



NKT

**Intention to split NKT Holding into two listed companies
Acquisition of ABB's high-voltage cables business**

Today's presenters



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Disclaimer

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Intention to split NKT Holding and acquisition of ABB HV Cables

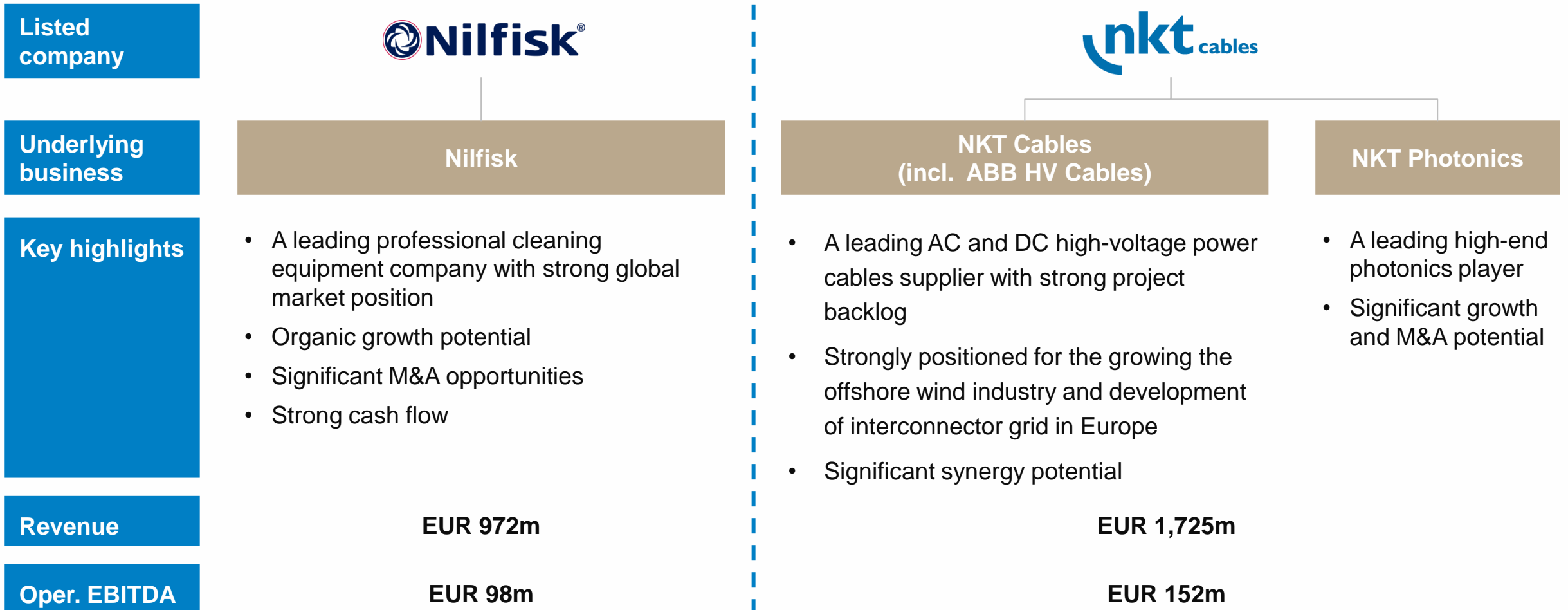
NKT has decided to split the Holding company into two separately listed companies

- NKT Cables will become one of the leading power cable companies in Europe, while Nilfisk is already a leading player in the professional cleaning equipment industry
- With the transaction, both Nilfisk and NKT Cables will be stand alone, listed companies

NKT Cables to acquire ABB's high-voltage cables business, creating a leading power cables company

