

NKT

SEB – Nordic Seminar 2015
9 January 2015

Forward looking statements

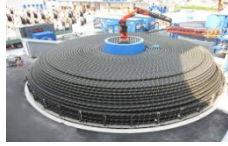




This presentation and related comments contain forward-looking statements. Such statements are subject to many uncertainties and risks, as various factors of which several are beyond NKT Group's control, may cause that the actual development and results differ materially from the expectations.

Agenda

- **Introduction to NKT**
- **Our businesses**
- **Q3 update and expectations 2014**
- **Questions & answers**

Today, industrial conglomerate with global presence ...

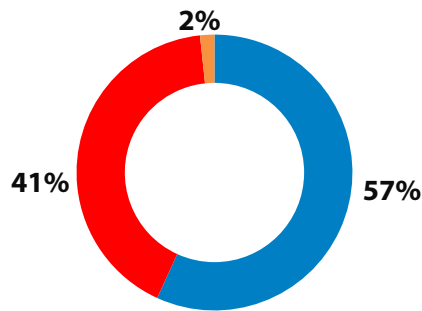
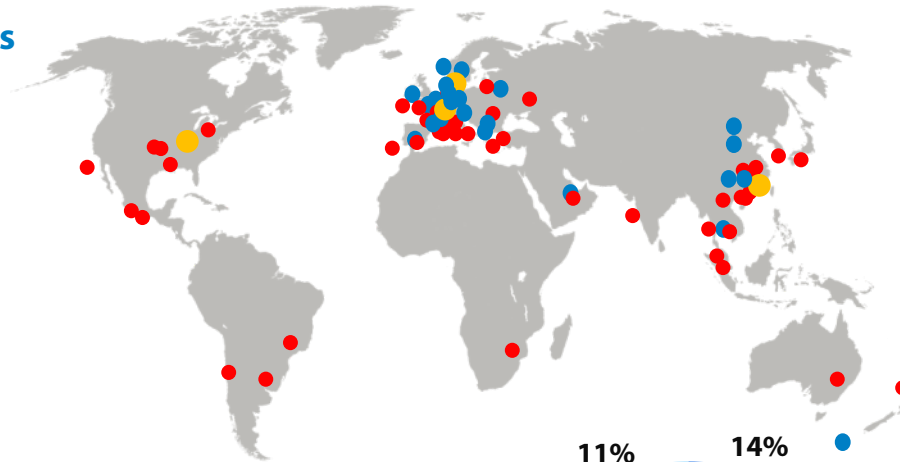
NKT Holding A/S – listed on Nasdaq OMX Nordic

Business area	Key Products	Geographic coverage
<p>NKT Cables</p>	<ul style="list-style-type: none"> • Low & medium voltage • High voltage cables • Submarine cables • Railway wires   	<p>North, Central and Eastern Europe, China, Australia</p>
<p>Nilfisk-Advance</p>	<ul style="list-style-type: none"> • Floor care machines • Vacuum cleaners • High-pressure washers   	<p>Global presence</p>
<p>Photonics Group</p>	<ul style="list-style-type: none"> • Lasers • Optical Fibers • Optical process equipment   	<p>Europe, North America, Asia</p>

