

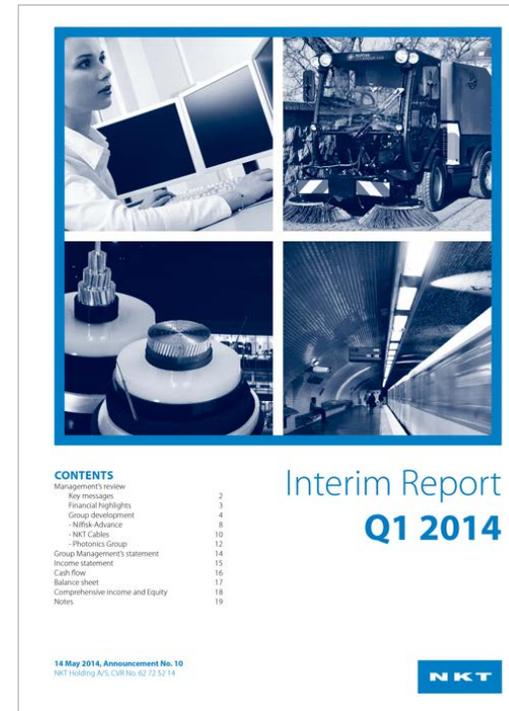
NKT

Interim Report Q1 2014

Webcast, 14 May 2014 at 10:00 am CET

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.



Introducing today's presenters



NKT Holding
Michael Hedegaard Lyng
Group Executive
Director & CFO



Nilfisk-Advance
Jonas Persson
President & CEO



NKT Cables
Marc van't Noordende
President & CEO

Agenda

Highlights Q1 2014

Business areas

- Nilfisk-Advance
- NKT Cables
- Photonics Group

Expectations 2014

Questions & Answers

Highlights Q1

Solid Q1 performance provide good start to the year

- 8% organic growth - with growth across all businesses
- Operational EBITDA margin up to 8.0% (vs. 7.6% Q1 '13, at std metal prices)
- Strong cash flow from increased earnings and improved net working capital performance
- Cost reductions in DRIVE programme fully on track

Commercial performance improved in all business areas

- NKT Cables with 6% organic growth despite lower Projects revenues; operational EBITDA of 3.6% (std metal prices)
- Nilfisk-Advance realising strong organic growth in all regions and operational EBITDA up 0.9% to 12.3% in Q1
- Photonics Group recording 19% organic growth

Maintaining expectations for full-year 2014

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

Group financial highlights Q1 2014

Q1 Revenue 3,865 mDKK (Q1 2013: 3,509 mDKK)

Organic growth 8% in Q1 2014

	Q1 2014
Nilfisk-Advance	9%
NKT Cables	6%
Photonics Group	19%

Q1 Operational EBITDA 254 mDKK, 8.0% std. metal prices (Q1 2013: 217 mDKK, 7.6% std. metal prices)

Q1 Earnings before tax (EBT) 136 mDKK
(Q1 2013: 40 mDKK)

Q1 Profit after tax amounts to **87 mDKK**
(Q1 2013: 25 mDKK)

Working capital amounts to **2.7 bnDKK** (End 2013: 2.8 bnDKK) at **19.8%**, LTM vs. 20.2% compared to revenue

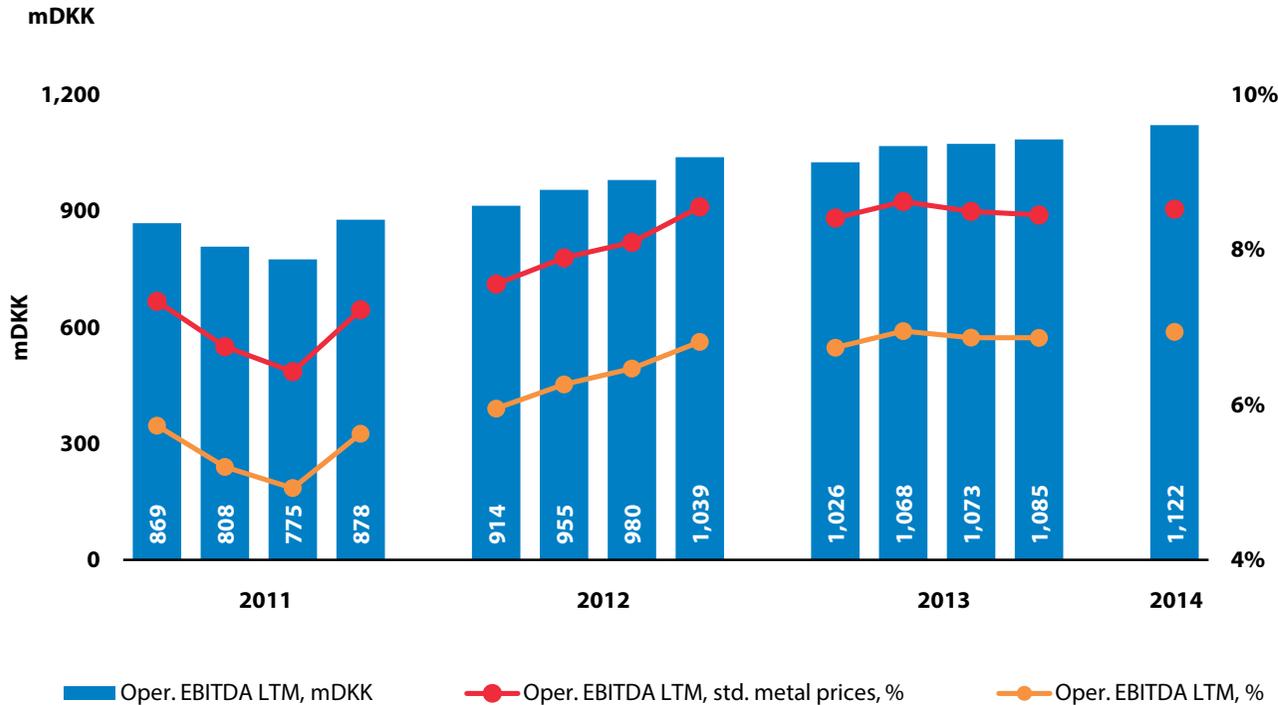
Cash flow from operations of **199 mDKK**
(Q1 2013: -521 mDKK)

