

NKT

Capital Markets Day 2015

Copenhagen, 23 September 2015

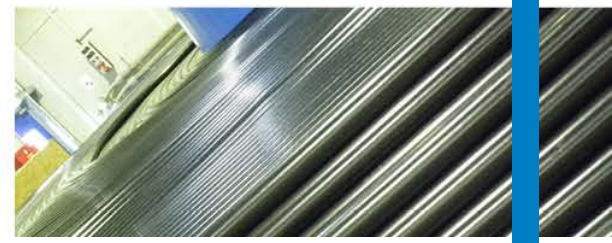
Forward looking statements

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.

Agenda

Time	Activity	Presenters
13:00 – 13:45	Registration and light lunch	
13:45 – 14:00	NKT Holding Exercising active, industrial ownership	Michael Hedegaard Lyng Group Executive Director
14:00 – 15:15	NKT Cables Towards EXCELLENCE 2020	Michael Hedegaard Lyng President & CEO Oliver Schlodder EVP, Strategy & Specialties
15:15 – 15:40	Break	
15:40 – 16:15	The Boston Consulting Group The go-to market revolution	George Bene Partner & Managing Director
16:15 – 17:10	Nilfisk 'Accelerate' growth	Jonas Persson President & CEO Tina Mayn EVP, Global Marketing & Product Management
17:10 – 17:30	Photonics Group Towards commercialisation	Basil Garabet President & CEO
17:30 – 18:30	Wrap-up, drinks and snacks	



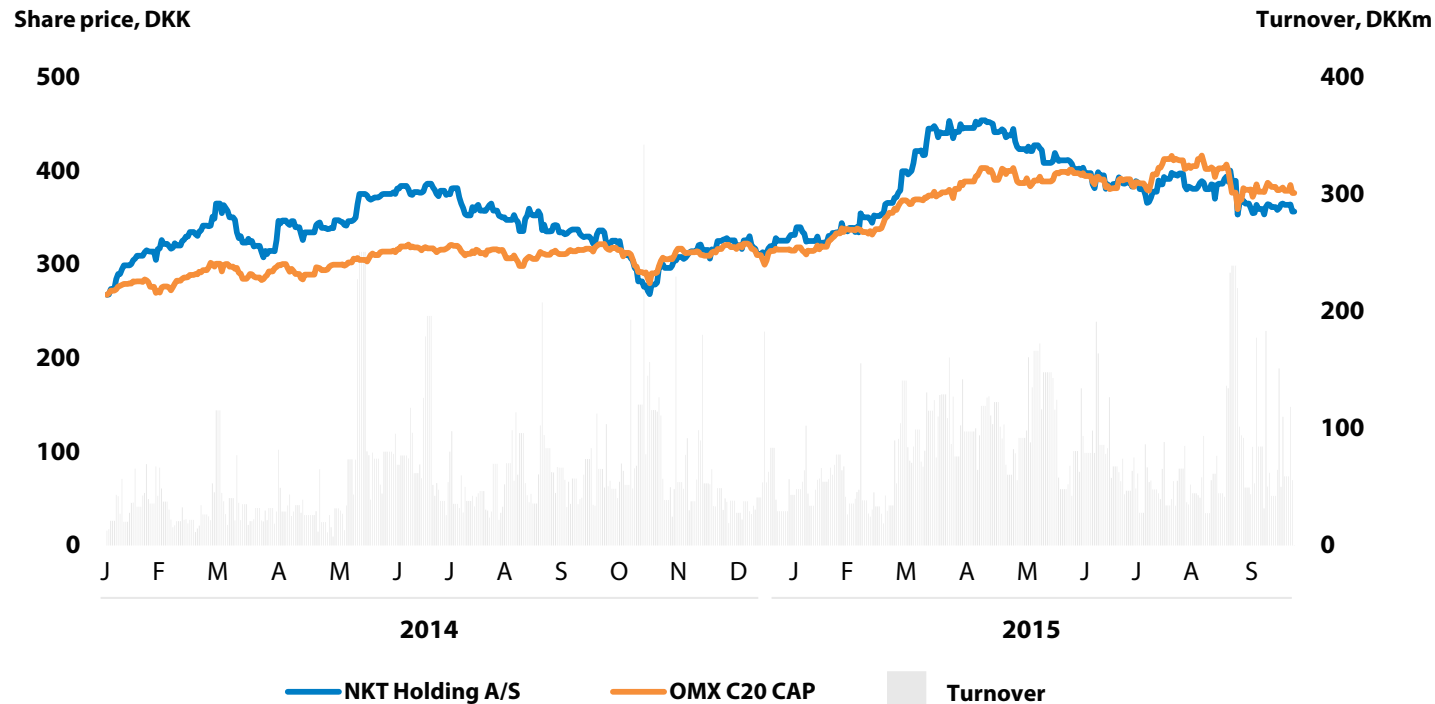
Introduction



Michael Hedegaard Lyng
Group Executive Director

NKT share price increased 33% since 2014

Share price and turnover



- Among the 30 most traded shares
- One share class, 100% free float, no voting restrictions
- Followed by 10 Danish analysts
- ~ 50% of share capital registered outside Denmark
- ~ 14% of share capital is not registered
- Major shareholders with >5% of share capital
 - ATP (Denmark)
 - Nordea Invest (Luxembourg)
 - Nordea Funds Oy, Danish Branch

Note: Share price adjusted for dividends
Source: Bloomberg

Continuing the modernisation of the NKT Holding model

Recent changes of the NKT Holding ownership model

● August 2013

First change

- Governance model changed
- Board committees directly engaged in business units
- Direct reporting from business unit management to the Board of Directors

● 2013-2014

Execution

- Focus on driving active ownership
- Increased focus on e.g. NKT Cables profitability and Nilfisk growth

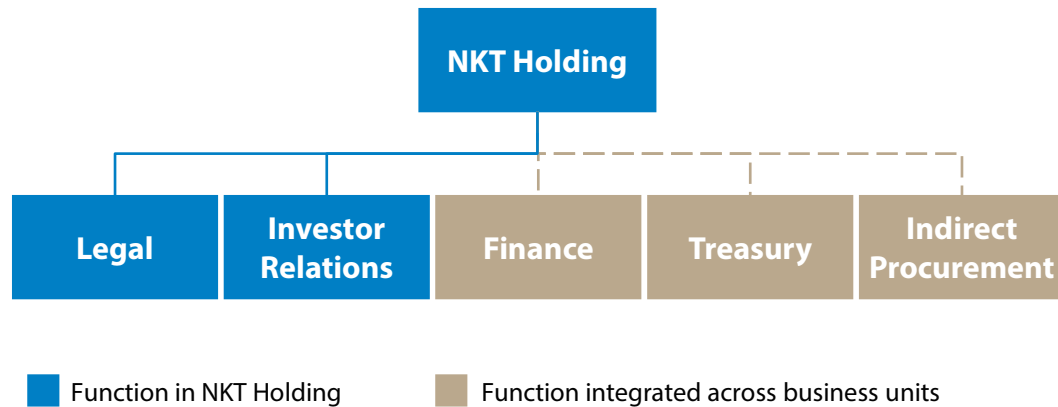
● Autumn 2015

Second change

- Sharpened focus on active ownership role
- **New** integration of Finance and Treasury into the business units
- **New** role of NKT Holding as lean Executive Office with pure focus on active ownership

Sharpened focus on active ownership

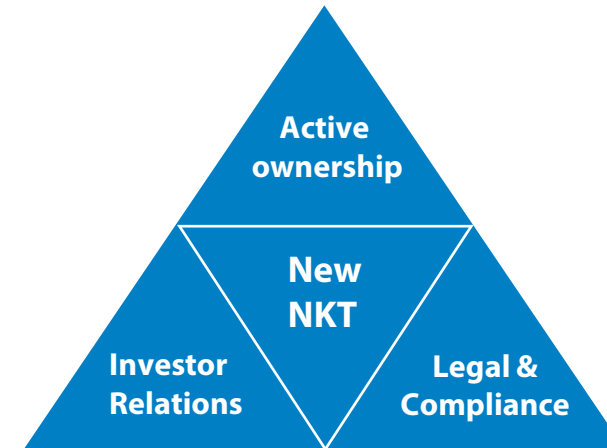
New structure of NKT Holding



Outplacement of NKT Holding's operational tasks

- Finance and Treasury functions to be integrated into the business units
- Brings these functions closer to the businesses
- Indirect Procurement already integrated across business units

Sharpened focus in NKT Holding

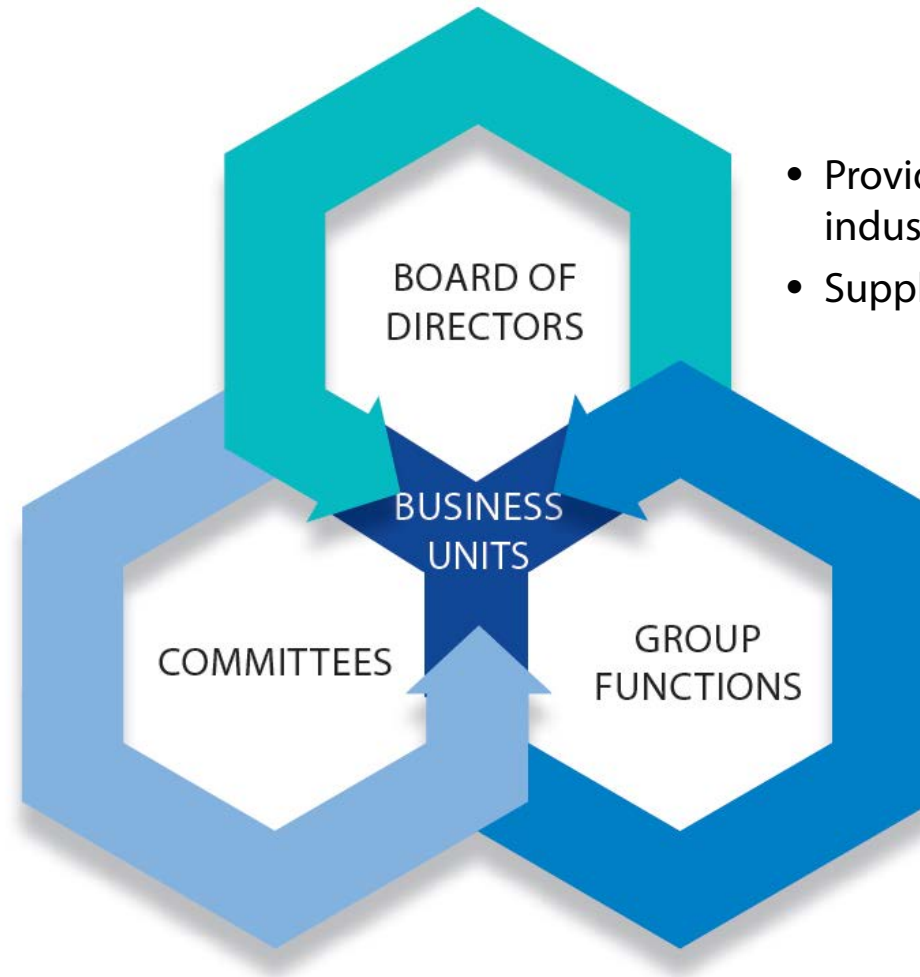


Strong executive team to lead NKT Holding

- Michael Hedegaard Lyng will maintain managing role
- Investor Relations continues to be a key focus area
- Legal & Compliance working across companies

Unique NKT Holding model ensures efficient decision making...

- Committees consist of two Board members and Group Function representatives
- Enables efficient, flexible, and transparent decision-making processes

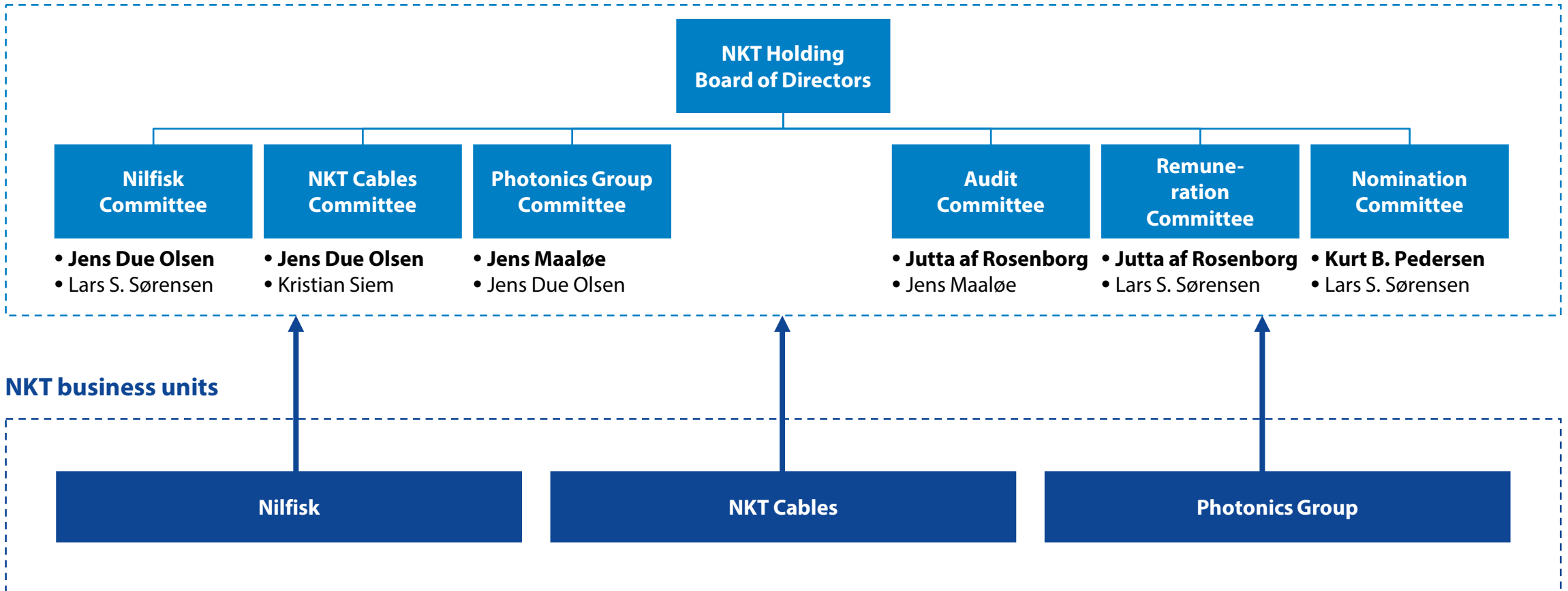


- Provides competences relating to international industrial management and business development
- Supplies industry-specific knowledge

- Active role in value creation in close partnership with the Board and business unit managements, e.g. through committee meetings
- Sharpened focus on Investor Relations and Legal & Compliance

... through hands-on involvement by the Board of Directors

NKT Holding Board committees



Note: Committee chair in bold

Clear value creation themes defined for each business unit



GROWTH

- Commercial Excellence
- Front-end investments
- Consolidation via M&A

Revenue (DKK)	6,836m
EBITDA margin	11.7%



PROFITABILITY

- DRIVE cost programme
- Transformation
- Capital efficiency

Revenue (DKK)	8,738m
Oper. EBITDA margin	8.0%



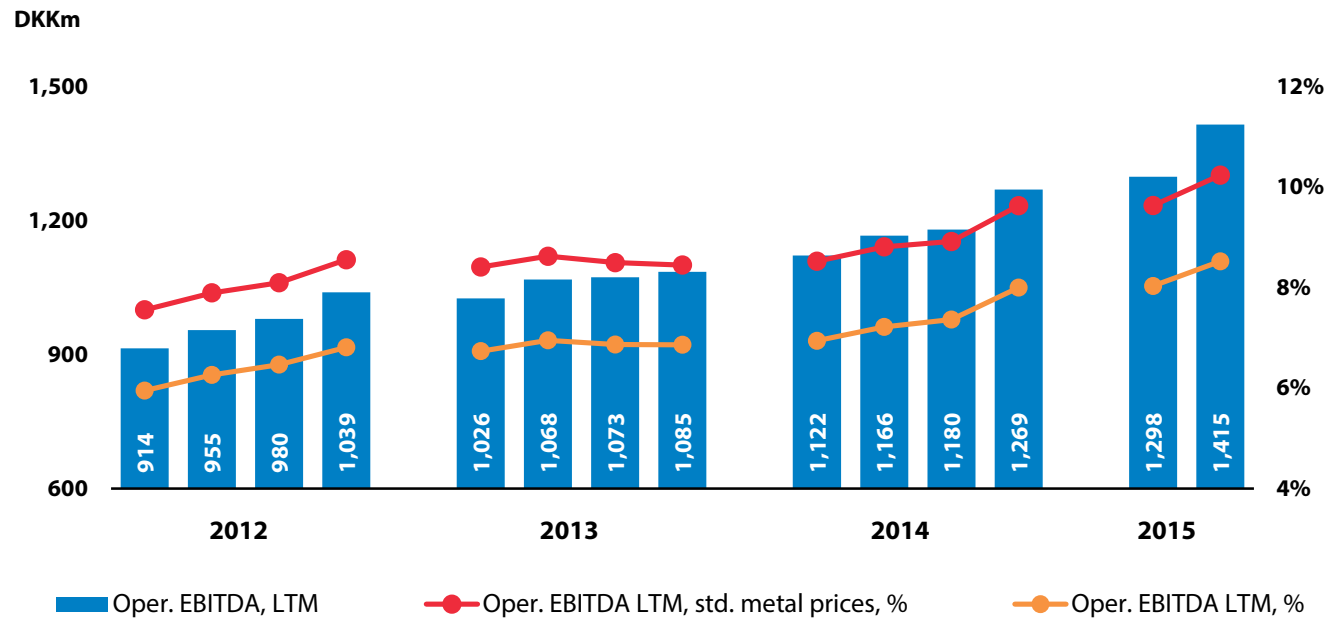
COMMERCIAL SCALE

- Execution on core business strategy
- System offerings

Revenue (DKK)	290m
EBITDA margin	7.2%

~55% increase in operational EBITDA since 2012

Operational EBITDA, LTM

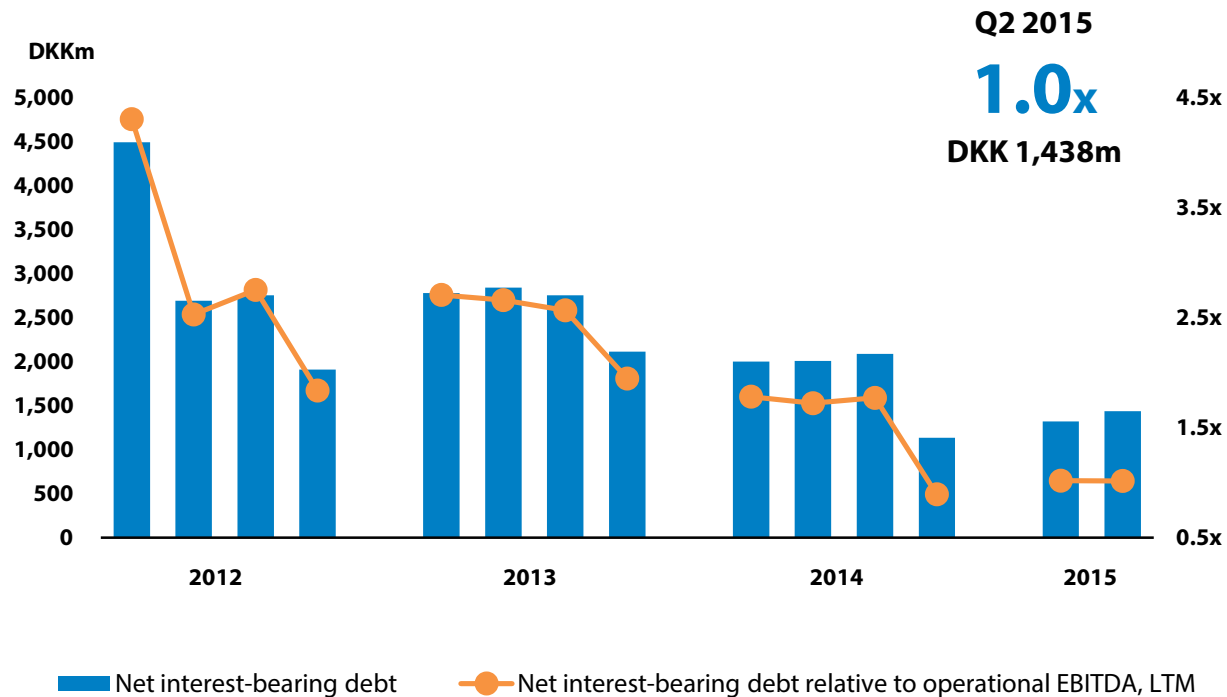


Operational EBITDA, increased to DKK 1,415m (2012 Q1: DKK 914m)

