August 2018

Interim Report Q2 2018

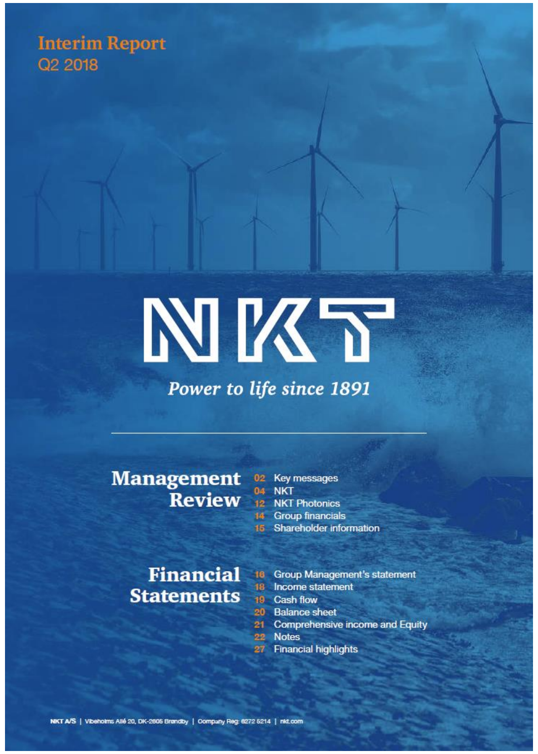
Investor presentation

Forward looking statements

NKT

This presentation and related comments contain forward-looking statements.

Such statements are subject to many uncertainties and risks, as various factors of which several are beyond NKT A/S' control, may cause that the actual development and results differ materially from the expectations.



Today’s presenters

Michael Hedegaard Lyng

NKT

President & CEO

Roland M. Andersen

NKT

CFO

Agenda

Key highlights Q2 2018

EUR 306.4m Revenue (std. metal prices)	Up from EUR 288.1m in Q2 2017
12% Organic growth	Double-digit organic growth in all three business lines
EUR 32.1m Operational EBITDA	Compared to EUR 42.9m in Q2 2017
EUR 0.52bn High-voltage order backlog	The backlog was down by EUR 0.12bn compared to end-Q1 2018.

- Financial performance and project execution in **Solutions** in line with expectations given the composition of projects
- Profitability in **Applications** low impacted among others by implementation of initiatives to improve performance
- Satisfactory performance in **Service & Accessories** driven by positive development in the service business
- Positive free cash flow in Q2 2018 reduced debt level
- No significant projects were awarded in the relevant high-voltage markets during 1st half 2018. NKT was awarded a contract for the Hornsea 2 project in July 2018
- Operational EBITDA in 2018 expected to be in the lower end of the previously announced range of approx. EUR 90-110m

Solutions – Q2 2018

Financial performance in line with expectations. No significant projects awarded in Q2 2018

Customer offerings	 ▪ High-voltage AC/DC on/-off-shore cables
Development during Q2 2018	▪ Project execution satisfactory ▪ Revenue contributors in Karlskrona included Nordlink and Hornsea 1 ▪ Work began on the production of cables for Borssele Alpha in Cologne ▪ Galloper project has been completed in Cologne ▪ Conditions in the high-voltage AC onshore market remained challenging
NKT Victoria	▪ For most of Q2 2018, NKT Victoria was occupied installing the DC power cable system for the Norwegian Johan Sverdrup offshore oil platform.

Q2 2018 financial highlights

161m
Revenue* EURm
(Q2 2017: EUR 155m)

12%
Organic growth

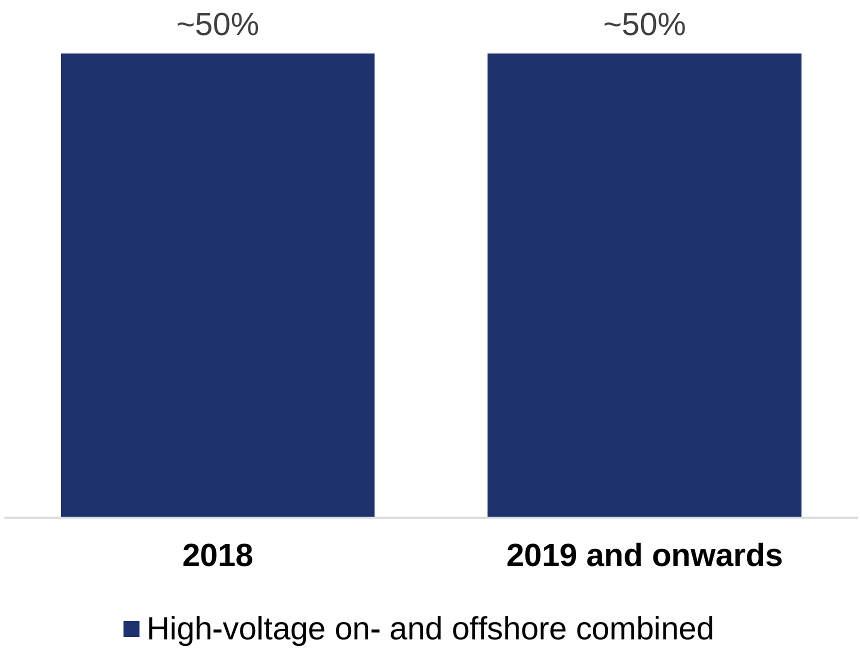
26.1m
Oper. EBITDA EURm
(Q2 2017: EUR 32.8m)

