



**NKT**

# **NKT – Research analyst presentation**

September 6, 2017

# Agenda

1. Introduction to NKT A/S
2. NKT
  - 2.1. Introduction to NKT
  - 2.2. Solutions
  - 2.3. Service & Accessories
  - 2.4. Applications
  - 2.5. NKT financial performance
3. NKT Photonics
4. Financial outlook and Q&A

# Today's presenters



**Michael Hedegaard Lyng**

**NKT A/S**

Group Executive Director

**NKT**

President & CEO



**Roland M. Andersen**

**NKT**

CFO

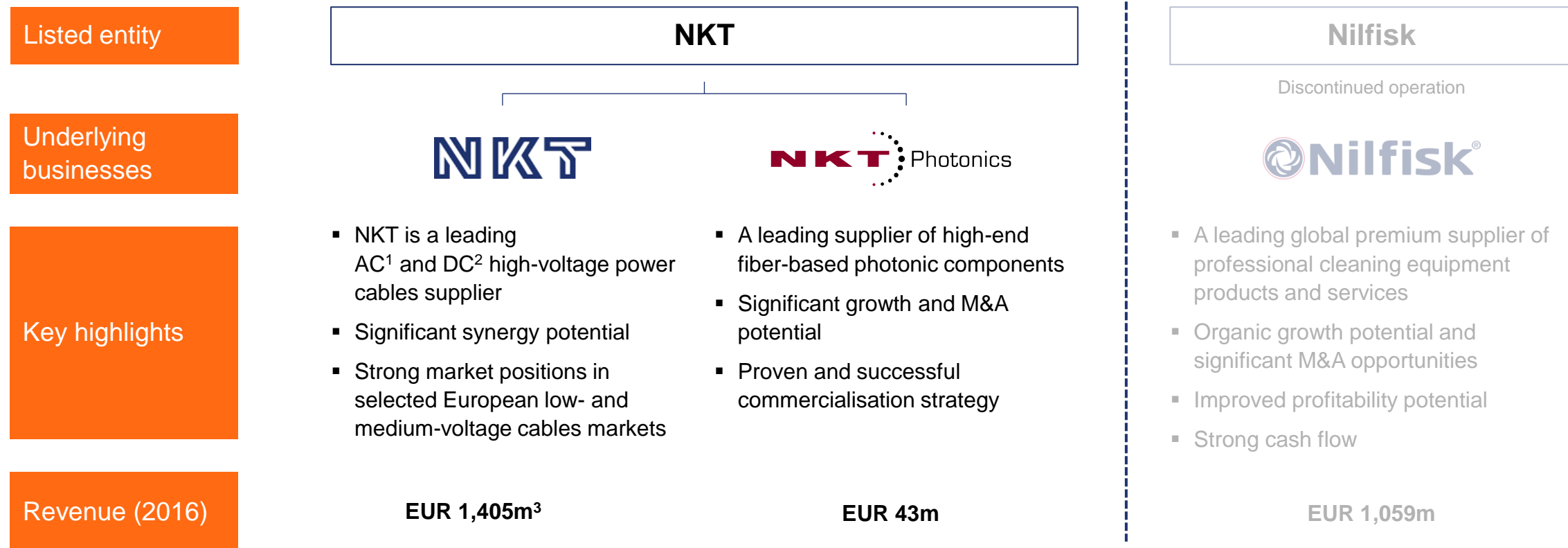


**Basil Garabet**

**NKT Photonics**

President & CEO

# Intention to split NKT A/S into two separately listed entities

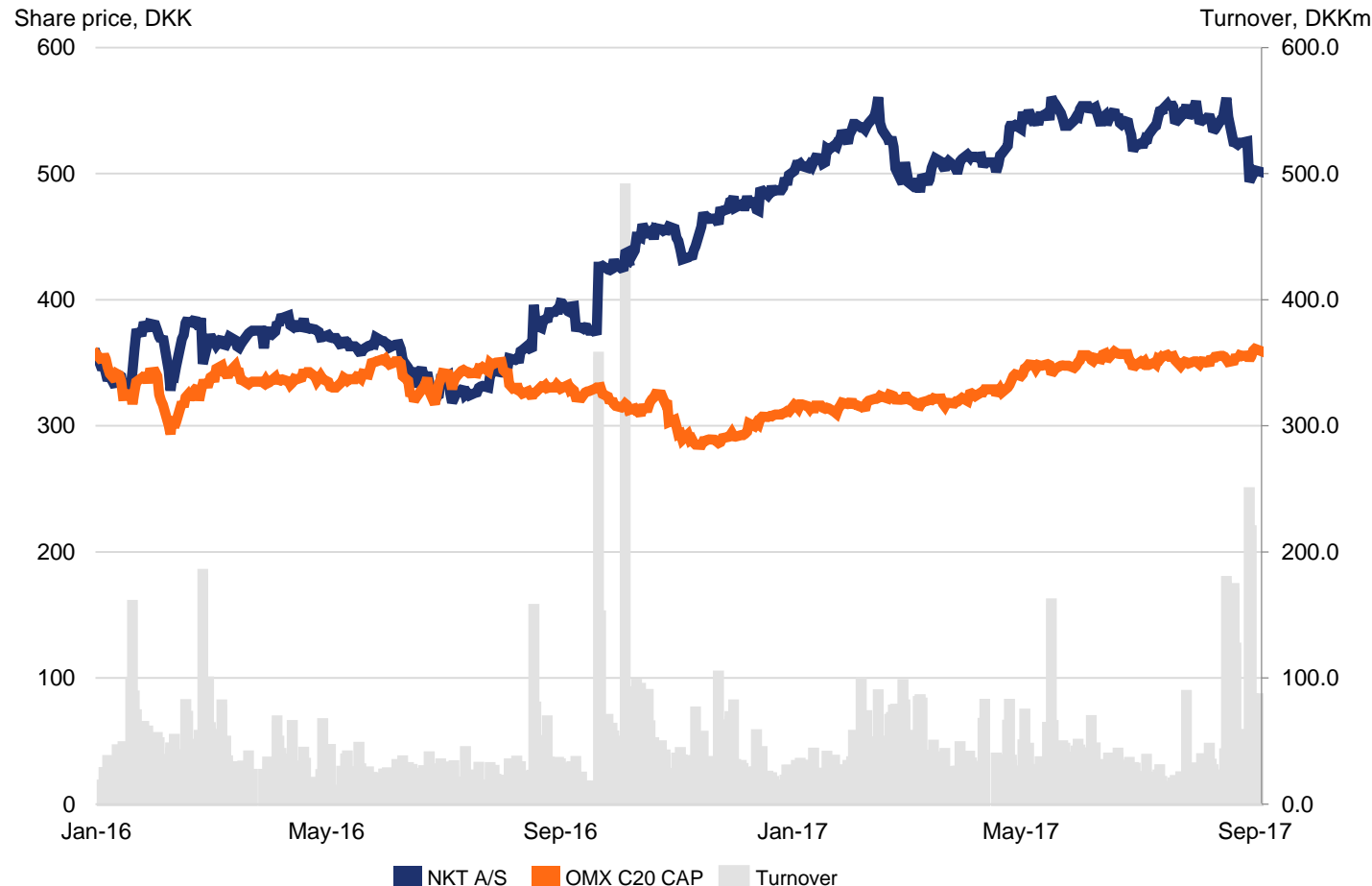


<sup>1</sup> Alternating current

<sup>2</sup> Direct current

<sup>3</sup> Pro forma figures are 2016 NKT actuals, combined with 2016 pro forma figures for ABB HV Cables. Revenue is in market prices

# NKT share price increased 41% since beginning of 2016



Listed in Copenhagen and member of the Nasdaq OMX Copenhagen Large Cap index

100% free float with no dominant shareholders

Investors with shareholdings above 5% (end-June 2017):

- ATP (Denmark)
- Nordea Funds Oy, Danish Branch
- Kirkbi INVEST A/S (Denmark)
- Ferd AS (Norway)

Distribution of registered share capital (end-2016):

- ~48% Danish shareholders
- ~52% foreign shareholders

# Evolution of NKT A/S

## August 2013

### First change

- Governance model changed
- Board committees directly engaged in business units
- Direct reporting from business unit CEOs to the Board of Directors

## 2013 – 2015

### Execution

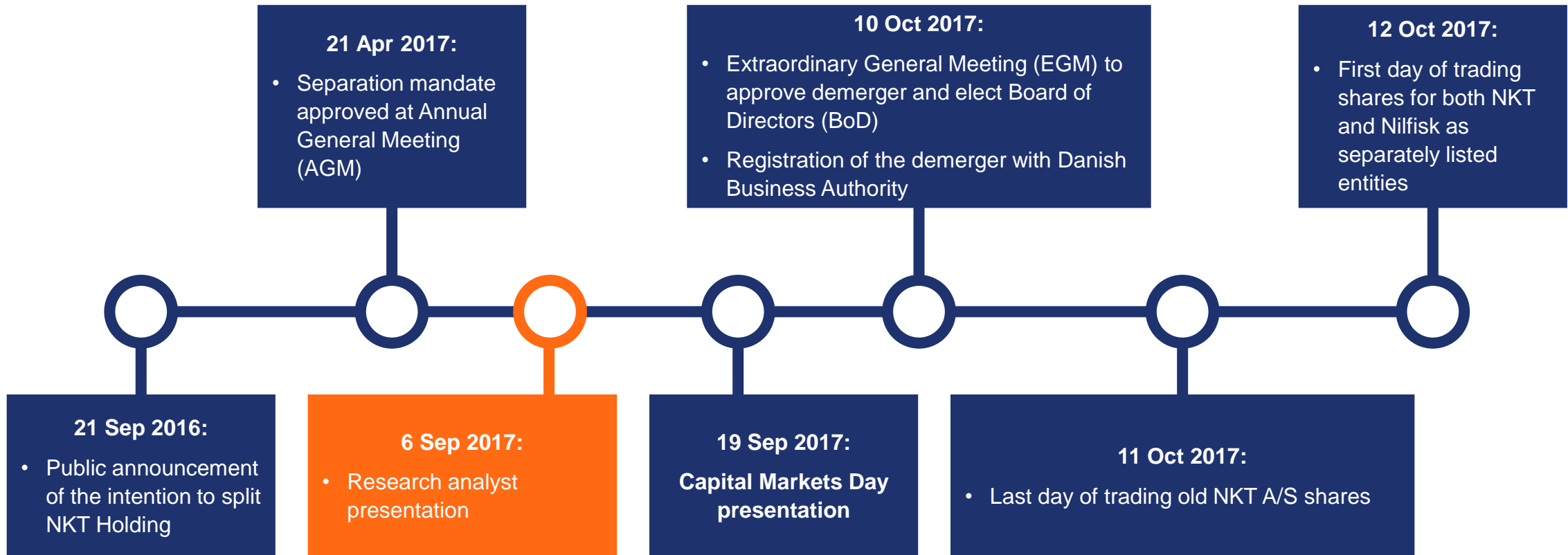
- Focus on driving active ownership
- Increased focus on e.g. NKT profitability and Nilfisk growth
- New CEO in NKT (November 2014)
- New CEO in NKT Photonics (July 2015)
- New role of NKT Holding as lean Executive Office with pure focus on active ownership

## Autumn 2016

### Separation announcement

- Acquired ABB HV Cables
- Formally announced plans for separation
- New Nilfisk CEO announced in February 2017
- Completed renaming and rebranding of NKT Cables to NKT
- Intention to split NKT A/S approved by AGM in April 2017
- Split expected to be completed in October 2017

# First day of trading as separate entities expected on 12 October 2017












- Existing shareholders will each receive 1 share in Nilfisk and 1 share in NKT for each share of NKT A/S
- Net interest bearing debt to be split between the two separate entities
- Fair value of NKT and Nilfisk share will be determined by public market upon commencement of trading

# Experienced board of directors and executive management driving NKT A/S



## Board of Directors

 <p><b>Jens Due Olsen</b> Various board positions Chairman <i>Joined the board 2006</i></p>	 <p><b>René Svendsen-Tune</b> CEO, GN Store Nord A/S and GN Audio A/S Deputy Chairman <i>Joined the board 2016</i></p>	 <p><b>Jens Maaløe</b> President &amp; CEO, Terma A/S Non-executive director <i>Joined the board 2004</i></p>	 <p><b>Jutta af Rosenberg</b> Various board positions Non-executive director <i>Joined the board 2015</i></p>	
 <p><b>Anders Runevad</b> CEO, Vestas Wind Systems A/S Non-executive director <i>Joined the board 2016</i></p>	 <p><b>Lars Sandahl Sørensen</b> Group Director &amp; COO, SAS Non-executive director <i>Joined the board 2013</i></p>	 <p><b>Gitte Toft Nielsen</b> Non-executive director <i>Joined the board 2014</i></p>	 <p><b>Niels-Henrik Dreesen</b> Non-executive director <i>Joined the board 2012</i></p>	 <p><b>René Engel Kristiansen</b> Non-executive director <i>Joined the board 2014</i></p>

