

The background of the slide is a light blue color with a white, intricate pattern of circuit board traces and components, including various symbols like resistors, capacitors, and integrated circuits.

# First quarter results 2019

Cathrin Nylander, Acting CEO  
and CFO






30 April, 2019

# Cathrin Nylander, Kitron's acting CEO comments

- Revenue increased 24.8% in the first quarter, and resulted in record quarterly revenue
- Revenue growth this quarter were particularly strong in the Industry sector. Four out of five sectors had double digit growth.
- Improved profitability with EBIT margins at 6.3%, inline with expectations
- Overall demand trends are positive with all time high order backlog increasing 43% yoy. All sectors, except Energy/Telecom, increased the order backlog substantially.
- Increase in working capital mainly related to temporary inventory build-up to avoid supply disruptions, revenue growth, and the acquisition of the EMS division of API Technologies Corporation.
- Current material constrained environment expected to ease going forward
- Kitron completed the acquisition of the EMS division of API Technologies Corporation in February

# Revenue, order backlog and operating profit at record levels

- **Revenue**
  - Strong revenue growth of 24.8 % yoy
  - 20% organic growth
  
- **Operating Margin/EBIT**
  - Operating margin at 6.3% (6.0%)
  - EBIT increased 32.2% yoy to 51.2 million
  
- **EPS**
  - EPS 0.21 (0.15) NOK
  
- **Order Backlog**
  - All time-high order backlog
  - 28 % organic growth

NOK mill.		Q1 2019 vs Q1 2018
<b>Revenue</b> 812,8		<b>24,8 %</b>
<b>EBIT</b> 51,2		<b>32,2 %</b>
<b>Order backlog</b> 1465,6		<b>43,0 %</b>
<b>Operating cash flow</b> 25,4		<b>230,2 %</b>
<b>Net working capital</b> 926,9		<b>76,3 %</b>

Major new orders:

# Important agreements in the first quarter

## Kitron receives communication order

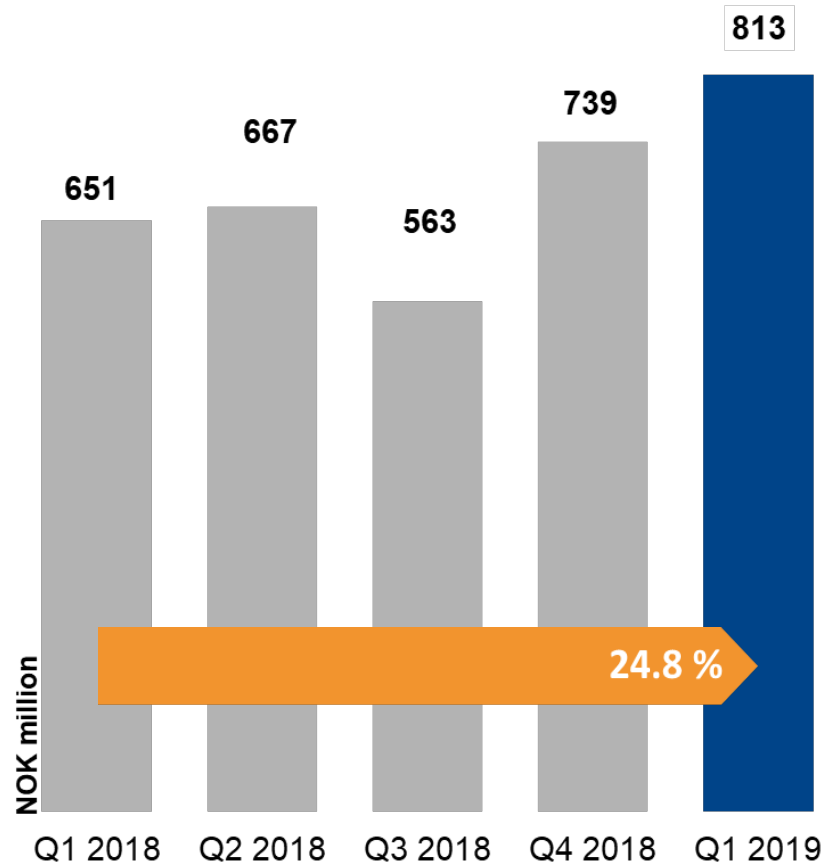
- In January, Kitron received an order for a new product within industrial communication
- Annual revenues are NOK 25 million for at least five years
- Production will take place at Kitron's plants in Lithuania and China