* Std. metal prices

Note: AC = Alternating Current and DC = Direct current

High-voltage order backlog

High-voltage order backlog decreased to EUR 0.52bn* at end-Q2 2018 from EUR 0.64bn at end-Q1 2018



Mix of high-voltage projects

Offshore wind

Walney East & West	2018
Borssele Alpha	2018
Rentel	2018
Kriegers Flak	2019
Hornsea 1	2019
Borssele Beta	2019

Interconnectors

Caithness Moray	2018
Nordlink	2019

Oil & Gas

Johan Sverdrup	2018
Martin Linge	2018

Not part of order backlog at end-Q2 2018 (estimated contract values):

Hornsea 2 (EUR +145m)	2021	Awarded on 4 July 2018
Triton Knoll (EUR ~115m)	2020	Preferred supplier agreement
Moray East (EUR ~130-170m)	2020	Preferred supplier agreement

* Market prices (EUR 0.47bn in std. metal prices)

NKT awarded Hornsea 2 offshore AC cable project

The wind farm is to be the world's largest

- Hornsea 2 will provide green electricity to well over 1.3 million households
- NKT to supply more than 190 km of 220 kV high-voltage AC XLPE offshore export cable system
- Contract value of over EUR 145m (EUR 110m in std. metal prices)
- Production start-up for NKT in the autumn 2018 in Karlskrona
- Proves the strong position of NKT within offshore wind

High-voltage market update

No significant projects were awarded in the relevant markets – medium- to long-term attractiveness remains

- During 2018, larger projects have been postponed in the interconnector market due to a variety of external factors, whereas the offshore wind market generally is viewed more stable
- The limited number of order awards will impact the activity level in Solutions for the remainder of 2018 and in 2019
    - Preventing NKT from achieving optimal production planning and installation
    - Currently an unfavourable supply/demand balance for the cable manufacturers exists
- Medium- to long-term perspectives in the high-voltage markets remain attractive. However, timing of order awards is uncertain
    - EU increased renewable energy target for 2030
    - Offshore wind potential in the US and Taiwan

NKT well positioned in the market

- Leading provider of high quality turnkey solutions
- Advanced cable production factories and specialized DP3 cable laying vessel
- Highly experienced cable manufacturer produced ~50% of all installed wind export cables*
- Best in class technology with ability to produce highest voltage ratings worldwide
- Well positioned for future HVDC Onshore projects

* Source: 4C Offshore 2017. Market share of cable manufacturers 132-220kV – all offshore construction since 2010 (NKT incl. ABB HV Cables)

Applications – Q2 2018

Satisfactory organic growth – earnings level too low

Customer offerings

- Medium- and low-voltage cables & building wires
- Power cables for telecom market

Development during Q2 2018

- 11% organic growth primarily driven by Poland and France
- Continued recovery in Poland in revenue and earnings
- Deliveries on medium-voltage frame contract in France
- Improvement in Sweden following the challenging start of 2018. Market is slowing down compared to 2017

Lower operational EBITDA

- Automotive business divested in April 2017 (operational EBITDA contribution EUR 0.7m in Q2 2017)
- Implementation phase of initiatives to improve the performance. Positive impact expected from 2019
- Product mix with negative impact

Q2 2018 financial highlights

115m
Revenue* EURm
(Q2 2017: EUR 108m)

11%
Organic growth

4.5m
Oper. EBITDA EURm
(Q2 2017: EUR 6.2m)

* Std. metal prices

Service & Accessories – Q2 2018

Satisfactory financial performance

Customer offerings

- High-, medium- and low-voltage accessories
- Services
- Railway

Development during Q2 2018

- Completion of a few offshore cable repair assignments and growth in the onshore service and repair business
- Pursuing further opportunities in the market for power cable service contracts
- The performance varied in the accessories business across the different markets
- After a strong start to 2018, the profitability was lower, but satisfactory in Q2

