













Q2 results 2021

Peter Nilsson, CEO
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Kitron Group | 2021-07-12

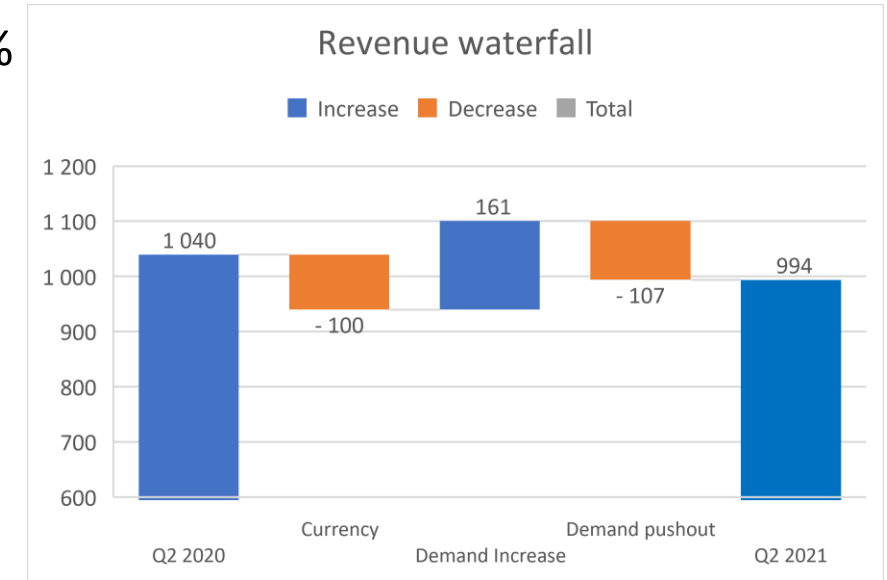
Solid quarter and record order backlog

NOK Million		Q2 2021 vs Q2 2020
Revenue 993.8		-4.5 %
EBIT 73.1		-16.9 %
Order Backlog 2 293.5		9.1 %
Operating cash flow 109.3		1875.2 %
Net working capital 1 033.7		-2.4 %

NOK Million		2021 vs 2020
Revenue 1 931.4		0.7 %
EBIT 138.5		-5.4 %
Order Backlog 2 293.5		9.1 %
Operating cash flow 187.6		73.7 %
Net working capital 1 033.7		-2.4 %

Highlights and important events

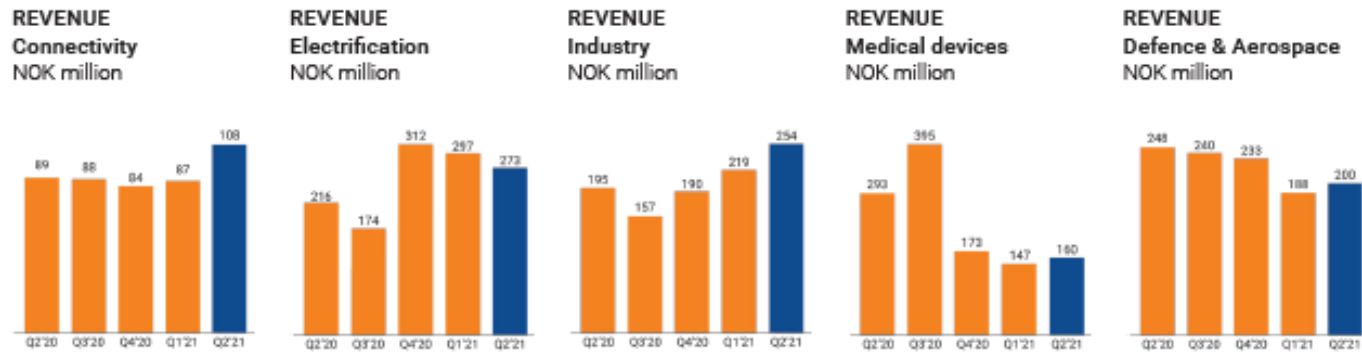
- Underlying revenue growth of 5%, currency negative effect of 10%
- Strong growth in Industry and Electrification. Medical devices volumes normalized.
- Growing in line with long term targets despite challenges on supply chain and currencies
- **EBIT margin 7.4% (8.4%)**
- EPS NOK 0.27 (0.36), EPS YTD: 0.52 (0.59)
- Order backlog growth 9%: strong growth in Connectivity, Electrification and Industry
- Strong cash flow MNOK 109 (5)
- Dividend tranche one paid in the quarter. The second tranche of ordinary dividend for 2020 of NOK 0.35 per share, is to be paid out on or about 22 October 2021, with record date 6 October





