced profit margins as a result of pressure on prices in all markets, combined with rising raw material prices and a depressed activity level in the Projects Division. On the other hand, fixed costs proved to be lower than expected as a result of an accelerated restructuring programme.

Restructuring work in the NKT Cables group was further intensified in 2000 as a result of the adverse development in operations. In late 2000, as an element in the strategy of having just one production location for each type of product, cable operations at the Brøndby factory were transferred to Germany, just as operations at the Jyderup telephone cable plant had previously been transferred to Austria.

At the Cologne plant, the departments for special-rubber cables and automobile cables were sold, and at the end of the year substantial reductions were effected in the Danish organisation, around 100 employees being made redundant in the Projects Division in Brøndby and Kalundborg as a result of the decision to concentrate the focus of the company's activities.

In conjunction with the above, a reorganisation of the entire NKT Cables group has been carried out, and the former division-based organisational structure has been replaced by a structure organised on functional lines that transcends national boundaries. The purpose of the reorganisation is to provide a clearer distribution of responsibilities with a view to increased cross sales and greater efficiency.



Also in 2000, significant investment was made in improving NKT Cables' IT systems and infrastructure. By year-end, implementation of a SAP R/3 administrative system had been completed in Denmark, Germany and Austria, and consideration is being given to transferring the companies in Poland and the Czech Republic to the same platform.

By the start of 2001, implementation of the restructuring programme initiated when F&G was acquired in 1999 was far advanced, and NKT Cables is considered to be a more focused and competitive player in Central and Northern Europe in the area of land-based energy and communication cables.

It is believed that this will provide an improved foundation for the years ahead, when focus will be given to achieving an operating profit and positive cash flow as soon as possible, through:

- increased turnover and capacity utilisation via cross sales and export activities
- continued adjustment of product portfolio and capacity with a view to increased profitability
- reduced capital investment by disposal of fixed assets with low capacity utilisation and by focus on reduction of working capital.

Prospects for 2001

The decision to close the Kalundborg submarine cable factory was due to a further deterioration in the market conditions for this market segment in the form of very limited project availability and unusually severe price competition. The factory will close in spring 2001 as soon as existing orders are completed. The original decision to build the plant was made at a time when there was focus on flexible use of electricity-generating resources and it was expected that long-distance DC cable links would be established between national and local electricity markets in Europe. However, this expectation has hitherto not been borne out by events.

Market conditions are not considered conducive to sale of the factory in its entirety, and effort will therefore be made to dispose of machinery, fixtures and fittings in the best way possible. Owing to the substantial uncertainty in this regard, for accounting purposes the value of the assets has been conservatively written down to around 10% of the original acquisition sum.

The combination of the factory closure and the measures described above are expected to substantially reduce the company's costs base with effect from 2001.

With regard to market conditions for 2001 there are expectations of a slight improvement in both market volume and sales price for low and medium voltage cables in several European markets. These expectations are based on the trend in the first months of this year and are subject to uncertainty in the light of the continuous worsening of market conditions over the past five years.

NKT Cables is expected to achieve breakeven on operations.



Nilfisk-Advance

Products	Customers
Dry and wet cleaning machines	Contract cleaners
Floor maintenance machines	Institutions
Sweepers	Industry
Carpet cleaners	Agriculture and transport
Domestic vacuum cleaners	Private households
High pressure cleaners	
Production in	
Denmark, Sweden, Italy, USA	

Summary 2000

Key figures (DKK million)	2000	1999
Turnover	2,986	2,638
EBIT	(99)	114
Capital employed	1,892	1,875
Investment in tangible		
fixed assets, net	40	37
Development costs	63	72
Number of employes, average	2,421	2,572

Profit development in the Nilfisk-Advance group was extremely disappointing against the background of start-of-the-year expectations of a net profit ratio of around 5%.

The growth in turnover of 13% resulted from two sources: the newly acquired company in Italy, CFM, which manufactures industrial vacuum cleaners, and the high rate of the US Dollar.

The operating loss, amounting to DKK 99 million, was mainly due to a substantial decline in earnings in the US production and sales subsidiary, Nilfisk-Advance Inc., which manufactures floor maintenance machines and accounts for 36% of our total business.

The plans to implement a number of ambitious projects, including integration of the group's two plants in the US and introduction of a new IT system, proved to be incompatible as parallel projects. The result was serious system bottlenecks.

Following a managerial change in the US company in mid 2000, the scale of the problems was found to be greater than first assumed, and a formal restructuring project was therefore set in motion. In this connection it was found necessary to make considerable writedowns on stocks and to make provisions for severance costs, etc.

The operating loss of DKK 99 million posted by the Nilfisk-Advance group contains writedowns and provisions amounting to around DKK 125 million for stocks, receivables and severance costs to redundant personnel, the major part of which concerns the US company. These costs are expected to be of a non-recurring nature.



Overall, development in the European sales and production companies was satisfactory, with development in Spain, Portugal, France, Italy and Sweden being particularly positive. An extensive organisational restructuring was effected in Europe, away from a direct sales structure to a sales structure that is increasingly indirect, ie. distributor-based, in the individual countries. Indirect sales represented 48% of turnover in 2000, as against 40% the previous year. Employee levels fell by 12% as a result of this reorganisation.

