

11 November 2016, Announcement No. 53. NKT Holding A/S, Vibeholms Allé 25, DK-2605 Brøndby, CVR No. 62 72 52 14

Interim Report Q3 2016

CONTENTS

Management's review	
Financial highlights	2
Key messages	3
Intention to split NKT Holding	4
Nilfisk	6
NKT Cables	11
NKT Photonics	15
Group financials	17
Group Management's statement	20
Income statement	21
Cash flow	22
Balance sheet	23
Comprehensive income and equity	24
Notes	25

Financial highlights

Amounts in EURm	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Year 2015
Income statement					
Revenue	519.0	523.3	1,557.8	1,682.5	2,223.6
Revenue in std. metal prices ¹⁾	457.4	438.5	1,368.8	1,399.6	1,869.2
Operational earnings before interest, tax, depreciation and amortisation (Oper. EBITDA) ²⁾	47.4	36.7	138.6	134.0	175.2
Earnings before interest, tax, depreciation and amortisation (EBITDA)	6.2	31.8	92.9	119.5	152.0
Depreciation and impairment of property, plant and equipment	-11.9	-11.6	-35.6	-72.9	-85.1
Amortisation and impairment of intangible assets	-15.1	-7.1	-31.6	-24.7	-32.7
Operational earnings before interest and tax (Oper. EBIT) ³⁾	27.1	17.0	78.1	76.4	97.9
Earnings before interest and tax (EBIT)	-20.8	13.1	25.7	21.9	34.2
Financial items, net	-2.1	-3.4	-6.2	-4.1	-6.1
Earnings before tax (EBT)	-22.9	9.7	19.5	17.8	28.1
Net profit	-24.8	9.3	6.0	-6.3	1.2
Profit attributable to equity holders of NKT Holding A/S	-24.8	9.3	6.0	-6.5	1.0
Cash flow					
Cash flow from operating activities	48.1	36.4	67.7	53.9	173.2
Cash flow from investing activities	-19.9	-11.5	-107.7	-53.4	-87.9
hereof acquisition and divestment of business	-0.2	2.7	-53.2	-13.0	-23.1
hereof investments in property, plant and equipment	-9.0	-7.8	-27.3	-21.1	-39.0
Free cash flow	28.2	24.9	-40.0	0.5	85.3
Balance sheet					
Share capital	65.5	64.9	65.5	64.9	64.9
Equity attributable to equity holders of NKT Holding A/S	760.2	798.8	760.2	798.8	808.6
Non-controlling interest	0.0	0.9	0.0	0.9	0.9
Group equity	760.2	799.7	760.2	799.7	809.5
Total assets	1,728.6	1,735.9	1,728.6	1,735.9	1,683.6
Net interest-bearing debt ⁴⁾	174.6	167.7	174.6	167.7	88.9
Capital employed ⁵⁾	934.8	967.4	934.8	967.4	898.4
Working capital ⁶⁾	286.0	354.5	286.0	354.5	269.2
Financial ratios and employees					
Operational EBITDA margin (std. metal prices)	10.4%	8.4%	10.1%	9.6%	9.4%
Gearing (net interest-bearing debt as % of Group equity)	23%	21%	23%	21%	11%
Net interest-bearing debt relative to operational EBITDA ⁷⁾	1.0	0.9	1.0	0.9	0.5
Solvency ratio (equity as % of total assets) ⁸⁾	44%	46%	44%	46%	48%
Return on capital employed (RoCE) (LTM) ⁹⁾	10.5%	11.2%	10.5%	11.2%	10.1%
Number of DKK 20 shares ('000)	24,398	24,186	24,398	24,186	24,186
Number of treasury shares ('000)	948	77	948	77	77
Earnings, EUR per outstanding share (EPS) ¹⁰⁾	-1.0	0.4	0.3	-0.3	0.0
Dividend, DKK per share	0.0	0.0	4.0	4.0	4.0
Equity value, EUR per outstanding share ¹¹⁾	32	33	32	33	34
Market price, DKK per share	427	352	427	352	357
Number of full-time employees, average	9,076	8,896	9,076	8,896	8,895

^{1) - 11)} Explanatory comments appear in Note 5

Financial highlights and ratios are calculated as defined in the 2015 Annual Report

Key messages

Overall satisfactory Q3 financial performance. Initiatives to significantly improve profitability in all businesses progressed to plan. NKT Holding to be split into two separately listed entities, subject to closing of acquisition of ABB HV Cables



Organic growth of 4% and oper. EBITDA margin up by 1.3%-points. Roll-out of new organisational structure and cost savings on track

Nilfisk realised organic growth of 4% driven by EMEA and the Americas, while operational EBITDA margin increased by 1.3%-points to 10.6%. Roll-out of the Accelerate+ strategy progressed as planned: the new organisational structure with increased customer focus will be fully implemented by end-2016 and cost savings of EUR 35m by 2019 were confirmed and further detailed.



Acquisition of ABB HV Cables and divestment of non-core businesses. Organic growth of 1% and oper. EBITDA margin* up by 3.0%-points

In September 2016, NKT Cables announced the acquisition of ABB HV Cables to enter the DC high-voltage market. Closing is expected in Q1 2017. The Automotive business and operations in China were divested. Overall, NKT Cables delivered 1% organic growth and operational EBITDA margin* was up by 3.0%-points to 10.4%, both increases being driven by the Projects business.



Financial performance as expected. Satisfactory order intake and backlog

Against a very strong corresponding Q3 2015, NKT Photonics realised -6% organic growth, with robust performance by Sensing & Energy being offset by Imaging & Metrology. Order intake was satisfactory and a number of significant frame contracts awarded earlier this year were executed.



2% organic growth and earnings up by 2.0%-points. Outlook for 2016 revised

Overall, NKT's Q3 organic growth was 2% and operational EBITDA margin* improved to 10.4% from 8.4%. Working capital continued to decrease across all businesses. 2016 outlook is revised as NKT raises expectations for operational EBITDA margin to approx. 9.6% against previously approx. 9.4%. Organic growth is adjusted to negative 2-3% against previously anticipated flat development.

Amounts in EURm	Nilfisk		NKT Cables		NKT Photonics		NKT	
	Q3 2016	Q3 2015	Q3 2016	Q3 2015	Q3 2016	Q3 2015	Q3 2016	Q3 2015
Revenue	250.3	230.5	257.9	282.0	10.8	10.8	519.0	523.3
Organic growth	4%	4%**	1%	-12%	-6%	31%	2%	-4%**
Operational EBITDA	26.6	21.2	20.5	14.7	0.9	1.4	47.4	36.7
Operational EBITDA margin	10.6%	9.3%	10.4%*	7.4%*	10.1%	16.5%	10.4%*	8.4%*
Working capital	180.1	199.4	94.7	145.1	10.6	9.5	286.0	354.5
Working capital % of revenue, LTM	18.8%	20.2%	10.5%	13.0%	22.5%	26.1%	14.8%	16.4%
Return on capital employed (RoCE)	13.5%	14.8%	8.0%	9.0%	neg.	0.9%	10.5%	11.2%

* Std. metal prices

** Adjusted for the impact of the divested floor-sanding activities

Intention to split NKT Holding into two listed entities

NKT's Board of Directors intends to split NKT Holding into two separately listed entities, cf. Company Announcement No. 45 of 21 September 2016. The timing of the decision is linked to NKT Cables' acquisition of ABB HV Cables and the realisation of the split is subject to closing of this transaction.

