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NKT Holding A/S

**Transcript :: NKT Annual General Meeting, 25 March 2014 :**

(00.01 - Jens Due Olsen)

I'd like to wish you all a warm welcome to the Annual General Meeting of NKT 2014. It's a huge pleasure for me to welcome all the shareholders, those that attended this meeting room and those who attend via the website. We will be looking at the financial statements and results for 2013. My name is Jens Due Olsen, and last year after the AGM I was appointed Chairman of the Board of NKT Holding. I have been a member of that Board since 2006. I am deeply honored and proud of being appointed Chairman of the Board, and I shall do my best to live up to the responsibilities that are attached to this position. Over the course of the year, we have changed the governance structure of NKT, and I'll come back to an explanation of this. But, having been appointed Chairman I have been given an opportunity to travel worldwide, and take a look at the opportunities and challenges in the different places where we're active, and this will continue of course. The AGM language is Danish, but it will be possible to put questions in English. We have interpreters available who make sure that the 50% of our shareholders who are not native speakers of Danish can follow the proceedings. Headsets are available outside the room. This year there are proposals that may require a vote, and that's why we have invested in the use of electronic voting-devices. These devices will record it and were given to you when you entered the room, and we will instruct you in the use if relevant. According to the articles of association, and in keeping with previous years, we have asked Mr. Anders Lavesen, attorney at law with law firm Kromann Reumert to be chair of the meeting. I will now hand it over to our chair. You have the floor.

(02.05 - Anders Lavesen)

Thank you very much. First, a couple of practical details: when we get to the Q&A session after the report, please raise your hand so that I can see you if you request the floor, and I'd like you to come up here, and speak up here from the rostrum. It's a good idea to approach the rostrum so that we don't have to wait too long for one speaker to leave, and the next to come up here. Also, I'd like to see your name. I can get your name if you show me your admission card. If you wish to leave the room during the admission, please use the two doors on the left-hand side of the room, and if you wish to leave the meeting, or rather the foyer outside, you need to bring along your admission card if you wish to reenter. You also need to be de-listed if you leave the meeting entirely. We would like you to remain in the room during the voting procedure so as to avoid chaos. There is a photographer from the company present to the room, and he will be taking pictures also during the reception afterwards. This is for use in the company's publications. Other than that, only the press will be allowed to take pictures and only on a restricted basis. I will establish if the meeting has been duly and lawfully convened, and I'll make a note of a number of things in connection with the agenda. The AGM must be in the capitol region of Copenhagen before the end of April. The convening notice and the agenda were announced in the IT-system of the Danish company's agency effective from the 28th

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February. The company stated the date of the AGM and the date for the deadline for the submission of proposed items for the agenda 8 weeks before the AGM. The company also states that the convening notice and the agenda and the full version of the proposals were sent to those shareholders by e-mail, who had so requested. The Annual Report 2013 has been sent in a printed version or by e-mail to all shareholders requesting this. The convening notice, the agenda, the complete version of the proposals, information about the total number of shares and voting rights as at the date of the convening of the meeting, and the forms to be used during the votes, by proxy or by letter have been made available since the 28<sup>th</sup> February on the company's website. An all though this has nothing to do with being legally convened, I can see that a stock exchange release was issued on the 28<sup>th</sup> February in connection with the convening notice. And against this backdrop I believe, that the meeting has been duly and lawfully convened. Concerning whether we are quorate or not, the items on the agenda today don't require any specific proportion of the voting capital to be represented so I find that we are quorate. However, I just wish to make sure that there are no objections to this? That doesn't seem to be the case. We can now proceed with the processing of the business on the agenda. First, we have the report from the Board of Directors concerning the company's activities in 2013. Secondly, we have a presentation of the audited financial statement. Third: approval of the audited version of the financial statement. Four: the Board's proposal for appropriation of profit. Five: discharge of liabilities for members of executive management and Board, and we have remuneration to the Board of Directors. There is also a question of an extraordinary payment to the Board Chairman. We have election of Board members, election of auditor and then we have four proposals from the Board. First, there is a proposal concerning giving an authority to the Board to issue options to certain employees and members of management. Then there is a proposal for the Annual Report to be presented in English. That also applies to interim reports. And then there are a number of proposals concerning changes in the guidelines for emoluments and incentive pay to members of the executive management and the Board. And then in 9.5, we have four proposals from a shareholder names Kjeld Beyer. First of all, something about financial information to be disclosed in the convening notice, accessibility and language in Danish in certain documents, a question of access to certain documents on the company's website and a question of refreshments in connection with the AGM. And lastly under 9.6, authority to the Chairman of the meeting to make such registrations and necessary changes to what is resolved by the AGM, that is required in order for registration with the Danish company's agency, and lastly 10, any other business. And in keeping with previous years I suggest that items 1-4 be dealt with in one go. I don't think that there are any objections to this? That is not the case. I hand over to the Chairman of the Board.

(08.36 – Jens Due Olsen)

2013 was a year of change. Because a year ago here, we said goodbye to Christian Kjær. He is also here today, by the way. At the same time we got two new members of the Board, Kristian Siem and Lars Sandahl Sørensen. With the renewal of the Board we started, just after the AGM, discussions about the future structure for NKT in August. This led to a decision that in the future, our business areas would report directly to the Board of Directors. We believe right now, that this is a structure than ensures the optimum focus

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and the goal of increasing the share value of NKT shares through the principle of active ownership. That is fundamental to NKT. The structure provides greater connectivity between goals, methods and responsibilities in the business areas, and will also ensure that the strategic and operational dialogue with the Board of Directors can be promoted. So this also led to a change of the management structure of NKT Holding. In Nilfisk-Advance there was also a change of management, and we have an extensive efficiency improvement programme in NKT Cables, and there were some substantial orders in the Photonics Group. We'll come back to all of those a bit later on. In 2013 the revenue were 15.8 billion kroner, an increase of 556 from the year before. The operational EBITDA was 1 billion 85 million, that was an increase of 46 million. Financial items they fell by 36 million, to a net expense of 160 million. As you can see on the bottom of the display here, the year's profit was 253 million kroner. The graph here on the right shows the development in operating profit over the last three years, a continuous, upward trend. So we are pleased to ascertain both topline growth and bottom-line growth. That being said, it's quite clear that NKT Cables is not contributing enough to value creation, and earnings are unacceptably low. Both absolutely, but also seen in the light of the resources we have invested. So, at the end of 2013 we introduce an efficiency improvement programme that we call DRIVE. A very comprehensive one, aimed to increase earnings by 300 million kroner over the next two years in NKT Cables. I'll come back to that one also in a little while. In 2013 we strengthened our financial flexibility further. There were a number of bank facilities that were rescheduled and extended, so we have a high level of cash resources and availability for development of our business areas. 86% of the cash resources available are what's called committed credit facilities. What that means, is that the lender cannot terminate them before expiry. So, with the results that I have just taken you through we actually met both our original and the latest reported expectations. As you can see here, the revenue at standard metal prices were 12.8 billion. Organic growth was 4%, and as mentioned operational EBITDA increased to 1 billion and 85 million kroner. Our expectations in regard to cash flow from investments and the net interest-bearing debt, those expectations were also met. As I said initially, it was decided in August that in future we would have our business operations so that they reported directly to the Board of Directors. So we adjusted the management structure, we said goodbye to Thomas Hofman-Bang, the CEO. On behalf of the Board, I would like to thank Thomas once again, for his sterling efforts and constructive approach to the new structure. The change also meant, that Søren Isaksen left the Group Executive Management. We still benefit from his extensive knowledge about innovation and photonics, because now he is actually the Chairman of the Photonics Group. The decision about the new structure was based on a wish to strengthen value creation through active ownership, by evoking more coherence between goals, methods and results in the business areas, and strengthening the strategic and operational dialogue with the Board. In this context, the Board has a number of specific competences, which will be brought into play more effectively in order to stimulate value creation. These competences we are using specifically in the working committees that we established in the autumn, one for each of the business areas. On the committees, we have two Board members on each with in-depth knowledge and experience from that type of business. Together with the NKT's group Executive Director, these committees hold monthly meetings with the business areas. Here we discuss both strategic and operational issues, because what we want to do is to have a more flexible and transparent decision-making process. The Holding company, now headed by Michael

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Hedegaard Lyng, the Group Executive Director and CFO, will play an active part going forward, also in the value creation, in close partnership with the Board and the managements of the business areas. You can see many faces up here, but these are actually the top management of our business units. We have NKT Cables, that's Marc. Nilfisk-Advance, that's Jonas. And Photonics is Søren. The whole group is here today, and they are also ready to answer questions during the more informal part of this event that we are holding after the AGM. They're ready, if you have anything you want to talk to them about.

