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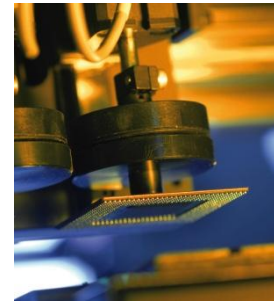


Q3 results 2012

24 October 2012






Jørgen Bredesen, CEO

Björn Wigström, CFO



Sharp Rise in EBIT

- **Kitron China and Germany reaches break-even**
- **Strong trend in Offshore & Defence**
- **Taking action to reduce inventory**

NOK mill.		Q3 2012 vs Q3 2011
Revenue 365.8		3.7 %
EBIT 15.4		67.9 %
Order backlog 855.5		4.2 %
Operating cash flow -15.4		-286.3 %
Net working capital 508.3		19.1 %

Operational highlights for Q3:

Gaining results from global efforts

- **Kitron China and Germany reach break-even**
 - China profitable, one year after start of operation
 - Sale to German market increasing
- **Setting up distribution centre to drive down inventory**
 - Streamlining the logistics process
 - Reduce inventory by NOK 100 million
 - To be implemented during 2013
- **Government funding to expand operation in Lithuania**
 - Up to LTL 4.5 million (about NOK 10 million) in funding expected
 - Partly financing strategic expansion of operation in Lithuania

Major new orders:

Strong momentum in Defence

- **Two significant orders with KONGSBERG worth more than NOK 400 million**
 - 1) **Weapon stations for US Army (CROWS)**
 - Annual volume more than NOK 60 million
 - Preferred supplier to Kongsberg Protec Systems for at least 5 years
 - 2) **Military communication equipment**
 - Value of NOK 70 million with deliveries in 2013 – 2015
- **Medical equipment agreement worth NOK 350-400 million**
 - With a leading supplier of medical equipment
 - Extension of a previous agreement

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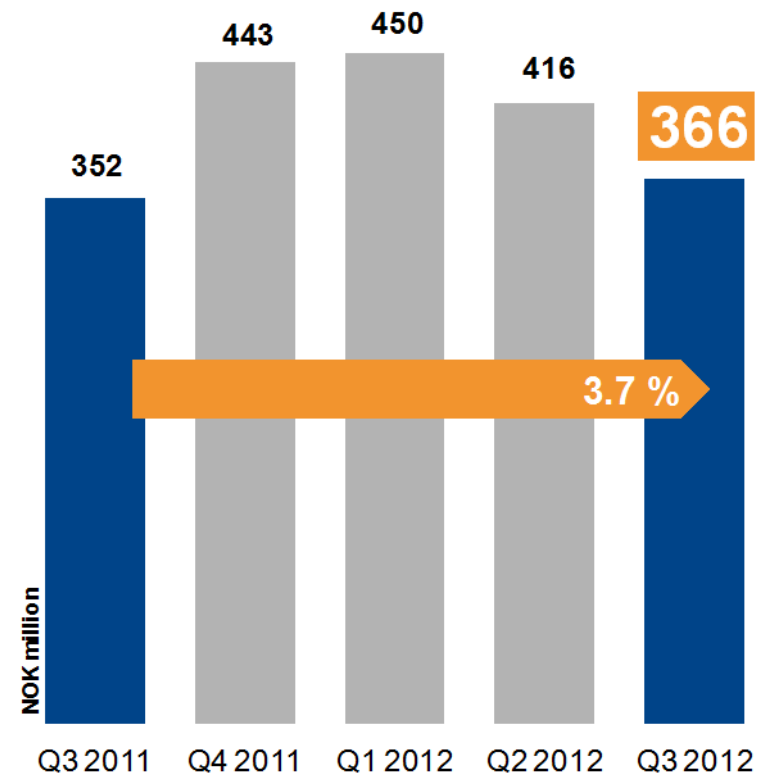
Financial statements Q3 2012



Revenue:











Stable revenue development

- Seasonally lower revenue
- Strong development in Medical and Offshore/Marine segments
- Lower demand in Energy/Telecoms and Industry
- New entities ramping up activity level











