

Elcoteq SE
Interim Report
January - June

July 25, 2007



Q2 Highlights

- Q2 net sales were in line with expectations at 968.3 million euros
- Operating income improved from the first quarter to -19.0 million euros (-15.9 excluding restructuring costs)
- Balancing of the customer portfolio continued
 - Sales to major customers incl. Ericsson, NSN, Philips, RIM, Sony Ericsson and Thomson increased from Q1
 - Good development in the Communications Networks business area
- Action plan proceeds
 - Restructuring costs 3.1 million euros during Q2
 - Manufacturing at the Lohja plant in Finland ended in June and Elcoteq has agreed to sell the plant

Net Sales and Result, April - June

(IFRS)	Q2/2007	Q2/2006	2006
Net sales, MEUR	968.3	1,029.6	4,284.3
Operating income excluding restructuring costs, MEUR	-15.9	12.2	43.9
Operating income, MEUR	-19.0	12.2	43.9
Income before taxes, MEUR	-25.1	7.0	19.2
Net income, MEUR	-20.6	4.4	12.1
EPS, EUR	-0.64	0.14	0.38
Gearing	0.8	0.6	0.4
ROCE (trailing 12 months), %	-9.4	15.7	9.1
Cash flow after investments, MEUR	-21.0	-71.5	-20.8



Key Figures, April - June

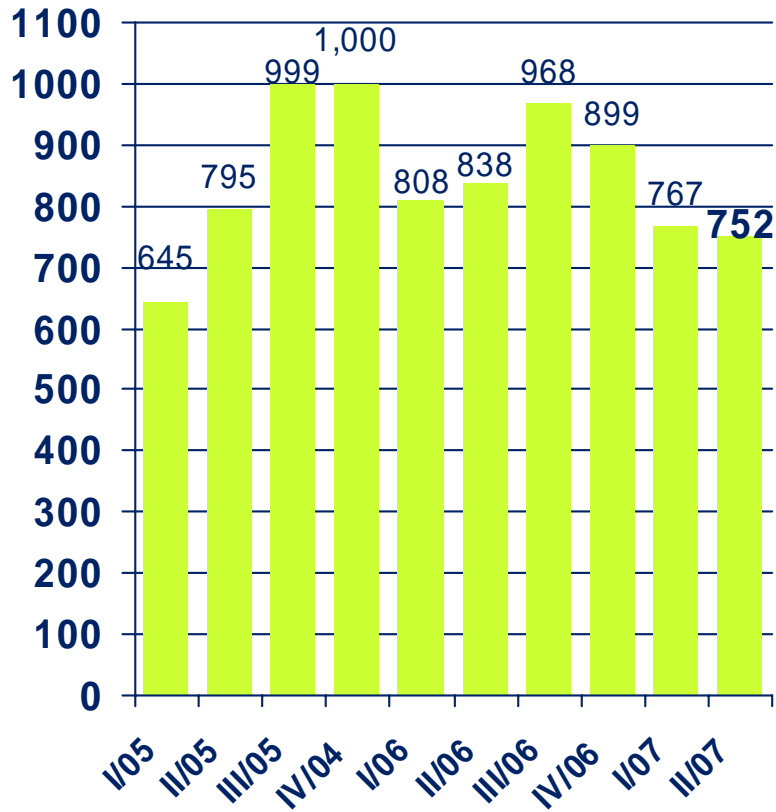
(IFRS)	Q2/2007	Q2/2006	2006
Capital employed, MEUR	473	499	514
Interest-bearing net debt, MEUR	192.1	165.4	128.0
Gross capital expenditures, MEUR	13.4	30.1	116.9
Personnel at the end of the period	23,847	22,617	23,298



