

**NKT**

# **NKT – a global AC/DC turnkey cable solution provider**

NKT – next step to excellence



## Today's presenters



**Michael Hedegaard Lyng**  
President & CEO



**Andreas Berthou**  
EVP, HV Solutions

# Agenda

- **NKT at a glance**
- Why NKT and ABB HV Cables is the perfect match
- Our journey ahead - our EXCELLENCE 2020 strategy
- AC/DC turnkey solutions provider
- NKT Victoria – purpose built cable-laying vessel
- Financial impact and questions

# NKT at a glance – We are a leading cable system provider

**>125  
years**

NKT looks back to more than 125 years of proud history with several innovations and acquisitions

**All cable  
sectors**

NKT covers all major cable sectors from onshore to offshore and from low-voltage to high-voltage plus service and accessories

**~3,400**

~3,400 employees spread over 18 countries, with Sweden and Germany as the biggest locations

**€1.4bn**

In 2017, NKT expects a total turnover of approx. EUR 1.4bn (incl. ABB HV)

**EXCELLENCE  
2020**

NKT's journey towards Excellence has begun in 2013 – now entering the growth phase

# Agenda

- **NKT at a glance**
- **Why NKT and ABB HV Cables is the perfect match**
- Our journey ahead - our EXCELLENCE 2020 strategy
- AC/DC turnkey solutions provider
- NKT Victoria – purpose built cable-laying vessel
- Financial impact and questions

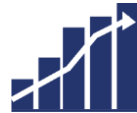
# Take-over of ABB HV Cables in March 2017: - The perfect match

## 1 Creation of a leading power cables company



- Journey towards becoming a leading high-voltage power cable company with increased scale and share of higher margin project business
- Strategic partnership between NKT Cables and ABB Group on future projects
- Well-placed for growing offshore wind industry and for European interconnector grid

## 2 Strong, complete product offering



- Strong, complete offering for customers also in offshore wind and interconnector markets

## 3 Strong backlog and visibility



- Strong order backlog

## 4 Best-in-class manufacturing facilities



- Combination of best-in-class production facilities

## 5 Synergy potential



- Significant cross-utilisation potential of production facilities

## 6 Strong cultural fit



- Strong Nordic heritage of both companies and significant knowledge sharing

# We own two technologically advanced HV cable factories in Sweden and Germany plus a deep sea harbour in Rotterdam

## Rotterdam, Netherlands

- **Deep sea harbour**
- **2 barges** for transport
- **Vast turntable capacity**
- **Jointing facility** with clean room environment



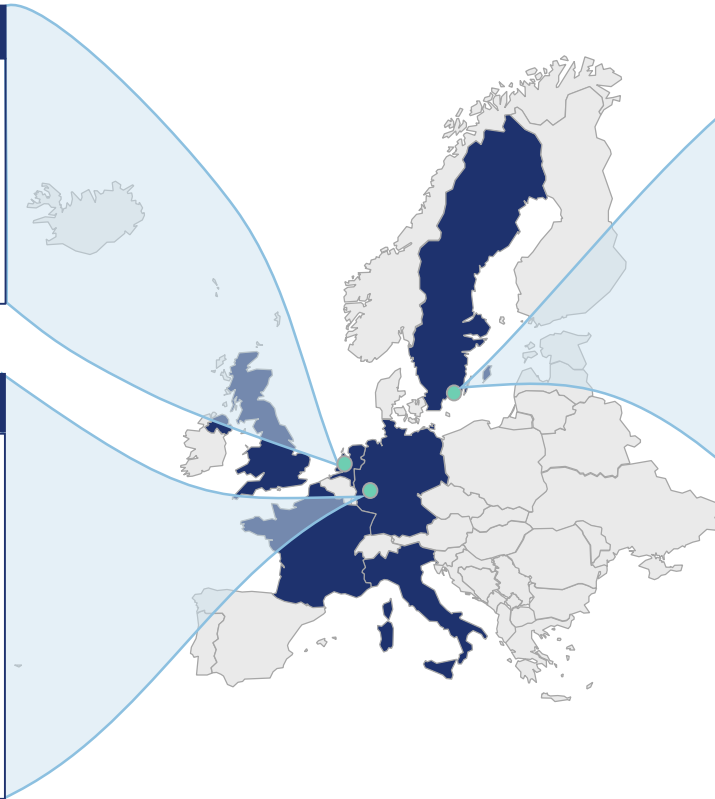
## Cologne, Germany

- **HVAC onshore and offshore** cable production
- **3 extrusion lines**
- **XLPE technology**
- Production of **HV accessories, grid monitoring systems** and other special purpose products (e.g. fibre optic)