Activities in the Asia-Pacific region showed satisfactory development in 2000.

As well as launching a number of new machines in 2000, Nilfisk-Advance invested substantial resources in streamlining its product portfolio as a result of the integration with Euroclean.

Managing Director Ole Jakobsen stepped down at the end of the year to entire retirement. He will be succeeded by Johan Molin not later than 1 August 2001.

As a logical consequence of the fact that NKT's future focus is targeted on high-tech components intended for purposes not related to cleaning machines, it was announced at the end of 2000 that NKT Holding will work towards a reduced ownership of Nilfisk-Advance. The specific plans include a stock exchange flotation of the company within the current NKT strategy period, which terminates in 2005.

Prospects for 2001

It is still expected that the current problems, particularly in the US company, will be overcome in the course of 2001. A substantial improvement in operating performance by Nilfisk-Advance is therefore expected against the background of the non-recurring costs in 2000, cost savings in the European sales structure, and the expectation of an improvement in efficiency throughout the organisation. A moderate rise in turnover is predicted, together with a net profit ratio in the order of 3% after goodwill amortisation of around DKK 60 million.

Priorparken

Mission

Development of the Priorparken site into an attractive industrial park, leasing of site properties, and gradual reduction of capital tie-up through sale of individual properties.

Number of employees: 48

Summary 2000

Company turnover in 2000 was DKK 120 million, as against DKK 116 million in 1999. This turnover is generated from leasing of properties to both NKT and non-NKT businesses and from related service contracts (telephone, canteen and catering, security and maintenance). As in the previous year, 97% of Priorparken was leased out.

Operating profit was DKK 37 million, which is similar to the previous year. ROCE was 14% before tax.



The US-owned company Lucent Technologies Denmark is one of Priorparken's largest tenants. New, longer-term leasing contracts were established in 2000 covering a larger area than hitherto. Lucent Technologies performs its own modifications and outfitting in the facilities it rents and commenced this work at the end of 2000.

Prospects for 2001

With NKT Cables vacating two large production facilities at the start of the year, Priorparken expects a fall in turnover in 2001. These facilities will subsequently have to be re-let in refurbished condition. Against this background, Priorparken's pre-tax profit is expected to be lower in 2001.

Novator (NKT Project Center) (NKT Holding 66.7%, Monberg & Thorsen 33.3%)

Mission

Novator redefined its company mission during 2000 with a view to creating a potential for increased growth. The result is strong focus on IT integration and design, aimed at servicing new and existing customer groups. This re-focus takes place against a background of more than 10 years' experience with integration of production data and company central ERP/MES systems. The name change is the external signal of this transformation. Novator consists today of two divisions: Integrator and Design.

Integrator: Provides production companies with consulting services and project management in the areas of integration and control technology. With the increasing integration of data within companies and between companies and external partners (customers/suppliers) there is a growing need for real-time data. Novator has developed expertise in this area over many years, and aided by the recruitment of a number of new resources the company is able to intensify its marketing effort and target it more effectively.

Design: Provides a range of industries – including telecommunications (fibre and fibre cable production), power cables, furniture, food, offshore and cars – with design and project management assistance in establishing production and process plant. The division's knowhow also includes extensive expertise in machinery purchase.

Number of employees: 47

Summary 2000

Novator recorded turnover of DKK 42 million in 2000, as compared with DKK 36 million in 1999. External assignments, which represented half of this turnover, increased substantially on the previous year, when they represented about one third.

Profit before tax was unchanged from the previous year at DKK 2 million. This was below the target net profit ratio of 10%, but in the light of the fact that substantial costs were incurred for the strategy process concerning the company's future mission and related employee training, this profit was satisfactory.

Novator's external contracts in 2000 included a large consignment of computer systems for an existing major customer, LG Cables Ltd. of South Korea, programming of PLC systems for gas supply equipment for Lucent Technologies Denmark, establishment and run-in of a new parquet floor-



board production line for Junckers Industri, project management for streamlining Sandvik's plants in Denmark, and design and implementation of new control systems for Kambas.

The NKT Group companies NKT Cables, NKT Flexibles, IONAS, Crystal Fibre and NST also commissioned Novator to assist with plant purchase and production setup during the year.

Prospects for 2001

During 2001, Novator will use its new name to market the company's expertise in the areas of IT integration, control technology, and design of production and process plant. Against the background of a satisfactory order book, increased turnover is expected in 2001 together with a significantly improved operating profit.



Financial review 2000

The 2000 Annual Accounts for the NKT Group have been drawn up in accordance with the same accounting policies as in 1999.

The Annual Accounts cover the parent company NKT Holding A/S and all directly and indirectly owned subsidiaries and associated undertakings. In addition to NKT Holding, 59 companies are covered by the consolidated accounts.

As reflected in the comments made by the Board of Directors and the Management, 2000 was a year which, like last year, embraced a number of events and developments for the NKT Group which make it difficult to directly compare the results for 2000 with those for 1999.

The sale of GIGA to the US company Intel Corp. yielded profits of DKK 4.9 billion for the NKT Group. In conjunction with this transaction, the remaining 36.75% equity of I. C. Holding was purchased from the three former owners, LD, Dansk Kapitalanlæg and Dansk Erhvervsinvestering. As from 1 January 2000, I.C. Holding is therefore included in the accounts as a wholly owned NKT subsidiary with IONAS as its sole activity.

