Kitron Your ambition. Our passion.

Q1 results 2015

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Financial highlights for Q1:

Revenue growth with improved profitability

- Revenue growth fueled by increased demand in defence
- Improved profitability
- Strong order intake, especially in Defence/Aerospace
- Positive cash flow
- Stable working capital in the quarter but an increase from last year

NOK mill.		Q1 2015 vs Q1 2014
Revenue 470,6	↑	**8,0 %**
EBIT 20,8	↑	**954,2 %**
Order backlog 854,6	↑	**20,8 %**
Operating cash flow 35,0	↑	**301,3 %**
Net working capital 562,8	↑	**15,3 %**

Major new orders:

Important orders in the first quarter

- **Lockheed Martin Awards Contract to Kitron AS**
  - Kitron Norway received a contract from Lockheed Martin Mission Systems and Training for production of Integrated Backplane Assembly, for deliveries to the F-35 low rate initial production program, LRIP 9 and 10.
  - Kitron will manufacture, test, maintain and repair the Integrated Backplane Assembly in the F-35 Joint Strike Fighter.
  - The contract value is USD 6.5 mill.
  - Production at Kitron's plant in Arendal, Norway.

- **Northrop Grumman Awards F-35 Lightning II Contract to Kitron AS**
  - Kitron Norway was also awarded a four-year development contract by Northrop Grumman Corporation to develop a test program set (TPS) for evaluating and troubleshooting Lightning II Joint Strike Fighter aircraft avionics. Kitron was selected as an international source for TPS equipment, which consists of complex Interface Test Assemblies that work with the LM-STAR test system developed by Lockheed Martin.
  - The contract has a total value of NOK 16 million.

Major new orders:

Actions yield results

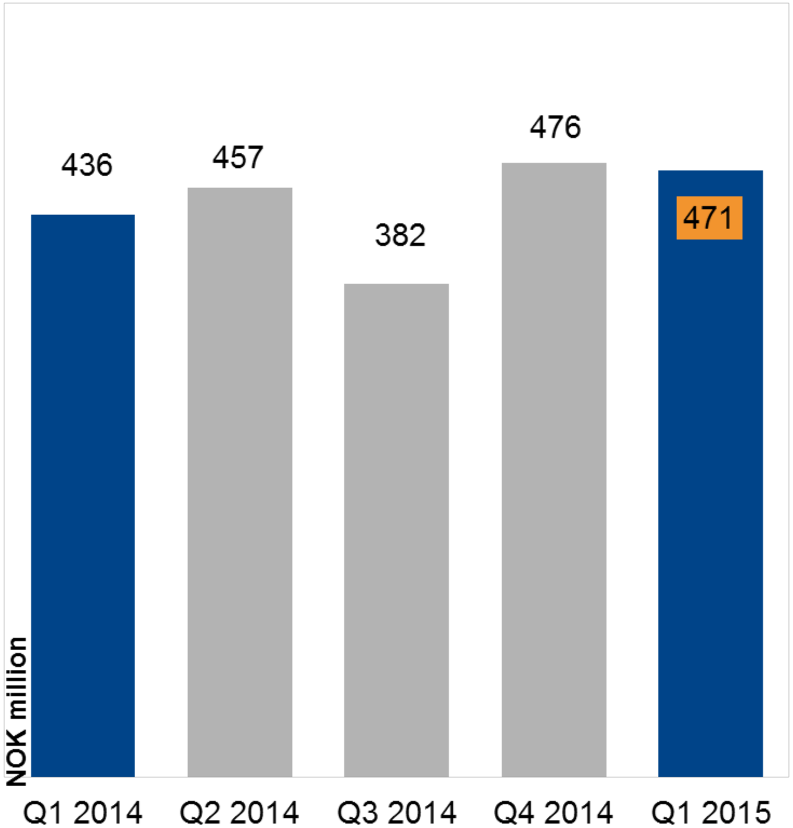
- **Shift from high cost to low cost regions**
  - 53% (46%) FTE in low cost
  - Payroll expenses/revenue 24% (29%)
  - Revenue per employee at KNOK 399 (KNOK 369)

