

NKT

HOLDING

QUARTERLY REPORT

I/2003



Financial highlights

Amounts in mDKK	1st quarter 2003	1st quarter 2002
Revenue	1,334	1,351
Earnings, EBITDA	66	66
Earnings, EBITA	15	(13)
Earnings, EBIT	(1)	(34)
Corporate net income	(8)	(41)
NKT's share of corporate net income	(2)	(32)
Capital and reserves	2,880	3,754
Net interest bearing items (asset)	321	7

NB:

Figures in brackets are negative

EBITDA - Earnings before interest, tax, depreciation and amortisation

EBITA - Earnings before interest, tax and amortisation

EBIT - Earnings before interest and tax

QUARTERLY REPORT

I / 2003

Summary

The NKT Group reported increased earnings in 1st quarter 2003. Whereas earnings (EBITDA) of 66 mDKK in the corresponding period last year included income of 60 mDKK from sale of property, the figure for 1st quarter 2003, which was also 66 mDKK, represents an actual improvement in earnings of 60 mDKK.

NKT's share of consolidated net income amounted to (2) mDKK in 1st quarter 2003, as compared with (32) mDKK last year.

NKT Cables Group realised earnings (EBITDA) of 18 mDKK, thus making a satisfactory start to the year. Compared with 1st quarter 2002, this was an earnings improvement of 22 mDKK.

Nilfisk-Advance experienced continuing positive development in all business units and reported 1st quarter earnings (EBITDA) of 70 mDKK. This corresponds to an EBITDA margin of 10.4%, as compared with 5.6% for 1st quarter 2002.

Technological development in the NKT Photonics Group is proceeding satisfactorily, with continuing interest being shown in the optical products developed and manufactured by the Group's companies. Reported 1st quarter earnings (EBITDA) were (20) mDKK, which was as expected. As anticipated, however, this result reflects a continuing very low level of demand, particularly for NKT Integration's products and services.

NKT Flexibles had satisfactory order flow during the quarter, but at (7) mDKK the company's earnings (EBITDA) were poorer than expected.

SMB and Canton reported 1st quarter earnings (EBITDA) of (5) mDKK. Both companies are still in a process aimed at bringing them in new ownership structures.

Developments in the property company, Priorparken, are according to plan and earnings (EBITDA) of 6 mDKK were reported. Unlike in 1st quarter 2002, no properties were sold in 1st quarter 2003.

The Group's net interest bearing assets amounted to 321 mDKK at the end of the 1st quarter. Liquidity development was in line with expectations. In April, liquidity will be influenced by the payment of dividend of 100 mDKK approved at the general meeting in April 2003.

Expectations for 2003

As a result of the stability reflected in the earnings development of NKT's two major businesses, NKT Cables and Nilfisk-Advance, combined with income of 6 mDKK from sale of Watech's activities we have marginally increased our profit forecast for 2003. Net income after minorities for the year is thus expected to be between 30 and 60 mDKK. The assumptions and other elements forming the basis of our published forecast are unchanged.

REVIEW OF 1ST QUARTER RESULTS

Revenue

1st quarter corporate revenue was 1,334 mDKK. This was down 1% on 1st quarter 2002 but an increase of around 4% after adjusting for developments in currency and metal prices. This improvement in revenue related to NKT Cables, Nilfisk-Advance and NKT Flexibles.

Earnings

Earnings (EBITDA) amounted to 66 mDKK, similar to the same period last year. However, after adjusting for income of 60 mDKK from the sale of property during 1st quarter 2002, there was an improvement in real terms of 60 mDKK in 1st quarter 2003. This amount included earnings growth of 22 mDKK in NKT Cables and 32 mDKK in Nilfisk-Advance.

Depreciation and amortisation amounted to 68 mDKK, down by 32 mDKK on the same period last year. The decrease was directly related to the writedowns on fixed assets made at the end of last year.

The Group achieved breakeven on earnings (EBIT) in the 1st quarter. After adjusting for last year's income of 60 mDKK from sale of property, EBIT improved by 93 mDKK on the same period in 2002.

Financial items

1st quarter financial items amounted to (1) mDKK, as against (3) mDKK in the same period last year.

During the 1st quarter - in line with expectations - there was a cash outflow of 86 mDKK. Net interest bearing items for the NKT Group at 31 March 2003 were positive, at 321 mDKK.

Net income

1st quarter net income was (2) mDKK, as against (32) mDKK in 2002.

