

NKT

Interim Report Q3 2013

Webcast, 20 November 2013 at 10:00 am CET

Forward looking statements

This presentation and related comments contain forward-looking statements. Such statements are subject to many uncertainties and risks, as various factors of which several are beyond NKT Group's control, may cause that the actual development and results differ materially from the expectations.

Agenda

Highlights Q3 2013

Financial results Q3 2013

Business units

NKT Cables

Nilfisk-Advance

Photonics Group

Expectations 2013

Questions & Answers



Highlights Q3 2013

Q3 2013 showed continued growth and earnings in line with expectations

- Revenue increased compared to 2012 both organically and as a consequence of the acquisition of the Ericsson energy cables activities in the beginning of Q3 2013
- NKT Cables saw negative organic growth primarily due to a contraction within the Electricity Infrastructure segment, where on/offshore HV could not set off the challenges in construction and medium voltage. Initiatives intensified to improve earnings by reducing costs and improve efficiency
- Nilfisk-Advance continues to gain market share and experienced 7% growth, with EMEA and Americas as key drivers, and APAC now reversed to contribute positively
- Photonics Group continued to grow with 25% organic growth driven by Imaging and Sensing segments, whereas the Fiber Processing segment still needs to improve

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Financial results Q3 2013

Q3 Revenue 4.077 mDKK (Q3 2012: 3.816 mDKK).

Q1-Q3 Revenue 11.624 mDKK (Q1-Q3 2012: 11.251 mDKK)

Organic growth 3% in Q3 2013 and 4% in Q1-Q3 2013

Organic growth	Q3 2013	Q1-Q3 2013
NKT Cables	-2%	4%
Nilfisk-Advance	7%	4%
Photonics Group	25%	11%

Q3 Operational EBITDA 257 mDKK, **7,8%** std. metal prices (Q3 2012: 251 mDKK, 8,3% std. metal prices)

Q1-Q3 Operational EBITDA 753 mDKK, **8,0%** std. metal prices (Q1-Q3 2012: 719 mDKK, 8,1% std. metal prices)

Q3 Earnings before tax (EBT) amount to **69** mDKK (Q3 2012: 58 mDKK)

Q1-Q3 Earnings before tax (EBT) amount to **218** mDKK (Q1-Q3 2012: 149 mDKK)

Q3 Profit after tax amounts to **53** mDKK (Q3 2012: 37 mDKK)

Q1-Q3 Profit after tax amounts to **154** mDKK (Q3 2012: 103 mDKK)

WC amounts to **3,3** bnDKK (Q2 2013: 3,3 bnDKK), LTM, at **19,8%** vs. 19,9% compared to sales

NIBD decreased to **2.753** mDKK, **2,6x** operational EBITDA (Q2 2013: 2.839 mDKK, 2,7x operational EBITDA)

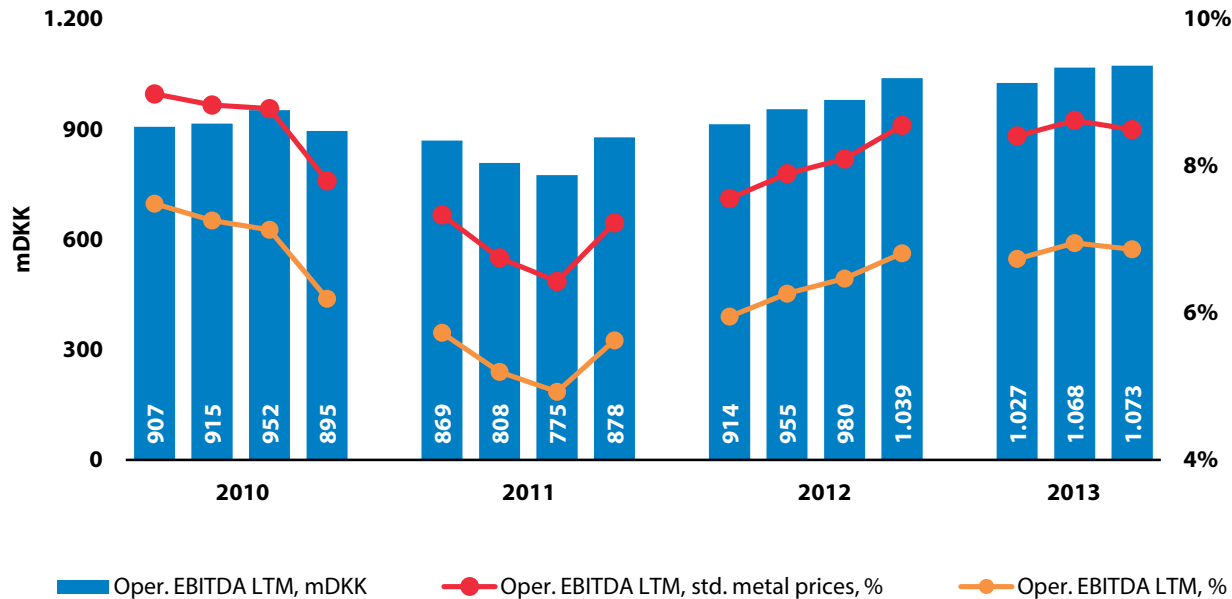
Cash conversion, increased to 77% (Q2 2013: 47%)

Updated expectations for 2013

Consistent with previous forecasts, operational EBITDA is expected to be on par with 2012. Based on revenue for the year's first nine months, organic growth for 2013 is expected to be around **2-4%**

Q3 continuing the **positive trend in Operational EBITDA**

Operational EBITDA, LTM



Q3 Operational EBITDA of **257** mDKK, increased LTM to **1.073** mDKK

Margins slightly down to **8,5%** in Q3 2013 from 8,6% in Q2 2013

Changes Q3 2013 vs. Q3 2012

mDKK	Q3 2013	Q3 2012	Change
Revenue	4.077	3.816	261 *01
<i>Revenue, std. metal prices</i>	3.282	3.036	246
Operational EBITDA	257	251	6 *02
One-off's	-16	-12	-4
EBITDA	241	239	2
Depreciation/Amortisation	-136	-137	1
EBIT	105	102	3 *03
Financial items, net	-36	-44	8
EBT	69	58	11
Tax	-16	-21	5
Profit	53	37	16
<i>Oper. EBITDA margin std.</i>	7,8%	8,3%	
<i>Tax %</i>	23%	36%	
Capex	107	134	27
Working capital	3.272	3.186	-86
NIBD	2.753	2.751	-2

01

	mDKK
Revenue increased by	261
Metal prices	-53
FX changes	-81
Acquisitions	305
3% organic growth	90
- NKT Cables	-2%
- Nilfisk-Advance	7%
- Photonics Group	25%

02

	mDKK
Oper. EBITDA increased by	6
NKT Cables	
Margin 6,2% (Q3 2012: 7,0%)	1
Nilfisk-Advance	
Margin 10,0% (Q3 2012: 10,4%)	-2
Photonics Group and other	7

03

	mDKK
Financial items decreased by	8
Reduced net interest expenses	10
Other financial items, net	-2