The new structure has not led to any changes in our strategy from 2011-15. What we are looking at now, are more sorts of operational, tactical initiatives. Our strategies still builds on a number of megatrends in the social development of the world such as urbanisation, that's the flight from countryside to town. It's sustainable and flexible energy supplies, expansion of infrastructures and also the extraction of oil and gas from deep-water sites. So these are all trends that have growth opportunities for NKT in existing markets and new markets. What we want is a consolidated return of the invested capital of around 15-20%. In 2013 we achieved 6.7%, and in Nilfisk-Advance the level was very satisfactory, 17.5%. In NKT Cables it was 0.8%, that is far from adequate. That is why we have introduced the efficiency enhancement programme that I mentioned, in NKT Cables. If you're interested, you can read more about the over-all strategy and the specific strategies for each of the business areas in the 2013 Annual Report. Now that we have the NKT's new structures in place, we think it's natural to take a look at the framework for our strategy at the end of the year, so we can revise our strategic plan as an integrated part of our 2014 Annual Report, so about in a year from now. Now, what about our expectations for 2014? Well, we expect organic growth at the level of 0-3%, operational EBITDA at standard metal prices of 9-9.5%. We must see that up against the 8.4% we realised in 2013. Now these expectations do not include one-off costs relating to the DRIVE efficiency enhancement programmeme, and they do not include the gain from the divestment of non-core activities, sanding machines in Nilfisk-Advance, that we reported on the 28<sup>th</sup> February. The net impact is -80 million from these one-offs. Our overall expectations are building on a number of underlying parameters. In Nilfisk-Advance, we think there will be 2-3% organic growth in the EMEA region and the Americas, and the growth there is expected to be even higher in the APAC region. The NKT Cables, well I have to comment a little bit on that one, because here the submarine cable project consists of two phases. We have the production of the cable, and this is simplified but still, and the installation of the cable. The last part, installation, the laying of the cable, that's a service we buy from a sub-contractor, because these civil works are a significant contribution to our revenue, but not so much a contribution to our earnings. The submarine cable projects that we have here for 2014 have less installation in them compared with those in 2013, and that's why we are planning on negative organic growth of 2-3%, but actually an improved earnings margin. In Photonics Group we plan that the organic growth will be 10-20%. Earning for all of our three business areas are expected to be higher than in 2013, both in absolute terms and also as a percentage of revenue. Let me say right here, the beginning of year actually confirms what we said our expectations were on the 28<sup>th</sup> February.

Before we look even further at events in 2014, let me just return to how we fared in 2013. Overall, all business areas delivered growth in 2013 despite the difficult markets. You can see the breakdown of revenue up here on the screen, let me just take you through the

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different business areas. At Nilfisk-Advance we at the end of 2013 said goodbye to the CEO Jørgen Jensen, who decided to seek new challenges outside of NKT. There is a lot of positive to be said about his efforts, but I have to be brief. I would just like to thank him for the excellent work he has done to bring Nilfisk-Advance to a leading position. He has Jonas Persson here, he is the new CEO, you can meet him afterwards. He started in January this year and you can read more about Jonas right up here on the screen. He is going to continue developing the company, focusing on the customers and their requirements concerning cleaning solutions. Welcome to you, Jonas.

Nilfisk-Advance has the broadest product portfolio in the cleaning industry. We have four product categories, basically. We have the floor-care equipment, we have the vacuum cleaners, we have the high-pressure washers and then we also have outdoor equipment for sweepers, mowers, snow-clearers etc. In 2013 we launched 41 new products in Nilfisk-Advance and we spent about 3% of our revenue on product development. We sell the products to primarily commercial and industrial customers. The sale of vacuum cleaners and high-pressure washers that many of you know from the private market, that's the rest of it, but that is actually only about 11% of our turnover. Nilfisk-Advance has three markets; EMEA, Americas and APAC. The cleaning equipment is sold in more than a hundred countries. Nilfisk-Advance delivered organic growth at 3%. That was a little bit higher than the initial expectation. The growth came mainly from mature markets in the European region and Americas, whereas the sale in APAC was negatively influenced by challenges in China. In what we call BRIC+MT, Brazil, Russia, India, China, Mexico and Turkey there was positive development in Russia, Mexico and Turkey, but actually China went in the opposite direction. The market for cleaning equipment still has low growth, so there is more competition on price. When you combine that with the change in product-mix in the direction of products or items with a lower margin, then it's difficult to reach a satisfactory EBITDA margin. Still, I am very pleased to be able to report that despite of all that, in Nilfisk-Advance we have maintained an operational EBITDA margin of 11.9%. We have taken frequent, astute, commercial decisions and we have focused on costs continually. But we are continuing to invest in future growth also. We need to be able to keep track with market developments, that's one of the strengths of Nilfisk-Advance. We invest where there is growth, and we adjust where we no longer have opportunities. We are still actively pursuing the possibility of acquisitions. In 2013 we opened a sales office in Romania, so now we have 45 sales offices in the world. Several dealerships have been acquired, and we've established joint ventures, also in the year under review. In important key-markets the sales and service organization has been expanded. We are adjusting the business and we are focusing on core-activities. So for instance sanding equipment as I mentioned, has been divested. That was on the 31<sup>st</sup> March this year.

In NKT Cables we have three business units. We have Projects, that's where we manufacture and supply on- and offshore high voltage cables. We have Products, that's where we have low- and medium voltage cables for utilities and for the construction industry, the automotive industry and railway industries in Europe. And the third leg is APAC which supplies medium- and high voltage cables and cables for high-speed railways and trains to the markets in the Asian and Pacific region. NKT Cables delivered organic growth of 4%, higher than originally expected. This growth came mainly from the project-business, so that on- and offshore high voltage cables, for instance for the windfarms that we know about. We also saw it from APAC, mainly that was the Chinese railway segment

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that grew. The sale of cable products for high-speed trains in China returned to what it was before, what we would consider normal. As you may recall, Chinese authorities put all its projects on a hold in 2011-12 because of a serious train accident. In Products, the European market for low- and medium voltage cables was affected by reduced investments in utilities and also a lower scope of the sale to construction and the still price-pressure on construction. The operational EBITDA margin in standard metal prices was 5.6%, an improvement actually, of 0.3% from 2012. I've mentioned DRIVE, the new efficiency enhancement programme, which is to reduce annual costs by 300 million in NKT Cables. Well, this is because the cable market in Europe is under pressure because of the economic crisis, and so the market is characterised by overcapacity. We have our factory in Cologne, Germany. It's stable and ready for optimisation. We have the new business structure that I mentioned before, that favours the different developments in our segments, and with that in place we will take the next step toward efficiency enhancement. DRIVE has the goal of increasing earnings, to strengthen in competitiveness and to improve value creation by delivering a higher return on the capital invested. Let's take a more detailed look at the DRIVE programme.

There are three stages to it. The first one we started at the end of 2013, as I mentioned the focus is on reduction of costs. And at the same time, the complexity of the business will be reduced and the product portfolio will be adjusted. Phases 2 and 3 will be based on that. They have to do with optimising all functions and delivering increased profitable growth. In phase 3 [NKT correction: Phase 1] we have identified more than 80 cost reduction initiatives. About 70% of them will actually be implemented by the end of this year, and the remaining in 2015. If we disregard one-off costs, earnings here in 2014 will be affected positively by about 100million. And in 2015 we expect 80-90% off the total target saving of 300 million kroner to have been achieved. The 300 million, that's the run rate that we are leaving 2015 with. So phase 1, we expect will end at the end of 2015. So there's a number of one-off costs in connection with this programme, so those 240 million are because we have to unfortunately say goodbye to 400-450 people in Europe over the next two years. About 25% of those will be white-collar, 75% will be blue-collar. Natural wastage unfortunately cannot do this alone. NKT will assist these individuals move forward.

