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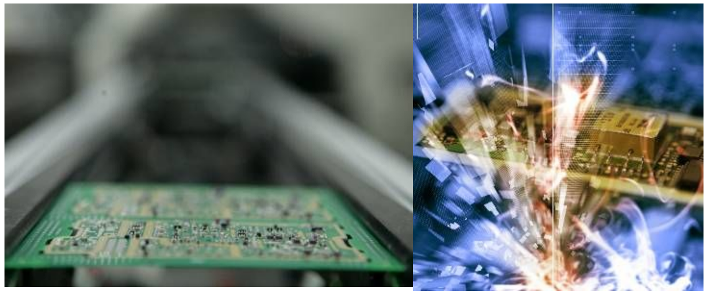
Q4 results 2009

4 February 2009

Jørgen Bredesen, CEO

Björn Wigström, CFO



Positive trend in Q4

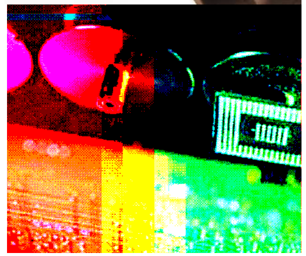
Financial highlights

- **Strong cash generation: NOK 62.3 million in Q4**
- **Backlog increased for the third quarter in a row**
- **Revenue down 35.3% vs Q4 last year but trend is positive**
- **Profitability is recovering - operating margin 3.7% in Q4**
- **Strong performance vs peers through 2009**

Strategic steps to expand market

Operational highlights

- **Improved market conditions**
- **Expanding market coverage and manufacturing network**
  - Small front end EMS company in Germany acquired (subject to financial closing)
  - Decision taken to set up manufacturing unit in China
    - Lease agreement signed



Focus on streamlining operations

Operational highlights

- **Positive effect of completed downsizing**
  - Headcount reduced by 350 FTE's in 2009
  - Significant reduction of cost base (about NOK 130 million on annual basis)
- **Decision taken to divest development department**
  - Entering a structured sales process
  - Looking for a strategic alliance with a larger development house
- **Continued focus on operational streamlining and margin improvements**

Major New Orders (up to 31.01.2010)

- **Major new orders booked in Q4**
  - Medical ventilator systems for Maquet (NOK 40 million)
  - Complex communication equipment for KDA (NOK 28 million)
  - Protector, weapon control system for KDA (NOK 23 million)
  - Service order for offshore client (NOK 20 million)
  - Long term agreement with Otrum (NOK 35 million over 3 years)
- **Major new orders in January 2010**
  - New order within medical equipment segment (NOK 80 million)
  - Long term agreement with Danaher Motion (more than NOK 100 million) – First contract based on China manufacturing!
  - Protector, weapon control system for KDA (NOK 20 million)

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Kitron

Financial statements Q4 2009

Revenue as expected

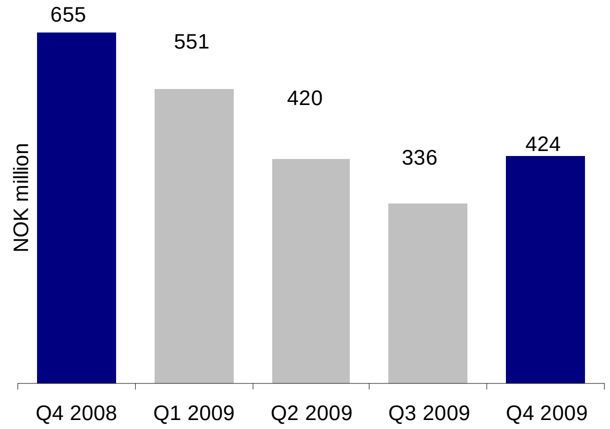
- **Revenue at NOK 424 million, 35% lower than last year**
- **Q4 change by market segment:**

