

November 2024

Interim Report Q1-Q3 2024

Webcast Presentation

Today's presenting
team



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President & CEO



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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.



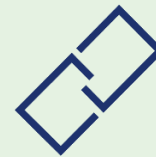
Continued double-digit growth in revenue and operational EBITDA



Organic revenue* growth of 25% driven by satisfactory execution and increased capacity in Solutions



Record-high operational EBITDA of EUR 93m despite being impacted by non-recurring costs related to SolidAI integration. The increase was mainly driven by Solutions



SolidAI integration and related investment to expand medium- and high-voltage capacity at the site progressed according to plan



Continued commercial momentum in Applications
New framework agreements with Nexel in Denmark and Enexis in the Netherlands in Q3. Extension of RTE framework agreements in November

* Std. metal prices.

Agenda



- 06 Business highlights
- 13 Financial highlights
- 18 Questions & Answers

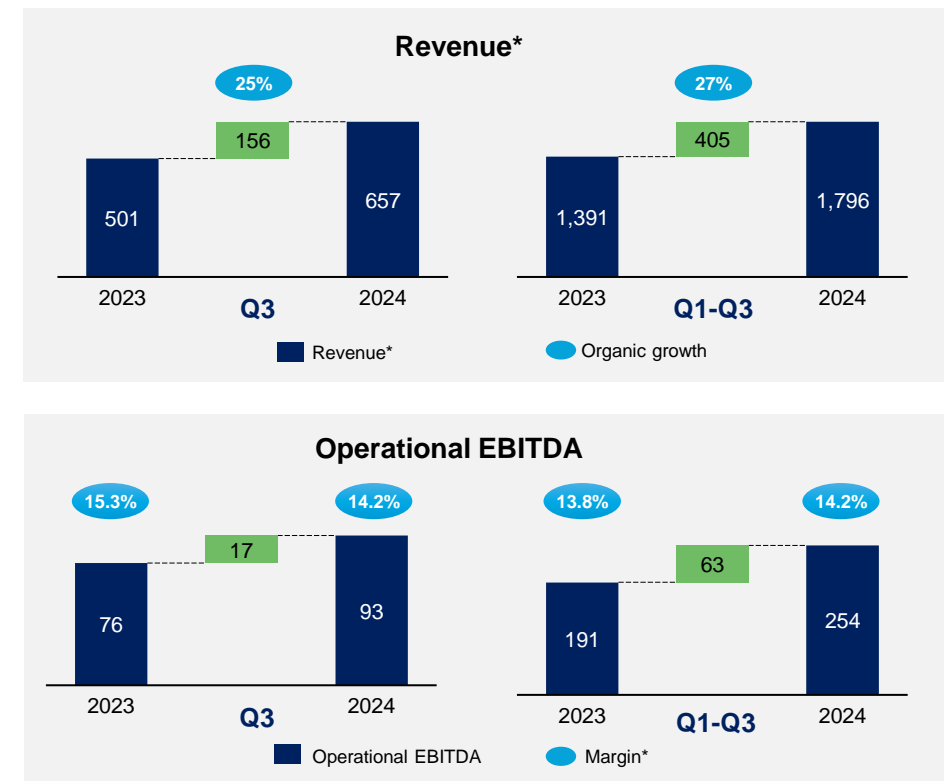
Financial performance in Q3 2024

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

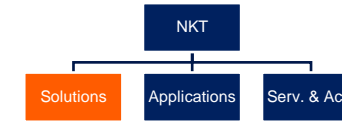
Key developments in Q3 2024

- Continued double-digit organic revenue* and operational EBITDA growth in **Solutions** driven by overall satisfactory execution on record-high order backlog and increased capacity from investments conducted in recent years
- Applications** higher revenue driven by the SolidAI acquisition, where integration progressed according to plan. Demand and volumes in the power distribution grid segment continued at a satisfactory level, while demand in the construction-exposed segment remained subdued
- Service & Accessories** 25% organic growth and increase in operational EBITDA, primarily driven by increased activity level in the service business