With the acquisition of the ABB HV Cables business, which is among the global leaders within DC high-voltage cables, NKT Cables will become one of the leading power cable suppliers. Nilfisk is already a leading company in the professional cleaning equipment industry and both businesses are set to be viable, standalone companies.

The intended separately listed entities comprise: Nilfisk and NKT Cables. The latter will consist of two standalone companies; NKT Cables, including ABB HV Cables, and NKT Photonics, both entities continuing to report directly to the Board of Directors.

While the choice of optimal separation structure is still being considered, NKT expects to announce the model for the split shortly after closing of the acquisition of ABB HV Cables, which is expected during Q1 2017.

Intention to split NKT Holding into two separately listed companies

Listed entity	Nilfisk	NKT Cables	
Underlying business			
Key highlights	<ul style="list-style-type: none"> • A leading professional cleaning equipment company with strong global market position • Organic growth potential • Significant M&A opportunities • Strong cash flow 	<ul style="list-style-type: none"> • 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 • Significant synergy potential 	<ul style="list-style-type: none"> • A leading high-end photonics player • Significant growth and M&A potential
Revenue	EUR 972m	EUR 1,684m	EUR 41m
Oper. EBITDA	EUR 98m	EUR 148m	EUR 4m

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

Raise of new equity and cancellation of share buyback programme

Early in October 2016, NKT utilised its authorisation to raise new equity of up to 9.99% of the company's share capital and sold its treasury shares, equivalent to 3.89% of the share capital cf. Company Announcements No. 48-50 of 4-7 October 2016. The aim is to maintain a prudent capital structure following NKT Cables' acquisition of ABB HV Cables.

NKT issued a total of 2,437,348 new shares and sold 947,889 existing shares in the offering at a price of DKK 415 per share. This raised gross proceeds for NKT of approx. DKK 1.4bn, which

will be used to partially finance the expected acquisition of ABB HV Cables. The offering was over-subscribed several times by Danish and international institutional investors and an individual allocation of shares was made.

As a consequence of the equity raise, NKT immediately cancelled its current share buyback programme cf. Company Announcement No. 4 of 26 February 2016.



NKT Cables' acquisition of ABB HV Cables, see page 14.

Indicative timeline for split of NKT Holding



Nilfisk

Organic growth was 4% and operational EBITDA margin was up 1.3%-points driven by improved gross margin. Roll-out of the new organisational structure and cost savings programme is on track

ORGANIC GROWTH 2016

	Q3	Q1-Q3
EMEA	4%	3%
Americas	11%	2%
APAC	-13%	-6%
Total	4%	2%

OPER. EBITDA MARGIN

10.6%

Financial highlights

Amounts in EURm	Q3		Q1-Q3		Year
	2016	2015	2016	2015	2015
Income statement					
Revenue	250.3	230.5	782.2	724.7	971.5
Operational EBITDA	26.6	21.2	86.3	74.4	97.9
EBITDA	17.5	21.2	77.2	74.4	97.9
Depreciation and amortisation	-9.9	-9.0	-29.4	-24.9	-33.7
Impairment	-6.7	-	-6.7	-	-0.5
Operational EBIT	16.7	12.2	56.9	49.5	63.7
EBIT	0.9	12.2	41.1	49.5	63.7
Cash flow					
Cash flow from operating activities	31.9	11.0	57.2	12.9	59.8
Cash flow from investing activities	-9.1	-7.0	-31.5	-25.9	-39.8
Free cash flow excl. acq./divest.	22.8	4.0	25.7	-13.0	20.0
Balance sheet					
Capital employed	520.1	513.9	520.1	513.9	501.6
Working capital	180.1	199.4	180.1	199.4	173.4
Financial ratios and employees					
Organic growth	4%	4%*	2%	1%*	0%*
Gross margin	41.6%	40.4%	41.8%	41.0%	40.4%
Overhead cost ratio	34.2%	34.3%	33.8%	33.5%	33.1%
Operational EBITDA margin	10.6%	9.3%	11.0%	10.3%	10.1%
RoCE	13.5%	14.8%	13.5%	14.8%	12.9%
Number of full-time employees, end of period	5,604	5,419	5,604	5,419	5,545

* Adjusted for the impact of floor-sanding activities





The new SC REV scrubber uses less water and detergent than conventional scrubbers

Organic growth of 4%

Overall, Nilfisk achieved organic growth of 4% in Q3. This was attributable to EMEA and also the Americas which saw a strong performance, particularly driven by major single orders in the US floor-care business. In APAC, the negative growth should be seen against a strong Q3 2015, which included the award of a significant single order in the Outdoor business, and the continued low level of business activity in China during 2016. Total organic growth for the first nine months of 2016 was 2%.

Operational EBITDA up by 25%

Operational EBITDA amounted to EUR 26.6m, up from EUR 21.2m in Q3 2015. Operational EBITDA margin was 10.6%, up 1.3%-points against the same quarter last year, primarily due to improved gross margin. Operational EBITDA margin for the first nine months of 2016 was 11.0%, up from 10.3% for the same period last year.

Operational EBITDA



EBITDA was EUR 17.5m, down from EUR 21.2m in Q3 2015, impacted by a number of one-offs totalling EUR 9.1m. Hereof, EUR 5.3m related to implementation of the Accelerate+ strategy,

as presented in Q2 2016, cf. page 9, EUR 2.5m related to a loss following the divestment of Cyclone Technology in the US, cf. page 8, and EUR 1.3m related to writedown on the US-based Cleaning and Restoration business specialised in carpet cleaning.

EBIT impacted by impairments

EBIT was EUR 0.9m, down from EUR 12.2m in Q3 2015. In addition to the one-offs mentioned above, EBIT was negatively impacted by a total of EUR 6.7m, comprising EUR 0.6m related to the Cyclone divestment and EUR 6.1m related to impairment loss in Cleaning and Restoration.

Gross margin improved by 1.2%-points

Gross margin was 41.6%, compared with 40.4% in Q3 2015. The increase was driven by operational improvements from efficiency initiatives in the Americas, to which must be added procurement benefits and lower scrap costs. The positive trend was, however, partly offset by unfavourable CNY development. Gross margin for the first nine months of 2016 was 41.8% compared with 41.0% in the same period last year.

Stable overhead cost ratio

Overhead costs amounted to EUR 85.6m, up EUR 6.6m from Q3 2015, due to full-year effect of acquisitions made in 2015 and higher marketing costs. Overhead cost ratio was 34.2%, and on par with Q3 2015. Overhead cost ratio for the first nine months of 2016 was 33.8%, on par with the same period last year.

Working capital normalised

Working capital amounted to EUR 180.1m, against EUR 199.4m in Q3 2015. This decrease was a return to a normalised level, and driven by increased trade payables and reduced inventories against Q3 2015 which was still impacted by delivery issues. Working capital was down by EUR 13.7m from end-June 2016, and working capital ratio was 18.8%, down by 0.8%-point from end-June 2016.

EMEA



Organic growth in EMEA was driven by a number of business areas, including the Viper brand in the mid-market, which continued its strong performance, as well as industrial vacuum cleaners, DIY (Do-It-Yourself) and the service business.

