

Elcoteq SE
Financial Statements 2006
February 7, 2007



Year 2006 in Brief

- Net sales grew slightly to MEUR 4,284.3 (4,169.0)
 - Challenges especially in Terminal Products in all the geographical areas
- Operating income MEUR 43.9 (76.5), i.e. 1.0% of net sales
 - Lower than forecast production volumes, strong fluctuations in volumes especially in Europe and Americas, tougher competition, and the still weak level of capacity utilization of the newest plants
- Customers
 - Net sales with companies not belonging to the Nokia and Ericsson groups increased by 13%
 - In Terminal Products business developed especially with RIM and Philips
 - Expanding co-operation with Andrew and acquisition of a new plant in Romania



Net Sales and Result October - December

(IFRS)	Q4/2006	Q4/2005	2005
Net sales, MEUR	1,104.6	1,182.0	4,169.0
Operating income, MEUR	6.9	25.5	76.5
Income before taxes, MEUR	-0.8	19.7	59.3
Net income, MEUR	-0.3	14.9	41.3
EPS, EUR	-0.01	0.48	1.34
Gearing	0.4	0.3	0.3
ROCE (trailing 12 months), %	9.1	17.6	17.6
Cash flow after investments, MEUR	41.2	5.5	24.4



Net Sales and Result 2006

(IFRS)	2006	2005
Net sales, MEUR	4,284.3	4,169.0
Operating income, MEUR	43.9	76.5
Income before taxes, MEUR	19.2	59.3
Net income, MEUR	12.1	41.3
EPS, EUR	0.38	1.34
Gearing	0.4	0.3
ROCE (trailing 12 months), %	9.1	17.6
Cash flow after investments, MEUR	-20.8	24.4



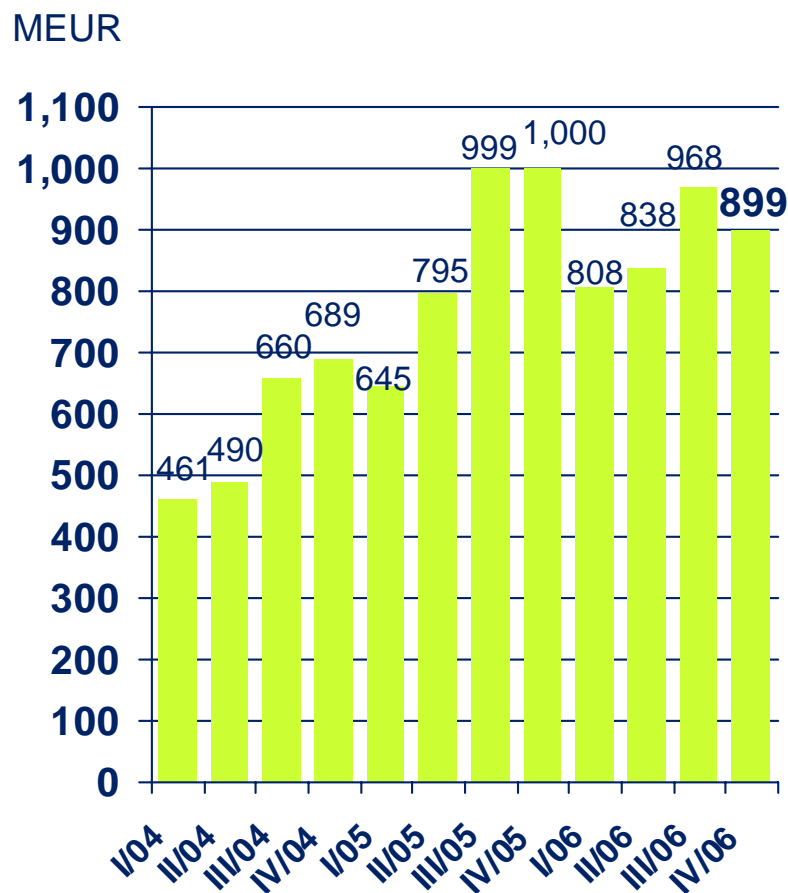
Key Figures 2006

(IFRS)	2006	2005
Capital employed, MEUR	514	496
Interest-bearing net debt, MEUR	128.0	90.3
Gross capital expenditures, MEUR	116.9	123.6
Personnel at the end of period	23,298	19,802

