

THIRD QUARTER REPORT 2018

Q3

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

Norway
Sweden
Lithuania
Germany
USA
China

The Kitron logo is prominently displayed in the lower half of the cover. It features a stylized 'K' symbol on the left, which is gold with a white outline. To the right of the 'K' is the word 'Kitron' in a bold, white, sans-serif font. The entire logo is set against a dark blue background that has a subtle, embossed pattern of a circuit board with various traces and components.

Kitron

Report third quarter 2018

Strong order growth, including oil and gas

- Strong order intake and backlog
- Q3 earnings per share NOK 0.12 (0.09)
- Inventory build-up to secure deliveries and future growth

Continued revenue growth

Kitron's revenue for the third quarter was NOK 563 million (NOK 535 million), an increase of 5 per cent compared to last year and the highest third quarter revenue ever.

Third quarter revenue growth compared to the same quarter last year was particularly strong in the Industry market sector. Medical devices also recorded solid growth. Marine/Offshore is now growing, albeit from a very low level. Defence/Aerospace declined. As previously reported, Defence/Aerospace will fluctuate, and growth is expected to resume in 2019. Excluding the Defence/Aerospace market sector, revenue growth in the third quarter was 18 per cent compared to last year.

Strong order intake and backlog

On a comparable level the backlog is NOK 1 279 million, which equals a growth of 27 per cent. Due to the IFRS 15 implementation, the booked order backlog ended at NOK 1 123 million.

As previously mentioned, there are early signs of increasing activity among customers in the oil and gas industry, and this has led to a substantial backlog increase in the Marine/Offshore market sector, although the absolute numbers are still low. In absolute numbers, order backlog growth was particularly strong in the Industry sector.

Orders received in the quarter were NOK 669 million (NOK 535 million), an increase of 25 per cent.

Improved earnings per share

Third quarter EBITDA* was NOK 42.7 million (NOK 42.6 million). Operating profit (EBIT)* for the third quarter ended at NOK 30.0 million (NOK 29.2 million). Some postponed production programs have negatively affected profitability in the quarter.

Profitability expressed as EBIT margin* was 5.3 per cent (5.5 per cent). Profit after tax was NOK 21,8 million (NOK 16.4 million), an increase of 33 per cent and corresponding to NOK 0.12 earnings per share (NOK 0.09).

Inventory build-up to secure deliveries and future growth

Net working capital* was NOK 605 million (NOK 448 million) an increase of 35 per cent compared to the same quarter last year. Return on operating capital (ROOC) R3* was 14.4 per cent compared to 16.3 per cent in the same quarter last year. Net working capital R3 as a percentage of revenue was 25.1 per cent, compared to 21.9 per cent last year. Cash conversion cycle (CCC) R3* was 94 days for the quarter. This is up from 80 days last year. Operating cash flow was negative NOK 41.0 million (positive NOK 22.4 million) for the quarter.

The increase in working capital is partly related to postponed production programs and partly to a deliberate and temporary inventory build-up to avoid supply disruptions in the face of previously reported electronic components shortages. Component shortages have been an ongoing issue for the Electronics Manufacturing Services business since last year. The situation has not improved, and it is expected to be challenging throughout the year and into 2019. The component shortages negatively impact production flexibility and make planning challenging. Kitron works closely with its customers to alleviate the situation and its timely and systematic approach combined with its preferred partner program has prevented serious supply disruptions.

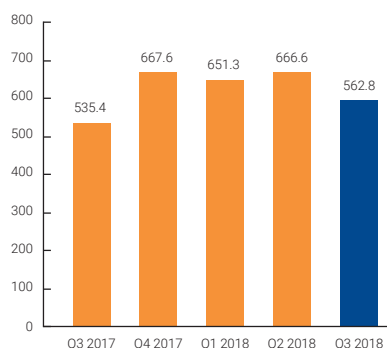
Expansion in Poland

In July, Kitron announced plans to expand its Eastern European presence through a facility in northern Poland. Production at the 8,000 square meter facility is now scheduled to begin in the fourth quarter 2019.

