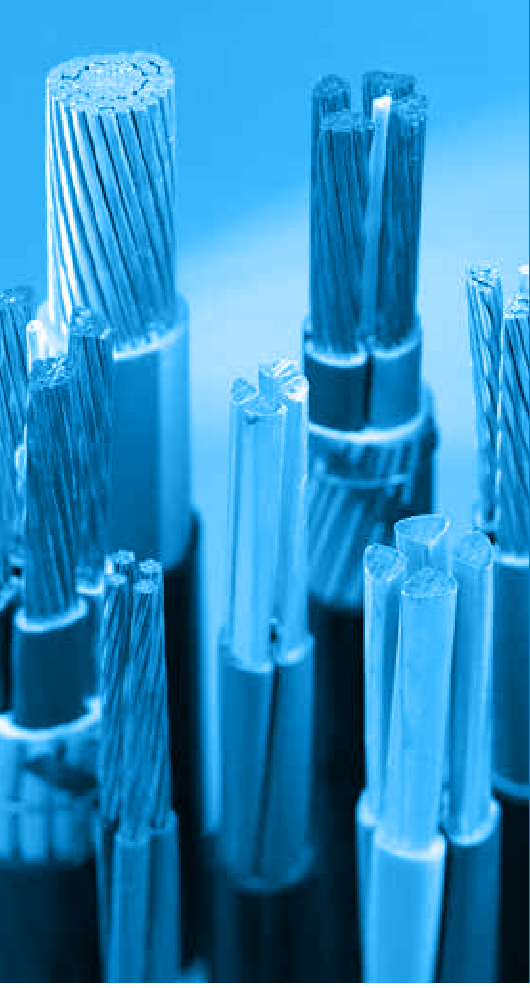
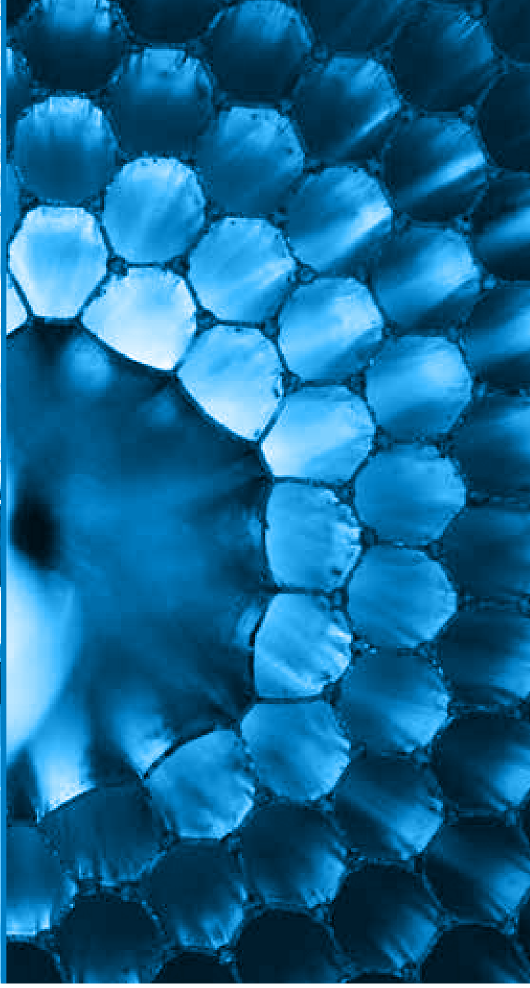




NKT Holding A/S, Vibeholms Allé 25, DK-2605 Brøndby, Company Reg. No. 62 72 52 14

Således vedtaget på selskabets ordinære generalforsamling den 31. marts 2016.

Som dirigent:

Anders Lavesen

2015 Annual Report

Contents

SUSTAINABILITY

NKT's annual statutory report on Corporate Social Responsibility is available at:

http://nkt.dk/media/84836/99a_2015.pdf

2015 in brief

REVENUE, EURm	ORGANIC GROWTH
2,224	3%

OPER. EBITDA MARGIN std. metal prices	RoCE
9.4%	10.1%

DEBT LEVERAGE	PROPOSED DIVIDEND, DKK
0.5x OPER. EBITDA	4 per share

HIGHLIGHTS

- Launch of Nilfisk's Accelerate growth strategy
- Five Nilfisk acquisitions completed
- NKT Cables reached savings target of DRIVE efficiency improvement programme
- Launch of NKT Cables' EXCELLENCE 2020 strategy
- New CEO of NKT Photonics and core businesses redefined

The NKT Group

Nilfisk

PROFESSIONAL CLEANING EQUIPMENT

Market leader with global presence

nkt cables

POWER CABLES

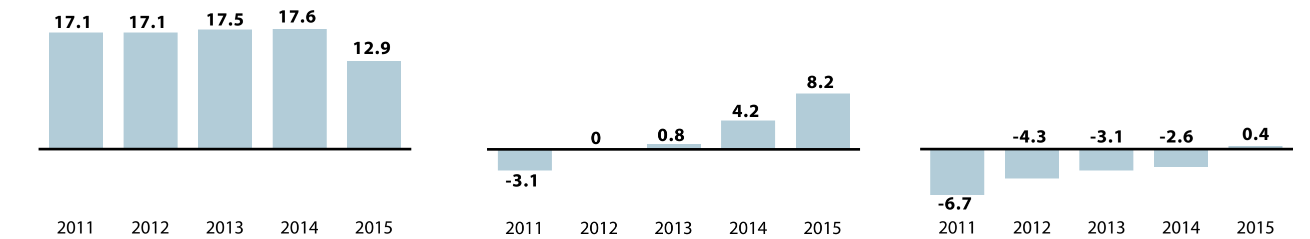
Strong positioned in Europe and niche player in APAC

NKT Photonics

HIGH-TECH PHOTONIC PRODUCTS

Global market leader in key markets

Return on capital employed, %



GLOBAL PRESENCE +100 COUNTRIES

EMPLOYEES 8,950

Transformation towards **increased value creation**

Two years ago we embarked on a transformational journey, implementing a new governance structure. Focus was further sharpened in 2014 with a clearly defined direction for value creation in all our businesses. In 2015, we made further progress by introducing new hands-on business strategies for Nilfisk and NKT Cables and by redefining the core businesses of NKT Photonics.

Long-term development through active ownership
2015 was a challenging year when we look at the markets in which our businesses operate. The European economy is still not fully recovered and the business environment remains fragile. Consumer spending, conditions in the construction industry and not least the financial situation of our customers, such as the big European utilities, do not create a strong foundation for growth.

We also closely monitor economic development in China. We have had operations in the country for more than 20 years, and we have seen how its economy impacts not only Asia but also global development. We operate in volatile markets, and viewed in that context we are satisfied with our financial performance in 2015.

Overall, NKT's 2015 results were based on mixed developments in our businesses. NKT Cables and NKT Photonics performed better than anticipated, while Nilfisk's financial performance was below our initial expectations. The results also clearly reflect the effect of our decisions: to invest in growth in Nilfisk; to transform NKT Cables to deliver increased profitability by implementing the DRIVE efficiency improvement programme, and to redefine NKT Photonics' core businesses through portfolio decisions and divestments.

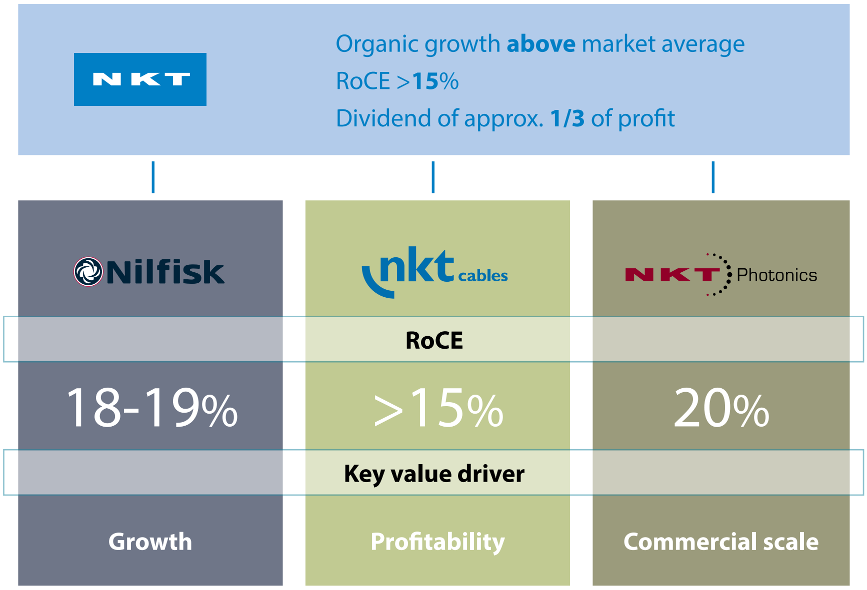
Our focus is to create value through development of our businesses. Our foundation is a strong Group with a solid financial position, and we are convinced that our business strategies support our long-term financial target of a return on capital employed above 15%.

Our governance model is centred on an efficient, flexible and transparent decision-making process. Active ownership is exercised through the Board of Directors, committees and NKT Group Functions. Both in our Board meetings and particularly in the business unit committees where monthly and ad hoc meetings are held with respective managements and representatives from NKT Group Functions, our competences and knowledge of the dynamics of the specific industries are exercised.

Nilfisk's strategy focused on growth and consolidation
The Accelerate strategy was launched in March 2015 and is focused on consolidating Nilfisk as the market leader through growth and increased market share. Subsequently, we made significant investments in a changed go-to-market approach which led to a partially modified company culture. Although benefits from these investments are emerging later than expected, we firmly believe that this is the right strategy despite the short-term negative impact on growth and profitability.

NKT Cables' EXCELLENCE 2020 strategy focused on profitability
Two years ago we initiated DRIVE. The first phase focused on cost reductions from the baseline of a return on capital employed of close to zero that was partially due to large investments in

NKT's long-term strategic targets



the Cologne factory. In 2015, we reached our savings target and entered the next phase of the transformation of NKT Cables by introducing the EXCELLENCE 2020 strategy. Focus is now on improved profitability driven by increased efficiency and targeted growth through excellence in all operations.

NKT Photonics redefined core business to gain commercial scale

In July, Basil Garabet was appointed CEO of NKT Photonics with a clear mandate to achieve commercial scale as a driver to profitable growth. After the divestment of the Fiber Processing operations, the business setup was refocused into three core segments each representing significant growth potential. Furthermore, all business segments were integrated in one management entity, NKT Photonics, to leverage on synergies and support the strategy.

Increasing distribution to our shareholders

Due to our strong overall financial position we have decided to increase the distribution to our shareholders through a share buyback. A programme with a value of EUR 74m will be launched on 26 February 2016 and combined with a dividend of DKK 4 per share, we expect to return EUR 87m to our shareholders in 2016.

Share buyback programme and dividends, see page 41

The Board wishes to thank everyone in the NKT Group for contributing to our 2015 performance as well as Board members Kristian Siem and Kurt Bligaard Pedersen, who are not opting for re-election.

Furthermore, we would like to thank our shareholders, customers and business partners for the interest and trust they have shown us in 2015.

Outlook 2016

Consolidated flat organic growth		Operational EBITDA margin* on par with 2015 (9.4%)	
Nilfisk	0-5%	Nilfisk	10-11%
NKT Cables	~neg. 5%	NKT Cables	8-9%
NKT Photonics	~10%	NKT Photonics	12-14%

** Std. metal prices*

In 2016, NKT expects flat organic growth and operational EBITDA margin (std. metal prices) of approx. 9.4% - on par with 2015. Outlook is based on the following assumptions:

Nilfisk
Organic growth is expected to be 0-5%. The underlying market growth is linked to the GDP development which is anticipated to be flat or slightly negative. Nilfisk's ambition is to achieve organic growth of 2-3% above the market through investments in sales and service, and implementation of the Commercial Excellence programme.

Operational EBITDA margin is expected to be 10-11%, depending on realised organic growth rate.

In addition to organic growth, revenue is expected to be impacted by 6% from acquisitions.

NKT Cables
Negative organic growth of approx. 5% is expected. Despite good visibility of high-voltage off-and onshore projects combined with a high - and on par with 2015 - utilisation at the Cologne factory, the projects to be executed in 2016 will generate lower revenue and profit compared with 2015. The development is anticipated to be partly offset by organic growth of up to 3-4% in the Products business while flat organic growth is anticipated for the APAC business.

Operational EBITDA margin (std. metal prices) is expected to be 8-9%.

Quality issues were detected in deliveries from a raw material supplier which caused certain production batches to be potentially affected. This caused a setback in the production schedule due to reproduction. Additional reproduction may impact revenue recognition negatively in 2016, but is expected to have limited impact on operational EBITDA. This is not included in the outlook. Additional information can be found on page 29.

With regard to execution of EXCELLENCE2020, restructuring cost of EUR 10m is expected relating to initiatives including turnaround of the high-voltage onshore, APAC and accessories segments.

NKT Photonics
Organic growth is expected to be approx. 10% based on progress in all segments, but driven by industrial customer contracts within Imaging & Metrology. Operational EBITDA margin is expected to be 12-14%.

In 2015, the Fiber Processing business was divested, accounting for revenue of EUR 12.1m and operational EBITDA close to zero in 2015.

2015 financial performance in **line with expectations**

2015 outlook achieved

Overall, NKT realised a financial performance in line with expectations for 2015 as defined in the Q3 Interim Report.

2015 expectations

	Initial	Update in Q2	Update in Q3	Realised
NKT				
- Organic growth	Up to 3%	~3%	~3%	3%
- Operational EBITDA*	Increase of up to 1%-point (from 9.6%)	Increase of ~0.5%-point (from 9.6%)	EUR ~174.5m ~9.2%	EUR 175.2m 9.4%
Nilfisk				
- Organic growth	~5%	~0%	~0%	0%
- Operational EBITDA	~11.7%	Reduction of ~1%-point (from 11.7%)	~10%	10.1%
NKT Cables				
- Organic growth	~0%	~5%	~5%	4%
- Operational EBITDA*	8.5-9.0%	~9.0%	~9.0%	9.0%
NKT Photonics				
- Organic growth	10-20%	~10%	~10%	9%
- Operational EBITDA	8-10%	8-10%	8-10%	9.6%

** Std. metal prices*

Business unit performance

2015 organic growth in Nilfisk was 1% for the EMEA region, flat for the Americas and -3% for APAC. Nominal growth was 6%, positively impacted by currency effects and acquisitions. Operational EBITDA margin was in line with Q3 guidance, but lower than originally guided, primarily due to lower organic growth, delayed positive impact from investments in sales and service, and costs related to delivery issues in 1st half 2015.

In NKT Cables the positive organic growth was driven by the Projects and Products businesses with 15% and 5% respectively, while the APAC region delivered organic growth of -37%. As guided in Q2 2015, operational EBITDA margin (std. metal prices) increased to 9.0%, positively impacted by the DRIVE efficiency improvement programme and increased revenue.

Organic growth in NKT Photonics was driven by both Imaging and Sensing, realising growth rates of 10% and 12%, respectively. Fiber Processing operations were divested with effect from

Revenue

Amounts in EURm	2014	Currency effect	Acquisitions/ divestments	Growth	2015	Organic growth*
Nilfisk	917.6	43.3	7.2	3.4	**971.5**	0%
NKT Cables	812.8	9.9	-	34.8	**857.5**	4%
NKT Photonics	39.1	1.1	-2.6	3.0	**40.6**	9%
Other	-0.3			-0.1	**- 0.4**	-
Revenue, std. metal prices	1,769.2	54.3	4.6	41.1	**1,869.2**	3%
Adjustments, metal prices	360.2	-28.2	8.4	14.0	**354.4**	-
Revenue, market prices	**2,129.4**	**26.1**	**13.0**	**55.1**	**2,223.6**	**-**

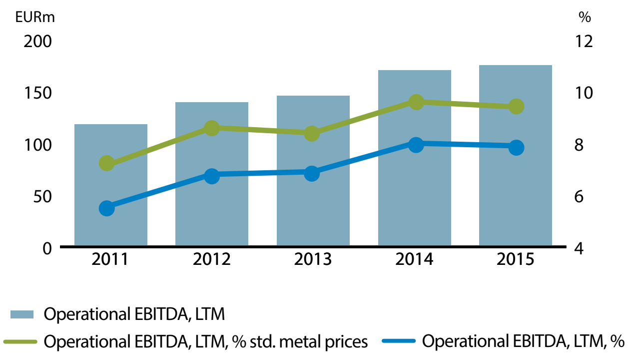
** Organic growth is adjusted for currency effects, metal prices and acquisitions/divestments*

1 September 2015 and consequently only impacted results for the first eight months of the year. Operational EBITDA margin was in line with the guidance range.

Group operational EBITDA up 3%

Operational EBITDA, which is adjusted for one-off items, amounted to EUR 175.2m compared with EUR 170.5m in 2014. The increase was driven by NKT Cables. Operational EBITDA margin (std. metal prices) was 9.4%, down 0.2%-points from 2014.

Operational EBITDA



Operational EBITDA by business unit

Amounts in EURm	2015	2014	Nom. change
Nilfisk	97.9	107.4	-9.5
NKT Cables	77.0	65.0	12.0
NKT Photonics	3.7	2.9	0.8
Other	-3.4	-4.8	1.4
Operational EBITDA	**175.2**	**170.5**	**4.7**
One-off items	-23.2	-27.9	4.7
EBITDA	**152.0**	**142.6**	**9.4**

One-off items

In 2015, one-off items impacting operational EBITDA amounted to EUR 23.2m, all relating to the implementation of DRIVE in NKT Cables.

A strategic review and assessment of the future setup for NKT Cables' APAC operations, which was finalised in Q2 2015, led to impairment loss of EUR 37.8m, primarily due to write-down of the value of non-current assets and deferred tax assets of EUR 10.8m. In addition, the divestment of Fiber Processing activities in NKT Photonics led to write-down of EUR 2.6m in Q2 2015. Impairments and one-off costs were adjusted for in operational EBIT.

Financial items reduced by EUR 7.0m

Net financial items amounted to EUR -6.1m compared with EUR -13.1m in 2014. This positive development was driven by lower net interest-bearing debt, and by currency effects.

See Note 6.5 on page 88

Group earnings and tax

NKT's earnings before tax, EBT, amounted to EUR 28.1m against EUR 54.7m in 2014, significantly impacted by one-off items. Tax rate for 2015 was 22% when adjusted for write-down of the deferred tax asset and impairments. Tax rate for 2014 was 31%.

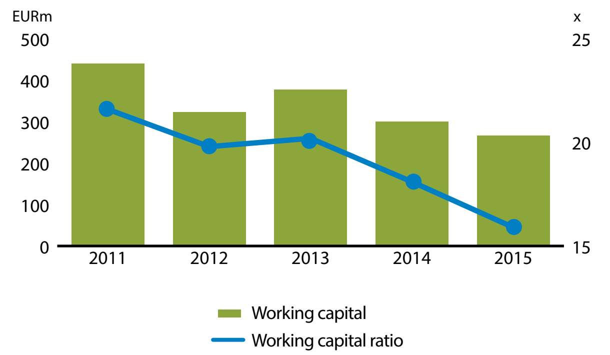
See Note 2.4 on page 64

Profit for the year totalled EUR 1.2m against EUR 37.9m in 2014. Adjusted for one-off items, profit for the year amounted to EUR 74.4m compared with EUR 28.3m in 2014.

Working capital down by 10%

Working capital was EUR 269.2m against EUR 300.6m in 2014. Working capital ratio was 15.9%, continuing the downward trend since 2013. The positive development was driven by improvements in NKT Cables.

Working capital



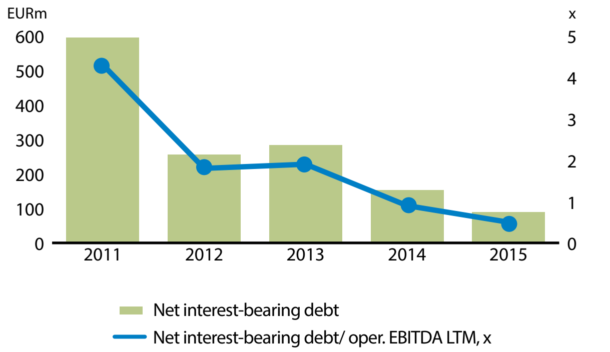
See Note 5 on page 81

Strong cash flow impacted by reduction in working capital
Cash flow from operating activities amounted to EUR 173.2m driven by reduced working capital.

Net investments in tangible and intangible fixed assets amounted to EUR 64.9m, slightly above EUR 60.6m realised in 2014. Net cash flow relating to M&A activities totalled EUR -23.1m due to acquisitions in Nilfisk and offset by the divestment in NKT Photonics.

Strong liquidity position and low debt leverage
Net interest-bearing debt amounted to EUR 88.9m, down EUR 63.5m compared with end-2014. The debt level corresponded to 0.5x operational EBITDA, LTM, down from 0.9x in 2014.

Net interest-bearing debt



NKT's available liquidity reserves were EUR 603.8m at end-2015, comprising cash of EUR 58.3m and undrawn credit facilities of EUR 545.5m. 85% of credit facilities are committed with an average duration of 3.9 years.

See Note 6 on page 86

In Q4, **organic growth was 1%**. Earnings lower in Nilfisk and NKT Cables

ORGANIC GROWTH BY BUSINESS UNIT

Nilfisk	-2%
NKT Cables	2%
NKT Photonics	22%
Total	**1%**

In Nilfisk, organic growth was negative in all three regions and should be seen against strong organic growth of 9% in Q4 2014. EMEA realised growth rate of -2% and the Americas delivered -2% organic growth after adjustment for the impact of the floor sanding activities divested in 2014, cf. page 16. APAC delivered -1% organic growth.

The positive development in NKT Cables was attributable to the Products business which delivered 11% organic growth. The Projects business recorded -1% organic growth, impacted by the timing of offshore cable production. In APAC the downward trend from previous quarters continued with organic growth of -36%.

The strong Q4 performance achieved by NKT Photonics was driven by the Sensing segment which delivered organic growth of 62%. The Imaging segment recorded organic growth of -2%.

Operational EBITDA reduced

NKT realised operational EBITDA of EUR 41.2m, down from EUR 56.5m in Q4 2014. Operational EBITDA margin (std. metal prices) was 8.8%, compared with 12.4% in the same period last year. Nilfisk recorded lower operational EBITDA margin due to negative organic growth, while maintaining investments in sales and service and higher distribution costs.

In NKT Cables, the decrease was driven by the current offshore project portfolio having lower risk and consequently lower margins compared with the same period last year, and a setback in production schedule due to quality issues in raw material supplies, cf. page 29. Furthermore, the development related to the development in APAC, in particular bad debt provisions which impacted Q4 2014 positively and Q4 2015 negatively.

The positive development in NKT Photonics was driven by high revenue growth.

Strong cash generation

Q4 cash flow from operating activities amounted to EUR 119.4m. This improvement was mainly due to a significant reduction in working capital of EUR 85.3m, primarily relating to NKT Cables.

Q4 financial development

	Revenue			Oper. EBITDA			Oper. EBITDA margin	
Amounts in EURm	**Q4 2015**	**Q4 2014**	**Change**	**Q4 2015**	**Q4 2014**	**Change**	**Q4 2015**	**Q4 2014**
Nilfisk	246.8	238.5	8.3	23.5	30.7	-7.2	9.5%	12.8%
NKT Cables	210.5	203.2	7.3	15.2	24.9	-9.7	7.2%	12.2%
NKT Photonics	12.7	12.6	0.1	3.3	2.8	0.5	25.3%	23.1%
Other	-0.4	-0.2	0.2	-0.8	-1.9	1.1	-	
Total, std. metal prices	**469.6**	**454.1**	**15.5**	**41.2**	**56.5**	**-15.3**	**8.8%**	**12.4%**

Nilfisk

> In terms of financial performance, both top line and earnings were **below our expectations**. One of the reasons was the delayed impact from our investments in sales and service, which are an essential part of our recently **launched Accelerate growth strategy**. In 2016, we expect to capture the effect both of these investments and the five acquisitions completed in 2015

JONAS PERSSON, PRESIDENT AND CEO

REVENUE, EUR	ORGANIC GROWTH
972m	0%
OPER. EBITDA MARGIN	**RoCE**
10.1%	12.9%

KEY EVENTS 2015

- Launch of Accelerate growth strategy
- Nilfisk - new company name and brand position
- Commercial Excellence roll-out
- Five acquisitions completed

SUMMARY

Financial performance was below expectations due to lower organic growth, delayed impact from investments in sales and service, and delivery issues in 1st half 2015. The new Accelerate strategy includes growth initiatives such as the Commercial Excellence programme, strengthened front-end footprint and the ambition to be leading in the industry consolidation.

Financial highlights

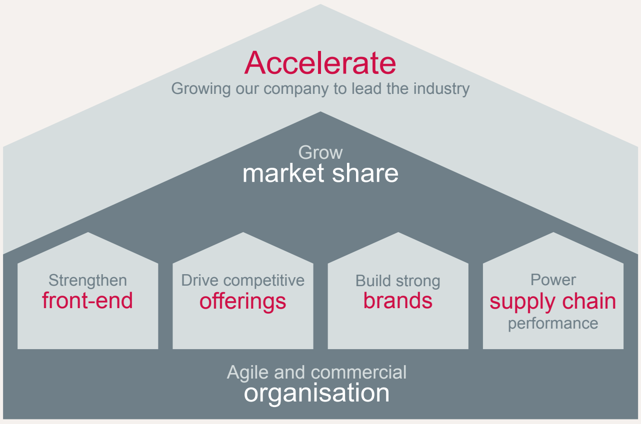
Amounts in EURm	2015	2014	2013	2012	2011
Income statement					
Revenue	971.5	917.6	880.6	871.2	846.6
Operational EBITDA	97.9	107.4	104.3	104.0	98.3
EBITDA	97.9	120.3	104.3	100.0	93.9
Depreciation and amortisation	-33.7	-29.4	-28.5	-29.6	-27.1
Impairment	-0.5	-0.5	-0.1	-1.0	-1.0
Operational EBIT	63.7	77.5	75.7	74.4	70.2
EBIT	63.7	90.4	75.7	69.4	65.8
Cash flow					
Cash flow from operating activities	59.8	75.7	67.1	89.4	47.1
Cash flow from investing activities	-39.8	-29.9	-29.3	-31.8	-52.3
Free cash flow excl. acq./divest.	20.0	45.8	37.8	57.6	-5.2
Balance sheet					
Capital employed	501.6	440.6	412.6	412.8	433.8
Working capital	173.4	159.7	144.1	139.5	163.0
Financial ratios and employees					
Organic growth	0%	6%	3%	0%	8%
Gross margin	40.4%	41.1%	40.9%	42.0%	41.8%
Overhead cost ratio	33.1%	32.1%	31.8%	32.9%	33.0%
Operational EBITDA margin	10.1%	11.7%	11.9%	11.9%	11.6%
RoCE	12.9%	17.6%	17.5%	17.1%	17.1%
Number of full-time employees, year-end	5,545	5,420	5,321	5,224	5,345

GROUP MANAGEMENT

Jonas Persson, President and CEO (1), **Jeff Barna**, EVP, Americas Sales and Service (2), **Karina Deacon**, EVP and CFO as of January 2016 (3), **Lars Gjødsbøl**, EVP, Global Operations (4), **Tina Mayn**, EVP, Global Marketing and Product Management (5), **Anders Terkildsen**, EVP, EMEA Sales and Service (6)

ACCELERATE - GROWTH STRATEGY

In Q1 2015, Nilfisk launched the Accelerate strategy to drive growth and consolidate its leading position through increased market share. Accelerate succeeds the previous strategic focus on becoming Customers' Preferred Choice and also builds on the long-term improvements in production footprint and supply chain.



Long-term financial targets

Organic growth 2-3% above GDP
RoCE of 18-19%

The long-term financial targets are based on analyses which indicate that, due to customers' focus on cost-efficient cleaning solutions, the average growth for the industry is slightly below global GDP growth level. The organic growth target should be seen in this context.

Nilfisk aims to lead the global consolidation of the cleaning equipment industry, and in the short term, potential acquisitions are expected to dilute the return on capital employed.

GROW MARKET SHARE

Nilfisk is the leading provider of professional cleaning equipment to the high-end market. Furthermore, increased focus is placed on the mid-market, which is characterised by more basic cleaning products, through the expansion of sales channels, increased presence in emerging markets and targeted acquisitions.

Viper to strengthen the mid-market focus

Nilfisk expanded its Viper product range and increased its sales efforts by appointing more than 200 new dealers globally. In addition, Viper was introduced in approx. 20 new countries.

Five acquisitions to support the strong high-end position

In 2015, Nilfisk's position in the high-end market and in services was further strengthened by five acquisitions. Three acquisitions of leading distribution and service companies were made in the UK, Australia and New Zealand, while two acquisitions made in the US open up new opportunities in the pressure cleaning market, cf. page 16.

Increased customer satisfaction

Nilfisk uses the Net Promoter Score (NPS) survey tool to monitor feedback and improve customer satisfaction. NPS covers 32 countries, and the satisfaction rate both among dealers and end-users rose in 2015.

STRENGTHEN FRONT-END

A key growth driver is increase proximity to the customer by increasing market presence both in terms of coverage and number of sales people. Accordingly, Nilfisk added approx. 140 people to its sales and service force in 2015, primarily in EMEA,

This investment is supported by efficiency improvement tools, including the Salesforce.com CRM system and ServiceMax, a service management system. The CRM system was rolled out in the Americas and several European sales organisations.

Commercial Excellence in primary markets

In 2014, Nilfisk launched a Commercial Excellence programme to improve sales and service efficiency and increase revenue and profitability.

Primary front-end growth initiatives

Commercial Excellence

Hiring of sales & service staff

Global CRM & service management systems

Global sales academy

Incentives

The programme consists of three commercial levers:

1. Customer prioritisation
2. Cross-selling opportunities
3. Service penetration

The Commercial Excellence programme will be implemented in 37 markets representing 85% of total revenue. By end-2015, the programme had been implemented in 10 countries representing 60% of total revenue and 67% of EMEA revenue.

Successful implementation requires a number of changes in processes and company culture. Experience to date indicates that the positive effects sometimes materialise later than expected and hence with an initial negative impact on revenue as the sales force has to adjust to new practice. Positive effects were, however, identified in a number of markets and underlined the expected outcome of the programme.

DRIVE COMPETITIVE OFFERINGS

Nilfisk's product portfolio is designed to increase customer value in terms of value-adding features, product life and total cost of ownership. At the same time, Nilfisk aims to provide a focused product range and reduce time to market.

New Nilfisk GO-Line range

Introduced in 2015, Nilfisk's GO-Line product range addresses the lower segment of the high-end market. GO-Line targets customers with preference for the Nilfisk brand, including its features and support package, but seeking a more basic offering with a lower initial investment.

BUILD STRONG BRANDS

Nilfisk continued its focus on alignment of its brand portfolio with unique selling points to ensure that both global and regional brands have a clear offering to the market.

Consolidation of brands and reduced complexity

Over the year, Nilfisk reduced its number of global brands from four to two: Nilfisk and Viper. The Nilfisk brand addresses the high-end market, while Viper targets the mid-market. The two other global brands, Nilfisk-ALTO and Nilfisk-CFM, were integrated in the Nilfisk product portfolio. To further support reduced brand complexity the company changed its name from Nilfisk-Advance to Nilfisk. The brand consolidation led to a 15% drop in the number of commercial product platforms, ensuring competitive offerings and improved profitability.

POWER SUPPLY CHAIN PERFORMANCE

Since 2013, Nilfisk has been implementing a global supply chain transformation programme. Processes are being improved to further increase the customer's delivery experience, while significantly reducing cost-to-serve and working capital.

In 2015, focus was placed on restoring performance and customer confidence after delivery issues that occurred in the 1st half of the year, causing distribution costs and working capital to increase. Furthermore, new warehouse structures were implemented to reduce lead time, cf. page 17.

AGILE AND COMMERCIAL ORGANISATION

In 2015 a new global leadership programme was launched to support the role of managers by providing relevant tools to drive change and engagement. The setup of a Sales Academy will introduce unified sales methodology based on best practice.

Initial effects of Commercial Excellence

GROWTH ON PRIORITISED CUSTOMERS	IMPROVED CROSS-SALES	SALES TO NEW CUSTOMERS	RECORDED ACTIVITY LEVEL
+9%	+4x	EUR +17m	+2.5x
Example • Machine sales to prioritised customers up 8-9%	Examples • 4x increase in value of cross-sales • Service growth of 7%		Example • 2.5x increase in meetings captured in CRM

MARKETS

Increasing welfare and living standards are impacting the demand for automated cleaning solutions, and customers in developing markets are looking for products to bridge the gap between manual tools and mechanised cleaning. The global market for professional cleaning equipment is estimated at approx. EUR 7.5bn annually. The market is growing at slightly below GDP in mature economies and above GDP in emerging economies, the latter being more sensitive to the general business climate.

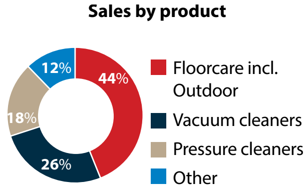
Entry barriers in terms of products are fairly low in the cleaning industry, and total cost of ownership is becoming increasingly important. Technology is playing an increasing role in the high-end range and is gradually finding its way into cleaning products. This trend, combined with higher raw material costs, requires constant focus on product development and a strong pipeline of product launches both in the high-end and mid-markets.

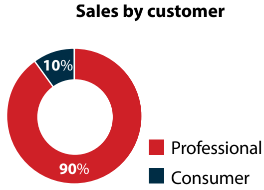
As market leaders, Nilfisk and German-based Kärcher are estimated to hold an equal share of the global market, while US-based Tennant and German-based HAKO also hold significant, albeit lower, market shares. The rest of the cleaning equipment market consists of more than 100 smaller local and regional manufacturers.

Nilfisk products

Nilfisk has one of the broadest product portfolios in the industry, comprising:

- **Floor-care equipment**: Sweepers, scrubbers, dryers, polishers, carpet cleaners
- **Vacuum cleaners**: Dry and wet-use vacuums for both professional and private use, and industrial vacuum cleaners
- **Pressure cleaners**: Mobile and stationary pressure cleaners for both hot and cold water and both professional and private use
- **Outdoor**: Sweepers, mowers, snow cleaners and multi-functional utility machines





Nilfisk customers

Nilfisk has sales entities in 45 countries around the world, customers in more than 100 countries, and is continuously strengthening its distributor network.

Nilfisk primarily addresses the professional cleaning market, which is divided into commercial and industrial customers:

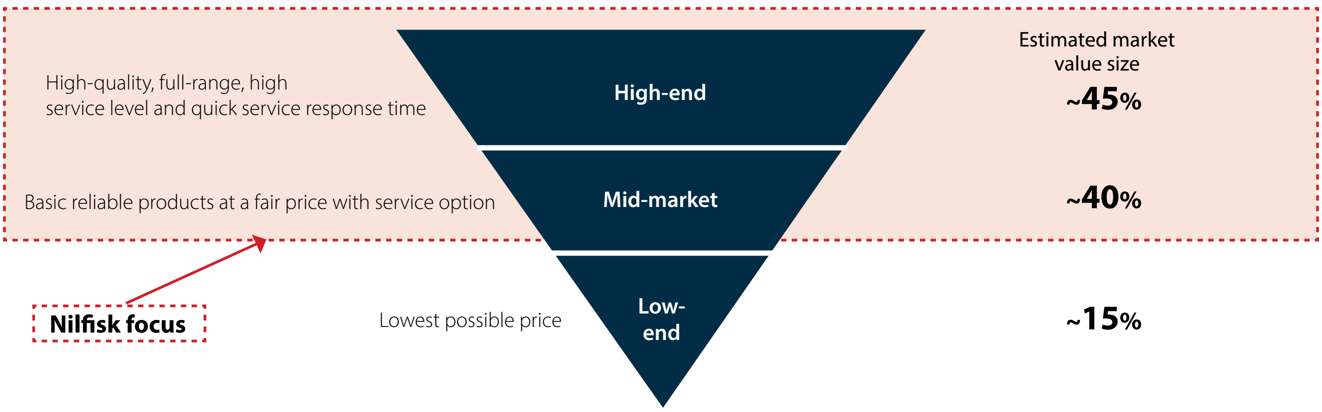
- *Commercial customers* comprise contract cleaning companies, institutions, organisations, public authorities, shops, hotels, healthcare and businesses

- *Industrial customers* are companies involved in manufacturing, distribution, building and agriculture. Many operate in industries such as food and beverage, pharmaceuticals and metalworking that have specialised cleaning requirements

The trend towards increased urbanisation in e.g. emerging markets is leading to a growing demand for professional cleaning equipment in for example institutions and retail. During 2015, Nilfisk increased focus on its market segmentation to provide specific product and service offerings and to strengthen marketing communication.

