

FIRST HALF YEAR AND  
SECOND QUARTER

REPORT 2020

Q2



Defence/Aerospace  
Energy/Telecoms  
Industry  
Medical devices  
Offshore/Marine

Norway  
Sweden  
Lithuania  
Germany  
Poland  
China  
USA



**Kitron**

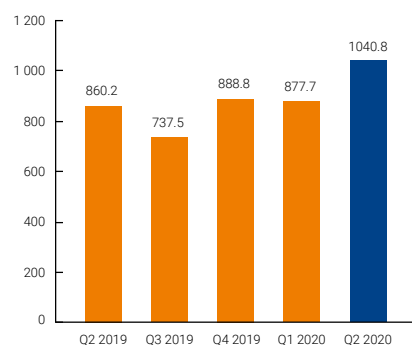
Your ambition. Our passion.

Report first half year and second quarter 2020

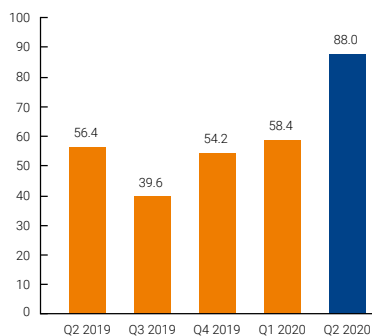
## Record performance

- Record revenue
- Record order backlog
- Improved profitability
- Ramp up of the facility in Poland continues

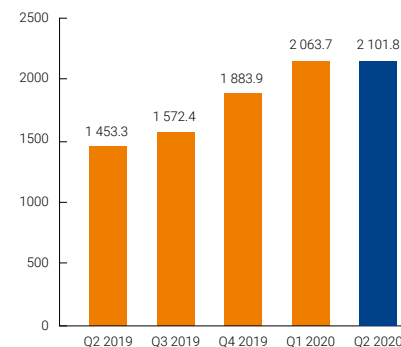
**REVENUE Group**  
NOK million



**EBIT Group**  
NOK million



**ORDER BACKLOG Group**  
NOK million



### Record revenue

Kitron's revenue for the second quarter was NOK 1 041 million (NOK 860 million), an increase of 21 per cent compared to last year.

Growth adjusted for foreign exchange effects in consolidation was 10.5 per cent.

There was growth within the Defence/Aerospace, Industry and Medical devices market sectors. Demand for ventilators has driven the strong growth within Medical devices. Warehouse automation and IOT drives industry growth.

### Record order backlog

The order backlog ended at NOK 2 102 million, an increase of 45 per cent compared to last year. This was a new all-time high. Continued strong backlog for Defence/Aerospace. The increased order backlog in the Medical devices sector is largely related to the corona pandemic situation. Adjusted for changes in currency rates the order backlog increase was 36 percent compared to last year.

### Improved profitability

Second quarter EBITDA\* was NOK 113.8 million (NOK 75.1 million), an increase of 52 per cent compared to last year. Operating profit (EBIT)\* for the second quarter ended at NOK 88.0 million (NOK 56.4 million), an increase of 56 per cent.

Profitability expressed as EBIT margin\* was 8.5 per cent (6.6 per cent). Profit after tax was NOK 64.3 million (NOK 36.3 million), an increase of 77 per cent and corresponding to NOK 0.36 earnings per share (NOK 0.20).

First half year EBITDA\* was NOK 196.5 million (NOK 143.6 million), an increase of 37 per cent from last year. Operating profit (EBIT)\* for the first half year ended at NOK 146.3 million (NOK 107.7 million), an increase of 36 per cent.

Profitability expressed as EBIT margin\* was 7.6 per cent (6.4 per cent). Profit after tax was NOK 105.2 million (NOK 73.8 million), an increase of 42 per cent and corresponding to NOK 0.59 earnings per share (NOK 0.41).

Profitability for the first half and second quarter is positively impacted by currency effects.

