

NKT Holding A/S  
Interim report  
2nd quarter > 2007



**NKT**

HOLDING

# Contents

1 Solid progress in 2nd quarter 2007

## GROUP REPORT

2 › 2nd quarter 2007 and 1st half 2007

3 › NKT shares

## GROUP COMPANIES

4 › NKT Cables Group

6 › Nilfisk-Advance Group

8 › NKT Photonics Group

9 › NKT Flexibles

11 Management statement

12 Key figures for the Group

13 Balance sheet and equity

14 Cash flows and interest bearing items

15 Segment reporting

16 Useful information

The accounting policies applied for this interim report are unchanged from those applied for the Annual Report 2006.

The report is unaudited and unreviewed.

The report of NKT Holding A/S for 2nd quarter 2007 (NKT release no. 18/2007) was published on 23 August 2007 via The Nordic Exchange Copenhagen.

The report is published in Danish and English. In the event of any questions of interpretation the Danish text shall prevail.

The quarterly report is available on [www.nkt.dk](http://www.nkt.dk) and is emailed to all registered subscribers. A printed copy of the annual report is posted to all NKT shareholders requesting this service.

The report for 2nd quarter 2007 is supplemented by the publication of a separate strategic plan entitled "Building Power". This plan describes the general financial and business framework for the planned development of the NKT Group in the forthcoming five-year period 2008-2012.

Questions relating to the quarterly report should be addressed to our investor service, see page 16.

Cover photo:

*Jakob W. Andersen was employed with Nilfisk-Advance in 1998. Different jobs and areas of responsibilities within the IT-department in Denmark led to his present job as manager of IT operations.*



## Solid progress in 2nd quarter 2007

With continued growth in revenue and earnings in the 2nd quarter of the year, development was very positive for the whole 1st half of 2007. In relation to our expectations for Group earnings before tax, which after 1st quarter 2007 were revised upward by 50 mDKK to around 850-900 mDKK, a basis now exists for a more precise prediction of around 900 mDKK.

Group revenue for the 2nd quarter was 3,612 mDKK (+27% compared with last year) and operating income (EBIT) was 331 mDKK (+53% compared with last year). Profit margin continues to rise, EBITDA of 11.0% being achieved in 2nd quarter 2007, as against 9.3% for the same period last year. Pre-tax earnings were 308 mDKK, as against 204 mDKK last year; a rise of 51%. The above comparative figures for 2nd quarter 2006 have been adjusted for non-recurring items (principally income from property sales) of 108 mDKK.

NKT's overall organic growth has been very satisfactory and amounted to 14% for the 2nd quarter. This was due to continuing high organic growth levels in both NKT Cables (20%) and Nilfisk-Advance (8%). In addition, NKT Photonics Group experienced a good quarter with 41% organic

growth, and our 51%-owned company NKT Flexibles had a strong second period with organic growth of 32%.

### Forecast 2007

Expectations for 2007 were revised upwards in the 1st quarter report as a result of the positive development in all NKT's areas of business. Revenue was revised upward from around 12.7 bnDKK to around 13.2 bnDKK, and Group earnings before tax were revised upward to around 850-900 mDKK, as against 800-850 mDKK expected previously.

With the realised developments in 2nd quarter 2007, we now have the basis for making the following adjustments to our expectations: Group revenue is revised upward to around 13.3 bnDKK, and a more precise prediction of Group earnings before tax is around 900 mDKK.

### HIGHLIGHTS

Amounts in mDKK	Q2 2007	Q2* 2006	Q1-Q2 2007	Q1-Q2* 2006	2006*
Revenue	3,612	2,837	6,742	5,249	10,815
Earnings (EBITDA)	397	373	653	549	1,022
Earnings (EBIT)	331	324	522	448	818
Earnings before tax	308	312	468	422	769
Equity			2,872	2,597	2,806
Net interest bearing items			(2,319)	(1,221)	(1,023)

\* Operating earnings and earnings before tax were increased by non-recurring items of 108 mDKK attributable to Nilfisk-Advance.

# Group review

## 1st half 2007

### 1st HALF 2007

1st half revenue amounted to 6,742 mDKK, as against 5,249 mDKK for the same period in 2006, a nominal rise of 1,493 mDKK or 28%. 1st half revenue development was affected by metal prices (+7%), exchange rates (-1%) and acquisitions (+13%). After adjustment for these factors, overall organic growth was 12%.

Operating income (EBIT) for 1st half 2007 was 522 mDKK, as against 448 mDKK last year, when however the figure was increased by non-recurring items of 108 mDKK. After adjustment for this factor, EBIT was up by 182 mDKK (54%) on the same period last year.

Group earnings before tax amounted to 468 mDKK for 1st half 2007, as against 314 mDKK for the same period last year after adjustment for the above non-recurring items.