Net Sales by Business Area

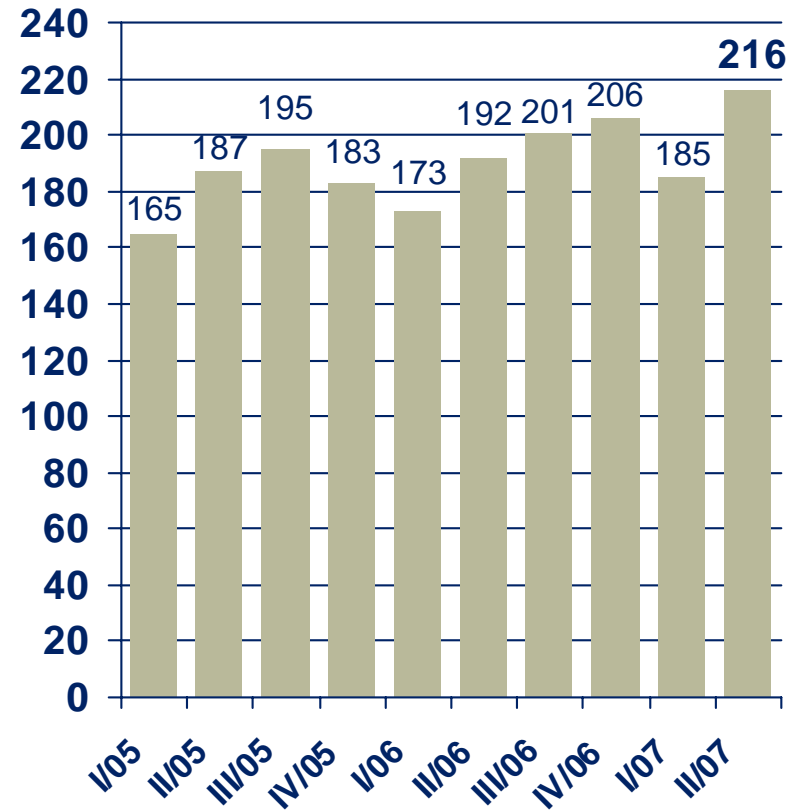
Terminal Products

MEUR



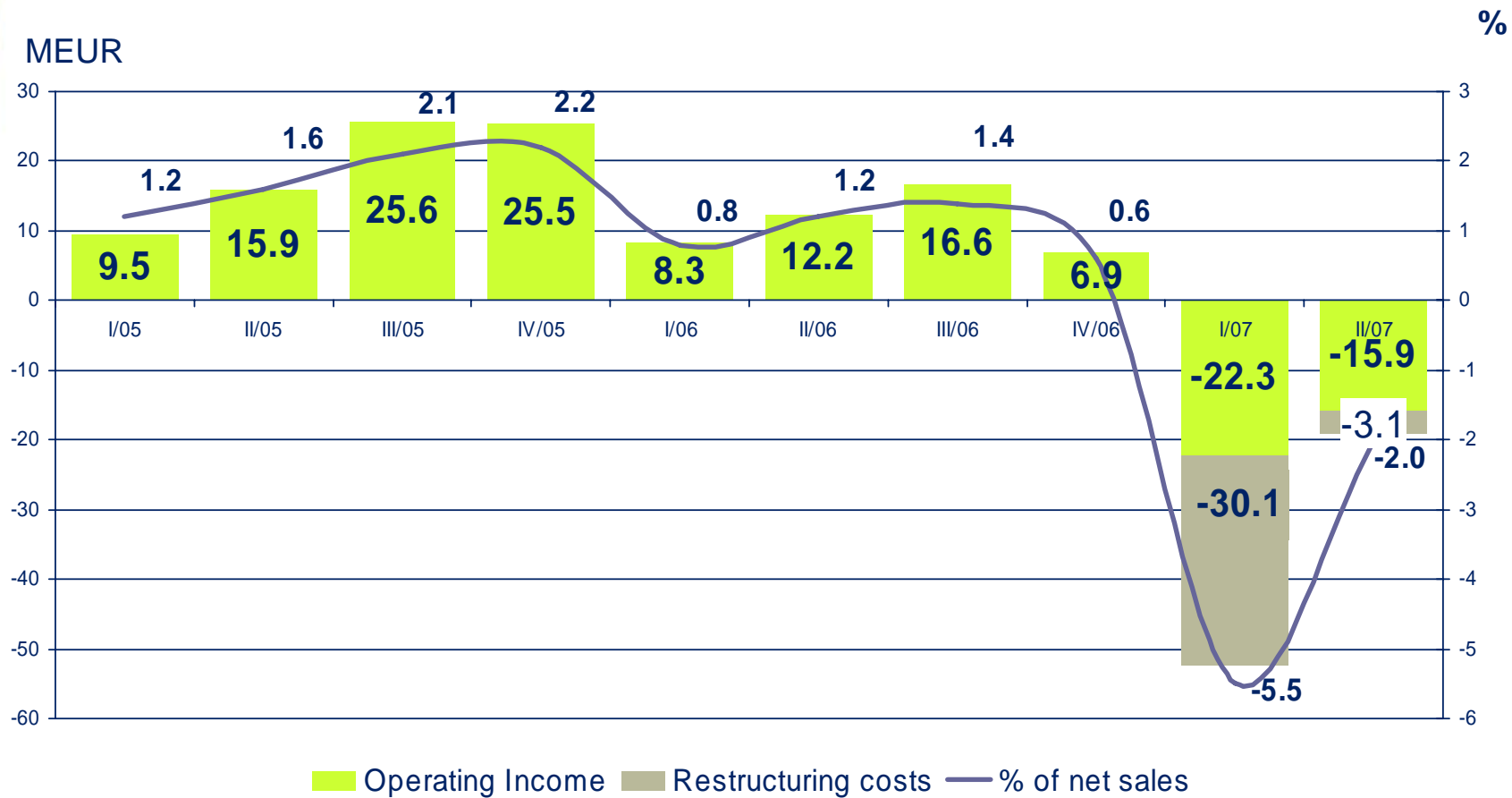
Communications Networks

MEUR



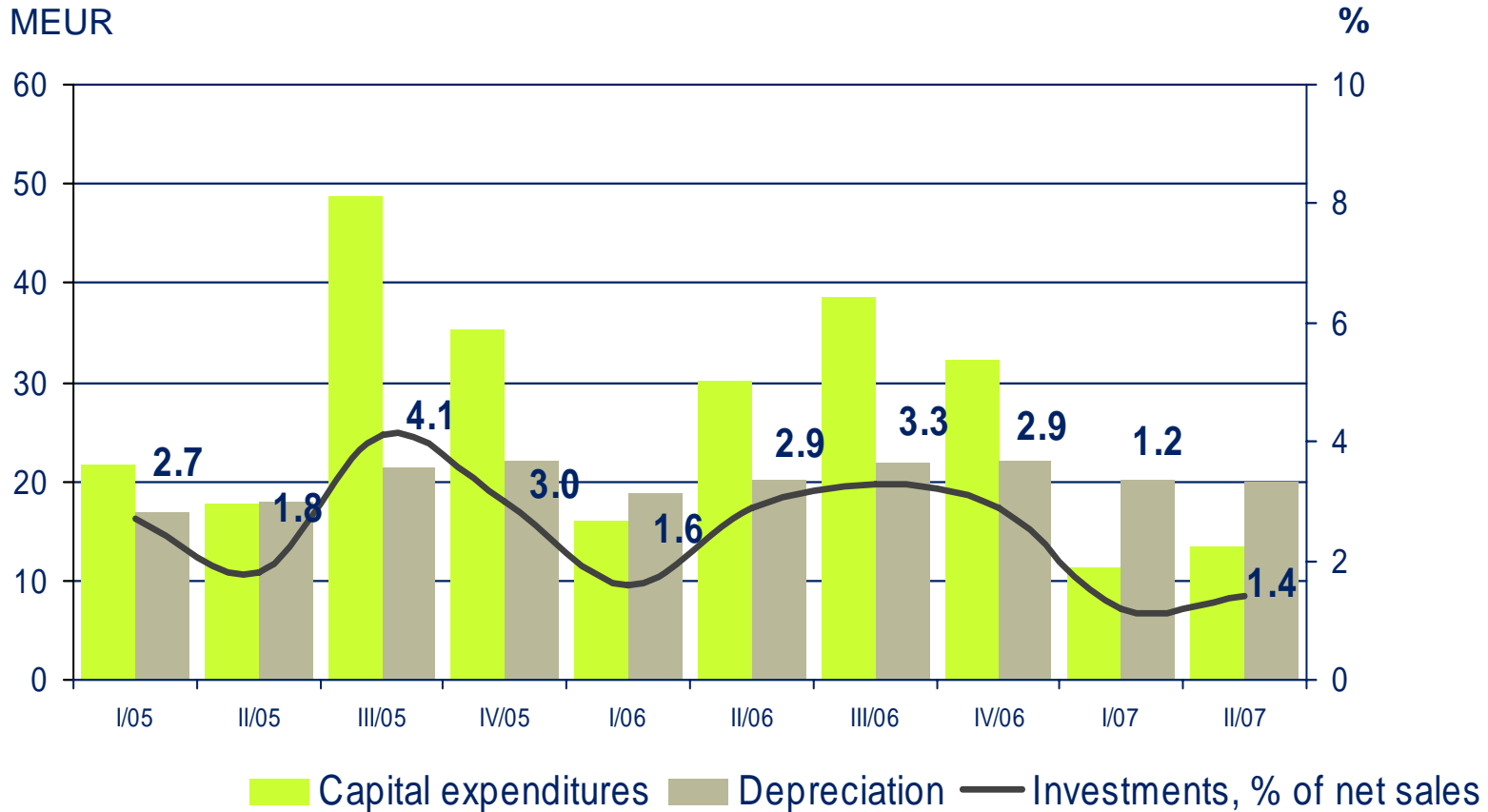


Operating Income



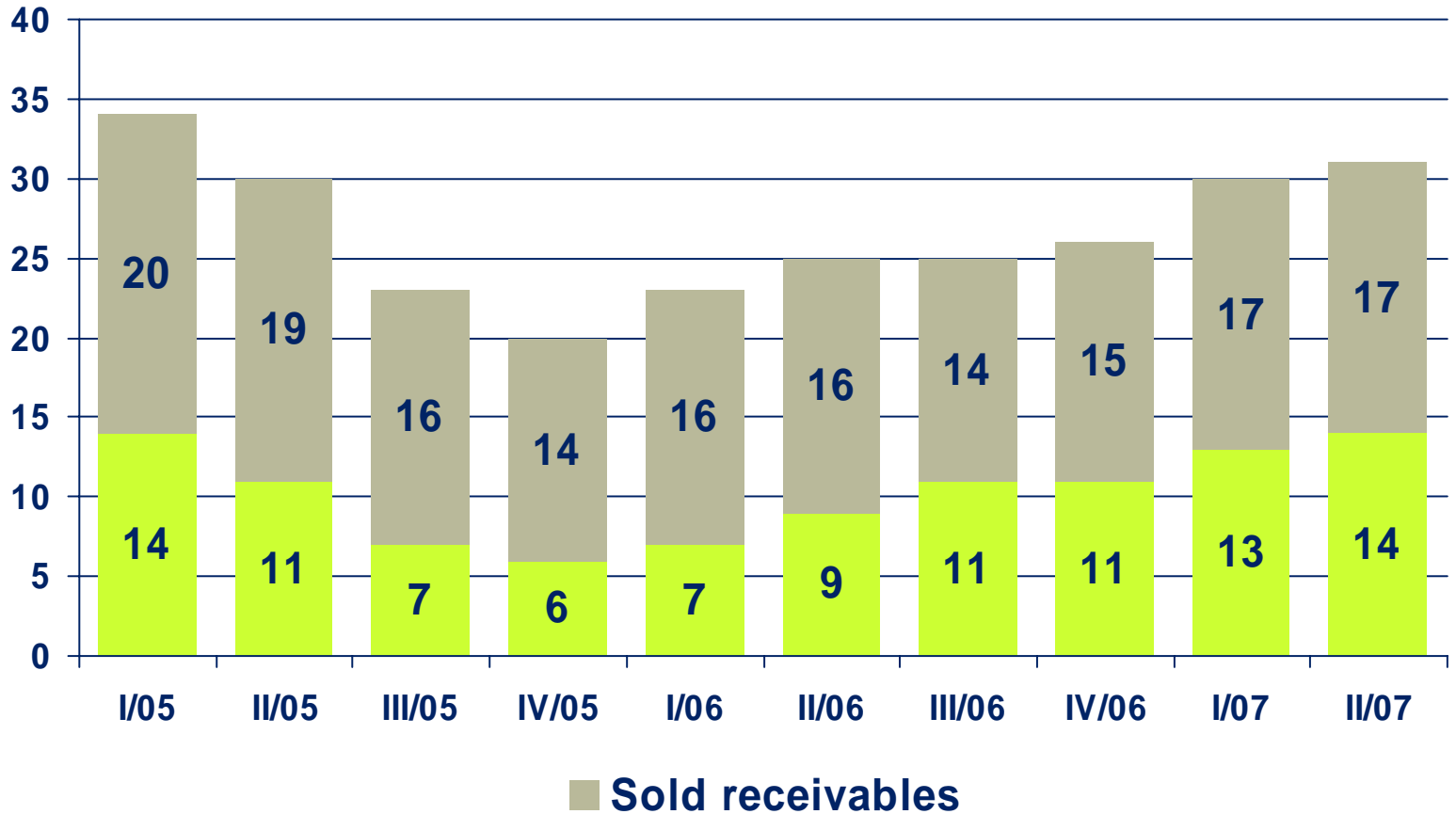


Capital Expenditures and Depreciation





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 slightly negative

Third quarter:

- Net sales are expected to grow from the second quarter
- Operating income excluding restructuring costs is expected to be positive

IEMS Strategy

- Mobile phone manufacturers need partners able to offer and independently manage a wider range of services
 - Reasons: more complex product structures and shorter product lifecycles.
 - Main goals: to manage complexity and to increase efficiency and speed in the supply chains.
- Elcoteq aims to broaden its EMS services into Integrated Electronics Manufacturing Services (IEMS)
 - By increasing mechanics expertise and services, and
 - By strengthening product development services that combine both electronics and mechanics.
- Means
 - Development of existing operating models
 - Certain M&A arrangements, and
 - Various forms of collaboration with other companies operating in the same field
- Negotiations in pursuit of this strategy have proceeded according to plan with a number of candidates.



