

# NORBIT

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## Presentation of the second quarter 2020 results

CEO Per Jørgen Weisethaunet and CFO Per Kristian Reppe

13 August 2020, Oslo, Norway



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## NORBIT is to be recognized as world class, enabling people to explore more



# A global provider of tailored technology to carefully selected niches

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## *Diversified and robust business model*



Tailored technology and solutions to the global maritime markets



Intelligent Traffic Systems (ITS) offering connectivity solutions for truck applications

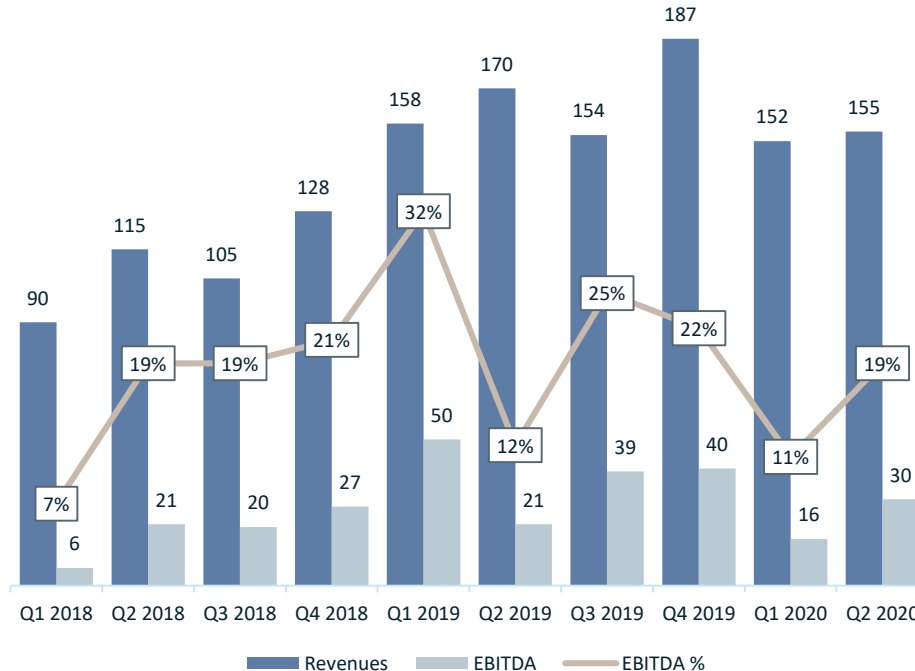


Product, Innovation and Realization (PIR) offering R&D services and contract manufacturing to key customers

# Highlights from the second quarter and first half of 2020

## Revenues and EBITDA

NOK million



## Second quarter of 2020

- Revenues of NOK 155 million, 9% down from Q219
- EBITDA of NOK 29.5 million, margin of 19%
- Appointed Per Kristian Reppe as new CFO
- Launch of new ultra-high resolution sonar WINGHEAD®

