

- Q3 2001/02 Financial Results



Thrane & Thrane A/S
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■ Important Notice

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■ Overview of Financial Results

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- Turnover Q3: DKK 128.1 mill. (138.7 mill.)
- Operating profit Q3: DKK 6.8 mill. (18.6 mill.)

- Turnover Q1-Q3: DKK 325.9 mill. (356.3 mill.)
- Operating profit Q1-Q3: DKK -2.0 mill. (34.7 mill.)

- Market conditions have affected turnover in Q1-Q3
- A higher level of turnover is expected in the future

- Expected turnover Q4: DKK 195 - 205 mill.
- Expected operating profit Q4: DKK 27 - 32 mill.

- Expected turnover 2001/02: DKK 520 - 530 mill.
- Expected operating profit 2001/02: DKK 25 - 30 mill.

■ Segmentation of Turnover

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(DKKm)	Q3 2001/02	Q3 2000/01	Year-to-date 2001/02	Year-to-date 2000/01	12 months 2000/01
Land mobile	58.1	52.9	128.6	129.3	156.7
<i>% of total sales</i>	36%	38%	35%	36%	32%
Maritime	26.4	45.4	91.1	133.2	179.6
<i>% of total sales</i>	30%	33%	32%	38%	36%
Aeronautical	7.9	22.3	19.8	61.1	83.5
<i>% of total sales</i>	6%	16%	6%	17%	17%
Systems	35.7	18.1	86.4	32.7	73.2
<i>% of total sales</i>	28%	13%	27%	9%	15%
Total	128.1	138.7	325.9	356.3	493.0

- Land mobile and system turnover have increased compared to 2000/01
- Maritime and aeronautical turnover have decreased compared to 2000/01

■ Land Mobile Market

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- Turnover Q3: DKK 58.1 mill. (52.9 mill.)
- Turnover of portable terminals was positively affected by the September 11 terrorist attacks
- The deterioration of the economy in South America has affected tracking sales negatively
- Has recently received a frame order for 800 mini-C tracking terminals to Brazil
- Intends to intensify its efforts in the US in order to penetrate the large tracking market



■ Maritime Market

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- Turnover Q3: DKK 26.4 mill. (45.4 mill.)
- Turnover was affected by lower turnover of mini-M
- Has entered into an agreement with KVH Industries (USA) enabling KVH Industries to distribute Thrane & Thrane's complete portfolio of maritime products in the USA
- In Q3 activities have focused on preparations for the introduction of the new Fleet77 terminal
- Thrane & Thrane's expects to be able to introduce Fleet77 to the market shortly



■ Aeronautical Market

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- Turnover Q3: DKK 7.9 mill. (22.3 mill.)
- Turnover was affected by the economical downturn
- Thrane & Thrane has entered into a contract with Honeywell (USA) & Thales Avionics (UK) on development and production of a high-speed unit
- The unit shall integrate with Honeywell & Thales' Inmarsat Aero-H/H⁺ aeronautical satellite communication system



■ System Market

- Turnover Q3: DKK 35.7 mill. (18.1 mill.)
- Turnover was driven by the RAN development
- DKK 18.1 million represents third-party supplier services settled in connection with the RAN
- A DKK 15 mill. add-on contract has been awarded by Inmarsat for expansion of the RF equipment. The add-on contract has only minor financial affect for Thrane & Thrane
- Order for an Inmarsat-C land earth station to be delivered in the current financial year has been received



■ Service Centres

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- Has entered into agreements to set up three new service centres
 - Elcome International L.L.C (United Arab Emirates)
 - HDW-Hagenuk Schiffstechnik GmbH (Germany)
 - Pertec (Pty) Ltd. (South Africa)

- From June 2002 Thrane & Thrane will have eight certified service centres around the world

- The increased number of service centres will provide distributors and end-users with improved support



■ Product Development

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- Development cost
 - Q3: DKK 17.5 mill. (DKK 17.3 mill.)
 - Q1-Q3: DKK 53.1 mill. (DKK 48.3 mill.)

- In Q3 development activities have focused on
 - RAN project
 - BGAN terminal and core module
 - Maritime high-speed unit - Fleet77
 - Aeronautical high-speed units

- The total number of development engineers is expected to increase from 120 at April 30, 2001 to 160 at April 30, 2002



■ RAN Project

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- The RAN project proceeds satisfactorily and according to schedule
- Currently 35 engineers are working on the project
- Approximately 50 engineers will be involved with the project by the end of the current financial year
- The development cost are included in cost of goods sold

■ The BGAN User Terminal Agreement

- Inmarsat will provide DKK 125 mill. to partly fund Thrane & Thrane's development of a BGAN user terminal and a user terminal core module
- The purpose is to ensure that user terminals are ready for BGAN's launch in 2004 and distributed to the market on attractive conditions
- Thrane & Thrane will market the user terminal to its existing distribution network. Thrane & Thrane will also negotiate a distribution agreement with Inmarsat
- Thrane & Thrane plans to sell the core module to third party manufacturers. The core module will be a key component of the BGAN user terminals



■ Development

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- Core module
 - Development cost of DKK 125 mill.
 - Need for ASICs to reduce terminal size and cost
 - Use of ASICs increase the development cost
 - 35 engineers required

