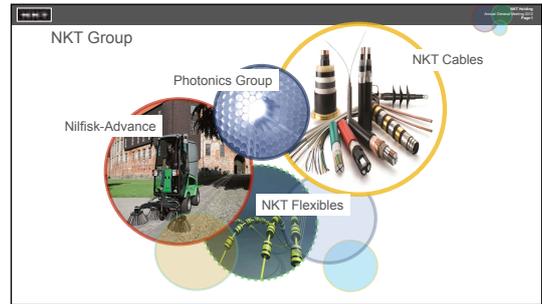


The Chairman's report 2012

The NKT Group of today has been created on the basis of active ownership. As we saw in the film, the Group has worked on focusing and developing businesses. In recent years we have therefore had two large international companies - NKT Cables and Nilfisk-Advance - and next to them, two companies at separate stages of development: NKT Flexibles and Photonics Group.



The core of NKT's active ownership is the Board of Directors' continuous willingness to examine whether its businesses remain best served by NKT ownership. Such an examination was launched in 2011 in relation to the company NKT Flexibles.

NKT owns 51% of NKT Flexibles and Subsea 7 owns 49%, and in February 2012 we were able to sign a contract for the sale to the US company National Oilwell Varco for 3.8 billion kroner - subject to approval by relevant competition authorities.

With this sale, NKT Flexibles will become part of an industrial Group that spans the entire product chain



in the area of oil production and services. With 42,000 employees and an annual growth in revenue of almost 16% for the past five years, National Oilwell Varco opens up entirely new possibilities for NKT Flexibles.

It is therefore both with pleasure - but also with sorrow - that we sell a promising business which we ourselves have developed from scratch. In spring 2011 NKT Flexibles signed a contract with the Brazilian oil company Petrobras worth up to 9.7 billion kroner - the biggest order in the NKT Group's history. With this contract NKT Flexibles is faced with making massive investments in Brazil - with construction of a new factory, organisational development and establishment of a network of subcontractors. The company's new owner, National Oilwell Varco, is already established in Brazil and will be able to provide NKT Flexibles with the necessary experience and business development in the years ahead.

It was based on this the Board of Directors found that the time was right to sell NKT Flexibles, and we expect the transaction to be finally concluded in the first half of 2012.

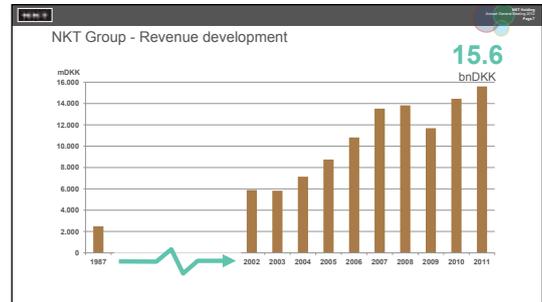


In addition to our biggest ever order we also set another record in 2011:

The revenue of 15.6 billion kroner was the highest in NKT's history. It corresponded to organic growth of 4%, which was in line with expectations. But operating income did not keep pace, and EBITDA earnings were just over 1 billion kroner compared with start-of-the-year-expectations of around 1.2 billion kroner. Still, this was a good performance and one I would like to discuss in more detail.

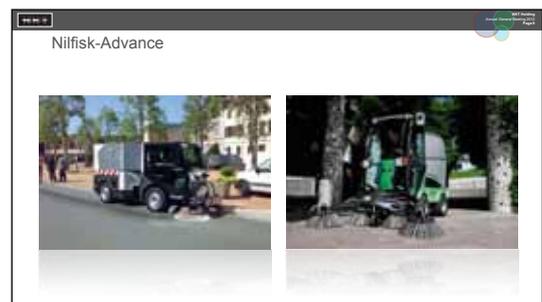
Three of our four business segments reported growth in both revenue and income.

Nilfisk-Advance has never performed better than now and increased its revenue by 10%, assisted partly by positive contributions from the acquisitions made during the year 2011. One such addition to the Nilfisk-Advance family was the Danish company Egholm, a manufacturer of outdoor cleaning equipment. Nilfisk-Advance also acquired a Franco-German company which manufactures the Jungo sweeper, and together with earlier acquisitions these two entities form the nucleus of a new outdoor equipment division.



