

**NKT**

# Annual General Meeting 2016

# Long-term transformation towards increased value creation

## Nilfisk

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### Accelerate

- Growth
- Consolidating market-leading position

### Selected initiatives:

- Investments in sales and service
  - Commercial Excellence
  - Additional staff
- Focus on mid-market
- M&A

## NKT Cables

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### EXCELLENCE 2020

- Improved profitability

### Selected initiatives:

- Development of high-voltage DC (Direct Current) power cables
- Turnaround of high-voltage onshore and APAC segments
- Explore high-voltage offshore potential

## NKT Photonics

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### Commercial scale

- Growth
- Improved profitability

### Selected initiatives:

- Offer complete solutions
- Contracts with large industrial customers



## NKT's core competence

“ To create value by exercising long-term and active ownership in businesses where NKT is best owner ”





# 2015 financial development

REVENUE, EURm

**2,224**

ORGANIC GROWTH

**3%**

OPERATIONAL EBITDA MARGIN\*

**9.4%**

\* Standard metal prices

# Profit for the year

PROFIT FOR THE YEAR, EURm

**1.2**

PROFIT FOR THE YEAR  
ADJUSTED, EURm

**74.4**



# Return on Capital Employed (RoCE)

DEBT LEVERAGE

**0.5x**

OPERATIONAL EBITDA

RoCE

**10.1%**





## Strong financial headroom

Financial headroom of **EUR 604m** to further develop the businesses; organically and through investments and M&A

Distribution to shareholders	DKKm	EURm
Dividend per share: DKK 4	97	13
Share buyback	550	74
Total	647	87



