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NKT Holding A/S

Transcript :: Annual General Meeting of NKT held on 25 March 2015::

Good afternoon and welcome to the AGM of NKT Holding 2015. I am very pleased to welcome all our shareholders here at the meeting in the room and those who are watching via our website. We will be going through the financial statements and results from 2014 that we will review those and adopt them. The AGM is held in Danish and you can ask questions in English. We do have interpreters so that the half of our shareholders that are foreign can actually listen in in English and in this room here you can also get headsets if you would like to hear the English version. Again this year the Board of Directors has elected Anders Lavesen who is an attorney and partner of Kromann Reumert Law Firm and he will be chairman of the meeting so over to you, Anders, please take us through the AGM.

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Anders Lavesen

Thank you so much. First of all, a bit of practical info for you. Participants who would like to speak when we open up for a debate concerning items on the agenda will please raise your hand and I will then invite you to come up here to the rostrum. Please bring your admission card and voting slip because then I will introduce you as a speaker before you get the floor. Also because of those who are listening in on the website. If we have participants here who would like to leave the room during the AGM please use the two doors on the left. And if you want to leave the lobby, go out into the lobby, please be sure you have your admission card if you want to get back in. And deregister please if you are not coming back in. If we need a written vote at some point I would like for everyone to stay in the room until we have finished the vote. Other than that my first task as chairman of the meeting is to see whether we have been lawfully convened and we can make decisions concerning the items on the agenda here today. The meeting is being held here in the capital region as it is supposed to and it is being held before the end of April. The AGM was convened via the IT system of the Danish Business Authority. That was 3 March that that was available. Fourthly, the date was published on 13 November 2014 in the announcement to the stock exchange. The convening letter and the complete proposals from 3 March 2015 were sent by e-mail or letter to those shareholders who have so requested. And the 2014 Annual Report has been sent by e-mail or in print to all shareholders who have so requested and the agenda and the full proposals and the 2014 Annual Report, information about all shares and voting rights and all the forms to be used if you vote by a proxy or by letter for those who have chosen to do that, all that information has been available on the website of the company since 3 March and a company announcement was sent out on 3 March also to the Stock Exchange convening the AGM so on the basis of all of that it is my assessment that this AGM has been lawfully convened. Question of quorum, well with the topics we have on the agenda here today, we do not need a specific percentage of the share capital to be represented in order for decisions to be made so we do have a quorum for making decisions. Are there any comments or queries at this point? That is not the case so let us move on to the agenda shall we look at it. The first item is the report by the Board of Directors on the company's

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activities in 2014. Item 2 that is the presentation of the audited annual report. Item 3 is the adoption of the audited annual report. Item 4 that is proposed by the Board of Directors on the distribution of profits. It is being proposed here that there will be a dividend of 4 DKK per share. 5 that is a discharge for management and board. Item 6 that is the approval of the remuneration for the Board of Directors. Item 7 is the election of board members. Item 8 is the election of an auditor and 9 that is various proposals from the Board of Directors. First there is a proposal authorising the board in the period until 25 March 2020 to increase the share capital of the company one or several times by up to a nominal maximum totally of DKK 50 million through the issue of new shares. 9.2 Proposal to delete an expired article that has been exhausted, it has no content any more. 9.3 that is a proposal from the board concerning an amendment of the remuneration policy in NKT Holding including the overall guidelines for the incentive pay programme and 9.4 It is proposed that yours truly, the chairman of the meeting, is to be authorised to make the registrations with the Danish Business Authority required about the decisions made and item 10 that is Any other business. By tradition we will deal with items 1-4 jointly and we will do it the way we have done before. The chairman of the board will report on behalf of the Board of Directors will present the annual report and a proposal for dividend. Following that we welcome the floor for a discussion concerning items 1-4. Subsequently we will then have the vote on items 3 and 4 so if there are no objections that is then the procedure that we will use and I would hereby give the floor to the chairman of the board.

Chairman of the Board of NKT Holding Jens Due Olsen

Thank you very much. I need to remember to get close to the microphone so that you can hear what I say.

Seen from the outside, NKT probably looks much as it usually does. A Group with a Board of Directors, with Group functions and with three business units. But in 2014, there was not an awful lot that was "usual" about our development. Exactly one year ago I was talking at the AGM about the changes that we had made to NKT's management structure, I talked about plans to bring future growth to Nilfisk, about the new DRIVE programme of NKT Cables, and about our strategy to increase sales to commercial customers in Photonics Group. All these measures were intended to contribute to our value creation and today, I am pleased to report to you that all the initiatives produced positive results in 2014. Our core – the active ownership – has been strengthened, and we believe that this is the model that will ensure the best possible acceleration of value creation in our businesses and this is reflected in the clear strategic direction that we have set for the years ahead. It is also evident from this that we consider ourselves to be the best owner of our three business areas. They are not for sale, although there is much speculation in this regard. We should also add to this, the good financial performance that exceeded expectations, and even after the payment of dividends we are left with considerable financial headroom to further develop our business and make acquisitions if the right opportunities present themselves so in brief 2014 was a good year for NKT.

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If we look at the financial achievements in 2014, we achieved revenue of DKK 15,863 million – an improvement of DKK 54 million on the year before. Operational EBITDA, as we call it, rose by 17% or DKK 184 million to DKK 1,269 million, and as you can tell from the graph on the right, we continue the positive trend seen in recent years. At NKT, we adjust operational EBITDA for one-off items to show the underlying earnings level. One-off items in 2014 consisted both of a gain of DKK 97 million relating to the divestment of a small business area belonging to Nilfisk and costs primarily related to the improvement programme that is running in NKT Cables. On account of this programme the one-off items rose to DKK 208 million. Profit for the year came to DKK 280 million, up DKK 27 million compared to the year earlier level. As can be seen at the bottom of the page, we made a substantial reduction in working capital, DKK 570 million reaching the lowest level since 2010. This reduction was the main reason why cash flow from operating activities rose by just over DKK 1 billion. Net interest-bearing debt thus fell by almost DKK 1 billion to DKK 1,035 million or 0.9x EBITDA – and this is the lowest level since 2007. The improved income and the reduction in debt meant that the return on capital employed increased by 2.7%-points to 9.4%. We have DKK 4.6 billion in available cash resources, and this gives us substantial financial headroom to further develop our businesses both organically and through acquisitions.

