

Elcoteq SE
Interim Report
January - June
July 23, 2008

Q2 Highlights

- Clear improvement to the profitability (Q2/08 vs. Q2/07):
 - Net sales 904.8 million euros
 - Operating income 0.6 million euros
 - Operating income improved also compared to Q1/08
 - All BAs reported positive operating income
- Action plans proceeding on track except for the delay in the divestment of the St. Petersburg plant



Business Areas

- Three Business Areas: Personal Communications (PC), Home Communications (HC) and Communications Networks (CN)
- PC is the biggest Business Area and had positive operating income, 0.9% of its net sales
- HC sales were lower than last year, but profitability improved and operating income was 1.0% of its net sales
- CN net sales decreased somewhat from last year, but operating income was positive, 1.8% of its net sales
 - Divestment of the German plant early 2008



The Action Plans

- The Action Plans are proceeding on track
 - changes in the customer base
 - cost savings are beginning to show effectiveness
 - plant network adjustments
 - measures to boost overall operational performance with more efficient materials management
- Annual savings of about 90-100 MEUR expected
 - Further savings still to come from:
 - divestment of St.Petersburg
 - optimizing the cost base in Mexico
 - more efficient use of manufacturing resources at all locations

Net Sales and Result, April - June

(IFRS)	Q2/2008	Q2/2007	2007
Net sales, MEUR	904.8	968.3	4,042.9
Operating income excluding restructuring expenses, MEUR	0.6	-15.9	-46.1
Operating income, MEUR	0.6	-19.0	-96.3
Income before taxes, MEUR	-5.5	-25.1	-122.8
Net income, MEUR	-13.7	-20.6	-108.4
EPS, EUR	-0.42	-0.64	-3.37
Gearing	1.2	0.8	0.7
ROCE (trailing 12 months), %	-6.2	-9.4	-19.6
Cash flow after investments, MEUR	-78.5	-21.0	-11.1

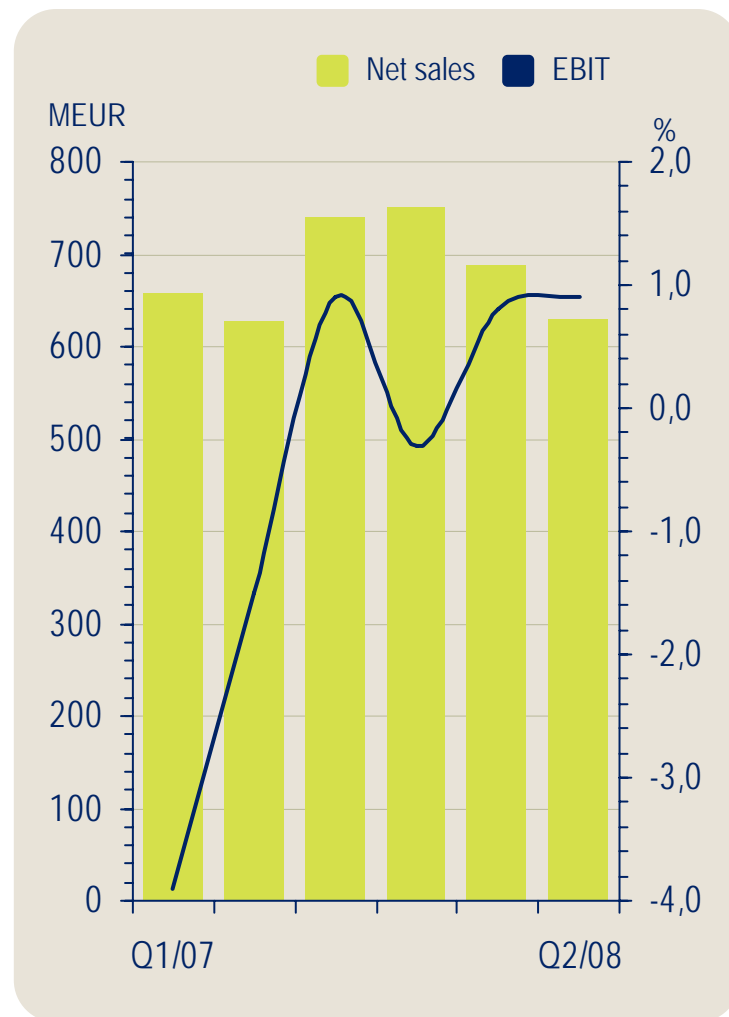


Key Figures, April - June

(IFRS)	Q2/2008	Q2/2007	2007
Capital employed, MEUR	448.6	472.9	435.2
Interest-bearing net debt, MEUR	220.2	192.1	144.5
Gross capital expenditures, MEUR	16.6	13.4	67.2
Personnel at the end of the period	21,522	23,847	24,222

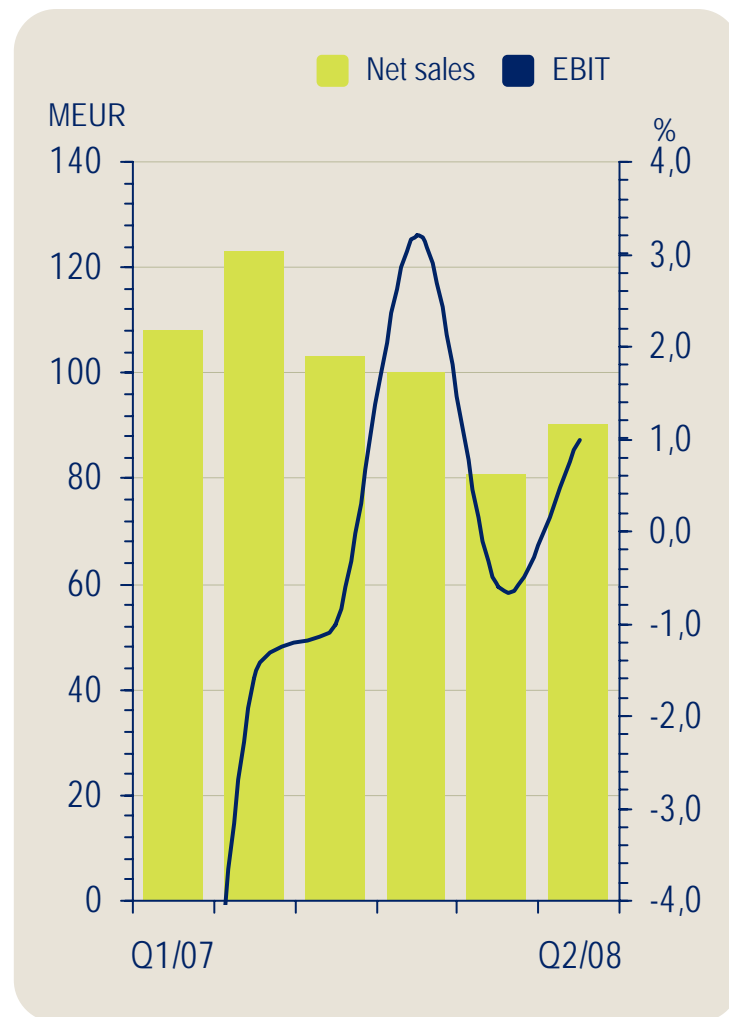
Personal Communications

- 70% of net sales
- Mobile phones, their parts and accessories, wireless modules and wireless phones