Changes Q1-Q3 2013 vs. Q1-Q3 2012

mDKK	Q1-Q3 2013	Q1-Q3 2012	Change
Revenue	11.624	11.251	373 *01
<i>Revenue, std. metal prices</i>	<i>9.405</i>	<i>8.921</i>	<i>484</i>
Operational EBITDA	753	719	34 *02
One-off's	-16	-23	7
EBITDA	737	696	41
Depreciation/Amortisation	-395	-392	-
EBIT	342	304	38
Financial items, net	-124	-155	31 *03
EBT from continuing operations	218	149	69
Tax from continuing operations	-64	-46	-18
Profit from continuing operations	154	103	51
Profit from discontinuing operations	-	1.404	-1.404
Profit	154	1.507	-1.353
<i>Oper. EBITDA margin std.</i>	<i>8,0%</i>	<i>8,1%</i>	
<i>Tax %</i>	<i>29%</i>	<i>31%</i>	
Capex	319	407	88
Working capital	3.272	3.186	-86
NIBD	2.753	2.751	-2

01

	mDKK
Revenue increased by	373
Metal prices	-164
FX changes	-123
Acquisitions	305
4% organic growth	355
- NKT Cables	4%
- Nilfisk-Advance	4%
- Photonics Group	11%

02

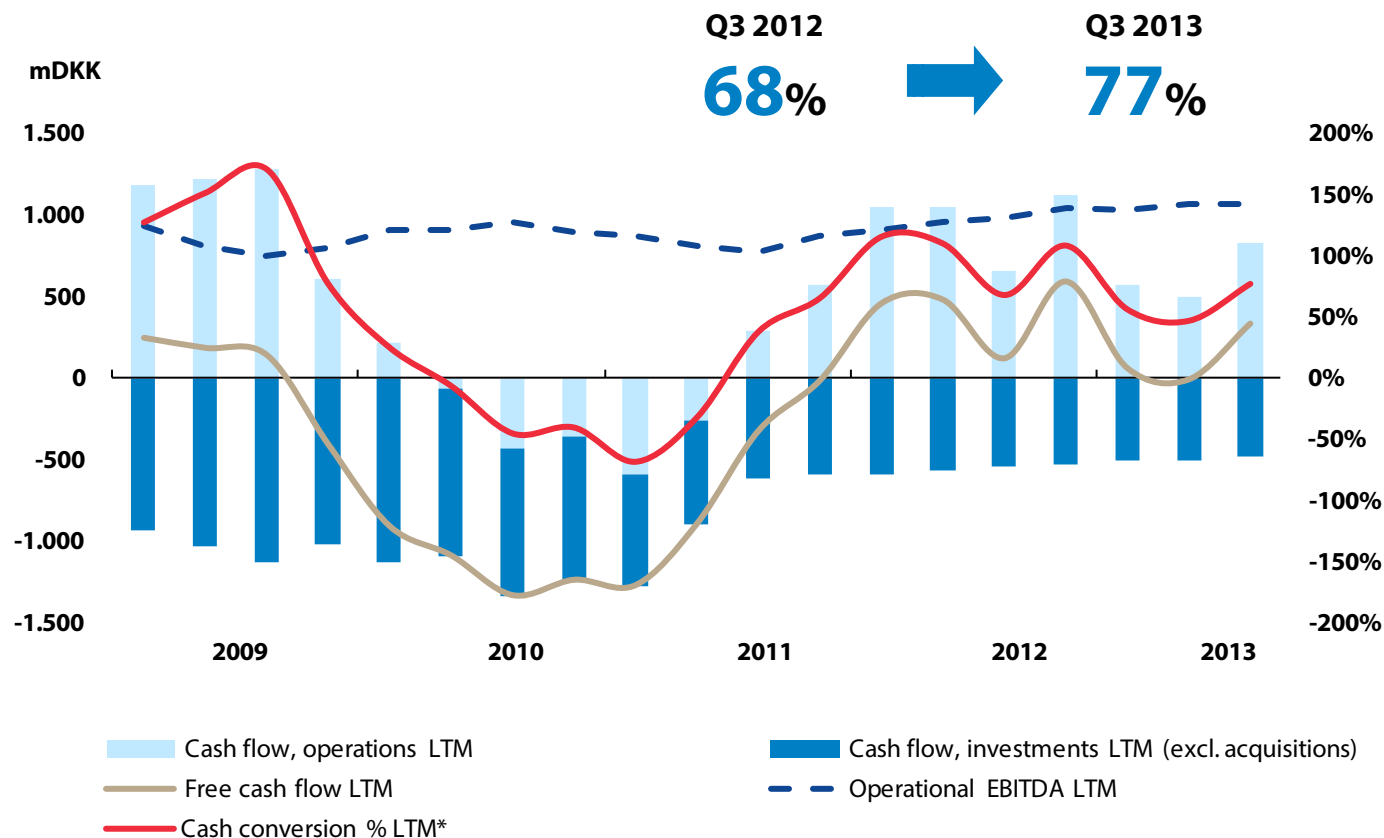
	mDKK
Oper. EBITDA increased by	34
NKT Cables	29
Margin 5,1% (Q1-Q3 2012: 4,8%)	
Nilfisk-Advance	6
Margin 11,5% (Q1-Q3 2012: 11,6%)	
Photonics Group and other	-1

03

	mDKK
Financial items decreased by	31
Reduced net interest expenses	45
Other financial items, net	-14

Cash conversion rate improved

Cash conversion, LTM



As of September 2013 cash conversion rate was **77%**, LTM (Q2 2013: 47%)

Cash conversion rate was particularly influenced by an improvement in working capital generating a positive cash effect

*Cash conversion, LTM: Cash flow from operations LTM, divided by Operational EBITDA, LTM

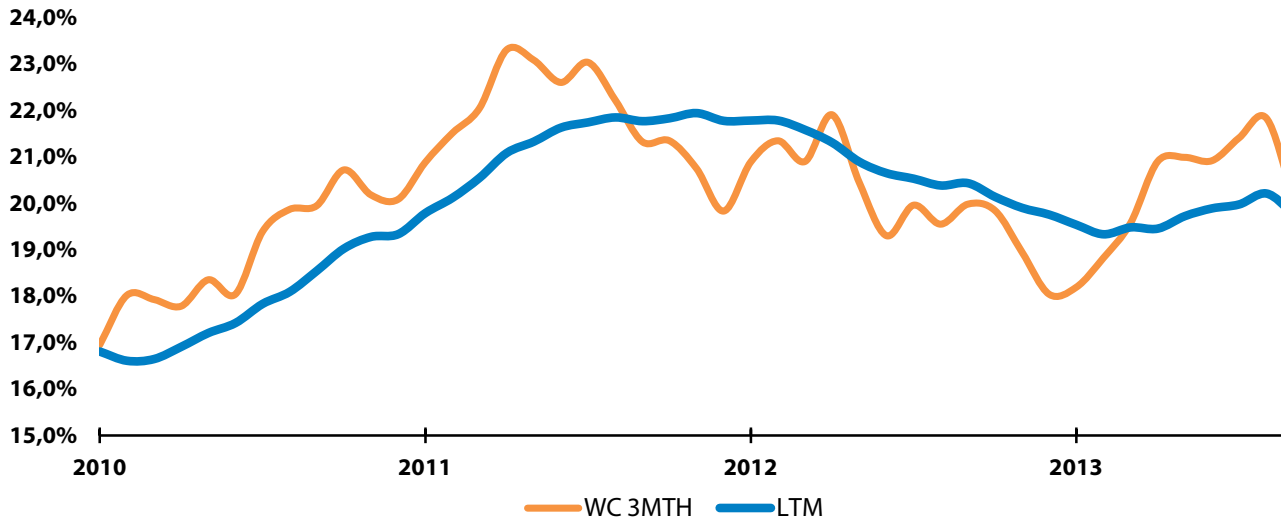
Working capital improvement driven by NKT Cables

