

**Kimball**<sup>®</sup>  
Electronics

**Financial Results**  
**Third Quarter Fiscal Year 2015**

**Quarter Ended March 31, 2015**

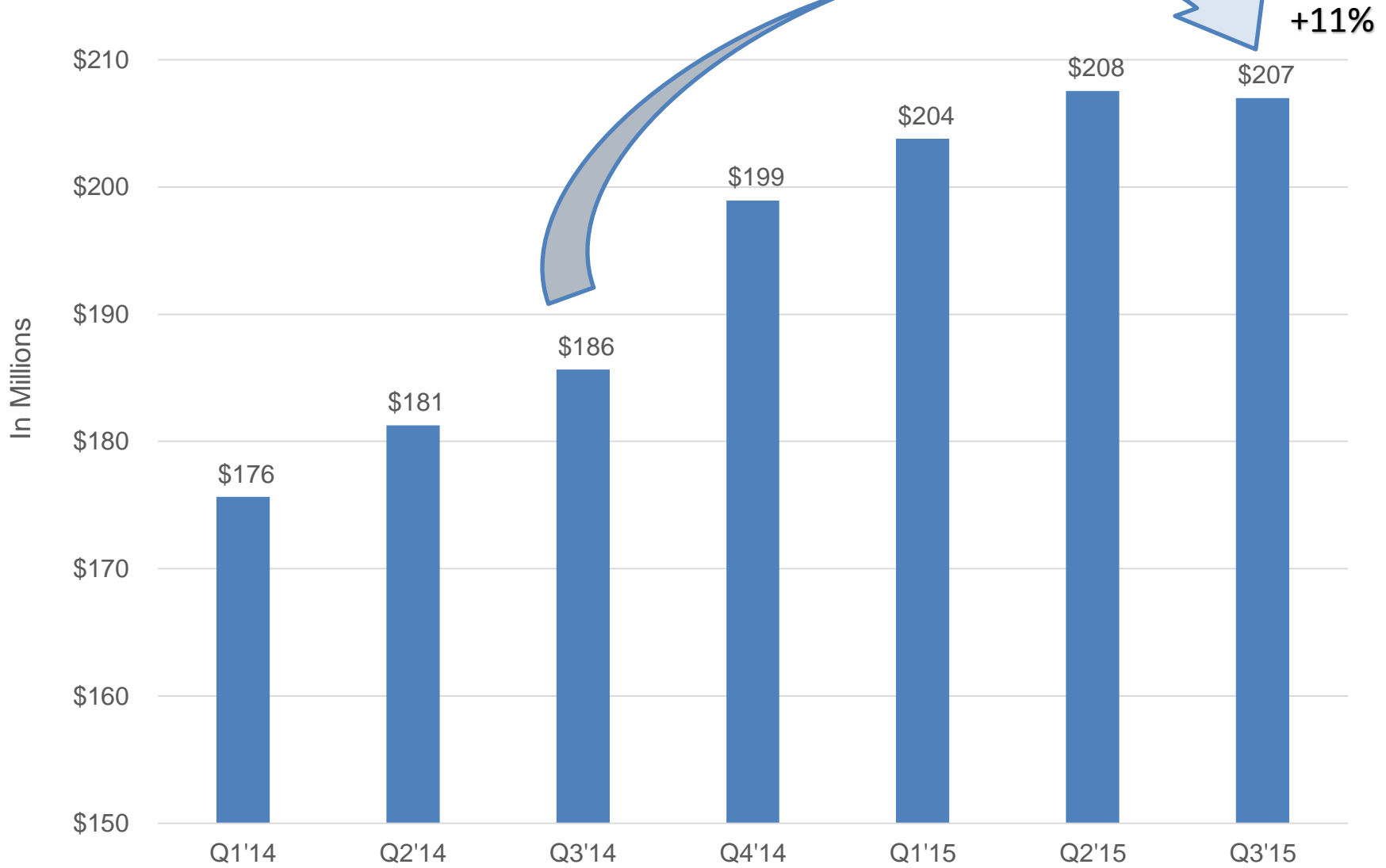
Supplementary Information to Kimball Electronics'  
May 12, 2015 Earnings Release and Conference Call

