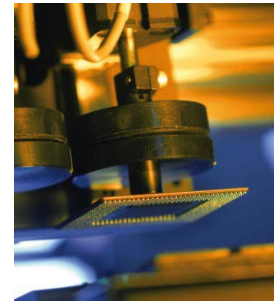


Q4 results 2013

February 12th 2014

Dag Songedal, Interim CEO






Cathrin Nylander, CFO



Financial highlights for Q4:

Revenue growth but reduced profitability

- High activity level
- EBIT affected by accruals
- Positive cash flow even though lower than last year

NOK mill.		Q4 2013 vs Q4 2012
Revenue 476,3		3,0 %
EBIT 4,3		-82,5 %
Order backlog 718,1		-7,5 %
Operating cash flow 51,0		-39,8 %
Net working capital 521,7		3,2 %

Major new orders:

Key contracts secured in new markets

- **Kitron signs agreement with Maquet**
 - Extension of existing contract
 - Deliveries of mechanical and electronic-based products in the Medical segment
 - Production in Ningbo and Jönköping
- **Kitron receives the first prototype orders from Cassidian**
 - Initial orders are of limited value in terms of revenue, but are expected to give substantial business potential with the whole affiliated group in the future.
 - Power supply units for one of Cassidian Optronic's target acquisition systems.
 - Production in Kaunas
- **Kitron expands business with Husqvarna Group**
 - Annual Revenue of MNOK 25 – doubling current level
 - Deliver electronics manufacturing services
 - Production in Kaunas and Jönköping

Change of strategy affects results

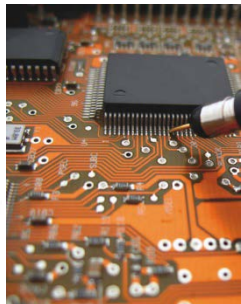
- **Change of strategy regarding distribution centre**
 - The project has proved to be costlier and more complex than originally assumed
 - Kitron will take other measures in order to achieve the cost savings that the project was meant to deliver.
 - One-off cost in fourth quarter totalling NOK 8,7 million
- **Change in sourcing organisation and strategy**
 - Simplification of organisation
 - Fewer suppliers

Other information:

Change in the Board of Directors

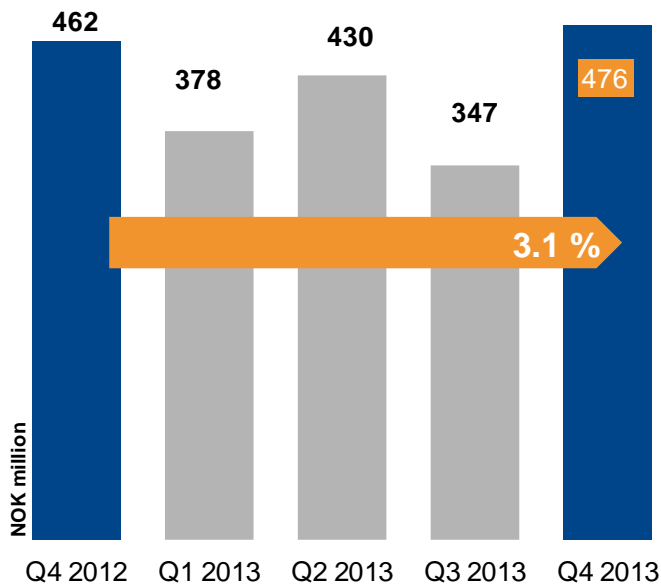
- **Asa-Matti Lyytinen to resign as chairman**
 - Lyytinen has been chairman from November 2010
 - Will stay in position until a new chairman is elected
 - Extraordinary General Meeting to be held at February 21 2014

Financial statements Q4 2013



Revenue:









Growth within Defence/Aerospace and Industry

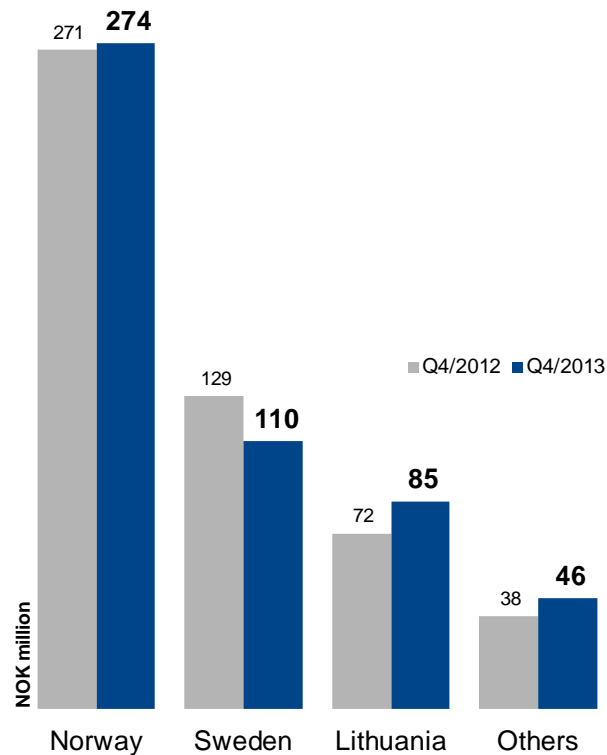


	Q4 2013 vs Q4 2012	Share of total revenue
Offshore/Marine	-18,4 %	14,9 %
Medical equipment	-7,9 %	27,4 %
Defence/Aerospace	34,5 %	24,5 %
Energy/Telecoms	-4,3 %	10,6 %
Industry	14,3 %	22,6 %

Revenue by country*:

Continued growth in Lithuania

	Q4 2013 vs Q4 2012	Share of total revenue
Norway	1,0 % 	53,2 % 
Sweden	-14,5 % 	21,4 % 
Lithuania	18,1 % 	16,6 % 
Others	20,0 % 	8,9 % 



* Before group entities and eliminations

EBIT:

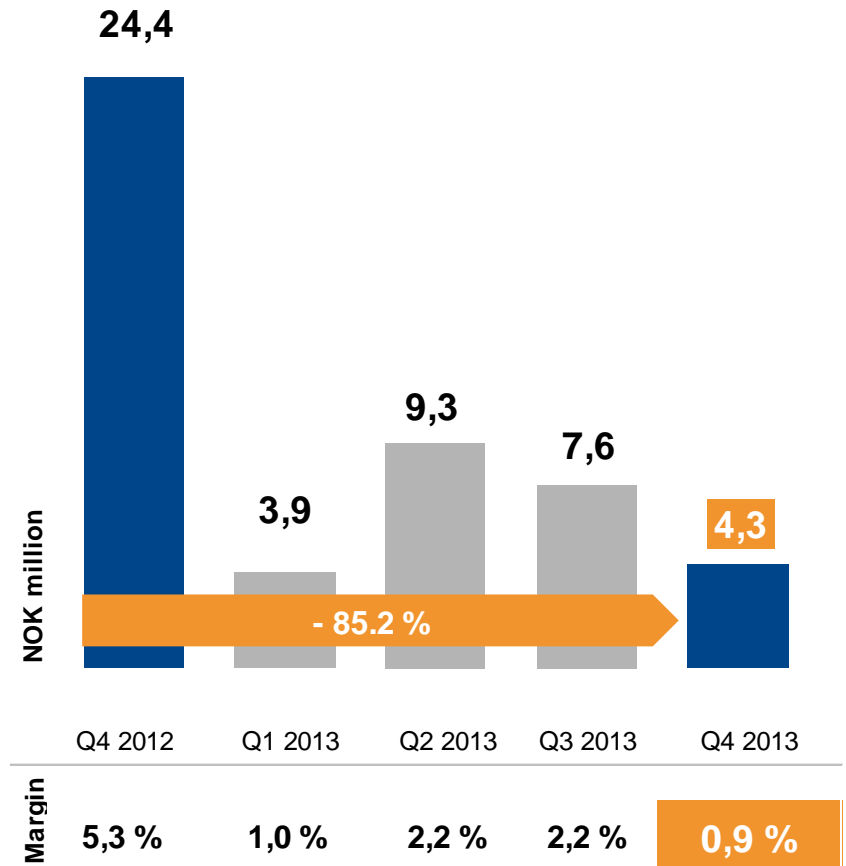
Significant reduction in EBIT

- **Profitability reduction**

- Accruals related to Distribution Centre
- Change in revenue mix
- Margin pressure, both on existing and new customers

