



Full year and Q4 results 2021

Demand continues to be strong, constraints in component supply chain continue to affect output

NOK Million		Q4 2021 vs Q4 2020
Revenue		-4.3 %
948.6		
EBIT		-31.0 %
52.3		
Order Backlog		41.0 %
2 827.1		
Operating cash flow		-93.2 %
9.0		
Net working capital		15.3 %
1 227.7		

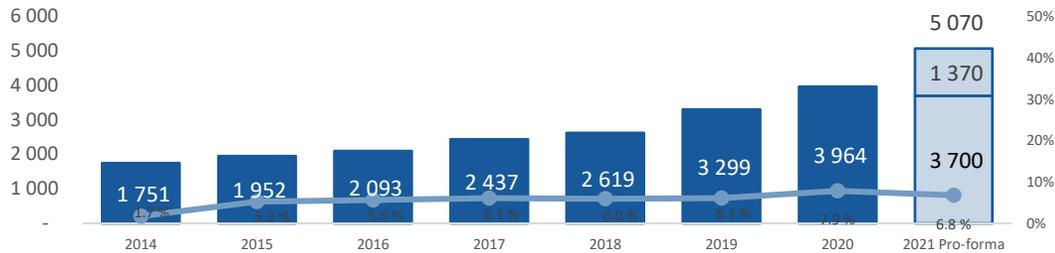
NOK Million		2021 vs 2020
Revenue		-6.4 %
3 711.4		
EBIT		-23.0 %
240.8		
Order Backlog		41.0 %
2 827.1		
Operating cash flow		-46.7 %
126.3		
Net working capital		15.3 %
1 227.7		

Strategic outlook

- For the longer term, the growth outlook remains favorable and with identified program acquisitions to support our strategic trajectory.
- In the near term, demand continues to be very strong for 2022 and 2023.
- Significant growth opportunities driven by market sectors Electrification, Connectivity, and Industry.
- Growth in Poland site forecasted at more than 100% per year '22 and '23. This is supported by the introduction of multiple Electrification customers and projects.
- Overall, we expect on average 10% growth within the Kitron companies.
- The acquisition of BB Electronics in the fourth quarter should add 1.5BNOK in 2022.
- Component supply constraints continue to be a challenge.
- Kitron will hold a Capital Markets presentation on March 15th at 10.00 AM CET

BB Acquisition

Kitron group revenues (MNOK) and EBIT margin¹



¹ Showing mid-range revenues and EBIT from adjusted outlook as announced 10 December 2021. 2021 Pro-forma include BB revenues and EBIT prognosis for the full year, assuming a DKK/NOK of 1.37 and NOK 10m of cost synergies. EBIT-margin of 6.6% excluding synergies

- The acquisition is estimated to be clearly accretive to EPS on 2021 (pro-forma) and 2022, and adds significant shareholder value

Adding 3 new production facilities to Kitron

Danish site Horsens	Czech site Lanškroun	Chinese site Suzhou
<ul style="list-style-type: none"> ✓ Located in close proximity to many of BB's local customers ✓ Highly automated production ensures low cost and competitive production ✓ Established in 1975 and currently 120 FTEs 	<ul style="list-style-type: none"> ✓ Low cost production ✓ Proximity to European end-customers ✓ Located within the EU ✓ Established in 2019 and currently 126 FTEs 	<ul style="list-style-type: none"> ✓ Low cost production ✓ Proximity to Asian end-customers ✓ Opportunity for high production volumes ✓ Established in 2004 and currently 494 FTEs
<p>Revenue share</p>	<p>Revenue share</p>	<p>Revenue share</p>

Strategic rationale for the acquisition

- 1 Regional expansion**
 - New sites in Denmark, Czech Republic, Suzhou – China and, pathway to Chennai – India
- 2 Long-term synergies**
 - Material cost and production automation
 - Cross- and up-sell opportunities
- 3 Strategic aspects**
 - Immediate profitable contribution
 - Experienced management
 - High degree of automation
- 4 Other strengths**
 - Solid double-digit growth and foundation for further development with a loyal and satisfied customer base and attractive segments

Key take-aways

- Clearly accretive transaction, and adds significant shareholder value
- High quality company with strong growth and margins
- EV/EBIT 2021 of 9.1x and EV/EBIT 2022 of 7.3x
- Adding new attractive geographies
- In line with Kitron's long term strategy for growth, sustainable margins and accretive M&A

