



NKT

NKT A/S, Vibeholms Allé 25, DK-2605 Brøndby, Company Reg. No. 62 72 52 14

Interim Report Q1 2017

CONTENTS

Management's review	
Intention to split NKT A/S	2
Key messages	3
NKT	4
NKT Photonics	9
Group financials	11
Shareholder information	12
Group Management's statement	13
Income statement	14
Cash flow	15
Balance sheet	16
Comprehensive income and equity	17
Notes	18
Financial highlights	23

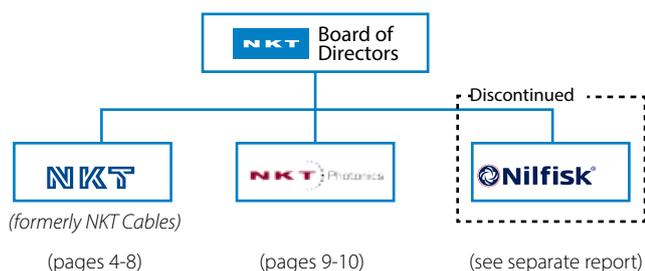
Intention to split NKT A/S into two listed entities

The Board of Directors of NKT A/S (formerly NKT Holding A/S) intends to split the company into two separately listed entities, cf. Company Announcement No. 45 of 21 September 2016. The timing of the decision was linked to the acquisition of ABB HV Cables, which closed at 1 March 2017.

Following the intended split, NKT A/S will consist of two standalone companies; NKT (formerly NKT Cables) including ABB HV Cables, and NKT Photonics. Both entities will continue to report directly to the Board of Directors of NKT A/S. Nilfisk will be a separately listed entity.

At the Annual General Meeting held on 21 April 2017 the Board of Directors received the mandate to proceed with the split-up process, which is expected to take place in 2nd half 2017. The name change from NKT Holding A/S to NKT A/S was also approved.

Current company structure before the intended split



NKT A/S Q1 2017 key financials

EURm	NKT (formerly NKT Cables)	NKT Photonics	Nilfisk (discontinued)
Revenue	185.2*	7.5	269.0
Operational EBITDA	17.8	-2.1	35.1**
EBITDA	3.2	-2.1	30.9
EBIT	-7.5	-3.1	30.9***

* std. metal prices, ** before special items, *** Depreciations and amortisations in accordance with IFRS rules for discontinued operations

NILFISK AS DISCONTINUED OPERATIONS

Due to the intended split of NKT A/S, Nilfisk is treated as discontinued operations in the present Q1 2017 Interim Report, which focuses on the continuing business, comprising NKT and NKT Photonics.

Nilfisk's financial performance may be viewed in the Nilfisk Q1 2017 Interim Report at www.nilfisk.com. As part of this report Nilfisk maintains its financial outlook for 2017 of organic growth of 2-4% and an EBITDA margin before special items of 11-11.5%, which is unchanged from the 2016 Annual Report.

The treatment of Nilfisk as discontinued operations is in accordance with IFRS and affects the present Interim Report accordingly:

Income Statement

Nilfisk figures are excluded in 2016 and Q1 2017 and comparative figures are adjusted accordingly. Notes and KPI's are based on NKT A/S's continuing business.

Balance Sheet

Nilfisk items are classified as assets held for distribution to owners as from December 2016. KPI's such as RoCE and NIBD leverage include discontinued operations.

A full specification of Nilfisk's Income and Balance Sheet statements is presented in Note 4.2 in the present Interim Report.

Key messages

The acquisition of ABB HV Cables was completed on 1 March 2017 and marks an important step into the future for NKT. The **financial development in Q1 2017 was in line with expectations** and the **financial outlook for 2017, published on 11 April 2017, is reconfirmed**



The acquisition of ABB HV Cables improved the operational EBITDA margin of NKT in Q1 2017

- Q1 2017 revenue* amounted to EUR 185.2m, up from EUR 163.3m in Q1 2016 driven by the acquisition of ABB HV Cables
- Q1 2017 organic growth was -8% due to timing of revenue distribution in the Projects business
- Operational EBITDA was EUR 17.8m, up by EUR 5.7m, due to the acquisition of ABB HV Cables and improved performance in the remaining part of the business
- The acquisition of ABB HV Cables was completed on 1 March 2017 and integration of the business is on track

All-time high sales pipeline in Q1 2017. Financial performance as expected

- Q1 2017 revenue amounted to EUR 7.5m against EUR 7.2m in Q1 2016 driven by the acquisition of Fianium
- In line with expectations, organic growth was -18% in Q1 2017 due to quarterly revenue fluctuations. Return to positive organic growth is anticipated again in Q2 2017
- Operational EBITDA was EUR -2.1m, slightly down against Q1 2016, due to investments in future growth opportunities
- The sales pipeline reached an all-time high in Q1 2017 reflecting NKT Photonics' strengthened position in the market

2017 financial outlook reconfirmed

The financial outlook for 2017 for NKT and NKT Photonics remains unchanged.

For 2017, NKT expects revenue* of approx. EUR 1.1bn, and operational EBITDA of approx. EUR 140m. This confirms the updated financial outlook issued in Company Announcement No. 8 of 11 April 2017.

NKT Photonics expects organic growth of approx. 10% and operational EBITDA margin of approx. 15% in 2017, which is unchanged from the financial outlook published in the 2016 Annual Report.

Amounts in EURm	NKT (formerly NKT Cables)		NKT Photonics	
	Q1 2017	Q1 2016	Q1 2017	Q1 2016
Revenue	273.8	223.0	7.5	7.2
Organic growth	-8%	-24%	-18%	11%
Operational EBITDA	17.8	12.1	-2.1	-0.3
Operational EBITDA margin	9.6%*	7.4%*	neg.	neg.
Working capital	-35.2	103.4	12.2	9.0
Working capital % of revenue, LTM	6.4%	11.6%	25.6%	24.2%
RoCE	9.5%	8.2%	neg.	neg.

* Std. metal prices



Q1 2017 added **a milestone to the history of NKT**. The acquisition of ABB HV Cables was completed and is a key element in the EXCELLENCE 2020 strategy. Q1 2017 **financial development was as expected**

NKT CABLES CHANGES NAME TO



As of 2 May 2017, NKT Cables was renamed NKT. The new name and corporate brand not only reflect the proud history of NKT, but underline the company's transition towards a project-driven turnkey solution provider, a development accelerated by the acquisition of ABB HV Cables. The new NKT will continue to be listed on the stock exchange after the intended split from Nilfisk, cf. page 2, ready to embrace and drive technology change within the power cable industry.

