Welcome to the teleconference for NKT Holding for the first quarter. We published our results this morning and are happy to share the results and go into further details on this telecon, so welcome to the participants here in the FUHU Conference Centre, also welcome to participants watching this presentation on the web. As usual we will have a telecon with the opportunity to dial in, once we are through the presentation we will have a Q and A and we will start with the participants watching on the web or dialling in and then we will take questions from the audience here afterwards.

If we turn to the presentation, I'd like to start elaborating a little bit on the picture on the front page where you see one of the latest examples of product development in Nilfisk Advance, our EcoFlex right on scrubber, clean meets green which is our response to the increasing sustainability focus in the cleaning equipment industry where we have seen increasingly demand from customers to solutions that help sustainability in order to clean without or with less use of detergents and this is our response to that, our perspective which has been confirmed by customer response when it was published and displayed at the latest trade show in the industry is very positive and we believe that it is the most flexible solution on the market because this equipment, this scrubber can clean with detergents as well as without detergents meaning that it provides full flexibility to the operator and we believe that is the way to go to meet that requirement.

If we look at the overall agenda, we are following the classic typical agenda where I will cover the overall headlines, then Michael will go through the financial result, then I will elaborate a little bit on further development within the four business lines and then we will end with expectations and Q and A.

If we start with the group structure, it is unchanged so we have our four business lines as we have had for many years and it is unchanged, M&A activity in this quarter has been at a very, very low level. After the end of the quarter we announced that we have acquired a small company in Australia, I will come back to the reasoning for that and in the quarter we finally closed the transaction on the high voltage cable factory acquisition in China but we have talked about that in prior quarters.

If we look at overall headlines, a satisfactory quarter with 16 % top line growth of which 5 % is organic growth and the gap between the 5 % and the 16 % is obviously that we are impacted by FX rates that have increased over the quarter but also metal prices have increased and also up the top line. But the fair number to look at is the 5 % which is the real underlying organic growth achieved in the quarter and as you can see it is the main business line in NKT Cables with 4 % and in Nilfisk Advance with 6 % delivering that performance and that is, in light of where the world economy is, a satisfactory performance of our business lines and we will come back in further details as to what is happening in the various segments on products and geography.

On the operational EBITDA level result jumped up by 60 % so we came in with 235 million EBITDA for the quarter, also a very strong performance illustrating the operational gearing and the fact that we have been able to adjust cost during the last 12 to 18 months and that all the structural initiatives are paying off, this is a very clear proof of that so we are also very satisfied with that and the margin levels that both Cables and Nilfisk came in at in the quarter. On the one-off side we of course continue with the structural initiatives in Nilfisk Advance, we have guided that we will spend DKK 75 million this year and in the first quarter we spent 22 of those 75 million.

We started, as you know, to pay out dividend again so the general assembly approved a dividend in March and we paid out DKK 83 million which of course impacts the cash flow and then as to the guidance for the full year we have chosen to keep guidance unchanged despite the good start on the year and it is primarily related to the fact that we still see uncertainty overall on the market economic scene so we believe it is too early to have a more optimistic view, I guess you all share our view that just the recent days have shown how volatile and unpredictable the world is, so it is a little bit too early to have a more optimistic view on where the world economy is going so that is why we maintain guidance unchanged meaning that we guide for 6-10 % overall growth and we guide for approximately a billion in operational EBITDA. If we look at the EBITDA development, this quarter is the third consecutive quarter where we increase our 12 months trailing EBITDA performance so now we are up and has delivered DKK 1.23 billion the last 12 months which ties nicely into the overall guidance of about a billion EBITDA which means that if we match performance to the last three quarters of last year, yeah, then we will end at this level, if we are able to do it better then it will be better than this and we will come back on that in the coming quarters. And in terms on EBITDA margin, also there we see a pickup so that we see margin expansion which is an illustration of the operational gearing and that our cost initiatives are paying off. One of the supporting factors is that there is a better sentiment out there and one way to look at that is to look at the industrial PMI, the manufacturing PMI which is one of many indicators pointing to the fact that there is a little bit more optimism out there and we have seen a relatively strong rebound in the PMI supporting growth for industrial companies like ours and that is exactly what we have seen in the first quarter, the interesting thing will be to see how it develops from here because there is no doubt that in many industries there has been an element of pent-up demand and inventory fills, whether that is the case now in industries is difficult really to tell, we have no firm intelligence shedding light on that but that is another reason for being a little cautious because there could be an element of that also in our numbers.

And with that I will turn over to Michael who will take you through the financial details and then I will be back with more details on the divisions.

