



GLOBAL INNOVATOR IN PERSONAL COMMUNICATIONS

GN Store Nord

Q1/2004 Earnings Release, May 10, 2004

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Safe harbor statement

The forward-looking statements in this interim report reflect management's current expectations for certain future events and financial results. Statements regarding 2004 are, of course, subject to risks and uncertainties which may result in material deviations from the outlook set forth above. Furthermore, some of these expectations are based on assumptions regarding future events which may prove incorrect.

Factors that may cause the actual results to deviate materially from expectations include but are not limited to general economic developments and developments in the financial markets; technological developments; changes and amendments to legislation and regulations governing the Group's markets; changes in the demand for the Group's products; competition; fluctuations in sub-contractor supplies; and the integration of company acquisitions.

This interim report, announcement or presentation should not be considered an offer to sell securities in GN Store Nord.



Following up on The GN Agenda 2004-2006

Close the margin gap in hearing instruments and ADE by end 2004

- EBITA margin up from 12.1% in Q1 2003 to 14.9% in Q1 2004

Margin,%	Q1/01	Q2/01	Q3/01	Q4/01	Q1/02	Q2/02	Q3/02	Q4/02	Q1/03	Q2/03	Q3/03	Q4/03	Q1/04
	6.1	5.2	7.6	8.9	8.1	8.5	10.2	11.3	12.1	13.7	16.3	16.4	14.9

Stay ahead in the Bluetooth race establishing position in Asia

- Bluetooth revenue of DKK 116m vs. DKK 83m in Q1 2003
- 2% of mobile sales in Asia up from 0% in Q1 2003

Increase cash flow from operations and free cash flow

- EBITA margin up from 9.8% in Q1 2003 to 12.5% in Q1 2004
- operating working capital up DKK 70m, Q1-o-Q1 - up from Q4 2003
- free cash flow up DKK 80m to DKK 112m, Q1-o-Q1



GN at a glance

- outlook revised upwards
- product portfolio stays young
- structural changes finalized, almost
- customer focus is growing
- organic growth remains strong
- profitability is priority #1 in 3 of 4 businesses
- supply chain is in focus



New GN - P&L

DKKm	2002	Q1/03	2003	Q1/04
Revenue	4,682	1,141	4,742	1,231
Gross profit	2,458	634	2,625	685
Gross margin,%	52	56	55	56
EBITA	376	112	549	154
EBITA margin,%	8.0	9.8	11.6	12.5
Restructurings	(162)	(7)	(140)	0
EBIT	(94)	40	86	103
Financials, net and others	(446)	(16)	177	(3)
EBT	(540)	24	263	100

Revenue exceeds expectations - 16% organic growth vs. Q1/03

Gross margin reflects net effect of margin gap and CC&O progress and lower mobile margin

OPEX up in fixed currency from i.a. higher R&D amortizations and S&D spending

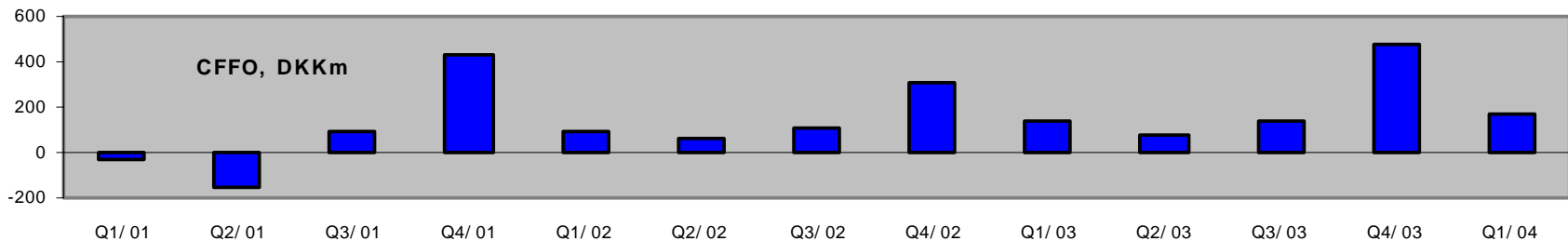
EBITA margin 12.3% not capitalizing R&D (8.9% Q1/03)



New GN - Balance sheet and Cash Flow

DKKm	Q1/03	2003	Q1/04
Goodwill	3,396	2,776	2,785
Development projects	348	347	343
Inventory	606	622	626
Trade receivables	933	958	982
Net interest bearing debt	1,235	784	660
Trade payables	304	289	303

