



## QUARTERLY REPORT 1/2002

### **Announcement no. 13 2002 to**

the Copenhagen Stock Exchange, Nikolaj Plads 6, DK-1007 Copenhagen K, and to shareholders of NKT Holding A/S

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**1st quarter earnings development**

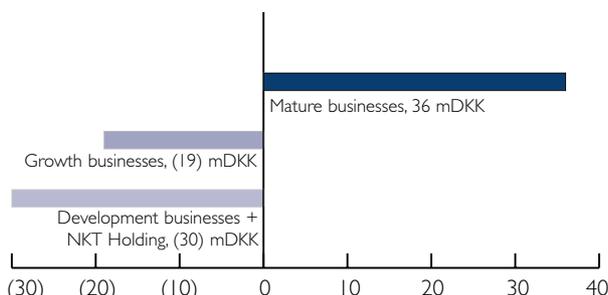
Consolidated turnover for the 1st quarter of 2002 was 1,351 mDKK. Compared with the 1st quarter of 2001 this was a decrease of 12%, which was directly related to cyclical developments in our main markets. These developments have proved to be lower than expected, and the level of activity in the 1st quarter was lower than anticipated.

Earnings before interest and tax (EBIT) were (34) mDKK, compared with (56) mDKK in the same period last year. As previously announced, a profit of 60 mDKK was realised on sale of property in the 1st quarter of 2002. After adjustment for this, EBIT for the 1st quarter were down by 38 mDKK on the 1st quarter of last year:

The decrease was influenced by the slowdown in the telecommunications industry, the planned expansion of NKT's development businesses, and decline in turnover at NKT Cables and Nilfisk-Advance. The cost adjustments effected by the latter companies have, however, mitigated the effect of the decline in turnover:

Earnings before interest, tax and goodwill amortisation of 21 mDKK (EBITA) amounted to (13) mDKK.

EBITA breakdown between NKT company categories was thus:



Net financial items for the 1st quarter were (3) mDKK, against 51 mDKK in the same period in 2002. The fall was due to the changed capital structure following dividend payments and buyback of shares effected in the 2nd quarter of last year.

Earnings after tax and minority interests were (32) mDKK, against (1) mDKK the previous year.

Cash flow from operations and net investments was (37) mDKK. The NKT Group's net interest-bearing debt as at 31 March was (7) mDKK.

The most significant events influencing the activities of the Group companies in the 1st quarter of 2002 are discussed in the following pages. For the companies NKT Cables, Nilfisk-Advance, IONAS and NKT Flexibles, comments on financial performance are also included.

**Expectations for 2002**

Previous earnings forecasts predicted a loss of between 50 and 100 mDKK for 2002. Earnings development in the 1st quarter and the subsequent sale of NOVATOR A/S at a loss mean that earnings expectations for the year as a whole are reduced.

Due to the cyclical uncertainty concerning the rest of the year and thus also the development in turnover at NKT Cables and Nilfisk-Advance, and due to NKT Flexibles' and IONAS' dependence on new orders and thus also increased level of activity, it has been decided to adjust the expected result for the year to a loss of between 75 and 125 mDKK.

A modest net interest-bearing debt is anticipated at 31 December 2002.

Earnings expectations and debt position will both be positively influenced by successful sale of further Priorparken properties.

**Questions**

Please address any questions relating to the information in this report to Tom Knutzen, President and CEO, on telephone no. +45 4348 2000.

