

Thriving in Uncertainty: Growth and Agility in a Shifting Geopolitical Landscape

Capital Markets Presentation
Kitron Group, 10 December 2024

AGENDA

- Introduction to Kitron (Peter)
- Geopolitics, Macro and sector outlook(Peter)
- Sales Strategy and market sector outlook (Hasse)
- Defence/Aerospace market sector (Hans Petter)
- Capacity and regional growth (Kristoffer)
- Finance and outlook 2025 (Cathrin)
- Summary, Q&A and wrap up (Peter)



Peter Nilsson
President & CEO



H.P. Thomassen
VP Nordics & N.A.



Hasse Faxe
Global Sales Director



Kristoffer Asklöv
COO



Cathrin Nylander
CFO

Introduction to Kitron



Peter Nilsson
President & CEO

Our business

PRODUCT SERVICES



Development



Industrialisation



Sourcing and
Procurement



Manufacturing



Logistics and
Distribution



Redesign and
Repair

Kitron is a leading Scandinavian **Electronics Manufacturing Services (EMS)** company, delivering improved flexibility, cost efficiency, and innovation power through the value chain

MARKET SECTORS



Connectivity



Electrification



Industry



Medical Devices



Defence/
Aerospace

Kitron Group

Nordics & N.A

Norway
Sweden
Denmark
US

CEE

Lithuania
Poland
Czech Republic
Germany

Asia Pacific

China
India
Malaysia



Headquarters in Norway



2500 +
Employees



60 +
Years of
experience



11
Countries



100 000 +
sq. m of
manufacturing



300 +
Engineers



30 +
SMT
lines



Kitron

Your ambition. Our passion.

Proven track record

Revenue growth

- Annual growth ~10% (ex. M&A) over a business cycle
- Customer development
- From 4 to 10 factories globally



Margin improvement

- World-class operations management
- Proven economies of scale concept
- Opex reduced from 35% to 21%

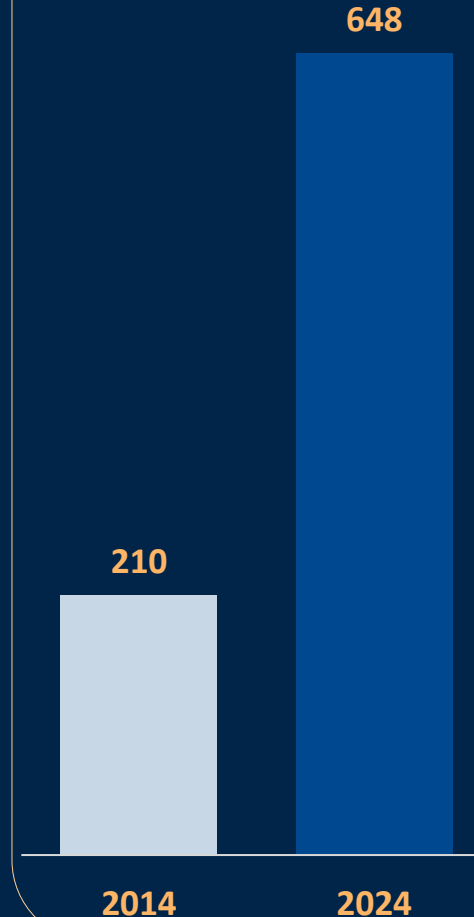


Capacity expansion

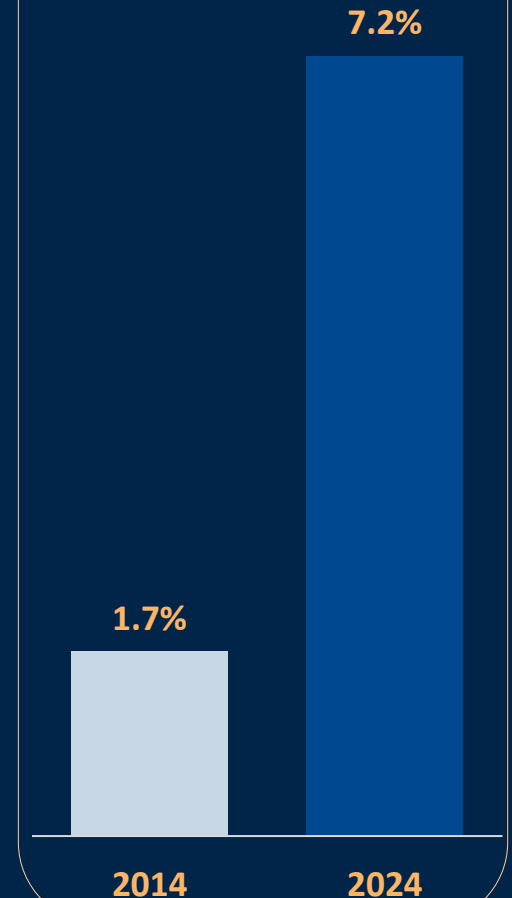
- 2 international acquisitions
- Greenfield Poland and Malaysia, multiple site upgrades
- > EUR 50 million invested in new equipment and capabilities



Revenue EUR million



EBIT margin Percentage



2024 figures based on midpoint of communicated range.