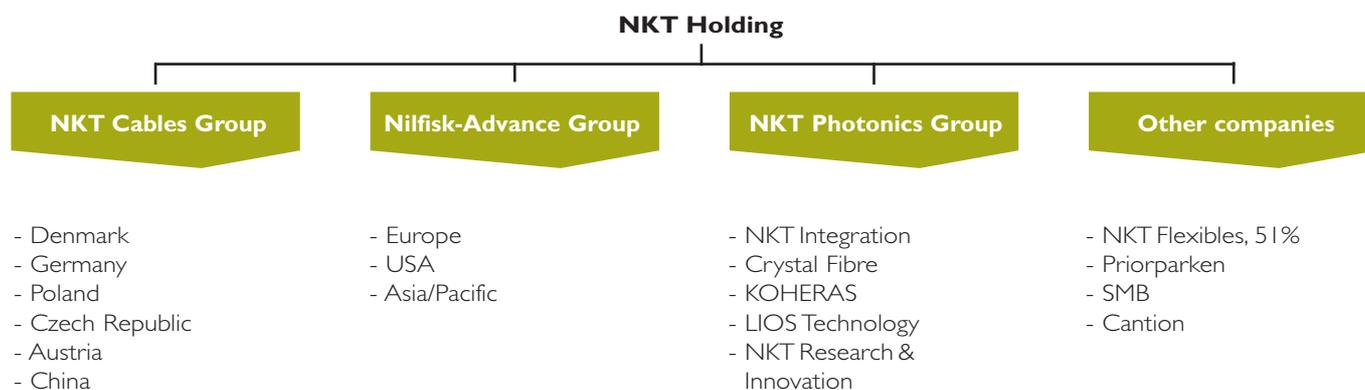
Expectations for 2003

Forecast net income for 2003 stated in the 2002 Annual Report has been marginally increased from 20 - 50 mDKK to 30 - 60 mDKK. This is in the light of 1st quarter earnings development for the Group's two major businesses, NKT Cables Group and Nilfisk-Advance, and the income of 6 mDKK from sale of Watech's activities. We expect a positive cash flow which, excluding outflow for restructuring provisions, exceeds the current dividend payment of 100 mDKK. The assumptions and other elements forming the basis of our published forecast are unchanged.

Corporate portfolio

NKT Holding's corporate portfolio in 1st quarter 2003 was unchanged from the information given in the 2002 Annual Report.

Corporate structure, 1 April 2003



The environmental company Watech A/S was sold in February and transferred to RGS 90 as at 1 March 2003. The activities of the life science company, PicoSep, were discontinued at 31 March 2003.

Management

The Board of Directors was re-elected at the annual general meeting on 3 April 2003. The Board subsequently appointed attorney-at-law Christian Kjær as chairman and former minister of housing Ole Løvig Simonsen as deputy chairman.

Annual general meeting for 2002

Details of the decisions adopted at the annual general meeting on 3 April have been published separately (notice no. 10/2003 to the Copenhagen Stock Exchange) and can be found on www.nkt.dk.

NKT shares

At 31 March 2003, NKT shares stood at 76 DKK. This was around 3% above the price at 1 January. Daily turnover since the turn of the year has averaged 2.2 mDKK.

The market value was around 1.9 bnDKK at 31 March 2003. After taking the net interest-bearing assets and minority interests into consideration, the implicit enterprise value was almost 1.7 bnDKK - corresponding to around 4.5 times expected EBITDA for 2003.

NKT Holding still has a 2% own shares portfolio.

In January, 156,902 share warrants were issued to the management and employees of NKT Holding A/S and NKT Research & Innovation A/S. The annual general meeting approved the issue to the Board of Directors of NKT Holding A/S of 14,438 share options relating to 2002. The conditions covering the issued warrants and options are contained in our notice no. 3/2003 to the Copenhagen Stock Exchange and can be found on www.nkt.dk.

Purchasing of shares was carried out - after the publication of the 2002 Annual Report - by persons covered by NKT's rules on insider trading. These transactions were reported and took place in accordance with the relevant guidelines.

