

February 2025



Annual Report 2024

Webcast Presentation



Today's presenting team



Claes Westerlind

President & CEO



Line Andrea Fandrup

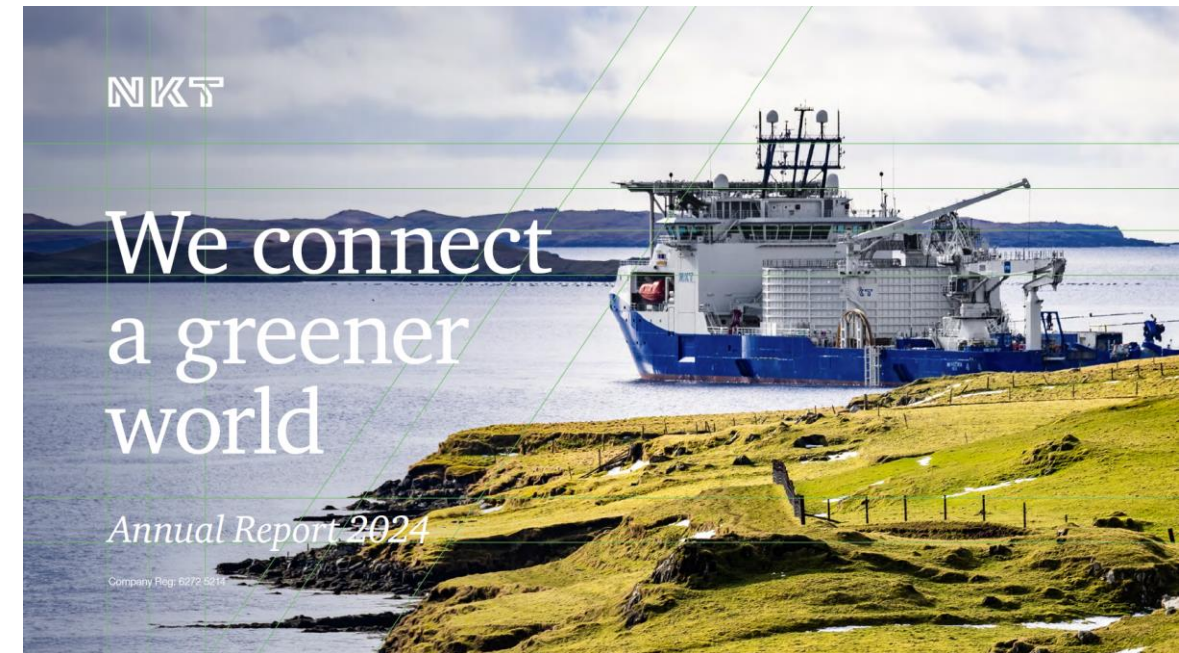
CFO

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 step-up in financial performance – NKT positioned as pure-play power cable solutions provider



Organic revenue* growth of 26% driven by satisfactory execution and increased capacity in Solutions



Record-high operational EBITDA of EUR 344m driven by all three business lines. Strong free cash flow generation of EUR 400m. High-voltage order backlog of EUR 10.6bn providing good visibility for coming years



Acquisition of SolidAI and divestment of NKT Photonics finalising the strategic transformation into a pure-play cable solutions provider



Sustainability efforts advanced, reflecting strong commitment and ambitions. A number of challenges must be addressed to achieve ambitious targets

* Std. metal prices.