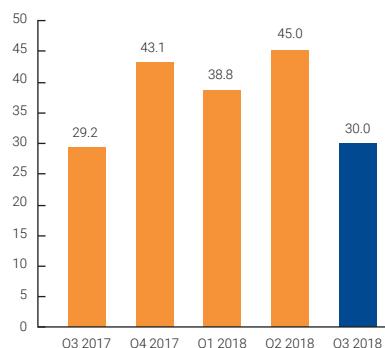
Key figures

NOK million	Q3 2018	Q3 2017	Change	30.09.2018	30.09.2017	Change	31.12.2017
Revenue	562.8	535.4	27.4	1 880.7	1 769.2	111.5	2 436.7
EBIT	30.0	29.2	0.8	113.8	105.6	8.3	148.7
Order backlog	1 122.0	1 008.0	113.9	1 122.0	1 008.0	113.9	1 306.4
Operating cash flow	(41.0)	22.4	(63.4)	(17.8)	70.0	(87.8)	160.8
Net working capital	605.0	448.4	156.7	605.0	448.4	156.7	486.4

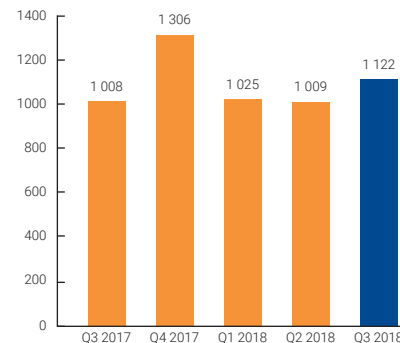
REVENUE Group NOK million



EBIT Group NOK million



ORDER BACKLOG Group NOK million



Key figures

Revenue from customers in the Swedish market represented a 50.6 per cent share of the total revenue during the third quarter (50.6 per cent). The Norwegian market represented 19.1 per cent of Kitron's total revenue in the third quarter (20.3 per cent).

Variable contribution

The variable contribution*, defined as revenue minus cost of materials and direct payroll expenses, increased slightly from the same period last year.

Profit

Kitron's operating profit (EBIT) in the third quarter was NOK 30.0 million, which was an increase of NOK 0.8 million compared with the same period last year.

Profit before tax in the third quarter of 2018 was NOK 27.5 million, which was an increase of NOK 6.9 million compared to the same period last year.

The company's total payroll expenses in the third quarter were NOK 12.5 million higher than in the corresponding period in 2017. The relative payroll costs ended at 19.0 per cent, up from 17.6 per cent of revenue in the third quarter last year. Other operating costs were 6.2 per cent of revenue in the third quarter of 2018 (5.5 per cent).

During the quarter, net financial items amounted to a net cost of NOK 2.5 million. The corresponding figure for third quarter last year was a net cost of NOK 8.6 million. The main reason for the change was currency effects on intra-group financial loans. Intra-group financial loans to subsidiaries in foreign currencies as of 30 September 2018 that are affecting net financial income total USD 5.2 million and EUR 1.9 million.

Balance sheet

Kitron's gross balance sheet as of 30 September 2018 amounted to NOK 1 590.8 million, compared to NOK 1 398.5 million at the same time in 2017. Equity was NOK 641.7 million (NOK 624.1 million), corresponding to an equity ratio of 40.3 per cent (44.6 per cent). Net gearing* of the company was 0.50 (0.27).

Inventory was NOK 391.7 million as of 30 September 2018 (NOK 436.3 million). NOK 147.7 million of the reduction from the

corresponding period last year was due to the implementation of IFRS 15. Inventory turns* was 3.3 in the third quarter 2018, which is a decrease compared to third quarter last year (4.0).

Accounts receivables amounted to NOK 539.1 million at the end of the third quarter of 2018. The corresponding amount at the same time in 2017 was NOK 426.6 million.

The implementation of IFRS 15 from 1 January 2018 resulted in a new balance sheet line item "Contract assets". Contract assets was NOK 156.6 million as of 30 September 2018.

The group's reported net interest-bearing debt* amounted to NOK 373.7 million as of 30 September 2018. Net interest-bearing debt at the end of the third quarter 2017 was NOK 281.5 million. Net interest-bearing debt/EBITDA is 1.5 for the 12 months rolling compared to 0.9 at the same time last year.

Cash flow from operating activities for the third quarter of 2018 was NOK -41.0 million (NOK 22.4 million).