- **Cost reduction measures initiated**

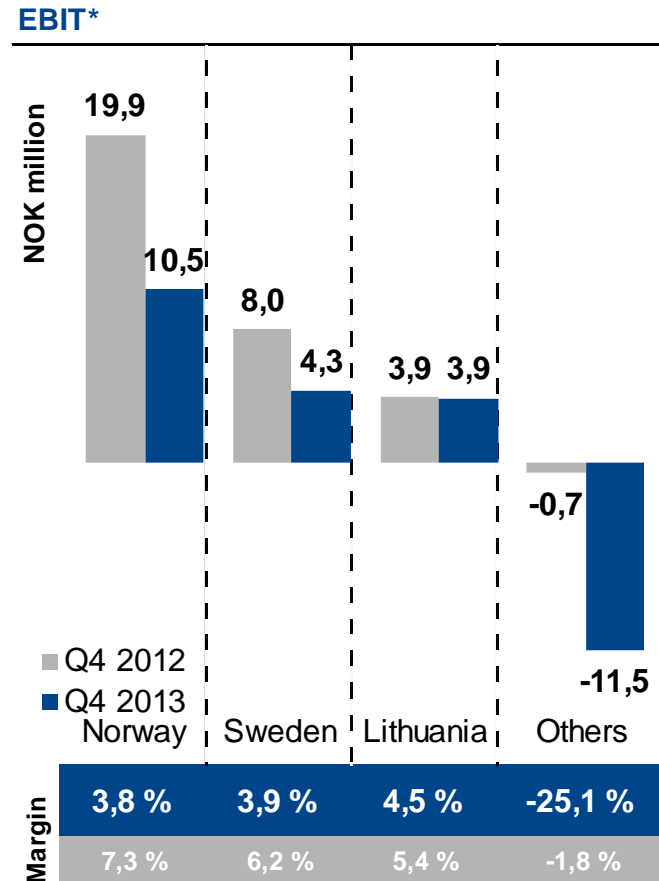
- Sourcing
- Continue initiatives started in 2013



EBIT by country:

Norway profitability under pressure

- **Norway:** Change in revenue mix, low-margin products have increased in volume.
- **Sweden:** Lower revenue
- **Lithuania:** Higher revenue but at lower margins
- **Other:** Accrual for Distribution Centre (MNOK 8,7).



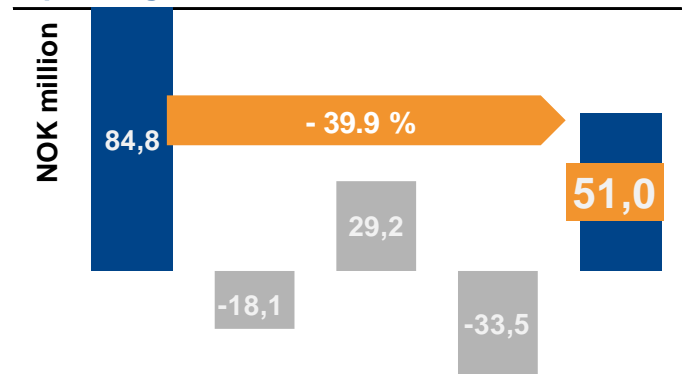
* Before group entities and eliminations

Balance sheet:

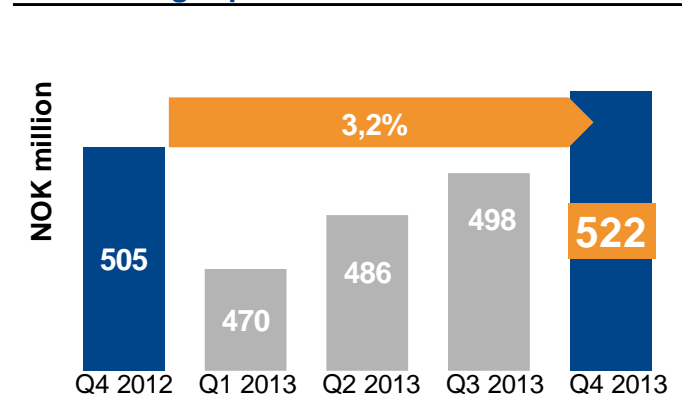
Positive cash flow

- **Reduction compared to last year**
 - Reduced profitability and working capital increase
- **Working capital increase due to higher inventories**
 - Inventory reduction in Q4 but less than last year
 - Build up for activity in Q1
 - Products held for customers