Working Capital (in % of revenue)

Q3 2012
20,4%
 3.186 mDKK

➔

Q3 2013
19,8%
 3.272 mDKK



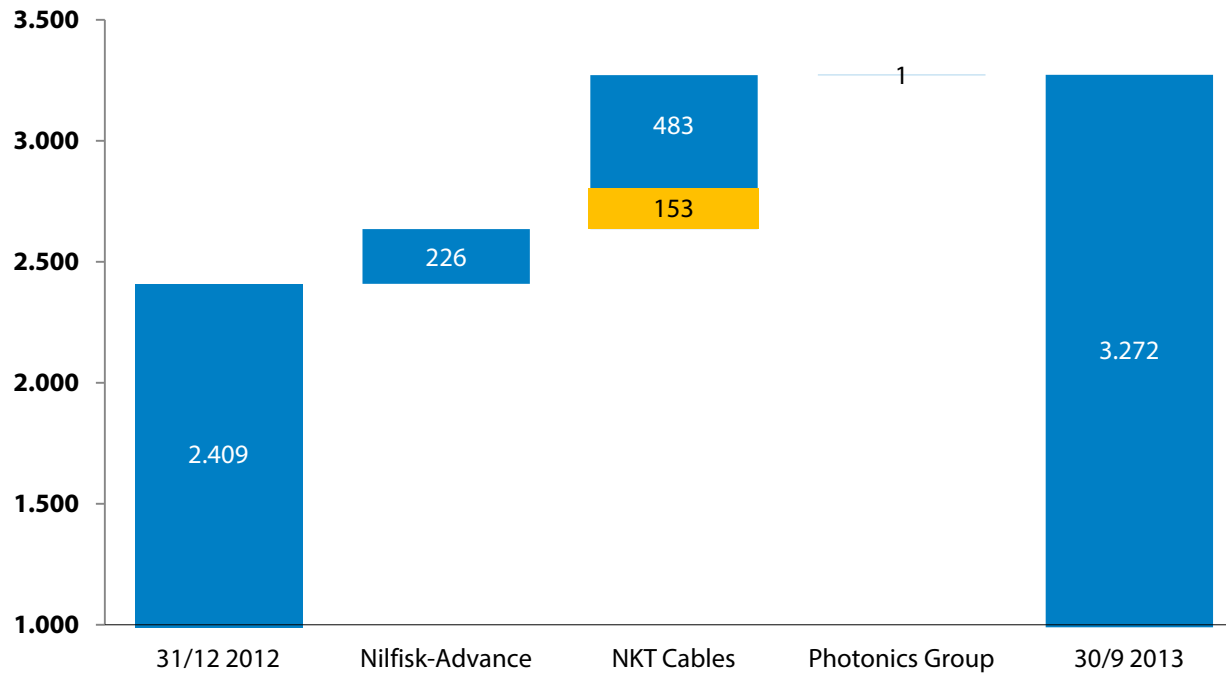
WC decreased to **19,8%**
 vs. 19,9% end Q2 2013 (LTM)

NKT Cables decreased to **20,0%**
 vs. 20,3% end Q2 2013 (LTM)

Nilfisk-Advance unchanged
 at **19,0%** as in Q2 2013 (LTM)

NKT Cables Projects division **hides positive development**

Working Capital (change by business unit)



The increase in Nilfisk-Advance working capital has returned to normalised level from a low point in YE12 – also adding extra from growth

NKT Cables net working capital increased primarily due to timing of progress invoicing in the Projects division and due to additional working capital from Ericsson acquisition (153 mDKK)

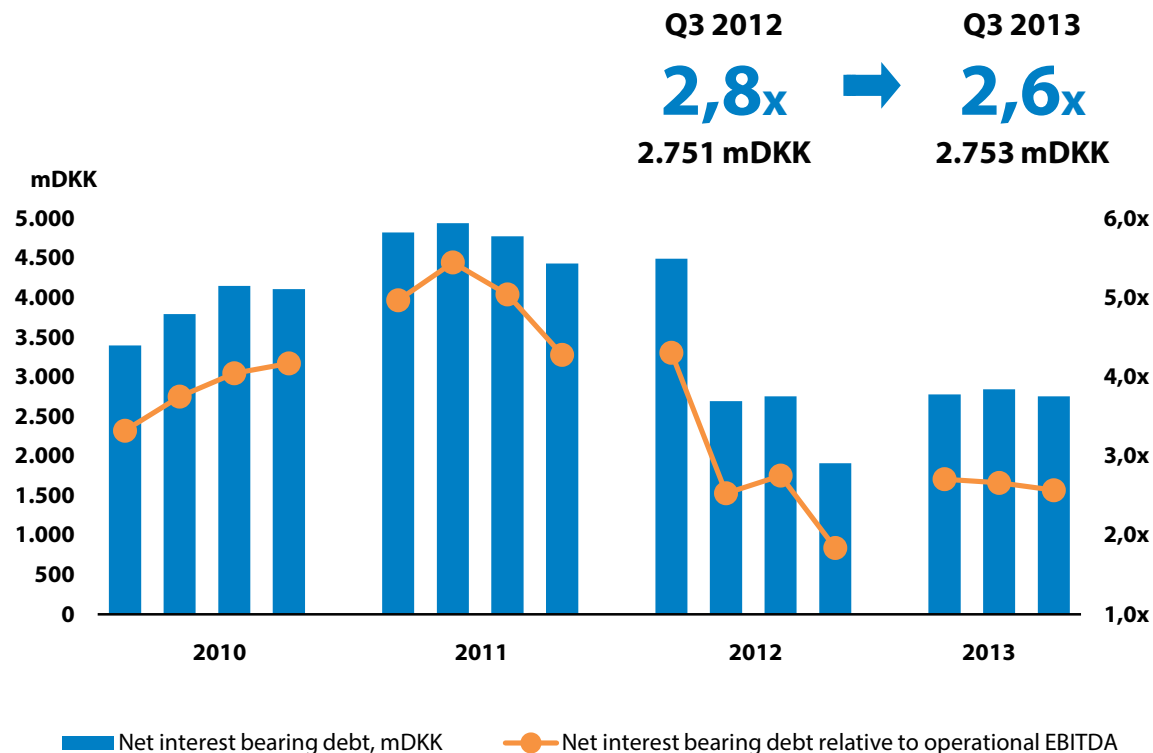
Free cash flow turned positive despite acquisition of cables activities

mDKK	Q3 2013	Q3 2012	Q1-Q3 2013	Q1-Q3 2012
Earnings, EBITDA	241	239	737	696
Interest, net	-36	-44	-124	-155
Change in working capital	193	-136	-690	-336
Other	-42	-29	-98	-82
Cash flows from operating activities	356	30	-175	123
Acquisition of business activities	-230	-3	-235	-10
Acq. of property, plant and equipment, net	-52	-53	-165	-208
Other investments, net	-44	-61	-151	-152
Cash flows from investing activities	-326	-117	-551	-370
Free cash flow	30	-87	-726	-247
Change in long- and short term loans	-52	127	915	-1.680
Dividend paid	-	-	-191	-48
Cash from exercise of share-based options and minorities	-	-	7	20
Cash flows from financing activities	-52	127	731	-1.708
Net cash flow from discontinued operations	0	0	0	1.961
Net cash flow	-22	40	5	6