Michael
Thank you. And as more or less usual we will start by looking at the P&L for the first quarter 2009 compared to 2010 and as Thomas already mentioned we did a nominal growth on the turnover top line of 16 % but then we need to adjust for metal and effects and then we are down to an organic growth of 6 %, EBITDA 235 compared to 147 last year's first quarter, so up with DKK 88 million similar to 60 %. Depreciation is more or less in line with last year so back is operational EBIT of DKK 142 million compared to DKK 56 million last year. One-off's as Thomas mentioned before minus 2 million compared to minus 20 last year and then we continue to see fairly low financial items here minus 27 million compared to minus 35 last year, so result before tax is 93 million compared to a more or less flat result in the first quarter last year. Then we are using the tax percentage of around 30 % so net result after tax is DKK 65 million compared to a null result last year. As usual we are showing the consensus numbers in the right side of the slide here and as you can see we are more or less in line, a little bit above line by line but more or less in line with consensus picked together here at the beginning of May. If we dig into the development, further development of the top line, as mentioned before, the metal prices are helping us with DKK 244 million, mainly driven by the fact that copper prices are at a high level this year compared to last year, FX is also up with DKK 48 million, mainly coming from a higher US dollar compared to DKK and EURO

and then after those two elements we are back to the 5 % organic growth, 4 % Cables, 6 % Nilfisk and minus 15 % in the Photonics Group. If we are looking a little bit further into the EBITDA development, the increase of the DKK 88 million, then you will see that the EBITDA margin is up in the quarter in the cable business from 1,5 % last year up to 5,8 % this year, so a very nice improvement adding DKK 45 million to the increase. Of course we are still impacted by the low voltage market being down 15 %, we are also impacted negatively by running in the Cologne factory but despite those two factors we are quite satisfied with the development. Nilfisk-Advance had a fantastic quarter, all time high, 12.1 % EBITDA margin in the quarter up from 8 % last year, adding DKK 67 million to the increase. Photonics Group is more or less flat and then Flexibles, no surprise, we are not doing as well as we did last year, EBITDA margin is down from 24 % last year to 19 % this year in the quarter which is diluting the EBITDA improvement with DKK 21 million.

Continuing to look at the trend curves for the first year in NKT Cables, very nice improvement, we did DKK 60 million nominal earnings in the quarter compared to 15 million last year and you can also see the trend curve during the last 12 months increasing from 8 %, end of December up to 8.9 %, so an increase of 0.9 % in one quarter is actually very satisfactory. If we look into the subsegments in the Cable business we did 14 % organic growth in the high voltage combined with the submarine product group and we did 5 % in the medium voltage group, so also there we have seen a fairly good development compared to last year. We are still down in the low voltage segment as mentioned before, minus 15 % but that is actually not a surprise for anybody following the construction industry and we start to see some improvements here and there in the market. Railway business is still delivering good numbers, up 21 % organically compared to last year. Also here we normally compare our numbers with peers and comparing peers or NKT Cables with peers also illustrates that we are doing OK in our cable business, we are having positive growth in high-medium segments where peers are having minus or negative growth and in the low voltage segment we are not as seriously listened to as peers, so OK.

The Nilfisk-Advance, as mentioned before, a fantastic positive development, the last 12 months EBITDA margin are up with one percentage point from 9.2 % to 10.2 %, nominal earnings all-time high, DKK 172 million in the quarter so also here, very nice development. If we look into the organic growth development of the 6 % and split it up into region, we did a very nice improvement in Europe despite the fact that the feeling in the European market has been a little bit weak, we have seen positive growth of 4 % in first quarter. US is also picking up with 10 % organic growth in the first quarter and the rest of the world, as we have seen in the previous quarters, are doing OK with positive growth of 16 %. Also here we can compare our numbers with peers and in Europe we are doing fine, in US we are lagging a little bit behind but there we also have to be aware of that our peers did have a very weak first quarter last year so the comparison is very low so line by line we feel that we are doing very well.

That is also illustrated by the development in the gross profit, all time high, 41.3 % for the first quarter, so it is 43.2 % up from 41.3 % last year in the quarter and also the last 12 months' curve is picking up ending at 41.8 % versus 41.2 % in the first quarter last year. So despite the fact that we are seeing increasing raw material prices we have been able to see an increased gross profit helped by all the structural initiatives that we have executed in the last 18 months.

Trend curves on the NKT Flexibles business, first starting with the top line down from DKK 339 million first quarter last year to 216 first quarter this year, no surprise, also communicated earlier to the market, in this business, as you know, we have long visibility so the risk in this business is very much linked to execution. EBITDA margin is down as mentioned before from 24 % to 19 % but we still have a fairly good visibility for the remaining part of 2010, also going into 2011, bad luck of DKK 1.7 billion, significantly up from last quarter where we ended around 1.2 billion as a result of Petrobras exhausting the frame agreement that we have had with them the last couple of years.

