








Q1 results 2021

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Kitron Group | 2021-04-21

Electrification and Industry drives growth

NOK Million		Q1 2021 vs Q1 2020
Revenue 937.5		6.8 %
EBIT 65.4		11.9 %
Order Backlog 2 060.4		0.0 %
Operating cash flow		-23.5 %
Net working capital 1 035.5		2.2 %

- Revenue growth 7%, underlying 9%*
- EBIT margin 7.0% (6.7%)
- Order backlog 0%, underlying 8%*
- Net working capital 2.2%

- EPS NOK 0.25 (NOK 0.23)

Status Kitron Operations



MANUFACTURING

GOOD

All sites up and running



LOGISTICS

MODERATE

Delays and price increase



SUPPLY CHAIN

RISKY

Supply shortages related to demand increase



ON TIME SUPPLY

GOOD

Keeping delivery dates



TECHNICAL SERVICES

GOOD

Design, test development and electronics engineering services available

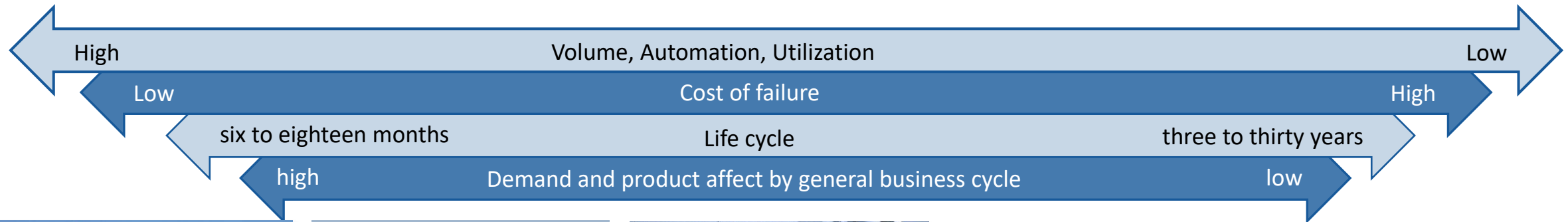


TRAVELLING & PHYSICAL MEETINGS

MODERATE - CANCELLED

Government restrictions to travelling. Preventive measures.

Kitron Market Sectors



Connectivity

**M2M IOT, Sensors,
Wireless,
Networking**



Electrification

**Battery tech and
Power grid
transmission,
Power management**



Industry

**Automation,
Transportation,
Recycling,
Infrastructure**



Medical Devices

**Diagnostics, Life
support, Hospital,
Home and Personal
care**



Defense/Aerospace

**Communication,
Avionics,
Surveillance,
Control systems**

Important orders in Q1

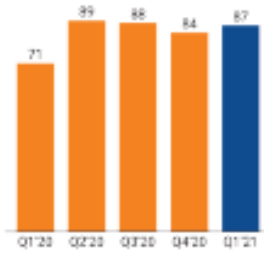
- **F-35 IF Receiver order from Northrop Grumman (January)**
 - This aircraft radar system order is the first award under the long-term supply agreement announced 2016 with a value of NOK 500 million over the expected lifetime of the program.
 - The value of the order is NOK 10 million
 - Production will take place at Kitron's plant in Norway
- **Contract for battery management systems (February)**
 - Expansion of services with a major existing customer to cover production of battery management systems
 - The new award initially covers 2022 to 2025 and is valued at NOK 150 million.
 - Production will take place at Kitron's plant in Poland
- **Corvus Energy enters Contract Manufacturing Agreement with Kitron (March)**
 - Corvus Energy is the leading supplier of battery systems for marine, oil and gas and port applications
 - The contract covers production of battery management control systems and assistance towards Corvus Energy's product redesign
 - The value of the contract is NOK 100 million
 - Deliveries in 2021 and 2022, with an option for extension
 - Production will take at Kitron's facility in Arendal, Norway



