



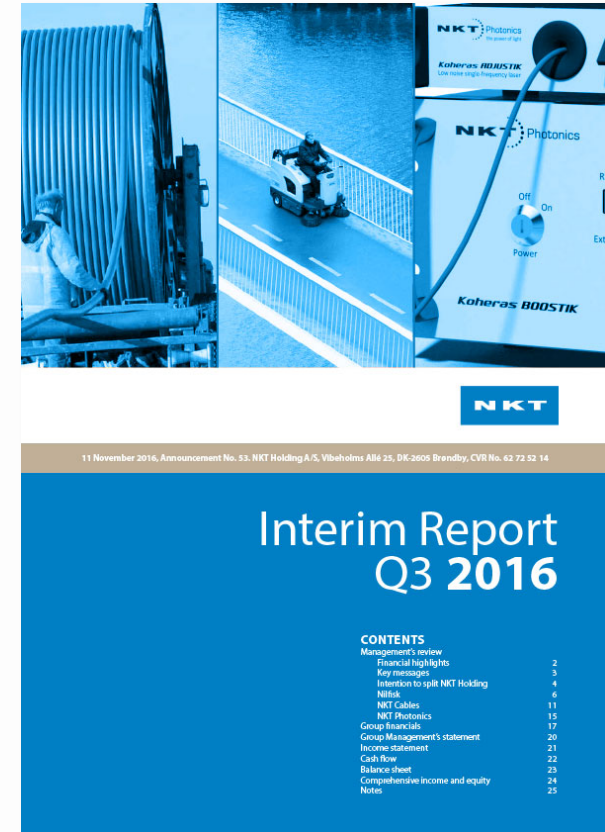
# Interim report Q3 2016

Webcast, 11 November 2016, 09:30 CET

# 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



# Today's presenters



**Michael Hedegaard Lyng**

**NKT Holding**     **NKT Cables**

Group Executive     President &  
Director             CEO



**Jonas Persson**

**Nilfisk**

President & CEO



**Basil Garabet**

**NKT Photonics**

President & CEO

# Agenda

## Highlights Q3 2016

### Business units

- Nilfisk
- NKT Cables
- NKT Photonics

### Questions & Answers

# Highlights Q3 2016



## Organic growth of 4% and oper. EBITDA margin up by 1.3%-points

- Organic growth driven by EMEA (+4%) and Americas (+11%)
- Operational EBITDA improved by 1.3%-points
- Roll-out of new organisational structure and cost savings of EUR 35m on track with full effect from 2019



## Organic growth of 1% and oper. EBITDA margin\* up by 3.0%-points. Acquisition of ABB HV Cables

- Organic growth driven by Projects (+10%), but partly offset by Products and APAC
- Operational EBITDA margin\* also driven by the Projects business
- Acquisition of ABB HV Cables, with expected closing in Q1 2017. Automotive business (3 Oct) and Chinese operations to be divested



## Financial performance as expected. Satisfactory order intake and backlog

- Organic growth of -6%, with double-digit growth in Sensing & Energy being offset by Imaging & Metrology
- Order intake was satisfactory and a number of significant frame contracts awarded earlier this year were executed



## Satisfactory Q3 financial performance. Intention to split into two separately listed entities, subject to closing of acquisition of ABB HV Cables

- |  |   |   |                               |          |                |            |
|--|---|---|-------------------------------|----------|----------------|------------|
| <ul style="list-style-type: none"> <li>• Organic growth of 2% in Q3 as expected</li> <li>• Operational EBITDA margin* of 10.4% in Q3 in line with expectations</li> <li>• Working capital significantly reduced , driven by both NKT Cables and Nilfisk</li> </ul> | <ul style="list-style-type: none"> <li>• Free cash flow improved to EUR 28.2m and net-interest bearing debt remain at low level</li> <li>• Equity raise of 9.99%</li> </ul> | <ul style="list-style-type: none"> <li>• Outlook 2016 revised with operational EBITDA margin* of ~9.6%, and negative organic growth of 2-3%</li> <li>• Underlying assumptions specified                     <table border="0" style="margin-left: 20px;"> <tr> <td>– NKT Cables Oper. EBITDA, %*</td> <td>9.0-9.3%</td> </tr> <tr> <td>Org. growth, %</td> <td>neg. 5-10%</td> </tr> </table> </li> </ul> | – NKT Cables Oper. EBITDA, %* | 9.0-9.3% | Org. growth, % | neg. 5-10% |
| – NKT Cables Oper. EBITDA, %*  | 9.0-9.3%  |   |                               |          |                |            |
| Org. growth, %   | neg. 5-10%  |   |                               |          |                |            |

\* std. metal prices




# Outlook 2016 revised, improved profitability despite slightly lower growth

	2016	Latest	Specified Q3		
Planning assumptions	<b>NKT</b>				
	- Organic growth		~ 0%	<b>neg. 2 - 3%</b>	Revised
	- Operational EBITDA, %*		On par with 2015 (~ 9.4%)	~ <b>9.6%</b>	
	<b>Nilfisk</b>				
	- Organic growth		1 - 3%	unchanged	
	- Operational EBITDA, %		10 - 10.5%	unchanged	
	<b>NKT Cables</b>				
	- Organic growth		~ neg. 5%	<b>neg. 5 - 10%</b>	Revised
	- Operational EBITDA, %*		~ 9.0%	<b>9.0 - 9.3%</b>	
	<b>NKT Photonics</b>				
	- Organic growth		~ 10%	unchanged	
	- Operational EBITDA, %		12 - 14%	unchanged	

