








Kitron






Your ambition. Our passion.

First half year and Q2 results 2020

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2020-07-10

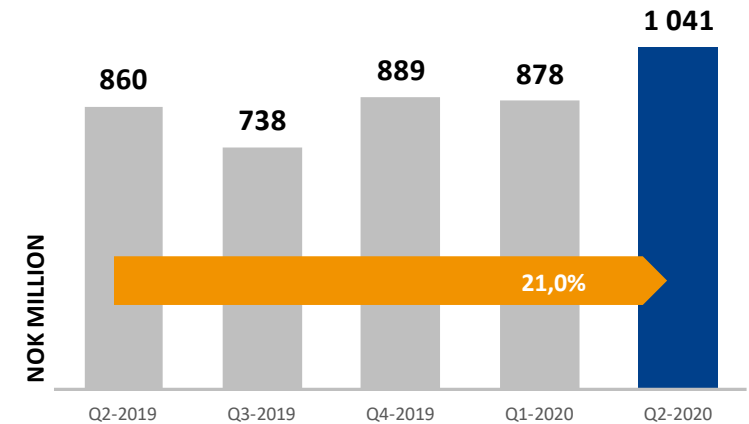
Record performance

NOK Million		Q2 2020 vs Q2 2019
Revenue 1 040.8		21.0 %
EBIT 88.0		55.8 %
Order Backlog 2 101.8		44.6 %
Operating cash flow 5.5		-89.7 %
Net working capital 1 059.2		13.5 %

NOK Million		2020 vs 2019
Revenue 1 918.4		14.7 %
EBIT 146.3		35.9 %
Order Backlog 2 101.8		44.6 %
Operating cash flow 108.0		36.9 %
Net working capital 1 059.2		13.5 %

Highlights and important events

- Revenue growth 21 % in Q2: Defence/Aerospace and Medical devices very strong
- EBIT margin 8.5% (6.6%): Strong overall performance. On track for 2020 full year target.
- EPS NOK 0.36 (0.20): 80% increase and in line with revenue and profitability improvements. First half 2020 EPS: 0.59 (0.41)
- Order backlog growth 45%: Strong contribution from Defence/Aerospace and Medical devices
- Working capital: improved capital efficiency
- Capacity upgrade in China completed
- Facility and capacity upgrade and relocation in U.S. completed
- Ramp-up of facility in Poland continues



Important orders in the quarter

■ Northrop Grumman Awards Contracts to Kitron

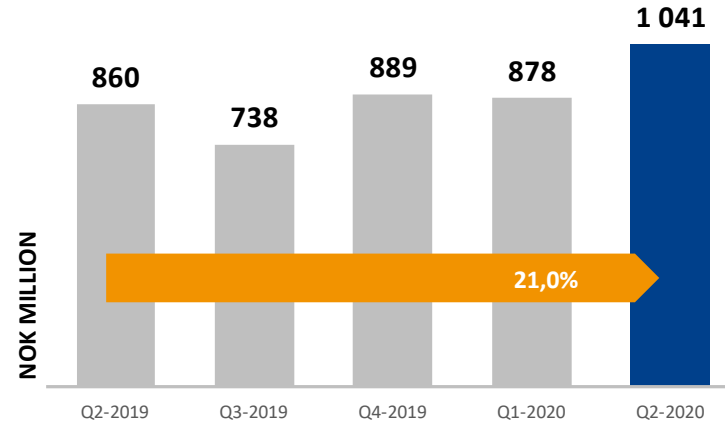
- Production of Integrated Communications, Navigation and Identification (ICNI) modules for the F-35 Lightning II program
- Deliveries will secure a backlog into 2021 and have a total value of more than USD 18 million.
- The sub-contract relates to the Long-Term Supply Agreements announced on 21 September 2015 and 24 November 2016 and covers Lot 12 through Lot 14.
- Production will take place at Kitron's plant in Norway.

