

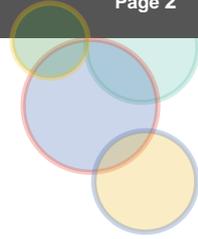


# NKT Holding

Interim Report Q2 2012

Audiocast presentation

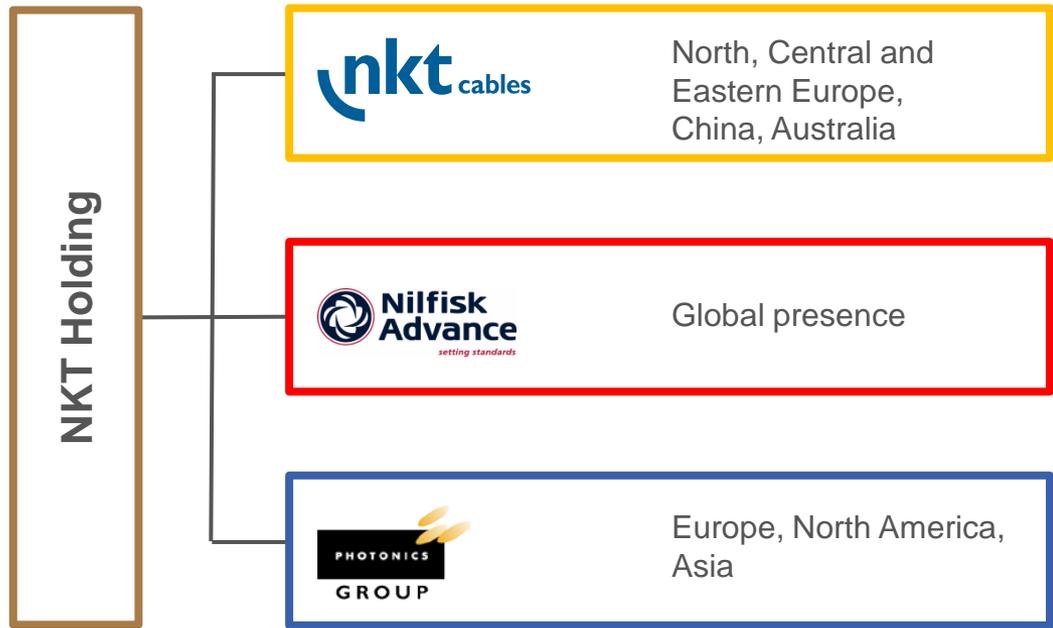
24 August 2012 at 10:00 am CET



# Agenda

- **NKT Group – Highlights Q2 2012**
- Financial results Q2 2012
- Companies
  - NKT Cables
  - Nilfisk-Advance
  - Photonics Group
- Expectations 2012
- Questions & Answers

# Group structure August 2012



The sale of NKT Flexibles was effected on 4 April and completed on 11 July

# Highlights Q2 2012

- **Revenue** 3.904 mDKK vs. 4.016 mDKK in Q2 2011
- **Organic growth** -3% in Q2 2012 and -4% in H1 2012

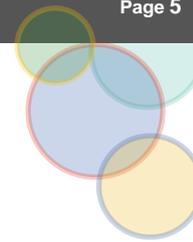
Organic growth	Q2 2012	H1 2012
NKT Cables	-4%	-8%
Nilfisk-Advance	-1%	1%
Photonics Group	3%	16%

- **Operational EBITDA Q2 2012:** 239 mDKK (7,8%) vs. 197 mDKK (6,4%) in Q2 2011
- **Earnings before tax (EBT)** of continuing operations amount to 47 mDKK vs. 14 mDKK in Q2 2011
- **Earnings of discontinued operations** amounts to 1.404 mDKK vs. 16 mDKK in Q2 2011
- **Profit:** 1.439 mDKK vs. 30 mDKK in Q2 2011

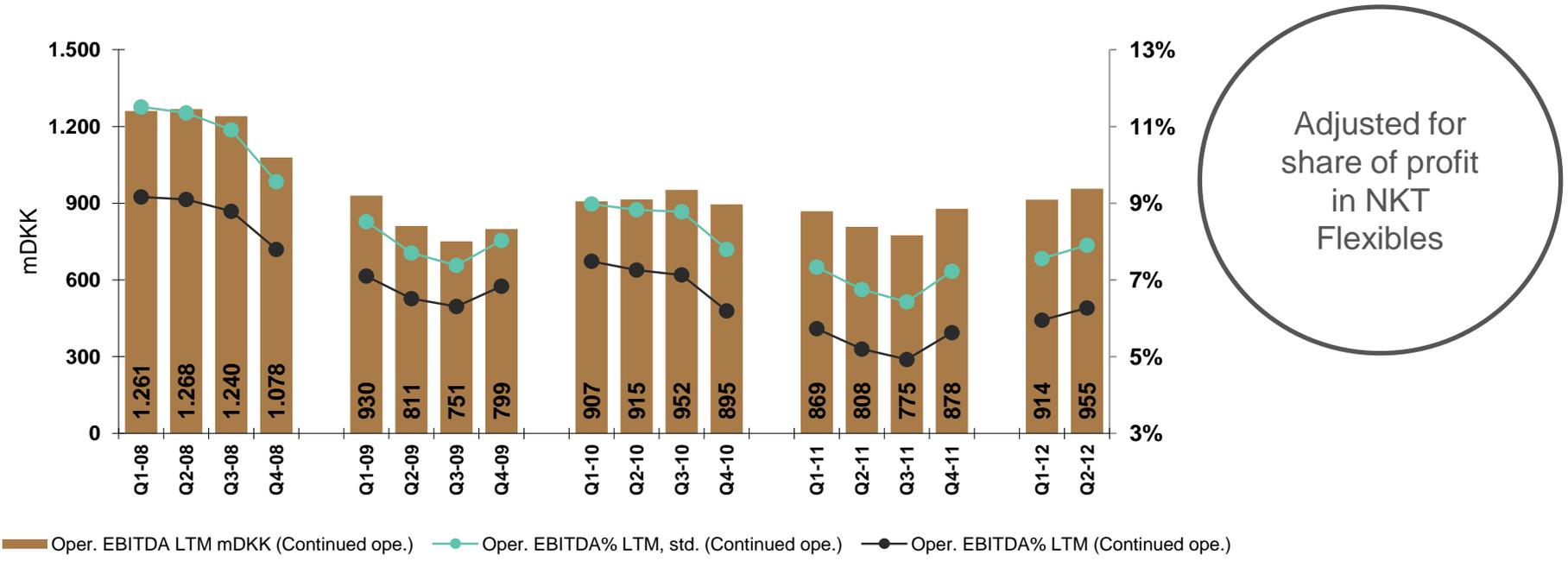
- **WC** amounts to 3,0 bnDKK vs. 2,9 bnDKK end Q1. LTM at 20,6% vs. 21,6%
- **NIBD** decreased to 2,7 bnDKK (2,5x operational EBITDA) from 4,5 bnDKK end Q1 (4,3x operational EBITDA)