**Financial statements** **First quarter 2019**

## Revenue Q1:











# Very strong revenue growth of 24.8% in the first quarter

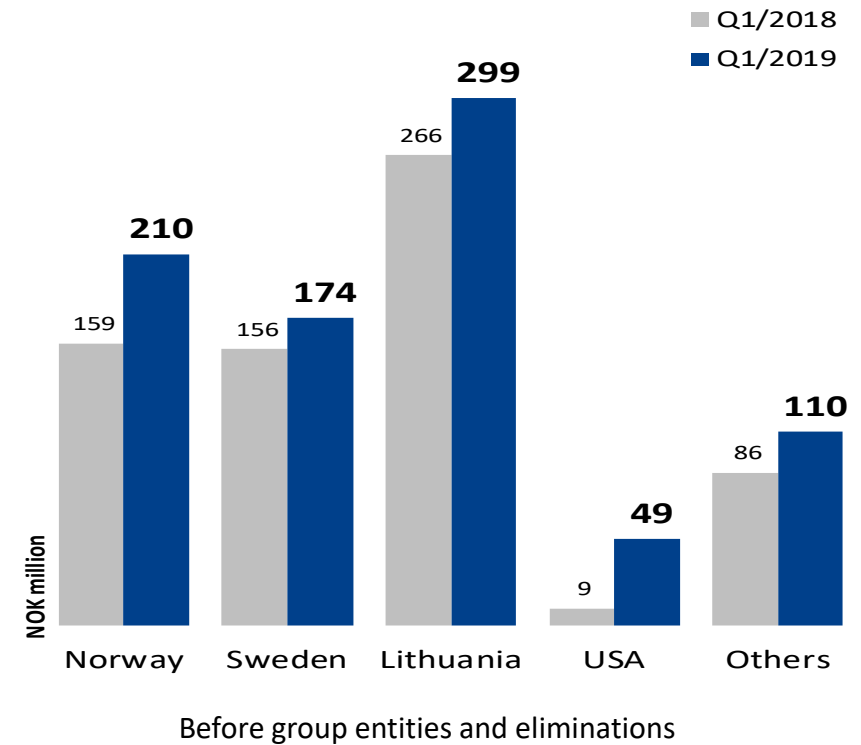


	Q1 2019 vs Q1 2018	Share of total revenue
Industry	18,4 %	44,2 %
Defence/Aerospace	9,4 %	17,5 %
Medical devices	20,9 %	16,3 %
Energy/Telecoms	37,1 %	16,8 %
Offshore/Marine	392,3 %	5,2 %

## Revenue by country Q1:

# Revenue growth in all countries

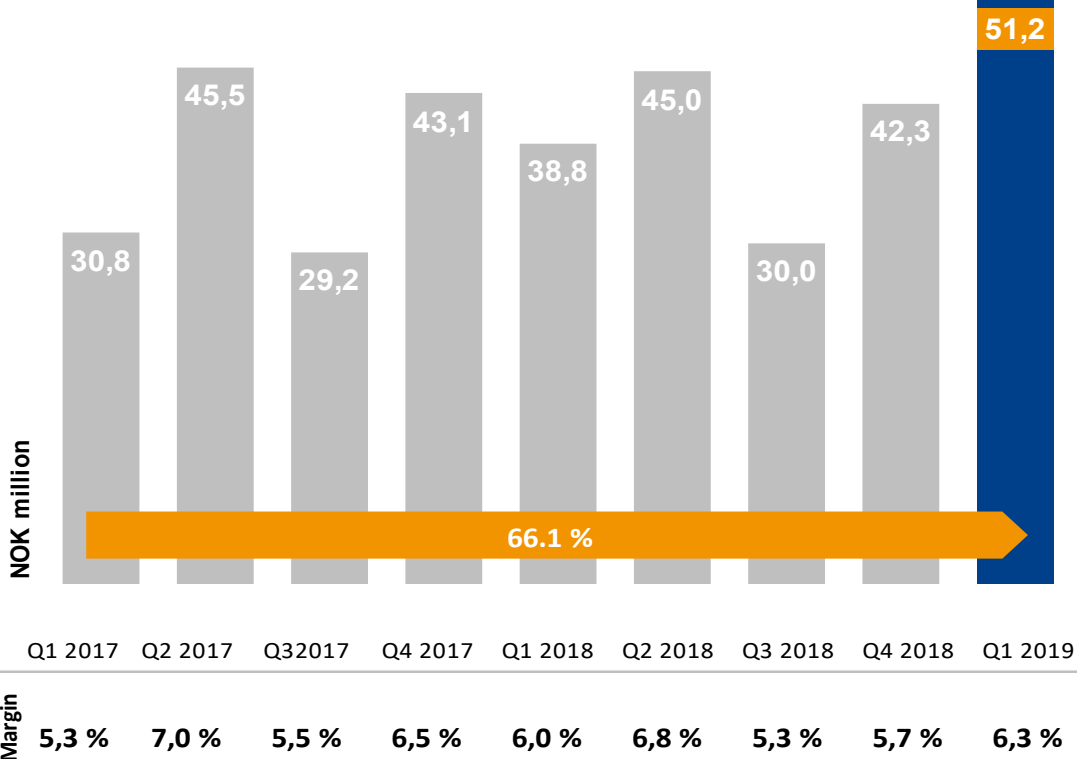
<b>Norway</b>	32,1 % 	25,0 % 
<b>Sweden</b>	11,5 % 	20,7 % 
<b>Lithuania</b>	12,2 % 	35,5 % 
<b>USA</b>	432,6 % 	5,8 % 
<b>Other</b>	27,2 % 	13,0 % 



