

Interim report Q3 2007

Kitron ASA



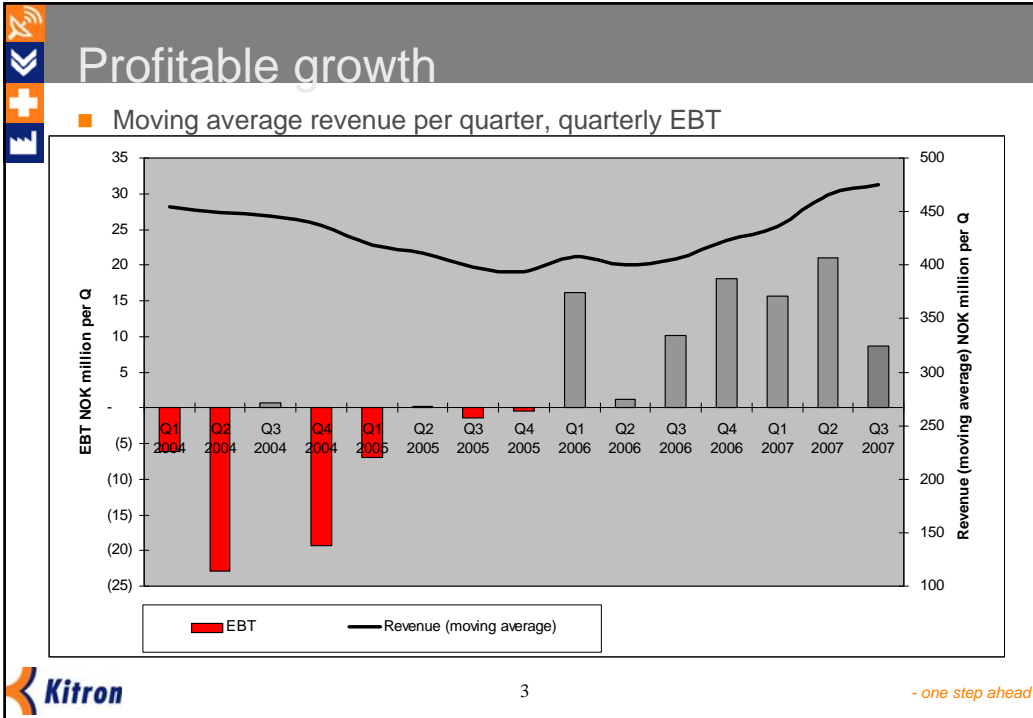
26 October 2007
Jørgen Bredesen, CEO
Erling Svela, CFO



Continued growth

- **Continued revenue growth of 11%**
 - 18% growth YTD
- **Order intake stable**
- **Optimizing capacity utilization**
 - Focus on operating efficiency
 - Adding/replacing equipment to remove bottlenecks
 - Focus on most attractive market segments
- **Improved cash flow from operations**
 - Improved inventory turns
- **Revenue growth in line with market growth**
 - Gaining market share YTD
- **Adding manufacturing capacity**
 - "UAB Kitron Elsis" – fully integrated and profitable
 - Planning new factory in Kaunas, Lithuania





Events in Q3

Announced orders

- Kitron received an order from Q- Free ASA worth about NOK 60 million
- Kitron Microelectronics: Strategic partnership agreement with a Swedish customer within the telecommunications equipment business. Expects deliveries of about NOK 150 million during 2007-2008 (reported as after Q2 event in Q2 presentation)

Structural changes and increased capacity

- Kitron acquired and integrated EDC Elsis UAB in Kaunas, Lithuania
- Relocation of Kitron Flen activities according to plan
 - Insignificant costs to date
 - ¾ of revenue retained
- Expansion in Kaunas, Lithuania
 - On stream in 2009
 - Revenue more than NOK 500 million per year at full capacity

Kitron - one step ahead

Interim financial statements Q3 2007



Experiencing capacity limit issues



- **Revenue grew 11%, to MNOK 390.2** (MNOK 350.4)
 - Year to date growth is 18%
- **Reduced gross margin 38.6%** (39.5%)
 - Variations between business areas and product mix
- **Productivity improvement**
 - Payroll costs down from 26.0 per cent to 25.3 per cent
 - Payroll costs year to date down from 27.9 per cent to 25.9 per cent
- **EBITDA MNOK 22.2** (MNOK 21.7)
- **EBIT MNOK 13.9** (MNOK 14.3)
- **Net financial costs MNOK 5.2** (MNOK 4.2)
 - Currency effects
- **Profit before tax MNOK 8.7** (MNOK 10.1)



