

The NKT logo is rendered in a white, stylized, blocky font. The letters are interconnected, with the 'K' and 'T' having a unique, angular design. The background of the entire slide is a blue-tinted photograph of a long, narrow tunnel filled with rows of fiber optic cables, creating a strong sense of perspective and depth.

NKT

15 November 2017

Interim Report

Q3 2017

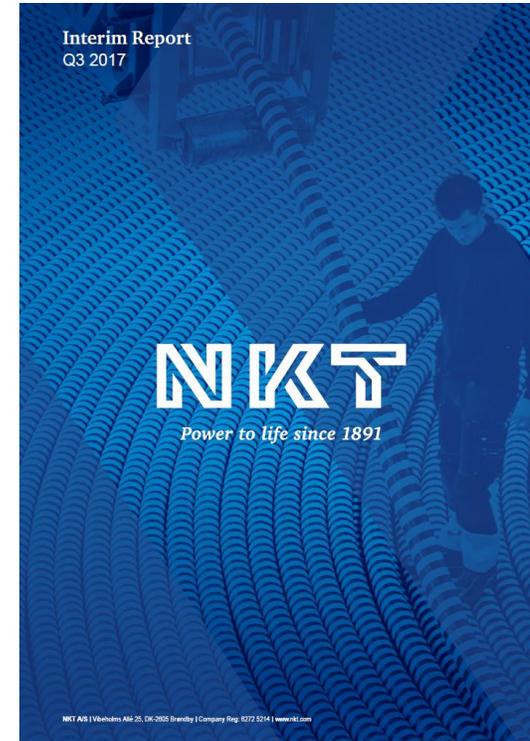
Webcast presentation

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 A/S' control, may cause that the actual development and results differ materially from the expectations.



Today's presenters



Michael Hedegaard Lyng

NKT

President & CEO



Roland M. Andersen

NKT

CFO



Basil Garabet

NKT Photonics

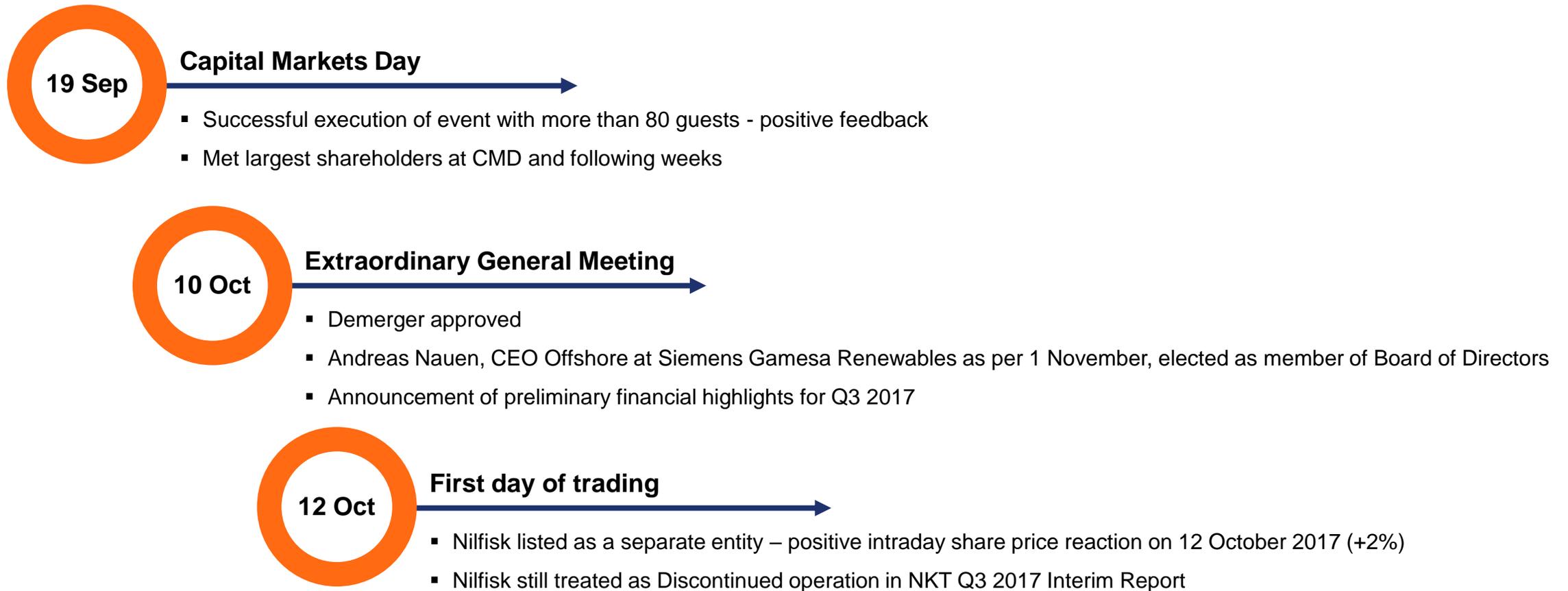
President & CEO

04 Highlights Q3 2017

Business units

- 10 • NKT (formerly NKT Cables)
- 21 • NKT Photonics
- 26 Questions & Answers

Split of NKT A/S into two separately listed entities successfully completed





Continuing increase in operational EBITDA margin and involvement in three offshore wind projects

- The **revenue* increased by EUR 107m** to EUR 303m driven by the acquired business
- Organic growth was 24% as the comparison period in the acquired activities was low due to quarterly revenue fluctuations. Excluding the acquisition of ABB HV Cables, the organic growth was -5%
- The **operational EBITDA margin was 14.4%** versus 10.4% in Q3 2016 as the share of the Projects business increased. The operational EBITDA more than doubled to EUR 43.8m
- Recently, NKT has announced its **participation in three large offshore wind park projects**; Borssele Beta (order award), Moray East (preferred supplier) and Triton Knoll (preferred supplier), underlining its strengths in this market
- The financial results were as expected in Q3 2017 and the financial outlook for 2017 is unchanged

Acquisition of Onefive completed. Revision of outlook for 2017 due to provisions

- Revenue will fluctuate from quarter to quarter in NKT Photonics. **Organic growth was flat in Q3 2017**, but still expected to be approx. 10% for 2017
- Due to provisions for LTI programmes (EUR -1.8m) and investments in growth, the EBITDA was EUR -0.8m
- Acquisition of **Onefive, a leading ultrafast laser supplier** finalised in September 2017
- The financial outlook for 2017 is revised due to the LTI provisions. The EBITDA margin is expected to be approx. 10% (previously approx. 15%)