As intended in the NKT Group's strategic plan, Vision 2005, development activities have been strengthened considerably. It is our objective to further-develop and commercialise selected projects in a number of specifically defined areas. In 2000, three new undertakings were established in which development activities from other parts of the Group have been included as independent business units. The three new development businesses are included in the consolidated accounts with effect for 2000.

The difficulties in the NKT Cables Group proved greater than had been expected as the global supply of high-voltage submarine cable projects was extremely limited in 2000 and as there is no immediate prospect of improvement. There is therefore no expectation of orders in the near future to fill the vacant production capacity at the Kalundborg submarine cable plant. It has therefore been decided to close down the production facilities in Kalundborg during spring 2001. As a result, fixed assets have been depreciated and provisions made for closure costs. The unsatisfactory development in profit has also led to a decision to write off the NKT Cables Group's goodwill. In accordance with a focused strategy for cable activities, the departments for special-rubber cables and automobile cables at the factory in Cologne were sold and a number of production activities were transferred to other localities. The intention being that there should be one production location for each product type.

As from 1 January 2000, Nilfisk-Advance acquired 70% of the shares in the Italian industrial vacuum cleaner company CFM, which is thereafter included in the Group's consolidated accounts. The US operations adversely affected the year's financial performance as a result of a poorly executed factory relocation, inefficient production planning, delayed product introductions and IT difficulties.

IONAS established own production facilities in 2001 and further expansions are taking place.

At the Annual General Meeting in April, the Board of Directors will propose that, as an element in the capital restructuring of the NKT Group, the meeting approve payment of an extraordinary dividend of DKK 500 per share in addition to the ordinary dividend of DKK 20 per share, corresponding to a total payment to shareholders of DKK 2,806 million.



Profit and loss account and key figures

The breakdown of Group profits and losses for 2000 by mature businesses, growth businesses and development businesses respectively is shown in the table below:

DKK million	Mature activities				Growth activities		Developm. activities	Parent company	2000	1999
	Cables group	Nilfisk-Advance	Prior-parken	Novator	NKT Flexibles 1)	IONAS	Total for 7 businesses	Parent elim. etc. 2)	Total	Total
Profit and loss account										
Net turnover	3,153	2,986	120	42	215	47	39	(93)	6,509	6,057
Operating profit before depreciation	(127)	31	61	2	(21)	(5)	(41)	(17)	(117)	1
Depreciation and writeoffs	(741)	(130)	(24)	0	(34)	(5)	(5)	(4)	(943)	(534)
Operating profit	(868)	(99)	37	2	(55)	(10)	(46)	(21)	(1,060)	(533)
Financial items	(44)	(80)	(5)	0	(9)	0	0	215	77	(10)
Profit on ordinary operations	(912)	(179)	32	2	(64)	(10)	(46)	194	(983)	(543)
Extraordinary items	0	0	0	0	0	0	0	4,919	4,919	2,890
Profit before tax	(912)	(179)	32	2	(64)	(10)	(46)	5,113	3,936	2,347
Group tax for year									69	94
Group profit before minority interests									4,005	2,441
Minority interests' share of profit for year									25	(22)
NKT's share of Group profit									4,030	2,419
Key figures										
R&D costs	51	63	0	0	16	5	34	0	169	197
Cash flow from operations	(205)	12	44	2	(56)	(6)	(42)	140	(111)	(17)
Investment in tangible fixed assets, net 3)	107	40	20	1	29	72	15	2	286	232
Balance sheet total	2,741	2,621	345	13	519	97	147	3,498	9,981	8,972
Shareholders' equity	424	980	116	6	124	63	121	2,315	4,149	3,117
Goodwill	0	848	-	-	-	-	-	56	904	1,060
Goodwill amortisation and writedown	251	64	-	-	-	-	-	10	325	63
Interest-bearing items, net 4)	(1,041)	(893)	(149)	8	(222)	(11)	103	4,963	2,758	784
Capital employed 5)	1,573	1,892	277	(1)	463	74	15	150	4,443	4,818
Growth in turnover, %	2	13	3	16	340	412	44	-	7	Neg.
Net profit ratio	Neg.	Neg.	31	5	Neg.	Neg.	-	-	Neg.	Neg.
ROCE before tax 5)	Neg.	Neg.	14	633	Neg.	Neg.	-	-	Neg.	Neg.
Average number of full-time employees	3,331	2,421	47	44	209	36	92	26	6,206	6,820

1) NKT Flexibles is stated after Group eliminations.

2) Comprising activities of the parent company and I.C. Holding, including profit on sale of GIGA.

3) Acquisition and sale of fixed assets relating to transfers of businesses are not included in this item.

4) Interest-bearing cash items and receivables, and securities, 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.



Turnover

Net turnover by the Group in 2000 comprised DKK 6,509 million, as against DKK 6,057 million in 1999. Organic growth was around 4% compared to the previous year before adjustment for exchange factors and for turnover relating to corporate acquisitions and divestments. 85% of the Group's aggregate turnover was generated outside Denmark, including around 15% in the US market, while around 40% of sales went to EURO countries.