NKT Holding A/S, 21 May 2002

*Christian Kjær*  
Chairman of Board of Directors

*Tom Knutzen*  
President and CEO

| <b>All amounts in mDKK</b>                                               | <b>I quarter 2002<br/>Unaudited</b> | <b>I quarter 2001<br/>Unaudited</b> | <b>Year 2001</b> |
|--------------------------------------------------------------------------|-------------------------------------|-------------------------------------|------------------|
| <b>Profit and loss account</b>                                           |                                     |                                     |                  |
| Net turnover                                                             | 1,351                               | 1,538                               | 6,426            |
| Earnings before interest, tax,<br>depreciation and amortisation (EBITDA) | 66                                  | 37                                  | 315              |
| Depreciation and writeoffs of tangible fixed assets                      | (79)                                | (75)                                | (313)            |
| Amortisation and writeoffs of intangible fixed assets                    | (21)                                | (18)                                | (81)             |
| Earnings before interest and tax (EBIT)                                  | (34)                                | (56)                                | (80)             |
| Financial items, net                                                     | (3)                                 | 51                                  | 38               |
| Earnings from ordinary operations before tax                             | (37)                                | (6)                                 | (42)             |
| Earnings from ordinary operations after tax                              | (41)                                | (9)                                 | (62)             |
| Extraordinary items, before and after tax                                | 0                                   | 0                                   | 0                |
| Group net income after tax                                               | (41)                                | (9)                                 | (62)             |
| NKT's share of Group net income                                          | (32)                                | (1)                                 | (30)             |
| <b>Balance sheet and employees</b>                                       |                                     |                                     |                  |
| Share capital                                                            | 500                                 | 540                                 | 500              |
| Shareholders' equity                                                     | 3,754                               | 6,408                               | 3,775            |
| Total assets                                                             | 6,256                               | 9,432                               | 6,456            |
| Interest-bearing items (net asset) <sup>1)</sup>                         | 7                                   | 2,277                               | 71               |
| Capital employed <sup>2)</sup>                                           | 3,944                               | 4,376                               | 3,926            |
| Average number of employees                                              | 5,521                               | 5,825                               | 5,690            |
| <b>Cash flow</b>                                                         |                                     |                                     |                  |
| Cash flow from operations                                                | (71)                                | (25)                                | 446              |
| Net investment in tangible fixed assets                                  | 80                                  | (57)                                | (123)            |
| <b>Key performance indicators</b>                                        |                                     |                                     |                  |
| Equity ratio                                                             | 60%                                 | 68%                                 | 58%              |
| Number of 20 DKK shares ('000)                                           | 25,000                              | 26,980                              | 25,000           |
| Earnings per share (EPS), DKK                                            | (1.3)                               | (0.0)                               | (1.2)            |
| Dividend paid, DKK per share                                             | 0.0                                 | 0.0                                 | 104.0            |
| Equity value, DKK per share                                              | 150                                 | 238                                 | 151              |
| Market price, DKK per share                                              | 95                                  | 252                                 | 105              |

The effect of changes in accounting policies are described in page 10.

<sup>1)</sup> Interest-bearing cash items and receivables less interest-bearing debt.

<sup>2)</sup> Shareholders' equity, minority interests +/- interest bearing items.

**Group structure at 21 May 2002**

**NKT Holding and NKT Research & Innovation**

| Mature businesses | Growth and Development businesses |                         |                      |
|-------------------|-----------------------------------|-------------------------|----------------------|
|                   | Optical components                | Life science components | Materials-technology |
| NKT Cables        | IONAS*                            | SMB                     | NKT Flexibles*       |
| Nilfisk-Advance   | Crystal Fibre                     | PicoSep                 | NST                  |
| Priorparken       | CISILIAS                          | Cantion                 | Watech               |
|                   | KOHERAS                           |                         |                      |
|                   | LIOS Technology                   |                         |                      |

\*Growth businesses

NKT's portfolio of directly owned companies was changed in May 2002, as the in-progress activities of the engineering company NOVATOR A/S were transferred on 1 May 2002 to the company Semcon Danmark A/S (see review for NOVATOR on page 9).

At 31 March, NKT companies employed a total of 5,505 people, distributed as follows:

- Mature businesses: 5,041 employees
- Growth businesses: 283 employees
- Development businesses and parent company: 181 employees
- 74% work for the Group's non-Danish companies.

**Financial review**

Consolidated turnover for the 1st quarter of 2002 was 1,351 mDKK. Compared with the 1st quarter of last year this was a decrease of 12%. This was directly related to the lower than expected cyclical developments in our main markets and to the lower than expected level of activity in the 1st quarter.

Earnings before interest and tax (EBIT) were (34) mDKK, which must be compared with (56) mDKK in the same period last year. As previously announced, a profit of 60 mDKK was realised on sale of property in the first quarter of this year. After adjustment for this, 1st quarter earnings before interest and tax were down by 38 mDKK on the 1st quarter of 2001.

The primary reasons for the decrease were the slowdown in the telecommunications industry, which reduced IONAS' EBIT by 8 mDKK, and the planned expansion of NKT's development businesses, which resulted in an increased deficit in these businesses amounting to 14 mDKK. The remaining decrease in earnings was attributable to the decline in turnover of NKT Cables and Nilfisk-Advance. As a result of the cost adjustments effected by the latter companies, however, the decline in earnings was smaller than the decline in turnover. NKT Flexibles recorded a 1st quarter improvement in earnings of 11 mDKK on the same period in 2001. This was primarily due to the adverse effect in the 1st quarter of last year of costs relating to development and qualification of pipes for offshore installation at a depth of 1000 m for the Brazilian market.

With effect from 1 January 2002, NKT's accounting policies have

been aligned with the new Danish Company Accounts Act. The Group's earnings for the 1st quarter of this year have for this reason been positively influenced to the amount of 4 mDKK compared with the same period last year. See review on page 10.

Earnings before interest, tax and goodwill amortisation of 21 mDKK (EBITA) amounted to (13) mDKK.

Cash flow from operations and net investments was (37) mDKK. The NKT Group's net interest-bearing debt at 31 March was (7) mDKK.