1) Updated in relation to Q2 interim report

\* std. metal prices

# Intention to split NKT Holding into two separately listed entities

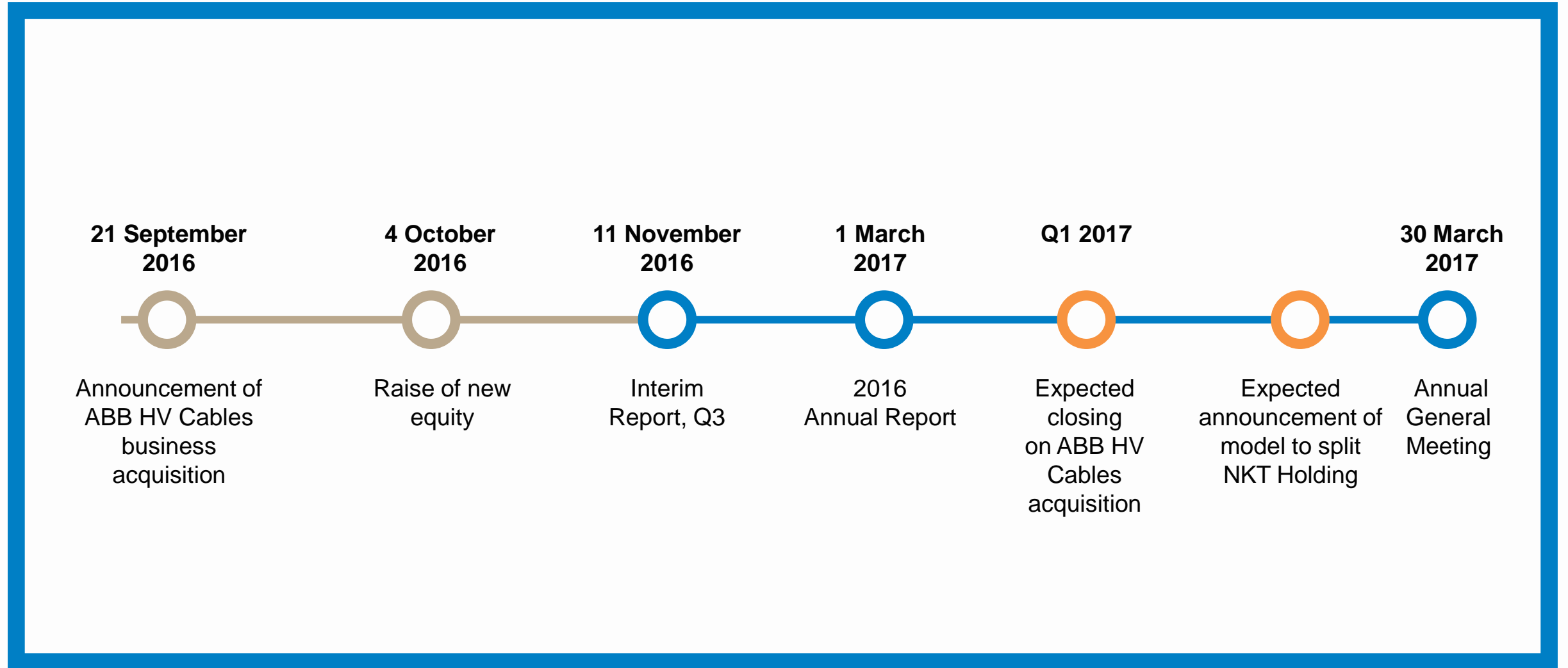
Listed entity	Nilfisk	NKT Cables	
Underlying businesses		 	
Key highlights	<ul style="list-style-type: none"> <li>• A leading professional cleaning equipment company with strong global market position</li> <li>• Organic growth potential</li> <li>• Significant M&amp;A opportunities</li> <li>• Strong cash flow</li> </ul>	<ul style="list-style-type: none"> <li>• Combined, NKT Cables and ABB HV Cables is to become a leading AC and DC high-voltage power cables supplier with a strong project backlog</li> <li>• Significant synergy potential</li> </ul>	<ul style="list-style-type: none"> <li>• A leading high-end photonics player</li> <li>• Significant growth and M&amp;A potential</li> </ul>
Revenue	EUR 972m	EUR 1,684m	EUR 41m
Oper. EBITDA	EUR 98m	EUR 148m	EUR 4m

\* Pro forma

Note: Figures are 2015 actuals, combined with 2015 proforma figures for ABB HV Cables. Revenue is in market prices and no synergies are included



# Indicative timeline for split of NKT Holding





# Financial highlights Q3 2016

**Revenue** EUR **519.0m** (Q3 2015: EUR 523.3m)

Organic growth	Q3 2016
<b>NKT</b>	<b>2%</b>
Nilfisk	4%
NKT Cables	1%
NKT Photonics	-6%

**Operational EBITDA** EUR **47.4m**, **10.4%** (std. metal prices)  
(Q3 2015: EUR 36.7m, 8.4%)

**One-off costs impacting EBITDA** EUR **41.2m**, Nilfisk EUR 9.1m; NKT Cables EUR 32.1m, mainly related to write down of the Chinese operations (Q3 2015: EUR 4.9m)

**Profit after tax** EUR **-24.8m** (Q3 2015: EUR 9.3m)

**Working capital** amounted to EUR **286.0m** and LTM at **14.8%**  
(Q2 2016: EUR 318.8m and 15.4%)

- Nilfisk **18.8%** (Q2 2016: 19.6%)
- NKT Cables **10.5%** (Q2 2016: 11.0%)

**Cash flow** from operating activities driven by improved working capital

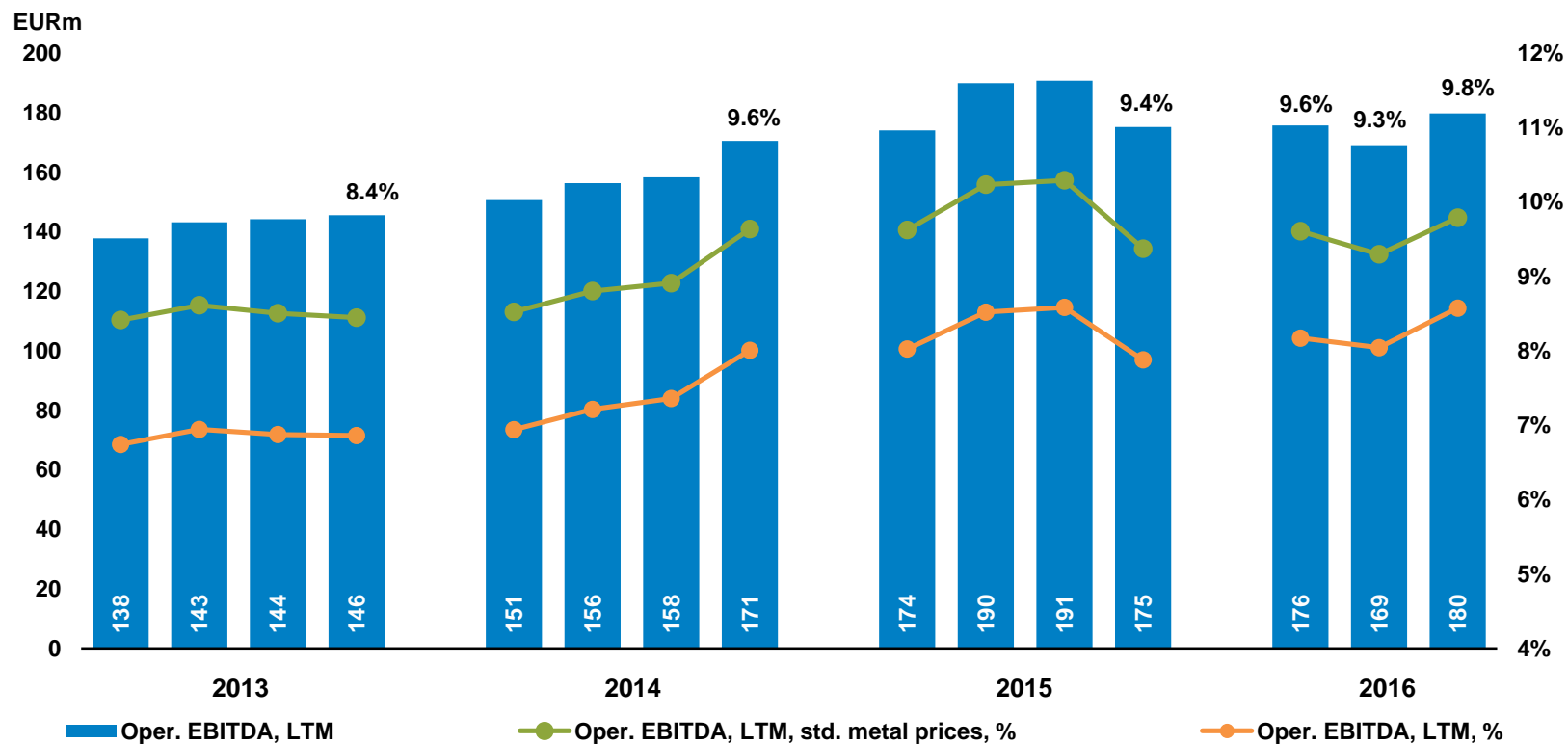
- Operating activities EUR **48.1m** (Q3 2015: EUR 36.4m)
- Investing activities EUR **-19.9m** (Q3 2015: EUR -11.5m)
- Free cash flow EUR **28.2m** (Q3 2015: EUR 24.9m)