Stock exchange notices, 2003

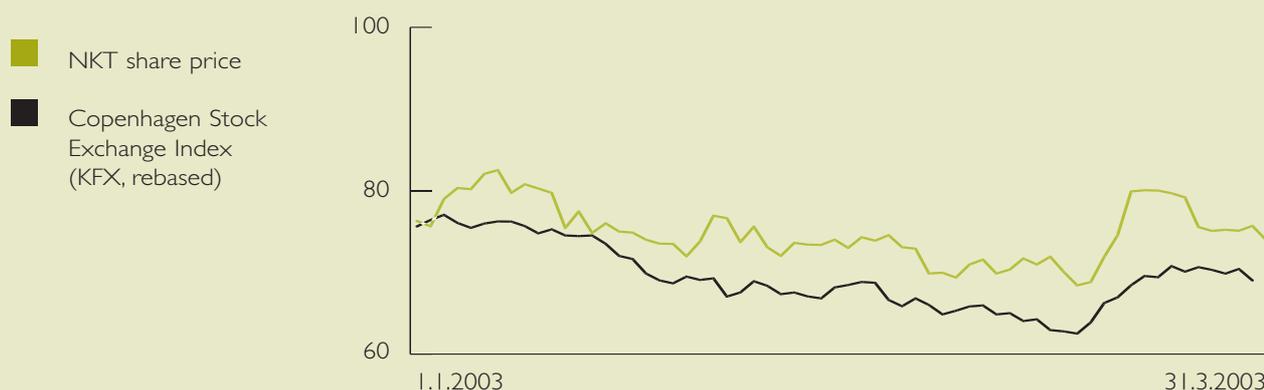
Date	No.	Subject
02.01.03	#2	Financial calendar 2003
06.01.03	#3	Issue of warrants and options
20.02.03	#4	Watech sold to Danish environmental player
04.03.03	#5	NKT Annual Report for 2002
12.03.03	#7	Annual general meeting 2003
03.04.03	#10	General meeting 2003

Notices 1, 6, 8, 9 and 11 deal with reporting of shareholdings.

Financial calendar for the remainder of 2003

26 August	Q2 report 2003
18 November	Q3 report 2003

Trends 1.1.2003 - 31.3.2003



OUR COMPANIES



NKT CABLES GROUP

Revenue

NKT Cables returned 1st quarter revenue of 559 mDKK. Compared with the 1st quarter of the previous year this represents a decline of 5.6%. After adjustment for developments in metal prices, currency and discontinued activities, however, revenue increased.

Revenue distribution was as follows: high and medium voltage segments, 27%; low voltage segment, 37%; telecom cables, 9%; OPGW, traction wire and enamelled wire, 19%; and other products, 8%.

The decrease in revenue of 34 mDKK was attributable to metal price developments (approx. 20 mDKK), exchange rate developments (approx. 20 mDKK), and discontinued activities in Austria (14 mDKK). Other activities generated a combined revenue increase of around 20 mDKK.

The latter development was driven by advances in the high, medium and low voltage segments.

High and medium voltage

In fixed metal price terms, revenue in the high and medium voltage segments increased by around 16% on the same period last year. This advance related partly to higher levels of installation service activity in the Danish and German market, and partly to a moderate increase in demand for medium and high voltage cables - in both our domestic and near export markets.

Low voltage

Reported revenue from low voltage products was 7% higher than in the same period last year. One reason was the positive effect on 1st quarter turnover of supplies to the Prague metro after the floods of last autumn. The general demand for low voltage products in our domestic markets is considered smaller than last year owing to reduced activity in the construction sector. To compensate, NKT Cables successfully increased sales in local export markets.

Niche segments

Revenue from sales of copper and fibre-based telecom cables was, as in the previous quarter, similar to 1st quarter

2002. Developments in this segment therefore appear to have stabilised after a lengthy period of strongly declining demand.

Revenue from sales of OPGW (Optical Ground Wire) and traction wire for railway electrification was down on the same period last year. In both segments the market is global and demand is typically project-related. Sales may therefore vary significantly from period to period. We believe that the reduced 1st quarter revenue this year compared with last year is due to timing differences.

Earnings development

1st quarter gross margin ratio was 42.8%, up 2.4 percentage points on the same period last year. Half of this increase was attributable to falling metal prices, which, all other things being equal, reduces revenue without influencing earnings. The rest of the increase was principally due to changed product mix. The combination of falling revenue and rising margin ratio led to a gross margin of 239 mDKK, which is unchanged from the same period last year.

Reported cash overheads were down by 5.7% on the same period last year as a direct result of the restructuring measures carried out and lower exchange rates. The implementation of the restructuring measures announced in the 3rd quarterly report of last year is proceeding as planned and is expected to be completed by the end of the 3rd quarter this year. The number of employees totalled 2,557 at the end of the 1st quarter, a decrease of 5% on the start of the year. Our expectation is that the implemented measures will reduce total head count by around 10% over the year.