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**Expectations for 2002**

Previous earnings forecasts predicted a loss of between 50 and 100 mDKK for 2002. Earnings development in the 1st quarter and the subsequent sale of NOVATOR A/S at a loss mean that expected earnings for the year as a whole are reduced.

Due to the cyclical uncertainty concerning the rest of the year and thus the development in turnover for NKT Cables and Nilfisk-Advance, and due to NKT Flexibles' and IONAS' dependence on new orders and thus increased level of activity, it has been decided to adjust the expected result for the year to a loss of between 75 and 125 mDKK.

A modest net interest-bearing debt is anticipated at 31 December 2002.

Earnings expectations and debt position will both be positively influenced by successful sale of further Priorparken properties.

**Annual General Meeting on 3 April 2002**

The Board of Directors' dividend proposal for the 2001 financial year, comprising 4 DKK per share of a nominal value of 20 DKK, was adopted. In April 2002 a total dividend payment of 100 mDKK was therefore made to Group shareholders.

Approval was given for alignment of the terminology of NKT's Articles of Association with the new Danish Company Accounts Act, which among other things introduces the term 'annual report'. The Board of Directors was also authorised to allow, in the period up to the Annual General Meeting next year, the acquisition by the Company or its subsidiaries of up to 10% of the Company's own shares at the market price quoted at the time of acquisition plus or minus 10% thereof.

**Board of Directors**

The existing Board of Directors was re-elected by the general meeting. At an extraordinary election of employee representatives to the NKT Board of Directors on 26 March 2002, one of three

employee-elected Board members was re-elected - and two new Board members were elected.

The Board of Directors of NKT Holding hereafter consists of attorney-at-law Christian Kjær (chairman), former housing minister Ole Løvig Simonsen (deputy chairman), director Holger Lavesen, managing director Krister Ahlström, managing director Jan Wraae Folting, managing director Jens Münter, electrician Jørgen Bjergskov Nielsen (NKT Cables A/S), production manager Christian Ussing Nielsen (Nilfisk-Advance A/S), and development engineer Søren Chr.Terkelsen (IONAS A/S).

### **Own shares**

NKT Holding today has an own shares portfolio of 2.0%. This is a reduction of 0.5% on the portfolio held at the start of this year. The reduction is related to the exercise of issued share options. The balance of the portfolio was essentially acquired to hedge remaining outstanding share options.

### **Incentives**

In January, NKT Holding issued 173,125 share warrants to 72 employees of NKT Holding A/S and NKT Research & Innovation A/S, as well as 13,125 share options to the nine members of the Board of Directors. A description of the aim, conditions and market value is provided in NKT Holding's announcement of 7 January 2002 to the Copenhagen Stock Exchange. The text of the announcement may be consulted in the investor section of the NKT website, [www.nkt.dk](http://www.nkt.dk).

### **NKT Research & Innovation**

In conjunction with the relocation of NKT Research & Innovation to the Technical University of Denmark (DTU), a structural reorganisation has been carried out whereby activities not related to either photonics or life sciences have been allocated to independent units or transferred to the respective Group companies. The local organisation has thereafter been reduced to 32 employees, added to which there are a number of affiliated researchers belonging to NKT Academy, which has bases at a number of universities. No new companies were established in the 1st quarter.

Through its Research Centre COM, DTU has established a professorship at the NKT Academy. The position is expected to be filled in the course of the autumn. The influx of young researchers wishing to do their PhDs within the framework of the NKT Academy has been satisfactory. The number of projects planned for the Academy's first year has therefore been initiated.

The patents and trademarks department has been strengthened further and now numbers a total of six people.

## IONAS

### Earnings development

IONAS recorded 1st quarter turnover of 3 mDKK against 25 mDKK for the same period last year; EBIT for the 1st quarter amounted to (11) mDKK as compared with (3) mDKK for the same period in 2001.

### Joint venture with JDS Uniphase

As a result of the pronounced slowdown in capital investment by the telecommunications sector over the past 18 months the demand for optical components has fallen dramatically, and no direct sales of components were generated via the joint venture either in the final quarter of 2001 or the 1st quarter of 2002. In discussions on the possibility of changing the form of the joint venture to a one of direct ownership, NKT/IONAS were unable to accede to JDS Uniphase's strategic priority for acquisition of control over the chip technology and production capacity. The parties have therefore agreed to switch to a normal customer-supplier relationship, and a process has been set in motion to dissolve the ties and resolve practical issues relating to the joint venture business structure.

### Expectations for 2002

The company's existing activities are primarily focused on providing newly designed optical chips to a range of optical component suppliers. However, volume deliveries await a normalisation of the rate of investment on the part of telecoms operators. This is not expected to take place before second half of 2002 at the earliest.

