



14 May 2008, announcement 17

# Interim financial report

## - 1st quarter 2008

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### SUMMARY - SOUND START TO 2008

With Group revenue of 3,366 mDKK (+8%), operating income (EBIT) of 226 mDKK (+18%) and Group net income before tax of 184 mDKK (+15%), satisfactory progress has been made in comparison with the same period in 2007. Despite uncertain market conditions, and signs of slowdown in a small sector in the North American market, 1st quarter developments may be described as "business as usual".

These developments are in harmony with our expectations, and based on a highly favourable 1st quarter for NKT Flexibles, expected Group net income before tax has been revised upwards from previously 900 mDKK to around 950 mDKK.

Overall organic growth development for the Group was as expected in 1st quarter 2008 and amounted to 4%. This development was based on organic growth of 4% for both NKT Cables and Nilfisk-Advance. Growth at NKT Cables was influenced by the supply of a major high voltage project being postponed until later in the year. Growth at Nilfisk-Advance was influenced by Easter falling in the 1st quarter in the case of 2008, rather than in the 2nd quarter as in 2007. The effect has been evidenced by abnormally high growth in April 2008. NKT Photonics Group made a slow start to the year, and NKT Flexibles (51%) had a strong 1st quarter with organic growth of 37%.

Since the close of the 1st quarter two important framework agreements have been signed. On 24 April we announced that NKT Cables had been chosen as a supplier to an Extra High Voltage Project in the Netherlands with an expected completion date of 2010. And on 5 May we announced that NKT Flexibles had signed a groundbreaking framework agreement with Brazil's largest oil company to supply offshore pipes in the period 2009-2011. Details are contained in the company reviews.

### Revised expectations for 2008

Predicted organic growth in full-year revenue remains around 7%, which is based on unchanged expectations for NKT Cables (8%), Nilfisk-Advance (5%) and NKT Photonics (30%). Based on current metal prices this corresponds to anticipated revenue of around 14.8 bnDKK, as against 14.5 bnDKK previously forecast.

Based on 1st quarter developments at NKT Flexibles, and the fact that forecasts can now be made for the rest of the year with less uncertainty than at the start, we have adjusted our expectations with regard to Group net income before tax from around 900 mDKK previously to around 950 mDKK.

Expectations for the individual Group companies are contained in the company reviews starting on page 5.

### FINANCIAL HIGHLIGHTS

Amounts in mDKK	Q1 2008	Q1 2007	Full-year 2007
Revenue	3,366	3,130	13,525
Earnings (EBITDA)	305	256	1,433
Earnings (EBIT)	226	191	1,133
Earnings before tax	184	160	988
Equity	3,376	2,907	3,283
Net interest bearing items	(2,215)	(1,987)	(1,995)

# Financial highlights - NKT Group

Unaudited Amounts in mDKK	Q/ 2008	Q/ 2007	Year 2007 <sup>1)</sup>
<b>Income statement</b>			
Revenue	3,366	3,130	13,525
Earnings before interest, tax, depreciation and amortisation (EBITDA)	305	256	1,433
Depreciation and impairment of tangible fixed assets	(54)	(43)	(192)
Amortisation and impairment of intangible assets	(25)	(22)	(108)
Earnings before interest and tax (EBIT)	226	191	1,133
Financial items, net	(42)	(31)	(145)
Earnings before tax	184	160	988
Net income	138	120	820
NKT Holding A/S' share of net income	136	119	805
<b>Balance sheet and employees</b>			
Share capital	473	471	473
Equity attributable to shareholders of NKT Holding A/S	3,337	2,887	3,246
Minority interests	39	20	37
Total equity	3,376	2,907	3,283
Total assets	9,655	7,990	9,099
Net interest bearing items <sup>2)</sup>	(2,215)	(1,987)	(1,995)
Capital employed <sup>3)</sup>	5,591	4,894	5,006
Working capital	2,624	2,607	2,176
Average number of employees y.t.d.	8,643	7,052	7,575
<b>Cash flows</b>			
Cash flows from operating activities	(250)	50	1,162
Acquisition of business activities	(82)	(646)	(1,039)
Investments in tangible assets, net	187	(89)	(389)
<b>Financial ratios</b>			
Equity share	35%	36%	36%
Return on capital employed (RoCE) <sup>4)</sup>	21.1%	19.1%	22.0%
Number of 20 DKK shares ('000)	23,655	23,561	23,638
Number of treasury shares ('000)	78	78	78
Earnings after tax per outstanding share (EPS), DKK	5.8	5.1	34.2
Dividend paid during accounting period, DKK per share	-	-	10.0
Equity value, DKK per outstanding share	142	123	137
Market price, DKK per share	340	449	459

<sup>1)</sup> Operating income etc. for 2007 was increased by one-off items of 70mDKK attributable to NKT Cables

<sup>2)</sup> Interest bearing cash items and receivables less interest bearing debt

<sup>3)</sup> Total equity plus net interest bearing debt and, for year-end 2007, minus receivables of 272 mDKK relating to sale of property

<sup>4)</sup> Operating income (EBIT) adjusted for one-offs as a percentage of capital employed. EBIT is stated on a rolling 12-month basis

Financial highlights and ratios are calculated in accordance with the 2007 annual report.