**Net cash flow** EUR **-5.4m** (Q3 2015: EUR -24.3m) impacted by share buyback programme (EUR 17.0m)

**Net interest-bearing debt** amounted to EUR **174.6m**  
(Q2 2016: EUR 188.2m). Equity raise of 9.99% new shares

# Operational EBITDA in Q3 improved by 2.0%-points

## Operational EBITDA, LTM



**Q3 Operational EBITDA of EUR 47.4m**  
(Q3 2015: EUR 36.7m)

**Operational EBITDA margin, LTM, increased to 9.8%**  
(Q2 2016: 9.3%)

# Changes Q3 2016 vs. Q3 2015

EURm	Q3		Change	FY	
	2016	2015		2015	
<b>Revenue</b>	<b>519.0</b>	<b>523.3</b>	<b>-4.3</b>	<b>2,223.6</b>	<b>*01</b>
<i>Revenue, std.metal prices</i>	<i>457.4</i>	<i>438.5</i>	<i>18.9</i>	<i>1,869.2</i>	
<b>Operational EBITDA</b>	<b>47.4</b>	<b>36.7</b>	<b>10.7</b>	<b>175.2</b>	<b>*02</b>
<i>Oper. EBITDA margin, std.metal prices</i>	<i>10.4%</i>	<i>8.4%</i>	<i>2.0%</i>	<i>9.4%</i>	
One-off's	-41.2	-4.9	-36.3	-23.2	
<b>EBITDA</b>	<b>6.2</b>	<b>31.8</b>	<b>-25.6</b>	<b>152.0</b>	
Depreciation/Amortisation	-20.3	-19.6	-0.7	-76.9	
Impairment	-6.7	0.9	-7.6	-40.9	
<b>EBIT</b>	<b>-20.8</b>	<b>13.1</b>	<b>-33.9</b>	<b>34.2</b>	
Financial items, net	-2.1	-3.4	1.3	-6.1	
<b>EBT</b>	<b>-22.9</b>	<b>9.7</b>	<b>-32.6</b>	<b>28.1</b>	
Tax	-1.9	-0.4	-1.5	-26.9	
<b>Profit after tax</b>	<b>-24.8</b>	<b>9.3</b>	<b>-34.1</b>	<b>1.2</b>	
<b>RoCE, LTM</b>	<b>10.5%</b>	<b>11.2%</b>	<b>-0.7%</b>	<b>10.1%</b>	
CAPEX	20.5	14.8	5.7	70.1	
<i>PPE</i>	<i>9.0</i>	<i>7.8</i>	<i>1.2</i>	<i>39.1</i>	
<i>Intangible assets</i>	<i>11.5</i>	<i>7.0</i>	<i>4.5</i>	<i>31.0</i>	
Working capital	286.0	354.5	-68.5	269.2	
NIBD	174.6	167.7	6.9	88.9	

## \*01

EURm	
<b>Revenue decreased by</b>	<b>-4.3</b>
Metal prices	-23.2
FX changes	-4.0
Acquisitions/divestments	13.3
2% organic growth	9.6
- Nilfisk	4%
- NKT Cables	1%
- NKT Photonics	-6%

## \*02

EURm	
<b>Operational EBITDA increased by</b>	<b>10.7</b>
Nilfisk - Margin 10.6% (Q3 2015: 9.3%)	5.4
NKT Cables - Margin 10.4% (Q3 2015: 7.4%)	5.8
NKT Photonics & Other	-0.5

# Agenda

Highlights Q3 2016

## **Business units**

- Nilfisk
- NKT Cables
- NKT Photonics

Questions & Answers

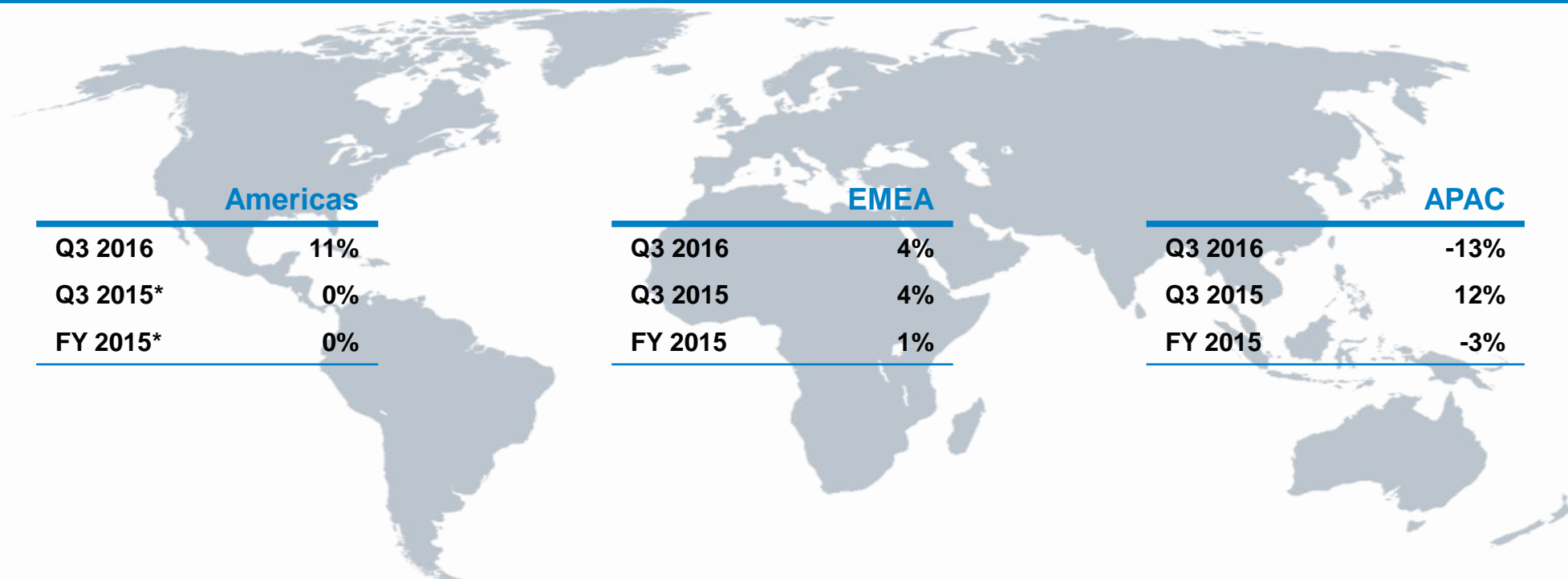


**Nilfisk**

# Nilfisk organic growth of 4% driven by EMEA and Americas APAC below expectations

## Organic growth

	2013				2014				2015*				2016		
- Quarterly (Y/Y)	1%	4%	7%	1%	9%	4%	0%	9%	0%	0%	4%	-2%	-1%	3%	4%
- Annually	3%				6%				0%				2%		

