

NKT

Interim Report Q1 2013

Audiocast, 22 May 2013 at 10:00 am CET

Agenda

NKT – Highlights Q1 2013

Financial results Q1 2013

Companies

NKT Cables

Nilfisk-Advance

Photonics Group

Expectations 2013

Questions & Answers



A global industrial conglomerate

NKT

NKT Cables	North, Central and Eastern Europe, China, Australia
Nilfisk-Advance	Global presence
Photonics Group	Europe, North America, Asia



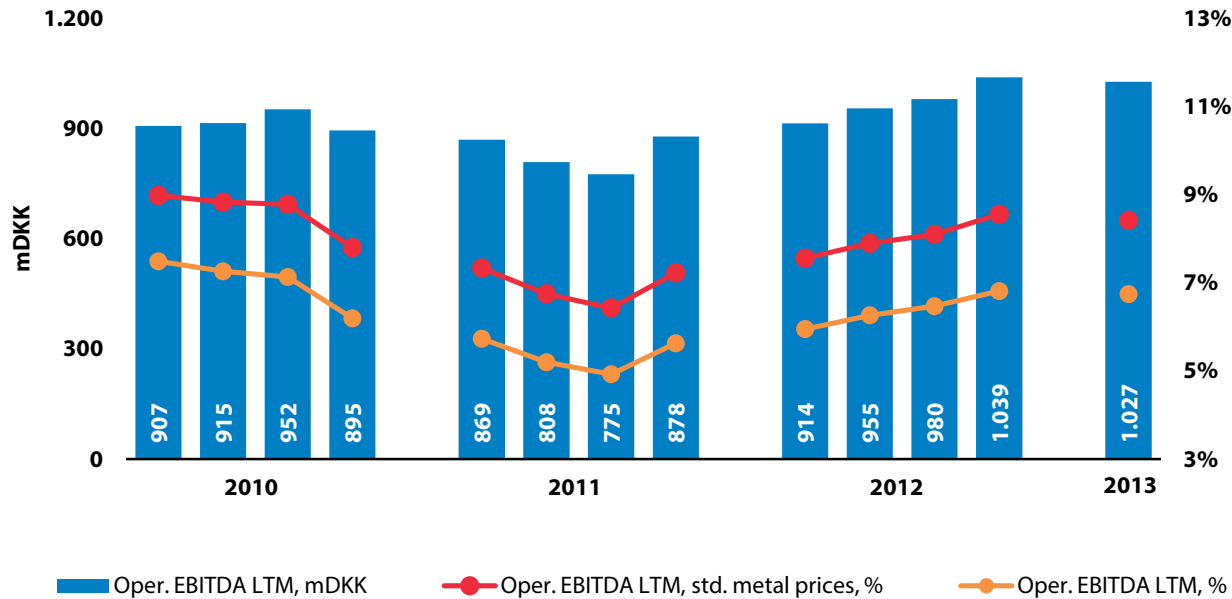
NKT - Highlights Q1 2013

Q1 2013: Positive growth and earnings as expected

- Revenue growth primarily from NKT Cables' Electricity Infrastructure and Railway
- High utilisation of capacity in NKT Cables' Cologne factory
- Offshore installation work up to a good start due to fine weather conditions at sea
- Transshipment and storage terminal in Rotterdam completed
- Nilfisk-Advance maintained organic growth in EMEA and the Americas, but saw a challenging market in APAC
- Gross profit % negatively influenced by market pressure on prices, change in sales mix as well as fewer working days than Q1 2012
- Acquisition of Ericsson's power cable operation
- Unchanged expectations

