NKT 2016 Annual Reports: Satisfactory financial performance

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NKT 2016 Annual Reports: Satisfactory financial performance

Due to the intended split of NKT Holding, Nilfisk is considered as discontinued operations and therefore a separate 2016 Annual Report is issued (enclosed in this announcement).

Group Executive Director Michael Hedegaard Lyng commenting on 2016 developments;
- Our 2016 financial performance in all three businesses has been satisfactory and our operational EBITDA margins were slightly better than our guidance from third quarter 2016. In NKT Cables, the improved margin was driven by both our Projects and Products businesses. In NKT Photonics, the Sensing & Energy segment in particular contributed to the positive development whereas in Nilfisk, the key drivers were increased revenue and improved gross margins in both EMEA and the Americas.

2016 financial highlights

EURm	NKT Cables	NKT Photonics	Nilfisk**
Revenue	750.4*	43.1	1,059
Organic growth	-10%	7%	3%
Operational EBITDA	72.5	6.3	116.8***
Operational EBITDA margin	9.7%*	14.7%	11.0%***
RoCE	9.3%	4.1%	14.6%

** Std. metal prices, ** discontinued operations, *** before special items*

2017 outlook

NKT's 2017 outlook comprises separate guidance for each business unit.

The NKT Cables guidance covers the current business. An updated outlook for the company, including the ABB HV Cables activities will be provided when closing of the transaction is completed, which is expected in Q1 2017. Expected one-off costs related to the transaction and integration will be specified.

To support growth above market level, Nilfisk expects to continue deploying front-end investments. Resources are also allocated to create competitive advantages e.g. by further development of digital technologies.

	NKT Cables	NKT Photonics
Organic growth	0-5%	~10%
Operational EBITDA margin	~9.5%*	~15%

** Std. metal prices, ** discontinued operations, *** before special items*

NKT Cables: Operational EBITDA margin improved to 9.7%. Acquisition of ABB HV Cables and focus on core business

NKT Cables realised organic growth of -10%, based on flat development in Products offset by negative developments in the Projects and APAC businesses. Operational EBITDA margin (std. metal prices) improved by 0.7%-points from 2015, driven by both the Projects and Products businesses. The acquisition of ABB HV Cables represents a milestone in the transformation of NKT Cables - closing of the transaction is expected in Q1 2017. To further focus the business, three non-strategic business segments were divested.

NKT Photonics: Operational EBITDA margin up by 5.1%-points. Major step towards commercialisation.

Operational EBITDA margin increased to 14.7% driven by the Sensing & Energy segment, improved product margins and economies of scale. Organic growth was 7%. Acquisition of Fianium was a significant step towards NKT Photonics becoming a leading industrial player and also, major OEM frame contracts were signed.

Nilfisk: 3% organic growth and EBITDA margin before special items up by 1%-points.

Nilfisk recorded EBITDA margin before special items of 11%, driven by increased revenue and improved gross margin. Organic growth was 3%, based on 5% in EMEA, 3% in the Americas and -7% in APAC. The new organisational structure and business model to secure growth ambitions was implemented, and the related cost saving programme with an EUR 35m impact by 2019 was on track.

Teleconference
NKT will host a teleconference for investors and financial analysts at 10:00 am CET today, and it can be accessed at www.nkt.dk. The presentation for the call will be available shortly after this release. To attend, please dial in from:
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