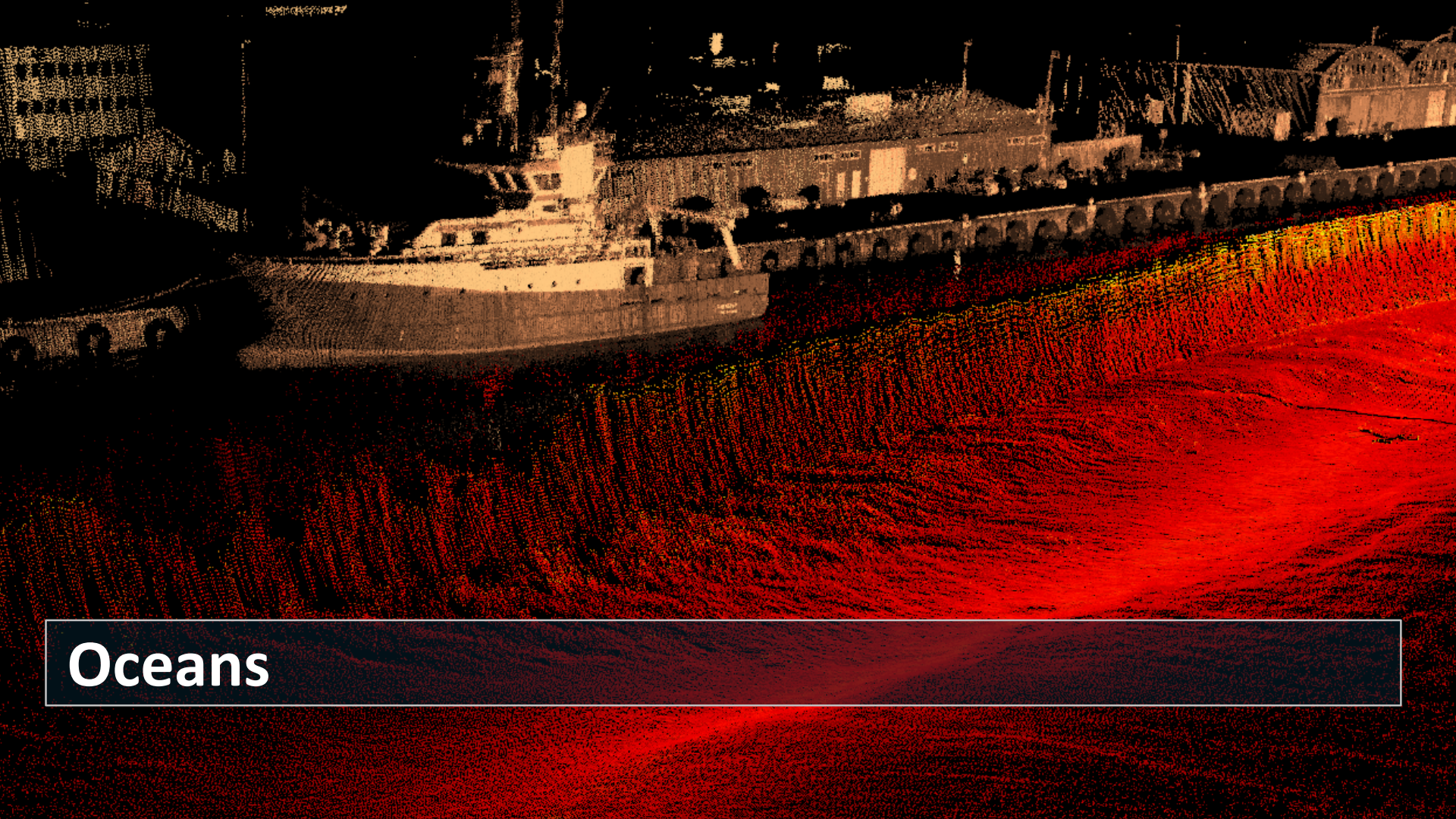
## First half of 2020

- Revenues of NOK 307 million, 6% down from 1H19
- EBITDA of NOK 45.5 million, margin of 15%

## Recent events

- Awarded contract from governmental customer in North America for multiple sonar systems
- Awarded contract from customer in Asia for the SeaCOP system, for surveillance and environmental monitoring



