



NKT

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NKT Holding A/S, CVR No. 62 72 52 14

Interim Report Q1 2016

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Financial highlights

Amounts in EURm	Q1 2016	Q1 2015	Year 2015
Income statement			
Revenue	485.6	558.8	2,223.6
Revenue in std. metal prices ¹⁾	425.9	466.3	1,869.2
Operational earnings before interest, tax, depreciation and amortisation (Oper. EBITDA) ²⁾	38.3	37.8	175.2
Earnings before interest, tax, depreciation and amortisation (EBITDA)	35.9	32.8	152.0
Depreciation and impairment of property, plant and equipment	-11.7	-12.0	-85.1
Amortisation and impairment of intangible assets	-8.0	-6.3	-32.7
Operational earnings before interest and tax (Oper. EBIT) ³⁾	18.6	19.5	97.9
Earnings before interest and tax (EBIT)	16.2	14.5	34.2
Financial items, net	-1.2	2.1	-6.1
Earnings before tax (EBT)	15.0	16.6	28.1
Net profit	10.6	12.3	1.2
Profit attributable to equity holders of NKT Holding A/S	10.6	12.2	1.0
Cash flow			
Cash flow from operating activities	-9.1	12.3	173.2
Cash flow from investing activities	-70.3	-12.1	-87.9
hereof acquisition and divestment of business	-53.0	0.0	-23.1
hereof investments in property, plant and equipment	-10.8	-5.4	-39.0
Free cash flow	-79.4	0.2	85.3
Balance sheet			
Share capital	65.4	64.9	64.9
Equity attributable to equity holders of NKT Holding A/S	802.1	847.0	808.6
Non-controlling interest	0.9	0.9	0.9
Group equity	803.0	847.9	809.5
Total assets	1,736.4	1,851.1	1,683.6
Net interest-bearing debt ⁴⁾	158.9	177.6	88.9
Capital employed ⁵⁾	974.9	1,025.5	898.4
Working capital ⁶⁾	307.9	356.1	269.2
Financial ratios and employees			
Operational EBITDA margin (std. metal prices)	9.0%	8.1%	9.4%
Gearing (net interest-bearing debt as % of Group equity)	20%	21%	11%
Net interest-bearing debt relative to operational EBITDA ⁷⁾	0.9	1.0	0.5
Solvency ratio (equity as % of total assets) ⁸⁾	46%	46%	48%
Return on capital employed (RoCE) (LTM) ⁹⁾	10.0%	9.7%	10.1%
Number of DKK 20 shares ('000)	24,356	24,186	24,186
Number of treasury shares ('000)	176	77	77
Earnings, EUR per outstanding share (EPS) ¹⁰⁾	0.4	0.5	0.0
Dividend, DKK per share	4.0	4.0	4.0
Equity value, EUR per outstanding share ¹¹⁾	33	35	34
Market price, DKK per share	378	445	357
Number of full-time employees, average	9,112	8,878	8,895

^{1) - 11)} Explanatory comments appear in Note 4.

Financial highlights and ratios are calculated as defined in the 2015 Annual Report.

Key messages

ORGANIC GROWTH

-12%

OPER. EBITDA, EUR

38.3m

2016 OUTLOOK

maintained with flat consolidated organic growth and operational EBITDA margin* of approx. 9.4%

RoCE, LTM

10.0%

OPER. EBITDA MARGIN*

9.0%



Increased earnings while organic growth was impacted by early Easter and cold spring

- Operational EBITDA margin of 10.7%, up 0.6%-points from Q1 2015
- Nominal growth of 6%, driven by acquisitions
- Organic growth of -1% overall. EMEA and Americas each realised -1% and APAC -3%
- Price optimisation and annual price increases implemented
- Additional tools launched to support sales and service focus, and roll-out of Commercial Excellence programme continued



Improved earnings due to Products. Organic growth impacted by Projects, as expected

- Operational EBITDA margin* of 7.4%, up 0.7%-points from Q1 2015
- Organic growth of -24% overall, as expected and mainly due to Projects with -55%, while Products realised 1% and APAC -43%
- Supplier quality issues, now contained, impacted overall Q1 growth by -2%-points, and is expected to impact Q2 by approx. -3%-points
- Major contracts won for Hornsea offshore wind farm and Ellevio, Sweden's largest utility. Full visibility of offshore production until end-2017
- New organisational structure to support EXCELLENCE 2020



Satisfactory organic growth. Acquisition to gain scale

- Organic growth of 11%, driven by all segments
- Operational EBITDA of EUR -0.3m, on par with Q1 2015
- Acquisition of Fianium to strengthen global market position and to drive commercial scale
- Largest ever fiber frame contract awarded
- Strong order intake and backlog

Amounts in EURm	Nilfisk		NKT Cables		NKT Photonics		NKT	
	Q1 2016	Q1 2015	Q1 2016	Q1 2015	Q1 2016	Q1 2015	Q1 2016	Q1 2015
Revenue	255.4	241.0	223.0	309.2	7.2	8.6	485.6	558.8
Organic growth	-1%	0%**	-24%	16%	11%	-4%	-12%	7%**
Operational EBITDA	27.2	24.3	12.1	14.4	-0.3	-0.1	38.3	37.8
Operational EBITDA margin	10.7%	10.1%	7.4%*	6.7%*	neg.	neg.	9.0%*	8.1%*
Working capital	194.8	196.1	103.4	151.0	9.0	10.7	307.9	356.1
Working capital % of revenue, LTM	20.2%	20.0%	11.6%	14.9%	23.5%	29.5%	15.8%	17.2%
Return on capital employed (RoCE), LTM	12.6%	16.0%	8.2%	5.8%	neg.	neg.	10.0%	9.7%

* Std. metal prices

** Adjusted for the impact of floor-sanding activities, cf. page 9

Q1 performance in line with expectations

Organic growth development driven by NKT Cables

NKT realised organic growth of -12%. As expected, this was mainly attributable to NKT Cables. Nilfisk recorded minor negative organic growth while NKT Photonics achieved positive organic development.

Nilfisk delivered organic growth of -1%, impacted by all regions. EMEA and the Americas both realised organic growth of -1%, negatively impacted by the early Easter, causing two working days less compared with Q1 2015, and a cold spring. APAC realised -3%. Nominal growth was 6%, driven by acquisitions.

NKT Cables realised organic growth of -24%. As expected, this development was driven by the Projects business with -55% and the APAC business with -43%. The Products business delivered organic growth of 1%.

Operational EBITDA slightly improved

NKT's operational EBITDA, which is adjusted for one-offs to reflect the underlying earnings from operations, amounted to EUR 38.3m, up from EUR 37.8m in Q1 2015. One-offs amounted to EUR 2.4m, all of which were attributable to NKT Cables. Operational EBITDA margin (std. metal prices) increased to 9.0%, up from 8.1% in Q1 2015.

Operational EBITDA by business unit

Amounts in EURm	Q1 2016	Q1 2015	Nom. change
Nilfisk	27.2	24.3	2.9
NKT Cables	12.1	14.4	-2.3
NKT Photonics	-0.3	-0.1	-0.2
Other	-0.7	-0.8	0.1
Operational EBITDA	38.3	37.8	0.5
One-off items	-2.4	-5.0	2.6
EBITDA	35.9	32.8	3.1

Operational EBITDA, LTM increased to EUR 175.7m, up from EUR 175.2m at end-2015. Operational EBITDA margin, LTM (std metal prices) was 9.6%, compared with 9.4% at end-2015.

