

Key Information Document

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

Product name	EUR 150,000,000 Callable Subordinated Capital Securities due 3018
ISIN	DK0030427661
Legal name	NKT A/S (the "Issuer") investors.nkt.com, Call +45 43 48 20 00 and ask for Michael Nass Nielsen for more information
Regulated by	Prospectus approved by Finanstilsynet (Denmark)
Produced	05.09.2018

You are about to purchase a product that is not simple and may be difficult to understand.

What is this product?

Type	This product is a financial instrument in the form of a subordinated hybrid security subject to Danish Law.																																
Objectives	This product is a security that offers interest income which is fixed for the first four years. The interest is fixed for each subsequent four-year period at each interest determination date. On the first call date an interest step-up of 5.000 % applies. After the first 4 years, the Issuer may elect to redeem the product. The product has a maturity of 1,000 years. The Issuer has a unilateral call right and the invested capital will only become due for repayment after the Issuer has exercised its call right. The Issuer may redeem the product on 12 September 2022 and on any subsequent annual interest payment date. The Issuer has the right to defer interest payments, i.e. to not to pay interest on the respective interest payment dates (but must make up deferred interest payments under certain conditions). In addition, the Issuer has a call right for redemption at any time in the case of certain events. You have no right to redemption of the product and thus make the invested capital due for repayment. Your claim against the Issuer under the product is deeply subordinated. This means that in the event of the insolvency or dissolution of the Issuer, all ordinary creditors will be satisfied with priority claims before you. The following are indicative terms based on current market conditions:																																
	<table border="1"> <tr> <td>Minimum trading amount</td> <td>EUR 100,000</td> </tr> <tr> <td>Denomination</td> <td>EUR 1,000</td> </tr> <tr> <td>Term</td> <td>1,000 years</td> </tr> <tr> <td>Currency</td> <td>EUR</td> </tr> <tr> <td>Issue price</td> <td>100 %</td> </tr> <tr> <td>Issue date</td> <td>12 September 2018</td> </tr> <tr> <td>Nominal amount</td> <td>EUR 150,000,000</td> </tr> <tr> <td>First fixed rate per annum</td> <td>5.375 %</td> </tr> <tr> <td>Interest determination period(s)</td> <td>4 years</td> </tr> <tr> <td>Interest payment dates</td> <td>Annually in arrear on 12 September in each year</td> </tr> <tr> <td>Interest payment structure</td> <td>5.375% for the first four years. Thereafter the annual interest rate will be determined for four year periods as the 4-year Swap Rate plus the initial margin of 523bps plus the step-up margin.</td> </tr> <tr> <td>Interest payment step-up date</td> <td>12 September 2022</td> </tr> <tr> <td>Call right of the Issuer</td> <td>Initially, on the first call date. Subsequently callable annually on each interest payment date</td> </tr> <tr> <td>Redemption amount at first call</td> <td>Issuer call at 100%, if not used then step up margin of 5.000 per cent. per annum</td> </tr> <tr> <td>Call right of investors</td> <td>None</td> </tr> <tr> <td>Stock market listing</td> <td>Nasdaq Copenhagen A/S on or about the issue date</td> </tr> </table>	Minimum trading amount	EUR 100,000	Denomination	EUR 1,000	Term	1,000 years	Currency	EUR	Issue price	100 %	Issue date	12 September 2018	Nominal amount	EUR 150,000,000	First fixed rate per annum	5.375 %	Interest determination period(s)	4 years	Interest payment dates	Annually in arrear on 12 September in each year	Interest payment structure	5.375% for the first four years. Thereafter the annual interest rate will be determined for four year periods as the 4-year Swap Rate plus the initial margin of 523bps plus the step-up margin.	Interest payment step-up date	12 September 2022	Call right of the Issuer	Initially, on the first call date. Subsequently callable annually on each interest payment date	Redemption amount at first call	Issuer call at 100%, if not used then step up margin of 5.000 per cent. per annum	Call right of investors	None	Stock market listing	Nasdaq Copenhagen A/S on or about the issue date
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The maturity date of the product is 12 September 3018, provided that no early redemption has occurred.

Intended retail investor	<p>The bond is intended for:</p> <ol style="list-style-type: none"> Clients that are eligible counterparties, professional clients and retail clients, each as defined in MiFID II. Informed investors and advanced investors (characteristics specified below). <u>Informed investors</u>, having one, or more, of the following characteristics; (i) average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only), or (ii) some financial industry experience.
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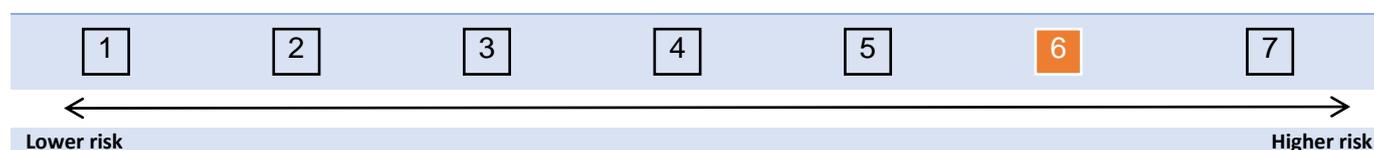
Advanced investors, having one, or more, of the following characteristics; (i) good knowledge of relevant financial products and transactions, or (ii) financial industry experience or accompanied by professional investment advice or included in a discretionary portfolio service.

- c. Clients that have the ability to bear losses of up to 100% of the capital invested in the product.
- d. Clients with a high risk tolerance. Clients investing in the product are typically willing to take more risk than deposit savings and senior debt instruments.
- e. Clients whose investment objective is to generate growth of the invested capital and have a long term investment horizon.