Decrease in funds tied in working capital together with earnings are more than setting off the purchase price of the Ericsson cables activities and ordinary capex

Leverage ratio close to target despite acquisition and dividend

Net interest bearing debt (relative to operational EBITDA)



NIDB of **2.753** mDKK (**2,6x** Operational EBITDA) vs. 2.839 mDKK (2,7x Operational EBITDA) end Q2 2013. The decrease has been secured despite the acquisition of 230 mDKK

Target: Max. NIBD of 2,5x operational EBITDA

Gearing of **49%** (end Q2 2013: 51%). Target: Max. ratio of 100%

Solvency ratio of **41%** (end Q2 2013: 42%). Target: Ratio >30%

Sufficient financing to support our strategy

Cash resources available

- Total of 3,4 bnDKK available, undrawn facilities of 3,0 bnDKK + cash of 0,4 bnDKK
- 1,4 bnDKK (short term) will be refinanced before the end of the year, ensuring sufficient financial flexibility to maintain current strategic direction and market situation

bnDKK	Est. post re-financing	30.09.13	31.12.12
Committed (>3 years)	2,0	0,3	3,7
Committed (1-3 years)	3,7	3,7	0,4
Committed (<1 year)	-	1,0	1,0
Committed total	5,7	5,1	5,1
% of total	83%	81%	77%
Uncommitted	1,2	1,2	1,5
% of total	17%	19%	23%
Total	6,9	6,3	6,6
Cash		0,4	0,4
Drawn		-3,2	-2,4
Cash resources available		3,4	4,6

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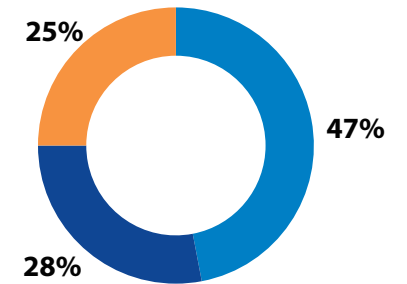
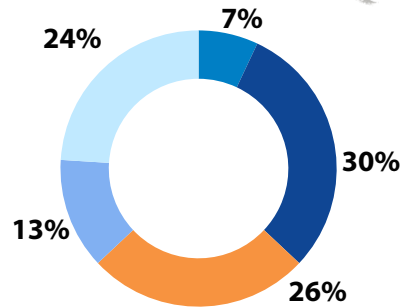
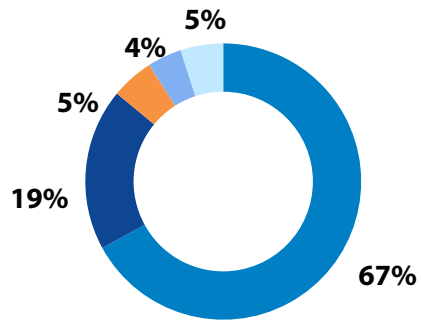
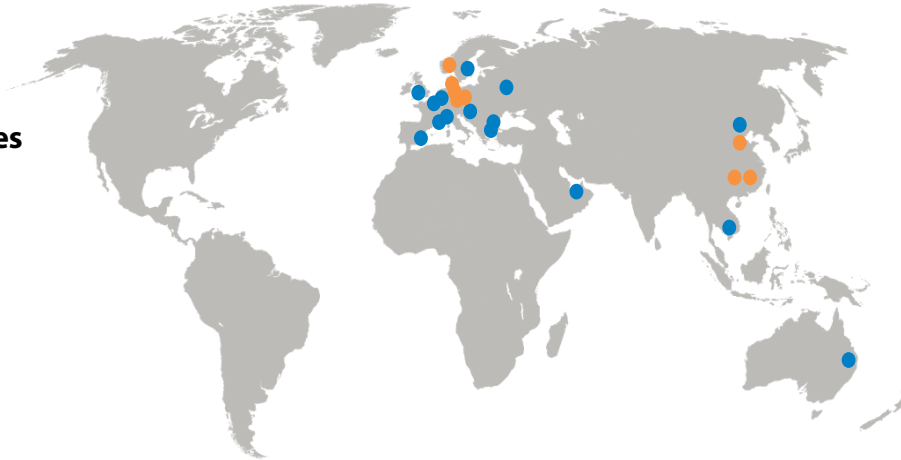


NKT Cables

'NKT Cables is creating value for its customers by providing solutions with cables'

NKT Cables overview

- Sales entities
- Manufacturing companies and Sales companies



Sales by fields of application

- Electricity Infrastructure
- Construction
- Railway
- Automotive
- Other

Measured in standard metal prices

Sales by geography

- Denmark
- Germany
- Eastern Europe
- Asia
- Other, primarily Europe

Measured in market prices

Sales by customers

- Utilities
- Wholesalers
- Industry

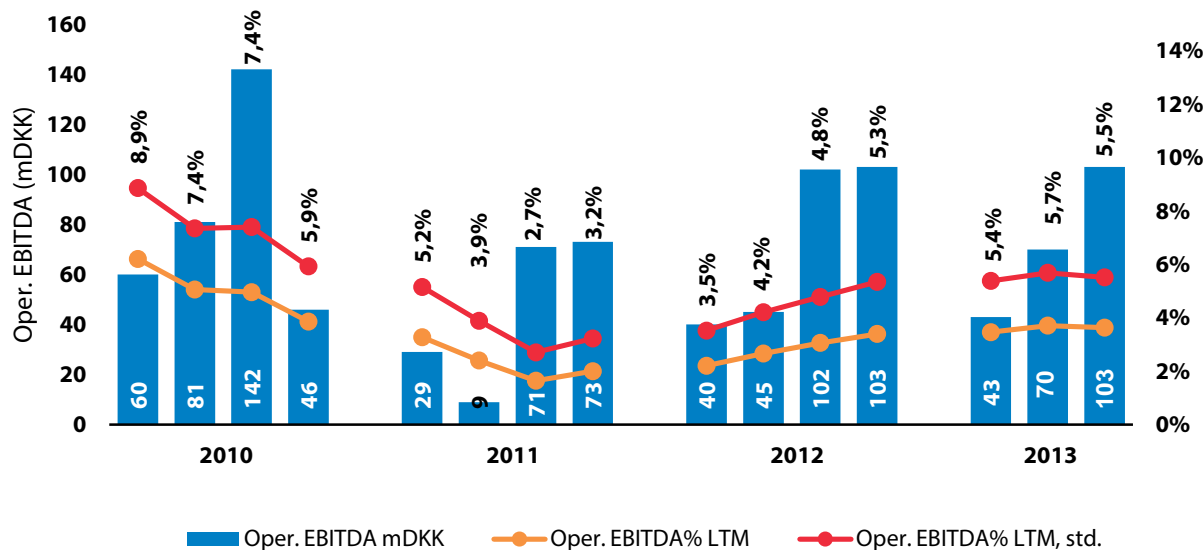
Measured in standard metal prices

All data based on FY 2012



Operational EBITDA stable from Q3 2012

NKT Cables - Operational EBITDA, LTM



Realised -2% organic growth in Q3 2013 (Q1-Q3: 4%)