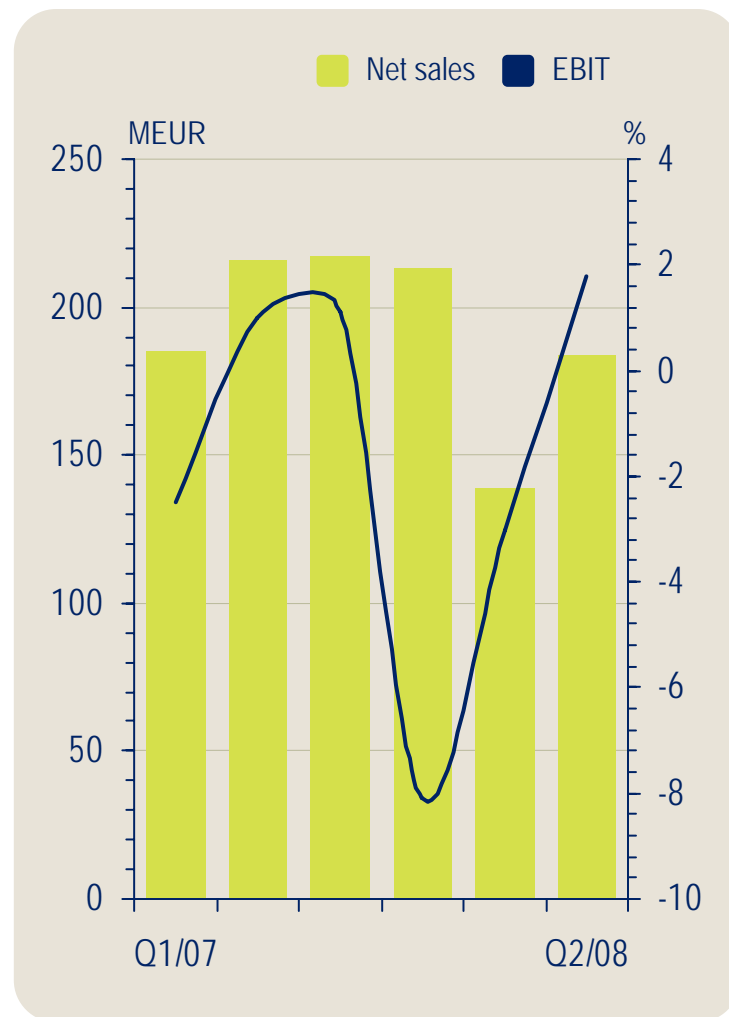
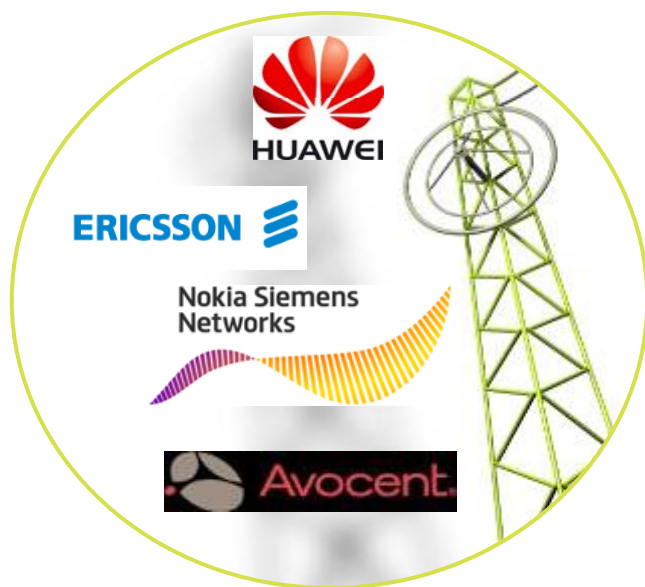
Home Communications

- 10% of net sales
- Set Top Boxes, Flat Panel TVs and other home connectivity products



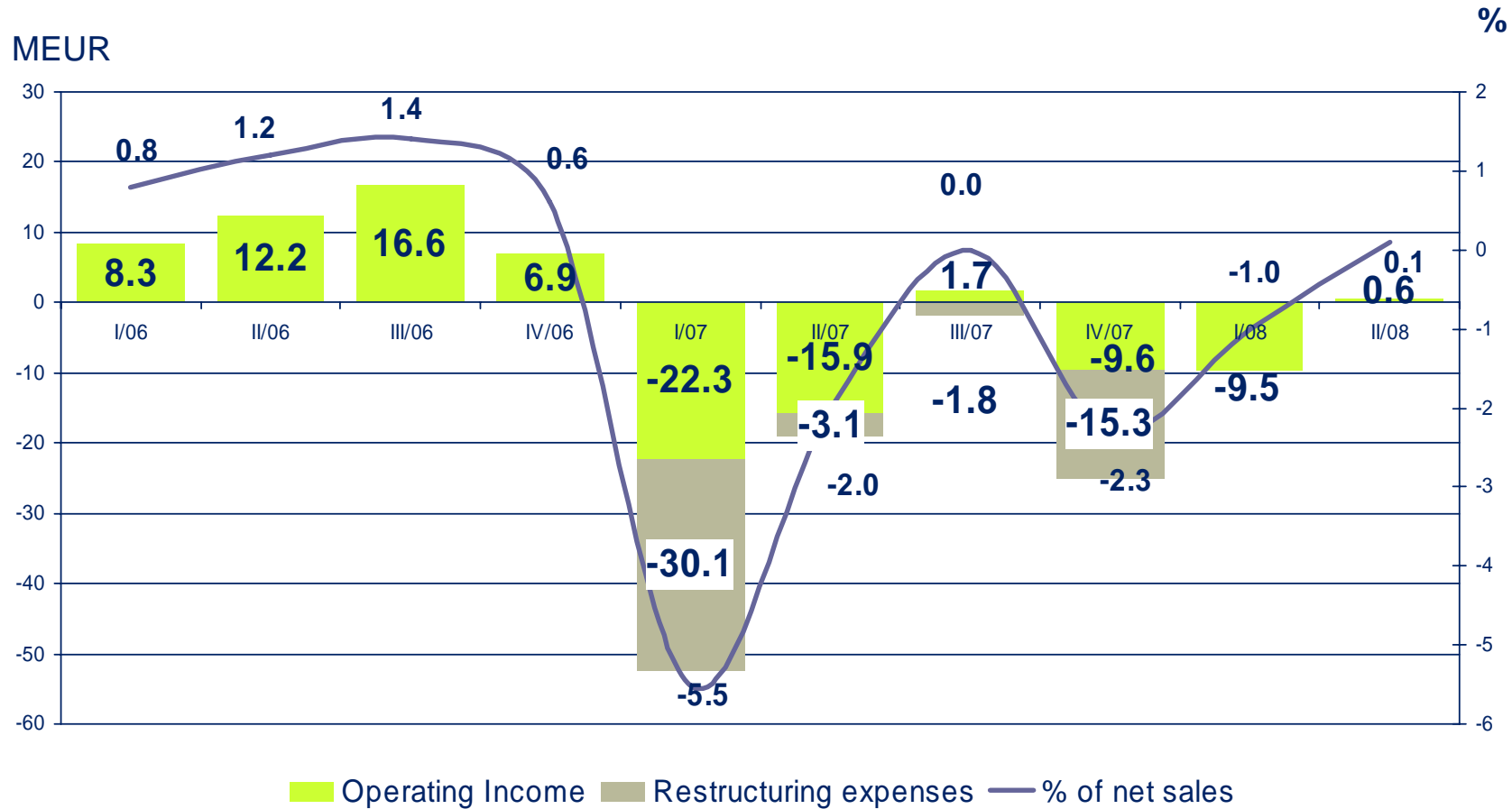
Communications Networks

- 20% of net sales
- Wireless, wireline and enterprise system products and plug-in units, such as base station products, transmission systems and broadband network products



