

Interim results presentation Q1 2007



8 May 2007
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Erling Svela, CFO





Continued growth

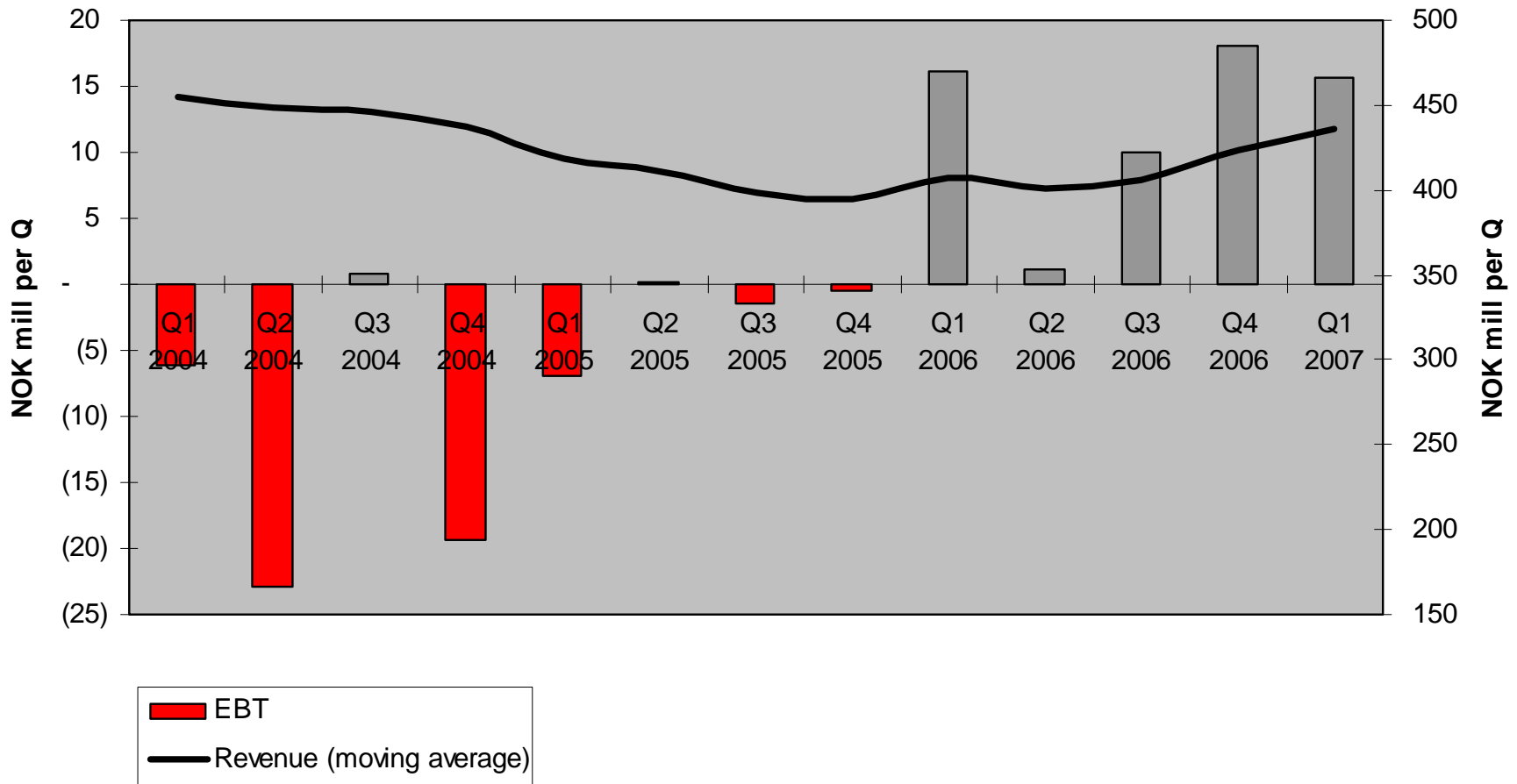
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- **Robust revenue growth +12 per cent**
 - MNOK 485.7 (MNOK 433.1)
- **Continuing good profitability**
 - EBT MNOK 15.7 (MNOK 16.1)
- **Good order intake**
 - MNOK 461 (MNOK 478) equals -3.6 per cent
 - The order backlog corresponds to 6 months' revenue
- **Cash flow from operational activities**
 - MNOK -68.6 (MNOK -73.9)
 - Reduced accounts payable, increased inventory
- **Continued market growth**
 - Durable growth expected





