Kimball® Electronics

Financial Results
Third Quarter Fiscal Year 2019

Quarter Ended March 31, 2019

Supplementary Information to May 8, 2019
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, successful integration of acquisitions and new operations, global economic conditions, geopolitical environment, significant reductions in volumes and order patterns from key contract customers, loss of key customers or suppliers, financial stability of key customers and suppliers, availability or cost of raw materials, impact related to tariffs and other trade barriers, 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, 2018, 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 Adjusted Operating Income, Adjusted Net Income, Adjusted EBITDA, and Return on Invested Capital (ROIC), which have been adjusted for proceeds from a lawsuit settlement and adjustments to provision for income taxes due to the U.S. Tax Cuts and Jobs Act ("Tax Reform") enacted in December 2017. Management believes it is useful for investors to understand how its core operations performed without the effects of incremental costs related to the lawsuit proceeds and adjustments to provision for income taxes due to Tax Reform. 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.

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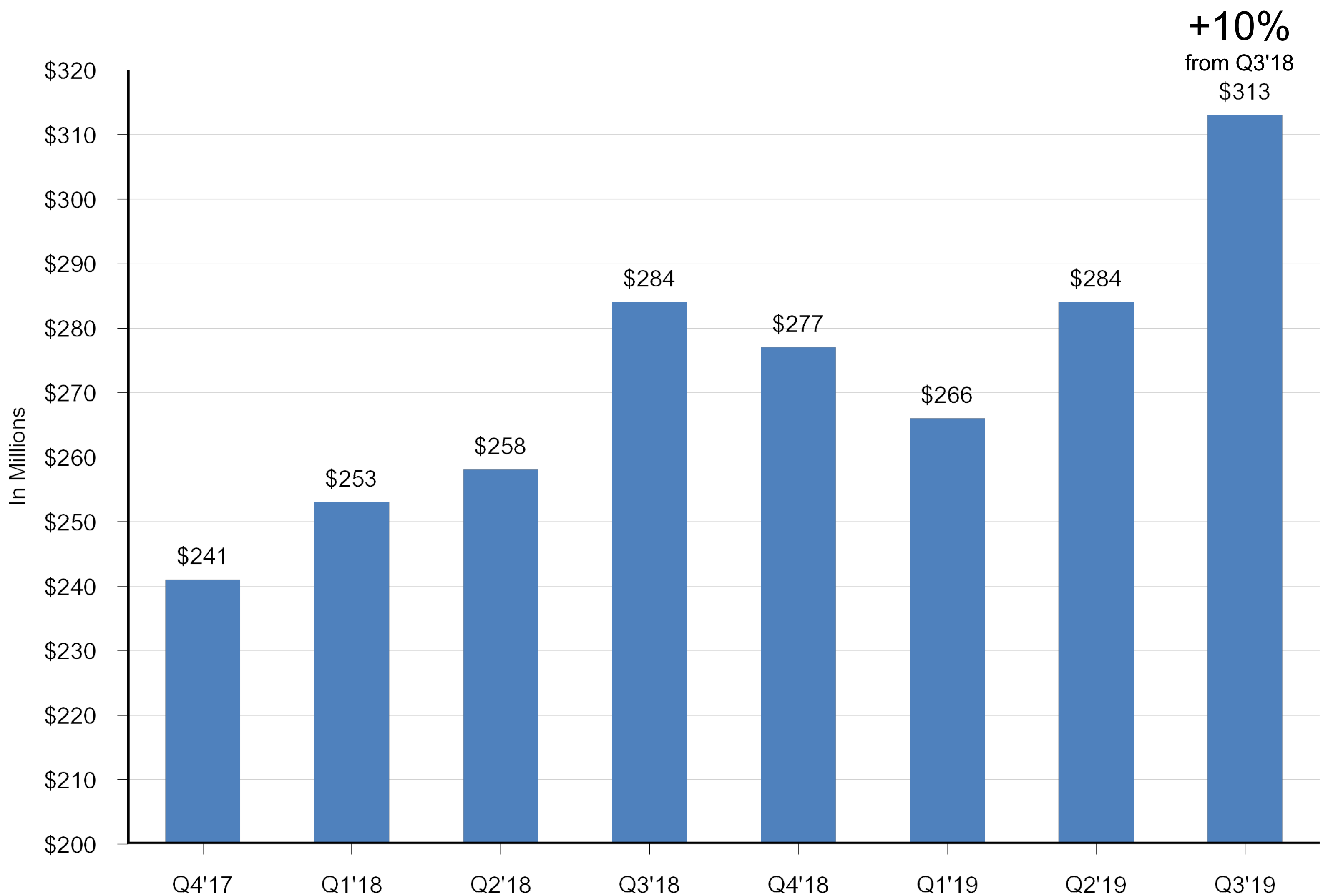
(Unaudited)

