



May 2024

Q1 2024 Interim Report

Webcast Presentation



Forward looking statements



This presentation and related comments contain forward-looking statements.

Such statements are subject to many uncertainties and risks, as various factors of which several are beyond NKT A/S' control, may cause that the actual development and results differ materially from the expectations.



Today's presenting team



Claes Westerlind
President & CEO



Line Andrea Fandrup
CFO

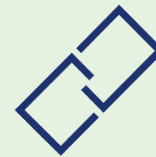
Continued double-digit growth driven by Solutions, and two investments of approximately EUR 100m each announced



Organic revenue* growth of 27% driven by satisfactory execution of record-high order backlog in Solutions



High-voltage order backlog at a new record-level of EUR 11.5bn after project awards of EUR ~1.2bn from Amprion



Operational EBITDA of EUR 75m, margin* improved to 14.1%



NKT will invest further in Solutions and Applications to support green transition and the ongoing electrification of society

* Std. metal prices.

Update of divestment of NKT Photonics

- In June 2022, NKT entered into an agreement to divest NKT Photonics to Photonics Management Europe S.R.L, a 100% owned subsidiary of Hamamatsu Photonics K.K.
- Required regulatory approvals was obtained from authorities in Germany, the United Kingdom, and the United States
- However, in May 2023, NKT received notification that the Purchaser has been denied the authorization under the Danish Investment Screening Act needed for the Purchaser to proceed to complete the transaction and acquire NKT Photonics
- In July 2023, the Purchaser refiled the application with the Danish Business Authority and was granted the authorization in May 2024
- NKT expects the transaction to be completed within Q2 2024
- NKT Photonics has been presented as discontinued operations and assets held for sale since the agreement was entered in 2022



Agenda



- 07 Business highlights
- 15 Financial highlights
- 20 Questions & Answers

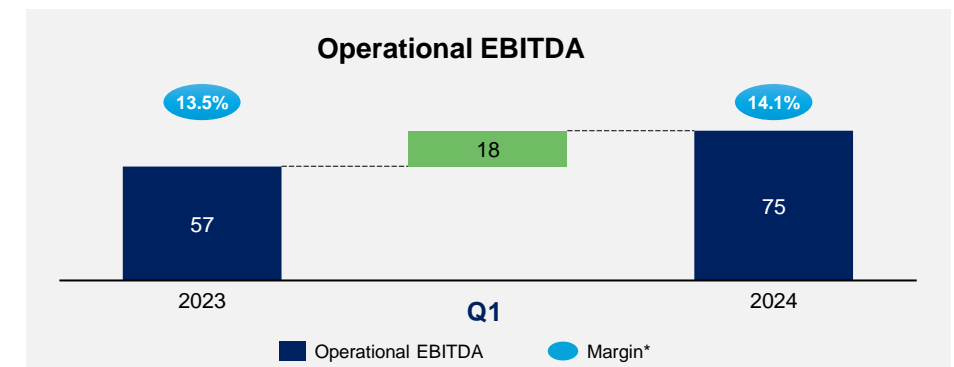
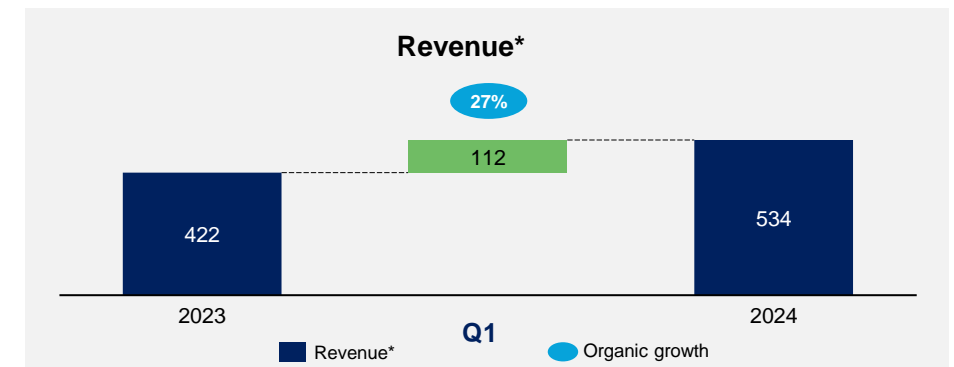
Financial performance in Q1 2024

Continued double-digit growth in revenue and operational EBITDA driven by Solutions

