August 2017

Interim Report Q2 2017

Roadshow presentation

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 A/S' control, may cause that the actual development and results differ materially from the expectations

Agenda

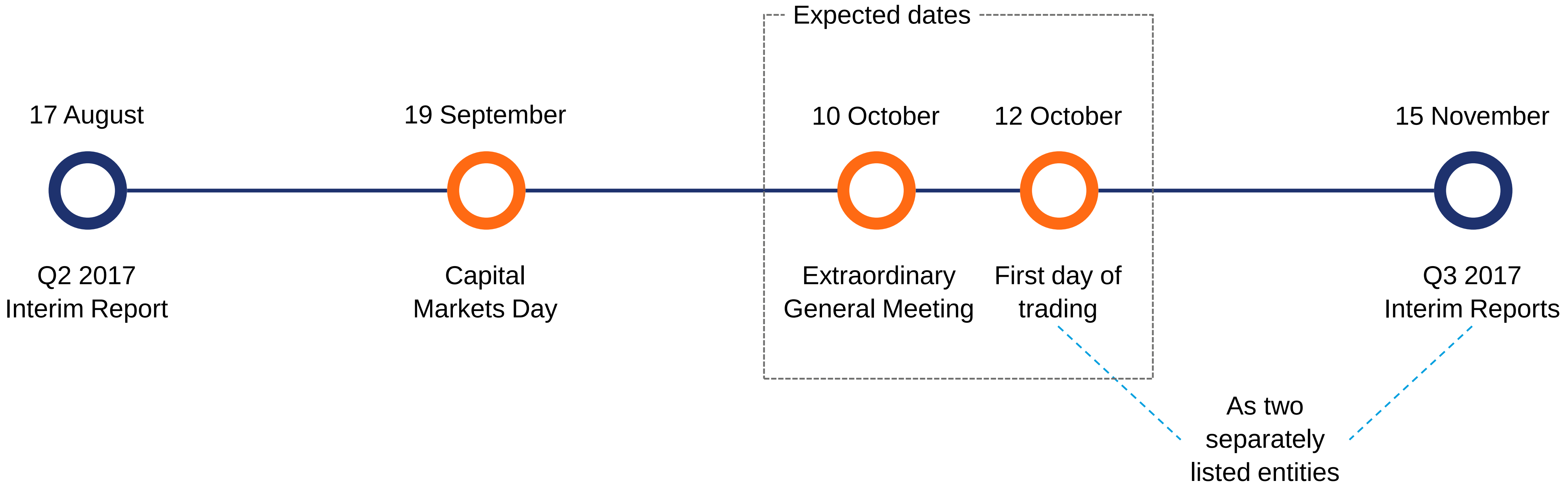
04	**Update on the intended split of NKT A/S (formerly NKT Holding A/S)**
07	Highlights Q2 2017
	Business units
13	• NKT (formerly NKT Cables)
20	• Nilfisk
26	• NKT Photonics
29	Questions & Answers

Intention to split NKT A/S into two separately listed entities

Listed entity	NKT		Nilfisk
Underlying businesses	NKT	NKT Photonics	Discontinued operation Nilfisk
Key highlights	▪ NKT, including the acquired ABB HV Cables, is a leading AC and DC high-voltage power cables supplier with a strong project backlog ▪ Significant synergy potential	▪ A leading high-end photonics player ▪ Significant growth and M&A potential	▪ A leading global premium supplier of professional cleaning equipment products and services ▪ Organic growth potential and significant M&A opportunities ▪ Improved profitability potential ▪ Strong cash flow
Revenue (2016)	**EUR 1,405m***	**EUR 43m**	**EUR 1,059m**

* Pro forma figures are 2016 NKT actuals, combined with 2016 pro forma figures for ABB HV Cables. Revenue is in market prices

Current timeline for intended split of NKT A/S



Agenda

04 Update on the intended split of NKT A/S (formerly NKT Holding A/S)

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13 • NKT (formerly NKT Cables)

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29 Questions & Answers

Group highlights Q2 2017

NKT

Operational EBITDA more than doubled driven by ABB HV Cables

- Revenue* of EUR 288.1m was **up by EUR 88.0m** equivalent to **organic growth of 8%** driven by growth in the acquired ABB HV Cables business
- **Operational EBITDA doubled** to EUR 42.9m as the addition of ABB HC Cables drove higher profitability
- The integration of ABB HV Cables is progressing satisfactorily
- **Divestment of Automotive** business completed on 30 April 2017
- **NKT Victoria awarded Ship of the year** in Norway and completed its first cable-laying campaign

NKT Photonics

Strong organic growth and acquisition agreement announced

- EUR 11.2m in revenue, an increase of EUR 2.3m. **Organic growth was 26%** driven by Imaging & Metrology and Sensing & Energy segments
- **EBITDA improved by EUR 1.0m** to EUR 0.7m due to the increased revenue
- Agreement to **acquire Onefive, a leading ultrafast laser supplier**. Closing expected in beginning of September 2017
- Appointment of new experienced COO

Nilfisk®

Discontinued operation

Continued revenue and margin improvements

- Performance in line with expectations as organic growth achieved in Q2 2017 was 2% driven by **continued growth in Americas**
- **EBITDA before special items increased by more than EUR 3m** compared to Q2 2016 as the gross margin was up due to improved product mix
- **Hans Henrik Lund joined as CEO** in the beginning of August 2017 as planned
- Launch of the new product, SC DELTA stationary high pressure washer

* Std. metal prices

Financial outlook for 2017 maintained

	Revenue (EURm)	Organic growth	Operational EBITDA
NKT	~EUR 1.1bn*	-	~EUR 140m
NKT Photonics	-	~10%	~15% (margin)
Nilfisk**	-	2-4%	11-11.5% (margin)