Agenda



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

Financial performance in Q4 2024

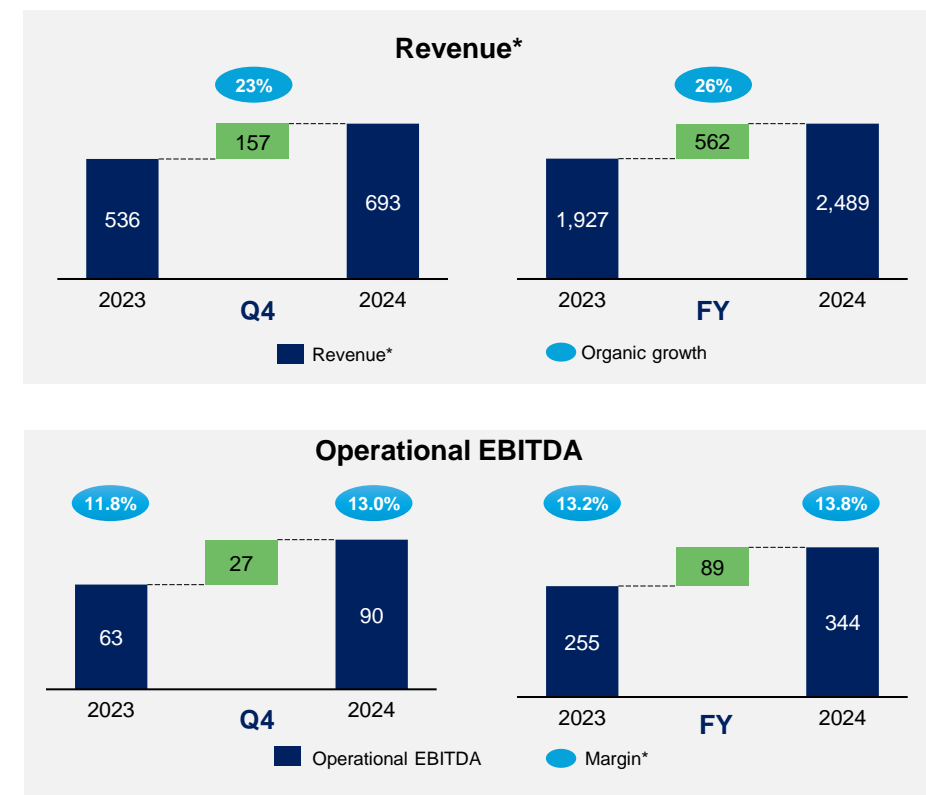


Continued double-digit growth in revenue* and operational EBITDA driven by Solutions

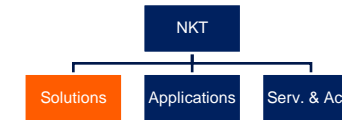
Key developments in Q4 2024

- **Solutions** with organic revenue* growth of 34% driven by overall satisfactory execution on the high order backlog and increased capacity from investments conducted in recent years
- **Applications** revenue growth and improved margin 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** with organic growth of 7% and doubled operational EBITDA, driven by improvements in both business areas

Key financial highlights (EURm)



* Std. metal prices



Continued double-digit organic growth in revenue*

Customer offerings



- High-voltage AC/DC off-/onshore power cable solutions
- Organic growth of 34% and operational EBITDA increase of EUR 13m driven by overall satisfactory execution, continued high activity level, and increased capacity
- Continued progress on several projects through varying stages of execution including Champlain Hudson Power Express, East Anglia 3, Hornsea 3, SuedLink, and SuedOstLink
- The third extrusion tower in Karlskrona reached its final height of 200 meters in November 2024. Equipment of the tower and construction of other buildings ongoing

Development during Q4 2024

Q4 2024 financial highlights

469m

Revenue*, EUR
(Q4 2023: EUR 350m)

34%

Organic growth
(Q4 2023: 65%)

67m

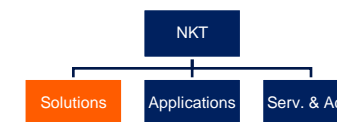
Oper. EBITDA, EUR
(Q4 2023: EUR 54m)