Key financial highlights (EURm)



* Std. metal prices



High organic growth in revenue* and operational EBITDA

Customer offerings



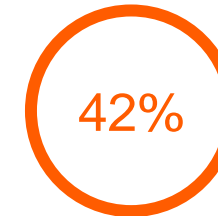
- High-voltage AC/DC off-/onshore power cable solutions
- Organic growth of 42% and operational EBITDA increase of EUR 15m driven by overall satisfactory execution, continued high activity level, and increased capacity
- Continued progress on several projects through varying stages of execution including Baltic Power, Champlain Hudson Power Express, Dogger Bank C, Hornsea 3, East Anglia 3, Yggdrasil (Krafla), Biscay Gulf, SuedLink, and SuedOstLink
- Construction of the third extrusion tower in Karlskrona was initiated in Q3 and it reached its final height of 200 meters in November 2024

Development during Q3 2024

Q3 2024 financial highlights



Revenue*, EUR
(Q3 2023: EUR 301m)



Organic growth
(Q3 2023: 69%)



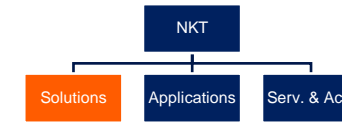
Oper. EBITDA, EUR
(Q3 2023: EUR 51m)



* Std. metal prices

Note: AC = Alternating Current and DC = Direct Current

High-voltage market **development**





Continued high level of market activity in the first three quarters of 2024

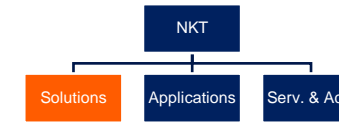
Key developments

- NKT estimates that **the value of projects awarded** in its addressable high-voltage power cable market **exceeded EUR 15bn** in the first three quarters of 2024, majority based on DC technology
- NKT's market share in 2024 has to be seen in context of the high order intake in 2023 and timing of allocation of multi-year frame contracts across the industry
- 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 has already exceeded the anticipated average, driven by the timing and development of sizeable projects and large multi-year framework agreements
- Robust demand and limited supply additions expected in the near-term. High voltage market becoming more balanced towards the end of the decade, subject to uncertainty regarding future supply and demand

