

Company Announcement

16 August 2024
Announcement No. 28

NKT A/S Q2 2024 Interim Report: 29% organic growth and record quarterly EBITDA

NKT CEO Claes Westerlind says:

- In Q2 2024, we continued to execute on our high-voltage order backlog and ongoing investments across business lines, while also delivering continued double-digit growth in revenue and EBITDA. Furthermore, we made strong strategic progress, successfully divesting NKT Photonics and completing the acquisition of Portuguese cable manufacturer, SolidAI. NKT's position as a pure-play cable manufacturer has been strengthened by this acquisition and we remain well positioned to benefit from robust demand across our power transmission and distribution businesses.

Financial highlights

EURm	Q2 2024	Q2 2023	H1 2024	H1 2023
Revenue*	605	468	1,139	890
Organic growth	29%	26%	28%	30%
Operational EBITDA	86	58	161	115
Operational EBITDA margin*	14.2%	12.4%	14.1%	12.9%

* Std. metal prices

2024 financial outlook

The financial outlook was updated in Company Announcement No. 20 of 11 July 2024.

Revenue (in std. metal prices) is expected to be approximately EUR 2.33-2.43bn (previously EUR 2.21-2.36bn) and operational EBITDA is expected to be approximately EUR 310-345m (previously EUR 285-335m).

The financial outlook is based on several assumptions including:

- Satisfactory execution and development of high-voltage investments and projects without major disruptions
- Stable market conditions in Applications
- Satisfactory offshore power cable repair work activity
- Stable development of the global economy
- Stable supply chain with limited disruptions and access to the required labour, materials and services
- Stable development in foreign currency and metal prices

Revenue growth across business lines and record quarterly operational EBITDA

In Q2 2024, NKT's revenue (in std. metal prices) increased by EUR 137m compared to Q2 2023, corresponding to 29% organic growth. Previous investments in capacity and capabilities within Solutions and satisfactory execution drove the majority of growth. Applications and Service and Accessories also contributed with higher revenue compared to Q2 2023.

Driven by strong revenue growth, operational EBITDA increased to EUR 86m in Q2 2024, up by EUR 28m from Q2 2023. The higher earnings level came primarily from Solutions, as well as a record-high quarterly contribution from Applications. This was partially offset by a slight decrease in Service and Accessories, as well as a higher cost base as NKT continued to expand across business lines.

At end-Q2 2024, the high-voltage order backlog was EUR 11.3bn (EUR 9.9bn in std. metal prices). During the quarter, NKT supplemented its high-voltage order backlog with a number of relatively smaller orders, including variation orders to existing projects.

Free cash flow amounted to EUR 398m in Q2 2024, driven by a higher quarterly earnings contribution and a favourable development in working capital in Solutions. Excluding acquisitions and divestments, free cash flow increased to EUR 542m in Q2 2024.

In May 2024, NKT successfully completed the divestment of NKT Photonics to Hamamatsu Photonics K.K. for a final enterprise value of EUR 254m marking the final step on NKT's journey of becoming a focused power cable solutions company.

In June 2024, NKT acquired Portuguese power cable manufacturer, SolidAI, for a final enterprise value of EUR 192m. The acquisition immediately enhances NKT's ability to serve power transmission and distribution operators with end-to-end grid solutions; while also providing an attractive platform for future growth.

Progress of NKT's approximately EUR 1bn investment program in Karlskrona continued throughout Q2 2024. Foundation work advanced according to plan, which enabled the successful start of tower construction at the end of July 2024. Executing on the investment program continues to have highest priority including managing risks and opportunities that have and will arise continuously.

Teleconference

NKT A/S hosts a teleconference for investors and financial analysts at 10:00am CEST on 16 August 2024. The presentation to be used during the call will be available before the start of the teleconference. To attend, please register and access on investors.nkt.com

Contacts

Investors

Jacob Johansen, Head of Investor Relations
+45 2169 3591 / jacob.johansen@nkt.com

Press

Louise W. Naldal, Head of Group Communications
+45 2982 0022 / louise.westh.naldal@nkt.com