- **All units profitable**
  - Arendal downsizing during 2014
  - US and China operations at sustainable volumes

Financial statements Q1 2015

Revenue:

Strong Defence/Aerospace and Industry growth

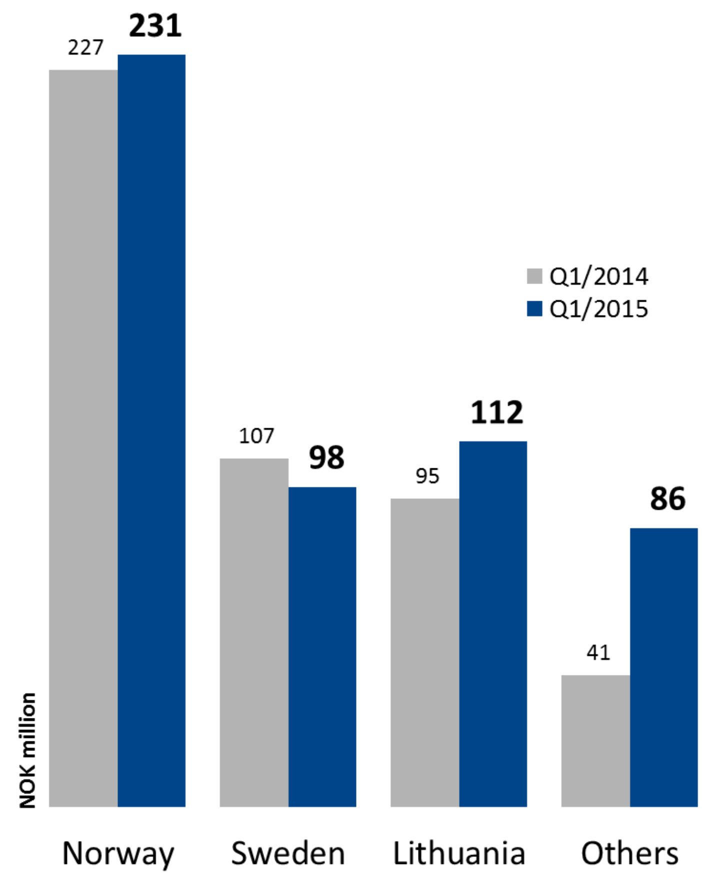


	Q1 2015 vs Q1 2014	Share of total revenue
Offshore/Marine	-44,6 %	9,7 %
Medical equipment	-7,6 %	21,1 %
Defence/Aerospace	49,0 %	27,7 %
Energy/Telecoms	9,4 %	11,6 %
Industry	29,7 %	29,9 %

Revenue by country*:

Continued strong growth outside Scandinavia

	Q1 2015 vs Q1 2014	Share of total revenue
Norway	2,1 %	43,8 %
Sweden	-8,1 %	18,7 %
Lithuania	18,5 %	21,3 %
Others	111,0 %	16,3 %

