

Interim Report

Q1 2020

NKT

Power to life since 1891

Management Review

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Key messages

Q1 2020

NKT Group improved financial results in Q1 2020 as operational EBITDA was up by EUR 11.2m compared to Q1 2019, driven by the power cables business.

The reported Q1 2020 financial figures were as informed in the trading statement issued 5 May 2020, cf Company Announcement No. 6.

NKT increased revenue and earnings in Q1 2020 driven by all three business lines. The main growth contributor was the expected improved level of activity in Solutions. In Applications, the improved earnings exceeded expectations primarily driven by a better product mix. Growth continued in Service & Accessories with higher revenue in both business segments.

Progress continued on several tenders in the high-voltage market across segments and geographies. NKT had a limited order intake in Q1 2020 as expected, but in May NKT announced its largest high-voltage DC order ever, the SuedOstLink project in Germany, with a contract value of approx. EUR 500m.

NKT Photonics was negatively impacted by the coronavirus pandemic as revenue and earnings were lower. Due to the market uncertainties driven by the coronavirus pandemic, the strategic review of NKT Photonics is not expected to be concluded in the near future.

The net interest-bearing debt, including lease liabilities, increased to EUR 378.1m at end-Q1 2020, mainly due to the expected increase in working capital from an exceptionally low level at end-2019. NKT A/S has sufficient financial headroom to manage the level of activity expected in 2020.

Taking into account recent order wins, including the SuedOstLink award, and the general positive outlook for the high-voltage market, NKT Group initiated a review to strengthen its capital structure, cf. Company Announcement No. 6 of 5 May 2020.

2020 financial outlook

The financial outlook for NKT is unchanged from Company Announcement No. 6 of 5 May 2020. The revenue (std. metal prices) is still expected to be approx. 1.0–1.1bn. The operational EBITDA is still expected to be approx. EUR 40–60m.

As stated in Company Announcement No. 6 of 5 May 2020, the financial outlook for NKT Photonics was withdrawn until better visibility in the markets can be established. The initial financial outlook was organic revenue growth of approx. 5–15% and EBITDA margin of approx. 15–18%.

Amounts in EURm	NKT		NKT Photonics	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Revenue	318.4	279.8	12.7	14.5
Revenue in std. metal prices**	240.3	205.4	12.7	14.5
Organic growth**	19%	-16%	-13%	17%
Operational EBITDA**	10.2	-2.4	-1.8	-0.4
Operational EBITDA margin*, **	4.2%	-1.2%	-13.9%	-2.7%
EBIT	-10.9	-20.0	-4.3	-2.6
Working capital**	-59.3	24.8	29.3	26.6
Working capital % of revenue, LTM**	-2.8%	1.7%	38.1%	32.5%
RoCE***	-6.1%	-2.9%	3.0%	2.2%

* Std. metal prices

** Alternative performance measures

*** RoCE is calculated on operational EBIT, LTM, as a percentage of average capital employed as defined in Note 4 on page 26

NKT

240.3m

Revenue (std. metal prices), EUR

Increased from EUR 205.4m in Q1 2019. This was mainly driven by the improved level of activity in Solutions

19%

Organic growth

This reflected organic growth of 37% in Solutions, 3% in Applications and 10% in Service & Accessories

10.2m

Operational EBITDA, EUR

Up from EUR -2.4m in Q1 2019. All three business lines contributed with increased earnings

1.24bn

High-voltage order backlog, EUR

Down from EUR 1.37bn at end-2019 as NKT's order intake was limited in Q1 2020 as expected. The SuedOstLink project, awarded in May, with a total value of approx. EUR 500m was not included



12.7m

Revenue, EUR

Down from EUR 14.5m in Q1 2019. This decrease was driven by Industrial that was negatively impacted by postponement of orders from customers following the coronavirus outbreak

-13%

Organic growth

Positive devolvement in Aerospace & Defence was outweighed by Industrial, while Medical & Life Science was slightly down

-1.8m

EBITDA, EUR

Down from EUR -0.4m in Q1 2019. This development was driven by the lower revenue

-16%

Order intake growth

The coronavirus pandemic was also the main driver for negative development

Impact of coronavirus

The coronavirus pandemic had limited impact on the financial performance of the Group's power cables business, NKT, in the first part of 2020, while NKT Photonics to a larger degree experienced negative consequences.

The health and safety of the company's employees have the highest priority and a range of preventive measures have therefore been introduced. The management continues to monitor the situation including national and local guidelines provided by authorities. The measures introduced have been successfully implemented at all sites and supported ongoing business performance.

Up until now all production sites for both NKT and NKT Photonics are in operation and measures have been implemented to ensure the supply chain. Preventive measures have been taken on the production sites to ensure the health of the employees. Going forward, these areas will continue to be a high priority.

Commercially the implications for NKT have been limited so far, while NKT Photonics has seen a more negative impact on customer demand. The future impact of these implications for NKT and NKT Photonics is challenging to foresee and will be closely linked to the removal of the restrictions imposed across the world. Generally, the megatrends driving growth in both the power cable and the photonics markets are expected to prevail and the impact from the coronavirus pandemic should be temporary.



Solutions

The Solutions production sites were operational with limited interruptions in Q1 2020, enabling the projects in the high-voltage order backlog to progress. At the installation sites, some delays have been experienced, but these have not significantly impacted the financial performance. The tender activity for large high-voltage projects has continued broadly unchanged despite the pandemic. In some cases, there have been limited process delays due to restrictions.

Applications

Similarly, the Applications production sites were almost fully operational during the period. The supply chain has been managed carefully to ensure continued stable delivery for customers. Overall, customer demand was unaffected in Q1 2020, but some negative impact on low-voltage power cables has gradually become apparent. The market for medium-voltage power cables has not seen any significant impact. In certain markets, NKT gained market share due to its ability to maintain stable deliveries.

Service & Accessories

The coronavirus pandemic had limited impact on the Service & Accessories business in Q1 2020. The Accessories production sites remained operational. Sales of accessories are more global than for the other two business lines. As some countries, especially outside Europe, have closed down, NKT has experienced implications to deliver across markets. The Service business has experienced certain delays and challenges at sites, but overall these were not significant.

NKT Photonics and its customers experienced negative consequences in Q1 2020 due to the coronavirus pandemic, which continued into Q2 2020. For NKT Photonics, as a global company, the restrictions introduced, particularly in countries outside Europe, have delayed deliveries to customers as many have not been able to receive shipments or have temporarily paused their projects. As an example, sales to China were shut down almost completely in Q1 2020. However, this market is now showing signs of improvement, while other countries continue to be challenging to service.

The sales implications appear to be temporary as the projects and orders have been postponed and not cancelled. However, the uncertainty surrounding the timing of the pick-up in demand is set to continue. NKT Photonics' production sites remain operational and will therefore be ready to service the customers. NKT Photonics has experienced some component shortage as suppliers have operated at lower capacity or have been temporarily closed, but these challenges have been mitigated.



Financial review

Driven by contribution from all three business lines, NKT delivered increased revenue and earnings in Q1 2020. The main growth contributor was the improved level of activity in Solutions. The cash flow generation was negatively impacted by the expected increase in working capital from the exceptionally low level at end-2019.

Revenue growth

NKT increased revenue in all three business lines during Q1 2020. The revenue* in Q1 2020 was EUR 240.3m, against EUR 205.4m in Q1 2019, equal to organic growth of 19%. The primary growth contributor was Solutions, driven by increased activity particularly at the Karlskrona production site.