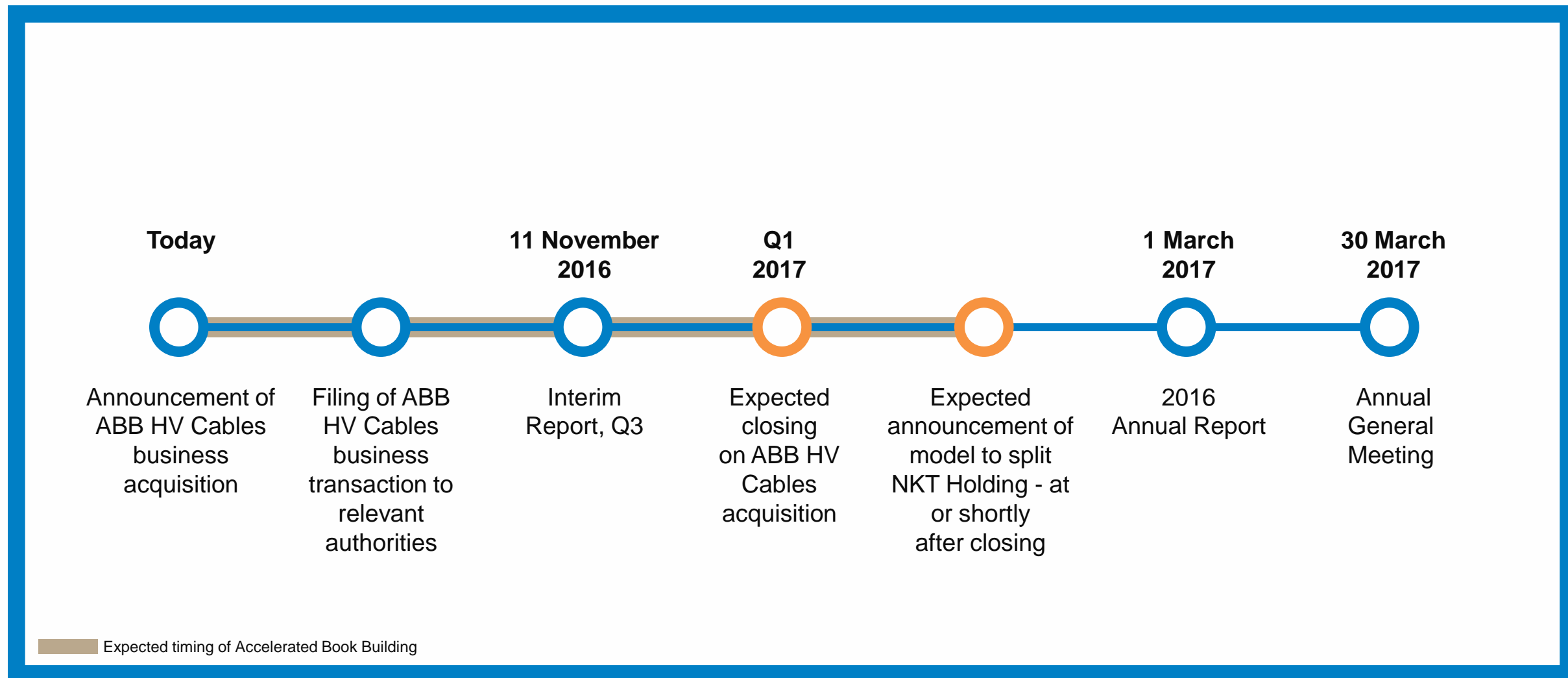
- Agreement to acquire ABB HV Cables at an enterprise value (EV) of EUR 712m (DKK 5.3bn)
- Total enterprise value of EUR 836m (DKK 6.2bn), incl. ABB HV Cables' investment of EUR 124m (DKK 0.9bn) for a new, cutting-edge cable-laying vessel to be delivered and paid in Q1 2017
- Strong strategic rationale for acquiring a leading DC high-voltage power cables producer with strong project backlog, and allow NKT Cables to enter a market with attractive growth outlook and to unlock significant synergy potential
- Combined business will be strongly positioned in the growing offshore wind industry and development of the interconnector grid in Europe, further supported by intent of strategic partnership between NKT Cables and ABB Group

