



2023 Q3 Presentation

Third quarter 2023 Highlights

- **Revenue:** 179.2 +8.3% (165.5)
- **EBIT:** 16.2, +41% (11.5)
- **EBIT margin:** 9.0% (6.9%)
- **ROOC:** 23.2% (19.8%)
- **Cash Cycle Conversion days:** 103 (101)
- **NIBD:** 141.6 (156.3)
- **NIBD/EBITDA** 1.7 (3.1)
- **Net Gearing:** 0.8 (1.1)
- **Equity %:** 28.6% (24.7%)
- **Order Backlog:** 502, +9.6% (458)
- **EPS (EUR):** 0.049, +29% (0.038)

MNOK CORRESPONDING

- **Revenue:** 2044, +23% (1664)
- **EBIT:** 185, +59% (116)
- **EPS:** 0.56 NOK, +47% (0.38 NOK)
- **Order backlog:** 5649, +17% (4847)



YTD 2023 Highlights

- **Revenue (€M):** 576.1, +23.5% (466.4)
- **EBIT (€M):** 52.7, +79.6% (29.3)
- **EBIT margin:** 9.1% (6.3%)
- **Net Income (€M):** 38.7, +108.6% (18.6)
- **Net margin:** 6.7 % (4.0%)
- **Cash Flow YTD (€M):** 24.4 (7.7)
- **Investments YTD (€M):** 8.6 (5.6)*
- **EPS (EUR):** 0.195, +108 % (0.094)

* Exclusive acquisition in 2022



MNOK CORRESPONDING



- **Revenue:** 6548, +40% (4673)
- **EBIT:** 600, +104% (295)
- **EPS:** 2.21 NOK, +136% (0.94 NOK)

Third quarter trends

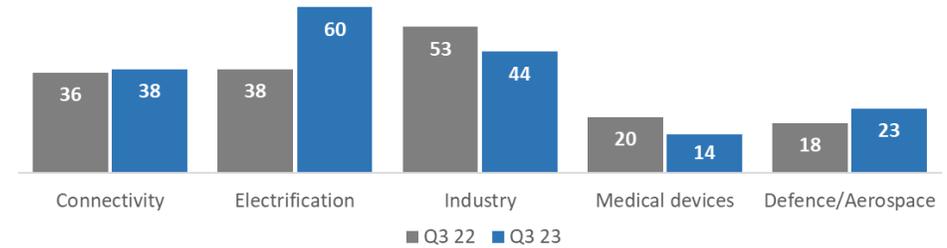
Sector trends

- Electrification sector: Energy efficiency, Energy grids and transmission, and Energy storage solutions show strength.
- Defense sector – solid growth and outlook for 2023.
- Other sectors: Customers are addressing market unpredictability by reducing stock levels and placing orders and forecast on shorter lead times, reducing their order and forecast periods to under six months and thus reducing our visibility.

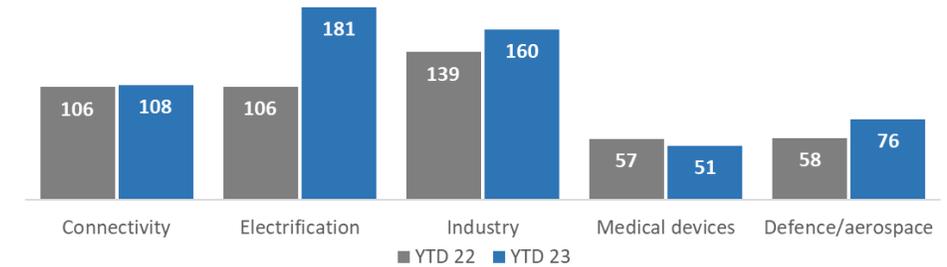
Regional trends

- Continued growth in Nordics, U.S. and CEE driven by Defense, Electrification, regionalization and new business ramp-ups.
- Growth in China is challenging as regionalization drives volumes to other geographies.
- With rising costs in Western Europe, there's a notable uptick in transfer requests to our facilities in Poland, Czech, and Lithuania from both new and longstanding customers.