## CISILIAS

At an international fair in March, CISILIAS demonstrated a 12-port amplifier array with seven integrated functions per amplifier. The component thus has a total of 84 integrated functions. A growing interest is continuously being noted among potential users of the active components.

R&D activities in CISILIAS in the area of the optical chips and components proceed according to plans.

## CRYSTAL FIBRE

Crystal Fibre has experienced positive technological and market development. A number of new patent applications were filed in the first quarter of 2002. Several new products have very recently been launched, including new crystal fibres characterised by large nonlinearity and optimised for different wavelengths. Promising results were also achieved in the development of a new fibre for the transmission network of the future.

## KOHERAS AND LIOS TECHNOLOGY

For both companies, basic product technology development has been completed, and the primary business focus is therefore on realising the commercial potential of the products. The objective in 2002 remains the achievement of a combined turnover of around 35 mDKK for both companies.

In KOHERAS the focus is on global marketing of the company's fibre laser products in the segments where these products have potential application. The best market response is currently being noted in the field of sensor applications for offshore oil exploration and for safety monitoring.

The activities of LIOS Technology are concentrated on marketing the company's temperature monitoring concept for purposes other than the original tunnel monitoring applications. The first orders for systems for use in conjunction with industrial process plants have been received, and the company recently obtained its largest contract to date with an order from Madrid for 35 fire surveillance systems for cableways, another new market area for LIOS Technology.

## SMB, PICOSEP AND CANTION

Technology development in NKT's life science companies is considered satisfactory, although the commercial results, chiefly in SMB, are slightly behind schedule. This is mainly considered due to the relatively low level of activity currently prevailing among the potential customers for life science components. The major part of SMB's resources in 2002 will be focused on product development in the areas of microflow systems and cell chips.

PicoSep has made good technological progress, with proof of concept likely in 3rd quarter 2002. Against the background of the new technical results, an active dialogue concerning performance specifications will be initiated with potential customers.

Cantion appointed three full-time employees in the 1st quarter, and the company continuously presents its technology at conferences, fairs and in printed publications. Cantion's patent portfolio covers by now five patent applications.

Possible partnerships with other players in business areas compatible with those targeted by NKT companies are constantly being examined.

## NKT FLEXIBLES (equity share 51%)

### Earnings development

NKT Flexibles recorded 1st quarter turnover of 53 mDKK. This was an increase of 9% on the 1st quarter of the previous year. 1st quarter EBIT was a loss of 8 mDKK, an improvement of 11 mDKK on the previous year.

The improvement was primarily due to the adverse effect in the 1st quarter of last year of costs relating to development and qualification of pipes for offshore installation at a depth of 1000 m for the Brazilian market. Gross contribution margin also improved on the same period last year. Cash capacity costs increased marginally from 34 mDKK in the first quarter of last year to 35 mDKK this year.

In the first three months of this year, net interest-bearing debt increased by 27 mDKK, which included payment of interest expenses of 4 mDKK. A significant cause of this was build-up of working capital.

### Expectations

At the end of the 1st quarter the company had orders to the value of 118 mDKK (including one third to be supplied in 2003). The order volume is lower than originally expected, and achieving the improvement in turnover which is the target for 2002 will depend on a corresponding inflow of orders in the near future. Based on our current list of tenders, the later is still realistic and the aforementioned target remains the objective.

### Activities

NKT Flexibles has supplied a number of orders for several variants of the risers and flowlines manufactured by the company. These orders included a contract from Norsk Hydro for replacement of a water injection line in the Vigdis field in the North Sea. In a contract for Vanguard SPM (IOM), Australia, flowlines and risers have also been supplied for a gas field on the northwest coast of Australia. The pipes must be specially installed to withstand the cyclones that occur in this part of the country. NKT Flexibles has also completed production of an order from Sonangol P & P, Angola, for supply of risers and jumpers as part of a development project. In spite of a growing level of activity the company has yet to receive an order large enough to utilise all its pipe manufacturing capacity.

Internally, NKT Flexibles has achieved product development results in the area of reinforcement and deflection testing, expanded its laboratory facilities, and took over a number of the functions previously performed by NKT Research. As reported in NKT's 2001 Annual Report, an extensive development project, FLEXTREME™, has been initiated aimed at developing pipes with characteristics for use at depths of water up to 3000 metres.

## NST

With ongoing improvement in tape quality and yield, NST is esta-

blishing itself as a professional supplier of superconducting tapes. The company has supplied products to several high-profile demonstration projects but no clear picture has yet emerged as to when the industrial growth potential for superconducting tapes will be realised.

## WATECH

The technological concept on which Watech is based has shown its merits, not only in conjunction with recycling of PVC waste. All indications are that the technology is also a viable solution for recycling of electronic waste, flue gas wastes and pressure-impregnated wood.