NKT Group - EBITDA

Amounts in mDKK	2011	2010	Change
Operational EBITDA	1,036	985	51
Structural initiatives	-33	-86	53
EBITDA	1,003	899	104



In the emerging markets Brazil, Russia, India, China, Mexico and Turkey Nilfisk-Advance grew by 35%, and in the emerging markets as a whole Nilfisk-Advance achieved growth rates of between 15 and 50%.

In Nilfisk-Advance profit also increased, and operational EBITDA margin was 11.6%.

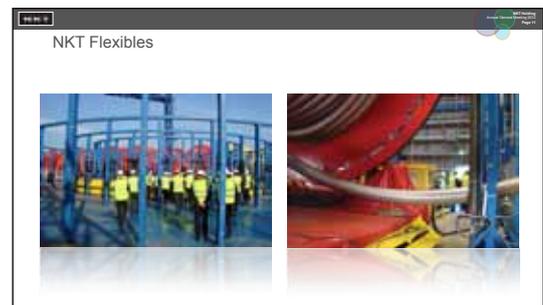
NKT Flexibles also reported record-high revenue. The Kalundborg factory worked at full stretch to produce pipes for oil extraction in areas such as the North Sea, the Atlantic Ocean off Brazil's coast and the Persian Gulf. The rising oil price has triggered new drilling activity, and NKT Flexibles is expanding its storage capacity with another large turntable in Kalundborg.

Profit increased and EBITDA margin was 23.3%. NKT's 51% ownership of NKT Flexibles therefore added 158 million kroner to the NKT Group in 2011.

Photonics Group accounts for just over 1% of NKT's revenue and revenue of 210 million kroner in 2011. Organic growth was 16%, and this was a sign that we are correct in our belief that the laser

Nilfisk-Advance

Amounts in mDKK	2011	2010	Nominal growth	Organic growth
Revenue	6,307	5,747	10%	8%
Operational EBITDA	732	612		
Operational EBITDA margin	11.6%	10.7%		



NKT Flexibles

Amounts in mDKK	2011	2010	Nominal Growth	%growth
Revenue (100% share)	1,609	1,199	410	34%
EBITDA (100% share)	375	224	151	
NKT profit share (51%)	158	90	68	
EBITDA margin	23.3%	18.7%		

Photonics Group

Amounts in mDKK	2011	2010	Nominal growth	Organic growth
Revenue	210	185	14%	16%
EBITDA	1	-11		

industry will change in the years ahead. NKT's crystal fibers and fiber lasers are being integrated in an increasing number of products. As a new development they are also being seen to make a difference in the oil industry. Using lasers and temperature measuring systems, the volume of oil in underground reservoirs can be monitored and extraction thereby optimised.

Parts of Photonics Group were created in a research partnership with the Danish Technical University in 1999, and in the area of crystal fibers we have the industry's largest portfolio of patents.

2011 was the first year with positive EBITDA for Photonics Group, another notable record. We have expectations of future annual growth rates of 20% in Photonics Group's area of business, and substantial investment in development is naturally continuing.

The NKT Group's fourth business segment - NKT Cables - experienced mixed fortunes in 2011.

We have entered into a new market, namely production of submarine cables. The cables are made at the company's new factory in Cologne,

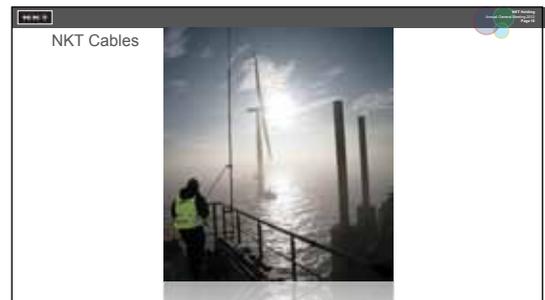


and after initial difficulties in 2010 there was improvement in 2011 with growth of 8% in what we call 'Electricity Infrastructure'.

