



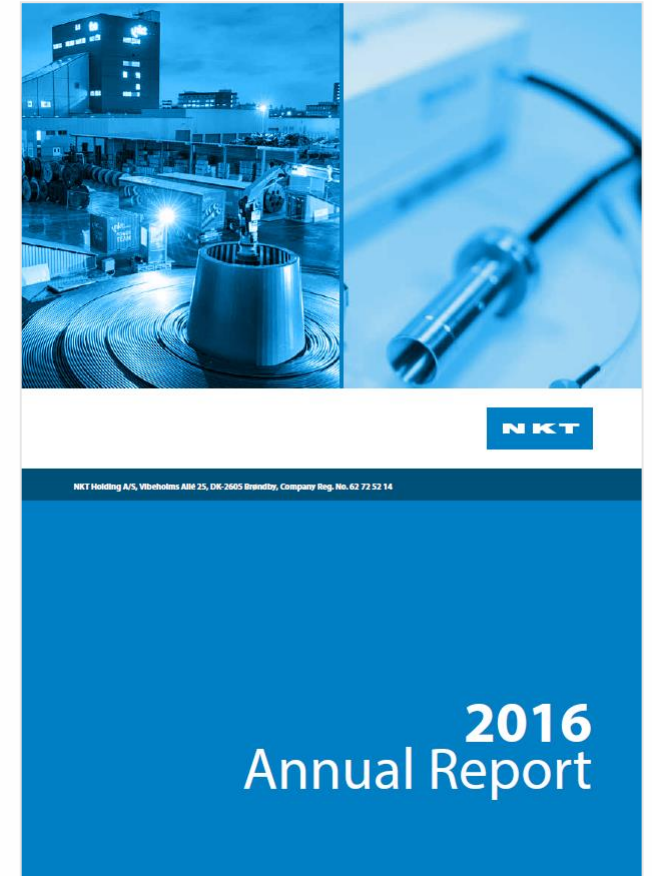
# Zürich - Roadshow

March 2017




# 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



# Intention to split NKT Holding into two separately listed entities

Listed entity	Nilfisk	NKT Cables	
	<i>As discontinued operations</i>		
Underlying businesses			
Key highlights	<ul style="list-style-type: none"> <li>• A leading professional cleaning equipment company with strong global market position</li> <li>• Organic growth potential</li> <li>• Significant M&amp;A opportunities</li> <li>• Strong cash flow</li> </ul>	<ul style="list-style-type: none"> <li>• Combined, NKT Cables and ABB HV Cables is to become a leading AC and DC high-voltage power cables supplier with a strong project backlog</li> <li>• Significant synergy potential</li> </ul>	<ul style="list-style-type: none"> <li>• A leading high-end photonics player</li> <li>• Significant growth and M&amp;A potential</li> </ul>
Revenue	EUR 1,059m	EUR 1,684m*	EUR 43m
Oper. EBITDA	EUR 117m	EUR 148m*	EUR 6m

\* Pro forma figures are 2015 NKT Cables actuals, combined with 2015 proforma figures for ABB HV Cables. Revenue is in market prices and no synergies are included

# Hans Henrik Lund appointed CEO of Nilfisk

---

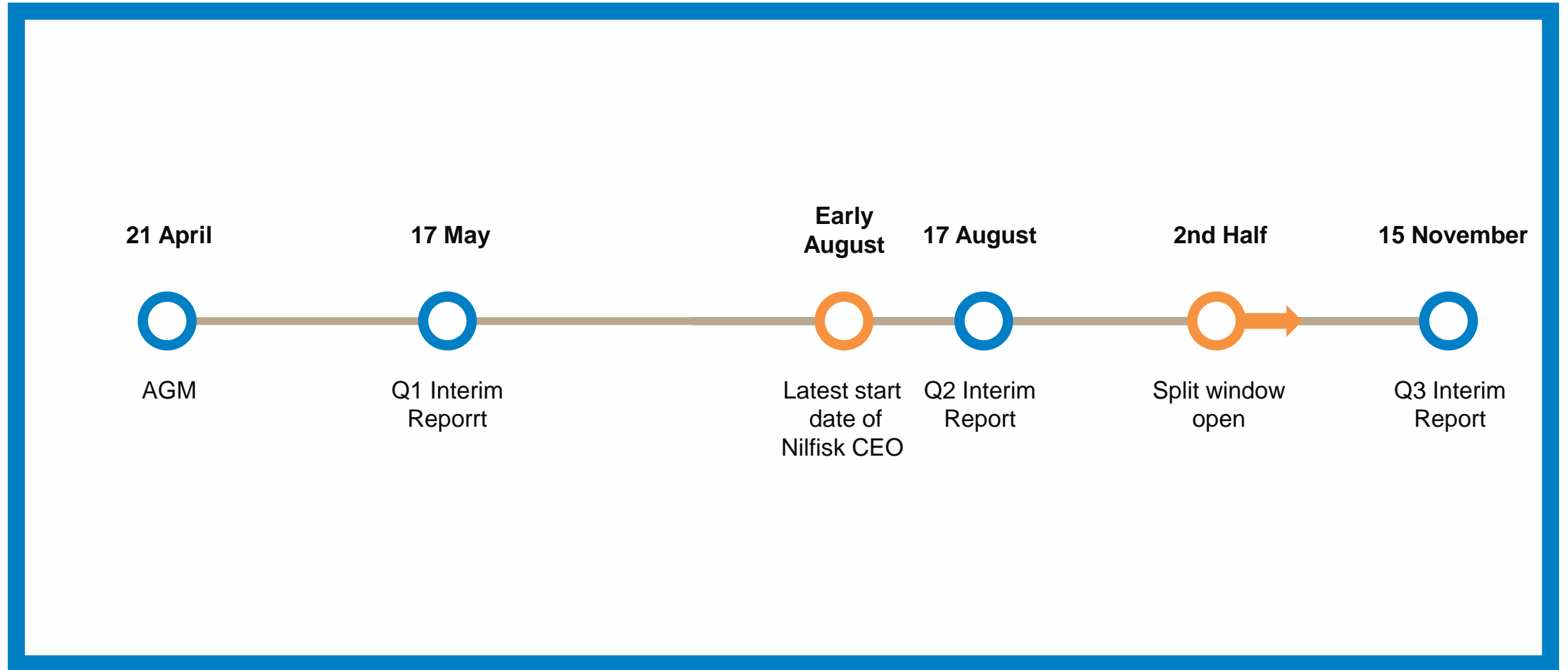
## 25 years of leadership positions in global companies

- CEO, Helvar (Finland)
- General Manager, Microsoft Mobile (Finland)
- VP, Global Head, Nokia Gear (Finland)
- President and CEO, GN Netcom (Denmark)
- Sales, Marketing and Production Manager, Danfoss (Denmark)

He will take up the position as CEO of Nilfisk no later than early August 2017



## Updated timeline for split of NKT Holding



# Agenda

## Highlights 2016

### Business units

- NKT Cables
- Nilfisk
- NKT Photonics

### Questions & Answers

# Highlights 2016



## Continued improved performance and company transformation

- EUR 1,004m in revenues, organic growth of neg. 10%
- Operational EBITDA of EUR 72.5m, 9.7%\*, up from 9.0% in 2015
- All-time high HV order backlog of more than EUR 300m
- Acquisition of ABB HV Cables, closed in March 2017
- Divestment of three non-core business areas: China, Automotive and Cabinets
- EXCELLENCE2020: Launch of new organisational structure to further drive efficiency and functional excellence



