

Quarterly presentation Q1 2006

Kitron ASA



11 May 2006

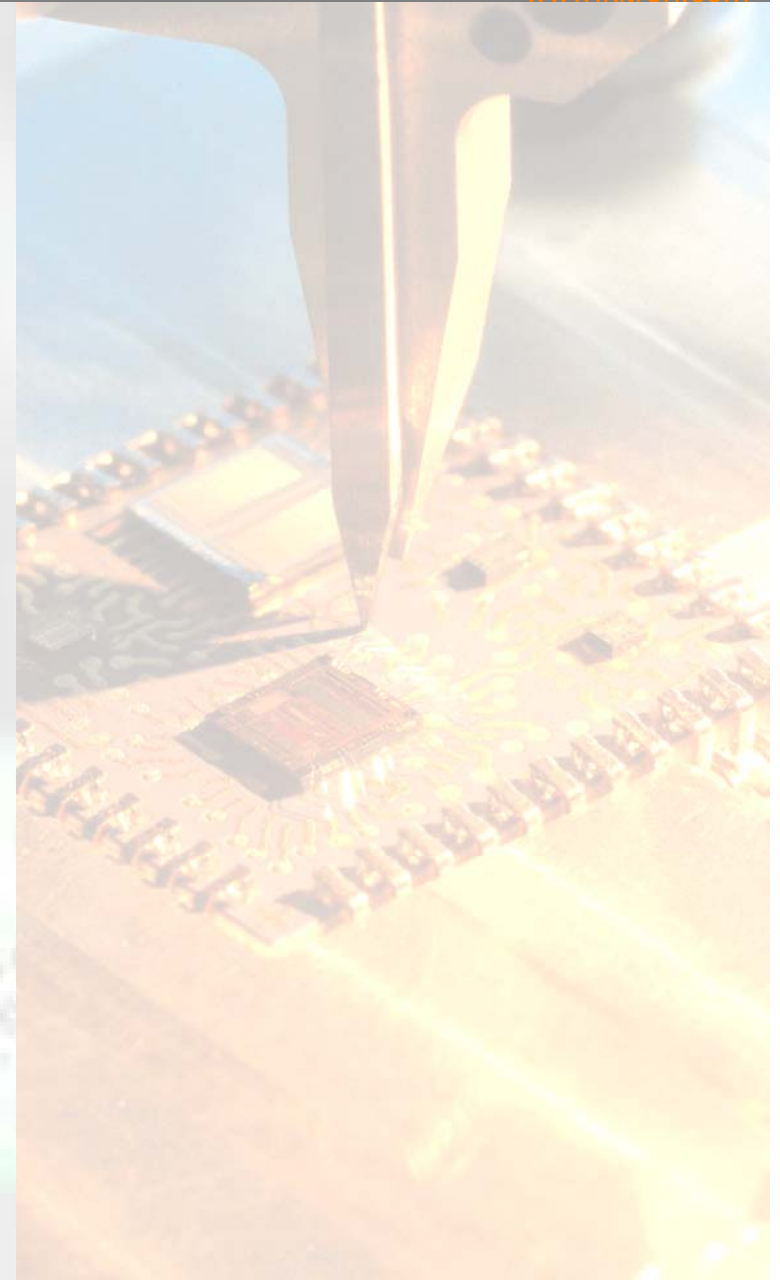




A Good Quarter for Kitron

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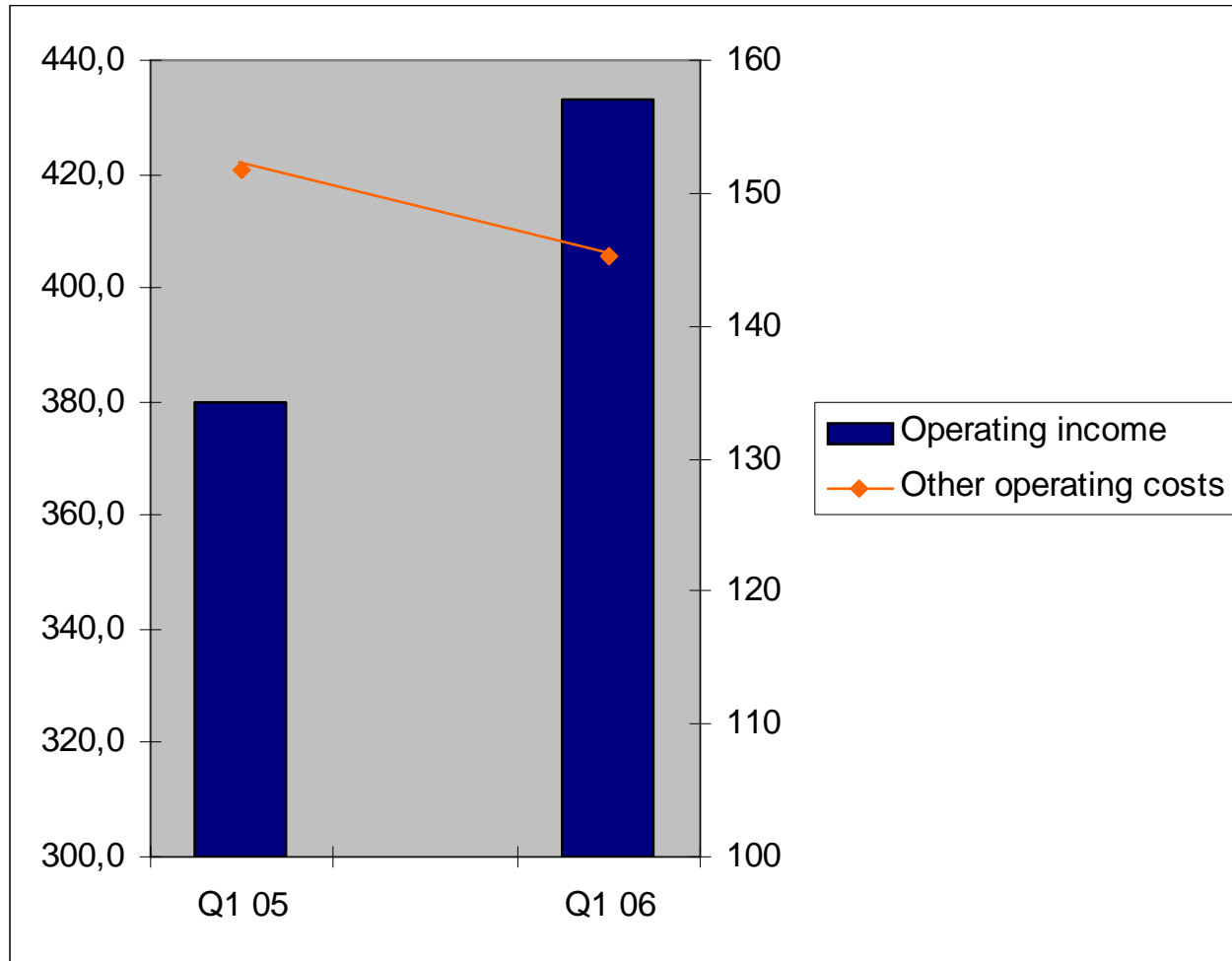
- Positive operations in all departments
- Increased turnover
 - Particularly in Kitron AS and Microelectronics
- Improved operation
 - Increased turnover
 - Reduced payroll and operational costs
- Strengthened order reserve through increased order inflow
- Satisfactory gross inflow
- Positive result before tax
- Restructuring in Norway (EMS) according to plan





Operating income and operating costs

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- **Operating income:**
+NOK 53.2 mill
- **Operating costs:**
-6.4 mill