Operational EBITDA margin increased to 10.2% (2012 Q1: 7.6%)

Solid capital structure allows focus on long-term value creation

Net interest-bearing debt



- **Capital structure targets unchanged**
 - **Debt ratio** 2,5x operational EBITDA (Q2 2015: 1.0x)
 - **Gearing ratio** max. 100% (Q2 2015: 24%)
 - **Solvency ratio** above 30% (Q2 2015: 43%)
- **Strong balance sheet and significant cash flow** allow us to pursue long-term value creation
- **Dividend policy unchanged** at 33% payout ratio

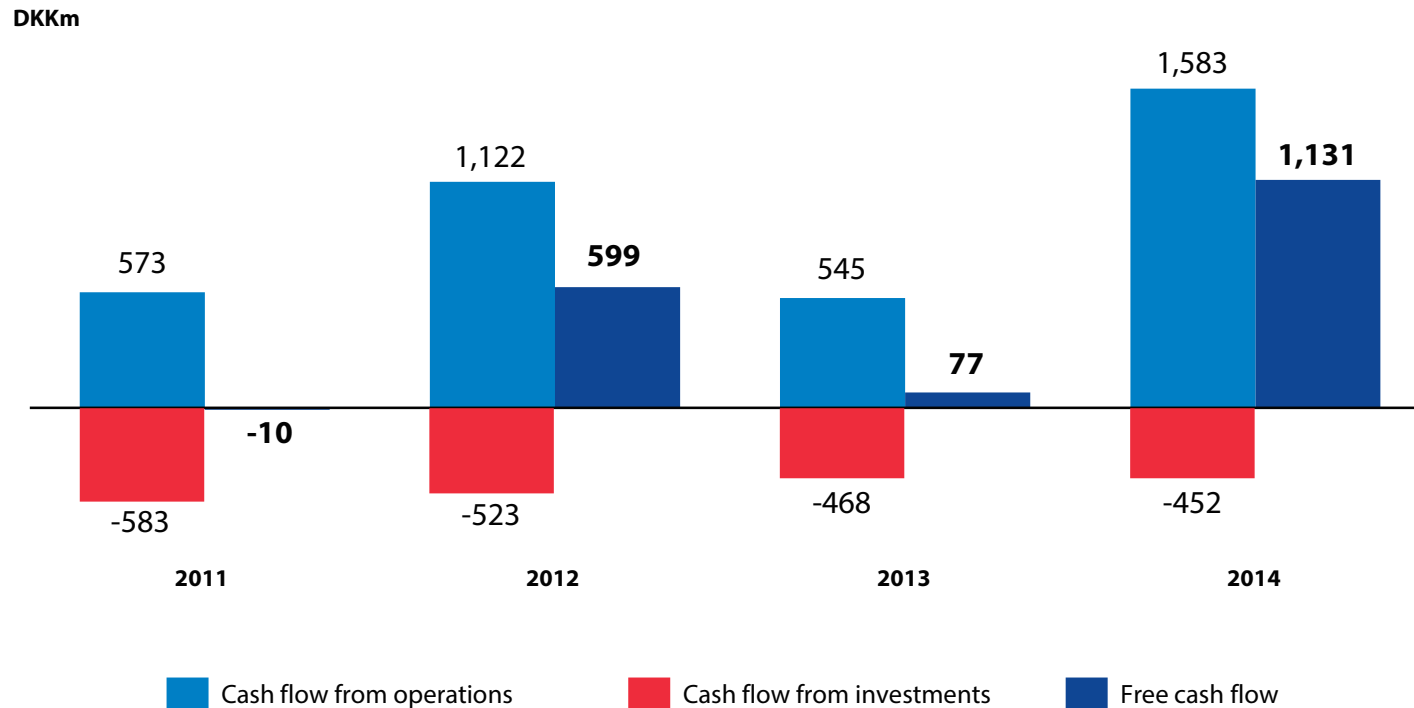
Facilities of DKK ~3.8bn available

DKKbn	2015 Q2	2014 Q4
Committed (>3 years)	4.4	3.8
Committed (<3 years)	0.0	1.0
Committed total	4.4	4.8
Total facilities	5.3	5.8
Facilities available	3.8	4.6
Average duration (years)	4.2	3.8

- **Committed facilities lowered** to reflect decreased NIBD and reduce cost of credit lines
- **Increased duration of committed facilities** through recent refinancing
- **No financial covenants** on loans

Cash flow improved significantly

Operational, investment, and free cash flows



- **Strong free cash flow**
- Long-term **working capital % expected at ~15%**
- Annual maintenance **CAPEX of DKK ~250m**
- Long-term **tax rate ~27%**
- **Net tax assets of DKK 412m**

Note: Cash flow from investments and Free cash flow adjusted for M&A activities

Key messages

Sharpened focus on active ownership



- Group functions transformed into **lean Executive Office**
- Clearly defined themes for **long-term value creation in business units** with firepower **to support growth**
- **Nilfisk** 'Accelerate' growth to unleash value of asset-light operating model
- **NKT Cables** transformation to increase profitability and returns through EXCELLENCE 2020
- **Photonics Group** commercialisation via ambitious growth targets

Questions & answers



nkt cables

excellence ²⁰²⁰

Introduction



Michael Hedegaard Lyng
President & Chief Executive Officer



Oliver Schlodder
Executive Vice President
Strategy & Specialties

NKT Cables Group Management team



Michael Hedegaard Lyng
President & CEO

*Joined NKT Holding 2007
Appointed CEO, NKT Cables, 2014*



Roland Andersen
EVP & CFO

Joining October 2015



Detlev Waimann
EVP
High voltage & Projects

Joined 1994



Lika Thiesen
EVP
Human Resources

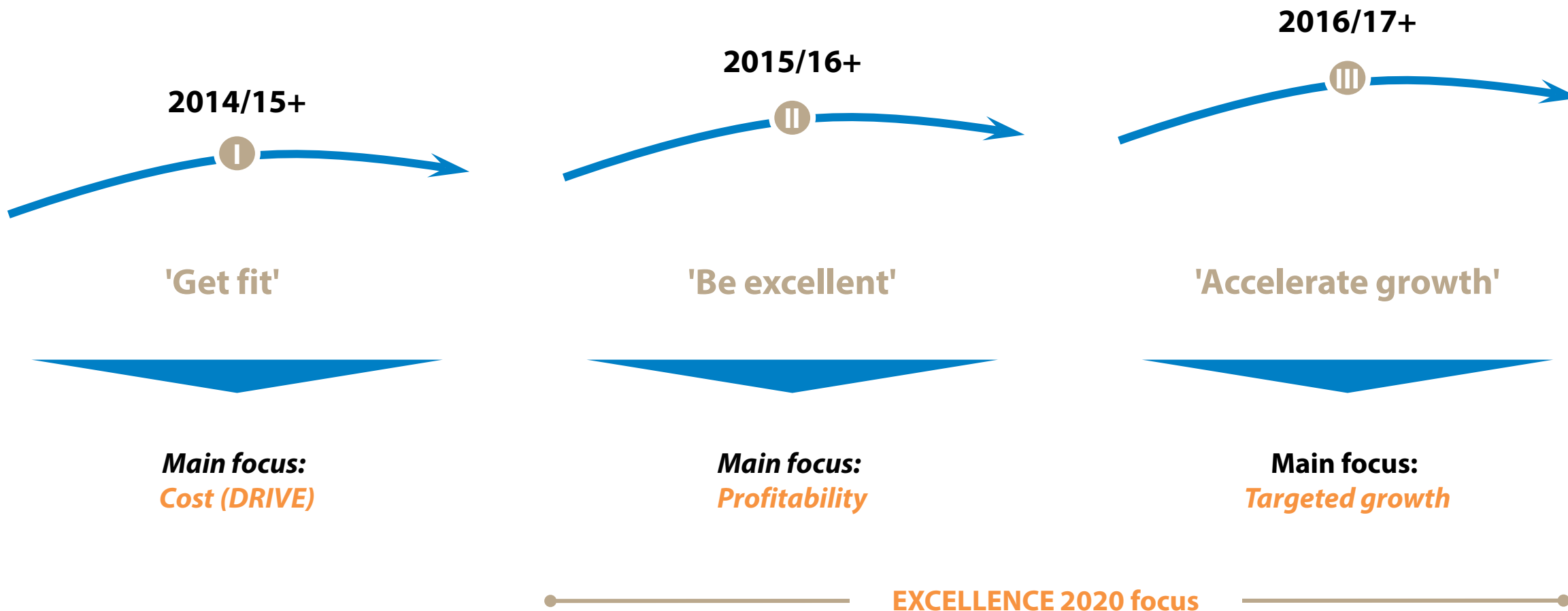
Joining October 2015



Oliver Schlodder
EVP
Strategy & Specialties

Joined 2013

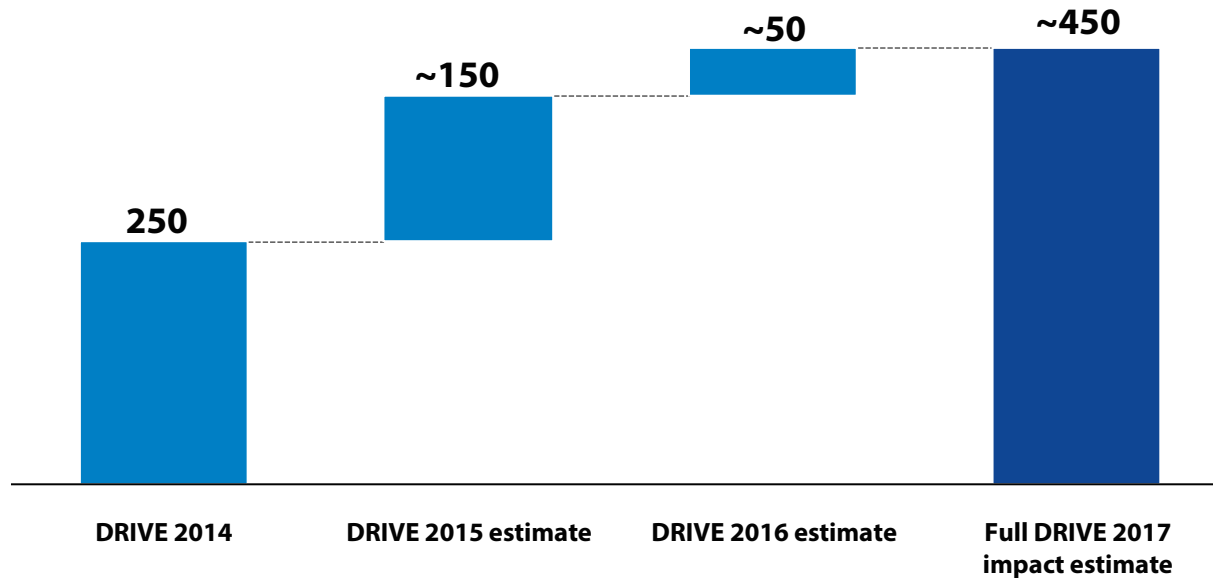
Transformation started in 2013, EXCELLENCE 2020 covers next two phases



DRIVE has outperformed original expectations

DRIVE impact, marginal run-rate effect

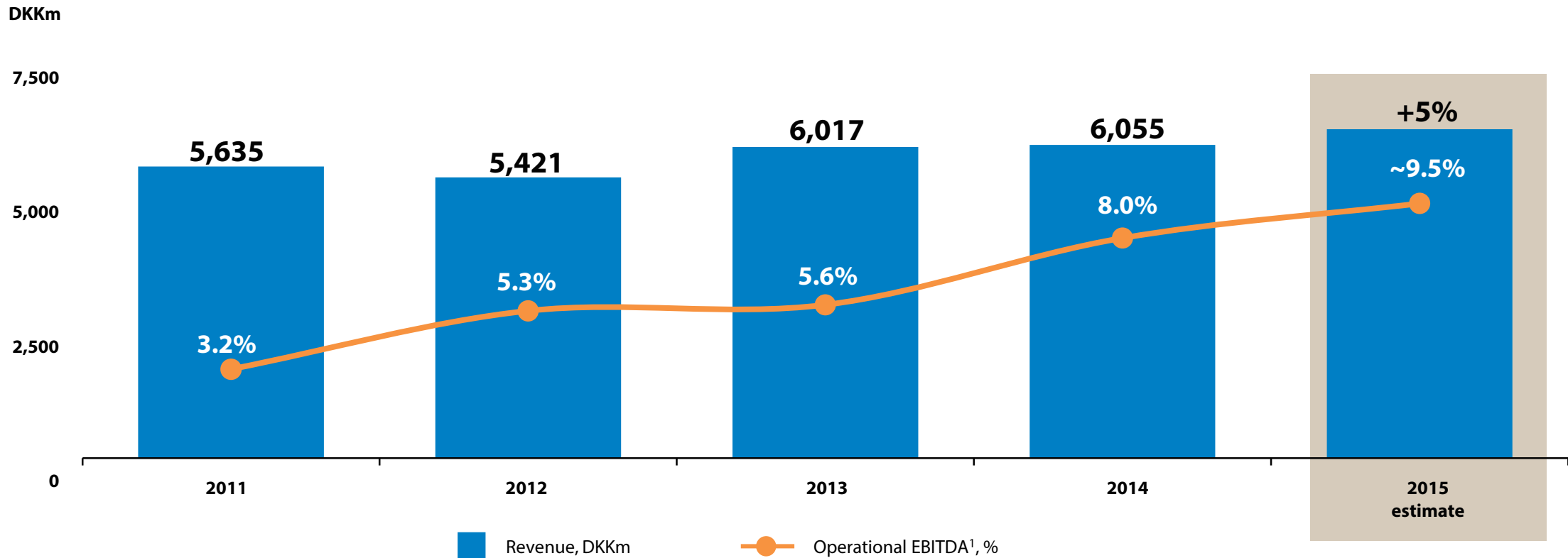
DKKm



- **DRIVE has already shown strong impact**, full effect of DKK 450m expected from 2017
- **DRIVE reporting** to be replaced after Q4 2015
- DRIVE savings slightly offset by for example normal wage increases and price decreases

Financial performance is significantly improved

NKT Cables revenue and operational EBITDA margin, std. metal prices



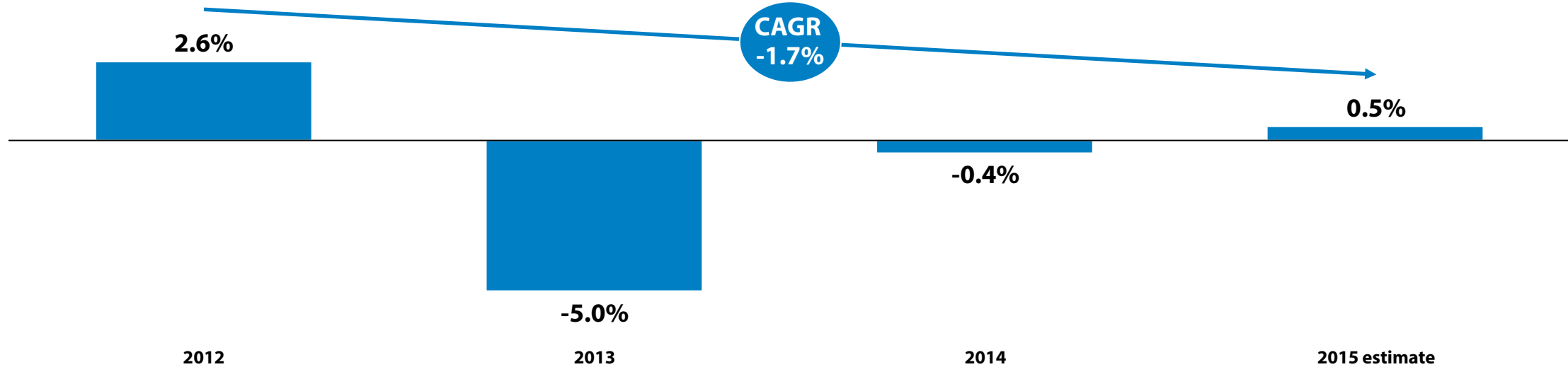
Source: NKT Cables revenue and oper. EBITDA in std. metal prices