In the high-end segment, a number of major markets such as France achieved significant growth, while e.g. Germany saw a flat development. The business in the UK saw significant growth in the professional market which more than offset a weak DIY market following lower consumer spending after Brexit. Markets in the Middle East and North Africa continued to be impacted by political unrest and low oil prices, while South Africa was influenced by a weak economy.

AMERICAS



In North America the floor-care segment regained momentum particularly in the commercial segment, which was aided by major orders particularly within national accounts.

Overall organic growth in Latin America was satisfactory although the Brazilian market underperformed.

As announced in Q2 2016, Andrew Ray has been appointed EVP Nilfisk Americas with overall responsibility for the sales and service organisation as of September 2016. Furthermore, a number of initiatives were executed to improve earnings and restore growth.

In line with the Accelerate+ strategy, the non-core Cyclone Technology business with annual revenue of approx. EUR 4m was divested to Blastrac, a global leader of surface preparation equipment. The divestment was effective as at 30 September 2016.

APAC



Nilfisk saw positive development in a number of APAC markets, particularly in South East Asia. This could not offset a negative impact from the Outdoor business in China, which saw a significant slowdown compared with Q3 2015 when growth was strong based on the award of a major order. However, Nilfisk's other segments in China realised improvement and showed a positive organic growth rate for the first nine months of 2016.

As a consequence of the new organisational structure, Markus Haefeli, the former head of the Pacific region, was promoted to head of the entire APAC business.

PRODUCTS

Nilfisk launched nine new products in Q3, including six floor-care products and an industrial vacuum cleaner. One of the innovations launched was the SC500 REV scrubber, leveraging Nilfisk's patented Random Orbital Scrubbing technology, which scrubs deeper and more uniformly using less water and detergent than conventional scrubbers. However, the most important milestone for Nilfisk's product launches was the announcement of the Horizon programme in October 2016, cf. page 10.

THE HORIZON PROGRAMME - THE INDUSTRY'S MOST ADVANCED AUTONOMOUS CLEANING SOLUTIONS

In October, Nilfisk announced Horizon, a long-term global programme of technologically advanced autonomous, intelligent and connected cleaning solutions. The programme entails multiple product launches providing the full spectrum of autonomous capabilities, including self-operating, driverless floor-cleaning machines for the professional market. The first product in the Horizon programme, the Nilfisk Liberty A50 scrubber-dryer, also marketed under the Advance brand, was introduced at the ISSA InterClean trade show in Chicago. The product will be released in spring 2017 in selected markets.

The Nilfisk Liberty A50 autonomous scrubber-dryer has been developed in partnership with Carnegie Robotics, a leading provider of advanced robotics sensors and software, and is the industry's most technologically advanced, autonomous, ease-of-use solution: Combining four different sensing technologies, the Nilfisk Liberty A50 is equipped with the most sophisticated environmental sensing yet seen. The autonomous sensor systems and software integration guide the machine, while detecting and avoiding any obstacles. These self-learning features enable three cleaning modes and are unique compared with other existing autonomous models. The machine can be operated autonomously as well as manually.

SmartKey™

Set access levels and user configurations for optimal operation

Lights out

The scrubber is designed to operate even in low light conditions, allowing a further reduction of facility operation costs

Edge cleaning

In autonomous mode, the machine can clean along the edges of a wall or object with unprecedented precision



Read more at horizon.nilfisk.com

125
YEARS
1891-2016

nkt cables

NKT Cables

Financial development was driven by growth in the offshore Projects business. NKT Cables announced the intention to strengthen this segment further by acquiring ABB's DC high-voltage cables division. In line with the EXCELLENCE 2020 strategy, operations in China and the Automotive business in Central Europe were divested

ORGANIC GROWTH 2016

	Q3	Q1-Q3
Projects	10%	-35%
Products	-1%	3%
APAC	-25%	-32%
Total	1%	-13%

OPER. EBITDA MARGIN*

10.4%

Financial highlights

Amounts in EURm	Q3		Q1-Q3		Year
	2016	2015	2016	2015	2015
Income statement					
Revenue	257.9	282.0	748.7	929.9	1,211.9
Revenue, std. metal prices	196.3	197.2	559.7	647.0	857.5
Operational EBITDA	20.5	14.7	54.1	61.8	77.0
EBITDA	-11.6	9.8	17.5	47.3	53.8
Depreciation and amortisation	-9.4	-9.2	-28.1	-30.0	-39.6
Impairment	-	0.9	-	-37.5	-37.8
Operational EBIT	11.1	4.8	26.0	31.7	37.5
EBIT	-21.0	0.9	-10.6	-20.2	-23.6
Cash flow					
Cash flow from operating activities	14.8	23.8	4.8	35.4	102.6
Cash flow from investing activities	-9.3	-5.7	-20.3	-11.8	-21.2
Free cash flow excl. acq./divest.	5.5	18.1	-15.5	23.6	81.4
Balance sheet					
Capital employed	374.4	437.6	374.4	437.6	381.3
Working capital	94.7	145.1	94.7	145.1	87.1
Financial ratios and employees					
Organic growth	1%	-12%	-13%	5%	4%
Gross margin*	46.1%	39.4%	43.9%	40.3%	40.6%
Overhead cost ratio*	37.4%	33.5%	37.8%	32.4%	32.7%
Operational EBITDA margin*	10.4%	7.4%	9.7%	9.5%	9.0%
RoCE	8.0%	9.0%	8.0%	9.0%	8.2%
Number of full-time employees, end of period	3,151	3,243	3,151	3,243	3,208

* Std. metal prices

Organic growth driven by Projects business

Overall organic growth for Q3 2016 was 1%, which was driven by 10% growth in the Projects business. The Products business realised -1% growth, positive performance in the Nordics being offset by lower revenue in Central Europe and Specialties. In APAC organic growth was -25%.

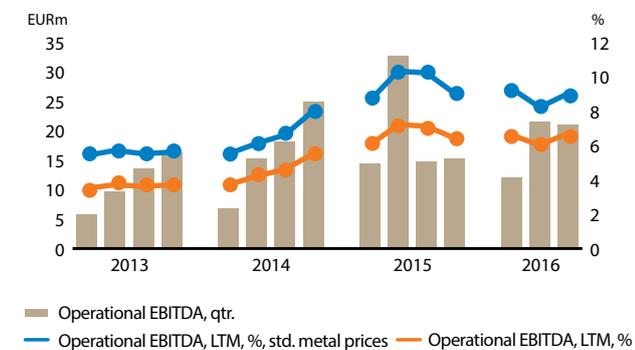
Total organic growth for the first nine months of 2016 was -13%, impacted by the anticipated negative growth in Projects in 1st half 2016 and the development in APAC.

Operational EBITDA margin up by 3.0%-points

Operational EBITDA was EUR 20.5m, up from EUR 14.7m in Q3 2015, driven by improved performance on projects currently being produced and compensation for a previously completed project. Operational EBITDA margin* was 10.4%, up from 7.4% in Q3 2015. Operational EBITDA margin*, LTM, was 9.0%, up from 8.2% at end-June 2016. One-offs amounted to EUR 32.1m, of which EUR 28.1m related to writedown on the divested operations in China, EUR 2.0m related to the ABB HV Cables transaction, and EUR 2.0m related to implementation of EXCELLENCE 2020.