CAPEX, still here we are impacted of course by the CAPEX that we are doing in the Cologne factory, we are almost done with that factory now so we are more above 90 % finished with the factory or at least impacting the CAPEX numbers but in the first quarter we were also impacted by the fact that we took over the Xinhua plant here mentioned as the Cangzhou plant that had an impact of DKK 142 million, we treated as a tangible asset simply because it is an empty factory that we have been taking over so it is according to the accounting standards, a tangible asset investment. If we isolate the impact from the Cologne factory and the Xinhua plant then we are running at around 1.6 % CAPEX compared to revenue so we are holding back in the remaining part of the business and are spending around DKK 250 million on a yearly basis on what we call maintenance CAPEX. In tangible assets we invested DKK 31 million in the first quarter and that is mainly related to product development in the Nilfisk business, Nilfisk-Advance business where we continued to do a 3 % up top line investment in new products.

Working capital, if we look at the brown curve here illustrating the last 12 months we are still doing well, it is more or less a flat development, slightly down from 17.1 % at the end of December to 16.6 % but if you look at the grey curve here illustrating the last three months then you can also see that we are building up working capital, especially in the cable business where we do have work in progress related to big projects. So as communicated in the annual report for 2009 we will see increased working capital over the next coming quarters but then we should see improvements at the end of the year. The cable business is more or less flat looking at the last 12 months curves at 15.3 % and we continue to see improvements in Nilfisk-Advance where we are down from 19.2 % at the end of December to 18.1 %.

Interest-bearing debt, we have an increase in interest-bearing debt of DKK 700 million and that is related to the investments that I mentioned before and also related to the fact that we have an increase of almost DKK 400 million in working capital. And on top of those two factors we have also chosen to pay out dividend of DKK 83 million. But we are still within what we call an optimal gearing, only on the EBITDA to debt we are slightly above our internal target but as also communicated in the annual report, we expect an improvement in the net interest-bearing debt in the second half of 2010.

And that is actually concluded here in the cash flow where we are having a negative cash flow from operating activities of DKK 221 million despite the fact that we have a positive impact by DKK 230 million from earnings, we are building up working capital so minus 221 compared to a positive number of 167 last year. Then we are investing still in the business as mentioned before, so DKK minus 221 million compared to DKK minus 200 million last year, so back on the line cash flow from operating and investment activities we have a minus of DKK 542 million compared to a more or less flat number last year. But this is fully as expected and on top of that we are paying back the dividend, paying out the dividend of DKK 86 million, so total net cash flow for the quarter is DKK minus 67 million.

Capital structure and cash resources, in the right side of the column in the table you can see the development more or less unchanged compared to the end of December, what is not illustrated here in this slide is that we in April has been rolling all our short term facilities, the 18-month facilities that we have been talking about before so they now have a maturity reaching into 2011 and we have also changed DKK 400 million from being uncommitted to committed so we continue to work on our capital structure in order to make sure that we have optimal flexibility. We are still in a situation where we don't have any financial covenants and we have also seen an improvement in margins where we clearly see that the capital market, at least up to the end of March, is softening up compared to last year, so a nice development also here.

And that concluded the financial review. Thomas.

Thomas
Thank you. And if we continue with elaborating a little bit on the business lines, maybe starting with NKT Flexibles which we don't have a separate slide on. As Michael displayed we have seen slightly decreasing revenue which is no surprise because it is reflecting the fact that the oil and gas industry has been soft for the last 12-18 months where oil companies have been hesitating to invest after the oil price collapsed down from a 150 down to about 30 dollar per barrel. Now the oil price has been rebounding back to around the 80 dollar per barrel level for a while and we do see more activity, we do see that the oil companies are now reactivating projects again so we see an increasing trend activity, not very strong but small positive signs of improvements in that sector. We also in our report today mentioned a couple of wins we have had in first quarter where we have had a couple of important wins in Asia Pacific, we are also highlighting the fact that we have entered into a frame agreement with Statoil in Norway which is an important parameter for being a supplier to Statoil going forward, they have entered into a mode where they want to have these frame agreements, which acts as a kind of a pre-qualification of their suppliers so we are now formally pre-qualified to deliver on their demands in the coming years. Statoil has been a very important customer for us for years and therefore it was natural to take this step and enter into a frame agreement with them.

So overall our perspective on the oil and gas industry and our flex activity is that we expect to see improvement going forward, it is not going to hit the financial numbers this year because of the lead time in this industry, this year is basically covered with our backlog so what we win is for execution in 2011 and 2012 but it is positive that we do see a pickup in activity. And on the Brazilian part of the activity, Michael mentioned that Petrobras in Brazil has exhausted the frame agreement that we have with them meaning that they have not called for the last portion of the frame agreement and issued a firm purchase order meaning that it is now time to reactivate talks on a potential replacement with a new frame agreement and we will spend most likely most of this year discussing that with Petrobras. And it ties to the statements that these customers come with externally that they see a very high activity level in that region for years ahead and of course we want to get our fair share of that.