The private consumer market consists mainly of domestic appliance dealers, retail chains and DIY (Do-It-Yourself) stores and accounts for 10% of revenue.

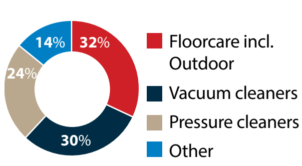
Markets for professional cleaning equipment



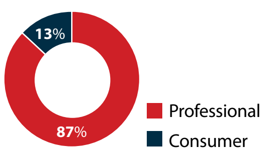
EMEA

ORGANIC GROWTH	REVENUE, EUR
1%	615m

Sales by product



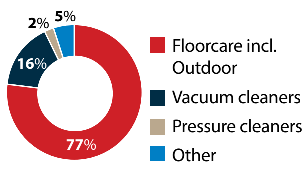
Sales by customer



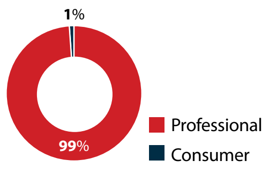
AMERICAS

ORGANIC GROWTH	REVENUE, EUR
0%	248m

Sales by product



Sales by customer



KEY MARKETS
Germany, France, UK, Denmark and Sweden

In EMEA, 2015 development was driven by high-end sales of professional floor-care equipment and supported by positive development in the service business.

In the mid-market, Viper brand sales increased by 40%. A substantial number of new Viper dealers were appointed and the brand was introduced in the Benelux and the Nordic region, which is also expected to positively impact 2016. In addition, increased focus was placed on Viper in Eastern Europe and Russia, leading to positive results.

Revenue from the consumer segment also increased through major DIY chains, especially in Denmark, Germany and France.

In Eastern Europe, Nilfisk expanded its sales and service force, especially in Slovakia and Romania, and the number of Viper dealers was increased. In the Middle East, satisfactory growth was achieved despite political instability, and focus was increased on direct sales particularly in the United Arab Emirates.

KEY MARKETS
USA, Canada and Mexico

In the US, Nilfisk's industrial vacuum cleaner business achieved significant growth while the floor-care business performed below expectations in both the mid-market and high-end market. Revenue from large private label accounts declined from double-digit growth rates in 2014, and direct sales to the industrial sector also decreased. This development was supported by poor performance from major direct accounts. As a result, a leadership change and a restructuring of the sales team were implemented in 2015.

Organic growth for the Americas has been adjusted by 4%-points for the impact of the floor sanding activities divested at 1 April 2014. Subsequently, Nilfisk continued to manufacture the relevant products until the end of the year, hence no adjustment was made in organic growth for 2014.

Overall, Latin America realised satisfactory organic growth, partly driven by industrial vacuum cleaners. Furthermore, several Viper products were introduced.

US ACQUISITIONS OPEN UP NEW MARKET OPPORTUNITIES

Q4 2015 saw completion of two significant US acquisitions, Hydro Tek and Pressure-Pro, both leading players in the high-pressure cleaning industry. Nilfisk has not previously been a major player in the high-pressure commercial segment in North America, and the complementary hot and cold-water product portfolios of these two businesses, along with their geographic range, will bring additional market access and offerings.

Nilfisk expects inherent synergies from these acquisitions, selling both product lines via multiple outlets and not only through US floor-care channels. Incremental benefits are also expected in other Nilfisk markets worldwide.

APAC

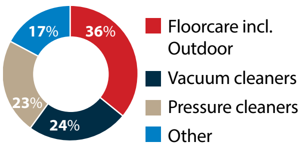
ORGANIC GROWTH

-3%

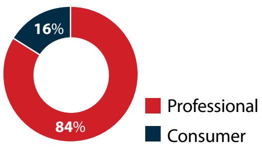
REVENUE, EUR

109m

Sales by product



Sales by customer



KEY MARKETS
Australia, China, Singapore, Korea and Thailand

Growth in Asia was below expectations in many markets, driven by slowing economies, a decline in the commercial segment, where Nilfisk traditionally achieves significant growth, and restructuring in several entities. During the year, key managerial changes were made and sales organisations were restructured in several markets, including China, Japan, Korea, Singapore and Australia/New Zealand.

Overall, performance was positive in South East Asian markets, driven by industrial vacuum cleaners. Sales of Viper products to the mid-market segments also generated widespread growth.

Increased market reach in the Pacific

Nilfisk's reach in the Pacific region was significantly extended through two acquisitions: Kerrick and Smithson Equipment. Kerrick is a specialist in commercial and industrial cleaning equipment and has ten branches across New Zealand and Australia offering full workshop facilities, manufacturing and service. Smithson specialises in industrial sweepers, scrubbers, pressure cleaners and vacuums. Jointly, these acquisitions serve to reinforce Nilfisk's position within direct sales and service to the professional cleaning market in the region.

OPERATIONS

Over the past decade Nilfisk has significantly optimised its production structure through factory consolidations and relocation from high-cost to low-cost countries, such as China, Hungary and Mexico. Nilfisk continuously improves its manufacturing structure to increase efficiency and quality.

The production of Nilfisk cleaning equipment takes place at company-owned assembly plants using components sourced from an extensive network of suppliers. The main assembly facilities are located in Hungary, Italy, China, the US and Mexico.

Finished products are shipped worldwide from distribution centres in Denmark, Belgium, Germany and the US.

Continued optimisation of production

Production optimisation continued in 2015, and two major restructuring projects were completed:

In the US, all production lines at the Springdale assembly plant in Arkansas were relocated to the Querétaro facility in Mexico at end-2015 to optimise assembly quality and logistics. The Springdale distribution centre was also optimised to improve cost-to-serve and delivery performance.

In Europe, all production at the facility for outdoor cleaning equipment in Eppingen, Germany, was relocated to the existing plant in Guardamiglio, Italy. This plant now provides a significantly larger and advanced factory for the manufacture of both outdoor and industrial cleaning equipment.

Product quality improved

Overall quality improvements were delivered in all production facilities in 2015. In the NPS surveys, the number of dealers and end-customers mentioning quality as their reason for recommending Nilfisk increased by 11%.

Delivery issues resolved

In 1st half 2015, Nilfisk experienced significant delivery issues due to a series of unanticipated events, including changes of processes and systems at the European Distribution Centre in Denmark and port strikes in the US. Supply chain performance recovered during Q2 to reach an all-time high level for on-time delivery. Due to initiatives to restore performance and customer confidence, distribution costs remained above normal throughout the year.

Strengthened supply chain

Globally, Nilfisk continued to implement more efficient distribution based on direct shipments from factories and suppliers, and to standardise policies and processes for global inventory management.

In Europe, a new warehouse structure was established for consumer products in Q4 2015 to address the delivery issues earlier in the year and to ensure high delivery performance in the future. The revised setup includes a new and improved warehouse facility, improved processes and an organisational upgrade.

In the Americas, a new operational setup was established to provide minimal lead times on a range of the most popular products. IT platforms and processes were improved to enable faster and improved delivery performance.

PRODUCT DEVELOPMENT

Product development at Nilfisk is based on customer-centric innovation such as quality, ease of use and total costs of ownership. In addition, time-to-market is a key factor in the process.

A significant part of the current product portfolio is less than three years old and is constantly renewed. The product pipeline is prepared and engineered to ensure continuous market growth in key segments. Approx. 3% of Nilfisk's revenue is spent on product development.

Product development is centralised in one overall function, but based at four competence centres located in Denmark, Italy, the US and China. Local R&D resources have also been established at production facilities in Hungary and Mexico to support new product projects in both the development and industrialisation phase.

2015 KEY PRODUCT LAUNCHES

Nilfisk strengthened its product portfolio in 2015 with a total of 35 new products and product versions, comprising 22 floor-care models, seven vacuum cleaners and six pressure washers. Highlights include

VIPER Nilfisk

FLOORCARE

The **AS710R**, the first ride-on medium-sized scrubber in the Viper range.

The **SC100**, Nilfisk's first upright scrubber, targets customer segments normally using mop and bucket, such as small cafés, coffee shops and gas stations.

Nilfisk

VACUUM CLEANERS

The Nilfisk **VP600** commercial vacuum cleaner received the Purus Design Award at the CMS 2015 trade show.

The **VL100** low-specification dry vacuum cleaner was the first product in the Nilfisk GO-Line range.

PRESSURE CLEANERS

The **MC 3C/4M** range of cold water pressure cleaners.

The **SC UNO/DUO** range of stationary pressure cleaners.

OUTDOOR

The Nilfisk **Park Ranger 2150** celebrated its 20th anniversary in 2015 and was relaunched in a new and updated version.

2015 FINANCIAL DEVELOPMENT

Nilfisk realised flat organic growth in 2015. This development was driven by low positive growth in EMEA, flat development in the Americas and -3% growth in APAC.

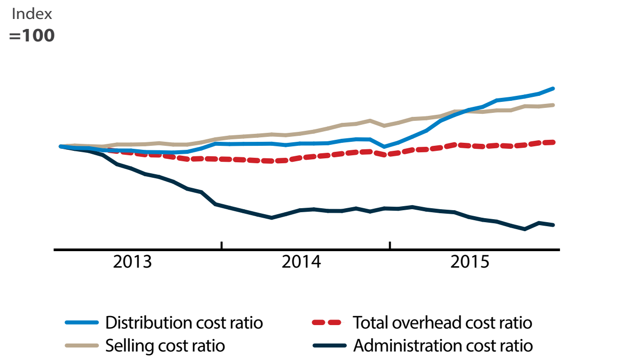
Organic growth has been adjusted for the impact of the divested floor sanding activities in the Americas, which equates to 1%-point on overall organic growth. Nominal growth was 6% due to positive effects from currency and acquisitions.

Gross margin decreased

Gross margin was 40.4% in 2015, down from 41.1% in 2014. The development was positively impacted by annual price increases, partly offset by changes in product mix especially related to the consumer business.

In addition, cost-of-goods-sold was negatively impacted by increased sourcing and salary costs, driven by unfavourable currency development on CNY, while procurement initiatives impacted positively.

Overhead cost ratio development*

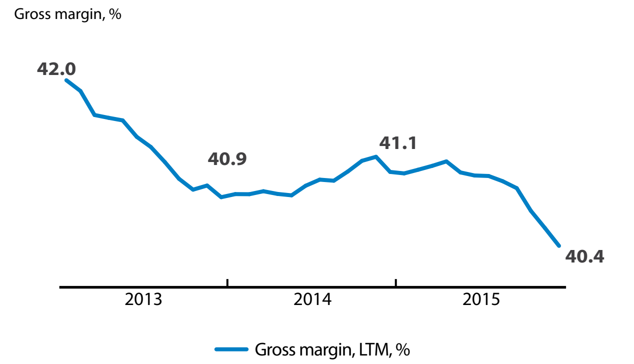


** 12 mths. rolling costs in % of total net sales. Indexed to Jan 2013 = 100. Total includes product development (not displayed)*

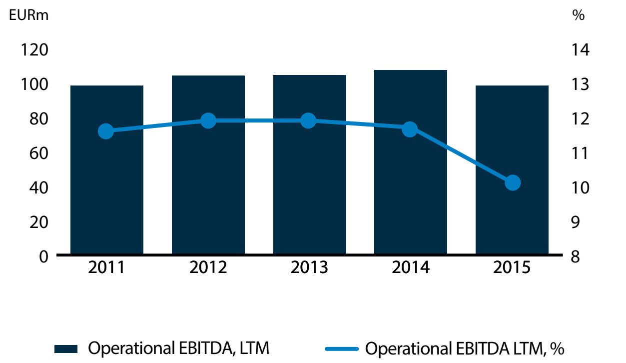
Operational EBITDA margin impacted by investments

Operational EBITDA amounted to EUR 97.9m against EUR 107.4m in 2014. EBITDA margin decreased to 10.1% from 11.7% in 2014.

Gross margin development



Operational EBITDA



Overheads impacted by distribution and investments

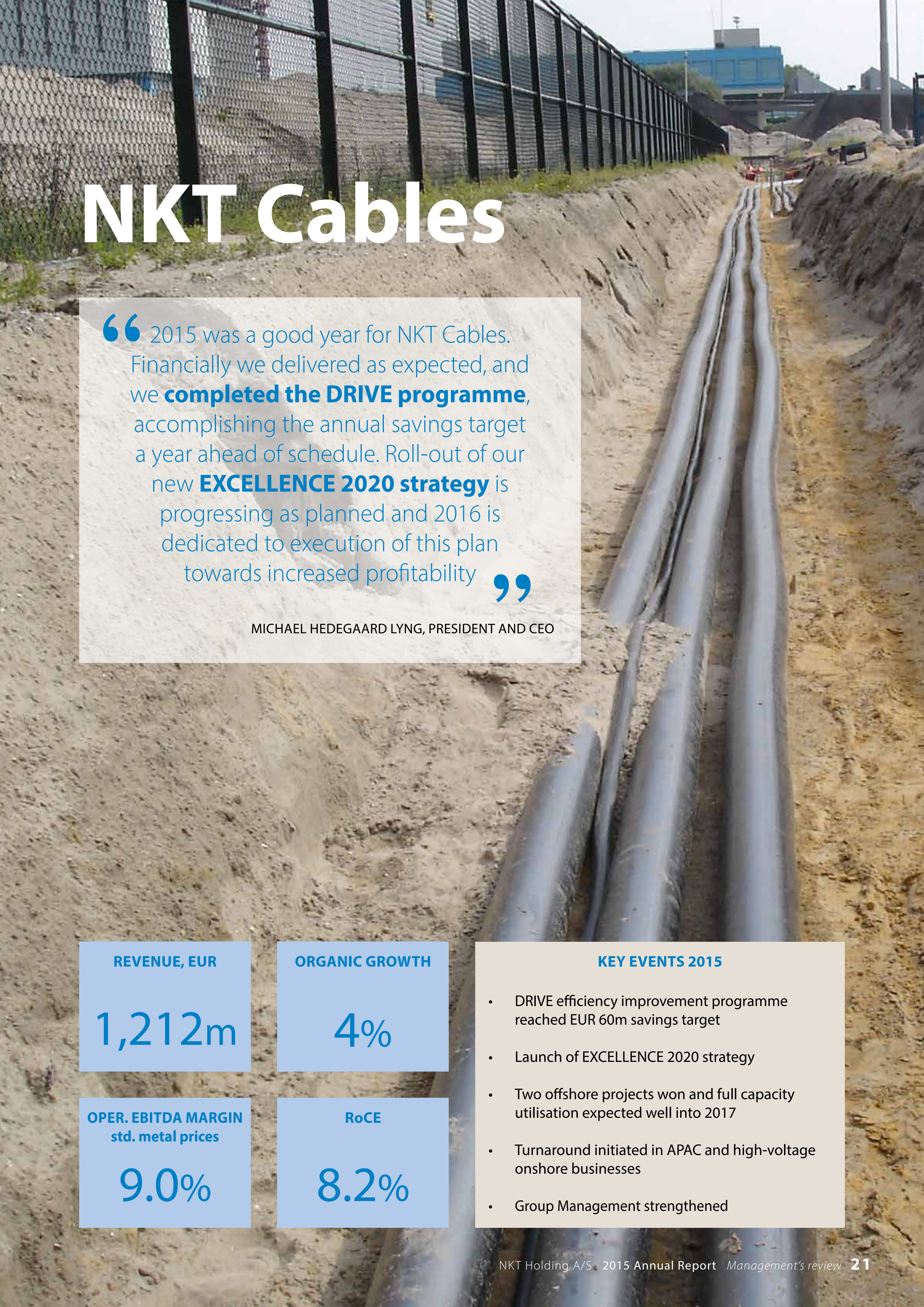
Overhead cost amounted to EUR 321.3m compared with EUR 294.6m in 2014. The overhead cost ratio increased from 32.1% to 33.1% in 2015, primarily driven by increased distribution cost from delivery issues in Europe and port strikes in the US. Furthermore, the increase related to the investments in front-end, including 140 new sales and service people, while savings from administration and facility cost impacted positively.

Working capital development, see Note 5 on page 81

Nilfisk

2016 MANAGEMENT AGENDA

ACCELERATE	PRIORITY	ACTIONS
RESTORE GROWTH	Grow market share	• Strengthen high-end market positions • Ensure mid-market growth • Proactively drive consolidation through M&A
	Strengthen front-end	• Finalise roll-out of Commercial Excellence • Leverage increased sales and service workforce • Improve CRM and service management
	Agile and commercial organisation	• Implement shared sales methodology through new global Sales Academy • Introduce new sales incentives linked to new methodology
DRIVE INNOVATIVE OFFERINGS	Product development	• Improve time-to-market on new product introductions • Reduce complexity in product offerings
	Building strong brands	• Execute selected "hero" launch campaigns • Strengthen positioning of main brands
IMPROVE SUPPLY CHAIN EFFICIENCY	Delivery	• Improve best-in-class delivery performance • Drive fast delivery of parts and accessories
	Efficiency	• Improve best-in-industry quality levels • Implement new systems, procedures and structures



NKT Cables

> "2015 was a good year for NKT Cables. Financially we delivered as expected, and we **completed the DRIVE programme**, accomplishing the annual savings target a year ahead of schedule. Roll-out of our new **EXCELLENCE 2020 strategy** is progressing as planned and 2016 is dedicated to execution of this plan towards increased profitability"

MICHAEL HEDEGAARD LYNG, PRESIDENT AND CEO

REVENUE, EUR

1,212m

ORGANIC GROWTH

4%

OPER. EBITDA MARGIN std. metal prices

9.0%

RoCE

8.2%

KEY EVENTS 2015

- DRIVE efficiency improvement programme reached EUR 60m savings target
- Launch of EXCELLENCE 2020 strategy
- Two offshore projects won and full capacity utilisation expected well into 2017
- Turnaround initiated in APAC and high-voltage onshore businesses
- Group Management strengthened

2015 SUMMARY

The long-term transformation of NKT Cables continued with the launch of the EXCELLENCE 2020 strategy. Organic growth and earnings targets were reached, driven by strong performance, particularly in the Products business. The DRIVE savings target of EUR 60m was achieved. In APAC, impairment loss of EUR 48.6m was incurred and a turnaround process initiated.

Financial highlights

Amounts in EURm	2015	2014	2013	2012	2011
Income statement					
Revenue	1,211.9	1,173.0	1,205.7	1,144.4	1,219.8
Revenue in std. metal prices	857.5	812.8	807.6	727.6	756.4
Operational EBITDA	77.0	65.0	45.1	39.0	24.5
EBITDA	53.8	24.2	50.1	39.0	24.5
Depreciation and amortisation	-39.6	-39.7	-40.1	-39.1	-36.9
Impairment	-37.8	-1.7	-7.7	-	-8.2
Operational EBIT	37.5	24.0	5.0	-0.1	-20.6
EBIT	-23.6	-17.2	2.3	-0.1	-20.6
Cash flow					
Cash flow from operating activities	102.6	128.2	-9.0	48.5	31.3
Cash flow from investing activities	-21.2	-27.5	-28.9	-36.0	-49.5
Free cash flow excl. acq./divest.	81.4	100.7	-37.9	12.5	-18.2
Balance sheet					
Capital employed	381.3	491.5	611.6	583.4	600.0
Working capital	87.1	129.6	225.5	172.0	194.8
Financial ratios and employees					
Organic growth	4%	-5%	4%	-4%	1%
Gross margin	40.6%	39.3%	37.7%	37.3%	34.4%
Overhead cost ratio	32.7%	34.1%	33.5%	33.0%	32.4%
Operational EBITDA margin (std. metal prices)	9.0%	8.0%	5.6%	5.3%	3.2%
RoCE	8.2%	4.2%	0.8%	0.0%	neg.
Number of full-time employees, year-end	3,208	3,211	3,560	3,395	3,503

GROUP MANAGEMENT

Michael Hedegaard Lyng, President and CEO (1), **Roland M. Andersen**, EVP and CFO (2), **Oliver Schlodder**, EVP Specialties (4), **Lika Thiesen**, EVP and CHRO (5), **Detlev Waimann**, EVP HV and Projects (3)

MARKETS

The global power cable market is fragmented with few global manufacturers, combined with a large number of regional, local and niche players. NKT Cables is among the global top 20 manufacturers with a strong European footprint secured through leading market positions in several power cable segments. These include high-voltage offshore, low- and medium-voltage segments in the Nordics and Central Europe, and other market segments such as accessories and railway products.

Promising outlook within offshore cables
The European offshore cable market is expected to grow significantly through 2024, mainly driven by investments in renewables, such as offshore wind farms, and in transmission network, e.g. long-distance interconnections.

The market is characterised by high complexity, significant technology know-how and the ability to deliver turnkey solutions. Besides NKT Cables key European players in this field are Prysmian (Italy), Nexans (France), and ABB (Switzerland). Key differentiators are product design and capabilities, e.g. the ability to deliver long cable lengths without joints, innovation and offshore service offerings

High-voltage onshore market driven by changed energy sourcing
Also the demand for high-voltage onshore cables in Europe is linked to the transition to renewable energy. In addition to a general need for upgrade of onshore transmission networks, several large-scale projects are under consideration relating to the establishment of north-south electrical corridors creating a pan-European energy infrastructure.

The segment above 220 kV shares characteristics with the offshore market in terms of fewer players being able to offer turnkey solutions. The segment below 220 kV is less complex with a larger number of manufacturers and increased commoditisation leading to lower market profitability.

Medium-voltage demand linked to upgrade of distribution network
Moderate growth is expected in the medium-voltage segment, where primary customers are regional utilities. In general, demand is driven by grid maintenance, projects, and change from overhead power lines to underground cables. Some European markets have already completed this transformation while countries such as Sweden are still expected to generate this type of projects. Although the segment has a high degree of product commoditisation and a large number of manufacturers, the market is characterised by numerous national product standards.

Building wire and low voltage demand tied to construction
Market growth in the building wire and low-voltage segments is expected to be moderate as they are closely tied to construction activity. Primary customers are electrical wholesalers and large contractors. The segment is characterised by high product commoditisation and a large number of manufacturers. Primary differentiators towards wholesalers include a broad product portfolio offering and efficient supply chain.

In the long-term, strict EU regulation such as Construction Products Regulation (CPR) is expected to standardise products. In Central Europe, growth will be supported by EU investment programmes for improved power infrastructure.

Niche opportunities in European accessories and railway
Overall, the medium-voltage accessories market is expected to grow moderately, with significant regional differences. Besides NKT Cables, other international players include Nexans, Prysmian and TE Connectivity. Growth is expected particularly in the Gulf Arab states, South Africa and APAC.

Within the European railway segment, moderate growth is expected primarily due to maintenance and upgrade of existing railway network. The key growth driver is the replacement of existing products by new, innovative product and material designs offering attractive pricing. In the segment for low-margin products the market is characterised by significant overcapacities and price pressure.

APAC focus on high-end segment
The high- and medium-power cable market in China is broadly characterised by significant overcapacity and price pressure. Growth is driven by investments in electricity infrastructure due to the rapid urbanisation in China and other emerging economies. Growth is also expected within the medium- and high-voltage accessories segments, although still impacted by significant price pressure.

In the Chinese railway segment, volumes are expected to remain stable with continued significant investments. However, increasing local competition has caused decrease in prices in recent years and this is not expected to improve in the short term.

excellence 2020

EXCELLENCE 2020 STRATEGY

In Q3 2015, NKT Cables launched the EXCELLENCE 2020 strategy focused on increased profitability as foundation for future growth. EXCELLENCE 2020 addresses a number of industry trends including increased cost pressure and competition, new technologies as well as changing market and customer requirements. Roll-out is progressing as planned.

Key trends shaping the industry

1. Slow growth in traditional core business
2. Decreasing potential to differentiate
3. Harsh outlook for utilities
4. New material technologies
5. Wholesaler consolidation
6. Technology focus by big players

EXCELLENCE 2020 builds on the foundation established by the DRIVE efficiency improvement programme launched at end-2013. DRIVE was initially a three-phased transformation programme designed to reduce costs, strengthen competitiveness and increase value creation. The first phase of DRIVE is completed and the annual savings target of EUR 60m (run rate) has been reached one year ahead of schedule, cf. page 29. The DRIVE initiatives are now incorporated in daily operations and reporting on the programme ceases with the present report.

VISION:

“By driving ‘excellence’ we will be the best power cable company by 2020 in the eyes of our customers and our people”

Strategic targets

RoCE of >15%
Become customers’ preferred choice
Achieve an Employee Trust Index of >80

Building on ongoing profitability improvement since the launch of DRIVE, the long-term financial target of RoCE above 15% is expected to position NKT Cables on par with top industry performance. NKT Cables will strive to become customers’ preferred choice by offering outstanding expertise combined with superior products and solutions. Supporting this ambition is the aim to recruit the best people in the industry and to be an attractive workplace with an annual job engagement rating well above the industry average.

Must-Win Battles to become best-in-class

Four cross-organisational Must-Win Battles have been defined that are key to becoming the best-in-class cable company:

1. Safety, people and organisation

Improved working environment, an agile and engaged workforce, and a leaner organisation with excellent management and leadership skills.

2. Operational and commercial excellence

Strive for leaner and more efficient operations by continued improvements based on the increased focus on Lean and supporting functions. Obtain best-in-class sales capabilities, and review and improve product offerings.

3. Material and product development

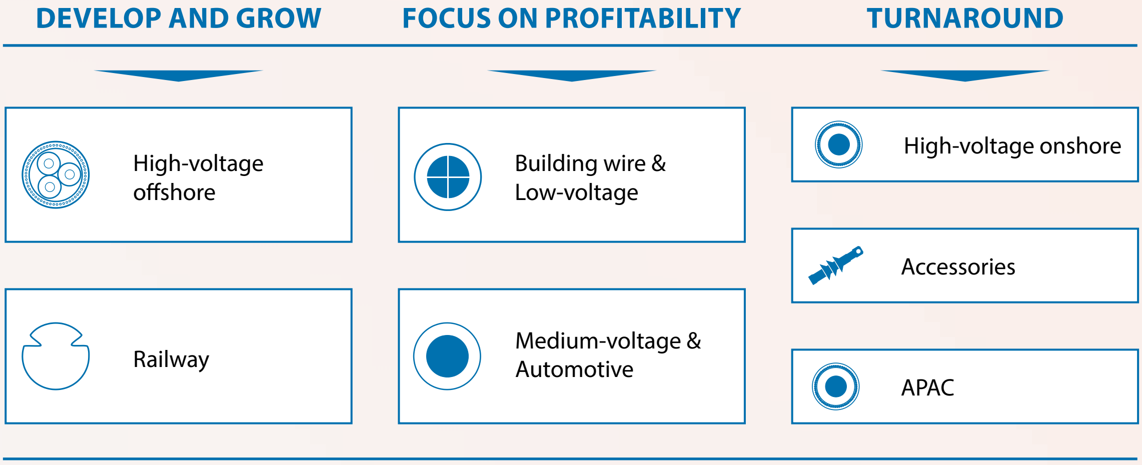
Development based on customer needs, e.g. proactive and systematic portfolio management and differentiation from competitors.

4. Digitalisation

Optimisation of internal production processes and customer service interfaces

Initiatives defined for all segments

In support of the Must-Win Battles, EXCELLENCE 2020 includes a detailed plan for each business segment. As the magnitude, scope and development potential of each segment differ, three principal directions have been defined:



NKT Cables targets development and growth in the high-voltage offshore and railway segments where the company is already well positioned. In the offshore segment the main drivers are considered to be innovation, differentiation and the improvement of offshore services and expertise.

In the European railway business the go-to-market strategy will be strengthened in order to further consolidate NKT Cables' existing leadership.

In the building wire, and low- and medium-voltage segments, NKT Cables will focus on profitability through improved efficiency, reduced costs, segmentation of customers and markets as well as service level improvements.

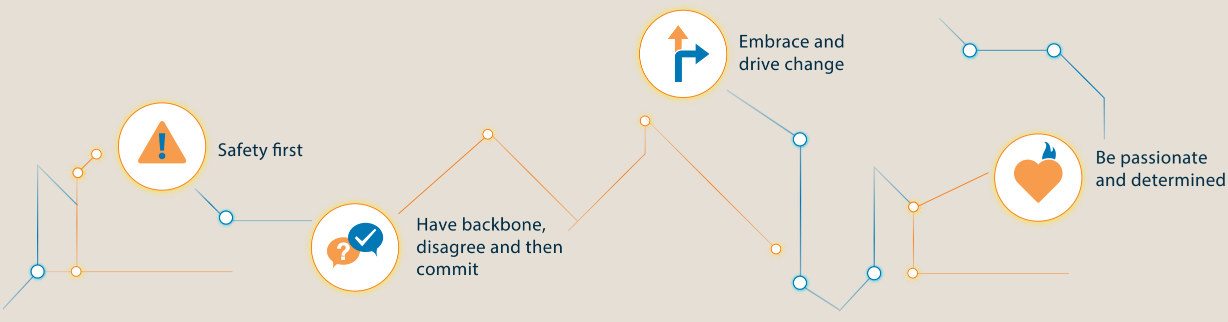
NKT Cables is active in several businesses where turnaround is required. These businesses are still believed to present value creation opportunities and focus will therefore be placed on reducing costs, optimising the operating model, sharpening market focus and closing product gaps.

CORE VALUES SUPPORTING EXCELLENCE 2020

Strong, clearly expressed company values are deemed essential companions for guiding NKT Cables successfully to EXCELLENCE 2020. Accordingly, 2015 saw the development of four core values rooted in the company's existing culture.

The new strategy, vision and values were introduced to company employees via a series of local town hall meetings, where the CEO and other senior managers presented and discussed EXCELLENCE 2020.

To bring the core values to life a series of company-wide dialogue workshops have been scheduled for Q1 2016. The workshops will be overseen by more than 30 'internal value ambassadors' who will help colleagues at each location to understand how they can most effectively apply the values to their own working contexts.



PROJECTS

ORGANIC GROWTH	REVENUE, EUR
15%	327m

KEY MARKETS	PRODUCTS
UK, Germany, Denmark, Belgium, Netherlands and France	High-voltage on- and offshore power cables

NKT Cables' Projects business is strongly positioned in Europe, being an acknowledged premium player in the high-voltage cable segment for offshore wind power with an estimated 20% market share. In the high-voltage onshore segment, NKT Cables focuses on products and solutions for the upper voltage range.

The 2015 development in the Projects business was primarily driven by a strong 1st half 2015 with high production activity on the Gemini offshore project. As expected, 2nd half 2015 saw lower revenue due to timing of offshore cable production related to start-up of new projects, including the Race Bank order.

Two major offshore orders in 2015
NKT Cables was awarded orders in 2015 for two major high-voltage offshore wind farm projects: Race Bank and Galloper. The DONG Energy-owned Race Bank project, with a contract value of EUR 80m (std. metal prices), comprises the supply of more than 150 km of 220 kV high-voltage submarine cable. The cable for the first project phase is to be ready for installation in 2016, while the second phase is scheduled for 2017. The order for the Galloper offshore wind farm has a contract value of EUR 53m (std. metal prices). This project was awarded in a consortium with VBMS and comprises delivery of 94 km of 132 kV high-voltage submarine cable. The cable is be delivered ready for installation in two phases, late 2016 and 2017.

Satisfactory offshore backlog
Based on current order book, full utilisation of offshore capacity at the Cologne factory is expected in 2016 and well into 2017. The pipeline of potential new projects is at a satisfactory level and generally the offshore market is characterised by a high level of activity.

Anholt wind farm cable incident
In February 2015, a failure occurred in the high-voltage submarine cable supplied by NKT Cables to connect Denmark's Anholt offshore wind farm to the main grid. As previously announced, NKT Cables assisted Energinet.dk, owner of the Danish transmission network, with fault detection and restoring power transmission. The defective cable section was removed and examined by an independent testing institute. Although it was uncertain whether any other failure would occur, NKT Cables reproduced a minor section of the cable as a preventive measure and this was delivered to Energinet.dk for installation during late October and November. Energinet.dk has filed a claim against NKT as a consequence of the failure of the cable. Provisions for the most likely outcome have been made in the financial statements for 2015. Final provision can, however, be higher or lower depending on interpretation of contract and circumstances.

Stable onshore market
NKT Cables maintained a stable market volume in the onshore segment. Many small-size projects were supplied, including the first two deliveries for a 400 km, 170 kV underground cable project in Northern Europe. The remaining three consignments will be made in 2016.

During 2015 when the production lines in Cologne were fully utilised, certain high-voltage onshore cables were manufactured at the Falun plant in Sweden.

Overall the 2016 order book is at a satisfactory level, currently corresponding to approx. 10 months of manufacture.

As part of the EXCELLENCE 2020 strategy, a turnaround process was initiated for the high-voltage onshore business. The Projects organisation has been revised with the aim of improving end-to-end screening of potential projects to ensure profitability. Furthermore, focus will be put on improved cost efficiency and on increasing market share for projects in the upper end of the high-voltage range.

High-voltage DC technology potential
Demand for Direct Current (DC) high-voltage cables for both on- and offshore projects is fast growing due to increased focus on renewable energy and a need for a pan-European energy infrastructure, cf. page 23. In 2015, NKT Cables initiated a process to explore the opportunities for future market entry in this segment. A three-year project is foreseen covering product development and testing phases. If successful, NKT Cables expects to present its market offering in 2019.

High-voltage cable drum yard at the factory in Cologne, Germany

PRODUCTS

ORGANIC GROWTH	REVENUE, EUR
5%	793m

KEY MARKETS	PRODUCTS
The Nordic countries, UK, Germany, Slovakia, Czech Republic and Poland	Low- and medium-voltage power cables, building wires, car wires, railway, accessories

NKT Cables' Products activities consist of three business lines: Nordics, Central Europe and Specialties.

NKT Cables' Products business has a number of strongholds in the European market. In the low- and medium-voltage and building wire segments the Nordics business line is a leading player in Denmark and Sweden, while the Central Europe business line holds a strong position particularly in Germany, Czech Republic and Poland. In the railway segment, NKT Cables is the global leader and a world-wide player in the accessories segment.

Nordics

The Nordic business line realised low organic growth in 2015. In the utilities & municipalities segment, medium-voltage infrastructure projects continue to be available in certain markets, while other markets are saturated due to almost completely modernised medium-voltage grids. In the lower 60kV medium-voltage segment, sales increased due to a number of projects particularly in Sweden and the UK, where a major, three-year frame agreement was signed based on new cable designs in the London area.

Revenue from power cables for 4G mobile network decreased in 2015 primarily due to end-customer timing of projects. NKT Cables is the largest cable provider in Europe to this segment and expects revenue to increase in the coming year.

