

Thomas Hofman-Bang, President & Chief Executive Officer, NKT Holding A/S

Welcome to the telecon for NKT Holding for the 4th quarter 2011. My name is Thomas Hofman-Bang, I am President and CEO of NKT Holding and as always I am seconded by my brilliant CFO, Michael Lyng and we have prepared the usual presentation. I will give some highlights on the 4th quarter in 2011, the expectations for 2012 and then Michael will in detail cover the financial results. I will be back with some additional comments on the business lines and then we will have the Q&A in the end. We have participants here in the room and we have participants on the web and in the end when we get to the Q&A, we will start out having questions from the audience here and then we will turn to the telecon for the audience watching the web and then after that we turn back to the audience here. So that is going to be the sequence for this telecon.

If we look at the group structure, then it is basically unchanged but we now see a dotted line to NKT Flexibles as the big change compared to the previous quarters and that is of course because in 2012 in February we announced that we have entered into a deal with National Oil Well in Houston to buy NKT Flexibles and we expect that transaction to close later in the year when we have the approval from the relevant authorities. So but aside from that we have our normal business lines NKT Cables with a strong European and Chinese position within energy cables. Nilfisk-Advance, global market leader within professional and industrial cleaning equipment, and then NKT Photonics with a business within fibre lasers where they are in the process of building a strong position in that field within high-power lasers and lasers for sensor applications and then of course NKT Flexibles with a strong position within flexible risers and flow lines for the SURF market, oil and gas that then is expected to leave the group later in 2012. As Michael will also be back to and I will also be back to when we discuss the guidance for 2012 as of 1 January 2012 we now consider NKT Flexibles as discontinued business and therefore you need to understand that also when we get to the guidance part that you need to take out the Flexibles part of the 2011 numbers when you are comparing with the guidance numbers we are giving for 2012, but we will come back to that.

If we look at the highlights for 2011 then we reached 15.6 bnDKK in sales which is a record for the NKT Group. Behind that is nominal growth of 8% for the year and of that 4% is organic growth and thereby basically delivering in accordance with the guidance we gave about a year back: If we turn to the profitability then we delivered the approximately 1 bnDKK - we delivered 1.36 bnDKK operational EBITDA, which is in line with our most recent guidance where we have guided that we would deliver around the 1 bnDKK for 2011 so we can put a checkmark against that. We had a very satisfactory cash flow development in the last two quarters and in particular in the fourth quarter and therefore we are bringing down the net interest-bearing debt to exactly the level or slightly better than the level that we guided that we would be below the 4.5 bnDKK and of course after the completion of the Flexibles transaction that number will change significantly and therefore as we will be back to in a moment we expect our gearing position to be significantly enhanced after the transaction and expect to be around two times EBITDA at the end of 2012.

If we look at how the EBITDA has developed graphically you see that we have reached the turning point a couple of quarters back and we are now gradually seeing the improvement as expected ending the year at 1.36 bnDKK after the 4th quarter and we expect that development to continue throughout 2012 – not very much in the first quarter but significantly starting in the second quarter and then through the third quarter and the fourth quarter. If we try to connect to the world economy, then you can look at many different key figures to try to figure out where the world economy is moving – one of them is the manufacturing PMI and it is pretty clear that the last half year has been more challenging with a declining sentiment. However, it also seems that within the last 1-2 months there has been a turning point. It appears that the US economy is moving forward again. It also appears that we are not going to hit a recession mode in Europe but probably a low-growth mode, and therefore bearing that in mind we had a slightly more optimistic outlook than we probably had three months back when we discussed the outlook with you guys and that... you should bear that in mind also looking at our gross expectations for 2012 which we will come back to in a moment. Which is indeed now.

And the guidance for 2012 on the top line is an expectation that we will grow organically at the level 5-10%. Behind that is the expectation that NKT Cables will grow between 5 and 10 % and we feel pretty certain that we should be able to achieve that range bearing in mind that we have a strong backlog position within the Electrical Infrastructure area being the submarine cables for offshore windmill parks, the high voltage for underground cables, and also a good position on frameworks for medium voltage cables and that is the key

driver behind the top line guidance for NKT Cables. We do not have great hopes for growth in the other business lines being Construction or Railway or Automotive, so we basically have an assumption, and expectation to be flattish in those segments. Which, if we take out the Railway segment, is related to the fact that for the last six months we have been in a standstill situation for our railway products within high-speed train applications in China and we expect that activity to resume mid-2012 and therefore we are going basically to have one half-year activity in 2011 and one half-year activity in 2012 but with, you know, the opposite phasing so that also in the first six months of 2012 we will see a declining sales from railways and then we will see increasing sales from railways in the second half and it should even out so that we are year over year flattish.

