

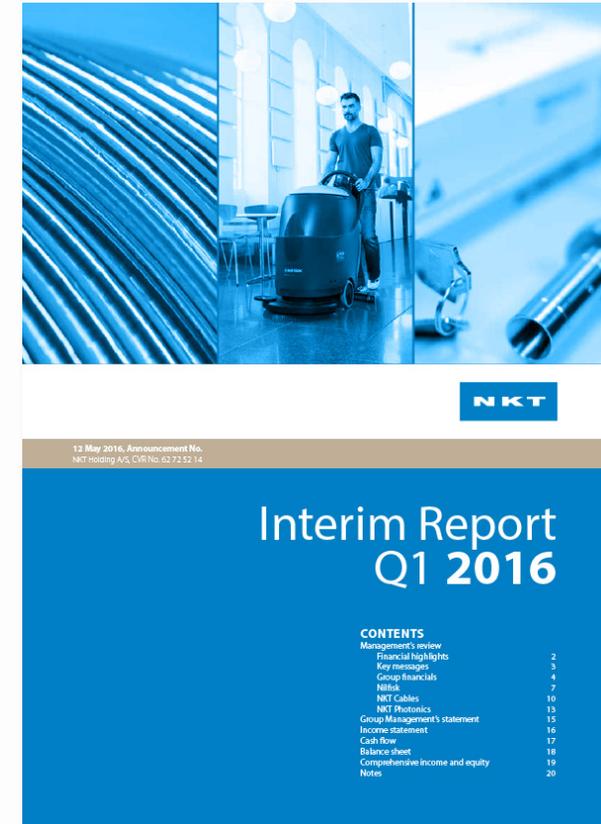
Interim report Q1 2016

Webcast, 12 May 2016, 10:00 CET

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



Today's presenters



Michael Hedegaard Lyng

NKT Holding **NKT Cables**

Group Executive President
Director & CEO



Jonas Persson

Nilfisk

President
& CEO



Basil Garabet

NKT Photonics

President
& CEO

Agenda

Highlights Q1 2016

Business units

- Nilfisk
- NKT Cables
- NKT Photonics

Questions & Answers

Highlights Q1 2016



Overall performance in line with expectations

- Organic growth of -12%, as expected, driven by NKT Cables
- Operational EBITDA margin* improved to 9.0%
- RoCE, LTM, increased by 0.3%-points to 10.0%
- Working capital, LTM, stable at 15.8%
- Share buyback programme initiated with EUR 4.7m shares bought in Q1
- Outlook maintained with flat consolidated organic growth and operational EBITDA margin* of approx. 9.4%



Increased earnings, despite organic growth impacted by fewer working days

- Operational EBITDA margin of 10.7%, up 0.6%-points from Q1 2015
- Organic growth of -1% overall, with nominal growth of 6% driven by acquisitions
- Price optimisation and annual price increases implemented
- More tools launched in support of sales and service focus



Improved earnings due to Products. Organic growth impacted by Projects, as expected

- Operational EBITDA margin* of 7.4%, up 0.7%-points from Q1 2015
- Organic growth of -24% overall, as expected, mainly due to Projects' strong Q1 2015
- Supplier quality issues, now contained, impacted organic growth in Q1 by -2%-points, and expected to impact Q2 by -3%-points
- Major contracts won for Hornsea offshore wind farm and Ellevio utility project. Full visibility for offshore until end-2017
- New organisational structure to be implemented to support EXCELLENCE 2020



Satisfactory growth Acquisition to gain scale

- Organic growth of 11%, driven by all segments
- Operational EBITDA of EUR -0.3m
- Largest contract ever won for Material Processing
- Strong order intake and backlog
- Acquisition of Fianium to strengthen global market position and drive commercial scale

* std. metal prices

Financial highlights Q1 2016

Revenue EUR **485.6m** (Q1 2015: EUR 558.8m), reduction driven by strong Q1 2015 in NKT Cables Projects

Organic growth	Q1 2016
NKT	-12%
Nilfisk	-1%
NKT Cables	-24%
NKT Photonics	11%

Operational EBITDA EUR **38.3m**, **9.0%** (std. metal prices) (Q1 2015: EUR 37.8m, 8.1%) improvement driven by increases in gross margin in Nilfisk and EBITDA margin in NKT Cables Products

EBITDA EUR **35.9m**, (Q1 2015: EUR 32.8m), driven by NKT Cables' lower one-offs of EUR 2.4m due to EXCELLENCE 2020 (Q1 2015: EUR 5m)

Working capital amounted to EUR **307.9m** and LTM at **15.8%** (Q1 2015: EUR 356.1m and 17.2%)

Cash flow from operating activities EUR **-9.1m** (Q1 2015: EUR 12.3m), impacted by change in working capital and provisions and tax

Free cash flow EUR **-79.4m** (Q1 2015: EUR 0.2m) due to acquisitions EUR 53.0m and net plant investments EUR 10.8m

Net interest-bearing debt amounted to EUR **158.9m** (Q1 2015: EUR 177.6m)

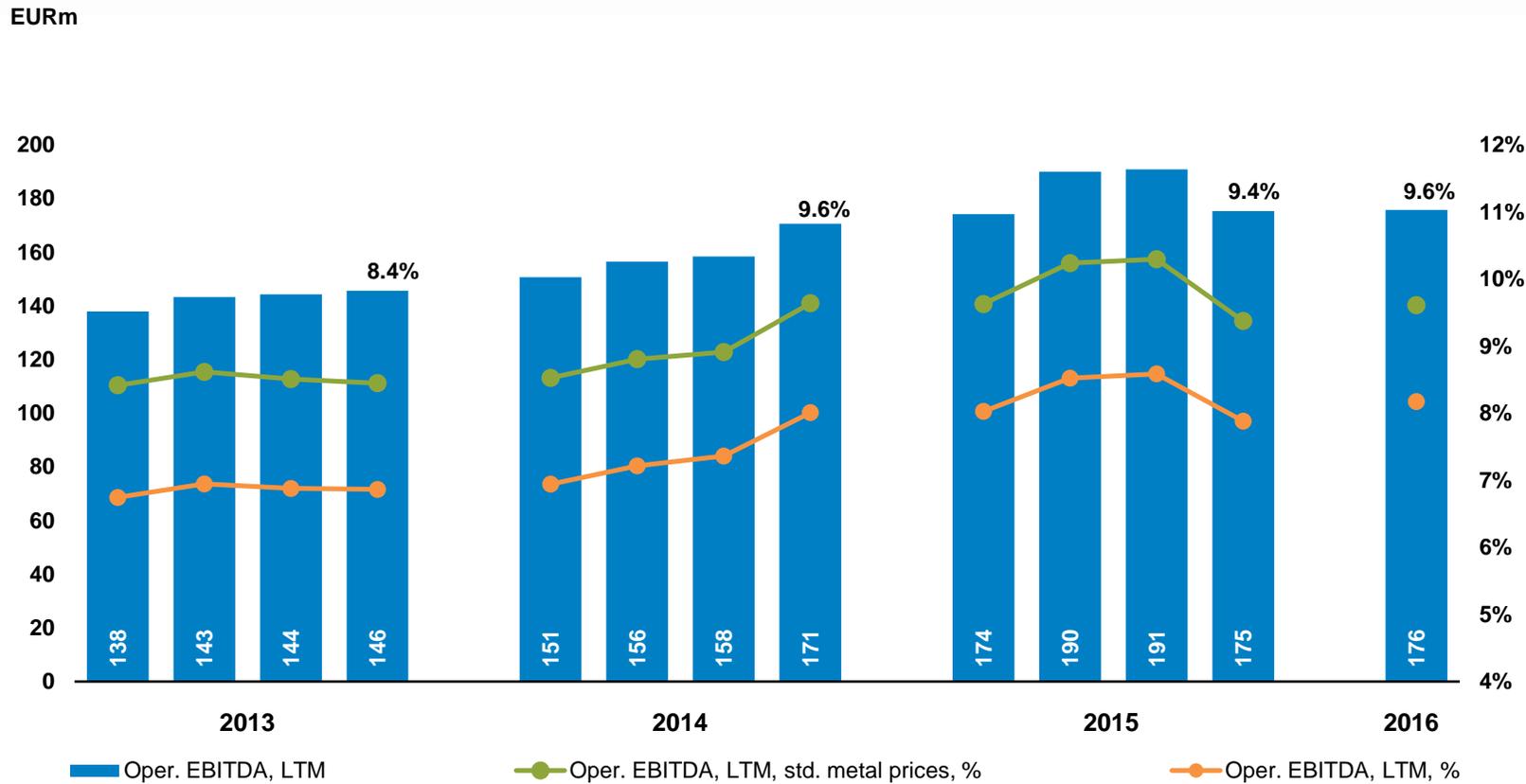
Share buyback amounted to EUR **4.7m** in Q1. Share buyback end-April was EUR 9.5m. Total programme size is EUR 74m

