








Kitron

Your ambition. Our passion.

Q1 results 2020

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Strong overall development

| NOK Million | | Q1 2020 vs Q1 2019 |
|---------------------------------------|--|--------------------|
| Revenue 877.7 |  | 8.0 % |
| EBIT 58.4 |  | 13.9 % |
| Order Backlog 2 063.7 |  | 40.8 % |
| Operating cash flow 102.4 |  | 303.7 % |
| Net working capital 1 013.5 |  | 9.3 % |

- Revenue growth 8%, underlying 3%*
- EBIT margin 6.7% (6.3%)
- Order backlog 41%, underlying 30%*
- Net working capital 9.3%, underlying -2% *
- EPS NOK 0.23 (NOK 0.21)

* adjusted for foreign exchange effects in consolidation, i.e. recalculated using the exchange rates from same quarter last year

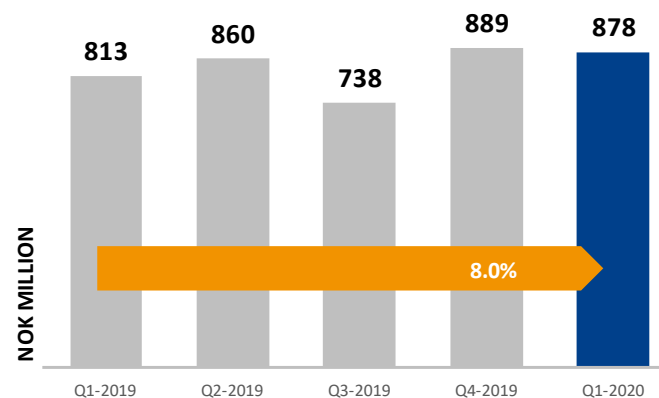
Important events in the quarter

Corona Pandemic

- All Kitron sites are up and running at normal or high load.
- A number of actions in place since late February to minimize risk to our employees and our capacity.
- Several of our sites are officially considered critical infrastructure and important to national security
We are expected to maintain production and deliveries despite external disturbances.
- On the supply chain front, we are facing challenges, but so far, we have managed to avoid major supply disruptions to our plants
 - Electronic components are impacted with constraints.
 - Medical customers are prioritized by manufacturers.
- Logistical constraints are generating increased lead times and challenging transportation solutions
- Demand is affected by current global environment. Strong growth on Medical Devices, Warehouse automation and Defence. More uncertainty on products where demand is more directly driven by end consumer.

