



Kitron

Your ambition. Our passion.






Full year and Q4 results 2015

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Seventh consecutive quarter with improved profitability

- Double-digit revenue growth in spite of declining revenues in offshore/marine sector
- Continued profitability improvement
 - EBIT margin 6.4%
- Defence orders strengthen future position
- Strong operational cash flow

NOK mill.		Q4 2015 vs Q4 2014
Revenue 524,6		10,1 %
EBIT 33,6		134,7 %
Order backlog 975,6		12,3 %
Operating cash flow 87,8		581,6 %
Net working capital 507,6		-10,2 %

Significantly improved profitability and cash flow

- Double-digit revenue growth in spite of declining revenues in offshore/marine sector
- Continued profitability improvement
 - EBIT margin 5.3%
- Defence orders strengthen future position
- Strong operational cash flow

NOK mill.		2015 vs 2014
Revenue 1951,8		11,4 %
EBIT 102,7		242,0 %
Order backlog 975,6		12,3 %
Operating cash flow 204,1		4384,1 %
Net working capital 507,6		-10,2 %

Important orders in the fourth quarter

- **Kitron signs agreement with global energy company**
 - The company headquartered in the US for and Kitron will deliver prototypes and serial manufacturing for a specific product family of power controllers
 - The agreement is valid for three years with an option of a one-year extension. The deal is estimated to be worth NOK 100 million for Kitron.

Highlights:

Adjusted dividend policy and dividend

- Following a fundamental strengthening of Kitron's business, with an improved profitability and successful programs to improve the working capital, the Board has decided to adjust the dividend policy :
- Adjusted policy
 - "Kitron's dividend policy is to pay out an annual dividend between 30 and 60 per cent of the company's ordinary net profit after tax. When deciding on the annual pay-out ratio the company will evaluate the cash requirements and financial flexibility required in the company."
- The board proposes that the Annual General Meeting decides on a dividend of NOK 0.21 per share.

Highlights:

Facility upgrades and relocations in Sweden and Norway

■ Sweden

- Kitron has decided to relocate the Swedish operations to facility that will be built specifically for Kitron in Torsvik, close to current facility in Jönköping. The new facility will feature 30% more footprint to ensure growth.
- Kitron will lease the new facility and the move is expected to take place in late 2016.
- One-off costs relating to the move are expected to be NOK 1.4 million and were charged in the fourth quarter of 2015. Kitron will make EMS customization investments of NOK 8.5 million in the leased facility. Facility costs are expected to be reduced by half.

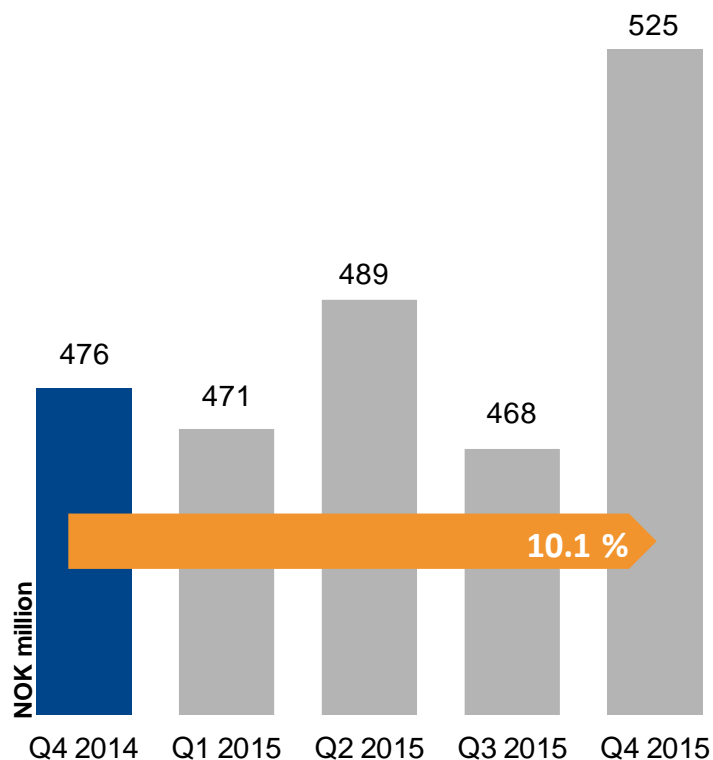
■ Norway











- The relocation of the Norwegian facility in Arendal, from Hisøy to Kilsund is performed according to plan and budget.
- The first production in Kilsund started up in the beginning of January, 2016.