The factory in Cologne is performing satisfactory, it's stable. The order book for 2014 is almost full. In February this year we talked about a potential order for a submarine cable in the Netherlands. That is going to be the biggest in the history of NKT Cables. It's more than 200km of 220kv high voltage sea cable. We haven't received the unconditional order yet, but we have a Preparatory Works Agreement as it's called, with the consortium behind it. So we have started actually producing the cable, and they are covering our costs as we go forward and will do so even if the order doesn't materialise at the end of the day.

1<sup>st</sup> July we took over Ericsson's cable activities in Falun in Sweden. With that acquisition our position in the market for low- and medium voltage cables in the Nordic countries were strengthened. We got about 300 new employees, and a differentiated product portfolio, and they are now being integrated in NKT Cables. This is going as planned, and we expect to finish the integration in 2014.

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Now, over to Photonics Group, which is an active player in three product segments: Imaging, that's light sources and optical equipment that makes it possible to create detailed pictures of microscopic details. And then there's Sensing, that's a long-range measuring system based on optical fibers and thirdly: Fiber Processing. That's precision equipment for the production of fiber based assemblies and modules. The customers are many. They're very different. They are bio-medical, semi-conductor, utilities, oil- and gas companies and many others. Photonics Group in 2013 delivered 13% growth. Growth came from Imaging and Sensing, whereas Fiber Processing had low-level of activity. We've seen in recent years the maturing of the products of Photonics Group, so they are now being used actually to an increasing extent in industrial solutions. Before it was primarily used in the research environment, but now it's also industrial. So it's becoming a real, industrial player and will contribute more to our value creation. One indication that we are on the right track, is that Imaging in 2013 actually received its biggest order ever. That was Leica, the confocal microscopes there, and we'll supply the lasers. These are microscopes used to observe how living cells react to new potential medication. So this is a new platform, and that will give us more growth, even in 2014. The framework and foundations for the new organisational structure have been established. We'll see the impact unfold in the year ahead.

With the new setup we have a slimmer management structure in the holding company, and we are drawing more on the resources and competences of the Board of Directors. Since August we've held three Board meetings in the business areas, three in each, and also in NKT Holding. We've had 14 working-committee meetings, and 4 NKT Holding Chairmanship meetings. We have Audit Committee meetings, Remuneration Committee meetings, ad hoc – for instance in connection with acquisitions, divestments, the DRIVE project or HR issues. We also have ongoing meetings in the NKT Cables' tender Board and so on and so forth. So plenty of meetings, held in Denmark, Sweden, Germany, the U.S., China and France.

As we said, when we talked about restructuring in August, we are going to propose remunerations for the Board representing the change in structure. That is why we are recommending for the approval of the AGM for the people who work on these committees, who will receive the amounts you can see on the screen behind me. Extraordinarily, we are also recommending an extra remuneration for me as Chairman, for the extra work done. All in all, it will be 5,000,000 up from 3,750,000 an increase of about 1.3 million in the total remuneration. But actually we are at the same time saving about 15 million in salaries out of the new structure. And we are commensurate with comparable companies now, and it is value creating in addition to saving costs.

Our Board has new employee elected members joining today. In the Danish entities we've had elections. Members are elected for a four-year term; I am pleased to welcome Gitte Toft Nielsen from Nilfisk-Advance. Then we have René Engel Kristiansen from Photonics, and Niels-Henrik Dreesen from NKT Cables has been re-elected. I look forward to working with you. I'd also like to thank the two retiring employee-elected members, Arne Dan Kjærulff and Jens Erik Jensen for their contributions. It's been a real pleasure to work with you.

2013 was an eventful year, and as I said the profit was 253 million. We have a long tradition in NKT for allocating about one-third to the shareholders if we can, based on our

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capital structure. And we can. So that's why, also this year we'll be paying a dividend. So we are recommending 3.5 kroner per share in 2013, that's 83.8 million kroner. Last year it was a higher dividend, 8 kroner per share, but that was because we sold NKT Flexibles.

The value of an NKT share increased by 35% in 2013, and since the turn of the year 2014 the increase has continued so the share price has gone up about 40% since we changed the structure of NKT in august last year. So, this will seem to suggest that the world believes that we are on the right track, as we do. Obviously we need to do even better, earnings must increase significantly in NKT Cables. Together with the employees, the management and the rest of the Board of Directors, I really look forward to improving our company. Thank you for your attention.

(34.49 - Anders Lavesen)

Thank you very much. Before we start the Q&A I'd like to read out to you what it says in the auditor's report on page 45 of the Annual Report. It says here in the conclusion: in our opinion, the consolidated Group accounts and the financial statements give a true and fair view of the liabilities and assets of the company, and the general situation as at the 31<sup>st</sup> December 2013 and so on and so forth. All has been stated in accordance with the IFRS, as approved by the EU and the government and Danish law to the presentation of financial statements by listed companies. We have read the management reports; we have done nothing further than what is listed above in relation to the consolidated accounts. And we believe that the information contained in the management report is in accordance with the contents of the financial statements. In short, our unqualified audited report. The first speaker is Mr. Jacob Johansen from ATP pension.

(36.26 - Jacob Johansen)

Thank you very much. I am Jacob Johansen and I come from ATP pension. Thank you to the Chairman for the report and the presentation of the Annual Report 2013. An eventful, and turbulent year indeed for NKT. In terms of results, 2013 was a stabile year for the group as a whole. Nilfisk-Advance continued recent years' development with good earnings and a solid cash flow. However, without any major improvements in results. But there was progress in NKT Cables, and it looks as if the Cologne products and plant has now been run in, although there's still a long way until we are at a satisfactory earnings level. The most dramatic change however, was the governance change in NKT Holding. A different model has been introduced. The basis for this change too is different. NKT consists of three, independent units with fairly limited common traits. Against this backdrop the new structure at the present stage appears to be the right one. New reporting lines directly from the companies to the Board, gives full focus on the creation of value and provides the best framework for individual development in the three units. The new structure has already proven its worth in connection with the financial statements for the third quarter. It was stated that now the cost level would be under scrutiny in NKT's companies. The potential effect on earnings from these cost reductions measurements, and the speed with which they can be rolled out are a positive surprise

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indeed. We will now see focus being put on earnings in NKT Cables to bring it to the level, which is acceptable to us shareholders. I have two questions I'd like to put, and this has to do with the more long-term development. One for Nilfisk-Advance, and the other one for NKT Cables. From an immediate viewpoint, it looks as if there are some problems with taking EBITDA higher, the margin. How do you intend to raise it to a higher level, and how about the more long-term perspective in terms of earnings? Even with a positive effect, 300 million kroner in cost savings, NKT Cables will still not be able to make a positive contribution to the company's objective of a return on invested capital of between 15-20%. Will it be possible to reach that goal, without raising the activity level, in particular in low- and medium voltage? I wish everyone in NKT good luck with the efforts going forward, new and interesting structures with full focus on value generation have introduced. Now we need execution in the three companies in the group. Thank you very much.

(39.46 - Anders Lavesen)

Thank you very much. Before we hear the answer, we will take one more round of questions. Karsten Kristiansen from the Association of Danish Shareholders.