Organisation

The Kitron workforce corresponded to 1 560 full-time employees (FTE) on 30 September 2018. This is an increase of 123 FTE since the third quarter of 2017. There is a decrease of 22 FTE related to the operations in Norway, a decrease of 1 FTE in Sweden and an increase of the workforce in Lithuania and China of 104 FTE and 42 FTE respectively. The number of FTE in low-cost regions now accounts for 68 per cent of the total.

Market

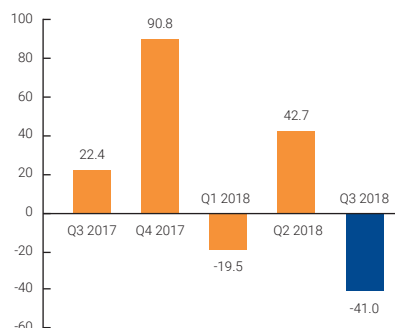
Order intake in the quarter was NOK 668.8 million, which is 24.9 per cent higher than for the third quarter 2017. The order backlog ended at NOK 1 122.0 million, which is 11.3 per cent higher than the same period last year.

Four-quarter moving average order intake was up from NOK 659.8 million at the beginning of the third quarter to NOK 693.1 million at the end of the quarter. Kitron's order backlog includes four months customer forecast plus all firm orders for later delivery.

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

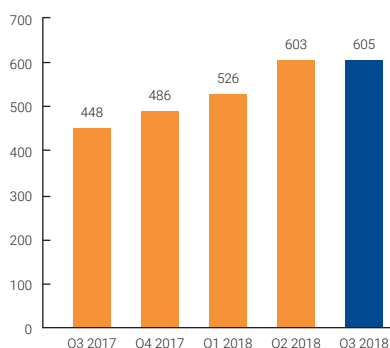
OPERATING CASH FLOW Group

NOK million



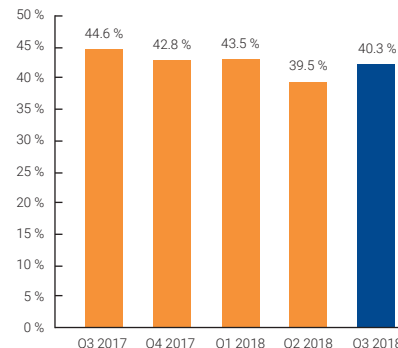
NET WORKING CAPITAL Group

NOK million



EQUITY RATIO Group

Per cent



Revenue business entities

NOK million	Q3 2018	Q3 2017	Change	30.09.2018	30.09.2017	Change	31.12.2017
Norway	141.4	150.1	(8.7)	478.9	546.1	(67.2)	737.6
Sweden	147.7	157.3	(9.6)	478.4	514.3	(35.8)	707.6
Lithuania	201.3	174.3	26.9	718.1	596.1	122.1	818.3
Others	112.2	104.0	8.2	326.6	288.4	38.2	394.8
Group and eliminations	(39.7)	(50.3)	10.6	(121.3)	(175.7)	54.3	(221.7)
Total group	562.8	535.4	27.4	1 880.7	1 769.2	111.5	2 436.7

EBIT business entities

NOK million	Q3 2018	Q3 2017	Change	30.09.2018	30.09.2017	Change	31.12.2017
Norway	5.2	1.9	3.4	21.0	21.9	(0.9)	31.7
Sweden	8.2	6.9	1.3	23.1	19.7	3.4	26.7
Lithuania	10.2	10.3	(0.2)	59.1	47.4	11.7	69.1
Others	7.5	9.4	(1.9)	21.7	25.5	(3.8)	38.8
Group and eliminations	(1.1)	0.7	(1.8)	(11.1)	(8.9)	(2.2)	(17.6)
Total group	30.0	29.2	0.8	113.8	105.6	8.3	148.7

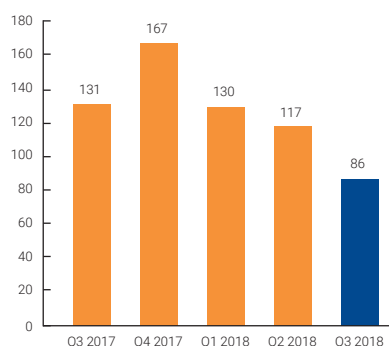
Revenue geographic markets

NOK million	Q3 2018	Q3 2017	Change	30.09.2018	30.09.2017	Change	31.12.2017
Norway	107.6	108.6	(1.0)	334.0	398.3	(64.3)	529.5
Sweden	284.5	271.1	13.4	860.5	842.0	18.5	1 171.3
Rest of Europe	115.2	67.2	47.9	458.6	279.0	179.6	390.9
USA/Canada	38.2	70.6	(32.4)	169.5	193.1	(23.6)	273.2
Others	17.3	17.8	(0.5)	58.1	56.7	1.3	71.8
Total group	562.8	535.4	27.4	1 880.7	1 769.2	111.5	2 436.7

