

Quarterly presentation Q2 2005

Kitron ASA



17 August 2005





Continued progress

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- Positive operating profit in all operating units
- Back in the black
- Decreased cost base – progress on target
- Turnover as expected
- Satisfactory cash position



Highlights Q2

- Operating income NOK 421.6 mill (2004: NOK 453.1 mill)
- Gross margin 40.5% (2004: 40.1%)
- EBITDA NOK 16.3 mill (2004: NOK negative at 32.2 mill)
- EBIT NOK 6.4 mill (2004: NOK negative at 40.8 mill)
- Cash flow from operations negative at NOK 6.8 mill (2004: negative at NOK 2.6 mill)
- Pre-tax profit NOK 0.2 mill (2004: loss NOK 47.1 mill)
- Order backlog NOK 746 mill (2004: NOK 841 mill)

Financial information Q2 2005



Cost savings gives effect

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- According to Kitron's plans
 - Payroll expenses reduced by NOK 35.2 mill in the quarter
 - Total cost savings in first half year by NOK 56.2 mill
- Net financial expenses NOK 6.2 mill (2004: NOK 6.2 mill)
 - Including disagio NOK 1.1 mill
 - Further reduced interest-bearing debt
 - NOK 37.6 mill (NOK 48.6 mill in Q2 2004)
 - NOK 37.6 mill (NOK 72.0 mill in Q1 2005)
 - Total balance sheet reduced with NOK 145 mill



Interim report Q2 2005

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Interim report (NOK mill)	Q2 2005	Q2 2004	Pr. 30.06.05	Pr. 30.06.04	Pr.31.12.04
Operating income	421,6	453,1	801,5	906,0	1 748,0
Cost of material	250,7	271,3	472,5	541,9	1 062,1
Gross profit margin	40,5 %	40,1 %	41,0 %	40,2 %	39,2 %
Payroll expences	123,6	149,2	245,6	282,4	528,2
Other oerational expences	31,1	40,7	60,7	80,2	148,6
Restructuring costs	-	24,2		24,2	24,2
EBITDA	16,3	-32,2	22,6	-22,7	-15,0
Ordinary depreciation	7,7	8,6	15,4	17,5	36,5
Write-down of goodwill	2,1		2,1		1,7
Operating profit/loss (EBIT)	6,4	-40,8	5,1	-40,2	-53,3
Net financial costs	6,2	6,3	11,9	13,0	18,5
Profit/loss before tax	0,2	-47,1	-6,8	-53,2	-71,8
Taxes					2,0
Profit/los after tax	0,2	-47,1	-6,8	-53,2	-73,8
Earnings per share	0,00	-0,36	-0,05	-0,41	-0,56
Diluted earnings per share	0,00	-0,36	-0,05	-0,41	-0,56



Highlights – balance sheet

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- Total balance sheet of NOK 583.6 mill (2004: NOK 728.9 mill)
- Equity NOK 168.6 mill (NOK 141.2 mill)
 - Equity of 28.9%
- Capital tied up in inventory cut to NOK 231.0 mill (2004: NOK 302.1 mill)
- Accounts receivable of NOK 111.2 mill (2004: NOK 158.6 mill)
 - Sale of accounts receivable NOK 186.0 mill (2004: NOK 235.0 mill)
- Deferred tax benefit of NOK 20.0 mill (2004: NOK 20.0 mill)
- Capitalised interest-bearing debt NOK 37.6 mill (2004: NOK 48.6 mill)
- Remaining restructuring provision for Kitron Kongsberg NOK 5.0 mill

Balance sheet – Assets

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Balance sheet (NOK mill)

	Pr. 30.06.05	Pr. 30.06.04	31.12 2004
Deferred tax credits	20,0	20,0	20,0
Other intangible fixed assets	19,6	19,2	21,7
Fixed assets	110,0	128,3	120,6
Financial assets	7,5	13,3	8,5
Total fixed assets	157,1	180,8	170,8
Inventory	231,0	302,1	246,4
Accounts receivable	111,2	158,6	130,8
Receivable	52,9	65,4	33,8
Funds available	31,4	22,1	30,1
Total current assets	426,5	548,2	441,1
Total assets	583,6	728,9	611,9