### 2nd QUARTER 2007

#### Revenue

Group revenue for 2nd quarter 2007 was 3,612 mDKK, a nominal increase of 27% on the figure of 2,837 mDKK achieved in the 2nd quarter last year. After adjustment for exchange rates, metal prices and acquisitions, organic growth was 14%.

#### Operating income

2nd quarter operating income before interest, tax, depreciation and amortisation (EBITDA) was 397 mDKK, against 373 mDKK last year. After adjustment for the non-recurring items referred to above, EBITDA increased by 132 mDKK or 50%. Of this increase, 96 mDKK was attributable to NKT Cables, while Nilfisk-Advance and NKT Flexibles represented 13 mDKK and 19 mDKK, respectively.

The NKT Group reported EBIT earnings of 331 mDKK for 2nd quarter 2007, as against 324 mDKK for the 2nd quarter of last year. After adjustment for non-recurring items, profit margin was therefore 9.2%, as against 7.6% for the same period last year.

#### Financial items

2nd quarter financial items amounted to (23) mDKK, as against (12) mDKK for the same period last year. This primarily reflects the raising of the Group's level of gearing, in line with our strategic objectives, by an increase in interest bearing debt caused by acquisitions.

#### Pre-tax profit

2nd quarter pre-tax profit was 308 mDKK, as against 204 mDKK for the 2nd quarter of last year (312 mDKK before adjustment for non-recurring items).

Tax on earnings for 1st half 2007 has been increased with around 15 mDKK due to a change in Danish tax legislation that lowers corporate tax from 28% to 25% with effect from 1 January 2007. The change reduces the Group's tax asset relating to Denmark, but this is partially offset by a reduction in tax on net income. For 2007 the change is expected to increase the overall amount of income tax with around 10 mDKK.

#### NKT GROUP 2007

NKT Holding

NKT Cables Group	Nilfisk-Advance Group	NKT Photonics Group
> Northern Europe	> Europe	> Crystal Fibre
> Central Europe	> North America	> KOHERAS
> Eastern Europe	> Oceania	> LIOS Technology
> China	> Asia	> NKT Research & Innovation

NKT Flexibles (51%)

## Capital structure

Net interest bearing debt increased in the 2nd quarter by 332 mDKK, and the corresponding overall debt in the 1st half therefore increased by 1,296 mDKK. This was in line with previously published forecasts. At year end 2007, net interest bearing debt is expected to be approximately 1.8x EBITDA for the previous 12 months.

## Cash flow

As mentioned above, net interest bearing debt increased by 332 mDKK in 2nd quarter 2007. Of this amount, 236 mDKK concerned dividend paid to NKT shareholders, while 103 mDKK related to acquisitions.

Cash flow in the 2nd quarter is furthermore traditionally affected by seasonal factors, added to which there is build-up of working capital resulting from the high growth achieved. Despite this, 2nd quarter 2007 showed a positive cash flow of 140 mDKK from operating activities, as against 79 mDKK for the same period in 2006.

## Events

As mentioned in the 1st quarter 2007 report, NKT instituted acquisition of the Viper Group, a leading manufacturer and supplier of cleaning equipment, along with a number of small German, UK and Danish companies that all support the business platform of NKT's two major business units. In NKT stock exchange release no. 17 of 7 August 2007 we reported that the outstanding authority approvals relating to acquisition of the Viper Group had been received and that Viper would become an independent business entity within the Nilfisk-Advance organisation as at 1 August 2007.

In the period since 30 June NKT Cables has signed a joint venture agreement with the Chinese company Daqo for establishment of a production unit to manufacture catenary equipment for electric railways. The agreement with Daqo came about as a result of a large order placed by MOR (the Chinese Ministry of Railways).

See also review of companies starting on page 4.

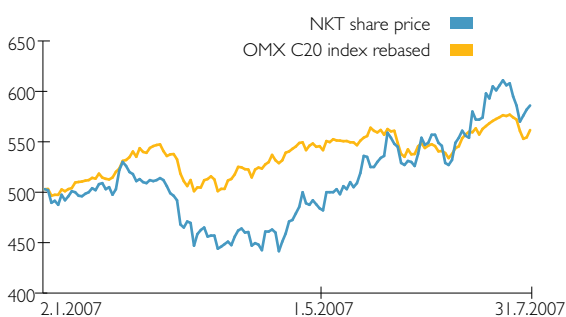
Objectives and frameworks for the strategic development of the NKT Group's companies for the upcoming five-year period were approved at the ordinary meeting of the Board of Directors on 23 August 2007. A description is published as NKT release No. 19: "Strategy 2008-2012 - Building Power".