And if we turn to the Nilfisk-Advance guidance after a very strong finish on 2011 where Nilfisk-Advance grew organically 9% - a very impressive performance by the team in Nilfisk, we have a slightly more modest outlook for 2012 which is 5%. We do not expect to continue at the pace we saw in the fourth quarter - we believe it was exceptionally high and bearing the macro environment in mind we believe a 5% guidance is a combination of being ambitious and realistic and under that is a moderate growth expectation in mature markets and continued strong growth expectations for the emerging markets. We expect the polarisation of the industry to continue where the bigger players are gaining market share over the smaller players in this industry. That trend we have seen for some years will continue. And that is all embedded in this outlook of 5% growth.

Photonics should continue the path we saw last year and we have an expectation that they should grow 20%. The oil and gas segment is very much a key driver behind this growth. We saw some good order intake which also was the key driver behind the growth we have seen in the last couple of quarters in the Photonics group and also with the backlog carrying into 2012 we expect that to support this growth. Not that it is given that we will grow 20 % - but we do have some good backlog position in that field as a good starting point.

All that should lead to an EBITDA level of somewhere between 1.50 bnDKK and 1.25 bnDKK – a pretty broad range of 200 mDKK which is described in detail in our Annual Report where we actually see the growth swing factor in our business being about 400 mDKK but then assuming an average of that – that they do not all materialise – we have built in half of that in our guidance and therefore come up with this 200 mDKK range. And if you compare to 2011 where you need to take out the earnings from NKT Flexibles to get the right comparison then this is equal to an earnings enhancement of between 200 mDKK and 400 mDKK so not a prudent guidance but a relatively ambitious guidance and as we will see in a moment if we compare to the expectation in the street they seem to be spot on in between those two numbers. And then we will see what the year brings. As already explained NKT Flexibles will be treated as discontinued business and we expect 1.3 bnDKK in net positive contribution in the P&L from this transaction as a combination of a gain from the transaction and earnings from 1 January and until the closure transaction. On this slide you see in more detail – and I have probably already now covered the majority of it - at least the top line expectations and the assumptions.

If we turn to the assumptions on the EBITDA you can see that NKT Cables expect to return to a more normalised profitability after having absolutely been sub normalised earnings for the last 18 months and we expect around 7.5% EBITDA margin thereby coming closer to the peer group - just as a comparison one of our big French competitors has already announced earnings this year is at about 8.5 last year so we are getting closer to where the peer group is and if you bear in mind what our strategic targets are then we are not even with that kind of performance near to what we hope and expect to do in the future as we have a longer term ambition to drive the profitability to 13%.

And then on Nilfisk-Advance which hit record margins of 11.6% in 2011 we expect that to expand another ½ percentage point and thereby be around the 12% EBITDA margin for 2012. And we expect to see Photonics continue the development and then take the next step in 2012 from the narrow basically break-even EBITDA achieved in 2011 into real profit where the target has been set around the 10 mDKK mark. On investments, basically around 500 mDKK when you take it all being - all the tangibles and our capitalisation of product development and in that is about 100 mDKK related to capacity expansion initiatives which primarily relates to more turntable capacity in the cables business where we added a little more turntable capacity at the end of 2011 and we have a couple of further additions in the pipeline for 2012 which will increase the ability to produce more in the Cologne factory because we can get rid of the cables from the factory and put it on to the storage turntables but it also significantly reduces the risk in the business model that with more storage

capacity we can produce with more slack in our production schedule and thereby also minimise the risk for delays and penalties.

And then at the bottom with an expectation that we do close the Flexibles transaction we will be around the 2x EBITDA at the end of the year and thereby have a balance sheet that enables further expansion, further growth in the remaining three business lines where we definitely believe we are a good and best owner of these activities for the coming years and thereby have the ambitions to continue the development of those business lines and we now have the balance sheet to do that. Here you see the expectations for 2012 in further details. You see the breakout of the discontinued business so that you get the real comparison and you see the already mentioned 200-400 mDKK expected earnings enhancement when you have the right comparison.

And here you see how that stacks up when you compare to consensus and consensus is spot on in the middle of the range we have given and therefore should not disappoint anybody. And by that I will turn the microphone on to Michael for further details on the financials.

