

A close-up photograph of several chess pieces, including a white king, a black pawn, a white pawn, a black king, and a black pawn, arranged on a reflective surface. The pieces are highly detailed and polished.

NKT

ENGLISH

Strategy 2011-2015

'POWERED BY NKT'

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At an ordinary Board meeting held on 1 March 2011 the Board of Directors of NKT approved the NKT Group's new strategic framework described in this report. The new strategy is entitled: 'Powered by NKT' and was published on 1 March 2011 via NASDAQ OMX Copenhagen.

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

The strategy report is available on www.nkt.dk.



A global mindset is therefore a prerequisite for success. For this reason, NKT thinks and acts globally in all its business segments and seeks to be among the leading international industrial players.

Thomas Hofman-Bang, President and CEO



STRATEGY 2011-2015 'POWERED BY NKT'

The conglomerate structure has shown its strength. For NKT's companies the Group is an industrial home where the combination of active ownership, long-term industrial mindset, and strict financial focus on creation of value is the underlying strength

The years 2008-2010 transformed the world economy and fundamentally changed the external conditions for running a business. Today, capital markets are changing, competition has increased, globalization has accelerated, emerging markets are making a rising contribution to global economic growth, and raw material prices and exchange rates have changed the competitive power of many companies. Depending on baseline position, this means both challenges and opportunities.

NKT was strongly positioned before the economic slowdown changed the world, and the years 2009 and 2010 were used to strengthen the company further. NKT is therefore ready to capitalize on the opportunities that have arisen, and the strategic plan 'Powered by NKT' is the framework which will guide our growth in the years ahead.

'Powered by NKT' contains individual plans for the company's four business units designed to take them to the next level strategically and in terms of performance. It also provides a strategic framework for the Group.

'Powered by NKT' underlines our commitment to active ownership as the way to bring further strength to our business units.

Active ownership is the foundation which has taken our current business units to their present level. NKT's active ownership was also the foundation which enabled other business units before them to successfully continue under other ownership when NKT's 'best owner' role was over.

Going forward, NKT will continuously focus on ways to exercise its active ownership as effectively as possible for the purpose of creating value. 'Powered by NKT' will also focus on exploiting such opportunities as may be created by consolidation and break-up of existing forms of ownership both within the four existing business units and in related segments.

STATUS REPORT: 'BUILDING POWER 2008-2012'

Entitled 'Building Power', NKT's previous business strategy was introduced in 2007 and was based on a world economy in growth and the expectation was that this growth would continue.

'Building Power' was a strategy of expansion. It was focused on organic growth and on a number of concrete plans for product development, capacity and market expansion, and increased competitiveness through continued relocation of production to low-cost countries.

Key initiatives implemented under 'BUILDING POWER 2008-2012'

NKT HOLDING

Has further strengthened its base and how it operates. Has also endorsed the UN Global Compact, joined the Carbon Disclosure Project, introduced a global whistleblower system and implemented Denmark's revised corporate governance recommendations. In addition, the number of shareholders has been increased from around 25,000 (including 18,500 registered) at end- 2007 to 39,300 (28,500 registered) at end-2010. High share liquidity has thereby been strengthened further, maintaining NKT's position in the C20 index of most frequently traded shares.

NKT CABLES

Has built a new high voltage and submarine cable factory in Cologne, established high voltage cable production in China, and increased capacity of catenary wire production for high speed railways in China. These major investments are focused on increasing presence in the electricity infrastructure segment. There has also been geographical expansion, widening market coverage from the historic core area of Central and Northern Europe to the whole of Europe, the Middle East, Russia, China and now also Australia and New Zealand. To support this initiative, product development and product certification in emerging markets has been intensified, and the company has changed from a country-based organization to a new, activity-split, global 'one company' organization.

NILFISK-ADVANCE

Has outsourced production of components to subcontractors, relocated assembly plants from the US and Italy to a newly built factory in Mexico and an existing factory in Hungary respectively, established production in Brazil, strengthened presence in new growth markets by establishing sales units in 7 new countries, and enlarged its product programme through acquisition and product development. The company has strengthened organizationally and investment has been made in increased customer focus, innovation and sustainability.

PHOTONICS GROUP

Has consolidated and strengthened its company cluster by merging Crystal Fibre and KOHERAS to form NKT Photonics. Technology platform and product programme have been developed further in interplay with global customers and partners, and activities to mature markets in multiple segments have continued. LIOS Technology has bolstered its market position, and crystal fiber technology has been strengthened by the acquisition of Vytran. Finally, market presence has been expanded through establishment of sales organizations in main.

NKT FLEXIBLES

Has achieved market breakthrough in Brazil by signature of a framework agreement with Petrobras. Under this agreement, 6" and 8" pipes have been qualified for depths to 2,000 metres. Substantial expansion has taken place at the factory in Denmark, increasing annual capacity from 125 km to 175 km (measured in 8" equivalents). Further to entering the Brazilian market, preparatory steps have been taken with Petrobras to widen collaboration further.

At the end of 2010 all the key initiatives contained in the strategy had been implemented. These are described above.

The Group therefore enters 2011 strengthened in strategic terms and ready to meet the challenges and exploit the opportunities resulting from the radically changed external conditions.

The same changes have also meant, however, that the financial targets contained in 'Building Power' could not be fully realized. The global recession at the end of 2008 and through the whole of 2009 reduced the possibilities for achieving the growth planned. Combined with changed balances in raw materials and currency markets and the short-term negative impact on earnings and return on investment resulting from the many investment and restructuring initiatives, this has temporarily hindered the possibilities for achieving and maintaining the expected 20% return on investment. This figure had been achieved when the recession became entrenched in 2nd half 2008, but was reduced to less than half by the end of 2010.

The ambition of 'Powered by NKT' is to restore return on investment to 20%, and as the Group has grown larger and therefore has significantly more capital invested, there is implicit expectation of greatly increased earnings in the years ahead.

The main focus in recent years, under the 'Building Power' strategy, has been to create a stronger company by investing in increased competitiveness, additional capacity, as well as capability, new markets, new products and organizational improvements.

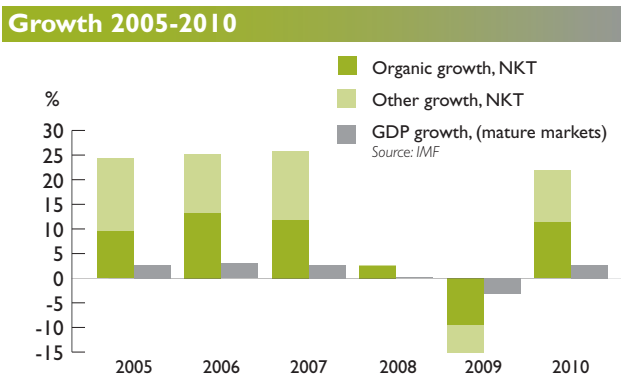
'POWERED BY NKT' 2011-2015

The strategy and the financial calculations that relate thereto are based on external conditions applying at the end of 2010, i.e. interest rates, exchange rates, raw material prices etc.