# Nilfisk

REVENUE, EURm

**972**

ORGANIC GROWTH

**0%**

OPERATIONAL EBITDA MARGIN

**10.1%**

RoCE

**12.9%**



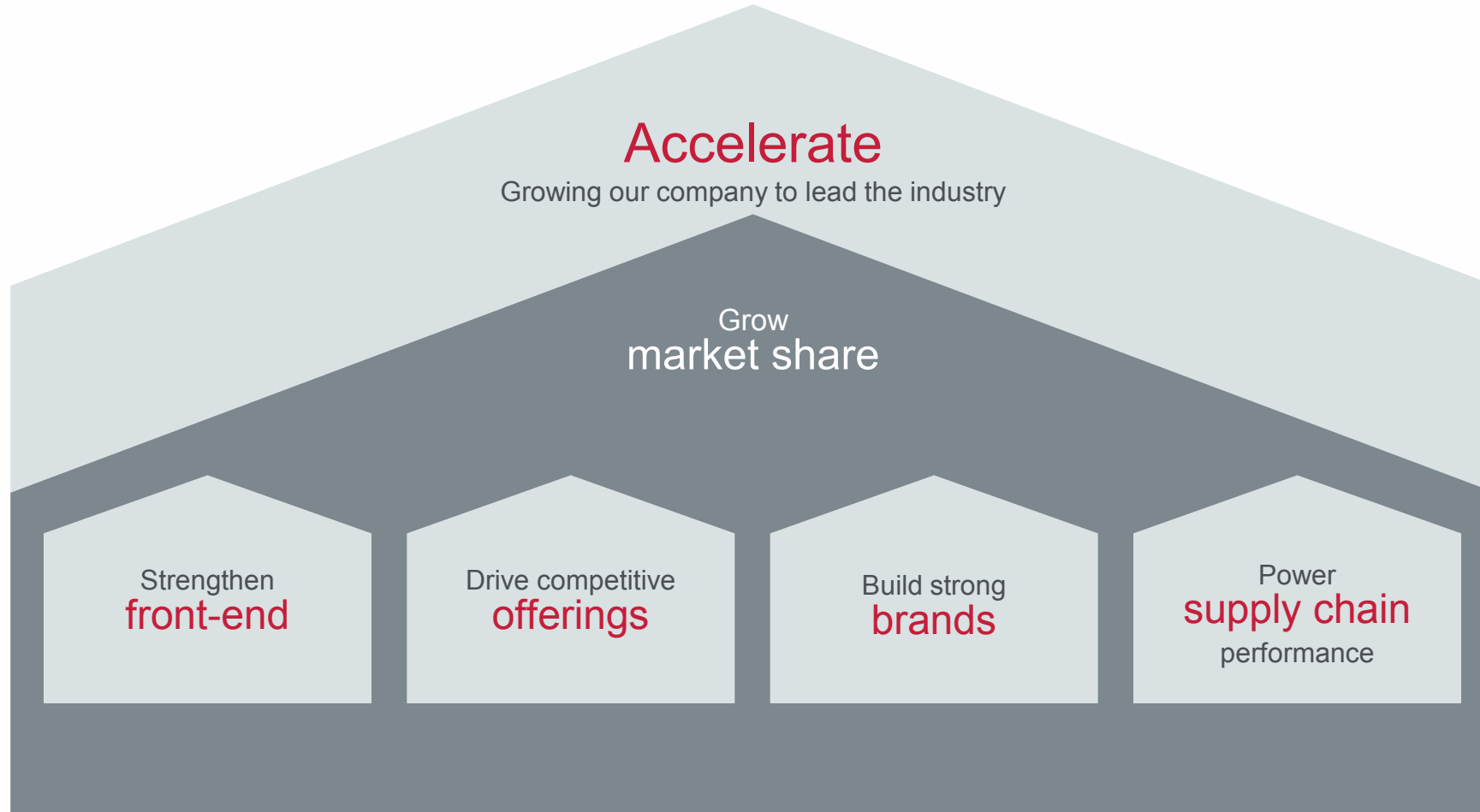
# Accelerate - new growth strategy

**Accelerate**   
*Growing our company to lead the industry*

