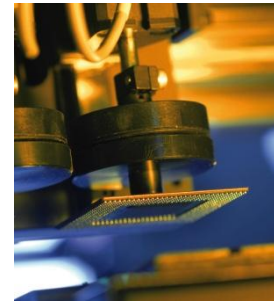


Q3 results 2013

23 October 2013





Dag Songedal, interim CEO

Cathrin Nylander, CFO



Strengthened order intake in challenging quarter

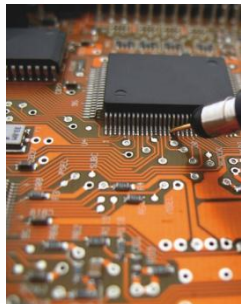
- **Strengthened order intake underpins revenue growth going forward**
- **Weaker demand led to lower profitability**
- **Production postponements affect revenues and operating cash flow**

NOK mill.		Q3 2013 vs Q3 2012
Revenue 346,6		-5,2 %
EBIT 7,6		-50,9 %
Order backlog 847,1		-1,0 %
Operating cash flow -33,5		-117,9 %
Net working capital 498,2		-2,0 %

Investments in Lithuania and major contract

- **Major industrial contract secured**
 - Value of MNOK 150 over three years
 - Extension of existing contract
 - Production in Arendal and Kaunas
- **Offshore/marine and Industry strengthening order intake**
 - Order backlog improved by MNOK 101,1 during the quarter
- **Kitron invests in Lithuania**
 - MNOK 37 investment
 - Expansion of 5000m2 and a fourth SMT line
 - Partially funded by the the Ministry of Economy of the Republic of Lithuania with MNOK 7
 - To be completed in the second half of 2014.

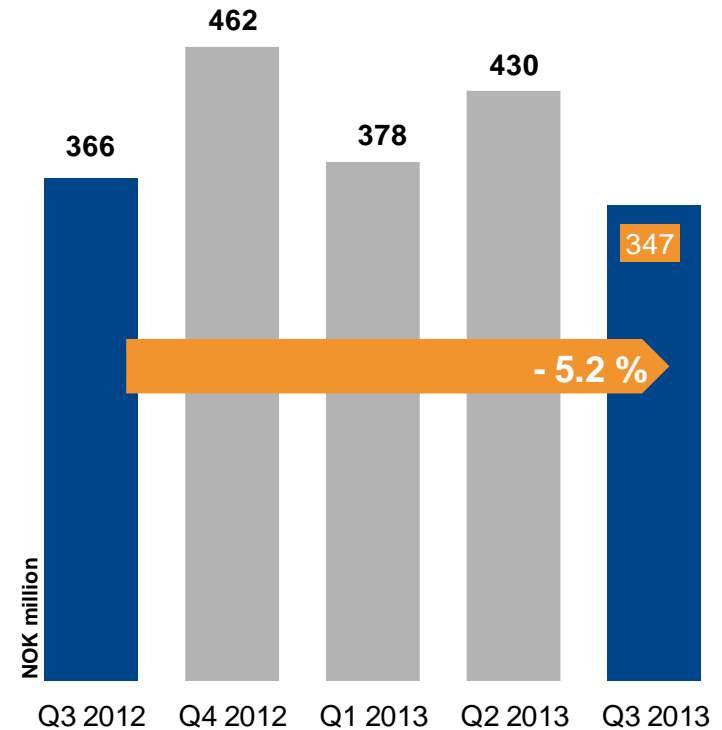
Financial statements Q3 2013



Revenue:











Lower demand and production postponements

- Seasonally lower revenue
- Lower demand in several segments
- Production postponements due to challenging product mix and changes in customer specifications











Revenue by market segment:

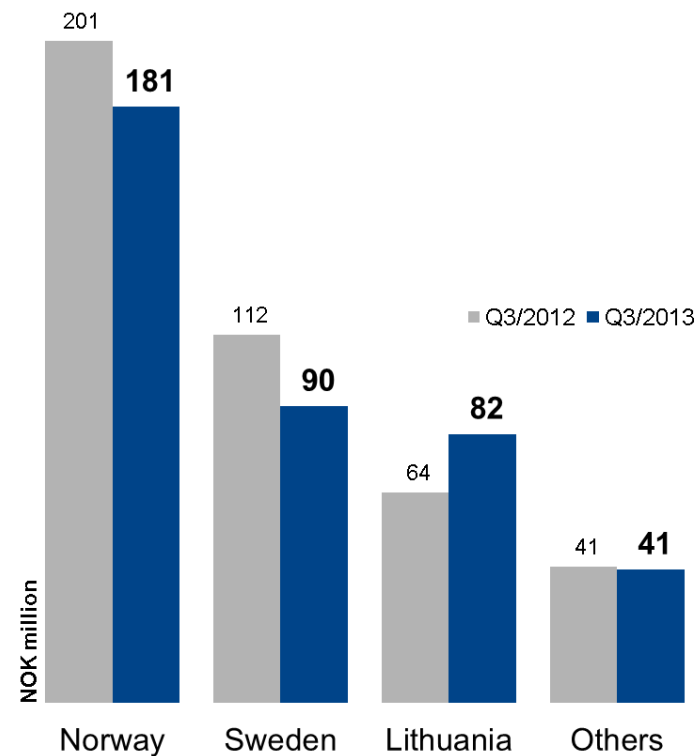
Industry segment growth

		Q3 2013 vs Q3 2012	Share of total revenue
Offshore/Marine	Long-term prospects remain positive	-16,5 % 	16,2 % 
Medical equipment	Market growth offsets reduced manufacturing scope from key customers	-11,0 % 	27,1 % 
Defence/Aerospace	Still uncertainty in the US market	-11,3 % 	16,0 % 
Energy/Telecoms	Moderest growth within Telecoms while metering business is shrinking	-0,5 % 	13,4 % 
Industry	New customers ramping up and key customers indicate modest growth	13,2 % 	27,2 % 

Revenue by country*:

Strong growth in Lithuania

	Q3 2013 vs Q3 2012	Share of total revenue
Norway	-9,9 % 	46,0 % 
Sweden	-19,3 % 	22,9 % 
Lithuania	27,9 % 	20,8 % 
Others	-1,9 % 	10,3 % 

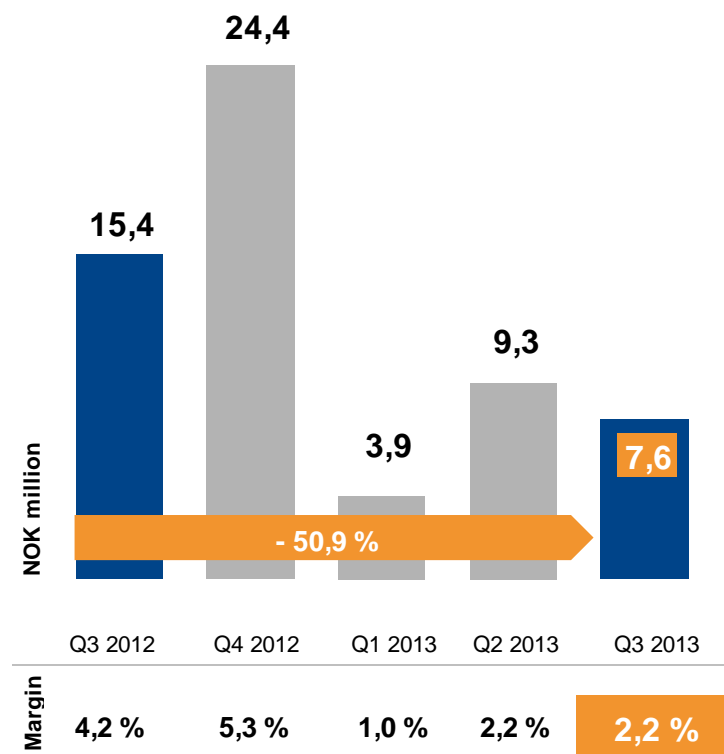


* Before group entities and eliminations

EBIT:

Operational streamlining continues

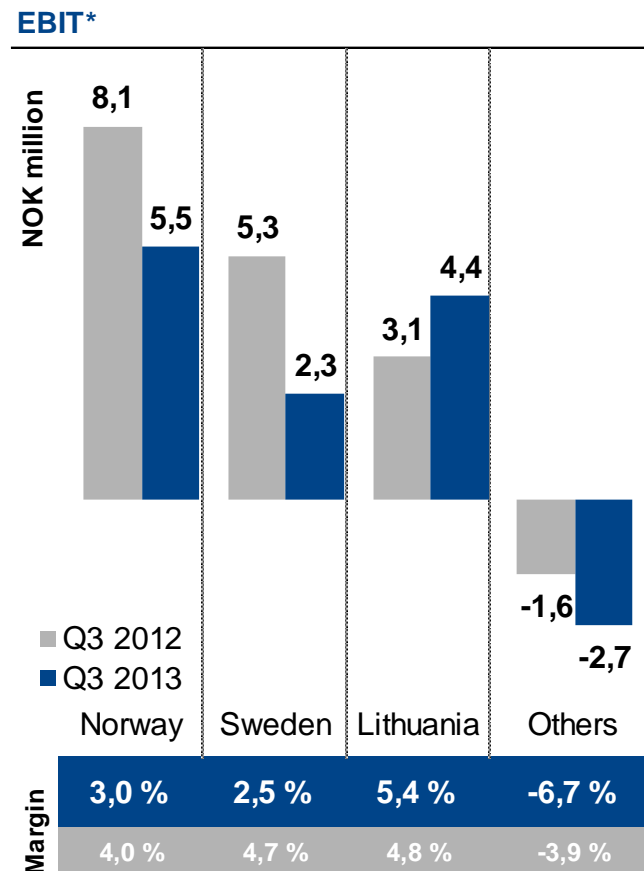
- **Improvement initiatives implemented**
 - Focus on profitability
 - Operational improvement programs
- **Some effects in 2013**
- **Offset by volume effects**



EBIT by country:

Hit by volume effects

- **Norway:** Volume impact
- **Sweden:** Volume impact
- **Lithuania:** Improved profitability due to increased volume
- **New entities:** Lower demand from US Army and postponement due to technical issues leading to delay in US profitability
 - Positive development in China



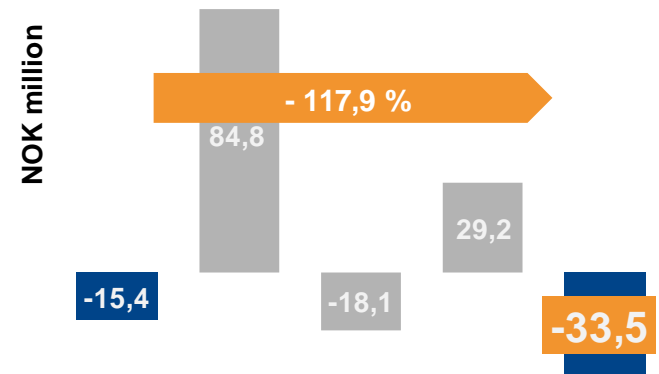
* Before group entities and eliminations

Balance sheet:

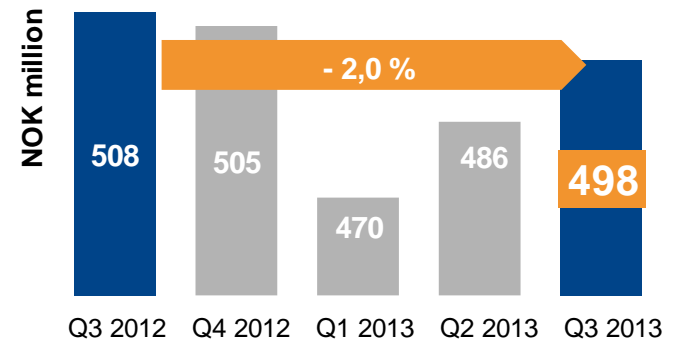
Inventory affected by postponements

- **Focus on inventory reduction across the group continues**
 - Target to reduce MNOK 50 upheld
 - Effects moving into 2014
 - Due to inventory build-up caused by production postponements
 - Altered implementation plan of common distribution centre

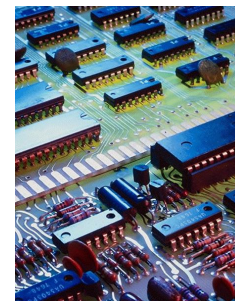
Operating cash flow



Net working capital



Market development

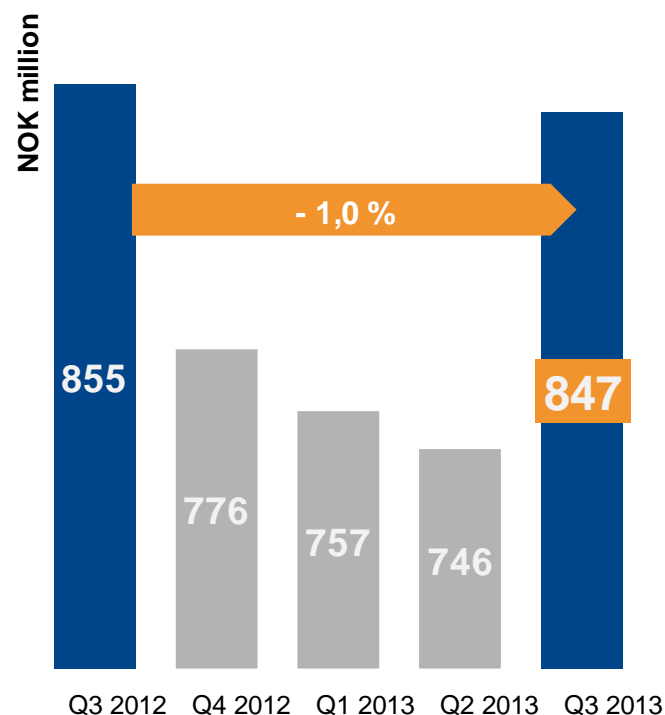


Order backlog:

Mixed trend by market segment

- **Strengthening of order backlog**
 - Increase in Defence/Aerospace and Industry
 - Reduced backlog in other segments
- **Overall market situation uncertain**
 - Customer forecast volatility continues
 - Customers reducing risk through shorter order horizon and lower inventories

Order backlog



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

Market development

- **Offshore/Marine**

- Stable demand
- Long-term prospects remain positive

- **Medical equipment**

- Flat development expected in short term as reduced production scope for one customer offsets growth
- Long-term healthy market fundamentals for Kitron's product portfolio are expected to drive growth in the longer term

Market development

- **Defence/Aerospace**

- Promising long-term outlook
- Still uncertainty in the Swedish defence market and slow development in the US

- **Energy/Telecoms**

- Expected modest growth

- **Industry**

- Key customers indicate modest growth
- New customers ramping up

Outlook



Your ambition. Our passion.



Outlook

- **Reiterates revenue outlook for second half 2013**
 - Expected to be at same level as second half 2012
- **Revenue outlook shows some growth going into 2014**
- **Programs to increase profitability and cash flow**
 - Streamlining of internal operations to reduce costs and improve efficiency continues

Thank you!

Your ambition. Our passion.