Overall, development in the wholesales segment was negative, satisfactory construction activity and price levels in e.g. Sweden and Norway being offset in others markets by low demand, price pressure and increased presence of private label brands. NKT Cables maintained its market share, driven by strong demand for the QADDY® drum trolley first introduced in Denmark in 2011 and in Sweden in 2014.

NKT Cables has developed a new range of halogen-free flame-retardant (HFFR) building wires to be introduced in Sweden in 2016. The new product range complies with new EU directives which will be adapted to local, national standards and implemented in the years ahead.

Central Europe

The Central Europe business line delivered satisfactory organic growth in 2015 due to progress in both the low- and medium-voltage segments, building wires and automotive.

In the utilities & municipalities segment, the positive trend was driven by medium-voltage projects particularly in Germany, supported by the addition of new customers and business areas such as onshore wind farms in Poland.

In the wholesales segment, particularly Poland realised a higher level of construction activity, driven by a government-sponsored support programme. Price increases were successfully implemented in selected markets and optimisation of product and sales mix continued.

The automotive industry was characterised by a higher activity level compared with 2014. Improved margins were driven by leaner manufacturing, lower sourcing costs and an optimised customer portfolio.

Specialties

In 2015, NKT Cables continued optimising its Specialties business line, which covers accessories, cabinets and railway, and satisfactory organic growth was recorded.

The restructuring of the accessories business progressed as planned. Initiatives include cost optimisation of production and procurement, improved sales mix and product development aimed at new markets.

To support the strategy of focusing on core businesses, a review was launched into the future setup of the cabinets business. The review was finalised at end-2015 and the decision to divest cabinet operations was made early in 2016. The process is expected to be completed at end-Q3 2016.

In 2014, NKT Cables' European railway business was strengthened and in 2015, the added resources paid off. Sales reach was extended from selected European markets to cover global sales and tendering. The Valthermo® contact wire introduced in 2014 continued to generate sales volume.

In January 2016, NKT Cables was awarded the contract to supply 1,300 km of overhead contact line as part of the electrification of the Danish railway network in 2014-2026. NKT Cables is supplying the cables to the Aarsleff-Siemens consortium, the main project contractor.

NKT Cables implements Net Promoter Score

In January 2015, NKT Cables introduced the Net Promoter Score (NPS) tool, which is widely used in the industry. NPS monitors customer feedback and triggers actions to improve customer satisfaction.

NPS was tested in selected markets and in a business line with international operations. Test results were encouraging, and NKT Cables set out to implement NPS in all business lines and countries worldwide. The first step towards full implementation was taken in Q4 2015. Positive NPS values of between 25 and 45 on a -100 to 100 scale were recorded. As the number of cases is still relatively small, the results can be interpreted only as indicative.

Definitive results will be obtained in 2016 when all customers will have had the chance to take part in the NPS survey. Subsequently, the study will continue to be conducted on a quarterly basis among a sample of customers.

APAC

ORGANIC GROWTH	REVENUE, EUR
-37%	92m
KEY MARKETS	**PRODUCTS**
China, Vietnam and Australia	Medium- and high-voltage power cables and accessories, railway

The Chinese power cable market is highly fragmented and NKT Cables is a niche supplier focused on high-quality products.

Decreasing revenue in APAC was seen in all segments and reflected a combination of continued difficult market conditions and NKT Cables' decision not to accept orders with low earnings potential.

In the railway segment, the Chinese government has made a commitment to further expand the national rail network, e.g. by inter-connecting cities. The Chinese government is making efforts to export high-speed rail know-how to international markets, and as a key supplier to Chinese rail contractors, NKT Cables is actively pursuing supply contracts for major future electrification projects outside China.

Through NKT Cables' presence in Australia and Vietnam, a number of small, but attractive projects were secured.

Overdue receivables remained a challenge for NKT Cables in China. During 2015, good progress was made on recovering long-term debt, but Q4 saw a setback that was mainly caused by new overdues relating to railway projects.

In Q2 2015, the process launched at end-2014 to explore strategic alternatives for the APAC activities was completed. The process included discussing various partnership models with external parties but no attractive alternatives were found. In relation hereto, impairment of EUR 37.9m was realised.

As part of EXCELLENCE 2020, the turnaround process of APAC operations progressed as planned. Initiatives included a reduction of approx. 20% of white-collar employees and to further support the strategy execution, a new managing director of the Chinese operations was appointed.

2015 FINANCIAL HIGHLIGHTS

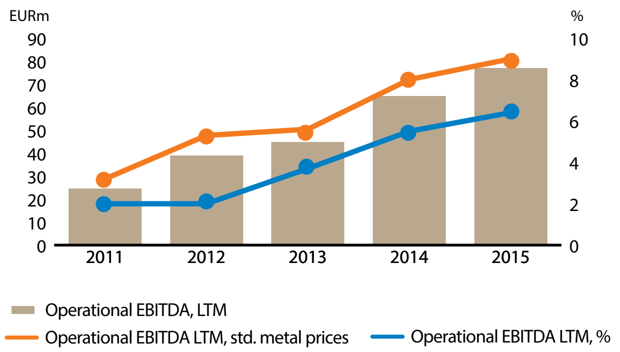
NKT Cables realised organic growth of 4% in 2015, above the initial expectations. Growth was positively influenced by strong performance in Projects and Products. The progress in Projects was supported by both the high-voltage on- and offshore segments, while the positive trend in the Products segment was primarily driven by Central Europe.

Operational EBITDA impacted positively by DRIVE and Products

Operational EBITDA amounted to EUR 77.0m, an increase of EUR 12.0m from 2014. This improvement was driven by the Products business and the positive effects of DRIVE. The Projects business delivered operational EBITDA on par with 2014, while APAC earnings were down due to lower revenue and provisions for overdue debtors in China.

Operational EBITDA margin (std. metal prices) was 9.0% , which was in line with expectations and up by 1.0%-points on 2014.

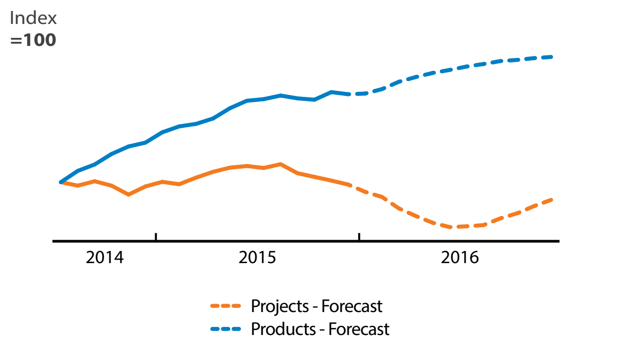
Operational EBITDA



Increased EBITDA driven by Products

EBITDA amounted to EUR 53.8m, compared with EUR 24.2m in 2014. EBITDA was impacted by one-off costs of EUR 23.2m solely relating to DRIVE.

Profitability development per business unit



Working capital development, see Note 5 on page 81

DRIVE

The first phase of DRIVE was launched end-2013 with annual savings target of EUR 40m going into 2017 and related one-off costs of approx. EUR 32m. Initially more than 80 cost improvement levers were identified. During 2014 and 2015 implementation went faster than anticipated and a number of new levers were integrated in the programme leading to several upward adjustments of both savings target and related one-off costs. The latest upward adjustment occurred in Q2 2015 with annual savings target of EUR 60m and 2015 expected one-off costs of EUR 21.5m. NKT Cables reached the annual savings target one year ahead of schedule, while one-off costs increased slightly due to realisation of additional savings. Additional full-time employees are expected to leave NKT Cables early 2016.

With implementation progressing it has become increasingly difficult to separate DRIVE impact from normal operations. Reporting on DRIVE therefore ceases as of the present report. Future progress will be included in the follow-up on EXCELLENCE 2020.

DRIVE impact

	Cost improvements	FTE reductions	One-off costs	Capex
Q4 realised	EUR 12.8m	36 FTE	EUR 9.8m	EUR 0.1m
Full-year 2015	EUR 54.2m	110 FTE	EUR 23.2m	EUR 0.9m
Project to date	EUR 60.5m (run rate)	381 FTE	EUR 50.1m	EUR 1.9m
Full potential (from 2017)	EUR ~60m	400-450 FTE	EUR ~50m	EUR ~6.5m

Event after balance sheet date

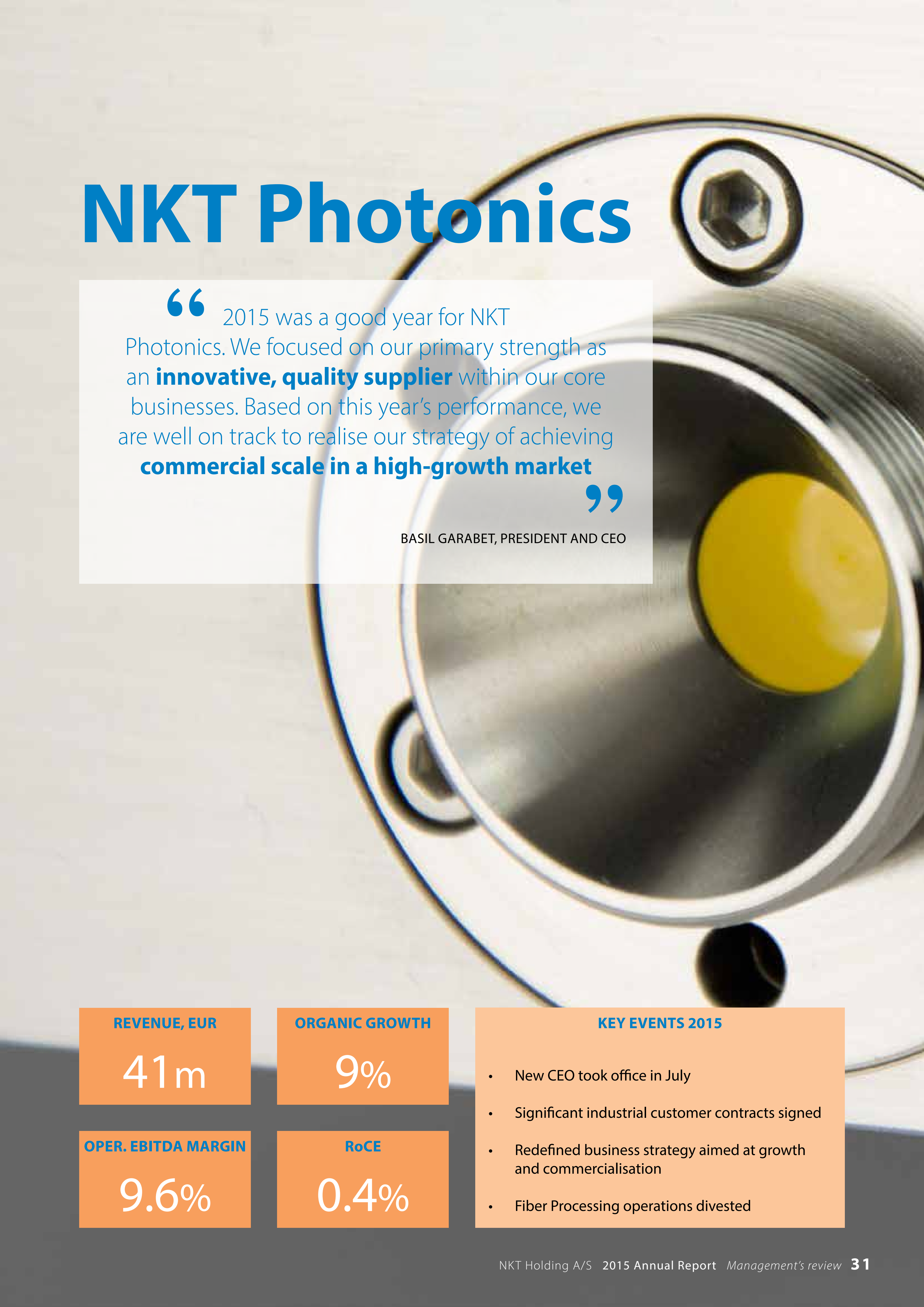
After balance sheet date, NKT Cables discovered quality issues in deliveries from a raw material supplier. A preliminary analysis of the situation has been conducted, including assessment of the primary affected or potentially affected products. Certain production batches were potentially affected and caused a setback in production due to remanufacture.

The quality issues are fully outside the control of NKT Cables, and necessary corrective actions were taken by the supplier. If the contamination results in any effect on product quality, the majority of any related costs is expected to be covered by the supplier, although further legal analysis of any such claim is ongoing.

2016 MANAGEMENT AGENDA

EXCELLENCE 2020	PRIORITY	ACTIONS
SEGMENT INITIATIVES	Develop & grow	• Secure new offshore projects • Accelerate in-house DC development • Execute on newly gained railway orders
	Focus on profitability	• Secure key frame contacts in medium-voltage segment • Introduce Halogen-free flame retardant (HFFR) cables • Start in-house compounding
	Turnaround	• Increase share of projects in attractive onshore high-voltage segments • Break even in APAC business, improve cash flow
MUST-WIN BATTLES	Safety, people and organisation	• Define and implement adjusted operating model • Increase safety performance • Improve employee engagement
	Operational and Commercial Excellence	• Lean operations • Strengthen Operational and Commercial Excellence Functions • Continue roll-out of pricing excellence
	Digitalisation	• Implement integrated IT-platform

NKT Photonics



> “2015 was a good year for NKT Photonics. We focused on our primary strength as an **innovative, quality supplier** within our core businesses. Based on this year's performance, we are well on track to realise our strategy of achieving **commercial scale in a high-growth market**”

BASIL GARABET, PRESIDENT AND CEO

REVENUE, EUR	ORGANIC GROWTH
41m	9%

OPER. EBITDA MARGIN	RoCE
9.6%	0.4%

KEY EVENTS 2015

- New CEO took office in July
- Significant industrial customer contracts signed
- Redefined business strategy aimed at growth and commercialisation
- Fiber Processing operations divested

SUMMARY

In 2015, NKT Photonics achieved satisfactory organic growth and EBITDA margin increased accordingly. Significant industrial customer contracts were signed, supporting the positive development. A new CEO took over, Fiber Processing activities were divested, and the business strategy was refocused into three new core segments with the aim to grow the company both organically and through partnerships and acquisitions.

NKT PHOTONICS - NEW COMPANY NAME

NKT Photonics

As of 1 January 2016, Photonics Group was renamed NKT Photonics to leverage on the synergies from the integration of the remaining two companies after the divestment of Fiber Processing.

NKT Photonics is already a well-established and recognised market player, and going forward the LIOS brand will be integrated in the NKT Photonics product portfolio.

Financial highlights

Amounts in EURm	2015	2014	2013	2012	2011
Income statement					
Revenue	40.6	39.1	35.7	31.8	28.4
Operational EBITDA	3.7	2.9	0.9	1.3	0.1
EBITDA	3.7	2.9	0.9	1.3	0.1
Depreciation and amortisation	-3.6	-3.0	-2.2	-2.4	-1.7
Impairment	-2.6	-0.5	-1.0	-	-
Operational EBIT	0.1	-0.6	-2.3	-1.1	-1.6
EBIT	-2.5	-0.6	-2.3	-1.1	-1.6
Cash flow					
Cash flow from operating activities	4.3	1.7	3.0	-1.3	-0.1
Cash flow from investing activities	-3.8	-3.2	-4.7	-3.6	-4.0
Free cash flow excl. acq./divest.	0.5	-1.5	-1.7	-4.9	-4.1
Balance sheet					
Capital employed	19.2	26.8	26.6	28.2	24.7
Working capital	8.5	11.7	11.5	11.0	9.3
Financial ratios and employees					
Organic growth	9%	9%	13%	10%	16%
Gross margin	69.4%	67.7%	68.3%	68.2%	67.2%
Overhead cost ratio	45.5%	44.9%	48.6%	48.0%	50.7%
Operational EBITDA margin	9.6%	7.2%	2.3%	3.7%	0.4%
RoCE	0.4%	neg.	neg.	neg.	neg.
Number of full-time employees, year-end	174	209	205	182	188

PRESIDENT AND CEO

Basil Garabet

Using NKT Photonics' lasers, researchers can diagnose a range of diseases by scanning the eye

STRATEGY FOCUSED ON COMMERCIALISATION

In Q3 2015, NKT Photonics redefined its business strategy, focusing on commercialisation and profitable growth.

Value chain movement as growth driver

The redefined business segmentation, cf. page 34, is designed both to meet the market trends and to support NKT Photonics' strategy for commercialisation and growth. The strategy has five key elements:

- **Move up the value chain**
  In addition to supply of components, NKT Photonics will supply complete end-to-end optical solutions for customers in the three key markets.

- **Active pursuit of partnerships and joint ventures**
  NKT Photonics is the technical leader within its key markets. Collaborating with companies with product offerings higher up in the value chain, will allow NKT Photonics to access new markets with higher product volume.

- **Organic growth and growth through M&A**
  In addition to annual organic growth of approx. 10%, NKT Photonics will actively pursue growth through acquisitions.

- **Lean manufacturing**
  Scalable manufacturing is a must to realise growth ambitions and expected increase of OEM customers. NKT Photonics pursues scalability through lean manufacturing.

- **Fast introduction of new products**
  High-tech markets are fast-moving, and time from initial laboratory demonstrations to field-deployed products is short. Competitive edge will be achieved through agility and continued adaptation of the product portfolio to the market needs.

Long-term financial targets:

Annual organic growth of >10%
RoCE ~20%

Megatrends to support growth in key markets

GROWING POPULATION **Resource scarcity and environmental pressure**	AGEING POPULATION **Increased health care costs**	INCREASED TECHNOLOGY AND COMPLEXITY **Smaller structures**
• Transport infrastructure for energy and people is driving demand for Sensing & Energy • Increased energy needs and move to renewable are driving demand for monitoring and optimisation of energy	• Need for faster and cheaper medical instrumentation for mass screening, diagnostics and treatment	• Need for transformation of manufacturing technology • Higher requirements for precision and accuracy are driving shift towards ultra-fast lasers for measurements and processing

FOCUS ON CORE BUSINESS

In 2015, a strategic review was launched to establish whether NKT and NKT Photonics could continue to provide the best environment for the Fiber Processing business to grow and realise its value potential. Based on the findings, Fiber Processing operations were divested at 1 September 2015 to Thorlabs, a US-based manufacturer of integrated photonics products.

The two remaining areas of operations, Imaging and Sensing, were split into three new business segments to support market trends and growth potential.

IMAGING & METROLOGY

Products

NKT Photonics' SuperK™ fiber lasers provide light used to image and interrogate extremely small structures at very high resolution. The fiber lasers are key components in end-user products such as microscopes and measuring instruments

Potential

- NKT Photonics is a high-end niche player
- High growth potential exists particularly in the bio-imaging and medical sub-segments
- Current addressable market is estimated at EUR 900m

SENSING & ENERGY

Products

This segment contains two primary product ranges:

1. Koheras™ fiber lasers provide light waves so precise that it can detect very small disturbances in a system for e.g. surveillance.
2. Lios Distributed Temperature Systems (DTS) can measure temperature with metre-accuracy over long distances up to 40 km.

Potential

- NKT Photonics is the market leader
- The market consists of smaller sub-segments with modest growth potential
- Current addressable market is estimated at EUR 370m

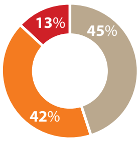
MATERIAL PROCESSING

Market

New materials and structures are becoming increasingly complex. Consequently, the manufacturing industry requires increased focus on quality assurance. The principal trend in the field of high-accuracy manufacturing is towards ultra-fast pulsed lasers, such as the aeroPULSE laser line from NKT Photonics.

Potential

- NKT Photonics is the market leader
- Growth opportunities lie in the industrial and medical sub-segments
- Current addressable market is estimated at EUR 570m



2015 Revenue distribution

- Imaging & Metrology
- Sensing & Energy
- Material Processing

Segments and deployment

1.
Bio-imaging
Lasers are used in e.g. microscopes for detection of early-stage cancer cells

2.
Medical instrumentation
Lasers are primarily used for eye inspections in early-stage diagnosis of e.g. type 2 diabetes

3.
Industrial metrology
Lasers are integrated in industrial measuring instruments, e.g. in the semiconductor industry

Segments and deployment

1.
Energy
Lasers are used for optimisation of energy production in e.g. wind farms and solar systems. DTS is used for capacity optimisation of power cables

2.
Security
Lasers are integrated in surveillance systems for pipelines and perimeters

3.
Structural monitoring
DTS is used for fire detection in e.g. tunnels and metros

Segments and deployment

1.
Industrial
Lasers are used to remove and manipulate components for e.g. mobile phones

2.
Medical
Lasers are used in applications for high-precision eye surgery

3.
Marking
Lasers are used to cut and mark hard materials such as glass, metal and plastic

2015 FINANCIAL HIGHLIGHTS

NKT Photonics achieved organic growth of 9% in 2015. This performance included Fiber Processing activities for the first eight months of the year. After adjustment for the divestment of these activities, organic growth from the continuing business was 11%, the positive trend being driven by both Imaging and Sensing.

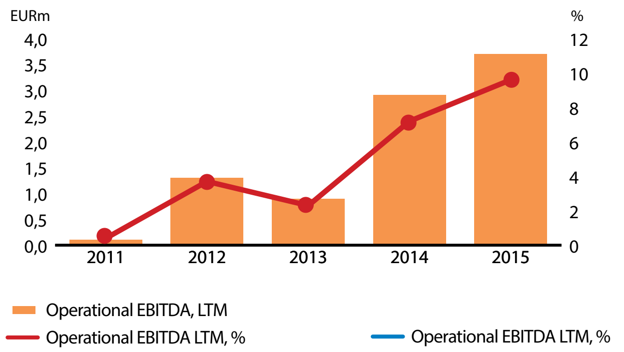
The progress made by Imaging was primarily due to long-term customer- and development contracts for industrial metrology applications. In the Sensing segment, was driven by several new projects in the area of security and pipeline surveillance. These projects were based on a new Koheras™ platform offering a unique industrial modularity and market-leading performance.

EBITDA amounted to EUR 3.7m, up EUR 0.8m compared with 2014 despite the impact of EUR 0.4m severance payment relating to the management change in July and EUR 0.4m of non-recurring costs in Fiber Processing related to the divestment. EBITDA margin was 9.6%, against 7.2% in 2014, mainly driven by better product margins.

In 2015, NKT Photonics recorded positive free cash flow of EUR 0.5m, excluding the positive cash effect from the divestment of Fiber Processing activities.

Working capital development, see Note 5 on page 81

Operational EBITDA



MAJOR IMAGING & METROLOGY CONTRACT WITH LEICA

In 2015, Leica Microsystems signed a 14-month contract with NKT Photonics for supply of a significant number of SuperK™ lasers. The lasers will power the Leica microscopes utilised globally for high-resolution bio-imaging.

The microscope is used for study of cells, and the lasers from NKT Photonics will provide increased cell information and hence the possibility of detecting early-stage cell changes. The SuperK™ is also used in so-called STED systems, where image resolution is much superior to that possible with a normal microscope - a technique that earned Stefan Hell the Nobel Prize for Chemistry in 2014.

NKT Photonics

2016 MANAGEMENT AGENDA

DRIVER	PRIORITY	ACTIONS
GAIN COMMERCIAL SCALE	Focus on core business	• Integrate Lios Technology business into NKT Photonics • Realise sales and R&D synergies
	Secure profitable growth	• Increase number of long-term customer contracts • Actively pursue partnerships • Actively pursue M&A opportunities
	Production	• Lean manufacturing • Improve time-to-market on new product introduction

Risk management

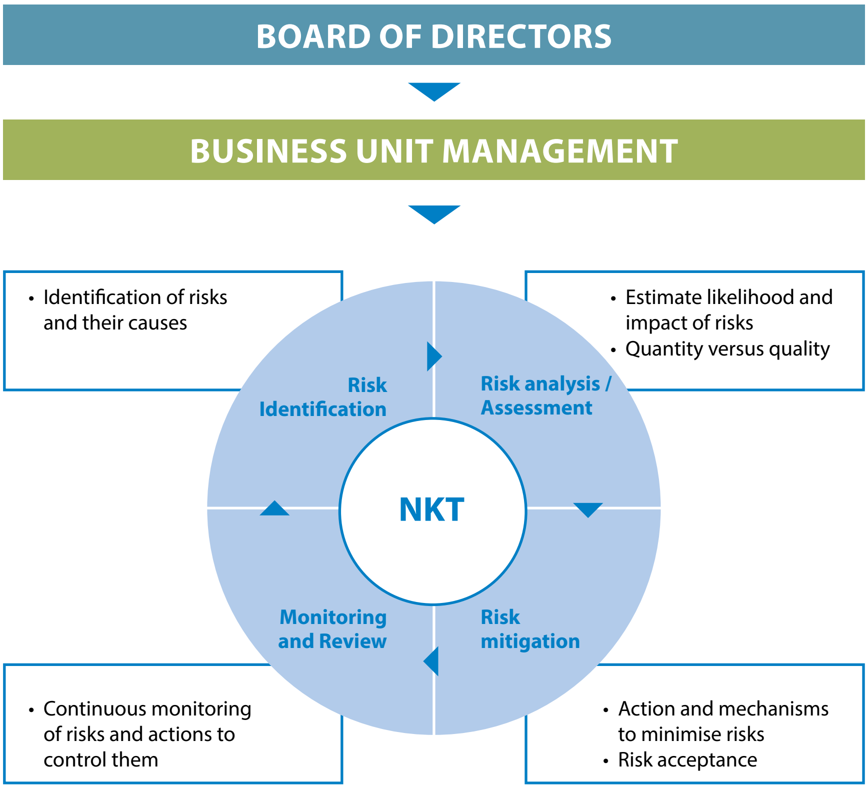
NKT utilises **efficient risk management** as part of the value creation. It is an **essential tool** in the performance of daily operations and for flexible and rapid response to market changes

The aim of NKT's Enterprise Risk Management (ERM) model is to identify, assess and prioritise risks and opportunities and to define suitable responses that mitigate, reduce or control the impact of unfortunate events. In 2015, risks and opportunities encountered were effectively controlled, despite the lack of transparency in the world economy and the volatility which is becoming the norm in everyday business. The ERM model played a key role in e.g. the successful delivery of a number of offshore projects by NKT Cables, and is used as a transparent tool by the business unit managements to navigate and develop operations.

ERM model ensures ongoing risk assessment

The NKT Enterprise Risk Management model is deployed by the business units in accordance with relevant strategies. The model contains a feature which continuously and systematically evaluates existing risks and identifies new risks. This renders the model robust and able to cope with the changing business environment facing NKT's business units, thus enabling decisions to be made promptly and on an informed basis. The management team of each business unit continuously monitors the risk profile and takes appropriate action.

NKT's ERM-model



Responsibilities

The formal responsibility for risk management in NKT rests with the Board of Directors, while close monitoring is carried out by the business unit committees.

Management structure and framework, see pages 43-44

Risk categories

NKT principally recognises three categories of risks, which are described on the next page.

Risk categories and management of risks

FINANCIAL RISKS AND COMMITMENTS

Key responsibles: Group Treasury and business units

- Liquidity risks
- Interest-rate risks
- Currency risks
- Credit
- Commodities

See Note 6.6 page 89

OPERATIONAL RISKS

Key responsibles: Business units

- Variations in demand
- Price competition
- Customer exposure
- Commodity prices
- Restructuring

See page 40

OTHER RISKS

Key responsibles: Group Legal and business units

- Regulatory risks
- Reputational risk

See page 43

NKT'S MANAGEMENT OF RISK

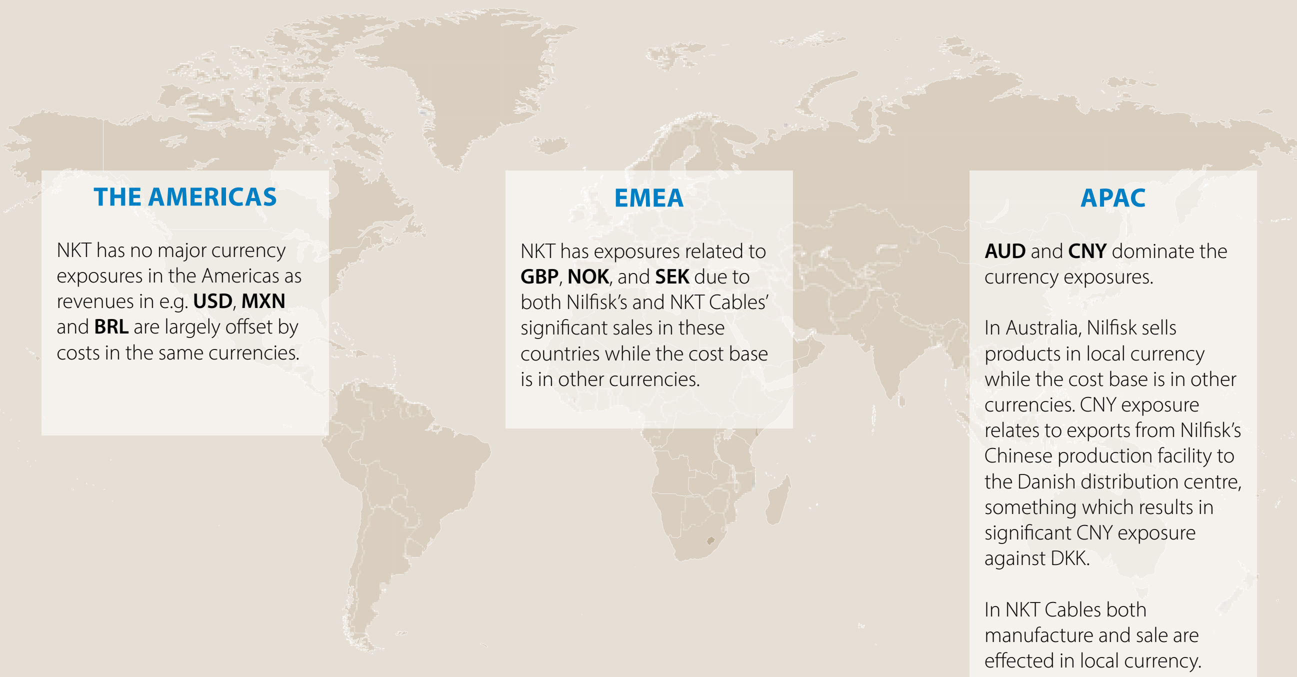
Code of Ethics and detailed NKT Group policies and procedures

CASE STUDY: MANAGEMENT OF CURRENCY EXPOSURE

NKT's presence in more than 100 countries partially offsets the effects of currency changes. The principal currency effect arises from transaction flows, i.e. when production or purchasing takes place in one currency and sales take place in another. NKT utilises currency derivatives to hedge currency exposure above a defined threshold.

Major currency exposures
The most significant currency exposures can be shown in the below map together with key explanations.

Management of currency exposure, see Note 6.6 on page 89



THE AMERICAS

NKT has no major currency exposures in the Americas as revenues in e.g. **USD**, **MXN** and **BRL** are largely offset by costs in the same currencies.

EMEA

NKT has exposures related to **GBP**, **NOK**, and **SEK** due to both Nilfisk's and NKT Cables' significant sales in these countries while the cost base is in other currencies.

APAC

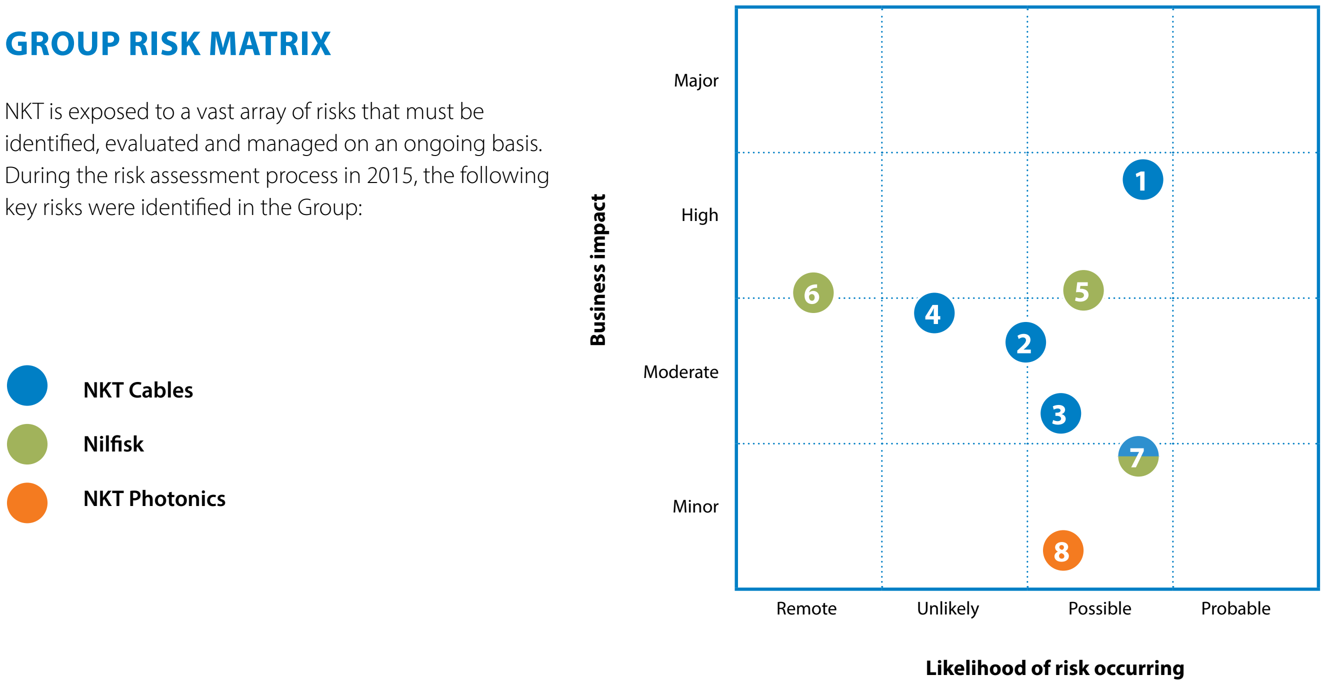
AUD and **CNY** dominate the currency exposures.

In Australia, Nilfisk sells products in local currency while the cost base is in other currencies. CNY exposure relates to exports from Nilfisk's Chinese production facility to the Danish distribution centre, something which results in significant CNY exposure against DKK.

In NKT Cables both manufacture and sale are effected in local currency.

GROUP RISK MATRIX

NKT is exposed to a vast array of risks that must be identified, evaluated and managed on an ongoing basis. During the risk assessment process in 2015, the following key risks were identified in the Group:



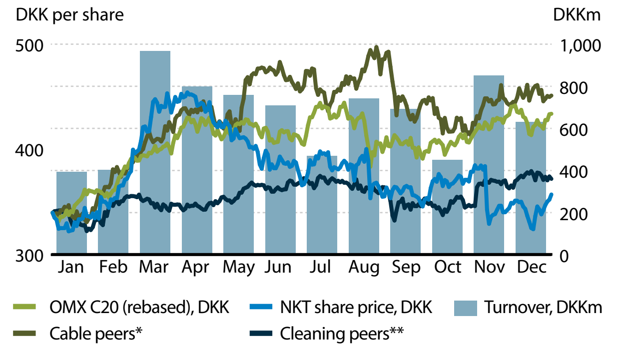
	Risk	Monitoring	Mitigating actions
1	Project execution of risk	Major focus on risk management in all project phases (tender approval, start-up and execution)	Identified risks will be hedged to the maximum extent possible through insurance contract provisions or pre-production testing
2	Number of high-voltage offshore orders	Continuous monitoring of order backlog	Adjustments of capacity and costs. Focus on gaining high-voltage onshore orders which can partly mitigate a shortfall in high-voltage offshore orders
3	Pressure on sales prices in certain markets	Monitoring profit margin development by product group and country	Ongoing measures to optimise production and reduce cost prices. Active management of sales prices. Adjustment of capacity and costs if the above is not sufficient
4	Macro-economic development in Europe	Monitoring of relevant GDP forecasts, confidence indicators and construction order intake	Adjustment of capacity and costs
5	Decreasing global demand will negatively impact earnings	Monitoring of relevant GDP forecasts, confidence indicators and order intake	Immediately scale down activities in line with predetermined action points to counter negative effects from decreasing global demand. The degree of recession will determine exactly which plans will be initiated
6	Significant market consolidation without Nilfisk participation	Monitoring of industry M&A. Proactive pursuit of leads. Best-in-class M&A capabilities	Maintain high activity level in M&A discussions. Ensure that potential vendors include Nilfisk in relevant discussions.
7	Dependence on key suppliers can be a risk in case of delivery issues, quality issues or price increases	Monthly monitoring and evaluation of sustained negative trends in key supplier performance	Key suppliers are identified and risk-evaluated annually, based on critical parameters. Dual sourcing is selectively implemented and risk assessment is an integral part of the category strategy development.
8	Current market leaders find alternatives to NKT Photonics that enable them to compete with new technology	Track the moves of both market leaders and customers	Ongoing development and improvement of offerings, protection by patents, etc.

