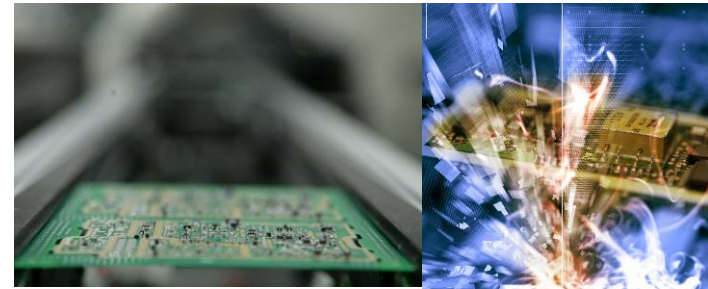


Q1 results 2010

6 May 2010

Jørgen Bredesen, CEO

Björn Wigström, CFO



Positive trend in Q1

Financial highlights

- **Order intake increased by 13% and order backlog increased by 7% vs Q1 2009**
- **Revenue down 25.4% vs Q1 2009. Quarter on quarter trend is positive**
- **Operating profit of NOK 5.9 million. Operating margin 1.4%**
- **Cash flow negative with NOK 32 million. Recoil from strong Q4 position.**

Focus on streamlining operations

Operational highlights

- **Positive effect in 2010 of completed downsizing**
 - Headcount reduced by 350 FTE's in 2009
- **Divesting development department**
 - Final conclusion expected in Q2
 - Kitron increasing focus on NPI and Industrialisation
- **Strong focus on Kitron AB challenges**
 - Margin slippage for certain customers
 - Overcapacity within workforce – action taken



Focus on streamlining operations

Operational highlights

- **Growth initiatives on plan**
 - Germany - Sales and marketing in Germany started. Integration of acquired local company ongoing.
 - Kitron China operational in Q4.
- **Focus on operational improvement programs**
 - Sourcing from China increasing
 - Manufacturing efficiency program continues
 - ERP system ready to be launched

Major New Orders in Q1

	NOK million
• Medical contract	80
• Industry contract <i>First contract based on China manufacturing!</i>	100
• Kongsberg Group	20
• Maquet Critial Care	40

Important contract with new customer in Q2:

- **Atlas Copco Tools AB (frame agreement signed)**

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Financial statements Q1 2010



Revenue as expected

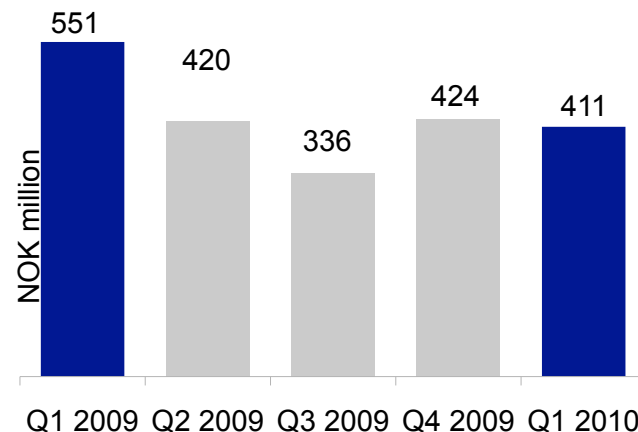
- Revenue at NOK 411 million, 25% lower than last year
- Q1 change by market segment:

Q1 2010 vs Q1 2009

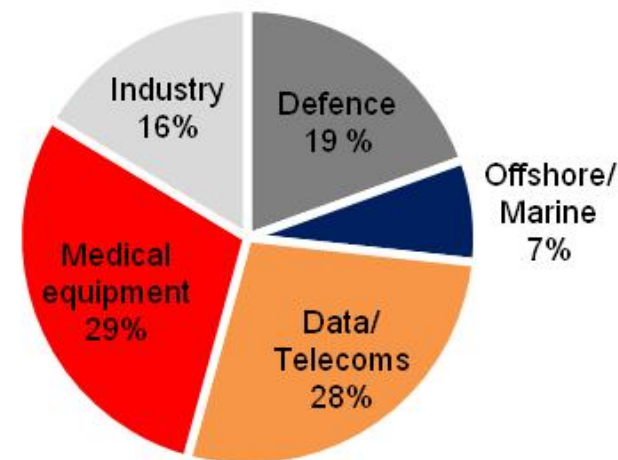
Data/Telecoms	2.7%
Defence	-26.0%
Industry	-8.0%
Medical equipment	21.9%
Offshore/Marine	-81.5%