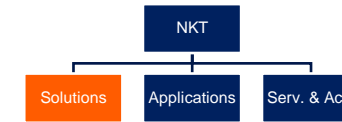
Key developments in Q1 2024

- Double-digit growth in revenue and operational EBITDA in **Solutions**, driven by satisfactory execution, continued high activity, and increased capacity from investments conducted in recent years
- **Applications** continued to benefit from positive developments in the power distribution grid segment, operational EBITDA margin* at a satisfactory level of 10.5%
- **Service & Accessories** increased revenue due to higher offshore repair activity, driven by work related to one legacy service agreement which was executed at unusually low profitability margin. Operational EBITDA margin flat compared to Q1 2023

Key financial highlights (EURm)



* Std. metal prices



High organic growth in revenue and operational EBITDA

Customer offerings



- High-voltage AC/DC off-/onshore power cable solutions

Development during Q1 2024

- Revenue and operational EBITDA increases driven by satisfactory execution, continued high activity, and increased capacity
- Continued progress on several projects through varying stages of execution including Baltic Power, BorWin 5, Champlain Hudson Power Express, Dogger Bank C, Draugen, Hornsea 3, SuedLink, and SuedOstLink
- Investment program in Karlskrona progressing according to plan, and new investment launched in Cologne to support future profitable growth

Q1 2024 financial highlights



Revenue*, EUR
(Q1 2023: EUR 215m)



Organic growth
(Q1 2023: 47%)



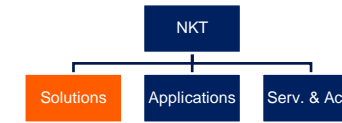
Oper. EBITDA, EUR
(Q1 2023: EUR 35m)



* Std. metal prices

Note: AC = Alternating Current and DC = Direct Current

High-voltage market development



Continued high level of market activity to start 2024

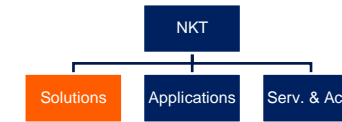
Key developments

- NKT estimates that **the value of projects awarded** in its addressable high-voltage power cable market **exceeded EUR 9bn** in Q1 2024, majority based on DC technology
- This primarily consisted of projects that were converted into firm orders after being previously allocated as long-term booking commitments in 2023
- NKT was awarded two high-voltage onshore power cable projects with a combined value of **around EUR 1.2bn** in Q1 2024 by German **Transmission System Operator** Amprion
- NKT anticipates that its **average addressable high-voltage market will be above EUR 10bn per year between 2024 and 2030**. In 2024, the market size could be higher than the anticipated average, depending on the timing and development of sizeable projects and large, multi-year framework agreements

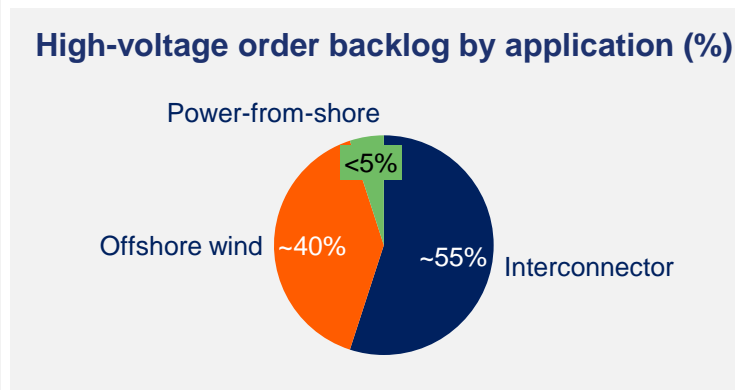
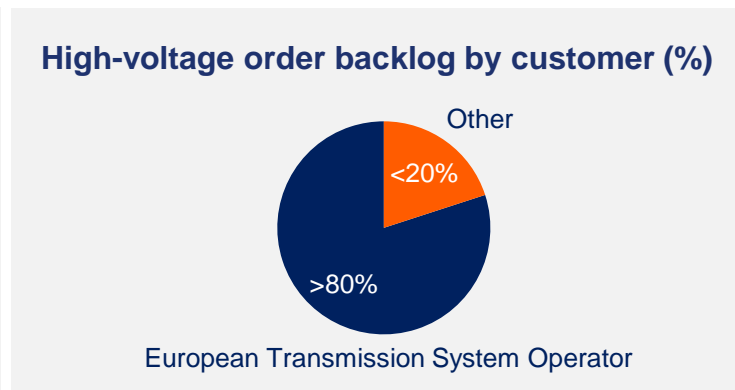
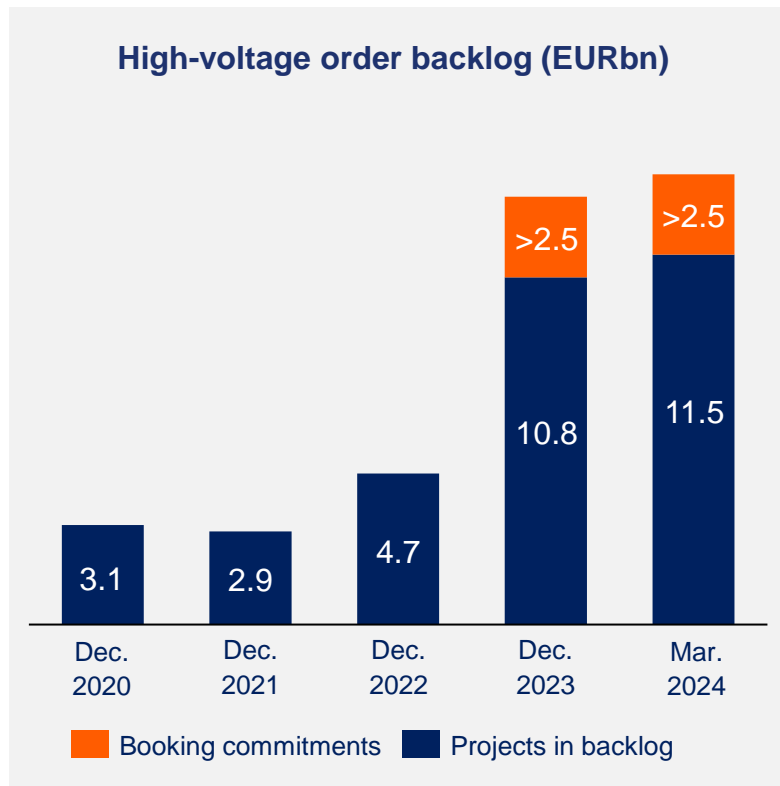
Recent notable order wins for NKT