So we are pleased to report that we largely fulfilled expectations for 2014. We delivered organic growth of 1 % and an operational EBITDA margin of 9.6 % against expectations, which were between 9 and 9.5 %. This is because we largely realised the targets that we had set for each of the businesses. Developments in these business areas I will come back to a bit later.

Looking ahead to 2015, we expect organic growth of up to 3 %. We also expect an improved operational EBITDA margin of up to 1 %-point. These expectations are based on each of our businesses performing as outlined on the screen: which means good organic growth in Nilfisk and an EBITDA margin on a par with 2014; flat organic growth in NKT Cables, however, with a continued improvement in earnings; concerning Photonics we expect both high growth and a higher EBITDA margin.

As I said, in August 2013 the Board of Directors implemented a new management structure for NKT, and the business areas now report directly to the Board. At the same time we set up a chairmanship committee for each business unit that will ensure a faster and smoother decision-making process both at the strategic and operational level. The chairmanship committees consist of two members of the Board of Directors with specific competences and knowledge in relation to the particular business unit, the Group Executive Director & CFO of NKT Holding, and the business unit's Management Team.

This is an active ownership model and it is not conventional, at least not for listed companies. The Board of Directors, the chairmanship committees, and NKT's Group Functions work closely together with the Business Unit managements on order to optimise value creation. This is a very dynamic structure and it supports the strategic dialogue and it facilitates quick decision-making on issues such as key investments in the business areas. We believe that the present structure of NKT remains the right framework for further development of our businesses. If we look at our companies as such, we see a number of strengths in our structure, particularly within four areas: The ability to attract the right competences, both at management level and employee level, access to capital

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markets, the potential to collect and share knowledge, to achieve benefits of scale, and cross-functions; for instance, in 2014 we set up a Group function for Indirect Procurement. It operates across the entire Group and risk management and compliance with various rules, regulations, standards, etc. In all these areas we are stronger if we stand together than we would if the businesses operated individually.

Our strategic direction also finds inspiration in a number of the megatrends that drive global economic and social development. Several of these trends contain possibilities for our businesses, and they form part of our decisions in relation to investments, acquisitions and divestments, as well as on the way we develop our companies even further. The megatrends that we primarily monitor and analyse are increasing urbanisation – this is important for Nilfisk because it has to do with increased use of automated cleaning equipment, it is important to NKT Cables because it means that there is an increased need for more high-speed intercity railways. The demand for sustainable energy sources – that is important to NKT Cables because its products are used e.g. for offshore wind parks, and it is important to Photonics Group because its solutions are used for e.g. monitoring power cables, and oil and gas pipelines. The growing need for health services – this is important to Photonics Group because its solutions may be used e.g. for diagnosing glaucoma and certain types of cancer at a much earlier stage than what is possible today. Through active ownership we are firmly committed to making sure that all businesses are positioned among the leading companies in their line of industry. We will work to increase growth and to improve earnings so as to create value for shareholders. We have defined three strategic goals; to achieve organic growth that exceeds the market level; in other words we will capture market shares. We will achieve a return on capital employed of +15%. We will maintain our ability to pay shareholders around one third of profit for the year in dividend. At the same time, we have defined the strategic hub for each of our businesses. It applies to all of them that they have to achieve the goals I mentioned just now and to achieve them the primary focus will be in Nilfisk – on growth, in NKT Cables – on increased profitability in general and profitability in relation to capital employed in particular and as far as Photonics Group is concerned – increased sales to more commercially focused industrial customers.

In our 2014 Annual Report we describe how Photonics Group has already redefined its business strategy so as to realise this objective. Nilfisk will present its strategy in the Q1 Interim Report 2015 which is scheduled for announcement on 13 May. NKT Cables is currently formulating its strategy and it will appear at the end of August in NKT's Q2 Interim Report 2015.

I would like to leave the Group as a whole and focus on Nilfisk. In 2014 Nilfisk initiated a number of measures to increase future growth. Jonas Persson took over as Chief Executive Officer in January, and with his arrival focus was devoted to increasing Nilfisk's market presence and expanding the sales and service organisation to get closer to the customer, that is a very important competitive parameter in this industry. And to make it easier still for the customer to survey all Nilfisk's products and brands, it has been decided that as of 1 April, the company's name and main brand will simply be: Nilfisk. All these measures are also key elements in the new business strategy. Also, it has not gone unnoticed by the Board of Directors that in 2014 Nilfisk delivered strong organic growth of 6% and a 17.6% return on capital employed.

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Nilfisk has the broadest product portfolio in the market for floor care equipment, vacuum cleaners, high-pressure washers and outdoor equipment such as sweepers, mowers and snow removers. In 2014 Nilfisk launched 46 new products and product versions, and as in previous years the company spent around 3 % of revenue on product development. The primary markets are the commercial and industrial customers while private customers represent about 10% of Nilfisk's revenue. Company products are sold in more than 100 countries in three regions: EMEA i.e. Europe, the Middle East and Africa; the Americas, comprising both North and South America; and Asia and the Pacific region which we also refer to with the abbreviation APAC.