An updated corporate visual identity will be introduced as part of the name change. In the coming months, websites, marketing materials and back office systems will all be changed accordingly.

Key financials

Amounts in EURm

	Q1 2017	Q1 2016	FY 2016
Income statement			
Revenue	273.8	223.0	1,003.7
Revenue in std. metal prices	185.2	163.3	750.4
Operational EBITDA	17.8	12.1	72.5
EBITDA	3.2	9.7	26.2
Depreciations and amortisations	-10.7	-9.4	-36.8
Operational EBIT	7.1	2.7	35.7
EBIT	-7.5	0.3	-10.6
Financial items, net	-1.6	-1.5	-3.0
EBT	-9.1	-1.2	-13.6
Profit for the year	-5.5	-1.8	-22.3
Cash flow			
Cash flow from operating activities	-23.0	-11.2	33.7
Cash flow from investing activities excl. acq. & div.	-12.5	-4.6	-31.5
Free cash flow	-35.5	-15.8	2.2
Balance sheet			
Capital employed	1,006.7	393.7	348.4
Working capital	-35.2	103.4	57.8
Financial ratios and employees			
Organic growth	-8%	-24%	-10%
Gross margin	45.2%	40.6%	43.4%
Operational EBITDA margin*	9.6%	7.4%	9.7%
RoCE	9.5%	8.2%	9.3%
Full-time employees, end of period	3,703	3,181	2,769

* Std. metal prices

Revenue development and organic growth

Amounts in EURm	Q1 2017
Q1 2016 revenue*	163.3
Currency effect	-1.2
Acquisitions**	46.6
Divestments	-8.2
Q1 2016 adjusted revenue*	200.5
Organic growth*	-15.3
Q1 2017 revenue*	185.2
Organic growth %	-8%

Organic growth as expected

NKT delivered -8% organic growth in Q1 2017 (-1% excluding ABB HV Cables). For calculation of organic growth, pro forma revenue for the acquired ABB HV Cables activities for the prior year has been included in the calculation. Organic growth for the Projects business was negatively impacted by monthly timing of revenue in the newly acquired ABB HV Cables business, which experienced a particularly strong March 2016. Excluding the acquired activities, organic growth for the Projects division was 11%. The development was as expected with negative growth in the Products business.

Revenue* in Q1 2017 was EUR 185.2m, up from EUR 163.3m in Q1 2016. The revenue in Q1 2017 included EUR 32.1m from the acquired ABB HV Cables' activities, which were financially consolidated into NKT as of 1 March 2017.

Operational EBITDA up by EUR 5.7m

NKT delivered operational EBITDA of EUR 17.8m in Q1 2017, an increase of 47% compared to EUR 12.1m for Q1 2016. The increase was driven by the addition of EUR 5.3m from the acquired ABB HV Cables' activities supplemented by positive development in the rest of the business. Operational EBITDA margin* was 9.6%, up 2.2%-points against the same period in 2016. As previously communicated, Q1 2017 was a seasonally low quarter operationally, and increased quarterly earnings are expected from Q2 2017.

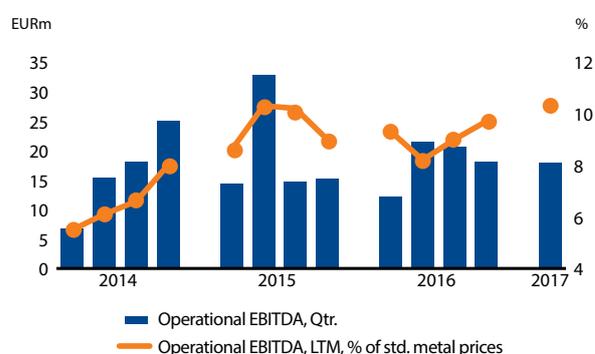
Operational EBITDA margin, LTM increased by 0.4%-points from end-2016 to 10.1%. The positive development is expected to continue in the coming quarters towards the level outlined in the outlook for 2017.

One-off costs were EUR 14.6m in Q1 2017. The acquisition of ABB HV Cables led to transaction-related costs of EUR 7.0m and integration costs of EUR 6.0m, both expensed in Q1 2017. EUR 1.2m related to implementation of EXCELLENCE 2020. The remaining EUR 0.4m comprised costs related to the intended split of NKT and Nilfisk into two listed entities.

* Std. metal prices

** Based on pro forma revenue

Operational EBITDA



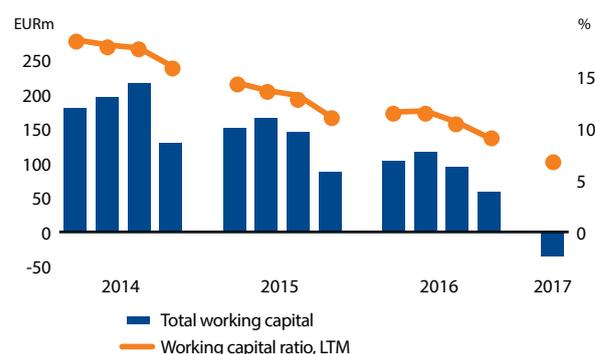
Working capital improved

The project-driven nature of the acquired ABB HV Cables' business had significant positive impact on working capital. At end-Q1 2017, working capital amounted to EUR -35.2m, a reduction of almost EUR 140m from end-Q1 2016. Working capital ratio was reduced from 9.6% at end-2016 to 6.4% at end-March 2017. The integration of the ABB HV Cables' activities is ongoing implying that adjustments on balance sheet items may occur subject to finalisation of the purchase price allocation.

RoCE continued positive

Capital employed increased significantly from EUR 393.7m in Q1 2016 to EUR 1,006.7m in Q1 2017 due to the acquisition of ABB HV Cables' activities. However, the continued profitability improvement resulted in RoCE of 9.5% in Q1 2017, up from 8.2% in Q1 2016. The calculation of RoCE for Q1 2017 has been adjusted to reflect that the acquired ABB HV Cables activities have been part of NKT from 1 March 2017.