Balance sheet – liabilities and shareholders'

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Liabilities and shareholders' equity (NOK mill)

	Pr. 30.06.05	Pr. 30.06.04	Pr. 31.12 04
Paid-in equity	155,8	130,6	116,7
Retained earnings	-		
Minority interests	12,8	10,6	12,6
Total shareholders' equity	168,6	141,2	129,2
Pension commitments	31,9	35,9	31,5
Provision for liabilities and charges	9,0	8,3	13,8
Debt to credit institutions	14,2	15,8	16,2
Other long term debt	16,3	27,9	22,8
Total long term debt	71,3	88,0	84,3
Debt to credit institutions	23,4	32,7	17,3
Provision for liabilities and charges	3,6	30,3	5,9
Other short term debt	316,7	436,8	375,2
Total short term debt	343,7	499,8	398,4
Total liabilities and shareholders' equity	583,6	728,9	611,9
Financing of accounts receivable as af 30.06	186,0	234,8	223,0

Cash flow and shareholders' equity www.kitron.com

Cash Flow Statement (NOK mill)

	Pr. 30.06.05	Pr. 30.06.04	31.12.2004
Net cash flow from operational activities	-38,4	-68,5	-33,0
Net cash flow from investment activities	-4,8	-5,7	-23,7
Net cash flow from financing activities	44,6	44,1	34,7
Net change in cash	1,4	-30,1	-22,1
Cash balance opening balance	30,1	52,1	52,1
Cash balance closing balance	31,4	22,1	30,1

Shareholders' equity (NOK mill)

	Pr. 30.06.05	Pr. 30.06.04	31.12 2004
Shareholders' equity opening balance	129,2	148,2	148,2
Profit/loss for the year	-6,8	-53,2	-73,8
Conversion difference	-3,2	-0,4	-2,6
Share issue after issue costs	47,0	37,8	43,3
Change in minority interests		1,1	-1,1
Equity provided through options	2,4	7,6	15,2
Shareholders' equity closing balance	168,6	141,2	129,2

Market developments





Expanding markets

- Increasing number of tenders – long decision-making processes
- An increasing number of companies assess outsourcing
- Kitron expects to take its share of growth in the Norwegian EMS market
- Increasing interest for microelectronics
 - Strengthened commitment in the German market
 - Kitron Microelectronics is a preferred technology partner for a new generation lightning products with great market potential
- Maintaining competitiveness through production in Lithuania