## Executive Management Team



**Michael H. Lyng**  
President & CEO

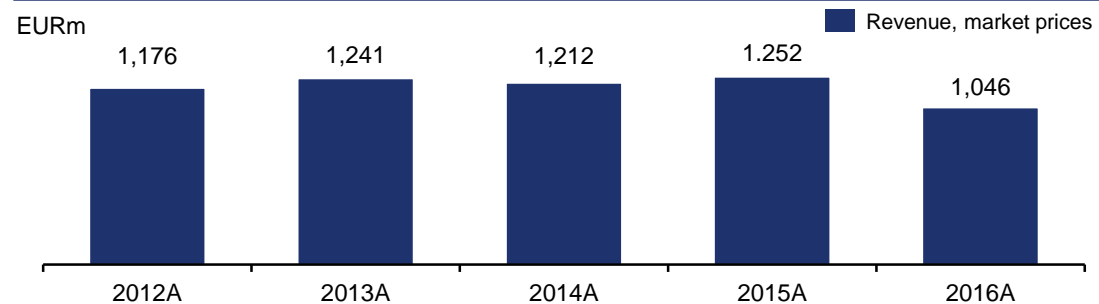


**Basil Garabet**  
President & CEO

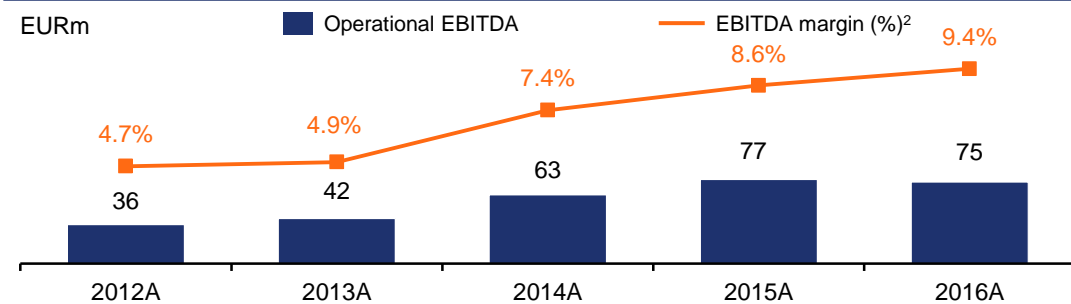


# Review of historical financial performance for NKT A/S<sup>1</sup>

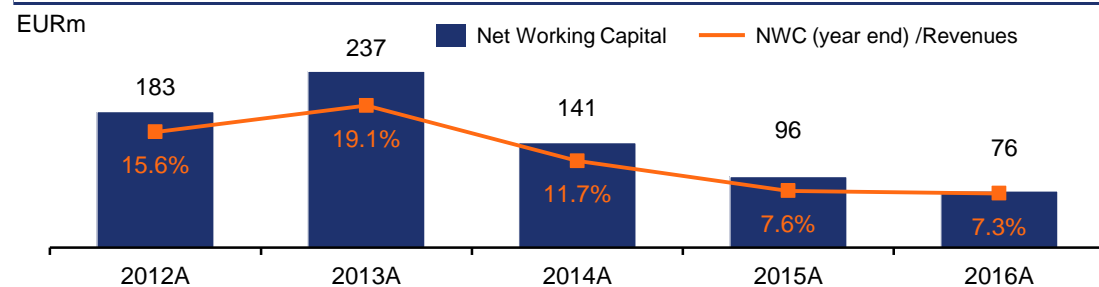
## Revenue, market prices



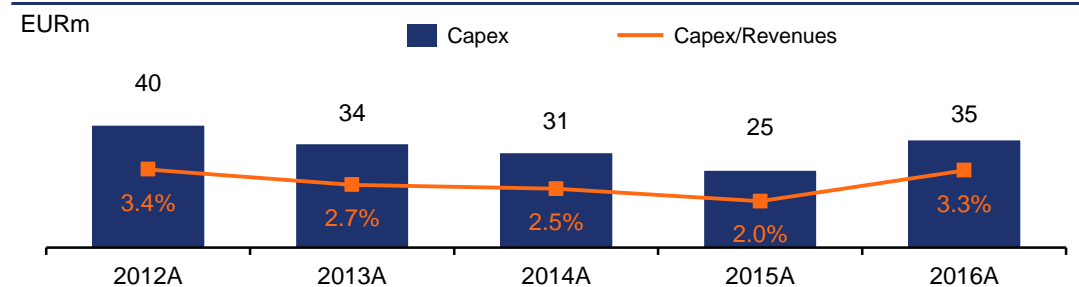
## Operational EBITDA



## Net working capital<sup>3</sup>



## Capex<sup>4</sup>



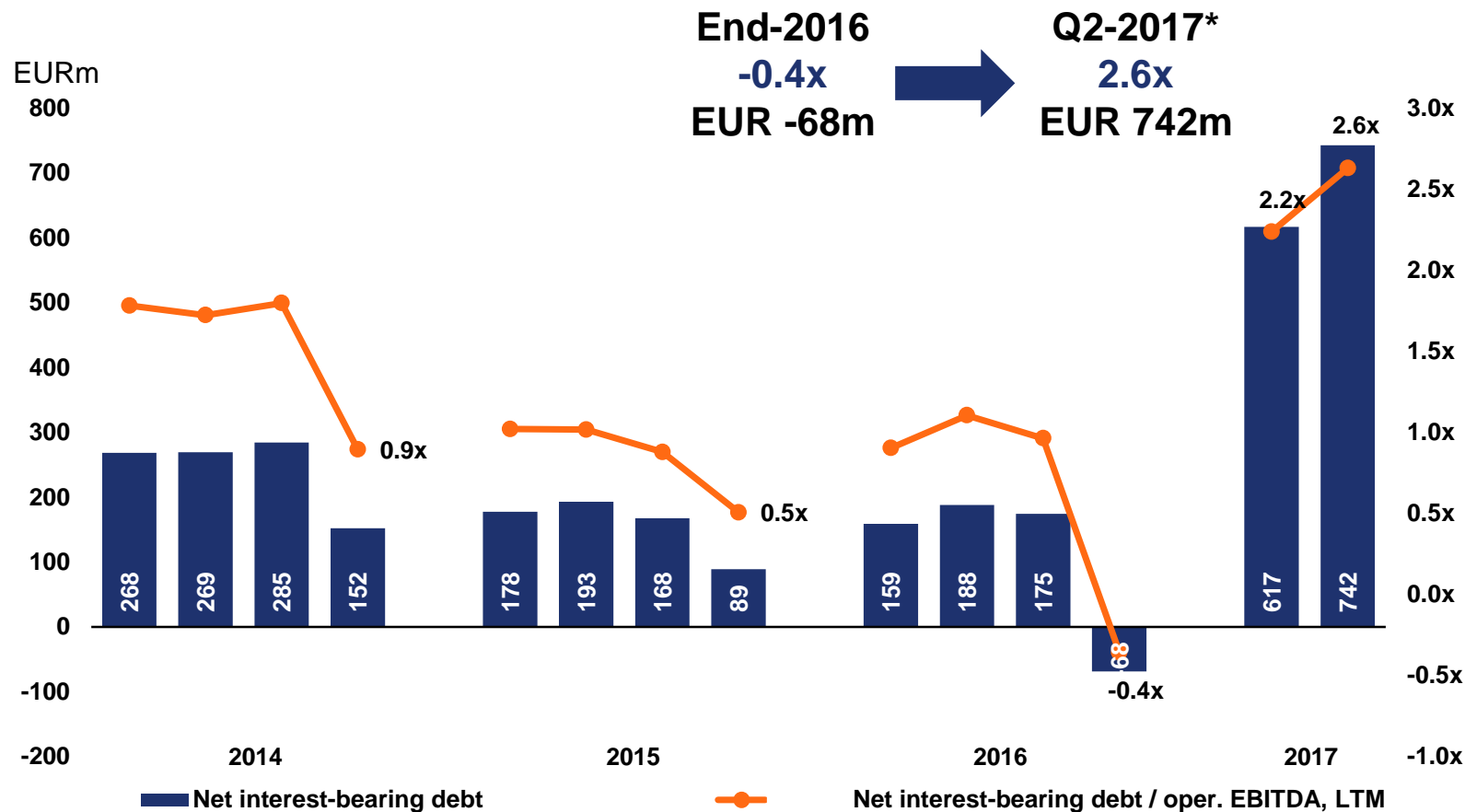
<sup>1</sup> Continuing operations (excluding Nilfisk that is treated as a discontinued operation)

<sup>2</sup> Based on revenue at std. metal prices

<sup>3</sup> Aggregated figures of NKT and NKT Photonics

<sup>4</sup> Cash flow from investing activities, excl. acq. & div. Aggregated figures of NKT and NKT Photonics

# Net debt impacted by acquisition in 2017



The increasing debt level is due to the acquisition of ABB HV Cables in March 2017

The development slightly better than previous communication and the payments related to the acquisition were finalised in Q2 2017

At Q2 2017, operational EBITDA (incl. Nilfisk), LTM, was EUR 230.8m

Net interest bearing debt to be split between NKT and Nilfisk

\* For the Q1 and Q2 2017 gearing 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

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# NKT at a glance – Well positioned to support the growing need for energy

Leading power cable producer

With strong position in HVDC<sup>1</sup> power cable market globally

EUR ~1.4bn

2017E revenue (EUR ~1.1bn in std. metal prices)

EUR ~140m

2017E operational EBITDA

~3,400 employees

In 12 different countries

Embrace and drive change

Acquisition of ABB HV Cables and disposal of non-core operations

Technological leadership

In attractively growing Solutions business

Entrenched customer base for MV/LV Products<sup>2</sup>

In stable Applications business

Cost-effective manufacturing facilities

Operating at the highest technological level

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**NKT is bringing power to life**

1) HVDC = High-voltage direct current  
2) MV = Medium-voltage and LV = Low-voltage

# A number of drivers underpin long term growth opportunities in the global cable industry



## 1 Green energy

- Legislative goals to reach Paris 2015 goals worldwide
- Rapid expansion of renewables and closure of nuclear power plants



## 2 Displacement in electricity production

- Large production capacity located far away from consumption
- Security of supply ensured by connected grid



## 3 Shift towards underground cables

- Aging grid infrastructure needs to be replaced
- Public pressure to use cables supported by legislative (e.g.: FIN, GER, SWE)



## 4 Connected grid

- Rapid expansion of transnational grid due to cost efficiency, increased grid reliability and active trade (e.g. Europe)
- Legislative goals in Europe



## 5 Economic & Population growth

- Growing world economy, population expansion and urbanisation boost the demand for modern infrastructure



## 6 Industry Consolidation

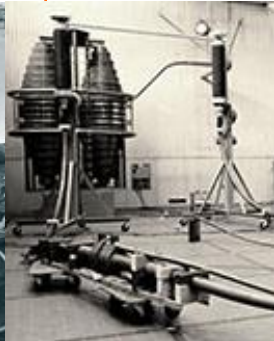
- Current cable player landscape fragmented
- Further consolidation expected

# Pioneering the cable industry with world's firsts

A proven track record of valuable solutions for +125 years

**1891**

The Dane Hans Peter Prior founded Nordisk Elektrisk Ledningstråd og kabelfabrik, later known as NKT



**1973**

World's first XLPE<sup>1</sup> AC submarine cable

**1998**

World's first XLPE DC cable Gotlight (80 kV), delivered

**2014**

World's first 525 kV XLPE DC cable

**2017**

World's first tested and qualified 640 kV XLPE DC underground cable

**1954**

World's first HVDC MI<sup>2</sup> interconnector cable

**1986**

World's first 145 kV XLPE cross-linked cables

**2010**

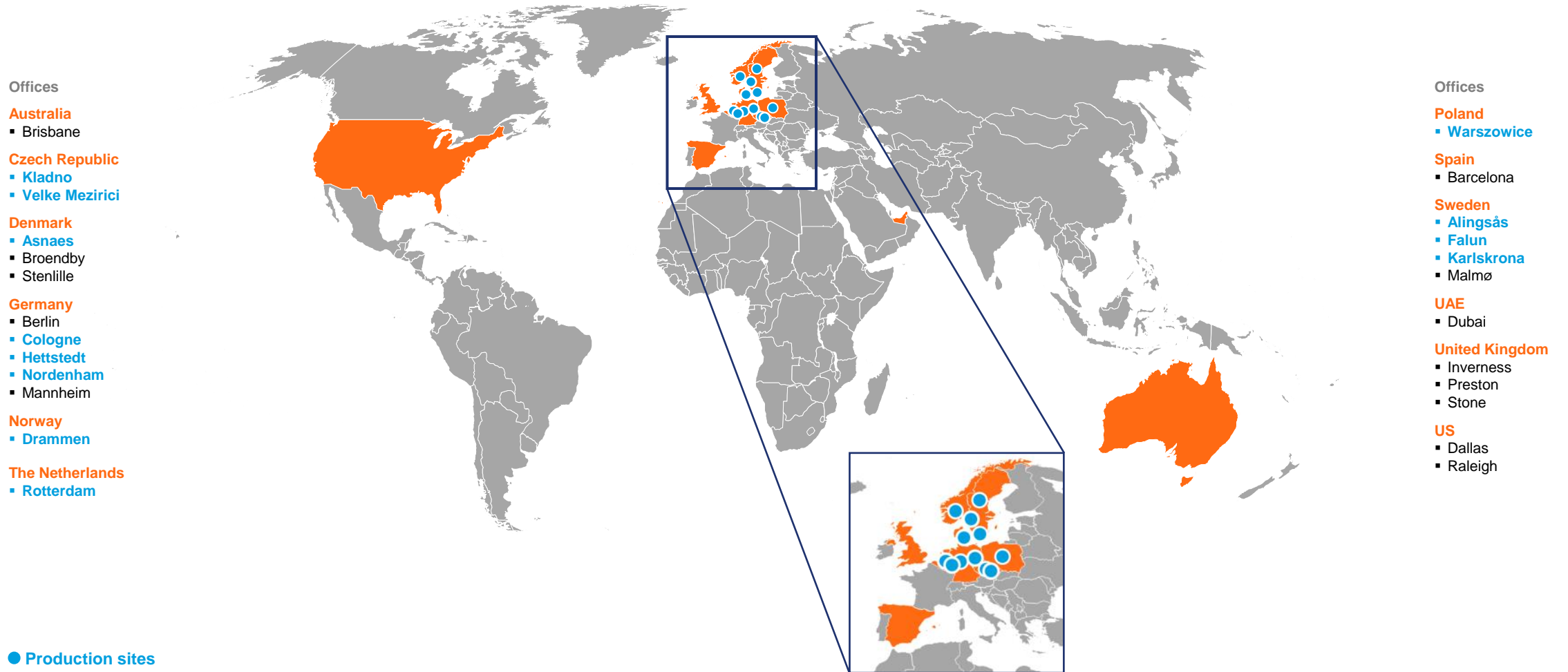
Opening the new production plant in Cologne with longest CCV line in the world

**2016**

State of the art factory in Karlskrona extended & world's largest HV test lab completed

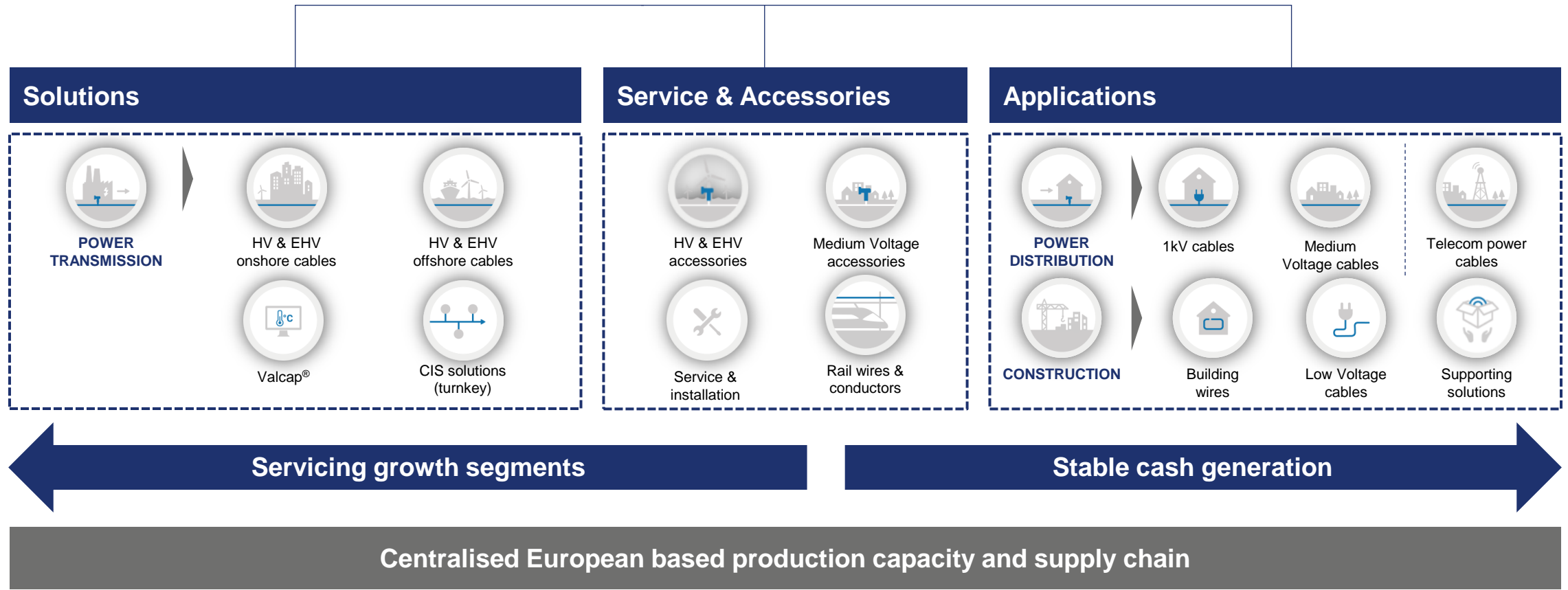
1) XLPE = Cross-linked polyethylene  
2) MI = Mass impregnated