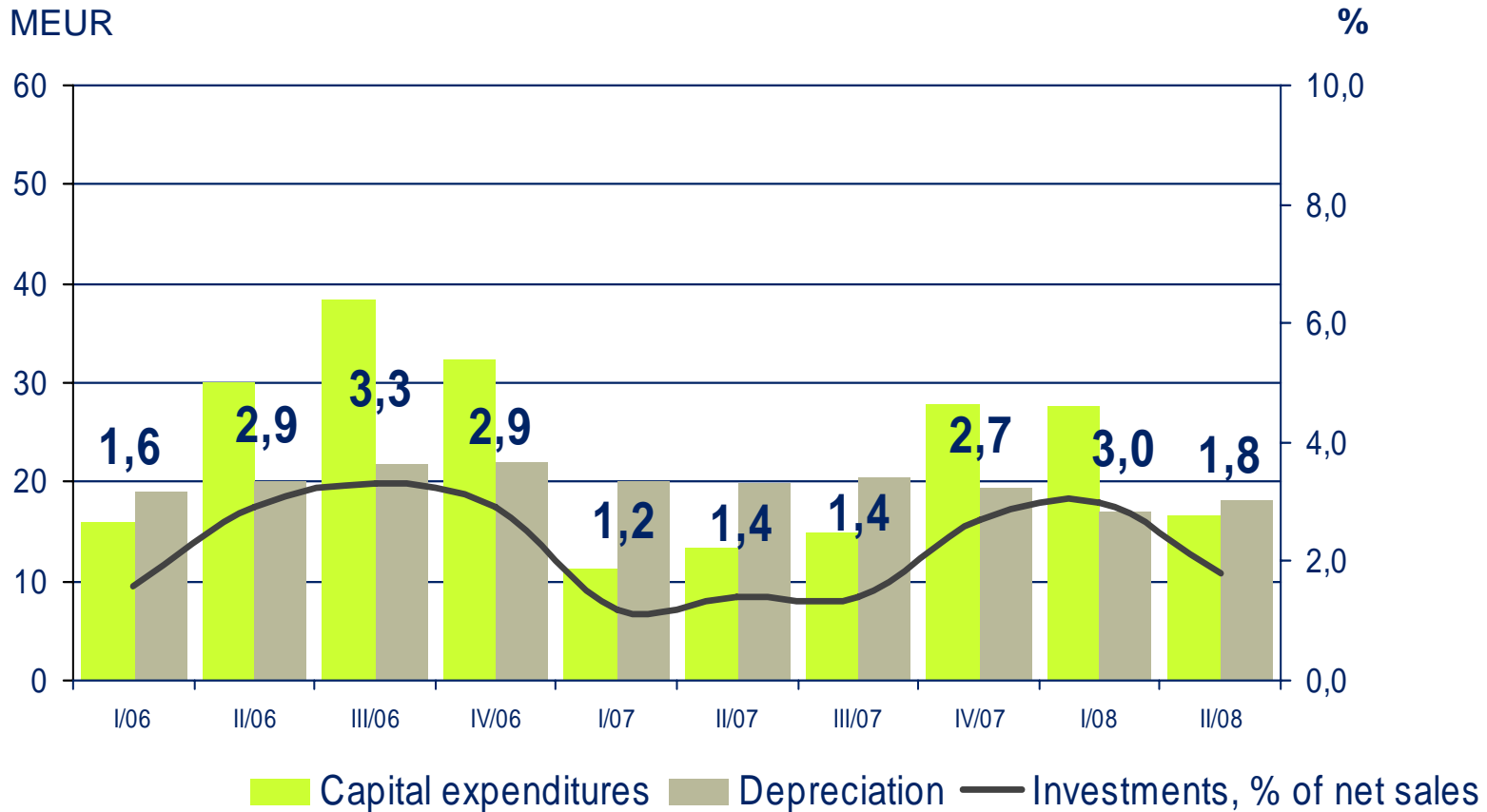


Operating Income



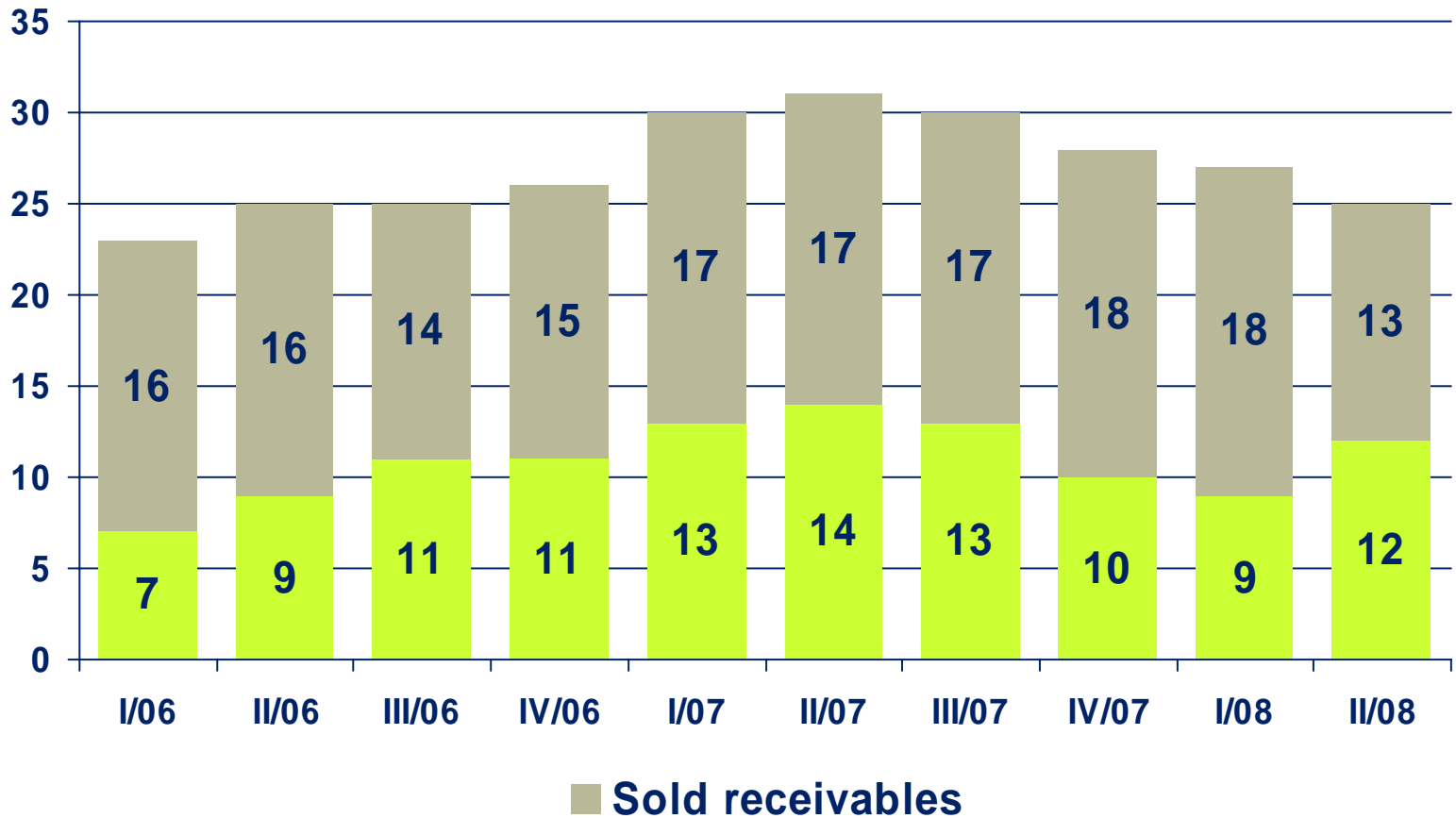


Capital Expenditures and Depreciation





Average Working Capital Days



Prospects

- Key priorities
 - Improving profitability
 - Expanding service offering
- Full year 2008
 - Net sales expected to be lower than 2007 level
 - Operating income expected to improve clearly from 2007
 - One percent operating income level expected to be reached gradually towards the end of the year
- Third Quarter 2008
 - Net sales expected to be lower than in the second quarter
 - lower than anticipated manufacturing volumes in PC
 - change in customer structure
 - Operating income expected to be on about the same level as the second quarter