Net Sales



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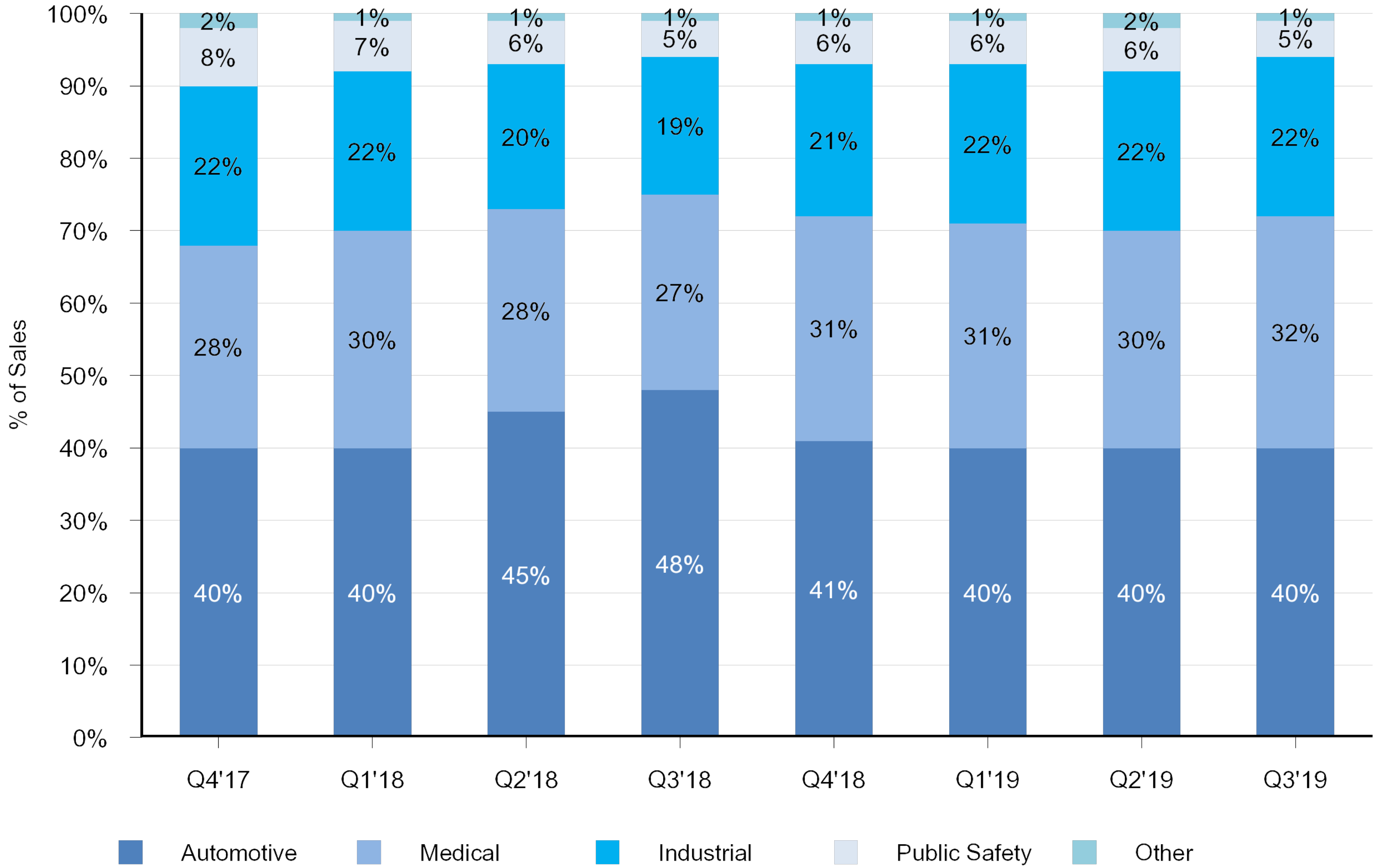
(Unaudited)

Net Sales Mix by Vertical Market



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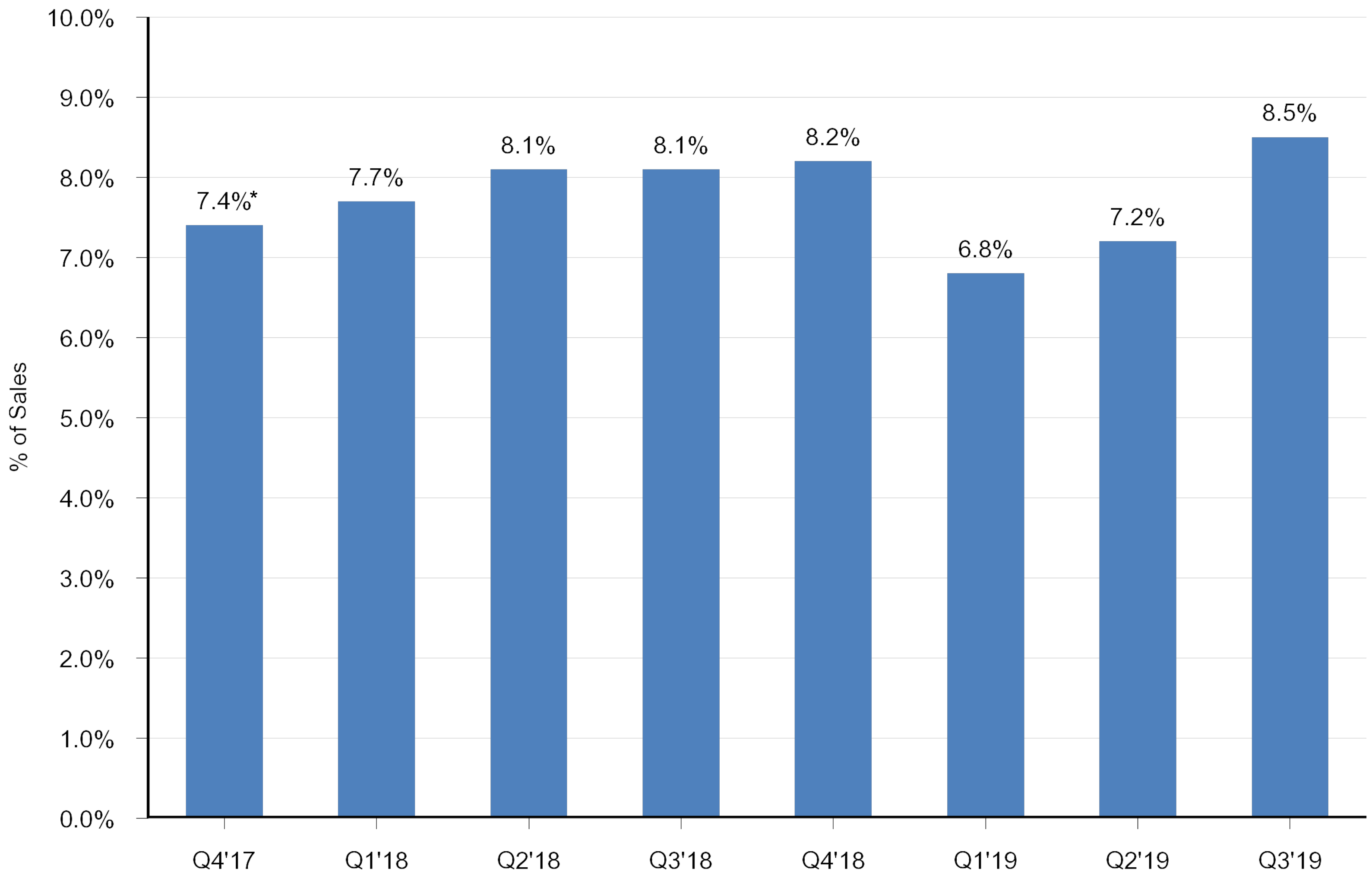
(Unaudited)

