Group Annual Report 2003

The Grundfos Group and the Poul Due Jensen Foundation

BE › THINK › INNOVATE ›

GRUNDFOS

Milestones 2003

January

Niels Due Jensen assigns responsibility as Group President to Jens Jørgen Madsen and becomes Group Chairman.

Grundfos takes over the Brazilian pump factory Mark Peerless SA, which changes its name to Mark Pumps Ltda.

February

In the European edition of the American business magazine Fortune Magazine, Grundfos, Denmark is selected as one of Europe's top ten workplaces.

March

At the most important show of the year for Grundfos, i.e. ISH in Frankfurt, Germany, visitors are introduced to a number of new products, including the new electronically regulated circulator pump Alpha+.

April

May

Grundfos launches the first industrial production of microchips in Denmark.

June

The Grundfos Prize is awarded for the paper "Danmark i vidensamfundet – udfordringer for forsknings- og uddannelsespolitikken" (Denmark in the Knowledge Society - challenges faced by research and education policies). The prize winners were: Svend Erik Hougaard Jensen, Director of Research at the CEBR and Professor at the University of Southern Denmark, Ulrich Kaiser, Senior Lecturer at the University of Southern Denmark, Nikolaj Malchow-Møller, Research Fellow at the CEBR, Jan Rose Skaksen, economic adviser and Professor at the Copenhagen Business School, Anders Sørensen, Assistant Professor at Johns Hopkins University, USA.

July

August

The interim accounts of the Group are presented showing a DKK 162m increase in pre-tax profit and a DKK 130m increase in sales compared with the first half of 2002.

September

For the second time, the Poul Due Jensen Foundation, the Grundfos Group's principal shareholder, offers its employees to buy shares in Grundfos Holding AG. Thus, 3,600 employees world-wide are co-owners of the company.

October

The European Foundation for Quality Management (EFQM) honours the Danish production company Grundfos A/S with a special prize for "Leadership and Constancy of Purpose".

A Danish business delegation headed by the Danish Prince Joachim and Minister for Food, Agriculture and Fisheries Mariann Fischer Boel visits Grundfos' sales company in Dubai, United Arab Emirates.

November

Grundfos' SQFlex pump for domestic water supply, which is powered by renewable energy, receives the Danish Design Award 2003.

For the second year in a row, Grundfos receives the special prize for "Diversity Management" in connection with the survey "The Best Workplaces in Denmark 2003", which is carried out by the analysts of Oxford Research and the Danish business magazine Berlingske Tidendes Nyhedsmagasin.

December

Key Figures for the Grundfos Group

Amounts in DKKm

	2003	2002	2001	2000	1999
Consolidated Profit and Loss Statement					
Net Turnover	11,152	10,703	10,214	9,522	8,145
Operating Profit	1,154	913	814	886	606
Earnings before interest and tax (EBIT)	1,087	903	795	865	579
Cost of Financing	(9)	(177)	(177)	(126)	(103)
Profit before Tax	1,078	726	618	739	476
Consolidated Profit after Tax	673	441	388	522	291
Profit for the Year (Excluding Minorities)	579	373	336	447	247
Consolidated Balance Sheet					
Assets					
Intangible Fixed Assets	586	554	496	431	397
Tangible Fixed Assets	3,887	3,792	3,711	3,406	3,188
Fixed Assets Investments	567	534	518	641	633
Current Assets	5,753	5,292	5,374	5,196	4,577
Total Assets	**10,793**	**10,172**	**10,099**	**9,674**	**8,795**
Liabilities					
Equity Capital	4,637	4,205	3,935	3,573	3,033
Minority Interests	679	612	597	597	509
Provisions	701	595	542	482	505
Long-term Liabilities	1,799	1,640	1,772	1,495	1,691
Short-term Liabilities	2,977	3,120	3,253	3,527	3,057
Total Liabilities	**10,793**	**10,172**	**10,099**	**9,674**	**8,795**
Number of Employees at Year-End	11,707	11,383	10,985	10,773	9,591
Capital Investments, Tangible	854	798	870	725	655
R&D Costs, activated	464	454	458	380	336
Interest-Bearing Debt, Net	881	1,732	1,995	1,603	1,337
Profit before Tax in per cent of Net Turnover	9.7%	6.8%	6.1%	7.8%	5.8%
Return on Equity	13.3%	9.4%	8.9%	13.5%	8.6%
Equity Rotation	49.3%	47.4%	44.9%	43.1%	40.3%

As of 2002 development projects are included in the Consolidated Balance Sheet. No restatement of comparatives has been made in this respect. The amount included for 2002 totals DKK 13m and for 2003 DKK 52m.

Definition of Ratios:

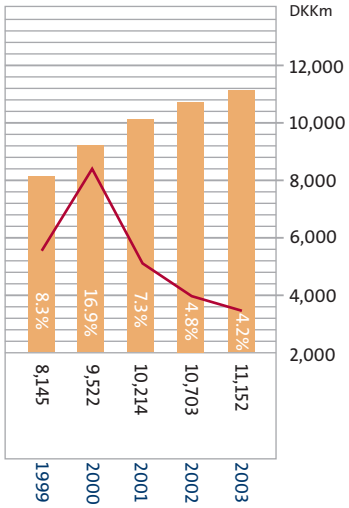
Return on Equity:

Consolidated profit in per cent of the average equity capital inclusive of minority interests.

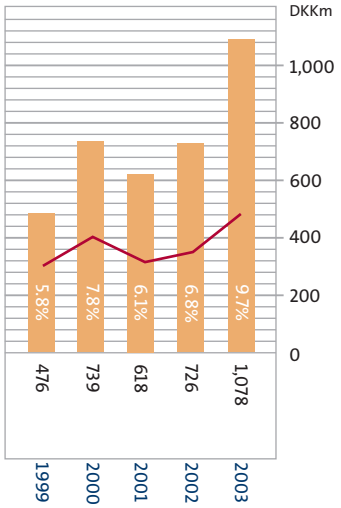
Equity Ratio:

Equity capital inclusive of minority interests at year-end in per cent of total assets.

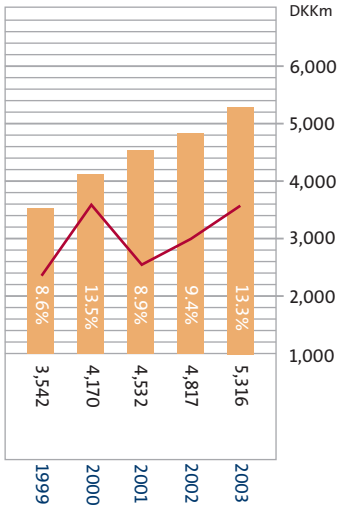
Net Turnover
% of Annual Growth Rate



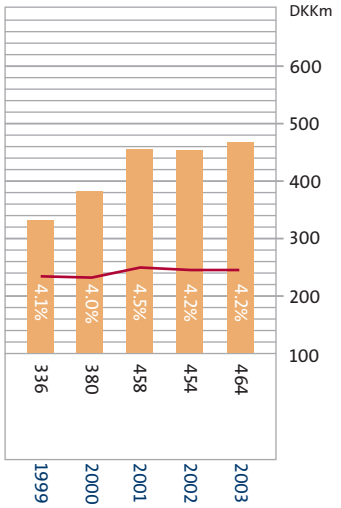
Profit before Tax
% of Net Turnover



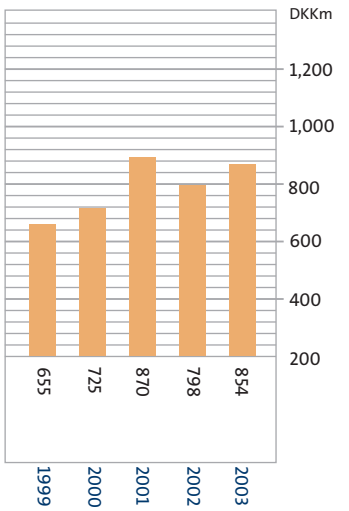
Equity Capital and Miniority Interests
Return on Equity in %



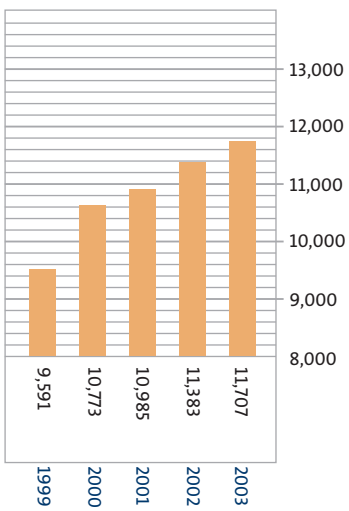
Research and Development Costs
% of Net Turnover



Capital Investments, Tangible



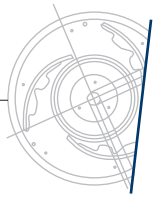
Number of Employees



Statement

Be–Think–Innovate

– action to the word



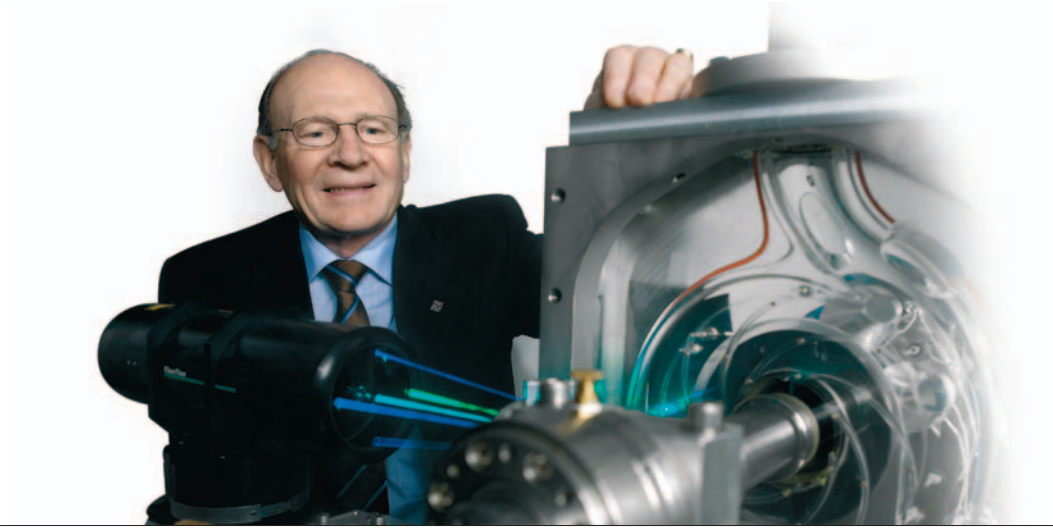
Financial Matters

To Everybody Who Takes an Interest in the Company

With the presentation of the 2003 Annual Report we are pleased to note that Grundfos has been able to increase its turnover by 4.2 per cent to DKK 11.152b despite unfavourable market conditions. In particular, we are satisfied that the Group's pre-tax profits – for the first time ever – passed DKK 1b, a result which has primarily been achieved following great efforts from all Grundfos employees. Improved efficiency in all parts of the Group resulted in a historically low growth in costs, which also contributed greatly to the result.

The increase in earnings has not been realised at the expense of long-term initiatives. 2003 also saw record-high investments in the future. We spent the biggest amount so far on product development, and our total investment programme amounted to DKK 854m. Despite these long-term initiatives we generated a free cash flow of DKK 1,743m in 2003, thus halving the Group's interest-bearing net debts in comparison with the end of 2002. This allows us to speed up developments in the years to come, and as Grundfos is owned by a foundation, almost all earnings are reinvested, thus strengthening Grundfos' position in the world market. This strengthening will continue through a combination of development of innovative products, investments in new markets and globalisation of the production.

Being a responsible company we must make certain commitments – and Grundfos has been responsible since 1945 when Poul Due Jensen started the company. This long-standing tradition of responsibility has created a set of values which are characteristic for our way of conducting business, and which is firmly anchored among our employees. As a result, we are currently implementing our policy for Corporate Social Responsibility in all Group companies and we have adopted the UN's "Global Compact Initiative".



• *Niels Due Jensen, Chairman of the Board of Directors, in the Flow Laboratory at the Development Centre.*

In many ways, 2003 was epoch-making at the international scene of politics. The most significant event is probably the increased financial and political cooperation in Europe following previous decades of political division. Together with the Asian growth markets, the new democracies in Eastern Europe have greatly contributed to our growth and will be given a high priority in future. In this area, the need for new and efficient technology appears to be almost insatiable, and we are pleased to see that our Grundfos products contribute to improve living conditions and ensure a more correct application of resources, in terms of energy and the environment, also in these new markets. Among other things, we meet these needs by creating local work places in new production facilities and sales companies that are situated close to the customers.

During the past year we have cooperated closely to further develop Grundfos in our new roles as Group Chairman and Group President. We have done so knowing that both of us build on a strong, common set of values, and that both of us have great ambitions for Grundfos' future. The keyword is profitable growth, and this is expressed in concrete terms in 2 important objectives for the coming 5-year period: We aim to achieve a pre-tax profit of 10 per cent in 2005 and a turnover of 2b Euros in 2007. These objectives remain valid and unchanged, and we look forward to realising these important objectives in the years to come through close cooperation between the Board of Directors and the Management.

Together, we would like to thank our customers, suppliers and last, but not least, each of our 11,707 employees who have actively contributed to the fine 2003 result.

Niels Due Jensen
Group Chairman

Jens Jørgen Madsen
Group President

Group President Jens Jørgen Madsen.

- *Close contact with customers is key to our way of doing business, and we make an effort to give a warm welcome to our guests at Grundfos. Every day we hoist the flags for nations that are currently visiting the Group headquarters in Denmark. In 2003, the number of customers and other partners exceeded 6,000. Gardener Svend Rydahl Sørensen keeps the 144 flags in order and makes sure that they are hoisted in the correct heraldic order.*

Report

The Group acceleration strategy of setting up production and sales companies close to our customers is paying off – also in the new growth markets.

Increased Growth and Earnings

Despite a generally weak global economy, 2003 was a very good year for Grundfos. The sales growth figure reached a little over 4 per cent while pre-tax profits passed DKK 1b for the first time .

The first half of 2003 was marked by the war in Iraq and the consequently hesitant and unstable global economy. It also affected the Grundfos Group; we only realised a modest sales growth during the first six months of the year. We were well prepared for this, however, as costs were under control from the outset, thanks to the cost-cutting measures implemented in 2002. Tight cost control continued in 2003 and together with considerable efficiency improvements throughout the Group, cost growth was very low in 2003. This is one of the main causes of the improvement of Group earnings and as we also managed to increase sales in the second half of 2003, there was a sound basis for achieving the best result in Grundfos' history.

Group net turnover amounts to DKK 11,152m against DKK 10,703m in 2002, corresponding to an increase in sales of a little over 4 per cent. Almost all sales growth is organic as the rather small pump company Mark Peerless, Brazil, is the only acquisition made in 2003. Growth in turnover, on the other hand, is affected by the decline, which we saw in the exchange rate of almost all currencies except Danish kroner and Euros. In particular the American dollar and USD related currencies were affected with an average decline of just under 20 per cent. We realised a sales growth of 10 per cent measured in local currencies. The decline in exchange rates cut well over 600m off the sales growth measured in Danish kroner. We were not favoured by the global economy in 2003, yet we are satisfied with an organic sales growth of 10 per cent in real terms. It reflects the fact that we sold many more pumps in 2003 than the year before. For the first time, sales figures thus reached more than 10m pumps. A 10 per cent growth in volume also indicates that we have strengthened Grundfos' position in the global market and our market share was increased in 2003.

