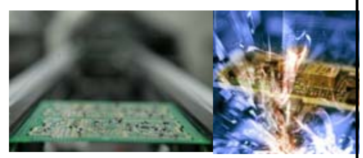
Q3 results 2009

4 November 2009

Jørgen Bredesen, CEO

Björn Wigström, CFO



Weak revenue and operating profit

Financial highlights

- Strong balance sheet and liquidity
- Backlog improved compared to Q2
- Revenue down 25.5% vs Q3 last year
- Operating profit NOK 4.4 million
- Significant reduction of direct and indirect costs (NOK 130 million annualized)
- Strong performance vs peers

Aligning capacity to the market

Operational highlights

- **The confidence in the market is slowly returning – customers increase inventory levels**
- **Capacity adjustments still ongoing. Downsizing with 24 FTEs in Q3 and 351 FTEs year to date.**
- **Continued focus on operational streamlining and margin improvements**

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Financial statements Q3 2009

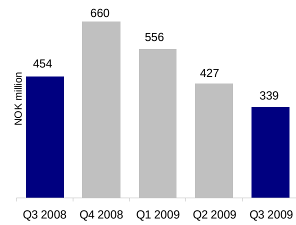
Revenue lower

- **Revenue in Q3 ended at NOK 339 million which represents a 25.5% reduction**
- **Q3 is seasonally lower than other quarters**
- **Most significant decline within the Industry and Offshore segments**
- **Q3 change by market segment:**

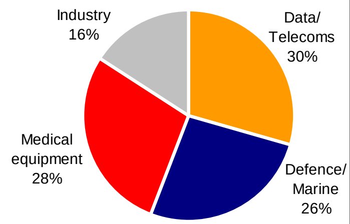
Q3 2009 vs Q3 2008

Data/Telecoms	-21.1%
Defence/Offshore	-34.3%
Medical equipment	14.5%
Industry	-50.6%

Revenue Group



Revenue by market segment
Total revenue NOK 339 million



Revenue by country

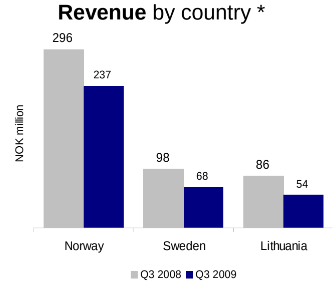
- **Lower revenue in all manufacturing units:**

Q3 2009 vs Q3 2008

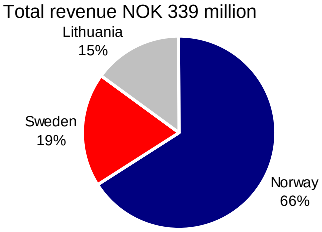
Norway	-22.0%
Sweden	-30.4%
Lithuania	-37.3%

- **Transfer of manufacturing to Lithuania is continuing**
- **Sales to Norwegian market stable while sales to the Swedish market is down by 44%**

Revenue by country *



Revenue by country
Total revenue NOK 339 million

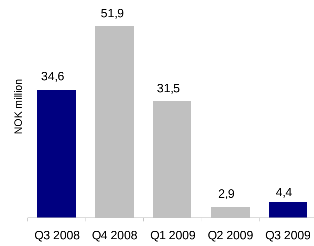


* Before group entities and eliminations

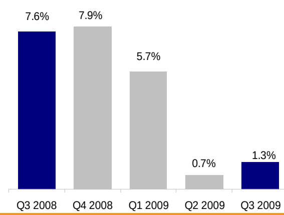
Reduced profitability

- **Operating profit in Q3 was NOK 4.4 million (NOK 34.6 million)**
- **Main factors behind lower profit:**
  - Revenue lower
  - Cost and productivity issues related with the capacity adjustment
  - Different product mix
- **Operational improvement program yield positive contribution**
- **Relative payroll costs 25.7% of revenue (22.8%) and other operating costs 7.6% of revenue (6.5%). Further meassures being taken.**

Operating profit Group



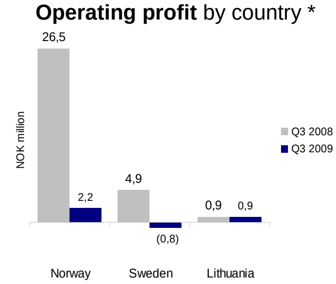
Operating margin Group



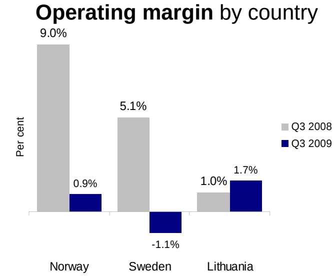
Profit by country

- **Norway and Lithuania deliver slightly positive results**
- **Sweden had a negative result but the trend is positive**

