

Elcoteq SE
Interim Report
January - September

October 23, 2008



Q3 Highlights

- Operating income at the level of Q2 even with lower net sales
- Clear improvement to the profitability (Q3/08 vs. Q3/07)
- Philips FTV plant acquisition in Juarez Mexico
- New customer Funai
- Action Plans on track

Business Areas

- Personal Communications is the biggest of the three Business Areas and had positive operating income, 0.4% of its net sales
- Home Communications' sales were higher than last year, but operating income was slightly negative (-0.9 MEUR)
 - Juarez acquisition, Brazil currency
- Communications Networks' net sales decreased somewhat from last year, but operating income improved clearly, 4.3% of its net sales
 - Divestment of the German plant early 2008

Q3 *Developments*

- Action plans proceeding on track; operational annualized fixed cost reductions of 90–100 MEUR expected
- Exceptional cash flow and debt situation
 - temporary high levels of finished goods and component inventory
 - inventories are under customer's liability and will be consumed during the fourth quarter
- St. Petersburg strategy reviewed
- IEMS strategy reviewed
- Market outlook visibility deteriorated

Net Sales and Result, July - September

(IFRS)	Q3/2008	Q3/2007	2007
Net sales, MEUR	740.5	1,059.7	4,042.9
Operating income excluding restructuring expenses, MEUR	0.3	1.7	-46.1
Operating income, MEUR	0.3	-0.1	-96.3
Income before taxes, MEUR	-6.8	-7.5	-122.8
Net income, MEUR	-11.5	-6.3	-108.4
EPS, EUR	-0.35	-0.19	-3.37
Gearing	1.7	0.7	0.7
ROCE (trailing 12 months), %	-5.6	-12.0	-19.6
Cash flow after investments, MEUR	-66.7	28.9	-11.1



Key Figures, July - September

(IFRS)	Q3/2008	Q3/2007	2007
Capital employed, MEUR	513.1	460.0	435.2
Interest-bearing net debt, MEUR	287.4	164.0	144.5
Gross capital expenditures, MEUR	17.2	14.8	67.2
Personnel at the end of the period	21,404	24,986	24,222

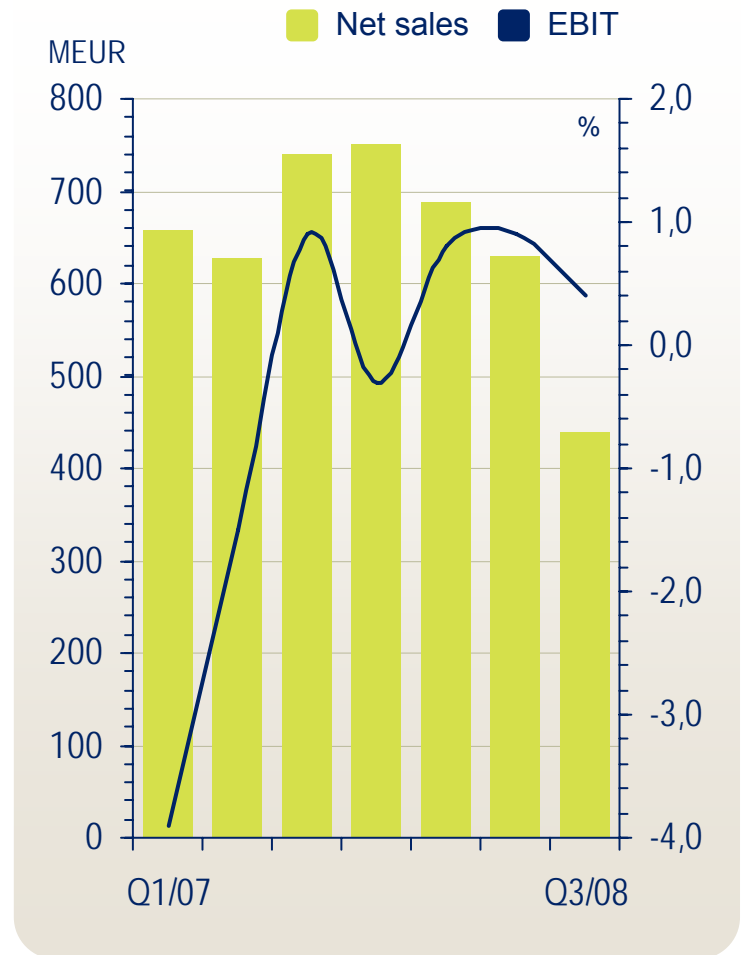


Personal Communications

- 59% of net sales
- Mobile phones, their parts and accessories, wireless modules and wireless phones



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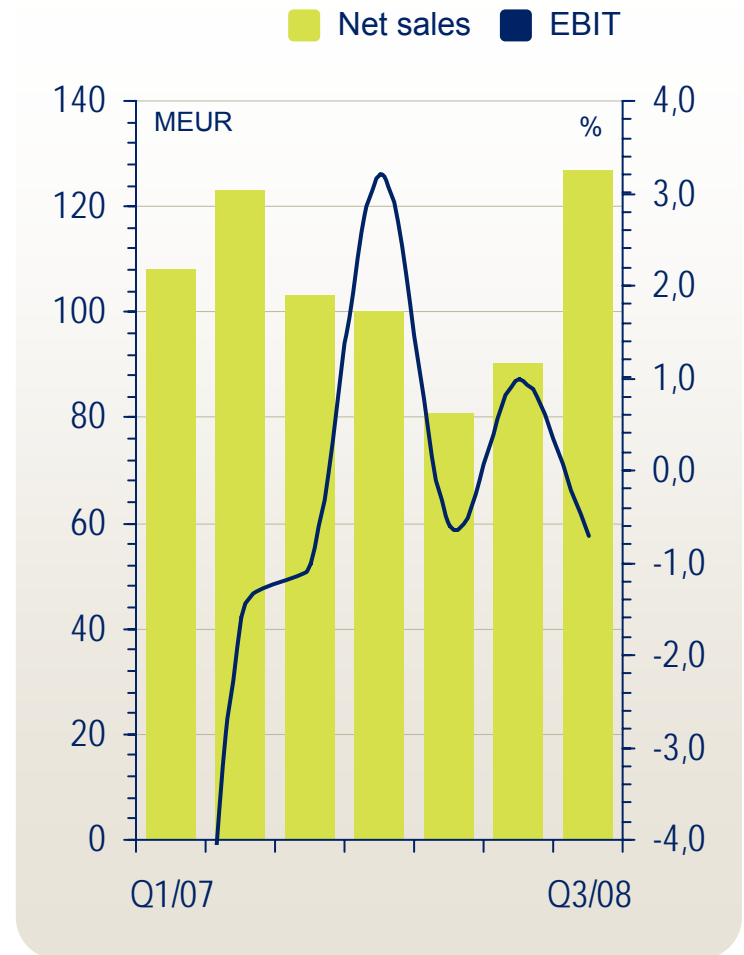


Home Communications

- 17% of net sales
- Set Top Boxes, Flat Panel TVs and other home connectivity products