# Safe Harbor Statement

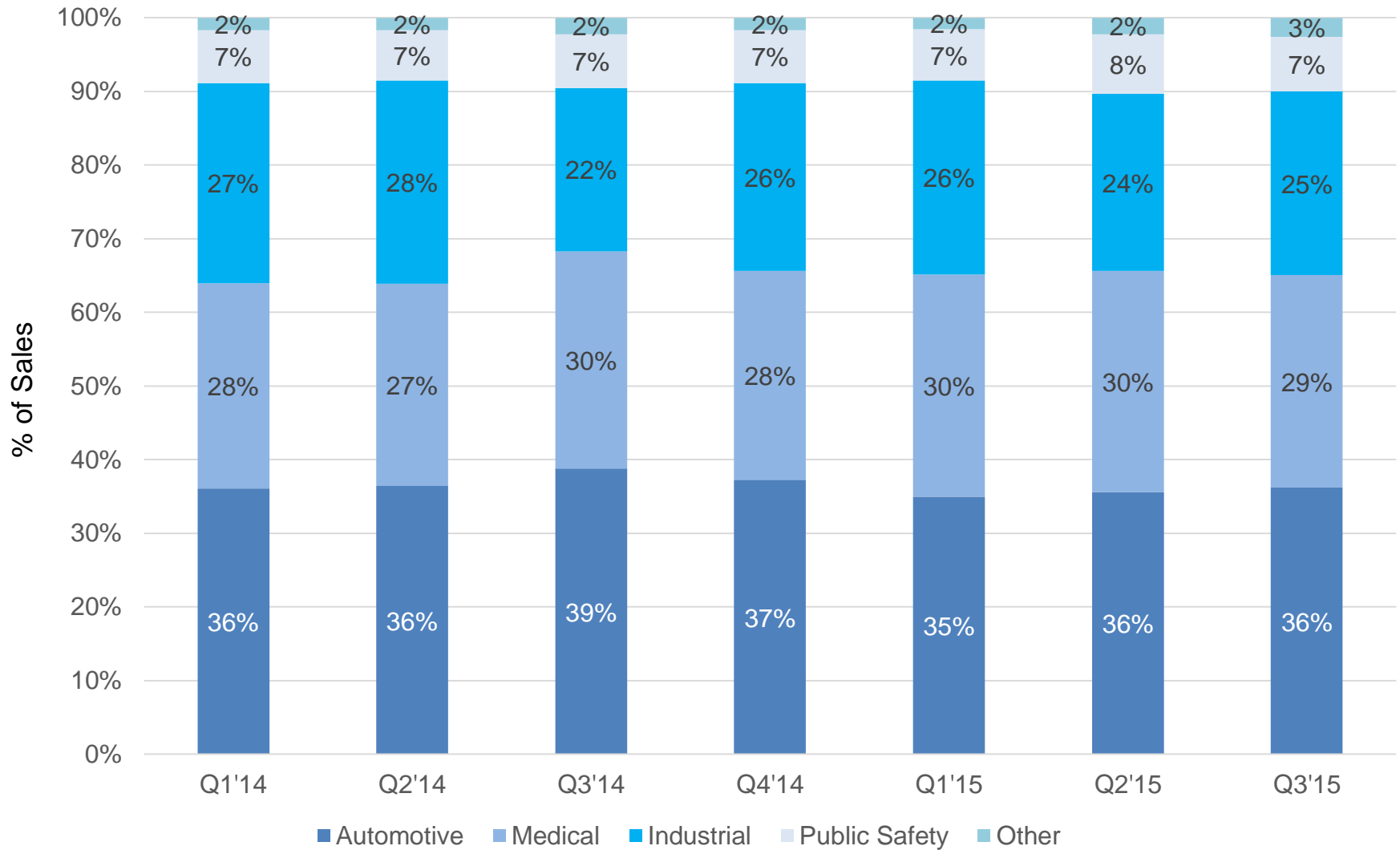
*Certain statements contained within this supplementary information and any statements made during our earnings conference call today may be considered forward-looking under the Private Securities Litigation Reform Act of 1995 and are subject to risks and uncertainties including, but not limited to, our ability to fully realize the expected benefits of the completed spin-off, the global economic conditions, significant volume reductions from key contract customers, loss of key customers or suppliers, financial stability of key customers and suppliers, availability or cost of raw materials, and increased competitive pricing pressures reflecting excess industry capacities. Additional cautionary statements regarding other risk factors that could have an effect on the future performance of Kimball Electronics, Inc. (the “Company”) are contained in the Company’s Registration Statement filed on Form 10, as amended, and declared effective on October 7, 2014, our earnings release, and other filings with the Securities and Exchange Commission (the “SEC”).*

*This supplementary information contains non-GAAP financial measures. A non-GAAP financial measure is a numerical measure of a company’s financial performance that excludes or includes amounts so as to be different than the most directly comparable measure calculated and presented in accordance with Generally Accepted Accounting Principles (GAAP) in the United States in the statement of income, statement of comprehensive income, balance sheet, statement of cash flows, or statement of equity of the company. The non-GAAP financial measures contained herein include Selling & Administrative Expense (%), Adjusted Operating Income, Adjusted Net Income, and Adjusted EBITDA which have been adjusted for restructuring charges, spin-off expenses, and settlement proceeds from lawsuits. Management believes it is useful for investors to understand how its core operations performed without the effects of the costs incurred in executing its restructuring plans, spin-off expenses, and lawsuit income. Excluding these amounts allows investors to meaningfully trend, analyze, and benchmark the performance of the Company’s core operations. Many of the Company’s internal performance measures that management uses to make certain operating decisions use these and other non-GAAP measures to enable meaningful trending of core operating metrics.*