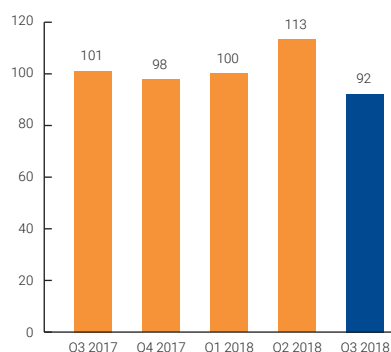
Full time employees

	30.09.2018	31.09.2017	Change	31.12.2017
Norway	312	335	(22)	270
Sweden	184	185	(1)	180
Lithuania	820	716	104	798
Other	244	202	42	203
Total group	1 560	1 437	123	1 451

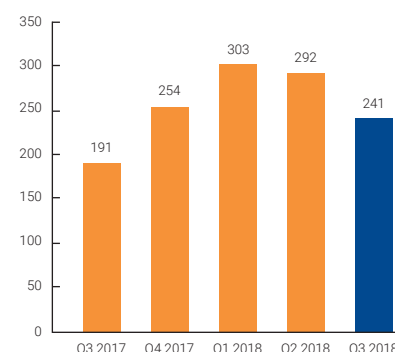
REVENUE Defence/Aerospace NOK million



REVENUE Energy/Telecoms NOK million



REVENUE Industry NOK million



Defence/Aerospace

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

The Defence/Aerospace sector revenue decreased by 34.1 per cent compared to last year. The order backlog at NOK 382.2 million increased by NOK 22.9 million during the quarter. Compared to last year, the order backlog increased by NOK 35.0 million (10.1 per cent).

The high level of activity in the defence sector continues, driven by roll-out of military communications equipment in Norway and supported by increased 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 larger fluctuations in order backlog, as these customers tend to place longer orders than normal in the defence sector.

Energy/Telecoms

Within the Energy/Telecoms sector Kitron offers clients particular expertise in manufacturing products such as transmission systems, high frequency microwave modules, radio frequency (RF) and remote measurement of electrical metering.

The Energy/Telecoms sector revenue decreased by 8.9 per cent compared to last year. The order backlog is NOK 153.3 million, an increase of NOK 42.6 million compared to the second quarter in 2018, and NOK 31.8 million higher than the order backlog a year ago.

Kitron has reclassified customers as belonging to the Energy/Telecoms market sector instead of Industry. Market sector figures for 2017 have been restated to be comparable.

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.

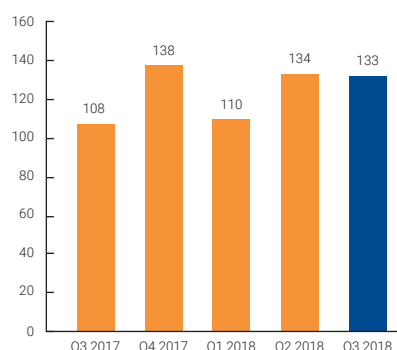
Revenue market sectors

NOK million	Q3 2018	Q3 2017	Change	30.09.2018	30.09.2017	Change	31.12.2017
Defence/Aerospace	86.3	130.9	(44.6)	333.5	486.8	(153.3)	654.3
Energy/Telecoms	91.6	100.5	(9.0)	303.9	306.8	(2.9)	404.5
Industry	241.3	191.4	49.8	836.3	637.3	199.0	890.8
Medical devices	133.1	108.4	24.7	377.4	317.3	60.1	455.2
Offshore/Marine	10.6	4.2	6.4	29.6	21.0	8.6	32.0
Total group	562.8	535.4	27.4	1 880.7	1 769.2	111.5	2 436.7