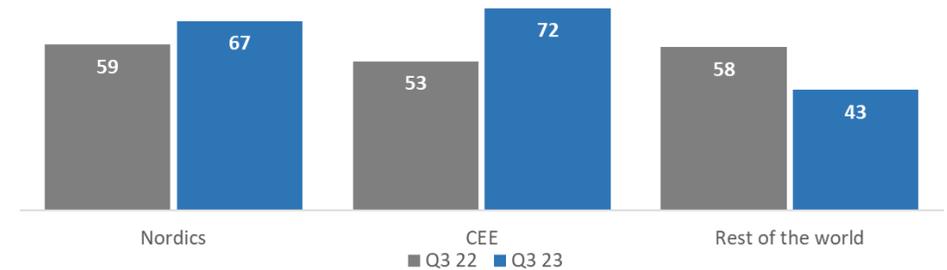
Revenue per sector EM



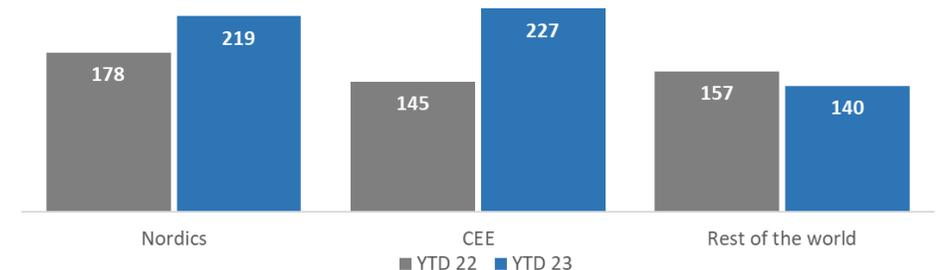
Revenue per sector €M



Revenue per business entities €M



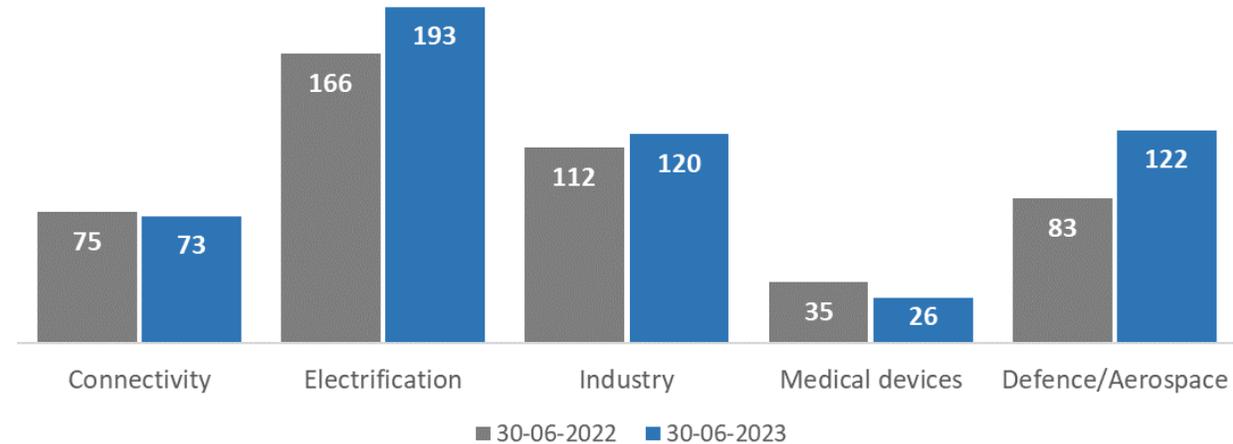
Revenue per business entities €M



Order backlog

- The growth is driven by the Electrification and Defense sectors.
- Other sectors: Customers address market unpredictability by reducing stock levels and utilizing shorter lead times, normalizing their order and forecast periods to under six months and thus reducing visibility.
- Order backlog: 502 €M, +9.6% (458 €M)
- Seasonality usually plays a part in order backlog in the third quarter. Sequentially from Q2-23 there is a 6% reduction of OB. We often see this in Q3.

