



Financial Results

Fourth Quarter Fiscal Year 2016

Quarter Ended June 30, 2016

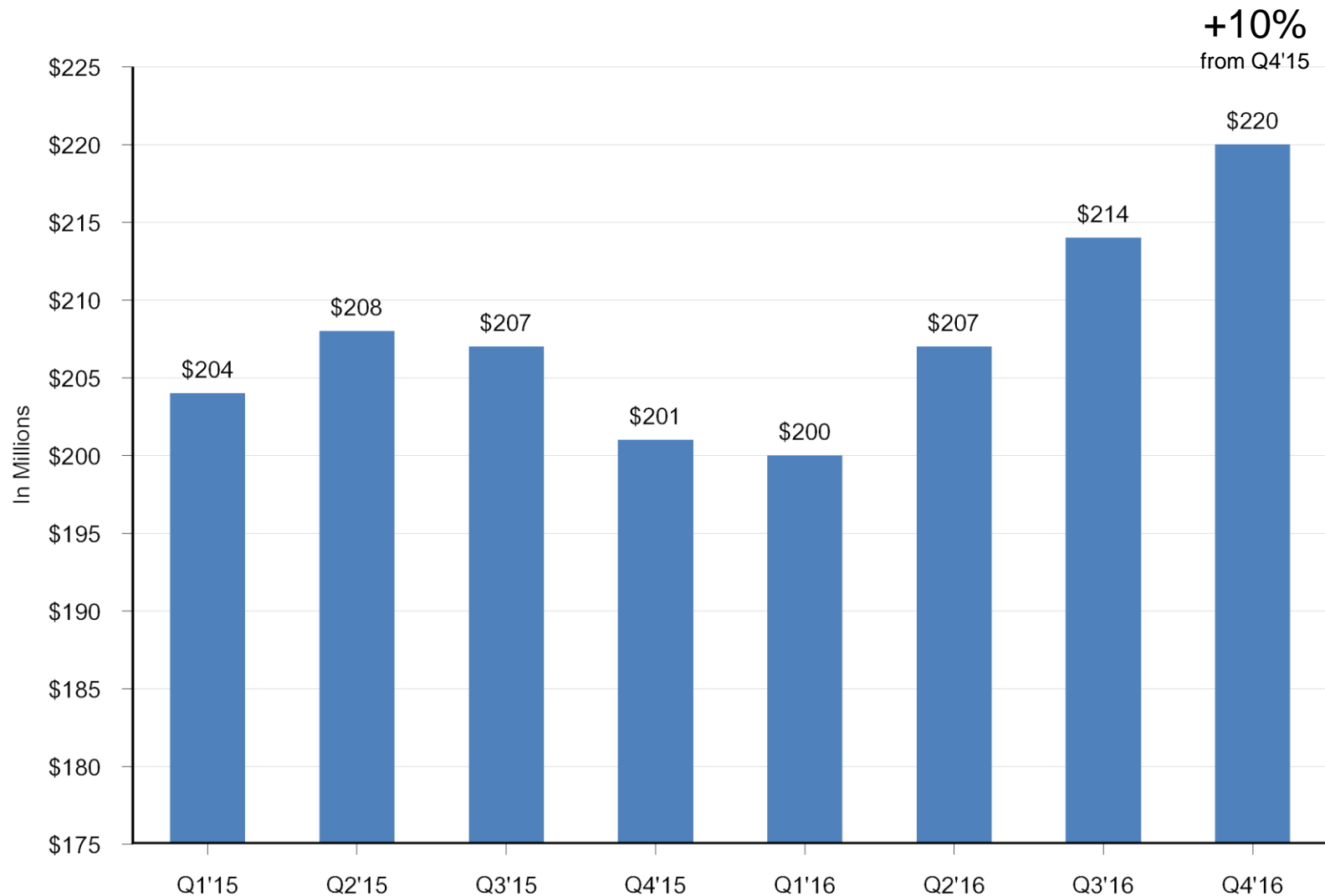
Supplementary Information to August 4, 2016
Earnings Conference Call