The manufacturers for purposes of Directive 2014/65 (as amended "MiFID II") have made an assessment as to the distribution strategy for the product, and have concluded that (i) all channels for distribution to eligible counterparties and professional clients (including elective professional clients who are likely to understand the complexities associated with the product) are appropriate; and (ii) the following channels for distribution of the product to retail clients are appropriate – investment advice, portfolio management, and non-advised sales or execution with appropriateness test, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable. Any person subsequently offering, selling or recommending the product (a "distributor") should take into consideration the manufacturers' target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the product (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable.

What are the risks and what could I get in return?

Risk indicator



The risk indicator assumes you keep the product until 12 September 2022.

The actual risk can vary significantly if you cash in at an early stage and you may get back less.

You may not be able to sell your product easily or you may have to sell at a price that significantly impacts on how much you get back.

The summary risk indicator is a guide to the level of risk of the product compared to other products. It shows how likely it is that you will lose money because of movements in the markets or because we are not able to pay you. We have classified the product as 6 out of 7, which is the second-highest risk class. This rates the potential losses from future performance at a very high level, and poor market conditions are likely to impact the capacity of the Issuer to pay you.

Be aware of currency risk. You will receive payments in a different currency, so the final return you will get depend on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.

You bear the risk that redemption by the Issuer of the product will take place at a time that is unfavourable for you and that you will only be able to reinvest the repayment amount on less favourable terms. This product does not include any protection from future market performance so you could lose some or all of your investment. If the Issuer is not able to pay you what is owed, you could lose your entire investment.

Performance scenarios¹

Investment EUR 10,000		1 year	2 years	12 September 2022 (Recommended holding period)
Stress scenario	What you might get back after costs	12,100.00	12,100.00	12,150.00
	Average return each year	20.75%	9.86%	4.96%
Unfavourable scenario	What you might get back after costs	12,100.00	12,100.00	12,150.00
	Average return each year	20.75%	9.86%	4.96%
Moderate scenario	What you might get back after costs	12,100.00	12,100.00	12,150.00
	Average return each year	20.75%	9.86%	4.96%
Favourable scenario	What you might get back after costs	12,100.00	12,100.00	12,150.00
	Average return each year	20.75%	9.86%	4.96%

This table shows the money you could get back until 12 September 2022, under different scenarios, assuming that you invest EUR 10,000.00. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the investment/product. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where the Issuer is not able to

¹ Please note that the indicative amounts and returns in this table are calculated based on the method prescribed by applicable law. Due to the way the calculations must be carried out, the figures, particularly in the columns "1 year" and "2 years", are not a likely estimate of actual amounts or returns achievable in case of sale or redemption of the securities after such periods.

pay you or may decide not to make interest payments and not to redeem the product. The figures shown include all the costs of the product itself but does not include the costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

What happens if NKT A/S is unable to pay out?

You are exposed to the risk that the Issuer will not exercise its right of redemption and that the invested capital will therefore not have any repayment obligations until the maturity date. The Issuer is also entitled to defer interest payments. If the Issuer is unable to meet its (re)payment obligations under the product, you may suffer losses under the security. Your claim against the Issuer under the product are deeply subordinated. This means that in the event of the insolvency or dissolution of the Issuer, all creditors will be satisfied with priority claims before you.. A total loss of the invested capital is possible. A loss is not covered by a compensation or protection system for investors.

What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest EUR 10,000. The figures are estimates and may change in the future.

Costs over time

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Investment (EUR 10.000) Scenarios	If you cash in after 1 year	If you cash in after 2 years	If you cash in at the recommended holding period
Total costs (EUR)	EUR 100	EUR 100	EUR 50
Impact on return (RIY) per year	1.09 %	0.51 %	0.14 %

Composition of costs

The table below shows:

- The impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period.
- What the different cost categories mean.

This table shows the impact on return per year

One-off costs	Entry costs	0.14 %	The impact of the costs you pay when entering your investment. This is the most you will pay, and you could pay less.
	Exit costs	n.a.	The impact of the costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	0 %	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	0 %	The impact of the costs that we take each year for managing your investments and the costs presented in Section II.

How long should I hold it and can I take money out early?

Recommended holding period: until 12 September 2022

The product is designed for being called at the first call date (i.e. 12 September 2022).

The realised/actual holding period can vary due to the callable structure of the product.

Only the Issuer has the right to decide to redeem the product; the Issuer may give you not less than 30 nor more than 60 days' notice of redemption. You have no right to be redeemed prior to call of the product by the Issuer. The only option is to sell the product on Nasdaq Copenhagen A/S or over-the-counter prior to repayment by the Issuer. Costs may arise from the sale (such as execution fees, etc.). The amount you receive on such a sale may also be significantly less than the amount you would have received if you had held the product until redemption by the Issuer. In exceptional market situations or technical disruptions, the purchase or sale of the product may be temporarily hindered and/or suspended or not possible.

How can I complain?

Any complaint regarding the product or the conduct of the Issuer can be submitted in written form to NKT A/S, Vibeholms Allé 20, 2605 Broendby, Denmark or info@nkt.com. If you have a complaint about a person who is advising on, or selling, the product you should pursue that complaint with the relevant person.

Other relevant information

The terms and conditions and the prospectus is the sole legally binding documentation for the product. To obtain full information on the product, in particular about the product characteristics and the risks associated with this investment, the terms and conditions and the prospectus should be read. It is a legal requirement to make the terms and conditions and the prospectus public and a copy of them can be requested from NKT A/S and are also available on the website <https://nkt.gcs-web.com/>.

