

**ELCOTEQ'S NET SALES INCREASE OVER 90 %**

Profits up slightly on previous year

- Globalization program completed
- Elcoteq strongly positioned in fastest growing segment of the EMS sector
- Net sales MEUR 752.5, up 91 % on the year before
- Operating profit MEUR 14.5, pretax profit MEUR 9.8, EPS EUR 0.21
- Net sales in 2000 will grow at least as fast as in 1999 and performance will improve significantly
- The company is preparing to increase its equity-based financing

Elcoteq's network of EMS plants, which focus primarily on telecommunications electronics, now covers three continents: Asia, Europe and America. It is well able to meet customers' requirements for global availability and wide scope of EMS services. Elcoteq's 15 years of experience in electronics for wireless telecommunications lays a strong foundation for growth.

**Elcoteq's performance in 1999**

Elcoteq's net sales increased 91 % to MEUR 752.5, having been MEUR 394.6 in 1998. The company's operating profit rose to MEUR 14.5 (10.4) and the profit before taxes and extraordinary items to MEUR 9.8 (9.0). Earnings per share were EUR 0.21 (0.32).

**Fourth quarter net sales and operating profit record high**

Elcoteq's net sales in the final quarter of 1999 reached a record high of MEUR 277.3 (160.5). The operating profit rose 38 % on the same period in the previous year to MEUR 9.1 (6.6).

**REPORT BY THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR  
JANUARY 1 – DECEMBER 31, 1999****Market conditions**

Manufacturers of electronic end-products continued to outsource their production needs during 1999 and demand for electronics manufacturing services (EMS) showed further rapid growth. At the same time demand broadened to cover an ever wider scope of globally available services. End-product manufacturers are seeking to obtain production, engineering, material and logistics services in all their major market areas, i.e. Europe, America and Asia.

Market surveys indicate that demand for electronics manufacturing services will grow at an average rate of 20 % per year over the next few years. The fastest segment in this sector is believed to be outsourcing of companies who engineer and manufacture telecommunications products; hence EMS companies serving this group of customers will grow substantially faster than market growth on average.

This is precisely the customer segment best served by Elcoteq's expertise and production capacity.

Vigorous consolidation within the EMS sector was evident in 1999 through acquisitions and mergers. Companies also focused heavily on expanding their plant networks in different geographical regions.

Component delivery times remained unchanged from the fall of 1999 and the availability of certain components continued to create problems. The company does not expect this situation to improve significantly during 2000. Fluctuations in component availability could lead to an increase in inventories.

### Net sales and performance

Consolidated net sales increased 91 % during the year to MEUR 752.5 (394.6), 80.3 % (64.7 %) of which came from invoicing outside Finland. As in previous years, the bulk of net sales accrued at the end of the year. A significant proportion of this growth was once again evident at the Tallinn and Lohja plants. Net sales was also boosted at the end of the year by the new capacity brought on line in China, Mexico and Hungary. The plants acquired from ABB Tansmit and Kone in 1998 were for the first time consolidated in the Group for the full financial year, which raised net sales of industrial electronics.

Elcoteq's principal customers were companies belonging to the ABB, Ericsson, Kone, Nokia and Philips groups. Ericsson and Nokia companies contributed altogether 87 % (80 %) of Elcoteq's consolidated net sales. Manufacture of mobile phones, their components and accessories accounted for 75 % (73 %) of net sales; other telecommunications products for 8 % (5 %) and industrial electronics for 8 % (11 %).

The Group's operating profit rose 39 % on the previous year to MEUR 14.5 (10.4), and represented 1.9 % (2.6 %) of net sales. The company's globalization program was concluded successfully during 1999. Its costs still depressed the 1999 result. The costs of the plant projects in Hungary, Mexico and China, as well as the other costs directly associated with the company's globalization, exceeded MEUR 8 in 1999. Profits improved towards the end of the year and, taken as a whole, the plants reached profitability by the end of the year.

The Group had 6,147 employees at the end of the period and 3,874 at the start. The average number of employees in the Group rose 53 % during the year. Despite this increase, however, personnel expenses grew only 45 % to MEUR 52.0 (35.8) since the bulk of the increase took place in low-cost countries. Depreciation rose 86.9 % to MEUR 17.9 (9.6) mainly because of machinery and equipment purchases to raise capacity.

The Group's profit before extraordinary items and taxes was MEUR 9.8 (9.0) and the pretax profit was MEUR 9.8 (8.7). Net financial expenses totaled MEUR 4.6 (1.4).

The Group posted a net profit after taxes and minority interest of MEUR 5.0 (7.1). Income taxes for the year amounted to MEUR 3.4 (1.5). The previous year's income taxes were reduced by a tax rebate of roughly one million euros.

