

Exciting times ahead of us

Increased activities in the SURF market lead to increased demands on NKT Flexibles – and we are ready.

After a few years of doldrums in the SURF market in the wake of the global financial crisis in autumn Y2008, we now appear to be standing in front of a period with increasing activity levels. The number of projects being activated is increasing and operators exercise their commitment to securing future flow of oil & gas to support the global energy demand.

At NKT Flexibles we are experiencing the higher activity level in two specific ways.

First, we are off to a good start in the process of establishing NKT Flexibles as a future local supplier of flexible pipe systems for the Brazilian oil & gas sector. We have secured an attractive position for our new factory in the Superporto do Açú, all machinery for the main process lines has been ordered, we have contracted civil construction to commence early next year, and we are now gearing up to establish the organization that will serve the Brazilian market going forward.

Second, we recognize on a global scale an emerging awareness from clients in terms of a need to ensure availability of critical components such as flexible pipe systems for planned developments. This results in more projects being awarded, which again leads to longer delivery times and demand for skilled internal resources to progress client projects.



In response to these challenges NKT Flexibles will continue to collaborate closely with all of our clients in meeting critical schedules. We will stand by our commitments, provide the necessary and adequate resources from within the company and rely on our strong supply chain founded on mutual partnering. As a testament to our commitment we have grown our organization by more than 35% during the last 18 months. During the coming 18 months we expect to further grow the organization by at least another 60%.

We feel well prepared for the future and we look forward to supporting your continued business.



Chief Executive Officer

Season's greetings &

best wishes for 2012

Driven by perseverance, commitment and a passion for flexible pipe solutions, we at NKT Flexibles can look back on a year that has given us more opportunities and inspiration than we ever could have hoped for.

We look forward to sharing new horizons and wish all the best to you and yours.

/Christian S. Dyhr - Sales Director

Establishing NKT Flexibles in Brazil

When NKT Flexibles and Brazilian oil giant Petrobras announced our second frame agreement in May 2011, it generated a lot of attention in Denmark, where the order of up to € 1.3 billion is one of the largest in recent history and by far the largest in the history of NKT Flexibles.

The order is the high point – so far – of a strong, committed partnership between Petrobras and NKT Flexibles. Starting with our first Frame Agreement, FA-I in 2008, NKT Flexibles has made sure to meet all requirements and delivered as agreed on every count. Through long negotiations, the second Frame Agreement, FA-II, was reached and in an open and honest partnership where transparency played a key element, the foundations for NKT Flexibles' "Brazilian adventure" were laid.

Establishing a company in Brazil requires a persistent and careful effort. It is therefore not surprising that several NKT Flexibles employees are growing increasingly familiar with Galeão International Airport and Rio de Janeiro – to the extent that

some even have developed routines for their frequent stays in Rio. Between securing licenses and finding the right staff for the Brazilian office, there is already much to do in Brazil and working to establish ourselves close to our future factory only makes each trip across the Atlantic more interesting.

As part of the frame agreement, NKT Flexibles is to establish a Brazilian organisation including a factory capable of producing more than 225 km/year. After serious considerations and an intense dialogue with Brazilian stakeholders, the location of the factory was decided to be in the industrial area of the new Açú Superport, approx. 40 km from Campos dos Goytacazes in the state of Rio de Janeiro.

The harbour is part of a huge industrial complex that will also encompass a dedicated terminal for companies servicing the offshore oil and gas sector. NKT Flexibles' factory will be situated in a sheltered area inside the Açú Channel, where our 210-meter quay will facilitate safe and efficient load-in and load-out operations.



The main channel being excavated for Superporto do Açú.