The revenue measured in market prices was EUR 318.4m in Q1 2020, against EUR 279.8m in Q1 2019.

Operational EBITDA driven by improved revenue

The increased revenue combined with improved production output and satisfactory cost focus improved operational EBITDA across business lines. Overall, this led to operational EBITDA of EUR 10.2m in Q1 2020, up from EUR -2.4m in Q1 2019.

As a consequence, the operational EBITDA margin* increased to 4.2% in Q1 2020, against -1.2% in Q1 2019.

Total one-off items in Q1 2020 amounted to EUR -0.4m. The costs related to strategic initiatives primarily aimed at improving production efficiency.

The EBIT amounted to EUR -10.9m in Q1 2020, against EUR -20.0m in Q1 2019, the improvement was driven

by the same factors as for operational EBITDA. The net result was EUR -17.5m in Q1 2020, slightly down compared to Q1 2019, as the improvement in

EBIT was offset by unrealized foreign exchange losses and lower reported tax level due to less capitalization of tax assets.

Key financials

Amounts in EURm	Q1 2020	Q1 2019	FY 2019
Income statement			
Revenue	318.4	279.8	1,268.2
Revenue in std. metal prices**	240.3	205.4	945.0
Operational EBITDA**	10.2	-2.4	15.1
EBITDA	9.8	0.6	3.1
Depreciations and amortizations	-20.7	-20.6	-90.3
Operational EBIT**	-10.5	-23.0	-75.7
EBIT	-10.9	-20.0	-87.7
Financial items, net	-7.4	-1.8	-11.6
EBT	-18.3	-21.8	-99.3
Tax	0.8	5.0	20.8
Net result	-17.5	-16.8	-78.5
Cash flow			
Cash flow from operating activities	-118.3	-51.8	117.8
Cash flow from investing activities excl. acq. & div.**	-10.0	-6.4	-52.3
Free cash flow excl. acq. & div.**	-128.3	58.2	65.5
Balance sheet			
Capital employed**	993.7	1,113.5	941.6
Working capital**	-59.3	24.8	-146.3
Financial ratios and employees			
Organic growth**	19%	-16%	-10%
Operational EBITDA margin*, **	4.2%	-1.2%	1.6%
RoCE**	-6.1%	-2.9%	-7.2%
Full-time employees, end of period**	3,351	3,342	3,303

* Std. metal prices

** Alternative performance measures

Cash flow generation impacted by working capital development

The cash flow was negatively impacted by the changed working capital in Q1 2020. Despite positive EBITDA contribution, the cash flow from operating activities was EUR -118.3m, compared to EUR -51.8m in Q1 2019.

As expected, the working capital increased, from an exceptionally low level of EUR -146.3m at end-2019 to EUR -59.3m at end-Q1 2020. This was due to the phasing of milestone payments in Solutions combined with absence of significant new high-voltage project awards. In Applications, the working capital also increased, driven by an unfavourable development in trade receivables and trade payables. The working capital position is expected to improve during 2020.

While working capital increased from end-2019 to end-Q1 2020, an improvement of EUR 84.1m was recorded over the period from end-Q1 2019 to end-Q1 2020.

The working capital ratio, LTM, was -2.8% at end-Q1 2020, against -2.2% at end-2019.

Investments increased

The cash flow from investing activities, excluding acquisitions and divestments, was EUR -10.0m in Q1 2020, against EUR -6.4m in Q1 2019, when the investment level was low. The primary investments were conducted in Solutions.

RoCE moving up

Driven by the growth in earnings, RoCE increased to -6.1% at end-Q1 2020 from -7.2% at end-2019. During the period, the Capital employed increased by EUR 52.1m, mainly due to the change in working capital.

Revenue development and organic growth

Amounts in EURm

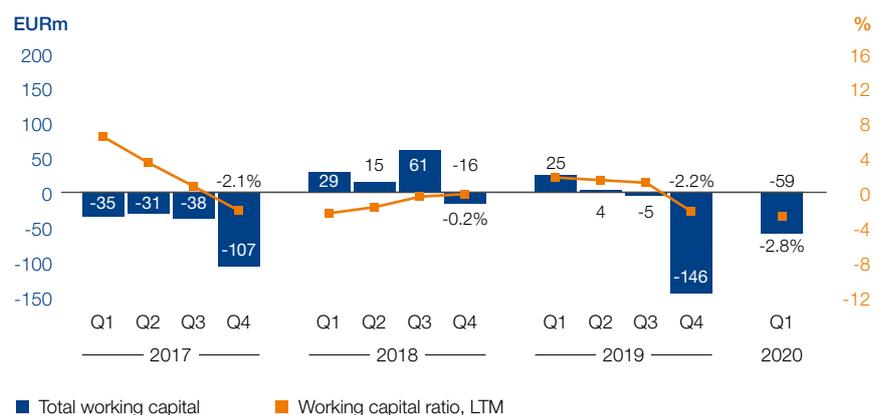
Q1 2019 revenue*	205.4
Currency effect	-2.4
Acquisitions	0.0
Divestments and reclassifications	-1.2
Q1 2019 adjusted revenue*	201.8
Organic growth	38.5
Q1 2020 revenue*	240.3
Organic growth, %	19%

* Std. metal prices

Operational EBITDA



Working capital



Business review – Solutions

124m

Revenue*, EUR
(Q1 2019: EUR 92m)

37%

Organic growth
(Q1 2019: -29%)

5.6m

Operational EBITDA, EUR
(Q1 2019: EUR 0.4m)

Highlights – Solutions

- Financial development in Q1 2020 as expected
- Progress continued on several tenders across market segments
- NKT was awarded its largest high-voltage DC order ever, the SuedOstLink project in Germany

Revenue* increased by EUR 31.4m

Due to increased level of activity, Solutions delivered 37% organic growth in Q1 2020. As expected, the growth in activity was driven by execution of the increased high-voltage order backlog, which primarily related to projects executed at the Karlskrona factory.

Revenue measured in market prices was EUR 143.7m in Q1 2020, against EUR 101.7m in Q1 2019.

Revenue growth reflected in improved operational EBITDA

The higher revenue generation in Q1 2020 led to improved operational EBITDA. This was combined with a relatively stable cost level compared to the same period in 2019.

The operational EBITDA margin* in Q1 2020 was 8.3%, against -2.6% in Q1 2019.

NKT progressed several high-voltage orders during Q1 2020. Johan Sverdrup 2 and Hornsea 2 being among the most significant projects carried out in Karlskrona. Project execution in Karlskrona was broadly satisfactory, while progress in Cologne was impacted by delays of one project.

NKT has completed work relating to the Borssele Alpha 700 MW offshore grid connection system. This system consists of 220 kV AC high-voltage submarine cables and connects the Dutch offshore wind farms Borssele 1 and 2 to the power grid. These two wind farms will provide electricity for approx. one million households.

Utilization of the company's cable laying vessel, NKT Victoria, was low in Q1 2020 and is set to increase in the coming quarters.