Intention to split NKT Holding into two separately listed companies



Note: Figures are 2015 actuals. For NKT Cables, revenue is in market prices

Indicative timeline for closing of acquisition and split of NKT Holding





Acquisition of ABB's high-voltage cables business

Transaction overview

Enterprise Value

- **Enterprise value (EV):** EUR 712m (DKK 5.3bn) at closing
- **Total Enterprise value:** EUR 836m (DKK 6.2bn), incl. ABB HV Cables' investment in new cutting-edge vessel to be delivered and paid in Q1 2017
- **Implied transaction multiples:** 9.0x EBITDA average 2014-2016 (expected)
6.5x EBITDA (incl. run-rate synergies) average 2014-2016 (expected)

Financing

- **Nordea and Danske Bank** has committed to finance the transaction
- **Group pro forma NIBD/EBITDA of ~3.0x** at closing with expected strong deleverage within following 12 mths.
- Expectation to raise **new equity of up to 9.99%** of the company's share capital
- **Sale of treasury shares** currently held, equal to 3.89% of the share capital

Synergies and value creation

- Significant value creation for NKT Cables with **expected EUR ~30m in EBIT synergies** by end-2018

Timing

- **Closing is expected in Q1 2017**
- Conditional upon regulatory approvals and fulfilment of certain other conditions related to the transfer of ABB HV Cables

Other

- Immediate **cancellation of current share buyback programme** and **no dividend** for financial year 2016
- **Operational 2016 outlook unchanged.** One-off costs EUR 2m related to transaction will be incurred in 2016, in addition to EUR 30m already communicated in Q2 2016. Further EUR 9m expected at closing of transaction

ABB HV Cables

A leading high-voltage power cables company with strong future potential

Snapshot of ABB's HV Cables business



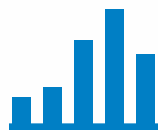
A leading supplier in the premium segment of AC and DC high-voltage cable systems for on- and offshore power transmission



Best-in-class manufacturing facilities in Karlskrona, Sweden with ~900 employees



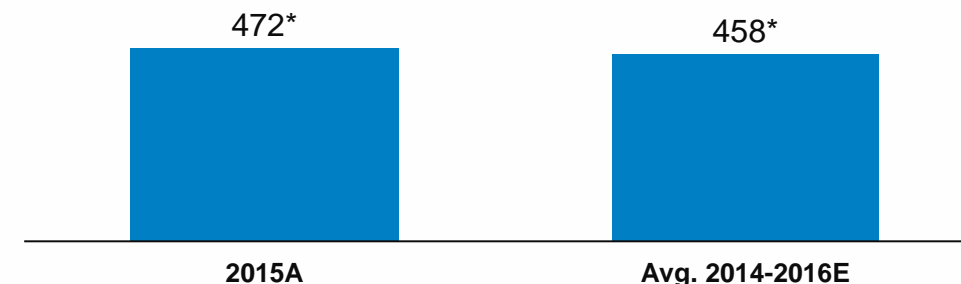
New cutting-edge cable-laying vessel to delivered in Q1 2017



Large backlog for 2017 and 2018

ABB HV Cables – Revenue overview

EURm



Industry outlook

European HV cables market growth, CAGR 2017-25

~3-5%

Driven by offshore interconnector and onshore DC

* Pro forma, in market prices

Source: ABB, entso-e TYNDP, 4C offshore, expert interviews, external consultancy analysis

ABB HV Cables

Best-in-class manufacturing facilities

Cable production and HQ



- **Location:** Karlskrona, Sweden
- **Functions:** HQ, production, R&D, engineering, sales and marketing
- **Product scope:** High-voltage AC and DC power cables (Mass Impregnated and XLPE), with focus on offshore segment
- **Significant investments** have been made to provide ABB HV Cables with state-of-the-art manufacturing facilities

