ELCOTEQ NETWORK CORPORATION STOCK EXCHANGE BULLETIN

April 28, 2000, 09:00 (EET)

INTERIM REPORT JANUARY – MARCH 2000 (unaudited)

- Sales and operating profit in first quarter record high
- First-quarter net sales totaled MEUR 438.2, up 272 % on the same period in 1999 and 58 % higher than in the final quarter of 1999
- Operating profit was MEUR 13.2 (same period previous year: MEUR -1.6), pre-tax profit MEUR 12.4 (MEUR -2.1), EPS EUR 0.38 (EUR -0.09)
- Return on capital employed improved significantly to 15.7 % on rolling 12 month basis
- Full-year net sales expected to more than double on 1999 and the performance to improve significantly

The success of Elcoteq's two-year program to globalize its production network was reflected in a further strong increase in revenues between January and March. Elcoteq's strategy has been to create a total service concept comprising a consistent range of services along with compatible business processes, working procedures and systems. Use of this concept is designed to benefit Elcoteq's customers by enhancing their competitive edge.

The company's service portfolio now covers the main geographical markets in which its customers operate. It also offers a full range of business processes from product development to manufacturing, after-sales service and supply chain management. The company believes that its expanded portfolio is competitive and that the simultaneous increase in business volumes will reduce the impact of demand fluctuations.

Most of the growth in net sales during the reporting period was the result of organic growth at the plants in Estonia, Mexico and Hungary. The new operations in China acquired after the comparative period contributed to the growth as well. Growth was also attributable to the extra capacity provided by the acquisition of a manufacturing plant in Hungary from Nokia as well as the plants and new businesses acquired in Germany and Poland.

Sales and operating profit in first quarter of 2000 best in Elcoteq's history

Net sales during the first quarter of 2000 reached MEUR 438.2, an increase of 58 % from MEUR 277.3 in the final quarter of 1999. The operating profit was MEUR 13.2, up 45 % on the operating profit of MEUR 9.1 in the final quarter of 1999. The profit before taxes and extraordinary items rose 70 % to MEUR 12.4, compared with MEUR 7.3 in the final quarter of 1999.

Elcoteq's net sales between January and March 2000 rose 272 % on the same period last year to MEUR 438.2 (MEUR 117.9). The operating profit in the reporting period totaled MEUR 13.2 (MEUR -1.6). The profit before taxes and extraordinary items was MEUR 12.4 (MEUR -2.1). This figure includes approximately MEUR 1 in interest income following conversion of the company's convertible capital notes to shares.

According to the terms of the notes no interest was payable in respect of the interest period preceding the conversion and for this reason the MEUR 1 interest expense allocated in the previous period was reversed in the first quarter's result. Earnings per share amounted to EUR 0.38 (EUR -0.09).

Depreciation between January and March increased considerably compared to the same period in 1999 owing to the additional investment in capacity. Depreciation totaled MEUR 6.7 (MEUR 3.8). Gross capital expenditure on fixed assets during the reporting period was MEUR 20.6 (MEUR 8.5). This primarily comprised fixed assets acquired in Germany, Poland and Hungary, and the purchase of machinery and equipment at various plants.

The rolling 12-month return on capital employed (ROCE), a measure of the company's profitability, improved clearly from 8.2 % at the close of 1999 to 15.7 %, in line with the company's long-term target of 15 % for return on capital employed.

Total assets at the end of March were MEUR 591.3, compared to MEUR 234.1 on the same date in 1999. The balance sheet increased 35 % on the figure of MEUR 438.1 at the end of 1999.

The solvency ratio (equity to total assets) at the end of March was 25.1 % (55.4 % one year earlier). In February 2000 the company exercised its right to redeem the FIM 110 million convertible capital notes ahead of schedule. The note holders decided to convert the notes into Series A shares instead of taking repayment, resulting in an increase of FIM 110 million to restricted shareholders' equity in the balance sheet at the end of March. The conversion into shares reduces the company's interest expenses and will improve the results by approximately MEUR 1.7 on an annual basis.

The number of Series A shares totals 14,104,952 following the conversion of the notes. The number of Series K shares remains 10,577,000.

The Group had MEUR 123.3 in unused credit lines at its disposal at the end of March 2000.

The year 2000 (Y2K) project was concluded. The roll-over into the current year created no disturbances in Elcoteq's operations.

Elcoteq had 8,080 (3,909) employees on average during the first quarter of the year. An additional 2,874 employees were taken on during the reporting period, making a total of 9,021 employees at the end of March.

Market trends

Component availability remained essentially unchanged during the period compared to the situation at the end of 1999. Certain components continue to be difficult to obtain and the suppliers of such components are demanding substantially longer term sales forecasts. However, during the period Elcoteq did not experience any material problems in meeting customer orders.