Q4 2009 vs Q4 2008

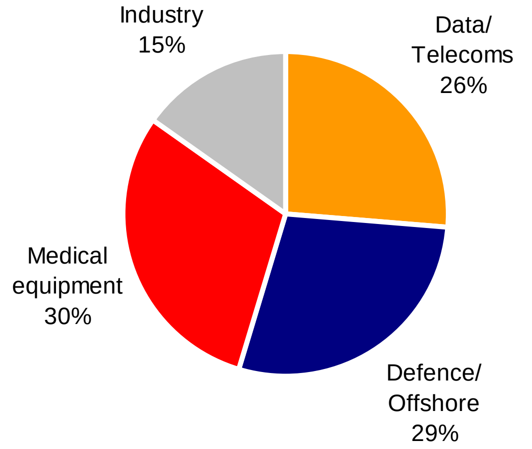
Data/Telecoms	-38.5%
Defence/Offshore	-44.1%
Medical equipment	-15.3%
Industry	-40.3%

- **Offshore segment down while trend in Defence is positive**
- **Positive trend quarter by quarter and strong activity towards the end of Q4**

Revenue Group



Revenue by market segment
Total revenue NOK 424 million



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Revenue by country

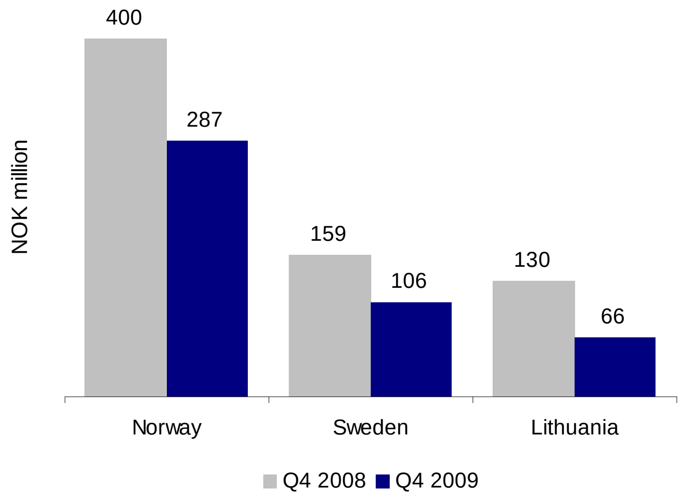
- **Norway and Lithuania negatively affected by drop in Offshore segment**

  Q4 2009 vs Q4 2008

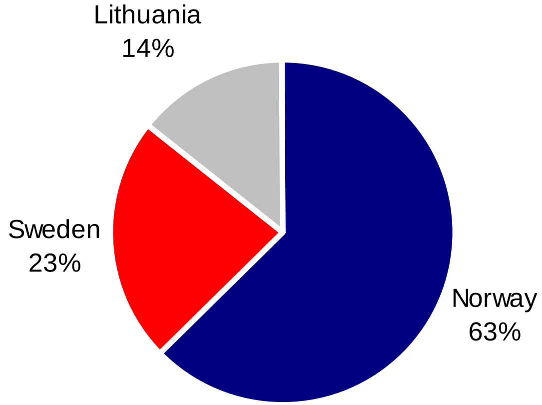
Norway	-28.4%
Sweden	-33.4%
Lithuania	-48.9%

- **All operations adjusted to lower revenue level**
- **Positive trend quarter by quarter across all units**
- **Component shortage and other bottlenecks to ramp up production held back revenue growth in Q4**