Quarterly EBIT:

# Improved earnings

- Strong EBIT growth this quarter. First quarter EBIT increased 12.5 million, an increase of 32 per cent compared to last year.
- EBIT margin was 6.3% (6.0%)
- One-offs reducing Q4-18 with 6.7 million

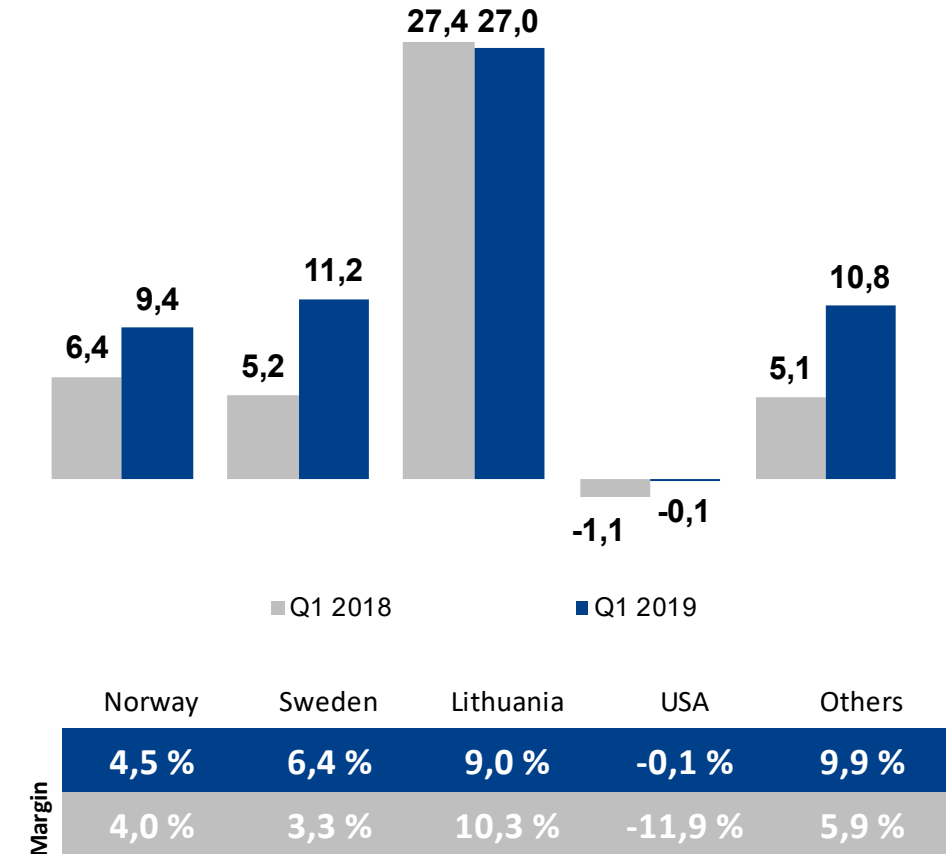




# Strong margin improvement in Norway and Sweden

- Profitability improvements seen in both Norway and Sweden.
- Lithuania weaker than last year, but still strong.
- Norway had in-efficiencies related to primarily ramp-ups and product mix.

