

An aerial photograph of a wind farm at sunset. The sun is low on the horizon, casting a golden glow over the landscape. Several white wind turbines are visible, with one in the foreground being particularly prominent. The ground is a lush green field with some irrigation channels. The sky is filled with soft, colorful clouds.

NKT

August 2024

H1 2024 Interim Report

Webcast Presentation

Today's presenting team



Claes Westerlind
President & CEO



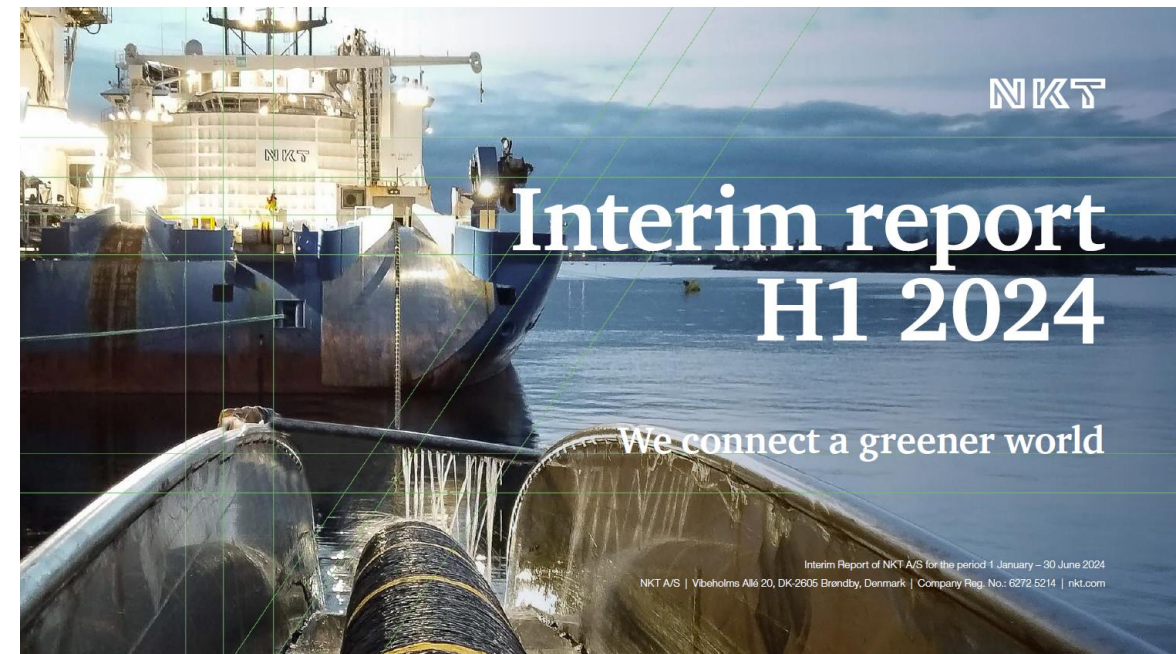
Line Andrea Fandrup
CFO

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.



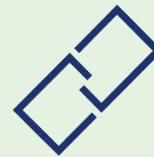
Continued double-digit growth in revenue and operational EBITDA and strong strategic progress



Organic revenue* growth of 29% converted to **record operational EBITDA of EUR 86m**, margin* of 14.2%



Free cash flow of EUR 398m driven by higher earnings contribution and favorable working capital development in Solutions



Divestment of NKT Photonics marked the final step on NKT's journey of becoming a focused power cable company



Acquisition of SolidAI to address growing demand, provides attractive platform for future growth

* Std. metal prices.