EBT and revenue



Financial statements Q1 2007

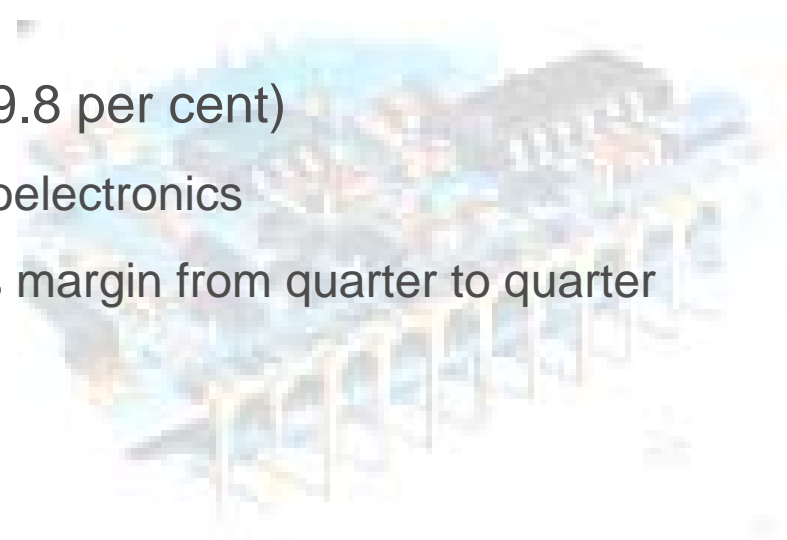




Strengthened operating profit

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- **Revenue MNOK 485.7** (MNOK 433.1)
- **Reduced gross margin 37.7 per cent** (39.8 per cent)
 - Competitive considerations, mainly in Microelectronics
 - Product mix variations cause varying gross margin from quarter to quarter
- **EBITDA MNOK 28.9** (MNOK 27.1)
- **EBIT MNOK 21.4** (MNOK 20.6)
 - 2006 MNOK 64.4
- **Net financial costs MNOK 5.7** (MNOK 4.5)
- **Profit before tax MNOK 15.7** (MNOK 16.1)





Profit and loss statement Q1 2007

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(Figures in NOK 1 000)

	Q1 2007	Q1 2006	31.12.2006
Revenue	485 691	433 113	1 693 559
Cost of materials	302 453	260 811	1 015 739
Gross profit margin	37.7%	39.8%	40.0%
Payroll expenses	126 174	117 658	466 043
Other operational expenses	28 205	27 588	117 942
Operating profit before depreciation and impairments (EBITDA)	28 860	27 056	93 835
Depreciation and impairments	7 460	6 467	29 387
Operating profit (EBIT)	21 400	20 589	64 448
Net financial items	(5 708)	(4 472)	(19 009)
Profit before tax	15 692	16 117	45 439
Tax	899	251	3 763
Profit after tax	14 793	15 866	41 676
Earnings per share	0.09	0.09	0.24
Diluted earnings per share	0.09	0.09	0.24



Higher level of activity influences balance

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- **Equity MNOK 199.0** (MNOK 160.5)
 - Equity ratio 21.9 per cent (24.8 per cent)
- **Total balance MNOK 907.7** (MNOK 647.2)
 - Reflects higher activity and new factoring arrangement
- **Inventory MNOK 298.9** (MNOK 255.8)
 - Reflects higher activity
- **Trade debtors and other receivables MNOK 393.6** (MNOK 197.2)
- **Deferred tax assets MNOK 20.0** (MNOK 20.0)
- **Capitalized interest-bearing debt MNOK 324.7** (MNOK 98.7)