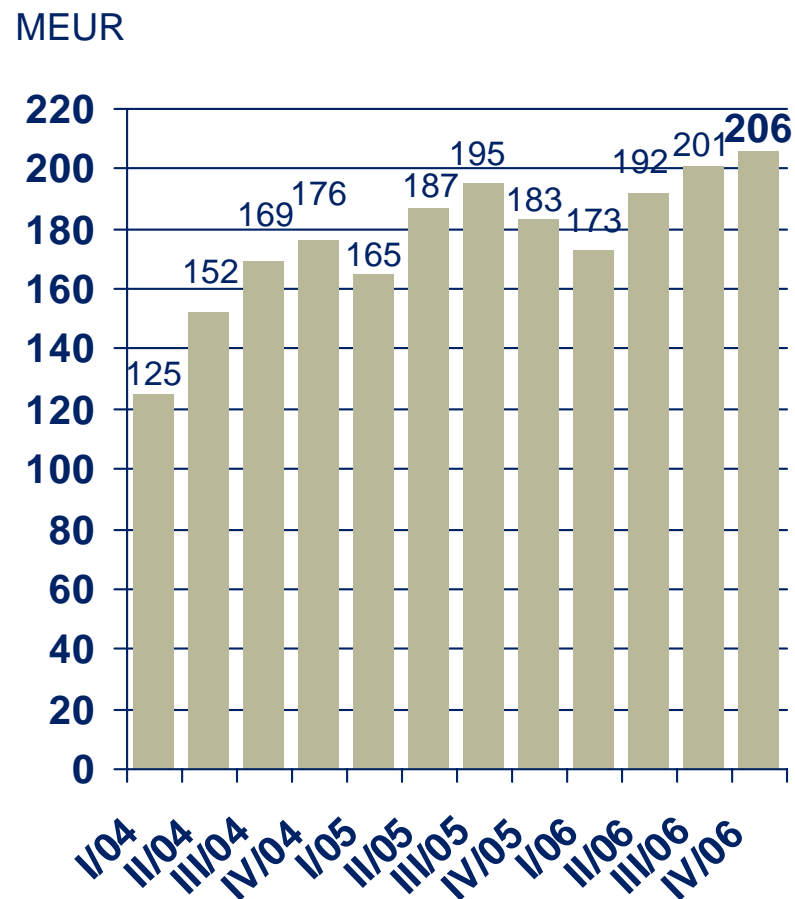


Net Sales by Business Area

Terminal Products

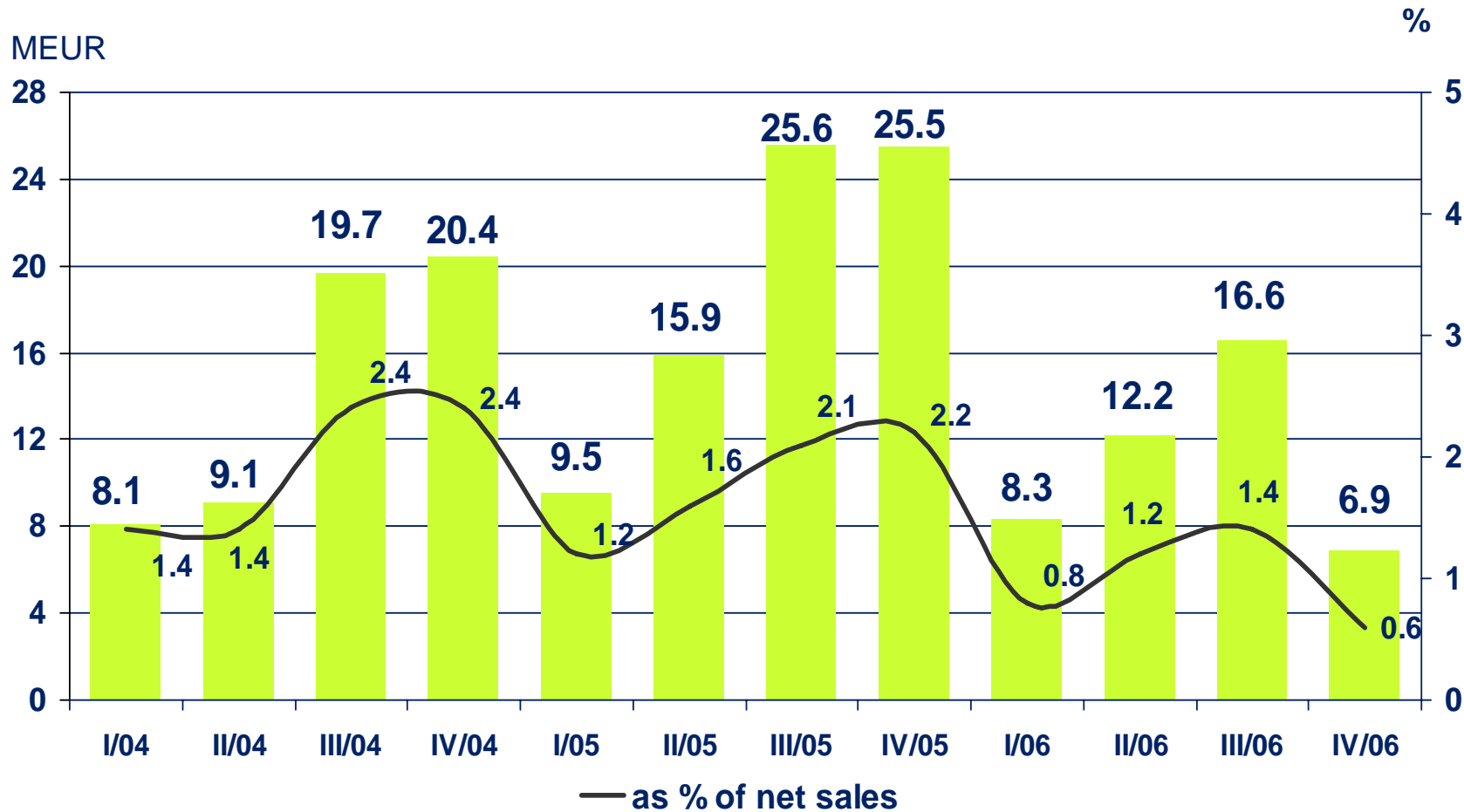


Communications Networks



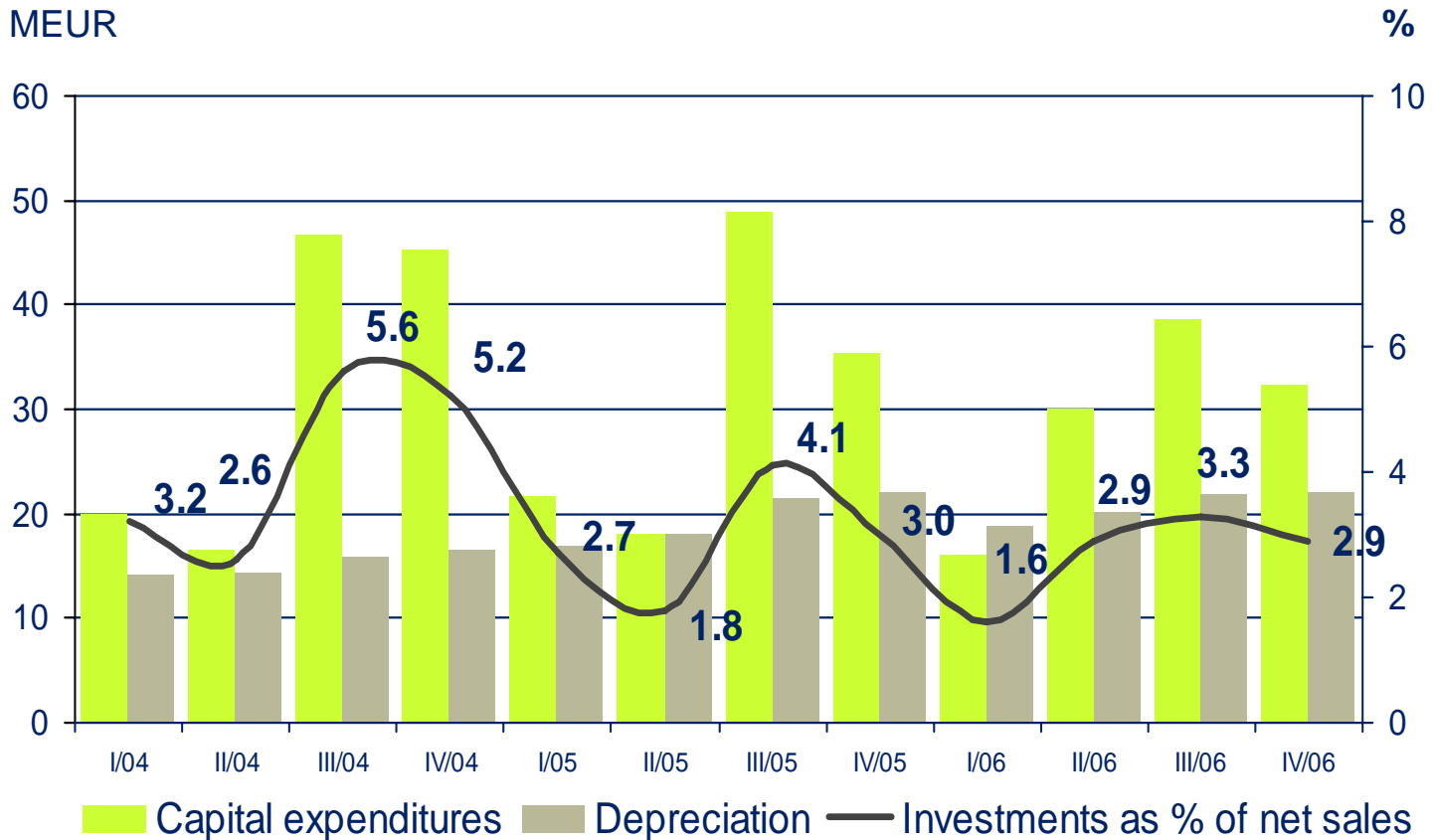


Operating Income



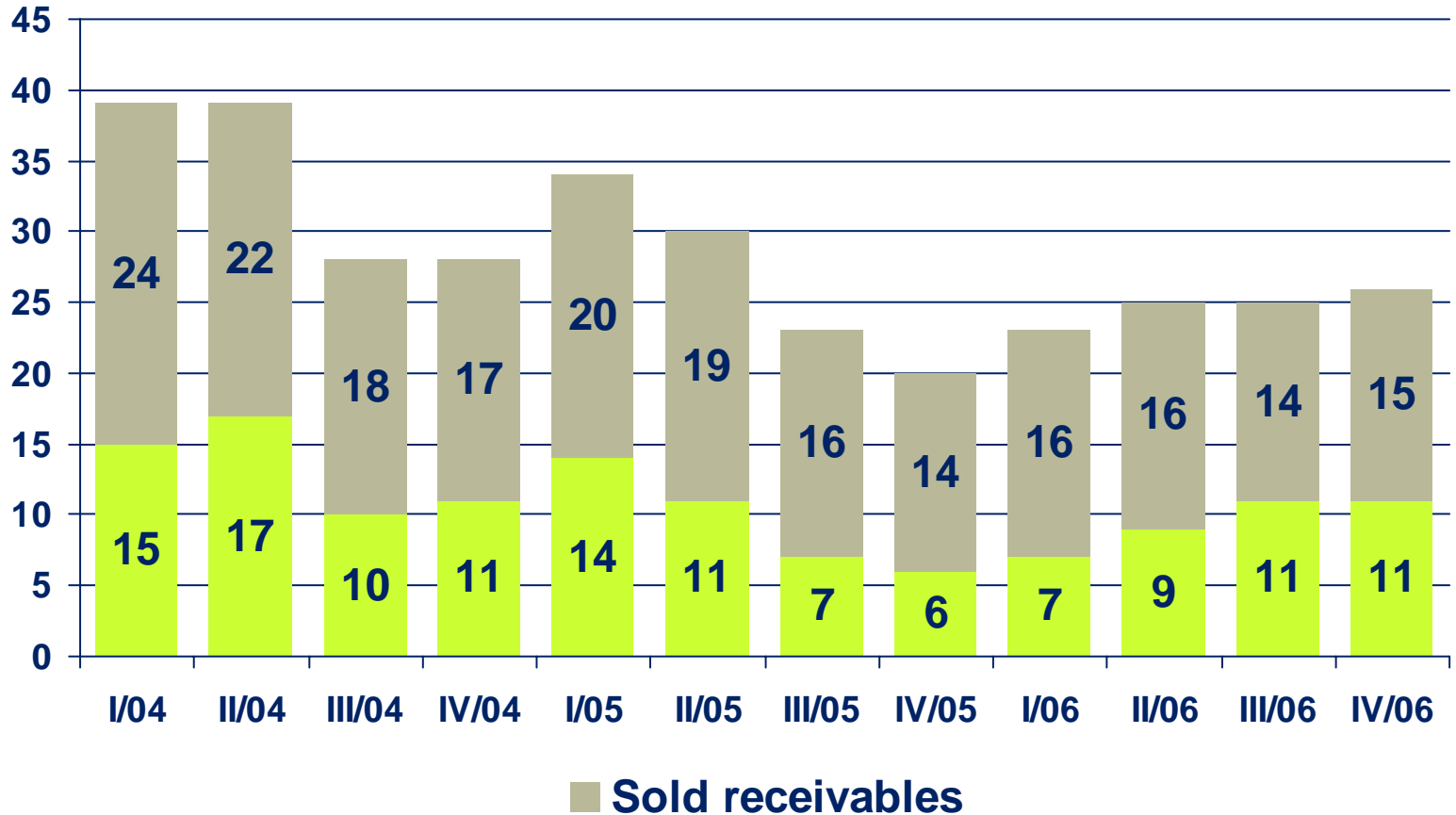


Capital Expenditures and Depreciation



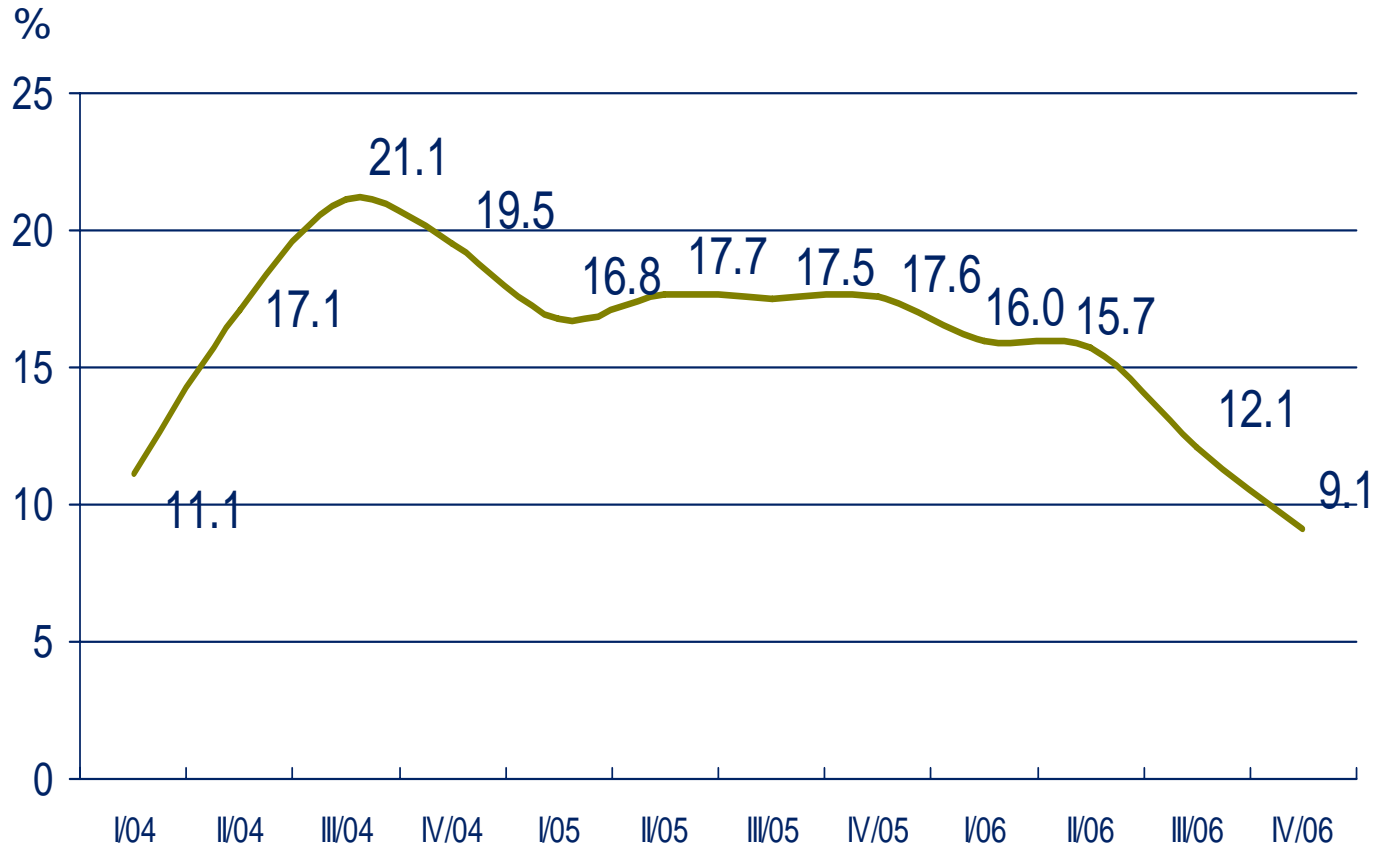


Average Working Capital Days





Return on Capital Employed (ROCE) (Trailing 12 Months)





Global Action Plan

- To improve competitiveness, profitability and cost-efficiency with the target to achieve annual savings of some 20 million euros
- Concerns the company's all functions and units globally
- Structural changes such as reorganization and streamlining of operations, processes and personnel resources, especially in Europe and Americas
- Elcoteq begins personnel negotiations in Finland on production or financial grounds
 - Possible restructuring of operations in the units or the termination of certain operations or units
 - Personnel reductions could apply to about 500 people
- One-time costs of some 20 million euros in 2007
 - Most likely to be recognized during the first quarter of the year
- The savings will start to become visible in Elcoteq's result in the second half of 2007



Other Measures

- A global program of production efficiency enhancing measures will continue at all plants
- Strengthening sales efforts
 - More focused and global approach to new customer sales
 - Tighter collaboration between the sales and business development organizations
 - New organizations under Terminal Products: Personal Communications and Home Communications
 - Communications Networks
- Co-operation with technology and component providers
- New contract and invoicing model in Europe