Organic growth came to 6%. That was above expectations and was driven primarily by EMEA which increased by 8% and by the Americas which increased by 3%. APAC achieved negative growth of 2%. In early 2014, Nilfisk commenced roll-out of a Commercial Excellence programme. The aim of the programme is to deliver more product cross-sales and increased service sales in the medium and long term. Roll-out has been completed in six European countries and is planned for implementation in an additional seven countries in 2015. Nilfisk has also invested strongly in its sales and service organisation in order to get closer to customers and in order to support its Commercial Excellence programme. Within the framework of these customer-oriented activities we have welcomed around 70 new colleagues in 2014 alone. Despite these investments, Nilfisk achieved an increase in its operational EBITDA by DKK 21 million to DKK 799 million. But these long-term investments had a slight impact on the EBITDA margin, which decreased by 0.2%-points to 11.7%. We have plans of further investments in sales and service in 2015 and therefore we expect the EBITDA margin to remain unchanged from 2014 but with a higher revenue level. We saw Nilfisk introduce its strategy for 2015-2018 internally in March this year. The external presentation follows in May. But I can already now say something about the main themes which are in line with what I have just been talking to you about. We intend to maintain a strong focus on increased growth, strengthen sales through the Commercial Excellence programme, penetrate new markets and segments, focus on service as an important growth parameter, and exploit our strong brand. With these measures, and with an active pursuit of the opportunities for growth by means of acquisitions, Nilfisk is well prepared to protect its global market leadership and in the longer term to increase income and the return on capital employed.

Right, I would like to look now at NKT Cables. The dominant theme for NKT Cables in 2014 was the DRIVE programme. It was initiated to improve operations and thereby increase earnings and the return on capital employed. Both parameters were improved significantly, the operational EBITDA margin increased to 8.0% and the return on capital employed to 4.2%. Although DRIVE had the effect of saving DKK 169 million, a much higher amount than originally expected, but the Board of Directors wanted to further accelerate the transformation so in November, the Board approved the Group Executive Director and CFO of NKT Holding, Michael Hedegaard Lyng. Now he is heading NKT Cables' development as its CEO.

Another important topic was to secure orders for high-voltage submarine cables. In 2014 we received two big orders for offshore wind parks, one from the Dutch Gemini and a second from DONG Energy in Denmark. So we have the production ready now –

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submarine cables for all of 2015. The European Commission fined NKT DKK 29 million alleging that there was price fixing in the cable industry. The European Commission explained explicitly that NKT's role in the matter was very limited, and we were the only company to have the fine reduced. But still, we do not agree with the Commission, we do not believe NKT did anything wrong, so we have appealed.

NKT Cables has sort of three overall areas of business: we have our Projects business: that is submarine and onshore high-voltage cables – everything we manufacture at the production facilities in Cologne, then we have Products: that is the low and medium-voltage cables for European customers, that can be power companies, utilities and also construction, automotive and rail industries and then we have APAC: that is the manufacture of medium and high-voltage cables, and cables for high-speed railways for the Asian and Pacific markets

All in all, there was negative organic growth of 5% in NKT Cables. Products saw 5% growth, but that was offset by a decrease in Projects and in APAC. The negative growth of 12% in Projects, which was expected, was partly because of our lower sales of onshore high-voltage cables, and also if we compare with the year before, we had less submarine cables orders with both production and laying and installation so installation generates big revenue, but only has a minor effect on earnings. That is what we have been able to see. The development in APAC must be seen also in light of the very strong result we had in 2013. NKT Cables increased its operational EBITDA by 45% or DKK 149 million. The EBITDA margin also rose, as mentioned, to 8.0% - a marked improvement of 2.4%-points from the year before, that was also better than we had expected at the beginning of the year. This increase was primarily attributable to the impact of the DRIVE programme.

Let me say a bit about the DRIVE programme. It is divided into three stages. We are in the middle of the first stage at the moment. The stage we call 'Get Fit'. That is where we focus on improvements in operations, and thus on costs and earnings. We identified around 80 savings initiatives or cost reduction initiatives, and now we are well under way with the implementation of this. We have also started on Phase 2 that we call 'Be Excellent'. This is where we focus on the general excellence of all functions. So we have the sales and tender processes, for example - how can NKT Cables manufacture, price and sell its products and what are the markets where they are sold, and how can we optimise tender processes for major projects to the benefit of our customers and ourselves.

The effect of DRIVE you can see in the first line behind me, says the chairman. We have these savings of DKK 169 million and we have one-off costs of around DKK 200 million, 271 full-time job redundancies explain much of that. Unfortunately, in 2015 we will say goodbye to another 180 people who will become redundant. That is part of the DRIVE programme. We have identified a number of additional cut saving measures so therefore we are extending Phase 1 into 2016. At the same time, we have revised upwards our expectations from DKK 300 million to DKK 400 million a year in terms of the expected savings. We expect one-off items to increase to around DKK 320 million because they are costs linked to the extra cost savings initiatives. From an overall perspective, DRIVE was necessary. It has made a good start, an excellent start, and we can see the expected impact on earnings. However, we still have a long way to go and a lot of hard work to be done to achieve our objective.

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Right then, let me move on to the Photonics Group. In Photonics Group we redefined in 2014 the strategic focus for two out of three segments. In future the Imaging segment will target primarily customers in biotech, while the Sensing segment will be marketed to the energy sector, primarily. In that connection, we are establishing a new business unit in the US selling monitoring systems for onshore oil and gas lines. The turnaround process for the Fiber Processing segment is going according to plan, and we are examining the future strategic options for this segment. Also we are addressing the question of whether NKT is still the best owner of the Fiber Processing segment. In Photonics Group we saw organic growth of 9% and a significant increase of 4.9%-points in EBITDA margin in 2014.

Last but certainly not least, Søren Isaksen whom you can see up here on the picture behind me and he is now going to stand up, I hope. Come on, Søren. He is now retiring. He joined NKT in 1978 so 36 years he has been the Chairman of Photonics Group most recently. Søren, the board and I would like to thank you ever so much for your longstanding contribution to NKT. We wish you all the best in the next chapter of your life. Thank you so much Søren. Let's give him a hand. We will try, Søren, to handle the assignments that you have covered and that is going to be the chairmanship of the Photonics Group that will try and do that.

Photonics Group manufactures and markets products in Imaging – that is lasers that make it possible to create pictures of very small structures such as skin cells, and then we have Sensing – those are lasers for use in monitoring and measuring equipment and Fiber Processing – that is equipment for manufacturing components for lasers and optical sensors. Photonics Group delivered 9 % organic growth in 2014. That was mainly Sensing and Fiber Processing. However, we also saw progress in Imaging. The biggest customer extended a framework agreement by 18 months. That is actually the biggest individual order to date. EBITDA increased substantially, from DKK 6 million to DKK 21 million.