Order backlog €M

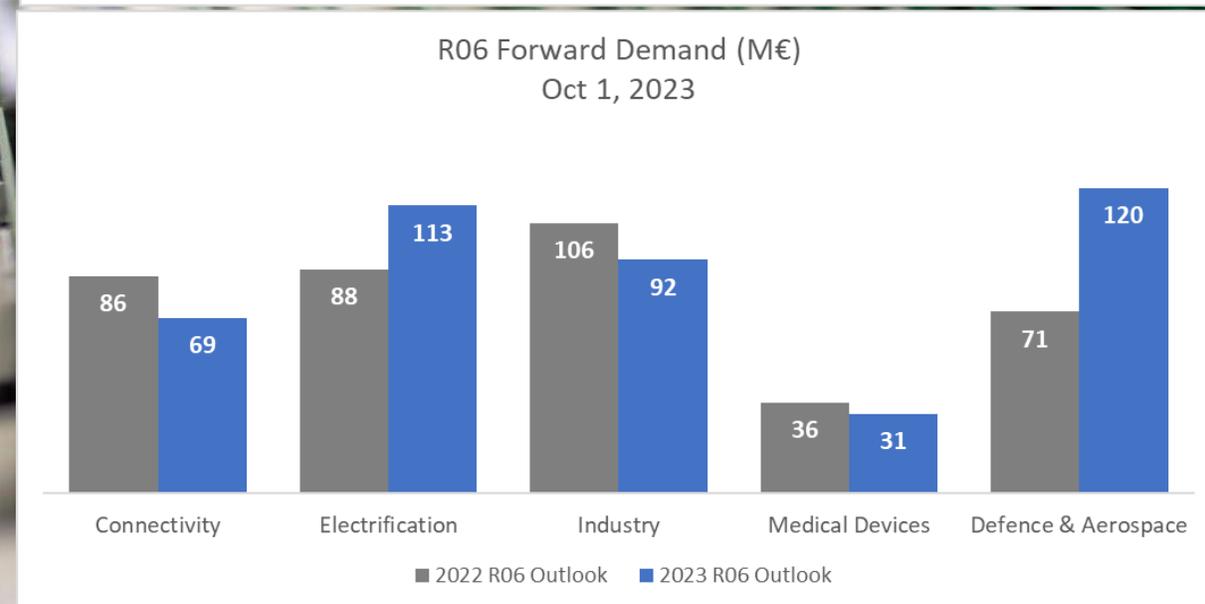
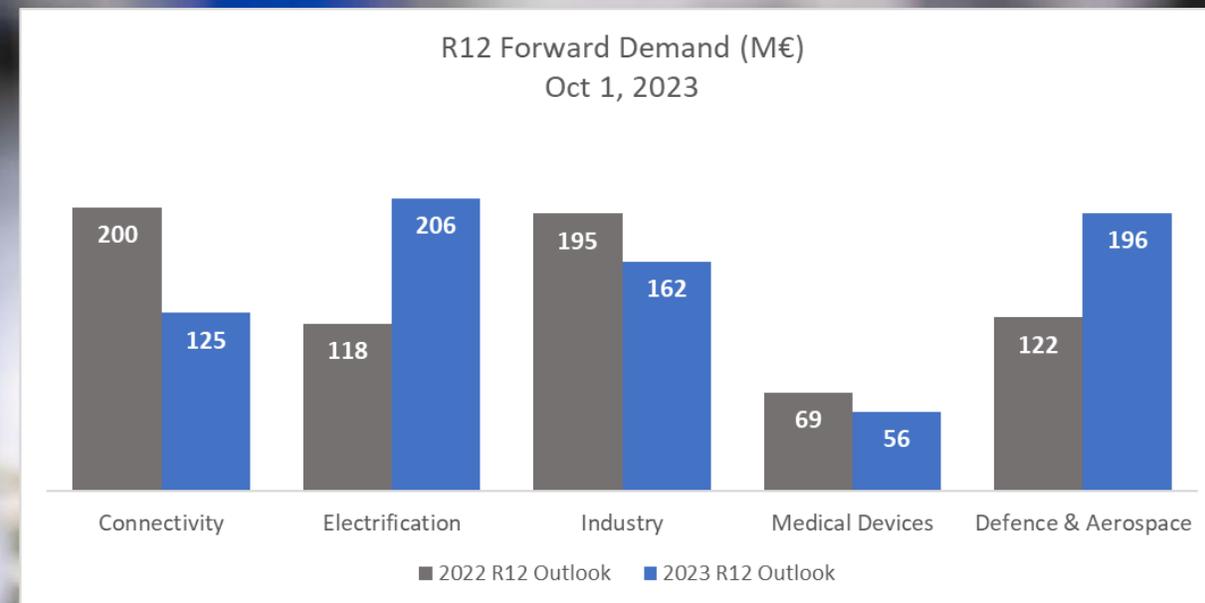


The Order backlog features all firm customer orders and the first 4 months of customer forecast. Historically, the Order backlog has been a good representation of the next 5-6 months of sales.