Operational EBITDA margin* for the first nine months of 2016 was 9.7% against 9.5% for the same period last year.

Operational EBITDA



Continued reduction of working capital

Working capital was EUR 94.7m at end-September 2016, down from EUR 145.1m in Q3 2015 and from EUR 115.7m at end-June 2016. The decrease was driven by writedown of EUR 28.1m from the divestment of operations in China. Adjusted for this, working capital was up EUR 7.1m from end-June, impacted by the Projects business. Working capital ratio, LTM, was 10.5%, a reduction of 0.5%-point from end-June 2016.

*Std. metal prices

EXCELLENCE 2020

The EXCELLENCE 2020 strategy was launched a year ago and implementation of the defined segment initiatives and must-win battles is progressing to plan.

A number of segment initiatives were carried out in Q3. The acquisition of ABB HV Cables will establish NKT Cables' position within the high-voltage DC business, while divestment of operations in China and the Automotive business emphasises NKT Cables' focus on core business, cf. also pages 13 and 14.

The company's new, leaner and more agile organisational structure with increased customer focus will become effective on 1 January 2017. Preparations are progressing to plan, and 1 October, Group Management team was complete, with Dietmar Müller taking up the position as EVP, Head of Operations, responsible for all European production activities, cf. Q2 2016 Interim Report page 11.

PROJECTS

ORGANIC GROWTH

10%

REVENUE, EUR*

64m

Organic growth in the Projects business varies with the characteristics of the underlying backlog, which makes year-over-year comparison less relevant. The positive development recorded in Q3 was due to improved cost performance on projects currently being produced and compensation for a previously completed project.

EUR 77m order for Borssele offshore projects

On 8 November 2016, NKT Cables was awarded the order for delivery and installation of the export cable systems for Netherlands grid connection system Borssele Alpha in a consortium with VBMS, cf. Company Announcement No. 52 of 8 November 2016. For NKT Cables, the contract value will be approx. EUR 77m, comprising delivery of 125 km of 220 kV AC high-voltage offshore cables. The cables will be manufactured at NKT Cables' plant in Cologne, Germany, and delivered in late 2018. The Borssele 1 and 2 wind farms which will be connected to the grid by the Borssele Alpha system, will be located in the North Sea approx. 20 km off the Dutch coast.

The contract also contains an option for delivery of export cables for the Borssele Beta, connecting the future Borssele 3 and 4 offshore wind farms to the grid. The option is subject to financial close.

The Borssele Alpha order ensures full visibility for NKT Cables' AC offshore cable production until end-2018.

For high-voltage onshore projects, the 2016 order book remains slightly below normal.

Supplier quality issues

Early in 2016, quality issues were discovered by NKT Cables in supplies of certain raw materials. These issues were entirely outside NKT Cables' control and necessary corrective actions were taken by the supplier. Tests revealed no impact on product operational performance or lifetime. However, planned production flow in 1st half 2016 was delayed due to the decision to remanufacture certain products as a preventive measure. Negotiations with the supplier regarding compensation is ongoing.

PRODUCTS



Revenue in the Products business increased in the Nordics whereas negative development was experienced in Central Europe. In the utility segment, revenue decreased in Central Europe, particularly Germany, while in the Nordics, Sweden continued to show strong performance.

In the wholesale segment the Swedish market in particular performed well, driven by increased construction activity. This positive development was partly offset by decreasing revenue in several markets in Central Europe.

At 3 October 2016, NKT Cables entered into an agreement to divest its Automotive business to the German-based Wilms Group. Although a profitable business servicing several large customers, Automotive is not a core business for NKT Cables. The divestment includes a plant located in Vrchlabí, Czech Republic, with approx. 400 employees. Closing of the transaction is subject to regulatory approval in some European countries and is expected to take place early 2017.

*Std. metal prices

APAC



At end-September, NKT Cables concluded a comprehensive process to find a sustainable setup for its APAC business, as a result of which all operations in China were divested to Srising Electric Co., Ltd., a high-tech solution provider for electrified railways industry in China. The operations comprise railway solutions, medium- and high-voltage cables and accessories and include two plants as well as approx. 380 employees who will be transferred to the new owner.

The enterprise value amounts to EUR 14.3m and expected writedown from the divestment, recognised as one-off of EUR 28.1m, was incurred in Q3 2016. The transaction is expected to be closed during Q4 2016.



NKT Cables turntable with AC high-voltage offshore cables

ACQUISITION OF ABB'S HIGH-VOLTAGE CABLES BUSINESS TO CREATE A LEADING HIGH-VOLTAGE POWER CABLES COMPANY

In September, NKT Cables announced the acquisition of ABB HV Cables, a leading player within DC high-voltage power cables, from the ABB Group. The combination of the two companies will create a leading on- and offshore high-voltage power cables business and enable NKT Cables to enter a market with strong growth potential.

The new combined business will have two state-of-the-art high-voltage manufacturing facilities in Cologne, Germany, and Karlskrona, Sweden respectively, and will be strongly positioned to benefit from a growing offshore wind industry and for development of the interconnector grid in Europe. An organisational fit rooted in a shared Nordic heritage and culture is believed to support the integration of the business, which comprises approx. 900 employees primarily located in Sweden.

The acquisition is expected to be closed in Q1 2017, conditional upon regulatory approvals and fulfilment of certain other conditions related to the transfer of ABB HV Cables.

The acquisition represents a total enterprise value of EUR 836m, including ABB HV Cables' committed investment of EUR 124m in a new, cutting-edge cable-laying vessel to be delivered and paid for in Q1 2017.

Combined, the two businesses had a pro forma 2015 revenue of EUR 1.7bn and an operational EBITDA margin* of 11.4%. Expected full impact of annual synergies will amount to approx. EUR 30m by end-2018. Total integration costs are expected to total EUR 35-40m by end-2018. The integration process is expected to be completed by end-2018.

*Std. metal prices

NKT Photonics

Financial performance was as expected. Order intake and backlog remained at a satisfactory level and integration of Fianium progressed as planned

Financial highlights

Amounts in EURm	Q3		Q1-Q3		Year
	2016	2015	2016	2015	2015
Income statement					
Revenue	10.8	10.8	26.9	27.9	40.6
Operational EBITDA	0.9	1.4	0.3	0.4	3.7
EBITDA	0.9	1.4	0.3	0.4	3.7
Depreciation and amortisation	-1.0	-0.8	-3.0	-2.6	-3.6
Impairment	-	-	-	-2.6	-2.6
Operational EBIT	-0.1	0.6	-2.7	-2.2	0.1
EBIT	-0.1	0.6	-2.7	-4.8	-2.5
Cash flow					
Cash flow from operating activities	0.4	-1.4	-1.1	-0.8	4.3
Cash flow from investing activities	-1.1	-0.8	-2.4	-2.1	-3.8
Free cash flow excl. acq./divest.	-0.7	-2.2	-3.5	-2.9	0.5
Balance sheet					
Capital employed	45.0	20.8	45.0	20.8	19.2
Working capital	10.6	9.5	10.6	9.5	8.5
Financial ratios and employees					
Organic growth	-6%	31%	4%	4%	9%
Gross margin	67.5%	71.1%	69.8%	69.8%	69.4%
Overhead cost ratio	47.8%	43.3%	53.9%	51.8%	45.9%
Operational EBITDA margin	10.1%	16.5%	2.4%	2.3%	9.6%
RoCE	neg.	0.9%	neg.	0.9%	0.4%
Number of full-time employees, end of period	239	174	239	174	180



New generation ultra-stable Koheras BOOSTIK lasers combine low noise and high power

Organic growth driven by Sensing & Energy

Overall, NKT Photonics realised organic growth of -6%, where double-digit organic growth in Sensing & Energy was offset by negative growth in Imaging & Metrology and in Material processing. Q3 performance for Imaging & Metrology should be viewed against strong growth for the acquired Fianium business in the same period last year.