Financial information for Q1 2006

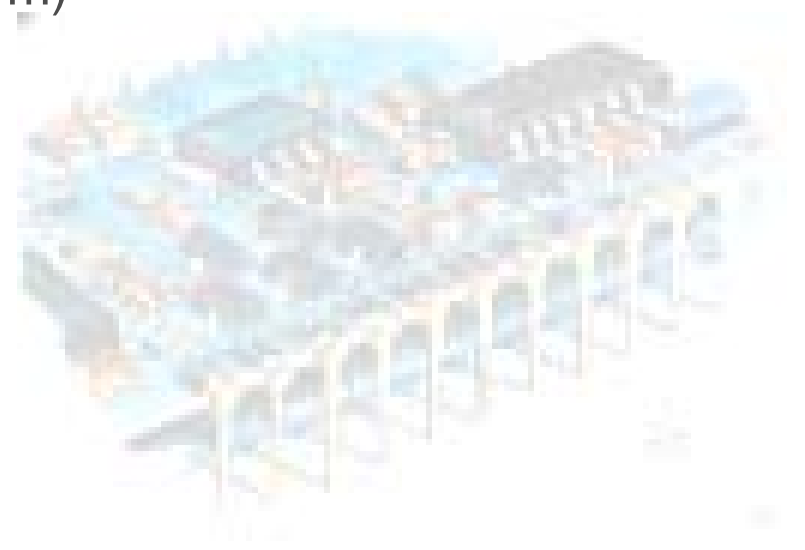




Main features Q1

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- Higher activity – operating revenues **NOK 433.1 m** (NOK 379.9 m)
- Satisfactory gross margin **39.8 %** (41.6 %)
- EBITDA **NOK 27.1 m** (NOK 6.4 m)
- EBIT **NOK 20.6 m** (NOK 1.3 m)
- Strengthened order backlog: **NOK 826 m** (NOK 766 m)
- Net financial costs **NOK 4.5 m** (NOK 5.7 m)
- Satisfactory liquidity





Profit and Loss Account Q1 2006

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Profit & loss (NOK mill)	Q1 2006	Q1 2005	31.12.2005
Operating income	433,1	379,9	1 576,3
Cost of material	260,8	221,9	945,3
Gross profit margin	39,8 %	41,6 %	40,0 %
Payroll expences	117,7	122,0	475,3
Other operational expences	27,6	29,7	151,4
EBITDA	27,1	6,4	4,3
Depreciation and impairments	6,5	7,7	38,7
Operating profit/loss (EBIT)	20,6	-1,3	-34,4
Net financial costs	-4,5	-5,7	-23,9
Profit/loss before tax	16,1	-7,0	-58,2
Taxes	0,3	-	0,7
Profit/loss after tax	15,9	-7,0	-58,9
Earnings per share	0,09	-0,05	-0,39
Dilluted earnings per share	0,09	-0,05	-0,39



Main points – balance sheet

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- **Strengthened equity: NOK 167.1 mill (NOK 122.1 mill)**
 - Equity ratio 25.8 per cent (20.2 per cent)
- **Total balance sheet NOK 647.2 mill (NOK 603.5 mill)**
- **Capital tied up in inventory NOK 255.8 mill (NOK 254.7 mill)**
- **Accounts receivable and other receivables of NOK 197.2 mill (NOK 148.0 mill)**
 - Trade debtors of NOK 134.9 mill (NOK 106.2 mill)
 - Other receivables of NOK 62.3 mill (NOK 41.9 mill)
- **Deferred tax asset of NOK 20.0 mill (NOK 20.0 mill)**
- **Interest-bearing debt of NOK 69.2 mill (NOK 87.0 mill)**
- **Remaining restructuring provision totalling NOK 37.1 mill**
 - Of which NOK 31.2 mill for restructuring of Kitron AS



Balance sheet – assets

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Balance sheet (NOK mill)	31.03.2006	31.03.2005	31.12.2005
Tangible fixed assets	108,1	116,5	112,4
Goodwill	18,5	20,6	18,5
Investment i shares	0,2	0,2	0,2
Deferred tax assets	20,0	20,0	20,0
Other receivables	3,2	7,6	3,9
Total fixed assets	150,0	164,9	155,0
Inventory	255,8	254,7	242,5
Accounts receivable and other receivables	197,2	148,0	141,8
Cash and cash equivalents	44,2	35,9	113,2
Total current assets	497,2	438,7	497,5
Total assets	647,2	603,5	652,5