It has not yet proved possible to establish an ownership structure for Watech that can move the company to a commercial growth phase. The greatest obstacle to this is the lack of political will to define threshold values for the handling of environmentally hazardous waste and to legislate in the area of long-term waste problems.

If opportunities do not emerge for exploiting Watech's concept in a financially sustainable context, NKT will be compelled to wind up the activities taking place.

## NKT CABLES

### Earnings development

The NKT Cables group recorded 1st quarter turnover of 593 mDKK. This was a fall of 15% on the 1st quarter of 2001. After adjustment for movements in metal prices the fall in turnover was 10%. Viewed in isolation this is not satisfactory, but the development is in line with that of our main competitors. The development is therefore considered to be cyclically induced.

The decrease in turnover, amounting to 101 mDKK relates to optical telecom cables (-29 mDKK / -65%) and to low voltage products including installation cables (-74 mDKK / -28%). For the first-mentioned products the decrease was directly linked to the strong slowdown in the level of investment in the telecommunications industry, while for the latter products the decrease was attributable to low demand from the building industry mainly in Germany.

The 1st quarter level of activity for high and medium voltage products was above that of 2001, and on the basis of framework agreements signed and orders received we expect growth in this area in both volume and price terms for the year as a whole.

1st quarter EBIT amounted to (47) mDKK, against (31) mDKK last year. This development was directly related to the decrease in turnover. However, an increase of 3 percentage points in the gross contribution margin and a 3% fall in cash capacity costs on the same period last year substantially compensated for the consequences of the fall in turnover.

Net interest-bearing debt increased in the 1st quarter of the year by 40 mDKK, which included payment of interest expenses of 10 mDKK. This development was in line with expectations and was due to seasonally affected sales - and the resulting need for build-up of stocks.

### Expectations

Based on developments in the 1st quarter, projected turnover for the year has been reduced from 3% growth to a level around last year's figure. The decline in the 1st quarter is thus expected to be balanced by a corresponding increase during the remainder of the year. Against this background, projected EBIT for the year as a whole is in other order of 10 - 20 mDKK.

### Activities

During the 1st quarter a framework agreement for sale of low voltage products in selected markets was signed with a major European wholesaler.

The 1st quarter saw a breakthrough in the medium voltage area with establishment of a first ever framework agreement for supply to the French market.

The 1st quarter was characterised by a strong level of activity in the high voltage area, with bids for two major projects in Denmark and the Middle East. The outcome of these bids is expected in the 2nd quarter.

The work of optimising the balance sheet structure and cash flow, including disposal of non-strategic assets, continued in the 1st quarter. As a result of this work the cable recycling operations in Hals and the cable installation barge Henry P. Lading were successfully divested at book value after the end of the 1st quarter. Both were associated with submarine cable manufacture, an activity now discontinued, and as such they were no longer a natural part of the cable business. A number of other assets for potential sale have also been identified.

In the Polish subsidiary, SFK, a restructuring project concerning modernisation of both production and administrative functions has been initiated, and it has consequently been decided to reduce the Polish staff by around 15%. It is expected that the workforce of the NKT Cables Group is reduced to around 2,700 at the close of the year.

In April, NKT Cables in Denmark was presented with a "Green Products" environmental award for the development of its PVC-free NOPOVIC cables. With the phasing out of PVC plastics, which at NKT Cables in Denmark were used for cable insulation, the company has benefited society by removing the considerable environmental problems traditionally associated with the disposal of PVC waste in particular. As a recipient of the award, NKT Cables is also entered in an EU environmental competition taking place later this year.

## NILFISK-ADVANCE

### Earnings development

Nilfisk-Advance recorded 1st quarter turnover of 681 mDKK against 743 mDKK in the same period last year. The decrease was an evenly distributed 8% in the United States, the Asia-Pacific region and Europe, turnover being 223 mDKK, 50 mDKK and 408 mDKK, respectively. This development in sales was below expectations, but the trend is in line with that of our main competitors.

Earnings before interest and tax (EBIT) for the 1st quarter comprised 8 mDKK after goodwill amortisation amounting to 15 mDKK. Despite the fall in turnover of 62 mDKK compared with the same period last year, EBIT was only reduced by 5 mDKK. This was attributable to an improvement of two percentage points in gross contribution margin and a reduction of 5% in cash capacity costs.

Net interest-bearing debt increased by 64 mDKK in 1st quarter 2002. Payment of interest expenses amounted to 9 mDKK. A significant reason for this development was the acquisition in January of the remaining 30% equity of CFM, Italy, for a sum of 43 mDKK. There was thus a net cash outflow on operations of 12 mDKK. This was solely attributable to build-up of working capital, as earnings for the period before interest, tax, depreciation and amortisation (EBITDA) amounted to a profit of 38 mDKK.