Working capital





Acquisition of ABB's high-voltage cables business

The acquisition of ABB HV Cables was closed on 1 March 2017, cf. Company Announcement No. 4 of 1 March 2017, and the activities were financially consolidated into NKT as of that date.

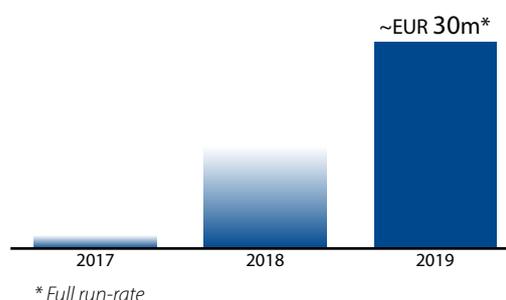
With this acquisition, NKT has created a leading on- and offshore high-voltage power cables company with strong growth potential. The combined business will have two state-of-the-art high-voltage manufacturing facilities in Cologne, Germany and in Karlskrona, Sweden.

The integration of the acquired business is on track and many new skilled colleagues have been welcomed. The NKT Projects business, which comprises high-voltage AC/DC on- and offshore cables and related installation and service, is headed by Andreas Berthou, former SVP of ABB HV Cables, who has consequently joined the NKT management team, with full responsibility for the entire Projects business.

Expected synergies reconfirmed

The expectations of annual run-rate synergies of approx. EUR 30m by end-2018 are unchanged. Realised synergies in 2017 are expected to be limited due to strong focus on timely execution of the existing order backlog. The synergy potential lies in three different areas: 1) Commercial synergies focusing on revenue and project optimisation, 2) Bottom line synergies focusing on i.a. procurement and IT optimisations, and 3) Manufacturing synergies focusing on optimising production in the factories.

Expected realisation of synergies



* Std. metal prices



The NKT Victoria State-of-the-Art cable-laying vessel

The acquisition of the ABB HV Cables business will have significant financial impact on NKT in 2017. However, the impact in Q1 2017 was limited, with added revenue* of EUR 32.1m and operational EBITDA of EUR 5.3m. The impact is expected to be greater in the coming quarters, with the highest earnings contribution expected to be realised in Q2 and Q3 2017.

As the acquired ABB HV Cables was not a stand-alone entity within the ABB Group, it did not have reported stand-alone historical financial statements. The historical figures are therefore presented on a pro forma basis as provided by ABB. The proforma revenue* of the ABB HV Cables business was EUR 364m** in 2016.

NKT Victoria to consolidate status as leading turnkey provider

The delivery of NKT Victoria, a new state-of-the-art cable-laying vessel, which was included as part of the acquisition took place on 10 April 2017. This advanced vessel will enable NKT to offer customers complete turnkey solutions, thereby further strengthening its leading position in the high-voltage offshore industry. On 4 May 2017, the vessel was officially named at a well-visited ceremony, after which the vessel headed for its first project in Scotland.

Ownership of NKT Victoria will provide NKT with increased project flexibility and reduce risk on project execution.

Integration into existing organisational structure

The acquired ABB HV Cables activities have been consolidated into the existing NKT reporting structure comprising Projects and Products. The major part of revenue, related to operations in Karlskrona, was included in the Projects business. A minor part of revenue, related to accessories, was included in the Products business.

With the inclusion of ABB HV Cables, the acquired net assets are recognised at fair value, and the description of the distribution is shown in Note 3 on page 20 in this report. As the integration is ongoing and the accounting estimates are based on information currently available, the items will be subject to finalisation of the purchase price allocation.

* Std. metal prices

** Based on pro forma revenue

PROJECTS



Organic growth in the Projects business varies with the characteristics of the underlying backlog, which makes quarterly comparison less relevant. The negative organic growth in Q1 2017 was due to timing of monthly revenue in the acquired ABB HV Cables activities, where revenue in the comparison period of 2016 was particularly strong. The remaining part of the Projects business delivered organic growth of 11% in Q1 2017.

Q1 2017 saw satisfactory execution by NKT on a number of high-voltage offshore wind farm projects; Hornsea Project One with operations both in Cologne and Karlskrona, Race Bank and Galloper, as well as the Caithness Moray and Nordlink high-voltage projects. The high-voltage onshore business, however, developed slightly below expectations. The AC onshore market remains challenging and continues to be negatively impacted by overcapacity. NKT has initiated a number of measures in this part of the business, including reorganising sales functions and improving project execution in pursuit of increased capacity utilisation of high-voltage onshore production lines.

At the end of Q1 2017, NKT had a high-voltage order backlog of EUR 1.15bn.

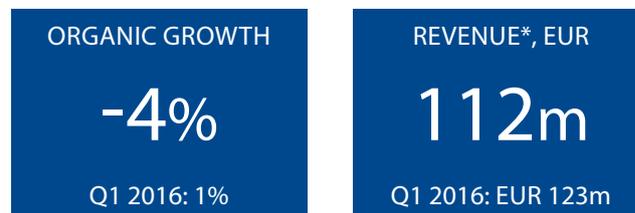
Introducing the world's most powerful DC cable system

In April 2017, NKT announced that its new, world-record 640 kV XLPE underground DC cable system had been successfully tested and qualified. The commercialisation of this system with advanced material technology will increase the maximum power transmission of cable systems by 20% and allow better integration of distant renewable energy sources into the global energy networks.

The new, higher-power cable system will be an important step towards more cost-efficient interconnector systems that will enable transmission of power between distant power grids and remote solar, hydro-power or wind installations with minimum energy loss.

* Std. metal prices

PRODUCTS



The organic growth of -4% in Q1 2017 reported by the Products business should be seen against a Q1 2016 positively impacted by the so-called "photo-year" effect in Central Europe, where demand from utilities for medium-voltage products was higher than usual.

During Q1 2017 the Products business developed positively in the Scandinavian markets and also in UK. Sales of both low- and medium-voltage products performed better than expected. However, the competitive situation in Central Europe and especially Poland proved slightly more challenging than anticipated, with overcapacity continuing to put pressure on the low-voltage segments. Furthermore, the slowdown in the global railway market continued into 2017, which led to negative Q1 2017 growth for the railway business. The accessories business developed in line with expectations.

Divestment of Automotive completed

In October 2016, NKT entered into an agreement to divest its Automotive operations to the German-based Wilms Group. Although a profitable business servicing several large customers, Automotive was not core to NKT. The divestment, which included a plant in Vrchlaví, Czech Republic, with approx. 400 employees, was closed on 30 April 2017.