Key financials¹ in DKKm

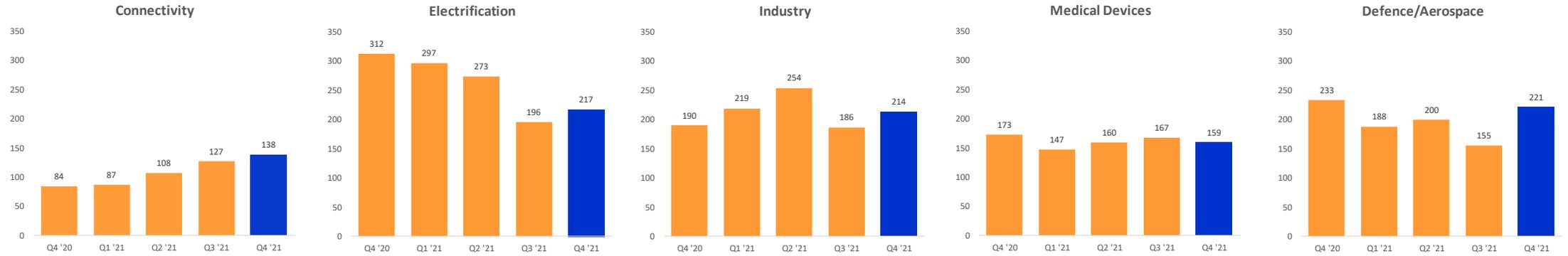


¹ Prognosis for 2021 and budget for 2022



Financials

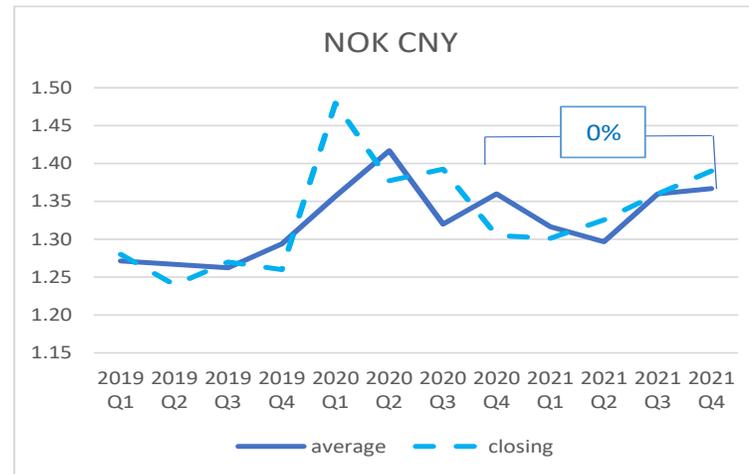
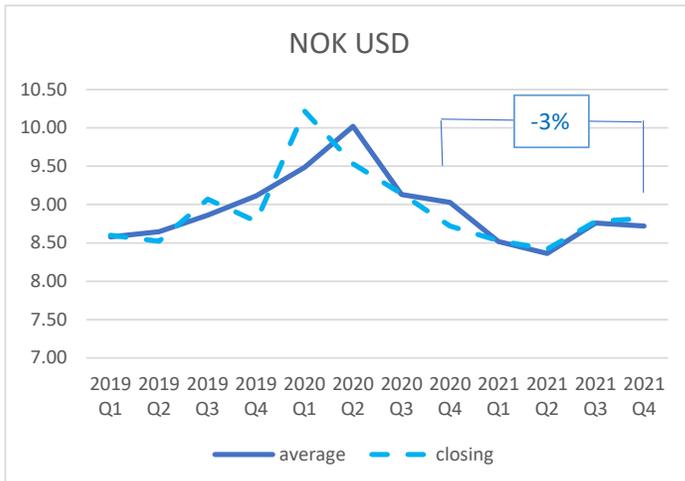
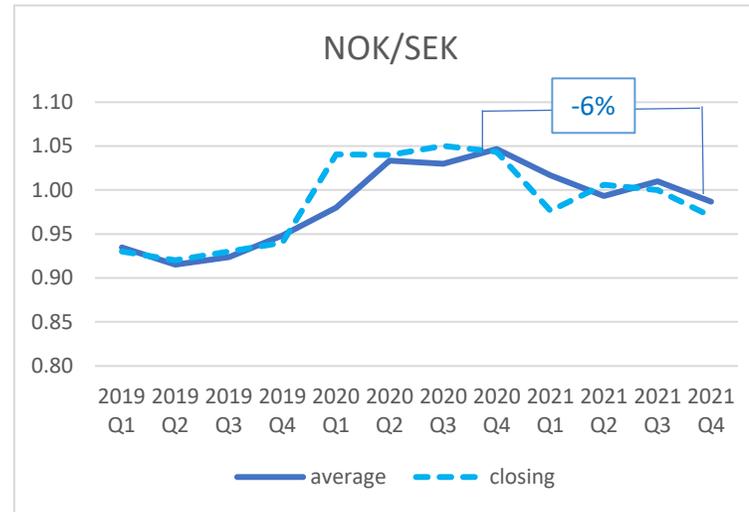
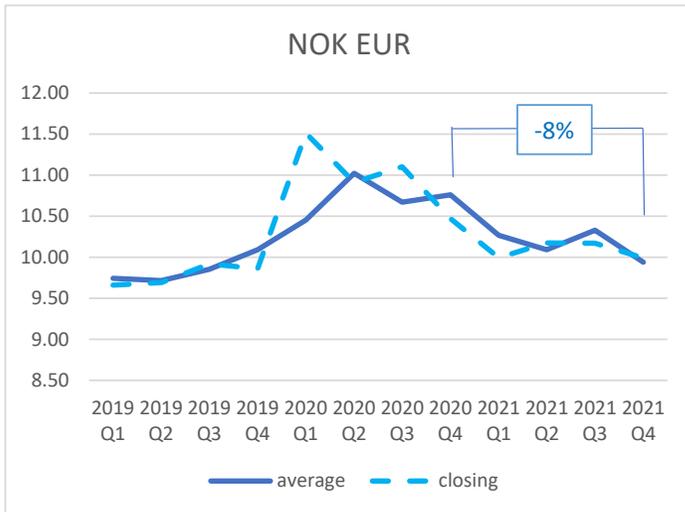
Mixed sector development