If we turn to NKT Cables, Michael has displayed the activity level in the first quarter in the various product segments but I would like to elaborate a little bit on it further. So as opposed to competition we have actually seen growth in all segments with one exception which is the low voltage. We have seen nice growth in high voltage submarine, medium voltage railway products, automotive products, speciality cables and only the low voltage is down and that segment was down with 15 % as a result of a continued weak activity level in construction across Europe and the very tough winter that we have had also in the northern/central part of

Europe this year as opposed to last year and that has clearly impacted numbers. The fact that we can grow in medium voltage where we grew 5 % is actually quite satisfactory because also that segment has been impacted negatively by weather because our customers, the utilities, have not been able to dig cables into the ground in the first quarter and despite that fact we have been able to grow 5 %. Some of that is due to the fact that we had an important win in China where we succeeded in also delivering medium voltage cables to our important customer Ministry of Railway where we deliver our catenary wire products as a consequence of our philosophy, our strategy to deliver solutions to customers, we have now also approached this customer with our full offering and they have now also started to buy medium voltage cables from us. That is part of the equation in first quarter in that segment but another important component is that we came out very strong from the frame agreement negotiations with key customers, we are mentioning in our report that we came out very strong from negotiations with EON and EDF as two specific examples meaning that we are now nicely covered in that segment and are certain to achieve growth in the medium voltage segment going ahead from here. The flipside was that negotiations were very tough, it was very fierce competition so prices decreased a little bit but our way to combat that is that we are utilising our low cost setup in Eastern Europe and therefore also a part of the strategy has been to qualify our facilities in the Czech Republic for delivery to these specific customers and that has been achieved so that some of these cables will come from these facilities. Also increasing the flexibility on our Cologne facility where we now have full flexibility to focus on submarine and high voltage and to a lesser extent manufacture medium voltage cables in Cologne because we can take that from the Czech Republic or from our Danish facility if needed. On automotive we also had important customer wins supporting growth in the quarter which we will also see going ahead from here, we had experienced some turbulence in the fourth quarter last year where an important customer of ours went into bankruptcy and we were a little bit in jeopardy there but we have been able to secure and actually expand that volume by replacing with other customers and we are very satisfied with that initiative.

And in high voltage and submarine we are in our report today mentioning that we do see some delays, we do see some hesitation and also some price pressure in parts of those segments but it does not change the fact that we did have growth in the quarter, we also have a good backlog in these segments and in particular in the submarine cable segment we continue to see many projects being tendered so there is a long list of prospects for further business in that segment and we continue to position ourselves for gaining our fair share of that.

Overall on Cologne to update you on that as Michael mentioned on the CAPEX side, on the cash flow side we are almost through with that investment which also means that in physical terms we are now getting close to getting rid of all the construction workers at the site which will then enable us to enter into a new phase where we can start to work with efficiencies as you can imagine constructing a factory and manufacturing in the factory at the same time is quite a challenge and therefore our efficiency is not as it will be when we are fully up and running, we are slowly getting there and to reach the state where have all the construction workers out of the factory will be an important next step and that will happen within the next quarter or so. But we are now up and running 24/7 on the machines that we have in the factory and the remaining part of this year will be used to move a number of the remaining machines from our old facility to the new facility so we continue to emphasise that please remember 2010 is a transition year for NKT Cables in terms of Cologne due to all these challenges.

On the project side we are very dependent on two major projects that we have in the factory this year, the Baltic project and the Tenant Project and we continue to execute on them, they are very demanding and they are even more demanding because they are in a new factory with processes that are unproven, we will overcome that, but again there is an element of inefficiency and extra cost related to that to be sure that we are able to deliver and meet our customer expectations on these specific projects. On the M&A side as mentioned in the introduction we have acquired a small operation in Australia which ties into the acquisition of our high voltage factory in China because we will then with that outlet in Australia be able to play in that market which is difficult without a permanent establishment down there and this customer is an installation company with very good relations to all the utilities in that market and we expect that with that outlet we will be able to sell medium voltage and high voltage cables going forward in the market and due to the structure of the cable industry in Australia where there are not that many local manufacturers we see this as an interesting opportunity. And we will use that as inspiration for, if possible, adopting that platform or another market in Asia where we also have ideas to penetrate new interesting markets in that region, not buying a cable manufacturer but buying outlet installation companies or whatever as a platform for selling our products.

I guess that is what we want to share with you on NKT Cables so we can move on to Nilfisk-Advance where as Michael explained a very satisfactory first quarter with a very nice margin expansion illustrating that our structural initiatives and cost containment programmes are paying off, they are working, they are efficient and on product development we continue to run at a high activity level, we launched 10 new products in this quarter of which the EcoFlex is the most important part of that new offering and we hope to see good results from that going forward, we will continue to make sure that we are positioned as one of the leading players in the industry, also in terms of solutions to support the sustainability agenda.

And in terms of geography, yes we grew very nicely with 10 % in US as Michael explained but it is actually even more satisfactory that we grew 4 % in Europe, looking at macro economy there is no doubt that the US is a little ahead of Europe where the verdict is still out where Europe is really heading but the fact that we could grow 4 % in that market we consider satisfactory and it will be interesting to see where the market is going from here.