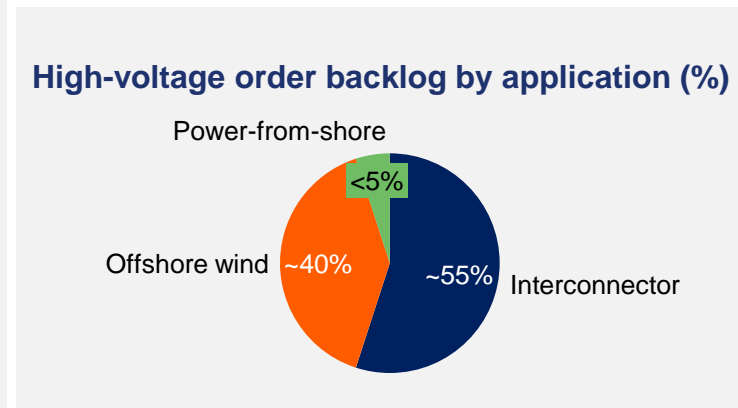
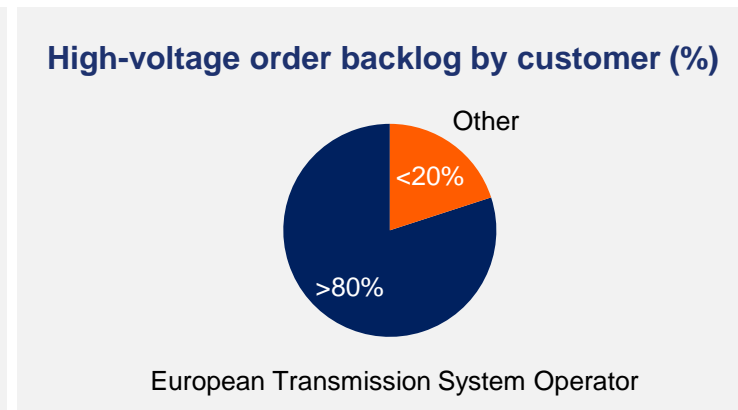
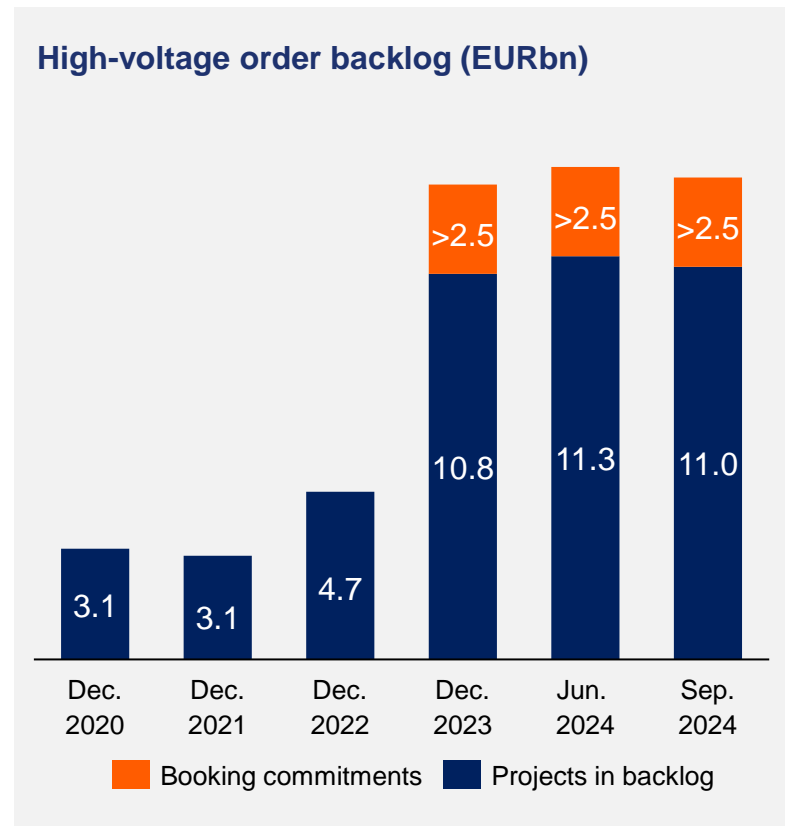
Latest notable order wins for NKT

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

High-voltage order backlog composition

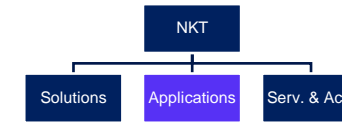


Diversified customer and project portfolio provide strong earnings visibility



Key developments:

- Order backlog of **EUR 11.0bn** provides **strong earnings visibility until the end of the decade**
- Over 80% of projects in order backlog are with large European transmission system operators
- Approximately 55% of order backlog are interconnector projects
- At end-Q3 2024, NKT had more than EUR 2.5bn in capacity reservations that were not included in the 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 power cables and building wires
- Telecom and other specialty power cables

Development during Q3 2024

- Revenue* increase driven by SolidAI acquisition. Positive development continued in the power distribution grid segment. In the construction-exposed segment market activity remained subdued
- Higher revenue and efficiency initiatives led to EBITDA of EUR 14m, corresponding to an operational EBITDA margin* of 7.6%. Q3 was negatively impacted by non-recurring costs of approximately EUR 4m related to revaluation of inventories as part of integration of SolidAI
- SolidAI integration has been initiated and progresses according to plan