* Std. metal prices

Note: AC = Alternating Current and DC = Direct Current

High-voltage market **development**



Continued high level of market activity in 2024

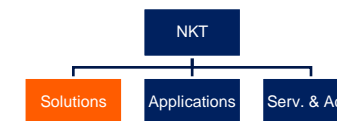
Key developments

- NKT estimates that **the value of projects awarded** in its addressable high-voltage power cable market **exceeded EUR 17bn** in 2024, majority based on DC technology
- NKT's market share across 2023 and 2024 was around 25%. Market shares in specific years will depend on timing of allocation of multi-year framework 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 exceeded the anticipated average, driven by the timing and development of sizeable projects and large multi-year framework agreements
- Short-term variations from volatile political and economic environment, but supply/demand balance is expected to be healthy throughout the decade. High-voltage market is expected to become more balanced when approaching the 2030's

Latest notable order wins for NKT

Name	Announced	Size (EURm)	Type
LanWin 7 & part of NordOstLink 	Dec 2024	~1,000	Interconnector (booking commitment)
Korridor-B V48 & Rheinquerung 	Mar 2024	~1,200	Interconnector
50Hertz HVDC Projects 	Sep 2023	~3,500	Interconnector/offshore wind

High-voltage order backlog composition



Diversified customer and project portfolio provide strong earnings visibility

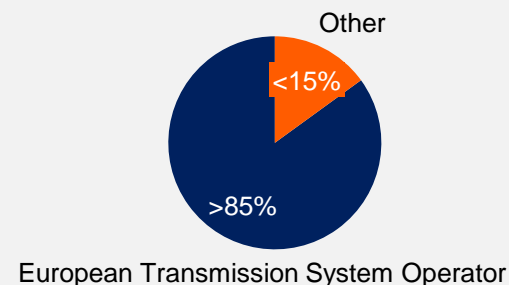
Key developments:

- Order backlog of **EUR 10.6bn** provides **strong earnings visibility until the end of the decade**
 - Over 85% of projects in order backlog are with large European transmission system operators
 - Approximately 55% of order backlog are interconnector projects
- At end-2024, NKT had more than EUR 3.5bn in capacity reservations that were not included in the order backlog
 - Five contracts under the framework agreement with TenneT for EUR ~2.5bn (including two LanWin 7 and part of NordOstLink awarded in Q4 2024)
 - Two projects with SSEN Transmission for EUR >1.0bn

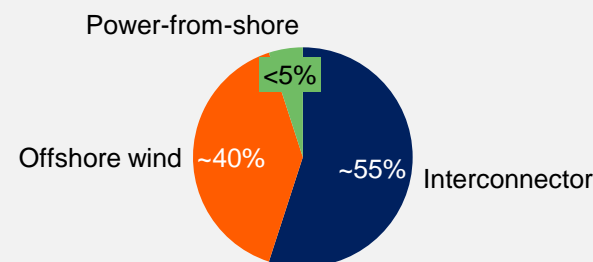
High-voltage order backlog (EURbn)



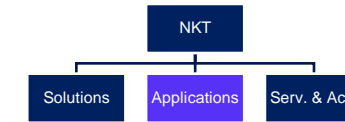
High-voltage order backlog by customer (%)



High-voltage order backlog by application (%)



Applications – Q4 2024



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

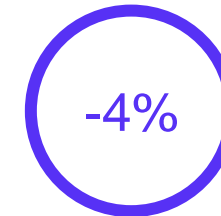
Development during Q4 2024

- Revenue* increase driven by SolidAI acquisition, with underlying negative organic growth. Positive development continued in the power distribution grid segment, while the construction-exposed segment remained subdued
- EBITDA increased to EUR 13m, corresponding to an operational EBITDA margin* of 7.8%. Improvement from Q4 2023 was driven by the SolidAI acquisition
- SolidAI integration progresses according to plan

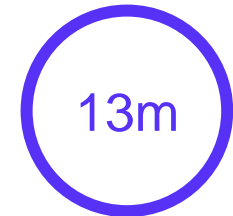
Q4 2024 financial highlights



Revenue*, EUR
(Q4 2023: EUR 149m)



Organic growth
(Q4 2023: 3%)

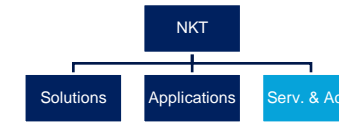


Oper. EBITDA, EUR
(Q4 2023: EUR 10m)