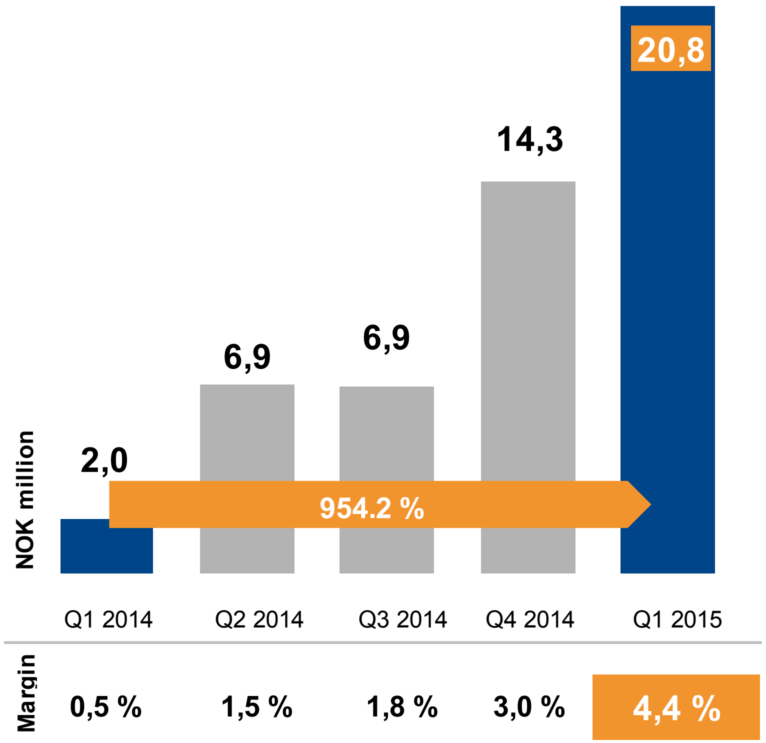


* Before group entities and eliminations

EBIT:

Fourth consecutive quarter of improved profitability

- Improvement in both nominal value as well as EBIT margin
- All sites profitable
- Personnel expense reduction
- Non-recurring gains of NOK 3.5 million booked in the quarter, compared to non-recurring costs of 2.0 million in the first quarter of 2014



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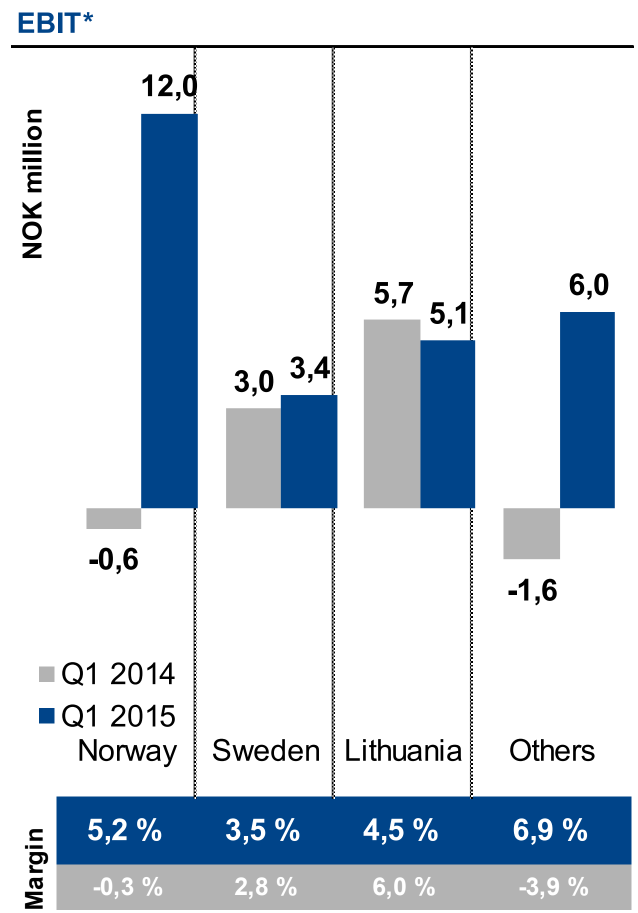
EBIT by country:

All sites profitable

- **Norway**
  - Cost reduction actions yield results
- **Sweden**
  - Improved margins
- **Lithuania**
  - Slight reduction due to higher indirect cost
- **Other**
  - China and US continue to contribute positively



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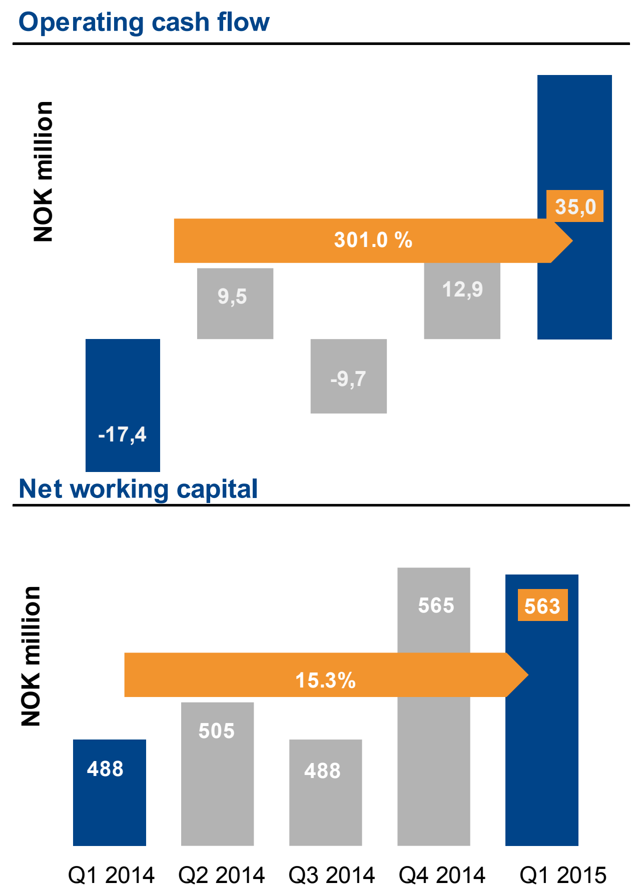
Cash flow improvement