1. Operational EBITDA% excludes one-off costs, predominantly relating to DRIVE. In 2014 one-off costs totalled DKK 307m

Strong progress achieved despite negative market development

European power cable demand, annual growth

In %, based on gross cable weight¹

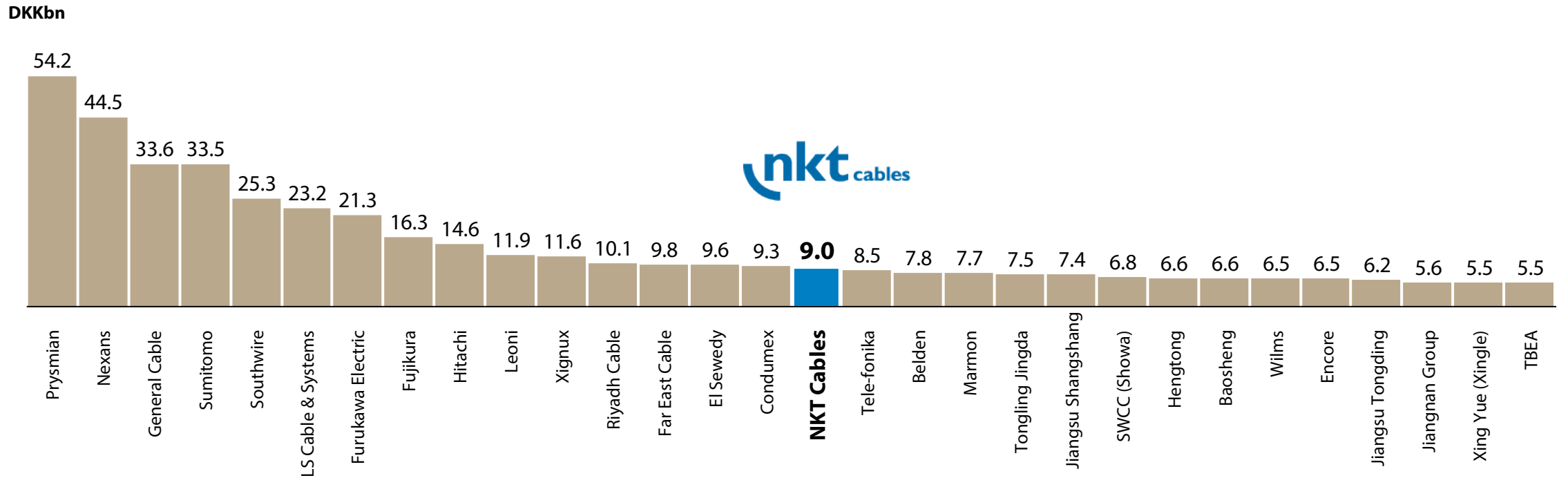


Source: Integer's Global Wire Data - Energy Cable, October 2014

1. Power cable: >1kV cables, Medium voltage, High voltage and Extra high voltage segment. Excludes building wire

Today, NKT Cables is among global top 20 in power cables

Total cable revenues 2014, market prices



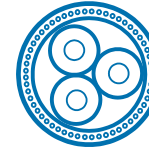
Solid portfolio with strong market positions

High voltage onshore ~13% of revenue



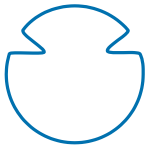
High-quality supplier with unique products and production capabilities

Offshore ~18% of revenue



Acknowledged premium player in offshore wind market

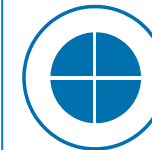
Railway ~6% of revenue



Global leader in catenary market with highly innovative products

NKT Cables with strong market positions across the portfolio

Building wire, Low/Med. voltage ~39% of revenue



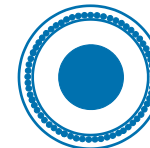
**Leading player in the Nordics
Strong position in Central Europe**

Accessories ~4% of revenue



Global niche player with high-quality products

APAC Cables ~6% of revenue



Premium-quality player within MV Cables and Accessories business

Many strengths to build on, but also areas to be developed further

Strengths

- Strong **brand** and reputation for quality
- **Stronghold** businesses in **Building wire, Low voltage, Railway, and the Nordics**
- **State-of-the art production** facility in Cologne as **growth platform**
- **Improved operational performance**

Development areas

- Still, improvement potential in **operational performance**
- Customers and projects with **low profitability**
- Gaps in **product portfolio** and service offering
- Opportunity to **optimise cross-functional work**
- Possibility to improve overall **employee satisfaction**

Yet, we face a number of challenges in the industry



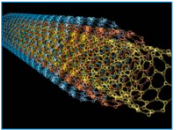
Slow growth in traditional core business



Decreasing potential to differentiate



Harsh outlook for utilities



New material technologies



Wholesaler consolidation



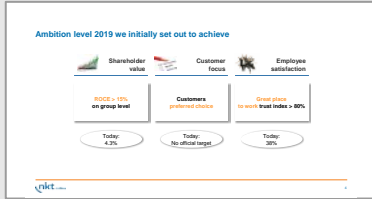
Technology focus of big-players

EXCELLENCE 2020
addresses main industry
trends to overcome challenges

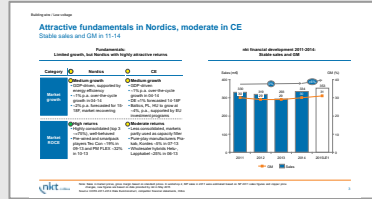
Comprehensive four-month strategy process

Mid March

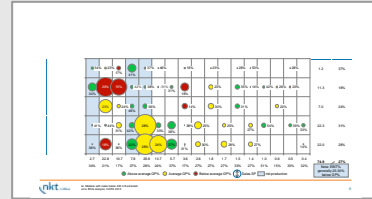
Ambition



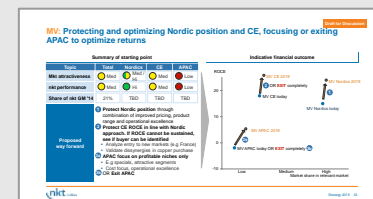
Fundamentals



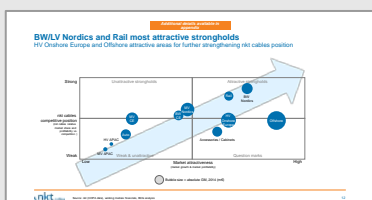
Fact pack



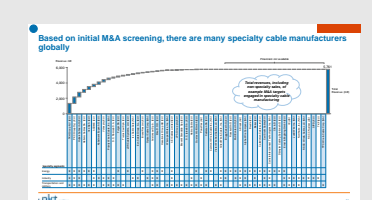
Strategic options



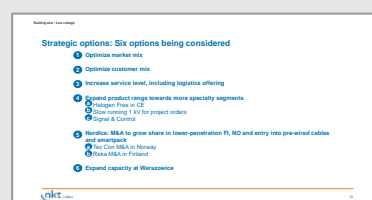
Portfolio roles



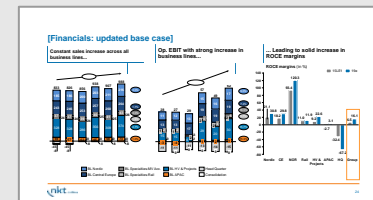
Adjacency scan



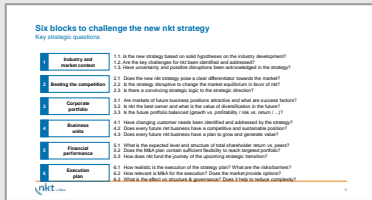
Strategic initiatives



Financials



Strategy challenge



Risk assessment



SWOT



Strategy 2020



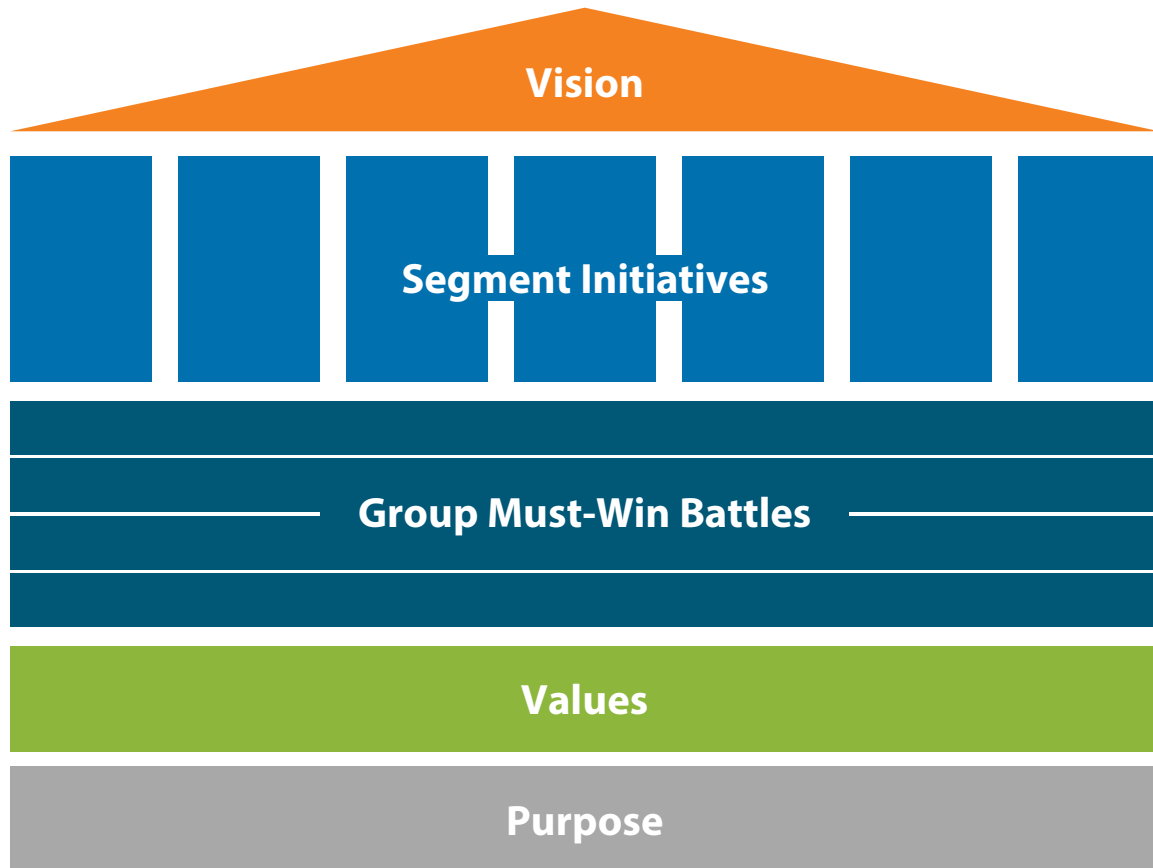
August

New strategy

excellence 2020

EXCELLENCE 2020 strategy has a strong foundation

NKT Cables Power House



- Where we want to go as a company
- What we will focus on in each business segment
- The cross-organisational battles we must win
- The NKT Cables way of behaviour and the foundation for everything we do
- What we are here to do, our reason for being

Our vision



This is how we measure EXCELLENCE 2020

Be the best...

RoCE

>15%

in the eyes of our customers

Customers'

**preferred
choice**

...and our people

Trust index

>80%

Four group-wide must-win battles

Safety, People & Organization



- Safe workplace and environment
- Lean and agile organisation
- Excellent leadership skills

Operational & Commercial Excellence



- Lean operations, admin and support functions
- Best-in-class Sales and Pricing capabilities

Material & Product development



- Revitalise product development setup
- Close gap to existing and future customer needs
- Strengthen material development capabilities

Digitalisation



- Digitalise our way of work, internally and externally

Clear strategic initiatives for each segment

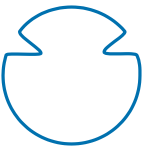
Develop and grow

Attractive markets with growth potential:

- Focus on innovation and differentiation
- Improve Offshore services and expertise



Offshore



Railway

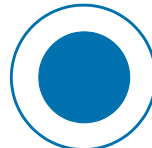
Focus on profitability

Fragmented commodity markets under price and margin pressures:

- Focus on costs
- Concentrate on profitable customers and markets
- Service level improvements



**Building wire &
Low voltage**



**Medium voltage &
Automotive**

Turnaround

Markets we believe in, but with a need to restructure:

- Fix operating model & reduce costs
- Close product gaps in High voltage onshore and Accessories



High voltage onshore



Accessories



APAC Cables

Achieving Operational and Commercial Excellence are key for success

Operational Excellence

Commercial Excellence

Example of activities

- Further improvement of **manufacturing efficiency**, hereunder capacity, scrap rate, FTE efficiency
- Roll-out of LEAN programme

- Increase **sales force effectiveness**, hereunder processes and organisation
- Improved **pricing** methodologies and tools

Current status

- Improvement potential identified **across all plants**
- **Pilot phase accomplished**
- Continuous **improvement process implemented**
- Next step: **Ongoing roll-out** of LEAN programme

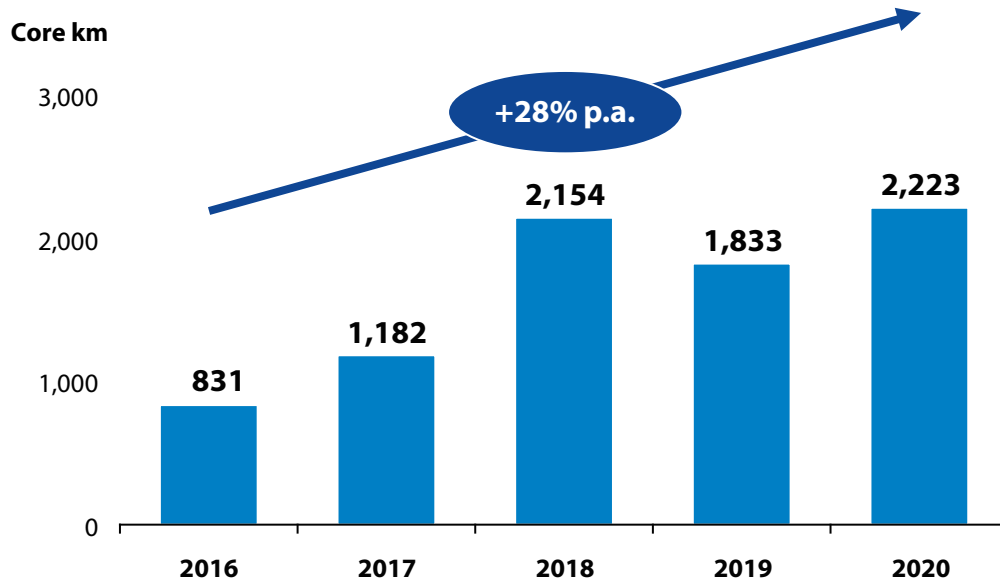
- **Products: Advanced pricing tool developed**
 - **Pilot phase** started in selected markets
 - Next step: **Roll-out** to remaining markets/products

Offshore

Attractive market outlook to support strong NKT Cables position

European offshore market outlook

European High voltage AC market, cable demand core km



NKT Cables well-positioned for growth

- NKT Cables well-positioned with a **market share of ~20% in offshore wind**
- Further **development of offshore required** to exploit growing market, for example services and marine expertise
- Option to increase **offshore capacity by +45%** by investing DKK ~250m

High voltage onshore

Lower end of market under pressure, but attractive opportunities above 220kV

HV Supply, below 220kV

HV Projects, above 220kV

Competitive dynamics

- Low/medium degree of consolidation
- Increasingly commoditised and price-driven
- Competition from both regional and local players
- Increased efficiency and focus on profitable customers/markets

- High barriers of entry
- Opportunities to differentiate via technology and service scope
- Competition mainly from largest industry players, partly across regional borders

Key competitors



Margin potential

Commodity pricing

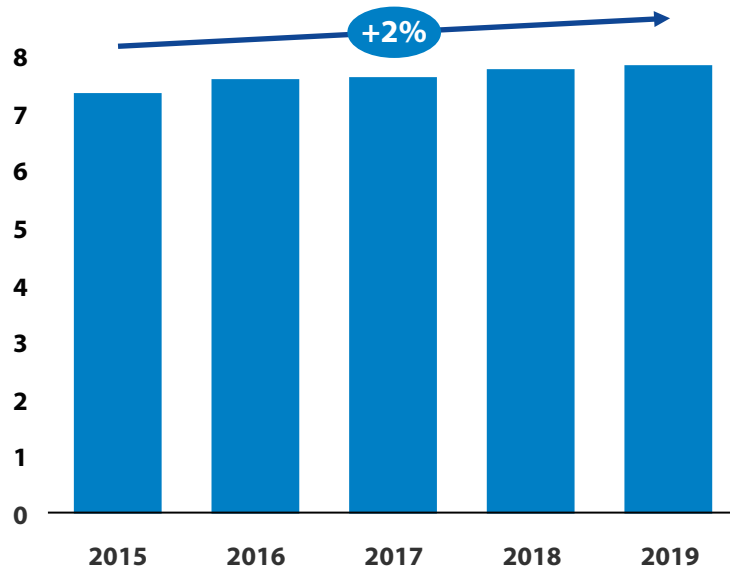
Solution pricing

Medium voltage Commoditisation and overcapacity increase focus on cost and efficiency

Limited market growth within Europe...

MV demand North and Central Europe

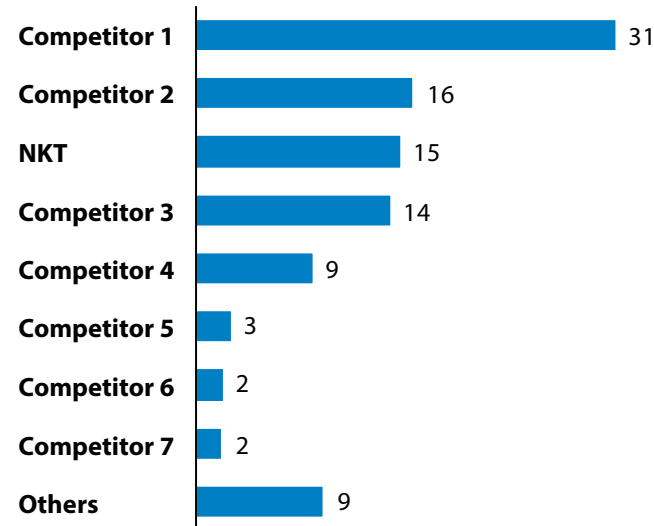
DKKbn



...in highly fragmented markets

Market shares in North and Central Europe

In %



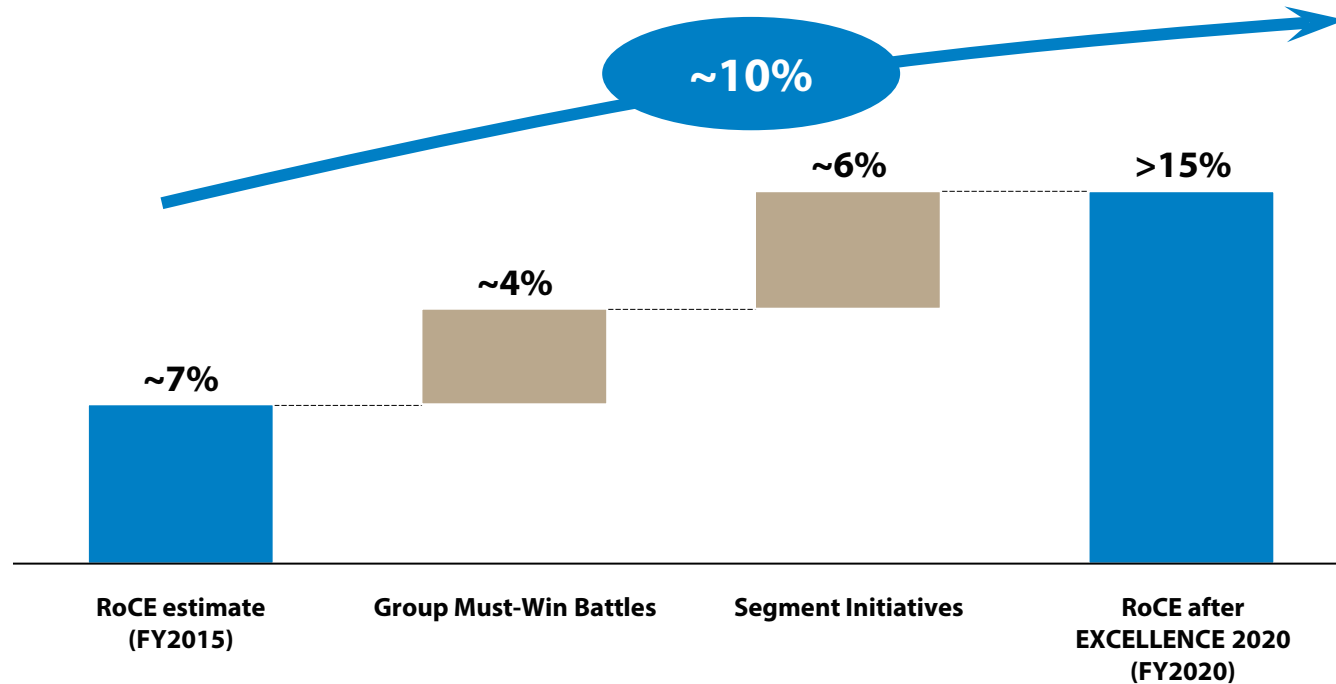
NKT Cables to focus on profitability

- Overall challenging market fundamentals – **Low growth and low margins**
- Price, the key purchasing criteria in a **commoditised market**
- **Focus on high margin customers and markets required**