Revenue by country *



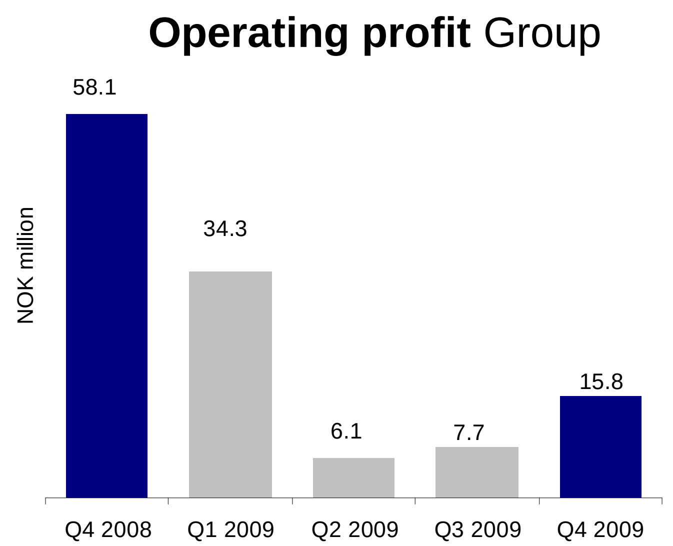
Revenue by country
Total revenue NOK 424 million

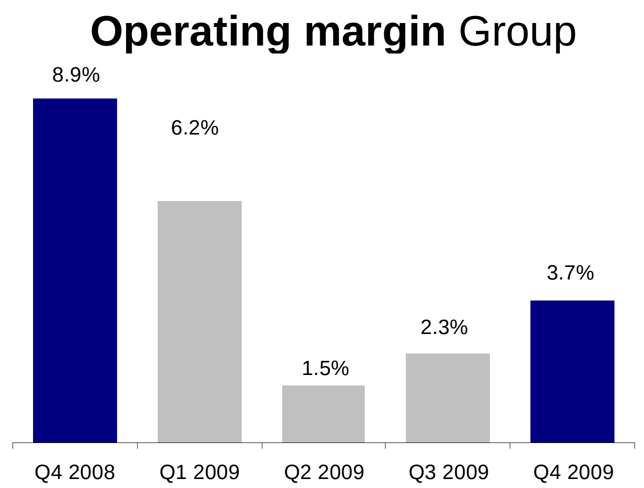


* Before group entities and eliminations

Profitability improving

- **Operating profit in Q4 was NOK 15.8 million (NOK 58.1 million) and margin was 3.7% (8.9%)**
- **Main factors behind lower profit vs Q4 2008:**
  - Revenue lower and different product mix
  - Cost and productivity issues related to the capacity adjustment
- **Operational streamlining yields positive effect:**
  - Cost base reduction NOK 130 million on annual basis
  - Global sourcing, manufacturing efficiency and transfer program give positive improvement
- **Relative payroll costs 26.6% of revenue (21.1%) and other operating costs 5.9% of revenue (5.8%)**