## Kalrskrona, Sweden

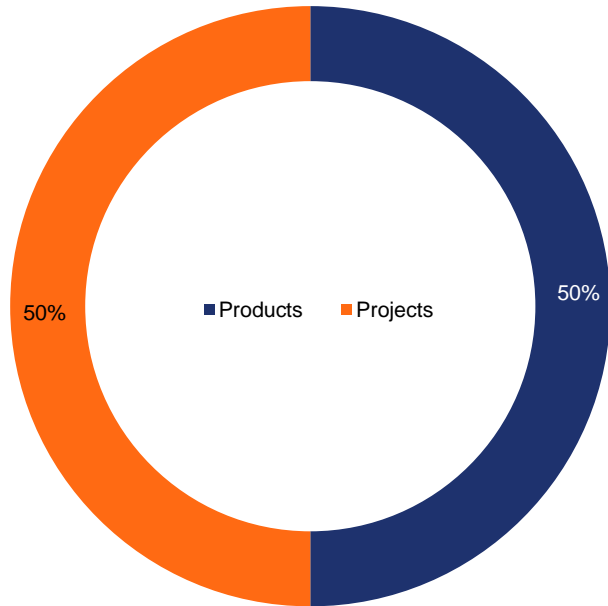
- **HVAC and HVDC** subsea cable production
- **2 extrusion lines**
- **XLPE and MI technology**
- Own harbour with dual loading facilities and direct **Baltic Sea access**
- **State-of-the art testing facilities**



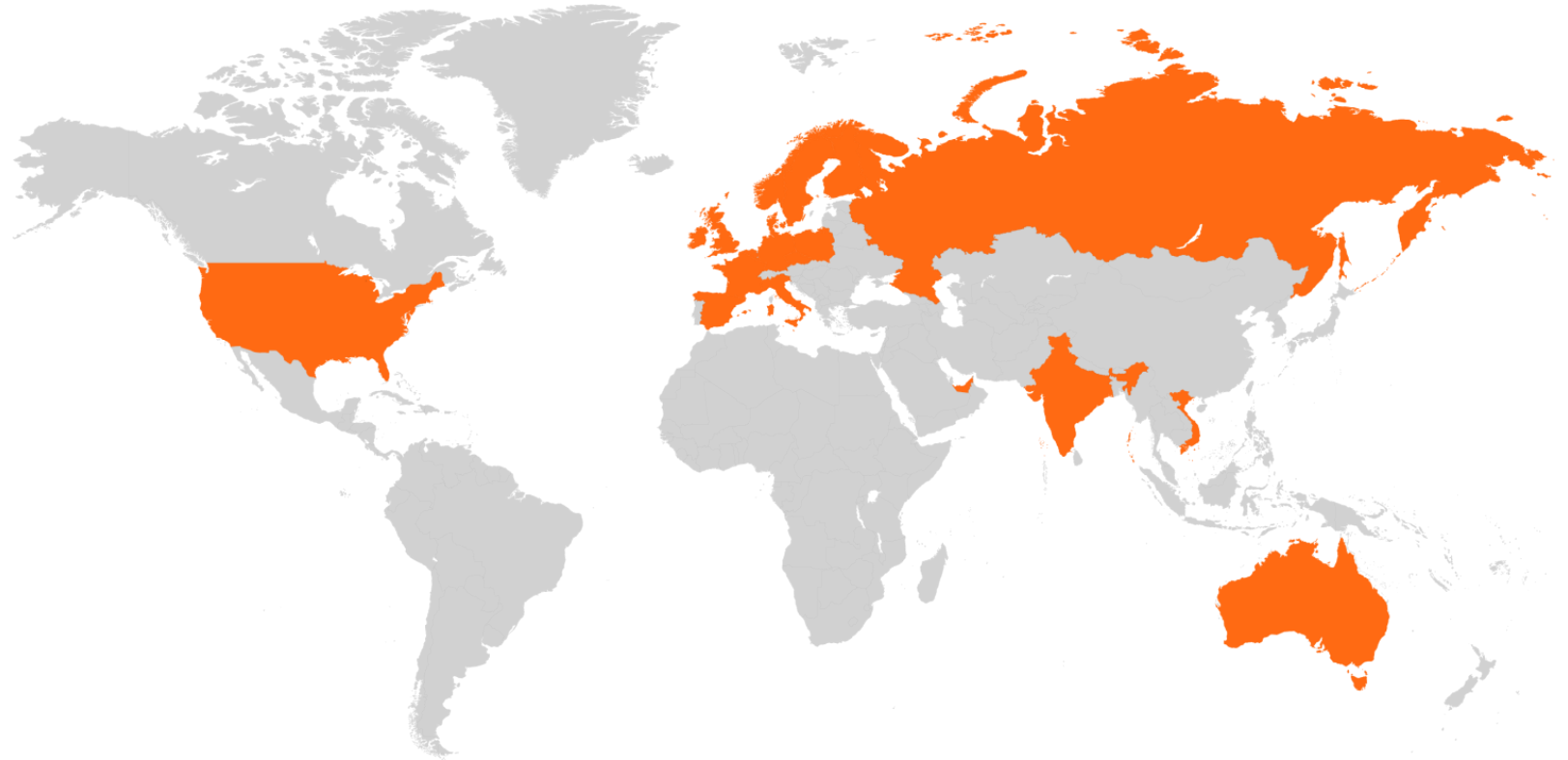
**Geographical footprint – strategically well placed to cover offshore and large onshore projects**

