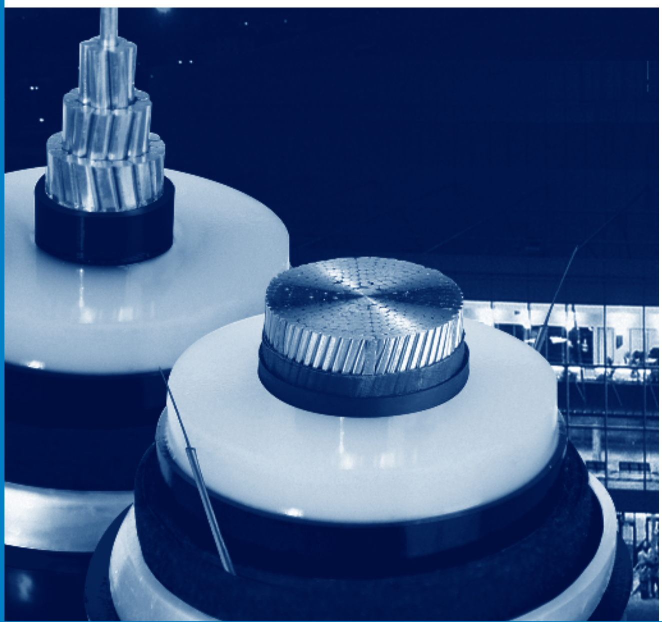


Interim Report
Q1 2014

CONTENTS

14 May 2014, Announcement No. 10
NKT Holding A/S, CVR No. 62 72 52 14

Key messages

In Q1 2014 NKT realised organic **growth in all business areas**. Earnings increased and cash flow improved significantly. **Expectations** for full-year 2014 are **maintained**

Nilfisk-Advance recorded 9% organic growth based on increased sales of 8% in both EMEA and Americas and 14% in APAC. The upward trend was evident in virtually all product segments and in both mature and emerging markets. Growth in APAC was driven by the Chinese market and signals a return to positive development for the entire region. Operational EBITDA margin (YOY) increased by 0.9% points while gross profit margin remained stable. Floor sanding activities, a non-core business, was fully divested at end-March, yielding a non operational gain of 97 mDKK.

NKT Cables realised 6% organic growth driven by Products with revenue up 22% on Q1 2013. Projects realised as planned a negative growth of 7%, due to changes in the type of projects executed compared with the same period last year. APAC realised negative growth of 17% compared with Q1 2013. This decrease was solely attributable to completion of a major order in the same quarter 2013. Operational EBITDA margin was on par with Q1 2013 and includes a negative effect of approx. 30 mDKK, which mainly relates to increased bad debt reserves in China. Adjusted for this effect the EBITDA margin was 2.1% points higher. The implementation of the DRIVE efficiency improvement programme is on track with previously announced targets confirmed.

Photonics Group continued the positive development from 2013 and realised 19% organic growth driven by Sensing - up 35% - and Fiber Processing - up 25% - on Q1 2013.

NKT realised positive cash flow primarily due to increased earnings and reduction in net working capital. Cash conversion (LTM) was improved to 113% from 50% at year-end 2013.

NKT

Amounts in mDKK	Q1 2014	LTM
Revenue*	3,179	13,163
Organic growth	▲ 8%	
Oper. EBITDA	254	1,122
Oper. EBITDA margin*	8.0%	8.5%

	Q1 2014
NIBD	1,999
NIBD/oper. EBITDA, LTM	1.8x
Working capital	2,681
% of revenue, LTM	19.8%

Unchanged expectations 2014

0-3% organic growth
9-9.5% oper. EBITDA margin*

Nilfisk Advance

Amounts in mDKK	Q1 2014	LTM
Revenue	1,737	6,643
Organic growth	▲ 9%	
Oper. EBITDA	213	803
Oper. EBITDA margin	12.3%	12.1%

nkt cables

Amounts in mDKK	Q1 2014	LTM
Revenue*	1,378	6,245
Organic growth	▲ 6%	
Oper. EBITDA	49	340
Oper. EBITDA margin*	3.6%	5.4%

NKT Photonics Group

Amounts in mDKK	Q1 2014	LTM
Revenue	65	276
Organic growth	▲ 19%	
Oper. EBITDA	0	10
Oper. EBITDA margin	0%	3.7%

**Standard metal prices*

Financial **highlights**

Amounts in mDKK	Q1 2014	Q1 2013	Year 2013
Income statement			
Revenue	3,865	3,509	15,809
Revenue in std. metal prices [1)]	3,179	2,859	12,843
Operational earnings before interest, tax, depreciation and amortisation (Oper. EBITDA) [2)]	254	217	1,085
Earnings before interest, tax, depreciation and amortisation (EBITDA)	296	217	1,103
Depreciation and impairment of property, plant and equipment	-90	-87	-405
Amortisation and impairment of intangible assets	-45	-42	-190
Earnings before interest and tax (EBIT)	161	88	508
Financial items, net	-25	-48	-160
Earnings before tax (EBT)	136	40	348
Net profit	87	25	253
Profit attributable to equity holders of NKT Holding A/S	87	25	252
Cash flow			
Cash flow from operating activities	199	-521	545
Cash flow from investing activities	-8	-113	-694
hereof investments in property, plant and equipment	-52	-64	-257
Free cash flow	191	-634	-149
Balance sheet			
Share capital	479	479	479
Equity attributable to equity holders of NKT Holding A/S	5,600	5,571	5,667
Minority interests	6	8	7
Group equity	5,606	5,579	5,674
Total assets	13,138	13,661	12,995
Net interest bearing debt [3)]	1,999	2,776	2,111
Capital employed [4)]	7,605	8,355	7,785
Working capital [5)]	2,681	3,119	2,812
Financial ratios and employees			
Operational EBITDA margin (std. metal prices)	8.0%	7.6%	8.4%
Gearing (net interest bearing debt as % of Group equity)	36%	50%	37%
Net interest bearing debt relative to operational EBITDA [6)]	1.8	2.7	1.9
Solvency ratio (equity as % of total assets) [7)]	43%	41%	44%
Return on Capital Employed (RoCE) [8)]	7.1%	6.0%	6.7%
Number of 20 DKK shares ('000)	23,934	23,930	23,930
Number of treasury shares ('000)	77	77	77
Earnings, DKK per outstanding share (EPS) [9)]	3.6	1.0	10.6
Dividend paid, DKK per share	3.5	8.0	8.0
Equity value, DKK per outstanding share [10)]	235	234	238
Market price, DKK per share	314	216	268
Average number of employees	9,256	8,846	8,899

[1) - 10)] Explanatory comments appear in Note 5.

