








***Kitron***






Your ambition. Our passion.

# First three quarters and Q3 results 2020

Peter Nilsson, CEO  
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2020-10-21

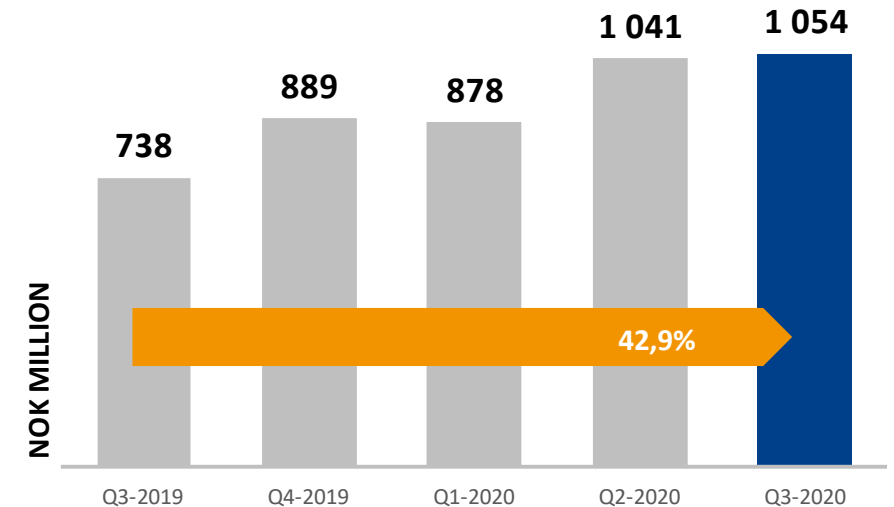
# Record performance continues

NOK Million		Q3 2020 vs Q3 2019
<b>Revenue</b> 1 053.8		42.9 %
<b>EBIT</b> 90.5		128.7 %
<b>Order Backlog</b> 1 863.1		18.5 %
<b>Operating cash flow</b> -3.2		-116.5 %
<b>Net working capital</b> 1 134.1		27.9 %

NOK Million		2020 vs 2019
<b>Revenue</b> 2 972.3		23.3 %
<b>EBIT</b> 236.9		60.8 %
<b>Order Backlog</b> 1 863.1		18.5 %
<b>Operating cash flow</b> 104.8		6.9 %
<b>Net working capital</b> 1 134.1		27.9 %

# Highlights and important events

- Revenue growth 43 % in Q3: Strong growth in Defence/Aerospace and Industry and very strong growth within Medical devices
- EBIT margin 8.6% (5.4%): This year all sites have run throughout the quarter with no shutdowns, contributing to the strong overall performance.
- EPS NOK 0.34 (0.14): 142% increase and in line with revenue and profitability improvements. First three quarters 2020 EPS: 0.93 (0.55)
- Order backlog growth 18.5%: Strong contribution from over 50% increase in both Industry and Energy/Telecoms
- Working capital: improved capital efficiency
- Dividend payout NOK 0.50 per share announced



\* adjusted for foreign exchange effects in consolidation, i.e. recalculated using the exchange rates from same quarter last year. Underlying revenue growth 2020 vs. 2019 10.5%, underlying order backlog growth 22%.

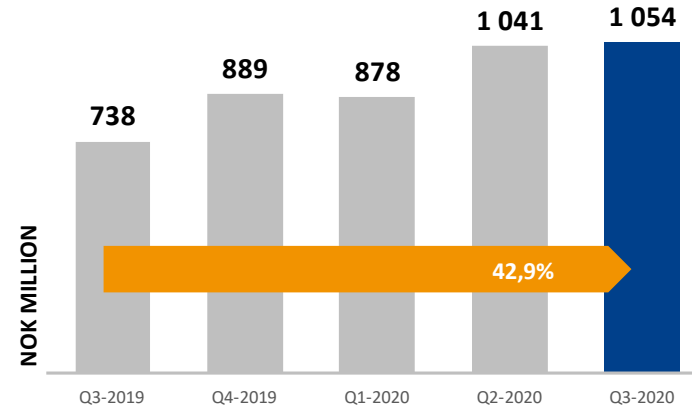
# Important order in the quarter

- **MedAvail awards contract to Kitron**
  - Production of automated medication dispensing equipment for pharmacies and hospitals.
  - The contract has a potential value of USD 50 million over a three-year period, with an extension option.
  - Production will take place at Kitron's newly renovated facility in Windber, Pennsylvania, and is expected to commence in the first quarter of 2021.



