

■ Financial Results Q3 2002/03

Thrane & Thrane A/S
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■ Highlights of Q3

- Turnover of DKK 141.1 mill. in Q3 (118.2 mill.) and DKK 456.2 mill. for the nine months period (316.4 mill.)
- Operating profit of DKK 15.0 mill. in Q3 (6.3 mill.) and DKK 56.6 mill. for the nine months period (12.6 mill.)
- Cash flow from operating activities of DKK 27.9 mill. (-4.2 mill.) and DKK 30.3 mill. for the nine months period (37.4 mill.)
- Sales efforts in the North and South American markets have resulted in orders for an aggregate of 1,000 mini-C terminals
- Initiated development of two new maritime terminals, Fleet55 and Fleet33, which are expected to be launched during 2003
- Financial expectations for 2002/03:
 - Operating profit in the low end of the previous announced DKK 75-85 mill. range
 - Turnover expectations reduced from DKK 620-640 mill. to DKK 570-585 mill. (477 mill.)



■ Financial Summary Q3 2002/03

24-02-2003

(mDKK)	Q3 2002/03	Q3 2001/02	YTD 2002/03	YTD 2001/02
Land mobile	49.1	48.4	156.6	120.3
Maritime	29.7	26.2	124.6	89.9
Aeronautical	6.2	8.0	26.9	19.8
Systems	56.1	35.6	148.1	86.4
Total turnover	141.1	118.2	456.2	316.4
Development costs	11.0	8.5	31.3	29.0
Operating profit	15.0	6.3	56.6	12.6
Profit for the period	8.8	0.8	35.6	6.0
Investments in development projects	16,1	14.0	27.8	39.3

- Turnover increased in all segments year on year
- Year on year profit for the period has also increased

■ Systems Market

- Systems turnover of DKK 56.1 mill. in Q3 (35.6 mill.) and DKK 148.1 mill. for the nine months period (86.4 mill.)
- DKK 42.6 mill. of turnover in the systems segment relates to the RAN project in Q3 (26.6 mill.) and DKK 117.2 mill. for the nine months period (55.3 mill.)
- The RAN project is slightly behind the original development schedule. As a result, purchases of components etc. and supplies from third-party suppliers have been postponed
- In this light, Thrane & Thrane has lowered its forecast for RAN turnover in 2002/03 to DKK 130-140 mill. against DKK 185-195 mill. as previously announced
- The postponed part of the turnover is expected to be recognised in the 2003/04 financial year
- In Q3, Thrane & Thrane received a RAN contract amendment worth DKK 23 mill., bringing the total contract value to DKK 438 mill.



■ Land Mobile Market

- Turnover of DKK 49.1 mill. in Q3 (48.4 mill.) and DKK 156.6 mill. for the nine months period (120.3 mill.)
- Sales efforts in the North and South American markets for tracking terminals have resulted in a number of new mini-C distributors
- In December 2002, Thrane & Thrane won orders for 1,000 mini-C terminals from distributors in North and South America
- An operational plan for future selling and marketing of tracking terminals in the North and South American markets is expected to be in place by summer 2003
- High demand for M4 terminals in Q3 partly due to the uncertain political situation in the Middle East



■ Maritime and Aeronautical Markets

- Maritime turnover of DKK 29.7 mill. in Q3 (26.2 mill.) and DKK 124.6 mill. for the nine months period (89.9 mill.)
- As expected, Q3 was a relatively quiet period for Fleet77 sales. Demand for Fleet77 did, however, pick up slightly in the latter half of Q3
- To target the Japanese new build and merchant ship market segments Thrane & Thrane has signed an OEM agreement with Tokimec (Japan)
- Aeronautical turnover of DKK 6.2 mill. in Q3 (8.0 mill.) and DKK 26.9 mill. for the nine months period (19.8 mill.)
- Demand for aeronautical systems in Q3 was adversely impacted by intensified competition
- Furthermore, customers have postponed investments in aeronautical equipment in anticipation of the launch of the new aeronautical high-speed terminals