Cash conversion rate, LTM increased to 113%
(End 2013 LTM: 50%)

NIBD decreased to **1,999 mDKK, 1.8x** operational EBITDA
(End 2013: 2,111 mDKK, 1.9x operational EBITDA LTM)

Q1 earnings **continuing the positive course**

Operational EBITDA, LTM



Q1 Operational EBITDA of 254 mDKK, increased LTM to 1,122 mDKK

Oper. EBITDA margins, LTM slightly higher at 8.5% in Q1 2014 vs 8.4% in Q4 2013

Changes Q1 2014 vs. Q1 2013

mDKK	Q1 2014	Q1 2013	Change
Revenue	3,865	3,509	356 *01
<i>Revenue, std. metal prices</i>	<i>3,179</i>	<i>2,859</i>	<i>320</i>
Operational EBITDA	254	217	37 *02
One-off's	42	-	42 *03
EBITDA	296	217	79
Depreciation/Amortisation	-135	-129	-6
EBIT	161	88	73
Financial items, net	-25	-48	23
EBT from continuing operations	136	40	96
Tax from continuing operations	-49	-15	-34
Profit	87	25	62
<i>Oper. EBITDA margin (std.)</i>	<i>8.0%</i>	<i>7.6%</i>	
<i>Tax %</i>	<i>36%</i>	<i>38%</i>	
Capex	95	103	8
Working capital	2,681	3,119	438
NIBD	1,999	2,776	777

01

	mDKK
Revenue increased by	356
Metal prices	-12
FX changes	-99
Acquisitions	242
8% organic growth	225
- NKT Cables	6%
- Nilfisk-Advance	9%
- Photonics Group	19%

02

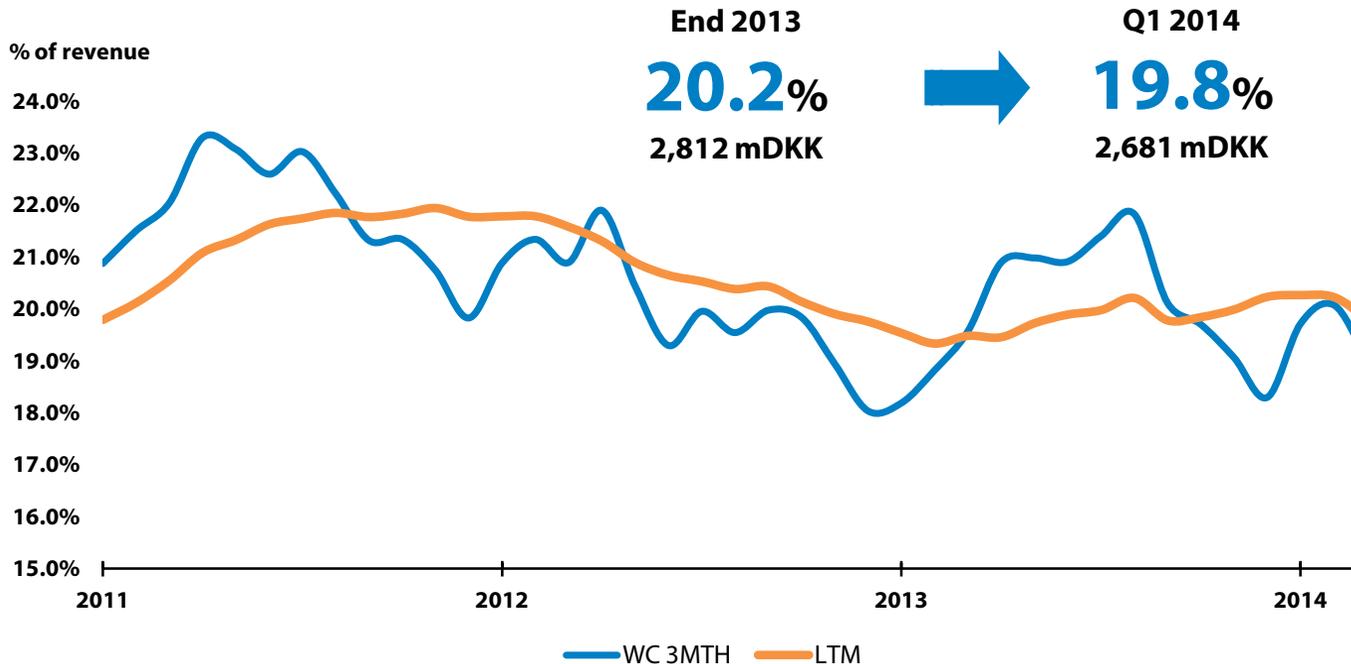
	mDKK
Oper. EBITDA increased by	37
NKT Cables	
Margin 3.6% (Q1 2013: 3.7%)	6
Nilfisk-Advance	
Margin 12.3% (Q1 2013: 11.4%)	25
Photonics Group and other	6

