

Elcoteq SE

Interim Report January - March

April 26, 2007





January –March in Brief

- Net sales 952.5 million euros (981.1)
- Operating income -52.4 million euros (8.3) and -22.3 million euros excluding restructuring costs
 - Low production volumes, price pressure experienced by Communications Networks and production problems in Mexico
- Customers
 - Companies within the Ericsson and Nokia groups accounted for 58.5% of net sales
 - Net sales with other customers increased by more than 40%
 - RIM is now the second biggest customer

Action Plan

- Aim to improve cost-efficiency, profitability and competitiveness
- One-time costs roughly 35 million euros, 30.1 million of which entered in the Q1 result
 - Lohja: 5 million euros
 - Juarez: 9 million euros
 - Product Development Services: 6 million euros
 - Write-down of Cellon-holding and receivables: 14 million euros
 - Cash-flow effect 12 million euros in 2007
- Annual savings of 20 million euros; full effect from 2008 onwards
 - Europe: 9 million euros
 - Americas: 7 million euros
 - Product Development Services: 5 million euros
- Europe
 - 326 redundancies in Finland; closure of the Lohja plant and Elcoteq Design Center in Turku
- Americas
 - Closure of the Juárez plant in Mexico
 - Relocation of Americas office to the same premises with the Dallas NPI Center



Net Sales and Result, January - March

(IFRS)	Q1/2007	Q1/2006	2006
Net sales, MEUR	952.5	981.1	4,284.3
Operating income excluding restructuring costs, MEUR	-22.3	8.3	43.9
Operating income, MEUR	-52.4	8.3	43.9
Income before taxes, MEUR	-59.0	2.9	19.2
Net income, MEUR	-46.9	2.1	12.1
EPS, EUR	-1.49	0.07	0.38
Gearing	0.7	0.3	0.4
ROCE (trailing 12 months), %	-2.9	16.0	9.1
Cash flow after investments, MEUR	-40.9	14.2	-20.8



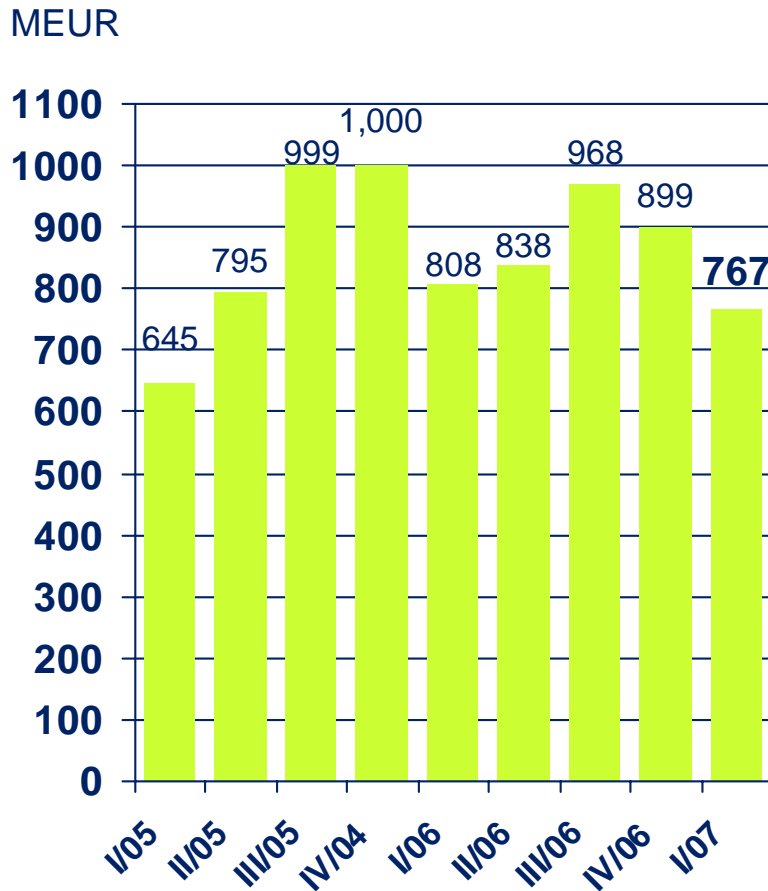
Key Figures, January - March

(IFRS)	Q1/2007	Q1/2006	2006
Capital employed, MEUR	496	505	514
Interest-bearing net debt, MEUR	169.2	75.6	128.0
Gross capital expenditures, MEUR	11.2	16.0	116.9
Personnel at the end of the period	23,452	21,842	23,298