2016 outlook maintained

- Flat consolidated organic growth
- Operational EBITDA margin expected to be approx.9.4% (std. metal prices)

Operational EBITDA increased to EUR 176m

Operational EBITDA, LTM



Oper. EBITDA margin, LTM, increase by 0.2%-points against end-2015 due to

- **Improved gross margin in Nilfisk** driven by price optimisation
- **Increased EBITDA margins in NKT Cables' Products business**

Changes Q1 2016 vs. Q1 2015

EURm	Q1			FY
	2016	2015	Change	2015
Revenue	485.6	558.8	-73.2 *1	2,223.6
<i>Revenue, std.metal prices</i>	425.9	466.3	-40.4	1,869.2
Operational EBITDA	38.3	37.8	0.5 *2	175.2
<i>Oper. EBITDA margin, std.metal prices</i>	9.0%	8.1%	0.9%	9.4%
One offs	-2.4	-5.0	2.6	-23.2
EBITDA	35.9	32.8	3.1	152.0
Depreciation/Amortisation	-19.7	-18.3	-1.4	-76.9
Impairment	-	-	-	-40.9
EBIT	16.2	14.5	1.7	34.2
Financial items, net	-1.2	2.1	-3.3	-6.1
EBT	15.0	16.6	-1.6	28.1
Tax	-4.4	-4.3	-0.1	-26.9
Profit	10.6	12.3	-1.7	1.2
RoCE, LTM	10.0%	9.7%	0.3%	10.1%
CAPEX	17.6	13.0	4.6	70.1
<i>PPE</i>	10.8	5.5	5.3	39.1
<i>Intangible assets</i>	6.8	7.5	-0.7	31.0
Working capital	307.9	356.1	-48.2	269.2
NIBD	158.9	177.6	-18.7	88.9

*1

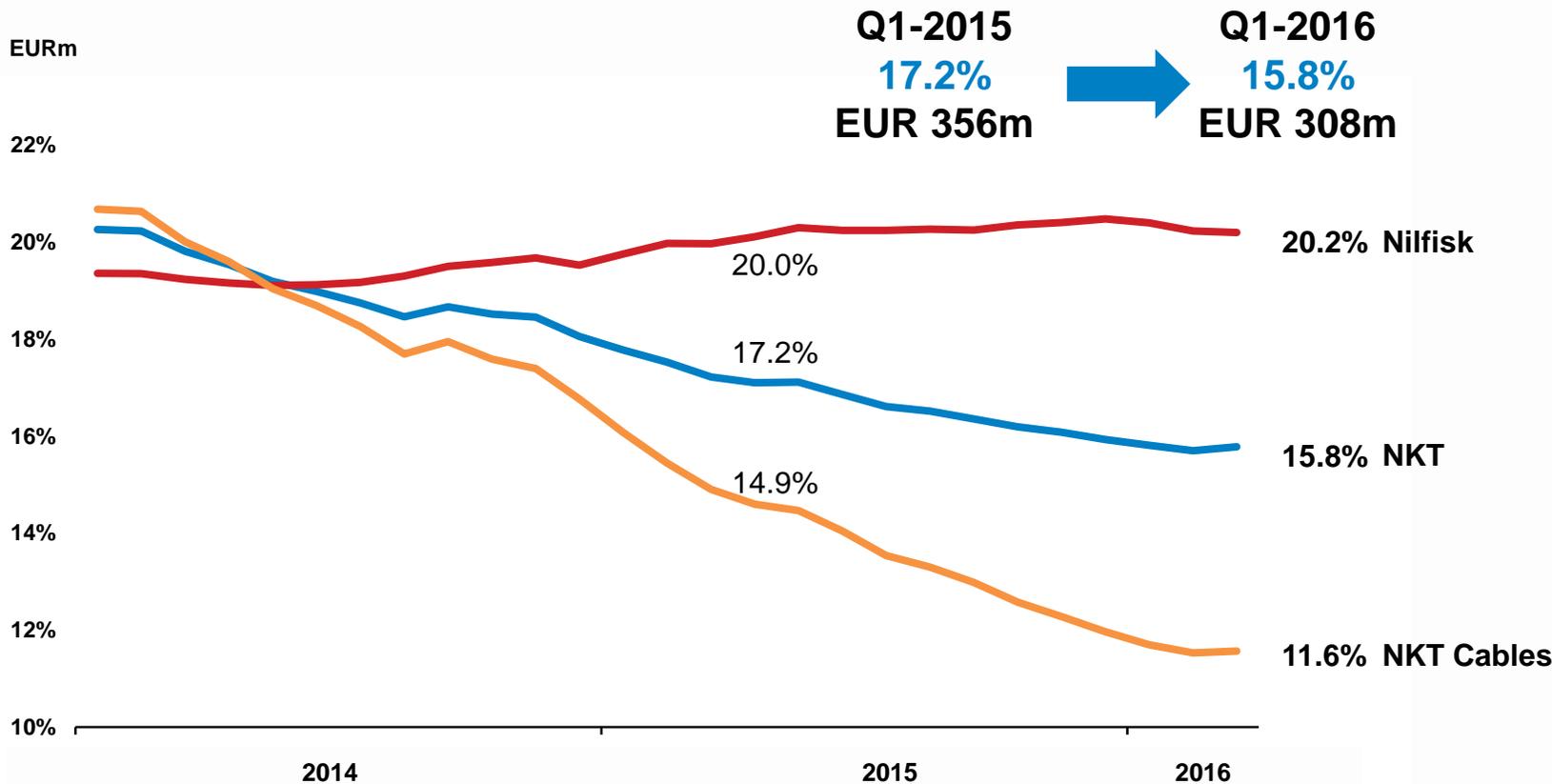
EURm	
Revenue decreased by	-73.2
Metal prices	-32.8
FX changes	-3.0
Acquisitions/divestments	17.7
-12% organic growth	-55.1
- Nilfisk	-1%
- NKT Cables	-24%
- NKT Photonics	11%

*2

EURm	
Operational EBITDA increased by	0.5
Nilfisk	Margin 10.7% (Q1 2015: 10.1%) 2.9
NKT Cables	Margin 7.4% (Q1 2015: 6.7%) -2.3
NKT Photonics & Other	-0.1

Working capital slightly down, seasonal inventory build-up for Nilfisk in Q1

Working capital development, LTM



Overall working capital level, LTM, slightly down at 15.8% (end-2015 15.9%)