* Std. metal prices

Service & Accessories – Q4 2024



Growth in revenue and operational EBITDA

Customer offerings

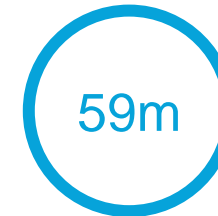


- High- and medium-voltage accessories
- Power cable services

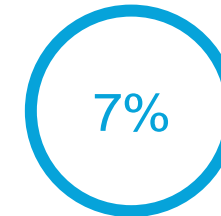
Development during Q4 2024

- Revenue increase driven by both business areas with high activity level and satisfactory execution in Service, combined with increased demand for high-voltage accessories
- Operational EBITDA increased by EUR 3m compared to Q4 2023 and EBITDA-margin increased from 6.6% in 2023 to 11.1% in Q4 2024 driven by both Service and Accessories
- High-voltage capacity expansion in Accessories is progressing on plan and new test hall in Allingsås is expected to be completed in the first half of 2025

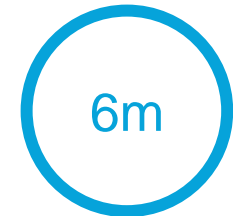
Q4 2024 financial highlights



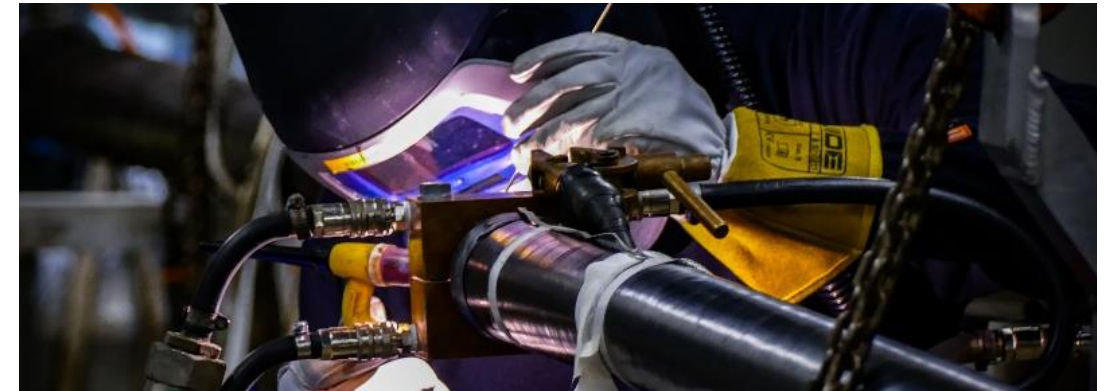
Revenue*, EUR
(Q4 2023: EUR 53m)



Organic growth
(Q4 2023: 2%)

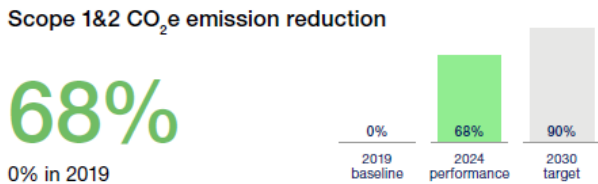


Oper. EBITDA, EUR
(Q4 2023: EUR 3m)

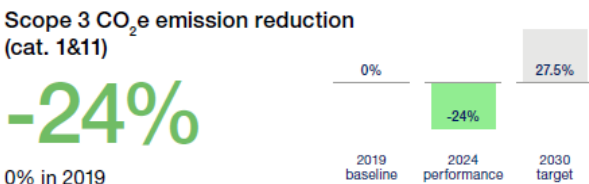


* Std. metal prices

NKT advanced its sustainability efforts, reflecting the company’s strong commitment and ambitions. While striving to make progress, NKT also acknowledges several challenges that must be addressed to achieve all the targets.