(40.02 - Karsten Kristiansen)

Thank you very much. I am Karsten Kristiansen, I represent the Association of Danish Shareholders. First of all, I'd like to thank the Chairman of the Board for a good report. At last year's AGM I criticised the management for failing results, and the inability to meet what was in the strategy plan at the time. In August, the CEO was laid off and we consider this a natural consequence of the failure to reach results. This also brings me to the next point, which is that NKT Holding going forward will have a Board, which is sort of the driving force. Or, with a Board Chairman that is also an executive person in the company. We think that a Chairman of a Board should not take over the assignments that should actually be vested with an executive management. A Chairman of the Board should be a sparring partner and a controller in relation to the executive management. NKT Holding, we find, should rather divide the company into a Nilfisk-Advance part and a NKT Cables part, making sure that NKT Holding shareholders get a share in the two companies for their shares in NKT Holding. And then Photonics could be placed under NKT Cables. This way of doing it would be similar to what happened years ago when Potagua was divided. That was the way I became a shareholder in NKT. The next thing I want to focus on is the Annual Report, and then also financial statements. We find, that these documents should be available in two languages, Danish and English. We find both languages are equally important. Financial statements that exist in the national language and in English we find appropriate, and we see this in countries such as Finland, the Netherlands, France and Spain to quote some examples. We find, that this is something that is important to ensure an ongoing dialogue with the Boards of the companies. We don't think this is something that should be dealt with at an AGM. We are entitled to speak in our mother tongues at an AGM, and put questions in our mother tongue. These are some of the most important rights vested in shareholders through shareholder democracy. In the past year, earnings in

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NKT Cables improved, and Nilfisk-Advance is still doing okay. And we're please to see this although we would of course like a higher earnings-level for NKT Cables. We are also pleases that the expectations for 2014 in terms of earnings in the three business areas have actually been hinted at, but I would like to ask about Photonics. It says sales growth between 10-20 percent, and we're please to see this of course. But, we are also slightly disappointed about the EBITDA margin, or the forecast, EBITDA margin of 5-10%. Is it really true that the EBITDA margin should be so low in a knowledge-intensive company such as Photonics? Thank you very much.

(43.53 – Jens Due Olsen)

Thank you for the comments, thank you for good questions. First of all I'd like to thank Mr. Johansen from ATP pension. It's true, that Cologne is well under way. It is a major investment, such a production plant. And also in our books, and typically there will be teething problems and you will learn lessons, and we feel that this is what will happen in relation to the production plant in Cologne. You also say that we've done a major change in the governance structure. I'm glad to hear that it is being well received as the right one, and as one that has resolve. You put some specific questions, you asked whether in Nilfisk-Advance it is possible to raise the margins even further internally, or whether new growth will be required. We can do more internally, but we are hit by low growth in Europe. And then we try to resort to other channels, to generate more growth or to push products that have no sold that much before, but that have a lower margin. But we can do more internally. Nilfisk is a motley group of companies, and we do whatever we can but we know that we can do more. Having said that however, we have a model in Nilfisk-Advance today, which is a very good and very strong and reliable model. And once there is growth in the market, I'm sure that we will be back on the trail of organic growth. NKT Cables, as you said, we have now launched an efficiency programme to save 300 million kroner. A major amount, but it is not enough to bring us to the very front of companies that generate a sufficiently high return on invested capital, and the question is whether we can get to a sufficiently high level of ROCE, without the product program undergoing further improvement. And the short answers is no. The product program is European, and the European economies are severely affected now by low growth. We see this in particular in the construction sector, and this is what affects us. So we need growth in the business areas where we are active, before we can get an ROCE that is close to the targets we've set ourselves. Also thank you to Mr. Karsten Kristiansen from the Danish Association of Shareholders, thank you for good questions and good comments. I agree with you, and so does the rest of the Board, that it's not a good thing to have a Chairman of the Board that plays and executive role in a company. But I wouldn't use that term. I think that we are an active Board, yes, and an active Chairman, yes. We have, as you probably noticed, set up the Board committees and there are only two members of these committees, two out of six. We do this in order to keep each other in check. If we are more than two, we will become much too involved in the daily discussions in the business area. In this way, two will have to report back to four, and this is in order to create a balance between monitoring and involvement. But it's the right thing to do right now, getting involved, and we think that generates value. You said something about dividing NKT, saying that might be an option. I'd like to say that we don't think us dividing the company itself serves a

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purpose. We want to improve shareholder-value, and we have devised a structure that we feel is the right one to generate value, and that's what we're working to achieve. You also talked about the language in our financial reports. There is a proposal today to use English in our financial reports, simply because we are a company that are primarily active in international environments. We speak in English at management meetings, with our customers, so it is quite a job for us to translate everything into Danish. That's why we're pleased that it is now possible under Danish legislation to draw up the group financial statements in English. I understand your line of arguments, and it is still possible to present a set of accounts or financial statements in Danish, to translate the English version into Danish. I'll take your comments with me to the next Board meeting, and we will then discuss it when we have our next meeting. So thank you. Your third question was about earnings in Photonics. We expect fine growth there, and you said: Can it really be true, that in a business that invests so much in research and development, we only generate an EBITDA margin of 5-10%? The question is well put. It is not right long-term, we need to go higher, but this business area is still in its infancy. We started out producing product primarily for R&D labs, and now we are turning to the more industrial environments, which hopefully spurs growth and gives higher earnings. But it takes a couple of years more before we are large enough to carry the resulting cost. But we are on the right track.

(50.02 - Anders Lavesen)

Thank you. Does anybody else wish to speak? Christian Kjær.

(50.25 – Christian Kjær)

I'd also like to welcome the Board, and thank the Board for the work that's been done. It's not been as bad as you might have expected. But there are a few things I'd like to correct. Because we had some agreements, so I can't help myself. The thing about remuneration, we've been very modest with our remuneration to the Board members and committee members. I knew that now we were going to see some greedy people up here, so we needed higher remunerations. I'm impressed that ATP didn't say anything, they're always nice the first couple of years, aren't they? But I would say, if you're going to keep that high level of remuneration, you should pay higher dividend and get better earnings. I like you know, that you show that you're good at doing stuff, and then you get the remuneration afterwards. That's always been a good tradition in NKT, that's what we've done. I hope you'll try and live up to that, I'm just reminding you. The overview you've showed us here of what you're changing; I would say do not forget the business side of it. I mean, it's very sort of academic, but the thing of today is that most Board members have a high level of education, so perhaps the business drive is lacking. Bear that in mind, please. But well done so far, we've progressed. But I just couldn't help myself. The remuneration, we've discussed that the last 10-15 years, I've tried to maintain that standard. Languages, I agree with the Shareholders' Association. I've tried to make sure that we had the Danish language, but actually for a different reason. We have rules concerning employee representatives, and those that are elected to the Board are not experts in the English language. If it's going to make any sense to have employee representatives, they should

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be able to understand what's going on. And I have one question: the cobber prices, I'm happy to see, is going down. Have you taken that into account in your figures? If you have some good order, there's a couple of weeks there, you can actually benefit from low cobber-prices. That being said, I welcome your comments.

(53.33 – Jens Due Olsen)

Well, Christian. You simply remind me of how much I miss you. I've always been happy to work with you, that's for sure. It's been a great pleasure, and still is. I think we were a very diligent Board under your leadership, but we're even more diligent now. We have changed the structures, we have actually saved quite a lot of money by operating the way we do now. And if you take into account the fact that we operate the company as three different companies with different Boards, the remuneration-level is commensurate with what you would expect when you have three companies to operate. It's been recognized also through the increase, it's not just dividend that we get, it's also an increase in the share price. 40% increase since the structural change was announced in august last year. I think that's also part of the equation. Your comments concerning languages and your comments on the sort of more academic approach to the written language, well we'll take that on Board. We have to pay attention to that, be attentive, and I'd like as I said to have the opportunity to discuss also this input, regarding languages, with the other members of the Board now that English will be the official language of the accounts. I know that the vice-chair of the Board also had a comment.