	Q4 2021 vs Q4 2020	Share of total revenue
Connectivity 137.8	44.6 %	14.5 %
Electrification 217.4	-30.4 %	22.9 %
Industry 213.5	12.4 %	22.5 %
Medical Devices 159.3	-7.8 %	16.8 %
Defence & Aerospace 220.7	-5.2 %	23.3 %

	Q4 2021 vs Q4 2020	Share of total revenue
Norway 296.7	4.6 %	31.3 %
Sweden 222.2	29.7 %	23.4 %
CEE 317.1	-20.2 %	33.4 %
Others 141.4	-25.4 %	14.9 %

Currency development and selling currencies



Currency development has a negative affect on growth in Q4 compared to LY

Re-calculating the selling currencies shows a total ~-6% currency effect.

Full year currency effect is ~3%

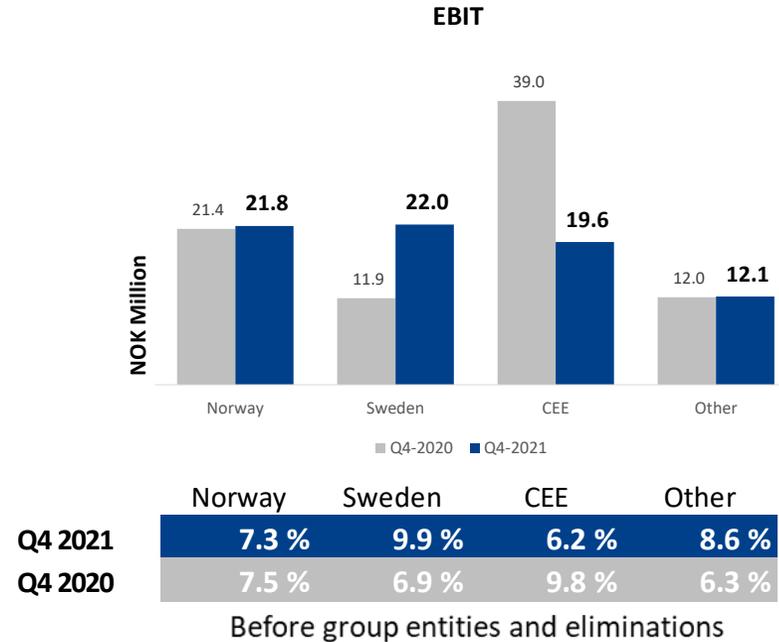
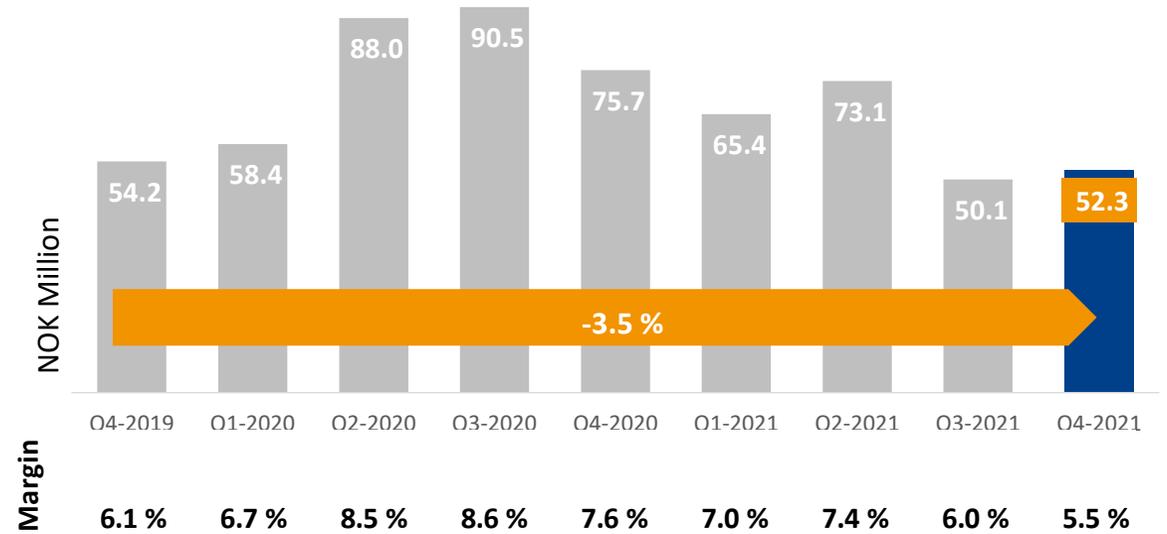
	Selling currencies				
	EUR	USD	CNY	SEK	NOK
Share of total	32 %	35 %	4 %	12 %	18 %
Currency rate changes vs LY	-8 %	-3 %	0 %	-6 %	

