



Kitron

Your ambition. Our passion.

Full year and Q4 results 2019

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Peter Nilsson, Kitron's CEO comments

- Strong revenue growth increasing 20 % in Q4 and 26% year to date with particularly strong growth within Defence/Aerospace and Offshore/Marine market sectors.
- Year to date EBIT margin at 6.1% with margin improvements in Norway and Sweden
- Strong order backlog, with strong contribution from the Defence/Aerospace and Offshore/Marine sectors
- Working capital ratios trending down
- Kitron China running at 30 % capacity due to Corona virus outbreak.
- Kitron U.S. rebuild of flooded factory nearing end stages
- Kitron Poland running at planned capacity and margins
- Proposed dividend at 0.50 per share
- Kitron will have a Markets Presentation 18 March (webcast).






Strong development continues

- **Revenue**
 - Continued strong growth 20.3 %
 - Organic growth 8 %

- **Operating Margin/EBIT**
 - Operating margin at 6.1% (5.7%)

- **EPS** 0.19 (0.16) NOK
- **Cash flow** 97,2 (-26,7) MNOK

- **Order Backlog**
 - Organic growth 29,4%

NOK Million		Q4 2019 vs Q4 2018
Revenue		20,3 %
888,8		
EBIT		28,3 %
54,2		
Order Backlog		41,1 %
1 883,9		
Operating cash flow		463,1 %
97,2		
Net working capital		20,9 %
941,8		

Strong development continues

■ Revenue

- Continued strong growth 26 %
- Organic growth 16 %

■ Operating Margin/EBIT






- Operating margin at 6.1% (6.0%)

■ EPS 0.74 (0.63) NOK

■ Cash flow 195,2 (-44,5) MNOK

■ Order Backlog growth

- Organic growth 29,4%

NOK Million		2019 vs 2018
Revenue		26,0 %
3 299,4		
EBIT		29,1 %
201,5		
Order Backlog		41,1 %
1 883,9		
Operating cash flow		542,1 %
195,2		
Net working capital		20,9 %
941,8		

Important agreements in the fourth quarter

KONGSBERG awarded orders to Kitron

- In October, Kitron received orders for communication equipment in K-TaCS and Nasams air defence systems supplied by KONGSBERG with a potential value approximately NOK 90 million.
- Deliveries will start in 2020 and continue into 2021.
- Production will take place at Kitron's plant in Arendal, Norway.

KONGSBERG awarded orders to Kitron

- In November, Kitron received orders with a value of more than NOK 80 million under a long-term manufacturing agreement with Kongsberg Defence & Aerospace announced 26 October 2018
- The orders are for production of electronics that are part of KONGSBERG 's weapon control system, Remote Weapon Station (RWS) for international defense projects.
- Production will take place at Kitron's plant in Norway, with startup of production in 2020.

Important agreements in the fourth quarter

Kitron awarded Energy orders

- In December, Kitron received orders with a value of more than NOK 75 million for development of test systems and production of electronics modules that are part of control systems for high-voltage direct current (HVDC) technology used for offshore wind power.
- Deliveries are planned for 2020 with startup in the second quarter.
- Production will take place at Kitron's plant in Arendal, Norway.

Corona Virus effects in China

Overall – we do not expect any material effects for Kitron based on current information

Facility in China

- Kitron facility in China is located in coastal city of Ningbo, some 900 kilometers from the inland city of Wuhan.
- The facility is opened and running at 30% of the capacity
- Expect a gradual increase of capacity going forward as
 - Employees are released from quarantine
 - Suppliers/transport/customs open up their facilities/trade in a similar manner
 - Kitron China revenue is approximately 10% of the Group revenue

Other Kitron sites

- Most Kitron tier 1 suppliers up and running
- Mainly PCBs and mechanics
- Rescheduling and resourcing to limit any effects