Financials

Very strong revenue growth in Defence/Aerospace

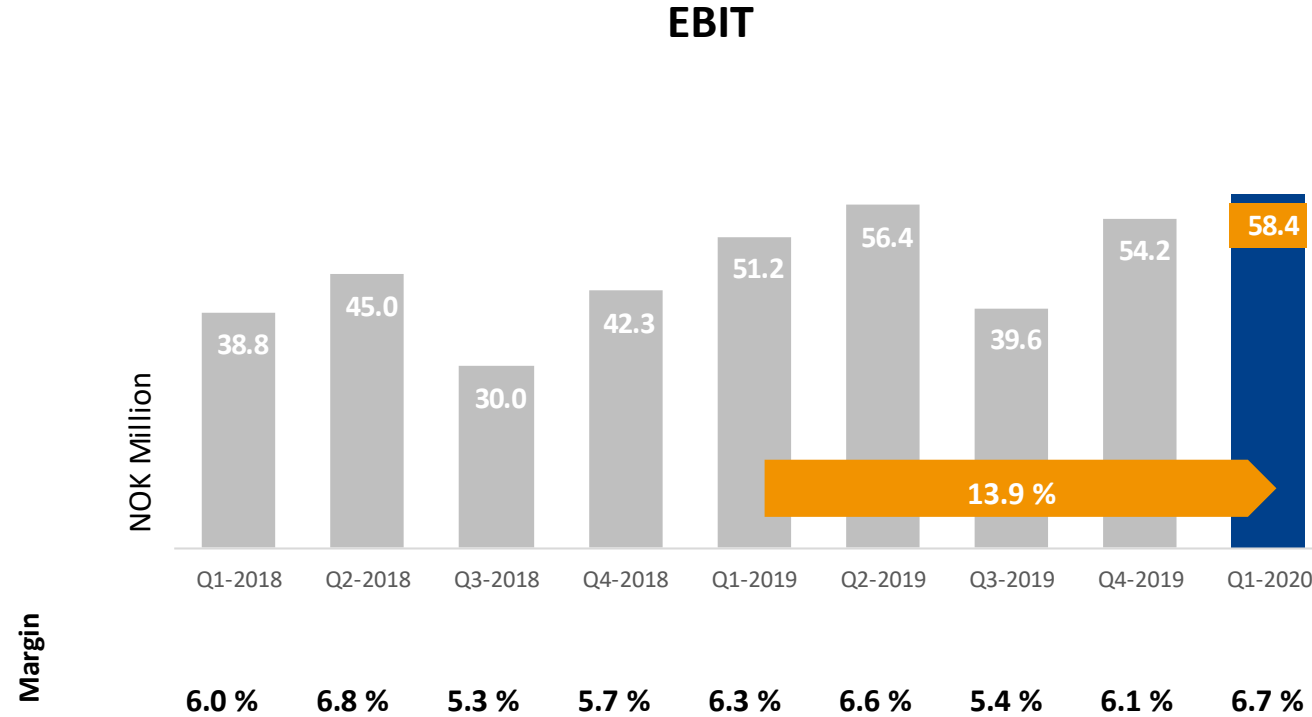


| | Q1 2020 vs Q1 2019 | Share of total revenue |
|-----------------------------------|--------------------|------------------------|
| Industry 395.7 | 14.9 % ↑ | 45.1 % |
| Defence/Aerospace 250.6 | 76.5 % ↑ | 28.5 % |
| Medical devices 146.6 | 10.4 % ↑ | 16.7 % |
| Energy/Telecoms 62.5 | -58.8 % ↓ | 7.1 % |
| Offshore/Marine 22.3 | -47.1 % ↓ | 2.5 % |

| | Q1 2020 vs Q1 2019 | Share of total revenue |
|------------------------|--------------------|------------------------|
| Norway 241.1 | 14.6 % ↑ | 26.4 % |
| Sweden 149.5 | -13.3 % ↓ | 16.4 % |
| CEE 327.8 | 9.7 % ↑ | 35.9 % |
| USA 75.0 | 53.8 % ↑ | 8.2 % |
| China 118.9 | 8.4 % ↑ | 13.0 % |