Agenda



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

Financial performance in Q2 2024

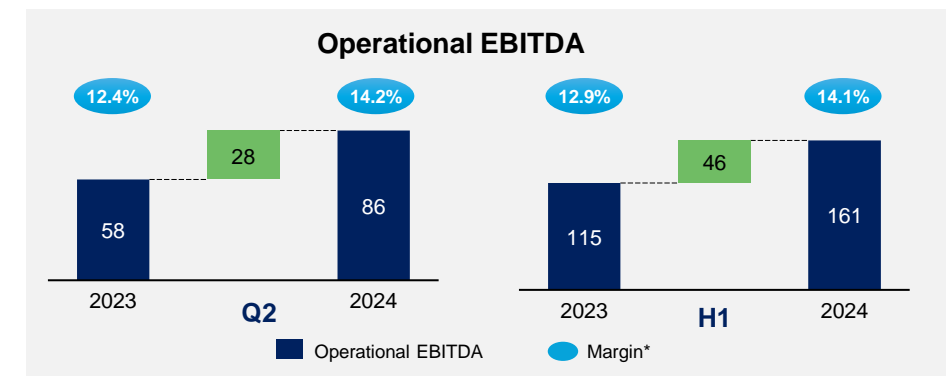
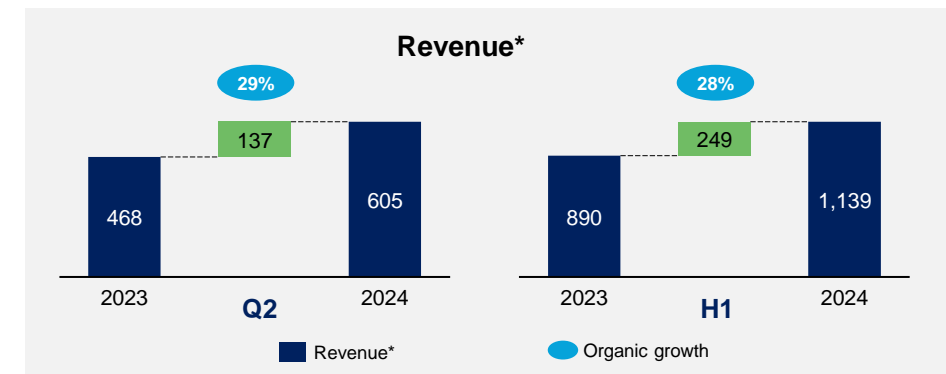


Growth in operational EBITDA driven primarily by Solutions and Applications

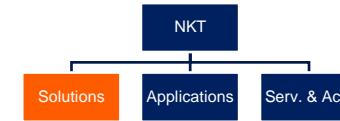
Key developments in Q2 2024

- Double-digit growth in revenue and operational EBITDA in **Solutions** driven by overall satisfactory execution, continued high activity, and increased capacity from investments conducted in recent years
- **Applications** continued to benefit from positive developments in the power distribution grid segment and efficiency initiatives. Record quarterly operational EBITDA and margin*
- **Service & Accessories** increased revenue due to higher offshore repair activity, partially offset by slight decrease in Accessories. Profitability slightly lower than Q2 2023 due to higher employee headcount and work related to legacy service agreement that was executed at unusually low profitability margin

Key financial highlights (EURm)



* Std. metal prices



High organic growth in revenue and operational EBITDA

Customer offerings



- High-voltage AC/DC off-/onshore power cable solutions

Development during Q2 2024

- Organic revenue growth of 33% and operational EBITDA increase of 60% driven by overall satisfactory execution, continued high activity, and increased capacity
- Continued progress on several projects through varying stages of execution including Baltic Power, BorWin 5, Champlain Hudson Power Express, Dogger Bank C, Draugen, East Anglia 3, Hornsea 3, SuedLink, and SuedOstLink
- Continued progress on Karlskrona expansion with tower erection starting at end-July 2024
- Successful introduction and implementation of NKT jet plough

Q2 2024 financial highlights



Revenue*, EUR
(Q2 2023: EUR 285m)



Organic growth
(Q2 2023: 51%)



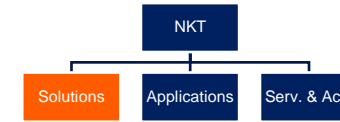
Oper. EBITDA, EUR
(Q2 2023: EUR 42m)



* Std. metal prices

Note: AC = Alternating Current and DC = Direct Current

High-voltage market **development**



Continued high level of market activity in the first half of 2024

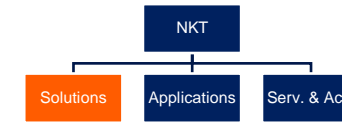
Key developments

- NKT estimates that **the value of projects awarded** in its addressable high-voltage power cable market **exceeded EUR 13bn** in H1 2024, majority based on DC technology
 - High market activity consisted of projects that were converted into firm orders after being previously allocated as long-term booking commitments in 2023 as well as new awards
- 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 has already exceeded the anticipated average, driven by the timing and development of sizeable projects and large multi-year framework agreements
- Robust demand and limited supply additions expected in the near-term. High voltage market becoming more balanced towards the end of the decade, subject to uncertainty regarding future supply and demand