The balance sheet total increased 71.1 % to MEUR 438.1 (256.1). Capital expenditure raised fixed assets to MEUR 98.7 (72.4) at the year end. Inventories totaled MEUR 142.2 (66.6) and purchasing liabilities were MEUR 190.3 (65.3) at the close of the period. The value of component stocks was high at the year end as the company made provision for a rise in delivery volume at the start of 2000. Accounts receivable totaled MEUR 162.9 (96.1). The level of accounts receivable was high at the year end owing to high invoicing during the final quarter. Return on investment was 8.2 % (8.1 %) and return on shareholders' equity was 5.4 % (6.6 %).

### Capital expenditure

The Group's capital expenditure totaled MEUR 50.2 (44.0). The company made new leasing contracts for MEUR 5.4 and purchased back expired leasing contracts for MEUR 0.1.

Investments totaling MEUR 24.0 were focused on raising the capacity and technological capabilities of the Lohja and Tallinn plants to match current demand. A further MEUR 26.2 was invested in machinery and equipment elsewhere under the globalization project.

### Elcoteq's globalization

During the year Elcoteq completed its program of globalization which was begun after its initial public offering in 1997. Elcoteq's plant network now encompasses three continents: Asia, Europe and America. Its position in the EMS markets has strengthened since the technologies and systems of Elcoteq's plants are specifically geared to the manufacture of telecommunications products. This structure matches the needs of customers for geographical availability and scope of service.

The plant built by the company in Pécs, Hungary, has manufactured automotive electronics for the central European market since it began operating. Production of industrial electronics started in May, and since August the plant has also provided aftermarket services to Philips Consumer Communications. The Pécs plant had 995 employees at the close of the period. During the second quarter of 2000 it will also begin manufacturing mobile phones, Ericsson being one of its customers.

The plant built by Elcoteq in Monterrey, Mexico, started operating in January with the manufacture of accessories and subassemblies for Nokia mobile phones. This plant now has several customer projects and in December 1999 Elcoteq's Board of Directors decided to double the plant's size to over 16,000 square meters during the first half of 2000. The Monterrey plant had 491 employees at the close of the period.

Take-over of the plant acquired from Nokia Mobile Phones in Dongguan, China, at the beginning of April proceeded smoothly and the plant had a positive impact on the year's profits. The Dongguan plant began serving several customers during the period. The Customer Center in Hong Kong has been in operation since the beginning of January 1999. Elcoteq had altogether 625 employees at its Dongguan and Hong Kong units at the close of the year.

The plant in St. Petersburg, Russia, reached good levels of productivity and quality during 1999. The number of employees totaled 100 at the close of the period. The company is studying the feasibility of expanding activities in St. Petersburg.

## Financing

The Group's liquidity remained strong throughout the period. The solvency ratio was 31.7 % (51.0 %) at the end of the year. The decrease was principally caused by an increase in working capital resulting from growth in operating volume. Of this figure, 4.2 percentage points was attributable to the convertible capital notes, which are treated as shareholders' equity. Of voluntary provisions and the accumulated depreciation difference, 29 % was recognized as the deferred tax liability and the remainder as shareholders' equity.

In spring 1999 Elcoteq concluded an MEUR 55 revolving credit facility with a consortium of five banks. Elcoteq's growth was largely financed using this facility and other credit limits at the company's disposal.

The Group's cash reserves on the balance sheet date were MEUR 20.5 (13.7), in addition to which the Company had unused credit limits totaling MEUR 114.6 (45.8). The company is preparing to increase its equity-based financing during the first half of 2000.

At the end of 1999 variable interest loans accounted for 62 % of all interest-bearing debt, i.e. MEUR 107.8, and 63 % if leasing contracts are included. The average interest payable on interest-bearing debt at the close of the year was 5.24 %. The above figures include the convertible capital notes of FIM 110 million at a fixed interest rate of 9.39 %.

The Group's operations are international and therefore sensitive to exchange rate risks. The Group's policy is to hedge its major open foreign exchange exposure. Its purchasing and sales positions are hedged using mainly forward foreign exchange and option contracts with a maturity of normally no more than four months. Loans raised in foreign currencies are generally hedged using swap contracts.

## The year 2000

Elcoteq began preparations for the roll-over into the year 2000 at the beginning of 1998. This involved measures to ensure the uninterrupted operation of its information systems, production machinery and equipment, and the systems embedded in its business premises. The change of year created no problems in the company's operations.

Monitoring since the start of 2000 has not revealed any disturbances to the functionality of the company's systems.