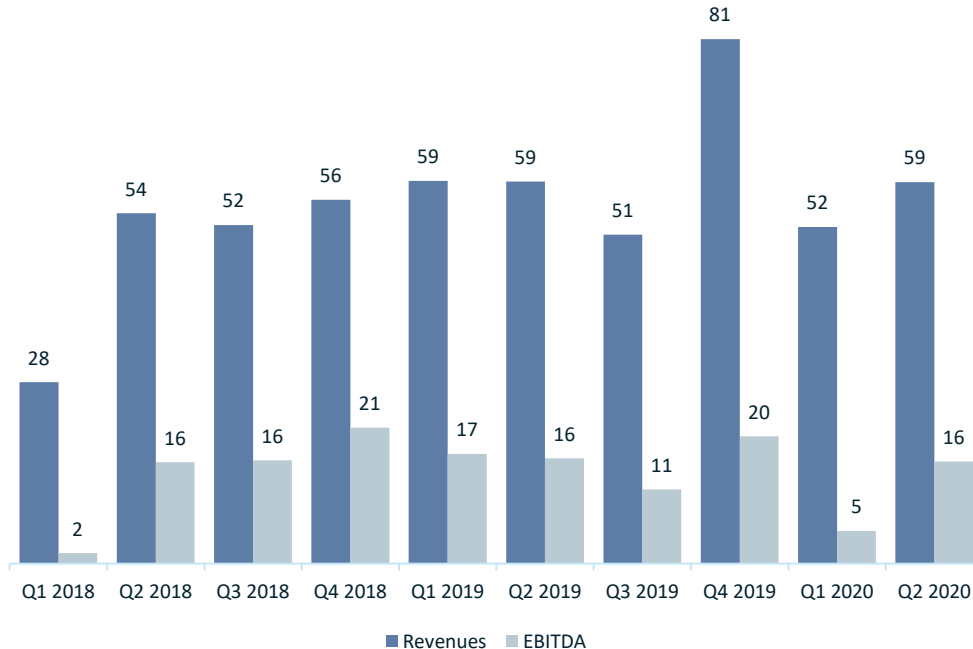


Oceans

# Improved results from Oceans despite challenging business climate

## Revenues and EBITDA

NOK million



## Second quarter of 2020

- Revenues of NOK 58.7 million, in line with Q219 and up 13% from the previous quarter despite challenges caused by the pandemic
- EBITDA of NOK 15.7 million, margin of 27%
  - Significant improvement from previous quarter
- Revenue contribution from sale of SeaCOP, a system for environmental monitoring and surveillance
  - Awards announced in January and July
- Awarded aquaculture contract from repeat customer
- Launch of WINGHEAD® expected to significantly expand addressable market

# Investing in broadening the offering in Oceans

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## Examples of recent technology/ product innovations

### SeaCOP

- System for environmental monitoring and surveillance
- Targeting energy and shipbuilding companies, ports and harbour authorities, transportation companies etc
