

NKT

Annual Report 2012

Audiocast, 27 February 2013 at 10:00 am CET

NKT

Agenda

NKT – Highlights 2012

Expectations 2013

Financial results 2012

Companies

- NKT Cables

- Nilfisk-Advance

- Photonics Group

Questions & Answers



A global industrial conglomerate

NKT

NKT Cables	North, Central and Eastern Europe, China, Australia
Nilfisk-Advance	Global presence
Photonics Group	Europe, North America, Asia



Highlights 2012

Strong Q4 delivers improved earnings

- Q4 2012 revenue of 4.002 mDKK and operational EBITDA of 320 mDKK
- FY 2012 revenue of 15.253 mDKK (-2% vs. 2011) and operational EBITDA of 1.039 mDKK (+18% vs. 2011)
- NKT did not realise the revenue and earnings initially forecasted, but met the most recent expectations

Improvements across all business units despite tough market conditions

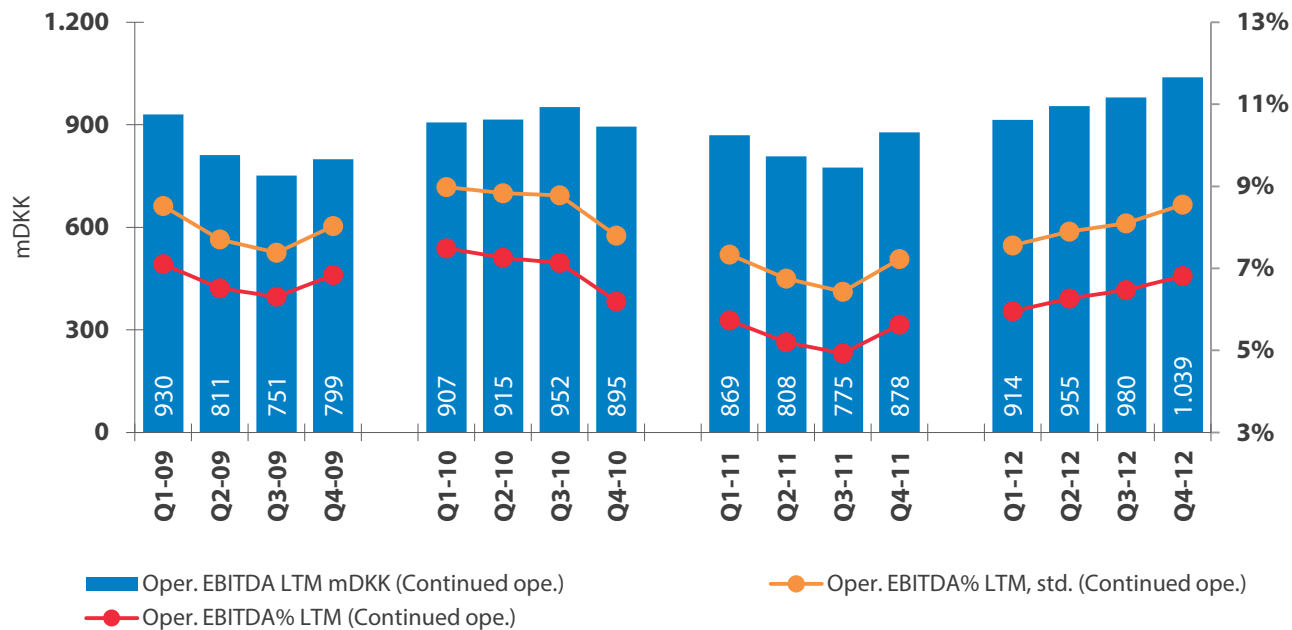
- NKT Cables performance improved
- Nilfisk-Advance best year ever
- Photonics Group approaching industrialisation
- The successful divestment of NKT Flexibles

Powered by NKT is still the direction going forward, building on global megatrends

- Increased financial flexibility to further focus on the development of the three remaining business units

Strong Q4 deliver **improved earnings**

Operational EBITDA (LTM)

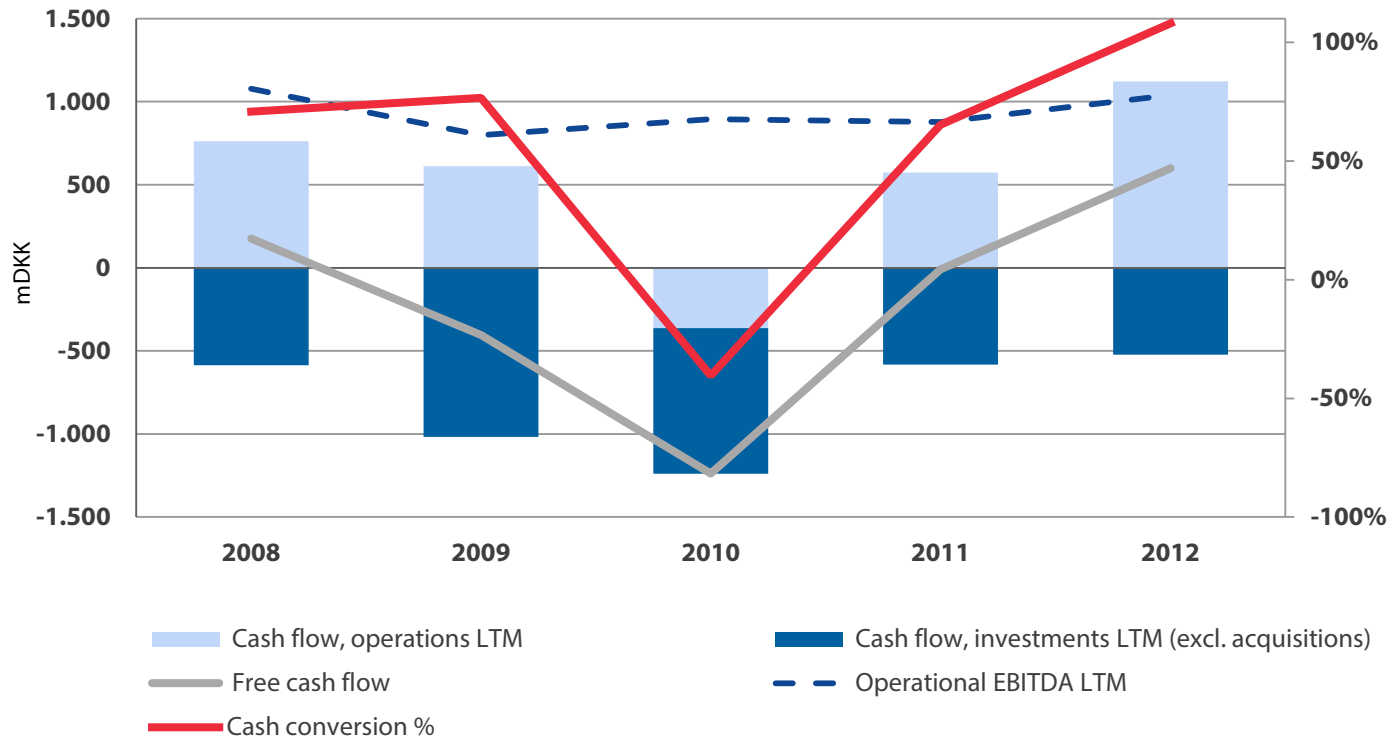


Q4 2012 yielded best result in 18 quarters

FY 2012 revenue 15.253 mDKK (vs. 15.604 mDKK in 2011)