As far as economic prospects are concerned, moderate economic growth of around 1-3% is expected in mature markets, principally Europe and the US, with continued high growth of around 5-10% p.a. being anticipated in new growth markets.

NKT's MISSION

TO CREATE VALUE THROUGH EXERCISE OF
LONG-TERM AND ACTIVE OWNERSHIP IN
BUSINESSES WHERE NKT IS BEST OWNER



Based on this economic outlook and the Group's geographical and product composition the expectations are that all the Group's business units will achieve significantly higher growth rates than the underlying global economic growth rate. The most significant contributors to this are expected to be:

- Increased market shares in existing and new markets.
- Increased proportion of NKT's activities in growth markets.
- Exploitation of potential created by the many investments made under 'Building Power'.
- Megatrends supporting specific growth in the Group's business units.

MEGATRENDS

When determining the strategic direction for the NKT Group an assessment was made of what the key trends driving global development - so-called megatrends - might be expected to mean for each of the business units in terms of opportunities and challenges.

The economic turbulence of the past few years is believed to have strengthened these trends. This development is a result of a revolution in communications technology, increasing globalization which is accelerating in strength and breaking down the hitherto more regionalized distribution of economic growth, as well as higher living standards, competition, trading patterns, technical standards and so on.

All this is leading to increased competition, but also to increased sales opportunities. Globalization has also created opportunities to increase competitiveness by siting production, development, logistics, marketing and administration where most advantageous in terms of level of costs, access to talent, qualified labour, knowledge, customers, competitive subcontractors etc.

A global mindset is therefore a prerequisite for success. For this reason, NKT thinks and acts globally in all its business segments and seeks to be among the leading international industrial players.

This development is also accompanied by a number of other megatrends relevant for the NKT Group's strategic evolution: Urbanization, demographic changes and

improved living standards - all combined with the need to find sustainable solutions.

BUSINESS OPPORTUNITIES

For the NKT Group, opportunities lie in the fact that these trends will necessitate investment in efficient and flexible electricity supply (high and medium voltage cables and optic-fiber sensors), sustainable energy production (submarine cables for offshore wind farms), expansion of transport infrastructure (catenary wire for high speed railways and fiber-optic fire sensors in tunnels), increased investment in deepwater oil recovery (flexible pipes and optical sensors for seismic surveys), improved recovery from existing oil and gas reservoirs (optical sensors), development in new growth markets with improved pay and prosperity levels, and increased environmental focus (automation of cleaning processes and related need for cleaning equipment).

A further consequence of this development is a polarization where the strong get stronger. This will lead to further consolidation in which companies unable to exploit globalization in order to achieve competitiveness and/or unable to access capital to take part in consolidation will themselves be acquired. Active participation in this elimination race requires a strong support base for the individual company. For the NKT Group this will lead to opportunities to continue expanding its existing businesses. Ongoing assessment will also be made to determine whether commercial opportunities exist on the periphery of the existing business units. Hence the name 'Powered by NKT'.

GROUP STRUCTURE

The Group's strategy is focused around a number of business units organized under a holding company which exercises active ownership, among other things by supporting the Group's companies with specialist competences that create value for NKT as a whole. Examples are legal assistance with M&A activities, corporate tax planning, debt restructuring, hedging of currency, communications and IR activities. Grouping these specialist tasks within the holding company achieves critical mass and a professional environment with high competency levels, benefiting those individual areas of the Group which need specialist expertise and assistance on a case-to-case basis.

The management model is based on fixed meeting routines and a close, individual exchange of ideas which stimulates and challenges the independent managements of the business units and at the same time increases incentive.

The Group therefore functions as an industrial home where the combination of active ownership, long-term industrial mindset, shielding of business units from the capital market, and stringent financial focus on the creation of value has shown its strength. Furthermore, developments have demonstrated the diversity implicit in the conglomerate structure.



A prerequisite for the structure is the continuing availability of adequate managerial capacity and financial resources to exploit the full potential in all business units. Ongoing consideration will be given during the strategy period as to whether this is the case, including whether managerial and financial resources should be strengthened and whether changes should be made in the number of business units.

The number of business units in the Group and how their interfaces are defined are not set in stone. However, the present structure comprising a minimum of four business units is expected to continue during the first half of the strategy period while the Group's financial flexibility is strengthened.

FINANCIAL BASE

The NKT Group continuously endeavours to optimize its capital structure so that equity and financial gearing match the Group's activities and risk profile and at the same time provide sufficient financial flexibility for the Group's continued further-development. At the same time, priority is given to maintaining a stable dividend policy corresponding to the distribution of one third of the year's net profit.

Focus is on achieving a capital structure with a solvency of at least 30%, net interest bearing debt of approx. 2.5x operational EBITDA and equity not exceeding 100%. This is considered to be the level at which capital costs, creditworthiness and financial flexibility are maximized. Temporary departure from the above will be permitted on major investments.

At the beginning of the new strategy period NKT does not meet this objective, the level of net interest bearing debt being too high relative to operational income (operational EBITDA). At the start of the strategy period cash flow from operations and increased earnings will be important for normalizing the capital structure.

As part of the maintenance of adequate financial flexibility the Group is mandated by the Annual General Meeting to effect a capital increase of up to 60%, issue convertible bond loans, acquire up to 10% of NKT's treasury shares or declare an extraordinary dividend. Continuous consideration will be given during the strategy period to the use of such initiatives.

FINANCIAL TARGETS

Annual average organic growth (CAGR) for the Group as a whole is expected to be around 7-8%, specifically 6-7% for Nilfisk-Advance and 7-8% for NKT Cables. This will lead to revenue in standard prices of around 16 bnDKK by 2015. Based on current metal prices this corresponds to revenue in market prices of around 20 bnDKK.

The target is to increase EBITDA margin (measured in standard metal prices) during the strategy period from 8.6% in 2010 to around 14-15% in 2015, which will also achieve the goal of restoring return on capital employed (RoCE) to the level of 20%. The target is also to achieve minimum earnings per share (EPS) of 50 DKK by 2015, more than quadrupling the level realized in 2010.