Name	Announced	Size (EURm)	Type
Korridor-B V48 & Rheinquerung 	Mar 2024	~1,200	Interconnector
50Hertz HVDC Projects 	Sep 2023	~3,500	Interconnector/ offshore wind
Baltic Power 	Jun 2023	>120	Offshore wind
East Anglia Three 	Jun 2023	>250	Offshore wind
Biscay Gulf 	May 2023	>600	Interconnector

High-voltage order backlog composition

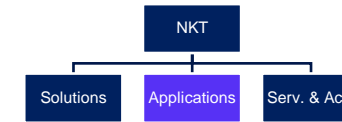


Diversified customer and project portfolio provide strong earnings visibility



Key developments:

- Order backlog of **EUR 11.5bn** provides **strong earnings visibility**
 - Over 80% of projects in order backlog are with large European Transmission system operators
 - Approximately 55% of order backlog are interconnector projects
- At end-Q1 2024, NKT had more than EUR 2.5bn in capacity reservations that were not included in order backlog
 - Three contracts under the framework agreement with TenneT for EUR ~1.5bn
 - Two projects with SSEN Transmission for EUR >1.0bn



Revenue and operational EBITDA at satisfactory level

Customer offerings



- Medium-voltage power cables for distribution grid
- Low-voltage construction-exposed power cables
- Telecom and other specialty power cables

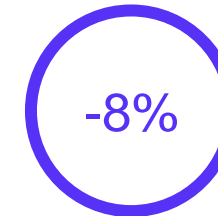
Development during Q1 2024

- Revenue decreased against a high comparison period in Q1 2023. Level was satisfactory, driven by stable volumes and positive development in power distribution grid segment
- Revenue and operational EBITDA margin* negatively impacted by construction-exposed segment, prices challenged versus Q1 2023
- Efficiency initiatives and power distribution segment led to operational EBITDA margin* of 10.5%, down slightly from 11.0% in Q1 2023, which was a record-level for Applications

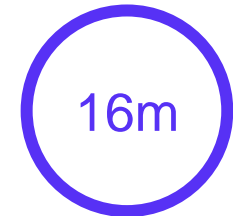
Q1 2024 financial highlights



Revenue*, EUR
(Q1 2023: EUR 164m)



Organic growth
(Q1 2023: 25%)

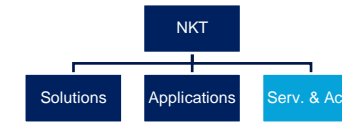


Oper. EBITDA, EUR
(Q1 2023: EUR 18m)