Order backlog of EUR 1.24bn

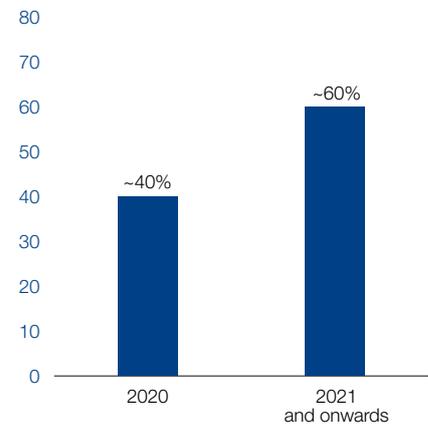
The high-voltage order backlog totalled EUR 1.24bn (EUR 1.11bn in std. metal prices) at end-Q1 2020, around EUR 130m lower than at end-2019. Around 40% of the backlog is expected to be realized in 2020, and the remaining approximately 60% in 2021 and beyond.

During Q1 2020, NKT had a limited high-voltage order intake driven mainly by relatively small offshore and onshore projects.

SuedOstLink awarded after quarter-end

In May 2020, NKT was awarded a major share of SuedOstLink, one of the German high-voltage DC corridor projects. The turnkey contract with a value of approx. EUR 500m (approx. EUR 400m in std. metal prices), the largest ever for NKT, was awarded by the German transmission system operator 50Hertz.

Expected revenue distribution of high-voltage order backlog (EUR 1.24bn) at end-Q1 2020



* Std. metal prices

SuedOstLink is the first of three long-distance power transmission lines in Germany to transport renewable energy from the Northern parts of the country to the South as part of the 'Energiewende', Germany's long-term strategy for switching to renewable energies by 2050.

Continued tender activity

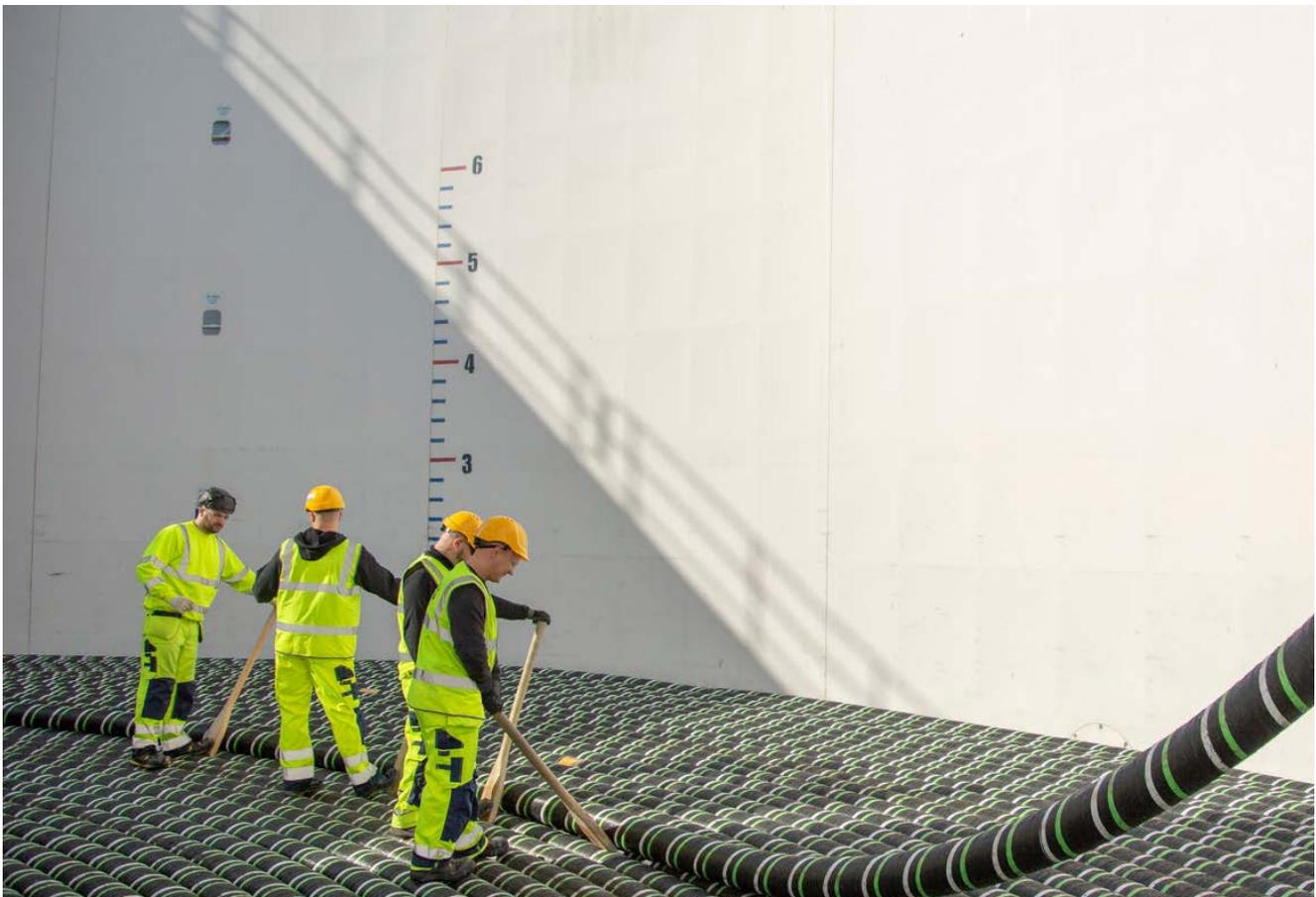
In Q1 2020, the estimated awards of high-voltage projects in the market totalled around EUR 0.4bn, and further projects have been awarded in the first part of Q2 2020. The awards in 2020 have been across segments.

Progress continued on several tenders across market segments and geographies. This was achieved despite the restrictions related to the coronavirus pandemic. The timing of project awards will depend on the timelines for the individual projects. For NKT, achieving optimal production and installation flow and thereby improving earnings is contingent upon high utilization of capacity across all production and installation phases.

While the timing of future project awards is subject to uncertainty, particularly in the interconnector

market, the awards anticipated are expected to improve the supply and demand situation for power cable manufacturers.

The global transition towards increasing reliance on renewable energy sources is an important parameter for future growth. In Europe, the European Green Deal provides a roadmap for making the EU climate neutral in 2050. Progress on this roadmap has continued during 2020 and will create business opportunities for NKT.



Business review

– Applications

94m

Revenue*, EUR
(Q1 2019: EUR 92m)

3%

Organic growth
(Q1 2019: 3%)

3.5m

Operational EBITDA, EUR
(Q1 2019: EUR 0.1m)

Highlights – Applications

- Satisfactory improvement in EBITDA in Q1 2020, exceeding expectations
- Better product mix driven by higher sales of medium-voltage solutions
- Organic growth contribution among others from smaller NKT markets

Positive revenue development

In Q1 2020, the revenue* in Applications increased by EUR 2.4m against Q1 2019. This was primarily driven by Germany, Poland and improved sales in smaller NKT European markets. The revenue increase equalled organic growth of 3%.

In market prices, the revenue amounted to EUR 156.8m in Q1 2020, against EUR 156.0m in Q1 2019.

Operational EBITDA driven by improved product mix

Applications increased operational EBITDA to EUR 3.5m in Q1 2020 from EUR 0.1m in Q1 2019. This increase was driven by the higher revenue, better product mix and more efficient production.

The product mix improved in Q1 2020 as revenue growth was driven by medium-voltage solutions, while the level of sales of building wires was lower than in Q1 2019, which partly was due to consequences of the coronavirus pandemic.

NKT's focus on efficiency improvements across its production sites started to deliver benefits and was reflected in an improved EBITDA margin in Q1 2020. This focus is set to continue as NKT strives to further strengthen production efficiency and improve output.