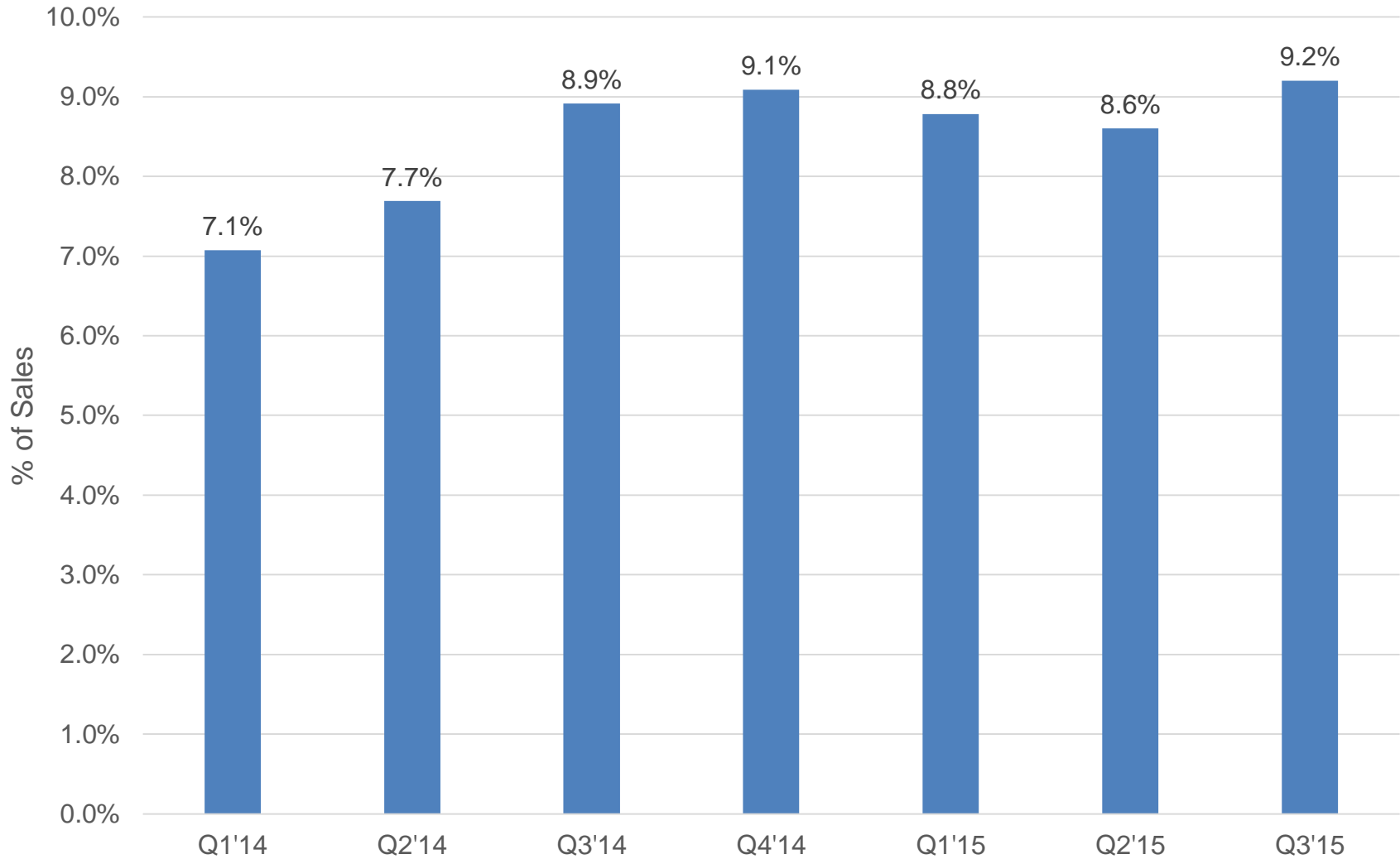
# Net Sales



# Net Sales Mix by Vertical Market

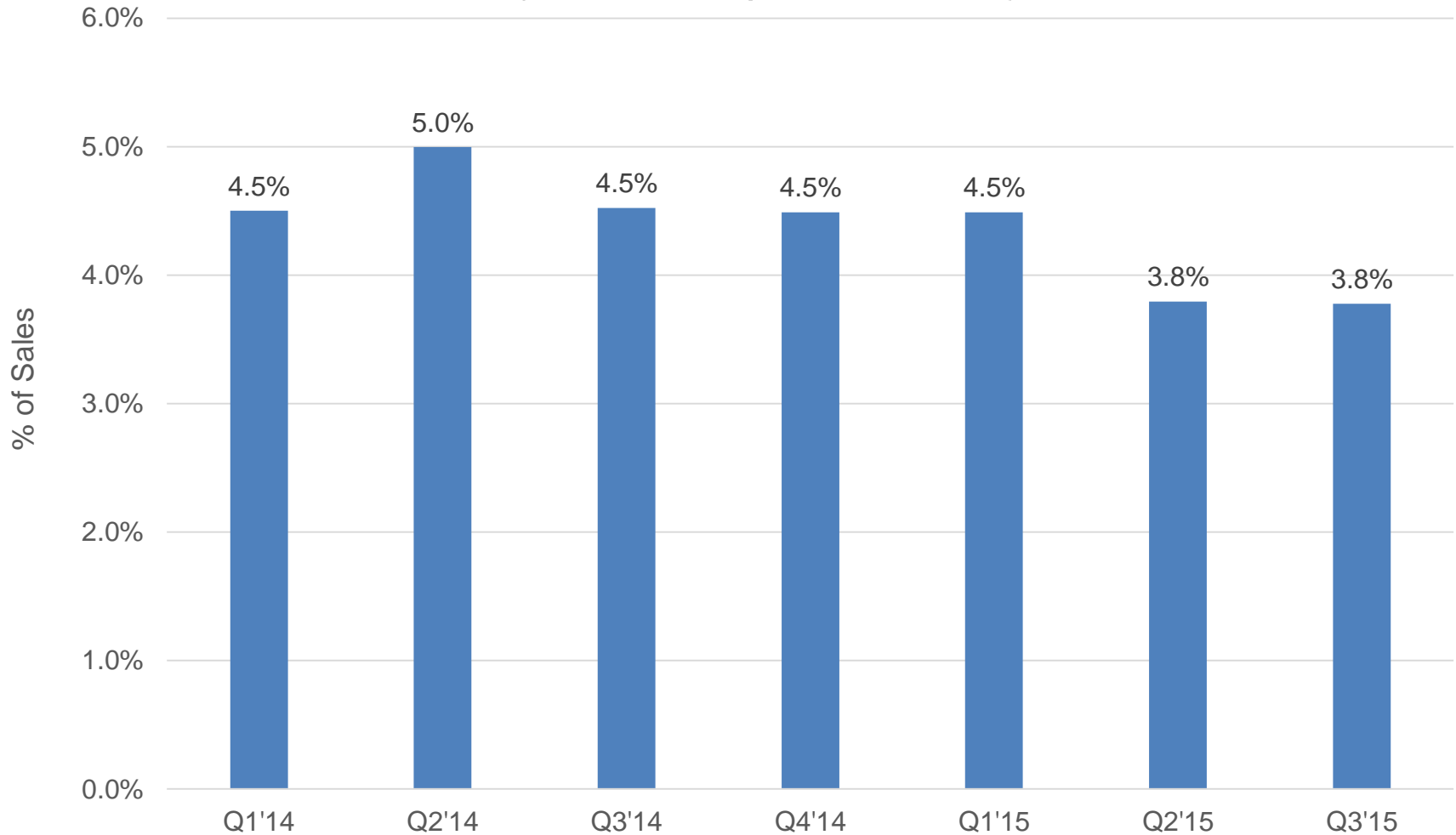