- Electricity Infrastructure -11% (Q1-Q3: 5%)
- Railway 61% (Q1-Q3: 44%)
- Construction -2% (Q1-Q3: -12%)
- Automotive 12% (Q1-Q3: 1%)

Q3 2013 organic growth in peer -2% (Q1-Q3: -3%)

- Infrastructure -1% (Q1-Q3 : -3%)
- Construction -7% (Q1-Q3: -7%)
- Industry 1% (Q1-Q3 : 2%)

Organic growth

	2010				2011				2012				2013		
- Quarterly (Y/Y)	1%	25%	25%	34%	20%	0%	-4%	-6%	-13%	-4%	0%	0%	4%	10%	-2%
- Annually	16%				1%				-4%				4%		

NKT Cables Q3 in slight organic decline, but earnings stable

Highlights

	Q3		Q1-Q3	
	2013	2012	2013	2012
Revenue	2.456	2.247	6.492	6.243
Revenue, std. prices	1.661	1.467	4.273	3.913
- Org. growth	-2%	0%	4%	-6%
EBITDA	103	102	216	187
EBITDA margin, std. prices	6,2%	7,0%	5,1%	4,8%
Invested capital	4.901	4.931	4.901	4.931
FTEs, end of period	3.569	3.400	3.569	3.400

Organic growth

	Q3 2013	Q1-Q3 2013
Electricity Infrastructure	-11%	5%
Railway	61%	44%
Construction	-2%	-12%
Automotive	12%	1%

Operational Q3 2013

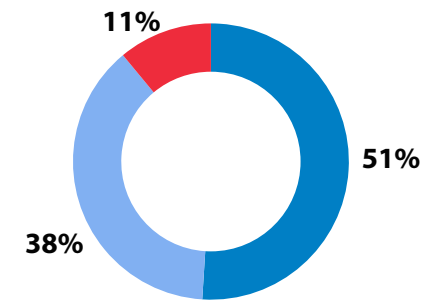
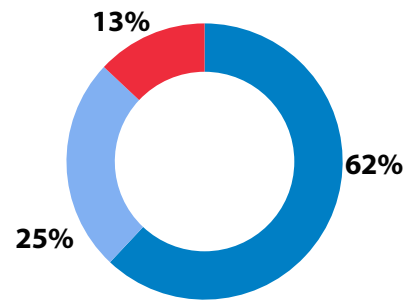
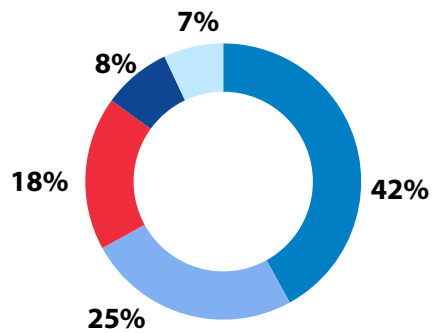
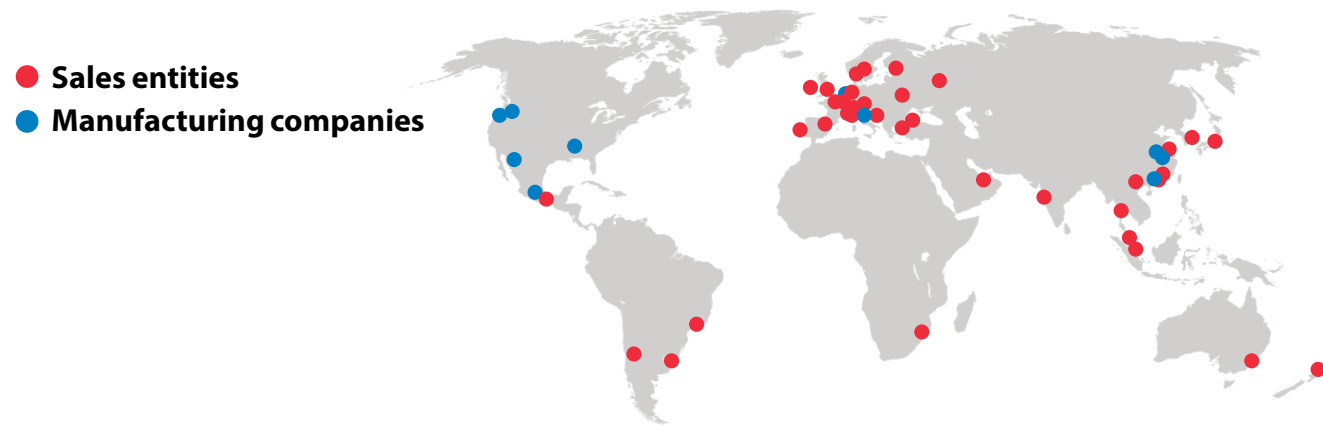
- **Electricity Infrastructure:** Negative development was due to low sales of medium voltage cables and accessories
- Capacity utilisation high in the Cologne factory
- On and offshore high voltage projects revenue was stable compared to the same period last year
- Continued satisfactory tender activity for offshore projects
- **Railway:** Positive growth trend in H1 improved even further in Q3
- **Construction:** Downward trend seen in previous periods slowed significantly
- **Automotive:** Due to strong Q3 volumes were almost back to prior year's level on a YTD basis
- **Ericsson PMI** well underway and according to plan. Positive performance compared to internal business case
- **Cost** reduction initiatives introduced to improve earnings
- **Safety buddy** award initiative
- **Statement of objections** decision expected within a six months period



Nilfisk-Advance

'We enable sustainable cleaning worldwide to improve quality of life'