EXCELLENCE 2020 will drive RoCE >15%

Building blocks of RoCE improvement

RoCE, %



RoCE >15% will bring NKT Cables on par with top industry performers

Key messages

EXCELLENCE 2020 defines journey to reach >15% RoCE target



- **Transformation** off to a good start with success of DRIVE
- **EXCELLENCE 2020** defines the roadmap for the next phases of the transformation
- **Strong market position** in several segments
- **Building blocks defined** to reach financial target through Group Must-Win Battles and Segment Initiatives

Our purpose



**“Our passion
brings
power to life”**

Questions & answers



The Go-To-Market revolution

The power of Commercial Excellence

George Bene - Partner & Managing Director
Global Topic Expert Commercial Excellence - BCG Boston

September 23, 2015



THE BOSTON CONSULTING GROUP

Why Commercial Excellence is necessary

Profitable growth



- Accounts for nearly three-quarters of 10-year Total Shareholder Return (TSR)
- Returns from other levers, e.g., margin and cash release, diminish over time
- Builds advantages of scale and presence
- Forces competitive investment



Institutional value



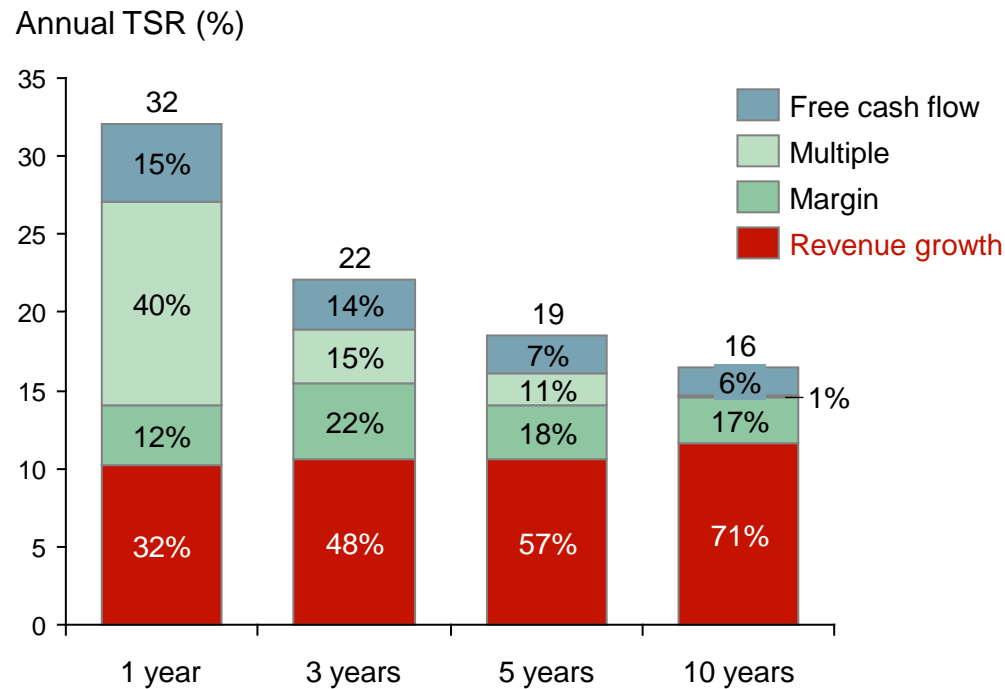
- Creates a winning spirit
- Attracts high-caliber talent and offers advancement opportunities
- Ensures sustainability of the institution and its stakeholders
- Increases industry relevance and attractiveness as a partner

Profitable growth is not optional and not easy

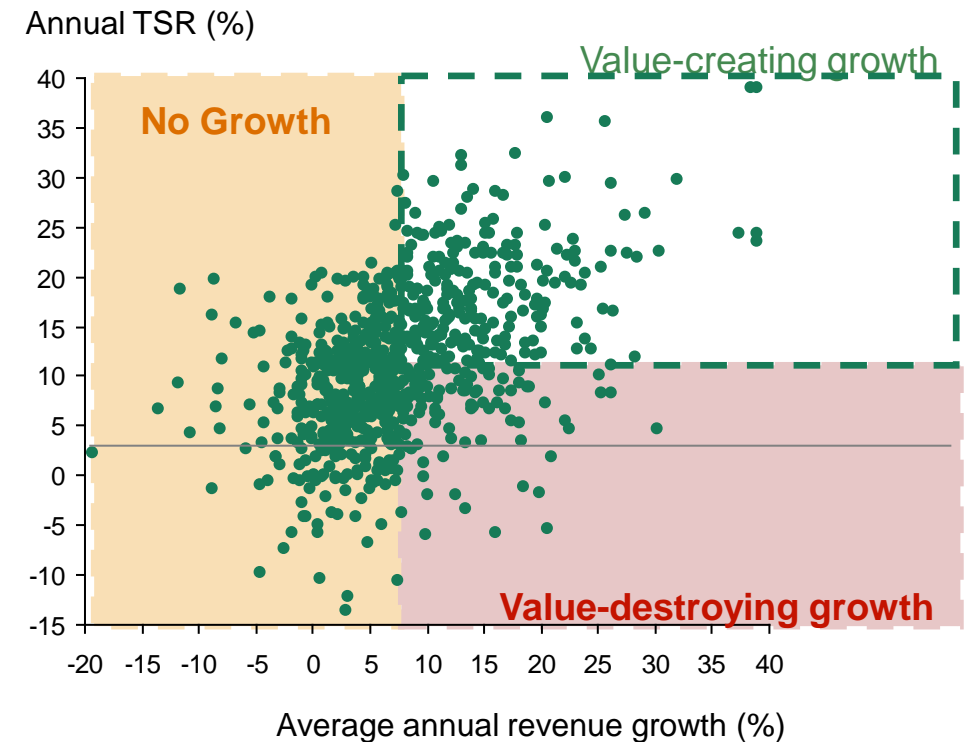
Growth is most important driver of shareholder value...

... but value-creating growth is hard to get right

Sources of TSR for top-quartile performers (S&P Global 1200, 1993–2013)



Correlation of revenue growth and TSR (S&P Global 1200, 2003–2013)



We are in the midst of a Go-to-Market Revolution

Rapid, fundamental changes are occurring across...



Customer pathways

Dramatic shift of customer purchase experience in almost every industry



Globalization

Globalizing world; slow-down of growth in RDEs



Data, analytics & tools

Advance of data, technology and sophisticated analytics

What is Go-to-Market Transformation?

Our approach to Commercial Excellence

go-to-market transformation

[goh-too mahr-kit trans-fer-mey-shuh n]

noun

Transforming commercial functions — sales, marketing, pricing, branding and customer insight — to create an engine of near-term revenue growth and profits

No one-size-fits-all approach, but efforts follow a common sequence:

- Start with vision & ambition
- Assess commercial functions, size the prize by area
- Tailor a series of programs to build capabilities and improve performance simultaneously
- With initial success in place, expand efforts rapidly

Go-to-Market Transformation fuels growth and moves the stock price—using current assets and resources

Go-to-Market Transformation

Growth (10%+), margin improvement (5%+), lasting competitive advantage



Pricing

3 – 8% revenue
to bottom line



Marketing & Branding

15% higher
ROI on spend



Sales/ Channels

10%
revenue lift



Customer value

Double digit
revenue lift



GTM in emerging markets

Double digit
revenue lift

Centers of Excellence

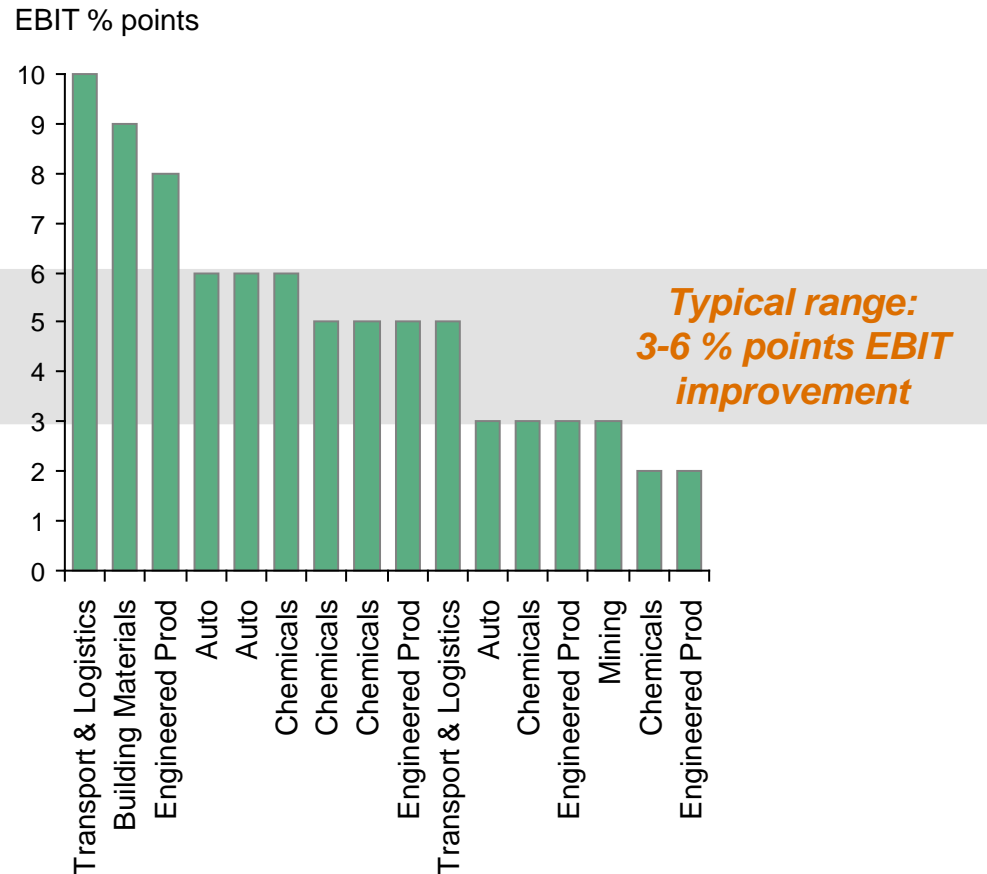
Advanced Analytics & Tools

Proprietary Data

Note: Overall Go to Market Transformation results shown reflect undertaking a sub-set of functional programs; efforts across all functions would have more dramatic results
Source: BCG case experience

In industrial companies, Go-to-Market Transformation has generated huge impact

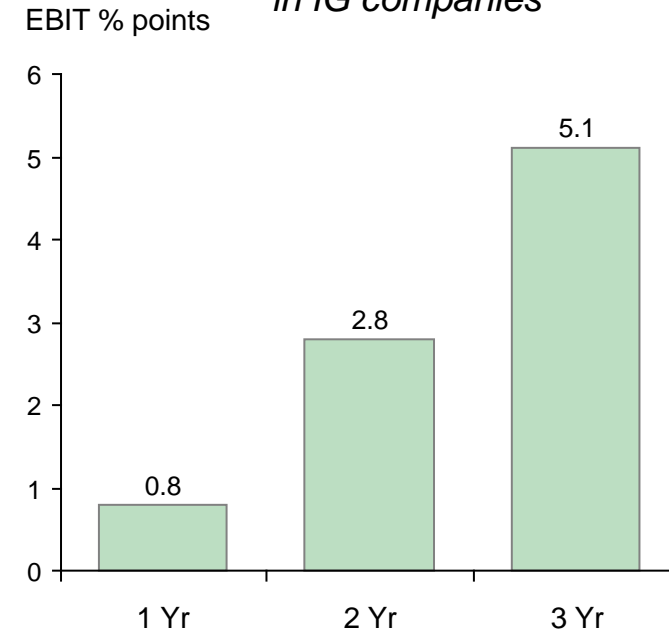
Commercial excellence levers have delivered significant impact...



Source: BCG Analysis and case experience

...With material impact from the first year onwards

BCG average case experience of commercial transformation in IG companies



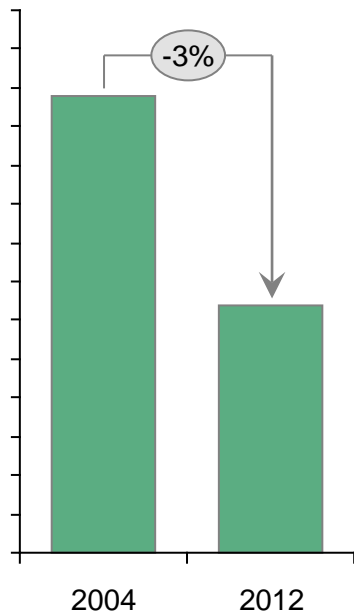
One example: European OEM turned around decade-long decline through go-to-market transformation



Major EU automotive OEM in turmoil

- Facing market share decline, eroding brand image and static revenues

Global market share



Launched transformation to improve volume and margin

✓ Pricing

Streamlined trimline offering and optimized prices by removing unneeded features

✓ Sales/ Channels

Relaunched conquest engine to target untapped audience

Enabled network by launching dealer excellence program

✓ Customer value

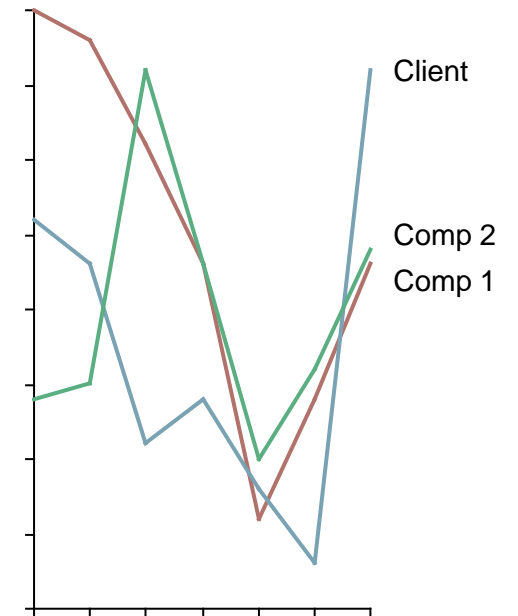
Differentiated consumer incentives to develop margins & volumes



Returned to #1 position in key European segment

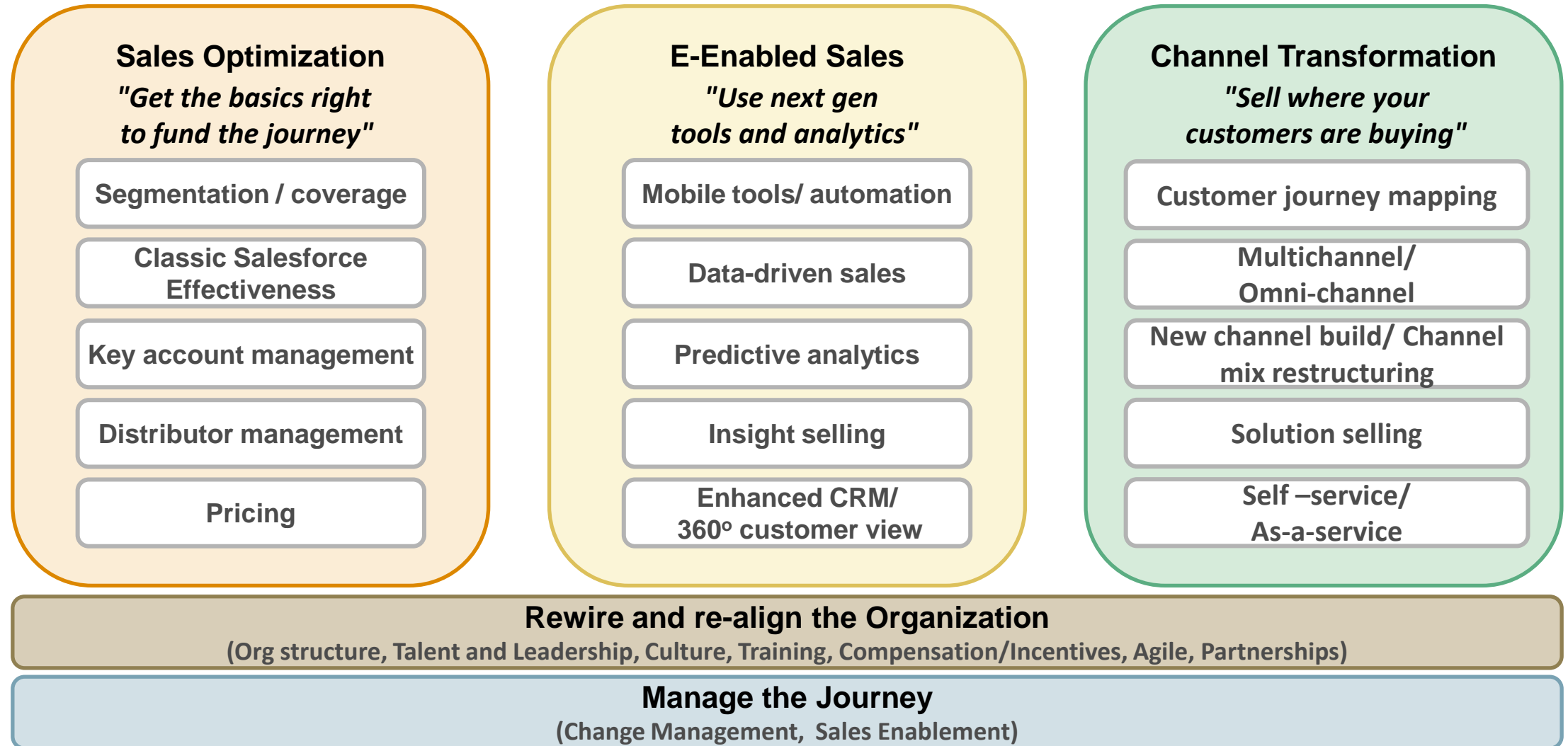
- Leading market position
- Improved brand perception

Market share European segment x



Another client's Go-to-Market Transformation program

Deliberate steps over 18+ months



Key messages

Tremendous value creation opportunity – double-digit growth, 3-6% points EBIT improvement (or more)

Commercial Excellence efforts may take different forms (e.g., depending on the company's starting point)...