## Significant steps towards commercialisation

- EUR 43m in revenues, organic growth of 7%
- Sensing & Energy driving growth, while Imaging was flat
- Operational EBITDA of EUR 6.3m, 14.7% up from 9.6% in 2015
- OEM development contracts signed within Semiconductors and Electronics
- Acquisition of Fianium, UK



Discontinued operations

## Significant performance improvement and focus on execution

- EUR 1,059m in revenues, increase of 8%, organic growth of 3%
- Operational EBITDA of EUR 116.8m, 11.0% up 1.0%-points from 2015
- Accelerate+, new operational model and organizational structure to drive growth and cost savings of EUR 35m
- More than 30 new products were introduced in 2016 and the Horizon Program for intelligent cleaning solutions

\* std. metal prices

# Satisfactory financial performance for 2016

2016	Original	Update Q2	Update Q3	Realised	
<b>NKT</b>					
- Organic growth	~0%		~neg. 2-3%	<b>neg. 2%</b>	
- Operational EBITDA, %*	On par with 2015 (9.4%)		~9.6%	<b>10.4%</b>	✓
<b>NKT Cables</b>					
- Organic growth	~neg. 5%		neg. 5-10%	<b>neg. 10%</b>	
- Operational EBITDA, %*	8-9%	~ 9.0%	~9.0-9.3%	<b>9.7%</b>	✓
<b>NKT Photonics</b>					
- Organic growth	~10%			<b>7%</b>	
- Operational EBITDA, %	12-14%			<b>14.7%</b>	✓
<b>Nilfisk</b>					
- Organic growth	0-5%	1-3%		<b>3%</b>	✓
- Operational EBITDA, %	10-11%	10-10.5%		<b>11.0%</b>	✓

\* std. metal prices



# Outlook for 2017 to be further specified post closing of transaction

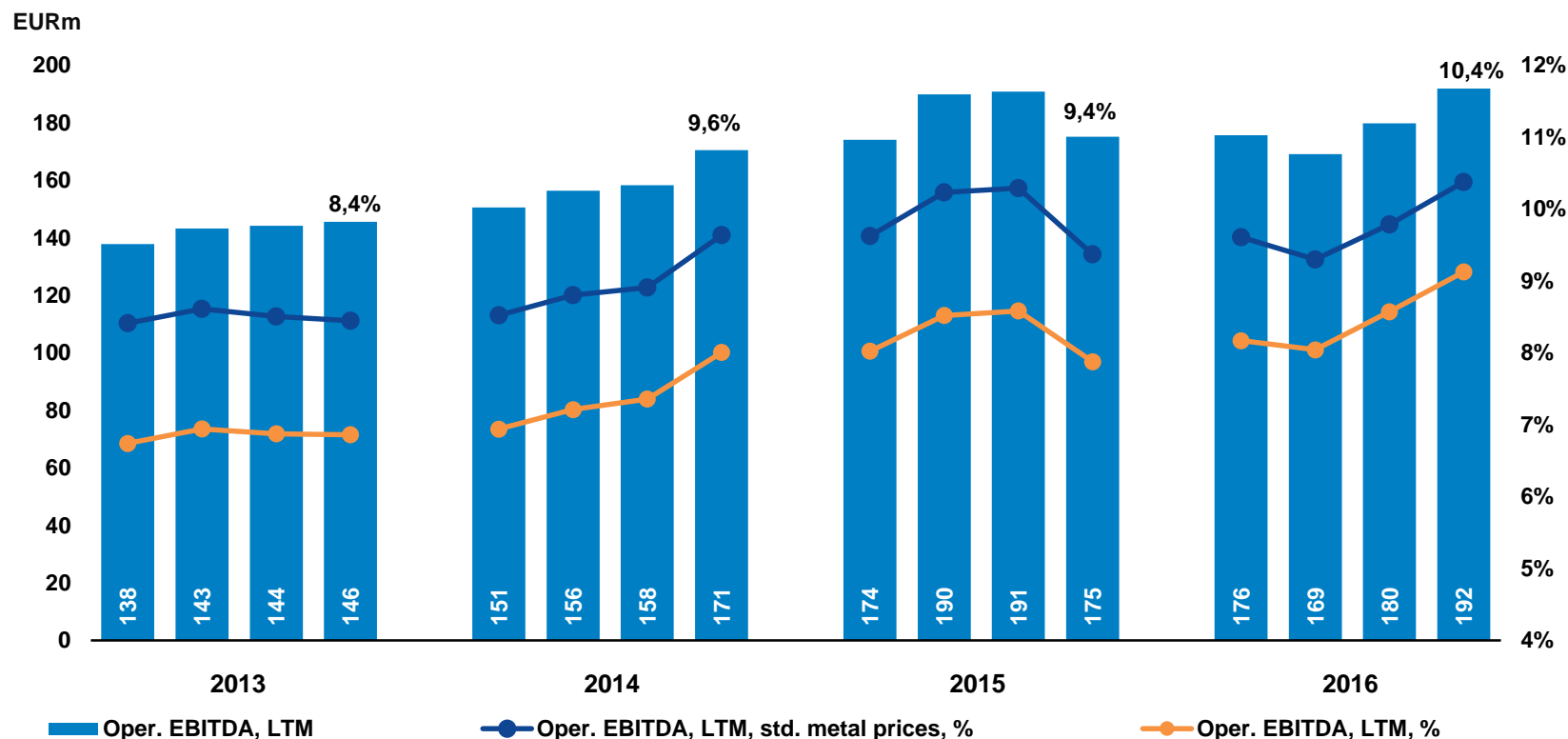
	Organic growth	Operational EBITDA
NKT Cables*	0-5%	~9.5% (std metal)
NKT Photonics	~10%	~15%
-----		
Nilfisk**	2-4%	11-11.5%

\* NKT Cables outlook based on current business (Excl. ABB HV Cables)

