

■ Annual Report 2002/03



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■ Important Notice

- During the course of this presentation, we may make certain forward-looking statements. These forward-looking statements represent the company's internal projections, expectations or beliefs concerning, among other things, future operating results and various components thereof or the company's future economic performance.

We would like to caution you that actual results might differ materially from those projected in the forward-looking statements that we may make today. Such projections, expectations or beliefs involve known and unknown risks and uncertainties that may cause Thrane & Thrane's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied in the statements that we make today.

This presentation has been prepared and shall be construed in accordance with Danish law.

■ A Good Year!

- 2002/03 was a record year revenue and profit wise
- All financial targets were met in 2002/03
 - Organic growth in revenue of 28.0%
 - Operating margin of 13.5%
 - Return on capital employed of 29.3%
- Substantial resources were invested in developing a core module enabling Thrane & Thrane to develop future terminals faster and reduce the related investments
- The launch of Inmarsat-4 in 2005 will provide new market opportunities in a growing industry
- The organization is being prepared for future growth
 - A new integrated product development process is being implemented
 - A new organization of the terminal development department focusing on increased re-use of technology and markets has been implemented
 - Building of sales & marketing competences required in the future has begun

■ Financial Highlights

- All market areas improved in 2002/2003 growing revenue 28% to DKK 610 million (DKK 477 million)
- Operating profit was up 93% to DKK 82 million (DKK 42 million)
- DKK 92 million was used on product development and product maintenance (DKK 79 million)
- Cash flow from operating activities was DKK 127 million (DKK 100 million). The year's total cash flow improved by DKK 51 million to DKK 76 million
- The Board of Directors recommends a dividend of DKK 4 per share (DKK 4)
- Revenue is expected to be around DKK 620-640 million and operating profit around DKK 80-90 million in 2003/04

■ Land Mobile Products

- 2002/03 revenue increased 28% to DKK 207 million (DKK 162 million). The best ever result in this market!
- The tense situation in the Middle East increased demand for portable terminals – especially M4
- Many news agencies such as CNN and NBC purchased M4 terminals for work in and around Iraq
- The MPDS functionality has opened up new market opportunities
- The framework agreement with Schahin on delivery of 4,800 mini-C terminals and the results from having a sales team stationed in the U.S. have created a strong position in the South American tracking market
- A breakthrough in the North American tracking market still has to materialise



■ Maritime Products

- Revenue increased 28% in 2002/03 to DKK 173 million (135 million)
- Fleet77 had its first full-year effect with a favourable impact on maritime revenue. More than 500 Fleet77 terminals were shipped during the year
- To further strengthen distribution of the Fleet77, OEM-agreements were entered with Eurocom Industries (Denmark), Northrop Grumman Sperry Marine (USA) and Tokimec (Japan)
- Fleet55 was introduced early in the new financial year with an order backlog of DKK 8 million
- With the two Fleet-products, Thrane & Thrane has gained a strong position in the market for maritime high-speed terminals



■ Aeronautical Products

- Sales in the aeronautical market increased by 12% to DKK 39 million (DKK 35 million)
- Despite the increase, the level is not considered satisfactory
- The unsatisfactory revenue level is attributable to three factors:
 - The international economic downturn has dampened demand for corporate jets and, consequently, demand for Thrane & Thrane's aeronautical equipment
 - Customers have postponed decisions to invest in aeronautical equipment in anticipation of the launch of TT-5000HSD⁺
 - Intensified competition has affected sales, particular of Aero-M
- The first HS-700 modules were shipped to Honeywell/Thales in mid-April 2003. The modules will be integrated with Honeywell/Thales' Aero-H system targeting large business jets



■ Systems

11-06-2003

- Sales increased by 32% to an all-time high level of DKK 192 million (DKK 145 million)
- The improvement was primarily attributable to the RAN contract representing 77% of the year's system sales
- Thrane & Thrane secured a number of RAN contract amendments in 2002/03 totalling DKK 63 million. This brings the contract to a total value of DKK 439 million. Around 54% of the total contract value has been recognised in 2001/02 and 2002/03
- The RAN project suffered a delay due to the size and complexity of the BGAN project. However, the RAN development progressed satisfactorily during the year
- During the year, the SBS's were upgraded and an SBS maintenance contract for 2003 was signed with Inmarsat
- At the beginning of the new financial year, a DKK 30 million contract was won for an Inmarsat-C land earth station to China



