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Q1 results 2009

7 May 2009

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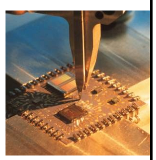
Strong cash generation

Financial highlights in Q1

- **Excellent cash flow**
- **Revenue growth of 15.4%**
- **Operating profit increase by 33.4%**
- **Decline in order intake and backlog**



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Capacity adjustments

Operational highlights in Q1

- **Activity level high in Q1 but customers signal lower demand**
- **Capacity adjustments ongoing. Downsizing with 60 FTEs in Q1**
- **Continued focus on operational improvements:**
  - Manufacturing efficiency programme rolled out in Sweden and Norway
  - Positive effect from sourcing efforts

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Financial statements Q1 2009

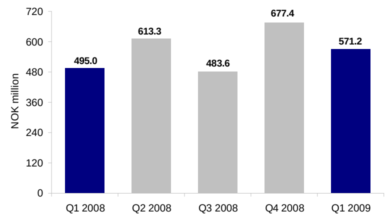
Revenue growth

- **Revenue reached NOK 571.2 million which represents a 15.4% increase compared to Q1 2008**
- **Strong growth within Defence/Offshore and growth in Data/Telecom**
- **Growth by market segments**

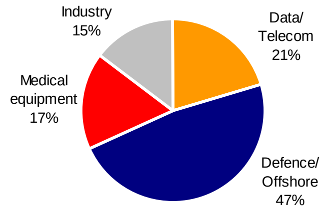
Q1 2009 vs Q1 2008

Data/Telecom	1.7%
Defence/Offshore	78.3%
Medical Equipment	-5.7%
Industry	-32.3%

Revenue Group



Revenue by market segment
Total revenue NOK 571.2 million



Revenue by country

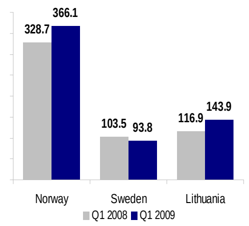
- **Growth in Lithuania and Norway**

Growth by country
Q1 2009 vs Q1 2008

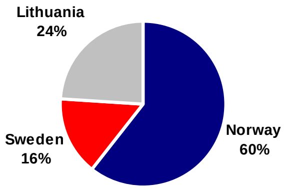
Norway	11.4%
Sweden	-9.4%
Lithuania	23.1%

- **Transfer of manufacturing to Lithuania continues**

Revenue by country*



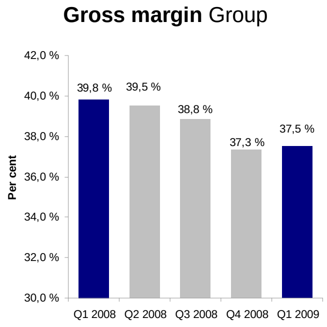
Revenue by country
Total revenue NOK 571.2 million



** before Kitron Group eliminations*

Revenue mix impact gross margin

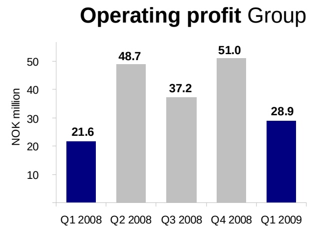
- **Gross margin is down from 39.8 % in Q1 2008 to 37.5 % in Q1 2009.**
- **This is due to different revenue mix and <u>not</u> a margin performance issue:**
  - Lower sales of Development & Services
  - Lower sales in Microelectronics
  - Transfer of business to low cost

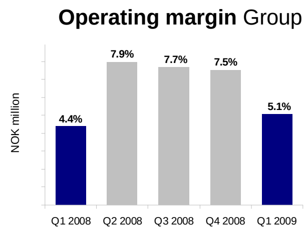


Gross margin in Kitron is meassured after direct material but before direct labour.

Improved operating profit

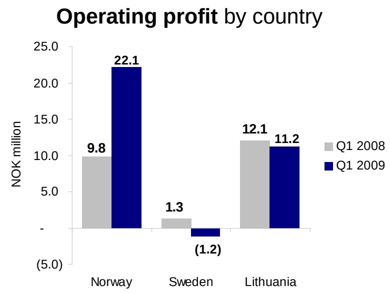
- **Operating profit up by 33.4%**
- **Operating margin improved from 4.4% to 5.1%**
- **Operational efficiency improvements (5S, LEAN etc)**
- **Global sourcing yield strong contribution**
- **Relative payroll costs improved to 24.6% of revenue (27.1%)**
- **Other operating costs down to 6.0% of revenue (6.5%)**

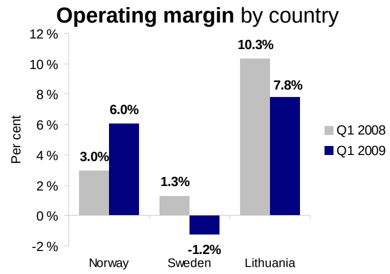




Profit by country

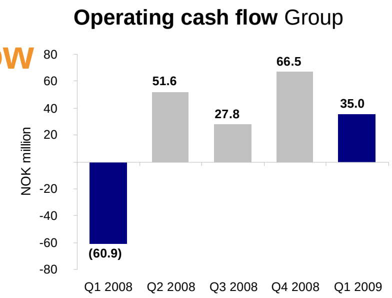
- **Norway (Arendal) and Lithuania deliver a solid profit**
- **Slow start in Sweden but improvements expected following capacity adjustments.**