Balance sheet

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(Figures in NOK 1 000)	Q1 2007	Q1 2006	31.12.2006
ASSETS			
Goodwill	19 123	18 489	19 123
Tangible fixed assets	126 236	108 136	123 523
Investment in shares	41	190	41
Deferred tax assets	20 000	20 000	20 000
Other receivables	2 749	3 152	2 920
Total fixed assets	168 149	149 967	165 607
Inventory	298 910	255 761	282 891
Accounts receivable and other receivables	393 566	197 220	410 768
Cash and cash equivalents	47 116	44 221	98 264
Total current assets	739 592	497 202	791 923
Total assets	907 740	647 169	957 530
LIABILITIES AND EQUITY			
Equity	198 974	160 482	185 699
Total equity	198 974	160 482	185 699
Loans	31 373	41 149	31 011
Pension commitments	22 827	21 914	23 007
Other provisions	4 639	14 140	7 160
Total long-term liabilities	58 839	77 203	61 178
Accounts payable and other current liabilities	354 958	328 904	383 621
Loans	293 320	57 550	324 399
Other provisions	1 649	23 030	2 633
Total current liabilities	649 927	409 484	710 653
Total liabilities and equity	907 740	647 169	957 530

Sold receivables as at 31.03.2006 amounted to NOK 168.8 million



Cash flow

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(Figures in NOK 1 000)

	Q1 2007	Q1 2006	31.12.2006
Net cash flow from operational activities	(68 636)	(73 880)	9 642
Net cash flow from investment activities	(10 173)	(2 154)	(45 415)
Net cash flow from financing activities	(5 285)	(2 423)	(11 827)
Change in cash and bank credit	(84 094)	(78 458)	(47 601)
Cash and bank credit opening balance	5 206	52 807	52 807
Cash and bank credit closing balance	(78 888)	(25 651)	5 206



Equity

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(Figures in NOK 1 000)

	Q1 2007	Q1 2006	31.12.2006
Equity opening balance	185 699	144 479	144 479
Profit for the year	14 793	15 866	41 676
Other *	(1 519)	137	(457)
Equity closing balance	198 974	160 482	185 699

* Conversion differences, etc.

Market development





Continued strong market

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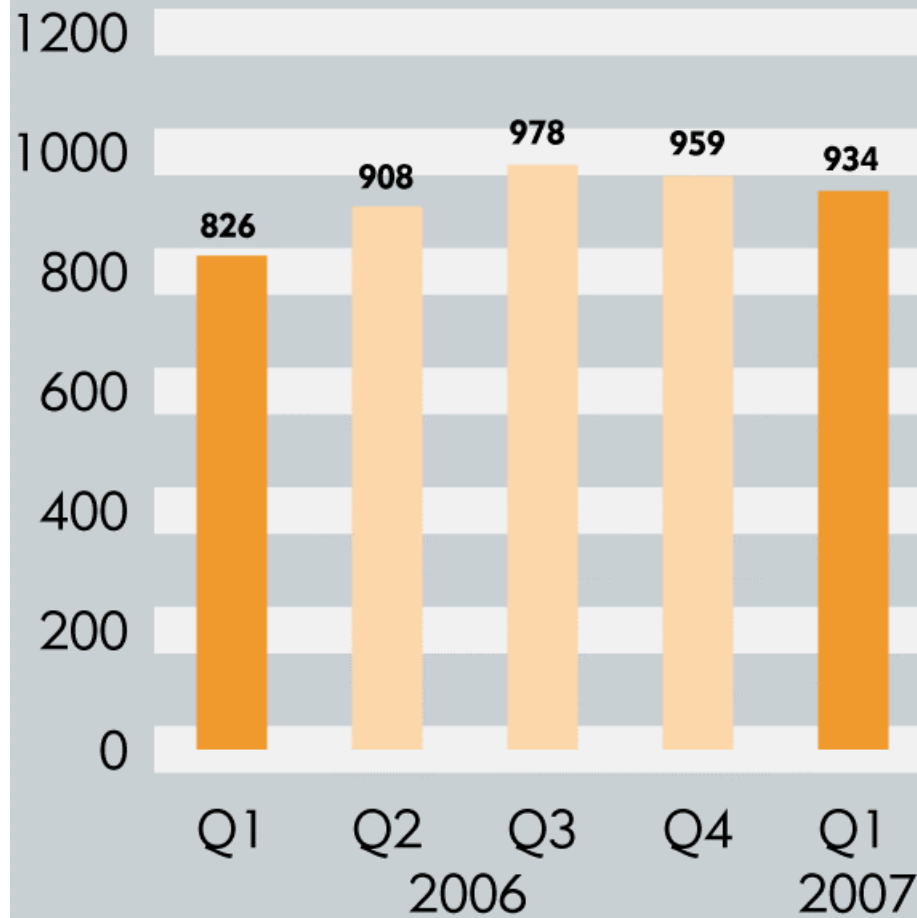
- Increased volumes primarily from current customers
- Increased interest for development and high level assembly
- High grade of skill and certified quality
- Competitiveness through local production and flexibility