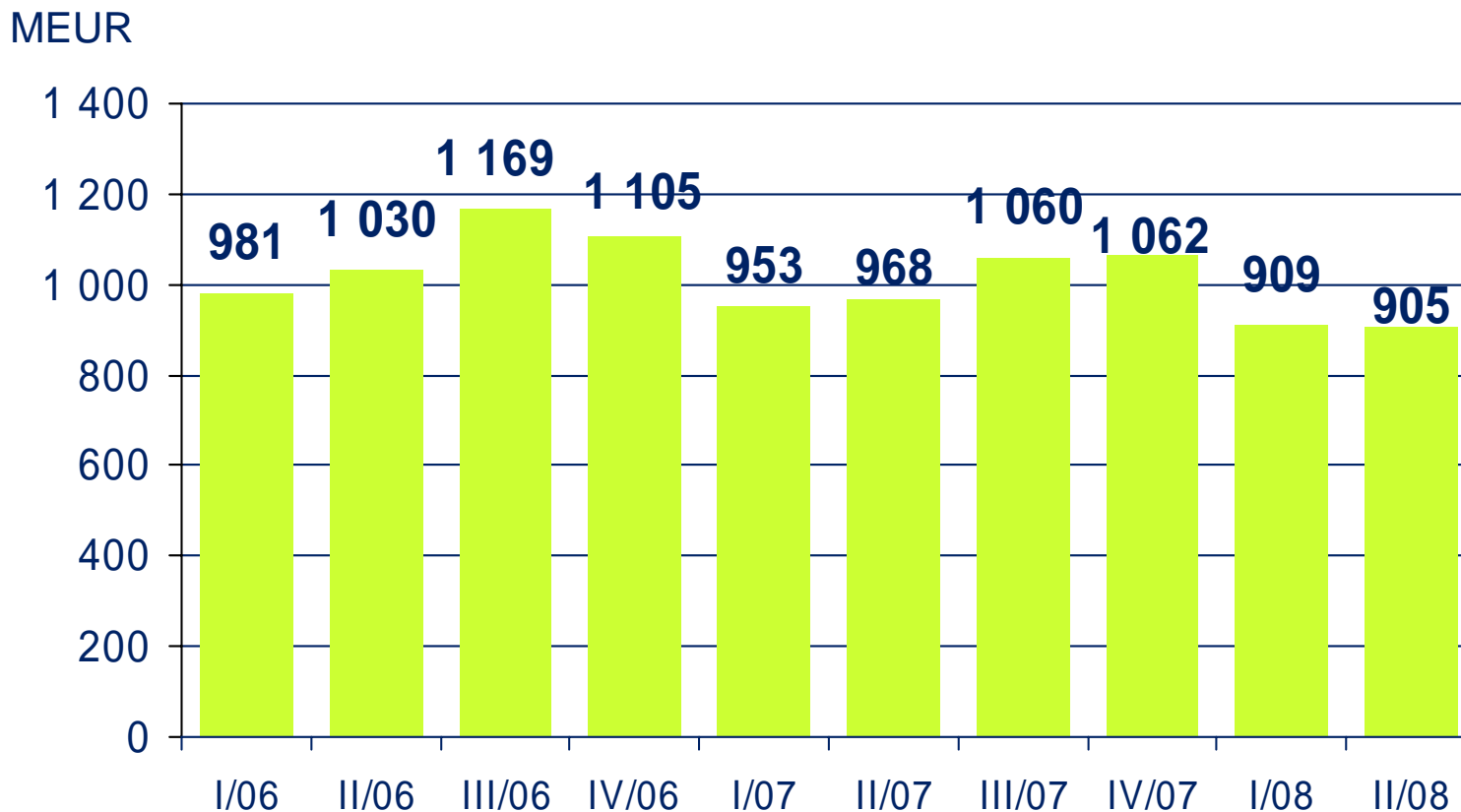
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Additional Slides