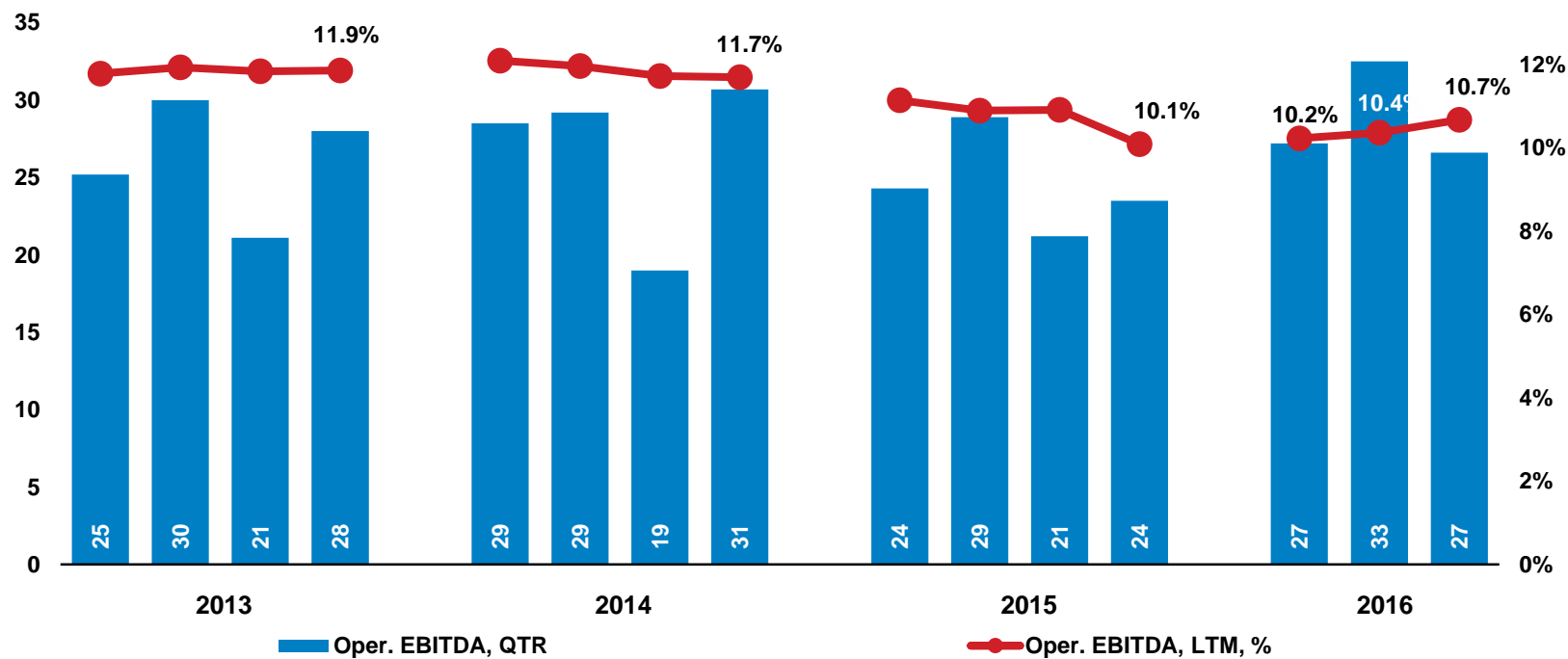


\* Adjusted for the impact of the divested floor sanding activities by 4%-points for the Americas for 2015

# Improved gross margin increase earnings

## Operational EBITDA, QTR

EURm



**Gross margin increased to 41.6% (Q3 2015: 40.4%)**

**Overhead cost ratio stable at 34.2% (Q3 2015: 34.3%)**

## Specification of EUR 35m cost saving programme

EBITDA improvements (EURm)	Run-rate* Q3 2016	Estimated FY 2016	Full potential 2019
Overheads	5	1	17
Operations	0	0	12
Other	0	0	6
<b>Total</b>	<b>5</b>	<b>1</b>	<b>35</b>
<b>One-offs</b>	<b>Q3 2016</b>		
Implementation of new organisation structure	2	5	5
Implementation of cost savings	3	7 - 10	35
<b>Total</b>	<b>5</b>	<b>12 – 15</b>	<b>40</b>
Capex	0	0	12

\* 12 months savings impact of executed levers



# The Horizon Program

- Long-term strategic program
- Intelligent, connected and technologically advanced cleaning solutions
- Partnership with Carnegie Robotics, LLC, leading provider of advance robotics sensors and software
- Multiple product launches
- First product is autonomous scrubber *Nilfisk Liberty A50*
- Prototype showcased at ISSA October 2016
- Launch in selected markets to selected customers in Spring 2017



## Nilfisk Liberty A50

- Unique combination of sensing technologies
- Unique self-learning features
- Most easy-to-use autonomous scrubber yet introduced

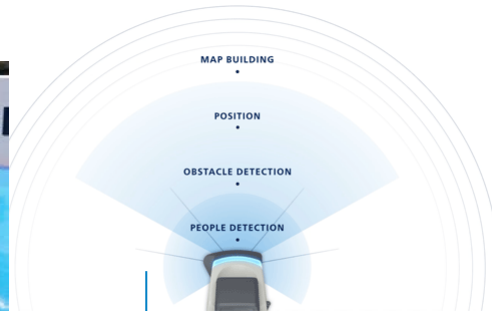


Combining four different sensing technologies

Flexible operation: Unmanned or operated

Three cleaning modes: Copy-Cat™, Fill-in and Manual

Self-learning: Autonomous sensor systems and software integration guide the machine while detecting and avoiding obstacles



# Growth of 4% driven by EMEA and Americas

## Financials

EURm	Q3		Q1-Q3		FY
	2016	2015	2016	2015	2015
<b>Revenue</b>	<b>250.3</b>	<b>230.5</b>	<b>782.2</b>	<b>724.7</b>	<b>971.5</b>
Organic growth	4%	4%*	2%	1%*	0%*
Gross margin	41.6%	40.4%	41.8%	41.0%	40.4%
Overhead cost ratio	34.2%	34.3%	33.8%	33.5%	33.1%
<b>Operational EBITDA</b>	<b>26.6</b>	<b>21.2</b>	<b>86.3</b>	<b>74.4</b>	<b>97.9</b>
Operational EBITDA margin	10.6%	9.3%	11.0%	10.3%	10.1%
<b>RoCE, LTM</b>	<b>13.5%</b>	<b>14.8%</b>	<b>13.5%</b>	<b>14.8%</b>	<b>12.9%</b>
CAPEX	11.1	8.5	34.5	28.1	44.2
<i>PPE</i>	4.0	4.4	15.5	12.4	21.7
<i>Intangible assets</i>	7.1	4.1	19.0	15.7	22.5
Capital employed	520.1	513.9	520.1	513.9	501.6
Working capital	180.1	199.4	180.1	199.4	173.4
Full-time employees, end of period	5,604	5,419	5,604	5,419	5,545

## Highlights and summary

- **Growth of 4% overall** driven by EMEA of 4%, Americas of 11% and APAC of -13% in the quarter
- **Oper. EBITDA margin, LTM**, improved driven by price increases and procurement initiatives improving gross margin and from overhead cost savings
- **Improved working capital** despite acquisitions
- **One-offs costs of EUR 15.8m**, hereof EUR 5.3m related to implementation of the Accelerate+ strategy, EUR 3.1m related to the divestment of Cyclone and EUR 7.4m impairment loss related to the Cleaning and Restoration business.

