



QUARTERLY REPORT 3/2002

Release No. 20, 19 November 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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Highlights for 3rd quarter and the period 1 January - 30 September 2002

Amounts in mDKK	3 quarter 2002	3 quarter 2001	1-3 quarter 2002	1-3 quarter 2001
Turnover	1,520	1,621	4,401	4,841
Earnings, EBITDA	95	53	247	258
Earnings, EBITA	18	(28)	10	28
Earnings, EBIT	(4)	(48)	(54)	(32)
Corporate net income after tax	(10)	(57)	(84)	6
NKT's share of corporate net income	0	(47)	(55)	27
Shareholders' equity	3,550	3,791	3,550	3,791
Net interest-bearing items, assets/(debts)	109	(162)	109	(162)

Comments to 3rd quarter accounts

The NKT Group reported breakeven for the 3rd quarter after tax and minority interests.

The NKT Cables Group reported an earnings deficit, EBIT, of 7 mDKK. This unsatisfactory performance was still principally attributable to the negative impacts from telecom cable activities in Austria and activities in Cologne.

Nilfisk-Advance continued to make progress. Earnings, EBIT, amounting to 26 mDKK were reported compared with a loss of 7 mDKK for the same quarter of last year.

Property sales contributed 35 mDKK to Priorparken's earnings, EBIT, performance.

NKT Flexibles received orders with a contract value of 91 mDKK.

NKT Integration established business units in North America focusing on sales, design and packaging of components. The market situation is still characterised by a low level of activity.

In NKT's other companies the focus was on adjustment to NKT's new strategic priorities.

NKT had net interest-bearing assets of 109 mDKK at the end of the period against the background of a positive 3rd quarter cash flow of 139 mDKK.

Proposals for a number of structural measures were discussed and approved at the meeting of the Board of Directors on 19 November. These measures will lead to significant impairment and restructuring provisions amounting to around 600 mDKK. Against this background, a consolidated net loss after tax and minorities of around 700 mDKK will be recorded for 2002 (see also page 3).

Any questions

should be addressed to Tom Knutzen, President and CEO, on telephone no. +45 43 48 20 00.

A meeting for stock market analysts and the press will be held on

Tuesday 19 November 2002 at 15:00.

Place: FUHU Konferencenter, Auditorium 2, Fiolstræde 44, 1171 Copenhagen K.

Online transmission of speak and presentation slides can be followed via www.nkt.dk, starting at 15.00.

The presentation will afterwards also appear on our website.

In NKT's 2nd quarter 2002 report we outlined the priorities in NKT's corporate strategy, which must be seen against the background of the uncertainties attaching to future cyclical developments.

Further to our decision to concentrate our technological business development in the NKT Photonics Group of companies and to focus on establishing sound business development in our two core companies, NKT Cables and Nilfisk-Advance, we have taken a number of decisions aimed at:

- generating a profit in 2003 that can lead to an appreciation of the NKT share price
- preserving NKT's financial strength by means of a positive cash flow
- maintaining the Group's dividend policy of 4 DKK per share, corresponding to an annual 100 mDKK pay-out

The principal objectives for NKT's primary businesses are therefore:

- To develop NKT Cables into a profitable business and to maintain its positive cash flow.
- To maintain and increase Nilfisk-Advance's current progress through expansionary measures.
- To maintain the activity levels of the NKT Photonics Group of companies in order to develop long-term growth and value creation in these companies.

The specific measures for achieving our corporate strategic priorities are:

- Restructuring in the NKT Cables Group and reduction of the company's product portfolio.
- Sale of the assets of Nordic Superconductor Technologies (NST) and closure of the Birkerød factory.
- Termination of NKT's financial involvement in PicoSep and Watech - with a view to sale of technology.
- Cost reductions in NKT Holding and NKT Research & Innovation.
- Establishment of new ownership structures for SMB and Cantion.
- Impairment charge to the fixed assets in NKT Cables and NKT Flexibles. (Impairment tests).

Additional information on the above measures is contained in the NKT Group review on pages 4-5 and the individual company reviews on pages 6 - 11.

Earnings development

2002

We expect a consolidated net loss after tax and minorities of around 100 mDKK - excluding the effect of restructuring measures. This forecast is thus within the framework of previously announced predictions.

Structural measures

- Planned restructuring measures in the NKT Cables Group and reduction of that company's product portfolio will have a negative effect on earnings of around 100 mDKK.
- Winding up/selling/phasing out of NST, PicoSep and Watech will have a negative effect on earnings of around 25 mDKK.
- Planned impairment will have a negative effect on earnings of around 575 mDKK after minority interests - see description of impairment of assets on page 4.
- Recognition of a tax asset will have a positive effect on earnings of around 100 mDKK - see description of tax on page 5.

NKT will therefore incur an overall net book loss of around 700 mDKK for 2002. By virtue of a positive cash flow in 2002 after payment of dividend, the Group's net interest-bearing assets at the end of 2002 are expected to exceed more than 100 mDKK.

2003

With the effect of the significant changes made in 2002, a net profit is expected in 2003 together with a positive cash flow exceeding NKT's ordinary dividend payment of 100 mDKK. This expectation is based on unchanged levels of activity in those markets in which NKT companies are players.