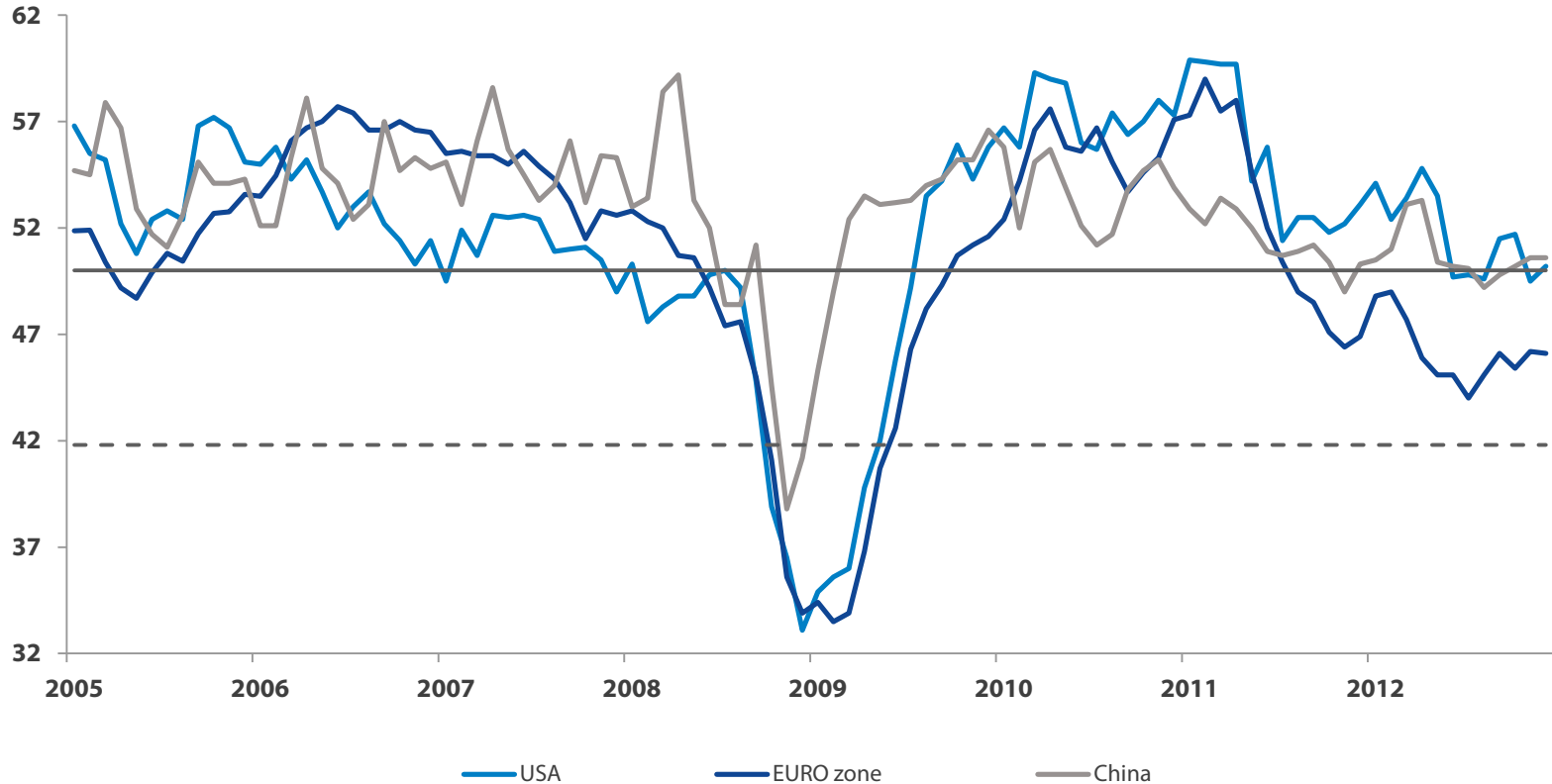
FY 2012 operational EBITDA margin std. of 8,6% vs. 7,2% in 2011

Cash conversion rate of 108%



Eurozone still in trough of economic cycle

Manufacturing PMI



- Expectation indicator: - Above the line indicates positive expectations for the manufacturing sector
- Below the line indicates declining expectations for the manufacturing sector
- - - Recession indicator: - Below the line indicates expectations of recession

Update on **strategy**

Powered by NKT strategy builds on the use of NKT's strong commercial and technological platforms to capitalise on global megatrends

- Urbanisation
- Renewable energy
- Emerging markets
- Sustainability

Maintain the strategic direction with unchanged focus on growth, improved earnings and value creation

Strategic goal has been revised to an expected RoCE of around 15-20% with no defined time horizon to achieve this

Changed conditions also mean that the detailed strategic 2015 targets will not be maintained

"The strategic direction will be maintained. NKT is an active owner focused on long-term value creation"

*Thomas Hofman-Bang
President and CEO*

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Expectations 2013

Given flat development for the Group's main markets compared with 2012, revenue in standard metal prices and operational EBITDA for 2013 are expected to be on par with 2012

Cash flow from investments (excluding acquisitions) are expected to be around -500 mDKK

Based on the above, at end 2013, net interest bearing debt is expected to be within the Group's own targets for capital structure

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Questions & Answers



Financial highlights 2012

Q4 Revenue 4.002 mDKK (Q4 2011: 3.902 mDKK)

FY Revenue 15.253 mDKK (FY 2011: 15.604 mDKK)

Organic growth -2% for full year and **1%** in Q4

Organic growth	Q4 2012	2012
NKT Cables	0%	-4%
Nilfisk-Advance	1%	0%
Photonics Group	20%	10%

Q4 Operational EBITDA 320 mDKK, 9,9% std.
(Q4 2011: 263 mDKK, 8,3% std.)

FY Operational EBITDA 1.039 mDKK, 8,6% std.
(FY 2011: 878 mDKK, 7,2% std.)

Financial items 196 mDKK (2011: 280 mDKK)
impacted positively by lower interest rates and
decreased net interest bearing debt

Earnings before tax (EBT) amount to **277** mDKK
(2011: 6 mDKK)

Earnings of discontinued operations 1.410 mDKK
(2011: 119 mDKK)

WC amounts to **2,4** bnDKK (end 2011: 2,7 bnDKK).
LTM at **19,8%** vs. 21,8% compared to sales

NIBD decreased to **1.909** mDKK, **1,8x** operational
EBITDA (2011: 4.429 MDKK, 4,3x operational EBITDA)

Proposed dividend of 8 DKK per share

Strong development in Q4

Q4 2012 vs. Q4 2011

mDKK	Q4 2012	Q4 2011	Change	Consensus
Revenue	4.002	3.902	100	4.000
<i>Revenue, std. metal prices</i>	3.227	3.185	42	3.234
EBITDA (operational)	320	284	36	277
One-off's	-7	-15	8	-7
EBITDA	313	269	44	270
Depreciation/Amortisation	-144	-197	53	-131
EBIT	169	72	97	139
Financial items, net	-41	-74	33	-39
EBT from continuing operations	128	-2	130	100
Tax from continuing operations	-35	-7	-28	-23
Profit	93	-9	102	77
<i>Oper. EBITDA margin std.</i>	9,9%	8,9%		8,6%
<i>Tax %</i>	27%	neg.		23%