Safe Harbor Statement

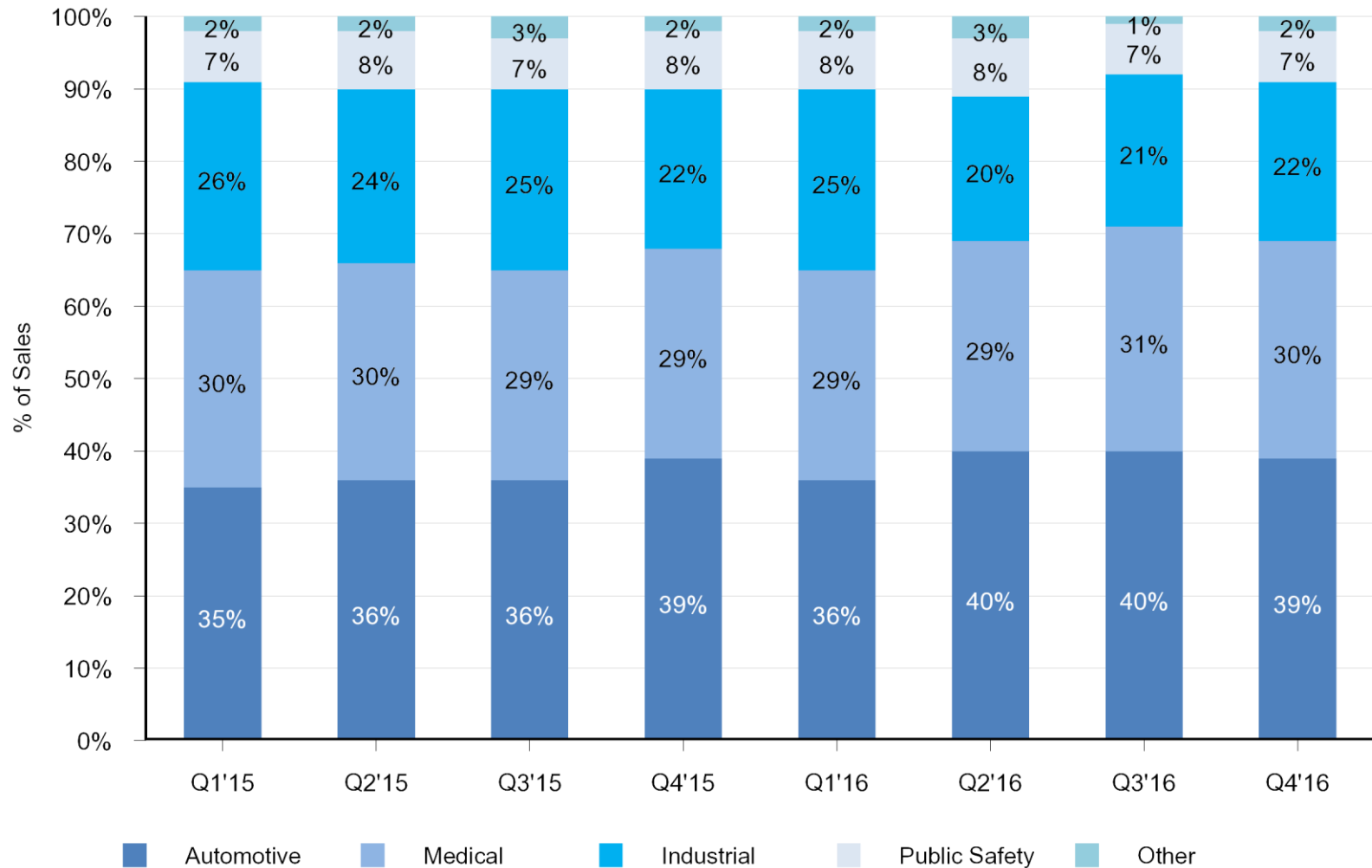
Certain statements contained within this supplementary information and any statements made during our earnings conference call today may be considered forward-looking under the Private Securities Litigation Reform Act of 1995 and are subject to risks and uncertainties including, but not limited to, our ability to fully realize the expected benefits of the completed spin-off, successful integration of acquisitions and new operations, 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 Annual Report on Form 10-K for the fiscal year ended June 30, 2015, 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, Adjusted EBITDA and Return on Invested Capital (ROIC), which have been adjusted for spin-off expenses. Management believes it is useful for investors to understand how its core operations performed without the effects of incremental costs related to the spin-off. 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.