Railway

- Still assessing various strategic options including a potential divestment – decision expected later this year

Q2 2018 financial highlights

37m
Revenue* EURm
(Q2 2017: EUR 26m)

19%
Organic growth

3.8m
Oper. EBITDA EURm
(Q2 2017: EUR 5.4m)

* Std. metal prices

Focus on excellence initiatives a key priority

Cost reductions

Announced cost reduction plan progressing

Reduction mainly of the white-collar organization in Karlskrona and Cologne

- Voluntary release programme finalized in Karlskrona
- Negotiations with the respective parties ongoing in Cologne

Annual positive cost impact from 2019 of approx. EUR 10m

Operational excellence

Roll-out of a standardized, lean-based operating system across its factories

To deliver structures and processes to improve factory efficiency

Will gradually be rolled out, and focus is currently on the medium-voltage cable business

Shared Service Centre

Shared service centre established in Lithuania

Selected accounting tasks have gradually been moved to this facility

During Q2 2018, NKT took over most of the accounting tasks related to the acquired ABB HV Cables activities

All other NKT sites are similarly planned to move tasks to the shared service centre

Digitalization

In 2017, NKT established a digital hub in Berlin

To identify ways to improve how NKT operates in certain areas, leading to benefits for the customers

A number of digitalization projects have been initiated such as:

- Development of an application for managing cable drums

Agenda

Key highlights in Q2 2018

EUR 17.6m Revenue	Up by EUR 6.4m against Q2 2017, driven by the existing business and the acquired Onefive activities
25% Organic growth	All three business segments contributed to the growth
EUR 1.0m EBITDA	Up from EUR 0.7m in Q2 2017 driven by higher revenue
75% Order intake growth	Increase compared to Q2 2017 was driven by all segments

- Healthy market conditions across product categories
- Continued investments in creating a stronger platform for the future. Ramping up the organizational footprint
- Q2 2018 EBITDA was impacted by provisions of EUR 0.4m relating to the LTI programme for senior management. No similar provisions were made in the same period in 2017
- Opened an optical materials facility in Sweden in April 2018 taking the development and production of new and improved silica glass to the next level
- Financial outlook for 2018 unchanged
    - Revenue approx. EUR 65-70m
    - EBITDA approx. EUR 10m

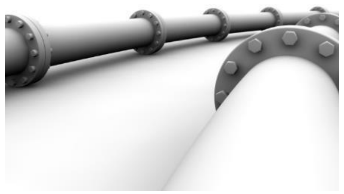
Business development – Q2 2018

Imaging & Metrology — 56% of revenue

Markets:
Semiconductor
Bio-imaging & Medical
Industrial metrology

- Positive development driven mainly by supercontinuum white light lasers
- Majority of the revenue came from semiconductor, life science and scientific markets

Sensing & Energy — 31% of revenue



Markets:
Energy
Security
Structural monitoring

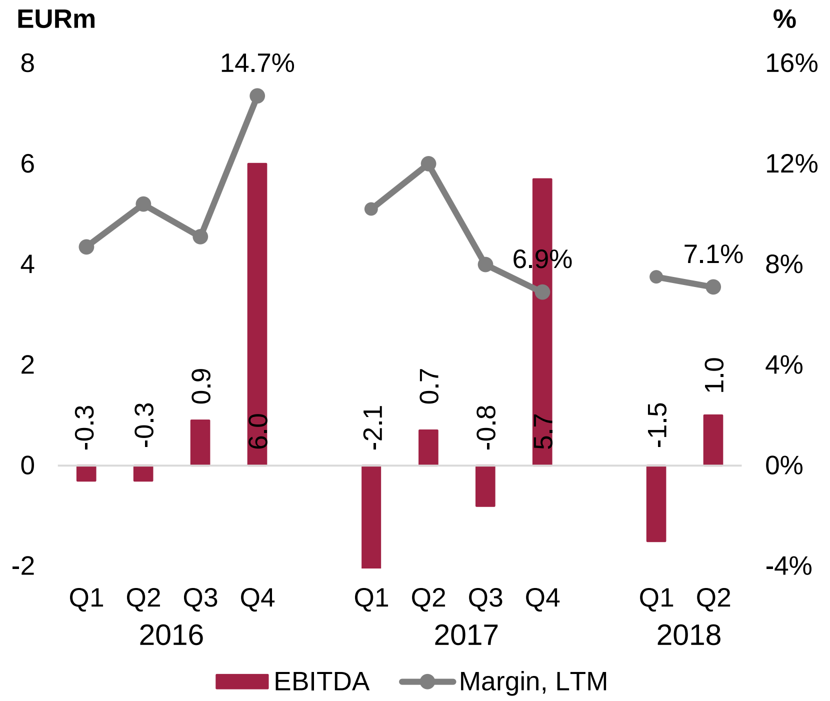
- Products with applications in fire detection and power cable monitoring drove growth
- The Koheras line of single-frequency fiber lasers continues to grow above the market