Changes Q3 2017 versus Q3 2016



| EURm | Continuing oper | | | | Incl. discontinued oper | |
|--|-----------------|--------------|----------------|--------------|-------------------------|--------------|
| | Q3 2017 | Q3 2016 | Q1-Q3 2017 | Q1-Q3 2016 | Q3 2017 | Q3 2016 |
| Revenue | 407.8 | 268.7 | 1,090.6 | 775.6 | 660.5 | 519.0 |
| <i>Revenue, std. metal prices</i> | 314.4 | 207.1 | 806.4 | 586.6 | 567.1 | 457.4 |
| Operational EBITDA | 43.0 | 20.8 | 102.3 | 52.3 | 65.4 | 47.4 |
| <i>Oper. EBITDA margin, std. metal prices</i> | 13.7% | 10.0% | 12.7% | 8.9% | 11.5% | 10.4% |
| One-off's | -7.5 | -32.1 | -27.2 | -36.6 | -10.8 | -41.2 |
| EBITDA | 35.5 | -11.3 | 75.1 | 15.7 | 54.6 | 6.2 |
| Depreciation/Amortisation | -24.0 | -10.4 | -55.2 | -31.1 | -24.0 | -27.0 |
| Impairment | - | - | - | - | - | -6.7 |
| EBIT | 11.5 | -21.7 | 19.9 | -15.4 | 30.6 | -20.8 |
| Financial items, net | -3.5 | 0.1 | -11.4 | 3.0 | -5.3 | -2.1 |
| EBT | 8.0 | -21.6 | 8.5 | -12.4 | 25.3 | -22.9 |
| Tax | -2.8 | -2.2 | -1.2 | -5.5 | -7.7 | -1.9 |
| Profit for the year from continuing oper. | 5.2 | -23.8 | 7.3 | -17.9 | - | - |
| Profit for the year from discontinued oper. | 12.4 | -1.0 | 55.4 | 23.9 | - | - |
| Profit for the year | 17.6 | -24.8 | 62.7 | 6.0 | 17.6 | -24.8 |
| RoCE | | | | | 14.0% | 10.5% |
| CAPEX | | | | | 21.4 | 20.5 |
| <i>PPE</i> | | | | | 8.9 | 9.0 |
| <i>Intangible assets</i> | | | | | 12.5 | 11.5 |
| Acquisition of business | | | | | 12.4 | 0.2 |
| Working capital | | | | | 160.4 | 286.0 |
| NIBD | | | | | 720.1 | 174.6 |

*1

| EURm | |
|-------------------------------------|--------------|
| Revenue increased by (cont.) | 139.1 |
| Metal prices | 31.8 |
| FX changes | 2.8 |
| Acquisitions (pro forma Q3 2016) | 65.1 |
| Divestments | -18.5 |
| Organic growth | 57.9 |
| NKT | 57.9 |
| NKT Photonics | 0.0 |

*2

| EURm | |
|--|-------------|
| Operational EBITDA increased by (cont.) | 22.2 |
| NKT - Margin 14.4% (Q3 2016: 10.4%) | 23.3 |
| NKT Photonics | -1.7 |
| Other | 0.6 |

*3

| EURm | |
|----------------------------------|------------|
| EBITDA one-offs | 7.5 |
| NKT ABB integration costs | 5.3 |
| Excellence 2020 | 2.0 |
| Cost related to split of NKT A/S | 0.2 |

