

GN - global innovator in personal communications



Q4-release, February 26, 2004, CEO Jørn Kildegaard CFO Jens Due Olsen

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 2003 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 2003-2005

Close the margin gap in GN ReSound by end 2004

- EBITA margin up from 11.3% in Q4 2002 to 16.5% in Q4 2003

Stay ahead in the Bluetooth race and leveraging JABRA in Europe

- Bluetooth revenue of DKK 112m vs. DKK 97m in Q4 2002
- 41% of mobile sales in Europe up from 14% in all 2002

Increase cash flow from operations and free cash flow

- GN EBITA margin up from 10.7% in Q4 2002 to 14.4% in Q4 2003
- inventories and receivables unchanged, Y-o-Y - down from Q3 2003
- CFFO up DKK 167m to DKK 477m, Y-o-Y - DKK 400m in one-offs

GN at a glance

- EBITA DKK 556m as forecasted - up almost 50% from 2002
- overall 12% organic growth, Y-o-Y
- proposal to resume dividends of DKK 0,6 per share for 2003
- close to 50% of revenue from 2002/3 launches and upgrades
- consolidating US ITE-manufacturing in Minneapolis finalizes GN's major restructurings

Contact Center & Office

	Q4	2001	Q1	Q2	Q3	Q4	2002	Q1	Q2	Q3	Q4	2003
DKKm	367	1,600	373	373	335	338	1,419	317	320	308	334	1,279

DKKm	North America	Europe	Asia/Pac/ROW
2001	921	605	74
2002	779	559	81
2003	632	568	80

Overall demand has bottomed out

- GN Q4 in line with market
- GN Q4 organic growth of 13, Y-o-Y , 19% ex Hello Direct
- Growth in USD 17%, higher growth in EU than US

Office platform still stronger

- wireless revenue DKK 350m; up 35% from 2002
- 50/50 revenue split CC/O (est.)

GN 6110



Launched Jan 2004

Two in one

Mobile

	Q4	2001	Q1	Q2	Q3	Q4	2002	Q1	Q2	Q3	Q4	2003
DKKm	130	330	33	60	99	143	335	102	113	106	160	481

DKKm	North America	Europe	Asia/Pacific/ROW
2001	312	18	0
2002	289	46	0
2003	278	197	6



Many new players and products in the market place

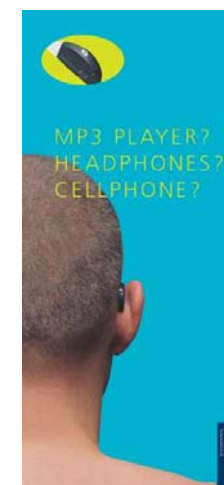
- GN Q4 revenue up 50%, Q-o-Q
- GN Q4 revenue up 12%, Y-o-Y
- Satisfactory BT 250 launch

JABRA steps into Asia – earnings diluting
1st contract with Samsung signed in 2004
EarWave rejuvenate corded line

Hearing instruments

	Q4	2001	Q1	Q2	Q3	Q4	2002	Q1	Q2	Q3	Q4	2003
DKKm	684	2,619	657	659	613	664	2,593	635	628	648	706	2,617

DKKm	North America	Europe	Asia/Pacific/ROW
2001	1,189	1,061	369
2002	1,137	1,134	322
2003	1,089	1,283	245



**ReSoundAIR
rolls out in
most markets**

Overall growth in both EU and US

- GN Q4 outperforming the market in spite of low-ends are in demand
- GN Q4 organic growth of 15%, Y-o-Y, launch impact
- GN NHS Q4 reduced significantly

**Medium priced Beltone Mira strengthen Beltone in close to 1,400 US shops
US market share above 12% in units; good demand for GN high-ends
2002-03 launches and upgrades account for close to 60% of revenue in Q4**

Audiologic Diagnostics Equipment

	Q4	2001	Q1	Q2	Q3	Q4	2002	Q1	Q2	Q3	Q4	2003
DKKm	72	287	82	71	67	90	310	87	82	76	106	351

DKKm	North America	Europe	Asia/Pacific/ROW
2001	121	135	31
2002	112	161	37
2003	95	229	27

MADSEN OTOflex 100



Launch March 2004

Demand still subdued in US

- GN Q4 organic growth of 25%, Y-o-Y due to NHS shipments

All production in DK and US

- becoming a "one brand company"
- launching first "one platform product"

GN Netcom Q4 2003

DKK m	Q1/01	Q2/01	Q3/01	Q4/01	Q1/02	Q2/02	Q3/02	Q4/02	Q1/03	Q2/03	Q3/03	Q4/03
Revenue	506	456	471	497	406	433	434	481	419	433	414	494
Gross profit	265	231	247	249	210	223	214	238	232	231	212	241
Margin, %	52	51	52	50	52	52	49	49	55	53	51	49
EBITA	46	(4)	46	41	29	27	34	58	41	42	22	72
Margin, %	9.1	(0.9)	9.8	8.2	7.1	6.2	7.8	12.1	9.8	9.7	5.3	14.6

