

Second quarter and first half year 2008

15 August 2008

Jørgen Bredesen, CEO

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Profit increase of 100% in Q2

Revenue growth of 20.1%

- Higher activity at all manufacturing sites

Strong increase in profit before tax

- NOK 42.2 million (NOK 21.1 million)

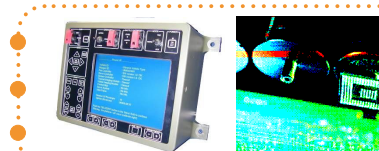
Increased operating profit

- EBITDA of NOK 61.1 million (NOK 34.3 million)

Order intake increased by 35%

- Strongest order backlog in seven years

Stable cash flow from operations



A step change in profitability in H1

Revenue growth of 11.3%

Strong increase in profit before tax to 58.4 million (NOK 36.8 million)

- Streamlining of operation
- Focus on sourcing

Order intake increased by 30.4%

- Order backlog grew by 13.5%

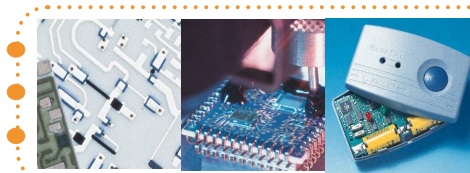
Seasonally negative cash flow from operations

- Increased inventory and receivables due to higher activity level

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Financial statements Q2 2008



Strong performance

High activity at all manufacturing sites
Stable gross margin 39.5% (39.1%)
Relative payroll costs improved to 23.3% of revenue (26.3%)
EBITDA NOK 61.1 million (NOK 34.3 million)
EBIT NOK 48.7 million (NOK 26.4 million)
Net financial items NOK 6.5 million (NOK 5.3 million)
Profit before tax NOK 42.2 million (NOK 21.1 million)

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Profit/(loss) statement

NOK 1 000	Q2 2008	Q2 2007
Revenue	613 342	510 529
Cost of materials	371 017	311 042
Payroll expenses	142 884	134 045
Other operational expenses	38 335	31 138
Operating profit before depreciation and impairments (EBITDA)	61 106	34 304
Depreciation and impairments	12 358	7 907
Operating profit (EBIT)	48 748	26 397
Net financial items	(6 527)	(5 314)
Profit before tax	42 221	21 083
Tax	1 038	1 349
Net profit	41 183	19 734
Earnings per share (basic and diluted)	0.24	0.11

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Solid balance sheet

Total balance sheet NOK 1 074.6 million (NOK 913.9 million)

- Reflecting higher activity level

Equity ratio of 28.2% (23.7%)

- Equity NOK 303.1 million (NOK 217.1 million)

Inventory turns improved (rolling annual) to 7.1 (6.4)

- Inventory NOK 310.5 million (NOK 272.2 million)

Available liquidity NOK 98.7 million (NOK 89.5 million)

Deferred tax asset of NOK 110.8 million not included in the balance sheet. Position to be evaluated at year end 2008.

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Assets

NOK 1 000	30.06.2008	30.06.2007	31.12.2007
Goodwill	25 514	19 123	25 514
Tangible fixed assets	155 540	133 677	144 345
Investment in shares	36	41	37
Deferred tax assets	25 000	20 000	25 000
Other receivables	-	2 111	1 899
Total fixed assets	206 089	174 952	196 795
Inventory	310 488	272 191	266 257
Accounts receivable and other receivables	498 890	419 734	417 205
Cash and cash equivalents	59 125	47 066	119 866
Total current assets	868 503	738 991	803 328
Total assets	1 074 592	913 943	1 000 123

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Equity and liabilities

NOK 1 000	30.06.2008	30.06.2007	31.12.2007
Equity	303 051	217 054	246 997
Total equity	303 051	217 054	246 997
Loans	31 778	34 646	34 246
Pension commitments	21 553	22 647	21 938
Other provisions	-	3 811	
Total long-term liabilities	53 331	61 104	56 184
Accounts payable and other current liabilities	398 100	360 132	348 522
Loans	318 986	273 445	347 399
Other provisions	1 124	2 208	1 021
Total current liabilities	718 210	635 785	696 942
Total liabilities and equity	1 074 592	913 943	1 000 123