Financial highlights and ratios are calculated as defined in the 2013 Annual Report.

Group Development

The **positive development** recorded in Q1 2014 was based on **progress in all business areas**. Nilfisk-Advance realised organic growth in all regions while the growth delivered by NKT Cables was driven mainly by Products. Photonics Group maintained its positive course from end-2013

Strong organic growth in all business areas
NKT realised organic growth in Q1 2014 of 8% compared with the same period in 2013. Revenue in std. metal prices was 3,179 mDKK compared with 2,859 mDKK in Q1 2013. Revenue in market prices amounted to 3,865 mDKK, against 3,509 mDKK in the same period last year.

Nilfisk-Advance realised organic growth of 9% based on progress in all regions and almost all product segments. The late Easter impacted organic growth positively by some 2% points.

Organic growth for NKT Cables was 6%. This was mainly due to Products, which benefitted from a mild winter in Central Europe. Nominal growth in std. metal prices was 20% which included 15% relating to the Ericsson power cable acquisition in 2013.

Photonics Group delivered organic growth of 19%, continuing the positive progress from Q4 2013. This growth was attributable to Sensing and Fiber Processing.

Continued increase in operational EBITDA
NKT's operational EBITDA amounted to 254 mDKK in Q1 2014 compared with 217 mDKK in the same period last year. Operational EBITDA margin (std. metal prices) increased correspondingly to 8.0% from 7.6% in Q1 2013.

Revenue by business area

Amounts in mDKK	Q1 2013	Currency effect	Acquisitions	Growth	Q1 2014	Organic growth
Nilfisk-Advance	1,655	-60	0	142	1,737	9%
NKT Cables	1,149	-20	177	72	1,378	6%
Photonics Group	55	-1	0	11	65	19%
Other	0	-1	0	0	-1	-
Revenue, std. metal prices	2,859	-82	177	225	3,179	8%
Adjustment, metal prices	650	-17	65	-12	686	-
Revenue, market prices	3,509	-99	242	213	3,865	-

Operational EBITDA includes a negative effect of 30 mDKK in NKT Cables which is mainly related to increased bad debt reserves in China. Adjusted for this effect operational EBITDA margin was 8.9%.

Operational EBITDA for Q1 2014 is adjusted for a number of one-off items to reflect the underlying earnings associated with normal operations. The operational EBITDA has been reduced by 42 mDKK compared with reported EBITDA: 97 mDKK relating to gain from Nilfisk-Advance's divestment of floor sanding activities which was finalised on 31 March 2014 and -55 mDKK relating to NKT Cables. The latter comprises a 29 mDKK fine received from the European Commission, and one-off costs of 26 mDKK for the DRIVE programme.

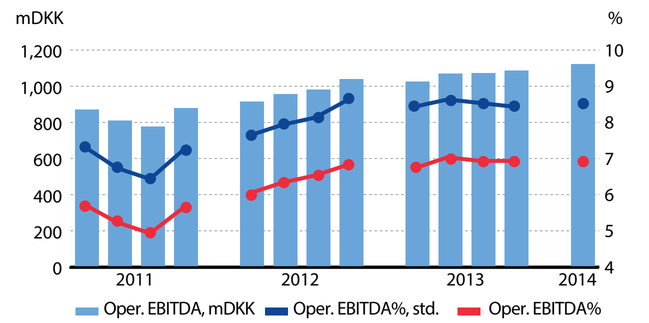
Operational EBITDA by business area

Amounts in mDKK	Q1 2014	Q1 2013	Change
Nilfisk-Advance	213	188	25
NKT Cables	49	43	6
Photonics Group	0	-5	5
Other	-8	-9	1
Operational EBITDA	**254**	**217**	**37**
Nilfisk-Advance one-offs	97	0	97
NKT Cables one-offs	-55	0	-55
EBITDA	**296**	**217**	**79**

All business areas recorded improved operational EBITDA (YOY) in absolute terms compared with the same period last year. Most notably, Nilfisk-Advance increased its operational EBITDA by 25 mDKK to 213 mDKK (YOY).

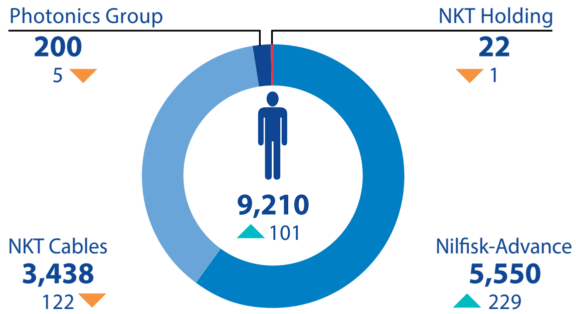
Operational EBITDA calculated on a rolling 12-month basis amounted to 1,122 mDKK, an increase of 37 mDKK over the 2013 financial year. Operational EBITDA margin (LTM) in std. metal prices increased slightly to 8.5% from 8.4% in 2013. Adjusted for the previously mentioned effect of bad debt reserves in China, EBITDA margin (LTM) was 8.8%.

Operational EBITDA (LTM)



At the end of Q1 2014 NKT had around 9,200 employees, an increase of approx. 100 since year-end 2013. The increase relates mainly to the addition by Nilfisk-Advance of 229 employees primarily through the acquisition of its South African joint-venture partner Industro-Clean on 1 January 2014. NKT Cables reduced the number of employees by 122 people, primarily as a consequence of the DRIVE programme.

Number of employees



Financial items, Group earnings and tax

Net financial items amounted to -25 mDKK compared with -48 mDKK for Q1 2013. The improvement was mainly due to lower net interest bearing debt levels over the period. Earnings before tax increased to 136 mDKK from 40 mDKK in Q1 2013. Besides the improved operational EBITDA, earnings were positively affected by one-offs of 42 mDKK and reduced financial items of 23 mDKK.