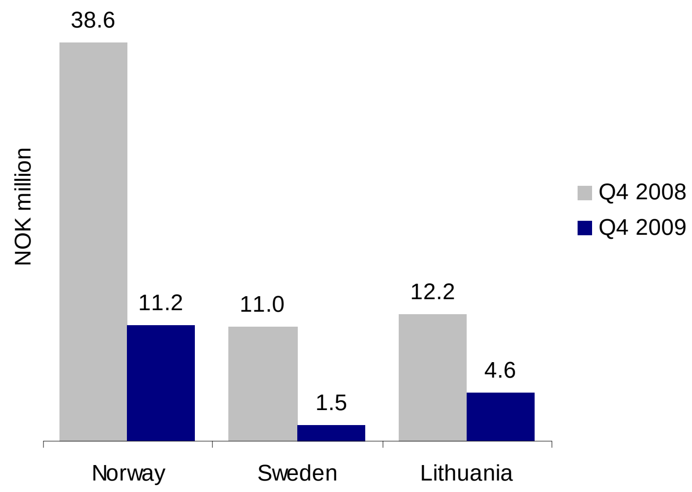




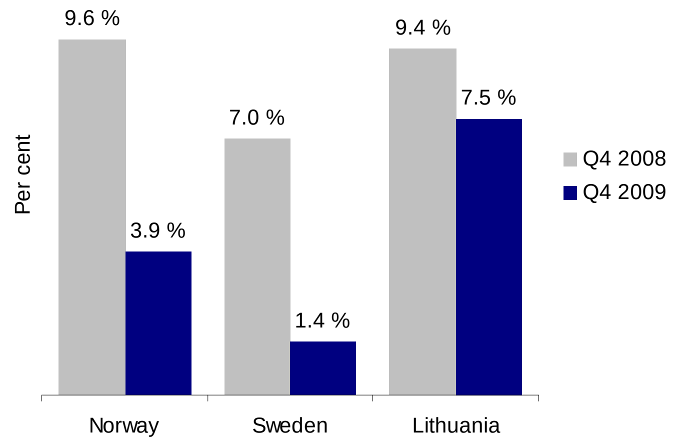
Profit by country

- **All sites deliver positive results and the trend quarter on quarter is positive.**
- **Actions to turn around Swedish operations are gradually yielding results.**
- **NOK 2.5 million early retirement provision included in Q4 result for Sweden**

Operating profit by country *



Operating margin by country

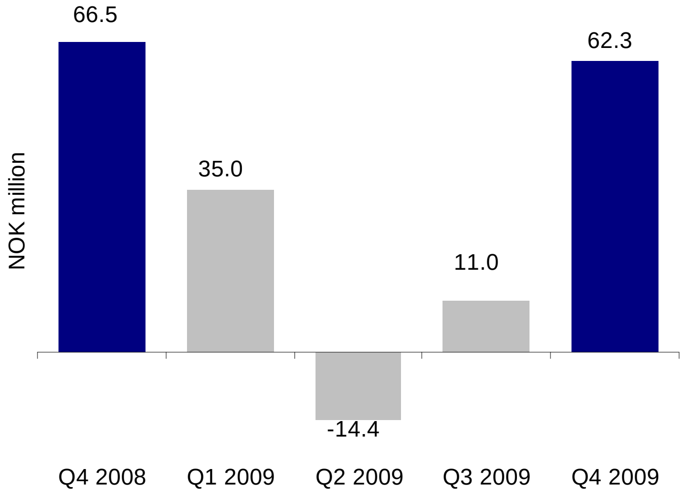


* Before group entities and eliminations

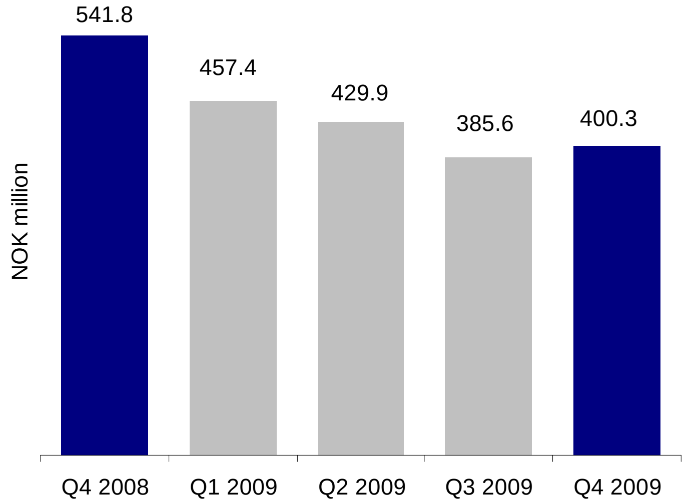
Cash flow

- **Cash flow was NOK 62.3 million (NOK 66.5 million)**
- **Investment level reduced**
- **Reduction in working capital is driving positive development**
  - Inventory down NOK 70 million vs Q4 2008
  - Receivables down NOK 166 million vs Q4 2008
  - Partly off set by NOK 104 million lower payables
- **Low exposure for bad debt and inventory write offs**