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Cash flow

NOK 1 000	Q2 2008	Q2 2007	30.06.2008
Net cash flow from operational activities	51 649	53 384	(9 243)
Net cash flow from investment activities	(46 216)	(15 347)	(59 542)
Net cash flow from financing activities	9 009	3 273	7 181
Change in cash and bank credit	14 442	41 310	(61 604)
Cash and bank credit opening balance	(47 882)	(78 888)	28 164
Cash and bank credit closing balance	(33 440)	(37 578)	(33 440)

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Market development



Market and technology trends

No market slow down identified

- 10-15% annual market growth predicted
- Continued trend towards outsourcing

High activity within technology development

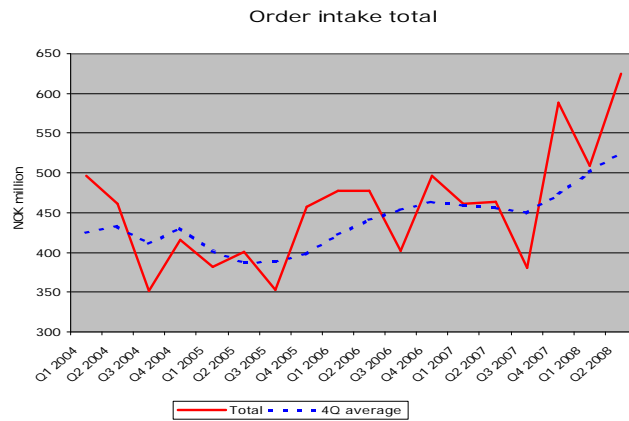
- More high tech applications and solutions
- Trend towards complete box build

Customer priorities

- Quality
- Delivery reliability
- Price
- Sustainable financial performance



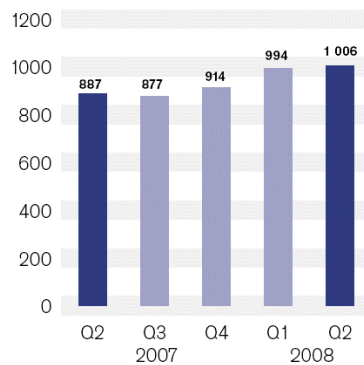
Order intake variable Last quarters suggest a higher level



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Solid order backlog

ORDER BACKLOG Group
NOK million



No indications of weaker market demand

Order backlog includes

- All firm orders
- Four months' customer forecast
- Frame agreements etc not included

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Order backlog per business area

NOK million	Data/ Telecom	Defence/ Marine	Medical equipment	Industry	Total
Norway	128.8	278.5	128.7	143.7	679.7
Sweden	37.2	61.6	71.2	19.1	189.1
Lithuania	46.9	31.3	3.9	55.4	137.5
Total group	212.9	371.4	203.8	218.2	1 006.3

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Market segments

Data/Telecom

- Revenue grew 13.7% in Q2
- Still adding capacity to satisfy shorter delivery times to attract additional orders

Defence/Marine

- Revenue grew 37.8%
- Order intake doubled in first half 2008

Medical equipment

- Revenue increased by 4.3% in Q2
- Promising new opportunities in this market segment

Industry

- Revenue growth of 19.3% in Q2 due to strong order intake in Q1
- Order intake in first half grew 49.7%

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Outlook



Healthy profitability expected

Market growth expected to continue. Growth ambition of 10% annual organic growth

Expansion of the Uzliedzai facility will commence operation in Q3

Horten serial manufacturing commenced

Continuously driving for productivity improvements

Kitron expects to maintain healthy profitability and margin level in second half of 2008 despite strong competition in the EMS market.

EBT in second half expected to be equal to or stronger than EBT in the first half of 2008.