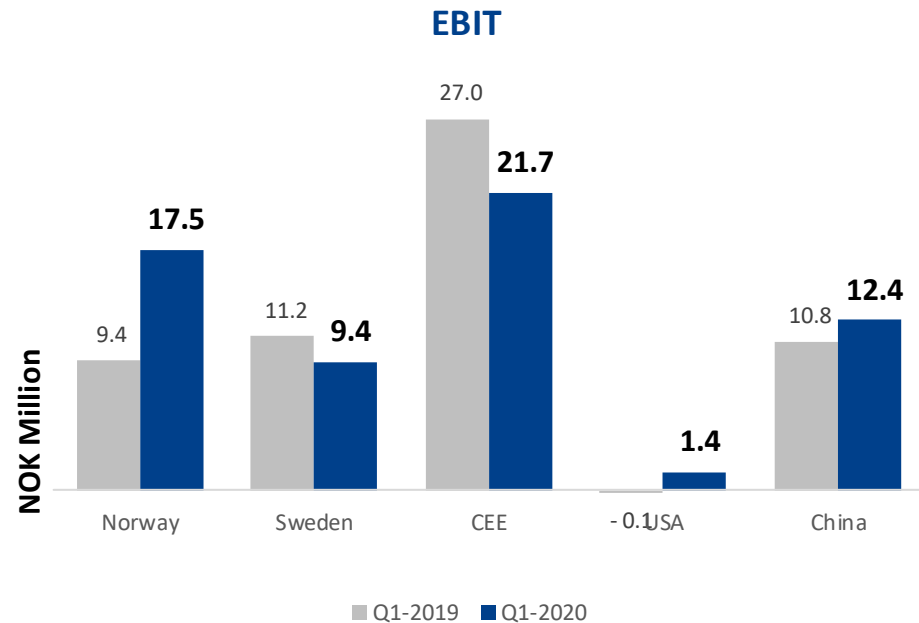
Improved profits and profitability

- Record Q1 EBIT
- EBIT at projected margins
- No material effect from currency



Q1 EBIT by country: Margin improvements in Norway, US and China

- Strong improvements in Norway
- Sweden retains margins although a revenue reduction of ~15% compared to last year
- CEE (Poland 3.9% and Lithuania 7.1%), revenue growth not yet enough to carry the added cost of the additional factory
- US margin improved mainly due to full quarter from the acquired Kitron Technologies
- China has strong performance considering the corona pandemic limitations during parts of the quarter



| Norway | Sweden | CEE | USA | China |
|--------------|--------------|--------------|--------------|---------------|
| 7.3 % | 6.3 % | 6.6 % | 1.8 % | 10.4 % |
| 4.5 % | 6.4 % | 9.0 % | -0.1 % | 9.8 % |

Balance sheet: Working capital affected by currency

Working capital ratios

- NOWC* 27.5% (24.9%)
- Cash conversion cycle* 105 (91)
- ROOC* 15.3% (17.1%)
 - exclusive IFRS16 ROOC% 16.6%

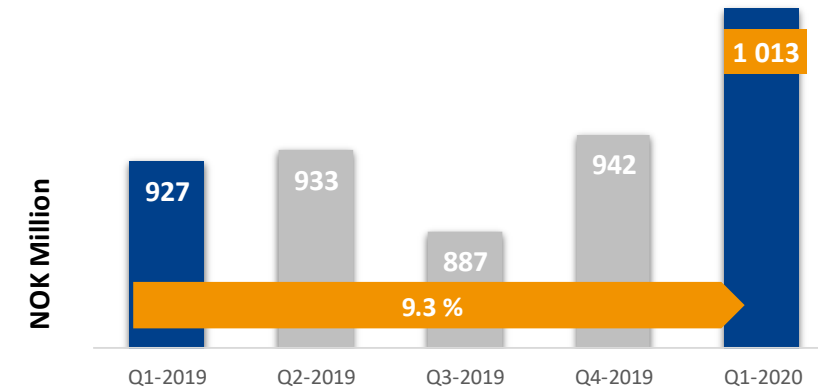
Cash flow

- YTD Cash flow from operations MNOK 102.4 (25.4)

