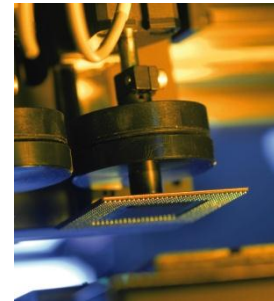


Q4 results 2012

February 13th 2013






Jørgen Bredesen, CEO

Björn Wigström, CFO



Strong growth in cash flow and profitability

- Leap in profitability
- Solid cash flow performance
- Strong trend in Offshore/Marine & Defence/Aerospace

NOK mill.		Q4 2012 vs Q4 2011
Revenue 462,4		4,4 %
EBIT 23,4		416,3 %
Order backlog 776,2		-2,9 %
Operating cash flow 84,8		510,0 %
Net working capital 505,4		3,4 %

Operational improvements yields results

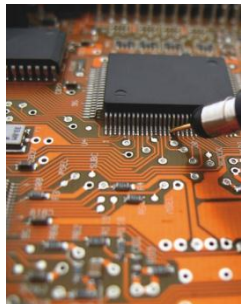
- **Restructuring of Sweden completed**
 - Operating costs reduced by 35% over two years
 - All manufacturing in one streamlined site
 - Improved customer satisfaction
- **China and Germany continue to deliver “black” figures**
 - China profitable, one year after start of operation
 - Sale to German market increasing
- **Inventory reduction driving cash flow growth**
 - Inventory reduced by more than NOK 50 million in Q4
 - Establishment of common distribution centre to drive further reduction

Major new orders:

Key contracts secured in new markets

- **Major medical contract**
 - Value of NOK 350-400 million over two years
 - Extension of existing contract
 - Production in Arendal and Ningbo
- **First contract in the Netherlands**
 - Electronics for Lely's milking robots
 - Agriculture an increasingly important market segment
 - Manufacturing in Kaunas

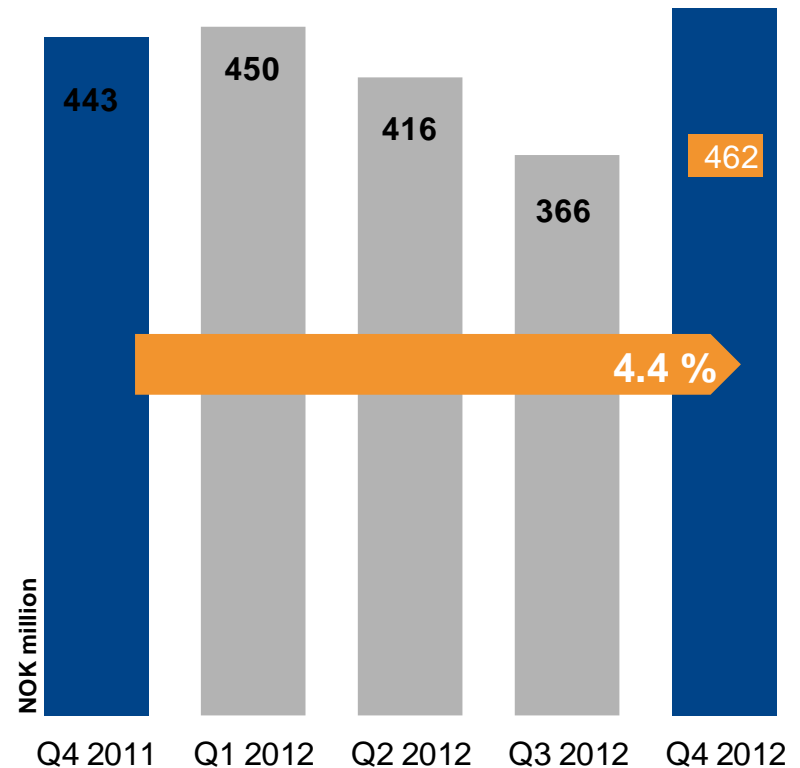
Financial statements Q4 2012



Revenue:








Activity level increasing

- Offshore/Marine drive growth
- New entities ramping up activity level











Revenue by market segment:

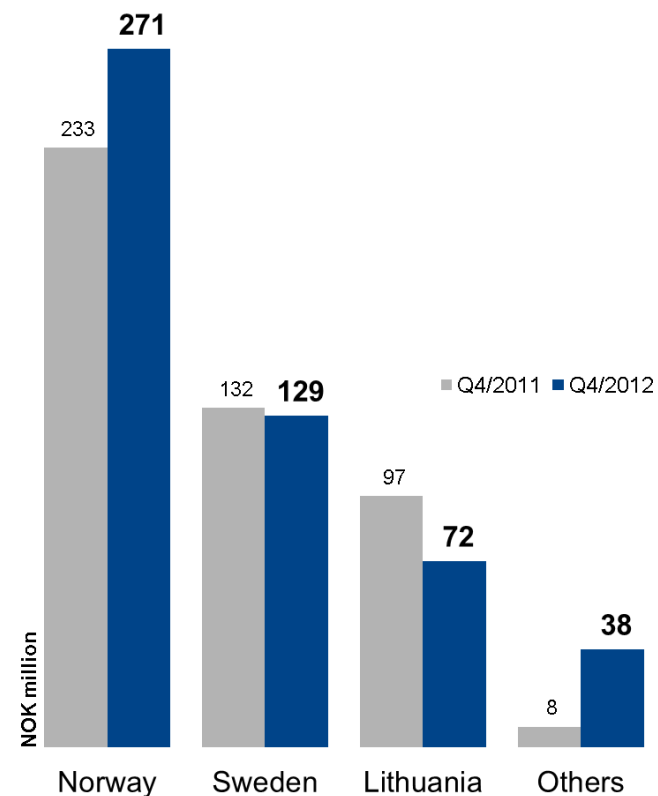
Offshore strongest growing market

		Q4 2012 vs Q4 2011	Share of total revenue
Offshore/Marine	High activity level in oil industry	78,5 % 	18,8 % 
Medical equipment	Strong market fundamentals for Kitron's products	8,8 % 	30,6 % 
Defence/Aerospace	Bullish about the long term outlook	8,3 % 	18,8 % 
Energy/Telecoms	Downturn in metering business	-13,7 % 	11,4 % 
Industry	Recessionary trend for European industry	-23,3 % 	20,3 % 

Revenue by country*:

New entities ramping up

	Q4 2012 vs Q4 2011	Share of total revenue
Norway	16,4 % 	53,1 % 
Sweden	-2,2 % 	25,2 % 
Lithuania	-25,8 % 	14,2 % 
Others	374,0 % 	7,5 % 



* Before group entities and eliminations

EBIT:

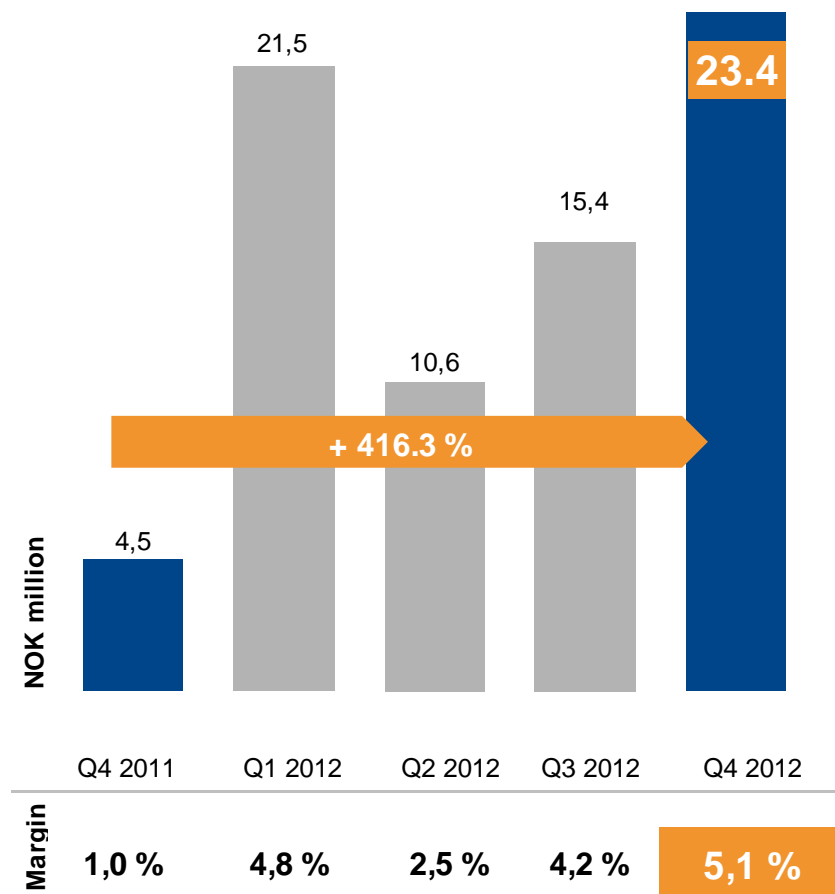
Sharp rise in EBIT

- **Profitability improving**

- New entities turning profitable
- Successful restructuring in Sweden
- Strong trend in Offshore/Marine and high activity level drive profitability in Norway

- **Other profitability drivers:**

- Focus on operational improvement programs
- Positive effects from global sourcing

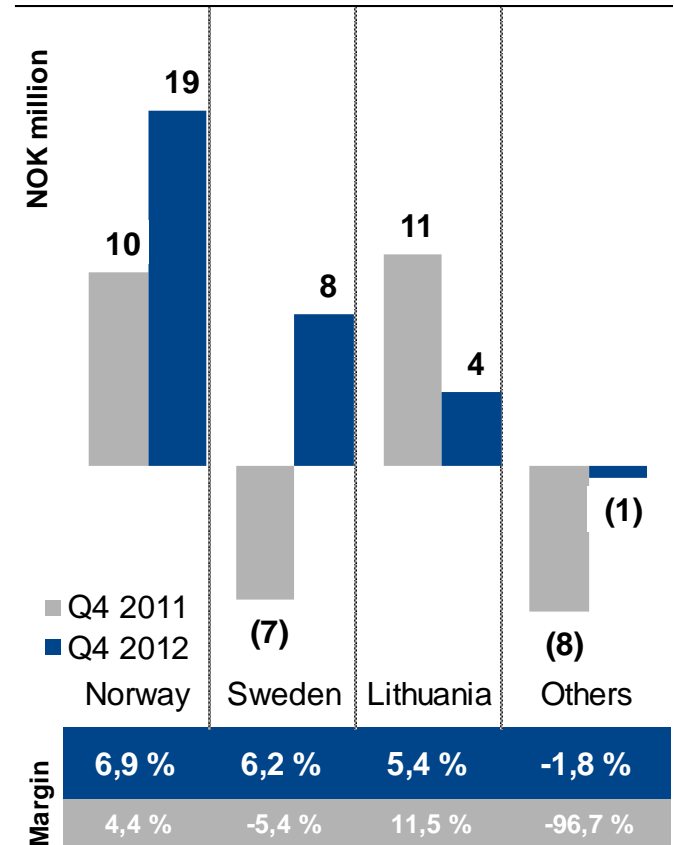


EBIT by country:

Norway and Sweden leading the way

- **New entities:** Steady progress towards positive results
- **Norway:** Change in revenue mix and growth in higher margin segments
- **Sweden:** Positive effects of restructuring
- **Lithuania:** Lower revenue causes drop in EBIT margin

EBIT*



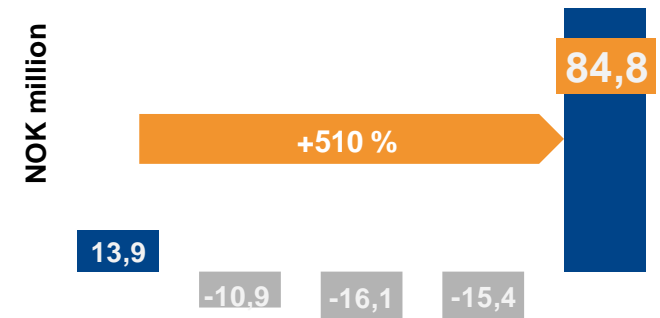
* Before group entities and eliminations

Balance sheet:

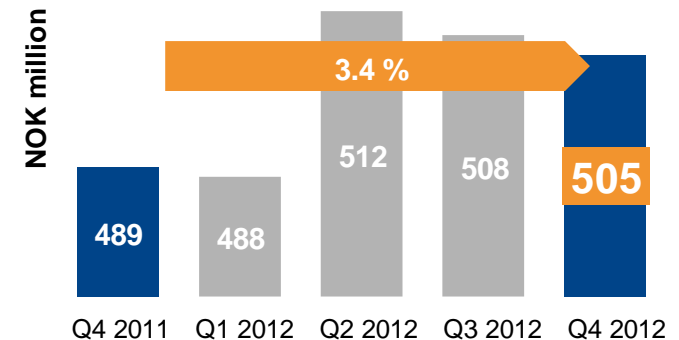
Taking action to reduce inventory

- **Inventory reduction of NOK 50 million in the quarter**
- **Further NOK 50 million reduction expected**
 - Focus on inventory reduction across the group
 - Common distribution centre
- **Increased profitability and inventory reduction driving cash flow improvement**

Operating cash flow



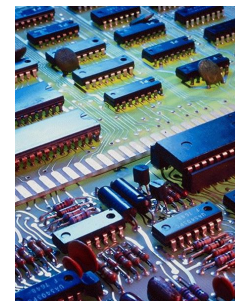
Net working capital



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Market development

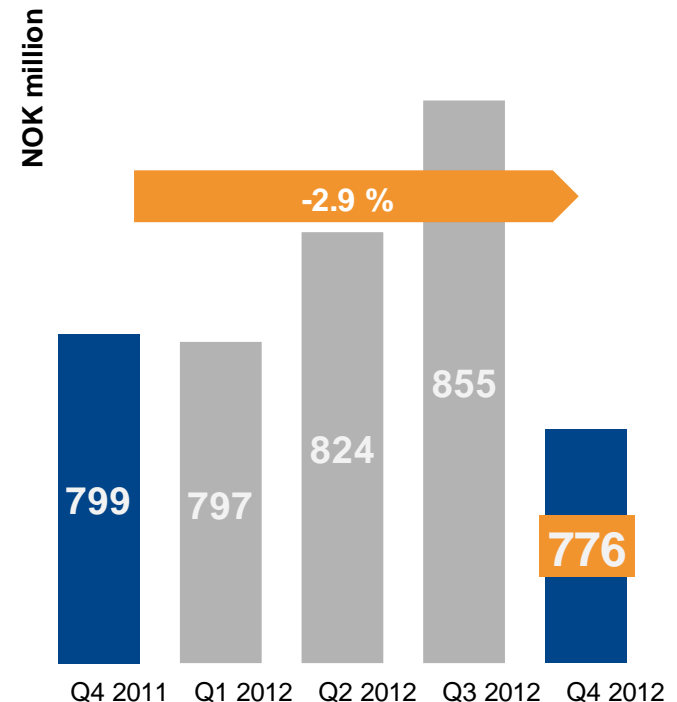


Order backlog:

Stable activity level

- **Mixed backlog trend by market segment**
 - Strong trend in Defence/Aerospace
 - Offshore/Marine stabilizes on higher level
 - Reduced backlog in other segments
- **Overall market situation uncertain**
 - Selective customers report lower demand but overall development indicate slow growth
 - Demand and prices for DRAM increasing (indicator of future growth)

Order backlog



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

Market development

- **Offshore/Marine**

- Expected to stabilize on current level following a period of strong growth
- In dialogue with existing and new customers about new business opportunities

- **Medical equipment**

- Contract extension with largest customer in the segment improves visibility
- Flat development expected short term (2013) as reduced contract scope for one customer offsets growth
- Long term healthy market fundamentals for Kitron's product is expected to drive growth

Market development

- **Defence/Aerospace**

- Promising long term outlook
 - Several major programs secured and expected to ramp up
- Weaker outlook with Swedish defence customers

- **Energy/Telecoms**

- Expected to stabilize on current lower level
- Lower demand in metering business offset by growth within other areas

- **Industry**

- Key customers indicate modest growth
- Risk for a slowdown remains; customers more cautious and reducing inventory levels due to the market uncertainty

Outlook



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Outlook

- **Kitron works toward improved profitability**
 - Focus on operational improvement projects has high priority
 - Restructuring in Sweden expected to have a positive impact on profitability
 - Improved profitability in new entities - US entity expected to reach break even in Q2 2013
- **Target to reduce inventory by additionally NOK 50 million**
 - Establishment of distribution centre important to reach objective
- **Overall a stable market trend and activity level expected**

Thank you!

Your ambition. Our passion.