Quality first

- Most important parameters for the customer

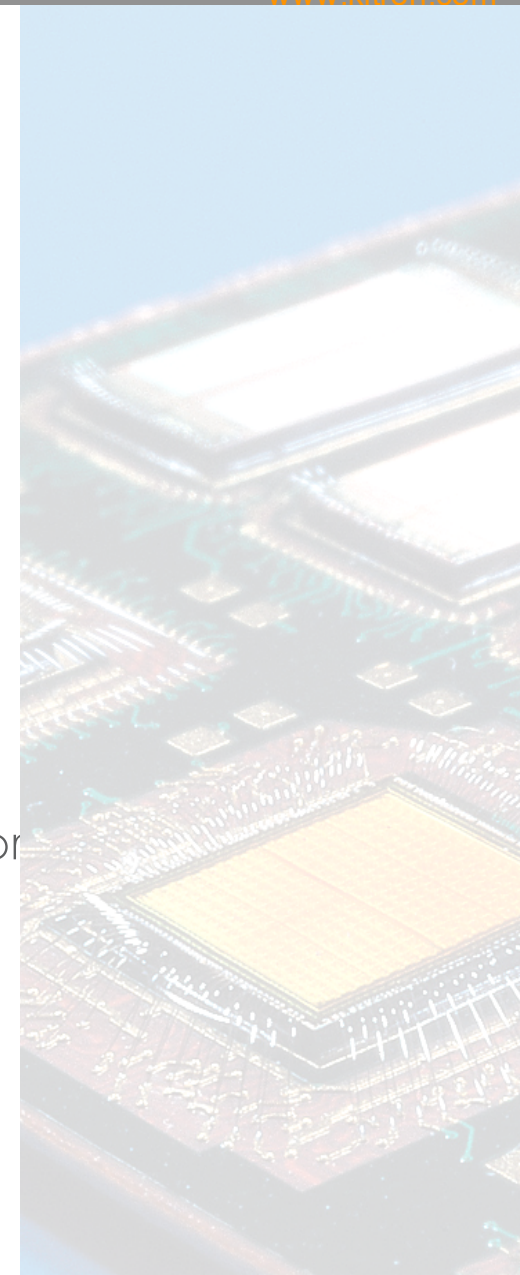
Quality

Geography

Expertise

Price

- Most important Nordic competitors
 - Flextronic, Partnertech, Note, Hapro and Norautron
 - New competitor: Enics



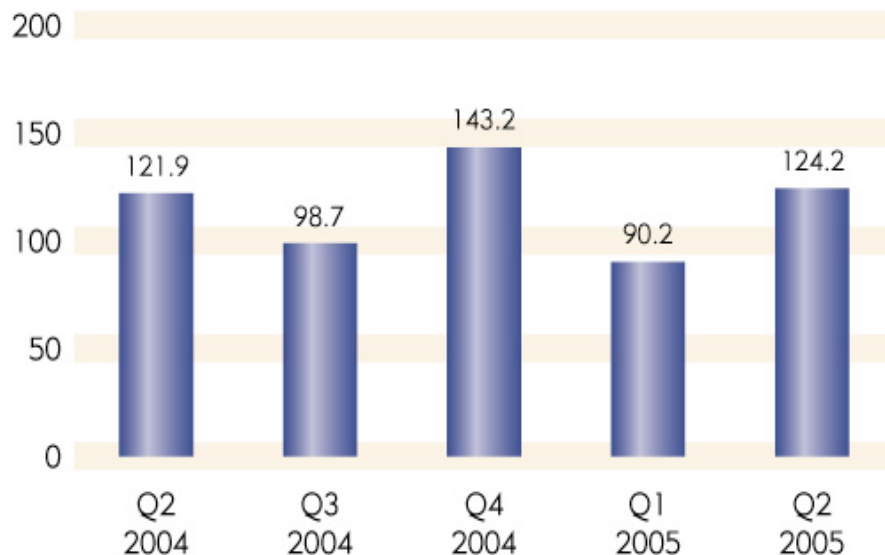


Defence/marine

- Higher activity compared with Q2 2004
- Expecting 2005 turnover as a whole to be on a par with last year
- Two huge contracts in Q2
- Working with new opportunities based on offset contracts

TURNOVER DEVELOPMENT DEFENCE/MARINE

NOK MILLION

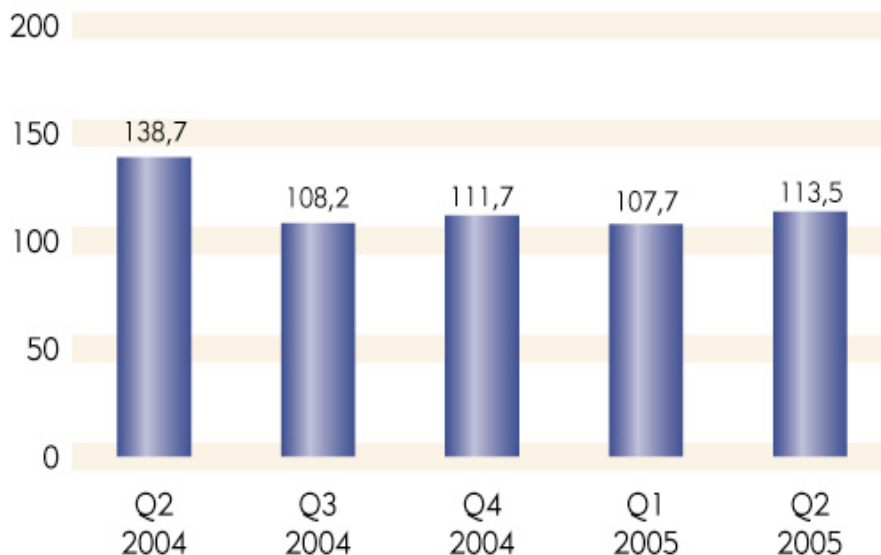




Data/telecom

- Slight growth in revenue from Q1
- Increased activity from Q-Free
- Increasing orders from Ericsson (Microelectronics)