... but with a strong European position

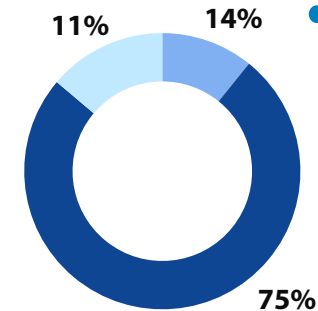
Sales and manufacturing facilities

- NKT Cables
- Nilfisk-Advance
- NKT Photonics



Sales by business area



















- NKT Cables
- Nilfisk-Advance
- NKT Photonics



Sales by geography

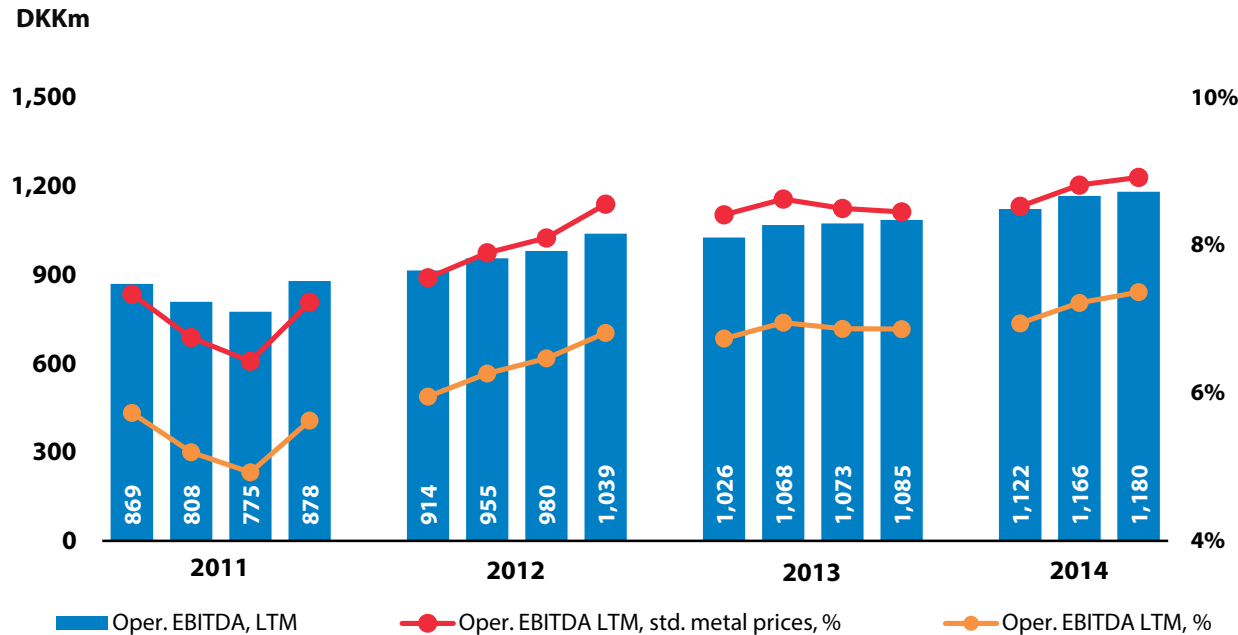
- EMEA
- Americas
- Asia-Pacific

Strong megatrends support all our businesses

Trend	Opportunity	nkt cables	NKT PHOTONICS GROUP
 <p data-bbox="246 436 727 504">Investments in reliable, efficient and flexible electricity supply</p>	<p data-bbox="938 454 1390 482">HV/MV cables and optical sensors</p>		
 <p data-bbox="246 598 658 626">Sustainable energy production</p>	<p data-bbox="938 579 1334 646">Subsea cables for wind farms Lasers for LIDAR wind sensors</p>		
 <p data-bbox="246 745 588 773">Infrastructure expansions</p>	<p data-bbox="938 745 1531 773">Railway wires and fire detection in in tunnels</p>		
 <p data-bbox="246 892 754 921">Exploitation of oil at deep water levels</p>	<p data-bbox="938 892 1145 921">Optical sensors</p>		
 <p data-bbox="246 1039 899 1068">Better utilisation of existing oil and gas reservoirs</p>	<p data-bbox="938 1011 1618 1078">Pipes for water/steam injection and optical sensors for well monitoring and seismic investigations</p>		
 <p data-bbox="246 1158 824 1225">Urbanisation, higher wealth and increased focus on environment in emerging markets</p>	<p data-bbox="938 1158 1587 1225">Automated cleaning processes/new professional cleaning equipment</p>		