R12 and R06 Forward demand

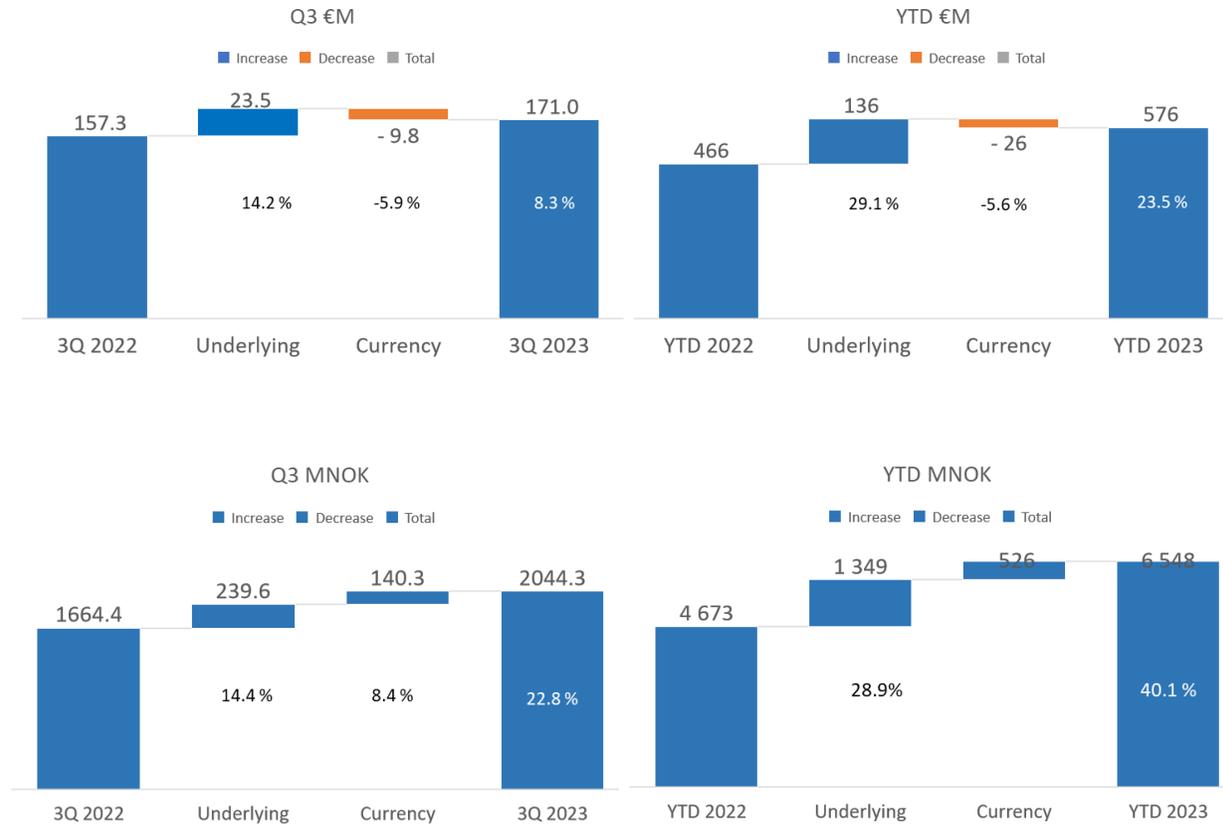
- **Growing market sectors for Q4 and 2024**
 - The Electrification sector is on an upward trajectory, expecting increased volumes
 - The Defense sector projects a promising outlook, with customers eager to accelerate their orders.
- **Other sectors, some customers are taking defensive actions**
 - Frequent changes to demand.
 - Shorter lead time horizon
 - Reducing stock levels
- **R12 year-on-year growth: 5%**
 - R12 demand increases to 745 €M from 705 €M from last year. R12 contracts sequentially from 812 €M as lead times reduce, and excess inventory burns off.
- **R06 year-on-year growth: 10%**
 - R06 demand relevant considering shorter demand horizon from customers
 - R06 demand increases to 426 €M from 333 €M from last year