\*\* For Nilfisk, EBITDA before special items

# Operational EBITDA increased by 1%-point to 10.4%

## Operational EBITDA (including discontinued operations), LTM



**NKT Cables' Operational EBITDA increased to 9.7%, up from 9.0%**

**Nilfisk's Operational EBITDA increased to 11.0% from 10.0%**

**NKT Photonics' Operational EBITDA increased to 14.7% from 9.6%**

# Changes FY 2016 continuing and discontinued operations

EURm	Continuing oper		Incl. discontinued oper	
	2016	2015	2016	2015
<b>Revenue</b>	<b>1,046.1</b>	<b>1,252.1</b>	<b>2,104.6</b>	<b>2,223.6</b> *01
<i>Revenue, std.metal prices</i>	792.8	897.7	1,851.3	1,869.2
<b>Operational EBITDA</b>	<b>74.9</b>	<b>77.3</b>	<b>191.7</b>	<b>175.2</b> *02
<i>Oper. EBITDA margin, std.metal prices</i>	9.4%	8.6%	10.4%	9.4%
One-off's	-47.0	-23.2	-67.0	-23.2
<b>EBITDA</b>	<b>27.9</b>	<b>54.1</b>	<b>124.7</b>	<b>152.0</b>
Depreciation/Amortisation	-41.6	-43.2	-84.4	-76.9
Impairment	0.0	-40.4	0.0	-40.9
<b>EBIT</b>	<b>-13.7</b>	<b>-29.5</b>	<b>40.3</b>	<b>34.2</b>
Financial items, net	5.7	1.8	-5.3	-6.1
<b>EBT</b>	<b>-8.0</b>	<b>-27.7</b>	<b>35.0</b>	<b>28.1</b>
Tax	-9.5	-12.8	-22.9	-26.9
<b>Profit for the year from continuing oper.</b>	<b>-17.5</b>	<b>-40.5</b>	-	-
Profit for the year from discontinued oper.	29.6	41.7	-	-
<b>Profit for the year</b>	<b>12.1</b>	<b>1.2</b>	<b>12.1</b>	<b>1.2</b>
<b>RoCE, LTM</b>	<b>11.7%</b>	<b>10.1%</b>		
CAPEX	79.0	70.1		
<i>PPE</i>	40.2	39.1		
<i>Intangible assets</i>	38.8	31.0		
Working capital	217.0	269.2		
NIBD	-68.4	88.9		

## \*01

EURm	
<b>Revenue decreased by</b>	<b>-119.0</b>
Nilfisk (discontinued)	87.0
<b>Revenue decreased by (cont.)</b>	<b>-206.0</b>
Metal prices	-101.4
FX changes	-6.1
Acquisitions/divestments	-14.4
Organic growth	-84.1
- NKT Cables	-86.9
- NKT Photonics	2.8

## \*02

EURm	
<b>Operational EBITDA increased by</b>	<b>16.5</b>
Nilfisk (discontinued)	18.9
<b>Operational EBITDA decreased by (cont.)</b>	<b>-2.4</b>
NKT Cables - Margin 9.7% (2015: 9.0%)	-4.8
NKT Photonics - Margin 14.7% (2015: 9.6%)	2.6
Other	-0.2

## \*03

EURm		
<b>2016 EBITDA one-offs</b>		<b>67.0</b>
NKT Cables	Divestment of oper. in China	30.8
	Excellence 2020 & ABB	15.5
NKT Holding	Cost related to split of NKT Holding	0.7
Nilfisk	Write-down & restructuring	4.6
	Accelerate+	15.4

## Cash flow impacted by one-offs and capital increase

EURm	FY	
	2016	2015
EBITDA from continuing operations	27.9	54.1
EBITDA from discontinued operations	96.8	97.9
Financial items, net	-4.4	-7.4
Change in working capital	57.6	41.7
Other	-24.0	-13.1
<b>Cash flows from operating activities</b>	<b>153.9</b>	<b>173.2</b>
Acquisition of business	-53.3	-29.1
Divestment of business	-3.0	6.0
Inv./disp. of property, plant and equipment, net	-37.2	-35.1
Other investments, net	-38.5	-29.7
<b>Cash flows from investing activities</b>	<b>-132.0</b>	<b>-87.9</b>
<b>Free cash flow</b>	<b>21.9</b>	<b>85.3</b>
Change in long- and short term loans	-54.2	-79.3
Non-Controlling interest	-4.4	-
Dividend paid / dividends treasury shares	-13.0	-13.0
Cash from disposal of treasury shares /share buyback	11.0	
Cash from issue of new shares / exercise of warrants	139.5	11.3
<b>Cash flows from financing activities</b>	<b>78.9</b>	<b>-81.0</b>
<b>Net cash flow</b>	<b>100.8</b>	<b>4.3</b>

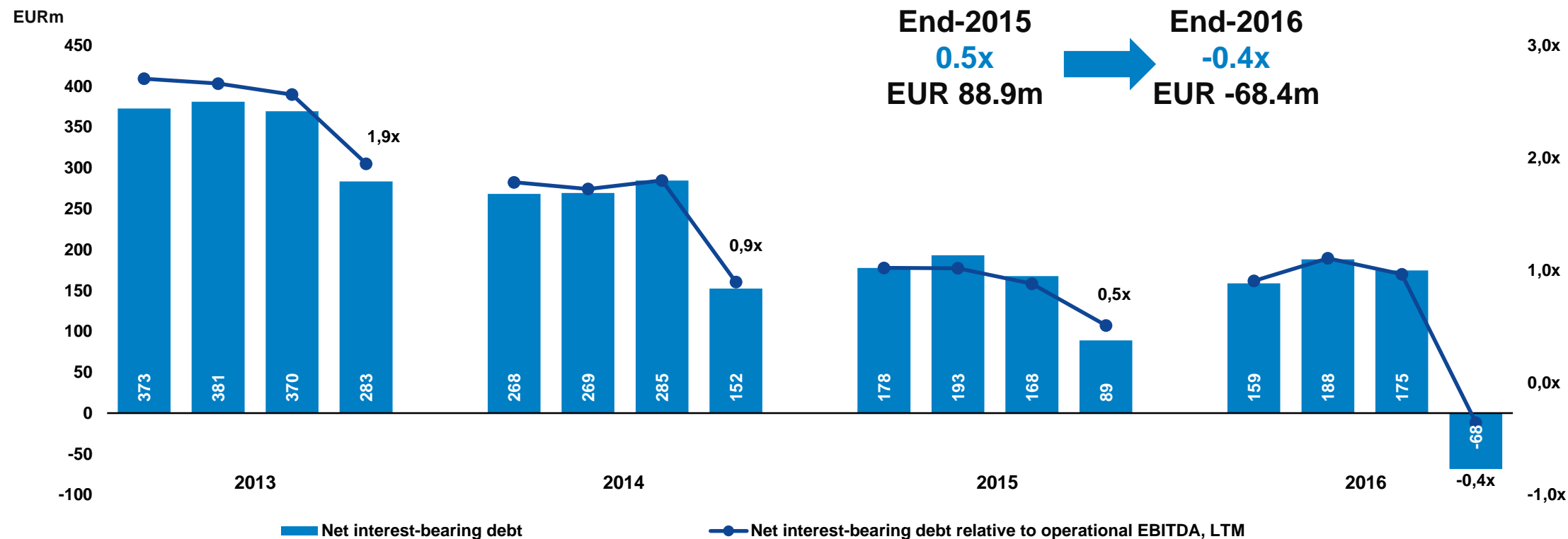
**Operating cash flow of EUR 153.9m**, impacted by one-off costs of EUR 67m, whereof EUR 20m was related to Nilfisk

**Free cash flow of EUR 21.9m**, impacted by acquisitions of Fianium and Nilfisk's Pressure-Pro

**Cash flow from financing activities** impacted by capital increase of EUR 139.5m

# Positive net debt prior to closing of acquisition

## Net interest-bearing debt







# NKT Cables

# Flat development in Products, negative in Projects as expected

## Organic growth

	2013				2014				2015				2016			
- Quarterly (Y/Y)	4%	10%	-2%	4%	6%	-11%	1%	-12%	16%	13%	-12%	2%	-24%	-13%	1%	-2%
- Annually	4%				-5%				4%				-10%			