## Group structure

The Group's parent company is Elcoteq Network Oyj (Elcoteq Network Corporation in English). During the period the company established Elcoteq Asia Ltd in Hong Kong, Dongguan Elcoteq Electronics Co. Ltd in Dongguan, China, and at the end of

1999 Elcoteq Elektronik GmbH in conjunction with its existing subsidiary Elcoteq Deutschland GmbH in Germany.

At the end of the year all the company's subsidiaries were wholly owned by the parent company Elcoteq Network Corporation, directly or through its subsidiaries, except Dongguan Elcoteq Electronics Co. Ltd, in which its local partner has a minority holding of 30 %.

#### Board of Directors and President

The Annual General Meeting of Elcoteq Network Corporation was held in Helsinki on March 17, 1999. The meeting re-elected the following to the Board of Directors of the parent company: Mr Antti Piippo, Mr Heikki Horstia, Mr Henry Sjöman, Mr Juha Toivola and Mr Jorma Vanhanen. The Board elected Antti Piippo as chairman and Juha Toivola as deputy chairman. Antti Piippo, Heikki Horstia and Juha Toivola constitute the Board's Review and Compensation Committee.

The company's president for the whole year was Mr Tuomo Lähdesmäki MSc (Eng.), MBA.

#### Auditors

The company's auditors are the firm of authorized public accountants KPMG Wideri Oy Ab under the supervision of principal auditor Mr Birger Haglund, Authorized Public Accountant.

#### Personnel

There were 3,874 employees at the start of the year and 6,147 at the year end. The Group had 4,733 (3,085) employees on average during the year.

#### Subsequent events

In December 1999 Elcoteq signed an agreement to acquire the operations of the German EMS company Stephan Elektronik. This company became part of Elcoteq on 1 January 2000 and included the plants in Überlingen, Germany, and Wroclaw, Poland, as well as a customer center in Beringen, Switzerland. The company continues to operate under the name Elcoteq Elektronik GmbH with some 500 employees. The net sales of the acquired operations totaled approximately MEUR 40 in 1999 and Elcoteq believes this figure will increase during 2000. The deal will have a neutral effect on Elcoteq's performance during 2000 and positive thereafter. The acquisition strengthens Elcoteq's position in Europe and especially in Germany, where the EMS market is in its infancy.

At the beginning of January 2000 Elcoteq acquired a 30,000 square meter display manufacturing plant in Pécs, Hungary, from Nokia Display Products. This deal will help Elcoteq to meet growing demand for electronics manufacturing services in central Europe. The company will continue to produce displays for the time being but The plant is being modified started to manufacture other electronics products. Roughly 1,400 Nokia Display Products employees transferred to Elcoteq as a result

of the acquisition. This arrangement will have a positive impact on Elcoteq's result in 2000.

### Prospects for 2000

The EMS markets, and in particular outsourcing of electronics for wireless telecommunications, will continue to grow vigorously during 2000.

The company believes that its full-year net sales will continue to grow at least as fast as in 1999 and that its performance will improve significantly. The utilization rate of its acquired capacity will rise and the costs of the company's completed globalization program will no longer affect the result in 2000.

### Proposal of the Board of Directors

The Group's distributable funds totaled FIM 110,408,643 (EUR 18,569,401) at the end of the year. The parent company's profit for the year was FIM 26,892,184 (EUR 4,522,941) and retained earnings from previous financial periods amounted to FIM 88,437,062 (EUR 14,874,046).

The Board proposes to the Annual General Meeting that the parent company distributes a dividend to shareholders in line with its dividend policy, i.e. FIM 0.20 (EUR 0.034) per share (1998: FIM 0.20 (EUR 0.034)), and also an additional dividend of FIM 0.45 (EUR 0.076) per share in gratitude for the confidence of shareholders during the company's globalization program, making a total dividend of FIM 15,155,075 (EUR 2,548,901). After this, the parent company's distributable funds will total FIM 100,174,171 (EUR 16,848,086).

Helsinki, February 9, 2000

Board of Directors

Further information:

Mr Tuomo Lähdesmäki, President, tel. +358-10-413 11

Mr Osmo Kammonen, Group Vice President, Corporate Communications and Investor Relations, tel. +358-10-413 1406, GSM +358-50-593 0770

Elcoteq's Annual General Meeting will be held on 22 March 2000. Elcoteq will publish its first interim report in 2000 at 9.00 (EET) on Friday 5 May.