## Expectations for 2012

- **Organic growth** in revenue of approx. **0%**
- **Operational EBITDA** is expected to be approx. **1.050** mDKK
- **Profit from discontinued operations** (NKT Flexibles) amounts to **1.404** mDKK
- Expected **Group net profit** is unchanged around **1,6** bnDKK

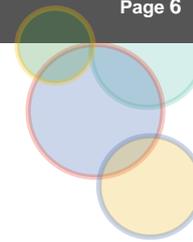


# Operational EBITDA Group

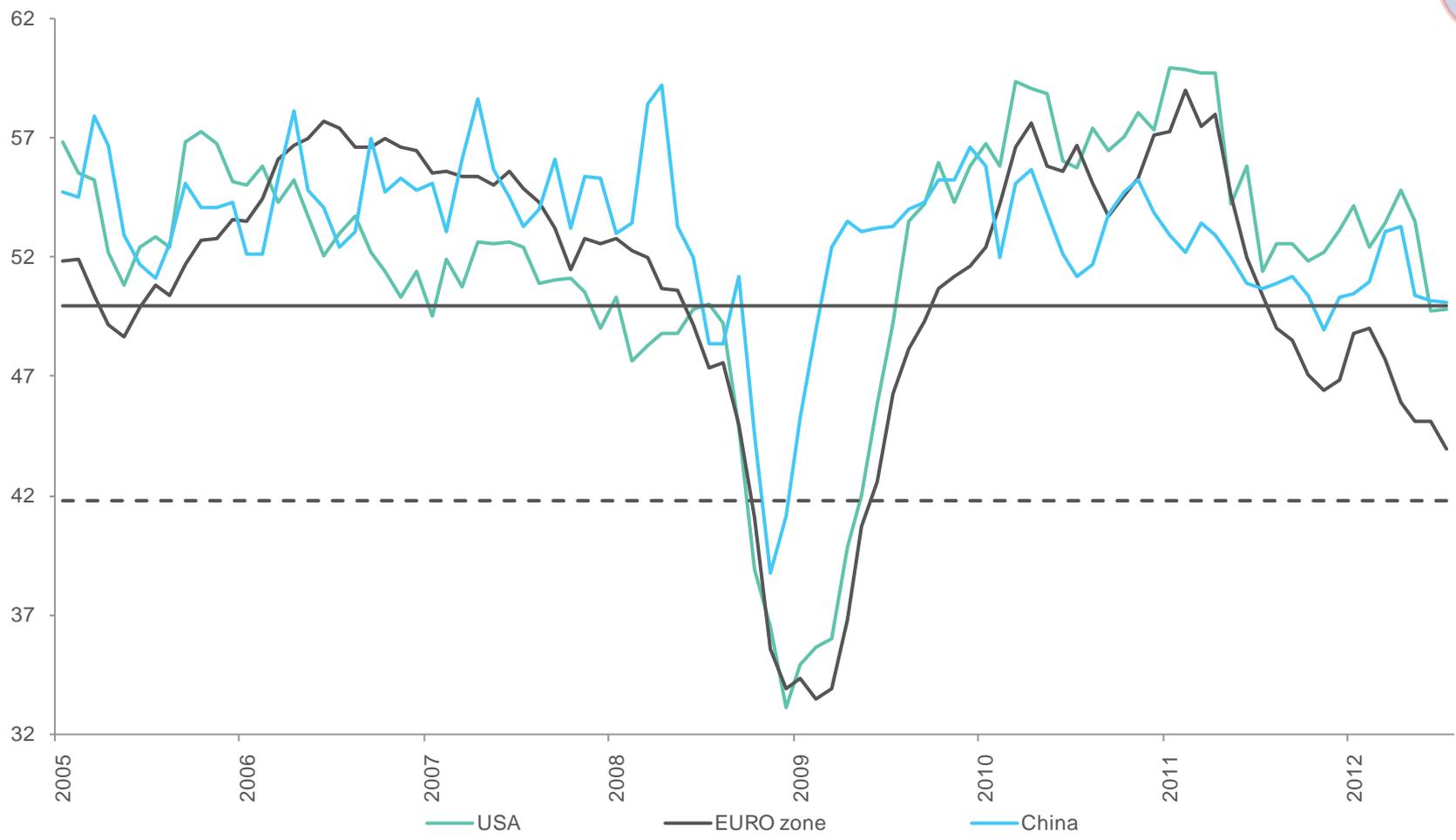


Adjusted for share of profit in NKT Flexibles

- **Organic growth of -3%** for Q2 2012
- **EBITDA margin std. LTM Q2 2012 of 7,9% or 955 mDKK** – an increase from 7,6% (914 mDKK) in Q1 2012



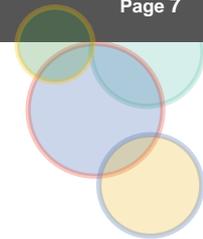
# Manufacturing PMI



— Expectation indicator – Above the line indicates positive expectations for the manufacturing sector and below the line indicates declining expectations for the manufacturing sector

- - - Below the line indicates expectations of recession

(Updated as of 2 August 2012)



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## Realised Q2 2012 vs. Q2 2011

mDKK	Q2 2012	Q2 2011	Change		Consensus
<b>Revenue</b>	<b>3.904</b>	<b>4.016</b>	<b>-112</b>	<b>-3%</b>	<b>4.146</b>
<i>Revenue, std. metal prices</i>	<i>3.079</i>	<i>3.077</i>	<i>2</i>		<i>3.213</i>
<b>EBITDA (operational)</b>	<b>239</b>	<b>197</b>	<b>42</b>	<b>21%</b>	
One-off´s	-10	-8	-2		
<b>EBITDA</b>	<b>229</b>	<b>189</b>	<b>40</b>		<b>299</b>
Depreciation	-130	-114	-16		-127
<b>EBIT</b>	<b>99</b>	<b>75</b>	<b>24</b>		<b>172</b>
Financial items, net	-52	-61	9		-47
<b>EBT from continuing operations</b>	<b>47</b>	<b>14</b>	<b>33</b>		<b>125</b>
Tax from continuing operations	-12	0	-12		-32
<b>Profit from continuing operations</b>	<b>35</b>	<b>14</b>	<b>21</b>		<b>93</b>
Profit from discontinued operations	1.404	16	1.388		1.291
<b>Profit</b>	<b>1.439</b>	<b>30</b>	<b>1.409</b>		<b>1.384</b>
<i>Oper. EBITDA margin std.</i>	<i>7,8%</i>	<i>6,4%</i>			<i>9,3%</i>
<i>Tax % of continuing operations</i>	<i>26%</i>	<i>0%</i>			<i>26%</i>

