

Announcement

To the Copenhagen Stock Exchange and the press

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RTX Telecom reduces expectations for financial year 2002/03

Summary: A GSM/GPRS development project included by RTX Telecom in its interim annual report with a two-digit million amount in Danish kroner has against expectations not been given approval by the customer. The forecast for financial year net turnover and result before financial income and expenses (EBIT) has been adjusted accordingly to DKK 180 million and a negative amount of DKK 10 million.

In the interim annual report of 21 May 2003 for the first six months of 2002/03, RTX Telecom announced that an agreement on framework terms had been reached with a European customer regarding development of advanced GSM/GPRS mobile telephones.

The customer's innovative concept facilitating a unique construction and flexible production of telephones for various uses formed the basis for this development project. RTX Telecom was expected to have overall responsibility for development of the new product. Agreement was attained regarding the contract amounting to a two-digit million amount in Danish kroner as well as the other terms of the collaboration.

The customer's internal approval process has been lengthy and very complex, yet their announcement today that the project has not attained final approval comes unexpectedly.

Delays have generally characterized the remainder of orders coming in from other customers, and at the same time there is a growing trend for mainly product development orders to be converted to assignments, which include production via sub-contractors (ODM). The management of RTX Telecom expects to achieve positive business opportunities within such activities, as well as the ODM production is considered to be a natural extension of the Group's present development tasks. Involvement in ODM production, however, means that a substantial portion of earnings from development contracts is deferred and accounted for as income in step with physical production.

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All together this has led to the following adjustments to expected net turnover and result before financial income and expenses (EBIT) in the current financial year (01 October 2002 – 30 September 2003).

Net turnover:

To be changed from DKK 230 – 250 million to approx. DKK 180 million.

Result before financial income and expenses (EBIT):

To be changed from DKK 20 – 30 million to approx. DKK –10 million.

The RTX Telecom Group continues to be intensively focused on reduction of fixed costs, and in respect to momentary capacity adjustments, 12 employee contracts were cancelled in May 2003. Furthermore, activities of the subsidiary Penell A/S will be transferred to the main headquarters at Noerresundby in the autumn of 2003. The cost effect of these measures will be noticeable from the beginning of financial year 2003/04.

The management's expectations for the financial year 2003/04 will be presented in connection with publication of RTX Telecom's annual statement in December 2003.

Best regards,
RTX Telecom A/S

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RTX Telecom's homepage: www.rtx.dk