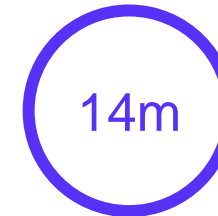
Q3 2024 financial highlights



Revenue*, EUR
(Q3 2023: EUR 155m)

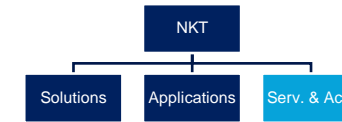


Organic growth
(Q3 2023: 18%)



Oper. EBITDA, EUR
(Q3 2023: EUR 13m)





Growth in revenue and operational EBITDA

Customer offerings

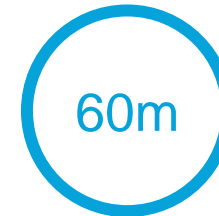


- High- and medium-voltage accessories
- Power cable services

Development during Q3 2024

- Organic growth primarily driven by increased activity level and satisfactory execution in both on- and offshore service business. Revenue in the accessories business was slightly above Q3 2023
- Operational EBITDA increased by EUR 3m compared to Q3 2023 due to increased activity level and profitability in the service business.
- Despite higher revenue, profitability in the accessories business was slightly below Q3 2023

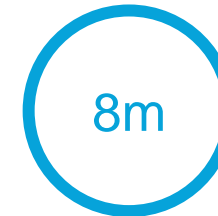
Q3 2024 financial highlights



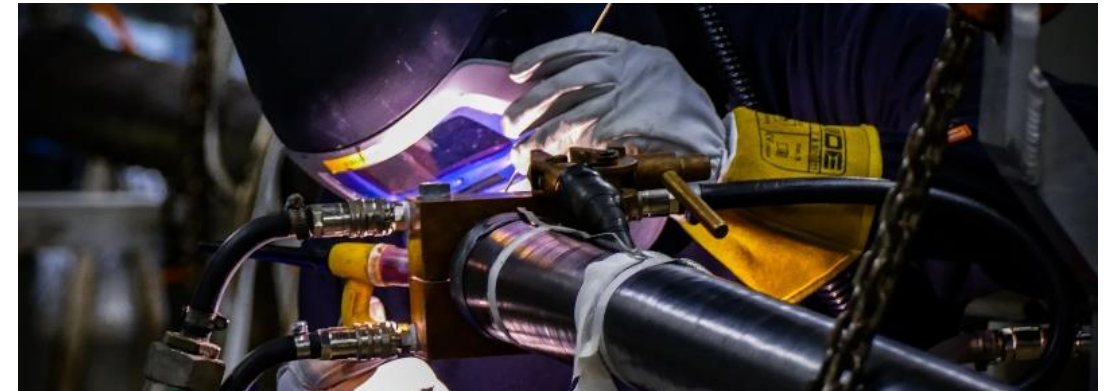
Revenue*, EUR
(Q3 2023: EUR 47m)



Organic growth
(Q3 2023: -21%)



Oper. EBITDA, EUR
(Q3 2023: EUR 5m)



* Std. metal prices

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Income statement: Organic growth driven by Solutions



Income statement highlights

EURm	Q3		Q1-Q3	
	2024	2023	2024	2023
Revenue	856	661	2,362	1,882
Revenue (Std. metal prices)	657	501	1,796	1,391
Organic growth				
NKT	25%	44%	27%	35%
Operational EBITDA	93	76	254	191
Operational EBITDA margin*	14.2%	15.3%	14.2%	13.8%
One-off items	0	0	-1	0
EBITDA	93	76	253	191
Depreciation, amortization and impairment	-27	-22	-73	-66
Depreciation of right-of-use assets				
Financial items, net	5	-24	29	-8
Tax	-14	-7	-29	-29
Net result from continuing operations	57	23	180	88
Net result from discontinued operations	0	2	101	3
Full-time employees, average				
NKT	5,708	4,508	5,265	4,396

* Std. metal prices.