Altogether 73 % (66 %) of Elcoteq's net sales between January and March were derived from mobile phones and their accessories. Other telecommunication products accounted for 4.4 % (16 %) and industrial electronics for 4.9 % (11 %). Customers belonging to the Ericsson and Nokia groups represented 91.6 % (80 %) of the company's net sales.

Significant events during the period

The company's Board of Directors decided to expand the plants in Estonia and in Lohja, Finland, to meet the increased demand for electronics manufacturing services. A further 7100 square meters will be added to the Tallinn plant and 2200 square meters to the Lohja plant. These expansions will be brought into operation during the second half of 2000.

During the period Elcoteq decided to acquire the operation in Vaasa, Finland assembling electronic modules for medium-voltage protection relays from ABB Substation Automation Oy on April 1, 2000. Elcoteq is now responsible for all electronics manufacturing related to these ABB products.

The company's operations in Hungary were expanded during the period with the acquisition of a plant in Pécs belonging to Nokia Display Products, which added almost 1400 new employees. The plant previously built by Elcoteq in the same city had 1,218 employees at the end of March 2000. Preparations were started in Hungary during the period to begin manufacture of box built mobile phones for customers including Ericsson. This activity began during the second quarter of the year.

Elcoteq's Board of Directors decided in December 1999 to expand the plant in Monterrey, Mexico, from its present size of 8000 square meters to 17 100 square meters, enabling it to meet the growing demand for electronics manufacturing services. This expansion is expected to be brought into production during the first half of 2000. The Monterrey plant had 925 employees at the end of March.

The Dongguan plant in China manufactures mobile phone subassemblies and accessories and also subassemblies for mobile phone infrastructure equipment for a number of customers. The Dongguan plant and the Hong Kong Customer Center had altogether 670 employees at the end of March 2000.

The company acquired Stephan Elektronik's business at the beginning of January 2000. This business, which now operates under the name of Elcoteq Elektronik GmbH, generated net sales of approximately MEUR 40 in 1999. The new company comprises EMS plants in Überlingen, Germany, and Wroclaw, Poland, as well as a customer service center in Beringen, Switzerland. These units had altogether 464 employees at the end of March. The German company is expected to enable Elcoteq to strengthen its presence in Europe and especially in Germany, where the EMS market is still in its infancy.

The plant in St. Petersburg, Russia, had 105 employees at the end of March. Elcoteq will continue to evaluate the feasibility of expanding this operation.

Annual General Meeting

The Annual General Meeting of Elcoteq Network Corporation held in Helsinki, Finland on March 22, 2000 approved the Board of Directors' proposal to distribute an ordinary dividend of FIM 0.20 per share and an additional dividend of FIM 0.45 per share.

The Meeting authorized the Board to issue one or several convertible bonds, to issue stock options or to raise the share capital within one year from the Meeting. The share capital may be increased by at most 4,663,100 Series A shares. Elcoteq has started preparations to arrange equity-based financing and has appointed the investment banks Warburg Dillon Read, Mandatum and Deutsche Bank for this purpose.

The number of members on the Board of Directors was increased from five to six. The members were elected to the Board for the term of office extending until the following Annual General Meeting. These are Mr Antti Piippo, Chairman of the Board, Elcoteq Network Corporation; Mr Heikki Horstia, Vice President, Treasury, Wärtsilä NSD Corporation; Mr Henry Sjöman, Group Vice President, Sales Development, Elcoteq Network Corporation; Mr Juha Toivola, Managing Director of Industrial Insurance Company Ltd; Mr Jorma Vanhanen, Group Vice President, Technology, Elcoteq Network Corporation and as a new member President Martti Ahtisaari. The new Board of Directors re-elected Mr Antti Piippo as its full-time chairman.

Prospects

The electronics manufacturing services markets, and in particular outsourcing of wireless telecommunication products, are expected to continue to increase strongly.

The availability of certain components has deteriorated during the second quarter, which could affect the rate of growth during this period but the company's net sales for this period are nonetheless expected to increase substantially compared to the same period last year.

Based on current market conditions, the company believes that its full-year net sales will more than double and that its performance will improve significantly compared with 1999. Utilization of the capacity already acquired will increase and the costs of the globalization program concluded will not affect the results in 2000.

Elcoteq will publish its interim report on operations in January – June at 09:00 (EET) on Friday, August 11, 2000.

Helsinki April 27, 2000

Board of Directors

United States would be by means of a prospectus. Such prospectus would be obtainable from the issuer or the selling security holder and would contain detailed information about the company and management, as well as financial statements. Stabilization / FSA.

Conversion rates:

The following conversion rates are used in this interim report:
1 EUR = FIM 5.94573
1 EUR = USD 0.95524
1 USD = FIM 6.22431

Elcoteq will hold a conference call for investors and analysts in English, starting at 12:00 pm (GMT) on April 28, 2000. To participate, please call +44 20 8781 0563, code Elcoteq.

