



Kitron

Your ambition. Our passion.






First three quarters and Q3 results 2015

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Sixth consecutive quarter with improved profitability

- Double-digit revenue growth in spite of declining revenues in offshore/marine sector.
- Continued profitability improvement
 - EBIT Margin 5.6% (1.8%)
- Defence orders strengthen future position
- Increased operational cash flow

NOK mill.		Q3 2015 vs Q3 2014
Revenue 467,7		22,4 %
EBIT 26,3		283,0 %
Order backlog 915,7		13,5 %
Operating cash flow 32,7		435,5 %
Net working capital 540,8		10,8 %

Significantly improved profitability and cash flow

- Double-digit revenue growth in spite of declining revenues in offshore/marine sector.
- Earnings stabilized on higher level since fourth quarter 2014.
 - EBIT Margin 4.8% (1.2%)
- Significantly improved cash flow

NOK mill.		2015 vs 2014
Revenue 1427,3		11,9 %
EBIT 69,1		339,9 %
Order backlog 915,7		13,5 %
Operating cash flow 116,3		759,1 %
Net working capital 540,8		10,8 %

Important orders in the third quarter

- **Long-term agreement with Northrop Grumman Corporation**
 - Kitron Norway has signed a long-term agreement with Northrop Grumman Corporation to supply subassembly electronic modules for F-35 Lightning II aircraft avionics.
 - The agreement is effective through 30 June 2036 and includes rights for future extensions.
 - Production will take place at Kitron's site in Arendal.
- **Kongsberg Defence & Aerospace awards order to Kitron AS**
 - Kitron Norway has received an order from Kongsberg Defence & Aerospace AS for military communications equipment.
 - Kitron will supply various communications products.
 - The contract has a value of 56 million NOK for Kitron, for deliveries in 2016. Production at Kitron's plant in Arendal, Norway.

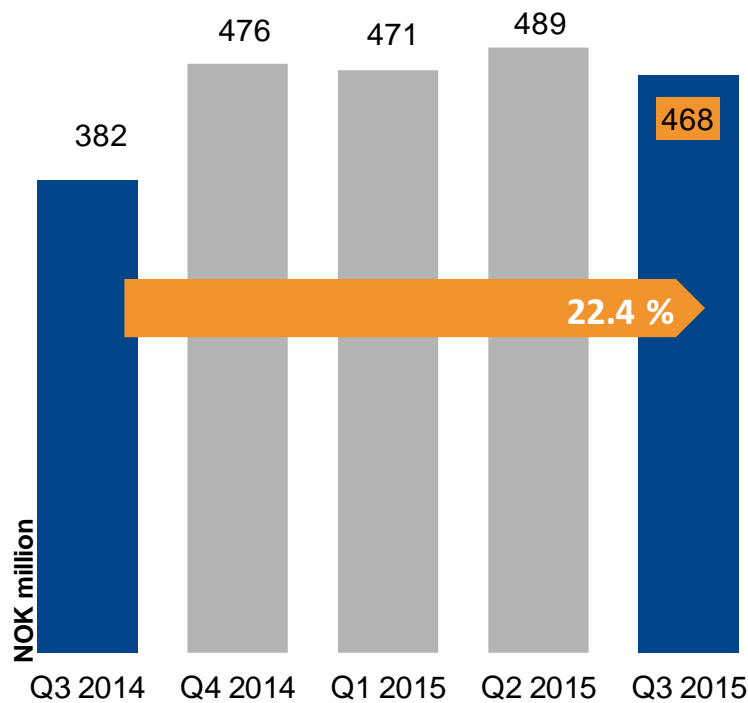
Important orders in the third quarter

- **Kitron Norway signs contract with leading supplier of medical equipment**
 - The agreement specifies that Kitron for specific products will be supplier for a period of approximately two years from 2016
 - In this period the expected turnover related to the contract is between NOK 100 million and NOK 120 million.
 - Production to take place at Kitron's plant in Arendal.
- **Rheinmetall AG, Germany signs agreement with Kitron**
 - The agreement is for delivery of electronics manufacturing services (EMS), including board assembling (PCBA), box build, test development and high-level assembly.
 - The contract has a value of 100 million NOK over a three-year period starting in fourth quarter of 2015.
 - Kitron's facilities in both Norway and Lithuania will contribute to the contract.