# Management report, NKT Group, 1st quarter 2008

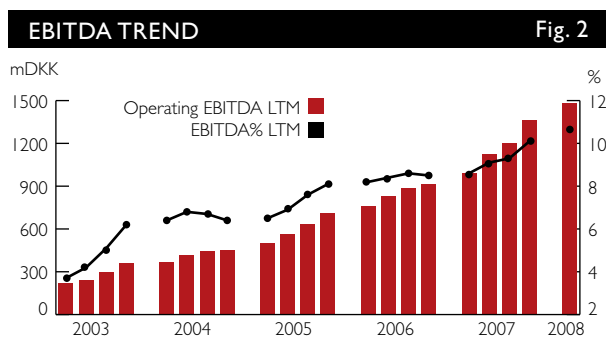
## Revenue

Revenue in the year's 1st quarter was 3,366 mDKK, as against 3,130 mDKK for the same period in 2007. The nominal increase was therefore 236 mDKK (8%). Revenue was influenced during the period by developments in metal prices (+2%) and also by acquisitions (+2%). Exchange rates did not influence the Group's revenue significantly as the effect of a falling US dollar on the Group as a whole was offset by among other things rising exchange rates in the Czech Republic and Poland. After adjusting for the influences referred to, aggregate organic growth was therefore 4%.

Revenue development for NKT's individual companies is shown in Fig. 1.

## Operating income

Operating income before depreciation and amortisation (EBITDA) for 1st quarter 2008 was 305 mDKK, as against 256 mDKK the previous year, an increase of 49 mDKK (19%). Of this increase, 17 mDKK was attributable to NKT Cables and 8 mDKK to Nilfisk-Advance, while NKT Flexibles represented 31 mDKK. NKT's other businesses had an aggregate negative influence on EBITDA amounting to 7mDKK, which however was primarily due to a slow start in 2008 for NKT Photonics.



The positive development has meant that profit margin continues to rise, and in 1st quarter 2008 an EBITDA margin (LTM) of 10.8% was achieved, as against 8.6% in the same period last year. This is measured in current metal prices (13.5% and 10.5% respectively in standard metal prices), cf. Fig. 2.

**REVENUE DEVELOPMENT BY COMPANY** Fig. 1

Amounts in mDKK	Realised Q1 2007	Metal prices/ currencies	Acquisitions	Organic growth	Realised Q1 2008	Nominal growth (%)	Organic growth (%)
NKT Cables Group	1,674	114	-	68	1,856	11	4
Nilfisk-Advance	1,432	(55)	52	54	1,483	4	4
NKT Photonics Group	20	-	4	-	24	20	-
Other	4	-	-	(1)	3	-	-
<b>Total</b>	<b>3,130</b>	<b>59</b>	<b>56</b>	<b>121</b>	<b>3,366</b>	<b>8</b>	<b>4</b>

EBIT operating income was 226 mDKK for the first three months of the year, as against 191 mDKK in 2007, an increase therefore of 35 mDKK (19%) on the same period last year. Operating income by company are shown in Fig. 3.

**OPERATING EARNINGS BY COMPANY** Fig. 3

Amounts in mDKK	Realised Q1 2008	Realised Q1 2007	Nom. change	Change %
NKT Cables Group	86	77	9	12
Nilfisk-Advance	117	114	3	3
NKT Photonics Group	(17)	(12)	(5)	(42)
NKT Flexibles (51%)	47	16	31	194
Other	(7)	(4)	(3)	-
<b>Reported EBIT</b>	<b>226</b>	<b>191</b>	<b>35</b>	<b>19</b>

## Financial items and net income before tax

1st quarter financials amounted to (42) mDKK, as against (31) mDKK for the same period last year, which primarily reflects the increase in NKT's financial gearing. The average cost of borrowing has risen in recent months by as much as 0.5% owing to the banks raising interest margins on loans due to the liquidity crisis in the international financial lending markets. However, the effect of this on our financial expenditure is marginal.

Consolidated net income before tax was 184 mDKK for the first three months of the year, as against 160 mDKK for the same period in 2007, a 15% increase.

## Capital structure and cash flow

Net interest bearing debt increased from 1,995 mDKK to 2,215 during 1st quarter 2008 and thus constitutes 1.6x realised operating income (EBITDA) for the past 12 months. This is an increase from 1.4x at the end of 2007.

The increase in net interest debt consisted of negative cash flow of 250 mDKK from operating activities added to positive cash flow of 85 mDKK from investing activities. The latter was increased by sale of the property in Cologne, which first impacted on cash flow in 2008 (+272 mDKK). The increase in Group working capital from

2,176 mDKK at 31 December 2007 to 2,624 at 31 March 2008 (2,607 mDKK at 31 March 2007) primarily reflects seasonal influences. The Group's strategic objective of reducing working capital (< 18% for Nilfisk-Advance and < 17% for NKT Cables) is unchanged.