A more detailed review of expected financial performance for 2003 will appear in the Annual Accounts for 2002 released on 4 March 2003.

3rd quarter performance

3rd quarter consolidated turnover was 1,520 mDKK, a 6% fall on the same period last year. This was directly linked to the cyclical developments in our main markets and to continued low levels of activity in NKT Flexibles and NKT Integration. Part of the fall was attributable to developments in exchange rates and metal prices and to the activities wound up and sold in 2001.

EBIT amounted to (4) mDKK, compared with (48) mDKK for the same period last year. This 44 mDKK increase was principally attributable to improved earnings of 33 mDKK by Nilfisk-Advance, and to gains of 35 mDKK on sales of property by Priorparken. As planned, NKT's development businesses incurred increased costs of 9 mDKK. NKT's other companies reported an overall 3rd quarter result of (12) mDKK.

In the 3rd quarter, Nilfisk-Advance continued to confirm its earnings potential with EBIT of 26 mDKK after goodwill amortisation of 15 mDKK. This corresponds to an EBITA margin of 6.2%. As the company reported (7) mDKK for the same period last year, the improvement amounted to 33 mDKK.

Consolidated 3rd quarter earnings - excluding goodwill amortisation of 22 mDKK (EBITA) - amounted to 18 mDKK.

3rd quarter cash flow from operations and net investments was positive at 146 mDKK. At 30 September 2002 the NKT Group had net interest-bearing assets of 109 mDKK.

Financial items for the 3rd quarter amounted to (2) mDKK, against (7) mDKK for the same period in 2001. This improvement reflects strengthened cash flow development.

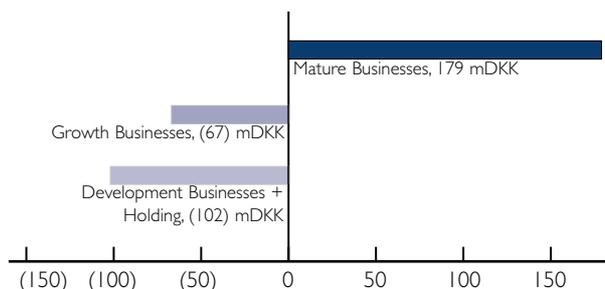
The Group reported a breakeven result for the 3rd quarter compared with (48) mDKK last year.

Performance for first nine months

NKT turnover for the first nine months of 2002 amounted to 4,401 mDKK, down 440 mDKK on the same period last year. The fall in turnover was distributed between all the Group companies.

Group earnings, EBIT, were (54) mDKK, against (32) mDKK the previous year. Nilfisk-Advance made significant progress together with Priorparken, which reported substantial gains on sales of properties, while earnings by the NKT Cables Group and NKT Integration were down on 3rd quarter 2001. As planned, the Group's development businesses reported higher operating losses in 2002 than in 2001.

EBITA - excluding goodwill amortisation of 64 mDKK - was 10 mDKK. Earnings performance by company categories was as follows:



Cost reductions and restructuring

There has been focus on cost-cutting measures in all NKT companies. Among other things this has led to a large number of redundancies, and at 30 September the NKT Group employed 5,294 people. This number excludes staff of Nordic Superconductor Technologies, who have all been given notice following sale of the company's assets. The number of employees has been reduced by 377 or 6.6% on the same period last year.

In addition, against the background of the problems relating to several business units in the NKT Cables Group, it is planned in the final quarter to allocate around 100 mDKK to restructuring and other activities in that company.

Impairment of assets

We have found it necessary to write down a number of the fixed assets relating to the NKT Cables' factories and to NKT Flexibles' pipe factory in Kalundborg. Impairment planned for 31 December 2002 totals - after minority interests - around 500 mDKK for NKT Cables and around 75 mDKK for NKT Flexibles, which corresponds to NKT's 51% equity share in that company.

The above write down of fixed assets belonging to the NKT Cables Group and NKT Flexibles will be undertaken in accordance with the Danish Financial Statements Act, which in some cases calls for impairment tests. These tests must be based on the lowest cash-generating units (usually subsidiaries or sub-subsidiaries) where actual income is not considered to match normal income requirements.

In such cases, the assets must be written down so that they represent a fair value in relation to future earnings expectations.

The objective is to align NKT with the general trends regarding value-based accounting as it is estimated that - after the write down adjustments - the present value of the expected future cash flow will be on a par with or higher than the capital employed.

Tax

With positive earnings expected in the years ahead, the likelihood of utilising current-year and previous years' tax losses etc. will be increased. Thus, inclusion of a tax asset of around 100 mDKK is expected to have an effect on the profit and loss account and balance sheet in the 2002 annual accounts.

Reduced corporate portfolio

Nordic Superconductor Technologies (NST), which manufactures superconducting tapes, was sold on 1 October 2002, ie. after the end of the 3rd quarter. The sale included all the company's assets (machinery, stocks, patents, knowhow, etc.). The buyer was American Superconductor Corporation (AMSC), the leading player in the development of superconductor technology and the market's largest producer of superconducting tapes. NST's production at Birkerød will not continue under the new ownership.