Strategic target for the Group

	Realized 2010	Target 2015
Revenue in market prices, bnDKK	14.5	approx. 20
Revenue in std.prices, bnDKK	11.5	approx. 16
Average organic growth, CAGR	12%	7-8%
Operational EBITDA margin, std. prices	8.6%	14-15%
Return on capital employed	7.5%	20%
Earnings per share	11,3	50

CORE VALUES

'Powered by NKT' is based on NKT's core values, as expressed in the ambition to be a professional, credible, open and quality-driven company focused on long-term ownership. It is this ambition which guides the everyday decision-making of NKT Group Management.

Parallel with this, the Group's development is determined by the 'best ownership' philosophy. For NKT this means that long-term ownership is conditional upon the individual companies having development or value-creating potential which equals or exceeds what another potential owner would pay.

The Group's development has shown that lasting value and potential are, almost without exception, created over a lengthy period of time through focused effort and with continuous gradual improvement as the goal. In addition, the right 'timing' in the broad sense is another key parameter which determines the potential value that can be created or activated.

It is alpha and omega for future activities that staff with unique skills can be attracted and retained and that NKT can function together with all players in the value chains - customers, suppliers, competitors, universities and research laboratories - with a view to optimizing processes, joint learning, and utilization of knowledge and skills possessed by each party.

NKT's innovative initiatives build on the ability to combine technological and market opportunities, including establishing partnerships with other players, and to effectively protect and expand NKT's intellectual property rights.

COMPETENCIES

The NKT Group has existed for 120 years. Hans Peter Prior started a unique fairytale in Denmark in 1891 after a period spent working in the United States with Edison. Skills, curiosity, willingness to take risks, global vision, business acumen, and the ability to read megatrends – in this case electrification – were some of the factors which made a difference and enabled NKT to 'grow out of the garage' and become a global industrial Group.

In expanding from a one-man business to a business currently with 9,200 employees the ability to attract, develop and retain talented people has been vitally important. Capital, equipment and promising technology are only half the story. It's all about the people. 'Building Power' focused strongly on people. People will play an even stronger role in 'Powered by NKT'.



NKT is a unique industrial fairytale which began 120 years ago

NKT CABLES

Strategy for 2011-2015

NKT Cables is a front-line supplier of power cables to the electricity sector in Europe and China. Focus is on supplying system solutions for expansion of transmission and distribution grids (Electricity Infrastructure), and installation cables for buildings (Building), wires for cars (Automotive) and catenary wires for high speed railways (Railway).

PRODUCTS

The products are organized into the application areas Electricity Infrastructure, Construction, Automotive and Railway. Electricity Infrastructure includes high voltage cables (72-500 kV), medium voltage cables (1-72 kV) and submarine cables together with associated accessories, engineering, control systems, fiber-based monitoring systems for cables and overhead lines, and installation services. Turnkey system solutions and component supply are both supported, depending on customer needs.

MARKETS

The cable market consists of a number of different segments characterized by different types of customers, sales outlets, geographical scope etc. The market is further defined by technical standards, technology, type approval requirements, transport costs, references from similar previous projects, etc. For NKT Cables this means that the company operates in the four application areas referred to above.

Electricity Infrastructure and Railway are global segments, while Construction and Automotive are more regionalized. This means that NKT Cables sells products and solutions for the first two segments in its natural domestic markets, Europe and China, but also in many other countries such as Russia, the Middle East, Australia, New Zealand and South East Asia. Construction and Automotive sales are confined to Europe, with Eastern Europe and Scandinavia as the primary markets and rising sales in Central Europe.

One area of focus in the continuing strategic efforts was to spotlight market segments seeking product solutions with high technology and know-how content and therefore with high added value. This makes differentiation possible and is therefore attractive. The focus on Electricity Infrastructure and Railway is a result of this strategy, and together these segments now represent 70% of NKT Cables' revenue. These segments are also investment-intensive, and taken overall this means there are relatively high entry barriers in these segments. The customers in these segments are typically electricity transmission and distribution companies, and railway owners and operators.

The Construction segment represents 20% of revenue. This segment is highly competitive as there are many suppliers, few large customers, and the products have relatively low technology and know-how content. Segment strategy is to achieve increased competitiveness through cost-effective organization of production, and in partnership with

customers to contribute to an efficient supply system. Segment customers are electrical wholesalers supplying building industry end-users.

The Automotive segment represents 5% of revenue. Segment end-users are car manufacturers, and the customers are specialist firms who use the wires and install switches etc. to supply the car manufacturers with wiring harnesses. NKT Cables is a minor niche player in this relatively large industry, and strategic success is based on quality, flexibility and an efficient supply system.

The remaining 5% of revenue covers a variety of different areas and are all together grouped as 'others'.

CUSTOMERS

NKT Cables supplies submarine cables and high and medium voltage products to most of Europe's leading energy companies, such as EON, EDF, RWE, Scottish Power, Dong Energy and Vattenfall.

The low voltage products are principally sold via large European wholesalers such as Rexel, Sonepar and Solar, but there are also many national customers.

Automotive customers are predominantly suppliers to leading car manufacturers with production in Europe.

Customers for Railway products comprise the Chinese Ministry of Railways and major rail contractors such as Siemens and Balfour Beatty.

PRODUCT DEVELOPMENT

The continued development of submarine cables and high and medium voltage products is linked to the growing need for alternative energy sources. These energy sources are often situated a long way from the consumption point. This necessitates new, non-standard cable and connection solutions, which in turn call for development and testing of new designs and optimization of materials and processes.

NKT Cables was the first cable manufacturer to offer lead-free cables, and among the first to offer PVC-free cables and PVC cables with plasticizers free from phthalates.

The European Commission's new Building Materials Directive will impact on the low voltage segment by necessitating the develop-

VISION

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

ment of products with higher safety specifications. This will add more value to the individual product and improve profit margin. The products are principally sold to the construction sector for use in tunnels, hospitals, airports and other locations where the requirements for fire safety are high.

PRODUCTION

NKT Cables has 14 factories located in Czech Republic (3), Germany (3), China (3), Denmark (2), Poland (2) and Norway (1). The new HV factory in China will create new opportunities in the transmission segment in China, whereas the new factory in Cologne will facilitate grid operators to reduce CO2 emissions globally.



NKT Cables has 14 factories, 11 in Europe and three in China

COMPETITORS

The industry generally is highly fragmented and NKT Cables has a global market share of around 1%. However, the segmented market means that NKT Cables typically ranks as one of five to ten players in the respective market areas.

In the submarine cables and high voltage segment NKT Cables has five global competitors: Nexans (France), Prysmian (Italy), ABB (Sweden), General Cable (USA) and LS (South Korea), as well as a small number of more regional players in Asia and the Middle East. In the medium voltage segment the company has between 10 and 15 regional competitors. The low voltage segment includes a number of small local European manufacturers and a few major players consisting of the companies named above as well as Draka (Netherlands) and TeleFonika (Poland).