Profit before tax was DKK 1,078m representing an increase of 48 per cent against DKK 726m realised in 2002. At the beginning of the year, we stated an intention to give earnings a higher priority over the next few years than we have done before, and we budgeted for a 20 per cent increase

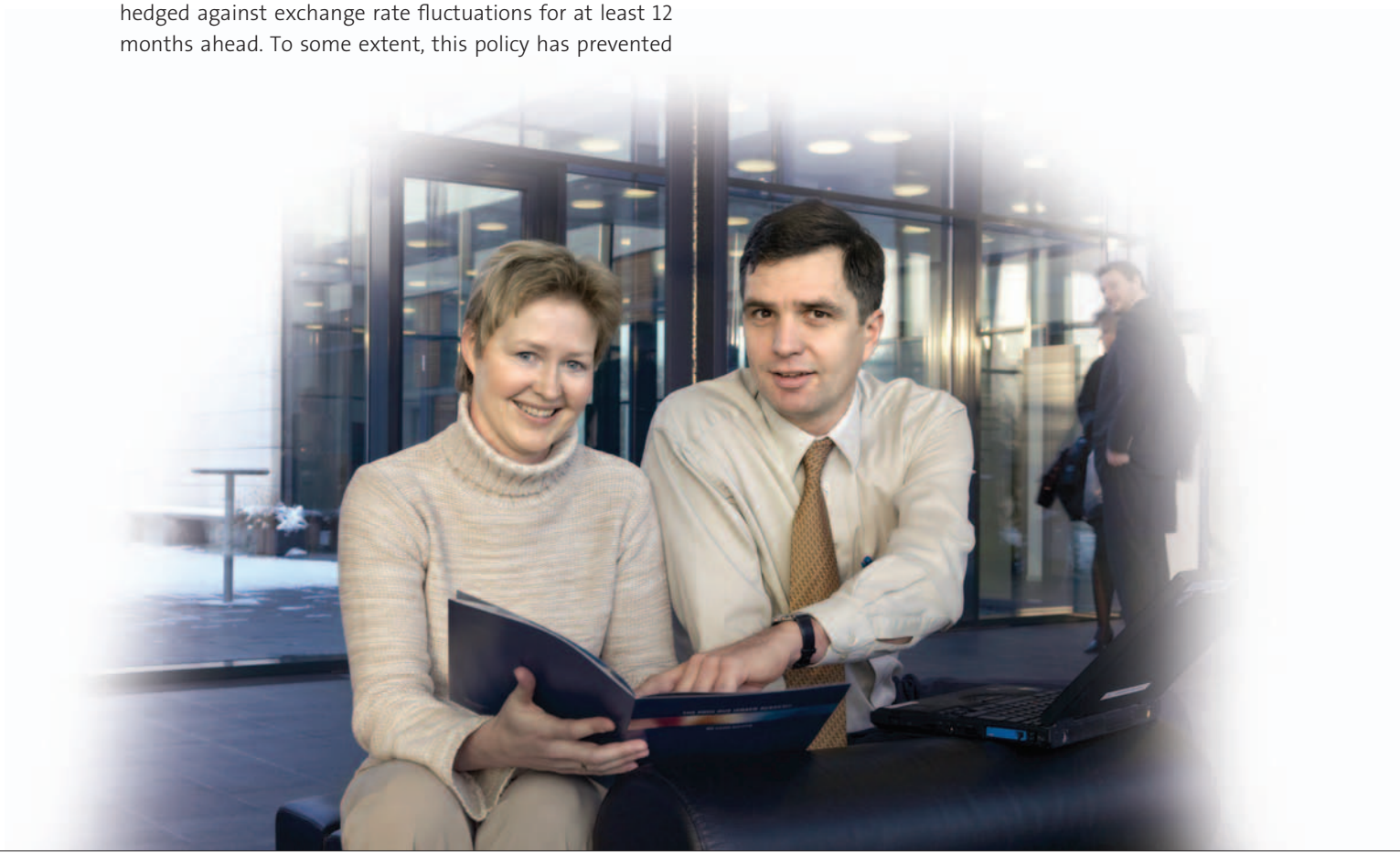
• *Grundfos Digital Dosing is used for precise dosing of chemicals in e.g. industry, and water and wastewater systems.*

in earnings in 2003. In other words, we achieved considerably more than provided for in the budget, hence taking an important leap forward toward our earnings goal of a 10 per cent profit before tax. This is primarily achieved through the rationalisation efforts, efficiency improvements and simplification of the Group companies. Increased focus on process management and process improvements in the production has contributed to an efficiency increase of at least 5 per cent. However, we have also seen a total efficiency increase of 5 per cent within the sales organisation, which has been achieved through rationalisation of processes within this area .

The decline in exchange rates has not affected 2003 earnings significantly because, in accordance with Group exchange rate policy, foreign-exchange income has been hedged against exchange rate fluctuations for at least 12 months ahead. To some extent, this policy has prevented the exchange rate decline from affecting Group earnings, however, it is a fact that profit before tax would have been approx. DKK 100m higher with stable foreign exchange rates.

The positive cash flow has contributed to a large reduction of financing costs and the positive development on the stock markets has lead to a reasonable yield on the Group's investment portfolio and contributed to the relatively low net financing costs of DKK 9m .

We are satisfied with the increased earnings and the positive cash flow. It enables Grundfos to accelerate the development over the next few years; a development that we wish to continue to self-finance through our operations.



Thorough financial analyses are important when making decisions at Grundfos. Analyses are prepared in the Group's finance department by Senior Economist Helle Kidmose and Chief Controller Torben Jørgensen.

Growth in all Business Areas

In 2003, Grundfos achieved growth in all business areas and we are pleased to see that, once again, high growth rates were realised in the Wastewater and Industry business areas.

Global development

In its well-established, Western European markets Grundfos strengthened its position as the market leader. Not least the large and important German market turned out to be a positive surprise with a growth rate of 7 per cent following several years of almost no growth. At the same time, the British market made a continued, marked progress.

This year too, the highest growth rates were realised in the new market economies in Eastern Europe, Russia and China, noting growth rates of 16, 43 and 30 per cent, respectively. This development confirms the Group's acceleration strategy with the setting up of production and sales facilities close to the customer. This approach gives good results, also in the new markets.

In the years to come, strategic focus will be intensified on the North American continent, which is still characterised by a relatively low growth rate of 4 per cent, calculated in USD.

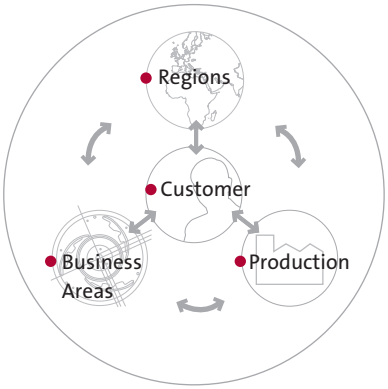
In South America, Grundfos seized the opportunity of expanding in this market with the acquisition of Mark Peerless in Brazil, increasing our direct access to this potential, great market with a pump programme that has been adapted to the market.

Development in the Group's business areas

A significant success factor for Grundfos was the positive development in the Group's largest Building Services business area. Here, a growth rate of 9 per cent in fixed prices contributed to the satisfactory result for the year.

Once again, Grundfos has gained market shares in this important business area, and today, our company's position has been strengthened even further, both within sales via wholesalers and sales to the boiler industry. Here, we engage in close dialogue and partnership agreements, including both commercial and development/technological competences, and this approach has made Grundfos the customers' preferred supplier.

• *Grundfos makes it easy for Consulting Engineer Lars Bak from Søren Andersen A/S to keep up to date about the Group's products via Grundfos.com and to maintain close personal contact with the Group's Danish sales company. This is important in order for him to be able to offer his customers the best possible advice when projecting major construction contracts.*



The Grundfos Group's objective is to be close to its customers, geographically and when developing our products. In order to meet this objective, we have set up companies in all continents, while at the same time running a central business development centre at the Group headquarters. Here, all research and business development activities are gathered in one organisation, which engages into continuous and close dialogue with sales regions and customers, develops new products, improves existing products and develops sales and marketing concepts.

In the Industrial Pump business area, our expectations were fully met. During the year, we succeeded in winning new market shares, realising a growth rate of 13 per cent, following a correction for exchange rate effect.

As regards the Wastewater business area, Grundfos continues to establish itself as an important player, and as a consequence, investments will be made in this area in the years to come. Our focus will be on assisting our customers in planning and implementing international projects, and this, together with improved efforts in project sales, have contributed to making good results. The Wastewater area realised a growth rate of 18 per cent.

Water supply companies, private and public alike, are becoming more interested in considering the economy of a pump installation as a whole. Focus is on total costs, not only acquisition costs, and also on the advantages of engaging into a permanent business relationship with one particular pump supplier. Thus, the "Cost of Ownership" concept has greatly contributed to achieving a 6 per cent increase in Grundfos' sale of medium-sized and large submersible pumps for water supply.

Grundfos applies a forward-looking approach within existing and new business areas alike. That is why we constantly invest in market development activities for our digital dosing pumps, and we are pleased to note a 61 per cent growth rate in 2003, when the market adopted the new Grundfos Digital Dosing concept. During the year, more sales resources have been allocated to this new market, including a distributor network and close cooperation with key customers, primarily within water treatment and distribution of chemicals.

The development of Grundfos' electronic catalogues continued throughout 2003, and today, the catalogues exist in 18 language versions and have 200,000 users worldwide. The electronic catalogues were also used as the background for an introduction of the Grundfos Extranet, which – when configured to the individual customer – provides on-line access to product selection and the placing of orders. Similarly, Grundfos' Customer Relationship Management system was introduced in the German sales organisation, paving the way for further improvements in the quality and efficiency of our sales activities.

Sales growth made great demands on production

At the beginning of the year we expected 2003 to become yet another year of low growth in the markets. However, the situation turned out quite differently, and the Group's production facilities reached its full capacity within several product areas. Therefore, we initiated capacity expansions in several manufacturing companies. At the same time, a decision was made to increase the number of manufacturing companies with factories in India and Russia, and to relocate the existing production in China to new and significantly bigger facilities.

The manufacturing companies focused on rationalising total costs, and these projects are developing satisfactorily. In addition, efforts have been made centrally and locally to implement improvement projects within Supply Chain Management, which has led to significant reductions in production time and inventories.

Setting the Trend in the Pump Industry

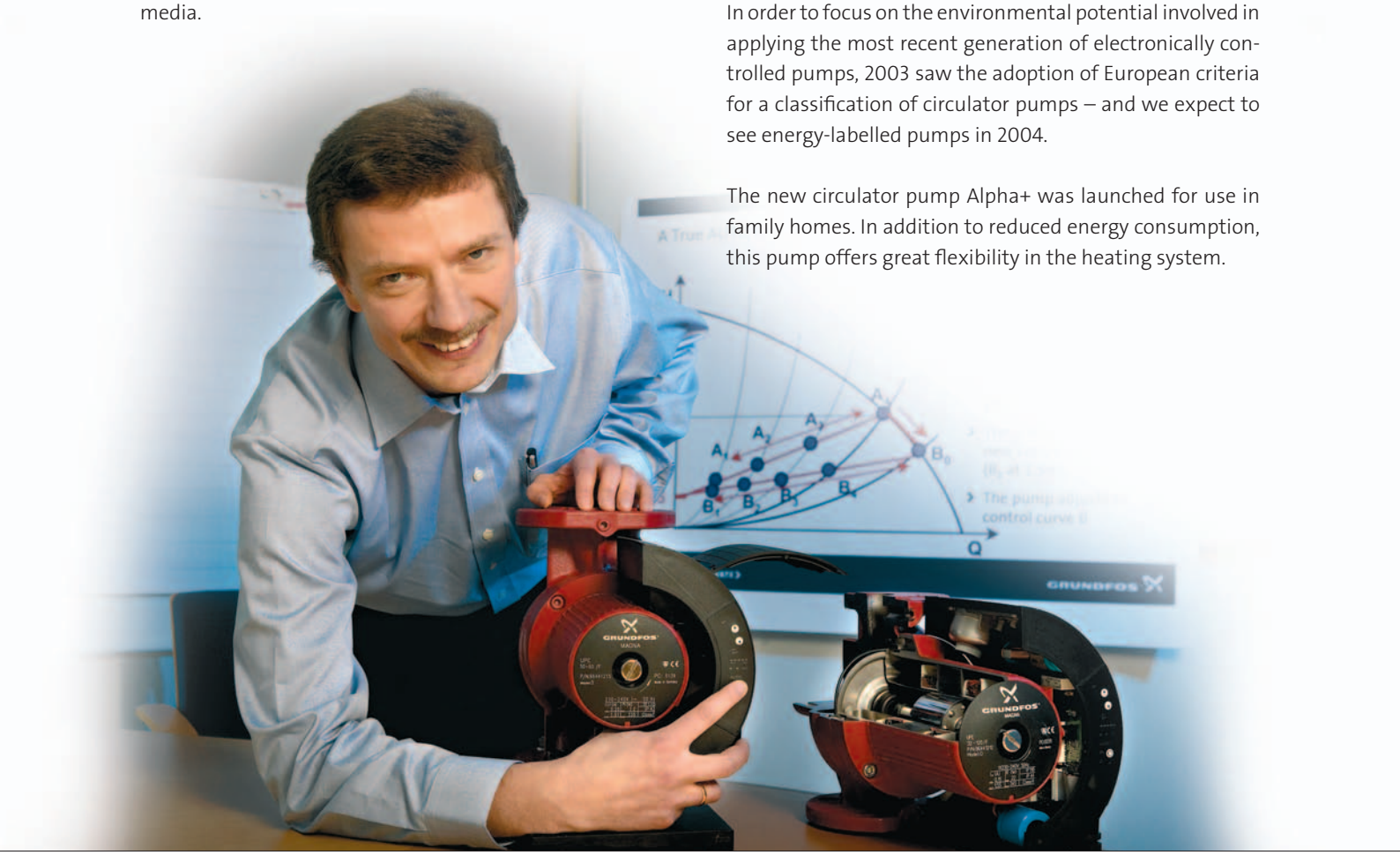
Based on Grundfos' global proximity to its markets and the close dialogue with its customers regarding existing and future needs, Grundfos continues to expand its position as a trend-setter in the pump industry. Once again, in 2003, investments increased in research and development activities, focusing on robustness, operating economy, user-friendliness and environmental protection.

Several years of research resulted in the presentation of Grundfos Direct Sensors to the general public. This new business area is based on Grundfos' own production of unique microsensors. Thanks to newly developed and patented production processes, Grundfos manages to achieve a hitherto unseen combination of accuracy of measurement, compactness, price and resistance to aggressive media.

This opens up completely new possibilities of fitting sensors in pumps and pump systems, thus improving performance while at the same time reducing energy consumption. The sensors' properties also have a great potential outside the pump business, and we plan to introduce the sensors to other industries as well.

In order to focus on the environmental potential involved in applying the most recent generation of electronically controlled pumps, 2003 saw the adoption of European criteria for a classification of circulator pumps – and we expect to see energy-labelled pumps in 2004.

The new circulator pump Alpha+ was launched for use in family homes. In addition to reduced energy consumption, this pump offers great flexibility in the heating system.



• *Senior Project Manager Troels Sørensen maintains close contact with customers via focus groups in order to ensure that trend-setting technology is turned into user-friendly products.*

In order to meet similar demands for energy savings in large, professional heating systems, e.g. in commercial and industrial constructions, Grundfos launched a new, extended programme of TP inline circulator pumps. Low energy consumption and high operational reliability translate into cost reductions during the pump's useful life.

These improvements have been achieved as a result of the opportunity – made possible by new technology – to watch what occurs inside the pump when the liquid flows through it. During the past years we have succeeded in making sophisticated 3D computer simulations of fluid flow, enabling computer models to calculate geometries which improve pump efficiency.

Now, Grundfos offers a complete range of standard motors for all pumps, which meet the requirements of the highest efficiency class. At the same time, new, optimised motors lead to lower noise levels and longer useful lives.

The renewal of the entire CR industrial pump programme was completed in 2003, and Grundfos is thus well ahead of its competitors as regards energy savings and operational reliability. In addition, the updated CR range comprises several new solutions, e.g. a shaft seal made from a new material, which combines properties that have so far been considered incompatible – for example hardness and self-lubrication. By being forward-looking and applying the most recent research, Grundfos has rendered possible this paradigm shift.

