

Interim report Q4 2007 and preliminary result for the year 2007

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Profitable growth

Best annual result in Kitron's history

Growth of 7.1% q4/q4

- 14.4% increase in 2007 over 2006
- High activity in the EMS business in Norway and Lithuania

Order intake increased by 18.8% q4/q4

Strong cash flow from operations

- NOK 123.1 million
- NOK 78.5 million in 2007

Reduced inventory in the quarter and in the year

2007 was a good year for Kitron

Best result since the group was established in 2000

- Restructuring charges 2004 and 2005
- Profitable 2006 and 2007

Continuing machine upgrade programme

Inventory turns exceed 7

Equity ratio is 25%

Available liquidity NOK 151 million

- Supportive banks

Financial statements Q4 2007

Increased profitability – “Best year ever”

Revenue grew 7.1%, to MNOK 551.3 (MNOK 514.8)

- 14.4% in 2007, MNOK 1 937.8 (MNOK 1693.6)

Reduced gross margin 37.9% [normalized 39.2%] (40.1%)

- 38.3% in 2007 [normalized 38.7%] (40.0%)
- One-off charge in UAB Kitron
- Less growth in Development units
- Product mix changes, strong growth in Lithuania

Payroll reflecting growth

- Improved from 27.5% of revenue in 2006 to 25.6% in 2007

EBITDA MNOK 31.6 – 5.7% (MNOK 32.5 – 6.3%)

- MNOK 117.0 – 6.0% in 2007 (MNOK 93.8 – 5.5%)

EBIT MNOK 22.8 (MNOK 23.9)

- MNOK 83.4 in 2007 (MNOK 64.4)

Profit before tax MNOK 18.0 (MNOK 18.1)

- MNOK 63.4 in 2007 (45.4)



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Profit/(loss) statement Q4 2007

(Figures in NOK 1 000)	Q4 2007	Q4 2006	31.12.2007	31.12.2006
Revenue	551 341	514 778	1 937 780	1 693 559
Cost of materials	342 432	308 344	1 195 561	1 015 739
Gross profit margin	37.9%	40.1%	38.3%	40.0%
Payroll expenses	137 365	136 957	496 199	466 043
Other operational expenses	39 947	37 017	129 028	117 942
Operating profit before depreciation and impairments (EBITDA)	31 597	32 460	116 992	93 835
Depreciation and impairments	8 842	8 603	32 553	29 387
Operating profit (EBIT)	22 754	23 856	84 439	64 448
Net financial items	(4 758)	(5 747)	(20 990)	(19 009)
Profit before tax	17 996	18 109	63 449	45 439
Tax	(4 038)	1 812	(985)	3 763
Profit after tax	22 034	16 297	64 434	41 676
Earnings per share	0.13	0.09	0.37	0.24
Diluted earnings per share	0.13	0.09	0.37	0.24

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Increased balance sheet

Total balance sheet MNOK 1000.1 (MNOK 957.5)

- Reflecting higher activity level

Inventory reduced to MNOK 266.3 (MNOK 282.9)

Available liquidity MNOK 151.4 (MNOK 128.8)

Equity MNOK 247.0 (MNOK 185.7)

- Equity ratio 25.1% (23.6%)
- Excluding goodwill and deferred tax asset: 21%

Balance sheet (1): Increase in Assets reflecting growth

(Figures in NOK 1 000)	31.12.2007	31.12.2006
ASSETS		
Goodwill	25 514	19 123
Tangible fixed assets	144 345	123 523
Investment in shares	37	41
Deferred tax assets	25 000	20 000
Other receivables	1 900	2 920
Total fixed assets	196 795	165 607
Inventory	266 257	282 891
Accounts receivable and other receivables	417 205	410 768
Cash and cash equivalents	119 866	98 264
Total current assets	803 327	791 923
Total assets	1 000 123	957 530

Inventory decreased, achieving 7.3 inventory turns

Tangible fixed assets increase reflects upgrade and capacity investments

Increase in goodwill relates to UAB Kitron Elsis acquisition

Deferred tax assets revalued to MNOK 25.0 (MNOK 20.0)

Balance sheet (2): Equity increase, liabilities slightly up

(Figures in NOK 1 000)	31.12.2007	31.12.2006
LIABILITIES AND EQUITY		
Equity	246 997	185 699
Total equity	246 997	185 699
Loans	34 246	31 011
Pension commitments	21 938	23 007
Other provisions	-	7 160
Total long-term liabilities	56 184	61 178
Accounts payable and other current liabilities	348 522	383 621
Loans	347 399	324 399
Other provisions	1 021	2 633
Total current liabilities	696 942	710 653
Total liabilities and equity	1 000 123	957 530

Equity increased by MNOK 61.3 due to profitable operations

Sound equity ratio at 24.7% (19.4%)

Interest-bearing debt has grown to MNOK 381.6 (MNOK 355.4)
due to investments, factoring



Favourable cash flow in Q4 and in the year

(Figures in NOK 1 000)	Q4 2007	Q4 2006	31.12.2007	31.12.2006
Net cash flow from operational activities	123 143	139 609	78 462	9 642
Net cash flow from investment activities	(20 944)	(5 179)	(57 178)	(45 415)
Net cash flow from financing activities	4 360	(10 883)	1 674	(11 827)
Change in cash and bank credit	106 559	123 547	22 958	(47 601)
Cash and bank credit opening balance	(78 395)	(118 340)	5 206	52 807
Cash and bank credit closing balance	28 164	5 206	28 164	5 206