# Nordic heritage with global reach: we have a “glocal” mind-set rooted in trusted partnerships





# NKT is moving to an integrated, functional sales organisation with balanced exposure to diverse markets





# Experienced management team to deliver next phase of profitable growth



Proven track record of delivering on operational and strategic initiatives



**Michael Hedegaard Lyng**

President and CEO  
*21 years of relevant industry experience*



**Roland M. Andersen**

CFO  
*20 years of experience in Finance*



**Detlev Waimann**

CTO  
*22 years of experience in High Voltage*



**Dietmar Müller**

COO  
*25 years of experience in Operations*



**Lika Thiesen**

CHRO  
*17 years of experience in Human Resources*



**Andreas Berthou**

EVP HV Solutions  
*17 years of experience in the power industry*



**Oliver Schlodder**

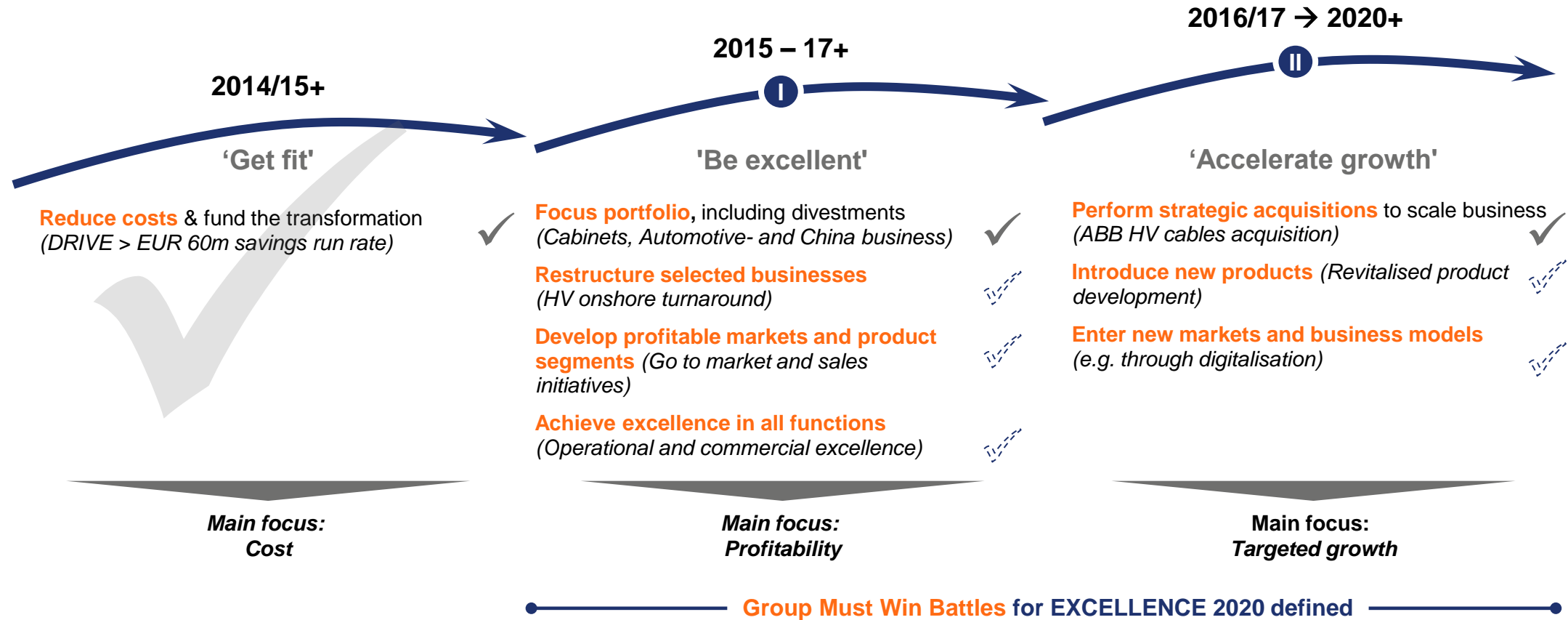
EVP Service & Accessories  
*11 years of experience in Energy Industry & Strategy*



**Frida Norrbom Sams**

EVP Applications  
*22 years of relevant industrial experience*

# EXCELLENCE 2020: Continue to optimise profitability via excellence – focus turns towards profitable growth



# Group Must Win Battles defined to support 'Be excellent' and 'Accelerate growth' phase



**Safe, lean, agile and engaged organisation**



**Improvement of business processes  
Pricing and management of commercial operations**



**Revitalisation of setup  
Focus on portfolio management**



**Digitalisation of internal processes, customer interface and offering**

# Strategic priorities for 2017

## DEVELOP AND GROW



**AC/DC  
high-voltage offshore**



**DC high-voltage  
onshore**



**Accessories**

## FOCUS ON PROFITABILITY



**Building wire &  
Low-voltage**



**Medium-voltage**

## TURNAROUND



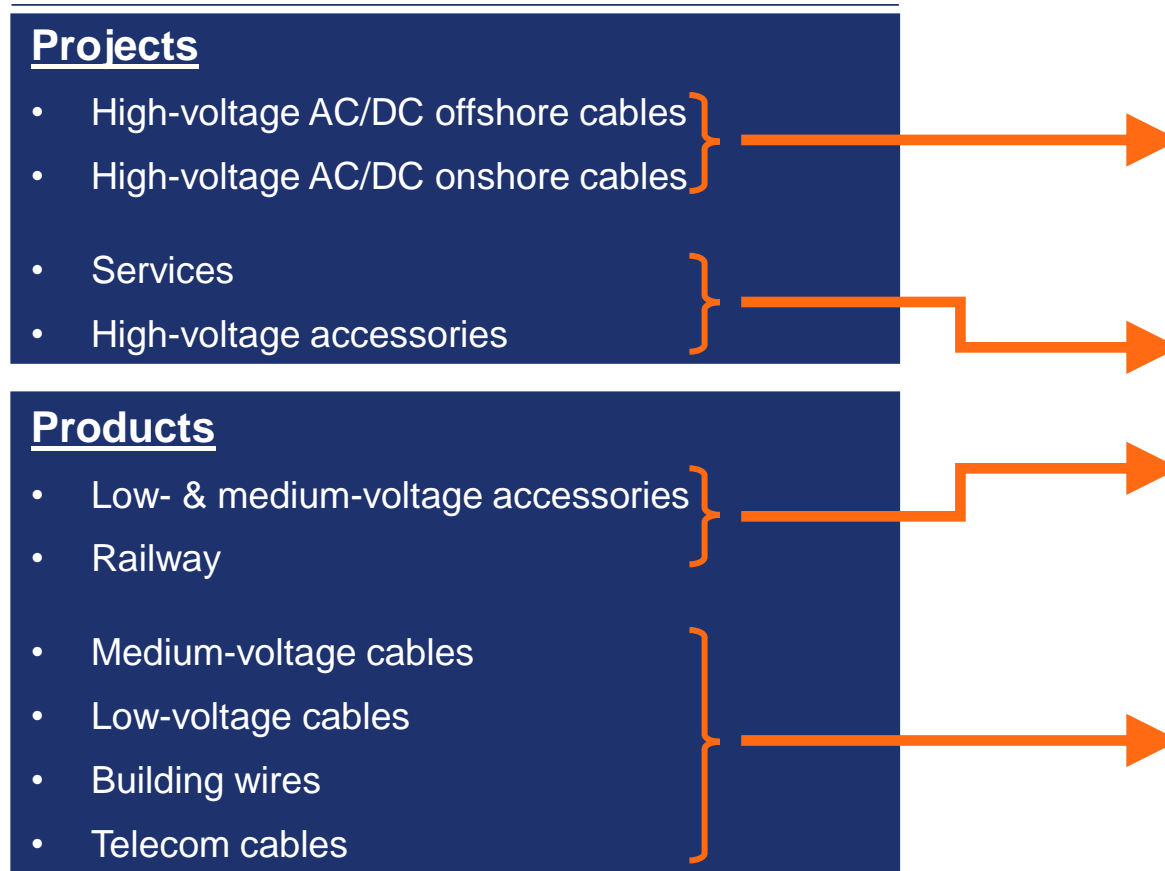
**AC high-voltage  
onshore**



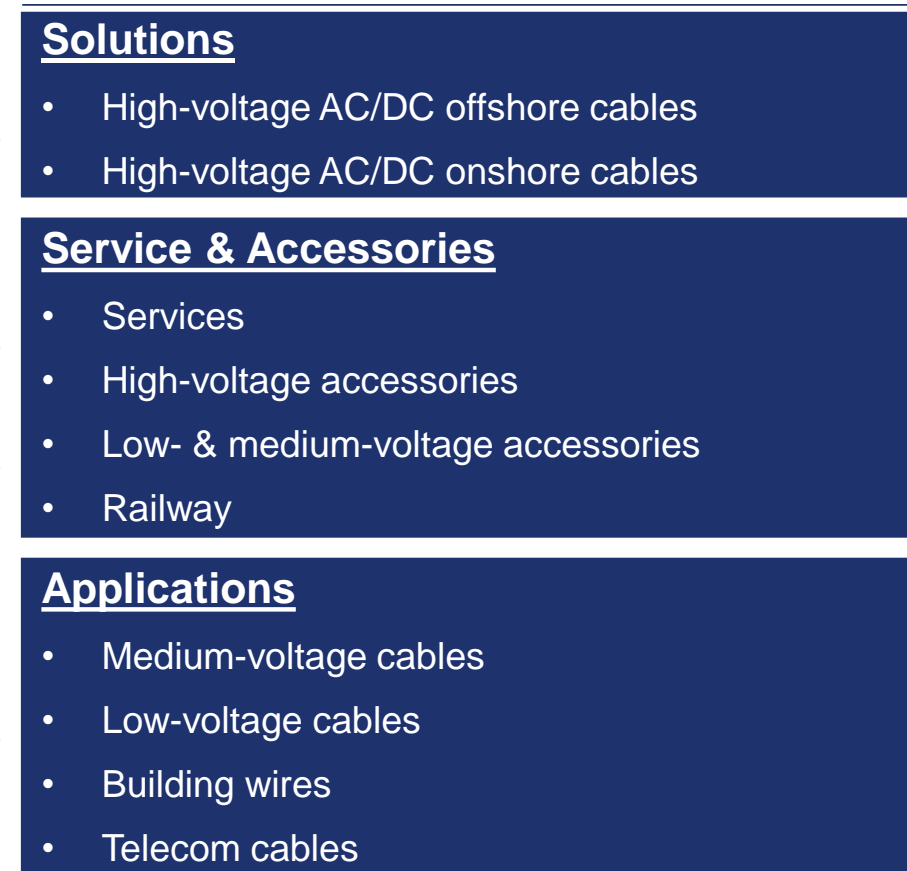
**Railway**

# The NKT financial reporting will from 2018 reflect the new organisational structure

## Current segmentation



## Segmentation as of January 1, 2018



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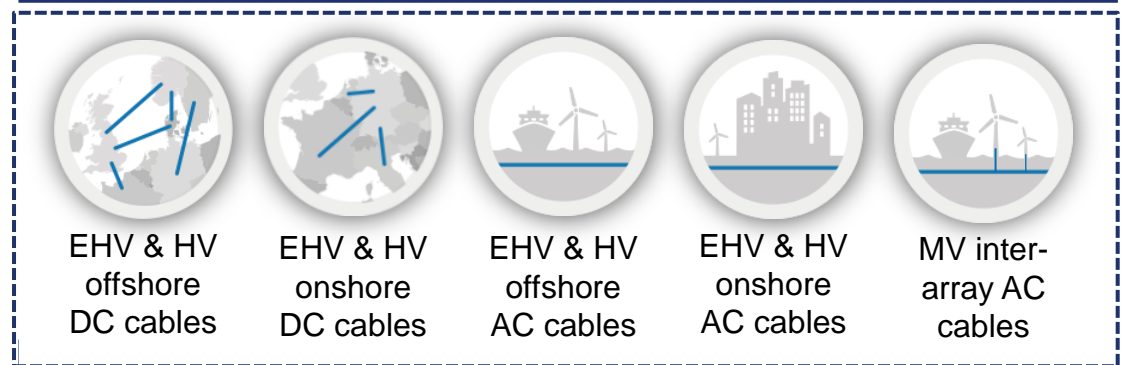
# Solutions: World leading supplier of premium off- and onshore HV cable systems



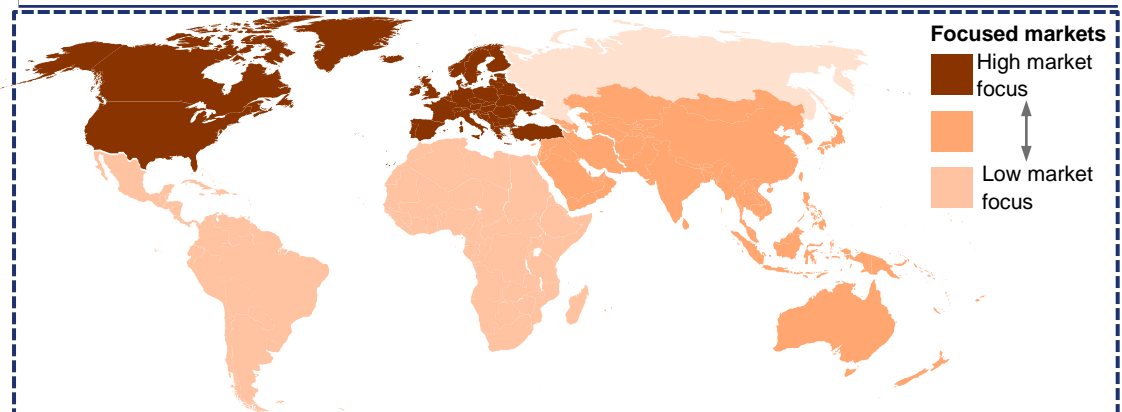
## Segment overview

- World leading supplier of premium off- and onshore HV cable systems
- Complete suite of design, manufacture, installation & service offering
- Strategically located production facilities in Cologne and Karlskrona to benefit from strong project pipeline in Germany and Northern Europe
- Offshore competence center and logistics center in Rotterdam
- Dedicated state-of-the-art cable laying vessel NKT Victoria
- Long lasting and close customer relationships