■ Kitron wins New business with Energy /Telecom

- Measurement technology
- The award covers a period of five years, expected annual value is between EUR 3.5-5 million.
- Serial production is expected to start in the first quarter of 2021
- Production at Kitron's plant in Poland

Financials

Very strong revenue growth in Defence/Aerospace, Industry and Medical devices sectors



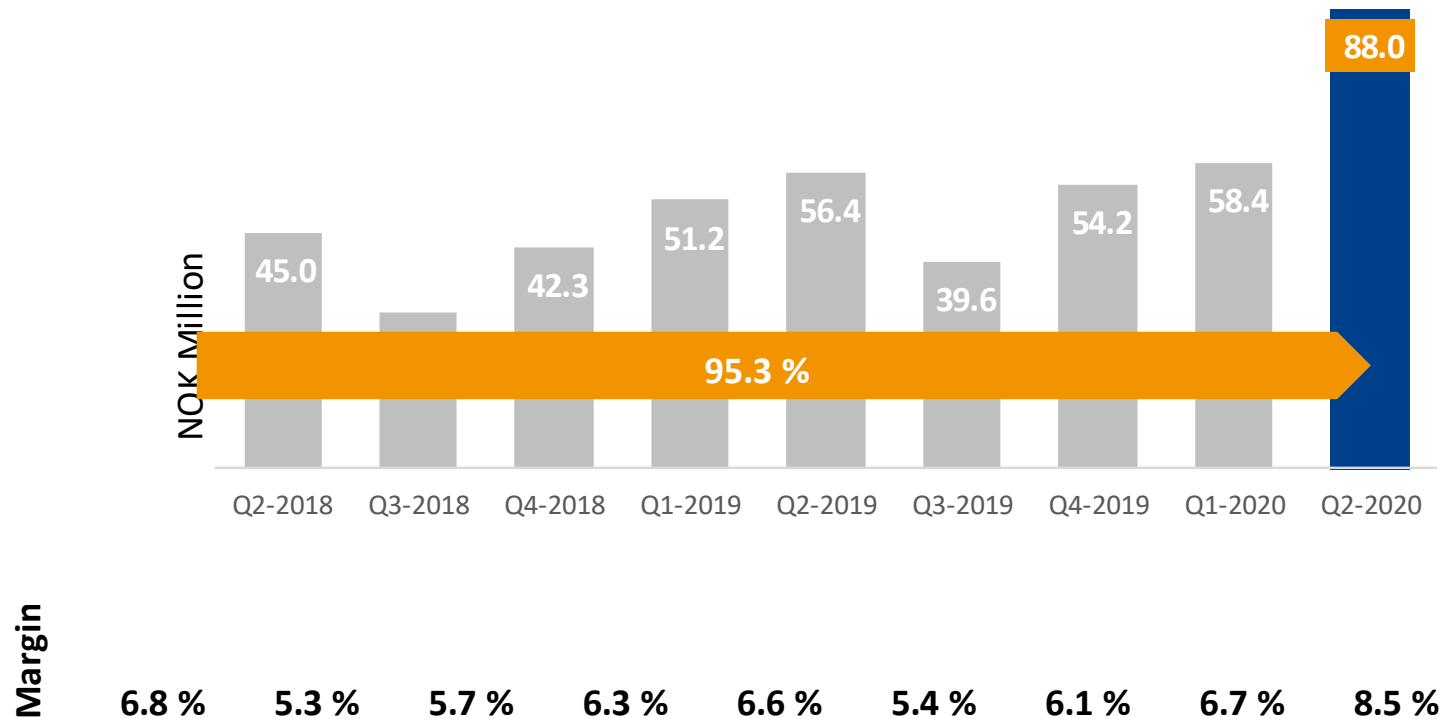
	Q2 2020 vs Q2 2019	Share of total revenue
Industry 435.0	29.3 % ↑	41.8 %
Defence/Aerospace 247.8	37.5 % ↑	23.8 %
Medical devices 292.5	104.5 % ↑	28.1 %
Energy/Telecoms 45.7	-63.1 % ↓	4.4 %
Offshore/Marine 19.8	-74.2 % ↓	1.9 %

	Q2 2020 vs Q2 2019	Share of total revenue
Norway 235.2	7.2 % ↑	22.6 %
Sweden 181.4	0.1 % ↑	17.4 %
CEE 332.4	10.4 % ↑	31.9 %
Others 358.4	82.1 % ↑	34.4 %

