

NKT AGM 2013

0.00 - 3.22: Film

3.23

Chairman of the Board, Christian Kjær

Welcome to you, our shareholders and to your companions who have accepted the invitation to take part in this year's AGM. This year many have chosen to receive an electronic invitation, but since we are a number of listed companies who have their AGM on the same day, we may not be as many as usual. A few practical matters. The film you have just seen can be seen in Danish and in English on our website. The AGM is streamed directly onto the website where you can follow proceedings. In the room there will be simultaneous translation into English so that our foreign guests can take part in the AGM. Interpretation is also streamed to our English-language website. And both the English and the Danish versions will be on the website to see. For those hard of hearing there is a strengthened signal in the room. And after the AGM you can read a full transcript of the AGM in Danish and in English – a so-called transcript. I am pleased to welcome our interpreters and technicians who secure the practical side of this AGM and with these words of introduction I would like to pass on to our chairman, Lawyer Anders Lavesen who is a partner of the company Kromann Reumert, Lawyers. I am sure that he will take us safely through this AGM. And I hope that you will be pleased with the proceedings.

5.30

Chairman of the meeting, Anders Lavesen

Well thank you. Another few practical matters. Participants who wish to take the floor later when we open for debate, please raise your hand and I will then try to secure that you can come to the rostrum and please show me your access card so that I can just introduce you.

Participants who wish to leave the room during the AGM are requested to use the two doors to the left of the room and if you want to leave the lobby as well, please take your access card because we need to note it in the registry if you leave the AGM totally and if there should be a vote please remain in the room until the voting is over. And then I can tell you that there is a photographer here. It is NKT's photographer who will take photographs during the meeting. Apart from this it is only permitted for registered photographers to take pictures.

My first formal task is to assess whether this AGM has been legally convened and whether there is quorum to decide on the points that we have on the agenda. And I have noted that this meeting is held in the capital region. It is before the end of April. The announcement and the agenda has been announced on the Danish Business Authority's website since 27 February and on 27 February the invitations have been sent to the shareholders who have requested this. The annual report has been sent by mail or in hard copy to all shareholders who have requested this. On the NKT website we have had since 27 February the announcement, the agenda, the Annual Report, information on the total on both shares and voting rights, the date of the announcement and the forms needed for proxy voting or voting by mail. And although it is not legally relevant I can also say that there has been an announcement in the paper Berlingske Tidende on 28 February and a company announcement has been sent out on 27 February.

Concerning quorum there is no requirement that there should be a number of shareholders here in order for us to take decisions and against this background it is my overall assessment that this AGM has been legally convened and that we have a quorum unless anyone has any comments.

Well, let us go on. We have an agenda. The first point is the report from the Board of Directors concerning the Company's activities in 2012. Then there is the presentation of the Annual Report. Point 3 Adoption of this report. Point 4, the proposal by the Board for the appropriation of profits and then 5 Discharge for the Board and the Executive Management. And then remuneration of the Board of Directors for 2013. Election of board members, point 7. Point 8 Election of public accountants. Point 9 - a proposal from the Board of Directors concerning fixing of an age limit of 67 for Board members and there is also a formal thing to be added here which is 9.2 and then under point 10 we have any other business. As we usually do, I suggest that we deal with 1-4 together and that the chairman of the Board, Christian Kjær, will submit a brief report and also introduce his Annual Report 2012 and proposals for dividend distribution and following this there will be a debate concerning these four points. I therefore now pass on to Christian Kjær.

10.10

Chairman of the Board, Christian Kjær

Thank you, to our moderator and I would like to add that I don't agree with everything he says because he said it was going to be a brief report – I think it is quite long. So now you know what to expect.

I would have liked the turnover to have been 25 billion, and the earnings to have been significantly higher - but the recession stopped that! So here we are - a conglomerate with many factors affecting the development.

In spite of this, we can look back on times of reasonable earnings and a good yield to shareholders, totaling 8.2 billion DKK, achieved through 25 years of dividends and share buybacks or put in different way, the value of this company, our equity, has developed quite well.

If we look at NKT's results for 2012 a complex picture emerges. We realised earnings of 1.6 billion DKK which was in line with our expectations. And we reduced our debts by 2.5 billion DKK.

It was the sale of NKT Flexibles at 2 billion DKK that was primarily responsible for this reduction in debts. We therefore achieved our strategic target for the Group's capital structure. Our debt amounted to 1.8 times operational EBITDA, and the strategic target for the period 2011-2015 is 2.5 times operational EBITDA - so a sound platform now exists for the further development of the Group's three business units in the years ahead.

Our targets for solvency ratio and equity gearing were also reached. Our strategy specifies 30% as the minimum target for solvency, and we delivered 44% in 2012. Equity gearing must be less than 100%, and in 2012 we achieved 33%. All together these are positive results which give NKT a strong foundation to build on.

We also managed to increase earnings by 18% compared with 2011. This was a truly excellent performance that came from cost adjustments in Nilfisk-Advance and from improvement in earnings at NKT Cables, mainly towards the end of the year. But the picture also includes a 2% decline in revenue - and this is clearly not a cause for celebration. Particularly when at the start of

the year we had expected an increase of 5-10%. However, this is a good example of how unpredictable developments are. This applies both to our own performances, particularly in NKT Cables, and also to the market, where neither we nor our competitors achieved the growth anticipated.

We revised our financial forecasts downwards twice during the year, and with the benefit of hindsight we can see that once would have been enough. Our initial expectations were reported with a proviso that the market developments could negatively affect results, but we were not able to get this point across to the stock market. The Board has found it most appropriate not to provide detailed statements about NKT's future expectations. Generally, for 2013, we are saying that: Given flat market developments for the Group's main markets compared with 2012, we expect both revenue and earnings in 2013 to be on a par with 2012.