## Long-term financial targets

- Organic growth 2-3% above GDP
- RoCE of 18-19%

# Accelerate levers





# Commercial Excellence programme

Strengthen  
front-end

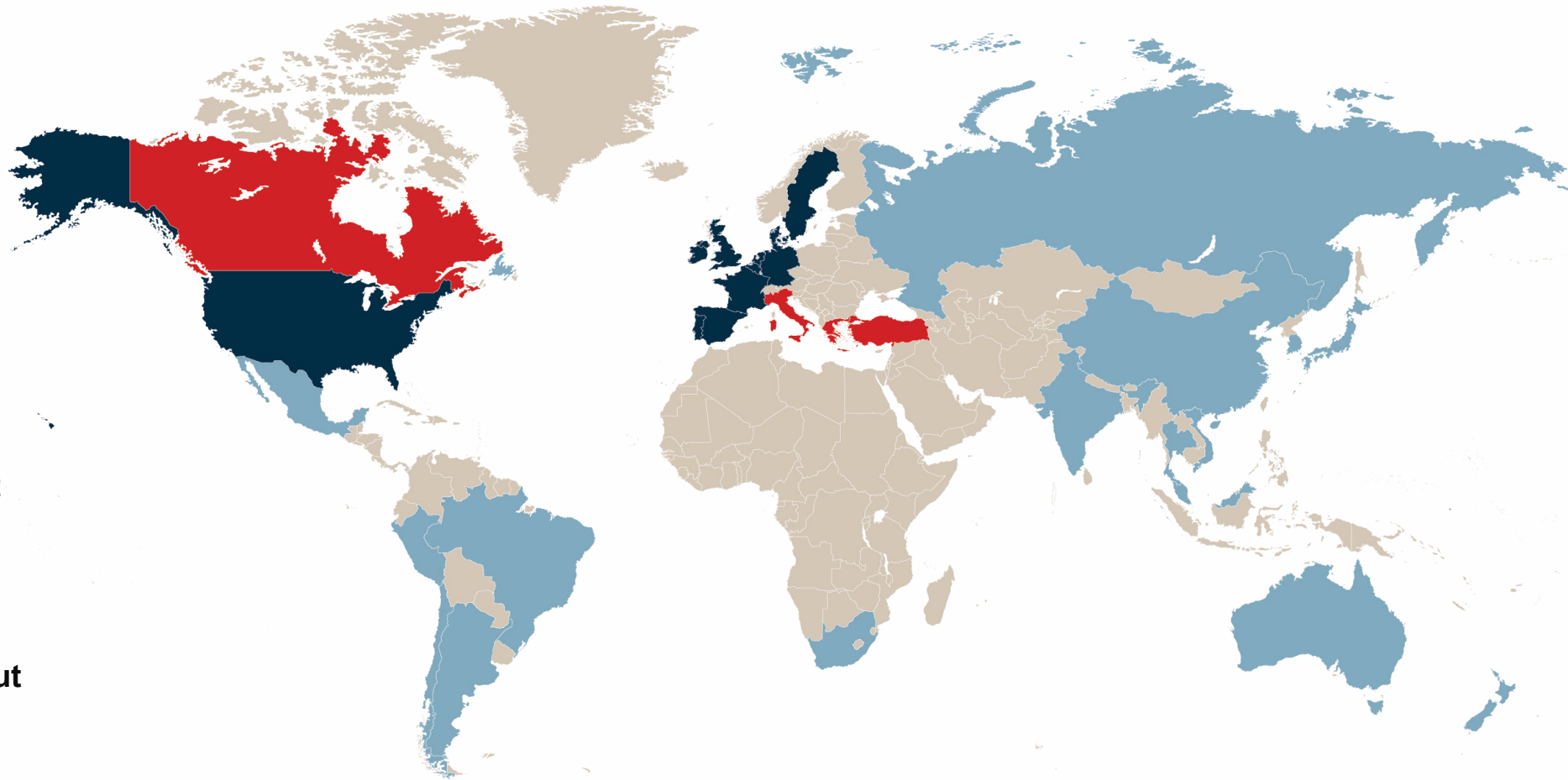
## Full-scale roll-out

■ Implementet

■ On-going

## Light-scale roll-out

■ Scheduled