**Organic growth Q2 -3%:**

- NKT Cables **-4%**
- Nilfisk-Advance **-1%**
- Photonics Group **3%**

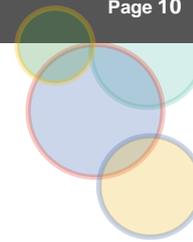
# Realised Q2 2012 vs. Q2 2011

mDKK	Q2 2012	Q2 2011	Change
<b>Revenue</b>	<b>3.904</b>	<b>4.016</b>	<b>-112</b>
<i>Revenue, std.</i>	3.079	3.077	2
<b>EBITDA (operational)</b>	<b>239</b>	<b>197</b>	<b>42</b>
One-off's	-10	-8	-2
<b>EBITDA</b>	<b>229</b>	<b>189</b>	<b>40</b>
Depreciation	-130	-114	-16
<b>EBIT</b>	<b>99</b>	<b>75</b>	<b>24</b>
Financial items, net	-52	-61	9
<b>EBT from continuing operations</b>	<b>47</b>	<b>14</b>	<b>33</b>
Tax from continuing operations	-12	0	-12
<b>Profit from continuing operations</b>	<b>35</b>	<b>14</b>	<b>21</b>
Profit from discontinued operations	1.404	16	1.388
<b>Profit</b>	<b>1.439</b>	<b>30</b>	<b>1.409</b>
<i>Oper. EBITDA margin std.</i>	7,8%	6,4%	
<i>Tax % of continuing operations</i>	26%	0%	

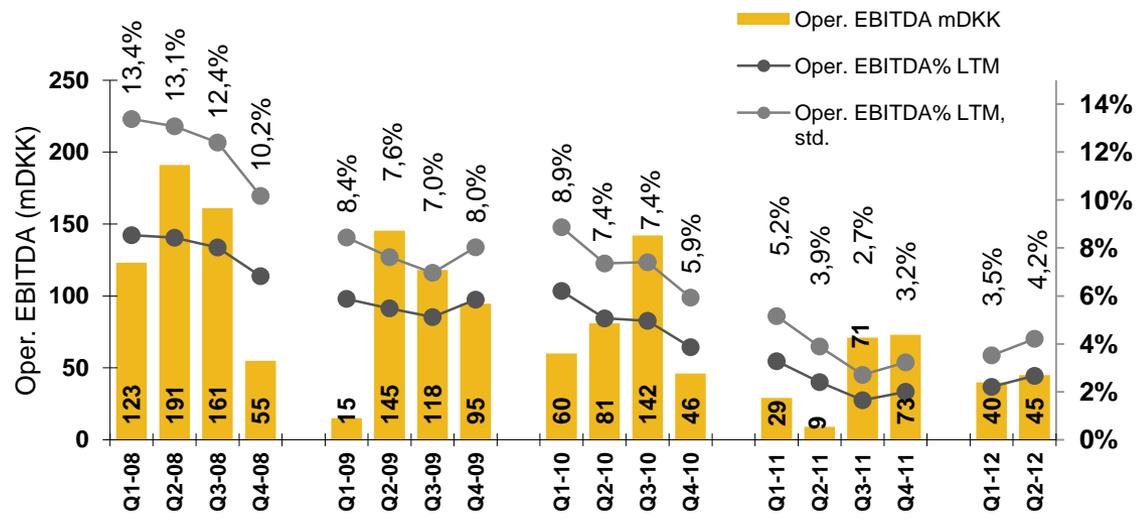
	mDKK
<b>Revenue decreased by</b>	<b>-112</b>
Metal prices	-77
FX changes	75
Acquisitions	0
<b>-3% organic growth</b>	<b>-110</b>
- NKT Cables	-4%
- Nilfisk-Advance	-1%
- Photonics Group	3%

	mDKK
<b>Operational EBITDA increased by</b>	<b>42</b>
NKT Cables Margin 3,4% (Q2 2011: 0,7%)	36
Nilfisk-Advance Margin 12,3% (Q2 2011: 12,1%)	9
Photonics Group	-3

	mDKK
<b>Financial items</b> (Q2 2011: -61 mDKK)	<b>-52</b>
Net interest expense (Q2 2011: -57 mDKK)	-49
Net exchange loss (Q2 2011: -4 mDKK including cap. int.)	-3



# NKT Cables – Trends



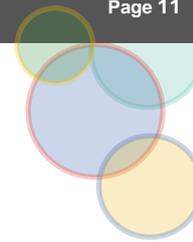
**Realised -4% organic growth in Q2 2012 (H1: -8%):**

- Electricity Infrastructure 7% (H1: 0%)
- Construction -1% (H1: 3%)
- Railway -37% (H1: -51%)
- Automotive -16% (H1: -14%)

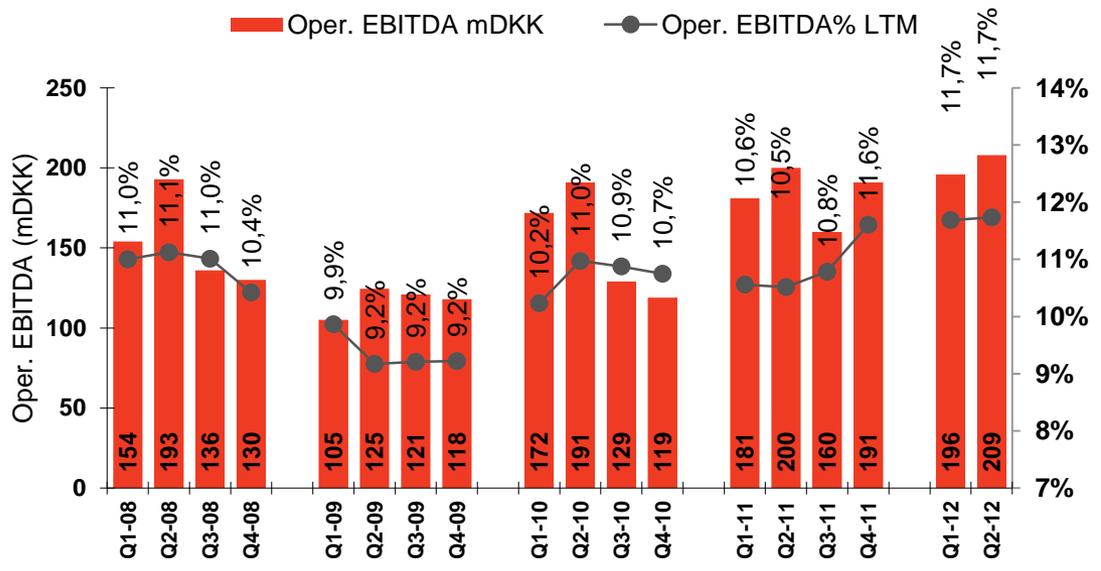
**H1 2012 organic growth peer 0%:**

- Energy Infrastructure -4%
- Industry 3%
- Buildings 5%

	2008				2009				2010				2011				2012			
Organic growth - Quarterly (YY)	4%	3%	3%	0%	-14%	3%	-10%	-8%	4%	1%	25%	34%	20%	0%	-4%	-6%	-13%	-4%		
- Annually	3%				-7%				16%				1%				-8%			