Expectations for cash flow and debt can also be seen on the screen.

We have introduced the same principle with regard to the targets stated in the Group's strategy, Powered by NKT 2011-2015.

Midway through its term we have adjusted this strategy, among other things because the original targets still included NKT Flexibles. Whereas previously we expected a return on capital employed of 20% in 2015, we are now saying that shareholders can expect around 15-20%. And, having learned from experience, we will not specify a deadline for achieving this. Market developments have become harder to predict, and forecasts can easily be overtaken by events. However, we will maintain our existing strategic direction. This builds on long-term development trends, such as urbanisation, sustainability in products and production, and expansion of power supply with renewable energy forms.

In autumn 2012, the Board of Directors visited the Group's factories and offices in the Shanghai area. The mayor of Changzhou city where NKT Cables has a factory described the city's development to the present day. This city has a population the size of Denmark and annual GNP growth of 12%. Clearly, NKT must have a presence in such a high-growth market, and all three of our business units have operations in China, which after all has contributed more than a quarter of a billion kroner in earnings in the last five years.

Today, NKT consists of NKT Cables, which supplies 56% of revenue, Nilfisk-Advance representing 42%, and Photonics Group, which contributes 2%.

All three business units showed new earnings potential in 2012, but we also saw increasing competition. Growth expectations changed in 2012, particularly for NKT Cables. Uncertainty about the regulatory regime surrounding offshore wind farms in, among others, the UK and Germany, which are NKT Cables' main markets, impacted the whole of the North European energy market. As a result, customers postponed delivery of submarine cables already ordered and new projects were shelved.

In the medium voltage cables market NKT Cables has a number of framework agreements with major energy companies.

These customers were seen to order far less under these agreements than they themselves had expected at the start of the year. And in the market for installation cables, competition hardened and sales declined.

NKT Cables also has framework agreements in China relating to the supply of catenary wires for high-speed railways. Here too, customers utilised these agreements less than was expected, and the cable market was influenced both by increased competition and political uncertainty.

All in all, this led to unsatisfactory first-half earnings for NKT Cables. However, the company managed to change the pattern of development in the second half, and earnings performance was more acceptable. Among other things, NKT Cables has reorganised its factories and improved efficiency, and in the course of the year three large submarine cables were supplied from the factory in Cologne. A new transshipment and storage terminal was built in Rotterdam, which increases flexibility, and we expanded our sales force in China. NKT Cables reported total revenue of 8.5 billion DKK, a slight fall compared with the year before. Earnings increased, however, and the EBITDA margin - earnings as a percentage of revenue - was 5.3%. We have invested significantly in NKT Cables in recent years, and we now expect to see earnings increase.

Nilfisk-Advance had its best year ever despite unchanged revenue. Earnings reached an all-time high and we outperformed our competitors. In Europe, where the competition is fierce and customers were cautious, Nilfisk-Advance managed to increase its sales to Germany, UK, France and several East European countries. In Southern Europe, Nilfisk-Advance made cost reductions and organisational adjustments, and this differentiated strategy seems to be working.

Cleaning equipment from Nilfisk-Advance can now be purchased in more than one hundred countries worldwide. In 2012, the company opened a sales office in Peru, one of the fastest growing economies in South America. Brazil, Russia, India, China, Mexico and Turkey are all high-growth countries, and Nilfisk-Advance increased its revenue in these markets by 25% in 2012.

Over the past 10 years Nilfisk-Advance has made more than 20 acquisitions which now form part of the present company. In this way, two new businesses joined the NKT family in 2012.

Part of what drives development at Nilfisk-Advance is the redirection of focus from being product driven to customer driven. In 2012, the company strengthened its service organisation, and development work led to the launch of 43 new products. Among other things, brand-new technology was introduced in the form of the CS 7000 combined sweeper-scrubber, that now runs on fuel cells powered by hydrogen. Recharging takes two minutes - compared with eight hours for normal batteries. This new technology was developed together with a major US industrial customer and is currently sold only in the United States.

Revenue leveled 2011. However, Nilfisk-Advance increased its earnings and recorded an operational EBITDA margin - earnings as a percentage of revenue - of 11.9%. It is not least because cost was kept down that we managed to increase earnings.

For the second year in a row we celebrated positive earnings for Photonics Group. Increasingly, Photonics Group's customers are industrial companies which have discovered the potential of fiber-based equipment.

Lasers are being utilised in a growing number of contexts, ranging from oil recovery to examination of the human eye, and our equipment is typically used as a component in products such as microscopes made by other manufacturers. There is growing demand for our crystal fibers and fiber processing equipment, and Photonics Group's revenue is supported by a strong portfolio of patents.

Photonics Group reported organic revenue growth of 10% and profit of 9 million DKK. We continue to make significant investments, and, among other things, we expanded our laser production facilities in 2012 and increased our sales force around the world.

In 2012, we had to make a number of work force adjustments across NKT, in order to adapt the Group to the prevailing market conditions. At the end of the year the NKT Group had around 8,800 employees, 87% of whom were based outside Denmark.

All our business units were focused on optimisation and efficiency, and an 18% improvement in total Group earnings compared with last year is no bad performance on a slightly reduced revenue base. Adding these earnings to the proceeds from the sale of NKT Flexibles produced a Group profit after tax of 1.6 billion DKK. This has strengthened our capital base and recreated financial flexibility by which the Group can again actively participate in the developments taking place in the segments in which our business units operate.