Organic growth 1%

- NKT Cables 0%
- Nilfisk-Advance 1%
- Photonics Group 20%

FY Profit expectation of 1,6 bnDKK realised

FY 2012 vs. FY 2011

mDKK	2012	2011	Change	Consensus
Revenue	15.253	15.604	-351	15.243
<i>Revenue, std. metal prices</i>	<i>12.148</i>	<i>12.151</i>	<i>-3</i>	<i>12.149</i>
EBITDA (operational)	1.039	878	161	996
One-off's	-30	-33	3	-29
EBITDA	1.009	845	164	967
Depreciation/Amortisation	-536	-559	23	-523
EBIT	473	286	187	444
Financial items, net	-196	-280	84	-194
EBT from continuing operations	277	6	271	250
Tax from continuing operations	-81	2	-83	-69
Profit from continuing operations	196	8	188	181
Profit from discontinued operations	1.410	119	1.291	1.404
Profit	1.606	127	1.479	1.585
<i>Oper. EBITDA margin std.</i>	<i>8,6%</i>	<i>7,2%</i>		<i>8,2%</i>
<i>Tax %</i>	<i>29%</i>	<i>neg.</i>		<i>28%</i>

Negative organic growth

-2%

- NKT Cables -4%
- Nilfisk-Advance 0%
- Photonics Group 10%

Proposed dividend of 8 DKK per share (191 mDKK)
or 98% of profit from continuing operations

Changes 2012 vs. 2011

mDKK	2012	2011	Change
Revenue	15.253	15.604	-351 *01
<i>Revenue, std. metal prices</i>	<i>12.148</i>	<i>12.151</i>	<i>-3</i>
EBITDA (operational)	1.039	878	161 *02
One-off's	-30	-33	3
EBITDA	1.009	845	164
Depreciation/Amortisation	-536	-559	23
EBIT	473	286	187
Financial items, net	-196	-280	84 *03
EBT from continuing operations	277	6	271
Tax from continuing operations	-81	2	-83
Profit from continuing operations	196	8	188
Profit from discontinued operations	1.410	119	1.291
Profit	1.606	127	1.479

01

	mDKK
Revenue decreased by	-351
Metal prices	-348
FX changes	244
Acquisitions	0
-2% organic growth	-247
- NKT Cables	-4%
- Nilfisk-Advance	0%
- Photonics Group	10%

02

	mDKK
Oper. EBITDA increased by	161
NKT Cables	
Margin 5,4% (2011: 3,2%)	108
Nilfisk-Advance	
Margin 11,9% (2011: 11,6%)	43
Photonics Group and other	10

03

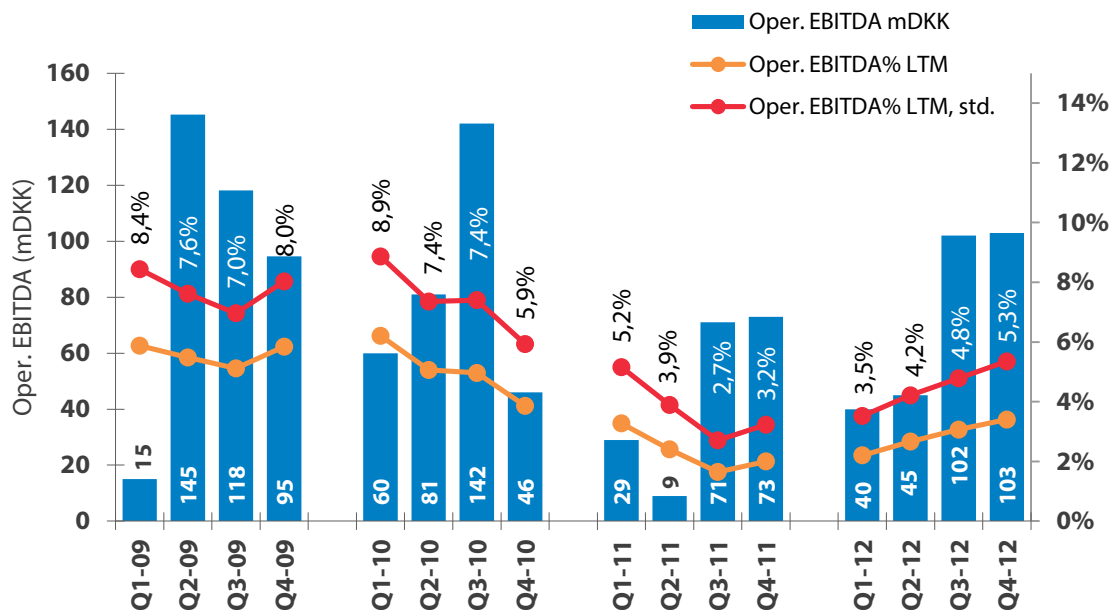
	mDKK
Financial items decreased	84
Reduced net interest expenses	38
Reduced exchange loss	46

Most recent **declared expectations** were met

Expectations 2012 vs. realised 2012

mDKK	Initial forecast 2012	Change Q2 2012	Change Q3 2012	Realised 2012
Organic revenue growth	5-10%		neg. 2-3%	-2%
NKT Cables	5-10%			-4%
Nilfisk-Advance	5%			0%
Photonics Group	20%			10%
Operational EBITDA, mDKK	1.050 -1.250	1.050	1.000	1.039
NKT Cables	~7,5%	~5,5%		5,3%
Nilfisk-Advance	~12%	~11,6%		11,9%
Photonics Group, mDKK	10			9
Profit from discontinued oper., mDKK	1.300	1.404		1.410
Net profit, mDKK		1.600		1.606

NKT Cables performance improved



Realised -4% organic growth in 2012 (Q4: 0%)

- Electricity Infrastructure 2% (Q4: 4%)
- Construction -2% (Q4: -13%)
- Railway -33% (Q4: 15%)
- Automotive -21% (Q4: -30%)

2012 organic growth peer 0%

- Energy Infrastructure -4%
- Industry 4%
- Buildings 2%

2009

2010

2011

2012

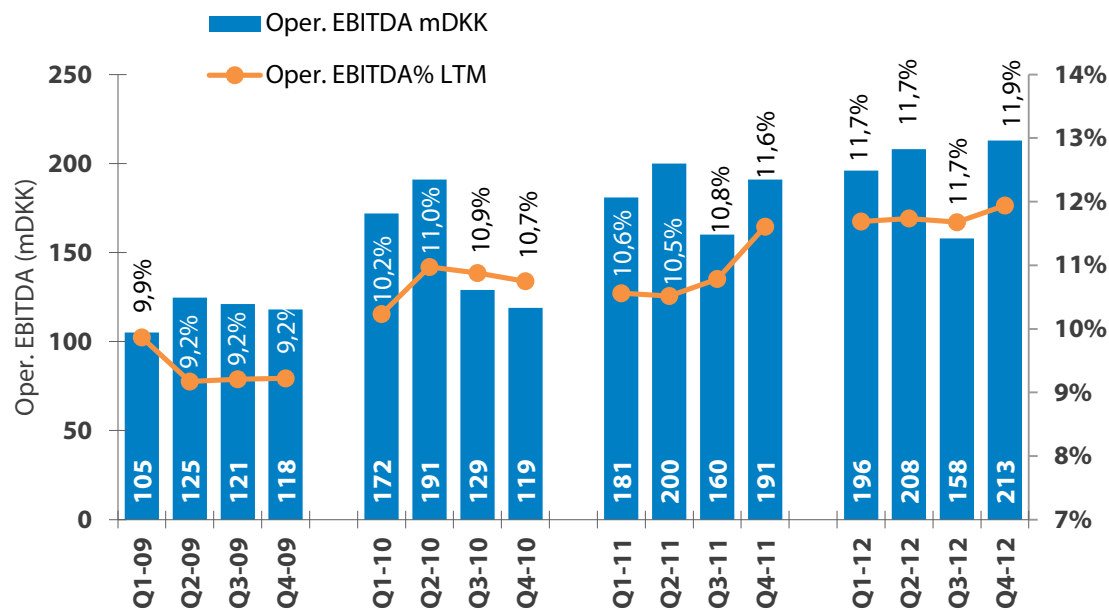
Organic growth
- Quarterly (Y/Y)