EBITDA amounted to EUR 35.9m, up from EUR 32.8m in the same quarter last year.

Financial items, earnings and tax

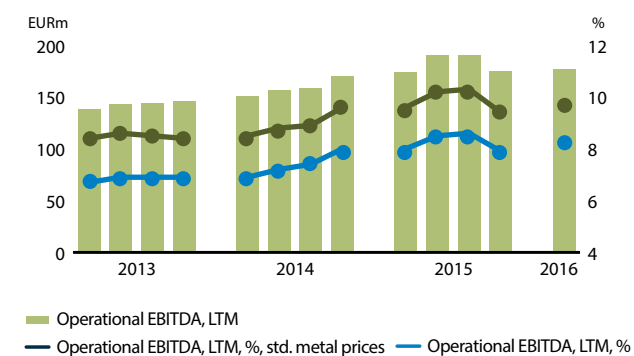
Net financial items amounted to EUR -1.2m, compared with EUR 2.1m in Q1 2015, which was positively impacted by FX adjustments.

Revenue development by business unit

Amounts in EURm	Q1 2015	Currency effect	Acquisitions/divestments	Growth	Q1 2016	Organic growth*
Nilfisk	241.0	-2.4	19.8	-3.0	255.4	-1%
NKT Cables	216.7	-0.6	-	-52.8	163.3	-24%
NKT Photonics	8.6	-	-2.1	0.7	7.2	11%
Revenue, std. metal prices	466.3	-3.0	17.7	-55.1	425.9	-12%
Adjustments, metal prices	92.5	-1.0	-	-31.8	59.7	
Revenue, market prices	558.8	-4.0	17.7	-86.9	485.6	

* Organic growth is adjusted for currency effects, metal prices and acquisitions/divestments

Operational EBITDA



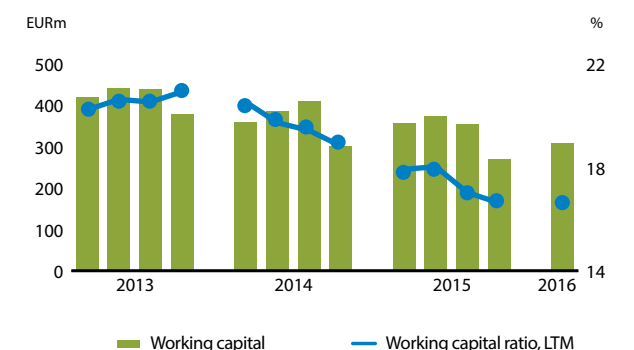
Earnings before tax decreased to EUR 15.0m, down from EUR 16.6m in the same period last year.

Tax rate in Q1 2016 was 29%, in line with full-year 2016 expectations.

Stable working capital ratio

Working capital ratio, LTM was 15.8%, slightly lower than 15.9% at end-2015.

Working capital



Lower cash flow due to acquisitions

Cash flow from operating activities amounted to EUR -9.1m, compared with EUR 12.3m in Q1 2015. This development was driven by working capital and changes in provisions, tax and non-cash operating items as well as profit on sales of non-current assets.

Investments in tangible and intangible fixed assets amounted to EUR -17.3m compared with EUR -12.1m in the same period last year. Cash flow from investing activities was EUR -70.3m against EUR -12.1m in Q1 2015. This development was mainly due to Nilfisk's acquisition of Pressure-Pro with effect from 1 January 2016, amounting to EUR 27.8m and NKT Photonics' acquisition of Fianium with effect from 31 March 2016, amounting to EUR 25.2m.

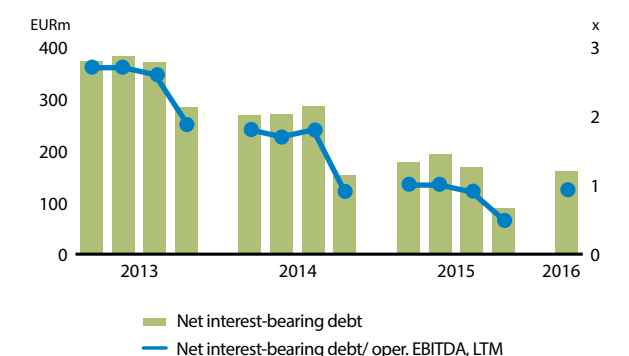
Liquidity and debt leverage

Net interest-bearing debt amounted to EUR 158.9m at end-March 2016, up by EUR 70.0m compared with end-2015. This

development was driven by the two acquisitions completed in Q1 2016 and the share buyback programme, which amounted to EUR 4.7m, cf. page 6. The debt level corresponded to 0.9x operational EBITDA, LTM, up from 0.5x at end-2015.

At end-March 2016, NKT's total available liquidity reserves were EUR 532.0m, comprising a cash amount of EUR 45.0m and undrawn credit facilities of EUR 487.0m, which means that 70% of the total credit facilities of EUR 700.1m were undrawn. NKT's policy prioritises committed credit facilities, and these constituted 85% of total credit facilities. No committed credit facilities are subject to financial covenants. The average duration of the portfolio of committed facilities is 3.6 years and no facilities are due to mature before January 2019.

Net interest-bearing debt



Equity

Equity amounted to EUR 803.0m at end-March 2016, down slightly from EUR 809.5m at end-2015, of which EUR 13.0m related to dividend adopted by the 2016 AGM and EUR 4.7m related to the share buyback programme.

Equity gearing was 20%, up from 11% at end-2015, driven by an increase in net interest-bearing debt. Solvency ratio was 46% and hence above the internal target of minimum 30%.

2016 outlook unchanged

NKT's expectations for 2016 are unchanged with flat consolidated organic growth and operational EBITDA margin (std. metal prices) on par with 9.4% realised in 2015. The expectations for operational EBITDA margin are excluding one-off costs of approx. EUR 10m for restructuring initiatives related to execution of the EXCELLENCE 2020 strategy in NKT Cables.



Details on the 2016 outlook, see NKT's 2015 Annual Report page 6.

NKT SHARES BASIC DATA

ID code:	DK0010287663
Listing:	Nasdaq Copenhagen, LargeCap
Share capital:	EUR 65.4m (DKK 487m)
Number of shares:	24,4 million
Nominal value:	DKK 20
Share classes:	1

NKT shares

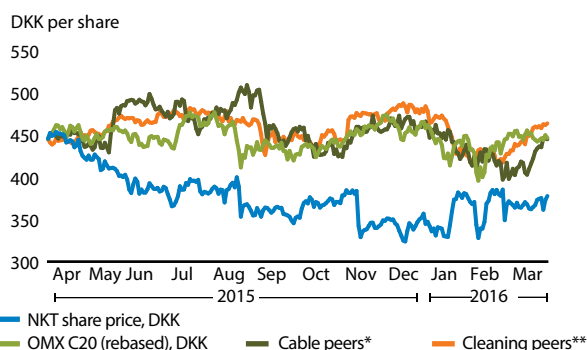
In Q1 2016 the daily turnover in NKT shares on all trading markets averaged EUR 13m compared with EUR 7m in Q1 2015. An average of 270,000 NKT shares was traded daily compared with 130,000 in Q1 2015. Nasdaq Copenhagen is the main trading market for NKT shares with 47% of the total traded volume.