Elcoteq Network Corporation

Osmo Kammonen

Group Vice President, Corporate Communications and Investor Relations

**APPENDICES:**

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**APPENDIX 1****CONSOLIDATED INCOME STATEMENT, EUR 1000**

	Jan. 1 - Dec. 31, 99	Jan. 1 – Dec. 31, 98
NET SALES	752,495	394,620
Change in stock of work in progress and finished goods	5,599	3,578
Other income from operations	2,248	1,476
Production materials and services		
Materials and supplies		
Purchases during period	-704,576	-346,120
Change in inventories	68,585	25,706
Materials and supplies total	-635,991	-320,414
External services	-2,190	-1,786
	-638,182	-322,200
Personnel expenses		
Wages, salaries and fees	-41,217	-28,414
Indirect personnel expenses		
Pension costs	-5,144	-3,413
Other indirect employer costs	-5,691	-3,939
	-52,053	-35,766
Depreciation and writedowns		
Depreciation according to plan	-17,882	-9,468
Amortization of goodwill on consolidation	-45	-123
	-17,927	-9,591
Other operating expenses	-37,701	-21,719
OPERATING PROFIT	14,479	10,398
Financial income and expenses		
Other interest and financial income		
Exchange gains	607	1,077
Other financial income	1,421	1,979
	2,027	3,056
Financial expenses		
Interest expenses	-4,702	-2,469
Exchange losses	-684	-1,636
Other financial expenses	-1,279	-392
	-6,666	-4,497
Financial income and expenses	-4,639	-1,441

PROFIT BEFORE EXTRAORDINARY ITEMS	9,840	8,957
Extraordinary items		
Extraordinary income	-	266
Extraordinary expenses	-	-568
PROFIT BEFORE TAXES	9,840	8,655
Income taxes		
Income taxes for the financial year	-2,492	-1,648
Income taxes for prior years	-159	987
Change in deferred tax liability	-908	-851
Income taxes total	-3,559	-1,512
Minority interests	-1,281	-
NET INCOME FOR THE FINANCIAL YEAR	5,000	7,143

## APPENDIX 2

### CONSOLIDATED BALANCE SHEET, EUR 1000

	Dec. 31, 1999	Dec. 31, 1998
ASSETS		
Fixed assets		
Intangible assets		
Intangible rights	67	49
Other long-term expenditure	5,236	3,589
Advance payments	299	216
Goodwill on consolidation	191	236
	5,792	4,089
Tangible assets		
Land and water	1,158	729
Buildings	19,711	17,355
Machinery and equipment	68,768	49,252
Advance payments and construction in progress	893	292
	90,530	67,627
Investments		
Shares in associated companies	41	42
Receivables from associated companies	87	87
Other shares and holdings	2,232	563
	2,360	692
Fixed assets total	98,682	72,409

Current assets		
Inventories		
Raw materials	128,011	58,328
Work in progress	8,537	4,342
Finished goods	5,861	3,883
Advance payments	25	48
	142,434	66,600
Long-term receivables		
Deferred tax assets	182	839
Other loans receivable	2,066	38
	2,248	877
Short-term receivables		
Accounts receivable	162,944	96,105
Prepaid expenses and accruals	11,303	6,394
	174,246	102,499
Cash and cash equivalents		
	20,492	13,728
Current assets total	339,420	183,704
ASSETS TOTAL	438,102	256,113
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	7,843	7,843
Share premium account	81,647	81,647
Other reserves	95	67
Translation difference	1,238	58
Retained earnings	21,645	15,286
Net income for the financial year	5,000	7,143
Convertible capital notes	18,501	18,501
Shareholders' equity total	135,969	130,544
Minority interests	3,069	-
Provisions		
Provision for pensions	28	36
Provisions total	28	36
Liabilities		
Long-term liabilities		
Bonds	2,523	2,523
Medium-term capital notes	8,746	8,746
Bonds with warrants	186	187
Loans from financial institutions	8,030	5,649
Pension loans	4,459	506
Other debt	113	113
Deferred tax liability	3,051	2,800

	27,108	20,525
Payments due after one year	-905	-942
	26,204	19,583
Short-term liabilities		
Loans from financial institutions	67,607	27,643
Pension loans	15	41
Advances received	-	195
Accounts payable	190,342	65,337
Other short-term liabilities	2,808	1,564
Accrued expenses	12,061	11,169
	272,833	105,949
Liabilities total	299,036	125,533
SHAREHOLDERS' EQUITY AND LIABILITIES TOTAL	438,102	256,113

### APPENDIX 3

#### CONSOLIDATED CASH FLOW STATEMENT, EUR 1000

	Jan. 1 - Dec. 31, 99	Jan. 1 - Dec. 31, 98
Cash flow from operations		
Net profit for the financial year	5,000	7,143
Adjustments		
Depreciation	17,927	9,591
Decrease in provisions	-8	-22
Interest expenses	5,486	2,469
Interest income	-1,421	-1,938
Taxes	3,559	1,512
Other items	1,386	391
Operating profit before change in working capital	31,930	19,145
Change in net working capital		
Increase in accounts receivable	-70,701	-65,567
Increase in inventories	-77,146	-29,019
Increase in interest-free short-term debt	118,859	27,316
	-28,987	-67,271
Cash flow from operations	2,943	-48,126
Interest paid, net	-3,257	-583
Taxes paid	-2,520	-181
Net cash flow from operations	-2,834	-48,890
Cash flow from investing activity		
Investments in fixed assets	-38,173	-44,911
Proceeds from sale of fixed assets	636	2,970