NKT Photonics recorded an **all-time high sales pipeline**, and financial performance, impacted by quarterly fluctuations was as expected

Key financials

Amounts in EURm	Q1 2017	Q1 2016	FY 2016
Income statement			
Revenue	7.5	7.2	43.1
Operational EBITDA	-2.1	-0.3	6.3
EBITDA	-2.1	-0.3	6.3
Depreciations and amortisations	-1.0	-0.7	-4.8
Operational EBIT	-3.1	-1.0	1.5
EBIT	-3.1	-1.0	1.5
Financial items, net	-0.3	-0.2	-1.2
EBT	-3.4	-1.2	0.3
Profit for the year	-2.4	-1.1	0.2
Cash flow			
Cash flow from operating activities	1.5	1.0	-1.4
Cash flow from investing activities excl. acq. & div.	-1.0	-0.5	-3.3
Free cash flow	0.5	0.5	-4.7
Balance sheet			
Capital employed	46.3	43.0	49.3
Working capital	12.2	9.0	18.5
Financial ratios and employees			
Organic growth	-18%	11%	7%
Gross margin	65.5%	74.2%	70.9%
Overhead cost ratio	71.7%	57.9%	44.6%
Operational EBITDA margin	neg.	neg.	14.7%
RoCE	neg.	neg.	4.1%
Full-time employees, end of period	254	239	240

Financial development temporarily impacted by acquisition

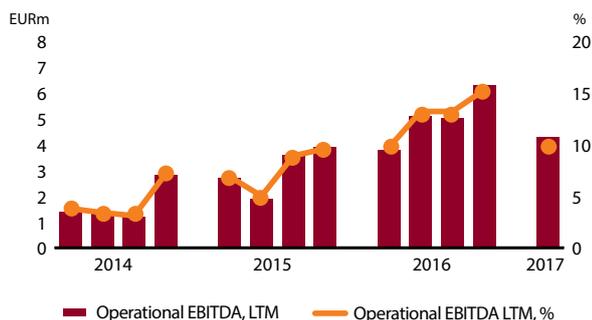
Q1 2017 development in NKT Photonics was skewed due to quarterly fluctuations in the Fianium business, which was acquired at end-Q1 2016.

Revenue was up EUR 0.3m, while organic growth was -18% mainly due to an unusually strong Q1 2016 for the Fianium business. Positive organic growth is expected for both Q2 and 1st half 2017.

EBITDA amounted to EUR -2.1m compared with EUR -0.3m in Q1 2016. This development was partly due to an increased cost base and a higher number of full-time employees, mainly related to the Fianium business. Furthermore, gross margins were slightly lower in Q1 2017 due to changes in the product mix.

Working capital increased by EUR 3.2m compared with Q1 2016 mainly due to increases in inventory to facilitate future increased demand.

Operational EBITDA



All-time high order pipeline

The sales pipeline reached a record-high level in Q1 2017 driven by the Imaging & Metrology and Material Processing segments. This development reflected both a stronger market position for NKT Photonics and also a generally high activity level in the photonics industry. The number of customer quotation requests was also the highest ever recorded in a single quarter.

In February 2017, NKT Photonics participated at Photonics West in San Francisco, one of the world's leading photonics exhibitions, and for the first time presented its complete product portfolio, including the LIOS temperature sensing systems. Lead generation at the show was significant. NKT Photonics also attended the Laser China Show with its own booth and full product line for the first time.

IMAGING & METROLOGY

Organic growth in Imaging & Metrology was impacted by the Q1 2016 performance of Fianium. Adjusted for this, organic growth was positive. In Q1 2017, good progress was recorded in execution of development agreements and frame contracts with a number of industrial customers within the semiconductor industry, microelectronics and bio-imaging. In line with the positive trend in the photonics industry, several customers accelerated their projects, adding new applications to their orders. NKT Photonics also delivered a significant number of lasers to semiconductor production lines in China.

SENSING & ENERGY

The Q1 2017 performance in Sensing & Energy was impacted by customer-side delays on a number of projects. At the same time, several new service contracts and supply agreements were awarded in the US.

MATERIAL PROCESSING

Material Processing constitutes the company's fastest growing business segment. Organic growth in Q1 2017 was driven by continued execution on NKT Photonics' largest ever fiber order. Awarded in Q1 2016 this order comprises delivery of a large quantity of optical fibers for ultrafast lasers. In addition, another big frame contract relating to gain modules for ultrafast fiber lasers was awarded in Q1 2017.

Group financials

Improving operational EBITDA driven by acquisition

NKT A/S' operational EBITDA amounted to EUR 15.7m in Q1 2017, up from EUR 11.1m in Q1 2016. The operational EBITDA margin* was 8.1%, compared with 6.5% in the same period last year. The positive development was primarily driven by the completed acquisition of ABB HV Cables on 1 March 2017. The operational EBITDA in Other, including the parent company, was zero (EUR -0.7m in Q1 2016) as the costs were included in NKT, NKT Photonics and Nilfisk.

Operational EBITDA including Nilfisk (discontinued operation) was EUR 50.8m in Q1 2017, up 33% from EUR 38.3m in Q1 2016.

Financial items, earnings and tax

Net financial items were EUR -1.9m in Q1 2017 against EUR 1.5m in Q1 2016. Impacted by one-offs mainly related to the acquisition of ABB HV Cables, earnings before tax (EBT) decreased to EUR -12.5m against EUR 0.1m in the corresponding period last year. The tax rate in Q1 2017 was negative, due to negative EBT. Adjusted for one-offs, the tax rate was 24%.

Cash flow

Cash flow from operating activities amounted to EUR -38.4m in Q1 2017, against EUR -9.1m in Q1 2016 due to one-off costs related to the acquisition of ABB HV Cables and a higher cash outflow from working capital. Cash flow from acquisitions and divestments was EUR -633.4m against EUR -53.0m in Q1 2016 as the acquisition of ABB HV was completed on 1 March 2017. Investment in tangible and intangible fixed assets amounted to EUR 22.5m, up from EUR 173.0m in Q1 2016.

