

Quarterly presentation Q4 2006 and preliminary full year results



9 February 2007
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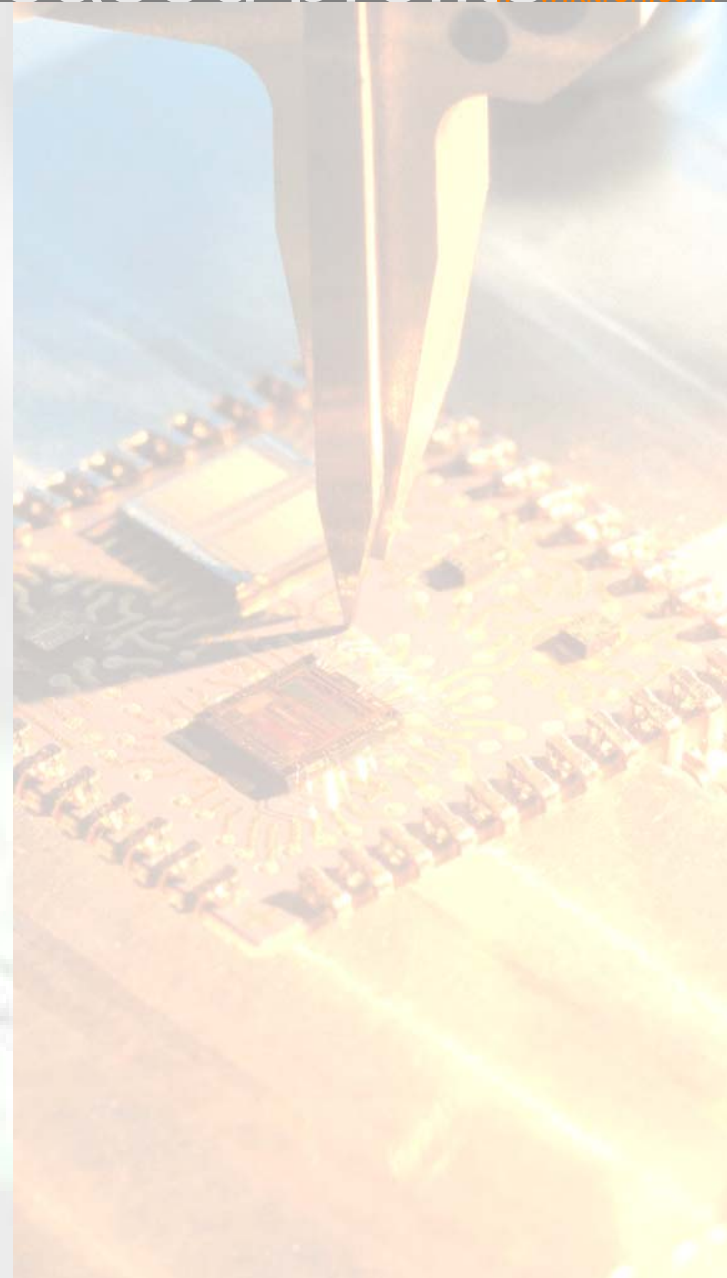




Q4: Continued growth – increased profits

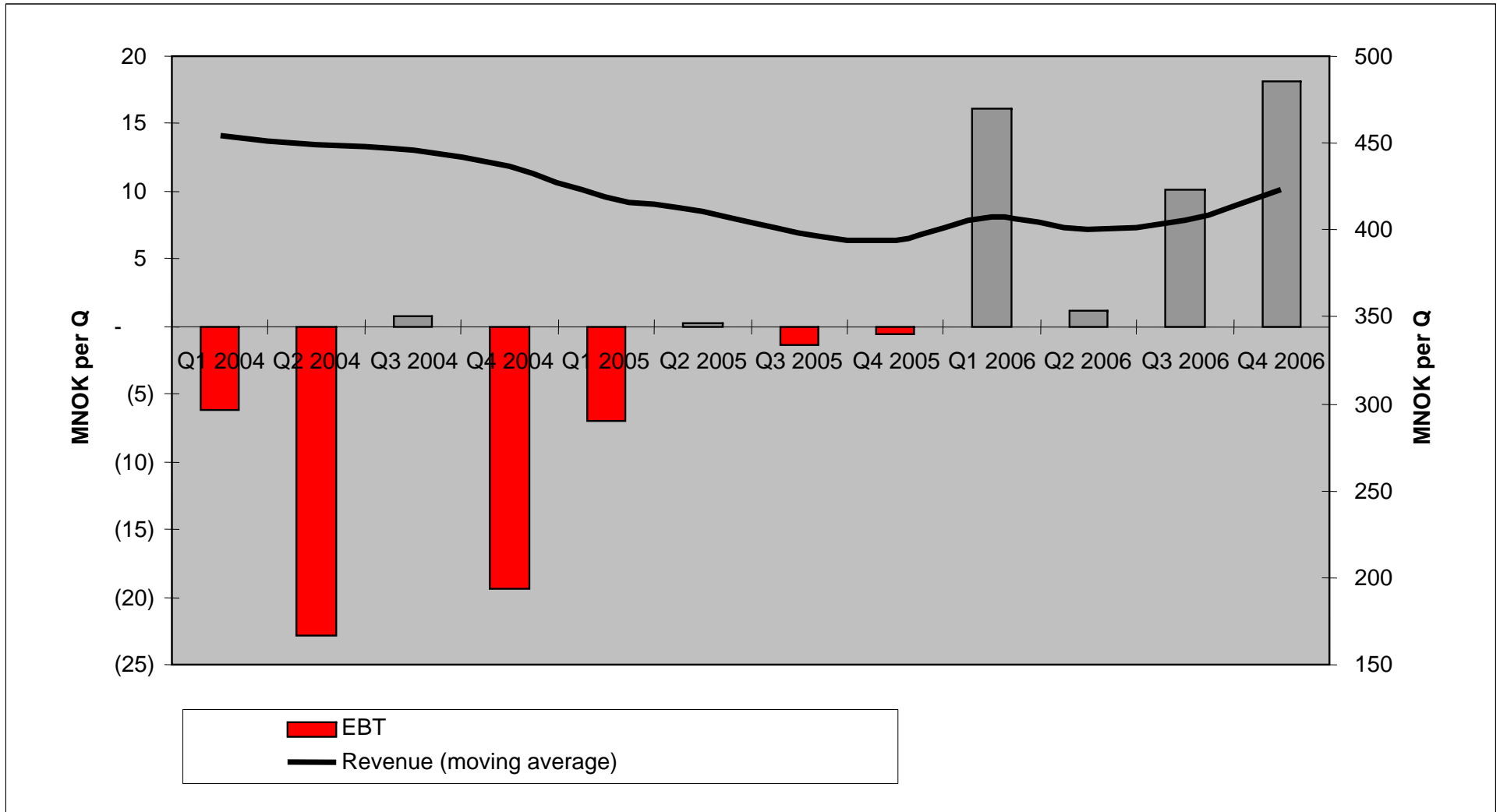
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- **Strongly increased profitability**
 - EBT MNOK 18.1 (MNOK -50.0)
- **Revenue growth 16%**
 - MNOK 514.8 (MNOK 443.5)
- **Order intake +8.5%**
 - MNOK 496 (MNOK 457)
- **Cash flow from operational activities**
 - MNOK 139.6 (MNOK 61.6)
- **Continued market growth**
 - Expected 12% annual growth until 2010
- **First deliveries from unit in Horten**