## 35 launches of new products and product versions in 2015

Drive competitive  
offerings





## Two globale brands

Build strong  
brands



**High-end market**

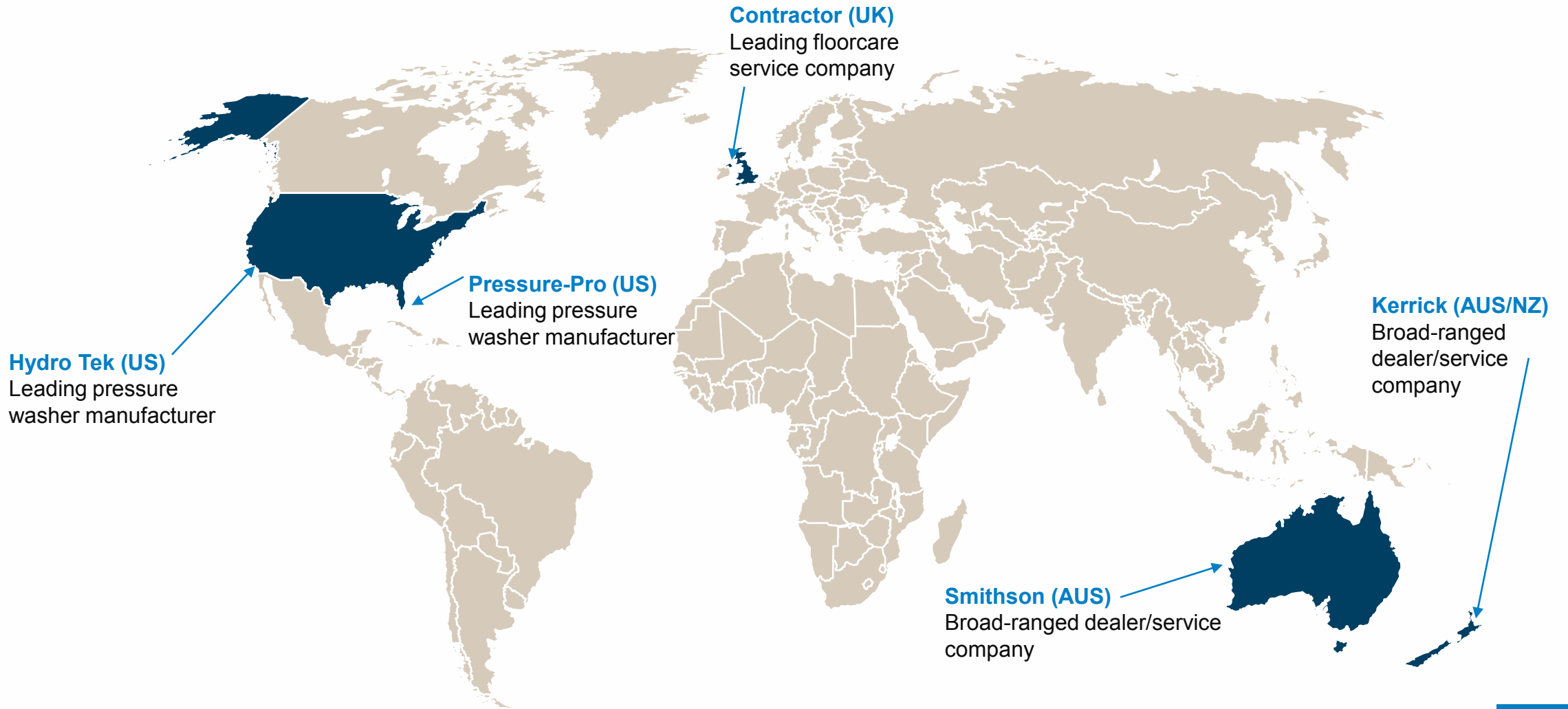
High quality products and  
and high level of service