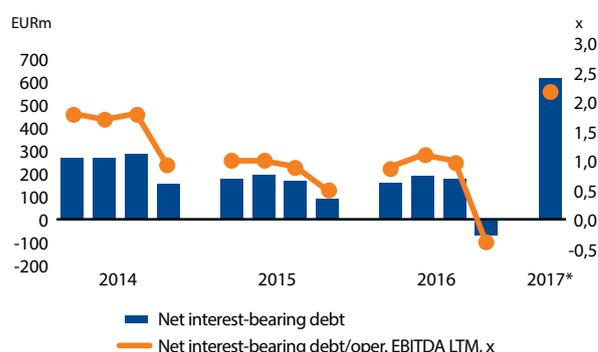
Liquidity, debt leverage and equity

As a result of the completion of the ABB HV Cables acquisition, net interest-bearing debt was EUR 616.8m at the end of Q1 2017. This

corresponded to a net debt increase of EUR 457.9m compared with 31 March 2016. Due to the acquisition, the net interest-bearing debt relative to operational EBITDA (including pro forma estimated EBITDA for the acquired ABB HV Cables activities) increased to 2.2x at the end of Q1 2017.

At end of Q1 2017, NKT A/S' total available liquidity reserves amounted to EUR 508.0m, comprising cash of EUR 31.2m and undrawn credit facilities of EUR 476.8m. The equity amounted to EUR 971.5m, up from EUR 802.1m at end Q1 2016 due to the completed capital increase in October 2016. The solvency ratio was 36%, above the internal target of minimum 30%.

Net interest-bearing debt



* For the Q1 2017 gearing ratio, pro forma EBITDA for the acquired ABB HV Cables activities has been added to LTM EBITDA in the period when NKT was not the owner of ABB HV Cables. The pro forma EBITDA is based on ABB HV Cables' estimated average annual pro forma EBITDA of EUR 79m for 2014-2016.

Q1 financial development by business unit

Amounts in EURm	Revenue			Oper. EBITDA			Oper. EBITDA margin	
	Q1 2017	Q1 2016	Change	Q1 2017	Q1 2016	Change	Q1 2017	Q1 2016
NKT	185.2*	163.3*	21.9	17.8	12.1	5.7	9.6%*	7.4%*
NKT Photonics	7.5	7.2	0.3	-2.1	-0.3	-1.8	neg.	neg.
Parent & Other	0.0	0.0	0.0	0.0	-0.7	0.7	-	-
Total, continuing oper.	192.7	170.5	22.2	15.7	11.1	4.6	8.1%	6.5%
Nilfisk	269.0	255.4	13.6	35.1	27.2	7.9	13.0%	10.6%
Total, incl. discontinued oper.	461.7	425.9	35.8	50.8	38.3	12.5	11.0%	9.0%

* Std. metal prices

Shareholder information

NKT shares

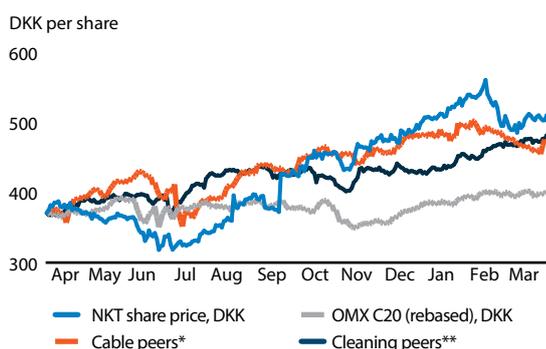
In Q1 2017, the daily turnover in NKT shares on all trading markets averaged EUR 14m compared with EUR 13m in Q1 2016. An average of 199,000 NKT shares was traded daily compared with 270,000 in Q1 2016. Nasdaq Copenhagen was the main trading market for NKT shares with 40% of the total traded volume.

At end-March 2017, the NKT share price was DKK 511.50, against DKK 498.90 at 31 December 2016, corresponding to a 2.5% increase.

As at end-March 2017, three NKT investors reported shareholdings of more than 5%: ATP (Denmark), Nordea Funds Oy, Danish Branch and Kirkbi INVEST A/S (Denmark).

In Q1 2017 the exercise of share warrants by several employees increased NKT's share capital by 235,840 shares with a nominal value of DKK 20 each, corresponding to a nominal increase in the share capital of EUR 633,128 (DKK 4,716,800). The NKT share capital consists of 27,071,067 shares with a nominal value of DKK 20 each, corresponding to a total nominal share capital of EUR 72,674,005 (DKK 541,421,340).

NKT share price



* NKT 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.

2017 Annual General Meeting

The NKT Annual General Meeting (AGM) was held on 21 April 2017 with approx. 250 shareholders present. The resolutions passed were published in Company Announcement No. 9 of 21 April 2017 and included adoption of the 2016 Annual Report, amendment of mandate to the Board of Directors to prepare for

and execute a split-up of NKT Holding, amendment of articles of association, change of name of NKT Holding A/S to NKT A/S and approval of remuneration policy.

All AGM-elected members of the Board were re-elected: Jens Due Olsen, René Svendsen-Tune, Jens Maaløe, Jutta af Rosenborg, Anders Runevad and Lars Sandahl Sørensen.

At a subsequent ordinary Board meeting Jens Due Olsen and René Svendsen-Tune were appointed Chairman and Deputy Chairman, respectively. Members of the six committees formed by the Board of Directors were also appointed:

NKT Committees

Committee	Members
Chairmanship	Jens Due Olsen (Chair), René Svendsen-Tune
Audit	Jutta af Rosenborg (Chair), Jens Maaløe
Remuneration	Jutta af Rosenborg (Chair), Jens Maaløe
Nomination	Lars S. Sørensen (Chair), Jens Due Olsen
Nilfisk	Jens Due Olsen (Chair), Lars S. Sørensen
NKT	Jens Due Olsen (Chair), René Svendsen-Tune
NKT Photonics	Jens Maaløe (Chair), Jens Due Olsen

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

Further details on the 2017 Annual General Meeting are available at www.nkt.dk.

Financial calendar 2017

17 August	Interim Report, Q2
15 November	Interim Report, Q3

NKT A/S SHARES BASIC DATA

ID code:	DK0010287663
Listing:	Nasdaq Copenhagen, C25 LargeCap
Share capital:	EUR 73m (DKK 541m)
Number of shares:	27.1 million
Nominal value:	DKK 20
Share classes:	1

Group Management's statement

The Board of Directors and the Executive Management Board have today considered and adopted the Interim Report of NKT A/S for the period 1 January - 31 March 2017.