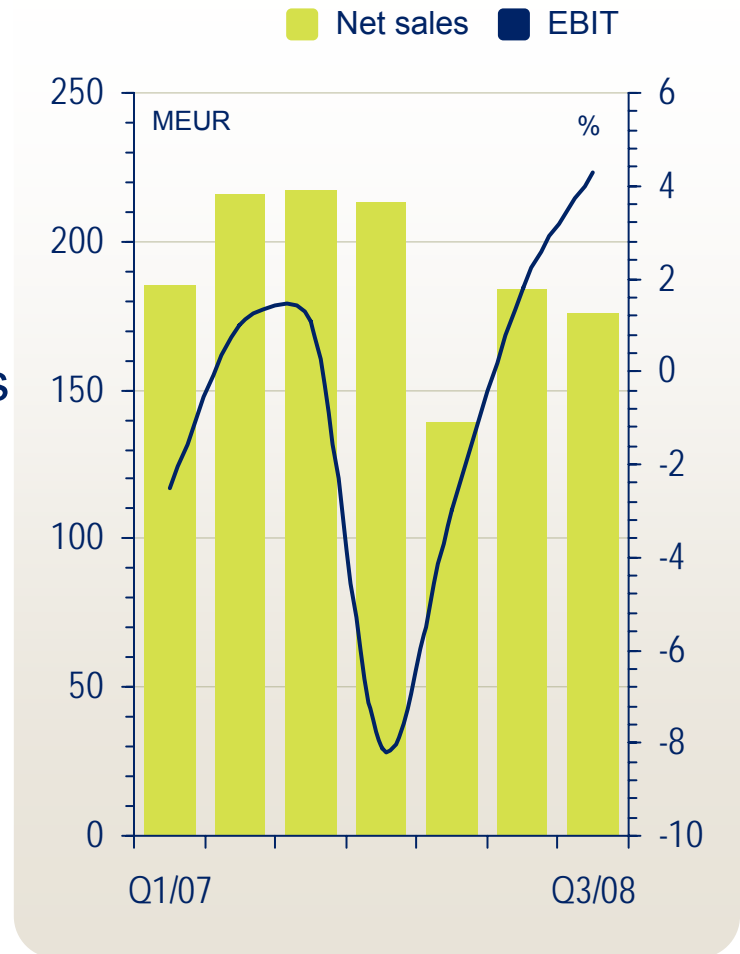
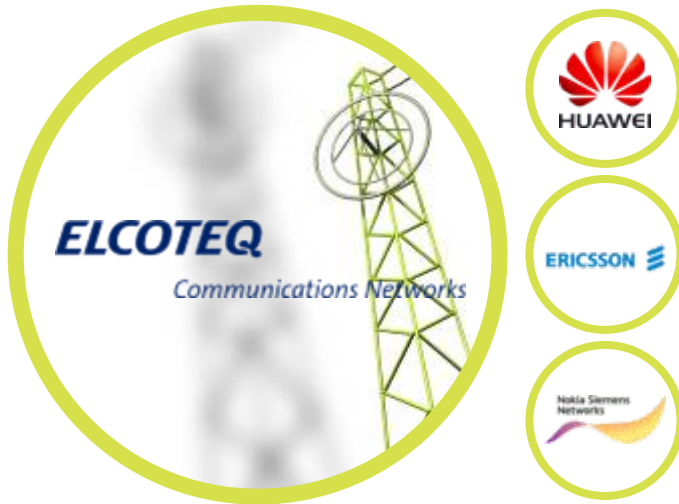


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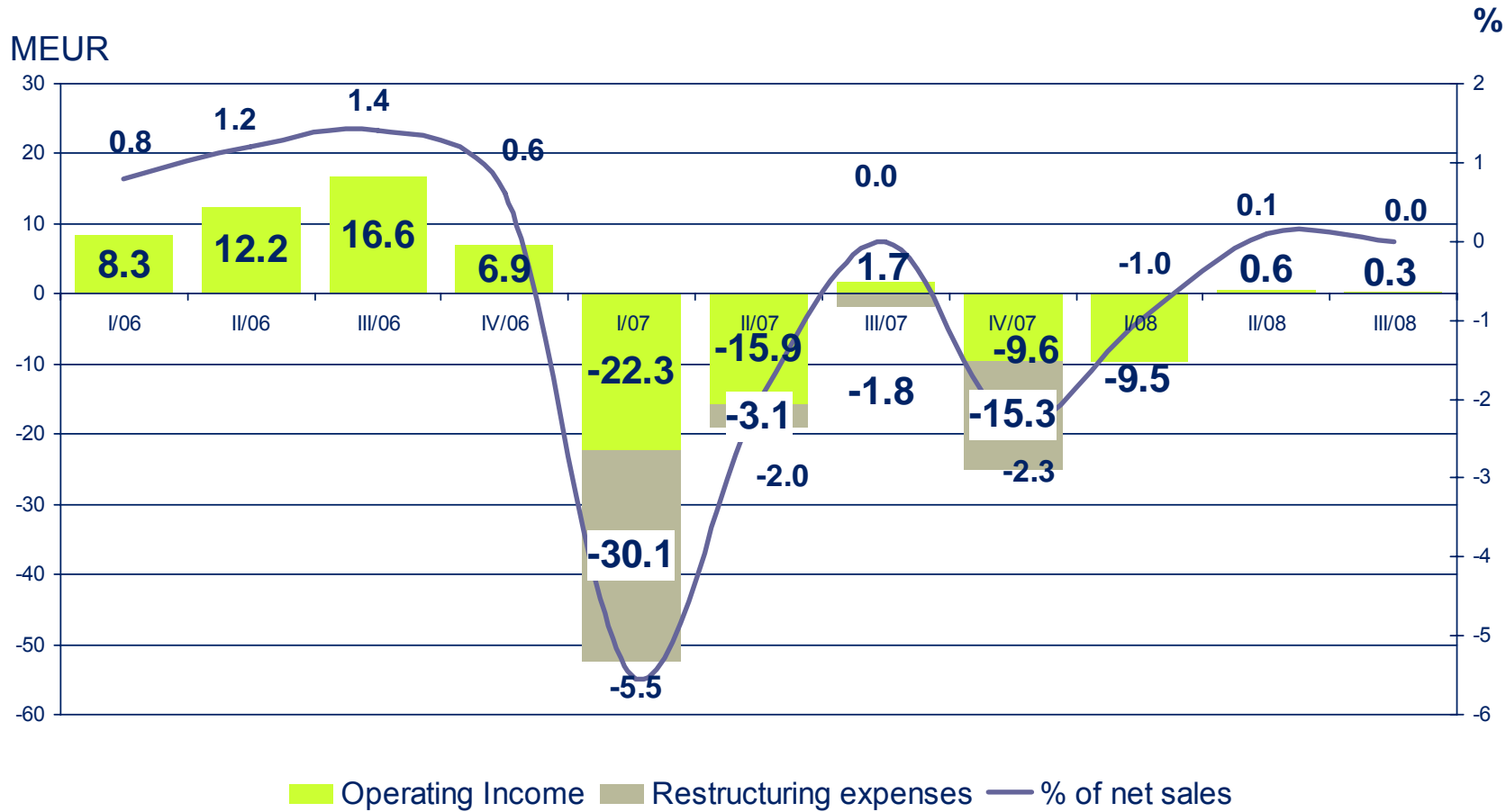
Communications Networks

- 24% of net sales
- Wireless, wireline and enterprise system products and plug-in units, such as base station products, transmission systems and broadband network products



