



Kitron

Your ambition. Our passion.






Q1 results 2016

Peter Nilsson, CEO
Cathrin Nylander, CFO

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Continued growth, solid order backlog

- Strong industry growth offset declining revenues in offshore/marine sector
- Underlying profitability growth masked by one-offs
- Strong backlog growth in industry sector
- Net working capital and Cash flow affected
 - Low sales linearity
 - Inventory build-up for Defence/ Aerospace

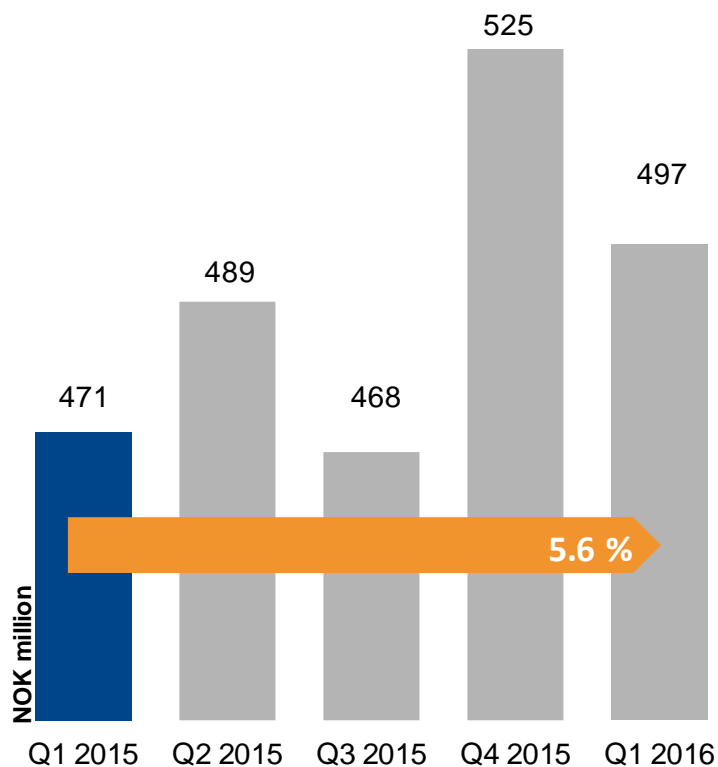
NOK mill.		Q1 2016 vs Q1 2015
Revenue 497,0		5,6 %
EBIT 20,5		-1,4 %
Order backlog 901,7		5,5 %
Operating cash flow -25,3		-172,4 %
Net working capital 522,1		-7,2 %











Important orders in the first quarter

- **Northrop Grumman awards Kitron radar contracts**
 - Kitron selected as an international source for sub-assembly related to the JSF Radar system for the F-35 Lightning II.
 - The initial steps of transferring technical knowhow and manufacturing prototypes for testing and validation, as well as designing and building equipment for testing will be ongoing to mid 2017. Serial production will commence after completion of testing and validation.
 - The potential value of the sub-assemblies is more than 500 million NOK over the serial production lifespan of the F-35 program.









Financial statements **Q1 2016**

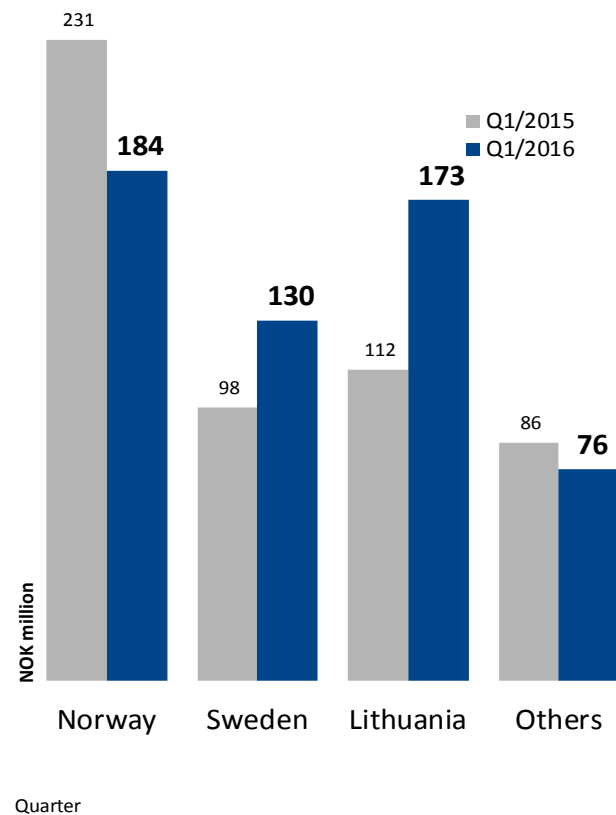
Strong growth in Industry and Energy/Telecoms sector