Reported 1st quarter earnings (EBITDA) amounted to 18 mDKK, corresponding to around 3.2% of revenue. This was an improvement of 22 mDKK on the same period last year. 1st quarter earnings (EBIT) amounted to 2 mDKK, as against (47) mDKK last year. Of the 49 mDKK increase, 27 mDKK was attributable to reduced depreciation as a result of the writedowns made on fixed assets at the end of last year.

Net interest bearing debt

As expected, net interest bearing debt increased by 63 mDKK in the 1st quarter. This was directly related to build-up of stocks prior to NKT Cables' high season which is the coming quarters.

Expectations

1st quarter developments confirmed the plans made for 2003, and the forecast revenue for the year is unchanged at around 2.7 bnDKK. This figure is based partly on expectation of continued growth in demand from the electricity sector

for high and medium voltage products, and unchanged revenue from low voltage products as a result of the low level of building activity.

Forecast EBITDA-margin for the year is also unchanged at around 6%.



NILFISK-ADVANCE

Revenue

1st quarter developments in sales exceeded our expectations.

Nilfisk-Advance reported 1st quarter revenue of 673 mDKK, as compared with 681 mDKK in the same period last year. This was a decrease of 1%. After adjustment for currency developments, however, revenue increased by 6.5%.

In fixed currency terms, European and Asian operations generated increased revenue of 8% and 19%, respectively. In the US market, revenue increased by 1% in fixed currency terms. Distribution of revenue was as follows: Europe 435 mDKK, Asia/Pacific 53 mDKK and US 185 mDKK.

This increase, which in Europe and the Asia/Pacific region was geographically broadly based, was substantially driven by increased sales of floor care machines. We thus note a generally high market acceptance of our new product launches.

This also applies to the new Advenger series of floor washers introduced in the US market at the end of the 1st quarter. The Advenger series of machines is the first wholly based on the "platform concept", which means they can be adapted by our customers to 10 different functions. Users benefit from a unique range of options, while at the same time Nilfisk-Advance gains substantial benefits from simplification of production, logistics and after-sales service. This will be reflected in our business systems in the form of increased efficiency, and thus also profitability. The immediate market reaction has been very positive, and we expect the new machines to lead to increased growth in the US market.

Earnings development

1st quarter earnings (EBITDA) amounted to 70 mDKK, an EBITDA margin of 10.4%.

1st quarter EBITA earnings were 56 mDKK. This corresponds to an EBITA margin of 8.3%, which was around two percentage points higher than the reported average in the preceding quarters. Nilfisk-Advance realised a 4.5% EBITA margin on US activities, which was similar to that for the preceding quarters but significantly above 1st quarter 2002. European and Asian activities yielded an EBITA margin of 9.5%, which must be seen in relation to around 7% in the preceding quarters.

1st quarter EBIT earnings were 41 mDKK, an increase of 33 mDKK on the same period last year. This was a result of a continuous improvement in contribution ratio combined with a reduced level of costs. The 1st quarter contribution ratio was similar to the preceding quarter and up by 3.3 percentage points on 1st quarter 2002.

Net interest bearing debt

Net interest bearing debt was reduced by 19 mDKK during the first quarter. Working capital increased during the 1st quarter by 29 mDKK as a result of seasonal fluctuations.

Expectations

1st quarter developments confirmed the plans made for 2003, and we are therefore more confident that expectations for the year will be realised. Final revenue is expected to be around 2.7 bnDKK. Final EBITDA and EBITA margins are expected to exceed 9% and 7%, respectively.

OUR COMPANIES

- CONTINUED



NKT PHOTONICS GROUP

Revenue

The NKT Photonics Group, comprising the companies NKT Integration, Crystal Fibre, KOHERAS, LIOS Technology and NKT Research & Innovation, reported 1st quarter revenue of 17 mDKK. This was slightly below expectations but an improvement on 1st quarter 2002. The current lack of activity in the telecoms market, in which NKT Integration operates, and delayed supplies from LIOS Technology, were the principal reasons for the low level of revenue.

Earnings development

1st quarter earnings (EBITDA) were (20) mDKK, a marginal improvement on the expected level of deficit.

Business development

NKT Integration (optical chips and components) encountered positive customer response to its technological capabilities, but the demand for products on a commercial scale remains very low.