EBT and revenue



Financial statements Q4 2006

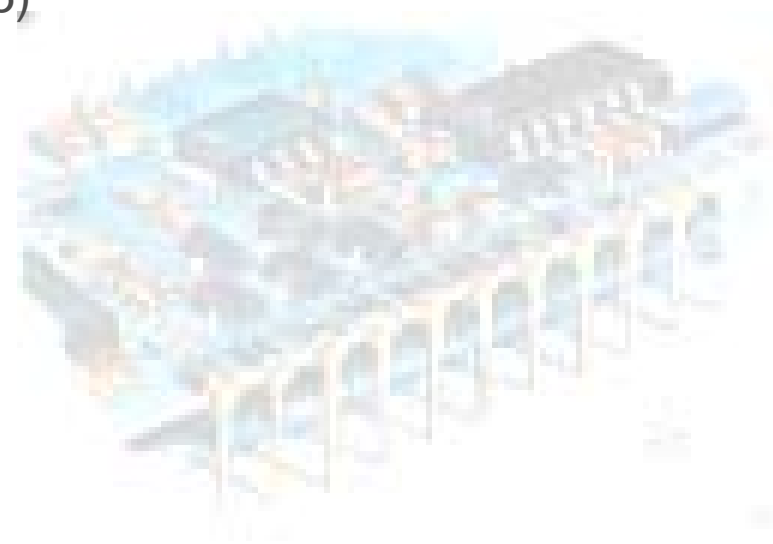




Overall improved results

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- **Operating income MNOK 514.8 (MNOK 443.5)**
 - 2006: MNOK 1 693.6 (MNOK 1 576.3)
- **Stable gross profit 40.1% (39.5%)**
 - 2006: 40.0% (40.3%)
- **EBITDA MNOK 32.5 (MNOK -37.5)**
 - 2006: MNOK 93.8 (MNOK -2.6)
- **EBIT MNOK 23.9 (MNOK -44.7)**
 - 2006: MNOK 64.4 (MNOK -35.4)
- **Strong order backlog MNOK 959 (MNOK 781)**
 - Order intake in Q4 MNOK 496 (MNOK 457)
- **Net financial costs MNOK 5.7 (MNOK 5.3)**
 - 2006: MNOK 19.0 (MNOK 22.8)





Profit/(loss) account Q4 2006

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Profit & loss (NOK million)	Q4 2006	Q4 2005	31.12.2006	31.12.2005
Revenue	514,8	443,5	1 693,6	1 576,3
Cost of materials	308,3	268,4	1 015,7	941,2
Gross profit margin	40,1 %	39,5 %	40,0 %	40,3 %
Payroll expenses	137,0	126,7	466,0	463,5
Other operational expenses	37,0	36,3	117,9	124,7
Restructuring costs		49,5		49,5
EBITDA	32,5	-37,5	93,8	-2,6
Depreciation and impairments	8,6	7,2	29,4	32,9
Operating profit/loss (EBIT)	23,9	-44,7	64,4	-35,4
Net financial items	-5,7	-5,3	-19,0	-22,8
Profit/loss before tax	18,1	-50,0	45,4	-58,2
Tax	1,8	0,7	3,8	0,7
Profit/loss after tax	16,3	-50,7	41,7	-58,9
Earnings per share	0,09	-0,31	0,24	-0,39
Diluted earnings per share	0,09	-0,31	0,24	-0,39



Increased equity and balance due to factoring www.kitron.com

- **Equity MNOK 185.7** (MNOK 144.5)
 - Equity ratio 19.4% (22.1%)
- **Total balance MNOK 957.5** (MNOK 652.5)
 - New factoring scheme from Q4 2006 → showing both receivables and debt
- **Inventory MNOK 282.9** (MNOK 242.5)
 - Increased activity level in 2006
- **Trade debtors and other receivables MNOK 410.8** (MNOK 141.8)
 - 2005: Sold receivables accounted for MNOK 208.0
- **Deferred tax asset MNOK 20.0** (MNOK 20.0)
- **Capitalized interest-bearing debt MNOK 324.3** (MNOK 52.6)



Balance sheet

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Balance sheet (NOK million)

	31.12.2006	31.12.2005
Tangible fixed assets	123,5	112,4
Goodwill	19,1	18,5
Investment in shares	0,0	0,2
Deferred tax assets	20,0	20,0
Other receivables	2,9	3,9
Total fixed assets	165,6	155,0
Inventory	282,9	242,5
Accounts receivable and other receivables	410,8	141,8
Cash and cash equivalents	98,3	113,2
Total current assets	791,9	497,5
Total assets	957,5	652,5
	31.12.2006	31.12.2005
Liabilities and equity		
Equity	185,7	144,5
Total equity	185,7	144,5
Loans	31,0	40,7
Pension commitments	23,0	21,5
Other provisions	7,2	15,1
Total long-term liabilities	61,2	77,3
Accounts payable and other current liabilities	383,6	350,9
Loans	324,4	46,4
Other provisions	2,6	33,4
Total current liabilities	710,7	430,7
Total liabilities and equity	957,5	652,5