## Products and services

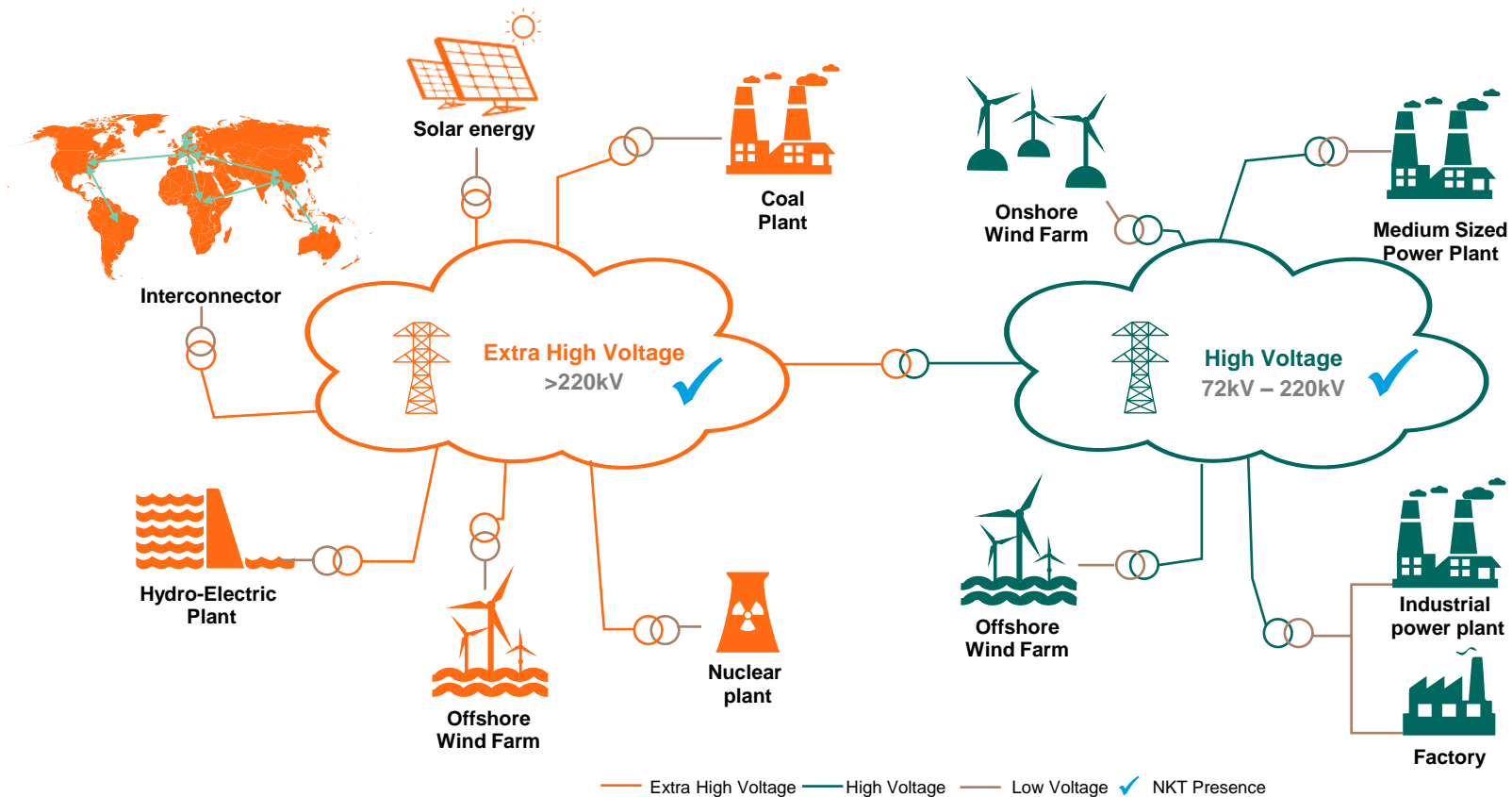


## Focus geographies



# NKT supplies whole transmission market from production to consumption

## High-level overview of the electric transmission power grid



## Key characteristics

- HV/EHV cables are used to transmit electricity both onshore and offshore
- HVAC used for cable systems up to 100 km – HVDC systems mostly used for length > 100 km (especially required for interconnectors)
- NKT offers extensive tailored product portfolio from AC to DC to meet customer needs



# Strong product portfolio with best in the class technologies – world's first 640 kV XLPE HVDC



## Extruded Insulation System

## Paper/Oil

	Onshore AC XLPE <sup>1</sup>		Onshore DC XLPE	Offshore AC XLPE		Offshore DC XLPE	On/offshore MI <sup>2</sup>
Maximum voltage	550 kV	245 kV	640 kV	420 kV		525 kV	525 kV
Type	Single core	Three core	Single core	Single core	Three core	Single core	Single core
Prequalification & Type Testing	✓	✓	✓	✓	✓	✓	✓
Relevant product							

1) XLPE = Cross-linked polyethylene  
2) MI = Mass impregnated

# NKT delivers best quality and fast project execution

## Exemplary projects

	Offshore wind (AC – XLPE)			Interconnector offshore (DC)	
	<p>Offshore order for delivery of export and onshore cable systems to the <b>Gemini Wind Farm</b> operated by </p>	<p>Supply of 220kV AC Cables to the world's largest windfarm <b>Hornsea 1</b> of </p>	<p>A milestone for the start of the Dutch Offshore grid: <b>Borssele</b> windfarm, to be connected by </p>	<p>Order for <b>HVDC Link</b> between <b>Spittal in Caithness</b> and <b>Blackhillock in Moray</b> by </p>	<p>Supply of turnkey solution for <b>HVDC Link</b> between <b>Isle of Grain</b> and <b>Maarsvlakte</b> of  &amp; </p>
<b>Highlights</b>	~210km of 220kV HVAC export & 35km of 380kV (5km) and 220kV (30km) onshore HVAC cable system	465km of 220kV HVAC export cable system	125km of 220kV HVAC export cable system	160km of 320 kV HVDC XLPE submarine cable	494km of 450kV HVDC MI submarine & 18km HVDC MI underground cable
<b>Capacity</b>	Up to 600MW	Up to 1.2GW First gigawatt-scale offshore wind farm	Up to 700MW	Up to 1200MW	Up to 1000MW
<b>Location</b>	Netherlands – coast of Groningen	UK – Yorkshire coast	Netherlands – coast of Zeeland	Scotland	Netherlands – UK
<b>Commissioning year</b>	2016	2020	2020	2018	2011

NKT's expertise and technologies allows it to supply the largest and most complex projects of the world

# NKT operates two of the most cost effective, technologically advanced HV production facilities in the world



Cologne



- Inaugurated in 2010
- Longest CCV line in the world allowing to produce best-in-class cable lengths without joints
- Currently in the process of being qualified for DC cable production
- Potential for capacity expansion
- Connected to logistics centre in Rotterdam

Karlskrona



- Invested in significant upgrades in the past five years
- Karlskrona has the world's largest HV test laboratory for qualification of cable systems
- Own harbour with direct sea access (Baltic Sea)
- Potential for capacity expansion

These state-of-the-art facilities allow NKT to be at the forefront of innovation, as demonstrated by the ability to test cables up to 1,000kV and developing the world's most powerful underground DC cable

# NKT Victoria

## - state-of-the-art cable-laying vessel



### Minimized installation risk and reduced charter costs in the cable installation process

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- **Technology:** World's most advanced cable laying vessel
- **Dimensions:** 140 meters in length, 30 meters in width
- **Capacity:** Turntable space for 9,000 tons of cable
- **Engine:** Three Azipod propulsion units (3x 1,900 kW)
- **Key features:**
  - High-end positioning system (DP3)
  - Remotely operated vehicle (ROV)
  - Motion, monitoring, forecasting and decision support
  - Energy storage system
  - On-board DC grid
  - Integrated Automation System





# The transmission market is characterised by strong fundamentals in the mid-to-long term

## Key themes in the power transmission market

- First windfarms competitive w/o subsidies
- Increasing demand in emerging countries
- Windfarms are being built further away from shore



**Offshore  
wind**



**Green  
Energy**

- Strong legislative support, esp. in Europe
- Displacement in electricity production – Renewables often located far away from consumption

- Legislative support to increase usage of underground cabling, e.g. in GER, DK, FR
- Large HVDC connectors in GER to transport power from North to South



**Onshore  
market**



**International  
HVDC**

- Increasing activity to improve grid in the US
- Preliminary discussions around European-style Asian Supergrid

- Political agenda targeting >15% interconnection capacity by 2030
- Trading opportunities drives expansion



**European  
Interconnector**



**Oil & Gas**

- Electricity from shore to reduce safety risks
- Increased focus on health and CO2 emissions

# Agenda

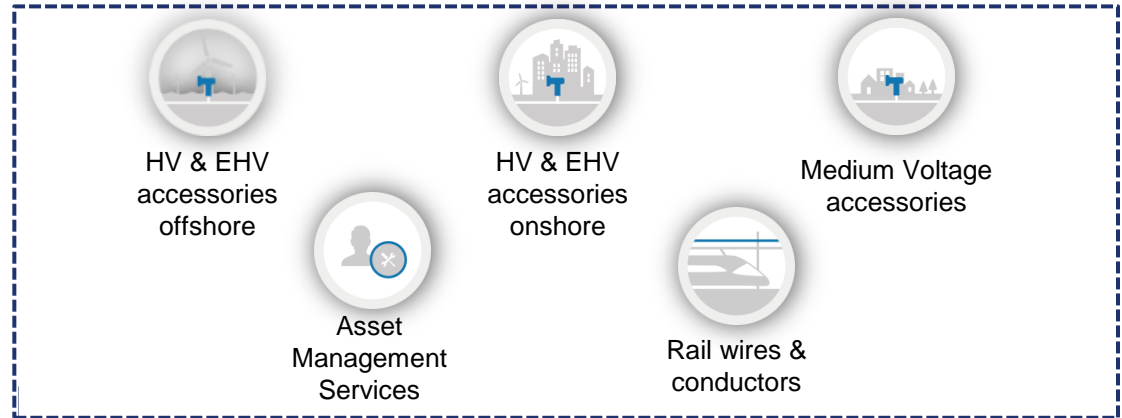
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# Service & Accessories: Wide product portfolio and experience to boost growing business

## Segment overview

- **Pioneers** in establishing **Asset Management Services**
  - Rapid, reliable and qualitative solutions for offshore and onshore cable systems
  - Specialised and fully dedicated service team
- **Full-fledged accessory portfolio** provides 'one-stop shop' within MV and HV segment
- **Market leading position in Railway** business through innovative electrification solutions

## Products and services



## Customers (exemplary)



# Strong capabilities across Services & Accessories production locations

## Four facilities in Northern Europe

**Alingsås**

- Medium and High Voltage (AC/DC) accessories (silicone & EPDM)
- Strong capabilities within DC

**Nordenham**

- Medium Voltage silicone accessories

**Cologne**

- High Voltage silicone accessories
- Strong capabilities within AC

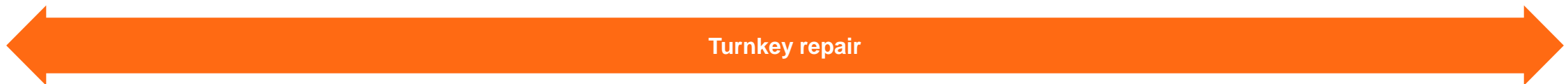
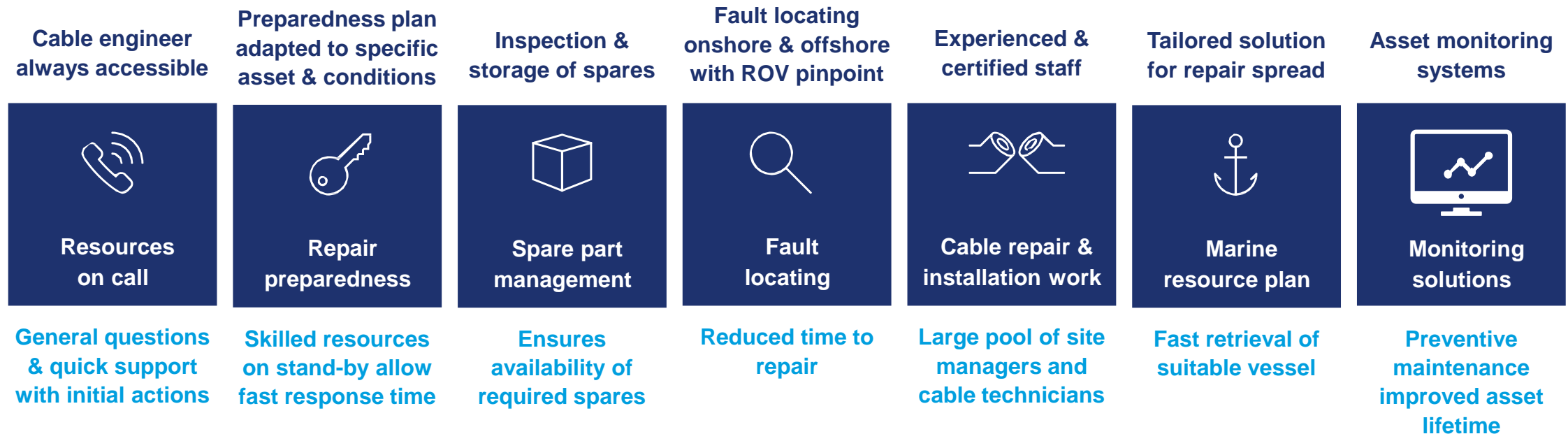
**Hettstedt**

- Railway products
- Innovative VALTHERMO solutions

Strong production facilities supported by highly dedicated service and installation teams in Cologne (Germany), Mannheim (Germany), Broendby (Denmark) and Karlskrona (Sweden)