* Std. metal prices
** For Nilfisk, EBITDA before special items

Changes Q2 2017 versus Q2 2016

NKT

EURm	Continuing oper Q2 2017	Continuing oper Q2 2016	Incl. discontinued oper Q2 2017	Incl. discontinued oper Q2 2016
Revenue	**401.5**	**276.7**	**681.5**	**553.2**
Revenue, std.metal prices	*299.3*	*209.0*	*579.3*	*485.5*
Operational EBITDA	**43.6**	**20.4**	**79.5**	**52.9**
Oper. EBITDA margin, std.metal prices	*14.6%*	*9.8%*	*13.7%*	*10.9%*
One-off´s	-5.1	-2.1	-7.8	-2.1
EBITDA	**38.5**	**18.3**	**71.7**	**50.8**
Depreciation/Amortisation	-19.5	-10.6	-19.5	-20.5
EBIT	**19.0**	**7.7**	**52.2**	**30.3**
Financial items, net	-6.0	1.4	-7.9	-2.9
EBT	**13.0**	**9.1**	**44.3**	**27.4**
Tax	-3.0	-2.6	-11.8	-7.2
Profit for the year from continuing oper.	**10.0**	**6.5**	**-**	**-**
Profit for the year from discontinued oper.	22.5	13.7	-	-
Profit for the year	**32.5**	**20.2**	**32.5**	**20.2**
RoCE			**12.8%**	**9.3%**
CAPEX			**26.7**	**17.9**
PPE			*14.6*	*7.5*
Intangible assets			*12.1*	*10.4*
Acquisition of business			151.7	-
Working capital			169.9	318.8
NIBD			742.3	188.2

*01

EURm	
Revenue increased by	**128.3**
Nilfisk (discontinued)	3.5
Revenue increased by (cont.)	**124.8**
Metal prices	34.5
FX changes	-3.3
Acquisitions	88.0
Divestments	-18.5
Organic growth	24.1
NKT	21.8
NKT Photonics	2.3

*02

EURm		
Operational EBITDA increased by		**26.6**
Nilfisk (discontinued) - Margin 12.8% (Q2 2016: 11.8%)		3.4
Operational EBITDA increased by (cont.)		**23.2**
NKT	- Margin 14.9% (Q2 2016: 10.8%)	21.4
NKT Photonics		1.0
Other		0.8

*03

EURm		
EBITDA one-offs		**7.8**
NKT	ABB integration costs	3.9
	Excellence 2020	0.4
	Cost related to split of NKT A/S	0.8
Nilfisk	Accelerate+	2.1
	Cost related to split of NKT A/S	0.6

Delivery of NKT Victoria impacting cash flow

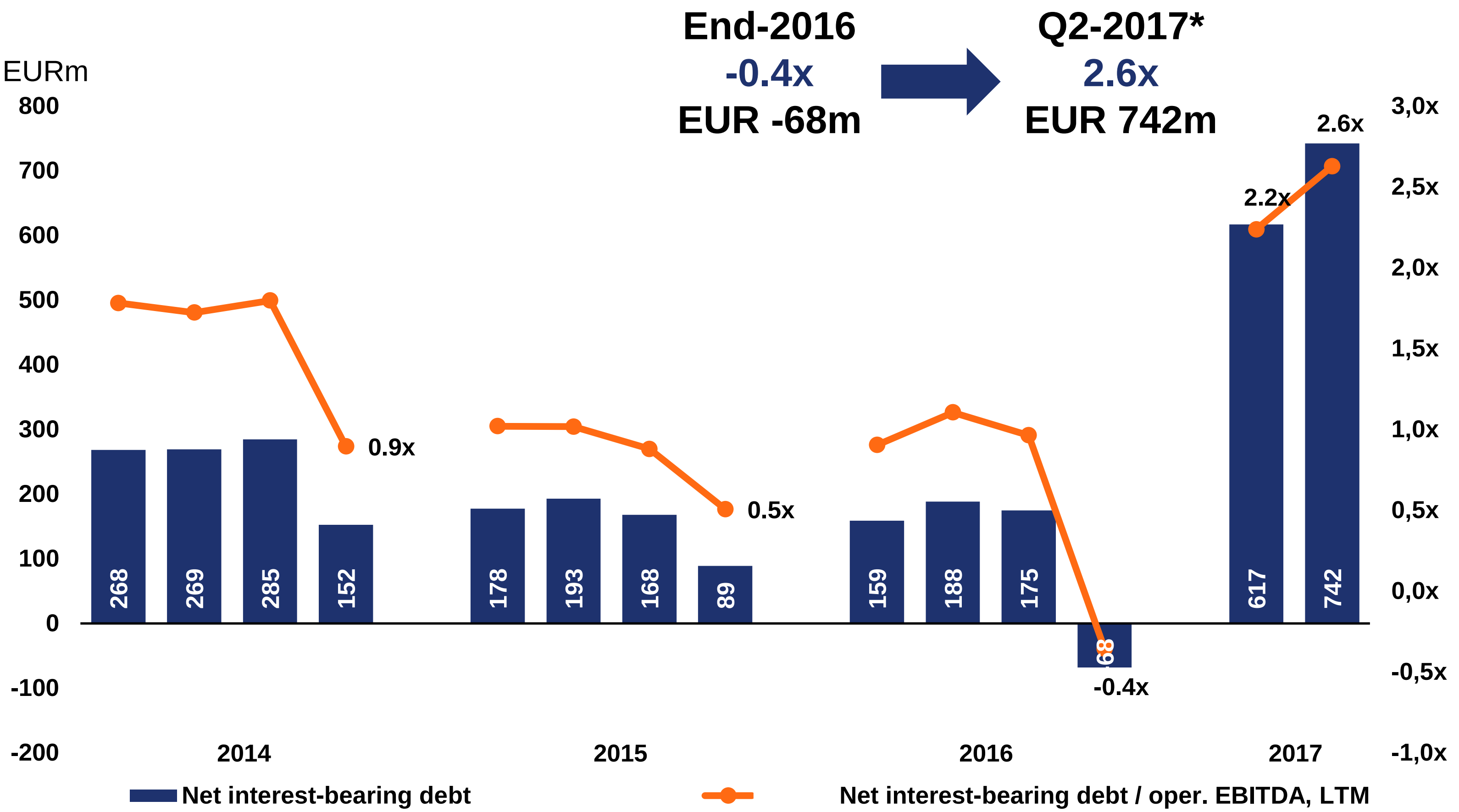
	Q2		1st half		FY
EURm	**2017**	**2016**	**2017**	**2016**	**2016**
EBITDA from continuing operations	38.5	18.3	39.6	27.0	27.9
EBITDA from discontinued operations	33.2	32.5	64.1	59.7	96.8
Financial items, net continuing and discontinued oper	-7.9	-2.9	-12.3	-4.1	-5.3
Change in working capital	-35.3	-9.0	-90.4	-47.3	57.6
Other	-11.7	-10.2	-22.6	-15.7	-23.1
Cash flows from operating activities	**16.8**	**28.7**	**-21.6**	**19.6**	**153.9**
Acquisition of business	-151.7	-	-785.1	-53.0	-53.3
Divestment of business	23.8	-	23.8	-	-3.0
Inv./disp. of property, plant and equipment, net	-14.4	-6.6	-27.5	-16.9	-37.2
Other investments, net	-12.5	-10.9	-21.9	-17.9	-38.5
Cash flows from investing activities	**-154.8**	**-17.5**	**-810.7**	**-87.8**	**-132.0**
Free cash flow	**-138.0**	**11.2**	**-832.3**	**-68.2**	**21.9**
Change in long- and short term loans	156.8	11.5	716.0	76.5	-54.2
Non-Controlling interest	-	-3.0	-	-3.0	-4.4
Dividend paid / dividends treasury shares	-	-20.1	-	-24.8	11.0
Cash from disposal of treasury shares /share buyback	-	-13.0	-	-13.0	-13.0
Cash from issue of new shares / exercise of warrants	1.7	-	9.5	6.3	139.5
Cash flows from financing activities	**158.5**	**-24.6**	**725.5**	**42.0**	**78.9**
Net cash flow	**20.5**	**-13.4**	**-106.8**	**-26.2**	**100.8**