But our shareholders must also benefit from such profits, and the Board of Directors therefore proposes a dividend of 8 DKK per share for 2012, which is a total dividend payment of 191 million DKK. This corresponds to 98% of NKT's profit for the year from our three business units. Dividend will be discussed as Item 4 on today's agenda.

As at 31 December 2012, the total market value of NKT's shares was 4.9 billion DKK, compared with 4.5 billion DKK last year, and fortunately since the turn of the year there has been a further slight increase in the share price.

An increasing proportion of NKT's total share capital of 478 million DKK is estimated to be owned by shareholders resident outside Denmark. The size of the ownership group has diminished slightly as the total number of shareholders decreased by 4% from 39,200 to 37,500.

The Annual General Meeting is required to approve the fees paid to the Board of Directors. It is proposed that these fees be unchanged from 2012.

The Chairman of the Board is paid three times the base fee and the Deputy Chairman 1.5 times the base fee. As previously, the work of the Nomination and Remuneration Committees is not remunerated separately, while the Chairman of the Audit Committee and other Audit Committee members receive two thirds and one third of the base fee, respectively.

It is now 26 years since I was first elected to NKT's Board of Directors and this is my 23rd report to NKT's Annual General Meeting. I am proud of the transformation NKT has undergone during this period.

Together the Group Management and NKT's employees have created a global industrial conglomerate whose business units are among the leading in each individual segment.

In the Board of Directors we have never shied away from taking a chance if we saw reasonable possibility of a positive outcome. We have created growth, earnings and jobs. We have invested and passed on the resulting profits to our shareholders. We have been active and created the conglomerate through acquisition of Nilfisk and LK and divestment of GIGA, NKT Elektronik, Lexel and NKT Flexibles. We have focused at all times on the long-term development of our companies and we have continuously assessed if we are the best owners to unleash the potential of a given business.

As the Danish national daily Jyllands Posten so kindly wrote on the publication of our financial statements:

“.... Where other companies and individuals have invested badly and frittered their money away, NKT has done precisely the reverse. The money has gone back to the shareholders.”

I am wholly in agreement with this part of the quote, but I must leave it to others to judge whether - as the newspaper also wrote - I have a slightly ‘old-fashioned approach to being a capitalist’. Because if being old-fashioned means wishing to remain independent of the dictates of banks and continuing to be the master in my own household then I am proud to be old-fashioned. I am proud too that the Board of Directors steered NKT through the recent economic downturn without sacrificing our freedom of action, and at the same time insisting upon implementing one of the Group’s biggest investments of modern times - construction of the new cable factory in Cologne.

I am also proud of the never failing commitment of our employees. Without their daily efforts there would not be a Group as NKT. I must also say that the NKT Board of Directors has succeeded in creating stability in the Group Management. In the past 26 years we have had only four CEOs, and that is something which creates a stable company climate.

As I will be turning 70 later this spring I have decided not to stand for re-election this year to the Board of Directors.

As well as electing my successor, the AGM must also elect a successor to Jan Trøjborg, who died suddenly in May 2012. Jan was a well-liked and extremely knowledgeable member of the Board. He was elected in 2005 and, among other things, served as Deputy Chairman for a five-year period. Let us hold a minute’s silence in memory of Jan Trøjborg: We honor his memory.

1 minute's silence

28.40

Thank you

In the process of finding two new candidates for the Board we have considered the qualifications which the Board requires and the number of members which the Board should have, and we have discussed the need for renewal and diversity.

We have decided to nominate Kristian Siem, an experienced Norwegian industrialist with a long record in international industrial management and management of listed companies, and with a

thorough knowledge of the energy sector and international financial conditions. And we can also say that he has also been very good at making money for his company and for his shareholders

The Board further nominates Lars Sandahl Sørensen, who has a background in international service management and listed companies, as well as specialist experience in corporate trading, international business development, sales and marketing.

Election to the Board of Directors Is Item 7 on the agenda.

And now to the financial statements, which have been presented in accordance with financial reporting standards and disclosure requirements for listed Danish companies. As in previous years, the auditors made no qualifications with regard to the 2012 Annual Report. We only have half of the auditors present today, but that is how it goes.

Group revenue in 2012 was 15.3 billion DKK, which corresponded to negative organic growth of 2% compared with 2011.

Operational EBITDA was 1,039 million DKK, compared with 878 million DKK in 2011. This corresponds to an earnings improvement of 161 million DKK or 18%.

We had one-off costs of 30 million DKK relating to Nilfisk-Advance and depreciation, amortisation and impairment of 536 million DKK.

Financial items amounted to 196 million DKK, and earnings for the year from continuing activities before tax were therefore 277 million DKK.

Tax was 81 million DKK, and earnings for the year after tax therefore amounted to 196 million DKK, compared with 8 million DKK in 2011.

Profit from sale of discontinued activities, principally NKT Flexibles, was 1,410 million DKK and the final profit was therefore 1,605 million DKK.

Group equity amounted to 5.7 billion DKK at the end of 2012, which was significantly higher than the year before.

Dividend paid amounted to 48 million DKK in 2012, and with the addition of profit for the year, equity as a percentage of total assets - was 44%, compared with 30% the previous year.

Focus was placed on reducing funds tied up in working capital. As at 31 December 2012, working capital amounted to 2.4 billion DKK, compared with 2.7 billion DKK the year before. Working capital was therefore at its lowest level for a number of years.

Cash flow from operations amounted to 1.1 billion DKK, compared with 573 million DKK in 2011, an improvement of 549 million DKK on the year before.