-14% 3% -10% -8% 1% 25% 25% 34% 20% 0% -4% -6% -13% -4% 0% 0%

- Annually

-7% 16% 1% -4%

Nilfisk-Advance **best year ever**



Realised 0% organic growth in 2012 (Q4: 1%)

- EMEA -1% (Q4: -4%)
- Americas 1% (Q4: 9%)
- APAC 3% (Q4: 8%)

Organic growth peer 0% in 2012 (Q4: -2%)

- EMEA -6%: (Q4: -15%)
- Americas 3%: (Q4: 3%)
- APAC -4% (Q4: -5%)

2009

2010

2011

2012

**Organic growth
- Quarterly (Y/Y)**

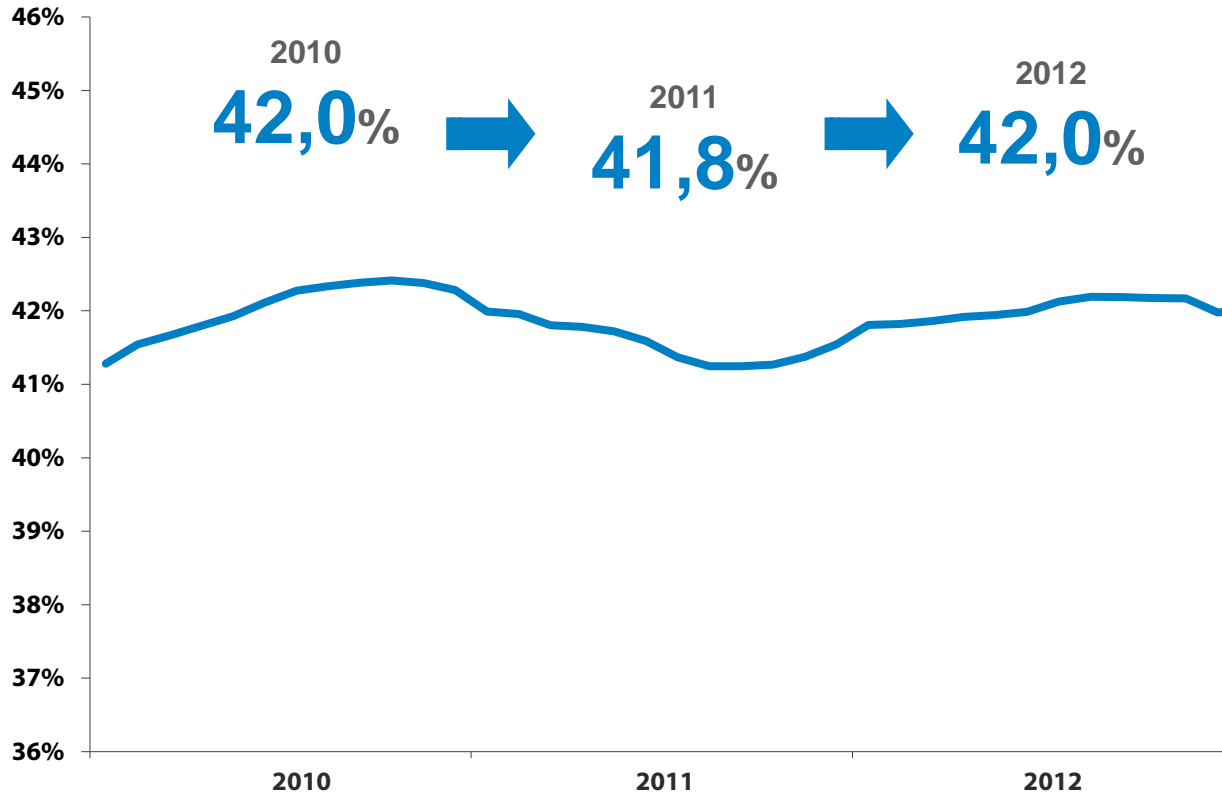
-12% -20% -13% -3% 6% 10% 5% 7% 5% 8% 9% 9% 4% 1% -4% 1%

- Annually

-13% 7% 8% 0%

Nilfisk-Advance **regaining gross profit level**

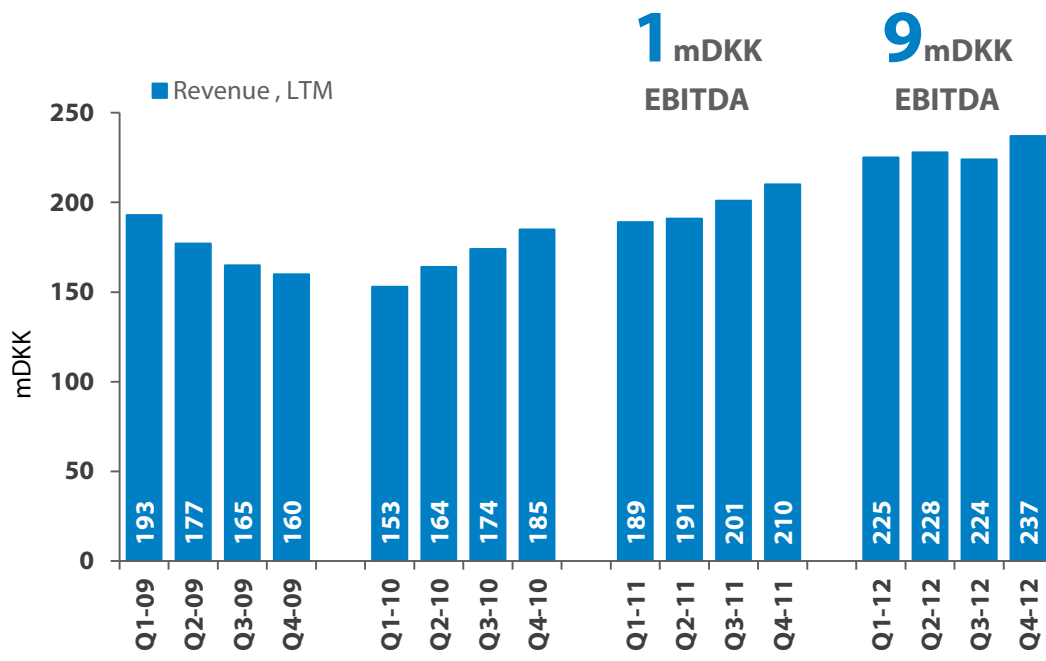
Gross profit margin (%)