# Gross Margin %



# Selling & Administrative Expense (%)

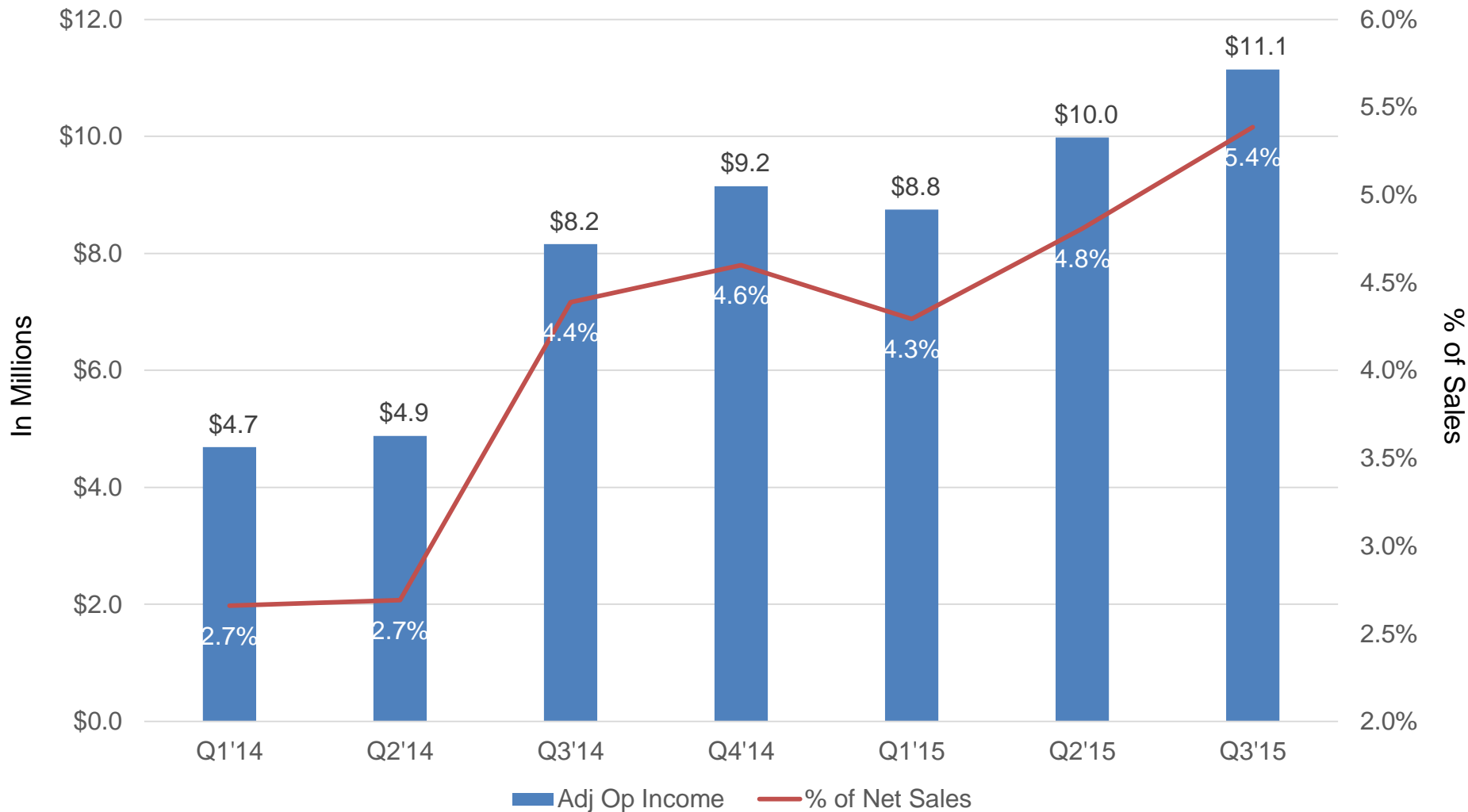
(Excludes spin-off costs\*)