- Offshore/Marine and Defence segment down while trend in Medical equipment is positive

Revenue Group



Revenue by market segment
Total revenue NOK 411 million



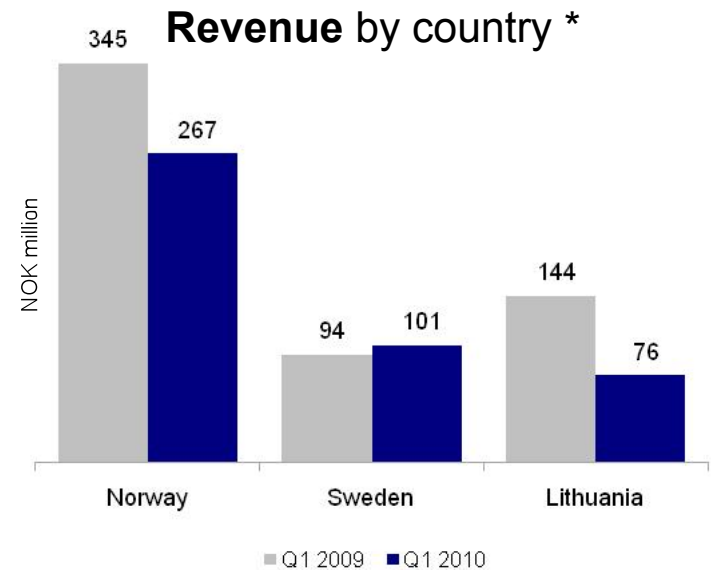
Revenue by country

- Norway and Lithuania negatively affected by drop in Offshore segment

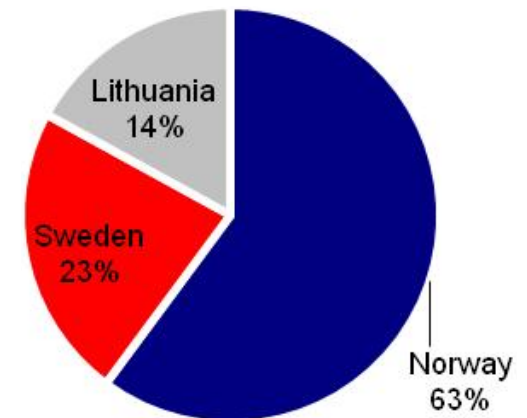
Q1 2010 vs Q1 2009

Norway	-22.5%
Sweden	8.2%
Lithuania	-47.5%

- Capacity in all operations adjusted to lower revenue level



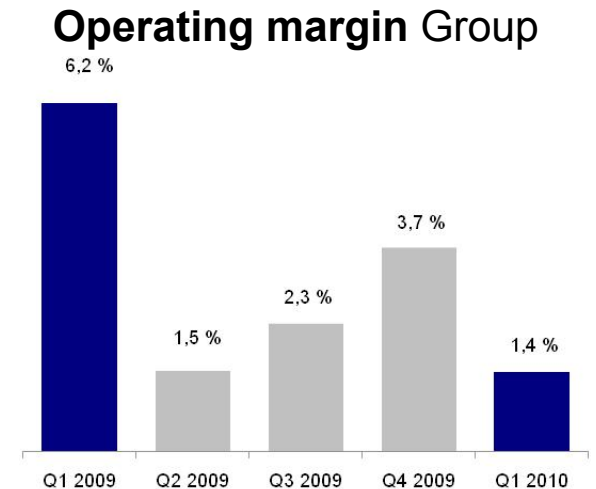
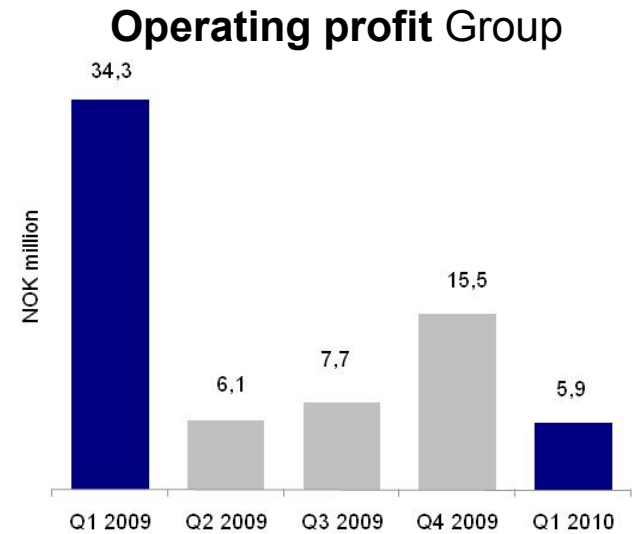
Revenue by country
Total revenue NOK 411 million