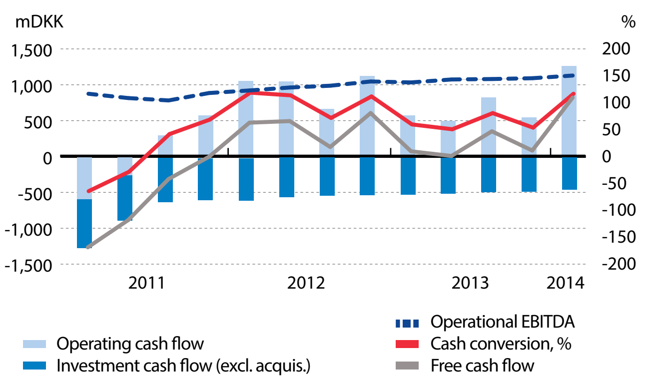
The tax rate in Q1 2014 was 36%, slightly lower than the Q1 2013 figure. Excluding the 29 mDKK fine imposed by the European Commission, which is not tax-deductable, the rate was 30%. The tax rate for the year as a whole and including impact of the fine is expected to be 30%.

Positive free cash flow and high cash conversion

Cash flow from operating activities amounted to 199 mDKK compared with -521 mDKK in the same period last year. This improvement was based on solid operating earnings (EBITDA) aided by favourable development in net working capital.

Investments in tangible and intangible fixed assets amounted to -94 mDKK in Q1 2014. Cash flow from investing activities amounted to -8 mDKK or -116 mDKK when adjusting for Nilfisk-Advance's divestment of floor sanding equipment.

Cash conversion (LTM)



The above figure shows the cash flow trends from operating and investing activities.

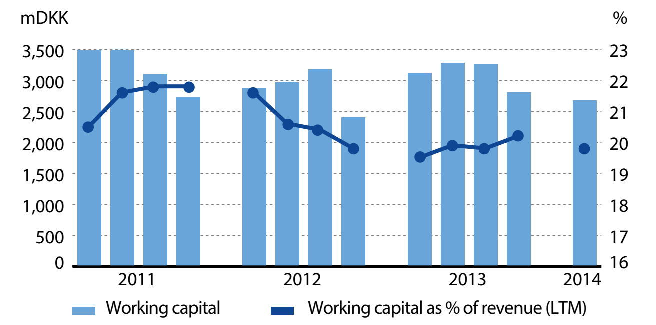
At end-March 2014 the cash conversion rate (operating cash flow in relation to EBITDA) was 113% (LTM) compared with 50% at year-end 2013.

Continued improvement in net working capital
Net working capital at end-March 2014 was 2,681 mDKK, down from 2,812 mDKK at year-end 2013 and from 3,119 mDKK at end-March 2013.

Working capital as an average percentage of revenue (LTM) amounted to 19.8% at 31 March 2014, down from 20.2% at year-end 2013. The decrease was primarily attributable to a reduction in project work and reduction of inventory in NKT Cables.

Nilfisk-Advance increased its net working capital in absolute terms due to increased activity. Working capital as a percentage of revenue (LTM) was 19.2% at end-March 2014, which was unchanged from year-end 2013.

Working capital

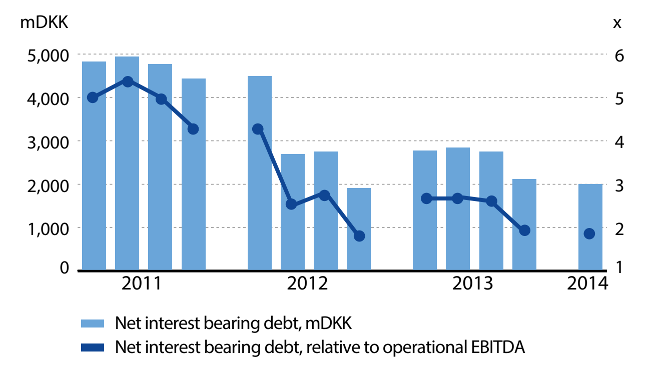


NKT Cables was the main driver of the decrease in working capital. Net working capital amounted to 1,340 mDKK at end-March 2014, a significant reduction of 341 mDKK from year-end 2013. As a percentage of revenue (LTM) this corresponds to 20.0%, a decrease from 20.7% at year-end 2013.

Net interest bearing debt further reduced
Net interest bearing debt amounted to 1,999 mDKK at end-March 2014, a further reduction from 2,111 mDKK at year-end 2013. The debt corresponded to 1.8x operational EBITDA (LTM) compared with 1.9x at year-end 2013.

The reduction in net interest bearing debt in Q1 was attributable to a variety of factors. Relatively high operational earnings in Q1, aided by positive development in net working capital, reduced interest expenses, and divestment of non-core activities

Net interest bearing debt



by Nilfisk-Advance resulted in a free cash flow of 191 mDKK. However, the debt level was negatively influenced by the payment of dividend in March 2014.

Strong liquidity reserves
At 31 March 2014 NKT's total available liquidity reserves were approx. 4.4 bnDKK, a combination of cash amounting to 0.4 bnDKK and undrawn credit facilities of 4.0 bnDKK. Total credit facilities amounted to 6.6 bnDKK, which means that 61% were undrawn. NKT's policy is to maintain a high degree of committed facilities and at the end of Q1 2014 84% of total facilities were committed by the banks. No committed credit facilities are subject to financial covenants.

The average duration of the committed facility portfolio is 3.3 years and no facilities were due to mature before January 2016.

Consequently, NKT holds strong liquidity reserves to operate the business and support the strategic development of the business areas.

Equity
Equity amounted to 5,606 mDKK at the end of Q1 compared with 5,674 mDKK at year-end 2013. The decrease was attributable to the payment of 84 mDKK in dividend in March 2014, net profit of 87 mDKK, and currency adjustment of foreign subsidiaries and value adjustment of hedging instruments etc. which totalled -72 mDKK.

Equity gearing (the relationship between net interest bearing debt and equity) was 36%, which was slightly lower than the figure of 37% at year-end 2013 and considerably lower than the figure of 50% at end-March 2013.

Solvency ratio was 43% exceeding the internal target of minimum 30%.

