



Using NKT Photonics' lasers, researchers can diagnose a range of diseases by scanning the eye

STRATEGY FOCUSED ON COMMERCIALISATION

In Q3 2015, NKT Photonics redefined its business strategy, focusing on commercialisation and profitable growth.

Value chain movement as growth driver

The redefined business segmentation, cf. page 34, is designed both to meet the market trends and to support NKT Photonics' strategy for commercialisation and growth. The strategy has five key elements:

- **Move up the value chain**
In addition to supply of components, NKT Photonics will supply complete end-to-end optical solutions for customers in the three key markets.
- **Active pursuit of partnerships and joint ventures**
NKT Photonics is the technical leader within its key markets. Collaborating with companies with product offerings higher up in the value chain, will allow NKT Photonics to access new markets with higher product volume.

- **Organic growth and growth through M&A**
In addition to annual organic growth of approx. 10%, NKT Photonics will actively pursue growth through acquisitions.
- **Lean manufacturing**
Scalable manufacturing is a must to realise growth ambitions and expected increase of OEM customers. NKT Photonics pursues scalability through lean manufacturing.
- **Fast introduction of new products**
High-tech markets are fast-moving, and time from initial laboratory demonstrations to field-deployed products is short. Competitive edge will be achieved through agility and continued adaptation of the product portfolio to the market needs.

Long-term financial targets:

Annual organic growth of >10%
RoCE ~20%

Megatrends to support growth in key markets

GROWING POPULATION

Resource scarcity and environmental pressure

- Transport infrastructure for energy and people is driving demand for Sensing & Energy
- Increased energy needs and move to renewable are driving demand for monitoring and optimisation of energy

AGEING POPULATION

Increased health care costs

- Need for faster and cheaper medical instrumentation for mass screening, diagnostics and treatment

INCREASED TECHNOLOGY AND COMPLEXITY

Smaller structures

- Need for transformation of manufacturing technology
- Higher requirements for precision and accuracy are driving shift towards ultra-fast lasers for measurements and processing