Financial statements **first three quarters and Q3 2015**

Revenue Q3:

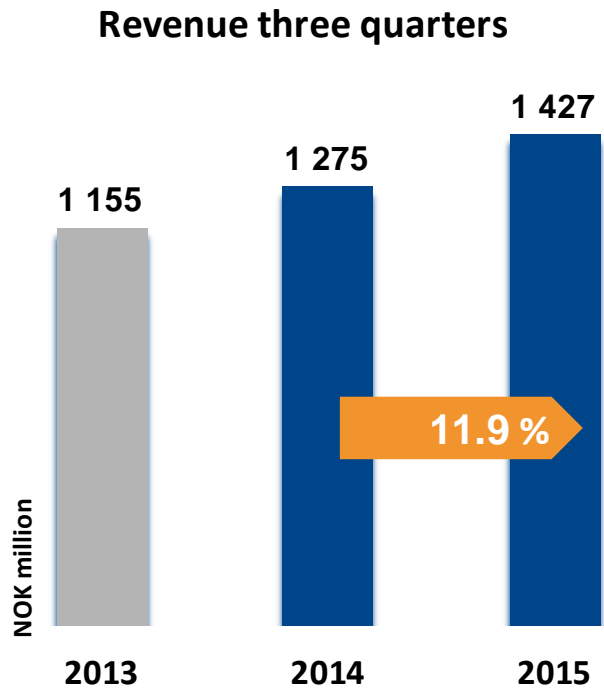
Defence/Aerospace, Energy/Telecoms and Medical growth offsets decline in Offshore/Marine



	Q3 2015 vs Q3 2014	Share of total revenue
Offshore/Marine	-60,4 %	3,5 %
Medical equipment	27,2 %	26,4 %
Defence/Aerospace	71,4 %	28,1 %
Energy/Telecoms	51,7 %	16,1 %
Industry	3,5 %	26,0 %









Revenue first three quarters:

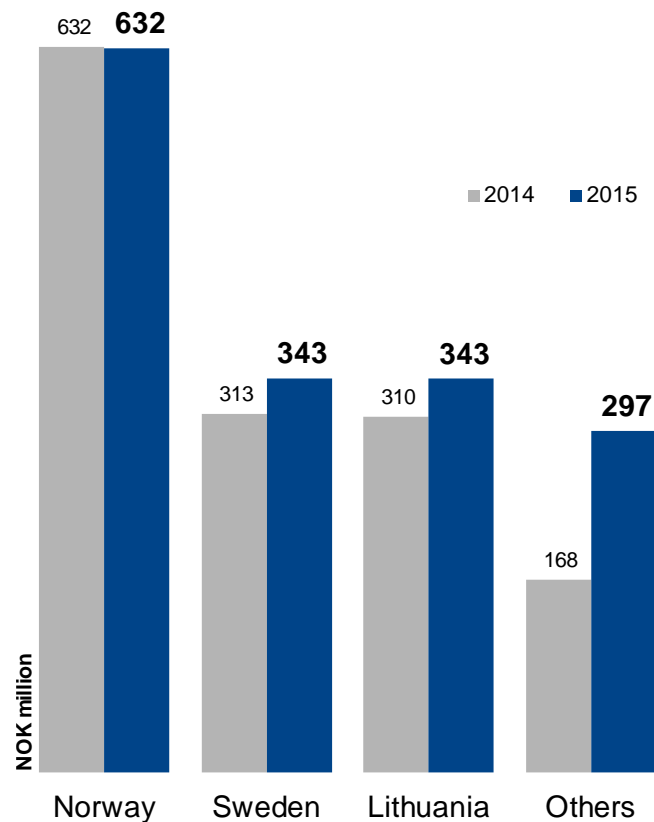
Strong growth in three out of five market sectors



	2015 vs 2014	Share of total revenue
Offshore/Marine	-48,2 %	7,0 %
Medical equipment	4,2 %	22,9 %
Defence/Aerospace	58,1 %	28,3 %
Energy/Telecoms	19,5 %	14,1 %
Industry	14,8 %	27,6 %

