

Quarterly presentation Q1 2005

Kitron ASA



29 April 2005



Progressing as planned

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- **Continuing to strengthen gross margin**
- **Turnover as expected – lower than last year**
- **Measures taken in 2004 are yielding planned results**
 - On target to reach goal of NOK 70 mill in cost cuts for 2005 as a whole
- **Share issue was oversubscribed**
 - Has secured satisfactory liquidity for Kitron

Highlights Q1

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- **Operating income NOK 379.9 mill** (2004: NOK 452.8 mill)
- **Gross margin 41.6%** (2004: 40.2%)
- **EBITDA NOK 6.4 mill** (2004: NOK 9.5 mill)
- **Cash flow from operations negative at NOK 31.6 mill**
(2004: negative at NOK 65.9 mill)
- **Pre-tax loss NOK 7 mill** (2004: NOK 6.1 mill)
- **Order backlog NOK 766 mill** (2004: NOK 833 mill)



Changed reporting structure

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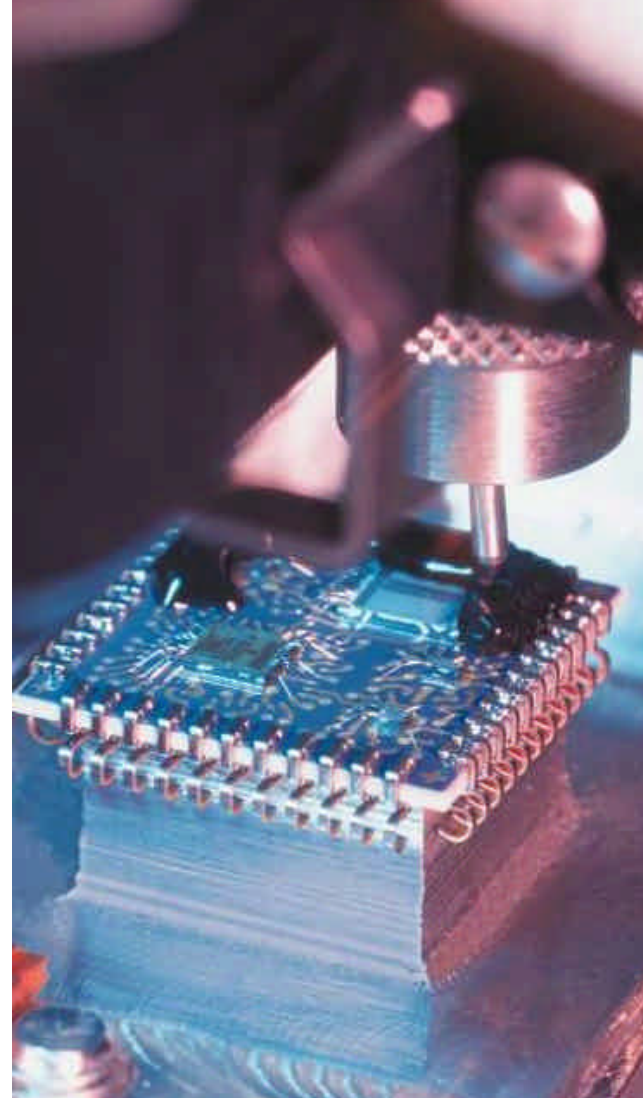
Kitron has two business areas:

■ **Electronic manufacturing services (EMS)**

- Kitron AS (Norge)
- Kitron AB (Sverige)
- Kitron UAB (Lithuania)
- Kitron development wholly incorporated in EMS

■ **Microelectronics**

- Operations in Norway and Sweden



Gross margin strengthened

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■ Commitment to sourcing

- Improved terms – fewer suppliers
- Increased share of purchases from low-cost manufacturers
- Prices for electronic components expected to decline slightly

■ Unaffected by higher prices for metals and oil-related products

- Incorporated in plastic articles and printed boards
- Prices stable for Kitron because of strong competition and good manufacturing capacity