Cash flow

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Cash flow statement (NOK million)	Q4 2006	Q4 2005	31.12.2006	31.12.2005
Net cash flow from operational activities (*)	139,6	61,6	9,6	9,4
Net cash flow from investment activities	-5,2	-28,1	-45,4	-39,5
Net cash flow from financing activities	-10,9	58,4	-11,8	92,0
Change in cash and bank credit	123,5	91,9	-47,6	61,9
Cash and bank credit opening balance	-118,3	-39,1	52,8	-9,0
Cash and bank credit closing balance	5,2	52,8	5,2	52,8

(*) Negative cash flow in Q4 2006 and as per 31.12.2006 related to restructuring provision made in 2005 is respectively NOK 3.5 million and NOK 38.7 million.

Cash flow from other operations in Q4 2006 and as per 31.12.2006 was respectively NOK 143.1 million and NOK 48.3 million.



Equity

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Changes in equity (NOK million)	31.12.2006	31.12.2005
Equity opening balance(*)	144,5	121,4
Profit/loss for the year	41,7	-58,9
Share issue		90,8
Change in minority interests		-12,6
Other (**)	-0,5	3,8
Equity closing balance	185,7	144,5

(*) Equity opening balance 2005 has been reduced by NOK 6.6 million due to correction of errors in previous years.

(**) Conversion differences, share based compensation, etc.