## Events until beginning of May 2008

### NKT Cables

- › **24 April 2008:** NKT Cables was chosen as partner in the design, manufacture and installation of a 380 kV cable system for the Zuidring Transmission Line in western Netherlands. The contract will be worth 35-120 mEUR to NKT Cables depending on the relative proportion of powerline to cable.

### Nilfisk-Advance

- › **3 March 2008:** HydraMaster, a US manufacturer of truck-mounted carpet cleaners, was acquired on 1 March 2008. The acquisition is an element in Nilfisk-Advance's product and market expansion in the United States.
- › **8 April 2008:** Nilfisk-Advance sets up a sales subsidiary in Argentina as part of its plans to establish presence in "new" markets.
- › **16 April 2008:** Nilfisk-Advance acquires Swedish company Aquatech with effect from 1 May 2008. The acquisition is an element in the strengthening of Nilfisk-Advance's sales and service reach in Sweden.

### NKT Flexibles

- › **5 March 2008:** Investment of around 300 mDKK approved for upgrade of NKT Flexibles' production facilities in Kalundborg. The purpose of the upgrade, scheduled for 2008-2010, is to expand production capacity.
- › **5 May 2008:** Three-year framework contract signed with Petrobras, Brazil, for supply of pipes in the period 2009-2011. Fully exercised, the contract will be worth up to 1.4 bnDKK.

### NKT Photonics

- › **4 February 2008:** NKT becomes sole owner of US company Vytran LLC, a manufacturer of equipment for handling optical fibres, increasing its existing 27% stake. The acquisition is an element in the establishment of market positions for NKT Photonics companies.

## NKT shares

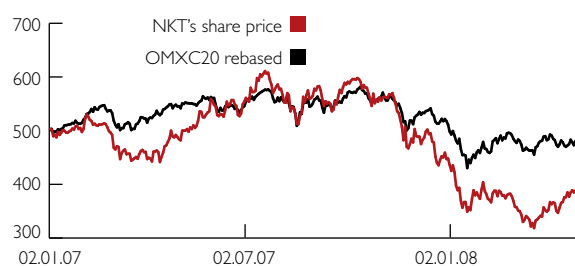
NKT shares are also expected to be represented in the OMX C20 Index in 2nd-half 2008.

Daily trading turnover on NKT shares since the turn of the year has averaged 61 mDKK, as against 62 mDKK in the same period last year. At 31 March 2008, NKT's share price stood at 340, a fall of 26% on the opening price for the year (459 DKK). The annual general meeting on 10 April 2008 approved payment of a

dividend of 11 DKK per share. This will not influence the share price until 2nd quarter 2008.

NKT's market capitalisation at 31 March 2008 was 8.0 bnDKK. After adjustment for net interest bearing items and minority interests the enterprise value, the NKT Group had an enterprise value of 10.3 bnDKK.

### SHARE PRICE TREND



At 31 March the Danish Labour Market Supplementary Fund was the sole investor holding more than 5% of NKT's share capital. On 16 April 2008, Credit Suisse also reported ownership of more than 5% of NKT's share capital. NKT's portfolio of treasury shares is unchanged at 77,675 shares, corresponding to 0.3%.

NKT's share capital (at 16 April 2008) consisted of 23,718,379 shares of a nominal value of 20 DKK. Increases in share capital took place in March and April after a number of employees exercised warrants issued under share option programmes in 2004 and 2005, cf. stock exchange release no. 12 of 16 April 2008. The nominal share capital is therefore 474,367,580 DKK. At the end of April 2008, NKT had 22,245 registered shareholders (including 641 foreign shareholders) who represented 74% of the share capital.

More information about NKT shares, together with other relevant shareholder information, is available at [www.nkt.dk](http://www.nkt.dk) under "Investor".

## Annual general meeting, 10 April 2008

The resolutions adopted by the annual general meeting on Thursday, 10 April 2008, were announced immediately after the meeting closed. The resolutions - together with a recording of the entire meeting - can be found on NKT's website [www.nkt.dk](http://www.nkt.dk).

Christian Kjær, Jan Trøjborg, Krister Ahlström, Jens Maaløe and Jens Due Olsen were all re-elected to the Board of Directors. Lone Fønss Schrøder was voted in as a new member and Jan Wraae Følting retired from the Board. The Board thereafter elected Christian Kjær as chairman and Jan Trøjborg as deputy chairman.

KPMG Statsautoriseret Revisionspartnerselskab was re-elected as NKT's auditors.

# Group companies

At the end of 1st quarter 2008 the NKT Group employed a total of 8,758 people, including 1,251 in Denmark. 7,507 are employed in the Group's non-Danish companies. NKT Cables Group had 3,250 employees, Nilfisk-Advance Group 5,309 and NKT Photonics Group 158. Furthermore, NKT Flexibles had 573 employees.

## 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.

### Financial expectations for 2008

Our expectations for NKT Cables in 2008 are unchanged from the information published on 5 March 2008 in NKT's annual report for 2007.