	Q1 2016 vs Q1 2015	Share of total revenue
Offshore/Marine	-71,2 % 	2,6 % 
Medical devices	15,2 % 	23,0 % 
Defence/Aerospace	-13,9 % 	22,6 % 
Energy/Telecoms	22,7 % 	13,5 % 
Industry	35,4 % 	38,3 % 

Strong growth in Lithuania and Sweden

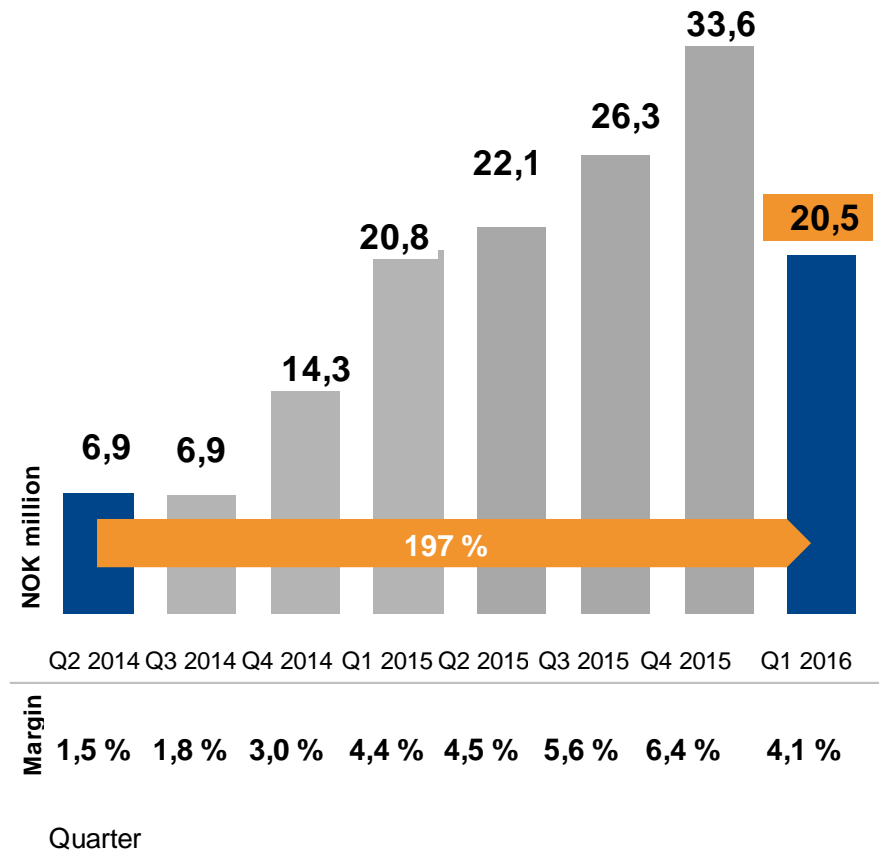
	Q1 2016 vs Q1 2015	Share of total revenue
Norway	-20,4 % 	32,7 % 
Sweden	31,8 % 	23,0 % 
Lithuania	54,3 % 	30,8 % 
Others	-11,1 % 	13,5 % 



* Before group entities and eliminations

Underlying profitability improved

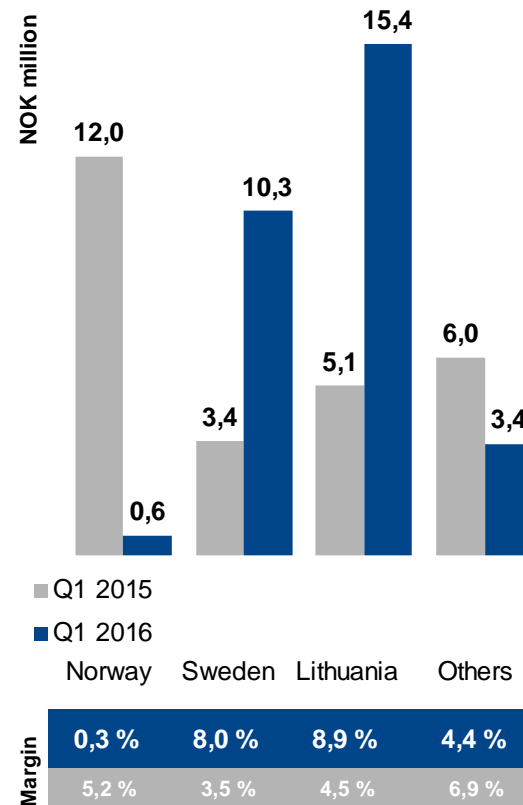
- Underlying profitability growth masked by one-offs.
 - Q1 2015 Positive MNOK 3.5 in pensions buy outs
 - Q1 2016 Negative MNOK 5 for contemplated terminated acquisition
 - NOK 17.3 million (3.7 per cent) to NOK 25.5 million (5.1 per cent)
- The completed factory move in Norway has had a negative impact on efficiency and profitability in the first quarter.