(55.13 – Kristian Siem)

Dear Christian and fellow shareholders. I'm sorry to say, that I speak Norwegian. It's a former Danish province up north, right? Anyway, I don't insist that we should have the Annual Report in Norwegian. This is just a brief comment, actually. This thing about remuneration to the Board members, I fully agree with what Christian Kjær said, you should be moderate when you join the Board, you know you're not going to get a proper pay per hour as such. Let me say, that I'm not a member of the Board because of the remuneration. I would never take that much work for that little money. The only reason I'm a member, is that Christian Kjær got me involved with his charm and everything. And in a week moment, I accepted, so I'm now on the Board and I'm really pleased to be able to cooperate with the other guys on the Board. We are very focused and we rely on each other. The remuneration of Board members in general, I agree also with Christian Kjær, if you have agreed on something you stick to that. But here, a price has been agreed on a certain basis, and then the basis has changed completely. We are actually members of three Boards now, so please understand that there is a small increase. That's what I wanted to say. I would also like to point out, that the Chairman got extra 500,000 kroner. It sound like a big amount, and it is a big amount, but first of all let me say that is was my proposal, it was not his own proposal. I am the vice-chair, and in the everyday work I can see what the Chairman has done. Thanks to his extra work, I've had to do less than otherwise. So I think it's really fair that he should be paid for something that's become actually a daily piece of work and not just a part-time piece of work. When you see

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500,000 in connection with what you see otherwise today, this is not really a big amount. So I ask for your understanding, and hope that we can agree to give the Chairman this extra extraordinary amount for the extra work he put in, in connection with the change of the governing of the company. It took extra time, and it's a good thing that the Board has really dealt with this. I mean, that's what the Board is supposed to do, the Board must address the issues that need to be addressed. You shouldn't look so much as to what's the role of the Board vis-à-vis the organisation. I mean, when something has to be changed and we need to address something, the Board of Directors certainly has to be there and our Chairman definitely has. Thank you.

(58.36 - Anders Lavesen)

Thank you very much. I would point out, that the question concerning remuneration for 2014 and the extraordinary payment to the Chairman for 2013 is something that we will be voting on later in the agenda. But of course it's possible to discuss it under this item on the agenda. I see an indication over there of a request for the floor? Please approach. Mr. Leif Gyldvig had the floor.

(59.15 - Gert Leif Gyldvig)

First of all I'd like to thank our new Chairman. I used to work for NKT when I was active in the labour market, and I never got a pay rise without having put in extra work first. I always heard: you show moderation. You show restraint. Otherwise, we won't hold our own in competition. So my advice to you in the new Board is the following: I don't mind that you make money, but I agree with Christian. Why don't you prove your worth first? And if we decide on the new remuneration-level, and that might be the case, we should discuss it next year, and then we could perhaps pay you retroactively. But, I would remind you that sometimes things also go down, and if you cannot live up to your own expectations, then you have to reduce your fee-levels. That's the way it is, and that's the way things work. You must make do with what you've got, and if you do better then you will get an increase, and if you don't live up to the expectations you have to accept a decrease. And that's the way it is. Thank you for listening.

(1.00.40 – Anders Lavesen)

Thank you very much, any other requests for the floor? That is not the case. Let us now turn to a vote concerning the first four items on the agenda. According to Danish legislation all shareholders may demand that a vote be carried out and that a full statement be given of the outcome. In view of the items on today's agenda, we felt that there might be a need for a vote and that's why we made sure that you all got these e-voting devices. But it's not the same as saying that we insist on votes for all times on the agenda. We will leave it up to you, the shareholders. Let's see what happens as we move along. But let's first look at the first four items on the agenda. Item 1 and 2 do not require a vote. we find that the report has been presented, and the audited Annual Report has

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been presented, and there has been some comments made to these documents. Concerning item 3, approval of the audited Annual Report. I would ask, if anyone requests a ballad concerning this? Because if that is not the case I would take the liberty to say that the Annual Report has been approved, unless there are any objections. The Annual Report stands approved. Item 4: a proposal from the Board concerning the distribution of dividend. 3,5 Danish kroner per share of a nominal value of 20 kroner. This represents a total amount in dividend of 83,753,876.00 kroner based on the registered share capital. The AGM cannot decide that this amount should be increased, it must be the amount proposed by the Board. I would ask, if anyone requests a vote and a full statement concerning the yes-and-no votes or abstentions? If that is not the case, I take it that the AGM would like to have a dividend, and that this proposal has now been adopted. It stands adopted.

Item 5: a proposal to discharge members of the Executive Management and Board of their liabilities. This has to do with matters that are more described in detail in the Annual Report. I'd like to hear if there are any contributions under this point? Does anyone wish a complete statement or a vote on this item? If that is not the case, I take it that we can adopt the proposal for discharge of liabilities. Okay.

Item 6: there are two proposal, we have already tossed upon during the discussion of the report. It has to do with remuneration. Under 6.1, there is a proposal to the effect that remuneration to the Board in 2014 will be 900,000 kroner to the Chairman, 600,000 to the vice-Chairman, and 300,000 for each of the other Board members. It is also proposed that the Chairman of the audit-committee gets 200,000 Danish kroner, and that the second member of the committee will get 100,000. It is proposed that the remuneration-committee and the nomination-committee chairmen each get 100,000 kroner, and that the second member of each of these two committees will get 50,000 kroner. Because of the change of governance structure of NKT Holding, the Board has set up a working committee in the three companies, Nilfisk-Advance Group, NKT Cables Group and NKT Photonics Group, and the proposal is for the chair of each of these committees to get 200,000 kroner, and the second member of each of these committees to get 100,000 kroner. The remuneration for NKT Photonics Group, however, will amount to 150,000 kroner for the Chairman and 75,000 kroner for the other member. And it also says here, that because of the increased work-load of the Chairman of the Board in connection with the changed governance structure in 2013 of NKT Holding, which took effect on the 1<sup>st</sup> July, it is proposed that an extraordinary payment be made to the Chairman of the Board for that year, to the tune of 500,000 kroner. Are there any contributions from the shareholders concerning these two proposals, anyone with something to add, any comments, any questions? That doesn't seem to be the case. Let us now proceed to a vote. I would inform you under basis of the votes that have already cast in the form of proxies and postal votes, and since ATP pensions supports the proposal, that the proposal has actually already been carried. Of course, we will have a ballad if anyone so requests. I just want to know, if anyone in the room demands that a ballad be held, in relation to the two proposals in item 6.1 concerning remunerations for members of the Board in 2014, and 6.2, which is a proposal for an extraordinary payment to the Chairman of the Board for 2013 of 500,000 kroner? There seems to be no such requests, so the two proposals have been carried. Well, they had already been carried, but now they have been carried.

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Item 7: this has to do with election of members to the Board, and it is proposed that all the members of the Board that have been elected by the AGM be re-elected. We are talking about Jens Due Olsen, Kristian Siem, Jens Maaløe, Lone Fønns Schrøder and Lars Sandahl Sørensen. According to the Danish Companies Act, before Board members are elected at an AGM shareholders should be informed of the management positions held in other major Danish companies of these candidates. This information has been sent out in the convening notice, but it is of course possible at this AGM also to put questions concerning these management positions and other mandates. Are there any questions or requests for the floor concerning this? Are there any other nominees? That doesn't appear to be the case. The Board has been re-elected. Congratulations.

Next item on the agenda, that's the election of the auditor. The Board proposes to re-elect Deloitte as the auditor of the company. Any comments, any other nominations? Not the case, duly re-elected. Congratulations.

Item 9.9.1, we have a proposal from the Board of Directors that authorisation to the Board of Directors to issue warrants to employees and management in the company, and companies consolidated with the company, the right to subscribe a total of nominally 20 million kroner worth of shares. It's also proposed, that the Board is authorised to affect the necessary capital increase in connection with the exercise of these warrants up to the same amount, nominally 20 million kroner. This authorisation is proposed to be valid for five years until the 1<sup>st</sup> April 2019. This will then be entered in the articles as 5B 5, and you have the precise wording in the convening notice. If this is adopted, the present 5B 5 will become 5B 6 in the articles of association. The Chairman would like to give you the reasons for the proposal if you would like to. Are there any comments concerning this proposal? Kjeld Beyer has asked for the floor.