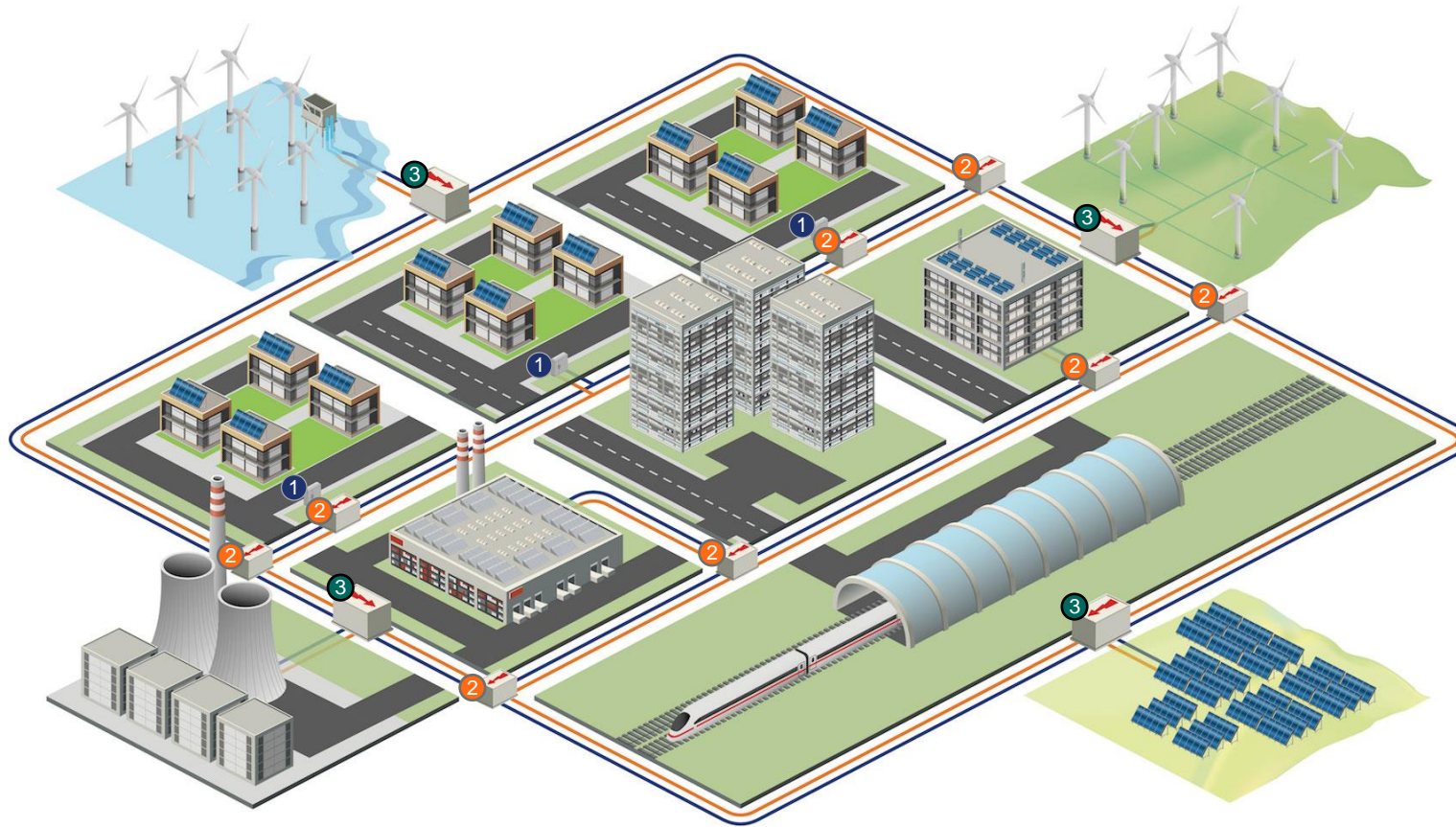


# Asset Management Services: Full scope of services covered



From tailored service packages adapted to specific requirements to turnkey service agreement providing all services in the portfolio

# Accessories: NKT high quality accessories ensure efficient transmission and distribution from production to consumption



## LV/MV distribution segment

**1** ⚡ Trafo-station MVAC/LVAC 1 – 42 kV



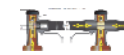
Terminations



Connectors



Joints



OEM busbar systems

## HV sub-transmission segment

**2** ⚡ Substation HVAC/MVAC 52 – 170 kV



Terminations



Connectors



Joints



OEM busbar systems

## EHV transmission segment

**3** ⚡ Substation EHVAC/HVAC 245 – 550 kV



Terminations

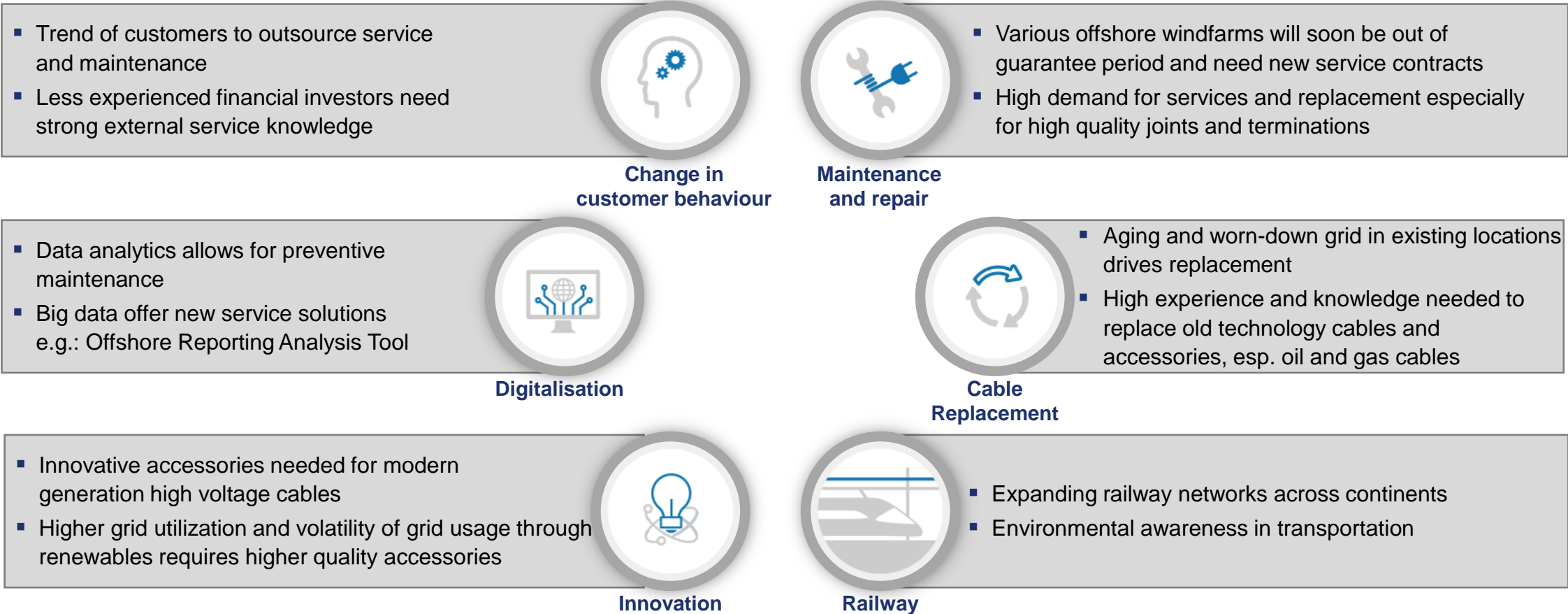


Connectors



Joints

# Strong sectoral and macroeconomic trends boost the Service and Accessories business line



# Agenda

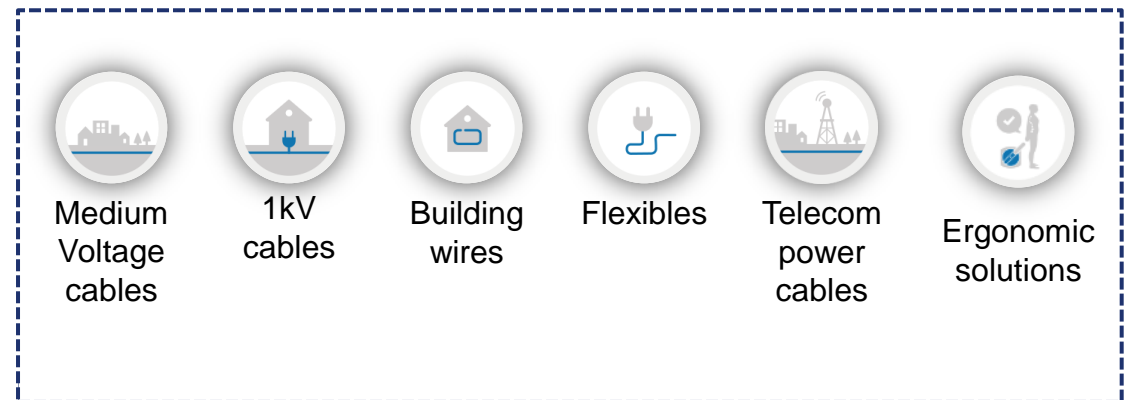
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# Applications: Regional champion in the stable cash generative LV/MV segment

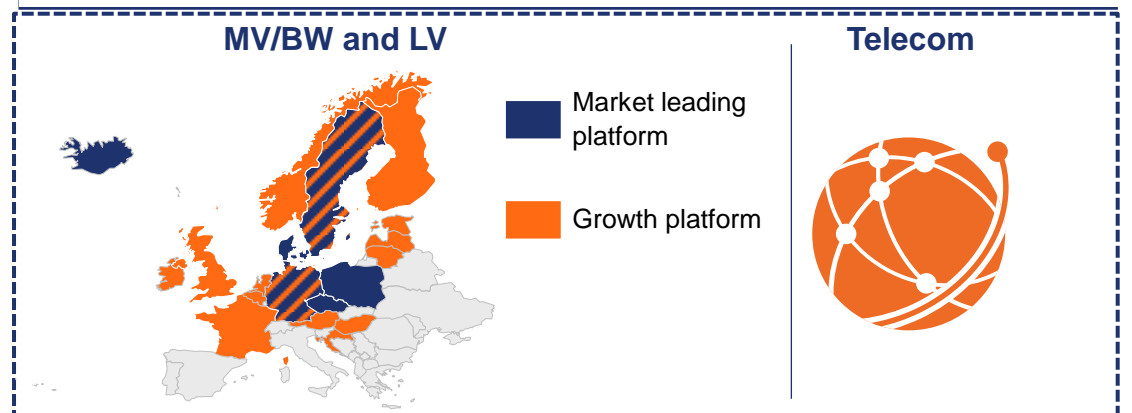
## Segment overview

- **Premium MV cables** single or multi core
- Comprehensive range of **1kV cables**
- High-quality, **environmentally-friendly building wires** – meeting regulatory requirements for Halogen-Free-Flame-Retardant material
- **Innovative Telecom power cables** serving customers globally
- **Enhanced delivery levels**, smart packaging & ergonomic solutions
- **Long-term customer relationships** due to technical and service reliability

## Products and services



## Strong European footprint & global Telecom activities



# Key end markets for Applications

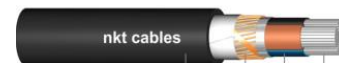
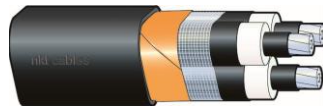




# Applications product portfolio offers highest quality through a wide product range



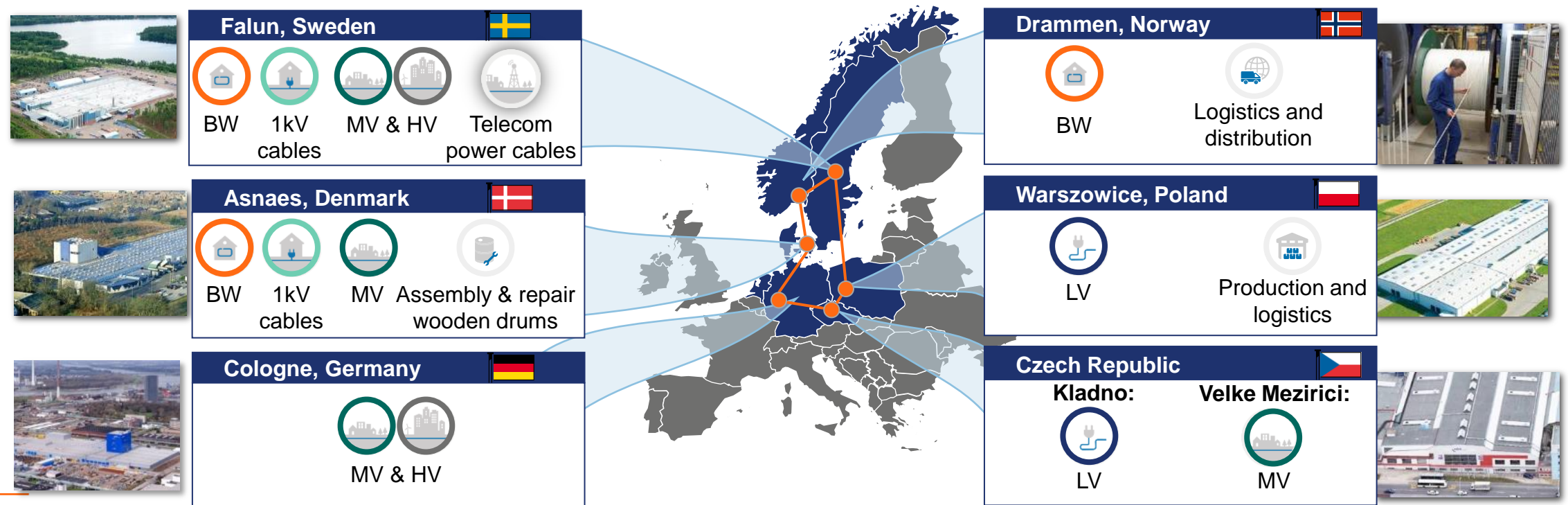
	Medium voltage & 1 kV aluminium cables		Building wire & 1 kV copper cables		Telecom power cables
Sample market segments	Utilities, Renewables		Installers, Industry, Construction		Telecommunication
Example product families	Electricity distribution cable	Universal cable system	Electricity distribution cable	Halogen free cables	Telecom power cables
Voltage level	From 1 kV to 72 kV	Up to 36 kV	1 kV	Up to 1 kV	Up to 0,6 kV
Application area	Connecting the utility network	For aerial and ground installations	Connecting residential buildings to the grid/street lighting	For installations in residential buildings	Powering front-end radios in the mobile base stations



# Plant capabilities allows network optimisation – flexible production to increase utilisation and profitability



## Main European market

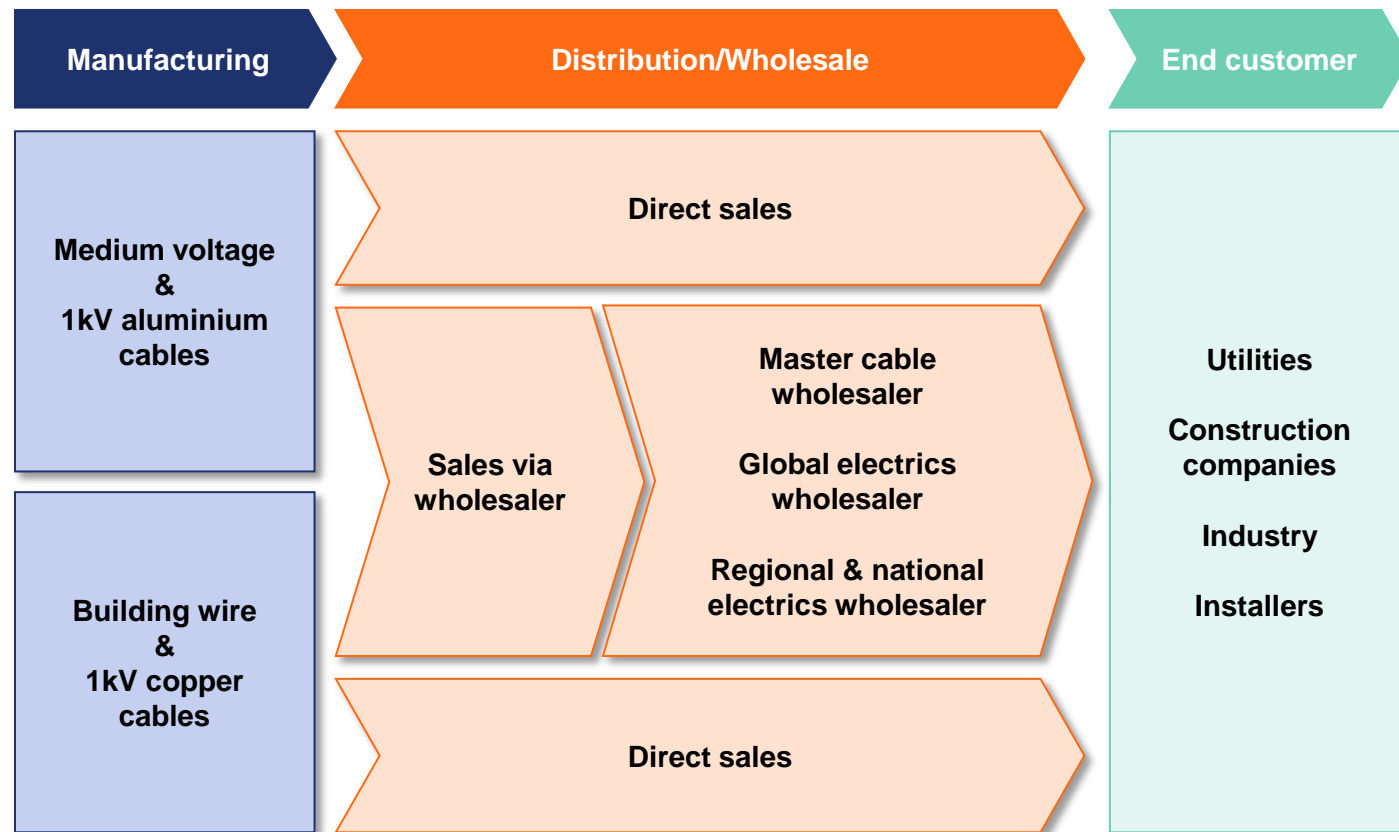


Strengthening best practice sharing and network production organisation boost efficiency and margins