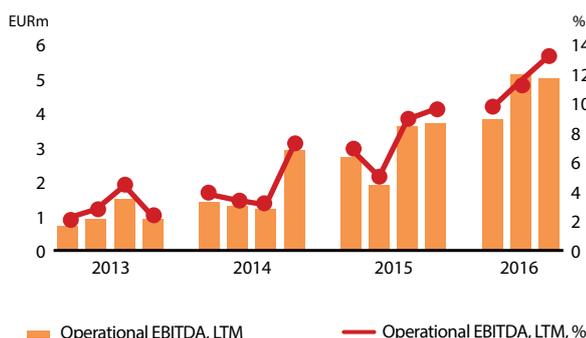
Organic growth for the first nine months of 2016 was 4%, driven by Sensing & Energy and by Material Processing. Adjusted for Fianium, also Imaging & Metrology delivered positive organic growth.

Operational EBITDA decreased slightly

Operational EBITDA amounted to EUR 0.9m against EUR 1.4m in Q3 2015, which included EUR 0.2m from the Fiber Processing business divested 1 September 2015. The decrease was primarily related to lower margin due to changes in product mix and to overhead costs related to the acquisition of Fianium. Operational EBITDA for the first nine months of 2016 was EUR 0.3m, on par with the same period last year.

Working capital at end-September 2016 amounted to EUR 10.6m, up from EUR 8.9m at end-June 2016, and up by EUR 1.1m from end-September 2015 when Fianium was not represented.

Operational EBITDA



IMAGING & METROLOGY

As expected, Imaging & Metrology delivered negative organic growth in Q3 2016, mainly due to the Fianium business which had a very strong Q3 2015. Order intake and backlog were at a satisfactory level and included execution of significant frame contracts awarded previously this year. Moreover, a new generation of Koheras™ BOOSTIK lasers was launched targeting the scientific market for high precision metrology.

The integration of Fianium progressed as planned and all major functions are now merged with the corresponding departments at NKT Photonics.

SENSING & ENERGY

The good performance was attributable to all segments. In the Energy segment, NKT Photonics was awarded an order to supply a Distributed Temperature System (DTS) for an export cable of an offshore windfarm in the North Sea.

MATERIAL PROCESSING

Material Processing is currently the company's smallest but also the fastest growing segment. Consequently, development is difficult to compare quarter-on-quarter. While Q3 organic growth was negative, overall organic growth for the first nine months of 2016 was positive.

Q3 organic growth of 2% and operational EBITDA margin* up 2.0%-points

Positive growth in Nilfisk and NKT Cables

Overall, NKT realised 2% organic growth in Q3 2016, driven by both Nilfisk and NKT Cables.

Nilfisk achieved organic growth of 4%, the EMEA region delivering 4%, the Americas 11% and APAC -13%.

In NKT Cables, overall organic growth of 1% was driven by the Projects business, realising 10% growth. The Products business realised -1% and APAC -25%.

Overall, NKT Photonics realised -6% organic growth which should be seen against a strong Q3 2015.

In total, NKT's organic growth for the first nine months of 2016 was -5%.

Operational EBITDA improved by EUR 10.7m and 2.0%-points

NKT's operational EBITDA, which is adjusted for one-offs to reflect the underlying earnings from operations, amounted to EUR 47.4m, up from EUR 36.7m in Q3 2015. One-offs amounted to EUR 41.2m, of which Nilfisk accounted for EUR 9.1m and NKT Cables accounted for EUR 32.1m which was mainly related to a writedown of the divested operations in China. Operational

EBITDA margin* was 10.4%, up from 8.4%, driven both by Nilfisk and NKT Cables.

Operational EBITDA by business unit

Amounts in EURm	Q3 2016	Q3 2015	Nom. change
Nilfisk	26.6	21.2	5.4
NKT Cables	20.5	14.7	5.8
NKT Photonics	0.9	1.4	-0.5
Other	-0.6	-0.6	0.0
Operational EBITDA	47.4	36.7	10.7
One-off items	-41.2	-4.9	-36.3
EBITDA	6.2	31.8	-25.6

EBITDA was EUR 6.2m, a decrease from EUR 31.8m in the same quarter last year, impacted by one-offs.

For the first nine months of 2016, NKT reported operational EBITDA of EUR 138.6m, up from EUR 134.0m in the same period last year. Operational EBITDA margin* was 10.1%, an increase from 9.6% against the same period last year.

Revenue development by business unit

Amounts in EURm	Q3 2015	Currency effect	Acquisitions/divestments	Growth	Q3 2016	Organic growth**
Nilfisk	230.5	-2.3	13.5	8.6	250.3	4%
NKT Cables	197.2	-1.5	-1.0	1.6	196.3	1%
NKT Photonics	10.8	-0.2	0.8	-0.6	10.8	-6%
Revenue, std. metal prices	438.5	-4.0	13.3	9.6	457.4	2%
Adjustments, metal prices	84.8	-0.7	-	-22.5	61.6	
Revenue, market prices	523.3	-4.7	13.3	-12.9	519.0	

* Std. metal prices

** Organic growth is adjusted for currency effects, metal prices and acquisitions/divestments

Operational EBITDA, LTM, was EUR 179.8m, up from EUR 169.1m in Q2 2016. Operational EBITDA margin*, LTM, was 9.8%, compared with 9.3% in Q2 2016.

Operational EBITDA



Financial items, earnings and tax

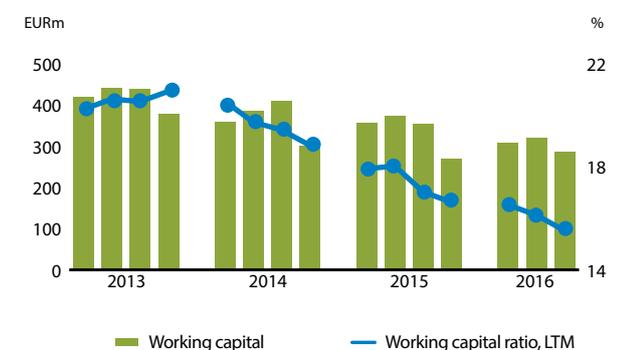
Net financial items amounted to EUR -2.1m, reduced from EUR -3.4m in Q3 2015.

Impacted by one-offs, earnings before tax (EBT) decreased to EUR -22.9m against EUR 9.7m in the corresponding period last year. In Q3, tax rate was negative, due to negative EBT. Adjusted for one-offs, the tax rate was 26%. Tax rate for 2016 is still expected to be approx. 24%, adjusted for one-offs.

Continued reduction of working capital

Working capital ratio, LTM, was 14.8%, a reduction from 15.4% in Q2 2016, driven by all business units.