Profit/(loss) statement Q3 2007

(Figures in NOK 1 000)


	Q3 2007	Q3 2006	30.09.2007	30.09.2006	31.12.2006
Revenue	390 219	350 429	1 386 439	1 178 782	1 693 559
Cost of materials	239 634	212 033	853 128	707 395	1 015 739
Gross profit margin	38.6%	39.5%	38.5%	40.0%	40.0%
Payroll expenses	98 615	91 221	358 835	329 086	466 043
Other operational expenses	29 738	25 490	89 081	80 925	117 942
Operating profit before depreciation and impairments (EBITDA)	22 231	21 684	85 395	61 376	93 835
Depreciation and impairments	8 344	7 393	23 711	20 784	29 387
Operating profit (EBIT)	13 887	14 291	61 685	40 592	64 448
Net financial items	(5 210)	(4 222)	(16 232)	(13 262)	(19 009)
Profit before tax	8 677	10 069	45 453	27 330	45 439
Tax	805	1 039	3 053	1 951	3 763
Profit after tax	7 872	9 030	42 400	25 379	41 676
Earnings per share	0.05	0.05	0.25	0.15	0.24
Diluted earnings per share	0.05	0.05	0.25	0.15	0.24

7 - one step ahead

Higher activity – increased balance sheet

- **Total balance sheet MNOK 886.8** (MNOK 718.4)
 - Reflecting higher activity level
 - Conventional factoring scheme implemented in Q4 2006 added receivables and debt
- **Inventory reduced to MNOK 301.6** (MNOK 317.3)
 - Seasonal build-up less than in 2006
- **Available liquidity MNOK 89.5** (MNOK 34.7)
- **Equity MNOK 222.5** (MNOK 169.2)
 - Equity ratio 25.1% (23.6%)

8 - one step ahead




Assets

(Figures in NOK 1 000)

	30.09.2007	30.09.2006	31.12.2006
ASSETS			
Goodwill	24 810	19 123	19 123
Tangible fixed assets	134 006	126 947	123 523
Investment in shares	41	190	41
Deferred tax assets	20 000	20 000	20 000
Other receivables	2 020	2 633	2 920
Total fixed assets	180 876	168 893	165 607
Inventory	301 607	317 266	282 891
Accounts receivable and other receivables	377 433	188 713	410 768
Cash and cash equivalents	26 875	43 555	98 264
Total current assets	705 915	549 534	791 923
Total assets	886 791	718 427	957 530

- Closing inventory turns was 6.1 (5.0)
- Trade debtors and other receivables reflecting conventional factoring
- Deferred tax assets retained at MNOK 20.0 (MNOK 20.0)

 9 - one step ahead


Equity and liabilities

(Figures in NOK 1 000)

	30.09.2007	30.09.2006	31.12.2006
LIABILITIES AND EQUITY			
Equity	222 477	169 235	185 699
Total equity	222 477	169 235	185 699
Loans	39 227	45 527	31 011
Pension commitments	22 467	22 851	23 007
Other provisions	4 587	9 308	7 160
Total long-term liabilities	66 281	77 686	61 178
Accounts payable and other current liabilities	311 441	323 580	383 621
Loans	285 013	143 985	324 399
Other provisions	1 579	3 941	2 633
Total current liabilities	598 033	471 506	710 653
Total liabilities and equity	886 791	718 427	957 530

Sold receivables as at 30.09.2006 amounted to NOK 198.6 million

- Equity amount has increased by MNOK 53.2 because of profitable operations
- Equity ratio increased to 25.1% (23.6%) even if balance sheet has been inflated by conventional factoring scheme implemented in Q4 2006
- Interest-bearing debt has grown to MNOK 324.2 (MNOK 189.5), mainly for the same reason


 10 - one step ahead

Cash flow

(Figures in NOK 1 000)

	Q3 2007	Q3 2006	30.09.2007	30.09.2006	31.12.2006
Net cash flow from operational activities	(29 428)	(45 100)	(44 681)	(129 966)	9 642
Net cash flow from investment activities	(10 714)	(12 316)	(36 234)	(40 237)	(45 415)
Net cash flow from financing activities	(674)	9 469	(2 686)	(944)	(11 827)
Change in cash and bank credit	(40 816)	(47 947)	(83 601)	(171 147)	(47 601)
Cash and bank credit opening balance	(37 579)	(70 393)	5 206	52 807	52 807
Cash and bank credit closing balance	(78 395)	(118 340)	(78 395)	(118 340)	5 206