Solid cash flow generation



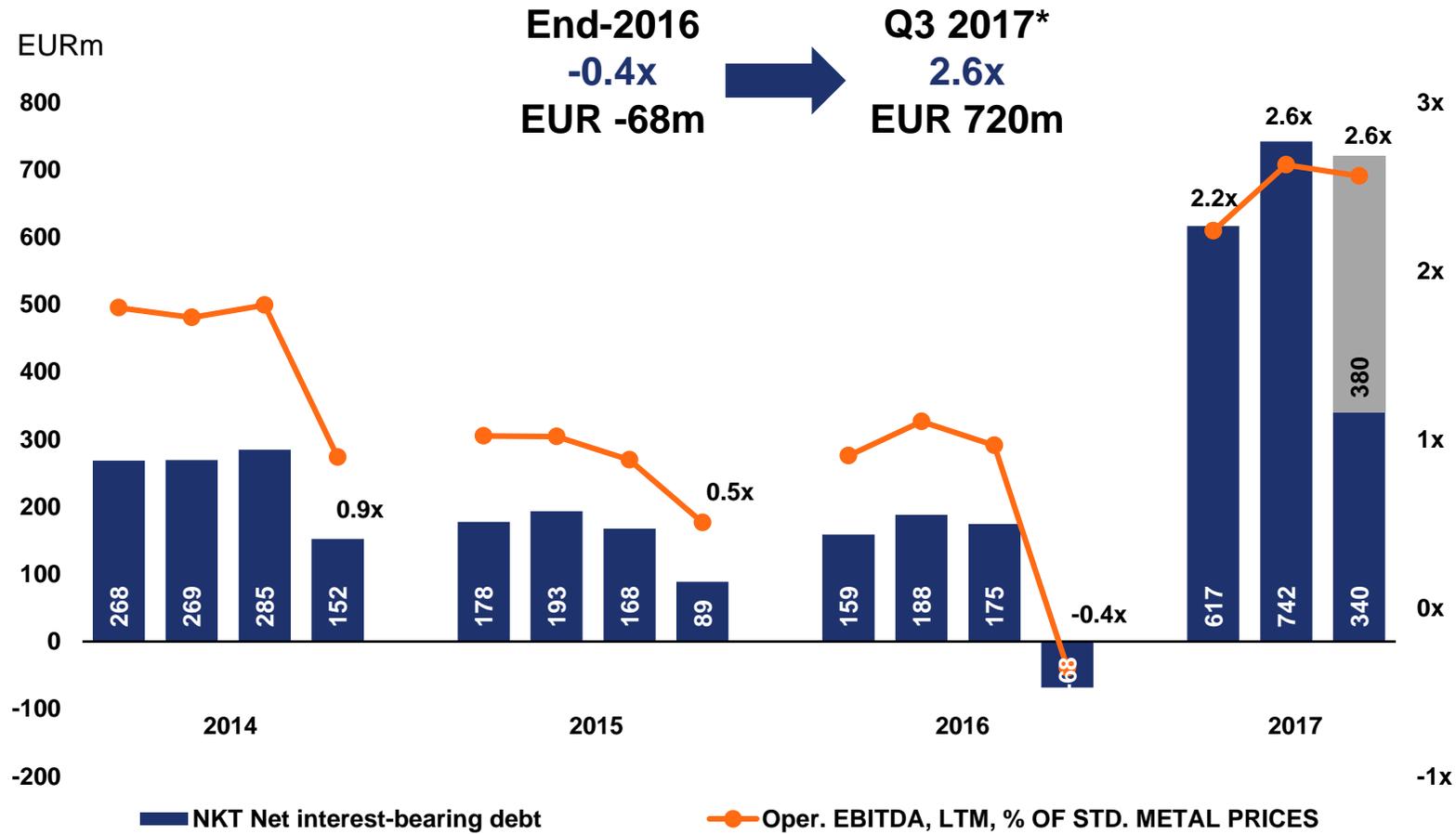
| EURm | Q3 | | Q1-Q3 | | FY |
|---|--------------|--------------|---------------|---------------|---------------|
| | 2017 | 2016 | 2017 | 2016 | 2016 |
| EBITDA from continuing operations | 35.5 | -11.3 | 75.1 | 15.7 | 27.9 |
| EBITDA from discontinued operations | 19.1 | 17.5 | 83.2 | 77.2 | 96.8 |
| Financial items, net continuing and discontinued oper | -5.3 | -2.1 | -17.6 | -6.2 | -5.3 |
| Change in working capital | 10.5 | 35.4 | -79.9 | -11.9 | 57.6 |
| Other | -13.1 | 8.6 | -35.7 | -7.1 | -23.1 |
| Cash flows from operating activities | 46.7 | 48.1 | 25.1 | 67.7 | 153.9 |
| Acquisition of business | -12.4 | -0.2 | -797.5 | -53.2 | -53.3 |
| Divestment of business | 2.6 | - | 26.4 | - | -3.0 |
| Inv./disp. of property, plant and equipment, net | -8.9 | -8.9 | -36.4 | -25.8 | -37.2 |
| Other investments, net | -12.1 | -10.8 | -34.0 | -28.7 | -38.5 |
| Cash flows from investing activities | -30.8 | -19.9 | -841.5 | -107.7 | -132.0 |
| Free cash flow | 15.9 | 28.2 | -816.4 | -40.0 | 21.9 |
| Change in long- and short term loans | -7.7 | -17.0 | 708.3 | 59.5 | -54.2 |
| Non-Controlling interest | - | -0.8 | - | -3.8 | -4.4 |
| Dividend paid / dividends treasury shares | - | - | - | -13.0 | -13.0 |
| Cash from disposal of treasury shares /share buyback | - | -17.0 | - | -41.8 | 11.0 |
| Cash from issue of new shares / exercise of warrants | 0.6 | 1.2 | 10.1 | 7.5 | 139.5 |
| Cash flows from financing activities | -7.1 | -33.6 | 718.4 | 8.4 | 78.9 |
| Net cash flow | 8.8 | -5.4 | -98.0 | -31.6 | 100.8 |

Cash flow from operating activities was satisfactory in Q3 2017 based on increase in **EBITDA and positive working capital contribution from the businesses**

The **acquisition of Onefive** in NKT Photonics impacted cash flow with a cash payment of EUR 14.4m

Cash flow from financing activities did not include any larger movements in Q3 2017

Leverage ratio stabilising



Net debt level declined since last quarter due to the **solid cash flow generation**

Pro forma net interest-bearing debt excl. Nilfisk was EUR 340m corresponding to a **leverage ratio of 2.2x**

At Q3 2017, operational EBITDA (incl. Nilfisk), LTM, was EUR 249m (EUR 125m excl. Nilfisk)

* For the 2017 leverage ratios, pro forma EBITDA for the acquired ABB HV Cables activities has been added to LTM EBITDA in the period when NKT was not the owner of ABB HV Cables. The pro forma EBITDA is based on ABB HV Cables' estimated average annual pro forma EBITDA of EUR 79m for 2014-2016

NKT



Organic growth driven by high-voltage offshore business



| Organic growth | 2014 | | | | 2015 | | | | 2016 | | | | 2017 | | |
|-------------------|------|------|----|------|------|-----|------|----|------|------|----|-----|------|----|-----|
| - Quarterly (Y/Y) | 6% | -11% | 1% | -12% | 16% | 13% | -12% | 2% | -24% | -13% | 1% | -2% | -8% | 8% | 24% |
| - Annually | -5% | | | | 4% | | | | -10% | | | | 9% | | |

| Projects | | |
|----------|------|---------------|
| Q3 2017 | 44% | Market |
| Q3 2016 | 10% | Offshore |
| YTD 2017 | 22% | Onshore |
| YTD 2016 | -35% | |
| FY 2016 | -25% | |

- **Satisfactory execution in the offshore segment** with continued progress on the Hornsea project on both factories
- **High activity level on NKT Victoria** during Q3 2017 with satisfactory execution on Kriegers Flak and Rentel
- The AC onshore market remains challenging

| Products | | |
|----------|-----|----------------|
| Q3 2017 | 1% | Market |
| Q3 2016 | -1% | Medium-voltage |
| YTD 2017 | -3% | Low-voltage/BW |
| YTD 2016 | 3% | Specialties |
| FY 2016 | 0% | |

- **Good market conditions** in Sweden and the UK. More modest development in Denmark
- **Polish market is showing signs of improvements**, but still challenged
- The “photo-year” in Germany in 2016 still impacting medium-voltage growth slightly

NKT selected for three offshore wind projects



| | | Highlights | Est. contract value | Cable type |
|---------------|--|--|--|--|
| Offshore wind | Borssele Beta  | <ul style="list-style-type: none"> • Award of delivery and installation of export cable system • Option after award of Borssele Alpha executed • Cables delivered ready for installation by VBMS in late 2019 |  | <ul style="list-style-type: none"> • ~138 km of 220 kV AC offshore export cables |
| | Triton Knoll  | <ul style="list-style-type: none"> • Preferred Supplier Agreement (PSA) signed - final investment decision expected by mid-2018 • Cables will be delivered in Q4 2019 and Q2 2020, respectively • Signed in a consortium with VBMS |  | <ul style="list-style-type: none"> • ~100 km of 220 kV AC offshore export cables • ~144 km of 66 kV array cables |
| | Moray East   | <ul style="list-style-type: none"> • Preferred Bidder Agreement (PBA) signed - final investment decision expected during Autumn 2018 • Manufacturing as well as installation by NKT Victoria • Installation of the cables is expected to commence in 2020 |  | <ul style="list-style-type: none"> • ~185 km of 220 kV AC offshore export cables |
| Service | Skagerrak 2  | <ul style="list-style-type: none"> • Service repair order of the Skagerrak 2 offshore cable • Turnkey solution including project management, jointing engineering, marine engineering and supply of jointing material • NKT Victoria will be used for the offshore operation | | |