Cash flow from investing activities amounted to 532 million DKK, an improvement of 266 million DKK.

This gave a free cash flow of 590 million DKK, as compared with a negative free cash flow of 225 million DKK in 2011. This is a very significant improvement of 815 million DKK.

This concludes the review of the financial statements. There will be an opportunity to ask questions at the conclusion of my report.

I would really have stepped down from the Board of Directors last year, as I think I have served for too long. But I felt that the Group was pressed financially, and I was keen to hand it over in a sound condition. I do believe that today I can leave NKT, confident that the Group is healthy, strong and has a good strategy for growth and increased earnings in the years ahead.

Last - but by no means least - at an Annual General Meeting:

I promised the shareholders present at last year's General Meeting that they would receive the same excellent catering this year. I am keeping that promise. However, the new Board of Directors is free to make changes thereafter.

Currently, many companies are switching to electronic voting and attendance for annual general meetings - so who knows whether catering will be relevant at all the future.

I hereby conclude the report of the Board of Directors for 2012. Under the last item on the agenda, 'Other Proposals' I will have an opportunity to express my thanks to the General Meeting as I come to the end of my time as Chairman of NKT.

34.35

Chairman of the meeting, Anders Lavesen

Thank you very much

Well, it was not brief, but I don't think it was too long this report. Before there is a debate I would like to just read out from the qualification of the Annual Report, page 43:

The auditors write on the conclusion: It is our view that the Annual Report gives a correct view of the Group's liabilities and assets and financial position at the end of 2012 and the result of the Company's activities, cash flow and so on as per 31 December is in accordance with the International Financial Reporting Standards and the Danish disclosure standards. And we have read the management report and we have not any other comments and it is our view that the information in the management report is in accordance with the Annual Report and this is the auditors' view. We now start our debate. I have already two speakers on my list, but if you wish to take the floor please raise your hand and just come up here and show me your access card and I will just briefly introduce you. First from ATP Jacob Johansen

35.56

Chairman of the meeting, Anders Lavesen

We will now start our debate. I already have two speakers on my list but if you wish to take the floor, please raise your hand and just come up here and show me your access card, and I will just briefly introduce you. First from ATP, Jacob Johansen.

36.33

Jacob Johansen

Thank you. I am Jacob Johansen, I am from ATP. Thank you for this report and for the presentation of the annual report 2012. It is another tough and challenging year for the companies in the NKT Group, but there is some reason for optimism. Cash flow was very strong, earnings from the sale of NKT Flexibles combined with operational cash flow in the fourth quarter mean that now the company is within its target for financial gearing and this removes a considerable risk that we have seen in NKT for several years. And again in 2012 the operational performance in Nilfisk-Advance has been very strong, although the year as a whole turned a flat [turnover development] revenue earnings have improved and this underlines the very fine development that Nilfisk has been through. Development within Cables, on the other hand, has been disappointing once again. At the beginning of the year it was expected that we would see improvements in Cologne. There has been an increase for the lift in the revenue because of big orders was something we didn't see so the situation is quite unsatisfactory. When we see the development in the share price of the [last few years] we have paid a high price. The share is priced according to the lowest common denominator. The share price expresses the development in Cables but we are not being rewarded from the strong development in Nilfisk-Advance, so focus in the future should be on value creation in all the NKT companies. By conclusion, thank you to Christian Kjær for your work of so many years and very good dialogue. Thank you.

Applause

38.54

Chairman of the meeting, Anders Lavesen

And now I would like to give the floor to Mr. Karsten Kristiansen of the Danish Shareholders Association

39.09

Karsten Kristiansen

Thank you. My name is Karsten Kristiansen and I represent the Danish Shareholders Association. First of all I would like to thank the chairman for a good report. When we look at the year that passed we can conclude that the strategy was not a success. We had Hr. Thomas Hofman-Bang as spearhead and this is the second time this occurs and that makes me wonder how great the board's patience is with the executive management given that for the second time in a row has not delivered as promised. At the AGM in 2011 when the current strategy plan was launched, I asked whether the strategy plan had been calculated in every detail so that the earnings target would be achieved. Today I can see that that was not the case. So instead of admitting that we did not reach our strategic targets, it is now announced that there is no longer a time frame for achievement of those financial targets. This is unacceptable in our opinion, there must always be a deadline and a framework for such targets. One of the competitors of NKT Tables is able to define financial targets within a specific deadline. They have an operational margin in the region of € 350-400 million. At last year's AGM I asked who had competences in cable production in the board and since the two new members have been put up for election to the board and when I look at their competences and the competences of the board in future, it seems as if they have more knowledge about financial matters than in the production, sale, development etc. of vacuum cleaners, electric cables etc. which are the core businesses of NKT. So I would like to ask the chairman who has competences in the field of production, development and sale of vacuum cleaners, cleaning equipment etc. in the current board. I do have a few positive things I would like to mention, and they concern Nilfisk-Advance. It is great to read about Nilfisk-Advance and its work with fuel cells and power supply for cleaning equipment, we also saw that in the introduction film and we heard it from Mr. Kjær. This is technology that is currently developing rapidly in the US and it is also supported politically in the US. But what are NKT's expectations concerning sales of cleaning equipment based on this technology and how widespread will the use of fuel cells be in our product portfolio? That is another thing I would like to know. I also know that Nilfisk-Advance collaborates with an American based company in the state of New York concerning fuel cells, but that company is facing various financial challenges and that is why I would like to ask the chairman how confident he is about the co-operation between Nilfisk-Advance and Plug Power and whether there is an alternative supplier of this technology if Plug Power for some reason or other has to discontinue its activities. And in conclusion I would like to say something to you, Mr. Kjær as chairman of the board. You have always been a very pleasant chairman to discuss with at AGMs and you have treated all speakers in a very pleasant and kind manner. Thank you for that.