### Expectations

Based on developments in the 1st quarter, projected turnover for

the year as a whole has been reduced from a small improvement to around the same level as last year. It is therefore expected that the decrease in the 1st quarter will be balanced by a corresponding increase in the remainder of the year. Against this background, EBIT for the year as a whole is expected to be around 2.5% of turnover, compared with 3% previously.

### Activities

For Nilfisk-Advance, as a leading supplier of cleaning machines, the trend in development was the same as for the market's other dominant suppliers.

To counter the unfavourable market trend, continued strong focus was placed on cost savings and efficiency improvements in all parts of Nilfisk-Advance. As a visible result the number of employees was reduced by a further 32 during the 1st quarter, the total being 2,158 at period end. The aim is to reduce the workforce to around 2,100 at the close of the year.

During the 1st quarter of 2002, distribution for Germany, Austria and the Netherlands was transferred to the company's central European warehouse facility. This process is expected to be fully implemented in the 2nd quarter. Thereafter, only two out of the 13 European sales subsidiaries will remain to be transferred to this facility. We expect this initiative to lead to further stock reductions in the months ahead.

With a view to further improving the efficiency of its European organisation, Nilfisk-Advance has taken steps towards centralising its IT and common administrative functions (service sharing). All European IT operations are therefore expected to be centralised around the year end. Similar activities are under way in the United States and Canada, where units in Malvern, Chicago and Plymouth are examining the possibilities for service sharing.

The previously announced relocation of production from Brøndby, Denmark, is going as planned. Transfer of production to the Åmål factory in Sweden has been completed and outsourcing of production to an external supplier is expected to be concluded in the 3rd quarter.

The intensification of product development is proceeding to plan. A total of five product launches are therefore expected during the course of first-half 2002. Together with re-engineering of other products, this is expected to add further improvement to the gross contribution margin.

Following continued preparation work in the 1st quarter of the year, establishment of a sales subsidiary in China is expected in the 2nd quarter.

## NOVATOR (equity share 67%)

On 1 May 2002 the current activities, assets and a number of the 21 employees of the engineering company NOVATOR were acquired by Semcon Danmark A/S, a subsidiary of Semcon Sweden. Employees not offered positions with Semcon Danmark have been given notice. The company has thus ceased its activities.

This disposition must be viewed in the light of the difficulty in selling engineering man-hours in the competencies represented by NOVATOR against the background of the general caution in industry. Enquiries begun with a view to establishing a new ownership structure for NOVATOR therefore resulted in transfer of the company's existing activities to Semcon Danmark.

### Expectations

NOVATOR's income for the financial year 2002 covering operation, winding-up of unsold activities, and the effect of the transaction with Semcon will amount to (12) mDKK, 67% of which is attributable to NKT Holding.

## PRIORPARKEN

In January, Priorparken sold one of its properties for 110 mDKK. The sale profits were calculated as 60 mDKK. It is a part of NKT Holding's strategy to reduce its capital tie-up in Priorparken through sale of individual properties, and increased focus has been placed on active sales work in this context.

## NEW ACCOUNTING POLICIES

With effect from 1 January 2002, NKT's accounting policies have been aligned with the new Danish Company Accounts Act and the latest published Danish accounting standards. In this connection it has also been decided to make provisions for ongoing guarantees regarding product liability and to carry out minor reclassifications in the accounts.

Comparative figures have been adjusted in accordance with IAS standards.

As at 31 March 2002, the effect of the changes in relation to previous accounting policies was as follows:

|                                                                                                                | Shareholders' equity |           | EBIT     |
|----------------------------------------------------------------------------------------------------------------|----------------------|-----------|----------|
|                                                                                                                | 1.1.2002             | 31.3.2002 |          |
| <i>Amounts in mDKK</i>                                                                                         |                      |           |          |
| Goodwill<br>(restructuring costs in acquiring company are excluded)                                            | (90)                 |           | 2        |
| Development costs<br>(capitalised from 1.1.2002)                                                               | -                    |           | 4        |
| Reversal of property revaluations<br>(made in previous years)                                                  | (66)                 |           | 2        |
| Provision for ongoing guarantees                                                                               | (41)                 |           | -        |
| Reversal of dividend provision at 31.12.2001<br>(dividend provision not in future to be made in balance sheet) | 100                  |           |          |
|                                                                                                                | <u>(97)</u>          |           | <u>8</u> |

EBIT for 1st quarter 2001 is positively influenced to the amount of 4 mDKK, as a result of which the net change from the first quarter of last year to this year is only 4 mDKK.