### Capital efficiency ratios improved

Net working capital\* was NOK 1 059 million (NOK 933 million) an increase of 14 per cent compared to the same quarter last year. Net working capital R3 as a percentage of revenue was 24.5 per cent, compared to 27.4 per cent last year. While reducing inventory levels remains a key ambition for Kitron, in the extraordinary corona pandemic situation, holding more inventory has been important in order to safeguard the company's ability to serve customers, not least within Medical devices. Longer term, capital ratios are expected to improve going forward.

Cash conversion cycle (CCC) R3 was 93 days for the quarter. This is down from 102 days last year.

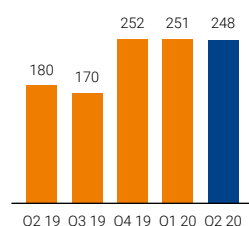
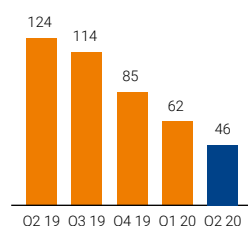
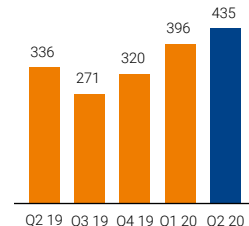
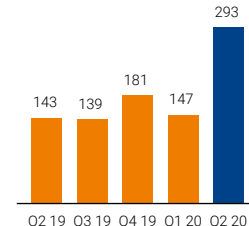
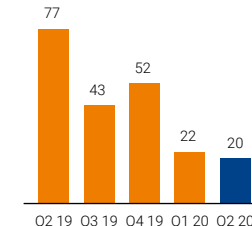
Return on operating capital (ROOC) R3 was 22.1 per cent compared to 16.7 per cent in the same quarter last year.

Operating cash flow was NOK 5.5 million (NOK 53.5 million) for the quarter.

## Key figures

NOK million	Q2 2020	Q2 2019	Change	30.06.2020	30.06.2019	Change	Full year 2019
Revenue	1 040.8	860.2	180.6	1 918.4	1 673.0	245.4	3 299.4
EBIT	88.0	56.4	31.5	146.3	107.7	38.7	201.5
Order backlog	2 101.8	1 453.3	648.6	2 101.8	1 453.3	648.6	1 883.9
Operating cash flow	5.5	53.5	(47.9)	108.0	78.8	29.1	195.2
Net working capital	1 059.2	932.8	126.3	1 059.2	932.8	126.3	941.8

\* For definition – See Appendix «Definition of Alternative Performance Measures»

**REVENUE Defence/  
Aerospace**  
NOK million

**REVENUE Energy/  
Telecoms**  
NOK million

**REVENUE Industry**  
NOK million

**REVENUE  
Medical devices**  
NOK million

**REVENUE  
Offshore/Marine**  
NOK million


## Markets

### Order intake

Order intake in the quarter was NOK 1 078.9 million, which is 27.4 per cent higher than for the second quarter 2019. The order backlog ended at NOK 2 101.8 million, which is 44.6 per cent higher than the same period last year.

Four-quarter moving average order intake was up from NOK 976.9 million at the beginning of the second quarter to NOK 1 034.9 million at the end of the quarter. Kitron's order backlog includes four months customer forecast plus all firm orders for later delivery.

### Defence/Aerospace

The Defence/Aerospace sector consists of three main product divisions: military and civil avionics, military communication and weapon control systems.

The high level of activity in the defence sector continues, driven by military communications equipment in Norway and supported by increased radar defence project deliveries in Sweden.

Kitron's expansion of its footprint in the F35 program secures the company's future position as a strong partner within the defence sector.

The Defence/Aerospace sector is in general characterized by project deliveries. Military aviation programs constitute an increasing share of Defence/Aerospace revenue, and as a consequence there will be large fluctuations in order backlog, as these customers tend to place longer orders than normal in the defence sector.