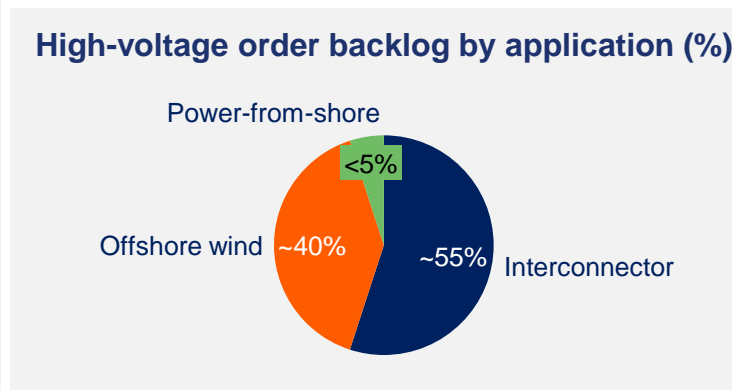
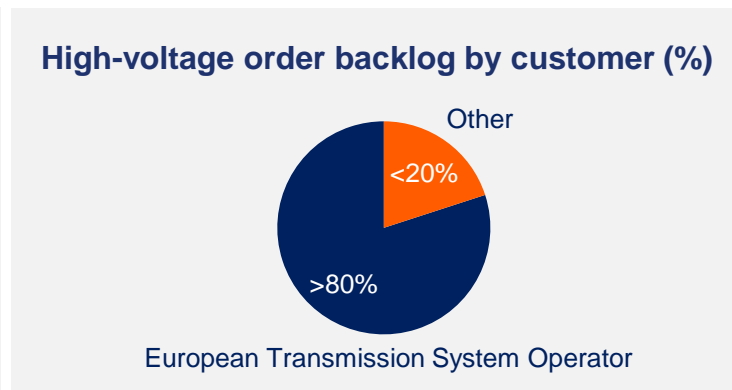
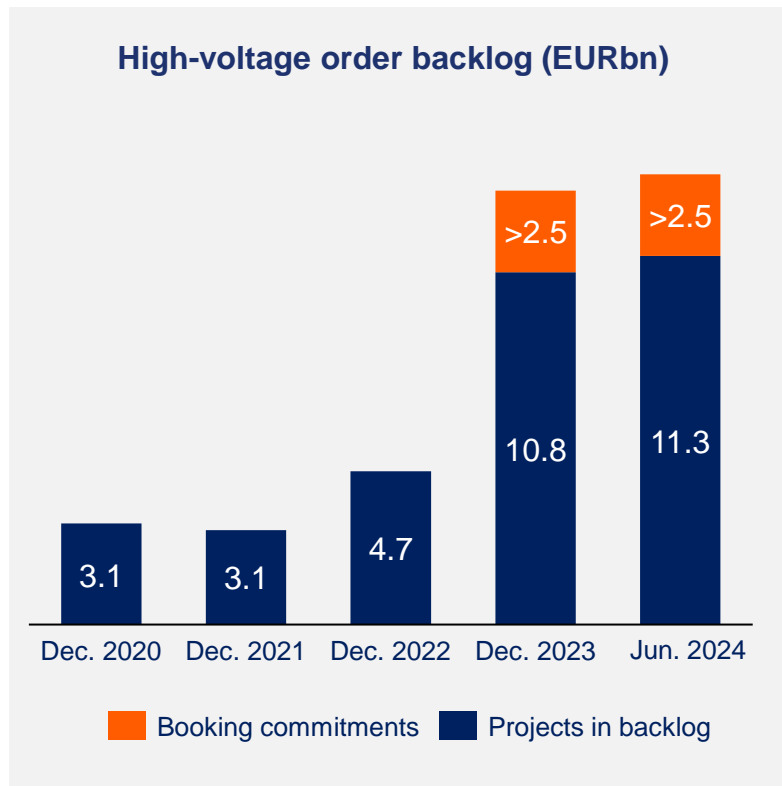
Recent notable order wins for NKT

Name	Announced	Size (EURm)	Type
Korridor-B V48 & Rheinquerung 	Mar 2024	~1,200	Interconnector
50Hertz HVDC Projects 	Sep 2023	~3,500	Interconnector/ offshore wind
Baltic Power 	Jun 2023	>120	Offshore wind
East Anglia Three 	Jun 2023	>250	Offshore wind
Biscay Gulf 	May 2023	>600	Interconnector

High-voltage order backlog composition

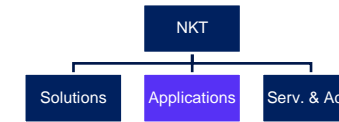


Diversified customer and project portfolio provide strong earnings visibility



Key developments:

- Order backlog of **EUR 11.3bn** provides **strong earnings visibility until the end of the decade**
- Over 80% of projects in order backlog are with large European transmission system operators
- Approximately 55% of order backlog are interconnector projects
- At end-Q2 2024, NKT had more than EUR 2.5bn in capacity reservations that were not included in order backlog
- Three contracts under the framework agreement with TenneT for EUR ~1.5bn
- Two projects with SSEN Transmission for EUR >1.0bn