Shareholder information

NKT SHARES

NKT's share price increased by 8% in 2015, ending the year on DKK 356.90. At 31 December 2014 the share price was DKK 331.50. During the same period the C20 CAP index rose by 22%. Including the effect of a dividend payment of DKK 4 per share made in March 2015, the NKT share yielded a return of 9%.

NKT share price and turnover 2015



* *NKT Cables peers are: Nexans S.A., Prysmian S.p.A., and General Cable Corp.*
** *Nilfisk peers are: Husqvarna AB, Stanley Black & Decker, Inc., Tennant Company, and the Toro Company.*

In 2015 the daily turnover in NKT shares on all trading markets averaged EUR 8.2m, against EUR 6.0 in 2014. The total turnover was EUR 2.0bn compared with EUR 1.5bn in 2014. An average of 157,000 NKT shares was traded daily in 2015, against 137,000 in 2014. Nasdaq Copenhagen is the main trading market for NKT shares with 52% of the total traded volume.

The Annual General Meeting (AGM) has authorised the Board of Directors to increase the share capital in four different situations, cf. Note 6.1.

Distribution to shareholders
NKT aims to give shareholders attractive cash returns on investment and at the same time to reinvest part of profit in the Group's businesses.

The distribution policy includes an annual dividend equal to one third of the profit for the year and share buybacks if capital structure allows.

Based on one third of this year's profit, the dividend for 2015 will equal DKK 0.1 per share. However, the profit was significantly impacted by non-cash impairments, and combined with NKT's strong financial position a 2015 dividend of DKK 4 per share is proposed. This corresponds to a total amount of EUR 13m.

Furthermore, NKT will launch a share buyback programme of EUR 74m on 26 February 2016, which will increase distribution to shareholder to a total of EUR 87m.

The buyback programme is subject to extension of the Board of Directors' authorisation to purchase treasury shares at the AGM on 31 March 2016.

NKT SHARES BASIC DATA

ID code:	DK0010287663
Listing:	Nasdaq Copenhagen, LargeCap
Share capital:	EUR 64.9m (DKK 484m)
Number of shares:	24.2 million
Nominal value:	DKK 20
Share classes:	1

Distribution to shareholders	DKKm	EURm
Dividend per share: DKK 4	97	13
Share buyback	550	74
Total	647	87

SHAREHOLDER **INFORMATION**

Shareholders
At end-2015, NKT had approx. 26,900 shareholders, approx. 1% less than the year before. Approx. 20,500 were registered, and the registered share capital comprised 87% of the total, compared with 88% in 2014. 52% of the share capital, against 55% in 2014, was estimated to be held by shareholders in Denmark.

Shareholders

	2015	2014
Institutional investors, Denmark > DKK 1m	16%	19%
Institutional investors, outside Denmark > DKK 1m	39%	38%
Other registered shareholders, Denmark	28%	28%
Other registered shareholders, outside Denmark	5%	3%
Unregistered shareholders, Denmark	9%	8%
Unregistered shareholders, outside Denmark	4%	4%

The following investors have reported NKT shareholdings exceeding 5% of the share capital: ATP (Denmark) and Nordea Funds Oy, Danish Branch.

Share capital-related matters are covered in Article 3 II of NKT's Articles of Association, see www.nkt.dk/Investors

NKT shares held by the Board of Directors and Group Executive Director
The members of the NKT Board of Directors acquired a total of 100 NKT shares in 2015 and at year-end held a total of 8,930 shares, corresponding to a total market value of EUR 0.4m. The Group Executive Director held a total of 1,489 shares, corresponding to a market value of EUR 70t, and a total of 300,469 share warrants exercisable in the period 2016-2020.

Persons deemed to possess inside knowledge and their relatives may only transact NKT shares during a period of six weeks after publication of financial statements provided that no such inside knowledge is possessed. The period of six weeks also applies to other announcements disclosing realised earnings and expected earnings development.

Number of shares held by the Board of Directors and the Group Executive Director, see pages 46-47. Exercise prices, see Note 3.4 on page 69

INVESTOR RELATIONS

NKT seeks to maintain close dialogue with the market and its stakeholders by practising open, transparent and consistent communication. The aim is to ensure that

- timely, relevant and uniform information is provided to all IR stakeholders to form the basis of a fair valuation of the NKT share
- NKT is perceived as a professional, proactive, reliable, accessible and transparent company
- relevant IR information is shared with the Board of Directors
- share liquidity and daily trading volume are high and that there is a diversified shareholder base in terms of investment horizon, investment strategy and geographical distribution.

At the release of interim and annual reports an investor presentation is conducted at a live webcast. Financial analysts, investors, the media and other stakeholders are invited to listen in and ask questions concerning NKT.

In September 2015, NKT hosted a Capital Markets Day focused on business strategies for each of the business units. The event was held in Copenhagen for approx. 60 financial analysts, institutional investors and the press.

In addition, NKT meets with a number of stakeholders at some 300 annual meetings and road shows in Denmark and internationally, while private investors have an opportunity to meet the Board of Directors and the business unit managements at the AGM.

The investor's section on NKT's website includes current and historical share information, presentations and a list of financial analysts who monitor the development in NKT shares.

Furthermore, interested parties can also subscribe to NKT news releases.

FINANCIAL CALENDAR

2016	
3 March	Deadline for receipt of resolutions for the AGM
31 March	Annual General Meeting
12 May	Interim Report, Q1
18 August	Interim Report, Q2
11 November	Interim Report, Q3
2017	
1 March	2016 Annual Report

INVESTOR RELATIONS

Lasse Snejbjerg
Tel.: +45 4348 2000
Email: ir@nkt.dk

Corporate Governance

MANAGEMENT BODIES

The NKT management structure consists of the Board of Directors, NKT Group Functions and the business unit management teams.

The Board of Directors

The Board of Directors consists of nine members. Six members are up for election every year at the Annual General Meeting (AGM) and three are employee-elected members serving four-year terms. At the AGM in March 2015 Jutta af Rosenborg was elected for the Board.

The AGM-elected members comprise one woman and five men, while the employee-elected members comprise one woman and two men. Of the six AGM-elected members, three live in Denmark, one lives in the UK, one in Switzerland and one in Luxembourg. All the AGM-elected Board members have served less than 12 years and are considered independent as defined by the Danish Corporate Governance recommendations. A minimum of six ordinary Board meetings are held annually.

The Board of Directors represents international business experience in the areas of industry, energy, high technology and business development and is deemed to possess requisite competences and seniority.

NKT Group Functions

NKT's Group Executive Director holds executive management responsibility for the parent company NKT Holding combined with his position as President and CEO of NKT Cables. The parent company is operated as a lean and cost-efficient executive office solely focusing on key shared functions and active ownership.

Business units

The CEOs of the three business units report to the Board of Directors. The responsibilities of the CEOs and their management teams include conduct of business and all operational matters, organisation, allocation of resources, establishing and implementing strategies and policies, direction-setting and ensuring timely reporting and provision of information to the Board of Directors.

Details on the Board of Directors and the Group Executive Director, see pages 46-47. Business unit management teams, see pages 12, 22 and 32, respectively

Committees

The Board of Directors has appointed a chairmanship and six committees. All the committees report to the Board of Directors. NKT Holding acts as secretariat for the Audit, Nomination and the Remuneration Committees.

Committee	Members	Meetings
Chairmanship	Jens Due Olsen (Chair), Kristian Siem	10
Audit*	Jutta af Rosenborg (Chair), Jens Maaløe	8
Remuneration	Jutta af Rosenborg (Chair), Lars S. Sørensen	4
Nomination	Kurt B. Pedersen (Chair), Lars S. Sørensen	1
Nilfisk	Jens Due Olsen (Chair), Lars S. Sørensen	9
NKT Cables **	Jens Due Olsen (Chair), Kristian Siem	8
NKT Photonics	Jens Maaløe (Chair), Jens Due Olsen	6

Complete terms of reference for the Audit, Remuneration and Nomination Committees can be found at www.nkt.dk

* *Meetings are also attended by the CFOs of Nilfisk and NKT Cables. As a minimum, NKT's Group Executive Director participates when financial statements are discussed.*

** *The committee also acts as Tender Board which held 10 meetings in 2015.*

Audit Committee

The purpose of the Audit Committee is to analyse and recommend on topics to be resolved by the Board of Directors. Its principal tasks are:

- To monitor the financial reporting process and compliance with existing legislation, standards and other regulations for listed companies relating to presentation and publication of financial reporting
- To monitor whether the company's internal control system, internal audits and risk management systems function efficiently

- To monitor the statutory audit of the annual financial statements
- To monitor the independence of auditors, including in particular the supply of non-audit services to the NKT Group
- To make recommendations to the Board of Directors concerning the election of auditors

The work of the Audit Committee is described in the terms of reference available at www.nkt.dk and is formalised in an annual plan approved by the Board of Directors.

Monitoring of internal controls and risk management systems for financial reporting

NKT's internal controls and risk management systems for financial reporting are designed to ensure that the financial reporting presents a true and fair view of NKT's result and financial position, without material misstatements, and in compliance with current legislation and accounting standards.

Framework
The Audit Committee systematically assesses material risks relating to the financial reporting process, as well as compliance with related key internal controls. The committee reviews the scope of the internal control system, also referred to as EuroSox, in June each year, and monitors the effectiveness of the internal controls in October and in January.

The EuroSox framework at NKT is designed to reduce material risks in the financial reporting process and covers all material entities in each of the business units. More than 90% of the Group's revenue is covered by the current scope of Eurosox. The remaining entities falling outside this scope are considered immaterial with regard to the risk of material errors in the Group financial statements. The EuroSox framework is furthermore designed so that the key controls cover all major financial processes in the material subsidiaries of each of the business units. Key controls comprise both manual and IT-dependent controls.

The key controls are systematically tested in conjunction with controller visits performed by NKT Group Functions or by external audit. All key controls are tested at least once every three years in entities covered by EuroSox.

Scope
In the present reporting period NKT continued its work of strengthening the framework by increasing the efficiency of internal controls in newly acquired entities.

Compliance
The Audit Committee performs general supervision of compliance with policies and guidelines related to risk management, financial reporting and business ethics. This covers i.a. policies for accounting, treasury, metal hedging and tax as well as the Ethics Statement.

NKT further operates a whistleblower scheme whereby employees can report any non-compliance with rules, policies and ethical standards in a number of areas. The Audit Committee is notified quarterly of incidents reported, and in the event of incidents of a serious nature the Audit Committee and the Chairman of the Board of Directors will be involved immediately. At the beginning of 2016 the whistleblower scheme was expanded to include external stakeholders, e.g. customers and suppliers.

Remuneration Committee

The primary purpose of the Remuneration Committee is to process a remuneration policy for the managements of NKT and the business units for submission to the Board of Directors. The Board of Directors' remuneration is subject to approval by the AGM.

The Board of Directors receives a fixed salary, while the Group Executive Director and the business unit management teams receive both a fixed salary and incentive pay. This structure ensures commonality of interest between the management and shareholders, and maintains management's motivation to achieve the strategic goals set. In 2015 the Remuneration Committee prepared a long-term incentive programme for the business unit managements.

Remuneration policy

NKT's remuneration policy contains guidelines for setting and approving the remuneration for the Board of Directors and the salaries for the Group Executive Director and business unit managements. All parties must receive competitive pay which is commensurate with the duties assigned and which represents an attractive incentive for long-term commitment. Severance arrangements related to 'Change of control' are described in Note 3.3. The remuneration policy was last presented to and adopted by the AGM in 2015 and will be presented once more at the AGM on 31 March 2016. The Board's remuneration for the coming year will also be proposed to the AGM for approval. The remuneration policy can be found at www.nkt.dk.

Board of Directors' remuneration 2016

At the AGM in 2016 NKT will propose that the remuneration for the Board of Directors be unchanged from 2015.

See Note 3.2 on page 67

Nomination Committee

The purpose of the Nomination Committee is to define and assess the qualifications required by the Board of Directors, the Group Executive Director and the business unit managements and to initiate an annual self-assessment within the Board.

Self-assessments

The purpose of the annual self-assessment is to define competences required within the Board of Directors, taking into

In 2015 a Compliance Committee was established. Facilitated by NKT and consisting of the CEOs of the three business units, this body reviews and oversees the NKT Group's compliance programme.

account the contribution of the individual members, and to identify future areas of focus. The self-assessment for the current election period will be performed prior to the AGM in March 2016.

The Board of Directors also performs an annual assessment of the Group Executive Director covering two main areas: the interaction between both parties, and the competences of the Group Executive Director. The assessment takes the form of a general discussion by the Board, the assessment findings then being communicated by the Board Chairman to the Group Executive Director.

Target figure for the under-represented gender

The Board of Directors wishes to ensure that both men and women are represented on the Board. The target figure for the under-represented gender among AGM-elected Board members is minimum 17%, which corresponds to one person. This target was met in 2015. NKT's focus on diversity and equal opportunities for both genders is described in the annual UN Global Compact Communication on Progress report, which can be found at www.nkt.dk.

Business Unit Committees

In 2013, NKT's Board of Directors established a committee for each of the three business units with the purpose of deploying the competences of the Board more effectively through more direct involvement in operations. Each committee consists of two Board members with experience of the relevant industry dynamics, as well as representatives of NKT's Group Functions. Both strategic and operational issues, including strategic direction, financial and operational performance, significant investments and tenders are discussed at the meetings with view to delivering a more efficient, flexible and transparent decision-making process.

CORPORATE GOVERNANCE

As a listed company on the Nasdaq Copenhagen stock exchange, NKT is subject to rules governing share issuers and also corporate governance recommendations. NKT fulfils its obligations in respect of the latter either by compliance or by explaining the reason for non-compliance.

See www.nkt.dk/Investors

NKT complies fully with 44 of the 47 recommendations, while complying partly or not complying with three recommendations. These three recommendations comprise:

Recommendation 3.1.4 that the company's Articles of Association should stipulate a retirement age for the members of the Board of Directors.
At the AGM on 21 March 2013 the Board of Directors proposed including in the company's Articles of Association a retirement age of 67 for Board members. This proposal was not adopted by the assembly, hence this recommendation is not complied.

Recommendation 3.4.6 that the Board of Directors should establish a Nomination Committee chaired by the Chairman of the Board of Directors.
The Board of Directors has appointed a Nomination Committee consisting of two members of the Board of Directors. The Chairman is not a member of the Nomination Committee as he is represented in all three business unit committees and thereby actively engaged with the relevant managements, hence this recommendation is partly complied with. Furthermore, the Board believes that it is good governance for other members to constitute this committee.

Recommendation 4.1.2 *on variable components of remuneration.*
NKT considers that it is only reasonable to claim repayment of variable remuneration components in instances where an obligation for such repayment would follow from generally applicable principles of Danish law. Accordingly, NKT does not consider it necessary or appropriate to include a specific clause in its remuneration policy to cover repayment of variable components of remuneration in exceptional cases, hence this recommendation is partly complied with.

Group Management

BOARD OF DIRECTORS

	Jens Due Olsen	**Kristian Siem**	**Jens Maaløe**	**Kurt Bligaard Pedersen**
	Chairman	**Deputy Chairman**		
	Born 1963, Denmark First elected in 2006 MSc. Econ1990	Born 1949, Norway First elected in 2013	Born 1955, Denmark First elected in 2004 MSc. E.Eng. 1979, PhD. 1983	Born 1959, Denmark First elected in 2011 MSc. Political Science 1988
NKT Committees	Nilfisk **(C)** NKT Cables **(C)** NKT Photonics **(M)**	NKT Cables **(M)**	NKT Photonics **(C)** Audit **(M)**	Nomination **(C)**
Other positions and directorships	• Auriga Industries A/S • Pierre.dk A/S **(C)** • Bladt Industries A/S **(C)**, **(ACC)** • Heptagon Advanced Micro Optics Inc. **(ACC)** • Cryptomathic A/S • Gyldendal A/S • PFA pension A/S **(DC)** • Royal Unibrew A/S • Auris Luxembourg III S.A. Advisory Board **(C)** • BørneBasketFonden **(C)**	• Siem Industries Inc. **(C)** • Subsea 7 Inc. **(C)** • Siem Offshore Inc. • Siem Shipping Inc. • Star Reefers Inc. • North Atlantic Smaller Companies Investment Trust PLC • Flensburger Schiffbau Gesellschaft	President & CEO, Terma A/S • Grundfos Holding A/S • Poul Due Jensen's Fond	CEO, Gazprom Energy Uk • BRF Holding A/S **(DC)** • BRF Fonden • Jyske Bank A/S **(DC)** **(ACC)** • Copenhagen Zoo **(DC)** • Noordgastransport B.V.
NKT shares at end-2015	1,500 (2014: 1,500)	5,000 (2014: 5,000)	515 (2014: 515)	1,000 (2014: 1,000)
Special qualifications	• Industrial management • Management of listed companies • Specialist expertise in economic and financial matters	• Industrial management • Management of listed companies • In-depth knowledge of the energy sector • International financial matters	• Industrial management • Management of listed companies • Specialist expertise in technology and technological development	• International industrial management • Management of listed companies • In-depth knowledge of the energy sector

(C) = *Chairman*, **(DC)** = *Deputy Chairman*, **(M)** = *Member*, **(ACC)** = *Audit Committee Chairman*, **(ACM)** = *Audit Committee Member*

Further details on remuneration to the Board of Directors are found on page 67.
Further details on NKT's committees are found on page 43.

Jutta af Rosenborg

Born 1958, Denmark
First elected in 2015
State-Authorised Public Accountant 1992
MSc. Business Economics and Auditing 1987

Audit **(C)**
Remuneration **(C)**

- Aberdeen Asset Management PLC **(ACM)**, (Remuneration **CM)**
- JPMorgan European Investment Trust plc
- Auriga Industries A/S
- PGA European Tour **(ACC)**, (Risk Committee **C)**
- Det Danske Klasselotteri A/S **(C)**

0 (2014: 0)

- International management
- Optimisation of business processes
- Risk management
- Finance and controlling

Lars Sandahl Sørensen

Born 1963, Denmark
First elected in 2013
MSc. Int. Business and Management

Remuneration **(M)**
Nomination **(M)**
Nilfisk **(M)**

Group Director & COO, SAS

- SEDK **(DC)**
- Wexøe Holding A/S
- Industriens Fond
- VEGA

685 (2014: 400)

- International services management
- Management of listed companies
- Specialist expertise in corporate trading, international business development, leadership development in various industrial sectors, sales and marketing

Niels-Henrik Dreesen*

Born 1957, Denmark
First elected in 2012

Production Engineering Manager, NKT Cables

NKT shares end-2015:
125 (2014: 125)

René Engel Kristiansen *

Born 1968, Denmark
First elected in 2014
MS.E.Eng. 1994

Manager, Regional Sales and Business Development, NKT Photonics A/S

NKT shares end-2015:
105 (2014: 5)

Gitte Toft Nielsen*

Born 1964, Denmark
First elected in 2014

Finance Assistant, Nilfisk A/S

NKT shares end-2015:
0 (2014: 0)

GROUP EXECUTIVE DIRECTOR

Michael Hedegaard Lyng

Born 1969, Denmark
Joined NKT in 2007
MSc. Business Administration, Accounting and Auditing 2001
EMBA 2011

Member of Executive Management 2008
President and CEO NKT Cables 2014

Directorships:
- Topsil Semiconductor Materials A/S **(ACC)**
- Burmeister & Wain Scandinavian Contractor A/S
- Investeringsselskabet Luxor A/S

NKT shares at end-2015: 1,489 (2014: 25,098)

** Elected by the employees*

Group Management's **statement**

The Group Management has today discussed and approved the Annual Report of NKT Holding A/S for the financial year 1 January - 31 December 2015.

The Annual Report has been prepared in accordance with International Financial Reporting Standards which have been adopted by the EU, and Danish disclosure requirements for listed companies.

In our opinion the consolidated financial statements and the Company's financial statements give a true and fair view of the Group's and the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Group's and the Company's operations and cash flow for the financial year 1 January - 31 December 2015.

Management's review contains in our opinion a true and fair review of the development in the Group's and the Company's operations, financial circumstances and results for the year, and of the Company's financial position, and describes the material risks and uncertainties affecting the Group and the Company.

We recommend that the Annual Report be approved at the Annual General Meeting.

Brøndby, 26 February 2016

The 2015 Annual Report is presented in accordance with International Financial Reporting Standards (IFRS) adopted by the EU and Danish disclosure requirements for the annual reports of listed companies. Statements in the report concerning the future reflect the Group Management's current expectations with regard to future events and financial results. Statements concerning the future are naturally subject to uncertainty and the results achieved may therefore differ from expectations. Issues which may cause such differences include, but are not limited to, economic and financial market developments, legislative and regulatory changes in NKT markets, developments in product demand, competitive conditions, and energy and raw material prices.

See also the section on risk management on page 38, Note 6.6 on page 89, and Note 8.4 on page 101.

Group Executive Director

Michael Hedegaard Lyng

Board of Directors

Jens Due Olsen, *Chairman*

Kristian Siem, *Deputy Chairman*

Niels-Henrik Dreesen

René Engel Kristiansen

Jens Maaløe

Gitte Toft Nielsen

Kurt Bligaard Pedersen

Jutta af Rosenborg

Lars Sandahl Sørensen

Independent **auditor's report**

To the shareholders of NKT Holding A/S

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND PARENT FINANCIAL STATEMENTS

We have audited the consolidated financial statements and parent financial statements of NKT Holding A/S for the financial year 1 January to 31 December 2015, which comprise the income statement, statement of comprehensive income, cash flow statement, balance sheet, statement of changes in equity and notes, including the accounting policies, for the Group as well as for the Parent. The consolidated financial statements and parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's responsibility for the consolidated financial statements and parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and for such internal control as Management determines is necessary to enable the preparation and fair presentation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and parent financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2015, and of the results of their operations and cash flows for the financial year 1 January to 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

STATEMENT ON THE MANAGEMENT'S REVIEW

Pursuant to the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statements.

On this basis, it is our opinion that the information provided in the management's review is consistent with the consolidated financial statements and parent financial statements.

Copenhagen, 26 February 2016

Deloitte
Statsautoriseret Revisionspartnerselskab
Company Registration No. 33 96 35 56

Anders Dons
State Authorised
Public Accountant

Lars Siggaard Hansen
State Authorised
Public Accountant

Income statement

1 January - 31 December

Amounts in EURm	Note	2015	2014
Revenue	2.1/2.2	2,223.6	2,129.4
Other operating income		9.3	21.8
Changes in inventories of finished goods and work in progress		-10.2	-15.5
Work performed by the Group and capitalised	2.3	22.2	19.4
Costs of raw materials, consumables and goods for resale		-1,299.1	-1,265.5
Staff costs	3.1	-455.6	-429.7
Other costs	2.3/8.1	-341.0	-319.0
Shares of profit after tax in associates		2.8	1.7
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**152.0**	**142.6**
Depreciation and impairment of property, plant and equipment	4.3	-85.1	-49.0
Amortisation and impairment of intangible assets	4.2	-28.8	-25.8
Impairment of goodwill	4.2	-3.9	0.0
Earnings before interest and tax (EBIT)		**34.2**	**67.8**
Financial income	6.5	44.2	34.5
Financial expenses	6.5	-50.3	-47.6
Earnings from operations before tax (EBT)		**28.1**	**54.7**
Tax on operations	2.4	-26.9	-16.8
Profit for the year		**1.2**	**37.9**
To be distributed as follows:			
Profit attributable to equity holders of NKT Holding A/S		1.0	37.9
Profit attributable to non-controlling interest		0.2	0.0
		1.2	**37.9**
Basic earnings, EUR, per share (EPS)		0.0	1.6
Diluted earnings, EUR, per share (EPS-D)		0.0	1.6

The Board of Directors proposes a dividend for the year of DKK 4.0 per share (2014: DKK 4.0 per share) for approval at the Annual General Meeting.

Statement of comprehensive income

1 January - 31 December

Amounts in EURm	2015	2014
Profit for the year	**1.2**	**37.9**
Other comprehensive income		
Items that may be reclassified to income statement:		
Foreign exchange adjustment, foreign companies	15.0	18.7
Value adjustment of hedging instruments:		
Value adjustment for the year	4.4	6.9
Transferred to revenue	0.0	-2.0
Transferred to costs of raw materials, consumables and goods for resale	-11.3	1.6
Transferred to financial expenses	-3.3	-0.8
Fair value adjustment of available for sale securities	0.6	0.4
Tax on comprehensive income	0.6	-2.2
Items that may not be reclassified to income statement:		
Actuarial gains/losses on defined benefit pension plans	2.6	-13.1
Tax on actuarial gains/losses	-0.9	4.0
Total other comprehensive income	**7.7**	**13.5**
Comprehensive income for the year	**8.9**	**51.4**
To be distributed as follows:		
Comprehensive income attributable to equity holders of NKT Holding A/S	8.8	51.5
Comprehensive income attributable to non-controlling interest	0.1	-0.1
	8.9	**51.4**

Balance sheet

31 December

Amounts in EURm	Note	2015	2014
Assets			
Intangible assets	4.1/4.2		
Goodwill		194.8	179.2
Trademarks, etc.		13.0	6.1
Customer-related assets		14.4	7.8
Development projects completed		42.0	39.4
Patents and licences, etc.		34.3	30.7
Development projects in progress		34.7	28.5
		333.2	**291.7**
Property, plant and equipment	4.1/4.3		
Land and buildings		148.7	165.4
Manufacturing plant and machinery		151.3	180.8
Fixtures, fittings, tools and equipment		45.9	41.9
Property, plant and equipment under construction, incl. prepayments		21.3	19.3
		367.2	**407.4**
Other non-current assets			
Investments in associates		16.8	15.0
Other investments and receivables		7.3	6.1
Deferred tax	2.4	62.5	81.0
		86.6	**102.1**
Total non-current assets		**787.0**	**801.2**
Inventories	5.1	342.5	350.7
Receivables	5.2	490.7	450.1
Income tax receivable		5.1	3.8
Cash at bank and in hand		58.3	50.1
Total current assets		**896.6**	**854.7**
Total assets		**1,683.6**	**1,655.9**

Balance sheet

31 December

Amounts in EURm	Note	2015	2014
Equity and liabilities			
Equity			
Share capital	6.7	64.9	64.2
Reserves		31.6	25.5
Retained comprehensive income		699.1	698.7
Proposed dividends		13.0	12.8
Total equity attributable to equity holders of NKT Holding A/S		808.6	801.2
Non-controlling interest		0.9	0.8
Total equity		**809.5**	**802.0**
Non-current liabilities			
Deferred tax	2.4	42.9	44.6
Pension liabilities	4.4	55.0	58.9
Provisions	4.5	19.6	13.6
Interest-bearing loans and borrowings	6.2/6.3/6.6	143.9	177.1
		261.4	**294.2**
Current liabilities			
Interest-bearing loans and borrowings	6.2/6.3/6.6	11.6	36.1
Trade payables and other liabilities	5.3/6.3/6.6	554.2	485.8
Income tax payable		6.6	7.1
Provisions	4.5	40.3	30.7
		612.7	**559.7**
Total liabilities		**874.1**	**853.9**
Total equity and liabilities		**1,683.6**	**1,655.9**

Cash flow statement

1 January - 31 December

Amounts in EURm	Note	2015	2014
Earnings before interest, tax, depreciation and amortisation (EBITDA)		152.0	142.6
Non-cash operating items:			
Profit on sales of non-current assets, used and increase of provisions, and other non-cash operating items, etc.		2.7	-4.6
Changes in working capital		41.7	101.3
Cash flow from operations before financial items, etc.		196.4	239.3
Financial income received		36.4	27.1
Financial expenses paid		-43.8	-40.7
Income tax paid		-15.8	-13.3
Cash flow from operating activities		**173.2**	**212.4**
Acquisition of businesses	7.1	-29.1	-6.0
Divestment of business	7.1	6.0	16.9
Investments in property, plant and equipment		-39.0	-32.7
Disposal of property, plant and equipment		3.9	1.6
Intangible assets and other investments, net		-29.7	-29.5
Cash flow from investing activities		**-87.9**	**-49.7**
Free cash flow		**85.3**	**162.7**
Changes in non-current loans from credit institutions		-35.7	-109.6
Changes in current loans from credit institutions		-43.6	-46.4
Dividends paid		-13.0	-11.2
Cash from exercise of warrants		11.3	0.1
Cash flow from financing activities		**-81.0**	**-167.1**
Net cash flow for the year		**4.3**	**-4.4**
Cash at bank and in hand, 1 January		50.1	50.5
Currency adjustments		3.9	4.0
Net cash flow for the year		4.3	-4.4
Cash at bank and in hand, 31 December		**58.3**	**50.1**

Statement of changes in equity

Amounts in EURm	Share capital	Foreign exchange reserve	Hedging reserve	Fair value reserve	Retained compreh. income	Proposed dividends	Total	Non-controlling interest	Total equity
Equity, 1 January 2014	**64.2**	**2.0**	**0.2**	**0.6**	**682.4**	**11.2**	**760.6**	**0.9**	**761.5**
Other comprehensive income :									
Foreign exchange translation adjustments		18.8					18.8	-0.1	18.7
Value adjustment of hedging instruments:									
Value adjustment for the year			6.9				6.9		6.9
Transferred to revenue			-2.0				-2.0		-2.0
Transferred to consumption of raw materials			1.6				1.6		1.6
Transferred to financial expenses			-0.8				-0.8		-0.8
Fair value adjustment of available for sale securities				0.4			0.4		0.4
Actuarial gains/losses on defined benefit pension plans					-13.1		-13.1		-13.1
Tax on actuarial gains/losses					4.0		4.0		4.0
Tax on other comprehensive income		-0.9	-1.2	-0.1			-2.2		-2.2
Total other comprehensive income	0.0	17.9	4.5	0.3	-9.1	0.0	13.6	-0.1	13.5
Profit for the year					25.1	12.8	37.9	0.0	37.9
Comprehensive income for the year	**0.0**	**17.9**	**4.5**	**0.3**	**16.0**	**12.8**	**51.5**	**-0.1**	**51.4**
Dividends paid					0.0	-11.2	-11.2		-11.2
Addition/disposal, minority interests					0.0		0.0		0.0
Share-based payment					0.2		0.2		0.2
Exercise of warrants	0.0				0.1		0.1		0.1
Total changes in equity in 2014	**0.0**	**17.9**	**4.5**	**0.3**	**16.3**	**1.6**	**40.6**	**-0.1**	**40.5**
Equity, 31 December 2014	**64.2**	**19.9**	**4.7**	**0.9**	**698.7**	**12.8**	**801.2**	**0.8**	**802.0**
Equity, 1 January 2015	**64.2**	**19.9**	**4.7**	**0.9**	**698.7**	**12.8**	**801.2**	**0.8**	**802.0**
Other comprehensive income:									
Foreign exchange translation adjustments		15.1					15.1	-0.1	15.0
Value adjustment of hedging instruments:									
Value adjustment for the year			4.4				4.4		4.4
Transferred to consumption of raw materials			-11.3				-11.3		-11.3
Transferred to financial expenses			-3.3				-3.3		-3.3
Fair value adjustment of available for sale securities				0.6			0.6		0.6
Actuarial gains/losses on defined benefit pension plans					2.6		2.6		2.6
Tax on actuarial gains/losses					-0.9		-0.9		-0.9
Tax on other comprehensive income		-0.8	1.5	-0.1			0.6		0.6
Total other comprehensive income	0.0	14.3	-8.7	0.5	1.7	0.0	7.8	-0.1	7.7
Profit for the year					-12.0	13.0	1.0	0.2	1.2
Comprehensive income for the year	**0.0**	**14.3**	**-8.7**	**0.5**	**-10.3**	**13.0**	**8.8**	**0.1**	**8.9**
Dividends paid					-0.2	-12.8	-13.0		-13.0
Share-based payment					0.3		0.3		0.3
Exercise of warrants	0.7				10.6		11.3		11.3
Total changes in equity in 2015	**0.7**	**14.3**	**-8.7**	**0.5**	**0.4**	**0.2**	**7.4**	**0.1**	**7.5**
Equity, 31 December 2015	**64.9**	**34.2**	**-4.0**	**1.4**	**699.1**	**13.0**	**808.6**	**0.9**	**809.5**

Notes

! - Significant judgements and estimates

Significant judgements and accounting estimates made by Management are included in the notes to which they relate with the purpose to increase legibility.

± - Sensitivity

Sensitivity analyses often accompany significant judgements and accounting estimates, and are included in the notes to which they relate with the purpose to increase legibility.

§ - Accounting policy

Accounting policies are included in the notes to which they relate in order to facilitate understanding of the contents and the accounting treatment applied. Accounting policies not relating directly to individual notes are stated in Note 1.1.

Note 1

1 - BASIS FOR PREPARATION

This section describes the applied reporting framework, including a definition of materiality for disclosures as well as any changes in the accounting policies.

1.1 - GENERAL ACCOUNTING POLICIES

NKT Holding A/S is a public limited company domiciled in Denmark. The Annual Report for the period 1 January - 31 December 2015 comprises both the consolidated financial statements for NKT and its subsidiaries (the Group) and separate financial statements for the parent company.

The 2015 Annual Report for NKT was prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the EU and Danish disclosure requirements for listed companies.

Basis for preparation

The Annual Report is presented in EUR rounded to the nearest EUR 1,000,000 with one decimal. The presentation currency is changed from DKK to EUR in 2015. The decision is based on the fact that the Group's main business activities are EUR denominated and that internal reporting is already presented in EUR.

The Annual Report was prepared according to the historical cost principle, except that the following assets and liabilities are measured at fair value: derivatives, financial instruments in a trading portfolio and financial instruments designated as available for sale.

Except for that stated under 'Changes to accounting policies', the accounting policies described in the individual notes have been applied consistently during the financial year and for the comparative figures. For standards implemented prospectively the comparative figures are not restated. As the standards and interpretations implemented did not influence the balance sheet as at 1 January 2014 and associated notes, the opening balance sheet and associated notes have been omitted.

Definition of materiality

The provisions in IFRS contain extensive disclosure requirements. The specific disclosures required according to IFRS are stated in the Annual Report unless the disclosures concerned are considered irrelevant or immaterial for financial decisions made by the financial statement users.

Changes to accounting policies

NKT has implemented the standards and interpretations effective for 2015. The implementation of standards and interpretations has not influenced recognition and measurement in 2015 or is expected to influence future financial years.