Q1 earnings as expected

Operational EBITDA, LTM

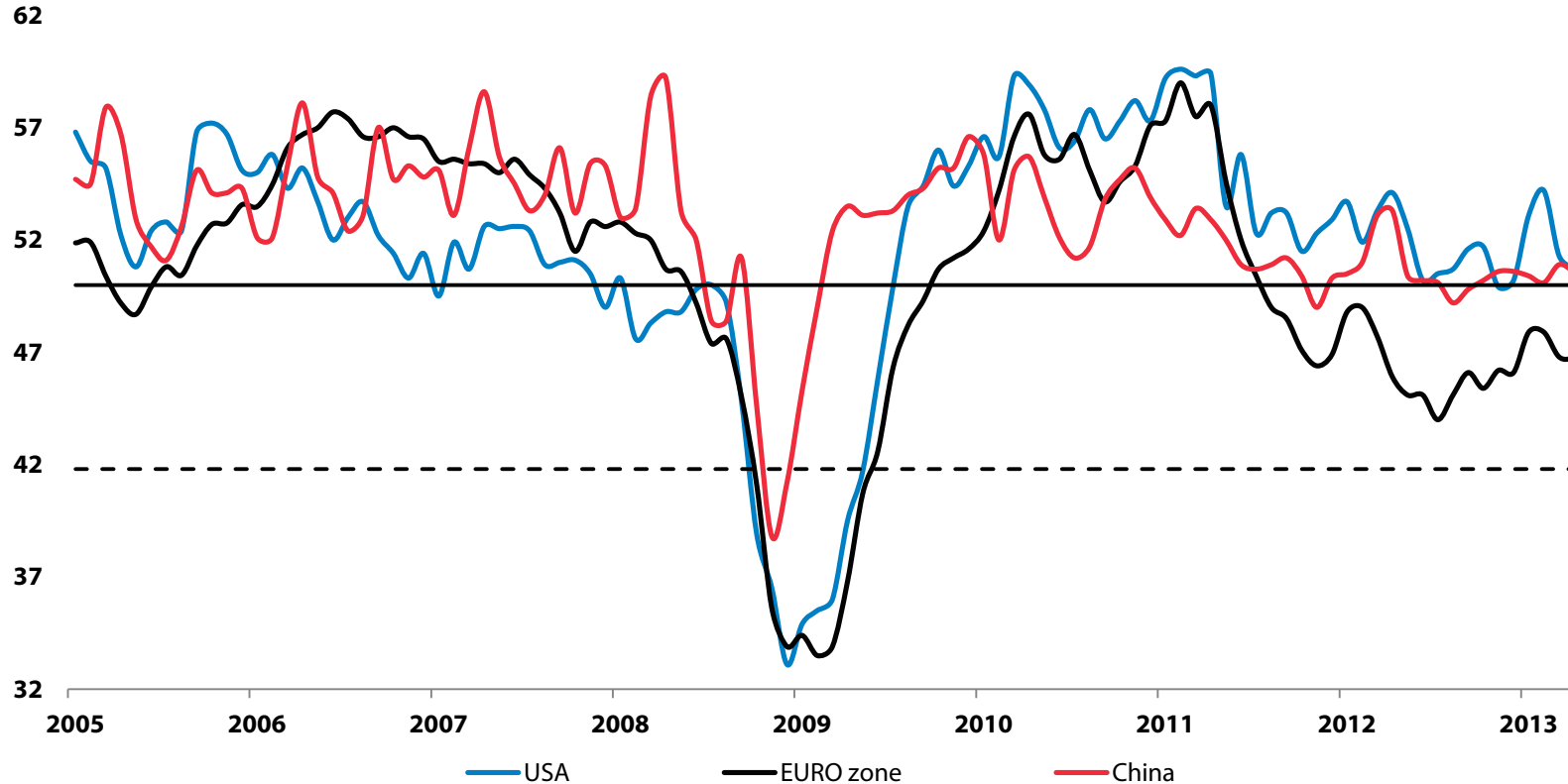


Organic growth of 2% for Q1 2013

EBITDA margin std. metal prices LTM Q1 2013 of 8,4% or 1.027 mDKK – a decrease from 8,6% (1.039 mDKK) in Q4 2012

Eurozone still in trough of economic cycle

Manufacturing PMI



- Expectation indicator: - Above the line indicates positive expectations for the manufacturing sector
 - Below the line indicates declining expectations for the manufacturing sector
- - - Recession indicator: - Below the line indicates expectations of recession

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Financial highlights Q1 2013

Q1 Revenue 3.509 mDKK (Q1 2012: 3.531 mDKK)

Organic growth 2% in Q1 2013

Organic growth	Q1 2013
NKT Cables	4%
Nilfisk-Advance	1%
Photonics Group	-6%

Q1 Operational EBITDA 217 mDKK, **7,6%** std. metal prices (Q1 2012: 229 mDKK, 8,2% std. metal prices)

Q1 Earnings before tax (EBT) amount to **40** mDKK (Q1 2012: 44 mDKK)

Q1 Profit after tax amounts to **25** mDKK (Q1 2012: 31 mDKK)

WC amounts to **3,1** bnDKK (end 2012: 2,4 bnDKK). LTM at **19,5%** vs. 19,8% compared to sales

NIBD increased to **2.776** mDKK, **2,7x** operational EBITDA (end 2012: 1.909 MDKK, 1,8x operational EBITDA)

Dividend of 191 DKK paid out in March

Unchanged expectations 2013

The expectations for 2013 covering the existing part of the Group are unchanged from the forecast in the 2012 Annual Report.

Realised Q1 2013 vs. consensus

mDKK	Q1 2013	Q1 2012	Change	Consensus
Revenue	3.509	3.531	-22	3.487
<i>Revenue, std. metal prices</i>	2.859	2.806	53	2.861
Operational EBITDA	217	229	-12	252
One-off's	-	-1	1	-
EBITDA	217	228	-11	252
Depreciation/Amortisation	-129	-125	-4	-136
EBIT	88	103	-15	116
Financial items, net	-48	-59	11	-36
EBT	40	44	-4	80
Tax	-15	-13	-2	-22
Profit	25	31	-6	58
<i>Oper. EBITDA margin std.</i>	7,6%	8,2%		8,8%
<i>Tax %</i>	38%	30%		28%
Capex	103	127	24	
Working capital	3.119	2.884	-235	
NIBD	2.776	4.491	1.715	

Organic growth 2%

- NKT Cables 4%
- Nilfisk-Advance 1%
- Photonics Group -6%

Revenue at market prices was negatively impacted by fluctuations in metal prices, however, the underlying trend was positive

Changes Q1 2013 vs. Q1 2012

mDKK	Q1 2013	Q1 2012	Change
Revenue	3.509	3.531	-22 *01
<i>Revenue, std. metal prices</i>	2.859	2.806	53
Operational EBITDA	217	229	-12 *02
One-off's	-	-1	1
EBITDA	217	228	-11
Depreciation/Amortisation	-129	-125	-4
EBIT	88	103	-15
Financial items, net	-48	-59	11 *03
EBT	40	44	-4
Tax	-15	-13	-2
Profit	25	31	-6

01

	mDKK
Revenue decreased by	-22
Metal prices	-71
FX changes	-5
Acquisitions	0
2% organic growth	54
- NKT Cables	4%
- Nilfisk-Advance	1%
- Photonics Group	-6%