Geopolitics, Macro and sector outlook

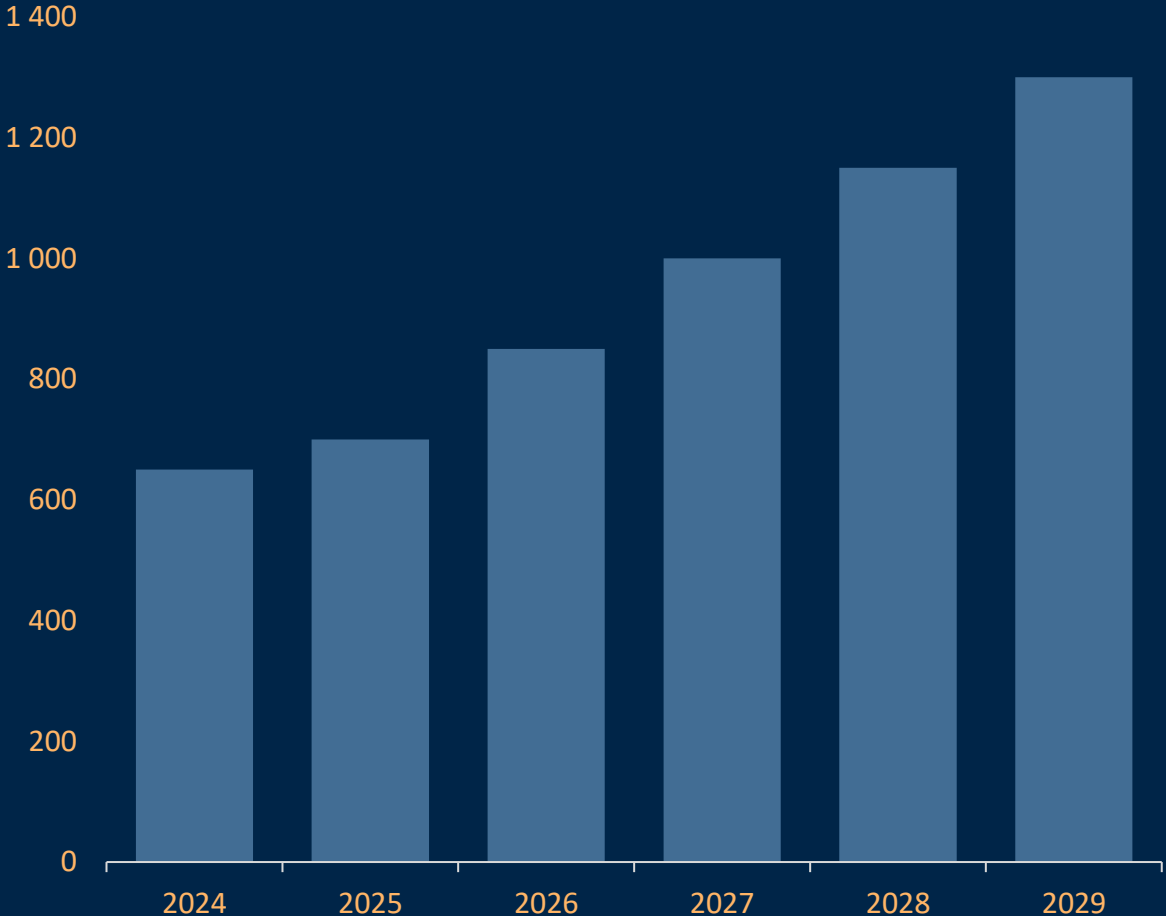


Peter Nilsson
President & CEO

Navigating Dynamic Markets

- Strength in Nordic and U.S markets
- Recovery in European markets 2026
- Geo-politics, Tariffs and localization
- Regional Opportunities
- New Partnerships
- New Acquisitions

Growth Targets



Timing dependent on market recovery and M&A

Market sectors

Connectivity:

- Expect > 10% growth for 2025 and 20% 2026 as market broadly recovers
- Sensor and tracking equipment performing well in 2024 and 2025
- We expect a broader strength returning to the sector beyond mid-2025

Electrification:

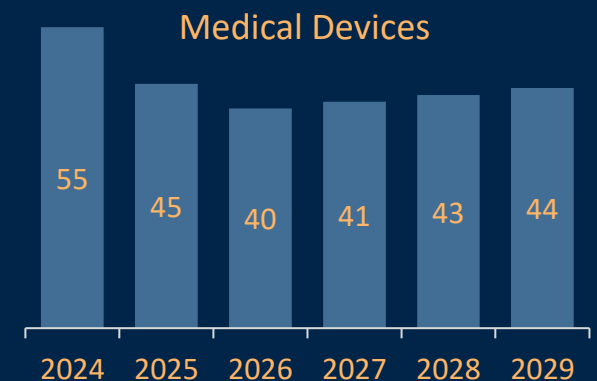
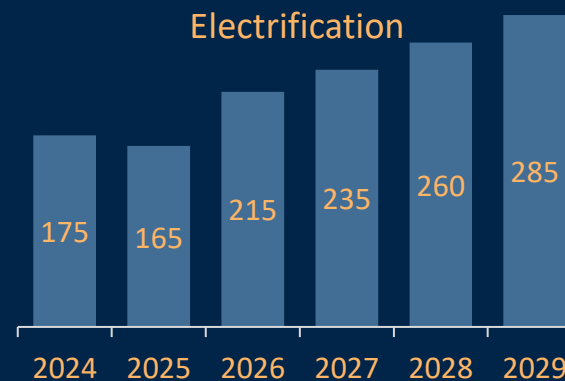
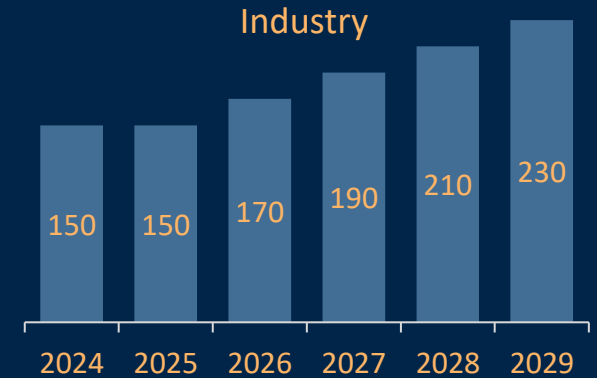
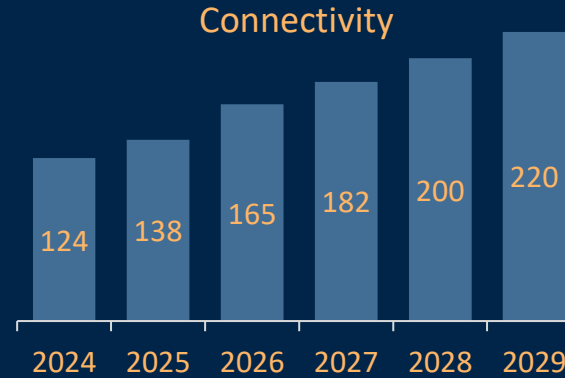
- Expect reduction of 7% in 2025 and 25% growth in 2026
- Electricity transmission and maritime electrification continues to grow and accounts for over 50% of 2025 sales exceeding 15% growth
- We expect a broader strength returning to the sector beyond in 2026

Industry:

- Sector growth flat in 2025 and 15% growth in 2026
- Localization of production to China driven by investments

Medical Devices:

- Sector growth 2025 affected by EOL major product line
- Strong focus on M&A for renewed growth



Defence & Aerospace

Beginning of investment cycle

- Nato countries gearing up defence budgets from below 1% to close to 3% or above by 2026
- Close to 80% of European equipment needs were purchased outside of the EU in 2023
- European defence companies outpace the U.S. on growth

Next steps:

- Large platform orders
- Naval vessels, Surveillance Systems, Air defence, Air supremacy assets
- Kitron well positioned to serve multiple customers across multiple platforms, sites and regions

Defence capable Kitron sites:

- Norway, Sweden, Denmark, Poland, Czech, Lithuania and U.S.
- Expect > 20% growth in 2025

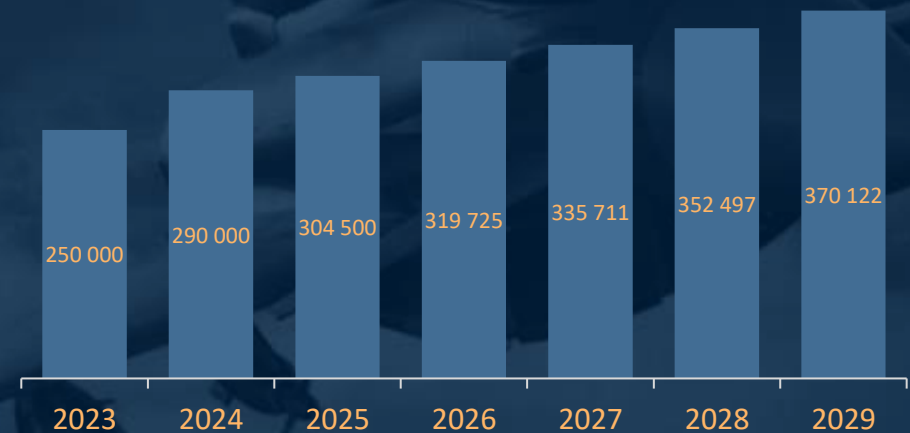
Customers:

- Kongsberg, SAAB, Thales, Terma, Leonardo DRS, Northrop Grumman, L3Harris, Lockheed Martin, Aimpoint, Comrod, Covidence, Axnes, Raytheon, Rheinmetall, Nammo, Mildef
- Strong focus on M&A for further growth

European Defence Sales (MEUR)



European Defence Spend (MEUR)



Sales growth



Hasse Faxe
Global Sales Director

Our unique selling points



Financial strength



Global footprint



Market sectors with highly specialized requirements and certifications (i.e. defence, medical)