### Projects

Q4 2016	8%
Q4 2015	-1%
FY 2016	-25%
FY 2015	15%




### Market

Offshore	
Onshore	

### Products

Q4 2016	-8%
Q4 2015	11%
FY 2016	0%
FY 2015	5%

### Market

Nordics	
Central Europe	
Specialties	

### APAC\*

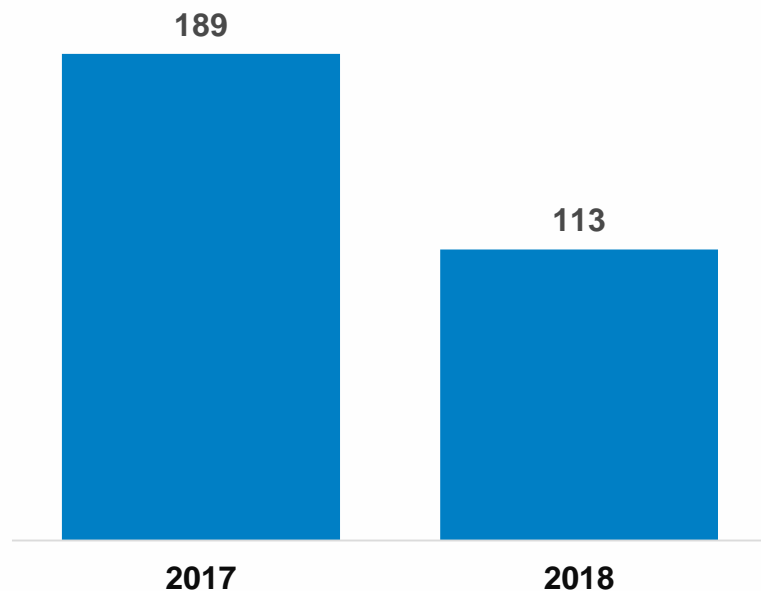
Q4 2016	- *
Q4 2015	-36%
FY 2016	-34%
FY 2015	-37%

\* No organic growth was recorded for APAC in Q4 2016 as operations in China was divested in September 2016

# All-time high HV orders on hand, full visibility until end-2018

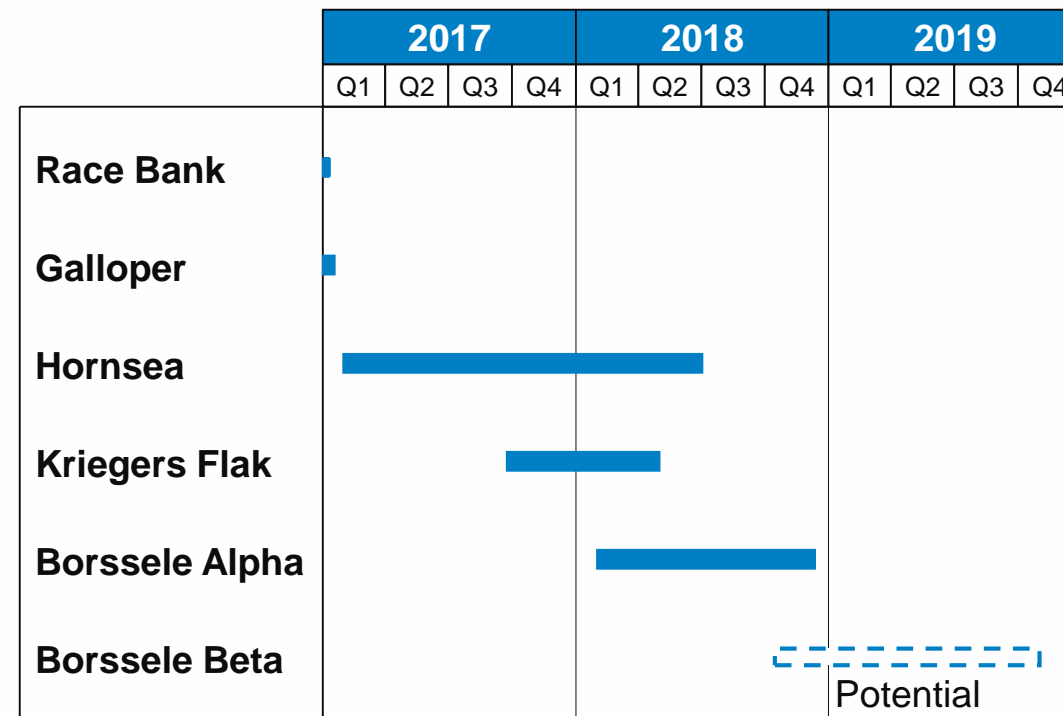
## Orders on hand at all-time high

EURm



■ On-and offshore combined

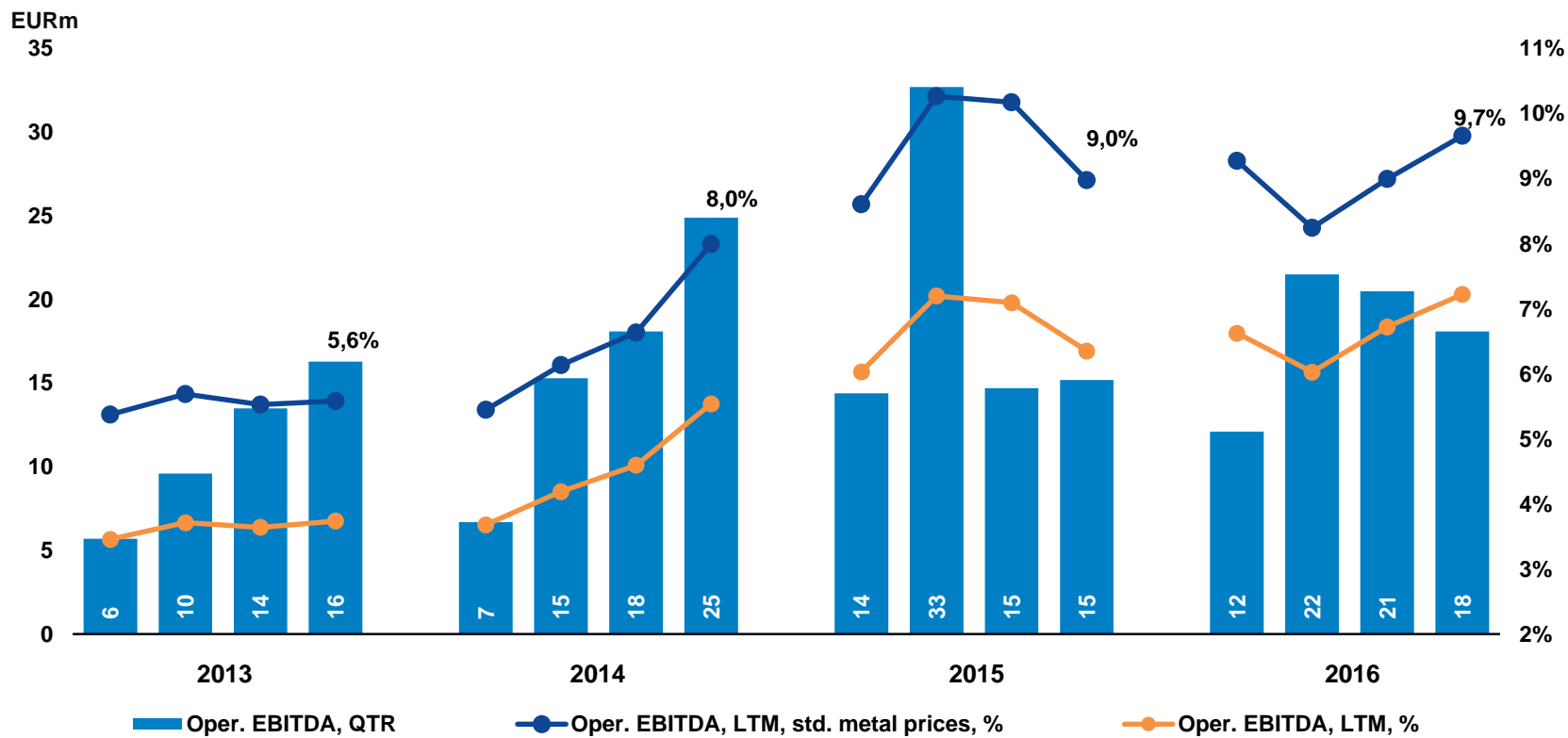
## Full visibility on offshore until end-2018