	-37,536	-41,941
Cash flow from financing activity		
Increase in other shareholders' equity	1,209	78
Increase in long-term debt	7,190	8,859
Payment of long-term debt	-607	-15,112
Increase in short-term debt	39,975	25,463
Increase in long-term receivables	-1,371	-827
Dividends paid	-784	-784
Minority interest	3,069	-91
Other, net	-1,546	-32
	47,134	17,555
Increase/decrease in liquid funds	6,764	-73,276
Liquid funds at Jan. 1	13,728	87,004
Liquid funds at Dec. 31	20,492	13,728

#### APPENDIX 4

##### PERSONNEL

The Group had 4,733 (3,085) employees on average during the year, distributed geographically as follows:

	At Jan. 1	At Dec. 31	Change	Average
Finland	949	1,066	117	1,023
Hongkong	3	80	77	55
Japan	5	7	2	7
China	-	545	545	304
Mexico	25	491	466	257
Hungary	292	995	703	503
Germany	3	3	-	3
Denmark	-	3	3	1
USA	7	9	2	8
Russia	86	100	14	97
Estonia	2,504	2,848	344	2,475
Total	3,874	6,147	2,273	4,733

#### APPENDIX 5

##### KEY FINANCIAL FIGURES

	1999 12 mths Group	1998 12 mths Group	1997 12 mths Group	1996 12 mths Group	1995 10 mths Group
OPERATIONS					
Net sales MEUR	752.5	394.6	282.3	166.2	127.1

Exports as percentage of net sales %	80.3	64.7	77.8	68.4	60.8
Gross capital expenditure MEUR	50.2	44.0	22.2	15.6	14.2
- of which leasing	5.4	-	0.8	4.2	6.9
Personnel on average during the year	4,733	3,085	2,593	1,888	1,651
PROFITABILITY					
Operating profit MEUR	14.5	10.4	13.6	8.2	14.0
as percentage of net sales %	1.9	2.6	4.8	4.9	11.0
Profit before taxation MEUR	9.8	8.7	9.6	5.7	12.9
as percentage of net sales %	1.3	2.2	3.4	3.4	10.1
Net income MEUR	5.0	7.1	7.3	3.5	9.4
as percentage of net sales %	0.7	1.8	2.6	2.1	7.4
Return on equity (ROE) %	5.4	6.6	12.1	22.8	92.6
Return on investment (ROI) %	8.2	8.1	14.1	16.6	47.0
FINANCIAL RATIOS					
Current ratio	1.2	1.7	2.6	1.7	1.3
Solvency 1 %	27.5	43.8	52.7	17.0	22.7
Solvency 2 %	31.7	51.0	62.0	36.5	22.7
Gearing 1	0.7	0.4	-0.4	1.8	1.4
Gearing 2	0.5	0.2	-0.5	0.3	1.4
FINANCIAL RATIOS PER SHARE					
Earnings per share (EPS) *)EUR	0.21	0.32	0.44	0.22	0.59
Shareholders' equity per share EUR	5.04	4.81	4.53	0.99	0.91
Dividend per share **) EUR	0.11	0.03	0.03	0.10	0.13
Dividend per earnings %**)	51.0	11.0	10.7	46.4	21.5
Dividend yield % **)	0.7	0.4	0.3		
Price/earnings (P/E)	72.0	30.1	26.1		
Quotation					
* lowest share price EUR	7.07	5.21	10.76		
* highest share price EUR	15.90	14.30	12.78		
* average share price EUR	9.42	9.46	11.85		
* closing rate Dec. 30 EUR	15.20	9.25	11.52		
Market capitalization					
* A share MEUR	193.6	117.8	146.8		
* K share MEUR	160.8	97.8	121.9		
* Total MEUR	354.4	215.7	268.6		

The closing rate of the A share at 30 December 1999 is used to calculate the market capitalization of both share series.

Trading of shares

* Number of shares traded shares	10,706,930	12,508,204	889,992
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\* Proportion of Series A shares, %

84.1	98.2	7.0
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Average number of shares during the period (adjusted)

23,315,500	23,315,500	16,558,377	15,865,500	15,865,500
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Number of shares at the year end (adjusted)

23,315,500	23,315,500	23,315,500	15,865,500	15,865,500
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\*) The diluted profit for the period/ share (EPS) is not presented due to its being higher than the undiluted EPS because of interest expenses for convertible capital notes.

\*\*) Dividend for the financial year 1999 is the Board of Directors' proposal to the general meeting.