Strong improvement

- **Norway**
 - Affected by reduction in volume and the move has had negative impact on efficiencies and profit
- **Sweden**
 - Strong growth and improved margins
- **Lithuania**
 - Strong growth and improved margins
- **Other**
 - Profit affected by volumes moved into second quarter

EBIT*



Quarter

* Before group entities and eliminations

Cash flow

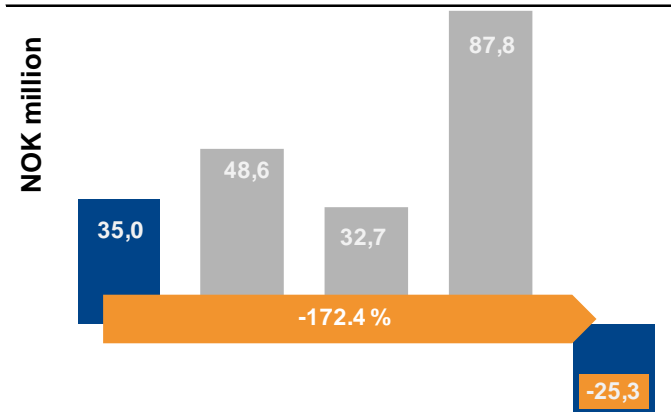
■ Cash flow

- Q1 Cash flow MNOK -25.3 (35.0)
- Cash flow affected by:
 - Low sales linearity in the quarter due to the factory move in Norway
 - Inventory build-up for Defence/ Aerospace deliveries in the second quarter.

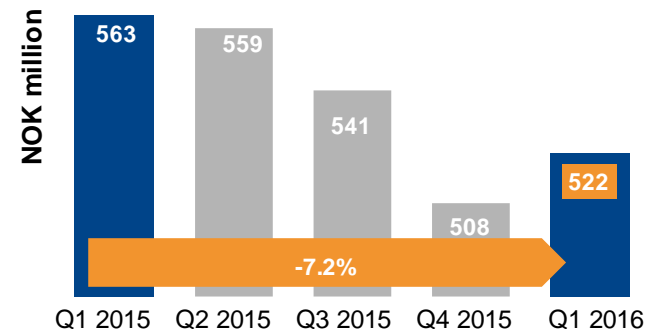
■ Working capital

- Cash conversion cycle 91 and on same level as last year

Operating cash flow



Net working capital



Market development

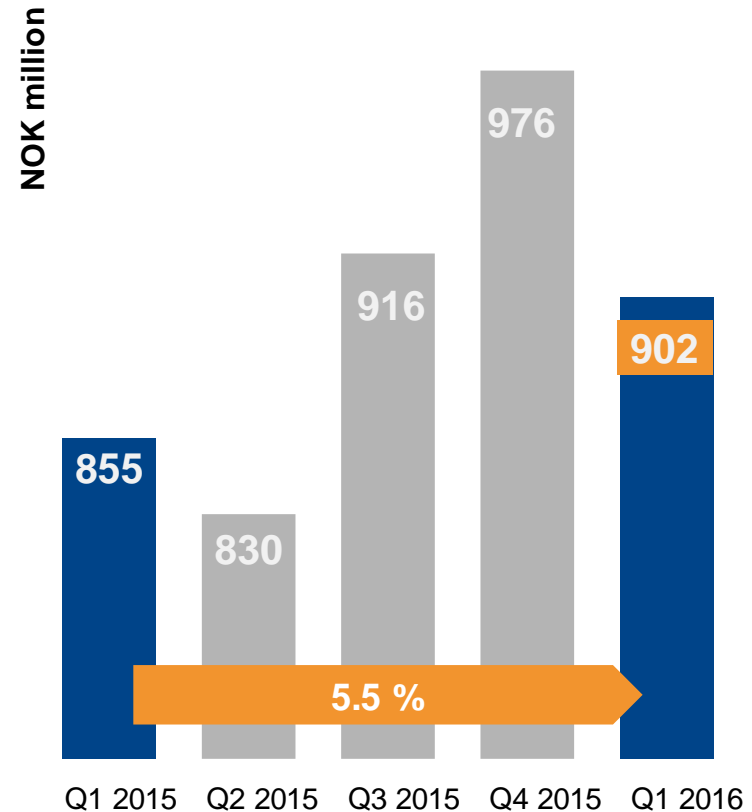
Order backlog:

Strong growth in Industry

Order Backlog MNOK

- 902 vs. 855 Q1 last year (increase of 5.5 %)
 - Defence: 401 -2% (411)
 - Medical: 149 +4% (143)
 - Industry: 243 +56% (156)
 - Telecom: 88 +7% (82)
 - Offshore: 21 -67% (63)

Order backlog



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

Outlook

Outlook

- For 2016, Kitron expects revenue of between NOK 2 050 and 2 250 million and EBIT margin of 5.3 to 6.3 per cent.
- The growth is driven by increased demand in the Industry and Defence/Aerospace sectors.
- The profitability increase is driven by cost reduction activities and improved efficiency.



Thank you!