

NKT

NKT Acquires SolidAI

21 June 2024



Today's presenting team



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President & CEO



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CFO

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.

Acquisition highlights



Acquisition and investment supportive of NKT's medium-term financial ambitions including RoCE above 20%

Transaction Overview

- Founded in 1970, SolidAI is a competent manufacturer of 1kV to 225kV power cables serving TSOs and DSOs in France, the UK, Spain, and Portugal
- Transaction Enterprise Value: EUR 192m (~9.4x 2023 EBITDA / ~7.0x 2023 EBITDA including synergies*)
- The transaction is unconditional and closing is effective as of today

Strategic Rationale

- SolidAI immediately strengthens NKT's medium- and high-voltage capacity up to 225kV
- Acquisition improves the competitiveness of NKT's product offering and geographical reach
- Existing facilities provide a competitive, competent and expandable platform for future growth to serve increased demand

Financial Implications

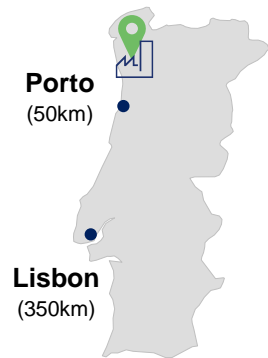
- Acquisition funded within existing capital structure, NKT remains committed to leverage ratio** <0.0x
- Medium- and high-voltage expansion will take place in 2025 and 2026, additional capacity operational in 2027
- SolidAI expected to contribute to NKT financial performance in line with 2023. This comes in addition to outlook for 2024 which remains unchanged

➤ As part of the acquisition, NKT will invest EUR 50m to expand medium- and high-voltage capacity at the existing site

*Recurring EBITDA synergies of ~EUR 7m expected to be realized by end-2026. **Leverage ratio defined as net interest-bearing debt to operational EBITDA.

SolidAI at a glance

From transmission to distribution, SolidAI's products address the full power grid value chain



Vertically integrated cable manufacturer

- Well-maintained, 70,000m² factory located in Northern Portugal with approximately 430 employees
- Founded in 1970
- Aluminium-focused production of 1kv to 225kV cables
- In-house project management, engineering, and turnkey capabilities
- Main customers are Transmission System Operators and Distribution System Operators including:
 - National Grid, RTE, REN, Red Electrica, Enedis, and ESB energy
- Sales mix concentrated around France, UK, Spain, and Portugal
- Existing perimeter will be expanded to increase medium- and high-voltage production capacity

Revenue Mix*

By segment, 2023	%
Medium- and high-voltage	~45-50%
Low-voltage	~35-40%
Other	~10-20%

Selected Financials

2023	EURm
Revenue (mkt. price)	~150
Revenue (std. metal price)	~120-125
EBITDA	~20

*Revenue expressed in market prices.

Transaction supported by strong strategic rationale

SolidAI capacity and capabilities highly complementary to NKT strategy, offering competitive platform for future growth

Strengthening production capacity

- Acquisition immediately enhances NKT's medium- and high-voltage capacity up to 225kV
- Competitive and competent SolidAI organisation allows NKT to meet increased customer demand

Improving availability and reach

- Acquisition enhances the competitiveness of NKT product mix and is complementary to existing production footprint
- Established operations in Southern Europe increases robustness of NKT customer portfolio and geographical reach

Deriving synergies

- NKT leadership team well-positioned to secure a successful integration, expect to realize recurring EBITDA synergies of EUR 7m by end-2026
- NKT expertise, scale and balance sheet to unlock value through optimisation of existing SolidAI footprint

Investing for future growth

- NKT will invest an additional EUR 50m to expand medium- and high-voltage production capacity at existing site, expected to be operational in 2027
- SolidAI factory and organisation offer NKT an attractive platform for future growth across key markets with access to human capital



Acquisition supported by increased demand driven by sustainable megatrends

Investments in electrification, power grid upgrades, renewable energy generation, and data centers provide increased demand visibility for medium- and high-voltage cables



1 Ageing European power grids are in need of replacement

Over 40% of European power grid infrastructure is over 40 years old* and require an estimated EUR 584bn in power grid infrastructure this decade**



2 Significant investments in renewable energy generation

Rapid adoption of renewable energy is placing further stress on outdated grid infrastructure, ongoing expansion represents significant demand for cables



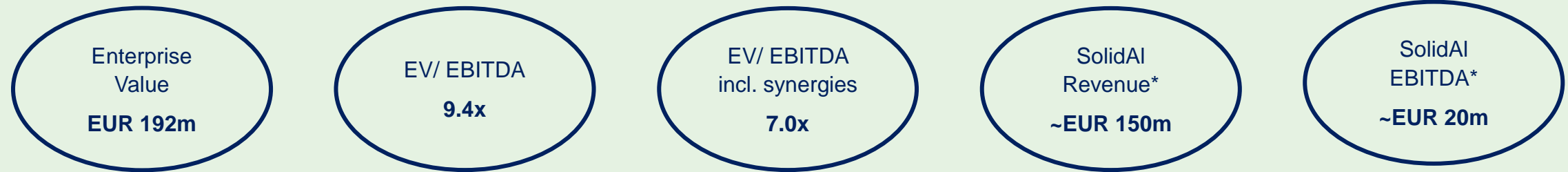
3 Increasing end-customer demand for electricity

Higher transmission and distribution requirements driven by fast growing electricity-intensive applications, structurally higher demand from society

* Source: Eurelectric Action Plan on Grids, November 2023. **EU Action Plan, digitalising the energy system.

Optimized and expanded SolidAI footprint will drive meaningful value creation for NKT shareholders

Transaction highlights and selected 2023 figures



Comments

- The acquisition of EUR 192m was funded within the existing capital structure. NKT remains committed to a conservative capital structure with leverage ratio <0.0x catering for ongoing investment programs and enabling the high-voltage project business
- Recurring EBITDA synergies of EUR 7m to be realized by end-2026
- Capital expenditures associated with the EUR 50m expansion will be incurred in 2025 and 2026, capacity expected to be operational in 2027
- Acquisition and on-site expansion supportive of NKT's medium-term financial ambitions, including RoCE above 20%
- Acquisition is EBITDA margin accretive for Applications business line
- SolidAI is expected to contribute to NKT's financial performance from the date of closing. The contribution is expected to be in line with 2023 performance and will come in addition to NKT's 2024 financial outlook, which remains unchanged

* Expressed in market prices.

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Questions & Answers

2024

Event

16 August

Interim Report, Q2 2024

14 November

Interim Report, Q3 2024

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