## Revenue market sectors

NOK million	Q2 2020	Q2 2019	Change	30.06.2020	30.06.2019	Change	Full year 2019
Defence/Aerospace	247.8	180.3	67.6	498.4	322.2	176.2	743.2
Energy/Telecoms	45.7	123.7	(78.0)	108.1	275.1	(167.0)	474.4
Industry	435.0	336.4	98.5	830.7	680.9	149.8	1 271.4
Medical devices	292.5	143.1	149.5	439.2	275.9	163.3	595.9
Offshore/Marine	19.8	76.7	(56.9)	42.1	118.9	(76.8)	214.5
<b>Total group</b>	<b>1 040.8</b>	<b>860.2</b>	<b>180.6</b>	<b>1 918.4</b>	<b>1 673.0</b>	<b>245.4</b>	<b>3 299.4</b>

## Order Backlog market sectors

NOK million	30.06.2020	30.06.2019	Change	31.12.2019
Defence/Aerospace	832.3	674.6	157.7	848.5
Energy/Telecoms	277.1	132.4	144.7	219.4
Industry	450.9	361.1	89.8	489.5
Medical devices	444.1	174.4	269.7	211.1
Offshore/Marine	97.5	110.7	(13.2)	115.5
<b>Total group</b>	<b>2 101.8</b>	<b>1 453.3</b>	<b>648.6</b>	<b>1 883.9</b>

## Revenue geographic markets

NOK million	Q2 2020	Q2 2019	Change	30.06.2020	30.06.2019	Change	Full year 2019
Norway	143.9	157.8	(14.0)	283.0	300.7	(17.7)	589.0
Sweden	461.3	360.0	101.2	788.8	690.2	98.7	1 374.2
Rest of Europe	206.0	171.6	34.4	423.1	366.4	56.7	685.5
USA/Canada	214.3	155.8	58.5	389.5	263.0	126.5	559.0
Others	15.3	14.9	0.4	34.0	52.8	(18.7)	91.7
<b>Total group</b>	<b>1 040.8</b>	<b>860.2</b>	<b>180.6</b>	<b>1 918.4</b>	<b>1 673.0</b>	<b>245.4</b>	<b>3 299.4</b>

### Energy/Telecoms

Within the Energy/Telecoms sector Kitron offers clients particular expertise in manufacturing products such as optical transmission systems, high frequency microwave modules, radio frequency (RF) and remote measurement of electrical metering. The main product divisions within Energy are control systems for high-voltage direct current (HVDC) technology, and metering technology.

### Industry

Within the Industry sector Kitron operates and delivers a complete range of services within industrial applications like automation, environmental, material warehousing and security. The Industry sector consists of three main product areas: control systems, electronic control units and automation.

### Medical devices

The Medical device sector consists of three main product areas: ultrasound and cardiology systems, respiratory medical devices and Lab/IVD (In-Vitro Diagnostics).

### Offshore/Marine

Kitron divides the Offshore/Marine sector into three main areas: subsea production systems, oil and gas exploration equipment, as well as navigation, positioning, automation and control systems for the marine sector. The offshore marine sector is project driven and therefore fluctuating in demand.

## Operations

### Organisation

The Kitron workforce corresponded to 1 832 full-time employees (FTE) on 30 June 2020. This is an increase of 150 FTE since the

second quarter of 2019. Kitron has since established a facility in Poland adding another 133 FTE and made demand related adjustments of FTEs primarily in Lithuania. The number of FTE in lower-cost regions now accounts for 73 per cent of the total.

The company's total payroll expenses in the second quarter were NOK 7.7 million higher than in the corresponding period in 2019. The relative payroll costs ended at 16.0 per cent, down from 18.5 per cent of revenue in the second quarter last year.