# Nilfisk-Advance – Trends



**Realised -1% organic growth in Q2 2012:**

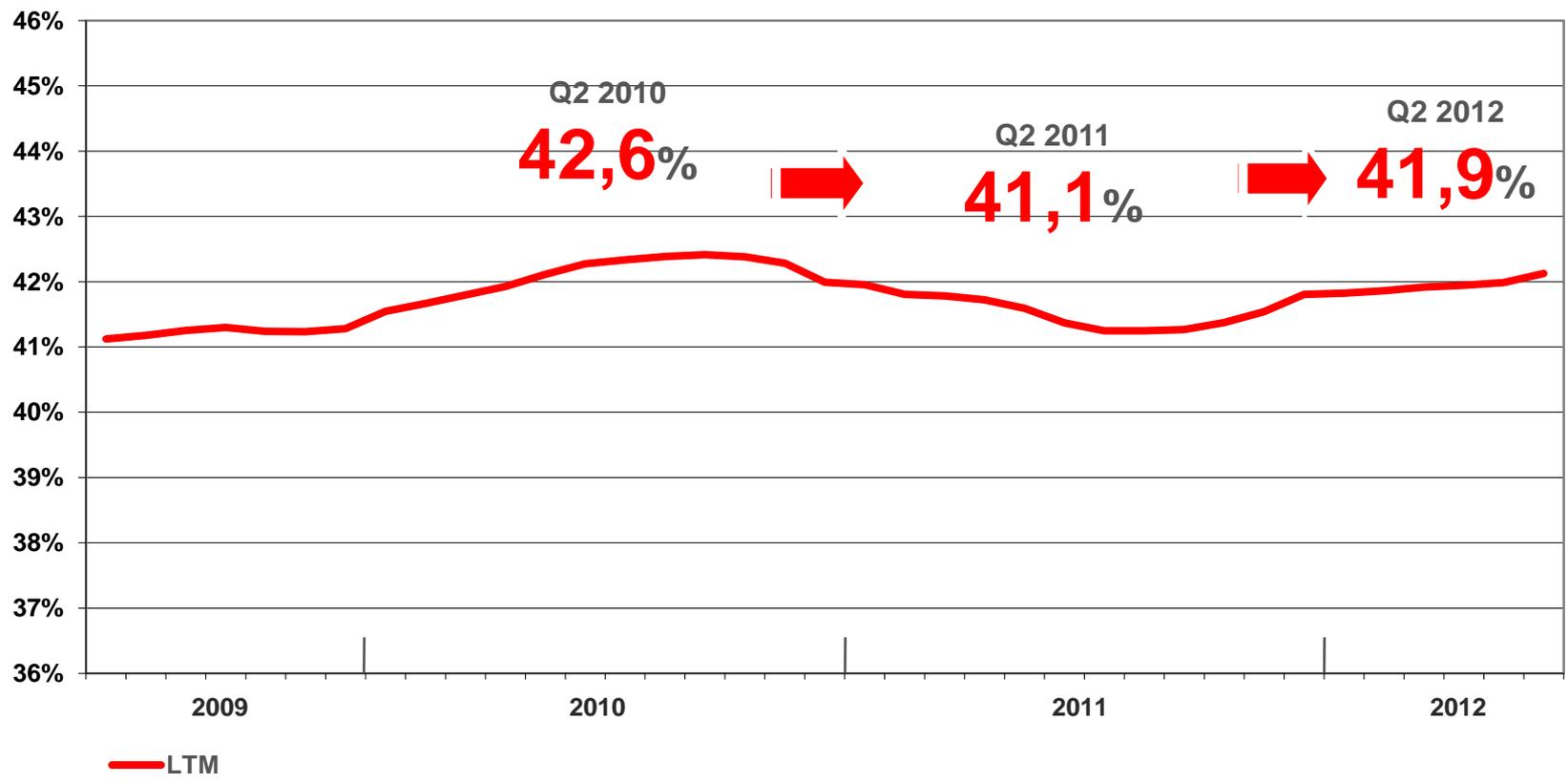
- EMEA -4%
- Americas 1%
- Asia/APAC 7%

**Organic growth peer 3% in Q2 2012:**

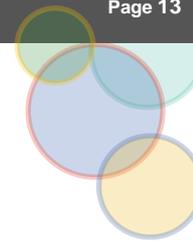
- EMEA -4%
- Americas 7%
- Asia/APAC -8%

	2008				2009				2010				2011				2012			
Organic growth - Quarterly (YY)	4%	6%	5%	-12%	-12%	-20%	-13%	-3%	6%	10%	5%	7%	5%	8%	9%	9%	4%	-1%		
- Annually	1%				-13%				7%				8%				1%			

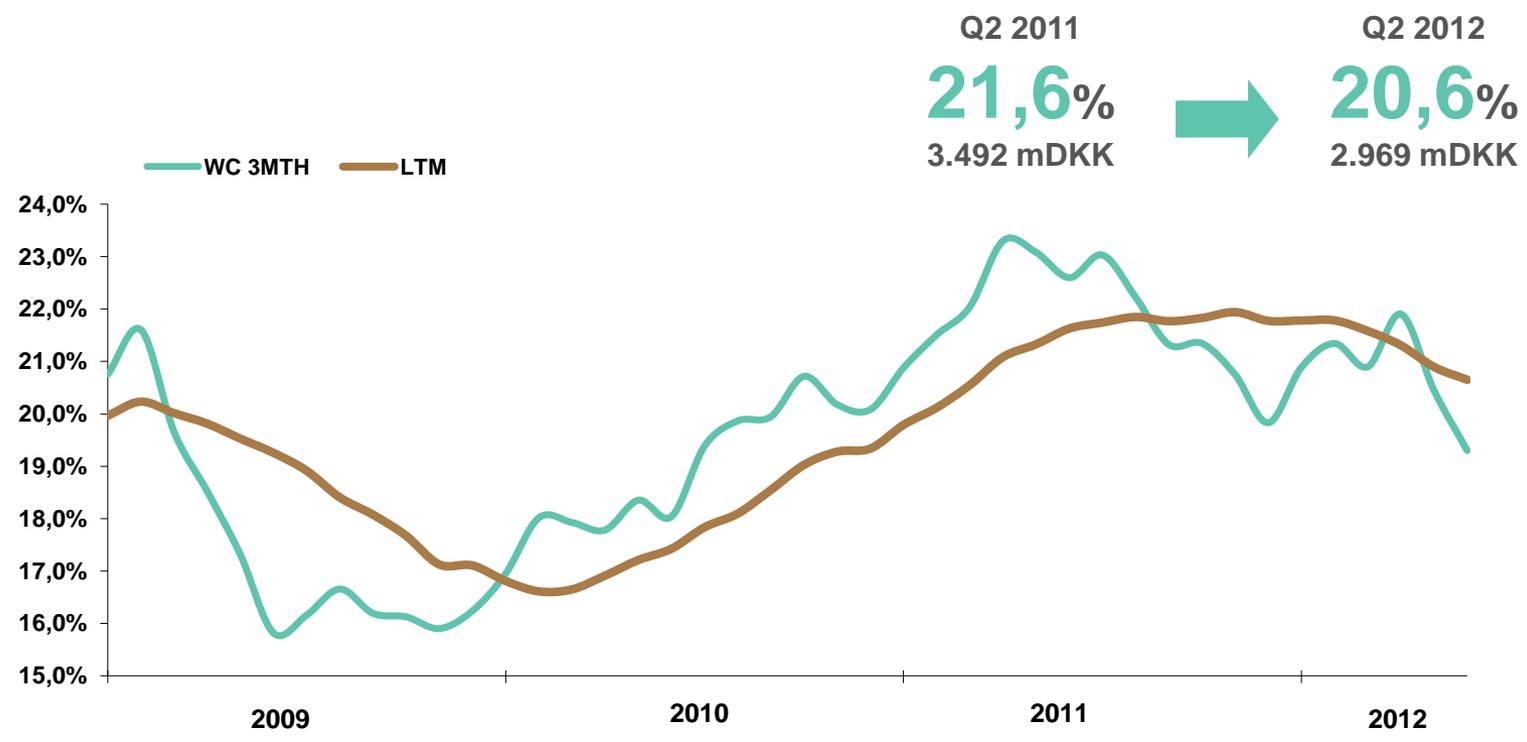
# Nilfisk-Advance - Gross profit development