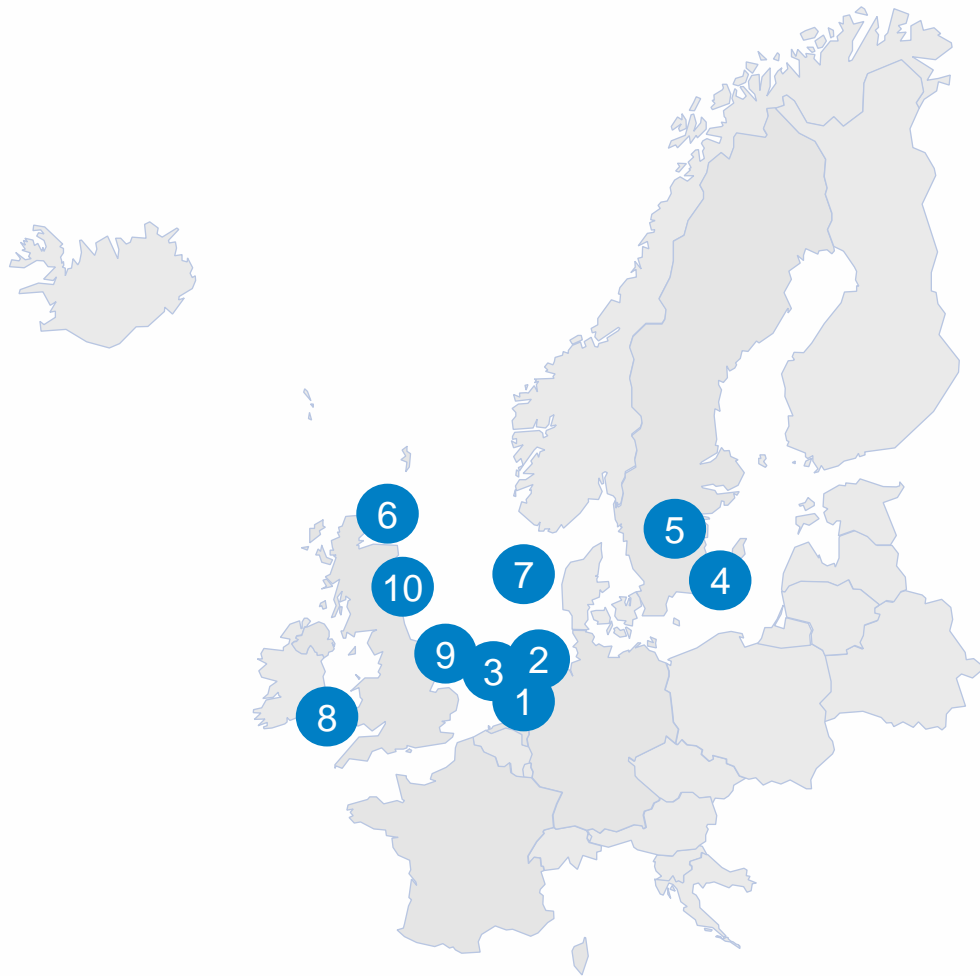
New, cutting edge cable-laying vessel



- **World's most advanced cable-laying vessel** to come in operation in Q1 2017 providing installation risk mitigation and operational flexibility
- Total **turntable capacity of 9,000 tonnes** cables
- Advanced, high-end **Dynamic Positioning technology (DP3)**
- **Critical to win orders** and de-risking of vessel availability
- **Leading installation and service capabilities** for seamless project execution for customers
- **Capex** of EUR 124m (DKK 0.9bn) expected in Q1 2017 at delivery

ABB HV Cables

Strong reference list of landmark projects to blue-chip customers



Selected reference list of ABB HV Cables projects

- 1 Dolwin 1, 320 kV DC, 165 km
- 2 Dolwin 2, 320 kV DC, 135 km
- 3 Borwin 1, 150 kV DC, 200 km
- 4 Nordbalt, 300 kV DC, 450 km
- 5 South-West Link, 300 kV DC, 190x2 km
- 6 CMS, 320 kV DC, 161 km
- 7 Nordlink, 525kV DC, 209km
- 8 EWIP, 200 kV DC, 261km
- 9 Hornsea, 245 kV AC, 286 km
- 10 Dudgeon, 132 kV AC, 78km



Strong strategic rationale

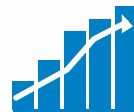
Combined business will become a leading high-voltage power cables company