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 2017 and the results of the Group's activities and cash flow for the period 1 January - 31 March 2017.

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, 17 May 2017

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 Rosenberg

Anders Runevad

Lars Sandahl Sørensen

Income statement

Amounts in EURm	Q1 2017	Q1 2016	Year 2016
Revenue	281.3	230.2	1,046.1
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1.1	8.7	27.9
Depreciation and impairment of property, plant and equipment	-9.2	-8.3	-33.0
Amortisation and impairment of intangible assets	-2.5	-1.8	-8.6
Earnings before interest and tax (EBIT)	-10.6	-1.4	-13.7
Financial items, net	-1.9	1.5	5.7
Earnings before tax (EBT)	-12.5	0.1	-8.0
Tax	4.6	-0.7	-9.5
Profit from continuing operations	-7.9	-0.6	-17.5
Profit from discontinued operations	20.5	11.2	29.6
Net profit	12.6	10.6	12.1
To be distributed as follows:			
Profit attributable to equity holders of NKT A/S	12.6	10.6	12.1
Basic earnings, EUR per outstanding share (EPS)	0.5	0.4	0.5
Diluted earnings, EUR per share (EPS-D)	0.5	0.4	0.5
Earnings from continuing operations, EUR per outstanding share (EPS)	-0.3	0.0	-0.7
Diluted earnings from continuing operations, EUR per share (EPS-D)	-0.3	0.0	-0.7

Cash flow

Amounts in EURm	Q1 2017	Q1 2016	Year 2016
Earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations	1.1	8.7	27.9
Earnings before interest, tax, depreciation and amortisation (EBITDA) from discontinued operations	30.9	27.2	96.8
	32.0	35.9	124.7
Financial items, net from continuing and discontinued operations	-4.4	-1.2	-5.3
Changes in provisions, tax and non-cash operating items, profit on sales of non-current assets, etc.	-10.9	-5.5	-23.1
Changes in working capital	-55.1	-38.3	57.6
Cash flow from operating activities	-38.4	-9.1	153.9
Acquisition of business	-633.4	-53.0	-53.3
Divestment of business	0.0	0.0	-3.0
Investments in property, plant and equipment	-14.0	-10.8	-40.7
Disposal of property, plant and equipment	0.9	0.5	3.5
Intangible assets and other investments, net	-9.4	-7.0	-38.5
Cash flow from investing activities	-655.9	-70.3	-132.0
Free cash flow	-694.3	-79.4	21.9
Changes in non-current loans from credit institutions	552.6	55.0	-53.8
Changes in current loans from credit institutions	6.6	10.0	-0.4
Non-controlling interest, dividend, etc.	0.0	0.0	-4.4
Cash from disposal of treasury shares / share buyback programme	0.0	-4.7	11.0
Dividends paid	0.0	0.0	-13.0
Cash from issue of new shares / exercise of warrants	7.8	6.3	139.5
Cash flow from financing activities	567.0	66.6	78.9
Net cash flow	-127.3	-12.8	100.8
Cash at bank and in hand at the beginning of the period	158.1	58.3	58.3
Currency adjustments	0.3	-0.5	-1.0
Net cash flow	-127.3	-12.8	100.8
Cash at bank and in hand at the end of the period*	31.1	45.0	158.1
*Including cash classified as held for sale / distribution to owners of:	20.5	0.0	30.3

Balance sheet

Amounts in EURm	31 March 2017	31 March 2016	31 December 2016
Assets			
Intangible assets	576.1	369.2	73.5
Property, plant and equipment	627.8	365.5	272.8
Other non-current assets	43.1	84.6	36.0
Total non-current assets	1,247.0	819.3	382.3
Inventories	216.6	370.6	142.1
Receivables and income tax	299.6	501.5	209.2
Cash at bank and in hand	10.6	45.0	127.8
Assets classified as held for sale	51.5	0.0	52.7
Assets classified as held for distribution to owners	857.1	0.0	833.0
Total current assets	1,435.4	917.1	1,364.8
Total assets	2,682.4	1,736.4	1,747.1
Equity and liabilities			
Equity attributable to equity holders of NKT A/S	971.5	802.1	951.4
Non-controlling interest	0.0	0.9	0.0
Total equity	971.5	803.0	951.4
Deferred tax	50.1	37.7	8.0
Pension liabilities	53.3	54.9	53.1
Provisions	21.5	20.4	12.8
Interest-bearing loans and borrowings	635.4	197.9	83.0
Total non-current liabilities	760.3	310.9	156.9
Interest-bearing loans and borrowings	12.8	15.2	10.5
Trade payables and other liabilities	632.0	607.3	296.6
Liabilities associated with assets classified as held for sale	8.1	0.0	24.6
Liabilities associated with assets classified as held for distribution to owners	297.7	0.0	307.1
Total current liabilities	950.6	622.5	638.8
Total liabilities	1,710.9	933.4	795.7
Total equity and liabilities	2,682.4	1,736.4	1,747.1

Comprehensive income and Equity

Amounts in EURm	Q1 2017	Q1 2016	Year 2016
Comprehensive income			
Net profit	12.6	10.6	12.1
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	-4.6
<i>Items that may be reclassified to income statement:</i>			
Currency adjustment of foreign subsidiaries and value adjustment of hedging instruments, etc.	-0.3	-5.8	-1.7
Total comprehensive income for the period	12.3	4.8	5.8
Statement of changes in equity			
Group equity, 1 January	951.4	809.5	809.5
Total comprehensive income for the period	12.3	4.8	5.8
Dividends paid	0.0	-13.1	-13.1
Dividend, treasury shares	0.0	0.1	0.1
Issue of shares	0.0	0.0	135.8
Share issue costs	0.0	0.0	-3.8
Share buyback programme	0.0	-4.7	-41.8
Disposal of treasury shares	0.0	0.0	52.8
Acquisition/disposal of non-controlling interest	0.0	0.0	-4.4
Share-based payment	0.0	0.1	3.0
Exercise of warrants	7.8	6.3	7.5
Group equity at the end of the period	971.5	803.0	951.4

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 2016 Annual Report, to which reference should be made. The 2016 Annual Report contains the full text of the accounting policies.

NKT has implemented the standards and interpretations that become effective for 2017. The implementation of standards and interpretations has not influenced recognition and measurement in 2017 or is expected to influence future financial years.