EBIT\*

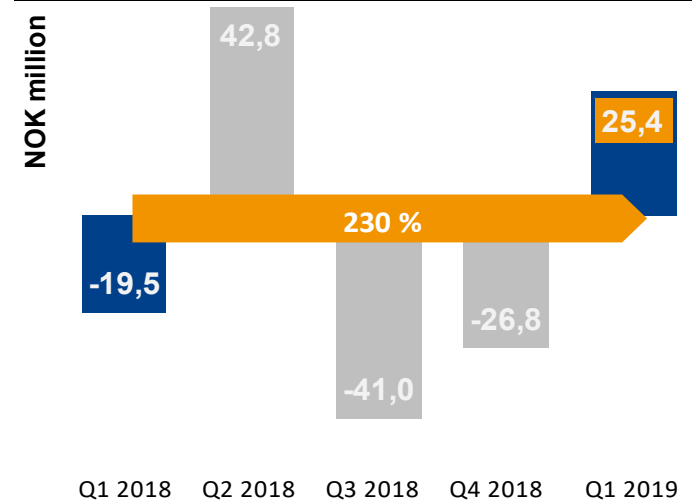


Before group entities and eliminations

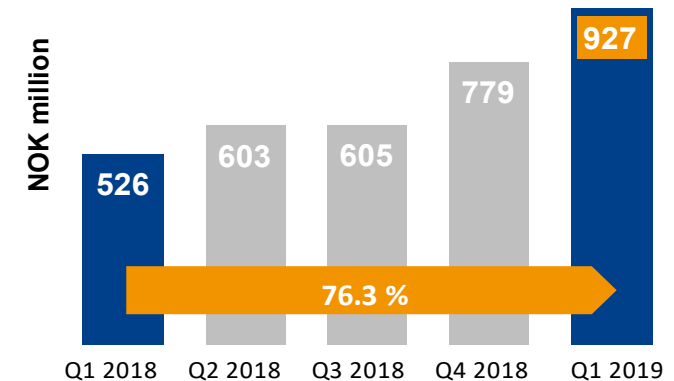
# Working capital expected to ease in 2019

- **Cash flow**
  - Positive cash flow from operations (25.4)
  
- **Financial gearing**
  - NIBD / EBITDA 2.9 (0.8)
  - Excluding IFRS16 2.6
  
- **Working capital**
  - NOWC\* 25.0% (19.3%)
  - Cash conversion cycle\* 91 (67)
  - ROOC\* 17.2% (19.8%)
  
  - Temporary inventory build-up to avoid supply disruptions, revenue growth, and the acquisition of the EMS division of API Technologies Corporation

Operating cash flow



Net working capital



\*R3-Three months rolling average



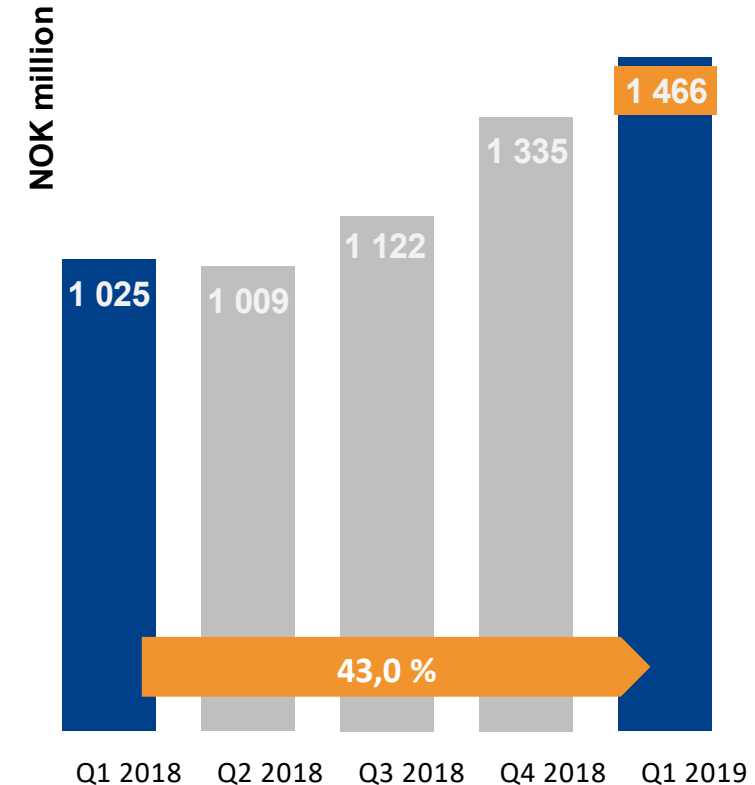
# Market development

## Market development:

# Record order backlog

- Substantially increase in order backlog within all market sectors, except Energy/Telecom.
- Organic growth of 28%
- MNOK 1 466 (1 025) +43.0%
  - Defence: 589 +54%
  - Medical: 149 +38%
  - Industry: 463 +31%
  - Energy/Telecom: 157 -3%
  - Offshore: 107 +473%

## Order backlog



The background of the slide is a light blue color with a white, intricate circuit board pattern. The pattern consists of various lines, circles, and rectangular shapes, resembling a complex electronic circuit. The word "Outlook" is centered in the middle of the slide in a dark blue, bold, sans-serif font.

# Outlook

# Outlook

- For 2019, Kitron expects revenue to grow between NOK 2 900 and 3 200 million.
- EBIT margin is expected to be between 6.2 and 6.6 per cent.
- Growth is primarily driven by the acquisition of the EMS division of API Technologies Corp. and growth for customers in the Industry and Offshore/marine sectors.
- The profitability is driven by cost reduction activities and improved efficiency.



**Thank you!**