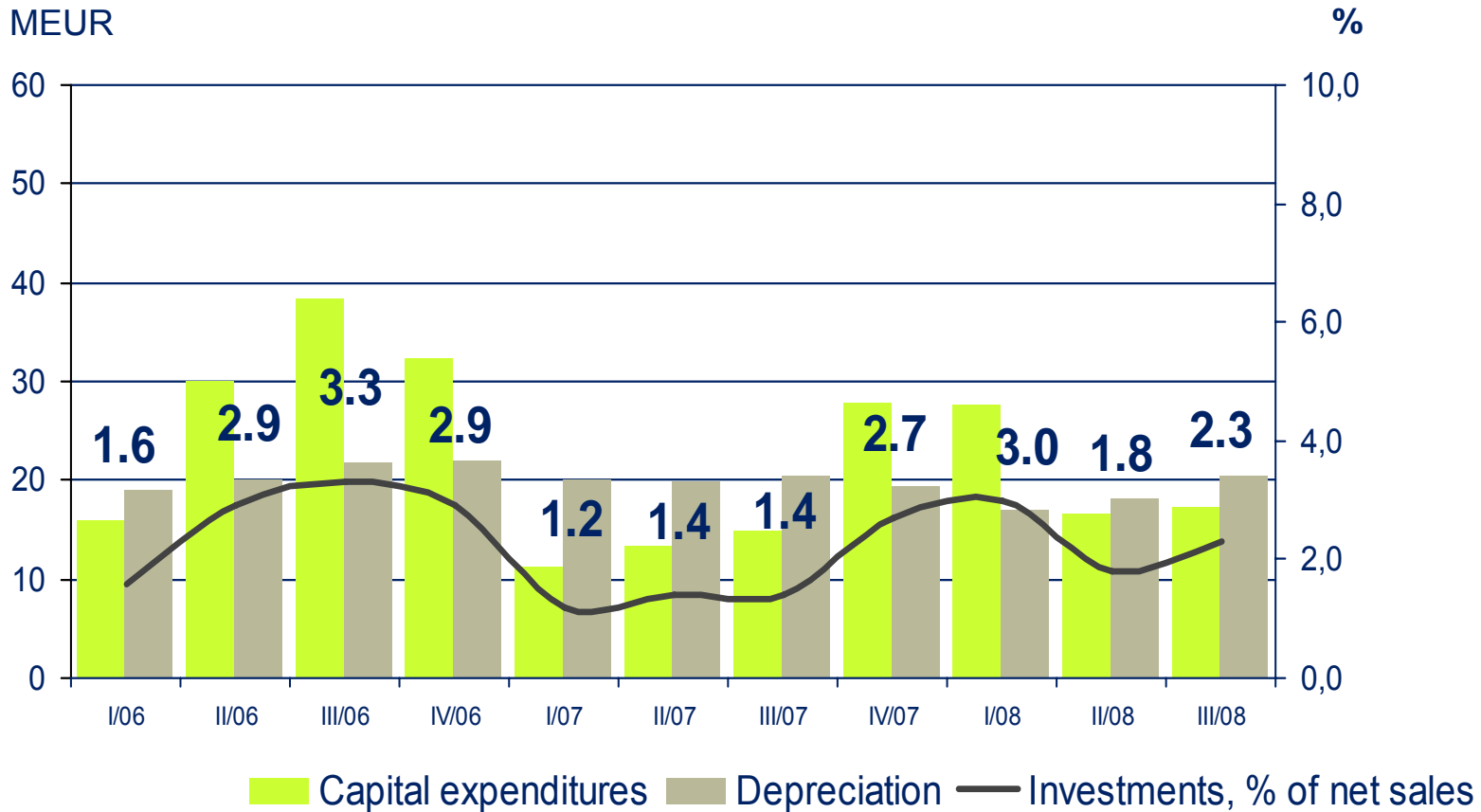


Operating Income



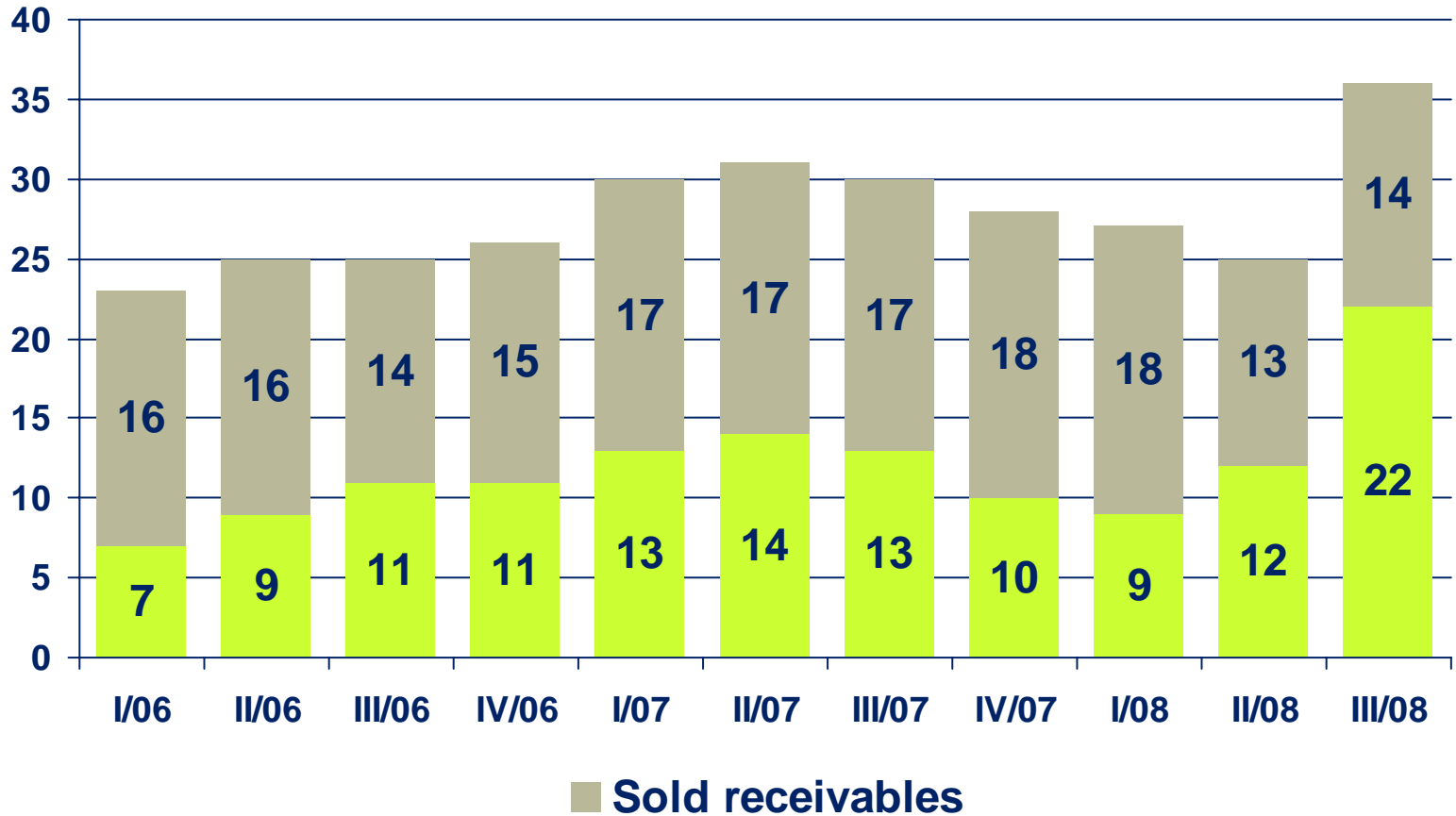


Capital Expenditures and Depreciation





Average Working Capital Days



Prospects

- Key priorities
 - Improving profitability
 - Improving working capital management
 - Expanding service offering
- Full year 2008
 - Net sales expected to be lower than 2007 level
 - Operating income expected to improve clearly from 2007
 - Previously announced one percent operating income level may not be reached
- Fourth Quarter 2008
 - Net sales expected to be higher than in the third quarter
 - Operating income is expected to improve over the third quarter