The R12 AND R06 forward demand covers the future rolling 12 and 6-month period. This contains all customer demand, firm demand and forecast. Historically the R06 and R12 demand has been a good representation of the next 5-6 and next 9-10 months of sales.



Currency and growth

- Revenue growth in €M of 8.3% in Q3 and 23.5% YTD.
- Waterfalls describe underlying growth and currency effects in MNOK vs €M.
- EUR Rate AVE:
 - Q3 NOK 11.40
 - Q2 NOK 11.66
 - Q1 NOK 11.00



Business sectors



- Strong growth in Nordics and CEE and improved profits overall.
- EBIT margin increased from 6.9% to 9.0%.
- All sites continue to be profitable.

Revenue Business Sectors	Q3 2023	Q3 2022	Change	30.09.2023	30.09.2022	Change	Full year 2022
Nordics	67.2	58.8	8.4	218.6	178.0	40.6	247.7
CEE	71.8	53.0	18.8	227.2	145.3	81.9	205.3
Rest of the world	42.8	57.9	-15.1	140.3	157.0	-16.7	205.4
Group and eliminations	-2.7	-4.3	1.6	-10.1	-13.9	3.8	-17.4
Revenue	179.2	165.5	13.7	576.1	466.4	109.7	641.0

EBIT Business Sectors	Q3 2023	Q3 2022	Change	30.09.2023	30.09.2022	Change	Full year 2022
Nordics	5.7	4.5	1.2	20.0	12.2	7.8	18.6
CEE	7.0	3.5	3.5	23.2	10.1	13.1	16.3
Rest of the world	5.7	5.1	0.6	16.0	11.1	4.9	16.4
Group and eliminations	-2.3	-1.6	-0.6	-6.6	-4.0	-2.6	-6.1
EBIT	16.2	11.5	4.7	52.7	29.3	23.4	45.2

FTE Business Sectors	Q3 2023	Q3 2022	Change	Full year 2022
Nordics	904	717	187	761
CEE	1 402	1 132	270	1 239
Rest of the world	763	937	-174	848
EBIT	3 069	2 786	283	2 848

Cash flow and working capital

- Q3 Cash flow from operating activities at 5.0 €M (14.6 €M).
- Trade payables reduction in the quarter gives negative development in NWC.
- Net working capital at 200 €M (167 €M), 20 % from last year.

					€M
Cash Flow	Q3 2023	Q3 2022	Change	30.09.2023	30.09.2022
Profit before tax	12.3	10.3	2.0	47.9	24.0
Depreciations	4.5	4.2	0.3	12.8	12.3
Change in inventory, accounts receivable, contract assets and accounts payable	-11.1	4.2	-15.3	-16.8	-15.9
Change in net other current assets and other operating related items	-3.1	-3.5	0.4	-18.2	-9.3
Change in factoring debt	2.5	-0.7	3.2	-1.3	-3.4
Net cash flow from operating activities	5.0	14.6	-9.6	24.4	7.7
Net cash flow from investing activities	-1.6	-1.5	-0.1	-8.6	-93.7
Net cash flow from financing activities	7.8	-0.4	8.2	-9.5	76.1

				€M
Net working capital	30.09.2023	30.09.2022	Change	31.12.2022
Inventory	184.4	172.6	11.8	172.7
Contract assets	68.0	59.7	8.3	59.4
Trade receivables	146.1	131.2	14.9	143.5
Trade payables	198.5	196.5	2.0	192.1
Net working capital	200.0	167.0	33.0	183.5

Ratios

- Ratios affected by seasonality in Q3
- Net gearing and NIBD/EBITDA 0.85 and 1.7 excl IFRS.
- Strong earnings per share development +32% in Q3 and +122% YTD vs last year.