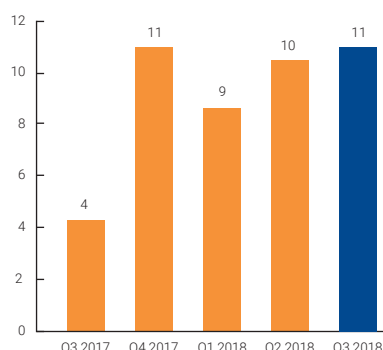
Order Backlog market sectors

NOK million	30.09.2018	30.09.2017	Change	31.12.2017
Defence/Aerospace	382.2	347.2	35.0	504.3
Energy/Telecoms	153.3	121.5	31.8	167.8
Industry	394.8	341.3	53.5	455.6
Medical devices	152.6	181.9	(29.3)	157.7
Offshore/Marine	39.0	16.0	23.0	21.0
Total group	1 122.0	1 008.0	113.9	1 306.4

REVENUE Medical devices NOK million



REVENUE Offshore/Marine NOK million



The industry sector showed a revenue increase of 26.1 per cent compared to the third quarter last year, and a decrease of 17.2 per cent from the second quarter of 2018. The order backlog increased by NOK 53.5 million (15.7 per cent) compared to the same period last year and increased by NOK 30.2 million from the preceding quarter (8.3 per cent).

The industry sector continues to grow, primarily in Lithuania. Order backlog is affected by seasonality.

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).

Revenue in the Medical device sector increased by 22.8 per cent compared to the same period last year. The order backlog is NOK 152.6 million, a decrease of NOK 29.3 million from the same period last year, and up NOK 5.0 million (3.4 per cent) compared to the preceding quarter.

Offshore/Marine

Kitron divides the Offshore/Marine sector into three main areas; subsea production systems, oil and gas exploration equipment

and navigation, positioning, automation and control systems for the marine sector.

The Offshore/Marine sector revenue was NOK 10.6 million in third quarter, compared to NOK 4.2 million in the same period last year. The order backlog is NOK 39.0 million, an increase of NOK 12.2 million compared to the preceding quarter and NOK 23.0 million higher than the same quarter last year. There are indications that the market bottomed out in 2017.

Outlook

For 2018, Kitron expects revenue to grow to between NOK 2 500 and 2 700 million. EBIT margin is expected to be between 6.1 and 6.5 per cent. Growth is primarily driven by customers in the Industry and Energy sectors. Profitability is driven by cost reduction activities and improved efficiency.

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

Oslo, 18 October 2018, Board of directors, Kitron ASA

Condensed profit and loss statement

NOK 1 000	Q3 2018	Q3 2017	30.09.2018	30.09.2017	31.12.2017
Revenue	562 796	535 415	1 880 693	1 769 155	2 436 729
Cost of materials	379 569	367 100	1 264 707	1 177 521	1 620 014
Payroll expenses	106 918	94 463	357 739	348 849	480 751
Other operational expenses	34 793	29 631	102 425	97 203	133 957
Other gains / (losses)	1 133	(1 667)	(1 475)	(1 293)	(861)
Operating profit before depreciation and impairments (EBITDA)	42 650	42 554	154 347	144 290	201 146
Depreciation	12 642	13 337	40 534	38 734	52 464
Operating profit (EBIT)	30 007	29 217	113 813	105 556	148 683
Net financial items	(2 545)	(8 620)	(12 156)	(17 766)	(16 183)
Profit (loss) before tax	27 463	20 597	101 657	87 789	132 499
Tax	5 642	4 241	19 103	18 405	33 502
Profit (loss) for the period	21 821	16 356	82 555	69 384	98 997
Earnings per share-basic	0.12	0.09	0.47	0.40	0.57
Earnings per share-diluted	0.12	0.09	0.46	0.39	0.57