14.50

Michael Hedegaard Lyng, Chief Financial Officer, NKT Holding A/S

Thank you Thomas, and if as usual we start by looking at the detailed profit and loss statement, Thomas already has commented on some of the numbers - we realised 15.6 bnDKK in turnover measured at market prices, which is compared or similar to a turnover measured at standard prices of 12.1 bnDKK. Up nominally 8% and if we calculate that into organic growth we ended the year with 4% which consists of 1% organic growth in the Cables business, 8% in Nilfisk-Advance and 16% in the Photonics group. Operational EBITDA ended being 1,036 mDKK up from 985 mDKK last year, an increase of 5%. One-offs only related to restructuring activities in the Nilfisk-Advance business ended with a cost of 33 mDKK down from 86 mDKK spent last year so EBITDA after these one-off adjustments ended at 1,003 mDKK compared to 899 mDKK last year. Depreciations are increased from 419 mDKK last year to 490 mDKK this year reflecting that we now are depreciating fully in Cologne at our new factory in the cable business and in addition to these higher depreciations we also have this year a write-down of assets of 68 mDKK, mainly related to a write-down of the buildings in the cable business located in Czech where as part of our improved project, we have been able to empty one of our production sites and move it from two buildings into one building as a consequence of that we have now put up that building for sale and we are writing down the price to the expected sales price. EBIT then ended at 445 mDKK down from 480 mDKK last year. Financial items up from 135 mDKK last year to 280 mDKK this year reflecting that we do – we have had higher net interest-bearing debt during 2011 and on top of that we also have had some FX adjustments but I will come back to that on the next slide. So earnings before tax at 165 mDKK down from 345 mDKK last year. The tax percentage ended at 23% almost similar to last year's 22% so a profit for the year after tax ended at 127 mDKK compared to 270 mDKK last year. And as illustrated in the right side of the slide, we are proposing a dividend of 2 DKK per share at the coming Annual General Assembly. Then you can also see the numbers compared to consensus in the market. The top line is more or less spot on, the same goes for operational EBITDA and also EBITDA adjusted for the one-offs, but of course the market did not expect a write-down of these assets mentioned before which is the main reason for the difference on the bottom line.

If we look further into the increase of revenue of 1.1 bnDKK you can see that we are still positively impacted by higher metal prices, in particular copper prices, which is adding 423 mDKK to the revenue when we look at the revenue measured at market prices. FX adjustment is diluting turnover by 14 mDKK so a very small impact from that line, and then we had acquisitions impacting positively with 166 mDKK, mainly related to the Egholm acquisition that we made in Nilfisk-Advance in the middle of the year and if we adjust for that then we are down to the 4% organic growth similar to 578 mDKK increase of top line.

Similarly, if we go more into detail on the development of the operational EBITDA where we see an increase of 51 mDKK, we see of course as expected a negative development in the cables business. We have discussed that a couple of times during the year. We ended with the EBITDA margin at 3.2% down from 5.9% last year and thereby impacting negatively with 147 mDKK. On the other hand we saw a very strong development in Nilfisk-Advance fully delivering on expectations, EBITDA margin increased from 10.7% last year to 11.6% this year and thereby contributed with a positive development in earnings of 120 mDKK. The Photonics Group for the first time ever had positive earnings of 1 mDKK and thereby an impact compared to last year of 12 mDKK. Also a positive development in NKT Flexibles with 68 mDKK as a result of primarily

this price escalation factor that we have also discussed earlier on this year.. last year – impacting positively with 71 mDKK.

It is also worth looking at financial items where we have an increase from last year and if we look further into the composition of financial items we can see that interest expenses are calculated at 227 mDKK, up from 143 mDKK last year, and then as mentioned before we have FX adjustments mainly realised in the third quarter of 53 mDKK compared to a profit last year of 8 mDKK.

Then we have a slide here – it is a fairly "busy" slide, it is a copy paste of an illustration in the Annual Report where in a very open and transparent way we are comparing the year-end result 2011 with the expectations that we had in March last year announced in the Annual Report for 2010. At that time we estimated earnings of approximately 1.2 bnDKK. We ended at 1.36 bnDKK so all in all there is a negative gap – earnings missing of 200 mDKK which is a number that you can see in the right side of the slide. And if we break that up then it consists of a negative impact of 300 mDKK compared to expectations back in March last year in the cables business and then partly offset by a better performance in NKT Flexibles impacting positively with 100 mDKK.

I will not go into all the details or all the information on this slide – but if we look into the missing 300 mDKK in the Cables business then it actually consists of three parts: One part is that after the first quarter last year we needed to book a further provision relating to a loss-making project that was underway in 2010 of 58 mDKK. That was not expected in March last year and on top of that we also started to move out from our old factory in Cologne into the new one. We took down all the production lines and moved them. That was much more complicated than anticipated and also took a longer time and thereby impacted earnings negatively mainly in the second and third quarters last year. And the third item relates to the activity level within the railway sector in China where that market came into a complete stop more or less in the middle of the year and we did not expect that when we announced the expectations for 2011 in March.

Nilfisk-Advance – a checkmark both on organic growth but also on earnings. Actually we did better than expected in the beginning of the year where we estimated organic growth of around 5%. We ended the year as Thomas mentioned before at 8%, so a very strong performance on the top line but also earnings followed that development. We guided approximately 1% increase of the EBITDA margin and that is also where we ended.

Photonics almost did it on the organic growth target. But also looking at operational EBITDA we estimated a break-even and we realised 1 mDKK so that is a checkmark as well and then as mentioned in the beginning a better performance in Flexibles, not only impacted from this price escalation factor but also a better operational performance in the Kalundborg factory.