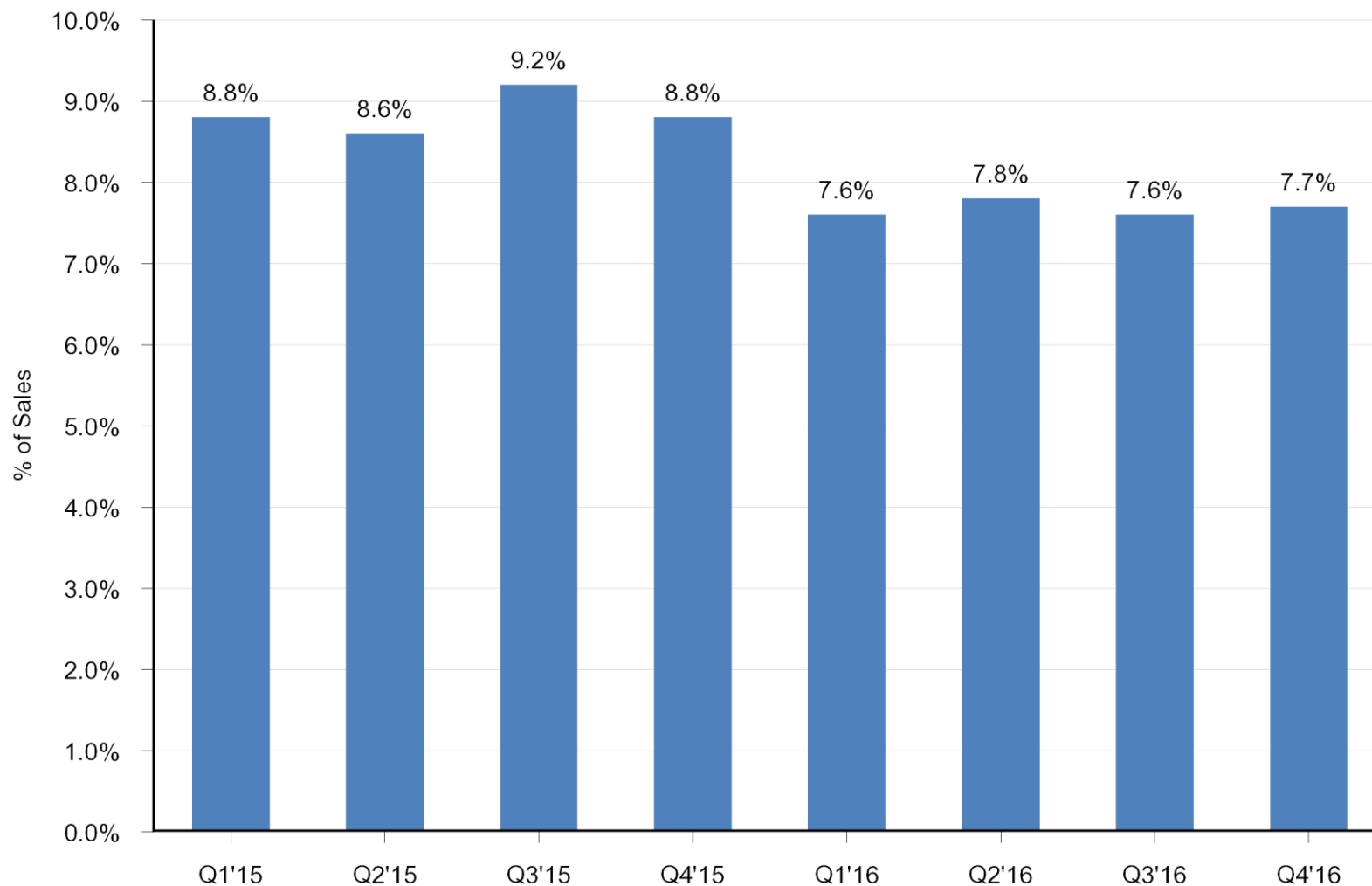
Net Sales



Net Sales Mix by Vertical Market

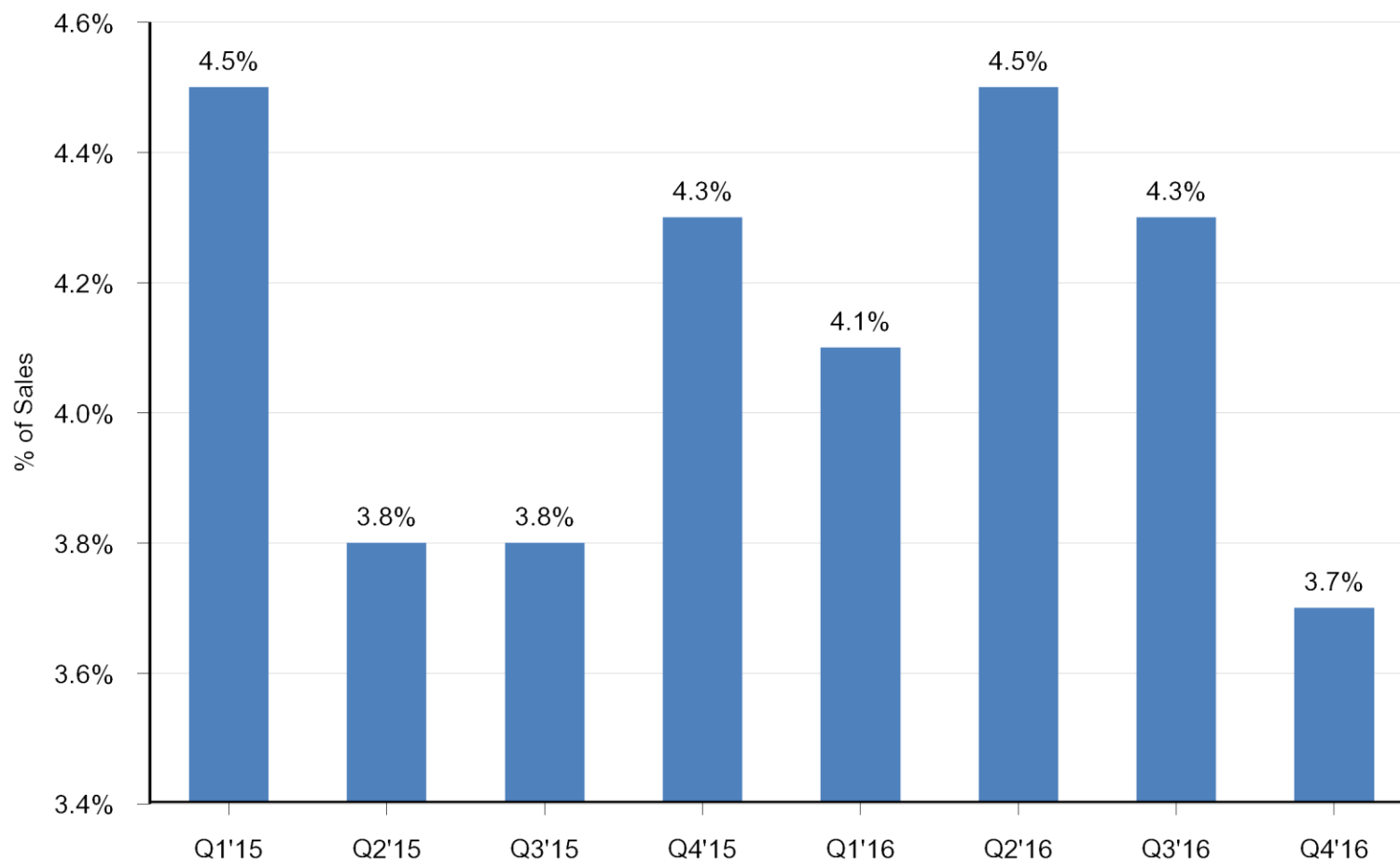


Gross Margin %



Selling & Administrative Expense (%)