**Gross profit** for Q2 2012 positively impacted by raw material prices and tight procurement management



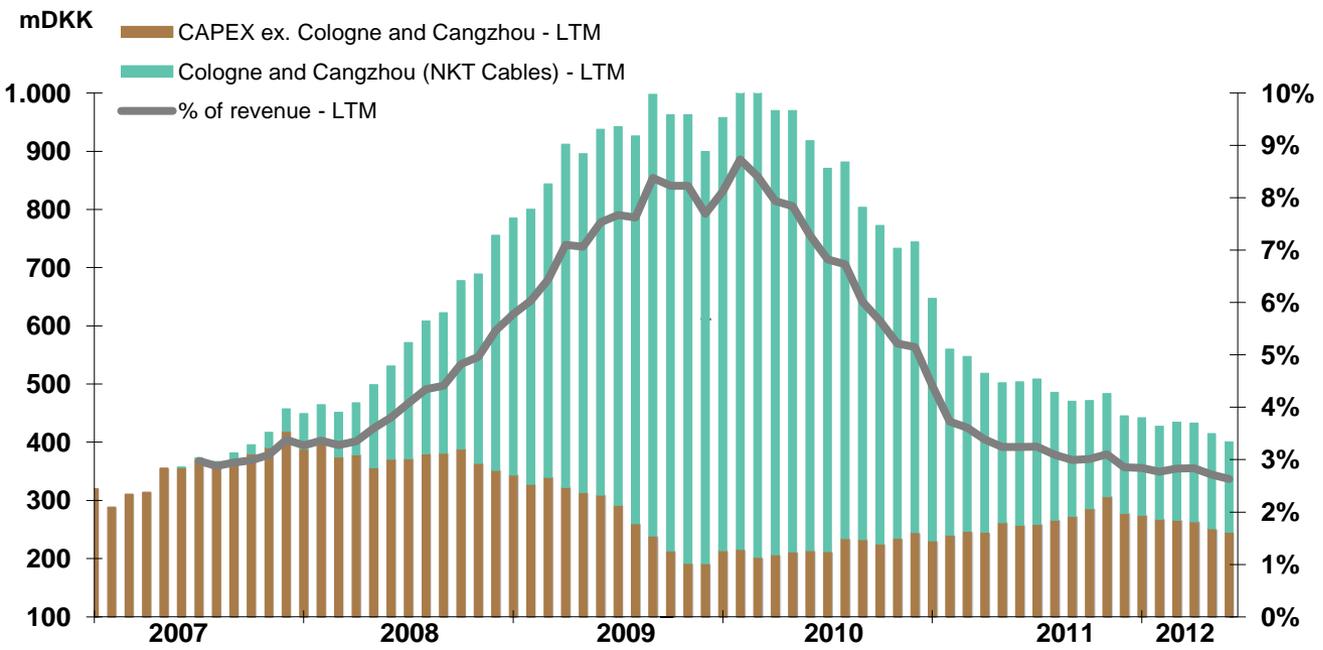
# Working Capital (in% of revenue)



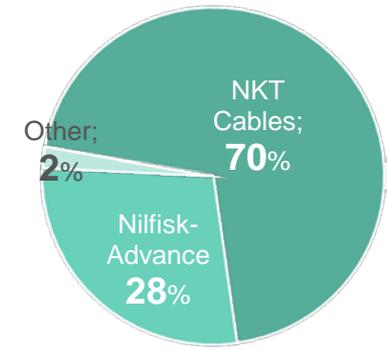
- **WC of 2.969 mDKK**  
vs. 2.884 mDKK end Q1 2012
- Still **high focus** area in both NKT Cables and Nilfisk-Advance
- **Strategic target** remains 18% in Nilfisk-Advance and <17% in NKT Cables

- **WC** decreased to **20,6%** (LTM)  
vs. 21,6% end Q1 2012
- **NKT Cables** decreased to **20,7%**  
(LTM) vs. 22,6% end Q1 2012
- **Nilfisk-Advance** increased to **20,2%**  
(LTM) vs. 19,8% end Q1 2012

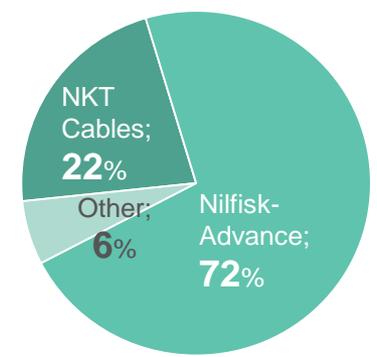
# 12 months investments in tangible assets (gross)