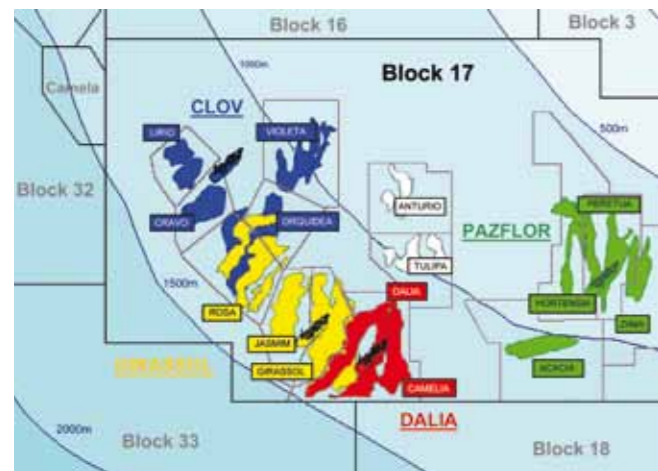
EBX President Eike Batista, NKT CEO Michael C. Hjorth, and Rio de Janeiro governor Sérgio Cabral at the signing ceremony for the new NKT factory.

Dynamic HRT jumpers for CLOV

Subsea 7 has awarded the highly prestigious TOTAL CLOV flexible pipe scope of work to NKT Flexibles to be delivered during 2012 and 2013 (Total is the operator, Statoil, Esso and BP as partners and Sonangol as concessionaire).

The CLOV Development is located in the northern part of Block 17, offshore Angola, some 40km north-north-west of the Girassol Development, and 140km from shore. It consists of the following four reservoirs in water depths ranging from 1,100 to 1,400m:

- Cravo Oligocene ("Cravo" - "C");
- Lirio Oligocene ("Lirio" - "L");
- Orquidea-Violeta Central Miocene layers ("OV Central");
- Orquidea Oligocene ("O11W")



The scope of work comprises no less than 13 top tensioned dynamic jumpers sub-divided into four heavily insulated production jumpers, four gas lift jumpers, four water injection jumpers and finally one gas export jumper.

These 13 dynamic jumpers connect two hybrid riser towers (HRT - for production and water injection), and one Single Hybrid Riser (SHR-for gas export line) to a new built CLOV FPSO. This award involving a large number of complex dynamic applications reconfirms NKT Flexibles' leading market position for such highly specialized flexible pipe configurations.

Other than flexible pipes the scope of work includes a large quantity of ancillary components such as 13 complex diverless bend stiffener latching mechanisms and associated 26 bend stiffeners demonstrating NKT Flexibles' ability to provide complete system solutions for even the largest projects.

During the project execution, NKT Flexibles will perform a number of in-house validation tests including thermal cool down test and SN-curve tests.

These project specific tests will further extend NKT Flexibles' comprehensive test record.

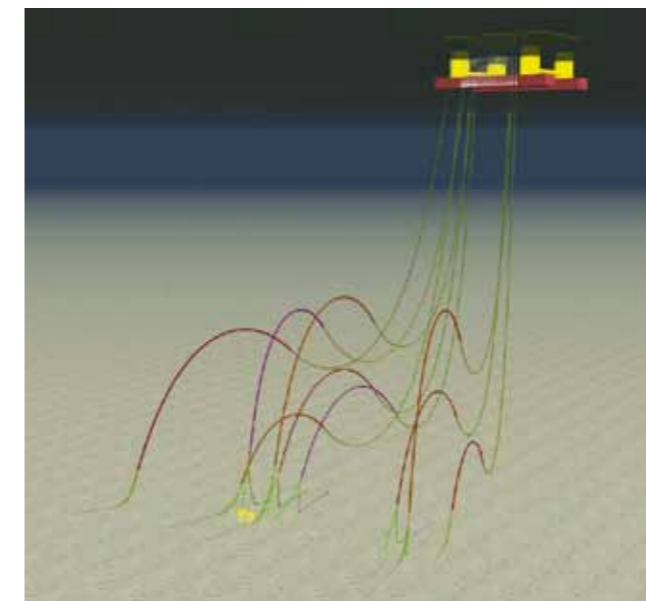
We are extremely pleased by the confidence shown by Subsea 7 in nominating NKT Flexibles as its partner for this high profile project for TOTAL in West Africa.