However, as a result of slightly increased metal prices, expected revenue, measured in current metal prices, has been revised upwards by 300 mDKK from 8.1 bnDKK to 8.4 bnDKK. Expected organic growth in revenue remains around 8%, an increase of 400 mDKK measured in standard prices, from 4.9 bnDKK in 2007 to around 5.3 bnDKK.

Earnings expectations are unchanged with a profit margin (EBIT) of around 9.5% measured in standard metal prices.

### Developments in 1st quarter 2008

#### Revenue

NKT Cables realised 1st quarter revenue of 1,856 mDKK. Compared with 1st quarter 2007 this was a nominal increase of 11% and organic growth of 4%. The breakdown of the increase in revenue is shown in Fig. 1 on page 3.

The organic growth was driven by the primary product segment, power cables, which represented around 80% of the revenue for the three-month period. Realised growth in sales was around 4%, which covered both low, medium and high voltage cables.

The development reflected continued high levels of grid maintenance and expansion activity in the electricity sector. The building and construction sector experienced a decrease in newbuilding in Northern Europe (primarily Denmark) that was partly offset, however, by growth in activities in other areas of the building industry. However, some markets - particularly in

Western Europe - are showing the first signs of a more normalised level of activity, which is intensifying the competitive situation in other markets, such as Eastern Europe, due to competitors seeking alternative sales outlets.

#### Operating income

1st quarter operating income before depreciation and amortisation (EBITDA) was 123 mDKK, corresponding to a margin - measured in standard prices - of 10.4%, compared with 106 mDKK and 9.8% for the same period last year. Earnings development is satisfactory, the rolling 12-month EBITDA margin based on revenue measured in standard prices improving from 13.3% at the end of 2007 to 13.4%.

1st quarter EBIT amounted to 86 mDKK, a margin of 7.4%. This compares with 77 mDKK and a 7.3% EBIT margin for 1st quarter 2007.

#### 1st quarter events

NKT Cables' individual business segments had varying starts to the year. The high level of activity in the high voltage cable sector in 2007 continued, as regards both existing and new projects. The positive development in NKT Cables' high voltage business thus continued.

Development in the low voltage segment was variable, some markets continuing to progress while others showed signs of slowdown. With a view to reducing its vulnerability in this cyclically sensitive area of business, NKT Cables successfully created access to a number of new markets.

Activity in the railway supplies segment, which together with the high voltage segment represents a significant part of NKT Cables' growth potential for 2008, began slowly due to extreme winter weather in China that gave rise to delays throughout the 1st quarter. Projects implemented are still expected to equal NKT Cables' planned volume for 2008, but will now be concentrated in the 2nd half of the year.

In the first three months of the year NKT Cables concluded project bid negotiations with a number of energy companies - with positive prospects for the upcoming 12 months. Since the quarter closed the company has signed an agreement with Dutch electricity transmission company TenneT TSO B.V. for design, manufacture and installation of a 380 kV cable system for the Zuidring Transmission Line in western Netherlands. The project is expected to be completed in 2010. The project will be worth at least 35 mEUR to NKT Cables, the ultimate size of the contract sum being determined by the proportion of overheadline

to cable, as decided by the Dutch authorities. Depending on the outcome the contract sum may be as high as 120 mEUR.

During 1st quarter 2008 NKT Cables experienced growing market acceptance of Valcap, the company's solution for continuous monitoring of high voltage cable systems. Valcap makes it possible to reduce the energy losses that occur in transmission and distribution systems.

The work on two US superconducting cable projects continued to plan, and the start of manufacture of cable accessories in China also proceeded positively.

The automotive cable products manufactured by Kablo Elektro at Vrchlabi in the north-east part of the Czech Republic have been approved by 4-5 major East European suppliers to the automobile sector. Basis therefore exists for an expansion of factory capacity within the next two years.

Together with a local partner, NKT Cables initiated cooperation in Australia on sales of medium and high voltage cable accessories. It is expected that this cooperation may be able to be expanded, principally in sales of NKT Cables' medium voltage cables.

In the period under review, NKT Cables' medium voltage cable factory at Velke Mesirici in the south-eastern part of the Czech Republic was granted quality approval by the German energy company E.ON - an approval that became necessary in connection with NKT Cables' acquisition of Kablo Elektro on 1 January 2007.

## 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 floor washers, sweepers and polishers, and an extensive range of high pressure cleaners.

### Financial expectations for 2008

Our expectations for Nilfisk-Advance in 2008 are unchanged from the information published on 5 March 2008 in NKT's annual report for 2007.

Expected revenue for 2008 therefore remains around 6.2 bnDKK, corresponding to organic growth of around 5%. Forecast earnings, a profit margin (EBIT) of around 8.5%, are also unchanged.

### Developments in 1st quarter 2008

#### Revenue

Nilfisk-Advance realised 1st quarter revenue of 1,483 mDKK. This corresponds to both nominal and organic growth of 4% in

relation to 1st quarter 2007 and measured in fixed exchange rates the 1st quarter showed growth of 8% (including 4% relating to acquisitions). The development in revenue is specified in more detail in Fig. 1 on page 3.