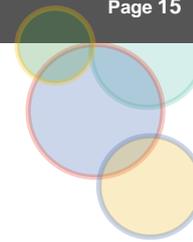


**Gross CAPEX in Q2 2012 was 83 mDKK (Q2 2011: 118 mDKK)**



**Investments in intangible assets etc in Q2 2012 was 52 mDKK (Q2 2011: 38 mDKK)**



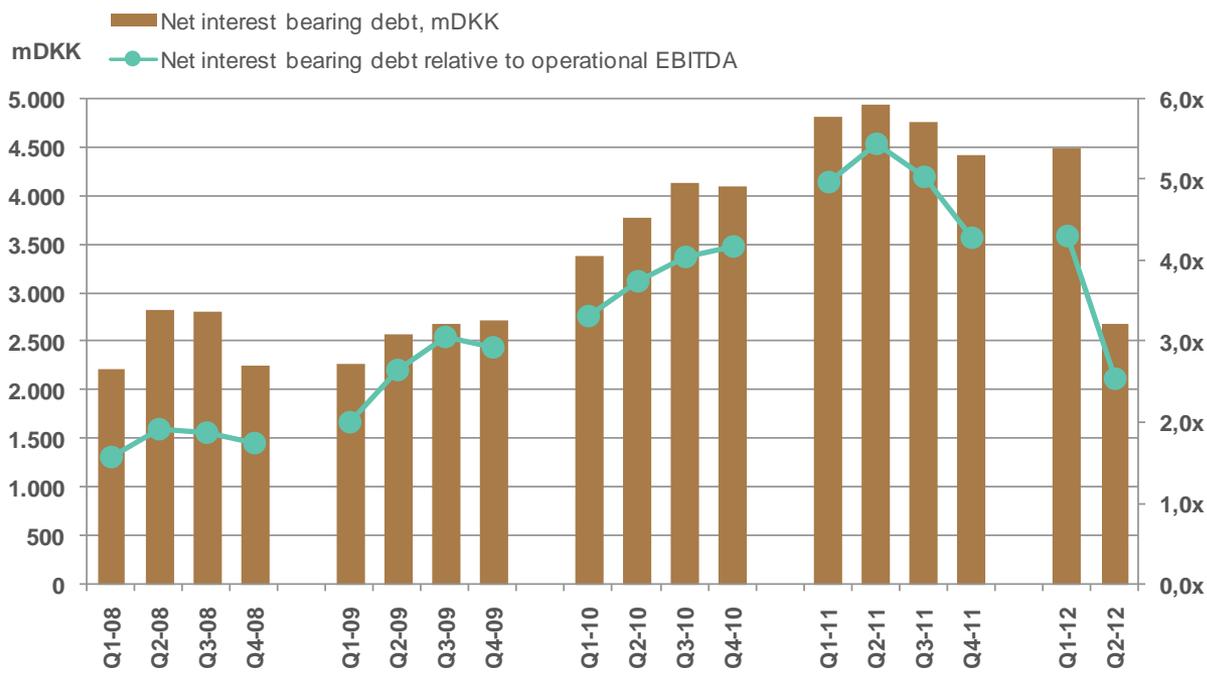


# Net interest bearing debt – Group

Q2 2011  
**5,4x**  
4.940 mDKK

➔

Q2 2012  
**2,5x**  
2.692 mDKK



- **NIBD of 2.692 mDKK** vs. 4.491 mDKK as per 31 March and 4.429 mDKK as per 31 December 2011
- End June 2012 **net interest bearing debt** amounts to **2,5x** operational EBITDA (end Q1 2012: 4,3x). Max. NIBD of 2,5x operational EBITDA remains the internal target.
- **Gearing of 48%** (Q2 2011: 124%). Max. ratio of 100% remains the internal target.
- **Solvency ratio of 41%** (Q2 2011: 29%). Ratio >30% remains the internal target.



# Gross debt and Cash Resources – Group

## Gross debt:

- 39% in DKK (end 2011: 62%), 29% in CZK (end 2011: 18%), 15% in CNY (end 2011: 10%) and the remaining part in EUR, USD & PLN
- Largest part is at variable interest
- +/- 1% change in interest will impact net interest with +/- 25 mDKK (end 2011: +/- 34 mDKK)

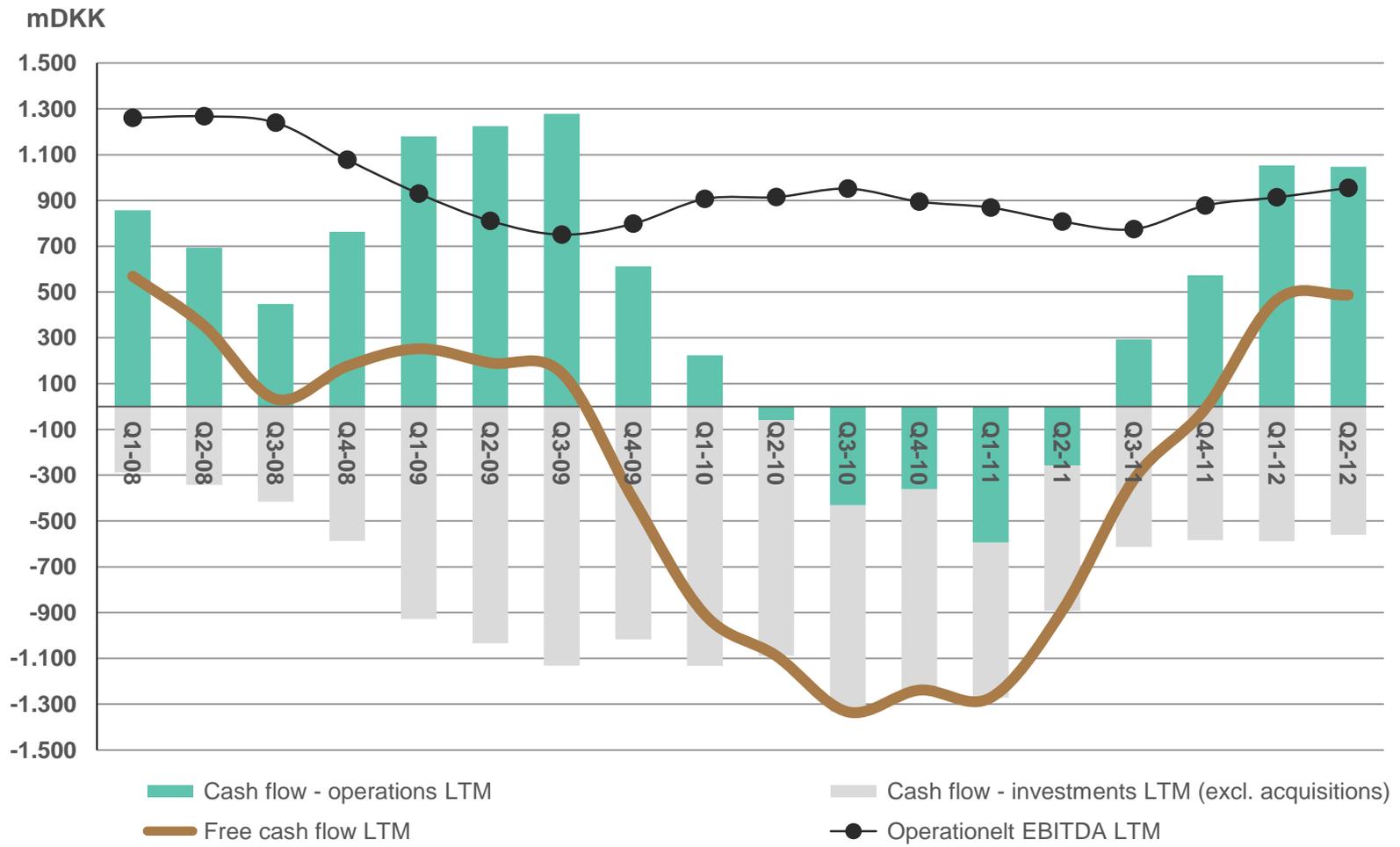
## Cash resources:

- Undrawn facilities of 3,9 bn.DKK + cash of 0,2 bnDKK. In total **4,1** bnDKK
- The debt is not subject to any kind of financial covenants

Amounts in bnDKK	30.06.12	31.03.12	30.06.11
Committed (>3 years)	3.7	3.9	3.8
Committed (1-3 years)	1.0	0.9	1.0
Committed (<1 year)	0.5	0.5	0.3
<b>Committed total</b>	<b>5.2</b>	<b>5.3</b>	<b>5.1</b>
% of total	75%	77%	76%
Uncommitted	1.7	1.6	1.6
% of total	25%	23%	24%
<b>Total</b>	<b>6.9</b>	<b>6.9</b>	<b>6.7</b>
Cash	0.2	0.3	0.2
Drawn	-3.0	-4.9	-5.3
<b>Cash resources</b>	<b>4.1</b>	<b>2.3</b>	<b>1.6</b>

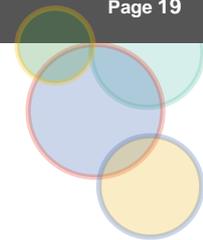


# Cash generation



# Cash flow

mDKK	Q2 2012	Q2 2011	H1 2012	H1 2011
EBITDA	229	189	457	377
Financial items, net	-52	-61	-111	-104
Change in provisions, tax and non-cash operating items	-27	-29	-53	-73
Change in working capital	-84	-27	-200	-581
<b>Cash flows from operating activities</b>	<b>66</b>	<b>72</b>	<b>93</b>	<b>-381</b>
Acquisition of business activities	0	-39	-7	-148
Acq. of property, plant and equipment, net	-67	-109	-155	-202
Other investments, net	-52	-38	-91	-67
<b>Cash flows from investing activities</b>	<b>-119</b>	<b>-186</b>	<b>-253</b>	<b>-417</b>
<b>Cash flows operating and investing activities</b>	<b>-53</b>	<b>-114</b>	<b>-160</b>	<b>-798</b>
Change in long- and short-term loans	-1.941	116	-1.807	866
Dividend paid	-48	0	-48	-47
Cash from exercise of share-based options and minorities	-1	0	20	0
<b>Cash flows from financing activities</b>	<b>-1.990</b>	<b>116</b>	<b>-1.835</b>	<b>819</b>
<b>Cash flow from discontinued operations (NKT Flexibles)</b>	<b>1.961</b>	<b>0</b>	<b>1.961</b>	<b>0</b>
<b>Net cash flow</b>	<b>-82</b>	<b>2</b>	<b>-34</b>	<b>21</b>



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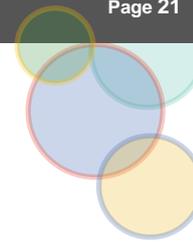


# NKT Cables

## VISION

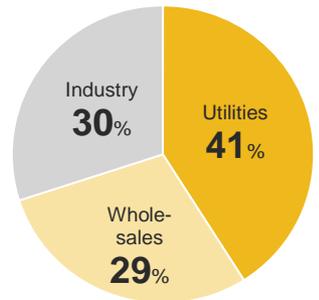
NKT Cables is creating value for its customers by providing solutions with cables



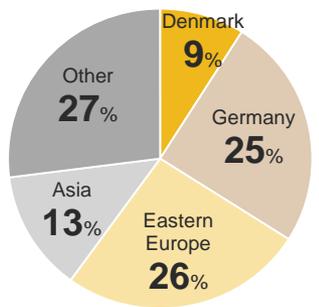


# NKT Cables

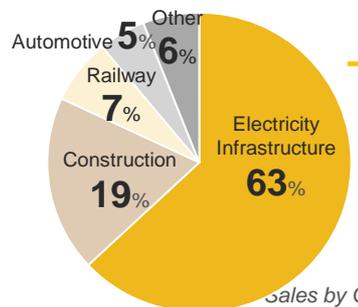
Sales by Customers 2011



Sales by Markets 2011



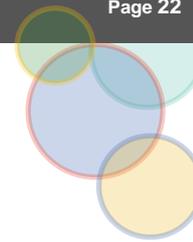
Sales by Fields of Applications (Products) 2011



- Manufacturing and Sales Companies
- Sales Entities

Electricity Infrastructure	63%
HV+offshore	33%
MV	18%
Other	12%

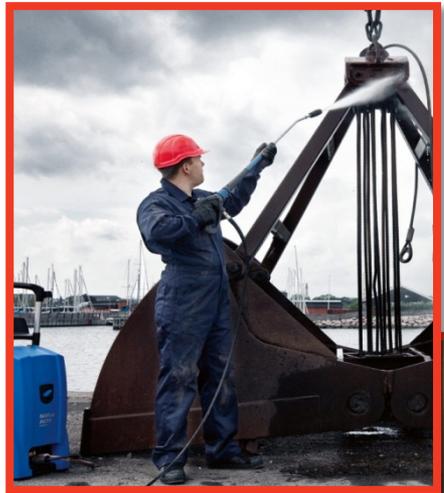
Sales by Customers and Fields of Applications are based on std. metal prices for FY 2011. Sales by Markets are based on market prices for FY 2011.

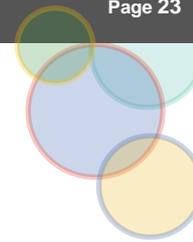


# Nilfisk-Advance

## MISSION

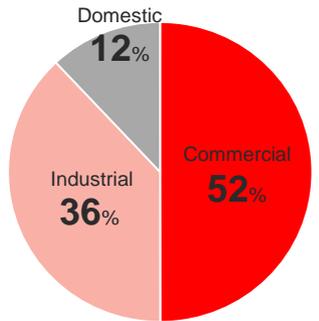
We enable sustainable cleaning worldwide to improve quality of life