Political climate favouring market opportunities

Recent developments in offshore wind and interconnector segments



Offshore wind in Europe

- Joint statement to **advance offshore wind energy in Europe** was signed in June 2017 by Germany, Belgium and Denmark as well as industry participants
- Follow-up on a political declaration from summer 2016 in **signed by 10 European North Sea governments**
- Industry ready to **deliver 60 GW, or at least 4 GW per year**, of new capacity in the decade from 2020-2029



Contracts for Difference

- **Three offshore wind farms** were awarded CfDs in the allocation round in September 2017:
 - Hornsea Project 2
 - Moray East (NKT selected as preferred supplier)
 - Triton Knoll (NKT selected as preferred supplier)
- The UK government announced **up to GBP 557m will be made available** for the next CfD allocation in spring 2019



UK – Denmark link

- The Danish Minister for Energy, Utility and Climate has approved the Viking Link investment in October 2017 – another step towards finalisation of the project
- The Viking Link between Denmark and the UK will be **the world's longest high-voltage DC cable**
- The project is **one among several interconnector projects** being developed both inside and outside of Europe

Integration progressing to plan

Combined organisation opens for next steps

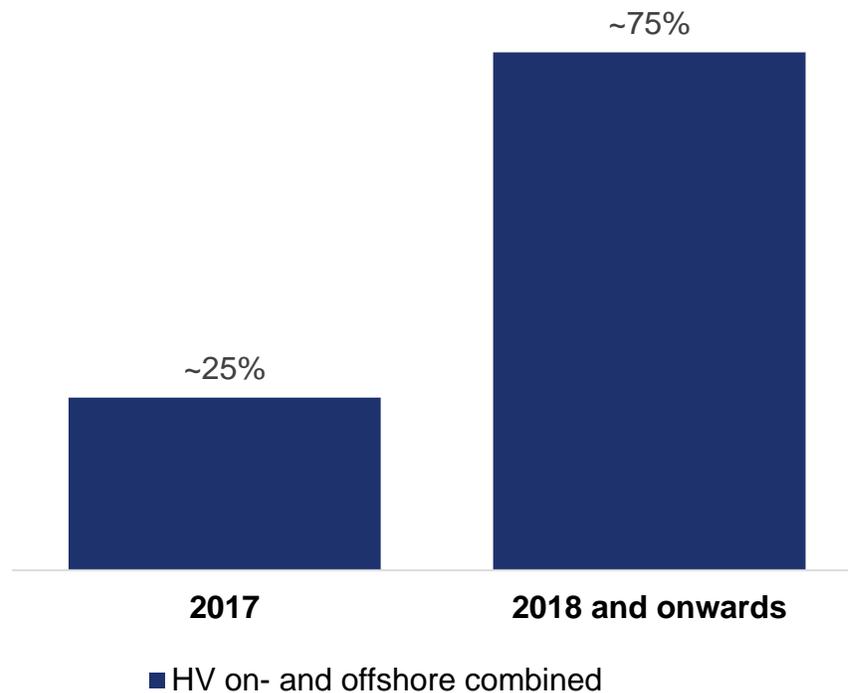
- The acquisition of ABB HV Cables was completed on 1 March 2017 and the integration continues to be on track
- During Q3 2017, the combined organisation was fully implemented
- With the organisation finalised next steps can be taken:
 - Further alignment of processes, improved production planning and a strengthened go-to-market approach
- The qualification process to produce high-voltage DC cables in Cologne is still following plans
- The synergy potential - announced in connection with the acquisition - is unchanged. Expected annual run-rate synergies are EUR 30m from end-2018:
 - 1) Commercial synergies
 - 2) Bottom line synergies
 - 3) Manufacturing synergies



High-voltage orders of EUR 0.8bn in backlog



Orders on hand at EUR 0.83bn* end-September 2017



Solid mix of high-voltage orders

Offshore wind

| | | |
|--------------------|------|--|
| Galloper | 2017 | |
| Race Bank | 2017 | |
| Walney East & West | 2017 | |
| Borssele Alpha | 2018 | |
| Nordergrunde | 2018 | |
| Rentel | 2018 | |
| Kriegers Flak | 2019 | |
| Hornsea 1 | 2019 | |

Interconnectors

| | | |
|-----------------|------|--|
| Caithness Moray | 2018 | |
| Nordlink | 2019 | |

Oil & Gas

| | | |
|----------------|------|--|
| Johan Sverdrup | 2018 | |
| Martin Linge | 2018 | |