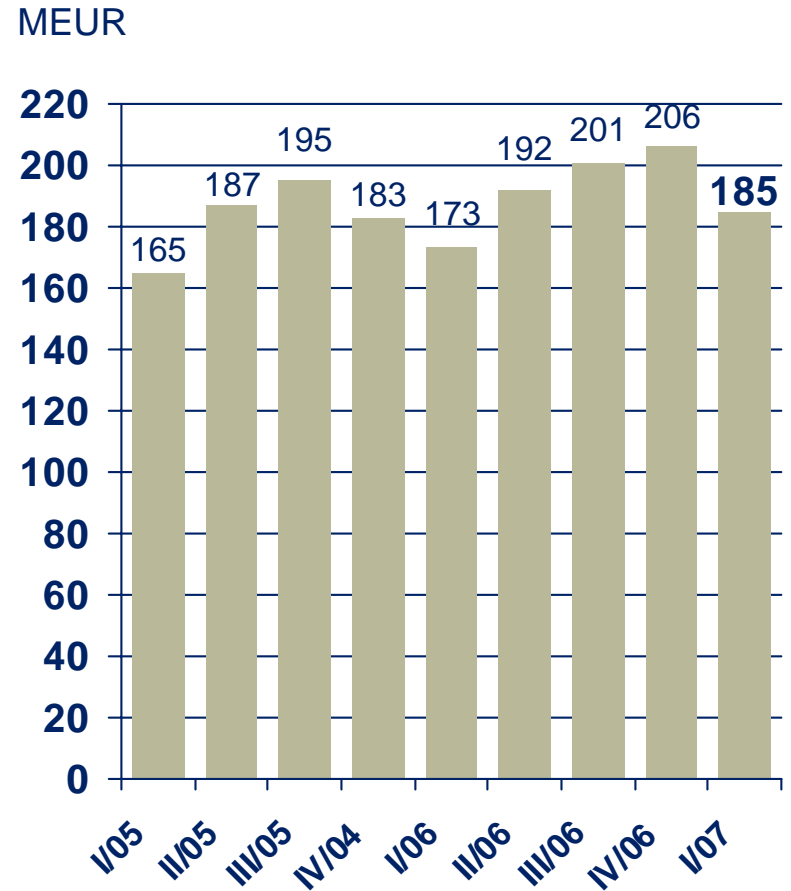


Net Sales by Business Area

Terminal Products

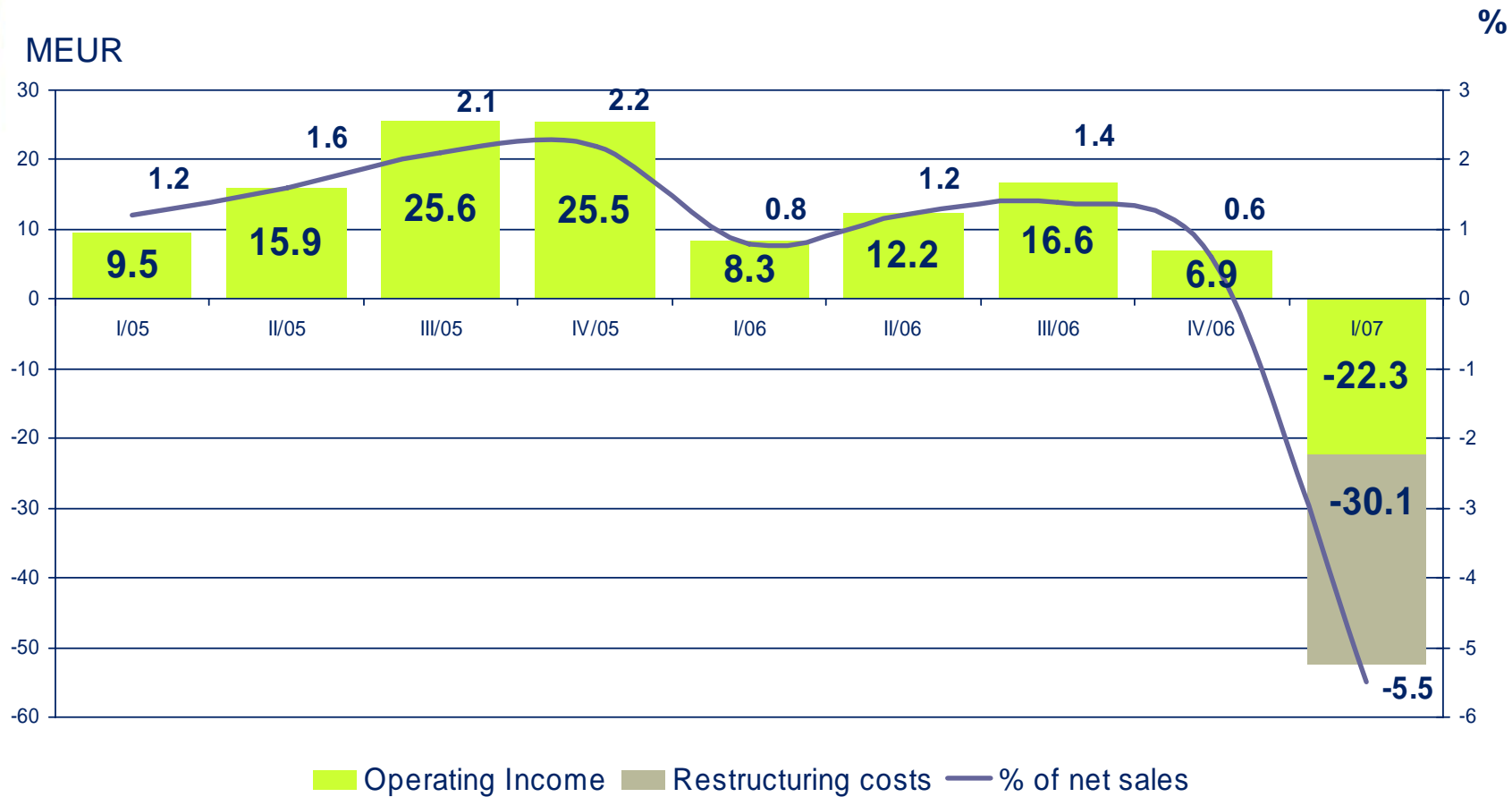


Communications Networks



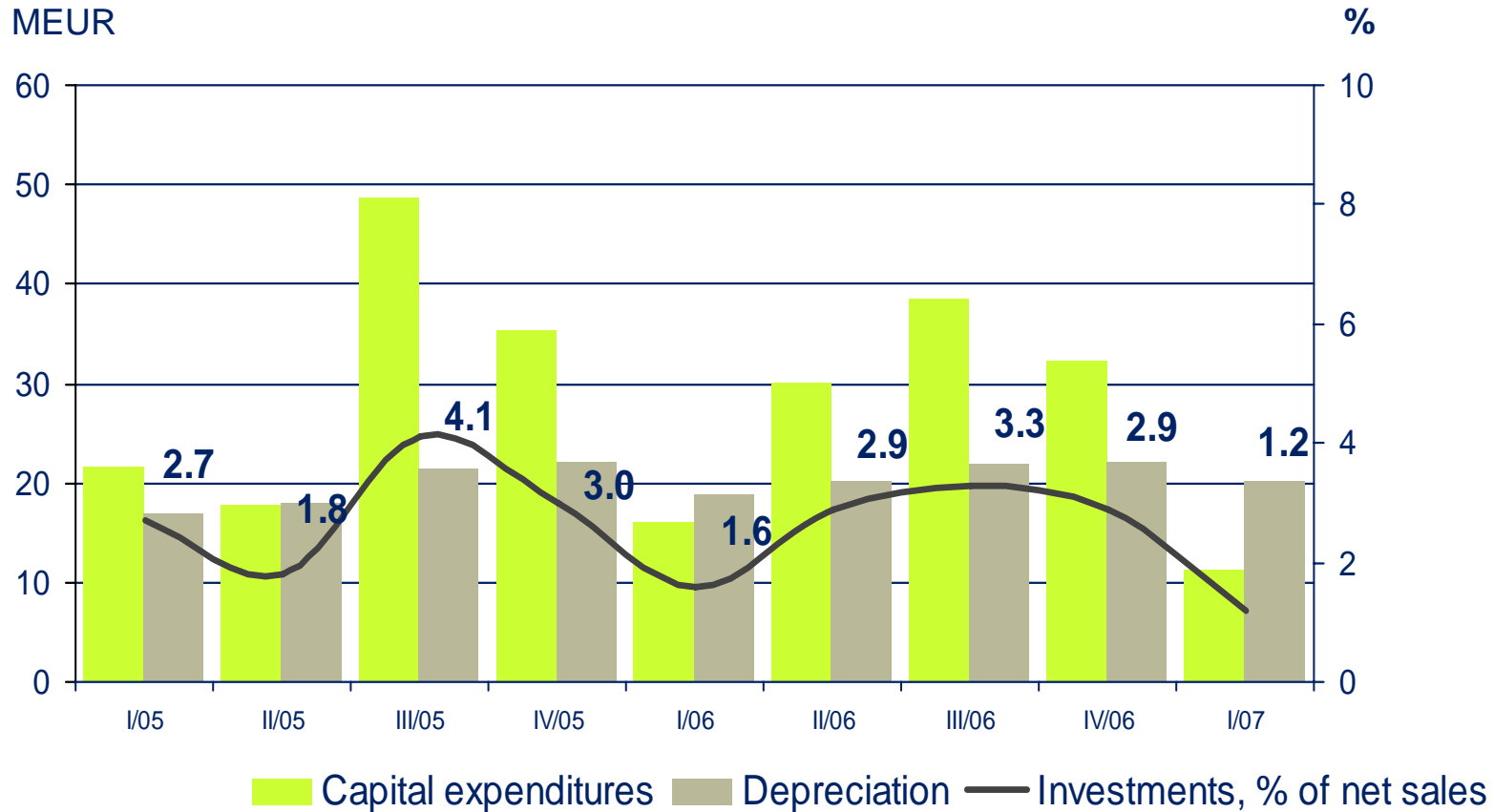


Operating Income



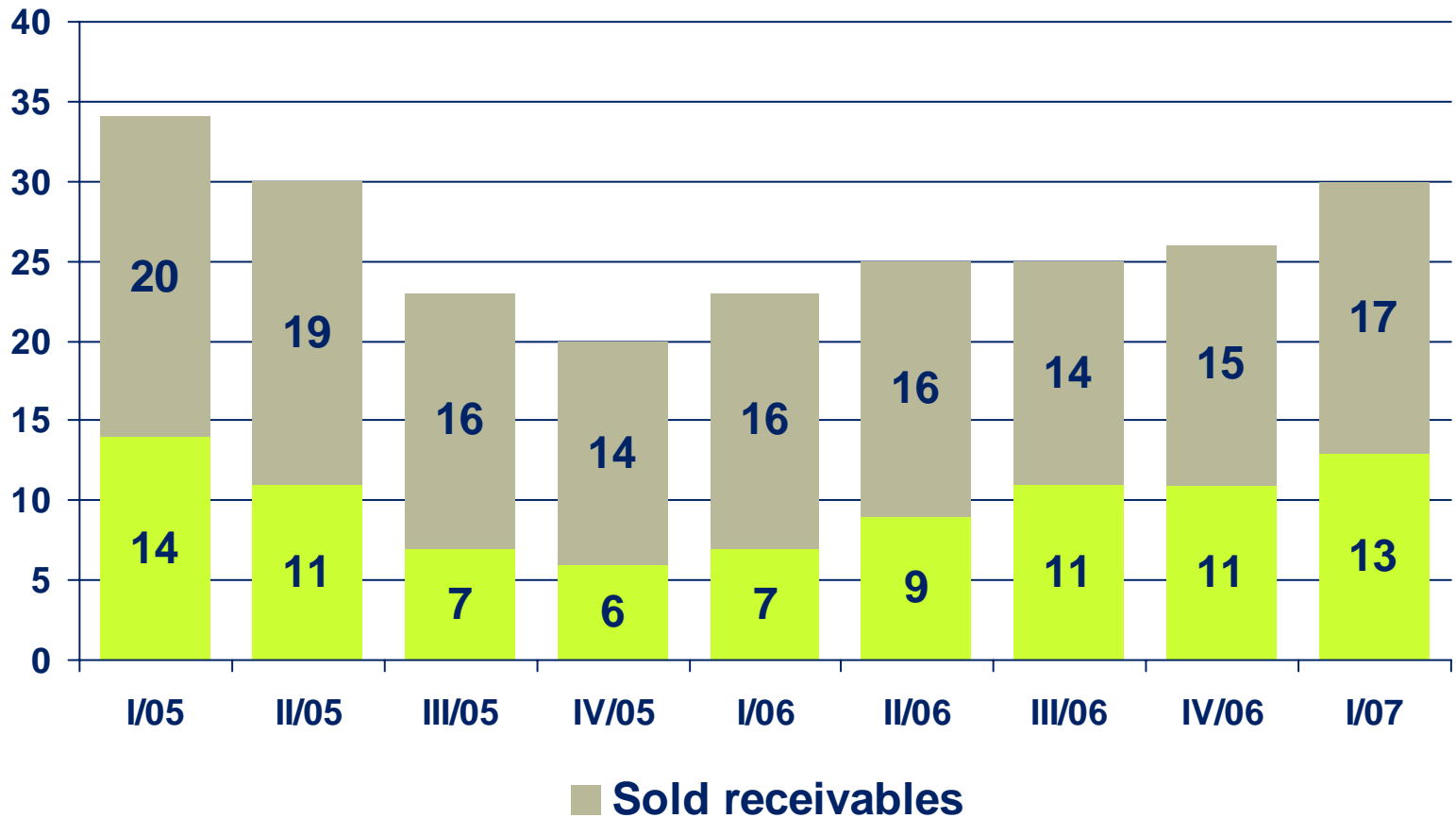


Capital Expenditures and Depreciation





Average Working Capital Days





Prospects

- Full year 2007:
 - Net sales are expected to increase only slightly on last year
 - Operating income excluding restructuring costs is expected to be on a break-even level
- Second quarter:
 - Net sales are expected to be slightly higher than in the first quarter
 - Operating income excluding restructuring costs is expected to improve on the first quarter but still to be negative
- Board of Directors has approved a plan that will significantly increase and broaden Elcoteq's current service offering (EMS) into integrated electronics manufacturing services (IEMS)
 - Development of existing operating models
 - M&A arrangements, and
 - Various forms of collaboration with other companies operating in the same field



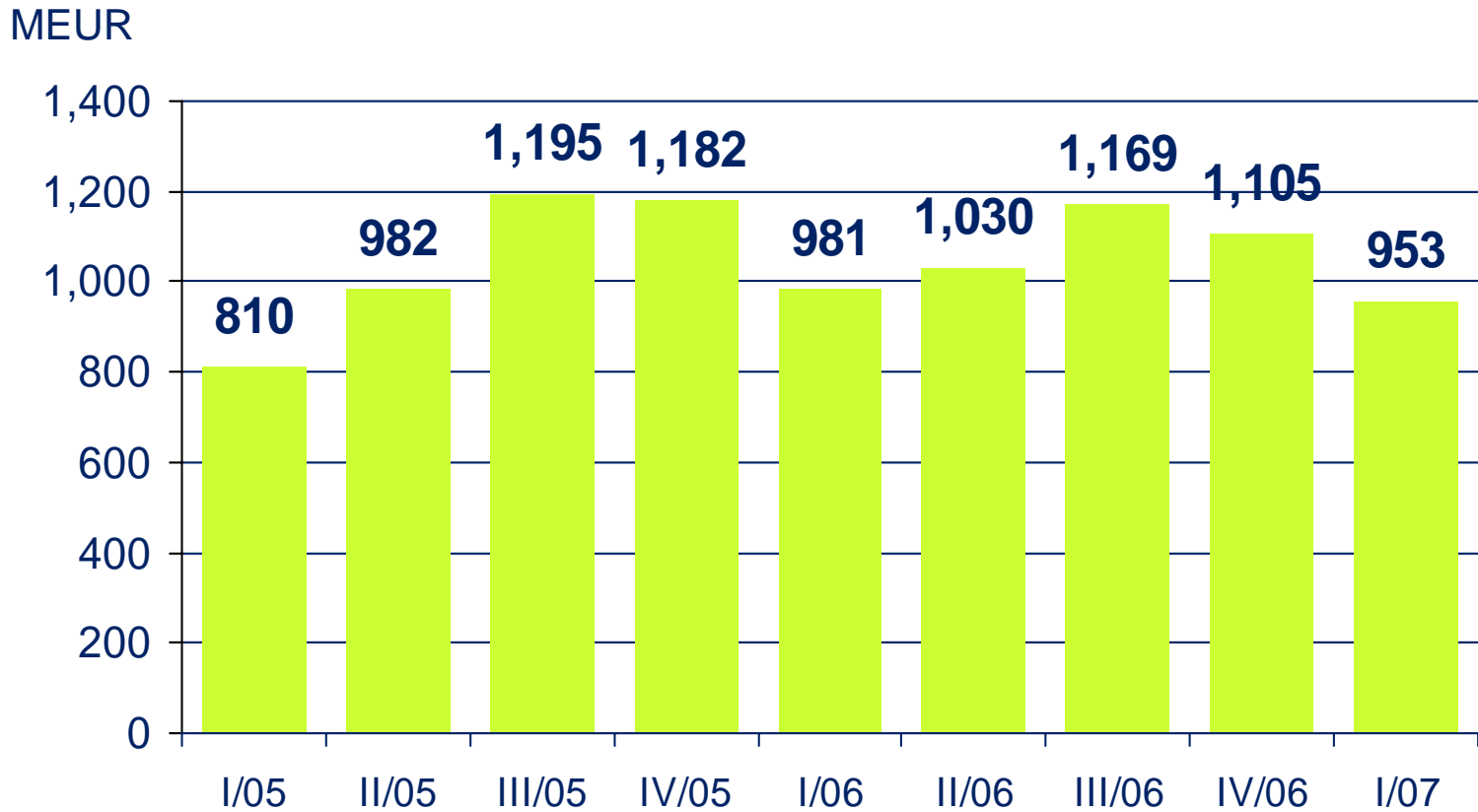
World's leading integrated EMS provider to communications technology customers