# Sales footprint 2017

## Expected sales by business



## NKT is represented in 18 countries and 37 locations





NKT

*Power to life since 1891*

# Agenda

- **NKT at a glance**
- **Why NKT and ABB HV Cables is the perfect match**
- **Our journey ahead - our EXCELLENCE 2020 strategy**
- AC/DC turnkey solutions provider
- NKT Victoria – purpose built cable-laying vessel
- Financial impact and questions

# OUR VISION

By driving excellence we will be the best power cable company by 2020 in the eyes of our customers and our people

## EXCELLENCE 2020 targets



Customers'  
preferred choice



Employee  
engagement



Return on capital  
employed

# Agenda

- **NKT at a glance**
- **Why NKT and ABB HV Cables is the perfect match**
- **Our journey ahead - our EXCELLENCE 2020 strategy**
- **AC/DC CIS turnkey solutions provider**
- NKT Victoria – purpose built cable-laying vessel
- Financial impact and questions

# Market dynamics – growing segment of interconnectors

## Integrated European energy market



### Energy Union: Projects of common interest

- Secure supply and give consumers the best energy deal.
- High-voltage lines
  - before 2017
  - between 2017 and 2020
  - after 2020
- 380 kV – 500 kV

Source: European Commission

### Offshore wind projects

- Energy union target by 2030 – increase the share of renewables to more than 27%
- 66,000 MW of offshore wind energy capacity expected to be installed in the EU in 2030
- Europe now has a total installed capacity of 12,631 MW from 3,589 grid-connected wind turbines in 10 countries

# With the acquisition of the ABB HV cables business, we now boost a strong and complete HV product portfolio



- Interconnector on- and offshore (AC/DC - XLPE) → ✓
- Interconnector offshore (DC - MI) → ✓
- Offshore wind → ✓
- Onshore → ✓
- Power from shore → ✓
- Installation/turnkey → ✓
- AC/DC Accessories → ✓



**CIS**

**Cable system, Installation  
and Service provider**

**Experience turned to excellence,  
increased efficiency and lowering of risk**



# CIS provider

Cable system, installation and service provider



—  
Proven innovation today. Experience dating back to the late 1800s

# Agenda

- **NKT at a glance**
- **Why NKT and ABB HV Cables is the perfect match**
- **Our journey ahead - our EXCELLENCE 2020 strategy**
- **AC/DC CIS turnkey solutions provider**
- **NKT Victoria – purpose built cable-laying vessel**
- **Financial impact and questions**

## NKT Victoria – purpose built cable-laying vessel



—  
Next generation cable-laying vessel with the highest safety makes an efficient installation

## NKT Victoria at a glance



**CO2  
reduction**

Environment sustainability

**DP3**

Safety for cable and crew

**Dual HVDC  
cable lay**

Efficient operations

# Agenda

- **NKT at a glance**
- **Why nkt cables and ABB HV Cables is the perfect match**
- **Our journey ahead - our EXCELLENCE 2020 strategy**
- **AC/DC CIS turnkey solutions provider**
- **NKT Victoria – purpose build cable-laying vessel**
- **Financial impact and questions**

# 2017 Outlook

## Expected revenue (std. metal prices)



Previous outlook (excl. ABB HV Cables):  
organic growth of 0-5%

## Expected operational EBITDA



Previous outlook (excl. ABB HV Cables):  
operational EBITDA margin ~9.5% -  
equivalent to ~EUR 70m

## Significant synergy potential by acquiring ABB HV Cables

Annual run-rate synergies of approx. EUR 30m is expected by end-2018.

### *Commercial*

- Focus on revenue
- State-of-the-art factories

### *Bottom line*

- Procurement optimisation
  - IT synergies

### *Manufacturing*

- More efficient processes
- Best of both worlds

—  
2017 realised synergies to be limited due to high focus on timely execution of the existing order backlog

**Thank you!**

**Questions?**