* Before group entities and eliminations

Operating profit lower

- Operating profit in Q1 was NOK 5.9 million (NOK 34.3 million) and margin was 1.4% (5.1%)
- NOK 10.5 million positive impact from reversal of pension liability.
- **Poor performance in Karlskoga operation**
 - NOK 14 million in loss booked in Q1
 - Firm measures are being taken to turn around operation.
- **Relative payroll costs 24.7% of revenue (23.2%) and other operating costs 7.9% of revenue (5.7%)**

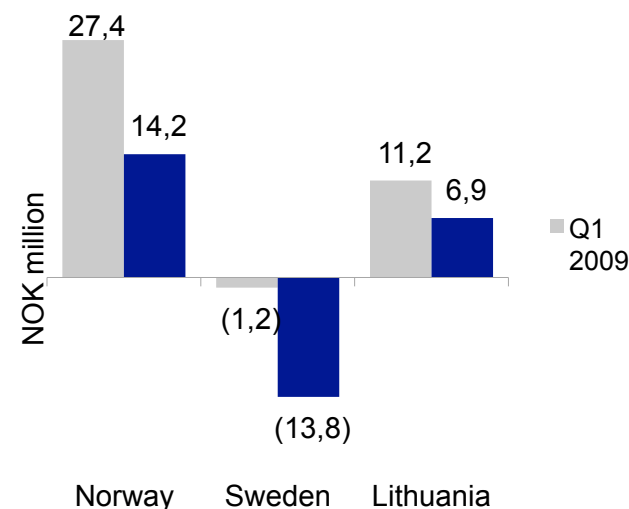


Profit by country

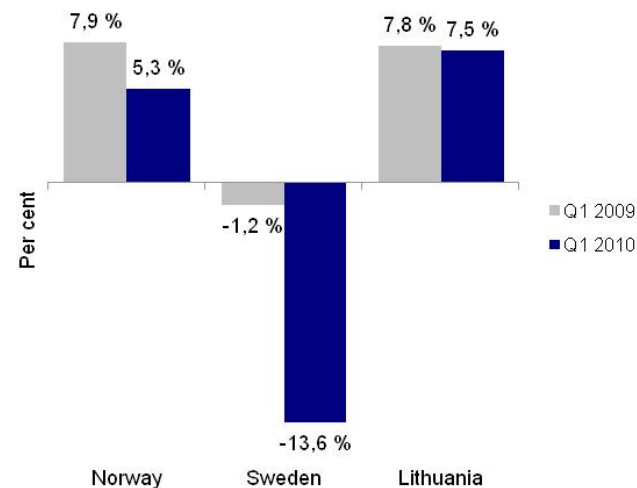
- Profitability for Norway and Lithuania in line with expectations.
- Positive impact on result in Norway from reversal of pension liability.
- Negative result in Sweden explained by challenges in Kitron AB.
 - Weak margin on certain projects
 - NOK 6 million in restructuring provision