Elcoteq's financial years between 1999 and 1996 were the calendar year, January 1 - December 31. Its financial year in 1995 was March 1 - December 31 (10 months). Since 1998 the financial statements have been prepared in compliance with the provisions of the Finnish Accounting Act, which came into force on December 31, 1997. The financial statements and key indicators for 1997 have been adjusted to correspond with these provisions. The 1996 and 1995 financial statements, however, have not been adjusted.

APPENDIX 6

ASSETS AND CONTINGENT LIABILITIES, EUR 1000

	1999	Group 1998	Parent Company 1999	1998
FOR OWN LIABILITIES				
Mortgages on real estate				
Loans from credit institutions	5,103	6,036	505	757
Mortgages	11,059	11,323	2,018	2,018
Mortgages on movable assets				
Loans from credit institutions	416	736	416	736

Mortgages for other loans	6,728	6,728	6,728	6,728
Other pledges given as collateral				
Mortgages on moveable assets	2,018	2,018	1,177	1,177
Mortgages on real estate	-	84	-	84
ON BEHALF GROUP COMPANIES				
Guarantees	-	-	70,037	15,496
ON BEHALF OF OTHERS				
Guarantees	1,044	1,202	1,044	1,202
LEASING COMMITMENTS	5,323	2,788	5,323	2,491
DERIVATE CONTRACTS				
Foreign exchange derivative financial instruments				
Foreign exchange forward contracts				
Notional value	94,981	72,086	74,077	72,086
Book value	494	1,556	494	1,556
Market value	517	1,680	462	1,680
Currency options				
Notional value	44,727	-	39,681	-
Book value	-121	-	-121	-
Market value	71	-	112	-
Interest rate derivatives				
Notional value	50,000	-	50,000	-
Book value	-	-	-	-
Market value	16	-	16	-
Interest and currency swap contracts				
Notional value	4,599	5,280	4,599	5,280
Book value	-	-	-	-
Market value	1,075	539	1,075	539

## APPENDIX 1

### CONSOLIDATED INCOME STATEMENT, FIM 1000

	Jan. 1 - Dec. 31, 99	Jan. 1 - Dec. 31, 98
NET SALES	4,474,133	2,346,302
Change in stock of work in progress and finished goods	33,290	21,271
Other income from operations	13,368	8,777

Production materials and services		
Materials and supplies		
Purchases during period	-4,189,218	-2,057,937
Change in inventories	407,785	152,839
Materials and supplies total	-3,781,433	-1,905,098
External services	-13,024	-10,618
	-3,794,457	-1,915,715
Personnel expenses		
Wages, salaries and fees	-245,067	-168,942
Indirect personnel expenses		
Pension costs	-30,587	-20,292
Other indirect employer costs	-33,839	-23,419
	-309,493	-212,653
Depreciation and writedowns		
Depreciation according to plan	-106,323	-56,294
Amortization of goodwill on consolidation	-268	-730
	-106,592	-57,024
Other operating expenses	-224,161	-129,135
OPERATING PROFIT	86,088	61,823
Financial income and expenses		
Other interest and financial income		
Exchange gains	3,606	6,402
Other financial income	8,448	11,767
	12,055	18,169
Financial expenses		
Interest expenses	-27,959	-14,682
Exchange losses	-4,070	-9,726
Other financial expenses	-7,606	-2,330
	-39,635	-26,738
Financial income and expenses	-27,580	-8,569
PROFIT BEFORE EXTRAORDINARY ITEMS	58,508	53,254
Extraordinary items		
Extraordinary income	-	1,584
Extraordinary expenses	-	-3,378
PROFIT BEFORE TAXES	58,508	51,459
Income taxes		
Income taxes for the financial year	-14,819	-9,796
Income taxes for prior years	-945	5,867
Change in deferred tax liability	-5,397	-5,062
Income taxes total	-21,162	-8,991
Minority interests	-7,615	-
NET INCOME		

FOR THE FINANCIAL YEAR	29,732	42,468
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## APPENDIX 2

### CONSOLIDATED BALANCE SHEET, FIM 1000

	Dec. 31, 1999	Dec. 31, 1998
ASSETS		
Fixed assets		
Intangible assets		
Intangible rights	396	289
Other long-term expenditure	31,130	21,338
Advance payments	1,778	1,286
Goodwill on consolidation	1,133	1,401
	34,438	24,314
Tangible assets		
Land and water	6,888	4,332
Buildings	117,194	103,186
Machinery and equipment	408,875	292,837
Advance payments and construction in progress	5,311	1,736
	538,267	402,092
Investments		
Shares in associated companies	243	251
Receivables from associated companies	520	520
Other shares and holdings	13,268	3,345
	14,032	4,115
Fixed assets total	586,737	430,521
Current assets		
Inventories		
Raw materials	761,120	346,800
Work in progress	50,757	25,816
Finished goods	34,850	23,087
Advance payments	146	284
	846,873	395,988
Long-term receivables		
Deferred tax assets	1,080	4,987
Other loans receivable	12,284	226
	13,364	5,214
Short-term receivables		
Accounts receivable	968,818	571,415
Prepaid expenses and accruals	67,203	38,016
	1,036,021	609,431

