



NKT

February 2023

Annual Report 2022

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



Alexander Kara
President & CEO



Line Andrea Fandrup
CFO

Key messages Q4 2022

- **NKT grew revenue* 35% organically** driven by positive development in all three business lines
- **High-voltage order backlog reached a record-high level** as NKT secured further project awards and variation orders to existing projects
- **Improved operational EBITDA** as a result of broad-based contributions from the three business lines
- NKT's Board of Directors will propose to increase NKT's share issuance authorizations to have flexibility to act on **future growth opportunities**

Agenda

- 06 Business highlights
- 14 Financial highlights
- 19 Questions & Answers

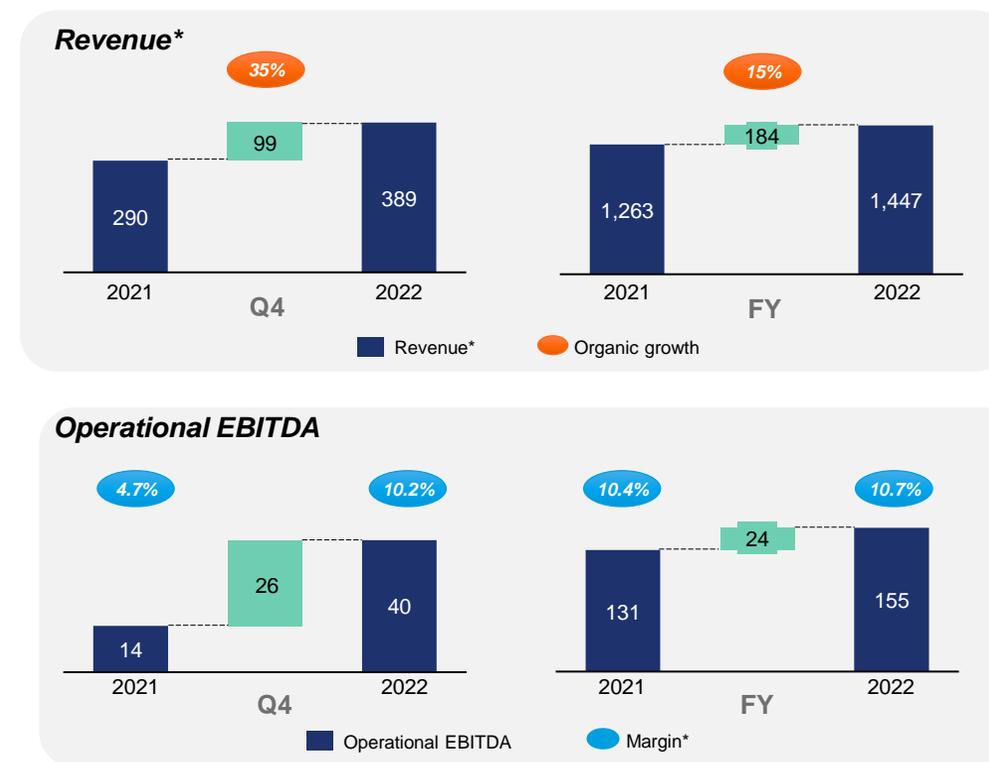
Performance in Q4 2022

Organic growth driven by all three business lines

Key developments in Q4 2022

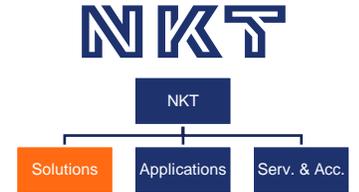
- **Solutions'** growth in revenues and operational EBITDA was driven by higher activity across the business line. NKT progressed on several projects awarded over recent years
- **Applications'** revenue development was positive driven by increased prices. NKT passed on the high inflationary pressure on several cost items, while building wire volumes developed negatively. Operational EBITDA margin was slightly above Q4 2021
- **Service & Accessories** grew revenues slightly organically. Operational EBITDA development was positive driven by onshore service activity

Key financial highlights (EURm)