With the Digital Dosing concept, Grundfos has established itself as the trendsetter in the market for membrane pumps, and Digital Dosing is now recognised by key customers as the new standard in this industry. The NoNOx dosing unit for diesel catalysts, which is based on the unique technology from Digital Dosing, proves its efficiency via test runs in Europe and the USA: The emission of hazardous gasses is significantly reduced and major savings are made on fuel.

However, the day-to-day life of our customers is not only characterised by a need for high-tech products. There is also a need for concrete solutions to everyday challenges connected with maintaining pumps submersed in e.g. wastewater. Here, the keywords are easy service and robustness. For example, it is easy to dismount and mount the new SEG grinder pump thanks to a new connector type and clamp assembly. Pump performance is maintained even after many hours of operation via a simple method of adjusting the crevices between the impeller and pump housing. These are but a few of the numerous examples of practical developments that have been made on high-tech products.

Within the Water Supply area, the SQFlex pump once again attracted attention when this submersible pump, which is driven by renewable energy sources such as the sun or the wind, was awarded the "Danish Design Award 2003".

Grundfos Magna is an electronically controlled circulator pump used in heating systems in blocks of flats and other large buildings.

Successful Focus on Environmental Protection

Sustainability is one of Grundfos' basic values, and this value is reflected in the way we choose to do business. We translate our values into action while at the same time running a profitable and sustainable company.

The effort made to implement lasting initiatives to improve the environment, internally and externally, is one of the numerous areas where the Be responsible – Think ahead – Innovate formula is translated into action and measurable results.

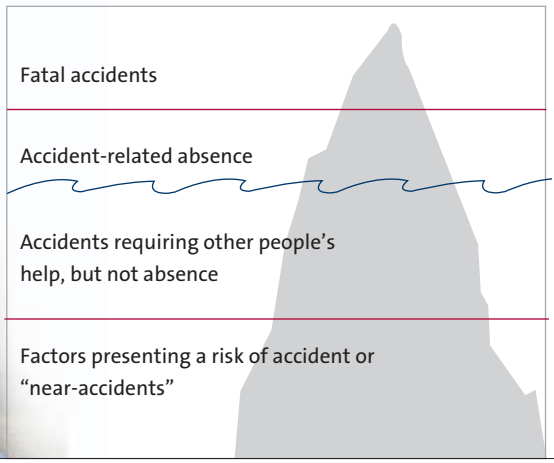
Among other things, our sense of responsibility is realised through the increasingly strict requirements we make to the pumps' energy consumption and strain on the environment throughout their useful life. We formulated the first objective within this area in 1997, and since then, the energy consumption of 93 per cent of all new products has become at least 5 per cent lower than the previous model, and the pumps' performance has been improved (see the figure on the next page).

Successful prevention of accidents at work

A forward-looking approach throughout 2003 has reduced the number of accidents at work. This result has been obtained by continued focus on situations which almost resulted in an accident. This way of thinking is illustrated in the "Iceberg" figure below. Traditionally, focus and visibility are greatest on the most serious accidents, yet by concentrating on what lays under the "surface of the water", i.e. small accidents and "near-accidents", the occurrence of serious events is reduced.

• *Customer Advisor Tina M. Weilert of Eurofins Danmark A/S continuously controls the quality of the water discharged from the Grundfos production in Denmark to ensure that it meets the strict requirements made by the authorities and us.*

• The Iceberg



In particular, increased awareness of risks among employees has contributed to the satisfactory development. In cooperation with their employees, the foremen record situations which could lead to accidents at work, and in 2003, the increased awareness led to 483 recordings of so-called signs of accidents against 203 the year before. Obviously, the doubling in the number of recordings is a result of the increased focus on dangerous situations and does not reflect an actual increase in the number of such situations. As a result of our efforts, the frequency of accidents fell from 20.1 to 19.5 accidents per 1 million working hours in 2003 (see the figure below). The example shows that forward-looking thinking which focuses on the reasons for the accidents is an efficient means to avoid such accidents.

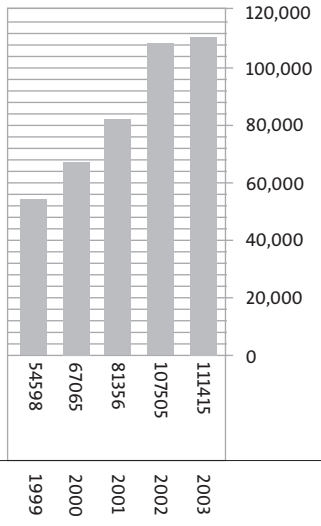
Constant focus on the environment in the production

We developed some very concrete and innovative solutions during the year, and Grundfos' digital dosing pump also turned out to be an efficient tool in the Die Cast Plant. The new dosing pump enabled us to achieve a quantitative reduction in the use of hydraulic oil and environmentally hazardous ancillary materials in the casting process.

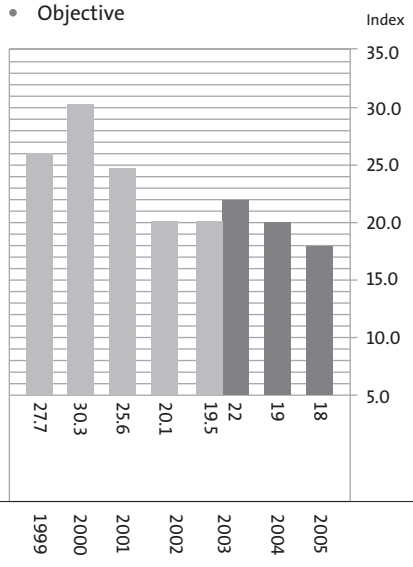
In the production there are numerous examples of how we constantly implement a cleaner technology. For example, in 2003 research allowed us to replace a hydraulic machine used to cast stainless steel with a mechanical press. As a result, the energy consumption per work piece when casting stainless steel has been reduced by 92 per cent in that particular process. This benefits the environment, and the noise level has been significantly reduced, which benefits the working environment.

Every time we buy new equipment for the production we estimate its environmental impact by preparing an environmental control report. This is our way to ensure that the equipment causes the lowest possible strain on the environment.

• Energy savings on products expressed as the annual energy consumption of an equivalent number of households



• Accident frequency
• Objective



• The Grundfos Group's Environmental Objectives

Subject	Environmental Objectives	Deadline
Electricity	Reduction of indexed electricity consumption by 20 per cent compared with 2000	31-12-2005
Water	Reduction of indexed water consumption by 10 per cent compared with 2000	31-12-2005
Chemical waste	Reduction of indexed chemical waste by 20 per cent compared with 2000	31-12-2005
Number of chemicals	Reduction of number of red chemicals* to 70	31-12-2005
Work accidents	Accident frequency: 18 accidents per 1 million working hours Accident-related absence: 2 accidents per 1 million working hours	31-12-2005
Electricity consumption of products	At least 80 per cent of new products developed between now and 2005 must have an electricity consumption that is 5 per cent less than the previous model, as a minimum. If the previous model is less than 5 years old, the objective is a 2 per cent reduction.	31-12-2005
Material consumption	All new products developed between now and 2006 must consume fewer resources than the previous model.	31-12-2005

* "Red chemicals" are chemicals which are particularly hazardous to the general environment or to the working environment.

• Grundfos' CR multistage centrifugal pumps are used in washing systems, boiler feed systems, water treatment systems and a number of other industrial systems.

According to Group environmental policy all Grundfos' manufacturing companies must be certified in accordance with the international standard for environmental control, ISO 14001. All companies now meet these requirements, except the Hungarian company, which expects to achieve certification at the beginning of 2004. New or acquired companies are given a three-year deadline to implement the system.

External approval and commitment

During the past 6 years the Grundfos Group has won valuable recognition for its targeted environmental efforts. For example, during this period, Grundfos has been awarded a total of 12 prizes, e.g. four EU Environmental Awards.

Such recognitions are a further incitement to conduct our manufacturing processes and product development in such a way as to show the greatest possible responsibility in relation to the internal and external environment, including the pumps' energy consumption.

Follow-up activities within the area of the environment are conducted by means of annual revaluations of objectives that have been set for the individual areas of environmental strain, e.g. the consumption of chemicals, electricity and water.

Grundfos' set of values has been a significant driver behind the decision to sign the UN Global Compact Initiative in 2002. Grundfos observes the principles contained in the Global Compact Initiative, which may be measured precisely on environmental issues.

The Grundfos Group Environmental Report 2003 will not be printed on paper, however may be downloaded electronically from www.grundfos.com at the beginning of May 2004. This is yet another example of the Group's environmentally sound behaviour.

Operator Ellen Kjeldsen shows an appreciation of detail, both when operating sophisticated 3D measuring equipment and when preparing a report on cleaning and tidiness in the factory 4 times a year. Suggestions for improvements are a vital element of the report, and thus Ellen assists in obtaining the best possible working environment for herself and her colleagues.

Holistic Approach, Dialogue and Cooperation

How do we create the framework that is necessary to promote responsibility, foresight and innovation – factors which are all intended to benefit our customers? We seek to reply to that question by developing and applying new organisational tools, methods and processes.

In 2002, Grundfos adopted a policy for Corporate Social Responsibility (CSR), and in 2003, 48 companies defined concrete objectives for practising social responsibility locally before the end of 2006.

In most countries where Grundfos is represented, social responsibility is expressed in numerous ways, whether directed at employees or society at large.

These efforts range from granting support to the training of scout leaders in the young, Russian scout movement, to supporting an Indonesian water supply project in cooperation with local NGOs. In California, Grundfos employees perform social work in the local community, while Grundfos Turkey has sponsored a bus to Turkish pupils, equipped with teaching aids and materials within the fields of technology and natural science. In Denmark, the Group has had great success in focusing on people on long-term sick leave, and integrating refugees and immigrants into the workplace. The general values and objectives are the same throughout the Group, yet they may be adapted to local conditions and needs.

Value-based management is an important tool in our day-to-day activities, and in 2003 some of our efforts focused on creating cohesion in our career and competence development programme. Here, we focused on 4 management competences: staff management, business development, change management and customer focus. A new internal management-training programme is intended to strengthen these competences further. At the same time, we developed a so-called 360-degree feedback tool for the managers in the organisation, intended to help the individual manager focus his development efforts in agreement with the company's priorities. 2003 also saw the Grundfos Group implementing a "Policy for health and welfare", and in that connection focus was on combating stress.

Competence development among employees at the company and development levels is strengthened via the implementation of SCD (Strategic Competence Development), which is a tool designed to ensure agreement between the needs for competence development and the development activities which are actually offered, e.g. training.

During the past 3 years, the Group has used the Poul Due Jensen Academy to upgrade the commercial competence of organisational staff from the sales, service and marketing departments through an extensive training programme. More than 800 employees from Grundfos companies across the world have completed the first 2-week module. Also, 150 of these employees have attended the second module, while 50 sales managers have completed a special three-module training programme. At present, we conduct analyses of the effect of these training activities, and we have ascertained a measurable effect in the form of improved prioritisation of sales activities and increased customer loyalty.

Dialogue is key in the manager/employee relationship, and therefore we have decided to focus even more on the annual appraisal interview, which has a long tradition in Grundfos, and which is offered to all employees.

Focus is also on dialogue across the organisation, whether the issue is cooperation between departments and com-

panies across national borders or the exchange of professional competence. Here, a holistic approach and process-oriented thinking are important elements.

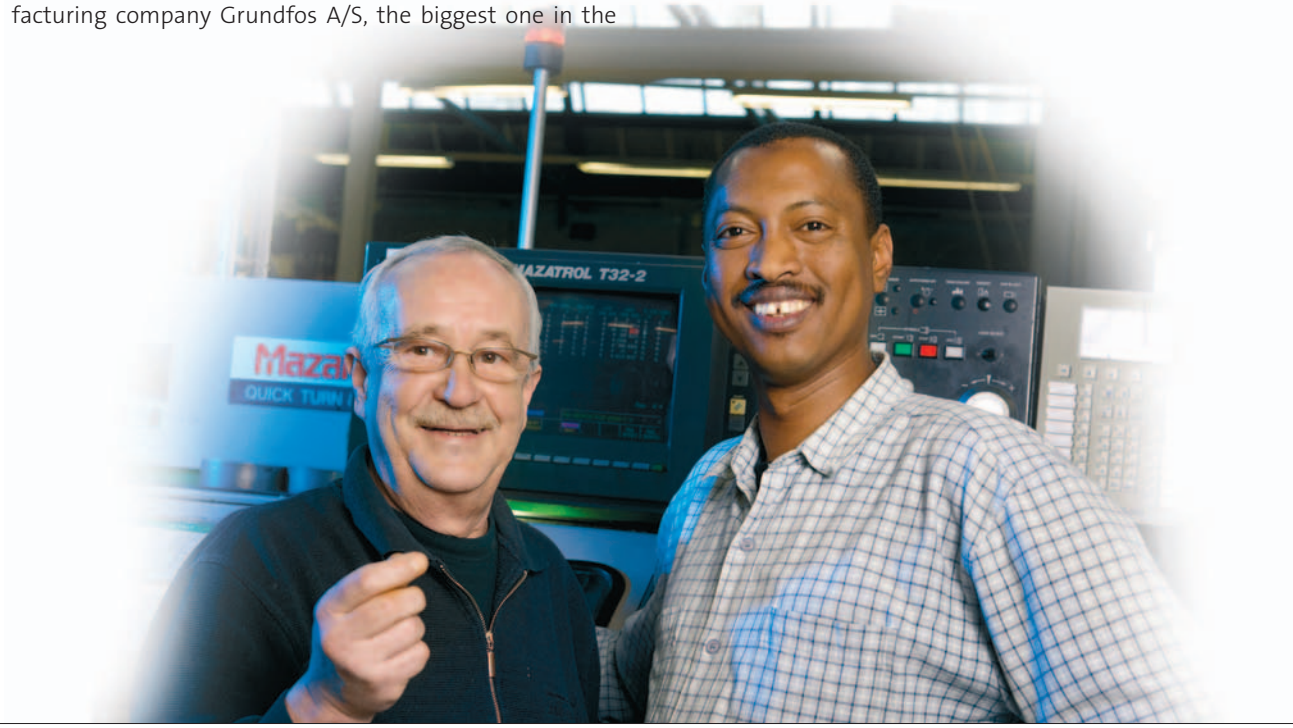
One of the tools used in Grundfos to promote this understanding and approach, and to create a common frame of reference, is the Business Excellence model. At the end of 2003, this model had been implemented as the management model in 21 sales companies and 8 manufacturing companies across the world.

Now, we reap the benefits of these efforts. The Business Excellence model strengthens the employee's ability to focus on relationships and improvements, while at the same time fostering valuable knowledge-sharing across companies. This model has created a common frame of reference – a common language – and cross-organisational internal assessments have become useful tools for continuous improvements.

In October, Grundfos won great external recognition for its work with Business Excellence when the Danish manufacturing company Grundfos A/S, the biggest one in the Group, was awarded the special prize for "Leadership and Constancy of Purpose" by the European Foundation for Quality Management (EFQM).

2003 particularly focused on establishing even closer connections between research and development, and we have developed a well-documented innovation process, which ranges from the initial stages, across product and production development to sales and marketing. Once again, a holistic approach, dialogue and cooperation are decisive preconditions.

To stimulate innovation, Grundfos trains internal coaches who assist employees in making them conscious and highly skilled at the initial and creative stages of the process. We acknowledge that creativity and innovation cannot and should not be managed strictly, however, with these activities – which we call "Creative@work" – we have made a common framework for this process, and with this framework we are able to ensure that Grundfos will continue to be the trend-setting company in the pump industry, not least in the field of technological innovation.