- Better cash flow from operational activities due to less seasonal inventory build-up
- Available liquidity increased to MNOK 89.5 (MNOK 34.7)

 11 - one step ahead


Market comments





Continued growth

- Increased volume mainly from current customers
- Industrial EMS market grows more than electronics market
 - Outsourcing
 - Stronger growth in industrial than consumer electronics
- Kitron has gained market share
 - Kitron grows more than its peer group



Kitron 13

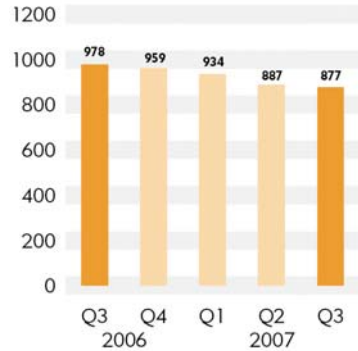
Order backlog remains at about 6 mths' revenue

Order intake	2007	2006
Q1	461	478
Q2	464	477
Q3	380	402
YTD	1305	1347

Backlog per country	30.09.2007	30.09.2006
Norway	690	737
Sweden	157	220
Lithuania (externally)	30	21
Total	877	978

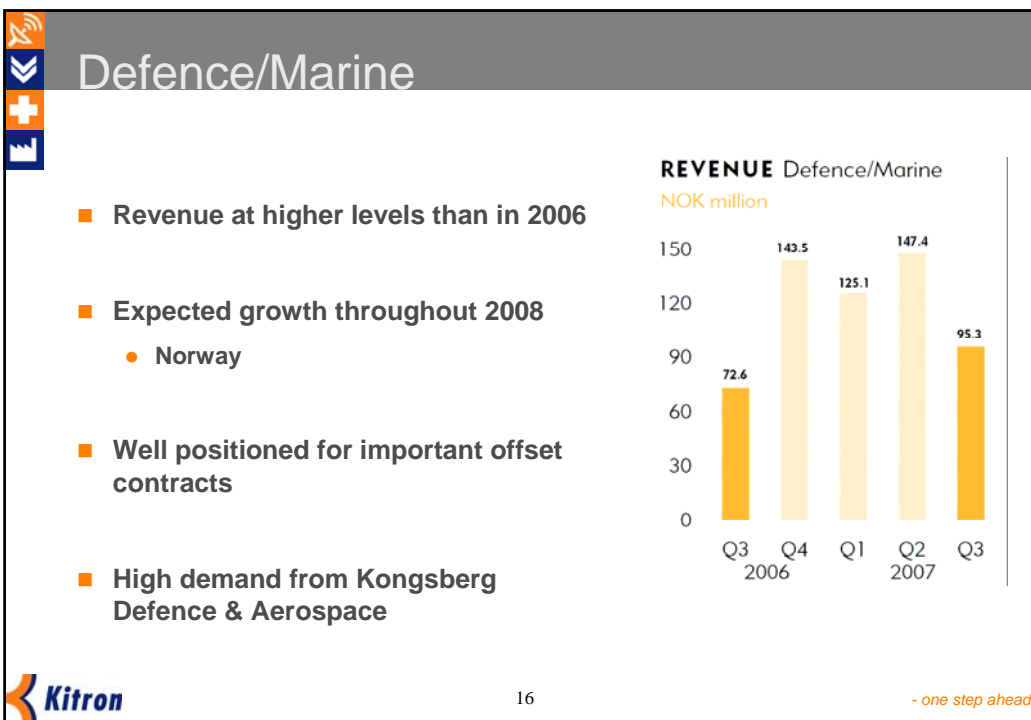
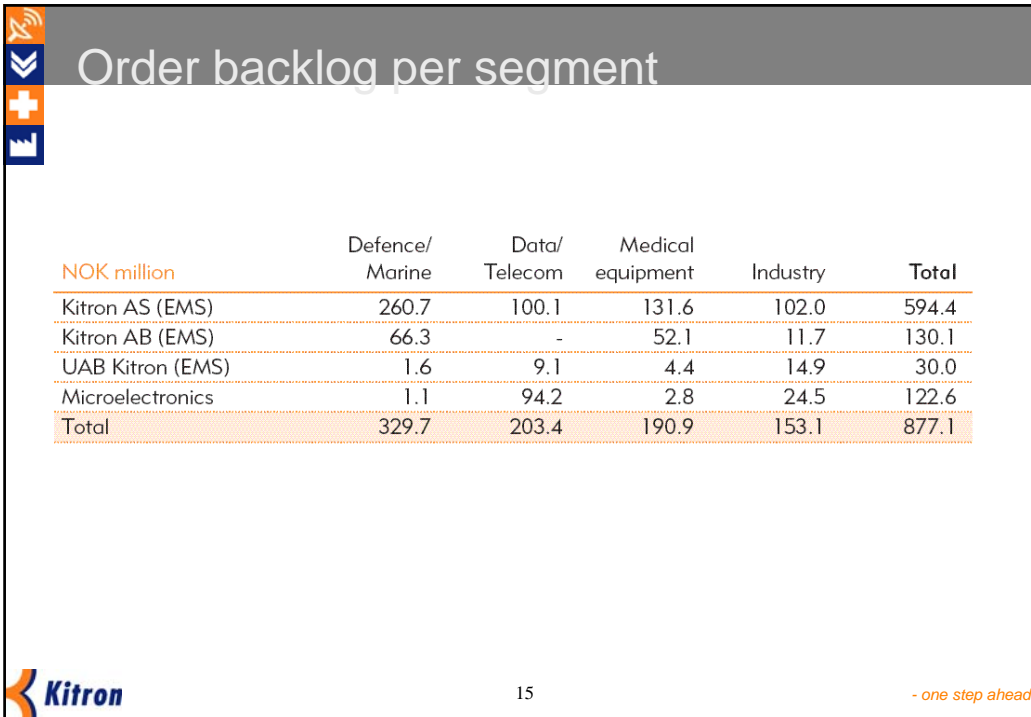
- Order backlog includes
 - All firm orders
 - Four months' customer forecast