Financial results

Electrification and Industry drives growth

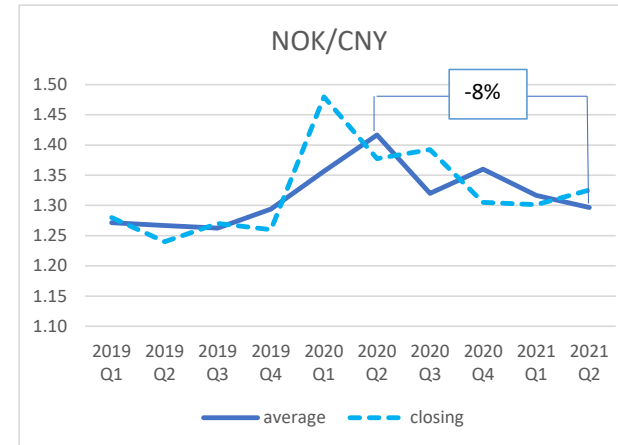
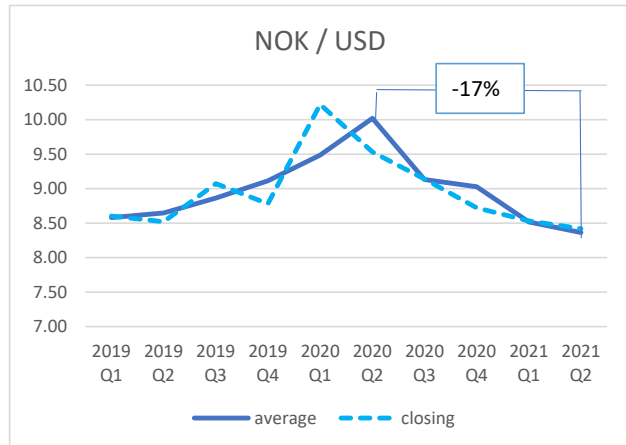
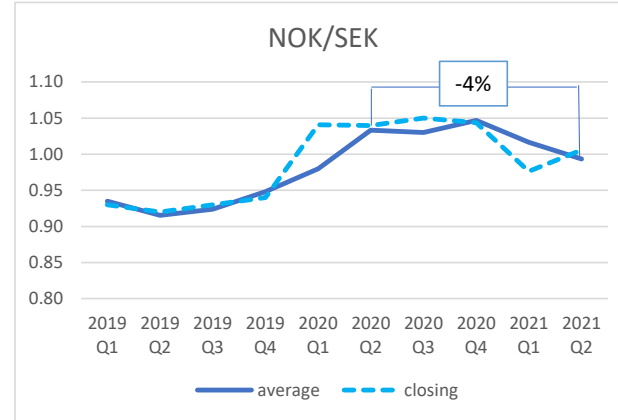
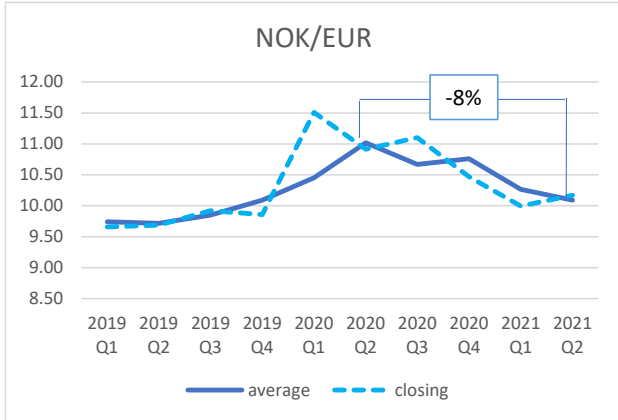


	Q2 2021 vs Q2 2020	Share of total revenue
Connectivity 107.6	20.9 %	10.8 %
Electrification 273.3	26.4 %	27.5 %
Industry 253.9	30.1 %	25.5 %
Medical Devices 159.6	-45.4 %	16.1 %
Defence & Aerospace 199.5	-19.5 %	20.1 %

	Q2 2021 vs Q2 2020	Share of total revenue
Norway 287.3	22.2 %	28.2 %
Sweden 198.8	9.6 %	19.5 %
CEE 343.0	3.2 %	33.6 %
Others 190.3	-46.9 %	18.7 %