The use of Photonics Group products in commercial solutions is gathering speed. We have a case in proof, the SuperK laser is used now by Leica in new so-called STED microscopes. That is where they can look at and for instance detect early-stage cancers and actually the German Stefan W. Hell won 2014 Nobel Prize for Chemistry for working with the nano scale work. Right, with this brief review I hope I have made it clear that we have done a lot in the year under review to accelerate developments under our active ownership, and we are showing positive results for it.

Each year the Board of Directors conducts a self-assessment. We see whether we have the right competences and skills and focus, and whether the meeting structure has been optimised, sometimes we get external assistance we got that in the year under review and the assessment was in the form of individual and on-line interviews and then we had a subsequent debriefing and discussion. The conclusion is that we have a well-functioning Board. We have the right discussions, there is room for people who don't agree but we certainly reach the right conclusions. Our Board model, as mentioned, is relatively untried. We have many and lengthy meetings, and quite a lot of material. As Chairman I have a bit of extra work to do. I have to improve the structure of the meetings and the material that is handed out.

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So the Board of Directors is satisfied with developments in 2014 and with the work that it has carried out by the Board. Our active ownership model has shown its worth and we have more connection between goals and means and better results in the business units. We have a structure here with chairmanship bodies, committee work and relevant competences being involved – it works, and we do believe we have the number of committees and meetings that is commensurate with our size and complexity. So we are recommending unchanged remuneration for board members in 2015. You can see the amounts on the screen here behind me.

A bit later today we will be saying farewell to Lone Fønss Schrøder who is not standing for re-election to the Board. Lone, I would like to thank you for your efforts since you were first elected in 2008 and I wish you all the best with all your other assignments. It has been a pleasure having you on board. Let's give her a round of applause too.

This also means that we have to propose a new candidate for election to the Board. We are proposing Jutta of Rosenborg, whom you can see up here and she will now also stand so you can all see her. Jutta has a lot of experience from directorships in Danish and international listed companies. She has been on many boards. She has the right competences that can contribute to value creation in NKT. Election of Board members is going to be Item 7 on the agenda for today.

So we made a lot of progress in NKT in 2014, and we also made strides in terms of earnings performance. We are distributing about one third of the net profit as dividend to our shareholders so we recommend to pay DKK 4 per share for 2014. That is DKK 95.7 million corresponding to 34 % of the profit for the year that is being distributed as dividend. That is our proposal.

In 2014, the share price increased again – by 24% to be precise – and we have seen the same tendency in the first three months of 2015. After payment of dividend, the yield to you, the shareholders has been 44 % since I was up here on this rostrum at last year's AGM.

We are on the right track and we have taken substantial steps in the direction of ensuring growth and earnings in all our business areas. On behalf of the Board of Directors I would like to thank all employees and business partners for their great trust and sterling efforts. I would also like to thank our shareholders for your confidence and faith in NKT as a continued good investment. Thank you for your attention.

0.38.13.4

Chairman of the meeting, Anders Lavesen

Thank you very much. Before we embark on the debate about the annual report among other things I wish to read out the audit report conclusion. You find it on page 50 of the annual report and in order to facilitate the understanding of today I have taken the liberty of translating this into Danish. We believe, it says here, that the consolidated financial statements give a true and fair picture of the assets, liabilities and financial position of the Group and so on and so forth. The speaker is now reading out a translation into Danish of

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the English version of the audit report from the annual report. Then it says about the management's report in pursuance of the Danish Financial Statements Act, we have read the management's report and we find that the information contained in it is consistent with the financial statements of the Group and the parent companies. Signed by Deloitte. So this is an unqualified audit report. We will now have a debate. If you wish to take the floor you have to signal to me and then you can come up here with your ballot slip so that I can see your name and state your name from up here. There are already two speakers on my list. The first speaker is Jacob Johansen who represents ATP, the Danish labour market supplementary pension fund.

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Jacob Johansen

Thank you very much. My name is Jacob Johansen and I represent the institutional investor ATP. Thank you for the report and the review of the Annual Report 2014. The first full year after the change to the management structure that was carried out in the autumn of 2013. All three business areas have shown progress in earnings, but in particular Cables. It looks as if the very special board structure in the current situation works well. 2014 to NKT Cables was a year of restructuring. We have already seen the significant effects of this effort. The objective of the programme is to create a considerable improvement of the unsatisfactory earnings level. Much of the improvement has already been achieved. And the programme's potential has grown. Also, there has been a strong reduction in working capital in the year in review and all of this together has taken the return on invested capital up and hence also the value creation of NKT Cables. The DRIVE programme is very important. That goes without saying, but the first stage seen in isolation is not sufficient to generate a satisfactory return and this is why I would like to put the following question: In the course of 2015, there are plans of launching the second phase of DRIVE. Does management expect the second phase of the programme to take return on capital invested to a satisfactory level corresponding to the 15% objective formulated for the Group? For Nilfisk focus has shifted over the years. There is now a more commercial agenda for the purpose of achieving higher growth. And of course there is a price tag attached to investments in future growth. We have seen this. There has been a minor reduction in margins but Nilfisk has a strong product portfolio and it seems the right thing to do, namely to put additional focus on growth, in particular in Asia and the United States where there have been some challenging years for the company. Additional growth in Nilfisk will create operational gearing and hence improved margins. The financial targets however are not that specific and that is why I have a question. There are financial targets to improve margins and achieve financial growth but the cost base is higher so what growth is it that you envisage in order to improve margins? I wish you good luck with 2014. There are many interesting challenges and jobs ahead of you, optimisation and growth promoting initiatives are among them. Thank you for your attention.