**Mid-market**

Basis product with high reliability  
to a low cost

# Active participation in industry consolidation – five acquisitions in 2015





# NKT Cables

REVENUE, EURm

**1,212**

ORGANIC GROWTH

**4%**

OPERATIONAL EBITDA MARGIN\*

**9.0%**

RoCE

**8.2%**

\* Standard metal prices



# Offshore cable projects

NEW MAJOR ORDERS

2

FULL PRODUCTION UNTIL

2017





# DRIVE efficiency improvement programme target reached 1 year ahead

	Cost improvements	FTE reductions	One-off costs	Capex
2015	EUR 54.2m	110	EUR 23.2m	EUR 0.9m
To date	EUR 60.5m	381	EUR 50.1m	EUR 1.9m
Full effect (from 2017)	EUR ~60m	400-450	EUR ~50m	EUR ~6.5m

# Strategy

## excellence<sup>2020</sup>

### Long-term strategic goals

- RoCE above 15%
- Become customers' preferred choice
- Achieve an employee satisfaction index of >80%



# Cross-organisational Must-Win Battles



**Safety, people and organisation**



**Operational and commercial excellence**



**Material and product development**



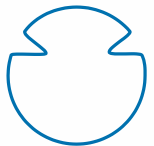
**Digitalisation**

# Segment initiatives

## DEVELOPMENT AND GROW



**High-voltage offshore**

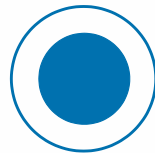


**Railway**

## FOCUS ON PROFITABILITY



**Building wire &  
Low-voltage**



**Medium-voltage &  
Automotive**

## TURNAROUND



**High-voltage onshore**



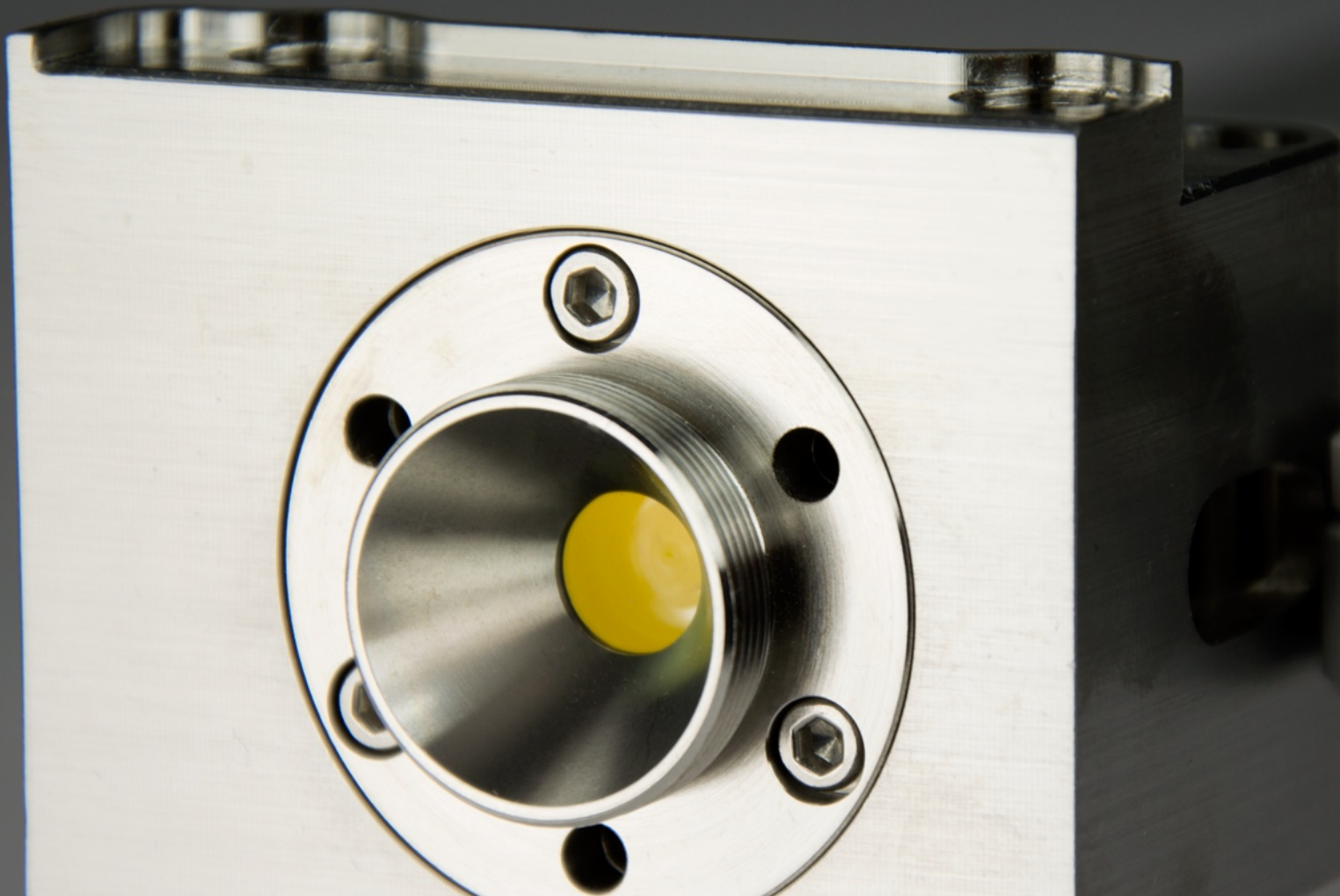
**Accessories**



**APAC**



# NKT Photonics



REVENUE, EURm

**41**

ORGANIC GROWTH

**9%**

OPERATIONAL EBITDA MARGIN

**9.6%**

RoCE

**0.4%**

# New president and CEO in NKT Photonics

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## **Basil Garabet (1959)**

### **President and CEO**

**2001-2013:** EM4, US manufacturer of optoelectronics and subsystems

**1999-2001:** Altitun Inc., Swedish manufacturer of tunable lasers

**1996-1999:** Mellot Griot Inc., US manufacturer of lasers and photonic components

MSc. in Lasers and Their Applications from Essex University, UK.





## Primary strategic initiatives towards commercial scale

- Complete solutions to end-customers
- Active pursuit of partnerships and joint ventures
- Organic growth and growth through M&A
- Lean manufacturing
- Faster introduction of new products