ORDER BACKLOG Group

NOK million



Country	31.03.2007	31.03.2006
Norway	664	602
Sweden	242	212
Lithuania (externally)	28	12
Total	934	826



Order backlog per segment

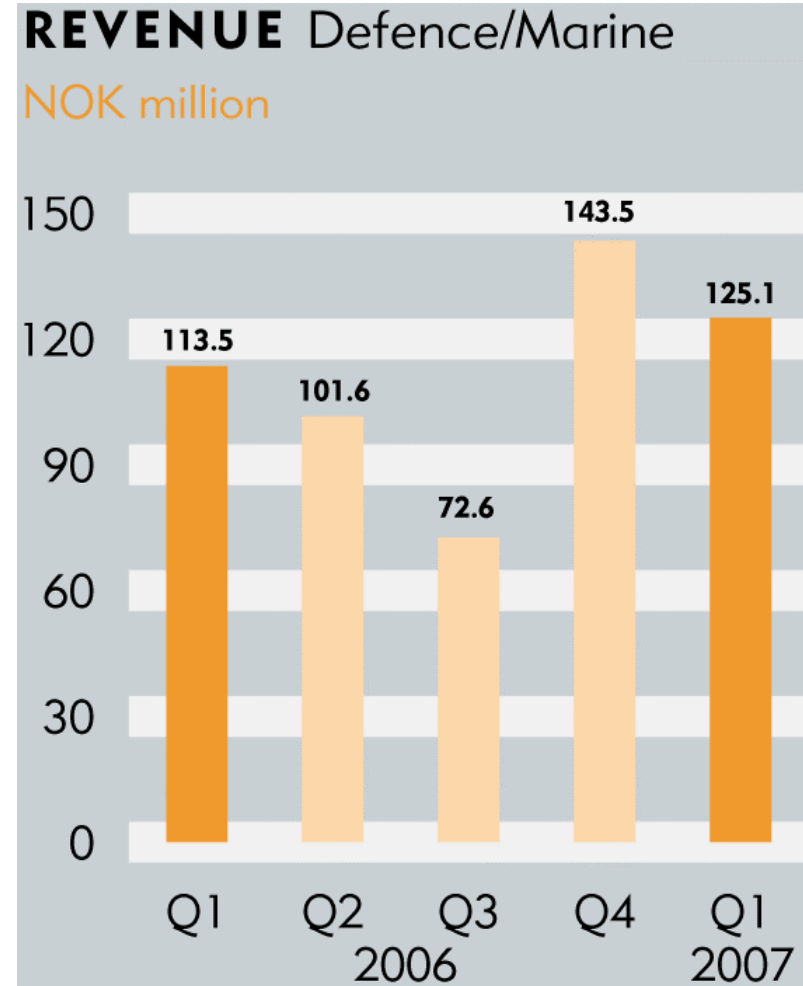
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NOK million	Defence/ Marine	Data/ Telecom	Medical equipment	Industry	Total
Kitron AS (EMS)	253.6	97.1	156.3	87.6	594.6
Kitron AB (EMS)	80.6	-	80.0	21.8	182.4
UAB Kitron (EMS)	3.8	9.3	4.9	10.3	28.3
Microelectronics	0.6	93.0	5.3	29.9	128.8
Total	338.6	199.4	246.5	149.6	934.1