- Global market potential, sales secured in Americas and Asia



### WINGHEAD®

- Recently launched ultra-high resolution sonar
- Significantly expanding the addressable market by targeting the higher-end professional market
- Examples of use include asset inspection (offshore wind farms, bridge fundamentals) and feature detection (route pipe surveys, cable lay)
- Global market potential, multiple sales secured in Europe, Americas and Asia



### New sonar for security applications

- Long range sonar with 360 degrees coverage for detection of security threats
- Targeting ports and harbours, critical infrastructure, ships, utility companies
- Global market potential



Capitalising on NORBIT's proven sales and distribution network



## Launch of WINGHEAD® - the new ultra-high resolution sonar

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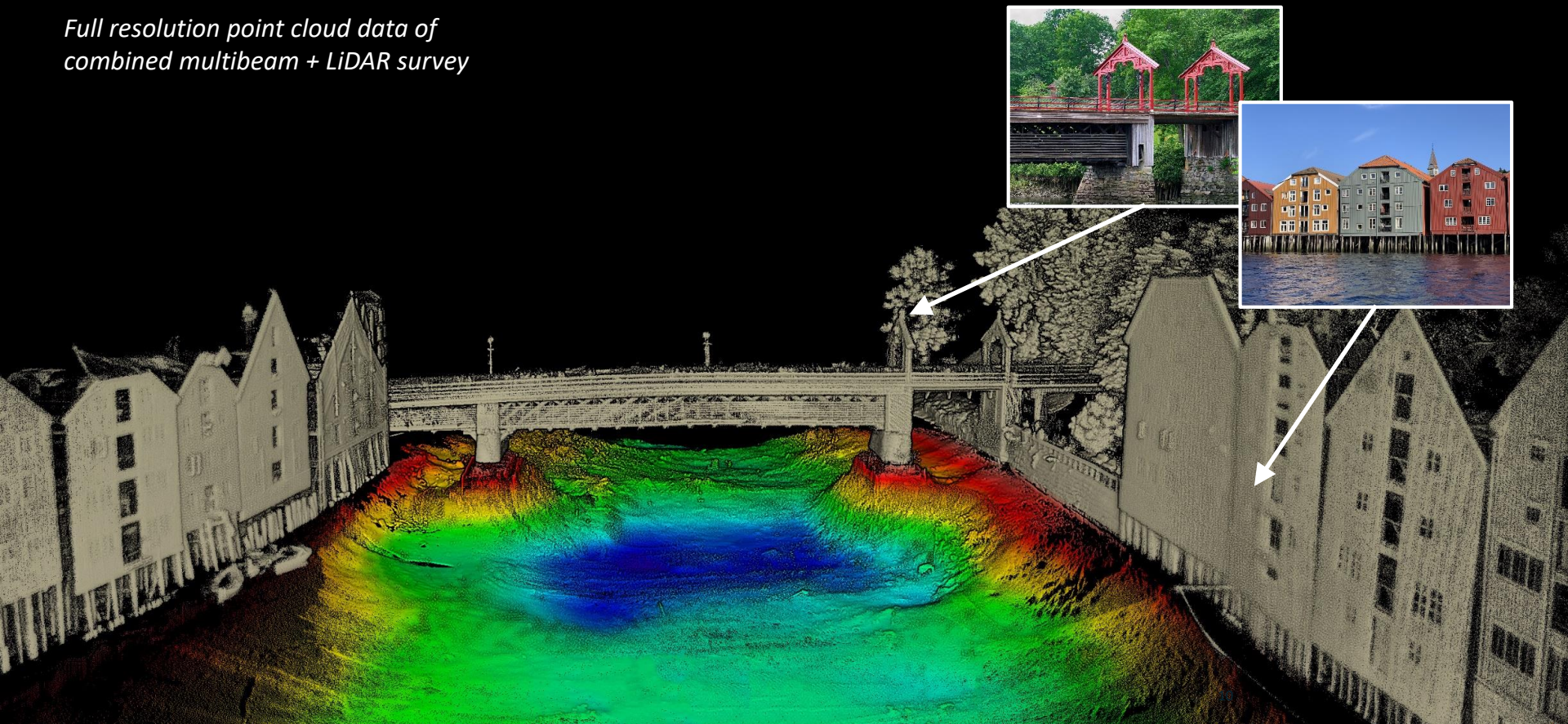