Significant judgements and estimates

When preparing the Annual Report, Group Management makes a number of accounting estimates, judgements and assumptions which form the basis for recognition and measurement of assets and liabilities.

The judgements, estimates and assumptions made are based on historical experience and other factors which Group Management assesses to be reliable, but which, by their nature, are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise.

Particular risks referred to in the 'Risk management' section of Group Management's review and in Note 6.6 Financial risks to the consolidated financial statements as well as Note 8.4 Contingent liabilities, may have substantial influence on the financial statements.

Other significant accounting estimates and judgements:

	Note
Deferred tax	2.4
Impairment test	4.1
Pension liabilities	4.4
Provisions	4.5
Writedown of inventories	5.1
Construction contracts	5.2
Credit risks	6.6
Contingent liabilities	8.4

Going concern

Group Management is required to decide whether the financial statements can be presented on a 'going concern' basis. Based on estimated future prospects, expectations of future cash flow, existence of credit facilities, etc., Group Management is of the opinion that there are no factors giving reason to doubt whether NKT can continue operating for at least 12 months from the balance sheet date.

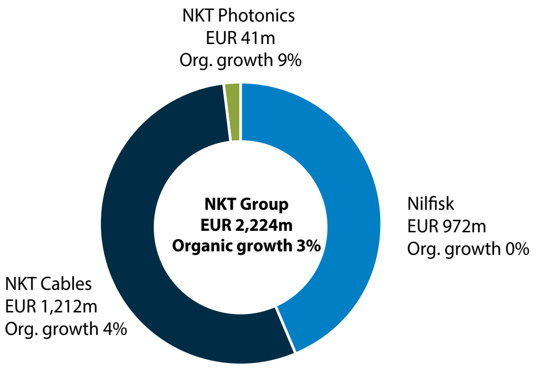
Note 2

2 - PROFIT FOR THE YEAR

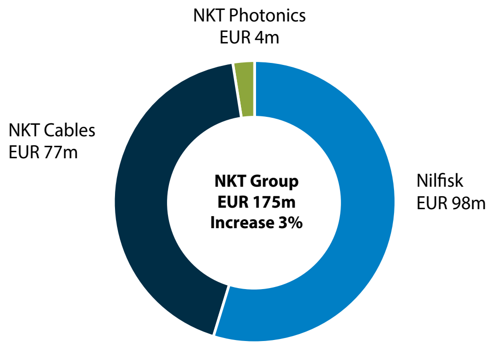
This note relates to profit for the year, including revenue, segment information, research and development costs, corporate tax and deferred tax.

Key developments 2015

Revenue



Operational EBITDA



NKT realised organic growth of 3% and revenue of EUR 2,223.6m. Operational EBITDA was EUR 175.2m and margin, std. metal prices, 9.4%.

Nilfisk realised organic growth of 0% and revenue of EUR 971.5m. Organic growth in the regions was 1% in EMEA, 0% in Americas, when adjusted for the impact of the divested floor sanding activities, and -3% in APAC. Nominal growth was 6% driven by positive currency effects. Operational EBITDA was EUR 97.9m and margin 10.1%, down EUR 9.5m and 1.6%-point compared to last year due to lower organic growth, investments in sales and higher distribution costs.

NKT Cables achieved organic growth of 4% and revenue of EUR 1,211.9m. Organic growth was driven by Projects realising 15% and Products realising 5%, whereas APAC delivered negative growth of 37%. Operational EBITDA was EUR 77.0m and margin, std. metal prices, 9.0%. Compared to last year operational EBITDA improved with EUR 12.0m, mainly driven by the Products business, and positive effects of the DRIVE programme.

NKT Photonics realised organic growth of 9% and revenue of EUR 40.6m. Organic growth in Imaging was 10% and 12% in Sensing. Fiber Processing was divested 1 September and only included in the first eight month of the year. EBITDA was EUR 3.7m and margin 9.6%. Compared to last year EBITDA improved with EUR 0.8m and margin with 2.4%-point, mainly driven by better product margins.

§ - Accounting policy

Segment information

The segment information is based on internal management reporting and is presented in accordance with the Group's accounting policies.

Segment income and expenses and segment assets and liabilities comprise those items that are directly attributable to the individual segment and those items that can be reliably allocated to it. All items have been attributed to the Group's business segments.

Segment assets comprise the non-current assets used directly in segment operations, including tangible and intangible assets and investments in associates, as well as the current assets used directly in segment operations, including inventories, trade and other receivables, prepaid expenses, and cash.

Segment liabilities are those liabilities resulting from segment operations, including trade payables and other payables.

The reportable segments are generally referred to as business units. The business units consist of Nilfisk, NKT Cables and NKT Photonics.

Each business unit operates independently of the others, with separate brands and managements, as each unit has different customers and end-users and is based on different technologies and market strategies. A further description of the business units is included in Group Management's review.

Group Management assesses the operating results of the business units separately to enable decision to be made concerning allocation of resources and measurement of performance.

Inter-segment transactions are performed on market terms and no single customer accounts for more than 10% of the revenue. The reportable segments are identified without aggregation of operating segments.

Other operating income

Other operating income comprises items of a secondary nature relative to the operations of the enterprise, including grant schemes, reimbursements and gains on sale of non-current assets, and negative goodwill on acquisition of subsidiaries. Gains on disposal of tangible and intangible assets are determined as the selling price less selling costs and the carrying amount at the time of sale.

Change in inventories of finished goods and work in progress

Change in inventories of finished goods and work in progress comprises changes in these items which correspond to staff costs and other costs charged to the income statement during the year and which relate directly or indirectly to the cost of the items stated in the balance sheet.

Work performed by the Group and capitalised

Work performed by the Group and capitalised comprises income which corresponds to staff costs and other costs charged to the income statement during the year and which relate directly or indirectly to the cost of non-current assets of own manufacture.

Raw materials, consumables and goods for resale

Costs of raw materials, consumables and goods for resale refer to acquisitions and changes during the year in relevant inventory levels, including shrinkage, waste production and any writedowns for obsolescence.

Other costs

Other costs comprise external costs relating to production, sale and administration, as well as losses on disposal of tangible and intangible assets. Losses on disposal of tangible and intangible assets are determined as the selling price less selling costs and the carrying amount at the time of sale. Writedowns of receivables from sales are also included.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment comprise amortisation of intangible assets, depreciation of property, plant and equipment, and impairment charges for the year.

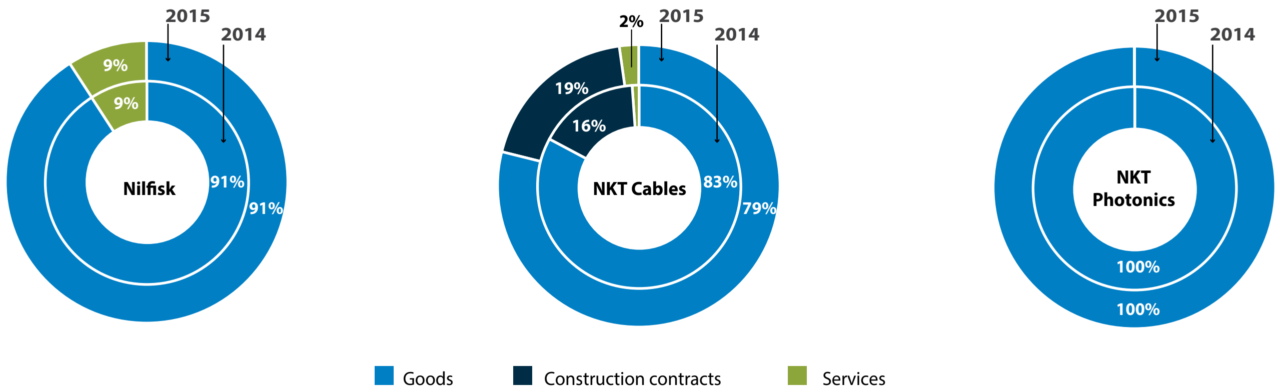
2.1 - SEGMENT INFORMATION

2015 Amounts in EURm	Nilfisk	nkt cables	NKT Photonics	Parent company etc.	Total reportable segments	Inter-segment transact.	NKT
Income statement							
Revenue from external customers	971.5	1,211.9	40.2	0.0	2,223.6	0.0	2,223.6
Inter-segment revenue	0.0	0.0	0.4	0.0	0.4	-0.4	0.0
Revenue	971.5	1,211.9	40.6	0.0	2,224.0	-0.4	2,223.6
Revenue in std. metal prices	971.5	857.5	40.6	0.0	1,869.6	-0.4	1,869.2
Costs and other income (excl. one-off items)	-876.5	-1,134.8	-36.9	-3.4	-2,051.6	0.4	-2,051.2
Share of profits after tax of associates	2.9	-0.1	0.0	0.0	2.8	0.0	2.8
Operational EBITDA	97.9	77.0	3.7	-3.4	175.2	0.0	175.2
One-off items	0.0	-23.2	0.0	0.0	-23.2	0.0	-23.2
EBITDA	97.9	53.8	3.7	-3.4	152.0	0.0	152.0
Depreciation and amortisation	-33.7	-39.6	-3.6	0.0	-76.9	0.0	-76.9
Impairment loss	-0.5	-37.8	-2.6	0.0	-40.9	0.0	-40.9
Segment result (EBIT)	63.7	-23.6	-2.5	-3.4	34.2	0.0	34.2
Financial income	15.3	12.4	0.2	35.5	63.4	-19.2	44.2
Financial expenses	-23.2	-22.3	-0.7	-23.3	-69.5	19.2	-50.3
EBT	55.8	-33.5	-3.0	8.8	28.1	0.0	28.1
Tax	-14.1	-10.7	-0.1	-2.0	-26.9	0.0	-26.9
Profit for the year	41.7	-44.2	-3.1	6.8	1.2	0.0	1.2
Balance sheet							
Assets							
Goodwill	174.0	20.6	0.2	0.0	194.8	0.0	194.8
Other intangible assets	109.8	22.1	6.5	0.0	138.4	0.0	138.4
Property, plant and equipment	57.8	306.2	3.2	0.0	367.2	0.0	367.2
Investments in associates	16.6	0.2	0.0	0.0	16.8	0.0	16.8
Other non-current assets	6.1	0.9	0.3	258.5	265.8	-258.5	7.3
Deferred tax	20.5	46.1	1.4	-5.5	62.5	0.0	62.5
Inventories	187.9	148.5	6.1	0.0	342.5	0.0	342.5
Receivables	200.3	284.6	10.9	1.3	497.1	-1.3	495.8
Cash at bank and in hand	170.5	81.4	2.0	276.8	530.7	-472.4	58.3
Segment assets	943.5	910.6	30.6	531.1	2,415.8	-732.2	1,683.6
Equity and liabilities							
Equity	203.0	257.5	2.8	346.2	809.5	0.0	809.5
Non-current liabilities							
Deferred tax	27.2	14.4	0.6	0.7	42.9	0.0	42.9
Pension liabilities	5.9	49.1	0.0	0.0	55.0	0.0	55.0
Provisions	7.9	11.5	0.2	0.0	19.6	0.0	19.6
Interest-bearing loans and borrowings	182.2	160.4	0.0	50.1	392.7	-248.8	143.9
Current liabilities							
Interest-bearing loans and borrowings	298.3	46.2	18.4	130.9	493.8	-482.2	11.6
Trade payables and other liabilities	205.6	344.8	8.4	3.2	562.0	-1.2	560.8
Provisions	13.4	26.7	0.2	0.0	40.3	0.0	40.3
Segment equity and liabilities	943.5	910.6	30.6	531.1	2,415.8	-732.2	1,683.6
Other Information							
Cash flow from operations, excl. finance and tax	83.7	112.9	3.6	-3.8	196.4	0.0	196.4
Additions to property, plant, equipment & intangibles	44.0	22.6	3.4	0.0	70.0	0.0	70.0
Number of full-time employees, average	5,463	3,215	198	19	8,895	0	8,895

2014 **Amounts in EURm**	Nilfisk	nkt cables	NKT Photonics	Parent company etc.	Total reportable segments	Inter-segment transact.	NKT
Income statement							
Revenue from external customers	917.6	1,173.0	38.8	0.0	2,129.4	0.0	2,129.4
Inter-segment revenue	0.0	0.0	0.3	0.0	0.3	-0.3	0.0
Revenue	917.6	1,173.0	39.1	0.0	2,129.7	-0.3	2,129.4
Revenue in std. metal prices	917.6	812.8	39.1	0.0	1,769.5	-0.3	1,769.2
Costs and other income (excl. one-off items)	-812.3	-1,107.6	-36.2	-4.7	-1,960.8	0.2	-1,960.6
Share of profits after tax of associates	2.1	-0.4	0.0	0.0	1.7	0.0	1.7
Operational EBITDA	107.4	65.0	2.9	-4.7	170.6	-0.1	170.5
One-off items	12.9	-40.8	0.0	0.0	-27.9	0.0	-27.9
EBITDA	120.3	24.2	2.9	-4.7	142.7	-0.1	142.6
Depreciation and amortisation	-29.4	-39.7	-3.0	0.0	-72.1	0.0	-72.1
Impairment loss	-0.5	-1.7	-0.5	0.0	-2.7	0.0	-2.7
Segment result (EBIT)	90.4	-17.2	-0.6	-4.7	67.9	-0.1	67.8
Financial income	8.6	9.4	0.2	41.5	59.7	-25.2	34.5
Financial expenses	-18.9	-27.6	-0.5	-25.8	-72.8	25.2	-47.6
EBT	80.1	-35.4	-0.9	11.0	54.8	-0.1	54.7
Tax	-22.0	7.9	0.0	-2.7	-16.8	0.0	-16.8
Profit for the year	58.1	-27.5	-0.9	8.3	38.0	-0.1	37.9
Balance sheet							
Assets							
Goodwill	154.2	21.6	3.4	0.0	179.2	0.0	179.2
Other intangible assets	84.7	21.2	6.6	0.0	112.5	0.0	112.5
Property, plant and equipment	47.9	355.8	3.7	0.0	407.4	0.0	407.4
Investments in associates	14.7	0.3	0.0	0.0	15.0	0.0	15.0
Other non-current assets	5.0	0.9	0.2	526.2	532.3	-526.2	6.1
Deferred tax	30.0	55.4	2.1	-6.5	81.0	0.0	81.0
Inventories	177.4	164.9	8.4	0.0	350.7	0.0	350.7
Receivables	196.0	246.8	10.6	1.6	455.0	-1.1	453.9
Cash at bank and in hand	171.6	59.1	0.9	92.3	323.9	-273.8	50.1
Segment assets	881.5	926.0	35.9	613.6	2,457.0	-801.1	1,655.9
Equity and liabilities							
Equity	337.1	41.4	5.5	418.0	802.0	0.0	802.0
Non-current liabilities							
Deferred tax	31.7	12.5	0.4	0.0	44.6	0.0	44.6
Pension liabilities	6.7	52.2	0.0	0.0	58.9	0.0	58.9
Provisions	1.5	11.8	0.3	0.0	13.6	0.0	13.6
Interest-bearing loans and borrowings	155.7	455.9	2.9	48.7	663.2	-486.1	177.1
Current liabilities							
Interest-bearing loans and borrowings	132.0	55.5	19.3	143.1	349.9	-313.8	36.1
Trade payables and other liabilities	203.3	279.7	7.3	3.8	494.1	-1.2	492.9
Provisions	13.5	17.0	0.2	0.0	30.7	0.0	30.7
Segment equity and liabilities	881.5	926.0	35.9	613.6	2,457.0	-801.1	1,655.9
Other Information							
Cash flow from operations, excl. finance and tax	95.3	147.2	1.9	-5.1	239.3	0.0	239.3
Additions to property, plant, equipment & intangibles	32.3	28.4	3.1	0.0	63.8	0.0	63.8
Number of full-time employees, average	5,473	3,377	207	21	9,078	0	9,078

2.2 - REVENUE

Revenue composition



The composition of revenue showed only small changes in 2015. NKT Cables increased its revenue share from construction contracts and services relative to goods due to growth in the Projects business. Please see business unit reviews in the Management's review for further information on revenue development.

NKT revenue composition

Amounts in EURm	2015	2014
Goods	1,871.3	1,846.7
Construction contracts	235.4	181.1
Services	109.2	95.4
Other	7.7	6.2
	2,223.6	2,129.4

Revenue by country

Amounts in EURm	2015	2014
Germany	453.3	428.0
US	228.9	199.2
Sweden	160.9	162.6
Poland	134.5	115.6
Netherlands	129.5	107.5
UK	129.1	87.8
France	122.2	123.9
China	117.0	142.0
Denmark	115.3	111.3
Czech Republic	94.0	92.9
Other	538.9	558.6
	2,223.6	2,129.4

Revenue breakdown is based on the geographical location of customers.

§ - Accounting policy

Revenue from sales of goods for resale and finished goods is recognised in the income statement when supply and transfer of risk to the buyer have taken place and the income can be reliably measured and is expected to be received.

Revenue from services which include service packages and extended warranties relating to products and contracts is recognised concurrently with the supply of those services.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in the revenue.

Construction contracts with a high degree of individual adjustment are recognised as revenue by reference to the percentage of completion. The revenue therefore corresponds to the sales price of work performed during the year (the percentage of completion method). When the outcome of a construction contract cannot be estimated reliably, the revenue is recognised only to the extent that costs incurred are likely to be recoverable.

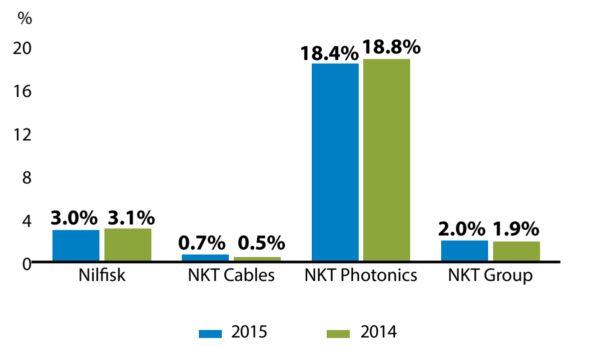
See Note 5.2 for further information concerning construction contracts.

2.3 - RESEARCH AND DEVELOPMENT COSTS

R&D specification

	Nilfisk		nkt cables		NKT Photonics		NKT	
Amounts in EURm	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Research and development staff costs	19.9	18.0	3.7	3.9	5.6	5.5	29.2	27.4
Research and development other costs	9.5	10.3	4.2	1.8	2.0	1.7	15.7	13.8
Total research and development costs	29.4	28.3	7.9	5.7	7.6	7.2	44.9	41.2
Recognised as follows:								
Expensed in income statement	10.5	11.2	2.1	2.0	5.1	5.4	17.7	18.6
Capitalised in balance sheet	18.9	17.1	5.8	3.7	2.5	1.8	27.2	22.6
	29.4	28.3	7.9	5.7	7.6	7.2	44.9	41.2

R&D ratio (% of revenue)



Total R&D costs increased by EUR 3.7m compared with last year due to higher spending in all business units. The main driver in absolute values was Nilfisk, accounting for 65.5% of the total spend. Nilfisk's R&D costs ratio was unchanged from last year. In NKT Cables, product development is often integrated in customer-related projects and is therefore not recognised as development costs e.g. as the case with the Gemini offshore project, where development of a new type of joints were expensed as incurred.

See R&D comments related to the individual business units in the Management's review.

§ - Accounting policy

Clearly defined and identifiable development projects for which the technical feasibility, adequacy of resources and a potential future market or internal utilisation can be demonstrated, and where it is intended to manufacture, market or utilise the project, are recognised as intangible assets provided the cost can be reliably determined, and provided there is also adequate certainty that the future earnings or net selling prices can cover carrying amount as well as the development costs necessary for finalising the project. Other development costs are expensed in the income statement as incurred.

Capitalised development projects are measured at cost less accumulated amortisation and impairment losses. The cost includes wages, amortisation and other costs relating to the Group's development activities.

On completion of the development work, development projects are amortised on a straight-line basis over their estimated useful life from the date the asset is available for use. The amortisation period is usually 3-10 years. The amortisation base is reduced by any impairment losses.

2.4 - TAX

REPORTED TAX RATE	CASH TAX RATE
96%	53%
(2014 = 31%)	2014 = 24%)

The impairment and valuation allowance on tax assets in NKT Cables' APAC operations resulted in a reported tax rate of 96%. Adjusted for these extraordinary events tax rate was 24%. Reported tax rate for Nilfisk was 25% while NKT Cables and NKT Photonics realised negative earnings before tax.

Cash tax rate (paid tax compared with earnings before tax) was 53%. Adjusted for impairments, cash tax rate was 23% close to the normalised reported tax rate. Cash tax rate for Nilfisk was 25%, while negative for NKT Cables and NKT Photonics. For 2016, both reported tax rate and cash tax rate are expected around 24%.

Breakdown of tax expenses by business unit appear in Note 2.1. See Statement of changes in equity for details of tax relating to the individual items in other comprehensive income.

Earnings realised in the Group's Danish companies resulted in payable corporate tax of EUR 1m in 2015, as the majority of the taxable income was offset by tax losses carried forward. Globally NKT paid EUR 15.8m in corporate income tax, compared to EUR 13.3m in 2014.

Tax recognised in the income statement

Amounts in EURm	2015	2014
Current tax	12.3	11.6
Deferred tax	14.6	5.2
	26.9	16.8
Reported tax rate	95.7%	30.7%
Reconciliation of tax on continuing operations:		
Calculated tax of 23.5% on Earnings before tax	6.5	13.7
Tax effect of:		
Foreign tax rates relative to Danish tax rate	-2.3	-0.2
Non-taxable income/non-deductible expenses	1.5	1.7
Adjustment for previous years	0.6	-0.2
Non-recoverable withholding taxes	1.4	2.1
Value adjustment of tax assets	19.2	-0.3
	26.9	16.8

! - Significant judgements and estimates

The measurement of deferred tax assets and liabilities is based on the corporate tax rate applicable in the years when the assets and liabilities are expected to be utilised.

The measurement of the tax assets is based on budgets and estimates for the coming years which are naturally subject to some uncertainty. The majority of the deferred tax assets relate to NKT Cables, where one-offs relating to the DRIVE efficiency improvement programme increased the tax losses carried forward, however the future impact of DRIVE is expected to accelerate the utilisation of the tax asset. The net deferred tax assets of EUR 62.5m are expected to be utilised within five years, however depending on a successful turn-around of the high-voltage on-shore business in NKT Cables, as described on page 25.

The tax losses carried forward increased from EUR 55.4m to EUR 64.3m. Only a minor part of the recognised tax losses is subject to expiry date.

Deferred tax assets and liabilities

Amounts in EURm	2015	2014
Deferred tax assets, 1 January	81.0	81.5
Deferred tax liabilities, 1 January	-44.6	-46.4
Addition from acquisitions	-3.3	-0.8
Foreign exchange adjustment	0.7	1.5
Tax recognised in other comprehensive income	-0.3	2.2
Deferred tax recognised in income statement	-14.6	-5.3
Transferred from payable tax	0.7	3.7
Deferred tax, 31 December	19.6	36.4
Recognised deferred tax:		
Deferred tax assets	62.5	81.0
Deferred tax liabilities	-42.9	-44.6
Deferred tax	19.6	36.4

Amounts in EURm	2015		2014	
Specification of deferred tax assets and liabilities:	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	8.3	41.7	10.9	35.8
Tangible assets	17.7	12.5	8.9	10.7
Other non-current assets	0.1	0.2	2.1	0.0
Current assets	183.0	5.0	121.5	4.5
Non-current liabilities	13.9	16.0	11.8	0.1
Current liabilities	12.5	173.2	18.5	133.7
Tax losses	64.3	0.0	55.4	0.0
Recapture of trading losses	0.0	7.9	0.0	1.0
Valuation allowance, unrecognised tax assets	-23.7	0.0	-6.9	0.0
	276.1	256.5	222.2	185.8
Set off in legal tax units and jurisdictions	-213.6	-213.6	-141.2	-141.2
	62.5	42.9	81.0	44.6

§ - Accounting policy

Tax for the year, consisting of the year's current tax and change in deferred tax, is recognised in profit for the year, in other comprehensive income or directly in equity.

Current tax payable and receivable is recognised in the balance sheet as tax estimated on taxable income for the year, adjusted for tax on taxable income for previous years and for tax paid on account.

Deferred tax is measured according to the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to buildings and goodwill which for tax purposes do not qualify for depreciation and amortisation, respectively, and other items where temporary differences - except for acquisitions - arose at the acquisition date without influencing neither net earnings nor taxable income. Where alternative taxation rules can be applied to determine the tax base, deferred tax is measured according to Group Management's planned use of the assets or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss allowed for carry-forward, are recognised under other non-current assets at their expected utilisation value, by offset against tax on future income, or by offset against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax assets and tax liabilities are offset if the company has a legal right to offset current tax assets and liabilities and intends to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously.

Deferred tax is adjusted for elimination of unrealised intra-Group profits and losses.

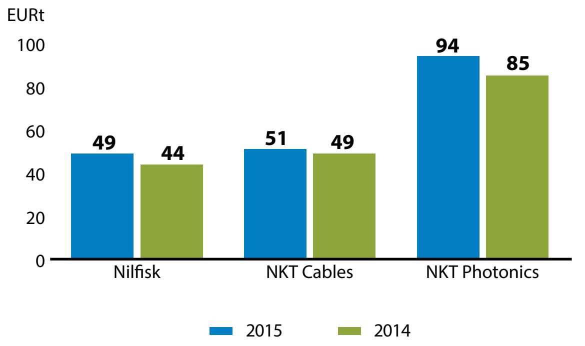
Note 3

3 - REMUNERATION

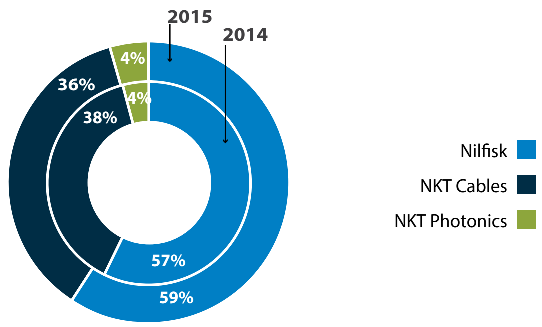
This note relates to remuneration for Group Management and employees, including warrant plans for the Group Executive Director and employees

Key developments in 2015

Cost per full-time employee



Staff cost per business unit



3.1 - STAFF COSTS

Staff cost specification

Amounts in EURm	2015	2014
Wages and salaries	383.0	362.3
Social security costs	55.0	49.0
Defined contribution plans	16.3	15.9
Defined benefit plans	1.0	2.3
Share-based payments	0.3	0.2
	455.6	429.7
Number of full-time employees, average	8,895	9,078

Staff costs increased by 6% while the average number of employees decreased by 2%. The increase in expenses was materially influenced by currencies and also by general development in wages and salaries as a result of inflation.

§ - Accounting policy

Staff costs comprise wages and salaries, remuneration, pensions, etc., and share-based payment for the company's employees, including Group Management. The Board of Directors does not receive share-based payment.

3.2 - REMUNERATION TO BOARD OF DIRECTORS

Remuneration to the Board of Directors was EUR 0.7m, unchanged from 2014.

Remuneration to Board of Directors

Amounts in EURm	2015	2014
Board of Directors' remuneration	0.7	0.7

Remuneration approved at the Annual General Meeting in 2015 with effect from Q2 2015 is shown in the table below. Members of the Board of Directors are not granted warrants and do not receive variable remuneration components. Base remuneration must be commensurate with that of comparable listed companies.

Remuneration to Board members - election period 2015/2016

		Committees						
Amounts in EURt	Base remuneration	Audit	Nomi-nation	Remune-ration	Nilfisk	NKT Cables	NKT Photonics	Total remuneration
Jens Due Olsen, Chairman	121				27	27	10	185
Kristian Siem, Deputy Chairman	81					13		94
Jens Maaløe	40	13					20	73
Kurt Bligaard Pedersen	40		13					53
Jutta af Rosenborg	40	27		13				80
Lars Sandahl Sørensen	40		7	7	13			67
Niels-Henrik Dreesen*	40							40
René Engel Kristiansen*	40							40
Gitte Toft Nielsen*	40							40
Total remuneration 2015	482	40	20	20	40	40	30	672

** Elected by the employees*

3.3 - REMUNERATION TO EXECUTIVE MANAGEMENT

Remuneration policy

A remuneration policy has been formulated defining the guidelines for determining and approving remuneration for the Group Executive Director of NKT Holding and the business unit managements. The remuneration for the Board of Directors is approved prospectively for one year at a time at the Annual General Meeting. The Management's salary is reviewed every 12 months. The components which form part of the Management's salary package, and all material adjustments thereof, are approved by the Board of Directors based on discussions and recommendation by the Remuneration Committee. Empowered by a mandate from the Annual General Meeting, the Board of Directors also approves the basis for calculating and granting of any share-based incentive plans and determines their ceilings. An overall remuneration policy is submitted to the Annual General Meeting for approval.

Yearly remuneration to management (per year-end 2015)

Amounts in EURt	Members	Salary and pension	Bonus max.	Long-term incentive	Other benefits	Total
NKT Group Executive Director						
Michael Hedegaard Lyng*	1	823	215	288	40	1,366
Nilfisk management Group	6	2,484	813	433	124	3,854
NKT Cables management Group*	4	1,274	515	158	75	2,022
NKT Photonics management Group	1	322	81	447 **	5	855
Total		4,903	1,624	1,326	244	8,097

* CEO, Michael Hedegaard Lyng's remuneration is included in salary from NKT Holding A/S. Total remuneration to Group Executive Director Michael Hedegaard Lyng was EUR 1,332t (inclusive value of warrants granted in 2015 calculated using the Black-Scholes formula). (2014: EUR 940t).

**Maximum yearly cash bonus. Bonus is calculated per year-end 2019. If the equity value of the business is increased with at least 100% a bonus of EUR 1.3m will be paid. If the equity value is increased with 200% a maximum bonus of EUR 2.0m will be paid.

Composition of remuneration

The Management's remuneration consists of a fixed base salary, including pension and other customary non-monetary benefits such as a company car. The remuneration further includes short-term and long-term incentive programmes.

NKT utilises both short-term and long-term incentive pay to ensure an optimal balance between short-term optimisation and long-term value creation for the benefit of the company and its shareholders.

Short-term incentive

The annual cash bonus payment is contingent upon the fulfilment of the prerequisites, goals and conditions defined in a bonus agreement. The criteria for granting of bonus may be realisation of specified revenue or earnings targets or execution of individual assignments, including for example material acquisitions or divestments, etc.

Long-term incentive

In NKT Holding, the Group Executive Director's long-term incentive pay is comprised by annually granted warrants. The value of warrants

Incentive programme

	Short-term incentive		Long-term incentive	
	Share	Type	Share	Type
NKT Holding	<30%	Cash bonus	<35%	Warrants
Nilfisk	<40%	Cash bonus	<25%	Phantom share
NKT Cables	<50%	Cash bonus	<25%	Phantom share
NKT Photonics	<30%	Cash bonus	<140%	Cash bonus*

*Cf. table above.

is calculated using the Black-Scholes formula and may amount to a maximum of 35% of the Executive Director's fixed annual salary including pension. The warrants may be exercised not earlier than three years and not later than five years after granting. The incentive plan appears in Note 3.4 to the consolidated financial statements and is disclosed directly to Nasdaq Copenhagen.

For Management of the business units, the long-term incentive pay is based on value added to the business units viewed over a number of years. The value of the incentive is measured according to the development in earnings and interest-bearing debt in the business units. The value of the long-term incentive programme is estimated based on an adjusted Black-Scholes formula corresponding to 25% of the annual fixed salary.

The long-term incentive plans for the business units comprise cash plans for which provision is made in the financial statements.

Term of notice

The term of notice for the Group Executive Director is 18 months. In conjunction with changes of control or level of activity, the above term of notice is extended for a transitional period by a further six months. Beyond this there is no separation benefit plan for the Group Executive Director.

With regard to warrants, please refer also to Note 3.4.

Terms of notice for business unit management are generally 12 months.

§ - Related parties

The company has no related parties who hold control.

The company's related parties comprise NKT Group Management and their close family members.

Related parties also include businesses in which the aforementioned have material interests. Related parties further include associates; cf. the Group companies in Note 7.2.

3.4 - WARRANTS PLAN FOR EXECUTIVE MANAGEMENT AND EMPLOYEES

The company has established an incentive plan for NKT Holding employees that conveys entitlement to subscribe for NKT shares at a price based on the market price at the grant date, plus interest calculated from grant date to exercise date. It is the Board of Directors which, empowered by a mandate from the Annual General Meeting, approves the basis for calculation and allocation of any share-based incentive plans and establishes their ceilings.

In 2015, warrants were exercised by subscription of a total of 251,850 new shares (2014: 4,700) at a price of EUR 45 (2014: EUR 22). The share price at subscription was EUR 55.

In all cases condition of exercise is three years' employment.

The value of the warrants plan is calculated based on the Black-Scholes formula and is EUR 7.6m (2014: EUR 6.2m). This includes EUR 2.7m (2014: EUR 1.7m) for the value of the Group Executive Director's warrants plan. The values have been calculated assuming an interest rate of -0.2% (2014: 0.1%), volatility of 25% (2014: 23%) and exercise during the first exercise period. Future volatility is estimated based on calculations of historic volatility over 12 months.

Outstanding warrants 2015		Exercise price DKK	Group Executive Director Michael Hedegaard Lyng	Other	Total
Outstanding warrants					
Granted in November 2009:	1 January		9,900	69,600	79,500
	Exercised	406.6	-9,900	-61,250	-71,150
	Forfeited		0	-8,350	-8,350
	31 December		0	0	0
Granted in December 2010:	1 January		31,000	187,700	218,700
	Exercised	333.7		-128,800	-128,800
(Exercise March 2016)	31 December	329.7	31,000	58,900	89,900
Granted in November 2011 [1] *:*	1 January		28,100	64,000	92,100
	Exercised	237.9		-51,900	-51,900
(Exercise 2016/2017)	31 December	233.9	28,100	12,100	40,200
Granted in January 2013 [1] *:*	1 January		44,200	196,100	240,300
(Exercise 2016/2017/2018)	31 December	215.8	44,200	196,100	240,300
Granted in January 2014 [2] *:*	1 January		83,740	52,602	136,342
(Exercise 2017/2018/2019)	31 December	312.2	83,740	52,602	136,342
Granted in January 2015 [2] *:*	Granted		113,429	41,123	154,552
(Exercise 2018/2019/2020)	31 December	399.4	113,429	41,123	154,552
Total:	Warrants, 1 January		196,940	570,002	766,942
	Granted		113,429	41,123	154,552
	Exercised		-9,900	-241,950	-251,850
	Forfeited		0	-8,350	-8,350
	31 December		300,469	360,825	661,294
Outstanding warrants 2014	Warrants, 1 January		113,200	526,200	639,400
	Granted		83,740	52,602	136,342
	Exercised		0	-4,700	-4,700
	Forfeited		0	-4,100	-4,100
	31 December		196,940	570,002	766,942

[1] The exercise periods are determined as two weeks after publication of the Annual Report and two weeks after publication of the Q2 interim report.

[2] The exercise periods are determined as two weeks after publication of the Annual Report and two weeks after publication of the interim reports

Each warrant grants entitlement to subscribe for one share of a nominal value of DKK 20 at the exercise price.
Dividend payments after 1 January 2016 and until the date when the shares are received are deducted from the exercise price.

§ - Accounting policy

The Group's incentive plans include a share warrants plan. The value of services received in exchange for warrants granted is measured at the fair value of these warrants.

The fair value is measured at the grant date and recognised in the income statement under staff costs over the vesting period and with a similar amount recognised directly in equity as an owner transaction.