Additional Slides

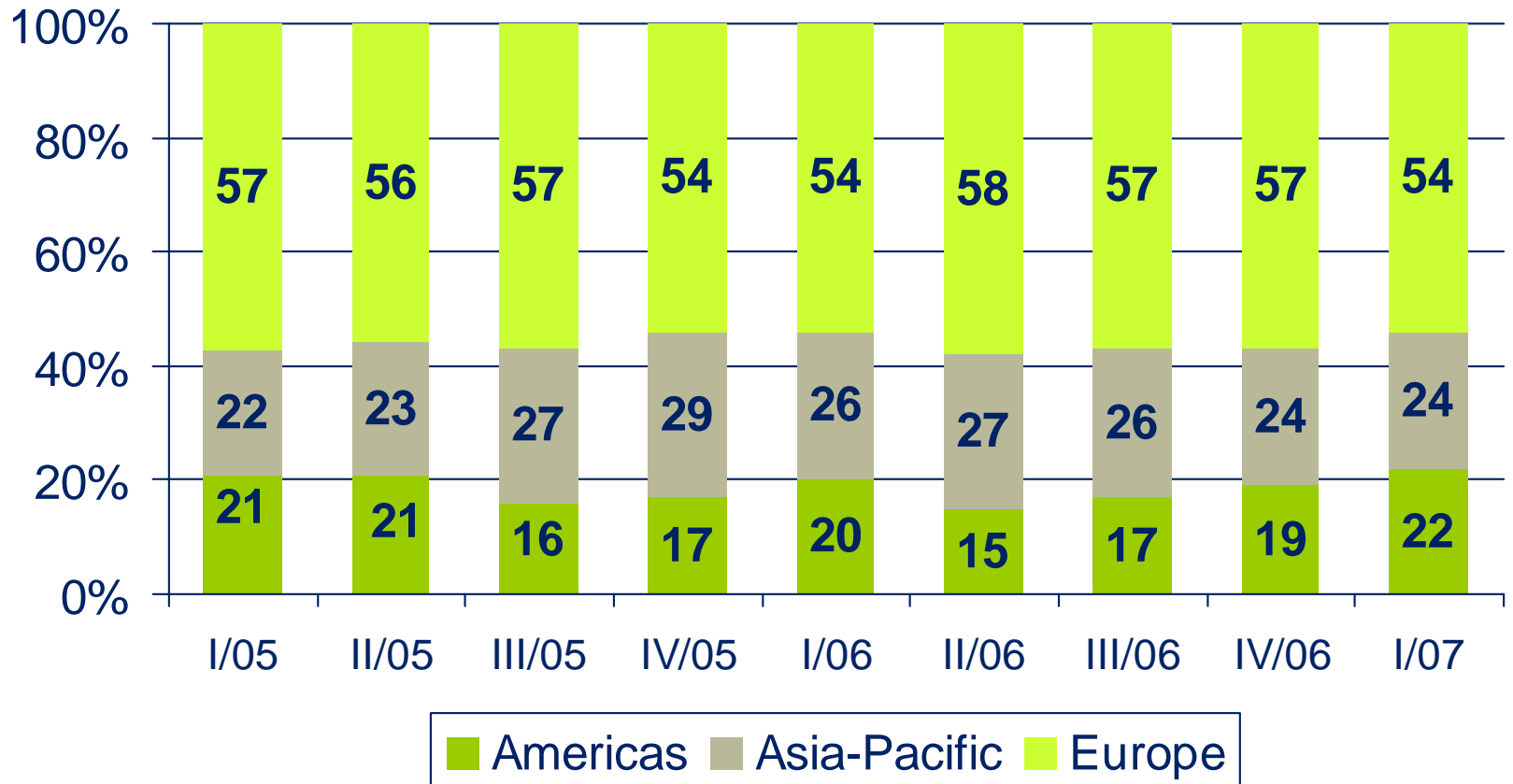


Net Sales by Quarter



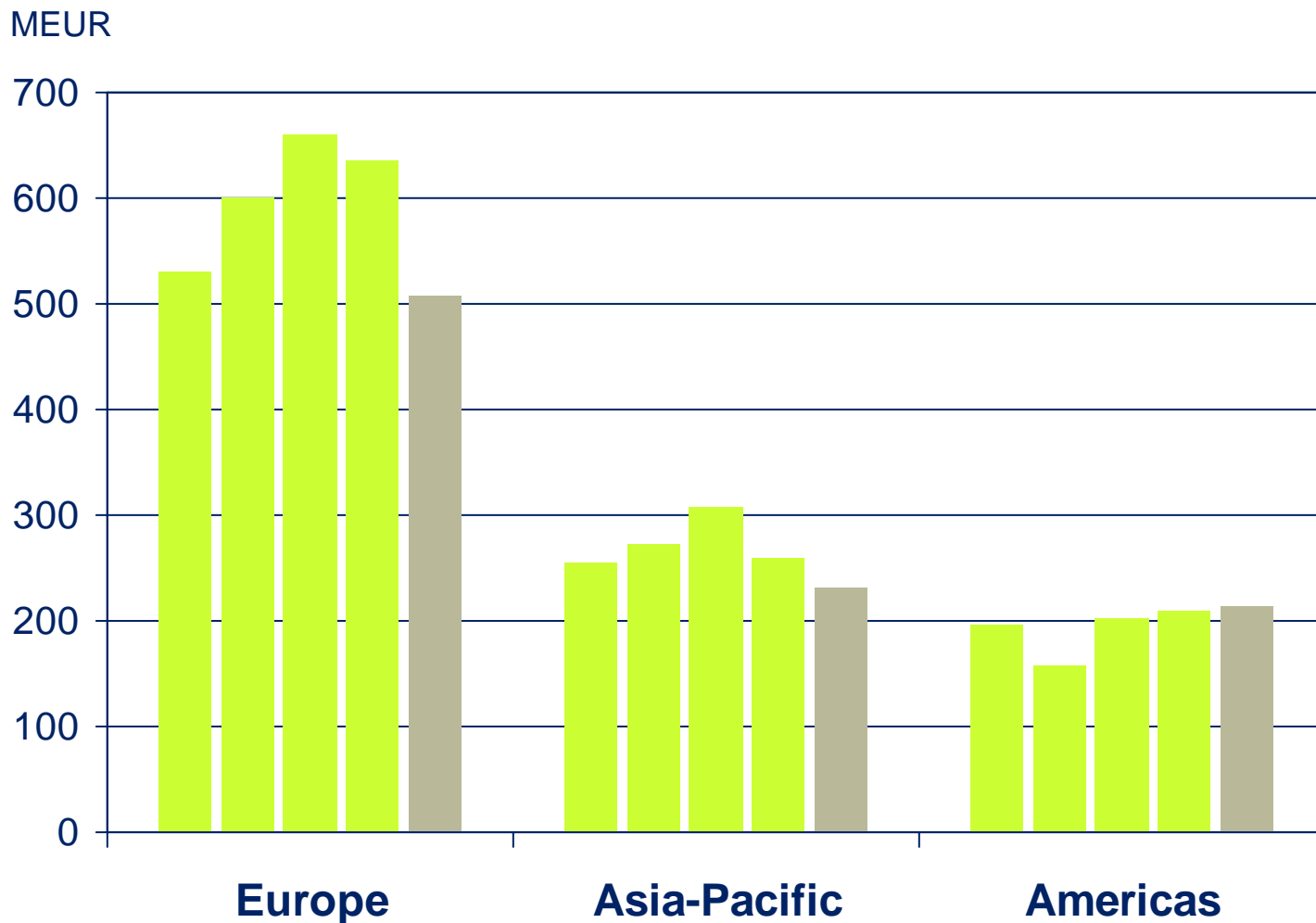


Net Sales by Geographical Area, %