The photo shows how a submarine cable for a coming wind farm off the Welsh coast is loaded on to a barge situated in the Rhine close to our factory. The barge is equipped with a turntable from which the cable can be wound aboard a cable installation ship or transferred to a storage turntable at a port of shipment.



NKT Cables has produced 85 km of high voltage submarine cable for the Welsh wind farm project. This project is a fine example of the new market entered into by NKT Cables. Our submarine cable order book for 2012 is full, and we have begun booking projects for future years.



In other areas, however, we encountered challenges. The European market for installation cables is not doing too well, and although these products account for an increasingly smaller part of NKT Cables' business, the fall in sales is perceptible. Added to this, we transferred the production equipment from the old to the new Cologne factory,



a task which proved more complicated than first anticipated. Nevertheless these were challenges we could do something about, and the management took strong action.

But we were powerless when political factors in China stopped construction works for high speed railways. The production of catenary wire, which had previously been proceeding at a very fast pace, had to be temporarily halted in summer 2011. However, this production is expected to resume at a more normal level in the second half of 2012. Catenary wire has been a very good market for NKT Cables, primarily in China, but also in several other countries.

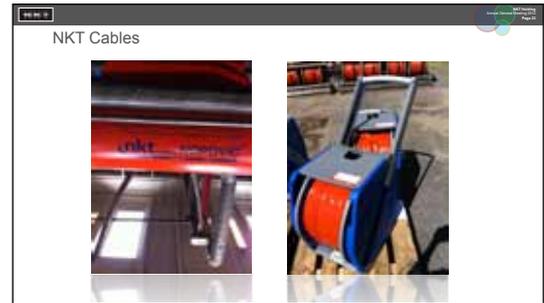
As a new development we have now also begun manufacturing railway signal cables. We chose to set up production in Denmark at our factory in Asnæs and we are hoping that NKT Cables will benefit from the future replacement of signal cables by Europe's railways.

NKT Cables recorded overall revenue of 9.1 billion kroner, which represented organic growth of 1%. Profit as a percentage of revenue - the EBITDA margin - was 3.2%.



NKT Cables				
Amounts in mDKK	2011	2010	Nominal growth	Organic growth
Revenue	9,088	8,520	7%	1%
EBITDA	182	329		
EBITDA margin	3.2%	5.9%		

So - as you can see - 2011 was in many ways a good year for NKT, and the problems we ran into at NKT Cables - and which we ourselves had control over - have been dealt with. Production at the new Cologne factory started to increase at the end of 2011, and we expect the organisation and its new management to achieve the expected performance in the course of summer.



All four of our business units enlisted new personnel in 2011 and at year-end our work force numbered some 9,700. NKT Flexibles is one of Copenhagen's large engineering companies and took on new people both in Copenhagen and in the Danish town of Kalundborg, where the factory is an important local employer. But also in Brazil new employees were recruited as well as Nilfisk-Advance took on many new staff around the world.



83% of NKT's employees are based outside Denmark, and without NKT's international expansion it is unlikely that Danish jobs would have been able to be retained.



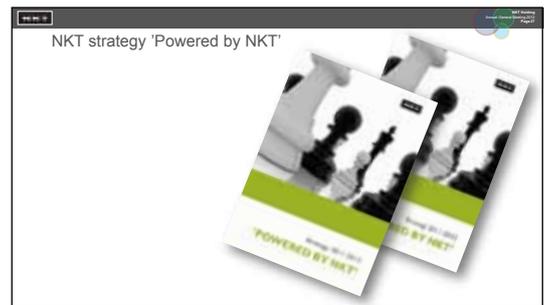
Many of our employees have been with NKT for a considerable number of years and I am proud of their

longstanding commitment to the company. At the same time I would like to welcome the new employees - both inside and outside Denmark - who will help us building NKT's future.

The Board of Directors is strongly committed to securing the future of NKT. In 2011 we launched a new strategic plan covering the period 2011-2015, and we have taken significant initiatives in many different areas to support our strategic direction.