03

	mDKK
One off's	42
Gain from divestment	97
DRIVE costs	-26
Fine European Commission	-29

Working capital lowered despite growth

Working capital



WC decreased to **19,8%** vs. 20,2% end 2013 (LTM)

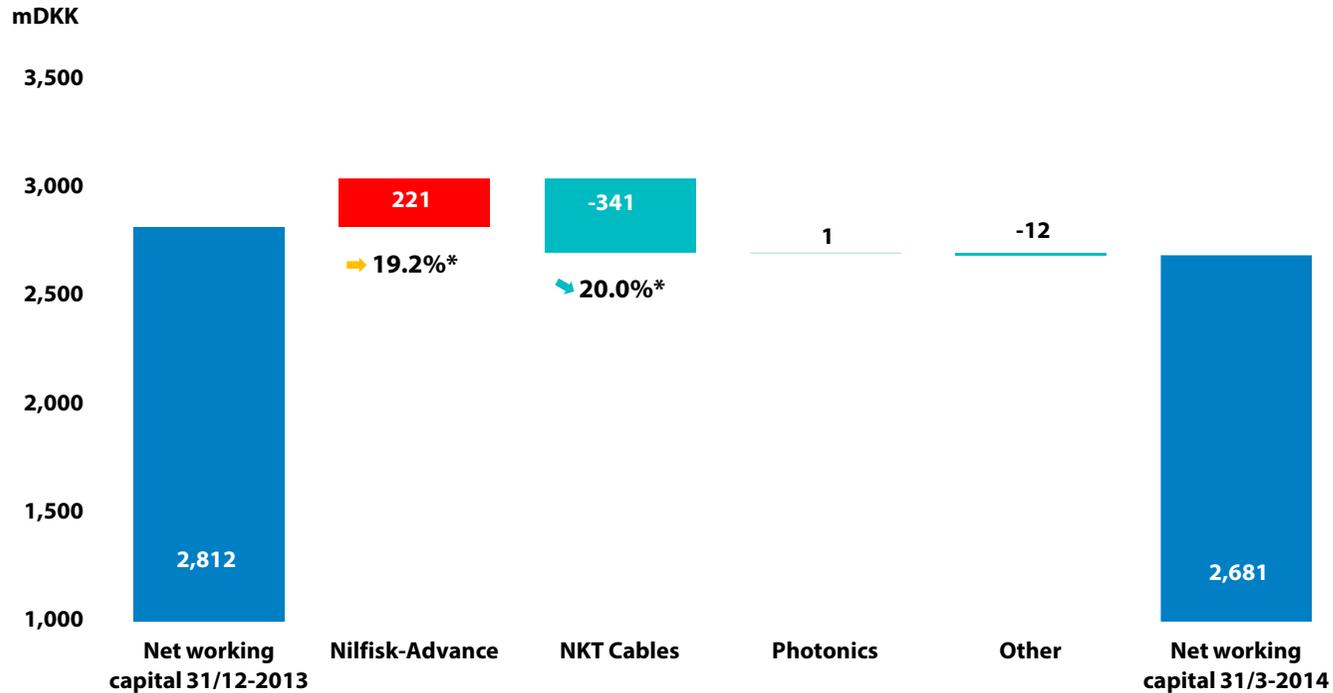
Large projects completed in Q1 in NKT Cables reducing capital tie-up