\*Spin-off costs excluded by quarter were Q3'14 - \$0.8M (0.5% of sales), Q4'14 - \$1.4M (0.7%), Q1'15 - \$1.0M (0.5%), Q2'15 - \$1.3M (0.6%) and Q3'15 - \$0.3M (0.2%)

# Adjusted Operating Income

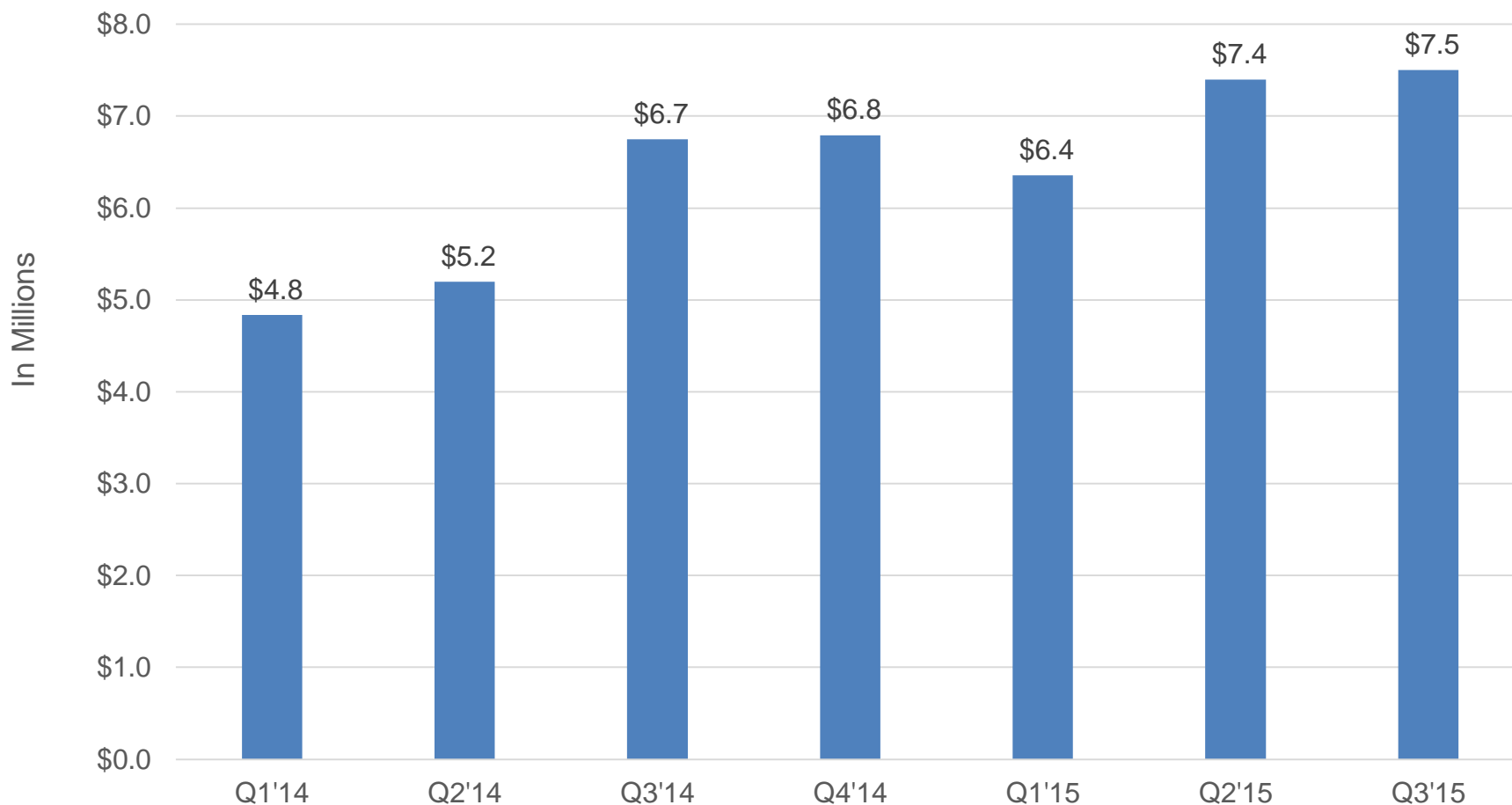
(Excludes restructuring, spin-off costs and anti-trust lawsuit proceeds)