* Std. metal prices

Solutions – Q4 2022



Growth in revenues driven by high activity

Customer offerings



- High-voltage AC/DC on-/off-shore power cables

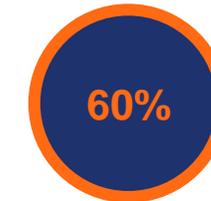
Development during Q4 2022

- Growth in revenues and operational EBITDA due to high activity across the business line
- Progress on several projects in different stages of execution including Borwin 5, Champlain Hudson Power Express, Dogger Bank A and B, Hertel-NY, Shetland and SuedLink.
- Low utilization of NKT Victoria, the company's cable-laying vessel, as expected
- Factory expansions and upgrades in Karlskrona continued according to plan

Q4 2022 financial highlights



Revenue*, EUR
(Q4 2021: EUR 139m)



Organic growth
(Q4 2021: -10%)



Oper. EBITDA, EUR
(Q4 2021: EUR 6.0m)

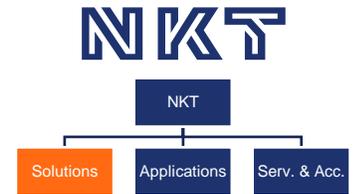


* Std. metal prices

Note: AC = Alternating Current and DC = Direct current

High-voltage market development

Record-high project award level in 2022



Key developments

- Estimated value of projects awarded in NKT's addressable market for 2022 was **around EUR 8bn**, more than 80% were long-distance DC interconnectors and DC offshore wind projects
- NKT was awarded high-voltage projects with a value of **around EUR 2.7bn** in 2022
- In Q4 2022, these awards included the power-from-shore projects **Draugen and Njord** and **Hugin A and Munin** in Norway, and the Canadian interconnector **Hertel-New York**
- The average addressable market in 2023 and 2024 is estimated by NKT to be **at least EUR 8bn on average per year**. The market size could potentially be larger depending on the development of several sizable projects
- Solutions based on **DC technology** are expected to continue to constitute the majority of the market

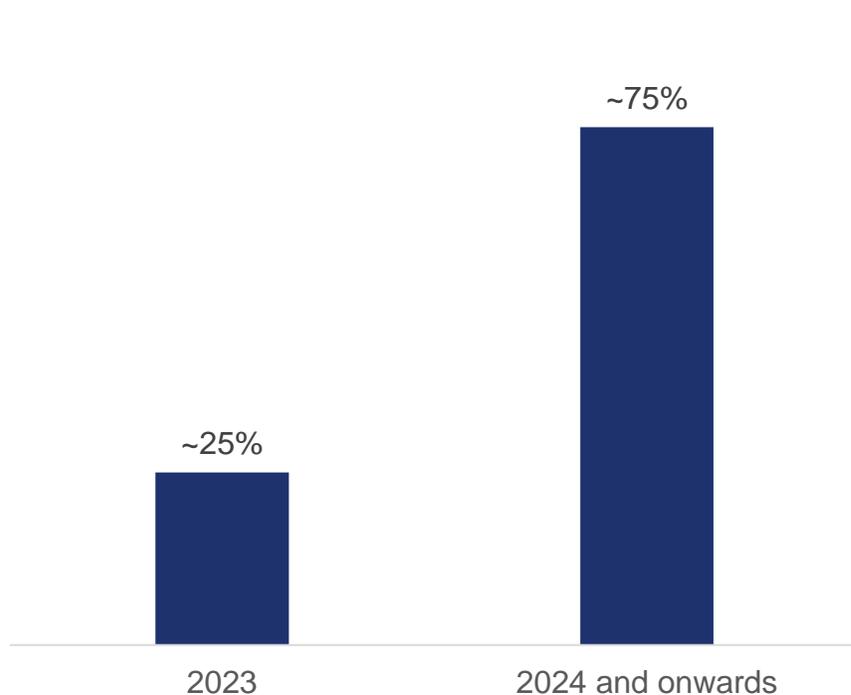
Recent notable order wins for NKT

Name	Announced	Size (EURm)	Type
Hugin A and Munin 	Dec 2022	~155	Power-from-shore
Draugen and Njord 	Dec 2022	~160	Power-from-shore
Hertel-New York 	Oct 2022	~90	Interconnector
Champlain Hudson 	June 2022	>1,400	Interconnector
SuedOstLink 2nd system 	May 2022	<700	Interconnector

High-voltage order backlog

The high-voltage order backlog at record-level of EUR 4.7bn* at end-Q4 2022, up from EUR 4.5bn at end-Q3 2022

Order backlog providing future coverage...