Despite tight world market, gross profit margin regained previous years' high level

Price increase has fully compensated for higher raw material prices

Photonics Group **approaching industrialisation**



Strong sales growth in fiber lasers push for significant ramp-up in production

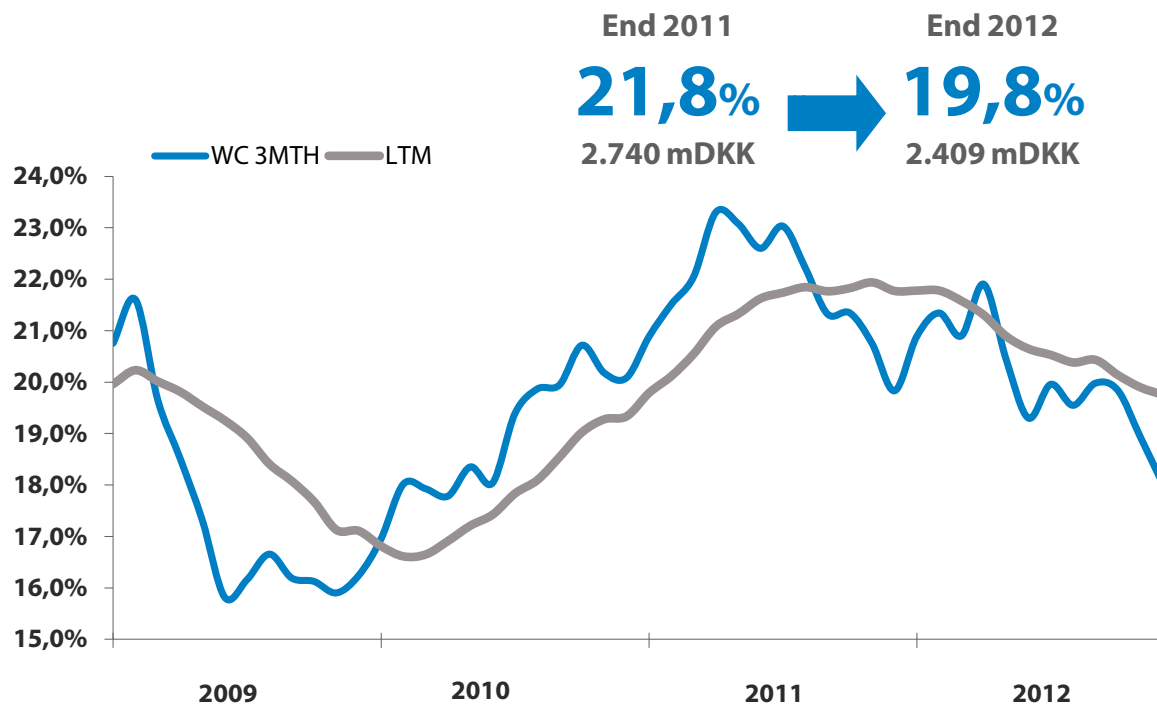
Satisfactory growth recorded for sales of Distributed Temperature Sensing (DTS)

Sales of fiber processing equipment in slight decline due to overcapacity in certain segments

	2009				2010				2011				2012			
Organic growth - Quarterly (Y/Y)	78%	-32%	-25%	-1%	-15%	23%	24%	26%	13%	6%	25%	19%	31%	3%	-11%	20%
- Annually	-8%				14%				16%				10%			

Continued strong focus on working capital

Working Capital (in % of revenue)



WC decreased to **19,8%**
vs. 20,4% end Q3 (LTM)

NKT Cables decreased to **19,7%**
vs. 20,4% end Q3 (LTM)

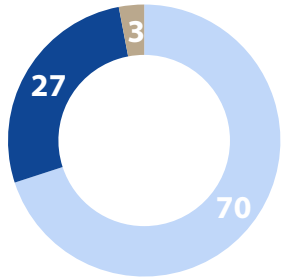
Nilfisk-Advance decreased to **19,5%**
vs. 20,1% end Q3 (LTM)

Targets remain 18%
in Nilfisk-Advance and <17%
in NKT Cables

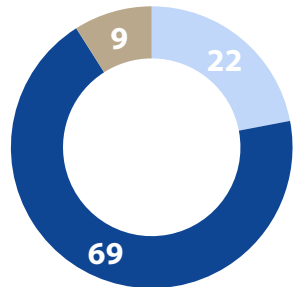
Investments towards a normalised level

Investments in Property, Plant & Equipment (gross, LTM)

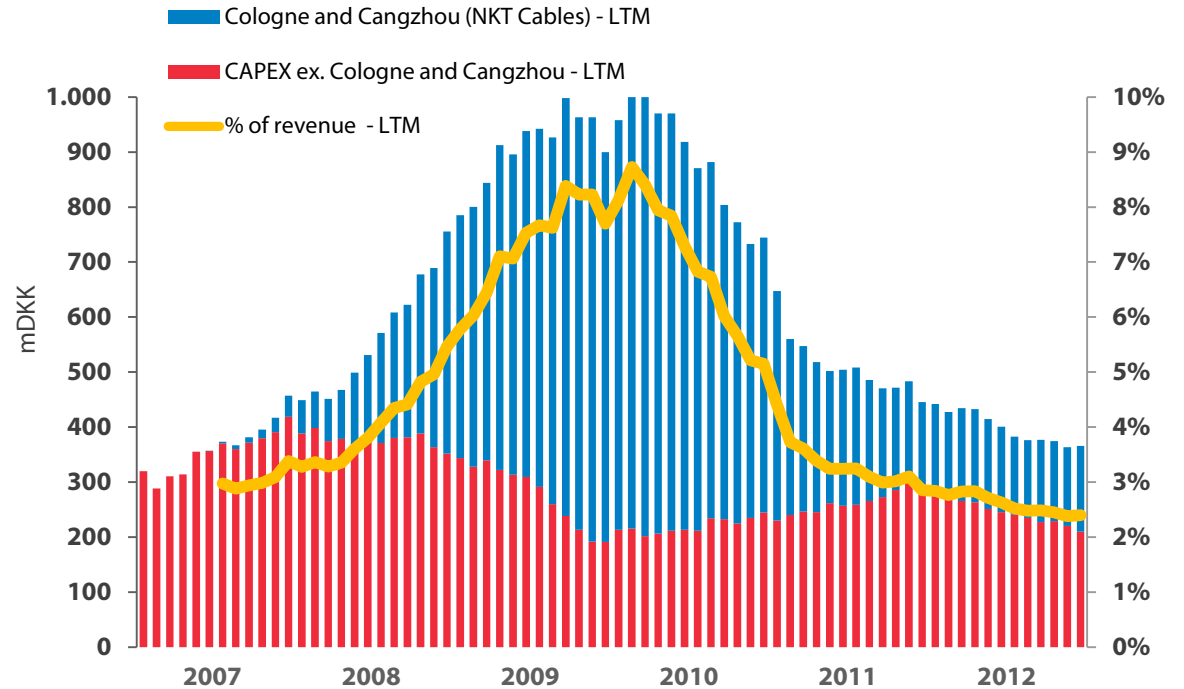
Investments in PPE of 367 mDKK
(2011: 445 mDKK)



Investments in intangibles of 203 mDKK
(2011: 165 mDKK)