# Financials

# Exceptional growth in Medical devices sector



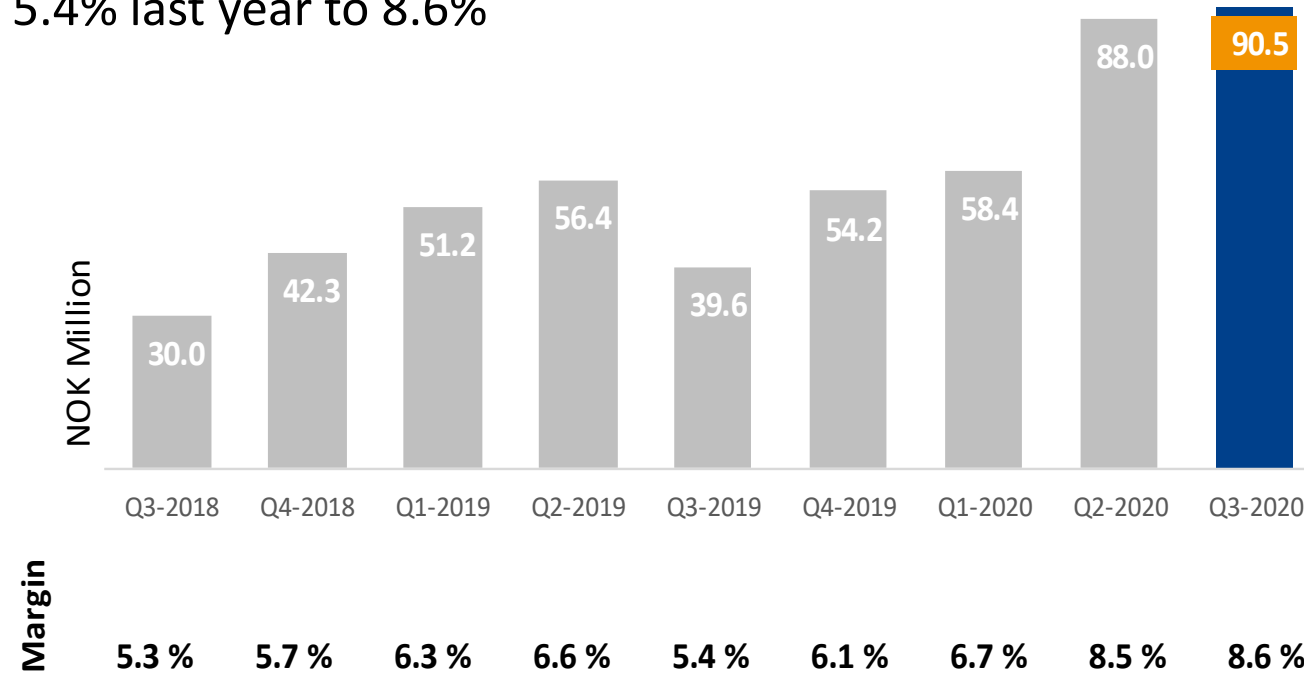
	Q3 2020 vs Q3 2019	Share of total revenue
<b>Industry</b> 349.7	29.1 % ↑	33.0 %
<b>Defence/Aerospace</b> 240.0	41.6 % ↑	22.7 %
<b>Medical devices</b> 394.7	182.9 % ↑	37.3 %
<b>Energy/Telecoms</b> 55.0	-52.0 % ↓	5.2 %
<b>Offshore/Marine</b> 18.9	-56.1 % ↓	1.8 %

	Q3 2020 vs Q3 2019	Share of total revenue
<b>Norway</b> 228.6	28.9 % ↑	21.7 %
<b>Sweden</b> 212.8	49.0 % ↑	20.2 %
<b>CEE</b> 292.5	20.0 % ↑	27.8 %
<b>Others</b> 409.6	99.4 % ↑	38.9 %