Trend curves as we normally look at them. Nominal earning of 73 mDKK in the quarter and thereby it is up from the fourth quarter last year where we realised 46 mDKK so we now start to see the turning point for a better EBITDA margin even though it is still relatively low. We ended the year with an EBITDA margin of 3.2%. If we look into the growth we realised negative growth of 6% in the fourth quarter and if we break that up further - it is not mentioned on the slide but further information is that we still had strong growth in the Utilities segment of the business that realised positive growth of 6% in the fourth quarter but it was offset by a severe negative trend in the Railway sector where we had negative organic growth of 65% in the fourth quarter reflecting this complete stop in the activity level in China. Also within Construction we saw a negative trend, mainly difficulties in the construction market in Eastern Europe but also in the Nordic countries. So all in all the year ended with organic growth of 1%.

Turning to trend curves for Nilfisk-Advance, it is worth mentioning that we ended the year very strongly in particular in Europe where we realised 12% organic growth in the fourth quarter. We also had positive growth but at a lower level in the US of 1% so all in all growth for the fourth quarter ended at 9% and thereby 8% for the full year 2011.

And looking at earnings you can see that we realised earnings of 191 mDKK similar to a full-year EBITDA margin of 11.6% and it is also a nice picture looking at the earnings quarter by quarter in 2011 where it is almost all time earnings in the quarter ending with a very solid and strong result for Nilfisk-Advance for 2011.

And if we look at the gross profit development in the Nilfisk-Advance business we ended at 41.8% for the full year 2011 and as you can see we had positive development in the gross profit in the second half of the year after having increased prices in the middle of the year in order to offset the increased raw material prices. So a strong performance and fully as expected in Nilfisk-Advance.

NKT Flexibles – nominal growth of 34%, very strong, but that is of course also impacted by this price escalating factor so if we adjust for that there is nominal growth more or less similar to organic growth of 21% and that is similar to a top line of around 1.5 bnDKK. EBITDA margin ended at 23% but also here positively impacted by this price escalation factor so again adjusting for that we ended the year at 19%. NKT's share of profit of that is 158 mDKK compared to 90 mDKK last year and also as illustrated here, NKT Flexibles ended the year with a very strong backlog going into 2012 after Petrobras made the first call-off of the newly received frame contract.

Working capital ended the year at 21.8%, similar to a nominal value of 2.7 mDKK but the way that we calculate this where we calculate based on the last 12 months' average looking at the last 12 months' turnover compared to the last 12 months' working capital the number in percentages is higher than at the end of last year but looking at the nominal number you can actually see a reduction of working capital from 3 bnDKK at the end of last year to 2.7 bnDKK and it is particularly in the second half that we saw improvements in working capital which is also illustrated by the fact that you can see the grey curve here which is working capital for the last three months, this is trading below the last 12 months so we expect to see further improvements in working capital going into 2012.

Looking at working capital for NKT Cables we ended at 23.2% which is up from 19.4% at the end of last year, but of course that is also impacted by the significant higher copper prices that we saw during 2011. In Nilfisk-Advance we saw a small increase up from 19% up to 19.4% but as mentioned before we are running with quite higher inventory in Nilfisk-Advance in order to minimise the risk in the business where in the beginning of 2012 we converted the ERP-system in the operational unit in Europe and in order to minimise risk on that within that process we had higher inventories. We also had higher inventories in the US in order to increase the delivery performance to the market.

Investments in both tangible assets but also as mentioned below in the right side intangible assets looking first at the gross CAPEX ended the year with 449 mDKK which is down from 744 last year, still the biggest part is related to Cables of 77% where 21% is related to Nilfisk-Advance. Out of that 140 mDKK relates to the new Cologne plant where, as Thomas mentioned in the beginning, we have invested in more turntable capacity.

Investments in intangible assets ended the year with an amount of 168 mDKK which is more or less in line with 2010, there the biggest contributor or the biggest part is relating to Nilfisk-Advance where we capitalised the development projects but also investments in the ERP-systems. And as illustrated on the green curve we are now running at around 3% of turnover in CAPEX which is also the expected level going into 2012.

Net interest bearing debt ended the year at 4.4 bnDKK, we had a good and strong cash flow in the fourth quarter and thereby we were able to repeat the development that we saw from the second to third quarter where we reduced the net interest bearing debt. So since the second quarter we have actually reduced it from around 5 bnDKK to 4.4 bnDKK ending the year. The increase is of course primarily driven by the investments compared to last year at least but that is then partly offset by the reduced working capital. So at the end of the year the net interest bearing debt amounts to 4.3 x operational EBITDA so still a relatively high gearing and also higher than if we compare it to our internal target of a maximum of 2.5 x operational EBITDA. The gearing ended at 109% compared to an internal target of around 100% and finally the solvency ratio ended at 30% down from 33% last year and there the target is to be above 30%.