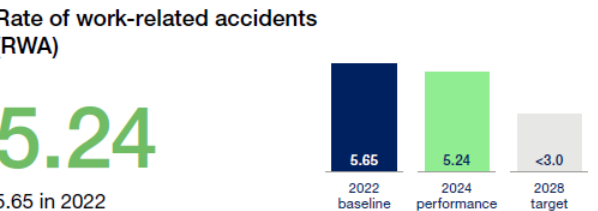
Continued progress on emissions reductions. Target achievement is challenged by the industry-wide issue of sustainable marine fuel adoption.



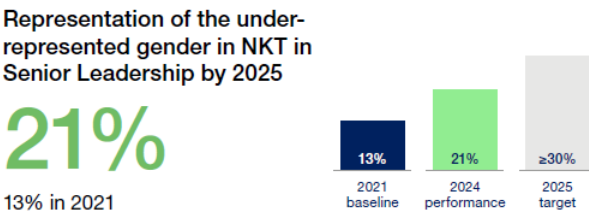
Scope 3 emissions have increased due to business growth and power losses.

2024 Key Activities

- Stopped usage of natural gas at factory in Poland. Plans in place to replace natural gas in all factories
- Introduced SafeStart programme to reduce incident rate levels
- Increased share of female new hires to 25% compared to 20% three years ago



Despite 30% improvement from 2023, incident rate levels remain too high. Additional safety measures introduced.



Female representation in senior management has seen improvement since 2021.

Continuing to deliver positive handprint, while striving to minimise footprint

*Key highlights reflect performance from continuing operations

Agenda



06 Business highlights

13 Financial highlights

18 Questions & Answers

Income statement: Organic growth driven by Solutions



Income statement highlights

EURm	Q4		FY	
	2024	2023	2024	2023
Revenue	890	685	3,252	2,567
Revenue (Std. metal prices)	693	536	2,489	1,927
Organic growth				
NKT	23%	40%	26%	36%
Operational EBITDA	90	63	344	255
Operational EBITDA margin*	13.0%	11.8%	13.8%	13.2%
One-off items	0	0	-1	0
EBITDA	90	63	343	255
Depreciation, amortisation and impairment	-30	-23	-103	-90
Financial items, net	6	-8	34	-16
Tax	-9	-1	-38	-30
Net result from continuing operations	57	31	236	119
Net result from discontinued operations	0	3	101	5
Net result	57	34	337	124
Average number of employees				
NKT	5,842	4,703	5,409	4,473

* Std. metal prices.

Key developments in Q4 2024

- **23% organic growth** mainly driven by 34% organic growth in Solutions due to increased capacity from investments conducted in recent years
- **Operational EBITDA increase of 43%** driven by all three business lines. Margin improved from 11.8% to 13.0%
- **Financial items of EUR 6m** compared to EUR -8m in Q4 2023. But Q4 and full year financial items were positively impacted by interest income on the substantial cash balance
- **Tax of EUR -9m**, up from EUR -1m in 2023, as a result of increased earnings before tax. Tax rate of 14% for the full year impacted by increased capitalization of historic losses in Germany following new legislation in Q2
- **Average number of employees** increase driven by higher activity levels and SolidAI acquisition, in line with anticipated organisational growth

Cash flow: Positive cash flow driven by EBITDA and working capital



Cash flow statement highlights

EURm	Q4		FY	
	2024	2023	2024	2023
Cash flow from operating activities	368	140	1,039	542
EBITDA	90	63	343	255
Financial items paid/received, net	-13	-18	15	-16
Changes in working capital	296	102	711	304
Others	-5	-7	-30	0
Cash flow from investing activities	-216	-117	-639	-247
Capex	-216	-117	-495	-238
Acquisition and divestment of businesses	0	0	-144	-9
Free cash flow	152	23	400	295
Cash flow from financing activities	-2	7	-27	334
Cash flow from discontinued operations	0	-2	248	-1
Net cash flow	150	28	621	628