First results of DRIVE working capital initiatives recorded in inventory levels

Nilfisk-Advance working capital ramping up due to high activity season

Nilfisk-Advance at stable level, but **significant improvement in NKT Cables**

Working capital by business area



Nilfisk-Advance
working capital up due to increased activity

NKT Cables working capital decrease primarily due to release of funds tied in project work, aided by reduction in inventory

* % of revenue, LTM

Strong operating cash flow in Q1

mDKK	Q1 2014	Q1 2013	FY2013
Reported EBITDA	296	217	1,103
Interest, net	-25	-48	-160
Change in working capital	70	-666	-222
Other*	-142	-24	-176
Cash flows from operating activities	199	-521	545
Acquisition of business activities	-22	-1	-226
Divestment of business activities	108	-	-
Acq. of property, plant and equipment, net	-50	-60	-244
Other investments, net	-44	-52	-224
Cash flows from investing activities	-8	-113	-694
Free cash flow	191	-634	-149
Change in long- and short term loans	-69	825	362
Dividend paid	-84	-191	-191
Cash from exercise of share-based options etc	1	7	7
Cash flows from financing activities	-152	641	178
Net cash flow	39	7	29

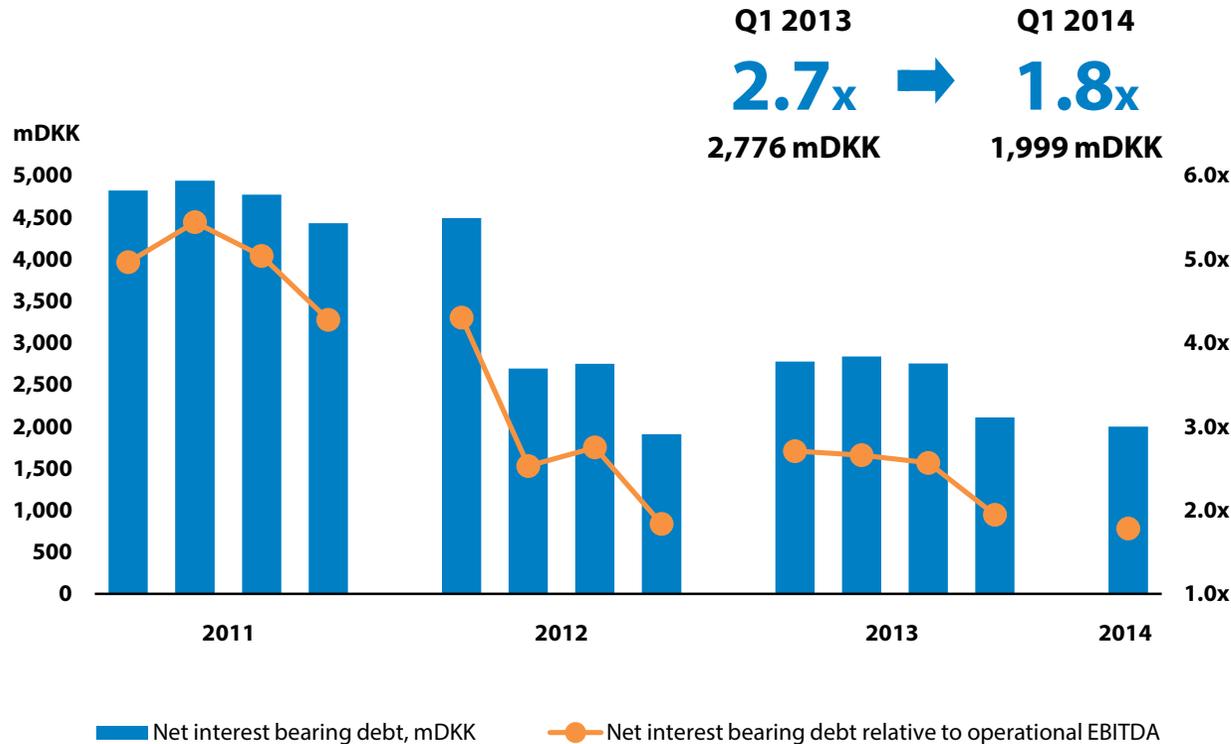
Strong Q1 cash flow from operating activities was mainly enabled by earnings aided by reduction in working capital

Cash flows from investing activities positively impacted by divestment of non-core activities in Nilfisk-Advance offsetting most of the regular capex cash outflow in Q1

* Proceeds from divestment reversed in "Other" line item

Leverage ratio reduced to **1.8x Operational EBITDA**

Net interest bearing debt (x oper. EBITDA)



NIBD of 1,999 mDKK (1.8x operational EBITDA) vs. 2,111 mDKK (1.9x operational EBITDA) year end '13

