

Company Announcement

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NKT awarded over EUR 1bn order for the SuedLink high-voltage DC project, key for the green transformation of Germany

NKT has been awarded its largest order ever of over EUR 1bn (approx. DKK 7.45bn) by TenneT and TransnetBW. The contracts comprise the supply and installation of a 525 kV XLPE high-voltage DC (direct current) onshore cable system with a route length of approx. 750 km for the German SuedLink corridor.

The SuedLink corridor comprises two power cable systems, and NKT has been awarded the 2GW cable link which will be the world's largest and longest high-voltage DC underground interconnector. The SuedLink line starts in Northern Germany where it connects to power from offshore wind farms and to the Nordlink interconnector, which brings hydro power from Norway to Germany via a 525 kV high-voltage DC offshore power cable system also provided by NKT. In May this year, NKT announced to also deliver the majority of the 525 kV XLPE power cable system for the SuedOstLink corridor in Eastern Germany.

NKT President and CEO Alexander Kara says:

- The order for the SuedLink corridor project underlines NKT's position as a major partner in Germany's transition towards increased use of renewable energy and in connecting the national grids. Our power cable systems will ensure that wind and hydro power can be transported all the way from the North Sea and Norway via the NordLink and SuedLink interconnectors to Southern Germany. These large-scale Interconnectors represent a significant market opportunity for NKT and as a market leading provider of high-voltage DC technology we are positioned to be part of future projects supporting the green transformation of societies.

The power cables and accessories to be delivered by NKT for SuedLink comprises two lots which constitutes one out of two full power cable systems. Furthermore, the order comprises a specially engineered solution for the power cable to cross the Elbe river and a salt mine. The NKT contract value of over EUR 1bn in market prices, corresponds to over EUR 875m (approx. DKK 6.52bn) in standard metal prices. NKT expects to start production early 2022 on its plants in Cologne, Germany and in Karlskrona, Sweden with expected project completion in 2026.

NKT has gradually increased its high-voltage order backlog since end-2018 to an all-time high of approx. EUR 2.7bn. In addition, NKT sees positive market outlook with growing project complexity and magnitude, and therefore intends to invest approx. EUR 150m during 2020-2022 to strengthen its high-voltage manufacturing facilities. To realise these investments, NKT intends to use the authorization provided by the Annual General Meeting 18 June 2020 to issue new shares before year-end 2020.

SuedLink is one of three long-distance high-voltage DC power transmission lines in Germany to transport renewable energy from the Northern parts of the country to the South, and it links the federal states of Schleswig-Holstein and Baden-Württemberg. In total, the three transmission lines will cover a significant proportion of the country's power supply and are



key to realize 'Energiewende', Germany's long-term strategy for switching to renewable energies by 2050. The power cable systems from NKT not only make the renewable power transmission possible, the cables themselves are sustainably produced in plants running on 100% green electricity.

The award of the SuedLink project does not change the 2020 financial outlook for NKT.

Contact

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