Proven track record through excellent customer and project references



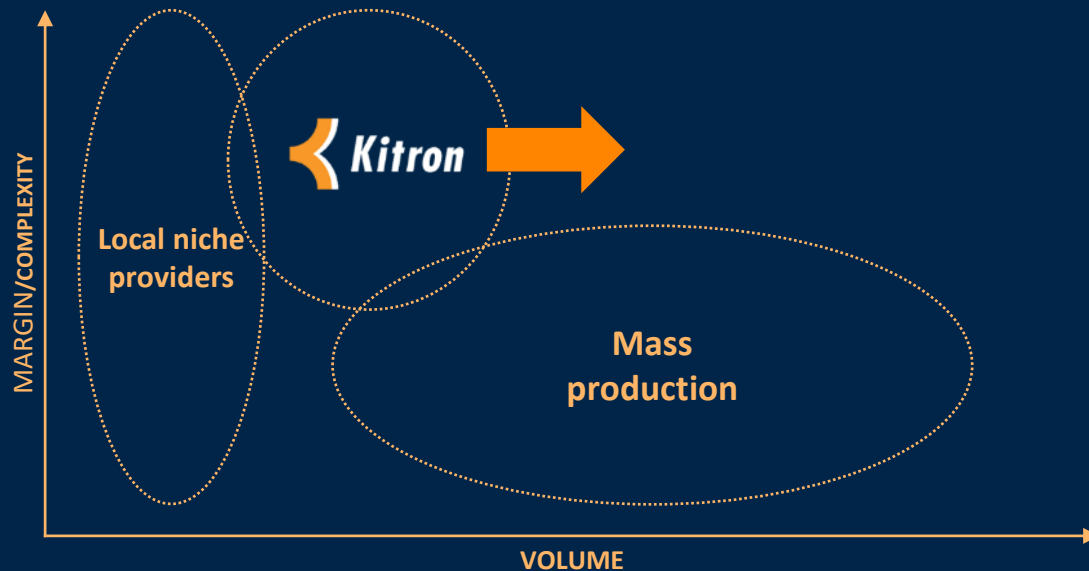
Speed and agility



Sustainability

Customers and positioning

Kitron's customers are often market leaders in their business. Our partnerships generally date back a decade or more. Sales is strongly characterized by repeat business, continuously renewed by new product generations.



- 🔄 Long-term, repeat business
- 🏆 Customers often market leaders
- 💡 Often high-complexity products
- 📍 Regionalized supply chains and manufacturing



KEY TAKE-AWAY

Kitron operates in growing market segments. European EMS market expected to grow 7% CAGR, reaching \$70 billion by 2028 – no meaningful barrier to Kitron's growth.

Growth strategy in market sectors

Connectivity: Medium-term 7-15% annual growth

- Focus: IOT, sensors, optical networks, intelligent asset tracking
- Drive for high utilization, high automation – economies of scale
- Take advantage of application know-how and rapid time-to-market



Electrification: Medium-term 7-15% annual growth

- Focus: E-Mobility, energy storage, power grid solutions, load balancing.
- Manage emerging tech and build high-level assemblies
- Deliver on scale, technology and time-to-market



Industry: Medium-term 5-10% annual growth

- Focus: Industrial automation, robotics, infrastructure
- Manage cost competitiveness, use purchasing strength, effective automation and rapid demand-change flexibility



Medical devices: Medium-term 0-5% annual growth

- Focus: Ventilators, In vitro diagnostics, digital morphology
- Position as strategic partner for innovation and product management



Defence/Aerospace: Medium-term 20-30% annual growth

- Focus: Surveillance, communication, infrastructure, training and more
- Take advantage of market entry barriers
- Capitalize on long-term relationships, NATO defense spend and localization of manufacturing