Gross profit unchanged, Y-o-Y

- consolidating sourcing and manufacturing
- CC&O improvement vs. mobile dilution

Restructuring costs DKK 15m in Q4

- planning for DKK 0m in 2004

EBITA up 24%, Y-o-Y

- CC&O ex Hello Direct margin at par with pre down-turn level
- 15,8% margin not capitalizing R&D (10,0% Q4/02)

Leverage on Xiamen site

- reducing unit costs

GN ReSound Q4 2003

DKKm	Q1/01	Q2/01	Q3/01	Q4/01	Q1/02	Q2/02	Q3/02	Q4/02	Q1/03	Q2/03	Q3/03	Q4/03
Revenue	701	725	724	756	739	730	680	754	722	710	724	812
Gross profit	355	361	346	371	387	381	362	408	402	408	419	468
Margin,%	51	50	48	49	52	52	53	54	56	57	58	58
EBITA	43	38	55	67	60	62	69	85	87	98	119	134
Margin,%	6.1	5.2	7.6	8.9	8.1	8.5	10.2	11.3	12.1	13.8	16.4	16.5

Gross margin up 4% points, Y-o-Y

- fewer sites - Cork, China, Præstø + ITEs
- new products on common platform
- high-end revenue
- GN Otometrics write-down

EBITA up 13% from Q3

- 17,2% margin not capitalizing R&D (10,1% Q4/02)

Restructuring costs DKK 10m in Q4

- planning for DKK 0m in 2004

The margin gap closes end 2004:

- fewer sites ads to quality and efficiency
- full year effect from site consolidation
- better procurement
- product pruning
- new products

New GN - P&L

DKKm	Q4/02	2002	Q4/03	2003
Revenue	1,239	4,682	1,311	4,742
Gross profit	655	2,458	713	2,625
Gross margin,%	53	52	54	55
EBITA	132	376	189	556
EBITA margin,%	10.7	8.0	14.4	11.7
Restructurings	(56)	(162)	(25)	(140)
EBIT	(3)	(94)	26	93
Financials, net	(492)	(446)	82	177
EBT	(495)	(514)	108	270

Revenue as expected - 15% organic growth vs. Q4/02

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

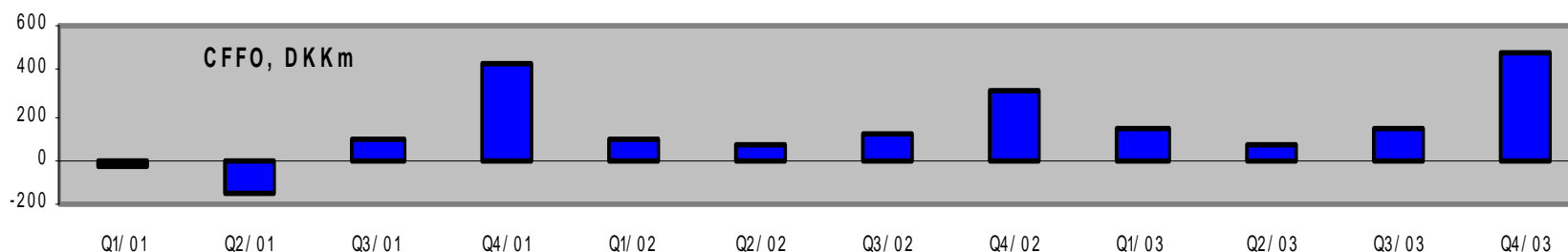
OPEX up in fixed currency from i.a. higher R&D amortizations and S&D spending

EBITA margin 15,3% not capitalizing R&D (9,1% Q4/02)

Interest of DKK 75 from received tax

New GN - Balance sheet and Cash Flow

DKKm	2001	2002	2003	DKKm	Q4/02	2002	Q4/03	2003
Goodwill	4,480	3,578	2.776	CFFO before Fin,restruc,tax	408	760	218	732
Development projects	235	339	347	CFFO	310	557	477	827
Inventory	854	630	622	Free cash flow	192	288	435	469
Trade receivables	1,028	945	958	adj. for one-offs	271	315	101	308
Net interest bearing debt	817	1,243	784					
Trade payables	316	322	289					



GN 2004 forecasts – EBITA up by no less than 20%

EBITA:	DKK 556m + no less than 20%
Revenue:	unchanged vs. DKK 4.7bn in 2003 at DKK/USD 6
CC&O:	EBITA margin 19-21% on revenue of more than DKK 1.2bn <i>Market has bottomed out</i>
Mobile:	Moderate EBITA loss on revenue close to DKK 700 <i>Bluetooth penetration sparks overall demand</i>
Hearing Instruments:	EBITA margin 18-20% on revenue of close to DKK 2.6bn <i>Overall market growth of 4-6%, lower prices in low-end</i>
Audiologic Diagnostics:	Small EBITA profit on revenue of app. DKK 300m <i>Demand remains subdued</i>

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, if adopted

The GN agenda 2004-2006

Close the margin gap by end 2004

- bring profitability at par with tech position in hearing instruments

Stay ahead in the Bluetooth race

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

Increase cash flow from operations and free cash flow

- improve overall earnings
- improve working capital management performance