Working capital



Cash flow

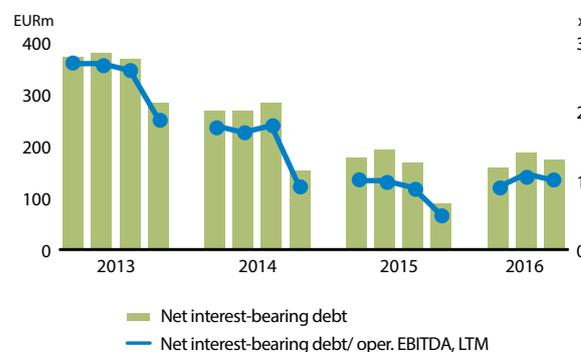
Cash flow from operating activities was EUR 48.1m, against EUR 36.4m in Q3 2015. Investment in tangible and intangible fixed assets amounted to EUR 19.7m compared with EUR 14.2m in the same period last year. Cash flow from acquisitions and divestments was EUR -0.2m against EUR 2.7m in Q3 2015.

Liquidity, debt leverage and equity

Net interest-bearing debt amounted to EUR 174.6m at end-September 2016, down by EUR 13.6m compared with end-June 2016. The reduction was caused by free cash flow exceeding the liquidity used for the share buyback programme. Total net debt corresponded to 1.0x operational EBITDA, LTM, down from 1.1x at end-June 2016.

At end-September 2016, NKT's total available liquidity reserves were EUR 433.2m, comprising cash of EUR 25.8m and undrawn credit facilities of EUR 407.4m. Equity amounted to EUR 760.2m at end-September 2016, down from EUR 801.7m at end-June 2016. Equity gearing was 23% and equal to the end-June 2016 level. Solvency ratio was 44%, above the internal target of minimum 30%.

Net interest-bearing debt



*Std. metal prices

2016 outlook revised

NKT's expectations for operational EBITDA margin (std. metal prices) are raised to approx. 9.6% against approx. 9.4% previously anticipated. Organic growth is adjusted to negative 2-3% against a previously anticipated flat development. The revision is based on the following assumptions:

	2016	Latest	Specified Q3		
Planning assumptions	NKT				
	- Organic growth		~0%	neg. 2-3%	revised
	- Operational EBITDA, %*	On par with 2015 (9.4%)		~9.6%	
	Nilfisk				
	- Organic growth		1-3%	Unchanged	
	- Operational EBITDA, %		10.0-10.5%	Unchanged	
	NKT Cables				
	- Organic growth		~neg. 5%	neg. 5-10%	revised
	- Operational EBITDA, %*		~9.0%	9.0-9.3%	
	NKT Photonics				
- Organic growth		~10%	Unchanged		
- Operational EBITDA, %		12-14%	Unchanged		

* Std. metal prices

Nilfisk

Expectations for organic growth and operational EBITDA margin are unchanged, and one-offs are still expected to be approx. EUR 20m.

NKT Cables

Operational EBITDA margin (std. metal prices) is now expected to be 9.0-9.3%, against approx. 9.0% previously anticipated driven by both the Projects and the Products business. Expected organic growth has been revised to negative 5-10%, against ~-5% previously anticipated. This change mainly relates to the impact of the supplier quality issues seen in 1st half 2016 and declining revenue in APAC. The supplier quality issues will not impact earnings as NKT Cables expects to be fully compensated. One-offs are still expected to be approx. EUR 40m.

NKT Photonics

Expectations for organic growth and operational EBITDA margin are unchanged.

NKT SHARES BASIC DATA

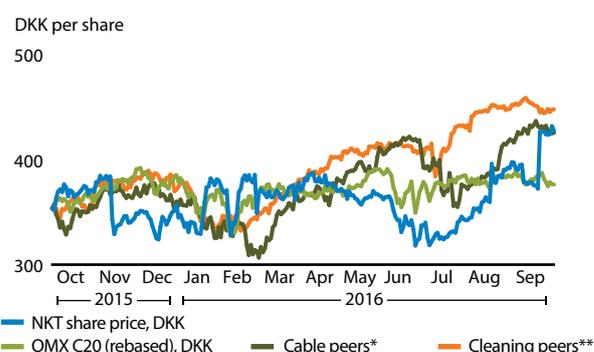
ID code:	DK0010287663
Listing:	Nasdaq Copenhagen, LargeCap
Share capital:	EUR 72m (DKK 537m)
Number of shares:	26,8 million
Nominal value:	DKK 20
Share classes:	1

NKT shares

In Q3 2016 the daily turnover in NKT shares on all exchanges averaged EUR 10m compared with EUR 8m in Q3 2015. An average of 204,000 NKT shares was traded daily in Q3 2016 compared with 153,000 in Q3 2015. Nasdaq Copenhagen is the main trading market for NKT shares with 49% of the total traded volume.

At end-September 2016, NKT's share price was DKK 427.40 against DKK 356.90 at 31 December 2015. Including the effect of the dividend payment made in March 2016 (DKK 4.0), this represents a 21% increase since the year-end.

NKT share price



* NKT Cables peers are: Nexans S.A., Prysmian S.p.A., and General Cable Corp.

** Nilfisk peers are: Husqvarna AB, Stanley Black & Decker, Inc., Tennant Company, and the Toro Company.

As at end-September 2016, two NKT investors reported shareholdings of more than 5%: ATP (Denmark) and Nordea Funds Oy, Danish Branch.

Events after balance sheet date

In October, NKT utilised its authorisation to raise new equity of up to 9.99% of the company's share capital and sold its treasury shares, equivalent to 3.89% of the share capital, cf. Company Announcements No. 48-50 of 4-7 October 2016 and page 5 of this report.

On 24 October 2016, KIRKBI Invest A/S reported shareholdings of more than 5%, cf. Company Announcement No. 51.

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 - 30 September 2016.

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 30 September 2016 and the results of the Group's activities and cash flow for the period 1 January - 30 September 2016.

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, 11 November 2016

Group Executive Director

Michael Hedegaard Lyng

Board of Directors

Jens Due Olsen, Chairman

René Svendsen-Tune, Deputy Chairman

Niels-Henrik Dreesen

René Engel Kristiansen

Jens Maaløe

Gitte Toft Nielsen

Jutta af Rosenborg

Anders Runevad

Lars Sandahl Sørensen

Income statement

Amounts in EURm	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Year 2015
Revenue	519.0	523.3	1,557.8	1,682.5	2,223.6
Earnings before interest, tax, depreciation and amortisation (EBITDA)	6.2	31.8	92.9	119.5	152.0
Depreciation and impairment of property, plant and equipment	-11.9	-11.6	-35.6	-72.9	-85.1
Amortisation and impairment of intangible assets	-15.1	-7.1	-31.6	-24.7	-32.7
Earnings before interest and tax (EBIT)	-20.8	13.1	25.7	21.9	34.2
Financial items, net	-2.1	-3.4	-6.2	-4.1	-6.1
Earnings before tax (EBT)	-22.9	9.7	19.5	17.8	28.1
Tax	-1.9	-0.4	-13.5	-24.1	-26.9
Net Profit	-24.8	9.3	6.0	-6.3	1.2
To be distributed thus:					
Profit attributable to equity holders of NKT Holding A/S	-24.8	9.3	6.0	-6.5	1.0
Profit attributable to non-controlling interest	0.0	0.0	0.0	0.2	0.2
	-24.8	9.3	6.0	-6.3	1.2
Basic earnings, EUR per outstanding share (EPS)	-1.0	0.4	0.3	-0.3	0.0
Diluted earnings, EUR per share (EPS-D)	-1.0	0.4	0.3	-0.3	0.0