The gross debt and cash resources situation, we have also seen this slide before, committed resources of 5.2 bnDKK, not a big change compared to the end of the third quarter but if we compare it to the end of 2010, it is up by around 400 mDKK. Then we have uncommitted lines of 1.8 bnDKK up from 1.2 at the end of 2010 so all in all we have cash resources of 7 bnDKK, up by 1 bnDKK compared to 6 bnDKK at the end of 2010. We have utilised 4.8 bnDKK so we have net cash resources of 2.5 bnDKK up from 1.8 bnDKK last year. Still the case that we do not have any financial covenants on our debt structure and the gross debt is

still primarily in DKK but 18 % is in the Czech currency and the remaining part in Euro, US Dollar and Chinese currency.

Development in equity, I already mentioned the 33% and the 30% at the end of 2011, as you can see we are negatively impacted by FX adjustment as when we are recalculating our investments in subsidiaries but also here impacted by hedging instruments, that impact negatively with 123 mDKK, we paid out dividend mid last year of 48 mDKK and then we are positively impacted by the profit gained in 2011. So all in all a small nominal decrease from 4.1 bnDKK last year to 4.66 bnDKK at the end of 2011.

Ending up with the cash flow. Looking at cash flow from operating activities, we had a positive contribution of 558 mDKK up from negatively 374 mDKK last year, a small impact by the increased earnings, so the biggest impact relates to working capital where last year we built up working capital with almost 1 bnDKK, then we have this year or in 2011 been able to reduce it cash flow wise with 119 mDKK. Cash flow from investment activities ended at around 800 mDKK down from 850 last year as a result of the investment that I just mentioned before. Last year we took out dividend from 2010, we took out dividend from NKT Flexibles. That was not the case in 2011 which is why we have a zero there and then we have other investments, net, which is mainly the intangible assets of 156 mDKK which is more or less in line with 2010. So all in all cash flow from operating and investment activities are negative by 240 mDKK which is almost 1 bnDKK better than the cash flow that we were able to realise in 2010. And with that I will hand over to Thomas again.

37.10

Thomas Hofman-Bang, President and Chief Executive Officer, NKT Holding A/S

Thank you. And I will just cover this quite fast and brief since we have touched upon the majority of the aspects of the performance in 2011 and the outlook for 2012. Looking at NKT Cables I would just like to emphasise when you look at the distribution of sales on segments that we continue to drive the business in the direction of more and more focus on Electrical Infrastructure and for 2011 it accounted for 63%, that percentage will increase further in 2012 and therefore we continue to drive the business model towards more and more infrastructure. And why do we do that? Well, we do that because we believe that that is the high end of the market where the most interesting growth potential and earnings potential exists, entry barriers are quite high and therefore the number of competitors in that field is more limited compared to the more commoditised part of the energy cable industry and by focusing on that, growing there, exploiting our capabilities and capacities in that field we then also create a much stronger, sustainable business with that, so that is why we have pursued this strategy for a number of years and thereby relatively reduced our exposure to the more cyclical part of the business being construction which is now down to 19%. Those of you who have followed us for many years will remember that several years back that was about 40% of our business, so we have come a long way with the aim to focus on Infrastructure. Railway is down to 7%, it used to account for some 10-11% of our business and that is of course a direct consequence of the stand-still situation that we experience in China which we expect to rectify itself mid-2012 and then we should start to resume business. It is in that context also important to reiterate that the activity level that we saw in 2009-2010 was exceptionally high and what we expect to see going forward is a more normalised activity level which is basically the activity level we saw until early 2009. We should still find very attractive business but it is not going to be the same hype situation that we saw for one to one and a half year.

A few words on Cologne. We addressed that, of course, at our previous conference call we also addressed it at our capital market day back in the fall of 2011 where the message was that it would take 2-4 quarters basically to bring performance up to where we want it to be and we are following that plan exactly so we have seen months over months now for the last 4-5 months that productivity increases as expected and we expect that to continue, there is work going on, on many, many small close out issues in the factory and modifications as you always have with those kind of projects and by mid-2012 we should basically be where we can sign it off and say well, now we are in normal operation at the expected and desired productivity level.

Those are the few comments that I would like to add to the Cables business. On the Nilfisk-Advance not a whole lot to add other than it is just stellar performance that the team in Nilfisk is delivering and looking at the record results for 2011, bodes well for the future and the way that we are positioned, the way we grow in emerging markets where we achieved 35% growth, the potential we see there on top of the potential that we also see in the mature markets, all the efforts going into product development that is delivering one of the initiatives in 2011 was to form the outdoor division as a combination of activities that we already had plus two

smaller acquisitions is also delivering good results and performing actually slightly better than expected and you will see that also in the future that we will continue to expand the business model, continue to implement growth platforms within the business system of Nilfisk-Advance and then on top of that work with the must win-battles where reducing complexity is on top of the list. You can imagine that will all the planned moves and a global supply chain that we also have a relatively complex supply chain and we are now putting a lot of effort into reducing the complexity, which entails a number of different initiatives that I will not cover here but which gradually should smoothen or increase the efficiency in the supply chain and bring down the cost of running the supply chain and thereby also contribute to further earnings enhancements in the coming years and then of course we will also continue the very strong push and focus that we have implemented on customers in the last couple of years and you will also see further initiatives in that arena in the coming years that should also hopefully deliver top line and bottom line development.