At end-March 2016, NKT's share price was DKK 377.80 against DKK 356.90 at 31 December 2015, corresponding to a 6% increase since the year-end.

As at end-March 2016, two NKT investors reported shareholdings of more than 5%: ATP (Denmark) and Nordea Funds Oy, Danish Branch.

In Q1 2016 the exercise of share warrants by several employees increased NKT's share capital by 170,150 shares with a nominal value of DKK 20 each, corresponding to a nominal increase in the share capital of EUR 456,779 (DKK 3,403,000). NKT's share capital henceforth consists of 24,356,379 shares with a nominal value of DKK 20 each, corresponding to a total nominal share capital of EUR 65,386,252 (DKK 487,127,580).

NKT share price



* NKT Cables peers are: Nexans S.A., Prysmian S.p.A., and General Cable Corp.

** Nilfisk peers are: Husqvarna AB, Stanley Black & Decker, Inc., Tennant Company, and the Toro Company.

Share buyback programme of EUR 74m launched

On 26 February 2016 NKT launched a share buyback programme of up to EUR 74m to adjust NKT's capital structure in accordance

with communicated targets. NKT's Board of Directors is authorised to buy back shares up to a nominal value of 10% of the share capital. At end-March 2016, buyback completion had reached EUR 4.7m and NKT owned 0.72% of the share capital. At end-April 2016, buyback completion had increased to EUR 9.5m, corresponding to 1.10% of the share capital.

2016 Annual General Meeting

NKT's Annual General Meeting was held on 31 March 2016. Approx. 190 shareholders were present while approx. 250 stakeholders followed the event via live webcast on NKT's website. The resolutions passed were published in Company Announcement No. 12 of 31 March 2016 and included adoption of the 2015 Annual Report, approval of a dividend of DKK 4 per share, and a renewed authorisation to the Board of Directors to arrange for buyback of NKT shares. Furthermore, an unchanged remuneration to the Board of Directors for 2016 was adopted.

Jens Due Olsen, Jens Maaløe, Jutta af Rosenborg and Lars Sandahl Sørensen were re-elected as members of the Board of Directors, while René Svendsen-Tune and Anders Runevad were elected as new members.

At a subsequent ordinary Board meeting Jens Due Olsen and René Svendsen-Tune were appointed Chairman and Deputy Chairman, respectively. Members of the six committees formed by the Board of Directors were also appointed:

Committee	Members
Chairmanship	Jens Due Olsen (Chair), René Svendsen-Tune
Audit	Jutta af Rosenborg (Chair), Jens Maaløe
Remuneration	Jutta af Rosenborg (Chair), Jens Maaløe
Nomination	Lars S. Sørensen (Chair), Jens Due Olsen
Nilfisk	Jens Due Olsen (Chair), Lars S. Sørensen
NKT Cables	Jens Due Olsen (Chair), René Svendsen-Tune
NKT Photonics	Jens Maaløe (Chair), Jens Due Olsen

Deloitte Statsautoriseret Revisionspartnerselskab was re-elected as sole auditors of NKT.



Further details on the 2016 Annual General Meeting are available at www.nkt.dk.

FINANCIAL CALENDAR

2016

18 August Interim Report, Q2
11 November Interim Report, Q3

2017

1 March 2016 Annual Report

Nilfisk

Operational EBITDA margin was up by 0.6%-points driven by improved gross margin. Nominal growth was 6%, positively impacted by acquisitions made in 2015, while organic growth was -1%

ORGANIC GROWTH

EMEA	-1%
Americas	-1%*
APAC	-3%
Total	-1%

OPER. EBITDA MARGIN

10.7%

Financial highlights

Amounts in EURm	Q1		FY
	2016	2015	2015
Income statement			
Revenue	255.4	241.0	971.5
Operational EBITDA	27.2	24.3	97.9
EBITDA	27.2	24.3	97.9
Depreciation and amortisation	-9.6	-7.6	-33.7
Impairment	-	-	-0.5
Operational EBIT	17.6	16.7	63.7
EBIT	17.6	16.7	63.7
Cash flow			
Cash flow from operating activities	-0.9	-4.1	59.8
Cash flow from investing activities	-12.1	-9.9	-39.8
Free cash flow excl. acq./divest.	-13.0	-14.0	20.0
Balance sheet			
Capital employed	541.6	500.7	501.6
Working capital	194.8	196.1	173.4
Financial ratios and employees			
Organic growth	-1%	0%*	0%*
Gross margin	42.6%	41.7%	40.4%
Overhead cost ratio	35.0%	33.7%	33.1%
Operational EBITDA margin	10.7%	10.1%	10.1%
RoCE	12.6%	16.0%	12.9%
Number of full-time employees, end of period	5,785	5,524	5,545

* Adjusted for the impact of floor-sanding activities, cf. page 9



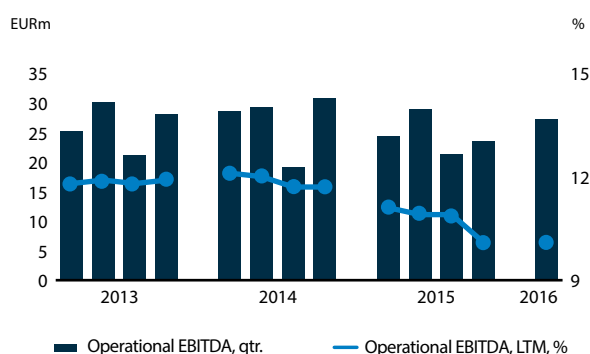
Organic growth impacted by early Easter

Nilfisk realised organic growth of -1% in Q1 2016. The development was negatively impacted by the early Easter, which meant two business days less than in Q1 2015, and by a cold spring, which led to lower revenue from the European DIY (Do-it-Yourself) market. Nominal growth was 6%, driven by acquisitions accounting for 8%, and partly offset by currency effects of -1%.

Operational EBITDA increased by EUR 2.8m

Operational EBITDA amounted to EUR 27.2m, up from EUR 24.3m in Q1 2015. Operational EBITDA margin was 10.7%, an increase of 0.6%-points from the same quarter last year. This was mainly driven by increased gross margin that more than offset an increased overhead cost ratio.

Operational EBITDA



Gross margin up due to price optimisation

Gross margin was 42.6%, up from 41.7% in Q1 2015. The margin was positively impacted by price optimisation and by price increases, which as in previous years were implemented in Q1 and contributed positively in all regions. As a result of the continued focus on quality, inventory obsolescence and warranty costs were down on Q1 2015.

Overhead costs impacted by marketing cost

Overhead costs amounted to EUR 89.3m, up EUR 8.1m from Q1 2015. Overhead cost ratio was 35.0%, up from 33.7% in the same quarter last year, impacted by higher marketing cost. Furthermore, costs related to M&A activities had a negative impact.

Working capital stabilised

Working capital was EUR 194.8m, on par with Q1 2015 which was impacted by delivery issues, and up from EUR 173.4m at end-2015. Working capital ratio was 20.2%, down 0.3%-points from end-2015.