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 (DKK 8.3bn)
- 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

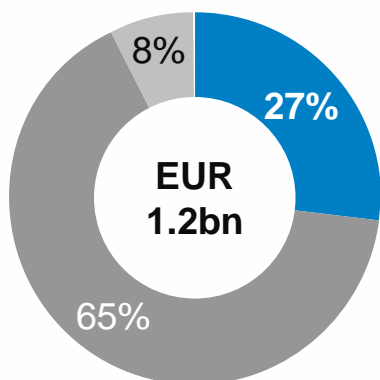
1 Creation of a leading power cables company

Combined entity will increase share of higher margin Projects business

2015 revenue split

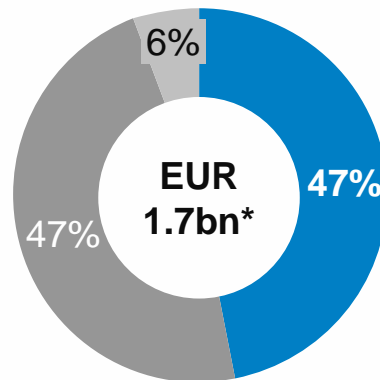
EURm, market prices

Higher margin business



nkt cables

Higher margin business



nkt cables

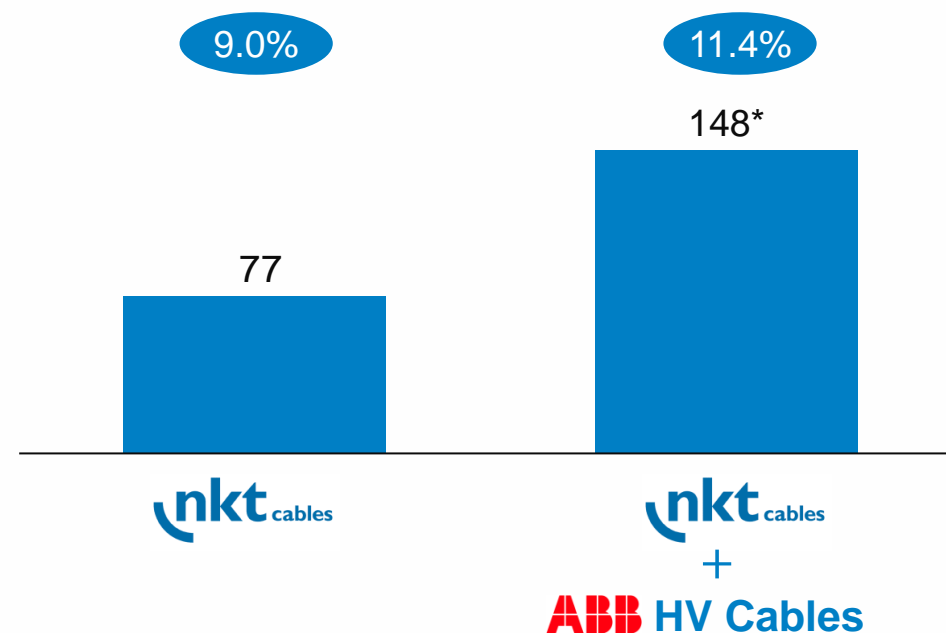
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ABB HV Cables

■ Projects ■ Products ■ APAC

2015 operational EBITDA

EURm, margin in std. metal prices



* Pro forma

Source: NKT Cables 2015 actuals in market prices for (margin in std. metal prices), pro forma for including ABB HV Cables