Competitors within Automotive are mainly Leoni, Draka, Nexans, KBE and Coficab and within the Railway Segment the companies Isodraht, Sundwig, Lafarga Lacambra, TeleFonika and Hitachi.

The global cable market is estimated at around 750 bnDKK annually. The market leaders are global players such as Nexans, with an estimated market share of approx. 8%, Prysmian with approx. 6% and General Cable with approx. 5%. NKT Cables' global market share of approx. 1% corresponds to approx. 3% of the European market. The European market is highly fragmented with no single player controlling more than 10%.

ORGANIZATION AND MANAGEMENT

Headquartered in Cologne, Germany, NKT Cables Group has an international management team headed by CEO Dion Metzemaekers (Netherlands).

At the end of 2010 NKT Cables had approx. 3,500 employees, principally based in the Czech Republic, Germany and China, respectively.

INDUSTRY DRIVERS

Market development in the Electricity Infrastructure segment is supported by the initiatives to create an efficient European electricity market, and by the focus on increasing the amount of sustainable energy. These factors are creating a need for increased grid capacity and flexibility, and for establishment of links between the individual grid systems to achieve a single, integrated European electri-

city network. A general quality improvement is also necessary due to the age of the grids, and in some markets there is focus on replacing overhead lines with cables. Market growth outside Europe is driven by the need for efficient electricity infrastructure to support the strong economic growth in emerging markets.

Market development in the Construction segment is linked to the level of both new build and renovation activity. After a number of busy years until 2009, subdued activity is expected for the short term.

Market development in the Automotive segment is linked to car sales, but NKT Cables' role as a niche player means the company is well-placed to respond to developments.

In the Railway segment, infrastructure development is oriented towards the introduction of high speed trains as a supplement or alternative to air travel. This activity is particularly high in China.

STRATEGIC PERSPECTIVE

NKT Cables' vision is unchanged: 'To create value for customers by providing cable solutions'. This is a natural continuation of previous strategic development in which significant resources were invested in know-how, products and services and associated production capacity in selected areas where NKT Cables can differentiate itself as a supplier of intelligent solutions which optimizes energy efficiency and thereby creates maximum value for customers.

The point of departure is the company's knowledge and profound understanding of the function and performance of power cables, and thus its ability to contribute to optimization of electrical infrastructures primarily at macro level - transmission and distribution networks and high speed rail electrification, and secondarily at micro level - buildings, cars and industrial applications.

The company's focus on application areas drives the four business segments, Electricity Infrastructure, Construction, Automotive and Railway which have well-defined markets and products and differ in terms of drivers and principal challenges.

General assessment of company development prospects during the strategy period indicates significant growth potential for the Electrical Infrastructure segment and to some extent also for the Railway segment. The development outlook for Construction and Automotive is more static and price-sensitive, although there



will be niche opportunities geographically and in product terms. Against this background, and in the light of the technology and capacity investments made in recent years, it is the ambition of NKT Cables to evolve into a business with increased emphasis on the two high-value segments: Electricity Infrastructure and Railway. During the strategy period the target is to grow the share of revenue represented by these segments from 70% today to around 80% in 2015.

As part of this strategy, focus areas have been identified for the four segments. These focus areas are described below and include a number of specific initiatives which support the realization of the company's financial targets and also relate to its vision.



The strategy segments are:
Electricity Infrastructure,
Construction,
Automotive og Railway

Electricity Infrastructure: Through target-oriented investments in a new high voltage and submarine cable factory in Cologne and a high voltage cable factory in China, NKT Cables is optimally positioned to exploit an expected long-term high level of investment in expansion of transmission and distribution systems in Europe, Russia, the Middle East, China, South East Asia, Australia and New Zealand where sales presence has been established.

Products manufactured by the Cologne factory comprise all types of AC cables up to 500 kV together with associated accessories, engineering, monitoring systems, installation services etc. Turnkey system solutions and supply on component basis are both supported. In an industry where earlier reference projects are the key to winning new contracts, NKT Cables is strongly positioned as a leading, long-term supplier to the segment, and development is now putting focus on DC cables and system solutions. The years ahead will also focus on production optimization at the newly-built factory in Cologne and on achievement of excellence in project execution.

In China the main challenge is to certify a product programme up to 500 kV. Type approval for 220 kV cables is expected in 2011, and certification will then begin for higher voltage cables. Work will simultaneously take place on optimizing production and building market position principally in the Chinese domestic market.

In the medium voltage cable segment, high utilization of capacity has already been assured in the form of a number of important frame agreements, and the main focus is on increasing the profitability of these agreements through further production efficiencies.

Construction: Cost management, efficient logistics, and utilization of sales presence in all main markets in Europe is the key to success in this segment. A sound platform has been established as production predominantly takes place in specialist factories in Eastern Europe, and good market positions have been established primarily in Scandinavia, Germany, Poland and the Czech Republic. Sales in these markets principally take place through partnerships with leading electrical equipment wholesalers.

Focus areas during the coming strategy period primarily include product certification in non-core markets where NKT Cables already has a sales presence. Together with logistic partners focus will also be placed on expanding concepts which create increased

end-user value and on developing solutions which harmonize and support the increasing focus on sustainability and which therefore optimize electricity consumption in buildings. There will additionally be focus on continuously improving production efficiency and further-strengthening cost management.

Automotive: Quality, cost effectiveness and flexibility are significant competitive parameters for NKT Cables as a niche supplier of automotive cables. Partnerships have therefore been established with a number of car component suppliers, resulting in high capacity utilization at the company's specialist production plant in the Czech Republic.

In the coming strategy period focus will be placed on maintaining and expanding this position. At the same time pilot projects already initiated with car manufacturers to develop solutions and concepts for future hybrid and electric cars will be further progressed. With the high voltages relevant to these types of cars NKT Cables commands a unique platform of knowledge and technology.

Railway: Prompted by a major expansion of high speed passenger rail links between major cities, first in Europe and subsequently in China, the company's railway business has grown strongly in recent years. With a strong technology base in copper-magnesium alloys and proven supply capability and high quality documented by reference projects carried out over many years, NKT Cables has managed to take advantage of this development and is now the clear leader in the Chinese market and a leading supplier in other markets.

The coming strategy period will focus on further expansion of this position through investment in technology, extension of system solutions to include medium voltage cables and signal cables for the application area, and strengthening of market presence in expected future growth markets. At the same time production capacity will be adjusted to meet demand, particularly in China.