Developments in Crystal Fibre (photonic crystal fibres) and KOHERAS (precision lasers) were in accordance with expectations.

LIOS Technology (sensor systems for temperature recording) experienced satisfactory market demand, but sales were influenced by a product quality problem that has not yet been finally solved.

NKT Research & Innovation moved into independent research facilities in Birkerød, where all Danish companies belonging to the NKT Photonics Group are now based. With its special optical competencies, NKT Research & Innovation supports product development in all NKT Photonics companies.

Expectations

A final earnings (EBITDA) deficit of around 70 mDKK is still expected for the NKT Photonics Group of companies.



NKT FLEXIBLES (ownership share 51%)

Revenue

NKT Flexibles reported 1st quarter revenue of 76 mDKK, a significant increase on 2002 when average quarterly revenue was around 55 mDKK. The reason for this increase was a changed product mix that led to a larger volume of orders for flow lines (long pipes) than for risers and jumpers (short pipes). This enables improved utilisation of capacity at the Kalundborg plant.

The level of revenue achieved has demonstrated that, following the restructuring carried out in autumn 2002, the factory and the organisation are capable of productivity amounting to an annual revenue of 300 mDKK. This corresponds to the short to medium-term objective established for the company.

The company started the year with an order backlog worth 137 mDKK. At 31 March the order book had increased to 161 mDKK, reflecting bookings worth 100 mDKK in the first quarter. The factory is therefore assured of a satisfactory level of activity until the autumn.

Earnings development

1st quarter earnings (EBITDA) were (7) mDKK, which was less than anticipated. This was due to a combination of lower than expected gross margin and the need to use more expensive materials for a major flow line project than had originally been planned. This was mainly because a new technology that in certain cases allows cheaper extrusion materials to be used had not gained final qualification at the start of production.

After allowing for this, 1st quarter earnings, (EBITDA) were in line with expectations.

Net interest bearing debt

Net interest bearing debt at the end of the 1st quarter amounted to 164 mDKK, which included a loan of 142 mDKK from NKT Holding.

Expectations

Based on 1st quarter revenue and bookings, final revenue is expected to be around 300 mDKK.

The company is still expected to break even on earnings (EBITDA), but against the background of the imposition of more stringent profitability requirements for orders to be booked and manufactured in the second half of 2003.



OTHER COMPANIES

Developments in the life science companies, Scandinavian Micro Biodevices (SMB) and Cantion, are proceeding to plan.

The companies reported an aggregate earnings (EBITDA) deficit of (5) mDKK, which was in line with expectations. Work continues on establishing both companies under new ownership arrangements.

In the property company, Priorparken, developments are going to plan. Work continues on selling the company's properties in the Priorparken business park. The company reported earnings (EBITDA) of 6 mDKK. Unlike in 1st quarter 2002, no properties were sold in 1st quarter 2003.

NKT's 1st quarter financial statement includes income of 6 mDKK from sale of the activities in the company Watech.

KEY FIGURES FOR THE GROUP

Amounts in mDKK	I quarter 2003 Unaudited	I quarter 2002 Unaudited	Year 2002
Income statement			
Revenue	1,334	1,351	5,889
Earnings before interest, tax, depreciation and amortisation (EBITDA)	66	66	168
Depreciation and impairment on tangible fixed assets	(51)	(79)	(958)
Earnings before interest, tax and amortisation on intangible assets (EBITA)	15	(13)	(790)
Amortisation and impairment on intangible fixed assets	(17)	(21)	(133)
Earnings before interest and tax (EBIT)	(1)	(34)	(923)
Financial items, net	(1)	(3)	(17)
Earnings before tax	(2)	(37)	(940)
Net income	(8)	(41)	(856)
NKT's share of Group net income	(2)	(32)	(696)
Balance sheet and employees			
Share capital	500	500	500
Capital and reserves	2,880	3,754	2,898
Total assets	4,941	6,256	5,034
Interest-bearing items (net asset) ¹⁾	321	7	407
Capital employed ²⁾	2,688	3,944	2,626
Average number of employees	5,113	5,521	5,425
Cash flows			
Cash flows from operating activities	(52)	(71)	354
Investments in tangible fixed assets, net	(20)	80	57
Financial ratios			
Equity share	58%	60%	58%
Number of 20 DKK shares ('000)	25,000	25,000	25,000
Treasury shares ('000)	499	499	499
Earnings per share in circulation (EPS), DKK	(0.1)	(1.3)	(28.4)
Dividend paid, DKK per share	0.0	0.0	4.0
Equity value, DKK per share in circulation	118	153	118
Market price, DKK per share	76	95	74