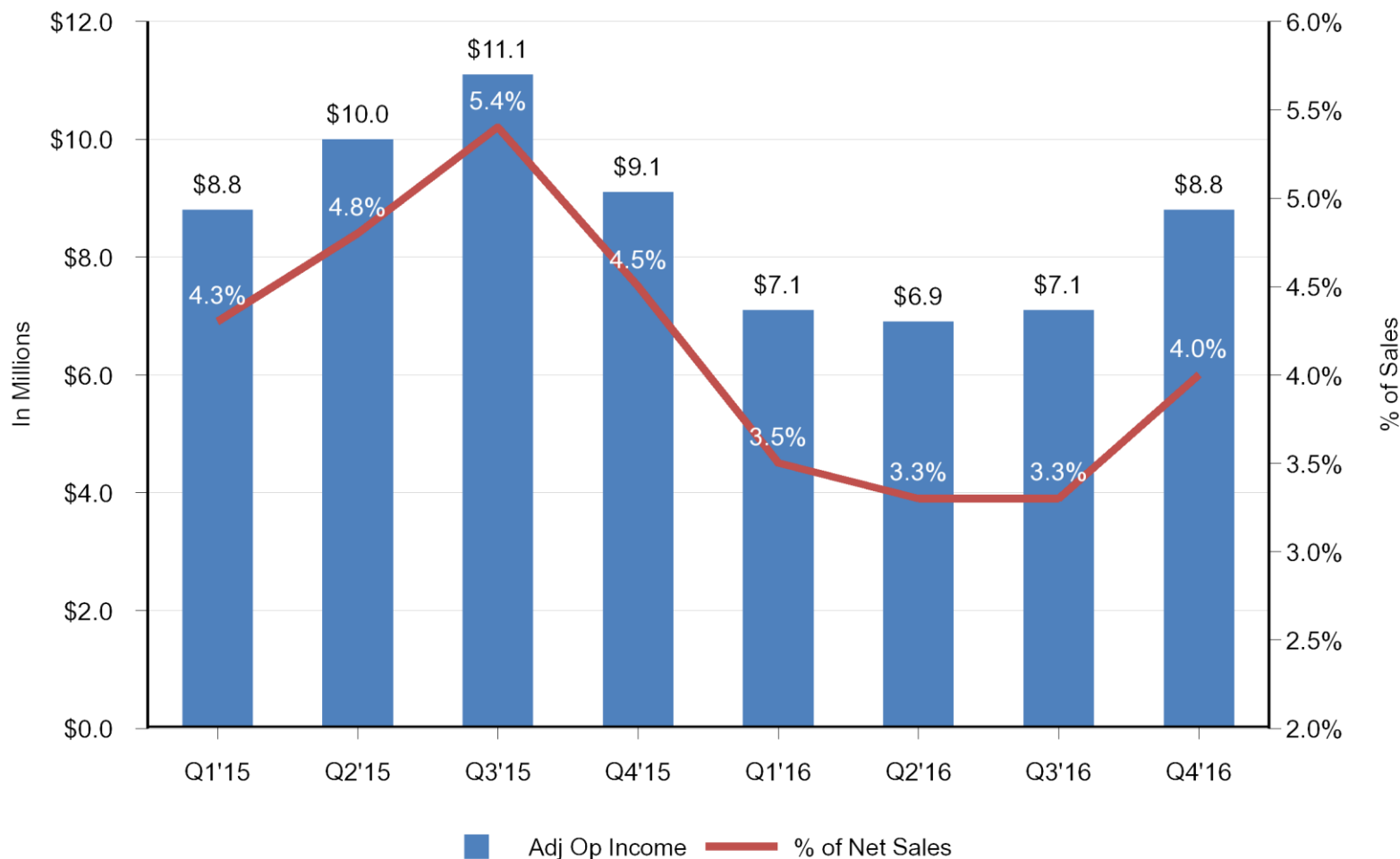
(Excludes spin-off costs*)



*Spin-off costs excluded by quarter were Q1'15 - \$1.0M (0.5%), Q2'15 - \$1.3M (0.6%), Q3'15 - \$0.3M (0.2%), Q1'16 - \$0.1M (0.0%)