Before group entities and eliminations

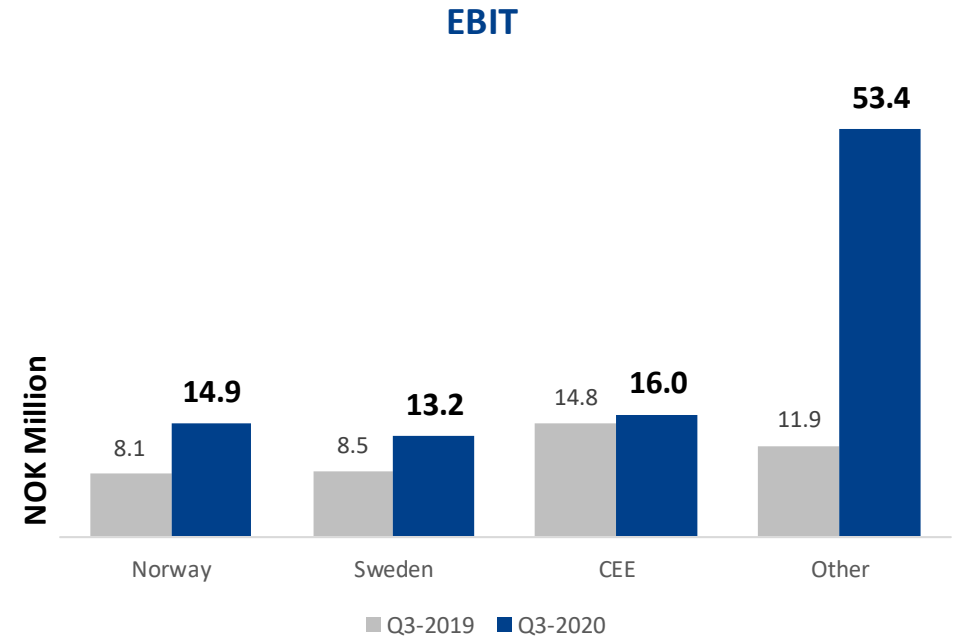
# Improved profits and profitability

- Record Q3 EBIT
- EBIT driven by profitable strong growth
  - Economies of scale
  - Exceptional utilization of overhead
- EBIT margin improved from 5.4% last year to 8.6%



# Q3 EBIT by country: Improved profits and profitability

- Norway and Sweden at strong margin levels and with improved profits
- CEE (Lithuania and Poland)
  - Solid improvement in Lithuania 7.1% (5.1%)
  - Polish facility according to expectations. Established Q3 LY, still under development
- Others show strong performance due to exceptional growth within medical devices



	Norway	Sweden	CEE	Other
<b>Q3-2020</b>	<b>6.5 %</b>	<b>6.2 %</b>	<b>5.5 %</b>	<b>13.0 %</b>
Q3-2019	4.6 %	6.0 %	6.1 %	5.8 %



# Balance sheet: Working capital efficiency improvement

## Working capital ratios

- NOWC\* 25.1% (29.5%)
- Cash conversion cycle\* 96 (116)
- ROOC\* 22.4% (12.0%)
  - exclusive IFRS16 ROOC% 24.4%

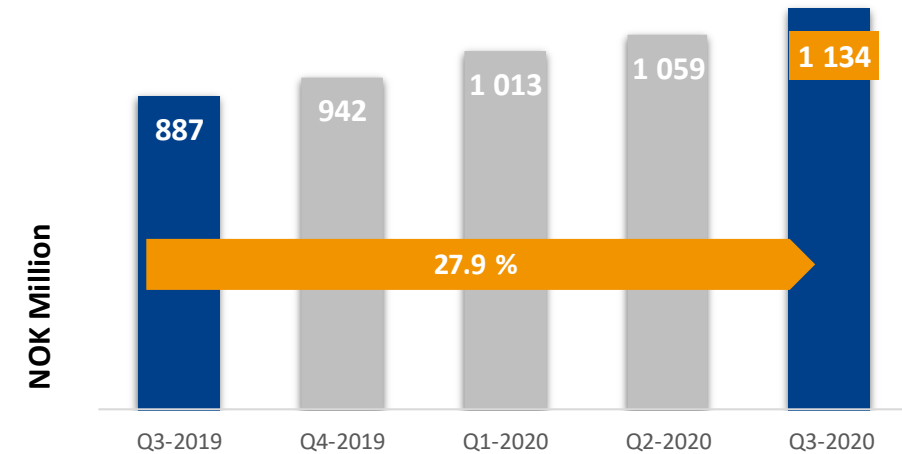
## Cash flow

- YTD Cash flow from operations MNOK 104.8 (98.0)

