

## Company Announcement

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# NKT Group updates 2021 financial outlook and announces preliminary Q3 2021 financial figures

*Today, NKT Group provides preliminary financial figures for Q3 2021, details the review of the Solutions business line and updates the 2021 financial outlook.*

NKT CEO Alexander Kara says:

- We have improved our financial performance during 2021 and this continued in Q3 driven by further growth in both NKT and NKT Photonics. It is satisfactory to see that we in NKT continue to benefit from the green transformation and the successful implementation of improvement initiatives. NKT Photonics continued to grow as the market conditions improved after the negative impact of COVID-19 in 2020.

## Preliminary Q3 2021 financial figures

In Q3 2021, the preliminary financial figures for NKT were revenues (std. metal prices) of EUR 333m (EUR 300m in Q3 2020) and operational EBITDA of EUR 45m (EUR 21m in Q3 2020). The improvement compared to Q3 2020 was driven by higher activity levels and efficiency gains across all three business lines where particularly Applications continued to improve performance. In addition, NKT has closed outstanding insurance cases related to past incidents. This has generated an income of EUR 21m, which is treated as other operating income and thereby increased operational EBITDA.

NKT Photonics' preliminary financial figures for Q3 2021 were revenues of EUR 18m (EUR 17m in Q3 2020) and EBITDA of EUR 3m (EUR 1m in Q3 2020). The growth compared to Q3 2020 was driven by a continued improvement in the Industrial segment.

## Review of setup and cost structure in Solutions

To support the journey towards the medium-term ambitions, NKT has launched initiatives in Solutions with the aim to improve profitability, to be able to compete in a broader part of the high-voltage market and increase business opportunities within AC and DC power cable projects. As announced in July 2021, the costs and investments related to these initiatives are estimated to be up to EUR 40m.

NKT will increase focus on extra high-voltage AC and DC power cables at the production site in Cologne, Germany. The production of lower high-voltage power cables will be relocated from Cologne to NKT's production site in Velké Meziříčí, Czech Republic, to improve competitiveness and to prepare for growing market demand.

As part of the review, NKT will reduce the FTE count by more than 100 in Cologne during 2021-2023. This has led to one-off costs of EUR 15m expensed in Q3 2021 related to the FTE reduction.

To upgrade NKT's production capabilities within high-voltage DC power cables further in Cologne and implement the additional production setup in Velké Meziříčí, investments of around EUR 25m in production equipment will be completed in 2021 and 2022.

#### **Update of 2021 financial outlook**

Based on NKT's performance in Q3 2021, the full-year financial outlook for NKT is updated. Revenues (std. metal prices) are expected to be approx. EUR 1.2bn (previously upper end of approx. EUR 1.1–1.2bn) and the operational EBITDA is expected to be approx. EUR 125–135m (previously upper end of approx. EUR 80–110m). Due to the announced FTE reduction, total one-off costs are expected to be approx. EUR 13m for full-year 2021.

The financial outlook for NKT Photonics is unchanged. NKT Photonics expects full-year organic revenue growth to be approx. 8-15%, and the EBITDA margin is expected to be approx. 6-8%.

The financial outlooks for both NKT and NKT Photonics are subject to uncertainty due to the general market situation of constrained access to both raw materials and material for the production as well as the continued unknown development of the COVID-19 pandemic.

#### **Announcement of Interim Report Q3 2021**

The Interim Report Q3 2021 will be announced on 17 November as planned.

#### **Contact**

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