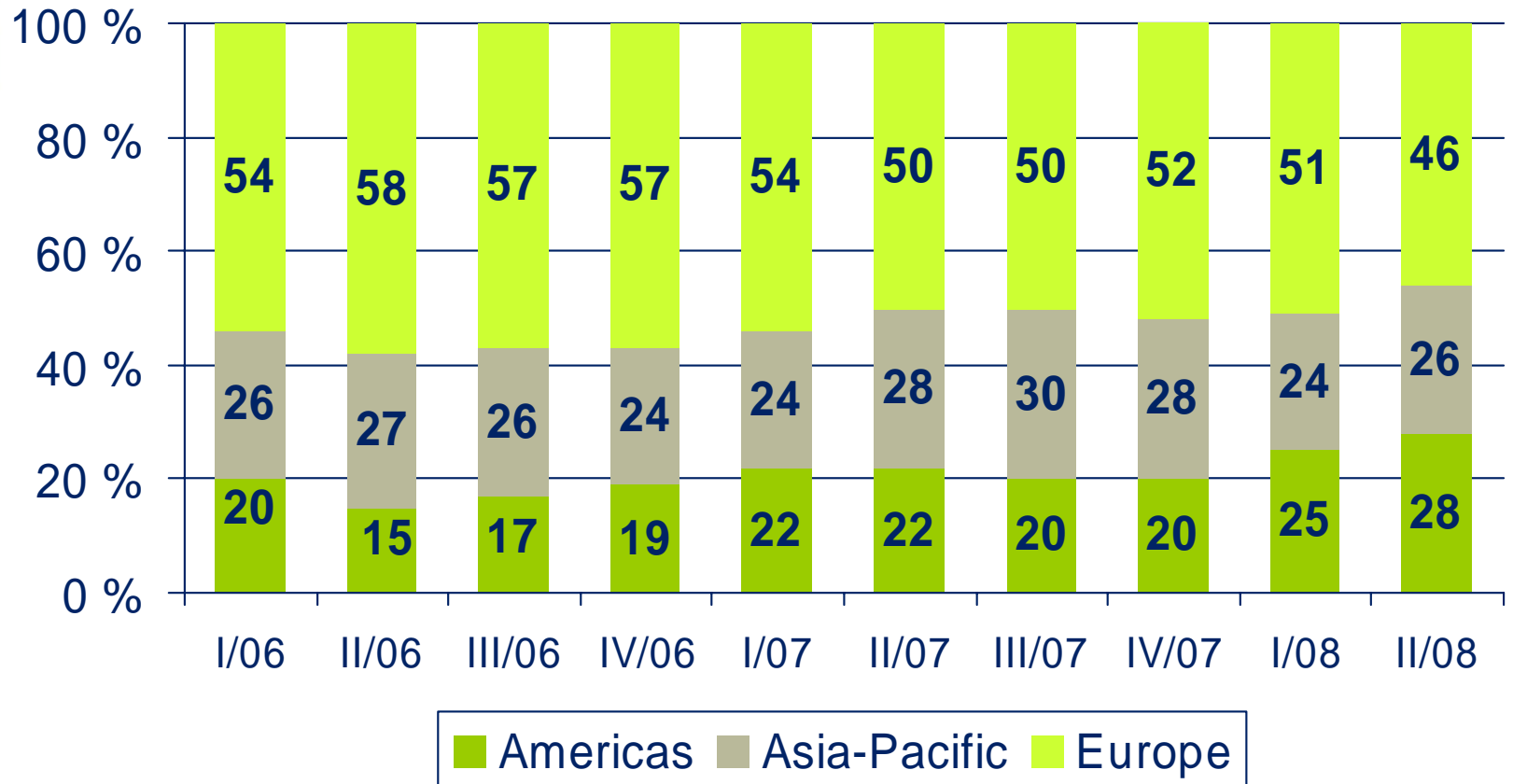


Net Sales by Quarter



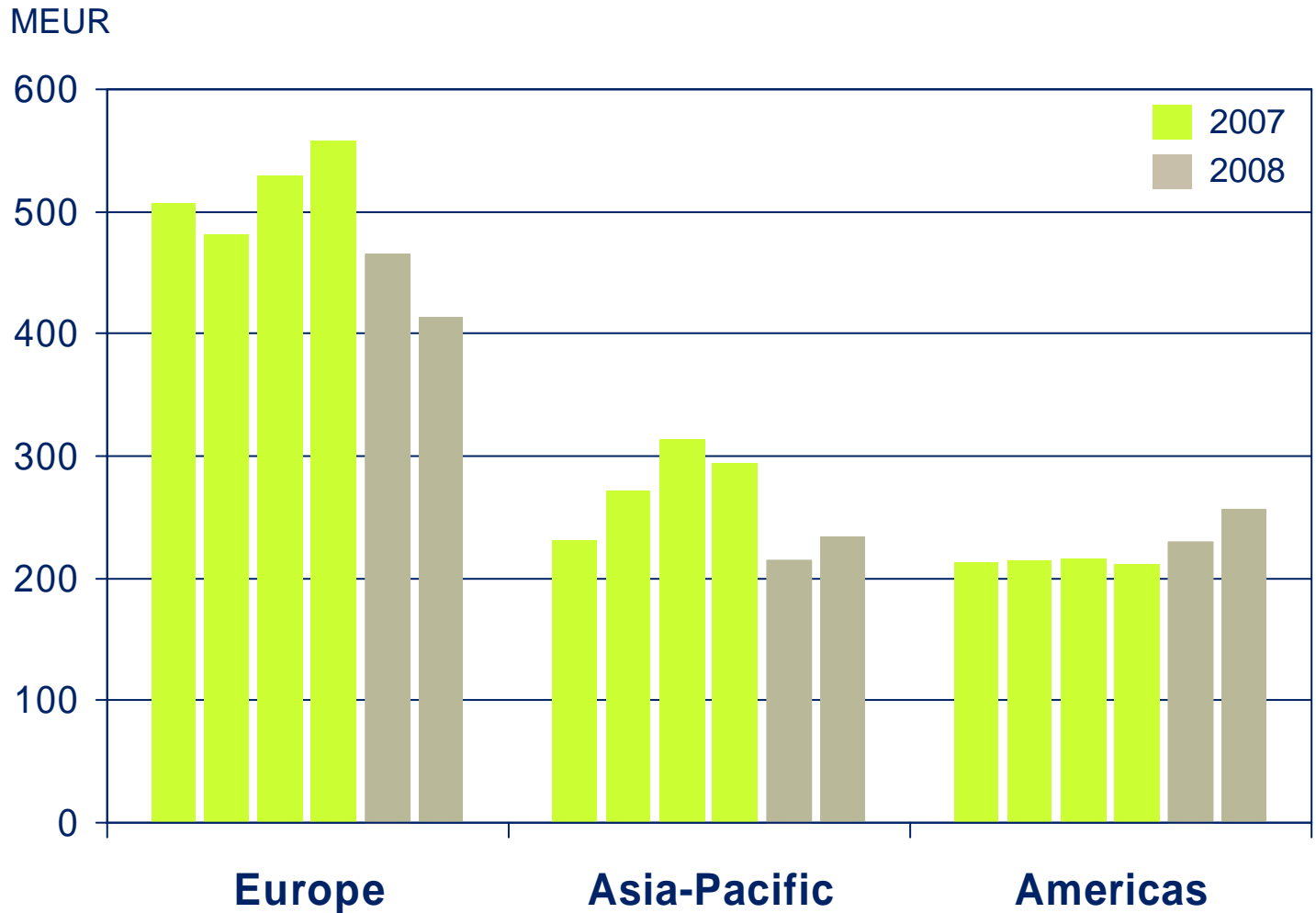


Net Sales by Geographical Area, %