Nilfisk's working capital increased in Q1 due to **seasonal inventory build-up**

Working capital increased in Q1 compared to end-2015 by EUR 38.7m

- Nilfisk EUR 21.4m
- NKT Cables EUR 16.3m
- NKT Photonics EUR 1.0m*

*Includes Other

Lower cash flow driven by acquisitions and working capital change

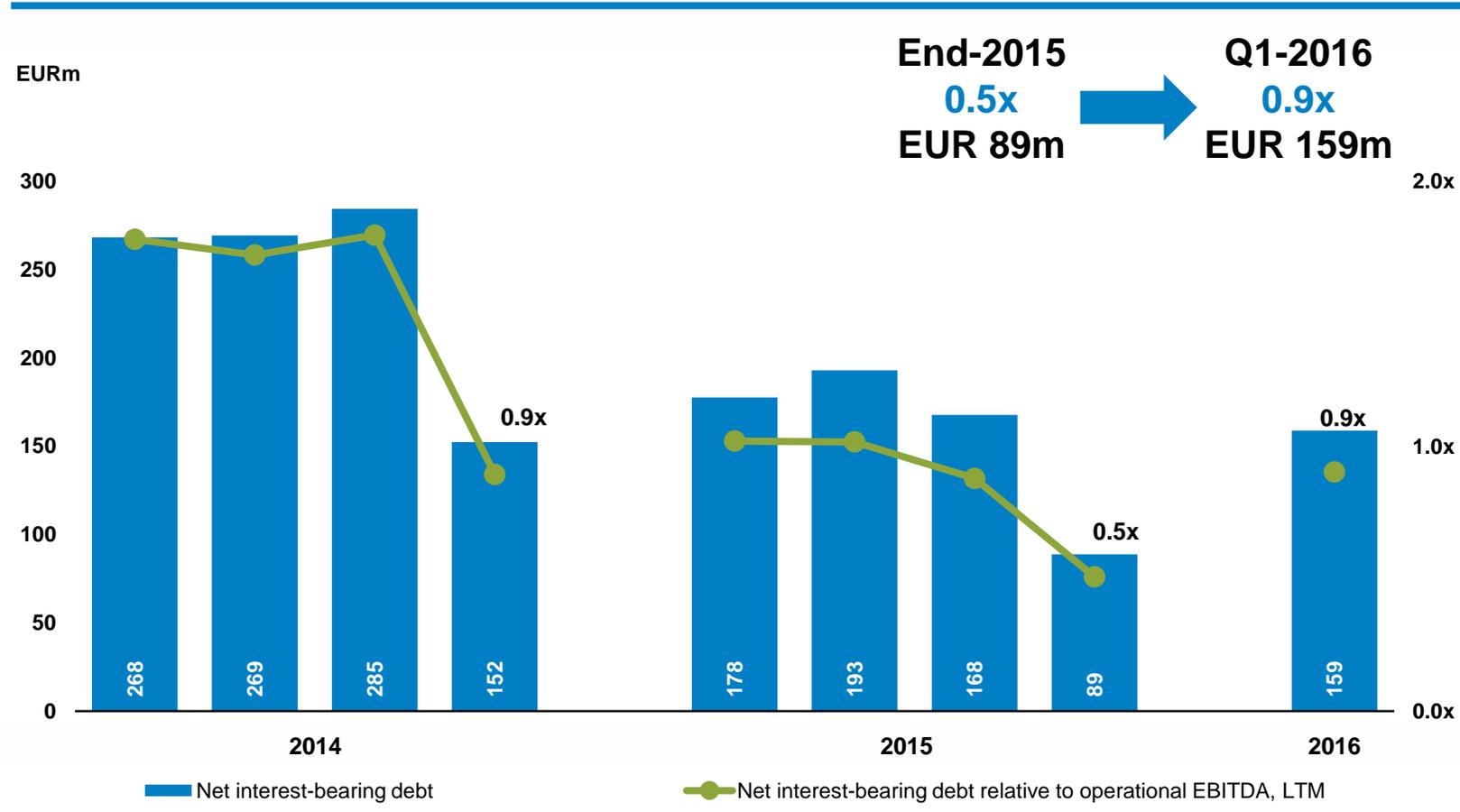
EURm	Q1		FY
	2016	2015	2015
EBITDA	35.9	32.8	152.0
Financial items, net	-1.2	2.1	-6.1
Change in working capital	-38.3	-28.1	31.4
Other	-5.5	5.5	-4.1
Cash flows from operating activities	-9.1	12.3	173.2
Acquisition of business	-53.0	-	-29.1
Divestment of business	-	-	6.0
Acq./disp. of property, plant and equipment, net	-10.3	-4.9	-35.1
Other investments, net	-7.0	-7.2	-29.7
Cash flows from investing activities	-70.3	-12.1	-87.9
Free cash flow	-79.4	0.2	85.3
Change in long- and short term loans	65.0	1.3	-79.3
Share buyback programme	-4.7	-	-
Dividend paid	-	-13.0	-13.0
Cash from exercise of share-based options etc.	6.3	11.3	11.3
Cash flows from financing activities	66.6	-0.4	-81.0
Net cash flow	-12.8	-0.2	4.3

Operating EBITDA improved to EUR 36m but offset by changes in working capital (EUR -38), provisions, and tax (EUR -6m)

Free cash flow reduced driven by NKT Photonics acquiring Fianium (EUR 25m) and Nilfisk acquiring Pressure-Pro (EUR 28m) and net investment in plants of EUR 10.3m

Net debt increased by acquisitions and increased working capital

Net interest-bearing debt



Financial strength to drive strategic agenda with cash resources of EUR 532m

Capital structure targets unchanged

- Debt ratio 2,5x operational EBITDA (Q1 2016: 0.9x)
- Gearing ratio max. 100% (Q1 2016: 20%)
- Solvency ratio above 30% (Q1 2016: 46%)