On initial recognition of the warrants an estimate is made of the number of warrants expected to vest. This estimate is subsequently revised for changes and total recognition is therefore based on the number of warrants ultimately vested.

The fair value of warrants granted is estimated using a warrant pricing model that takes into account the terms and conditions upon which granting took place.

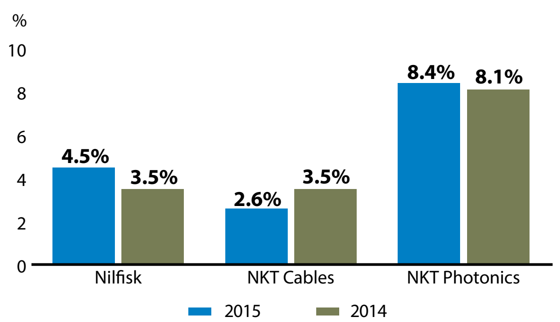
Note 4

4 - NON-CURRENT ASSETS AND LIABILITIES

This Note covers NKT's investments in non-current assets that form a basis for the company's operations, and non-current liabilities arising as a result thereof. The non-current liabilities in this section are regarded as non interest-bearing and comprise employee pension benefits and provisions. Interest-bearing liabilities are covered in Note 6, Capital structure.

Key developments 2015

Investment ratio (% of revenue)



Property, plant and equipment and intangible assets by country

Amounts in EURm	2015	2014
Germany	228.2	235.7
Denmark	138.2	135.9
US	94.6	77.7
Czech Republic	64.8	65.1
China	52.6	85.4
UK	24.3	4.2
Italy	16.1	15.5
Netherlands	14.6	15.8
Sweden	14.3	14.0
Other	52.7	49.8
	700.4	699.1

Nilfisk mainly invest in maintenance of production equipment to ensure satisfactory delivery flow to customers. Investments in intangible assets is driven by development projects focusing on renewing and optimising the product portfolio. Production mainly comprises assembly and is not capital-intensive in terms of fixed assets. The increased spending compared to 2014 can be explained by new headquarters in US and Denmark.

NKT Cables is a relatively capital-intensive company. A certain level of investment in the fixed asset base is required each year to ensure efficient production and a minimum of downtime. NKT Cables invested a slightly smaller percentage of revenue (std. metal prices) than in 2014.

NKT Photonics has a high investment level due to its scientific nature and development of high-tech products. Investments are mainly related to R&D and were largely unchanged from last year. Production facilities in Denmark are relatively new and has been up-scaled and modernised, which lowers maintenance and upgrade spending.

4.1 - IMPAIRMENT TEST

NKT Cables has three business segments: Projects, Products and APAC. Favourable market growth is anticipated for Projects as the European energy sector is facing major restructuring towards sustainable energy. The market for Products is fragmented by the inclusion of many types of cables. These are generally mature markets, and future growth is expected to be moderate.

! - Significant judgement and estimates

NKT Cables' APAC operations realised significant lower earnings in 2015 due to overcapacity in the market. In accordance with the provisions of IAS 36, non-current assets in NKT Cables' APAC operations were written down to the estimated fair value less cost to sell, equal to around 15% of the carrying amount of the plant, property and equipment. No active market for these assets existed and the fair value assessment was based upon management's judgements and assumptions and was by nature associated with uncertainty.

The impairment charge related to the NKT Cables' activities in APAC amounted to EUR 48.6m, including impairment of a deferred tax asset of EUR 10.8m recognised under tax of operations in the income statement.

Nilfisk expects the market growth over an economic cycle to be approx. 2-3%, with the mature markets representing 1-3%. Rest of the world growth rates are expected to exceed those of mature markets and the company therefore continues to grow in these markets. Over a normal economic cycle, market growth of 3-5% is expected when trading is good, 0-1% being expected at times of slowdown. Nilfisk furthermore expects increased market shares. For a detailed description of developments in 2015, please refer to the Nilfisk section of Group Management's review.

In NKT Photonics an impairment of EUR 2.6m was recognised in connection with the divestment of the Fiber Processing segment.

Impairments recognised as one-offs

Amounts in EURm	2015	2014
NKT Cables		
Impairment of intangible assets	1.5	0
Impairment of tangible assets	36.3	0
Impairment of tax asset	10.8	0
NKT Cables total impairment loss	48.6	0
NKT Photonics		
Impairment of goodwill	2.6	0

For impairment test purposes, tangible assets are allocated to cash-generating units, and goodwill is allocated to groups of cash-generating units.

§ - Accounting policy

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment. Development projects in progress are also tested annually for impairment.

The carrying amount of goodwill is tested for impairment together with the other non-current assets in the cash-generating unit to which goodwill is allocated and written down to the recoverable amount over the income statement if the carrying amount is higher. The recoverable amount is generally computed as the present value of the expected future net cash flows from the business or activity (cash-generating unit) to which goodwill is allocated.

Other non-current assets

The carrying amount of other non-current assets is reviewed annually for indication of impairment. If such an indication exists, the recoverable amount of the asset is determined. The recoverable amount is the fair value of the asset less anticipated cost of disposal, or its value in use, whichever is the higher. The value in use is calculated as the present value of expected future cash flows from the asset or the cash-generating unit of which the asset is part.

Recognition of impairment loss in the income statement

Impairment is recognised if the carrying amount of an asset or a cash-generating unit exceeds the respective recoverable amount thereof. The impairment is recognised in the income statement under depreciation and impairment. Impairment of goodwill is recognised in a separate line item in the income statement.

Impairment of goodwill is not reversed. Impairment of other assets is reversed in the event of changes having taken place in the conditions and estimates on which the impairment calculation was based. Impairment is only reversed if the new carrying amount of the asset does not exceed the carrying amount that would have applied after amortisation if the asset had not been impaired

! - Significant judgements and estimates

Goodwill

Goodwill has been tested for impairment of the smallest group of cash-generating units in NKT on which goodwill is monitored and which is not larger than the reportable segment. Goodwill has been allocated to three independent entities: Nilfisk, NKT Cables and NKT Photonics. The carrying amount of goodwill 31 December was as follows:

Amounts in EURm	2015	2014
Nilfisk	174.0	154.2
NKT Cables	20.6	21.6
NKT Photonics	0.2	3.4
	194.8	179.2

The main changes in the goodwill from 2014 to 2015 relate to exchange rate adjustments in Nilfisk and to acquisitions during the year. As for NKT Photonics, the decrease in goodwill relates to the divestment of Fiber Processing.

The recoverable amount is based on a value in use calculation. The calculation uses cash flow projections based on financial budgets for 2016 and financial forecasts for 2017-2019/20. A pre-tax discount rate of 10.5% and a post-tax discount rate of 7.5% have been applied. Similarly, a growth rate in the terminal period of 2.0% for Nilfisk and 2.5% for NKT Cables was applied. The growth rate is estimated not to exceed the long-term average growth rates for the markets in which Nilfisk and NKT Cables operate.

Key assumptions

	Nilfisk	NKT Cables
Cash flows for 2016-19/20	Revenue is estimated to increase from 2016 to 2020, while the gross profit margin is maintained	Revenue and gross profit are estimated to increase from 2016 to 2019
Capital expenditure	Yearly average investment on par with depreciations	Yearly average investment of 75% of depreciation for the period 2016-2019 and 100% for the terminal period
Working capital	An average of 18.4% of revenue for 2016, gradually decreasing to 17.9% in 2020. Strategic target <18%	An average of 9.4% of revenue for 2016 and largely stable from 2016 and onwards

± - Sensitivity

Sensitivity to changes in assumptions:

Group Management believes that likely changes in the key assumptions will not cause the carrying amount of goodwill to exceed the recoverable amount. To show the headroom between the carrying amount and the recoverable amounts, a sensitivity analysis has been included, with focus on discount rate, long-term growth rate and EBITDA.

	Assumptions used when calculating value in use (starting point)				Assumptions must change as follows before the carrying amount equals the value in use			
	Nilfisk		nkt cables		Nilfisk		nkt cables	
Sensitivity analysis, goodwill	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Post-tax discount rate	7.50%	7.50%	7.50%	7.50%	>15%	>15%	12.30%	10.90%
Growth rate in terminal period	2.00%	2.00%	2.50%	2.50%	<-15%	<-15%	-3.70%	-1.90%
Change in EBITDA	-	-	-	-	<-15%	<-15%	<-15%	<-15%

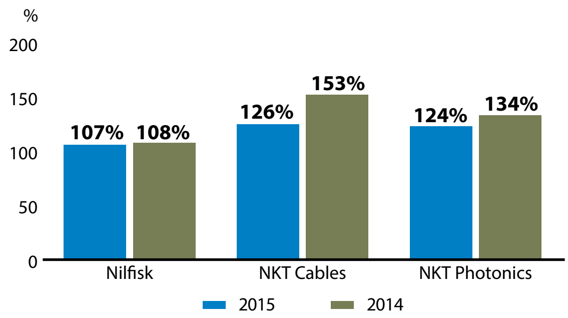
4.2 - INTANGIBLE ASSETS

For Nilfisk the investment ratio was stable compared to last year. The bulk of investment was attributable to renewal and expansion of the product portfolio.

For NKT Cables the investment ratio decreased, though significantly above the amortisation level. Additions were driven by development of offshore-projects and IT infrastructure.

For NKT Photonics the investment ratio decreased in line with the company's commercialisation, in which R&D ratio is expected to be slightly reduced.

Investment ratio (% of amortisations excl. goodwill)



Additions of intangible assets

Amounts in EURm	2015	2014
Nilfisk	22.3	19.4
NKT Cables	5.9	6.4
NKT Photonics	2.6	2.3
	30.8	28.1

§ - Accounting policy

Goodwill
Goodwill is initially recognised in the balance sheet at cost. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. The identification of cash-generating units is based on the managerial structure and internal financial control. As a result of the integration of acquisitions in the existing Group, and identification of operating segments based on the presence of segment managers, Group Management finds that the smallest cash-generating units to which the carrying amount of goodwill can be allocated during testing for impairment are the reportable business units shown. The reportable units are comprised by the Group's operating units without aggregation (Note 2.1 Segment information).

Other intangible assets
Clearly defined and identifiable development projects for which the technical feasibility, adequacy of resources and a potential market or internal utilisation can be demonstrated, and where it is intended to manufacture, market or utilise the project, are recognised in intangible assets, provided the costs can be reliably determined and there is adequate certainty that the future earnings or the net selling price can cover costs of raw materials, consumables and goods for resale, staff costs, other costs and amortisation, and also the development costs. Other development costs are expensed in the income statement as incurred.

Capitalised development projects are measured at cost less accumulated amortisation and impairment losses. The cost includes wages, amortisation and other direct costs relating to the individual development projects

Intangible assets are amortised on a straight-line basis over the expected useful life which is:

Trademarks, etc.	3-20 years
Customer-related assets	3-15 years
Development projects	3-10 years
Patents and licences, etc.	5-15 years

On completion of the development work, development projects are amortised on a straight-line basis over their estimated useful life from the date the asset is available for use. The amortisation period is usually 3-10 years. The basis of amortisation is reduced by impairment losses.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents and licences are amortised on a straight-line basis over the remaining patent or contract period or the useful life, whichever is the shorter.

Intangible assets with an indefinite useful life are not amortised but are tested annually for impairment.

Intangible assets

Amounts in EURm	Goodwill	Trademarks, etc.	Customer-related assets	Development projects completed	Patents and licences, etc.	Development projects in progress	Total
Costs, 1 January 2014	164.1	17.0	28.9	110.3	74.3	25.5	420.1
Additions through business combinations	3.1	1.4	1.8	0.0	0.1	0.0	6.4
Additions	0.0	0.0	0.0	1.0	5.3	21.8	28.1
Disposals	0.0	-0.7	0.0	-2.7	-2.1	-0.3	-5.8
Transferred between classes of assets	0.0	0.0	0.0	10.5	7.6	-17.8	0.3
Exchange rate adjustments	12.0	0.6	1.4	3.8	2.0	0.3	20.1
Costs, 31 December 2014	179.2	18.3	32.1	122.9	87.2	29.5	469.2
Amortisation and impairment, 1 January 2014	0.0	-11.9	-21.5	-68.0	-48.9	-1.1	-151.4
Amortisation for the year	0.0	-0.9	-1.9	-14.4	-6.9	0.0	-24.1
Disposals	0.0	0.7	0.0	2.5	2.0	0.1	5.3
Exchange rate adjustments	0.0	-0.1	-0.9	-3.0	-1.6	0.0	-5.6
Amortisation and impairment, 31 December 2014	0.0	-12.2	-24.3	-83.5	-56.5	-1.0	-177.5
Carrying amount, 31 December 2014	**179.2**	**6.1**	**7.8**	**39.4**	**30.7**	**28.5**	**291.7**
Costs, 1 January 2015	179.2	18.3	32.1	122.9	87.2	29.5	469.2
Additions through business combinations	9.3	8.0	8.6	0.0	5.7	0.0	31.6
Additions	0.0	0.0	0.0	4.8	3.6	22.4	30.8
Disposals	-3.2	-1.2	-0.4	-2.8	-0.5	-1.9	-10.0
Transferred between classes of assets	0.1	0.1	0.1	13.1	2.6	-15.7	0.3
Exchange rate adjustments	10.7	0.4	1.0	3.8	1.9	0.5	18.3
Costs, 31 December 2015	196.1	25.6	41.4	141.8	100.5	34.8	540.2
Amortisation and impairment, 1 January 2015	0.0	-12.2	-24.3	-83.5	-56.5	-1.0	-177.5
Amortisation for the year	0.0	-1.3	-2.2	-16.0	-8.3	0.0	-27.8
Impairment	-3.9	0.0	-0.2	-0.2	-0.5	-0.1	-4.9
Disposals	2.6	1.2	0.4	2.7	0.5	1.0	8.4
Exchange rate adjustments	0.0	-0.3	-0.7	-2.8	-1.4	0.0	-5.2
Amortisation and impairment, 31 December 2015	-1.3	-12.6	-27.0	-99.8	-66.2	-0.1	-207.0
Carrying amount, 31 December 2015	**194.8**	**13.0**	**14.4**	**42.0**	**34.3**	**34.7**	**333.2**

Trademarks relating to Nilfisk with a carrying amount of EUR 3.1m (2014: EUR 2.6m) are not amortised, as they are regarded as having an indefinite useful life. Regarding impairment test, please refer to Note 4.1.

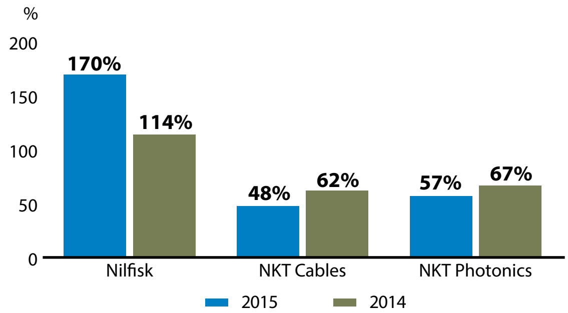
4.3 - PROPERTY, PLANT AND EQUIPMENT

In Nilfisk the investment ratio increased due to relocation of certain production facilities in US to Mexico. Furthermore production of outdoor equipment was moved from Germany to existing facilities in Italy.

In NKT Cables the investment ratio decreased to a more normal level, after the previous year's investments in production facilities in Cologne and China.

In NKT Photonics the investment ratio decreased to a more stable level after investments in upgrading the Danish production facilities in the previous years.

Investment ratio (% of depreciations)



§ - Accounting policy

Land and buildings, manufacturing plant and machinery, fixtures, fittings, tools and equipment, and other property, plant and equipment, are measured at cost less accumulated depreciation and impairment losses.

The cost comprises the purchase price and any costs directly attributable to the acquisition until such time as the asset is ready for use. The cost of self-constructed assets comprises costs of materials, components, subcontractors and wages. The cost is supplemented by the present value of estimated liabilities related to dismantling and removing the asset and restoring the site on which the asset was utilised.

The cost of assets held under finance leases is stated at the fair value of the assets or the present value of the future minimum lease payments, whichever is the lower. For calculation of the present value, the interest rate implicit in the lease or the Group's alternative rate of interest is applied as the discount rate.

Subsequent costs, e.g. relating to replacement of parts of an item of property, plant and equipment, are recognised in the carrying amount of the asset if it is likely that the costs will result in future economic benefits for the Group. The carrying amount of the replaced parts is recognised in the balance sheet and recognised in the income statement. All other costs relating to ordinary repair and maintenance are recognised in the income statement as incurred.

If individual parts of an item of property, plant and equipment have different useful lives, they are depreciated separately. Depreciation is effected on a straight-line basis over the expected useful lives of the assets/components, as follows:

Buildings	10-50 years
Manufacturing plant and machinery	4-20 years
Fixtures, fittings, tools and equipment	3-15 years

Land is not depreciated.

The basis of depreciation is calculated according to the residual value less impairment losses. The residual value is determined at the acquisition date and reviewed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the residual value, the effect on the depreciation is recognised prospectively as a change in accounting estimates.

Property, plant and equipment under construction and prepayments therefore are measured at cost. When ready for use the asset is transferred to the relevant category and depreciated.

Additions of property, plant and equipment

Amounts in EURm	2015	2014
Nilfisk	21.7	12.9
NKT Cables	16.7	22.0
NKT Photonics	0.8	0.8
	39.2	35.7

Property, plant and equipment

Amounts in EURm	Land and buildings	Manufacturing plant and machinery	Fixtures, fittings tools and equipment	Assets under construction incl. prepaym.	Total
Costs, 1 January 2014	221.4	386.6	161.8	19.0	788.8
Additions through business combinations	0.0	0.0	0.5	0.0	0.5
Additions	0.7	9.8	9.1	16.1	35.7
Disposals	-0.5	-7.6	-8.5	-0.7	-17.3
Transferred between classes of assets	1.9	8.1	5.0	-15.2	-0.2
Exchange rate adjustments	2.6	2.6	5.2	0.1	10.5
Costs, 31 December 2014	226.1	399.5	173.1	19.3	818.0
Depreciation and impairment, 1 January 2014	-52.9	-196.8	-117.9	0.0	-367.6
Depreciation for the year	-7.3	-24.8	-15.9	0.0	-48.0
Impairment	0.0	-1.0	0.0	0.0	-1.0
Transferred between classes of assets	0.0	0.3	-0.3	0.0	0.0
Disposals	0.3	4.7	7.3	0.0	12.3
Exchange rate adjustments	-0.8	-1.1	-4.4	0.0	-6.3
Depreciation and impairment, 31 December 2014	-60.7	-218.7	-131.2	0.0	-410.6
Carrying amount, 31 December 2014	**165.4**	**180.8**	**41.9**	**19.3**	**407.4**
Costs, 1 January 2015	226.1	399.5	173.1	19.3	818.0
Additions through business combinations	0.0	0.3	2.6	0.0	2.9
Additions	0.5	3.2	13.8	21.7	39.2
Disposals	-1.0	-7.0	-12.8	-0.3	-21.1
Transferred between classes of assets	0.7	11.8	6.1	-18.9	-0.3
Exchange rate adjustments	3.2	5.6	4.3	0.1	13.2
Costs, 31 December 2015	229.5	413.4	187.1	21.9	851.9
Depreciation and impairment, 1 January 2015	-60.7	-218.7	-131.2	0.0	-410.6
Depreciation for the year	-7.1	-25.2	-16.8	0.0	-49.1
Impairment	-12.8	-22.4	-0.3	-0.5	-36.0
Transferred between classes of assets	-0.2	0.0	0.2	0.0	0.0
Disposals	0.4	6.7	10.3	0.0	17.4
Exchange rate adjustments	-0.4	-2.5	-3.4	-0.1	-6.4
Depreciation and impairment, 31 December 2015	-80.8	-262.1	-141.2	-0.6	-484.7
Carrying amount, 31 December 2015	**148.7**	**151.3**	**45.9**	**21.3**	**367.2**

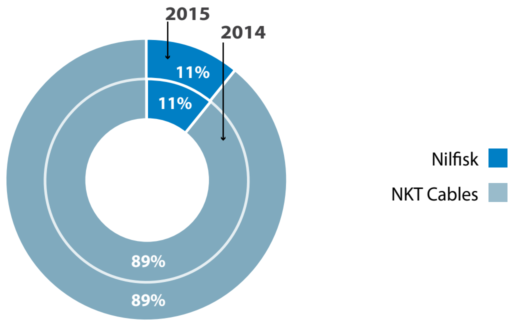
Regarding impairment test, please refer to Note 4.1.

4.4 - PENSION LIABILITIES

Most employees in the Group are covered by pension schemes, primarily in the form of defined contribution-based plans or alternatively by defined benefit plans. The Group companies contribute to these plans either directly or by contributing to pension funds administered independently. The nature of such schemes varies according to legislative and regulatory regimes, rules regarding tax and the economic conditions in the countries in which the employees work, and the contributions are usually based on employee salary and seniority. The liability relates to pensions for already retired staff as well as for employees retiring in the future.

The Group's defined benefit plans primarily relate to Germany and the UK. Contributions are made both by the Group companies and by the employees, to pension funds which are independent of the Group. If a plan is not fully hedged, a plan liability is recognised in the consolidated balance sheet. In accordance with accounting policy, expenses relating to pension benefits are recognised as employee benefits.

Share of net plan liabilities



Net liabilities recognised in the balance sheet	2015			2014		
Amounts in EURm	Present value of obligation	Fair value of plan assets	Net obligation	Present value of obligation	Fair value of plan assets	Net obligation
Obligation, 1 January	78.7	21.1	57.6	64.1	19.6	44.5
Recognised under staff costs in income statement:						
Current service cost	0.8		0.8	0.7		0.7
Calculated interest cost/income	1.8	0.7	1.1	2.3	0.8	1.5
Curtailments and settlements, etc.	-0.9		-0.9	0.1		0.1
Total	1.7	0.7	1.0	3.1	0.8	2.3
Recognised in other comprehensive income:						
Actuarial gain/loss from changes in financial assumptions	-3.0	-0.4	-2.6	14.1	1.0	13.1
Foreign exchange adjustments, etc.	1.8	1.3	0.5	1.2	1.0	0.2
Total	-1.2	0.9	-2.1	15.3	2.0	13.3
Other changes:						
Contributions to plans	0.3	1.1	-0.8	0.1	0.9	(0.8)
Benefits paid	-2.6	-0.7	-1.9	-3.9	-2.2	-1.7
Total	-2.3	0.4	-2.7	-3.8	-1.3	-2.5
Net recognised plan liabilities, 31 December	76.9	23.1	53.8	78.7	21.1	57.6
Other long-term employee benefits	1.2	0.0	1.2	1.3	0.0	1.3
Recognised, 31 December	78.1	23.1	55.0	80.0	21.1	58.9

! - Significant judgements and estimates

Principal actuarial assumptions at the balance sheet date (as weighted averages)	2015	2014
Discount rate	2.2%	1.9%
Future salary increases	2.3%	2.5%
Future pension increases	2.0%	2.1%

± - Sensitivity

The table below shows the sensitivity of the pension liability to changes in the key assumptions.

	2015	2014
0.5% point rise in discount rate	-5.7	-6.4
0.5% point fall in discount rate	6.5	5.8
0.5% point rise in future salary increases	0.3	0.3
0.5% point fall in future salary increases	-0.4	-1.3

The anticipated duration of the plan liability, expressed as a weighted average, was 15 years at end-2015 (2014: 16 years).
The Group's expected contribution to defined benefit plans in 2016 amounts to EURm 2.4.

§ - Accounting policy

The Group has contracted pension plans and similar arrangements with the majority of its employees.

Liabilities in respect of defined contribution-based pension plans, where the Group makes fixed regular payments to independent pension companies, are recognised in the income statement in the period to which they relate. Any contributions outstanding are recognised in the balance sheet under other payables.

In the case of defined benefit plans, an annual actuarial calculation (the Projected Unit Credit Method) is made of the present value of future benefits payable under the plan. The present value is determined based on assumptions about the future development in variables such as salary levels, interest rates, inflation and mortality. The present value is determined only for benefits earned by employees from their employment with the Group. The actuarial present value less the fair value of any plan assets is recognised in the balance sheet under employee benefits.

Pension expenses for the year are recognised in the income statement based on actuarial estimates and financial expectations at the start of the year. Differences between the expected development in plan assets and liabilities and the realised values at the end of the year are designated actuarial gains or losses and recognised in other comprehensive income.

If a pension plan constitutes a net asset, the asset, is only recognised if it offsets cumulative actuarial losses or future refunds from the plan, or if it will lead to reduced future payments to the plan.

Other long-term employee benefits are similarly recognised by actuarial calculation. Actuarial gains and losses are recognised in the income statement immediately. Other long-term employee benefits include anniversary bonuses.

4.5 - PROVISIONS

Development in provisions

Amounts in EURm	Warranties	Restructuring	Other	Total
Provisions, 1 January	25.0	7.6	11.7	44.3
Additions through business combinations	0.0	0.0	5.9	5.9
Provisions made during the year	22.9	8.4	4.1	35.4
Used during the year	-13.1	-7.2	-3.2	-23.5
Reversed during the year	-3.4	-0.1	-0.1	-3.6
Discounting effect	0.3	0.0	0.1	0.4
Foreign exchange adjustment	0.6	0.1	0.3	1.0
Provisions, 31 December	32.3	8.8	18.8	59.9
Provisions are recognised in the balance sheet as:				
Non-current liabilities	5.7	0.1	13.8	19.6
Current liabilities	26.6	8.7	5.0	40.3
	32.3	8.8	18.8	59.9

! - Significant judgements and estimates

Warranty commitments primarily relate to Nilfisk. An anticipated obligation is recognised based on products sold within the last year and taking account of empirical data relating to warranty expenses incurred in previous years.

Other warranty commitments relate to NKT Cables' Project segment. The liability is based on an individual assessment.

Other provisions mainly relate to earnout based upon acquisitions in Nilfisk. The DRIVE efficiency improvement programme in NKT Cables had a provision for restructuring mainly related to divestment of the Cabinets business.

§ - Accounting policy

Provisions are recognised when, as a result of events arising before or at the balance sheet date, the Group has a legal or a constructive obligation, and it is likely that there may be an outflow of resources embodying economic benefits to settle the obligation.

The amount recognised as a provision is Group Management's best estimate of the amount required to settle the obligation.

When measuring provisions, the costs required to settle the obligation are discounted if this significantly affects the measurement of the liability. A pre-tax discount rate is applied that reflects the current market interest rate and the specific risks relating to the obligation. Changes in present values during the year are recognised under financial expenses.

Warranty commitments are recognised in step with sale of goods and services based on the level of warranty expenses incurred in previous years.

Restructuring costs are recognised under liabilities when a detailed, formal restructuring plan is announced to the affected parties on or before the balance sheet date.

Provisions relating to restructuring measures in acquired companies are only included in goodwill when a restructuring liability exists for the acquisition at the acquisition date.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the Group's unavoidable costs for meeting its contract obligations.

Provisions for dismantling production installations and restoring rented facilities when vacated are measured at the present value of the expected clearance and closure obligation at the balance sheet date. The provision is based on existing encumbrances and estimated costs discounted to present value. Specific risks considered to attach to the obligation are included in the estimated costs. A discount rate is applied which reflects the current market interest rate. The obligations are included as they occur and continuously adjusted to reflect changed requirements and price levels, etc. The present value of the costs is included in the cost of the relevant tangible assets and depreciated accordingly. The increase in the present value over time is recognised in the income statement under financial expenses.

Note 5

5 - WORKING CAPITAL

This Note covers NKT's working capital. The working capital represents the assets and liabilities necessary to support the day-to-day operations. Working capital is defined as current assets less current liabilities, excluding interest-bearing items and provisions, but including derivatives which hedge working capital elements with currency exposure.

Composition and drivers

NKT's business units manufacture widely differing products and operate in very different markets. The companies are therefore very diverse in terms of composition and volatility of working capital and in terms of the working capital ratio.

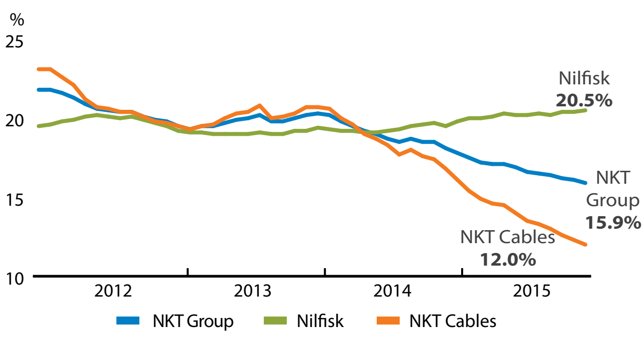
Nilfisk's operating model, with eight major assembly locations and four major distribution hubs for finished products, globally leads to a relatively high amount of inventory. Working capital is furthermore impacted by changes in exchanges rates, mainly USD, RMB and MXR, and larger acquisitions.

NKT Cables' operations are by definition highly capital-intensive as the manufacture of cables calls for expensive raw materials such as copper and aluminium. Furthermore, working capital is volatile in the Projects division, but to some extent predictable and large sums may be tied up for lengthy periods as payments are linked to production stages and general contract terms. This requires funding to be flexible and available to support this type of activity.

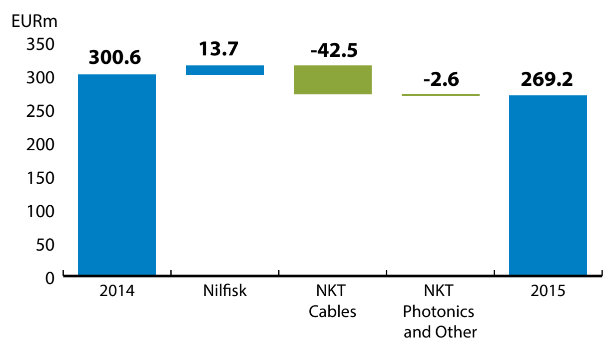
NKT's working capital is only to a minor degree impacted by NKT Photonics.

Key developments 2015

Working capital ratio (% of revenue LTM)



Working capital development



NKT reduced working capital by EUR 31.4m from EUR 300.6 at end-2014 to EUR 269.2m at end-2015. The working capital ratio, LTM, decreased by 2.2%-points from 18.1% in 2014 to 15.9% in 2015.

The development in both absolute terms and as a ratio, LTM, was driven exclusively by NKT Cables, with a reduction of EUR 42.5m and a decrease of 4.8%-points compared to last year. Nilfisk offset part of this development with an increase in working capital of EUR 13.7m and an increase in working capital ratio of 1%-point from end-2014 to end-2015. The development in NKT Photonics supports the overall trend with a reduction of EUR 3.2m from EUR 11.7m at end-2014 to EUR 8.5m at end-2015.

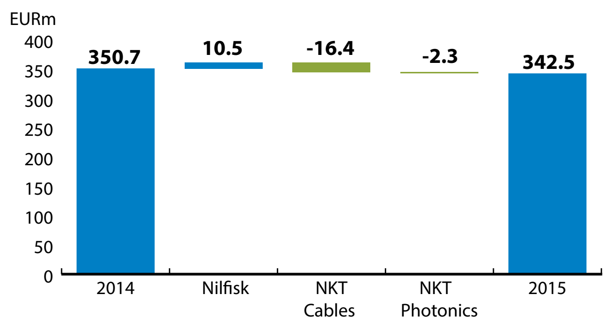
Breakdown of working capital

	Nilfisk			nkt cables			NKT		
Amounts in EURm	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Inventories	187.9	177.4	10.5	148.5	164.9	-16.4	342.5	350.7	-8.2
Trade receivables	163.9	153.9	10.0	177.6	187.2	-9.6	351.3	350.7	0.6
Construction contracts	-	-	-	36.3	6.2	30.1	36.3	6.2	30.1
Cther assets	27.4	31.8	-4.4	69.4	51.2	18.2	98.0	84.5	13.5
Trade payables	-109.3	-106.2	-3.1	-212.2	-183.1	-29.1	-323.3	-290.3	-33.0
Other liabilities	-96.5	-97.2	0.7	-132.5	-96.8	-35.7	-235.6	-201.2	-34.4
Working capital	173.4	159.7	13.7	87.1	129.6	-42.5	269.2	300.6	-31.4
Working capital ratio (LTM)	20.5%	19.5%	1.0%	12.0%	16.8%	-4.8%	15.9%	18.1%	-2.2%

5.1 - INVENTORIES

The Group's three business units carry inventory to support their operations. Continuous efforts aim to reduce inventory levels while maintaining customer service through short lead times.

Inventories development



Specification of inventories

Amounts in EURm	**2015**	**2014**
Raw materials, consumables and goods for resale	111.5	116.0
Work in progress	37.4	36.5
Finished goods	193.6	198.2
	342.5	350.7
Impairments on inventories, 1 January	28.0	29.6
Impairments on inventories for the year expensed in the income statement	10.0	7.5
Disposals from sales	-5.3	-7.0
Scrapping	-1.5	-2.1
Impairments on inventories, 31 December	31.2	28.0

Nilfisk increased inventory from end-2014 to end-2015, a development driven by exchange rates and acquisitions.

NKT Cables reduced inventory from end-2014 to end-2015. The DRIVE efficiency improvement programme has reduced inventory.

NKT Photonics reduced inventory compared to last year as a result of very strong sales in Q4.

! - Significant judgements and estimates

Inventory writedowns are carried out if net realisable value is lower than costs, e.g. in case of obsolescence. Currently no business unit is exposed to material impairment in inventories.

§ - Accounting policy

Inventories are measured at cost in accordance with the FIFO method or at a weighted average. If the net realisable value is lower than cost, inventories are written down to this lower value.

Raw materials, consumables and goods for resale are measured at cost, comprising purchase price plus delivery costs.

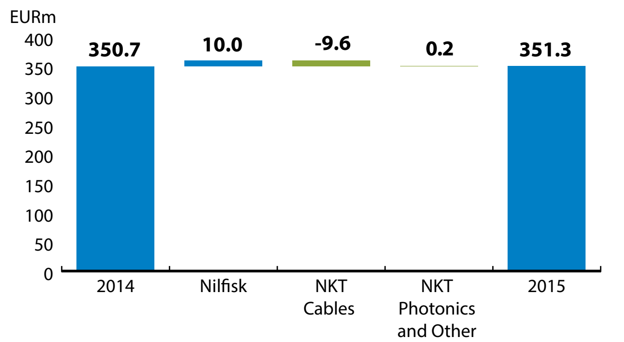
Finished goods and work in progress are measured at costs, which comprises costs of raw materials, consumables, direct wages/salaries and production overheads. Production overheads include indirect materials and wages/salaries, as well as maintenance and depreciation of production machinery, buildings and equipment, along with costs for production administration and management. In the case of qualifying assets, specific and general borrowing costs directly relating to production of the relevant asset are recognised in the costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs incurred in effecting the sale, and is determined taking into account marketability, obsolescence and development in expected sales price.

5.2 - RECEIVABLES

Receivables in NKT comprise trade and other receivables from external and associated companies, construction contracts, other receivables from derivative financial instruments and prepayments. Receivables are measured at amortised cost, which in all material respects correspond to fair value and nominal value.

Trade receivables development



Nilfisk increased trade receivables in absolute terms from end-2014 to end-2015. The increase was attributable to acquisitions and exchange rate effects.

In NKT Cables trade receivables were reduced from end-2014 to end-2015, while net construction contracts increased EUR 30.1m, returning to a more normalised, though still low level.

Writedowns on trade receivables amounted to 5%, which is in line with last year (cf. overview in Note 6.6).