## Finance

### Net financial items

During the quarter, net financial items amounted to a net cost of NOK 6.2 million. The corresponding figure for second quarter last year was a net cost of NOK 9.6 million. Net agio for the second quarter amounted to NOK 1.7 million (2019: negative NOK 3.0 million). Intra-group financial loans to subsidiaries in foreign currencies as of 30 June 2020 that are affecting net financial income total USD 2.4 million and EUR 1.9 million.

### Balance sheet

Kitron's gross balance sheet as of 30 June 2020 amounted to NOK 2 862.6 million, compared to NOK 2 151.7 million at the same time in 2019. The increase is due to revenue growth, establishment of the plant in Poland and the weakened NOK currency during first half year.

Equity was NOK 911.9 million (NOK 668.4 million), corresponding to an equity ratio of 31.9 per cent (31.1 per cent). Equity is influenced by foreign exchange effects from consolidation of foreign subsidiaries.

## Revenue business entities

NOK million	Q2 2020	Q2 2019	Change	30.06.2020	30.06.2019	Change	Full year 2019
Norway	235.2	219.4	15.8	476.3	429.8	46.5	851.0
Sweden	181.4	181.2	0.3	331.0	355.4	(24.4)	663.6
CEE	332.4	301.2	31.3	660.2	600.0	60.2	1 132.2
Others	358.4	196.8	161.5	552.3	355.3	197.0	787.2
Group and eliminations	(66.7)	(38.4)	(28.3)	(101.3)	(67.4)	(33.9)	(134.7)
<b>Total group</b>	<b>1 040.8</b>	<b>860.2</b>	<b>180.6</b>	<b>1 918.4</b>	<b>1 673.0</b>	<b>245.4</b>	<b>3 299.4</b>

## EBIT business entities

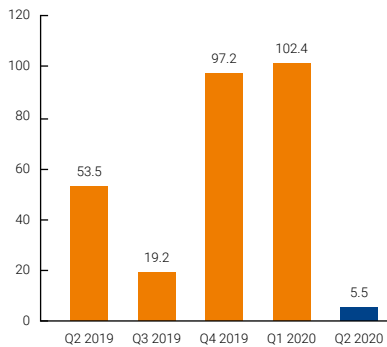
NOK million	Q2 2020	Q2 2019	Change	30.06.2020	30.06.2019	Change	Full year 2019
Norway	16.3	13.2	3.1	33.8	22.7	11.1	44.0
Sweden	12.4	11.9	0.5	21.8	23.1	(1.3)	42.0
CEE	23.9	21.2	2.7	45.6	48.2	(2.6)	67.2
Others	49.7	14.9	34.8	63.5	25.7	37.8	68.0
Group and eliminations	(14.4)	(4.8)	(9.6)	(18.3)	(12.0)	(6.3)	(19.8)
<b>Total group</b>	<b>88.0</b>	<b>56.4</b>	<b>31.5</b>	<b>146.3</b>	<b>107.7</b>	<b>38.7</b>	<b>201.5</b>

## Full time employees

	30.06.2020	30.06.2019	Change	31.12.2019
Norway	307	288	20	312
Sweden	192	202	(10)	191
CEE	840	843	(3)	895
Others	493	350	143	324
<b>Total group</b>	<b>1 832</b>	<b>1 682</b>	<b>150</b>	<b>1 722</b>