In terms of the structural initiatives we continue to work with the plants which entails the relocation of manufacturing from the US to Mexico where we now have a full operation up and running in Mexico and we will continue to move platforms down from the US to that facility and in Europe we will continue to relocate manufacturing out of Italy up to our facility in Hungary and that is also going according to plan. So overall, satisfactory performance and running at a gross margin level of about 43 % is almost unprecedented, at least for the last couple of years in this industry and illustrating that we have a lot of competitiveness and we will use that as mentioned in the report to gain further market share meaning that we will not strive for further expansion of that gross margin, we will rather use it to gain more market share and gain growth, that is the overall agenda. And then also looking at the gross margin, please bear in mind that many commodity prices have increased tremendously over the last 12 months. We have not really suffered from that yet but it is our expectation that we will start to see more pain from that arena in the coming quarters which will put the margin a little bit under pressure. We will combat that with continuous price increases and further cost optimisations and structural initiatives but it is important to remember that component as well.

And that brings us to our overall expectation 2010 which as mentioned in the introduction is unchanged meaning that we are guiding for about a billion and we have offered the service here to show what the market is expecting in terms of most recent consensus and we are fully aware that we are slightly below consensus and let us see if we can continue performance as we saw in the first quarter also in the coming quarters. Yeah, then there is a good opportunity that we will be able to close that gap but it is too early to upgrade guidance due to the overall uncertainty and just the last couple of days' turbulence in the markets overall due to the PIGS (Portugal, Ireland, Greece, Spain) crisis in Europe clearly illustrates that we are not out of the woods yet. There are still a lot of obstacles out there on the macro scene and therefore it is too early to have a more optimistic view on where the world economy is going. But we feel very confident with the guidance we are reiterating today and then we will move on from there.

[34:38]

And with those remarks we are ready for Q & A, and as promised in the introduction we will start with the participants dialling in, so operator, do we have anybody on the line?

Operator
Thank you. We will now begin the Question and Answer session. If you have a question please press star and 1 on your touchstone phone. As a reminder, if you have a question please press star and 1. There are no questions at this time, thank you.

Thomas
Thank you. We will then turn to the audience and we will start here at the first line.

Q: Christian Estrup from Jyske Bank.
A question on your guidance, it seems like you are a bit surprised on the positive side on Nilfisk. Is that fair to say? And maybe on the negative side on Cables. Are you more positive for the whole year for Nilfisk and less for Cables?

A:
I guess that is a fair way to summarise it, there is no doubt that the growth and the margin pickup in Nilfisk is stronger than expected, stronger than what we had in our plans. We are not in our guidance today detailing the guidance on business lines but if we refer back to the assumptions that we applied when formulating the guidance in March, there we gave some assumptions where we guided or assumed 2 % growth for Nilfisk for this year and we assumed a margin pickup of 1 percentage point for Nilfisk. And there clearly after the first quarter, we are already there on the margin expansion and we are way ahead on growth. So yes, Nilfisk is doing better. On Cables we are due to the tough winter having a slightly more cautious look on the cable growth, also the competitive environment in the industry is probably also a little more intense compared to what we saw in March. This also brings a little bit of caution into our guidance and in terms of margin expansion, there actually we are doing quite okay in the first quarter, we guided for or assumed a half percentage point margin pickup in Cables and we are 0.9 percent point up after first quarter on the 12-month curve so there we are actually a little ahead which we are not so certain we can maintain but time will show. So that is our perspective on that.

Q:

Thank you. And then on Nilfisk, what do you do differently in Europe compared to Tenant you say, it is quite remarkable there that you have gained, it seems like you have gained a lot of market share. Prices or…?

A:
There is a lot of discipline in the market so I don't believe that it is through prices necessarily, I just believe that we have a good offering and we are well positioned in Europe, please bear in mind that the footprint of those two companies in Europe is quite different so we are probably overall better positioned and that is what is driving our growth where they are only present in certain markets in Europe and without knowing all the details of that company, maybe they don't have their full offering available in all markets and also there we are better positioned, we also are benefiting from having the, just as one example, the Viper brand which we have introduced in Europe to accommodate the demand at lower price points as one growth driver that we see positive return on both in Europe and in the US market. We have seen good response to our EcoFlex offering into the market where the response that we get from customers is that they really appreciate the flexibility that our offering has compared to what competition has brought to the market.

Q:
And then lastly on Flexibles, would you say you are more than 80 % covered for this year and how are prices looking for the new orders?