Applause

43.23

Chairman of the Board, Christian Kjær

Well, I have always found that it was very nice that people would come to either praise us or criticise us. Excuse me, but I would like to say here that there was not really so much praise. But I think we have done quite well, I would say, but I shall get back to the Shareholders Association but first I would like to say something to ATP and I will get back to that in my conclusion when I am going to express my thanks to various corporation partners. But ATP, well, they know the situation, they know that we are in a recession and that things are not really going well around us and in that situation I really find that it is very fine that we manage our Nilfisk company so well. Think a few years back, when I entered the board in Nilfisk, well, you would be crying, but now things are going very well. But I only have one thing I would like to say to ATP. They say that Cables are not doing very well – well, wait, you have to wait, just wait three years. I know that this recession has caused a lot of trouble, if we had continued the way and at the speed we were developing the situation would have been quite different. We might have had problems, yes, there might have been problems at the cable factory but these problems have been overcome. And I would like to say that when we decided to build this cable factory we discussed whether to put it in some third country where prices were lower but we found that this technology was so difficult and it would be difficult to get qualified labour so we would like to make use of the workforce we already had in Cologne. That is the way we did it but it has been more difficult than we expected. But I certainly believe that the staff who are an important part of our company, they understand that now we need to make things work, they have understood that, now, and we will see that in the future. Thank you to the Danish Shareholders Association, they have this whole long list, I am very glad to get this here at my last AGM but I should try to answer all your comments and questions.

Actually I have been quite pleased with the executive managements that we have had but recently when we have come out with statements we have said that these statements should be seen in the light of the condition prevailing at the time when these statements were written meaning that if recession had remained the way it was and if things had not gone even worse, 5-10 %, then our statement would have been correct. So what I am asking is simply, when we come out with a statement, well, read what it says, and then if you take out 5 % from that EBITDA you will see that result is as could be expected. And that is a reason we do it the way we do it now. When we see that people don't read all the details and when we want to avoid a situation where shares go up and down, then we have decided in the board of directors to somehow be more cautious in our statements. But still at the end of my chairmanship I am certainly prepared to say that looking forward we will do very well, we have a new board and we have an executive management that will drive this company further forward so that you will be proud and so that shareholders will earn money. This was concerning the executive management, and then I would like to say, well, yes, the executive management, well, they have been a bit optimistic, well, then you have to adjust and they are not really so optimistic any more so you will see everything will turn out well.

And there was another question, let me just see. Well, about the time limits and the board's competences, well, I can guarantee you that the board, which I hope will be elected now, I can certainly guarantee that this new board will be able to defend itself; if there was competition among boards it would be right at the top because we have a board who are used to earning money, they are used to looking after things, taking care of things and you can be quite safe, and I hope that you will also applaud the new board members. It is a board that focuses on Cables, and they focus on Nilfisk and the big suppliers and so on, you can read about their CVs and the jobs they have had, each of them.

And then expectations as to the sales of cleaning equipment. Well, that is difficult to answer what are our expectations. When we do things we do have expectations, certainly, but of course we don't always see success, it is not always that our expectations are met.

Then you ask about our suppliers, well, I wouldn't really like to comment on our supplier and the supplier's finances, I haven't checked up on this for today but it is my view that in general we have several possible suppliers and usually we are covered so that we will not suffer a loss if something happens in this regard. So I do think that the members of the Danish Shareholders Association, they are in good hands. And thank you very much for your words and thank you for the debates we have had.

50.26

Chairman of the meeting, Anders Lavesen

Thank you. Anybody else who would like to take the floor? Yes, we have one taker. Please approach. This is Mr. Kjeld Bayer.

50.46

Kjeld Bayer

Yes. I too would like to congratulate the board and management with the good results. It has been an uphill struggle, but I think you have done well. Recently I could read on the front page of a newspaper a story about cartel formation and we haven't heard about that today but I think you owe it to the shareholders to confirm or invalidate that rumour, is there anything about this, do we owe several billions or not? We need to know that. But otherwise I would like to say that last year I expressed some wishes concerning the financial ratios in the financial statement, and now we have them here, however, they were not issued together with the notice of this AGM, they should have been there with the five-year overview etc. Of course there has to be something to do for the new board as well. And I am really pleased that the management is focusing on finances. I do that too and I don't like having to pay DKK 60 to participate here, that is the parking fee we have to pay. And NKT could have paid that and deducted everything in taxes, so couldn't you pay for that so we could park free of charge. And to you, Christian, let me say that I have always been looking forward to AGMs with you because you have been the best chairman to present even the worst results with a big smile – we will miss you. And to the new chairman I would like to say I always consider the

optimistic words in the light of the refreshments and catering we get, and if there is nothing next year, the future looks bleak. But I wish you all the best.

Applause

53.15

Chairman of the Board, Christian Kjær

Well, I was aware that that cartel business would not be left aside. But we have been ordered not to say anything about it and that is why I am so afraid of transgressing some orders because I would love to answer the questions but I really cannot. The only thing I can say is that the board has determined that we do not feel, whether they believe we have done it or not, that is another matter, but we don't feel that we have done anything wrong and something that would justify us making certain reservations for that, we do not want to admit any guilt that we don't feel we have, but it is up to the judges of the court of law to determine that and we cannot make any statements about this or that. But in our opinion and also in the opinion of our lawyers we haven't done anything wrong. But unfortunately I can't say more about it now.