When operator Mohamed Abdirahman Mohamed (to the right) from Somalia began working at Grundfos, Denmark, he was part of the "Integration at the workplace" project. Ejvind Petersen (to the left) was his mentor, and Mohamed took lessons in Danish language and culture in his working time. Now, Mohamed – like the majority of the participants in this project – works at Grundfos under ordinary terms of employment.

Strategy for Continued Growth

The two major objectives for the coming 4 years are to achieve pre-tax profits of 10 per cent in 2005 and a sales figure of EUR 2b in 2007.

At the beginning of the year, the world faced the threats of war in Iraq, and this caused great uncertainty of the general economic development. As we all know, the war in Iraq became a reality, and there is no doubt that it had a negative effect on worldwide economic growth in 2003. In spite of this, Grundfos found itself in a very strong position at the end of 2003, and at the beginning of 2004 this position remains equally strong.

Like most forecasters we expect global economic growth in 2004 to be greater than in 2003. However, there is one significant element of uncertainty in these prognoses, namely the exchange rate movements of the US dollar and USD-related currencies. The heavy decline during the year, which has continued into the beginning of 2004, makes it difficult to forecast economic growth, and the fall in the exchange rates have had a marked effect on Grundfos' growth in sales and earnings measured in Danish kroner. In accordance with the Group's exchange rate policy, the rates of some of these currencies have been hedged at reasonable levels for 2004, although at significantly lower levels than the ones realised in the past 2 years.

While plans and budgets for 2004 reflect this situation, we nevertheless budget for a 7 per cent growth in sales and total earnings at the 2003 level. This is a pre-emptive budget, which has a number of acceleration activities built into it. These activities will be initiated in the course of the year should the economic development in our markets turn out more favourably than is presently expected.

In 2004 there will be great focus on the new markets in Russia, Eastern Europe and the Far East, and we expect that a large part of the sales growth will be generated in these markets. One element of this growth strategy is that – for the first time in several years – we will establish a new sales company in the large and promising Ukrainian market. This strategy will gain momentum in the years to come. Another

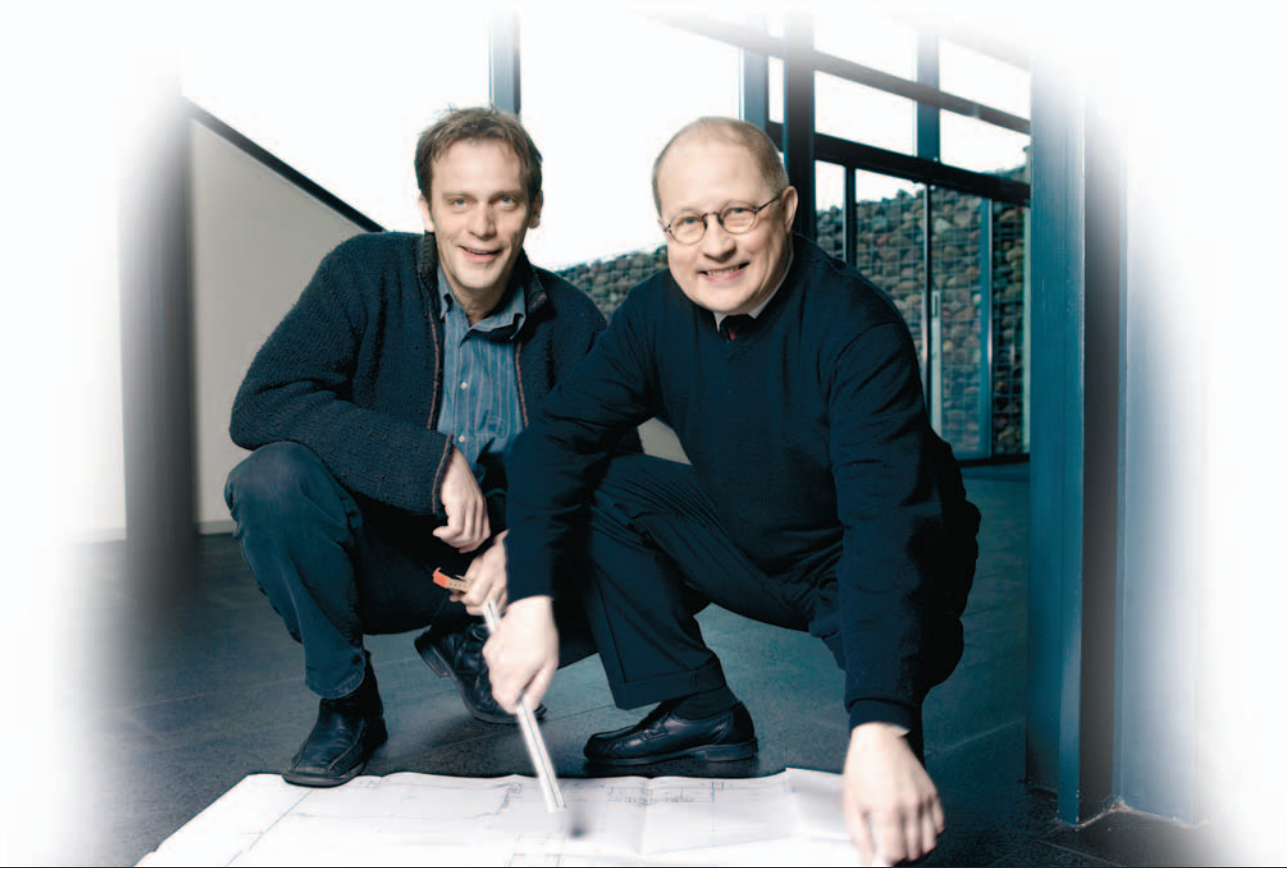
• Grundfos SEG grinder pump with a built-in cutter system is used to triturate and transport wastewater.

element of the growth strategy implies that 2004 will see the establishment of manufacturing companies in Russia and India, and the production capacity in both Hungary and China will continue to expand.

At the same time, the Group budget includes a total investment programme worth some DKK 850 million intended to maintain the high level of investments for research and product development for approx. 4 per cent of total Group sales. Another significant part of the investment budget will be spent on the introduction of a number of new products in the market.

At the beginning of the New Year we announced that Grundfos has acquired the German pump company Hilge, which develops, manufactures and sells pumps designed to meet the very strict hygienic requirements of breweries, dairies and the food and pharmaceutical industries. This acquisition is a valuable supplement to Grundfos' existing product portfolio, and one which strengthens our general position in the industrial pump market. This acquisition reflects the fact that Grundfos – now and in the years to come – will systematically search the market for relevant potential acquisitions which match our growth strategy and which may contribute to Grundfos reaching its ambitious sales and earnings objectives.

2003 marked a significant step towards reaching our important objectives for the coming years, and our plans for 2004 will take us yet another step towards achieving these goals. The biggest threat against continued growth in 2004 that is known at present is the uncertainty concerning the USD exchange rate. If the rate continues to fall it will be difficult for Grundfos to reach the same level of earnings as in 2003.



When a company is constantly growing it is important to learn from "best practice" within all fields of work. Group architect Hans Christian Baastrup and architect Kim Okkels continuously apply their experience from Grundfos developments across the world in order to create the optimum physical framework for the companies and to ensure expansion in the Group.

Management Structure

Group Board of Directors – Grundfos Management A/S

Group Chairman
Niels Due Jensen

Vice Chairman
Director Lars Kolind

Board Member
Professor Niels Chr. Nielsen

Board Member
Director Thomas Lund

Board Member
Hans Christian Hyldelund

Board of Directors for the Poul Due Jensen Foundation

Chairman
Lars Kolind

Vice Chairman
Niels Due Jensen

Board Member
Poul Due Jensen

Board Member
Estrid Due Hesselholt

Board Member
Ingermarie Due Nielsen

Board Member
Niels Christian Nielsen

Board Member
Thomas Lund

Board Member
Hans Christian Hyldelund

Group Management – Grundfos Management A/S

Group President
Jens Jørgen Madsen

Vice Group President
Carsten Bjerg

Executive Vice President
Carlo Prola

Executive Vice President
Søren Ø. Sørensen

Group Functions

Human Resources
Controlling/Finance
Treasury
Purchasing

Communications
Branding
Logistics
IT

New Business
Legal Department
eBusiness
The Poul Due Jensen Academy
Quality

Business Development Centre

Business Area
Building Services

Business Area
Industry

Business Area
Water Supply and Wastewater

Business Area
Digital Dosing

Development and Technology
R&T

Sales Regions

Northern Europe
Germany
Eastern Europe
Southern Europe
North America
South America
Australia and New Zealand
Asia and the Pacific Rim
Japan

Group Production

Denmark
Finland
United Kingdom
Germany
Hungary
France
Italy
USA
China
Taiwan

• *The award-winning SQFlex water supply pump is a clear example of the way in which Grundfos suits the action to the words Be responsible-Think ahead-Innovate. The pump requires no electricity, but is driven by renewable energy sources such as the sun and the wind, and thus functions even in the remotest areas of the world. In the Brazilian rainforest the pump has improved living conditions for Iaci Kayabi, little Mayriva and the other Xingú Indians by providing vast amounts of water for their daily chores.*

Be – Think – Innovate – action to the word

Grundfos' raison d'être has responsible behaviour as a necessary prerequisite. Through foresight and innovation we develop financially, socially and environmentally sustainable solutions.

Clean Water Improves Indians' Living Conditions

The muddy Xingú River flows lazily through the Brazilian rainforest on its long way towards the lower reaches of the Amazon. It is the rainy season and there is water everywhere. Normally, alligators would bask in the sun on the banks, but the banks have disappeared, and the rainforest continues directly into the water. Skipper Raimundu's dark eyes constantly scan the glittering surface of the water as he steers the boat in zigzag movements on the wide river to avoid the sand banks. He is employed with FUNASA, the Brazilian health organisation, and is the government's contact to the Indian tribes in the Xingú reservation, which covers an area the size of Florida. No foreigners are allowed to visit Xingú without the permission of FUNASA and Raimundu as their guide.

Some 4,100 Indians live in this area, distributed between 18 tribes. Within the past few years, 17 villages have had installed water supply systems driven by solar energy. Another 50 systems are in the pipeline – all of them from Grundfos.

The large outboard motor makes the small boat shoot across the river at a speed of more than 50 kph. Nevertheless, it has taken Raimundu more than 9 hours to go here from the place where the last wheel tracks end. - And from where it is more than 600 kilometres to the nearest town of Cuiabá. That is where Roberto Lopes' firm, Village Energía Ambiental, is situated. The firm delivers the technical solutions based on renewable energy. Roberto has installed 12 systems in Xingú, and he is with us in the boat.

Raimundu places his sunglasses on his forehead and pushes back the throttle. The bow drops and the boat takes a left swing towards the shore. Having heard the boat a long time ago, two Indians stand there to great us. They signal the boat towards a narrow entrance, and it silently glides under the lianas. In a clearing, women in colourful dresses appear between hollow tree trunks at the water's edge. They leave their laundry and take a curious look at the strangers. Greetings are exchanged, and Raimundu explains the reason for our visit. The words "bomba de agua" – water pump – produce great smiles.

A water tank rises majestically behind the thatched roofs, rising high above the ground. A young man wearing a t-shirt and with streaks of paint on his cheeks shows us the way. In an enclosure behind the tank is a rack carrying 9 solar panels, and underneath them is a little black box: "SQFlex – CU 200" it says. A green LED flashes and the text "120" is shown in a red digital display. It is 9 am and in a few hours when the sun is in north, it will say 250. This is the amount of energy, which measured in watt, is transferred from the sun's rays to the shiny, stainless steel pump, hanging 20 metres below the surface of the ground in the middle of the rainforest, several days' journeys from the nearest power supply plant, surrounded by water and bristling with state-of-the-art electronics. Roberto talks to the young Indian whom he has taught conducting the daily inspection of the system. Village is responsible for the installations during the first 2 years, after which the Indians will take over. It is decisive that they feel a sense of ownership for their own water supply.

• *Now, the children may help themselves to a sip of water from the taps in the village.*

• *SQFlex*

A little way away, next to one of the water pumps situated between the huts, stands a woman carrying a child. Her name is Iaci Kayabi. Iaci places a tin cup under the tap and gives little Mayriva a drink of water.

She tells us that the little one is feeling much better now, like most of the villagers. The diarrhoea is gone. So is the trouble getting water from the river, a woman's job.

Now they enjoy having vast amounts of water for cooking, and personal hygiene has become much easier, although she and the other Indians still swim in the river – as long as there are not too many piranhas. She admits that sometimes they are lazy and use water to wash in, and says that they use more water than before. However, the system pumps up at least 5,000 litres of water every day for the 90 villagers, so there is plenty of it.

The water has given the Xingú Indians more advantages. In the next village 25 kilometres away, Yperan Kayabi explains that they have had to move the village further away from the river twice because of mosquitoes. That way they almost managed to get rid of malaria, but they had to walk far longer to fetch water – until they received the "present" as they call the pump. Under some palm leaves a couple of hundred pots hold fresh green plants. Now the Indians have water for growing crops all year round, not only during the rainy season, and the chief plans to start a coffee plantation. The first plants are ready to be planted out. With time he hopes to be able to create an income for the village, like some of the other villages which make money selling honey. They use the water to wash the vessels and slings.

Roberto greets everybody he meets and receives presents from the women. Everybody remembers him. For a week or more, while installing the pump systems, he lived with them, slept in a hammock under the open sky and cooked his dinner over a fire. He has visited some of the places several times, as the project has had its share of problems. In order to solve one of them he needed a technician from Grundfos in São Paolo to go with him. A pump had stopped and would not restart. After a few days' hard work he sent a small honey jar containing water from the rainforest underground the long way out of the jungle, onboard a jeep, then on a plane and yet another plane, until the jar landed in front of a technician at Grundfos Denmark where an analysis showed that the water had practically no conductivity. The level control in the pump received no signal to restart the pump. Short pause for thought. A bright idea. And then an email to Brazil. A few days later, Roberto was back in Xingú. After a small operation on the pump Iaci and the other Indians were pleased with their present once again.

By means of sun or wind energy the SQFlex pumps up clean drinking water to remote villages, farmers and reservations all over the world. In the Xingú reservation in central Brazil the pumps have meant great changes to the Indians' daily life.

Women still carry water, but now the water is clean and they need not carry it very far. •

Grundfos Alpha+ – What Else?

Danish Fredericia Fjernvarme district heating station thinks ahead on behalf of their customers – and therefore the Alpha+ is part of the heating station's only package solution for new customers.

"Somebody has to think ahead. Our customers very seldom have the prerequisites for selecting the best solution in terms of energy consumption and the environment – and in the long term in relation to their own economy. We are a responsible heating station and we consider it our job to make the right decisions on their behalf."

These are the words of John Nielsen. He is the energy advisor for Fredericia Fjernvarme A.m.b.a., and it is his job to advise customers about the most energy-efficient and environmentally friendly pump solutions. He is in no doubt at all about which type of circulator pump to include in the district heating unit that is installed in new customers' homes.

"We want the customers to have the best pumps on the market, and when new customers wish to be connected to the heating station's supply network, we offer only one circulator pump – and that is the Grundfos Alpha+," says John Nielsen.

The new Alpha+ could be described as a circulator pump with automatic transmission. It never uses more electricity than necessary as it adjusts its performance according to the current need for heat, in contrast to a conventional pump which continues at the same speed even if there is a reduction in the consumption.

The Alpha+ has been offered as part of the heating station's package solution since August 2003. In addition to the Alpha+, the package comprises a heat exchanger, a hot-water tank, some valves and pipes as well as a number of measuring instruments. These parts are fitted in a so-called "unit" – a steel cabinet that looks like a fridge-freezer and is typically placed in the customer's utility room.

The unit is required in indirect district heating systems, which are particularly advantageous to customers who go from central heating to district heating. The customers will not risk burst radiators and valves, since their systems are not dimensioned to withstand the increased pressure from the water that comes from the heating station. The heating station water only goes as far as the unit, where the heat is transferred to the water which the circulator pump then pumps through the radiators in the house.