## NKT shares

At 30 June 2007 NKT's share price stood at 549 DKK. This was 9% above the opening price for 2007 (503 DKK). Added to this, a dividend of 10 DKK per share was paid in the 2nd quarter, which corresponds to 2% of NKT's market capitalisation at 31 December 2006 and to 40% of NKT's share of Group net earnings for 2006. The actual value added in 1st half 2007 was therefore 11%.

Since 31 December 2006, daily trading in NKT shares averaged 78 mDKK, as against 27 mDKK for the same period in 2006.

### SHARE PRICE TREND



The NKT Group's market capitalisation at 30 June 2007 was 13 bnDKK, excluding treasury shares. After adjusting for net interest bearing items and minority interests, NKT's enterprise value was 15.4 bnDKK.

At 30 June, only one party owned more than 5% of NKT's share capital - ATP (Danish Labour Market Supplementary Pension Fund). NKT's portfolio of treasury shares was unchanged at 77,675, corresponding to 0.3%.

NKT's equity consists of 23,637,555 shares, each of 20 DKK nominal value. The nominal share capital is therefore 472,751,100 DKK, which is an increase of 1,524,000 DKK (76,200 shares) in relation to the end of 1st quarter 2007. This was due to a capital increase implemented in April as a result of a number of staff exercising share options, cf. stock exchange release no. 8 of 19 April 2007.

73% of NKT's shares are owned by around 14,400 registered shareholders.

More information on NKT shares can be found on our website under "Investor".

# Group companies

At the end of 2nd quarter 2007 the NKT Group employed 3,140 people in NKT Cables, 4,006 in Nilfisk-Advance, 483 in NKT Flexibles and 114 in NKT Photonics. NKT is represented by 1,644 employees in Denmark and by 6,099 in the rest of Europe, North America, Asia and Oceania.

## NKT CABLES GROUP

*NKT Cables is among the leading European suppliers of power cables, principally to markets in Central, Northern and Eastern Europe. In China, NKT Cables has its own production facilities from which the Chinese market is serviced with selected products.*

NKT Cables continued its positive development in 2nd quarter 2007 due to the healthy market conditions characterising all markets in which the company operates.

### Earnings forecast 2007

NKT Cables is expected to realise revenue of around 7.4 bnDKK in 2007 and a profit margin (EBIT) of around 6.5%, as against 7.3 bnDKK and 6.1%, respectively, forecast previously. This corresponds to an expected operating income of around 480 mDKK, an increase of 30 mDKK on the previous forecast of 450 mDKK.

Revenue is expected to be 100 mDKK higher than predicted in the 1st quarter report, reflecting a continuing expectation of around 15% organic growth for 2007 as a whole.

Our revenue expectations are based on average copper prices for 2007 being similar to last year.

These expectations are supported by 2nd quarter developments, which were very satisfactory.

### Revenue

NKT Cables Group realised 2nd quarter revenue of 2,048 mDKK, an increase of 49% on 2nd quarter 2006. After adjustment for metal prices, exchange rates and acquisitions, organic growth of around 20% was achieved.

Revenue for 1st half 2007 was 3,722 mDKK compared with 2,406 mDKK achieved in 1st half 2006, a nominal increase of 55%. After adjustment for metal prices, exchange rates and acquisitions this corresponded to organic growth of around 20%.

Overall 2nd quarter revenue was reduced by around 10 mDKK due to the effect of metal prices. The average price of copper in the 2nd quarter was similar to the same period last year, whereas the average price of aluminium in 2nd quarter 2007 was slightly down on the same period last year.

Organic growth is driven by the primary product segment, power cables, which represented 79% of 1st half revenue. This organic growth amounted to 24% and derived from both low, medium and high voltage cables. OPGW and catenary wire for rail electrification together represented



12% of revenue, corresponding to organic growth of 15%. The market for catenary wire developed very positively in 2nd quarter 2007. Other product segments represented 9% of revenue, equal to organic growth of 4%.

Kablo Elektro, which was acquired with effect from 1 January 2007, achieved 2nd quarter revenue of 323 mDKK (1st half revenue of 603 mDKK). Developments in this company are going to plan.

The revenue trend reflects continued high levels of activity in the electricity sector in the area of grid maintenance and expansion. In the building and construction sector a combination of new building and renovation projects is boosting sales of low voltage products.

The growth was achieved in all European main markets.

## Operating income

2nd quarter operating income before interest, tax, depreciation and amortisation (EBITDA) amounted to 195 mDKK, a margin of 9.5%. For the same period last year, EBITDA was 99 mDKK or 7.2%. 1st half EBITDA was 301 mDKK (margin 8.1%), a rise of 87% on 1st half 2006 when EBITDA was 161 mDKK (margin 6.7%).