And then I would like to thank the last speaker for his nice words to me. I am sure that the new chairman – he is not as fond of food as I am, look at how slim he is – but he might develop a taste for food over the years. But he is very good at earning money for you, let me assure you of that. So rest assured, and I am sure that the chairman has also heard about payment for parking etc., it has to do with the conference venues, they decide whether we can park free of charge or not, so I can't promise you that you won't have to pay in future, you have to wait and see. But I agree that it is a pity that if you pay DKK 60 to park you also has to pay taxes worth DKK 60. We have to do away with that system.

Applause

55.17

Chairman of the meeting, Anders Lavesen

Thank you. Yes, there is another speaker here. Please approach. This is Grethe Lizzy Troensegaard
The floor is yours.

55.47

Grethe Lizzy Troensegaard

Well, some people say that habits belong to the old times, but that is not true. I started at about the same time as Christian Kjær entered the board of NKT so I have followed Christian Kjær fairly closely. At the time when I was employed in this company much has happened over those 25 years. At a certain time I found that you were selling our silver away, you sold GIGA, we liked GIGA very much, you also sold NKT Electronics, I liked that very much, it was close to my heart, so in a way you have gone back to being a sort of low technology company the way it was to begin with, cables. But maybe that is the way of the world, there is only Cables and Nilfisk left and then Photonics. When I was employed, well, firing people was simply not possible. Now it has become an ordinary word because it is obvious that with the development you see in a company over 25 years, sometimes other competences are needed. I have heard the saying that as long as Christian Kjær was a chairman, that was a time when he would try to keep share prices at a certain level because he had a certain portion of these shares himself. Now, of course, we are afraid that you will start selling some of your shares and thus influence the share price. But I was glad to see in a newspaper today that I think a Canadian company, I believe, had bought shares to I think so that they would have something like 1.6 % of the share capital which means that there are signs that foreign capital is finding their way to NKT. But I do think the share price is too low, I said that last year as well, because when you look at the share price that you have paid over the years, it is not really very good, the development that we have seen, so I would like to see something being done to raise the share price so that the shares would become more attractive to a wider group of investors. But on the other hand I would like to say that you have done well. You have transformed NKT from being something very traditional, not to say old-fashioned, and you have made it into a much more modern company, of course together with the very many competent staff. And then I would like to join in with the previous speaker; if you don't get good or high earnings, then the least you can do is give us some very nice refreshments afterwards, so I hope that the new board will not change that. So do what you want to do, do it fully. Thank you for these many years, I am sad that I am not going to see you again, you have done a good piece of work, but on the other hand it could have been even better. Thank you.

Applause.

59.44

Chairman of the meeting, Anders Lavesen

Any other speakers? Mr. Bayer is back. It is difficult to see down there in the darkness.

59.55

Kjeld Bayer

Well, the last speaker pointed out something I would like to comment on, it concerns Mr. Kjær's shareholding. I hope that you make sure that your shares remain on Danish hands. I don't know how you will do it, because of course you would like to earn money as other people but I hope that you are concerned with ensuring that NKT remains a Danish company. I don't know what you can do but I sincerely hope that you endeavour to do that. And those were my words. Thank you.

60.35

Chairman of the meeting, Anders Lavesen

Thank you. Any other speakers? It is Mr. Gert Gylvig.

61.00

Gert Gylvig

Well, Christian, you have been here for many years and I have been a worker in NKT for many years, and I remember the first AGM I attended. I had then participated in the invention of the Nilfisk that people are now carrying on their backs. At the time Nilfisk got it and we got it back from Nilfisk then, Nilfisk had just taken over and it was stated that it had no interest at all and we could see that this very special envelope had never been opened and later on I was approached in a very nice way and it stayed within the NKT Group. Had you not done that it would have gone to the Hoover Group. You have always managed to make things run smoothly, you have been future-oriented, but there is one thing I don't understand and that is that you are now saying that we are now going to have Kristian Siem as a member of the board and we are going to have Lars there as well. That is fine by me, but what about the ladies, and what age group are we talking about? Let me say that Kristian is 65 years old and Lars is 50 years old. And that is pretty funny actually if we look at the numbers and the figures. So where are we heading with the new people, where are the young people? Look at the people in this room. They have all got grey hair just as I have. Please be careful not to exclude new young people. When the new factory was set up in Cologne, Christian said it today as well, well we need some good people there. Aren't the Danish good enough for us to have a factory here in Denmark, and why did it have to go to Cologne? What about Rotterdam, it is easier to ship from Rotterdam, that could have been the reasons, I think. I think you have done various things that are not really up to scratch, and if we are talking about all of this I would prefer Danish jobs to dividend.

Applause

63.30

Chairman of the Board, Christian Kjær

Well, Mrs. Troensegaard, we have had a few debates on these AGMs and I am very glad to see that you are still in good spirit and you can tell me that everything wasn't that good, so it tells me that your brain functions quite well because of course everything could be better and I think you see this clearly. But I don't quite agree with what you said about low technology because look at Photonics and then tell me that is basic technology, well, that doesn't hold water, and I would like to say that high voltage cables that we produce, that is not basic technology. At a certain point in the past it was basic technology, that is not the way it is today, they cannot do it in Poland, only the very big companies and NKT are able to produce these high voltage cables today. So I don't quite agree with you on that point. And the new shareholder has 6% of the shares, not 1.6% and I think the new board will have good dialogue with this shareholder.