# Multichannel approach and strong relationship to customers adds resiliency to the cash generation profile

## NKT's multichannel distribution approach



## Key takeaways

- Customers are supplied via a multi-channel approach to tailored solutions
- Focus on partnership solutions, technical service and fast delivery time
- Agile and flexible production organisation ensure cost efficient supply by order specific allocation of production facilities
- Regional know how guaranteed by local facilities and sales teams
- Strong relationships with leading utilities
- Wholesaler distribution creates opportunity of one stop shopping and enables larger market coverage
- Diversification of distribution channels limits dependency of NKT

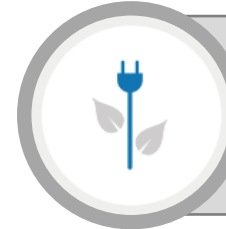
# The Applications business benefits from positive sector and macroeconomic trends

**MV & 1kV AI**

- Replacement of existing installations
- Investments in new production sites
- Especially in countries with significant amount of industry (e.g. FR, FIN, GER, SWE)



**Industry**



**Green energy**

- Strong legislative support throughout Europe (20-20-20 target)
- Renewable energy to be connected to the grid

**BW & 1kV Cu**

- Evolving trend driving electrification of cities
- Rapid electricity demand expansion in developing countries



**Urbanisation & Globalisation**



**Construction Industry**

- Solid market conditions in Europe (e.g. SWE and GER)
- Enforcement of CPR across Europe

- Utilities need to replace aging and worn-down grid in existing locations
- Shift in sentiment towards underground distribution solutions across Europe



**Replacement**



**Broadband Expansion**

- Demand for masts and associated power cables
- Increasing demand for mobile internet of private users & firms
- Introduction of 5G protocol

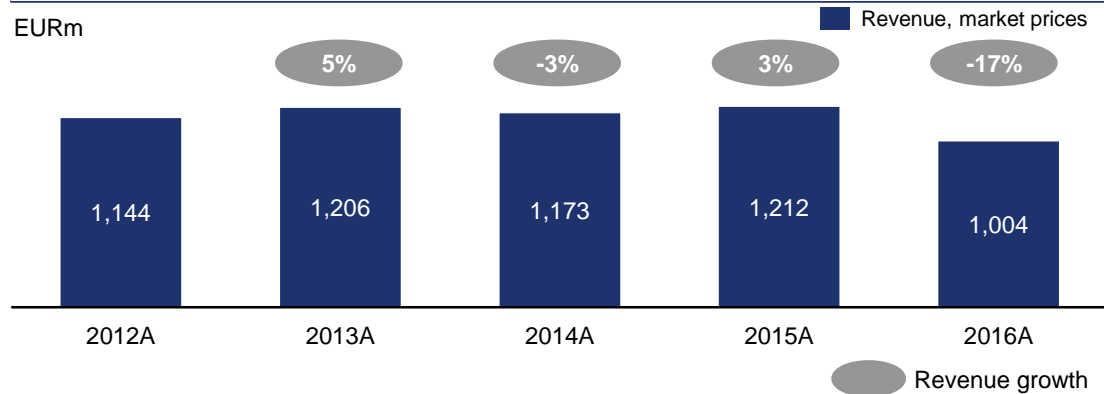
**Telecom**

# Agenda

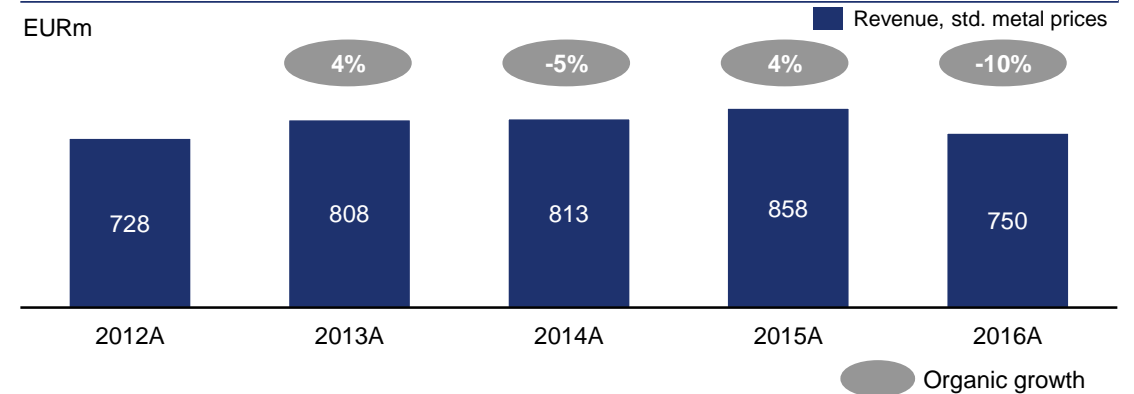
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# NKT has steadily grown in profitability and efficiency over the last five years

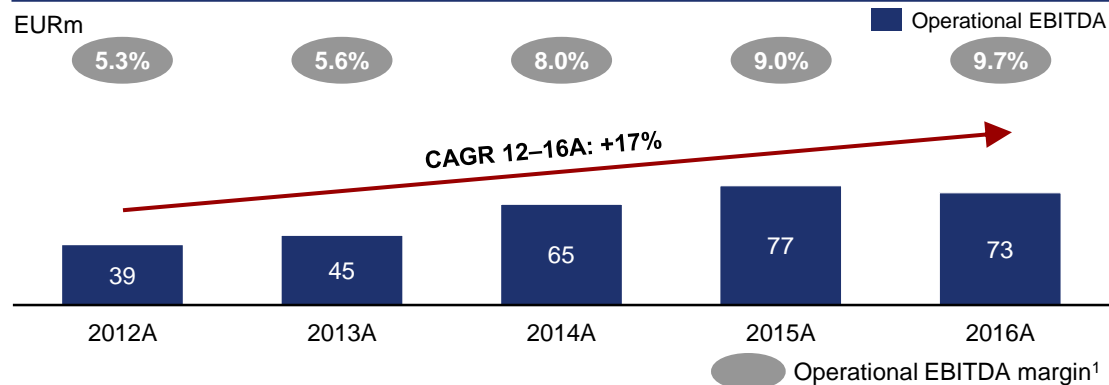
## Revenue, market prices



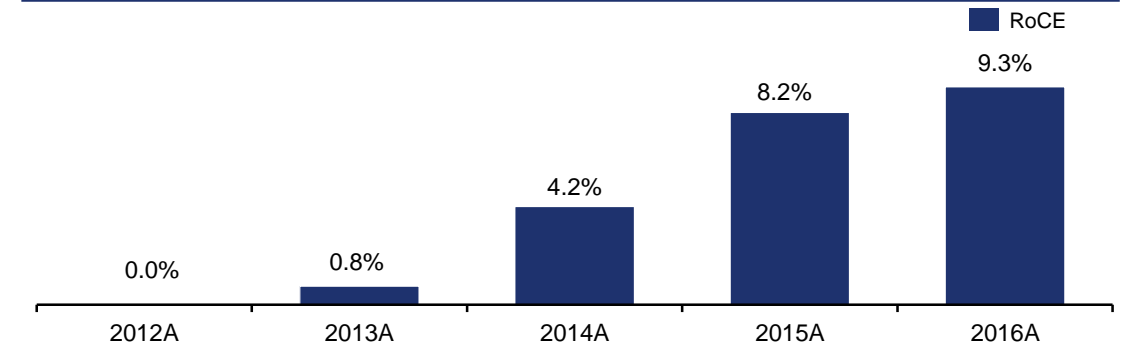
## Revenue, std. metal prices



## Operational EBITDA



## Return on capital employed



<sup>1</sup> Based on std. metal prices

# NKT completed the DRIVE initiative and actively reshaped its portfolio

## DRIVE cost saving programme

<b>Overview</b>	<ul style="list-style-type: none"> <li>▪ The DRIVE initiative delivered run-rate cost improvements of EUR 60m in 2014-2015</li> <li>▪ The cost improvements was delivered ahead of schedule</li> <li>▪ The programme focused on cost reductions to improve the return on capital employed</li> </ul>
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	Target	Achieved (end-2015)
Cost improvements	~EUR 60m	EUR 60m
FTE reductions	400 – 450 FTEs	381 FTEs

## Portfolio reshaping

<b>ABB HV Cables</b>	<ul style="list-style-type: none"> <li>▪ Acquisition in 2017 allowed NKT to enter the DC market and created a leading player in the on- and offshore HV market</li> </ul>
<b>Automotive</b>	<ul style="list-style-type: none"> <li>▪ Disposal of NKT's Automotive business in the Czech Republic in 2017 as it was considered a non-core activity</li> </ul>
<b>China</b>	<ul style="list-style-type: none"> <li>▪ Disposal of all Chinese business activities in 2016 allowed NKT to exit unprofitable businesses and free up working capital</li> </ul>
<b>Cabinets</b>	<ul style="list-style-type: none"> <li>▪ Disposal of NKT's Cabinets business in Germany in 2016 allowed NKT to focus on more profitable businesses</li> </ul>

# 1st half 2017 results driven by the acquired business and solid execution in high-voltage offshore segment



## Financial figures

EURm	Q2		1st half		FY
	2017	2016	2017	2016	2016
Revenue	390.3	267.8	664.1	490.8	1,003.7
Revenue, std metal prices	288.1	200.1	473.3	363.4	750.4
Organic growth	8%	-13%	1%	-19%	-10%
Operational EBITDA	42.9	21.5	60.7	33.6	72.5
Operational EBITDA margin*	14.9%	10.8%	12.8%	9.3%	9.7%
<b>RoCE, LTM</b>	<b>9.2%</b>	<b>6.1%</b>	<b>9.2%</b>	<b>6.1%</b>	<b>9.3%</b>
CAPEX	15.9	6.2	28.7	10.7	30.6
PPE	10.9	3.9	19.0	6.4	18.6
Intangible assets	5.0	2.3	9.7	4.3	12.0
Acquisition of business	151.7	-	785.1	-	-
Capital employed	1,139.1	404.1	1,139.1	404.1	348.4
Working capital	-30.6	115.7	-30.6	115.7	57.8
Cash flow from operating activities	8.6	1.2	-14.4	-10.0	33.7
Cash flow from investing activities excl acq/div	-16.4	-6.4	-28.9	-11.0	-31.5
Free cash flow	-7.8	-5.2	-43.3	-21.0	2.2
Full-time employees, end of period	3,358	3,148	3,358	3,148	2,769

## Key highlights

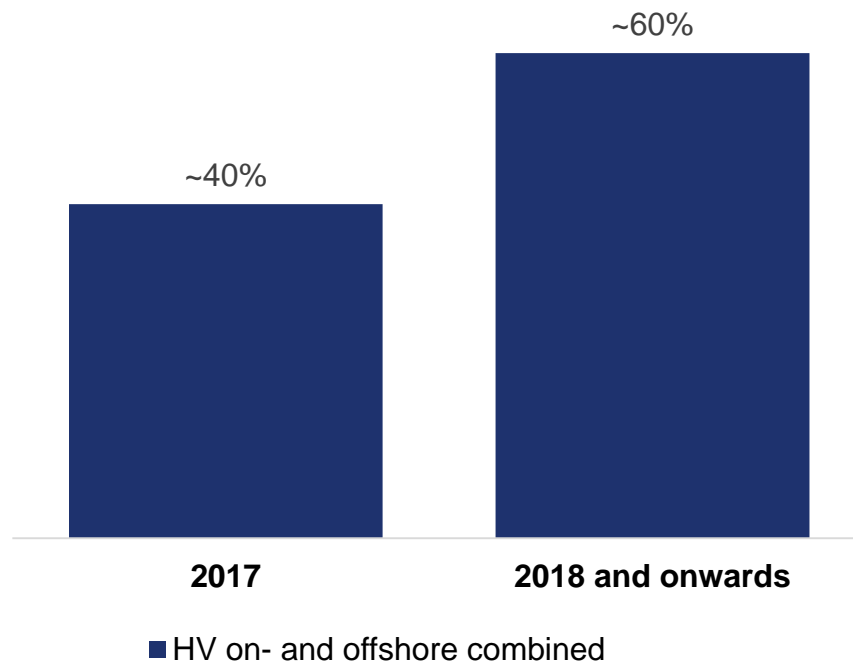
- **Organic growth in 1<sup>st</sup> half 2017 positively impacted by development in the offshore high-voltage business** both in Karlskrona – with acquisition of ABB HV Cables - and Cologne
  - Organic growth in *Projects* was 9% in 1<sup>st</sup> half 2017
- The *Products* business impacted by competitive challenges in Eastern Europe and end of “photo year” in Germany compared to 1<sup>st</sup> half 2016
  - Organic growth in *Products* was -5% in 1<sup>st</sup> half 2017
- Significant increase in operational EBITDA margin with the higher share of revenue in the *Projects* business
- **Integration of ABB HV Cables on track** and NKT Victoria has completed its first campaign in Scotland
- Divestment of non-core Automotive business completed on 30 April 2017