02

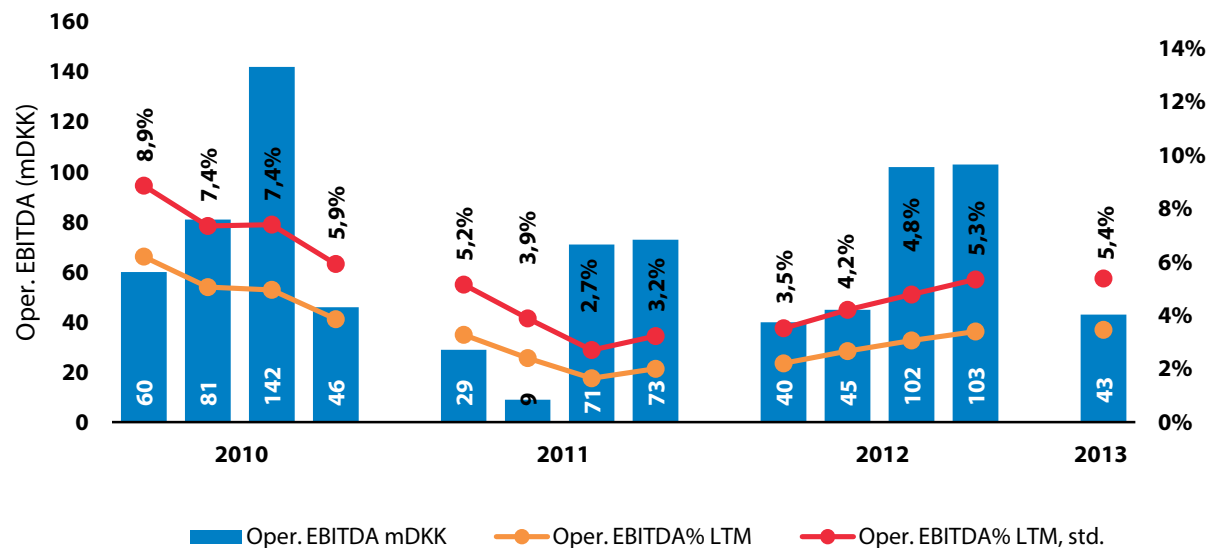
	mDKK
Oper. EBITDA decreased by	-12
NKT Cables	
Margin 3,8% (2012: 3,6%)	3
Nilfisk-Advance	
Margin 11,3% (2012: 12,0%)	-8
Photonics Group and other	-7

03

	mDKK
Financial items decreased by	11
Reduced net interest expenses	17
Increased exchange loss	-6

NKT Cables earnings up vs. last year

NKT Cables – trend



Realised 4% organic growth in Q1 2013

- Electricity Infrastructure 11% (Q4: 4%)
- Construction -19% (Q4: -13%)
- Railway 19% (Q4: 15%)
- Automotive -8% (Q4: -30%)

Organic growth peer is -6% in Q1 2013

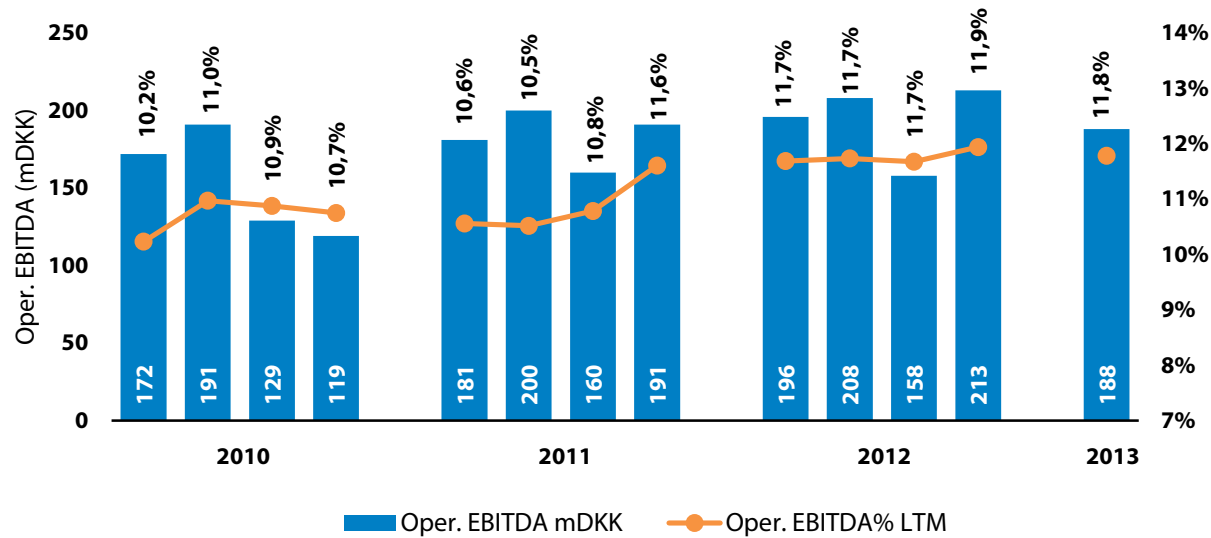
- Construction -10% (Q4: -3%)
- Infrastructure -5% (Q4: -10%)
- Industry -3% (Q4: 6%)

Organic growth

	2010				2011				2012				2013
- Quarterly (Y/Y)	1%	25%	25%	34%	20%	0%	-4%	-6%	-13%	-4%	0%	0%	4%
- Annually	16%				1%				-4%				4%

Nilfisk-Advance earnings impacted negatively by timing of Easter

Nilfisk-Advance – trend



Realised 1% organic growth in Q1 2013 (Q4: 1%)

- EMEA 2% (Q4: -4%)
- Americas 4% (Q4: 9%)
- APAC -10% (Q4: 8%)

Organic growth peer -2% in Q1 2013 (Q4: -2%)