# Scale as key driver of value creation

## Long-term strategic goals:

- Annual organic growth above 10%
- RoCE ~20%



# Redefined core business and one management unit

## SEGMENTS WITH GROWTH POTENTIAL

- Imaging & Metrology
- Sensing & Energy
- Material Processing

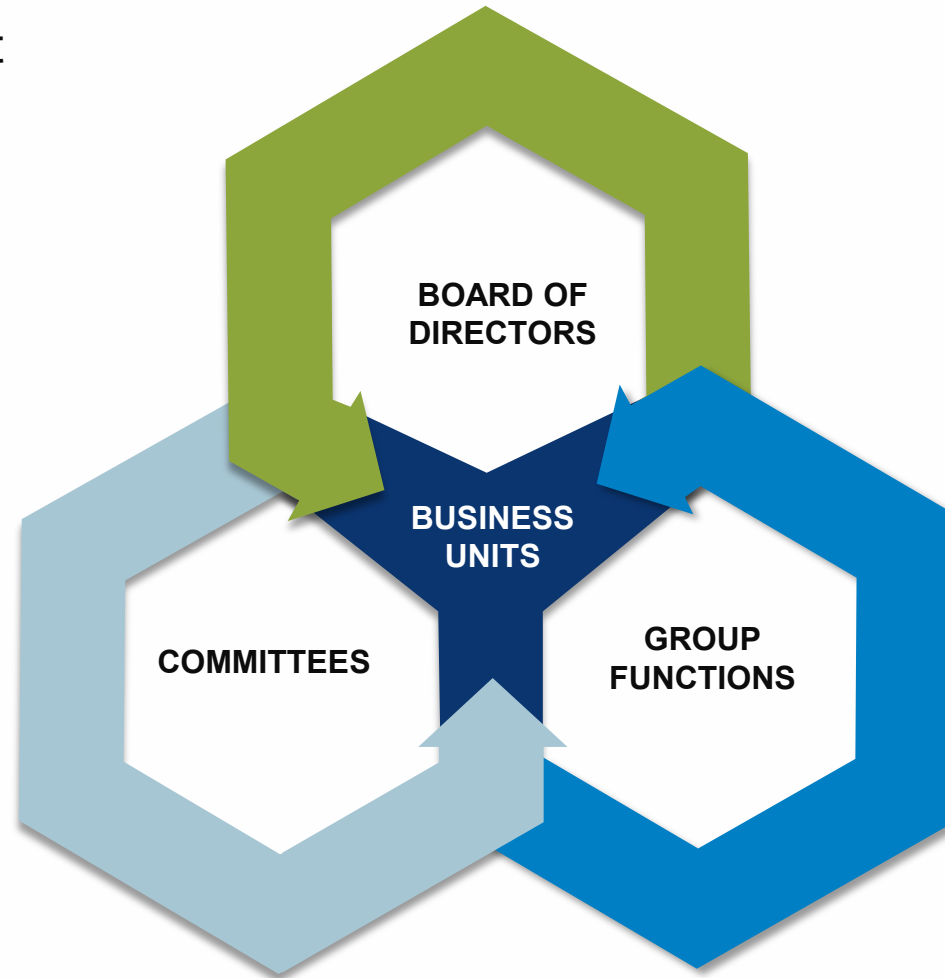
## ONE MANAGEMENT UNIT

**NKT Photonics**



## NKT's governance model

- Enables efficient and transparent decision-making processes
- Dynamic structure
- Supports strategic dialogue
- Close co-operation on optimising value creation



## Farewell to two Board members

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**Kristian Siem – Deputy Chairman**