OMSETNINGSUTVIKLING DATA/TELEKOM
MILLIONER KRONER



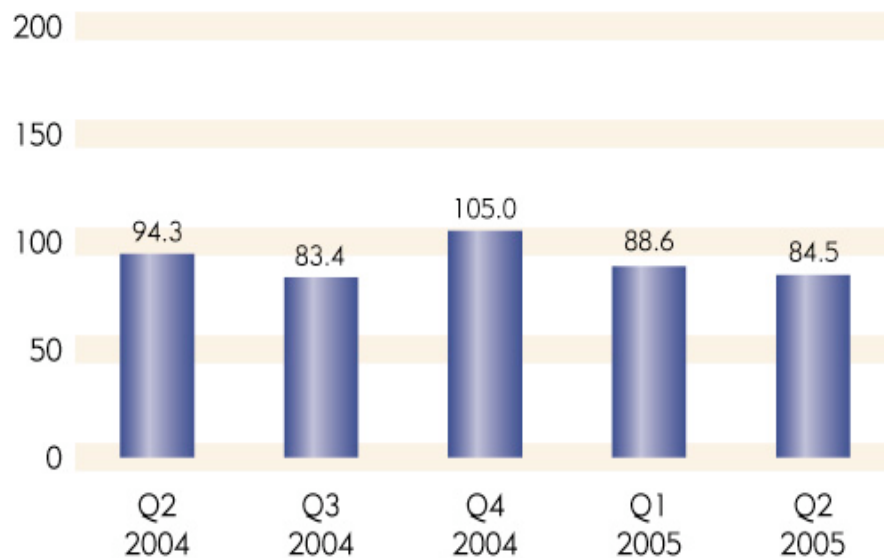


Medical equipment

- Market in growth
- Turning to production of complete products (High Level Assembly)
- Kitron is technologically well positioned in this market segment

TURNOVER DEVELOPMENT MEDICAL EQUIPMENT

NOK MILLION



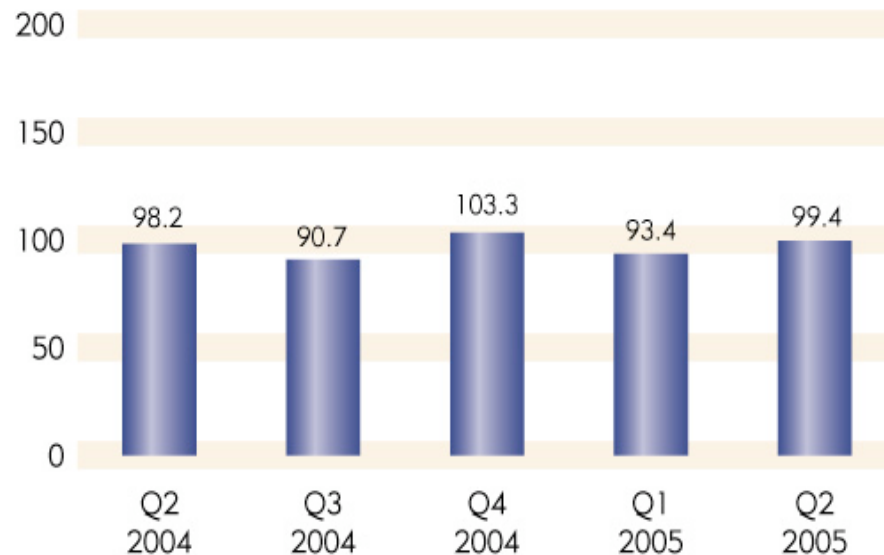


Industry

- Stable market
- Slight growth in revenue from Q1
- Continuity characterise customer relations