2 Strong, complete product offering NKT Cables gains access to DC technology and interconnector segment

ABB HV Cables - Technology overview

New key technology for NKT Cables

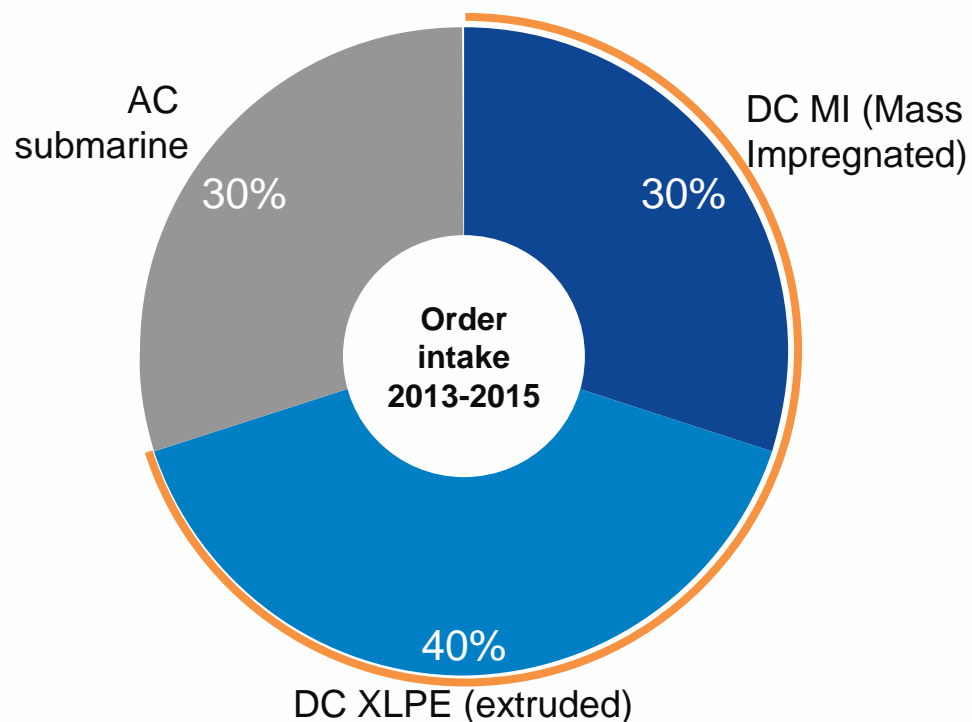
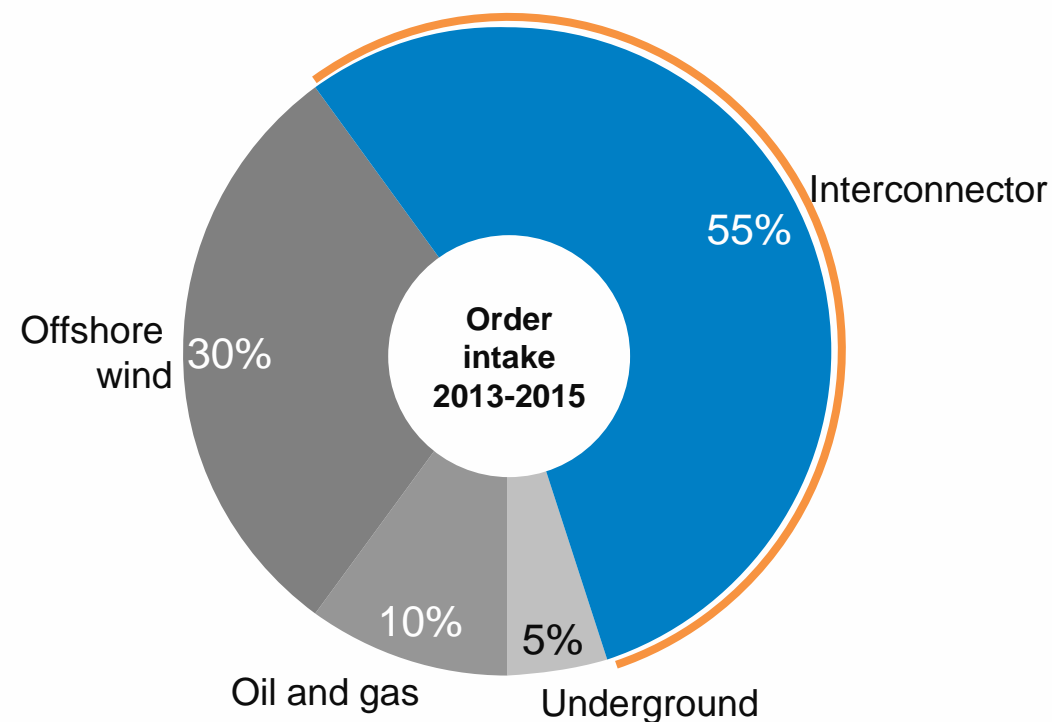