... but success almost always depends on:

- **Linking overall business strategy to commercial efforts**
- **Taking a customer-centric perspective**
- **Building lasting commercial capabilities**
- **Commitment and a deliberate change management approach to drive execution over 18-24 months or more**



Introduction



Jonas Persson

President & Chief Executive Officer



Tina Mayn

Executive Vice President
Global Marketing & Product Management

Nilfisk Group Management team



Jonas Persson
President & CEO

Joined 2014



Morten Johansen
EVP & CFO

Joined 2007

*Karina Deacon will join as
new CFO from February
2016 latest*



Anders Terkildsen
EVP
EMEA Sales & Service

Joined 1998



Jeff Barna
EVP
Americas Sales & Service

Joined 2012



Lars Gjødsbøl
EVP
Global Operations

Joined 2003



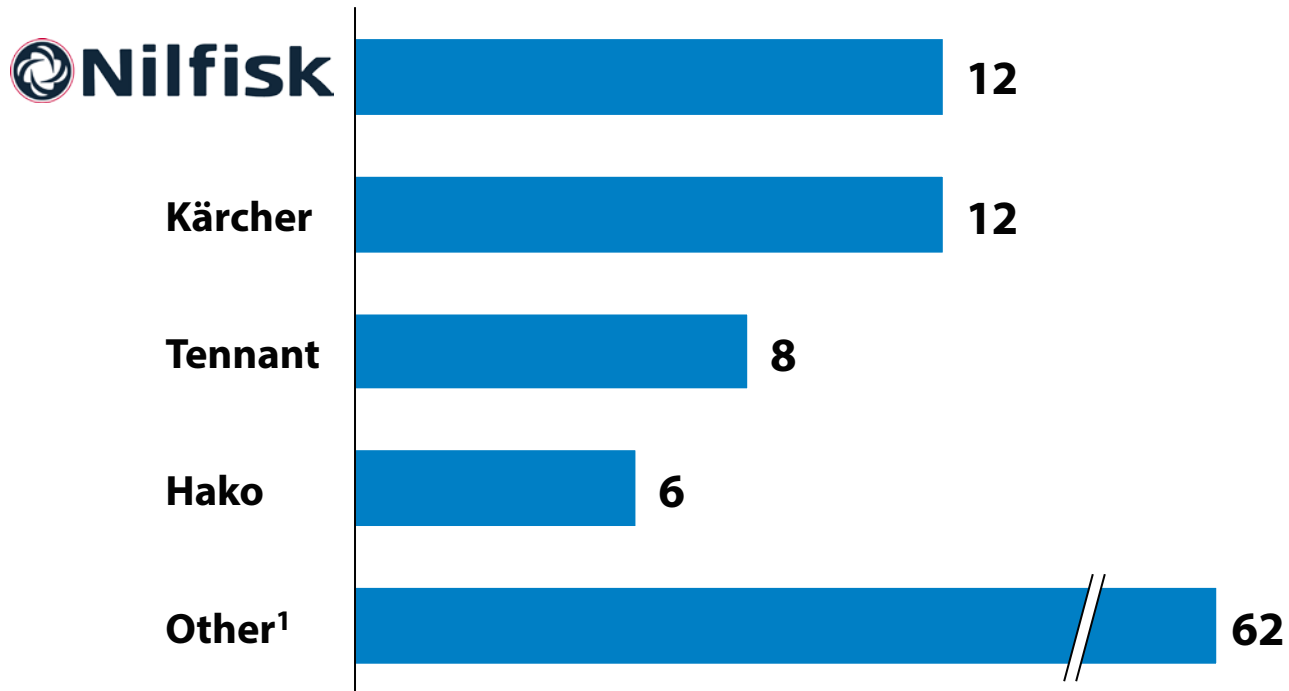
Tina Mayn
EVP
Global Marketing &
Product Management

Joined 2015

Global leader in a fragmented industry

Professional cleaning equipment industry

Market shares, %



- Nilfisk is the **global leader** in the professional cleaning equipment industry
- **Four companies with >5%** market share
- **Industry is fragmented** with many regional players, often privately owned
- **Significant consolidation** opportunities

Source: Internal Nilfisk market estimates
1. No competitor with >5% market share under "Other"

Nilfisk has a strong platform for growth

Nilfisk Organic growth	2012				2013				2014				2015	
- Quarterly (Y/Y)	4%	1%	-4%	1%	1%	4%	7%	1%	9%	4%	0%	9%	-2%	0%
- Annually	0%				3%				6%				-1% (H1)	

Americas (24%)

H1 2015	-4%
FY 2014	3%
FY 2013	4%
FY 2012	1%
Market	3%

Challenges:

- US: National accounts, price pressure
- Canada: Slow economy

EMEA (65%)

H1 2015	2%
FY 2014	8%
FY 2013	5%
FY 2012	-1%
Market	2%

Challenges:

- Weak economy

APAC (11%)

H1 2015	-11%
FY 2014	-2%
FY 2013	-4%
FY 2012	3%
Market	5%

Challenges:

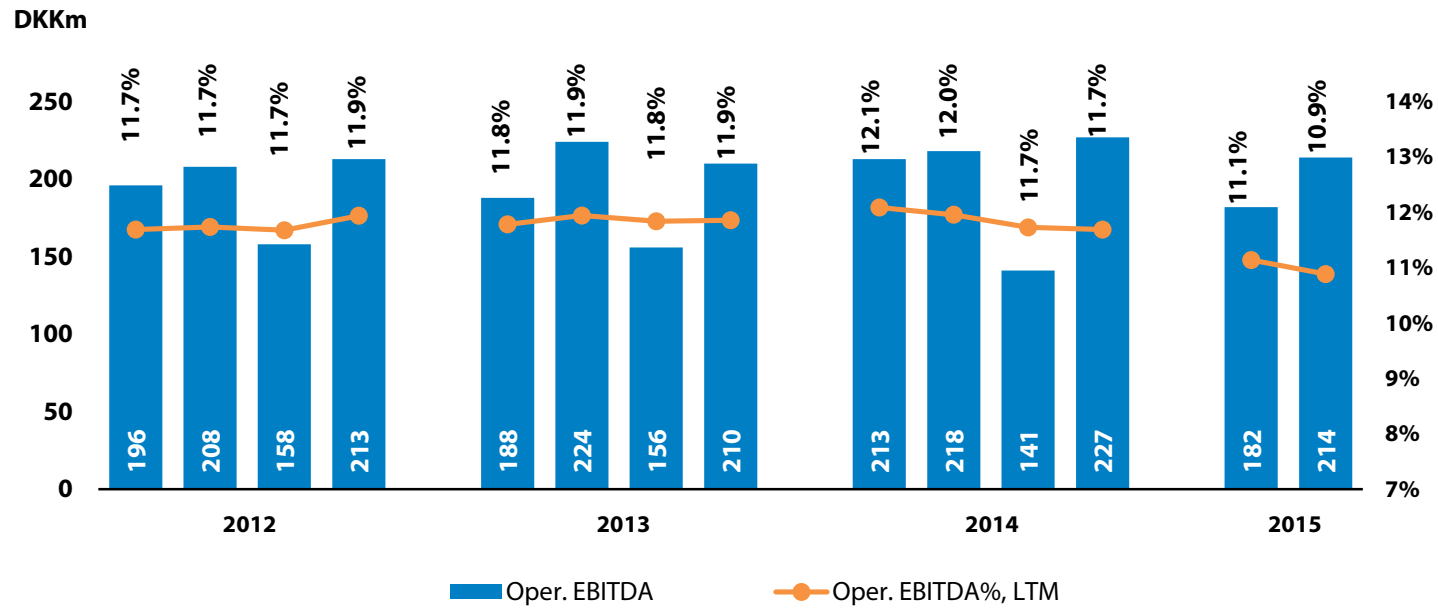
- Sales restructuring
- China: Weak sales
- Pacific: Weak consumer market

Percentage after each region denotes revenue split FY2014
Market figures are internal estimates on annual market growth rates 2013-2016

Stable level of operational EBITDA

Short-term margin dilution from investments in front-end

Nilfisk - Operational EBITDA



Operational EBITDA of DKK 396m in 2015 H1 (2014 H1: DKK 431m)

Operational EBITDA margin of 10.9% (2014: 12.0%)

Products and channel access are key competitive advantages

<p>Products</p>	<ul style="list-style-type: none"> • Widest product range in the industry • Known for high-quality products • Launching +30 new products every year 	
<p>Channel access</p>	<ul style="list-style-type: none"> • Sales companies in 45 countries • More than 1,000 direct sales people • Distribution in more than 100 countries worldwide 	
<p>Service</p>	<ul style="list-style-type: none"> • Strongest service force in industry • More than 700 service technicians in the field 	
<p>Brand</p>	<ul style="list-style-type: none"> • Well-established and highly regarded Nilfisk brand • Brand carries +100 years of legacy • Strong portfolio of regional or product specific brands 	

Floorcare and vacuums are strongholds in the industry's widest product range

Floorcare equipment

- Scrubbers and sweepers
- Outdoor



~44% of business

Vacuum cleaners

- Commercial
- Industrial
- Consumer



~25% of business

High-pressure washers

- Professional
- Consumer



~19% of business

Service

- Service and maintenance
- Parts, accessories and consumables



~9% of business

Other sales

- Utensils
- Detergents



~3% of business

Strong customer focus

Example: Amy's Bakery chain in New York



Note: Video cannot be shared publicly, therefore no link is available

Nilfisk's key value propositions match different customer needs

Customer archetypes	Example	Product needs	Key Nilfisk value proposition
Large commercial			<ul style="list-style-type: none"> • TCO • Reliability • Full-range supplier
DIY reseller (Home improvement)			<ul style="list-style-type: none"> • Full-range supplier • Timely delivery
Municipality	Berliner Stadtreinigung 		<ul style="list-style-type: none"> • Quality • Reliability • Service
Industrial			<ul style="list-style-type: none"> • Solution supplier • Quality • Service

Asset-light production setup through assembly-only

US
~10% of global production



Hungary (2 sites)
~30% of global production



Mexico
~10% of global production



China (2 sites)
~30% of global production



Italy (2 sites)
~10% of global production



Note: Remaining 10% of production at small sites

Solution selling and market access are essential competitive elements

Industry trends



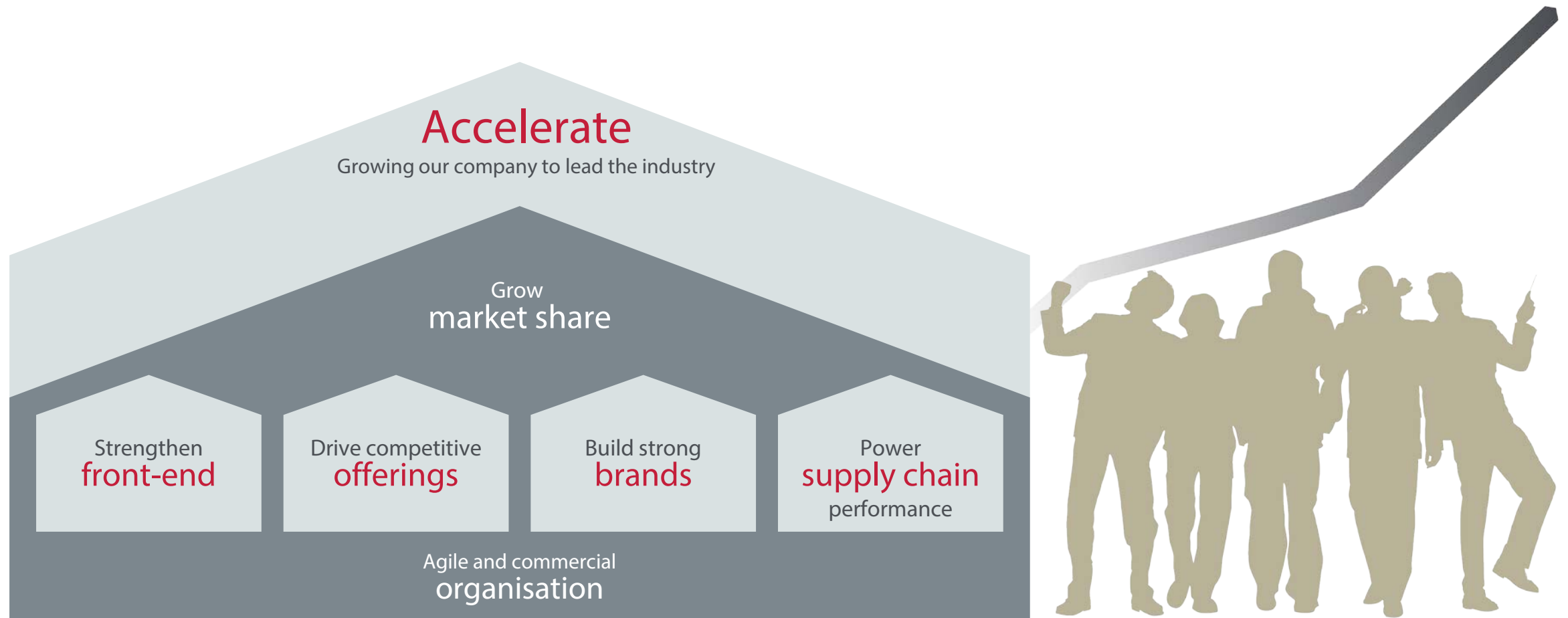
- Commoditisation
- Need for basic products
- Pressure on cleaning costs
- Battle for distribution
- Technology change
- Capitalisation on emerging markets

How we respond



- Solution selling
- Pressure on production cost and specs
- "Total cost of ownership"-selling
- Investments in sales force and distribution
- Selected application of value adding features
- Investments and focus on emerging markets

'Accelerate' strategy to consolidate leading position



'Accelerate' strategic targets

For the strategy period 2015-18, financial targets were defined within **market growth** and **RoCE**

Nilfisk expects **organic growth of 2-3% above GDP¹**. Average industry growth is below global GDP

Growth from acquisitions comes on top

Nilfisk expects **RoCE of 18-19%**, short-term effected by acquisitions

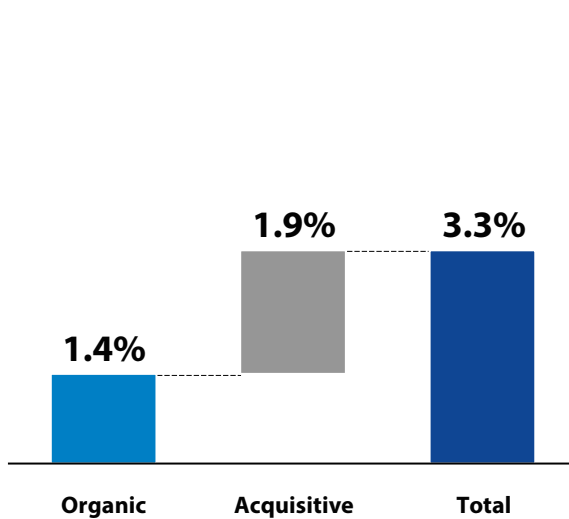
Nilfisk	Financial aspirations
Organic growth	2-3% above GDP
RoCE %	18-19%

1. GDP growth adjusted for Nilfisk's country distribution

Growth targets defined as 2-3% above GDP growth

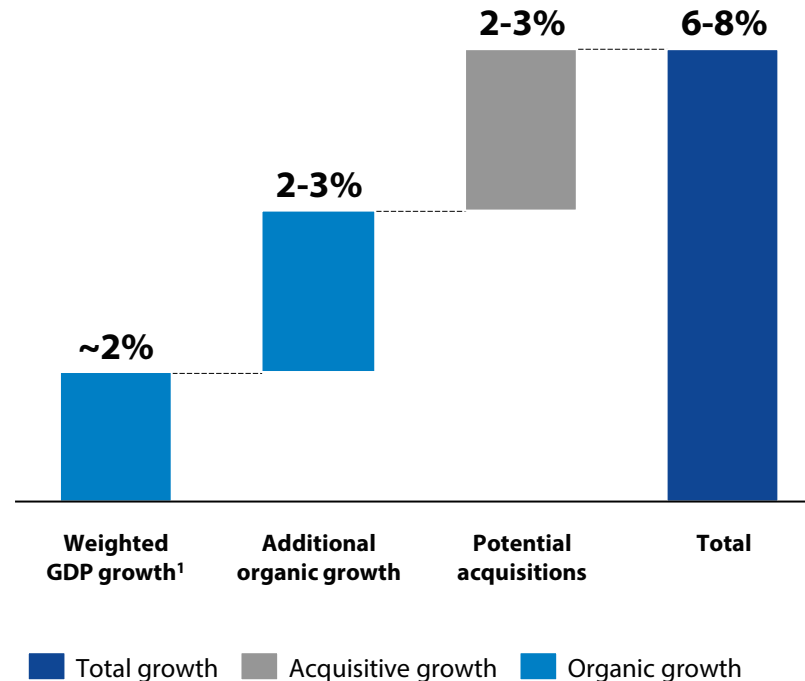
Nilfisk, Historical annual growth

Growth 2007-2014, %



Nilfisk, Expected annual growth

Growth target 2015-2018, %



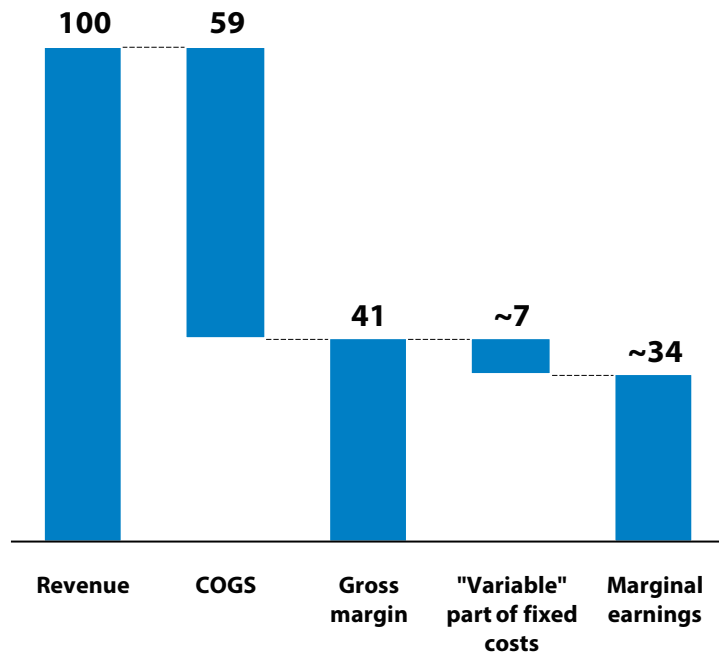
- Nilfisk's annual total growth has historically been around 3%
- The target is to accelerate organic growth to **2-3% above GDP**
- Further upside in **potential acquisitions**