\* Adjusted for the impact of the divested floor sanding activities by 4%-points for the Americas for 2015

**125**  
**YEARS**  
1891-2016



**NKT Cables**

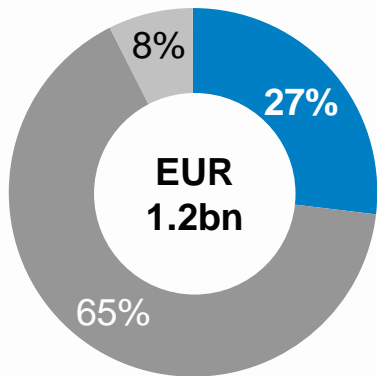


# ABB HV Cables acquisition will create a leading HV power cables company

## 2015 revenue split

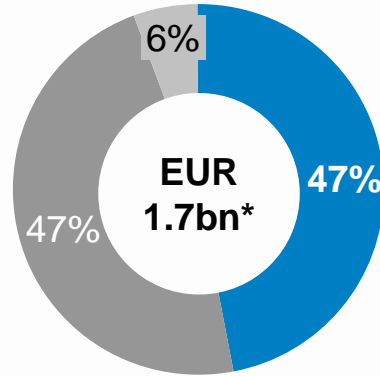
EURm, market prices

### Higher margin business



**nkt** cables

### Higher margin business



**nkt** cables

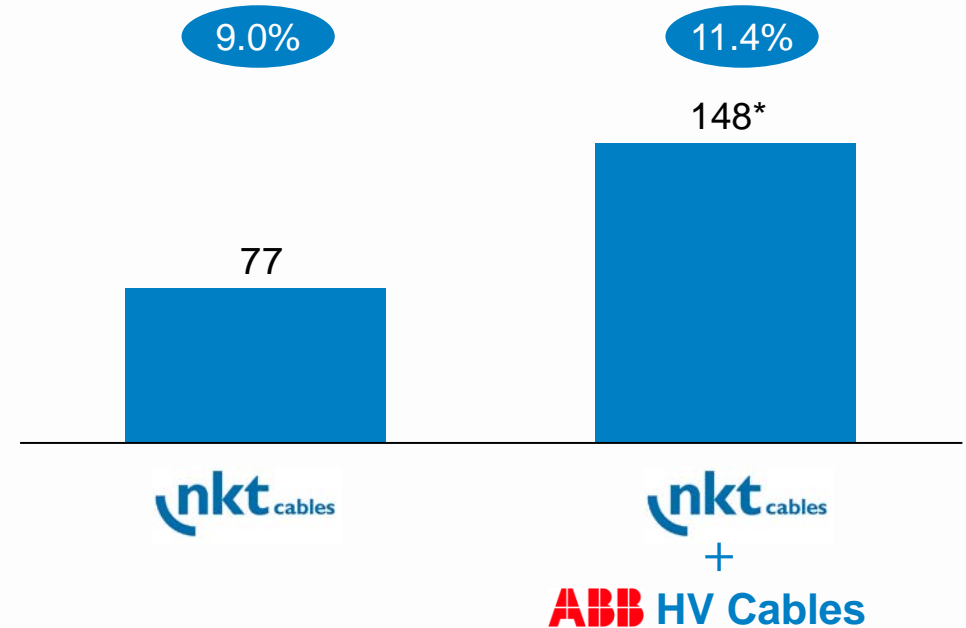
+

**ABB HV Cables**

■ Projects ■ Products ■ APAC

## 2015 operational EBITDA

EURm, margin in std. metal prices



\* Pro forma

Note: Figures are 2015 actuals, combined with 2015 proforma figures for ABB HV Cables. Revenue is in market prices and no synergies are included

# Divestment of Automotive and Chinese operations to focus on core

## Automotive (3 Oct 2016)



- Divestment of all automotive cable activities to a subsidiary of the German-based Wilms Group
- Includes automotive cables, flexible and special cables and a plant in Vrchlabí, Czech Republic
- Closing is subject to regulatory approval and is expected to take place in Q1 2017

## Chinese operations



- Divestment of all Chinese business activities to Srising, owned by CAC, a Chinese private equity fund
- Enterprise value amounts to EUR 14.3m
- Closing subject to Chinese governmental approval and expected by November 2016

# 1% organic growth, in line with expectations

## Projects growth of 10%, partly offset by Products and APAC

### Organic growth

	2013				2014				2015				2016		
- Quarterly (Y/Y)	4%	10%	-2%	4%	6%	-11%	1%	-12%	16%	13%	-12%	2%	-24%	-13%	1%
- Annually	4%				-5%				4%				-13%		