NKT Cables recorded a small increase in turnover despite a market influenced by strong pressure on prices and a reduced willingness to invest among electricity utility companies. The level of activity for cable projects was unacceptably low throughout 2000. A limited supply of high-voltage land cable projects in Denmark and Germany was a contributory cause of substantial vacant production capacity. Similarly, very low demand for submarine cables was the reason for limited activity at the Kalundborg submarine factory.

Nilfisk-Advance reported turnover that was DKK 349 million up on 1999. This growth was attributable to increased sales resulting from acquisition of the Italian company CFM, and to exchange factors – principally the rise in the US Dollar rate. Severe problems with transfer and integration of two production units in the US meant that expected increased sales in the US market did not materialise.

Priorparken and the engineering company Novator reported a combined turnover of DKK 162 million, an increase of DKK 10 million on the previous year.

In 2000, the company's first complete year of operations, NKT Flexibles recorded turnover of DKK 215 million, a substantial increase on the DKK 45 million achieved for the period 1/7-31/12 1999. The level of activity in the offshore sector followed a generally rising trend, and increasing focus was given to the NKT Flexibles' production of flexible subsea pipelines by a broad spectrum of the offshore industry.

Since establishing a joint venture agreement with the US optical components manufacturer, JDSU, and starting its own production in autumn 2000, IONAS has increased its turnover. Turnover in 2000 amounted to DKK 47 million, as against DKK 9 million the year before, and there are expectations of significantly increased sales in the years ahead.

NKT's development businesses, comprising NKT Research & Innovation, NST and the new business units established in 1999 and 2000 in the fields of optical communication, life science and materials technology, realised a turnover of DKK 39 million in the year under review, an increase of DKK 12 million on 1999.

Operating results

As a result of continued unsatisfactory development in the NKT Cables Group and the considerable difficulties encountered during the past year with Nilfisk-Advance's US operations, the NKT Group reported a highly unsatisfactory operating result for 2000 - a loss of DKK 1,060 million against a corresponding loss of DKK 533 million the previous year.

The Group's unsatisfactory operating result is very largely attributable to the NKT Cables Group, which returned an operating loss of DKK 868 million, compared with a corresponding loss of DKK 672 million the previous year. It was expected that the cost-cutting measures introduced into



the company's organisation would not take maximum effect until after 2000, and it was therefore also expected that the company would report a substantial loss for the year under review. The situation was compounded by a very limited supply of new projects, combined with overcapacity in the cable market, and thus a shortage of orders for project activities, which is the main reason for the unacceptably low capacity utilisation at the Kalundborg submarine cable plant.

As stated earlier, a decision has been taken to wind up operations concerning the submarine cable factory in Kalundborg. A substantial part of the unacceptable operating result is linked to the winding up of this activity and to costs incurred for restructuring of other parts of the NKT Cables Group's activities. As there is no prospect of a satisfactory operating profit by the NKT Cables Group in the immediate years ahead, the book goodwill has been assessed and then written off in 2000. After writedown of the submarine cable factory, the NKT Cables Group's other activities are considered to be correctly valued in relation to future expectations.

Breakdown of the NKT Cables Group's operating result for 2000:

DKK million	NKT Cables Group
Winding up of submarine cable activities:	
Writedown of Kalundborg production plant	(285)
Writedown of other fixed assets and stocks	(37)
Severance pay, guarantee provisions, software, etc.	(70)
Provision for winding up of submarine cable activities	(28)
	(420)
Writedown on goodwill	(237)
Total writedowns and provisions, etc. *)	(657)
Other losses in 2000 that largely correspond to losses on the project activities in which the submarine cable activities are represented	(211)
	(868)

*) The total amount of DKK 657 million must be seen in context with the total amounts for writedowns, provisions, etc. reported during the year - DKK 125 million at 30 June 2000 and DKK 500 million in December 2000, a total of DKK 625 million.

After depreciation and writedown on the Kalundborg production plant, the plant's book value is around 10% of the original acquisition sum. When the restructuring programme is completed, focus will in future be placed on continued adjustment of product portfolio and capacity.

Nilfisk-Advance too experienced a substantial decline in income in 2000. As mentioned earlier, the problems mainly concerned production and sales operations in the US, where transfer and integration of a plant from Elkhart to Plymouth and parallel implementation of a new IT system caused serious problems. Partly as a result of this, the underlying elements in the organisational chain, ie. logistics and product procurement, failed to function as planned during a large part of the year, which led both to a heavy loss in sales and considerable costs. The operating result for 2000 amounted to a loss of DKK 99 million, as against a profit of DKK 114 million for the previous year. Around DKK 125 million of the differential, DKK 213 million, relates to writedowns and provisions in respect of stocks and receivables, and to management and employee severance, mainly in the US. The remainder of the loss principally relates to shortfall in gross earnings in the



US. Focus will be aimed in the year ahead at a series of specific measures intended to help materially improve profit performance at Nilfisk-Advance. Targets are both to bring the US operations back on track and to reduce the general level of costs.

Developments in the property company Priorparken and the engineering company Novator were in keeping with established plans. These two companies posted a combined operating profit of DKK 39 million, which was similar to the previous year. Following the implementation of a strategy project during the year, Novator will in future give strong focus to sale of IT integration projects and design of production and process plants.

