



Kitron

Your ambition. Our passion.






Q1 results 2017

Peter Nilsson, CEO
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Strong revenue growth and improved profitability

- Strong revenue growth
 - Underlying growth 23.1%
- Strong profitability
 - EBIT margin 5.3% (4.1%)
- Solid order backlog
 - Underlying growth 19.9%
- Net working capital
 - Higher capital efficiency
- Low financial gearing
 - NIBD / EBITDA 1.3 (1.6)

NOK mill.		Q1 2017 vs Q1 2016
Revenue 585.1		17.7 %
EBIT 30.8		50.5 %
Order backlog 1058.7		17.4 %
Operating cash flow -15.5		38.8 %
Net working capital 553.5		6.0 %

Important agreements in the first quarter

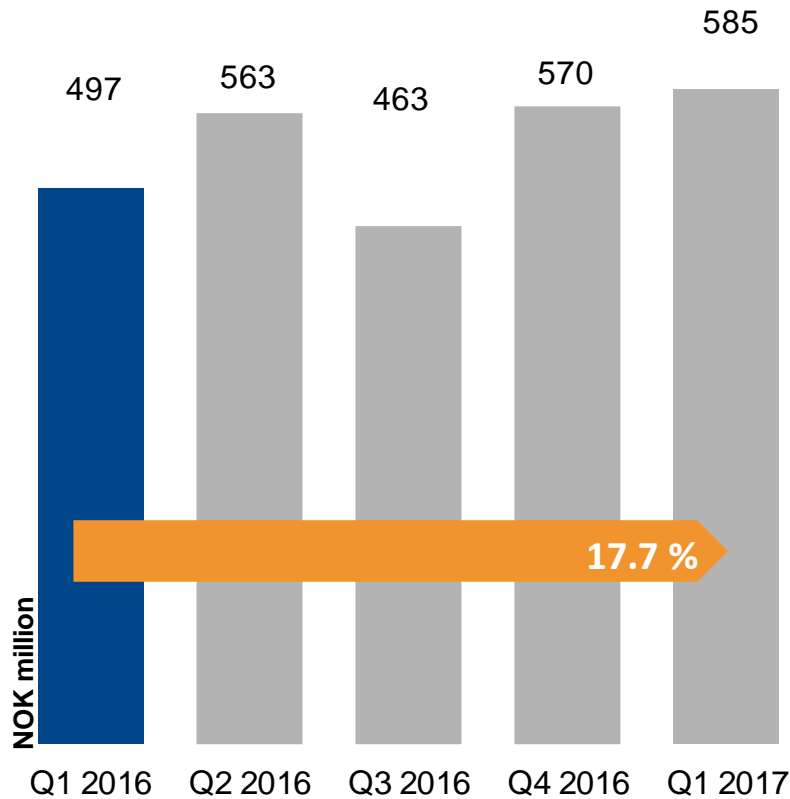
- **Kitron received communications order from KONGSBERG**
 - Kitron received a NOK 120 million order from Kongsberg Defence Systems (KONGSBERG) for military communications equipment.
 - Kitron will supply various communications products, materials kits, technical services and test equipment.
 - The contract scope has an estimated value of NOK 120 million, and deliveries will take place from 2017 to 2020.
 - Manufacturing and technical services will be provided by Kitron in Arendal.











Important agreements in the first quarter

- **Kitron signs contract with Rheinmetall**
 - Kitron signed an agreement with Rheinmetall MAN Military Vehicles
 - The potential contract value is NOK 250 million over a five-year period.
 - The agreement covers manufacturing of electronics, measuring instruments and control devices.
 - The production will take place at Kitron's plant in Kaunas, Lithuania.