Defence/Marine

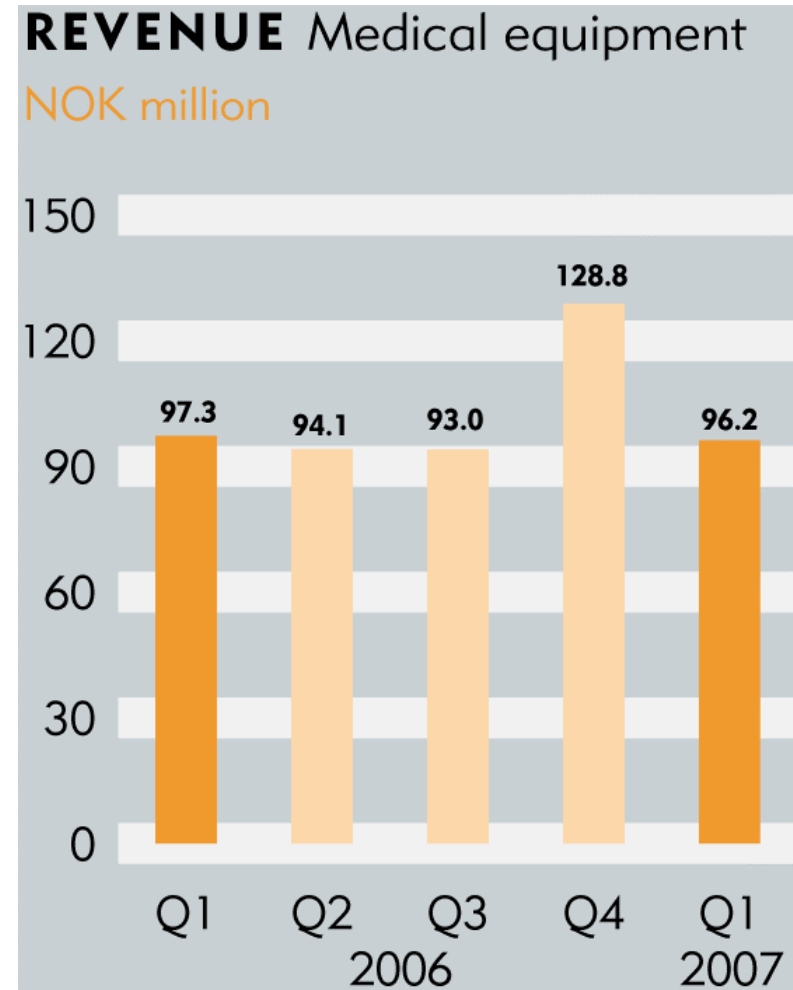
- Revenue at higher level than in 2006
- Expected growth in coming years
- Well positioned for important offset contracts