Material Processing — 13% of revenue

Markets:
Micromachining
Medical
R&D

- Integration of the acquired Onefive business was successfully completed in Q2 2018
- Released several new and improved ultrafast lasers

EBITDA performance



Note: Revenue distribution based on FY 2017 figures

Strategic priorities for 2018

NKT Photonics

Move up in value chain	Focus on organic growth	LEAN Operations	Fast introduction of new products
Expand from supply of components to complete optical systems	**Actively pursue growth opportunities within core areas organically and through partnerships**	**Scalable manufacturing Commercial excellence**	**Continued introduction of new products and technologies to meet customers' needs**
New Onefive lasers Move from components only to full industrial ultrafast laser system	**Acquisitions** The acquisitions of Fianium in 2016 and Onefive in 2017 completed to support future growth	**COO organization** In October 2017, a Chief Operating Officer was appointed to drive production sites more efficiently	**LIOS EN.SURE** New long range cable monitoring system with a 70 km range and advanced RTTR software

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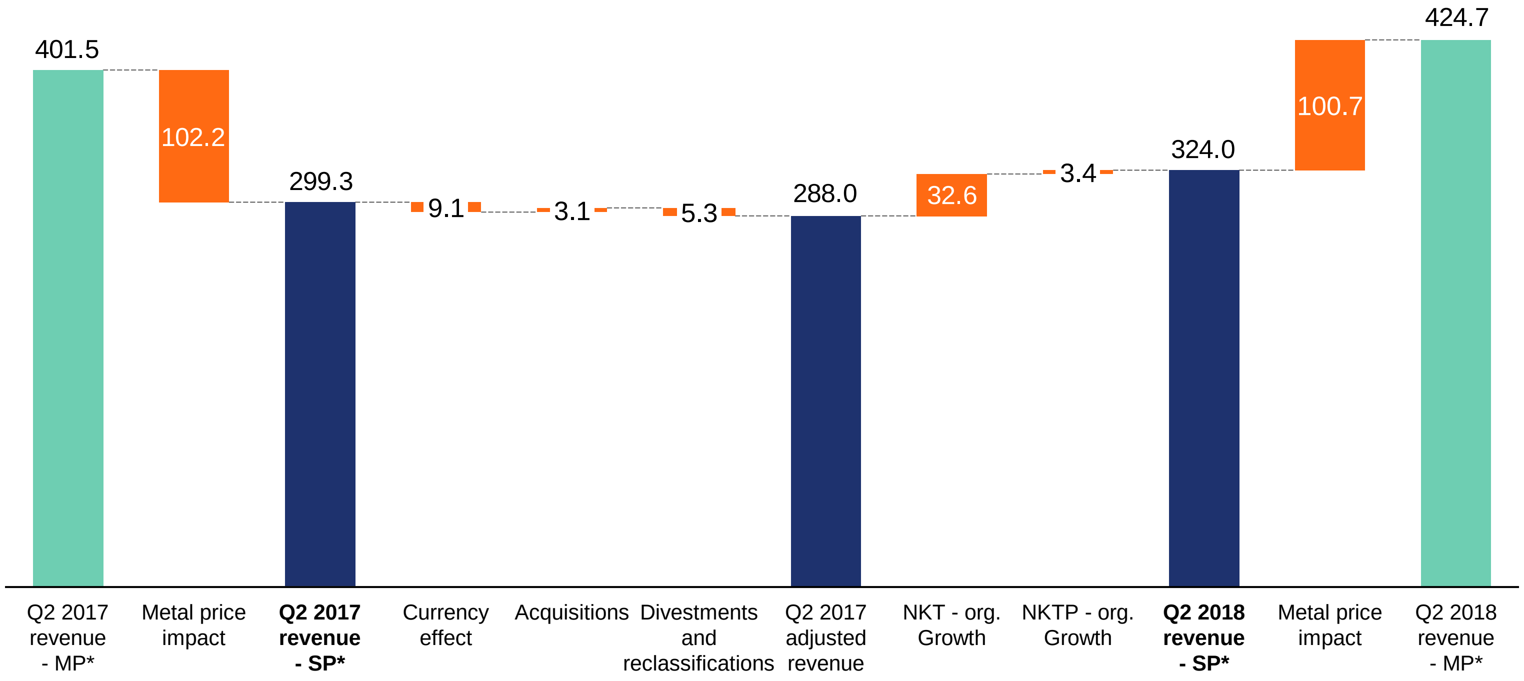
NKT A/S: Group revenue development in Q2 2018