The operational EBITDA margin* in Q1 2020 was 3.7%, against 0.1% in Q1 2019.

Growth in Germany and smaller NKT markets

The revenue development across geographical markets was mixed in Q1 2020, but growth was broad-based with greater geographical diversification.

Sales of medium-voltage solutions in Germany and the Netherlands were positive growth contributors in Q1 2020. The German market developed favourably, and the company also improved its footprint in the Netherlands, previously a relatively small market for NKT. The progress achieved in these two markets offset lower sales of medium-voltage solutions in France.

Primarily driven by Poland, NKT presented positive development in Eastern Europe. This was due to a stronger market for medium-voltage solutions.

In Northern Europe, NKT strengthened its position in Finland and Iceland in Q1 2020. While these are relatively small markets for NKT, both delivered a solid growth contribution. In the region's larger markets, Sweden and Denmark, aggregated sales development was flat compared to Q1 2019.

Solar farm order won in Denmark

NKT has been awarded an order to supply 230 km of 72 kV power cables to connect the Danish solar farm Vandel III to the power grid. When fully operational Vandel III will be one of Europe's biggest solar farms with a production capacity of 152,000 kWh, which is enough to cover the power supply needs of 34,000 households.

NKT will produce the power cables at the company's factories in Asnæs, Denmark, and Falun, Sweden, with expected delivery in 2020.

* Std. metal prices

Business review

– Service & Accessories

28m

Revenue*, EUR
(Q1 2019: EUR 25m)

10%

Organic growth
(Q1 2019: -18%)

2.9m

Operational EBITDA, EUR
(Q1 2019: EUR 2.3m)

Positive organic growth driven by both segments

Driven by higher contributions from both segments, Service & Accessories increased revenue* by EUR 3.3m from Q1 2019 to Q1 2020. This equalled organic growth of 10%. In Q1 2019, the divested railway activities contributed one month's revenue*, amounting to EUR 1.8m.

The revenue in market prices amounted to EUR 28.4m in Q1 2020, compared to EUR 26.9m in Q1 2019.

EBITDA up due to higher revenue

The growth in revenue led to higher EBITDA in Q1 2020 compared to the same period last year, both segments delivering higher earnings. Employee headcount was increased to support continued growth opportunities, but the associated cost increase was absorbed by the higher level of activity.

The operational EBITDA margin* in Q1 2020 was 10.2%, compared to 9.2% in Q1 2019.

Fluctuations in earnings and profitability will occur from quarter to quarter, particularly depending on the volume of large offshore cable repairs, which impacts the revenue balance between the two segments.

Service growth driven by onshore

The Service business reported growth in both revenue and earnings in Q1 2020. This improvement was attributable to higher activity in the onshore business during the period, as no offshore repair work was carried out. The performance in Q1 2019 was also impacted by lack of offshore repair works.

NKT has gradually been expanding its portfolio of service agreements for both offshore and onshore power cables. These agreements are delivering a higher share of recurring income and thereby support continued growth in revenue.

In January 2020, NKT was awarded a five-year service agreement by the Irish power grid operator EirGrid for cable related services, including repair works for the East West Interconnector. This agreement is the first contract to include NKT's 10-day vessel mobilization guarantee. The guarantee is a central part of NKT's overall preparedness plan and removes uncertainty from the repair timeline, which is crucial for minimizing outage duration. NKT is working to improve the benefits of this offering further going forward.

Continued growth for Accessories

Following a strong performance in 2019, NKT's Accessories business continued to grow revenue in Q1 2020. This progress was primarily based on increased output of medium-voltage products from the Nordenham factory with high sales to the Middle East.

Due to the overall satisfactory growth development and positive outlook, NKT expects to invest further during 2020 in order to seize additional growth opportunities in the accessories market.

During Q1 2020, NKT registered a number of order postponements to customers outside Europe, attributable mainly to restrictions due to the coronavirus outbreak. These orders are expected to be realized later in 2020.

Highlights – Service & Accessories

- Satisfactory financial performance in Q1 2020
- Growth in the Service segment driven by onshore activity
- Continued medium-voltage growth in Accessories

* Std. metal prices



NKT Photonics – Financial & Business review

NKT Photonics' performance in Q1 2020 has been negatively impacted by the coronavirus pandemic. The organic growth of -13% was below expectations, driven by slowdown in the Industrial segment that outweighed positive performance in Aerospace & Defence. The reduced revenue also led to lower earnings and the order intake was down by 16%.

Revenue impacted by coronavirus pandemic

NKT Photonics generated revenue of EUR 12.7m in Q1 2020, compared to EUR 14.5m in Q1 2019, corresponding to organic growth of -13%. Q1 is traditionally the quarter of the year with the smallest revenue, but this development was below expectations due to the impact of the coronavirus outbreak.

NKT Photonics' largest revenue contributor is the Industrial segment, and this market has been impacted negatively with several orders postponed due to restrictions and uncertainty following the coronavirus outbreak. None of the impacted orders were cancelled. Driven by a continued focused approach, NKT Photonics increased revenue in the Aerospace & Defence segment. Medical & Life Science saw limited impact from the coronavirus pandemic.

EBITDA reflected the revenue development

The EBITDA for NKT Photonics amounted to EUR -1.8m in Q1 2020, which was EUR 1.4m lower than in Q1 2019. This development was driven by the lower revenue.

As a consequence of the continuing investments to prepare the company for future growth opportunities, the cost base

in Q1 2020 was higher than in Q1 2019. More than 50 full-time employees were added during the past year.

The EBITDA margin was -14.2% in Q1 2020, against -2.8% in the same period last year.

Revenue development and organic growth

Amounts in EURm

Q1 2019 revenue	14.5
Currency effect	0.1
Acquisitions	0.0
Divestments and reclassifications	0.0
Q1 2019 adjusted revenue	14.6
Organic growth	-1.9
Q1 2020 revenue	12.7
Organic growth, %	-13%

NKT Photonics EBITDA



Driven by the reduction in activity, NKT Photonics' EBIT and net result decreased by EUR 1.7m and EUR 0.9m, respectively, in Q1 2020 compared to Q1 2019.

Working capital slightly up

The working capital increased from EUR 28.2m at end-2019 to EUR 29.3m at end-Q1 2020. As a result of lower than anticipated sales, inventories increased while trade receivables declined.

Order intake down by 16%

The order intake was also impacted by the market slowdown caused by the coronavirus pandemic. This led to an order intake that was 16% lower in Q1 2020 compared to Q1 2019.

New generation of confocal microscope powered by NKT Photonics

In the beginning of Q2 2020, Leica Microsystems launched its new range of STELLARIS confocal microscopes, which are all powered by NKT Photonics' SuperK supercontinuum white light lasers.

By combining the wide tuning range of the SuperK with the fast pulses from the lasers, the new microscopes sets new standards for confocal microscopy with greatly enhanced flexibility and image quality.