- **Cash flow**
  - Improved profitability affects cash flow positively
- **Working capital increase**
  - Cash conversion cycle 106 and at same level as fourth quarter



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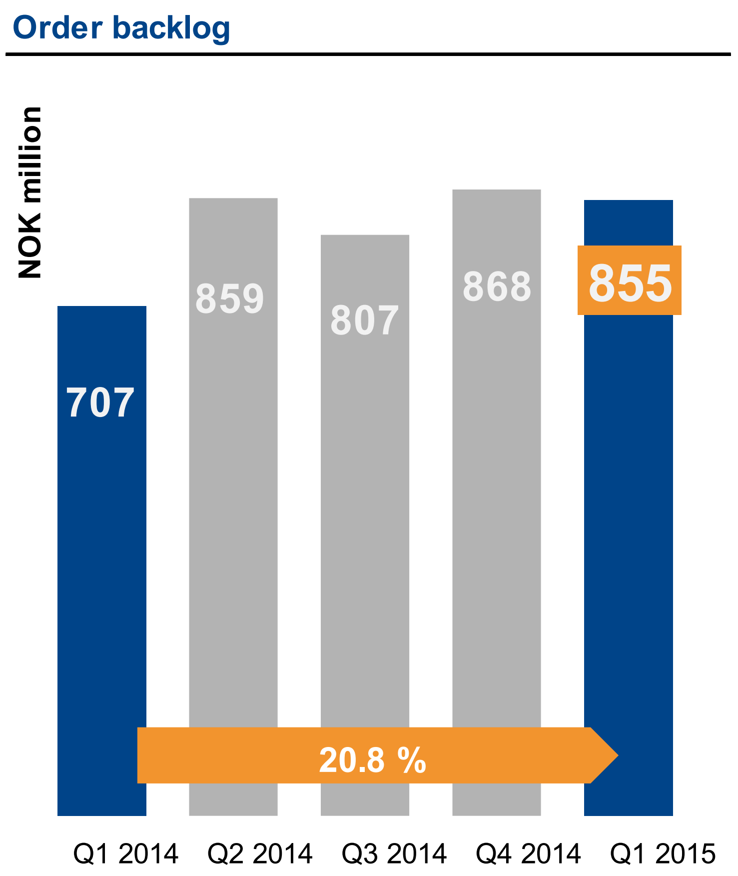
Market development

Continued strong Defence/Aerospace order backlog

- **Defence/Aerospace**
  - Increased by 87% (MNOK 190.8) from last year
- **Offshore/Marine**
  - Reduction of 38.2% (MNOK 38.8)



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

Market development

- **Offshore/Marine**
  - General adjustment in the oil service market in Norway
- **Medical equipment**
  - Stable development
- **Defence/Aerospace**
  - Strong growth and positive outlook
- **Energy/Telecoms**
  - Stable backlog and positive outlook
- **Industry**
  - Continues to grow, increased revenue from existing and new customers

Outlook

Outlook

- For 2015, Kitron expects growth and a clear improvement in profitability.
- Growth is primarily driven by increased demand in Defence sector for US and Norwegian markets, as well as increases in Energy/Telecoms and Industry.
- Offshore/Marine will have reduction due to oil service market in Norway.
- Kitron continue to monitor the volatile currency markets and its effect on our operations

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Thank you!