

Company Announcement

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NKT Group updates 2021 financial outlook and resumes the review of strategic alternatives for NKT Photonics

Today, NKT Group provides preliminary financial figures for Q2 2021, updates the 2021 financial outlook and resumes the review of strategic alternatives for NKT Photonics.

NKT CEO Alexander Kara says:

- We have had a strong 1st half 2021 and the improved financial performance was driven by broad-based growth in both NKT and NKT Photonics. It is satisfactory to see that we continue to benefit from the green transformation and successful implementation of improvement initiatives. In the power cables business, we delivered a 1st half 2021 operational EBITDA higher than what we expect for the 2nd half. This is mainly due to the anticipated mix of projects in Solutions and that we completed an exceptionally high amount of service repair work in the first part of the year.

Preliminary Q2 2021 financial figures

In Q2 2021, the preliminary financial figures for NKT were revenues (std. metal prices) of EUR 344m and operational EBITDA of EUR 42m. The improvement was driven by higher activity levels and efficiency gains across all three business lines. The results in Service & Accessories were exceptionally strong due to a high level of repair work. Solutions also increased earnings solidly compared to Q2 2020.

To improve financial performance, NKT has during the recent quarters launched several initiatives in Applications and in the Accessories business. These steps include relocation of production of building wires to Poland, and centralization of the high-voltage accessories production to Sweden.

To further support the journey towards the medium-term ambitions, NKT is currently also reviewing the setup and cost structure 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. The current estimation is that costs and investments related to this review will be up to EUR 40m.

NKT Photonics' preliminary financial figures for Q2 2021 were revenues of EUR 18m and EBITDA of EUR 0m. Driven by the Industrial segment, the business continued to recover from the 2020 financial performance where mainly 1st half of the year was adversely impacted by the COVID-19 pandemic.

Update of 2021 financial outlook

Based on NKT's performance in Q2 2021, full-year financial results for NKT are now expected to be in the upper end of the previously guided ranges. Revenues (std. metal

prices) are expected to be in the upper end of approx. EUR 1.1–1.2bn (previously approx. EUR 1.1–1.2bn) and the operational EBITDA is expected to be in the upper end of approx. EUR 80–110m (previously approx. EUR 80–110m).

Driven by the growth recorded in Q2 2021, NKT Photonics now expects full-year organic revenue growth to be approx. 8-15% (previously upper end of approx. 0-10%), and the EBITDA margin is expected to be approx. 6-8% (previously upper end of approx. 3-7%).

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.

Review of strategic alternatives for NKT Photonics

On 20 November 2019, the company announced the initiation of a review of strategic alternatives for NKT Photonics with the objectives to maximize value creation, and to position NKT Photonics for long-term growth. On 13 May 2020, the Board of Directors decided to put the review on hold due to the market uncertainties driven by the COVID-19 pandemic, and with respect to the objectives of maximizing the value creation.

The Board of Directors has now decided to resume the review of strategic alternatives for NKT Photonics.

There is no definitive schedule to complete it and with no decision on any particular transaction or alternative. Equally, there is no certainty that any transaction or alternative will be undertaken or pursued. NKT A/S does not intend to make further announcements regarding the review unless it concludes they are warranted by the circumstances or are expressly required by law.

Announcement of full Q2 2021 Interim Report

The Q2 2021 Interim Report will be announced on 17 August 2021 as planned.

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