Key financials

Amounts in EURm	Q1 2020	Q1 2019	FY 2019
Income statement			
Revenue	12.7	14.5	74.6
EBITDA	-1.8	-0.4	14.6
Depreciations and amortizations	-2.5	-2.2	-9.9
EBIT	-4.3	-2.6	4.7
Financial items, net	0.3	-0.3	-0.7
EBT	-4.0	-2.9	4.0
Tax	0.9	0.7	-1.5
Net result	-3.1	-2.2	2.5
Cash flow			
Cash flow from operating activities	-3.2	-2.8	7.2
Cash flow from investing activities excl. acq. & div.**	-4.4	-3.2	-16.7
Free cash flow excl. acq. & div.**	-7.6	-6.0	-9.5
Balance sheet			
Capital employed**	108.3	93.7	104.4
Working capital**	29.3	26.6	28.2
Financial ratios and employees			
Organic growth**	-13%	17%	10%
EBITDA margin	-13.9%	-2.7%	19.6%
RoCE**	3.0%	2.2%	4.9%
Full-time employees, end of period**	411	356	403

** Alternative performance measures

Medical & Life Science

In comparison to Q1 2019, the revenue development in Medical & Life Science was slightly down in Q1 2020, even though the coronavirus pandemic induced some changes in the market. The most significant growth drivers continue to be within bio imaging, microscopy and ophthalmology.

Industrial

This segment delivered a significant drop in revenue as the industry-wide headwinds in the industrial lasers markets seen already in 2019 were further strengthened by the coronavirus outbreak. The Asian countries, where industrial activity had already slowed, were affected earlier than the rest of the world, but this gradually spread to other geographies.

Aerospace & Defence

In Aerospace & Defence, NKT Photonics posted solid revenue growth in Q1 2020 compared to Q1 2019. The projects within this segment are less affected by the coronavirus outbreak. However, some deliveries were pushed into Q2 2020 as customers experienced component shortages particularly from Asian suppliers.

Group financials

Operational EBITDA and EBIT

In Q1 2020, the NKT Group reported operational EBITDA of EUR 8.4m, up from EUR -2.8m in Q1 2019. The increase was driven by the positive development in the power cables business. The operational EBITDA, LTM, amounted to EUR 40.9m at end-Q1 2020.

The EBIT increased to EUR -15.2m in Q1 2020 from EUR -22.6m in Q1 2019, driven by the same factors as the growth in operational EBITDA.

Financial items and net result

The net financial items in Q1 2020 amounted to EUR -7.1m, against EUR -2.1m in Q1 2019. The higher cost level in Q1 2020 was mainly due to increased unrealized foreign exchange losses arising from exchange rate changes towards the end of the quarter.

The earnings before tax (EBT) was EUR -22.3m in Q1 2020, compared to EUR -24.7m in Q1 last year. The net result decreased from EUR -19.0m in Q1 2019 to EUR -20.6m in Q1 2020 due to less capitalization of tax assets.

Cash flow

In Q1 2020, the cash flow from operating activities amounted to EUR -121.5m, against EUR -54.6m in Q1 2019. The development was due to the change in working capital in NKT. The cash flow from investing activities was EUR -14.4m in Q1 2020, compared to EUR -0.1m in Q1 2019, reflecting

Net interest-bearing debt



* For the 2017 leverage ratios, pro forma EBITDA for the acquired ABB HV Cables activities has been added to LTM EBITDA in the period when NKT was not the owner of ABB HV Cables. The pro forma EBITDA was based on ABB HV Cables' estimated average annual pro forma EBITDA of EUR 79m for 2014–2016.

higher investment levels in both NKT and NKT Photonics and sales proceeds from the divestment of the railway activities in Q1 2019.

Liquidity, debt leverage and equity

The net interest-bearing debt, including lease liabilities, amounted to EUR 378.1m at end-Q1 2020, compared to EUR 242.2m at the end of the previous quarter. The increased debt was in line with expectations primarily due a higher level of working capital, which was exceptionally low at end-2019.

At end-Q1 2020, net interest-bearing debt relative to operational EBITDA

amounted to 9.3x, compared to 8.2x at end-2019 as the increased debt level outweighed the improved earnings.

At end-Q1 2020, NKT A/S had total available liquidity reserves of EUR 126.0m, comprising cash of EUR 3.3m and undrawn credit facilities of EUR 122.7m. Group equity, including the hybrid security issued in Q3 2018, amounted to EUR 723.9m. The solvency ratio was 40%, down from 45% at the end of the previous quarter due to the negative net result and unfavourable commodity and currency development without cash flow effect. NKT A/S has sufficient financial headroom to manage the level of activity expected in 2020.

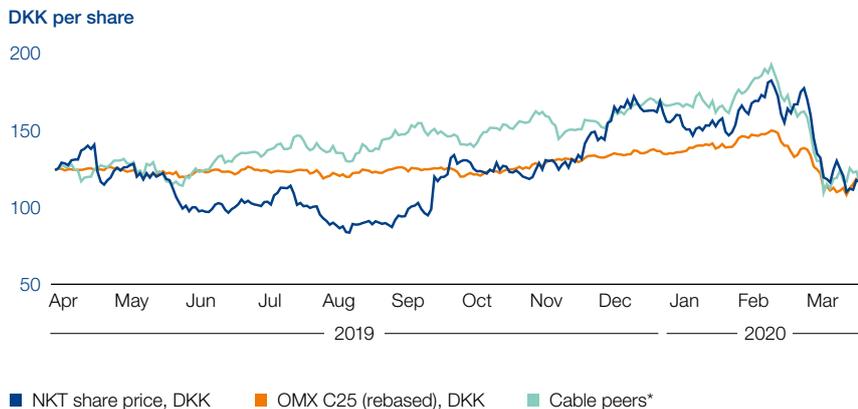
Q1 2020 financial development for NKT A/S

Amounts in EURm	Revenue*			Operational EBITDA			Oper. EBITDA margin*	
	Q1 2020	Q1 2019	Change	Q1 2020	Q1 2019	Change	Q1 2020	Q1 2019
NKT	240.3	205.4	34.9	10.2	-2.4	12.6	4.2%	-1.2%
NKT Photonics	12.7	14.5	-1.8	-1.8	-0.4	-1.4	-13.9%	-2.7%
NKT Group	253.0	219.9	33.1	8.4	-2.8	11.2	3.3%	-1.3%

* Std. metal prices

Shareholder information

NKT A/S Share price



* NKT peers are: Nexans S.A. and Prysmian S.p.A.

NKT A/S shares basic data

ID code: DK0010287663

Listing: Nasdaq Copenhagen, part of the Mid Cap index

Share capital: EUR 73m (DKK 546m)

Number of shares: 27.3 million

Nominal value: DKK 20

Share classes: 1

NKT A/S shares

The average daily turnover in NKT A/S shares on all trading markets was EUR 6m in Q1 2020, compared to EUR 3m in Q1 2019. The average daily trading volume was around 300,000 shares in Q1 2020, against around 210,000 in Q1 2019. Nasdaq Copenhagen was the main trading market for the company's shares with 54% of the total traded volume in Q1 2020.

At end-Q1 2020, the NKT A/S share price was DKK 121.50, compared to DKK 160.80 at end-2019, equal to a share price return of -24%. The corresponding dividend-adjusted share price returns for the company's largest European competitors, Prysmian and Nexans, were -32% and -38%, respectively. The Danish OMX C25 index, adjusted for dividends, decreased by 9% in Q1 2020.

At end-Q1 2020, five NKT A/S investors had reported shareholdings of between 5.00–9.99%: ATP (Denmark), Ferd AS (Norway), Greenvale Capital (UK), Kirkbi INVEST A/S (Denmark), and Nordea Funds Ltd, Danish Branch (Finland).

The total share capital consists of 27,280,921 shares, each with a nominal value of DKK 20, corresponding to a total nominal share capital of DKK 545,618,420 (EUR 73,237,000).