Photonics is on their way, good growth, 16% organic growth as we already have covered, break even result for 2011, that is exactly what we wanted to achieve and what is even more satisfactory is actually that we are starting to see some good design wins in, among others, the oil and gas industry and thereby we have been able to build up now also good backlog moving into 2012 and we are definitely seeing some good momentum in the Photonics business and we just continue to push that, both the technology development but also the front end and the design of the technologies in various applications, that has also been the focus for now several years and we are now more and more getting close to where we start to see these applications take off which is going to be the key driver for Photonics.

NKT Flexibles we have covered. There is not more to add to that and then that brings us to Q&A and as promised in the beginning we will start taking questions from the audience. So I will open it up.

44.00

Q: Klaus Ø. Madsen, Analyst, Svenska Handelsbanken AB (Broker Denmark)

Could you comment on your geographic performance in Nilfisk-Advance business, primarily US versus Europe and what you see in 2012? Then also on the Cologne site and the profitability level in Cologne you gave some figures back in the Q2 release on your basically margin gap to the desired level. Could you maybe shed some light on where you are on that journey? And finally on Chinese high voltage, could you give us an update on your qualification there and when we will see that materialise as business?

44.42

A: Thomas Hofman-Bang

Sure. If we start with the geographical development in Nilfisk-Advance, then if we zoom in on the fourth quarter, we had moderate positive growth in the US, we had very strong growth in Europe accounting for almost 12% growth in Europe and then we saw good growth of around 8% in Asia Pacific. Going forward we expect to continue in emerging markets, we should then a sub-section within this of those 30-35% level, we should continue that level in our emerging markets and we should see some 2-4 %growth in our mature markets being Europe, US but of course also within Asia Pacific, the Australian market, the Japanese market, also definitely falls in the category of mature markets in this context. If we look at Cologne, then I am not willing to open up for the exact profitability in Cologne other than it is improving. What I am more focused on is the productivity which then will drive the profitability and therefore maybe we will shed some more light on that one or two quarters from now but we don't want to do that on this call. And then the final question was the status on high voltage in China where as also mentioned in the Annual Report, we had the type test for 220 kW products ready, we are in the process of getting the prequalification in China and to have that you need to run a 12-months prequalification test, that is running, expected to be complete at the end of the year and therefore we should be in business within 2020 kW as of the end of this year, the start of next year. And until we have that we are, which is the license to operate in the utility market in China, we are of course spot selling small quantities of 220 for the industrial market and then the majority of the business in the high voltage factory is 110 kW products where we do have the necessary qualifications, so that is the update on that.

47.15

Q:

Then just finally on the outlook and tendering activity on high voltage and of course submarine. Does that continue at an unchanged fast pace?

47.28

A: Thomas Hofman-Bang

Not a whole lot new to report on the submarine part, we continue to see many projects out there, we have a very, very solid coverage budget for 2012 and also have a good coverage for 2013 in that area. So it is predominantly projects for 2013-14-15 that have been discussed with customers but there are also some projects with more fast track projects, more in-field cable projects that have a delivery schedule that is more nearby and of course depending on what fits our production schedule, we are also looking at that, but overall I would say good activity in that sector. On the high voltage side we see also good coverage backlog-wise for 2012; we also have good backlog coverage into 2013. In terms of the sentiment we continue to see price pressure in the low end of the market and there is not a whole lot new to report on that, yes so that is basically the status.

48.40

Q: Poul Ernst Jessen, Danske Markets, Analyst, Danske Bank A/S (Broker)

Shortly on the guidance to understand it correctly, you give a range from 1050 to 1250 and then you give a risk from up to 400 mDKK of which includes the 200, does that mean that the base case is 1250 and then down to the 1050 that is the 200 mDKK risk range? On Nilfisk you say that there is further alignment process going forward, does that mean that there will be any restructuring charges coming up? And then finally, what is the tax rates set for 2012?

49.20

A: Thomas Hofman-Bang

The restructuring, the answer is no. No specific restructuring initiatives planned for 2012, there might be small things here and there but nothing worth mentioning. On the guidance what we are aiming for is to deliver you the 1250 and then to the degree that the risks materialise it is going to be below that, that is basically how we are going into 2012. And on the tax rates, that is a question for Michael...

49.53

A: Michael Hedegaard Lyng

On the tax rate we ended at 23% this year, you should expect it to increase a little bit going into 2012 in the range of 25-27-28%. Of course it is very difficult to calculate because in the end it depends on the contribution of the build-up of the profitability in the various entities but around 25-27%.

50.30

Q: Klaus Kehl, Analyst, Nykredit Markets

A question related to the strategic targets in Cables. Obviously the target is to improve the margin quite significantly from the current level. Could you try to elaborate a bit on what is the main drivers behind that and when could be perhaps expect to see a margin in the range that you are mentioning in the strategic targets?