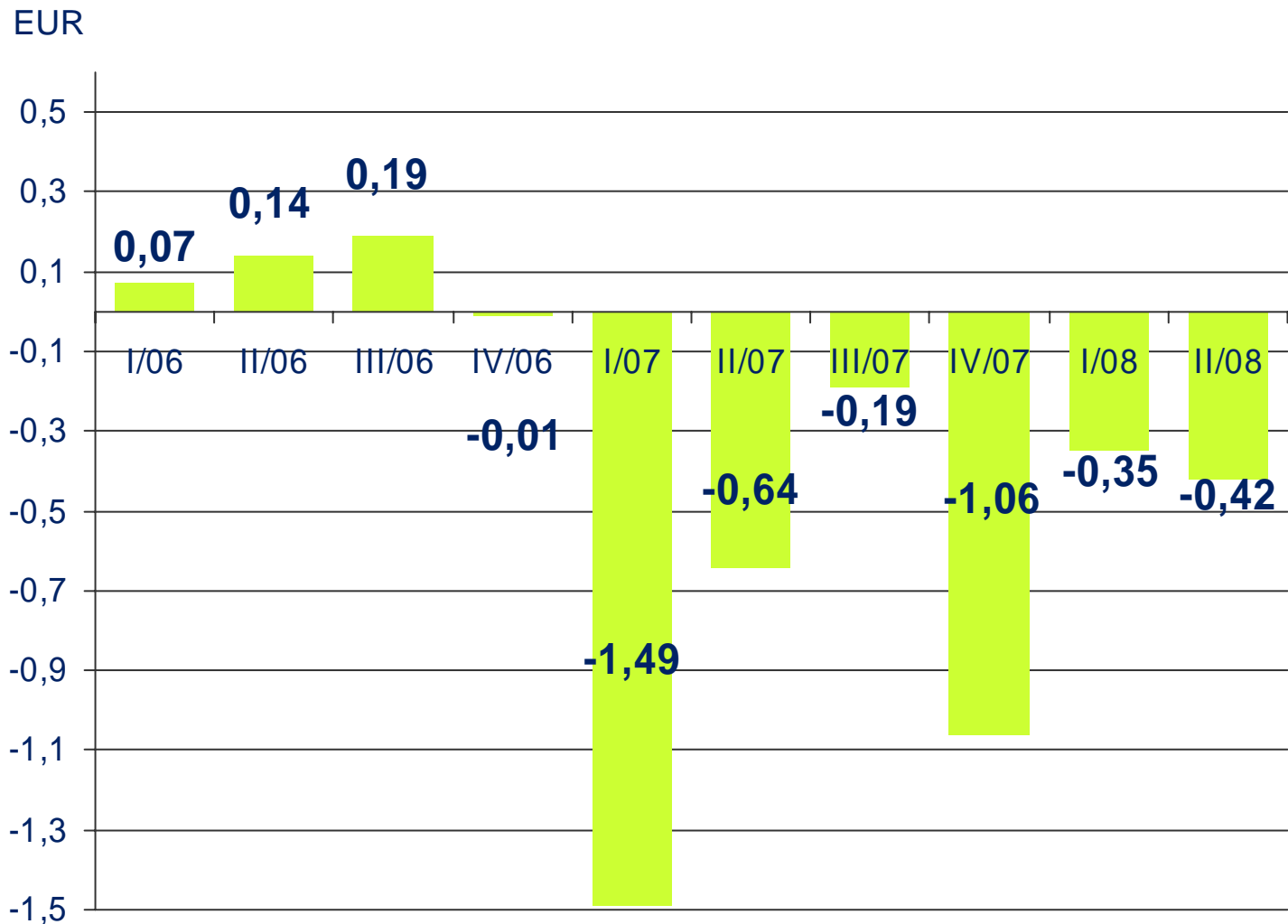


Quarterly Net Sales by Geographical Area in 2007 - 2008



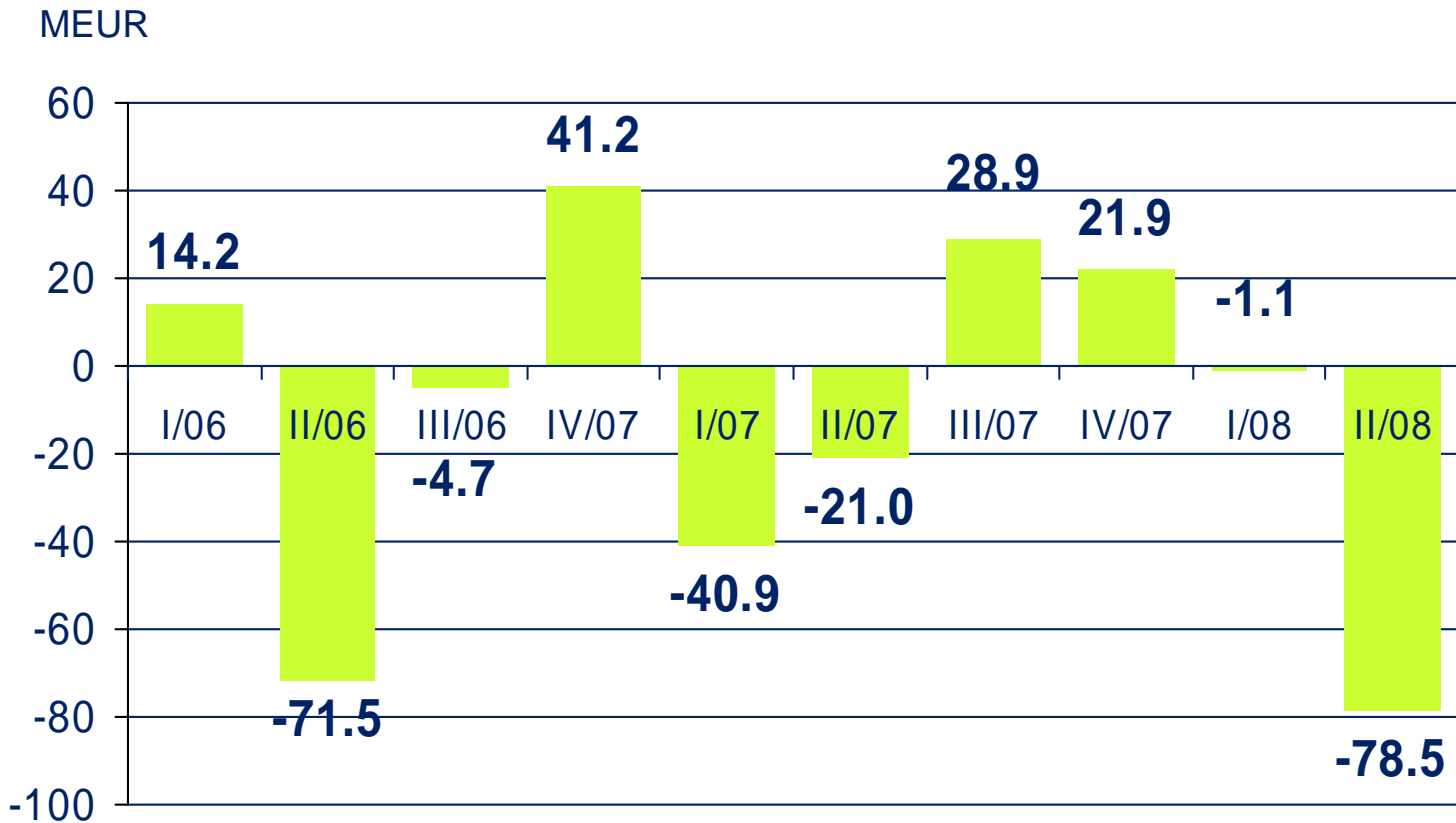


Earnings per Share