Kitron Technologies

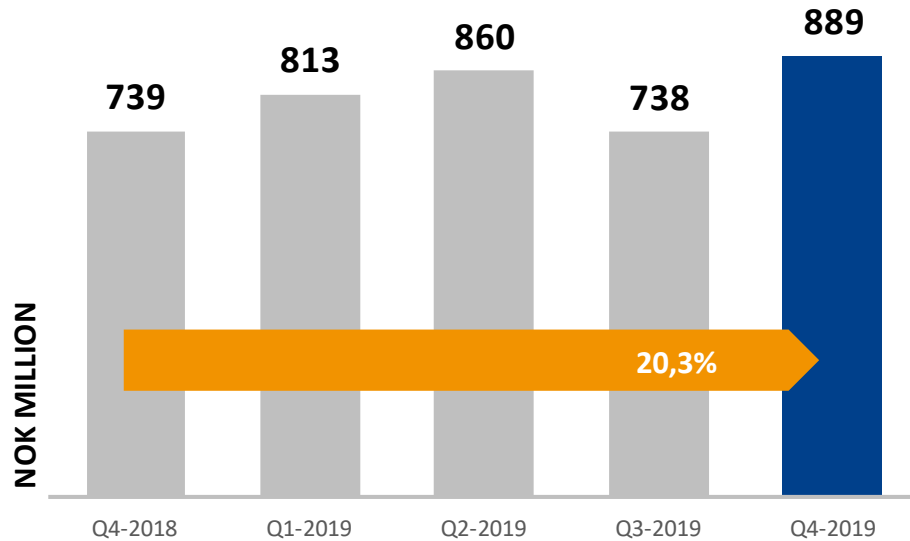
- The facility of Kitron Technologies in Windber, Pennsylvania, was damaged by flooding in July
- Production has been running from a temporary site since then
- Salvage completed and restoration of site nearing end
- Current status Insurance Indemnification updated in Q4, losses and costs also booked
- Relocation to restored site planned within Q2

Kitron Poland

- Kitron's new factory in Grudziądz, Poland, started production Q4
- Production currently running with two fully automated SMT lines
- Made break even in December 2019
- Currently at planned capacity and margins

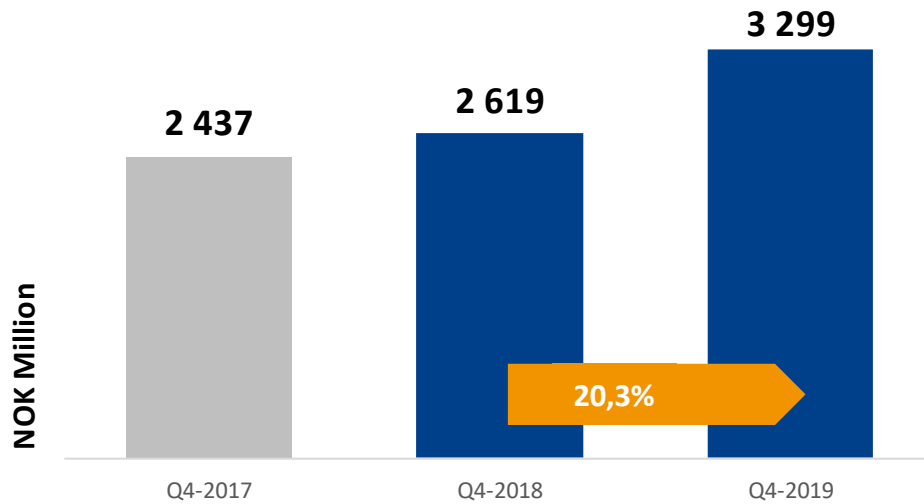
Financial statements **Full year and Q4 2019**

Strong revenue growth in Defence/Aerospace and Offshore/marine













	Q4 2019 vs Q4 2018	Share of total revenue
Industry	-10,6 %	35,5 %
Defence/Aerospace	116,5 %	28,5 %
Medical devices	27,3 %	20,4 %
Energy/Telecoms	-23,1 %	9,6 %
Offshore/Marine	176,4 %	5,9 %