Note: Adjusted Operating Income is a Non-GAAP measure – refer to Reconciliation of Non-GAAP Results on the final slide of this supplementary information

# Adjusted Net Income

(Excludes restructuring, spin-off costs and anti-trust lawsuit proceeds)

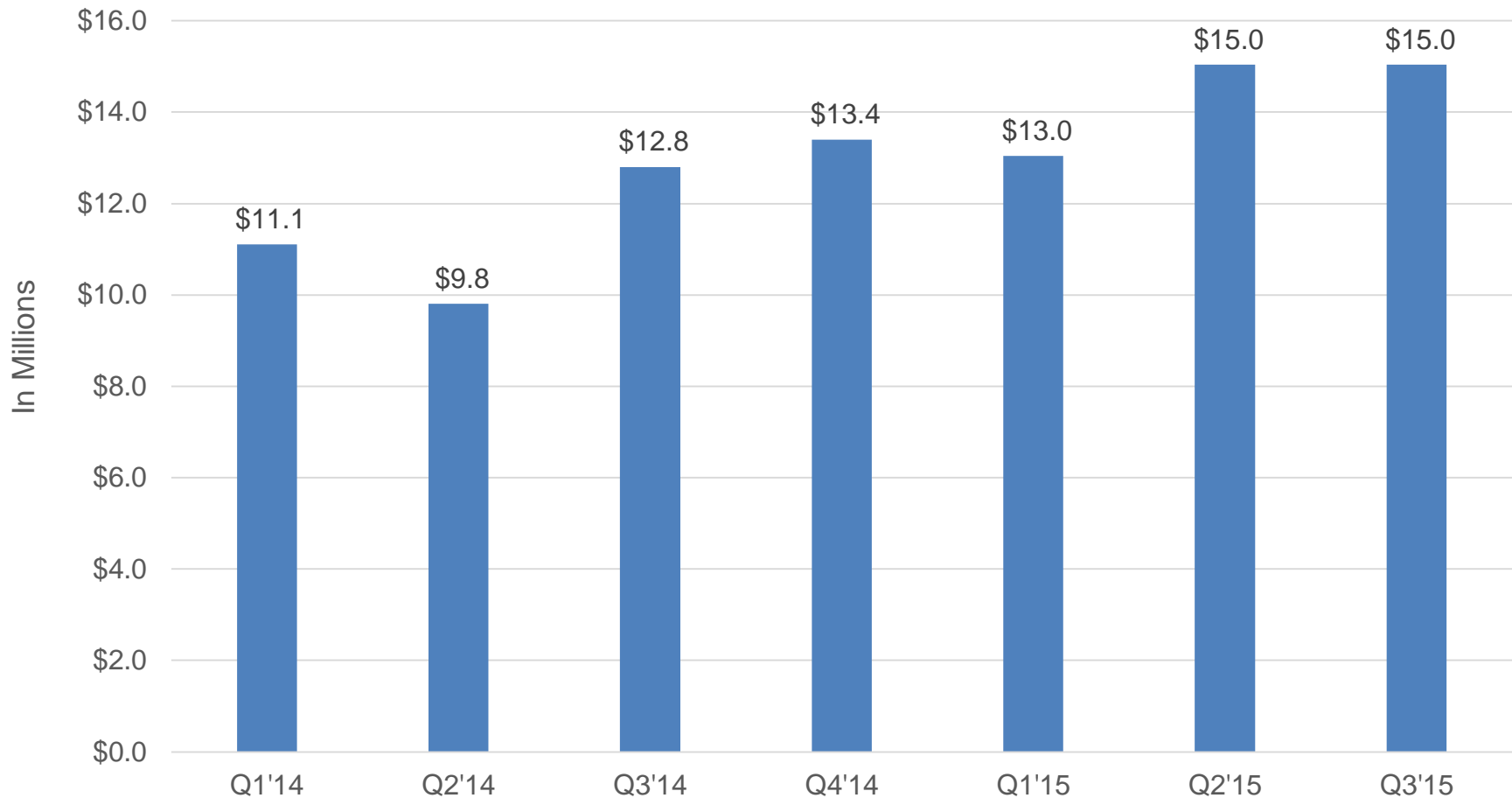


Note: Adjusted Net Income is a Non-GAAP measure – refer to Reconciliation of Non-GAAP Results on the final slide of this supplementary information