Financial statements **full year and Q4 2015**

Revenue Q4:

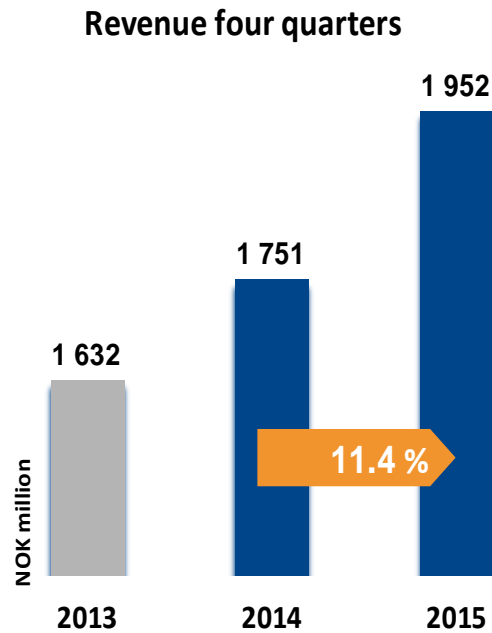
Strong growth in other sectors offsets decline in Offshore/Marine



	Q4 2015 vs Q4 2014	Share of total revenue
Offshore/Marine	-27,3 % 	6,8 % 
Medical equipment	9,5 % 	27,7 % 
Defence/Aerospace	16,2 % 	25,0 % 
Energy/Telecoms	28,3 % 	13,0 % 
Industry	12,2 % 	27,5 % 









Revenue full year:

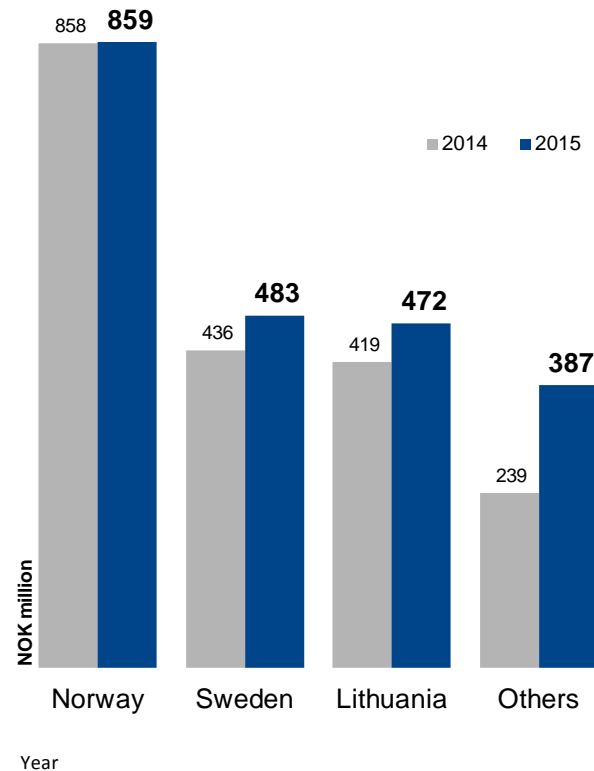
Strong growth – robust mix of industries



	2015 vs 2014	Share of total revenue
Offshore/Marine	-43,9 %	7,0 %
Medical equipment	5,8 %	24,2 %
Defence/Aerospace	45,3 %	27,4 %
Energy/Telecoms	21,6 %	13,8 %
Industry	14,1 %	27,6 %

