

Q3 results 2011

27 October 2011

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Rebound in order intake

Financial highlights for Q3

- Revenue stable compared to same quarter last year. Continued recovery in Offshore / Marine as well as in the Industry segment.
- Operating profit (EBIT) NOK 9.2 million, Lower than Q3 2010 but adjusted for start up costs the profitability increased.
- Order intake rebounding - up 17.2% from Q3 2010. Positive order backlog trend from previous quarter.
- Positive cash flow from operations by NOK 8.3 million vs negative in Q3 2010 of NOK -39.8 million.

Operational highlights

- **Merger of Swedish operations completed**
 - Operational merger completed in September.
 - Production optimization and transfer of production to low cost countries ongoing
 - Swedish operation profitable 3rd quarter
- **Global expansion ongoing**
 - Factory in Ningbo in China opened as planned in Q3
 - Production has started, expecting strong growth next 12 – 18 months

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Major new orders in Q3

- **Strong incremental demand from existing accounts boost order intake in the quarter.**
- **New order of NOK 40 million in the Offshore segment**
- **Additional business already secured in early Q4**
 - Kitron UAB in Kaunas has received new orders within the Data/Telecoms segment of about NOK 50 million
 - Kitron AS in Arendal has signed a contract with a leading supplier of offshore equipment. The expected turnover in the three year period (2012-2014) is between NOK 200 and 300 million.

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Financial statements Q3 2011



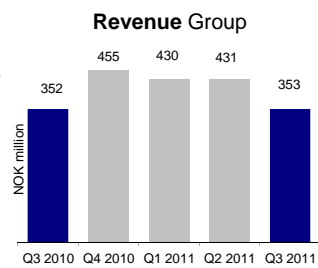
Stable revenue

- Revenue at NOK 352.7 million, in line with Q3 2010.
- Q3 change by market segment:

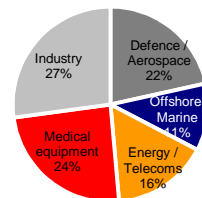
Q3 2011 vs Q3 2010

Energy/Telecoms	-29.1%
Defence/Aerospace	-12.7%
Industry	44.7%
Medical equipment	-20.0%
Offshore/Marine	213.2%

- Energy/Telecoms declines due to phase out of one customer account
- Defence/Aerospace show lower demand in 2011
- Industry segment boosted by recovery in the Swedish industrial sector
- Medical affected by short term demand fluctuations but positive outlook remains.
- Offshore/Marine show strong recovery in demand from existing customers



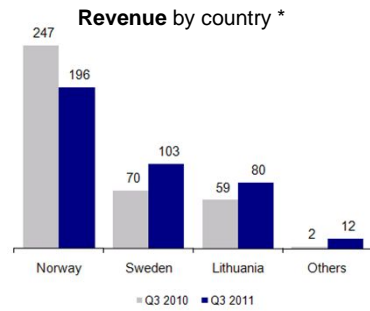
Revenue by market segment
Total revenue NOK 353 million



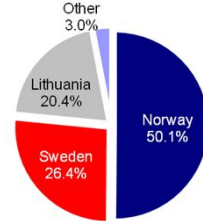
Revenue by country

Mixed trend:

- Norway 20.6% lower – Lower demand from defence customers in 2011. Partly compensated by recovery in Offshore
- Swedish up by 47.3% - strong increase in Swedish Industrial segment
- Lithuania 39.8% higher – Growth driven by sales to the Swedish industrial sector.
- Start-ups in China, US and Germany expected to start generate significant revenue in 2012



Revenue by country
Total revenue NOK 353 million



* Before group entities and eliminations

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Positive profitability trend

- Operating profit NOK 9.2 million (NOK 11.2 million) and the operating margin was 2.6%
- Adjusting for costs related to start ups the Q3 operating profit was NOK 4.2 million higher
- In the first 3 quarters the total investment (in terms of operating start up costs) amounts to NOK 17.6 million



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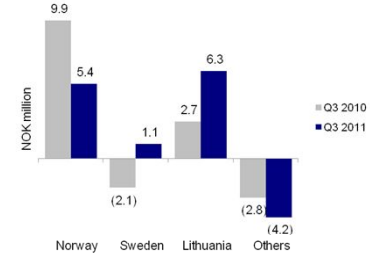
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Profit by country