Operational EBITDA **continues positive trend**

NKT - Operational EBITDA, LTM

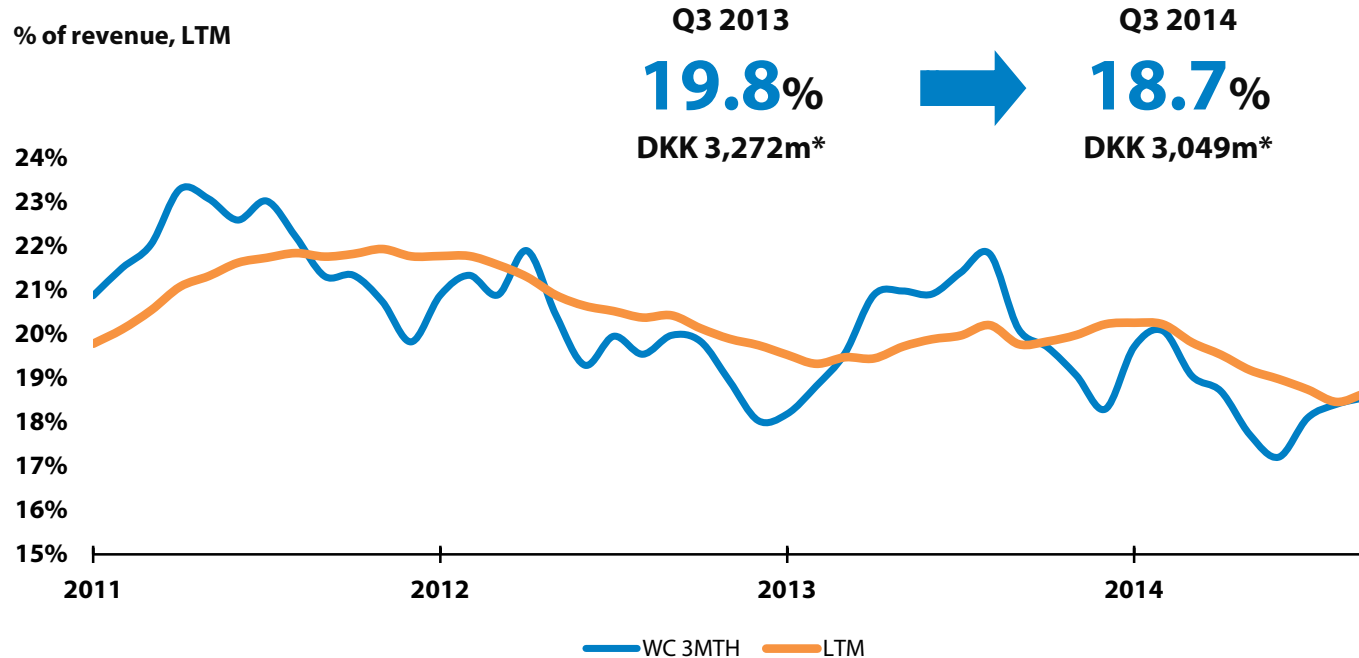


Q3 operational EBITDA of DKK 270m increased LTM to DKK 1,180m

0.1% point increase in oper. EBITDA margin, LTM, to 8.9% since Q2 2014

Working capital level **at four year low**

Working capital



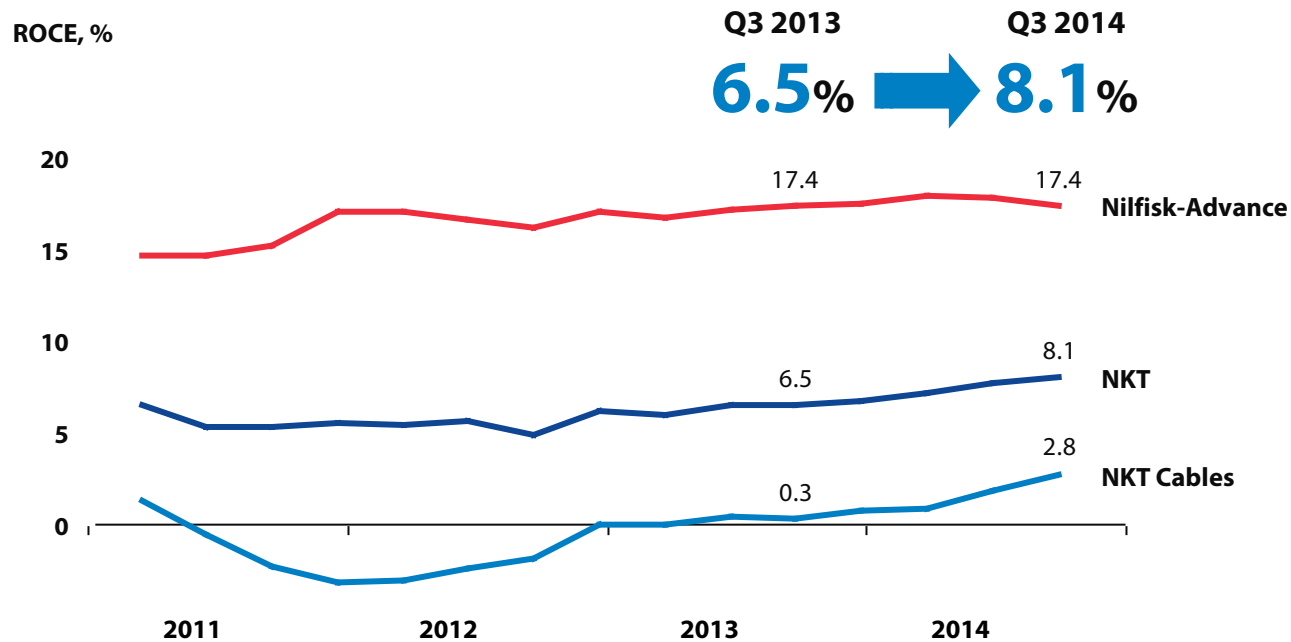
1.1% point decrease in WC vs. 19.8% Q3 2013, LTM

Significant exchange rate effects from USD and RMB in Q3 impacts working capital level

*End of period

ROCE increase driven by improvements in NKT Cables - but still far from satisfying our ambition