Ratios	30.09.2023	30.09.2022	Change	31.12.2022
R3 NWC % sales	26.7 %	25.8 %	0.9 %	26.2 %
R3 ROOC % sales	23.2 %	19.8 %	3.4 %	22.9 %
R3 Cash Cycle Conversion	103	101	2	100
Net Interest bearing debt €M	141.6	156.2	-14.6	154.8
Net gearing	0.85	1.13	-0.28	1.08
NIBD/EBITDA	1.7	3.1	-1.4	2.5
Equity percent	28.6 %	24.7 %	3.9 %	25.7 %
Earnings per share quarter	0.049	0.038	0.011	0.140
Earnings per share ytd	0.195	0.094	0.101	0.140

Outlook full-year 2023

- Demand continues to support current revenue and operating profit outlook.
- **Our current outlook:**
 - We expect revenues between 750 and 800 EUR million with an operating profit (EBIT) between 65 and 75 EUR million.



Key take-ways

- Continued growth in Nordics, U.S. and CEE driven by Defense, Electrification, regionalization and new business ramp-ups.
- There's a noticeable deceleration of growth among customers in Industry and Connectivity due to some macro challenges, de-stocking, and benefit from quicker lead-times, subsequently minimizing their risks.
- Regionalization is accelerating. The production landscape is evolving, shifting from China towards Europe and Asia-excluding-China. Additionally, there's a move from higher-priced European regions to more affordable ones, and Kitron capitalizes on this trend.
- The company is well-positioned for a continued growth journey and maintains a strong operational leverage.





Q&A

Appendix: Definition of alternative performance measures

Order backlog

All firm orders and 4 months of committed customers forecast at revenue value as at balance sheet date.

Foreign exchange effects

Group consolidation restated with exchange rates as comparable period the previous year. Change in volume or balance calculated with the same exchange rates for the both periods are defined as underlying growth. Change based on the change in exchange rates are defined as foreign exchange effects. The sum of underlying growth and foreign exchange effects represent the total change between the periods.

EBITDA

Operating profit (EBIT) + Depreciation and Impairments

EBIT

Operating profit

EBIT margin (%)

Operating profit (EBIT) / Revenue

Net working capital

Inventory + Accounts Receivable – Accounts Payable

Operating capital

Other intangible assets + Tangible fixed assets + Net working capital

Return on operating capital (ROOC) %

Annualised Operating profit (EBIT) / Operating Capital

Return on operating capital (ROOC) R3 %

(Last 3 months Operating profit (EBIT))*4 / (Last 3 months Operating Capital /3)

Return on capital employed (ROCE)

EBIT/(Total assets - short term debt)

Return on equity

Net Income/Equity

Direct Cost

Cost of material + Direct wages (subset of personnel expenses only to include personnel directly involved in production)

Days of Inventory Outstanding

360/ (Annualised Direct Costs/Inventory)

Days of Inventory Outstanding R3

360/ ((Last 3 months Direct Costs *4) / (Last 3 months Inventory/3))

Days of Receivables Outstanding

360/ (Annualised Revenue/Trade Receivables)

Days of Receivables Outstanding R3

360/ (((Last 3 months Revenue*4)/(Last 3 months Trade Receivables/3))

Days of Payables outstanding

360/ ((Annualised Cost of Material + Annualised other operational expenses) /Trade Payables)

Days of Payables Outstanding (R3)

360/ (((Last 3 months (Cost of Material + other operational expenses)*4) / (Last 3 months Trade Payables/3))

Cash conversion cycle (CCC)

Days of inventory outstanding + Days of receivables outstanding – Days of payables outstanding

Cash conversion cycle (CCC) R3

Days of inventory outstanding (R3) + Days of receivables outstanding (R3) – Days of payables outstanding (R3)

Net Interest-bearing debt

- Cash and cash equivalents + Loans (Non- current liabilities) + Loans (Current liabilities)

Interest-bearing debt

Loans (Non- current liabilities) + Loans (Current liabilities)

Net gearing

Net Interest-bearing debt / Equity

Free Cash flow

Net Cash Flow from operating activities – Cash flows from acquisition of tangible fixed assets – Cash flows from acquisition of other intangible assets

Equity ratio

Total Equity / Total Assets

EPS

Earnings Per Share