Financial statements **Q1 2017**

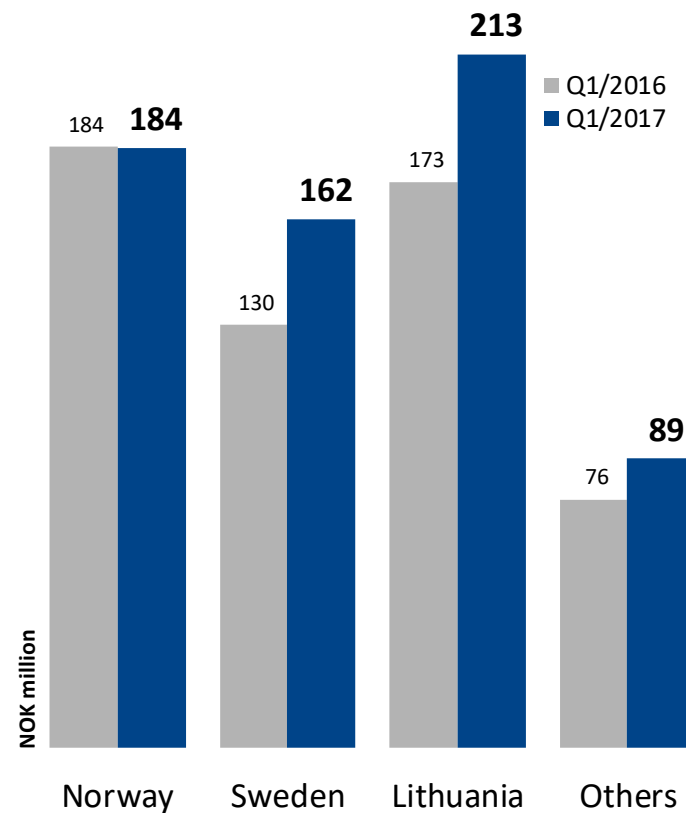
Strong growth in several sectors



	Q1 2017 vs Q1 2016	Share of total revenue
Offshore/Marine	-50.5 % 	1.1 % 
Medical devices	-11.4 % 	17.3 % 
Defence/Aerospace	46.2 % 	28.1 % 
Energy/Telecoms	23.3 % 	14.1 % 
Industry	21.1 % 	39.4 % 

Continued strong growth in Lithuania and Sweden

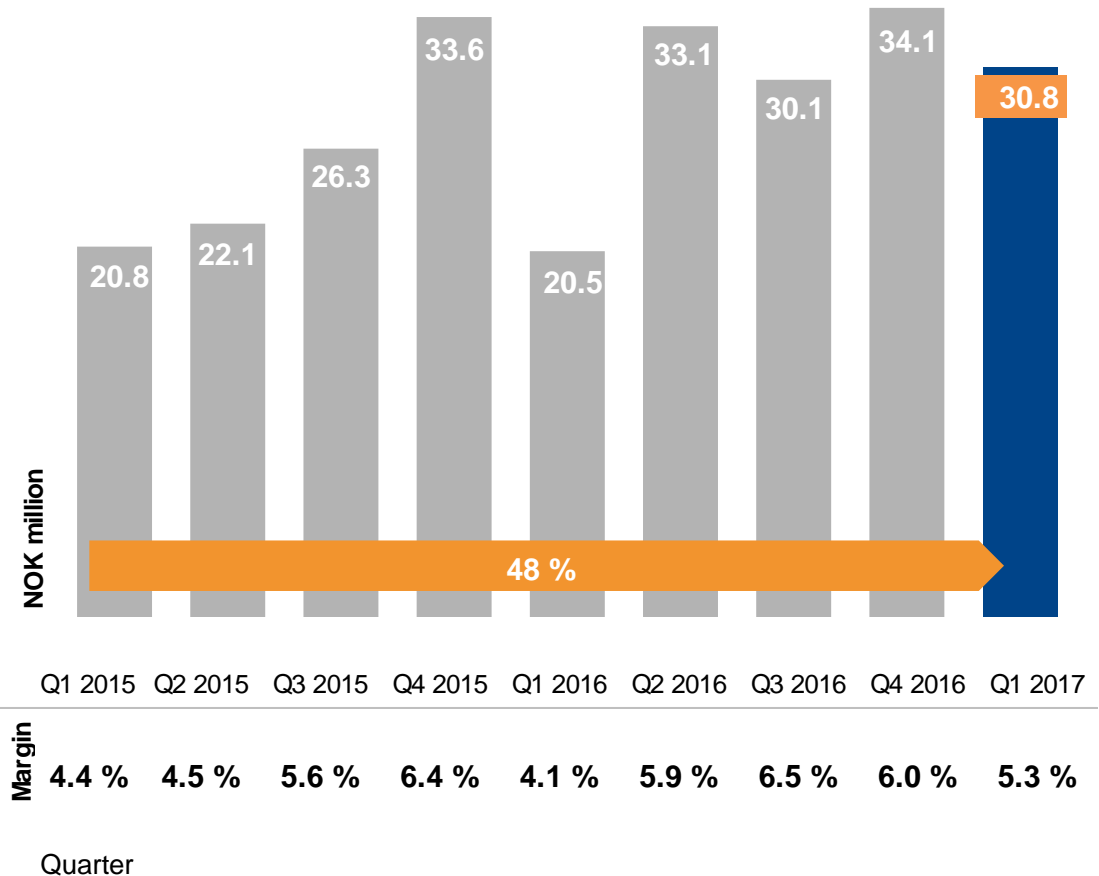
	Q1 2017 vs Q1 2016	Share of total revenue
Norway	-0.1 % 	28.4 % 
Sweden	24.8 % 	25.0 % 
Lithuania	22.6 % 	32.8 % 
Others	16.2 % 	13.7 % 