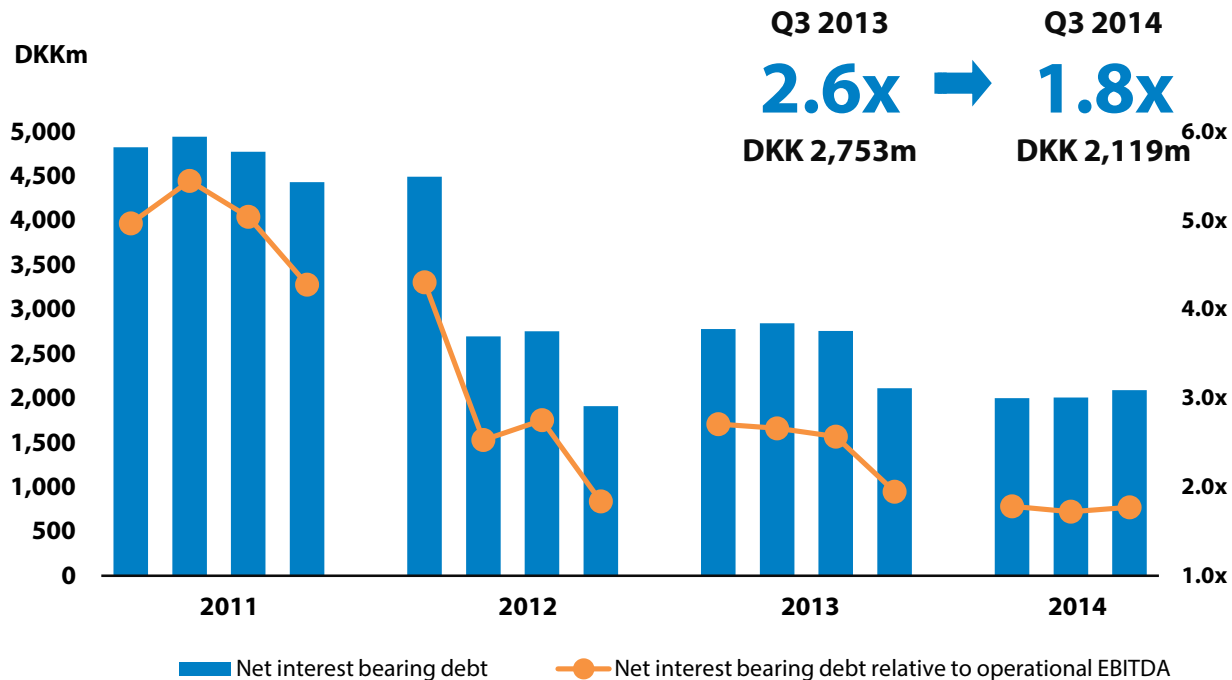
Return on capital employed



NKT Cables' DRIVE programme focuses on cost reduction and optimising processes to restore value creation

Further reduction in financial leverage

Net interest-bearing debt - x oper. EBITDA



NIBD increased by DKK 111m since Q2 2014 driven by currency translation

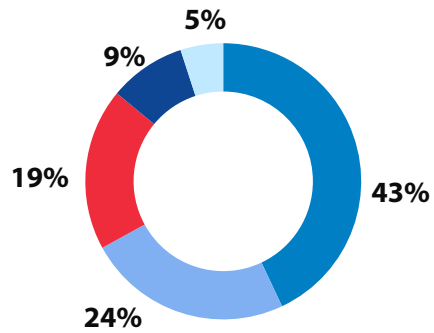
Continued solid finance structure with **1.8x operational EBITDA** vs. internal target of 2.5x operational EBITDA

Gearing of 36%
Target: Max. ratio of 100%

Solvency ratio of 44%
Target: Ratio >30%

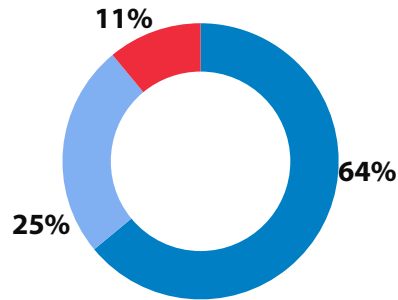
Nilfisk-Advance overview

● Sales entities
● Manufacturing companies



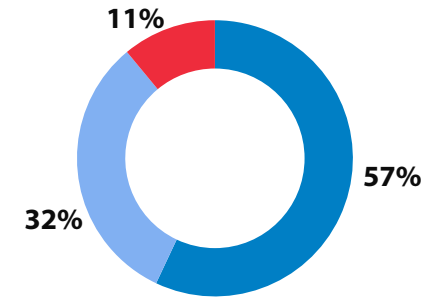
Sales by products

- Floor care
- Vacuum cleaners
- High-pressure washers
- Service
- Other



Sales by geography

- EMEA
- Americas
- APAC



Sales by customers

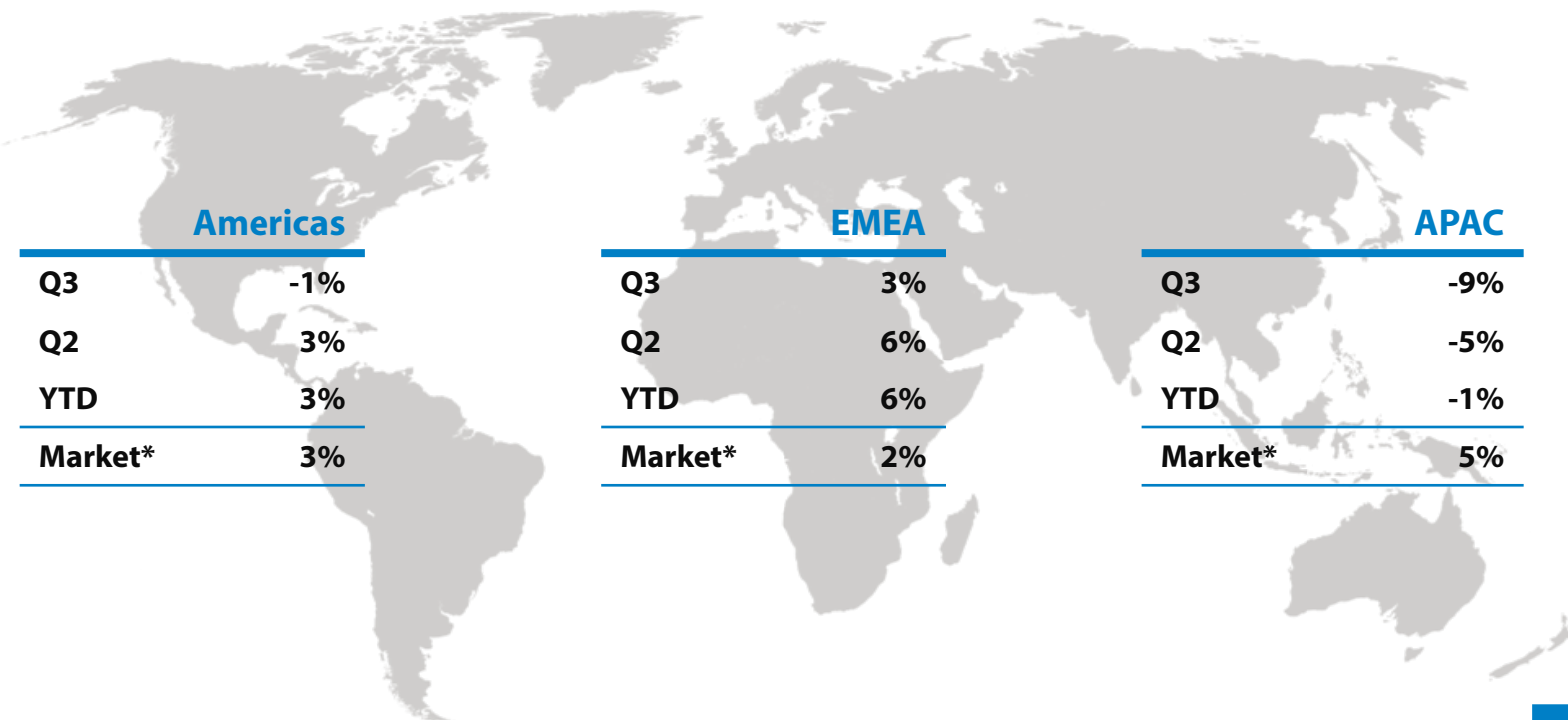
- Commercial market
- Industrial market
- Private consumer market