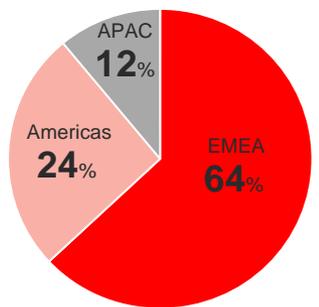


# Nilfisk-Advance

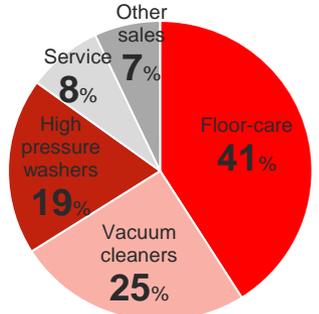
### Sales by Customers 2011



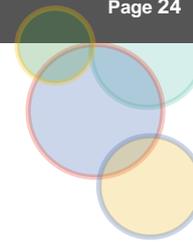
### Sales by Markets 2011



### Sales by Products 2011



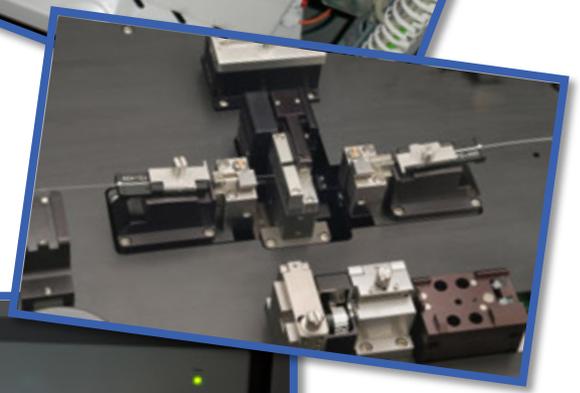
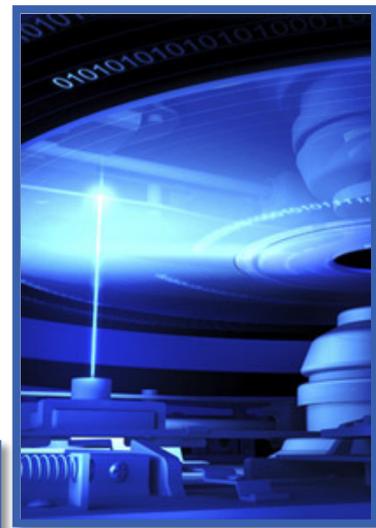
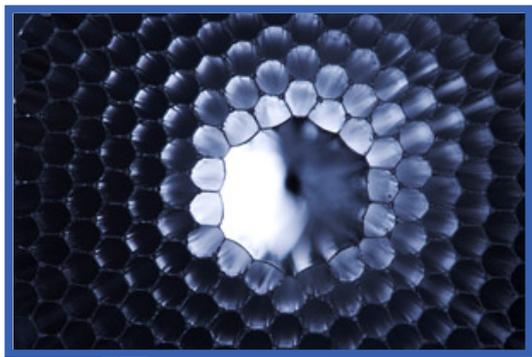
All data based on FY 2011



# Photonics Group

## VISION

To lead the way in transforming the Photonics Industry



**NKT** Photonics

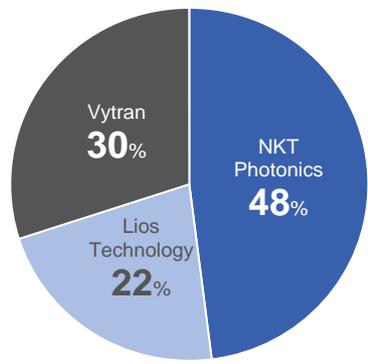
LIOS  
TECHNOLOGY

VYTRAN

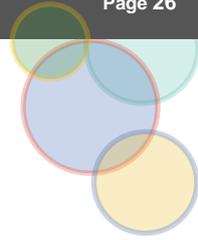
# Photonics Group



Sales by entities



All data based on FY 2011



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# Expectations 2012

## Expectations guided March 2012

	mDKK
Realised oper. EBITDA 2011 (excl. NKT Flexibles)	878
Guided oper. EBITDA improvement	400
<ul style="list-style-type: none"> <li>- NKT Cables up to 300 mDKK based on approx. 5-10% organic growth</li> <li>- Nilfisk-Advance up to 100 mDKK based on approx. 5% organic growth</li> </ul>	

## Expected oper. EBITDA 2012, guided March 2012

- An interval of 200 mDKK (1.050-1.250 mDKK) is applied which corresponds to a weighting of 50% for a realistic total swing factor for 2012 of approx. 400 mDKK

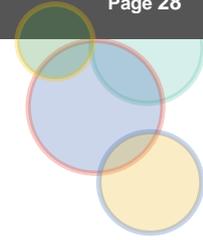
**~1.050-1.250**

## Updated expectations guided August 2012

NKT Cables	-140
<ul style="list-style-type: none"> <li>- Guided March 2012 an organic growth of around 5-10% updated to around 0%</li> <li>- The decrease in organic growth has a negative impact on oper. EBITDA with ~25%</li> </ul>	
Nilfisk-Advance	-110
<ul style="list-style-type: none"> <li>- Guided March 2012 an organic growth of around 5% updated to around 0%</li> <li>- The decrease in organic growth has a negative impact on oper. EBITDA with ~36%</li> </ul>	
Cost savings initiatives	50

## Expected oper. EBITDA 2012, guided August 2012

**~1.050**



# Expectations 2012

## Expectations (1 March 2012)

Expected organic growth in **revenue** of approx. **5-10%**

- **NKT Cables** approx. **5-10%**
- **Nilfisk-Advance** approx. **5%**
- **Photonics Group** approx. **20%**

## Expectations (24 August 2012)

Expected organic growth in **revenue** of approx. **0%**

- **NKT Cables** approx. **0%**
- **Nilfisk-Advance** approx. **0%**
- **Photonics Group** approx. **20%**

## Risks relating to declared earnings expectations – 100 mDKK for each risk:

1. Ability to execute high voltage and submarine cables projects for the anticipated income (**NKT Cables**)
2. Development in the European building industry (construction segment) (**NKT Cables**)
3. Development in the Chinese and European markets for railway related products (**NKT Cables**)
4. Organic growth rate level for 2012 (**Nilfisk-Advance**) – zero up to 100 mDKK

## Risks relating to declared earnings expectations

1. Ability to execute high voltage and submarine cables projects for the anticipated income (**NKT Cables**)

# Expectations 2012

## Expectations (1 March 2012)

Expected organic growth in **revenue** of approx. **5-10%**

- **NKT Cables** approx. **5-10%**
- **Nilfisk-Advance** approx. **5%**
- **Photonics Group** approx. **20%**

## Expectations (24 August 2012)

Expected organic growth in **revenue** of approx. **0%**

- **NKT Cables** approx. **0%**
- **Nilfisk-Advance** approx. **0%**
- **Photonics Group** approx. **20%**

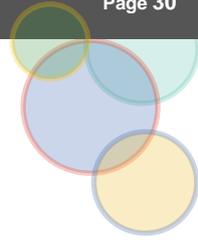


**Operational EBITDA** is expected to be approx. **1.050** mDKK which excludes approx. **30** mDKK relating to restructuring measures in Nilfisk-Advance

Profit from **discontinued operations** (NKT Flexibles) amounts to **1.404** mDKK

**Expected Group profit** is unchanged at around **1,6** bnDKK

**Reduced risk** – degree of risk associated with the present earnings expectations is now reduced compared with prior statements



# Agenda

- NKT Group – Highlights Q2 2012
- Financial results Q2 2012
- Companies
  - NKT Cables
  - Nilfisk-Advance
  - Photonics Group
- Expectations 2012
- **Questions & Answers**

# Q&A