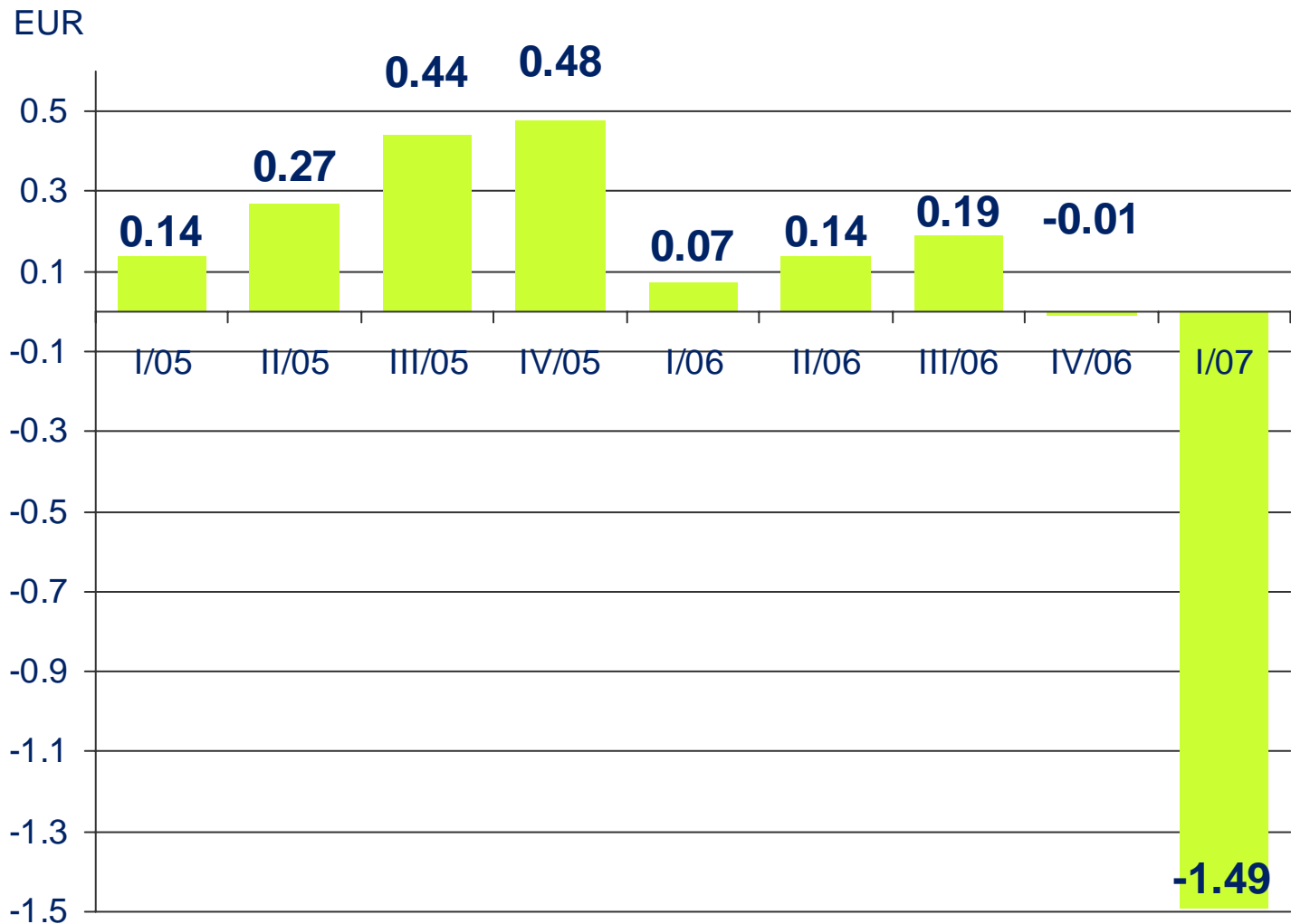


Quarterly Net Sales by Geographical Area in 2006 - 2007



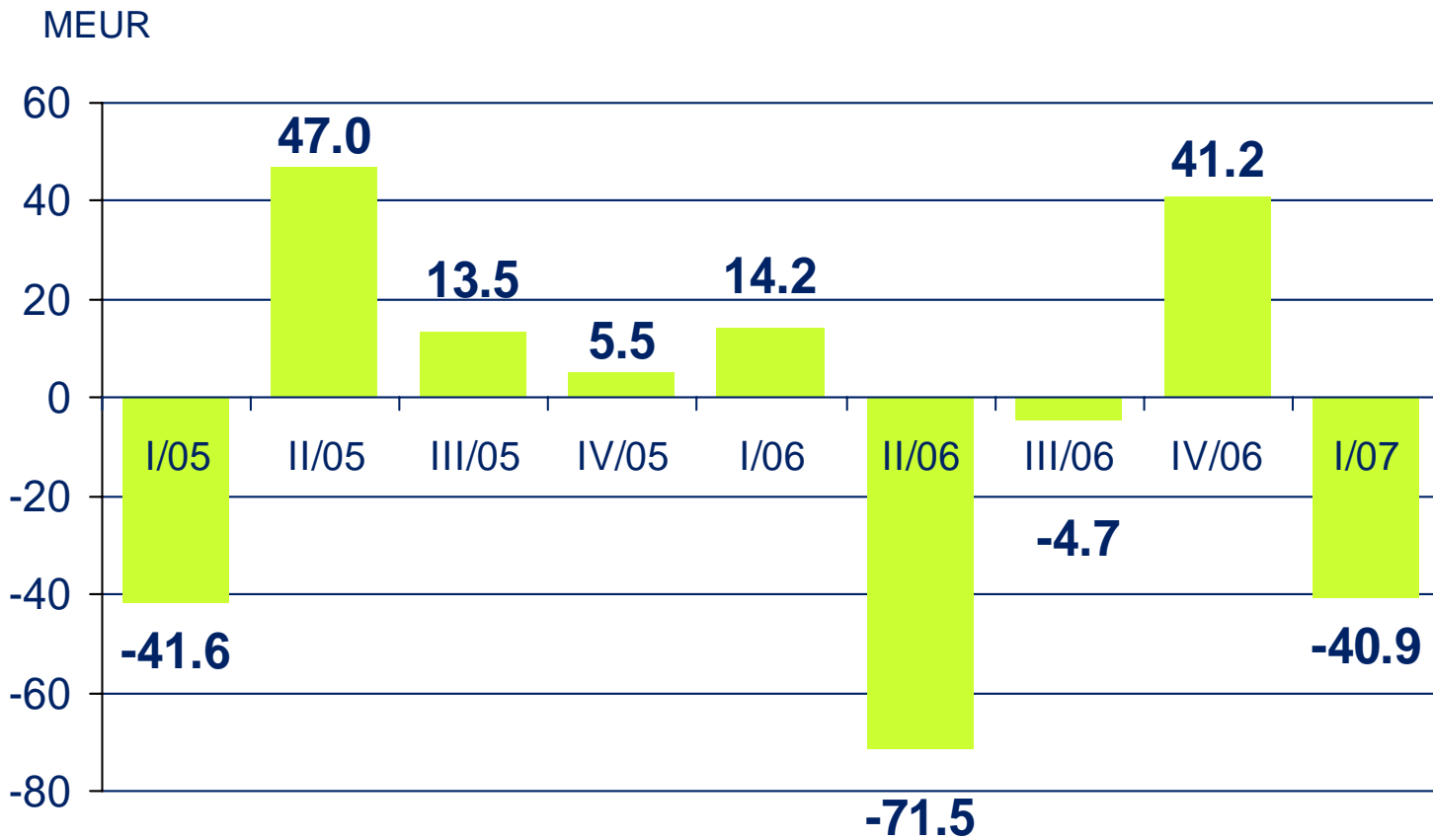


Earnings per Share