## BALANCE SHEET AND MOVEMENTS IN SHAREHOLDERS' EQUITY

| <b>All amounts in mDKK</b>                                               | <b>I quarter 2002<br/>Unaudited</b> | <b>I quarter 2001<br/>Unaudited</b> | <b>Year 2001</b> |
|--------------------------------------------------------------------------|-------------------------------------|-------------------------------------|------------------|
| <b>Balance sheet</b>                                                     |                                     |                                     |                  |
| Intangible fixed assets                                                  | 838                                 | 844                                 | 821              |
| Tangible fixed assets                                                    | 1,987                               | 2,138                               | 2,066            |
| Financial fixed assets                                                   | 43                                  | 46                                  | 45               |
| Total fixed assets                                                       | 2,868                               | 3,028                               | 2,932            |
| Stocks                                                                   | 1,229                               | 1,513                               | 1,199            |
| Debtors                                                                  | 1,269                               | 1,426                               | 1,292            |
| Securities                                                               | 90                                  | 265                                 | 113              |
| Cash at bank and in hand                                                 | 800                                 | 3,200                               | 920              |
| Total current assets                                                     | 3,388                               | 6,404                               | 3,524            |
| Total assets                                                             | 6,256                               | 9,432                               | 6,456            |
| Shareholders' equity                                                     | 3,754                               | 6,408                               | 3,775            |
| Minority interests                                                       | 197                                 | 243                                 | 222              |
| Provisions                                                               | 377                                 | 502                                 | 415              |
| Long-term creditors                                                      | 407                                 | 594                                 | 510              |
| Short-term debt to credit institutions                                   | 472                                 | 594                                 | 450              |
| Other short-term creditors                                               | 1,049                               | 1,091                               | 1,084            |
| Total liabilities                                                        | 6,256                               | 9,432                               | 6,456            |
| <b>Equity movements</b>                                                  |                                     |                                     |                  |
| Shareholders' equity, 1 January                                          | 3,872                               | 4,149                               | 4,149            |
| Changes accounting policies                                              | (97)                                | 2,595                               | 2,595            |
| Shareholders' equity after adjustments                                   | 3,775                               | 6,744                               | 6,744            |
| NKT's share of Group net income                                          | (32)                                | (1)                                 | (30)             |
| Currency translation of net income<br>and equity of foreign subsidiaries | 7                                   | 33                                  | 47               |
| Own shares/paid share options                                            | 4                                   | (368)                               | (180)            |
| Dividend paid                                                            | 0                                   | 0                                   | (2,806)          |
| Shareholders' equity, 31 March                                           | 3,754                               | 6,408                               | 3,775            |

## CASH FLOW AND INTEREST-BEARING ITEMS

| <b>All amounts in mDKK</b>                                        | <b>I quarter 2002<br/>Unaudited</b> | <b>I quarter 2001<br/>Unaudited</b> | <b>Year 2001</b> |
|-------------------------------------------------------------------|-------------------------------------|-------------------------------------|------------------|
| Earnings before interest, tax.                                    |                                     |                                     |                  |
| depreciation and amortisation (EBITDA)                            | 66                                  | 37                                  | 315              |
| Net financial income and expenses                                 | (3)                                 | 51                                  | 38               |
| Change in working capital, gain from sale of assets reversed etc. | (134)                               | (113)                               | 93               |
| Cash flow from operations                                         | (71)                                | (25)                                | 446              |
| Net investment in tangible fixed assets                           | 80                                  | (57)                                | (123)            |
| Other investment, etc.                                            | (46)                                | (19)                                | (47)             |
| Total operating activities and investments                        | (37)                                | (101)                               | 276              |
| Dividend paid                                                     | 0                                   | 0                                   | (2,806)          |
| Own shares / shares options excl. dividend                        | (24)                                | (368)                               | (123)            |
| Change in interest-bearing items                                  | (61)                                | (469)                               | (2,653)          |
| Interest-bearing items, 1 January                                 | 71                                  | 2,758                               | 2,758            |
| Currency translation relating to<br>interest-bearing items        | (3)                                 | (12)                                | (34)             |
| Interest-bearing items (net asset), 31 March                      | 7                                   | 2,277                               | 71               |