ABB HV Cables - Segment overview

New key segment for NKT Cables



2 Strong, complete product offering Comprehensive product portfolio and installation/turnkey capabilities

Products and services

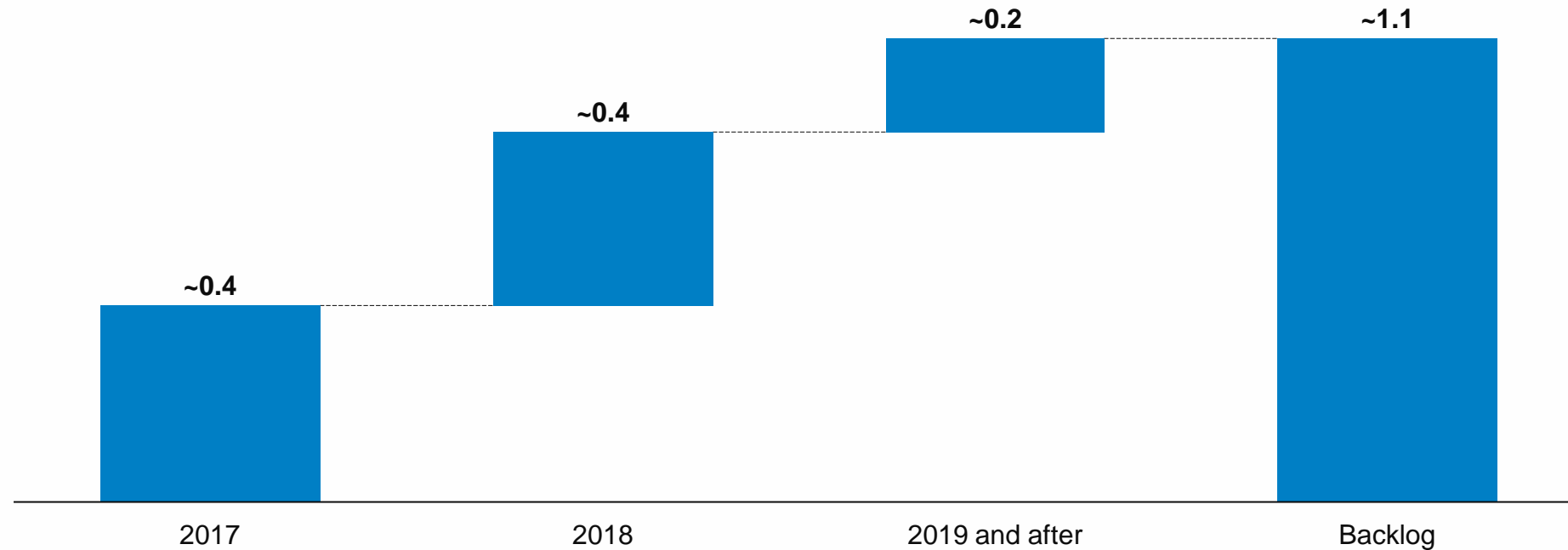
	NKT Cables	ABB HV Cables	NKT Cables + ABB HV Cables
Interconnector on- and offshore DC – XLPE (Extruded)	✘	✔	✔
Interconnector offshore DC – MI (Mass Impregnated)	✘	✔	✔
Offshore wind AC – XLPE (Extruded)	✔	✔	✔
Onshore AC – XLPE (Extruded)	✔	✘	✔
Installation/turnkey	✘	✔	✔