In 2000, the company's first full trading year, NKT Flexibles reported an operating loss of DKK 55 million, against a loss of DKK 43 million for the period 1.7. -31.12.1999. The loss was slightly worse than provided for in the plans laid down, but in the light of price competition, combined with continued low levels of investment by the offshore sector, the result is acceptable. The company's products were well received in the market and project delivery dates were met. Future focus will be aimed at increased sales and market share, the company's target being to achieve annual market growth of around 30%.

IONAS posted an operating loss of DKK 10 million for 2000, compared with a loss of DKK 7 million the previous year. This performance is better than planned for. In 2001, when IONAS further expands its production capacity, an operating profit is expected.

The development businesses headed by NKT Research & Innovation reported an aggregate operating loss of DKK 46 million, against a loss of DKK 23 million in 1999. This was in keeping with established plans. Under Vision 2005, the strategic plan for the NKT Group, development activities will be further intensified in the years ahead, and in 2001 it is planned to set up development undertakings based on development and commercialisation of new business activities. This development will be concentrated on the areas of optical communication components, life science components, and selected fields of materials technology.

A more detailed description of the developments in turnover and operations, and expectations with regard to future financial progress in Group companies is contained in the individual company reviews.

Financial items

Aggregate net income from interest amounted to DKK 77 million compared with DKK 10 million the previous year, a difference of DKK 87 million.

The improvement can largely be attributed to the effect of the sale of GIGA less the distribution of around DKK 2.1 billion to shareholders in spring 2000. At 31 December 2000, net interest-bearing asset items were thus DKK 2 billion up on year-end 1999.

Result of ordinary operations

The Group recorded a pre-tax loss on ordinary operations of DKK 983 million for 2000, compared with a corresponding loss of DKK 543 million for 1999.

The result for 2000 was not materially affected by exchange rate fluctuations.



Tax on ordinary operations entered as income amounted to DKK 69 million. The amount differs from the current rate of Danish company tax, 32%, as a result of goodwill amortisation, which is non tax-deductible, and losses in Denmark and other countries for which there is no corresponding tax effect in the form of income as the Group does not capitalise tax. To this must be added various adjustments and permanent deviations in statement of the Group's tax liability, as well as differences in the tax rates of the individual countries.

Extraordinary items

The extraordinary income for the year, totalling DKK 4,919 million, comprises the proceeds from the sale of GIGA to Intel Corp. In 1999, the extraordinary income amounted to DKK 2,890 million as a result of the sale of equity in Lexel, Fr. Rasch's Eftf., and the sale of a 49% stake in NKT Flexibles to Stolt Offshore.

The extraordinary income is not subject to taxation.

Net profit

The accounts for the Group show an exceptionally large profit after tax of DKK 4,005 million, compared with DKK 2,441 million in 1999. As mentioned, the profit for 2000 was influenced by special factors, including the considerable income totalling DKK 4,919 million from sale of companies, as compared with DKK 2,890 million in 1999.

NKT's share of Group profit after tax and minority interests amounted to DKK 4,030 million, against DKK 2,419 million in 1999.

Balance sheet

The balance sheet total comprised DKK 9,981 million at 31 December 2000, as compared with DKK 8,972 million at the end of 1999. The net increase in the balance sheet total, DKK 1,009 million, was principally attributable to the cash generated from the proceeds arising from the sale of GIGA. 'Securities' and 'Cash at bank and in hand' thus include the amount of DKK 2.8 billion that will be distributed to shareholders as dividend after the Annual General Meeting in April as part of the NKT Group's capital restructuring. The other differences between the balance sheet for 2000 and 1999 principally relate to the extraordinary depreciation and writeoffs made on fixed assets.

Goodwill

Movements in Group goodwill were as follows:

DKK million	2000	1999
Goodwill, 1 January	1,060	1,334
Exchange rate adjustment	38	83
Additions, which in 2000 comprise amounts relating to CFM in Nilfisk-Advance and to IONAS	144	273
Disposals of companies	(13)	(567)
Amortisation and writeoff	(325)	(63)
Goodwill, 31 December	904	1,060

Of the goodwill amount at 31 December 2000, DKK 848 million related to Nilfisk-Advance's investments in Advance Machine Company, Euroclean/Kent, and CFM (acquired in 2000).



The Group's capitalised goodwill and the depreciation rate are reviewed regularly and adjustments made as deemed necessary. Goodwill in respect of the NKT Cables Group was thus written down by DKK 237 million. Following valuation of goodwill relating to Nilfisk-Advance, no adjustment was deemed necessary in the light of the latest projections for earnings and cash flow.

Shareholders' equity

The Group's shareholders' equity amounted to DKK 4,149 million at 31 December 2000. Equity movements were as follows:

DKK million	2000	1999
Equity capital, 1 January	3,117	2,739
NKT's share of Group profit	4,030	2,419
Currency translation of profits and equity of foreign subsidiaries	49	94
Purchase of own shares less dividend thereon	(241)	(2)
Capital restructuring costs	-	(11)
Distributed to shareholders from capital reduction	-	(1,690)
Dividend	<u>(2,806)</u>	<u>(432)</u>
Equity capital, 31 December	<u>4,149</u>	<u>3,117</u>

Acquisition sums for non-portfolio NKT shares are deducted from the retained earnings in equity. Dividends received on these shares and future sales sums are similarly entered directly in equity. Own 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 42%, as against 35% the previous year.