Prospects for 2007

- First quarter:
 - Net sales are forecast to be at the same level as one year earlier
 - Operating income, before the possible one-time costs arising from the action plan, is expected to be a loss
 - Reasons behind the profit forecast: heavy cost structure with respect to market conditions and weak capacity utilization
- Full year 2007:
 - Net sales are forecast to increase in pace with the EMS market in general
 - Operating income, excluding one-time items, is forecast to improve compared with 2006



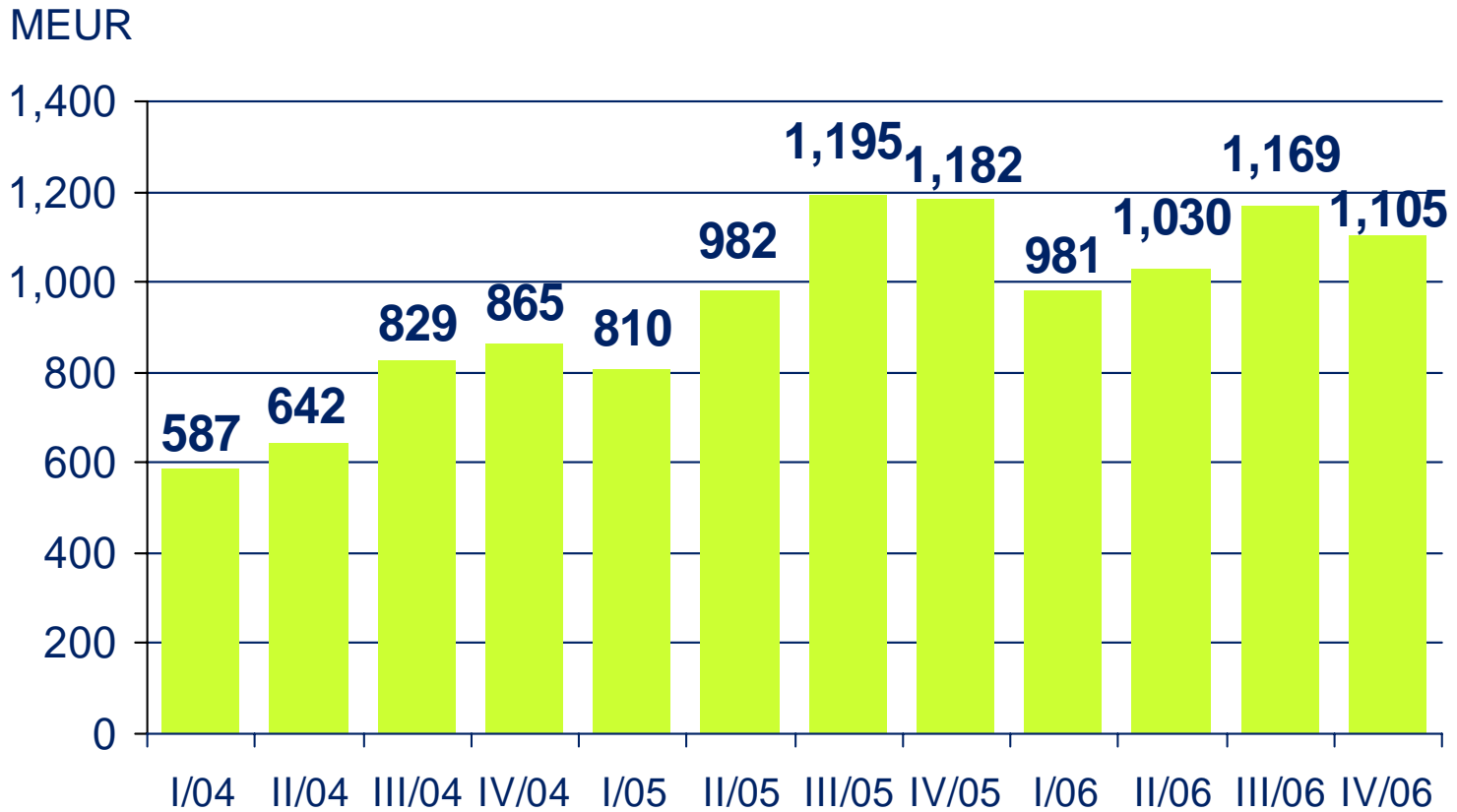
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Additional Slides