A:
We are definitely covered 80 % for this year, we are probably also covered 100 % meaning that we do have, we will probably end up with some slack capacity that we cannot fill due to the fact that orders coming in now have a longer lead time meaning that we cannot put them in the factory this year but it will be next year. But we definitely know what we are going to do so the guidance we are providing is fully covered as of today. And in terms of prices in the market I would say that they have stabilised, if you look at the EBITDA margin development for NKT Flexible, we came out of 2008 with an unprecedented 33 % EBITDA margin, that declined to 23 % in 2009 and we have guided you 13 % margin for this year, so we have been on this journey as a clear reflection of market price development in the market. And we also clearly see that the current tender activity in the market supports the guidance that we have given meaning that they are not going to dilute the guidance that we have given to you, that is probably the most precise answers I can give to that.

Q:
Thank you.

Q: Klaus Madsen, Danske Bank.
Could you comment on the outlook for low voltage and medium voltage into Q2, some of your peers have indicated that there will be a maybe quite sizable rebound on the back of normal weather conditions both in low voltage and medium voltage, do you see a similar pattern in your business?

A:
They see that we will experience the same because we are operating in the same markets. On medium voltage we have a good visibility due to frame agreements and with the entering of the spring and thereby ability to dig cables into the ground clearly we will see pickup in medium voltage supported by frame agreements and weather conditions, so that we share. On

the low voltage, I don't think anybody knows what the second quarter is going to bring because of the low visibility within installation cables. I hope that we will see a rebound in construction due to delays in construction during a tough first quarter but as to give firm guidance on it, I guess that is almost impossible so we are positioned to take that growth if it is there but whether it materialises, time will show.

Q:
Then on Nilfisk-Advance you in your report still guide caution on the market overall in 2010 but do you feel any uncertainty related to the current momentum and run rate in your own performance?

A:
No. We talked about or discussed the results of the first quarter and without being very specific performance in April supports the trend we saw in the first quarter that is fair to say. So it looks good, the reason for being cautious is simply lack of visibility, the visibility in the cleaning equipment business is very, very low because we don't have backlog in this industry. So we don't know what we are going to sell in May or June and that of course makes us a little cautious. The fact that we have seen such a strong rebound also makes us a little cautious because it cannot be ruled out that some of the growth that we are enjoying right now is pent-up demand from the last 18 months and if that turns out to be the case, yes then we will see a more normalised growth at a slightly lower level. We have historically seen the industry in good times grow probably around 5-6 % a year, if you remember Nilfisk-Advance delivered systematically 7 % organic growth for many years and now we are still below that level which could point to the fact that there is no pent-up demand that is simply that the market is back but it is too early to conclude firmly on that.

Q:
Then finally on the relocation, could you give us an update what you have currently done mainly on the US sites and then on the, well, I guess cap you indicate on gross margin in Nilfisk-Advance, does that in any way indicate that you will compromise existing discipline in the market or how should we read that, I guess there is still surplus on the gross margin from structural initiatives and how will that match with continued discipline?

A:
To the first part of the question on the structure side, focus is on moving platforms from our various US facilities to the now up and running facility in Queretaro in Mexico and it is going according to plan so there is a detailed plan for how we move product platforms down to that facility and that is and we are following that plan very closely. And in Europe as mentioned we also have a detailed plan for moving floor care products out of Guardamiglio in Italy and up to Sziget in Hungary. And those are the key initiatives in terms of relocating manufacturing. On top of that we continue to work with our sourcing initiative step up our sourcing where we are targeting to have more than 50 % of the value of components coming from low cost countries in 2012 and also there we are on track with that plan, if I remember correctly we came out of 2009 with 29 % of the volume coming from low cost countries so there is still a way to go but there is a clear plan and we are executing and are very confident that we will achieve that.

As to the discipline in the market, we are the first one to maintain discipline in the market, as market leader it is very important to keep price discipline and show leadership in the market in terms of making sure that we continuously implement price increases to combat raw material price increases and the signal is not that we will show less discipline in the market, we will continue to execute on that. But it is also clear that we will utilise our competitiveness meaning the fact that we have a better setup, a more efficient setup, a lower cost base, we will utilise that to make sure that we achieve growth and gain market share. So within that envelope we will position Nilfisk-Advance but you can be assured that we will be the first one to show discipline.

Q;
Thank you.

Q: Klaus Gehl from Nykredit Markets.
One question related to Nilfisk and the margins we saw here in Q1. Is there any, and I must say I am very positively surprised, but is there any unusual factors, I don't know, price heights in the beginning of the year and then unusual low raw material prices or anything?

A:
No, it is purely operational gearing that you see delivering that margin in the quarter which ... we saw the flipside of operational gearing when we lost top line where we saw EBITDA dropped by 36 % of lost revenue and now we see the positive side of that coin when it is moving in the opposite direction. And that just illustrates what the strategy in Nilfisk is all about, getting volume. It is a scale game where we have enormous opportunity to boost earnings if we can get more volume into our factories and that is the overall objective, both on how we work organically to grow in the markets but it also ties into the M&A agenda where consulting seems to be further... clearly has a value opportunity attached to it.