**Kurt Bligaard Pedersen – Chairman of the Nomination Committee**



# Election of new Board members

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**René Svendsen-Tune**



**Anders Runevad**

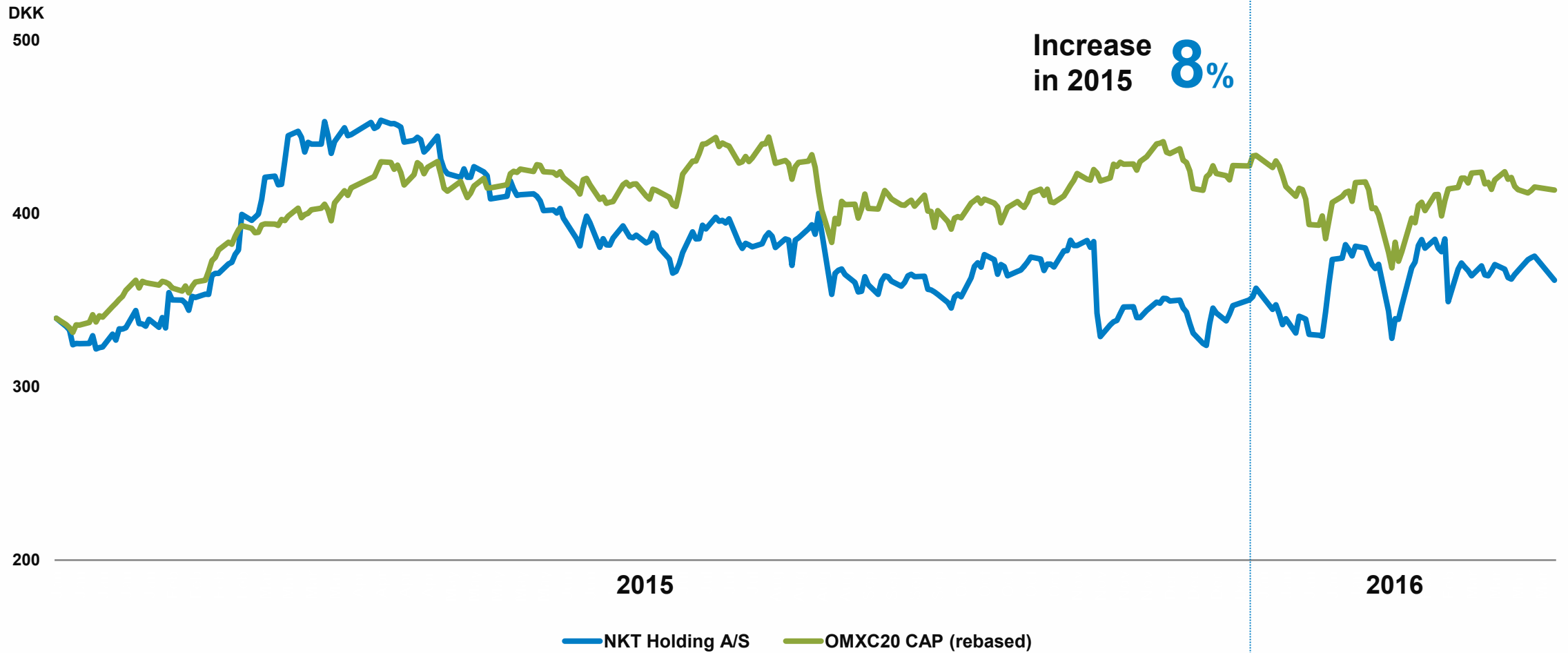




# Thank you to the employees



# Development in NKT share price



Data was updated after the AGM 2016