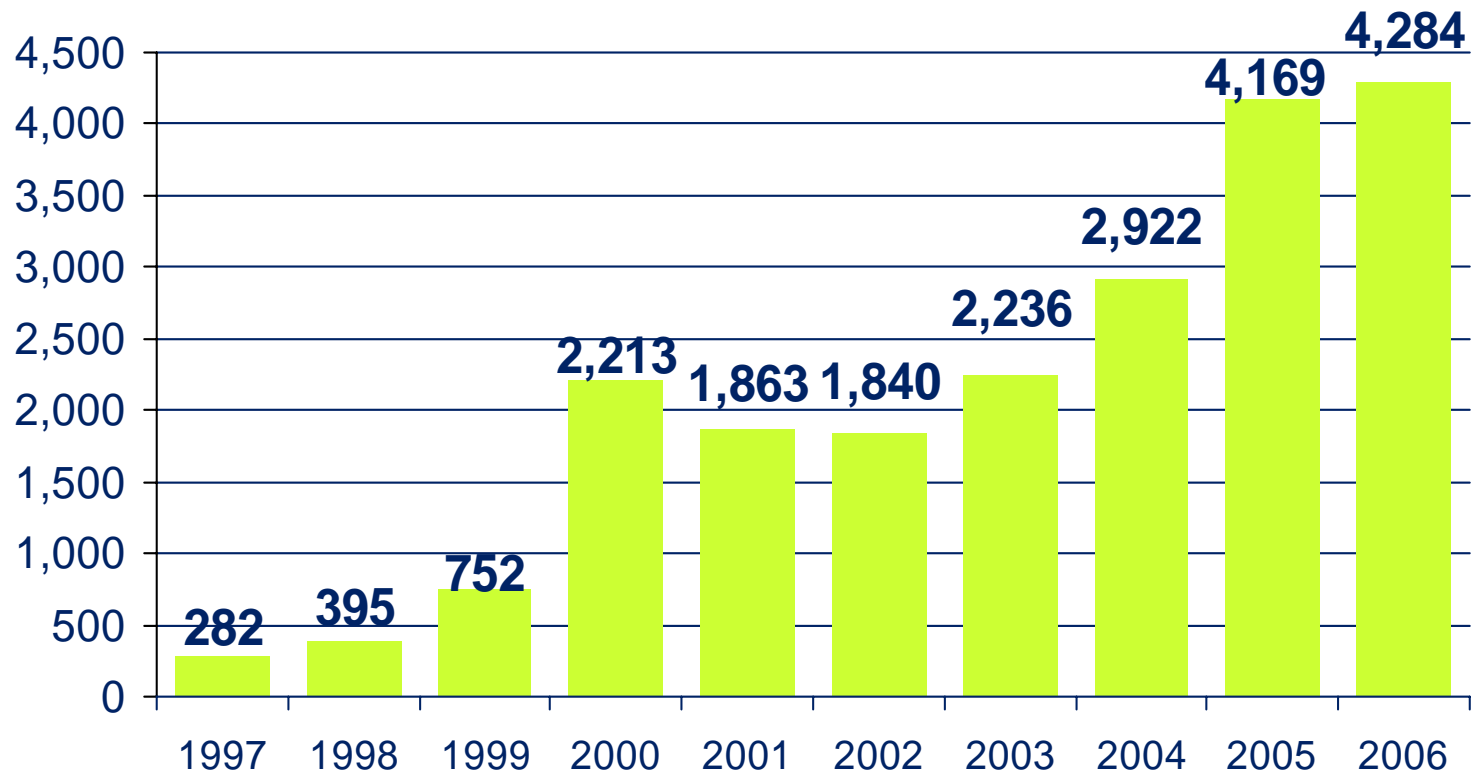
Net Sales by Quarter





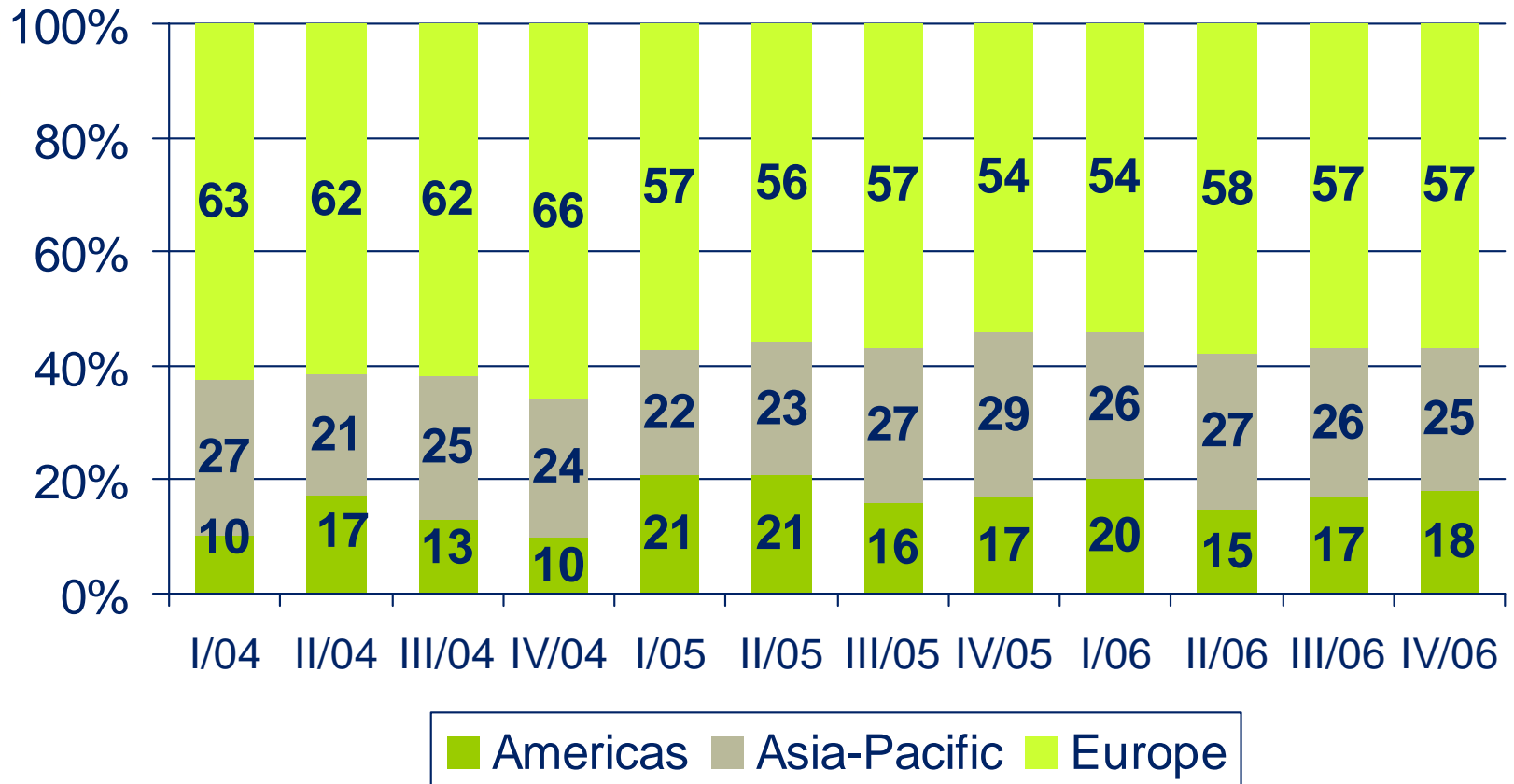
Net Sales in 1997 - 2006

MEUR



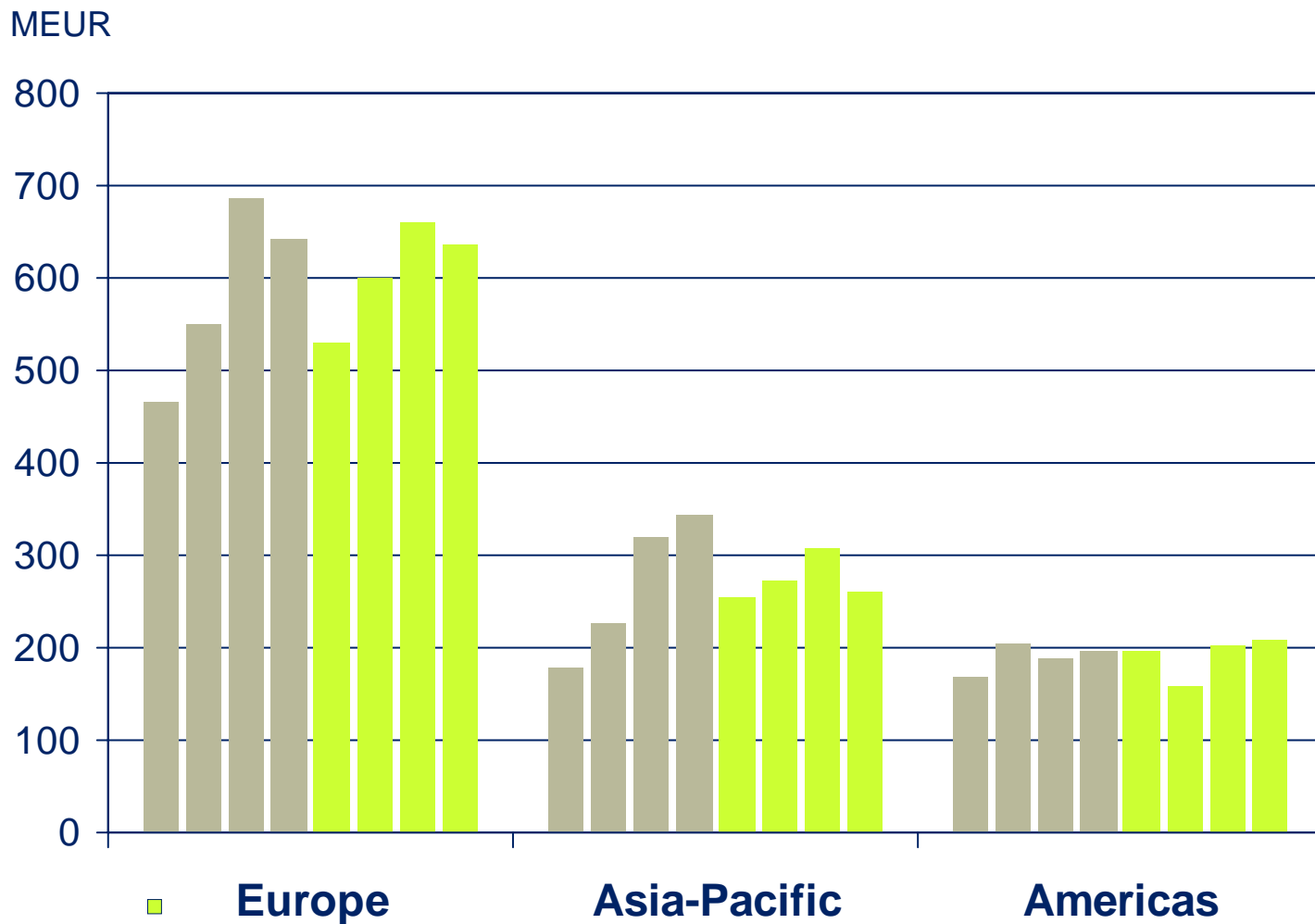