Events after the balance sheet date
On 2 April 2014 NKT received a fine of 29 mDKK following the investigation conducted by the European Commission into alleged price-fixing activities in the power cables industry, cf. Company Announcement No. 8. By defining NKT as a 'fringe player' - as the only European manufacturer - the European Commission explicitly establishes that the role of NKT was substantially limited. This is further emphasised by the fact that NKT was the only European manufacturer to receive a 10% reduction on the fine amount. While the European Commission has assessed that NKT's role is substantially limited and the fine is considerably smaller than those imposed on the other cable manufacturers, NKT disagrees with the Commission's decision and is therefore preparing an appeal. A provision of 29 mDKK has been made in the financial statements for Q1 2014.

Expectations for full-year 2014 unchanged
NKT's expectations for 2014 are unchanged with consolidated organic growth of 0-3% and an operational EBITDA margin of 9-9.5% (std. metal prices). One-offs related to the DRIVE programme in NKT Cables of around 180 mDKK and the 97 mDKK gain from the Nilfisk-Advance divestment of its floor sanding activities, cf. the 2013 Annual Report, as well as the 29 mDKK fine from the European

Commission will have a negative impact on EBITDA of around 110 mDKK totally.

NKT shares

NKT shares are listed under ID code DK0010287663 on NASDAQ OMX Copenhagen and are among the 30 most traded shares.

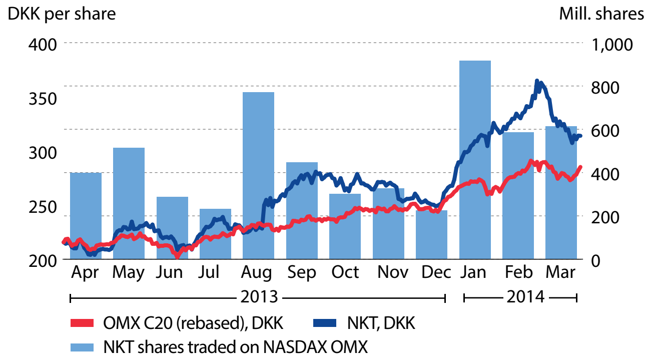
In Q1 2014 the daily turnover in NKT shares on NASDAQ OMX Copenhagen averaged 34 mDKK (Q1 2013: 23 mDKK). An average of 105,000 NKT shares was traded daily in Q1 2014 compared with 111,000 in Q1 2013. An estimated 35% of the trading in NKT shares takes place outside of NASDAQ OMX Copenhagen. No corresponding adjustment has been made in the above data.

31 March 2014, NKT's share price was 314.00 DKK against 267.60 DKK at 31 December 2013 which, including the effect of the dividend payment made in March 2014, represents a 19% increase since the year-end.

31 March 2014 three NKT investors were registered with shareholdings of more than 5%: ATP (Denmark), EdgePoint Investment Group Inc. (Canada) and Nordea Invest (Luxembourg).

In March 2014, the exercise of share warrants by several employees has increased NKT's share capital by 4,700 shares with a nominal value of 20 DKK each, corresponding to a nominal increase in the share capital of 94,000 DKK. NKT's share capital henceforth consists of 23,934,379 shares with a nominal value of 20 DKK each, corresponding to a total nominal share capital of 478,687,580 DKK.

NKT share price and turnover



Annual General Meeting

NKT's Annual General Meeting was held on Tuesday 25 March 2014 and was attended by some 400 shareholders. The resolutions adopted were published in Company Announcement No. 7 of 25 March 2014 and included adoption of the 2013 Annual Report, approval of a dividend of 3.50 DKK per share and remuneration to the Board of Directors for 2014.

All AGM-elected Board members were re-appointed and new employee-elected Board members joined the Board of Directors.

FINANCIAL CALENDAR

2014

20 August Interim Report Q2

13 November Interim Report Q3

2015

27 February Annual Report 2014

INVESTOR CONTACT

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At a subsequent ordinary Board meeting Jens Due Olsen and Kristian Siem were appointed Chairman and Deputy Chairman respectively. The members of six committees formed by the Board of Directors were also appointed:

NKT committees

Committee	Members
Audit	Lone Fønss Schrøder (Chair) and Jens Maaløe
Nomination	Kurt B. Pedersen (Chair) and Lars S. Sørensen
Remuneration	Lone Fønss Schrøder (Chair) and Lars S. Sørensen
Nilfisk-Advance	Jens Due Olsen (Chair) and Lars S. Sørensen
NKT Cables	Jens Due Olsen (Chair) and Kristian Siem
Photonics Group	Jens Maaløe (Chair) and Jens Due Olsen

Deloitte Statsautoriseret Revisionspartnerselskab were re-elected as sole auditors of NKT.

All information concerning the 2014 Annual General Meeting can be found at www.nkt.dk.

Nilfisk-Advance

In Q1 2014, Nilfisk-Advance launched a new and updated version of the Nilfisk GD930 commercial vacuum cleaner. The sound level has been reduced significantly compared with other models, making the new GD930Q ideal for daytime cleaning in noise-sensitive environments.

Financial highlights

Amounts in mDKK	Q1 2014	Q1 2013	Year 2013
Income statement			
Revenue	1,737	1,655	6,561
Operational EBITDA	213	188	778
EBITDA	310	188	778
Depreciation and amortisation	-55	-52	-214
EBIT	255	136	564
Cash flow			
Cash flow from operating activities	-83	-94	500
Cash flow from investing activities	38	-60	-234
Free cash flow	-45	-154	266
Balance sheet			
Capital employed	3,251	3,374	3,074
Working capital	1,294	1,301	1,073
Financial ratios and employees			
Gross margin	41.5%	41.3%	40.9%
Overhead cost margin	32.0%	32.6%	31.8%
Operational EBITDA margin	12.3%	11.4%	11.9%
Organic growth	9%	1%	3%
Return on capital employed (RoCE)	18.0%	16.7%	17.5%
Number of employees, end of period	5,550	5,327	5,321

Strong growth was realised in all sales regions and both in mature and emerging markets

The Q1 performance was attributable to positive development in all three sales regions. For EMEA and the Americas the upward trend from 2013 continued while APAC experienced a return to organic growth. Almost all BRIC+MT countries (Brazil, Russia, India, China, Mexico and Turkey) showed significantly increased revenue. Organic growth, particularly in EMEA, was to some extent positively influenced by the late Easter compared with Q1 2013.