■ Share of microelectronics in turnover increasing (higher gross margin than EMS)

KVARTALSVIS MARGINUTVIKLING KONSERN



- one step ahead

Financial information Q1 2005



■ Cost savings according to Kitron's plans

- Payroll expenses reduced by NOK 11.3 mill
- Other operating expenses down by NOK 9.8 mill

■ Net financial expenses **NOK 5.7 mill** (2004: NOK 6.8 mill)

- Lower interest-bearing debt
- Lower interest rates on loans
- NOK 0.6 million relates to the renewal of loan agreements

Highlights – balance sheet

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- **Total balance sheet of NOK 604.7 mill** (2004: NOK 729.6 mill)
- **Equity NOK 123.2 mill**
 - Equity of 20.4%
 - Share issue of NOK 50 mill implemented in April
- **Capital tied up in stocks cut to NOK 254.7 mill** (2004: NOK 304.7 mill)
- **Accounts receivable of NOK 106.2 mill** (2004: NOK 138.5 mill)
 - Sale of accounts receivable NOK 179 mill (2004: NOK 202 mill)
- **Deferred tax benefit of NOK 20 mill** (2004: NOK 20 mill)
- **Capitalised interest-bearing debt NOK 72 mill** (2004: NOK 77.7 mill)
- **Remaining restructuring provision for Kitron Kongsberg NOK 6 mill**

Market developments



- 7.5% growth in the Nordic EMS market up to 2007 (IDP and IDC market analysis companies)
- 9% growth in Sweden – the dominant market (Isupply and IDC market analysis companies)
- Kitron expects to take its share of growth in the Norwegian EMS market
- Stable growth in Lithuania
- EU directive on lead-free production from July 2006