Operating profit by country *



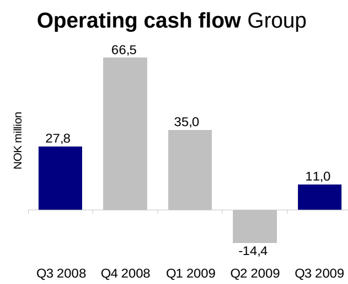
Operating margin by country

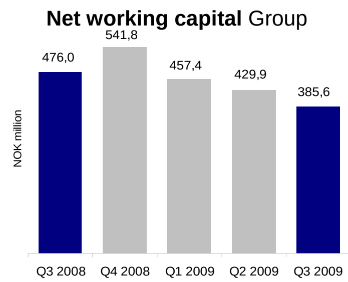


* Before group entities and eliminations

Cash flow

- **Cash flow was NOK 11.0 million (NOK 27.8 million)**
- **Investments level reduced significantly**
- **Reduction in working capital is driving positive development**
  - Inventory down NOK 62 million vs Q3 2008
  - Receivables down NOK 130 million vs Q3 2008.
  - Partly off set by NOK 113 million lower payables
- **Low exposure for bad debt and inventory write offs**





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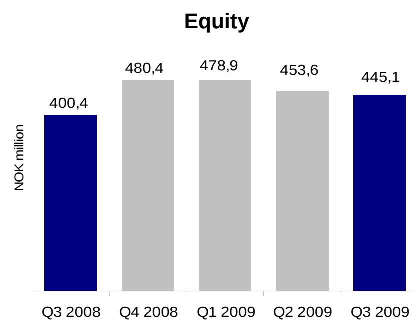
Increasing equity ratio

- **Equity of NOK 445.1 million (400.4) and the equity ratio to 47.2% (34.9%)**
- **Mainly driven by total balance reduction**



Equity ratio

34.9%	**38.4%**	**40.8%**	**46.9%**	**47.2%**

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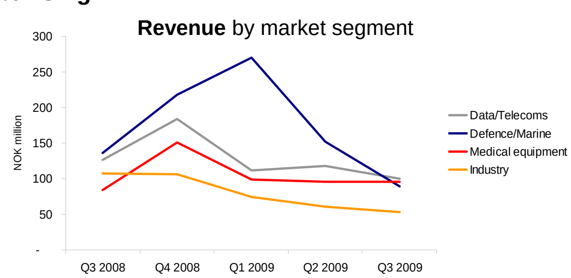
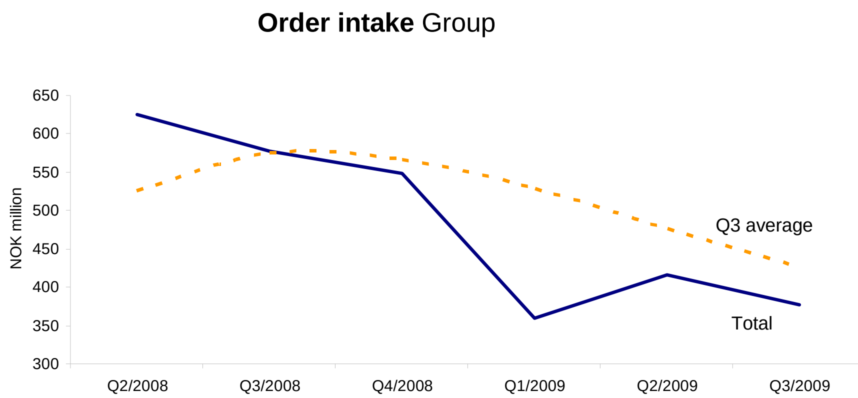
Market development

Decreased demand in Q3

- **Medical equipment continue strong trend – several companies ramping up manufacturing**
- **Significant drop in Offshore but signs of stronger market ahead – Defence segment maintain strong development**
- **Data/Telecoms trend mixed**
- **Industry segment is stabilising**



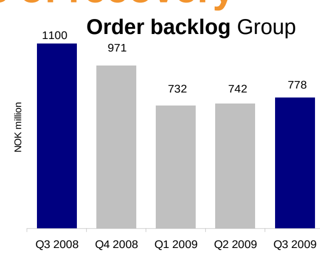
Order intake at a low level

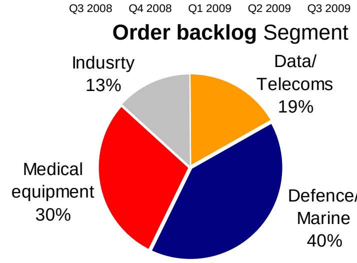


Order backlog shows signs of recovery

- **Order backlog at NOK 778 million (NOK 1100 million)**
- **Backlog has stabilised**
- **Expected long-term positive development in the Medical equipment and Defence segments**

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





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Outlook

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- Capacity adjustments are yielding desired effect
- Annual total cost reductions expected to be about NOK 130 million
- Further adjustments related to transfer of manufacturing and operational improvements can not be ruled out
- Investments to improve competitiveness and training of staff are prioritised
- Improved profitability expected in Q4


Thank you!
Kitron