Agenda

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- NKT Photonics

Questions & Answers

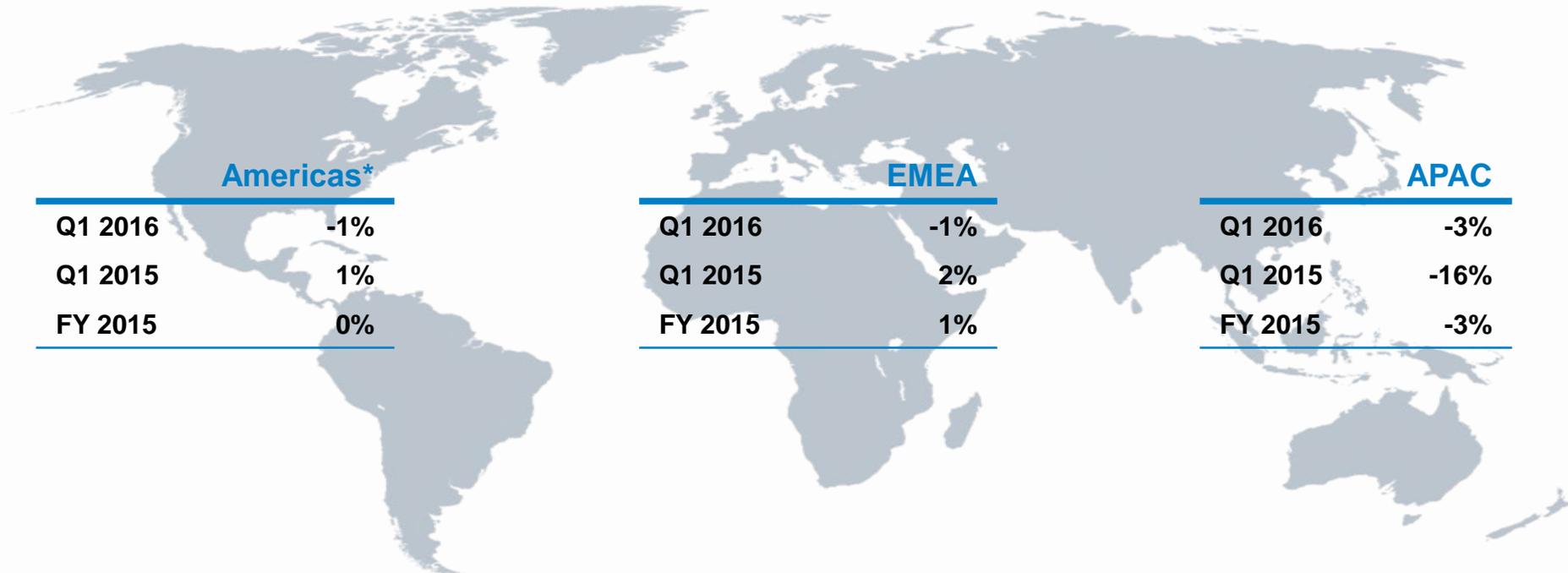


Nilfisk

Nilfisk's organic growth impacted by fewer working days

Organic growth

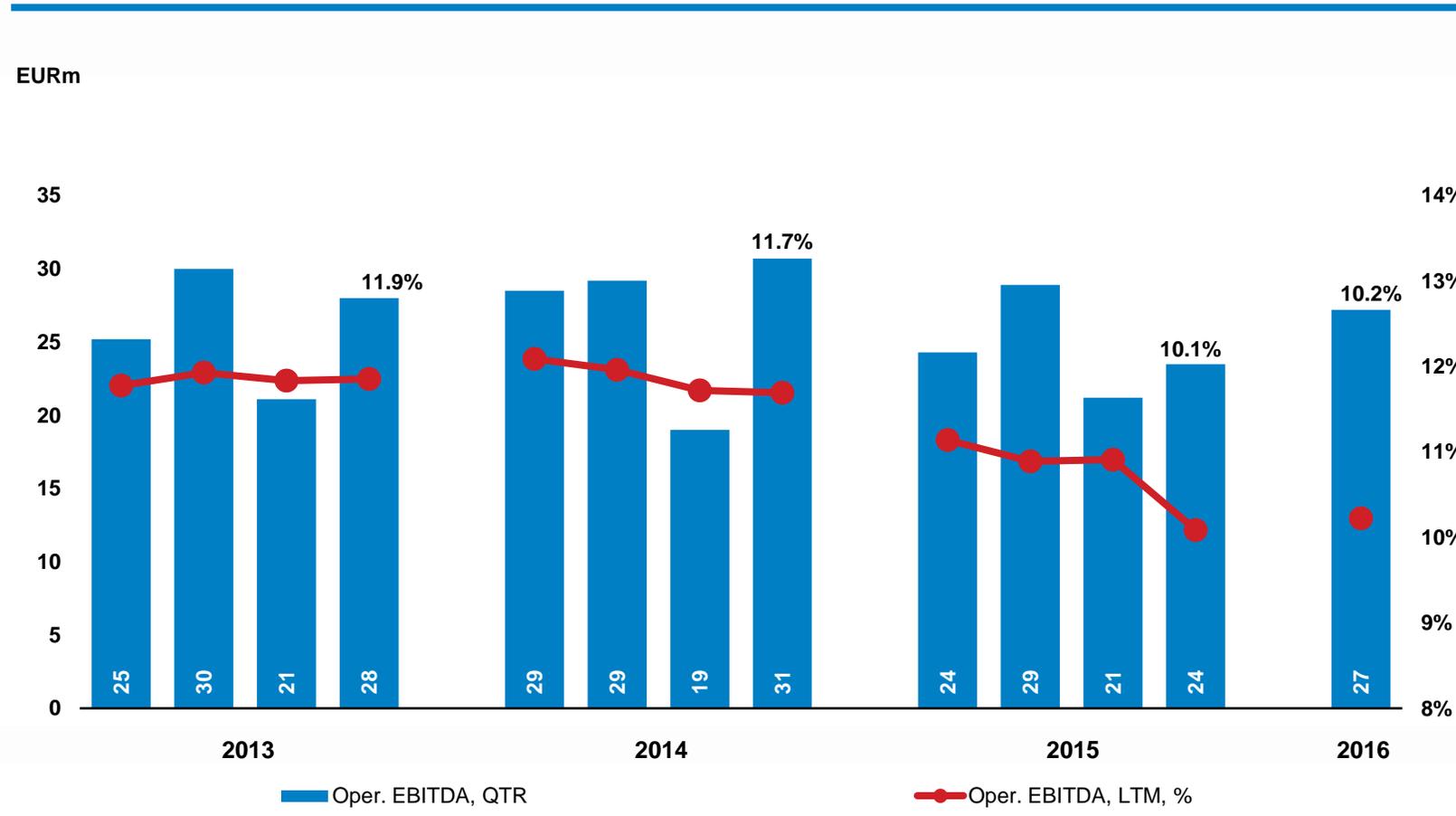
	2013				2014				2015*				2016
- Quarterly (Y/Y)	1%	4%	7%	1%	9%	4%	0%	9%	0%	0%	4%	-2%	-1%
- Annually	3%				6%				0%				-1%



* Adjusted for the impact of the divested floor sanding activities by 4%-points for the Americas for 2015

Nilfisk operational EBITDA increased to EUR 27m for Q1

Operational EBITDA, per quarter

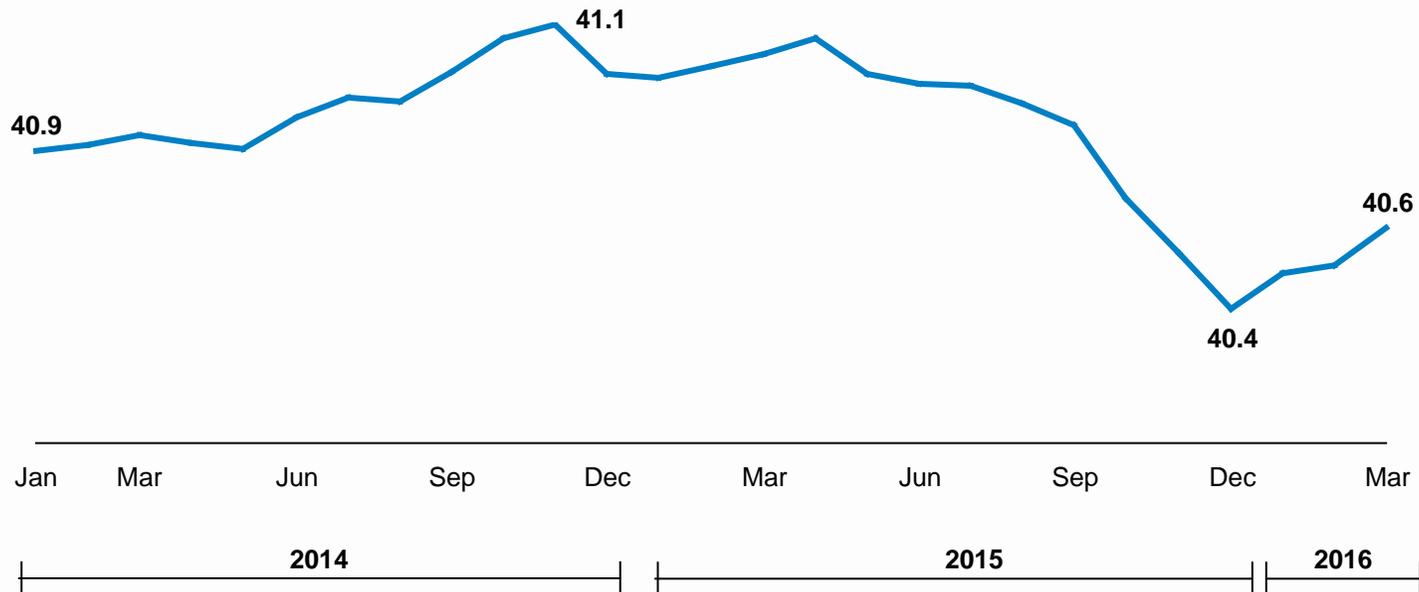


Operational EBITDA margin, LTM, increased to 10.2% driven by improved gross margin which more than offset increased overhead cost