* Before group entities and eliminations

Operating profit by country *



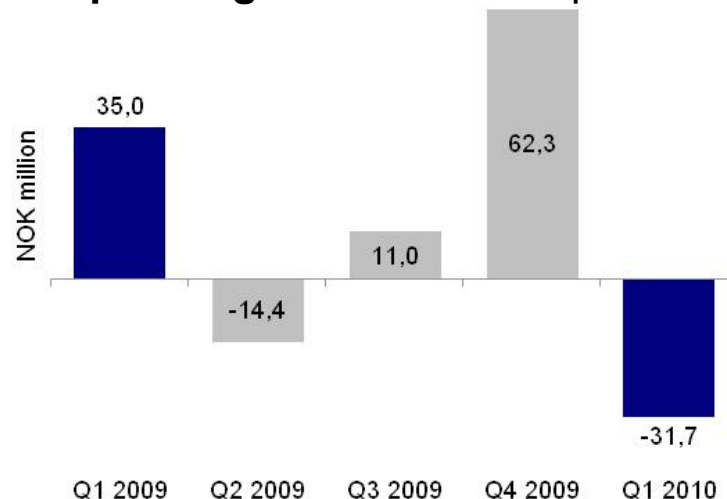
Operating margin by country



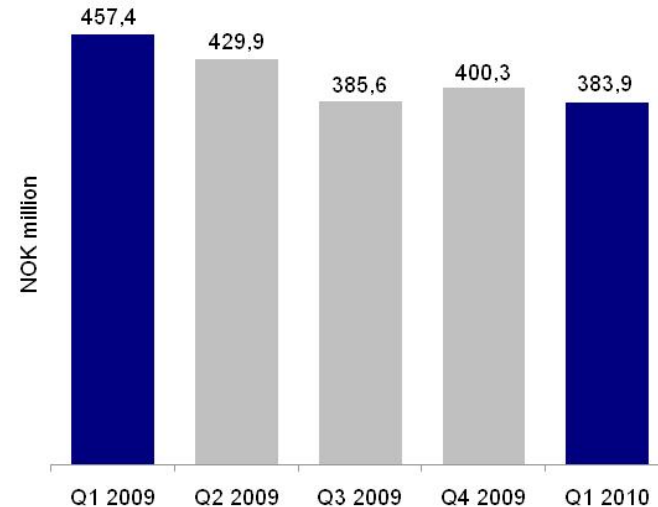
Cash flow

- Cash flow was negative by NOK 31.7 million (NOK 35 million)
- Recoil from strong cash flow in fourth quarter
- Reduction of factoring debt included in Q1 cash flow
- Stable development in net working capital.
- Low exposure for bad debt and inventory write offs