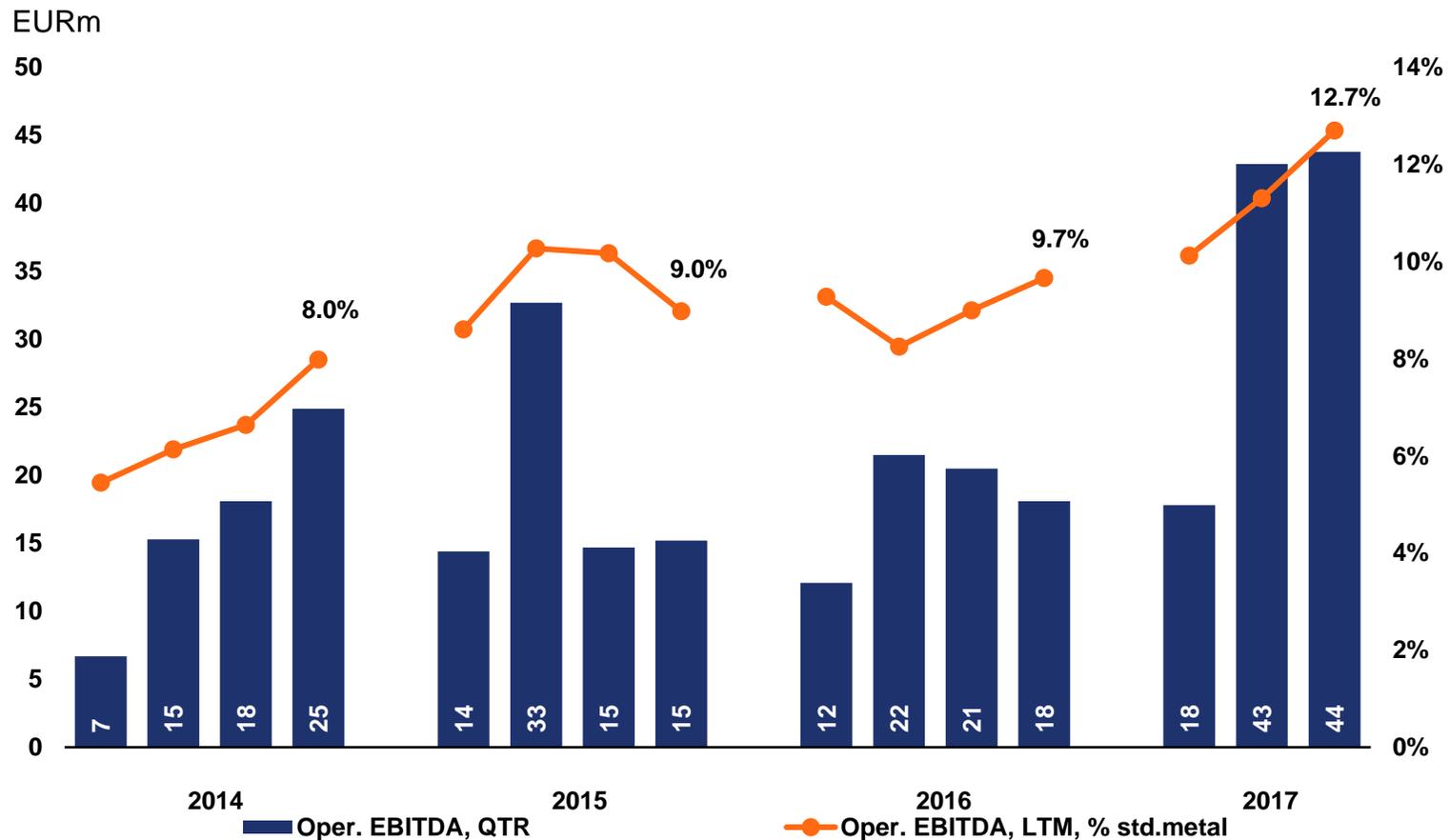
Not in order backlog as of 30 September 2017 (contract value >EUR ~335m):

| | | | |
|----------------|------|--|------------------------------------|
| Borssele Beta | 2019 | | ▶ Awarded after balance sheet date |
| Moray East** | 2020 | | ▶ Preferred supplier agreements |
| Triton Knoll** | 2020 | | |

* Market prices

** NKT has been selected as preferred supplier

Increasing operational EBITDA margin level

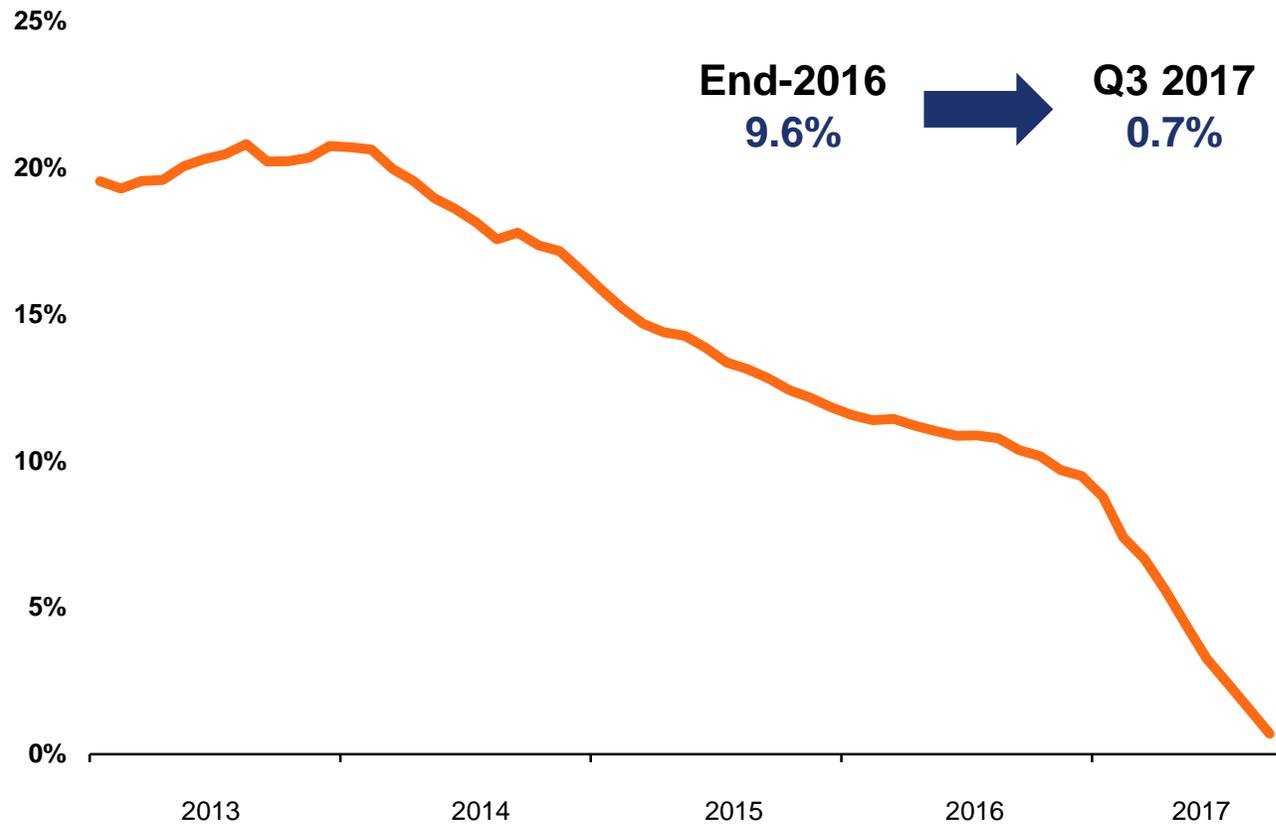


Operational EBITDA continued moving up reflecting higher exposure to the high-voltage segment