Income development was very satisfactory, the rolling 12-month EBITDA margin being improved from 6.9% at the end of 1st quarter 2007 to 7.7%.

2nd quarter income by Kablo Elektro were positively influenced by metal prices due to the hitherto practice of

not using hedging transactions. The negative impact on 1st quarter 2007 (around 20 mDKK) was therefore essentially regained.

2nd quarter EBIT earnings amounted to 163 mDKK, a margin of 8.0%. EBIT for 2nd quarter 2006 was 87 mDKK, a margin of 6.3%.

## Net interest bearing debt

Net interest bearing debt at the end of the 2nd quarter was 1,687 mDKK, an increase of 235 mDKK. Of this amount, 125 mDKK related to dividend paid to NKT Holding A/S. The acquisition of CCC GmbH, Berlin, also influenced liquidity during the quarter.

Development in working capital is satisfactory and closely following development in revenue. At just over 17%, the level of working capital is as expected after the acquisition of Kablo Elektro.

## Business development

The demand for high and medium voltage cables and also cable accessories remains at a high level, and NKT Cables' visibility continues good.

The continuing favourable conditions in the West European building and construction sector have also resulted in solid demand for 1 kV and low voltage cables.

After a downward trend lasting many years, the combination of growing demand and limited capacity on the part of

cable suppliers has now led to improved levels of pricing for cable products.

The co-ordination of operations at the Czech cable company Kablo Elektro, which became part of NKT Cables from 1 January 2007, is proceeding to plan.

The acquisition of the Berlin company CCC GmbH, which was referred to in the report for 1st quarter 2007, was effectuated from 1 May 2007.

In China, 2nd quarter development in the railway segment was as expected, and in June 2007 NKT Cables received a number of orders that will help maintain the level of activity in 2008 and 2009.

In July 2007, the signing of a contract with the Chinese Ministry of Railways (MOR) for supply of electric catenary equipment worth a total of 330 mDKK prompted the setting up of a new factory in China. The factory will be run as a 50/50 joint venture with the Chinese company Daqo, which aims to become the preferred system supplier for railway electrification in China. The production by the new plant is intended to meet the heavy demand for catenary wires anticipated over the next ten years. The joint venture with Daqo will enable NKT Cables to retain and expand its market leadership as a supplier of catenary wires for China's railways.

## NILFISK-ADVANCE GROUP

*Nilfisk-Advance is a world leading manufacturer of professional cleaning equipment with a product portfolio consisting of vacuum cleaners, indoor and outdoor washing, sweeping and polishing machines, and an extensive range of high pressure cleaners.*

Nilfisk-Advance also continued its fine 1st quarter performance. This must be seen in the light of the ongoing introduction of new, improved products, combined with focus on expanding sales outlets in existing markets and creating access to new markets through acquisitions or newly-established sales offices.

### Earnings forecast 2007

Nilfisk-Advance is expected to achieve revenue in 2007 of around 5.8 bnDKK, corresponding to underlying organic growth of around 7%. This compares with earlier growth predictions of around 6-7%. Expected profit margin (EBIT) is unchanged at around 8.5%, corresponding to anticipated operating income of around 500 mDKK.

### Revenue

Nilfisk-Advance recorded revenue of 1,530 mDKK in the 2nd quarter, which is an organic growth of 8.1% on 2nd quarter 2006. Exchange rate changes reduced 2nd quarter revenue by around 36 mDKK compared with the same period last year. Taking this and acquisitions into consideration, Nilfisk-Advance realised a nominal growth of 6.4%.

The 2nd quarter organic growth maintained the continuous trend of recent years, and matches the expectations for





2007. In regional terms, the organic growth is driven by Europe (6.9%) and the United States (10.6%). As anticipated, positive development was restored in Asia with 12.1% organic growth.

Revenue for 1st half 2007 was 2,962 mDKK, a nominal increase of 6.1% from 2,791 mDKK in 1st half 2006. After adjustment for exchange rates and acquisitions, organic growth was around 8%.

### Operating income

2nd quarter operating income before interest, tax, depreciation and amortisation (EBITDA) was 174 mDKK, a margin of 11.4%. For the same period last year Nilfisk-Advance realised an EBITDA margin of 11.1% after adjustment for non-recurring items. EBITDA for 1st half 2007 was 320 mDKK (margin 10.8%), a rise of 15% on 1st half 2006 when 278 mDKK (margin 10.0%) was achieved.

In 2006, 2nd quarter operating income was increased by non-recurring items amounting to 108 mDKK (property sales), and adjustment has been made for this in the figures used for comparison with 2007.

Rolling 12-month EBITDA continued its rise in the 2nd quarter; increasing marginally from 10.1% to 10.2%.