* Before group entities and eliminations

Profitability level stabilised at a higher level

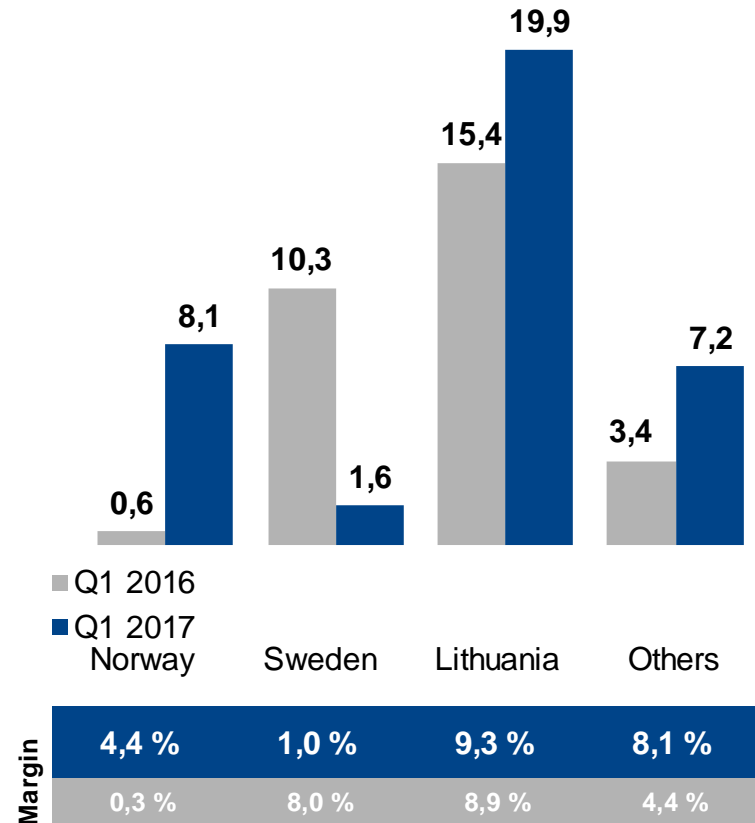
- Cost reductions take effect
- Inefficiencies due to relocations in Q1 and Q4 2016 and Q1 2017
- Profitability in Q1 2016 includes one-offs of MNOK 5



Lithuania and Norway drives profitability

- **Norway**
 - Cost reductions drives margin improvement. Relocation Q1 2016.
- **Sweden**
 - Efficiency challenges and relocation
- **Lithuania**
 - EBIT improvement driven by strong revenue growth
- **Other**
 - Revenue growth and improved profitability in China, US has improved profitability due to cost reductions

EBIT*



* Before group entities and eliminations

Cash flow

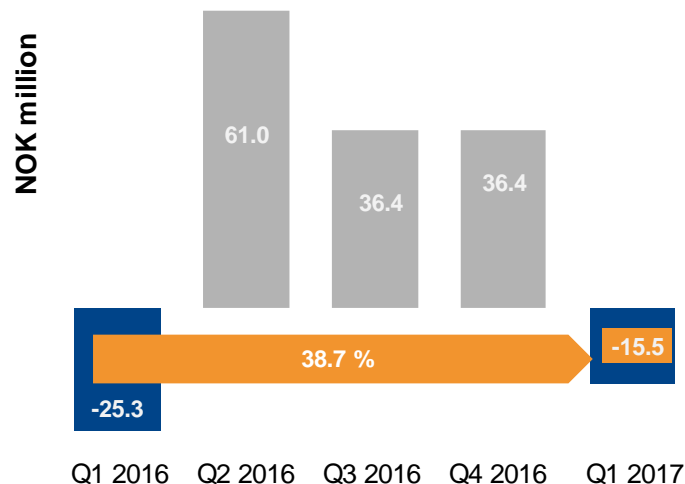
■ Cash flow

- Q1 Cash flow MNOK -15.5 (-25.3)