The interim accounts for 2003 have been prepared according to the same accounting policies as 2002

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

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

BALANCE SHEET AND CAPITAL

<i>Amounts in mDKK</i>	<i>1 quarter 2003</i>	<i>1 quarter 2002</i>	<i>Year 2002</i>
	<i>Unaudited</i>	<i>Unaudited</i>	
Balance sheet			
Intangible fixed assets	686	838	706
Tangible fixed assets	1,108	1,987	1,137
Investments	165	43	166
Total fixed assets	1,959	2,868	2,009
Inventories	1,112	1,229	1,038
Receivables	1,116	1,269	1,120
Securities	2	90	94
Cash at bank and in hand	752	800	773
Total current assets	2,982	3,388	3,025
Total assets	4,941	6,256	5,034
Capital and reserves	2,880	3,754	2,898
Minority interests	129	197	135
Provisions	352	377	356
Long-term liabilities other than provisions	58	407	56
Short-term debt to credit institutions	387	472	412
Other short-term liabilities	1,135	1,049	1,177
Total liabilities	4,941	6,256	5,034
Movements in capital and reserves			
Capital and reserves, 1 January, before change	2,898	3,872	3,872
Change in accounting policies	-	(97)	(110)
Capital and reserves, 1 January	2,898	3,775	3,762
NKT's share of Group net income	(2)	(32)	(696)
Currency adjustment of net income and capital and reserves of foreign subsidiaries etc.	(19)	7	(73)
Share options paid	3	4	5
Dividend paid	0	0	(100)
Shareholders' equity, 31 March	2,880	3,754	2,898

CASH FLOWS AND INTEREST-BEARING ITEMS

<i>Amounts in mDKK</i>	<i>I quarter 2003</i>	<i>I quarter 2002</i>	<i>Year 2002</i>
	<i>Unaudited</i>	<i>Unaudited</i>	
Earnings before interest, tax, depreciation and amortisation (EBITDA)	66	66	168
Financial items, net	(1)	(3)	(17)
Change in working capital, gain from sale of assets reversed etc.	(117)	(134)	203
Cash flow from operating activities	(52)	(71)	354
Investments in tangible fixed assets, net	(20)	80	57
Other investments, etc.	(11)	(46)	(20)
Cash flows from operating and investing activities	(83)	(37)	391
Dividend paid	0	0	(100)
Shares options paid / dividend treasury shares	(20)	(24)	(25)
Change in interest-bearing items	(103)	(61)	266
Interest-bearing items, 1 January	407	71	71
Currency adjustments relating to interest-bearing items	17	(3)	70
Interest-bearing items (net asset), 31 March	321	7	407

SEGMENT INFORMATION

Amounts in mDKK	I quarter 2003	I quarter 2002	Year 2002
	Unaudited	Unaudited	
Revenue			
NKT Cables Group	559	593	2,820
Nilfisk-Advance	673	681	2,733
NKT Photonics Group	17	11	79
NKT Flexibles	76	53	223
Priorparken	15	18	69
Other companies	3	6	16
Intra-group revenue, etc.	(9)	(11)	(51)
	1,334	1,351	5,889
Earnings before interest, tax, depreciation and amortisation (EBITDA)			
NKT Cables Group	18	(4)	(12)
Nilfisk-Advance	70	38	214
NKT Photonics Group	(20)	(20)	(81)
NKT Flexibles	(7)	2	(16)
Priorparken	6	67	153
Other companies	(4)	(14)	(69)
Parent company and eliminations, etc.	3	(3)	(21)
	66	66	168
Earnings before interest and tax (EBIT)			
NKT Cables Group	2	(47)	(732)
Nilfisk-Advance	41	8	95
NKT Photonics Group	(29)	(30)	(146)
NKT Flexibles	(13)	(8)	(168)
Priorparken	0	61	131
Other companies	(4)	(16)	(81)
Parent company and eliminations, etc.	2	(2)	(22)
	(1)	(34)	(923)
Capital employed			
NKT Cables Group	563	1,413	503
Nilfisk-Advance	1,355	1,629	1,362
NKT Photonics Group	165	185	173
NKT Flexibles	322	496	326
Priorparken	150	215	152
Other companies	7	34	8
Parent company and eliminations, etc.	126	(28)	102
	2,688	3,944	2,626



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