Cash flow

Amounts in EURm	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Year 2015
Earnings before interest, tax, depreciation and amortisation (EBITDA)	6.2	31.8	92.9	119.5	152.0
Financial items, net	-2.1	-3.4	-6.2	-4.1	-6.1
Changes in provisions, tax paid, non-cash operating items, profit on sales of non-current assets, etc.	8.6	-1.2	-7.1	-4.7	-14.4
Changes in working capital	35.4	9.2	-11.9	-56.8	41.7
Cash flow from operating activities	48.1	36.4	67.7	53.9	173.2
Acquisition of business	-0.2	-1.8	-53.2	-17.5	-29.1
Divestment of business	0.0	4.5	0.0	4.5	6.0
Investments in property, plant and equipment	-9.0	-7.8	-27.3	-21.1	-39.0
Disposal of property, plant and equipment	0.1	0.9	1.5	1.9	3.9
Intangible assets and other investments, net	-10.8	-7.3	-28.7	-21.2	-29.7
Cash flow from investing activities	-19.9	-11.5	-107.7	-53.4	-87.9
Free cash flow	28.2	24.9	-40.0	0.5	85.3
Changes in non-current loans from credit institutions	-22.9	-48.1	46.8	22.8	-35.7
Changes in current loans from credit institutions	5.9	-1.1	12.7	-37.3	-43.6
Non-controlling interests	-0.8	0.0	-3.8	0.0	0.0
Share buyback programme	-17.0	0.0	-41.8	0.0	0.0
Dividends paid	0.0	0.0	-13.0	-13.0	-13.0
Cash from exercise of warrants, etc.	1.2	0.0	7.5	11.3	11.3
Cash flow from financing activities	-33.6	-49.2	8.4	-16.2	-81.0
Net cash flow	-5.4	-24.3	-31.6	-15.7	4.3
Cash at bank and in hand at the beginning of the period	31.1	64.1	58.3	50.1	50.1
Currency adjustments	0.1	-2.1	-0.9	3.3	3.9
Net cash flow	-5.4	-24.3	-31.6	-15.7	4.3
Cash at bank and in hand at the end of the period*	25.8	37.7	25.8	37.7	58.3
*Including cash classified as held for sale of:	3.0	0.0	3.0	0.0	0.0

Balance sheet

Amounts in EURm	30 September 2016	30 September 2015	31 December 2015
Assets			
Intangible assets	366.1	319.7	333.2
Property, plant and equipment	334.4	361.9	367.2
Other non-current assets	84.5	89.7	86.6
Total non-current assets	785.0	771.3	787.0
Inventories	349.8	380.0	342.5
Receivables and income tax	459.4	546.9	495.8
Cash at bank and in hand	22.8	37.7	58.3
Assets held for sale	111.6	0.0	0.0
Total current assets	943.6	964.6	896.6
Total assets	1,728.6	1,735.9	1,683.6
Equity and liabilities			
Equity attributable to equity holders of NKT Holding A/S	760.2	798.8	808.6
Non-controlling interest	0.0	0.9	0.9
Total equity	760.2	799.7	809.5
Deferred tax	42.5	40.7	42.9
Pension liabilities	54.6	59.0	55.0
Provisions	20.8	19.6	19.6
Interest-bearing loans and borrowings	185.0	202.3	143.9
Total non-current liabilities	302.9	321.6	261.4
Interest-bearing loans and borrowings	15.7	13.2	11.6
Trade payables and other liabilities	568.0	601.4	601.1
Liabilities associated with assets held for sale	81.8	0.0	0.0
Total current liabilities	665.5	614.6	612.7
Total liabilities	968.4	936.2	874.1
Total equity and liabilities	1,728.6	1,735.9	1,683.6

Comprehensive income and Equity

Amounts in EURm	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Year 2015
Comprehensive income					
Net profit	-24.8	9.3	6.0	-6.3	1.2
Other comprehensive income:					
<i>Items that may not be reclassified to income statement:</i>					
Actuarial gains/(losses) on defined benefit pension plans	0.0	0.0	0.0	0.0	1.7
<i>Items that may be reclassified to income statement:</i>					
Currency adjustment of foreign subsidiaries and value adjustment of hedging instruments, etc.	-0.2	-13.1	-4.4	5.5	6.0
Total comprehensive income for the period	-25.0	-3.8	1.6	-0.8	8.9
Statement of changes in equity					
Group equity, 1 January			809.5	802.0	802.0
Total comprehensive income for the period			1.6	-0.8	8.9
Share-based payment			0.2	0.2	0.3
Dividends on treasury shares			0.1	0.0	0.0
Additions/disposal of non-controlling interest			-3.8	0.0	0.0
Exercise of warrants			7.5	11.3	11.3
Share buyback programme			-41.8	0.0	0.0
Dividend adopted at annual general meeting			-13.1	-13.0	-13.0
Group equity at the end of the period			760.2	799.7	809.5

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 2015 Annual Report, to which reference should be made. The 2015 Annual Report contains the full text of the accounting policies.

NKT has implemented the standards and interpretations that become effective for 2016. The implementation of standards and interpretations has not influenced recognition and measurement in 2016 or is expected to influence future financial years.

Regarding **accounting estimates**, please refer to Note 1.1 on page 57 of the 2015 Annual Report. Regarding **risks**, please refer to Note 6.6 on page 89 of the 2015 Annual Report and the information contained in the section on risk management on page 38 of the Annual Report.

On 2 April 2014 NKT received a fine of DKK 29m following the investigation conducted by the European Commission into alleged price-fixing activities in the power cables industry; cf. Company Announcement No. 8 2014. 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 was substantially limited and the fine is considerably smaller than those imposed on other cable

manufacturers, NKT disagrees with the Commission's decision and therefore has filed an appeal. As a consequence of the Commission's decision, NKT and other power cables producers face exposure to claims for damages in proceedings brought by customers or other third parties, including two claims that have been filed by respectively National Grid and Scottish Power in the UK. In line with its appeal against the Commission's decision, NKT contests any civil damages claim that is based on this Commission decision.

Early in 2016, quality issues were discovered by NKT Cables in supplies of certain raw materials. These issues were entirely outside NKT Cables' control and necessary corrective actions were taken by the supplier. The number of products affected was identified and initial tests revealed no impact on product operational performance or lifetime. However, planned production flow in 1st half 2016 was delayed as it was decided to remanufacture certain products as a preventive measure. Negotiations with the supplier regarding compensation is ongoing.

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 2016', 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 2016 are included in the Management's review.