Market development

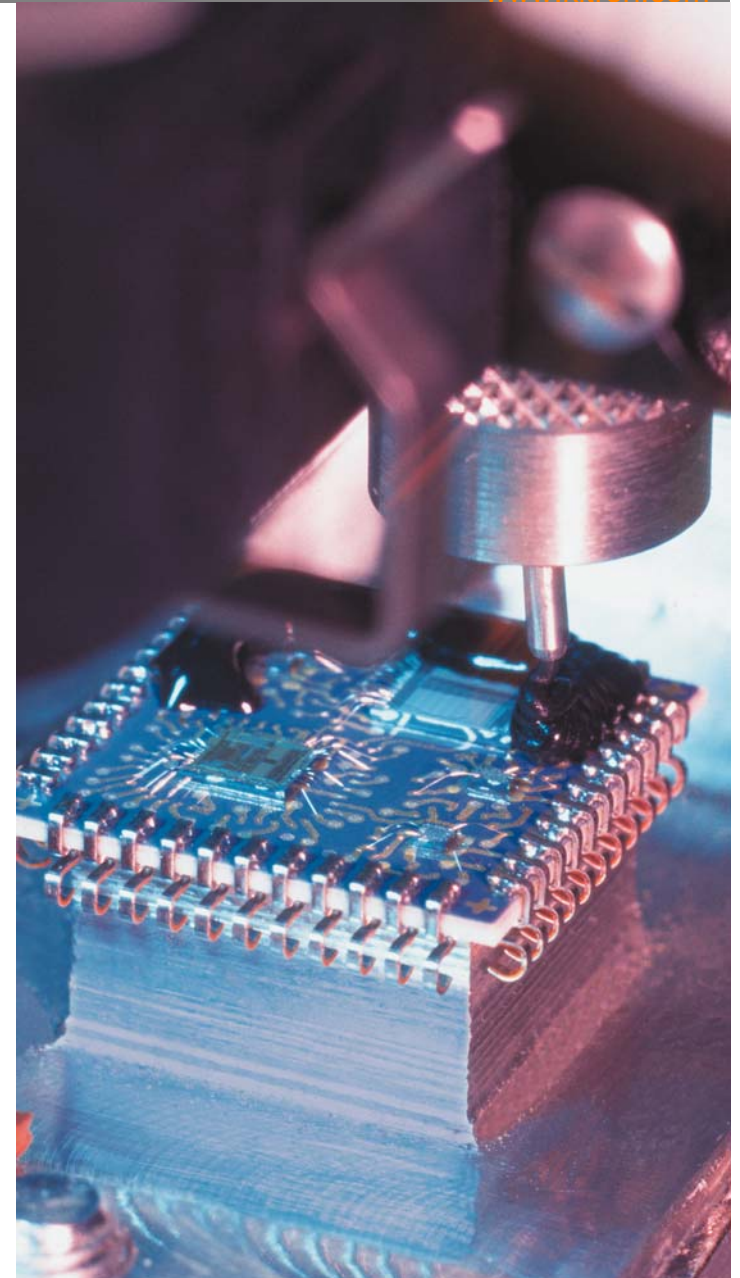




Strong market in Q4

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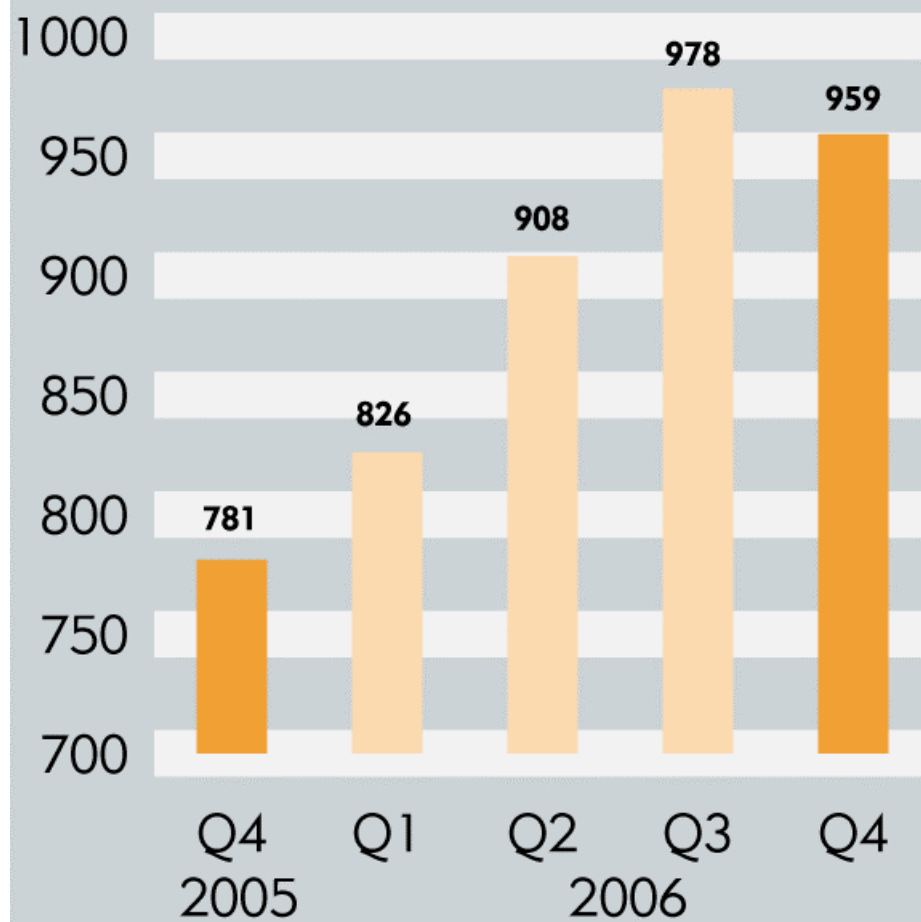
- **Increased volumes and new orders primarily from current customers**
 - 20 largest customers represent approximately 4/5 of revenues
- **New production line for prototypes in Arendal commenced operation in Q4**
 - Another line to be established in Jönköping, Sweden in 2007
- **Continued increasing interest in development and total solution projects**
- **Competence and execution create competitive power**
- **Favorable cost position in Lithuania**





ORDER BACKLOG Group

NOK million



Country	31.12.2006	31.12.2005
Norway	718,2	538,9
Sweden	219,0	227,6
Lithuania (group external)	21,8	14,1
Total	959,0	780,5