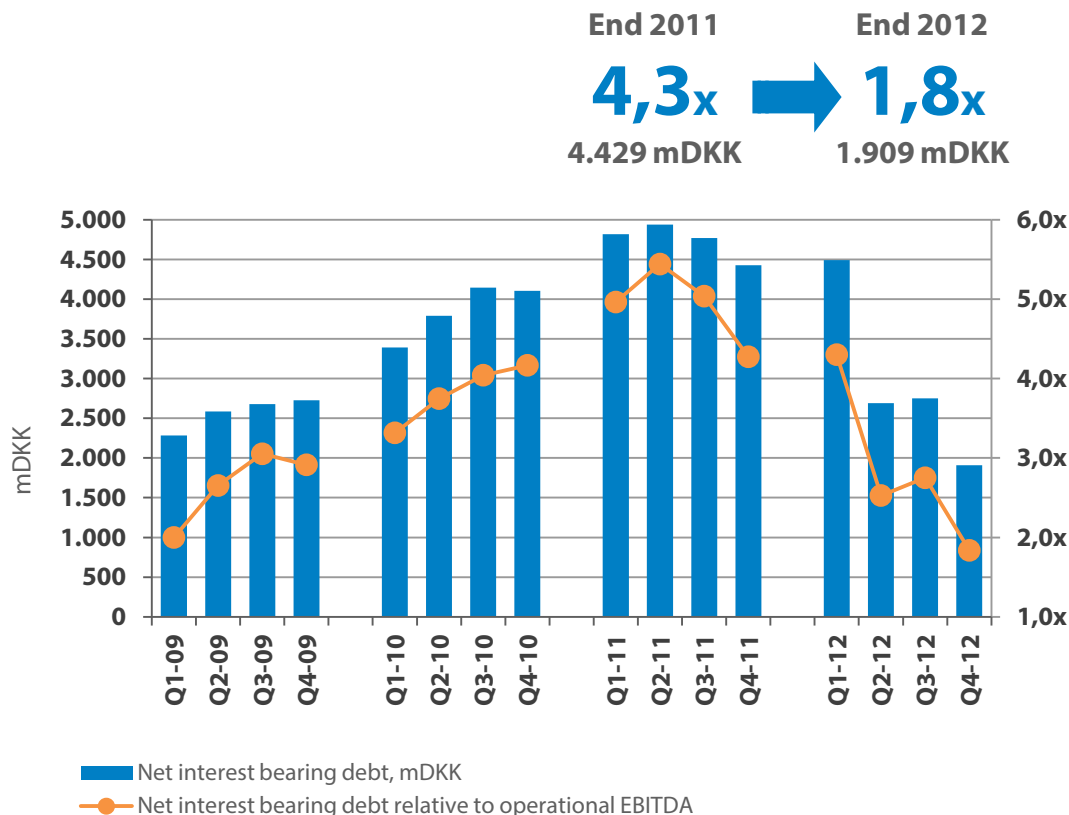


- % NKT Cables
- % Nilfisk-Advance
- % Other



Increased financial flexibility from strong debt reduction

Net interest bearing debt (Relative to per. EBITDA)



NIBD of **1.909** mDKK vs. 2.751 mDKK end Q3 2012 and 4.429 mDKK as per end 2011

End 2012, **NIBD** amounts to **1,8x** oper. EBITDA (end Q3 2012: 2,8x)

Max. NIBD of 2,5x operational EBITDA remains the internal target

Gearing of **33%** (Q3 2012: 49%)
 Max. ratio of 100% remains the internal target

Solvency ratio of **44%** (Q3 2012: 43%). Ratio >30% remains the internal target

Committed credit facilities maintained

Gross debt

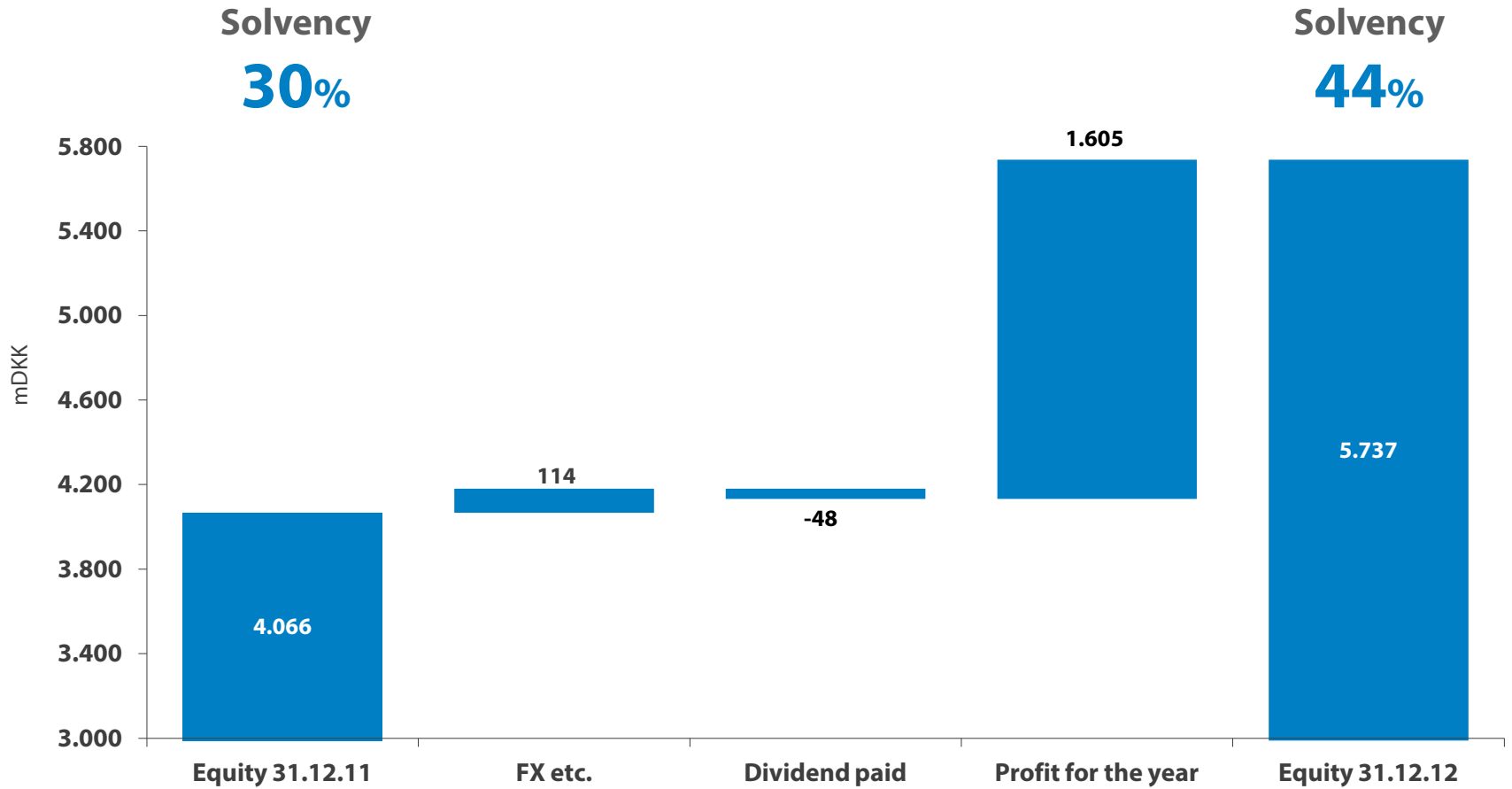
- Majority at floating interest rates
- +/- 1% change in interest rate will impact net interest with +/- 20 mDKK (end 2011: +/- 34 mDKK)