Operating cash flow Group

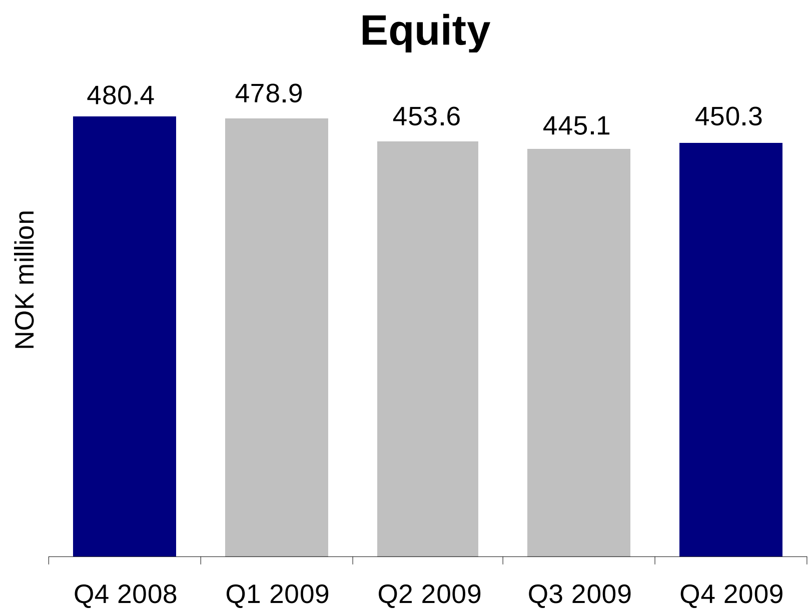


Net working capital Group



Strong equity ratio

- **Equity of NOK 450.3 million (480.4) and an equity ratio of 45.9% (38.4%)**
- **Increase in equity ratio driven by total balance reduction**
- **Exchange rate fluctuations and divestments had a negative impact on equity in absolute value**



Equity ratio

38.4%	**40.8%**	**46.9%**	**47.2%**	**45.9%**

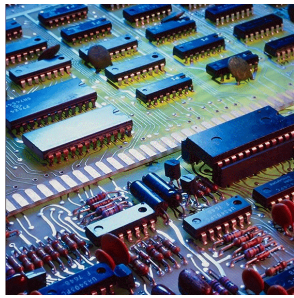
Kitron Development reclassified to discontinued operations

- **Decision taken to divest Kitron Development (an operation within Kitron AS)**
- **Reclassification done in financial statements**
  - Balance sheet reclassification of assets (NOK 8.3 million) and liabilities (NOK 5.8 million)
  - Key financials (full year) of reclassified operation:

Revenue	NOK 19 million
EBIT	NOK -11 million

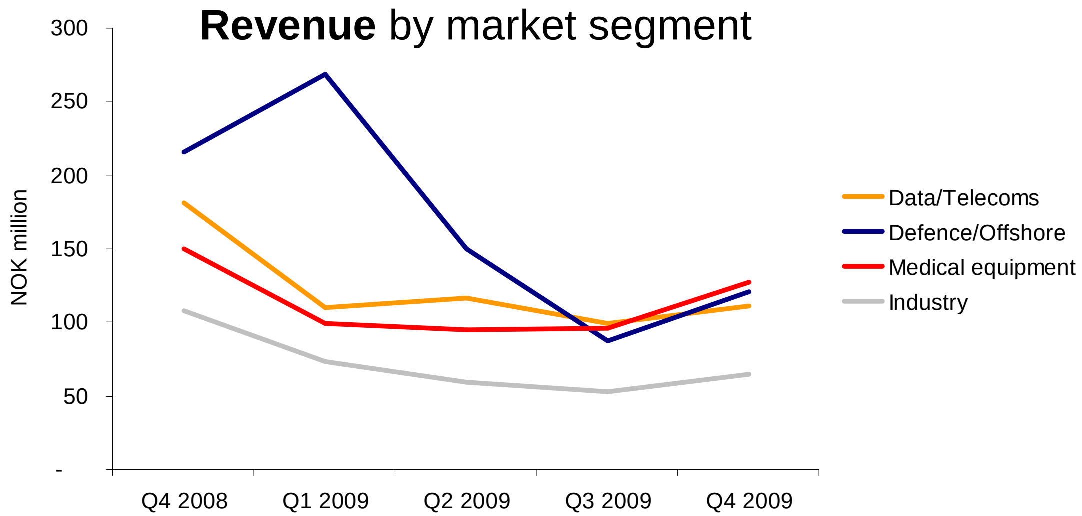
- **All comparative numbers restated to only reflect continued operation**