1st quarter organic growth reflected the continuing upward trend of recent years and was in line with expectations for 2008, although the presence of Easter in March meant that realised growth was weaker than the target level for the year. However, this development was offset by a reverse effect in April when positive growth was recorded. On a regional basis, organic growth was strongly driven by Europe (around 7%) and Rest of World (around 5%).

In North America, Nilfisk-Advance realised positive and satisfactory organic growth of around 2% in the sector for professional cleaning equipment. Sales relating to the building industry and consumer-related sales generally experienced negative growth of more than 30%. Overall, negative organic growth of around 5% was realised in North America. Revenue relating to the US market still represents around 25% of Nilfisk-Advance's total revenue. Around 75% of this relates to professional cleaning equipment, the remaining 25% relating to the building industry in the form of sales of rental equipment, floor sanders etc.

#### Operating income

1st quarter operating income before depreciation and amortisation (EBITDA) was 154 mDKK, a margin of 10.4%, compared with 10.2% for the same period last year. Income development is very satisfactory as the company has overcome difficult market conditions and continuously rising raw material prices to increase its contribution margin and maintain its rolling 12-month EBITDA margin at 11%, the same as at the end of 2007.

1st quarter EBIT was 117 mDKK, a margin of 7.9%. The corresponding figures for 1st quarter 2007 were 114 mDKK and 8.0%.

#### 1st quarter events

During 1st quarter 2008 Nilfisk-Advance noted tendencies towards a more difficult market situation in which the US market recession was evidenced by reduced demand for certain product categories, and in which the growth in Eastern Europe offset early stagnation in Western Europe. Growth rates in Nilfisk-Advance's markets in the Asia/Pacific region, South America and the Middle East remain good. Prices of raw materials continue to rise.

By means of its strategic market positioning, ongoing launch of new products, streamlined business systems and tight cost control Nilfisk-Advance will be able to handle a broad spectrum

of changed market conditions within the general framework established for the company's development.

With effect from 1 January 2008, Nilfisk-Advance acquired ownership of Wap South Africa (Pty) Ltd. The company is therefore now represented in South Africa by an extensive sales and service organisation.

HydraMaster, a US manufacturer of carpet cleaners, and the Swedish company Aquatech, a sales and service provider, both became wholly owned members of the Nilfisk-Advance family in 1st quarter 2007. The acquisition of HydraMaster must be seen as supplementing the acquisition of U.S. Products on 1 January 2007, such that Nilfisk-Advance is now also strongly positioned in the carpet and upholstery cleaning segment. The acquisition of Aquatech was an element in the strategy of continuously expanding Nilfisk-Advance's sales and service facilities in company markets. In South America, Nilfisk-Advance opened a sales subsidiary in Argentina as part of its policy of establishing presence in "new" markets.

Eight new products entered the market during 1st quarter 2008. These include:

- › An innovative combined carpet cleaner and floor washer - AX651 - the first of its kind
- › A new battery-powered vacuum cleaner aimed at daytime cleaning - GD911 Battery
- › An upright vacuum cleaner - GU 305/355
- › A series of new vacuum cleaners for professionals in building and other industries - ATTIX 30/40/50
- › New high-pressure cleaners and vacuum cleaners for domestic use

1st quarter 2008 also saw several European launches of truck-mounted carpet cleaners from U.S. Products, which was acquired by Nilfisk-Advance in 2007.

The pace of new product development continues unabated, and the ambition is to make 2008 the year with the highest number of product launches in the history of Nilfisk-Advance.

In competition with the sector's international players the combined carpet cleaner and floor washer (AX651) mentioned above was chosen as one of three category winners at the presentation of the coveted innovation award at InterClean Amsterdam in May. This award strongly underlines Nilfisk-Advance's status as a leading manufacturer of innovative products for the professional cleaning market.

## NKT PHOTONICS GROUP

NKT Photonics Group represents NKT's initiative to create a powerful business segment that builds on the fibre-optics expertise possessed by the NKT Photonics companies. Focus is on developing, manufacturing and marketing advanced components, light sources and measuring equipment based on optical fibres.

### Financial expectations for 2008

Our expectations for NKT Photonics in 2008 are unchanged from the information published on 5 March 2008 in NKT's annual report for 2007.

In spite of the slow start for NKT Photonics in 2008 it remains our expectation that the companies in the NKT Photonics Group will achieve a 60% increase in revenue on 2007 (30% via organic growth and 30% via acquisitions), corresponding to around 180 mDKK. An operating deficit (EBIT) of around (20) mDKK is expected, as against (32) mDKK in 2007.

### Developments in 1st quarter 2008

#### Revenue

NKT Photonics realised a 20% increase in revenue in the 1st quarter, which amounted to a total of 24 mDKK, compared with 20 mDKK for the same period in 2007. The increase in revenue was solely attributable to the acquisition of Vytran LLC, which joined the NKT Group as at 1 February 2008. Revenue for the other NKT Photonics companies was unchanged from 2007.