# Operational EBITDA of EUR 72.5m

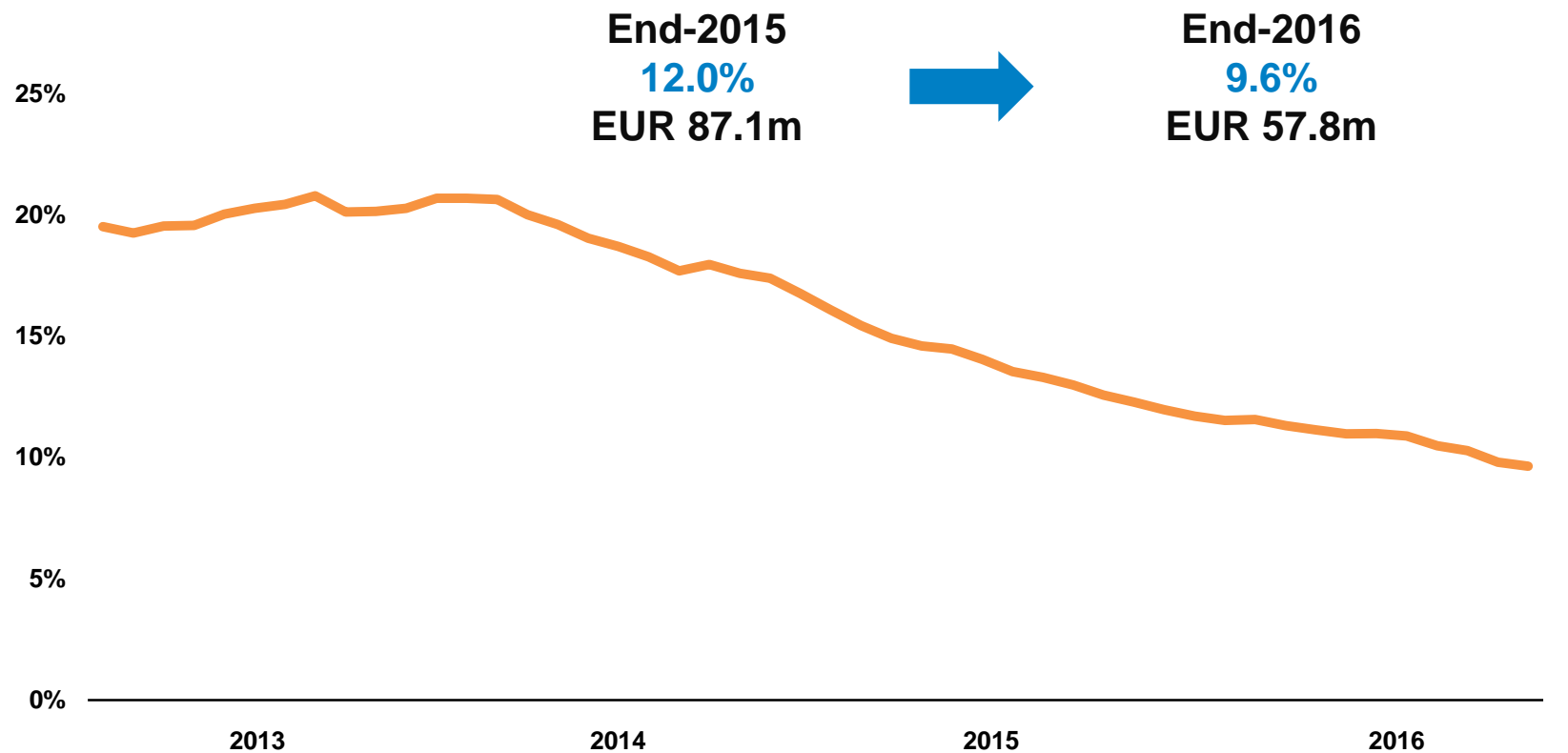
## Operational EBITDA, QTR



Operational EBITDA margin increased 0.7%-point

# Working Capital further reduced

Working capital (% of revenues)



**Working capital reduction**  
driven by the divestment of  
China operations

# ABB HV Cables transaction closed 1 March, 2017

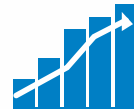
## Strong strategic rationale

### 1 Creation of a leading power cables company



- Continuation of journey towards becoming a leading high-voltage power cable company with increased scale and share of higher margin project business
- Intent of strategic partnership between NKT Cables and ABB Group on future projects
- Well-positioned for growing offshore wind industry and for development of European interconnector grid

### 2 Strong, complete product offering



- Strong, complete offering for customers in offshore wind and interconnector markets
- Expansion of portfolio with DC technology broadens capabilities and addressable market

### 3 Strong backlog and visibility



- Strong order backlog of EUR 1.1bn
- Significant portion of 2017 and 2018 revenue already secured

### 4 Best-in-class manufacturing facilities



- Combination of best-in-class production facilities in Karlskrona and Cologne
- Specialised production of on- and offshore cable systems with optimised setups

### 5 Synergy potential



- Significant cross-utilisation potential of production facilities
- Annual synergies of EUR ~30m expected by end-2018

### 6 Strong cultural and organisational fit



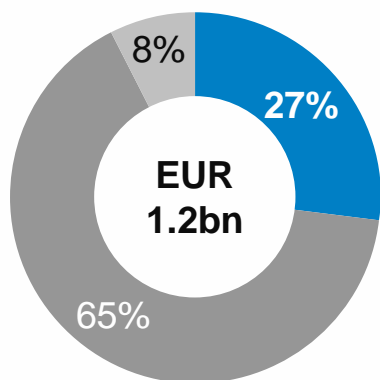
- Strong Nordic heritage of both companies
- Significant knowledge sharing