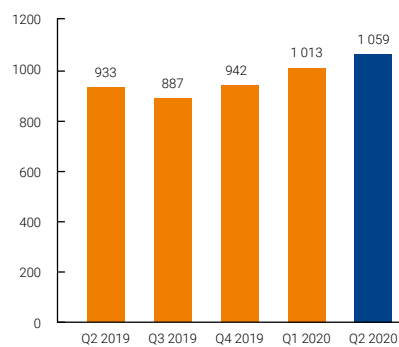
### OPERATING CASH FLOW Group

NOK million



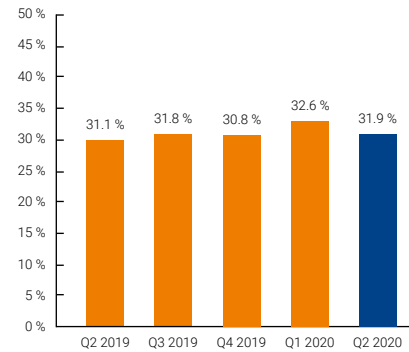
### NET WORKING CAPITAL Group

NOK million



### EQUITY RATIO Group

Per cent



Inventory was NOK 575.6 million as of 30 June 2020 (NOK 469.7 million). Inventory turns<sup>\*</sup> was 2.9 in the second quarter 2020, which is a decrease compared to second quarter last year (3.7).

Accounts receivables amounted to NOK 888.3 million at the end of the second quarter of 2020. The corresponding amount at the same time in 2019 was NOK 724.6 million.

Contract assets was NOK 396.7 million as of 30 June 2020, compared to NOK 274.6 million at the same time in 2019.

Tangible fixed assets amounted to NOK 521.5 million at the end of the second quarter, compared to NOK 390.5 million at the same time last year. The increase is mainly due to effects from the establishment of the plant in Poland.

The group's reported net interest-bearing debt<sup>\*</sup> amounted to NOK 766.6 million as of 30 June 2020 (NOK 699.4 million). Net gearing of the company was 0.84 (1.05). Net interest-bearing debt/ EBITDA is 2.3 for 12 months rolling compared to 2.9 for the same period last year. The net gearing and net interest-bearing debt/ EBITDA exclusive IFRS 16 effects are 0.7 and 2.0 respectively.

## Outlook

Demand is expected to continue strong in Defence/aerospace, Industry and Medical devices sector. Demand within the Medical devices sector is expected to be particularly strong during the third quarter and normalize in the fourth quarter

Although market demand is strong, the continued development of the Corona pandemic and its effect on global markets brings uncertainty to the outlook.

The supply chain is, in general, normalized. However, the increased Medical devices demand has posed challenges in sourcing components.

To better control the demand and component supply, and further the visibility, we have asked customers to convert forecast to firm orders.

Kitron continuously makes capacity adjustments based on demand fluctuations but has prepared for significantly larger fluctuations, if they should occur.

For 2020, Kitron has previously indicated a revenue outlook of between NOK 3 300 and 3 700 million and EBIT margin between 6.4 and 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.

The board emphasizes that every assessment of future conditions necessarily involves an element of uncertainty.

Oslo, 10 July 2020, Board of directors, Kitron ASA

## Condensed profit and loss statement

NOK 1 000	Q2 2020	Q2 2019	30.06.2020	30.06.2019	Full year 2019
Revenue	1 040 780	860 203	1 918 440	1 673 042	3 299 416
Cost of materials	711 303	581 650	1 285 273	1 138 421	2 220 203
Payroll expenses	166 936	159 199	332 393	305 890	592 859
Other operational expenses	54 694	42 868	106 576	81 463	196 495
Other gains / (losses)	5 971	(1 428)	2 282	(3 657)	(4 304)
<b>Operating profit before depreciation and impairments (EBITDA)</b>	<b>113 818</b>	<b>75 058</b>	<b>196 481</b>	<b>143 612</b>	<b>285 555</b>
Depreciation	25 860	18 620	50 140	35 926	84 056
<b>Operating profit (EBIT)</b>	<b>87 958</b>	<b>56 438</b>	<b>146 341</b>	<b>107 686</b>	<b>201 500</b>
Net financial items	(6 237)	(9 632)	(12 454)	(15 635)	(31 918)
<b>Profit (loss) before tax</b>	<b>81 721</b>	<b>46 806</b>	<b>133 888</b>	<b>92 051</b>	<b>169 581</b>
Tax	17 428	10 483	28 736	18 214	37 079
<b>Profit (loss) for the period</b>	<b>64 293</b>	<b>36 323</b>	<b>105 152</b>	<b>73 838</b>	<b>132 502</b>
Earnings per share-basic	0.36	0.20	0.59	0.41	0.74
Earnings per share-diluted	0.36	0.20	0.58	0.41	0.74