The improved EBITDA contributed to better **cash flows from operating activities**, but a more normalised working capital in Nilfisk did offset the impact

Delivery and **payment of EUR 126m for NKT Victoria** drew down cash flows from investment activities

Cash flow from financing activities included further draw down for acquisition facilities

Net debt up as expected



With the **payment of NKT Victoria net debt went further up** since Q1 2017

The **development is in line with previous communication** and the payments related to the acquisition has been finalised

At Q2 2017, operational EBITDA (incl. Nilfisk), LTM, was EUR 230.8m

* For the Q1 and Q2 2017 gearing 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


NKT
NKT VICTORIA
NKT
KLEVEN

High-voltage offshore business driving organic growth

Organic growth	2014				2015				2016				2017	
- Quarterly (Y/Y)	6%	-11%	1%	-12%	16%	13%	-12%	2%	-24%	-13%	1%	-2%	-8%	8%
- Annually (year-to-date)	**-5%**				**4%**				**-10%**				**1%**	

Projects

Q2 2017	21%	**Market**
Q2 2016	-43%	Offshore ↗
H1 2017	9%	Onshore ↘
H1 2016	-49%	
FY 2016	-25%	

- **Satisfactory execution in the offshore segment** with continued progress on projects such as Caithness Moray, Hornsea and Nordlink
- **Integration of the acquired ABB HV Cables business progressed satisfactorily** with combined organisation taking shape
- The AC onshore market remains challenging

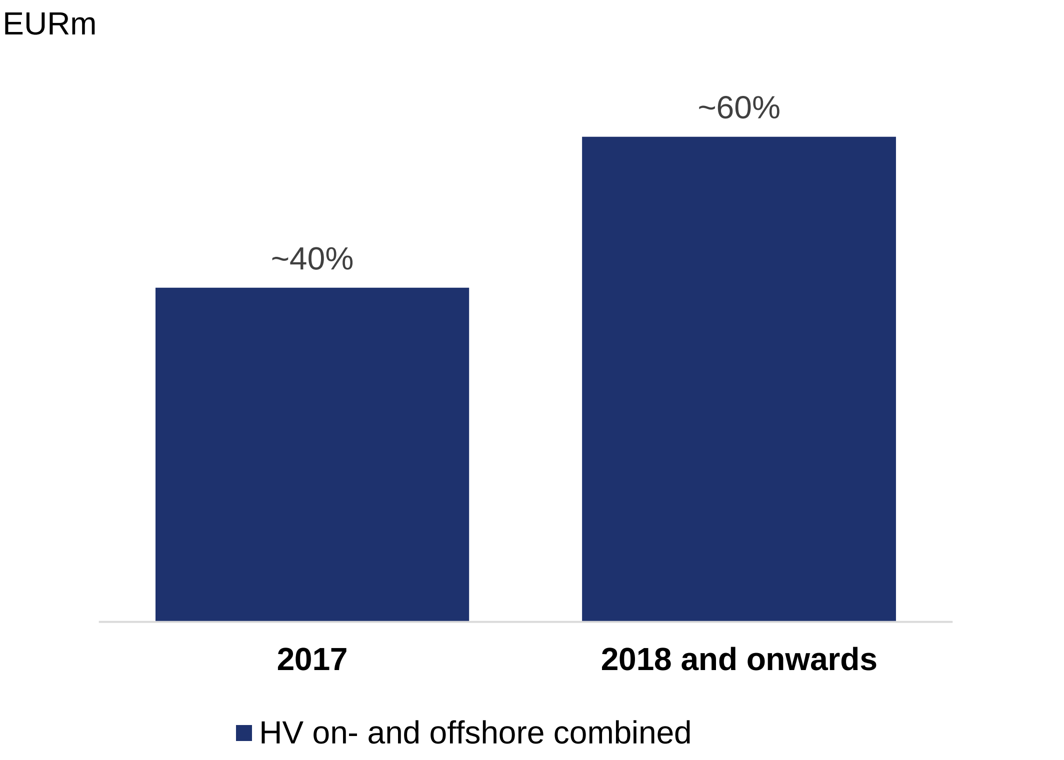
Products

Q2 2017	-5%	**Market**
Q2 2016	9%	Medium-voltage ↘
H1 2017	-5%	Low-voltage/BW →
H1 2016	5%	Specialties →
FY 2016	0%	