50.54

A: Thomas Hofman-Bang

The key driver is the continued development towards the higher end of the market combined with better and better execution which delivers a lot of earnings potential with good execution of projects. And if we can achieve the targets for 2012, that brings us kind of back to where the peer group is and then because we have a different mix with a much stronger emphasis on electrical infrastructure compared to competition, we should then in the coming years with better and better execution and stronger and stronger emphasis on that see that we bring the profitability north of what we see competition do on average. So it is very much operational gearing and segmentation, a right focus on the right segments that should bring that profitability.

51.52

Q: But just a follow-up question. Is that based on a thorough business case or is it more a kind of a vision if you understand if that is...

52.02

A: Thomas Hofman-Bang

It is a business case. There are assumptions behind in terms of what should happen on various business lines, what are the drivers and thereby what is the strategy to drive there. It is also clear that with the setback

that we have seen in the last 12 months whether we will be there in 2015 which was the target when we announced the strategy or 2016, I cannot give you a straight answer on that today.

52.30

Q:

Okay, thank you very much. A follow-up question. When would it be realistic to believe that you could close the sale of Flexibles, would it be likely here in Q2 or...

52.44

A: Thomas Hofman-Bang

We have not given you any guidance on that, it is as it is, you file with relevant authorities and then you get the approvals when they are ready and it is impossible for us to be specific on that other than looking at the business of NKT Flexibles and the business of the buyer where the buyer does not make flexible pipes, there should not be any conflicts and thereby we should get those approvals and they should be relatively smooth but I am not able to read the minds of the authorities and thereby give you specific guidance as to when we have the approval.

53.25

Q: Jesper Christensen, Analyst, Alm. Brand Bank A/S (Broker)

Could you perhaps elaborate a bit on your EBITDA margin guidance in Cables given the prior discussion on your strategic goal and also looking back at your 2011 guidance, your 2012 guidance is below your initial guidance for 2011, why is that? How has the situation changed? Also given that as you have shown, you are now already up at 63 % in electricity infrastructure, was this a high mark in business so you could perhaps have expected a higher margin guidance given that you have already changed a lot from 43 % in construction to now 20. Could you perhaps elaborate a little bit on.. guide in that light?

54.21

A: Thomas Hofman-Bang

Sure. As to, you know, the long-term guidance I guess I answered that basically by my answer to the previous question and in terms of our guidance bearing in mind what we experienced in 2011 we – I will not say that we you know are super cautious in our guidance but we have learnt some lessons the last 12 months which of course we also have in the back of our mind when constructing the guidance for 2012. The – and then we will see with you know if we are able to have super duper execution of projects. Yes, it might be better. But it is risky business as we have seen in the past and therefore you need to build in significant risk contingencies in your projects and then we will just have to see how it unfolds. Can we get to the 7.5 % and thereby basically being close to peer, well that is a nice first step in the right direction but you know it will also be very clear we are not in any way satisfied with that profitability because that will not deliver the satisfactory return on our capital employed and therefore we definitely have a desire for much more but how fast we can get there, you know, let us get back to that discussion when we are well into 2012 and see how things unfold.

55.50

Q:

Just one other question on your guidance and risk interval – is it correctly understood that if for instance organic growth in construction falls below zero there is a 100 mDKK downside, is there then also a 100 mDKK upside if organic growth grows above zero in 2012?

56.11

A: Thomas Hofman-Bang

Of course, if we suddenly see a boom in the construction sector which we do not expect then it works in both directions there, of course there is an upside too– should it happen that we see solid growth in that segment.

56.34

Thomas Hofman-Bang

Good, then I will ask the operator if we have anybody on line with questions.

56.39

Operator

Thank you. If you have a question please press star and then one on your touch tone phone. Daniel Patterson from SEB is now on line with a question.

56.54

Q: **Daniel Patterson, Analyst, SEB Enskilda (Denmark)**

Yes hello gentlemen. Firstly, on Nilfisk-Advance another very strong quarter I must say. Congratulations with that. 9% organic growth in the quarter and you are now saying 5% growth in 2012. I just want some feeling here. Do you have any tangible sort of in-house evidence that growth is already lower in the beginning of 2012 than the 9%? Or is it more based on sort of what you see and hear in the news?

57.23

A: Thomas Hofman-Bang

We do not have any very tangible proof of that other than we are reading the macro outlook as everybody else and we believe that guidance is in line with how it looks like 12 it is going to be based on IMF outlook and as you know the business model does not provide a whole lot of disability in terms of backlog because we do have some order intake we look at, but it is extremely short-sighted and therefore not a very good indicator for that so the straight answer is no, it is based on trying to read the world economy.

58.08

Q:

Right fair enough, my second question: In Cables you are now expecting the earnings improvement to be more back end loading I think you are writing the sort of mainly the last 9 months rather than front end loaded. What is the reason for this change?