## Condensed balance sheet

NOK 1 000	30.06.2020	30.06.2019	31.12.2019
<b>ASSETS</b>			
Goodwill	36 933	32 428	36 933
Other intangible assets	44 711	15 839	27 958
Tangible fixed assets	521 521	390 752	507 091
Deferred tax assets	79 564	76 906	86 770
Other receivables	5 488	2 352	2 206
<b>Total non-current assets</b>	<b>688 216</b>	<b>518 277</b>	<b>660 959</b>
Inventory	575 640	469 699	445 600
Accounts receivable	888 349	724 608	696 934
Contract assets	396 675	274 560	313 719
Other receivables	85 002	74 883	75 025
Cash and cash equivalents	228 754	89 700	203 976
<b>Total current assets</b>	<b>2 174 420</b>	<b>1 633 450</b>	<b>1 735 253</b>
<b>Total assets</b>	<b>2 862 636</b>	<b>2 151 726</b>	<b>2 396 212</b>
<b>LIABILITIES AND EQUITY</b>			
Equity	911 929	668 374	739 213
<b>Total equity</b>	<b>911 929</b>	<b>668 374</b>	<b>739 213</b>
Deferred tax liabilities	4 921	5 056	16 132
Loans	338 520	233 408	331 029
Pension commitments	5 896	5 966	5 896
<b>Total non-current liabilities</b>	<b>349 337</b>	<b>244 430</b>	<b>353 057</b>
Accounts payable	801 513	536 063	514 430
Other payables	120 549	136 988	126 471
Tax payable	22 497	10 221	5 775
Loans	656 811	555 651	657 266
<b>Total current liabilities</b>	<b>1 601 370</b>	<b>1 238 923</b>	<b>1 303 942</b>
<b>Total liabilities and equity</b>	<b>2 862 636</b>	<b>2 151 726</b>	<b>2 396 212</b>

## Condensed cash flow statement

NOK 1 000	Q2 2020	Q2 2019	30.06.2020	30.06.2019	Full year 2019
Profit before tax	81 721	46 806	133 888	92 051	169 581
Depreciations	25 860	18 620	50 140	35 926	84 056
Change in inventory, accounts receivable, contract assets and accounts payable	(45 673)	(5 880)	(117 329)	(53 854)	(62 872)
Change in net other current assets and other operating related items	(72 494)	11 334	33 039	(22 362)	(46 975)
Change in factoring debt	16 116	(17 412)	8 216	27 076	51 446
<b>Net cash flow from operating activities</b>	<b>5 531</b>	<b>53 466</b>	<b>107 954</b>	<b>78 837</b>	<b>195 235</b>
<b>Net cash flow from investing activities</b>	<b>(2 178)</b>	<b>(18 923)</b>	<b>(14 952)</b>	<b>(167 379)</b>	<b>(248 099)</b>
<b>Net cash flow from financing activities</b>	<b>(32 861)</b>	<b>(82 931)</b>	<b>(65 334)</b>	<b>41 476</b>	<b>40 041</b>
Change in cash and bank credit	(29 508)	(48 387)	27 668	(47 066)	(12 822)
Cash and bank credit opening balance	(72 555)	(105 357)	(119 461)	(107 548)	(107 548)
Currency conversion of cash and bank credit	5 538	400	(4 733)	1 270	909
<b>Cash and bank credit closing balance</b>	<b>(96 526)</b>	<b>(153 344)</b>	<b>(96 526)</b>	<b>(153 344)</b>	<b>(119 461)</b>