According to John Nielsen, most customers know nothing about district heating units – not to mention pumps.

• *Energy advisor John Nielsen is happy to assist when the heating station's customers need his advice on how to best utilise the heat from their systems.*

• *Alpha +*

"If they were to make the decision themselves they would be inclined to pick the solution with the lowest acquisition costs, i.e. a unit with a conventional pump. However, when we explain that an 'intelligent' pump will be cheaper in the long run they are willing to pay," explains John Nielsen.

In more than one sense John Nielsen is on the customer's side. The company – Fredericia Fjernvarme A.m.b.a. – is a limited liability company. This means that the customers own the company, which receives 99 per cent of the heat from the Shell refinery and the Skærbækværket power plant. Instead of being wasted as surplus energy, the heat benefits 6,000 residential homes in the Danish town of Fredericia.

And the energy advisor considers himself to be both the customers' and the heating station's man. He helps the customers reduce their consumption not only to save the individual customer from unnecessary costs:

"It is also to ensure that the energy supplied by the heating station is best utilised at the customers' premises, allowing the production of heat to be minimised. Finally, I must also meet the heating station's obligation towards the authorities as regards promoting solutions that save energy and spare the environment," he explains. He continues:

"The heating station cannot really improve its economy by getting new customers. It is more important to make customers replace old, inefficient systems with new ones that meet today's requirements to reduced energy consumption and reduced impact on the environment in the form of CO_2 emissions from the power plants. And whether the customers are big industrial customers or blocks of buildings, I always advise customers and fitters to replace traditional circulator pumps with new, 'intelligent' Grundfos pumps."

John Nielsen has had great success in reducing the energy consumption. Today, Fredericia Fjernvarme does not need to produce more heat than it did at the time when he was employed 17 years ago – although the heating station has had some 100 new customers every year – ranging from one-family houses to big industrial companies.

"We have become much better at saving energy. This is a fact at the customers' premises where the optimisation of the heating systems is but one of a number of initiatives, and it is a fact at the heating station's system where we also use frequency-controlled Grundfos pumps," says John Nielsen.

Danish Fredericia Fjernvarme district heating station thinks ahead on behalf of their customers – therefore the Alpha+ is part of the heating station's only package solution for new customers.

A district heating unit with a Grundfos Alpha+ circulator pump is installed in each of the five houses of the Nymark residence hall for mentally disabled people. Service Manager Jesper Skrydstup checks the heating system to ensure that it operates perfectly.

If It Does Not Exist, We Will Invent It

Hands folded behind his neck and leaning back in his chair, the deputy said with an ironical laughter: "Ha! You might as well forget about it – it cannot be done."

Tina Romedahl, development engineer at Grundfos, clearly remembers the reaction when telling the then deputy of the Department of Microtechnology at the Technical University of Denmark about an idea she and some of her colleagues had: to invent a protective material only 1µm (1/1000 mm) thick, which would make it possible to build a pressure sensor that was small enough to be built into small pumps and cheap enough to become a special offer. That was in the early 1990s, and the deputy had obviously forgotten that the Grundfos company had been founded on the idea that if a product or spare part could not be purchased, you would develop and manufacture it yourself.

In 1990, Grundfos had launched a small, highly sophisticated frequency converter, but if it was to be used as a control unit it needed something to control from, e.g. pressure or temperature, and a pressure sensor needed to be equally small, sophisticated and cheap. The problem was that the pressure sensors of that time were large, clumsy and very expensive. Hence the wish for a microsensor.

Tina Romedahl consulted with two authorities within this field: Karsten Dyrbye had written a Ph.D. dissertation about metal glass, and following his Ph.D. degree, Gert Friis Eriksen had worked with silicon. Those 2 materials were the core materials of the development project. Silicon, which is the actual sensor, must under no circumstances come into contact with water. At that time large brass housings, rubber membranes and oil were therefore used to protect the sensor, and the sensor was expensive because of the material encasing it. Silicon is available in large quantities and suitable for the mass-production of inexpensive sensors. If it were possible to identify a material that could be placed on top of the small silicon chip, like a film, you would have an inexpensive microsensor.

This was the real challenge: How do you prove that a microthin protective film will be completely tight for a minimum of 10 years?

"From time to time things looked hopeless," says Gert Friis Eriksen. "But our courage never failed us, also because we had the support of the top management all the way through."

The silicon chip was developed within a few years. The chip was developed attracting hardly any attention in Denmark,

• *Here, project manager Gert Friis Eriksen shows a cassette containing silicon discs. Some 800 microchips can be produced from each disc.*

• *Direct Sensors .*

and nobody at the Technical University seriously believed that it was possible to create a film that was thin enough to protect the chip. The requirements to the tightness of such a film are so extreme that it was difficult to envisage how the desired result could be obtained.

One experiment followed the other. For a long time, progress was limited, and for several years the three engineers were the only ones who believed that they would succeed. Small victories along the way kept their spirits high, like for example when they had tested an O-ring used to seal the protected and unprotected parts of the sensor and found out that the material properties did not alter.

"Things looked really bright then," says Gert Friis Eriksen. When the rumour spread that they were using O-rings, many people shook their heads in wonder. One of the lecturers at the Department of Microtechnology expressed in words what everybody was thinking: "What you do is so simple that it cannot be true!" But the Grundfos engineers continued their steady work. Had they had any doubts in the past, they were now absolutely certain that they were going in the right direction.

"We had never aimed at anything fancy," says Gert Friis Eriksen. "On the contrary, we wished to make it as simple as possible using as many well-known technologies as possible." And O-rings were well-known to Grundfos – although the company had never before used an O-ring measuring less than ½ cm in diameter.

Once the first sensor covered with the metal glass film had been produced and proved to work, the victory was celebrated with champagne and cake. The laughing deputy had long fallen silent. At that time Grundfos had patented the film protection, had acquired clean room facilities in the Danish town of Farum, and were busy assembling production equipment for the sensor production. The silicon chip is manufactured and the film applied at Farum, before the chip is sent to Bjerringbro, where it is built into various sensor models. The sensor fulfils 4 different tasks: it measures differential pressure, flow, relative pressure and temperature.

Tina Romedahl, who heads Grundfos' development of industrial pumps, no longer works with sensors. But her heart beats warmly when thinking back on the years when the idea of the microsensor took shape. She keeps a model of the sensor as a souvenir reminding her of a fruitful working relationship developing a unique product.

The reason why employees wear protective suits when working with the silicon chip is not because the materials are hazardous. Rather, it is vital that employees do not bring with them dust and other impurities to the production facilities, as the silicon chip used in the microsensor requires ultra-clean rooms. The maximum number of dust particles allowed is 10 per cubic foot.

Production Technician Per Henriksen is busy drying a cassette containing silicon discs.

• *One of the key tasks at Grundfos' internal bank, Grundfos Finance A/S, where Finance Manager Lars Hove-Nielsen works, is to attend to the Group's commercial foreign exchange and fund interests.*

Financial Matters

Increased earnings and the high positive free cash flow enable us to speed up developments further in the years to come.

Financial Review

Consolidated Profit and Loss Statement

The Group's profit before tax is DKK 1,078m compared to DKK 726m in 2002, an increase of 48 per cent.

This increase has been realised through an increase in the net turnover of 4 per cent, while costs within the fields of production, research and development, sale and distribution, and administration have only risen by 2 per cent. Net turnover and cost items are affected in a downward direction since most foreign currencies fell in relation to the Danish krone in the year under review. However, by virtue of foreign currency hedging there is only a limited negative effect of falling exchange rates on the Group result.

In addition to the development costs amounting to DKK 424m (2002: DKK 442m), charged to the profit and loss account, DKK 40m (2002: DKK 12m) has been activated to development projects in progress.

Total financing items amount to a net cost of only DKK 9m as against DKK 177m in 2002. This development is a result of a positive return on the Group's shareholding, amounting to DKK 61m as against a loss of DKK 60m in 2002, as well as lower interest cost due to lower interest rates and a reduction of the Group's net interest-bearing debt of DKK 851m.

Group profit (after tax) is DKK 673m compared to DKK 441m in 2002, an increase of 53 per cent. The effective tax rate, which in 2003 amounts to 38 per cent, has been reduced by just over 1 percentage point compared to 2002.

Consolidated Balance Sheet

The 2003 balance sheet total increased by 6 per cent, amounting to DKK 10,793m at year-end. Fixed assets and accounts receivable increased by 3 per cent, while inventories were reduced by 5 per cent. This, together with the 4 per cent increase in turnover, is a satisfactory development. The remaining increase in the balance sheet total comes from cash reserves and securities, which have increased by 66 per cent as a consequence of the positive cash flow in the year under review.

The solvency ratio, including minority interest, has increased from 47.4 per cent to 49.3 per cent. Like previous years, the solvency ratio has been affected by the decision made in accordance with Group policies to maintain available funds and securities, which, at the balance sheet date, amount to approximately DKK 1.8b against DKK 1.2b in 2002. Had these funds been used to reduce debts, the solvency ratio would have been 58.8 per cent against 53.9 per cent last year.

Cash Flow Analysis

The cash flow analysis shows an increase in liquid funds from operations of DKK 1,743m against DKK 1,181m in 2002. The DKK 562m increase comes from increased profits and operating capital, which has been reduced by DKK 233m.

In 2003, DKK 854m (2002: DKK 798m) has been spent on acquiring tangible fixed assets, and DKK 76m (2002: DKK 18m) was spent on investments in intangible fixed assets.

The Group principle of self-financing the year's capital investments by means of the liquidity generated from operations has been fully adhered to in 2003, as self-financing accounts for DKK 1,743m, of which DKK 989m has been spent on investment activities.

Excess available funds have been spent on reducing interest-bearing debt and on increasing cash funds.

The Annual Accounts for the Poul Due Jensen Foundation

Like the 2002 accounts, the Foundation's 2003 accounts recognise share of profit and value of the shareholding in Grundfos Holding AG under the equity method, and shows a profit of DKK 580m as against DKK 374m in 2002.

At year-end, the Foundation's equity capital amounts to DKK 4,637m as against DKK 4,205m at the end of 2002.

Financial Matters

As a result of the Grundfos Group's international activities, the Group result and equity capital are influenced by a number of financial risks. The Group's financial risks are controlled centrally at the Group's finance company. Foreign exchange risks in the operative companies are usually covered by the finance company, which also controls interest and liquidity risks, as well as a significant part of the external covering of the Group's financial positions.

The use of financial instruments is established in instructions laid down by the Board of Directors and the Management.

Liquidity Risk

At the end of 2003, the Group's liquid reserves included cash reserves of DKK 777m (2002: DKK 330m), securities of DKK 978m (2002: DKK 906m), and unexploited borrowing facilities in banks. The securities portfolio was made up of DKK 690m worth of bonds (2002: DKK 689m) and DKK 288m worth of securities (2002: DKK 217m).

The Group's net interest-bearing debt was reduced by DKK 851m to DKK 881m in 2003, which is due to a significant increase in operating cash flow.

Total interest-bearing debt amounts to DKK 2,636m at year-end, of which 68 per cent is long-term debt (2002: 55 per cent).

Interest Rate Risk

The Group's exposure to fluctuating interest rates is primarily related to bonds and loans. The exposure of the bond portfolio, amounting to a total of DKK 690m – when expressed by an increase of the interest rate by 1 percentage point – is approx. DKK 4m. The Group's total borrowing consists of 65 per cent fixed-rate loans.

To reduce the Group's interest rate exposure, a set of general guidelines has been adopted for the Group's borrowing and use of interest rate instruments. In pursuance of these guidelines, major fixed assets should primarily be financed by fixed-rate loans. Furthermore, a 2 per cent increase in interest rates of the floating-rate loans of the Group companies must only have a potential maximum negative effect of 10 per cent on the company's budgeted result for the coming year. Derivative financial instruments applied to reduce the interest rate risk totalled DKK 2,129m on the balance sheet date.

Foreign Exchange Risk

It is Group policy that Group manufacturing companies mainly raise loans in their local currencies. This ensures that the currency exposure in the consolidated balance sheet is reduced to the net assets. When appropriate, loans are raised in a foreign currency and subsequently converted to the local currency using financial instruments.

Forward exchange contracts used in connection with foreign exchange swaps amount to DKK 418m at the balance sheet date.

As at 31 December 2003, the Group's loans are composed of the following currencies:

	2003	2002
EUR	45%	40%
DKK	30%	34%
USD	3%	4%
GBP	4%	4%
Other	18%	18%

Currency hedging of the Group's budgeted flow of goods is chiefly concerned with the Group's manufacturing companies. The most important currencies are the euro, the American dollar, the British pound sterling and the Japanese yen. Forward exchange contracts and currency options used to reduce the currency exposure in connection with the flow of goods amount to DKK 1,785m at the end of 2003. Of this, a contract volume of DKK 168m has been recognised for hedging of balance sheet items as at the balance sheet date. Group policy only allows for insignificant annual speculation losses in relation to the Group result and balance sheet.

Credit Risk

The primary credit risk includes the balance sheet items regarding the Group's trade debtors, securities and bank deposits. The Group's trade debtors comprise a large number of customers, and the Group's risk in that connection is not considered unusually high.

The credit risk is reduced on cash reserves in financial institutions and forward exchange contracts and other derivative financial instruments by selecting financial business partners with a high credit rating.

Accounting Policies

The GRUNDFOS Group

The Annual Report and the Group Annual Report are presented according to the provisions for large C class companies and Danish accounting standards. The accounting policies remain unchanged in comparison with last year.

General about Recognition and Measurement

Assets are recognised on the balance sheet when the Group is likely to capitalise on them in the future and when the asset value can be measured reliably.

Liabilities are recognised in the balance sheet when they are probable and can be measured reliably.

Assets and liabilities are measured at cost at the initial recognition. Subsequently, assets and liabilities are measured for the individual items as described below.

Certain financial assets and liabilities are measured at amortised cost, whereby a constant redemption yield is recognised for the term. Amortised cost is calculated as initial cost less any instalments and addition/deduction of the accumulated amortisation of the difference between cost and nominal amount.

At recognition and measurement, allowance is made for profits, losses and risks that appear before the annual report is presented, and that confirm or deny conditions that were present on the balance sheet date.

Income is recognised in the profit and loss account as they are realised, including revaluation of fixed asset investments and liabilities, which are measured at market value or amortised cost. In addition, costs incurred in order to achieve the earnings for the year, including depreciation, write-downs, provisions and reversals following accounting estimates of amounts, which have previously been recognised in the profit and loss account.

Consolidation

The Group Annual Report comprises the Poul Due Jensen Foundation (Parent Company) and the companies (subsidiaries), where the Parent Company directly or indirectly owns more than 50 per cent of the voting shares or in another way has a dominant participation. Companies in which the Group owns between 20 per cent and 50 per cent of the voting shares without having a dominant position are considered associated companies.

The Group Annual Report is prepared as a consolidation of the audited annual reports of the Parent Company and the subsidiaries, which have all been presented in accordance with the accounting policies set out below. Adjustments are made for inter-company revenue and expenditure, shareholdings, current accounts and dividends, as well as unrealised internal income and loss.

Newly acquired companies are recognised in the profit and loss account as at the time of acquisition.

When acquiring new companies, the acquisition method is used, upon which the identified assets and liabilities in the newly acquired companies are measured at market value at the time of acquisition. Provisions are made for planned and published reorganisation in the acquired company as part of the acquisition. Positive balances are recognised as Group goodwill in the year of acquisition. Any negative balances (negative goodwill) are entered under provisions and are systematically booked as income for a number of years, however, a maximum of 20 years.

Minority Interests

The items of subsidiaries are fully recognised in the Group Annual Report. The minority interests' prorated share of the profit and equity of the subsidiaries are adjusted annually, and recorded as separate items in the profit and loss account, and balance sheet.