Condensed balance sheet

NOK 1 000	30.09.2018	30.09.2017	31.12.2017
ASSETS			
Goodwill	26 786	26 786	26 786
Other intangible assets	13 891	12 118	10 773
Tangible fixed assets	254 936	241 461	277 869
Deferred tax assets	52 966	62 920	58 024
Total non-current assets	348 580	343 285	373 451
Inventory	391 695	436 285	398 901
Accounts receivable	539 093	426 598	516 251
Contract assets	156 635	-	-
Other receivables	101 185	80 623	83 372
Cash and cash equivalents	53 567	111 728	176 725
Total current assets	1 242 176	1 055 233	1 175 248
Total assets	1 590 756	1 398 518	1 548 699
LIABILITIES AND EQUITY			
Equity	641 723	624 071	663 565
Total equity	641 723	624 071	663 565
Deferred tax liabilities	4 209	977	3 417
Loans	68 928	73 203	76 434
Pension commitments	6 205	6 343	6 205
Total non-current liabilities	79 341	80 523	86 056
Accounts payable	482 384	414 528	428 801
Other payables	71 239	62 581	86 282
Tax payable	11 252	8 504	8 515
Loans	304 816	208 311	275 481
Total current liabilities	869 691	693 924	799 079
Total liabilities and equity	1 590 756	1 398 518	1 548 699

Condensed cash flow statement

NOK 1 000	Q3 2018	Q3 2017	30.09.2018	30.09.2017	31.12.2017
Profit before tax	27 463	20 597	101 657	87 789	132 499
Depreciations	12 642	13 337	40 534	38 734	52 464
Change in inventory, accounts receivable, contract assets and accounts payable	(2 301)	116 993	(118 690)	63 840	25 845
Change in net other current assets and other operating related items	(68 377)	(60 058)	(44 806)	(53 204)	(29 808)
Change in factoring debt	(10 451)	(68 478)	3 461	(67 171)	(20 200)
Net cash flow from operating activities	(41 024)	22 391	(17 842)	69 989	160 800
Net cash flow from investing activities	(13 242)	(11 203)	(29 160)	(38 704)	(35 150)
Net cash flow from financing activities	(6 847)	11 313	(120 023)	(43 787)	(70 294)
Change in cash and bank credit	(61 113)	22 501	(167 026)	(12 502)	55 357
Cash and bank credit opening balance	3 242	19 011	108 738	53 523	53 523
Currency conversion of cash and bank credit	1 878	544	2 296	1 034	(142)
Cash and bank credit closing balance	(55 992)	42 055	(55 992)	42 055	108 738

Consolidated statement of comprehensive income

NOK 1 000	Q3 2018	Q3 2017	30.09.2018	30.09.2017	31.12.2017
Profit (loss) for the period	21 821	16 356	82 555	69 384	98 997
Actuarial gain / losses pensions	-	-	-	-	(176)
Gain / losses forward contract	-	-	-	-	420
Exchange differences on translation of foreign operations	(189)	-	(559)	-	(1 870)
Currency translation differences	(3 254)	(2 360)	(18 014)	11 442	22 195
Total comprehensive income for the period	18 378	13 996	63 982	80 826	119 566
Allocated to shareholders	18 378	13 996	63 982	80 826	119 566

Changes in equity

NOK 1 000	30.09.2018	30.09.2017	31.12.2017
Equity opening balance	663 565	584 799	584 799
Profit (loss) for the period	82 555	69 384	98 997
Paid dividends	(96 906)	(44 048)	(44 048)
Effect from options	5 722	2 493	3 247
Implementation IFRS15	5 361	-	-
Other comprehensive income for the period	(18 573)	11 442	20 569
Equity closing balance	641 723	624 071	663 565

Notes to the financial statements

Note 1 – General information and principles

The condensed consolidated financial statements for the third quarter of 2018 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 2017, except for principles for revenue recognition. Information about accounting principles, implementation effects and method for implementation for revenue recognition is stated in note 30 to the consolidated financial statements for 2017. 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 2017, which were prepared in accordance with the Norwegian Accounting Act and IFRS, as adopted by the EU.

The consolidated financial statements for 2017 are available upon request from the company and at 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 2017.

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.

There has been no change of impact or material incidents in 2018.

Note 4 – Other gains and losses

Other gains and losses consist of net currency gains and losses

Note 5 – Implementation of IFRS 15 "Revenue from Contracts with Customers"

The Kitron group implemented new IFRS 15 "Revenue from Contracts with Customers" from 1 January 2018. Information about accounting principles, implementation effects and method for implementation for revenue recognition is stated in note 30 to the consolidated financial statements for 2017.

The tables below show impact from IFRS 15 on condensed profit and loss statement for third quarter 2018, on condensed balance sheet and order backlog per 30 September 2018.