Quality first

- Most important parameters for the customer

Quality

Geography

Expertise

Price

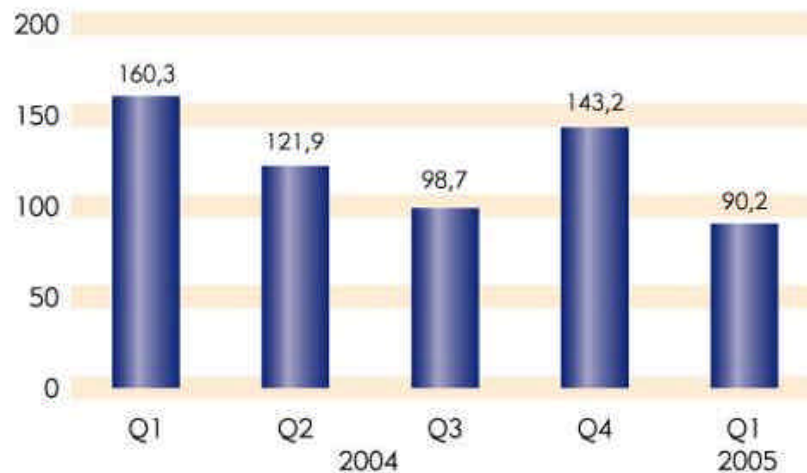
- Most important Nordic competitors

- Flextronic, Partnertech, Note, Hapro and Norautron

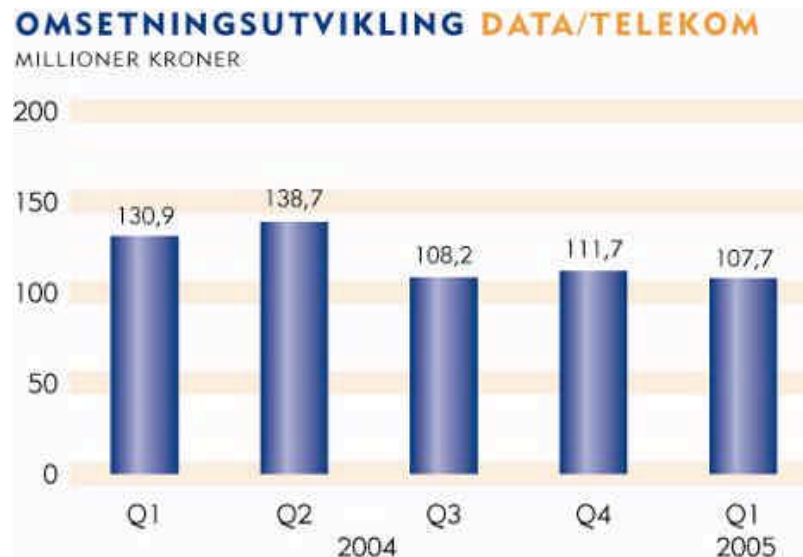


- Lower activity compared with Q1 2004
- Expecting 2005 turnover as a whole to be on a par with last year
- Offset contracts provide a basis for stability and long-term approach

OMSETNINGSUTVIKLING FORSVAR/MARINE
MILLIONER KRONER

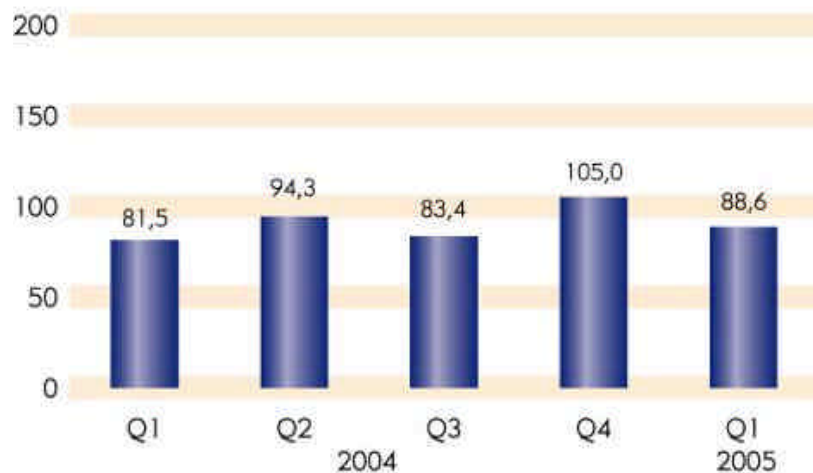


- Market segment is in a new growth phase
- Increased order intake from new customers
- Two jobs have been cut back, and one customer has begun own production
- Q-Free production to Stockholm. Project starts in May and will be completed in August (NOK 24 mill)
- Increasing orders from Ericsson (microelectronics)



- Market in growth
- Kitron retaining its share
- More complex products
- Kitron is technologically well positioned in this market segment
- Pursuing several international opportunities

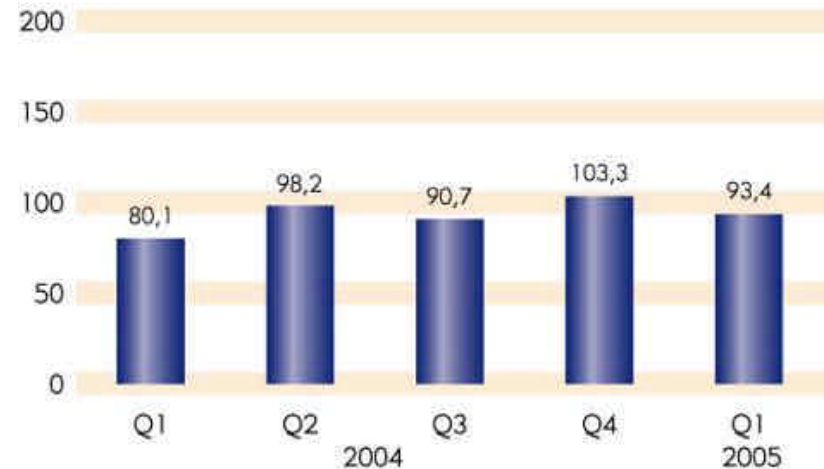
OMSETNINGSUTVIKLING MEDISINSK UTSTYR
MILLIONER KRONER



- Stable market
- Stability and continuity characterise customer relations
- Improved competitiveness through low-cost manufacturing in Lithuania
- Growing number of opportunities