The sale of NST's assets will result in extraordinary depreciation and winding up (redundancy) costs of around 25 mDKK. The effect on cash flow will be around 5 mDKK. When the value (around 10 mDKK) of the AMSC shares that NKT receives in exchange for NST's assets is deducted, the transaction will result in net extraordinary expenses of around 15 mDKK.

NKT has decided not to pursue its development activities in PicoSep and Watech. Work continues to find new ownership structures for these companies - or alternatively to sell off the technology.

The NKT Group at 19 November 2002

NKT Holding		
Mature businesses	NKT Cables Nilfisk-Advance	Priorparken
Growth businesses	NKT Integration	NKT Flexibles
Development - businesses	Crystal Fibre Koheras LIOS Technology NKT Research & Innovation	SMB Cantion PicoSep Watech
	NKT Photonics Group	Other businesses

Expectations

Forecast consolidated earnings for 2002 and 2003 are stated on page 3.

Decisions taken at Board Meeting of 19 November 2002

By virtue of the authority granted and pursuant to Article 3B of the Company's Articles the Board of Directors has decided to allocate up to 160,000 warrants in January 2003 to the employees and management of NKT Holding A/S and NKT Research & Innovation A/S. The basis for the subscription price is unchanged from last year, ie. the average share price for the month of December. When the issue has been made we will publish the precise conditions regarding number of warrants, subscription

price, subscription date, value, etc. At the present share price level the value of the issue - based on the Black-Scholes formula - is around 2.5 mDKK.

Certain shareholdings

The shareholdings of NKT's Board of Directors, management and executives are unchanged. On 7 October we declared that the portfolio for all persons comprised by the Group's rules on insider Trading is 482,149 shares - hereof

Board of Directors of NKT Holding	456,898 shares
NKT Group Management	4,440 shares

Own shares

The own shares portfolio is unchanged. NKT Holding A/S still holds 2% of own shares.

Stock Exchange Releases 1.1. - 19.11.2002

2 January	NKT Holding issues share warrants
2 January	NKT's stock market diary for 2002
7 January	Share warrants and share options
11 January	Nilfisk-Advance acquires full ownership of its Italian company, CFM S.p.A.
21 January	NKT sale of property
28 February	Nilfisk-Advance's Management
5 March	Annual Accounts 2001
11 March	Notice of Annual General Meeting
26 March	Employee representation on NKT's Board of Directors
3 April	Decisions made at the Annual General Meeting
24 April	IONAS and JDS Uniphase wind up joint venture partnership
30 April	NOVATOR's activities acquired by Semcon, Sweden
21 May	Quarterly report 1/2002
7 June	Merger of subsidiaries strengthens NKT's optical profile
10 June	New CEO of NKT Cables Group
25 June	NKT sale of property
27 August	Quarterly report 2/2002
7 October	Reporting of certain shareholdings
1 November	NKT sells off superconducting tapes business
19 November	Quarterly report 3/2002

Stock market diary 2003

4 March	Annual Accounts 2002
3 April	Annual General Meeting
20 May	Quarterly report 1/2003
26 August	Quarterly report 2/2003
18 November	Quarterly report 3/2003

Progress in the NKT Cables Group continues to be very unsatisfactory due to negative operating developments, principally in Cologne and in connection with telecom-related activities in Austria. It is our assessment, however, that the NKT Cables Group maintains its position in a market with weak demand.

Earnings development

NKT Cables recorded a 3rd quarter turnover of 771 mDKK, a fall of 5% on the same period in 2001. After adjustment for developments in metal prices the fall in turnover was 4%, which was similar to the fall in the 2nd quarter.

The decrease in turnover, amounting to 40 mDKK, was attributable to optical telecom cables (-11 mDKK / -35%), developments in metal prices (-10 mDKK), and discontinued activities relating to submarine cables, rubber cables, cable reprocessing and metal trading (-59 mDKK). Other activities - primarily high, medium and low voltage cables and installation cables - yielded an aggregate turnover increase of 40 mDKK, around 5%.

The strongly reduced sale of optical telecom cables was a continuation of the 1st half trend. In the Group's main product areas, volume sales of high and medium voltage products increased, while sales of low voltage products were similar to last year. The growth in the first two product categories was primarily due to increased sales in Scandinavia, while sales in Central Europe were on a par with last year. The flat sales trend for low voltage products included growth in Eastern Europe which was balanced by reduced sales in the German market. Sales of OPGW (Optical Ground Wire) products, which were unexpectedly weak in the 2nd quarter, strengthened in the 3rd quarter and resulted in increased turnover.

The 3rd quarter gross contribution margin was 38.5%, an improvement of 1.9 percentage points on the same period last year. However, after adjustment for the discontinuation of metal trading, a low margin area, gross margin fell from 40% to 39%. This reflects changed product mix combined with price squeeze on low and medium voltage products.

Capacity costs, excl. depreciations, were 0.7% higher than in the same period last year, which was slightly worse than expected.