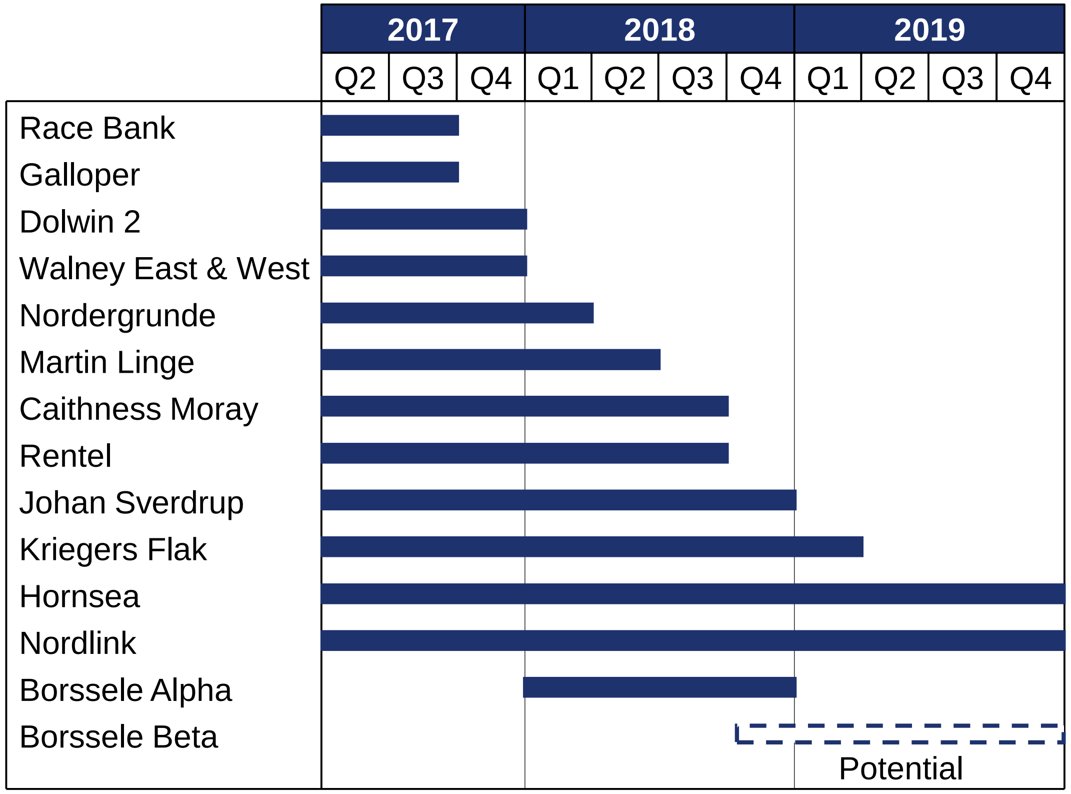
- The low-voltage development was positive in Q2 2017 with **good activity in Germany, Sweden and UK**
- Up against a strong development in Q2 2016 due to the "photo-year" effect in Germany impacting medium-voltage
- Continued challenging market situation in Poland

High-voltage orders of more than EUR 1bn in backlog

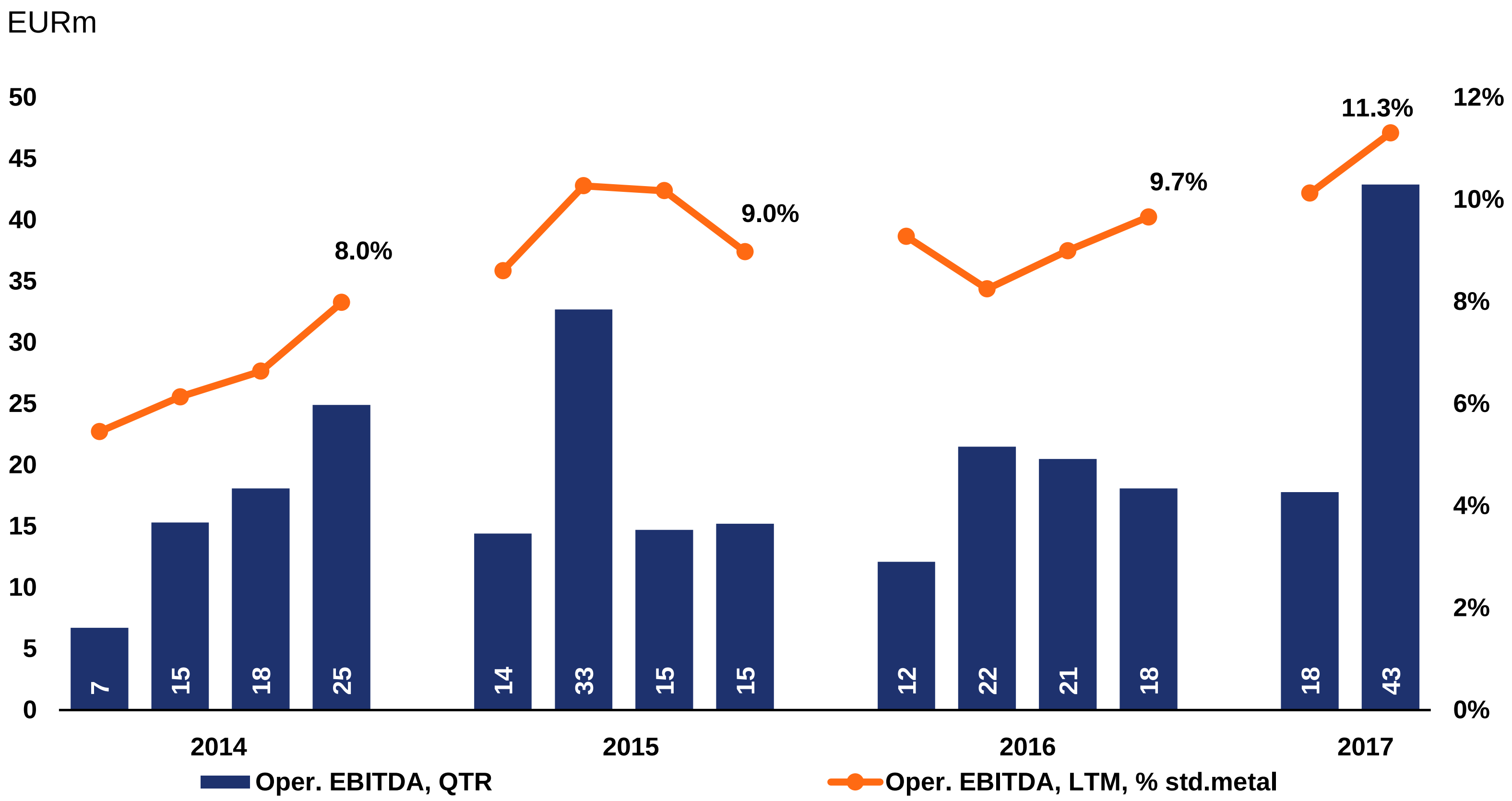
Orders on hand at EUR 1.03bn end-June 2017