#### Projects

Q3 2016	10%
Q3 2015	-32%
FY 2015	15%




#### Market

Offshore	
Onshore	

#### Products

Q3 2016	-1%
Q3 2015	10%
FY 2015	5%

#### Market

Nordics	
Central Europe	
Specialties	

#### APAC\*

Q3 2016	-25%
Q3 2015	-53%
FY 2015	-37%

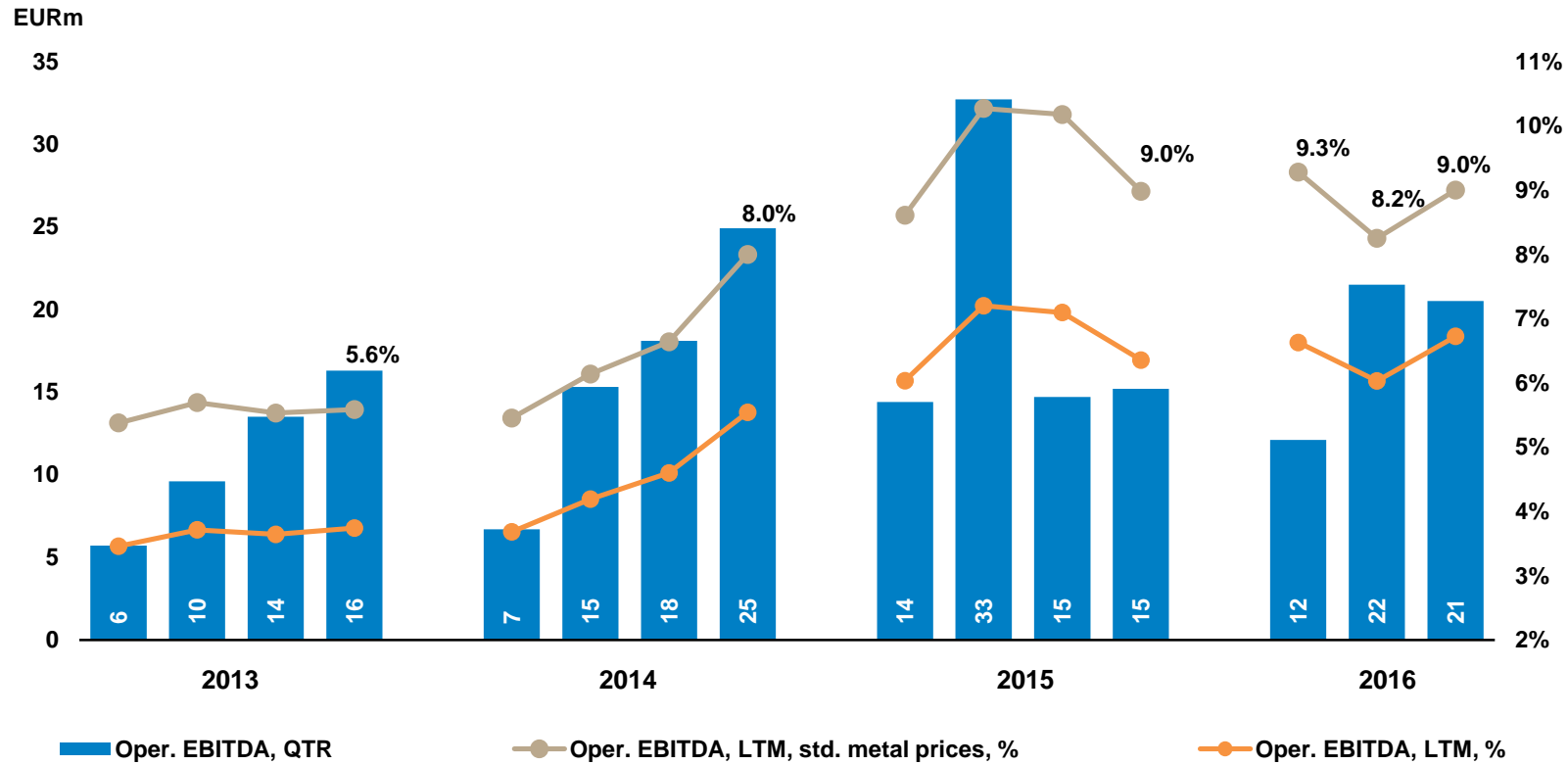
#### Market

Railway	
Medium-/high-voltage	

\* APAC sale agreed, signed 29 September with closing end November 2016

# Operational EBITDA in Q3 up by 3.0%-points

## Operational EBITDA, QTR



**Q3 Operational EBITDA** increased to EUR 20.5m (Q3 2015: EUR 14.7m)

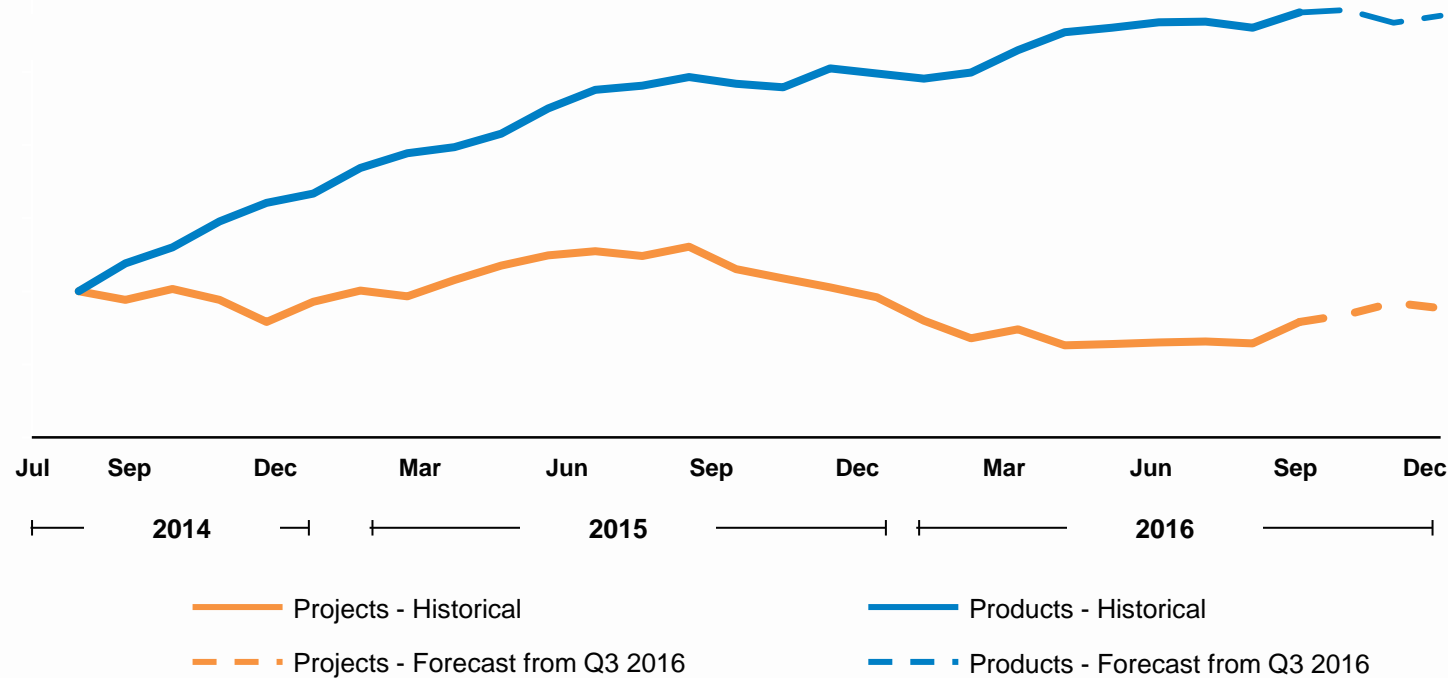
Driven by **robust execution in Projects**

# Products' profitability improvement continued

## Projects better than expected

### Business unit profitability development\*

Index = 100



Products continued **profitability improvement** in Q3 2016 as planned

Projects delivered **lower profitability in 2016** due project portfolio

**Projects' profitability** expected to further improve during Q4

\* LTM rolling oper. EBITDA per business unit indexed to July 2014 =100. APAC excluded



# Offshore: Borssele Alpha order provides full visibility until 2018

Simplified project view	2016		2017				2018				2019			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Race Bank	██████████													
Galloper	██████████													
Hornsea		██████████	██████████											
1 Borssele Alpha						██████████	██████████							
2 Borssele Beta											----- Potential			

**1 Borssele Alpha**

- Dutch government planned to build 4 windfarms under TenneT responsibility, **Borssele 1 and 2** (Alpha)
- Contract value for for nkt cables of EUR 77m (market prices)
- **Won in consortium with Boskalis subsidiary, VBMS** (cable installation)
- **~125 kilometres of 220 kV** high-voltage offshore cables

**2 Borssele Beta**

- Contract with TenneT contains the **option to deliver on Borssele 3 + 4** (Beta), subject to financial close
- **~136 kilometres of 220 kV** high-voltage offshore cables

# Positive growth driven by Projects

## Financials

EURm	Q3		Q1-Q3		FY
	2016	2015	2016	2015	2015
<b>Revenue</b>	<b>257.9</b>	<b>282.0</b>	<b>748.7</b>	<b>929.9</b>	<b>1,211.9</b>
Revenue, std.metal prices	196.3	197.2	559.7	647.0	857.5
Organic growth	1%	-12%	-13%	5%	4%
<b>Operational EBITDA</b>	<b>20.5</b>	<b>14.7</b>	<b>54.1</b>	<b>61.8</b>	<b>77.0</b>
Operational EBITDA margin, std.metal prices	10.4%	7.4%	9.7%	9.5%	9.0%
<b>RoCE, LTM</b>	<b>8.0%</b>	<b>9.0%</b>	<b>8.0%</b>	<b>9.0%</b>	<b>8.2%</b>
CAPEX	8.2	5.3	18.9	12.1	22.5
<i>PPE</i>	4.6	3.2	11.0	8.4	16.5
<i>Intangible assets</i>	3.6	2.1	7.9	3.7	6.0
Capital employed	374.4	437.6	374.4	437.6	381.3
Working capital	94.7	145.1	94.7	145.1	87.1
Full-time employees, end of period	3,151	3,243	3,151	3,243	3,208