Operational EBITDA margin in Q3 2017 was 14.4%, up 4%-points from Q3 2016

Satisfactory execution on several HV orders and high utilisation of NKT Victoria

Positive working capital development driven by Projects business



Working capital continued to develop positively driven by the Projects business

NKT has consistently focused on improving working capital, which has further been supported by acquisitions and divestments

Working capital was EUR -37.6m at end-September 2017 versus EUR 57.8m at end-2016

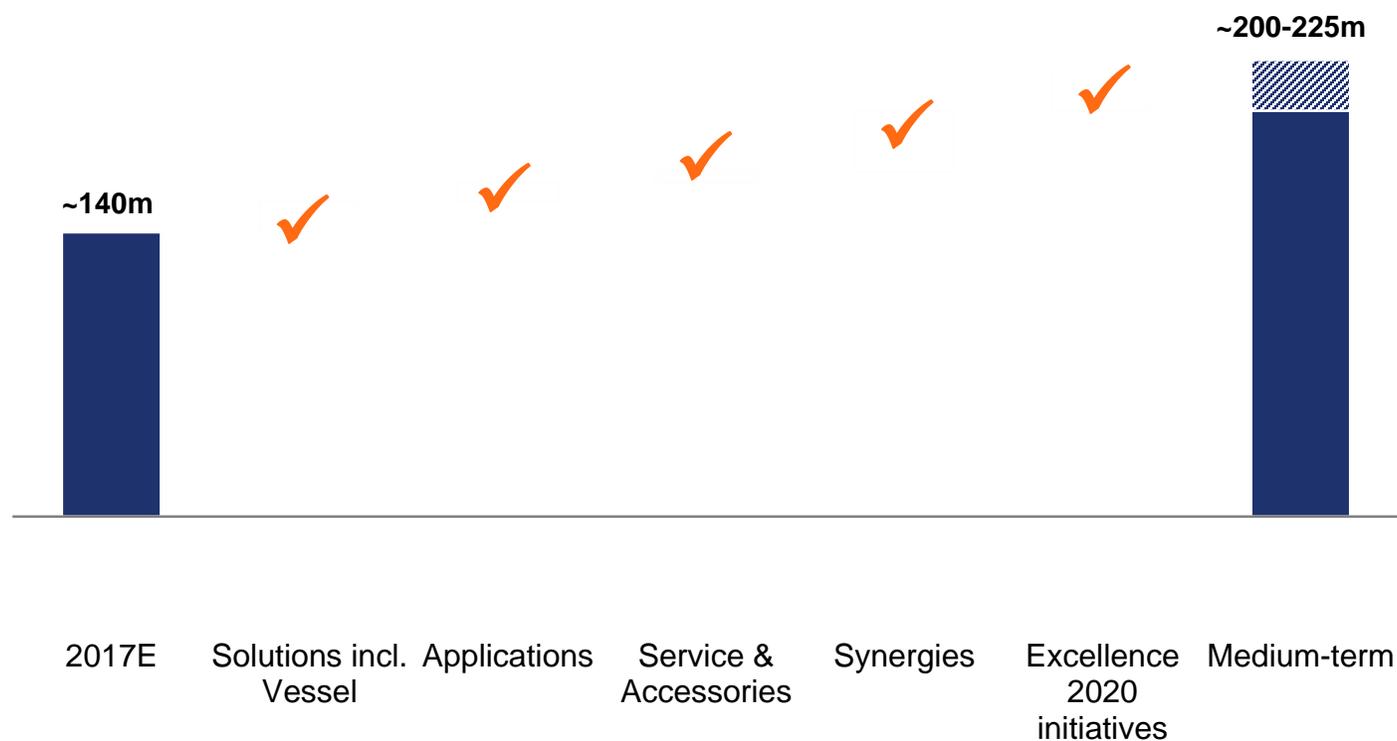
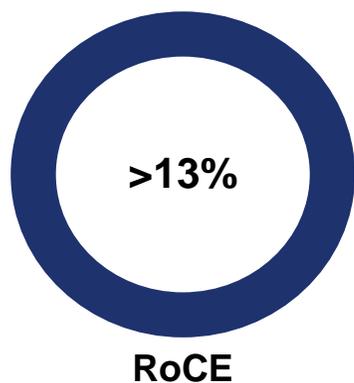
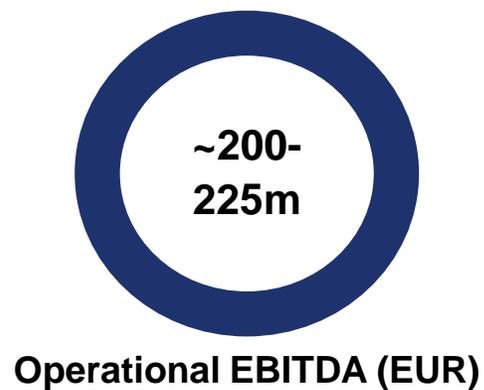
Financials

| EURm | Q3 | | Q1-Q3 | | FY |
|--|--------------|--------------|----------------|--------------|----------------|
| | 2017 | 2016 | 2017 | 2016 | 2016 |
| Revenue | 396.6 | 257.9 | 1,060.7 | 748.7 | 1,003.7 |
| Revenue, std metal prices | 303.2 | 196.3 | 776.5 | 559.7 | 750.4 |
| Organic growth | 24% | 1% | 9% | -13% | -10% |
| Operational EBITDA | 43.8 | 20.5 | 104.5 | 54.1 | 72.5 |
| Operational EBITDA margin* | 14.4% | 10.4% | 13.5% | 9.7% | 9.7% |
| RoCE, LTM | 8.7% | 8.0% | 8.7% | 8.0% | 9.3% |
| CAPEX | 11.9 | 8.2 | 40.6 | 18.9 | 30.6 |
| PPE | 6.2 | 4.6 | 25.2 | 11.0 | 18.6 |
| Intangible assets | 5.7 | 3.6 | 15.4 | 7.9 | 12.0 |
| Acquisition of business | -2.0 | - | 783.1 | - | - |
| Capital employed | 1,120.7 | 374.4 | 1,120.7 | 374.4 | 348.4 |
| Working capital | -37.6 | 94.7 | -37.6 | 94.7 | 57.8 |
| Cash flow from operating activities | 29.6 | 14.8 | 15.2 | 4.8 | 33.7 |
| Cash flow from investing activities excl acq/div | -13.0 | -9.3 | -41.9 | -20.3 | -31.5 |
| Free cash flow | 16.6 | 5.5 | -26.7 | -15.5 | 2.2 |
| Full-time employees, end of period | 3,389 | 3,151 | 3,389 | 3,151 | 2,769 |