Net Sales by Geographical Area, %



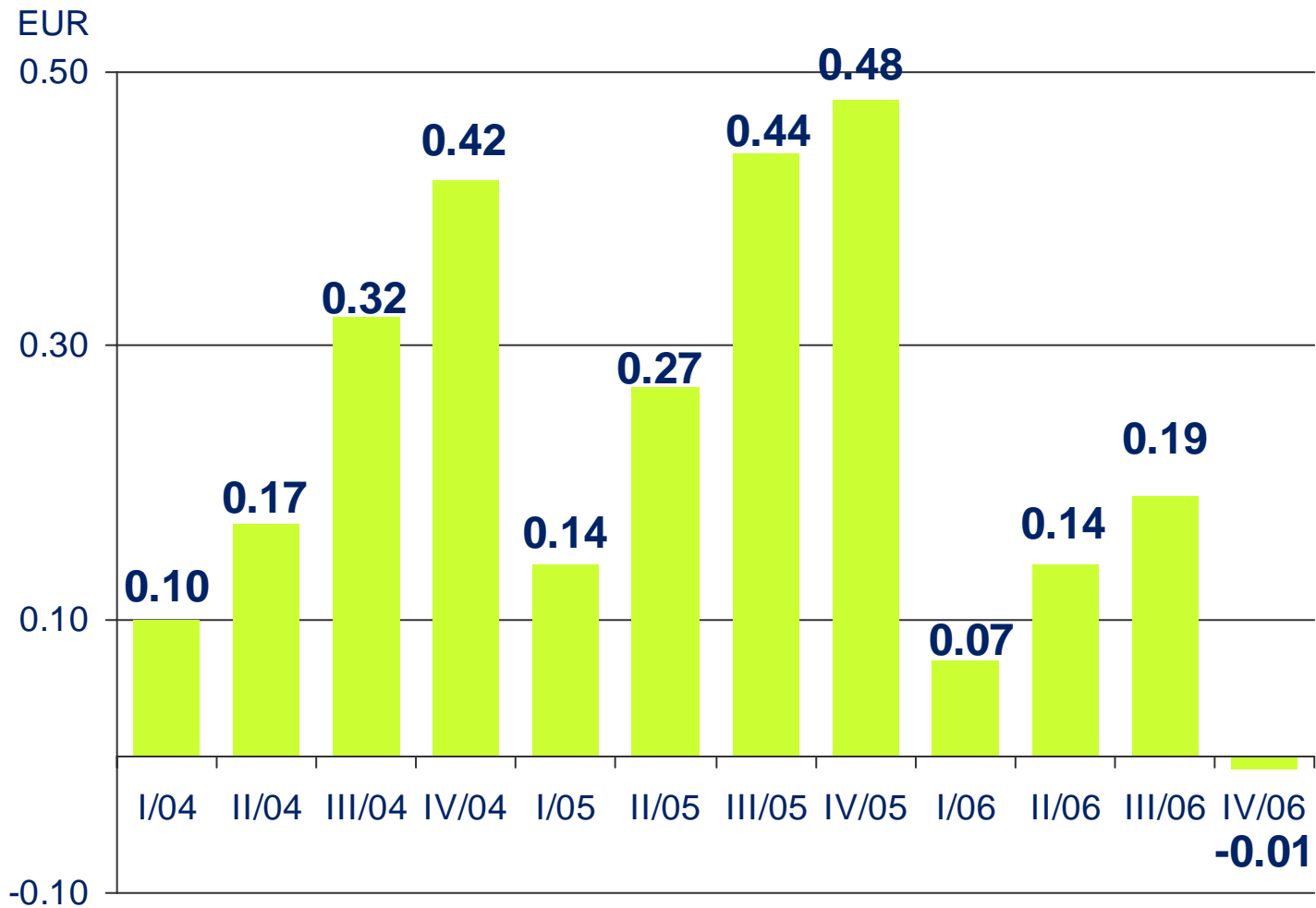


Quarterly Net Sales by Geographical Area in 2005 - 2006



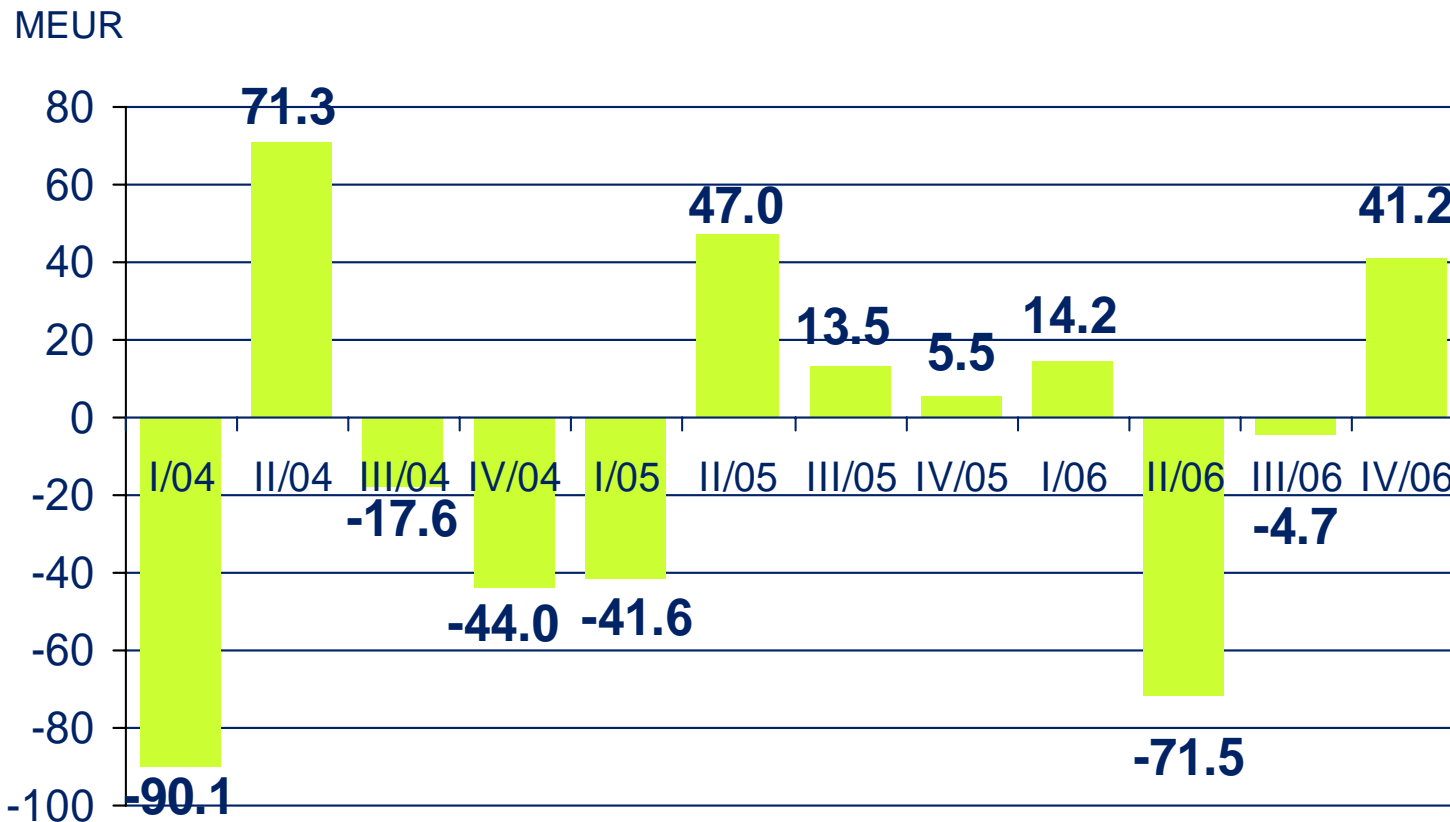