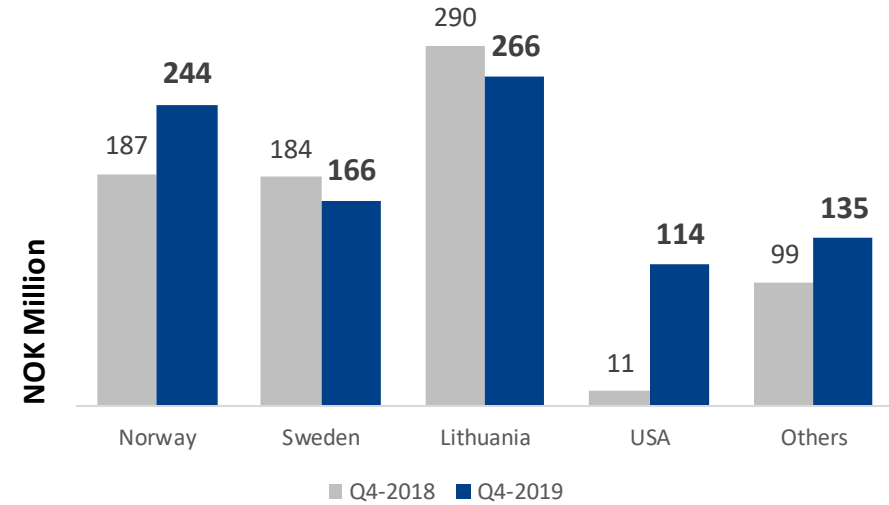
Strong revenue growth in Defence/Aerospace and Offshore/marine



	2019 vs 2018	Share of total revenue
Industry	6,3 %	38,4 %
Defence/Aerospace	65,3 %	22,6 %
Medical devices	14,8 %	18,1 %
Energy/Telecoms	14,5 %	14,4 %
Offshore/Marine	341,3 %	6,5 %











Strong growth from Norway

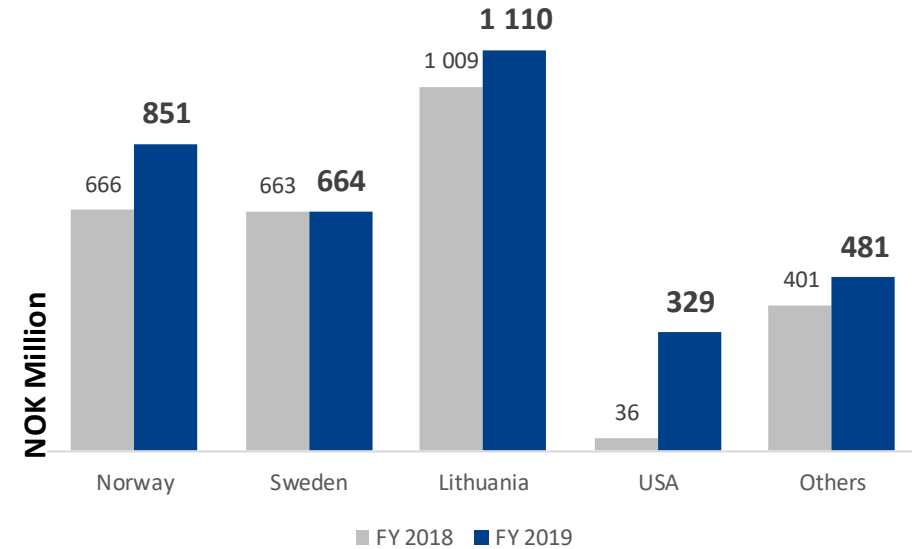
	Q4 2019 vs Q4 2018	Share of total revenue
Norway	30,3 % 	26,4 % 
Sweden	-10,2 % 	17,9 % 
Lithuania	-8,5 % 	28,8 % 
USA	918,8 % 	12,3 % 
Others	36,1 % 	14,6 % 