## Highlights and summary

- **Positive organic growth of 1% driven by Projects (+10%)**
- **Organic growth of -1% in Products:** Positive in the Nordics, but offset by Central Europe and Specialties. APAC with -25%
- **Acquisition of ABB HV Cables** - China and Automotive business divested (as non-core)
- **Execution of EXCELLENCE 2020 strategy** progressed as planned
- New **Chief Operating Officer (COO)** to drive operational excellence agenda



# NKT Photonics

# Organic growth of -6% driven by Sensing & Energy

## Imaging & Metrology



### Focused growth area

- As expected, Imaging & Metrology segment delivered negative growth against a strong Q3 2015
- Order intake and backlog at satisfactory level

Revenue split

~45%

## Sensing & Energy



### Established area

- Strong growth across all sub-segments
- Awarded Distributed Temperature System (DTS) for an export cable of an offshore windfarm in the North Sea

~42%

## Material Processing



### New growth area

- Negative Q3 growth, but still positive YTD organic growth

~13%

2015 revenue split

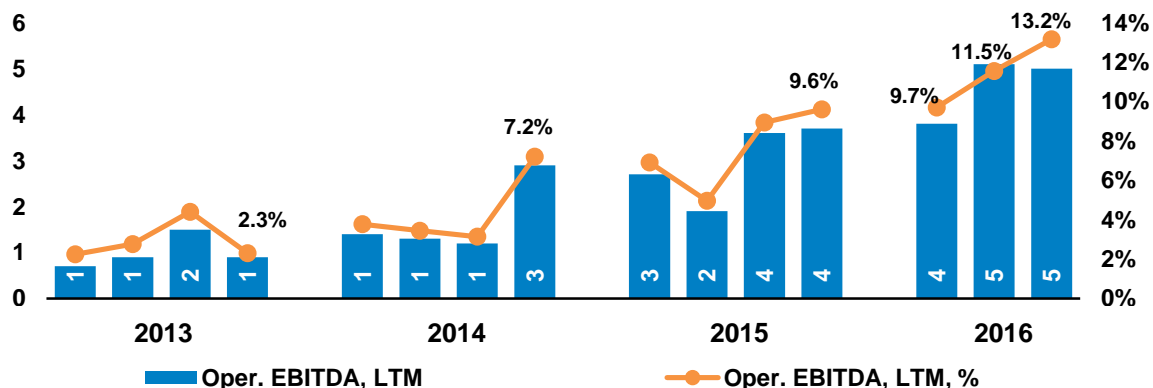
# Organic growth of -6%, integration process as planned

## Financials

EURm	Q3		Q1-Q3		FY
	2016	2015	2016	2015	2015
<b>Revenue</b>	<b>10.8</b>	<b>10.8</b>	<b>26.9</b>	<b>27.9</b>	<b>40.6</b>
Organic growth	-6%	31%	4%	4%	9%
<b>Operational EBITDA</b>	<b>0.9</b>	<b>1.4</b>	<b>0.3</b>	<b>0.4</b>	<b>3.7</b>
Capital employed	45.0	20.8	45.0	20.8	19.2
Working capital	10.6	9.5	10.6	9.5	8.5
Full-time employees, end of period	239	174	239	174	180

## Highlights and summary

- **Overall, -6% organic growth** with double-digit organic growth in Sensing & Energy being offset by negative growth in Imaging & Metrology, where Q3 performance t strong growth for the acquired Fianium business
- **EBITDA** amounted to EUR 0.9m
- New generation of **Koheras™ BOOSTIK lasers** was launched targeting the scientific market for high precision metrology
- **Integration of Fianium** going as planned



# Agenda

Highlights Q3 2016

Business units

- Nilfisk
- NKT Cables
- NKT Photonics

**Questions & Answers**

# Financial calendar

## 2017

1 March            2016 Annual Report

30 March           Annual General Meeting

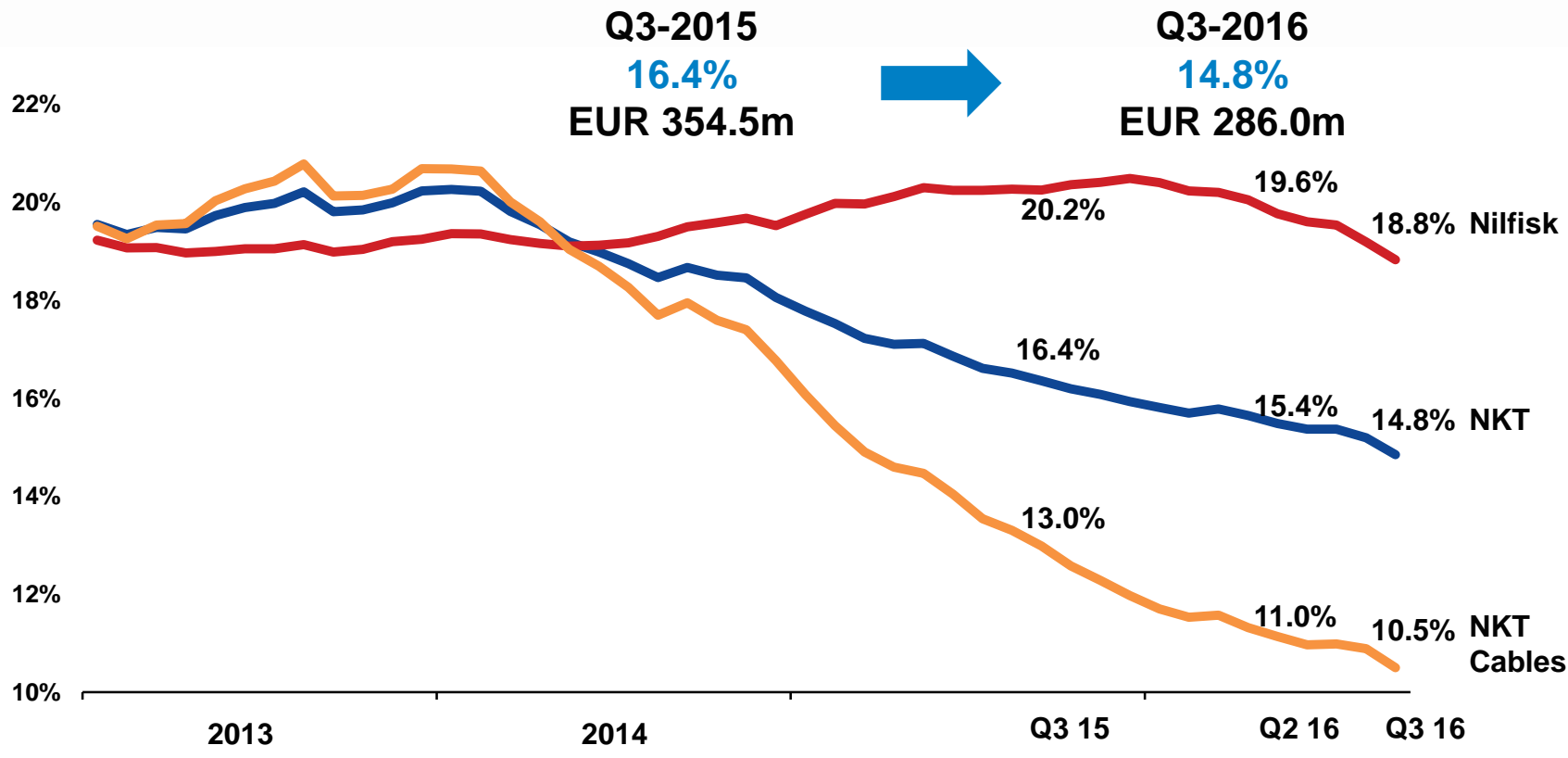
 For list of Investor Relations events, go to [www.nkt.dk](http://www.nkt.dk)