Key developments in Q3 2024

- **25% organic growth** mainly driven by 42% organic growth in Solutions due to increased capacity from investments conducted in recent years
- **Operational EBITDA increase of 22%** driven by all three business lines. Record-high quarterly operational EBITDA of EUR 93m despite being impacted by non-recurring costs related to the integration of SolidAI
- **Financial items of EUR 5m** compared to EUR -24m in Q3 2023, which was negatively impacted by exchange rate fluctuations
- Tax of EUR -14m, up from EUR -7m in 2023, as a result of increased earnings before tax. Effective tax rate of 20%.
- **FTE level** increase driven by higher activity levels and SolidAI acquisition, in line with anticipated organisational growth

Cash flow: Negative cash flow driven by investments and working capital

Cash flow statement highlights

EURm	Q3		Q1-Q3	
	2024	2023	2024	2023
Cash flow from operating activities	-19	150	671	404
EBITDA	93	76	253	191
Financial items paid/received, net	4	-14	28	2
Changes in working capital	-128	90	415	218
Others	12	-2	-25	-7
Cash flow from investing activities	-115	-60	-423	-130
Capex	-115	-60	-279	-121
Acquisition and divestment of businesses	0	0	-144	-9
Free cash flow	-134	90	248	274
Cash flow from financing activities	-8	357	-25	332
Cash flow from discontinued operations	0	-1	248	-2
Net cash flow	-142	446	471	604

Key developments in Q3 2024

- **Cash flow from operating activities negative EUR -19m** as positive development in operational EBITDA was offset by cash outflow from changes in working capital
- Changes in working capital was due to normal phasing between milestone payments and project execution in Solutions
- **Cash flow from investing activities of EUR -115m** driven by ongoing investments to increase capacity and capabilities in Solutions and Applications
- **Free cash flow of EUR -134m in Q3 2024** driven by investments and changes in working capital

Balance sheet: Increase in working capital and capital employed



Balance sheet highlights

EURm	30 Sep		30 Jun		31 Dec
	2024	2023	2024	2023	2023
Working capital					
NKT	-1,069	-601	-1,152	-537	-709
Capital employed					
NKT	734	847	552	877	904
RoCE					
NKT	31%	15%	30%	11%	20%
Net interest-bearing debt (NIBD)	-1,136	-674	-1,277	-222	-671
NIBD / Operating EBITDA, LTM	-3.6x	-2.9x	-4.2x	-1.2x	-2.6x
Total assets	4,486	3,562	4,597	3,066	3,604
Total equity	1,870	1,521	1,829	1,099	1,575

Key developments in Q3 2024

- **Working capital** increase versus end-Q2 2024 driven by Solutions due to the phasing between milestone payments and project execution
- **RoCE** increased to 31%, driven by continued growth in EBIT. Capital employed increased from end-Q2 driven by investments and increase in working capital
- **Net interest-bearing debt** increased by EUR 141m from end-Q2 2024, driven by negative free cash flow
- **Available liquidity reserves of EUR 1,559m**, comprising cash of EUR 1,359m and undrawn credit facilities of EUR 200m
- A conservative capital structure must be maintained to execute on investments in Solutions and Applications as NKT continues to progress on its growth journey
- At end-Q3 2024, the **value of issued guarantees was EUR 2.5bn** up from EUR 1.8bn at end-Q3 2023

Financial outlook for 2024

The financial outlook for 2024 is maintained, but NKT now expects to conclude the year in the upper end of the ranges



The financial outlook is based on several assumptions including:

- Satisfactory execution of high-voltage projects
- Stable market conditions in Applications
- Stable supply chain with limited disruptions and access to the required labour, materials, and services

* Std. metal prices

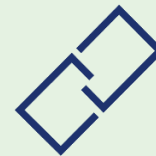
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Questions & Answers

Financial calendar 2025



2025

Event

21 February

Annual Report 2024

19 March

Annual General Meeting

9 May

Interim Report, Q1 2025

15 August

Interim Report, H1 2025

19 November

Interim Report, Q1-Q3 2024

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