Order backlog per segment

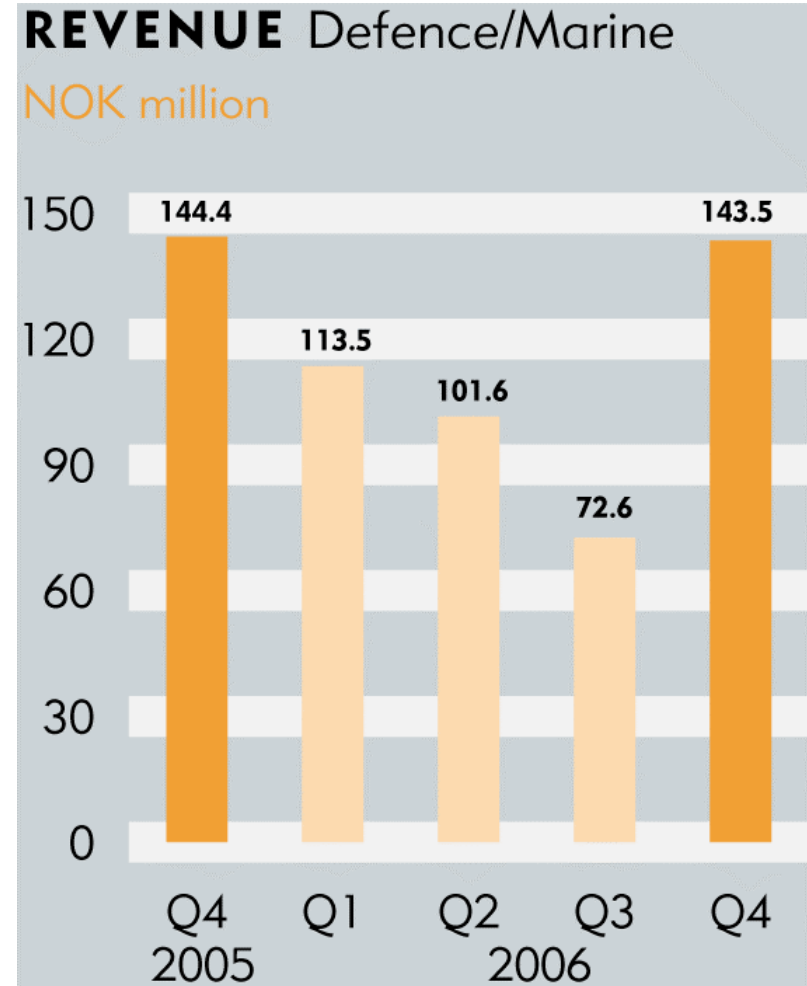
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NOK million	Defence/ Marine	Data/ Telecom	Medical equipment	Industry	Total
Kitron AS (EMS)	283	100	170	101	654
Kitron AB (EMS)	104	-	45	21	170
UAB Kitron (EMS)	3	7	5	7	22
Microelectronics	2	79	4	28	113
Total	392	186	224	157	959
Percentage of total	40,9	19,4	23,4	16,4	100,0