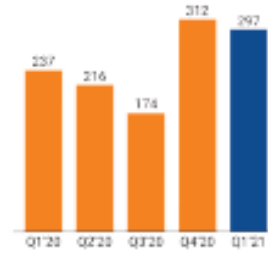
Financial results

Electrification and Industry drives growth

REVENUE
Connectivity
NOK million



REVENUE
Electrification
NOK million



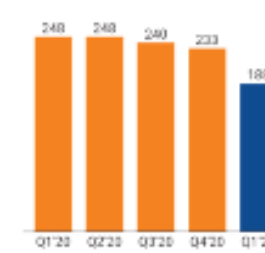
REVENUE
Industry
NOK million



REVENUE
Medical devices
NOK million



REVENUE
Defence & Aerospace
NOK million

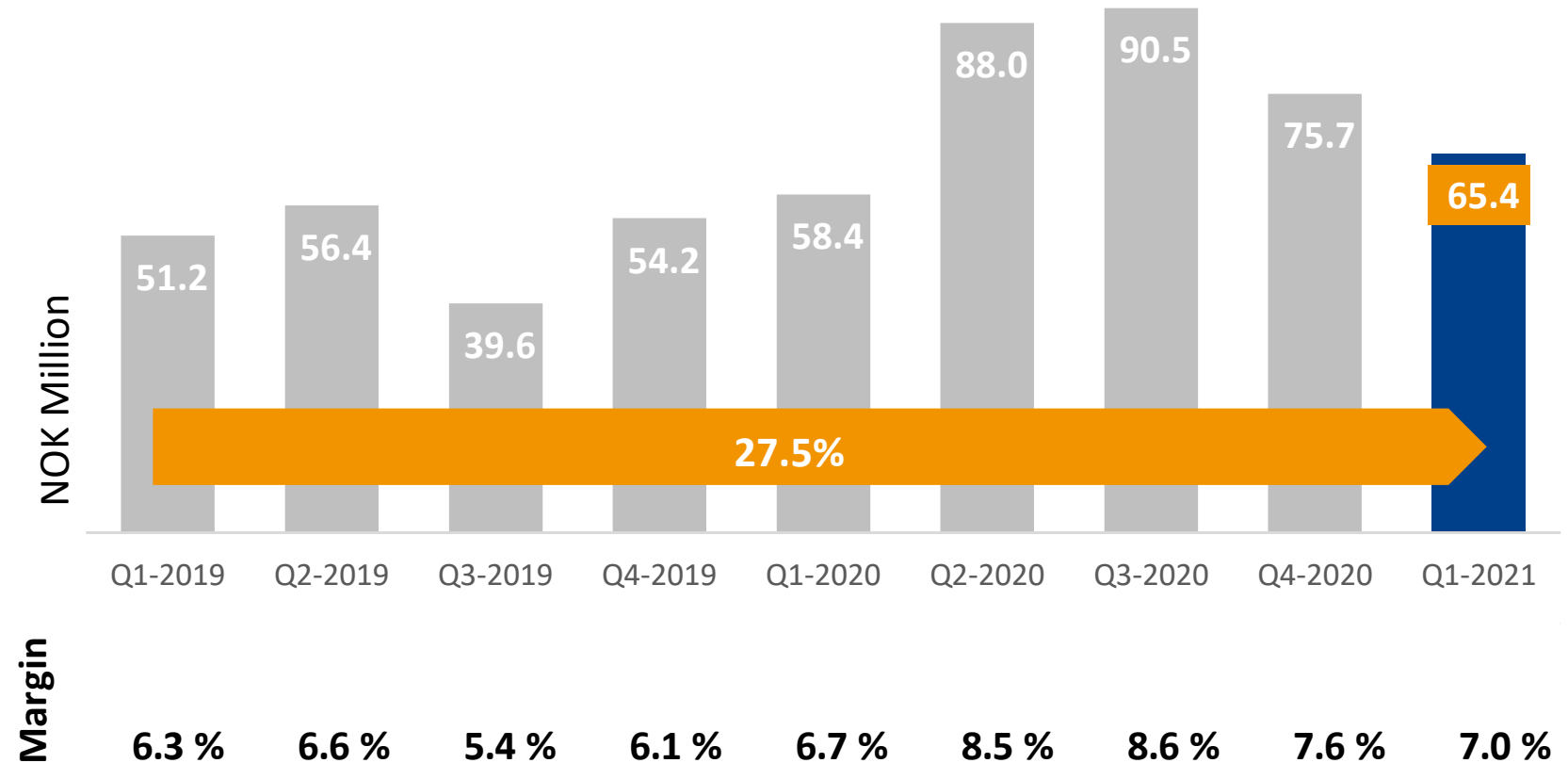


	Q1 2021 vs Q1 2020	Share of total revenue
Connectivity 86.6	22.7 %	9.2 %
Electrification 296.8	25.5 %	31.7 %
Industry 218.9	24.7 %	23.4 %
Medical devices 147.2	0.4 %	15.7 %
Defence & Aerospace 187.9	-24.4 %	20.0 %