Overall organic growth YTD has been satisfactory

APAC had a challenging Q3 and YTD performance is weak

Nilfisk-Advance Organic growth

	2011				2012				2013				2014		
- Quarterly (Y/Y)	5%	8%	9%	9%	4%	1%	-4%	1%	1%	4%	7%	1%	9%	4%	0%
- Annually	8%				0%				3%				5% (YTD)		

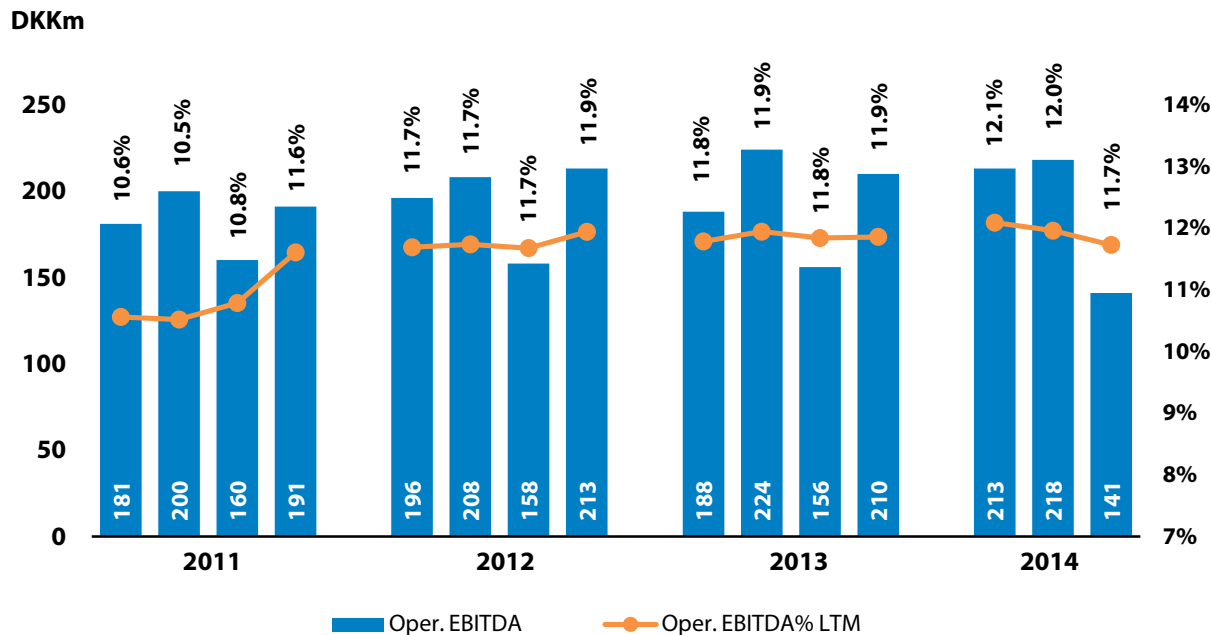


* Market figures are internal estimates on annual market growth rates 2013-2016



Investments in sales and service temporarily impact earnings

Nilfisk-Advance - Operational EBITDA, LTM

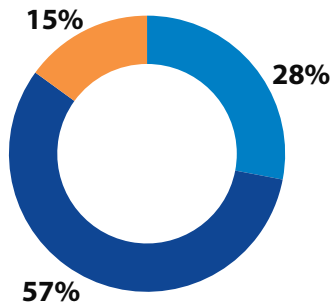
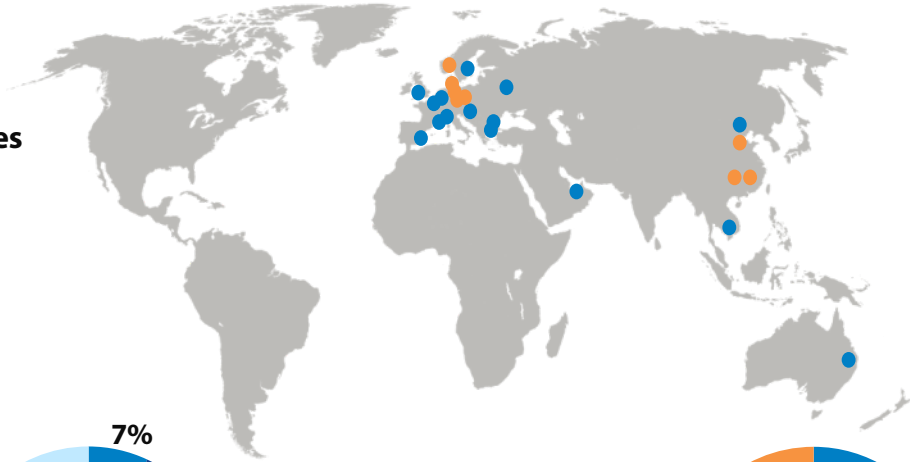


EBITDA margin fell to 11.7% (Q2: 12.0%)

- Investments in enhanced sales and service set-up affected EBITDA negatively in the short term

NKT Cables overview

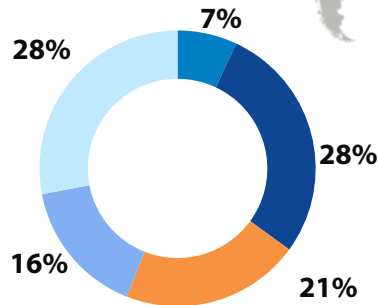
- Sales entities
- Manufacturing companies and sales companies