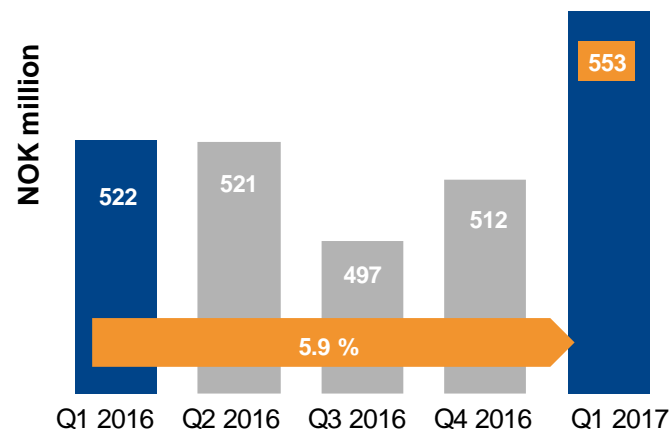
■ Working capital

- Working capital up 6% from last years level
- NOWC (R3*) at 22% a reduction from 24.3%
- Cash conversion (R3*) cycle 80, a reduction from 91 last year
- ROOC (R3*) at 16.2% improved from 11.5% last year

Operating cash flow



Net working capital



Market development

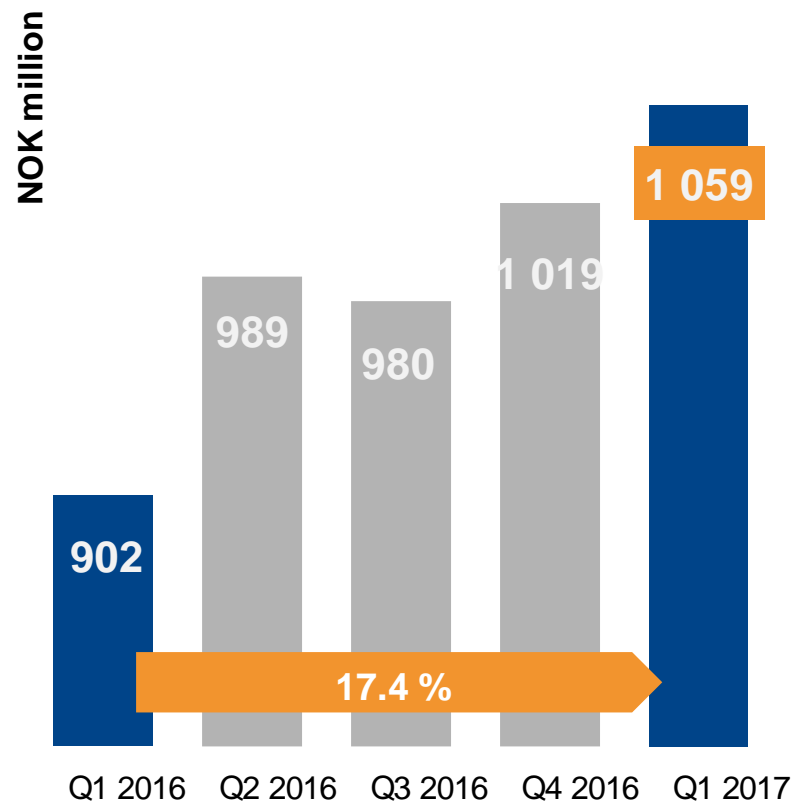
Order backlog:

Solid order backlog

Order Backlog MNOK

- 1059 vs. 902 last year. Increase of 17.4% with 19.9% underlying growth.
 - Defence: 466 +16% (401)
 - Medical: 143 -4% (149)
 - Industry: 295 +22% (243)
 - Energy/Telecom: 140 +60% (88)
 - Offshore: 14 -36% (21)

Order backlog



Definition of order backlog includes firm orders and four month customer forecast

Outlook

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- For 2017, Kitron expects revenue to grow to between NOK 2 150 and 2 350 million. EBIT margin is expected to be between 5.6 and 6.4 per cent.
- The growth is primarily driven by customers in the Industry sector.
- The profitability increase is driven by cost reduction activities and improved efficiency.



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Thank you!