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Jens Due Olsen

Thank you Jacob Johansen. Thank you for the recognition of the fact that things are going in the right direction. Thank you also for understanding the structure, a bit atypical structure that we have seems to be working at least at the moment, that you had two specific questions for us. One of them I can just repeat. With the DRIVE programme and stage 2 of the DRIVE programme with the return that we are going to get there is that going to be enough for us to reach our goal of 15% return on capital employed? Well, let me respond by saying that with phase 2 in DRIVE we will reach a return that is satisfactory in relation to the return that we want on our capital. When you look at the goal of 15% perhaps we are not going to get all the way there unless we can find other elements in phase 2 but that is the reason why we have phase 3 also, right. We will need phase 3 also before we come up to that goal, to that level. The second question: What growth do we need in Nilfisk to make sure that these growth promoting initiatives can also result in an increasing earnings percentage. You are right, we are investing in sales and services, we are investing in resources in the Commercial Excellence Programmes. It takes time before investments are, you know, have a good return. A good sales person, it takes 9-12 months before a sales person is really good in our system. So it takes time to see the improvement in margins but I mean so I don't want to say specifically what revenue is required. If we have a good effect we can see an increase in revenue. We can see that the investment can generate advantages so I am not going to say we won't advance these investments, but if we can maintain growth, I would say, in general if we can be at GDP plus something then you will see it in the form of increasing margins in our business. But what we focus on the most is obviously growth in absolute earnings and not necessarily growth in margins in the short term. That will come in the longer term, but it is mainly growth in earnings that we focus on right now. Thank you.

0.46.32.8

Chairman of the meeting

Thanks, and the next speaker is Carsten Christiansen from the Association of Danish Shareholders.

0.46.46.5

Carsten Christiansen

Thank you very much. My name is Carsten Christiansen and I represent the Association of Danish Shareholders. First of all, I would like to thank the chairman of the board for a good report. At the AGM last year the language in which the annual report would be available was discussed. We recommend that annual reports appear in both Danish and English. This year we find that NKT decided not to follow our recommendation and the annual report exists now exclusively in English and then there is a 2-page Danish summary of 116 pages in English in the full annual report. Surely it would not take too many resources to have both a Danish and an English version of the full report. I am quite sure that the translation fee would be less than 1% of the remuneration to the board, which was DKK 5 million in 2014. On page 90 of the annual report we see that the net interest-bearing debt

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has dropped considerably, 976 million, so generally it is a good idea to pay off your debt but we wonder if it would not have been possible to find activities that you could buy that would give a better return than the one achieved on net interest-bearing debt. Surely, there are commercial activities of companies that could be acquired and where you would be able to get a better return than 2.6 %. And that is why we find it strange that the board has not gone ahead with such acquisitions instead of reducing the net interest-bearing debt and we were told at last year's AGM that Photonics Group had a good market for its products – DKK 2.8 billion worth. Since 2011, revenue has grown to 290 million, still a long way up to that first amount and if you look at the bottom line we have also seen negative figures for a while and that is why I wonder if Photonics Group and its businesses – that NKT is actually the ideal owner for this particular group and that makes me put a question to the chairman of the board. Are you sure that you are the best owner of the businesses in the Photonics Group? Or don't you think that a large international operator with a product portfolio that is very similar to Photonics would be a more suitable owner? We have seen management replacements in NKT Cables due to insufficient pace in the processes of change. We agree but we would like the pace to be increased even further and we therefore don't understand that NKT needs double the time or twice the time to prepare annual reports compared to another Danish company such as Novo Nordisk.

0.50.25.5

Jens Due Olsen

Thank you to Carsten Christiansen from the Danish Shareholders' Association. You are now a regular feature at these AGMs so it is good that you are here again. You had four questions. One of them was the language of the annual report. We had the discussion as you rightly said last year and I promised to take the comments up for discussion and we then – I think we said last year we were going to make a summary in Danish, 2-4 pages I think we said, so that is what we have done but I mean your feedback is welcome but what I would like to say is that in NKT we are very cautious about money. We have a very narrow setup in our holding structure. That is one of the reasons you know the cost of actually issuing an annual report in Danish is not insignificant. It would cost more money and some more resources. That is one of the reasons why our reporting time is the way it is. We have improved in regard to how quickly we present the financial statements but we focus a lot on the internal processes, making sure that we have data quickly about how we are doing with sales and earnings and working capital. It takes more time to prepare the external financial statements but I do believe the time we spend matches what we want to put into it. If you want to speed it up we need to take on more people. I am not sure that commercially – that will bring much to us or to you as shareholders. About the interest-bearing debt. You are right. We don't have a lot of debt at the moment. We are coming from a situation when we had a debt 3 or 4 years ago that was probably too high. We just had the financial crisis so we are quite proud that we have been able to repay and optimise our capital at the speed that we have been able to do it. Your question was, could we get a better return than 2.6 %. Well, let me say that first of all we are looking at potential acquisitions but we are choosy, we are picky, we want them to create value – we want them to create a higher return than the 2.6 % because we want to create a return for you, the shareholders. And what we need in terms of return is like 9% but as you understand our goal is 15% as the return on the invested capital. It is because of that that

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our share price goes up and we can pay a sensible dividend so we have set the bar much higher than 2.6%. That being said we are looking around. Do not be surprised if in 2015 there will actually be acquisitions. That is certainly our ambition. About Photonics, yes we are the best owner of that company that is our assessment and we can see the progress in earnings we have seen in 2014. But there is one area, one particular area, as I mentioned, where we are looking at the moment at whether we are the right owner. That is the Fiber Processing as mentioned in my report. Other than that I would say that the commercialisation that we see in those areas in Photonics and we are now focusing more on making a greater effort in the bio sector and the energy sector and we do believe that there are opportunities there that will allow us to deliver a return to you shareholders that is certainly attractive. Thank you.

0.54.11.7

Chairman of the meeting

Thank you very much. Other speakers? Yes we have Mr Beyer. You have the floor sir.