World's leading integrated EMS provider to communications technology customers



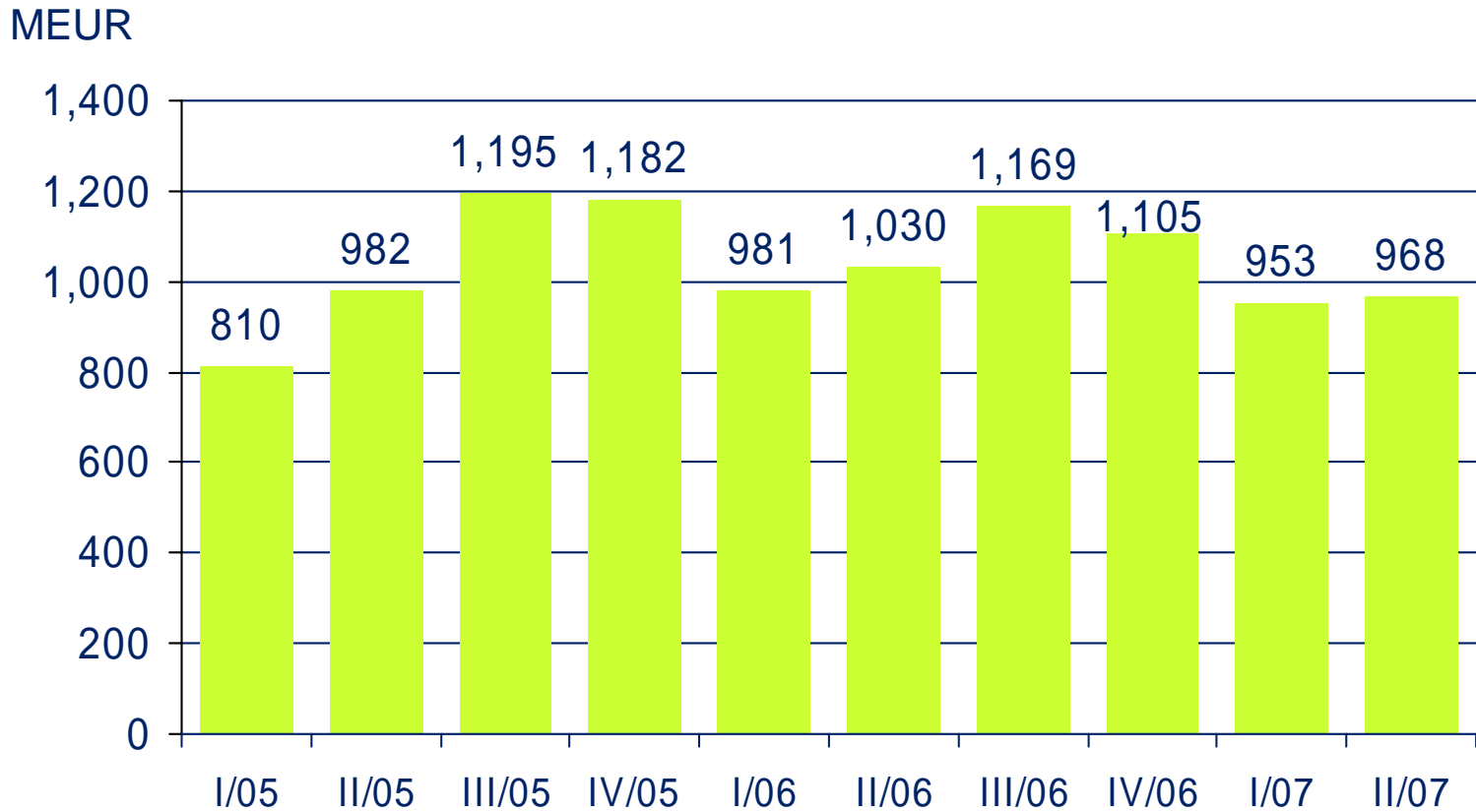
Additional Slides

Net Sales and Result January-June

(IFRS)	Q1-Q2/ 2007	Q1-Q2/ 2006	2006
Net sales, MEUR	1,920.8	2,010.7	4,284.3
Operating income excluding restructuring costs, MEUR	-38.2	20.5	43.9
Operating income, MEUR	-71.3	20.5	43.9
Income before taxes, MEUR	-84.1	9.9	19.2
Net income, MEUR	-67.5	6.5	12.1
EPS, EUR	-2.12	0.21	0.38
Gearing	0.8	0.6	0.4
ROCE (trailing 12 months), %	-9.4	15.7	9.1
Cash flow after investments, MEUR	-61.9	-57.3	-20.8