Mix

~-6%

EBIT

- One offs related to acquisition BB Electronics MNOK 5.7, adjusted margin 6.1%.
- EBIT affected by material delays and inefficiencies as well as close down in China in December.
- For the countries
 - Sweden strong growth and strong margins
 - Norway, slight decline in margin and marginal growth
 - CEE decline in margin and growth due the material supply delays
 - Others, margin in Q4 affected by shut down in China, US defence volumes and re-allocation of group cost



Continued capital build up due to material supply delays

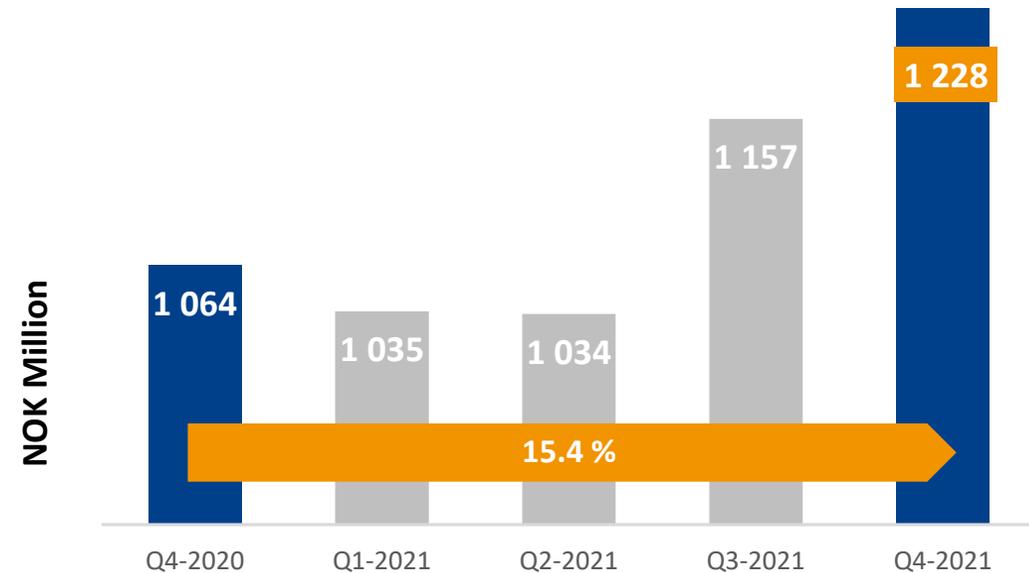
■ Working capital ratios

- NOWC* 31.7% (LY 26.3%, LQ 31.8%)
- Cash conversion cycle* 126 (LY 98, LQ 124)
- ROOC* 12.3% (LY 18.9%, LQ 12.8%)