Solid mix of high-voltage orders



Operational EBITDA driven by increased high-voltage business

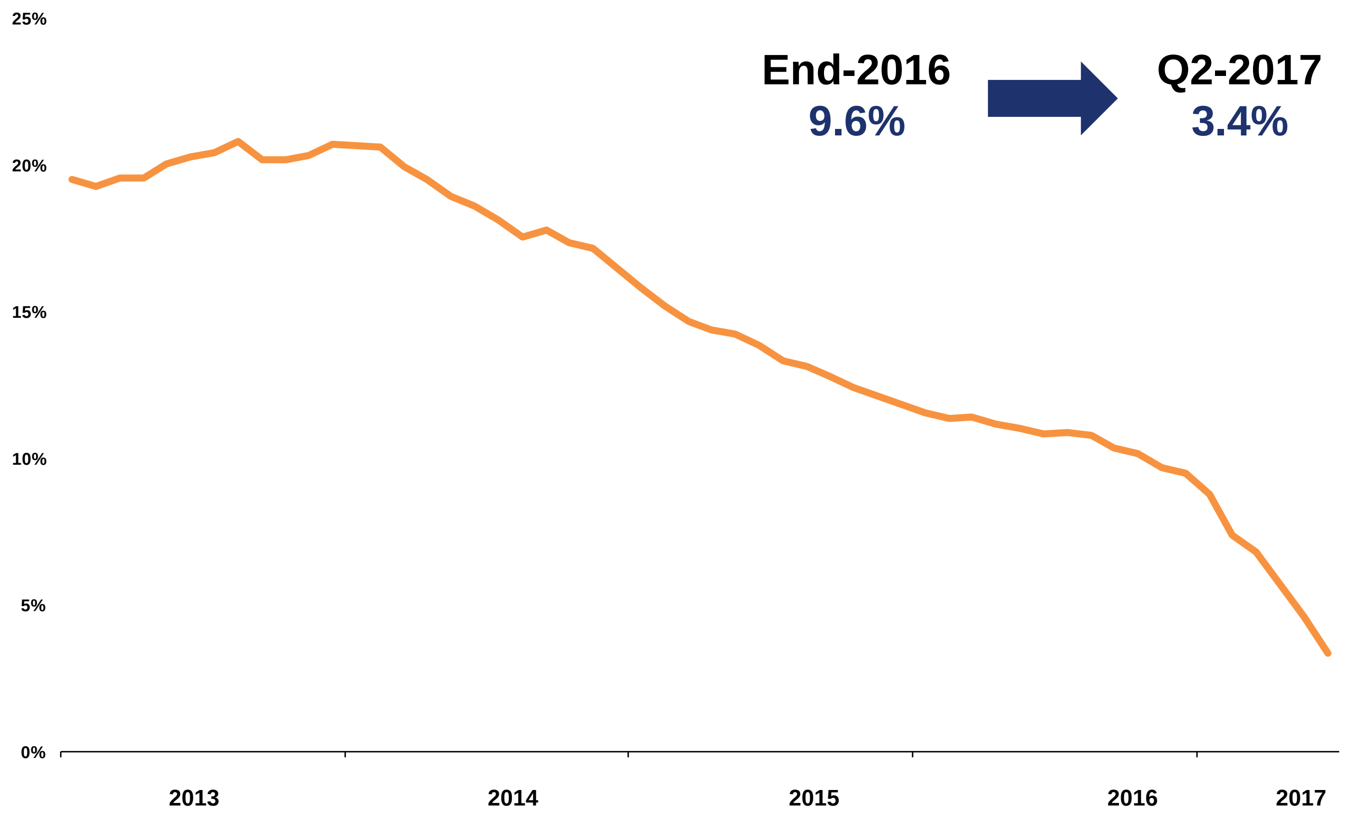


Improving margin reflects **higher exposure to high-voltage market** following acquisition of ABB HV Cables

Operational EBITDA margin in Q2 2017 amounted to 14.9% as **earnings doubled** versus Q2 2016

Q2 2017 was the **first quarter with full impact** of the acquired ABB HV Cables business

Working capital gradually improving



Working capital improving as the high-voltage solutions segment is a larger part of revenue

Positive impact from the acquisition of ABB HV Cables as well as the divestments of China and Automotive operations

Working capital was EUR -30.6m at end-June 2017 versus EUR 57.8m at end-2016

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

Strategic priorities for 2017

DEVELOP AND GROW

AC/DC high-voltage offshore

DC high-voltage onshore

Accessories

FOCUS ON PROFITABILITY

Building wire & Low-voltage

Medium-voltage

TURNAROUND

AC high-voltage onshore

Railway

NKT – Summary

Financials

EURm	Q2 2017	Q2 2016	1st half 2017	1st half 2016	FY 2016
Revenue	**390.3**	**267.8**	**664.1**	**490.8**	**1,003.7**
Revenue, std metal prices	**288.1**	**200.1**	**473.3**	**363.4**	**750.4**
Organic growth	8%	-13%	1%	-19%	-10%
Operational EBITDA	**42.9**	**21.5**	**60.7**	**33.6**	**72.5**
Operational EBITDA margin*	14.9%	10.8%	12.8%	9.3%	9.7%
RoCE, LTM	**9.2%**	**6.1%**	**9.2%**	**6.1%**	**9.3%**
CAPEX	15.9	6.2	28.7	10.7	30.6
PPE	*10.9*	*3.9*	*19.0*	*6.4*	*18.6*
Intangible assets	5.0	2.3	9.7	4.3	12.0
Acquisition of business	151.7	-	785.1	-	-
Capital employed	1,139.1	404.1	1,139.1	404.1	348.4
Working capital	-30.6	115.7	-30.6	115.7	57.8
Cash flow from operating activities	8.6	1.2	-14.4	-10.0	33.7
Cash flow from investing activities excl acq/div	-16.4	-6.4	-28.9	-11.0	-31.5
Free cash flow	-7.8	-5.2	-43.3	-21.0	2.2
Full-time employees, end of period	3,358	3,148	3,358	3,148	2,769

Highlights and summary

- **Organic growth positively impacted by development in the offshore high-voltage business** both in Karlskrona – with acquisition of ABB HV Cables - and Cologne
- The Products business impacted by competitive challenges in Eastern Europe and end of “photo year” in Germany compared to Q2 2016
- **Integration of ABB HV Cables on track** and NKT Victoria has completed its first campaign in Scotland
- Divestment of non-core Automotive business completed on 30 April 2017
- **RoCE up by 3.1%-points** compared to Q2 2016
- **Financial outlook for 2017 maintained**
  - Revenue (std. metal): ~EUR 1.1bn
  - Operational EBITDA: ~EUR 140m