Balance sheet – equity and liabilities

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Liabilities and equity (NOK mill)	31.03.2006	31.03.2005	31.12.2005
Equity	167,1	109,2	151,1
Minority interests	0,0	12,9	0,0
Total equity	167,1	122,1	151,1
Loans	41,1	42,9	40,7
Pension commitments	15,3	31,7	14,9
Provision for liabilities and charges	14,1	11,2	15,1
Total long term liabilities	70,6	85,8	70,7
Accounts payable and other short term debt	328,9	321,8	350,9
Loans	57,6	70,1	46,4
Other provisions	23,0	3,8	33,4
Total short term liabilities	409,5	395,7	430,7
Total liabilities and equity	647,2	603,5	727,8

Financing of accounts receivable as at 31.03.2006 168,8 mill



Cash flow and changes in consolidated equity www.kitron.com

Cash flow statement (NOK mill) (*)

	Q1 2006	Q1 2005	31.12.2005
Net cash flow from operational activities	-73,9	-28,3	9,4
Net cash flow from investment activities	-2,2	-3,6	-39,5
Net cash flow from financing activities	-2,4	-4,9	92,0
Change in cash and bank credit	-78,5	-36,9	61,9
Cash and bank credit opening balance	52,8	-9,0	-9,0
Cash balance closing balance	-25,7	-46,0	52,8

Changes in consolidated equity (NOK mill)	31.03.2006	31.03.2005	31.12.2005
Equity opening balance	151,1	128,1	128,1
Profit/loss for the year	15,9	-7,0	-58,9
Share issue	-	-	90,8
Change in minority interests	-	-	-12,6
Other (**)	0,1	1,0	3,8
Equity closing balance	167,1	122,1	151,1

(*) Changed statement according to IFRS and annual report for 2005

(**) Conversion differences, share-based compensation etc.

Restructuring Norway (EMS)





Highlights of the restructuring work

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- **The Oslo project is completed. No further activity. Focus on sub-letting**
- **Kilsund/Hisøy transfer is going according to plan, but resources and capacity are under pressure. Weeks 18 and 19 are critical weeks**
- **May and June are the most critical months of the process**
- **Transfer to UAB Kitron is following the agreed plan**
- **Increased orders from customers is very positive but challenging in the second quarter**
- **Consideration is being given to selling the Kilsund property**