And then you talk about the share price. Well, it has been up sometimes but it is as if recession and the environment we are in at the moment, it is not really the best, but that is why I said wait three years and see. Actually, I once before said what would happen, the shares went up as I said but then we had the recession, there is nothing to do about it, that is life. But stick to your shares for a few years until the recession is over and I will do that if I can afford to. If I need the money for some kind of project or if I need some cash I may have to sell the shares, unfortunately, but the way things are right now I certainly think I will keep my shares in NKT because I also like Danish work places, that is what I always said. I think you shouldn't sell actually, I was chairman of Aalborg Portland and when it was sold to foreign investors I was crying because I didn't think it was the right thing to do, but that is, again, that is the way things are.

And then there was another thing, well, about gender and the board. And I would like to say well I would like to see women on the board, but there are not very many women who are interested in what we work with; engineering, physics, chemistry and cables and the like. But now a policy is being made, something will be done and every time we have been discussing certain board members, then we say, well, we need them for a specific purpose and if you consider, for instance, Stine Bosse, she is in insurance but she can do things, but we would like to see someone who can do something about cables and about cleaning equipment. We have been trying to find someone, we have really been considering this but we did not succeed.

And why did we build the new factory in Cologne and not in Copenhagen? Well, that is because we bought a factory in Cologne when we extended the cable business, NKT Cables, then we bought this German factory so the natural thing was to let the plant remain there and also build a new plant there but we still have activity in Denmark, we are proud of this and we are glad that we still have some production in Denmark.

And then there was the vacuum cleaner that is carried on the back. It was quite funny, actually, because it was quite a lively vacuum cleaner because when they used it and it was hot, people were sweating and they actually got an electric current, an electric shock, really, a minor one. So I have certainly been following the development of this product. Thank you.

68.26

Chairman of the meeting, Anders Lavesen

Any other speakers? That doesn't seem to be the case. So we will continue with the voting. And whenever we are taking a vote then the Danish Companies Act, section 101, says that any shareholder can demand a complete explanation and counting of the votes for and against a certain matter of resolution and just like last year we would like to be able to take the votes also concerning the annual report in a way that allows us to count all the votes no matter whether there is a shareholder demanding that or not but we hope we can do it without taking a written ballot. That would perhaps take too long.

We can determine the exact result without a written ballot if the AGM is willing to answer two questions. Anybody voting against and we can have a show of hands and if there is anybody abstaining from voting and if that is not the case I will write down that everyone else was in favour. And then we can include the votes we have received by letter and then we can determine the final result.

Having said this, I would like to proceed with the actual voting concerning items 1 to 4. We are not going to vote on items 1 and 2 because the AGM has approved the Annual Report now that we have heard the various speakers and the comments on the questions and the replies to the questions from the Board.

We have the Annual Report from 2012. Anybody voting against the approval of the Annual Report? Any abstainees? That is not the case so it has been approved.

Item 4 is the matter of the distribution of profits and the Board proposes that a dividend of 8 DKK per share of 20 DKK nominal value be paid equal to a total dividend of 191,107,032 DKK and I would like to point out that the AGM cannot decide that a higher dividend should be paid. Anybody who is against this proposal? Anybody who abstains? That is not the case. This has been carried.

Item 5 on the agenda is the resolution concerning the discharge of the Board of Management, the Board of Directors from their liabilities. Discharge means that the Management and the Board of Directors will not be held liable concerning matters that are set out in the Annual Report. Any comments on this? Any remarks? Anybody who votes against? Abstains? That is not the case. Then this resolution has been carried.

Then we have – sorry – we have item 6 of the agenda which concerns remuneration to the Board of Directors. It is proposed that the Board of Directors' remuneration for 2013 shall be 900,000 DKK to the chairman, 450,000 DKK to the deputy chairman and 300,000 DKK to each of the other members. It is proposed that the chairman of the audit committee is remunerated with 200,000 DKK whereas the other member is remunerated with 100,000 DKK and in his report the chairman touched upon this proposal and he said that this remuneration remains unchanged as compared with 2012. Any questions? Any remarks? No, anybody voting against this proposal? Abstained? No, that is not the case. Then this proposal has been carried.

Then we have item 7, election of board members. And the Board proposes re-election of the following members. Jens Due Olsen, Jens Maaløe, Kurt Bligaard Pedersen and Lone Fønss Schrøder. And we propose election of Kristian Siem and Lars Sandahl Sørensen as new members of the Board.

According to section 120 of the Danish Companies Act then the company is required to provide information about the new candidates and their interest in other companies and I can let you know that we have a description of the various candidates in the notice convening this meeting. So I will not repeat it now but you can look at the document and you are, of course, welcome to ask questions. And the Board has also asked me to let you know that all the candidates are willing to receive election. Any comments on the candidates? Any proposals? Any other proposals? We have already answered one question. Any other proposals with regard to the election of members of the Board? Since that is not the case, all the nominees have been elected. Congratulations.

75.06

Under point 8 we are to elect public accountants and the Board proposes that we elect Deloitte, State-Authorised Auditors. Any questions or comments in this regard? That is not the case. Any other proposals? That seems not to be the case. Thus, Deloitte, State-Authorised Auditors, have been elected. Congratulations.

Under point 9.1 from the Board of Directors that an age limit is fixed for board members, an age limit of 67 years and based on the proxy votings that we have received we can already establish that the required two thirds majority for this proposal cannot be obtained so regardless of the vote here in this room, this proposal cannot be adopted. And therefore the Board has dropped this proposal. It will not be put to the vote here. But, well, I would like to hear, of course, whether anyone would like to say anything in this connection although it does not really serve a purpose. That seems not to be the case so we can then conclude that this proposal has been dropped. And 9.2 on authorisation for the moderator to secure formalities surrounding 9.1 but that is not relevant.