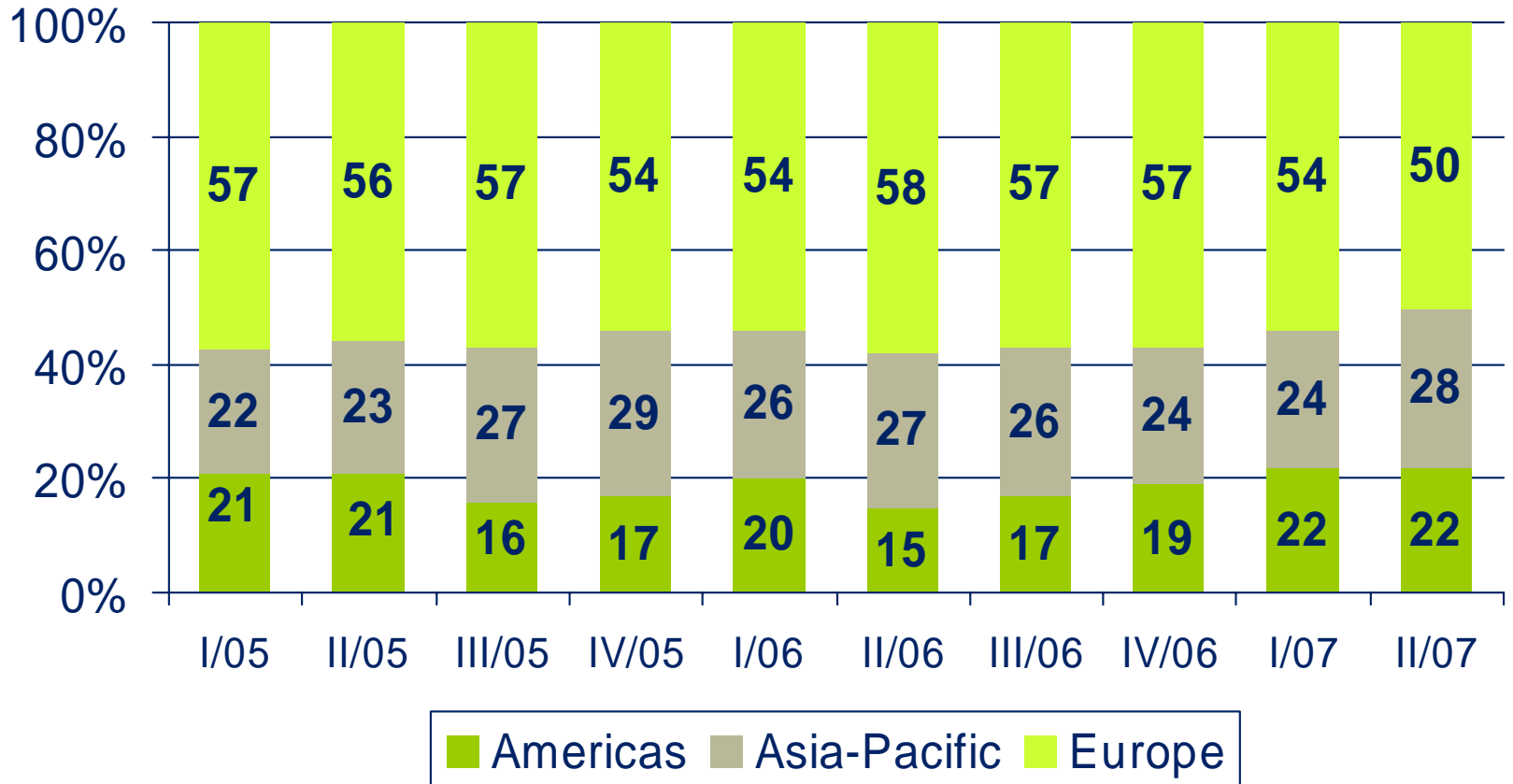


Net Sales by Quarter



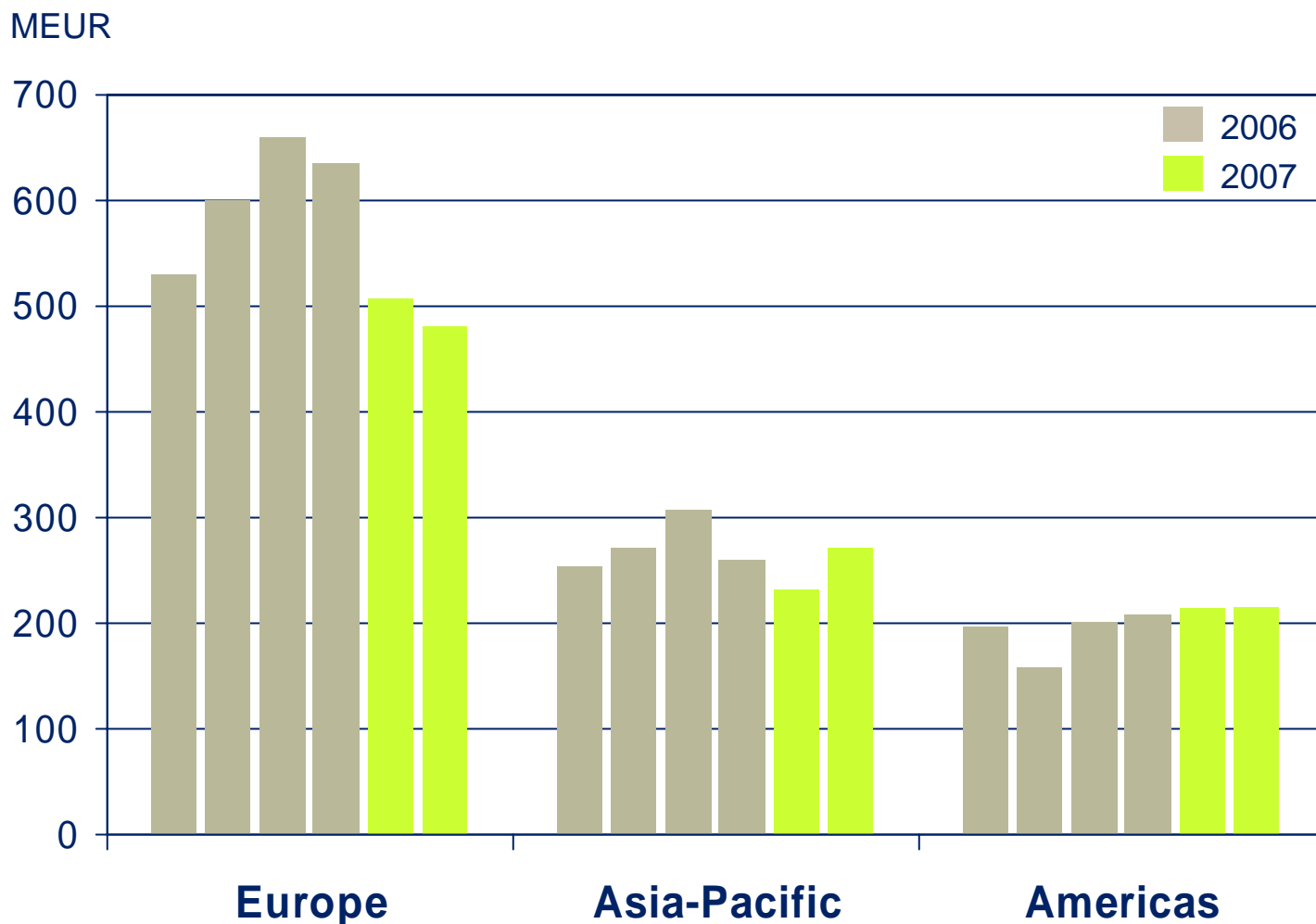


Net Sales by Geographical Area, %