Leverage Target max. NIBD of 2.5x operational EBITDA

Gearing of 36% (end Q4 2013: 37%).
Target: Max. ratio of 100%

Solvency ratio of 43% (end Q4 2013: 44%).
Target: Ratio >30%

Agenda

Highlights Q1 2014

Business areas

- Nilfisk-Advance
- NKT Cables
- Photonics Group

Expectations 2014

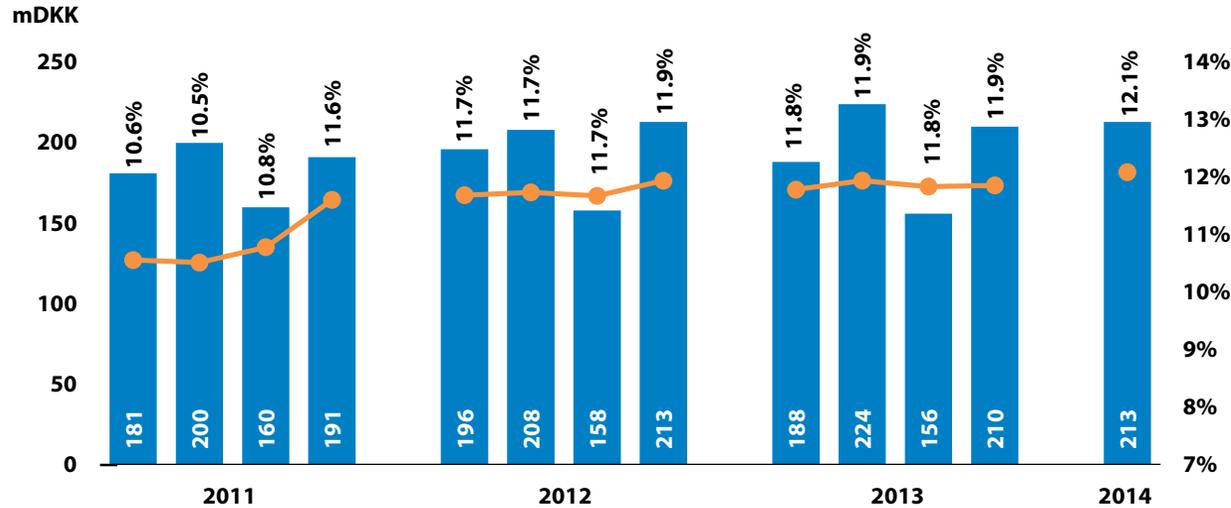
Questions & Answers



Nilfisk-Advance

Growth across all regions

Nilfisk-Advance - Operational EBITDA, LTM



Higher than expected organic growth of 9% in Q1 2014 (Q4: 1%)

- EMEA 8% (Q4: 5%)
- Americas 8% (Q4: -2%)
- APAC 14% (Q4: -9%)

Organic growth in peer 11% in Q1 2014 (Q4: 5%)

- EMEA: Q1 5% (Q4: -3%)
- Americas: Q1 10% (Q4: 6%)
- APAC: Q1 26% (Q4: 15%)

Organic growth

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

Strong growth and increasing margins

Financial

mDKK	Q1	
	2014	2013
Revenue	1,737	1,655
- Org. growth	9%	1%
Oper. EBITDA	213	188
Oper. EBITDA margin	12.3%	11.4%
Capital employed	3,251	3,374
# FTEs, end of period	5,550	5,327

Organic growth

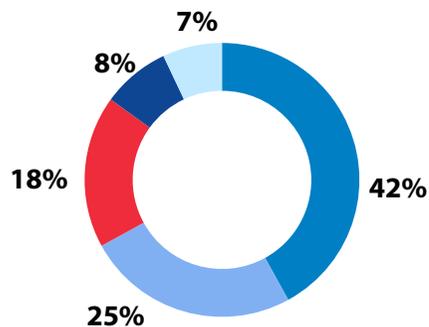
	Q1 2014
EMEA	8%
Americas	8%
APAC	14%

Highlights

- **EMEA:** Strong growth. Several Southern European economies rebounding. Continued double digit growth in Turkey and Russia
- **Americas:** Good growth in North America and Mexico
- **APAC:** Strong growth. Markets rebounding, primarily new economies
- **Gross margin:** Up 0.2% despite negative effects from mix. Effect from action plans on e.g. price management
- **Fixed cost:** Overhead ratio down 0.6%-points through continued benefits from savings and continued "lean" / complexity reduction initiatives
- **Product launches:** 10 new products launched in Q1, including new Viper products and smaller version of the highly successful VL500 wet'n'dry vac (VL200)
- **Strategy:** Successful completion of Commercial Excellence pilot. Further roll-outs in process
- **M&A:** Divestment of non-core American Sanders business closed end-March (profit impact of 97 mDKK)