Market development

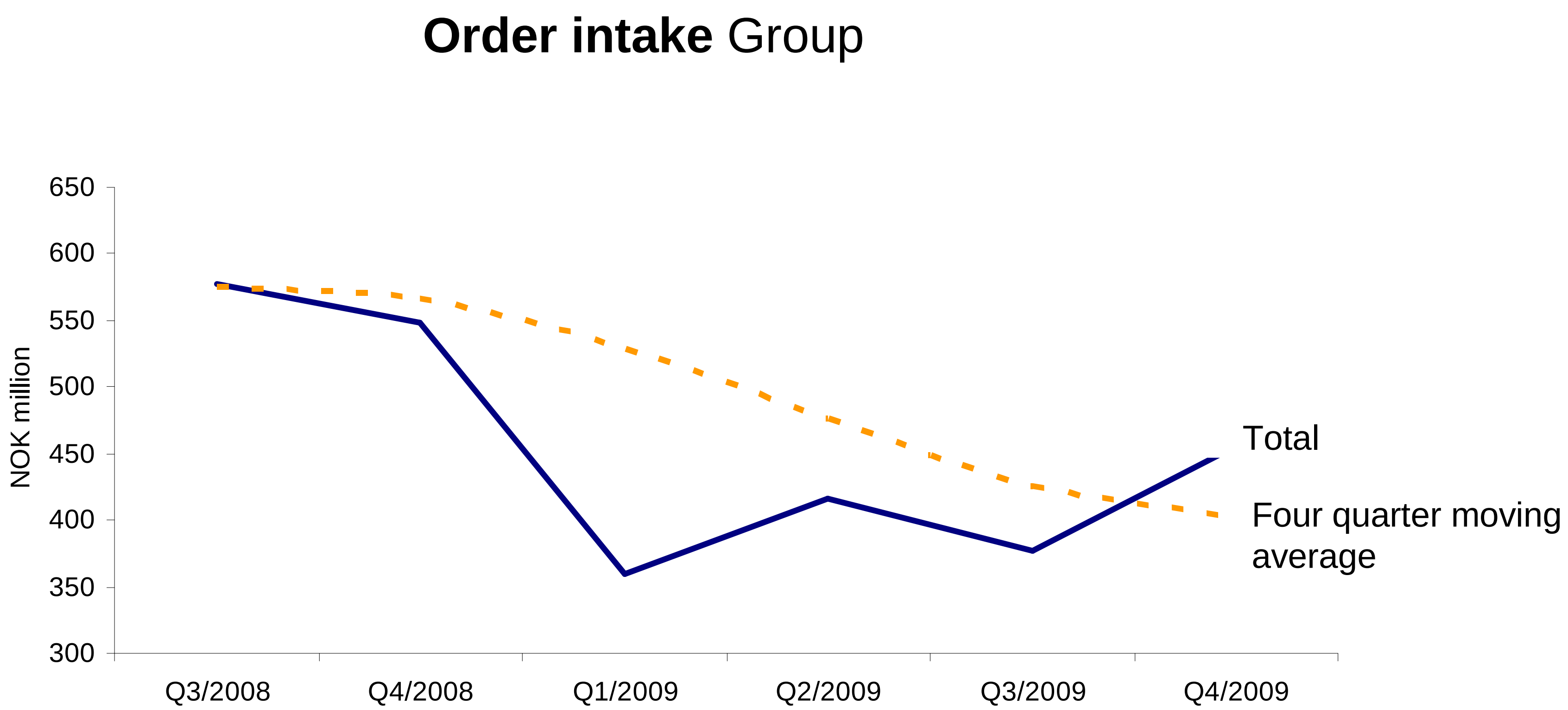




Improved market conditions expected

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



Order intake improving

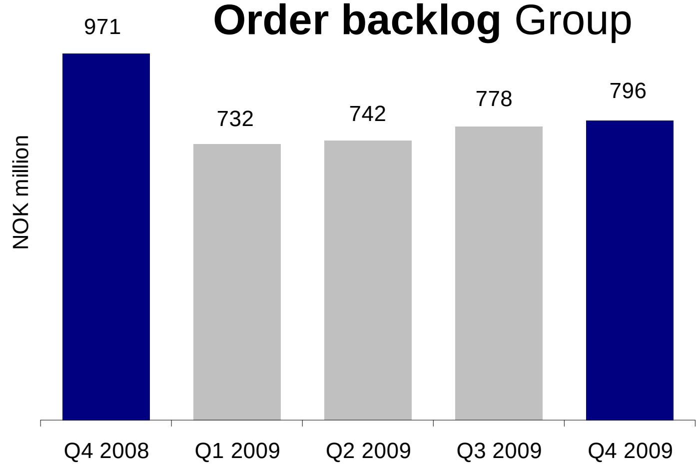


Order backlog is recovering

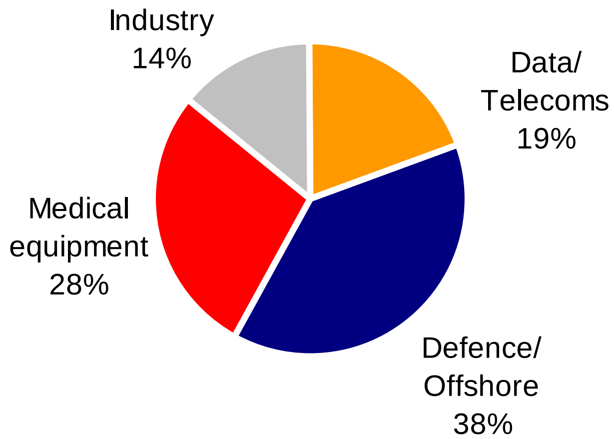
- **Order backlog at NOK 796 million (NOK 971 million)**
- **Backlog increasing for the third quarter in a row**
- **Expected long-term positive development in the Medical equipment and Defence segments**
- **Offshore expected to recover in second half of 2010**

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

Order backlog Group



Order backlog Segment



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Expanding market coverage

- **A smaller EMS engineering and NPI company acquired**
  - The German EMS market is the largest in Europe
  - Focus on front-end engineering and NPI
  - Based primarily on manufacturing in Lithuania and China

- **Decision taken to establish a manufacturing operation in China**
  - Lease agreement signed
  - Factory expected to be operational in 2H 2010
  - Offering another lower cost manufacturing alternative and opening up new markets