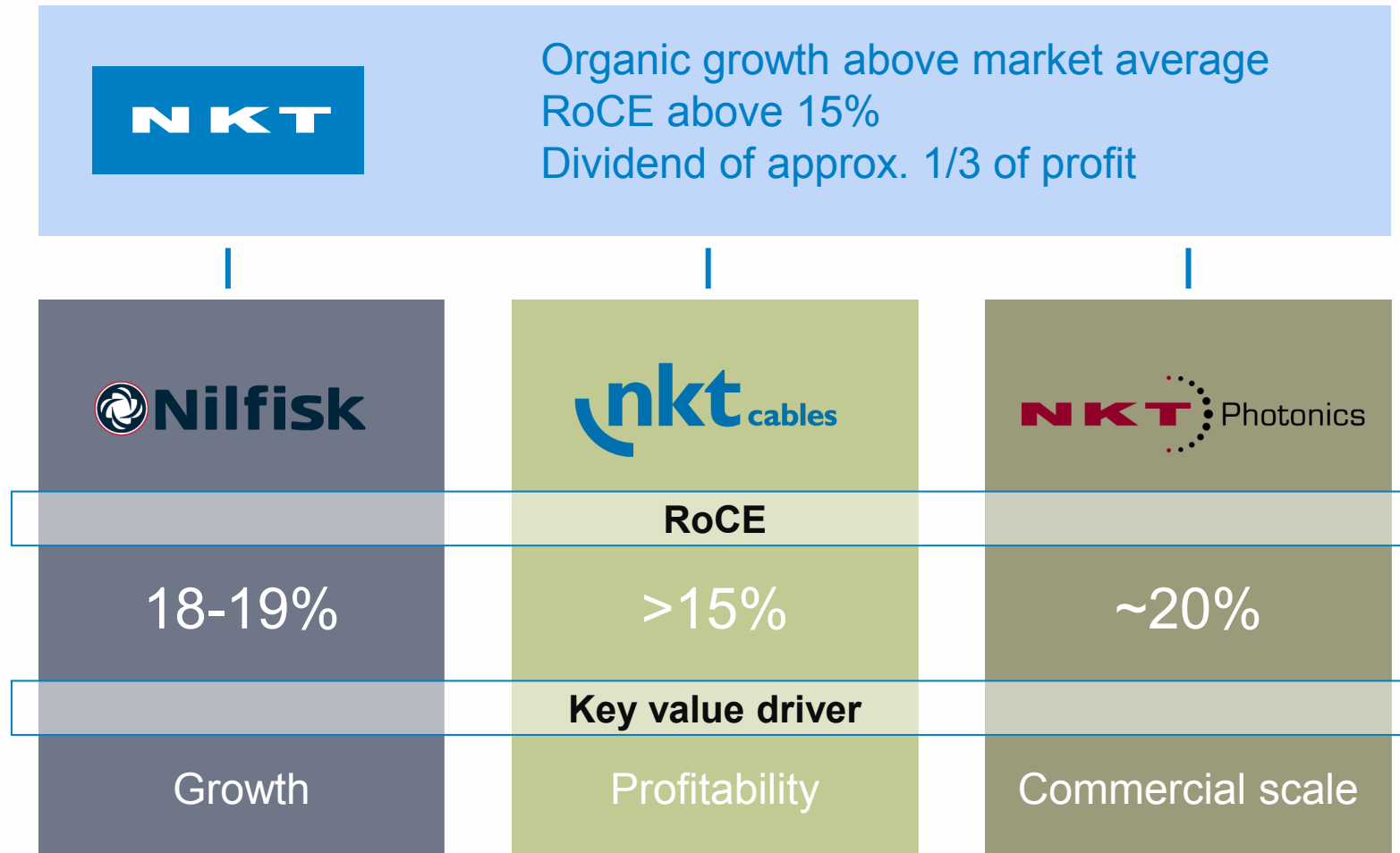
# Outlook 2016

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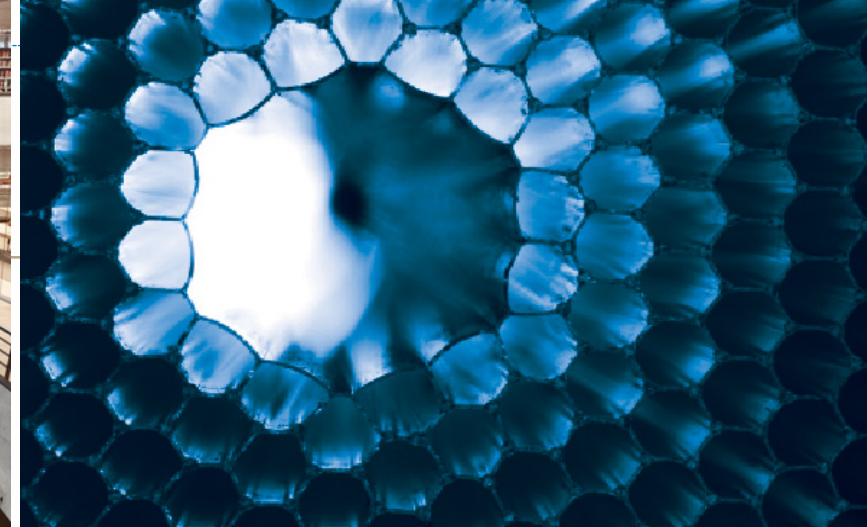
**Flat organic growth**

**Operational EBITDA margin\*  
on par with 2015 (9.4%)**

# Long-term active ownership as basis for increased value creation







**NKT**

# Annual General Meeting 2016