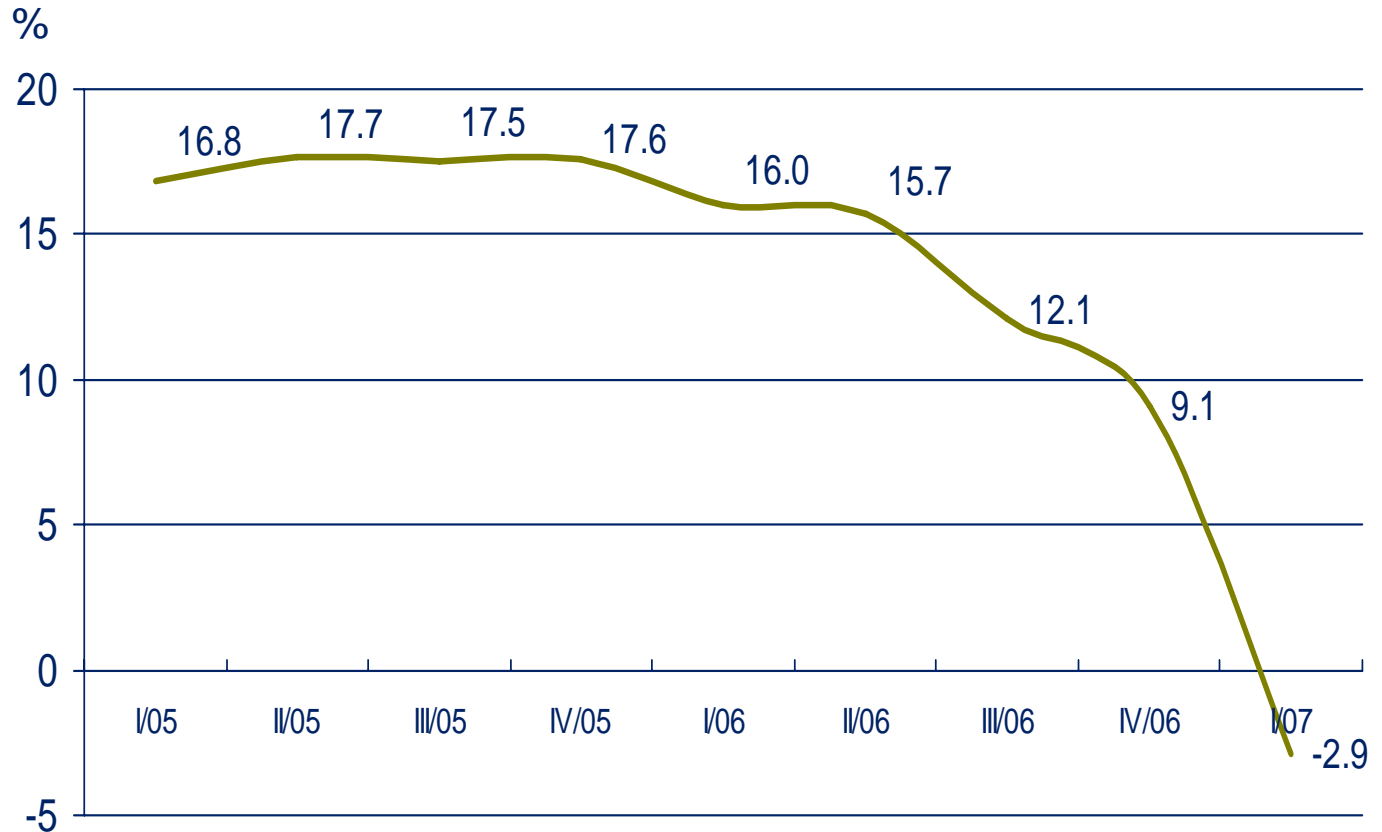


Cash Flow



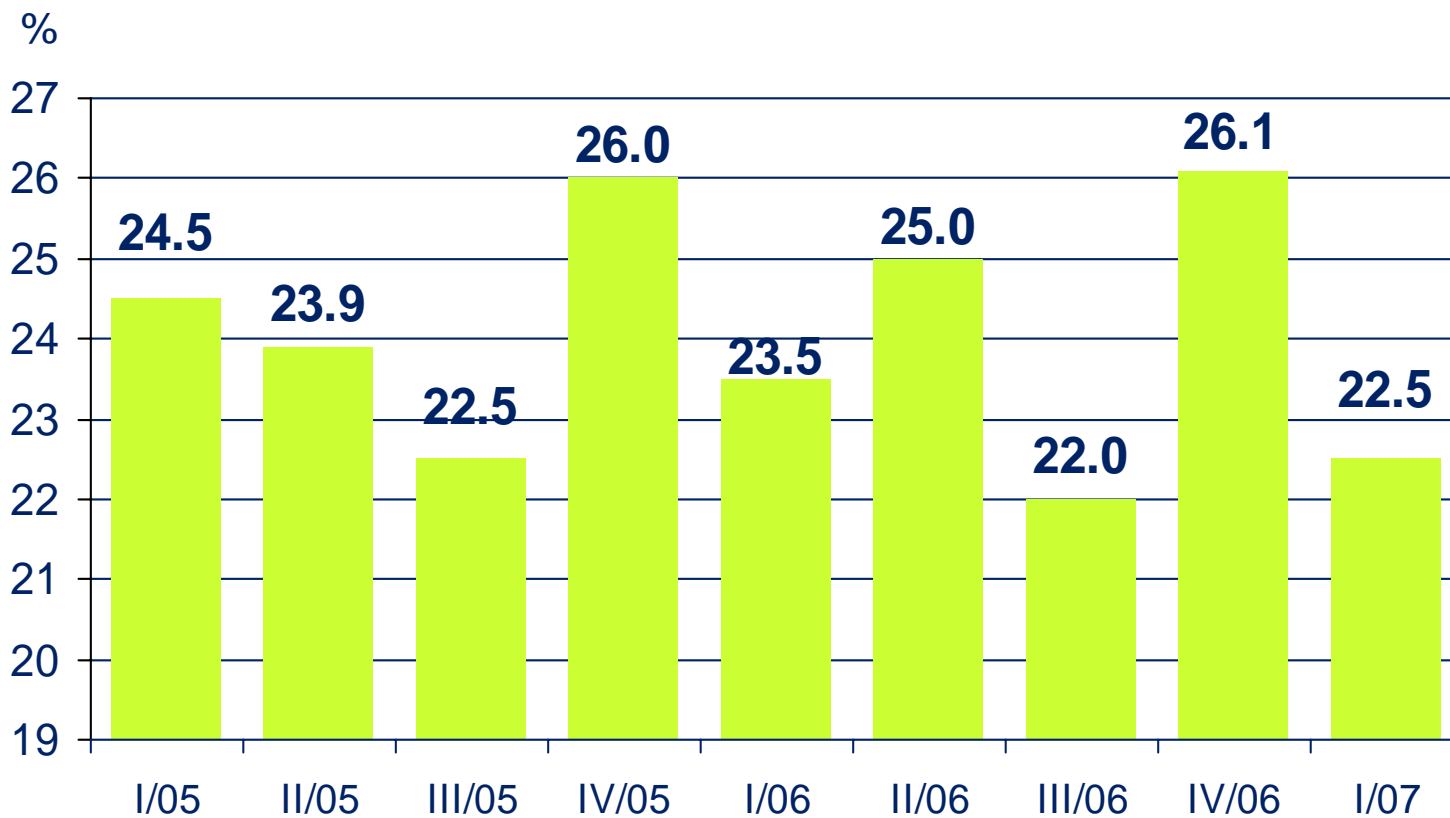


Return on Capital Employed, ROCE (Trailing 12 Months)