Increased revenue with double-digit organic growth in NKT and NKT photonics

Revenue development (EURm)



Comments

- Revenue growth driven by both NKT and NKT Photonics
  - Organic growth 12% and 25%, respectively
  - Double-digit organic growth in all three NKT business lines
  - The currency effect mainly related to the weakening of SEK
  - Acquisitive effect comes from the Onefive acquisition in NKT Photonics
  - Automotive in NKT was included in Q2 2017 (revenue (std. metal prices) of EUR 3.3m) and divested in April 2017

* MP = Market prices and SP = Std. metal prices

NKT A/S: Group income statement highlights

Increased revenue and lower earnings

Financial highlights

EURm	Q2 2018	Q2 2017	Q1-Q2 2018	Q1-Q2 2017	FY 2017
Revenue	424.7	401.5	788.2	682.8	1,479.3
Revenue (Std. metal prices)	**324.0**	**299.3**	**590.9**	**492.0**	**1,108.4**
Organic growth					
NKT	*12%*	*8%*	*10%*	*1%*	*7%*
NKT Photonics	*25%*	*26%*	*22%*	*4%*	*7%*
Operational EBITDA	**33.1**	**43.6**	**52.0**	**59.3**	**141.8**
NKT	32.1	42.9	52.5	60.7	138.3
NKT Photonics	1.0	0.7	-0.5	-1.4	3.5
Operational EBITDA margin					
NKT	*10.5%*	*14.9%*	*9.4%*	*12.8%*	*13.1%*
NKT Photonics	*5.7%*	*6.3%*	*neg.*	*neg.*	*6.9%*
One-off costs	-7.5	-5.1	-10.6	-19.7	-44.9
EBITDA	**25.6**	**38.5**	**41.4**	**39.6**	**96.9**
Depreciation and impairment of PP&E	-16.0	-16.2	-32.4	-25.4	-61.3
Amortisation and impairment of int. assets	-5.3	-3.3	-10.3	-5.8	-18.3
Financial items, net	-1.5	-6.0	-3.6	-7.9	-14.7
Tax	-1.1	-3.0	1.6	1.6	-6.0
Profit from continuing operations	**1.7**	**10.0**	**-3.3**	**2.1**	**-3.4**
Full-time employees, end of period					
NKT	3,452	3,358	3,452	3,358	3,393
NKT Photonics	322	263	322	263	302