Gross Margin % (1)



(1) Prior period amount denoted by * has been restated to reflect retrospective adoption of new accounting guidance on improving the presentation of net periodic pension cost and net periodic postretirement benefit cost.

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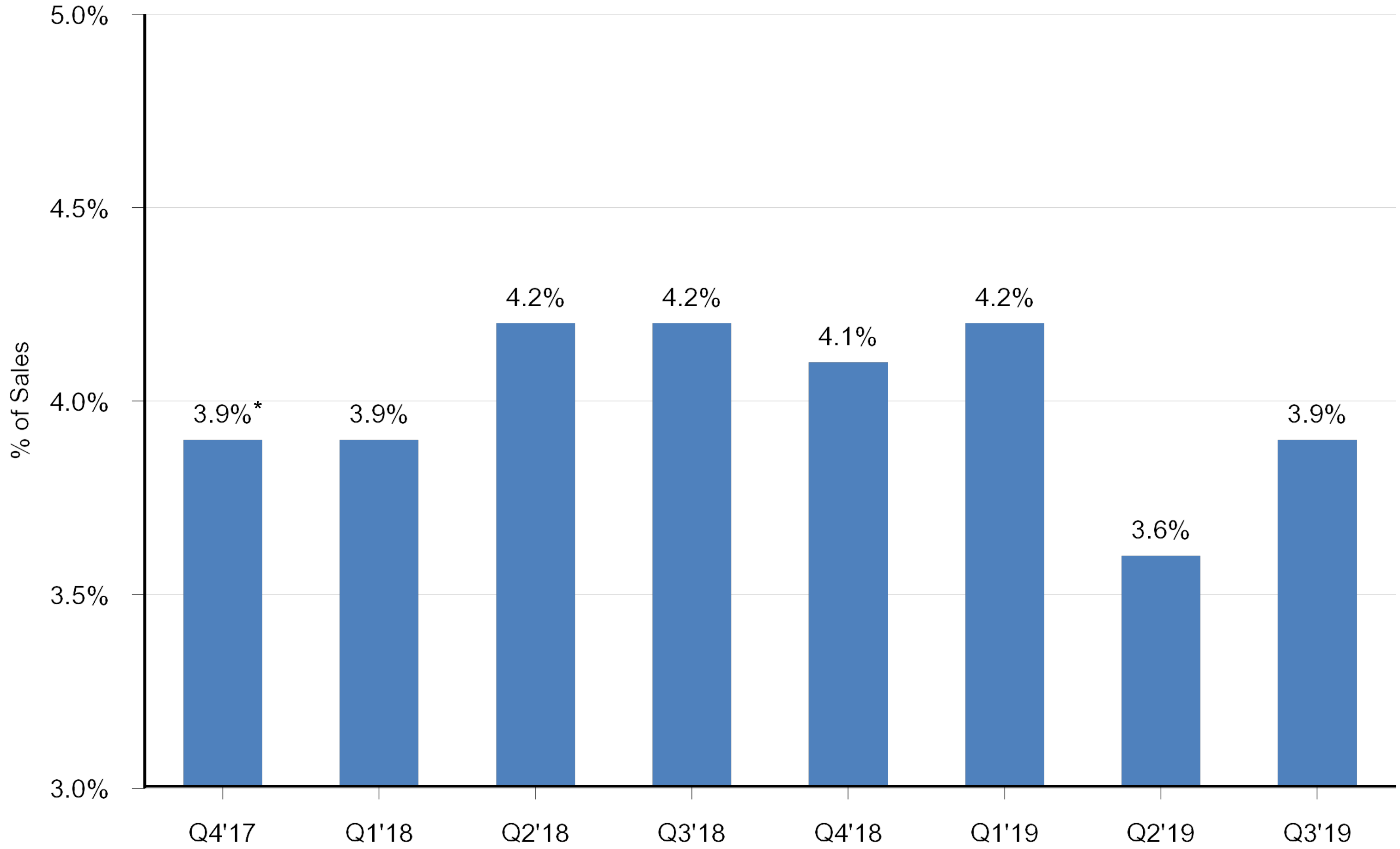
(Unaudited)

Selling & Administrative Expense (%)(1)