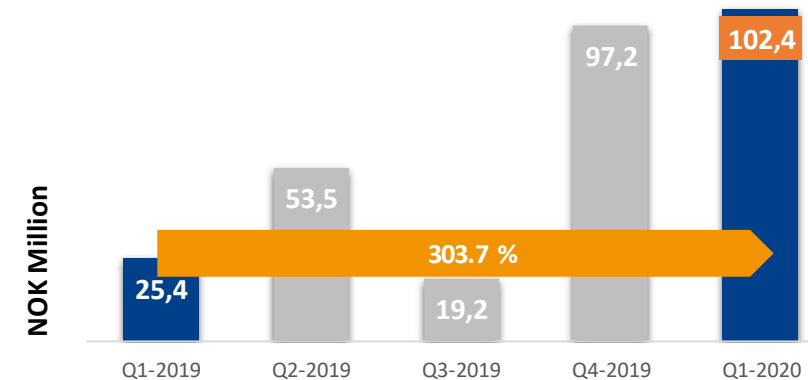
Financial gearing

- NIBD/EBITDA 2.5 (2.9)
 - exclusive IFRS16 NIBD/EBITDA 2.2

Net working capital



Operating cash flow

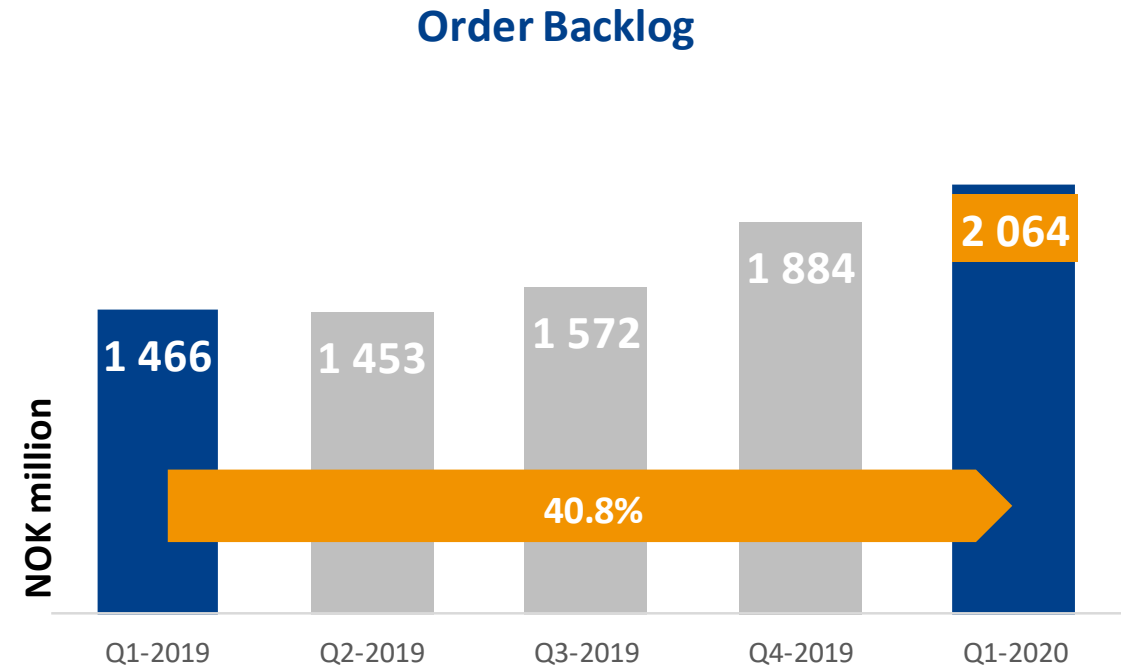


Market development

Strong order backlog

- Particularly strong growth in Defence/Aerospace, Medical devices and Energy/Telecoms sectors
- Growth 41%, underlying growth 30%

| | Q1 2020 vs Q1 2019 | | Share of total revenue | |
|-----------------------------------|--------------------|---|------------------------|--|
| Industry 520.5 | 12.3 % | ↑ | 25.2 % | |
| Defence/Aerospace 825.4 | 40.1 % | ↑ | 40.0 % | |
| Medical devices 366.1 | 146.0 % | ↑ | 17.7 % | |
| Energy/Telecoms 242.8 | 54.7 % | ↑ | 11.8 % | |
| Offshore/Marine 108.9 | 1.7 % | ↑ | 5.3 % | |



Outlook

Outlook

- Uncertainty increased significantly due to corona pandemic outbreak as well as long-term impact from difficult world economic situation in general
- While we recognize increased uncertainty and expect volatility, our overall outlook for 2020 remains unchanged:
 - For 2020, Kitron expects revenue to grow to between NOK 3 300 and 3 700 million.
 - EBIT margin is expected to be between 6.4 and 7.0 per cent.
- Growth is driven by the Defence/Aerospace and Medical devices sectors. Profitability is mainly driven by growth and operational improvements in Norway, China and U.S

Key takeaways

Summary Q1 2020

- Strong growth in order backlog
- Record Q1 revenue
- Increased margins
- Strong cash flow
- Outlook maintained

Thank You!