Adjusted Operating Income

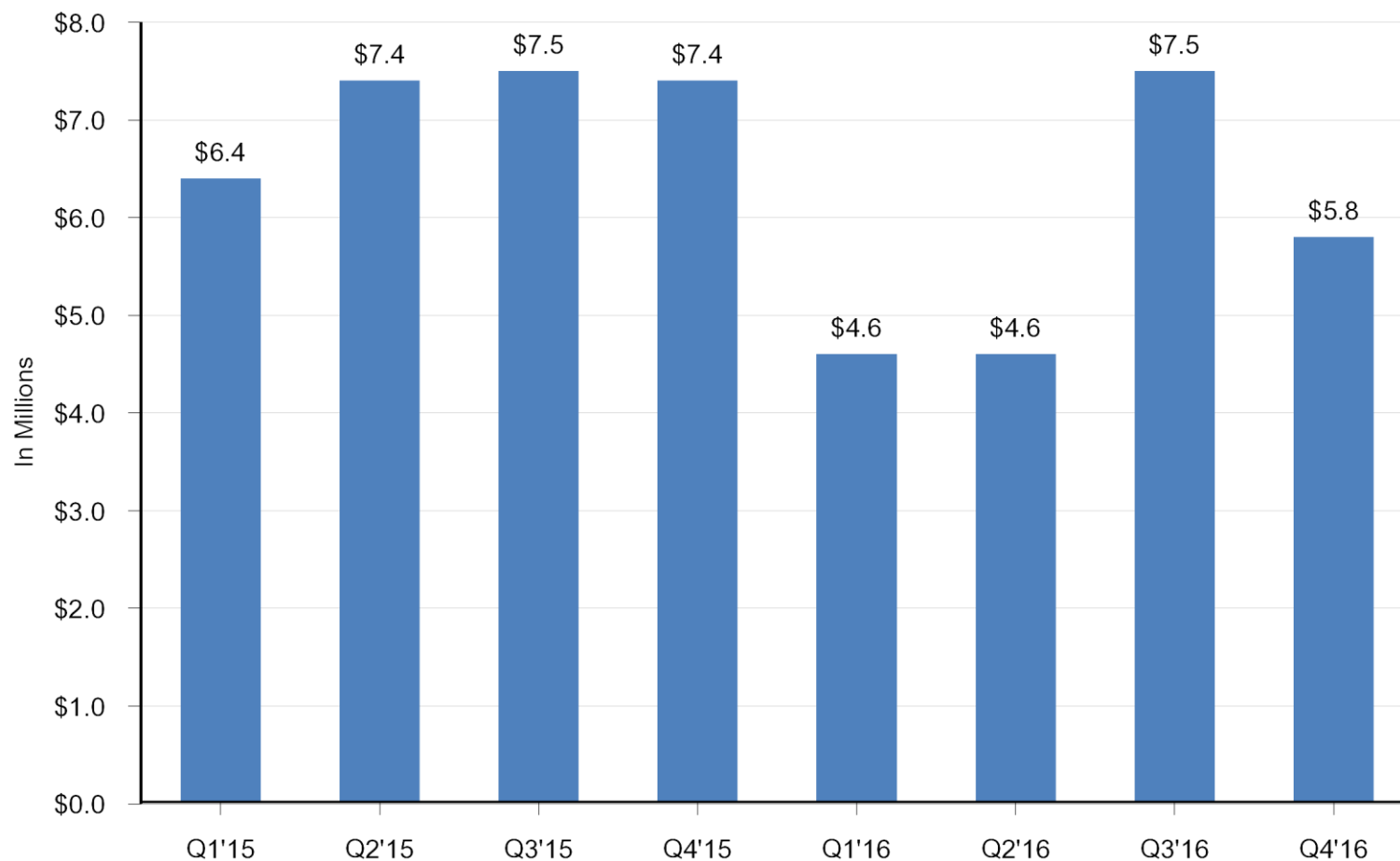
(Excludes spin-off costs)



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

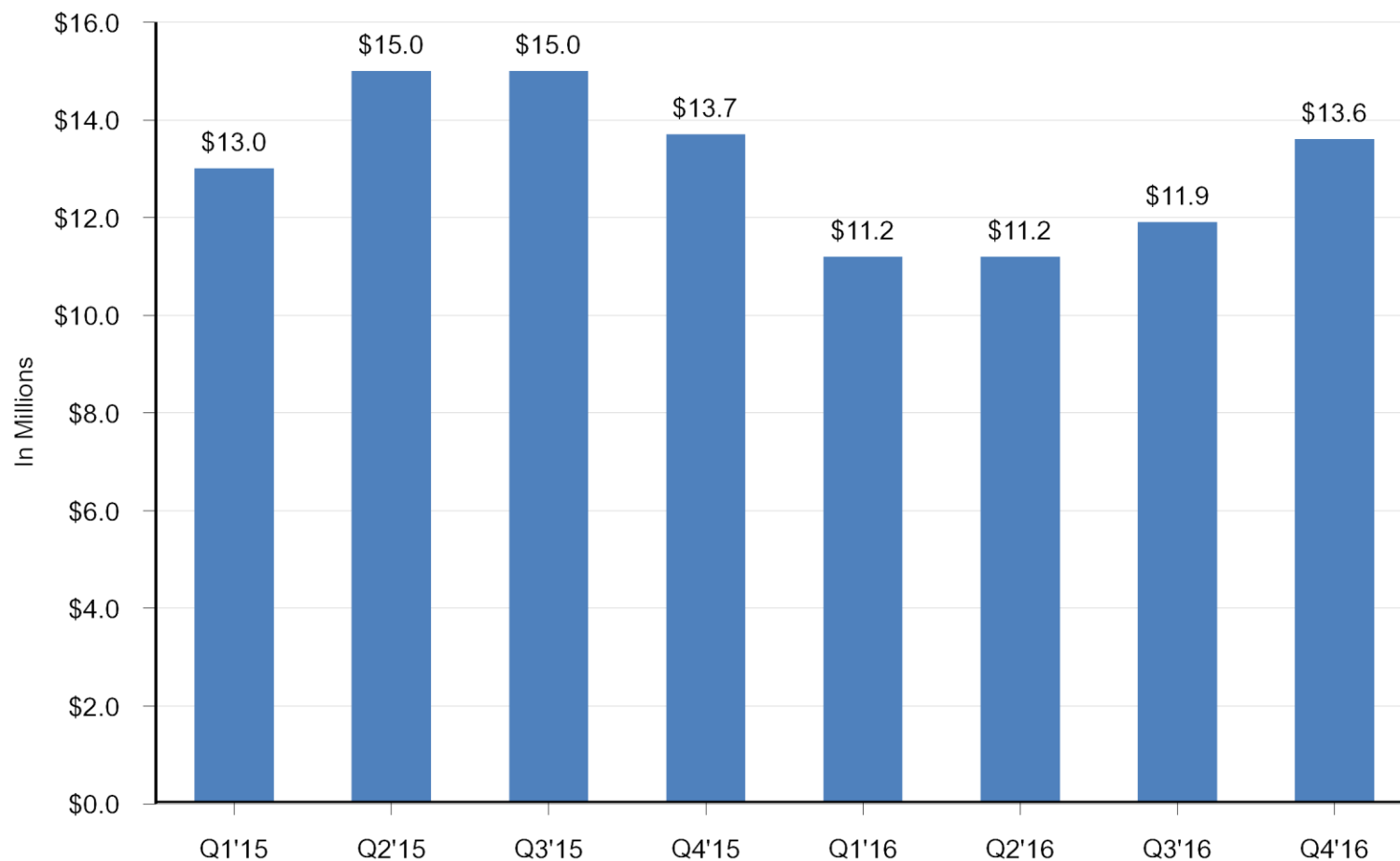
(Excludes spin-off costs)