Key developments in Q4 2024

- **Cash flow from operating activities of EUR 368m** with positive development in operational EBITDA and positive contribution 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 -216m** driven by ongoing investments to increase capacity and capabilities in Solutions and Applications. The high investment level is expected to continue into 2025
- **Free cash flow of EUR 152m in Q4 2024** with EBITDA and changes in working capital more than offsetting the elevated investment level. Free cash flow for the full year was EUR 400m, also driven by changes in working capital

Balance sheet: Improved working capital and RoCE



Balance sheet highlights

EURm	31 Dec		30 Sep	
	2024	2023	2024	2023
Working capital				
NKT	-1,432	-709	-1,069	-601
Capital employed				
NKT	573	904	734	847
RoCE				
NKT	35%	20%	31%	15%
Net interest-bearing debt (NIBD)	-1,280	-671	-1,136	-674
NIBD / Operating EBITDA, LTM	-3.7x	-2.6x	-3.6x	-2.9x
Total assets	4,859	3,604	4,486	3,562
Total equity	1,853	1,575	1,870	1,521

Key developments in Q4 2024

- **Working capital** improved versus end-Q3 2024 driven by Solutions due to the phasing between milestone payments and project execution. Improvement compared to year-end 2023 also driven by payments related to order intake in 2023
- **RoCE** increased to 35%, driven by continued growth in EBIT and reduced capital employed from improved working capital
- **Net interest-bearing debt** decreased by EUR 144m from end-Q3 2024, driven by positive free cash flow
- **Available liquidity reserves of EUR 1,718m**, comprising cash of EUR 1,518m 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-Q4 2024, the **value of issued guarantees was EUR 2.7bn** up from EUR 2.1bn at end-2023

Financial outlook for 2025

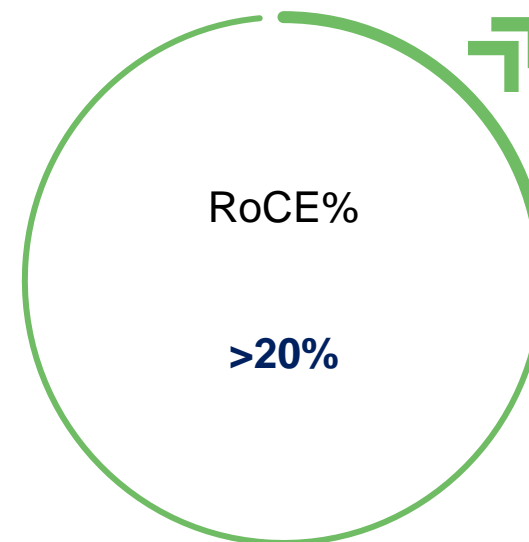


The financial outlook is based on several assumptions including:

- Satisfactory execution of high-voltage investments and projects to deliver on expected profitability margin
- Satisfactory operational execution across business lines
- Stable market conditions for Applications and Service & Accessories
- Normalised offshore power cable repair work activity
- Stable supply chain with limited disruptions and access to the required labour, materials, and services
- Stable development in global economy, foreign currency, and metal prices

* Std. metal prices

Trajectory towards medium-term financial ambitions for 2028



Continued step-up in financial performance – NKT positioned as pure-play power cable solutions provider



Organic revenue* growth of 26% driven by satisfactory execution and increased capacity in Solutions



Record-high operational EBITDA of EUR 344m driven by all three business lines. Strong free cash flow generation of EUR 400m. High-voltage order backlog of EUR 10.6bn providing good visibility for coming years



Acquisition of SolidAI and divestment of NKT Photonics finalising the strategic transformation into a pure-play cable solutions provider



Sustainability efforts advanced, reflecting strong commitment and ambitions. A number of challenges must be addressed to achieve ambitious targets

* Std. metal prices.

NKT

Questions & Answers

Financial calendar 2025



2025	Event
19 March	Annual General Meeting
9 May	Interim Report, Q1 2025
15 August	Interim Report, H1 2025
19 November	Interim Report, Q1-Q3 2025

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