3rd quarter EBITDA was around 4.5% of turnover, down 5.3% on the same period last year. 3rd quarter EBIT was (7) mDKK, against (1) mDKK last year. This fall corresponds to earnings lost on optical telecom cables, while other sales growth, squeezed gross margin, and increased cash overheads balanced out overall.

Net interest-bearing debt in the 3rd quarter was reduced by 73 mDKK after payment of interest expenses amounting to 13 mDKK.

Restructuring measures

Results of operations in Austria and Cologne were very unsatisfactory. It has therefore been decided to implement a reorganisation whereby employee numbers will be reduced by around 75 (25%) in Austria and by around 70 (15%) in Cologne. It has also been

decided to reduce the product range in selected markets in the area of accessories and certain low voltage products, the latter being considered uneconomic to manufacture in small series. Consideration will be given to whether the sale of these products should be maintained by sourcing from third party.

The capacity adjustments in Austria are the result of a decision to step out of production of data cables in Trumau and to reduce the fibre cable plant in Wartberg to a 'production only' unit with no administrative staff.

As a result of these measures, earnings, EBIT, for 2002 will be reduced by a one-off cost of around 100 mDKK. Of this amount it is estimated that 75 mDKK will have a direct negative cash flow effect spread over the next six months. However, it is expected that the net cash flow effect will be less as a result of subsequent sales of buildings, machinery and stocks relating to the terminated activities. An annual operating improvement of around 50 mDKK is expected with effect from 2003.

Fixed assets

As stated on page 4 and in accordance with the general trend towards more value-based accounting it has been found necessary to write down many of the fixed assets relating to the factories belonging to NKT Cables. The total write down is provisionally put at 565 mDKK, which after recognition of minority interests will reduce net income by around 500 mDKK. The Group's cash flow will be unaffected by this. Book capital employed will thereafter be around 700 mDKK. This is considered to constitute a reasonable appraisal taking into account the expected future yearly free cash flow of around 80-110 mDKK.

Expectations

Final quarter turnover is expected to be 5-10% down on the same period last year, giving a turnover for the year of just under 2.8 bnDKK. Earnings, EBIT, for the year before restructuring measures and impairment of fixed assets are expected to be around (60) mDKK, an extremely unsatisfactory result which underlines the necessity for radical measures to reduce the level of costs. After inclusion of restructuring provisions and impairment, EBIT for 2002 is expected to be around (725) mDKK.

Nilfisk-Advance continued its positive earnings trend. An improved gross margin, lower overheads, and declining inventories are compensating for the weak demand.

It is our assessment that Nilfisk-Advance is performing well in a market which is squeezed as a result of the general economic slowdown.

Earnings development

Nilfisk-Advance reported a 3rd quarter turnover of 660 mDKK, against 681 mDKK in the same period last year, a decrease of 3%. After currency adjustments, the decrease in turnover was less than 1%.

Turnover on operations in Europe and Asia increased by 2% and 8%, respectively. In the US market, turnover was down around 5% measured in fixed exchange terms. The turnover breakdown was 382 mDKK for Europe, 59 mDKK for the Asia/Pacific region and 219 mDKK for the US market. The trend in sales is in line with our expectations, and developments in the US market are a result of reduced focus on volume contracts with low profitability.

3rd quarter earnings, EBIT, were 26 mDKK after goodwill amortisation of 15 mDKK. This corresponds to an EBITA margin of 6.2%, which was similar to the previous quarter. Nilfisk-Advance achieved a margin of 4.1% on US activities and 7.0% on European and Asiatic operations. This earnings performance was 33 mDKK up on the same period last year when (7) mDKK was recorded, and was the result of a continuous improvement in contribution margin combined with a reduced costs level. The 3rd quarter contribution margin was similar to the 2nd quarter and was up by 1.2 percentage points on the 3rd quarter of last year. Cash overheads in the 3rd quarter were 7.8% below the 2nd quarter figure, and 12.1% below the 3rd quarter of last year.

Net interest-bearing debt was reduced by 42 mDKK in 3rd quarter 2002. Paid interest expenses amounted to 5 mDKK, and 16 mDKK was spent on acquisition of distribution rights for chemical products in Sweden. Free cash flow during the quarter thus amounted to 63 mDKK, the major part being generated by operations, and with a positive contribution from the continued focus on reduction of working capital.

Expectations

Last-quarter 2002 turnover is expected to be similar to last year, corresponding to a turnover for the year of around 2.8 bnDKK. Earnings, EBIT, for the year are expected to exceed 90 mDKK.

Activities

Throughout the period of market slowdown, Nilfisk-Advance has maintained - and in some areas increased - its European sales and service resources. This has resulted in increased market shares, and in the 3rd quarter particularly Nilfisk-Advance experienced growth in sales to contract cleaners along with increased sales of service contracts and domestic vacuum cleaners.

Intensive work is taking place on redesign of existing products and development of new products. Nilfisk-Advance will therefore be

able to market a large number of new models to a variety of customer segments.

In the US area of Nilfisk-Advance's operations a growing number of distributors have chosen to market the company's products, and the company is expected to strengthen its market position among major cleaning contractors.