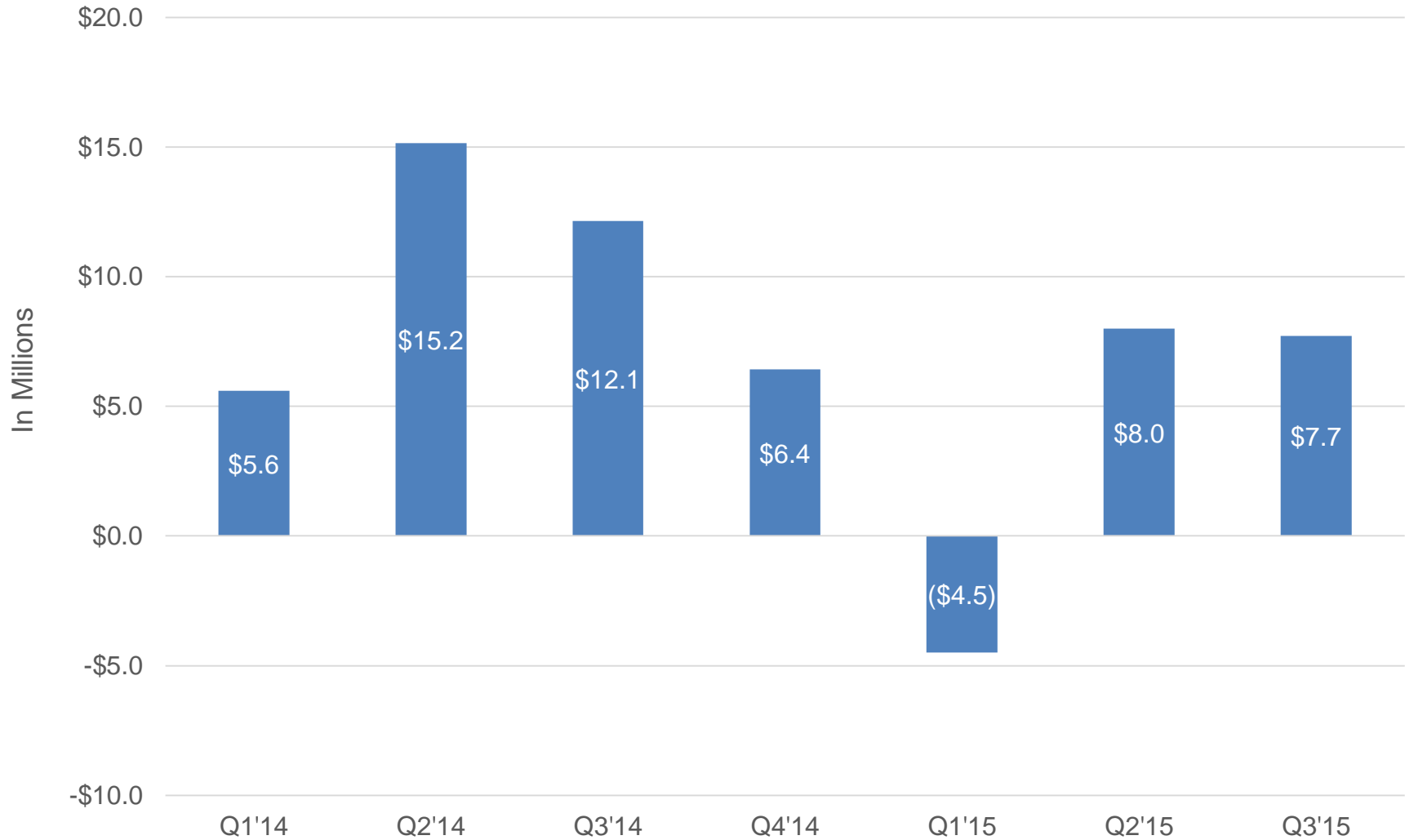
# Adjusted EBITDA

(Excludes restructuring, spin-off costs and anti-trust lawsuit proceeds)