Operating income before interest and tax (EBIT) was 143 mDKK, a margin of 9.3% (8.7% YTD), as against 8.8% (7.4% YTD) for the same period last year.

Earnings development is positive and reflects the effect of the many structural improvement measures implemented in recent years, and the impact of the continuing high level of organic growth driven by intensive focus on product development.

### Net interest bearing debt

Net interest bearing debt in the 2nd quarter increased by 145 mDKK to 1,200 mDKK. This includes a negative impact resulting from payment of dividend of 159 mDKK to NKT Holding A/S.

Working capital was reduced in the course of the 2nd quarter and currently stands at 21.7% of revenue, compared with 22.6% at 1 January and 22.1% at the start of the 2nd quarter. The aim is still to reduce working capital to 20% by the end of 2007.

### Business development

Strong focus on developing new cleaning equipment continues, and within the next six months Nilfisk-Advance expects to be able to introduce no fewer than eight new products.

The operations of the Gerni factory in Randers have been discontinued, signalling the completion of yet another efficiency measure. The employees have found new jobs inside or outside the Nilfisk-Advance organisation.

Nilfisk-Advance strengthened its customer focus in both UK and Denmark during the 2nd quarter. This took place through acquisition of a controlling interest in Doug Tolson



Engineering Limited, a small English manufacturing, sales and service organisation specialising in high pressure cleaner products, and acquisition of the operations of Søndergaard Maskincenter A/S, Kolding, Denmark, a specialist in the sale and service of cleaning equipment for the car industry.

In May, an agreement was signed for acquisition of China's Viper Group, a leading maker and supplier of professional cleaning equipment, consisting of three Asian and one US company. The acquisition was conditional upon approval by the Chinese authorities, which has now taken place. The acquisition of Viper became effective as at 1 August 2007.

These three acquisitions, which are also referred to in the 1st quarter 2007 report, are an element in the strategic development of Nilfisk-Advance's market position.

Nilfisk-Advance's currency exposure in USD is considered relatively limited and principally relates to translation risk. It is NKT's policy to hedge net exposure in the more important currencies by means of financial instruments. This is the case with USD where exposure is hedged for approximately 12 months ahead.

## NKT PHOTONICS GROUP

*NKT Photonics Group was created to exploit the specialist competences possessed by NKT's companies in optical technologies. Focus is on development, manufacture and sales*

*of advanced components, light sources and measuring equipment based on optical fibres.*

2nd quarter 2007 was accompanied by a positive and satisfactory growth in revenue compared with the same period last year, which is a reflection of a growing market acceptance of the group's products.

The growth in revenue led to improved operating performance, but earnings remained negative due to continued intensive focus on further development of group products.

### Earnings forecast 2007

NKT Photonics Group is expected to achieve a 20% increase in revenue compared with 2006, corresponding to around 115 mDKK (95 mDKK in 2006). Operating income (EBITDA) is expected to be around (15-20) mDKK in 2007, as compared with (18) mDKK in 2006. Earnings expectations are unchanged.

### Revenue

2nd quarter revenue by NKT Photonics was 31 mDKK, as against 22 mDKK in 2nd quarter 2006, corresponding to organic growth of 41%. Clear progress was also recorded compared with 1st quarter 2007, which produced revenue of 20 mDKK. Revenue for 1st half 2007 was 51 mDKK, as against 45 mDKK for 1st half 2006 (+13%).

### Operating income

Operating income (EBITDA) was (2) mDKK, as against (6) mDKK in 2nd quarter 2006. Combined deficit for 1st half

2007 was 11 mDKK, which is unchanged from the same period in 2006.

### Business initiatives

At **Crystal Fibre**, efforts remain focused on qualifying the company's sub-assemblies for higher power levels - in the first instance 350 W. From July 2007, Crystal Fibre has begun sampling 350 W sub-assemblies to selected customers. Work is also in progress to develop sub-assemblies for even higher power levels.

At **KOHERAS**, strong focus continued on the development of white light sources. This type of product is new on the market. Very considerable customer interest is being shown in these products in the field of microscopy, where KOHERAS works closely with Leica Microsystems, but also for many other applications.

In the area of ultra-precise lasers, initial results are still awaited from field trials in the oil exploration sector and in the characterisation of wind profiles for future wind farms.

**LIOS Technology** is currently experiencing very positive development in revenue, earnings and orders. The company has a sound and stable business base as a supplier of fire detection systems, and is now experiencing considerable growth in other areas of application - particularly in high voltage cable monitoring systems.

For NKT Photonics as a whole, results for the next financial periods are expected to be similar to 2nd quarter 2007, i.e.

higher revenue and a corresponding lower deficit than for the comparable periods in 2006.