1. Weighted GDP growth adjusted for Nilfisk's country distribution
Source: Internal Nilfisk data and IMF data

Asset-light operating model makes it attractive to grow

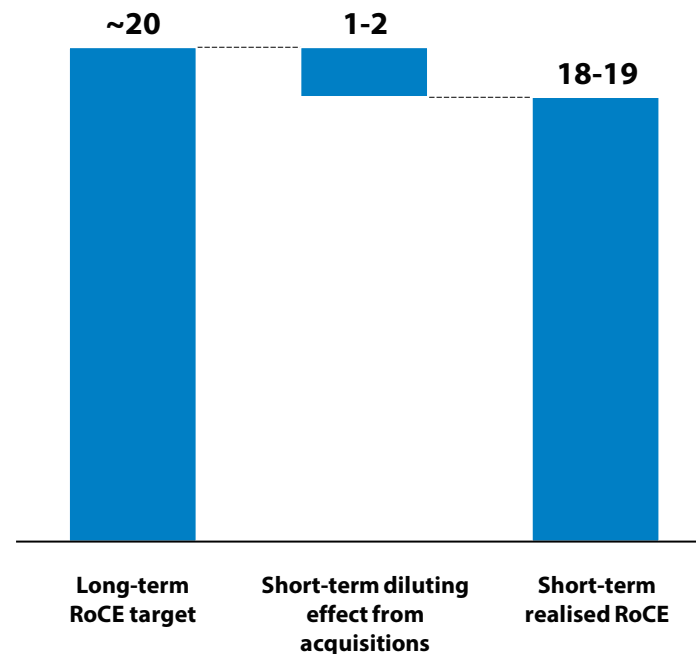
Operational leverage, illustrative

Leverage, % of revenue






RoCE

RoCE, %



- Due to operational leverage, **~34% of marginal revenue** impact the **bottom-line**
- **Acquisitions are attractive** at potential transaction multiples
- **RoCE** may be slightly diluted from acquisitions

Increased focus on mid-market segment will support growth

		Market value DKKbn ¹	Customer demands	Nilfisk's historical position	'Accelerate' strategy
High-end		22-27 (~45%)	<ul style="list-style-type: none"> • High reliability and long durability • Full features and service 	<ul style="list-style-type: none"> • Strong • Key focus 	<ul style="list-style-type: none"> • Strengthen position
Mid-market		18-21 (~40%)	<ul style="list-style-type: none"> • Basic products at fair prices 	<ul style="list-style-type: none"> • Potential for growth • Not key focus 	<ul style="list-style-type: none"> • Invest and grow
Low-end		7-10 (~15%)	<ul style="list-style-type: none"> • Not in strategic scope • Many local, low-cost producers 		

1. Market value only includes professional cleaning equipment and not manual cleaning equipment in low-end outside Nilfisk's scope

Strong M&A focus to consolidate market position

Actively consolidating the industry, recent acquisitions:

- **Kerrick (AUS/NZ)** July 2015
Broad-ranged dealer/service company, 50 employees
- **Contractor (UK)** June 2015
Leading floorcare service company with unique business model, 40 employees
- **Smithson (AUS)** May 2015
Broad-ranged dealer/service company, 15 employees

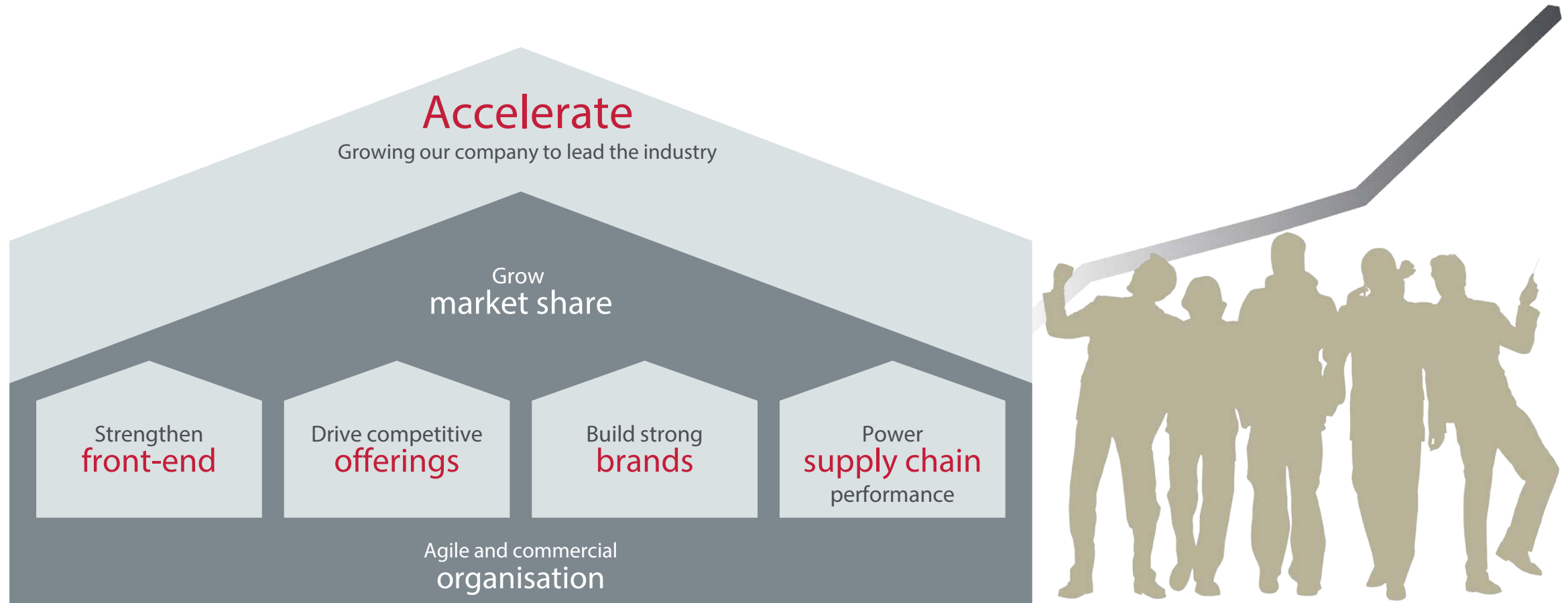


Three focus areas

- Market access through dealers and service capabilities through service companies
- Market shares through local/regional manufacturers
- Complementary product range through focused manufacturers

'Accelerate' strategy

Strengthen front-end initiatives continue and positive impact already visible



Strengthen front-end

Improved sales models and introduction of new tools

SALES MODELS

DIRECT SALES

Focus on high-potential opportunities and full-share of wallet

INDIRECT SALES

Attractive dealer collaboration models

TOOLS

INCENTIVES

Aligned sales incentives for cross- and up-selling

SYSTEMS & CRM

Sales and service systems
Leverage customer information

SERVICE

Focus on after-market

SPARE PARTS

Competitive spare parts

TRAINING

Sales academy

IMPLEMENTATION

Country roll-out in key markets and internal capability building

Strengthen front-end

Three key commercial levers are driving performance improvements in Germany

CUSTOMER PRIORITISATION

Growth from new, high-priority customers

Revenue, year-on-year improvement

139%

Focus sales efforts on
high-priority customers

CROSS-SELLING OPPORTUNITIES

Cross-selling leads generated each month

YTD monthly average, # of leads

205

Increase share of wallet through
cross-selling

SERVICE PENETRATION

Increase in service contracts

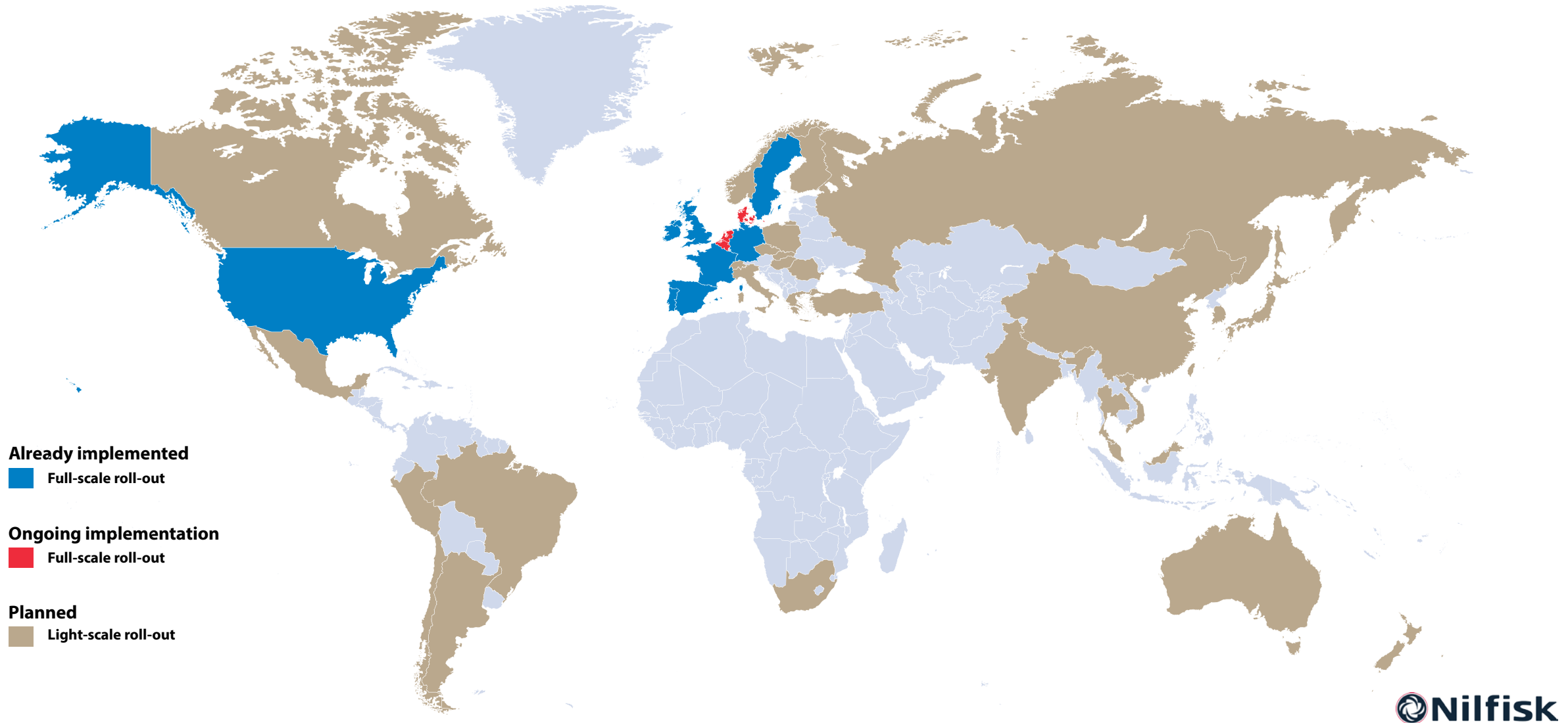
of service contracts, year-on-year improvement

316%

Ensure after-market growth by
focusing on service sales

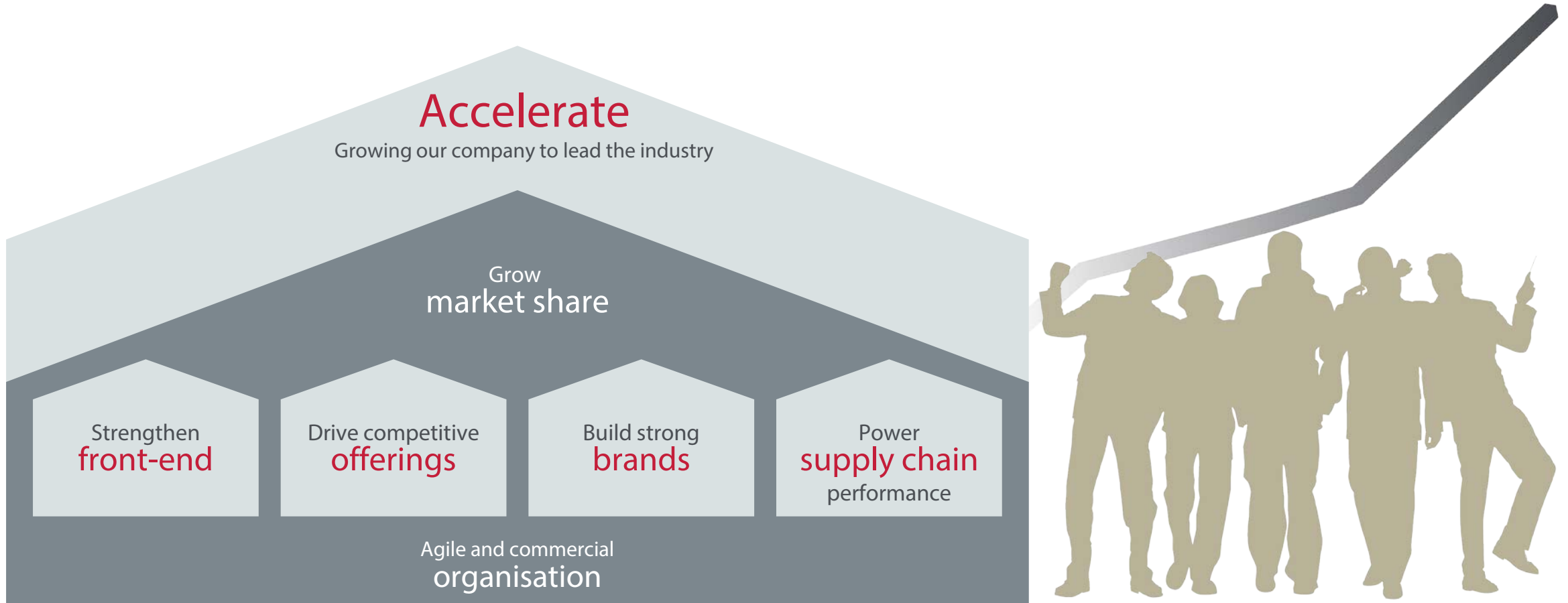
Strengthen front-end

Commercial Excellence now covers more than 50% of revenues



'Accelerate' strategy

Drive competitive offerings will simplify and empower offering



Drive competitive offerings

Focusing our product offering

Objective

Drive customer-led and innovative approach to product development

Support our growth agenda with market-leading products, innovations and solutions

Balance product range with manageable complexity



Drive competitive offerings

Key product launches

Key 2014 launches



VL200
Wet and dry vac

Smart
window vac



Viper AS430/510
Mid-market scrubber

VP600
Commercial vac



Key launches YTD 2015



SC2000
Micro-rider scrubber



SC500
Walk-behind scrubber



Viper AS710R
Mid-market ride-on



MC3/4
High-end HPW Professional







Power Grip –
wireless "gun"



Drive competitive offerings

Product portfolio

	Nilfisk brand and position	'Accelerate' strategy	Customer focus	Nilfisk response	
High-end	 <p>Strong hold</p>	<ul style="list-style-type: none"> Strengthen position 	<ul style="list-style-type: none"> TCO Solution supplier Service Reliability Quality Full-range supplier 	<ul style="list-style-type: none"> Innovation/fleet mgmt. & Rentals 360° service offerings Dependable machines High quality levels Relevant product portfolio by segment 	
Mid-market	 <p>Potential for growth</p>	<ul style="list-style-type: none"> Invest and grow 	<ul style="list-style-type: none"> Cost Reliable Robust Simple 	<ul style="list-style-type: none"> Right pricing Basic dependable quality Less features Easy to use 	
Low-end	Not in strategic scope Many local, low-cost producers				

Drive competitive offerings

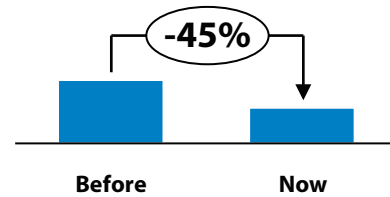
Complexity management

Nilfisk today

- Key strength is wide range and offering
- Continuing to manage product portfolio in a simple way to ensure right level of complexity

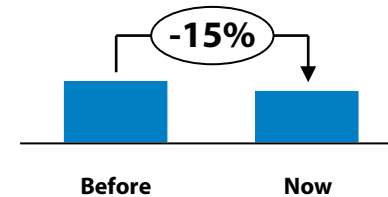
Brands

Websites



Product platforms

Product platforms



- Active focus on low profitability and low revenue products to cut long tail

Ranging/portfolio

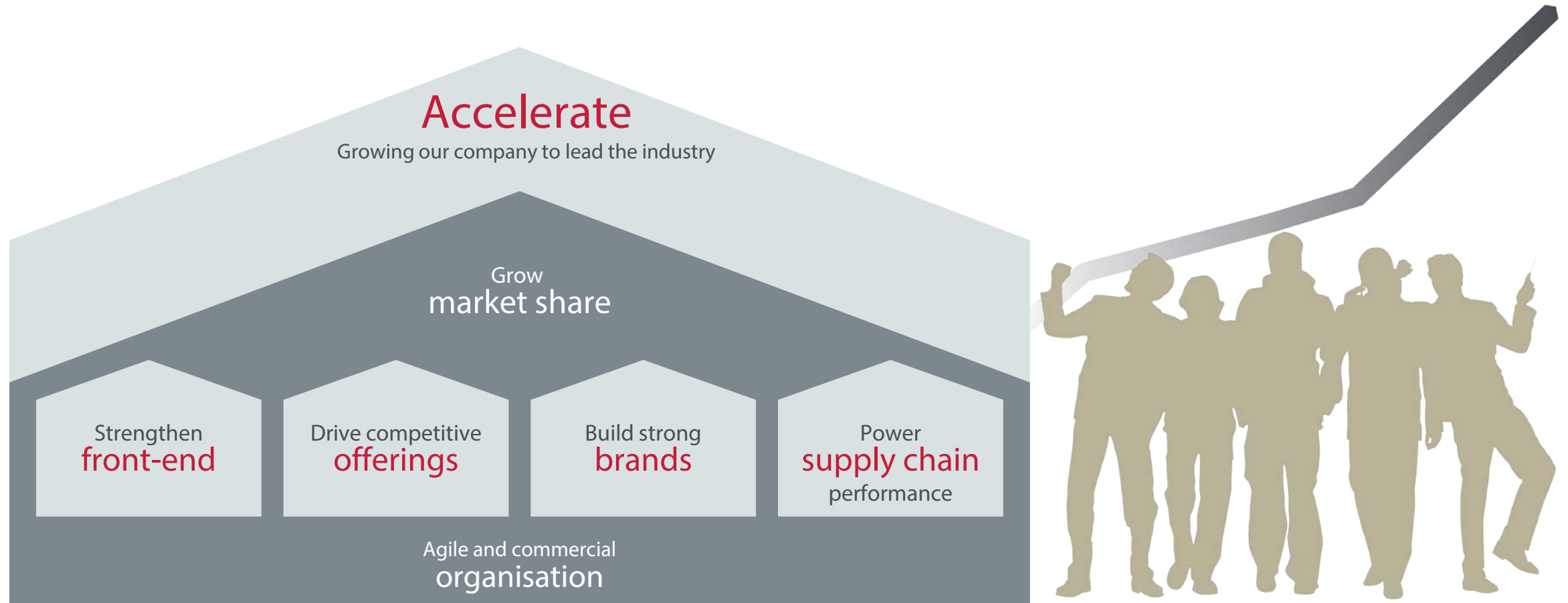
- Branded business focus
- Portfolio optimisation
- Platform roadmap
- Modularisation