Market developments

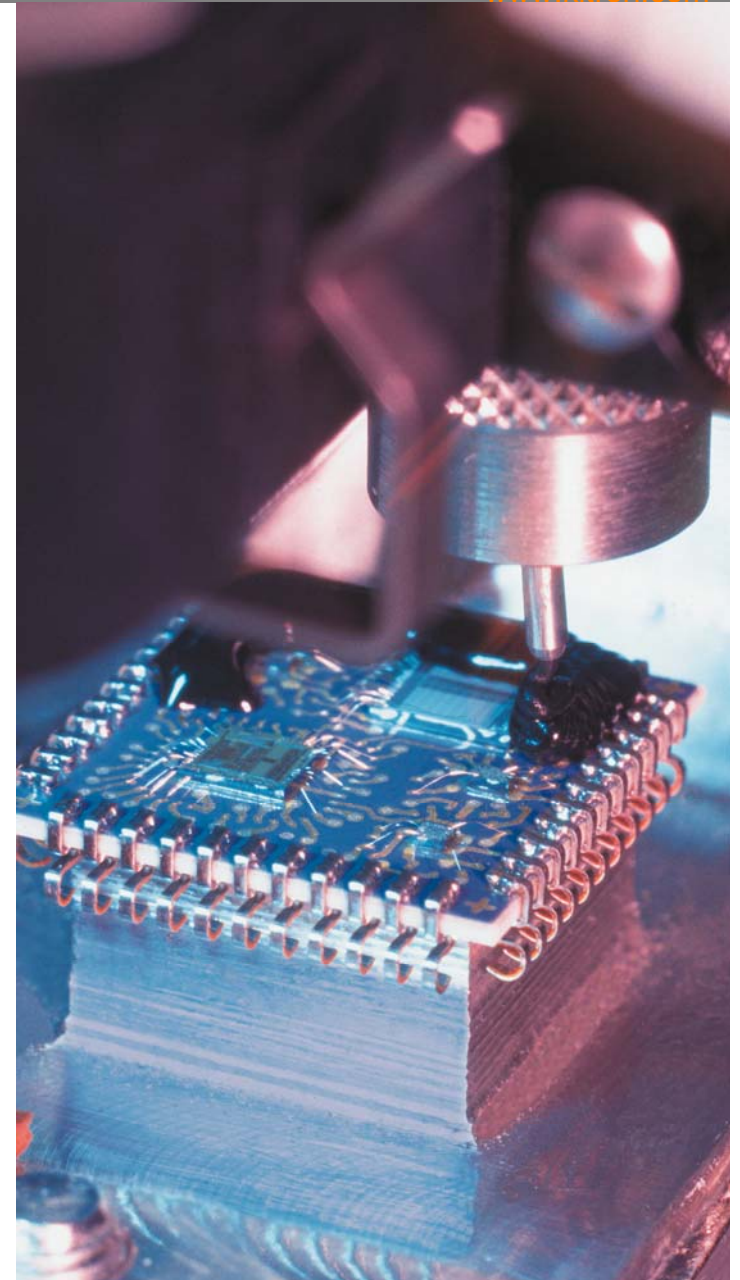




The market in Q1

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- **Growth in all market segments**
- **Increasing number of invitations to tender and new orders as well as increased production for existing customers**
- **Turning towards development and turnkey assignments**
- **The customer values geographic proximity to the manufacturer of complicated products (Intelligent sourcing)**
- **Kitron's investment in being a comprehensive provider throughout the value chain is paying off**





Order intake in Q1 2006

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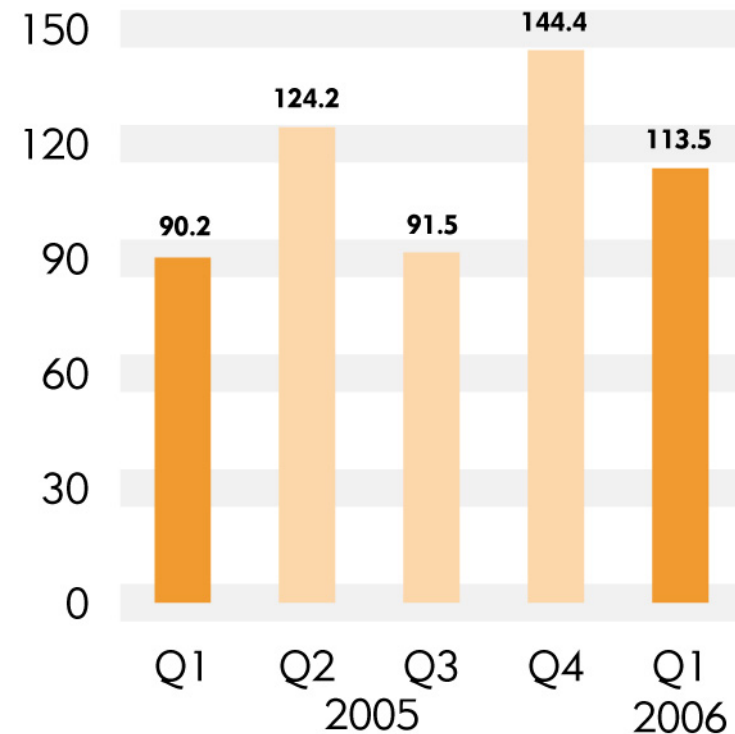
Date	Customer	Size and content
January	KDA	General Purchase Agreement with KDA Development, industrialization, production and aftersale services
January	Tomra	Expects increased deliveries and sales to Tomra (Germany)
February	Kapsch TrafficCom AB	Production of road toll transponders approx. SEK 20 mill in 2006/2007
February	Strategic medical customer	Signed LoU regarding HLA production approx. NOK 150 mill until 31.12.07
March	New medical customer	Agreement regarding HLA deliveries approx. SEK 20 mill per year.
March	Kongsberg Automotive	Industrialisation and production of electronic gear shift systems of approx. NOK 25 mill over 5 years.
March	Biosensor Application	Industrialisation and production of a new product approx. SEK 30 - 40 mill over 3 years
March	Hemocue AB	Production of a re-designed product, approx. NOK 40 mill over 3 years