*The new sonar has got its name from the winghead shark which has an exceptionally large “hammer”, enabling a wide spacing of the eyes and a superb vision*

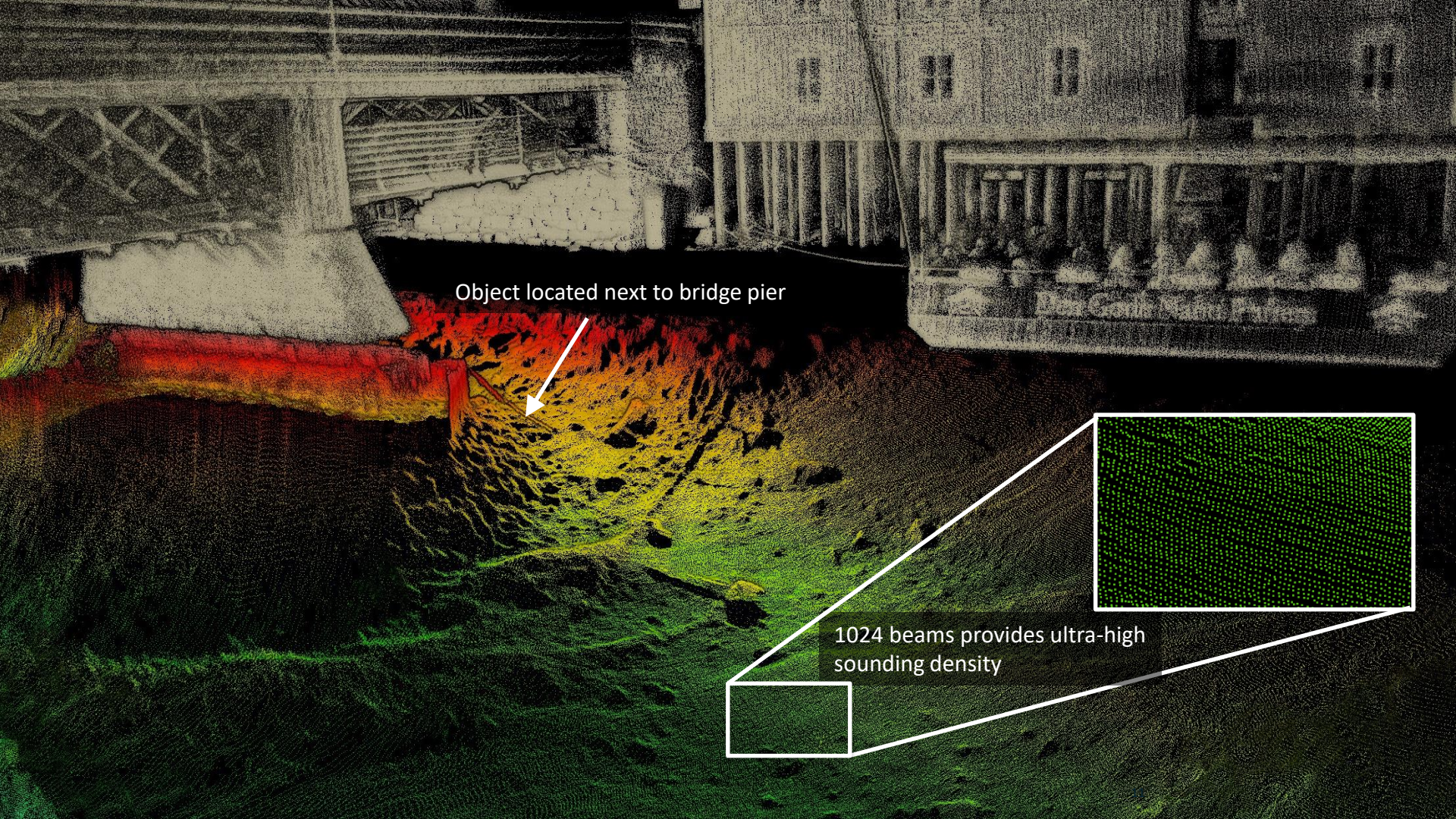


# Case study from use of WINGHEAD®: Old Town Bridge in Trondheim

*Full resolution point cloud data of  
combined multibeam + LiDAR survey*







Object located next to bridge pier

1024 beams provides ultra-high  
sounding density





DSRC solutions for satellite-based truck tolling



Connectivity devices for smart tachograph

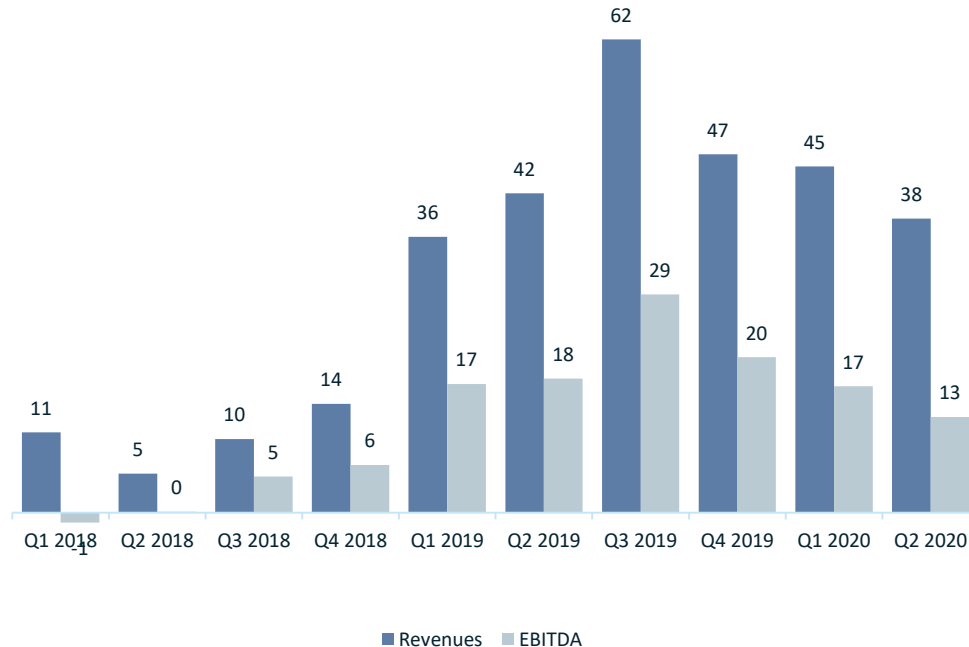
# Intelligent Traffic Systems (ITS)