# Appendix



# Working capital reduction continued, driven by both NKT Cables and Nilfisk

## Working capital development



**Working capital ratio, LTM reduced to 14.8% (Q2 2016: 15.4%)**

## Strong operating cash flow of EUR 48.1m

EURm	Q3		FY
	2016	2015	2015
EBITDA	6.2	31.8	152.0
Financial items, net	-2.1	-3.4	-6.1
Change in working capital	35.4	9.2	31.4
Other	8.6	-1.2	-4.1
<b>Cash flows from operating activities</b>	<b>48.1</b>	<b>36.4</b>	<b>173.2</b>
Acquisition of business	-0.2	-1.8	-29.1
Divestment of business	-	4.5	6.0
Inv./disp. of property, plant and equipment, net	-8.9	-6.9	-35.1
Other investments, net	-10.8	-7.3	-29.7
<b>Cash flows from investing activities</b>	<b>-19.9</b>	<b>-11.5</b>	<b>-87.9</b>
<b>Free cash flow</b>	<b>28.2</b>	<b>24.9</b>	<b>85.3</b>
Change in long- and short term loans	-17.0	-49.2	-79.3
Non-Controlling interest	-0.8	-	-
Share buyback programme	-17.0	-	-
Dividend paid	-	-	-13.0
Cash from exercise of share-based options etc.	1.2	-	11.3
<b>Cash flows from financing activities</b>	<b>-33.6</b>	<b>-49.2</b>	<b>-81.0</b>
<b>Net cash flow</b>	<b>-5.4</b>	<b>-24.3</b>	<b>4.3</b>

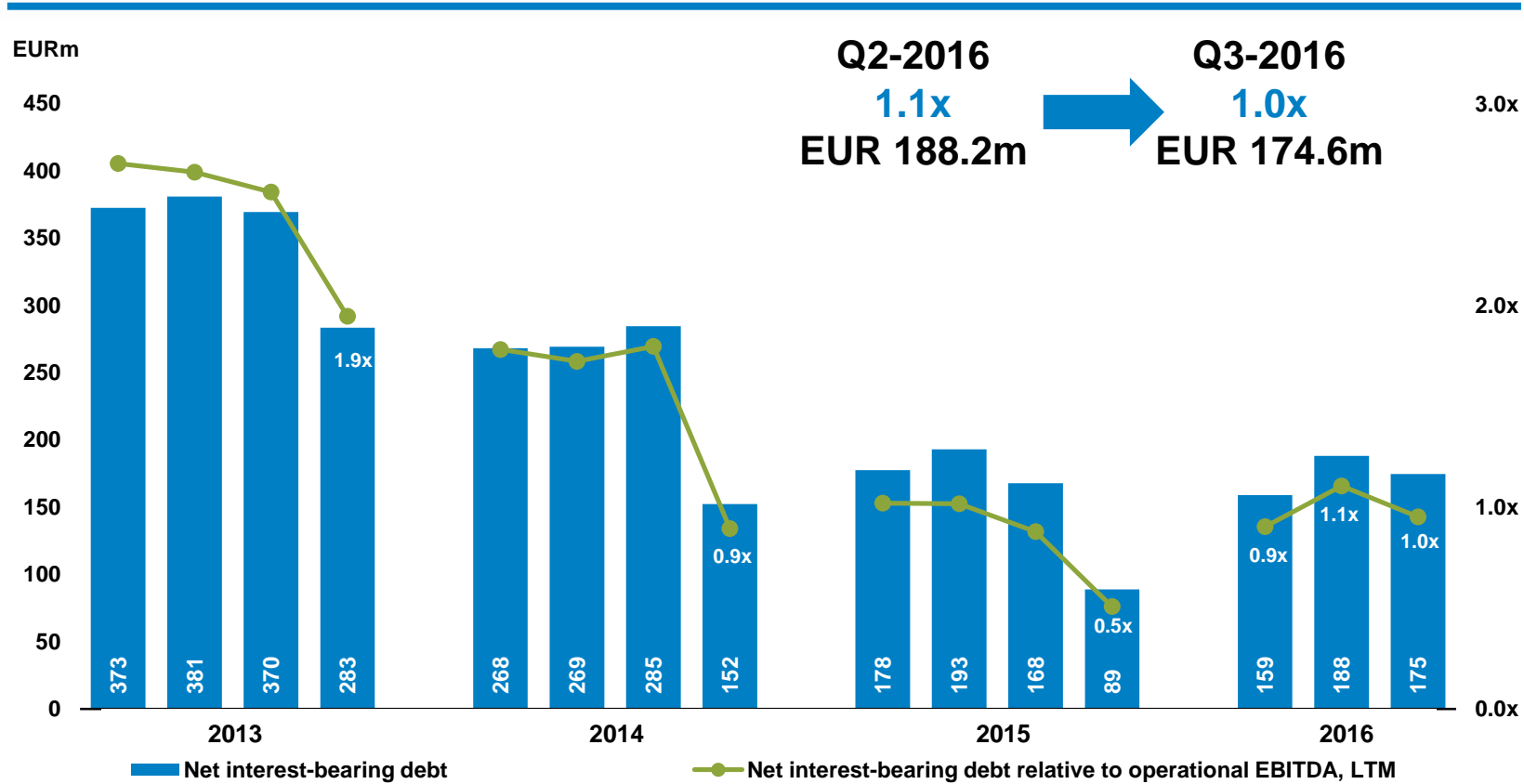
**Operating cash flow of EUR 48.1m** (Q3 2015 EUR 36.4m)

**Cash flow from investing of EUR -19.9m**  
(Q3 2015 EUR -11.5m)

**Free cash flow of EUR 28.2m**  
(Q3 2015 EUR 24.9m)

# Net interest-bearing debt still low (prior to new equity issue)

## Net interest-bearing debt



Positive free cash flow of EUR 28.2m, offset by share buyback programme (EUR 17.0m)

# Transaction overview of ABB HV Cables acquisition

## Enterprise Value

- **Enterprise value (EV):** EUR 712m (DKK 5.3bn) at closing
- **Total Enterprise value:** EUR 836m (DKK 6.2bn), incl. ABB HV Cables' investment in new cutting-edge vessel to be delivered and paid in Q1 2017
- **Implied transaction multiples:** 9.0x EBITDA average 2014-2016 (expected)  
6.5x EBITDA (incl. run-rate synergies) average 2014-2016 (expected)

## Financing

- **Nordea and Danske Bank** has committed to finance the transaction
- **Group pro forma NIBD/EBITDA of ~3.0x** at closing with expected strong deleverage within following 12 mths.
- **Raise new equity of up to 9.99%** of the company's share capital
- **Sale of treasury shares** currently held, equal to 3.89% of the share capital

## Synergies and value creation

- Significant value creation for NKT Cables with **expected EUR ~30m in EBIT synergies** by end-2018

## Timing

- **Closing is expected in Q1 2017**
- Conditional upon regulatory approvals and fulfilment of certain other conditions related to the transfer of ABB HV Cables

## Other

- **Cancellation of current share buyback programme** and **no dividend** for financial year 2016
- **Operational 2016 outlook unchanged.** One-off costs EUR 2m related to transaction will be incurred in 2016, in addition to EUR 30m already communicated in Q2 2016. Further EUR 9m expected at closing of transaction