Operating cash flow Group

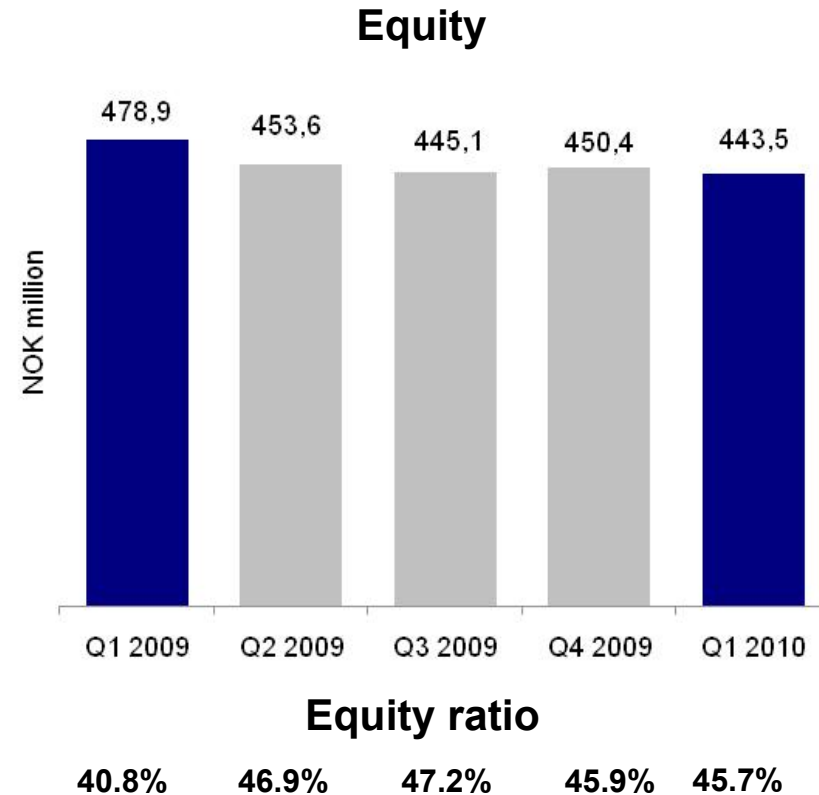


Net working capital Group

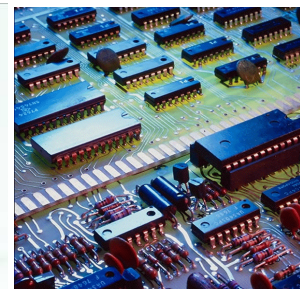


Strong equity ratio

- Equity of NOK 441.1 million (478.9) and the equity ratio to 45.7% (40.8%)