Notes: Q3'16 includes a \$1.8 million discrete foreign tax benefit related to the capitalization of our Romania subsidiary; 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

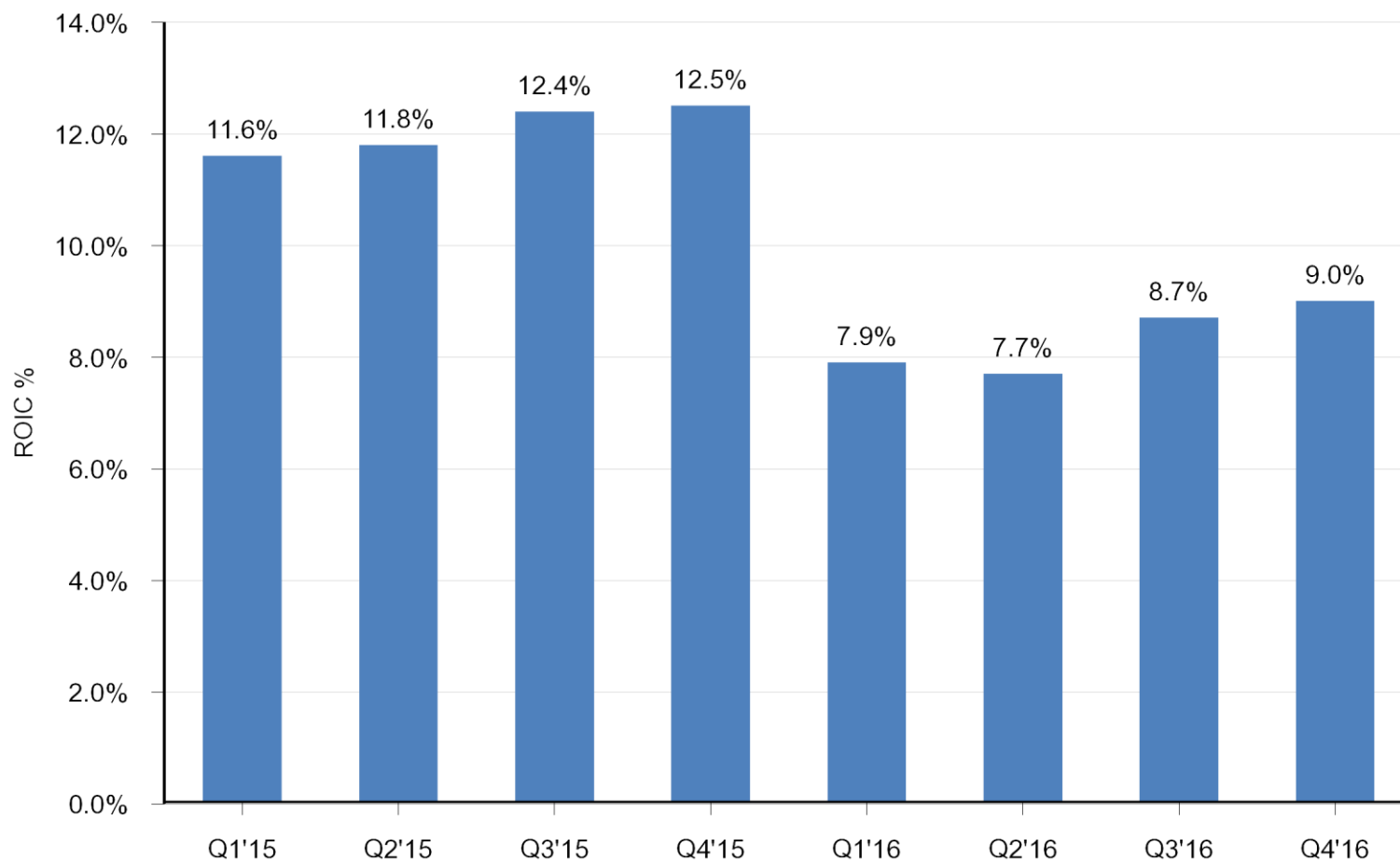
(Excludes spin-off costs)