ELCOTEQ NETWORK CORPORATION

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APPENDICES

1 Income Statement
2 Balance Sheet
3 Key Figures
4 Assets Pledged and Contingent Liabilities

APPENDIX 1

INCOME STATEMENT, MEUR	1-3/2000	1-3/1999	% change	12/1999
Net sales	438.2	117.9	271.8	752.5
Change in stock of work in progress and finished goods	10.6	-0.7		5.6
Other income from operations	1.5	0.2	604.5	2.2
Operating expenses	-430.5	-115.1	274.1	-727.9
Depreciation	-6.7	-3.8	74.1	-17.9
Operating profit	13.2	-1.6		14.5
% of net sales	3.0	-1.3		1.9

Financial income and expenses	-0.8	-0.5	45.4	-4.6
Profit before extraordinary Items	12.4	-2.1		9.8
Income taxes *)	-3.7	-0.1		-3.6
Minority interests	0.1	-		-1.3
Net income	8.8	-2.2		5.0

*) Taxes for the period are calculated as a proportion of estimated taxes for the full year. Income taxes includes the change in deferred tax liability.

APPENDIX 2

BALANCE SHEET, MEUR	March 31, 2000	March 31, 1999	% change	Dec. 31,1999
Fixed assets	106.6	77.0	38.5	98.7
Current assets				
Inventories	227.6	66.6	241.9	142.4
Other current assets	257.0	90.6	183.8	197.0
Assets	591.3	234.1	152.5	438.1
Share capital	8.3	7.8	5.9	7.8
Convertible capital notes	-	18.5		18.5
Other shareholders' equity	135.3	101.5	33.3	109.6
Minority interests	3.2	1.7	94.1	3.1
Provisions	0.0	0.0	0.0	0.0
Long-term liabilities	25.8	19.3	33.5	26.2
Short-term liabilities	418.5	85.2	391.2	272.8
Shareholders' equity and liabilities	591.3	234.1	152.5	438.1

APPENDIX 3

KEY FIGURES	1-3/2000	1-3/1999	% change	1999
Personnel on average during the period	8,080	3,909	106.7	4,733
Gross capital expenditure, MEUR	20.6	8.5	143.0	50.2
Return on equity (ROE), %*)	6.5	-2.0		5.4
Return on investment (ROI), %*)	6.6	-0.5		8.2
Earning per share (EPS), EUR	0.38	-0.09		0.21
Current ratio	1.2	1.8		1.2
Solvency Ratio 1 **)	-	47.5		27.5
Solvency Ratio 2 ***)	25.1	55.4		31.7

Gearing 1 **)	-	0.3		0.7
Gearing 2 ***)	0.7	0.1		0.5
Equity per share, EUR	5.82	4.69	24.0	5.04
Interest-bearing liabilities, MEUR	122.8	31.7	286.8	89.3
Incl. convertible capital notes MEUR	122.8	50.2	144.4	107.8
Non-interest-bearing liabilities, MEUR	321.6	72.8	341.7	209.7

*)The key figures have been calculated using figures specific to each accounting period in question.
**) Convertible capital notes are included in interest-bearing liabilities.
***) Convertible capital notes are included in shareholders' equity.

APPENDIX 4

ASSETS PLEDGED AND CONTINGENT LIABILITIES, MEUR

	March 31, 2000	March 31, 1999	% change	Dec. 31,1999
FOR OWN LIABILITIES				
Mortgages on real estate				
Loans from financial institutions	5.2	6.4	-19.2	5.1
Mortgages	11.1	11.2	-1.5	11.1
Mortgages on movable assets				
Loans from financial institutions	0.3	0.7	-56.4	0.4
Mortgages for other loans	6.7	6.7	0.0	6.7
Other pledges given as collateral				
Mortgages on movable assets	2.0	2.0	0.0	2.0
Mortgages on real estate	-	0.1		-
ON BEHALF OF OTHERS				

Guarantees	0.8	1.2	-32.4	1.0
LEASING COMMITMENTS	10.1	2.3	347.0	5.3
DERIVATE CONTRACTS				
Foreign exchange derivative financial instruments				
Foreign exchange forward contracts				
- Notional value	114.3	50.1	127.9	95.0
- Book value	1.0	0.7	31.8	0.5
- Market value	1.6	0.7	129.3	0.5
Currency options				
- Notional value	96.8	20.4	374.4	44.7
- Book value	-0.1	-0.1	133.3	-0.1
- Market value	0.1	-0.1	-175.0	0.1
Interest rate derivatives				
- Notional value	-	50.0		50.0
- Book value	-	-		-
- Market value	-	-		0.0
Interest and currency swap contracts				
- Notional value	4.8	5.7	-15.5	4.6
- Book value	-	-		-
- Market value	1.4	1.1	28.6	1.1