\* Std. metal prices

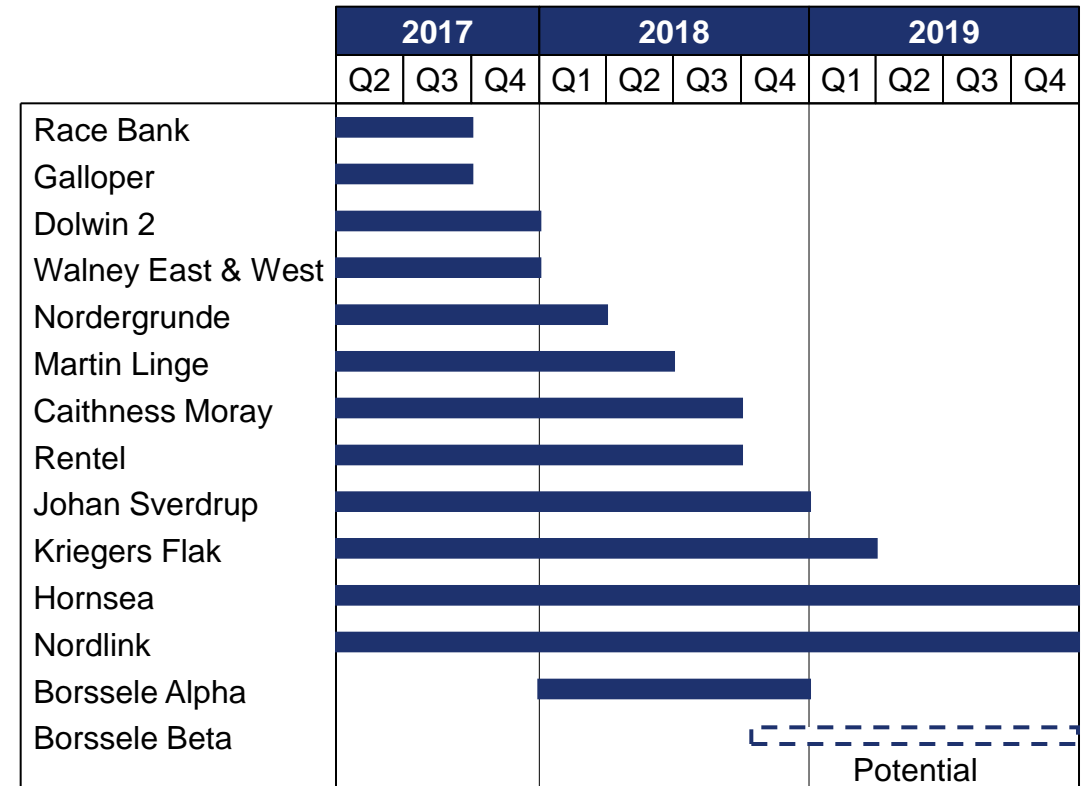
# High-voltage orders of more than EUR 1bn in backlog



Orders on hand at EUR 1.03bn end-June 2017<sup>1</sup>



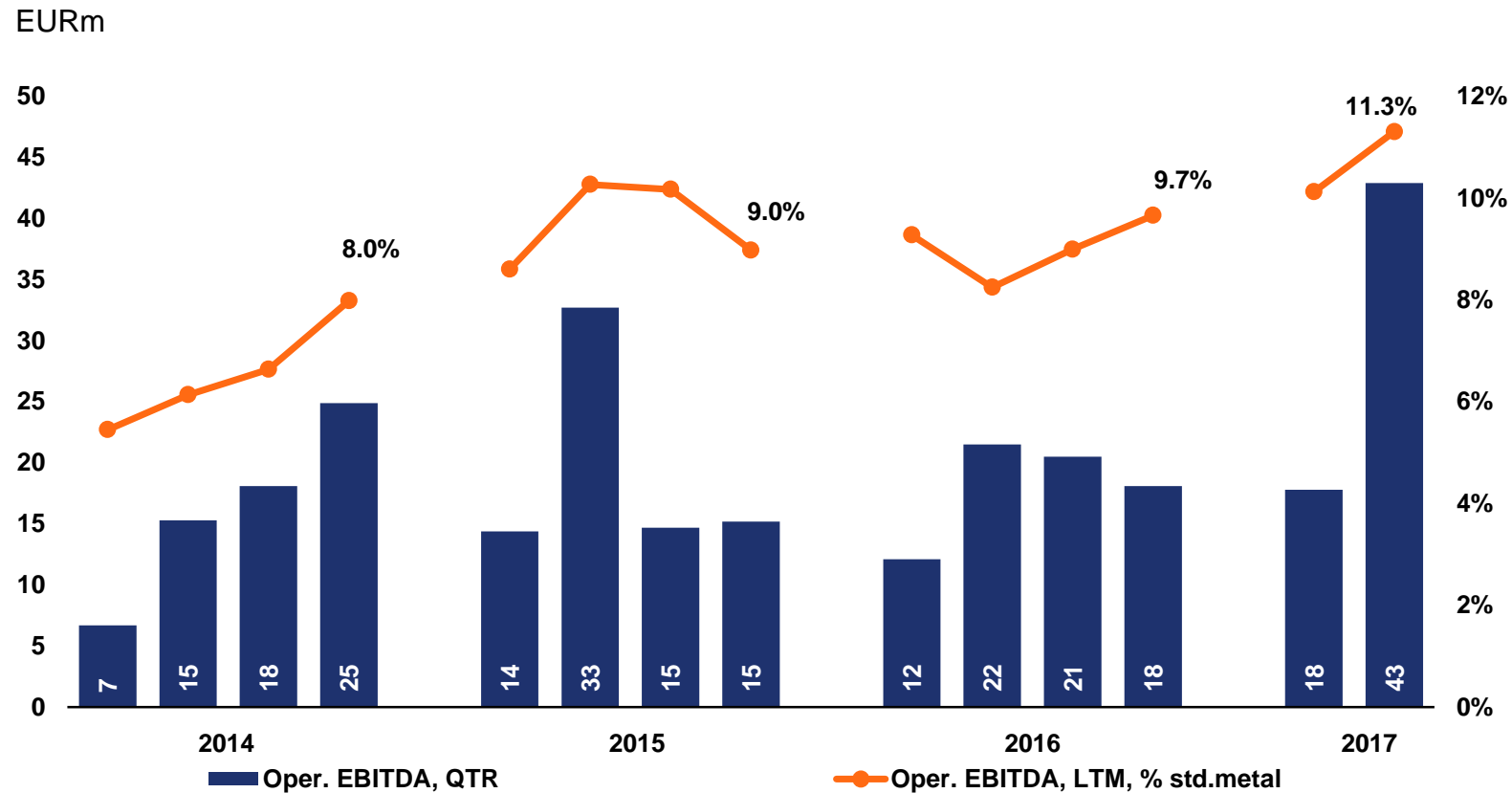
Solid mix of high-voltage orders



<sup>1</sup> Market prices



# Operational EBITDA driven by increased high-voltage business

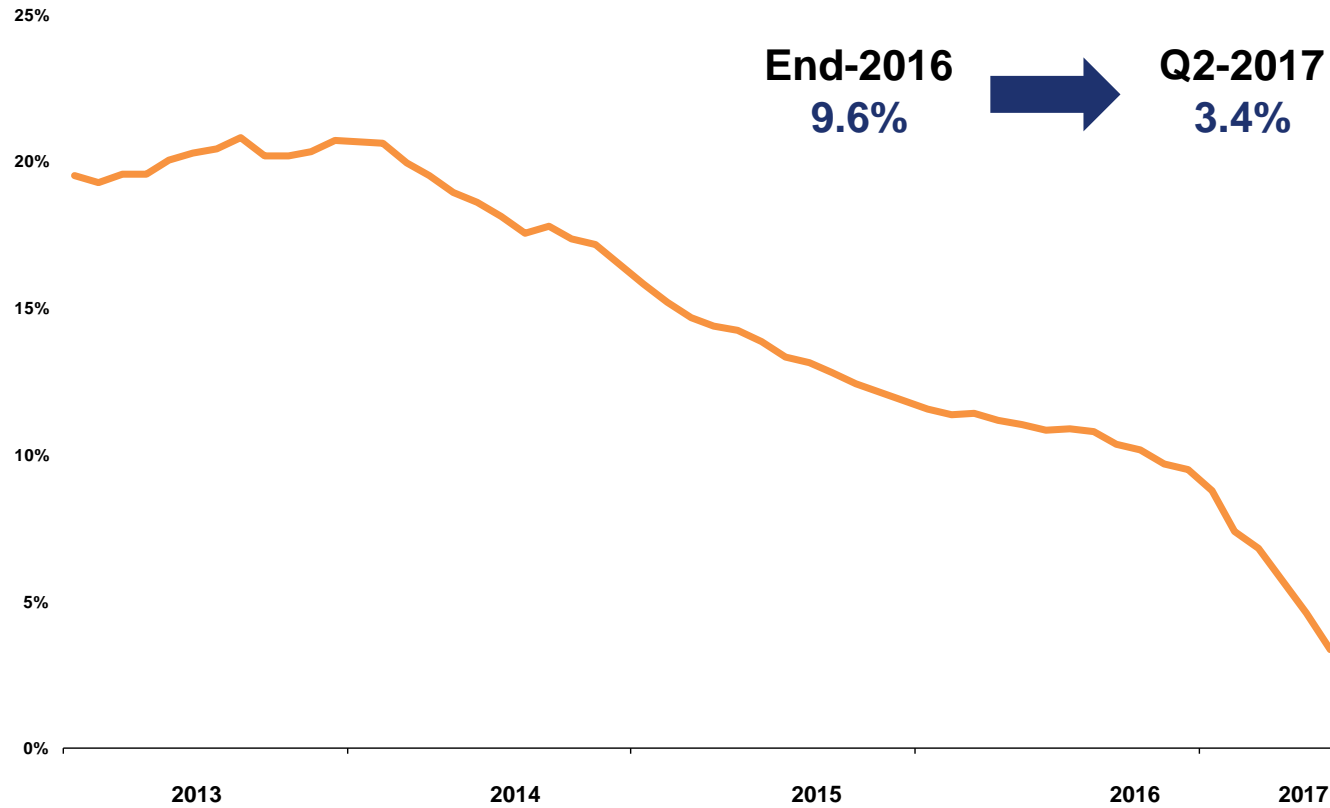


Improving margin reflects **higher exposure to high-voltage market** following acquisition of ABB HV Cables

Operational EBITDA margin in Q2 2017 amounted to 14.9% as **earnings doubled** versus Q2 2016

Q2 2017 was the **first quarter with full impact** of the acquired business

# Working capital gradually improving



**Working capital improving** as the high-voltage solutions segment is a larger part of revenue

**Positive impact from the acquisition of ABB HV Cables** as well as the divestments of China and Automotive operations

**Working capital was EUR -30.6m at end-June 2017** versus EUR 57.8m at end-2016

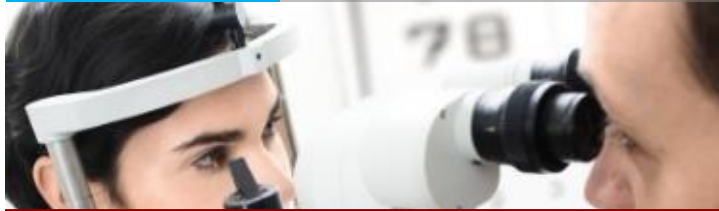
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# Leading supplier of fiber-based photonic components

## Imaging & Metrology

50% of revenue



Bio-imaging & medical  
Semiconductor  
Industrial metrology

Light sources and optical equipment to view microscopic details

Microscopes, medical, and industrial measuring instruments



SuperK & Fianium



Onefive

## Sensing & Energy

38% of revenue



Energy  
Security  
Structural monitoring

Temperature and disturbance detection using optical-fiber based measuring systems

Optimisation of energy production, power cables, pipeline surveillance and fire detection



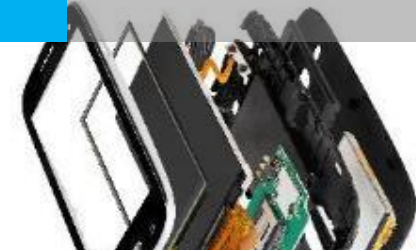
LIOS DTS



Koheras

## Material Processing

12% of revenue



Micromachining  
Medical

Highly accurate laser-based manufacturing with ultrafast lasers (up to nanosecond)

Mobile phone components, high-precision eye surgery



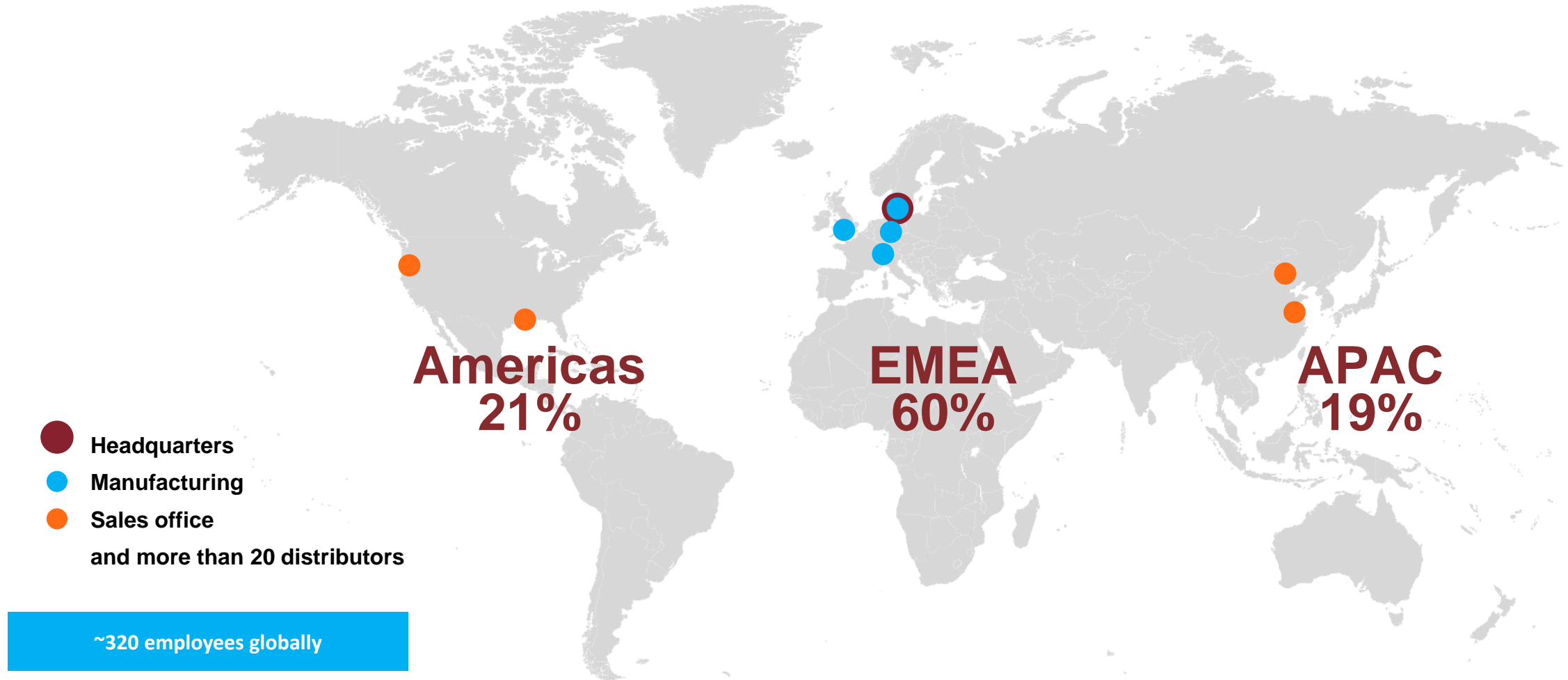
Onefive



aeroGAIN

Note: FY2016 revenue distribution

# NKT Photonics has a global reach

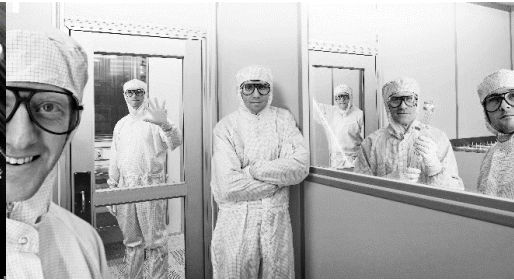
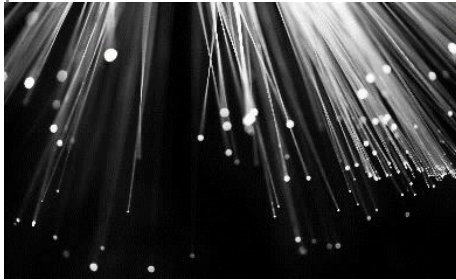