#### Operating income

Absence of organic growth combined with heightened development costs increased NKT Photonics' deficit (EBIT) to (17) mDKK, compared with (12) mDKK for the same period last year. As expected, Vytran made a neutral contribution to income development in the first two months.

#### 1st quarter events

As mentioned on page 4, NKT Photonics Group expanded its business portfolio on 1 February to include the US company Vytran Inc. After holding a 27% stake in Vytran since March 2006, NKT acquired full ownership of the company from 1 February 2008. Vytran is a supplier of key products for processing special fibres, such as splicing, cutting and coating equipment. Vytran typically addresses the same customers as Crystal Fibre.

**Crystal Fibre** is experiencing considerable interest in its sub-assemblies for 3D metal processing and micro-processing applications in the semiconductor and solar cell industry.

KOHERAS is receiving increased demand for its "SuperK" product series since Leica Microsystems commenced global marketing of confocal microscopes based on a SuperK product, and Yokogawa is now marketing testing equipment that utilises another product in the series.

Sales of KOHERAS' ultra-precise lasers are increasing, principally for windspeed measurement in connection with wind farms. The results of customer field trials relating to oil reservoir extraction are still awaited.

LIOS Technology opened the year with a thin order book, and this was reflected in low revenue for the 1st quarter. However, a large number of orders has been received during 1st quarter 2008, as a result of which improved revenue development is therefore expected in the months ahead.

LIOS Technology's strategic objective in 2008 is to develop a stronger presence in the market for oil and gas recovery. As a first step, the company has succeeded in being chosen as sole supplier, within a defined technical and geographical segment, to an important player in the Far East for a five-year period.

## NKT FLEXIBLES (51%)

NKT Flexibles I/S supplies flexible offshore pipelines designed for use in oil and gas recovery from fields on the sea bed. 49% of the company's share capital is owned by the offshore contractor Acergy.

### Financial expectations for 2008

Based on a very strong 1st quarter, expectations with regard to NKT's share of NKT Flexibles' net income have been revised upwards. This share is now expected to amount to around 150 mDKK, as against 120 mDKK notified on 5 March 2008 in NKT's annual report for 2007.

The above is based on unchanged expectations for revenue, which is now predicted to be around 1.2 bnDKK, whereas the forecast EBITDA margin is now at least 25%, as against around 23% previously.

### Developments in 1st quarter 2008

#### Revenue and operating income

NKT Flexibles realised 1st quarter revenue of 353 mDKK, as against 258 mDKK the previous year (+37%). The relatively high level of revenue in relation to the full-year expectations can primarily be ascribed to a product mix which during the 1st

quarter was solely characterised by production of high-value products.

The product mix also positively influenced operating income (EBITDA), amounting to 98 mDKK in 1st quarter 2008, which corresponds to a profit margin of 28%. This compares with 40 mDKK and 16% for the same period in 2007.

Visibility in the market remains high and orders received remains at an attractive level. At the end of the 1st quarter the company had orders in hand equal to more than one year's production.

51% of NKT Flexibles' net earnings after depreciation, amortisation and financials is recognised in the NKT Group's operating income (EBITDA). 47 mDKK was recognised for the 1st quarter, as against 16 mDKK for the same period in 2007.

#### 1st quarter events

The offshore market remained characterised by rising oil prices during the first months of the year. Having started the year at 100 USD for a barrel, the oil price reached 120 USD a barrel at the start of May 2008. This is therefore a market with a high level of activity.

NKT Flexibles' Kalundborg factory in 1st quarter 2008 was correspondingly busy, with ongoing completion of existing pipe projects and start-up of new projects. At the end of March, only very little surplus production capacity was available in 2008.

The expansion of production capacity at the Kalundborg factory, which was announced on 5 March 2008, is now under way.

In the period since 31 March, NKT Flexibles has signed a three-year, biggest ever, framework contract with the Brazilian oil company Petrobras for supply of up to 90 km of 6"ID and 8"ID flexible dynamic risers and static flowlines for use in waters as deep as 2,000 metres. The scheduled delivery period is 2009 - 2011, and if fully exercised the contract may be worth up to 1.4 bnDKK. This order represents a breakthrough for NKT Flexibles in the Brazilian market which constitutes around 50% of the world market.





# Management Statement

The Board of Directors and the Management have today considered and adopted the interim financial report of NKT Holding A/S for the period 1 January - 31 March 2008.

The interim financial 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 additional Danish disclosure requirements for interim financial reports of listed companies.

In our opinion, the interim financial report gives a true and fair view of the Group's assets, liabilities and financial position at 31 March 2008 and the results of the Group's activities and the cash flows for the period 1 January - 31 March 2008.