Before group entities and eliminations

Currency development and selling currencies

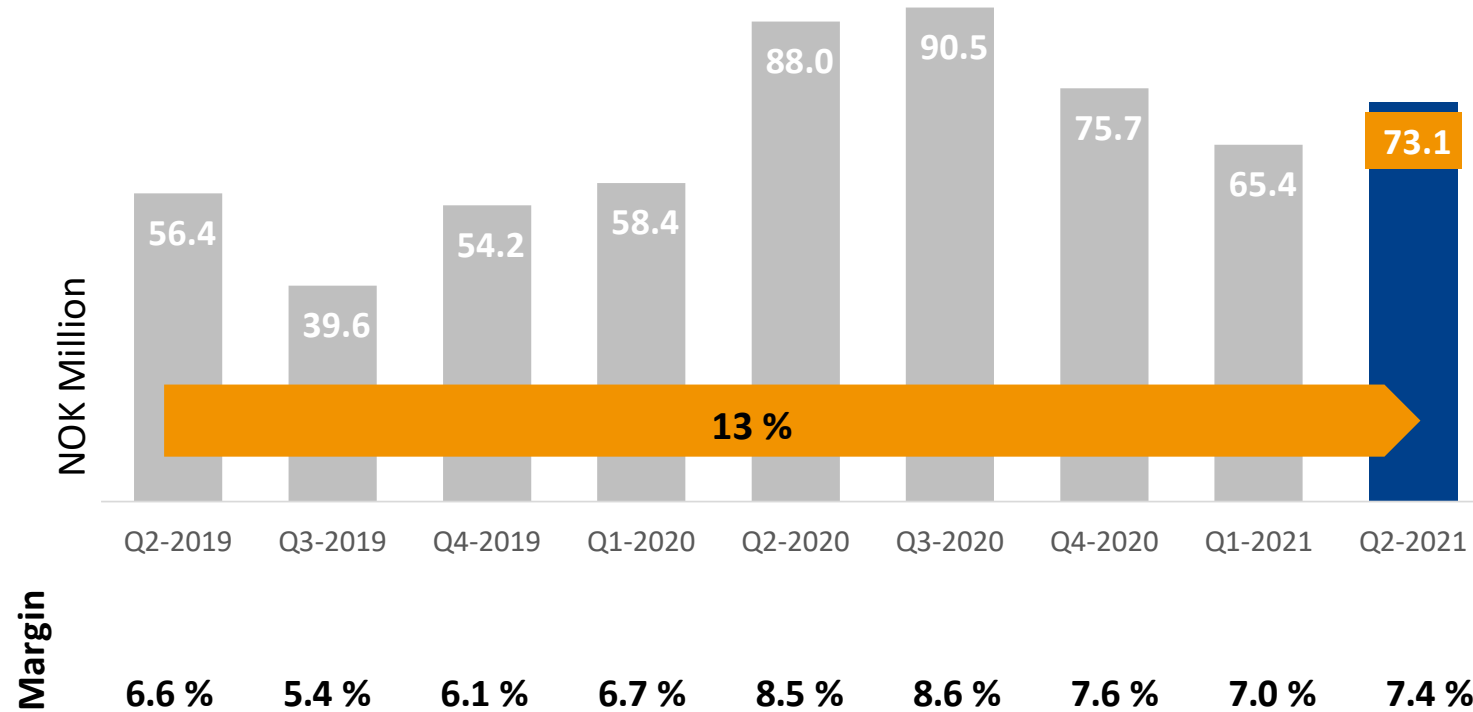


- Currency development negatively affects growth
- Re-calculating the selling currencies shows a growth of about 5% i.e. a total ~10% currency effect.

	Selling currencies					
	EUR	USD	CNY	SEK	NOK	Mix
Share of total	27 %	32 %	5 %	17 %	19 %	
Currency rate change vs Q2 LY	-8 %	-17	-8	-4 %		~10%