Specification of receivables

Amounts in EURm	2015	2014
Trade receivables	347.1	344.1
Trade receivables due from associates	4.2	6.6
Construction contracts	36.3	6.2
Other receivables incl. derivative financial instruments	49.1	48.5
Prepayments	54.0	44.7
	490.7	450.1
Of which receivables falling due later than 12 months from the balance sheet date	8.4	24.9
Construction contracts:		
Contract value of work in progress	544.6	407.7
Progress billings	-542.8	-414.2
	1.8	-6.5
Construction contracts are recognised thus:		
Recognised as assets	36.3	6.2
Recognised as liabilities	-34.5	-12.7
	1.8	-6.5
Payments withheld	0.0	0.0

Disclosure of credit risks and impairment of trade receivables is included in Note 6.6.

! - Significant accounting estimates and judgements

Construction contracts relating to NKT Cables are to a certain degree measured based on management judgment in terms of stage of completion and estimated profit on each project, which affects the value recognised in the balance sheet. The estimate includes a risk provision, which is based on the specific risk that each project is exposed to. A significant part of the risk provision is either utilised or released after the Final Acceptance Test, and thus projects carry a high uncertainty in the completion.

The stage of completion is often linked to defined milestones, e.g. km of approved cables. In essence, the judgement related to the stage of completion is therefore to a large extent based on factual actions and less on estimates and judgement calls.

§ - Accounting policy

Receivables are measured at amortised cost. Writedown for bad and doubtful debts is made where an objective indication of impairment is considered to exist for an individual receivable or a portfolio of receivables.

Receivables for which there is no objective indication of impairment at individual level are assessed for such indication on a portfolio basis. The portfolios are primarily based on the debtor's domicile and credit rating in accordance with the NKT Group's credit risk management policy. The objective indicators applied to portfolios are based on historical loss experience.

If an objective indication of impairment exists for a portfolio, an impairment test is carried out in which the expected future cash flows are estimated on the basis of historical loss experience adjusted for current market conditions and individual conditions relating to the specific portfolio.

Impairment losses are determined as the difference between the carrying amount and the fair value of the expected cash flows, including recoverable amounts of any security received. The effective interest rate applied on initial recognition is used as the discount rate for the receivable or portfolio.

Calculation of interest recognition on impaired receivables is based on the impaired amount using the effective rate of interest for the specific receivable or portfolio.

Construction contracts
Construction contracts are measured at the selling price of the work performed less progress billings and anticipated losses. Construction contracts are characterised by a high degree of individualisation in the design of the goods produced. It is furthermore a requirement that before commencement of the work a binding contract is signed that will result in a fine or compensation in case of subsequent cancellation.

The contract value is measured according to the stage of completion at the balance sheet date and total expected income from the contract. The stage of completion is determined on the basis of an assessment of the work performed, normally calculated as the ratio of expenses incurred to total anticipated expenses on the contract concerned.

When it is probable that the total contract costs will exceed the total contract revenue, the anticipated loss on the contract is immediately recognised as an expense and a provision.

When income and expenses on a construction contract cannot be determined reliably, the contract value is measured as the costs incurred which are likely to be recoverable.

Where the contract value of work performed exceeds progress billings and anticipated losses, the excess is recognised under receivables. If progress billings and anticipated losses exceed the contract value of a construction contract, the deficit is recognised in trade payables and other liabilities.

Costs relating to sales work and securing contracts are recognised in the income statement as incurred unless they are directly attributable to a specific contract and it is probable at the time the costs are occurred that the contract will materialise.

Prepaid expenses
Prepaid expenses are measured at cost.

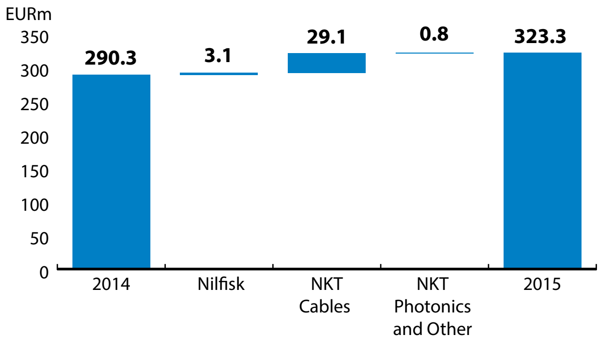
5.3 - TRADE PAYABLES AND OTHER LIABILITIES

Trade payables and other liabilities comprise trade payables, other payables including VAT, employee-related payables, and derivative financial instruments. Liabilities and prepayments related to construction contracts and other prepayments and deferred income are also included.

The graph below displays the development in trade payables only.

All business units increased trade payables during the period; but the development was driven by NKT Cables benefiting from larger prepayments on projects in progress and improved payment terms. The development in Nilfisk was impacted by exchange rates of EUR 3.0m.

Trade payables development



Specification of trade payables and other liabilities

Amounts in EURm	2015	2014
Trade payables	323.0	290.1
Trade payables to associates	0.3	0.2
Other payables (VAT, employee-related tax, holiday pay, derivative financial instruments, etc.)	172.2	153.1
Construction contracts (cf. Note 5.2)	34.5	12.7
Prepayments from customers	17.1	25.1
Deferred income	7.1	4.6
	554.2	485.8

§ - Accounting policy

Liabilities are measured at amortised cost. Deferred income is measured at cost.

If progress billings and anticipated losses exceed the value of a construction contract in progress, the deficit is recognised in trade payables and other liabilities.

Prepayments from customers are recognised under trade payables and other liabilities.

Note 6

6 - CAPITAL STRUCTURE

This Note covers NKT's capital structure, financing costs and financial risks. NKT's policy is to maintain a capital structure that supports the Group's strategic goals to deliver value and profitable growth. NKT operates with solid financial reserves that allow economic and strategic flexibility.

NKT intends to be perceived as a company with an investment grade credit profile and therefore maintains capital structure within defined targets for solvency, gearing and EBITDA leverage. In periods where capital structure targets are satisfied NKTs cash flows are used for value adding investments/acquisitions and shareholder distributions. If capital structure targets are exceeded cash flow are prioritised to repay debt.

At the end of 2015 solvency ratio is 48% (above target of 30%), gearing is 11% (below target of 100%) and net debt equals 0.5x EBITDA, which is below target of 2.5x. Due to the significant headroom under the capital structure ratios NKT has decided to initiate a share buyback programme of EUR 74m as in addition to the dividend payment of EUR 13m.

Key developments 2015

NET INTEREST-BEARING DEBT

0.5x Oper. EBITDA

reduced from 0.9x last year

AVAILABLE LIQUIDITY RESOURCES OF

EUR 604m

on par with 2014

NET INTEREST-BEARING DEBT

EUR 89m

reduced by EUR 64m

AVERAGE FUNDING RATE OF

2.6%

as in 2014

6.1 - CHANGES IN CAPITAL STRUCTURE, FINANCING, ETC.

No significant changes have been made to the NKT Group capital structure, which continues to deliver the defined goals for solvency, gearing and debt relative to operational EBITDA.

Four mandates have been issued by the Annual General Meeting:

1. The share capital may, by resolution of the Board of Directors, be increased by issue of shares to a maximum nominal amount of DKK 50m in the period until 25 March 2020.

2. NKT may purchase a maximum of 25% of NKT's shares for the purpose of adjusting the NKT Group's capital structure should this prove appropriate. This mandate was granted in 2011 and will be revisited at the Annual General Meeting in 2016.

3. The Board of Directors is authorised to issue warrants to the management and employees of NKT, and companies consolidated with NKT, which gives a right of subscription of a total nominal amount of DKK 19,022,120 shares (951,106 shares of DKK 20 each).

4. In the period until 29 March 2017 loans may be raised against bonds or debt instruments in one or several transactions with a right for the lender to convert his claim to shares, each of a nominal value of DKK 20, up to a maximum nominal amount of DKK 44m (2.2 million new shares, corresponding to just under 10% of the share capital).

6.2 - NET INTEREST-BEARING DEBT

Specification of net interest-bearing debt

Amounts in EURm	**2015**	**2014**
Non-current loans	143.9	177.1
Current loans	11.6	36.1
Other interest-bearing items included in trade payables and other payables	2.1	1.8
Interest-bearing debt	157.6	215.0
Interest-bearing items included in receivables	-10.4	-12.5
Cash at bank and in hand	-58.3	-50.1
Net interest-bearing debt	88.9	152.4

Net interest-bearing debt at end-2015 was EUR 63.5m lower than at end-2014, primarily due to lower working capital.

Similar to end-2014 the net interest-bearing debt predominantly consisted of Danish mortgage loans and drawings under long-term credit facilities.

67% of the interest-bearing debt was denominated in DKK and 26% was in EUR. As comparison the percentages in 2014 were respectively 62% and 27%. The debt was still predominantly based on floating interest rates.

6.3 - PAYABLES TO CREDIT INSTITUTIONS AND OTHER PAYABLES

Payables to credit institutions are predominantly based on floating interest rates and are measured at amortised cost. The carrying amount therefore corresponds in all material respects to fair value and nominal value.

Other payables are measured at amortised cost, which corresponds in all material respects to fair value and nominal value.

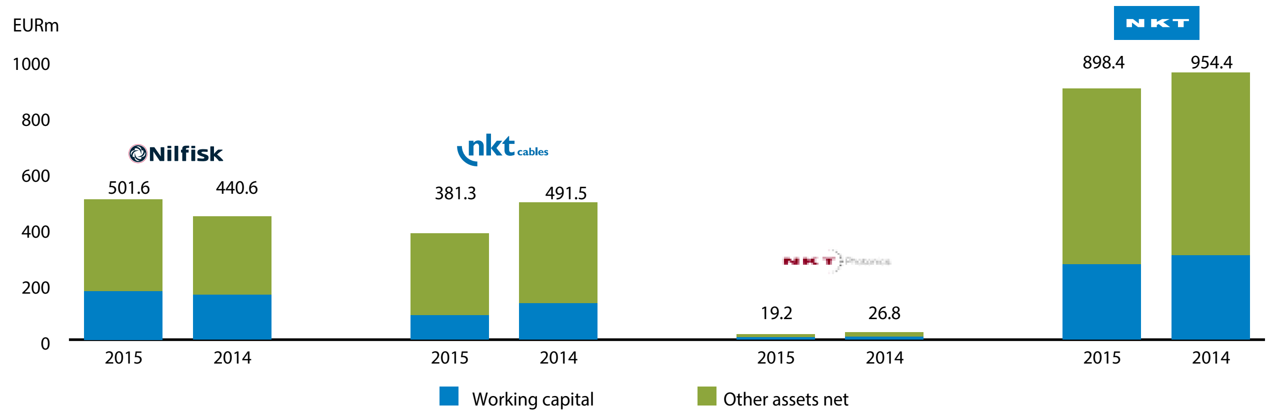
§ - Accounting policy

Payables to credit institutions, etc. are recognised at the amount of proceeds received at the date of borrowing, net of transaction costs paid. In subsequent periods the financial liabilities are measured at amortised cost using 'the effective interest method', the difference between the proceeds and the nominal value therefore being recognised in the income statement under financial expenses over the term of the loan.

Payables to credit institutions also include the capitalised residual lease obligation on finance leases measured at amortised cost.

6.4 - CAPITAL EMPLOYED

Capital employed



Capital employed decreased by EUR 56.0m from 2014 to 2015. This was primarily due to significantly lower working capital, especially in NKT Cables. Working capital decreased by EUR 31.4m.

Return on capital employed for the NKT Group amounted to 10.1% compared to 9.4% in 2014 (based on operational EBIT and quarterly average capital employed).

Return on capital employed for NKT Cables was 8.2% compared to 4.2% last year. The increase was driven by an improvement in operational EBIT of EUR 13.5m and aided by a reduction of EUR 110m in average capital employed compared to 2014.

For Nilfisk, return on capital employed decreased to 12.9% from 17.6% in 2014. Operational EBIT decreased by EUR 13.8m and quarterly average capital employed increased by EUR 55m.

6.5 - FINANCIAL ITEMS

The net financial items represented EUR -6.1m in 2015 compared with EUR -13.1m in 2014. The reduction of EUR 7.0m related to lower interest expenses of EUR 4.0m and lower foreign exchange and capital loss of, net of EUR 3.0m.

The reduction in interest expenses of EUR 4.0m was primarily due to an average decrease in debt to service during 2015 compared with last year.

Comparison of gains on foreign exchange and derivative financial instruments with corresponding losses on these items revealed a net gain of EUR 2.2m in 2015, against a net loss of EUR 1.2m in 2014. While the Group's most significant currency exposures were neutralised by hedging activity, currency adjustments from unhedged cash flows caused modest foreign exchange gains or losses. The EUR 2.2m net gain in 2015 is within the expected range of the Group's hedging policy and should be seen in the context of the significant sales in foreign currency.

Specification of financial items

	Financial income		Financial expenses	
Amounts in EURm	**2015**	**2014**	**2015**	**2014**
Interest etc. relating to financial assets/liabilities measured at amortised cost	4.0	2.2	11.9	14.1
Foreign exchange gains/losses	35.0	29.9	22.5	18.1
Derivative financial instruments gains/losses	5.2	2.4	15.5	15.4
Capital on securities gains/losses	0.0	0.0	0.4	0.0
	44.2	34.5	50.3	47.6

§ - Accounting policy

Financial income comprises interest, dividends, gains on securities, receivables and transactions denominated in foreign currencies, amortisation of financial assets, and allowances under the Danish tax prepayment scheme, etc. Positive changes in the fair value of derivative financial instruments not designated as hedging arrangements are also included.

Financial expenses comprise interest, losses on and impairment of securities, payables and transactions denominated in foreign currencies, amortisation of financial liabilities, including finance lease commitments, and surcharges under the Danish tax prepayment scheme, etc. Negative changes in the fair value of derivative financial instruments not designated as hedging arrangements are also included.

6.6 - FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

NKT's risk management policy

The NKT Group is exposed to, and manages, a number of financial risks by virtue of its operations, investments and financing activities. As a matter of policy the Group does not actively speculate in financial risks.

The risk management policy is defined by NKT Holding and managed by Group Treasury. The general principle is that only financial risk exceeding a defined risk threshold is hedged. The risk thresholds are defined to provide the NKT Group with sufficient risk protection while taking hedging costs into consideration.

The NKT Group uses a number of financial instruments, such as forwards, swaps, and options to hedge exposures relating to currency, interest rates, and commodities. At the end of 2015 and 2014 no option contracts were active.

The financial risks are divided into:

1. Currency risks
2. Interest rate risks
3. Credit risks
4. Liquidity risks
5. Raw material price risks

Currency risks

With global presence in more than 100 countries the NKT Group is exposed to significant currency risks that have considerable influence on the income statement and balance sheet.

Currency risks refer to the risks of losses (or opportunities for gains) resulting from changes in currency rates. Currency risks arise through transactions, financial assets, and liabilities denominated in currencies other than the functional currency of the individual Group businesses.

Management and hedging of existing and anticipated currency risks are initiated by the individual business units within the framework of existing policies and executed by Group Treasury.

Translation risks relating to net investments in subsidiaries

As a basic principle the hedging of currency risk is not performed for net assets (equity) in foreign subsidiaries. Gains and losses relating to unhedged net assets in foreign subsidiaries are accounted directly in other comprehensive income. For the most significant investments (above EUR 15m) in foreign currency, excluding EUR/DKK, a rate of exchange which is 10% lower than the actual exchange rate for CZK, CNY, GBP and PLN would reduce the Group's equity by EUR 19.1m, compared to EUR 22.1m in 2014. Currency risks relating to other investments in foreign entities are not significant.

Net financing

Significant currency risks relating to receivables and payables that influence the Group's net income are hedged. Balances with credit institutions are denominated in the functional currency of the businesses concerned. The Group had no significant currency risks relating to receivables and payables in foreign currency at 31 December 2015 and at 31 December 2014, and the Group's net income would therefore not have been significantly influenced by changes in the exchange rates at those dates.

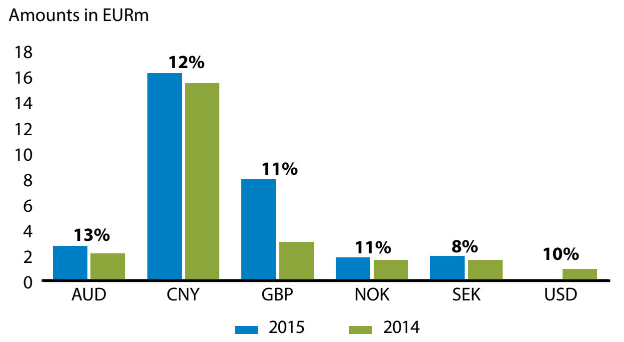
Future cash flows

The Group's principal currency exposure relates to sales and purchases in currencies other than the functional currency of the individual Group businesses. Hedging of these currency risks is based on assessments of the likelihood of the future transaction being performed and whether the associated currency risk is significant.

Expected cash flows with significant currency risk are systematically hedged on a 12-14 month rolling basis. However, currency risks from project-related sales are considered on an individual basis. The fair value of the effective part of the hedge is recognised in other comprehensive income on a continuous basis. The table below shows net outstanding forward exchange hedging contracts at 31 December for the Group which are used for and fulfil the conditions for hedge accounting of future transactions.

The fair value of the current portfolio of effective hedging contracts will impact other comprehensive income if currency rates change. The sensitivity analyses shown in the chart below assume currency rate changes equal to the individual currency's historic volatility. The analysis shows that for instance a 13% change in the AUD/DKK rate will change other comprehensive income by EUR 2.7m. Comparative figures for 2014 have been calculated using the same percentage change (annual volatility as at 31 December 2015) as stated for 2015.

Currency sensitivity analysis



Forward exchange contracts relate to hedging of product sales/ purchase. During the year EUR 2.5m was recognised under financial items due to ineffective hedge contracts. For comparison the amount was EUR 0.5m in 2014.

Outstanding FX hedging contracts

Amounts in EURm	2015 Notional value[1]	2015 Recog. in other compr. income	2014 Notional value[1]	2014 Recog. in other compr. income
AUD	-20.5	0.0	-16.1	0.1
CNY	135.4	-0.6	128.0	8.1
EUR	-5.0	0.0	-5.6	0.0
GBP	-71.6	1.3	-26.9	-0.7
NOK	-16.2	0.9	-14.8	1.1
SEK	-23.3	-0.4	-19.6	0.7
USD	-0.1	0.0	-9.2	0.0
Other European currencies	0.0	0.0	-0.1	0.0
Other currencies	0.0	0.0	-0.3	0.0
Total	-1.3	1.2	35.4	9.3

[1] Forward exchange contracts with positive notional values are purchases of the relevant currency; negative notional values are sales.

Interest rate risks

Interest rate risks refer to the influence of changes in market interest rates on future cash flows concerning the Group's interest-bearing assets and liabilities. At year-end the Group's interest-bearing debt exceeded its interest-bearing assets by EUR 88.9m compared to EUR 152.4m in 2014.

During 2015 NKT hedged 45% of its interest rate exposure, which is marginally above the Group target of 20-40%. The portfolio of debt instruments with fixed interest rates includes a Danish mortgage loan and an interest rate swap.

It is estimated that, based on the relevant interest periods for the Group's actual credit facilities, a 1% rise in market interest rate for the Group's net interest-bearing items at 31 December would, all other things being equal, influence pre-tax expenses by around EUR 0.5m p.a. (2014: EUR 0.5m).

Credit risks

The Group's credit risks relate partly to receivables and cash at bank and in hand, and partly to derivative financial instruments with positive fair value. The maximum credit risk attached to financial assets corresponds to the values recognised in the balance sheet.

The Group has no material risks relating to a single customer or partner. The Group's policy for acceptance of credit risks entails ongoing credit rating of important customers and other partners. Insurance cover and similar measures to hedge receivables are rarely applied, as the Group historically has had only few material losses.

Development in accounts receivables provision

Amounts in EURm	2015	2014
Receivables from sales and services	362.9	360.6
Impairment for bad and doubtful debts:		
1 January	16.5	14.9
Additions through business combinations	0.0	0.1
Exchange rate adjustment	0.6	0.8
Writedowns included in income statement in 'Other costs'	1.4	4.1
Reversal of impairment included in income statement in 'Other costs'	-0.2	-1.3
Realised losses	-2.5	-2.1
Impairment, 31 December	15.8	16.5
Net receivables from sales and services	347.1	344.1

Impairments amount to EUR 15.8m compared with EUR 16.5m in 2014. Hereof EUR 4.3m is attributable to individual impairment which is in line with 2014 level of EUR 4.4m.

Receivables overdue not individually impaired

Amounts in EURm	2015	2014
Up to 30 days	36.6	33.5
Between 31 and 60 days	8.2	8.7
Between 61 and 120 days	11.3	7.3
More than 120 days	21.2	20.6
	77.3	70.1

! - Significant judgements and estimates

Impairments are due to individual review for impairment arising from customer insolvency and anticipated insolvency and to mathematically computed impairments based on classification of debtors according to maturity.

Liquidity risks

It is the Group's policy to maintain adequate cash resources for implementing planned operating activities and to be able to operate effectively in the event of unforeseen fluctuations in liquidity.

The Group's cash resources consist of cash, cash equivalents and undrawn credit facilities. The latter consists of primarily committed but also uncommitted facilities.

In connection with refinancing activities in 2015, the portfolio of credit facilities was reduced by EUR 80m to reflect the significant debt reduction in recent years.

Cash resources

Amounts in EURm	2015	2014
Committed (>3 years)	586.2	511.4
Committed (1-3 years)	0.0	127.5
Committed (<1 year)	7.4	7.3
Committed, total	593.6	646.3
% of total	85%	83%
Uncommitted	107.4	135.0
% of total	15%	17%
Total	701.0	781.3
Cash	58.3	50.1
Drawn	-155.5	-213.2
Cash resources	603.8	618.2

The average duration of committed credit facilities at December 31 was 3.9 years. No significant committed facilities mature before 2019.

Credit agreements embody 'change of control' provisions whereby significant credit facilities can be cancelled if a shareholder or shareholder group gains control over NKT or if NKT is no longer listed on Nasdaq Copenhagen.

The NKT Group's credit facilities are not subject to financial covenants, but are subject to some non-financial covenants of conventional nature.

Maturity of Group liabilities

Amounts in EURm				2015			
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 y.	Total
Forward contracts	10.2						10.2
Credit institutions	11.6	7.8	7.5	7.4	47.6	73.6	155.5
Other financial liabilities	536.9						536.9
	558.7	7.8	7.5	7.4	47.6	73.6	702.6

				2014			
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 y.	Total
Forward contracts	5.9						5.9
Credit institutions	36.0	35.1	7.5	7.5	56.2	73.6	215.9
Other financial liabilities	475.3						475.3
	517.2	35.1	7.5	7.5	56.2	73.6	697.1

The above items do not include interest. The forward contracts are recognised at fair value and the discount element is considered insignificant as a result of short maturity. Payables to credit institutions are consequently recognised in the balance sheet at the amounts stated above.

Raw material price risks

Raw material price risks exist primarily in relation to NKT Cables, and comprise the effect of changes in raw material prices on Group net income. In situations where changes in raw material prices cannot be transferred to customers, the Group uses financial instruments to hedge the price risks.

Exposures and hedging of current and expected future raw material risks are managed by the business units based on adopted Group guidelines. As at 31 December 2015, NKT Cables had current financial hedging instruments relating to future metal supplies of a value of EUR 40.2m (2014: EUR 51.9m) with a negative fair value of EUR 3.2m (2014: negative fair value of EUR 1.0m).

It is estimated that, all other things being equal, a 10% rise in raw material prices would influence the NKT Group's other comprehensive income by around EUR 4.0m for forward transactions for metal supplies at 31 December 2015 (2014: EUR 5.2m). The fair value of the effective part of the hedge is recognised on a continuous basis in other comprehensive income as hedge of future cash flows. Impact of ineffectiveness on the income statement was negligible during the year.

Fair values

Financial instruments measured at fair value in the balance sheet are designated as belonging to one of the following three categories (the 'fair value hierarchy'):

- Level 1: Listed prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: Input, other than listed prices on Level 1, which is observable for the asset or liability either directly (as prices) or indirectly (derived from prices)
- Level 3: Input for the asset or liability which is not based on observable market data (non-observable input)

Financial instruments measured at fair value consist of derivative financial instruments. The fair value at 31 December 2015 and 2014 of NKT's forward transactions is measured in accordance with Level 2 as the fair value is based on official exchange rates and forward rates at the balance sheet date.

In addition, financial assets available for sale are measured at fair value. The fair value is in all material respects based on listed prices (Level 1).

Categories of financial instruments - carrying amount

Amounts in EURm	2015	2014
Financial assets:		
Hedging portfolio (derivative financial instruments)	10.9	13.3
Loans and receivables	492.4	448.6
Financial assets available for sale	4.1	3.5
Financial liabilities:		
Hedging portfolio (derivative financial instruments)	10.2	5.9
Financial liabilities, measured at amortised cost	692.4	688.5

§ - Accounting policy

Derivative financial instruments are recognised from the trade date and measured in the balance sheet at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively, and set-off of positive and negative values is effected only when the company has the right and the intention to settle several financial instruments net. Fair values of derivative financial instruments are computed on the basis of current market data and generally accepted valuation methods.

Fair value hedges
Changes in the effective portion of the fair value of derivative financial instruments designated and qualifying for recognition as a fair value hedge of a recognised asset or a recognised liability are recognised in the income statement together with changes in the value of the hedged asset or hedged liability. Apart from foreign currency hedging, hedging of future payment flows according to a firm commitment is treated as fair value hedging.

The portion of the value adjustment of a derivative financial instrument not included in a hedging relationship is presented under financial items.

Cash flow hedges
Changes in the effective portion of the fair value of derivative financial instruments designated and qualifying as hedges of future payment flows are recognised in other comprehensive income in a separate hedging reserve under equity until the cash flows hedged influence the income statement. Gains or losses relating to such hedging transactions are then transferred from other comprehensive income and recognised in the same item as the hedged item.

If the hedging instrument no longer meets the criteria for hedge accounting, the hedging relationship is discontinued prospectively. The cumulative change in value recognised in other comprehensive income is transferred to the income statement when the hedged cash flows influence the income statement.

If the hedged cash flows are no longer expected to be realised, the cumulative change in value is immediately transferred to the income statement.

The portion of the value adjustment of a derivative financial instrument not included in a hedging relationship is presented under financial items.

Net investment hedges
Changes in the fair value of derivative financial instruments used to hedge net investments in foreign subsidiaries or associates and which effectively hedge currency fluctuations in these enterprises are recognised in the consolidated financial statements directly in other comprehensive income in a separate translation reserve.

The portion of the value adjustment of a derivative financial instrument not included in a hedging relationship is presented under financial items.

Other derivative financial instruments
Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised under financial items as they arise.

Certain contracts contain characteristics of derivative financial instruments. Such embedded derivatives are recognised separately and measured at fair value if they differ significantly from the contract, unless the entire contract is recognised and measured at fair value.

6.7 - SHARE CAPITAL

Number of DKK 20 shares ('000)	2015	2014	2013	2012	2011
Shares, 1 January	23,934	23,930	23,888	23,738	23,738
Increase in capital by exercise of warrants	252	4	42	150	0
Shares, 31 December	24,186	23,934	23,930	23,888	23,738
Treasury shares	-77	-77	-77	-77	-77
Shares outstanding, 31 December	24,109	23,857	23,853	23,811	23,661

The share capital consists of shares with a nominal value of 20 DKK each. No shares carry special rights. NKT's Articles of Association specify no limits in respect of ownership or voting right, and NKT is unaware of any agreements in this regard.

Distribution of dividend to shareholders of NKT Holding A/S has no tax consequences for the company.

§ - Accounting policy

Dividend is recognised as a liability at the date of adoption at the Annual General Meeting (declaration date). Proposed dividend payments for the year are disclosed as a separate item under equity. Interim dividend is recognised as a liability at the date when the decision to pay such dividend is made.

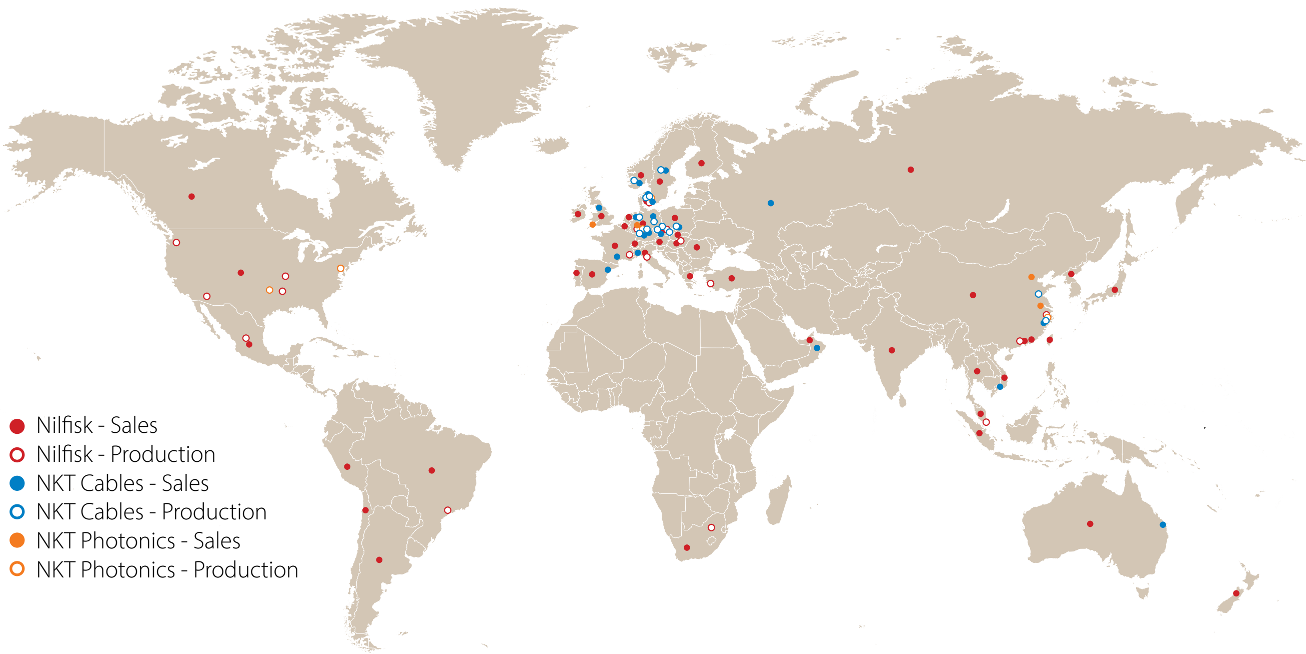
Acquisition costs, consideration received, and dividends relating to treasury shares, are recognised directly in retained comprehensive income in equity.

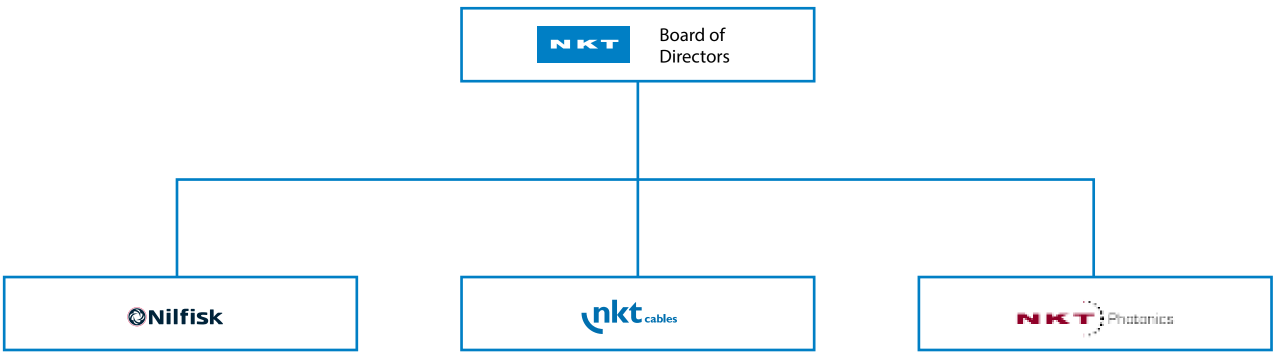
Proceeds from sales of treasury shares and from issue of shares in NKT Holding A/S relating to exercise of warrants or employee shares are recognised directly in retained comprehensive income in equity and share capital.

Note 7

7 - GROUP STRUCTURE

This Note describes acquisitions and divestments of businesses during the year and NKT's structure at end-2015.





7.1 - ACQUISITIONS/DIVESTMENTS OF BUSINESSES

2015

Acquisitions

Nilfisk continued to play an active part in the consolidation of the cleaning equipment industry and completed several acquisitions.

Effective at 2 June 2015, Nilfisk acquired Contractor, also known as Floor Cleaning Machines Ltd., a leading UK provider of repair and maintenance services. Based in Manchester, Contractor primarily serves contract cleaners and retail customers, and is among the UK market leaders by virtue of its unique business model and service concept.

In APAC, Nilfisk acquired Kerrick, based in Auckland, New Zealand and a specialist in commercial heavy-duty and industrial cleaning equipment with 10 branches in New Zealand and Australia. Effective at 1 July 2015, the Kerrick acquisition enlarges Nilfisk's presence within sales and repair and supplements the acquisition of Smithson Equipment, a significant distributor of large cleaning equipment in the Queensland, Australia, market. The latter transaction was effective at 1 May 2015.

Effective at 1 November 2015, Nilfisk acquired US-based Hydro Tek Systems Inc., a leading manufacturer of high-pressure washers.

After the balance sheet date Nilfisk acquired Pressure-Pro cf. note 8.2.

Divestments

Effective on 1 September 2015, NKT Photonics' Fiber Processing business was divested. The divestment comprised all operations and employees. The effect on the Group's revenue and income is not material.

Nilfisk acquisitions

Amounts in EURm		Contractor UK Nilfisk acquisition	Other Nilfisk acquisitions	Total
Non-current assets	Intangible assets	13.9	8.4	22.3
	Tangible assets	0.9	2.0	2.9
Current assets	Inventories	0.7	3.8	4.5
	Receivables	2.6	2.6	5.2
	Cash at bank and in hand	4.3	0.1	4.4
Non-current liabilities	Deferred tax	-2.9	-0.4	-3.3
Current liabilities	Interest-bearing loans and borrowings	-0.3	-1.9	-2.2
	Payables and provisions	-1.7	-2.1	-3.8
	Net assets acquired	17.5	12.5	30.0
	Goodwill	6.2	3.1	9.3
	Purchase consideration	23.7	15.6	39.3
	Cash acquired	-4.3	-0.1	-4.4
	Deferred contingent purchase consideration	-5.8	0.0	-5.8
	Cash purchase consideration	13.6	15.5	29.1
	Interest-bearing loans and borrowings acquired	0.3	1.9	2.2
	Total effect on net interest bearing debt	13.9	17.3	31.2
	Direct purchase costs	0.2	0.3	0.5
	Revenue recognised in 2015	5.7	9.1	14.8
	Profit after tax recognised in 2015	1.5	0.7	2.2
	Proforma revenue 12 month	10.2	24.2	34.4
	Proforma profit 12 month	2.7	1.5	4.2

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

2014

Acquisitions

Cash purchase consideration for minor acquisitions in Nilfisk comprised EUR 5.9m. Interest-bearing payables acquired comprised EUR 0.8m. The effect on Group revenue and Group profit is not material.

Divestments

Cash purchase considerations for divestment of Nilfisk wooden floor sanding activities comprised EUR 16.9m. Inventories and payables etc., comprised EUR 3.0m.

§ - Accounting policy

Businesses acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition/formation. Businesses sold or wound up are recognised in the consolidated financial statements until the date of disposal.

In the case of acquisitions where NKT Holding A/S directly or indirectly gains control of the business acquired, the purchase method is used. The identifiable assets, liabilities and contingent liabilities of the acquisition are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax on revaluations is recognised.