DKKm	Q1/03	2003	Q1/04
CFFO before Fin,restruc,tax	175	732	198
CFFO	132	827	171
Free cash flow adj. for one-offs	32	469	112





Contact Center & Office

DKKm	Q1	Q2	Q3	Q4	2002	Q1	Q2	Q3	Q4	2003	Q1
	373	373	335	338	1,419	317	320	308	334	1,279	325

DKKm	North America	Europe	Asia/Pac/ROW
2002	779	559	81
2003	632	568	80
Q1	144	160	21

DKKm	Q1/04
Gross profit margin,%	202 62
EBITA margin,%	60 18.5

EU still outpaces US picking up:

- GN Q1 in line with market
- GN Q1 organic growth of 10%, Q1-o-Q1, 14% ex Hello Direct

Office platform still stronger:

- wireless revenue DKK 94m; up 45% from Q1 2003
- 50/50 revenue split CC/O (est.), with O outgrowing CC



Mobile

DKKm	Q1	Q2	Q3	Q4	2002	Q1	Q2	Q3	Q4	2003	Q1
	33	60	99	143	335	102	113	106	160	481	150

DKKm	North America	Europe	Asia/Pacific/ROW
2002	289	46	0
2003	278	197	6
Q1	58	89	3

DKKm	Q1/04
Gross profit	41
margin,%	27
EBITA	(11)
margin,%	(7.3)

Competition remains fierce in all markets

- GN Q1 revenue down 6%, Q1-o-Q4
- GN Q1 organic growth 61%, Q1-o-Q1
- BT 250 takes over from BT 200

Asian expansion tracks plan

Marketing broadest product range in industry in Q2 and Q3

Revenue limited by component shortage



Hearing instruments

DKKm	Q1	Q2	Q3	Q4	2002	Q1	Q2	Q3	Q4	2003	Q1
	657	659	613	664	2,593	635	628	648	706	2,617	662

DKKm	North America	Europe	Asia/Pacific/ROW
2002	1,137	1,134	322
2003	1,089	1,283	245
Q1	256	320	86

DKKm	Q1/04
Gross profit	390
margin,%	59
EBITA	109
margin,%	16.5

Overall growth in both EU and US

- GN Q1 outperforming the market in spite of high low-end demand
- GN Q1 organic growth of 12%, Q1-o-Q1, launch impact

ReSoundAIR penetrates younger segment

High-end CORUS strengthens Beltone's digital portfolio

Upgraded Canta2 supports GN in low-end from Q2

US market share >12%, units



ReSoundAIR challenges the stigma - says GN US statistics

- 14% < 50, 25% < 55, 38% < 60 years
- average age down app. 5 years
- 57% employed, 43% retired
- 12% rejecter, 28% existing, 60% first time user
- increases BTE ratio



Audiologic Diagnostics Equipment

DKKm	Q1	Q2	Q3	Q4	2002	Q1	Q2	Q3	Q4	2003	Q1
	82	71	67	90	310	87	82	76	106	351	90

DKKm	North America	Europe	Asia/Pacific/ROW	
2002		112	161	37
2003		95	229	27
Q1		17	63	10

DKKm	Q1/04
Gross profit margin,%	48
EBITA margin,%	53
	3
	3.3

Demand still subdued in US

- GN Q1 organic growth of 6%, Q1-o-Q1,

Becoming a "one brand company"

Initial demand meets expectations for Otoflex – "the benchmark"



2004 earnings forecasts revised upwards from higher revenue

Revenue: close to DKK 4.9bn at DKK/USD 6

EBITA: close to DKK 700m

EBT: up by approx. 50%

CC&O: **EBITA margin 19-21% on revenue of close to DKK 1.25bn**
Market has bottomed out, highest growth in Office

Mobile: **Moderate EBITA loss on revenue of more than DKK 700m**
Bluetooth penetration sparks overall demand

Hearing Instruments: **EBITA margin 18-20% on revenue of close to DKK 2.65bn**
Overall market growth of 4-6%, lower prices in low-end

Audiologic Diagnostics: **Small EBITA profit on revenue of more than DKK 300m**
Demand remains subdued

USD sensitivity: ~50% of sales and <60% of costs are based in the "USD-zone"

Early adoption of IFRS 2 - expensing options on P&L - DKK 15m in 2004

IFRS 3 would reduce amortizations from DKK 230m to DKK 35m in 2004



The GN agenda 2004-2006

Close the margin gap by end 2004

- bring profitability at par with tech position in hearing instruments and ADE

Stay ahead in the Bluetooth race

- expand into Asia in 2004
- critical mass before short term profit

Increase free cash flow

- improve overall earnings
- improve operating working capital management performance