Nilfisk-Advance overview



Sales by products

- Floor care
- Vacuum cleaners
- High-pressure washers
- Service
- Other

Sales by geography

- EMEA
- Americas
- Asia/Pacific

Sales by customers

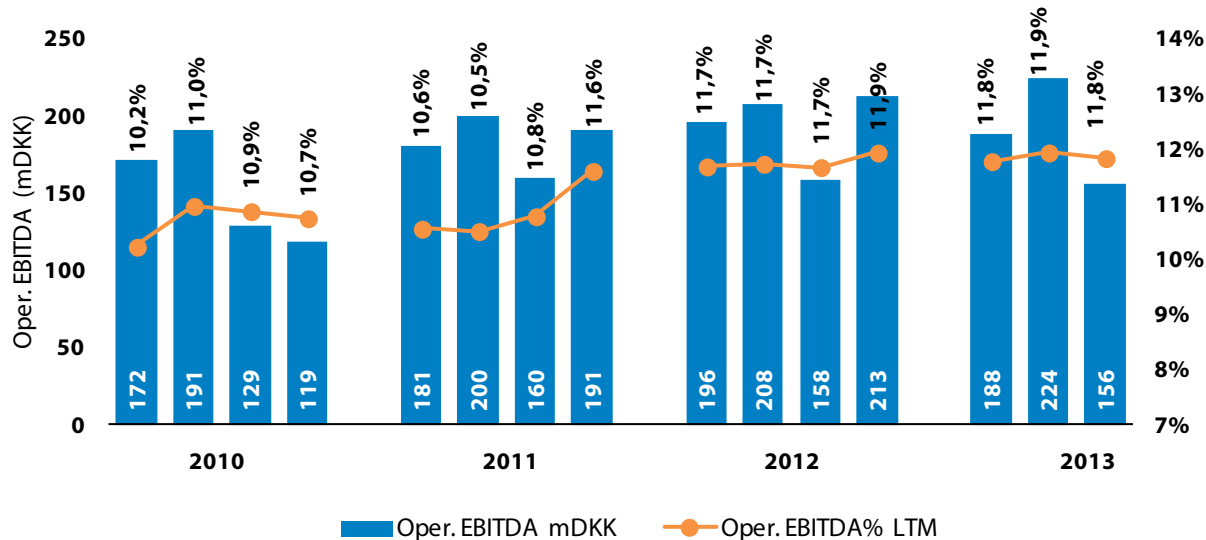
- Commercial market
- Industrial market
- Private consumer market

All data based on FY 2012



Stable earnings despite gross profit pressure

Nilfisk-Advance - Operational EBITDA, LTM



Realised **7%** organic growth in Q3 2013 (Q1-Q3: 4%)

- EMEA 8% (Q1-Q3: 5%)
- Americas 7% (Q1-Q3: 6%)
- APAC 4% (Q1-Q3: -3%)

Organic growth in peer **7%** in Q3 2013 (Q1-Q3 2013: 2%)

- EMEA -6% (Q1-Q3: -9%)
- Americas 11% (Q1-Q3: 6%)
- APAC 8% (Q1-Q3: 1%)

Organic growth

	2010				2011				2012				2013		
- Quarterly (Y/Y)	6%	10%	5%	7%	5%	8%	9%	9%	4%	1%	-4%	1%	1%	4%	7%
- Annually	7%				8%				0%				4%		



Nilfisk-Advance continue strong growth by gaining market share

Financial

mDKK	Q3		Q1-Q3	
	2013	2012	2013	2012
Revenue	1.556	1.517	4.952	4.846
- Org. growth	7%	-4%	4%	-1%
Oper. EBITDA*	156	158	568	562
Oper. EBITDA margin	10,0%	10,4%	11,5%	11,6%
Invested capital	3.222	3.264	3.222	3.264
# FTEs, end of period	5.161	5.139	5.161	5.139

Organic growth

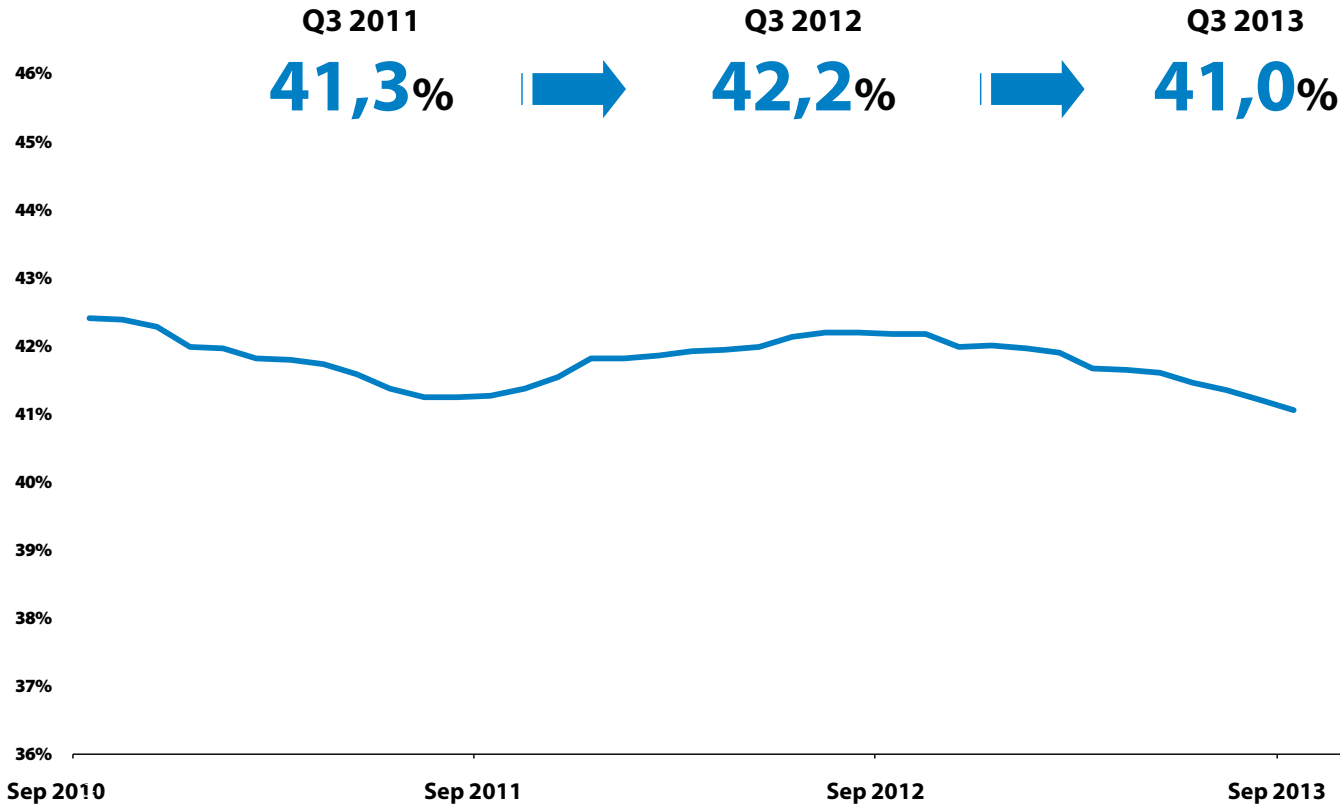
	Q3 2013	Q1-Q3 2013
EMEA	8%	5%
Americas	7%	6%
APAC	4%	-3%

Operational Q3 2013

- **EMEA:** Continued to gain market share, through benefitting from its distribution and service organisation and strong customer partnerships
- **Americas:** Growth driven by Industrial customer segment and DIY market.
- **APAC:** Back on the growth track with Japan and Korea as main drivers, however, improvement also evident in Australian and Chinese markets
- **Gross margin** decreased to 40,3% (Q3 2012: 42,0%) due to changes in sales mix and customer focus on prices
- **Fixed costs** reduced further setting off some of the negative effects from the gross margin development
- **The VL500** wet and dry vacuum cleaner introduced in Q2 is winning innovation awards. Launch in US and Canada in Q4
- **10 new products** launched in Q3
- **Jonas Persson**, new CEO, to take up his position on 20 January 2014

Gross profit pressured by change in sales mix and price pressure...