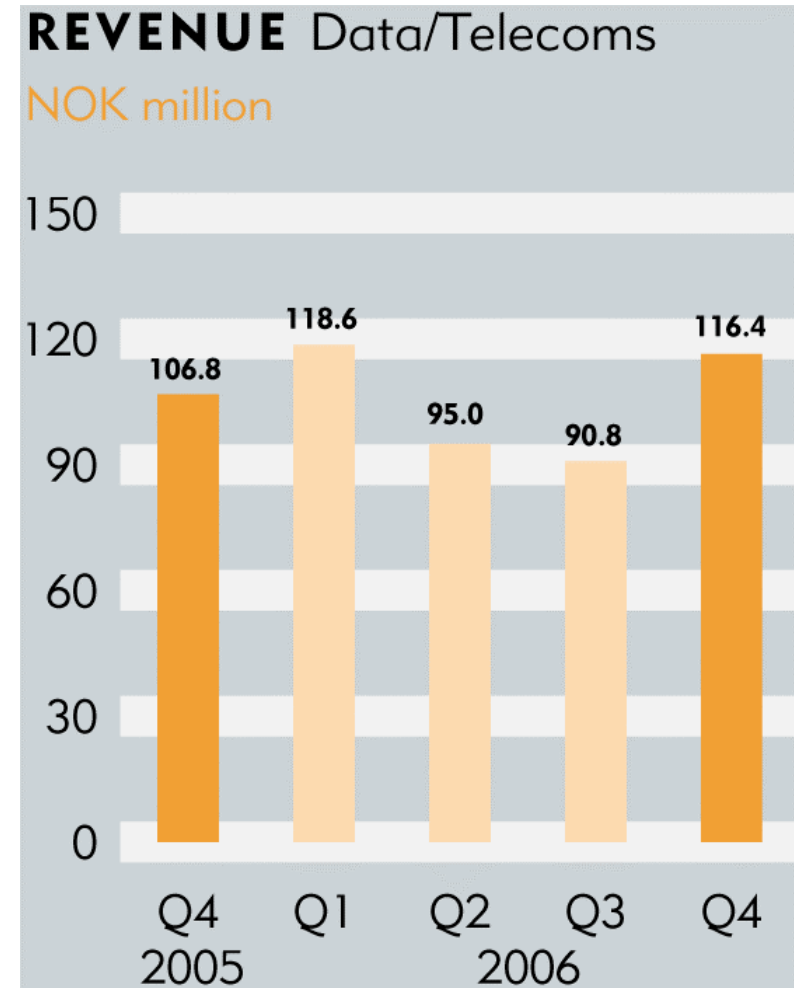
Defence/Marine

- Revenue recovers to higher level
- 2007 expected to be better than 2006
- Well positioned for offset contracts related to Norwegian purchase of fighter aircrafts





- **Market segment with stable and strong growth**
- **Considerable growth in Microelectronics in Sweden**
 - Technology recognized in all segments
 - Infrastructure products:
 - Fiber optical components for use in 'triple play' and professional usage
 - Increasing demand for radio transmission link equipment