3 Strong backlog and visibility

Significant backlog for 2017 and 2018 secured

Backlog for ABB HV Cables - Projects¹

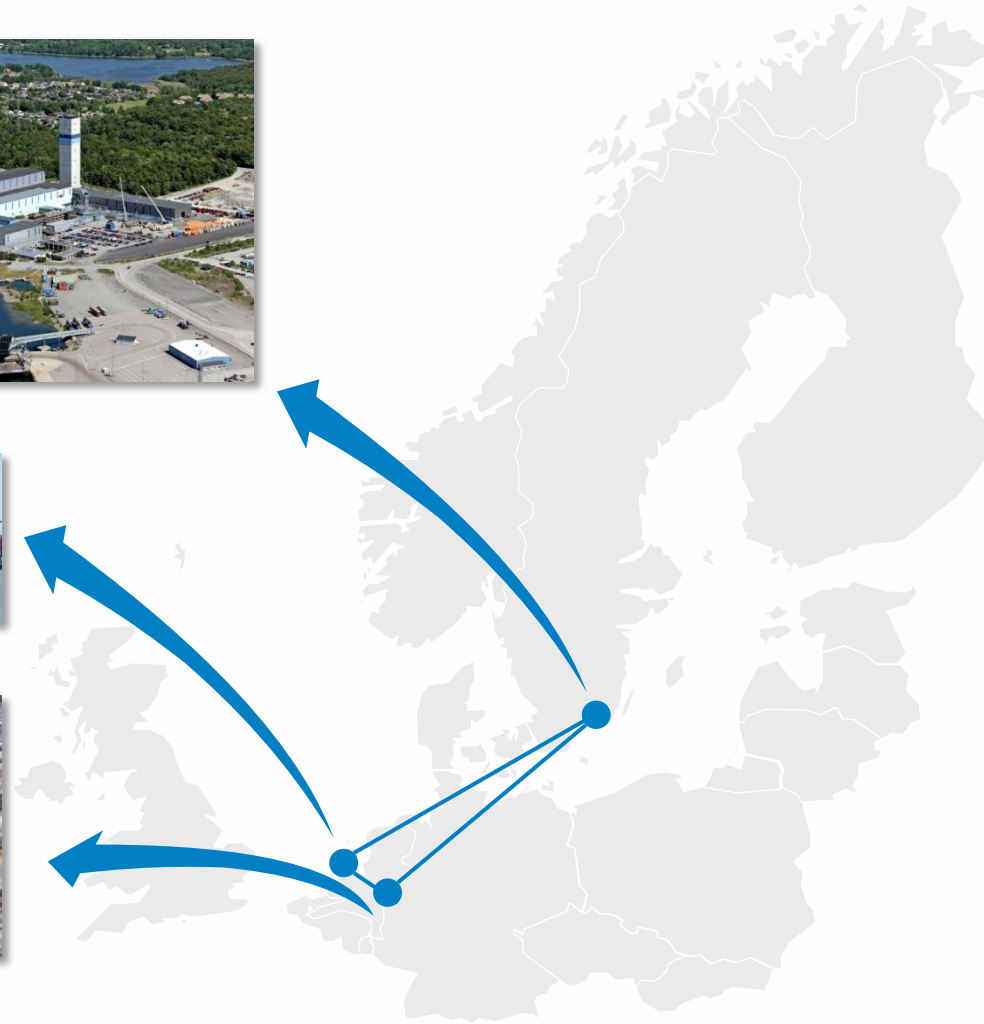
EURbn*



1) Based on projects revenue in market prices, excluding service
* Pro forma

4 Best-in-class manufacturing facilities

Combined network of best-in-class manufacturing for high-voltage cables



- **Two state-of-the-art high-voltage facilities** for on- and off-shore cables with potential to increase utilisation
- Both plants are **well-invested** and **scalable with limited additional investments needed**

5 Synergy potential EUR ~30m expected by end-2018

Synergies expected

Full EBIT run-rate impact by end-2018

EUR ~30m

- Full EBIT run-rate synergies expected by end-2018
- Synergies include
 - Efficiencies across facilities
 - Scale benefits
 - Cost saving on installation

Total integration costs

Total integration costs by end-2018

EUR 35-40m

- Integration process is expected to be completed by end-2018

Q & A