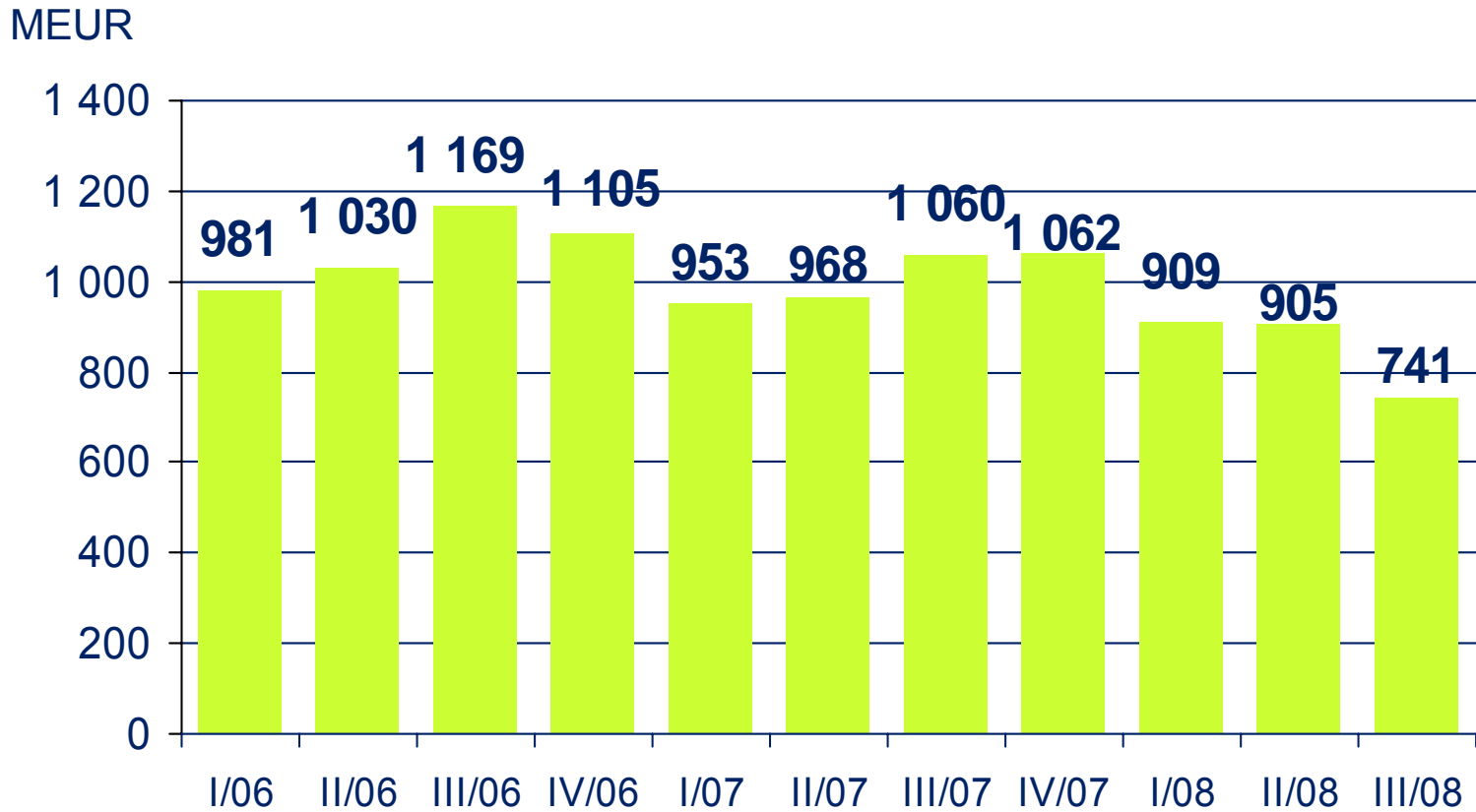
World's leading integrated EMS provider to communications technology customers