# ITS revenues and margins affected by pandemic

## Revenues and EBITDA

NOK million



## Second quarter of 2020

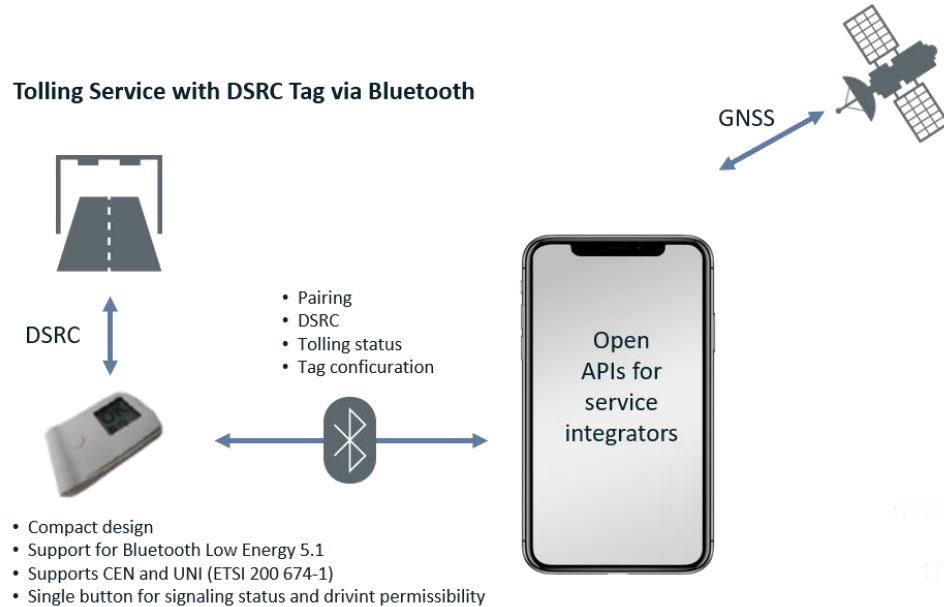
- Revenues of NOK 38.4 million, 8% decline from Q219
  - Lower deliveries to customers due to COVID-19, including closure of automotive facilities
  - Volume fluctuations between quarters expected
- EBITDA of NOK 13 million, margin of 33%
  - Lower margin than previous quarter explained largely by product mix sold, as demand for higher margin products has been more affected



# New opportunities following changes in tolling value chains

## Example of new innovation

### Tolling Service with DSRC Tag via Bluetooth



*Ongoing changes in various value chains related to tolling systems creates new opportunities for potential strategic partnerships*

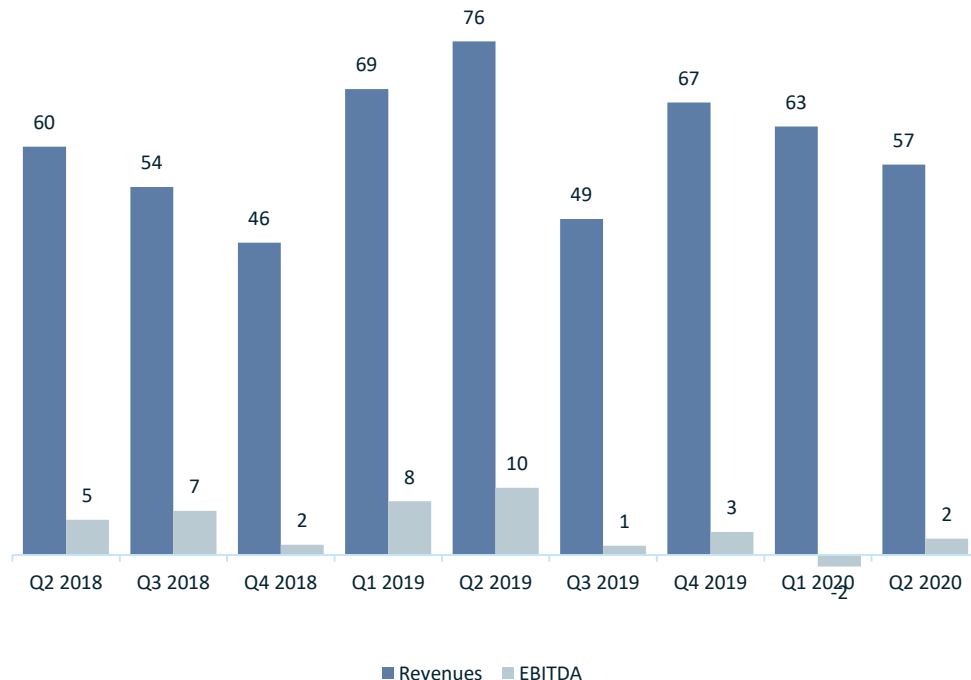


## Product Innovation & Realization (PIR)

# PIR affected by reduced activity

## Revenues and EBITDA

NOK million



## Second quarter of 2020

- Revenues of NOK 57.4 million, 24% down from Q219
  - Reduction in contract manufacturing related to reduced activity in the European automotive industry and other industrial companies in Europe where demand has been negatively impacted by the pandemic
  - Lower sales of external R&D services as projects have been put on hold due to pandemic
- EBITDA of NOK 2.4 million, a margin of 4%
  - Improvement from Q120
  - Low sale of R&D services negatively affecting margin compared to first half last year

