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NKT invests in medium-voltage power cable business to boost capacity for growing demand

To support growing demand from customers for medium-voltage power cables required for grid upgrades and renewable energy projects across Europe, NKT is investing in additional production capacity and capabilities at its medium-voltage factories in Denmark, Sweden and Czech Republic.

The medium-voltage power cable market has grown steadily in recent years driven by the transition to renewable energy and the continued electrification of societies. Electrical grid operators are in the process of conducting major upgrade projects to keep apace. To satisfy this growing demand and maintain a strong position in the market, NKT is investing in additional medium-voltage capacity and capabilities. The investments are spread across three of NKT's production sites in Asnaes, Denmark; Falun, Sweden and Velke Meziříčí, Czech Republic. The investments in Falun and Velke Meziříčí have started while the investment in Asnaes is now initiated.

NKT EVP, Head of Applications, Carlos Fernandez says:

- NKT is well positioned to support the growing market demand for medium-voltage cables and we invest in additional capacity to strengthen our position as a key partner to our customers in the green transition of societies. As more renewables projects come online, a major upgrade of the European power grid is needed. Current medium-voltage production and installation capacity is not sufficient to meet the increasing demand in the market. The investments will support NKT's continued growth journey in line with our strategic ambitions and enable vital grid upgrades and renewables projects across Europe.

In recent years, the Applications business line has optimized its factory footprint across geographies to increase efficiency and specialization. With this process successfully completed, focus has shifted towards expansion of the medium-voltage sites. The investments will add 20-110 kV production capacity and capabilities and further progress layout optimizations of the factories.

The investments across the three sites will expectedly amount to approximately EUR 100 million and will strengthen NKT's market leading position. The new production capacity is anticipated to be progressively operational in 2025 and 2026 and the investments will lead to the additional recruitment of around 150 new colleagues. The investments are expected to support NKT's medium-term financial ambitions including delivering RoCE above 20%.

REPowerEU is aiming for 600 GW of solar power and 440 GW of wind by 2030. As more solar and onshore wind projects come online, medium-voltage cables play a vital role in connecting these new power sources to the grid.

Further, according to the International Energy Agency (IEA), reaching national climate goals requires adding or refurbishing a total of more than 80 million kilometers of power grids by 2040, the equivalent of the entire existing global grid.

According to European Union estimates, Europe will need to invest EUR 584 billion to upgrade its power grids this decade.

About Applications:

- Applications is an NKT business line focused on low- and medium-voltage power cable solutions.
- Applications' six main production sites are located across Czech Republic, Denmark, Poland, Sweden and the UK. Each production site is focused on one or more market segments.
- Applications employs approximately 1,500 people across Europe and realized revenues (in std. metal prices) of EUR 638 million in 2023.

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