Additional Slides

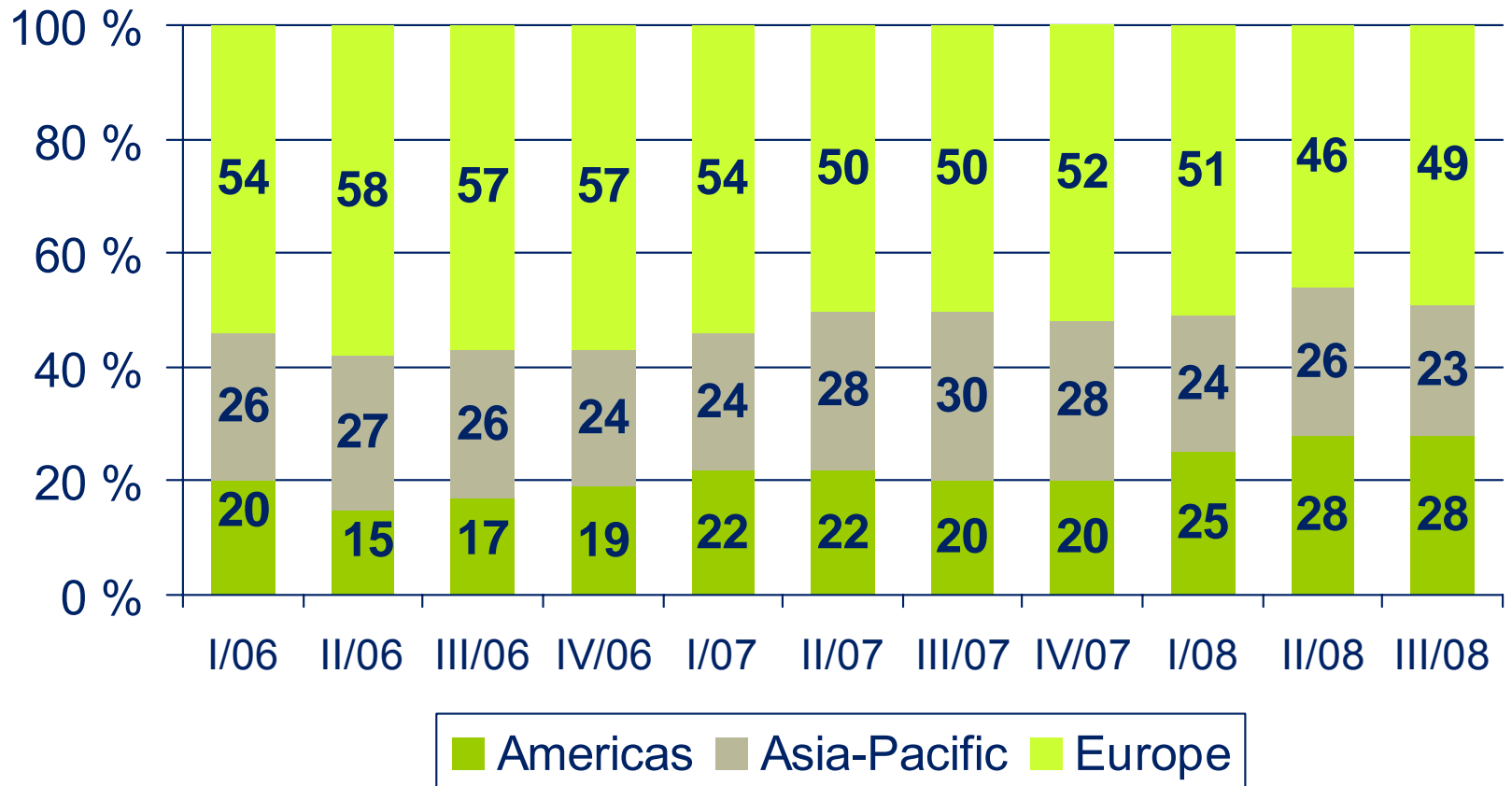


Net Sales by Quarter



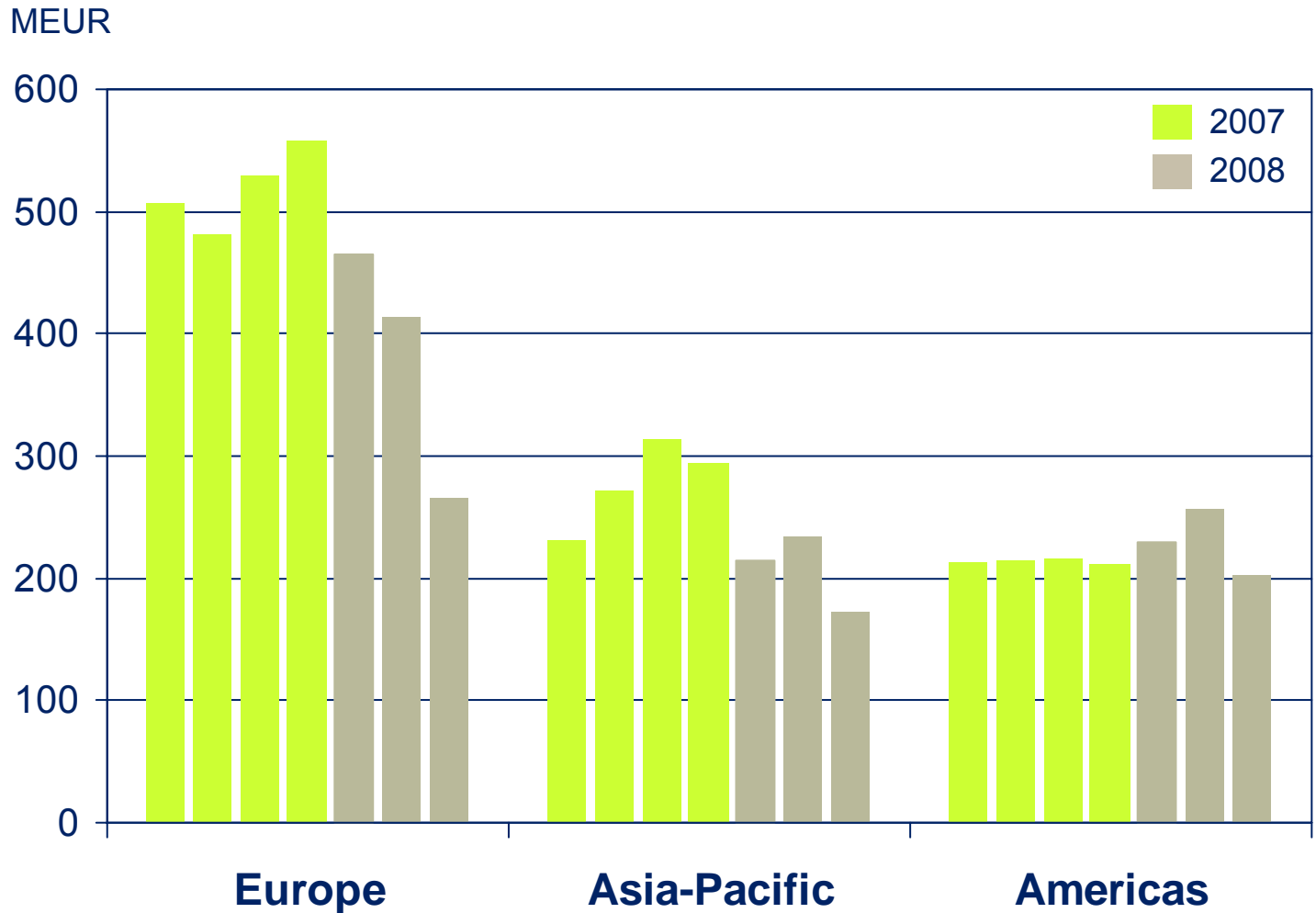


Net Sales by Geographical Area, %