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

Return on Invested Capital

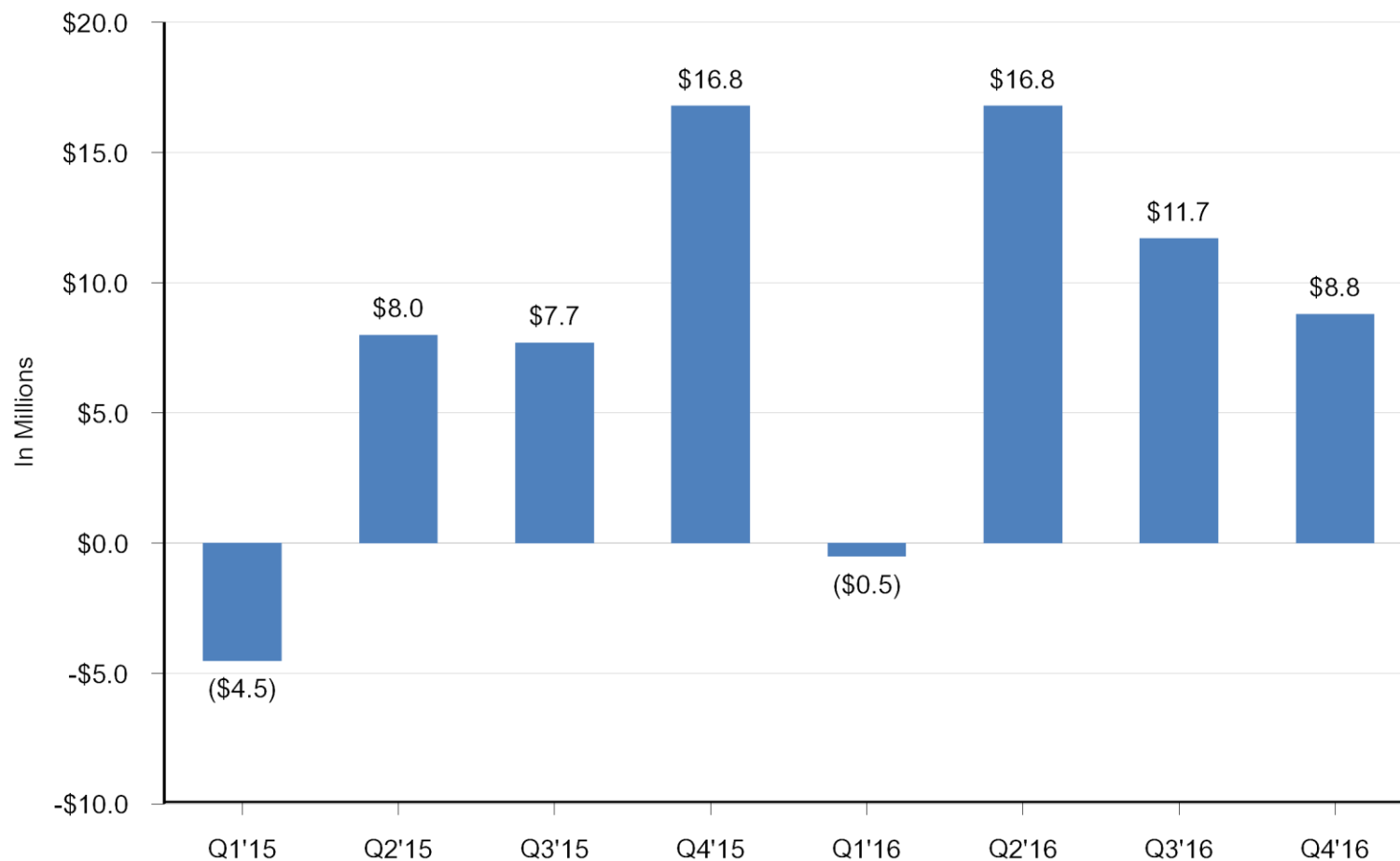
(Excludes spin-off costs)



Notes: We define ROIC as after tax annualized adjusted operating income divided by average invested capital; ROIC is a Non-GAAP measure - refer to Reconciliation of Non-GAAP Results on the final slide of this supplementary information