# Creating a leading player within high-voltage power cables

## 2015 revenue split

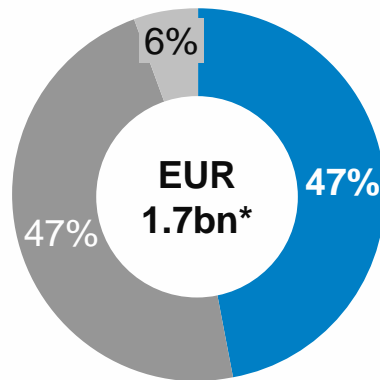
EURm, market prices

Higher margin business



**nkt** cables

Higher margin business



**nkt** cables

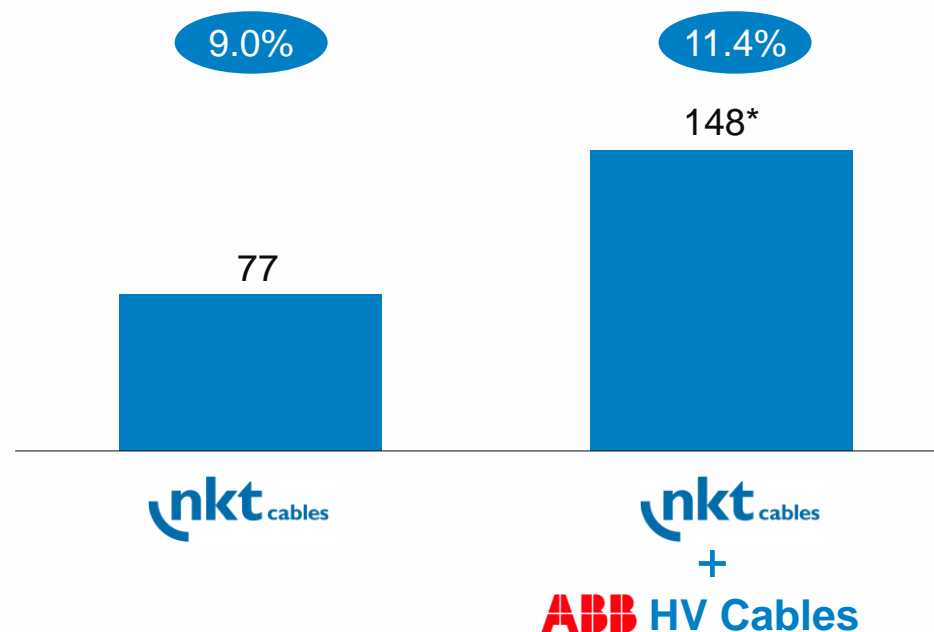
+

**ABB** HV Cables

■ Projects ■ Products ■ APAC

## 2015 operational EBITDA

EURm, margin in std. metal prices

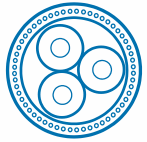


\* Pro forma

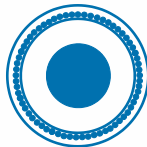
Note: Figures are 2015 actuals, combined with 2015 proforma figures for ABB HV Cables. Revenue is in market prices and no synergies are included

# Strategic priorities for 2017

## DEVELOP AND GROW



**AC/DC  
high-voltage offshore**



**DC high-voltage  
offshore**

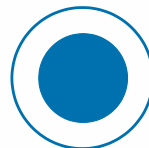


**Accessories**

## FOCUS ON PROFITABILITY

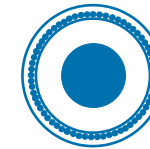


**Building wire &  
Low-voltage**

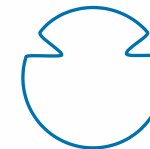


**Medium-voltage**

## TURNAROUND



**AC High-voltage  
onshore**



**Railway**

# NKT Cables - Summary

## Financials

EURm	Q4		FY	
	2016	2015	2016	2015
<b>Revenue</b>	<b>255.0</b>	<b>282.0</b>	<b>1,003.7</b>	<b>1,211.9</b>
Revenue, std.metal prices	190.7	210.5	750.4	857.5
Organic growth	-2%	2%	-10%	4%
<b>Operational EBITDA</b>	<b>18.4</b>	<b>15.2</b>	<b>72.5</b>	<b>77.0</b>
Operational EBITDA margin, std.metal prices	9.6%	7.2%	9.7%	9.0%
<b>RoCE, LTM</b>			<b>9.3%</b>	<b>8.2%</b>
CAPEX			30.6	22.5
<i>PPE</i>			18.6	16.5
<i>Intangible assets</i>			12.0	6.0
Capital employed			348.4	381.3
Working capital			57.8	87.1
Cash flow from operating activities			33.7	102.6
Cash flow from investing activities excl acq/div			-31.5	-21.2
Free cash flow			2.2	81.4
Full-time employees, end of period			2,769	3,208

## Highlights and summary

- **Flat revenue development in Products**, overall positive performance in Nordics and Central Europe, was offset by Specialities
- **Negative growth in Projects as expected**, which should be seen against a strong 2015. Offshore projects executed more efficiently, however development was impacted by challenged Onshore market
- **Acquisition of ABB HV Cables**. Closed in March 2017
- **Divestment of three non-core business**: China, Automotive and Cabinets
- **Management team completed** with Frida Norrbom Sams as Head of Applications and Dietmar Müller as Head of Operations
- **Outlook for 2017**
  - Organic growth 0-5%
  - Operational EBITDA\* ~-9.5%