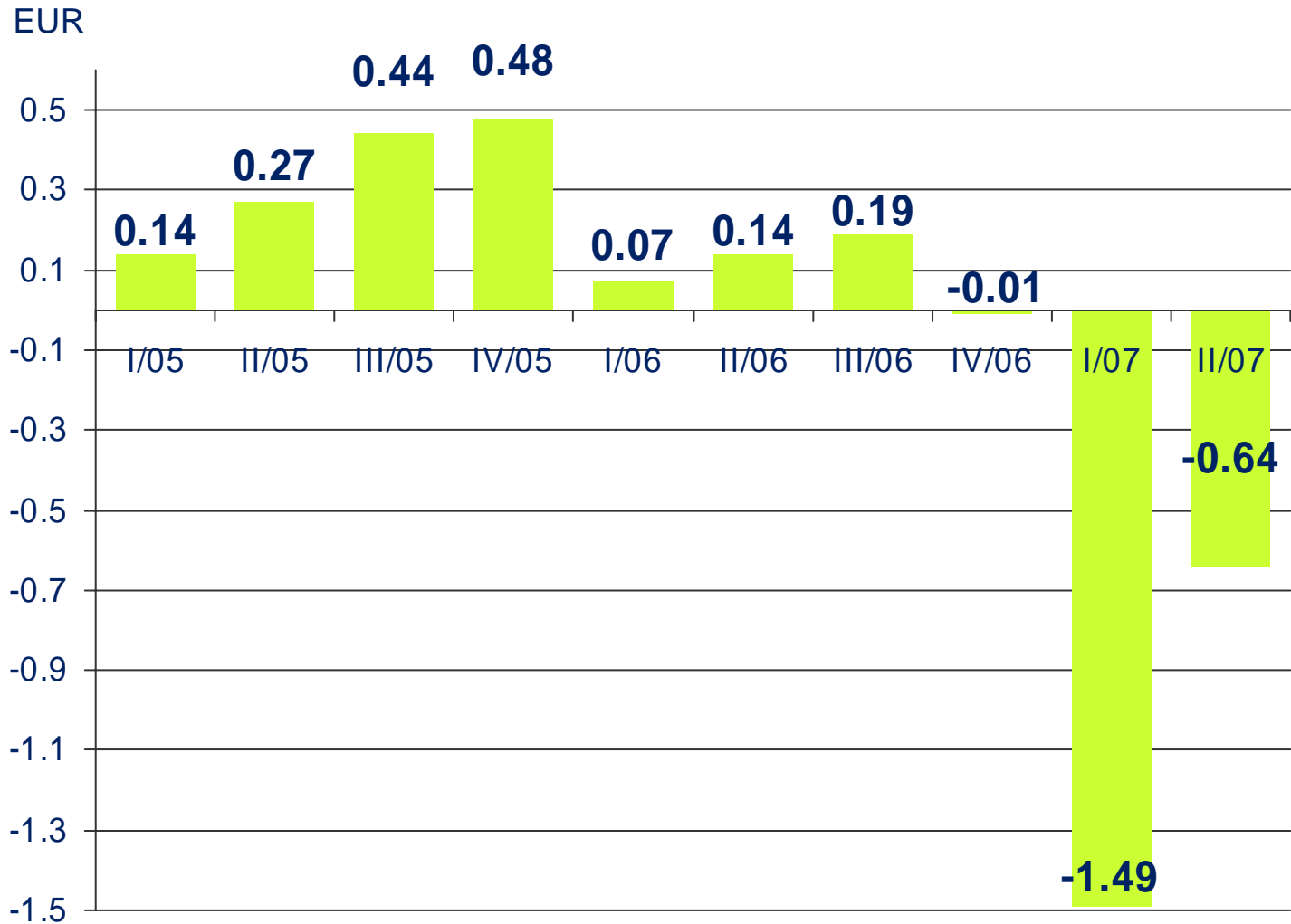


Quarterly Net Sales by Geographical Area in 2006 - 2007



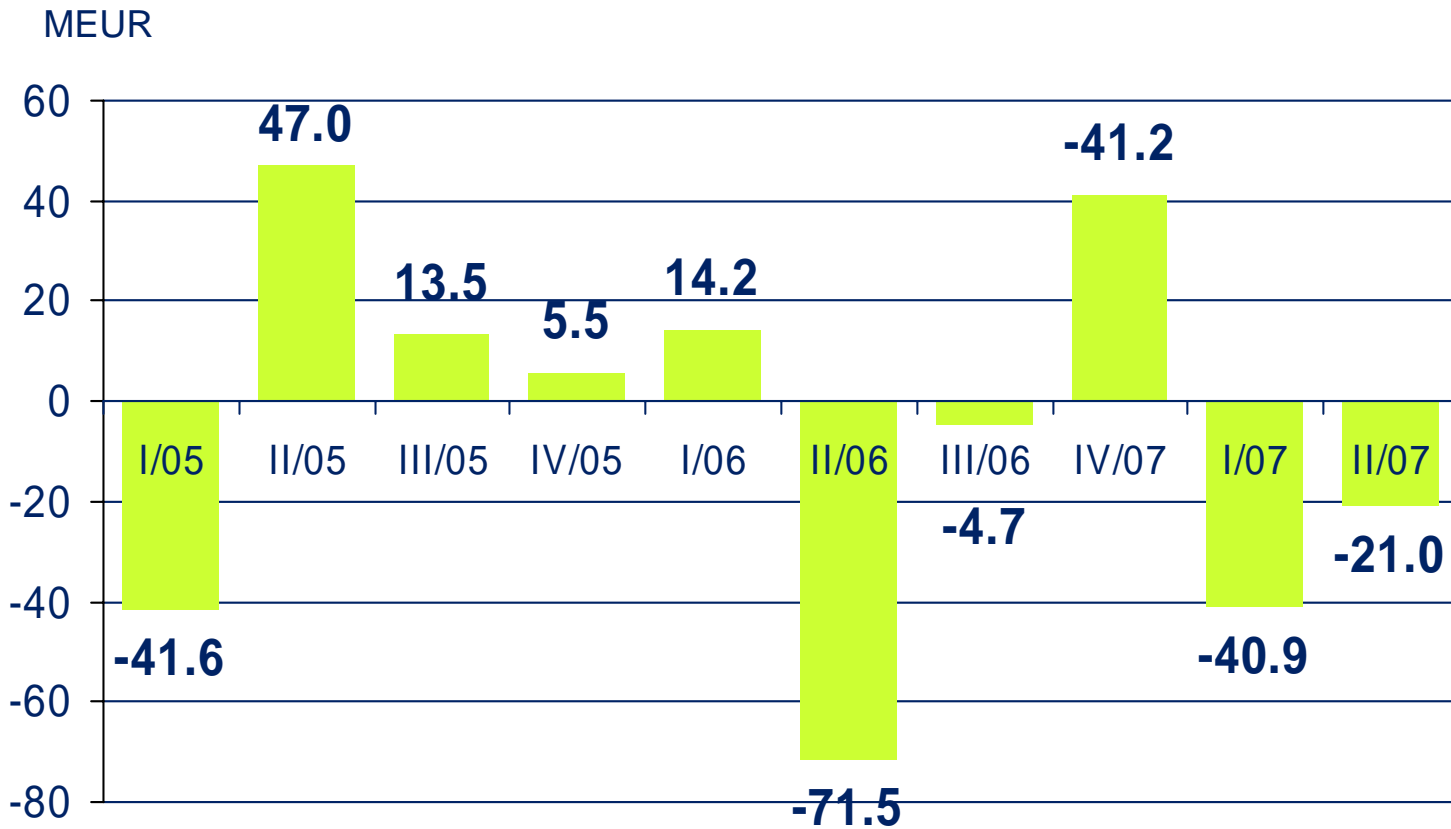


Earnings per Share