Sales by Business Unit

- BU Projects
- BU Products
- BU APAC

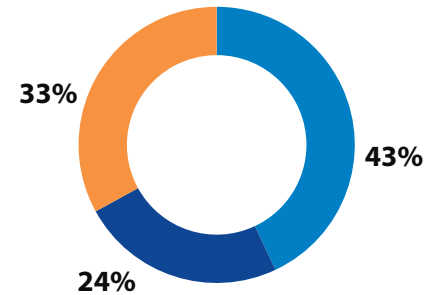
Measured in market prices



Sales by geography

- Denmark
- Germany
- Eastern Europe
- Asia
- Other, primarily Europe

Measured in market prices



Sales by fields of application

- Utilities
- Wholesalers
- Industry

Measured in standard metal prices

Change of management in NKT Cables

The Board of Directors appointed Michael Hedegaard Lyng as CEO of NKT Cables on 8 November 2014

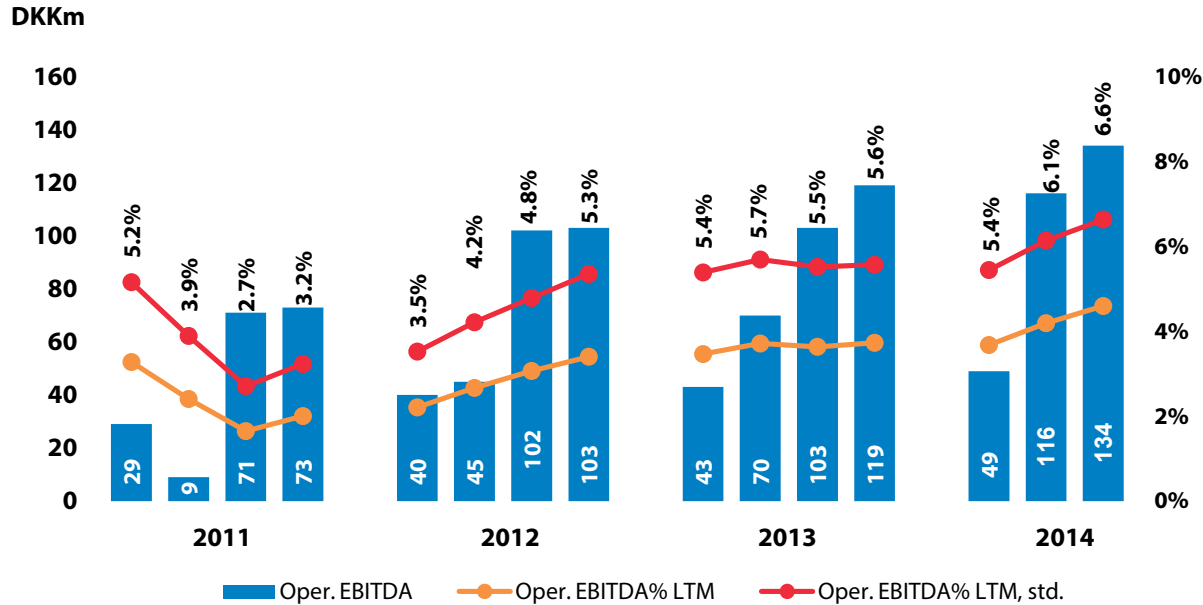
- As a consequence, Marc van't Noordende resigned
- Michael Hedegaard Lyng has been with NKT for more than seven years. During the past year, he has spent significant time in the NKT Cables organisation as part of the DRIVE programme
- He continues in his current role as Group Executive Director & CFO in NKT Holding