Defence/Marine

- Higher activity than in Q1 2005
- Reduced turnover in the Defence sector
- Expects lower turnover in Defence sector for the year as a whole than in 2005
- Higher turnover in the Marine sector
- The Marine sector is expected to continue to grow – partly because of high oil price

TURNOVER Defence/Marine
NOK million





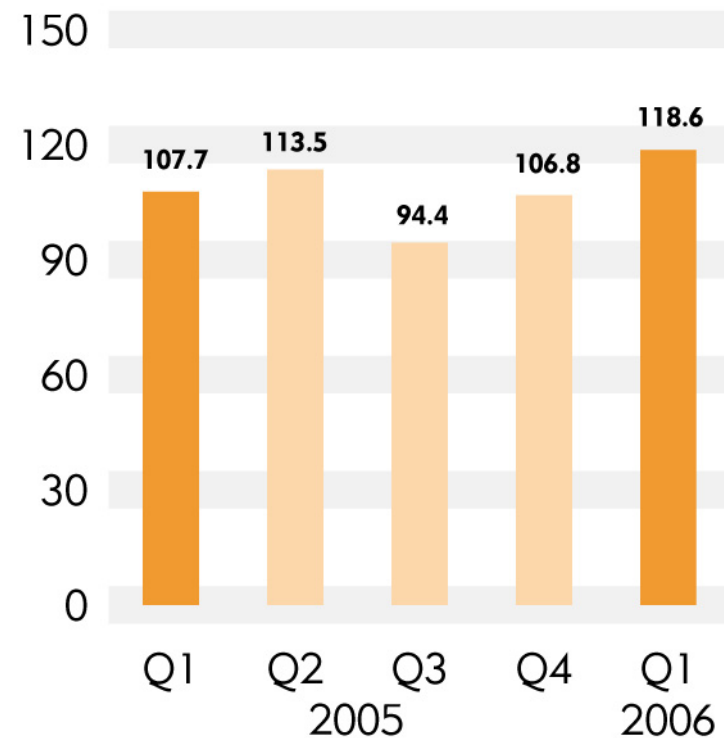
- **Growth in Microelectronics**
 - Infrastructure for optical networks in the telecom industry
 - Surveillance cameras