Operating cash flow



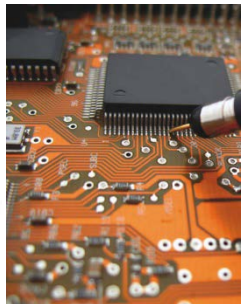
Net working capital



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Financial highlights 2013



Reduction in revenue and margin pressure

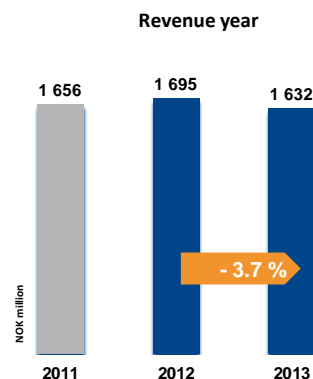
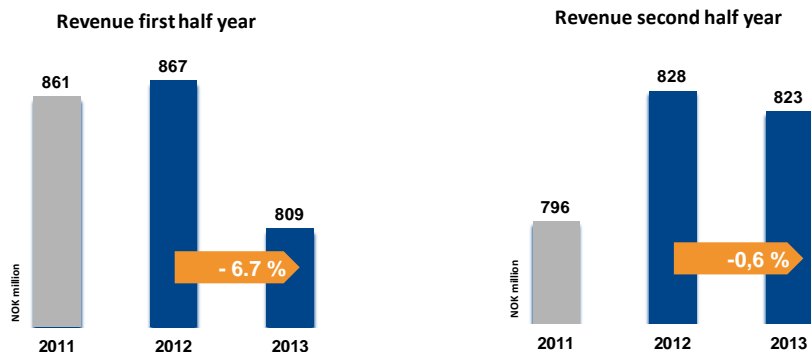
- **Activity level reduction in Sweden**
- **Growth in Lithuania**
- **Decreased margins**
- **EBIT affected by accruals in Q4**
- **Positive cash flow even though lower than last year**

NOK mill.		2013 vs 2012
Revenue 1631,6		-3,7 %
EBIT 25,1		-65,1 %
Order backlog 718,1		-7,5 %
Operating cash flow 28,6		-32,7 %
Net working capital 521,7		3,2 %

Revenue 2013:

Increased activity during 2nd half of 2013

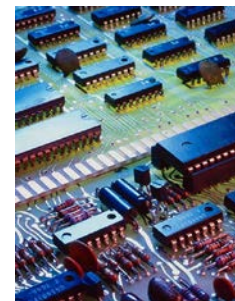
- Weak first half of 2013, second half at same level as 2012
- Defence/aerospace and industry show growth overall
- Sweden has had a reduced activity level all year



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Market development

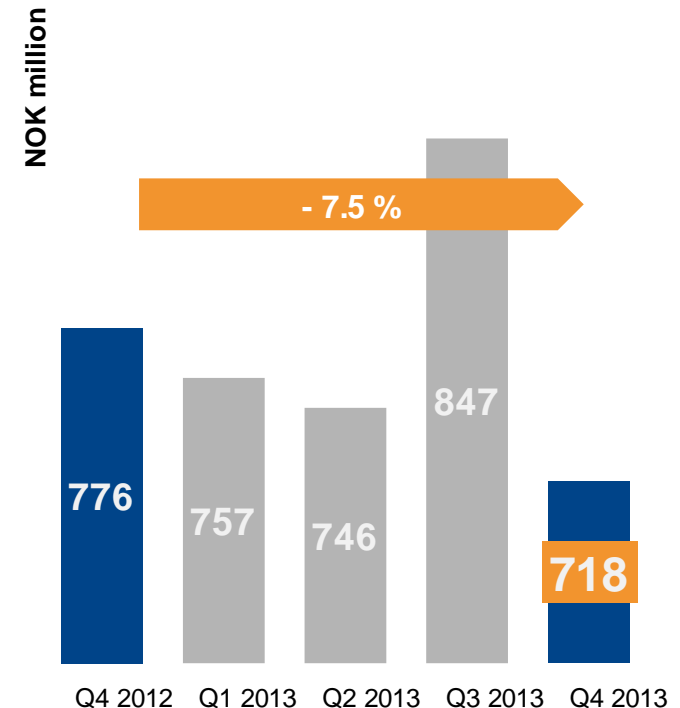


Order backlog:

Reduction in Norway

- Reduction within Defence/Aerospace and Offshore/Marine segments – primarily in Norway.
- Industry segment shows growth
- Sweden, Lithuania and US have growth in order backlog compared to last year

Order backlog



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

Market development

- **Offshore/Marine**

- Kitron foresees stable demand at previous levels for the first half of 2014.
- Low visibility for second half of 2014 and forward.

- **Medical equipment**

- Expects a long-term positive development with customers in Norway, Sweden and Germany.

Market development

- **Defence/Aerospace**

- Kitron has had a strong quarter within Defence/Aerospace but expects a more stable level going forward.

- **Energy/Telecoms**

- Kitron expects growth within the Energy/Telecoms segment in 2014, primarily driven by larger individual customers and their projects.

- **Industry**

- Kitron has had growth within the Industry segment for the last three quarters and growth is also expected for the next quarter.

Outlook



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Outlook

Kitron expects a positive development in the Swedish and German markets, which suggests growth in the factories in Sweden and Lithuania. Growth is also expected in China, whereas the development in the Norwegian market is more uncertain.

Thank you!

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