0.54.29.6

Kjeld Beyer

Thank you. First of all I would like to congratulate with the fine results. The bottom line has increased 10 % and the share price has almost doubled since last year so if you can do that one more time until next year I am impressed. Well, NKT wants to be a trendsetter and there is still room for improvement in that respect I think. I have previously sent some proposals for improvements in the documents that you send to shareholders. We get a lot of documents concerning amendments to articles of association but we are also asked to approve the financial statements. I think there are some minimum requirements there. In addition an exhaustive 5-year overview and you have now added some very important financial highlights in key figures and that is great but you should also send us the income statement, the balance sheet and the movements in equity capital because that is the money purse. That is what is important to shareholders, that is what we wish to keep an eye on and when I looked at the equity capital there were some items that I found were a bit on the high side so I wanted to put questions to you. Pension, it says, in 2013 expensed at DKK 43.7 million and it is DKK 97.6 in 2014. Is this going to continue? If so for how long and what does this involve because that is quite an amount that goes to pension. We have an item on the agenda concerning the share and I have some comments to make on that but here and now I just want to say that it is fine that you can divest some of your businesses. I don't think we should send Danish jobs abroad. We should keep Danish jobs. Your website leaves a lot to be desired. There is certainly room for improvement. It takes far too long to find the things you are looking for. Previously, the 5-year overview was one of the first pages. Now you have to go to the back of the system to find it. Also you have saved such a lot of money from not publishing your consolidated financial statements in Danish so you should give the money thus saved to shareholders, not put it in your own pockets. I am saying this because most of us in this room are Danes and we would like more information about the accounting side of this. It is fine with having a set of accounts in English but very few of us master it to the full so it is difficult for us to find out what it actually says in a number of respects also because of the terminology so why don't you

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spend some money on translating this into Danish? You talk about the cost. I don't care about the grand total. Let us see what is the cost per shareholder of this translation job. If it is DKK 20 per shareholder then I think it is fine because it is all in order to avoid misunderstandings so I urge you to also publish the accounts in Danish going forward. Concerning your website I would like it to be a system where when you enter the list of contents if it says income statement for instance and you click then you are taken to that page automatically and when you get to the income statement then it should be possible to click on the notes when they are referred to by numbers and then you go automatically to that note. You have saved money on not publishing the accounts in two languages so I think you should spend the money thus saved to make sure that shareholders, the owners of the company get ample and good quality material. That was what I wanted to say and I wish you all the best in future. You have done well and I look forward to meeting you again next year.

0.59.27.8

Jens Due Olsen

Thank you Kjeld Beyer – also a regular at AGMs. It is always nice to see you at this AGM and the other AGMs where you turn up. Thank you for your words of praise. I cannot promise you that we can deliver the same increase in earnings and share price. We will do our best. Hopefully it will be reflected also in a good return for you shareholders. You had a number of questions. One of them was very specific. It had to do with this note on pensions where we put as expenditure. We have it DKK 43.7 million in 2013 and then 97.6 million in 2014. Well the thing is these pensions, the Danish pension system that you all know all you Danes here in the room you pay some of your salary into the pension and it becomes part of the balance sheet, the defined contribution plans that exist but we have defined benefit plans also where we promise employees a certain pension. That is the pension system in some countries. We don't get rid of the commitment even if we pay the money into an external administrator. It is still our commitment and that is why it has to be put in this rather complicated way in the accounts. Pension commitments change their nature when interest levels change in society. On that page where we have the note about pensions we do indicate some of these preconditions, assumptions. One thing is how much is the money that we placed with an external administrator – what return can that generate per year. That is one point and secondly what about the discount rate of interest for these future pension commitments when you discount them. When you do that you get either a gain or a loss when you make these theoretical calculations. And you can see, what you can see here is that the interest rate levels have gone down. I am reading out here last year the discounting rate of interest assumed was 3.2% but this year it is 1.9%. When interest rates go down in society our discounting rate of interest also goes down. Because of that the future pension commitment grows and this is what you can see here and that is why the DKK 43.7 million has gone up to DKK 97.6. When interest rates go the other way, this number will also go the other way. But I cannot predict the interest rates. That was one specific sort of question. And then you had a question concerning language. Yes, the language of our financial statements, we had the discussion last year. We and other companies try to listen to what is being said at AGMs. We compare notes. NKT is not a company that operates in Danish. Practically, all we do, most of what we do is outside the country and our corporate language is English. In the board room we also speak

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English and because the participants we have from the different management teams that attend board meetings they speak English so it takes something special for us to translate things into Danish. We have tried this year to do the translation of the 2 pages. I cannot promise you here that we will present the financial statements in Danish but I will promise that we will continue to keep our minds open about it and we will be open minded and we will compare with other companies to see into what they are doing and certainly try to listen. There is also another question about the website. People see it differently how websites should work. How many clicks do you need to get to the desired results but I would say that we are praised a lot for our financial statements on our websites. People have been much more satisfied this year compared with the year before because in the financial statements and the notes we talk about accounting policies, financial statements, explanatory notes we have them now in one note so you don't have to browse up and down, up and down and I think that is a major improvement over previous years so it is very sort of individual. We have good people working with this. They try all the time to optimise. We can see obviously how people use the website and we try to optimise so as to get the best possible use of the website so we welcome your input. We will certainly also take this up for discussion but generally we do get good feedback on our website. I think there was one question more, wasn't there? No, maybe that was it. I think so, right, thank you for your questions.

1.05.16.5

Chairman of the meeting

Thank you. Other requests for the floor? We have one more over here.

1.05.38.3

Gert Leif Gyldvig

Thank you and thank you for the accounts but you make savings and you make a lot of savings and I wrote a letter to the chairman of the board asking him a question. I said what is the justification for giving us only a beer and a sandwich at the AGM in 2014. That was really not a lot. I am pleased with NKT but take a look at the audience here. The entire audience consists of former NKT employees. I think that you should do it the way things were done when Christian Kjær was at the helm. Give us more than just a sandwich. Give us a proper meal.

1.06.43.9

Chairman of the board

Thank you Gert Leif Gyldvig. I remember that the same comment came last year. We are looking after your money and we make an effort to do just that but I know that wine was included this year so I hope that that sort of makes up for some of your complaints and things that are missing.