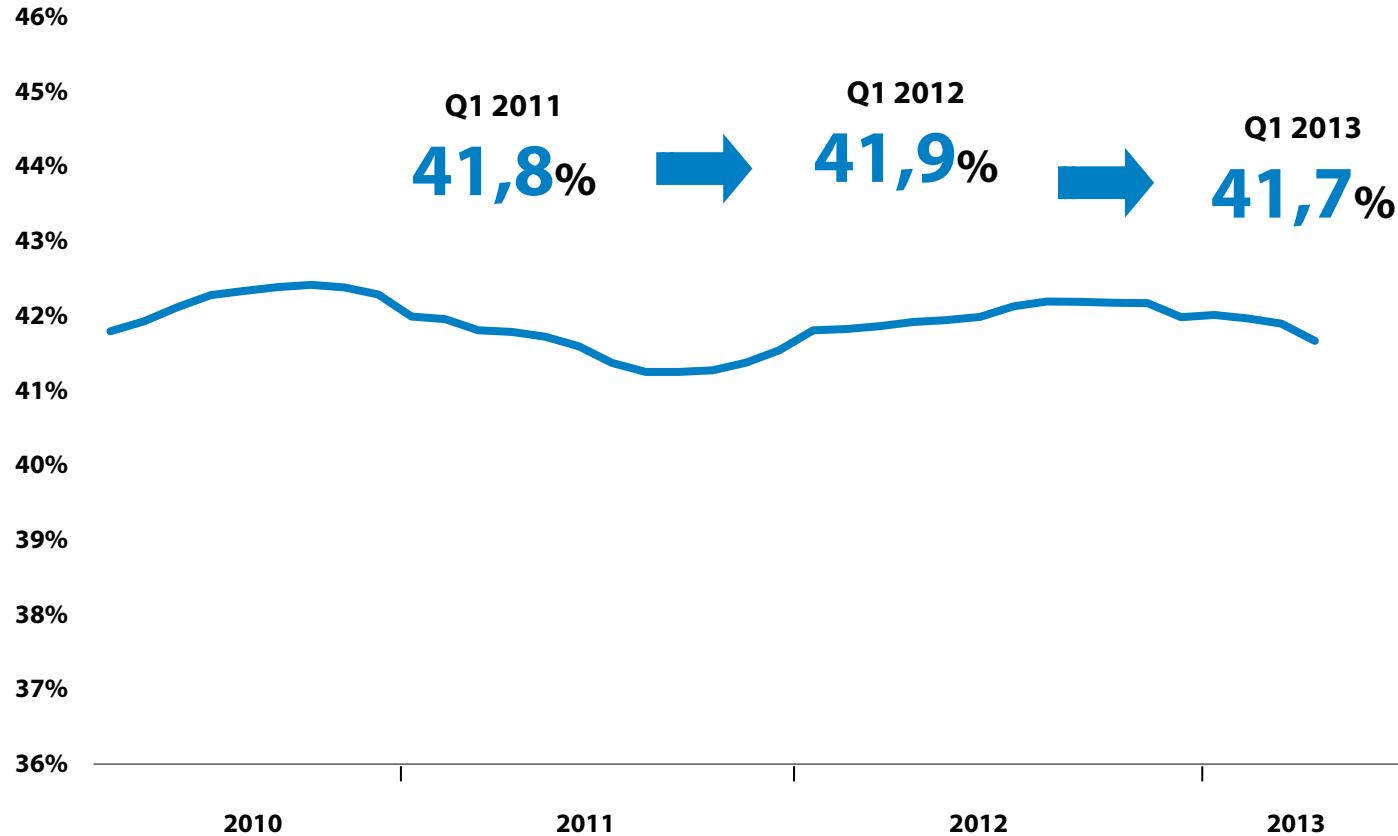
- EMEA -11% (Q4: -15%)
- Americas 3% (Q4: 3%)
- APAC -13% (Q4: -5%)

Organic growth

	2010				2011				2012				2013
- Quarterly (Y/Y)	6%	10%	5%	7%	5%	8%	9%	9%	4%	1%	-4%	1%	1%
- Annually	7%				8%				0%				1%

Nilfisk-Advance – Gross profit, LTM development

Gross profit margin (%)

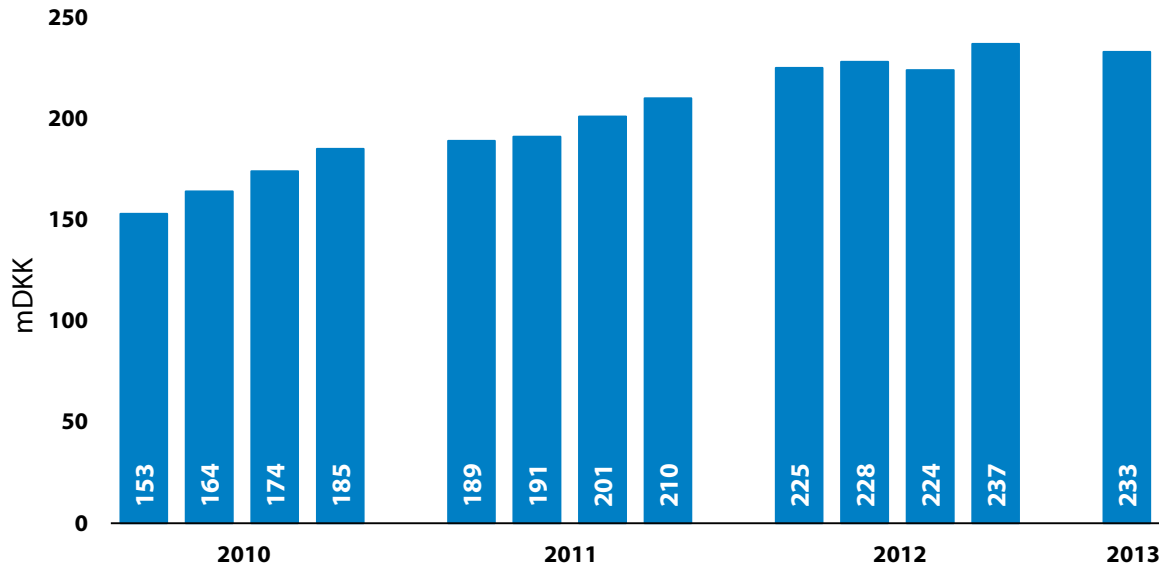


Gross profit percentage, LTM, is declining due to competition in the market as well as product mix and higher raw materials and freight cost.