Q:
Okay, and then a question to Flexibles. You say that you have won a couple of projects in the quarter and that you see a strong tender activity right now.

A:
Yeah, better pickup in tender activity.

Q:
Yeah, better tender activity, but could you comment on the payment terms, do you still expect to see the same upfront payments or is there any change there or exactly how the oil companies probably are being a bit evil towards the sub supplies right now.

A:
It is following the supply/demand balance closely so you saw it clearly on one of the slides that Michael showed you on NKT Flexible if I can just find that one, here, where you see the dark blue line is the working capital, net working capital development where we came from a nil position reflecting the favourable position to achieve prepayments and now into a more normalised environment where we have about 25 % of sales tied up in working capital reflected probably the opposite that now it is, the customers are dictating payment terms is the environment right now out there. And then hopefully as we get more activity in the market we will find the balance which will then lead to a position somewhere in between and then on top of that the mix change between rest of the world and Brazil also plays in here where payment terms in Brazil have historically been known for being less favourable compared to the rest of

the world and the fact that we are now getting a bigger share of our mix in Brazil also is increasing demand for working capital.

Thank you.

Q:Daniel Patterson from SEB Enskilda.
I have two questions on cables. Firstly on medium voltage and high voltage, one of your key peers here were saying that especially some of the German utilities down there were a bit hesitant in restarting projects and you have mentioned yourself the thing about hesitation and delays here. Why? Do you have any reason what is going on?

A:
Ehm, I think a couple of factors. One is the fact that the slowdown in world activity also has resulted in less consumption of electricity so these utilities, their business is to sell electricity and they have experienced a top line decline due to lower demand as one component, another component is that there has been still some activity going on deep under the industry where some utilities have been selling off parts of their network to other players, meaning that there has been some uncertainty as to who owns which grids which probably also has lowered the appetite for investment. And then also with the low or the fluctuations in overall energy prices, in particular the oil price, you have also seen electricity prices come down actually compared to historic levels which again is having a negative impact on utilities. So and then there has been some examples of utilities despite strong cash flow having to deal with covenant issues and I guess all that, to sum all that up, has cautioned them a little bit on their CAPEX programmes and that is probably the root causes for that and then I could imagine that the specific peer that you are referring to has probably had a hard time getting their share on the medium voltage market in Germany, that could also play into that comment.

Q:
Okay, thanks. Then secondly also on cables, this is more operational and on Cologne. Could you perhaps elaborate a little bit here, you were saying that Baltic won and Tenant, now it is going to be very, very important for you getting further contracts going forward. I mean how is it going, is the armouring line now up and running and you know, elaborate a little bit.

A:
If you look at the factory in Cologne, all processes are up and running, you saw it yourself when you were visiting the factory on the capital market where you saw the extrusion lines operational and the majority of the core cable manufacturing processes being ready. Since you visited the factory all turn tables are in full function, the stranding line is in full operation, the armouring lines are in full operation and we have been running manufacturing on those lines so that we know that they work. As always when you do that it is with hiccups and surprises and this and that and the other but it is working, they are functioning, the small hiccups that we almost as expected have experiences have been overcome and rectified so yes, the factory is fully functional as of today.

Q: Yes, hello, Patrik Setterberg from Nordea Markets
I have three questions; I take them one by one, the first one in relation to NKT Cables. You highlight in your report that you are having a weak organic growth in low voltage in January and February but could you specify what the organic growth was for March?

A:

We don’t go into details in months. We are telling you that we in low voltage we experienced minus 15 % for the quarter and I am not being specific on months because it has no relevance because you don’t have any reference point to compare to so we are not going into further detail on that.

Q:
Okay. Second question regarding Nilfisk-Advance, you are writing in your report that the structural initiatives will cost you around 75 million in 2010, they are running as planned but you are expecting to conclude in 2011. Does this imply further restructuring costs in 2011?

A:
If I remember maybe a little charge, small numbers, I don’t know, do you remember the number?

10 million or whatever, something like that,

Yeah, insignificant, so nothing compared to what we have spent the last couple of years.

Q:
Okay, thank you. And then last question regarding NKT Flexibles. Is it correctly understood that you are changing the wording regarding this follow-up on the Petrobras framework agreement that you are now hoping to conclude this regarding the full year 2010?

A:
I don’t remember exactly what we said earlier on whether that is a changed wording. The reality is that it was natural for the customer to exhaust the existing frame agreement which they have now done by issuing a purchase order meaning that they have exhausted that frame agreement on two specific projects, P57 and P56 in Brazil and we are working on those two projects. As part of that we have also been qualifying pipes for those two specific projects which is a natural part of the projects and therefore before all that was concluded it made no sense to really start serious discussions about the next frame agreement and now with that behind us we have initiated talks with the customer to accommodate his needs for flex pipe in the coming years which he has been out putting numbers on and it is an enormous amount of pipe that he needs for the next 5-10 years and we are happy to help him with that and due to the good relationship that we have had on the first frame agreement we are very confident that we will secure a new frame agreement but we are, you know, nothing is certain until you have ink on the paper and due to that the timing in such negotiations it is likely that it will take 2010 to get that all in place.