Chairman of the meeting

Thank you. Other requests for the floor? That is not the case. I find that we can now proceed to processing the business in items 1 to 4. There are some rules in the Danish

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Companies Act according to which any shareholder may demand that a statement be made of the full outcome of any vote. In keeping with previous years we have decided that what we will do is that I will ask the audience if there are any abstentions or anyone voting against a given proposal. If that is the case and if it is not a question of too many shareholders we will see how many votes are represented by these people. We have proxies, we have postal votes at our disposal and then we can very quickly see more or less how many are in favour and how many are against a given proposal and then on the website we can later come back with the details of the vote. If for a given item on the agenda there are a considerable number against then we may have to proceed through an actual written vote but let's deal with that if it becomes relevant. Concerning items 1 and 2 on the agenda, this is the report from the Board of Directors and their presentation of the audited annual report. We don't require a vote here but we will establish whether or not the AGM has made a note of these two items and what happened in that connection. 3 is approval of the annual report. I would like to hear if there are any shareholders who wish to vote against the annual report? Or any abstentions? That appears not to be the case so all those present have voted in favour of the annual report. The annual report has been approved and we can also state the actual numbers of votes in favour. Then we have item 4 the board's proposal for the appropriation of profit. The board proposes that a dividend be paid of DKK 4 per share. You cannot decide on any other amounts, at least not amounts that are higher than the one proposed by the Board of Directors. So I would like to hear if there are shareholders wishing not to receive a dividend? Any abstentions? I find that all those present have voted in favour of this dividend of DKK 4 per share. The proposal has been adopted.

We may now proceed to item 5 on the agenda, granting of discharge of responsibilities to members of the executive management and board of directors. What this means is that these people are not responsible for matters that are stated in the annual report and I would like to hear if there are any requests for the floor in this respect? That is not the case. Anyone voting against the granting of discharge of responsibilities? Any abstentions? I find that we have – a unanimous AGM has decided to grant discharge of responsibilities.

Item 6 has to do with remuneration to the members of the board for 2015. The proposal is that the chairman of the board will get DKK 900,000, the vice chairman will get DKK 600,000 and ordinary members will get DKK 300,000 per year for 2015. The audit committee chair will get DKK 200,000 and the other member of that committee will get DKK 100,000. The remuneration committee and the nomination committee chairman will each get DKK 100,000 and the second member of each of these two committees will get DKK 50,000 each. There is also a proposal that the chairman of each of the working committees set up in Nilfisk and NKT Cables be given DKK 200,000 in remuneration and the second member of each of these two committees will get DKK 100,000 each and the same committee in Photonics Group, here the chairman will DKK 150,000 and the second member of the committee will get DKK 75,000. The chairman touched upon remuneration very briefly in his report. Any requests for the floor in relation to remuneration for 2015? That appears not to be the case. We will then proceed to the vote. Any shareholders that vote against this proposal? Anyone abstaining? Okay, I find that the proposal has been adopted.

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We will now proceed in the agenda. The next item is item 7. It is being proposed that we re-elect at the AGM Jens Due Olsen, the chairman, Kristian Siem, Jens Maaløe, Kurt Bligaard Pedersen and Lars Sandahl Sørensen and as an additional proposal made here at the AGM today it is being proposed to elect Jutta of Rosenberg as new member of the board. In accordance with the rules of the Companies Act, prior to the election of board members at the AGM, information has to be given about the tasks and assignments in other businesses of the proposed board members. In regard to those that are proposed for re-election you will be able to find the information in the convening note and in regard to Jutta of Rosenberg you can see the information in the material that was in your seat and which you hopefully took before you sat down. If not, stand up and take it. Anyway I am not going to take you through all the details of that information but if there are any questions and queries concerning the information given about the nominated board members you can obviously ask such questions. Does anybody wish to speak on this proposal concerning the election of board members? That is not the case. We can then have a vote. Are there any other nominations for the Board of Directors? If not those that have been nominated by the Board of Directors have been duly elected. Congratulations.

That brings us to item 8 on the agenda. This is the election of the auditor. The board is proposing to re-elect Deloitte, state-authorized public accountants partnership. Any comments? Not the case. Are there any other nominations? That is not the case so Deloitte has been duly re-elected. Congratulations.

Item 9 on the agenda. There we have four proposals. We have authorisation to the Board of Directors to increase the share capital of the company. We can take that as the first item. The proposal means that the board is authorised to increase the share capital in one or several instalments but with a total nominal amount of DKK 50 million through the issue of new shares. And this authorisation will be valid for a period of 5 years so that is until 25 March 2020. If this proposal is adopted the wording that you can see here in the convening note will be incorporated in 3a, sections 1 and 2 of the articles of association. Those two provisions will be replaced by four new provisions as detailed in the convening note. Are there any comments or queries concerning this particular proposal concerning authorisation to the board? That is not the case so we can have a vote. Does anyone wish to vote against giving this authorisation or to abstain? That is not the case so the authorisation has been duly adopted and granted.

This brings us to item 9.2 of the agenda. The board is proposing that 3b in the Articles and Exhibit H should be deleted. It is an authorisation that simply has been exhausted and has expired. So that should not be dramatic to make this decision. It is not required any more, this particular bit, so I take it that everyone will be in favour of that proposal, duly adopted.

Right, 9.3 then. The Board of Directors is proposing here to adopt the remuneration policy for the Board of Directors and the Executive Management in NKT Holding be adopted including the general guidelines on incentive pay. In a changed form you have the total proposal in the convening notice, it is quite a lengthy statement but it does not really contain many material changes. These are mainly editorial changes and linguistic minor changes. However, the Board has asked me to state that there are the following material changes. The remuneration policy now also includes the executive management in the subsidiaries Nilfisk and NKT Cables and Photonics Group. We are specifying the terms,

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conditions for exploiting share-based incentive pay. The Board of Directors is able to lay down in the terms that possible utilisation should be conditioned upon compliance with specific goals in the form of KPIs key performance indicators such as growth in EBITDA for instance, or EBIT or return to shareholders or growth in cash funds, growth compared with competitors and so on and so forth. Various objectives. The proposal also has flexibility for the Board, a possibility to discontinue or amend incentive programmes that have already been launched. That is useful to have that kind of flexibility. Are there any comments or queries? I can see that that is the case. I give the floor to Kjeld Beyer. You have the floor.