Full year expectations unchanged

Photonics Group **able to maintain momentum**

Revenue, LTM



Q1 2012 was impacted positively by large project sales, hence satisfactory underlying revenue growth in Q1 2013 is present

Positive development in fiber lasers continues due to increasing interest from industrial customers

Satisfactory underlying growth recorded for Distributed Temperature Sensing (DTS)

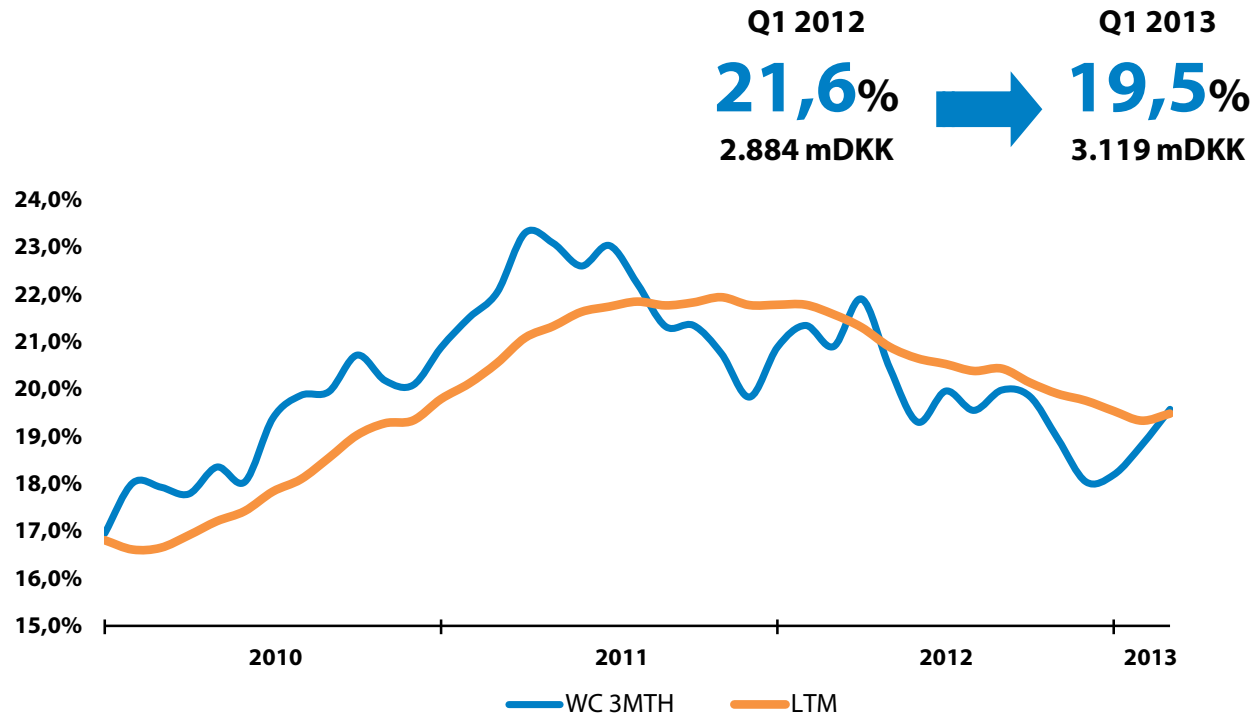
Sales of fiber processing equipment starting to pick up

Organic growth

	2010				2011				2012				2013
- Quarterly (Y/Y)	-15%	23%	24%	26%	13%	6%	25%	19%	31%	3%	-11%	20%	-6%
- Annually	14%				16%				10%				-6%

Continued focus enabling lower working capital

Working Capital (in % of revenue)



WC decreased to **19,5%**
vs. 19,8% end Q4 (LTM)

NKT Cables decreased to **19,5%**
vs. 19,7% end Q4 (LTM)

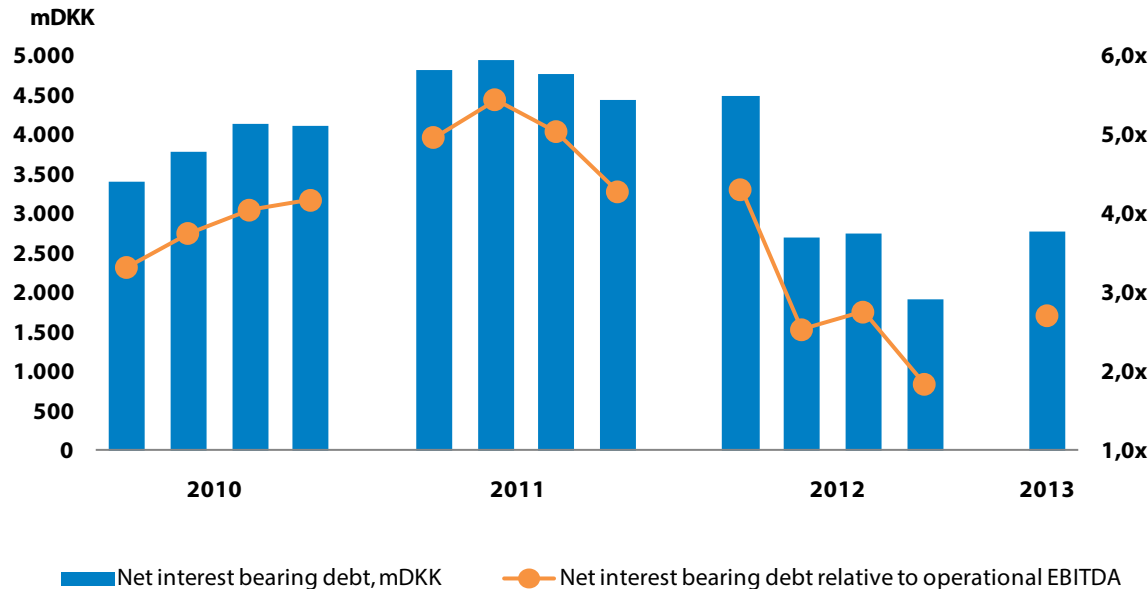
Nilfisk-Advance decreased to **19,1%** vs. 19,5% end Q4 (LTM)