- **Increasing activity for Q-Free**

- **Considerable production for Swedish customer in the telecom segment**

TURNOVER Data/Telecom

NOK million

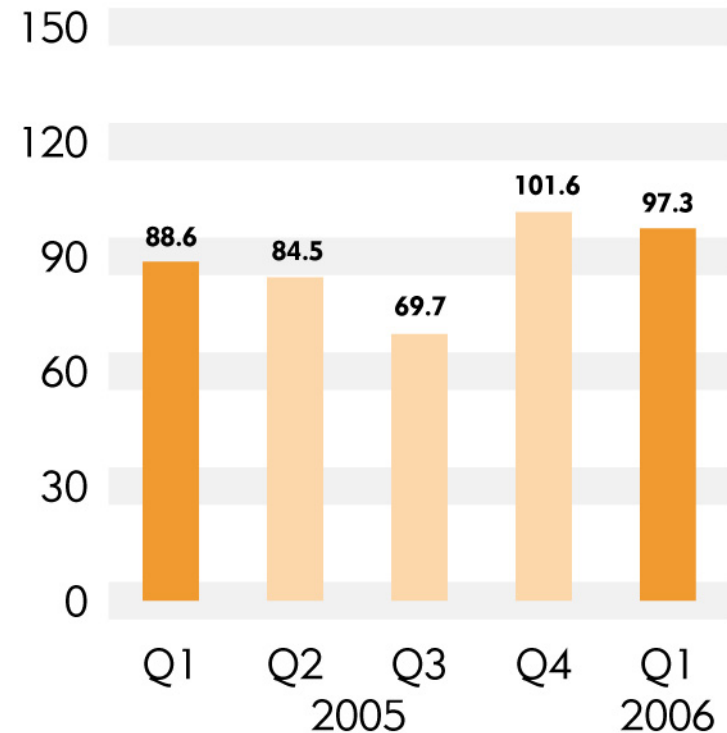




Medical Equipment

- Market in growth
- Increased activity with existing and new customers
- Production of complete products (High Level Assembly)
- UAB Kitron has FDA-listing

TURNOVER Medical Equipment
NOK million

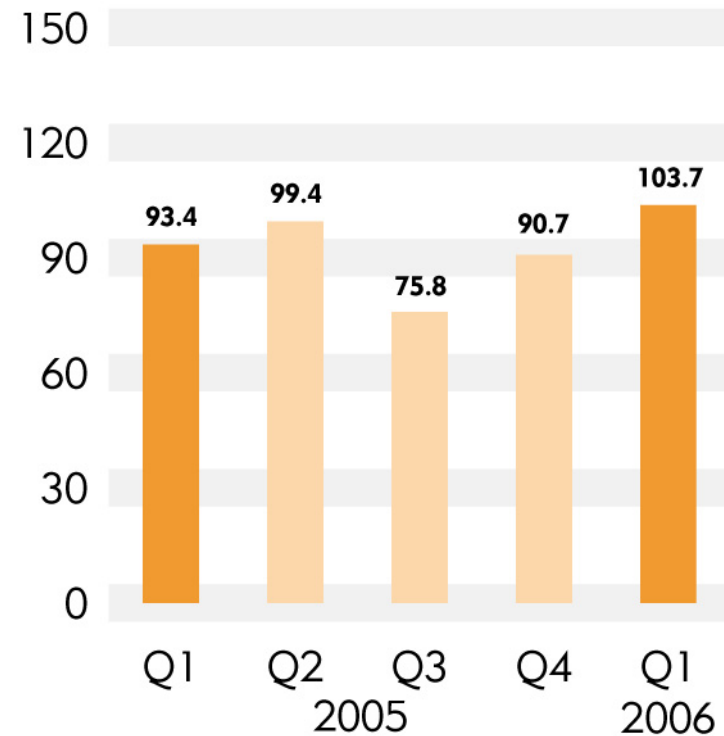




Industry

- Continuity characterises customer relation
- Increased production for existing customers
- Increased production for Tomra
- Increased bidding activity

TURNOVER Industry
NOK million



Outlook





A brighter outlook

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- **Determined sales efforts produce results**
 - More production assignments and more invitations to tender
 - Strengthened order inflow and order backlog

- **A greater part of the value chain**
 - Winning new orders in HLA production

- **More efficient production**
 - Restructuring in Norway (EMS) according to plan, and will produce full effect from Q3
 - New improvement opportunities are to be defined

- **Increased turnover and lower costs provide the basis for profitability ahead**



Changes in Kitron's management

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- Kitron's CEO, Jan T. Jørgensen, will leave the company medio May in agreement with the board of directors.
- Kitron's CFO, Morten Jurs, has resigned and will leave the company during third quarter 2006.

Kitron - One step ahead