* Std. metal prices


Nilfisk®

Continued strong performance in Americas

Nilfisk

Organic growth	2014				2015				2016				2017			
- Quarterly (Y/Y)	9%	4%	0%	9%	0%	0%	4%	-2%	-1%	3%	4%	8%	5%	2%		
- Annually (year-to-date)	6%				0%				3%				3%			

Americas

Q2 2017	6%
H1 2017	8%

EMEA

Q2 2017	2%
H1 2017	4%

APAC

Q2 2017	1%
H1 2017	1%

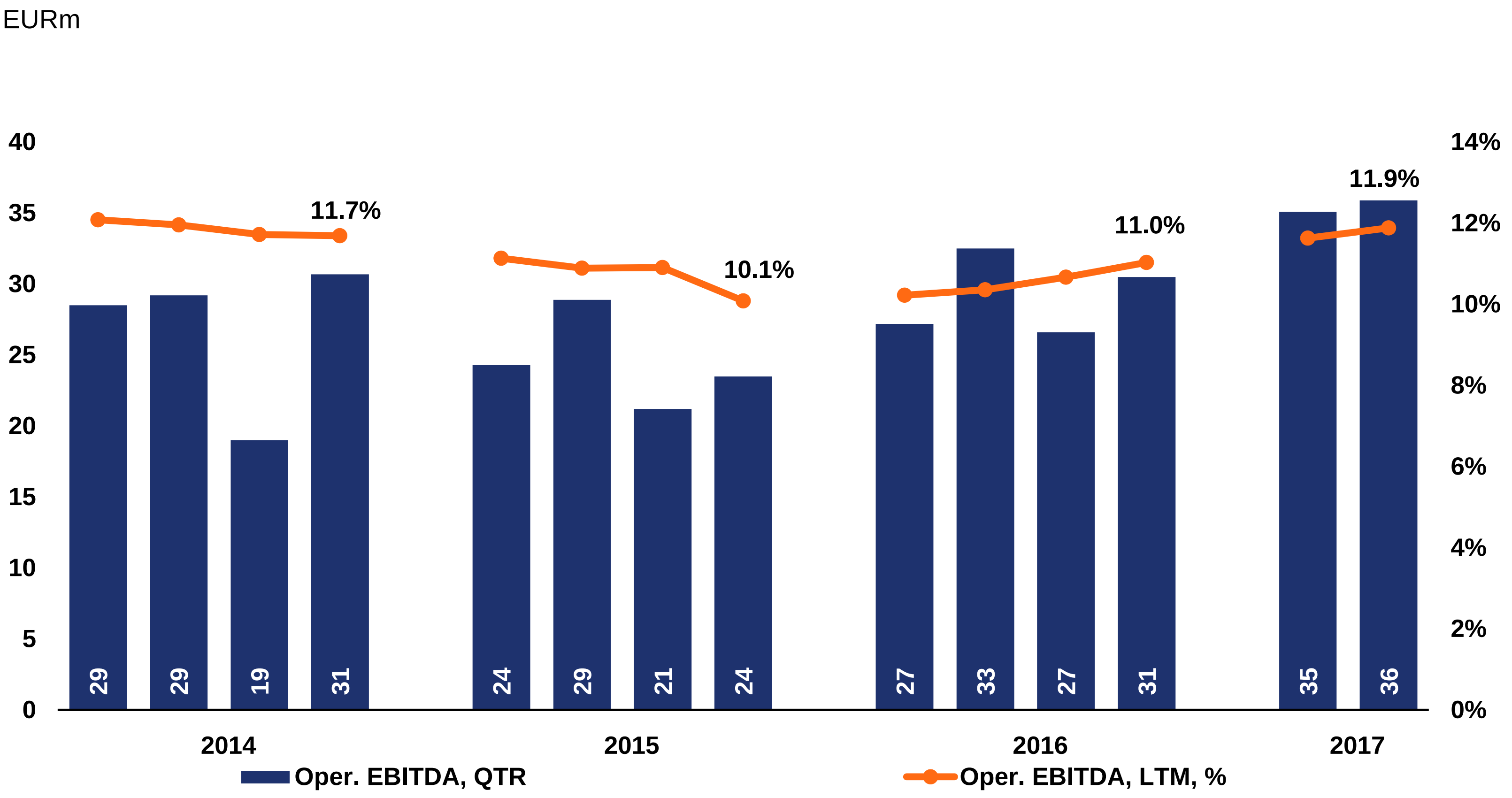
Specialty

	Q2 2017	H1 2017
- Professional	0%	3%
- Consumer	-6%	-8%

Operating segments excl. Specialty

Q2 2017	3%
H1 2017	5%

Further improvement in operational EBITDA margin



EBITDA margin before special items in Q2 2017 **was 12.8%**, up by 1%-point from Q2 2016

Improved margin driven by change in product mix and operational improvements

Gross margin and EBITDA margin before special items in Q2 2017 lower than Q1 2017

2nd half 2017 EBITDA before special items expected to be lower than 1st half due to product mix, increasing raw material prices and higher overhead cost

Note: Operational EBITDA = EBITDA before special items

Accelerate+ cost saving programme of EUR 35m

EUR million	2016	H1 2017	2017	2018	2019	Full potential end 2019*
Expected annualised accumulated impact on EBITDA before special items (non-IFRS) related to levers executed prior to the end of each period	11	17	17-19	25-30	35	35
Expected impact on reported EBITDA before special items (non-IFRS) in the income statement for the period	2	8	17-18	20-25	25-32	35