Gross profit, LTM (%)

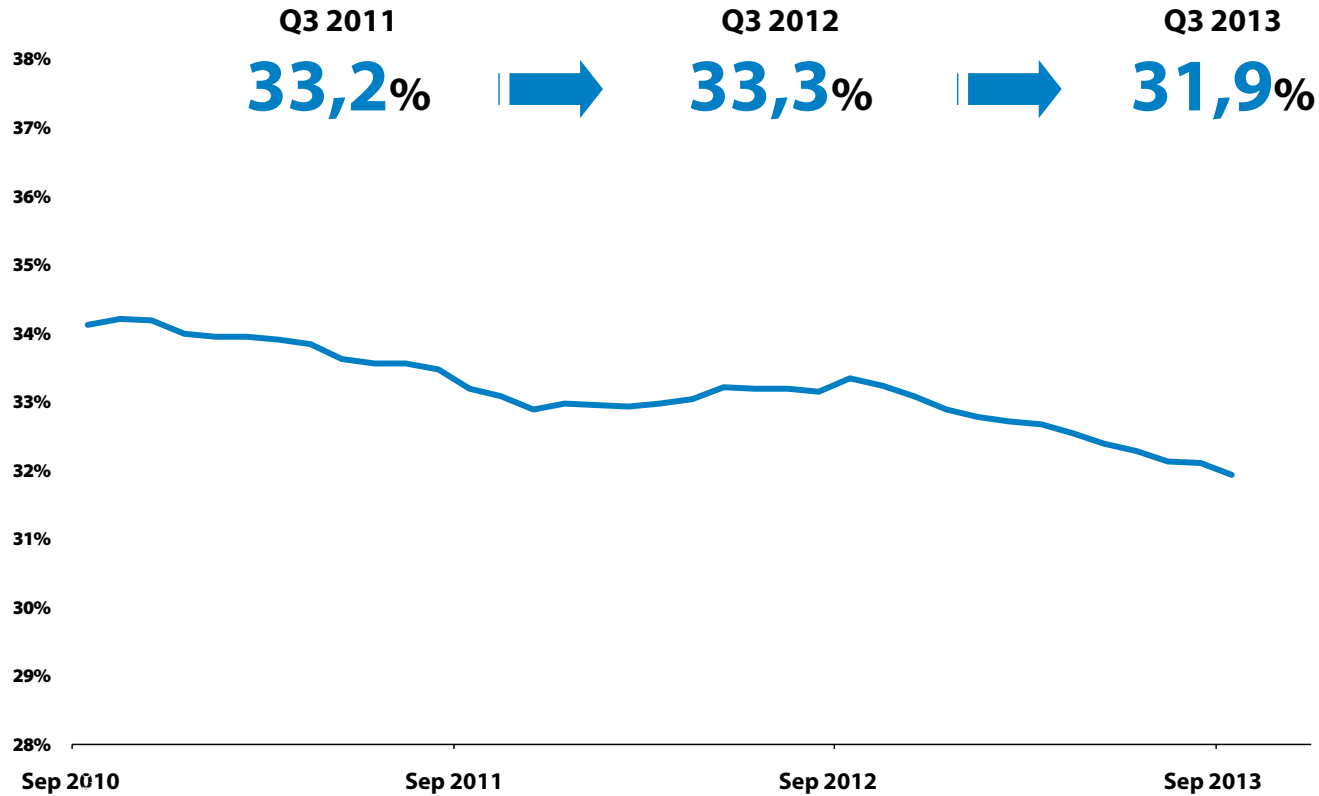


Gross profit percentage, LTM, continues to decline due to changed sales mix and price pressure, however the decrease does appear to have stabilised

Initiatives focusing on both costs and product pricing are launched relentlessly to counteract the negative effect on earnings

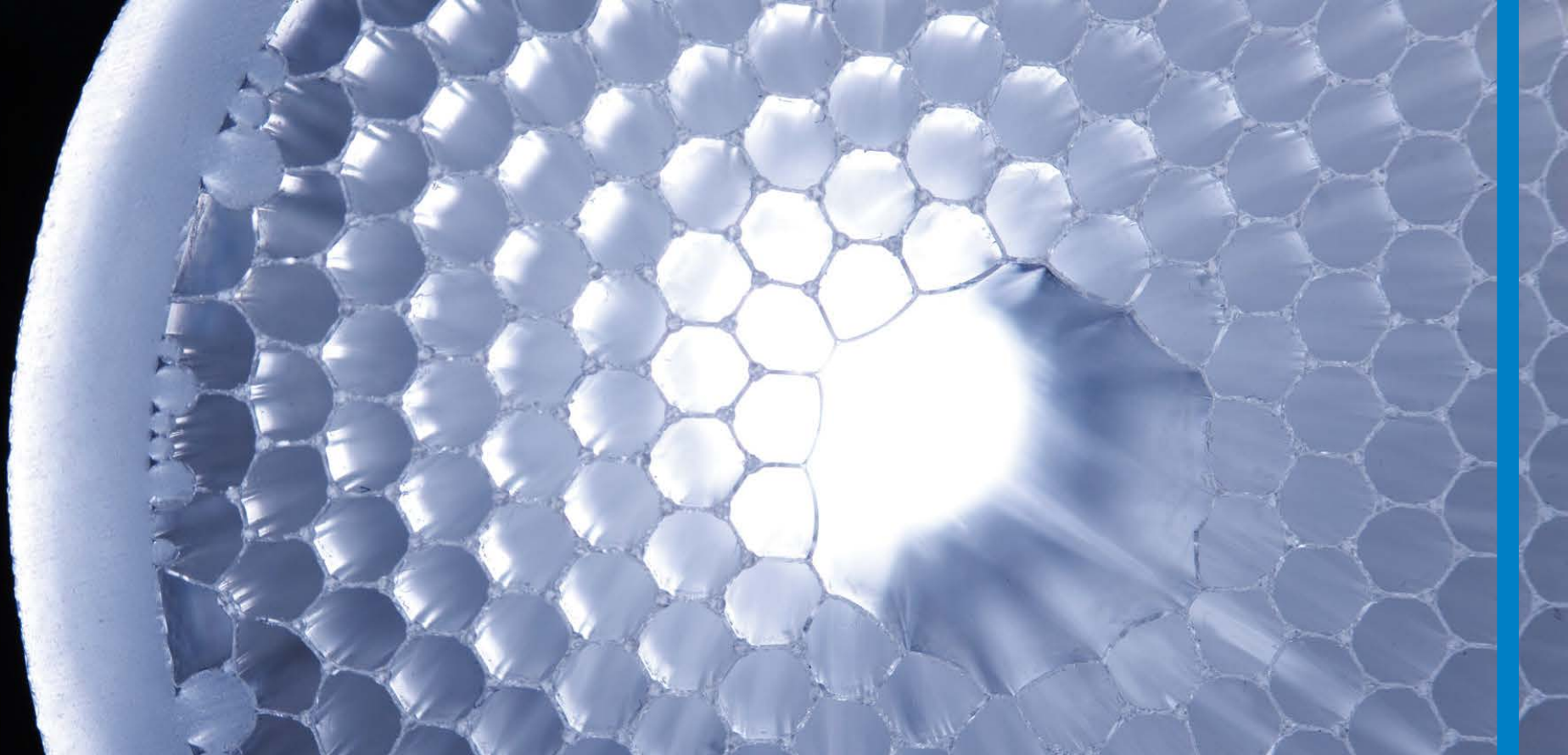
... but compensated by **lower overhead costs**