Targets remain 18%
in Nilfisk-Advance and <17%
in NKT Cables

Net interest bearing debt

Net interest bearing debt

Q1 2012 **4,3x** → Q1 2013 **2,7x**
 4.491 mDKK → 2.776 mDKK



NIBD of 2.776 mDKK vs. 4.491 mDKK end Q1 2012 and 1.909 mDKK as per end 2012

End Q1 2013, **NIBD** amounts to **2,7x** oper. EBITDA (end 2012: 1,8x)

Max. NIBD of 2,5x operational EBITDA remains the target

Gearing of **50%** (end 2012: 33%)
 Max. ratio of 100% remains the target

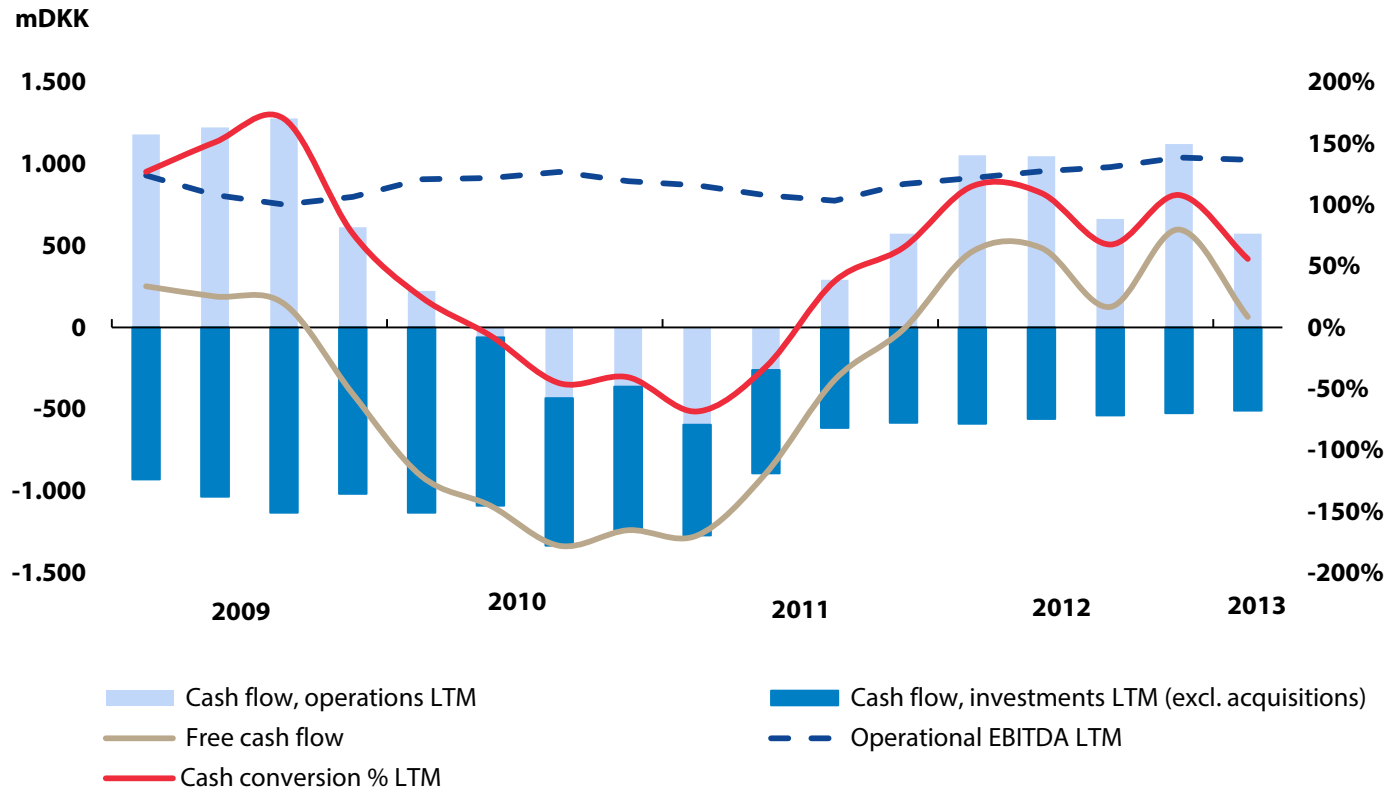
Solvency ratio of **41%** (end 2012: 44%). Ratio >30% remains the target

Negative cash flow due to build up of inventory

mDKK	Q1 2013	Q1 2012
Earnings, EBITDA	217	228
Interest, net	-48	-59
Changes in working capital	-666	-116
Other	-24	-26
Cash flow from operating activities	-521	27
Acquisition of subsidiaries	-1	-7
Acq. of property, plant and equipment, net	-60	-88
Other investments, net	-52	-39
Cash flow from investing activities	-113	-134
Free cash flow	-634	-107
Changes in long- and short-term loans	825	134
Dividend paid	-191	0
Cash from exercise of share-based options	7	21
Cash flow from financing activities	641	155
Net cash flow	7	48

Cash conversion Q1 impacted by return to normal WC level

Cash conversion



As at March 2013 cash conversion rate was 56%, LTM

Cash conversion rate was particularly influenced by the changes in working capital