\* Std. metal prices

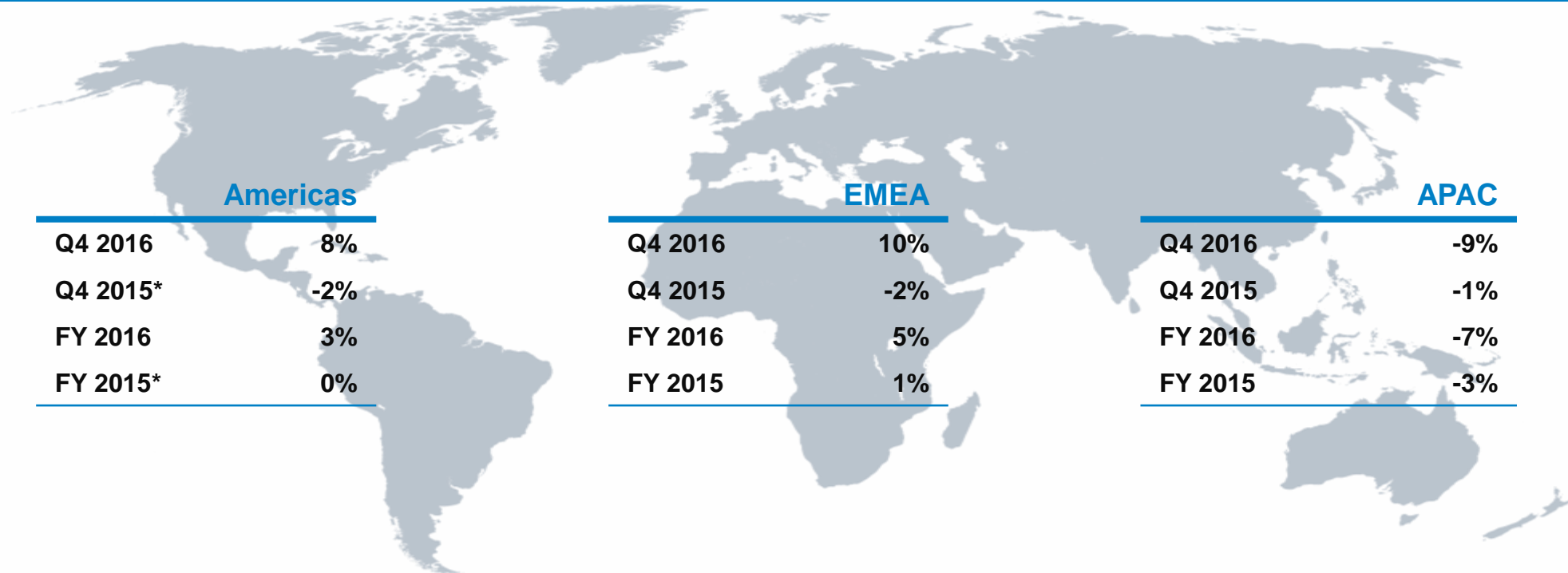


**Nilfisk**

# Strong Q4, full-year organic growth of 3%, driven by EMEA and Americas

## Organic growth

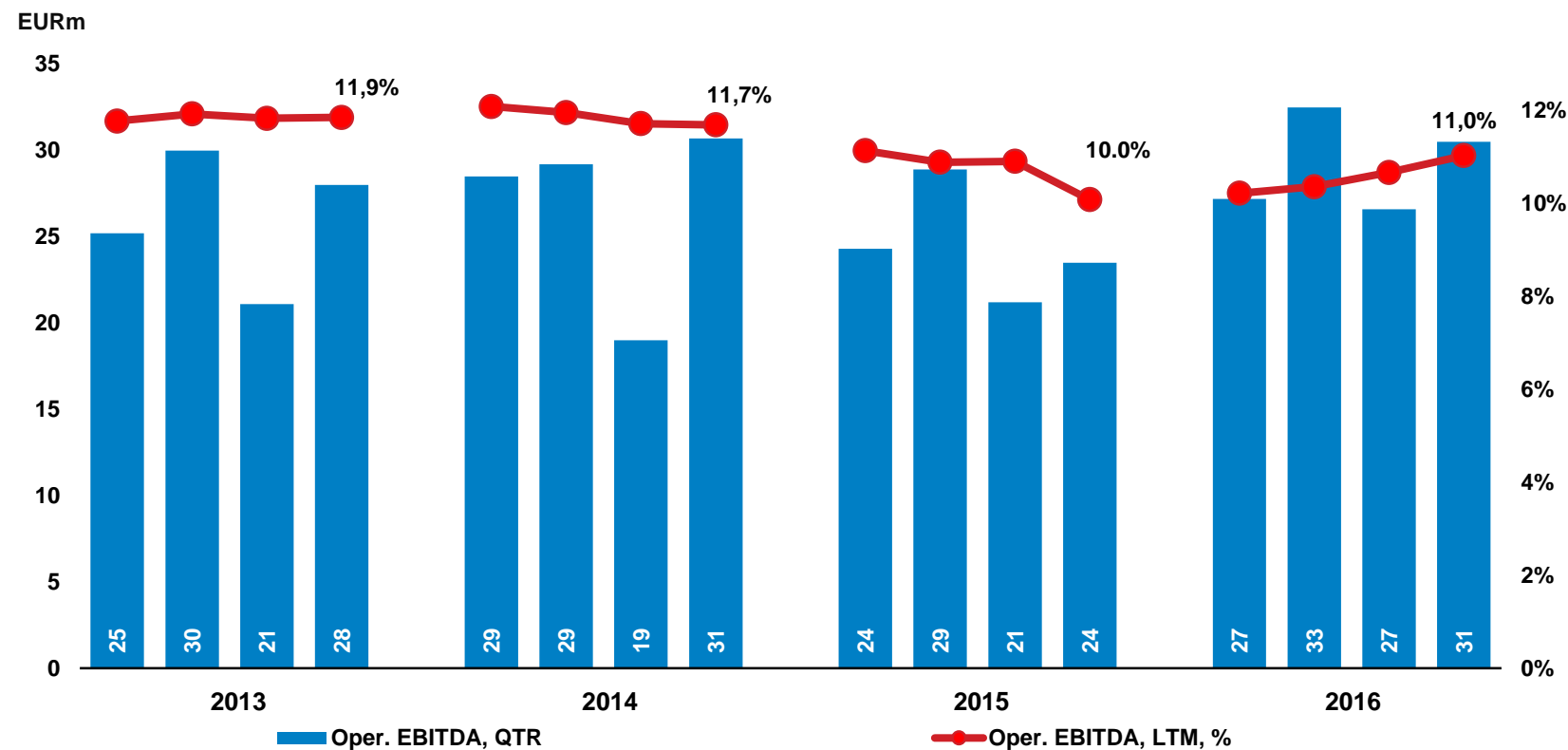
	2013				2014				2015				2016			
- Quarterly (YY)	1%	4%	7%	1%	9%	4%	0%	9%	0%	0%	4%	-2%	-1%	3%	4%	8%
- Annually	3%				6%				0%				3%			