2015 objectives

2016-2018 objectives

'Accelerate' strategy

Build strong brands will create fewer but stronger brands



Build strong brands

Nilfisk corporate movie - already started brand journey



For link to the video, click: <https://www.youtube.com/watch?v=2dAighJLs20&feature=youtu.be>

Build strong brands

Nilfisk approaches markets with strong, individual value propositions



Clearing the way
for a safer, cleaner and more
productive everyday



Clearing the way
with simple, reliable and powerful
cleaning products

Build strong brands

“Why Nilfisk”

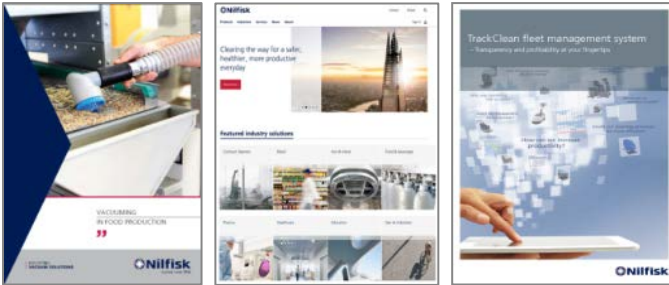


**Municipality
customer**



Build strong brands

Three key focus areas



Great communication

Increase the relevance and quality of external communication to become on par with and above peers



Increase digital focus

Increase relevance and reach by moving focus from off-line marketing to digital marketing

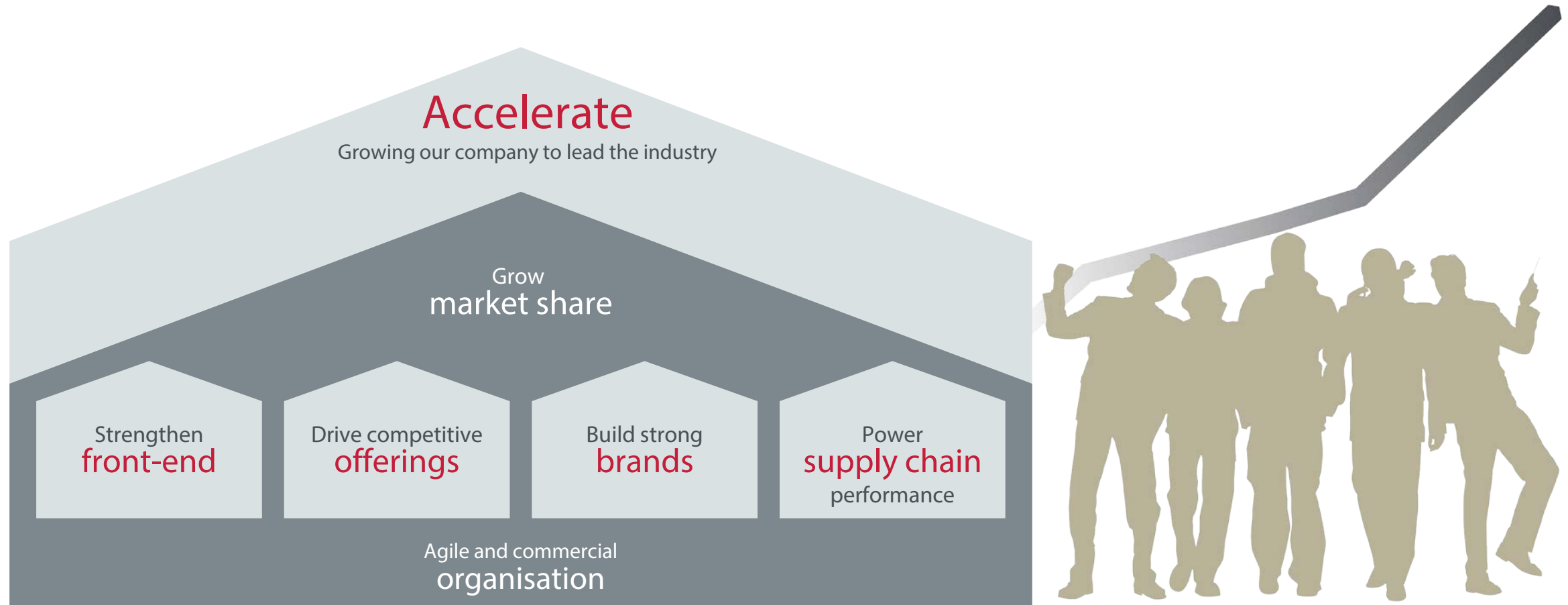


Execution power

Increase reach, impact and execution power by exploiting local and global scale advantages

'Accelerate' strategy

Power supply chain will make supply chain a competitive advantage



Power supply chain performance

Enhancing customer experience through fast and seamless delivery

Supply chain vision

"Customer-driven supply chain as a competitive advantage"

3 steps to enable vision

Achieve 95% on-time delivery

Adapt to customer needs

Enable full customer experience

Specific supply chain initiatives

- 1 Centrally located European warehouse
 - 2 days coverage for 95% of products
 - In-night/over-night express options
- 2 Competitive mid-market and DIY delivery
- 3 Customer focus through transparency, accountability and proactivity

Key messages

Growth to consolidate market-leading position



- **Market leader** with strong market access and brands
- **'Accelerate'** strategy to drive **ambitious growth target**
- **Consolidate** position **through M&A**
- **Efficient operational model** through asset-light production and supply-chain

Questions & answers



Introduction



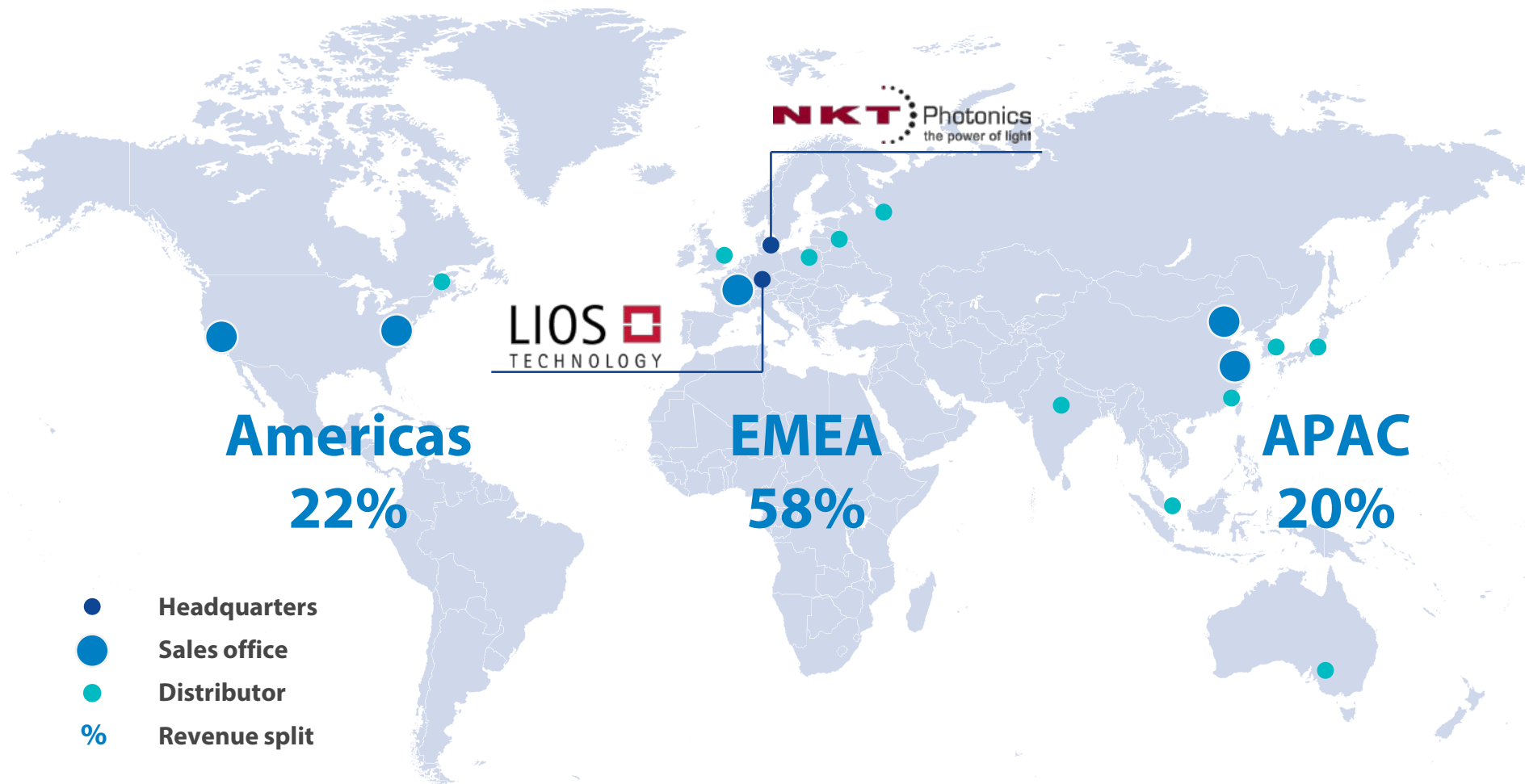
Basil Garabet
President & Chief Executive Officer

What we truly believe in...

“Through optical fiber- and laser technology, we deliver state-of-the-art commercial solutions in collaboration with our partners for the benefit of mankind”



Photonics Group has a worldwide reach



Note: Split of Photonics Group revenue, FY2014

Megatrends support growth in key markets

Growing population

Resource scarcity and environmental pressure

- Transport infrastructure for energy and people drives demand for Sensing
- Increased energy needs and renewables move drives demand for monitoring and optimisation of energy production

Aging population

Increased health care costs

- Need for faster and cheaper medical instrumentation for mass screening, diagnostics and treatment


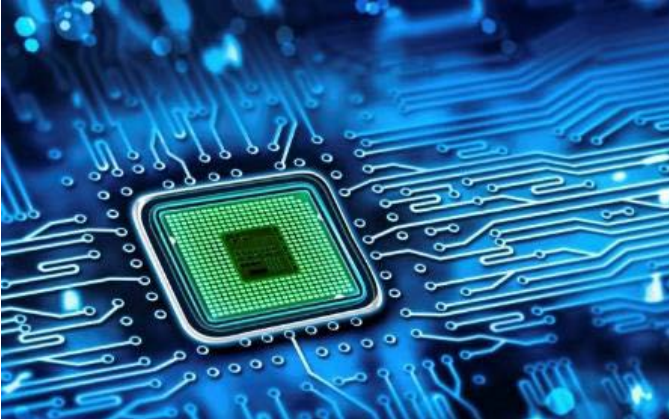
Increased technology and complexity

Smaller structures

- Need for transformation of manufacturing technology
- Higher requirements on precision and accuracy drive shift towards ultrafast lasers for measurements and processing



Photonics Group's main markets are currently Imaging and Sensing

Imaging & Metology

Photonics Group's revenue split **~50%**

Sensing & Energy

~40%

Material Processing




~10%

Note: FY2014 revenue

Growth mainly expected in Imaging and Material Processing areas

Imaging & Metrology



Focus growth area

Sensing & Energy



Established area

Material Processing



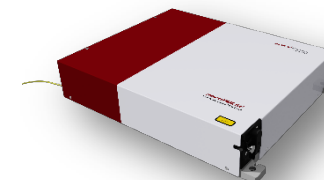
New growth area



SuperK
White light laser
Light source for imaging



Lios LHD
Linear Heat Detection
System
Structural monitoring



aeroPULSE
Ultrafast pulsed laser
Material micro-processing



SuperK OCT
High resolution OCT¹
Imaging system



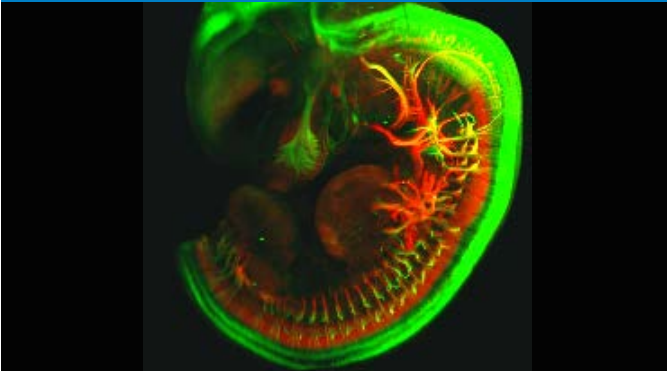
Koheras
Low noise lasers
Light source for sensing

1. OCT: Optical Coherence Tomography, non-invasive medical diagnostics

Focus growth area

Imaging has high growth rates within Bio-imaging and Medical sub-segments

Bio-imaging



Microscopy, cancer diagnostics

Market size DKK ~1,500m
CAGR ~15%

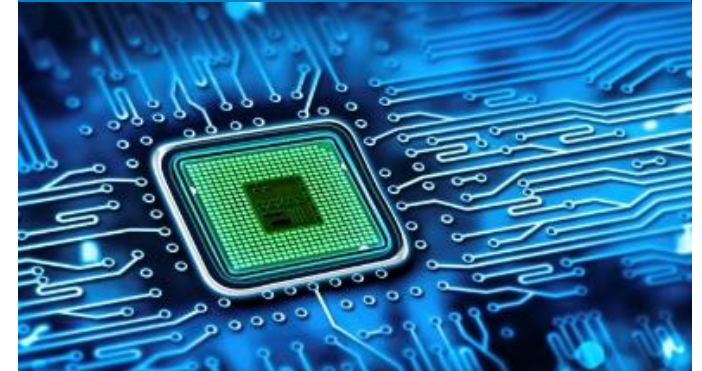
Medical instrumentation



OCT, endoscopy, ophthalmology

Market size DKK ~4,000m
CAGR ~15%

Industrial metology



Semiconductor, sorting

Market size DKK ~1,250m
CAGR ~10%

Established area

Sensing & Energy consists of smaller sub-segments with modest growth

Energy



Power cables, wind farms, solar

Market size DKK ~750m
CAGR ~5%

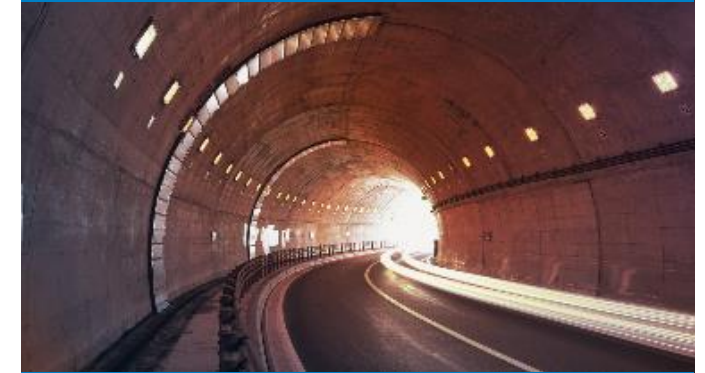
Security



Pipeline, perimeter

Market size DKK ~750m
CAGR ~4%

Structural monitoring



Tunnels, metro lines

Market size DKK ~1,250m
CAGR ~6%

New growth area

Material Processing growing within Industrial and Medical sub-segments

Industrial



Mobile, electronics, display

Market size DKK ~2,000m
CAGR ~14%

Medical



LASIK, cataract

Market size DKK ~750m
CAGR ~30%

Marking



Glass, metal, plastic

Market size DKK ~1,500m
CAGR ~7%

Photonics Group has strong competitive advantages

High barriers

- Strong defendable IP
- Vertical integration
- Turn key solutions
- Key OEM partnerships
- Manufacturing expertise
- Highly qualified personnel

Scale

- R&D and production in Denmark and Germany
- Global distributor network
- Mature products
- LEAN manufacturing
- Design for manufacturing

Quality

- ISO 9001 and 14001 certified
- Space qualified products
- Industrial certificates and approvals (CE, VDS, UL)

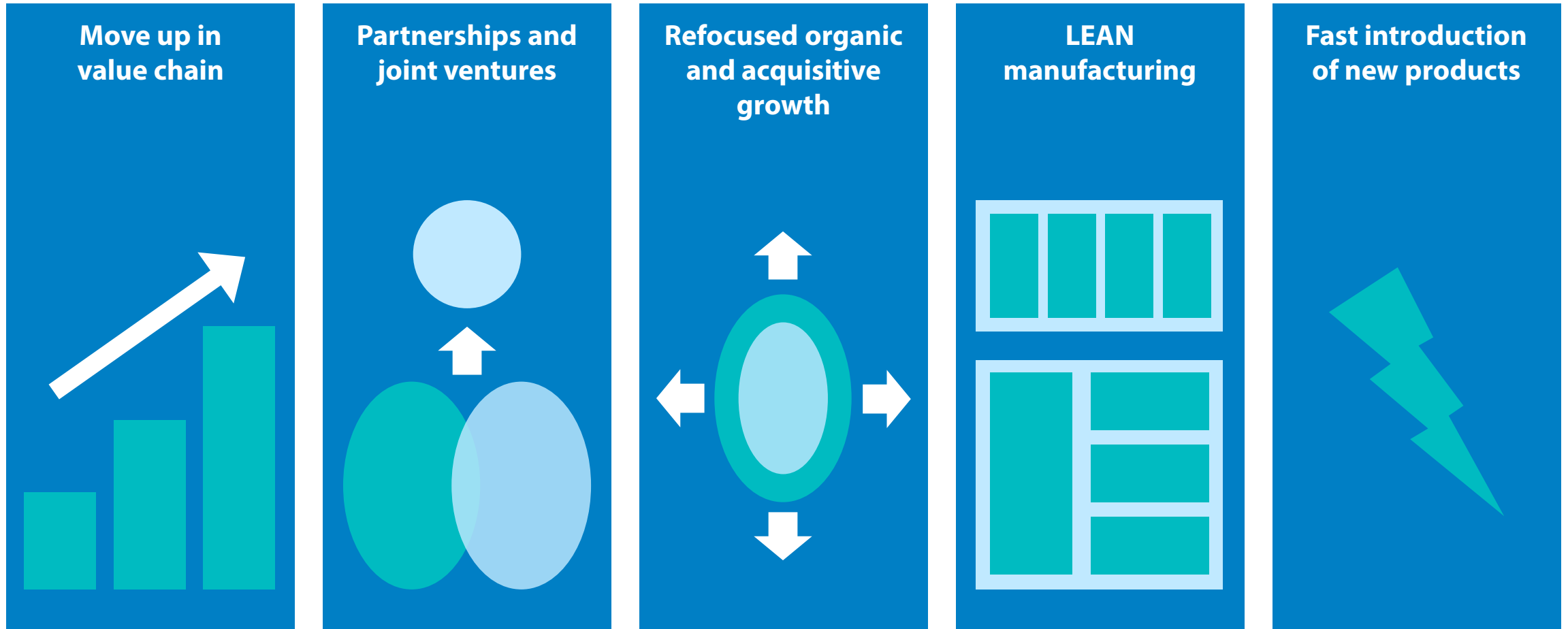
Sustainability

- Long-term relationship with major industrial and scientific customers
- Continuous product development
- Application development to expand addressable markets