The project initiated to centralise IT and shared services is proceeding to plan, with the companies in the Netherlands, Norway and France now connected to the central IT facility.

Outsourcing of vacuum cleaner production from Brøndby to an external manufacturer was completed in the 3rd quarter.

The ongoing capacity adjustments in Nilfisk-Advance led to 82 redundancies during the 3rd quarter; the company work force numbering 2,046 employees at 30 September 2002.

The companies in the NKT Photonics Group have their business base in both the telecoms and non-telecoms market.

The telecoms market, in which NKT Integration - an NKT growth company - is a player, is experiencing consolidation and shutdowns, and levels of market activity are still extremely low. It is our assessment that the profound change in the competitive situation among suppliers of optical telecoms products and services will in time provide improved opportunities for NKT Integration.

The development businesses in the NKT Photonics Group are not yet sufficiently advanced in their commercial evolution to make them seriously vulnerable to general cyclical influences.

NKT INTEGRATION

Earnings development

The earnings reported by NKT Integration (formed by the merger of IONAS and CISILIAS) relate during the first nine months of this year solely to the activities that have taken place in IONAS, the costs relating to CISILIAS being included in the total reported for NKT's development businesses.

NKT Integration (IONAS) reported a 3rd quarter turnover of 7 mDKK, compared with 22 mDKK for the same period last year. The level of turnover was unchanged from the 2nd quarter of this year, which reflects continued very low demand that is related to the general investment slowdown in the telecoms sector. 3rd quarter sales to JDS Uniphase amounted to 4 mDKK.

NKT Integration (IONAS) posted a 3rd quarter earnings, EBIT, deficit of 13 mDKK, compared with a loss of 5 mDKK for the same period last year (after adjustment for an intragroup gain of 30 mDKK resulting from the separation of the fibre laser manufacturer Koheras). The decline in earnings was principally attributable to the reduced level of activity.

Expectations

Activity levels are expected to be unchanged in the short term. Establishment of the North American organisation will increase operating costs, and the operating loss for final quarter 2002 will therefore be higher than the 3rd quarter figure.

Activities

The merger of the companies IONAS and CISILIAS has been completed and the 12 employees of CISILIAS previously based at the Technological University of Denmark in Lyngby now having been relocated to Birkerød.

As a result of the market situation and the synergies generated by the merger of IONAS and CISILIAS, staff capacity adjustments of around 15% were made in Birkerød during the 3rd quarter. The redundancies will take effect during the first half of 2003.

A new PECVD production line for the manufacture of active optical chips has been established at the Birkerød plant. A chip that can amplify optical signals will initially be produced.

Parallel with the running-in of the new PECVD production line NKT Integration is finalising the development that accompanies the upgrading of the optical amplifier chips from a 4" to a 6" wafer platform. The new wafer can accommodate 6-8 chips - each with 4-16 optical amplifiers. These types of active optical amplifiers will find application - in the form of packaged components - at signal processing and rerouting locations in the telecoms network.

The amplifier component will thus be a supplement to NKT Integration's signal handling components. The company's future development plans include integrating amplifier function and other signal handling functions on one single chip.

NKT Integration has set up an organisation in North America, which is home to many of the global suppliers of telecoms products - and thus also to customers for the company's products and services. A sales office has been established in Chicago, and a small production unit with design facilities and planned packaging and testing functions has been set up in Montreal. By the end of the year the North American companies are expected to employ 10 people.

NKT Integration's presence in North America is an element in its strategic plans to grow from being solely a supplier of foundry services (optical chips) to also supplying components developed and packaged in-house. The first components - power splitters for signal distribution - are currently being introduced on the market.

With the merger of IONAS and CISILIAS and the company's subsequent establishment in North America, the resources for sales-oriented activities have been significantly increased. An extensive programme of visits to existing and potential customers in North America, Europe and Asia was begun in the 3rd quarter and will continue in the final quarter of the year.

CRYSTAL FIBRE

Crystal Fibre's product development is going to plan, with growing interest in the company's fibres being reflected in growing turnover.

In addition to continued sales to universities and research institutions there has recently been an increase in sales of customer-specific fibres. The growth in sales is solely related to non-telecoms applications, principally in industry, which exploit features such as the ability of the fibres to support very high light intensities.

KOHERAS

Work on identifying commercial applications for the company's high precision lasers continues. Prospects for the company's fibre lasers are currently strongest in contexts which include airport surveillance equipment and seismic measuring equipment.

LIOS TECHNOLOGY

There is constant influx of orders for the company's sensor-based monitoring systems, and supply capability is now back to normal after problems with laser shortages earlier this year.

During the 3rd quarter, LIOS Technology's sensor systems realised their potential for applications other than fire detection in tunnels with the supply of a temperature monitoring system for process plant and orders for monitoring equipment for nuclear reactors. Sales for other applications are also in sight.

LIOS Technology is expected to report a small profit for 2002.

NKT RESEARCH & INNOVATION

As a result of the new priorities in NKT's corporate strategy, NKT Research & Innovation has been reorganised so that its R&D activities solely support the NKT Photonics Group of companies, ie. the development of optical components for telecoms and non-telecoms applications. The company's patents and human resources departments will continue to serve companies across the NKT Group.