FINANCIAL TARGETS

Yearly organic growth (CAGR) is expected to average approx. 7-8% p.a. This growth is expected to vary across the segments, reflecting differences in cyclical sensitivity and structural growth drivers. Growth is expected to be strongest in Electricity Infrastructure.

The target is to increase EBITDA margin (measured in standard metal prices) over the strategy period to approx. 13% in 2015, from the realized level of approx. 5.9% in 2010.

Strategic targets for NKT Cables

	Realized 2010	Target 2015
Revenue, std. prices, bnDKK	5.5	7.8
Average organic growth, CAGR	16%	7-8%
EBITDA margin, std. price	5.9%	13%

NILFISK-ADVANCE

Strategy for 2011-2015

Nilfisk-Advance is an international supplier of cleaning equipment and cleaning solutions to the global professional cleaning market and wishes to be part of a market consolidation through both organic growth and strategic acquisitions.

PRODUCTS

Nilfisk-Advance offers a broad range of professional cleaning equipment and allied services. The company's leading segment is floor-care equipment, which includes sweepers, washers, dryers, polishers and burnishers.

The second-largest product segment consists of vacuum cleaners. These are primarily for professional use but domestic models are also supplied. The third segment consists of high-pressure cleaners and includes models with minimum water consumption and recycling. This saves on customer costs and protects the environment.

In addition to the three main product segments Nilfisk-Advance also provides individual service agreements and spare parts sales, assuring customers of equipment availability at all times.

MARKET

The global market for professional cleaning equipment is estimated at around 45 bnDKK annually, of which mature markets such as Western Europe and North America represent around 80%. The remainder is accounted for by the rest of the world (RoW), including the BRIC-MT countries (Brazil, Russia, India, China, Mexico and Turkey), which are expected to show the highest growth rates in the years ahead.

Total market growth over an economic cycle is predicted to be around 3-4%, including up to 1-3% points represented by the mature US and European markets. RoW performance in the years ahead is expected to significantly exceed the global economic growth rate. Over a normal economic cycle, market growth of 4-6% is expected in good times and 0-2% in periods of slowdown.

SALES

Nilfisk-Advance markets and sells its products through company sales units and distributors. Company sales units are present in 43 countries - principally in Europe, the United States and Asia. An extensive network of distributors services customers in countries where Nilfisk-Advance does not have sales units.

In addition to the Nilfisk brand, Nilfisk-Advance today markets a large number of acquisition brand names. Examples are Advance, HydraMaster, ALTO, Viper and Egholm.

CUSTOMERS

Nilfisk-Advance's cleaning equipment primarily addresses professional users such as contract cleaning companies and industries with highly specialized cleaning requirements.

Cleaning equipment is also sold to institutions, organizations, public authorities, shops, hotels and businesses that employ their own cleaning staff.

Products for domestic users are sold individually through retail chains, domestic appliance stores and building marts.



The new strategy places focus on the customer

PRODUCTION AND PRODUCT DEVELOPMENT

Nilfisk-Advance utilizes a large network of component suppliers, and assembly, quality control and logistics are therefore predominantly performed by the company's own factories. These factories are located in Western Europe (2), Eastern Europe (2), North America (3), Mexico (1) and China (2) and there are related distribution centres in Denmark, Germany and the United States.

Product development takes place in three virtual competency centres with physical representation in Europe, Asia and the US, and is focused on user-driven innovation, industrial design, environmental sustainability and cost. Nilfisk-Advance designs and manufactures high-quality, high-reliability products, and to continue doing so around 3% of revenue is committed to product development. Some 30 new products are introduced every year. A significant element in this context is to increase the value which the equipment has for the end-user. In other words, operating reliability, sustainability, convenient operation, attractive service, high safety levels and - not least - affordability.

COMPETITORS

There has traditionally been very little consolidation among the manufacturers of professional cleaning equipment. For example, the five largest suppliers - Nilfisk-Advance, Kärcher (Germany), Hako (Germany), IPC (Italy) and Tennant (US) - have a combined market share of just under 40%.

MISSION

WE ENABLE SUSTAINABLE CLEANING
WORLDWIDE TO IMPROVE QUALITY OF LIFE

The rest of the market is split between some 100 suppliers who are primarily regional players.

ORGANIZATION AND MANAGEMENT

Nilfisk-Advance is headquartered in Brøndby, Denmark, and is headed by CEO Jørgen Jensen.

At the end of 2010 the company had 4,900 employees, including some 520 based in Denmark. 240 employees work on development, the remainder being involved in production, distribution, sales and administration. 54% of the employees work in Europe, 26% in Asia (mainly China), 16% in North America, and 4% in South and Central America.

INDUSTRY DRIVERS

The demand for automated cleaning is closely related to living standards and wage costs. Higher standards of living drive a need for increased cleanliness and higher pay, which in turn drives a need for automation. Western Europe and North America have hitherto been the largest markets, representing around 80% of the global total. In years ahead the largest growth rates are expected to be in the rest of the world, specifically the BRIC-MT markets (Brazil, Russia, India, China, Mexico and Turkey).

A fundamentally close link therefore exists between world economic growth and sales of cleaning equipment. Cleaning equipment is seldom a vital purchase item for the end-user. The cleaning industry is therefore particularly hard hit in the case of global economic slowdown, as was the case in 2008-2009 when sales of cleaning equipment fell by up to 20% in mature markets like Europe and the US and by 5-10% in the BRIC-MT countries.



OUR STRATEGIC DIRECTION



STRATEGIC PERSPECTIVE

The main theme in the previous strategy plan was implementation of a series of strategic initiatives, among other things aimed at optimizing production, sourcing and the interplay between them. This was referred to in the strategy as 'Production driven with customer focus'.

In the past few years significant infrastructure improvements relating to production and logistics have been made, and these will remain a focal area. However, Nilfisk-Advance will devote increasing attention to customers, with strategic focus centred on being the 'Customers' preferred choice'.

As a part of this strategy, five main areas for action - 'Must Win Battles' - have been identified and a number of specific initiatives have been established which support the realization of the financial targets and also have relation to the company's fundamental mission.

Create maximum customer satisfaction: A high level of customer satisfaction with Nilfisk-Advance is essential. A large number of customer surveys have been performed and the results have now crystallized into a set of initiatives aimed at ensuring that customers meet the same professionalism and dedication from Nilfisk-Advance wherever they are in the world. Means to this end include further investment in training and workshops, specific development projects, and solutions targeted on satisfying customer needs.