/MOR

Hyme Riser Project

In March 2011 Statoil commissioned NKT Flexibles to deliver three flexible dynamic risers for the Hyme field located in the Norwegian sector of the North Sea to be tied back to the Njord A platform approximately 19 km South-West of the Hyme Field.

The Hyme reservoir consists of both an oil and a gas zone in a water depth from approximately 265m to 330m. The dynamic flexible risers for the Njord A Floating Production Unit are based on a reversed tethered wave configuration.



The scope of work involves one Production Riser of 7" ID, one Gas Lift Riser of 5" ID and one Water Injection Riser of 6" ID. The lengths vary from 702m to 741m. In addition, flexible static jumpers will be provided. Accessories for this project include hang-off assembly, buoyancy modules, horizontal and vertical clamps, bending restrictors and pull heads. The flexible pipe system for Hyme will be delivered in April 2012. Secondary services surrounding the delivery, such as fire protection of the flexible risers, will impact local employment positively.

NKT Flexibles is very pleased to have been nominated by Statoil - under the existing Frame Agreement covering supply of flexible pipe systems - to deliver the entire flexible riser system including all required ancillaries for the Hyme project. We see this award as a testament to the good working relationship developed between the two companies over the last decade.

New storage turntable at the Kalundborg factory

New turntable gives NKT Flexibles the arguably greatest turntable capacity in the segment, adding flexibility to installation contractors to match vessel schedules.

As part of our continued strategy to support single-length flexible flowlines, we are expanding our storage capacity with yet another turntable, bringing our total up to six.

The industry has long realized that single-length flowlines eliminate some of the risks of subsea mid-line connections, shorten installation time dramatically and – obviously – significantly

reduce expenses associated with end-fittings. It is therefore no wonder that it is becoming a preferred solution for subsea tie-backs.

So far, NKT Flexibles has already supplied a vast range of single-length flowlines, including systems for Shell "Draugen", BP ("South Everest"), CVX ("Strathspey"), Marathon ("Volund"), Statoil ("Åsgard"), Nexen ("Ettrick") and many, many other projects.

/SKT



Exhibitions Q1/Q2 2012

NKT Flexibles look forward to welcoming you at the following exhibitions in first half of 2012:

Oceantex

Bombay, India - 8 - 11 February

NOGTech

Abuja, Nigeria - 20 - 23 February

AOG

Perth, Australia - 22 - 24 February

OTC

Houston, Texas - 30 April - 3 May



**Meet us at OTC, Houston
30 April to 3 May
Stand 4603**

Several successful load-outs from Kalundborg

During the past nine months, NKT Flexibles' dedicated load-out department has continued to ensure 24/7 support to projects by carrying out more than 30 successful load-outs from our self-operated harbour facilities in Kalundborg.

In mid-August, 12.5 km smoothbore pipe was shipped off to the Draugen platform in the Norwegian Sector. Part of the delivery was a centralizer developed especially for the project, but with the potential to address collapsibility issues in other smoothbore pipe installations –

at considerably lower cost for operators than existing methods.

Our series of successful deliveries to Statoil continues with the load-out of a 6"-riser for the Njord North-West field, where the 800-m riser was loaded out in July 2011 in perfect time. Taking the close relationship as far as possible, NKT Flexibles has also established a dedicated project and engineering unit for current and future projects.

Finally, one of the last load-outs for the Petrobras FPSO P-57 in connection with

the Frame Agreement I was completed in October 2011. With only a few more to go, it was no surprise that this load-out also went like clockwork with virtually no delays and strong concerted effort from all parties involved with the project. As the final deliveries of Frame Agreement I are made, the factory in Kalundborg looks to begin production and delivery of the first orders included in Frame Agreement II, while the load-out team is ready to keep load-out operations running smoothly with an ever-increasing good contact to the vessels.

/SKT