# Operational EBITDA of EUR 116.8m

## Operational EBITDA, QTR

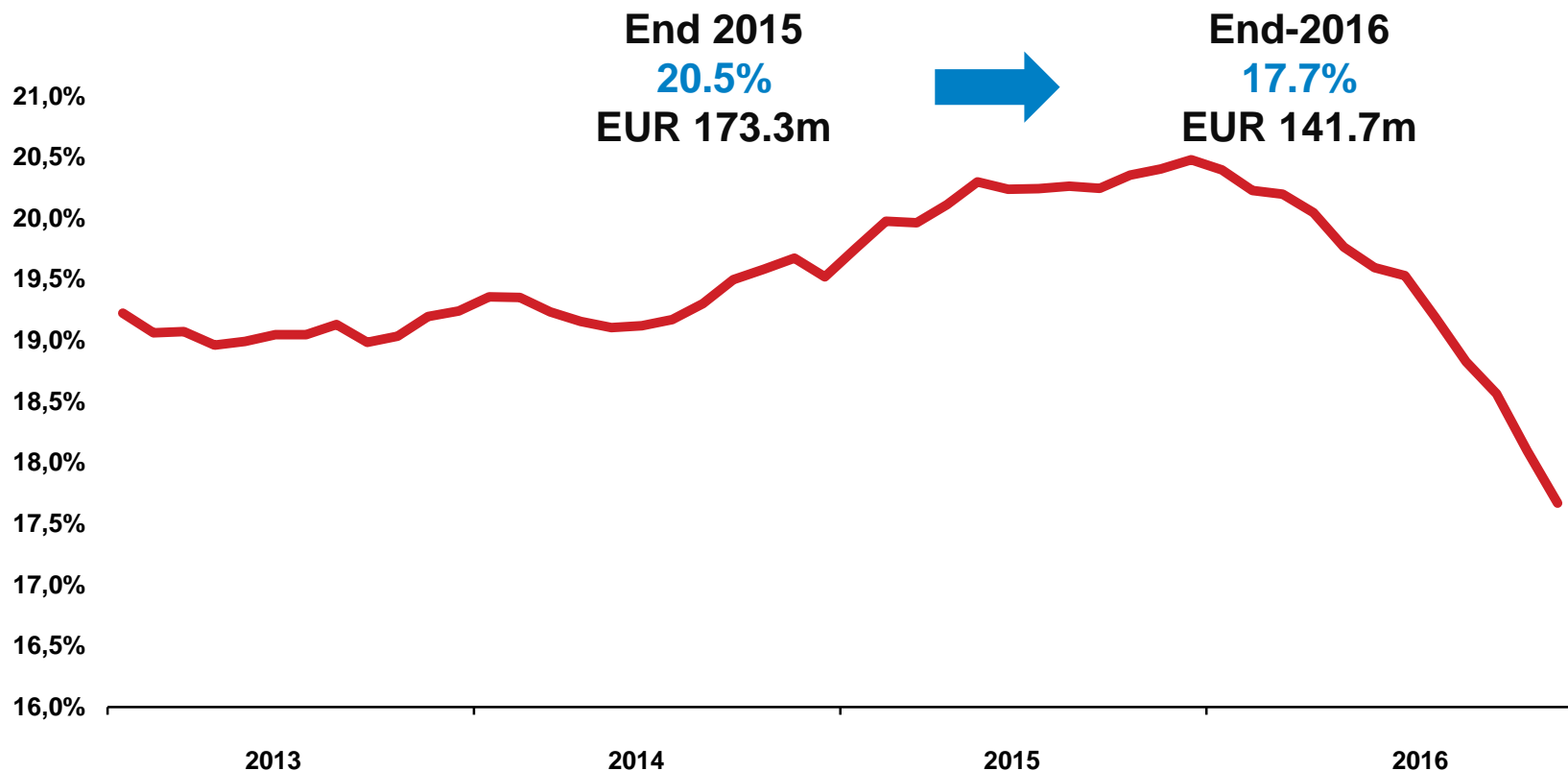


Gross margin increased to 41.3% from 40.8% driven by procurement optimisation and efficiency measures

Overhead cost ratio reduced to 33.3% from 33.7%

# Working Capital significantly reduced

## Working capital development



**Decrease in Working Capital of EUR 31.6m, mainly driven by reduced inventories and increased payables**

## Accelerate+ cost saving program of EUR 35m

EBITDA improvements EURm	Full potential* 2019	Run-rate** 2016	P&L impact 2016	P&L impact*** 2017 est
Overhead reductions	17	11	2	11
Global operations initiatives	12	0	0	0
Other initiatives	6	0	0	0
<b>Total</b>	<b>35</b>	<b>11</b>	<b>2</b>	<b>11</b>
<b>Implementation costs</b>	<b>2019</b>			
New organisational structure	5		5	
Cost saving program	35		10	
<b>Total</b>	<b>40</b>		<b>15</b>	
Investments	12		0	

\* Annualized expected savings from levers expected to be executed by December 31, 2019. The full cost saving potential is expected to be achieved as from December 2019 with full EBITDA impact from 2020

\*\* Annual expected savings from levers executed as of December 31, 2016

\*\*\* Expected savings from levers executed as of December 31, 2016

# Nilfisk - Summary

## Financials

EURm	Q4		FY	
	2016	2015	2016	2015
<b>Revenue</b>	<b>276.3</b>	<b>246.8</b>	<b>1,058.5</b>	<b>980.0</b>
Organic growth	8%	-2%	3%	0%
Gross margin	40.0%	38.6%	41.3%	40.8%
Overhead cost ratio	32.1%	31.7%	33.3%	33.7%
<b>Operational EBITDA</b>	<b>30.5</b>	<b>23.5</b>	<b>116.8</b>	<b>98.0</b>
Operational EBITDA margin	11.0%	9.5%	11.0%	10.0%
<b>RoCE, LTM</b>			<b>14.6%</b>	<b>12.9%</b>
CAPEX			44.9	44.2
<i>PPE</i>			20.6	21.7
<i>Intangible assets</i>			24.3	22.5
Capital employed			490.7	501.6
Working capital			141.7	173.3
Cash flow from operating activities			114.7	59.8
Cash flow from investing activities excl acq/div			-40.5	-40.0
Free cash flow			74.2	19.8
Full-time employees, end of period			5,607	5,545

## Highlights and summary

- **Organic growth of 3%** driven by EMEA and Americas. APAC was negative, mainly driven by China
- **Operational EBITDA margin**, of 11.0% (from 10.0% in 2015) driven by both increased gross margin and lower overhead costs
- **Capital employed reduced**, increased RoCE by 1.7%-points
- **More than 30 new** products were introduced 2016 and the Horizon Program for intelligent cleaning solutions was launched in Q4
- **Outlook for 2017**
  - Organic growth 2-4%
  - EBITDA before special items 11.0-11.5%



**NKT Photonics**

# Organic growth of 7%, driven by Sensing & Energy

## Imaging & Metrology



### Focused growth area

- Imaging & Metrology segment flat against a strong 2015
- Order intake and backlog at satisfactory level
- Several new OEM contracts signed

Revenue split 2016

~50%

## Sensing & Energy



### Established area

- Strong growth across all sub-segments
- Awarded Distributed Temperature System (DTS) for an export cable of an offshore windfarm in the North Sea

~38%

## Material Processing



### New growth area

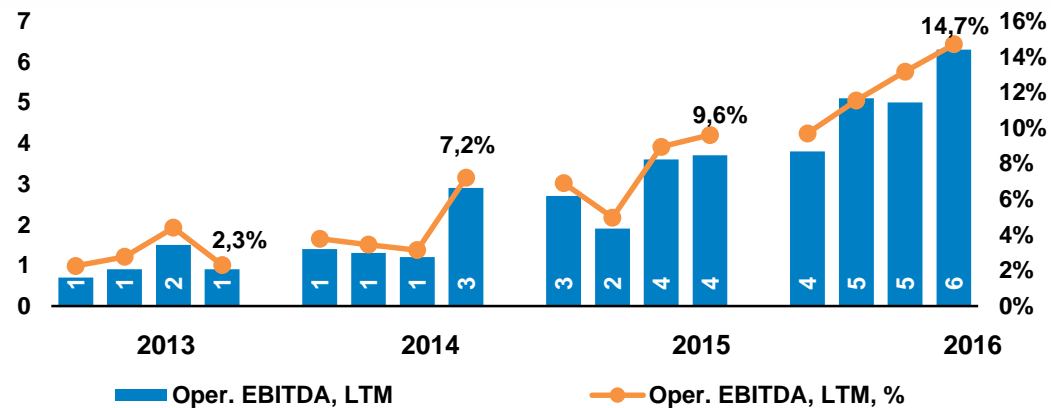
- Strong interests from OEMs
- Satisfactory growth, although from a low base

~12%

# NKT Photonics - Summary

## Financials

EURm	Q4		FY	
	2016	2015	2016	2015
<b>Revenue</b>	<b>16.2</b>	<b>12.7</b>	<b>43.1</b>	<b>40.6</b>
Organic growth	10%	22%	7%	9%
<b>Operational EBITDA</b>	<b>6.0</b>	<b>3.3</b>	<b>6.3</b>	<b>3.7</b>
Capital employed			49.3	19.2
Working capital			18.5	8.5
Full-time employees, end of period			240	174



## Highlights and summary

- Revenues of EUR 43m, organic growth of 7%
- Sensing & Energy driving growth, while Imaging was flat
- Operational EBITDA of EUR 6.3m, 14.7%, up from 9.6% in 2015
- Significant OEM development contracts signed within Semiconductors and Electronics
- Acquisition of Fianium, UK
- **Outlook for 2017**
  - Organic growth ~10%
  - EBITDA before special items ~15%

# Agenda

Highlights 2016

Business units

- NKT Cables
- Nilfisk
- NKT Photonics

**Questions & Answers**



# Financial calendar

## 2017

21 April	Annual General Meeting
17 May	Interim Report Q1 2017
17 August	Interim Report Q2 2017
15 November	Interim Report Q3 2017



For list of Investor Relations events, go to [www.nkt.dk](http://www.nkt.dk)