Price increases and procurement initiatives increased gross margin

Gross margin development

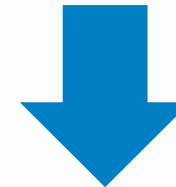
Gross margin, LTM, %



2016 Q1 main effects



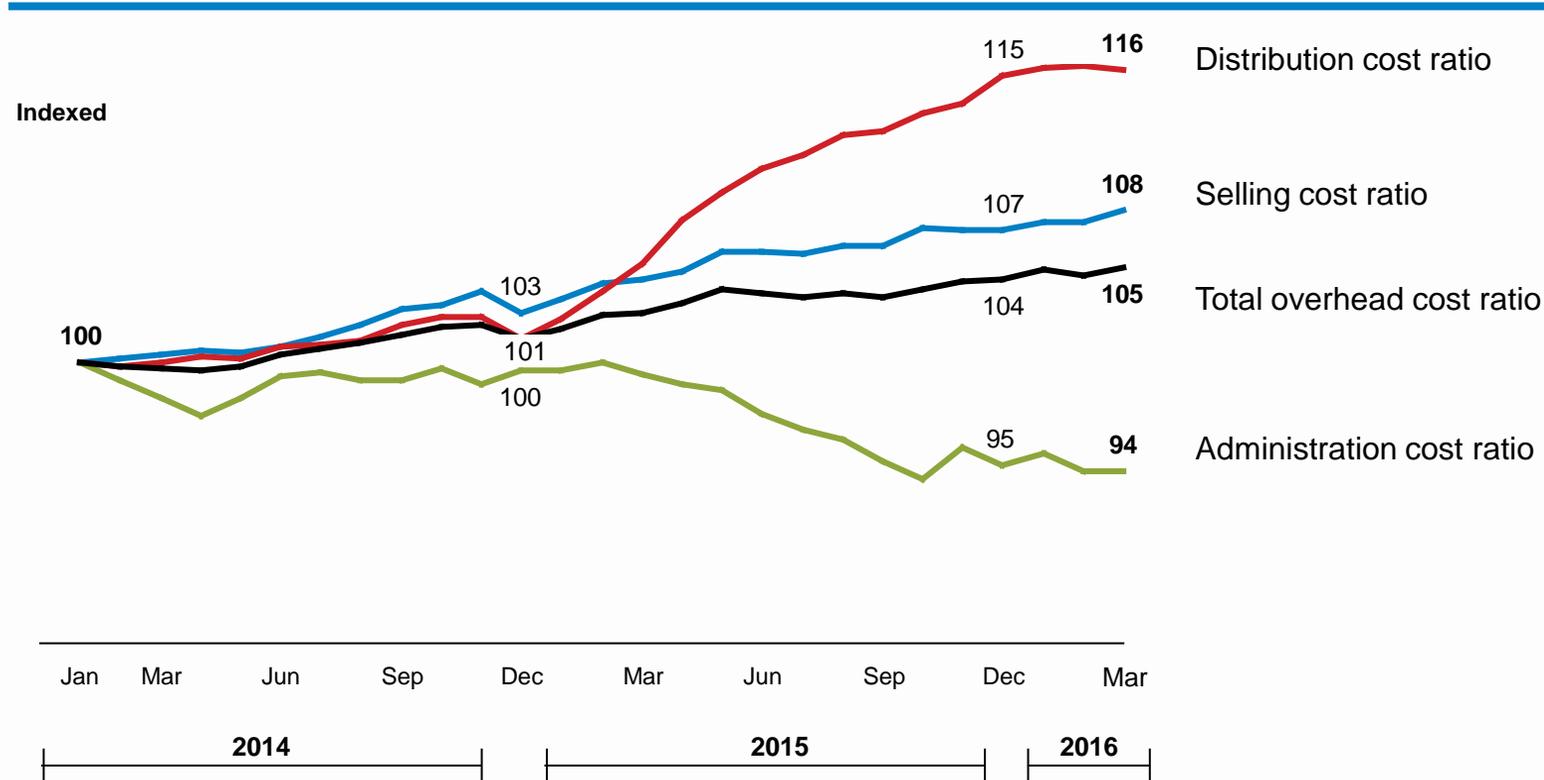
- Price optimisation and increased prices implemented
- Procurement initiatives
- Lower inventory obsolescence and warranty costs



- Salary inflation
- Sourcing costs driven by FX effects

Overhead costs expected to decrease during 2016

Overhead cost ratio development*



Distribution cost ratio expected to fall in 2016 due to normalisation of distribution costs

Selling cost ratio expected to decrease due to more selective investments in front-end. Increase in Q1 driven by marketing

Admin costs ratio continues reduction due to strong focus on complexity reduction and efficiency improvements

* 12 mths. rolling costs in % of total net sales. Indexed to Jan 2014=100 (previously Jan 2013). Total includes product development (not displayed)

New Hero campaign and Nilfisk VP600 wins Red Dot Award



New Hero campaign

- Global campaign for floorcare, targeting two key segments, Contract Cleaners and Retail
- Five products focusing on usage time, silence and consumption reducing total cost of ownership

Hero products

- Ride-on scrubbers **SC6500** and **SC2000**
- Scrubber **SC500**
- Upright scrubber **SC100**
- Vacuum **VP600**

Awarded for product design

- Nilfisk VP600 vacuum cleaner wins Red Dot Award for best product design 2016
- Low energy consumption and innovative new features distinguish the VP600



Organic growth impacted by Easter and cold spring. Oper. EBITDA improving

Financials

EURm	Q1		FY
	2016	2015	2015
Revenue	255.4	241.0	971.5
Organic growth	-1%	0%	0%
Gross margin	42.6%	41.7%	40.4%
Overhead cost ratio	35.0%	33.7%	33.1%
Operational EBITDA	27.2	24.3	97.9
Operational EBITDA margin	10.7%	10.1%	10.1%
RoCE, LTM	12.6%	16.0%	12.9%
CAPEX	12.4	9.7	44.2
<i>PPE</i>	8.0	3.4	21.7
<i>Intangible assets</i>	4.4	6.3	22.5
Capital employed	541.6	500.7	501.6
Working capital	194.8	196.1	173.4
Full-time employees, end of period	5,785	5,524	5,545

Highlights and summary

- **Growth** impacted from early Easter and cold spring impacted sales of DIY, while price optimisation improved gross margin
- **Oper. EBITDA margin, LTM**, improved to 10.2% driven by price increases and procurement initiatives improving gross margin
- **Commercial Excellence roll-out** continues. Selective investments in certain countries
- **New Hero campaign**. VP600 wins Red Dot award. 5 new products launched.