APPENDIX 1

INCOME STATEMENT, MFIM	1-3/2000	1-3/1999	% change	12/1999
Net sales	2,605.3	700.7	271.8	4,474.1
Change in stock of work in progress and finished goods	63.3	-4.3		33.3
Other income from operations	9.1	1.3	604.5	13.4
Operating expenses	-2,559.5	-684.2	274.1	-4,328.1
Depreciation	-39.7	-22.8	74.1	-106.6
Operating profit	78.5	-9.3		86.1
% of net sales	3.0	-1.3		1.9
Financial income and expenses	-4.6	-3.1	45.4	-27.6
Profit before extraordinary items	73.9	-12.4		58.5
Income taxes *)	-22.0	-0.7		-21.2
Minority interests	0.4	-		-7.6
Net income	52.3	-13.1		29.7

*) Taxes for the period are calculated as a proportion of estimated taxes for the full year. Income taxes includes the change in deferred tax liability.

APPENDIX 2

BALANCE SHEET, MFIM	March 31, 2000	March 31, 1999	% change	Dec. 31,1999
Fixed assets	634.0	457.8	38.5	586.7
Current assets				
Inventories	1,353.3	395.8	241.9	846.9
Other current assets	1,528.2	538.5	183.8	1,171.2
Assets	3,515.5	1,392.2	152.5	2,604.8
Share capital	49.4	46.6	5.9	46.6
Convertible capital notes	-	110.0		110.0
Other shareholders' equity	804.7	603.7	33.3	651.8
Minority interests	19.3	9.9	94.1	18.2
Provisions	0.2	0.2	0.0	0.2
Long-term liabilities	153.5	115.0	33.5	155.8
Short-term liabilities	2,488.5	506.7	391.2	1 622.2
Shareholders' equity and liabilities	3,515.5	1,392.2	152.5	2,604.8

APPENDIX 3

KEY FIGURES	1-3/2000	1-3/1999	% change	1999
Personnel on average during the period	8,080	3,909	106.7	4,733
Gross capital expenditure, MFIM	122.7	50.5	143.0	298.6
Return on equity (ROE), %*)	6.5	-2.0		5.4
Return on investment (ROI), %*)	6.6	-0.5		8.2
Earnings per share (EPS), FIM	2.24	-0.56		1.28
Current ratio	1.2	1.8		1.2
Solvency Ratio 1 **)	-	47.5		27.5
Solvency Ratio 2 ***)	25.1	55.4		31.7
Gearing 1 **)	-	0.3		0.7
Gearing 2 ***)	0.7	0.1		0.5
Equity per share, FIM	34.60	27.89	24.0	29.96
Interst-bearing liabilities, MFIM	730.0	188.7	286.8	530.9

Incl. convertible capital notes				
MFIM	730.0	298.7	144.4	640.9
Non-interest-bearing liabilities, MFIM	1,912.0	432.9	341.7	1,247.1

*) The key figures have been calculated using figures specific to each accounting period in question.
**) Convertible capital notes are included in interest-bearing liabilities.
***) Convertible capital notes are included in shareholders'equity.

APPENDIX 4

ASSETS PLEDGED AND CONTINGENT LIABILITIES, MFIM

	March 31, 2000	March 31, 1999	% change	Dec. 31,1999
FOR OWN LIABILITIES				
Mortgages on real estate				
Loans from financial institutions	30.8	38.1	-19.2	30.3
Mortgages	65.8	66.8	-1.5	65.8
Mortgages on movable assets				
Loans from financial institutions	1.7	3.9	-56.4	2.5
Mortgages for other loans	40.0	40.0	0.0	40.0
Other pledges given as collateral				
Mortgages on movable assets	12.0	12.0	0.0	12.0
Mortgages on real estate	-	0.5		-
ON BEHALF OF OTHERS				
Guarantees	4.8	7.1	-32.4	6.2
LEASING COMMITMENTS	59.9	13.4	347.0	31.7
DERIVATE CONTRACTS				
Foreign exchange derivative financial instruments				
Foreign exchange forward				

contracts				
- Notional value	679.3	298.1	127.9	564.7
- Book value	5.8	4.4	31.8	2.9
- Market value	9.4	4.1	129.3	3.1
Currency options				
- Notional value	575.4	121.3	374.4	265.9
- Book value	-0.7	-0.3	133.3	-0.7
- Market value	0.3	-0.4	-175.0	0.4
Interest rate derivatives				
- Notional value	-	297.3		297.3
- Book value	-	-		-
- Market value	-	-		0.0
Interest and currency swap contracts				
- Notional value	28.8	34.1	-15.5	27.3
- Book value	-	-		-
- Market value	8.1	6.3	28.6	6.4