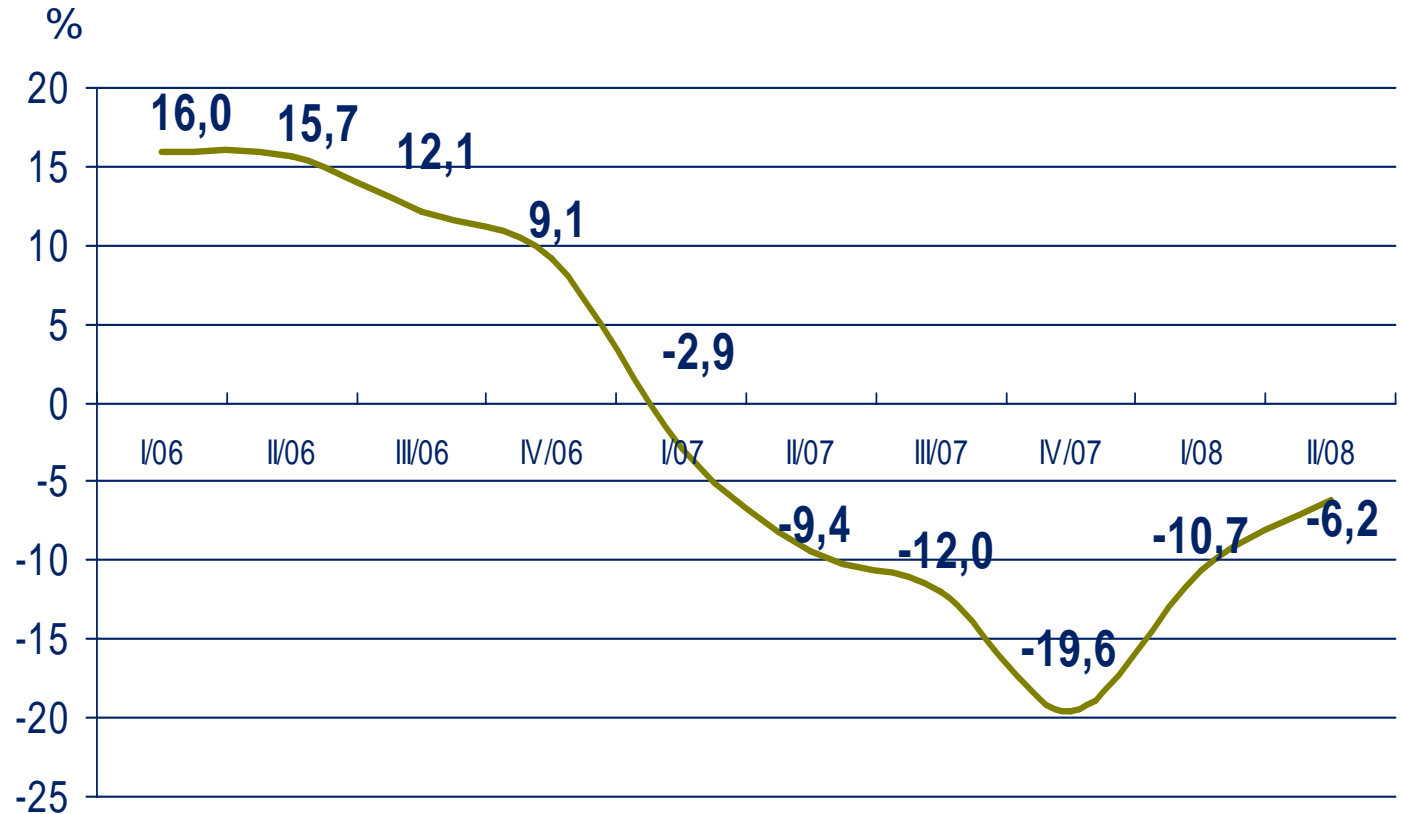


Cash Flow



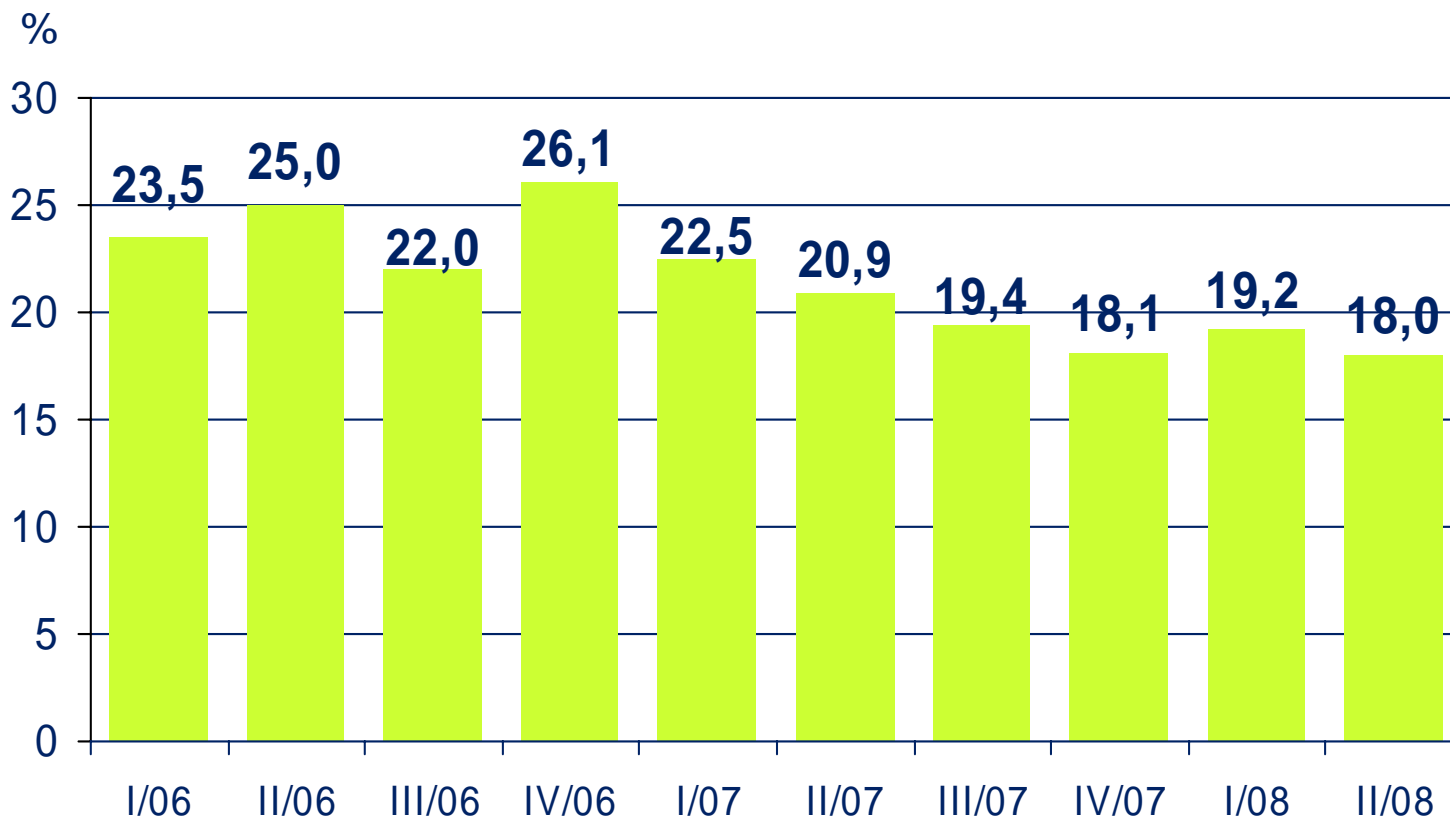


Return on Capital Employed, ROCE (Trailing 12 Months)