Cash flow

Cash flows from operations amounted to DKK 111 million in 2000, against DKK 17 million in 1999. Despite the substantial operating loss, cash outflow from operations was limited as a result of the fact that the amounts for goodwill amortisation and depreciation on tangible fixed assets do not draw on cash funds.

Cash flows from investments amounted to DKK 2,827 million in 2000. This item relates to acquisition and divestment of businesses and to tangible fixed assets, as further clarified in Investment below. Net expenditure on investments additionally comprised DKK 1,663 million for purchase of bonds maturing at the start of 2001. The corresponding figure in 1999 for investment cash flow was DKK 2,656 million.

Cash flows from financing amounted to DKK 2,875 million in 2000, as compared with DKK 750 million in 1999. After the sale of GIGA the Group still has surplus liquidity, as was also the case at the end of 1999. Following the extraordinary distribution of dividend to shareholders planned for spring 2001, the Group will again be a net borrower.

Overall, there was cash outflow from operations, investment and financing of DKK 158 million in 2000, compared with a cash inflow of DKK 1,889 million in 1999. The cash outflow in 2000 led to a decrease in cash funds from DKK 2,252 million at 1 January to DKK 2,092 million at 31 December 2000, to which must be added the bond portfolio of DKK 1,663 million. Cash funds will be reduced



by DKK 2,806 million when the Annual General Meeting in April 2001 approves the planned extraordinary dividend to shareholders.

Investment

As a result of the divestment of GIGA, the NKT Group had a net investment gain of DKK 2,827 million in 2000. The sale of GIGA generated DKK 4,918 million, while investment in acquisition of businesses amounted to DKK 110 million, this amount largely being comprised by acquisition of the Italian industrial vacuum cleaner manufacturer, CFM, by Nilfisk-Advance. In 1999, when Lixel and Fr. Rasch's Eftf. were sold along with a 49% stake in NKT Flexibles I/S, divestment of businesses yielded DKK 3,236 million, while DKK 284 million was spent on acquisitions.

Investment in tangible fixed assets amounted to DKK 342 million, compared with DKK 301 million in 1999, while disposals of tangible fixed assets in 2000 comprised DKK 57 million, as against DKK 69 million the previous year. The addition in tangible fixed assets chiefly relates to construction of plant in Poland by NKT Cables, expansion of production facilities in Birkerød by IONAS, and normal replacement of production equipment.

In addition, goodwill purchase etc. amounted to DKK 33 million, against DKK 64 million the previous year. Finally, DKK 1,663 million was spent on purchase of bonds maturing on 1 January 2001.

Risks

Commercial risk factors

By far the major part of the Group's turnover in 2001 will be generated by NKT Cables, Nilfisk-Advance, NKT Flexibles and IONAS. As a result, the Group's commercial risk factors in the traditional sense are primarily related to these companies. In line with the implementation of Vision 2005, however, the Group's commercial risk factors will increasingly be related to the ability to create groundbreaking technological components due to the deliberate focus on technology-based business development.

In the case of NKT Cables, which is a medium-sized player in a mature and highly competitive industry, profitability is closely related to the company's ability to manufacture with low unit costs and to signs of volume and price growth in the market.

NKT Cables' risk profile was substantially reduced at the start of 2001 by the decision to cease production of submarine cables and by a generally reduced focus on project-oriented sales. These activities have been heavy loss-makers in recent years, and substantially more stable development is therefore expected in the future.

Nilfisk-Advance is one of four leading global manufacturers in the area of professional cleaning equipment. The ability to develop, manufacture and supply competitive products and related services on the global market is vital to maintain this position.

Nilfisk-Advance initiated a process of change in 2000 aimed at increasing profitability, particularly in its two major markets, Europe and the US. Specific commercial risk factors that can be highlighted in this connection include, in Europe, the company's ability to increasingly sell its products to the end-user through independent distributors, and where the US market is concerned, the ability to at least retain market shares. In the case of both markets, the normal risks that are associated with the ability to maintain and steadily improve the basic business system also exist.



NKT Flexibles operates in a global market which has only three suppliers and is heavily dependent on a single factor, the price of crude oil. This price has a direct influence on the offshore industry's willingness to invest, and levels of activity during 2000 generally showed a rising trend in line with the increase in oil prices. Interest in starting new projects also seems to have intensified. Quality-wise and technologically, NKT Flexibles' products are among the best, and it is therefore believed that the demand for the company's products will show an upward trend.

IONAS, an NKT growth business, manufactures components used in the optical telecommunications network, and as such it is part of the value chain in the global telecoms industry. The fundamental commercial risk factors in this industry relate to uncertainty surrounding market growth and size, and to the ability to develop and maintain a future-proofed technology that provides increasingly cheaper and more integrated products of high quality.

Besides these risk factors, the alliance with JDS Uniphase also poses a risk as this partner functions as a sales channel for a significant part of IONAS' production. Termination of this partnership could trigger a not inconsiderable fall in turnover until such time as alternative sales channels are established.

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

Financial risk factors

The financial risk factors can be split into three categories: foreign exchange exposure, interest-rate exposure, and the general financial exposure involved in 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 and similar measures, within the framework of established policies. The Group's financial activities are related solely to its commercial operations.