■ Product Development

- Development costs were DKK 11.0 mill. in Q3 (8.5 mill.) of which maintenance and depreciation of existing products accounted for DKK 4.3 mill. and DKK 6.7 mill., respectively
- The aeronautical high-speed unit being developed for Honeywell/Thales is now in the testing and approval stage. First customer shipment is expected in the beginning of the next financial year
- Initiated development of two new terminals, Fleet55 and Fleet33, particular targeting the markets for private yachts, coast guard vessels and fishing vessels
- The Fleet55 terminal is expected to be introduced in spring 2003 whereas the Fleet33 terminal is expected to be introduced by the end of 2003



■ Profit & Loss Statement

24-02-2003

(tDKK)	Q3 2002/03	Q3 2001/02	YTD 2002/03	YTD 2001/02
Net turnover	141,068	118,247	456,162	316,372
Development costs	(11,017)	(8,475)	(31,245)	(28,956)
Cost of goods sold	(94,603)	(85,794)	(306,237)	(222,475)
Gross profit	35,448	23,978	118,680	64,941
Distribution costs	(9,991)	(9,314)	(32,082)	(26,503)
Administrative expenses	(10,488)	(8,362)	(29,956)	(25,818)
Operating profit (EBIT)	14,969	6,302	56,642	12,620
Net financial items	(2,414)	189	(5,652)	1,405
Tax and adjustments on profit	(3,251)	(1,963)	(14,823)	(4,254)
Extraordinary items and tax	-	(3,742)	-	(3,742)
Profit for the period	8,771	786	35,634	6,029

■ Balance Sheet

24-02-2003

(tDKK)	January 31, 2003	October 31, 2002	January 31, 2002
Intangible fixed assets	134,919	124,570	123,851
Tangible fixed assets	37,681	37,124	36,230
Stocks	96,350	82,827	73,739
Debtors	188,609	203,009	159,246
Cash at bank and in hand and securities	52,051	44,525	33,147
Total assets	509,610	492,055	426,213
Shareholders' equity	370,684	328,684	276,604
Provisions	50,462	46,421	33,687
Bank debt	-	-	16,597
Payments on account from customers	1,723	5,857	21,094
Trade creditors and other creditors	78,053	101,468	69,208
Accrued expenses and deferred income	8,688	9,625	9,023
Total liabilities	509,610	492,055	426,213

■ Cash Flow Statement

24-02-2003

(tDKK)	Q3 2002/03	Q3 2001/02	YTD 2002/03	YTD 2001/02
Turnover	141,068	118,247	456,162	316,372
Costs	(118,411)	(109,651)	(374,643)	(286,399)
Net financial income	(2,414)	(189)	(5,652)	(1,405)
Taxes paid during the period	(7,484)	(10,842)	(7,484)	(10,842)
Profit adjusted for items of a non-cash nature	12,759	(2,057)	68,383	20,536
Change in working capital	15,138	(2,151)	(38,097)	16,858
Cash flow from operating activities	27,897	(4,208)	30,286	37,394
Cash flow from investment activities	(20,371)	(16,069)	(31,044)	(44,560)
Cash flow from financing activities	-	16,597	364	12,159
Dividends paid for the period	-	-	(18,314)	(18,314)
Cash flow for the period	7,526	(3,680)	(18,708)	(13,321)

■ Outlook 2002/03

- For the full 2002/03 financial year, profit on primary operations is expected to be at the lower end of the previously announced DKK 75-85 mill. range (42 mill.)
- In light of the delay of the RAN project, Thrane & Thrane has lowered its forecast for RAN turnover in 2002/03 to DKK 130-140 mill. against as previously announced DKK 185-195 mill.
- Consequently, Thrane & Thrane lowers its turnover forecast to DKK 570-585 mill. (477 mill.) against as previously announced DKK 620-640 mill.
- The delay in the RAN project is the sole reason for the lowered turnover forecast, and the shortfall in turnover, approximately DKK 55 mill., is expected to be realised in the coming financial year





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