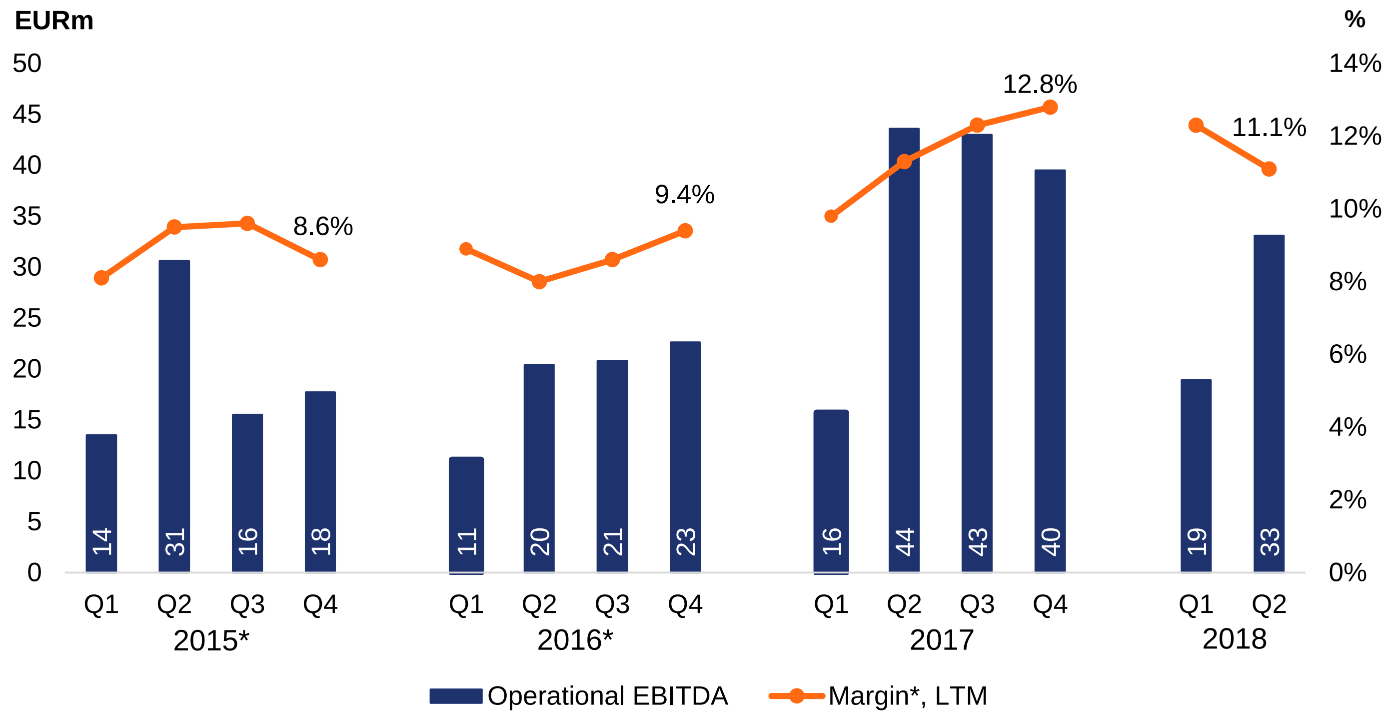
Comments

- Operational EBITDA lower than Q2 2017
  - NKT: Q2 2018 performance impacted by composition of projects in Solutions and too low profitability in Applications
  - NKT Photonics: Improvement driven by revenue growth
- One-off costs in Q2 2018 related to NKT
  - EUR 0.8m for the integration of ABB HV Cables
  - EUR 6.7m for strategic initiatives primarily related to the EXCELLENCE 2020 strategy and to the cost base adjustment announced in the Q1 2018 Interim Report
  - In 1st half 2018, one-off costs were EUR 10.6m. One-off costs of approx. EUR 20m is still expected in 2018
- Net profit down largely in line with operational EBITDA

NKT A/S: Group operational EBITDA

Profitability, LTM, down from peak in 2017

Quarterly development in operational EBITDA



Comments

- The operational EBITDA margin, LTM, was down 1.2%-points from Q1 2018 to Q2 2018, which reflected the lower profitability level in NKT in Q2 2018 compared to Q2 2017
- The increase in margin during 2017 was driven by the strong performance in the Solutions business line in NKT
- The profitability improvement from 2015 to 2017, primarily driven by the acquisition of the ABB HV Cables activities and divestment of Chinese operations in NKT

* Excluding figures from Nilfisk

NKT A/S: Group balance sheet highlights

Working capital lower than end-Q1 2018

Financial highlights*

EURm	30 Jun 2018	30 Jun 2017	31 Dec 2017
Working capital	**37.3**	**169.9**	**-83.5**
NKT	14.8	-30.6	-106.5
NKT Photonics	22.5	16.2	23.1
Capital employed	**1,176.7**	**1,724.5**	**1,109.5**
NKT	1,104.3	1,139.1	1,040.5
NKT Photonics	72.4	49.8	69.0
RoCE	**4.8%**	**12.8%**	**11.8%**
NKT	4.1%	9.2%	7.5%
NKT Photonics	neg.	1.1%	neg.
Net interest-bearing debt (NIBD)	**409.5**	**742.3**	**293.2**
Totalt assets	**1,926.4**	**2,809.0**	**1,904.6**
Total equity	**767.2**	**982.2**	**816.3**