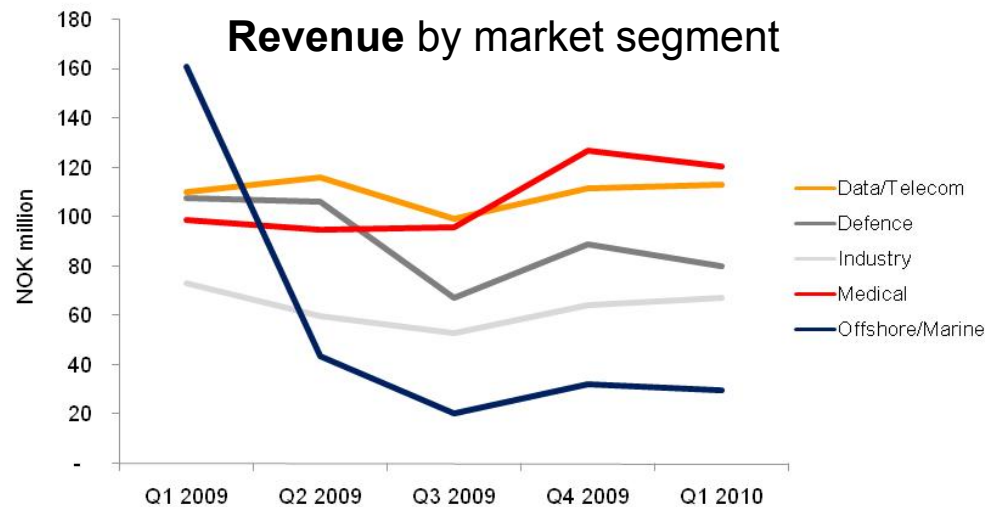


Market development



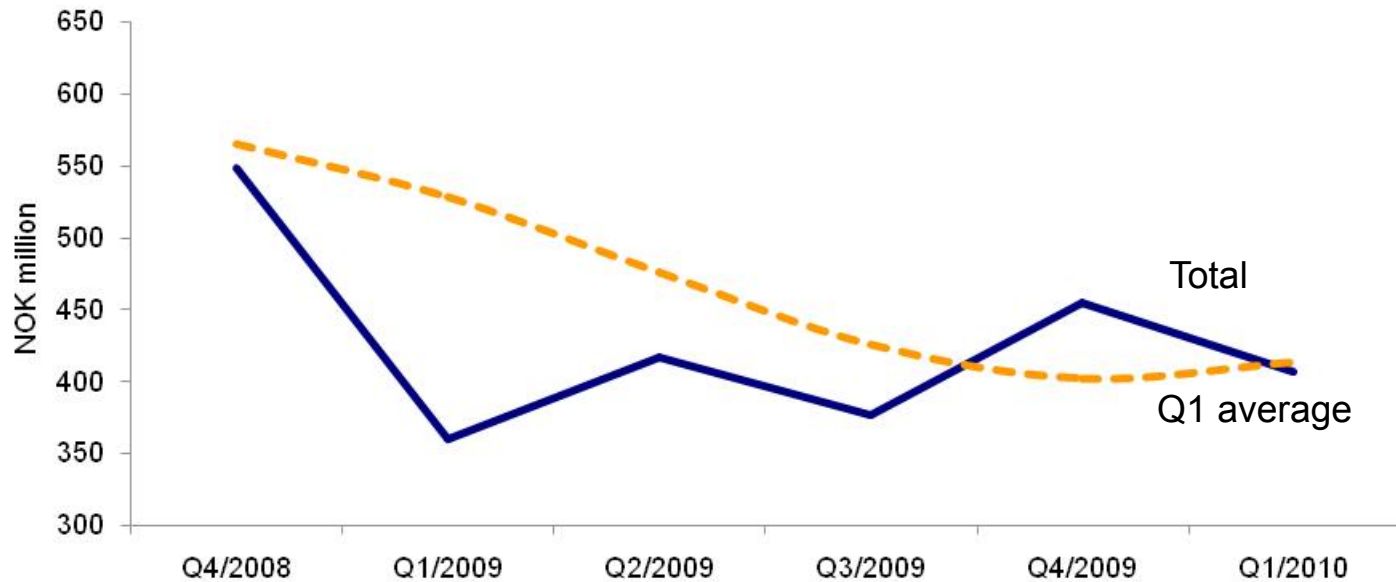
Improved market conditions expected

- Data/Telecoms trend mixed, but outlook is positive
- Defence trend positive – lower revenue in the short term
- Industry showing signs of recovery from a low level
- Medical equipment continues strong trend – several companies ramping up manufacturing
- Offshore at a lower level, recovery expected 2H 2010



Order intake trend improving

Order intake Group

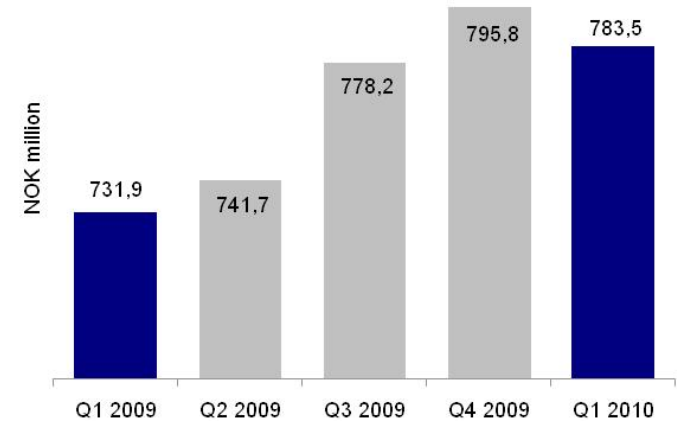


Order backlog is recovering

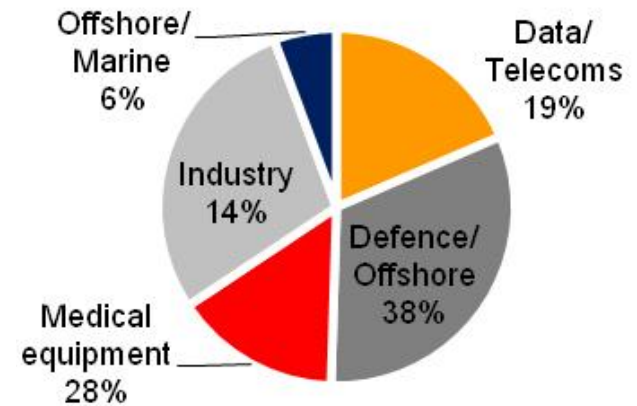
- Order backlog at NOK 783.5 million (NOK 731.9 million)
- Expected positive development in the Medical equipment, Industry and Defence segments
- Offshore expected to recover towards the end of 2010

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

Order backlog Group



Order backlog Segment



Expanding market coverage

- **Focus on gaining market share in Kitron “home markets”**
- **A smaller EMS company with NPI competence (prototyping) acquired**
 - The German EMS market is the largest in Europe
 - First orders received, several RFQ's in process
 - Focus on NPI and industrialisation
 - Based primarily on manufacturing in Lithuania and China
 - Opportunities for “Offset” business