Before group entities and eliminations

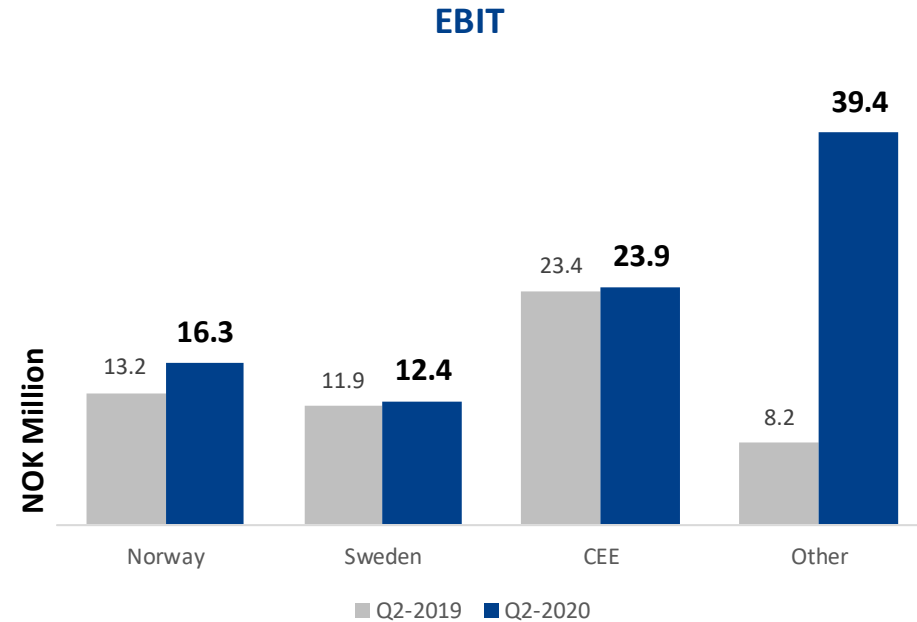
Improved profits and profitability

- Record Q2 EBIT
- EBIT driven by profitable growth
- EBIT margin improved from 6.6% to 8.5%



Q2 EBIT by country: Improved profits and profitability

- Norway and Sweden at target margin levels and with improved profitability.
 - Norway a substantial profitability and profit improvement
 - Sweden improving profitability
- CEE (Poland 6.4 % and Lithuania 7.3%),
 - Polish facility established Q3 LY
- Others show strong performance due to growth with medical devices and industry sectors



	Norway	Sweden	CEE	Other
Q2-2020	6.9 %	6.8 %	7.2 %	11.0 %
Q2-2019	6.0 %	6.6 %	7.8 %	4.1 %

Balance sheet: Working capital efficiency improvement

Working capital ratios

- NOWC* 24.5% (27.4%)
- Cash conversion cycle* 93 (102)
- ROOC* 22.1% (16.7%)
 - exclusive IFRS16 ROOC% 24.1%

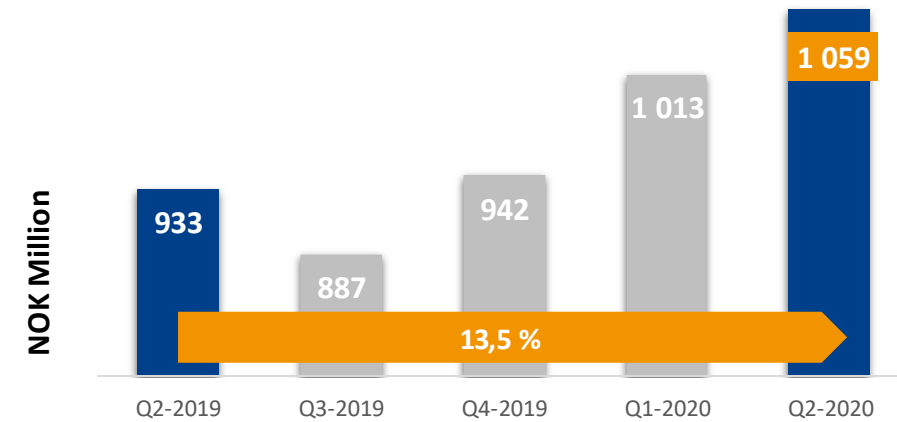
Cash flow

- YTD Cash flow from operations MNOK 108.4 (78.8)