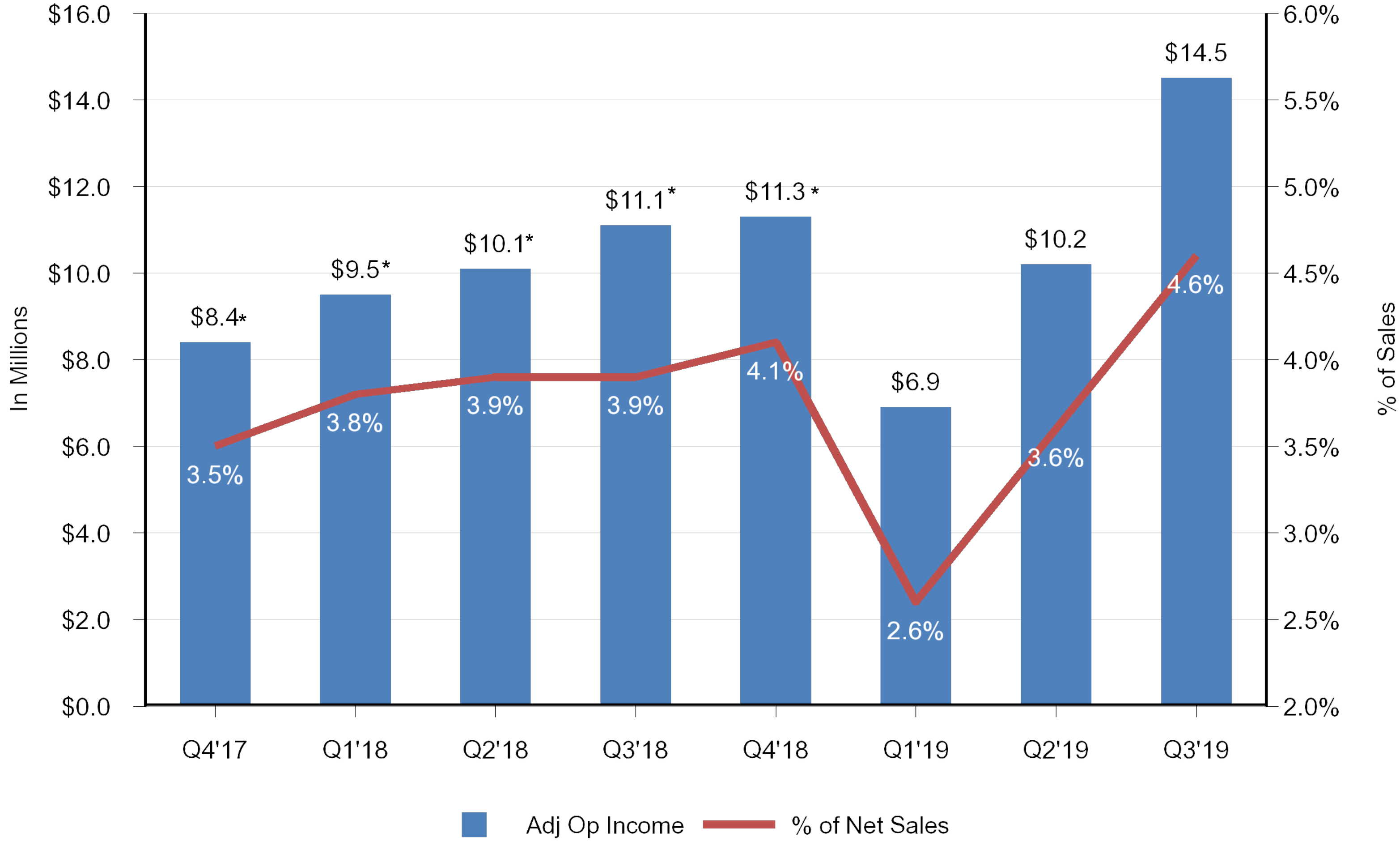


(1) Prior period amount denoted by * has been restated to reflect retrospective adoption of new accounting guidance on improving the presentation of net periodic pension cost and net periodic postretirement benefit cost.

(Unaudited)

Adjusted Operating Income(1)(2)

(Excludes lawsuit settlement proceeds)



(1) Adjusted Operating Income is a Non-GAAP measure – refer to Reconciliation of Non-GAAP Results on the final slide of this supplementary information.
(2) Prior period amounts denoted by * have been restated to reflect retrospective adoption of new accounting guidance on improving the presentation of net periodic pension cost and net periodic postretirement benefit cost.