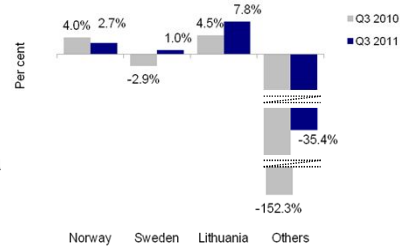
- **Performance mixed**

- Operating profit down in Norway due to lower revenue
- Turnaround in Sweden yield effect
- Delivery performance and high activity in Lithuanian contribute to strong margin
- Start up cost in US and CN have a negative effect on the result

Operating profit by country *



Operating margin by country

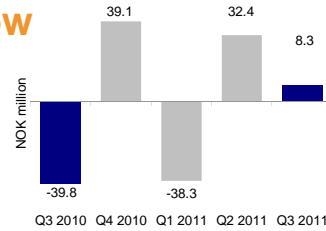


* Before group entities and eliminations

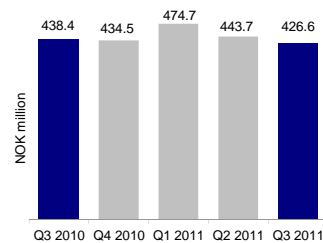
Improved operating cash flow

- Cash flow was positive by NOK 8.3 million (negative NOK 39.8 million)
- Reduction in working capital compared with last quarter and positive operating result yield a positive cash flow effect

Operating cash flow Group



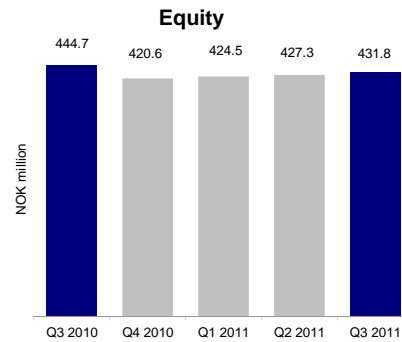
Net working capital Group



Comfortable level of equity

- Equity of NOK 431.8 million (444.7 million) and equity ratio of 42.6% (44.1%)

- Financially among the strongest in the EMS industry



Market development



Market development

- **Energy/Telecom**

- Overall very competitive but Kitron has a good portfolio of customers with strong growth

- **Defence/Aerospace**

- Lower demand in the short to medium term
- Long term outlook remains promising with several major programs secured and ramping up.

- **Industry**

- Positive trend expected to continue, particularly in Sweden
- Some uncertainty due to sensitivity to the economic development

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Market development

- **Medical equipment**

- Mixed trend by customer account
- Overall segment fundamentals remains positive and continued growth expected

- **Offshore/Marine**

- In general a positive trend in offshore and marine expected
- Above segment average growth expected with Kitron's portfolio of customers

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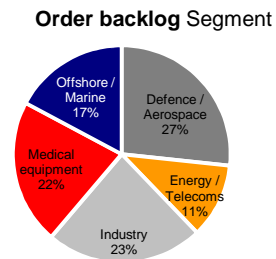
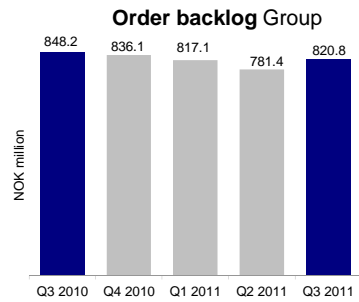
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Order backlog trend

- Order backlog at NOK 820.8 million, an increase of nearly NOK 40 million compared Q2 2011.
- Solid backlog in Defence/Aerospace segment despite lower short term demand.
- **Optimistic about the outlook:**
 - Strong positive trend in Offshore/Marine and Industry expected to continue.
 - High tender activity and first wins in Germany expected to have a positive impact.
 - Backlog in China and US to start building up.

Definition of order backlog includes firm orders and four month customer forecast



Outlook

- No significant signs so far of lower demand due to global economic development.
- However, concerns about the economic outlook which may affect demand for Kitron's services
- The global expansion into China, US and Germany will provide new opportunities in the long term, short term (2011) this is an investment with a negative effect on the operating result.
- Restructuring in Sweden expected to yield improved profitability going forward.



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Thank you!

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