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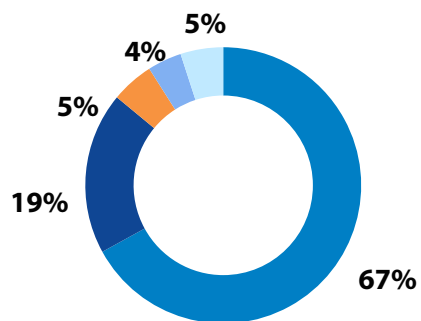
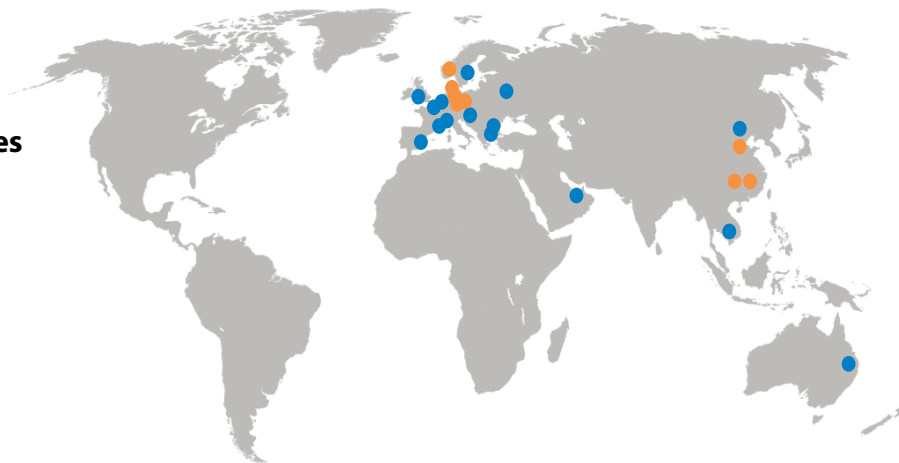


NKT Cables Vision

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

NKT Cables

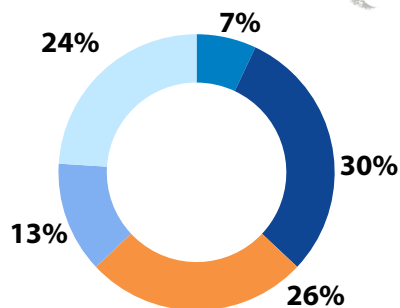
- Sales entities
- Manufacturing companies and Sales companies



Sales by fields of application

- Electricity Infrastructure
- Construction
- Railway
- Automotives
- Other

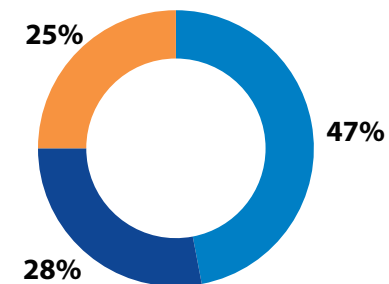
Measured in standard metal prices



Sales by geography

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

Measured in market prices



Sales by customers

- Utilities
- Wholesalers
- Industry

Measured in standard metal prices

All data based on FY 2012



NKT Cables highlights

Financial

	Q1 2013	Q1 2012	2012
Revenue	1.799	1.837	8.526
Revenue, std. metal prices	1.149	1.112	5.421
- Org. growth	4%	-13%	-4%
EBITDA	43	40	290
EBITDA margin, std. metal prices	3,7%	3,6%	5,3%
Invested capital	4.795	4.550	4.346
# FTEs, ultimo	3.386	3.395	3.385

By area Q1 2013

- Electricity Infrastructure +11%
- Railway +19%
- Construction -19%
- Automotive -8%

Operational Q1 2013

- High utilisation of capacity in Cologne factory
- More than expected installation works offshore
- Transshipment and storage terminal in Rotterdam complete
- Tender activity for submarine contracts remained at high level
- Additional HV projects won in Q1
- Still price competition in China in HV and MV
- Railway - positive outlook in China
- Three new Railway contracts won in Q1
- Railway tender activity higher
- Construction: Harsh winter in Europe, price competition

Ericsson acquisition

NKT Cables has **signed a conditional purchase agreement** with Ericsson concerning acquisition of Ericsson's power cable operations ("Energy Business")

- Revenue of approx. **1,3 bn. DKK** in 2012
- Expected to have **neutral impact on NKT earnings** in 2013. Affects revenue in std. prices with approx. 500 mDKK in 2013
- The transaction is subject to relevant regulatory approval and is expected to be **completed beginning of 3rd quarter 2013**. The total consideration amounts to 250 mSEK, equivalent to approx. 220 mDKK (enterprise value)

The acquisition is a **central element in the growth strategy** for NKT Cables Products business unit, focusing on strengthening the company's position in the medium and low voltage cables segment in selected markets

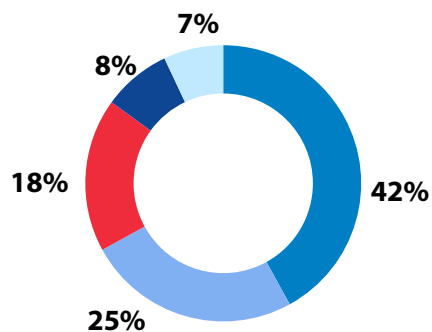


Nilfisk-Advance Mission

'We enable sustainable cleaning worldwide to improve quality of life'