Condensed profit and loss statement

	Old principles Q3 2018	Effects from IFRS 15	New principles Q3 2018	Old principles 30.09.2018	Effects from IFRS 15	New principles 30.09.2018
NOK 1 000						
Revenue	537 887	24 909	562 796	1 843 888	36 805	1 880 693
Cost of materials	361 573	17 996	379 569	1 238 401	26 306	1 264 707
Payroll expenses	105 182	1 736	106 918	354 630	3 109	357 739
Other operational expenses	31 361	3 432	34 793	97 575	4 850	102 425
Other gains / (losses)	1 133	-	1 133	(1 475)	-	(1 475)
Operating profit before depreciation and impairments (EBITDA)	40 904	1 745	42 650	151 807	2 540	154 347
Depreciation	12 642	-	12 642	40 534	-	40 534
Operating profit (EBIT)	28 262	1 745	30 007	111 273	2 540	113 813
Net financial items	(2 545)	-	(2 545)	(12 156)	-	(12 156)
Profit (loss) before tax	25 717	1 745	27 463	99 117	2 540	101 657
Tax	5 330	311	5 642	18 626	477	19 103
Profit (loss) for the period	20 387	1 434	21 821	80 492	2 063	82 555
Earnings per share-basic	0.12		0.12	0.46		0.47
Earnings per share-diluted	0.11		0.12	0.44		0.46

Condensed balance sheet

	Old principles 30.09.2018	Effects from IFRS 15*	New principles 30.09.2018
NOK 1 000			
ASSETS			
Goodwill	26 786	-	26 786
Other intangible assets	13 891	-	13 891
Tangible fixed assets	254 936	-	254 936
Deferred tax assets	54 739	(1 772)	52 966
Total non-current assets	350 352	(1 772)	348 580
Inventory	539 403	(147 707)	391 695
Accounts receivable	539 093	-	539 093
Contract assets	-	156 635	156 635
Other receivables	101 185	-	101 185
Cash and cash equivalents	53 567	-	53 567
Total current assets	1 233 248	8 928	1 242 176
Total assets	1 583 601	7 155	1 590 756
LIABILITIES AND EQUITY			
Equity	634 568	7 155	641 723
Total equity	634 568	7 155	641 723
Deferred tax liabilities	4 209	-	4 209
Loans	68 928	-	68 928
Pension commitments	6 205	-	6 205
Total non-current liabilities	79 341	-	79 341
Accounts payable	482 384	-	482 384
Other payables	71 239	-	71 239
Tax payable	11 252	-	11 252
Loans	304 816	-	304 816
Total current liabilities	869 691	-	869 691
Total liabilities and equity	1 583 601	7 155	1 590 756

* The effect from IFRS 15 presented in this column is the implementation effects presented in note 30 to the consolidated financial statements for 2017 in addition to the effects for the first three quarters of 2018.

Order backlog market sectors

NOK million	Old principles 30.09.2018	Effects from IFRS 15	New principles 30.09.2018
Defence/Aerospace	421.7	(39.5)	382.2
Energy/Telecoms	175.3	(22.1)	153.3
Industry	459.4	(64.6)	394.8
Medical devices	180.4	(27.8)	152.6
Offshore/Marine	41.7	(2.7)	39.0
Total group	1 278.6	(156.6)	1 122.0

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 + Contract assets + Accounts Receivables – 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 %

(Last 3 months Operating profit (EBIT))*4 / (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/ (Annualised Direct Costs/(Inventory + Contract assets))

Days of Inventory Outstanding R3

360/ ((Last 3 months Direct Costs *4) / (Last 3 months Inventory and Contract assets/3))

Days of Receivables Outstanding

360/ (Annualised Revenue/Trade Receivables)

Days of Receivables Outstanding R3

360/ ((Last 3 months Revenue*4)/(Last 3 months Trade Receivables/3))

Days of Payables outstanding

360/ ((Annualised Cost of Material + Annualised other operational expenses) / Trade Payables)

Days of Payables Outstanding (R3)

360/ (((Last 3 months (Cost of Material + other operational expenses)*4) / (Last 3 months Trade Payables)/3))

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

Annualised direct costs / (Inventory + Contract assets)

Variable contribution

Revenue - Direct cost

Net gearing

Net interest-bearing debt / Equity



Kitron is an international Electronics Manufacturing Services company. The company has manufacturing facilities in Norway, Sweden, Lithuania, China and the US and has about 1 450 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.