

2014 key messages

Summary of NKT's 2014 Annual Report

NKT

Organic growth of **1%**, within the 0-3% range initially guided

Operational EBITDA margin (std. metal prices) of **9.6%**, **exceeding** the 9.0-9.5% guided

RoCE improved by **2.7%-points** to 9.4%

Cash flow from operating activities was up **DKK +1bn** mainly driven by reduced working capital

Net interest-bearing debt amounted to DKK 1,135m, equal to 0.9x EBITDA, the **lowest level since 2007**

Clear strategic direction set

 **Nilfisk**

Strong organic growth of 6%

- Nilfisk - new name and corporate brand
- Organic growth was 6% against initial guidance of 2-3%. The primary driver was EMEA, up 8%
- Operational EBITDA margin was 11.7%, down 0.2% point from 2013 due to strong investment in sales and service
- Commercial Excellence programme launched in six countries to accelerate growth
- New business strategy focusing on growth to be launched in Q1 2015

 **nkt cables**

Operational EBITDA improved by 45%

- New CEO and revised business structure
- Organic growth was -5%, against initial guidance of -2 to -3%
- Operational EBITDA margin (std. metal prices) was 8.0%, exceeding the guided ~7.1%, primarily due to the DRIVE efficiency improvement programme
- First-year DRIVE results exceeded expectations with total realised savings of DKK 169m (initial forecast: DKK 100m). End-2014 run rate was DKK 250m against DKK 185m initially guided

 **NKT**
PHOTONICS GROUP

EBITDA margin improved by 4.9%- points

- Organic growth was 9% against guided 10-20%. EBITDA margin was up by 4.9%-points to 7.2% due to increased revenue
- FIOPS, a new business activity in the US launched to capitalise on growing energy sector
- Strategic core for Sensing and Imaging segments defined
- Strategic alternatives for Fiber Processing are being explored

Amounts in DKKm	Nilfisk		NKT Cables		Photonics Group		NKT	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenue	6,836	6,561	8,738	8,983	290	266	15,863	15,809
Organic growth	6%	3%	-5%	4%	9%	13%	1%	4%
Operational EBITDA	799	778	484	335	21	6	1,269	1,085
Operational EBITDA margin	11.7%	11.9%	8.0%*	5.6%*	7.2%	2.3%	9.6%*	8.4%*
Working capital	1,190	1,073	967	1,681	88	86	2,242	2,812
% of revenue, LTM	19.5%	19.2%	16.8%	20.7%	30.6%	29.0%	18.1%	20.2%
Return on capital employed (RoCE)	17.6%	17.5%	4.2%	0.8%	neg.	neg.	9.4%	6.7%

* Std. metal prices

Candidates for the Board of Directors



Jens Due Olsen

Chairman

Born 1963, Denmark
First elected in 2006
MSc. 1990

Kristian Siem

Deputy Chairman

Born 1949, Norway
First elected in 2013

Jens Maaløe

Born 1955, Denmark
First elected in 2004
MSc. E.Eng. 1979, PhD. 1983

Kurt Bligaard Pedersen

Born 1959, Denmark
First elected in 2011
MSc. Political Science 1988

NKT Committees

Nilfisk (C)
NKT Cables (C)
Photonics Group (M)

NKT Cables (M)

Photonics Group (C)
Audit (M)

Nomination (C)

Other positions and directorships

- Amrop A/S (C)
- Atchik Realtime A/S (C)
- Auriga Industries A/S (C)
- Pierre.dk A/S (C)
- Bladt Industries A/S (DC), (ACC)
- Heptagon Advanced Micro Optics Inc. (ACC)
- Cryptomathic A/S
- Gyldendal A/S
- Industriens Pensionsforsikring A/S, Inv. Committee (C)
- Royal Unibrew A/S
- Auris Luxembourg III S.A. Advisory Board (M)

- Siem Industries Inc. (C)
- Subsea 7 Inc. (C)
- Siem Offshore Inc.
- Siem Shipping Inc.
- Star Reefers Inc.
- North Atlantic Smaller Companies Investment Trust PLC
- Flensburger Schiffbau Gesellschaft

President & CEO, Terma A/S

- Grundfos Holding A/S
- Poul Due Jensen's Fond

CEO, Gazprom Energy

- BRFFholding A/S (DC)
- BRFFonden
- Jyske Bank A/S (DC) (ACC)
- Copenhagen Zoo (DC)
- Noordgastransport B.V.