## Consolidated statement of comprehensive income

NOK 1 000	Q2 2020	Q2 2019	30.06.2020	30.06.2019	Full year 2019
Profit (loss) for the period	64 293	36 323	105 152	73 838	132 502
Actuarial gain / losses pensions	-	-	-	-	(257)
Exchange differences on translation of foreign operations	(8 806)	(646)	10 976	(1 666)	1 222
Currency translation differences	(35 369)	(1 822)	56 040	(13 122)	(3 532)
<b>Total comprehensive income for the period</b>	<b>20 118</b>	<b>33 855</b>	<b>172 169</b>	<b>59 050</b>	<b>129 935</b>
<b>Allocated to shareholders</b>	<b>20 118</b>	<b>33 855</b>	<b>172 169</b>	<b>59 050</b>	<b>129 935</b>

## Changes in equity

NOK 1 000	30.06.2020	30.06.2019	31.12.2019
Equity opening balance	739 213	691 459	691 459
Profit (loss) for the period	105 152	73 838	132 502
Paid dividends	-	(70 477)	(70 477)
Issue of ordinary shares	-	291	291
Employee share schemes	547	(11 949)	(11 995)
Other comprehensive income for the period	67 016	(14 788)	(2 567)
<b>Equity closing balance</b>	<b>911 929</b>	<b>668 374</b>	<b>739 213</b>

## Notes to the financial statements

### Note 1 – General information and principles

The condensed consolidated financial statements for the second quarter of 2020 have been prepared in accordance with International Financial Accounting Standards (IFRS) and IAS 34 for interim financial reporting. Kitron has applied the same accounting policies as in the consolidated financial statements for 2019. The interim financial statements do not include all the information required for a full financial report and should therefore be read in conjunction with the consolidated financial statements for 2019, which were prepared in accordance with the Norwegian Accounting Act and IFRS, as adopted by the EU.

The consolidated financial statements for 2019 are available upon request from the company and at [www.kitron.com](http://www.kitron.com).

### Note 2 - Estimates

The preparation of the interim financial statements requires the use of evaluations, estimates and assumptions that affect the application of the accounting principles and amounts recognised as assets and liabilities, income and expenses. The actual results may deviate from these estimates.

The important assessments underlying the application of Kitron's accounting policy and the main sources of uncertainty are the same for the interim financial statements as for the consolidated statements for 2019.

### Note 3 – Financial risk management

Kitron's business exposes the company to financial risks. The purpose of the company's procedures for risk management is to minimise possibly negative effects caused by the company's financial arrangements.

### Note 4 – Other gains and losses

Other gains and losses consist of net currency gains and losses

### Note 5 – Coronavirus pandemic

Demand is expected to continue strong in Defence/aerospace, Industry and Medical devices sector. Demand within the Medical devices sector is expected to be particularly strong during the third quarter and normalize in the fourth quarter

Although market demand is strong, the continued development of the Corona pandemic and its effect on global markets brings uncertainty to the outlook.

The supply chain is, in general, normalized. However, the increased Medical devices demand has posed challenges in sourcing components.

To better control the demand and component supply, and further the visibility, we have asked customers to convert forecast to firm orders.

Kitron continuously makes capacity adjustments based on demand fluctuations but has prepared for significantly larger fluctuations, if they should occur.

For 2020, Kitron has previously indicated a revenue outlook of between NOK 3 300 and 3 700 million and EBIT margin between 6.4 and 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.



## Responsibility statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2020 has been prepared in accordance with IAS 34 - Interim Financial Reporting, and gives a true and fair view of the group's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management

report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Oslo, 10 July 2020



Tuomo Lähdesmäki  
Chairman



Espen Gundersen  
Board member



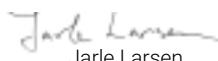
Tanja Rørheim  
Employee elected board member



Gro Brækken  
Deputy chairman



Maalfrid Brath  
Board member



Jarle Larsen  
Employee elected board member



Christian Jebsen  
Board member



Petra Grandinson  
Board member



Bjørn Gottschlich  
Employee elected board member



Lars Peter Nilsson  
CEO of Kitron ASA

## Appendix

### Definition of Alternative Performance Measures

Kitron uses terms in the consolidated financial statements that are not anchored in the IFRS accounting standards. As being an Electronics Manufacturing Services company, Kitron uses Alternative Performance Measures which are relevant for understanding and evaluation of performance within manufacturing.