Solid Growth – Norway absorbs offshore decline

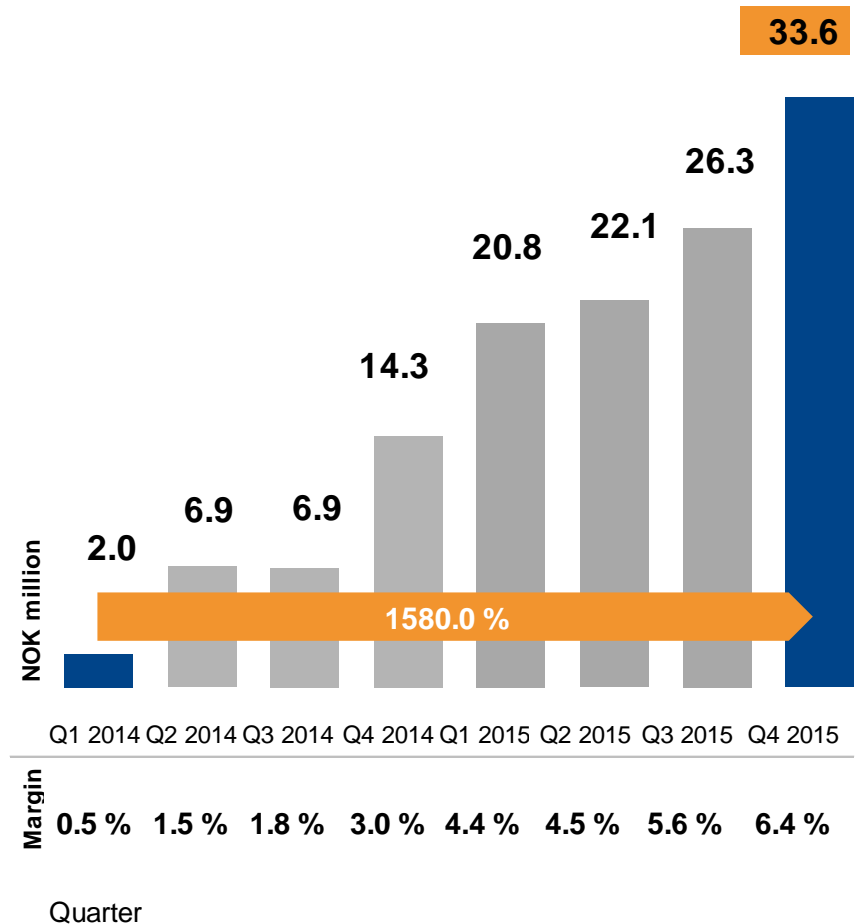
	2015 vs 2014	Share of total revenue
Norway	0,2 % 	39,0 % 
Sweden	10,9 % 	22,0 % 
Lithuania	12,6 % 	21,4 % 
Others	61,7 % 	17,6 % 



* Before group entities and eliminations

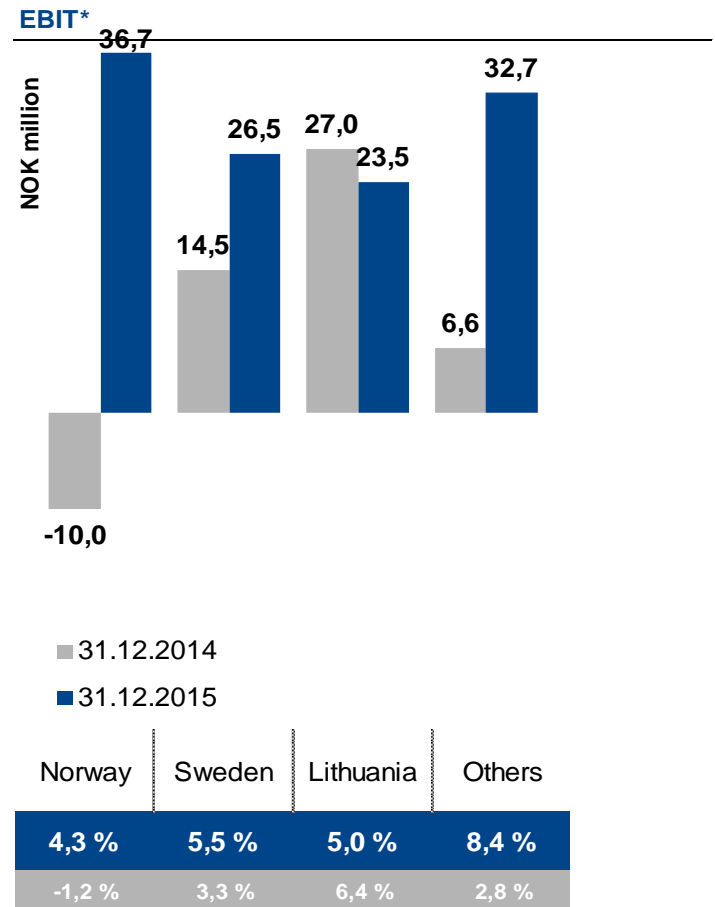
Seventh consecutive quarter of improved profitability