NKT shares at end-2014

1,500 (2013: 1,500)

5,000 (2013: 5,000)

515 (2013: 515)

1,000 (2013: 1,000)

Special qualifications

- Industrial management
- Management of listed companies
- Specialist expertise in economic and financial matters

- Industrial management
- Management of listed companies
- In-depth knowledge of the energy sector
- International financial matters

- Industrial management
- Management of listed companies
- Specialist expertise in technology and technological development

- International industrial management
- Management of listed companies
- In-depth knowledge of the energy sector
- Extensive business experience

(C) = Chairman, (DC) = Deputy Chairman, (M) = Member, (ACC) = Audit Committee Chairman, (ACM) = Audit Committee Member



Lars Sandahl Sørensen

Born 1963, Denmark
First elected in 2013
MSc. Int. Business and
Management

Remuneration **(M)**
Nomination **(M)**
Nilfisk **(M)**

Partner, Flensby &
Partners A/S

- Damvad Group **(C)**
- SEDK **(DC)**
- Wexøe Holding A/S
- Industriens Fond
- VEGA

685 (2013: 400)

- International services management
- Management of listed companies
- Specialist expertise in corporate trading, international business development, leadership development in various industrial sectors, sales and marketing



Niels-Henrik Dreesen*

Born 1957, Denmark
First elected in 2012

Production Engineering
Manager, NKT Cables

- NKT Cables' Joint Consultative Committee **(M)**
- HSE Committee **(M)**
- The Environment Committee at DI, Confederation of Danish Industry **(M)**

125 (2013: 125)



René Engel Kristiansen*

Born 1968, Denmark
First elected in 2014
MSE.Eng. 1994

Manager, Regional Sales and
Business Development, NKT
Photonics A/S

5 (2013: 5)



Gitte Toft Nielsen*

Born 1964, Denmark
First elected in 2014

Finance Assistant, Nilfisk A/S

- Trade union representative (HK)
- Local works council **(M)**

0 (2013: 0)

** Elected by the employees and not up for election in 2015.*



Further details on NKT's committees are found on page 43.

Financial highlights

Amounts in DKKm	2014	2013	2012	2011	2010
Income statement					
Revenue	15,863	15,809	15,253	15,604	14,451
Revenue in std. metal prices ¹⁾	13,180	12,843	12,148	12,151	11,478
Operational earnings before interest, tax, depreciation and amortisation (Oper. EBITDA) ²⁾	1,269	1,085	1,039	878	895
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,061	1,103	1,009	845	809
Depreciation and impairm. of property, plant and equipment	-365	-405	-360	-398	-279
Amortisation and impairment of intangible assets	-191	-190	-176	-161	-140
Earnings before interest and tax (EBIT)	505	508	473	286	390
Financial items, net	-99	-160	-196	-280	-135
Earnings before tax (EBT)	406	348	277	6	255
Profit for the year from continuing operations	280	253	196	8	203
Profit for the year from discontinued operation	0	0	1,410	119	67
Profit for the year	280	253	1,606	127	270
Profit attributable to equity holders of NKT Holding A/S	280	252	1,604	125	266
Cash flow					
Cash flow from operating activities of continuing operations	1,583	545	1,122	572	-363
Cash flow from investing activities of continuing operations hereof investments in property, plant and equipment	-371	-694	-532	-798	-925
Free cash flow	1,213	-149	590	-225	-1,288
Balance sheet					
Share capital	479	479	478	475	475
Equity attributable to equity holders of NKT Holding A/S	5,969	5,667	5,730	4,060	4,105
Minority interests	6	7	7	6	7
Group equity	5,975	5,674	5,737	4,066	4,112
Total assets	12,338	12,995	12,936	13,439	12,556
Net interest bearing debt ³⁾	1,135	2,111	1,909	4,429	4,105
Capital employed ⁴⁾	7,110	7,785	7,646	8,496	8,218
Working capital ⁵⁾	2,242	2,812	2,409	2,740	2,997
Financial ratios and employees					
Operational EBITDA margin (std. metal prices)	9.6%	8.4%	8.6%	7.2%	7.8%
Gearing	19%	37%	33%	109%	100%
Net interest bearing debt relative to oper. EBITDA ⁶⁾	0.9	1.9	1.8	4.3	4.2
Solvency ratio (equity as % of total assets) ⁷⁾	48%	44%	44%	30%	33%
Return on capital employed (RoCE) ⁸⁾	9.4%	6.7%	6.2%	5.5%	7.5%
Number of DKK 20 shares ('000)	23,934	23,930	23,888	23,738	23,738
Earnings cont. oper., DKK, per outstanding share (EPS) ⁹⁾	11.7	10.6	8.2	0.3	8.5
Earnings, DKK, per outstanding share (EPS) ⁹⁾	11.7	10.6	67.5	5.3	11.3
Dividend paid, DKK, per share	3.5	8.0	2.0	2.0	3.5
Equity value, DKK, per outstanding share ¹⁰⁾	250	238	241	172	173
Market price, DKK, per share	332	268	204	191	297
Average number of employees	9,078	8,899	8,867	9,038	8,454

^{1) - 10)} Explanatory comments and financial ratios appear in Note 8.5 to the consolidated financial statements.