Medical Equipment

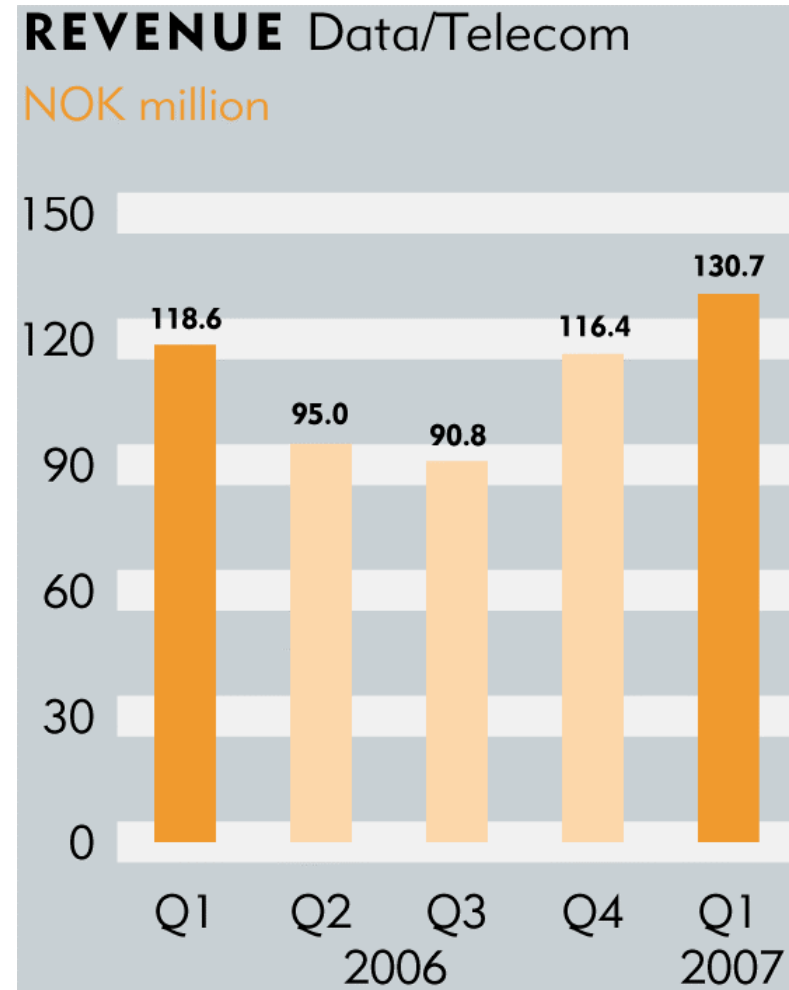
- High activity in the market
- Positive development in Sweden
- The assembly line in Horten will move from prototype to operational stage by the end of 2007





Data/Telecom

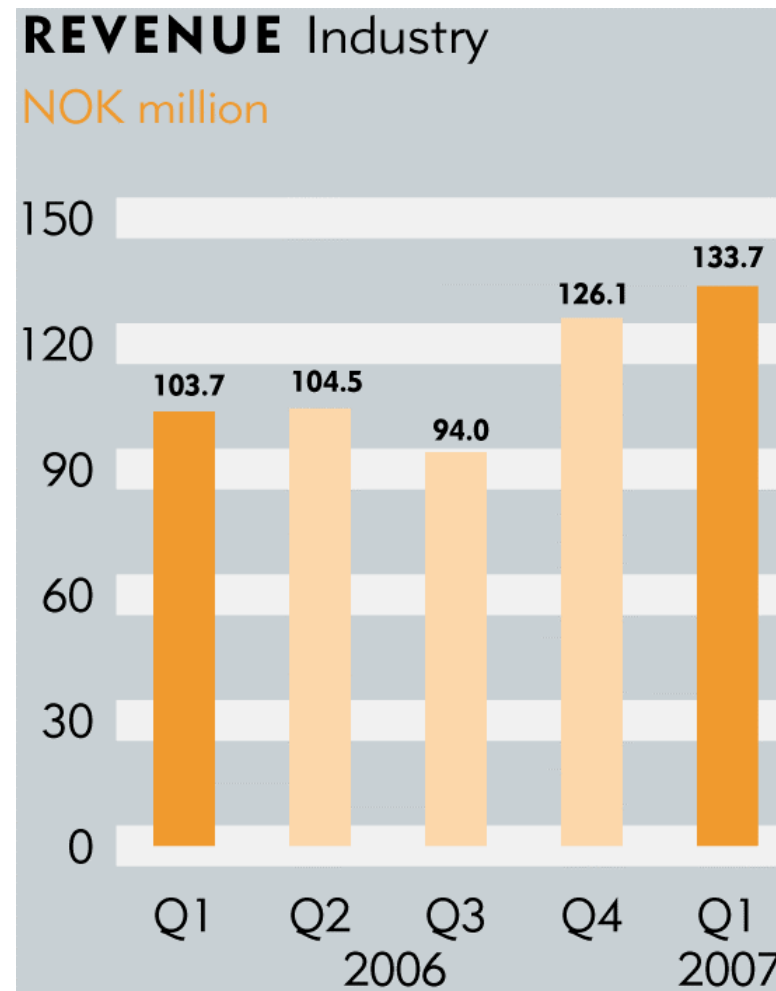
- Positive revenue development compared to last year
- Ability to execute quick and precise deliveries
- High activity in Microelectronics