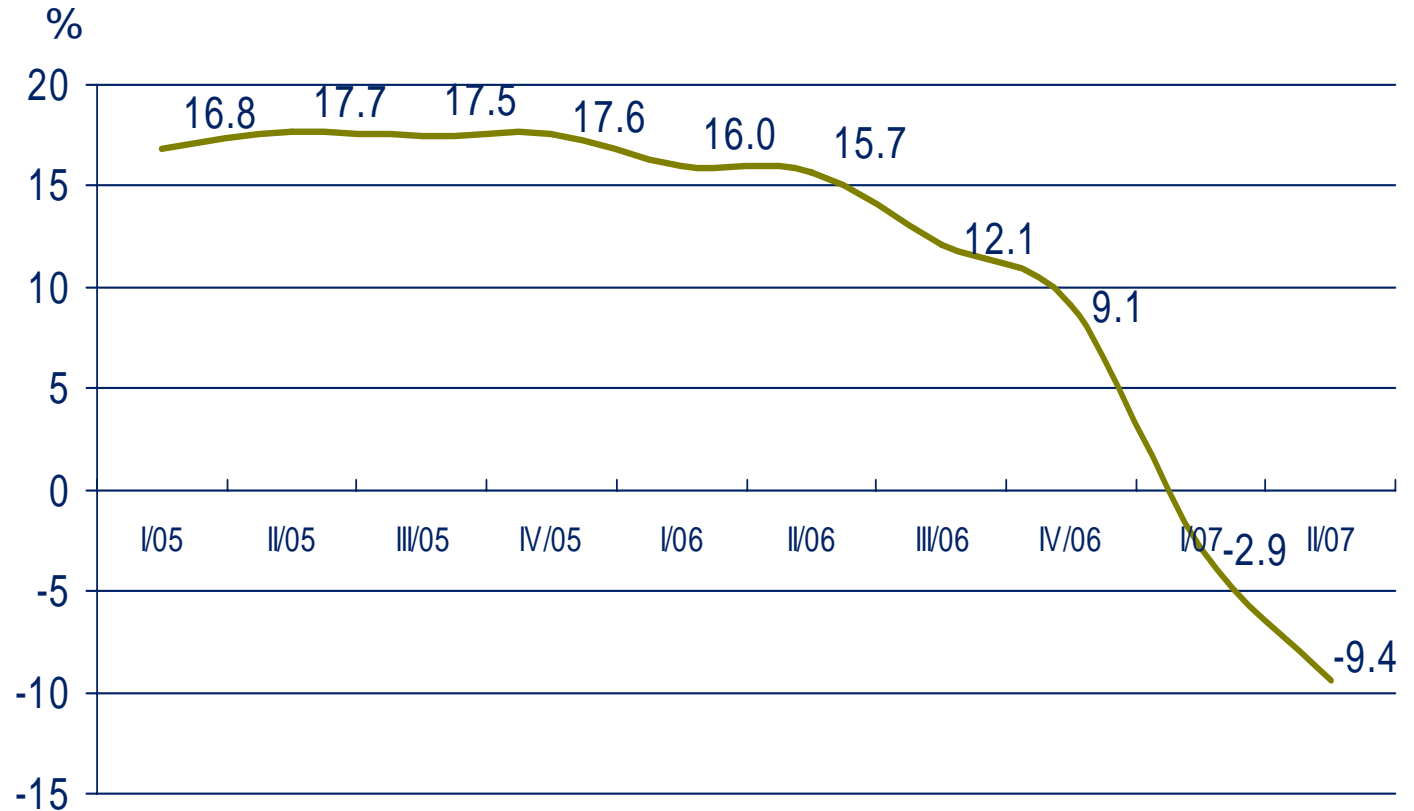


Cash Flow



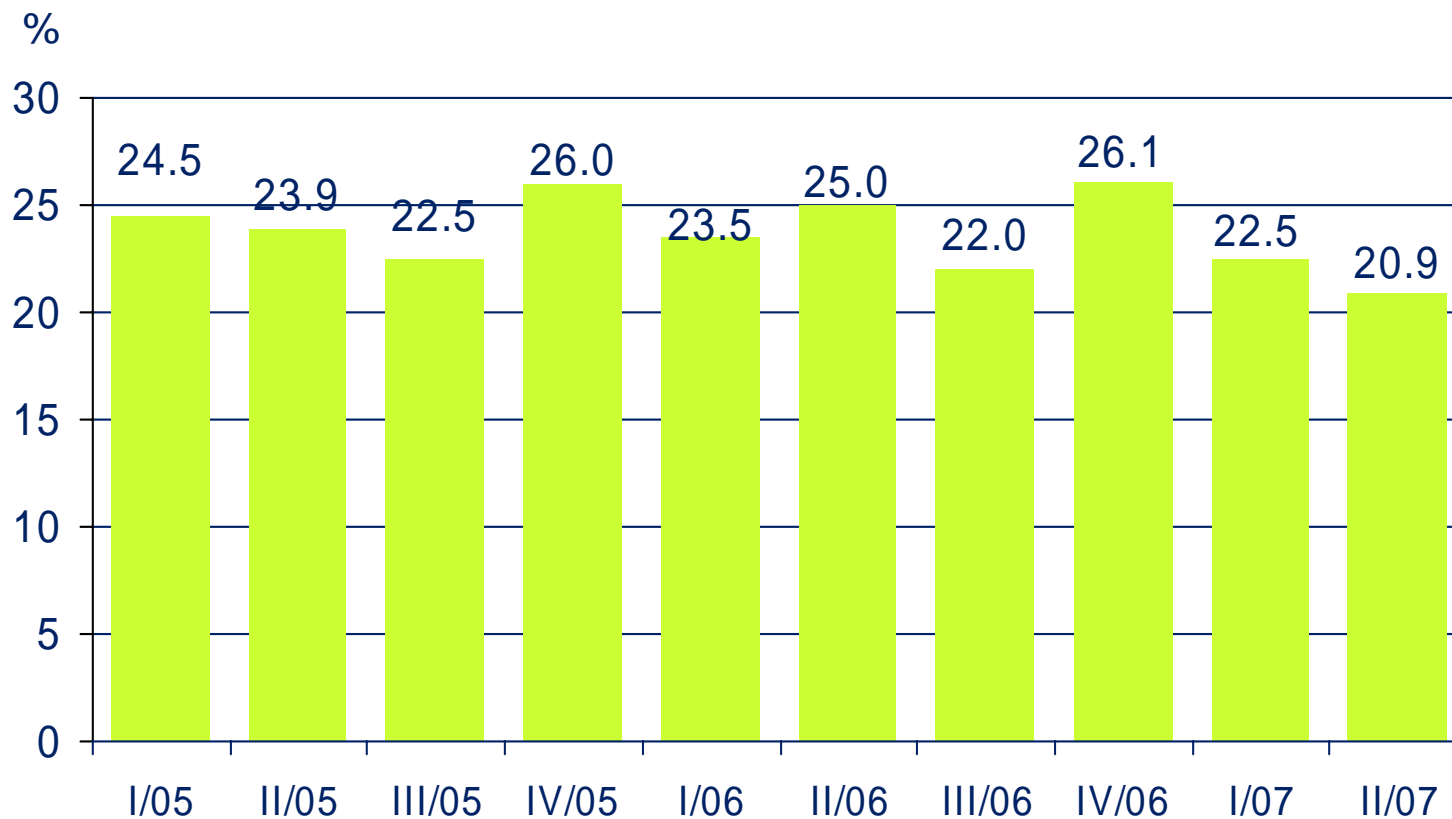


Return on Capital Employed, ROCE (Trailing 12 Months)