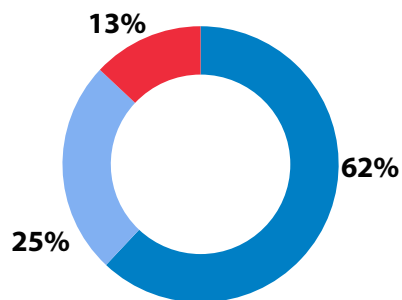
Nilfisk-Advance

- Sales entities
- Manufacturing companies



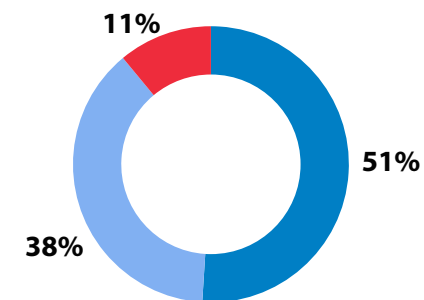
Sales by products

- 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

All data based on FY 2012



Nilfisk-Advance highlights

Financials

mDKK	Q1 2013	Q1 2012	2012
Revenue	1.655	1.636	6.491
- Org. growth	1%	4%	0%
Oper. EBITDA*	188	196	775
Oper. EBITDA margin	11,4%	12,0%	11,9%
Invested capital	3.374	3.314	3.073
# FTEs, ultimo	5.327	5.326	5.224

By geography Q1 2013

- EMEA +2%
- Americas +4%
- APAC -10%

Operational Q1 2013

- EMEA: backed by local sales representation, well-established sales companies and direct service
- Cost saving plan continues
- Growth in Central and South America and the US
- APAC: economic hesitation
- BRIC+MT: double-digit growth
- List prices raised by around 2%
- Profit negatively influenced by market pressure on prices, change in sales mix, from professional towards domestic consumers
- China: rising exchange rates and increasing costs
- Fixed costs reduced by 1.5% via tight cost control and savings

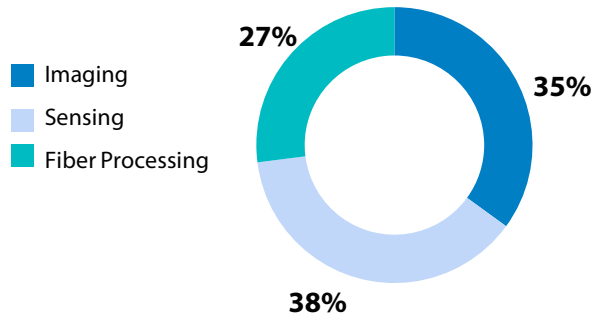


Photonics Group Vision

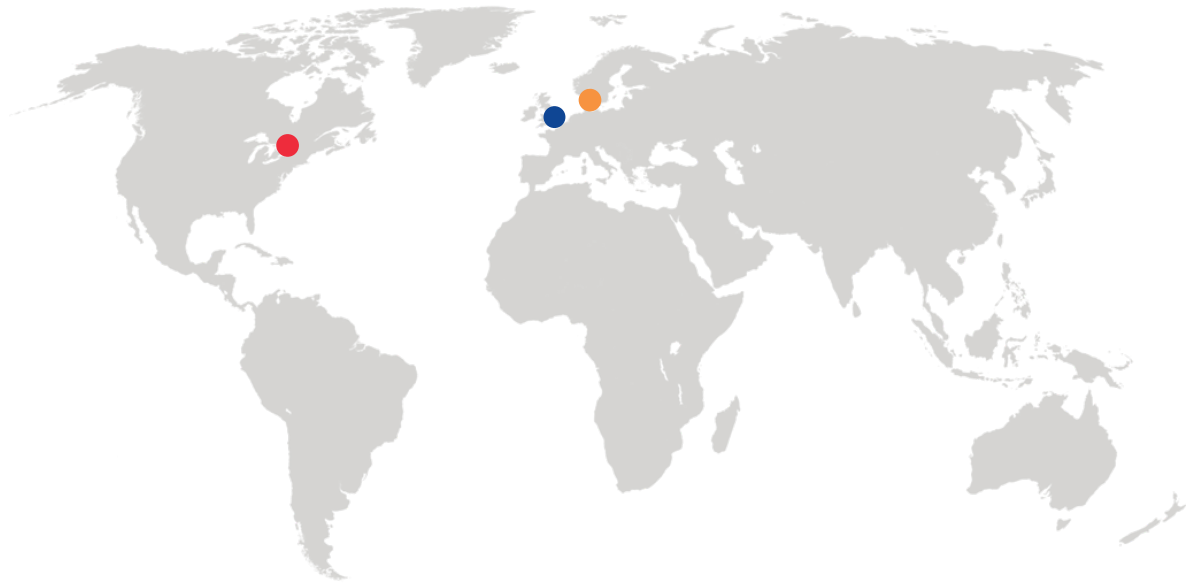
'To lead the way in transforming the Photonics Industry'

Photonics Group

Sales by products



All data based on FY 2012



- HQ NKT Photonics
- HQ Lios Technology
- HQ Vytran

Photonics Group highlights

Financials

mDKK	Q1 2013	Q1 2012	2012
Revenue	55	59	237
- Org. growth	-6%	31%	10%
EBITDA	-5	-1	9
Invested capital	204	185	210
# FTEs, ultimo	188	185	182

Operational Q1 2013

- **Imaging:** Significant order intake and strong interest
- Ongoing expansion of production facilities
- **Sensing:** Strong growth
- Successful pilot installations for permanent reservoir monitoring of oil fields. Results will be of great importance to the future sales potential
- Now access to the Chinese market for fire detection
- **Fiber Processing:** the US market showed signs of recovery
- Strong order intake from industrial customers in med-tech

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Unchanged expectations 2013

Revenue for 2013 measured in standard metal prices covering the existing part of the Group **is expected to be on a par with 2012**. This is unchanged from the forecast in the 2012 Annual Report. The same applies to operational EBITDA.

These expectations remain **dependent on project timetables** being met by NKT Cables and on the **development in NKT's main markets** being in line with 2012.

The expected acquisition of **Ericsson's power cable** operations at the beginning of Q3 2013 will **increase revenue in standard metal prices however by approx. 500 mDKK**, but is not expected to influence earnings in 2013. The transaction is expected to positively impact earnings for NKT Cables as from 2014.

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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.