Redundancies, transfer of personnel to other parts of NKT, and general cost-cutting measures have been effected with a view to achieving a one third reduction in the company's future operating expenses.

NKT Academy provides a study framework for 16 photonics-related PhD courses that represent part of our future knowledge base.

AdSphere is an autonomous, self-supporting business unit under NKT Research & Innovation which markets a unique surface treatment technology. Among other things, this technology is used in the manufacture of control buttons for Mercedes cars.

Measures have been initiated aimed at expanding the technology applications to other areas of the automobile industry.

PRIORPARKEN

Priorparken has sold a number of properties during the first nine months of the year. Two of these have been substantial transactions, the latter being completed in September. Against this background, Priorparken reported a profit of 105 mDKK for the first three quarters of 2002. 3rd quarter earnings, EBIT, were 37 mDKK, which included gains on property amounting to 35 mDKK.

Work is actively continuing to dispose of the other 15 units owned by NKT at the Priorparken site. The book value of this property is 240 mDKK, which is considered significantly less than the true market value. The properties cover a site area of 297,000 m², total floor area being 139,000 m².

A number of the services provided by the company to Priorparken tenants are being gradually outsourced, among other things in step with natural retirement among the company's personnel.

Priorparken had 37 employees at the end of the 3rd quarter.

NKT FLEXIBLES (equity share 51%)

Earnings development

NKT Flexibles recorded a 3rd quarter turnover of 57 mDKK, which was marginally above the figure for the 2nd quarter, but 12% down on the turnover of 65 mDKK for the 3rd quarter of 2001. At 54%, however, the gross contribution margin was up on the 49% for the same period last year as a result of changed product mix. Cash overheads fell slightly from 37 mDKK in the 3rd quarter of last year to 36 mDKK this year.

Earnings, EBIT, amounted to a loss of 12 mDKK, an improvement of 3 mDKK on the last year. Depreciation for the period was 9 mDKK.

Net interest-bearing debt at period end was 332 mDKK, which included loans valued at 90 mDKK from the joint venture partner Stolt Offshore. The net interest-bearing debt grew during the quarter by 12 mDKK after payment of interest expenses of 4 mDKK.

Expectations

The company increased its order book during the period through new orders with a contract value of 91 mDKK. Orders in hand at the end of the 3rd quarter amounted to 133 mDKK, compared with 99 mDKK at the end of the 2nd quarter.

Final quarter turnover is expected to be slightly above the 3rd quarter figure.

For the year as a whole, similar earnings to last year are expected, which is most unsatisfactory.

A series of measures implemented during the 3rd quarter are described in the following, which together with proposed impairment of the company's fixed assets are intended to make NKT Flexibles profitable in the years ahead.

Activities

NKT Flexibles has been focused on growth since it was formed in 1999. Against the background of the present demand situation, which is expected to extend into 2003, it has been decided, however, to re-target the company's short-term focus away from growth in order to secure breakeven cash flow from operations based on a small operating profit before depreciation.

However, this priority will not reduce the work that is taking place on continued innovative product development which is intended to create the foundation for long-term increased competitiveness - and thus also growth.

The technological initiatives relate among other things to using cheaper polymers without compromising product quality, implementing more cost-effective flowline designs, developing products for installation at depths of water greater than 2000 m (Flextreme™), and integrating optical monitoring systems into the company's products.

John Baxter joined the company as Chief Operating Officer in mid-2002 after many years with Stolt Offshore.

In September 2002, NKT Flexibles was reorganised with the aim of improving efficiency. The changes created the basis for capacity adjustments at the Kalundborg factory along with anticipated savings in manufacturing costs. As a result, 35 job cuts have been made among the company's 245 work force, a reduction of around 15%.

A crucial prerequisite for more effective use of the company's pipe production plant is to improve the ratio between orders for risers/jumpers and orders for flowlines. Against this background it is satisfying to note that sales work carried out over recent months in close partnership with Stolt Offshore has resulted in several new orders for long flowlines.

Fixed assets

The re-targeting of the company's focus, seen against the post economical development in earnings, has prompted a revaluation of the book value of NKT Flexibles' fixed assets. By applying a number of more cautious estimates of market development and of the company's future market share, the expectation is that the company's fixed assets will be written down in the 2002 annual accounts by around 75 mDKK after minority interests. It should be noted that this adjustment will not have an effect on cash flow (cf. remarks on impairment on page 4).

SMB, PICOSEP AND CANTION

We have been working purposefully to find solutions that will enable NKT to reduce its financial involvement in the three life science companies SMB (slides for DNA and protein analysis, and microflow systems), PicoSep (alternative technology for protein separation and analysis), and Cantion (biochips for illness diagnosis).

Dialogue is taking place with both industrial partners and venture companies aimed at identifying areas of common interest and possible collaboration structures.

NKT Research & Innovation's life science activities, which primarily relate to the SoftPlasma™ technology, have been integrated in SMB. Cost-cutting measures have been carried out with a view to minimising operating costs and thus increasing SMB's attractiveness to a future collaboration partner. For example, the number of company employees has been reduced from 18 to 13.