NKT Cables

Negative growth in Projects as expected primarily due to strong Q1 2015

Organic growth

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

Projects

Q1 2016	-55%
Q1 2015	52%
FY 2015	15%

Market

Offshore	
Onshore	

Products

Q1 2016	1%
Q1 2015	2%
FY 2015	5%

Market

Nordics	
Central Europe	
Specialties	

APAC

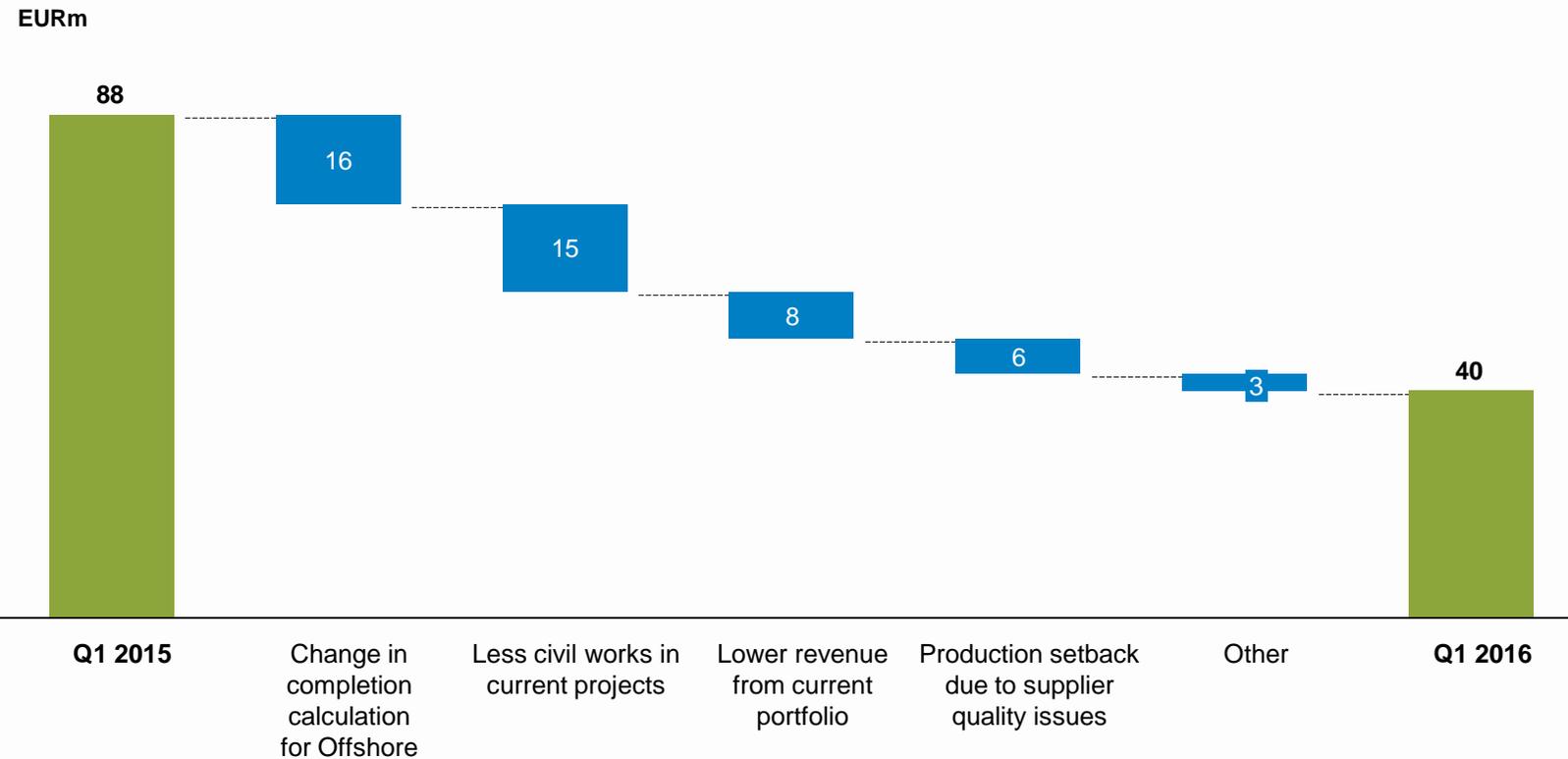
Q1 2016	-43%
Q1 2015	-14%
FY 2015	-37%

Market

Railway	
Medium-/high-voltage	

Projects' revenue decrease driven by calculation change and less civil works

Projects revenue bridge*, Q1 2015 to Q1 2016



Changed method in estimating completion for offshore in Q1 2015 impacts comparison

Less civil works and revenue due to different profile of current projects

Supplier quality issue has revenue impact of EUR -6m in Q1

- Overall Q2 organic growth to be impacted by approx. -3%-points
- **Compensation from supplier expected** for occurred costs
- **No impact on 2016 outlook**

* Standard metal prices

Highlights: Hornsea EUR139m order won in Offshore, promising outlook

Products won large 3-year frame contract



Projects

- Hornsea project, EUR 139m order won
- Full offshore visibility until end-2017
- Onshore visibility satisfactory, although lower than normal

Trends

- Promising offshore outlook
- High-voltage onshore market driven by changed energy sourcing
- High-voltage DC technology potential



Products

- Good growth in Central Europe and Specialities, offset partly by Nordics
- 3 year frame contract won with Ellevio, Sweden's largest utility

Trends

- Low-voltage market growth is expected to be moderate driven by construction activity level
- Opportunities in European accessories and railway



APAC

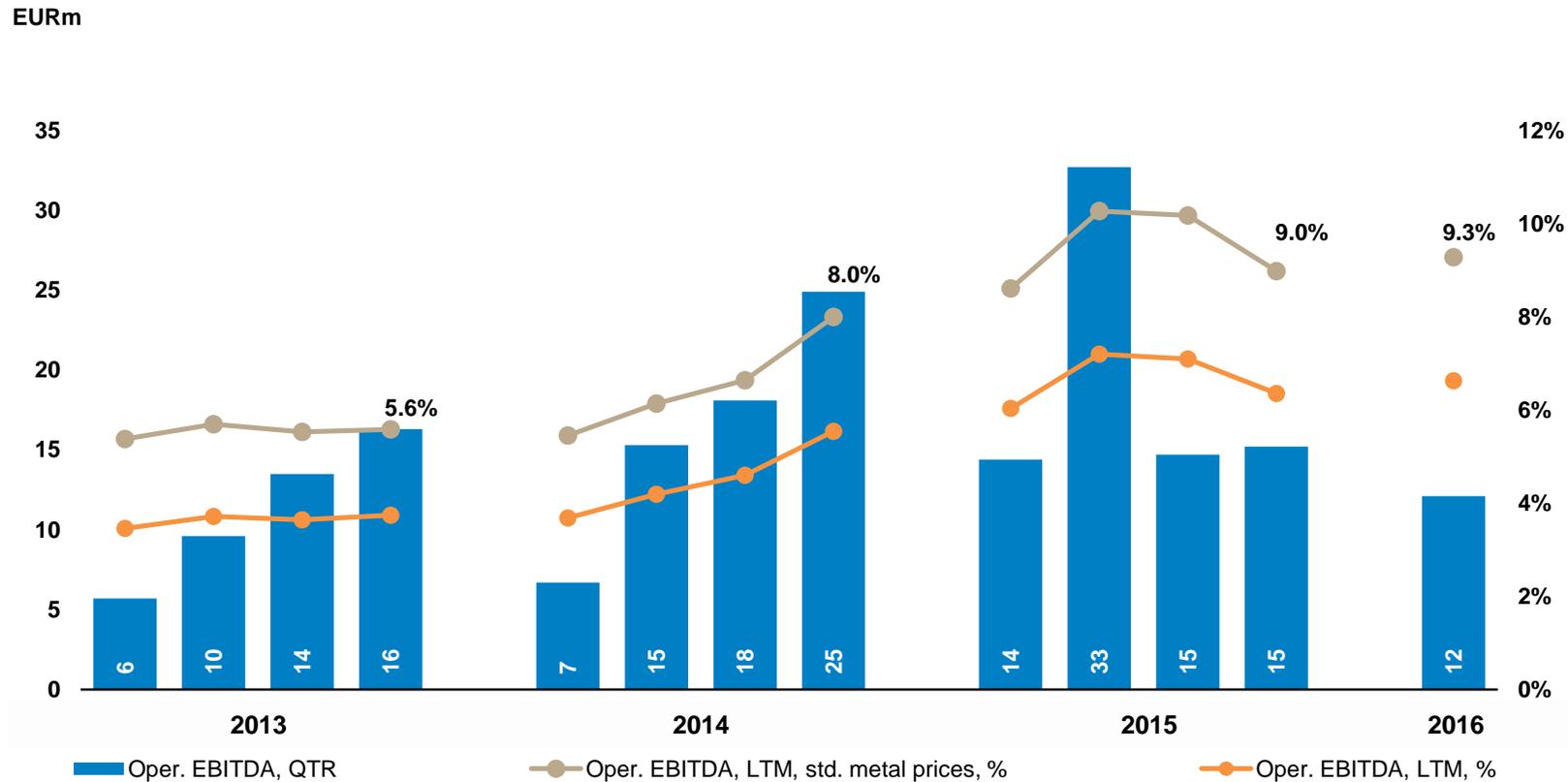
- Decreasing revenue in APAC due to unchanged difficult conditions and NKT Cables' focus on profitability
- New management team in place