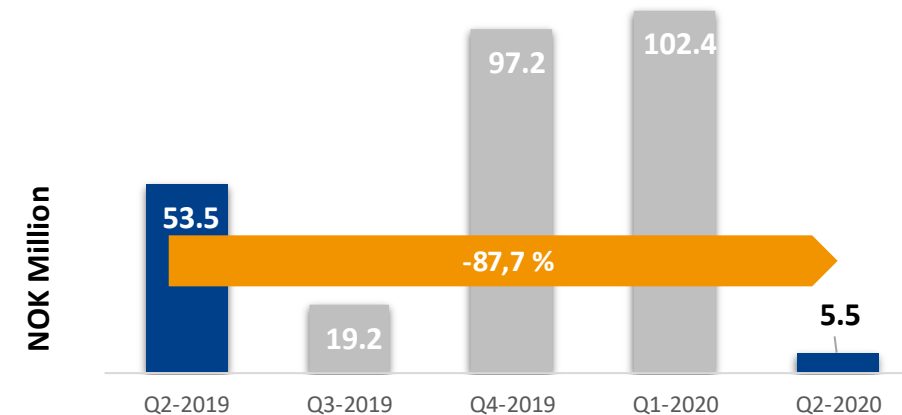
Financial gearing

- NIBD/EBITDA 2.3 (2.9)
 - exclusive IFRS16 NIBD/EBITDA 2.0

Net working capital













Operating cash flow

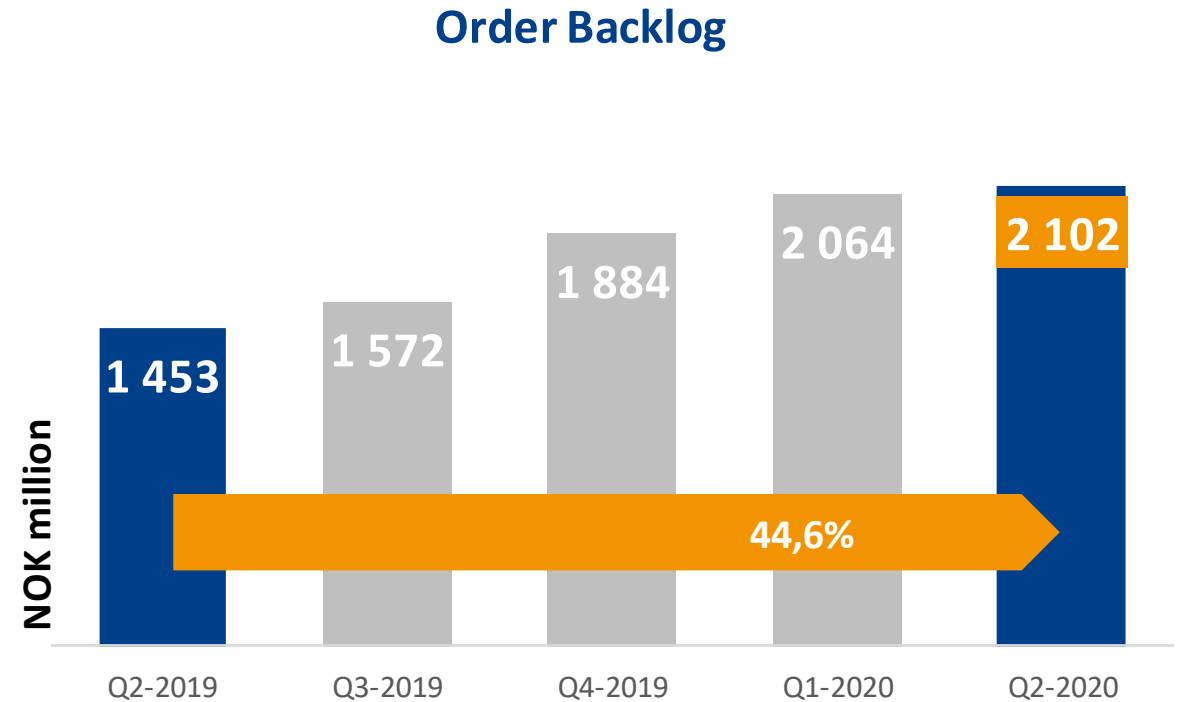


Market development

Strong order backlog

- Particularly strong growth in Defence/Aerospace and Medical devices
- Growth 45%, underlying growth 36%

	Q2 2020 vs Q2 2019	Share of total revenue
Industry 450.9	24.9 % 	21.5 % 
Defence/Aerospace 832.3	23.4 % 	39.6 % 
Medical devices 444.1	154.6 % 	21.1 % 
Energy/Telecoms 277.1	109.3 % 	13.2 % 
Offshore/Marine 97.5	-11.9 % 	4.6 % 



Outlook

Outlook

- For 2020, Kitron has previously indicated a revenue outlook of between NOK 3 300 and 3 700 million and EBIT margin between 6.4 to 7.0 percent.
- Due to increased growth primarily the Defence/Aerospace, Industry and Medical devices sectors, overall profitability improvement and favorable currency, revenue is now expected to be between 3 500 and 3 800 million and EBIT margin is expected to be between 6.7 and 7.5 per cent

Key takeaways

Summary Q2 2020

- Strong growth in order backlog
- Record Q2 revenue and half year
- Increased margins
- Outlook updated

Thank You!