Technological and commercial development is proceeding to plan in both SMB and Cantion, with market-oriented initiatives in particular having been intensified.

PicoSep has not obtained proof-of-concept. It remains the view of both NKT and the University of Southern Denmark that the fundamental technological concept of the company is both achievable and contains interesting commercial possibilities in the longer term.

As the competencies now required by PicoSep to obtain proof-of-concept cannot be supported by NKT, it has been decided that NKT's financial involvement in PicoSep will cease next year. Provisions will therefore be made for a winding up of the company's activities if a sale or continuation under alternative management cannot be accomplished.

WATECH

The technology developed by Watech for sustainable use of PVC waste - technology that can also be used for recycling several other types of environmentally harmful waste products - is attracting considerable interest from a number of parties. However, we have not yet managed to find an ownership structure for Watech that offers a social role for the company's unique technology.

A significant reason for this is that no political initiative has yet been taken to create the necessary framework for a commercialisation of this technology. Such an initiative is not expected to be forthcoming until mid 2003 at the earliest.

Against this background it has been decided to orient Watech's activities towards a rapid completion of the publicly supported development projects in progress. Focus will then be placed on maintaining the accumulated technology and knowledge base with a view to later sale of this technology when the relevant framework is in place.

Accordingly, Watech will henceforth be in the nature of a semi-dormant company, and from 2003 will no longer figure in the corporate company chart.

ACCOUNTING POLICIES

With effect from 1 January 2002, NKT accounting policies have been aligned with the new Danish Financial Statements Act and the latest published Danish accounting conventions. As a result, it has also been decided to make provisions for current guarantees relating to product liability and to carry out minor reclassifications in the accounts.

Comparative figures have been adjusted accordingly.

The effect of the changes as of 30 September 2002 in relation to previous accounting policies was as follows:

	Shareholders' equity 1.1.2002	EBIT 30.9.2002
<i>Amounts in mDKK</i>		
Goodwill (restructuring costs in acquiring company are excluded)	(90)	6
Development costs (capitalised from 1.1.2002)	-	20
Reversal of property revaluations	(76)	13
Provision for current guarantees	(41)	
Reversal of dividend provision at 31.12.2001 (dividend provision not to be made in future in balance sheet)	100	
	(107)	39

EBIT for the first three quarters of 2001 was positively influenced to the amount of 9 mDKK.

CONSOLIDATED FINANCIAL HIGHLIGHTS

	2002 3 quarter Unaudited	2001 3 quarter Unaudited	2002 1-3 quarter Unaudited	2001 1-3 quarter Unaudited	2001 Full year
All amounts in mDKK					
Profit and loss account					
Net turnover	1,520	1,621	4,401	4,841	6,426
Earnings before interest, tax, depreciation and amortisation (EBITDA)	95	53	247	258	315
Depreciation and impairment of tangible fixed assets	(77)	(81)	(237)	(231)	(315)
Earnings before interest, tax, amortisation and impairment of intangibles (EBITA)	18	(28)	10	28	(1)
Amortisation and impairment of intangibles	(22)	(21)	(64)	(60)	(82)
Earnings before interest and tax (EBIT)	(4)	(48)	(54)	(32)	(83)
Financial items, net	(2)	(7)	(14)	52	38
Earnings from ordinary operations before tax	(6)	(55)	(68)	20	(45)
Earnings from ordinary operations after tax	(10)	(57)	(84)	6	(65)
Extraordinary items, before and after tax	0	0	0	0	0
Net income after tax	(10)	(57)	(84)	6	(65)
NKT's share of net income	0	(47)	(55)	27	(33)
Balance sheet and employees					
Share capital	500	500	500	500	500
Shareholders' equity	3,550	3,791	3,550	3,791	3,765
Total assets	5,994	6,714	5,994	6,714	6,446
Interest-bearing items, net asset ¹⁾	109	(162)	109	(162)	71
Capital employed ²⁾	3,616	4,180	3,616	4,180	3,916
Average number of employees	5,472	5,720	5,472	5,720	5,690
Cash flow					
Cash flow from operations	141	16	131	97	446
Net investment in tangible fixed assets	32	(22)	64	(62)	(123)
Key performance indicators					
Equity ratio	59%	56%	59%	56%	58%
Number of 20 DKK shares ('000)	25,000	25,000	25,000	25,000	25,000
Earnings per share (EPS), DKK	0.0	(1.9)	(2.2)	1.1	(1.3)
Dividend paid, DKK per share	0	0	4	104	104
Equity value, DKK per share	142	152	142	152	151
Market price, DKK per share	57	103	57	103	105

The effect of changes in accounting policies are described in page 11.

¹⁾ Interest-bearing cash items and receivables less interest-bearing debt.