One of our targets in the strategic plan is to pay a third of the company's profits to our shareholders. For 2011 the Board of Directors therefore proposes a dividend of 2 DKK per share - amounting to a total of 47.5 million kroner or 38% of net profit for the year.

As at 31 December 2011 NKT's shares had a market value of 4.5 billion kroner compared with 7.1 billion kroner the previous year, a fall of 36%. To the delight of many, however, NKT's share price has risen steadily since the turn of the year, making NKT one of the strongest performers in the C20 Index with an increase of 35%.

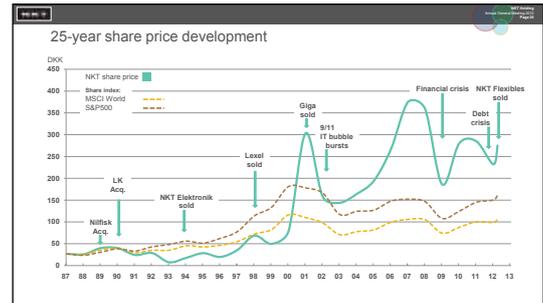


Ordinary dividend		
Payment year	2012	2011
Ordinary dividend DKK per share	2.00	2.00
Total payment, mDKK	47.5	47.5

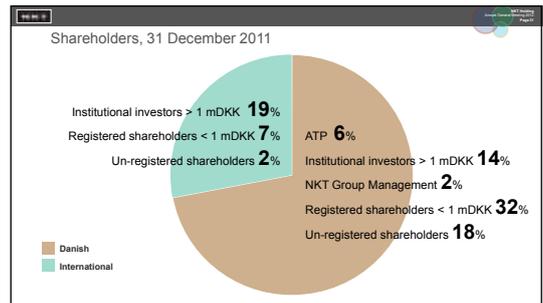
Dividend is paid 4 bank days after the Annual General Meeting



Viewed over 25 years an NKT share has multiplied its value tenfold, equal to an average return of around 10% a year. By comparison, the leading global share indexes have multiplied 4-6 times in the same period.



We have 39,200 shareholders - the same level as last year. Most of our shareholders are resident in Denmark and represent around 72% of NKT's share capital, but the number of shareholders resident outside Denmark has increased by 3% since last year.



In continuation of the remuneration policy adopted by the Annual General Meeting the Board of Directors proposes that the remuneration for 2012 remain unchanged from last year, and that the same apply to the Board of Directors' committees, of which we have three: the Nomination Committee, the Remuneration Committee and the Audit Committee. These committees are an element in good Corporate Governance and have strengthened the work of the Board of Directors because they deal in depth with many issues before they are discussed at our Board meetings. Our Audit Committee in particular has received praise from the external audit.

Amounts in '000 DKK	2012	2011
Chairman	900	900
Deputy chairman	450	450
Other Board members, each	300	300
Audit Committee		
Chairman	200	200
Member	100	100
Nomination Committee		
Chairman and member	0	0
Remuneration Committee		
Chairman and member	0	0
Total remuneration	3,750	3,750

The recommendations relating to Corporate Governance were supplemented in 2011 by a recommendation on diversity. It is the Board of Directors' objective to ensure a management composition with broad global insight and background and a broad, balanced age profile. NKT has therefore adopted a diversity policy and an action plan, and continues to comply with all recommendations relating to Corporate Governance. A detailed review can be found on our website in NKT's Corporate Governance report.



As an innovation, NKT.dk now features special pages containing extracts from NKT's Annual Report. The 2011 Annual Report can also be printed from our website. Any shareholders not having internet access can obtain a printout by post by contacting NKT. All NKT's written communications are now electronic and subsequently in the coming years, we will announce the Annual General Meeting electronic as well. Shareholders requesting it from VP Investor, will continue to receive written notice.



And now on to the financial statements, which have been presented in accordance



with the financial reporting standards and disclosure requirements for Danish listed companies. As in previous years, the auditors had no qualifications with regard to the 2011 Annual Report.

The Group's revenue for 2011 was 15.6 billion kroner, equating to organic growth of 4% compared with 2010.