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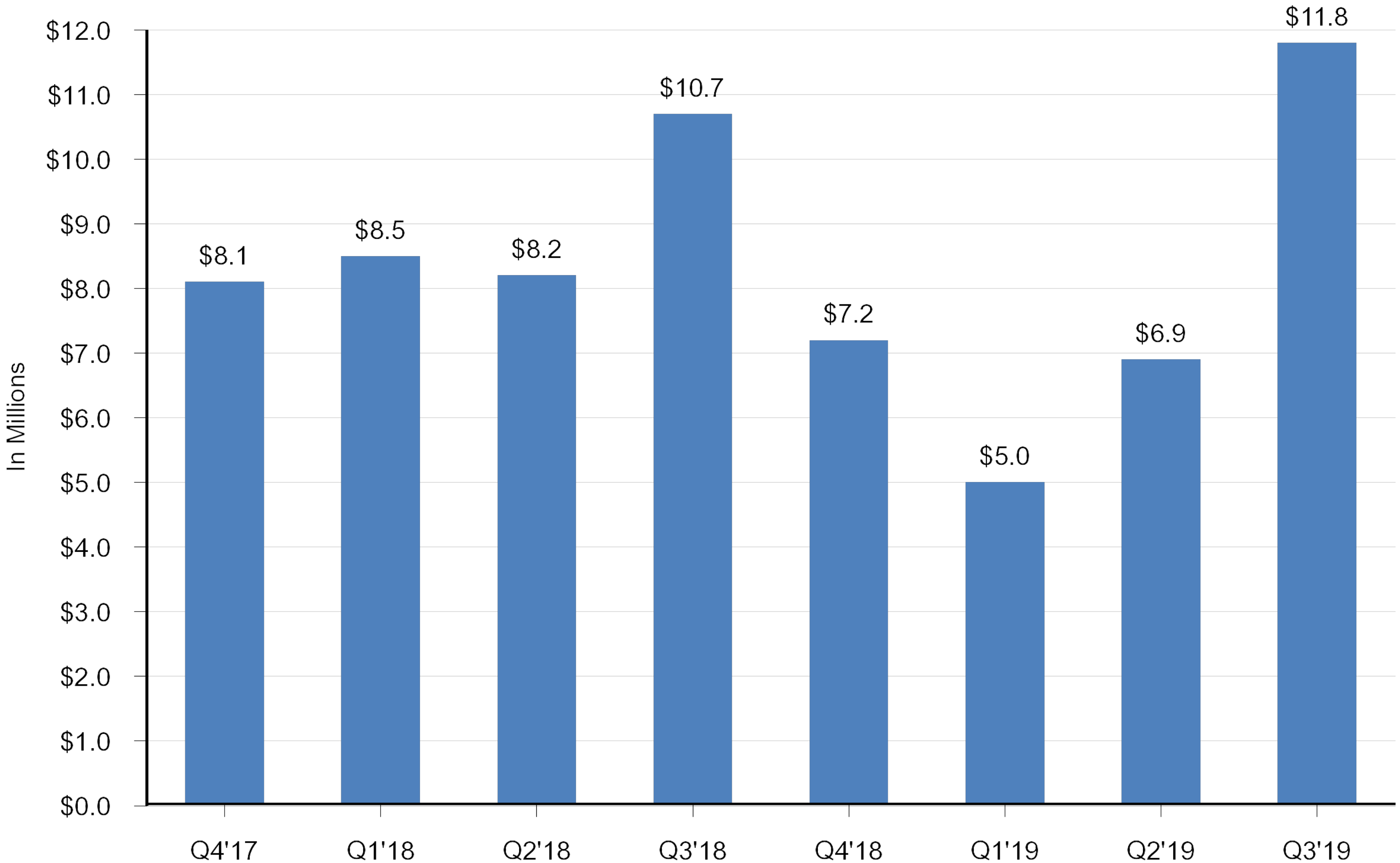
(Unaudited)

Adjusted Net Income(1)

(Excludes lawsuit settlement proceeds and
adjustments to provision for income taxes due to Tax Reform)

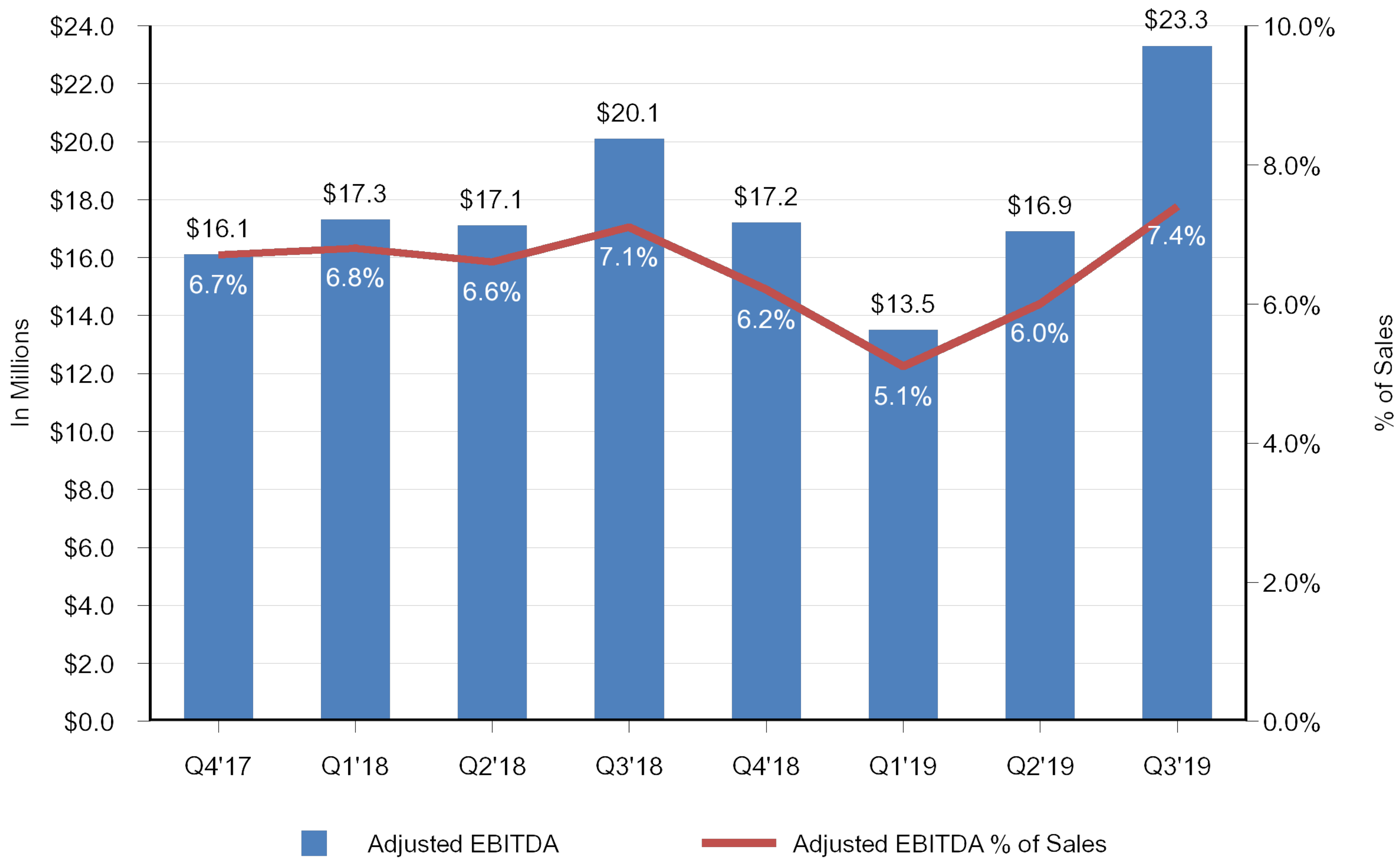


(1) Adjusted Net Income is a Non-GAAP measure – refer to Reconciliation of Non-GAAP Results on the final slide of this supplementary information.