Regarding **accounting estimates**, please refer to Note 1.1 on page 59 of the 2016 Annual Report. Regarding **risks**, please refer to Note 6.6 on page 91 of the 2016 Annual Report and the information contained in the sections on risk management on page 22 and on page 33 of the 2016 Annual Report.

On 2 April 2014 NKT received a fine of EUR 4m following the investigation conducted by the European Commission into alleged price-fixing activities with regard to high-voltage power cable projects, cf. Company Announcement No. 8 2014. By defining NKT as a 'fringe player' - as the only European manufacturer - the European Commission explicitly established 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 the role NKT was substantially limited and the fine is considerably smaller than those imposed on other cable manufacturers, NKT disagrees with the Commission's decision and has therefore filed an appeal.

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

During 2016 NKT were notified of claims due to break downs on two offshore cable systems. Although there are no indications that other cable systems are at risk, NKT has as a precautionary and proactive measure decided to analyse and test other similar cable systems. Customers which might be impacted by this issue has been contacted. Analysis and tests are ongoing. Provisions for costs related hereto have in 2016 been made on the projects impacted by the break down.

In relation to the acquisition of ABB HV Cables on 1 March 2017, NKT has assessed preliminary fair values of the acquired net assets and recognised goodwill in the present Interim report. The details can be found in Note 3 on page 20. The figures may be subject to change.

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 2017', 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 2017 are included in the Management's review.

2 - SEGMENT REPORTING

Amounts in EURm	Q1 2017	Q1 2016	Year 2016
Revenue			
NKT revenue in market prices	273.8	223.0	1,003.7
NKT Photonics	7.5	7.2	43.1
Elimination of transactions between segments	0.0	0.0	-0.7
NKT Group revenue in market prices	281.3	230.2	1,046.1
<i>NKT revenue in std. metal prices</i>	<i>185.2</i>	<i>163.3</i>	<i>750.4</i>
<i>NKT Group revenue in std. metal prices</i>	<i>192.7</i>	<i>170.5</i>	<i>792.8</i>
Operational EBITDA			
NKT	17.8	12.1	72.5
NKT Photonics	-2.1	-0.3	6.3
Parent company	0.0	-0.7	-3.9
NKT Group operational EBITDA	15.7	11.1	74.9
Earnings, EBITDA			
NKT	3.2	9.7	26.2
NKT Photonics	-2.1	-0.3	6.3
Parent company	0.0	-0.7	-4.6
NKT Group EBITDA	1.1	8.7	27.9
Segment profit, EBIT			
NKT	-7.5	0.3	-10.6
NKT Photonics	-3.1	-1.0	1.5
Parent company	0.0	-0.7	-4.6
NKT Group EBIT	-10.6	-1.4	-13.7
Capital Employed			
NKT	1,006.7	393.7	348.4
NKT Photonics	46.3	43.0	49.3
Parent company	0.0	-3.4	-5.4
Nilfisk, discontinued operations	535.3	541.6	490.7
NKT Group Capital Employed	1,588.3	974.9	883.0

3 - ACQUISITION OF BUSINESSES

Amounts in EURm (preliminary)		ABB HV Cables NKT acquisition
<i>Non-current assets</i>	Intangible assets	114.9
	Tangible assets	355.7
	Deferred tax	0.0
<i>Current assets</i>	Inventories	46.7
	Receivables	76.1
	Cash at bank and in hand	14.4
<i>Non-current liabilities</i>	Deferred tax	-41.1
<i>Non-current liabilities</i>	Provisions	-10.0
<i>Current liabilities</i>	Interest-bearing loans and borrowings	0.0
	Payables and provisions	-254.7
	Net assets acquired	302.0
	Goodwill	384.5
	Purchase consideration	686.5
	Cash acquired	-14.4
	Deferred purchase consideration	-38.7
	Cash purchase consideration	633.4
	Interest-bearing loans and borrowings acquired	0.0
	Total effect on net interest bearing debt	633.4

Effective from 1 March 2017, NKT acquired ABB HV Cables. Please refer to the Management's review for further details.

Fair value of acquired net assets and recognised goodwill

The integration of ABB HV Cables is ongoing, which means that net assets and goodwill may be adjusted and off-balance sheet items may be recorded for up to 12 months from the date of the acquisition in compliance with IFRS 3.

Goodwill represents the value of personnel and anticipated synergies arising from merger of the existing activities of NKT. Goodwill is not tax deductible.

Impact on income statement

The acquired ABB HV Cables activities contributed with revenue of EUR 38.0m operational EBITDA of EUR 5.3m and net profit of EUR 2.3m in Q1 2017.

On a pro forma basis, if the business had been acquired as of 1 January 2017, the contribution from revenue would have been EUR 117.8m. As ABB HV Cables not was a stand-alone entity within the ABB Group, it did not have reported stand-alone historical financial statements. On the basis of this, it has not been possible to provide a reliable estimate for the operational EBITDA and net profit, as if it had been part of NKT since 1 January 2017.

4 - ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

In October 2016, NKT entered into an agreement to divest its Automotive cable activities to a subsidiary of the German-based Wilms Group. The activities cover automotive cables, flexible cables and special cables and include a plant located in Vrchlabí, Czech Republic, with around 400 employees. The transaction was closed 30 April 2017 cf. Company Press Release of 28 April 2017.

Assets and liabilities of this divestments was classified as disposal groups held for sale. Assets and liabilities are specified in the table on next page.

Due to the intended split of NKT A/S into two listed entities, Nilfisk is treated as discontinued operations.

Specifications of Nilfisk's income and Balance Sheet statement are disclosed in the table on page 21.