Organic growth

	Q1 2014
EMEA	8%
Americas	8%
APAC	14%
Total	**9%**
BRIC+MT	32%

Nilfisk-Advance recorded total revenue of 1,737 mDKK in Q1 2014, corresponding to an organic growth of 9% compared with Q1 2013. Operational EBITDA was 213 mDKK, and operational EBITDA margin was 12.3%, an increase of 0.9% points from 11.4% in the same quarter last year.

In Q1 2014 Nilfisk-Advance divested its floor sanding activities, as reported in Company Announcement No. 4 of 28 February 2014, operational EBITDA was therefore adjusted by 97 mDKK to reflect the proceeds from the transaction. Reported EBITDA was 310 mDKK. This divestment is part of the strategy of focusing on core businesses related to the market for professional cleaning equipment.

Gross profit margin increased to 41.5% for the quarter, against 41.3% for the same period last year, but remained impacted by recent years' changes in product mix. In Q1 2014 Nilfisk-Advance continued with cost optimisation initiatives which positively impacted EBITDA development.

Overhead cost margin was 32.0% compared with 32.6% in Q1 2013, and continued focus on cost containment led to improved operational gearing. Working capital as a percentage of sales (LTM) was 19.3%, close 19.2% realised for the same period last year.

Markets
The EMEA region (Europe, Middle East and Africa) realised organic growth of 8%. This improvement was broadly based, and seen in professional cleaning equipment, service and DIY (Do It Yourself) sales of consumer high pressure washers. Emerging markets such as Russia and Turkey delivered strong double-digit growth rates, while important mature markets such as Germany, France and Spain also realised significant growth. In general terms, markets in Southern Europe defied the weak economic trends of recent years, realising substantial growth rates.

Organic growth for the Americas was also 8%, predominantly driven by the US and by positive development in Latin American markets. In North America, sales through industrial dealers increased significantly and were supported by sales by commercial dealers. Direct sales also performed strongly in Q1. In Latin America the growth came entirely from sales of professional cleaning equipment. Nilfisk-Advance has increased its direct sales and service presence in Latin America and new dealers have been appointed.

APAC (Asia/Pacific region) generated strong growth of 14% in Q1. This was driven by China, up 25%, due to good growth in Outdoor equipment. The Japanese market contributed with significant growth, leading to increased market shares particularly in the industrial segment. Strong Q1 growth was also noted in the Korean market while in Australia and New Zealand there was a return to positive growth rates fuelled mainly by sales of professional cleaning equipment.

As in recent years Nilfisk-Advance implemented general price increases in all regions during Q1 2014.

Products
11 new products and product versions were launched in Q1 2014, comprising two floor care models, one Outdoor unit, one high pressure washer and seven vacuum cleaners. Among the latter was the GD930Q, an updated version of the iconic Nilfisk commercial vacuum cleaner which has been sold worldwide for more than 40 years. Designed to operate at the lowest and most comfortable sound level in its class, the GD930Q is ideal for cleaning in noise-sensitive environments.

Around 3% of Nilfisk-Advance's revenue continues to be invested in product development and a total of more than 30 new products and product versions is expected to be launched in 2014.

2014 Management agenda
A number of activities were initiated in Q1 in support of the 2014 Management agenda.

Focus on customer loyalty was further strengthened in the Group through further development and improvement of the CRM (Customer Relationship Management) tool. The Net Promoter Score (NPS), a tool for gauging customer satisfaction, was introduced in a number of new markets. Score levels in markets already implementing NPS were found to be satisfactory.

Q1 2014 saw the official launch of Nilfisk-Advance's Commercial Excellence programme in Germany. This programme has identified new methods and practices to improve sales and service effectiveness and enhance customer satisfaction, and roll-out is set to continue this year in a number of other countries. Programme support initiatives have also been implemented in all sales companies.

NKT **Cables**

The successful completion of a challenging offshore turnkey project: connecting the Riffgat offshore wind farm in the North Sea to the German transmission grid.

Financial highlights

Amounts in mDKK	Q1 2014	Q1 2013	Year 2013
Income statement			
Revenue	2,064	1,799	8,983
Revenue in std. metal prices	1,378	1,149	6,017
Operational EBITDA	49	43	335
EBITDA	-6	43	372
Depreciation and amortisation	-74	-72	-357
EBIT	-80	-29	15
Cash flow			
Cash flow from operating activities	247	-474	-67
Cash flow from investment	-45	-48	-425
Free cash flow	202	-522	-492
Balance sheet			
Capital employed	4,215	4,795	4,557
Working capital	1,340	1,771	1,681
Financial ratios and employees			
Gross margin, std. metal prices	35.3%	35.1%	37.7%
Overhead cost margin, std. metal prices	42.1%	37.2%	33.5%
Operational EBITDA margin, std. metal prices	3.6%	3.7%	5.6%
Organic growth	6%	4%	4%
Return on capital employed (RoCE)	0.8%	0.0%	0.8%
Number of employees, end of period	3,438	3,386	3,560

Growth was driven by Products. Implementation of the **DRIVE** efficiency improvement programme **is on track**

Growth in Q1 2014 was driven by Products which realised 22% organic growth through increased sales of building wires and 1 kV cables to wholesalers, partly due to a mild winter in Central Europe. Projects revenue decreased against Q1 2013 due to changes in the type of projects executed. APAC also realised negative organic growth compared with Q1 2013 which was positively influenced by the completion of a major project.

Organic growth

	Q1 2014
Projects	-7%
Products	22%
APAC	-17%
Total	**6%**

NKT Cables realised total revenue (std. metal prices) of 1,378 mDKK against 1,149 mDKK for the same period last year, an increase of 20%. 6% of this improvement came from organic growth while 15% was due to the acquisition of the Ericsson power cable business at 1 July 2013. Operational EBITDA was 49 mDKK, up from 43 mDKK in Q1 2013, influenced positively by growth in revenue and the first effects of the DRIVE programme. In line with expectations, operational EBITDA was also reduced by 4 mDKK due to operations relating to the former Ericsson power cable business.

In recent quarters NKT Cables has experienced a significant negative development in overdue debtors in China, where contracts are typically signed with the government. As a consequence bad debt provisions have increased by almost 30 mDKK, having a negative impact on Q1 2014. Procedures for debt collection have been tightened significantly.