Cash and cash equivalents	121,842	81,624
Current assets total	2,018,099	1,092,257
ASSETS TOTAL	2,604,836	1,522,779
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	46,631	46,631
Share premium account	485,452	485,452
Other reserves	564	396
Translation difference	7,360	343
Retained earnings	128,694	90,889
Net income for the financial year	29,732	42,468
Convertible capital notes	110,000	110,000
Shareholders' equity total	808,433	776,179
Minority interests	18,246	-
Provisions		
Provision for pensions	169	216
Provisions total	169	216
Liabilities		
Long-term liabilities		
Bonds	15,000	15,000
Medium-term capital notes	52,000	52,000
Bonds with warrants	1,108	1,114
Loans from financial institutions	47,745	33,587
Pension loans	26,515	3,011
Other debt	672	674
Deferred tax liability	18,140	16,651
	161,180	122,037
Payments due after one year	-5,380	-5,600
	155,800	116,437
Short-term liabilities		
Loans from financial institutions	401,970	164,360
Pension loans	89	242
Advances received	-	1,162
Accounts payable	1,131,720	388,474
Other short-term liabilities	16,695	9,300
Accrued expenses	71,714	66,409
	1,622,189	629,947
Liabilities total	1,777,988	746,384
SHAREHOLDERS' EQUITY AND LIABILITIES TOTAL		
	2,604,836	1,522,779

## APPENDIX 3

### CONSOLIDATED CASH FLOW STATEMENT, FIM 1000

	Jan. 1 - Dec. 31, 99	Jan. 1 - Dec. 31, 98
Cash flow from operations		
Net profit for the financial year	29,732	42,468
Adjustments		
Depreciation	106,592	57,024
Decrease in provisions	-47	-130
Interest expenses	32,620	14,682
Interest income	-8,448	-11,525
Taxes	21,162	8,991
Other items	8,240	2,322
Operating profit before change in working capital	189,849	113,833
Change in net working capital		
Increase in accounts receivable	-420,367	-389,844
Increase in inventories	-458,691	-172,542
Increase in interest-free short-term debt	706,706	162,412
	-172,352	-399,974
Cash flow from operations	17,498	-286,142
Interest paid, net	-19,368	-3,469
Taxes paid	-14,981	-1,075
Net cash flow from operations	-16,851	-290,686
Cash flow from investing activity		
Investments in fixed assets	-226,964	-267,028
Proceeds from sale of fixed assets	3,784	17,661
	-223,180	-249,367
Cash flow from financing activity		
Increase in other shareholders' equity	7,185	466
Increase in long-term debt	42,752	52,672
Payment of long-term debt	-3,609	-89,851
Increase in short-term debt	237,678	151,398
Increase in long-term receivables	-8,150	-4,917
Dividends paid	-4,663	-4,663
Minority interest	18,246	-540
Other, net	-9,191	-190
	280,248	104,376
Increase/decrease in liquid funds	40,217	-435,677
Liquid funds at Jan. 1	81,625	517,302
Liquid funds at Dec. 31	121,842	81,625

## APPENDIX 4

### PERSONNEL

The Group had 4,733 (3,085) employees on average during the year, distributed geographically as follows:

	At Jan.1	At Dec. 31	Change	Average
Finland	949	1,066	117	1,023
Hongkong	3	80	77	55
Japan	5	7	2	7
China	-	545	545	304
Mexico	25	491	466	257
Hungary	292	995	703	503
Germany	3	3	-	3
Denmark	-	3	3	1
USA	7	9	2	8
Russia	86	100	14	97
Estonia	2,504	2,848	344	2,475
Total	3,874	6,147	2,273	4,733

## APPENDIX 5

### KEY FINANCIAL FIGURES

	1999 12 mths Group	1998 12 mths Group	1997 12 mths Group	1996 12 mths Group	1995 10 mths Group
OPERATIONS					
Net sales MFIM	4474.1	2 346.3	1 678.6	988.1	755.6
Exports as percentage of net sales %	80.3	64.7	77.8	68.4	60.8
Gross capital expenditure MFIM	298.6	261.7	132.0	92.8	84.4
- of which leasing	32.0	-	4.6	25.0	40.9
Personnel on average during the year	4,733	3,085	2,593	1,888	1,651
PROFITABILITY					
Operating profit MFIM	86.1	61.8	80.9	48.7	83.3
as percentage of net sales %	1.9	2.6	4.8	4.9	11.0
Profit before taxation MFIM	58.5	51.5	57.0	33.9	76.5
as percentage of net sales %	1.3	2.2	3.4	3.4	10.1