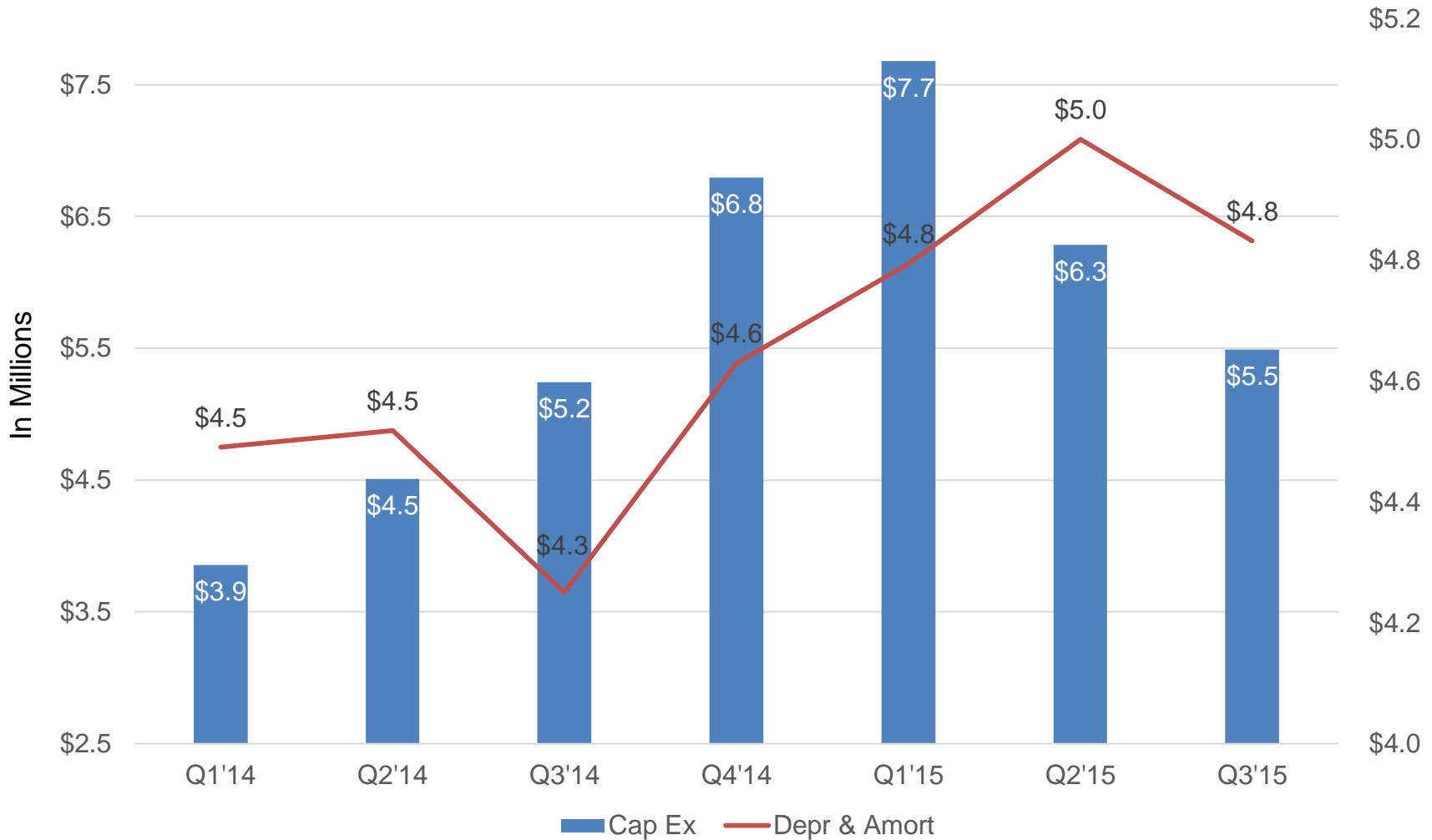


Note: Adjusted EBITDA is a Non-GAAP measure – refer to Reconciliation of Non-GAAP Results on the final slide of this supplementary information

# Operating Cash Flow



# Capital Expenditures and Depreciation & Amortization



# Reconciliation of Non-GAAP Results

	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15
Operating Income, as Reported	\$ 9,306	\$ 4,881	\$ 8,022	\$ 7,721	\$ 7,787	\$ 8,697	\$ 10,821
Add: Spin-off Expenses	0	0	802	1,431	964	1,285	321
Less: Settlement Proceeds from Lawsuits	5,022	0	666	0	0	0	0
Add: Restructuring Charges	402	0	0	0	0	0	0
<b>Adjusted Operating Income</b>	<b>\$ 4,686</b>	<b>\$ 4,881</b>	<b>\$ 8,158</b>	<b>\$ 9,152</b>	<b>\$ 8,751</b>	<b>\$ 9,982</b>	<b>\$ 11,142</b>
Net Income, as reported	\$ 7,698	\$ 5,200	\$ 6,356	\$ 5,359	\$ 5,391	\$ 6,229	\$ 7,191
Add: Spin-off Expenses	0	0	802	1,431	964	1,168	278
Less: Settlement Proceeds from Lawsuits	3,134	0	415	0	0	0	0
Add: Restructuring Charges	251	0	0	0	0	0	0
<b>Adjusted Net Income</b>	<b>\$ 4,815</b>	<b>\$ 5,200</b>	<b>\$ 6,743</b>	<b>\$ 6,790</b>	<b>\$ 6,355</b>	<b>\$ 7,397</b>	<b>\$ 7,469</b>
Adjusted Net Income	\$ 4,815	\$ 5,200	\$ 6,743	\$ 6,790	\$ 6,355	\$ 7,397	\$ 7,469
Add(Less) Interest, net	(13)	(12)	(5)	(9)	0	(7)	(10)
Add Depreciation & Amortization	4,491	4,518	4,250	4,630	4,794	5,023	4,832
Add Taxes	1,799	77	1,769	1,984	1,899	2,622	2,744
<b>Adjusted EBITDA</b>	<b>\$ 11,092</b>	<b>\$ 9,783</b>	<b>\$ 12,757</b>	<b>\$ 13,395</b>	<b>\$ 13,048</b>	<b>\$ 15,035</b>	<b>\$ 15,035</b>