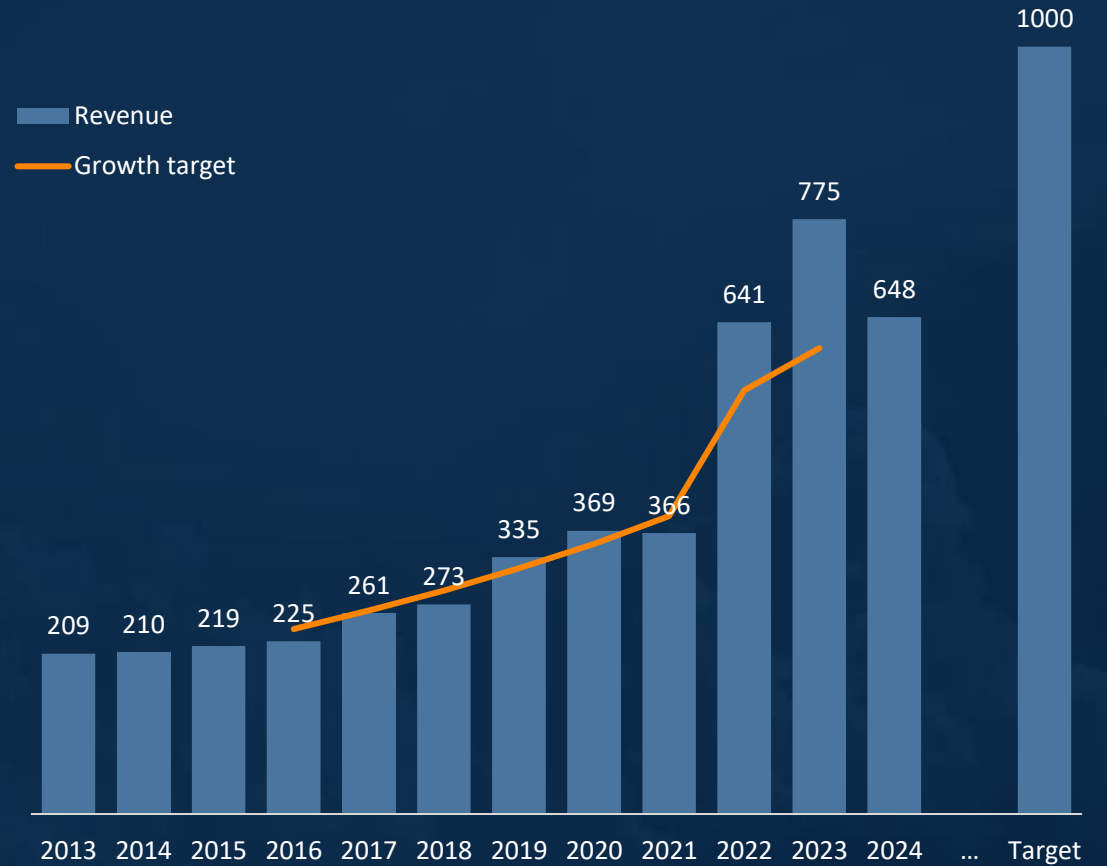
Medium-term ambition

EUR 1 billion in revenue
9% EBIT margin



Timing dependent on market recovery and M&A

Revenue
EUR million



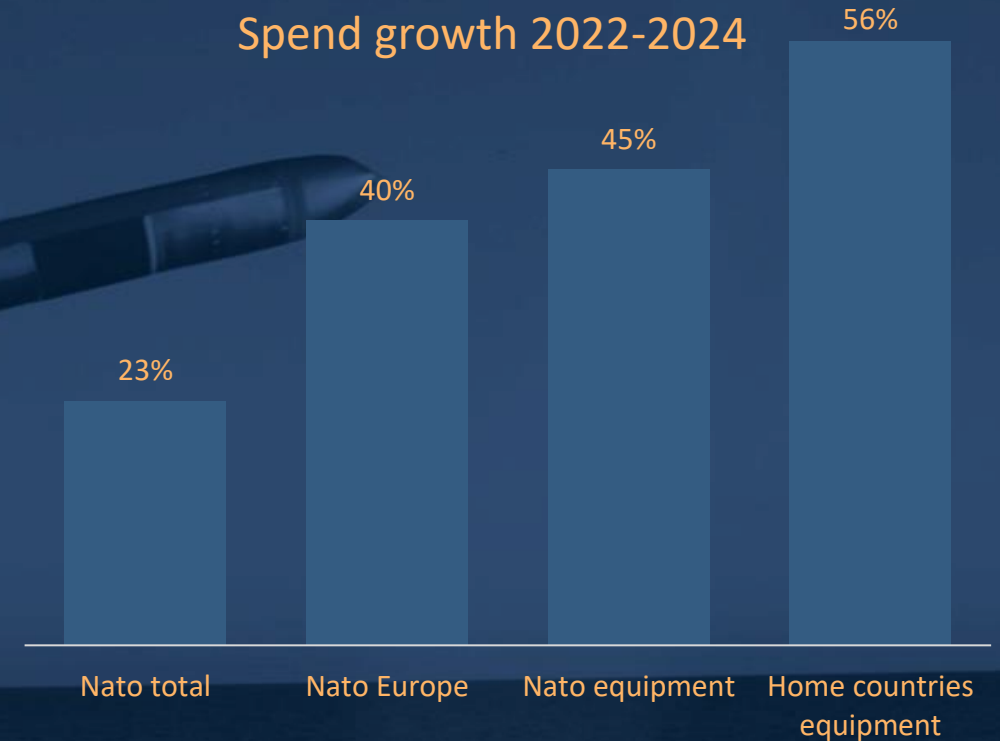
Defence & Aerospace market sector



H.P. Thomassen
VP Nordics & N.A.

Kitron's strategic defence sector positioning

- Long-standing commitment to the defence sector
- Strategic vision that aligns with industry growth
- Strong, sustainable partnerships with leading defence OEMs
- Management protocols fully compliant with defence contracting requirements
- Stringent security measures are prioritized
- Comprehensive cybersecurity framework that meets regulatory demands
- Strategic geographic expansion of factory locations enables Kitron to efficiently serve leading OEMs across the transatlantic sphere
- Capability to qualify the entire European footprint for defence manufacturing



KEY TAKE-AWAY

Entering the defence industry is challenging due to complex contracting requirements. Kitron's advanced skills and strong market presence make us well-positioned for growth

Reindustrialization of European Defence Capabilities

- Scaling up production capabilities and infrastructure
- Qualify further European sites for defence manufacturing
- Transfer of production from the Nordics to the US for US end-user products
- Leverage growth opportunities with current customer base
- Target identified home market opportunities in the national long-term defence equipment acquisition plans and use of civilian assets in traditional military tasks

Defence outlook Kitron



KEY TAKE-AWAY

Annual growth potential in Kitron's relevant market exceeds 20% YoY

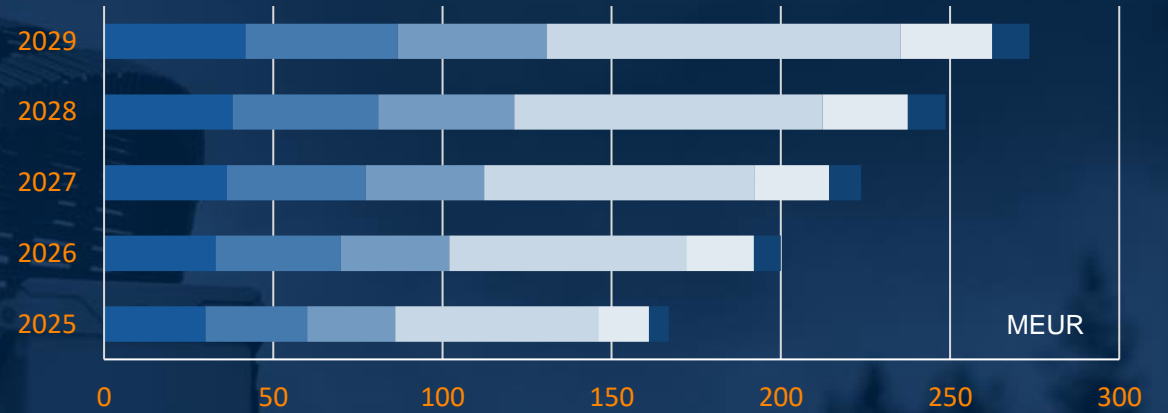
Reindustrialization of European Defence Capabilities