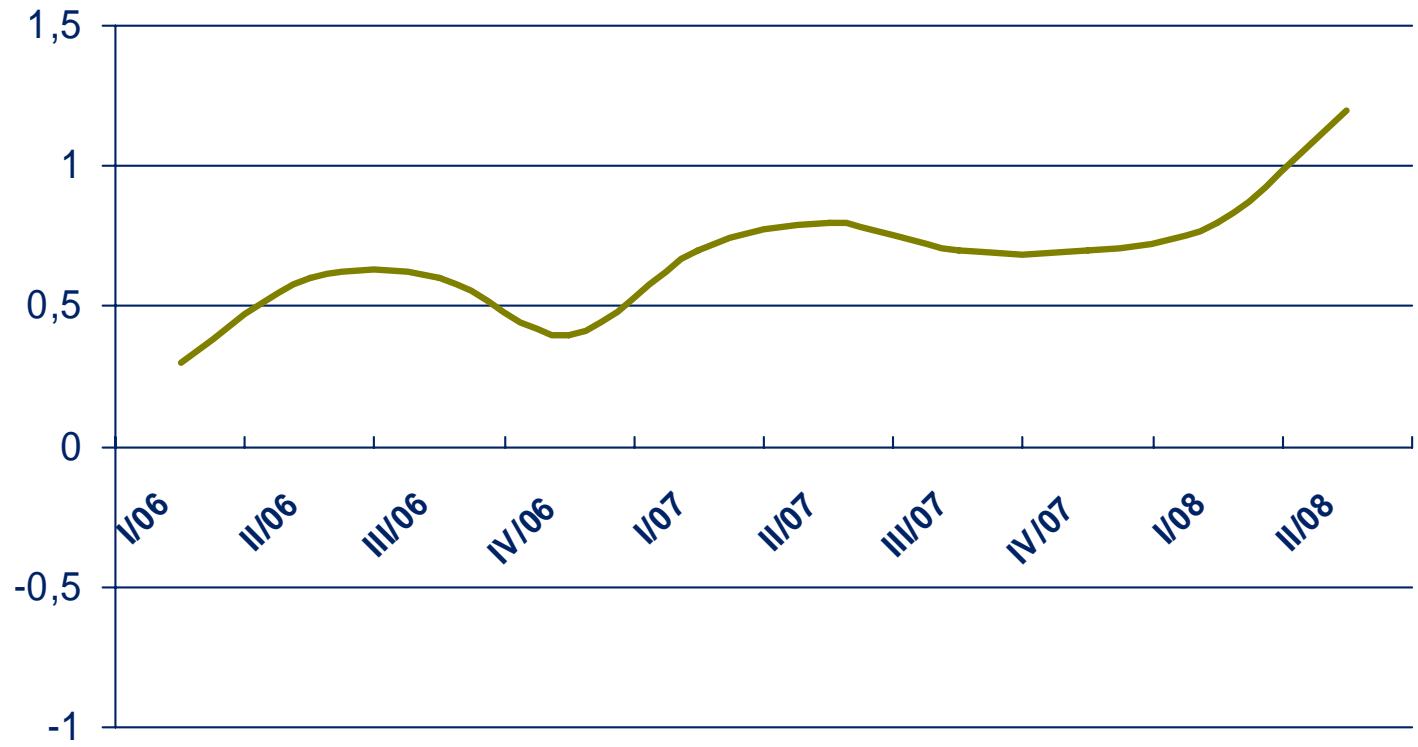


Solvency Ratio



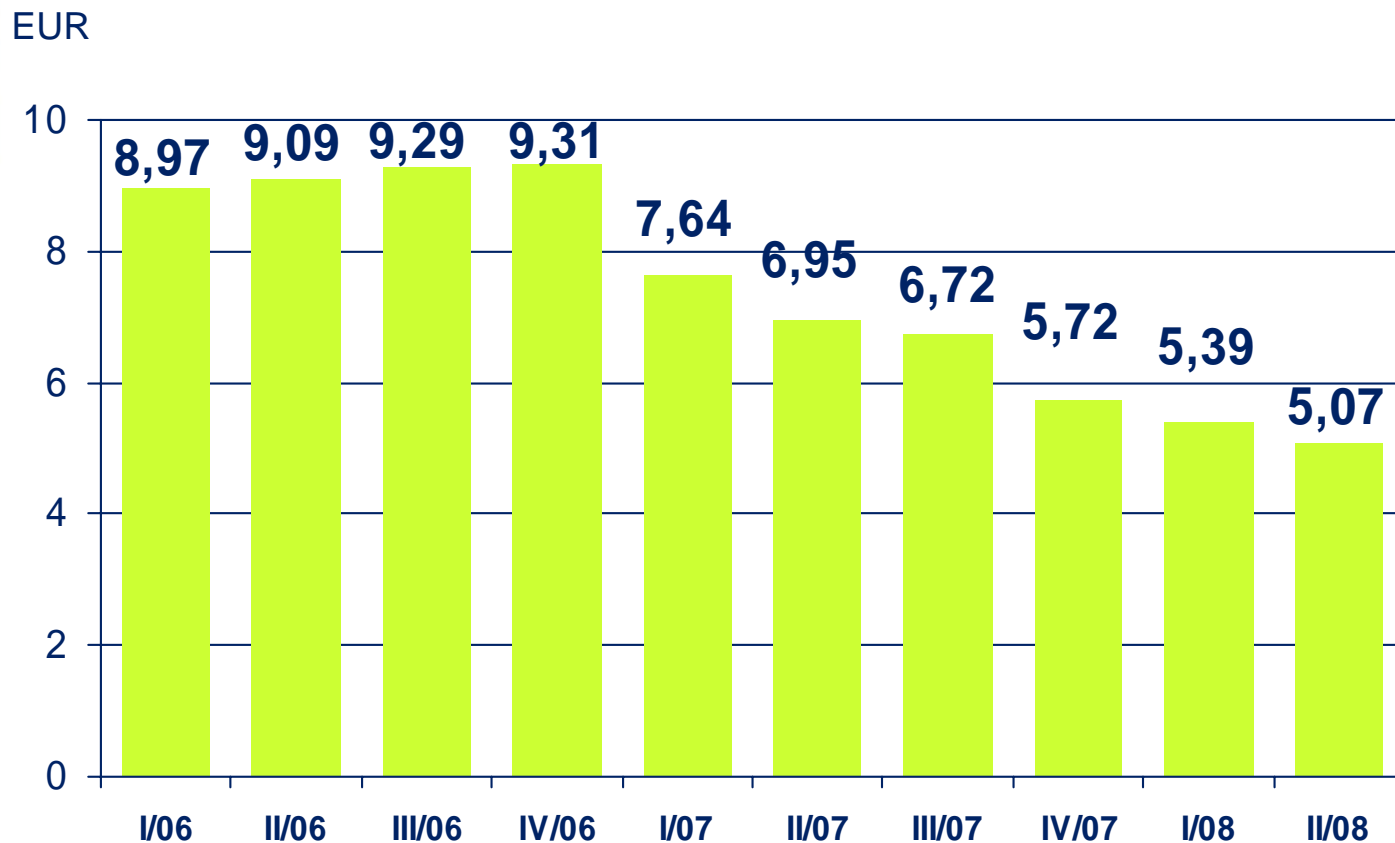


Gearing



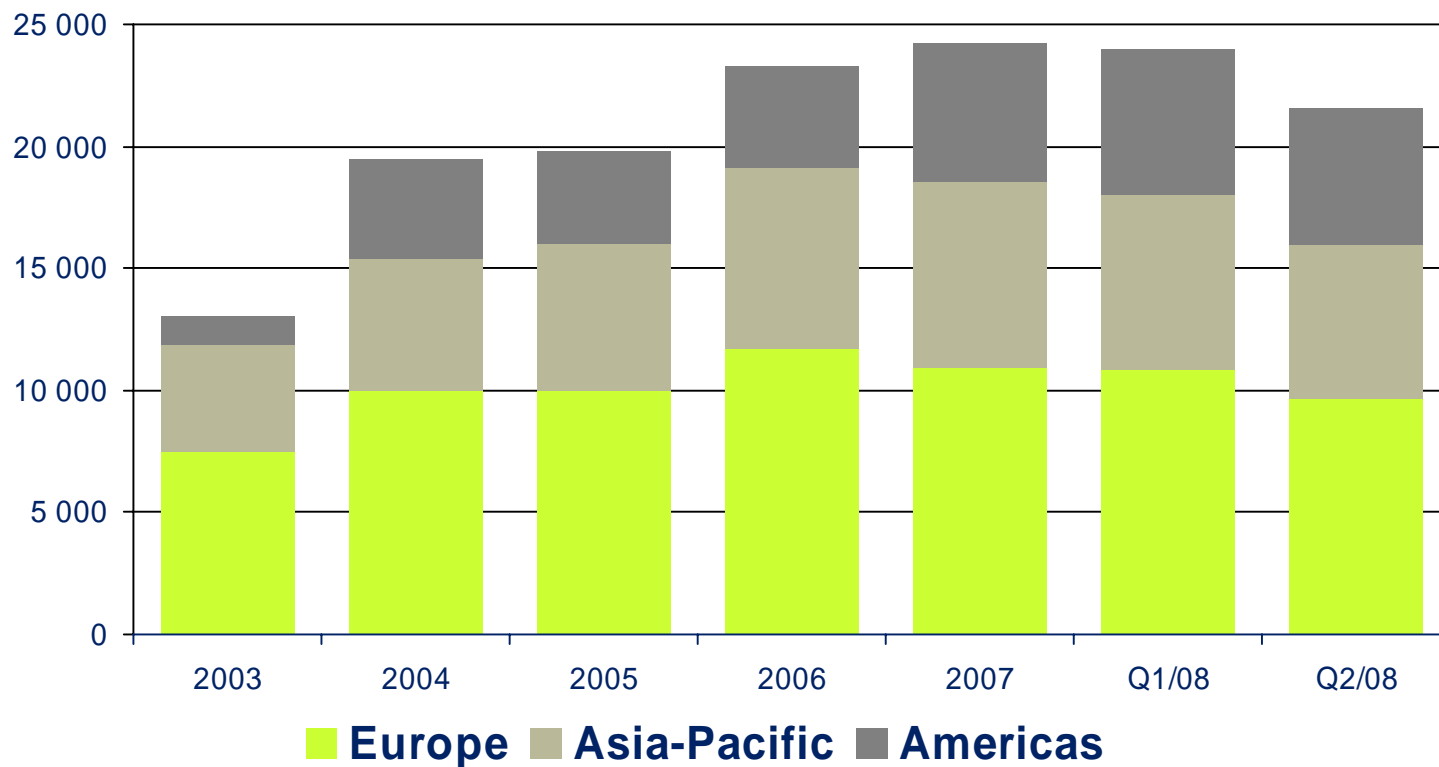


Equity per Share





Personnel by Geographical Area





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