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

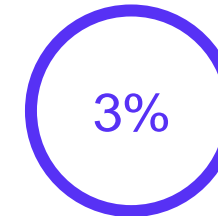
Development during Q2 2024

- Revenue increased to record-level despite high comparison period in Q2 2023. Positive developments in power distribution grid segment drove the majority of growth
- Higher revenue and efficiency initiatives led to EBITDA of EUR 21m, corresponding to an operational EBITDA margin* of 11.8%
- Construction-exposed segment contributed with stable revenues compared to Q2 2023, market activity remained subdued
- SolidAI acquired on 21 June 2024 to address growing demand

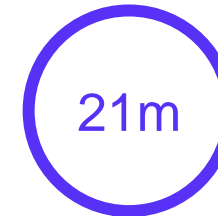
Q2 2024 financial highlights



Revenue*, EUR
(Q2 2023: EUR 170m)



Organic growth
(Q2 2023: 15%)

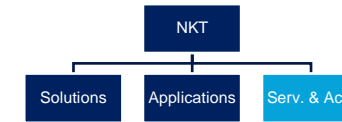


Oper. EBITDA, EUR
(Q2 2023: EUR 17m)



* Std. metal prices

Service & Accessories – Q2 2024



Growth in revenue and operational EBITDA

Customer offerings

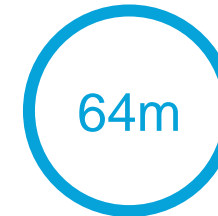


- High- and medium-voltage accessories
- Power cable services

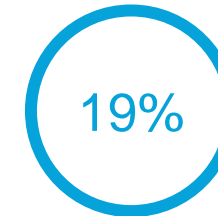
Development during Q2 2024

- Revenue growth driven by increased offshore repair activity within the service business. This was partially offset by slightly lower revenues in the accessories business compared to Q2 2023
- Slight decrease in operational EBITDA compared to Q2 2023. High level of offshore repair activity mainly related to one legacy service agreement, executed at unusually low profitability margin
- Profitability negatively impacted by increased cost base reflecting higher employee headcount required for future growth

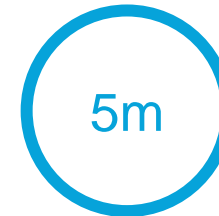
Q2 2024 financial highlights



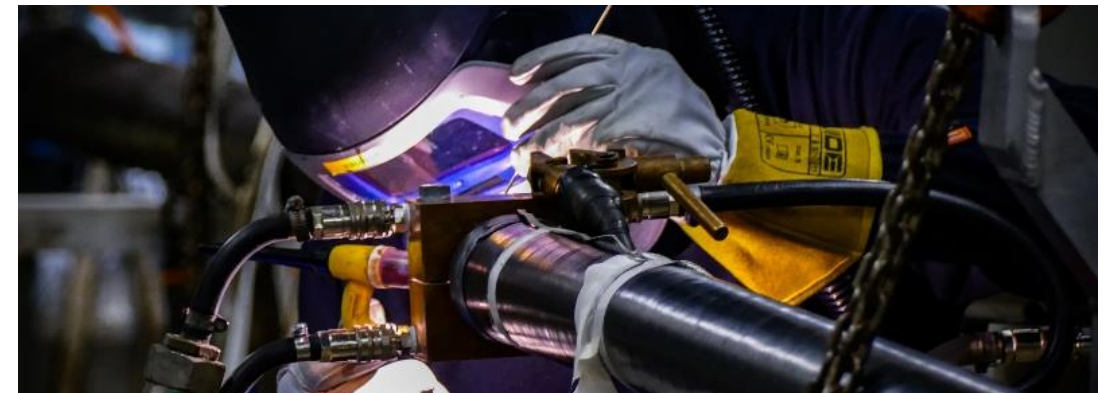
Revenue*, EUR
(Q2 2023: EUR 52m)



Organic growth
(Q2 2023: 7%)



Oper. EBITDA, EUR
(Q2 2023: EUR 6m)



* Std. metal prices

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Income statement: Organic growth driven by Solutions and Applications



Income statement highlights

EURm	Q2		H1	
	2024	2023	2024	2023
Revenue	802	631	1,506	1,221
Revenue (Std. metal prices)	605	468	1,139	890
Organic growth				
NKT	29%	26%	28%	30%
Operational EBITDA	86	58	161	115
Operational EBITDA margin*	14.2%	12.4%	14.1%	12.9%
One-off items	-1	0	0	0
EBITDA	85	58	160	115
Depreciation, amortization and impairment	-24	-22	-46	-44
Financial items, net	16	12	24	16
Tax	-2	-13	-15	-22
Net result from continuing operations	75	35	123	65
Net result from discontinued operations	104	3	101	1
Full-time employees, average				
NKT	5,108	4,390	5,043	4,340

* Std. metal prices.