- Focus efforts on systems where Kitron has strong **application knowledge**

- Long range precision munitions
- Weapon control systems
- Communication equipment
- Radar systems

- Target companies with **disruptive technologies** providing faster fielding and less expensive mass-volume capacities

- Unmanned “swarm” capacities
- Countermeasure systems



Kitron estimate	2025	2026	2027	2028	2029
■ Aerospace	30	33	36	38	42
■ Encryption & Communication	30	37	41	43	45
■ Surveillance	26	32	35	40	44
■ Guidance, Control, Targeting	60	70	80	91	105
■ Drones, Robotics	15	20	22	25	27
■ Training	6	8	9	11	11

Capacity and regional growth



Kristoffer Asklöv
COO

Main short-term priorities

Growth

Existing customers

Focus on competitiveness to win new products & follow -on generations

New customers

New customer acquisition is key

Acquisitions

Actively pursuing value-creating M&A agenda

Profitability

“More with same”

Utilization, capacity adjustments and program transfers

Cost control

Competitive costs through optimization and streamlining

Global and local strategies

Local ownership and Global synergies

- Common operating model and performance metrics
- Strong local management teams with full P&L responsibility
- Common systems and a digital toolbox
- Standardized equipment strategy gives global leverage
- Strong group functions providing leading edge support
- “One Kitron”, Leadership, employee development, Harmonization, Standardization & Digitalization
- We strive for each site to be able to deliver 100-150 MEUR

Regional strategies

Regional operations

- Nordics
 - Leverage growth in Defence sector
 - High complexity & tough regulatory requirements
 - Proximity & Best-in-class service
- Europe
 - Market sector diversification
 - Best-in-class in Operation Excellence
 - Costs, capacity and resource utilization
- North America
 - “Made in America”
 - Defence and Electrification sector in focus
 - Market sector diversification
- Asia
 - “China-for-China” focus
 - Asia-non-China offer
 - Best-in-class engineering services

Strategic initiatives for expansion

Targeting 10% annual growth over a business cycle

Capacity, capabilities & current facilities

- 10 manufacturing sites in 9 countries
- We will invest in competitive capabilities in existing regions
- Our service offer is a key element for further growth

Greenfield projects & New regions

- We will enter new regions and countries in next five years
- Investment anchored by CAPEX 2-3%
- Focus on customer needs, regional access & labor market

Acquisitions

- Seeking long-term growth through strategic acquisitions
- Leveraged through debt and equity financing
- Criteria: regional presence, customer base expansion, value addition

KEY TAKE-AWAY

Kitron is strategically expanding with greenfield investments and targeted acquisitions to enhance global market presence and operational capacity

M&A strategy

What we look for:

- Geographical expansion
- Customer portfolio
- Purchasing power
- Cost advantage
- Other synergies
- Ability to support existing customers

Parallel projects ongoing to identify acquisition targets:

Region Europe

- Europe, Dachs-region
- Market sectors: Defence, Medical and Industry

Region North America

- U.S., low-cost Americas
- Market sectors: Defence, Medical, Industry, Connectivity, Electrification

Expansion updates



Malaysia

We have just opened a new manufacturing plant in Malaysia to support our customers different needs in Asia.

Key facts:

- Area: 3000 m²
- Operational Q1 2024
- Capabilities to serve electronics build, PCBA production, box build and High-level assembly
- Market focus: Asia non-China, export U.S., India and Europe
- Localized Supply



Norway

New site under construction in Longum, Norway. This site will support growth within the Defence & Aerospace sector.

Key facts:

- Area: 7000 m²
- Operational Q1 2026
- Current operations at Kilsund will focus on electronics - PCBA production
- New Longum operations will focus on High-level assembly and systems integration

Finance and outlook 2025



Cathrin Nylander
CFO

Setting the course for sustainable financial success

Revenue: ~10% organic growth

Targeting 10% yearly organic revenue growth over a business cycle, with M&A adding upside

Profitability: 9% EBIT margin

9% EBIT margin, leveraging growth and efficiency. 8% in 2024 excluding one offs

ROOC: >25%

ROOC above 25%, indicating a strong business model

Cash flow: 80% of EBITDA

Cash flow from operations projected at 80% of EBITDA

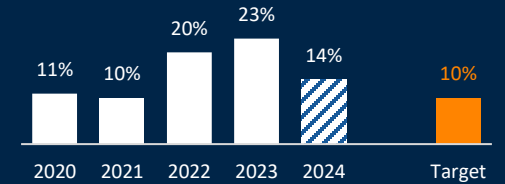
NIBD/EBITDA: <2.5

NIBD to EBITDA ratio maintained below 2,5 for financial health

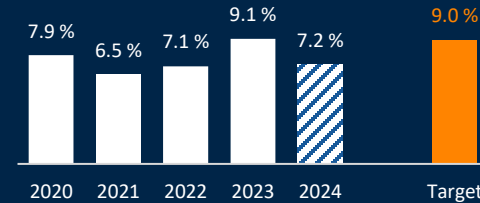
Five financial goals Development 2020-2024