ACCELERATE

Roll-out of the Accelerate business strategy launched in Q1 2015 continued as planned. The Commercial Excellence programme was launched in another four markets, and ServiceMax, a new field service management system, was introduced in the UK. Integrated with the Salesforce.com CRM system, ServiceMax is a mobile application enabling customer information and activities to be shared by sales and service departments.

Expand, a global leadership programme, was established end-2015 and the first module was completed in Q1 2016 with 50 senior managers attending. The purpose of Expand is to provide managers with relevant tools to drive change and increase engagement.

EMEA

ORGANIC GROWTH

-1%

REVENUE, EUR

159m

The development in EMEA (Europe, Middle East and Africa) was mainly attributable to an early Easter and a cold spring. Positive organic growth was recorded in major markets, such as France and Benelux, as well as in Central and Southern Europe where delivery on a major floor-care contract was carried out in the retail segment. The positive trend was offset by the Nordic countries, primarily negatively impacted by timing of Outdoor orders. Markets in the Middle East and Africa were impacted by political unrest and low oil prices.

The mid-market revenue increased in a number of markets in which the Viper brand has been introduced. Further initiatives to support the roll-out of the Viper brand is in the pipeline.

A new warehouse structure for consumer products was established in Denmark in Q4 2015 and was implemented in Q1 2016. Increased capacity and a dedicated DIY warehouse led to significantly improved delivery performance in the DIY segment.



The Nilfisk SCRUBTEC R253, launched in Q1 2016, is ideal for light and medium cleaning of indoor areas such as warehouses, small industries and automotive facilities.

AMERICAS



In North America, the development was primarily driven by lower order intake from commercial and industrial dealers in the floor-care segment. Furthermore, performance in Canada was lower than expected.

Q1 2015 organic growth for the Americas has been adjusted by 2%-points for the impact of the floor-sanding divested at 1 April 2014. Subsequently, Nilfisk continued to manufacture the relevant products until end-2014. No adjustment was made in organic growth for 2014, but was adjusted end-2015, cf. NKT's 2015 Annual Report.

The mid-market achieved low, positive organic growth following the appointment of a number of new dealers. The acquisitions of Pressure-Pro with effect from 1 January 2016 and HydroTek also contributed to revenue growth.

The relocation of Nilfisk's headquarters for its Americas operations to Brooklyn Park, Minnesota, was completed in Q1 2016. The move included all activities and employees and was handled without impacting the production flow.

In Latin America, the market development was mixed. However, a number of markets recorded positive organic growth despite difficult market conditions.

APAC



The development in the APAC region was mainly due to a challenging Chinese market, which is impacted by the macro-economic situation. The majority of the other markets in the region, particularly in South East Asia, achieved good organic growth driven by both high-end and mid-market products.

Nilfisk has initiated a number of initiatives, including adaptation of the cost structure, to match the current market conditions and activity level in China.

PRODUCTS

Nilfisk launched five new products during the quarter, three vacuum cleaners and two floor-care products, including the Nilfisk CS430, the third product in the GO-Line range which was launched in Q4 2015 and addresses the lower segment of the high-end market. GO-Line now comprises two vacuum cleaners and one scrubber.

In Q1 2016, the Nilfisk VP600 vacuum cleaner won the prestigious Red Dot Award for best product design 2016. The Red Dot Award is an international distinction for high design quality. The Nilfisk SC100 scrubber also won a third price in Tomorrow's Cleaning Awards 2016.

NKT Cables

Operational EBITDA margin improved by 0.7%-points, while NKT Cables delivered negative organic growth in line with expectations, driven by the Projects business. Supplier quality issues were contained. Major contracts were won for offshore and utility projects

ORGANIC GROWTH

Projects	-55%
Products	1%
APAC	-43%
Total	-24%

OPER. EBITDA MARGIN*

7.4%

Financial highlights

Amounts in EURm	Q1		FY
	2016	2015	2015
Income statement			
Revenue	223.0	309.2	1,211.9
Revenue*	163.3	216.7	857.5
Operational EBITDA	12.1	14.4	77.0
EBITDA	9.7	9.4	53.8
Depreciation and amortisation	-9.4	-10.0	-39.6
Impairment	-	-	-37.8
Operational EBIT	2.7	4.4	37.5
EBIT	0.3	-0.6	-23.6
Cash flow			
Cash flow from operating activities	-11.2	12.2	102.6
Cash flow from investing activities	-4.6	-2.0	-21.2
Free cash flow excl. acq./divest.	-15.8	10.2	81.4
Balance sheet			
Capital employed	393.7	505.2	381.3
Working capital	103.4	151.0	87.1
Financial ratios and employees			
Organic growth*	-24%	16%	4%
Gross margin*	40.6%	38.4%	40.6%
Overhead cost ratio*	41.0%	34.3%	32.7%
Operational EBITDA margin*	7.4%	6.7%	9.0%
RoCE	8.2%	5.8%	8.2%
Number of full-time employees, end of period	3,181	3,213	3,208

* Std. metal prices



In April 2016, NKT Cables was awarded a contract to supply 170 kilometres of 220 kV high-voltage AC submarine export cable system for Hornsea Project One, the world's first giga-watt scale offshore wind farm.

Organic growth development as expected

NKT Cables recorded organic growth of -24% in Q1 2016. The decrease was in line with expectations and driven by the development in Projects and APAC, while the Products business continued the trend from 2015, delivering positive organic growth.

The development in Projects was negatively impacted by EUR 15.8m relating to the changed method in Q1 2015 for estimating the completion stage of offshore projects, by EUR 15.0m due to less civil works, by EUR 8.4m due to lower revenue from the current project portfolio, and by EUR 5.9m due to the production setback caused by supplier quality issues, cf. page 29 of NKT's 2015 Annual Report and page 13 of the present report.

Adjusted for the impact of supplier quality issues, organic growth was -22% overall and -48% in Projects.

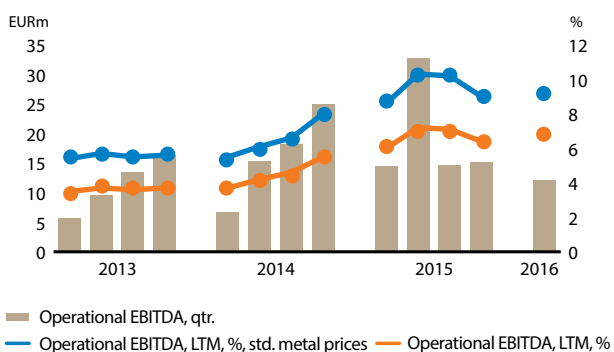
Operational EBITDA impacted by lower revenue

Operational EBITDA amounted to EUR 12.1m, down by EUR 2.3m from Q1 2015. This development was impacted by decreased revenue but partly offset by increased gross margin. Operational EBITDA margin (std. metal prices) was 7.4%, an increase of 0.7%-points from Q1 2015. Operational EBITDA margin, LTM increased by 0.3%-points from end-2015 to 9.3%. One-offs were EUR 2.4m, mainly relating to execution of EXCELLENCE 2020 and finalisation of the DRIVE efficiency improvement programme.