Annual General Meeting 2020

The company decided to postpone the Annual General Meeting scheduled for 26 March 2020. The decision was made for the safety of shareholders and employees and is in accordance with the guidelines issued by the Danish authorities in relation to the coronavirus. A new notice of the postponed general meeting will be distributed when a new date has been decided.

Lars Sandahl Sørensen, who has been a member of the Board of Directors since 2013, will not seek re-election.



More shareholder information is available at investors.nkt.com

Financial calendar 2020

Date TBA: Annual General Meeting

19 Aug: Interim Report, Q2 2020

18 Nov: Interim Report, Q3 2020

Group Management's statement

The Board of Directors and the Executive Management Board have today considered and adopted the Interim Report of NKT A/S for the period 1 January – 31 March 2020.

The Interim Report, which has not been audited or reviewed by the company auditor, has been prepared in accordance with IAS 34 'Interim Financial Reporting', as approved by the EU, and Danish disclosure requirements for interim reporting by listed companies.

In our opinion the Interim Report gives a true and fair view of the Group's assets, liabilities and financial position at 31 March 2020 and the results of the Group's activities and cash flow for the period 1 January – 31 March 2020.

We also find that the Management's review provides a fair statement of developments in the activities and financial situation of the Group, financial results for the period, the general financial position of the Group, and a description of major risks and elements of uncertainty faced by the Group.

Brøndby, 13 May 2020

Executive Management

Alexander Kara
President & CEO

Roland M. Andersen
CFO

Board of Directors

Jens Due Olsen
Chairman

René Svendsen-Tune
Deputy Chairman

Jack Ejlersen*

Thomas Torp Hansen*

Stig Nissen Knudsen*

Jens Maaløe

Andreas Nauen

Jutta af Rosenborg

Lars Sandahl Sørensen

* *Employee-elected member*

Financial Statements

Income statement

Amounts in EURm	Q1 2020	Q1 2019	Year 2019
Revenue	331.1	294.3	1,342.4
Costs of raw materials, consumables and goods for resale	-218.2	-200.4	-883.3
Staff costs	-65.7	-66.9	-266.3
Other costs etc.	-39.2	-26.8	-175.1
Earnings before interest, tax, depreciation and amortization (EBITDA)	8.0	0.2	17.7
Depreciation of property, plant and equipment	-17.8	-17.3	-75.1
Amortization of intangible assets	-5.4	-5.5	-25.6
Earnings before interest and tax (EBIT)	-15.2	-22.6	-83.0
Financial items, net	-7.1	-2.1	-12.3
Earnings before tax (EBT)	-22.3	-24.7	-95.3
Tax	1.7	5.7	19.3
Net result	-20.6	-19.0	-76.0
To be distributed as follows:			
Equity holders of NKT A/S	-22.6	-21.0	-84.1
Hybrid capital holders of NKT A/S	2.0	2.0	8.1
	-20.6	-19.0	-76.0
Basic earnings, EUR, per share (EPS)	-0.8	-0.8	-3.1
Diluted earnings, EUR, per share (EPS-D)	-0.8	-0.8	-3.1

Statement of comprehensive income

Amounts in EURm	Q1 2020	Q1 2019	Year 2019
Comprehensive income			
Net profit	-20.6	-19.0	-76.0
Other comprehensive income:			
<i>Items that may not be reclassified to income statement:</i>			
Actuarial gains/(losses) on defined benefit pension plans	0.0	0.0	-4.5
<i>Items that may be reclassified to income statement:</i>			
Currency adjustment of foreign subsidiaries and value adjustment of hedging instruments, etc.	-59.6	-8.4	-4.9
Total comprehensive income for the period	-80.2	-27.4	-85.4

Balance sheet

Amounts in EURm	31 March 2020	31 March 2019	31 December 2019
Assets			
Intangible assets	571.3	584.0	594.0
Property, plant and equipment	614.5	660.9	641.3
Other investments and receivables	2.0	2.1	1.9
Deferred tax	52.8	35.0	49.8
Total non-current assets	1,240.6	1,282.0	1,287.0
Inventories	233.9	234.9	229.7
Receivables, contract assets and income tax	317.8	343.4	265.7
Interest-bearing receivables	0.2	0.1	0.1
Cash at bank and in hand	3.3	7.4	6.9
Total current assets	555.2	585.8	502.4
Total assets	1,795.8	1,867.8	1,789.4
Equity and liabilities			
Equity attributable to equity holders of NKT A/S	569.5	713.8	651.4
Hybrid capital	154.4	154.4	152.4
Group equity	723.9	868.2	803.8
Deferred tax	24.5	45.4	31.8
Pension liabilities	55.6	49.9	55.6
Provisions	11.9	16.7	14.6
Interest-bearing loans and borrowings	351.5	335.7	238.0
Total non-current liabilities	443.5	447.7	340.0
Interest-bearing loans and borrowings	30.1	10.8	11.2
Trade payables, contract liabilities, tax and other liabilities	581.7	526.9	613.5
Provisions	16.6	14.2	20.9
Total current liabilities	628.4	551.9	645.6
Total liabilities	1,071.9	999.6	985.6
Total equity and liabilities	1,795.8	1,867.8	1,789.4

Cash flow

Amounts in EURm	Q1 2020	Q1 2019	Year 2019
Earnings before interest, tax, depreciation and amortization (EBITDA)	8.0	0.2	17.7
Profit on sales of non-current assets, use and increase of provisions, and other non-cash items etc.	-6.3	-7.1	0.2
Changes in working capital	-115.5	-47.9	130.3
Cash flow from operations before financial items, etc.	-113.8	-54.8	148.2
Net financial items paid	-7.1	-2.0	-12.2
Income tax paid	-0.6	2.2	-11.0
Cash flow from operating activities	-121.5	-54.6	125.0
Acquisition of business	0.0	0.0	-7.3
Divestment of business	0.0	9.5	9.5
Investments in property, plant and equipment	-5.7	-5.1	-34.4
Disposal of property, plant and equipment	0.2	0.9	1.2
Intangible assets and other investments, net	-8.9	-5.4	-35.8
Cash flow from investing activities	-14.4	-0.1	-66.8
Free cash flow	-135.9	-54.7	58.2
Changes in interest-bearing loans and borrowings	133.9	35.3	-68.1
Repayment of lease liabilities	-1.4	-1.2	-5.0
Coupon payments on hybrid capital	0.0	0.0	-8.1
Cash from issue of new shares / exercise of warrants	0.1	0.0	1.7
Cash flow from financing activities	132.6	34.1	-79.5
Net cash flow	-3.3	-20.6	-21.3
Cash at bank and in hand at the beginning of the period	6.9	28.2	28.2
Currency adjustments	-0.3	-0.2	0.0
Net cash flow	-3.3	-20.6	-21.3
Cash at bank and in hand at the end of the period*	3.3	7.4	6.9

The above cannot be derived directly from the income statement and the balance sheet.