### NKT FLEXIBLES (51%)

*NKT Flexibles IIS supplies flexible subsea pipe systems to the offshore industry. The pipes connect production wells on the seabed to production platforms on the surface. 49% of the company's equity is owned by the offshore contractor Acergy.*

### Earnings forecast 2007

NKT Flexibles is expected to report substantially increased revenue compared with 2006 when revenue amounted to 884 mDKK. Operating income (EBITDA) is also expected to be significantly higher than in 2006 when the figure was 138 mDKK.

NKT's share of NKT Flexibles' net profit is expected to be around 90 mDKK, the same as previously reported.

### Revenue and operating income

NKT Flexibles realised 2nd quarter revenue of 297 mDKK, as against 225 mDKK last year (+32%). Overall revenue for 1st half 2007 amounted to 555 mDKK, as against 392 mDKK (+42%) in 2006.

Operating income (EBITDA) was 77 mDKK, a profit margin of 26%, as against 39 mDKK in 2nd quarter 2006 when profit margin was 17%.



New orders during 2nd quarter 2007 amounted to 339 mDKK, and the order backlog at 30 June was 1,224 mDKK.

51% of NKT Flexibles' net earnings after depreciation, amortisation and financials is recognised in the NKT Group's operating income (EBITDA). For the 2nd quarter, 35 mDKK was recognised, as against 16 mDKK for the same period last year.

### Business development

During the first six months of 2007 the oil and gas market was characterised by a high level of demand, with market players receiving a number of large orders for flexible pipe systems, including some for installation as far ahead as 2009/2010.

A growing problem in the oil and gas industry is the shortage of experienced people for preparing project specifications and bid documents. Added to this, the capacity of offshore contractors to complete orders within the expected time frame is critical. This leads to project delays, which in turn can affect the time balance between bid and supply.

The development of NKT Flexibles' deepwater pipe products is going well, with among other things successful testing of a 6" ID pipe (dynamic riser) for installation at depths up to 2 km, typically off the coast of Brazil. An 8" ID pipe developed with a view to service at depths of up to 1,700 m off West Africa has also been successfully tested. The next step is to expand the product programme with a 10" ID pipe for application at depths up to 1,500 m.

In July, NKT Flexibles received its largest ever letter of intent - worth some 400 mDKK - relating to pipe systems for Statoil's challenging Gjøa project, as well as an order for a high temperature flexible riser system for the Visund Future project. Lastly the letter of intent included all necessary accessories for pipe operations. Furthermore, NKT Flexibles received options on two smaller Statoil projects. This interesting order was partly won against the background of NKT Flexibles' unique ability to handle complex extrusion and reinforcement solutions.

The Kalundborg production plant continues working to full capacity, but unexpected delays early in the year with supplies of raw materials - caused by heavy pressure on the offshore industry supply chain - led to irregularities in production flow. The effects of these irregularities have been minimised by a reorganisation of plant operations.

Organisational expansion is ongoing, and at 30 June 2007 the company employed close to 500 people, an increase of more than 100% in just two years.

Midway through 2007 NKT Flexibles initiated construction of a new headquarters building at Brøndby, Copenhagen, which is scheduled for completion in a year. The new building is planned to absorb the marked increase in activity experienced by the company in recent years.

# Management statement

The Board of Directors and the Management have today discussed and adopted the interim report of NKT Holding A/S for the period 1 January - 30 June 2007.

The report is presented in accordance with the provisions for recognition and measurement in International Financial Reporting Standards as approved by the EU, and in accordance with Danish disclosure requirements concerning the quarterly reports of listed companies.

We consider the accounting policies adopted to be correct, so that the report gives a fair view of the Group's assets, liabilities and financial position at 30 June 2007 and of the results of the Group's operations and cash flows for the period 1 January - 30 June 2007.