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

BALANCE SHEET AND MOVEMENTS IN SHAREHOLDERS' EQUITY

	2002 30 Sept. Unaudited	2001 30 Sept. Unaudited	2001 31 December
All amounts in mDKK			
Balance sheet			
Assets			
Intangible fixed assets	785	816	821
Tangible fixed assets	1,844	2,046	2,056
Financial fixed assets	42	45	45
Total fixed assets	2,671	2,907	2,922
Stocks	1,084	1,329	1,199
Debtors	1,284	1,517	1,292
Securities	92	113	113
Cash at bank and in hand	864	848	920
Total current assets	3,324	3,807	3,524
Total assets	5,995	6,714	6,446
Liabilities			
Shareholders' equity	3,550	3,791	3,765
Minority interests	176	226	222
Provisions	369	475	415
Long-term creditors	377	572	510
Short-term debt to credit institutions	471	497	450
Other short-term creditors	1,052	1,153	1,084
Total liabilities	5,995	6,714	6,446
Equity movements			
Shareholders' equity, 1 January	3,872	4,149	4,149
Changes in accounting policies	(107)	2,587	2,587
Shareholders' equity after adjustments	3,765	6,736	6,736
NKT's share of net income	(55)	27	(33)
Currency translation of net income and equity of foreign subsidiaries	(65)	8	48
Own shares/paid share options	5	(174)	(180)
Dividend paid	(100)	(2,806)	(2,806)
Shareholders' equity, 30 September	3,550	3,791	3,765

CASH FLOW AND INTEREST-BEARING ITEMS

	2002 3 quarter Unaudited	2001 3 quarter Unaudited	2002 1-3 quarter Unaudited	2001 1-3 quarter Unaudited	2001 Full year
All amounts in mDKK					
Earnings before interest, tax, depreciation and amortisation (EBITDA)	95	53	247	258	315
Net financial income and expenses	(2)	(7)	(14)	52	38
Change in working capital, gain from sale of assets reversed etc.	48	(30)	(102)	(213)	93
Cash flow from operations	141	16	131	97	446
Net investment in tangible fixed assets	32	(22)	64	(62)	(123)
Other investment, etc.	(27)	(4)	(87)	(41)	(47)
Total operating activities and investments	146	(10)	108	(6)	276
Dividend paid	0	0	(100)	(2,806)	(2,806)
Own shares / shares options excl. dividend	0	0	(25)	(118)	(123)
Change in interest-bearing items	146	(10)	(17)	(2,930)	(2,653)
Interest-bearing items at beginning of period	(30)	(221)	71	2,758	2,758
Currency translation relating to interest-bearing items	(7)	69	55	10	(34)
Interest-bearing items at end of period	109	(162)	109	(162)	71

All amounts in mDKK

Net turnover

	2002 3 quarter Unaudited	2001 3 quarter Unaudited	2002 1-3 quarter Unaudited	2001 1-3 quarter Unaudited	2001 Full year
NKT Cables Group	771	811	2,095	2,291	3,039
Nilfisk-Advance	660	681	2,059	2,157	2,883
Priorparken	18	25	54	76	99
NKT Flexibles	57	65	164	206	266
NKT Integration (IONAS)	7	22	18	85	89
Development businesses	20	19	47	41	61
Intra-group turnover, etc.	(13)	(2)	(36)	(15)	(11)
	1,520	1,621	4,401	4,841	6,426

Earnings before interest, tax,
depreciation and amortisation (EBITDA)

NKT Cables Group	35	43	80	198	252
Nilfisk-Advance	56	26	154	99	132
Priorparken	43	11	122	36	47
NKT Flexibles	(3)	(5)	(4)	(9)	(17)
NKT Integration (IONAS) ¹⁾	(6)	31	(12)	39	35
Development businesses ²⁾	(26)	(19)	(80)	(46)	(70)
Parent company and eliminations, etc.	(4)	(34)	(13)	(59)	(64)
	95	53	247	258	315

Earnings before interest and tax (EBIT)

NKT Cables Group	(7)	(1)	(46)	69	75
Nilfisk-Advance	26	(7)	65	8	11
Priorparken	37	5	105	18	22
NKT Flexibles	(12)	(15)	(32)	(37)	(55)
NKT Integration (IONAS) ¹⁾	(13)	25	(35)	26	14
Development businesses ²⁾	(32)	(23)	(96)	(53)	(84)
Parent company and eliminations, etc.	(3)	(32)	(15)	(63)	(66)
	(4)	(48)	(54)	(32)	(83)

1) Incl. intra-group gain of 30 mDKK relating to sale of knowhow in Q3 2001

2) Incl. intra-group gain of 10 mDKK relating to sale of knowhow in Q1 2001

Capital employed

	2002 30 Sept.	2001 30 Sept.	2001 31 December
NKT Cables Group	1,326	1,604	1,430
Nilfisk-Advance	1,469	1,644	1,580
Priorparken	215	286	271
NKT Flexibles	461	522	481
NKT Integration (IONAS)	126	148	137
Development businesses	93	73	92
Parent company and eliminations, etc.	(74)	(97)	(75)
	3,616	4,180	3,916



The Quarterly Report 3/2002 was released on 19 November in Danish and English via the Copenhagen Stock Exchange.

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

The electronic version of the report is available on NKT's website www.nkt.dk and will be distributed to all subscribers registering with our website or with other suppliers of similar services.

A printed copy of the report will be sent by post to all NKT shareholders who have requested it.

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