	Q1 2021 vs Q1 2020	Share of total revenue
Norway 259.3	7.5 %	27.7 %
Sweden 164.5	10.0 %	17.5 %
CEE 366.6	11.8 %	39.1 %
Others 169.1	-12.8 %	18.0 %

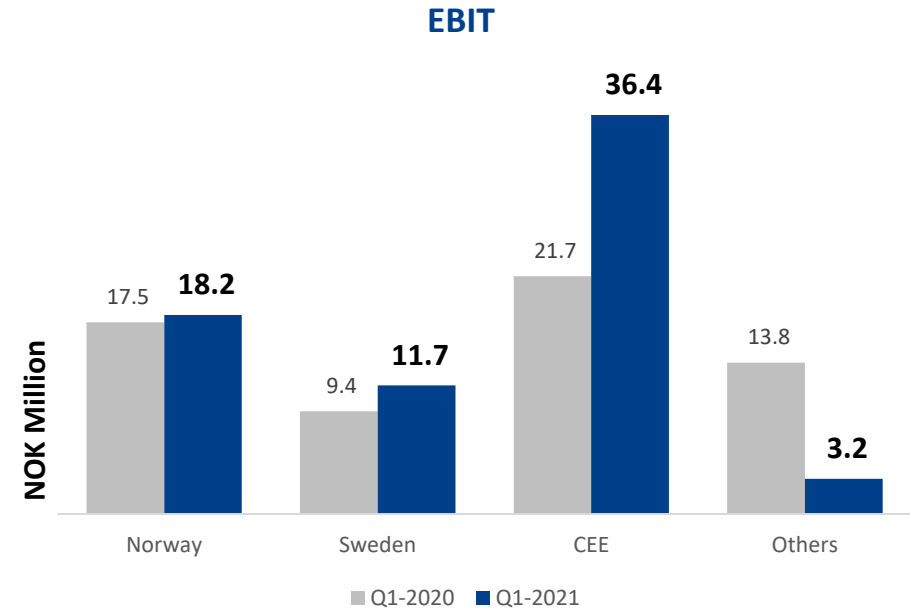
EBIT development

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



Q1 EBIT by country: CEE with strong development

- Norway and Sweden at solid margin levels and with improved profits
- CEE (Lithuania and Poland) ended at strong profits and profitability levels
 - Driven by growth in Poland but with good development in Lithuania too.
- Others (China and US) in total below strategic levels.
 - China at solid margin levels and US affected by lower activity



	Norway	Sweden	CEE	Others
Q1-2021	7.0 %	7.1 %	9.9 %	1.9 %
Q1-2020	7.3 %	6.3 %	6.6 %	7.1 %

Balance sheet: Capital stabilized

■ Working capital ratios

- NOWC* 27.9% (27.5%)
- Cash conversion cycle* 103 (105)
- ROOC* 16.6% (15.3%)

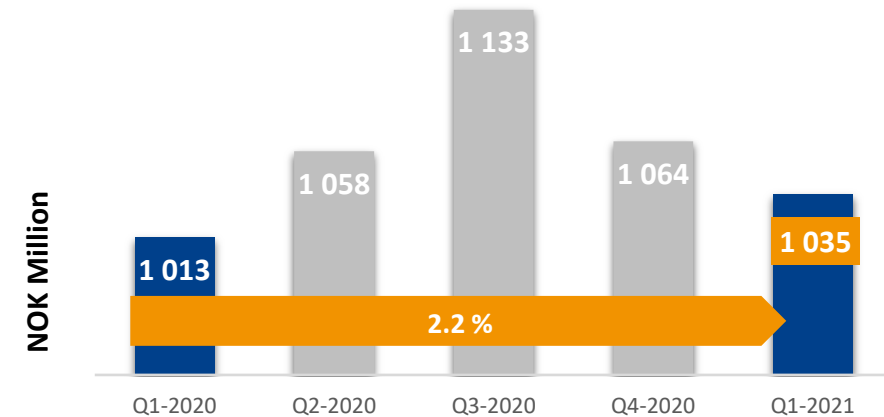
■ Cash flow

- Q4 Cash flow from operations MNOK 78 (102)