(1.10.48 – Kjeld Beyer)

Thank you. First I'd like to take the opportunity to congratulate you with the good result obtained. Here we have all of the Board up here, in all sorts of other companies many members of the Board sit in hiding somewhere, and you're up here. That's good. I found out, and that's the reason I'm asking for the floor, that this is a bit of a ticking bomb under our society, really. It's sort of gearing the share prices. Whenever you o gearing, at some point you'll have a new financial crisis. Things will go wrong. Well, one of the companies that lost it here in connection with these warrants, these share options, they bought for 207 million kroner worth of shares for staff. What happened was, that the prices of the shares fell to one third. The 207 million kroner were then written down to 0 over equity, so the shares were there at no value. And then actually, later on they were sold at a third of the price to staff, and obviously they were happy to get the shares a one third, but you couldn't see that in the company's accounts, that they'd actually lost 140 million kroner because they wanted to please their staff. So, this thing about mixing things. Equity is one thing, and staff interests are something different. You shouldn't mix up the two, also for other reasons. So I'm very much against all these warrants and share options. You cannot really see, what the shareholders interests? What are the staff members' interests? I seriously suspect that many companies are trying to save money and therefore they found out, where can they cut back? Well, you can actually cut back on the accounts you send

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out to the shareholders, and then staff can get more out of their warrants. It's mixing up interests! It's not right! You shouldn't cut back vis-à-vis your owner, that's what you're doing. It's a rotten trick, that we can't get the financial statement in Danish anymore, because you're cutting back so that top-people in the company can get more out of their warrants and options, and they can gear the price of the share even more, and benefit even more. It's not the right thing to do! Think twice before you do this. Thank you.

(1.13.48 – Jens Due Olsen)

Thank you, Kjeld Beyer. We know each other very well, we've talked at many AGMs, it's good thing to see you back here this year. Briefly about options or warrants; in our company, and that's internationally recognized I believe, the situations in which we give a regular salary and then you have a bonus, and then you have a long-term incentive, that's a good combination. It ensures that the management-team actually has the same interests as our shareholder. We're not using it to create any un-balance, we are doing it for the opposite reason – to make sure we have the same interests. Sometimes, when I see these very, very substantial warrant-schemes that they have in some American companies, it's really a lot. For us, it's a relatively small part of the salary, and we're doing it to make sure the incentive goes in the same direction as well as the shareholders' interests. About languages, I don't have to repeat myself but I can certainly assure you we are not trying to make more money for ourselves by saving money on that, it's because we work in English. So the official financial statements should be in English. We're hearing your arguments; we've heard it today with the proposals that have been made. It will be possible also for us to continue publishing financial statements in Danish, and I'm listening to the arguments and would like to take them back to our coming Board meetings. Thank you.

(1.15.39 - Anders Lavesen)

And Kjeld Beyer would like to have the floor again for a reply.

(1.15.48 - Kjeld Beyer)

Just to point out that global trends, economic trends, should not decide whether management should benefit from options. Their work should decide that. But when you use options and warrants it's just the trends and the economy that decide whether they benefit from it. A management can show their strength at a time of decline, not when things are going up. When things are going down, that's a test for management, that's when they have to prove themselves. You should simply stop all these options and these warrants, you should use bonuses. If management and the leadership in general has done something very good, even if it was a bad year, perhaps they should have a bonus because they got us through something that was difficult. We shouldn't think about share prices and gearing and what have you, it's very destructive for the company, but also for our society isn't it? Next financial crisis will be in around 2018-2020, when everybody has been

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going in the same direction, and then we have all the options that are too high a level. There's a story, about the last idiot, do you know that one? From the Netherlands, I believe. They bought tulip bulbs, these bulbs cost something in guilders, and all of a sudden the price was too high and nobody wanted these tulip bulbs. All of a sudden everything just collapsed and people lost a lot of money because the prices got higher, and higher, and higher. You shouldn't do this gearing. This is a problem for society, and it needs to be stopped. That's my view. Thank you.

(1.17.56 – Anders Lavesen)

Thank you. Does anyone else wish to speak on this topic? That is not the case. Well the thing is then, that this is a change of the articles and amendments of the articles. So at least two-thirds of the share capital represented here today at the AGM need to be in favor, in order for these amendments to be adopted. Because of the proxies and correspondence votes that we have received, and that ATP has said that they're in favour, the necessary two-thirds majority has already been achieved. Again, you can have a vote if you would like? It's not the case, so we can move on to the next item.

That is 9.2, this is a proposal of three different provisions in the articles, 3B 2, 3B V and 3B VI and the exhibits, being deleted. They have expired and are no longer relevant. I think I will assume here that there is no need for any discussion of this item. Does anybody wish to have a vote on this topic? That is not the case, so this has been duly adopted.

Under 9.3, there's another proposal from the Board. It's the one we've already discussed, that the Annual and interim reports will be prepared in English. The Board can decide that the Annual and interim reports will also be prepared in Danish, or that a summary be prepared in Danish. It's a possibility that the Danish Companies Act is now making possible. And if this is decided it will be entered in the articles of association that §15.2 in the articles, that the wording there will be changed. So, we can have a discussion concerning this topic now. Kjeld Beyer, once again.

(1.20.41 - Kjeld Beyer)

I just wanted to remind you what the Danish flag looks like. The proposal to have the AGM in English and the Annual Report in English is unacceptable. I would add, that the Chairman of the Danish Language Society also has spoken out against this. Perhaps we should lower the flag to half-mast because of the developments in this company. Had the time come to wake up the Holger Danske statue in the basement of the Elsinor castle? Don't you really care about the Danish language? I find it worrying that Danish decision makers let down the Danish population. Things are increasingly adopted over the heads of the Danish population. Just think of the DONG-case. We are becoming alienated in our own country, and this will only make it much more difficult and much more expensive to be a Dane in the future. Is it worth it, or is it like peeing in your pants, where you get an immediate warm sensation, but all of a sudden it gets very cold? No, we have to put a stop to this development. The Danish language is not a cost; it is a protection of the Danish population. We have managed for thousands of years with this language, and now

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the entire basis of our nation is being eroded. Foreigners buying Danish shares have accepted that they invest in a Danish company listed on the Copenhagen stock exchange, whereas Danish shareholders buy, trusting that the Danish government and the company will protect our interests and our culture regardless of decisions made in the EU. Having these documents in English will be an advantage for foreigners, but not for the Danish. As a result, Danish shareholders may not want to invest in Danish shares any longer, so eventually the company may move abroad and Danish jobs will be lost. I think that this should be changed; there is no duty for NKT to communicate in English. It is an option for NKT to do so. NKT is letting down Denmark and the Danish population by choosing not to communicate in Danish going forward. If I'm the only one who wants a vote, then I will not insist on a vote, but if anyone supports me in my demand for a vote, then I think that they should come forward now. We are not interested in percentages. They have been dealt with by the Board. What's interesting here, is all those of you in this room who are shareholders, and who have heard the arguments for and against. I think you should live up to your duties as shareholders and vote against this.

(1.24.40 - Anders Lavesen)

We have another request for the floor over here. Mr. Gyldvig, if I remember correctly. Yes.

(1.24.57 – Gert Leif Gyldvig)

Thank you, to the previous speaker. When people arrive in Denmark in order to become Danish citizens, they must be able to speak in Danish, read Danish, write in Danish. But what happens in Danish industry? In Danish industry the manuals are produced in English, although according to Danish law they must be in Danish. Are we changing the Danish language, the official language, into English? I recently bought something; I had to wait four months to get a manual in Danish. I am a shareholder here just think about this. We are all grey-haired in this room. We need to consider this very, very carefully. Don't allow them to change this. The next thing that happens is, that they will relocate the headquarters of NKT, moving it out of Denmark. Thank you. And I want a vote!

(1.25.59 - Anders Lavesen)

Okay, you will get your vote. And we have another request for the floor? Okay, your full name? Grete Henius. You have the floor.

(1.26.24 - Grete Henius)

First of all I would like to say that I am fluent in English, I have been a teacher in English and English is my second work-language. But I must agree with the two previous speakers,

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it is not okay to say that everything should be in English. Rather, you need a language course in Danish, because you are really having difficulties. I have heard so many examples of incorrect language up here. "Open up" is not a Danish term, it's "open". And not "from the beginning of", it's "from the beginning". *The speaker is now coming with other examples of incorrect use of the Danish language.* We are all talking about each other by mentioning first names only, since when did that happen?

(1.27.31 - Anders Lavesen)

Thank you very much, and we have another request for the floor. Mr. Jens Kromann Hansen.