| <b>All amounts in mDKK</b>                                                                | <b>I quarter 2002<br/>Unaudited</b> | <b>I quarter 2001<br/>Unaudited</b> | <b>Year 2001</b> |
|-------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|------------------|
| <b>Net turnover</b>                                                                       |                                     |                                     |                  |
| NKT Cables Group                                                                          | 593                                 | 694                                 | 3,039            |
| Nilfisk-Advance                                                                           | 681                                 | 743                                 | 2,883            |
| Priorparken                                                                               | 18                                  | 25                                  | 99               |
| NOVATOR                                                                                   | 3                                   | 11                                  | 58               |
| NKT Flexibles                                                                             | 53                                  | 49                                  | 266              |
| IONAS                                                                                     | 3                                   | 25                                  | 89               |
| Development businesses                                                                    | 10                                  | 11                                  | 61               |
| Intra-group turnover, etc.                                                                | (10)                                | (20)                                | (69)             |
|                                                                                           | <b>1,351</b>                        | <b>1,538</b>                        | <b>6,426</b>     |
| <b>Earnings before interest, tax,<br/>depreciation and amortisation (EBITDA)</b>          |                                     |                                     |                  |
| NKT Cables Group                                                                          | (4)                                 | 11                                  | 252              |
| Nilfisk-Advance                                                                           | 38                                  | 45                                  | 132              |
| Priorparken                                                                               | 67                                  | 13                                  | 47               |
| NOVATOR                                                                                   | (4)                                 | (1)                                 | 1                |
| NKT Flexibles                                                                             | 2                                   | (10)                                | (17)             |
| IONAS <sup>1)</sup>                                                                       | (4)                                 | 2                                   | 35               |
| Development businesses <sup>2)</sup>                                                      | (26)                                | (5)                                 | (70)             |
| Parent company and eliminations, etc.                                                     | (3)                                 | (18)                                | (65)             |
|                                                                                           | <b>66</b>                           | <b>37</b>                           | <b>315</b>       |
| <b>Earnings before interest and tax (EBIT)</b>                                            |                                     |                                     |                  |
| NKT Cables Group                                                                          | (47)                                | (31)                                | 75               |
| Nilfisk-Advance                                                                           | 8                                   | 15                                  | 11               |
| Priorparken                                                                               | 61                                  | 6                                   | 22               |
| NOVATOR                                                                                   | (4)                                 | (1)                                 | 0                |
| NKT Flexibles                                                                             | (8)                                 | (19)                                | (55)             |
| IONAS <sup>1)</sup>                                                                       | (11)                                | (3)                                 | 14               |
| Development businesses <sup>2)</sup>                                                      | (31)                                | (7)                                 | (84)             |
| Parent company and eliminations, etc.                                                     | (2)                                 | (16)                                | (63)             |
|                                                                                           | <b>(34)</b>                         | <b>(56)</b>                         | <b>(80)</b>      |
| <sup>1)</sup> Incl. intra-group gain of 30 mDKK relating<br>to sale of knowhow in Q3 2001 |                                     |                                     |                  |
| <sup>2)</sup> Incl. intra-group gain of 10 mDKK relating<br>to sale of knowhow in Q1 2001 |                                     |                                     |                  |
| <b>Capital employed</b>                                                                   |                                     |                                     |                  |
| NKT Cables Group                                                                          | 1,413                               | 1,656                               | 1,430            |
| Nilfisk-Advance                                                                           | 1,629                               | 1,809                               | 1,580            |
| Priorparken                                                                               | 215                                 | 300                                 | 271              |
| NOVATOR                                                                                   | 6                                   | (5)                                 | 5                |
| NKT Flexibles                                                                             | 496                                 | 459                                 | 481              |
| IONAS                                                                                     | 135                                 | 109                                 | 137              |
| Development businesses                                                                    | 85                                  | 30                                  | 92               |
| Parent company and eliminations, etc.                                                     | (35)                                | 18                                  | (70)             |
|                                                                                           | <b>3,944</b>                        | <b>4,376</b>                        | <b>3,926</b>     |

**Announcements to Copenhagen Stock Exchange  
1.1 - 21.5.2002**

January

- 2 NKT Holding issues share warrants
- 2 Stock exchange calendar
- 7 Share warrants and share options
- 11 Nilfisk-Advance becomes sole owner of CFM S.p.A., Italy
- 21 NKT property sale

February

- 28 Nilfisk-Advance Board of Management

March

- 5 NKT Annual Accounts 2001
- 11 NKT Annual General Meeting
- 26 Employee representation on NKT Board of Directors

April

- 3 Resolutions passed at Annual General Meeting
- 24 IONAS and JDS Uniphase end joint venture partnership
- 30 Activities of NOVATOR acquired by Semcon, Sweden

The NKT report for the 1st quarter of 2002 was published on 21 May in Danish and English via the Copenhagen Stock Exchange.

In the event of any questions regarding interpretation the Danish text shall prevail.

The NKT 1st Quarter Report is available on [www.nkt.dk](http://www.nkt.dk) and is distributed electronically to all subscribers to the Hugin Online service.

Printed copies of the report will automatically be sent by post to all NKT shareholders who have so requested.

Any enquiries relating to the electronic or printed versions of the report should be addressed to the NKT Communications Department on +45 43 48 32 92.

**Stock exchange calendar 2002**

- 21 May 1st quarter report 2002
- 27 August 2nd quarter report 2002
- 19 November 3rd quarter report 2002





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