Working capital

Working capital amounted EUR 103.4m, down by EUR 47.6m from Q1 2015 driven by the Projects business, and up by EUR 16.3m from a historically low level at end-2015. Working capital ratio was reduced from 12.0% at end-2015 to 11.6% at end-March 2016.

Operational EBITDA



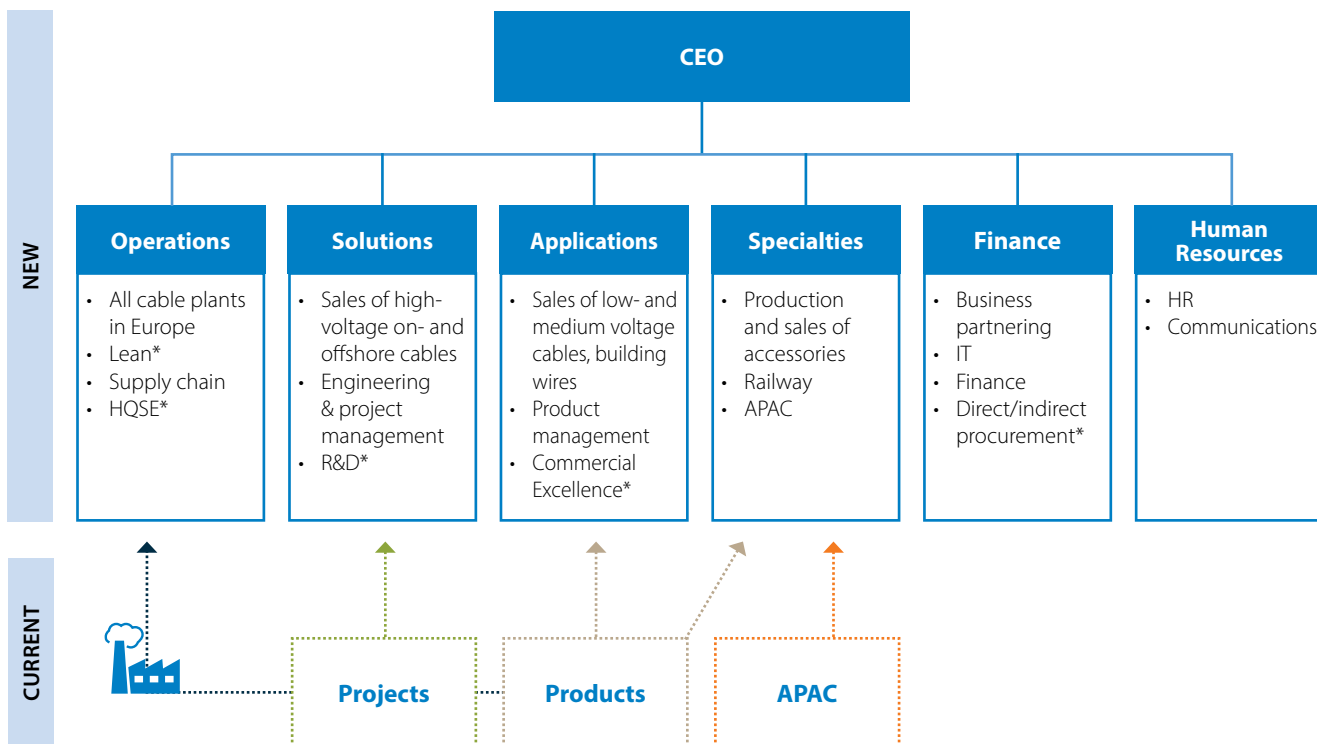
EXCELLENCE 2020

New organisational structure to support strategy

In April 2016, a new organisational structure was presented to support execution of the EXCELLENCE 2020 business strategy. The new structure will meet the need for a leaner and more agile organisation that strengthens customer focus and leverages structural synergies and efficiencies.

The new organisation is characterised by a divisional structure with a functional sub-structure. As an example, operations will be consolidated in one unit, supported by strengthened NKT Cables group functions to drive process optimisations as well as operational efficiencies and excellence. The current Projects,

New organisational structure when fully implemented in 2017



* Shared functions across divisions

Products and APAC business lines will be integrated in the new structure as illustrated to further increase customer focus.

The current Projects business will become part of the Solutions division, covering high-voltage on- and offshore cables and cross-divisional R&D capabilities. The current Products business consists of three business lines: Nordics, Central Europe and Specialties. The Nordics and Central Europe business lines will be integrated in the Applications division, covering sales of low- and medium voltage power cables and building wires. The current Specialties business line will become a division and include accessories, railway and sales in China and Australia, the former APAC business line.

Group management to be strengthened

The current five-member Group management will be enlarged with another two members with overall responsibility for consolidated operations and for the Applications division, respectively.

As of 1 June 2016, Frida Norrbom Sams has been appointed Head of Applications. She has a strong commercial background and leadership experience from a number of senior positions within industry and consulting. She also possesses extensive experience from establishing and managing global businesses, including focus on commercial excellence.

To further strengthen production excellence, a Head of Operations will be appointed with responsibility for all production activities in Europe, including all plants, supply chain, Lean and QHSE (Quality, Health, Security and Environment).

2016 financial and operational impact

The new organisational structure will be phased in during 2016 and fully implemented in 2017. No significant operational impact is expected in 2016. Related costs are included in the EUR 10m one-off allocated for the execution of EXCELLENCE 2020 and which was incorporated in the planning assumptions for NKT's 2016 outlook.

PROJECTS

ORGANIC GROWTH

-55%

REVENUE, EUR*

40m

As expected, revenue development for Projects was negative as it should be seen against a strong Q1 2015, combined with the previously mentioned impact from an offshore project portfolio that generated lower revenue, and to a lesser extent from supplier quality issues.

Supplier quality issues contained

Early 2016, NKT Cables discovered quality issues in deliveries from a raw material supplier. These issues were entirely outside NKT Cables' control and necessary corrective actions were taken by the supplier. Following a thorough analysis of the magnitude of the problem, the number of products affected was found to be smaller than initially anticipated when the issues were first mentioned in the NKT 2015 Annual Report. Initial tests generally reveal no impact on product operational performance or life time. However, planned production flow in Q1 was delayed, and this is expected to continue into Q2 2016 as it was decided to remanufacture certain products as a preventive measure.

Due to the issues, NKT Cables expects overall Q2 organic growth to be impacted by approx. -3%-points. Compensation from the supplier for reproduction costs already incurred was recognised in Q1 2016, and further costs are also expected to be covered by the supplier. The issues are not expected to impact the 2016 outlook presented in the 2015 Annual Report.

Order worth EUR 139m for Hornsea offshore project

In April, NKT Cables was awarded an order to supply 170 km of 220 kV high-voltage AC submarine export cable system for the Hornsea Project One offshore wind farm, cf. Company Announcement No. 14 of 5 April 2016. The world's first gigawatt-scale offshore wind farm, Hornsea Project One, will have a 1.2 GW capacity and provide electricity to well over one million homes in the UK. The contract value to NKT Cables will be approx. EUR 139m. The cables will be manufactured in Cologne, Germany, in 2017 and delivered for installation in early 2018. The wind farm will be sited 120 km off the Yorkshire coast in the UK, and the cable system supplied by NKT Cables will connect the central circuit of the wind farm with the mainland grid and also to the other circuits via two offshore interlinks.