...and diverse across application and commissioning



OFFSHORE WIND

Ostwind 2	2023	
Dogger Bank A & B	2023	
BorWin5	2025	
Dogger Bank C	2026	



INTERCONNECTORS

Beckomberga-Bredäng	2023	
Viking Link	2023	
Attica-Crete	2023	
Shetland	2024	
Hertel-New York	2024	
SuedOstLink 1 st system	2025	
SuedLink	2026	
Champlain Hudson P.E.	2026	
SuedOstLink 2 nd system	2027	

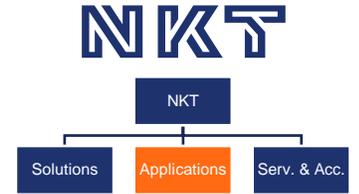


POWER FROM SHORE

Troll Vest	2023	
Draugen & Njord	2025	
Hugin A & Munin	2026	

* Market prices (EUR 4.1bn in std. metal prices)

Applications – Q4 2022



Positive revenue development driven by increased prices

Customer offerings



- Medium- and low-voltage power cables & building wires
- Power cables for telecom market

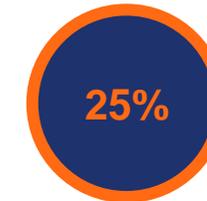
Development during Q4 2022

- Higher revenue level was due to increased prices as NKT passed on the high inflationary pressure on several cost items, while building wire volumes developed negatively
- As a reaction to the higher input cost level, NKT has increased prices to protect earnings that increased compared to Q4 2021
- NKT grew revenues in the medium-voltage business due to price increases and volume growth. The market continued to develop positively.
- Building wires and construction-exposed 1kV power cables continued to be challenged

Q4 2022 financial highlights



Revenue*, EUR
(Q4 2021: EUR 112m)



Organic growth
(Q4 2021: 33%)

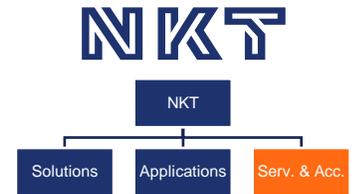


Oper. EBITDA, EUR
(Q4 2021: EUR 6.4m)



* Std. metal prices

Service & Accessories – Q4 2022



Increase in operational EBITDA

Customer offerings

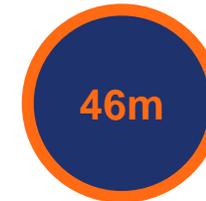


- High- and medium-voltage accessories
- Services

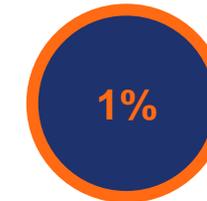
Development during Q4 2022

- Growth in revenues was slight above Q4 2021.
- Operational EBITDA increased significantly, mainly due to reversal of warranty provisions of EUR 4.7m related to the high level of offshore repairs in 2021, combined with underlying satisfactory performance
- High onshore maintenance and repair activity in Denmark and Germany
- Sales of high-voltage accessories was outweighed by lower sales of medium-voltage accessories

Q4 2022 financial highlights



Revenue*, EUR
(Q4 2021: EUR 49m)



Organic growth
(Q4 2021: 17%)



Oper. EBITDA, EUR
(Q4 2021: EUR 5.9m)



* Std. metal prices

Sustainability highlights 2022

Corporate emissions* decreased with

20%

Compared to 2021

* Scope 1 and 2



Total Recordable Incident Rate

1.14

From 1.19 in 2021



Share of female new hires increased to

21%

From 19% in 2021



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Income statement: Organic growth driven by all three business lines