Establish a leading position in significant emerging markets:

Nilfisk-Advance's markets are divided into three regions: EMEA (Europe, Middle East and Africa), the Americas and the Asia/Pacific region. Special focus is further given to the 'traditional' BRIC countries plus Mexico and Turkey (BRIC-MT). BRIC-MT's share of revenue is increasing strongly, and from approx. 1% in 2000 it grew to approx. 5% of overall business by 2010. Growth is expected to continue averaging 20-30% a year so that this part of overall revenue will be approx. 8-10% as early as 2015. It is vital that Nilfisk-Advance increases its shares in these markets, and this will be done by continued investment in establishing local sales, service setups, distribution, and in a few cases local satellite production, as is the case in Brazil. The new inflow will be characterized by greater willingness to take risks, which also in the short term may result in smaller earnings margins from these markets.

Focus on organization, culture and management:

Retention and ongoing development of key personnel are crucial for realizing the strategic targets. Qualified employees are expected to be in increasingly short supply. To support this initiative it is planned to spend up to 0.5% of revenue on personnel training and development. Systematic use will be made of personnel evaluations, individual goals and in-service training, all with a view to ensure a strong culture supported by broad-based managers on several levels.

Live up to customers' expectations regarding lead times:

The professional cleaning industry is characterized by limited predictability regarding customer product supply needs. High demands are therefore made on forecasting and production planning etc. to ensure correct product availability and lead times reasonably in line with customer expectations.

The overriding objective is significant reduction in lead time. In the short term, focus will be given to continued process optimization. In the longer term the fundamental supply chain setup will be reviewed. Among other things this will lead to deliberations regarding differentiated solutions for the individual customer segments.

Reduce complexity: Reducing complexity was the driver behind several initiatives implemented during the previous strategic term.

The main aim of reducing complexity will be to make it easier for customers to do business with Nilfisk-Advance. Steps must continuously be taken to ensure that the business model is optimized, starting from R&D at one end of the value chain, followed by production, sourcing, distribution and sales etc. to the after-sales market at the other end of the value chain. In relation to the customer, distribution must be located as close to the market as makes sense. Steps must be taken to ensure that profitability is present in all customer and product segments. Last but not least, work must take place on optimizing 'back-office' functions such as the number of IT systems.

The above review of the five most important 'Must Win Battles' is a brief summary. Each 'battle' is divided into a num-



Higher living standards drive up wages, which in turn drive a need for automation

Strategic targets for Nilfisk-Advance

	Realized 2010	Target 2015
Revenue, bnDKK	5.7	7.7
Average organic growth, CAGR	7%	6-7%
Operational EBITDA margin	10.7%	14%

ber of specific initiatives coordinated timewise with the overall strategic targets. Where possible and relevant, specific Key Performance Indicators (KPI) and reporting tools have been created to measure and ensure progress.

The strategic action areas reflect to a greater or lesser degree five main segments to be addressed in the years ahead: Personnel, Unique cleaning equipment, Sustainability, Global presence and Quality.

Furthermore, to actively drive consolidation in the professional cleaning equipment market will remain an objective. This will be effected through: 1) Increased global market share via organic growth with focus on further structural initiatives, product development and market expansion, and 2) Acquisitions.

FINANCIAL TARGETS

Average organic growth p.a., CAGR, is expected to be approx. 6-7% p.a., to which must be added the effect of acquisitions. This growth is divisible into three relatively equal parts: coming from the mature markets (Europe and North America), from faster growth in the BRIC-MT countries, and annual growth from other markets.

The target is to increase operational EBITDA margin during the strategy period from 10.7% in 2010 to around 14% in 2015.



PHOTONICS GROUP

Strategy for 2011-2015

Photonics Group is a player in the laser industry and consists of the companies NKT Photonics A/S, LIOS Technology GmbH and Vytran Inc.

PRODUCTS, MARKETS, CUSTOMERS AND COMPETITORS

Product activities range from manufacture of basic components to system solutions, and embrace the following product segments:

NKT Photonics: KOHERAS™, SuperK™ and Crystal Fibre™

LIOS Technology: Distributed temperature measuring systems (DTS)

Vytran: Fiber handling equipment

KOHERAS™ is a type of fiber laser used in wind speed measuring equipment and in monitoring equipment for airports, oil, gas and water pipelines, coastal areas and oil reservoirs. Many applications are in course of development and all are characterized as global 'high-end' niches. The total addressable market for this type of laser is potentially as high as 0.5 bnDKK.

The primary customers are established players in offshore oil exploration, new players involved in wind speed measurement and safety systems, and suppliers to the Western defence and security industries. The US companies NP Photonics and Orbitz are NKT Photonics' direct competitors in this fiber laser discipline. However, alternative solutions in the form of semiconductor lasers are considered the most serious competitor.

SuperK™ is a type of fiber laser which emits a broad spectrum of light. SuperK™ is used in multi-laser products such as microscopes, cell sorting systems and optical measuring instruments for quality control purposes etc. The addressable markets which are potentially replaceable with these light sources are estimated at around 1 bnDKK.

SuperK™ is currently marketed via direct sales, via distributors to research laboratories etc., and via partnerships with established players in these application segments. As SuperK™ gains market acceptance, sales to component manufacturers are expected to far exceed sales to laboratories. NKT Photonics' main competitor is the UK company Fianium Ltd. The competition from conventional light sources comes primarily from companies such as Coherent and Newport.

Crystal Fibre™: Crystal fibers are expected to be incorporated in a range of applications, including high-power fiber lasers, white light sources, gyroscopes and other sensors. NKT Photonics markets both crystal fibers and crystal fiber modules. The addressable market for crystal fibers is valued at around 200-400 mDKK and the market for systems which could benefit from the unique properties of crystal fibers is estimated at several billion Danish kroner. The market valuation and market potential will be influenced for the short term by a pending lawsuit between IPG Photonics and IMRA.

Crystal Fibre™ products target broad customer segments including laser and sensor manufacturers and R&D laboratories. Focus is aimed at industry and defence customers. NKT Photonics is the only industrial supplier of crystal fibers and has an edge on potential competitors in both technology and patents. The high-power fiber laser market, the biggest market for crystal fiber technology, is dominated by IPG Photonics which has its own fiber production. NKT Photonics is one of a small number of independent suppliers of fibers for high-power fiber lasers.

Distributed Temperature measuring Systems (DTS) are

principally used for fire detection in tunnels and buildings, monitoring temperature conditions in high voltage cable lines, and optimizing oil well production. The total global market for DTS systems is estimated at 0.5 bnDKK.