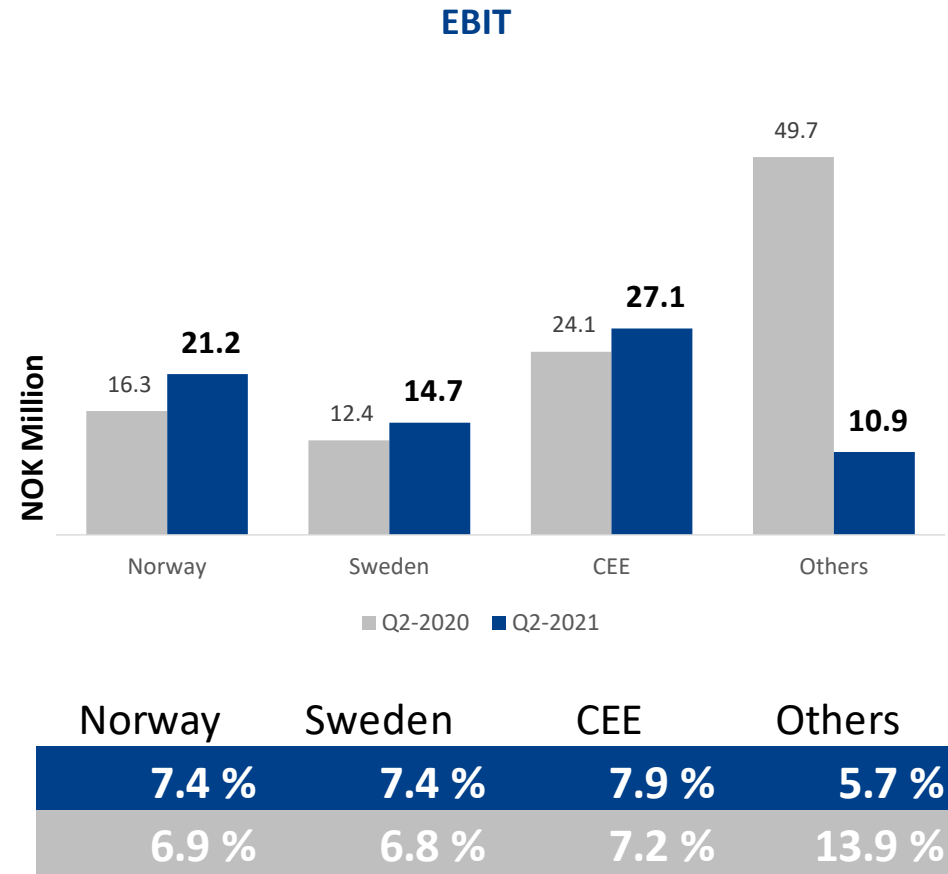
EBIT at strategic growth path

- EBIT development in line with strategic trajectory and outlook
- Economies of scale and exceptional utilization of overhead Q2/Q3 2020
- Material supply demanding 2021



Q2 EBIT by country: Strong development

- Norway and Sweden at solid margin levels and with improved profits
- CEE (Lithuania and Poland) ended at good profits and profitability levels.
 - Revenue and margins affected by volume pushouts
- Others (China and US) in total below strategic levels.
 - China at solid margin levels and US affected by lower activity but improving



Balance sheet: Capital stabilized

Working capital ratios

- NOWC* 25.8% (24.5%)
- Cash conversion cycle* 96 (93)
- ROOC* 19.1% (22.1%)

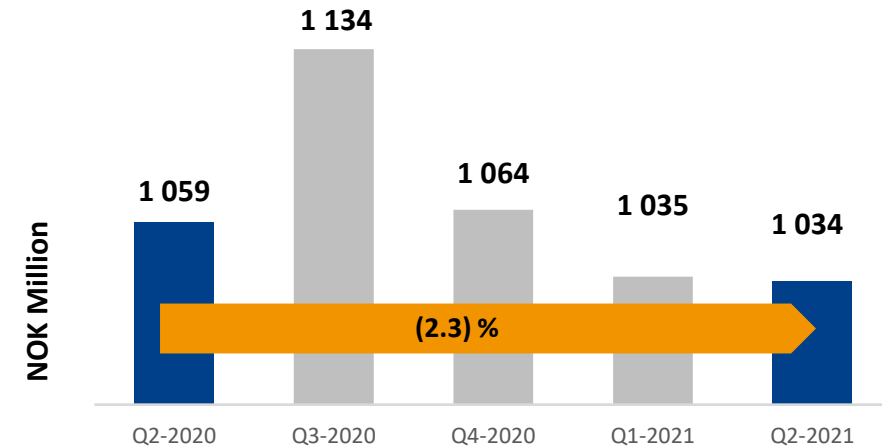
Cash flow

- Q2 Cash flow from operations MNOK 109 (5)