Income statement highlights

EURm	Q4		FY	
	2022	2021	2022	2021
Revenue	520	436	2,079	1,828
Revenue (Std. metal prices)	389	290	1,447	1,263
Organic growth				
NKT	35%	7%	15%	15%
Operational EBITDA	40	14	155	131
Operational EBITDA margin*	10.2%	4.7%	10.7%	10.4%
One-off items	0	0	0	-13
EBITDA	40	14	155	118
Depreciation, amortization and impairment	-26	-28	-85	-95
Financial items, net	14	0	9	-8
Tax	-17	4	-23	-4
Net result from continuing operations	11	-10	55	12
Net result from discontinued operations	12	1	7	-9
Full-time employees, average				
NKT	4,159	3,926	4,062	3,775

Key developments in Q4 2022

- **35% organic growth** driven by all three business lines
- High growth in **operational EBITDA** with positive contribution from all three business lines, against weak comparison in Q4 2021
- **Positive development in net result** due to the improved EBITDA
- **FTE level** increased driven by increased activity and in preparation for future growth

* Std. metal prices

Cash flow: Positive free cash flow driven by earnings and working capital



Cash flow statement highlights*

EURm	Q4		FY	
	2022	2021	2022	2021
Cash flow from operating activities	203	182	298	209
EBITDA	40	14	155	118
Financial items, net	15	-1	9	-8
Changes in working capital	170	161	185	51
Others	-22	8	-50	48
Cash flow from investing activities	-61	-88	-205	-211
Capex	-61	-88	-189	-213
Acquisition and divestment of businesses	0	0	-16	2
Free cash flow	142	93	93	-2
Cash flow from financing activities	-4	-3	-36	-37
Net cash flow	138	90	57	-39

Key developments in Q4 2022

- **Cash flow from operating activities developed** strong with positive earnings contribution and significant working capital contribution
- The working capital development was driven by Solutions due to the phasing of prepayments and milestone payments related to new and existing projects
- **Cash flow from investing activities** was impacted by the ongoing investments mainly within Solutions as the planned investment programme to upgrade the high-voltage production sites was further progressed

* From continuing operations

Balance sheet: Leverage ratio decreased driven by positive cash flow



Balance sheet highlights

EURm	31 Dec		30 Sep	
	2022	2021	2022	2021
Working capital				
NKT	-303	-93	-202	7
Capital employed				
NKT	951	1,053	1,158	1,109
RoCE				
NKT	6.6%	3.4%	3.8%	3.4%
Net interest-bearing debt (NIBD)	-55	13	80	97
NIBD / Operating EBITDA, LTM	-0.4x	0.1x	0.6x	0.7x
Total assets	2,767	2,553	2,597	2,397
Total equity	1,144	1,160	1,082	1,129

Key developments in Q4 2022

- **Working capital decreased** compared to end-Q3 2022:
- **RoCE improved as** earnings improved. RoCe is expected to improve further as recent years' investments materialize and earnings will continue to improve
- The favorable cash flow generation in Q4 2022 led to a negative **net interest-bearing debt level**
- At end-2022, NKT had total **available liquidity reserves of EUR 453m**, comprising cash of EUR 262m and undrawn credit facilities of EUR 191m
- At end-2022, the value of issued guarantees was EUR 1,231m, up from EUR 1,015m at end-2021. These were mainly provided in relation to high-voltage projects

Financial outlook with continued growth expectations

Financial outlook 2023



The financial outlook is based on several assumptions including:

- Satisfactory execution of high-voltage projects
- Award of additional high-voltage projects with financial impact in 2023
- Profitability improvement in Applications
- Satisfactory offshore power cable repair work activity
- Limited financial impact due to the uncertain global macroeconomic environment, supply chain challenges, and the high inflationary pressure

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QUESTIONS & ANSWERS



Financial calendar



2023

Event

23 March

➤ **Annual General Meeting 2023**

10 May

➤ **Interim Report, Q1 2023**

16 August

➤ **Interim Report, Q2 2023**

8 November

➤ **Interim Report, Q3 2023**

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