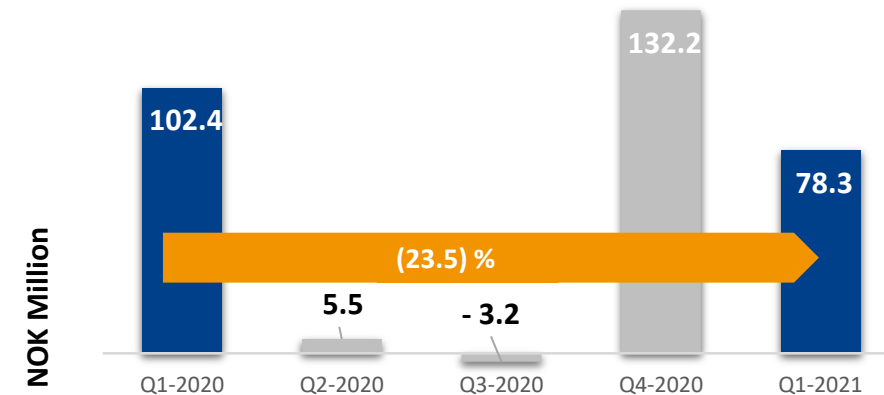
■ Financial gearing

- NIBD/EBITDA 1.6 (2.5)
 - exclusive IFRS16 NIBD/EBITDA 1.4

Net working capital



Operating cash flow













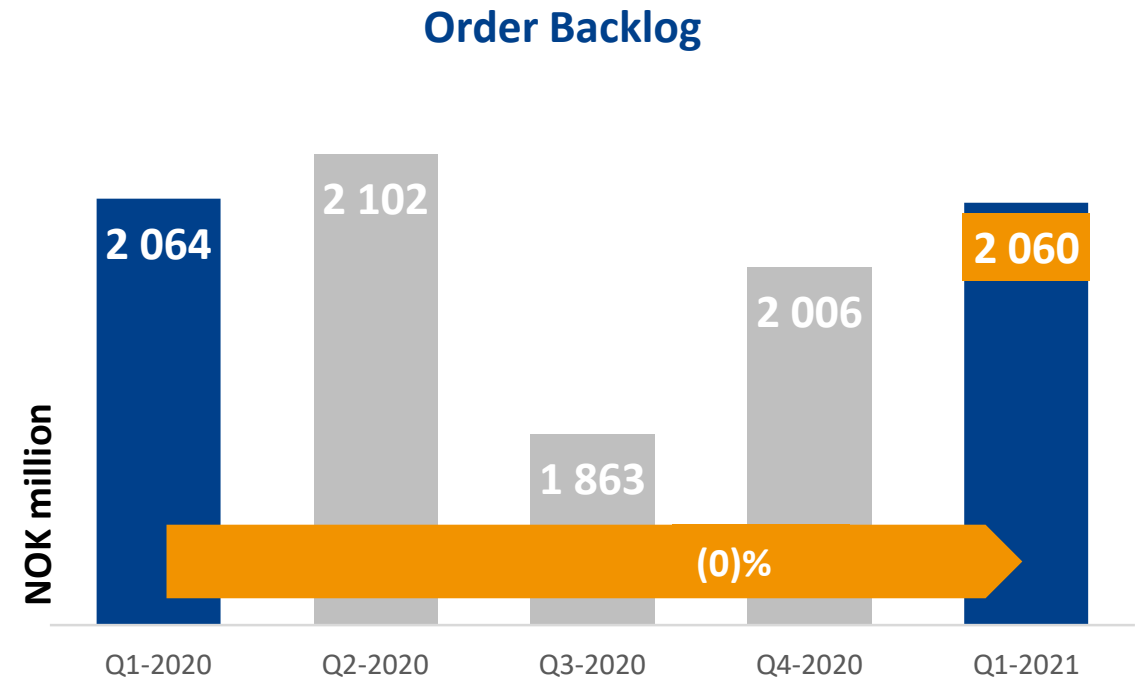


Market development

Strong order backlog

- Underlying growth 8%

	Q1 2021 vs Q1 2020	Share of total revenue
Connectivity 167.5	35.5 % 	8.1 % 
Electrification 533.2	15.2 % 	25.9 % 
Industry 355.8	25.4 % 	17.3 % 
Medical devices 239.2	-34.7 % 	11.6 % 
Defence & Aerospace 764.7	-7.6 % 	37.1 % 





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 Q1 2021

- Strongest first quarter yet 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