Trends

- Growth driven by investments in electricity infrastructure

NKT Cables operational EBITDA impacted by lower revenue

Operational EBITDA, per quarter



Operational EBITDA, Q1, amounted to EUR 12.1m, down by EUR 2.3m from Q1 2015

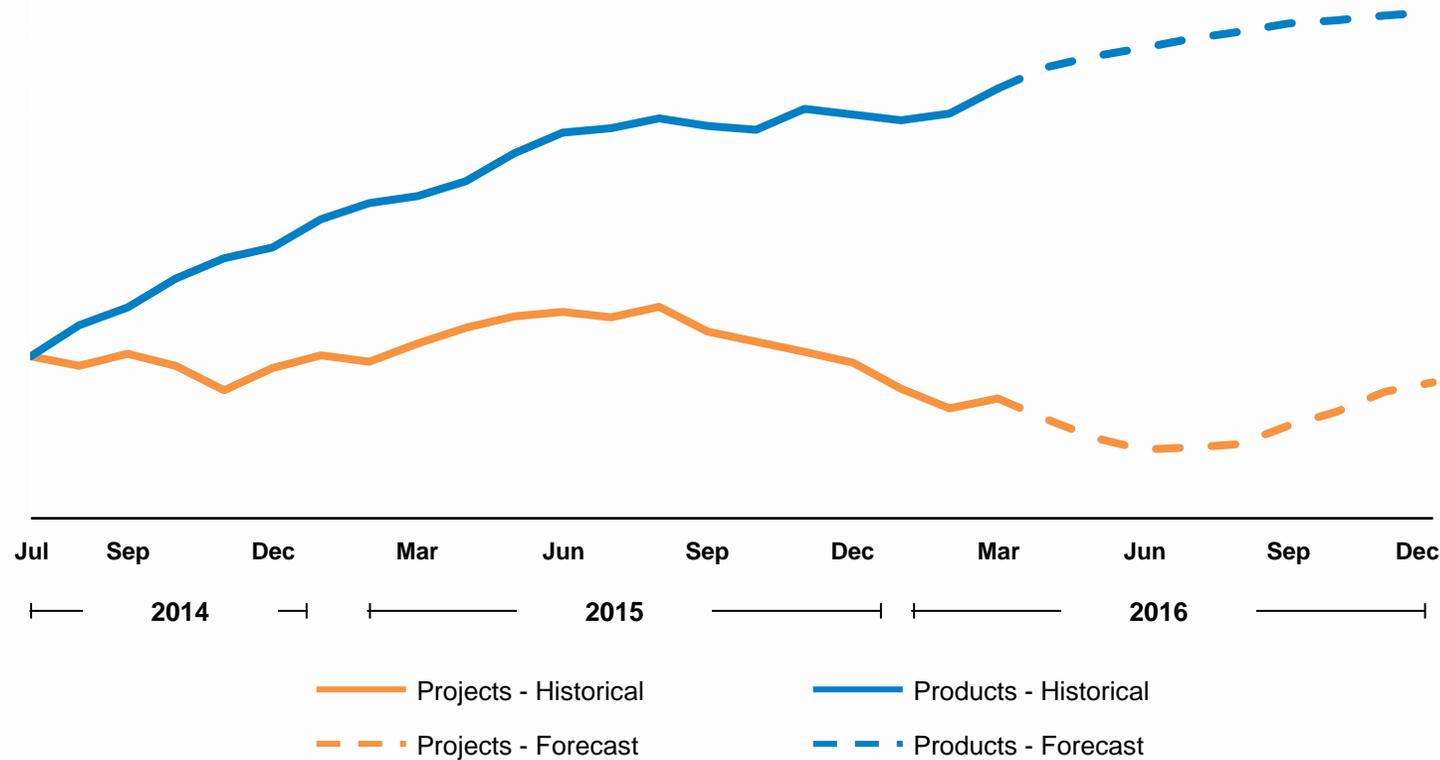
Decrease driven by significantly lower revenue in Projects, but partly offset by improved EBITDA margin in Products

Supplier quality issue impacting Q1 but now contained

Products' improved profitability expected to offset decline in Projects in 2016

Business unit profitability development*

Index = 100



Products showed improvement in Q1 2016 and is expected to improve profitability further in 2016

Projects lower profitability in 2016 due to Race Bank project, but **slightly better than expected in Q1 2016**

* LTM rolling Oper. EBITDA per unit indexed to July 2014 =100. APAC excluded

Offshore: Hornsea order provides full offshore visibility until end-2017

Simplified project view	2016				2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 Race Bank	[Bar chart showing activity from Q1 2016 to Q2 2017]							
2 Galloper	[Bar chart showing activity from Q1 2016 to Q2 2017]							
3 Hornsea	[Bar chart showing activity from Q4 2016 to Q4 2017]							

1 Race Bank

- Wind farm to be placed in the southern North Sea, 27 km north off the coast of Norfolk, UK
- ~150 kilometres of 220 kV high-voltage offshore cables
- Second cooperation with **DONG Energy**

2 Galloper

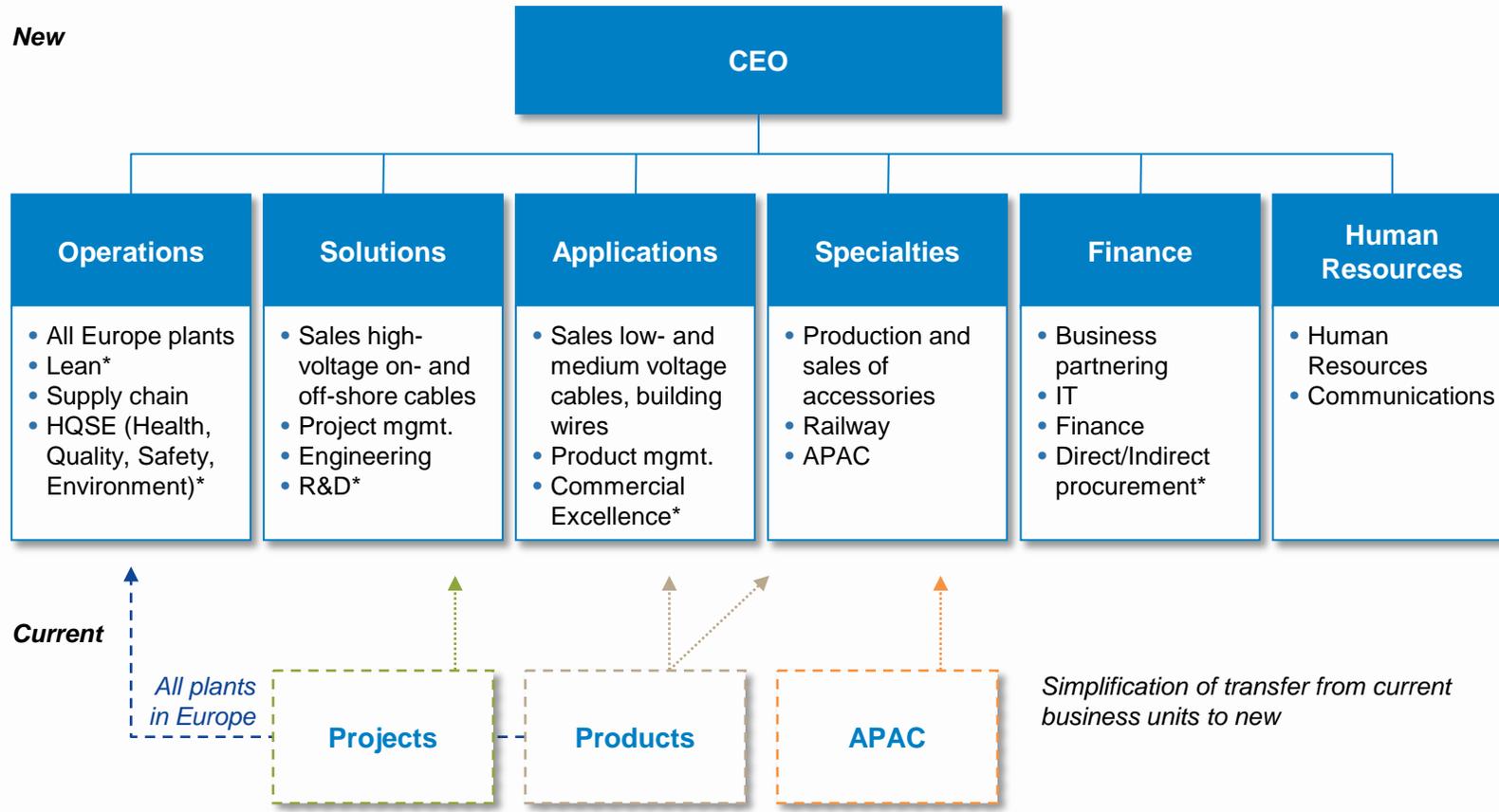
- Wind farm to be placed in Thames estuary, 27 km off the Suffolk coast, UK
- ~94 kilometres of 132 kV high-voltage offshore cables
- Consortium with **Dutch marine contractor VBMS**

3 Hornsea

- Wind farm to be placed 120 km off the Yorkshire coast, UK
- ~170 kilometres of 220 kV high-voltage offshore cables
- **World's first gigawatt-scale offshore wind farm (1.2 GW)** providing electricity to +1 million homes in the UK
- Third cooperation with **DONG Energy**

New organisation to support EXCELLENCE 2020 execution

New organisational structure for NKT Cables when implemented



Drives excellence and strengthens **customer focus**

Leverages synergies across plants with the creation of a new **Operations unit**

Will be implemented in waves during 2016 and fully implemented in 2017

Reorganisation costs included in EUR 10m restructuring costs communicated. No financial impact on outlook