Positive cash flow from operational activities due to profit
and reduced inventory

Available liquidity increased to MNOK 151.4 (MNOK 128.8)



Market trends

Strong demand

Increased volume

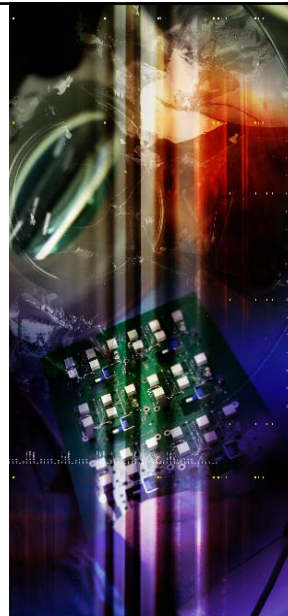
- EMS business in Norway and Lithuania

Industrial EMS market grows more than consumer electronics market

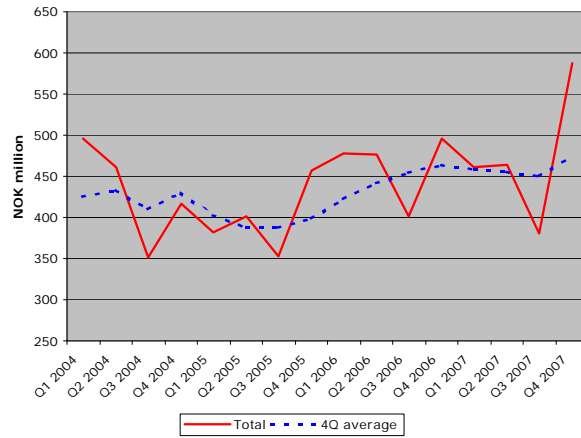
Increased competition demands higher efficiency

EMS and Microelectronics business depends on customers' loyalty and customers' success in their markets

- Kitron's 20 largest customers represent about 80% of revenue
- Well balanced portfolio



Order intake variable around higher level



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Order backlog stable after capacity increased to match order inflow

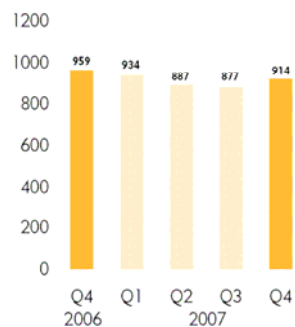
Order backlog includes

- All firm orders
- Four months' customer forecast
- Frame agreements not counted in

NOK million	Data/ Telecom	Defence/ Marine	Medical equipment	Industry	Total
Kitron AS (EMS)	92.7	284.5	150.6	107.8	635.6
Kitron AB (EMS)	-	61.5	40.9	14.3	116.7
UAB Kitron (EMS)	9.6	2.4	8.1	11.6	31.7
Microelectronics	79.6	-	7.8	42.1	129.5
Total	181.9	348.4	207.4	175.8	913.5

ORDER BACKLOG Group

NOK million



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Data/Telecom

Revenue grew 29% q4/q4

- 24% growth over 2006

Industrialisation and manufacturing of advanced products within infrastructure equipment

Microelectronics holds a strong position in the segment

- Number of transponders for Q-Free grew in the magnitude of 50% over 2006

REVENUE Data/Telecom
NOK million



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Defence/Marine

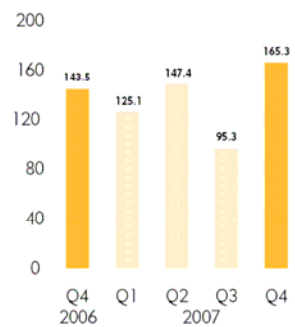
Revenue grew 24%

Expected high level of activity throughout 2008

Continuous upgrading and development of new technology in both the Defence and the Marine part of the segment

More attractive outlook in the Norwegian than in the Swedish market

REVENUE Defence/Marine
NOK million



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Medical equipment

Continued growth expected

- Customer related issues in 2007

Ramping up to full activity at the assembly line in Horten

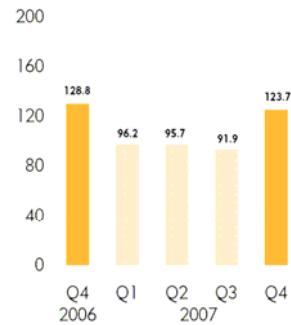
Promising outlook in the Swedish market

- Karlskoga decline in Defence/Marine compensated by growth in Medical
- Thriving med-tech industry in Sweden

Manufacturing agreement with CellaVision, development agreement with Dignitana in Q4

REVENUE Medical equipment

NOK million



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Industry

Lower activity

Lower order intake

- Related to one customer
- Good prospects in Sweden

The most price sensitive market segment

- Low-cost manufacturing capacity needed to win new business

REVENUE Industry

NOK million



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Outlook

Expanding capacity

Market growth expected to last for several years

- Cautiousness because of recent financial unrest and peer group results

Growth ambition of 10% annually (organic growth)

Investment in new capacity in Lithuania

- Expansion at sub-site operational in Q2 2008
- New factory negotiations with developer in progress

Machinery upgrade programme will continue at 2007 level

Continuing competition and pressure on prices

- Offensive Nordic competitors

Going forward: Continuous improvement

Growth about 10%

Margin challenges – competitive pressure

Productivity increase – investing in people and machines

Healthy balance sheet



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