

## Company Announcement

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## NKT updates medium-term financial ambitions

*As NKT continues to execute on its strategy, ReNew BOOST, financial ambitions for 2028 are updated to reflect the effects of the ongoing investments and the underlying profitability of the high-voltage order backlog. The operational EBITDA ambition for 2028 is updated to above EUR 700m from previously above EUR 550m.*

In Company Announcement no. 28 of 24 May 2023, NKT announced updated medium-term financial ambitions for 2025 and 2028 in connection with the announcement of the investment in a new high-voltage factory next to its existing facility in Karlskrona, Sweden, and a second cable-laying vessel. The expansion will turn Karlskrona into the world's largest high-voltage offshore cable production site and improve NKT's abilities to meet the growing demand for especially long-length high-voltage DC (HVDC) power cable solutions.

During 2024, NKT has announced investments in capacity and capabilities across its high-voltage factory in Cologne, Germany and medium-voltage factories in Denmark, Sweden, and the Czech Republic. Furthermore, the acquisition of the Portuguese power cable manufacturer, SolidAI, was completed and an investment in the new site in Portugal announced.

The above investments, including the acquisition of SolidAI, are expected to contribute positively to NKT's organic revenue growth and operational EBITDA. At the same time, the earnings visibility from the increased high-voltage order backlog has improved.

### Update of medium-term financial ambitions

Financial outlook for 2025 is expected to be announced in connection with the release of the Annual Report 2024 which will replace the previous medium-term ambitions for 2025.

The medium-term financial ambitions for 2028 for organic revenue growth and operational EBITDA are updated, while NKT's RoCE ambition of above 20% is unchanged. NKT's business model requires a robust capital structure, and the target of a leverage ratio (net interest-bearing debt relative to operational EBITDA) of up to 0.0x is maintained.

NKT 2028 financial ambitions	Updated	Previous
Organic revenue growth (CAGR)	>14% from 2021 to 2028	>12% from 2021 to 2028
Operational EBITDA	EUR >700m	EUR >550m
RoCE	>20%	>20%

Electrification of societies and the transition to renewable energy are expected to continue to drive increased demand for power cable solutions. As a result, all three business lines are expected to contribute to NKT's improving financial performance towards 2028, with Solutions being the primary driver of the growth.

Delivering on the medium-term ambitions is based on several assumptions. Currently, the most critical are the following:

- Market demand supporting continued favourable supply/demand balance

- Ensure further high-voltage project awards securing high utilization of production and installation assets
- Satisfactory execution and development of high-voltage investments and projects to deliver on expected profitability margin
- Satisfactory execution of medium-voltage investments
- Stable supply chain with limited disruptions and access to the required labour, materials and services
- Stable development of the global economy, foreign currency and metal prices

### **Investments in growth and maintenance**

To deliver on the growth ambitions and support value creation set out in the ReNew BOOST strategy, NKT will execute several investments over the coming years. These investments are expected to support NKT's medium-term financial ambitions including delivering RoCE above 20%, while full effect is expected beyond 2028. They include the announced expansions of high- and medium-voltage sites, as well as a number of additional investments among others related to improved offshore installation capabilities.

As the investment programme related to new high-voltage capacity and capabilities in Karlskrona has progressed, NKT has identified additional opportunities and risks as well as general cost inflation. Therefore, investments related to this programme are expected to increase by approximately EUR 300m, and it remains accretive to NKT's medium-term financial ambitions of a RoCE >20%. Expected timeline is unchanged and the new assets will be operational from 2027.

In total for the years 2025-2028, NKT expects accumulated capital expenditures (capex) of around EUR 2bn split between growth investments in production capacity and capabilities of around 75% and repair and maintenance capex of around 25%.

Over the period, 2025 is expected to be the year with the highest investment level, while 2026 will remain elevated, but below 2025. A normalised repair and maintenance capex level is expected to be approached in 2028.

The financial outlook for 2024 is unchanged from Company Announcement no. 34 of 14 November 2024.

### **Teleconference**

NKT A/S hosts a teleconference for investors and financial analysts at 10:00 am CEST on 3 December 2024. The presentation to be used during the call will be available before the start of the teleconference. To attend, please register and access on [investors.nkt.com](https://investors.nkt.com)

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