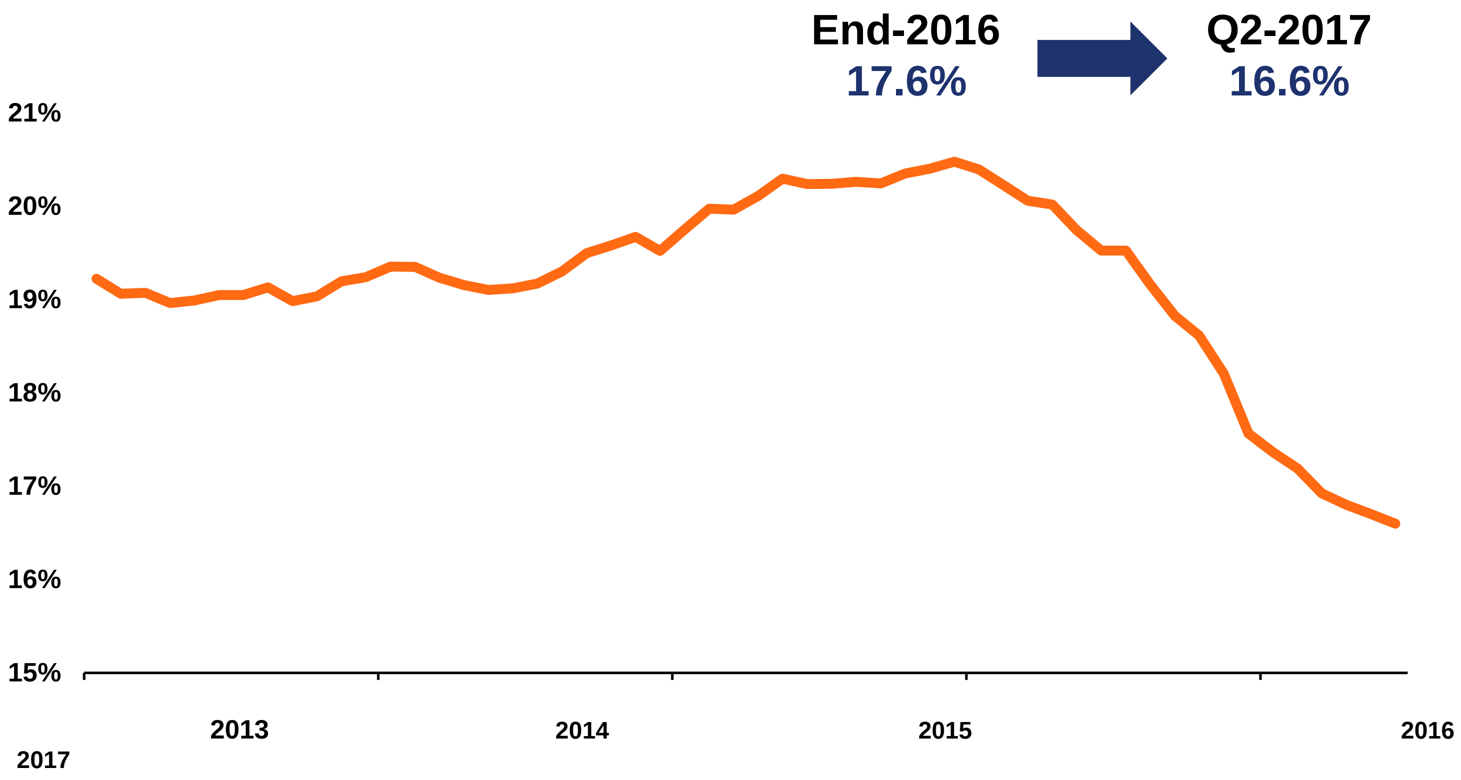
Accelerate+ cost savings programme of EUR 35m on track and with unchanged expectations

The programme include cost savings from:

- Overhead reductions
- Production footprint
- Sourcing activities
- Complexity reductions
- Price management

* Annualized expected savings from levers expected to be executed by December 31, 2019. The full cost saving potential is expected to be achieved as from December 2019 with full EBITDA impact from 2020

Working capital



Working Capital in Q2 2017 still at a relatively low level due to higher payables

Decrease in Working Capital of EUR 9.6m compared to Q2 2016, mainly driven by higher payables