Revenue by market segment:

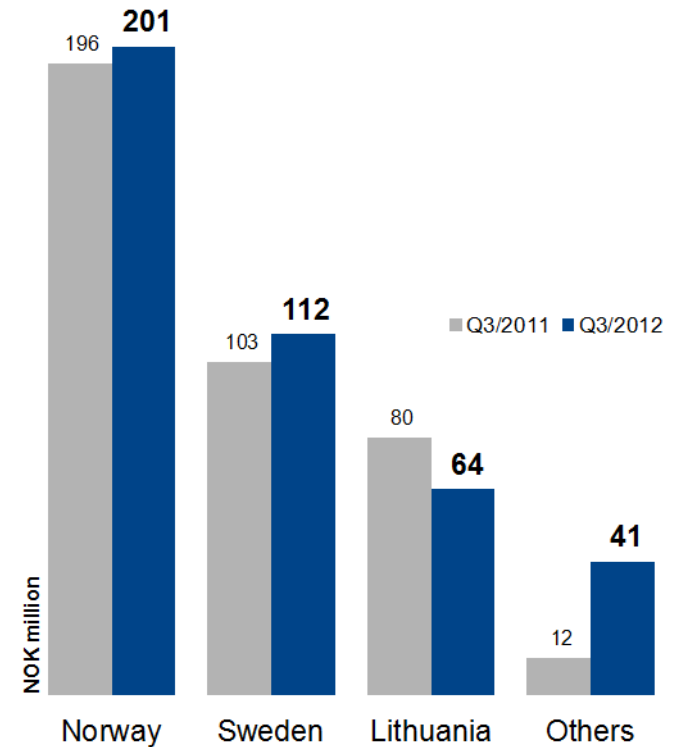
Offshore strongest growing market

		Q3 2012 vs Q3 2011	Share of total revenue
Offshore/Marine	High activity level in oil industry	71.7 % 	18.4 % 
Medical equipment	Strong market fundamentals for Kitron's products	23.5 % 	28.9 % 
Defence/Aerospace	Bullish about the prospects, short term slow down in Q3	-17.6 % 	17.1 % 
Energy/Telecoms	Downturn in metering business	-16.8 % 	12.8 % 
Industry	Recessionary trend for European industry	-12.8 % 	22.8 % 

Revenue by country*:

New entities ramping up

	Q3 2012 vs Q3 2011	Share of total revenue
Norway	2.6 % 	48.1 % 
Sweden	8.2 % 	26.7 % 
Lithuania	-20.1 % 	15.3 % 
Others	250.9 % 	9.9 % 



* Before group entities and eliminations

EBIT:

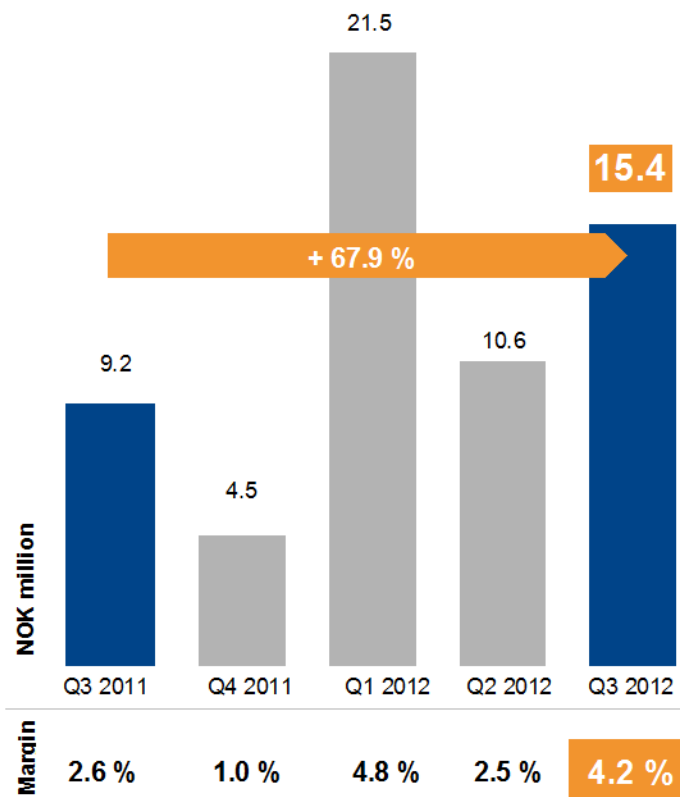
Sharp rise in EBIT

- **Profitability improving**

- Start up operations turning profitable
- Successful restructuring of operation in Sweden
- Strong trend in Offshore/Marine

- **Key profitability drivers:**

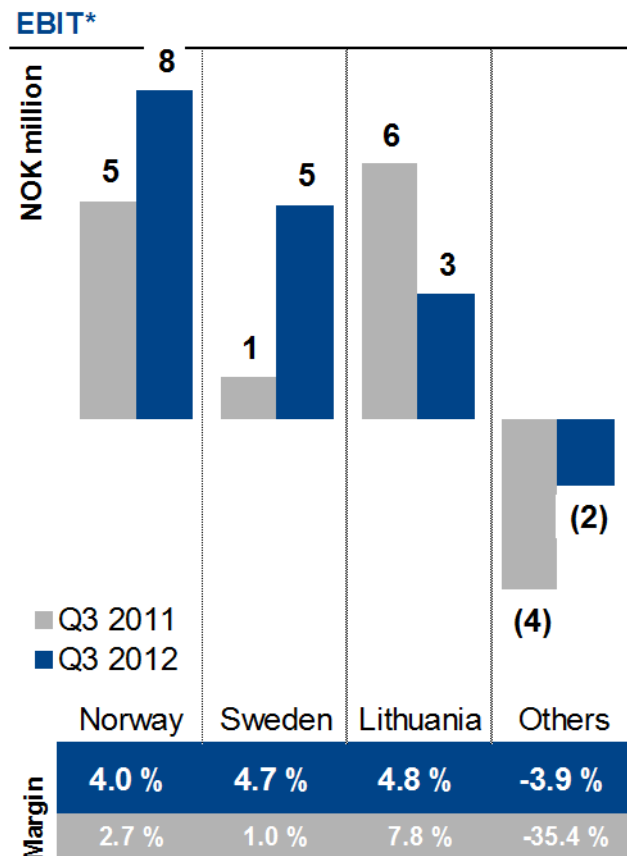
- Turnover and revenue mix
- Positive effects from restructuring and global sourcing



EBIT by country:

Norway and Sweden leading the way

- **New entities:** Steady progress towards positive results
- **Norway:** change in revenue mix and growth in higher margin segments
- **Sweden:** strong top line development and positive effects of restructuring
- **Lithuania:** Lower revenue causes drop in margin



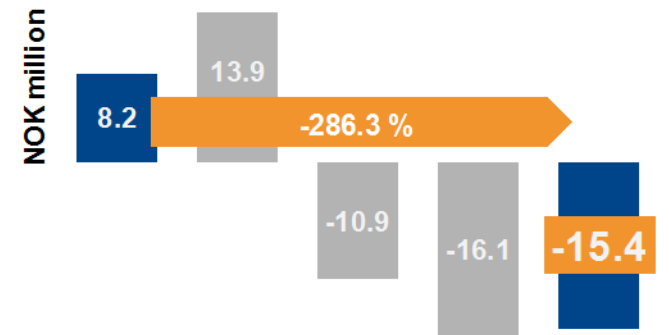
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Balance sheet:

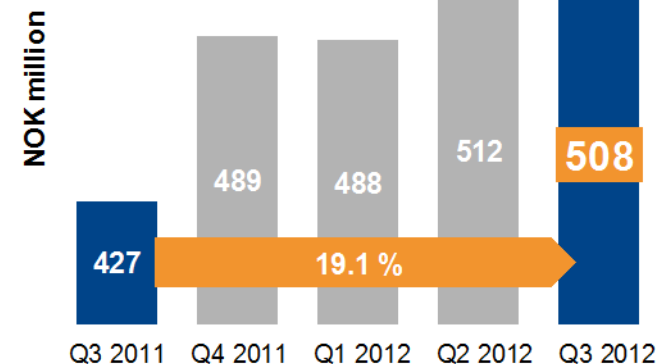
Taking action to reduce inventory

- **Net working capital remains on a (too) high level**
 - High receivable level in September
 - Targets NOK 100 mill inventory reduction
- **Satisfactory liquidity position**
- **Working capital focus to increase cash flow**
 - Significant improvement expected already in Q4

Operating cash flow



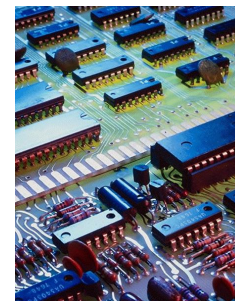
Net working capital



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Market development

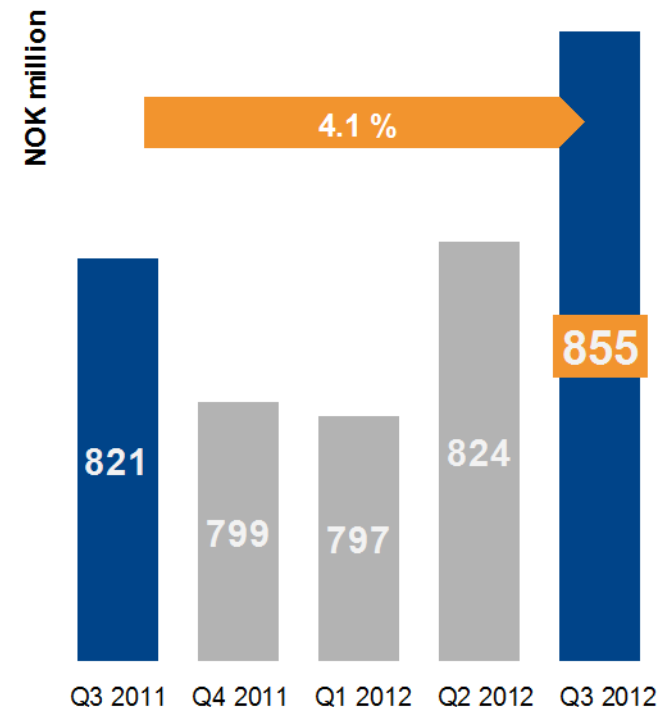


Order backlog:

Defence and Offshore drives backlog

- **Backlog up after healthy order flow**
 - Strong positive trend in Offshore/Marine and Defence/Aerospace
 - Backlog in China and US building up
 - Weaker trend in Industry and Energy/Telecoms
- **Solid portfolio in Offshore/Marine and Defence/Aerospace**
 - Only partly booked to the backlog

Order backlog



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

Market development

- **Offshore/Marine**

- Positive trend in offshore market expected to continue
- In dialogue with existing and new customers about significant new business opportunities

- **Medical equipment**

- Continued growth expected underpinned by healthy market fundamentals for Kitron's product

Market development

- **Defence/Aerospace**

- Promising long term outlook
 - Several major programs secured and expected to ramp up
- Weaker outlook with Swedish defence customers

- **Energy/Telecoms**

- Competitive market segment with strong price pressure
- Lower demand in metering business

- **Industry**

- Risk for a slow down; customers more cautious and reducing inventory levels due to the market uncertainty

Outlook



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Outlook

- **Kitron believes in improved profitability**
 - Focus on manufacturing efficiency and global sourcing remains a priority area
 - Restructuring in Sweden expected to have a positive impact on profitability
 - Target to reach break even in USA
- **Target to reduce inventory by NOK 100 million**
 - Establishment of distribution centre important to reach objective
- **Overall a stable market trend expected**

Thank you!

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