TURNOVER DEVELOPMENT INDUSTRY

NOK MILLION

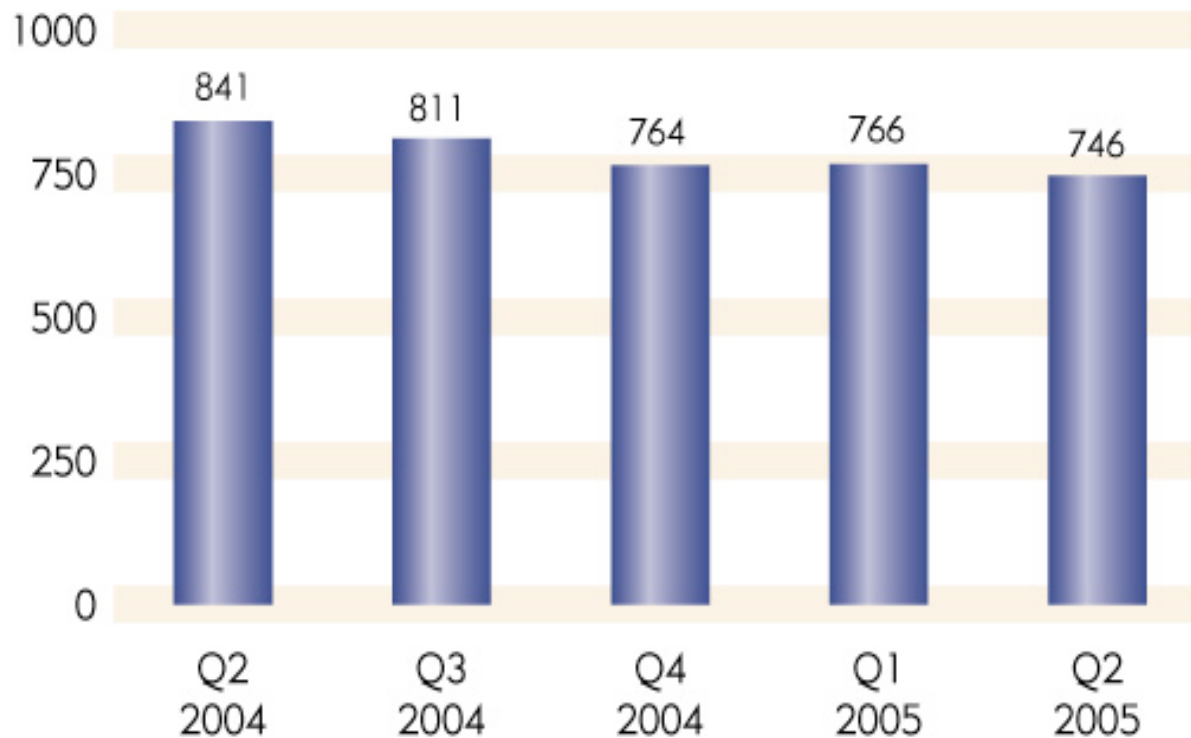




Order backlog

DEVELOPMENT IN ORDER BACKLOG GROUP

NOK MILLION



Prospects





Steady course

Norway and Sweden are the main markets

Strong commitment in Sweden

Continued growth in Lithuania

Continued successful sourcing

**Profitability
2005**



UAB Hermis Capital JSC

www.kitron.com

- Ownership per 15 August : 35.6%
 - Purchased Whitecliff's 28.7% share on 21 July
- Lithuanian private equity-company
- Started the investment activity in year 2000
- Bank total assets: more than Euro 100 million
- Representatives on Kitron's board of directors from 16 August :
 - Nerijus Dagilis (chairman)
 - Titas Sereika
- New independent boardmember
 - Magnus B. Lindseth



Kitron ASA's new boardmembers

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Nerijus Dagilis (chairman)

- Nerijus Dagilis is one of the founders of Hermis Capital
- Dagilis is also Hermis Capital's chairman of the board
- Dagilis worked for Hermis Bank for two years before he founded Hermis Capital
- Dagilis hold a Master of Economy from Central Europea University

Titas Sereika (board member)

- Titas Sereika is a member of the board of Hermis Capital as well as one of its founders
- Sereika worked for Hermis Bank before he founded Hermis Capital
- Sereika has a BA from the University of Lav and a Master degree in Economics from the Business School of Vilnius University

Magnus B. Lindseth (board member)

- Magnus B. Lindseth has experience from chairman, director and advisor i various fields of business primarily in Norway and UK, such as Investment banking, Asset Management, Venture and Private Equity, Industry and IT.
- Lindseth has studied law at the University of Oslo.