Foreign exchange exposure relates to the potential for gains or losses resulting 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 through possession of net assets in the Group's foreign businesses. The vast majority of the Group's operations take place in the EU and the 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 comprise 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 2000 were transacted in currencies represented in the EURO partnership and 17% transacted in DKK, the exposure on these activities therefore being considered limited. In addition, some 20% of the activities were transacted in USD.



The forward exchange contracts existing at 31 December 2000 were established to hedge the following types of transaction in accordance with the Group's currency policy:

DKK million	Expected purchase and sale transactions	Existing orders, 31.12.2000	Monetary balance-sheet items 31.12.2000	Total
Hedged currency:				
USD	170	214	475	859
EURO			511	511
GBP	100	13	61	174
Other European	82		14	96
Far East, Australia, New Zealand, etc.	152		47	199
	<u>504</u>	<u>227</u>	<u>1,108</u>	<u>1,839</u>

NKT is not considered to be exposed to material exchange risks that 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-rate 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 will be changed significantly in 2001 as a result of the distribution of DKK 2.8 billion to Group shareholders in April 2001. As stated earlier, this payment is an element in the capital restructuring taking place following the sale of GIGA.

At year end 2000, the Group's interest-bearing current assets exceeded the interest-bearing debt by DKK 2,758 million. After adjustment for the capital restructuring project to be implemented in April 2001, the Group's net interest-bearing debt comprised around DKK 250 million.

Breakdown of Group interest-bearing net assets as at 31 December 2000:

DKK million	<u>Maturity</u>				Total End-2000	Capital restruct. project 2001 approx.*	Pro forma after capital restruct. project
	0-1 yr	2-3 yrs	4-5 yrs	Over 5 yrs			
Balances and securities	3,934				3,934	(3,000)	934
Variable-interest debt	(412)	(280)	(5)	(15)	(712)		(712)
Fixed-interest debt	(107)	(265)	(37)	(55)	(464)		(464)
Total	<u>3,414</u>	<u>(545)</u>	<u>(42)</u>	<u>(70)</u>	<u>2,758</u>	<u>(3,000)</u>	<u>(242)</u>

* The capital restructuring project referred to is expected to cost approx. DKK 3,000 million obtained through distributed dividend plus expected further purchase of own shares and deduction for yield on own-shares portfolio.



The Group's variable-interest debt amounted to DKK 712 million at 31 December 2000. Part of the interest risk on this debt was hedged by interest guarantee instruments comprising a 6% p.a. interest-rate option (CAP) with a principal of DKK 100 million, and a 5.5% FRA for a DKK 300 million amount, both maturing at the end of 2001.

After implementation of the capital restructuring project in April 2001 it is expected that a one percentage point movement in the market interest rate for the Group's variable-interest, net interest-bearing items will have a per annum effect on profit of around DKK 2 million.

Interest on the major part of the Group's long-term debt is below 6% per annum.

The *general financial exposure* arising from trade with third parties or third party countries is hedged by guarantees or other instruments wherever considered necessary and wherever the exposure exceeds the normal trading risk. At 31 December 2000 no material risks were considered to exist.

Key figures and performance indicators

Group key figures and performance indicators covering the years 1996 - 2000 are included at the front of this Announcement of Annual Accounts. 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.



BALANCE SHEET

At 31 December 2000 - all amounts in DKK million

NKT Holding A/S		NKT Group	
1999	2000	2000	1999
ASSETS			
<i>Fixed assets</i>			
<i>Intangible assets</i>			
0.0	0.0	34.4	39.7
0.0	0.0	903.7	1,059.7
0.0	0.0	0.2	3.2
<u>0.0</u>	<u>0.0</u>	<u>938.3</u>	<u>1,102.6</u>
<i>Tangible assets</i>			
0.0	0.0	969.2	1,060.2
0.0	0.0	956.6	1,097.5
3.3	3.6	174.2	195.2
0.0	0.0	54.3	103.1
<u>3.3</u>	<u>3.6</u>	<u>2,154.3</u>	<u>2,456.0</u>
<i>Investments</i>			
2,327.1	1,906.2	-	-
238.0	0.0	-	-
0.0	0.0	13.6	0.0
0.5	0.7	28.3	13.9
0.0	0.0	3.7	28.6
<u>2,565.6</u>	<u>1,906.9</u>	<u>45.6</u>	<u>42.5</u>
<u>2,568.9</u>	<u>1,910.5</u>	<u>3,138.2</u>	<u>3,601.1</u>
<i>Current assets</i>			
0.0	0.0	1,525.2	1,517.7
<i>Debtors</i>			
0.0	0.0	1,144.7	1,188.2
1,258.8	1,962.7	-	-
8.7	1,386.0	-	-
50.5	60.5	205.4	203.9
0.1	0.1	34.3	30.7
<u>1,318.1</u>	<u>3,409.3</u>	<u>1,384.4</u>	<u>1,422.8</u>
<u>177.6</u>	<u>174.3</u>	<u>1,841.5</u>	<u>178.2</u>
<i>Securities</i>			
<i>Cash at bank and in hand</i>			
1,689.9	-	-	1,689.9
358.6	1,851.7	2,091.8	562.0
<u>2,048.5</u>	<u>1,851.7</u>	<u>2,091.8</u>	<u>2,251.9</u>
<u>3,544.2</u>	<u>5,435.3</u>	<u>6,842.9</u>	<u>5,370.6</u>
<u>6,113.1</u>	<u>7,345.8</u>	<u>9,981.1</u>	<u>8,971.7</u>