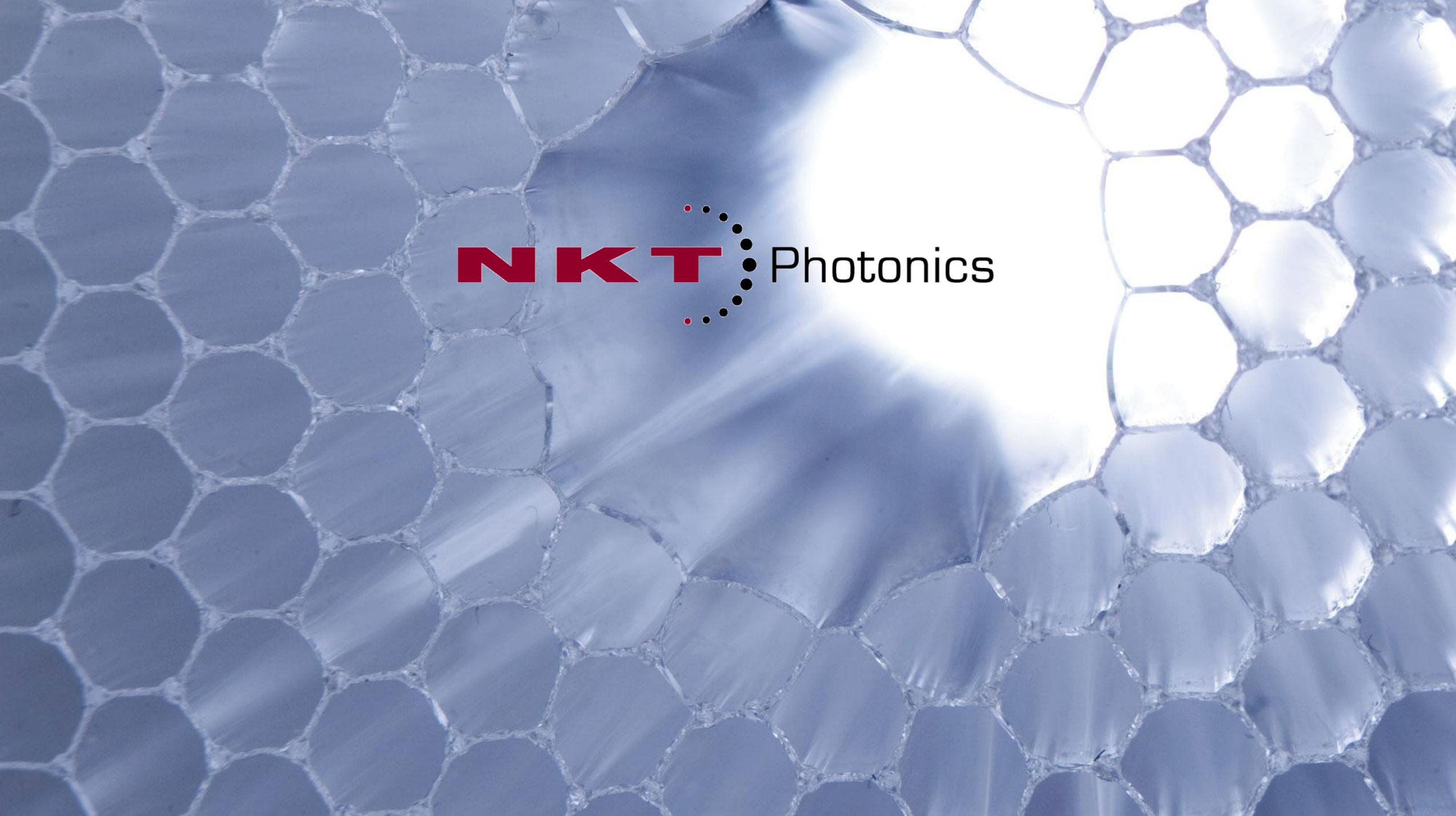
Highlights and summary

- Organic growth driven by acquired business with **solid execution on several projects**
- **Increase in operational EBITDA** and margin reflecting higher exposure to high-voltage segment
- **Integration of acquired business progressing to plan** with organisation fully integrated – prepared for next steps
- **RoCE up by 0.7%-points** compared to Q3 2016
- **Positive cash flow development** with improving working capital
- **Financial outlook for 2017 maintained**
 - Revenue (std. metal): ~EUR 1.1bn
 - Operational EBITDA: ~EUR 140m

Medium-term outlook for NKT



Note: The medium-term outlook assumes no expansion of capacity



NKT Photonics

Financial development in Q3 2017

Imaging & Metrology



Focused growth area

- Order intake and backlog progressed solidly as expected in Q3 2017
- SuperK EVO, new product platform, released for general sale. Customer market launch expected in 2018

50% of revenue

Sensing & Energy



Established area

- Driven by high demand for the Koheras fiber lasers, resulting in a solid order backlog for Q4 2017
- LIOS sensing systems was slightly below expectations due to project delays on the customer side

38% of revenue

Material Processing



New growth area

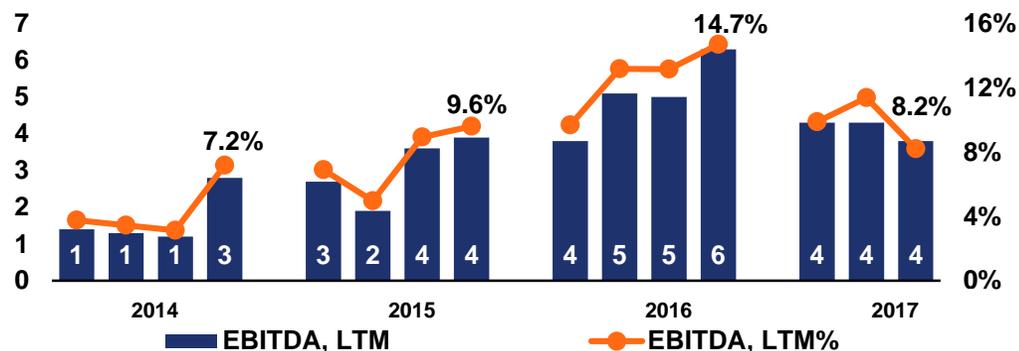
- Acquisition of Onefive, a leading ultrafast laser manufacturer, was completed on 1 September 2017
- One month of revenue in Q3 2017
- Integration progressing to plan and expected to be completed in Q1 2018