ORDER BACKLOG Group
NOK million



Quarter	Backlog (NOK million)
Q3 2006	978
Q4 2006	959
Q1 2007	934
Q2 2007	887
Q3 2007	877

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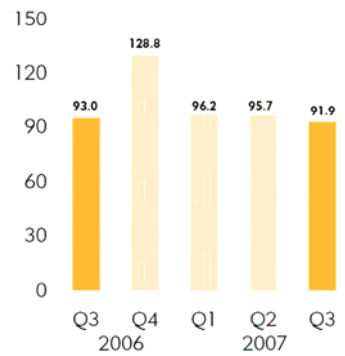




Medical equipment

- Stable activity
- Horten assembly line postponed due to customer related delay

REVENUE Medical equipment
NOK million



17

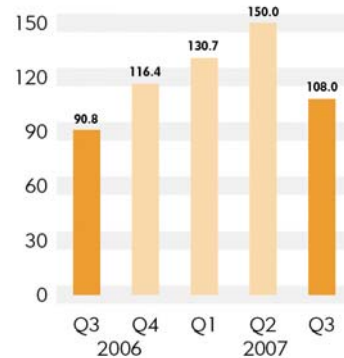
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Data/Telecom

- Significant growth
- Microelectronics holds a strong position in the segment
 - Q-Free placed an order worth NOK 60 million with Kitron

REVENUE Data/Telecom
NOK million



18


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Industry

- Stable revenue
- Good prospects for 2008
- Kitron is gaining ground in the automotive industry

REVENUE Industry
NOK million

Quarter	Revenue (NOK million)
Q3 2006	94.0
Q4 2006	126.1
Q1 2007	133.7
Q2 2007	117.4
Q3 2007	95.0


19
- one step ahead

Outlook



A leading role in the industry

- **Market growth expected to last for several years**
- **Growth limited by capacity of current facilities**
 - Ambition adjusted to about 10% annual organic growth
 - Maintain position in Norway
 - Substantial market potential in Sweden
- **Investment in new capacity**
 - EDC Elsis UAB acquired and integrated
 - Resolved to expand capacity in Lithuania, on stream mid-2009
- **Sweden is developing in line with plans**
 - Expects Swedish operation to be profitable in 2007
- **Progress in sourcing activity in China**
 - More than 30 suppliers qualified
 - Expects material cost effects by year end



 21

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