Before group entities and eliminations

Revenue by country Full year: Strong growth from Norway

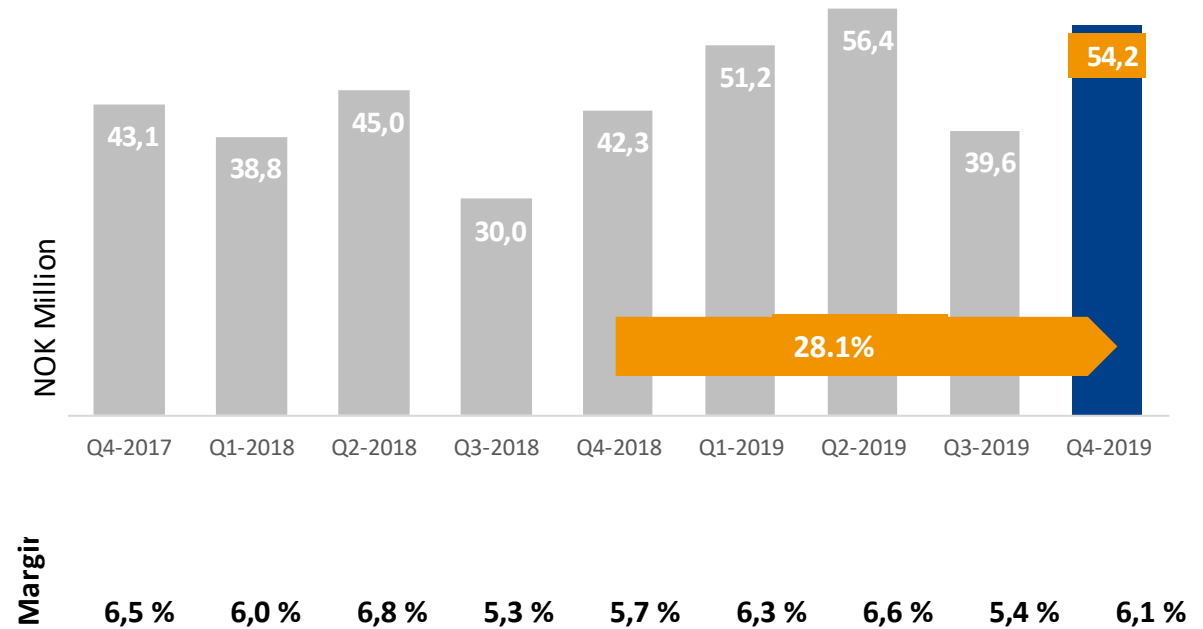
	2019 vs 2018	Share of total revenue
Norway	27,8 % 	24,8 % 
Sweden	0,1 % 	19,3 % 
Lithuania	10,0 % 	32,3 % 
USA	823,6 % 	9,6 % 
Others	19,9 % 	14,0 % 



Before group entities and eliminations

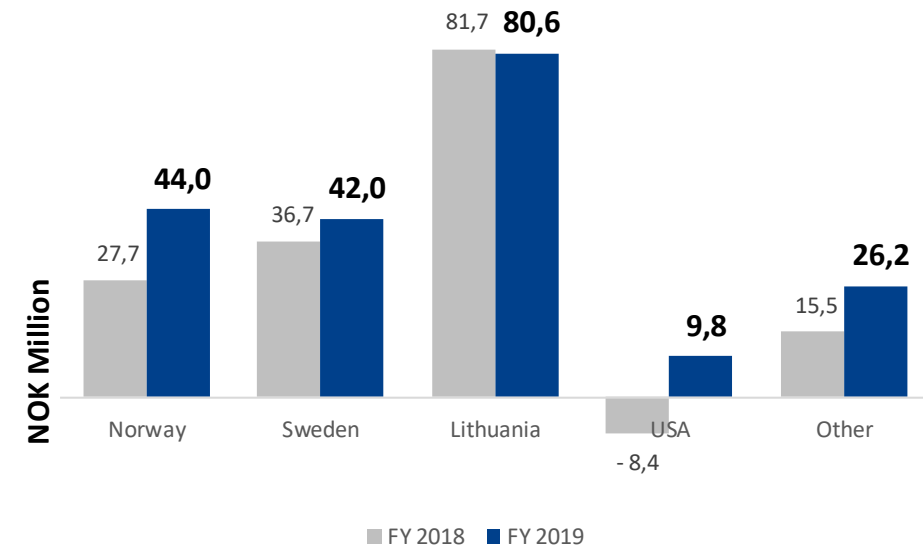
Quarterly EBIT: Improved profits

- Strong EBIT at 54,2 million, an increase of 28 per cent compared to last year
- EBIT margin was 6.1% (5.7%)
- Start-up of Polish facility affects margins negatively short-term with MNOK 10 in Q4.