Overhead costs, LTM (%)



An increased and constant focus on reducing overhead costs paying off as overhead costs as percentage of revenue have declined from the same period last year

This allows Nilfisk-Advance to maintain a stable operational EBITDA despite the pressure on margins

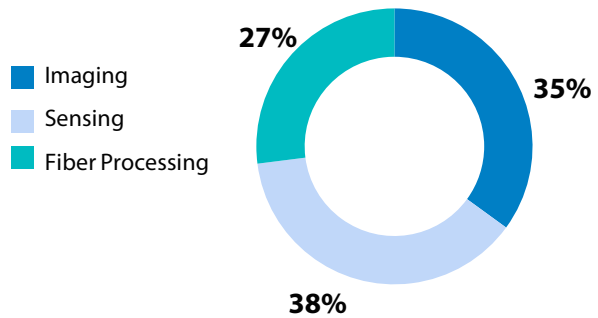


Photonics Group

'To lead the way in transforming the Photonics Industry'

Photonics Group overview

Sales by products



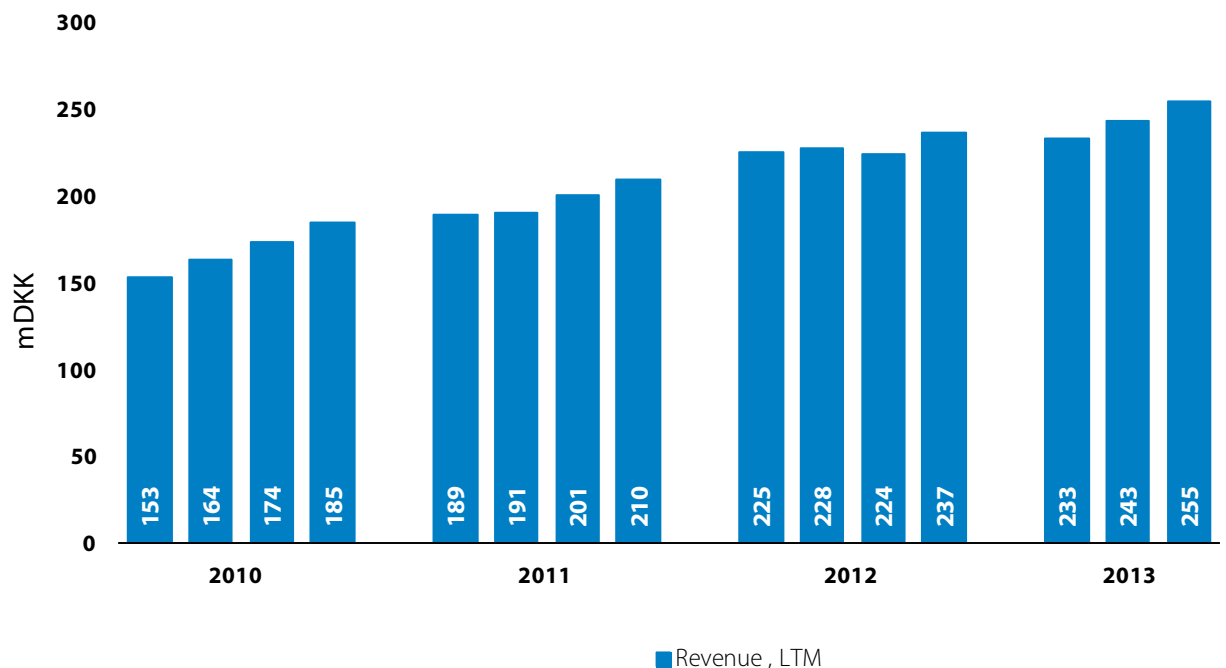
All data based on FY 2012



- HQ NKT Photonics
- HQ Lios Technology
- HQ Vytran

Continued strong growth from Imaging and Sensing

Photonics Group - Revenue, LTM



Q3 2013 saw 25% growth despite that Fiber Processing equipment activity remained low

Imaging continues to increase revenue and order intake from industrial and R&D customers

Sensing experienced significant growth from both distributed temperature sensing and fire detection

Fiber Processing has now stabilised – but still performing unsatisfactory

Organic growth

	2010				2011				2012				2013		
- Quarterly (Y/Y)	-15%	23%	24%	26%	13%	6%	25%	19%	31%	3%	-11%	20%	-6%	16%	25%
- Annually	14%				16%				10%				11%		

Photonics Group sees strong order intake to fuel continued growth

Highlights

mDKK	Q3		Q1-Q3	
	2013	2012	2013	2012
Revenue	62	51	179	162
- Org. growth	25%	-11%	11%	6%
EBITDA	2	-1	-4	-6
Invested capital	211	192	211	192
FTEs, end of period	212	184	212	184

Operational Q3 2013

- **Imaging:** Order intake continues to grow from both industrial and R&D customers
 - Expansion of production capacity due to increased activity
 - New development agreement with medical industry customer signed which is expected to impact growth in the longer term
 - Largest ever 12 month frame agreement awarded
- **Sensing:** Strong order intake and growth continues from both distributed temperature measuring and fire detection
 - Fire detection system to be supplied to important metro project in Asia
 - Investments in oil and gas sector below expectations due to low gas and energy prices
- **Fiber Processing:** Demand has stabilised however, at a relatively low level
 - Cost reductions and product development in focus
 - Ed Connor, VP of Sales, has taken over as CEO as of 1 November 2013

Agenda

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Nilfisk-Advance

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Questions & Answers

Updated expectations 2013

The expectations for 2013 are **updated** from the forecast in the 2012 Annual Report and Interim Report Q2/2013.

In earlier statements, forecast revenue in standard metal prices has been on par with 2012. Based on revenues for the first nine months, organic growth for 2013 is now expected to be around **2 - 4% (organic)**.

When the value is added of sales arising from the Ericsson acquisition, the total revenue amount is expected to be around 13 bnDKK in standard prices and 16 bnDKK in market prices.

Operational EBITDA for 2013 is expected to be on par with 2012 and thereby remains unchanged from the forecast in the 2012 Annual Report and Interim Report Q2/2013.

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Financial calendar

2014

25 February	Deadline for receipt of AGM agenda proposals
28 February	Annual Report 2013
25 March	Annual General Meeting
14 May	Interim Report Q1
20 August	Interim Report Q2
13 November	Interim Report Q3

2015

27 February	Annual Report 2014
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