LIOS Technology's DTS systems are principally sold to partners in the respective application segments such as Siemens (fire warning systems), cable manufacturers (monitoring of high voltage cables) and oil companies (oil well production). The market for DTS systems is relatively mature compared with that for other Photonics Group products. LIOS Technology is among the leading DTS suppliers, particularly for fire detection and cable monitoring applications, and has supplied more than 2,000 systems to most of the world. The principal competitor is Sensa, a company in the Schlumberger Group. Other significant players are Sensornet (UK), SensorTran (US) and Sumitomo (Japan).

Fiber handling equipment: Vytran has two key product segments: Splicing of optical fibers, including necessary pre- and post-processing equipment, and glass-forming equipment for production of fiber components. Vytran's equipment is used for production and development testing by customers working with optical fibers, including almost all companies handling NKT Photonics' crystal fibers. The market for the type of equipment marketed by Vytran is estimated at around 0.5 bnDKK and constitutes a small niche in the splicing equipment segment which is dominated by equipment for field installations.

Customers range from industry and laboratories to communications firms, fiber laser manufacturers, space, defence, life science companies and development centres. The market for optical fiber splicing equipment is dominated by the three large Japanese companies Fujikura, Furukawa and Sumitomo. Vytran and Fujikura are the main players in the niche market, where Vytran is active.

VISION
TO LEAD THE WAY IN
TRANSFORMING THE
PHOTONICS INDUSTRY

ORGANIZATION AND MANAGEMENT

Photonics Group is headed by Søren Isaksen, CTO of NKT Holding. At the end of 2010 the three companies employed 181 people based in Denmark, Germany, UK, France and USA.

INDUSTRY DRIVERS

Photonics Group's activities are related to the laser industry, which in recent decades has achieved an annual average growth rate of 8%. This high level of growth has been fuelled by the many advantages provided by the use of light and lasers in industrial contexts:

- Miniaturization, i.e. manufacture of increasingly smaller structures, e.g. in the semiconductor industry.
- Potential for 'seeing the invisible', e.g. the ability to see structures and interactions in living cells.
- Precision manufacturing, e.g. cutting and welding of mechanical components.
- Quality assurance and traceability by means of precision measuring techniques and marking.

With future focus on nanotechnology, life science, improved production efficiency and quality enhancement there is every reason to expect this high growth rate for lasers and laser applications to continue for many years in the future.

Fiber lasers and fiber sensors account today for only a limited part of the total market for lasers and sensors. These products offer possibilities superior to those of conventional laser and sensor solutions in the form of robustness, power levels and/or sensitivity. The underlying base technologies were developed by the communications and entertainment industries and therefore provide a platform for product flexibility and 'cost-of-scale' benefits. It must therefore be expected that the fiber laser and fiber sensor solutions targeted by Photonics Group products will experience growth rates substantially in excess of 10% for many years ahead.

STRATEGIC PERSPECTIVE

Photonics Group is positioned in technology and market segments which have substantial growth prospects. The Group contains both established and developing elements offering major potential:

- NKT Photonics is leading the development of the global crystal fiber market.
- LIOS Technology is established as a leading player in one of the largest fiber-optic sensor segments, and the KOHERAS™ laser developed by NKT Photonics is a key component for the fiber-optic sensors of the future.
- Vytran is established as an important supplier to all manufacturers of equipment utilizing the unique properties of optical fibers.

As part of Photonics Group strategy, four main action areas have been identified, within which a number of specific initiatives have been formulated. These initiatives support the realization of the financial targets and also have relation to Photonics Group's fundamental mission:

Strategic targets for Photonics Group

	Realized 2010	Target 2015
Revenue, mDKK	185	500
Average organic growth, CAGR	14%	20%
EBITDA margin	neg.	20%

Continue maturing **crystal fiber technology**. The existing strong position combined with technological potential opens up opportunities for significant prospective earnings. To fully realize this earnings potential it is important that the technology also gains acceptance among established, more conservative laser manufacturers.

Harness the technological strength of NKT Photonics and LIOS Technology to become **key suppliers** to industrial market leaders in the next stage in the value chain:

- Crystal Fibre™: Become supplier to leading manufacturers of laser systems and defence equipment
- SuperK™: Develop new market segments such as life science, semiconductor industry, measuring instruments etc.
- KOHERAS™: Grow with customers in seismic and monitoring system segments
- DTS systems: Become leading independent supplier of temperature monitoring equipment for oil wells

Exploit Vytran's strong **market position** to realize high-level earnings in existing product segments and create growth by developing a wider product platform.

Exploit the strong **technology position** in selected segments to engage in partnerships and thereby generate higher revenue and earnings.

Furthermore, ongoing endeavours will be made to widen market presence, partly by expanding company sales networks in countries such as China, and partly by expanding distribution networks. This activity will proceed throughout the strategy period. In addition, ongoing

assessment will be made of the potential gain of transferring or outsourcing production to low-cost countries. This activity will principally take place towards the end of the strategy period.

FINANCIAL TARGETS

Photonics Group's strategic ambitions over the five-year period are to deliver average annual organic growth in revenue, CAGR, of around 20% and still have major growth potential at the end of the period.

In addition, Photonics Group aims to increase EBITDA earnings from -11 mDKK at the start of the strategy period to an EBITDA margin of around 20% of revenue in 2015. Parallel with organic growth, Photonics Group will work to further increase creation of value by means of acquisitions or other ownership arrangements which will either strengthen market presence or widen product portfolio.



In recent decades, growth in the laser industry has averaged around 8% p.a

NKT FLEXIBLES

Strategy for 2011-2015

NKT Flexibles is one of a small number of global players supplying flexible pipe systems to the offshore oil and gas sector. The need for such pipe systems is related to increasing extraction of offshore oil and gas deposits.

PRODUCTS

The pipe systems supplied by NKT Flexibles are today used for recovering of oil and gas from waters as deep as 2,000 metres. The existing product programme consists of flexible pipe solutions in the 2"-16" range (approx. 50-406 mm internal diameter). The pipes are designed to function under very demanding offshore conditions and are unique as they retain their flexibility even under very high pressures up to 600 bar and can withstand temperatures up to 130°C. Deliveries of flexible pipe systems also include a wide range of auxiliary equipment.

MARKET

The global market for flexible pipe systems is estimated at around 8 bnDKK p.a., although the investment input that drives this market is strongly dependent on the price of oil. Measured in theoretical length of 'standard pipe' (8") this corresponds to an annual consumption of around 1,200 km of pipe.

The largest single market for flexible pipe systems is Brazil where the national oil company Petrobras accounts for around 50% of global annual consumption. Other important markets for flexible pipe systems are the North Sea and off the coast of India, the Far East, Australia and West Africa.