EBITDA income - i.e. earnings before interest, tax, depreciation, and amortisation - amounted to 1,003 million kroner, compared with 899 million kroner in 2010. This was an increase of 104 million kroner or 12%.

Looking at the Group's operational EBITDA margin we see that this was 8.5% against 8.6% last year. The margin increased for Nilfisk-Advance by 0.9% points, while decreasing by 2.7% points for NKT Cables. EBITDA margin for NKT Flexibles increased by 4.6% points as a result of a price escalating factor relating to previous years.

Depreciation and amortisation amounted to 490 million kroner, which included an increase of 81 million kroner among other related to the Cologne factory. To this must be added impairment of 68 million kroner relating to buildings

NKT Group			
Amounts in mDKK	2011	2010	Change
Revenue	15,604	14,451	1,153
EBITDA	1,003	899	104

Operational EBITDA margin			
	2011	2010	Change % points
Total Group	8.5%	8.6%	-0.1
Nilfisk-Advance	11.6%	10.7%	0.9
NKT Cables*	3.2%	5.9%	-2.7
NKT Flexibles**	23.3%	18.7%	4.6

* Stated in standard metal prices
** Influenced by Price Escalating Factor

NKT Group			
Amounts in mDKK	2011	2010	Change
Revenue	15,604	14,451	1,153
EBITDA	1,003	899	104
Depreciation/Amortisation	490	409	-81
Impairment	68	10	-58
EBIT	445	480	-35

and production facilities in NKT Cables and closure of a development project in Nilfisk-Advance.

Financial items amounted to 280 million kroner, and profit before tax was therefore 165 million kroner. Tax was 38 million kroner and profit for the year after tax was therefore 127 million kroner, compared with 270 million kroner in 2010.

Total assets amounted to 13.4 billion kroner at the end of 2011, against just over 12.5 billion kroner the year before. Total assets therefore increased by around 0.9 billion kroner.

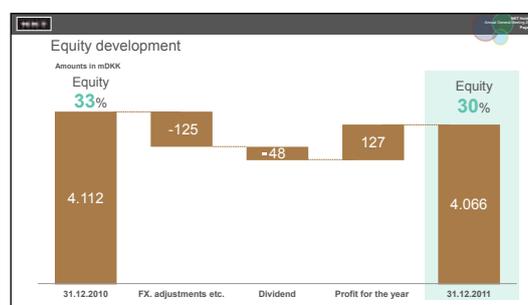
Group equity amounted to 4.1 billion kroner at the end of 2011, which was on a level with the figure for 2010. Solvency amounted to 30%, as against 33% the previous year.

Investment for the year amounted to 617 million kroner, including 449 million kroner relating to property, plant and equipment, of which 130 million kroner concerned i.e. turntable equipment for NKT Cables.

NKT's net interest bearing debt amounted to 4.4 billion kroner, against

NKT Group			
Amounts in mDKK	2011	2010	Change
Revenue	15,604	14,451	1,153
EBITDA	1,003	899	104
Depreciations/amortisation	490	409	-81
Impairment	68	10	-58
EBIT	445	480	-35
Financial items	280	135	-145
Income before tax	165	345	-180
Tax	38	75	37
Net profit for the year	127	270	-143

Balance sheet, 31 December			
Amounts in mDKK	2011	2010	Change
Total assets	13,439	12,556	883



Investment			
Amounts in mDKK	2011	2010	Change
NKT Group total	617	913	-296
Property, plant and equipment	449	744	-295
Intangibles assets	168	169	-1

