

Company Announcement

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Q1 2020 trading statement and update of 2020 financial outlook

In connection with today's announcement of the high-voltage order award for the SuedOstLink project and following the coronavirus outbreak, NKT Group provides a trading statement on the current business performance with preliminary financial highlights for Q1 2020.

Trading statement

So far, the coronavirus pandemic had limited impact on the financial and operational performance of the power cables business, NKT, while NKT Photonics has been negatively impacted.

In NKT, the revenue (in std. metal prices) amounted to EUR 240.3m in Q1 2020, equal to organic growth of 19%. The revenue measured in market prices was EUR 318.4m. The increased revenue combined with improved production output and satisfactory cost focus improved operational EBITDA to EUR 10.2m. The increased revenue and earnings compared to Q1 2019 was driven by all three business lines.

The high-voltage order backlog totaled EUR 1.24bn (EUR 1.11bn in std. metal prices) at end-Q1 2020, approx. EUR 130m lower than at end-2019. Progress continued on several tenders across market segments and geographies. A number of project awards are expected in the market over the next few months including additional awards of the German high-voltage corridor projects.

NKT Photonics generated revenue of EUR 12.7m in Q1 2020, corresponding to organic growth of -13%. The EBITDA for NKT Photonics amounted to EUR -1.8m. While Q1 is traditionally the quarter of the year with the lowest revenue, this development was still below expectations. The softening in performance compared to Q1 2019 was driven by the Industrial segment, where sales have been negatively impacted with a number of orders being postponed due to restrictions and uncertainty following the coronavirus outbreak. None of the impacted orders were cancelled.

The net interest-bearing debt for the NKT Group, including lease liabilities, amounted to EUR 378.1m at end-Q1 2020, compared to EUR 242.2m at end-2019. This increase was in line with expectations primarily due to a higher level of working capital, which was exceptionally low at end-2019. At end-Q1 2020, net interest-bearing debt relative to operational EBITDA amounted to 9.3x.

Taking into account recent order wins, including the SuedOstLink award, and the general positive outlook for the high-voltage market, NKT Group has initiated a review to strengthen its capital structure.

2020 financial outlook updated

The financial outlook for NKT is unchanged from Company Announcement No. 1 of 26 February 2020, while the financial outlook for NKT Photonics has been withdrawn.

For NKT, revenue (std. metal prices) is still expected to be approx. EUR 1.0–1.1bn. The operational EBITDA is still expected to be approx. EUR 40–60m. NKT has so far seen limited impact on the financial and operational performance from the coronavirus outbreak. Assuming that demand for NKT's solutions and products does not turn substantially negative and that NKT can continue stable production across all production sites, NKT maintains its financial outlook for 2020.

Due to the negative impact of the coronavirus outbreak to NKT Photonics in Q1 2020 and the continuation hereof into Q2 2020, particularly in the Industrial segment, it has been decided that the outlook of organic revenue growth of approx. 5–15% and the EBITDA margin of approx. 15–18% has been withdrawn until better visibility in the markets can be established.

Announcement of full Q1 2020 Interim Report

The Q1 2020 Interim Report will be announced on 13 May as planned.

Contact

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