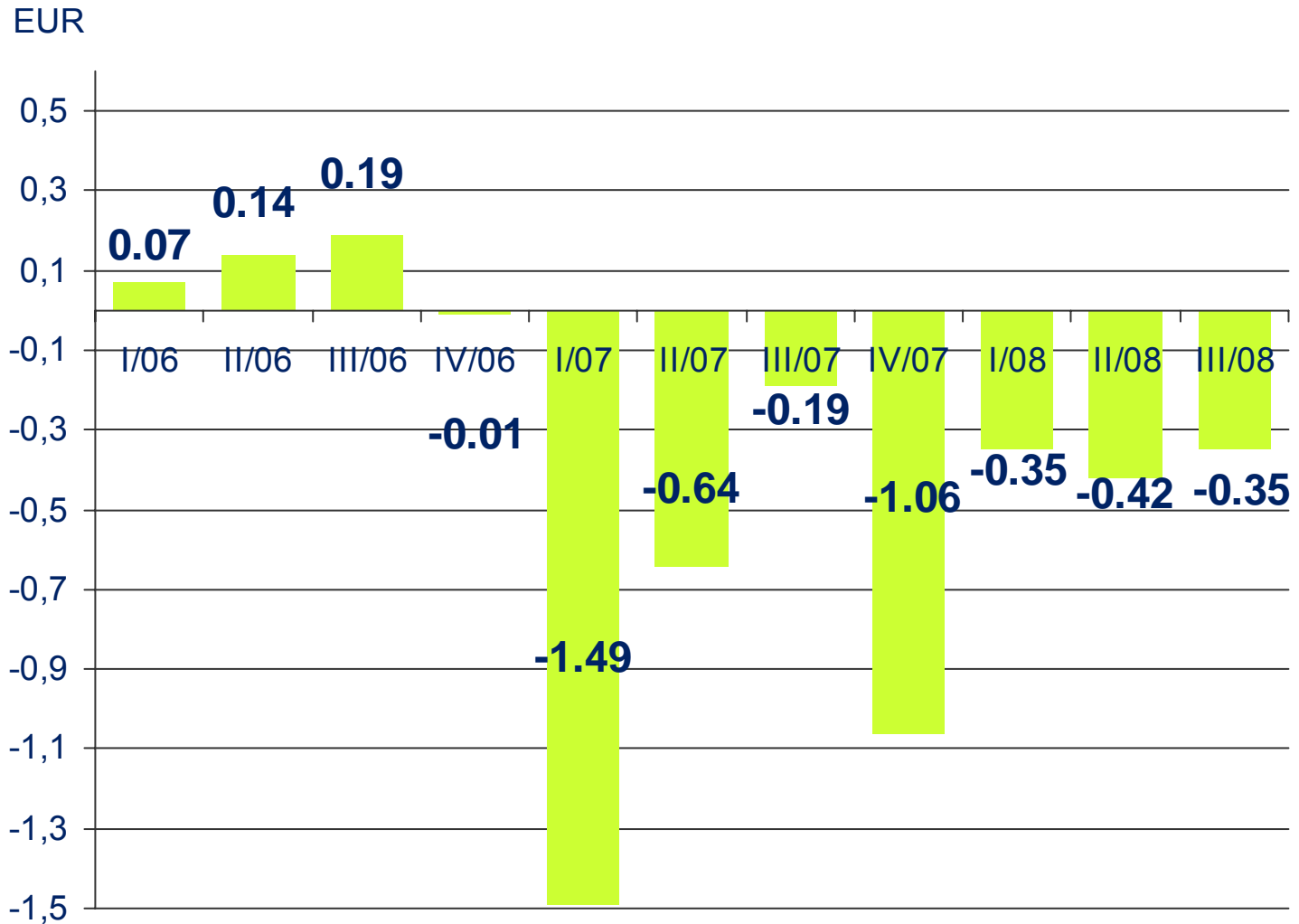


Quarterly Net Sales by Geographical Area in 2007 - 2008



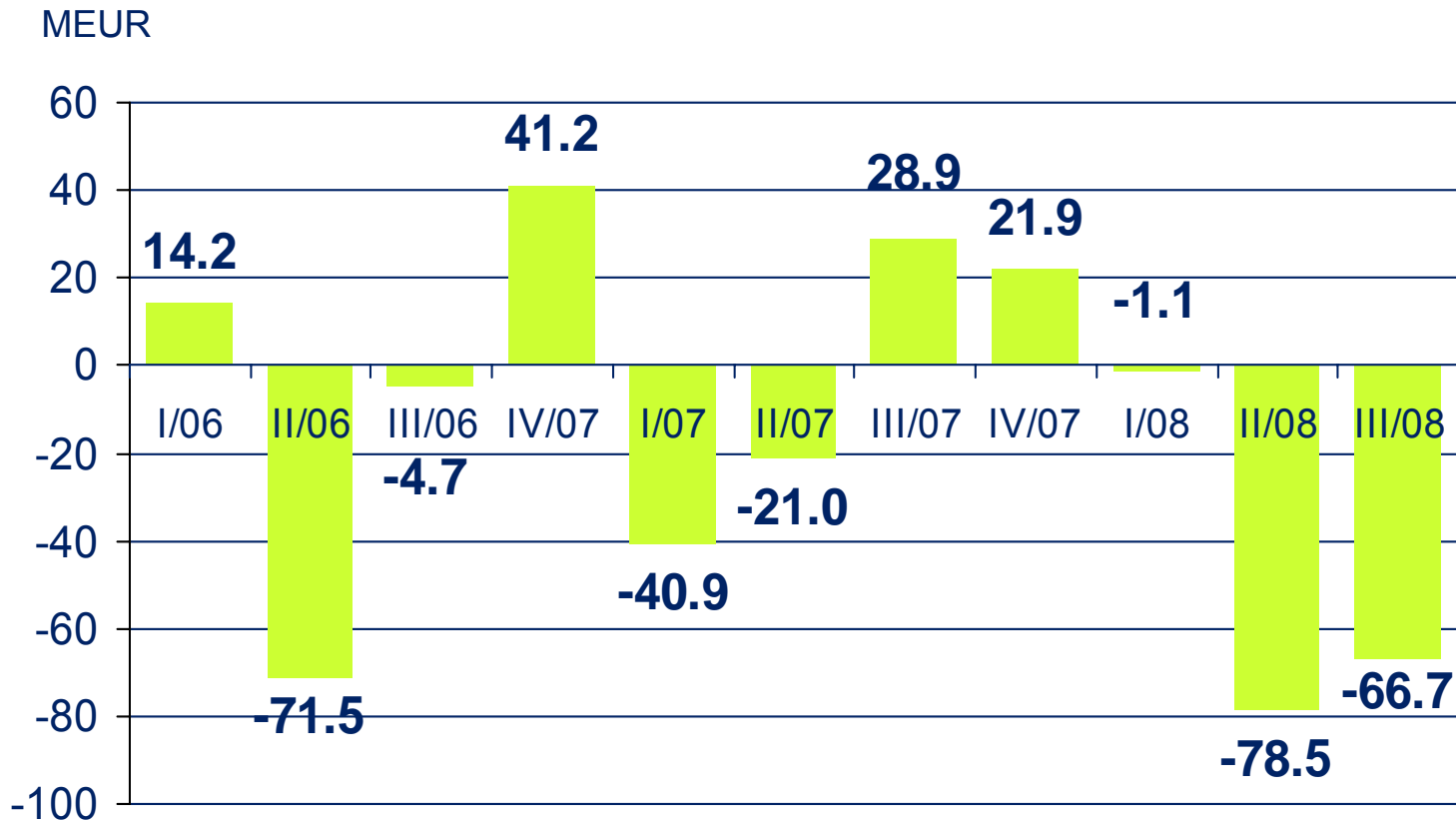


Earnings per Share