Working capital was EUR 184.1m end-Q2 2017 versus EUR 193.7 end-Q2 2016

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

Nilfisk – Summary

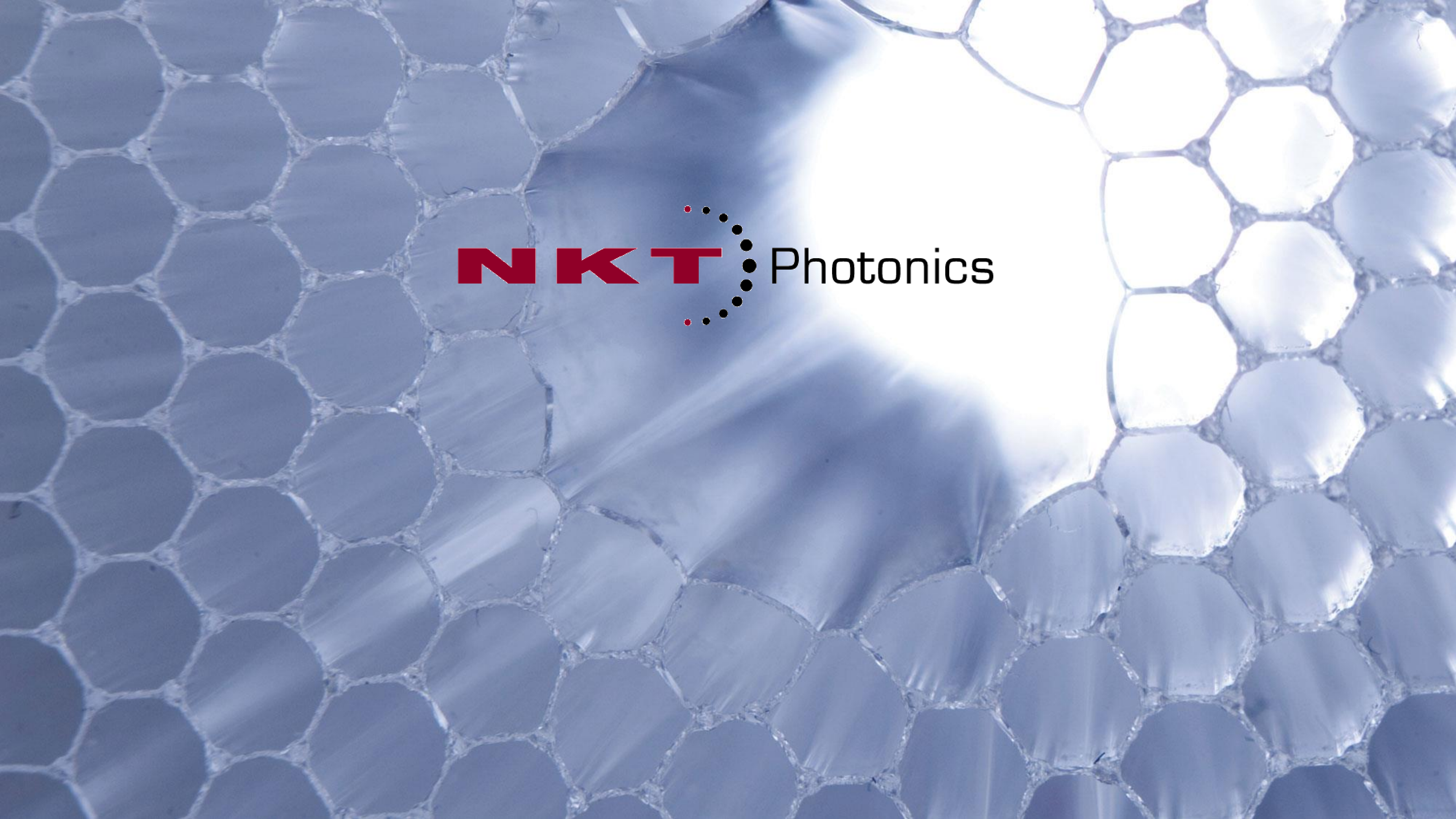
Financials*

EURm	Q2 2017	Q2 2016	1st half 2017	1st half 2016	FY 2016
Revenue	**280.0**	**276.6**	**548.9**	**532.0**	**1,058.5**
Organic growth	2%	3%	3%	1%	3%
Overhead cost ratio	33.3%	32.8%	33.9%	34.1%	33.9%
Operational EBITDA**	**35.8**	**32.6**	**70.9**	**59.8**	**116.8**
Operational EBITDA** margin	12.8%	11.8%	12.9%	11.2%	11.0%
RoCE, LTM	**16.6%**	**12.7%**	**16.6%**	**12.7%**	**14.6%**
CAPEX	8.4	11.0	18.0	23.4	44.9
PPE	*1.6*	*3.5*	*7.2*	*11.5*	*20.6*
Intangible assets	6.8	7.5	10.8	11.9	24.3
Capital employed	521.4	534.2	521.4	534.2	490.6
Working capital	184.1	193.7	184.1	193.7	141.7
Cash flow from operating activities	11.2	26.3	-5.2	25.5	114.7
Cash flow from investing activities excl acq/div	-8.2	-10.5	-16.8	-22.4	-40.5
Free cash flow	3.0	15.8	-22.0	3.1	74.2
Full-time employees, end of period	5,776	5,673	5,776	5,673	5,607

Highlights and summary

- **Organic growth of 3% in H1 2017** and 2% in Q2 2017 driven by continued strong growth in Americas
- **EBITDA before special items** of 12.8% in Q2 2017 (11.8% in Q2 2016) driven by increased gross margin
- **RoCE up by 3.9%-points** compared to Q2 2016
- **Financial outlook for 2017 maintained**
  - Organic growth: 2-4%
  - EBITDA margin before special items: 11-11.5%

* Figures as shown in Nilfisk's Q2 2017 Interim Report
** EBITDA before special items


NKT Photonics

Financial development in Q2 2017

NKT Photonics

Imaging & Metrology

Focused growth area

- Strong progress in Q2 2017
- Larger OEM development projects driving growth
- Significant imaging development contract signed

50% of revenue

Sensing & Energy

Established area

- Strong growth delivered in the quarter
- Higher demand for Koheras fiber lasers

38% of revenue

Material Processing

New growth area

- Agreement to acquire Onefive signed. Closing expected in September 2017
- Division still of a relatively modest size
- Strong underlying market growth to support future potential

12% of revenue

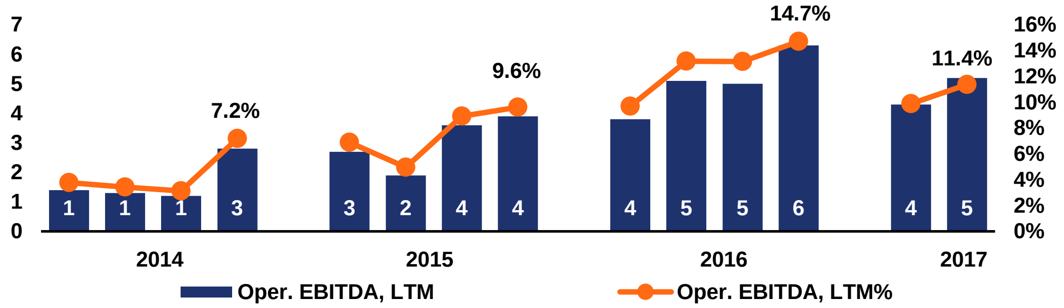
Note: Revenue distribution based on 2016 figures

NKT Photonics – Summary

NKT Photonics

Financials

EURm	Q2 2017	Q2 2016	1st half 2017	1st half 2016	FY 2016
Revenue	**11.2**	**8.9**	**18.7**	**16.1**	**43.1**
Organic growth	26%	9%	4%	11%	7%
Operational EBITDA	**0.7**	**-0.3**	**-1.4**	**-0.6**	**6.3**
Capital employed	49.8	44.6	49.8	44.6	49.3
Working capital	16.2	8.9	16.2	8.9	18.5
Full-time employees, end of period	263	237	263	237	240



Highlights and summary

- **Strong recovery in organic growth** as expected in Q2 2017 compared to Q1 2017. Revenue growth driven by Imaging & Metrology and Sensing & Energy
- **EBITDA increased** and the margin ended at 6.3% in Q2 2017 driven by the higher revenue
- Agreement **announced to acquire Onefive, a leading supplier of ultrafast lasers**, to strengthen NKT Photonics' Material Processing business. Closing expected in September 2017
- **Appointment of new Chief Operating Officer**, Don Riddell, to support continued growth
- **Financial outlook for 2017 maintained**
  - Organic growth: ~10%
  - Operational EBITDA margin: ~15%

Agenda

04 Update on the intended split of NKT A/S (formerly NKT Holding A/S)

07 Highlights Q2 2017

Business units

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29 Questions & Answers

Financial calendar

2017	Event
19 September	**Capital Markets Day**
15 November	**Interim Report Q3 2017**

For list of Investor Relations events, go to www.nkt.dk