*Brøndby, 23 August 2007*

## Board of Management

Thomas Hofman-Bang  
*President and CEO*

Søren Isaksen  
*CTO*

/Michael Hedegaard Lyng  
*CFO*

## Board of Directors

Christian Kjær  
*Chairman*

Jan Trøjborg  
*Deputy Chairman*

Krister Ahlström

Jan Wraae Folting

Gunnar Karsten Jørgensen

Arne Dan Kjærulff

Jens Maaløe

Jørgen Bjergskov Nielsen

Jens Due Olsen

# Key figures for the Group

Unaudited Amounts in mDKK	Q2 2007	Q2 <sup>1)</sup> 2006	Q1-Q2 2007	Q1-Q2 <sup>1)</sup> 2006	Year <sup>1)</sup> 2006
<b>Income statement</b>					
Revenue	3,612	2,837	6,742	5,249	10,815
Earnings before interest, tax, depreciation and amortisation (EBITDA)	397	373	653	549	1,022
Depreciation and impairment of tangible fixed assets	(42)	(32)	(85)	(67)	(139)
Amortisation and impairment of intangible assets	(24)	(17)	(46)	(34)	(65)
Earnings before interest and tax (EBIT) <sup>2)</sup>	331	324	522	448	818
Financial items, net	(23)	(12)	(54)	(26)	(49)
Earnings before tax <sup>2)</sup>	308	312	468	422	769
Net income	224	228	344	313	603
NKT Holding A/S' share of net income	220	220	339	305	582
<b>Balance sheet and employees</b>					
Equity attributable to shareholders of NKT Holding A/S	2,847	2,526	2,847	2,526	2,787
Minority interests	25	71	25	71	19
Total equity	2,872	2,597	2,872	2,597	2,806
Total assets	8,588	6,916	8,588	6,916	7,350
Net interest bearing items <sup>3)</sup>	(2,319)	(1,221)	(2,319)	(1,221)	(1,023)
Capital employed <sup>4)</sup>	5,191	3,818	5,191	3,818	3,829
Average number of employees y.t.d.	7,146	6,056	7,146	6,056	6,016
<b>Cash flows</b>					
Cash flows from operating activities	140	79	190	(137)	265
Investments in tangible assets, net	(85)	176	(174)	109	(29)
Acquisition of business activities	(103)	-	(1,056)	(10)	(14)
<b>Financial ratios</b>					
Equity share	33%	38%	33%	38%	38%
Number of 20 DKK shares ('000)	23,638	23,500	23,638	23,500	23,500
Treasury shares ('000)	78	78	78	78	78
Earnings after tax per outstanding share (EPS), DKK	9.3	9.4	14.4	13.0	24.9
Dividend paid during accounting period, DKK per share	10.0	12.0	10.0	12.0	12.0
Equity value, DKK per outstanding share circulation	121	108	121	108	119
Market price, DKK per share	549	366	549	366	503
<sup>1)</sup> Operating income etc. for 2006 was increased by 108mDKK by non-recurring items attributable to Nilfisk-Advance					
<sup>2)</sup> For 2006, EBIT before special item, and earnings before tax and special item cf. 2006 financial statements					
<sup>3)</sup> Interest bearing cash items and receivables less interest bearing debt					
<sup>4)</sup> Equity and net interest-bearing items					

# Balance sheet and equity

Unaudited Amounts in mDKK	30 June 2007	30 June 2006	Year 2006
Balance sheet			
Intangible assets	1,234	989	820
Tangible assets	1,119	750	809
Investments and deferred tax	557	421	556
<b>Total non-current assets</b>	<b>2,910</b>	<b>2,160</b>	<b>2,185</b>
Inventories	2,352	1,909	1,894
Receivables	3,009	2,318	2,205
Securities	30	73	49
Cash at bank and in hand	287	456	1,017
<b>Total current assets</b>	<b>5,678</b>	<b>4,756</b>	<b>5,165</b>
<b>Total assets</b>	<b>8,588</b>	<b>6,916</b>	<b>7,350</b>
Equity attributable to shareholders of NKT Holding A/S	2,847	2,526	2,787
Minority interests	25	71	19
<b>Total equity</b>	<b>2,872</b>	<b>2,597</b>	<b>2,806</b>
Deferred tax	33	12	7
Pensions	290	289	288
Provisions	53	28	22
Credit institutions etc.	1,721	980	1,477
<b>Total non-current liabilities</b>	<b>2,097</b>	<b>1,309</b>	<b>1,794</b>
Credit institutions etc.	889	774	624
Other current liabilities	2,730	2,236	2,126
<b>Total current liabilities</b>	<b>3,619</b>	<b>3,010</b>	<b>2,750</b>
<b>Total equity and liabilities</b>	<b>8,588</b>	<b>6,916</b>	<b>7,350</b>
Changes in equity			
Equity, 1 January	2,806	2,735	2,735
Net income	344	313	603
Currency adjustment of foreign subsidiaries and value adjustment of cash flow hedges etc.	(59)	(101)	(94)
Gains on securities available for sale transferred to income statement	-	(6)	(6)
Shares options paid / share-based payment	1	(63)	(82)
Dividend treasury shares	1	13	13
Disposal minority interest	-	-	(69)
Paid on exercise of share options	15	-	-
Dividend paid	(236)	(294)	(294)
<b>Equity at the end of the period</b>	<b>2,872</b>	<b>2,597</b>	<b>2,806</b>