- 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

Significantly improved cash flow

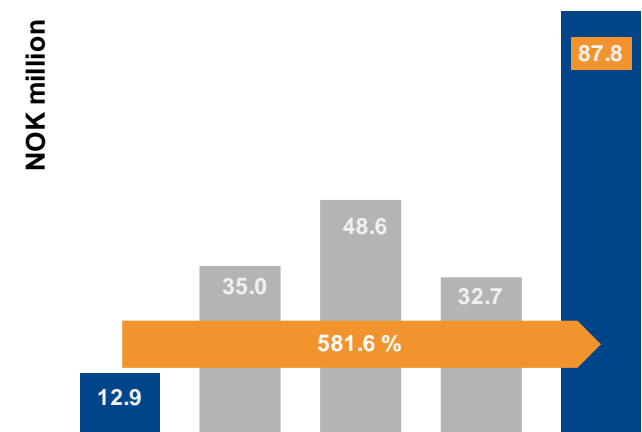
■ Cash flow

- Q4 Cash flow MNOK 87.8 (12.9)
- YTD Cash flow MNOK 204 (-4.8)
- Improved profitability and reduced working capital

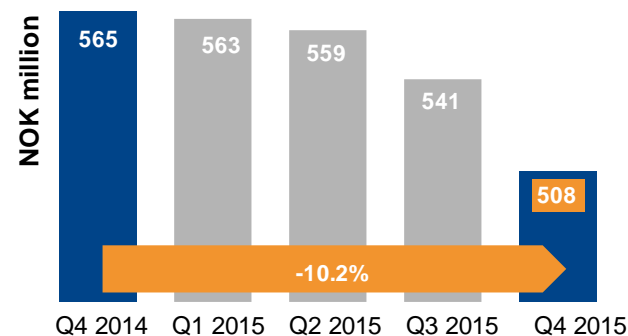
■ Working capital

- Downwards trend continues
- Cash conversion cycle 90 compared to 105 last year

Operating cash flow



Net working capital



Market development

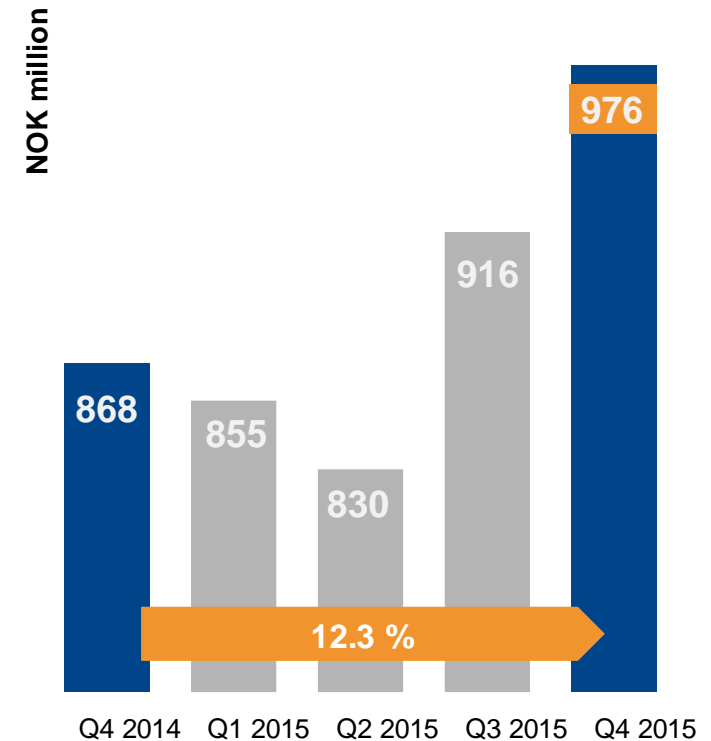
Order backlog:

Diversified growth

Order Backlog MNOK

- 976 vs. 868 December last year (increase of 12.3%)
 - Defence: 423 +17% (363)
 - Medical: 148 +9% (137)
 - Industry: 286 +52% (188)
 - Telecom: 96 +15% (84)
 - Offshore: 23 -76% (98)

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!