* Std. metal prices

Service & Accessories – Q1 2024



Growth in revenue and operational EBITDA

Customer offerings

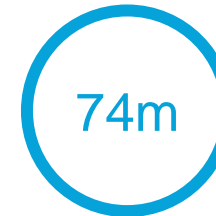


- High- and medium-voltage accessories
- Power cable services

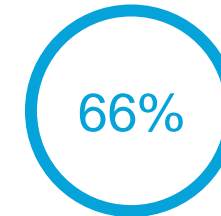
Development during Q1 2024

- Revenue growth driven by increased offshore repair activity within the service business. This was partially offset by slightly lower revenues in the accessories business compared to Q1 2023
- This led to an improvement in operational EBITDA of EUR 2m compared to Q1 2023. High level of offshore repair activity mainly related to one legacy service agreement, executed at low profitability margin
- Profitability negatively impacted by increased cost base reflecting higher employee headcount required for future growth

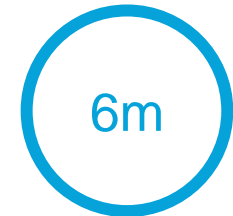
Q1 2024 financial highlights



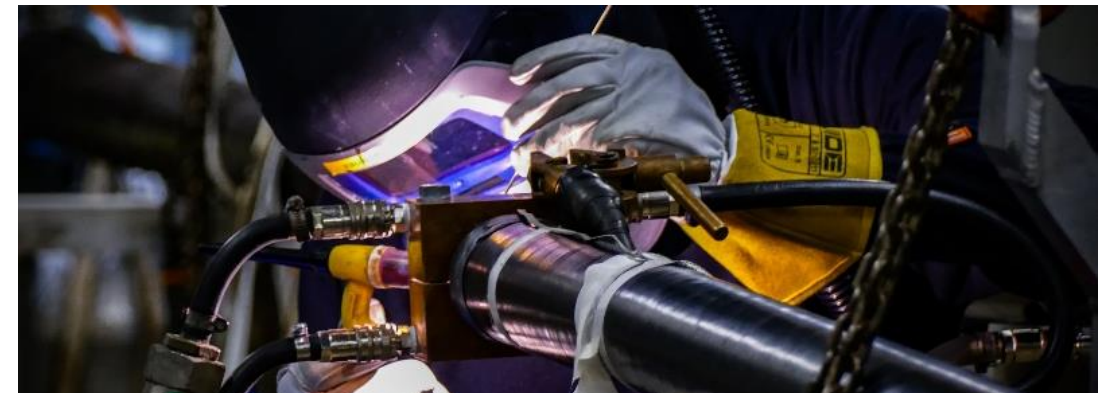
Revenue*, EUR
(Q1 2023: EUR 48m)



Organic growth
(Q1 2023: 7%)



Oper. EBITDA, EUR
(Q1 2023: EUR 4m)



* Std. metal prices

Further value accretive investments in Solutions and Applications to support NKT's medium-term financial ambitions



Announced in May 2023

Investment in high-voltage segment

EUR ~1bn

- ✓ Largest investment program in NKT history, new state-of-the-art factory in Karlskrona and new cable-laying vessel
- ✓ Assets expected to be gradually operational from 2027
- ✓ Investment program triggered update of medium-term ambitions
- ✓ Fundamentals for ambitions remain intact, Solutions to drive majority of growth

Announced in March 2024

Investment in high-voltage segment

EUR ~100m

- ✓ Additional capacity at existing factory in Cologne, Germany
- ✓ Expected to be gradually operational from 2027
- ✓ Supportive of medium-term financial ambitions including RoCE* above 20%
- ✓ Investment funded within existing capital structure

Announced in April 2024

Investment in medium-voltage segment

EUR ~100m

- ✓ Additional production capacity at existing medium-voltage factories in Czech Republic, Denmark, and Sweden
- ✓ Expected to be gradually operational from 2025 and 2026
- ✓ Medium-voltage to incrementally influence revenue and margin mix
- ✓ Supportive of medium-term financial ambitions including RoCE* above 20%
- ✓ Investment funded within existing capital structure

* See page 97 in Annual Report 2023 for RoCE definition.