12% of revenue

NKT Photonics – Summary Q3 2017

Financials

| EURm | Q3 | | Q1-Q3 | | FY |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| | 2017 | 2016 | 2017 | 2016 | 2016 |
| Revenue | 11.2 | 10.8 | 29.9 | 26.9 | 43.1 |
| Organic growth | 0% | -6% | 2% | 4% | 7% |
| EBITDA | -0.8 | 0.9 | -2.2 | 0.3 | 6.3 |
| Capital employed | 62.6 | 45.0 | 62.6 | 45.0 | 49.3 |
| Working capital | 17.0 | 10.6 | 17.0 | 10.6 | 18.5 |
| Full-time employees, end of period | 310 | 239 | 310 | 239 | 240 |



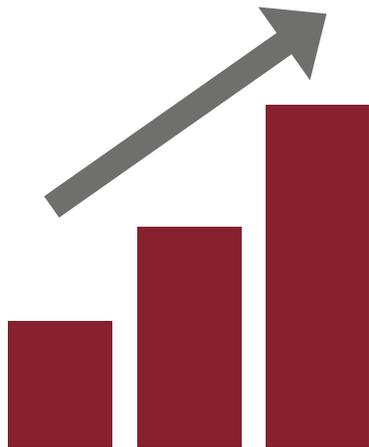
Highlights and summary

- **Flat organic growth in Q3 2017** reflecting quarterly timing of revenue. Solid growth in Imaging & Metrology and Material Processing segments. Strong order pipeline entering Q4 2017
- Due to provisioning of EUR 1.8m for the Long-Term Incentive programmes for senior management and investments in growth such as a new ERP system, EBITDA in Q3 2017 was lower than last year
- NKT Photonics **relocated to larger facilities** at the head quarter in Denmark with almost 40% more space
- **Financial outlook for 2017 revised** due to provisions for LTI programmes
 - Organic growth: ~10%
 - Operational EBITDA margin: ~10% (previously ~15%)

Strategic priorities clearly defined to reach next level

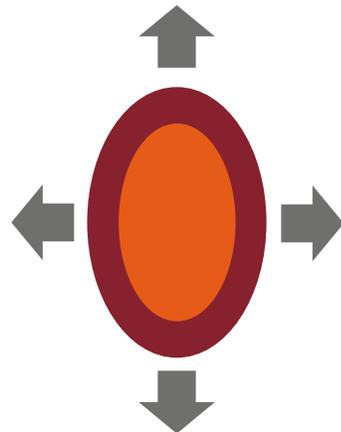
Move up in value chain

Expand from supply of components to complete optical systems



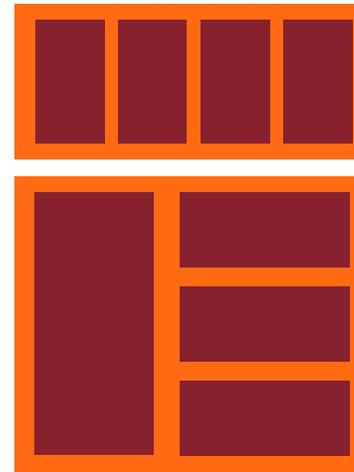
Focus on organic growth

Actively pursue growth opportunities within core organically and through partnerships



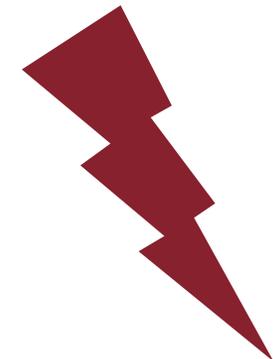
LEAN Operations

Scalable manufacturing
Commercial excellence



Fast introduction of new products

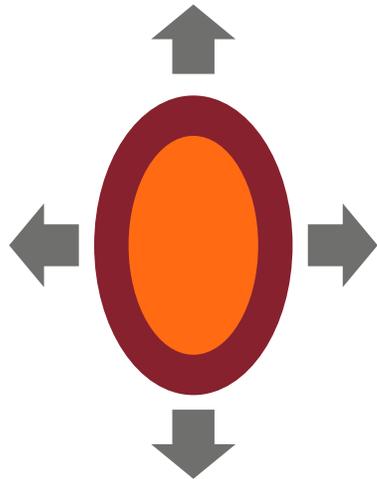
Continued introduction of new products and technologies to meet customers' needs



NKT Photonics medium-term outlook

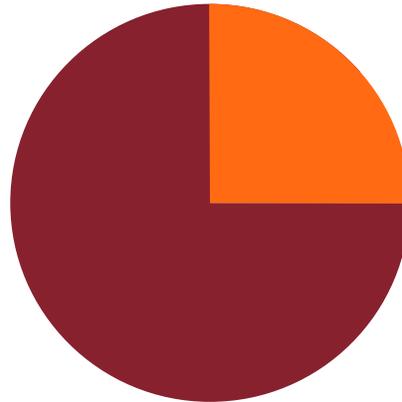
Annual organic growth

+10%



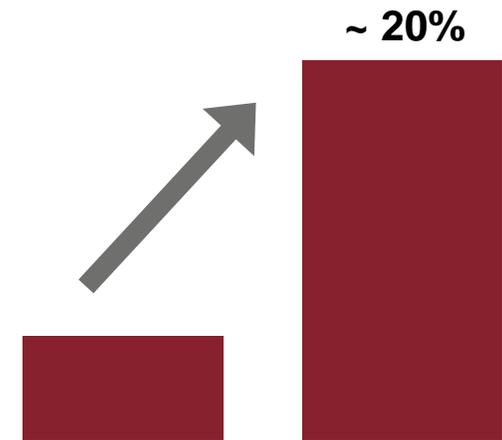
EBITDA margin

~25%



RoCE

~20%



Agenda



04 Highlights Q3 2017

Business units

10 • NKT (formerly NKT Cables)

21 • NKT Photonics

26 Questions & Answers

Financial calendar



| 2018 | Event |
|-------------|--------------------------|
| 27 February | ➤ Annual Report 2017 |
| 22 March | ➤ Annual General Meeting |
| 15 May | ➤ Interim Report Q1 2018 |

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For full list of Investor Relations events, go to investors.nkt.com