■ Material supply delays actions

- Firm orders
- Delivery alignments
- Customer deposits
- Customer consign

Net working capital



Operating cash flow

■ Cash flow

- Q4 Cash flow from operations MNOK 9 (132)
- YTD Cash flow from operations MNOK 126 (237)

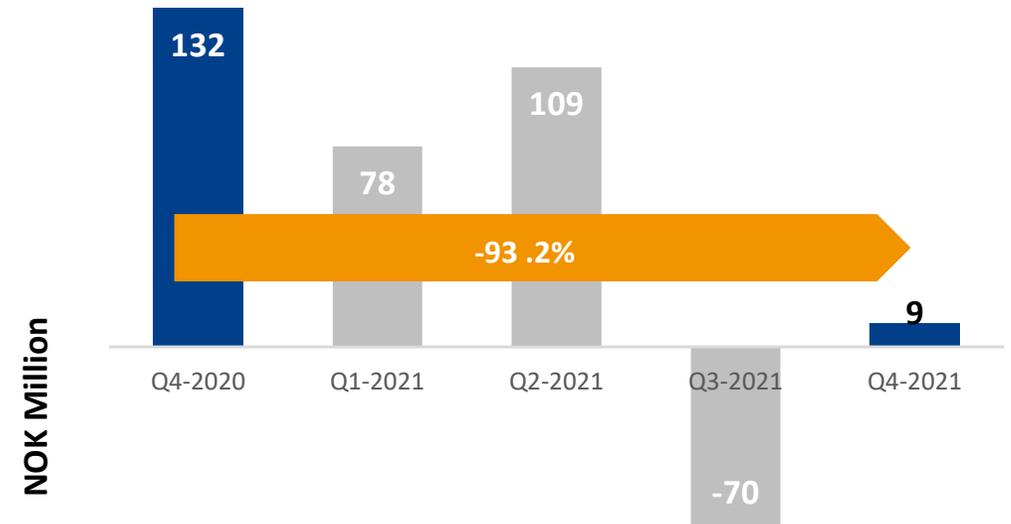
■ Financial gearing

- NIBD/EBITDA 1.7 (1.8)
 - Adjusted for share issue 2.7

■ BB Acquisition financing

- Share issue 10% Net proceeds approx. 340 MNOK
- Acquisitions transactions mainly in 2022.

Operating cash flow



Updated dividend policy and dividend proposal

- The Kitron board has, as a consequence of the investment in BB Electronics and the future capital needs of the company, decided to change the Kitron dividend policy into:

“Kitron’s dividend policy is to pay out an annual dividend of 20% to 60% of the company’s consolidated net profit before non-recurring items. When deciding on the annual dividend the company will take into account company’s financial position, investment plans as well as the needed financial flexibility to provide for sustainable growth.”

- The board proposes an ordinary dividend of NOK 0.25 per share (NOK 0.70)



Market development

Order backlog

- Growth of 41% compared to last year.

	Q4 2021 vs Q4 2020	Share of total revenue
Connectivity 303.5	128.9 % 	10.7 % 
Electrification 1 024.4	80.7 % 	36.2 % 
Industry 473.8	56.9 % 	16.8 % 
Medical Devices 264.1	12.6 % 	9.3 % 
Defence & Aerospace 761.2	-1.1 % 	26.9 % 





Outlook

Outlook

- For 2022, Kitron expects revenue between NOK 5 200 and 5 800 million, including BB Electronics. The operating profit (EBIT) is expected to be between NOK 330 and 430 million.
- Growth is driven by the Electrification, Connectivity and Industry market sectors.
- Currently, the growth is constrained by the material supply situation.

Key take-ways

- Growth in 2022 is supercharged, propelled by acquisition of BB Electronics.
- Order backlog and 2022 demand outlook 2022 and 2023 supports strong continued growth.
- In addition, we see well identified key program acquisitions to sufficiently to follow our strategic trajectory.
- Kitron will hold a Capital Markets presentation on March 15th at 10.00 AM CET where we will further elaborate on updated targets, timelines, and M&A effects.



Q&A

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 + Accounts Receivable – 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)

Return on capital employed (ROCE)

EBIT/(Total assets - short term debt)

Return on equity

Net Income/Equity

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)

Days of Inventory Outstanding R3

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

Net gearing

Net Interest-bearing debt / Equity

Free Cash flow

Net Cash Flow from operating activities – Cash flows from acquisition of tangible fixed assets – Cash flows from acquisition of other intangible assets

Equity ratio

Total Equity / Total Assets

EPS

Earnings Per Share