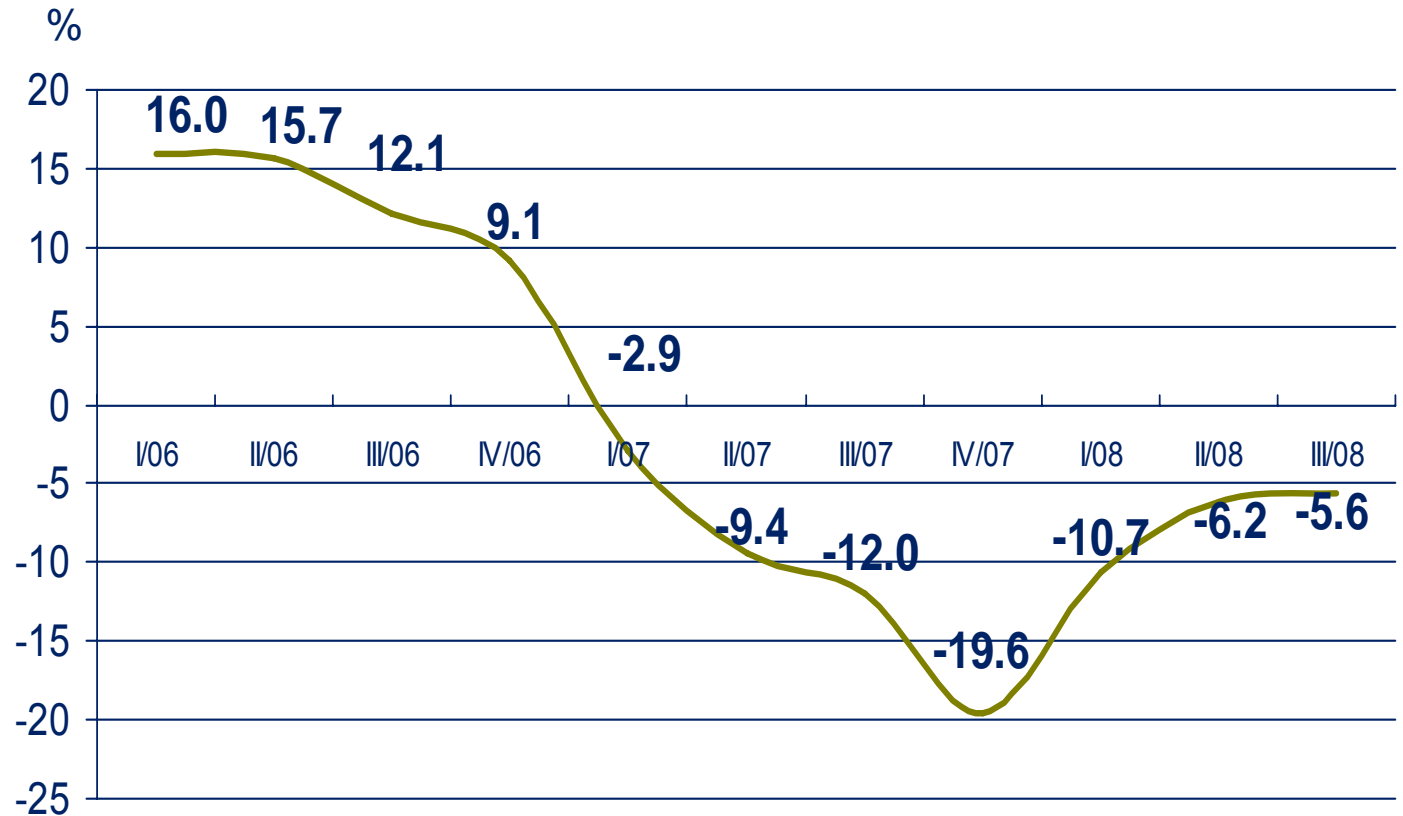


Cash Flow



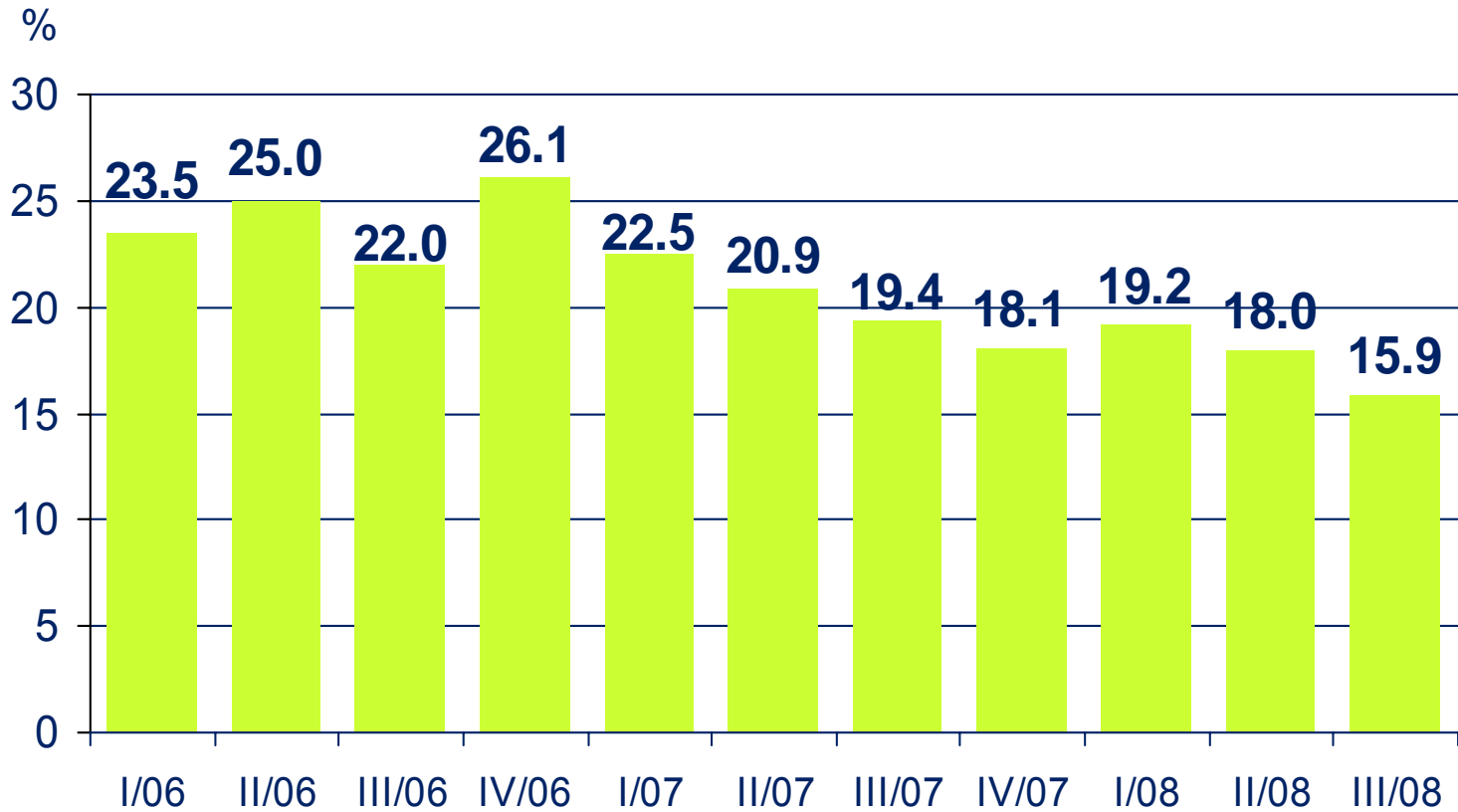


Return on Capital Employed, ROCE (Trailing 12 Months)