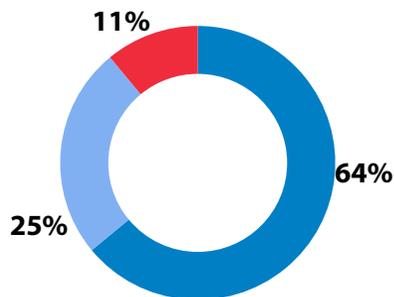
Nilfisk-Advance overview

- Sales entities
- Manufacturing companies



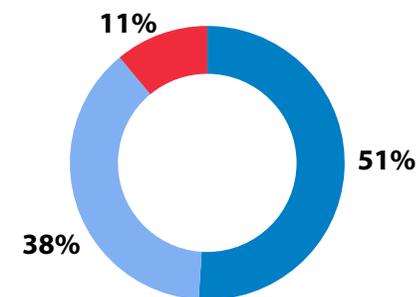
Sales by products

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



Sales by geography

- EMEA
- Americas
- Asia/Pacific



Sales by customers

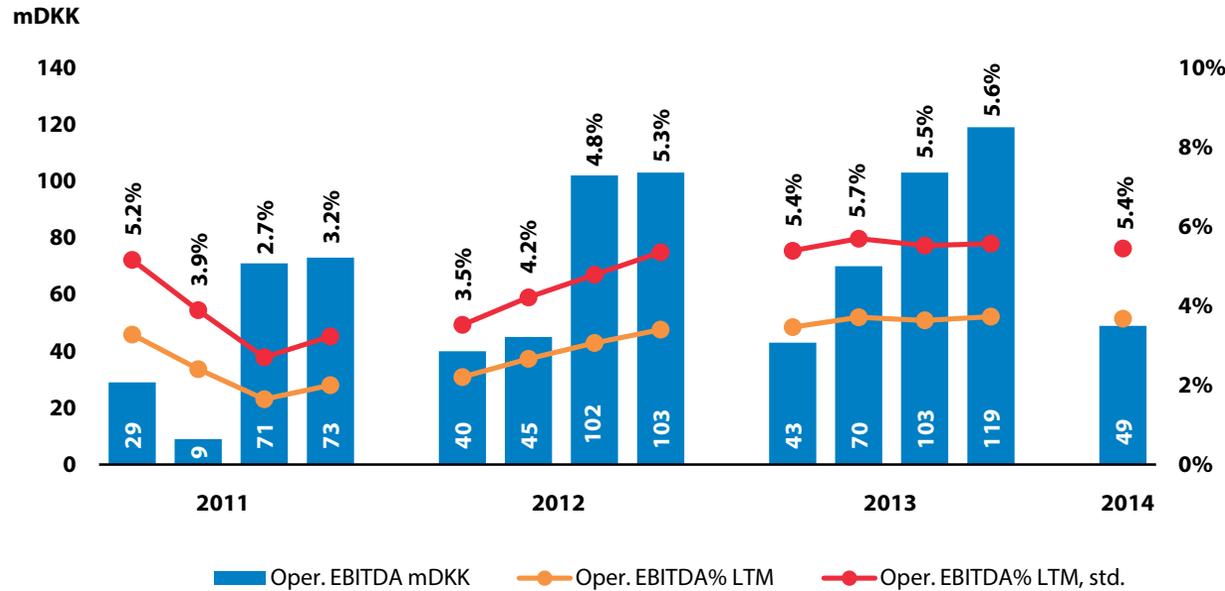
- Commercial market
- Industrial market
- Private consumer market



NKT Cables

Solid Q1 operational performance, but earnings to improve

NKT Cables - Operational EBITDA, LTM



Realised **6%** organic growth in Q1 2014 (Q4: 4%)

- Projects -7% (Q4: 2%)
- Products 22% (Q4: 8%)
- APAC -17% (Q4: -2%)

Organic growth in peer 4% in Q1 2014

- Construction -2%
- Infrastructure 6%
- Industry 3%

Organic growth

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



6% growth despite lower Projects revenue, Products up 22%

Financial

	Q1	
	2014	2013
Revenue	2,064	1,799
Revenue, std. prices	1,378	1,149
- Org. growth	6%	4%
Oper. EBITDA	49	43
EBITDA margin, std. prices	3.6%	3.7%
Capital employed	4,215	4,795
FTEs, end of period	3,438	3,386

Organic growth

	Q1 2014
Projects	-7%
Products	22%
APAC	-17%

Highlights

- **DRIVE** in full implementation
- **Projects:** One large offshore contract finalised during Q1 and system handed over to customer
- Project Gemini: Financing process is finalising and expected to be closed shortly
- **Products:** Strong organic growth in Q1 of 22% driven by building wire and 1kV
- Ericsson acquisition synergies being harvested according to plan
- **APAC:** Good growth in railway continued throughout the quarter, but some pressure on prices due to increased number of competitors
- China: 30 mDKK provision on bad debt
- **Statement of objections:** Decision from EU Commission received in April 2014. Accrual of 29 mDKK related to the imposed fine included in Q1 result