■ Product Development

11-06-2003

Product	Market	Launch
Fleet55 terminal	Maritime	May 2003
Fleet33 terminal	Maritime	End 2003
HS-700	Aero	April 2003
TT-5000HSD+	Aero	Q3 2003/04
BGAN terminal core module	All	2004
BGAN terminal	Land mobile	2005
RAN	Systems	2004/05

- The number of employees engaged in product development rose by 33 to 201
- Product investments and maintenance amounted to DKK 92 million corresponding to 15% of the company's total revenue
 - New product investments of DKK 75 million
 - Product maintenance of DKK 17 million

Income Statement

11-06-2003

DKK'000	For the financial year ended April 30	
	2002/03	2001/02
Revenue	610,362	476,762
Cost of goods sold	(401,706)	(323,106)
Development costs	(42,675)	(37,966)
Gross profit	165,981	115,690
Distribution costs	(43,774)	(36,042)
Administrative expenses	(40,064)	(37,169)
Profit before financial items (EBIT)	82,143	42,479
Financial income	1,834	5,574
Financial expenses	(7,619)	(4,999)
Tax on profit	(22,490)	(12,994)
Profit on ordinary activities after tax	53,868	30,060
Loss on extraordinary activities after tax	-	(4,155)
Net profit for the year	53,868	26,905

■ Balance Sheet

11-06-2003

DKK'000	April 30, 2003	April 30, 2002
Intangible assets	131,762	124,986
Property, plant and equipment	38,773	34,625
Inventories	93,624	69,447
Receivables	127,883	174,801
Securities and cash	146,356	70,759
Total assets	538,398	474,618
Equity	363,638	301,309
Provisions	51,846	49,471
Prepayments from customers	7,566	15,528
Trade payables	58,827	78,357
Income taxes	20,936	-
Other payables and deferred income	35,585	29,953
Total equity and liabilities	538,398	474,618

■ Cash Flow Statement

11-06-2003

DKK'000	For the financial year ended April 30	
	2002/03	2001/02
Revenue	610,362	476,762
Costs	(491,860)	(408,646)
Cash generated from operations before change in working capital	118,502	68,116
Change in working capital	24,961	42,159
Cash generated from operations	143,463	110,275
Net financial items and income tax	(16,909)	(10,268)
Cash inflow from operating activities	126,554	100,007
Cash outflow from investing activities	(33,005)	(52,961)
Cash inflow before financing	93,549	47,046
Cash outflow from financing activities	(17,950)	(22,752)
Net cash inflow	75,599	24,294

■ Impact of New Accounting Policies on Equity

11-06-2003

DKK'000	Total
Equity at April 30, 2002	199,777
Capitalized development expenses	140,673
Funding to development projects	(29,899)
Indirect productions cost recognized in inventories	1,207
Value adjustment of hedging instruments	4,829
Value of deferred tax	(33,592)
Dividend	18,314
Adjusted Equity at April 30, 2002	301,309
Capital increase	364
Dividend pay out for 2001/02	(18,314)
Net profit for the year	53,868
Value adjustment of hedging instruments	31,240
Reversal of value adjustment of hedging instruments	(4,829)
Equity at April 30, 2003	363,638

■ Outlook for 2003/04

- Increase in revenue to DKK 620-640 million (DKK 610 million)
 - Maritime revenue is expected to grow slightly in 2003/04 based on the Fleet product family
 - The launch of HS-700 and TT-5000HSD+ will strengthen the position on the aeronautical market but only result in a minor positive effect on revenue
 - Systems and land mobile revenues are expected to be on level with 2002/03

- Operating profit of DKK 80-90 million (DKK 82 million)

- Increase in product investments to DKK 100-110 mill. (DKK 75 million)
 - Primarily BGAN core module, BGAN user terminal, Fleet33 and TT-5000HSD+ development
 - The DKK 100-110 million will be off-set by DKK 30 million in funding for BGAN development