We also find that 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, 14 May 2008

## 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

Gunnar Karsten Jørgensen

Arne Dan Kjærulff

Jens Maaløe

Jørgen Bjergskov Nielsen

Jens Due Olsen

Lone Fønss Schrøder

# Income statement - NKT Group

Unaudited	Q1	Q1	Year
Amounts in mDKK	2008	2007	2007
Revenue	3,366	3,130	13,525
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>305</b>	<b>256</b>	<b>1,433</b>
Depreciation and impairment of tangible fixed assets	(54)	(43)	(192)
Amortisation and impairment of intangible assets	(25)	(22)	(108)
<b>Earnings before interest and tax (EBIT)</b>	<b>226</b>	<b>191</b>	<b>1,133</b>
Financial items, net	(42)	(31)	(145)
<b>Earnings before tax</b>	<b>184</b>	<b>160</b>	<b>988</b>
Tax	(46)	(40)	(168)
<b>Net income</b>	<b>138</b>	<b>120</b>	<b>820</b>
To be distributed thus:			
Profit attributable to equity holders of the parent	136	119	805
Profit attributable to minority interests	2	1	15
	<b>138</b>	<b>120</b>	<b>820</b>
Basic earnings per share (EPS)	5.8	5.1	34.2
Diluted earnings per share (EPS-D)	5.7	5.0	34.0

# Cash flows - NKT Group

Unaudited	Q1	Q1	Year
Amounts in mDKK	2008	2007	2007
Earnings before interest, tax, depreciation and amortisation (EBITDA)	305	256	1,433
Financial items, net	(42)	(31)	(145)
Change in working capital, utilised provision proceeds from sale of non-current assets reversed etc.	(513)	(175)	(126)
<b>Cash flows from operating activities</b>	<b>(250)</b>	<b>50</b>	<b>1,162</b>
Acquisition of business activities	(82)	(646)	(1,039)
Investments in tangible assets, net	187	(89)	(389)
Change in securities and loans to associated company	5	13	31
Other investments, etc.	(25)	16	(108)
<b>Cash flows from investing activities</b>	<b>85</b>	<b>(706)</b>	<b>(1,505)</b>
Changes in long-term loans	17	237	(147)
Changes in short-term loans	55	(229)	239
Dividends paid	-	-	(236)
Subscribed by exercise of options	3	7	15
<b>Cash flows from financing activities</b>	<b>75</b>	<b>15</b>	<b>(129)</b>
<b>Cash flows for the period</b>	<b>(90)</b>	<b>(641)</b>	<b>(472)</b>
Cash at bank and in hand at the beginning of the period	539	1,017	1,017
Currency adjustments	-	(1)	(6)
Cash flows for the period	(90)	(641)	(472)
<b>Cash at bank and in hand at the end of the period</b>	<b>449</b>	<b>375</b>	<b>539</b>

# Balance sheet and Equity - NKT Group

Unaudited  
Amounts in mDKK

31 March 2008      31 March 2007      Year 2007

Balance sheet			
Intangible assets	1,432	1,165	1,387
Tangible assets	1,594	1,057	1,508
Investments and deferred tax	577	547	541
<b>Total non-current assets</b>	<b>3,603</b>	<b>2,769</b>	<b>3,436</b>
Inventories	2,642	2,222	2,287
Receivables	2,948	2,587	2,819
Securities	13	37	18
Cash at bank and in hand	449	375	539
<b>Total current assets</b>	<b>6,052</b>	<b>5,221</b>	<b>5,663</b>
<b>Total assets</b>	<b>9,655</b>	<b>7,990</b>	<b>9,099</b>
Equity attributable to shareholders of NKT Holding A/S	3,337	2,887	3,246
Minority interests	39	20	37
<b>Total equity</b>	<b>3,376</b>	<b>2,907</b>	<b>3,283</b>
Deferred tax	121	31	95
Pensions	284	289	286
Provisions	104	26	93
Credit institutions etc.	1,410	1,713	1,343
<b>Total non-current liabilities</b>	<b>1,919</b>	<b>2,059</b>	<b>1,817</b>
Credit institutions etc.	1,266	661	1,205
Other current liabilities	3,094	2,363	2,794
<b>Total current liabilities</b>	<b>4,360</b>	<b>3,024</b>	<b>3,999</b>
<b>Total equity and liabilities</b>	<b>9,655</b>	<b>7,990</b>	<b>9,099</b>
Changes in equity			
Equity, 1 January	3,283	2,806	2,806
Net income	138	120	820
Currency adjustment of foreign subsidiaries and value adjustment of cash flow hedges etc.	(49)	(26)	(125)
<b>Total recognised income and expense</b>	<b>89</b>	<b>94</b>	<b>695</b>
Share-based payment / share options exercised	1	-	2
Distributed dividends, treasury shares	-	-	1
Subscribed by exercise of options	3	7	15
Distributed dividends	-	-	(236)
<b>Total changes in equity</b>	<b>93</b>	<b>101</b>	<b>477</b>
<b>Total equity at the end of the period</b>	<b>3,376</b>	<b>2,907</b>	<b>3,283</b>

# Notes - NKT Group

Unaudited

Amounts in mDKK

## 1 Accounting policies, accounting estimates and risks

The interim financial report is presented in accordance with IAS 34 "Interim Financial Reporting" as approved by the EU and additional Danish disclosure requirements relating to interim financial reports for listed companies. The accounting policies are unchanged in relation to the 2007 annual report. The 2007 annual report contains the complete description of the accounting policies.