Promoting enduring profitability and a robust balance sheet for strategic growth and shareholder value

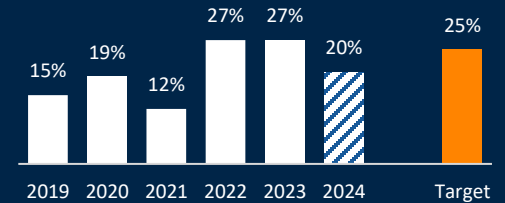
CAGR % 5 year



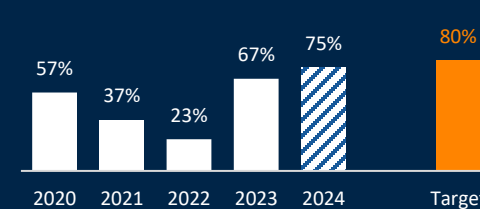
EBIT margin %



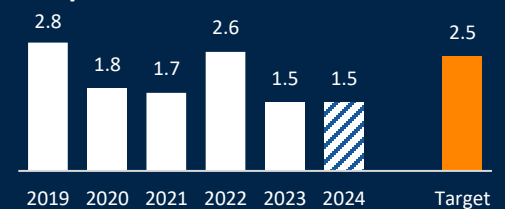
ROOC %



CF % EBITDA



NIBD/EBITDA



Financial Strength

118 MEUR

Net debt

1.5

NIBD/EBITDA

35%

Equity / Asset %

Positioned for growth

self funded organic expansion

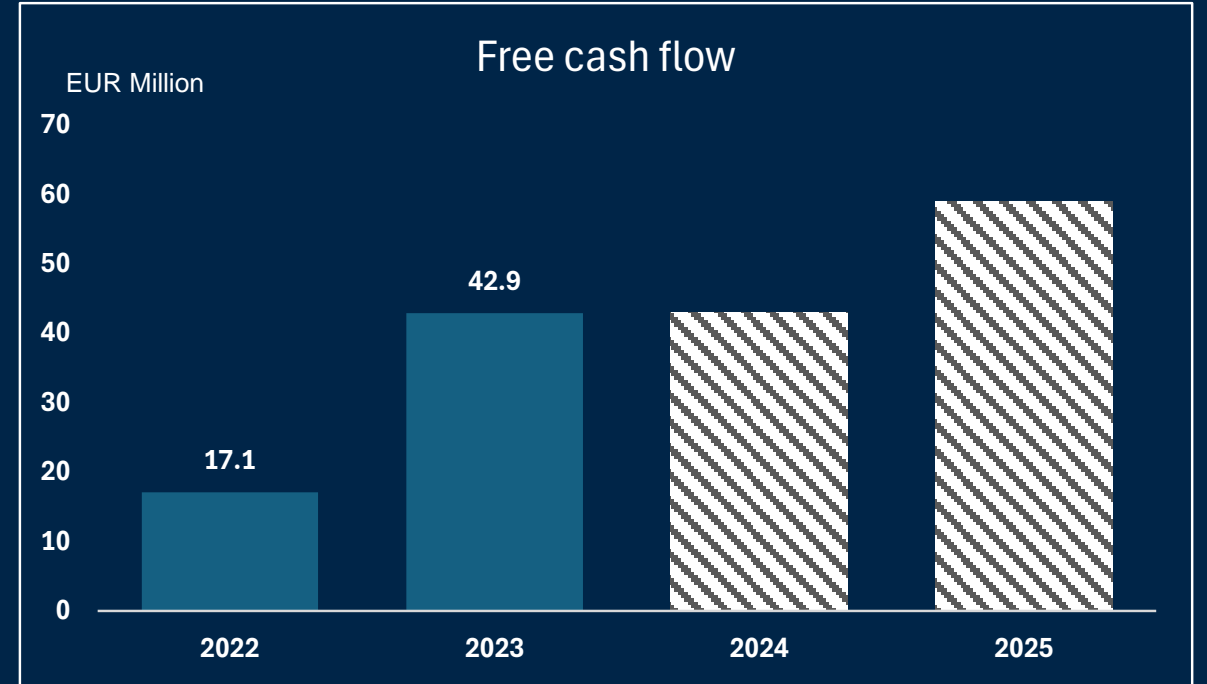
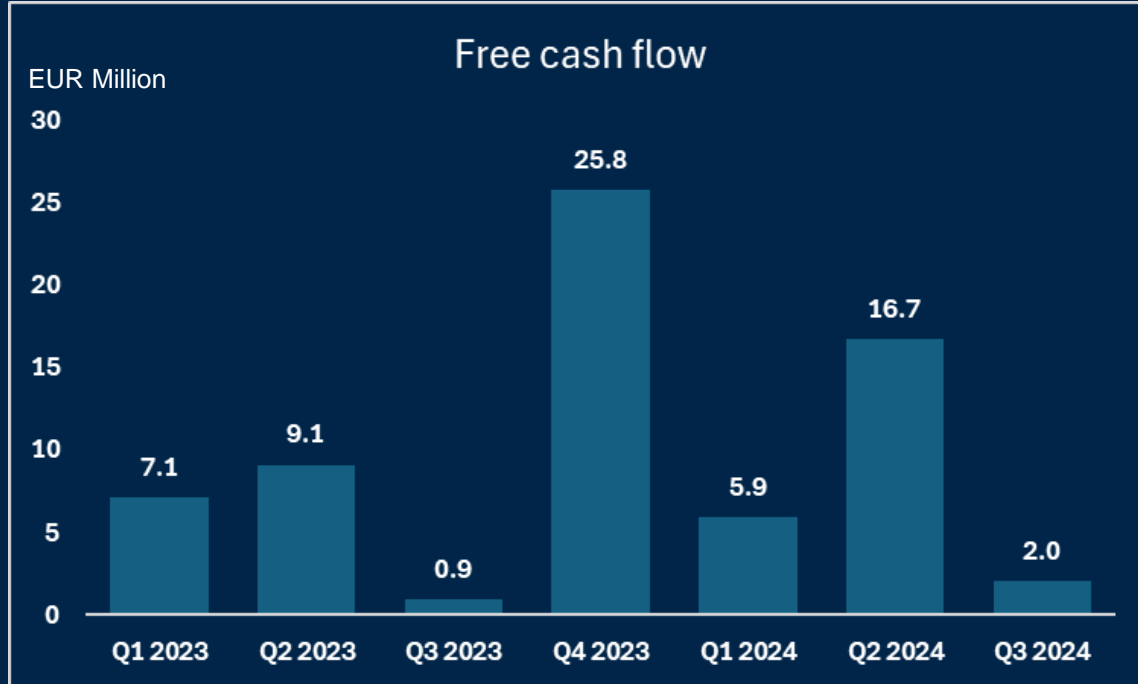
Investments