The operational EBITDA margin was 3.6% which was largely on par with the same period last year. Adjusted for the bad debt reserves in China, operational EBITDA margin was 5.7%.

EBITDA amounted to -6 mDKK, down 49 mDKK compared with Q1 2013. EBITDA was negatively affected by one-off costs of 26 mDKK related to DRIVE and by the 29 mDKK fine imposed by the European Commission for alleged price-fixing activities in the power cables industry.

Working capital at end-March 2014 amounted to 1,340 mDKK, a decrease of 431 mDKK on the same period last year, and 341 mDKK lower than at 31 December 2013 due to less capital tie-up in projects and reduced inventories.

Projects

Projects delivered negative organic growth of 7% in Q1 2014 principally due to changes in projects executed compared with the same period last year. It is increasingly difficult to compare organic growth from quarter to quarter, as the level of activity varies with the type of project and its production cycle.

The financing process of the Gemini offshore wind farm project is in the final stage and is expected to be closed shortly. When the order is final and binding it comprises supply of more than 200 km of 220 kV high voltage submarine cable to be delivered ready for installation in early 2015. Manufacturing of the cables started in February 2014. As announced earlier, the final order will have a contract value for NKT Cables of approx. 1.2 bnDKK (approx. 165 mEUR) in std. metal prices.

The Gemini project will ensure full capacity utilisation at the Cologne plant for 2014 and well into 2015.

Products

Products realised nominal growth of 56% on the same period last year, 40% of which was due to the Ericsson power cable acquisition which became effective as of July 2013. Organic growth was 22%, which was primarily based on a significant pickup in activity in building wires and 1 kV cables. A mild winter in Central Europe allowed a higher level of construction activity than anticipated, and there was evidence of a slight recovery in building markets, particularly in Eastern Europe. This has led to rising demand in some of NKT Cables' key markets, followed by targeted price increases initiated by NKT Cables.

Utility segment sales (medium voltage and 1 kV cables) were higher than anticipated, but this is generally considered to be temporary. At the same time, certain contracts have not been renewed due to unattractive terms, and while NKT Cables supplied these customers under the existing contracts in Q1, reduced volumes are expected for the remainder of 2014.

Overall, the outlook for the utility market remains unclear. Renewable energy offers growth potential in most of Western Europe, but demand is dependant on possible political decisions on changes in energy subsidy regimes.

APAC

APAC realised negative organic growth of 17% compared with Q1 2013. This decrease was solely related to completion in mid-2013 of a major Australian project for which significant deliveries were made in the first period of last year. After adjustment for this project, APAC realised 9% organic growth compared with Q1 2013.

Railway segment activity in China was on par with Q1 2013. Competition has intensified leading to increased price pressure. The abolition of strict supplier certification procedures by the Ministry of Telecommunications, which now houses the former Ministry of Railway, has led not only to increased competition but also to a risk of the use of products of lower specifications in high performance systems. The local Chinese cable market remains under pressure due to the significant overcapacity prevalent in the country's cable industry.

DRIVE

In the beginning of 2014 NKT Cables began implementing the DRIVE efficiency improvement programme. It is aimed at strengthening earnings and competitiveness in the short term with a view to providing value creation in the form of increased return on capital employed (RoCE) through substantial cost reductions.

DRIVE impact

	Cost improvements	FTE reduction	One-off costs	Capex
Q1 2014 Realised	~20 mDKK (Run rate: -100 mDKK)*	~85 FTE	~26 mDKK	0 mDKK
FY 2014 Expectation	~100 mDKK (Run rate: 180 mDKK)*	~200 FTE	~180 mDKK	~50 mDKK
Full impact going into 2016	~300 mDKK	400-450 FTE 25% white collar 75% blue collar	~240 mDKK	~50 mDKK

** Run rate effect: Estimate for full year effect if fully implemented*
Note: All cash effect

A large number of cost-saving initiatives have been identified:18 hereof are already fully implemented while 59 are in progress. DRIVE is on track and the above mentioned targets confirmed. A lower FTE reduction rate is planned for Q2 compared with Q1, but is expected to increase in the second half of 2014 to meet the full-year target.

2014 Management agenda

Initiatives in support of the Management's 2014 agenda were mainly related to the DRIVE programme as described above.

Photonics **Group**

Organic growth in Q1 came from **Sensing** and **Fiber Processing** which showed **positive results** following the organisational changes introduced in Q4 2013

Financial highlights

Amounts in mDKK	Q1 2014	Q1 2013	Year 2013
Income statement			
Revenue	65	55	266
EBITDA	0	-5	6
Depreciation and amortisation	-6	-4	-24
EBIT	-6	-9	-18
Cash flow			
Cash flow from operating activities	-4	3	22
Cash flow from investing activities	-4	-5	-35
Free cash flow	-8	-2	-13
Balance sheet			
Capital employed	202	204	200
Working capital	87	71	86
Financial ratios and employees			
EBITDA margin	0.0%	-9.1%	2.3%
Organic growth	19%	-6%	13%
Number of employees, end of period	200	188	205

Photonics Group realised organic growth of 19% compared with Q1 2013, driven by the product areas Sensing and Fiber Processing. EBITDA improved significantly based on the higher revenue and the effect of the cost savings implemented in late 2013.

Organic growth

	Q1 2014
Imaging	-3%
Sensing	35%
Fiber Processing	25%
Total	**19%**

Imaging showed fairly flat development, with negative organic growth of 3% partly due to lower sales to the science community. Three new modular-based products were presented at Photonics West, the annual industry fair held early February. The companies' display included proof of concept for a complete OCT engine (Optical Coherence Tomography) built in partnership with Thorlabs. This engine is an important step towards delivering complete optical solutions for e.g. study of how human cells react to new potential medication.

Sensing generated organic growth of 35%, primarily based on supply of a fire detection system to Siemens for a number of metro projects worldwide. Part of the growth came from orders received in late 2013 when order intake was very high, while order intake in Q1 2014 was at a lower level, but still with an expectation of a double digit organic growth in revenue for the full year. In 2013 Photonics Group completed the installation of a major temperature monitoring system for a leading US utility company, and potential new customers and projects in this field were identified. Sales efforts were therefore intensified in Q1 2014.