Note: FY2016 revenue contribution

# NKT Photonics has reached commercial scale

**1980**

NKT starts production of optical fibers



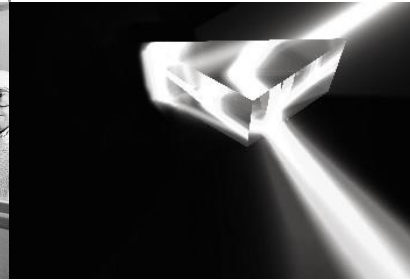
**2004–2009**

**2004: Acquisition of Blaze Photonics (GB)**

**2005: Acquisition of LG Laser (DE)**

**2007:** Koheras merges with NKT research

**2009:** Crystal Fibre and Koheras merge and become NKT Photonics



**2000**

NKT establishes Crystal Fibre and Koheras that would form the foundation of NKT Photonics

**2016**

LIOS technologies becomes part of NKT Photonics

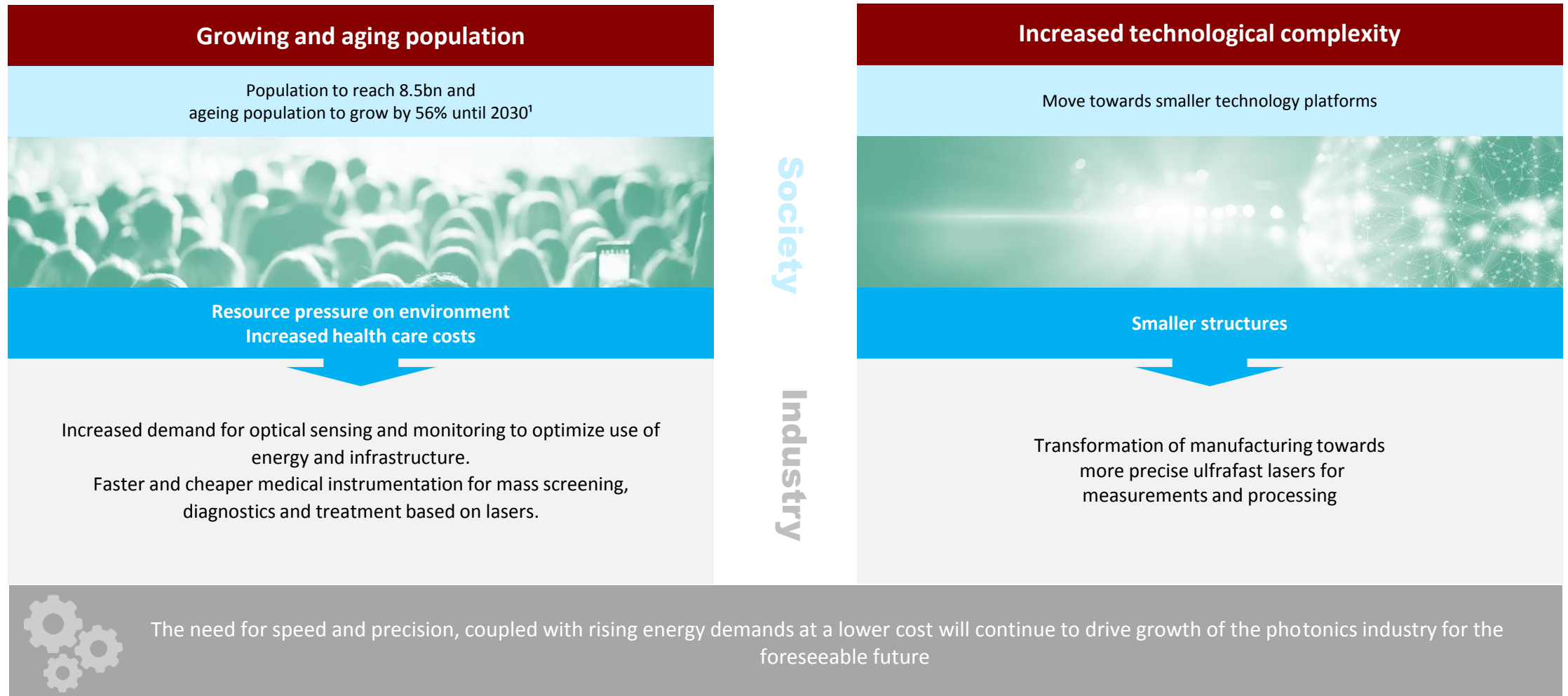
**Acquisition of Fianium (GB)**

**2017**

**Acquisition of Onefive (CH)**

NKT Photonics has transformed from a R&D technology centre to reach commercial scale

# Growth supported by structural macro trends



<sup>1</sup> United Nations – Department of Economic and Social Affairs



# Transformational potential as the adoption of laser-based precision manufacturing continue to rise

## Glass

Cutting next-generation strengthened glass

## Sensors

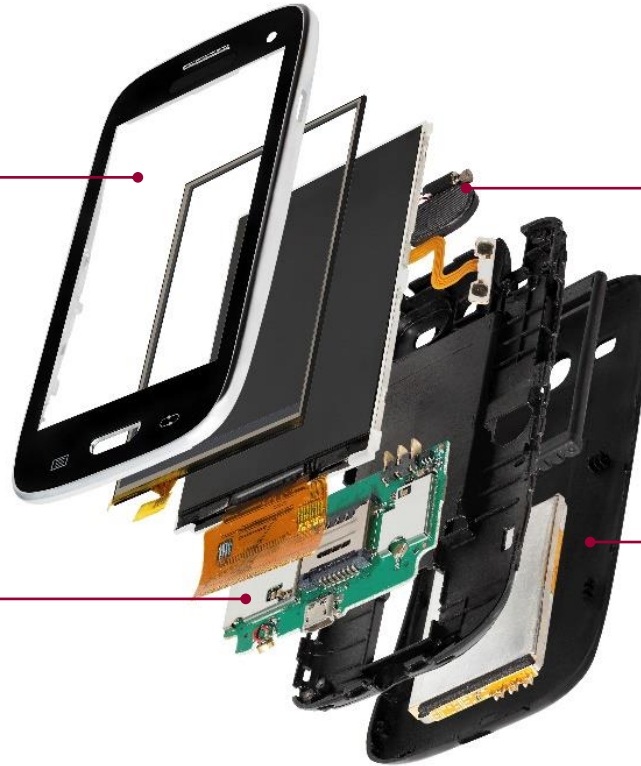
Calibration and characterization of optical sensors and cameras

## Semiconductor chips

Measurements and processing during wafer fabrication

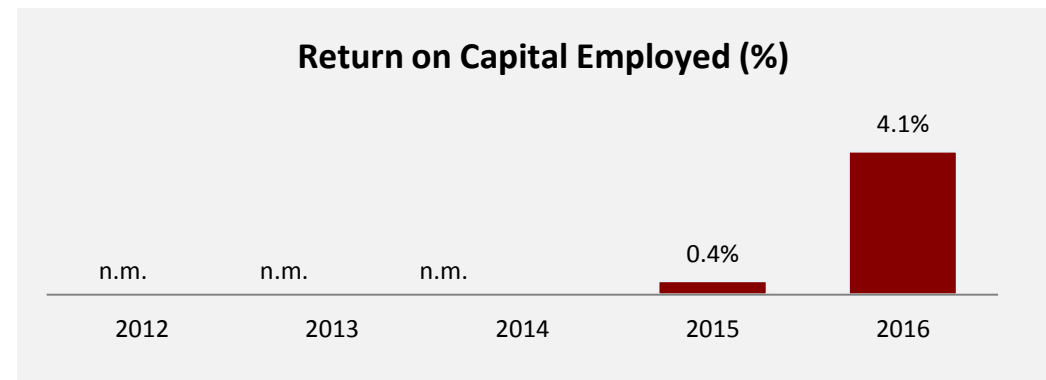
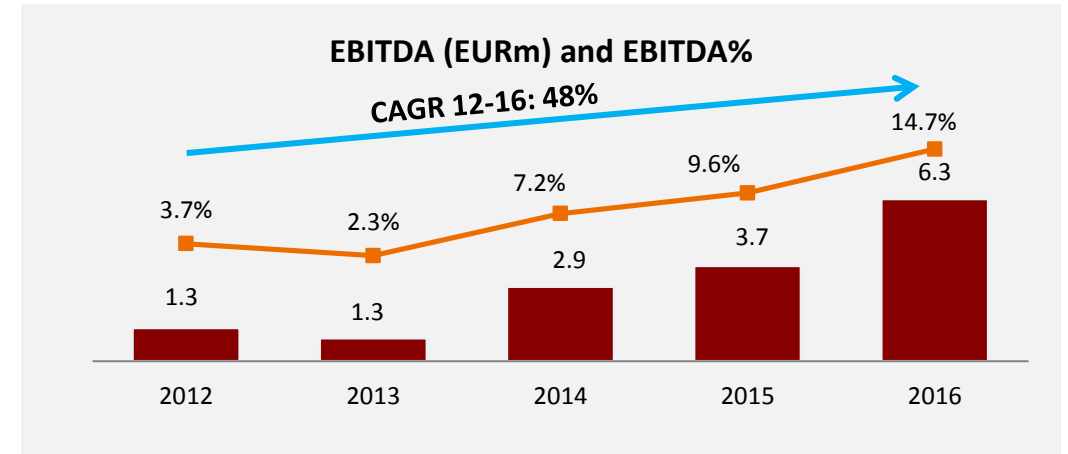
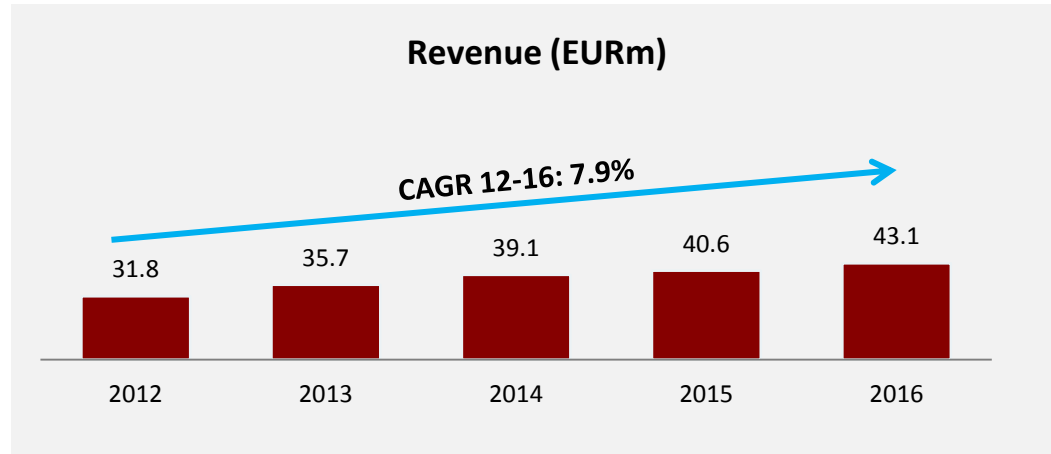
## Enclosure and PCB

Marking, drilling, cutting, and inspection



NKT Photonics supply components to blue-chip customers that are used in the fabrication of their flagship products

# Profitability has grown by c.50% p.a. since 2012

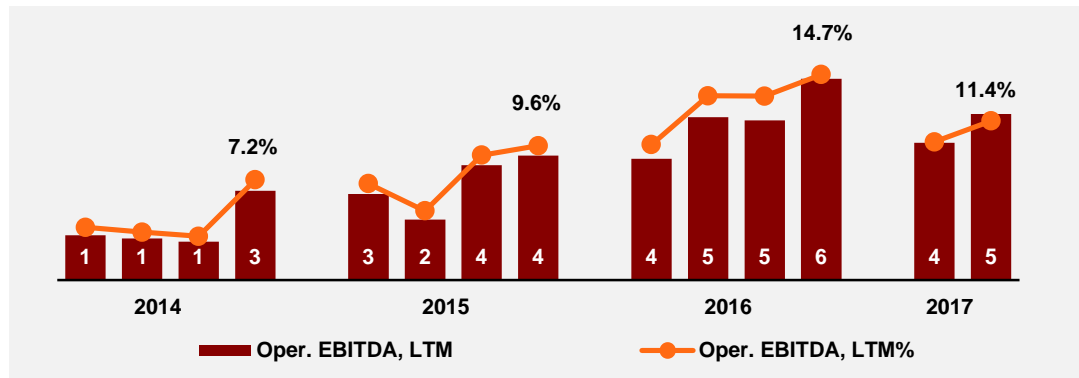


Rapidly growing profitability as operations move from research & development to commercial scale

# 1<sup>st</sup> half 2017 financial development as expected

## Financial figures

EURm	Q2		1st half		FY
	2017	2016	2017	2016	2016
<b>Revenue</b>	11.2	8.9	18.7	16.1	43.1
Organic growth	26%	9%	4%	11%	7%
<b>Operational EBITDA</b>	0.7	-0.3	-1.4	-0.6	6.3
Capital employed	49.8	44.6	49.8	44.6	49.3
Working capital	16.2	8.9	16.2	8.9	18.5
Full-time employees, end of period	263	237	263	237	240



## Key highlights

- **Strong recovery in organic growth as expected in Q2 2017** compared to Q1 2017. Organic growth will fluctuate from quarter to quarter due to the relative size of single orders
- **The sales and development pipeline continues to advance**
- EBITDA in 1<sup>st</sup> half 2017 lower due to investments in growth opportunities and a higher number of full-time employees
- **Agreement announced to acquire Onefive, a leading supplier of ultrafast lasers**, to strengthen NKT Photonics' Material Processing business. The acquisition was closed in September 2017
- **Appointment of new Chief Operating Officer, Don Riddell**, to support continued growth
- Increased level of activities at **leading industry exhibitions and conventions**

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# Financial outlook for 2017



	Revenue (EURm)	Organic growth	Operational EBITDA
<b>NKT</b>	~EUR 1.1bn*	-	~EUR 140m
<b>NKT Photonics</b>	-	~10%	~15% (margin)

\* Std. metal prices



NKT

# Q & A