capabilities and efficiency

M & A

attractive and growing sectors

Free cash flow development and outlook



- 2025
- Improved profitability
 - Reduced Working capital
 - CAPEX at 1.5%

Outlook 2025

- Revenue expected between EUR 600 and 700 million, reflecting market risk and growth opportunities
- Operating profit (EBIT) expected between EUR 42 and EUR 63 million
- Midpoint equals EBIT margin of 8.1%
- Defence/Aerospace
 - Expected growth > 20% ~ 30 MEUR
- Connectivity
 - Expected growth > 10% ~ 15 MEUR
- Other sectors
 - Risk of decline ~ 5% , ~ 20 MEUR
- New customers
 - Expected to contribute about 10 % or 75 MEUR



2024 GUIDANCE

Revenue:

EUR 635M to 660M

EBIT:

EUR 44M to 50M

* Including one-off of 4.8MEUR in 2024-Q1



2025 GUIDANCE

Revenue:

EUR 600M to 700M

EBIT:

EUR 42M to 63M

Summary



Peter Nilsson
President & CEO

Key take-aways

- Strong growth on and Defence & Aerospace for 2025
- Other market sectors to recover over 2025 and beginning of 2026
- Over mid to long term Kitron's ambition is to achieve more than 10% organic growth each year from market sectors and product applications supported by strong megatrends
- Focus on capacity utilization and maximizing economies of scale ensuring competitiveness and profitability
- Balance sheet positioned for growth
- Strong focus on new customer acquisition and M&A
- Continue delivering superior performance to customers and shareholders



2025 GUIDANCE

Revenue:

EUR 600M to 700M

EBIT:

EUR 42M to 63M

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 %

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

Return on capital employed (ROCE)

$\text{EBIT} / (\text{Total assets} - \text{short term debt})$

Return on equity

$\text{Net Income} / \text{Equity}$

Direct Cost

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

Days of Inventory Outstanding

$360 / (\text{Annualised Direct Costs} / \text{Inventory})$

Days of Inventory Outstanding R3

$360 / ((\text{Last 3 months Direct Costs} * 4) / (\text{Last 3 months Inventory} / 3))$

Days of Receivables Outstanding

$360 / (\text{Annualised Revenue} / \text{Trade Receivables})$

Days of Receivables Outstanding R3

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

Days of Payables outstanding

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

Days of Payables Outstanding (R3)

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

Cash conversion cycle (CCC)

$\text{Days of inventory outstanding} + \text{Days of receivables outstanding} - \text{Days of payables outstanding}$

Cash conversion cycle (CCC) R3

$\text{Days of inventory outstanding (R3)} + \text{Days of receivables outstanding (R3)} - \text{Days of payables outstanding (R3)}$

Net Interest-bearing debt

$-\text{Cash and cash equivalents} + \text{Loans (Non-current liabilities)} + \text{Loans (Current liabilities)}$

Interest-bearing debt

$\text{Loans (Non-current liabilities)} + \text{Loans (Current liabilities)}$

Net gearing

$\text{Net Interest-bearing debt} / \text{Equity}$

Free Cash flow

$\text{Net Cash Flow from operating activities} - \text{Cash flows from acquisition of tangible fixed assets} - \text{Cash flows from acquisition of other intangible assets}$

Equity ratio

$\text{Total Equity} / \text{Total Assets}$

EPS

Earnings Per Share