Operating Cash Flow

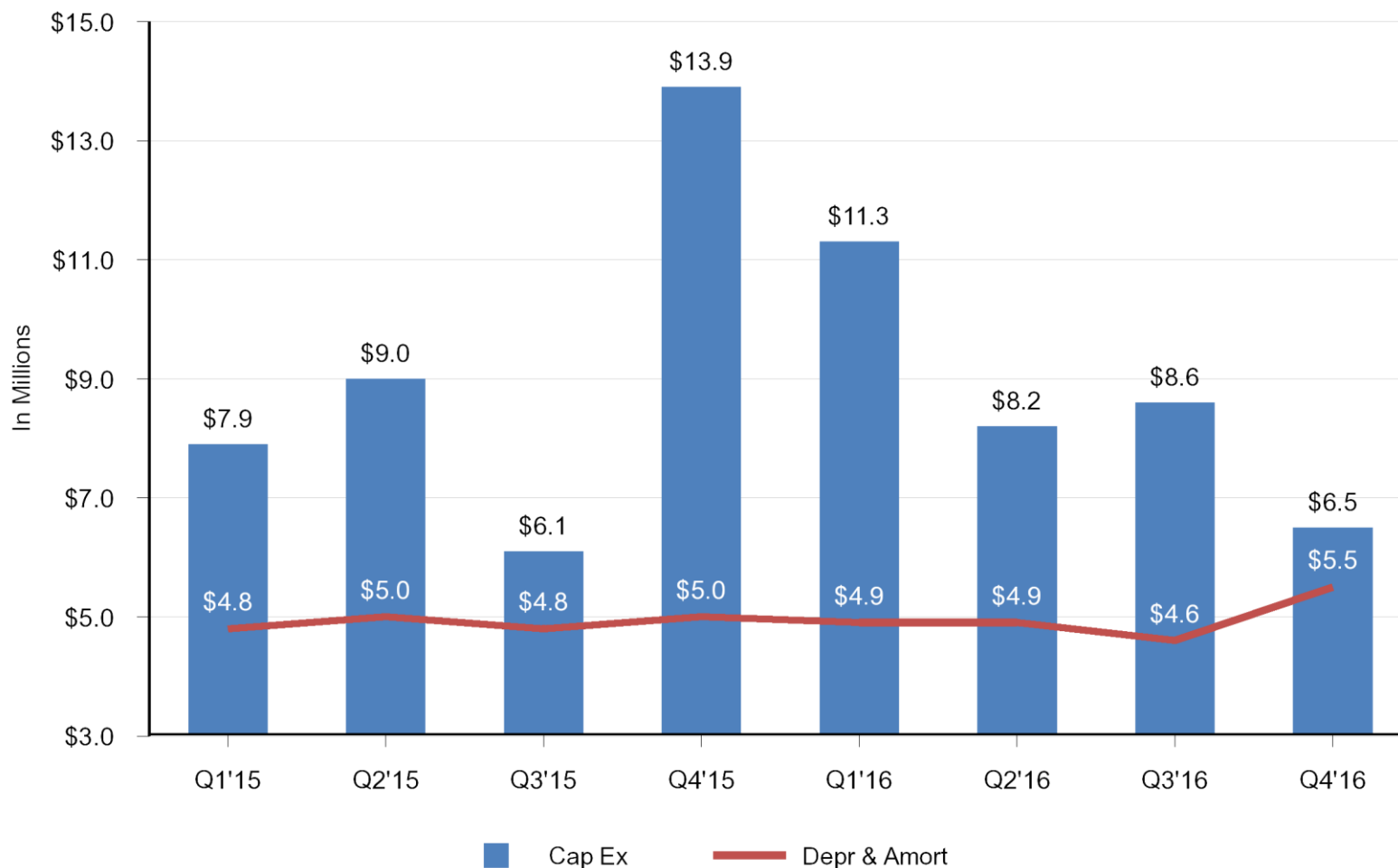
(Unaudited)





Capital Expenditures and Depreciation & Amortization

(Unaudited)



Note: Capital Expenditures include purchases of capitalized software.

Reconciliation of Non-GAAP Results

(Unaudited)	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
Operating Income, as Reported	\$ 7,787	\$ 8,697	\$ 10,821	\$ 9,050	\$ 6,921	\$ 6,933	\$ 7,078	\$ 8,790
Add: Spin-off Expenses	964	1,285	321	24	137	0	0	0
Adjusted Operating Income	\$ 8,751	\$ 9,982	\$ 11,142	\$ 9,074	\$ 7,058	\$ 6,933	\$ 7,078	\$ 8,790
Net Income, as reported	\$ 5,391	\$ 6,229	\$ 7,191	\$ 7,394	\$ 4,475	\$ 4,564	\$ 7,477	\$ 5,771
Add: Spin-off Expenses	964	1,168	278	16	85	0	0	0
Adjusted Net Income	\$ 6,355	\$ 7,397	\$ 7,469	\$ 7,410	\$ 4,560	\$ 4,564	\$ 7,477	\$ 5,771
Adjusted Net Income	\$ 6,355	\$ 7,397	\$ 7,469	\$ 7,410	\$ 4,560	\$ 4,564	\$ 7,477	\$ 5,771
Add(Less) Interest, net	0	(7)	(10)	(8)	(11)	(8)	1	19
Add Depreciation & Amortization	4,794	5,023	4,832	4,958	4,885	4,894	4,557	5,533
Add(Less) Taxes	1,899	2,622	2,744	1,301	1,780	1,781	(166)	2,294
Adjusted EBITDA	\$ 13,048	\$ 15,035	\$ 15,035	\$ 13,661	\$ 11,214	\$ 11,231	\$ 11,869	\$ 13,617
Operating Income, As Reported (YTD)	\$ 7,787	\$ 16,484	\$ 27,305	\$ 36,355	\$ 6,921	\$ 13,854	\$ 20,932	\$ 29,722
Add: Spin-off Expenses (YTD)	\$ 964	\$ 2,249	\$ 2,571	\$ 2,594	\$ 137	\$ 137	\$ 137	\$ 137
Adjusted Operating Income (YTD)	\$ 8,751	\$ 18,733	\$ 29,876	\$ 38,949	\$ 7,058	\$ 13,991	\$ 21,069	\$ 29,859
Annualized Adjusted Operating Income	\$ 35,004	\$ 37,466	\$ 39,835		\$ 28,232	\$ 27,982	\$ 28,092	
Tax Rate	22.7%	25.5%	26.3%	23.4%	28.8%	29.2%	19.5%	20.4%
Tax Effect	\$ 7,946	\$ 9,554	\$ 10,477	\$ 9,114	\$ 8,131	\$ 8,171	\$ 5,478	\$ 6,091
After Tax Adjusted Operating Income (YTD)	\$ 27,058	\$ 27,912	\$ 29,358	\$ 29,835	\$ 20,101	\$ 19,811	\$ 22,614	\$ 23,768
Average Invested Capital *	\$ 233,902	\$ 236,021	\$ 237,512	\$ 239,463	\$ 255,406	\$ 256,785	\$ 259,557	\$ 263,371
ROIC	11.6%	11.8%	12.4%	12.5%	7.9%	7.7%	8.7%	9.0%

* Average Invested Capital is computed using the average quarterly Share Owners equity plus current and non-current debt less cash and cash equivalents.