

Company Announcement

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NKT secures pioneering power cable framework agreement for TenneT's 2GW Program

NKT has been awarded a framework agreement for TenneT's 2GW Program to deliver significant volumes of offshore and onshore power cables. The 2GW Program is considered one of the most significant infrastructure projects in the green transformation of Europe.

TenneT, the Dutch-German transmission system operator, has selected NKT to provide several 525 kV XLPE high-voltage direct current (HVDC) on- and offshore power cable systems. The award is a multi-year framework agreement with firm commitments on three specific projects as part of TenneT's ambitious offshore wind 2GW Program.

NKT President and CEO Alexander Kara says:

- We are very satisfied to once again be selected as a key partner for the ambitious 2GW Program which confirms our strong position in the high-voltage DC power cable market. We recently announced the contract award from TenneT for IJmuiden Ver Beta & Gamma and Nederwiek 2, which are also part of the 2GW Program and will be some of the world's first offshore wind farms to apply the 525kV XLPE HVDC technology to offshore power cables. With this framework agreement, we continue our close collaboration with TenneT and apply this innovative cable technology to additional projects in the North Sea.

The framework agreement runs until 2028 with possible extension until 2031. The contracts awarded to NKT under the framework agreement are for the Nederwiek 3 and Doordewind 1 & 2 offshore wind farms in the Dutch part of the North Sea with total installed capacity of 6 GW. The contracts are expected to be called off in 2025 and will have a combined value of approx. EUR 1.5 bn, which covers the majority of the project scope. Additional projects could be added under the framework agreement.

Tim Meyerjürgens, COO TenneT says:

- After recent awarding of the first five cable connections and the announcement of the suppliers for the sea- and land-based converter stations, we are again very proud to announce the partners for the multi-year agreement to produce and install the cables for these crucial and innovative grid connection systems for the energy transition. Together, we will deliver around 7,000 kilometres of DC and metallic return cables for fifteen on- and offshore grid connection systems in Germany and the Netherlands until 2032.

TenneT's HVDC 2GW Program in the Dutch and German parts of the North Sea is considered one of the most significant infrastructure projects in the green transition of Europe. With the inter-governmental Ostend Declaration in April 2023, nine European countries including the Netherlands and Germany, agreed to install at least 120 gigawatts of offshore wind energy combined by 2030. 40 gigawatts, around one-third of this capacity, is accounted for by TenneT, with 20 gigawatts in each the German and Dutch North Sea sectors. This will play a vital role in strengthening Europe's energy security, while putting Europe on track to become the world's first climate-neutral continent by 2050.

New high-voltage investment program to be initiated

The high-voltage power cable market has grown significantly in recent years and the outlook remains positive driven by the transition to renewable energy and electrification of societies.

As announced in Company Announcement no. 1 of 22 February 2023, “NKT is preparing to expand production and installation capacity even further subject to new, significant high-voltage project awards”. The award of the TenneT framework agreement means 2023 high-voltage project awards and firm commitments for NKT accumulates to approx. EUR 5.0bn, which is considered “significant”. As a result, NKT will now progress with the investment in additional production capacity and capabilities, including a third extrusion tower, on the existing, market leading production site in Karlskrona, Sweden. Further, NKT is considering the extent of additional installation capacity and capabilities required and how to secure this going forward.

Over the last month, NKT has obtained significant further commitments on guarantee capacity from banks and export credit agencies including Swedish Export Credit Agency (EKN) and Swedish Export Credit Corporation (SEK) in reflection of the company’s strong recent order intake. This is considered an important prerequisite for NKT’s ambition of growing profitably with the increasing market demand.

NKT will as soon as possible, and no later than end of May, pending capital market conditions, provide more information about the size of investments, updated medium-term financial ambitions and a potential equity issuance to support the growth opportunities.

The order award does not change the 2023 financial outlook for NKT.

Key facts:

- **Framework agreement value:** Approx. EUR 1.5bn in market price which covers the majority of the project scope. Installation scope and value will be included later.
- **Cable route specifications:**
 - Nederwiek 3 route length: 288 km
 - Doordewind 1 route length: 185 km
 - Doordewind 2 route length: 185 km
- **Schedule:** Contract call offs under the framework agreement are expected in 2025. Commissioning of the named projects is expected in 2031.

[Learn more about TenneT’s 2GW Program](#)

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