Net income MFIM	29.7	42.5	43.7	21.0	55.8
as percentage of net sales %	0.7	1.8	2.6	2.1	7.4
Return on equity (ROE) %	5.4	6.6	12.1	22.8	92.6
Return on investment (ROI) %	8.2	8.1	14.1	16.6	47.0

#### FINANCIAL RATIOS

Current ratio	1.2	1.7	2.6	1.7	1.3
Solvency 1 %	27.5	43.8	52.7	17.0	22.7
Solvency 2 %	31.7	51.0	62.0	36.5	22.7
Gearing 1	0.7	0.4	-0.4	1.8	1.4
Gearing 2	0.5	0.2	-0.5	0.3	1.4

#### FINANCIAL RATIOS PER SHARE

Earnings per share (EPS) *)FIM	1.28	1.88	2.64	1.32	3.52
Shareholders' equity per share FIM	29.96	28.57	26.93	5.89	5.39
Dividend per share (**)	0.65	0.20	0.20	0.61	0.76
Dividend per earnings %(**)	51.0	11.0	10.7	46.4	21.5
Dividend yield % (**)	0.7	0.4	0.3		
Price/earnings (P/E)	72.0	30.1	26.1		

#### Quotation

* lowest share price FIM	42.04	31.00	64.00
* highest share price FIM	94.54	85.00	76.00
* average share price FIM	55.98	56.23	70.45
* closing rate Dec. 30 FIM	90.38	55.00	68.50

#### Market capitalization

* A share FIM	1,151.2	700.6	872.6
* K share FIM	955.9	581.7	724.5
* Total FIM	2,107.1	1,282.4	1,597.1

The closing rate of the A share at 30 December 1999 is used to calculate the market capitalization of both share series.

#### Trading of shares

* Number of shares traded shares	10,706,930	12,508,204	889,992
* Proportion of Series A shares	84.1	98.2	7.0

#### Average number of shares during the period (adjusted)

23,315,500	23,315,500	16,558,377	15,865,500	15,865,500
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#### Number of shares at the year end (adjusted)

23,315,500	23,315,500	23,315,500	15,865,500	15,865,500
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\*) The diluted profit for the period/ share (EPS) is not presented due to its being higher than the undiluted EPS because of interest expenses for convertible capital notes.

\*\*\*) Dividend for the financial year 1999 is the Board of Directors' proposal to the general meeting.

Elcoteq's financial years between 1999 and 1996 were the calendar year, January 1 - December 31. Its financial year in 1995 was March 1 - December 31 (10 months). Since 1998 the financial statements have been prepared in compliance with the provisions of the Finnish Accounting Act, which came into force on December 31, 1997. The financial statements and key indicators for 1997 have been adjusted to correspond with these provisions. The 1996 and 1995 financial statements, however, have not been adjusted.

## APPENDIX 6

### ASSETS AND CONTINGENT LIABILITIES, FIM 1000

	1999	Group 1998	Parent Company	
			1999	1998
FOR OWN LIABILITIES				
Mortgages on real estate				
Loans from credit institutions	30,343	35,891	3,000	4,500
Mortgages	65,754	67,326	12,000	12,000
Mortgages on movable assets				
Loans from credit institutions	2,473	4,376	2,473	4,376
Mortgages for other loans				
	40,000	40,000	40,000	40,000
Other pledges given as collateral				
Mortgages on moveable assets	12,000	12,000	7,000	7,000
Mortgages on real estate	-	500	-	500
ON BEHALF GROUP COMPANIES				
Guarantees	-	-	416,423	92,137
ON BEHALF OF OTHERS				
Guarantees	6,208	7,145	6,208	7,145
LEASING COMMITMENTS				
	31,651	16,575	31,651	14,809
DERIVATE CONTRACTS				

Foreign exchange derivative financial instruments

Foreign exchange forward contracts

Notional value	564,729	428,604	440,440	428,604
Book value	2,939	9,253	2,939	9,253
Market value	3,076	9,989	2,745	9,989

Currency options

Notional value	265,936	-	235,933	-
Book value	-721	-	-721	-
Market value	423	-	666	-

Interest rate derivatives

Notional value	297,287	-	297,287	-
Book value	-	-	-	-
Market value	98	-	98	-

Interest and currency swap contracts

Notional value	27,343	31,391	27,343	31,391
Book value	-	-	-	-
Market value	6,392	3,207	6,392	3,207