Our definitions and explanations of these terms follow below.

#### 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 + Contract assets + Accounts Receivables – Accounts Payable

#### Operating capital

Other intangible assets + Tangible fixed assets + Net working capital

Return on operating capital (ROOC) %  

$$\frac{\text{Annualised Operating profit (EBIT)}}{\text{Operating Capital}}$$

Return on operating capital (ROOC) R3 %  

$$\frac{(\text{Last 3 months Operating profit (EBIT)})^*4}{(\text{Last 3 months Operating Capital})/3}$$

#### Direct Cost

Cost of material + Direct wages (subset of personnel expenses only to include personnel directly involved in production)

#### Days of Inventory Outstanding

$$360 / \left( \frac{\text{Annualised Direct Costs}}{(\text{Inventory} + \text{Contract assets})} \right)$$

#### Days of Inventory Outstanding R3

$$360 / \left( \frac{(\text{Last 3 months Direct Costs}^*4)}{(\text{Last 3 months Inventory and Contract assets}/3)} \right)$$

Days of Receivables Outstanding 360/  

$$\left( \frac{\text{Annualised Revenue/Trade Receivables}}{3} \right)$$

#### Days of Receivables Outstanding R3

$$360 / \left( \frac{(\text{Last 3 months Revenue}^*4)}{(\text{Last 3 months Trade Receivables}/3)} \right)$$

#### Days of Payables outstanding

$$360 / \left( \frac{(\text{Annualised Cost of Material} + \text{Annualised other operational expenses})}{\text{Trade Payables}} \right)$$

#### Days of Payables Outstanding (R3)

$$360 / \left( \frac{((\text{Last 3 months (Cost of Material} + \text{other operational expenses})}^*4)}{(\text{Last 3 months Trade Payables})/3} \right)$$

#### 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)

#### Inventory turns

$$\frac{\text{Annualised direct costs}}{(\text{Inventory} + \text{Contract assets})}$$

#### Variable contribution

Revenue - Direct cost

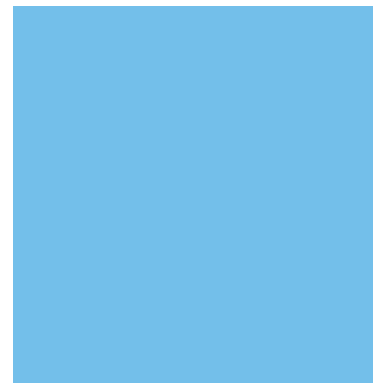
#### Net gearing

Net interest bearing debt / Equity

#### Equity Ratio

The ratio of Equity to Total Assets

Defence/Aerospace  
Energy/Telecoms  
Industry  
Medical devices  
Offshore/Marine



Kitron is a leading Scandinavian Electronics Manufacturing Services company. The company has manufacturing facilities in Norway, Sweden, Lithuania, Poland, China and the US and has about 1700 employees. Kitron manufactures both electronics that are embedded in the customers' own product, as well as box- built electronic products. Kitron also provides high-level assembly (HLA) of complex electromechanical products for its customers.

Kitron offers all parts of the value chain: From design via industrialisation, manufacturing and logistics, to repairs. The electronics content may be based on conventional printed circuit boards or ceramic substrates.

Kitron also provides various related services such as cable harness manufacturing and components analysis, and resilience testing, and also source any other part of the customer's product. Customers typically serve international markets and provide equipment or systems for professional or industrial use.