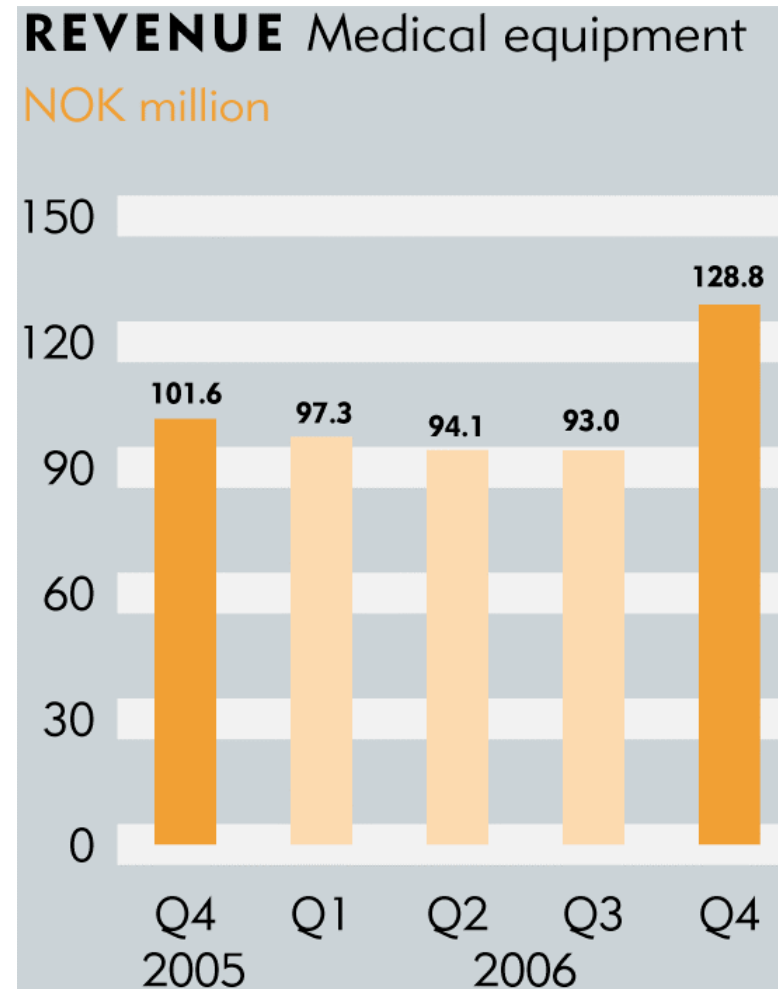




Medical equipment

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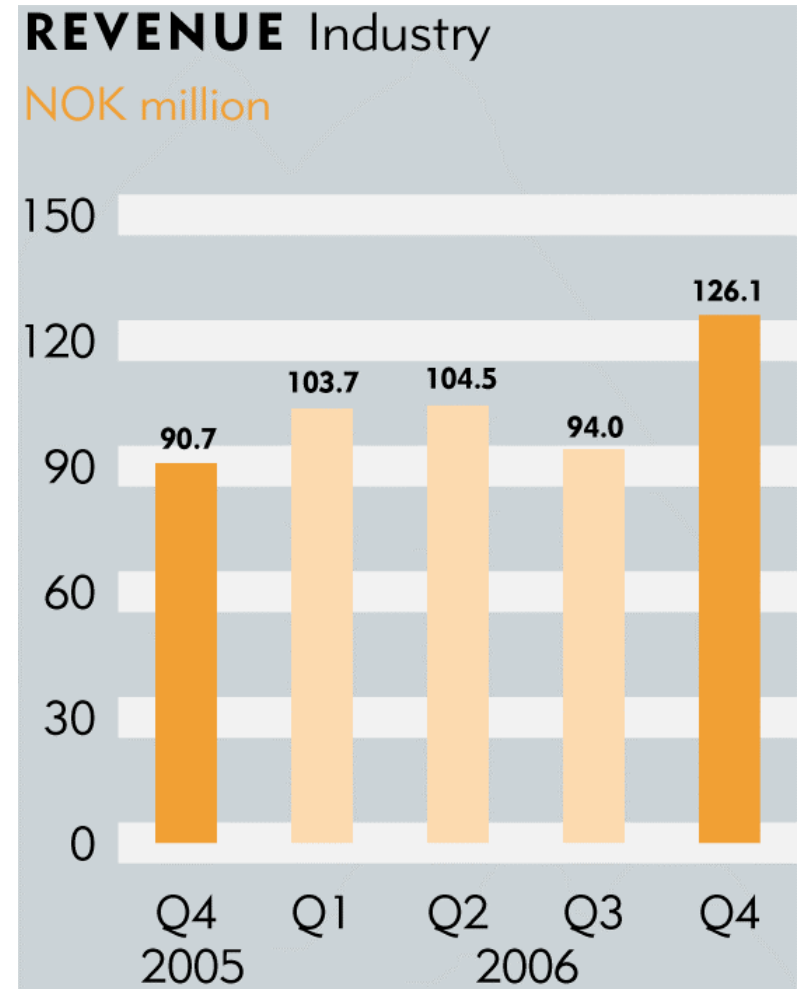
- Considerably increased activity
- General growth and good profitability in the segment
- Manufacturing of complete products (High Level Assembly)
- Customers want proximity to the manufacturer





Industry

- Significantly higher activity than in Q4 2005
- Increased volumes for existing customers
- Assistance throughout the value chain, from design to system assembly and final test
- Some new customers in Q4
- Microelectronics' activity in Sweden significantly increased



Outlook





Positive outlook

- **Market growth of 12% expected up to 2010**
 - Increased degree of outsourcing (expected to increase from 25% to 30 % by 2010)
 - Increased degree of product development – and prototype productions
 - New products
 - Increased volume in existing products
- **Increased efficiency and better capacity utilization**
 - Hunting for margin improvement
 - Releases capacity
- **Better profitability**
 - More attractive projects
 - Optimizing product mix to the manufacturing processes on the sites
- **Long term customer relations**
- **Customers want proximity to manufacturer**
- **Customers demand competence, delivery precision and flexibility**
- **Sourcing unit to be established in China in Q1**

Kitron - One step ahead