Regarding accounting estimates, please refer to Note 2 on page 53 of the 2007 Annual Report. Regarding risks, please refer to Note 31 on page 73 of the 2007 Annual Report and to the sections describing risk factors in the company reviews.

## 2 Segment reporting

	Q1 2008	Q1 2007	Year 2007 1)
<b>Revenue</b>			
NKT Cables Group	1,856	1,674	7,624
Nilfisk-Advance Group	1,483	1,432	5,784
NKT Photonics Group	24	20	112
Other companies etc.	3	4	5
	<b>3,366</b>	<b>3,130</b>	<b>13,525</b>
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>			
NKT Cables Group	123	106	719
Nilfisk-Advance Group	154	146	635
NKT Photonics Group	(13)	(9)	(18)
NKT Flexibles, share of profit	47	16	121
Parent company and eliminations, etc.	(6)	(3)	(24)
	<b>305</b>	<b>256</b>	<b>1,433</b>
<b>Earnings before interest and tax (EBIT)</b>			
NKT Cables Group	86	77	574
Nilfisk-Advance Group	117	114	494
NKT Photonics Group	(17)	(12)	(32)
NKT Flexibles, share of profit	47	16	121
Parent company and eliminations, etc.	(7)	(4)	(24)
	<b>226</b>	<b>191</b>	<b>1,133</b>
<b>Capital employed</b>			
NKT Cables Group	2,616	2,278	2,220
Nilfisk-Advance Group	2,671	2,400	2,511
NKT Photonics Group	127	100	96
NKT Flexibles, share of equity etc.	179	96	169
Parent company and eliminations, etc.	(2)	20	10
	<b>5,591</b>	<b>4,894</b>	<b>5,006</b>

<sup>1)</sup> Operating income etc. for 2007 was increased by one-off items of 70mDKK attributable to NKT Cables

## 3 Acquisition of business activities

In 1st quarter 2008 NKT acquired the total equity of the businesses WAP South Africa (Pty) Ltd. and HydraMaster, USA, together with a further 73% of the associated company Vytran LLC, USA. Vytran is hereafter wholly owned by the NKT Group. The acquisitions, for which the combined purchase consideration does not exceed 135 mDKK, are dealt with in Note 32 of the 2007 Annual Report, "Post balance sheet events". Please refer to this and to Fig. 1 on page 3 concerning revenue of acquired business.

Acquisition balance sheets are in course of preparation and a final distribution of purchase price is not available.

# Useful information

## Stock exchange releases 2008

In 2008 we have issued the following releases via OMX Nordic Exchange, Copenhagen. The full text may be found on [www.nkt.dk](http://www.nkt.dk).

- › 03.01.08 #1 NKT Holding A/S issues share warrants
- › 03.03.08 #2 Nilfisk-Advance makes new US acquisition
- › 05.03.08 #3 NKT Flexibles to increase production capacity by 65%
- › 05.03.08 #4 NKT Annual Report for 2007
- › 05.03.08 #5 Financial calendar 2008 update
- › 14.03.08 #6 Exercise of warrants - increase of NKT Group share capital
- › 18.03.08 #7 Articles of Association update
- › 26.03.08 #8 Announcement - Annual General Meeting 2008
- › 10.04.08 #9 NKT Annual General Meeting 2008
- › 10.04.08 #10 New Articles of Association
- › 16.04.08 #11 Shareholdings report
- › 16.04.08 #12 Exercise of warrants - increase of NKT Group share capital
- › 16.04.08 #13 Articles of Association update
- › 16.04.08 #14 Major shareholding
- › 24.04.08 #15 NKT Cables wins prestigious Extra High Voltage Project in the Netherlands
- › 05.05.08 #16 NKT Flexibles - groundbreaking agreement with Brazil's largest oil company

## Financial calendar for remainder of 2008

25 August Interim financial report - 2nd quarter  
24 November Interim financial report - 3rd quarter

Online presentation of NKT's annual and interim reports - including teleconference - takes place on the date of publication at 3 p.m. CET. For details see [www.nkt.dk](http://www.nkt.dk).

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Statements in this interim financial report that relate to the future reflect the current expectations of the management of NKT Holding A/S regarding future events and financial results.

Statements about 2008 as a whole are naturally subject to uncertainty, and the results achieved may therefore differ from the expectations expressed.

Factors that may lead to differences between results and expectations include, but are not limited to, developments in trading conditions and financial markets, changes in legislation and regulations in NKT company markets, changes in product demand, competitive conditions, and energy and raw material prices.

The interim financial report for 1st quarter 2008 was published on 14 May 2008 in Danish and English via OMX Nordic Exchange, Copenhagen. In the event of any questions of interpretation the Danish text shall prevail.

The interim financial report is available on [www.nkt.dk](http://www.nkt.dk) and is distributed electronically to all subscribers who register their email details with NKT's electronic news service.

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