Fiber Processing recorded organic growth of 25% based on sales of new equipment as well as recurring sales of services and components. To increase revenue, new offerings will be introduced, the first expected later this year. A changed management structure and the implementation of a more agile and responsive organisation introduced in Q4 2013 has paid off and has also led to a significant reduction of costs.

2014 Management agenda

Efforts to identify potential new volume customers for Imaging products were intensified in Q1 and focus was given to promoting promising new Sensing applications to utilities.

Q1 revealed the first signs of a return to positive growth for Fiber Processing, primarily based on a more slim and agile organisation and renewed focus on ongoing product introductions and improved service responsiveness.

Photonics Group is engaged in on-going dialogues with several potential partners, primarily with the ambition of offering more complete solutions. The proof of concept for the OCT Engine developed in collaboration with Thorlabs and exhibited at Photonics West is the result of such activities.

Group Management's **statement**

The Board of Directors and the Executive Management Board have today considered and adopted the Interim Report of NKT Holding A/S for the period 1 January - 31 March 2014.

The Interim Report, which has not been audited or reviewed by the company auditor, has been prepared in accordance with IAS 34 'Interim Financial Reporting', as approved by the EU, and Danish disclosure requirements for interim reporting by listed companies.

In our opinion the Interim Report gives a true and fair view of the Group's assets, liabilities and financial position at 31 March 2014 and the results of the Group's activities and cash flow for the period 1 January - 31 March 2014.

We also find that the Management's review provides a fair statement of developments in the activities and financial situation of the Group, financial results for the period, the general financial position of the Group, and a description of major risks and elements of uncertainty faced by the Group.

Brøndby, 14 May 2014

Executive Management Board

Michael Hedegaard Lyng, *Group Executive Director & CFO*

Board of Directors

Jens Due Olsen, *Chairman*

Kristian Siem, *Deputy Chairman*

Niels-Henrik Dreesen

René Engel Kristiansen

Jens Maaløe

Gitte Toft Nielsen

Kurt Bligaard Pedersen

Lone Fønss Schrøder

Lars Sandahl Sørensen

Income statement

Amounts in mDKK	Q1 2014	Q1 2013	Year 2013
Revenue	3,865	3,509	15,809
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**296**	**217**	**1,103**
Depreciation and impairment of property, plant and equipment	-90	-87	-405
Amortisation and impairment of intangible assets	-45	-42	-190
Earnings before interest and tax (EBIT)	**161**	**88**	**508**
Financial items, net	-25	-48	-160
Earnings before tax (EBT)	**136**	**40**	**348**
Tax	-49	-15	-95
Profit	**87**	**25**	**253**
To be distributed thus:			
Profit attributable to equity holders of NKT Holding A/S	87	25	252
Profit attributable to minority interests	0	0	1
	87	**25**	**253**
Basic earnings, DKK per outstanding share (EPS)	3.6	1.0	10.6
Diluted earnings, DKK per share (EPS-D)	3.6	1.0	10.6

Cash flow

Amounts in mDKK	Q1 2014	Q1 2013	Year 2013
Earnings before interest, tax, depreciation and amortisation (EBITDA)	296	217	1,103
Financial items, net	-25	-48	-160
Changes in provisions, tax and non-cash operating items, profit on sales of non-current assets etc.	-41	-24	-176
Gain from divestment of business activities	-101	0	0
Changes in working capital	70	-666	-222
Cash flow from operating activities	**199**	**-521**	**545**
Acquisition of business activities	-22	-1	-226
Divestment of business activities	108	0	0
Investments in property, plant and equipment	-52	-64	-257
Disposal of property, plant and equipment	2	4	13
Intangible assets and other investments, net	-44	-52	-224
Cash flow from investing activities	**-8**	**-113**	**-694**
Free cash flow	**191**	**-634**	**-149**
Changes in non-current loans from credit institutions	-6	600	1,611
Changes in current loans from credit institutions	-63	225	-1,249
Dividends paid	-84	-191	-191
Cash from exercise of warrants	1	7	7
Cash flow from financing activities	**-152**	**641**	**178**
Net cash flow	**39**	**7**	**29**
Cash at bank and in hand at the beginning of the period	376	363	363
Currency adjustments	-8	11	-16
Net cash flow	39	7	29
Cash at bank and in hand at the end of the period	**407**	**381**	**376**

Balance sheet

Amounts in mDKK	31 March 2014	31 March 2013	31 December 2013
Assets			
Intangible assets	2,020	2,037	2,001
Property, plant and equipment	3,087	3,228	3,138
Other non-current assets	674	800	769
Total non-current assets	**5,781**	**6,065**	**5,908**
Inventories	2,848	3,397	2,657
Receivables and income tax	4,102	3,818	4,054
Cash at bank and in hand	407	381	376
Total current assets	**7,357**	**7,596**	**7,087**
Total assets	**13,138**	**13,661**	**12,995**
Equity and liabilities			
Equity attributable to equity holders of NKT Holding A/S	5,600	5,571	5,667
Minority interests	6	8	7
Total equity	**5,606**	**5,579**	**5,674**
Deferred tax	285	254	346
Employee benefits	342	341	342
Provisions	69	84	70
Interest bearing loans and borrowings	2,083	1,129	2,098
Total non-current liabilities	**2,779**	**1,808**	**2,856**
Interest bearing loans and borrowings	446	2,094	480
Trade and other payables	4,307	4,180	3,985
Total current liabilities	**4,753**	**6,274**	**4,465**
Total liabilities	**7,532**	**8,082**	**7,321**
Total equity and liabilities	**13,138**	**13,661**	**12,995**

Comprehensive income and Equity

Amounts in mDKK	Q1 2014	Q1 2013	Year 2013
Comprehensive income			
Net profit	87	25	253
Other comprehensive income:			
Items that may not be reclassified to income statement:			
Actuarial gains/(losses) on defined benefit pension plans		-28	-30
Items that may be reclassified to income statement:			
Currency adjustment of foreign subsidiaries			
and value adjustment of hedging instruments, etc.	-72	28	-109
Total comprehensive income for the period	**15**	**25**	**114**
Statement of changes in equity			
Group equity, 1 January	5,674	5,737	5,737
Total comprehensive income for the period	15	25	114
Share-based payment	0	1	7
Additions/disposal of minority interests	0	0	0
Cash from exercise of share warrants	1	7	7
Dividend adopted at Annual General Meeting	-84	-191	-191
Group equity at the end of the period	**5,606**	**5,579**	**5,674**

Notes

1 - ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND RISKS, ETC.