Then there is the AOB (Any Other Business) point 10. We cannot take any decisions under this agenda point but I would like to know whether there is anyone who would like to have the floor? That seems not to be the case and I then conclude that we are through today's agenda. I would like to thank you but before we close the meeting I would like to give the floor to Jens Due Olsen the deputy chairman of the Board who wishes to say a few words to Christian Kjær and I know that after this Christian Kjær would like to have the final word. As usual.

77.50

Jens Due Olsen

Thank you. Dear Christian. When I have asked you whether it was not a bit sad to leave NKT after 26 years and all the years as a chairman and deputy chairman and you said certainly not. There are so many other things in life that I have not had the time for and that you are now looking forward to. That is what you have said and I think you are right. You are not the way a lot of other business leaders are – people that I have met – because you show that you are a whole person and there are many nuances in you and we have also seen these nuances sometimes and there are many aspects that we only get to know when we really get to know you. I have worked together with you and I have known you for 15 years and we have been doing a lot of things in F.L. Smidth and here in NKT. That has been challenging, it has been exciting but most of all it has been a pleasure. Also, although you say I am too slim, when we get too technocratic, we look at spreadsheets, we talk about recommendations and governance and value creation and so on, then you get a bit bored. But when there are negotiations, personal relations and a sensible approach to business then you are there and you have certainly made use of your business flair. There have been earnings about twice what an average Danish share would have earned over those 25 years. This is remarkable and it is not really something that came of itself because you can use those sides of your head, your willingness to subdue your own ego and listen to arguments and consider facts but it is also your focus on personal relations. And I also think that maybe most of all it is actually your courage to look far into the future and to dare take great investment decisions even though there are doubts, of course, for instance concerning Kalundborg, the factory there, GIGA, the investment in Flexibles and now the investment in Cologne. Christian, it has been a pleasure, we will miss you in NKT.

Your results deserve that we wish you all the best in the future but also that we applaud you on the way out.

Applause

80.40

Chairman of the Board, Christian Kjær

Oh this is very touching. I had hoped that I could pull myself together. I am not sure I will manage all the way through. First of all, I would like to say to my colleagues on the Board and to you, Jens, whom I have had many discussions with and I would have liked you to become the CEO of FLSmidth at some point in time. That would have improved their life but that was not to be. Your wife had decided otherwise and I could not convince her.

I think we should ask the new members of the Board to stand up so that you can see them live here. Could you, please, stand up. I think that is the done thing.

Thank you.

And then again I would like to thank management. Thank you very much for your very loyal way of being, thank you for your support – you support to me by the Board and by Management. We do not always agree on pay, but that is how things are. I think I have been much better in other contexts at keeping pay levels low because in the past we did not pay as such. On the other hand, I would like to say that I have had very good dialogues with you and I don't mind that people are a bit optimistic as long as they realise that trees don't grow into the sky, we now have financial stability that both the Board and the Management will appreciate. Of course, there might be a sinus curve ahead of us because sometimes we have to make more product etc. and spend more money for that reason.

To the shareholders I would like to say: Wow, you have been so nice it always has been such a great pleasure for me and I have been looking so much forward to this annual general meeting and to meeting you afterwards because you are so warm and friendly. Let me tell you a small story. I went abroad about six months ago and I was stopped by the police officer at the airport and he said, I am so much looking forward to going to your AGM and that was a very pleasant thing because - and I would like to thank you.

There are some people I would like to thank in particular. Also on behalf of the shareholders. Danish business investments and LD. They were involved when we sold GIGA they were willing to negotiate they are adaptable when we sold GIGA because we had to sell 100 % of it. They could have put a spanner in the works if they wanted to. So I think it is marvellous that it is possible to make agreements with private equity funds, etc. and everybody benefited and everybody was pleased and I am particularly fond of LD. In the past we did not talk officially, we had shared a beer sometimes, Flemming and I and then he said: Well, it is not going so well now and later on Jeppe came in and they did not say you have to do this and that and if you don't do this and that, then we have to do something to work against you. No they simply sold shares and then it was up to me to find out what happened and that was a good way and a better way because if many of the people work for the funds and I speak to them directly and very straight forward, they have never been working as managers of a large company - if you are completely hopeless you deserve being bashed but sometimes they adopted a more - we have adopted a more long term view and it is difficult to express exactly what you want to do but I would like to thank them because they have done well, and other funds could learn a lot from them.

I would also like to thank ATP, the Labour Market Pension Fund, a major shareholder and a great support because they bought shares in NKT. You may not always think that we are doing the right thing, but if we look at it over the years we have actually provided a pretty good return on your investment as compared with other companies but sometimes things are developing differently from what you had anticipated and when we are going downhill, we can really see the recession and so can the funds and they put pressure on us because they want to protect their investments but I trust the new board. I will keep my shares to the greatest possible extent and I am very proud of being able to leave this company and leave it to such a competent board and a very competent management.

Now the employees, and without you nothing of this would have happened. You have been very loyal, you have been very nice, you have been dedicated in an amazing way. Thank you very, very, very much. I don't know how to express, convey warm thanks in a very strong way but I hope I can do it, I hope that the people who are working in the group somewhere will convey my thanks to everybody else.

And thank you to the chair of the meeting. He has served very well for many years. It is a really excellent meeting chair, we have a pleasant - and not so much fuss - and he is pretty fast too. Thank you – thank you to the interpreters and the technicians. I hope everything has run smoothly. Thank you to our guests and I hope they will come back next year and then we have the refreshments. Thank you, thank you 26 wonderful years. Thank you.

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