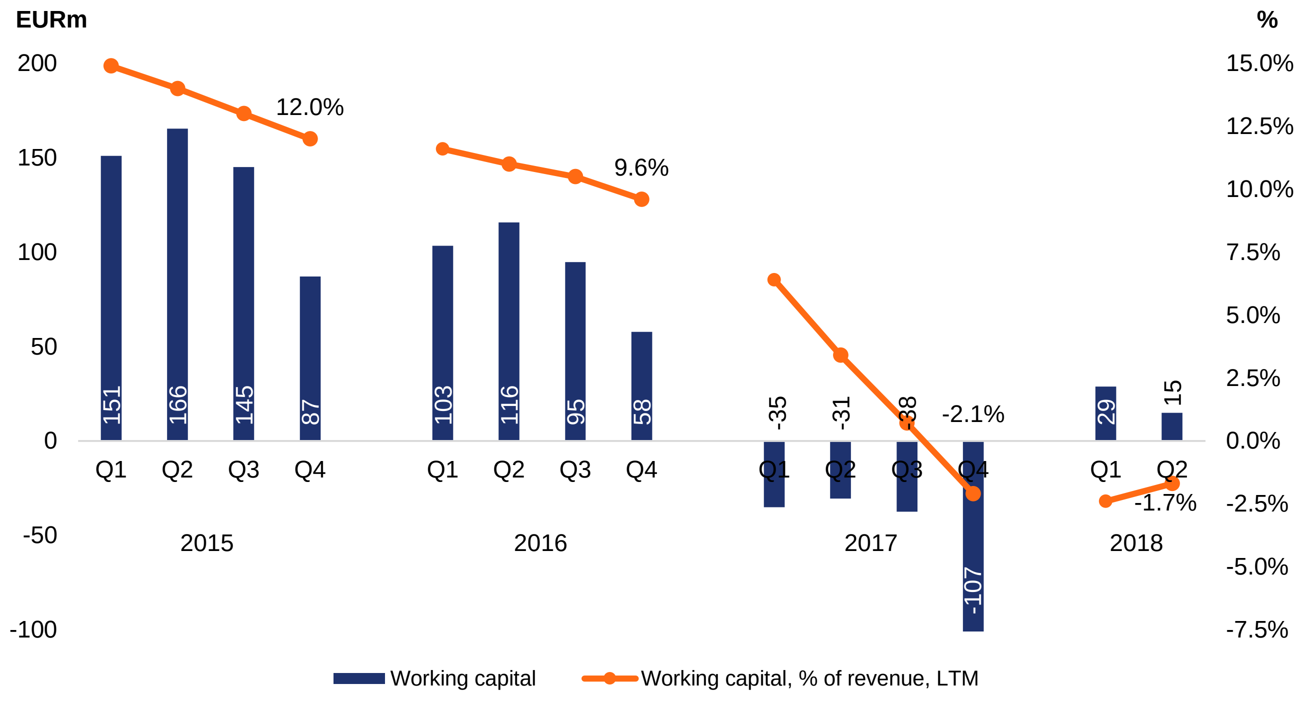
Comments

- Working capital (excl. Nilfisk) at higher level than at end-Q2 2017, but lower than end-Q1 2018
  - NKT: Positive development during Q2 2018 driven by the Solutions business (see next slide)
  - NKT Photonics: Higher level of working capital compared to end-Q1 2018 due to increase in revenue
- In Q2 2017, Nilfisk was part of the Group's consolidated debt

* Nilfisk items were classified as assets held for distribution to owners until the demerger was finalized in October 2017.

NKT: Working capital

Quarterly development in working capital



- Working capital is down by EUR 14m from end-Q1 2018 to end-Q2 2018
  - The Solutions business was driving the improvement with project milestone payments supporting the cash flow
  - The extraordinary low level at the end of 2017 was driven by Solutions
- Over the past years, NKT has been reducing its working capital driven by various initiatives and divestments

Note: Working capital ratio calculated as average working capital as a percentage of revenues LTM

NKT A/S: Group cash flow statement highlights

Positive contribution from earnings and working capital as well as lower investment level

Financial highlights*

EURm	Q2 2018	Q2 2017	Q1-Q2 2018	Q1-Q2 2017	FY 2017
Cash flow from operating activities	**36.4**	**16.8**	**-95.4**	**-21.6**	**87.8**
EBITDA	25.6	71.7	41.4	103.7	180.1
Financial items, net	-1.3	-7.9	-3.6	-12.3	-20.9
Changes in working capital	19.5	-35.3	-115.4	-90.4	-23.7
Others	-7.4	-11.7	-17.8	-22.6	-47.7
Cash flow from investing activities	**-13.4**	**-154.8**	**-23.0**	**-810.7**	**-493.3**
Capex	-13.4	-26.9	-23.0	-49.4	-94.2
Acquisition and divestment of businesses	0.0	-127.9	0.0	-761.3	-399.1
Free cash flow	**23.0**	**-138.0**	**-118.4**	**-832.3**	**-405.5**
Cash flow from financing activities	**-41.0**	**158.5**	**85.6**	**725.5**	**293.6**
Net cash flow	**-18.0**	**20.5**	**-32.8**	**-106.8**	**-111.9**

