



Nasdaq Copenhagen
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Announcement No. 47

NKT CABLES DIVESTS ITS APAC OPERATIONS TO FOCUS ON CORE BUSINESSES

NKT Cables has entered into an agreement to divest all its Chinese business activities to Srising Technology Co., a high-tech solution provider for electrified railways industry in China and owned by CAC Capital Management, a Chinese private equity fund. The sale comprises railway solutions as well as medium- and high-voltage cables and accessories. The enterprise value amounts to EUR 14.3m and closing of the transaction is subject to Chinese governmental approval and expected by end-October 2016. The divestment will reduce NKT's net interest-bearing debt with approx. EUR 13m.

The divestment includes two plants located in Hebei, south-west of Beijing and in Changzhou, west of Shanghai, respectively. Furthermore, approx. 380 employees will be transferred to Srising Technology Co. In 2015, the APAC business revenue amounted to EUR 88.8m and in 1 half 2016 revenue of EUR 24.4m was realised. NKT Cables' sales office in Australia is not part of the transaction and will be integrated in the Specialties division.

Divestment of the APAC operations is in line with NKT Cables' EXCELLENCE 2020 strategy focused on increased profitability as foundation for future growth. A comprehensive process has been conducted to explore strategic alternatives for the APAC business, where an EBIT loss of approx. EUR 7m was expected in 2016 with an increasing trend going into 2017. The divestment allows NKT Cables to focus on its core businesses within power cables for the construction industry, utilities, high-voltage on- and offshore projects and railway outside Asia.

President & CEO of NKT Cables, Michael Hedegaard Lyng, says:

- I believe that with the divestment, we have found a sound solution for our APAC business. We have been in China for a long time and executed well on some milestone projects particularly within railway, but in recent years, it has become increasingly difficult for us to drive a profitable business in China. The divestment now gives us the opportunity to focus on our primary business in Europe, to consolidate and

expand our market positions as well as becoming a leading player within high-voltage on- and offshore projects.

Operational 2016 outlook maintained - impairment loss increased

The divestment does not impact NKT's overall 2016 outlook of consolidated flat organic growth and operational EBITDA margin (std. metal prices), which is adjusted for one-off costs, of 9.4%, on par with 2015. Expected impairment loss of EUR 28m related to the transaction, recognised as one-off costs, will be incurred in 2016, in addition to the EUR 30m already communicated in the 2016 Q2 Interim Report and the EUR 2m related to NKT Cables' acquisition of ABB's high-voltage cables business, cf. Company Announcement No. 45 of 21 September 2016.

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