Q:
Thank you very much.

Q: Stig Frederiksen from ABG
One question regarding subsea cables. You are mentioning the outlook is satisfactory. Could you elaborate a bit about how you see the activity on the tender side? We hear a lot about new projects coming up in Europe lately and then secondly China, it seems that China have just decided to invest heavily in grids to support the wind industry in the next 5 years. How do you see NKT Cables placed to take a part of that?

A:

On submarine we can confirm that we see an attractive tender activity in Europe, there are many projects live out there where customers are discussing with vendors so we are active on many, many different projects, actually we are spending an enormous amount of resources on that in our tender department. So we are very busy and look forward to be able to announce further projects and there are some interesting projects in the pipeline that we hopefully will be able to conclude without being specific as to when that is because you never know. On China, clearly we share that view that China is an interesting opportunity and that is exactly why we have entered into that market with our high voltage cable factory on top of the existing medium voltage cable setup out there. I didn't get whether your question was related to submarine or in general? In general. We clearly share that observation, that view and of course we are eager to get going and the expectation is that we will have our high voltage cable factory up and running starting in the second half this year. So right now we are in the process of manning up, I think we have about 120 people on the payroll in China now in that factory and we have the management team in place and so we are doing all the preparatory work to get going, starting in the second half.

Anybody else? There is one up there.

Q: Name from Nykredit Markets.
First of all, could you elaborate a bit on your overall exposure to these countries?

A:
Uhm… I don't have the numbers on top of my head but in more general terms our exposure compared to the overall size of the NKT Group is relatively small. Of course, Nilfisk has operations in all these countries so we are selling cleaning equipment in Greece, Spain, Italy and Ireland but it is also fair to say that these markets are relatively small. On the cable side we have been selling systematically cables in Spain where we have been selling high voltage cables for a couple of years, Italy has never been a big market for us as you are aware, one of our big competitors is having a quite strong position in Italy so that has never been a playing field of ours and in Greece, yeah we just announced earlier this spring that we won an interesting 400 kW project in Greece which is fully credit insured so the risk that is related to if this crisis should make it impossible for the customer to execute the project. We have no signs that that is the case but of course that is an exposure.

Q:
Okay, and then on Flexibles. Assuming that Petrobras is prepared to give you a sizeable frame agreement, are you then prepared to open a factory in Brazil or will you be able to deliver out of Denmark?

A:
That depends on what the customer requires. It is known to everybody that Brazil is known for local content requirements meaning that in many industries of strategic importance they require that the entire manufacturing or parts of the manufacturing takes place locally and since the oil and gas is a strategic industry for Brazil that also applies to this industry. And we are open to it if that is what it takes to establish ourselves more permanently in Brazil with a sizeable frame agreement, then of course we need to accommodate the customer, we need in cooperation with customer to figure out how we then comply with those local content requirements.

Q:

Thank you.

Q: Christian Estrup, Jyske Bank
Just one question on Nilfisk again. Regarding your growth initiatives, are you planning on, you say you keep your prices fairly firm, do you plan on going into new markets apart from what you have announced so far?

A:
Absolutely. It is part of the overall strategy to continuously penetrate emerging markets and you have seen that through a number of initiatives over the last couple of years and that has brought the overall number of sales companies in Nilfisk-Advance up to some 44 companies or something like that scattered around the globe and there are still markets out there where we are not present where we want to be more permanently present. So we are continuously monitoring those markets and once they reach a certain threshold on GDP per capita, then they are classified as interesting markets and we are ready to move in, so we will continue to do that. In terms of examples you have seen us move into South America as one continent the last couple of years where we have established ourselves in Chile, Argentina and most recently in Brazil. And to take the example of Brazil which is a very big market and the geography for Brazil is quite impressive and there maybe we will need to follow up our organic establishment in Brazil with further initiatives as one example. And we will continue to have a close view on that how we can expand our presence. And then we continue to look at our mature markets and make sure that we gain market share and if it makes sense we will also through organic growth and M&A expand our presence in mature markets and that could be acquisition of other manufacturers or it could be acquisition of dealers that will strengthen our position.

Q:
So you will stick to the original plan and don't speed up the process, is that…?

A:
We follow the plan that is already laid down.

Is that it? Then I will make one final request to the audience dialling in. Operator, do we have anybody on the line wishing to ask questions?

Operator
As a reminder, if you want to ask a question please press star and 1 on your touchstone phone. There are no questions at this time, thank you.

Thank you very much, then we will conclude, thank you very much for dialling in and for watching or for participating here. We will be back with our second quarter in August and look forward to sharing the results when we get there. Thank you very much.