(1.27.42 - Jens Kromann Hansen)

I'll leave straight away. I just want to say, that I too want a vote, but I don't want to line up any arguments because there has been plenty of good arguments presented. But you're a Danish company and you should present your states, your figures and your reports in Danish.

(1.28.06 – Anders Lavesen)

We have another speaker. Mr. Erik Parmo Nielsen.

(1.28.25 – Erik Parmo Nielsen)

All I want to know is the following. It's okay to want to publish the financial statements in English, but there are equally good reasons for publishing the financial statements in Danish. Why not have two equally ranking sets, that are both official and are equal rankings? Two sets of financial statements, one in English, one in Danish. Why not do that? Thank you very much.

(1.29.05 - Anders Lavesen)

Are there any other requests for the floor? The Chairman of the Board has asked for the floor.

(1.29.40 - Jens Due Olsen)

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Thank you for the many comments. This is what an AGM is for, to allow shareholders to give vent to their ideas and thoughts, so I think it's fine that so many people contribute. Dear Grete Henius. Danish is a question of life-long learning. I practice every single day, and I think it is an amazing language, so I agree with you whole-heartedly. I also want to say that we are employed here to run a business, and look after its funds. Many of our customers and many of our suppliers, while the majority of them, speak in English. And that's why our group-language is English. I am not saying that we are forgetting our Danish roots, but our group-language, our working language is English, and that's why we also publish our financial statements in English. One set of account must be appointed the official one, because they cannot be equal ranking. The English language version will be the one that is the official one. I am quite sure that many people will think that the two versions are identical, but there has to be one set that is the official one. And I will take home the input and think about it. Apparently there is a clear need for a set of Danish financial statements. We don't need it, and we don't like it as an executive management, but if the shareholders want to pay for this, and want it, we don't mind producing a set in Danish. I'll bring this home with me, and we will discuss this on the Board. So thank you very much for the viewpoints. That's what this meeting is all about. Thank you.

(1.31.48 - Anders Lavesen)

Thank you very much. Other contributions before we go to a vote? Please approach. Mr. Lennart Wahl.

(1.32.23 – Lennart Wahl)

The chair wanted more contribution from shareholders, so I'll gladly accommodate him and ask: why is it up to the Board to decide, whether also to produce a Danish version of financial statements and interim reports? There must be one set of accounts or financial statements that is the official one, but that doesn't prevent you from producing a similar version in Danish? Not necessarily by means of google translation, because that's crap, but to help those people who don't read these technical things in English. I think that that would be a good idea. If you did that, this will be more palatable, I think, to a large number of shareholders.

(1.33.46 - Anders Lavesen)

I understand that the Board stands by and upholds their proposal. Any other requests for the floor? Mr. Jens-Frederik Demant.

(1.34.10 - Jens-Frederik Demant)

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This proposal has actually been included on the agendas of many AGMs this month, and some people said that it would cost one million kroner to produce the financial statements in Danish. Why not compromise, and say that the Annual Report should be in Danish, possibly with a time-gap of four days so that it first appears in English, and then there is time to translate it into Danish. I mean, how difficult can it possibly be to do it in this way? I think that the Annual Report is the most important thing, and then the interim reports, they are secondary here.

(1.35.07 - Anders Lavesen)

Thank you very much. Any other comments or requests? Mr. Beyer.

(1.35.21 - Kjeld Beyer)

Things should be published together. If there is a release in English, about a very good transaction, then all those understanding English will know it first, and the rest of us will only learn about it four days later, and then the price of the share will already have increased, and we haven't been able to buy soon enough. This is not good enough! The company must primarily look after the interest of Danish shareholders and Denmark. Why care about those people that are outside Danish borders? They couldn't care less about us. The price of a set of financial statements, what is it? Well, all it costs is the additional paper. You can of course draw this up in Danish, but the question is, what is the cost per shareholder? Not a lot, if you ask me! Not a lot! So, come on. This is such an inappropriate place to start making savings. Thank you.

(1.36.40 – Anders Lavesen)

Thank you. Does anybody else wish to speak? All right. Let us move on to the vote. There have been a couple of comments that you could see as amendments, and the Board does not support them and the outcome is already clear. So we don't have to vote on these amendments. We'll be voting on the main proposal from the Board first anyway, knowing very well in advance that is had already been adopted. But we will do it. We will carry out the vote, so we need to use our e-voter. The voting device, and you will see up here on the screen a small instruction. There are three things you can vote. You can vote for, you can vote against the Board's proposal and you can abstain. (*e-vote instructions*). There's very little light in this room. Perhaps we need a little bit more light so that people can see what they're doing with the e-vote. That's great, thank you. So, the voting is open. (*Voting process*). I have my receipt. I have a dummy, so my vote is not counting but I can see that things are going correctly. If it doesn't work, please raise your hand and somebody will rush over to your assistance. It would seem that, if anybody needed assistance they have received it. Everybody who wanted to vote has voted, so the voting is over. In a few moments we'll be able to see the result. Okay, 79.17% in favour, 6.20% against, abstentions 14.62%. If you add them up, as far as I can see it's 100% except 0.01% as a

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rounding off aspect involved. I do have the precise number of votes up here also. So, the Board's motion has been duly adopted.

(1.42.21 – Jens Due Olsen)

Thank you for the support to the Board's motion, but the many comments have certainly impressed me. Democracy is also a question of listening and being attentive, so we will certainly take this back to the Board and discuss what is right for NKT in connection with next year's accounts and financial statements. So thank you for the input, thank you for the discussions we had.

(1.42.52 - Anders Lavesen)

*Chairman of the meeting takes us on to 9.4.* I don't know if we need to dim the light again but, anyway. This is a motion, a proposal that has to do with editorial changes concerning the guidelines for remuneration and general guidelines of incentive pay for the Board of Directors and the Board of management of NKT Holding A/S. under 9.4.1 we have first of all a proposal saying that the vice Chairman, that's the content here, will receive twice the basic remuneration, the basic fee. At the moment the vice Chairman, the deputy Chairman, receives 1.5 times the basic fee. 9.4.2, it concerns severance pay. There's a proposal here saying that the notice period vis-à-vis the CEO could be maximum 18 months. Today it says 24 months for the CEO and 12 months for the other members of the executive management. But now it's going to be 18 months for the executive. And also, in connection with significant changes in the company's ownership structure these notice periods may be extended however, for a transitional period of 6 months. Today, it's 12 months. 9.4.3, it is proposed furthermore that on the base of a bonus scheme, a member of management can receive a bonus corresponding to 25% of the Annual salary, today the limit is 15%. 9.4.4, the Board is proposing a number editorial changes, immaterial changes concerning the remuneration policy. It's just a linguistic update. Those are the proposals. And I'd like to hear if anybody wishes to have the floor on this particular item? That doesn't seem to be the case, so we will vote on these under one. Does anybody wish that we should have a ballad on these motions? I'm checking whether we need to vote? Not the case. The votes already placed in advance also mean that the motion had already been adopted.

9.5, those are the four motions of Kjeld Beyer that we will vote on under one. First of all, it is being proposed that the convening notice to the AGM should come with a summary of the following accounting detail from the audited financial statements: five year overview, including income statement, balance with notes and a statement of capital. Five year overview must be supplemented by the following: particulars for each share, the book value per share, the share capital, the share denomination, the total number of shares, dividend per share, interest-bearing debt within the time of one year, and the number of treasury shares. Share-options and warrants, the following details must be stated: number granted in the year under review, and any price increase at the end of the financial year, compared with the price when the options and warrants were granted. If adopted, these

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will have to be integrated in the articles of association. It is also proposed that the financial statements and interim statements should be available in Danish for a minimum of five years. So this is actually a proposal concerning the same thing that we just voted on, so what this says is it should be available in Danish, not only in English five years back. 9.5.3, is a proposal saying that a maximum of 2-3-4 menus must be required on the website to view the interim and Annual Reports. Menus must be easily accessible and in Danish, and there must be links to [www.nkt.dk](http://www.nkt.dk), where the official, audited Annual Report should be available. And then there is 9.5.4, this is a proposal concerning refreshments in connection with the AGM. The shareholder proposes that refreshments should reasonably match the outlook for the coming year. I think Kjeld Beyer would like to come up here, and give us the reasons for his proposals.