Notes

2 - SEGMENT REPORTING

Amounts in EURm	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Year 2015
Revenue					
Nilfisk	250.3	230.5	782.2	724.7	971.5
NKT Cables, revenue in market prices	257.9	282.0	748.7	929.9	1,211.9
NKT Photonics	10.8	10.8	26.9	27.9	40.6
Elimination of transactions between segments	0.0	0.0	0.0	0.0	-0.4
NKT revenue in market prices	519.0	523.3	1,557.8	1,682.5	2,223.6
<i>NKT Cables, revenue in std. metal prices</i>	<i>196.3</i>	<i>197.2</i>	<i>559.7</i>	<i>647.0</i>	<i>857.5</i>
<i>NKT, revenue in std. metal prices</i>	<i>457.4</i>	<i>438.5</i>	<i>1,368.8</i>	<i>1,399.6</i>	<i>1,869.2</i>
Operational EBITDA					
Nilfisk	26.6	21.2	86.3	74.4	97.9
NKT Cables	20.5	14.7	54.1	61.8	77.0
NKT Photonics	0.9	1.4	0.3	0.4	3.7
Parent company, etc. ¹⁾	-0.6	-0.6	-2.1	-2.6	-3.4
NKT operational EBITDA	47.4	36.7	138.6	134.0	175.2
Earnings, EBITDA					
Nilfisk	17.5	21.2	77.2	74.4	97.9
NKT Cables	-11.6	9.8	17.5	47.3	53.8
NKT Photonics	0.9	1.4	0.3	0.4	3.7
Parent company, etc. ¹⁾	-0.6	-0.6	-2.1	-2.6	-3.4
NKT EBITDA	6.2	31.8	92.9	119.5	152.0
Segment profit, EBIT					
Nilfisk	0.9	12.2	41.1	49.5	63.7
NKT Cables	-21.0	0.9	-10.6	-20.2	-23.6
NKT Photonics	-0.1	0.6	-2.7	-4.8	-2.5
Parent company, etc. ¹⁾	-0.6	-0.6	-2.1	-2.6	-3.4
NKT EBIT	-20.8	13.1	25.7	21.9	34.2
Capital employed					
Nilfisk			520.1	513.9	501.6
NKT Cables			374.4	437.6	381.3
NKT Photonics			45.0	20.8	19.2
Parent company, etc. ¹⁾			-4.7	-4.9	-3.7
NKT Capital employed			934.8	967.4	898.4

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

Notes

3 - ACQUISITION OF BUSINESSES

Amounts in EURm (preliminary)		Nilfisk acquisition	NKT Photonics acquisition	Total
<i>Non-current assets</i>	Intangible assets	16.1	12.3	28.4
	Tangible assets	0.8	0.2	1.0
	Deferred tax	0.0	1.3	1.3
<i>Current assets</i>	Inventories	5.4	2.4	7.8
	Receivables	4.1	1.4	5.5
	Cash at bank and in hand	0.0	0.2	0.2
<i>Non-current liabilities</i>	Deferred tax	-0.1	-2.5	-2.6
<i>Non-current liabilities</i>	Provisions	-0.2	-0.6	-0.8
<i>Current liabilities</i>	Interest-bearing loans and borrowings	0.0	-0.7	-0.7
	Payables and provisions	-3.2	-2.0	-5.2
	Net assets acquired	22.9	12.0	34.9
	Goodwill	5.9	13.9	19.8
	Purchase consideration	28.8	25.9	54.7
	Cash acquired	0.0	-0.2	-0.2
	Deferred contingent purchase consideration	0.0	-1.3	-1.3
	Cash purchase consideration	28.8	24.4	53.2
	Interest-bearing loans and borrowings acquired	0.0	0.7	0.7
	Total effect on net interest bearing debt	28.8	25.1	53.9

Goodwill represents the value of personnel and anticipated synergies arising from merger of the Group's existing activities

Effective from 1 January 2016, Nilfisk acquired Pressure-Pro, Inc., a leading manufacturer of high-pressure washers headquartered in Florida, US, cf. Company Announcement No. 22 2015.

Pressure-Pro manufactures both cold and hot water high-pressure washers and has a nationwide distributor and dealer network. Annual revenue is approx. EUR 38m and Pressure-Pro has 90 employees.

NKT Photonics acquired Fianium Holdings Ltd. with effect from 31 March 2016, cf. Company Announcement No. 11 2016.

Fianium Holdings Ltd. supplies both ultra-fast and supercontinuum fiber lasers and has a strong presence in the US, combined with a global distribution network. In 2015, Fianium Holdings Ltd. realised revenue of EUR 9m and has 54 employees.

Notes

4 - ASSETS HELD FOR SALE

NKT Cables China activities and NKT Cables Automotive Cable activities

Amounts in EURm

Disposal groups held for sale:	
Intangible assets	1.9
Property, plant and equipment	20.9
Inventories	18.4
Receivables	67.4
Cash	3.0
Total assets held for sale	111.6
Interest-bearing loans and borrowings	4.4
Trade payables and other liabilities	77.4
Total liabilities associated with assets held for sale	81.8

End-September NKT Cables entered into an agreement to divest all its Chinese business activities. A write down of EUR 28.1m was recognised as one-off costs in Q3 2016. The transaction is expected to be closed in 2016. Please refer to page 13.

After balance sheet date, NKT Cables entered into an agreement to divest its Automotive Cable activities. The closing of the

transaction is expected to take place in Q1 2017. Please refer to page 13.

Assets and liabilities of these divestments was classified as disposal groups held for sale. Assets and liabilities are specified in the table above.

Notes

5 - EXPLANATORY COMMENTS TO FINANCIAL HIGHLIGHTS

Items below refer to the Financial Highlights contained on page 2.

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. **Operational earnings before interest and tax (Oper. EBIT)** - Earnings before interest and tax (EBIT) adjusted for one-off items.
4. **Net interest-bearing debt** - Cash, investments and interest-bearing receivables less interest-bearing debt.
5. **Capital employed** - Group equity plus net interest-bearing debt.
6. **Working capital** - Current assets minus current liabilities (excluding interest-bearing items and provisions).
7. **Net interest-bearing debt relative to operational EBITDA** - Operational EBITDA is calculated on a rolling 12-months basis (LTM).
8. **Solvency ratio (equity as a percentage of total assets)** - Equity excl. non-controlling interest as a percentage of total assets.
9. **Return on capital employed (RoCE)** - Operational EBIT as a percentage of average capital employed. Calculated on a rolling 12-months basis (LTM).
10. **Earnings, EUR per outstanding share (EPS)** - Earnings attributable to equity holders of NKT Holding A/S relative to average number of outstanding shares (EPS).
11. **Equity value, EUR 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 warrants plan for Group Management and employees is not included in this ratio.

Statements made about the future in this report reflect the Group Management's current expectations with regard to future events and financial results. Statements about the future are by their nature subject to uncertainty, and the results achieved may therefore differ from the expectations, among other things due to economic and financial market developments, legislative and regulatory changes in NKT markets, development in product demand, competitive conditions, and energy and raw material prices. See also latest Annual Report for a more detailed description of risk factors.

NKT Holding A/S disclaims any liability to update or adjust statements about the future or the possible reasons for differences between actual and anticipated results except where required by legislation or other regulations

NKT's Interim Report Q3 2016 was published on 11 November 2016 and released through Nasdaq Copenhagen. The report is also available at www.nkt.dk.

NKT Holding A/S, Vibeholms Allé 25, DK-2605 Brøndby, Denmark. Company reg. No. 62 72 52 14.
Photos: Courtesy of NKT subsidiaries.

Investor Relations contact

Lasse Snejbjerg
Tel. +45 4348 2000
ir@nkt.dk