## Cash flows and interest bearing items

Unaudited Amounts in mDKK	Q2 2007	Q2 2006	Q1-Q2 2007	Q1-Q2 2006	Year 2006
Earnings before interest, tax, depreciation and amortisation (EBITDA)	397	373	653	549	1,022
Financial items, net	(23)	(12)	(54)	(26)	(49)
Change in working capital, utilised provision for restructuring proceeds from sale of non-current assets reversed etc.	(234)	(282)	(409)	(660)	(708)
Cash flow from operating activities	140	79	190	(137)	265
Acquisition of business activities	(103)	-	(1,056)	(10)	(14)
Investments in tangible assets, net	(85)	176	(174)	109	(29)
Other investments, etc.	(51)	(21)	(38)	(59)	(144)
Total cash flows from operating and investing activities	(99)	234	(1,078)	(97)	78
Dividend paid	(236)	(294)	(236)	(294)	(294)
Paid on exercise of share options	8	-	15	-	-
Shares options paid / treasury shares dividend	1	14	1	(50)	(51)
Change in interest bearing items, net	(326)	(46)	(1,298)	(441)	(267)
Net interest bearing items, 1 January	(1,987)	(1,176)	(1,023)	(764)	(764)
Currency and value adjustments relating to interest bearing items	(6)	1	2	(16)	8
<b>Net interest bearing items at the end of the period</b>	<b>(2,319)</b>	<b>(1,221)</b>	<b>(2,319)</b>	<b>(1,221)</b>	<b>(1,023)</b>



# Segment reporting

Unaudited Amounts in mDKK	Q2 2007	Q2 2006	Q1-Q2 2007	Q1-Q2 2006	Year 2006
<b>Revenue</b>					
NKT Cables Group	2,048	1,373	3,722	2,406	5,268
Nilfisk-Advance Group	1,530	1,438	2,962	2,791	5,439
NKT Photonics Group	31	22	51	45	95
Other companies etc.	3	4	7	7	13
	<b>3,612</b>	<b>2,837</b>	<b>6,742</b>	<b>5,249</b>	<b>10,815</b>
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>					
NKT Cables Group	195	99	301	161	363
Nilfisk-Advance Group	174	269	320	386	636
NKT Photonics Group	(2)	(6)	(11)	(11)	(18)
NKT Flexibles, share of profit	35	16	51	22	53
Parent company and eliminations, etc.	(5)	(5)	(8)	(9)	(12)
	<b>397</b>	<b>373</b>	<b>653</b>	<b>549</b>	<b>1,022</b>
<b>Earnings before interest and tax (EBIT)</b>					
NKT Cables Group	163	87	240	138	301
Nilfisk-Advance Group	143	236	257	315	508
NKT Photonics Group	(5)	(9)	(17)	(17)	(31)
NKT Flexibles, share of profit	35	16	51	22	53
Parent company and eliminations, etc.	(5)	(6)	(9)	(10)	(13)
	<b>331</b>	<b>324</b>	<b>522</b>	<b>448</b>	<b>818</b>
<b>Capital employed</b>					
NKT Cables Group			2,480	1,179	1,243
Nilfisk-Advance Group			2,457	2,407	2,342
NKT Photonics Group			101	98	100
NKT Flexibles, share of equity etc.			123	98	119
Parent company and eliminations, etc.			30	36	25
			<b>5,191</b>	<b>3,818</b>	<b>3,829</b>

# Useful information

## STOCK EXCHANGE RELEASES 2007

In 2007 we have issued the following releases via the Copenhagen Stock Exchange. The full text may be found on [www.nkt.dk](http://www.nkt.dk).

- > 02.01.07 #1 NKT Holding's stock market diary 2007
- > 08.01.07 #2 NKT Holding A/S issues share warrants
- > 05.03.07 #3 NKT annual report 2006
- > 16.03.07 #4 Exercise of warrants - increase of Group share capital
- > 19.03.07 #5 Announcement - NKT Holding A/S Annual General Meeting 2007
- > 11.04.07 #6 Annual General Meeting 2007
- > 19.04.07 #7 Shareholdings report
- > 19.04.07 #8 Exercise of warrants - increase of Group share capital
- > 08.05.07 #9 Nilfisk-Advance acquires Viper Group
- > 24.05.07 #10 NKT quarterly report 1/2007
- > 25.05.07 #11 NKT shares - insider transactions
- > 29.05.07 #12 NKT shares - insider transactions
- > 01.06.07 #13 Voting rights and capital as per 1 June 2007
- > 08.06.07 #14 NKT shares - insider transactions
- > 11.06.07 #15 NKT shares - insider transactions
- > 18.06.07 #16 NKT shares - insider transactions
- > 07.08.07 #17 Nilfisk-Advance acquires Chinese Viper Group

## STOCK EXCHANGE CALENDAR 2007

- 23 August Quarterly report 2
- 21 November Quarterly report 3

The presentation of NKT's annual and quarterly reports is transmitted on-line. For details see [www.nkt.dk](http://www.nkt.dk).

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