(Unaudited)

Adjusted EBITDA(1)

(Excludes lawsuit settlement proceeds)

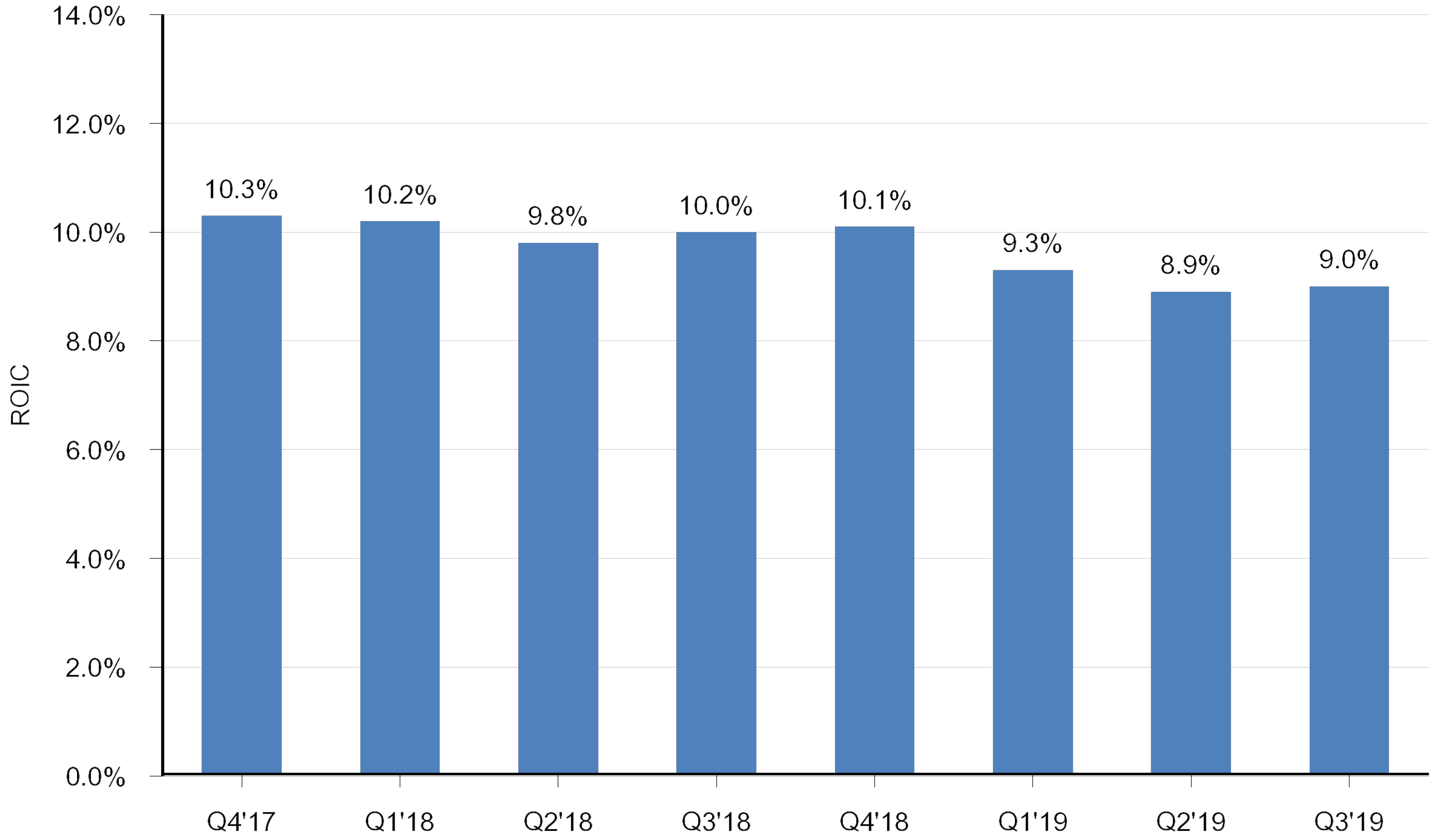


(1) Adjusted EBITDA is a Non-GAAP measure - refer to Reconciliation of Non-GAAP Results on the final slide of this supplementary information.

(Unaudited)

Return on Invested Capital(1)(2)(3)

(Excludes lawsuit settlement proceeds)



(1) We define ROIC as after tax adjusted operating income for the trailing twelve months divided by average invested capital for the last five quarters.

(2) Prior period amounts have been restated to reflect our calculation change of ROIC from after tax annualized adjusted operating income divided by average invested capital and to reflect the retrospective adoption of new accounting guidance on improving the presentation of net periodic pension cost and net periodic postretirement benefit cost.

(3) ROIC is a Non-GAAP measure - refer to Reconciliation of Non-GAAP Results on the final slide of this supplementary information.