The order ensures full visibility until end-2017 regarding offshore production lines. The 2016 order book for high-voltage onshore projects is satisfactory but slightly down on normal level.

*Std. metal prices

PRODUCTS

ORGANIC GROWTH

1%

REVENUE, EUR*

116m

Organic growth in the Products business was driven by Central Europe and Specialties, and underlying development was satisfactory. This positive trend was partly offset by a slow start to the year in Nordics.

Major utility contract won

Sales to the utility segment increased in several markets across the regions. In April, NKT Cables was awarded a major three-year frame contract by Sweden's largest electrical utility, Ellevio. The contract covers the period 2016-2019 and includes an option for extension. NKT Cables has been appointed sole supplier of 1 kV and medium-voltage cables, and manufacture will take place at the plant in Falun, Sweden, backed by the plant in Denmark. The contract is the largest since the Falun plant was acquired from Ericsson in 2013 and represents a 2016 milestone achievement.

The wholesale segment developed positively in selected markets both in the Nordics and Central Europe, driven by increased level of construction activities.

APAC

ORGANIC GROWTH

-43%

REVENUE, EUR*

7m

APAC revenue decreased in all segments and should be seen against a Q1 2015, which was positively impacted by deliveries of a few major high-voltage and railway projects. Q1 performance reflected unchanged and difficult market conditions combined with NKT Cables' decision to abstain from orders with low earnings potential.

As part of the turnaround plan for APAC, a new management team was established during Q1 2016 to further accelerate the process.



NKT Photonics' product portfolio was expanded with a number of products after the acquisition of Fianium. The Fianium WhiteLase micro is a very compact, high performance supercontinuum laser for the Imaging & Metrology segment.

NKT Photonics

NKT Photonics achieved satisfactory organic growth of 11%, driven by all segments, and order intake was high. Acquisition of Fianium was completed

Financial highlights

Amounts in EURm	Q1		FY
	2016	2015	2015
Income statement			
Revenue	7.2	8.6	40.6
Operational EBITDA	-0.3	-0.1	3.7
EBITDA	-0.3	-0.1	3.7
Depreciation and amortisation	-0.7	-0.7	-3.6
Impairment	-	-	-2.6
Operational EBIT	-1.0	-0.8	0.1
EBIT	-1.0	-0.8	-2.5
Cash flow			
Cash flow from operating activities	1.0	0.6	4.3
Cash flow from investing activities	-0.5	-0.6	-3.8
Free cash flow excl. acq./divest.	0.5	-	0.5
Balance sheet			
Capital employed	43.0	25.9	19.2
Working capital	9.0	10.7	8.5
Financial ratios and employees			
Organic growth	11%	-4%	9%
Gross margin	74.2%	70.4%	69.4%
Overhead cost ratio	57.9%	53.5%	45.5%
Operational EBITDA margin	neg.	neg.	9.6%
RoCE	neg.	neg.	0.4%
Number of full-time employees, end of period	239	206	174

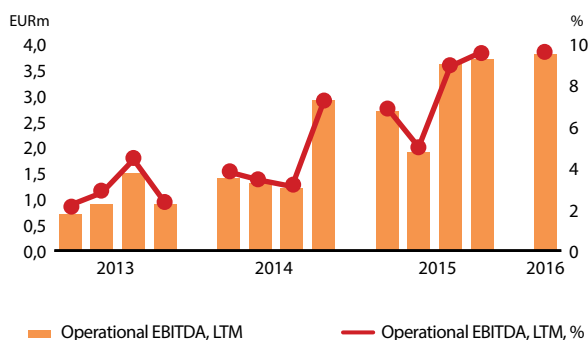
Organic growth in all segments

In Q1 2016, NKT Photonics realised organic growth of 11%, adjusted for the Fiber Processing operations, which were divested in Q3 2015. The positive development was driven by all segments, with particularly strong growth in Material Processing.

Stable EBITDA

EBITDA amounted to EUR -0.3m, on par with Q1 2015. Transaction costs related to the acquisition of Fianium, affected EBITDA negatively.

Operational EBITDA



Working capital was EUR 9.0m, down EUR 1.7m from the same quarter last year. Working capital was impacted positively by the divestment of Fiber Processing activities and negatively by the acquisition of Fianium.

The acquisition did not impact Q1 2016 income statement, but balance sheet items and full-time employees were included as at end-March 2016.

High order intake

Order intake remained high in Q1 2016 for all three business segments. Order backlog and pipeline were stronger than in Q1 2015 and visibility was slightly better.

Global market position strengthened

The acquisition of the UK company Fianium was completed end-March, cf. Company Announcement No. 11 of 31 March 2016. This acquisition is an important step towards NKT Photonics' goal of becoming a leading global industrial supplier of ultra-fast and supercontinuum fiber lasers as well as a key element in gaining commercial scale. The vast majority of products in the Fianium portfolio complement NKT Photonics' offerings in the Imaging & Metrology segment, while a small part of the portfolio will be integrated in the Material Processing segment.

Together, NKT Photonics and Fianium will present an enlarged product offering, strengthen development competences for industrial solutions, improve service, and generate synergies in sales and manufacturing. Fianium has a strong presence in the US combined with a global distribution network. The company realised revenue of approx. EUR 9m in 2015 and has 54 employees.

Increasing external focus on NKT Photonics solutions

In February, NKT Photonics participated at Photonics West in San Francisco, one of the world's largest and most important photonics fairs. Visitor attendance at the NKT Photonics stand was an all-time high, and researchers held a large number of presentations showing results obtained by using the company's products. This is considered an important sales channel to the scientific and industrial markets.

IMAGING & METROLOGY

Organic growth in the Imaging & Metrology segment was driven by ongoing long-term contracts for industrial metrology applications. Such contracts are a key driver for gaining commercial scale as the components supplied by NKT Photonics are integrated in products developed by industrial customers.

SENSING & ENERGY

The positive growth trend for the Sensing & Energy segment was driven by a number of new orders, including new contracts for temperature monitoring of industrial gasifiers. Industrial process monitoring is a growth area in which the optical technology provided by NKT Photonics offers several advantages over traditional thermo-electrical temperature sensing.

MATERIAL PROCESSING

Material Processing is currently the company's fastest growing business segment. Organic growth in Q1 2016 was driven by award of NKT Photonics' largest ever fiber order, a 24-month frame contract comprising delivery of a large quantity of optical fibers for ultrafast lasers. These lasers are used in both industrial and medical applications, and the optical fibers supplied by NKT Photonics are the key component for high power laser performance.

Group Management's statement

The Board of Directors and the Executive Management Board have today considered and adopted the Interim Report of NKT Holding A/S for the period 1 January - 31 March 2016.

The Interim Report, which has not been audited or reviewed by the company auditor, has been prepared in accordance with IAS 34 'Interim Financial Reporting', as approved by the EU, and Danish disclosure requirements for interim reporting by listed companies.

In our opinion the Interim Report gives a true and fair view of the Group's assets, liabilities and financial position at 31 March 2016 and the results of the Group's activities and cash flow for the period 1 January - 31 March 2016.