Industry

- Continued growth
- Increased volume from existing products
- Several new products launched





Recognised delivery: OCAS

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- Elected "Engineering achievement of the year 2006" by Teknisk Ukeblad ("Technical Weekly")


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Radar god for gull

Årets Ingeniørbragd er kåret. Vinneren er Ocas med sin livreddende radar som varsler fly og helikopter når de nærmer seg et hinder.

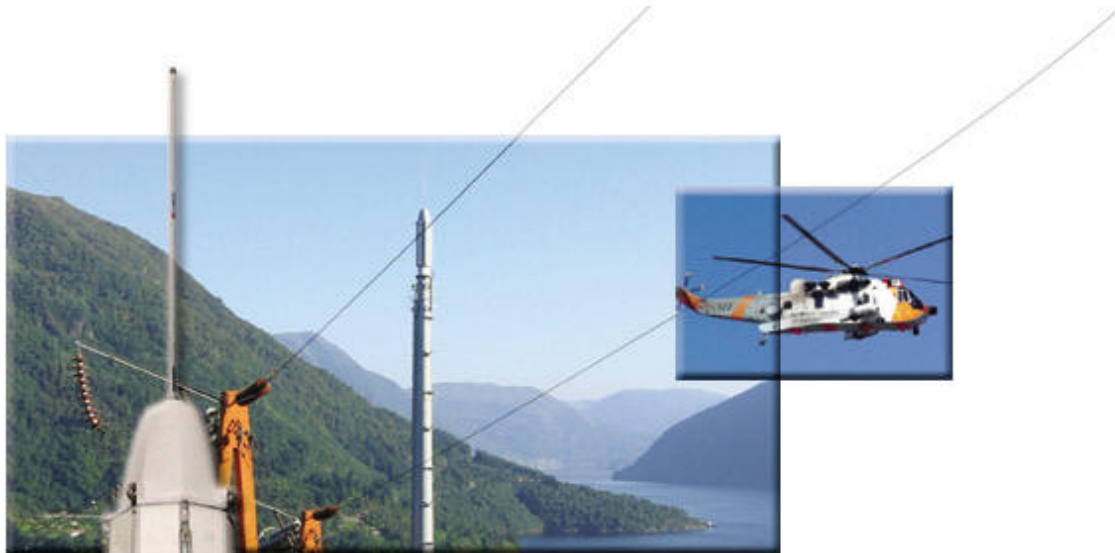


LYS OG LYD: Piloten i cockpiten varsles både med lyssignal fra mastene på begge sider av luftspennet og med advarselen "power line" over VHF-sambandet.
Foto: Rune Nielsen, Bergens Tidende

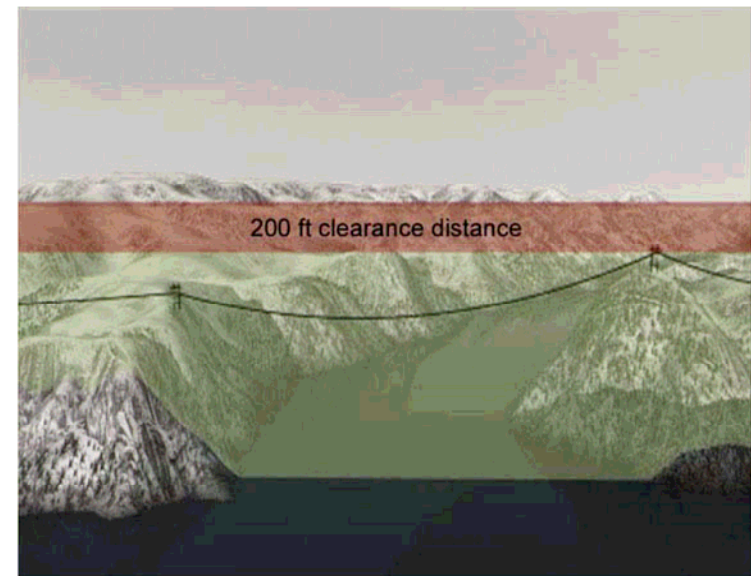
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Obstacle
Collision Avoidance
System