Statement of changes in equity

Amounts in EURm	Share capital	Foreign exchange reserve	Hedging reserve	Fair value reserve	Retained compreh. income	Proposed dividends	Total	Hybrid capital	Total equity
Equity, 1 January 2019	72.8	-27.6	-1.6	0.3	699.3	0.0	743.2	152.4	895.6
<i>Other comprehensive income:</i>									
Foreign exchange translation adjustments		-6.6					-6.6		-6.6
Value adjustment of hedging instruments:									
Value adjustment for the year			-3.1				-3.1		-3.1
Transferred to consumption of raw materials			1.0				1.0		1.0
Tax on other comprehensive income			0.3				0.3		0.3
Total other comprehensive income	0.0	-6.6	-1.8	0.0	0.0	0.0	-8.4	0.0	-8.4
Net result					-21.0		-21.0	2.0	-19.0
Comprehensive income for the year	0.0	-6.6	-1.8	0.0	-21.0	0.0	-29.4	2.0	-27.4
Equity, 31 March 2019	72.8	-34.2	-3.4	0.3	678.3	0.0	713.8	154.4	868.2
Equity, 1 January 2020	73.2	-34.1	0.0	0.3	612.0	0.0	651.4	152.4	803.8
<i>Other comprehensive income:</i>									
Foreign exchange translation adjustments		-37.6					-37.6		-37.6
Value adjustment of hedging instruments:									
Value adjustment for the year			-28.4				-28.4		-28.4
Tax on other comprehensive income			6.4				6.4		6.4
Total other comprehensive income	0.0	-37.6	-22.0	0.0	0.0	0.0	-59.6	0.0	-59.6
Net result					-22.6		-22.6	2.0	-20.6
Comprehensive income for the year	0.0	-37.6	-22.0	0.0	0.0	0.0	-82.2	2.0	-80.2
<i>Transactions with owners:</i>									
Exercise of warrants	0.1				0.2		0.3	0.0	0.3
Total transactions with owners in Q1 2020	0.1	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.3
Equity, 31 March 2020	73.3	-71.7	-22.0	0.3	589.6	0.0	569.5	154.4	723.9

Notes

Note 1 Accounting policies, estimates and risks, etc.

The Interim Report is presented in accordance with IAS 34 'Interim Financial Reporting', which has been approved by the EU, and Danish disclosure requirements for interim reports for listed companies.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards, amendments and interpretations effective as of 1 January 2020:

- Conceptual Framework for Financial Reporting
- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform
- Amendments to IFRS 3: Definition of a Business;

which do not have an impact on the interim condensed consolidated financial statements of the Group.

The Group has not early adopted any standard, interpretation or amendment issued but not yet effective.

For a description of accounting judgements and estimates, please refer to Note 1.3 on page 80 of the 2019 Annual Report. Regarding risks, please refer to Note 5.6 on page 122 of the 2019 Annual Report and the information contained in the sections on risk management on page 32 and on page 48 of the 2019 Annual Report. Please also refer to page 4 of this Interim Report for an overview of the impact from the spread of COVID-19.

Following the spread of COVID-19 and the impact seen on global markets, NKT has revisited the impairment test performed for Q4 2019 – updated with new information and the expectations provided on page 2 of this Interim Report. The impairment test did not result in the recording of any impairment, however management is carefully considering the impact from market development and possible internal impact on production sites etc. which, if material can potentially change this conclusion.

On 2 April 2014 NKT received a fine of EUR 4m following the investigation conducted by the European Commission into alleged price-fixing activities with regard to high-voltage power cable projects, cf. Company Announcement No. 8 2014. While the European Commission assessed that NKT's role had been substantially limited and the fine was considerably smaller than those imposed on other cable manufacturers, NKT disagrees with the Commission's decision and therefore filed an appeal. The European General Court has rejected all appeals against the decision including NKT's appeal. NKT has initiated a further appeal before the European Court of Justice. As a consequence of the Commission's decision, NKT and other power cable producers face exposure to claims for damages in proceedings brought by customers or other third parties. In line with its appeal against the Commission's decision, NKT contests any civil damages claim that is based on this decision.

The consolidated financial statement includes financial performance measures that are not defined according to IFRS. These measures are considered to provide valuable information to stakeholders and Management. Since other companies might calculate these differently from NKT Group, they may not be comparable to the measures applied by other companies. These financial measures should therefore not be considered a replacement for performance measures as defined under IFRS, but rather as supplementary information. Alternative performance measures are defined in Note 4 in more detail.

Group Management is required to decide whether the financial statements can be presented on a 'going concern' basis. Based on estimated future prospects, expectations of future cash flows, existence of credit facilities, etc. it is Group Management's opinion that the financial headroom is sufficient to manage the level of activity expected in 2020 for the NKT Group.

Note 2 Segment reporting

Amounts in EURm	Q1 2020	Q1 2019	Year 2019
Revenue (market prices)			
NKT – Solutions	143.7	101.7	522.5
NKT – Applications	156.8	156.0	645.3
NKT – Service & Accessories	28.4	26.9	118.8
Elimination of transactions between segments	-10.5	-4.8	-18.4
NKT	318.4	279.8	1,268.2
NKT Photonics	12.7	14.5	74.6
Elimination of transactions between segments	0.0	0.0	-0.4
NKT Group	331.1	294.3	1,342.4
Revenue (std. metal prices)			
NKT – Solutions	123.6	92.2	455.6
NKT – Applications	94.1	91.7	389.1
NKT – Service & Accessories	28.4	25.1	116.7
Elimination of transactions between segments	-5.8	-3.6	-16.4
NKT	240.3	205.4	945.0
NKT Photonics	12.7	14.5	74.6
Elimination of transactions between segments	0.0	0.0	-0.3
NKT Group	253.0	219.9	1,019.3
Operational EBITDA			
NKT – Solutions	5.6	0.4	14.1
NKT – Applications	3.5	0.1	0.3
NKT – Service & Accessories	2.9	2.3	13.5
Non-allocated costs	-1.8	-5.2	-12.8
NKT	10.2	-2.4	15.1
NKT Photonics	-1.8	-0.4	14.6
NKT Group	8.4	-2.8	29.7
One-off items	-0.4	3.0	-12.0
EBITDA			
NKT	9.8	0.6	3.1
NKT Photonics	-1.8	-0.4	14.6
NKT Group	8.0	0.2	17.7

Note 2 Segment reporting – continued

Amounts in EURm	Q1 2020	Q1 2019	Year 2019
Operational EBIT			
NKT – Solutions	-10.5	-15.4	-53.4
NKT – Applications	-0.8	-2.7	-14.8
NKT – Service & Accessories	1.7	1.2	8.7
Non-allocated costs	-0.9	-6.1	-16.2
NKT	-10.5	-23.0	-75.7
NKT Photonics	-4.3	-2.6	4.7
NKT Group	-14.8	-25.6	-71.0
One-off items	-0.4	3.0	-12.0
EBIT			
NKT	-10.9	-20.0	-87.7
NKT Photonics	-4.3	-2.6	4.7
NKT Group	-15.2	-22.6	-83.0
Working capital			
NKT – Solutions	-130.5	-76.5	-167.1
NKT – Applications	76.0	70.1	17.5
NKT – Service & Accessories	9.3	16.0	10.4
Non-allocated items	-14.1	15.2	-7.1
NKT	-59.3	24.8	-146.3
NKT Photonics	29.3	26.6	28.2
NKT Group	-30.0	51.4	-118.1