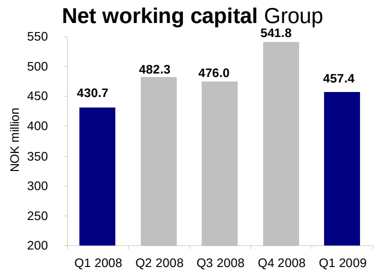




Strong operating cash flow

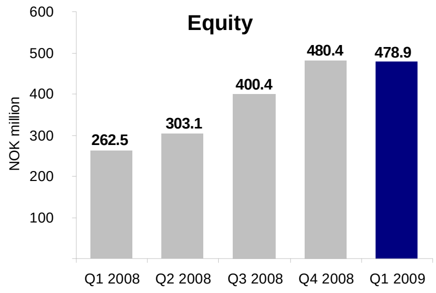
- **Fourth quarter in a row with a strong operating cash flow**
- **Operating cash flow was NOK 35 million vs negative NOK 60.9 million in Q1 2008**
- **Cash flow before repayment of factoring debt was NOK 100 million**
- **Net Working capital improved to 20% of revenue from 22% in Q1 2008**
- **Strong cash flow mainly driven by a reduction in receivables**





Equity ratio above 40%

- Equity of NOK 478.9 million (262.5) and the equity ratio to 40.8% (26.8%)
- Mainly driven by the working capital improvement.
- Positive net profit offset by negative currency translation difference.



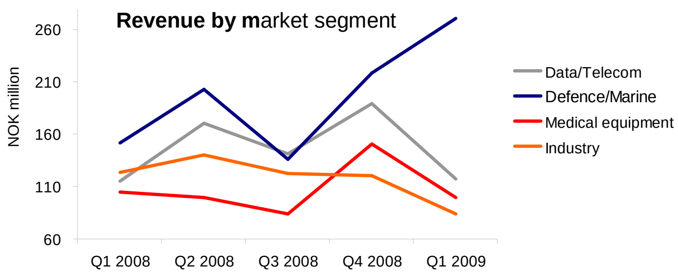
Equity ratio

Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009
26.8%	28.2%	34.9%	38.4%	40.8%

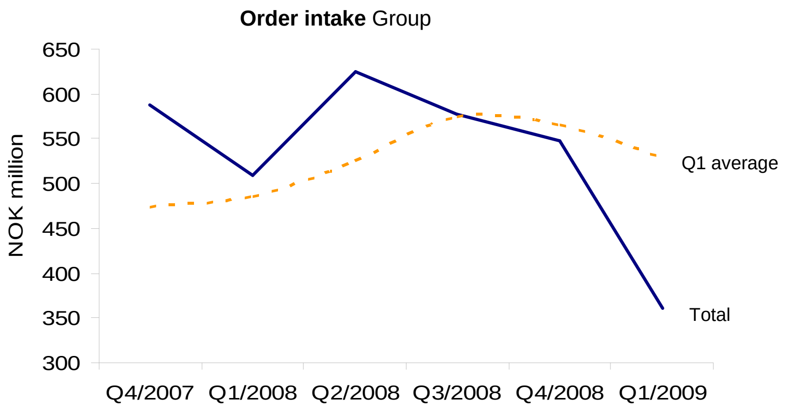
Market development

Continued strong activity in Q1

- Revenue trend driven by strong trend in Defence/Offshore.
- Drop in demand from Offshore.
- Mixed trend in Data/Telecom but video projection positive.
- Customers in Medical equipment adjusting inventory level.
- Industry segment most affected by the crisis



Order intake down

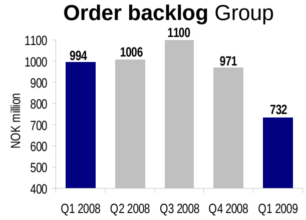


Order backlog signals reduction in activity level

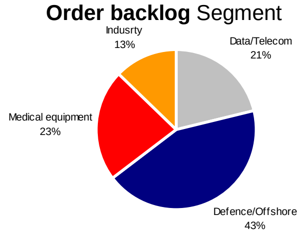
- **Order backlog at NOK 732 million (NOK 994 million).**
- **Backlog reduced across all segments.**
- **Sharp drop for Offshore during Q1.**

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

Order backlog Group



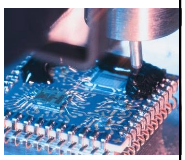
Order backlog Segment



Outlook

Safeguarding competitive edge and profitability

- **Kitron to reduce work force by 370 FTE's in 2009**
  - Productivity improvements
  - 15% drop in revenue outlook
  - Reduction of cost by NOK 60 million in 2009 (excl material)
  - Annualised NOK 135 million in cost reduction
- **Accelerate operational improvement activities**
  - Transfer of manufacturing to Lithuania (lower costs)
  - Manufacturing efficiency programme
  - Global sourcing
- **Strategic opportunities emerging**



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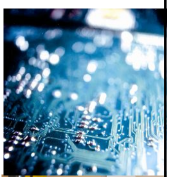
2009 Outlook

- **15% drop in revenue expected**
- **A solid profit level but lower margin expected:**
  - Lower productivity due to capacity adjustments
  - Difficulties to immediately adjust fixed costs
- **Investments to improve competitiveness are prioritised while capacity related investments are being postponed**



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