Margin improvement in Norway and Sweden

- Continued profitability improvements in Norway, and Sweden
- Lithuania, lower margins due to ramp-up affects and transfer of volumes to Poland
- U.S. margins positive
 - Kitron Technologies* profit at expected margins
 - Kitron U.S.* improving but show losses
- Other
 - China is performing well
 - Poland startup costs included



	Norway	Sweden	Lithuania	USA	Other
FY 2019	5,2 %	6,3 %	7,3 %	3,0 %	5,5 %
FY 2018	4,2 %	5,5 %	8,1 %	-23,5 %	3,9 %

Working capital

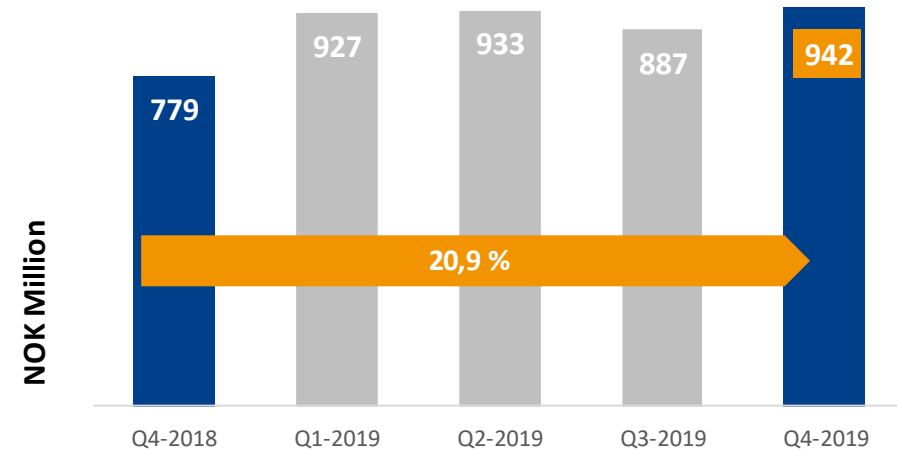
■ Working capital

- NOWC* 26.3% (23,0%)
- Cash conversion cycle* 102 (84)
- ROOC* 14.8% (17.5%)
 - Excl. IFRS 16 ROOC% 16.3%
- NOWC Increase of 163, to MNOK 942
 - MNOK 100 from acquisition in the U.S. and Poland

■ Fixed assets

- Increase of 230 to MNOK 523 MNOK
 - Acquisition in the U.S. MNOK 43 (Incl. IFRS 16 of MNOK 33)
 - Startup in Poland MNOK 138 (Incl. IFRS 16 of MNOK 47)
 - IFRS 16 (Excl. Acquisition in the U.S. and Poland) MNOK 52

Net working capital



Working capital

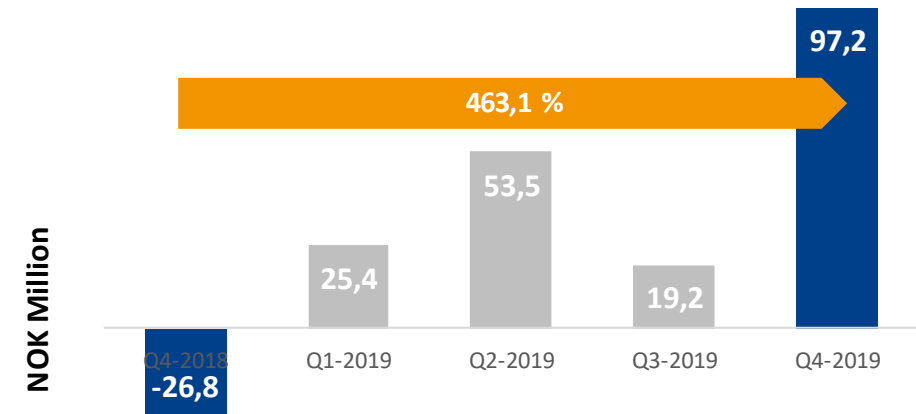
■ Cash flow

- Q4 Cash flow from operations 97.2 (-26.8)
- YTD Cash flow from operations 195.2 (-44.5)