58.23

A: Thomas Hofman-Bang

Something to do with mix and what happened in the first quarter last year, something to do with the fact that we are gradually seeing the build-up of profitability - bear in mind that the first quarter last year we were not impacted by the turbulence of moving machines because we basically had all the machines in the old factory in the first quarter last year so those quarters are not very comparable and those are the key reasons why we just wanted to put that sentence in there to make you understand that don't expect miracles already in the first quarter but expect them to start kicking in as of the second quarter.

59.02

Q:

All right, then just my final question. It is also relating to the 2012 guidance overall and the risk factor already touched upon a couple of times. I just want to make it absolutely clear here that really the guidance, the top end of the guidance - 1,250 - that is based on you know the 5% organic growth in Nilfisk and is it fair to say flawless execution in Cables, and then if something goes wrong you may go to 1,050 and if all hell breaks loose then we are looking at 850 but 1,250 is the base case.

59.39

A: Thomas Hofman-Bang

The assumptions that we have included should deliver the 1250. That is correctly understood.

59.46

Q:

You don't you have not included sort of anything specific or hick-ups in projects in Cables?

59.52

A: Thomas Hofman-Bang

No – not other than normal project related risk contingencies.

59.59

Q:

Excellent, thank you

Operator

Massimo Bonisoli from Equita is now on line with a question

60.11

Q: **Massimo Bonisoli, Analyst, Equita SIM SpA**

Good morning everybody. The question on the development at the beginning of the year of Nilfisk. If you just can comment on the development in Europe this is in line with the end of the year, it is 74, and also the second question is the price development at Nilfisk if this year we should see the same kind of price increase we have seen in 2011?

60.40

A: Thomas Hofman-Bang

Yes, two good questions. Yes, as mentioned we came out very, very strong in Europe in the fourth quarter with those basically almost 12% growth and as already explained we expect that to be a more normalised level going forward and in terms of price increases we have implemented price increases as we always do in the beginning of the year of a couple of percentage points in line with what the industry does as a practice and then that in combination with the fact that we have seen raw material prices and thereby the input cost pressure stabilise within the last 4-5 months will then net deliver also a contribution to the margin expansion.

61.31

Q:

OK, thank you and just an update on the anti-trust fine issue that could be an issue this year. Is there any update on that?

61.42

A: Thomas Hofman-Bang

The only update is that we have not taken a provision because we do not believe we should include a provision for that case and that is based on our assessment of the case after we have read the statement of objection issued in the summer of last year after we have been able to look into the documents in the data room and deliver our response to the Commission in early November there has been a follow-up session where more documents have been filed and we will file a second response after having been able to review the second pile of documents. That has not changed our minds - quite the contrary we believe that we actually have found even more evidence for the fact that we should not see any implications from this case and then we are awaiting a hearing later in the year and then after that a ruling from the Commission without knowing when that will be.

62.52

Q:

OK, thank you very much

63.00

Operator

Patrik Setterberg from Nordea is now on line with a question

63.04

Q: **Patrik Setterberg, Analyst, Nordea Bank AB (Denmark)**

Hello gentlemen, another question relating to the risk to your earnings expectations. I just try to understand this swing factor regarding the Chinese and European market for railway related products. Could you please elaborate if this is going to have a negative impact of 100 mDKK - what is going to happen compared to your base case scenario?

63.32

A: Thomas Hofman-Bang

The risk factor related to the railway business relates to whether we will see resumed activity in mid-2012 or not. And of course if it turns out that there is a standstill in all 2012 we will be missing some revenue and profit in the second half which we had as an assumption in our guidance so that is the key risk. We don't see any risk on Europe, it is purely related to China and as to the number, are we?

A: Michael Hedegaard Lyng

And then on top of that as we also have communicated on earlier on we have worked on developing signal cabling for the railway industry as well and there we also expect to start to sell that from the second quarter and onwards in the remaining part of 2012 and if that does not materialise for several reasons in combination with what Thomas mentioned before in China that is a net risk of around 100 mDKK

64.36

A: Thomas Hofman-Bang

Yes, I forgot to mention that as one of the initiatives the last couple of years actually we have been qualifying products, signal cables, for the railway industry where those of you being Danes have followed the debate in Danish media over several years about the need for upgrade of signal cables for Rrailway. The same actually also is the case in some of the bigger markets in Europe and we see business opportunities and have therefore qualified products and thereby we are today qualified and have a licence to operate in the bigger markets in Europe whether we will be successful right out of the box and win business under the tenders we, of course, don't know and therefore that is the risk.

65.19

Q:

OK, thank you very much for the elaboration.

Operator

We have no further questions from the phone at this time. Thank you.

Thomas Hofman-Bang, President and Chief Executive Officer, NKT Holding A/S

Thank you operator. Then I will turn to the audience for any final questions? That does not seem to be the case. Then I would like to thank everybody for participating here physically in the room and also watching on the web and dialling in on the TC. And we look very much forward to discussing with you again after the first quarter. Thank you very much. Goodbye.

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