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## Group financials



# Financials – P&L

*Amounts in NOK 000's*

	Q2 2020	Q1 2020	Q2 2019
Revenues	155 152	151 571	169 653
Raw materials and change in inventories	77 298	68 194	77 982
Employee benefit expenses	32 113	41 698	51 347
Depreciation and amortization expenses	11 764	11 318	12 995
Other operating expenses	16 267	25 690	19 361
<b>Operating profit</b>	<b>17 710</b>	<b>4 671</b>	<b>7 968</b>
Net financial items	-2 822	1 231	-7 694
<b>Profit before tax</b>	<b>14 888</b>	<b>5 902</b>	<b>274</b>
Income tax expense	-3 283	-1 034	262
<b>Profit for the period</b>	<b>11 605</b>	<b>4 869</b>	<b>536</b>

## Second quarter of 2020

- Revenues of NOK 155.2 million, 9% down from Q219 and up by 2% since previous quarter
  - COVID-19 impacted demand for products and services in all segments
- Total OPEX of NOK 137.4 million, down from NOK 161.7 million in Q219 and NOK 146.9 million in Q120
  - OPEX in Q219 includes a one-off expense of NOK 19.5 million related to settlement and termination of a synthetic option scheme and employee expense
- EBITDA of NOK 29.5 million, 19% margin
  - Margin improvement from Q120 despite challenges related to COVID-19, particularly driven by segment Oceans
- Profit for the period of NOK 11.6 million



# Financials – Balance sheet

Amounts in NOK 000's

	30.06.20	31.03.20	31.12.19
<b>ASSETS</b>			
Land and property, plant and equipment	114 058	91 309	78 653
Intangible assets	162 990	147 942	135 318
Deferred tax asset	21 848	24 652	25 623
Inventories	175 605	159 743	167 801
Trade receivables	111 944	156 551	149 877
Other receivables and prepayments	21 657	26 670	18 086
Other assets	2 782	4 435	2 972
Bank deposits	4 656	25 124	21 680
<b>Total assets</b>	<b>615 539</b>	<b>636 425</b>	<b>600 010</b>
<b>LIABILITIES</b>			
Borrowings	50 056	51 051	19 273
Lease liabilities	6 102	7 088	8 395
Trade payables	72 188	78 475	89 161
Other payables	43 398	50 776	39 262
Other liabilities	919	660	341
<b>Total liabilities</b>	<b>172 663</b>	<b>188 051</b>	<b>156 431</b>
<b>Total equity</b>	<b>442 876</b>	<b>448 374</b>	<b>443 579</b>
<b>Total liabilities and equity</b>	<b>615 539</b>	<b>636 425</b>	<b>600 010</b>

## Fixed and intangible assets

- Land and PPE: Increase of NOK 22.7 million related to investments in machinery and equipment and expansion capex at Røros
- Intangible assets: Increase of NOK 15.1 million from end of Q120 explained by investments in R&D

## Working capital

- Inventories: NOK 175.6 million, up NOK 15.9 million from end of Q120
  - Maintaining security stock of critical components
- Trade receivables: NOK 111.9 million, down NOK 44.6 million
  - Decline from previous quarter partly explained by lower sales in segment ITS and currency effects
- Trade payables: NOK 72.2 million, down from NOK 78.5 million per end of Q120