The next stage of NKT Cables' transformational journey can better be accomplished under a different CEO

- The decision is not based on financial performance - expectations maintained and DRIVE 2014 target increased
- Next phase of DRIVE combined with the management agenda requires significant transformation
- Remaining NKT Cables Group Management members will continue to be part of the company leadership

NKT Cables' operational EBITDA improved by DRIVE

NKT Cables - Operational EBITDA, LTM



Realised 1% organic growth (YTD: -2%)

- Projects 13% (YTD: -6%)
- Products -5% (YTD : 7%)
- APAC -10% (YTD : -24%)

Organic growth in peer -2% (Q1-Q3: 1%)

- Construction -4% (YTD : 2%)
- Infrastructure 1% (YTD : 1%)
- Industry 0% (YTD : 1%)

Organic growth

	2011				2012				2013				2014		
- Quarterly (Y/Y)	20%	0%	-4%	-6%	-13%	-4%	0%	0%	4%	10%	-2%	4%	6%	-11%	1%
- Annually	1%				-4%				4%				-2% (YTD)		



DRIVE expectations increased by DKK 40m to DKK 170m for 2014

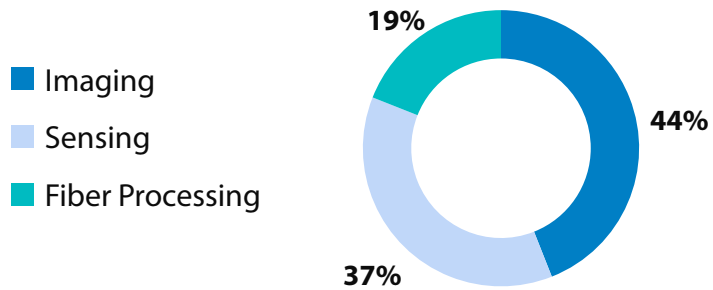
	Cost improvements	FTE reduction	One-off costs	Capex
Q3 2014 Realised	~ DKK 50m	66 FTE	DKK 44m	DKK 2m
YTD 2014 Realised	~ DKK 110m (~ DKK 180m run-rate)*	184 FTE	DKK 97m	DKK 6m
FY 2014 Expectation	↑ ~ DKK 170m (~ DKK 250m run-rate)*	↑ ~ 250 FTE	~ DKK 160m	↓ ~ DKK 10m
Full impact going into 2016	~ DKK 300m p.a.	~400-450 FTE	~ DKK 240m **	~ DKK 50m **

* Run rate effect: Estimate for full year effect if fully implemented ** Total accumulated effect when fully implemented