Growth in all sectors except from Offshore/Marine

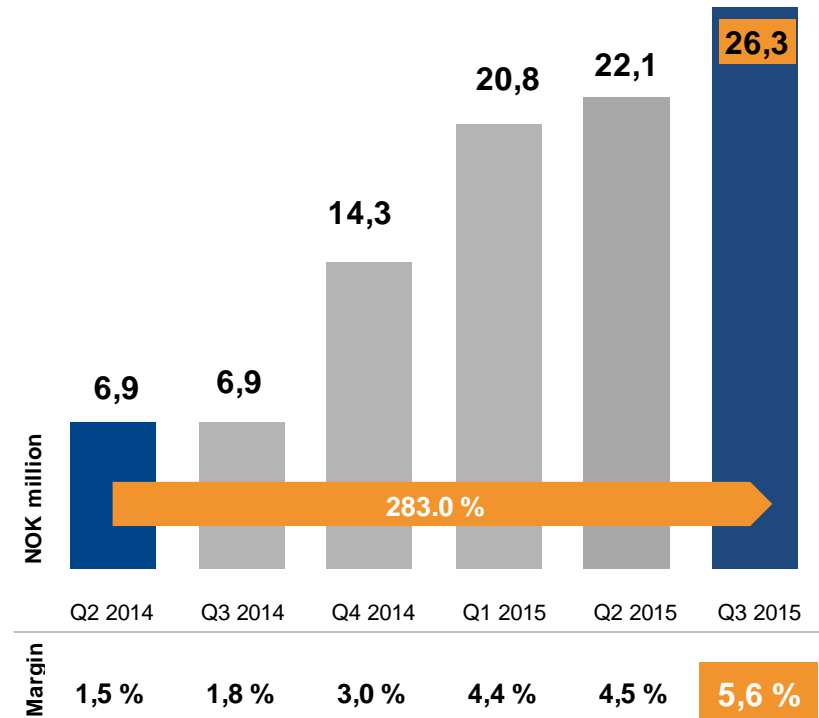
	2015 vs 2014	Share of total revenue
Norway	-0,1 % 	39,1 % 
Sweden	9,8 % 	21,3 % 
Lithuania	10,6 % 	21,2 % 
Others	77,1 % 	18,4 % 



* Before group entities and eliminations

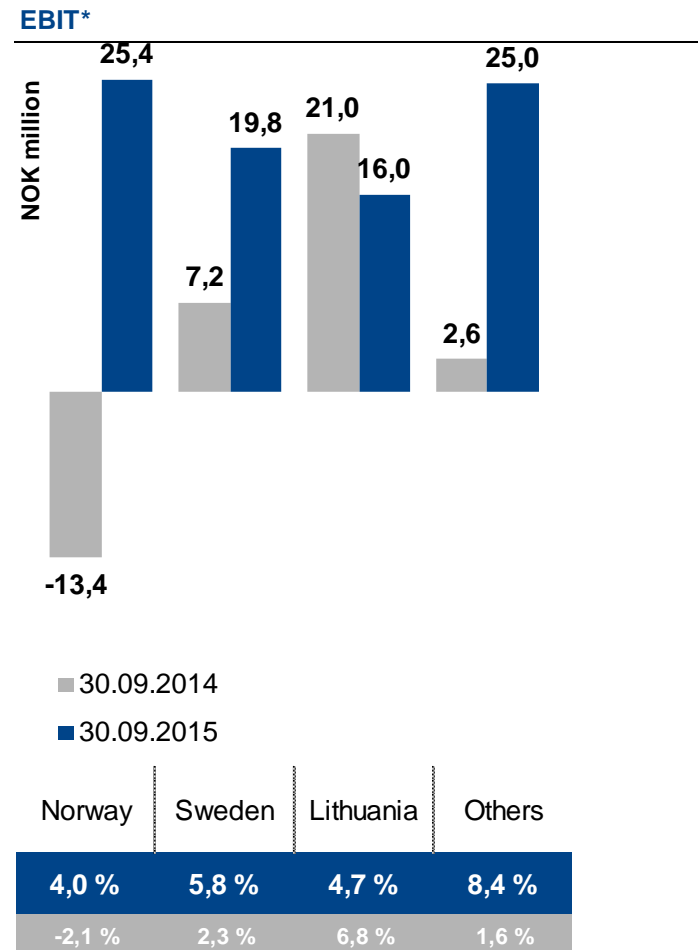
Sixth consecutive quarter of improved profitability

- Improvement in both nominal value as well as EBIT margin
- Stable sales quarter-on-quarter
- Strong contribution from service sales, both from development and engineering



Strong improvement

- **Norway**
 - Cost reduction actions continue to yield results
- **Sweden**
 - Significantly improved margins and revenue growth
- **Lithuania**
 - Reduction due to higher indirect cost and pressure on margins
- **Other**
 - China and US continue to contribute positively