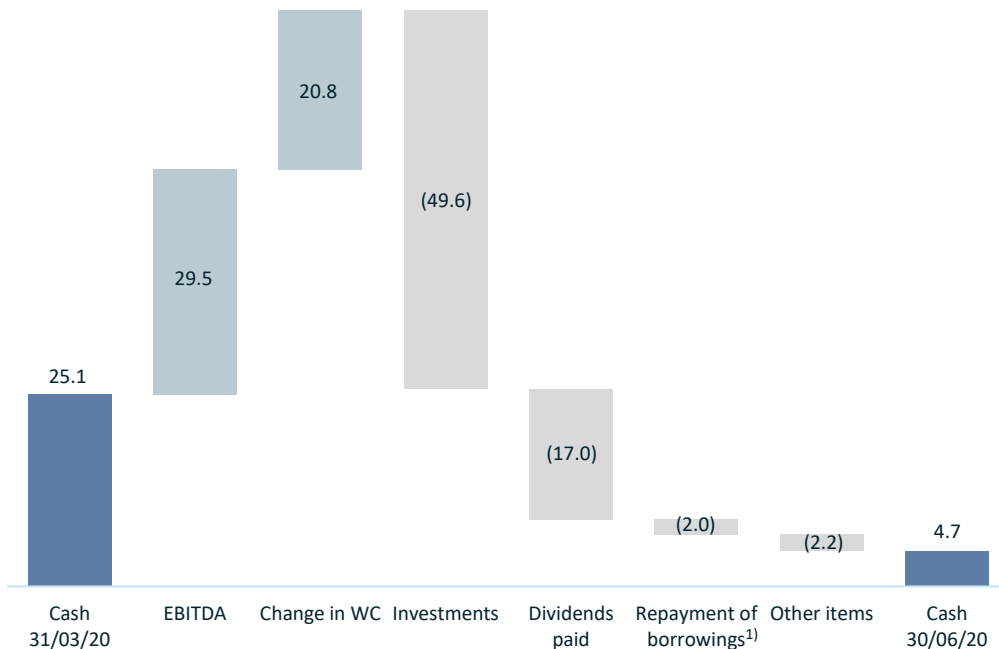
## Net-interest bearing debt and equity

- Total borrowings of NOK 50.1 million
- Net-interest bearing debt (excl. lease liabilities) of NOK 45.4 million
- Equity of NOK 442.9 million, representing an equity ratio of 71.9%

# Financials – Cash Flow

## Cash flow development

NOK million



## Second quarter of 2020

- Operating cash flow of NOK 48.3 million
  - Net decrease in working capital of NOK 20.8 million
- Investing activities of NOK 49.6 million
  - NOK 27.9 million related to Røros plant expansion and investments in machinery and equipment
  - NOK 21.7 million investment in R&D
- Financing activities of NOK 19.2 million
  - Including dividends paid of NOK 17.0 million
- Solid liquidity and financial position with NOK 247.3 million in undrawn committed credit facilities

1) Including lease payments

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## Outlook



# Summary and Outlook

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- Oceans expected to continue to be affected by pandemic, level of impact to vary across regions
  - New sonar WINGHEAD® expands addressable market and expected to contribute positively to sales
- Segment ITS remains affected in Q3, gradual improvements anticipated in Q4
  - Pandemic results in lower demand in the European automotive industry
  - Inventory build-up at some customers during 1H expected to negatively affect volumes for 2H
  - Margins lower for Q3 than Q2
- Experience improvements in PIR as R&D projects put on hold due to pandemic are now progressing
- Remains positive about long-term market outlook
  - Expect revenues, EBITDA and R&D investment rate to deviate from long-term targets as long as challenges related to pandemic persist
  - Most investment programmes maintained to secure further growth to support long-term targets

***Strong financial position, diversified product offering – robust and positioned for growth***



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EXPLORING IS FINDING OPPORTUNITIES WHERE OTHERS FIND LIMITS



# Shareholder overview updated 11 August 2020

#	Investor	#shares	%
1	VHF INVEST AS – founder Steffen Kirknes	8 686 495	15.30
2	PETORS AS – CEO Per Jørgen Weisethaunet	6 925 695	12.20
3	DRAUPNIR INVEST AS – family of founder Steffen Kirknes	5 702 949	10.04
4	EIDCO A/S	3 832 286	6.75
5	Handelsbanken Nordiska smabolag (through J.P. Morgan)	3 398 135	5.98
6	ESMAR AS	3 093 740	5.45
7	TAIGA INVESTMENT FUNDS PLC-TAIGA F	2 745 187	4.83
8	ARCTIC FUNDS PLC	2 692 374	4.74
9	Dan Sten Olsson and family (through SEB S.A.)	1 907 641	3.36
10	Citibank, N.A.	1 200 000	2.11
11	Danske Invest Norge Vekst	1 050 000	1.85
12	RACCE AS	738 546	1.30
13	Danske Bank A/S - MD Oceans Peter K. Eriksen	725 076	1.28
14	USEGI AS - CTO Arild Sjøraunet	721 989	1.27
15	T.D. VEEN AS	715 000	1.26
16	Carnegie Investment Bank AB	627 216	1.10
17	SONSTAD AS	545 499	0.96
18	Taaleri Nordic Value Equity Fund	525 000	0.92
19	Nordea Bank Abp	443 362	0.78
20	J.P. Morgan Bank Luxembourg S.A.	430 392	0.76
	<b>Total 20 largest</b>	<b>46 706 582</b>	<b>82.25</b>
	Other	10 080 336	17.75
	<b>Total</b>	<b>56 786 918</b>	<b>100.00</b>