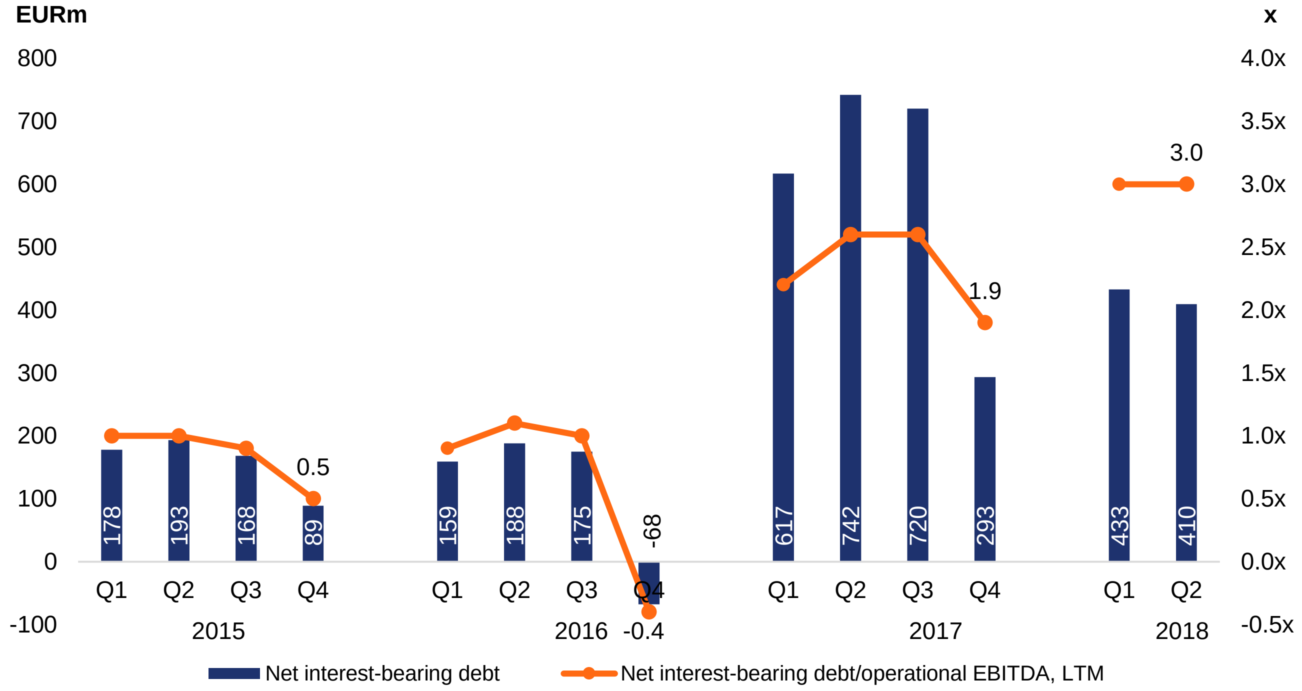
Comments

- Positive development in cash flow from operating activities
  - Primarily driven by the earnings contribution and the working capital improvement
- Cash flow from investing activities down compared to Q2 2017
  - Capex remained at a lower level in Q2 2018
  - No acquisitions or divestments in 1st half 2018, but comparison period impacted by acquisition of the ABB HV Cables activities
- Positive free cash flow reducing net interest-bearing debt by EUR 23m debt from Q1 2018 to Q2 2018

* Nilfisk was part of the cash flow up until the demerger was approved on 10 October 2017

NKT A/S: Group financial leverage ratio

Leverage ratio remained at 3.0x



- Net interest-bearing debt was EUR 410m at end-Q2 2018 down from EUR 433m end-Q1 2018 driven by the positive free cash flow
- Leverage ratio unchanged at 3.0x as of end-Q2 2018 from end-Q1 2018
- Nilfisk was part of the group's consolidated debt until Q3 2017
- The medium-term target remains a leverage ratio up to approx. 1.5x
- The refinancing process of the entire debt facilities is progressing satisfactory and expected to be finalized in the near future

* For the 2017 leverage ratios, 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

Financial outlook 2018

NKT

EUR ~1.0-1.1bn

Revenue*

Lower end of EUR ~90-110m

Operational EBITDA

NKT Photonics

EUR ~65-70m

Revenue

EUR ~10m

EBITDA

- The expectation to operational EBITDA for NKT has been updated from *"… is expected to be approx. EUR 90-110m"* to *"… is now expected to be in the lower end of the previously announced range of approx. EUR 90–110m"*
- Revenue expectation for NKT and revenue and EBITDA expectations for NKT Photonics remain unchanged

* Std. metal prices

Agenda

Financial calendar

2018	Event
16 November	**Interim Report Q3 2018**

For full list of Investor Relations events, please visit investors.nkt.com