We also find that the Management's review provides a fair statement of developments in the activities and financial situation of the Group, financial results for the period, the general financial position of the Group, and a description of major risks and elements of uncertainty faced by the Group.

Brøndby, 12 May 2016

Group Executive Director

Michael Hedegaard Lyng

Board of Directors

Jens Due Olsen, Chairman

René Svendsen-Tune, Deputy Chairman

Niels-Henrik Dreesen

René Engel Kristiansen

Jens Maaløe

Gitte Toft Nielsen

Jutta af Rosenberg

Anders Runevad

Lars Sandahl Sørensen

Income statement

Amounts in EURm	Q1 2016	Q1 2015	Year 2015
Revenue	485.6	558.8	2,223.6
Earnings before interest, tax, depreciation and amortisation (EBITDA)	35.9	32.8	152.0
Depreciation and impairment of property, plant and equipment	-11.7	-12.0	-85.1
Amortisation and impairment of intangible assets	-8.0	-6.3	-32.7
Earnings before interest and tax (EBIT)	16.2	14.5	34.2
Financial items, net	-1.2	2.1	-6.1
Earnings before tax (EBT)	15.0	16.6	28.1
Tax	-4.4	-4.3	-26.9
Net Profit	10.6	12.3	1.2
To be distributed thus:			
Profit attributable to equity holders of NKT Holding A/S	10.6	12.2	1.0
Profit attributable to non-controlling interest	0.0	0.1	0.2
	10.6	12.3	1.2
Basic earnings, EUR per outstanding share (EPS)	0.4	0.5	0.0
Diluted earnings, EUR per share (EPS-D)	0.4	0.5	0.0

Cash flow

Amounts in EURm	Q1 2016	Q1 2015	Year 2015
Earnings before interest, tax, depreciation and amortisation (EBITDA)	35.9	32.8	152.0
Financial items, net	-1.2	2.1	-6.1
Changes in provisions, tax and non-cash operating items, profit on sales of non-current assets, etc.	-5.5	5.5	-14.4
Changes in working capital	-38.3	-28.1	41.7
Cash flow from operating activities	-9.1	12.3	173.2
Acquisition of business	-53.0	0.0	-29.1
Divestment of business	0.0	0.0	6.0
Investments in property, plant and equipment	-10.8	-5.4	-39.0
Disposal of property, plant and equipment	0.5	0.5	3.9
Intangible assets and other investments, net	-7.0	-7.2	-29.7
Cash flow from investing activities	-70.3	-12.1	-87.9
Free cash flow	-79.4	0.2	85.3
Changes in non-current loans from credit institutions	55.0	27.2	-35.7
Changes in current loans from credit institutions	10.0	-25.9	-43.6
Share buyback programme	-4.7	0.0	0.0
Dividends paid	0.0	-13.0	-13.0
Cash from exercise of warrants, etc.	6.3	11.3	11.3
Cash flow from financing activities	66.6	-0.4	-81.0
Net cash flow	-12.8	-0.2	4.3
Cash at bank and in hand at the beginning of the period	58.3	50.1	50.1
Currency adjustments	-0.5	7.2	3.9
Net cash flow	-12.8	-0.2	4.3
Cash at bank and in hand at the end of the period	45.0	57.1	58.3

Balance sheet

Amounts in EURm	31 March 2016	31 March 2015	31 December 2015
Assets			
Intangible assets	369.2	311.4	333.2
Property, plant and equipment	365.5	410.3	367.2
Other non-current assets	84.6	95.2	86.6
Total non-current assets	819.3	816.9	787.0
Inventories	370.6	392.1	342.5
Receivables and income tax	501.5	585.0	495.8
Cash at bank and in hand	45.0	57.1	58.3
Total current assets	917.1	1,034.2	896.6
Total assets	1,736.4	1,851.1	1,683.6
Equity and liabilities			
Equity attributable to equity holders of NKT Holding A/S	802.1	847.0	808.6
Non-controlling interest	0.9	0.9	0.9
Total equity	803.0	847.9	809.5
Deferred tax	37.7	35.1	42.9
Pension liabilities	54.9	59.2	55.0
Provisions	20.4	14.4	19.6
Interest-bearing loans and borrowings	197.9	210.1	143.9
Total non-current liabilities	310.9	318.8	261.4
Interest-bearing loans and borrowings	15.2	19.3	11.6
Trade payables and other liabilities	607.3	665.1	601.1
Total current liabilities	622.5	684.4	612.7
Total liabilities	933.4	1,003.2	874.1
Total equity and liabilities	1,736.4	1,851.1	1,683.6

Comprehensive income and Equity

Amounts in EURm	Q1 2016	Q1 2015	Year 2015
Comprehensive income			
Net profit	10.6	12.3	1.2
Other comprehensive income:			
<i>Items that may not be reclassified to income statement:</i>			
Actuarial gains/(losses) on defined benefit pension plans	0.0	0.0	1.7
<i>Items that may be reclassified to income statement:</i>			
Currency adjustment of foreign subsidiaries and value adjustment of hedging instruments, etc.	-5.8	35.2	6.0
Total comprehensive income for the period	4.8	47.5	8.9
Statement of changes in equity			
Group equity, 1 January	809.5	802.0	802.0
Total comprehensive income for the period	4.8	47.5	8.9
Share-based payment	0.1	0.1	0.3
Exercise of warrants	6.3	11.3	11.3
Share buyback programme	-4.7	0.0	0.0
Dividend adopted at annual general meeting	-13.0	-13.0	-13.0
Group equity at the end of the period	803.0	847.9	809.5

Notes

1 - ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND RISKS, ETC.

The Interim Report is presented in accordance with IAS 34 'Interim Financial Reporting', which has been approved by the EU, and Danish disclosure requirements for interim reports for listed companies.

The accounting policies are unchanged in relation to the 2015 Annual Report, to which reference should be made. The 2015 Annual Report contains the full text of the accounting policies.

NKT has implemented the standards and interpretations that become effective for 2016. The implementation of standards and interpretations has not influenced recognition and measurement in 2016 or is expected to influence future financial years.

Regarding accounting estimates, please refer to Note 1.1 on page 57 of the 2015 Annual Report. Regarding risks, please refer to Note 6.6 on page 89 of the 2015 Annual Report and the information contained in the section on risk management on page 38 of the Annual Report.

On 2 April 2014 NKT received a fine of DKK 29m following the investigation conducted by the European Commission into alleged price-fixing activities in the power cables industry; cf. Company Announcement No. 8 2014. By defining NKT as a 'fringe player' - as the only European manufacturer - the European Commission explicitly establishes that the role of NKT was substantially limited. This is further emphasised by the fact that NKT was the only European manufacturer to receive a 10% reduction on the fine amount. While the European Commission has assessed that NKT's role was substantially limited and the fine is considerably smaller than those imposed on other cable manufacturers, NKT disagrees with the Commission's decision

and has therefore filed an appeal. As a consequence of the Commission's decision, NKT and other power cables producers face exposure to claims for damages in proceedings brought by customers or other third parties, including two claims that have been filed by respectively National Grid and Scottish Power in the UK. In line with its appeal against the Commission decision, NKT contests any civil damages claim that is based on this Commission decision.