OMSETNINGSUTVIKLING INDUSTRI

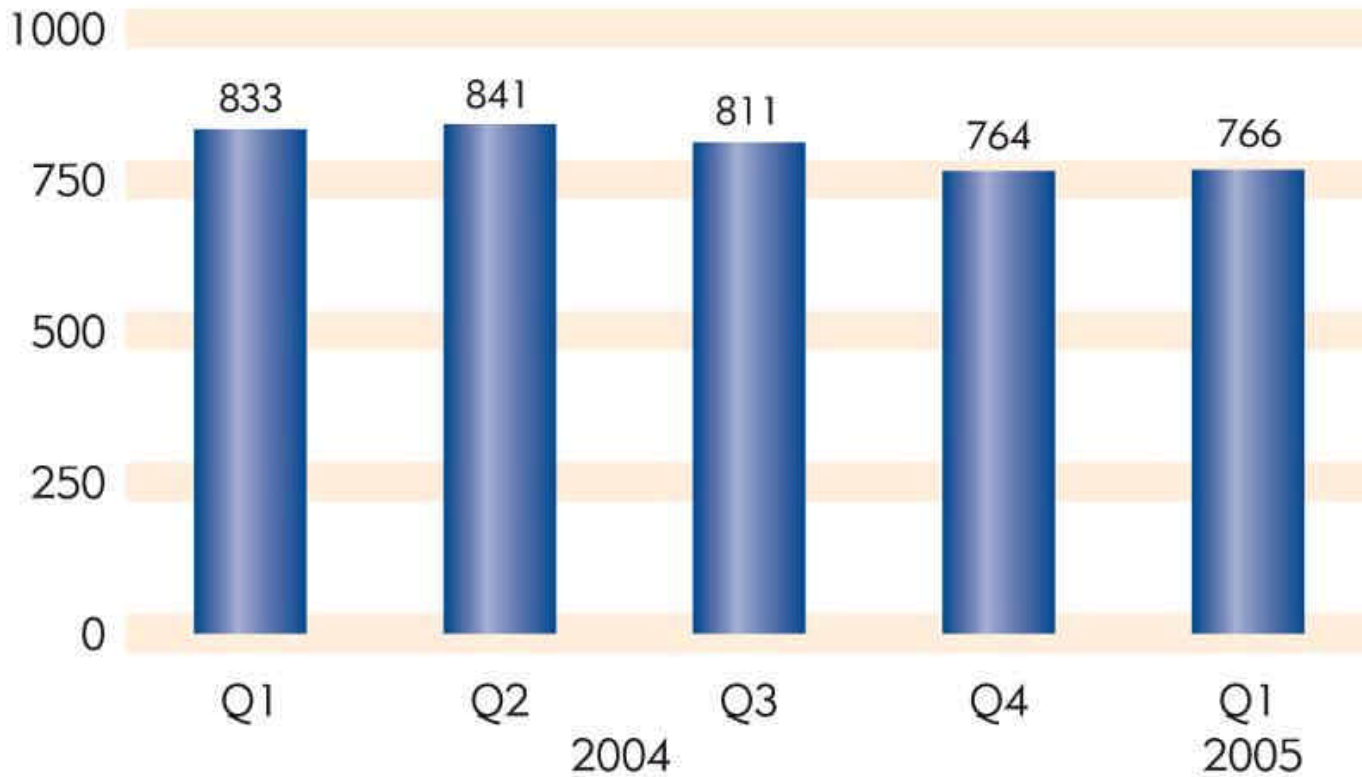
MILLIONER KRONER



Order backlog

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Prospects



Moving forward

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Norway and Sweden are the main markets

Strong progress in Sweden

Continued growth in Lithuania

Continued successful sourcing

**Profitability
2005**

Kitron - one step ahead