Agenda



- 07 Business highlights
- 15 Financial highlights
- 20 Questions & Answers

Income statement: High organic growth primarily driven by Solutions



Income statement highlights

EURm	Q1		FY
	2024	2023	2023
Revenue	704	590	2,567
Revenue (Std. metal prices)	534	422	1,927
Organic growth			
NKT	27%	34%	36%
Operational EBITDA	75	57	255
Operational EBITDA margin*	14.1%	13.5%	13.2%
One-off items	0	0	0
EBITDA	75	57	255
Depreciation, amortization and impairment	-22	-23	-90
Financial items, net	8	4	-16
Tax	-13	-9	-30
Net result from continuing operations	48	30	119
Net result from discontinued operations	-3	-2	6
Full-time employees, average			
NKT	4,978	4,291	4,473

* Std. metal prices

Key developments in Q1 2024

- **27% organic growth** driven by satisfactory execution of record-high order backlog in Solutions
- **Growth in operational EBITDA**, both in absolute figures and in margins. Driven primarily by Solutions, which made up an incrementally higher share of total earnings
- **Financial items of EUR 8m** was mainly due to interest income, as well as a positive contribution due to exchange-rate fluctuations
- **Net result improvement of EUR 18m compared to Q1 2023**, driven by the parameters above
- **FTE level** increase driven by higher activity levels, in line with anticipated future organisational growth

Cash flow: Negative free cash flow driven by ongoing investments



Cash flow statement highlights*

EURm	Q1		FY
	2024	2023	2023
Cash flow from operating activities	48	-67	542
EBITDA	75	57	255
Financial items, net	8	4	-16
Changes in working capital	-42	-123	320
Others	7	-5	-16
Cash flow from investing activities	-64	-31	-247
Capex	-64	-31	-238
Acquisition and divestment of businesses	0	0	-9
Free cash flow	-16	-98	295
Cash flow from financing activities	-12	-17	334
Net cash flow	-28	-115	629

Key developments in Q1 2024

- **Cash flow from operating activities of EUR 48m** improved compared to Q1 2023, driven by positive developments in earnings and working capital
- Working capital increase of EUR 42m from end-2023 driven by phasing of milestone payments in Solutions and an increase in Applications due to a higher activity level
- **Cash flow from investing activities of EUR 64m** was higher than in Q1 2023 primarily due to ongoing investments in Solutions
- **Free cash flow of EUR -16m in Q1 2024**, reflecting ongoing investments and working capital increase

* From continuing operations

Balance sheet: Slight increase in working capital and leverage ratio



Balance sheet highlights

EURm	31 Mar		31 Dec	
	2024	2023	2023	2022
Working capital				
NKT	-667	-159	-709	-303
Capital employed				
NKT	955	1,220	904	1,089
RoCE				
NKT	22%	8%	20%	7%
Net interest-bearing debt (NIBD)	-642	50	-671	-55
NIBD / Operating EBITDA, LTM	-2.4x	0.3x	-2.6x	-0.4x
Total assets	3,707	2,767	3,604	2,767
Total equity	1,597	1,170	1,575	1,144

Key developments in Q1 2024

- **Working capital** increase versus end-2023, driven by phasing of milestone payments in Solutions and an increase in activity in Applications
- **RoCE** increased to 22%, driven by continued growth in EBIT. This was partially offset by an increase in capital employed compared to end-2023
- **Net interest-bearing debt** increased by EUR 29m from end-2023, driven by ongoing investments.
- **Available liquidity reserves of EUR 1,061m**, comprising cash of EUR 861m and undrawn credit facilities of EUR 200m
- A position of financial strength must be maintained to execute on investments in Solutions and Applications
- At end-Q1 2024, the **value of issued guarantees was EUR 1.9bn**

Financial outlook for 2024 **maintained**

Financial outlook for 2024



The financial outlook is based on several assumptions including:

- Satisfactory execution and development of high-voltage investments and projects without major disruptions
- Stable market conditions in Applications
- Stable development of the global economy
- Stable supply chain with limited disruptions and access to required labour, materials, and services
- Stable development in foreign currency and metal prices

* Std. metal prices

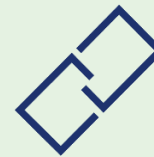
Continued double-digit growth driven by Solutions, and two investments of approximately EUR 100m each announced



Organic revenue* growth of 27% driven by satisfactory execution of record-high order backlog in Solutions



High-voltage order backlog at a new record-level of EUR 11.5bn after project awards of EUR ~1.2bn from Amprion



Operational EBITDA of EUR 75m, margin* improved to 14.1%



NKT will invest further in Solutions and Applications to support green transition and the ongoing electrification of society

* Std. metal prices.



Questions & Answers

Financial calendar 2024



2024

Event

16 August

Interim Report, Q2 2024

14 November

Interim Report, Q3 2024

For full list of
Investor Relations
events, please visit
investors.nkt.com