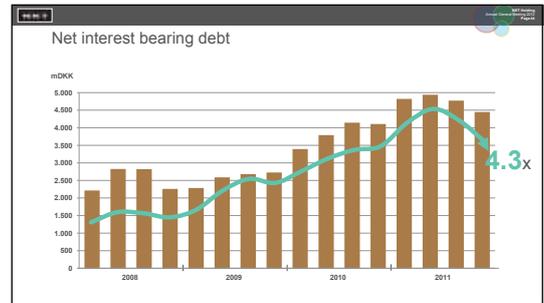
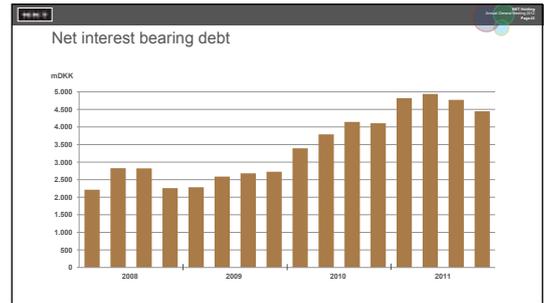
4.1 billion kroner at year-end 2010. The debt peaked in April at 5.2 billion kroner, since when it has fallen by 0.8 billion kroner.

As at 31 December 2011 the debt equated to 4.3 times operational EBITDA for the last 12 months. At NKT we have set ourselves a target of around 2.5 times operational EBITDA for the last 12 months. The goal is to reduce the debt, and with the expected sale of NKT Flexibles the debt level will be decreased to around two times operational EBITDA.

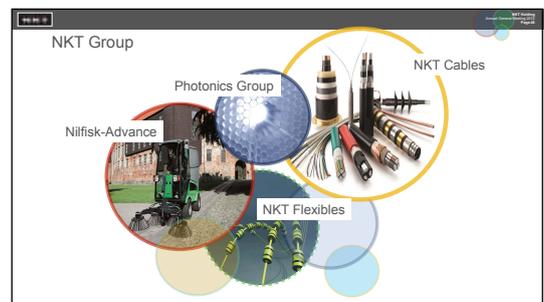
Cash flows from operations were thus 558 million kroner, compared with -374 million kroner in 2010, an improvement therefore of 932 million kroner on the previous year. Cash flows from investments were 798 million kroner, an improvement of 51 million kroner.

This concludes the review of the financial statements. There will be an opportunity at the end of my report to ask questions.

I have spoken today about the Group's development. NKT's strategic direction is based on solid megatrends



Cash flow statement			
Amounts in mDKK	2011	2010	Change
Cash flows from operations	558	-374	932
Cash flows from investments	798	849	51



and is described in our strategy from last year, 'Powered by NKT', which runs until 2015. In conjunction with the sale of NKT Flexibles the Board of Directors will look at the strategic targets and implement any subsequent necessary adjustments.

For 2012 we expect to achieve organic growth in revenue of around 5-10%. This is based on NKT Cables realising an overall organic growth of 5-10% with anticipation of zero growth in catenary wire and installation cables, but substantial growth in submarine, high voltage and medium voltage cables. Furthermore expectations are based on organic growth of around 5% for Nilfisk-Advance, and organic growth of around 20% for Photonics Group.

We expect operational EBITDA to be between 1,050 and 1,250 million kroner, an operational improvement of up to 400 million kroner on 2011 after adjustment for the sale of NKT Flexibles.

Income from discontinued operations, i.e. NKT's share of the gain from the sale of NKT Flexibles, is expected to be around 1.3 billion kroner.

Expectations 2012	
Organic revenue growth	
NKT Group	Approx. 5-10%
Based on:	
NKT Cables	Approx. 5-10%
Nilfisk-Advance	Approx. 5%
Photonics Group	Approx. 20%

Expectations 2012	
Operational EBITDA between	
1,050-1,250 mDKK*	
* Excl. profit share from NKT Flexibles	



Expectations 2012	
Profit from discontinued operations is expected to amount to approx. 1,3 bnDKK	
(NKT's share of the gain from sale of NKT Flexibles)	



Investment is planned to be around 500 million kroner, with 100 million kroner relating to capacity improvement measures while the balance relates to the normal level of maintenance investment.

Developments at NKT over the last 25 years have made us an increasingly focused Group. In 1987 we had a large number of different companies. In 2012 we aim to have three business units with an abundance of growth potential. We face some exciting years offering a wealth of opportunities for an international such as Group NKT. With talented people at all levels we have every chance of achieving these goals.