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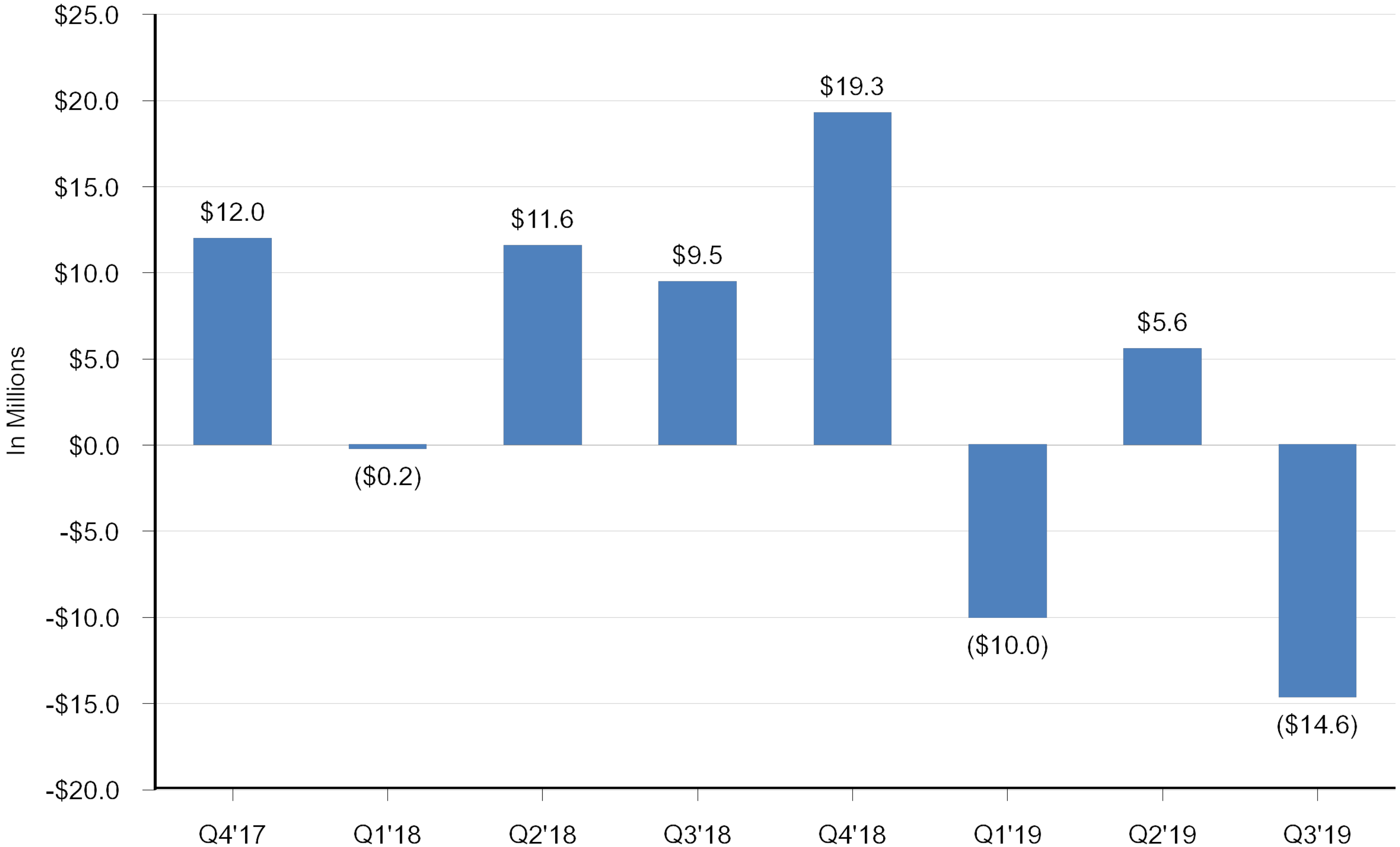
(Unaudited)