Key developments in Q2 2024

- **29% organic growth** driven by contributions from all business lines, Solutions contributed with 33% organic growth
- **Operational EBITDA increase of 48%** driven primarily by Solutions and Applications, slightly offset by Service and Accessories
- **Financial items of EUR 16m** from interest income as well as positive contributions due to exchange rate fluctuations
- **Net result from continuing operations increased EUR 40m compared to Q2 2023.** Net result from discontinued operations of **EUR 104m** related to NKT Photonics divestment
- Tax rate of 3% primarily due to German legislation enacted in Q1 2024, enabling capitalization of tax loss carry forward
- **FTE level** increase driven by higher activity levels and SolidAI acquisition, in line with anticipated future organisational growth

Cash flow: Significant net cash flow in Q2 2024



Cash flow statement highlights*

EURm	Q2		H1	
	2024	2023	2024	2023
Cash flow from operating activities	642	321	690	254
EBITDA	85	58	160	115
Financial items, net	16	12	24	16
Changes in working capital	585	251	543	128
Others	-44	0	-37	-5
Cash flow from investing activities	-244	-39	-308	-70
Capex	-100	-30	-164	-61
Acquisition and divestment of businesses	-144	0	-144	-9
Free cash flow	398	282	382	184
Cash flow from financing activities	-5	-13	-17	-30
Cash flow from discontinued operations	248	1	248	4
Net cash flow	641	270	613	158

* From continuing operations.

Key developments in Q2 2024

- **Cash flow from operating activities of EUR 642m** driven by a higher earnings contribution and a favourable development in working capital
- Significant working capital decrease driven by phasing of payments in Solutions, partially offset by increase in Applications due to acquisition of SolidAI
- **Cash flow from investing activities of EUR 244m** driven by ongoing investments and EUR 144m acquisition of SolidAI
- **Free cash flow of EUR 398m in Q2 2024** driven by higher earnings contribution and phasing of milestone payments in Solutions
- **Net cash flow** of EUR 641m includes net cash proceeds of EUR 248m from divestment of NKT Photonics

Balance sheet: Increase in working capital and decreased leverage



Balance sheet highlights

EURm	30 Jun		31 Mar		31 Dec
	2024	2023	2024	2023	2023
Working capital					
NKT	-1,152	-537	-667	-159	-709
Capital employed					
NKT	552	877	955	1,220	904
RoCE					
NKT	30%	11%	22%	8%	20%
Net interest-bearing debt (NIBD)	-1,277	-222	-642	50	-671
NIBD / Operating EBITDA, LTM	-4.2x	1.2x	-2.4x	0.3x	-2.6x
Total assets	4,597	3,066	3,707	2,767	3,604
Total equity	1,829	1,099	1,597	1,170	1,144

Key developments in Q2 2024

- **Working capital** decrease versus end-Q1 2024 driven by favorable development in Solutions, partially offset by increase in Applications due to the acquisition of SolidAI
- **RoCE** increased to 30%, driven by continued growth in EBIT and decrease in capital employed due to lower net interest-bearing debt
- **Net interest-bearing debt** decreased by EUR 635m from end-Q1 2024, driven by positive free cash flow and proceeds from divestment of NKT Photonics, partially offset by acquisition of SolidAI
- **Available liquidity reserves of EUR 1,704m**, comprising cash of EUR 1,504m 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-Q2 2024, the **value of issued guarantees was EUR 2.3bn**

Financial outlook for 2024

Financial outlook updated on 11 July 2024 following strong H1 performance



The financial outlook is based on several assumptions including:

- Satisfactory execution and development of high-voltage investments and projects without major disruptions
- Stable market conditions in Applications
- Satisfactory offshore power cable repair work activity
- Stable development of the global economy
- Stable supply chain with limited disruptions and access to required labour, materials, and services
- Stable development in foreign currency and metal prices

* Std. metal prices

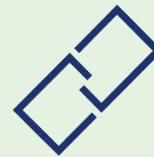
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Questions & Answers

Financial calendar 2024



2024

Event

14 November

Interim Report, Q3 2024

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