Expanding market coverage

- **Status on the manufacturing operation in China**
 - Factory expected to be operational in Q4 2010
 - Offering another lower cost manufacturing alternative and opening up new markets
- **Establishment in North America**
 - Enable Kitron to serve existing and new customers globally
 - Manufacturing and services set up planned
 - Operational from Q1 2011

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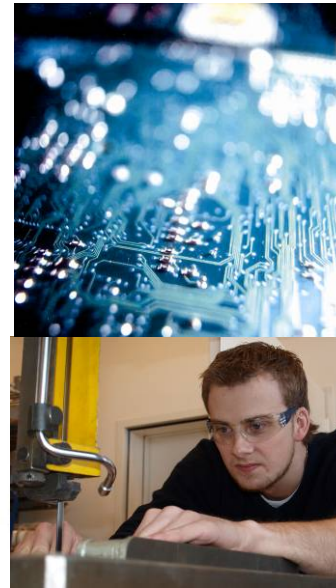


Outlook

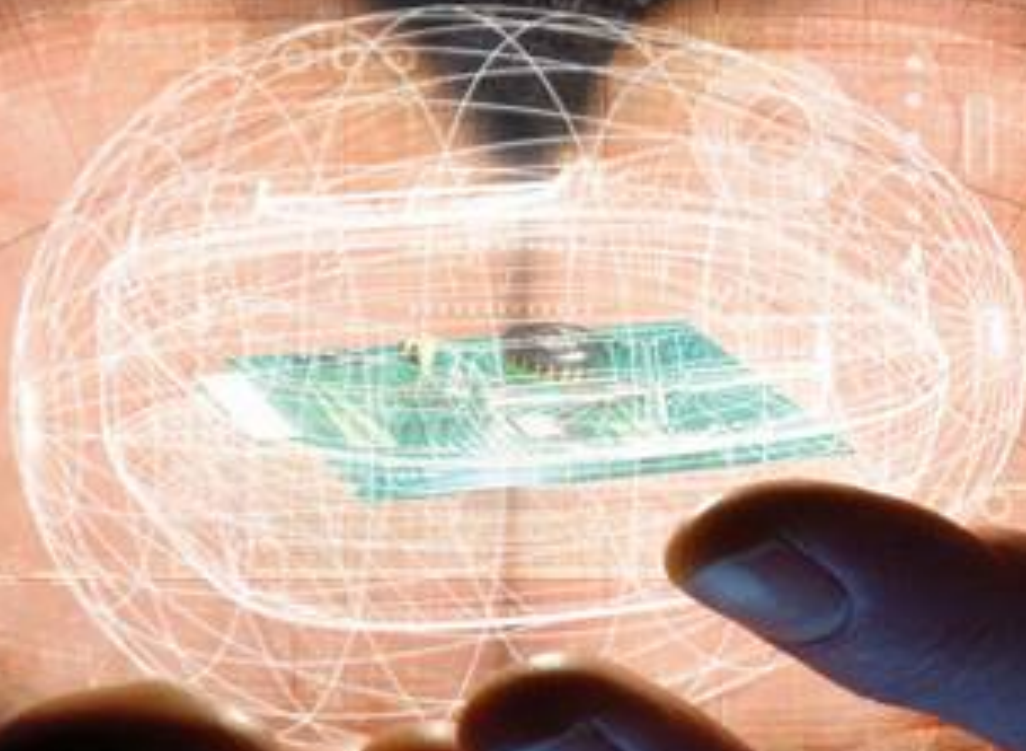


Outlook

- **Order intake and backlog expected to continue to improve quarter by quarter**
- **Capacity adjustments expected to yield positive effect on profitability**
- **Continued focus on operational improvements (supply chain management, ERP, exit or turn around loss making activities etc)**
- **Kitron AB expected to be profitable Q2 – Q4 2010**
- **Profitability for the Group expected to increase from Q2 and throughout 2010**



Thank you!



Your ambition. Our passion.