Foreign Currency Translation

Transactions in foreign currency are translated at first recognition at the exchange rate of the transaction date. Exchange rate differences arising between the transaction date

and the exchange rate at the date of payment are recognised in the profit and loss account.

Receivables and debts in foreign currency are translated into Danish kroner at the exchange rate on the balance sheet date. Realised and unrealised exchange rate adjustments are included in the profit and loss account.

The profit and loss accounts for foreign subsidiaries are translated into Danish kroner at the average exchange rate of the individual months. The balance sheets of foreign subsidiaries are translated at the exchange rate of the balance sheet date.

Exchange rate adjustments of the net assets of the subsidiaries have been entered directly in the equity capital. This also applies to exchange rate differences following the translation of the profit and loss account of each month at the average exchange rate to the exchange rate of the balance sheet date.

Subsidiaries in countries affected by high inflation rates have been regulated to eliminate the effects of inflation.

Derivative Financial Instruments

Derivative financial instruments are initially recognised in the balance sheet at cost, and subsequently measured at market value. Positive and negative market values of derivative financial instruments are included in other accounts receivable and other liabilities, respectively.

Changes in the market value of derivative financial instruments, which secure the market value of booked assets or liabilities, are recognised in the profit and loss account in the same entry as changes in the value of the hedged asset or the hedged liability.

Changes in the market value of derivative financial instruments that secure future assets or liabilities are recognised directly in the equity capital. Income and costs regarding such hedging transactions are transferred from the equity capital at the realisation of the hedged items and are recognised in the same entry as the hedged item.

As regards other derivative financial instruments, which do not comply with the terms that apply to hedging instruments, changes are continuously recognised in the profit and loss account at market value.

State Grants

Research and development grants are recognised as revenue in the profit and loss account under development costs, thus offsetting the costs they compensate.

Grants for the purchase of assets and capitalised development projects are offset in the cost of the assets to which the grants are given.

Profit and Loss Account

Net Turnover

Net turnover is recognised in the profit and loss account, provided that delivery and the passing of risk to the buyer have taken place before the end of the year, and provided that the income can be reliably calculated and is expected. Net turnover is measured exclusive of VAT, duties, returns and discounts that are directly connected with the sale.

Current projects on external accounts are entered under net turnover subject to the percentage-of-completion method.

Production Costs

Production costs comprise costs, including depreciation, wages and salaries paid to realise the net turnover of the year.

Research and Development Costs

Research and development costs are costs, including salaries and depreciation, which relate to the Group's research and development activities.

Research costs are recognised in the profit and loss account in the year they are incurred.

Development costs incurred for the maintenance and optimisation of existing products or production processes are charged to revenue. Costs for the development of new products are recognised in the profit and loss account, unless the criteria for entry in the balance sheet are met for the individual development project.

Sales and Distribution Costs

Sales and distribution costs include costs relating to the sale and distribution of the Group's products, including salaries for sales staff, advertising and exhibition expenses, depreciation, etc.

Administrative Costs

Administrative costs comprise costs for the administrative staff, management, Group costs, etc., including salaries and depreciation.

Other Operating Expenses

Other operating expenses comprise revenue and costs of a secondary nature in relation to Group activities, e.g. results of derivative financial instruments, which have not been concluded for the purpose of hedging, as well as buy-back obligations relating to employee shares.

Share of Profit, Associated Companies

The Group's share of post-tax profits in associated companies is recognised in the profit and loss account under the equity method.

Income from Financial Fixed Assets

In addition to dividends and interest yields, this item comprises estimated gains or losses on investments.

Cost of Financing

This item comprises interest received and interest paid, realised and unrealised exchange rate losses and exchange rate gains on securities, and exchange rate adjustments of financial items in foreign currency.

Tax on Profit for the Year

The anticipated tax on the taxable income for the year in the individual companies is charged to the profit and loss account, adjustment being made for timing differences in relation to the provided deferred tax. The part of the tax expense that can be charged to items directly in the equity capital, however, are recognised in the equity capital.

Dividend tax received from foreign subsidiaries is charged as expenditure in the year in which the dividend is generated.

Changes in deferred tax as a consequence of changed tax rates are included in the profit and loss account.

Balance Sheet

Intangible Fixed Assets

Development Projects, Patents and Licences

Development costs include costs, wages, salaries and depreciation that are directly and indirectly attributable to the company's development activities and meet the criteria for recognition on the balance sheet. Up until and including 2001 all development costs incurred have been charged to revenue.

Capitalised development costs are measured at cost less accumulated depreciation or at the recoverable amount, whichever is lower.

Capitalised development costs are depreciated according to the straight-line method upon completion of the development work over the anticipated useful life of the asset. The depreciation period is normally 5-10 years.

Other Intangible Fixed Assets

Other intangible fixed assets are measured at initial cost less accumulated depreciation and write-downs or at the recoverable amount, whichever is lower.

Depreciation on intangible fixed assets are made according to the straight-line method over the anticipated useful life of the asset, which – based on individual assessments – are as follows:

Group goodwill ..... up to 20 years
Other intangible
fixed assets .....up to 5 years

Tangible Fixed Assets

Land and buildings are measured at initial cost with the addition of write-ups and after deduction of accumu-

lated depreciation and write-downs. The most recent revaluation of buildings in Denmark was on 1 April 1982. In addition, a site in the USA has been revalued.

Technical installations and machinery, and other facilities, are measured at initial cost less accumulated depreciation and write-downs. Tangible fixed assets produced in-house are recorded at initial cost, including a proportion of the indirect production costs.

Tangible fixed assets are depreciated according to the straight-line method through the anticipated useful life to the estimated residual value. The useful life of large assets is determined individually, whereas the useful life of other assets is determined for groups of similar assets. The expected useful lives are:

Buildings .....20-40 years
Technical installations
and machinery .....3-10 years
Other facilities.....3-10 years

Where the value of the expected future earnings capacity of the asset is lower in use than the book value, the asset is written down to the recoverable amount.

Minor acquisitions and assets with a short useful life are charged to the profit and loss account in the year of acquisition.

Financially leased assets are capitalised and depreciated according to the straight-line method over the useful life of the leased asset.

Fixed Asset Investments
Investments in associated companies are valued in the balance sheet under the equity method at the prorated share of the companies' equity with the addition of goodwill.

Listed bonds are measured at amortised cost.

Listed shares are measured at market value. Non-listed shared are measured at the estimated market value, and where such value does not exist, at cost.

Inventories
Inventories are measured at initial cost or cost price in accordance with the FIFO principle or net realisable value, whichever is lower. The cost price includes direct wages, cost of goods sold and indirect production costs.

Obsolete goods, including slow-moving goods, are written down.

Accounts Receivable
Accounts receivable are measured at amortised cost; writing down is performed to meet the risk of losses based on individual assessments. The loss potential for minor receivables is estimated on the basis of their age.

Current projects on external accounts are entered in the balance sheet at the proportional sales value as per the balance sheet date.

Securities Stated as Current Assets
Securities include bonds and shares measured at market value.

Realised and unrealised capital losses and realised and unrealised gains are included in the profit and loss account as net interest and similar income and expenditure.

Concluded REPO transactions are entered as loans with security in the bond portfolio.

Dividends
The proposed dividend to minority shareholders, which is expected to be paid out for the year, is recognised under minority interests on the liability side of the balance sheet.

Deferred Tax
Deferred tax is measured in accordance with the liability method of all timing differences between the fiscal and financial value of assets and liabilities. For consolidation purposes, deferred tax is calculated on the eliminated unrealised internal profit margins.

Deferred tax assets are recognised in the balance sheet provided that they are likely to reduce tax payments within a short period of time.

Deferred tax is measured on the basis of tax rules and tax rates that – based on current legislation on the balance sheet date – will be in force when the deferred tax is converted into current tax.

Other Provisions

Provisions are made during the employment period to cover retirement benefit obligations resting with the Group.

Provisions made to cover liabilities under guarantee are recognised on the basis of previous years' experience concerning claims raised within the guarantee period.

Provisions are made to cover the obligation that rests with the Group regarding the buy-back of employee shares. The provision made is measured on the basis of future expectations to share prices, considering the long-term development of Group profits, the topicality of the obligation and the market value of the shares.

Financial Liabilities

Mortgage debt and debt owed to banks, etc. are valued at the time of borrowing at the received net yield less borrowing costs. In subsequent periods, the financial liabilities are recognised at amortised cost.

Financial liabilities also include the capitalised outstanding liability on financial lease contracts.

Other liabilities, including trade creditors, other debt, etc. are valued at amortised cost.

Cash Flow Analysis

The cash flow analysis is prepared according to the indirect method based on profit for the year, and shows cash flow from operations, investments and financing, as well as the Group's opening and closing liquidity reserves.

Cash flow from operations is specified as the profit for the year, adjusted for non-cash operational items, changes in the working capital and corporation tax paid.

Cash flow from investments includes the purchase and sale of intangible and tangible fixed assets, and fixed asset investments, including the purchase and sale of subsidiaries.

Cash flow from financing includes the raising and repaying of long-term debt, short-term debt owed to banks and the payment of dividends.

Available funds include liquidity reserves and securities with only negligible currency risks.

Parent Company

Income from Investments in Subsidiaries

The prorated share of the associated companies' profit before tax and following elimination of internal margins is recognised in the parent company's profit and loss account.

Other Operating Expenses

Other operating expenses comprise revenue and expenditure of a secondary nature, including trade profits from the sale of shares and provisions regarding the buy-back obligation of employee shares.

Investment in Associated Companies

Investments in associated companies are valued under the equity method at the prorated owned share of the companies' equity.

Revaluation of investments in associated companies is brought forward to the revaluation reserve under the equity method to the extent that the accounting value exceeds the original cost.

Management Statement

The Board of Directors has reviewed and approved the 2003 Annual Report for the Poul Due Jensen Foundation.

The Annual Report has been presented in accordance with the Danish Financial Statements Act and Danish accounting standards. In our opinion, the appropriate accounting policies have been applied, and the Annual Report gives a true and fair view of the Group's and Parent Company's assets, liabilities, financial position, result and cash flow.

Bjerringbro, 7 April 2004

Board of Directors
The Poul Due Jensen Foundation

Lars Kolind
Chairman

Niels Due Jensen
Vice Chairman

Niels Christian Nielsen
Board Member

Poul Due Jensen
Board Member

Thomas Lund
Board Member

Estrid Due Hesselholt
Board Member

Hans Christian Hyldelund
Board Member

Ingermarie Due Nielsen
Board Member

Auditor's Report

To the Poul Due Jensen Foundation
We have audited the Annual Report of the Poul Due Jensen Foundation for the financial year 2003.

The Annual Report is the responsibility of the Foundation's Management. Our responsibility is to express an opinion on the Annual Report based on our audit.

Basis of Opinion
We have conducted our audit in accordance with Danish auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance that the Annual Report is free of material misstatement. The audit includes examining information supporting the amounts and disclosures in the Annual Report. The audit also includes assessing the accounting policies applied and significant estimates made by the Management, as well as evaluating the overall presentation of the Annual Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualifications.

Opinion
In our opinion, the Annual Report gives a true and fair view of the Group's and the Parent Foundation's assets, liabilities and financial position as at 31 December 2003, as well as of the Group's and the Parent Foundation's operations and the Group's cash flow for the financial year 2003 in accordance with the Danish Financial Statements Act and Danish accounting standards.

Århus, 7 April 2004

DELOITTE
Statsautoriseret Revisionsaktieselskab

H.P. Møller Christiansen,
State Authorised Public Accountant

Jesper Meto,
State Authorised Public Accountant

Consolidated Profit and Loss Statement

1 January – 31 December 2003

Amounts in DKK 1,000

	Note	2003	2002
Net Turnover	1	11,151,533	10,702,999
Production Costs	2, 3	(6,835,088)	(6,657,185)
Research and Development Costs	2, 3	(423,989)	(441,578)
Gross Profit		**3,892,456**	**3,604,236**
Sales and Distribution Costs	2, 3	(1,874,844)	(1,872,054)
Administrative Costs	2, 3	(818,109)	(784,640)
Amortisation of Group Goodwill		(45,219)	(34,227)
Operating Profit		**1,154,284**	**913,315**
Other Operating Expenses		(63,326)	(549)
Share of Profit, Associated Companies		(3,730)	(9,721)
Income from Financial Fixed Assets		29,718	31,085
Cost of Financing, Net	4	(39,065)	(207,955)
Profit before Tax		**1,077,881**	**726,175**
Tax on Profit for the Year	5	(404,633)	(284,825)
Consolidated Profit after Tax		**673,248**	**441,350**
Minority Shareholders' Share of Profits in Subsidiaries		(94,342)	(68,593)
Profit for the Year		**578,906**	**372,757**

Consolidated Balance Sheet

as per 31 December 2003

Amounts in DKK 1,000

Assets

Fixed Assets	**Note**	**2003**	**2002**
Intangible Fixed Assets			
Group Goodwill		476,723	495,452
Other Intangible Fixed Assets		56,806	46,360
Development Projects in Progress		52,026	12,500
	6	**585,555**	**554,312**
Tangible Fixed Assets			
Land and Buildings		1,856,695	1,906,335
Technical Equipment and Machinery		1,374,704	1,307,130
Other Technical Installations		391,529	379,793
Tangible Fixed Assets in Progress		264,054	198,720
	7	**3,886,982**	**3,791,978**
Fixed Asset Investments			
Investments in Associated Companies		0	0
Securities		539,123	501,262
Other Accounts Receivable		28,023	32,139
	7	**567,146**	**533,401**
Total Fixed Assets		**5,039,683**	**4,879,691**
Current Assets			
Inventories	8	**1,795,277**	**1,893,230**
Accounts Receivable			
Trade Debtors and B/E Debtors		2,185,560	2,147,954
Deferred Tax Assets	9	40,055	29,534
Other Accounts Receivable		415,092	398,215
Accrued Expenses and Deferred Income		101,680	88,862
		2,742,387	**2,664,565**
Securities		**439,094**	**404,253**
Cash at Bank and in Hand		**776,723**	**329,915**
Total Current Assets		**5,753,481**	**5,291,963**
Total Assets		**10,793,164**	**10,171,654**

Amounts in DKK 1,000

Liabilities

Equity Capital	**Note**	**2003**	**2002**
Registered Capital		505,000	505,000
Revaluation Reserves		5,403	6,422
Retained Earnings		4,126,309	3,693,220
Equity Capital		**4,636,712**	**4,204,642**
Minority Interests		**678,994**	**612,076**
(mainly the Founder's Family)			
Provisions			
Liabilities under Guarantee	10	96,931	90,269
Buy-Back Obligation of Employee Shares	10	204,778	123,564
Pension Liabilities and Other Provisions	10	221,414	218,835
Deferred Tax	9	178,340	162,898
		701,463	**595,566**
Long-term Liabilities			
Mortgage Debt		698,145	706,919
Bank Loans		930,253	848,750
Other Monetary Creditors		169,193	83,989
Corporation Tax		1,228	0
	11	**1,798,819**	**1,639,658**
Short-term Liabilities			
Bank Overdrafts and Loans		838,105	1,328,244
Trade Creditors		967,085	827,115
Debts to Associated Companies		3,455	671
Corporation Tax		145,689	89,864
Other Liabilities		992,424	859,647
Accrued Expenses and Deferred Income		30,418	14,171
		2,977 ,176	**3,119,712**
Total Liabilities		**10,793,164**	**10,171,654**
Financial Instruments	12		
Auditors' Remuneration	13		
Related Parties	14		
Securities, Contingent Liabilities, etc.	15		