- User terminal
 - Based on core module
 - Development cost of DKK 40 mill.
 - 20 engineers required

- Development of the user terminal and core module will require more than 120 man-years

- Currently 20 engineers are working on the project

■ The Market for BGAN User Terminals

- Thrane & Thrane has estimated an annual turnover of the user terminal of between DKK 200 - 250 mill.
- The user terminal will target users within the land mobile segment such as international aid organisations, governments, the media, oil and gas companies etc.
- In addition, new users are expected to be attracted by BGAN's UMTS services and reduced terminal and airtime prices
- Thrane & Thrane will have a strategic opportunity to supply core modules to third party manufacturers thereby increasing turnover even further

■ Maritime High-speed Terminal

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- Thrane & Thrane has received a Conditional Type Approval for Fleet77 from Inmarsat
- Final Inmarsat Type Approval of the Fleet77 terminal is expected in the near future
- Expects to collect DKK 4 million from meeting the Inmarsat Fleet77 challenge in Q4
- The new terminal is a competitive alternative to the present Inmarsat-B terminal, primarily used on large merchant and fishing vessels
- This is a new market for Thrane & Thrane and has an annual value of approximately DKK 250 million



■ Honeywell/Thales Contract

- Thrane & Thrane has entered into a contract with Honeywell/Thales on development and production of a high-speed unit
- The unit shall integrate with Honeywell/Thales' Inmarsat Aero-H/H+ aeronautical satellite communication system
- Honeywell/Thales has an installed base of more than 2,000 Aero-H/H+ system
- The contract provides access to new market segments
 - Large business jets
 - Large military transport airplanes
- The contract will add DKK 18 million to Thrane & Thrane's turnover. Further sales are expected when the first order for high-speed units has been delivered
- First customer shipment is expected in Q1 2003/2004



■ Profit & Loss Statement

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(DKK '000)	Q3 2001/02	Q3 2000/01	Year-to- date 2001/02	Year-to- date 2000/01	12 months 2000/01
Net turnover	128,096	138,689	325,871	356,288	492,995
Development costs	(17,461)	(17,331)	(53,114)	(48,260)	(70,451)
Cost of goods sold	(86,145)	(88,097)	(222,476)	(226,745)	(300,173)
Production costs	(103,606)	(105,428)	(275,590)	(275,005)	(370,624)
Gross profit	24,490	33,261	50,281	81,283	122,371
Distribution costs	(8,628)	(5,710)	(25,817)	(20,311)	(29,487)
Administrative expenses	(9,047)	(8,961)	(26,503)	(26,302)	(32,370)
Profit, primary operations	6,815	18,590	(2,039)	34,670	60,514
Ordinary profit	4,887	13,173	(490)	23,308	41,174
Extraordinary expenses	(5,346)	0	(5,346)	0	(7,358)
Profit for the period	1,145	13,173	(4,232)	23,308	36,023

■ Balance Sheet

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(DKK '000)	January 31, 2002	January 31, 2001	April 30, 2001
Intangible fixed assets	6,616	2,999	6,517
Tangible fixed assets	36,230	37,512	38,526
Stocks	72,906	105,448	104,026
Debtors	153,498	111,175	131,537
Securities	6	14	6
Cash at bank and in hand	33,141	8,385	46,462
Total assets	302,397	265,533	327,074
Shareholders' equity	195,972	150,317	200,324
Provisions	0	2,135	879
Bank loans	16,597	9,461	4,318
Trade creditors	45,540	46,682	57,350
Other creditors	23,671	21,834	26,443
Total liabilities	302,397	265,533	327,074

■ Cash Flow Statement

27. feb. 2002

(DKK '000)	Q3 2001/02	Q3 2000/01	Year-to- date 2001/02	Year-to- date 2000/01	12 months 2000/01
Turnover	128,096	138,689	325,871	356,288	492,995
Costs	(124,027)	(117,557)	(325,676)	(314,329)	(429,760)
Net financial income	189	(1,039)	1,405	(2,168)	(2,438)
Taxes paid for the period	(10,842)	(4,127)	(10,842)	(4,127)	(14,472)
Profit adjusted for items of a non-cash nature	(6,584)	15,966	(9,242)	35,664	46,614
Change in working capital	(11,667)	(9,066)	7,458	16,376	2,993
Cash flow from operating activities	(18,251)	6,900	(1,784)	52,040	47,031
Cash flow, operating activities less dividend paid for the period	(18,251)	6,900	(20,098)	11,574	6,565
Cash flow from investment activities	(2,026)	(1,471)	(5,382)	(5,259)	(12,636)
Cash flow from financing activities	16,597	(7,118)	12,159	(12,097)	38,366
Cash flow for the period	(3,680)	(1,689)	(13,321)	(5,782)	32,295

■ Financial Expectations

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- Q4 2001/02
 - Turnover of between DKK 195 - 205 mill.
 - Operating profit of between DKK 27 - 32 mill.

- The financial year 2001/02
 - Turnover of between DKK 520 - 530 mill.
 - Operating profit of between DKK 25 - 30 mill.

- The coming financial year
 - Double-digit percentage organic growth in turnover
 - A minimum operating margin of 12%

Thrane & Thrane
We bring satellite communication down to earth