Note 3 Net interest-bearing debt and working capital

Amounts in EURm	31 March 2020	31 March 2019	31 December 2019
Net interest-bearing debt			
Interest-bearing loans and borrowings, non-current	351.5	335.7	238.0
Interest-bearing loans and borrowings, current	30.1	10.8	11.2
Interest-bearing receivables	-0.2	-0.1	-0.1
Cash at bank and in hand	-3.3	-7.4	-6.9
Net interest-bearing debt	378.1	339.0	242.2
Working capital			
Inventories	233.9	234.9	229.7
Receivables, contract assets and income tax	317.8	343.4	265.7
Trade payables, contract liabilities, tax and other liabilities	-581.7	-526.9	-613.5
Working capital	-30.0	51.4	-118.1
Amounts in EURm	Q1 2020	Q1 2019	Year 2019
Reconciliation to change in working capital			
Working capital 1 January	-118.1	7.7	7.7
Working capital end of period	-30.0	51.4	-118.1
Change in working capital based on balance sheet	88.1	43.7	-125.8
Effect of unrealized hedges reported on Equity	28.4	3.1	0.3
Effect of changes in exchange rates, etc.	-1.0	1.1	-4.8
Change in working capital based on cash flow statement	115.5	47.9	-130.3

NKT Group uses financial instruments to hedge exposures relating to currency, interest rates and commodities. The fair value of the effective part of the hedge is recognized on a continuous basis in other comprehensive income as hedges of future cash flows. Effective hedges are transferred to the same line as the hedged item in profit/loss when the hedged transaction materializes. Main currencies comprise SEK, USD, GBP and NOK while hedges relating to commodities are hedges of Copper, Lead, Aluminum and Gas-Oil. Refer to note 5.6 Financial risks and financial instruments in the Annual Report for 2019 for a more detailed description of the use of financial instruments for risk management purposes.

Note 4 Definitions

Items below refer to the Financial Highlights contained on page 27.

The Group operates with the following performance measures which are calculated in accordance with the Danish Finance Society's guidelines:

Performance measures defined by IFRS:

- 1. Earnings, EUR per outstanding share (EPS)**
– Earnings attributable to equity holders of NKT A/S relative to average number of outstanding shares.
- 2. Diluted earnings, EUR per outstanding share (EPS)**
– Earnings attributable to equity holders of NKT A/S relative to average number of outstanding shares, including the dilutive effect of outstanding share programmes.

Further the group presents the following performance measures not defined according to IFRS (non-GAAP measures):

- 3. Revenue at standard metal prices** – Revenue at standard metal prices for copper and aluminium is set at EUR/tonne 1,550 and EUR/tonne 1,350 respectively.
- 4. Organic growth** – Revenue growth (standard metal price) as a percentage of prior-year adjusted revenue (standard metal price). Organic growth is a measure of growth, excluding the impact of exchange rate adjustments and divestments. For acquisitions a pro forma revenue for the prior year is included in the calculation.
- 5. One-off items** – Consist of non-recurring income and cost related to acquisitions, divestments, integration, restructuring, severance and other one-time items.
- 6. Operational earnings before interest, tax, depreciation and amortization (Oper. EBITDA)**
– Earnings before interest, tax, depreciation and amortization (EBITDA) excluding one-off items.
- 7. Operational earnings before interest and tax (Oper. EBIT)** – Earnings before interest and tax excluding one-off items.
- 8. Net interest-bearing debt** – Cash and interest-bearing receivables less interest-bearing debt. Hybrid capital is not included in net interest-bearing debt.
- 9. Capital employed** – Group equity plus net interest-bearing debt.
- 10. Working capital** – Current assets minus current liabilities (excluding interest-bearing items and provisions).
- 11. Net interest-bearing debt relative to operational EBITDA** – Comparative figures are calculated as operational EBITDA.
- 12. Solvency ratio (equity as a percentage of total assets)**
– Equity incl. hybrid capital as a percentage of total assets.
- 13. Return on capital employed (RoCE)** – Operational EBIT as a percentage of average capital employed.
- 14. Equity value, EUR per outstanding share** – Equity attributable to equity holders of NKT A/S per outstanding share at 31 December. Dilutive effect of outstanding share programmes is excluded.

Statements made about the future in this report reflect the Group Management's current expectations with regard to future events and financial results. Statements about the future are by their nature subject to uncertainty, and the results achieved may therefore differ from the expectations, among other things due to economic and financial market developments, legislative and regulatory changes in NKT A/S markets, development in product demand, competitive conditions, and energy and raw material prices. See also latest Annual Report for a more detailed description of risk factors.

NKT A/S disclaims any liability to update or adjust statements about the future or the possible reasons for differences between actual and anticipated results except where required by legislation or other regulations.

The NKT A/S Interim Report Q1 2020 was published on 13 May 2020 and released through Nasdaq Copenhagen. The report is also available at investors.nkt.com.

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Photos: NKT copyrights. All rights reserved.

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Financial highlights and ratios – NKT A/S

Amounts in EURm	Q1 2020	Q1 2019	Year 2019
Income statement			
Revenue	331.1	294.3	1,342.4
Revenue in std. metal prices** 3)	253.0	219.9	1,019.3
Operational earnings before interest, tax, depreciation and amortization (Oper. EBITDA)** 6)	8.4	-2.8	29.7
Earnings before interest, tax, depreciation and amortization (EBITDA)	8.0	0.2	17.7
Depreciation and impairment of property, plant and equipment	-17.8	-15.9	-75.1
Amortization and impairment of intangible assets	-5.4	-6.9	-25.6
Operational earnings before interest and tax (Oper. EBIT)** 7)	-14.8	-25.6	-71.0
Earnings before interest and tax (EBIT)	-15.2	-22.6	-83.0
Financial items, net	-7.1	-2.1	-12.3
Earnings before tax (EBT)	-22.3	-24.7	-95.3
Net result	-20.6	-19.0	-76.0
Profit attributable to equity holders of NKT A/S	-22.6	-21.0	-84.1
Profit attributable to hybrid capital holders of NKT A/S	2.0	2.0	8.1
Cash flow			
Cash flow from operating activities	-121.5	-54.6	125.0
Cash flow from investing activities	-14.4	-0.1	-66.8
hereof investments in property, plant and equipment	-5.7	-5.1	-34.4
Free cash flow**	-135.9	-54.7	58.2
Balance sheet			
Share capital	73.3	72.8	73.2
Equity attributable to equity holders of NKT A/S	569.5	713.8	651.4
Hybrid capital	154.4	154.4	152.4
Group equity	723.9	868.2	803.8
Total assets	1,795.8	1,867.8	1,789.4
Net interest-bearing debt** 8)	378.1	339.0	242.2
Net interest-bearing debt excl. lease liabilities**	337.9	303.4	204.6
Capital employed** 9)	1,102.0	1,207.2	1,046.0
Working capital** 10)	-30.0	51.4	-118.1
Financial ratios and employees			
Operational EBITDA margin, continuing operations (std. metal prices)**	3.3%	-1.3%	2.9%
Gearing (net interest-bearing debt as % of Group equity)**	52%	39%	30%
Net interest-bearing debt relative to operational EBITDA** 11)	9.3	5.9	8.2
Solvency ratio (equity as % of total assets)** 12)	40%	46%	45%
Return on capital employed (RoCE) (LTM)** 13)	-5.3%	-2.6%	-6.2%
Number of DKK 20 shares ('000)**	27,281	27,126	27,260
Basic earnings, EUR, per share (EPS) 1)	-0.8	-0.8	-3.1
Diluted earnings, EUR, per share (EPS-D) 2)	-0.8	-0.8	-3.1
Equity value, EUR per outstanding share** 14)	21	26	24
Market price, DKK per share**	122	118	161
Average number of employees**	3,748	3,715	3,671

1)–13) Definitions appear in Note 4.

** Alternative performance measures

Financial highlights and ratios are calculated as defined in the 2019 Annual Report.

NKT A/S

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