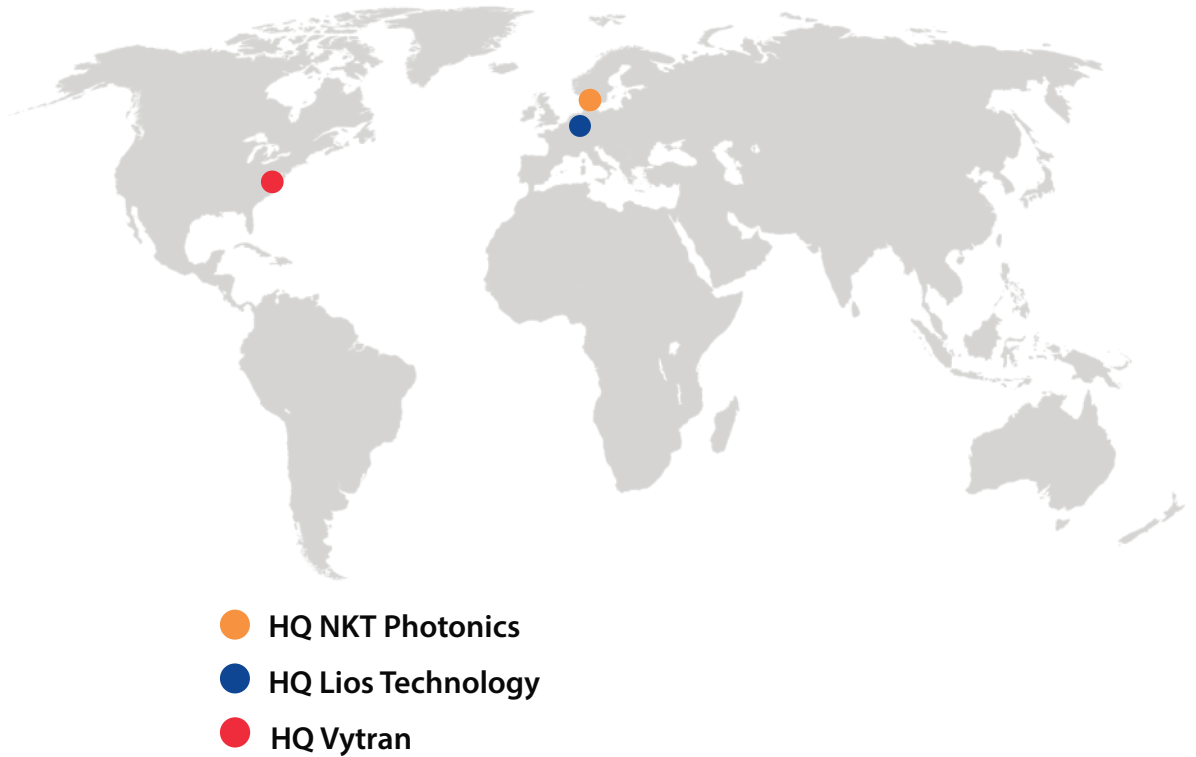
Note: All cash effects

Photonics Group overview

Sales by products



Headquarters of the three Photonics Group companies



Photonics Group's product areas

Focus

Imaging

Application example

Scanning biological tissue



Products

- SuperK: Broadband lasers for high-end optical equipment



- Micro-structured optical fiber (crystal)

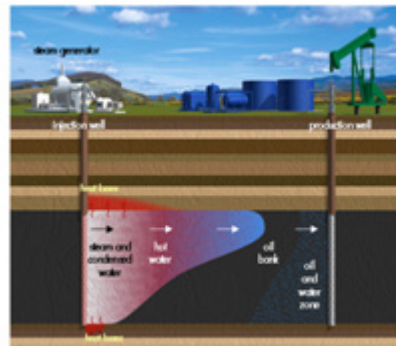


Customers

- Medtech OEMs

Sensing

Monitoring oil pipes



- Distributed Temperature Sensing (DTS) systems for fire detection, power cable monitoring, oil & gas monitoring, etc.



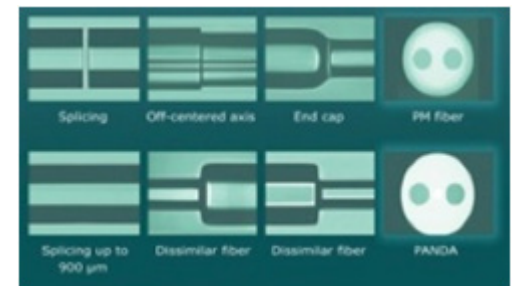
- Koheras: High-end lasers for sensing applications



- Oil and gas majors

Fiber processing

Cutting and joining optical fibers



- High-precision manufacturing equipment for handling optical fibers



- Cutting, stripping, splicing, end-capping, re-coating fibers

- Photonics/laser producers
- Telecom

Photonics Group's growth expectations sustained, new US business established

Photonics Group - Financials

DKKm	Q3		YTD	
	2014	2013	2014	2013
Revenue	65	62	197	179
- Org. growth	4%	25%	11%	11%
EBITDA	1	2	-1	-4
Invested capital	208	211	208	211
# FTEs, ultimo	205	212	205	212

Photonics Group - Organic growth

	Q3 2014	YTD 2014
Imaging	9%	0%
Sensing	-4%	17%
Fiber Processing	-1%	15%

Photonics Group - Highlights

- **Q3** org. growth of 4% and **YTD** 11%
- **Imaging:** The base for expansion of blue-chip OEM customers in Life Sciences is progressing well
 - Frame contract renewed with major OEM customer
 - Development activities with other players moving ahead
 - Science market in the US continues to be impacted by budget constraints
- **Sensing:** New pipeline monitoring business, FiOPS, up and running in US
 - FiOPS is talking to a number of potential customers in terms of specific projects
 - Sales of Koheras lasers for Oil & Gas sensing applications was encouraging
- **Fiber Processing:** Improved performance continues as a result of lower cost base
 - Most product group areas did well; Splicers under pressure
 - Good response to new product offering introduced last quarter. More product releases to come later in the year

Q3 and YTD performance in line with expectations

NKT maintains guidance for full year 2014

NKT expectations

- Consolidated organic growth of around 0-3%
- Operational EBITDA margin of 9-9.5% (std. metal prices)

One-offs excluded

- Divestment of floor sanding activities (DKK +97m)
- Fine imposed by European Commission (DKK -29m)
- 2014 DRIVE related costs (DKK -160m)
- Provision Baltic 1 settlement (DKK -75m)
- Total EBITDA effect of ~ DKK -167m

Planning assumptions

2014	Original	Revised Q3
NKT		
- Organic growth	0-3%	Unchanged
- Operational EBITDA, % std. metal prices	9-9.5%	Unchanged
Nilfisk-Advance		
- Organic growth	2-3%	4-5%
- Operational EBITDA, %	12-12.5%	~11.5%
NKT Cables		
- Organic growth	Neg. 2-3%	Neg. 4-5%
- Operational EBITDA, % std. metal prices	~ 7.1%	Unchanged
Photonics Group		
- Organic growth	10-20%	Unchanged
- Operational EBITDA, %	5-10%	Unchanged

Questions and answers