Earnings per Share



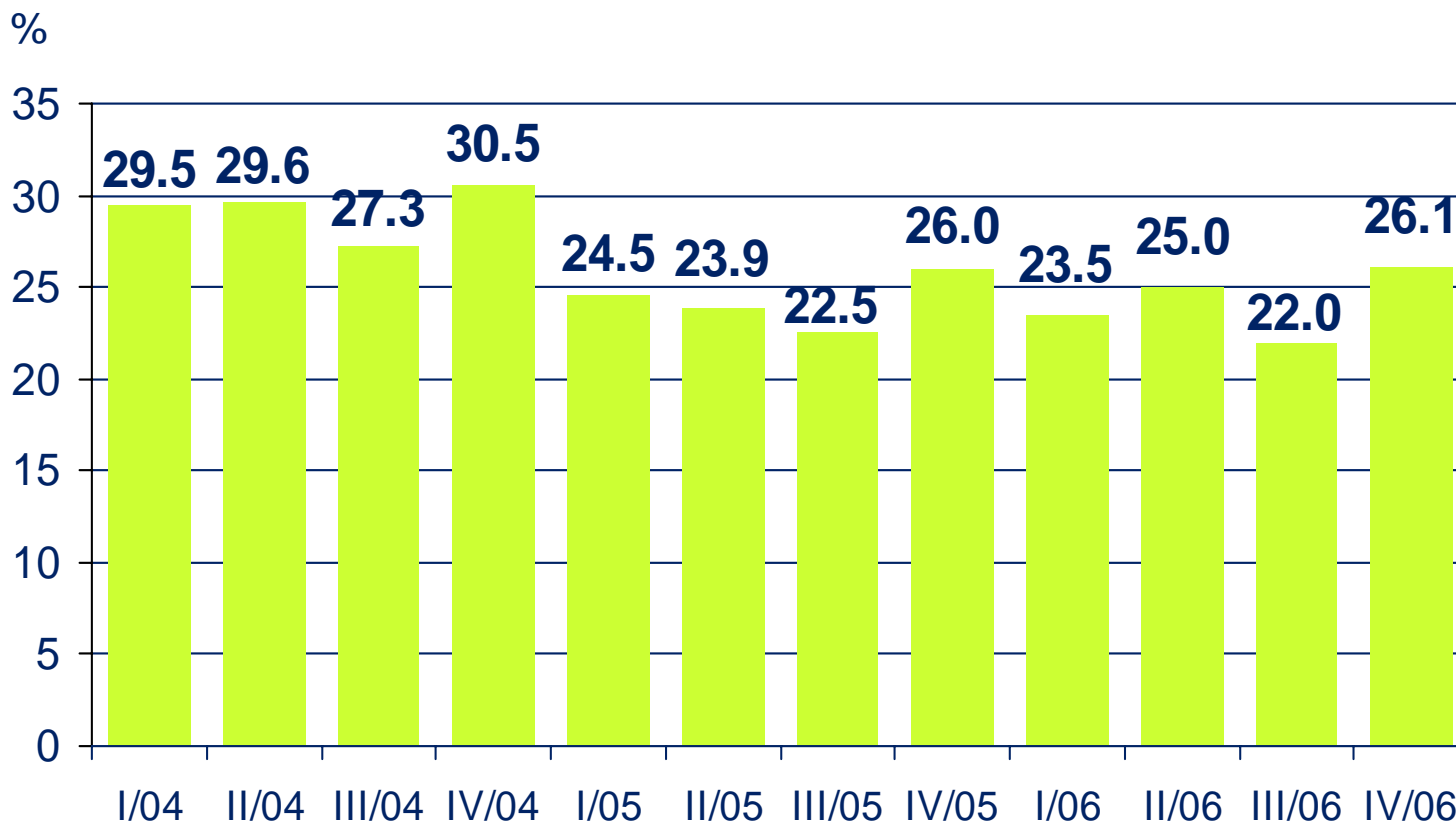


Cash Flow



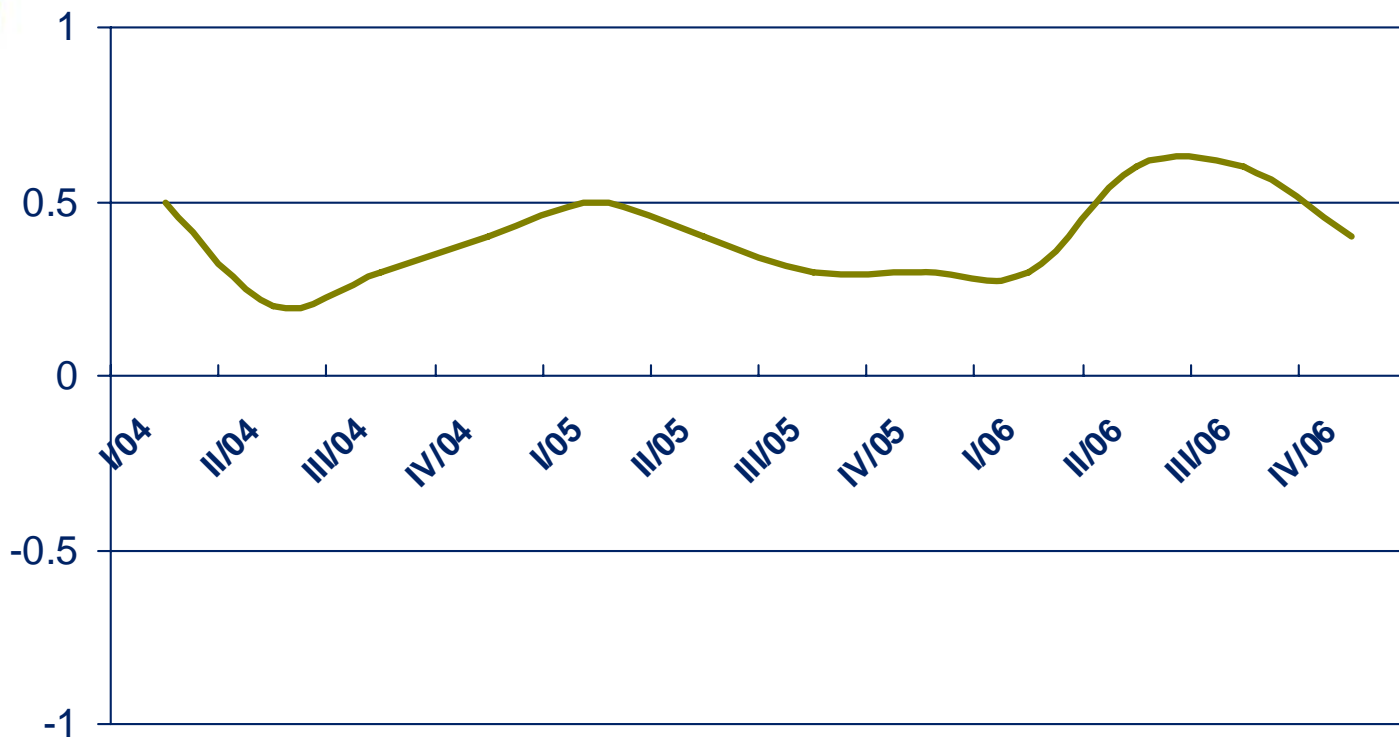


Solvency Ratio



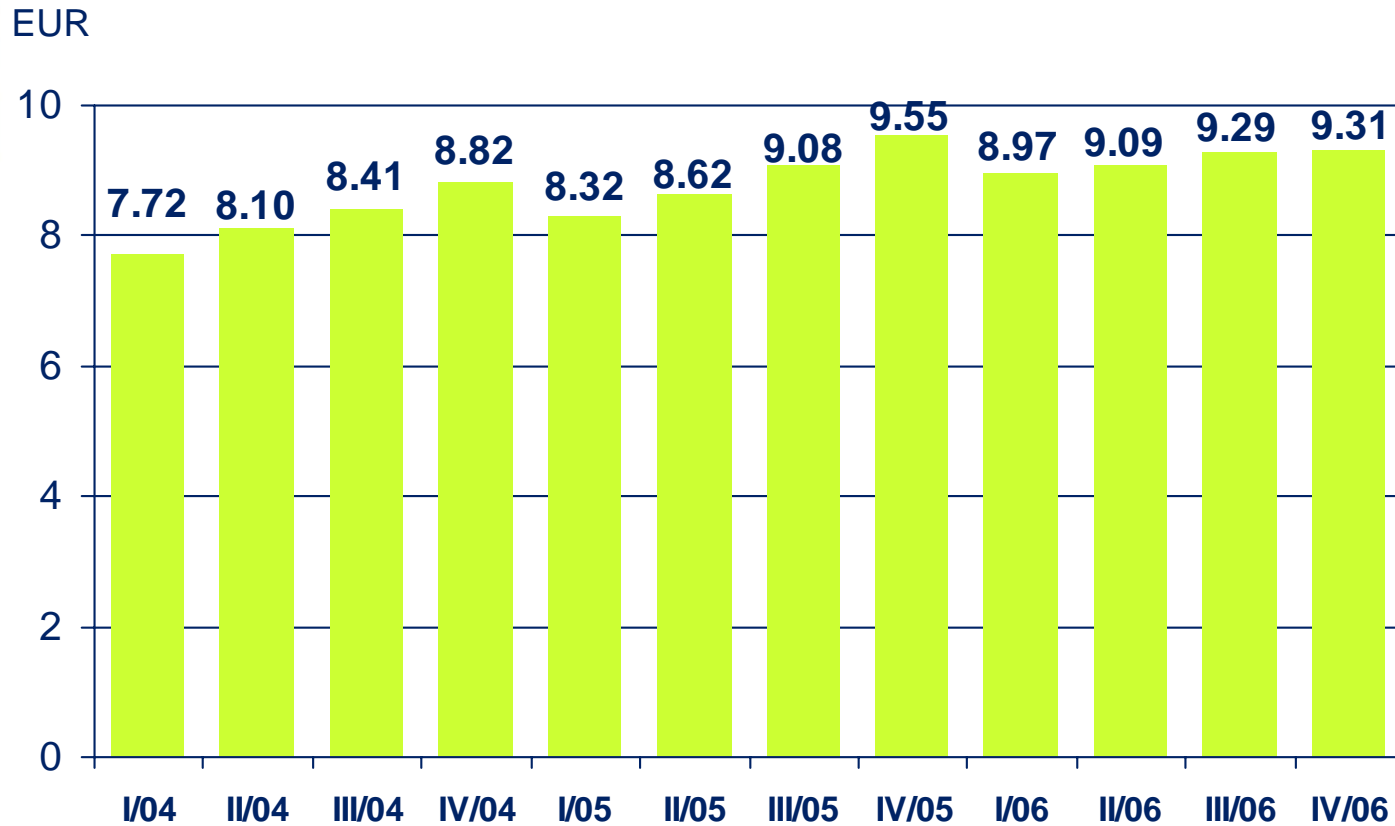