BALANCE SHEET

At 31 December 2000 - all amounts in DKK million

NKT Holding A/S		NKT Group	
1999	2000	2000	1999
LIABILITIES			
<i>Shareholders' equity</i>			
539.6	539.6	539.6	539.6
0.0	0.0	0.0	10.0
0.0	0.0	-	-
<u>2,577.2</u>	<u>3,609.2</u>	<u>3,609.2</u>	<u>2,567.2</u>
<u>3,116.8</u>	<u>4,148.8</u>	<u>4,148.8</u>	<u>3,116.8</u>
-	-	<u>246.2</u>	<u>362.8</u>
<i>Minority interests</i>			
<i>Provisions for liabilities and charges</i>			
1.6	1.6	138.0	136.5
0.0	0.0	27.4	98.4
<u>7.5</u>	<u>0.0</u>	<u>342.6</u>	<u>263.8</u>
<u>9.1</u>	<u>1.6</u>	<u>508.0</u>	<u>498.7</u>
<i>Creditors</i>			
<i>Long-term creditors</i>			
100.0	100.0	493.8	613.8
0.0	0.0	132.2	151.0
<u>0.0</u>	<u>0.0</u>	<u>30.6</u>	<u>423.7</u>
<u>100.0</u>	<u>100.0</u>	<u>656.6</u>	<u>1,188.5</u>
<i>Short-term creditors</i>			
0.0	0.0	236.7	129.4
18.4	0.0	281.7	328.7
0.0	0.0	34.6	82.9
14.3	4.3	442.1	505.8
681.6	252.0	-	-
0.0	0.0	24.2	23.4
21.0	14.7	530.2	570.3
30.3	18.5	66.1	42.8
1,689.9	-	-	1,689.9
<u>431.7</u>	<u>2,805.9</u>	<u>2,805.9</u>	<u>431.7</u>
<u>2,887.2</u>	<u>3,095.4</u>	<u>4,421.5</u>	<u>3,804.9</u>
<u>2,987.2</u>	<u>3,195.4</u>	<u>5,078.1</u>	<u>4,993.4</u>
<u>6,113.1</u>	<u>7,345.8</u>	<u>9,981.1</u>	<u>8,971.7</u>



CASH FLOW STATEMENT

1 January - 31 December 2000 - all amounts in DKK million

NKT Holding A/S			NKT Group	
1999	2000		2000	1999
(675.8)	(1,131.9)	Operating profit or loss	(1,059.7)	(533.0)
		Including share of profit of subsidiary companies		
640.1	1,113.4	before tax and extraordinary items	-	-
1.3	1.4	Depreciations and writedowns	942.6	534.4
(0.1)	(7.5)	Provisions and writedowns on stocks	190.2	(12.1)
(1.2)	(44.1)	Change in working capital	(230.7)	52.0
		Cash flow from ordinary operations		
(35.7)	(68.7)	before financial items	(157.6)	41.3
140.7	229.7	Financial income received	276.7	131.5
(44.0)	(73.6)	Financial expenses paid	(205.5)	(134.3)
61.0	87.4	Cash flow from ordinary operations	(86.4)	38.5
0.0	(0.7)	Tax paid	(24.2)	(55.6)
19.7	9.2	Received joint taxation contribution from subsidiaries	-	-
80.7	95.9	<i>Cash flow from operations</i>	(110.6)	(17.1)
0.0	0.0	Acquisition of undertakings	(110.1)	(284.1)
3,343.0	(17.0)	Divestment of undertakings	4,917.9	3,235.7
(1.3)	(2.2)	Purchase of tangible fixed assets	(342.1)	(301.4)
0.2	0.5	Sale of tangible fixed assets	56.6	69.3
0.0	3.1	Purchase of securities etc., net	(1,695.6)	(63.5)
20.9	8.7	Dividend from subsidiaries	-	-
(1,285.7)	2,974.4	Increase and decrease of capital in subsidiaries	-	-
624.8	(879.2)	Change in loans to/from subsidiaries	-	-
2,701.9	2,088.3	<i>Cash flow from investments</i>	2,826.7	2,656.0
0.0	0.0	Change in long-term loans	(534.2)	(126.7)
(554.1)	(18.4)	Change in short-term loans	58.2	(422.0)
-	-	Minority interests	(36.0)	(7.3)
(31.7)	(241.0)	Purchase of own shares, net	(241.0)	(31.7)
(150.2)	(431.7)	Dividend paid	(431.7)	(150.2)
(11.9)	(1,689.9)	Payment (costs) from capital reduction	(1,689.9)	(11.9)
(747.9)	(2,381.0)	<i>Cash flow from financing</i>	(2,874.6)	(749.8)
2,034.7	(196.8)	<i>Total cash flow from operations, investments and financing</i>	(158.5)	1,889.1
13.8	2,048.5	Cash at bank and in hand at 1 January	2,251.9	349.6
0.0	0.0	Valuation adjustments	(1.6)	13.2
2,034.7	(196.8)	Cash flow for the year	(158.5)	1,889.1
2,048.5	1,851.7	Cash at bank and in hand at 31 December	2,091.8	2,251.9