DRIVE implementation on track

FY 2014 and full potential re-confirmed

	Cost improvements	FTE reduction	One-off costs	Capex
Q1 2014 Realized	~ 20 mDKK (~100mDKK run-rate) ¹	~ 85 FTE ² (Lower FTE reduction number expected in Q2)	~26 mDKK	0 mDKK
FY 2014 Expectation	~ 100 mDKK (180 mDKK run-rate) ¹	~200 FTE	~180 mDKK	~50 mDKK
Full impact going into 2016	~ 300 mDKK p.a.	~400-450 FTE	~240 mDKK ³	~50 mDKK ³

Note: All cash effects

1) Run rate effect: Estimate for full year effect when fully implemented 2) Accumulated since DRIVE start 3) Total accumulated effect when fully implemented

Strong progress across all saving initiatives

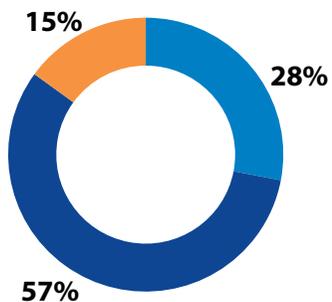
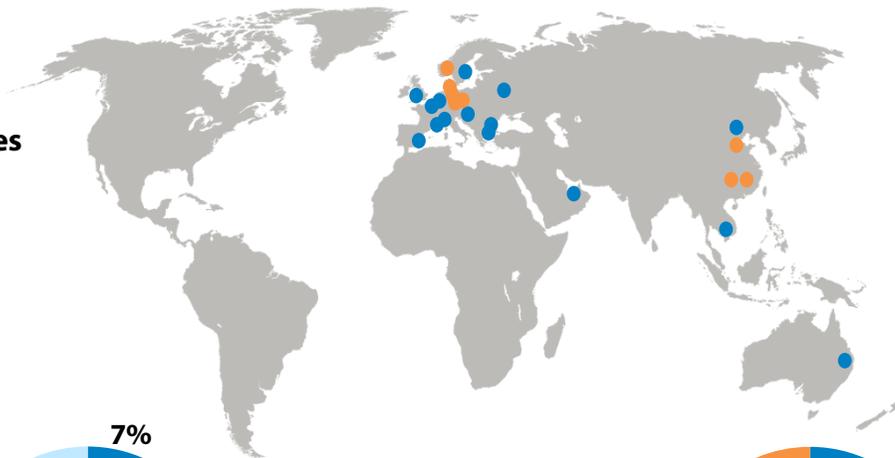


DRIVE “GET FIT” examples

Lever	Focus/Target	Summary	Implementation Status
1 NKT Lean Operations Exemplary Cologne & Asnaes	<ul style="list-style-type: none"> Improved efficiency Streamlining of processes Reduce complexity Deriving production excellence 	<ul style="list-style-type: none"> Confirmation of savings potential Measure implementation started Workforce reduction executed Leverage across all production locations 	
2 Closing Railway Signal Cable DK	<ul style="list-style-type: none"> Focus Portfolio Reduce complexity 	<ul style="list-style-type: none"> Closure of unprofitable production line for railway signal cables in Denmark Reduction of 20 employees 	
3 Administration Reduction of ext. spend	<ul style="list-style-type: none"> Reduce external spend Examples: Consulting, travel, mobile phone contracts, training, etc. 	<ul style="list-style-type: none"> New travel policy implemented Reduce travel demand and comfort 	

NKT Cables overview

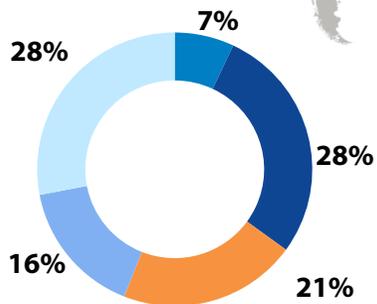
- Sales entities
- Manufacturing companies and Sales companies