■ Financial gearing

- NIBD / EBITDA 2.8 (1.9)
 - Excl. IFRS16 NIBD/EBITDA 2.4
- Cash / interest bearing debt
 - New classification in balance sheet
 - Net funds/overdraft on each currency presented gross - No effect on net interest bearing debt
 - MNOK 125 moved from interest bearing debt to cash

Operating cash flow













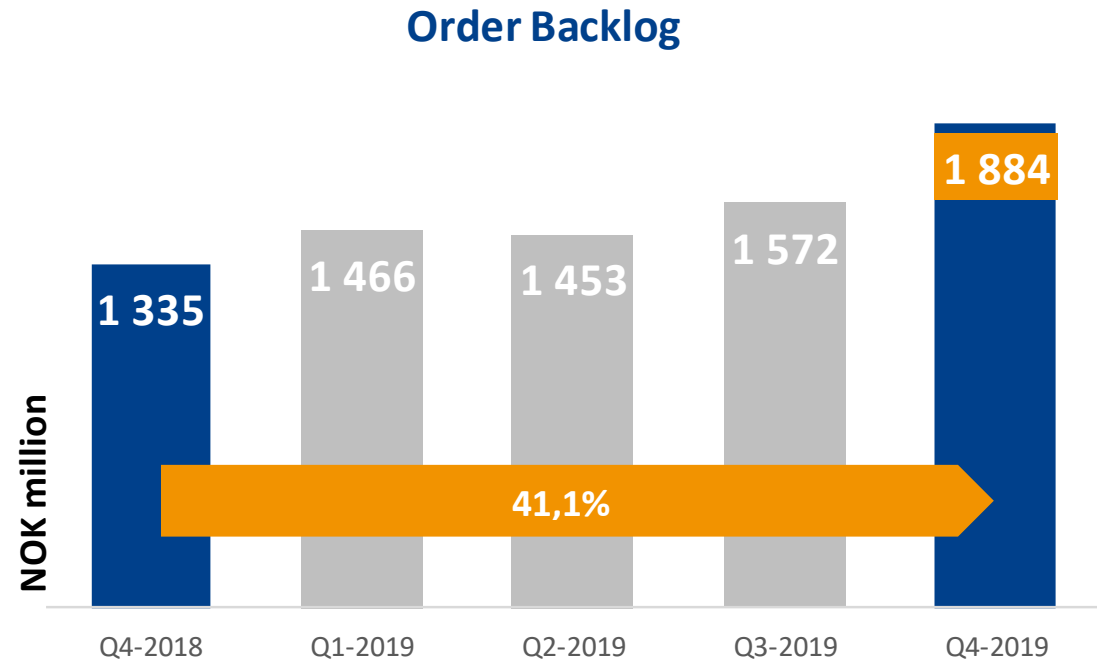
Market development

Market development:

Strong order backlog driven by Defence/Aerospace

Organic growth 29%

	2019 vs 2018	Share of total revenue
Defence/Aerospace	95,8 % 	45,0 % 
Energy/Telecoms	37,0 % 	11,6 % 
Industry	7,7 % 	26,0 % 
Medical devices	13,1 % 	11,2 % 
Offshore/Marine	15,0 % 	6,1 % 



Outlook

Outlook 2020

- For 2020, Kitron expects revenue to grow to between NOK 3 300 and 3 700 million.
- EBIT margin is expected to be between 6.4 and 7.0 per cent.
- Growth is driven by the Aerospace/Defence and Industry sectors.
- Profitability is mainly driven by operational improvements in Poland and the U.S.

Thank you!