1.20.59.2

Kjeld Beyer

I never liked the idea that employees and shareholders have to sort of share funding from the same source. I think this is what these incentive programmes are all about. But I like to vote in favour of this in any case. However, only on the condition that you allow us to get an insight into what is actually going on so we need to find out how many shares that are bought for these incentive programmes. We also need to be able to check on an annual basis what the increase is in relation to these incentive programmes and when they are paid out, what was the size of the gain available to the people that are covered by the incentive programmes. And fulfil these objectives which by the way they are already paid well in their pay to fulfil. I think it is a bit over the top. In some companies they have really gone overboard but that is why I am trying to prevent you from going too far in this company. It is very important that we can actually follow developments. I am not giving you any names but there are companies where everything goes into incentive programmes so that there is no increase in equity capital at all. We need to be able to keep tabs on what goes on with the money in our purse and that is why I ask you to send out the details about this together with the letter convening the AGM so that we see developments in this programme. I also noticed that the bigger the incentive programmes, the more eager the executive management to cut down on the food and drink served to shareholders at the AGM. I also want us to go back to the level introduced by Mr Kjær when he was at the helm.

1.23.23.9

Jens Due Olsen

Thank you again, Kjeld Beyer. I agree very much but it has to be very transparent whenever we give remuneration whether in the form of regular salary or pay or bonus or some sort of share warrant or what have you. We are transparent. It is very clear in our financial statements what is being given. We even sent a message to the stock exchange in an announcement to the stock exchange whenever members of management or the board utilise or exercise any of these options. It is important when we engage and retain good people so internationally it is quite common to have regular pay and then a short-term bonus and a long-term bonus. We have done it in the form of share warrants but in the new proposal for remuneration policies that is up for a vote we are saying the system we have been using for years perhaps we should update that. Perhaps we should be allowed to use other instruments, you know, not use warrants, use something different.

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Anyway, it has to be transparent. We believe we are transparent. I think we are very transparent about this. And you can actually see that from our financial statements.

Chairman of the meeting

All right, thank you. I think there is a reply coming up from Kjeld Beyer. You have the floor.

1.25.10.6

Kjeld Beyer

Very briefly, I did not hear a promise to the effect that next year we will see these figures in the five-year overview. That was what I was trying to tell you. We need to see the impact of the things that are done in relation to the incentive programme.

1.25.38.8

Chairman of the meeting

Yes, does anyone else wish to ask questions or make comments? It does not seem to be the case. Does anyone wish to vote against the remuneration policy? Any abstentions? Yes, one abstention, no two abstentions. And we will have some assistance from NKT just to go to you two people and pick up your ballot paper because there we can see how many votes you have and then we can choose specifically the result. But if there is no one else and there are two who have abstained, the proposal has been duly adopted. Right so duly adopted. So we can move on to the last proposal under 9. The proposal for yours truly, the chairman of the meeting to register changes to the articles of association with the Danish Business Authority and to make any changes as may be required by the Business Authority for registration. And I take it that that has been adopted, duly adopted.

Right, then that leaves just one item left on the agenda. That is item 10 that is Any other business. Under that item we cannot make any decisions but you can get the floor. Does anybody wish to have the floor? There is a person who would like to have the floor. Please come up here.

1.27.28.7

Hello everyone. I am Grethe Troensegaard. Some of you will know me, some of you won't. I would like to express my astonishment, my astonishment that NKT feels that it is so much above Danish shareholders that they don't realise that we can actually read and write. I have been working with the management of NKT and I am really surprised that they don't have the capacity to write their report in Danish. Surely it cannot be that difficult to do it. Also I would like to say that I take it you comply with Corporate Social Responsibility recommendations, which means that you should not only look after your employees but also your old-age pensioners. After these many years with the company I happen to know that pensioners look forward to attending the AGM. They get together to meet to discuss the good old days, to exchange news about friends and family and it is a social element that you have chosen to ignore. I don't know couldn't you write the report in Danish? All the financial pages I don't think are of much interest to the pensioners so you can keep those in English. I am sad to hear about the replacement on the board but I am pleased to see that the new board member is a woman. I have a story I would like to

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share with you although it is not that new but when the new flip silo was built and the fancy boardroom there were some doors outside, and there was a door to the bathroom and there was only a pictogram on the door for gentlemen so I said to one of the vice presidents: What if ladies need the bathroom. And he said there are no ladies here, but now we have ladies or women on the Board of NKT so my message to you is, you should have more women on the board because if that is the case then you might find out that it does involve a reward if you give people refreshments that consist of more than just a sandwich.

1.30.33.6

Chairman of the meeting

Thank you so much. Does anyone else wish to speak under Any other business? That is not the case. We have now exhausted the agenda, thank you. I will give the floor back to the chairman of the board.

1.31.07.6

Thank you to you, shareholders, for re-electing us and for the continued support and thank you for Attending this AGM. It has been a good AGM. I would like to thank the many customers, suppliers, employees and global and local management for their excellent piece of work. I would like to thank my colleagues on the board for the energy they put into the work and for excellent co-operation. I would like to thank the chairman of the meeting and the interpreters and technicians and assistants who have taken us through the AGM so competently. Thank you also for newly electing Jutta of Rosenberg. I am very pleased, Grethe Troensegaard, that we get a women on board, but Jutta is very skilful and competent and we look forward to having her onboard. There are light refreshments outside now, I hope they will be to your satisfaction. I hope you will take the opportunity to talk to members of the board and members of the executive management in Nilfisk, Cables and Photonics and Holding staff. They will all be present out here. They are eager to answer questions that you may have. Thank you so much for coming.