The Interim Report is presented in accordance with IAS 34 'Interim Financial Reporting', which has been approved by the EU, and Danish disclosure requirements for interim reports for listed companies.

The accounting policies are unchanged in relation to the 2013 Annual Report, to which reference should be made. The 2013 Annual Report contains the full text of the accounting policies.

NKT has implemented the standards and interpretations that become effective for 2014. The implementation of standards and interpretations has not influenced recognition and measurement in 2014 or is expected to influence future financial years.

Regarding accounting estimates, please refer to Note 1.2 on page 54 of the 2013 Annual Report. Regarding risks, please refer to Note 6.7 on page 85 of the 2013 Annual Report and the information contained in the section on risk management on page 35 and page 16, 26 and 32 of the Annual Report.

On 2 April 2014 NKT received a fine of 29 mDKK following the investigation conducted by the European Commission into alleged price-fixing activities in the power cables industry, cf. Company Announcement No. 8. By defining NKT as a 'fringe player' - as the only European manufacturer - the European Commission explicitly establishes that the role of NKT was substantially limited. This is further emphasised by the fact that NKT was the only European manufacturer to receive a 10% reduction on the fine amount. While the European Commission has assessed that NKT's role is substantially limited and the fine is considerably smaller than those imposed on the other cable manufacturers, NKT disagrees with the Commission's decision and is therefore preparing an appeal. A provision of 29 mDKK has been made in the financial statements for Q1 2014.

According to the regulation for financial statements preparation the Group Management is required to determine whether the interim statement can be presented on a 'going concern' basis. Based on outlook estimates, including examination of the latest 'forecast 2014', and future cash flow expectations, existence of credit facilities, etc., it is the opinion of the Group Management that there are no factors giving rise to doubt as to whether NKT can continue operating for at least 12 months from the balance sheet date. Information concerning Group cash resources and expectations for 2014 are included in the Management's review.

Notes

2 - SEGMENT REPORTING

Amounts in mDKK	Q1 2014	Q1 2013	Year 2013
Revenue			
Nilfisk-Advance	1,737	1,655	6,561
NKT Cables, revenue in market prices	2,064	1,799	8,983
Photonics Group	65	55	266
Parent company, etc. [1)]	-1	0	0
Elimination of transactions between segments	0	0	-1
NKT Group revenue in market prices	**3,865**	**3,509**	**15,809**
NKT Cables, revenue in std. metal prices	*1,378*	*1,149*	*6,017*
NKT Group, revenue in std. metal prices	***3,179***	***2,859***	***12,843***
Operational EBITDA			
Nilfisk-Advance	213	188	778
NKT Cables	49	43	335
Photonics Group	0	-5	6
Parent company, etc. [1)]	-8	-9	-34
Group operational EBITDA	**254**	**217**	**1,085**
Earnings, EBITDA			
Nilfisk-Advance	310	188	778
NKT Cables	-6	43	372
Photonics Group	0	-5	6
Parent company, etc. [1)]	-8	-9	-53
Group EBITDA	**296**	**217**	**1,103**
Segment profit, EBIT			
Nilfisk-Advance	255	136	564
NKT Cables	-80	-29	15
Photonics Group	-6	-9	-18
Parent company, etc. [1)]	-8	-10	-53
Group EBIT	**161**	**88**	**508**
Capital Employed			
Nilfisk-Advance	3,251	3,374	3,074
NKT Cables	4,215	4,795	4,557
Photonics Group	202	204	200
Parent company, etc. [1)]	-63	-18	-46
Group Capital Employed	**7,605**	**8,355**	**7,785**

[1)] The segment comprises the parent company and entities of less significance with similar economic characteristics.

Notes

3 - ACQUISITION OF BUSINESSES

Cash purchase consideration for minor acquisitions in Nilfisk-Advance comprised 22 mDKK. Interest bearing payables acquired comprised 4 mDKK. The effect on Group revenue and Group profit is not material.

4 - DIVESTMENT OF BUSINESS

As reported in Company Announcement No. 4 of 28 February 2014, Nilfisk-Advance has divested its wooden floor sanding activities. Divestment proceeds of 98 mDKK are recognised in EBITDA in Q1 2014.

5 - EXPLANATORY COMMENTS TO FINANCIAL HIGHLIGHTS

Items below refer to the Financial Highlights contained on page 3.

1) **Revenue in std. metal prices:** Revenue in std. metal prices for copper and aluminium fixed at 1,550 EUR/tonne and 1,350 EUR/tonne, respectively.
2) **Operational earnings before interest, tax, depreciation and amortisation (Oper. EBITDA):** Earnings before interest, tax, depreciation and amortisation (EBITDA) adjusted for one-off items.
3) **Net interest bearing debt:** Cash, investments and interest bearing receivables less interest bearing debt.
4) **Capital Employed:** Group equity plus net interest bearing debt.
5) **Working capital:** Current assets less current liabilities (excluding interest bearing items and provisions).
6) **Net interest bearing debt relative to operational EBITDA:** Operational EBITDA is calculated on a rolling 12-month basis (LTM). Operational EBITDA is calculated inclusive of discontinued operation (excl. profit from disposal).
7) **Solvency ratio (equity as a percentage of total assets):** Equity excl. minority interests as a percentage of total assets.
8) **Return on Capital Employed (RoCE):** EBIT adjusted for one-off items as a percentage of average capital employed. Calculated on a rolling 12-month basis (LTM). EBIT is calculated inclusive of discontinued operation (excl. profit from disposal).
9) **Earnings, DKK per outstanding share (EPS):** Profit attributable to equity holders of NKT Holding A/S relative to average number of outstanding shares (EPS).
10) **Equity value, DKK per outstanding share:** Equity attributable to equity holders of NKT Holding A/S at period end per outstanding share at period end. Dilutive effect from potential shares from executives' and employees' share option plan is not included in this ratio.

NKT's Interim Report Q1 2014 was published on 14 May 2014 and released through NASDAQ OMX Copenhagen. The report is also available at www.nkt.dk.

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Photos: Courtesy of NKT subsidiaries.