Cash resources

- Undrawn facilities of 4,2 bnDKK + cash of 0,4 bn.DKK total **4,6** bnDKK
- Credit facilities are not subject to financial covenants

bnDKK	31.12.12	31.12.11
Committed (>3 years)	3,7	3,7
Committed (1-3 years)	0,4	1,4
Committed (<1 year)	1,0	0,1
Committed total	5,1	5,2
% of total	77%	74%
Uncommitted	1,5	1,8
% of total	23%	26%
Total	6,6	7,0
Cash	0,4	0,3
Utilise	-2,4	-4,8
Cash resources	4,6	2,5

Solvency improved significantly



Strong improvements in cash flow

mDKK	Q4 2012	Q4 2011	2012	2011
Earnings, EBITDA	313	246	1.009	845
Interest, net from p/l	-41	-70	-196	-280
Changes in working capital	722	399	386	119
Other	5	-35	-77	-111
Cash flow from operating activities	999	540	1.122	573
Acquisition of subsidiaries	2	-13	-8	-215
Acq. of property, plant and equipment, net	-109	-125	-318	-427
Other investments, net	-54	-52	-206	-156
Cash flow from investing activities	-161	-190	-532	-798
Free cash flow	838	350	590	-226
Changes in long- and short-term loans	-755	-341	-2.435	288
Dividend paid	0	0	-48	-47
Cash from exercise of share-based options	0	0	21	0
Cash flow from financing activities	-755	-341	-2.462	241
Cash-flow from discontinued operation	5	0	1.967	0
Net cash flow	88	9	95	15

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NKT Cables

Nilfisk-Advance

Photonics Group

Questions & Answers

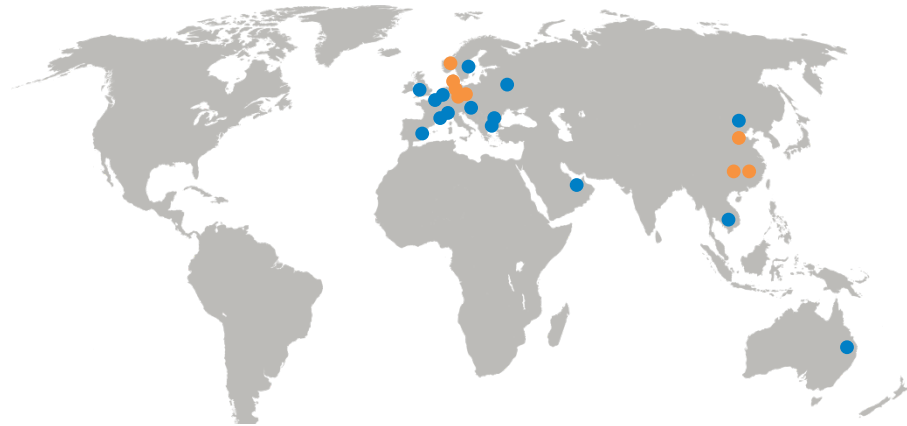




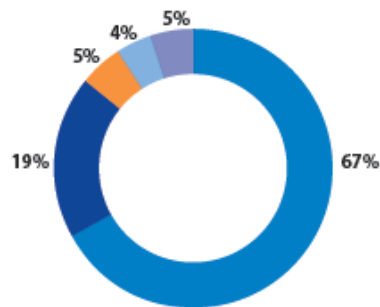
NKT Cables Vision

'NKT Cables is creating value for its customers by providing solutions with cables'

NKT Cables



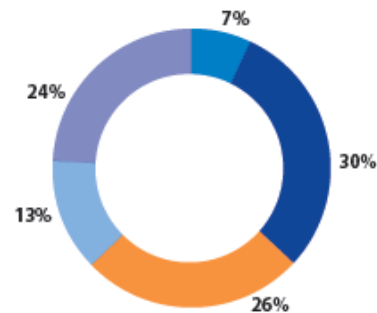
- Sales Entities
- Manufacturing and Sales Companies



Sales by fields of application

- Electricity Infrastructure
- Construction
- Railway
- Automotives
- Other

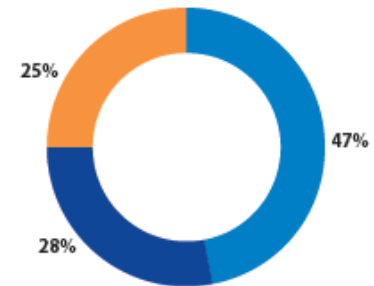
Measured in standard metal prices



Sales by geography

- Denmark
- Germany
- Eastern Europe
- Asia
- Other, primarily Europe

Measured in market prices



Sales by customers

- Utilities
- Wholesalers
- Industry

Measured in standard metal prices

Sales by Customers and Fields of Applications are based on std. metal prices for FY 2012.
 Sales by Markets are based on market prices for FY 2012.



NKT Cables highlights

Financials

	2012	2011	2010	2009
Revenue	8.526	9.088	-562	8.520
Revenue, std. metal prices	5.421	5.635	-214	5.547
- Growth	-6%	7%		33%
- Org. growth	-4%	1%		16%
EBITDA	290	182	108	329
EBITDA margin, std. metal prices	5,3%	3,2%		5,9%
Invested capital	4.346	4.470	-124	4.701
# FTEs, ultimo	3.385	3.503	-118	3.490

- **By segment** Electricity Infrastructure +2%, Railway -34%, Construction -2% and Automotive -21% (2012 vs. 2011)

Operational

- 2012** - Cologne factory: improved productivity and earnings
- Work began on new logistics hub in Rotterdam
 - Three submarine cable projects delivered
 - No major submarine orders in 2012
 - Price competition in China in HV and MV
 - Railway China slower development than anticipated
 - Plant network optimisation nearly finalised
 - Bulk market within Construction, price competition

Strategic update

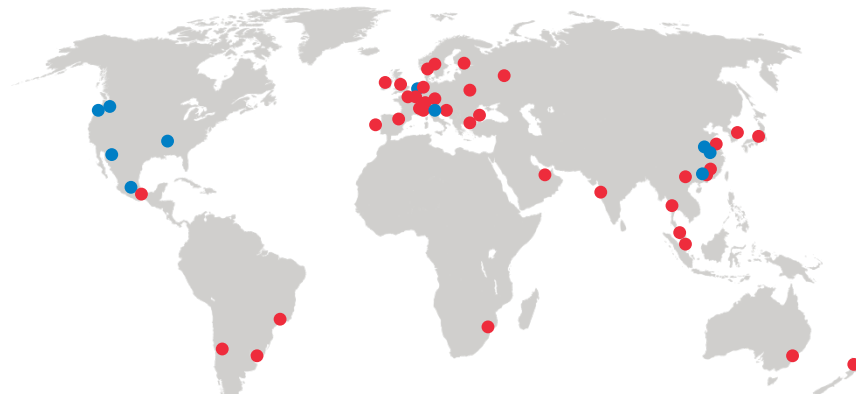
- 2012** - Significant investments within offshore and HV, China
- Electricity Infrastructure now 67%
 - Competitive production base established
 - Project sizes are increasing
- 2013** - New organisation in Cables: Products (53%), Projects (35%) and APAC (12%)
- Continue operational excellence programme
 - Stabilise and optimise support processes
 - Establish foundation for future growth
 - New turntable to be installed in Cologne
 - Flexibility to more than double offshore capacity