Sales by Business Unit

- BU Projects
- BU Products
- BU APAC

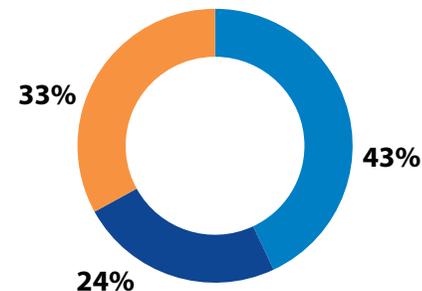
Measured in market prices



Sales by geography

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

Measured in market prices



Sales by fields of application

- Utilities
- Wholesalers
- Industry

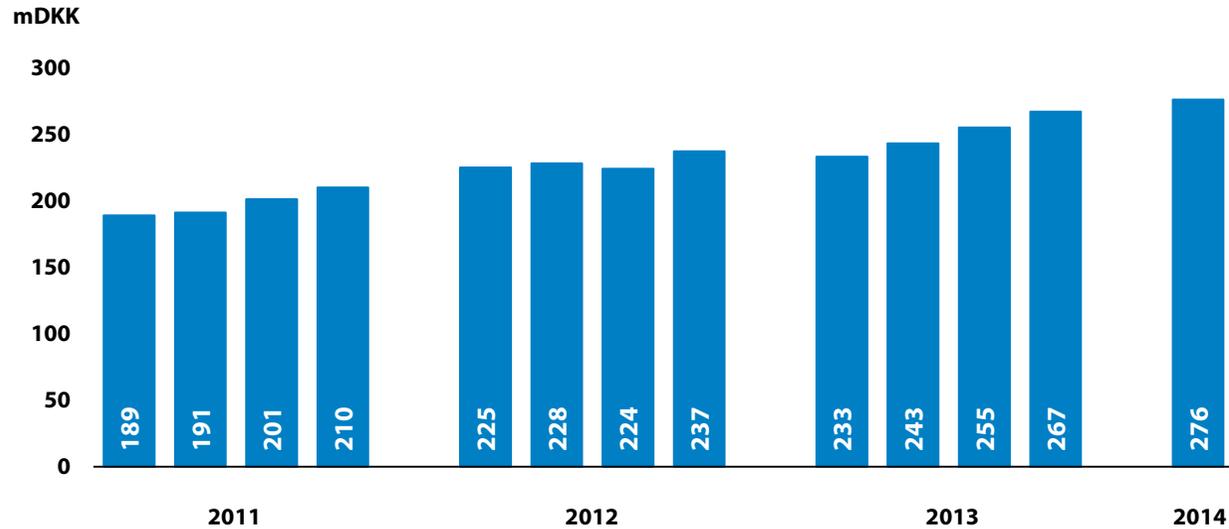
Measured in standard metal prices



Photonics Group

Growth of 19% driven by Sensing and Fiber processing

Photonics Group - Revenue, LTM



Imaging: Manufacturing improved and demonstrating stable operation with high throughput

Sensing: High activity level for fire detection systems for metro systems in major cities throughout the world. US Pipeline monitoring started up

Fiber processing: Greatly improved performance after management change and cost reduction measures in 2013

Organic growth

	2011				2012				2013				2014
- Quarterly (Y/Y)	13%	6%	25%	19%	31%	3%	-11%	20%	-6%	16%	25%	17%	19%
- Annually	16%				10%				13%				19%

Growth momentum sustained, EBITDA improved

Financial

mDKK	Q1	
	2014	2013
Revenue	65	55
- Org. growth	19%	-6%
EBITDA	0	-5
Capital employed	202	204
FTEs, end of period	200	188

Organic growth

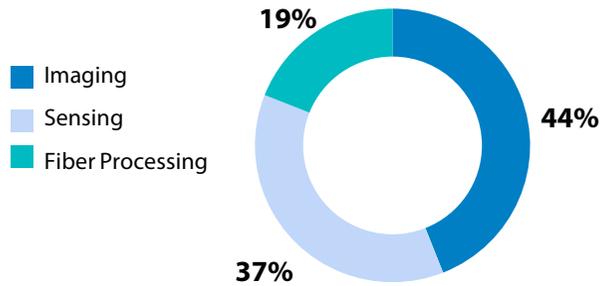
	Q1 2014
Imaging	-3%
Sensing	35%
Fiber processing	25%

Highlights

- **Imaging:** Highly successful promotion at Photonics West exhibition
 - Introduced four new product offerings
 - Development activities with two new blue chip OEM-customers progressing well
 - Manufacturing demonstrating stable operation with high throughput
- **Sensing:** High activity level for fire detection systems for metro systems in major cities throughout the world
 - Successful completion of major project for energy process monitoring in the US and new leads on their way
 - Continued high interest for power cable monitoring systems
- **Fiber Processing:** Greatly improved performance after cost reduction measures were taken in late 2013
 - New portfolio of product development activities defined aiming at new offerings before end of this year
 - More effective service performance realized in Q1

Photonics Group overview

Sales by products



- HQ NKT Photonics
- HQ Lios Technology
- HQ Vytran

Agenda

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Expectations 2014

Questions & Answers

Maintain expectations for 2014

NKT expects a **consolidated organic growth of around 0-3% for 2014**

Operational EBITDA margin in std. metal prices of 9-9.5%

One-offs cost related to Drive (-180 mDKK) and divestment of non-core business activities within sanders (+97 mDKK), European commission fine (-29 mDKK), totalling around -110 mDKK EBITDA effect

2014	Planning Assumptions
NKT	
- Organic growth	0 - 3%
- Operational EBITDA, % std. metal prices	9 – 9,5%
Nilfisk-Advance	
- Organic growth	2 - 3%
- Operational EBITDA, %	12 - 12,5%
NKT Cables	
- Organic growth	Neg. 2 - 3%
- Operational EBITDA, % std. metal prices	~ 7,1%
Photonics Group	
- Organic growth	10 - 20%
- Operational EBITDA, %	5 – 10%

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Expectations 2014

Questions & Answers

Financial calendar

2014

20 August Interim Report Q2

13 November Interim Report Q3

2015

27 February Annual Report 2014