CUSTOMERS

NKT Flexibles is a project-oriented production company whose business is based on customer tenders. The company has its own sales organization which deals with all customer contacts. This organization can also bid for new projects through the company's joint venture partner Subsea 7 (formerly Acergy). Acergy's merger with the market player Subsea 7 is expected to mean improved market access for NKT Flexibles. In addition to sales effected in close partnership with Subsea 7, NKT Flexibles supplies products and systems directly to the global offshore oil and gas industry. The ratio of direct to indirect sales has historically been approx. 80% / 20%.

The customer portfolio includes Statoil, Petrobras, Saudi Aramco, ONGC, Exxon Mobil, Shell, BP, Total, Nexen and Maersk as well as a number of affiliated specialist offshore contractors.

PRODUCT DEVELOPMENT

NKT Flexibles has laboratory and testing facilities at its Kalundborg factory and at its head office in Brøndby.

R&D activities are oriented towards creation of value and towards satisfying existing or anticipated market needs, and are supported by an active patents strategy. Efforts are made to improve technology and reduce

cost base by developing better materials and more stable and efficient processes. New products and new solutions differing radically from their predecessors are also developed. Examples are new pipe design and use of totally new materials for producing flexible pipes that can operate at depths of more than 2,000 metres.

PRODUCTION

The Kalundborg factory is situated in the harbour which has sufficient draught for the large specialist ships necessary for installing flexible pipe systems. The factory has recently been expanded with additional production capacity, and after allowing for variations in product mix and changeover time between orders, effective annual capacity is now approx. 175 km of standard (8") pipe.

COMPETITORS

NKT Flexibles is one of three established global suppliers of flexible pipe systems for the offshore oil and gas industry. Based on current loadings and capacity the company represents a market share of almost 15%.

The other two suppliers in this market are Technip (factories in France, Brazil and Malaysia) and Wellstream (factories in UK and Brazil) with current market shares of around 55% and 30% respectively.

The market leader, Technip, is the leading supplier of very large and/or technically very challenging all-in-one solutions, principally to the largest oil companies. Technip supplies flexible pipe products in the 2"-19" size range (approx. 50 mm-483 mm internal diameter) intended for very demanding conditions in all parts of the world.

Wellstream primarily focuses on projects requiring large volumes of standard products and mainly services the Brazilian market. The company supplies flexible pipe products in sizes from 2"-16" (approx. 50 mm-483 mm internal diameter). As an example of the consolidation trend under way in this industry, Wellstream is currently being taken over by General Electric.

In addition to the three established players, the cable manufacturer Prysmian is currently commissioning a new pipe factory in Brazil. This factory will focus on smaller-dimension pipes principally for use in the Brazilian market.

VISION

BY EXCELLENT PERFORMANCE TO BECOME THE
PREFERRED SUPPLIER OF HIGH QUALITY FLEXIBLE PIPE
SYSTEMS BASED ON BEST-IN-CLASS TECHNOLOGY

The total effective production capacity of these four manufacturers is estimated at 1,300-1,400 km of standard pipe (8").

ORGANIZATION AND MANAGEMENT

NKT Flexibles is governed at Board of Directors' level by the two joint venture partners working together under the chairmanship of NKT Holding. Day-to-day activities are headed by CEO Michael C. Hjorth.

NKT Flexibles has around 620 employees, around 60% of whom work at the Kalundborg factory. The remaining 40% are based at the head office in Brøndby and engaged in R&D management, project management and administration. NKT Flexibles also has an R&D function in Aalborg and sales representation in Rio de Janeiro, Brazil.

INDUSTRY DRIVERS

The global offshore oil and gas market is driven by the expectations of the oil companies regarding long-term oil price. A price level of around 60-80 USD/bbl is typically required to make it viable to develop new offshore fields. Despite intense efforts to find substitutes for the use of oil and gas, all indications point to continued rise in oil prices in the years ahead fuelled by increasing growth in global energy consumption and depletion of existing readily available oil and gas deposits.

The depletion of existing oil and gas fields has the following market significance for flexible pipe systems:

- Increased focus on deeper waters.
- Expansion of existing offshore fields with satellite wells.
- Increased extraction from existing offshore fields using gas and water injection.

Furthermore, the pipes in many existing offshore installations are now reaching the end of their useful lives, hence there is a growing need for replacement. All these factors point to a future growth market for flexible pipes. This is also supported by ambitious plans for investment unveiled by the world's largest consumer of flexible pipes, Petrobras.

STRATEGIC PERSPECTIVE

NKT Flexibles' strategy is focused on building a business based on its existing product portfolio combined with the development of new products and systems which meet the increasingly demanding requirements of the future offshore oil and gas market.

Historically, NKT Flexibles has developed niches based on special competences in materials technology, production and design which have enabled the company to take on exceptionally demanding customer projects. Viewed in the light of global production capacity and the trend towards recovering increasingly more difficult deposits, it is essential for NKT Flexibles to maintain this strategic focus and thereby achieve attractive margins which reflect the company's ability.

Strategic targets for NKT Flexibles

	Realized 2010	Target 2015
Revenue, bnDKK	1.2	2.5
Average organic growth, CAGR	-9%	15%
EBITDA margin	18.7%	20-25%

NKT Flexibles has succeeded in qualifying as a principal supplier to the Brazilian market. In view of its size and the demanding solutions entailed, it is imperative for the company to cement its position in this market.

The principal challenges and tasks facing NKT Flexibles are therefore:

- To cement its position in the Brazilian market with a new, larger framework agreement that sooner or later will lead to deliberations regarding establishment of local presence.
- To follow the trend towards recovery of deposits in increasingly deeper waters by developing new solutions for depths as great as 2,500 metres.
- To maintain its historically good market position in the rest of the world, i.e. primarily the North Sea, West Africa and India.
- To develop and expand the company to a new level, aiming particularly at a strengthened position in Brazil.

Furthermore, continuous focus will be placed on improving the company's products and processes in order to preserve present market position and continue to maintain an attractive earnings base.

FINANCIAL TARGETS

NKT Flexibles is expected to realize annual average organic growth (CAGR) of around 15%. This will lead to revenue of around 2.5 bnDKK by 2015.

In step with a normalization of the level of activity in the oil industry a return to an EBITDA margin of 20-25% is targeted by 2015 at the latest.



STRATEGY 2011-2015

NKT's financial targets for 2015 are to achieve a revenue of 16 bnDKK, an EBITDA margin of 15%, an earning per share of 50 DKK and a return on investment of 20% based on acquisitions and organic growth in the four business units

NKT FLEXIBLES
20-25%

EBITDA MARGIN 2015

PHOTONICS GROUP

20%

EBITDA MARGIN 2015

NILFISK-ADVANCE

14%

EBITDA MARGIN 2015

NKT CABLES

13%

EBITDA MARGIN 2015

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