Equity Capital

1 January – 31 December 2003

Amounts in DKK 1,000

	Registered Capital	Revaluation Reserve	Retained Earnings	Total Equity Capital
Equity Capital, Opening 2002	**505,000**	**40,240**	**3,389,344**	**3,934,584**
Profit for the Year			372,757	372,757
Exchange Rate Adjustments, Subsidiary Companies, etc.		(6,304)	(130,284)	(136,588)
Reversal of Revaluations		(27,514)	2,678	(24,836)
Adjustments to Changes to Acc. Principles made in 2001			(14,273)	(14,273)
Revaluation of Hedging Instruments, Opening			(20,091)	(20,091)
Changes in Minority Interests			3,018	3,018
Revaluation of Hedging Instruments, Closing			120,063	120,063
Tax on Equity Items			(29,992)	(29,992)
Equity Capital, Closing 2002	**505,000**	**6,422**	**3,693,220**	**4,204,642**
Profit for the Year			578,906	578,906
Exchange Rate Adjustments, Subsidiary Companies, etc.		(1,019)	(130,048)	(131,067)
Revaluation of Hedging Instruments, Opening			(120,063)	(120,063)
Revaluation of Hedging Instruments, Closing			99,195	99,195
Tax on Equity Items			5,099	5,099
Equity Capital, Closing 2003	**505,000**	**5,403**	**4,126,309**	**4,636,712**

Cash Flow Analysis

1 January – 31 December 2003

Amounts in DKK 1,000

	Note	2003	2002
Consolidated Profit after Tax		673,248	441,350
Reversal of Entries with no Liquidity Effect	16	1,188,872	1,178,050
Changes in Working Capital	17	233,009	2,903
Operational Cash Flow before Interests		2,095,129	1,622,303
Income from Financial Fixed Assets		29,718	31,085
Cost of Financing, Net		(39,065)	(207,955)
Cash Flow from Ordinary Activities		2,085,782	1,445,433
Corporation Tax Paid		(342,659)	(263,979)
Cash Flow from Operations		**1,743,123**	**1,181,454**
Acquisition of Companies	18	(28,278)	(90,565)
Investment in Tangible Fixed Assets		(854,033)	(798,109)
Disposal of Tangible Fixed Assets		27,862	30,193
Investment in Intangible Fixed Assets		(75,772)	(17,697)
Purchase and Sale of Securities		(59,169)	(17,748)
Cash Flow from Investment Activities		**(989,390)**	**(893,926)**
Change in Long-Term Creditors		154,215	(141,865)
Change in Short-Term Creditors		(490,896)	(257,731)
Distribution of Dividend		(4,745)	(5,350)
Acquisition of Minority Interests		0	(72,264)
Unrealised Exchange Rate Adjustments		88,171	113,009
Cash Flow from Financial Activities		**(253,255)**	**(364,201)**
Change in Liquid Funds		**500,478**	**(76,673)**
Available Funds Including Securities, Opening	19	715,339	810,841
Available Funds Including Securities Stated as Current Assets, Closing	20	**1,215,817**	**734,168**

Notes to the Consolidated Accounts

Amounts in DKK 1,000

Note 1

Net Turnover	**2003**	**2002**
Europe	8,095,557	7,491,324
North and South America	1,070,513	1,165,276
East Asia	1,610,512	1,661,134
Middle East/Africa	374,951	385,265
Net Turnover	**11,151,533**	**10,702,999**

Note 2

Staff Costs		
Total Group Payments to		
Employees and Board	2,802,236	2,787,446
Retirement Benefit Obligation	148,761	152,759
Social Contributions	351,743	330,410
Total	**3,302,740**	**3,270,615**
Staff Costs are recognised as follows:		
Production Costs	1,759,380	1,757,427
Research and Development Costs	304,059	312,278
Sales and Distribution Costs	828,109	816,045
Administrative Costs	411,192	384,865
	3,302,740	**3,270,615**
The staff costs for the year under review include		
Directors' fees to the Board of the Foundation totalling	1,053	1,012
Average Number of Full-Time Employees	**11,675**	**11,372**
Number of Employees, Closing	**11,707**	**11,383**

Note 3

Depreciation and Write-Downs		
Depreciation, Intangible Fixed Assets	69,901	56,061
Depreciation, Tangible Fixed Assets	604,979	583,713
	674,880	**639,774**
Depreciation and write-downs are recognised as follows:		
Production Costs	479,676	461,306
Research and Development Costs	50,688	48,747
Sales and Distribution Costs	47,980	46,143
Administrative Costs	51,317	49,351
Depreciation, Group goodwill	45,219	34,227
	674,880	**639,774**

Amounts in DKK 1,000

Note 4		
Cost of Financing, Net	**2003**	**2002**
Financing Costs	(147,837)	(191,393)
Value Adjustment, etc. from Securities	(0)	(60,375)
Total Financing Costs	**(147,837)**	**(251,768)**
Interest Income from Bonds	5,678	13,798
Value Adjustment, etc. from Securities	61,060	0
Other Interest Income	42,034	30,015
Total Financing Income	**108,772**	**43,813**
Cost of Financing, Net	**(39,065)**	**(207,955)**

Note 5		
Tax on Profit for the Year		
Current Tax	394,902	291,699
Deferred Tax	7,262	(8,435)
Adjustment re Previous Years	2,469	1,561
Tax on Profit for the Year	**404,633**	**284,825**
Restatement of Rate of Taxation for the Year:		
Danish Rate of Taxation	30%	30%
Deviations in Tax in Foreign Companies in relation		
to Danish Rate of Taxation	3%	2%
Non-Taxable Income and Non-Deductable Expenses	0%	3%
Value of Non-Capitalised Tax Assets	0%	1%
Non-Deductible Write-Downs on Goodwill	1%	1%
Other, Including Adjustments re Previous Years	4%	2%
Rate of Taxation for the Year	**38%**	**39%**

Amounts in DKK 1,000

Note 6
Intangible Fixed Assets

	Group Goodwill	Other Intang. Fixed Assets	Development Projects in Progress
Initial Cost			
Opening	642,645	145,501	12,500
Acquisition/Sales of Activities		600	
Exchange Rate Adjustments	(2,277)	(2,533)	
Additions for the Year	28,705	36,246	39,526
Disposals at Initial Cost	(37,687)	(23,546)	
Closing	**631,386**	**156,268**	**52,026**
Accumulated Depreciation			
Opening	147,193	99,141	0
Acquisition/Sale of Activities		43	
Exchange Rate Adjustments	(62)	(858)	
Depreciation/Write-Downs for the Year	45,219	24,682	
Depreciation Installations Sold	(37,687)	(23,546)	
Closing	**154,663**	**99,462**	**0**
Book Value 31 December 2003	**476,723**	**56,806**	**52,026**
Book Value 31 December 2002	**495,452**	**46,360**	**12,500**

Note 7
Tangible Fixed Assets and Fixed Asset Investments

	Land and Buildings	Tech. Equip. and Mach.	Other Plants	Tang. Fixed Assets in Progress	Assoc. Cos.	Secur-ities	Other Receiv.
Initial Cost							
Opening	2,775,669	4,707,976	1,068,019	198,720	9,000	501,342	30,664
Acquisition/Sale of Activities	9,124	20,058	748	6			
Exchange Rate Adjustments	(103,247)	(88,483)	(39,144)	(5,358)		(18,433)	(4,136)
Additions for the Year	151,034	470,295	162,018	257,858	3,600	464,569	6,213
Disposals at Initial Cost	(28,930)	(136,384)	(97,803)	(187,172)		(408,228)	(3,935)
Closing	**2,803,650**	**4,973,462**	**1,093,838**	**264,054**	**12,600**	**539,250**	**28,806**
Revaluations							
Opening	28,608					(80)	3,256
Exch. Rate Adjustments, etc.	(1,105)						(331)
Changes for the Year						80	72
Reval. Sold Assets							(2,709)
Closing	**27,503**					**0**	**288**

Amounts in DKK 1,000

Note 7
Tangible Fixed Assets and Fixed Asset Investments

Accumulated Depreciation							
Opening	897,942	3,400,846	688,226	0	9,000	0	1,781
Acquisition/Sale of Activities	5,172	18,729	476				
Exchange Rate Adjustments	(21,312)	(58,925)	(25,353)				(238)
Deprec./Wr-Downs for the Year	107,265	375,133	122,581		3,730	127	754
Deprec. Install. Sold	(14,609)	(137,025)	(83,621)				(1,226)
Brought Forward to Provisions re Ass. Company					(130)		
Closing	**974,458**	**3,598,758**	**702,309**	**0**	**12,600**	**127**	**1,071**
Book Value 31 December 2003	**1,856,695**	**1,374,704**	**391,529**	**264,054**	**0**	**539,123**	**28,023**
Book Value 31 December 2002	**1,906,335**	**1,307,130**	**379,793**	**198,720**	**0**	**501,262**	**32,139**

The cash value for land and buildings in Denmark at the latest tax assessment of real property amounts to DKK 825m. (Book value: DKK 626m).
The book value of capitalised leased facilities as at 31 December 2003 amounts to DKK 46m.

The market value of securities as at 31 December 2003 amounts to DKK 549m.

Note 8

Inventories	**2003**	**2002**
Raw Materials and Consumables	766,859	829,313
Work in Progress	359,921	389,149
Manufactured Goods and Goods for Resale	668,497	674,768
Inventories	**1,795,277**	**1,893,230**

Note 9
Deferred Tax/Deferred Tax Assets

Deferred tax broken down:		
Fixed Assets	187,405	164,915
Current Assets	(17,978)	5,874
Provisions	(30,006)	(28,664)
Creditors	2,087	2,764
Deficit	(3,223)	(11,525)
	138,285	**133,364**

which have been recognised in the balance sheet as:

Deferred Tax Assets	40,055	29,534
Deferred Tax (liability)	178,340	162,898

Note 10
Other Provisions

	Liab. under Guarantee	Buy-Back Obl. Employee Shares	Retirement Benefit and Other Obligations
Opening 2003	**90,269**	**123,564**	**218,835**
Exchange Rate Adjustments	(4,468)	0	(15,695)
Provisions Spent during the Year	(4,709)	(149)	(47,891)
Provisions Carried Back	(4,337)	0	(23,186)
Provisions for the Year	20,176	81,363	89,351
Closing 2003	**96,931**	**204,778**	**221,414**

The usual guarantee on products sold covers a period of 24 months.

The buy-back obligation regarding employee shares will essentially arise only once the settlement periods for the securities in question expire. The settlement periods expire as follows:

2006	25,133
2007	68,793
2008	26,519
2009	84,333

The buy-back obligation calculated at market value amounts to DKK 205m.

Note 11

Long-term Liabilities	**2003**	**2002**
Debt falling due after more than 1 year but less than 5 years:		
Mortgage Debt	128,733	101,836
Bank Loans	901,273	636,415
Other Monetary Creditors	168,453	83,989
Corporation Tax	1,228	0
Debt falling due after more than 5 years:		
Mortgage Debt	569,412	605,083
Bank Loans	28,980	212,335
Other Monetary Creditors	740	0

Note 11:
Long-term Liabilities
Distribution of Foreign Exchange and Interest
as at 31 December 2003:

Foreign Exchange	Interest	Amount in DKKm
EUR	3.4%	787
DKK	4.9%	636
USD	2.5%	47
HUF	9.8%	161
Other	5.3%	168
Total		**1,799**

Note 12
Financial Instruments

The Group has entered into foreign exchange and option contracts for hedging purposes, which on the balance sheet date can be broken down into the following principal items (DKKm):

	Volume	Deferred entering
EUR	626	11
USD	482	80
GBP	359	(2)
JPY	51	1
Other	99	(6)
Total	**1,617**	**84**

As at 31 December 2003, the hedging horizon for the individual currencies is between 12 and 18 months. Interest Rate Swaps entered into for hedging purposes at a volume of DKK 2,129m shows a loss of DKK 7m.

Note 13 **Auditors' Remuneration**	**2003**	**2002**
Fees to Deloitte for auditing	10,135	9,701
Fees to Deloitte for other services	6,168	6,551

Note 14
Related Parties

Related parties include the Board of Directors in the Poul Due Jensen Foundation and companies in which these persons have a controlling interest.

In addition, the Group has conducted business with System B 8 Møbler A/S on an arm's length basis in which board member Niels Due Jensen has a controlling interest. In addition, the Group has acquired the property situated at Pilevej 11, Bjerringbro, Denmark, from board member Niels Due Jensen. The deal was concluded on an arm's length basis.

Apart from this, there have been no transactions between the minority shareholders and the Grundfos Group, except distribution of dividend and payment of salaries and Board fees.

Amounts in DKK 1,000

Note 15

Securities, Contingent Liabilities, etc.

The Group has mortgaged property at a book value of DKK 465m and machinery and equipment at a book value of DKK 685m, a total of DKK 1,150m as security for loans, which on the balance sheet date show outstanding debts of DKK 588m.

	2003	2002
Operational Leasing Contracts and Lease Obligations for the Coming Years amount to a Total of	233,083	226,352

No legal proceedings are in progress, nor have any other claims been filed against the Group, which, in the Group Management's opinion, may have any particular influence on the Group's financial position.

The Group is under no material contractual obligations to acquire assets.

Note 16

Reversal of Entries with no Liquidity Effect

Depreciation	674,880	639,774
Liabilities under Guarantee and Other Provisions	96,282	66,860
Share of Profit, Associated Companies	3,730	9,721
Income from other Securities and Investments, which are Fixed Assets	(29,718)	(31,085)
Cost of Financing, Net	39,065	207,955
Tax on Profit for the Year	404,633	284,825
Reversal of Entries with no Liquidity Effect	**1,188,872**	**1,178,050**

Note 17

Changes in Working Capital

Changes in Inventories	102,094	182,477
Changes in Accounts Receivable	(32,870)	(58,003)
Changes in Suppliers, etc.	280,385	36,341
Unrealised Exchange Rate Adjustments	(116,600)	(157,912)
Changes in Working Capital	**233,009**	**2,903**

Amounts in DKK 1,000

Note 18
Acquisition of Companies

Acquisitions for the year and adjustments of previous years' acquisitions are broken down as follows:

	2003	2002
Fixed Assets	(6,117)	(34,085)
Inventories	(4,141)	(19,498)
Accounts Receivable	(10,687)	(24,826)
Cash at Bank and in Hand	(427)	(23,910)
Provisions	5,504	5,486
Long-term Liabilities	3,719	9,550
Short-term Liabilities	12,149	41,260
Net Assets	**0**	**(46,023)**
Group Goodwill	(28,705)	(68,452)
Acquisition Price	**(28,705)**	**(114,475)**
Of this, Cash at Bank and in Hand	427	23,910
Cash Acquisition Price	**(28,278)**	**(90,565)**

Note 19
Available Funds, Opening

Cash at Bank and in Hand	734,168	812,779
Unrealised Exchange Rate Adjustments	(18,829)	(1,938)
Available Funds, Opening	**715,339**	**810,841**

Note 20
Available Funds, Closing

Securities	439,094	404,253
Cash at Bank and in Hand	776,723	329,915
Available Funds, Closing	**1,215,817**	**734,168**

Profit and Loss Account for the Poul Due Jensen Foundation

1 January - 31 December 2003

Amounts in DKK 1,000

	Note	2003	2002
Administrative Costs	1	(643)	(355)
Income from Investments in Associated Company before Tax		978,769	694,755
Premium from Sale of Shares		28,971	0
Provision for Buy-Back of Employee Shares		(79,814)	(81,134)
Interest Income	2	5,360	6,450
Financing Costs	3	(4,705)	(5,300)
Profit before Tax		**927,938**	**614,416**
Tax on Profit for the Year	4	(347,932)	(240,559)
Profit for the Year		**580,006**	**373,857**
Proposed Profit Appropriation			
Distribution		1,100	1,100
Brought Forward to Revaluation Reserve under the Equity Method		613,355	355,713
Retained Earnings		(34,449)	17,044
		580,006	**373,857**