* Before group entities and eliminations

Cash flow improvement

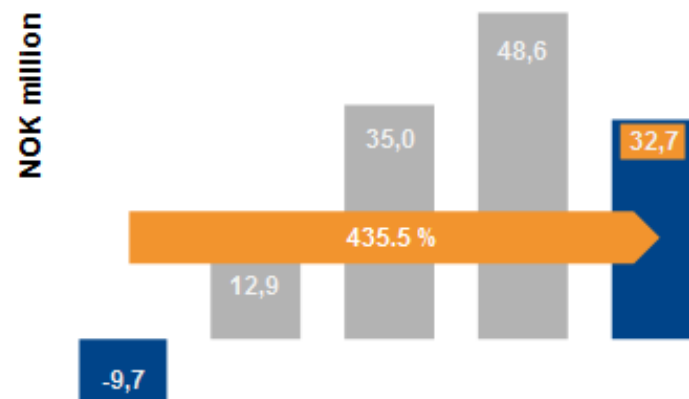
■ Cash flow

- Q3 Cash flow MNOK 32.7 (-9,7)
- YTD Cash flow MNOK 116 (-17.6)
- Improved profitability

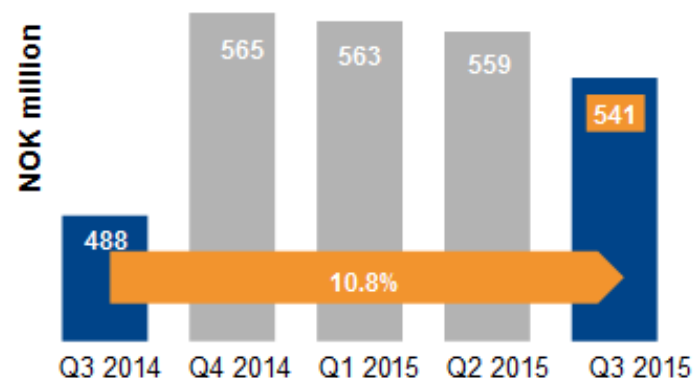
■ Working capital

- Downwards trend continues
- Cash conversion cycle 105 compared to 115 last year

Operating cash flow



Net working capital



Market development

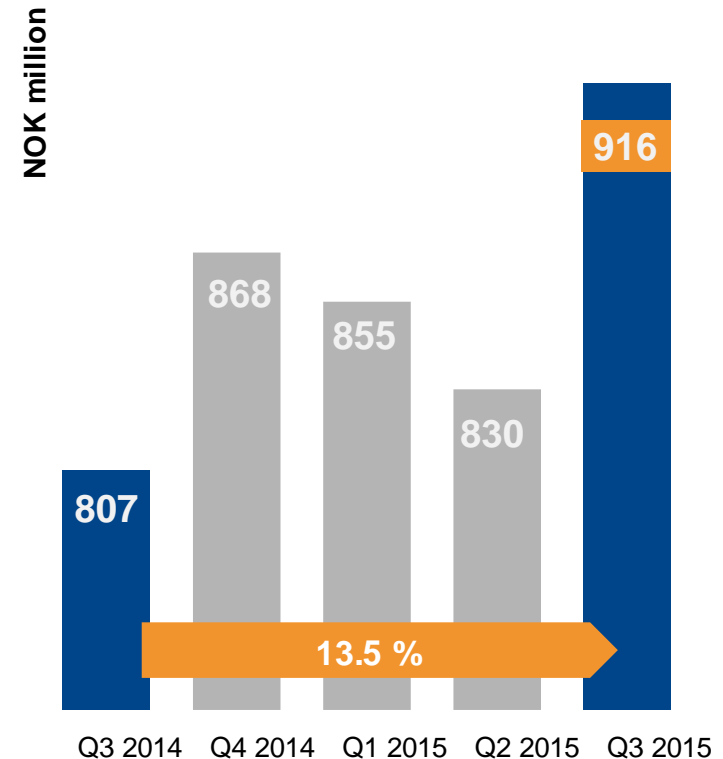
Order backlog:

Significant overall growth except from Offshore/Marine

Order Backlog MNOK

- 916 vs. 807 September last year (increase of 13.5%)
 - Defence: 392 +8% (361)
 - Medical: 178 +20% (148)
 - Industry: 223 +44% (154)
 - Telecom: 82 +42% (58)
 - Offshore: 41 -52% (86)

Order backlog



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

Outlook

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- For 2015, Kitron expects growth and a clear improvement in profitability.
- Growth is driven by increased demand in Defence sector for US and Norwegian markets, as well as increases in Energy/Telecoms and Industry.
- Offshore/Marine will have reduction due to oil service market in Norway.



Thank you!