Gearing



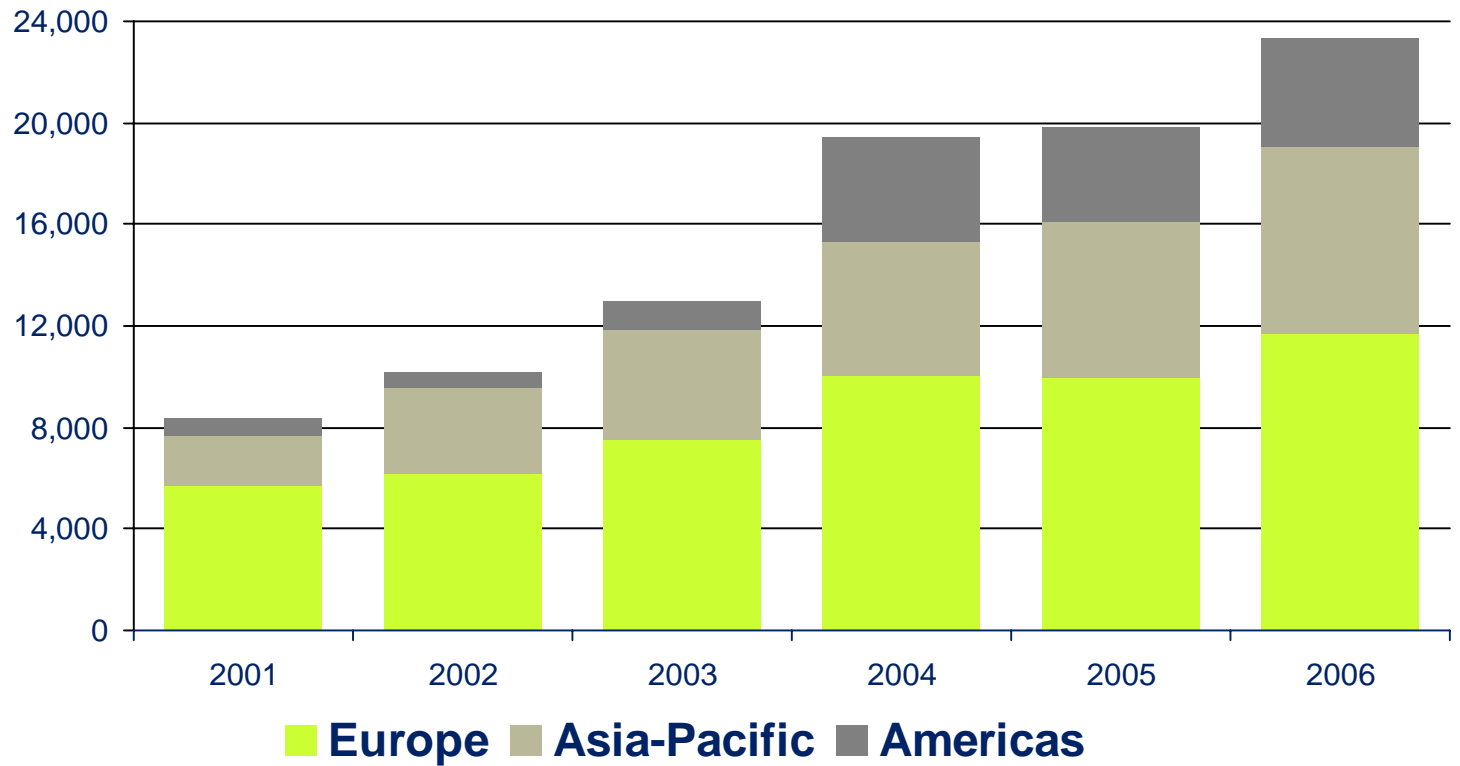


Equity per Share





Personnel by Geographical Area





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