Balance Sheet for the Poul Due Jensen Foundation

Amounts in DKK 1,000

	Note	2003	2002
Fixed Assets			
Fixed Asset Investments			
Investment in Associated Company		4,768,886	4,305,141
Accounts Receivable from Associated Company		70,913	74,231
Securities		70	70
Total Fixed Assets	**5**	**4,839,869**	**4,379,442**
Current Assets			
Accounts Receivable			
Accounts Receivable from Associated Companies		62,734	24,531
Accounts Receivable, Corporation Tax		9,340	0
		72,074	**24,531**
Available Funds		**15**	**9**
Total Current Assets		**72,089**	**24,540**
Total Assets		**4,911,958**	**4,403,982**
Liabilities			
Equity Capital			
Registered Capital		505,000	505,000
Revaluation Reserve under the Equity Method		4,131,712	3,680,073
Capital Available		0	19,569
Total Equity Capital		**4,636,712**	**4,204,642**
Provisions			
Deferred Tax	4	2,498	2,915
Buy-Back Obligation of Employee Shares		197,859	118,045
		200,357	**120,960**
Long-term Liabilities			
Mortgage Debt	6	70,913	74,231
		70,913	**74,231**
Short-term Liabilities			
Bank Overdrafts and Loans		3,631	3,169
Corporation Tax		0	719
Other Liabilities		345	261
		3,976	**4,149**
Total Liabilities		**4,911,958**	**4,403,982**

Equity Capital for the Poul Due Jensen Foundation

1 January – 31 December 2003

Amounts in DKK 1,000

	Registered Capital	Reserve Equity Method	Capital Avail-able	Total Equity Capital
Equity Capital, Opening 2002	**505,000**	**3,427,059**	**2,525**	**3,934,584**
Profit for the Year		355,713	17,044	372,757
Exchange Rate Adjustments, Subsidiary Companies, etc.		(136,588)		(136,588)
Reversal of Revaluations		(24,836)		(24,836)
Adjustments to Changes to Acc. Principles made in 2001		(14,273)		(14,273)
Revaluation of Hedging Instruments, Opening		(20,091)		(20,091)
Changes in Minority Interests		3,018		3,018
Revaluation of Hedging Instruments, Closing		120,063		120,063
Tax on Equity Items		(29,992)		(29,992)
Equity Capital, Closing 2002	**505,000**	**3,680,073**	**19,569**	**4,204,642**
Profit for the Year		613,355	(34,449)	578,906
Exchange Rate Adjustments, Subsidiary Companies, etc.		(131,067)		(131,067)
Revaluation of Hedging Instruments, Opening		(120,063)		(120,063)
Revaluation of Hedging Instruments, Closing		99,195		99,195
Tax on Equity Items		5,099		5,099
Transfer		(14,880)	14,880	0
Equity Capital, Closing 2003	**505,000**	**4,131,712**	**0**	**4,636,712**

Registered capital for the 4 previous years has been increased when brought forward from capital available:

	Opening, year	Increase	New balance
2001	390,000	115,000	505,000
2000	370,000	20,000	390,000
1999	355,000	15,000	370,000

Notes to the Accounts of the Poul Due Jensen Foundation

Amounts in DKK 1,000

Note 1

Administrative Costs	**2003**	**2002**
Including:		
Board Fees	184	105
Fees to Deloitte & Touche for auditing	33	31
Fees to Deloitte & Touche for other services	103	100

Note 2

Interest Income

Interest income from associated companies amounts to DKK 5,360 thousand against DKK 6,450 thousand in 2002.

Note 3

Financing Costs

Financing costs to associated companies amounts to DKK 40 thousand against DKK 131 thousand in 2002.

Note 4

Tax on Profit for the Year

Tax in Associated Companies	341,195	233,691
Current Tax	7,154	8,932
Deferred Tax	(417)	(2,001)
Adjustment re Previous Years	0	(63)
Tax on Profit for the Year	**347,932**	**240,559**

Deferred tax relates to provisions.

Amounts in DKK 1,000

Note 5
Fixed Asset Investments

	Investment in Associated Company	Accounts Receivable from Assoc. Company	Securities
Initial Cost			
Opening	543,934	74,231	70
Additions for the Year	0	0	0
Disposals at Initial Cost	(2,774)	(3,318)	0
Closing	**541,160**	**70,913**	**70**
Revaluations			
Opening	3,761,207	0	0
Profit for the Year	637,574		
Dividend Received	(24,219)		
Exchange Rate Adjustments	(131,067)		
Other Adjustments	(15,769)		
Closing	**4,227,726**	**0**	**0**
Book Value 31 December 2003	**4,768,886**	**70,913**	**70**
Book Value 31 December 2002	**4,305,141**	**74,231**	**70**

The book value of investment in associated company includes goodwill amounting to DKK 78,363 thousand against DKK 83,933 thousand in 2002.

Note 6

Long-term Liabilities	**2003**	**2002**
Amounts falling due after 5 years:		
Mortgage Debt	54,624	59,459

Consolidated Profit and Loss Statement in Euros

1 January – 31 December 2003

Amounts in EUR 1,000

	2003	2002
Net Turnover	1,500,697	1,440,473
Production Costs	(919,820)	(895,963)
Research and Development Costs	(57,058)	(59,430)
Gross Profit	**523,819**	**485,080**
Sales and Distribution Costs	(252,304)	(251,952)
Administrative Costs	(110,095)	(105,602)
Amortisation of Group Goodwill	(6,085)	(4,606)
Operating Profit	**155,335**	**122,920**
Other Operating Expenses	(8,522)	(74)
Share of Profit, Associated Companies	(502)	(1,308)
Income from Financial Fixed Assets	3,999	4,184
Cost of Financing, Net	(5,257)	(27,988)
Profit before Tax	**145,053**	**97,734**
Tax on Profit for the Year	(54,453)	(38,333)
Consolidated Profit after Tax	**90,600**	**59,401**
Minority Shareholders' Share of Profits in Subsidiaries	(12,696)	(9,232)
Profit for the Year	**77,904**	**50,169**

Grundfos in Brief

Water provides life to people, animals and plants, and is a necessity in order for industry to produce. Water is very useful when heating and cooling buildings, and is also used to drain off waste products. Anywhere, where water is a coveted resource or needs to be drained away, Grundfos pumps play a central role.

Our range of efficient and reliable pump solutions is continuously being expanded. Extensive know-how and intensive research and product development allow us to develop new, trend-setting products which meet ever-increasing requirements made by customers and society at large for improved energy efficiency and a reduced impact on the environment.

In addition to pumps and pump systems, Grundfos develops, manufactures and sells energy-efficient electromotors and sophisticated electronics. Once the electronics are built into the pumps they become "intelligent", i.e. capable of assessing the current need for water and adapt their performance accordingly – all of which results in a significant reduction of the energy consumption.

At all stages of production, quality needs to be controlled effectively as we have a high degree of own production. Also, production control ensures a high productivity while at the same time enabling us to take both the external environment and the working environment into consideration.

With their knowledge and commitment, the employees are the most important resource in the Grundfos Group. Therefore, the Group aims to offer the employees further training and to create an inspiring environment that promotes the development of new products with an increased utility value and high quality for the customers.

In a world characterised by frequent changes in the global economy, the Group's global nature is our customer's guarantee for continuous and easy access to pumps, spare parts and service. Therefore, the Grundfos Group constantly expands its network of sales and service companies in Europe, North and South America, the Middle East, Australia and Asia. High reliability of supply and the possibility of adapting the pump solutions to local requirements are ensured through decentralised production.

The Grundfos Group is owned by the Poul Due Jensen Foundation, whose primary purpose is to expand and develop the Group. Reinvestment of own funds maintains the Grundfos Group as an independent company.

For further information about Grundfos, please visit our website at: http://www.grundfos.com.

Group Structure

Denmark
Grundfos Management A/S

Denmark
Grundfos DK A/S

United Kingdom
Grundfos Pumps Ltd.

United Kingdom
Grundfos Euro Pump UK

Ireland
Grundfos (Ireland) Ltd.

Sweden
Grundfos AB

Sweden
JL Pump AB

Norway
Grundfos Pumper A/S

Finland
OY Grundfos Pumput AB

Germany
Grundfos GmbH

Poland
Grundfos Pompy Sp.z.o.o.

Austria
Grundfos Pumpen Vertrieb Ges.m.b.H.

The Czech Republic
Grundfos s.r.o.

Hungary
Grundfos Hungária Kft.

Turkey
Grundfos Pompa San. ve Tic. Ltd. Sti.

Belgium
N.V. Grundfos Bellux S.A.

The Netherlands
Grundfos Nederland B.V.

Switzerland
Grundfos Pumpen AG

Russia
OOO"Grundfos-Service Center"

Italy
Grundfos Pompe Italia S.r.l.

France
Pompes Grundfos Distribution S.A.

Greece
Grundfos Hellas A.E.B.E.

Portugal
Bombas Grundfos (Portugal) Lda.

Spain
Bombas Grundfos España S.A.

United Arab Emirates
Grundfos Gulf Distribution

India
Grundfos Pumps India Private Limited

USA
Grundfos Pumps Corporation

Canada
Grundfos Canada Inc.

Mexico
Bombas Grundfos de Mexico S.A. de C.V.

Brazil
Mark Grundfos Ltda.

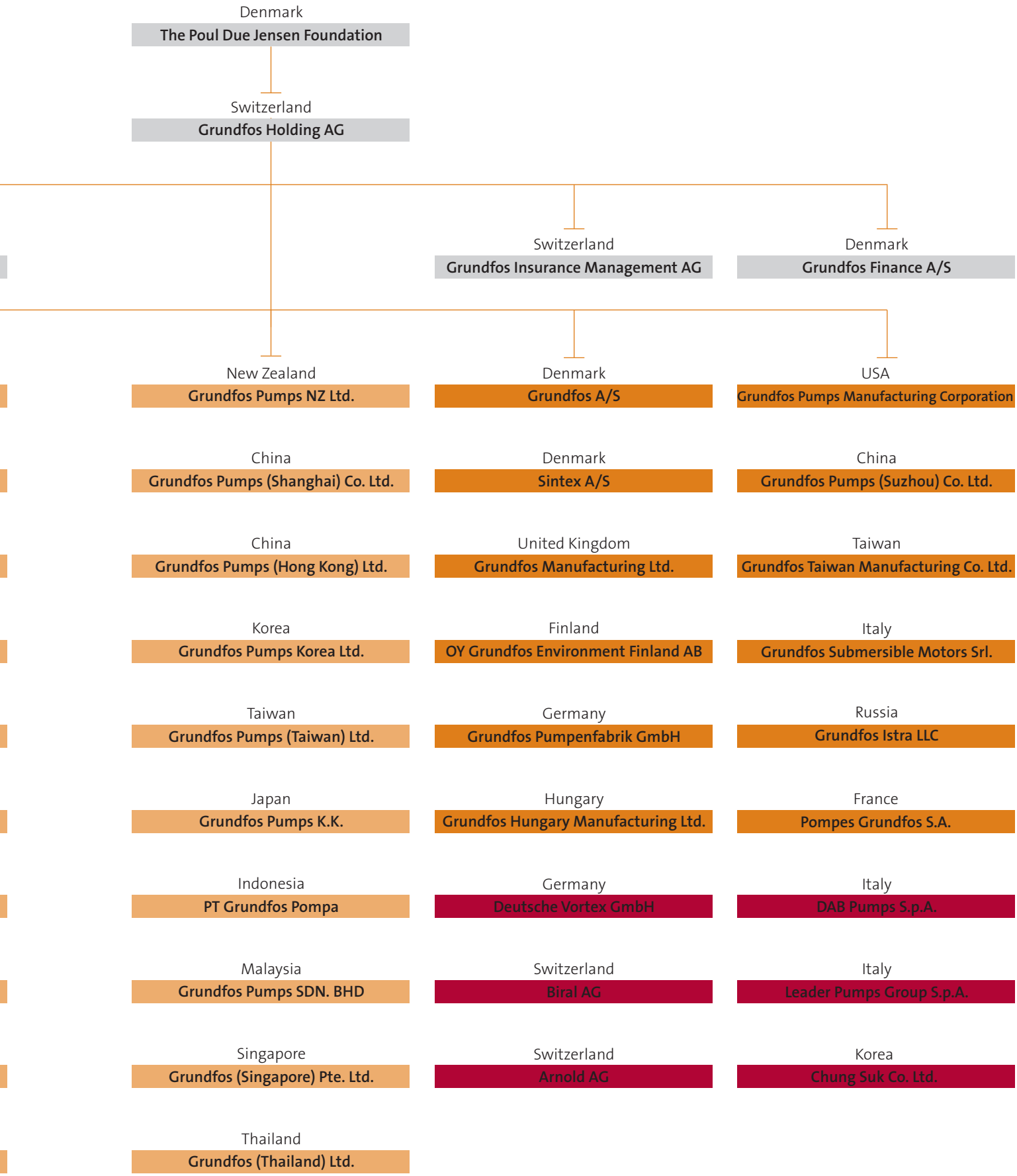
Argentina
Bombas Grundfos de Argentina S.A.

Australia
Grundfos Pumps Pty. Ltd.

- Management Companies
- Sales Companies
- Manufacturing Companies
- Acquired Companies

Ownership

The Poul Due Jensen Foundation, based in Bjerringbro, Denmark, is the parent company of the Grundfos Group. The Poul Due Jensen Foundation owns 86.0% of the share capital in Grundfos Holding AG, Switzerland, while the founder's family owns 12.1%, and employees own 1.9%.



Grundfos Holding AG, Switzerland, directly or indirectly owns the entire share capital in all subsidiaries, except for the following:

Grundfos A/S, Denmark – 99.6%
Grundfos Pumps Pty. Ltd., Australia – 70%
PT Grundfos Pompa, Indonesia – 98%
Grundfos (Thailand) Ltd., Thailand – 74%
Chung Suk Co. Ltd., Korea – 60%

Branches: In addition to the companies mentioned above, the Group has operating branches in South Africa, Estonia, Latvia and Lithuania.

Associated Company: System B8 Holding, Denmark – 30%

Grundfos Milestones

1945 Poul Due Jensen designs his first groundwater pump in his one-year-old machine works Bjerringbro Pressestøberi og Maskinfabrik.

1959 The launch of the first circulator pump marks the beginning of a completely new era.

1960 With the establishment of a pump factory in Germany, Grundfos opens a company outside Denmark for the first time.

1961 With an annual production of 34,000 pumps, Poul Due Jensen sees his vision of mass production come true.

1975 Poul Due Jensen transfers his ownership of the Grundfos Group to the Poul Due Jensen Foundation.

1977 Following Poul Due Jensen's death, Niels Due Jensen assumes the position of Group President and Chairman of the Board of the Grundfos companies.

1985 The Grundfos Group comprises 15 companies employing 5,000 staff. The annual turnover exceeds 2 billion Danish kroner.

1990 Grundfos inaugurates the Technology Centre, which engages in research in new materials and processes, and designs and manufactures new machines and tools.

1994 Grundfos inaugurates the Development Centre.

2001 Inauguration of the Poul Due Jensen Academy. With the Academy, the Group's massive investments in product development and branding receive whole-hearted support in the form of investments in training within sales/marketing and service, among others.

2003 Niels Due Jensen leaves the position as Group President to Jens Jørgen Madsen, and takes up the position as Group Chairman.
The Grundfos Group now comprises 62 companies employing 11,707 staff. Net turnover amounts to 11.152 billion Danish kroner.

BE > THINK > INNOVATE >

Being responsible is our foundation
Thinking ahead makes it possible
Innovation is the essence

The Grundfos Group

Northern Europe
Tel.: +44 15 2585 0000

Germany
Tel.: +49 211 92969-0

Eastern Europe
Tel.: +43 6246 883-0

Southern Europe
Tel.: +39 0295 8381 12

North America
Tel.: +1 913 227 3400

South America
Tel.: +55 11 4393 5533

Asia and
the Pacific Rim
Tel.: +65 6865 1222

Australia
and New Zealand
Tel.: +61 8 8461 4611

Japan
Tel.: +81 53 428 4760

Headquarters
DK-8850 Bjerringbro
Denmark

Tel.: +45 87 50 14 00
E-mail:
info@grundfos.com

CVR no. 83 64 88 13

Further information:
www.grundfos.com

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