The date of acquisition is the date at which NKT Holding A/S directly or indirectly gains actual control of the business acquired.

Positive differences (goodwill) between on the one side the purchase consideration, the value of minority interests in the acquisition and the fair value of any previously acquired equity investments, and on the other side the fair value of the acquired identifiable assets, liabilities and contingent liabilities, are recognised as goodwill under intangible assets. Goodwill is not amortised but a test for impairment is carried out at least once a year. The first impairment test is performed before the end of the acquisition year. Upon acquisition, goodwill is allocated to the cash-generating units which subsequently form the basis for impairment tests. Goodwill and fair value adjustments relating to acquisition of a foreign entity having a functional currency other than the Group's presentation currency are treated as assets and liabilities belonging to the foreign entity and, on first-time recognition, are translated into the functional currency of that entity at the exchange rate prevailing at the transaction date. Negative differences (negative goodwill) are recognised in the income statement at the acquisition date.

The purchase consideration for a business consists of the fair value of the agreed consideration in the form of acquired assets, assumed liabilities, and issued equity instruments. If parts of the purchase consideration are contingent upon future events or fulfilment of agreed conditions, this part of the purchase consideration is recognised at fair value at the date of acquisition. Costs relating to business combinations are expensed directly in the income statement as incurred.

If uncertainty exists at the date of acquisition as to identification or the measurement of acquired assets, liabilities or contingent liabilities, or as to the determination of the purchase consideration, first-time recognition is based on values stated provisionally. If identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities subsequently proves to have been incorrect at first-time recognition, the calculation is adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures are restated. Thereafter goodwill is not adjusted. Revised estimates of contingent purchase consideration are recognised in the income statement.

On whole or partial disposal of wholly owned foreign entities where control is relinquished, the currency adjustments which are recognised in other comprehensive income and which are attributable to the entity are reclassified from other comprehensive income to the profit/loss for the year together with gains or losses arising from the disposal.

On disposal of part-owned foreign subsidiaries the part of the translation reserve relating to minority interests is not transferred to the income statement.

Gains or losses on disposal of winding up of subsidiaries and associates are stated as the difference between the selling price or disposal sum and the carrying amount of net assets, including goodwill, at the time of sale, and selling or winding up costs.

7.2 - GROUP COMPANIES

Nilfisk

Group companies	Domicile
Denmark	
Nilfisk A/S	Denmark
Europe	
Nilfisk GmbH	Austria
Nilfisk N.V./S.A.	Belgium
Gesco NV	Belgium
Nilfisk-Advance s.r.o.	Czech Rep.
Nilfisk Oy AB	Finland
Nilfisk France S.A.S.	France
Jungo Voirie S.A.S.	France
Nilfisk-Advance Eppingen GmbH	Germany
Nilfisk GmbH	Germany
Nilfisk Hellas S.A.	Greece
Nilfisk Production Kft.	Hungary
Nilfisk Commercial Kft.	Hungary
Nilfisk Ltd	Ireland
Nilfisk S.p.A.	Italy
Nilfisk B.V.	Netherlands
Nilfisk AS	Norway
Nilfisk Polska Sp.z.o.o.	Poland
Nilfisk Lda	Portugal
Nilfisk-Advance S.R.L.	Romania
Nilfisk LLC	Russia
Nilfisk-Advance s.r.o.	Slovakia
Nilfisk S.A.	Spain
Nilfisk AB	Sweden
Nilfisk AG	Switzerland
Nilfisk Profesynonel Temizlik Ekipmanlari Tic. A.S.	Turkey
Nilfisk Ltd.	UK
Floor Cleaning Machines Ltd.	UK
North and Central America	
Nilfisk-Advance Canada Company	Canada
Nilfisk-Advance U.S Holding Inc.	US
Nilfisk-Advance Inc. (Plymounth)	US
Hathaway North America Inc.	US
Hydro Tek Systems, Inc.	US
Nilfisk Pressure-Pro, LLC.	US
Nilfisk de Mexico S.deR.L.deC.V.	Mexico
Nilfisk de Mexico Services S. de R.L. de C.V.	Mexico
Nilfisk de Mexico Manufacturing Services S. de R.L. de C.V.	Mexico
Nilfisk de Mexico Manufacturing S. de R.L. de C.V.	Mexico

Group companies	Domicile
South America	
Nilfisk-Advance S.R.L.	Argentina
Nilfisk Equipamentos de Limpeza Ltda.	Brazil
Nilfisk S.A. (51%)	Chile
Nilfisk S.A.C (51%)	Peru
Africa	
Nilfisk-Advance Pty. Ltd.	South Africa
Asia/Pacific	
Nilfisk Pty. Ltd.	Australia
Kerric Distributers (Aust) Pty. Ltd.	Australia
Nilfisk Ltd.	Hong Kong
Nilfisk India Private Ltd.	India
Nilfisk Inc.	Japan
Dongguan Viper Cleaning Equipment Co. Ltd.	China
Nilfisk-Advance Cleaning Equipment (Shanghai) Co. Ltd	China
Nilfisk-Advance Professional Cleaning Equipment (Suzhou) Co. Ltd.	China
Nilfisk Korea Co. Ltd.	Korea
Nilfisk Sdn Bhd	Malaysia
Nilfisk Ltd.	New Zealand
Kerric Industries Limited	New Zealand
Nilfisk Pte. Ltd.	Singapore
Nilfisk Ltd.	Taiwan
Nilfisk Co. Ltd.	Thailand
Nilfisk Company Ltd.	Vietnam
Associates	
M2H S.A. (44%)	France
CFM Lombardia S.r.l. (33%)	Italy
Rottest A.S. (50%)	Turkey

Group companies	Domicile
nkt cables	
Germany	
NKT Cables Group GmbH	Germany
NKT Cables Verwaltungs GmbH	Germany
NKT Cables GmbH & Co. KG	Germany
NKT Cables GmbH Nordenham	Germany
VGK1 GmbH	Germany
Zweite NKT Cables GmbH	Germany
NKT Immobilien Verwaltung GmbH	Germany
NKT Zweite Immobilien GmbH & Co. KG	Germany
Europe	
NKT Cables s.r.o.	Czech Rep.
NKT Cables Group A/S	Denmark
NKT Cables A/S	Denmark
NKT Cables Ultera A/S	Denmark
NKT Cables Italia S.r.L.	Italy
NKT Cables Nederland B.V.	Netherlands
NKT Cables AS	Norway
NKT Cables S.A.	Poland
NKT Cables Warszowice Sp. z.o.o.	Poland
NKT Cables LLC	Russia
NKT Cables Spain S.L.	Spain
NKT Cables Holding AB	Sweden
NKT Cables AB	Sweden
NKT Cables Ltd.	UK
Middle East	
NKT Cables DMCC, UAE	Dubai
Asia/Pacific	
NKT Cables Australia Pty Ltd	Australia
NKT Cables Ltd., Changzhou	China
NKT Electrical Components (Changzhou) Co. Ltd.	China
Unique Vantage Cables (Nanjing) Co., Ltd.	China
Unique Vantage Ltd.	Hong Kong
Associates	
Ultera GP (50%)	US

Group companies	Domicile
NKT Photonics	
Denmark	
NKT Photonics A/S (98%)	Denmark
Europe	
LIOS Technology GmbH	Germany
NKT Photonics GmbH (owned by NKT Photonics A/S)	Germany
NKT UK1 Ltd.	UK
America	
LIOS Technology Inc.	US
NKT Photonics Inc. (owned by NKT Photonics A/S)	US
FOPS - Fiber Optic Pipeline Solutions LLC	US
Asia/Pacific	
NKT (Beijing) Photonic Technical Service Co., Ltd.	China

Equity shares are wholly owned except where (xx%) appear after the company.

Companies without material interest and dormant companies are omitted from the list.

Note 8

8 - OTHER NOTES

This Note contains other statutory notes and notes considered less essential to the understanding of the NKT Group's financial development.

8.1 - FEES TO AUDITOR ELECTED AT THE ANNUAL GENERAL MEETING

Fees to Auditor

Amount in EURm	2015	2014
Deloitte :		
Statutory audit	1.4	1.3
Audit-related services	-	-
Tax and VAT advice	0.1	-
Other services	1.6	0.4
	3.1	1.7

8.2 - EVENTS AFTER THE BALANCE SHEET DATE

Nilfisk acquired Pressure-Pro, a leading player in the high-pressure cleaning industry with effect from 1 January 2016.

Pressure-pro Nilfisk acquisition

Amounts in EURm (preliminary)		2016
Non-current assets	Intangible assets	15.5
	Tangible assets	0.9
Current assets	Inventories	5.3
	Receivables	3.8
Current liabilities	Payables and provisions	-3.0
	Net assets acquired	22.5
	Goodwill	5.4
	Cash purchase consideration	27.9
	Proforma revenue 12 month	38.2
	Proforma profit 12 month	1.7

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

Supplier quality issues

NKT Cables discovered quality issues in deliveries from a raw material supplier. A preliminary analysis of the situation has been conducted, including assessment of the primary affected or potentially affected products. Certain production batches were potentially affected and caused a setback in production due to remanufacture.

The quality issues are fully outside the control of NKT Cables, and necessary corrective actions were taken by the supplier. If the contamination results in any effect on product quality, the majority of any related costs is expected to be covered by the supplier, although further legal analysis of any such claim is ongoing.

8.3 - ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

IASB has issued a number of new standards and interpretations that were not mandatory during preparation of the 2015 Annual Report. The new standards and interpretations are not expected to materially influence NKT's financial reporting.

IASB has issued IFRS 15 'Revenue from contracts with customers', with the effective date of 1 January 2018. It currently awaits EU endorsement. The new standard will establish a single, comprehensive framework for revenue recognition. Preliminary assessments have concluded that the new standard is not expected to materially influence NKT's financial statements.

IASB has issued IFRS 16 'Leases', with the effective date of 1 January 2019. It currently awaits EU endorsement. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. The consequences for NKT has not been analysed yet.

8.4 - CONTINGENT LIABILITIES, SECURITIES AND CONTRACTUAL OBLIGATIONS

! - Significant judgements and estimates

The Group is a party to various disputes and inquiries from authorities whose outcome is not expected to materially affect profit for the year and the financial position. In connection with disposal of companies in previous years, guarantees have been provided which are not expected to materially affect profit for the year.

On 2 April 2014 NKT received a fine of DKK 29m following the investigation conducted by the European Commission into alleged price-fixing activities in the power cables industry, cf. Company Announcement No. 8 2014. By defining NKT as a 'fringe player' - as the only European manufacturer - the European Commission explicitly established that the role of NKT was substantially limited. This is further emphasised by the fact that NKT was the only European manufacturer to receive a 10% reduction on the fine amount. While the European Commission has assessed that NKT's role was substantially limited and the fine is considerably smaller than those imposed on other cable manufacturers, NKT disagrees with the Commission's decision and has therefore filed an appeal. As a consequence of the Commission's decision, NKT and other power cable producers face exposure to claims for damages in proceedings brought by customers or other third parties, including two claims that have been filed by respectively National Grid and Scottish Power in the UK. In line with its appeal against the Commission decision, NKT contests any civil damages claim that is based on this Commission decision.

In February 2015, a failure occurred in the high-voltage submarine cable supplied by NKT Cables to connect Denmark's Anholt offshore wind farm to the main grid. As previously announced NKT Cables assisted Energinet.dk, owner of the Danish transmission network, with fault detection and restoring power transmission.

The defective cable section was removed and examined by an independent testing institute. Although it was uncertain whether any other failure would occur, NKT Cables reproduced a minor section of the cable as a preventive measure and this was delivered to Energinet.dk for installation during late October and November. Energinet.dk has filed a claim against NKT as a consequence of the failure of the cable. Provisions for the most likely outcome have been made in the financial statements for 2015. Final provision can, however, be higher or lower depending on interpretation of contract and circumstances.

Reference is also made to the quality issues in deliveries from a supplier described in Note 8.2.

The remuneration for the business unit managements includes 'Change of Control' provisions (significant changes in ownership structure).

In a few cases the Group's foreign companies are subject to special tax schemes to which certain conditions are attached. As at 31 December 2015 these conditions were complied with.

Securities

Amounts in EURm	2015	2014
Carrying amount of assets provided as security for credit institutions:		
Land and buildings	86.6	90.3
Plant and machinery	65.8	73.0
Operating equipment	0.0	1.7
Liabilities secured on assets	105.9	109.4

Securities relates primarily to mortgage loans and can only be effectuated in certain cases of default to credit institutions.

Contractual obligations

Amounts in EURm	2015	2014
Contractual obligations relating to purchase of buildings and production plants	3.6	1.1
Operating lease commitments:		
The Group leases property and production equipment, etc., under operating leases		
Lease commitments relate principally to property		
The leases are indexed annually and contain no special purchasing rights, etc.		
Interminable minimum lease payments are specified as follows:		
Within 0-1 year	33.4	31.7
Within 1-5 years	73.2	59.5
After 5 years	47.7	43.4
	154.3	134.6
Lease payments expensed in income statement	40.3	37.1
Subrental, income	0.9	0.6
Operating lease income:		
Operating lease income relates to Nilfisk products leased to customers		
Interminable minimum rent income is specified as follows:		
Within 0-1 year	5.7	3.1
Within 1-5 years	6.0	2.4
	11.7	5.5

§ - Accounting policy

Contingent liabilities

Disclosure concerning contingent assets and liabilities and when they must be recognised takes place against the background of evaluations of the expected outcome of the individual issues. These evaluations are based on legal opinions of the agreements contracted, which in significant issues also include opinions obtained from external advisors, including lawyers.

Assets are recognised when it is virtually certain that the issue will have a positive outcome for the company. A liability is recognised when it is likely that, at the balance sheet date, there will be an outflow from the Group's financial resources and when the liability can be reliably stated. If this is not the case, the matter is disclosed in the notes to the financial statements. Decisions relating to such situations may in future accounting periods lead to realised gains or losses that may differ significantly from the recognised amounts or disclosures.

Contractual liabilities - leasing

Lease commitments are divided for accounting purposes into finance leases and operating leases.

A finance lease is one that in all material respects transfers risks and benefits relating to ownership of the leased asset. Other leases are designated operating leases.

The accounting treatment of assets held under a finance lease and the associated liability are described in the section on property, plant and equipment and in the section on financial liabilities, respectively.

Rental payments made under an operating lease are recognised on a straight-line basis over the term of the lease.

Assets leased out under operating leases are recognised, measured and presented in the balance sheet in the same way as the Group's other assets of similar type.

8.5 - DEFINITIONS

1. **Revenue at standard prices** - Revenue at standard prices for copper and aluminium is set at EUR/tonne 1,550 and EUR/tonne 1,350 respectively.
2. **Operational earnings before interest, tax, depreciation and amortisation (Oper. EBITDA)** - Earnings before interest, tax, depreciation and amortisation (EBITDA) adjusted for one-off items.
3. **Operational earnings before interest and tax (Oper. EBIT)** - Earnings before interest and tax adjusted for one-off items.
4. **Net interest-bearing debt** - Cash, investments and interest-bearing receivables less interest-bearing debt. Specified in Note 6.2.
5. **Capital employed** - Group equity plus net interest-bearing debt. Specified in Note 6.4.
6. **Working capital** - Current assets minus current liabilities (excluding interest-bearing items and provisions).
7. **Net interest-bearing debt relative to operational EBITDA** Operational EBITDA is calculated including discontinued operation (excl. profit from disposal).
8. **Solvency ratio (equity as a percentage of total assets)** Equity excl. non-controlling interest as a percentage of total assets.
9. **Return on capital employed (RoCE)** – Operational EBIT as a percentage of average capital employed.
10. **Earnings, EUR per outstanding share (EPS)** - Earnings attributable to equity holders of NKT Holding A/S relative to average number of outstanding shares.
11. **Equity value, EUR per outstanding share** - Equity attributable to equity holders of NKT Holding A/S per outstanding share at 31 December. Dilutive effect of warrants plan for Group Management and employees is not included in this ratio.

Financial ratios

Gearing	$\dfrac{\text{Net interest-bearing debt x 100}}{\text{Group equity}}$
Solvency ratio	$\dfrac{\text{Equity excl. non-controlling interest x 100}}{\text{Total assets}}$
Return on Capital Employed (RoCE)	$\dfrac{\text{Operational EBIT}}{\text{Average capital employed}}$
Earnings Per Share (EPS)	$\dfrac{\text{Earnings attr. to equity holders of NKT Holding A/S}}{\text{Average number of shares outstanding}}$
Earnings Per Share Diluted (EPS-D)	$\dfrac{\text{Earnings attr. to equity holders of NKT Holding A/S}}{\text{Diluted average number of shares}}$
Book Value Per Share (BVPS)	$\dfrac{\text{Equity excl. non-controlling interest}}{\text{Number of shares}}$

Income statement and comprehensive income

1 January - 31 December

Amounts in EURm	Note	2015	2014
Income statement			
Dividends from subsidiaries		172.5	22.6
Sale of services		3.6	3.0
Revenue		**176.1**	**25.6**
Staff costs	3	-4.8	-5.0
Other costs	4	-2.7	-2.6
Operating earnings (EBIT)		**168.6**	**18.0**
Financial income	5	37.3	39.5
Financial expenses	6	-30.1	-24.1
Earnings before tax (EBT)		**175.8**	**33.4**
Tax	7	-1.9	-2.7
Profit for the year		**173.9**	**30.7**
Statement of comprehensive income			
Profit for the year		173.9	30.7
Items that may be reclassified to income statement:			
Value adjustment of hedging instruments for the year		0.0	-1.6
Tax		0.0	0.4
Total comprehensive income		**173.9**	**29.5**
Proposed distribution			
Proposed dividend of DKK 4.0 per share (2014: DKK 4.0 per share)		13.0	12.8
Transferred to retained comprehensive income		160.9	16.7
		173.9	**29.5**

Balance sheet

31 December

Amounts in EURm	Note	2015	2014
Assets			
Non-current assets			
Investments in subsidiaries	8	616.8	369.9
Receivables from subsidiaries		593.9	684.4
		1,210.7	**1,054.3**
Total non-current assets		**1,210.7**	**1,054.3**
Current assets			
Receivables from subsidiaries		5.2	3.1
Other receivables		6.8	12.1
Cash at bank and in hand		24.3	0.0
		36.3	**15.2**
Total assets		**1,247.0**	**1,069.5**
Equity and liabilities			
Equity			
Share capital		64.9	64.3
Retained comprehensive income		882.0	710.3
Proposed dividends		13.0	12.8
Total equity		**959.9**	**787.4**
Non-current liabilities			
Deferred tax	9	0.7	1.0
Credit institutions, etc.	10	49.1	76.4
		49.8	**77.4**
Current liabilities			
Credit institutions, etc.	10	0.0	1.2
Payables to subsidiaries	10	228.1	195.4
Trade payables and other liabilities	10	7.3	5.6
Income tax payable		1.9	2.5
		237.3	**204.7**
Total liabilities		**287.1**	**282.1**
Total equity and liabilities		**1,247.0**	**1,069.5**

Cash flow statement

1 January - 31 December

Amounts in EURm	Note	2015	2014
Operating earnings (EBIT) before depreciation		168.6	18.0
Non-cash items		0.3	0.2
Changes in working capital		-0.2	-0.2
Cash flow from operations before financial items		168.7	18.0
Financial income received		37.3	38.1
Financial expenses paid		-24.7	-23.1
Cash flow from ordinary operations		181.3	33.0
Income tax paid		-2.8	-3.6
Cash flow from operating activities		**178.5**	**29.4**
Increase and decrease of capital in subsidiaries		-249.8	2.0
Changes in loans to/from subsidiaries		126.0	44.9
Cash flow from investing activities		**-123.8**	**46.9**
Changes in non-current loans		-27.5	-57.9
Changes in current loans		-1.2	-7.3
Dividend paid		-13.0	-11.2
Cash from exercise of warrants		11.3	0.1
Cash flow from financing activities		**-30.4**	**-76.3**
Net cash flow		**24.3**	**0.0**
Cash at bank and in hand, 1 January		0.0	0.0
Net cash flow		24.3	0.0
Cash at bank and in hand, 31 December		**24.3**	**0.0**

Statements of changes in equity

1 January - 31 December

Amounts in EURm	Share capital	Retained comprehen-sive income	Proposed dividends	Total equity
Equity at 1 January 2014	**64.3**	**693.3**	**11.2**	**768.8**
Changes in equity in 2014:				
Other comprehensive income for the year		-1.2		-1.2
Profit for the year		17.9	12.8	30.7
Total comprehensive income for the year		16.7	12.8	29.5
Dividend paid		0.0	-11.2	-11.2
Share-based payment		0.2		0.2
Exercise of share warrants	0.0	0.1		0.1
Total changes in equity in 2014	**0.0**	**17.0**	**1.6**	**18.6**
Equity at 31 December 2014	**64.3**	**710.3**	**12.8**	**787.4**
Equity at 1 January 2015	**64.3**	**710.3**	**12.8**	**787.4**
Changes in equity in 2015:				
Profit for the year		160.9	13.0	173.9
Total comprehensive income for the year		160.9	13.0	173.9
Dividend paid		-0.2	-12.8	-13.0
Share-based payment		0.3		0.3
Exercise of share warrants	0.6	10.7		11.3
Total changes in equity in 2015	**0.6**	**171.7**	**0.2**	**172.5**
Equity at 31 December 2015	**64.9**	**882.0**	**13.0**	**959.9**

Notes 1-13

NKT Holding A/S functions as a holding company for the Group's activities and undertakes the tasks related thereto. For description of the enterprise's activities, etc., please refer to the Group Management's review.

1 - ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimation uncertainty

Determining the carrying amount of certain assets and liabilities requires estimates of how future events will influence the value of these assets and liabilities at the balance sheet date. Estimates that are significant for the financial reporting for the parent company are made by establishing indication of impairment and reversal of writedown on investments in subsidiaries. The estimates used are based on assumptions which by Group Management are considered to reliable, but which by nature are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise.

Furthermore, the company is subject to risks and uncertainties which may lead to actual results differing from these estimates. Particularly, risks relating to the NKT Group are included in the notes to the consolidated financial statements and sections on risk management in the Group Management's review.

Accounting judgements

It is the opinion of Group Management that in the application of the parent company's accounting policies, no judgements other than 'estimation uncertainty' are made that can materially influence the amounts recognised in the annual report.

2 - FINANCIAL RISKS, FINANCIAL INSTRUMENTS AND MANAGEMENT

Management of capital structure at NKT Holding A/S is performed for the Group as a whole and no operational targets or policies are therefore established independently for the parent company. See Note 6.6 to the consolidated financial statements and the section 'Risk management' in the Group Management's review.

Categories of financial instruments:

Amounts in EURm	2015	2014
Financial assets:		
Hedging portfolio (derivative financial instruments)	10.7	13.6
Loans and receivables	619.5	686.0
Financial liabilities:		
Hedging portfolio (derivative financial instruments)	12.9	15.4
Financial liabilities, measured at amortised cost	273.5	265.7

The parent company's payables fall due as follows:

2015	Within 1 year	1-2 years	4-5 years	> 5 years	Total
Credit institutions, etc.	0.0	0.0	39.1	10.0	49.1
Other financial liabilities	237.3	0.0	0.0	0.0	237.3
	237.3	0.0	39.1	10.0	286.4

2014	Within 1 year	1-2 years	4-5 years	> 5 years	Total
Credit institutions, etc.	1.2	0.0	48.7	27.7	77.6
Other financial liabilities	203.5	0.0	0.0	0.0	203.5
	204.7	0.0	48.7	27.7	281.1

3 - STAFF COSTS

Remuneration to the Group Executive Management, as well as warrant plans for Group Executive Management and employees can be found in the note 3 to the consolidated financial statements.

Amounts in EURm	2015	2014
Wages and salaries	4.1	4.4
Social security contributions	0.0	0.0
Defined contribution plans	0.4	0.4
Share-based payments	0.3	0.2
	4.8	5.0
Average number of full-time employees	19	21

4 - FEES TO AUDITOR ELECTED AT THE ANNUAL GENERAL MEETING

Amounts in EURm	2015	2014
Deloitte :		
Statutory audit	0.1	0.1
Other services	0.0	0.0
	0.1	0.1

5 - FINANCIAL INCOME

Amounts in EURm	2015	2014
Interest from subsidiaries	18.8	21.5
Foreign exchange gains	18.5	18.0
	37.3	39.5

6 - FINANCIAL EXPENSES

Amounts in EURm	2015	2014
Interest, etc. relating to financial liabilities measured at amortised cost	4.5	3.1
Interest to subsidiaries	2.0	1.7
Foreign exchange adjustment on loans to subsidiaries that form part of the net investment	0.0	0.3
Loss on derivative financial instruments	14.0	13.5
Foreign exchange losses	4.1	5.5
Capital loss on securities	0.4	0.0
Impairment of investments and receivables in subsidiaries*	5.1	0.0
	30.1	24.1

*Related to divestment of Fiber Processing business.

7 - TAX

Amounts in EURm	2015	2014
Current tax	1.9	2.8
Deferred tax	0.0	-0.1
	1.9	2.7
Reconciliation of tax:		
Tax at 23.5%/24.5% of earnings before tax	41.3	8.2
Tax effect:		
Non-taxable dividend income etc.	-40.8	-5.6
Non-deductable impairment	1.2	0.0
Non-deductable expenses	0.2	0.1
	1.9	2.7

8 - INVESTMENTS IN SUBSIDIARIES

Amounts in EURm	2015	2014
Cost, 1 January	418.3	420.3
Disposal of dormant company	0.0	-2.0
Capital contribution, NKT Cables	249.8	0.0
Cost, 31 December	668.1	418.3
Impairment, 1 January	-48.4	-48.4
Impairment (related to divestment of Fiber Processing business)	-2.9	0.0
Impairment, 31 December	-51.3	-48.4
Book value, 31 December	616.8	369.9

Subsidiaries	Domicile	Ownership 2015	Ownership 2014
NKT Cables Group A/S	Brøndby, Denmark	100%	100%
Nilfisk A/S	Brøndby, Denmark	100%	100%
NKT Photonics A/S	Birkerød, Denmark	98%	98%
LIOS Technology GmbH	Germany	100%	100%
Vytran LLC	US	100%	100%

Companies without material interest and dormant companies are omitted from the list.

9 - DEFERRED TAX LIABILITIES

Amounts in EURm	2015	2014
1 January	1.0	1.9
Prior year adjustment	0.0	-0.6
Change in recapture of trading losses	-0.3	-0.2
Deferred income tax for the year recognised in profit for the year	0.0	-0.1
31 December	0.7	1.0
Deferred tax relates to:		
Provisions	0.0	-0.1
Recapture of trading losses	0.7	1.1
	0.7	1.0

10 - PAYABLES TO CREDIT INSTITUTIONS AND OTHER LIABILITIES

Payables to credit institutions are predominantly subject to floating interest rates and measured at amortised cost. The carrying amount therefore in all material respects corresponds to fair value and nominal value.

Other payables are measured at amortised cost, which in all material respects corresponds to fair value and nominal value.

11 - CONTINGENT LIABILITIES

For 2015, EUR 0.2m (2014: EUR 0.6m) is charged to the income statement as operational leasing.

The term of notice for the Group Executive Director & CFO is 18 months. In conjunction with significant changes of control or level of activity the above terms of notice will be extended for a transitional period of a further 6 months. Beyond this there is no separation benefit plan for the Group Executive Director & CFO. See Note 3.3 to the consolidated financial statements.

The parent company is taxed jointly with all Danish subsidiaries. As an administration company, the parent company is liable with the other companies in the joint taxation scheme for Danish corporate taxes on dividend, interest and royalties within the joint taxation group. Any adjustments to the taxable joint taxation income may increase the amount for which the parent company is liable. The parent company is further liable for VAT under the joint registration with NKT Cables A/S.

Amounts in EURm	**2015**	**2014**
Guarantees for subsidiaries	166.0	138.9
Liability in respect of subsidiary company credit facilities under the cash pool	515.1	213.1
Leasing agreements for property, etc.	0.1	0.5
Of which payable within:		
0-1 years	0.1	0.4
1-5 years	0.0	0.1

12 - RELATED PARTIES

In addition to the comments in Note 3.2 and Note 3.3 to the consolidated financial statements the parent company's related parties comprise subsidiaries with affiliated undertakings.

The company's subsidiaries and affiliated undertakings can be found in Note 7.2 to the consolidated financial statements. No related parties have control over the company. Transactions with affiliated undertakings comprised the following:

Amounts in EURm	**2015**	**2014**
Transactions with subsidiaries:		
Sale of services	3.4	2.9
Interest received, net	18.8	18.2
Paid joint taxation contribution, net	2.8	3.1
Receivables, non-current	593.9	684.4
Receivables, current	5.2	3.1
Payables	228.1	195.4
Dividends received	172.5	22.6
Disposal of dormant company	0.0	2.0
Capital contribution	249.8	0.0

13 - ACCOUNTING POLICIES

The annual financial statements for the parent company are included in the Annual Report in pursuance of the requirements of the Danish Financial Statements Act.

The annual financial statements for the parent company are prepared in accordance with International Financial Reporting Standards adopted by the EU and additional Danish disclosure requirements for annual reports for listed companies.

Changes to accounting policies

The changes have not influenced recognition and measurement in the financial statements of the parent company. See description in Note 1.1 to the consolidated financial statements.

Presentation currency is changed from DKK to EUR in 2015 in order to maintain the same presentation currency in the financial statements of the parent company as in the consolidated financial statements.

Presentation of liabilities in respect of subsidiaries credit facilities under the cash pool agreement and hedges has been changed from a net to a gross presentation. The effect is an increase of assets with EUR 100,3m (2014: EUR 83,3m) and a corresponding increase of liabilities.

DESCRIPTION OF ACCOUNTING POLICIES

In relation to the accounting policies described for the financial statements of the Group (see Note 1.1 to the consolidated financial statements), the accounting policies of the parent company differ in the following:

Foreign currency translation

Translation adjustment of balances considered part of the total net investment in undertakings that have a functional currency other than DKK are recognised in the annual financial statements for the parent company under financial items in the income statement.

Revenue

Dividends from investments in subsidiaries are recognised in the income statement of the parent company in the year the dividends are declared. If the dividend distributed exceeds the comprehensive income of the subsidiaries in the period the dividend is declared, an impairment test is performed.

Investments in subsidiaries

Investments in subsidiaries are measured at acquisition costs. If there is indication of impairment, impairment testing is carried out as described in the accounting policies for the consolidated financial statements. Where the carrying amount exceeds the recoverable amount it is written down to the recoverable amount.

Tax

The parent company is jointly taxed with all Danish subsidiaries. NKT Holding A/S is the administration company for the joint taxation and consequently settles all payments of tax with the tax authorities. Joint taxation contributions to/from subsidiaries are recognised under income tax related to net profit. Tax payable and tax receivable are stated under current assets/liabilities. Joint tax contributions payable and receivable, respectively, are recognised separately in the balance sheet. Companies that use tax losses in other companies pay joint taxation contributions to the parent company equivalent to the tax base of the tax losses utilised. Companies whose tax losses are used by other companies receive joint taxation contributions from the parent company equivalent to the tax base of the tax losses utilised (full absorption).

References to notes to the consolidated financial statements

For the following notes, see information in the consolidated financial statements:

- Share capital - see Note 6.7 to the consolidated financial statements.
- Events after the balance sheet date - see Note 8.2 to the consolidated financial statements.
- Accounting standards issued but not yet effective - see Note 8.3 to the consolidated financial statements.

Group 5-year financial highlights

Amounts in EURm	2015	2014	2013	2012	2011
Income statement					
Revenue	2,223.6	2,129.4	2,122.0	2,047.4	2,094.5
Revenue in std. metal prices [1)]	1,869.2	1,769.2	1,723.9	1,630.6	1,631.0
Operational earnings before interest, tax, depreciation and amortisation (Oper. EBITDA) [2)]	175.2	170.5	145.6	139.5	117.9
Earnings before interest, tax, depreciation and amortisation (EBITDA)	152.0	142.6	148.1	135.4	113.4
Depreciation and impairment of property, plant and equipment	-85.1	-49.0	-54.4	-48.3	-53.4
Amortisation and impairment of intangible assets	-32.7	-25.8	-25.5	-23.6	-21.6
Operational earnings before interest and tax (Oper. EBIT) [3)]	97.9	96.1	73.9	68.7	43.2
Earnings before interest and tax (EBIT)	34.2	67.8	68.2	63.5	38.4
Financial items, net	-6.1	-13.1	-21.5	-26.3	-37.6
Earnings before tax (EBT)	28.1	54.7	46.7	37.2	0.8
Profit for the year from continuing operations	1.2	37.9	34.0	26.3	1.1
Profit for the year from discontinued operation	0.0	0.0	0.0	189.3	16.0
Profit for the year	1.2	37.9	34.0	215.6	17.0
Profit attributable to equity holders of NKT Holding A/S	1.0	37.9	33.8	215.3	16.8
Cash flow					
Cash flow from operating activities of continuing operations	173.2	212.4	73.2	150.6	76.8
Cash flow from investing activities of continuing operations	-87.9	-49.7	-93.2	-71.4	-107.1
hereof investments in property, plant and equipment	-39.0	-32.7	-34.4	-48.9	-59.7
Free cash flow	85.3	162.7	-20.0	79.2	-30.2
Balance sheet					
Share capital	64.9	64.2	64.3	64.2	63.8
Equity attributable to equity holders of NKT Holding A/S	808.6	801.2	760.7	769.1	545.0
Non-controlling interest	0.9	0.8	0.9	0.9	0.8
Group equity	809.5	802.0	761.6	770.1	545.8
Total assets	1,683.6	1,655.9	1,744.3	1,736.4	1,803.9
Net interest-bearing debt [4)]	88.9	152.4	283.4	256.2	594.5
Capital employed [5)]	898.4	954.4	1,045.0	1,026.3	1,140.4
Working capital [6)]	269.2	300.6	377.5	323.4	367.8
Financial ratios and employees					
Operational EBITDA margin (std. metal prices)	9.4%	9.6%	8.4%	8.6%	7.2%
Gearing (net interest-bearing debt as % of Group equity)	11%	19%	37%	33%	109%
Net interest-bearing debt relative to oper. EBITDA [7)]	0.5	0.9	1.9	1.8	4.3
Solvency ratio (equity as % of total assets) [8)]	48%	48%	44%	44%	30%
Return on capital employed (RoCE) [9)]	10.1%	9.4%	6.7%	6.2%	5.5%
Number of DKK 20 shares ('000)	24,186	23,934	23,930	23,888	23,738
Earnings continuing oper., EUR, per outstanding share (EPS) [10)]	0.0	1.6	1.4	1.1	0.0
Earnings, EUR, per outstanding share (EPS) [10)]	0.0	1.6	1.4	9.1	0.7
Dividend paid, DKK, per share	4.0	3.5	8.0	2.0	2.0
Equity value, EUR, per outstanding share [11)]	34	34	32	32	23
Market price, DKK, per share	357	332	268	204	191
Number of full-time employees, average	8,895	9,078	8,899	8,867	9,038

[1) - 11)] Definitions appear in Note 8.5 to the consolidated financial statements.

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NKT is the active and long-term owner of three industrial businesses specialised in professional cleaning equipment (Nilfisk), power cables (NKT Cables) and high-tech photonic products (NKT Photonics). In total, NKT's businesses are present in more than 100 countries and employ approx. 8,950 employees.

NKT is founded in 1891 and has been listed on Nasdaq Copenhagen since 1898. NKT has a proven track record of successful long-term development of industrial businesses through exercise of active ownership. Strategic focus, targeted investments and stringent financial governance combined with acquisitions are key elements to grow the businesses and to achieve superior value creation for its shareholders.