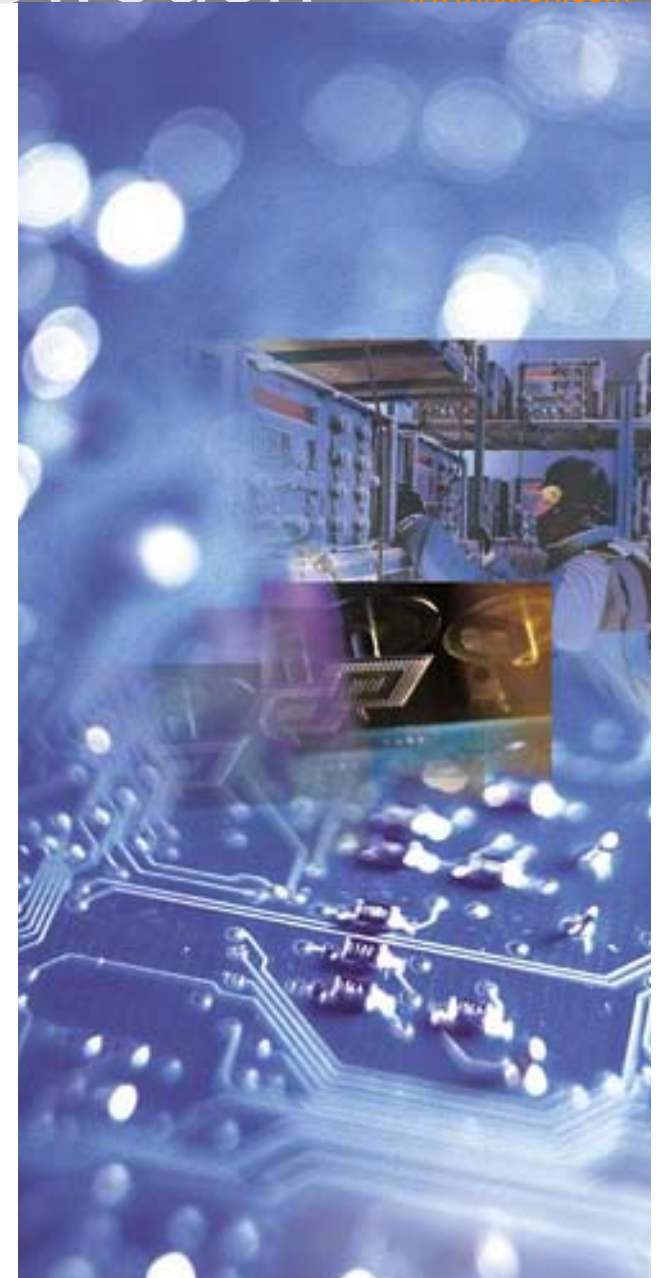




Possible structural change in Sweden

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- **Negotiating transfer of production from Flen**
- **Customers have accepted transfer to other sites**
- **Simpler structure of sites leaves basis for increased productivity**
- **Preparing programme for transfer of competence**





Proven potential in sourcing

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- **Sourcing office in China under establishment**
 - Licence in place
 - Three persons to start within May

- **Nice potential for better terms and conditions**

- **Considering different logistical solutions as part of sourcing activities**



Outlook





Progress expected

- Market growth expected to continue for several years
 - Considering expansion of capacity
- The strive for improved margins and increased profitability continues
- The process in Sweden is expected to lead to profitability
- Great potential in improved sourcing activity
 - License for sourcing office in China in place
- Expecting higher volume and profit in 2007 than in 2006



Kitron - One step ahead