High barriers for competitors
Scalable business

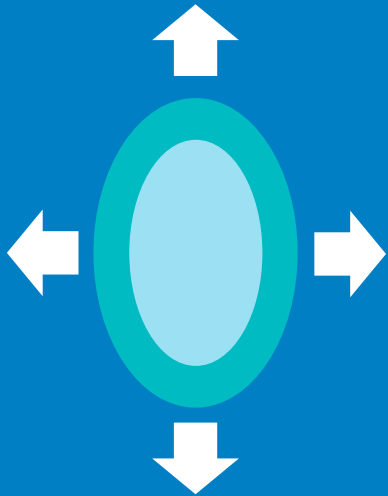
Commercialisation strategy launched in 2015



Financial aspirations 2015-2018

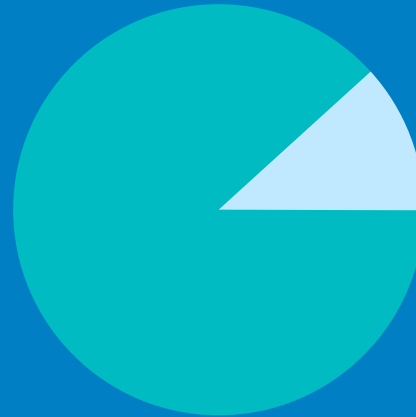
Growth

>10% annual organic growth
+ Acquisitive growth



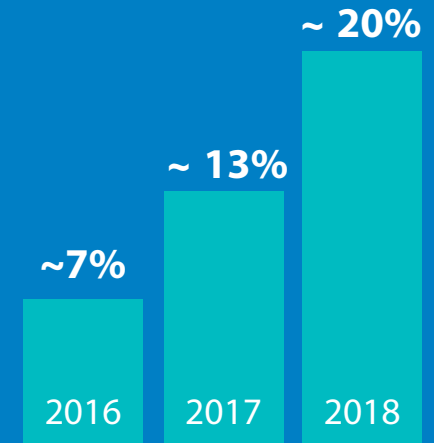
EBIT %

~15% in 2018



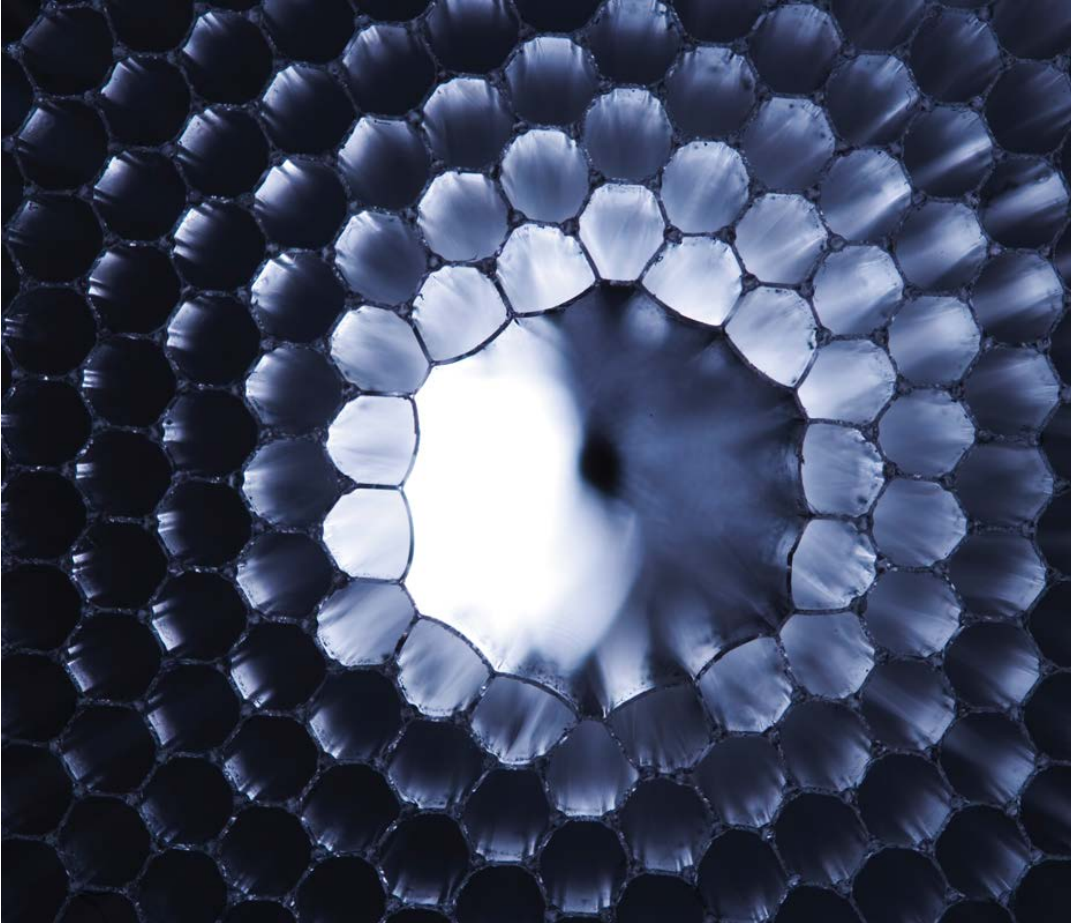
RoCE %

~6%-points per year realising
~20% in 2018



Key messages

Reaching commercial scale



- **Global company** with strong growth areas in Imaging and Material Processing
- **Megatrends** support Photonics Group's growth ambitions
- **Strong competitive advantages** based on superior technologies and IP platform
- **Strategy to drive commercialisation** launched to realise financial goals

Questions & answers

Financial calendar

2015

12 November

Q3 Interim Report

2016

26 February

2015 Annual Report



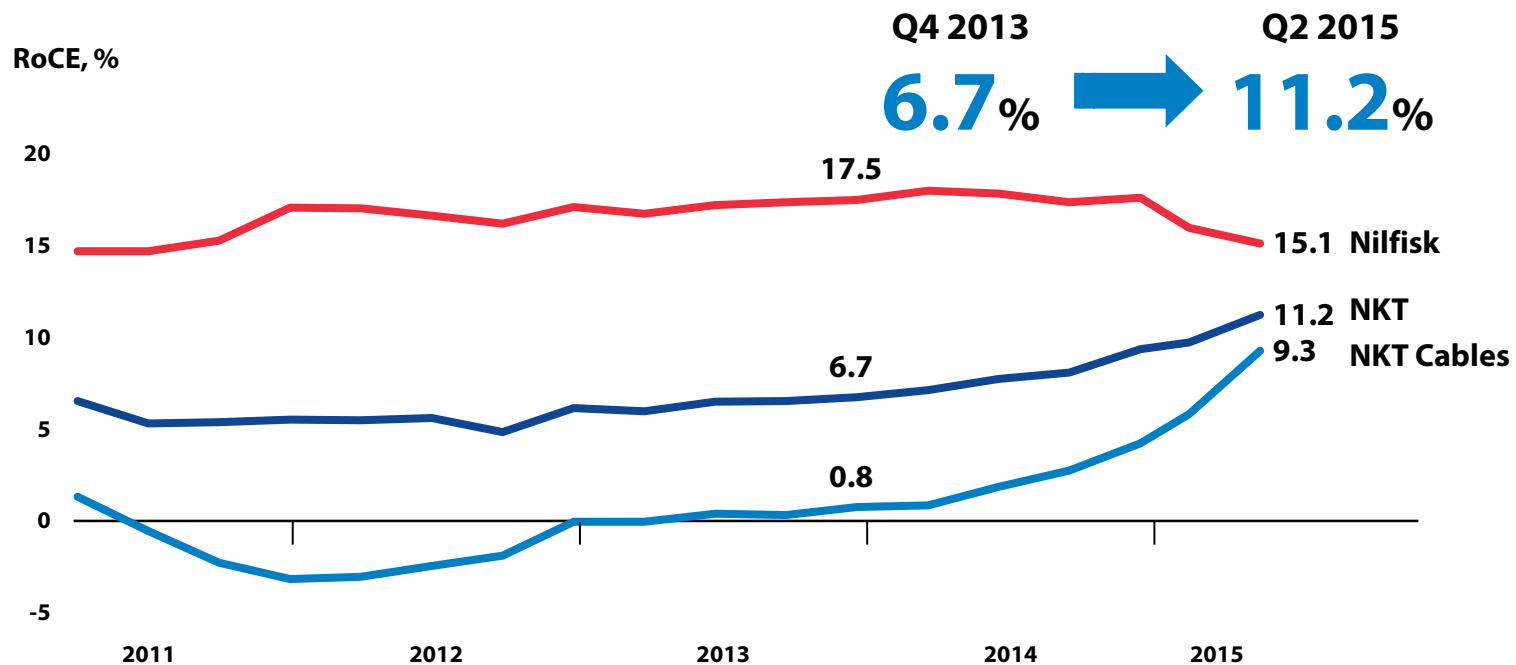
For the list of Investor Relations events, go to www.nkt.dk

Appendix

RoCE increase driven by improvements in NKT Cables

Still far from satisfying our ambition of RoCE >15%

Return on Capital Employed

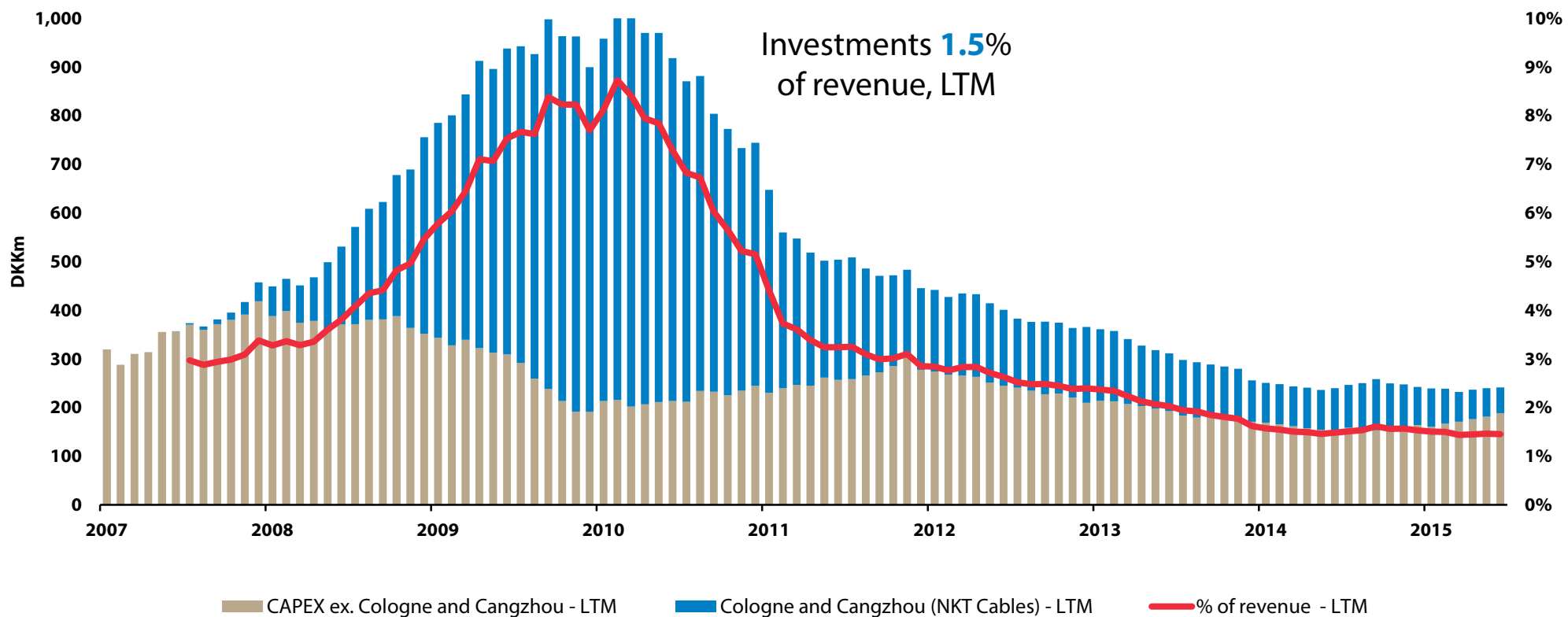


NKT Cables' DRIVE programme focuses on cost reduction and optimising processes **to restore value creation**

Nilfisk's investments in front-end sales people dilutes RoCE short-term

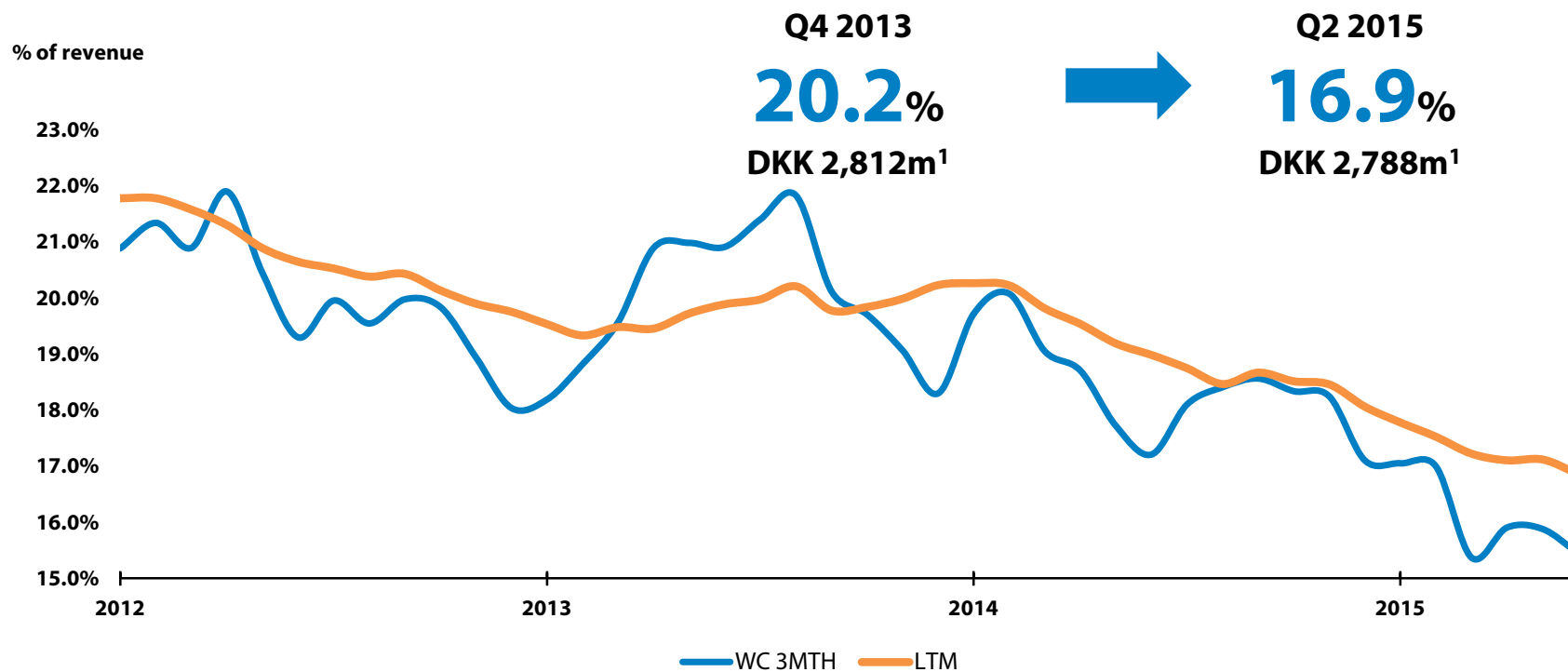
Expected maintenance levels of CAPEX around DKK 250m

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



Working Capital at lowest level since 2010

Working Capital



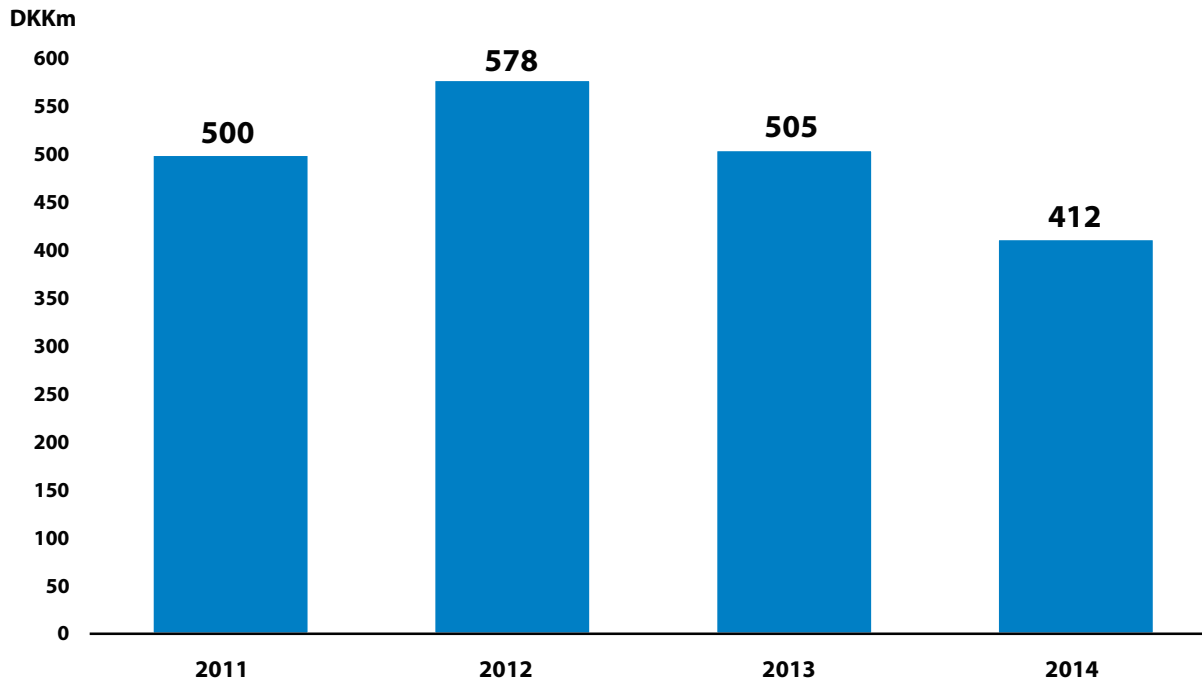
Working Capital reduced significantly since start of DRIVE from 20.2% to 16.9%

Long-term expected Working Capital level ~15%

1. End of period

Still considerable tax assets to be utilised

Net tax asset development



- **Still DKK 412m of net tax assets to be utilised**
- **Cash tax expected to be lower** than reported tax rate in coming years
- **Cash tax 25% in 2014** (reported tax 31%)