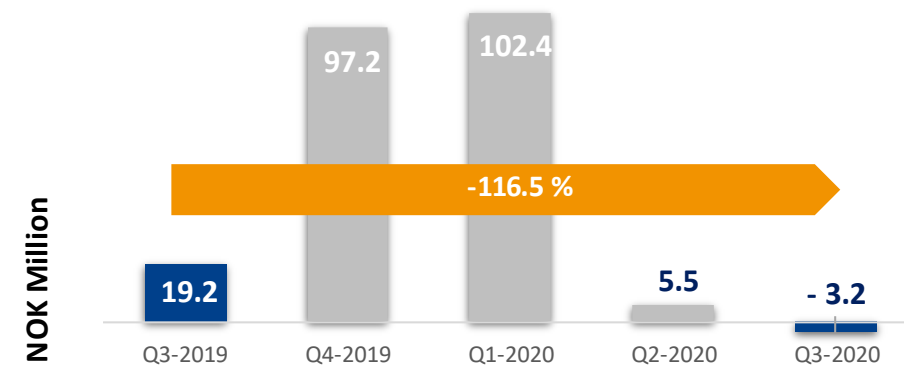
## Financial gearing

- NIBD/EBITDA 1.9 (3.0)
  - exclusive IFRS16 NIBD/EBITDA 1.7

Net working capital













Operating cash flow

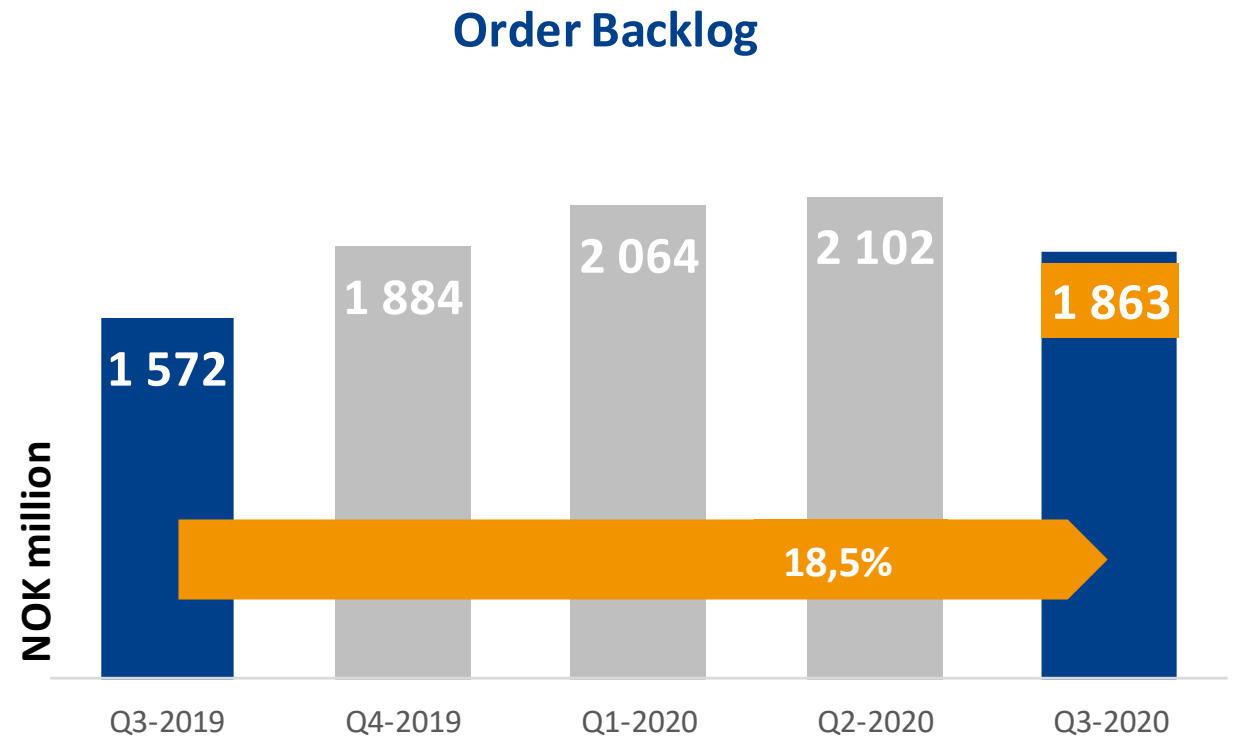


# Market development

# Strong order backlog

- Particularly strong growth in Industry and Energy/Telecom
- Growth 18.5%, underlying growth 12%

	Q3 2020 vs Q3 2019	Share of total backlog
<b>Industry</b> 631.3	58.0 % 	33.9 % 
<b>Defence/Aerospace</b> 663.9	1.0 % 	35.6 % 
<b>Medical devices</b> 239.5	15.6 % 	12.9 % 
<b>Energy/Telecoms</b> 264.5	51.4 % 	14.2 % 
<b>Offshore/Marine</b> 63.9	-52.1 % 	3.4 % 



# Outlook

# Outlook

- For 2020, Kitron has previously indicated a revenue outlook of between NOK 3 500 and 3 800 million and an EBIT margin between 6.7 and 7.5 per cent.
- Due to increased growth in the Defence/Aerospace, Industry and Medical devices sectors, overall profitability improvement and favourable currency, revenue is now expected to be between 3 850 and 4 000 million, EBIT margin is expected to be between 7.6 and 7.8 per cent.
- As previously reported, demand within the Medical devices sector, driven by the Corona pandemic, has been particularly strong in the second and third quarter. This is expected to normalize in the fourth quarter and going forward.

# Key takeaways

## Summary Q3 2020

- Q3 stronger than Q2! Extraordinary performance by Kitron employees
- Record Q3 revenue and first three quarters
- Increased margins
- Outlook updated
- 2019 dividend payout announced

Thank You!