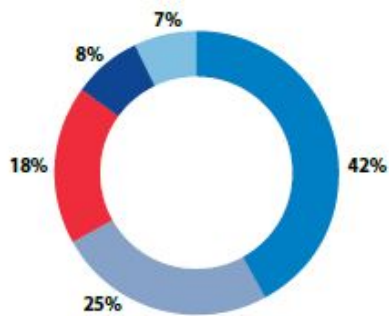
Nilfisk-Advance Mission

'We enable sustainable cleaning worldwide to improve quality of life'

Nilfisk-Advance

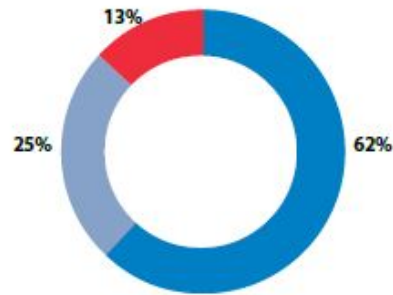


● Sales Entities
● Manufacturing Companies



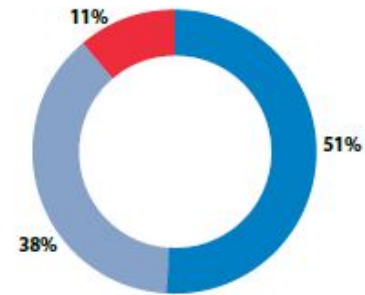
Sales by products

- Floor care
- Vacuum cleaners
- High-pressure washers
- Service
- Other



Sales by geography

- EMEA
- Americas
- Asia/Pacific



Sales by customers

- Commercial market
- Industrial market
- Private consumer market

All data based on FY 2012



Nilfisk-Advance highlights

Financials

mDKK	2012	2011	Change	2010
Revenue	6.491	6.307	184	5.747
- Growth	3%	10%		12%
- Org. growth	0%	8%		7%
Oper. EBITDA*	775	732	43	612
Oper. EBITDA margin	11,9%	11,6%		10,7%
Invested capital	3.073	3.232	-159	2.898
# FTEs, ultimo	5.224	5.345	-121	4.894

- **By geography** EMEA -1%, Americas +1%, APAC +3% (2012 vs. 2011)

Operational

- 2012** - Boost of European service organisation
- Increased sale in D, UK, FR, Eastern Europe
 - Differentiated strategy pays off
 - Expansion in Americas: US organisational alignment, New subsidiary in Peru
 - Growth in Korea, Japan, Thailand, less in Australia
 - BRIC+MT 25% growth
 - China outdoor particularly strong
 - Strong cost focus, productivity increase

Strategic

- 2012** - Active consolidation; ICM and Industroclean 50%
- Must Win Battle 'Delivery' fulfilled – but still in focus
 - Quality enhancement
 - Customer initiatives via Net Promoter Score

- 2013** - Focus on Must Win Battles
- Strengthen customer loyalty
 - Further utilise the robust business model
 - Generate increased liquidity
 - Continue consolidation of fragmented market

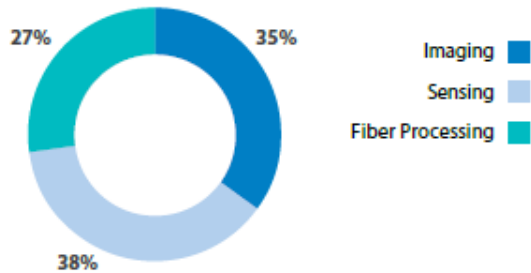


Photonics Group Vision

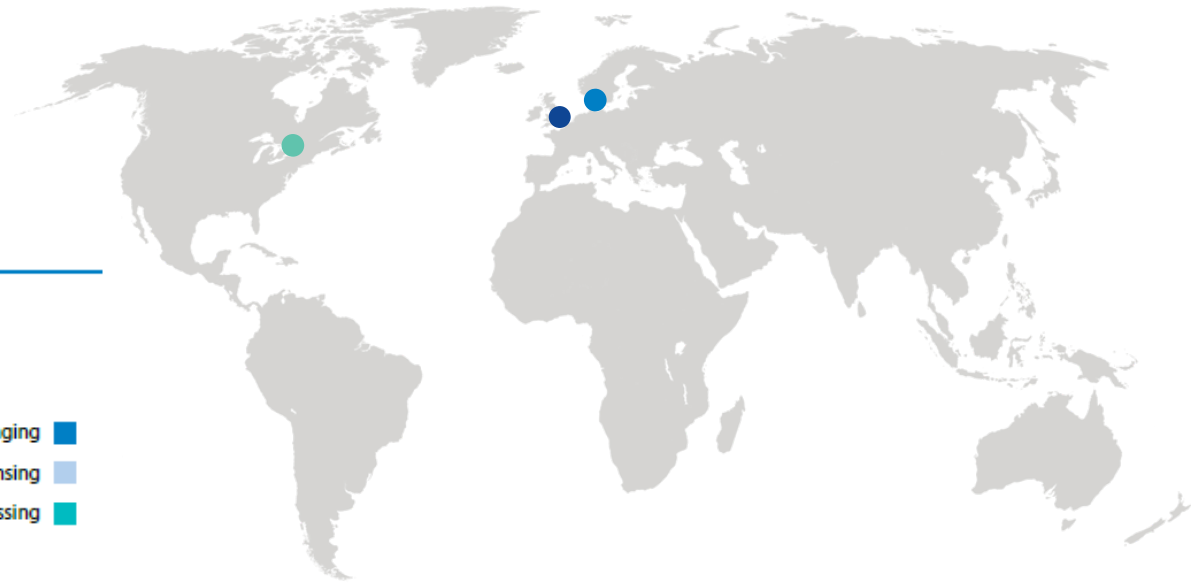
'To lead the way in transforming the Photonics Industry'

Photonics Group

Sales by products



All data based on FY 2012



Photonics Group highlights

Financials

mDKK	2012	2011	Change	2010
Revenue	234	210	24	185
- Growth	13%	14%		16%
- Org. growth	10%	16%		14%
EBITDA	9	1	8	-11
EBITDA margin	3,8%	0,5%		neg,
Invested capital	210	183	27	172
# FTEs, ultimo	182	188	-6	181

Operational

- 2012** - Breakthrough to industrial customers in all categories
- Strong sale in SuperK lasers
 - Production facilities expanded
 - New application areas for lasers and DTS: Oil and gas; shale gas extradition, oil well optimisation
 - DTS orders from Russia, Korea, US and Europe
 - New products launched within fiber processing
 - Increased focus on industrial production customers

Strategic

- 2012** - Chinese sales office
- Expanded sales force in US
 - New segmentation: Imaging, Sensing, Fiber processing
 - Fire detection 3rd generation approved in Europe
 - Chinese product approval finally granted end '12

- 2013** - Large potential within life sciences, oil and gas
- Partnerships with new customers
 - Increase sales to existing customers
 - Focus on marketing for selected segments
 - Improve value potential by moving up the value chain

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Nilfisk-Advance

Photonics Group

Questions & Answers



Forward looking statements

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 Group's control, may cause that the actual development and results differ materially from the expectations.