At the beginning of 2016 NKT Cables discovered quality issues in deliveries from a raw material supplier. A preliminary analysis of the situation has been conducted, including assessment of the primary affected or potentially affected products. Certain production batches were potentially affected and caused a setback in production due to remanufacture. The quality issues are fully outside the control of NKT Cables, and necessary corrective actions were taken by the supplier. If the contamination results in any effect on product quality, the majority of any related costs is expected to be covered by the supplier, although further legal analysis of any such claim is ongoing.

According to the regulation for financial statements preparation the Group Management is required to determine whether the interim statement can be presented on a 'going concern' basis. Based on outlook estimates, including examination of the latest 'forecast 2016', and future cash flow expectations, existence of credit facilities, etc., it is the opinion of the Group Management that there are no factors giving rise to doubt as to whether NKT can continue operating for at least 12 months from the balance sheet date. Information concerning Group cash resources and expectations for 2016 are included in the Management's review.

Notes

2 - SEGMENT REPORTING

Amounts in EURm	Q1 2016	Q1 2015	Year 2015
Revenue			
Nilfisk	255.4	241.0	971.5
NKT Cables, revenue in market prices	223.0	309.2	1,211.9
NKT Photonics	7.2	8.6	40.6
Elimination of transactions between segments	0.0	0.0	-0.4
NKT revenue in market prices	485.6	558.8	2,223.6
<i>NKT Cables, revenue in std. metal prices</i>	<i>163.3</i>	<i>216.7</i>	<i>857.5</i>
<i>NKT, revenue in std. metal prices</i>	<i>425.9</i>	<i>466.3</i>	<i>1,869.2</i>
Operational EBITDA			
Nilfisk	27.2	24.3	97.9
NKT Cables	12.1	14.4	77.0
NKT Photonics	-0.3	0.0	3.7
Parent company, etc. ¹⁾	-0.7	-0.9	-3.4
NKT operational EBITDA	38.3	37.8	175.2
Earnings, EBITDA			
Nilfisk	27.2	24.3	97.9
NKT Cables	9.7	9.4	53.8
NKT Photonics	-0.3	0.0	3.7
Parent company, etc. ¹⁾	-0.7	-0.9	-3.4
NKT EBITDA	35.9	32.8	152.0
Segment profit, EBIT			
Nilfisk	17.6	16.7	63.7
NKT Cables	0.3	-0.6	-23.6
NKT Photonics	-1.0	-0.7	-2.5
Parent company, etc. ¹⁾	-0.7	-0.9	-3.4
NKT EBIT	16.2	14.5	34.2
Capital employed			
Nilfisk	541.6	500.7	501.6
NKT Cables	393.7	505.2	381.3
NKT Photonics	43.0	25.9	19.2
Parent company, etc. ¹⁾	-3.4	-6.3	-3.7
NKT Capital employed	974.9	1,025.5	898.4

¹⁾The segment comprises the parent company and entities of less significance with similar economic characteristics.

Notes

3 - ACQUISITION OF BUSINESSES

Acquisitions 2016

Amounts in EURm (preliminary)		Nilfisk acquisition	NKT Photonics acquisition	Total
<i>Non-current assets</i>	Intangible assets	15.6	15.2	30.8
	Tangible assets	0.8	0.3	1.1
	Deferred tax	0.0	1.3	1.3
<i>Current assets</i>	Inventories	5.2	2.5	7.7
	Receivables	3.7	1.7	5.4
<i>Non-current liabilities</i>	Provisions	-0.2	0.0	-0.2
<i>Current liabilities</i>	Interest-bearing loans and borrowings	0.0	-0.1	-0.1
	Payables and provisions	-2.9	-2.3	-5.2
	Net assets acquired	22.2	18.6	40.8
	Goodwill	5.6	7.9	13.5
	Purchase consideration	27.8	26.5	54.3
	Deferred contingent purchase consideration	0.0	-1.3	-1.3
	Cash purchase consideration	27.8	25.2	53.0
	Interest-bearing loans and borrowings acquired	0.0	0.1	0.1
	Total effect on net interest bearing debt	27.8	25.3	53.1

Goodwill represents the value of personnel and anticipated synergies arising from merger of the Group's existing activities.

Effective from 1 January, 2016 Nilfisk acquired Pressure-Pro, Inc., a leading manufacturer of high-pressure washers headquartered in Florida, USA cf. Company Announcement No. 22 2015.

Pressure-Pro manufactures both cold and hot water high-pressure washers and has a nationwide distributor and dealer network. Annual revenue is approx. EUR 38m and Pressure-Pro has 90 employees.

NKT Photonics acquired Fianium Holdings Ltd. with effect from 31 March 2016 cf. Company Announcement No. 11 2016.

Fianium Holdings Ltd. supplies both ultra-fast and supercontinuum fiber lasers and has a strong presence in the US, combined with a global distribution network. In 2015, Fianium Holdings Ltd. realised revenue of EUR 9m and has 54 employees.

Notes

4 - EXPLANATORY COMMENTS TO FINANCIAL HIGHLIGHTS

Items below refer to the Financial Highlights contained on page 2.

1. **Revenue in std. metal prices** - Revenue in std. metal prices for copper and aluminium fixed at 1,550 EUR/tonne and 1,350 EUR/tonne, respectively.
2. **Operational earnings before interest, tax, depreciation and amortisation (Oper. EBITDA)** - Earnings before interest, tax, depreciation and amortisation (EBITDA) adjusted for one-off items.
3. **Operational earnings before interest and tax (Oper. EBIT)** - Earnings before interest and tax (EBIT) adjusted for one-off items.
4. **Net interest-bearing debt** - Cash, investments and interest-bearing receivables less interest-bearing debt.
5. **Capital employed** - Group equity plus net interest-bearing debt.
6. **Working capital** - Current assets minus current liabilities (excluding interest-bearing items and provisions).
7. **Net interest-bearing debt relative to operational EBITDA** - Operational EBITDA is calculated on a rolling 12-month basis (LTM).
8. **Solvency ratio (equity as a percentage of total assets)** - Equity excl. non-controlling interest as a percentage of total assets.
9. **Return on capital employed (RoCE)** - Operational EBIT as a percentage of average capital employed. Calculated on a rolling 12-month basis (LTM).
10. **Earnings, EUR per outstanding share (EPS)** - Earnings attributable to equity holders of NKT Holding A/S relative to average number of outstanding shares (EPS).
11. **Equity value, EUR per outstanding share** - Equity attributable to equity holders of NKT Holding A/S at period end per outstanding share at period end. Dilutive effect from warrants plan for Group Management and employees is not included in this ratio.

Statements made about the future in this report reflect the Group Management's current expectations with regard to future events and financial results. Statements about the future are by their nature subject to uncertainty, and the results achieved may therefore differ from the expectations, among other things due to economic and financial market developments, legislative and regulatory changes in NKT markets, development in product demand, competitive conditions, and energy and raw material prices. See also latest Annual Report for a more detailed description of risk factors.

NKT Holding A/S disclaims any liability to update or adjust statements about the future or the possible reasons for differences between actual and anticipated results except where required by legislation or other regulations

NKT's Interim Report Q1 2016 was published on 12 May 2016 and released through Nasdaq Copenhagen. The report is also available at www.nkt.dk.

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Photos: Courtesy of NKT subsidiaries.

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