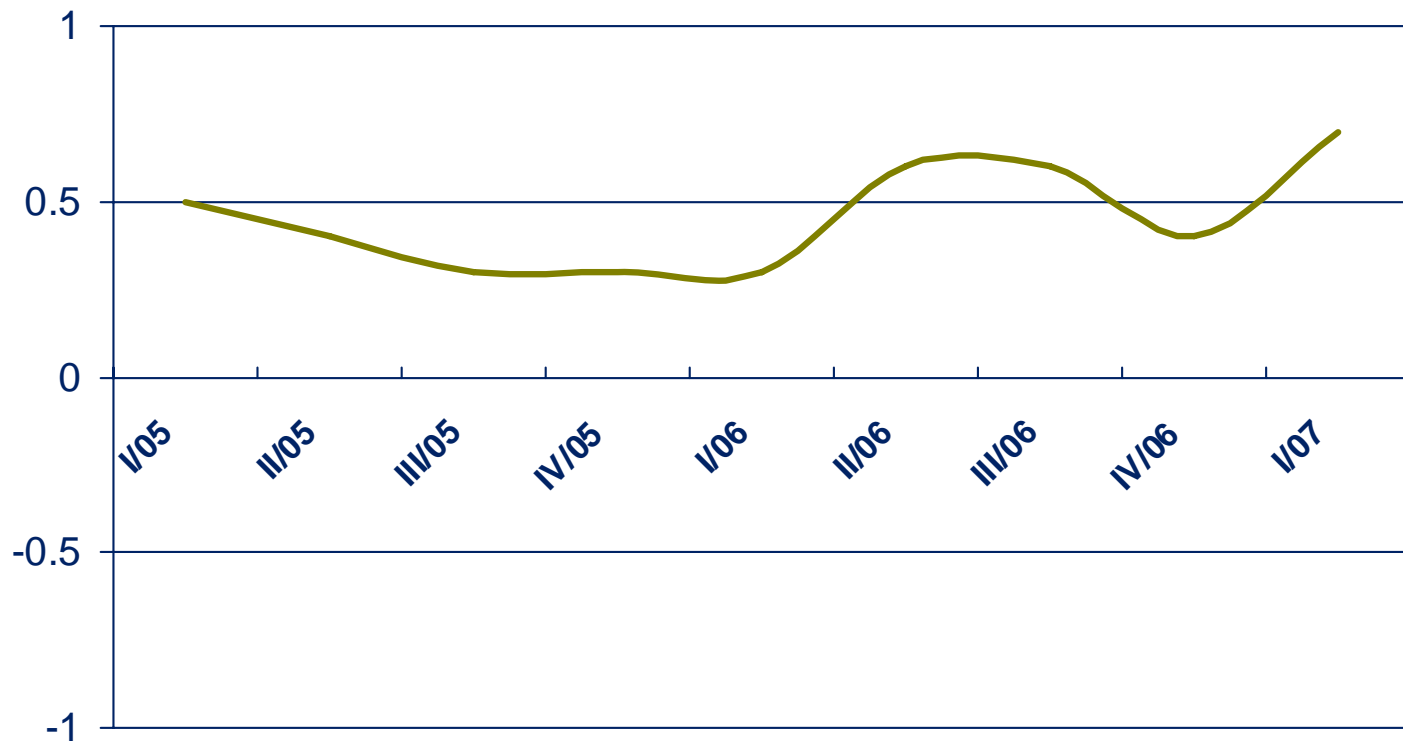


Solvency Ratio



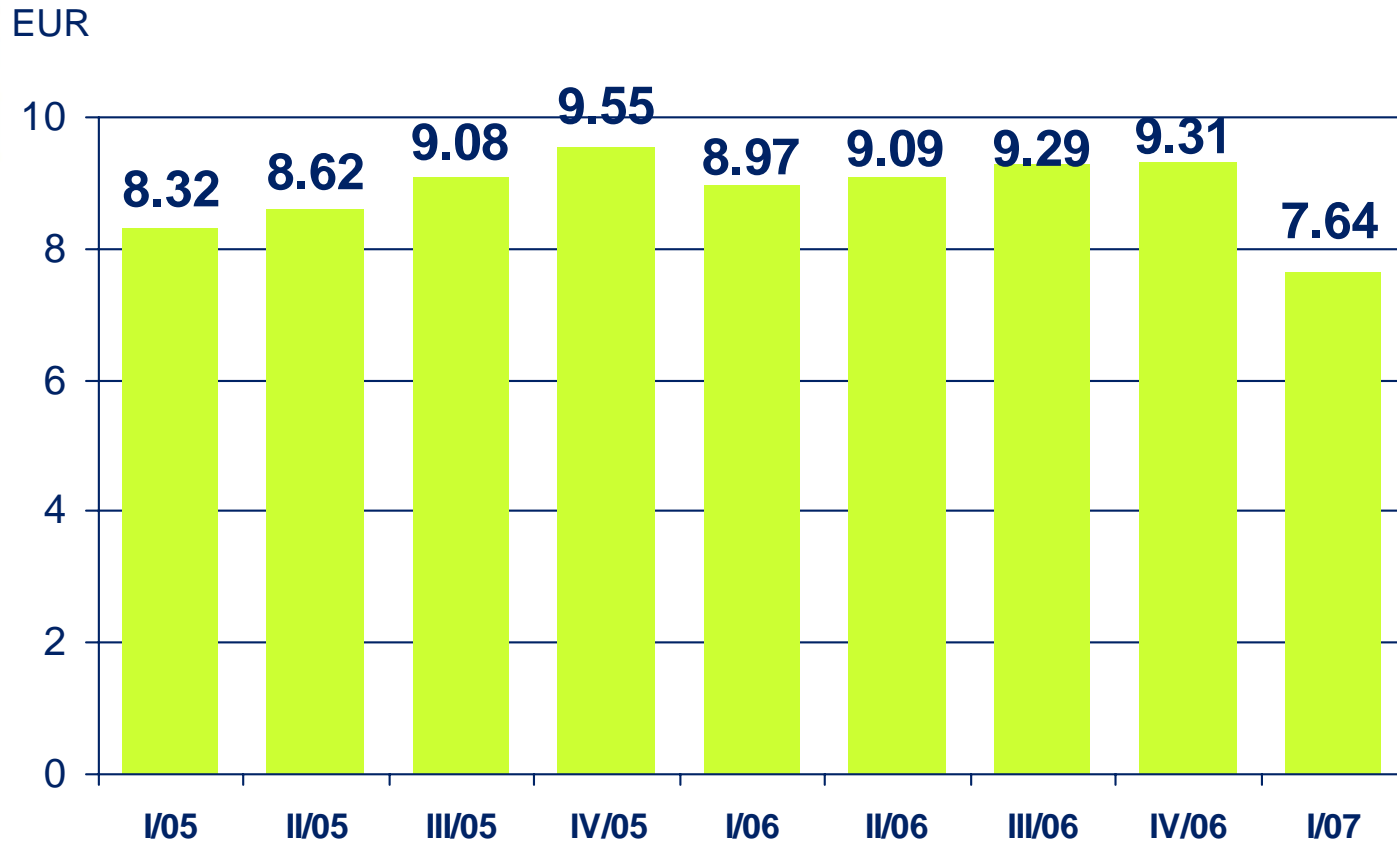


Gearing



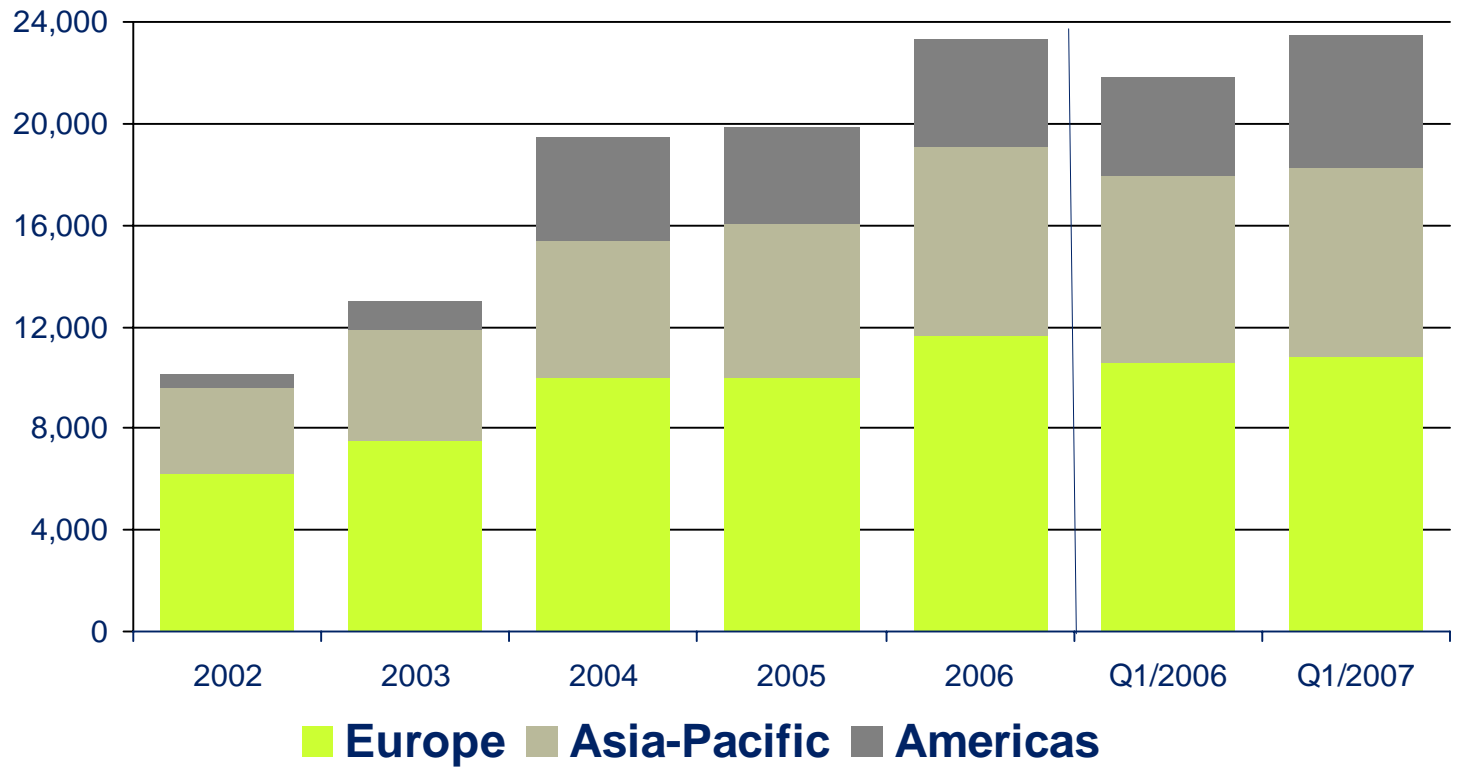


Equity per Share





Personnel by Geographical Area





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