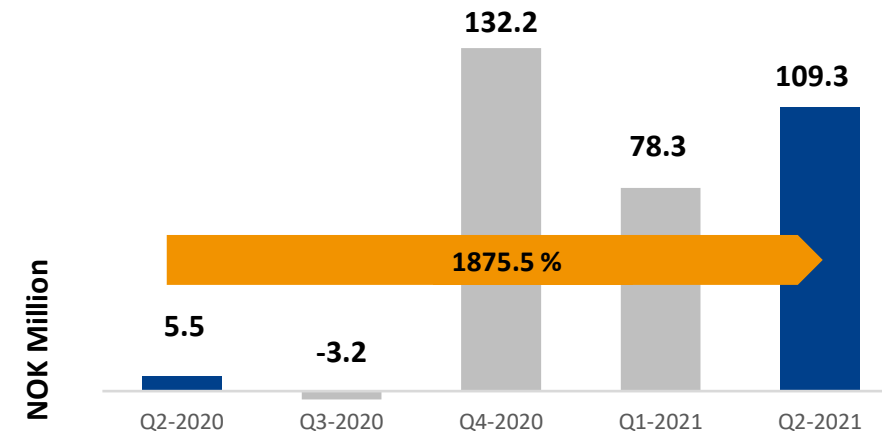
Financial gearing

- NIBD/EBITDA 1.7 (2.3)
 - exclusive IFRS16 NIBD/EBITDA 1.5

Net working capital



Operating cash flow













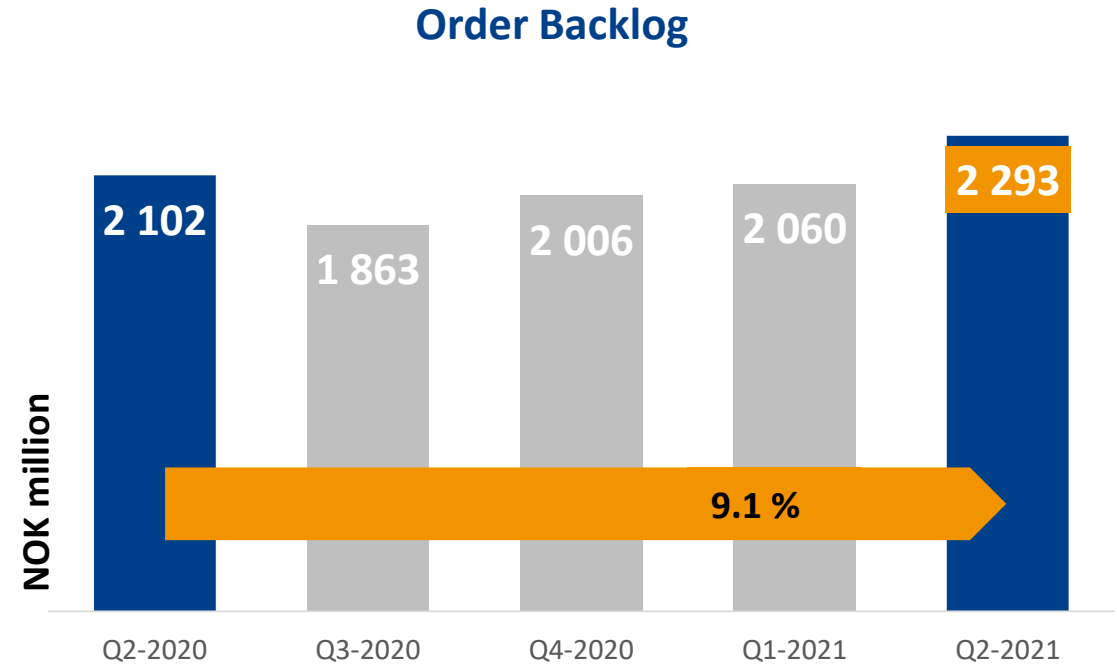


Market development

Strong order backlog

- Growth 9% - supports the demand outlook

	Q2 2021 vs Q2 2020	Share of total revenue
Connectivity 241.2	131.3 % 	10.5 % 
Electrification 678.0	48.3 % 	29.6 % 
Industry 360.0	36.8 % 	15.7 % 
Medical Devices 279.8	-37.0 % 	12.2 % 
Defence & Aerospace 734.4	-11.9 % 	32.0 % 





Outlook

Outlook

- For 2021, Kitron expects revenue between NOK 3 900 and 4 200 million. EBIT margin is expected to be between 6.8 and 7.4 per cent.
- The outlook for 2021 implies that Kitron is back on its long-term trajectory for revenue and profitability after exceptional growth in 2020, largely driven by Corona-related demand within the Medical devices sector.
- Growth is driven by Connectivity, Electrification and Industry Sectors. Medical devices are expected to be normalised and in line with previous years. The outlook for Defense/Aerospace is slightly down.
- The board emphasizes that every assessment of future conditions necessarily involves an element of uncertainty

Key takeaways

Summary Q2 2021

- Solid quarter despite unfavorable currencies and challenges in the supply chain.
- Order backlog and full-year demand outlook supports continued growth.
- 2021 Outlook reconfirmed and maintained.



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