(1.48.17 - Kjeld Beyer)

‘The last proposal always calls forth smiles on people’s faces, that’s one of the points. But there’s also a question here of respect for shareholders, who spend some of them a full day on attending the meeting. They should get the same hourly pay as goes to members of executive management and Board. So this is a pretty valuable assembly. I just want to say that in one company we got a carrot and a piece of cucumber, but I have no complaints in connection with this particular AGM so I will withdraw that part of my proposal. Concerning the other parts of my proposal. First I’d like to say that I’m trained as an accountant and I have also been head of finance in a major Danish listed company, so I know about things from behind a writing desk. And there are things sometimes that are left out, because they don’t look good. This is not satisfactory for shareholders. No matter what company a shareholder invests in, or considers investing in, it should be possible to get a full overview of what is actually going on in that particular company. And that is why I propose, that once you get a convening notice you get the four most important pages, that are also listed in my proposal. This will give you a bigger picture. I emphasize the five-year-review, because this is like being in the cockpit of an airplane. It gives you an opportunity to look at development trends and, the development trends in the company, over and beyond revenue developments etc., are important. The book value, for instance. Why is that interesting? Well, that’s because it’s interesting to see what value the shares have in case you sell everything on the day of the closing of the accounts. Also when you look at the listed price - that is a reflection of the expectations concerning the future. So, here you need to find out what you expect from the future and what is expected on the part of the Board. So, with the book value of the company you get a certain picture and then it’s up to you to decide whether you wish to invest in shares or not. There are more things than just this required, in order to get the full picture. I want the book value, I want the share capital because when the company buys treasury shares to write down the capital or to use them for warrants, the it must be stated very clearly in the five-year-review, so that it’s possible to see exactly what’s going on. A company that buys a major proportion of treasury shares, will write the value of these shares down to zero to the equity capital, so it’s very important to see the holding of treasury shares and the size of the share capital. I think also, sometimes it’s difficult to see the nominal value of shares in a company. In NKT its 20 kroner, in other companies its 1 kroner, its 0.2 kroner – this is important if you want to look at the nominal value of a share and compare it to some

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other figures that you're interested in. and the exact number of shares in circulation is also important. Dividend too should appear, dividend per year, per share. In order to see the return you get on your investment. It might be a better idea to pay a higher dividend than spending money on buying treasury shares in order to gear the level. An interest-bearing debt net I think is something that's important. The shipping company TORM is a case in point, this is a company where that's a very high amount. It's not as high an amount in this company. And the on the website, I have a proposal there. I want information to be available for a five-year period. This morning I tried to find the quarterly accounts, but I was unsuccessful. I couldn't find them for past years. And then I was told by someone, that it is available somewhere. I recommend you to try and look at the website of AMBU. AMBU is a Danish listed company, and it is so easy to navigate on the website of AMBU. You find information very, very easily. It must be easy to be a shareholder. We're not supposed to be detectives that sleuth our way through our company's website. And then I have written here, I want it only to take 2 or 3 clicks with the mouse to get the information you want on the website of the company. We get increasingly small amounts of information sent to us directly, so we are left to try to find it ourselves. This requires a website where it is easy to find the things you're looking for, to get information from the accounts. If you want to see the notes, you should just have to click a note that's used as a reference and then the note should appear. It should also be easy to come back to where you started. We are prevented from getting information in other ways, so this vital channel for us should be kept open. When I print out copies, I spend half a printer cartridge to get the blue stuff. It's fine, and graphically it looks excellent, but couldn't you have a printer-friendly version where we don't have to consume all that ink? I think I've covered most of this, apart from this slip. We all got this slip. How many of you can actually read it? I was not able to read it. So, we need this together with the convening notice so that we can prepare for this meeting. If you want to prepare yourselves for this meeting, you should be given an opportunity to do so. It's not up to the Board to decide. We should be given the necessary information in order to prepare ourselves. It's up to us to decide whether we wish to prepare ourselves for a meeting, but it should be made available to us so that we know what the votes are about, and we can make up our minds in advance. Thank you very much.

(1.56.25 - Anders Lavesen)

Thank you. The Board of Directors has asked me to state that the Board does not support these proposals. I'm just going to take you through the reasons. The question of accounting information together with the convening notice, the Board finds that the information requested is already available in the Annual Report in the five-year-overview and the notes, or in the overviews otherwise provided. Accessibility and languages, we've talked about that earlier today, and the Board has already said that he will take those comments back to the Board for a further consideration of whether the company should also prepare a Danish version of the financial statements. But right now, the Board does not propose the motion put forward here. Concerning abscess to documents on the website, the Board finds that NKT Holding is already now endeavoring to ensure that the company's website [www.nkt.dk](http://www.nkt.dk), is easily accessible and user-friendly to Danish and foreign shareholders. The question of refreshments, that proposal has been withdrawn.

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So, the floor is open if anybody wishes to comment on the proposals from Kjeld Beyer. It does not seem that anybody is asking for the floor? Those three remaining proposals, I can see on the basis of the proxies and votes by correspondence that have been received and the statements from major shareholders, that those motions cannot be adopted. I am mentioning this, but obviously it is possible to have a ballad concerning these three motions. Kjeld Beyer?

(1.58.56 – Kjeld Beyer)

Now, I've given you the reasons for my proposals. It's not really suitable for a vote with the composition of shareholders in the company. But still, I do hope that the Board has listened to what was said, so that we can prepare Danish shareholders better going forward. It takes a long time to find things on the Internet. We're tired; we spend all day looking for stuff on the Internet, right? But anyway, there are things that should be sent out. You have to pay for a stamp to send out things. The convening notice, the accounting information. Perhaps that costs a bit, and so what? Thank you.

(1.59.58 - Anders Lavesen)

So, the proposals have been withdrawn. Kjeld Beyer said that we do not need to vote. So unless anybody else wishes to have a ballad we will not have a vote on these motions. All right, then we can move on, on the agenda. 9.6, that's the proposal authorizing yours truly to carry out the changes required and the amendments required for approval with the Danish Business Authority. So, that's the decisions that have been made here today that have to be registered with the Danish Business Authority, and I have then officially received the authorization to do that. The last item on the agenda is any other business. Does anybody wish to speak under any other business? Yes, there is one person here. Leif Gyldvig is asking for the floor again.

(2.01.12 - Leif Gyldvig)

So, here we are at the last item on the agenda. I've been listening a lot. We've heard about options and warrants. We've heard about higher remuneration for the top chairs here, but we've heard nothing about wage-increases for the people who do the work and make sure we have some goods to sell. They didn't get anything! I've been to China, and the government there is saying they're open about everything. That's easy for them to say, because very few Chinese people know all of their written language, all of the signs. If you go to China and ask a Chinese person for directions, where to go, he will just stare at you and maybe he'll show you somewhere. He doesn't want to lose face. Perhaps he'll show you the wrong directions on the map, rather than losing face. See, what I understand here today in this company is that is going to be a top-down kind of management. Is that the way forward? Are we going to be next? Are we going to be completely excluded? So consider twice before you do that. Thank you.

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(2.02.34 - Anders Lavesen)

Does anybody else wish to speak? If that is not the case, we have completed the agenda. And the AGM is then over. Thank you.

(2.03.01 - Jens Due Olsen)

I then would like to thank you for re-electing me and for the continued backing. And thank you for all the discussions we've had here at the AGM. I can assure you that we always listen, and all the input we have received here today we will take on Board in our discussions going forward. With the approved financial statements I'd also like to thank all of our customers and employees, and global and local managements for their considerable efforts. Thank you to my colleagues on the Board for the good, pleasant cooperation we've had in the year under review. I'd like to thank the Chairman of the meeting Anders Lavesen, the interpreters, technicians, and other people who've helped us and taken us smoothly and competently through the AGM. Now, there are some light refreshments outside. Please take the opportunity to talk to members of the executive teams. Nilfisk-Advance, Cables, Photonics and Holding. And all the Board members will be there also. We'll all be out there, so you can come and talk to us. Thank you. The meeting is adjourned.