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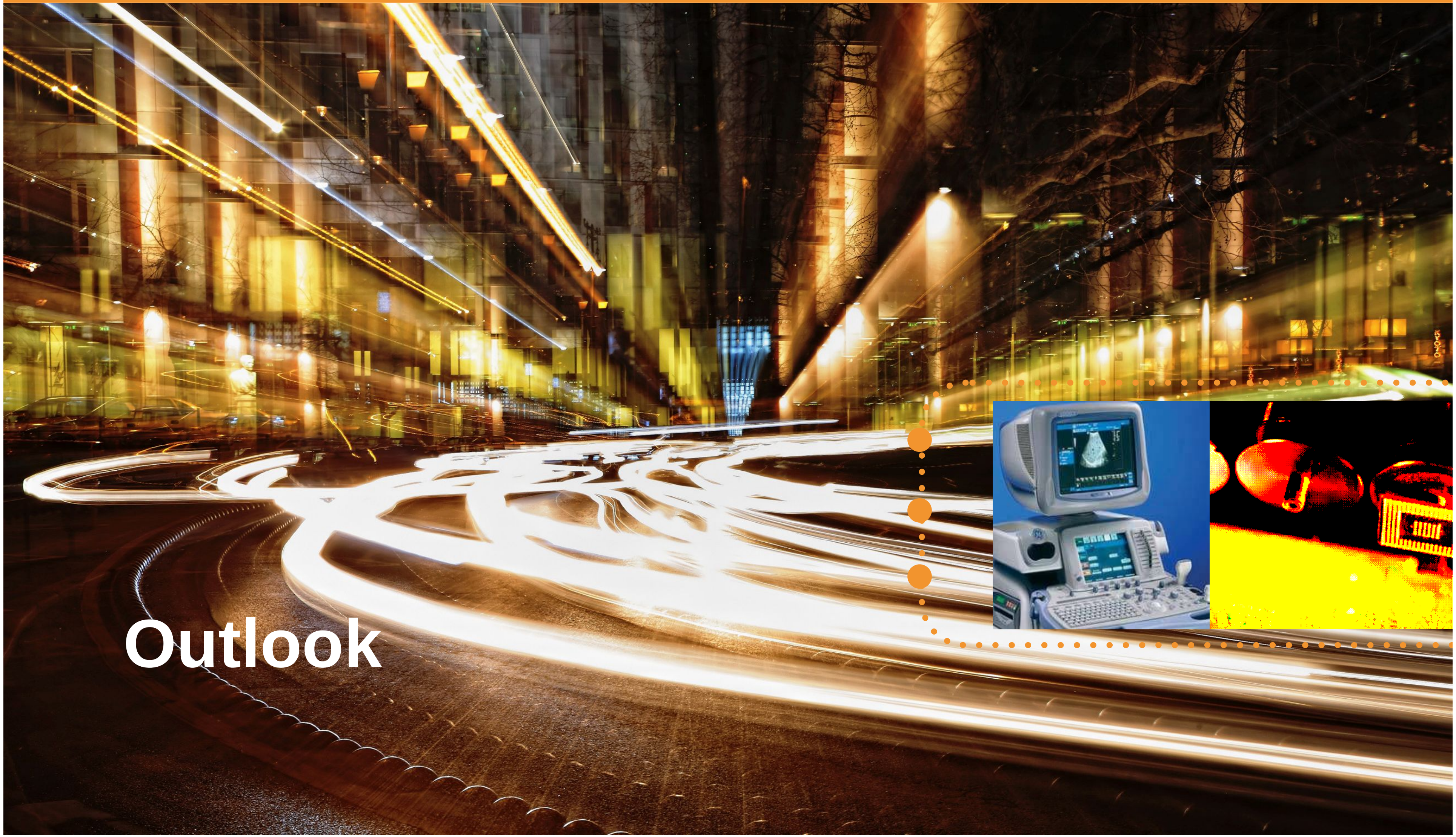
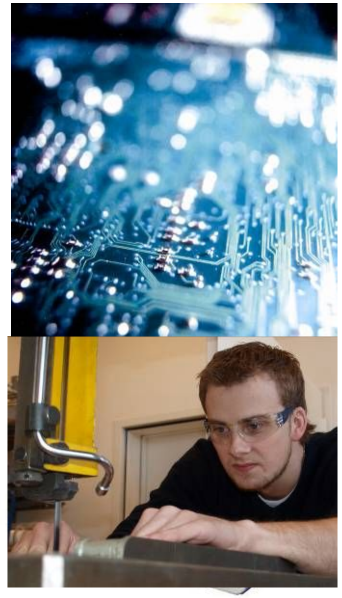
Outlook



Outlook

- Order intake and backlog expected to continue to improve quarter by quarter
- Capacity adjustments expected to yield positive effect on profitability in 2010
- Continued focus on operational improvements (supply chain management, ERP, exit or turn around loss making activities etc)
- Strong focus on balance sheet management and cash flow continues
- Profitability expected to improve in 2010




Thank you!
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