* Provides support across all divisions

Transformation of NKT Cables continues with EXCELLENCE 2020

Financials

EURm	Q1		FY
	2016	2015	2015
Revenue	223.0	309.2	1,211.9
Revenue, std.metal prices	163.3	216.7	857.5
Organic growth	-24%	16%	4%
Operational EBITDA	12.1	14.4	77.0
Operational EBITDA margin, std.metal prices	7.4%	6.7%	9.0%
RoCE, LTM	8.2%	5.8%	8.2%
CAPEX	4.5	2.6	22.5
<i>PPE</i>	2.5	2.0	16.5
<i>Intangible assets</i>	2.0	0.6	6.0
Capital employed	393.7	505.2	381.3
Working capital	103.4	151.0	87.1
Full-time employees, end of period	3,181	3,213	3,208

Highlights and summary

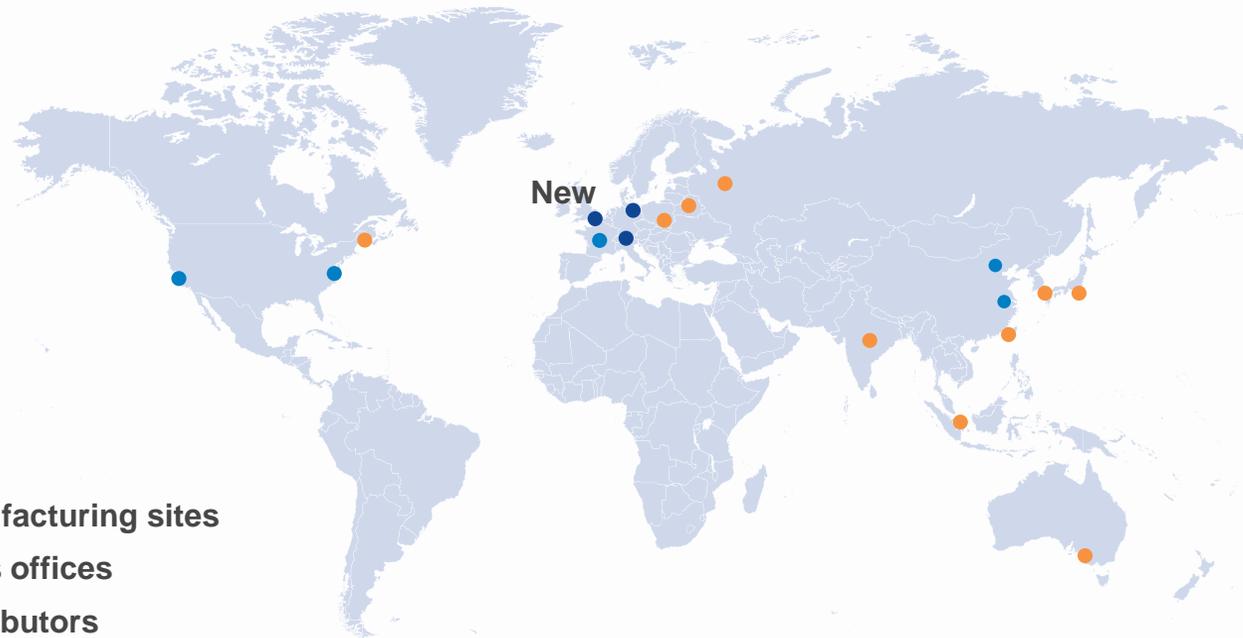
- **Hornsea offshore order won, worth EUR 139m.** Full visibility for offshore until end-2017. Satisfactory visibility for onshore, although lower than normal
- Ellevio 3-year frame contract won in Products, **largest order since acquisition** of Falun plant in Sweden
- Negative growth as expected in Projects due to **less civil works and a strong Q1 2015**, which was impacted by a change in calculation method
- Supplier quality issue impacting Q1 revenues by EUR 6m **but fully under control**
- **New organisation** for NKT Cables from 2017 **focusing on driving excellence**

* std. metal prices



NKT Photonics

NKT Photonics acquired Fianium, a leading fiber laser manufacturer



Acquired Fianium, a UK-based, globally leading supplier of ultrafast fiber laser systems

Complementary geographical coverage, manufacturing facilities, product portfolios, and scientific and OEM customer portfolios

Strengthens NKT Photonics' global market position within Imaging & Metrology and Material Processing

Note: Acquisition date 31 March 2016

Growth of 11% on continuing business driven by all segments

Imaging & Metrology



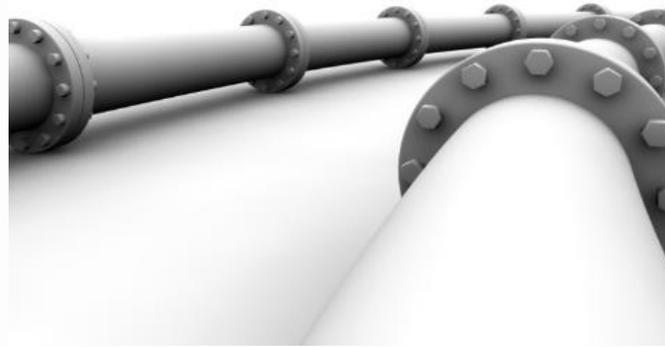
Focused growth area

- Good growth driven by continued long-term contracts for industrial metrology applications

Revenue split

~45%

Sensing & Energy



Established area

- Good growth and many new orders, including monitoring of industrial gasifiers
- Optical technology offers advantages over traditional temperature sensing

~42%

Material Processing



New growth area

- Significant growth and high order intake
- Largest ever fiber order, a 24-month frame contract for optical fibers for ultrafast lasers, used in both industrial and medical applications

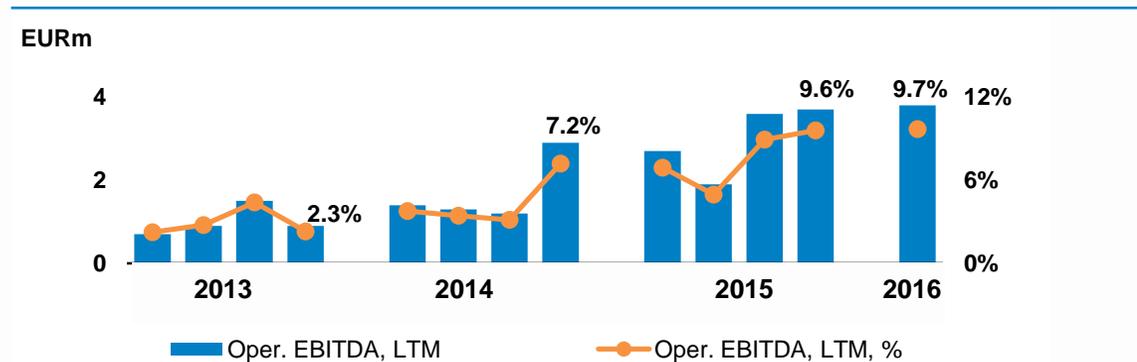
~13%

Significant organic growth in Q1 and important acquisition concluded

Financials

EURm	Q1		FY
	2016	2015	2015
Revenue	7.2	8.6	40.6
Organic growth	11%	-4%	9%
Operational EBITDA	-0.3	-0.1	3.7
Capital employed	43.0	25.9	19.2
Working capital	9.0	10.7	8.5
Full-time employees, end of period	239	206	174

Oper. EBITDA development



Highlights

- **Good growth in all segments** 11% on continuing business
- **Large orders** won in **Imaging & Metrology** and **Material Processing**
- **Continued positive development in oper. EBITDA, LTM.** Oper. EBITDA would have been positive in Q1 if not for transaction costs of Fianium acquisition
- **High order intake and order backlog**, better than Q1 2015
- **Acquisition of Fianium**, an important step towards NKT Photonics' goal of becoming a **leading global** industrial supplier of ultra-fast and supercontinuum fiber lasers
- **Lios integration process** continues and synergies are developing better than expected, and **similar positive synergies are expected for Fianium integration**

Agenda

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- Nilfisk
- NKT Cables
- NKT Photonics

Questions & Answers

Financial calendar

2016

18 August Interim Report, Q2

11 November Interim Report, Q3

2017

1 March 2016 Annual Report



For list of Investor Relations events, go to www.nkt.dk