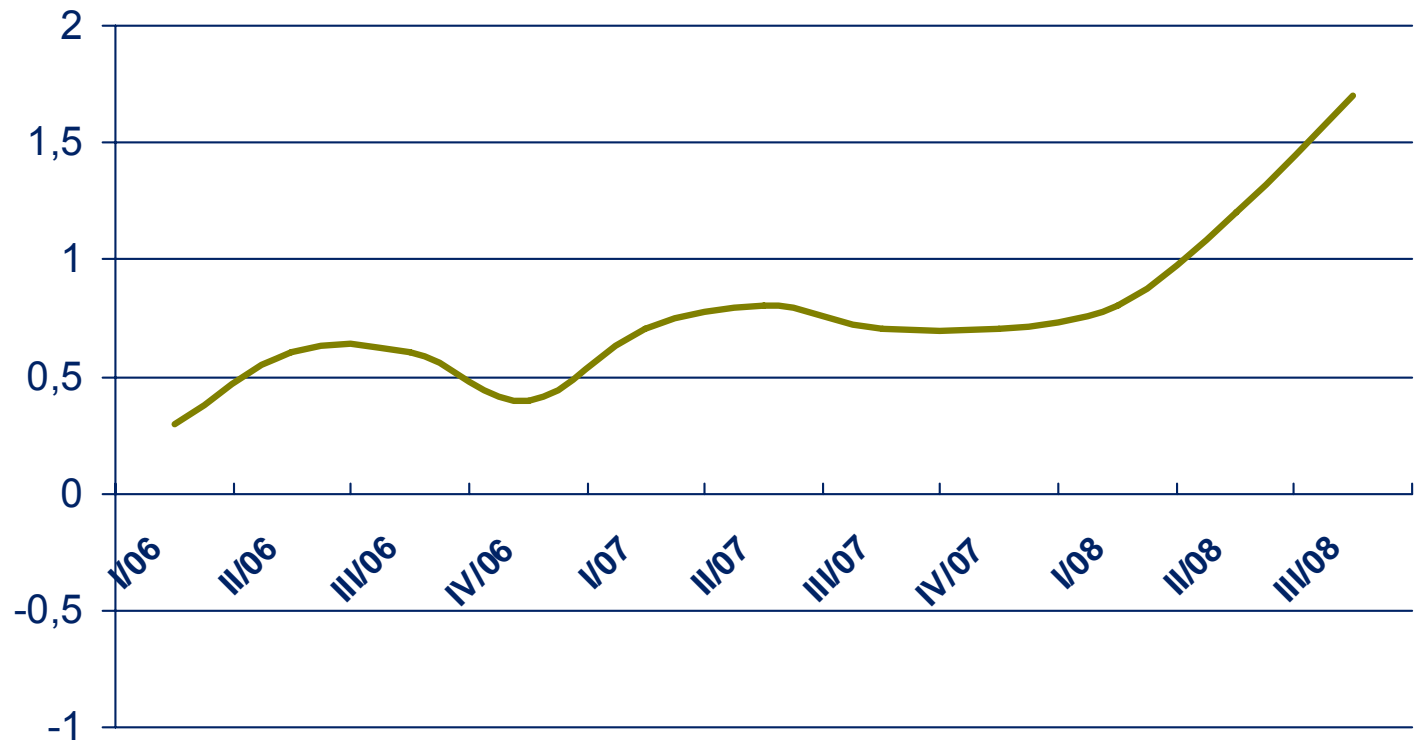


Solvency Ratio



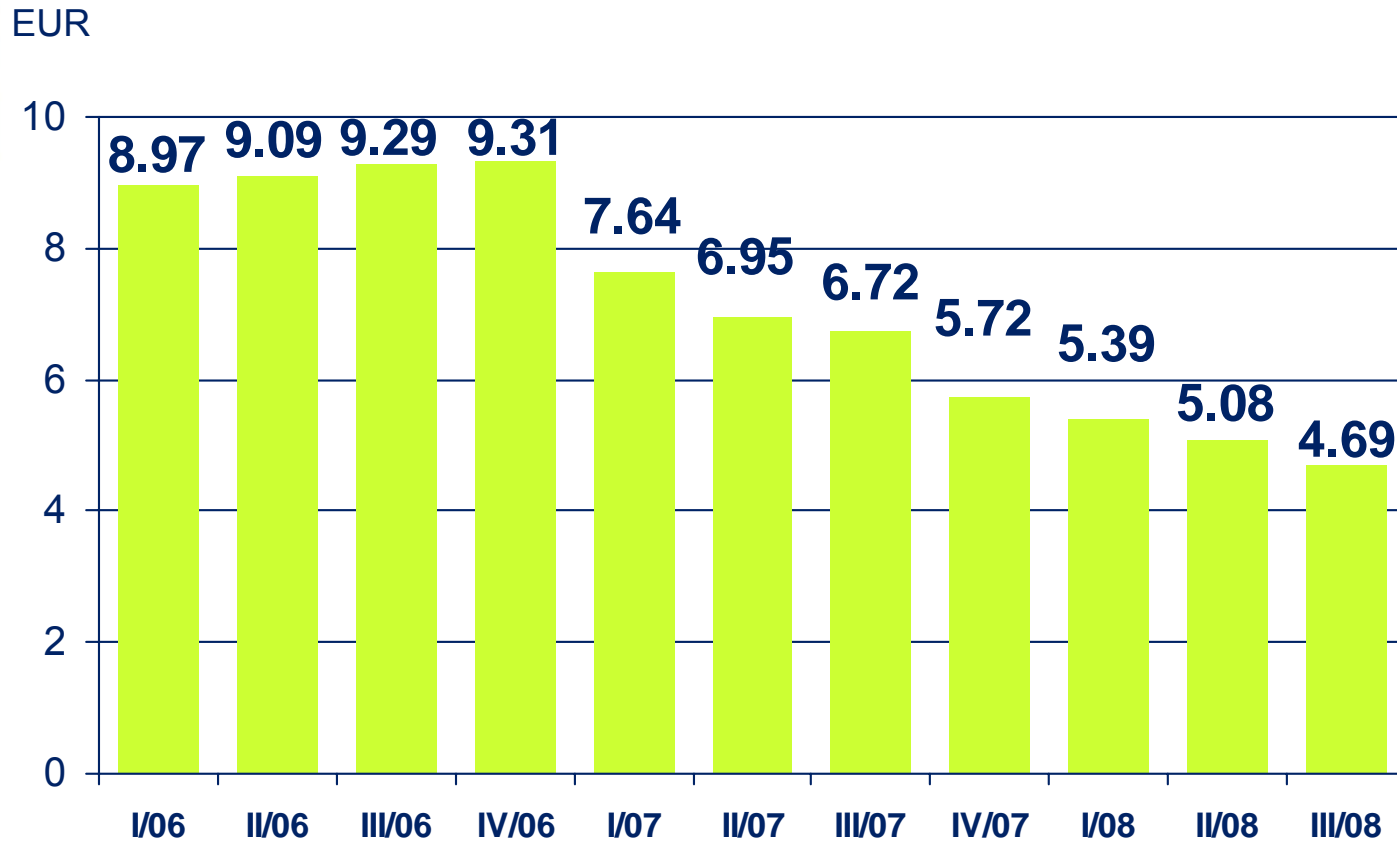


Gearing



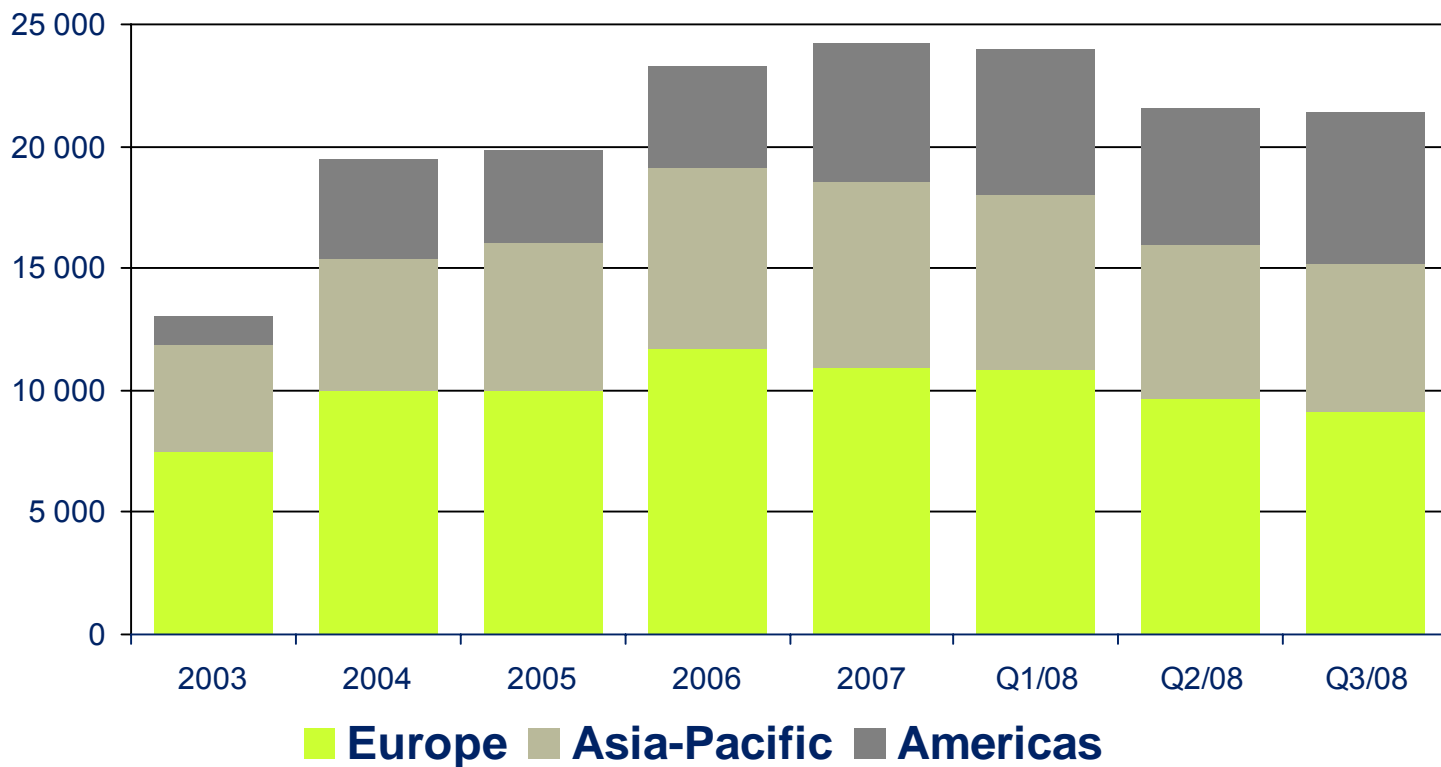


Equity per Share





Personnel by Geographical Area





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