Operating Cash Flow



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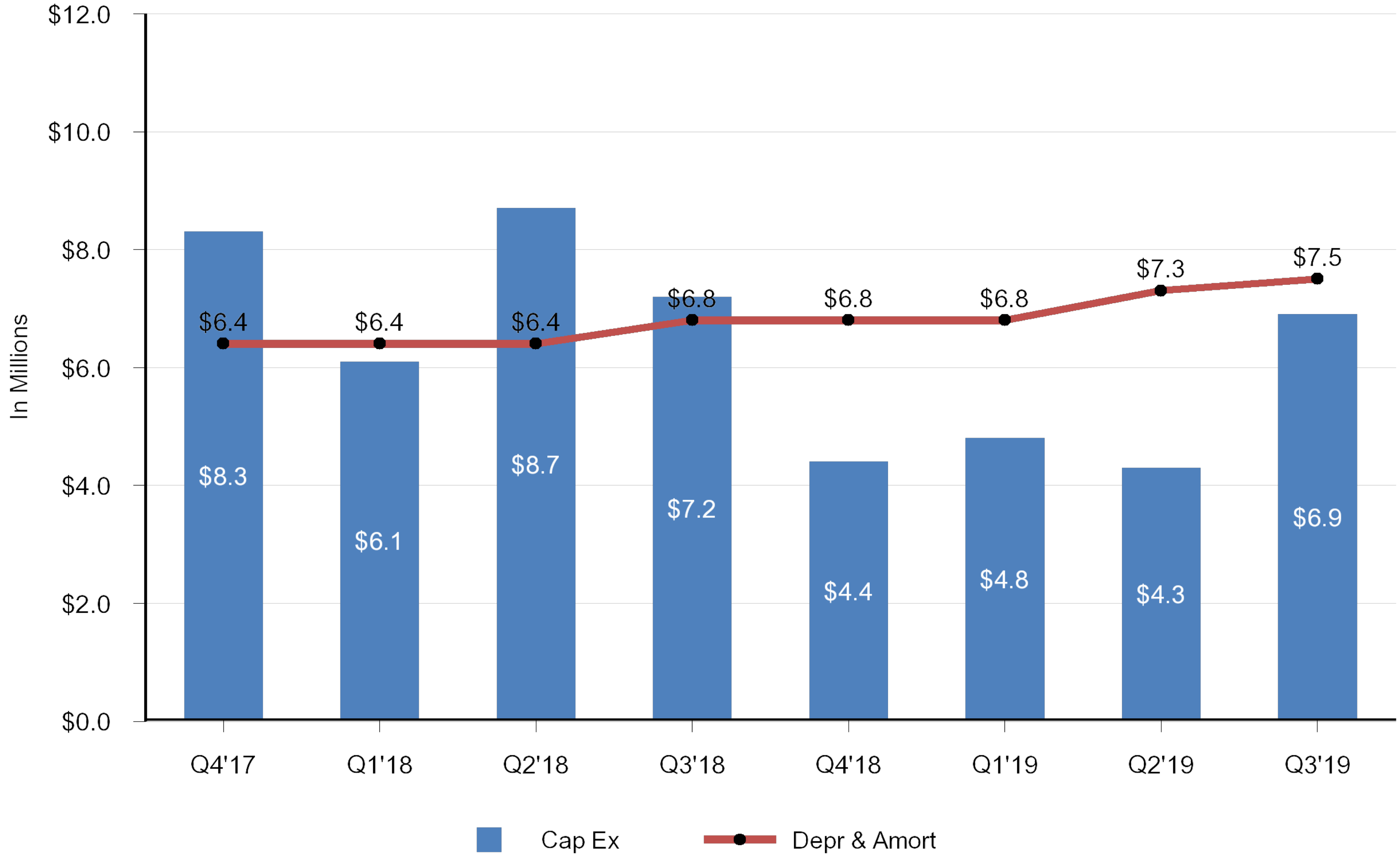
(Unaudited)

Capital Expenditures and Depreciation & Amortization(1)



(1) Capital Expenditures include purchases of capitalized software.

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Reconciliation of Non-GAAP Results

(Unaudited)	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19
Operating Income, as reported [1]	$ 8,405	$ 9,523	$ 10,119	$ 11,130	$ 11,266	$ 7,032	$ 10,212	$ 14,497
Less: Lawsuit Proceeds	—	—	—	—	—	92	—	—
Adjusted Operating Income [1]	**$ 8,405**	**$ 9,523**	**$ 10,119**	**$ 11,130**	**$ 11,266**	**$ 6,940**	**$ 10,212**	**$ 14,497**
Net Income (Loss), as reported	$ 8,128	$ 8,480	$ (8,347)	$ 10,835	$ 5,784	$ 5,069	$ 7,115	$ 11,849
Add: Tax Adjustments from Tax Reform	—	—	16,580	(130)	1,409	—	(251)	—
Less: Lawsuit Proceeds	—	—	—	—	—	70	—	—
Adjusted Net Income	**$ 8,128**	**$ 8,480**	**$ 8,233**	**$ 10,705**	**$ 7,193**	**$ 4,999**	**$ 6,864**	**$ 11,849**
Adjusted Net Income	$ 8,128	$ 8,480	$ 8,233	$ 10,705	$ 7,193	$ 4,999	$ 6,864	$ 11,849
Add Interest, net	104	98	95	126	135	383	1,073	1,146
Add Depreciation & Amortization	6,403	6,369	6,386	6,824	6,797	6,755	7,252	7,480
Add Taxes	1,444	2,355	2,353	2,424	3,032	1,387	1,755	2,825
Adjusted EBITDA	**$ 16,079**	**$ 17,302**	**$ 17,067**	**$ 20,079**	**$ 17,157**	**$ 13,524**	**$ 16,944**	**$ 23,300**
Operating Income (GAAP) (TTM) [1][3]	$ 42,780	$ 39,568	$ 37,515	$ 39,177	$ 42,038	$ 39,547	$ 39,640	$ 43,007
Less: Lawsuit Proceeds (TTM)	$ 4,005	$ —	$ —	$ —	$ —	$ 92	$ 92	$ 92
Adj. Operating Income (non-GAAP) (TTM) [1][3]	$ 38,775	$ 39,568	$ 37,515	$ 39,177	$ 42,038	$ 39,455	$ 39,548	$ 42,915
Tax Effect (TTM) [1][3]	$ 8,627	$ 8,723	$ 7,269	$ 7,642	$ 9,715	$ 9,152	$ 8,982	$ 9,718
After Tax Adj. Operating Income (TTM) [1][3]	$ 30,148	$ 30,845	$ 30,246	$ 31,535	$ 32,323	$ 30,303	$ 30,566	$ 33,197
Average Invested Capital [2][3]	$ 293,516	$ 302,721	$ 308,339	$ 315,751	$ 319,074	$ 326,168	$ 342,408	$ 366,995
ROIC [1][3]	**10.3%**	**10.2%**	**9.8%**	**10.0%**	**10.1%**	**9.3%**	**8.9%**	**9.0%**

(1) Prior period amounts have been restated to reflect the retrospective adoption of new accounting guidance on improving the presentation of net periodic pension cost and net periodic postretirement benefit cost.
(2) Average Invested Capital is computed using the Share Owners equity plus current and non-current debt less cash and cash equivalents averaged for the last five quarters.
(3) Prior period amounts have been restated to reflect our calculation change of ROIC in Q1'19 from after tax annualized adjusted operating income divided by average invested capital to after tax adjusted operating income for the trailing twelve months (TTM) divided by average invested capital for the last five quarters.