Amounts in EURm	Q1 2017	Q1 2016	Year 2016
4.1 - Assets held for sale			
NKT Automotive Cable activities:			
Intangible assets	7.8		7.8
Property, plant and equipment	16.8		16.4
Inventories	10.5		12.7
Receivables	15.3		14.0
Cash	1.1		1.8
Total assets held for sale	51.5		52.7
Deferred tax	1.5		1.4
Trade payables and other liabilities	6.6		23.2
Total liabilities associated with assets held for sale	8.1		24.6
4.2 Discontinued operations and assets held for distribution to owners			
Nilfisk:			
Income statement			
Revenue	269.0	255.4	1,058.5
Costs and other income	-238.1	-228.2	-961.7
Depreciation, amortisation and impairment*	0.0	-9.6	-42.8
Financial items, net	-2.5	-2.7	-11.0
Earnings from operations before tax (EBT)	28.4	14.9	43.0
Tax on operations	-7.9	-3.7	-13.4
Profit from discontinued operations	20.5	11.2	29.6
*Depreciation and amortisation is, in accordance with IFRS rules for discontinued operations, ceased with effect from Dec. 2016.			
Cash flow			
Cash flow from operating activities	-16.7	-0.9	115.1
Cash flow from investing activities	-8.9	-40.2	-69.6
Assets and associated liabilities held for distribution to owners			
Intangible assets	301.7	295.9	299.7
Property, plant and equipment	66.5	61.9	61.6
Other non-current assets	42.1	37.7	57.6
Inventories	192.5	198.7	173.3
Receivables	234.9	224	212.3
Cash at bank and in hand	19.4	26.3	28.5
Total assets held for distribution to owners	857.1	844.5	833.0
Deferred tax	25.7	20.2	41.0
Pension liabilities	7.4	5.7	7.5
Provisions	6.7	7.3	6.8
Interest-bearing loans and borrowings	0.4	0.3	0.2
Interest-bearing loans and borrowings current liabilities	2.7	2.3	2.7
Trade payables and other liabilities, current liabilities	254.8	232.0	248.9
Total liabilities associated with assets held for distribution	297.7	267.8	307.1

5 - DEFINITIONS

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 EUR/tonne 1,550 and EUR/tonne 1,350 respectively.
2. **Organic growth** - Absolute organic sales growth (standard price) as a percentage of prior-year adjusted revenue (standard price). Organic growth is a measure of growth, excluding the impact of exchange adjustments from year-on-year comparisons, and including acquisitions and divestments. For acquisitions a pro forma revenue for the prior year is included in the calculation, and for divestments revenue for the prior year is removed from the calculation.
3. **Operational earnings before interest, tax, depreciation and amortisation (Oper. EBITDA)** - Earnings before interest, tax, depreciation and amortisation (EBITDA) adjusted for one-off items.
4. **Operational earnings before interest and tax (Oper. EBIT)** - Earnings before interest and tax (EBIT) adjusted for one-off items.
5. **Net interest-bearing debt** - Cash, investments and interest-bearing receivables less interest-bearing debt.
6. **Capital employed** - Group equity plus net interest-bearing debt.
7. **Working capital** - Current assets minus current liabilities (excluding interest-bearing items and provisions).
8. **Net interest-bearing debt relative to operational EBITDA** - Operational EBITDA is calculated including discontinued operations on a rolling 12-months basis (LTM).
9. **Solvency ratio (equity as a percentage of total assets)** - Equity excl. non-controlling interest as a percentage of total assets.
10. **Return on capital employed (RoCE)** - Operational EBIT as a percentage of average capital employed. Calculated including discontinued operations on a rolling 12-months basis (LTM).
11. **Earnings, EUR per outstanding share (EPS)** - Earnings attributable to equity holders of NKT A/S relative to average number of outstanding shares (EPS).
12. **Equity value, EUR per outstanding share** - Equity attributable to equity holders of NKT 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 A/S 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 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

The NKT A/S Interim Report Q1 2017 was published on 17 May 2017 and released through Nasdaq Copenhagen. The report is also available at www.nkt.dk.

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Financial highlights

Amounts in EURm	Q1 2017	Q1 2016	Year 2016
Income statement			
Revenue	281.3	230.2	1,046.1
Revenue in std. metal prices ¹⁾	192.7	170.5	792.8
Operational earnings before interest, tax, depreciation and amortisation (Oper. EBITDA) ³⁾	15.7	11.1	74.9
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1.1	8.7	27.9
Depreciation and impairment of property, plant and equipment	-9.2	-8.3	-33.0
Amortisation and impairment of intangible assets	-2.5	-1.8	-8.6
Operational earnings before interest and tax (Oper. EBIT) ⁴⁾	4.0	1.0	33.3
Earnings before interest and tax (EBIT)	-10.6	-1.4	-13.7
Financial items, net	-1.9	1.5	5.7
Earnings before tax (EBT)	-12.5	0.1	-8.0
Net profit from continuing operations	-7.9	-0.6	-17.5
Net profit from discontinued operations	20.5	11.2	29.6
Net profit	12.6	10.6	12.1
Profit attributable to equity holders of NKT A/S	12.6	10.6	12.1
Cash flow			
*Cash flow from operating activities	-38.4	-9.1	153.9
*Cash flow from investing activities	-655.9	-70.3	-132.0
*hereof acquisition and divestment of business	-633.4	-53.0	-56.3
*hereof investments in property, plant and equipment	-14.0	-10.8	-40.7
*Free cash flow	-694.3	-79.4	21.9
Balance sheet			
Share capital	72.7	65.4	72.0
*Equity attributable to equity holders of NKT A/S	971.5	802.1	951.4
*Non-controlling interest	0.0	0.9	0.0
*Group equity	971.5	803.0	951.4
*Total assets	2,682.4	1,736.4	1,747.1
*Net interest-bearing debt ⁵⁾	616.8	158.9	-68.4
*Capital employed ⁶⁾	1,588.3	974.9	883.0
*Working capital ⁷⁾	156.7	307.9	217.0
Financial ratios and employees			
Operational EBITDA margin, continuing operations (std. metal prices)	8.1%	6.5%	9.4%
*Gearing (net interest-bearing debt as % of Group equity)	63%	20%	-7%
*Net interest-bearing debt relative to operational EBITDA ⁸⁾	2.2	0.9	-0.4
*Solvency ratio (equity as % of total assets) ⁹⁾	36%	46%	54%
*Return on capital employed (RoCE) (LTM) ¹⁰⁾	12.1%	10.0%	11.7%
Number of DKK 20 shares ('000)	27,071	24,356	26,835
Number of treasury shares ('000)	0	176	0
*Earnings, EUR per outstanding share (EPS) ¹¹⁾	0.5	0.4	0.5
Dividend paid, DKK per share	0.0	4.0	4.0
*Equity value, EUR per outstanding share ¹²⁾	36	33	35
*Market price, DKK per share	512	378	499
*Number of full-time employees, average	8,982	9,112	8,958

^{1) - 12)} Definitions appear in Note 5. *) Including discontinued operations
Financial highlights and ratios are calculated as defined in the 2016 Annual Report.