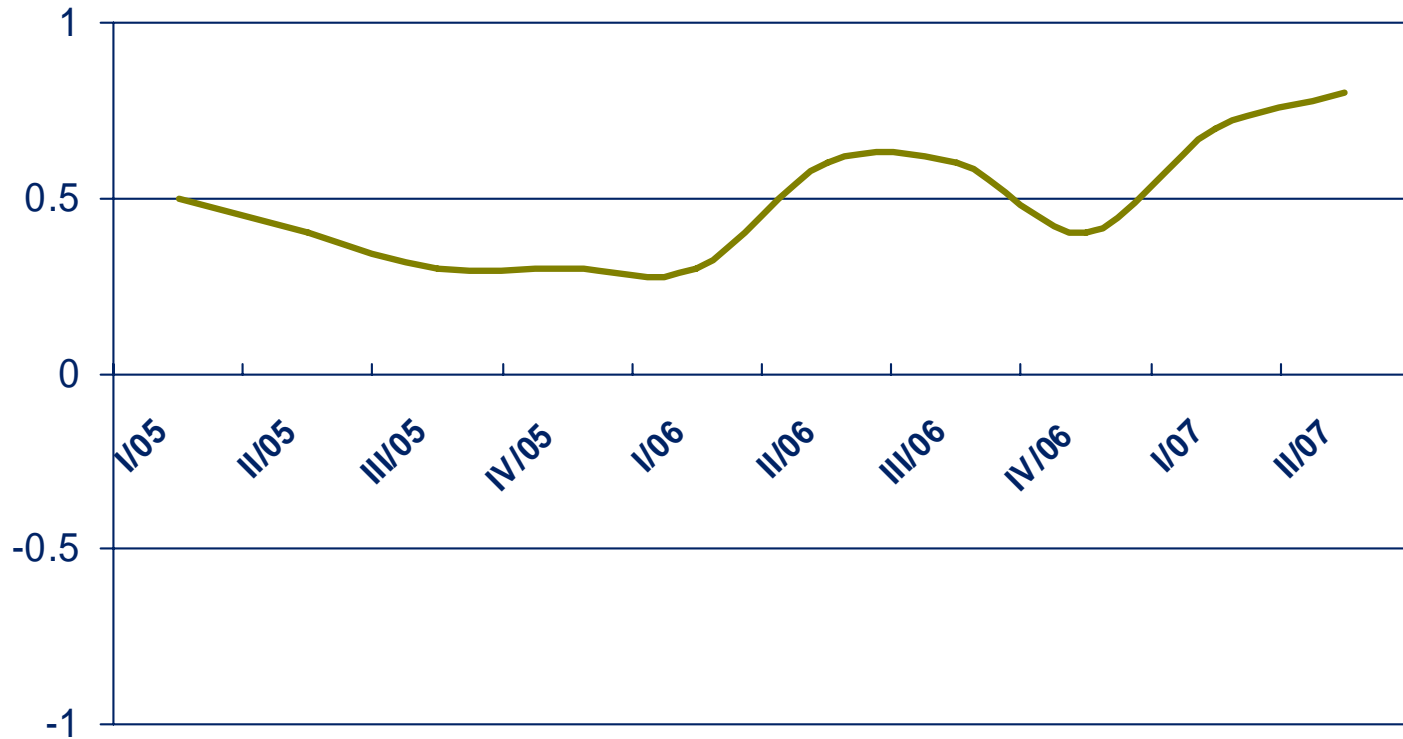


Solvency Ratio



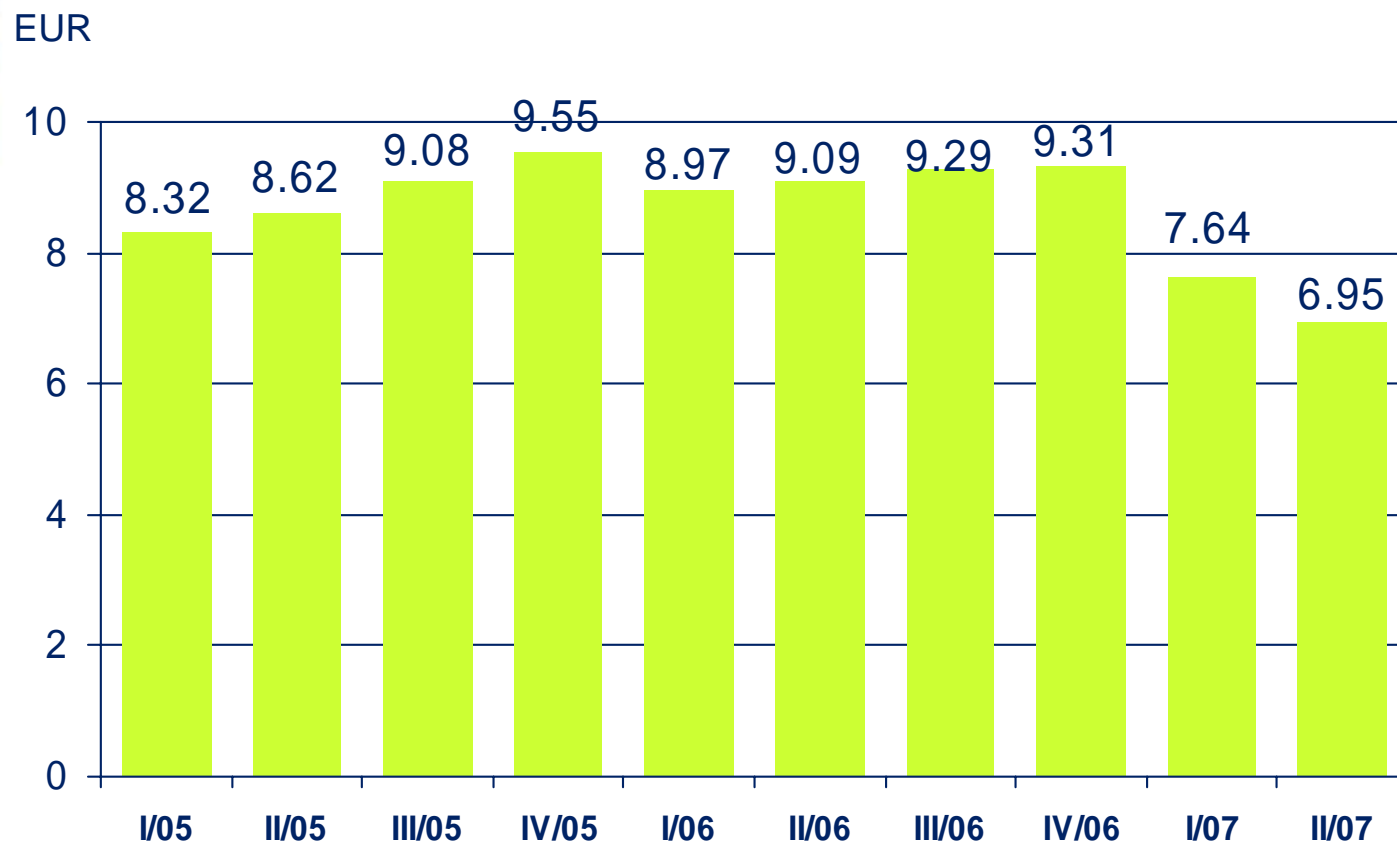


Gearing



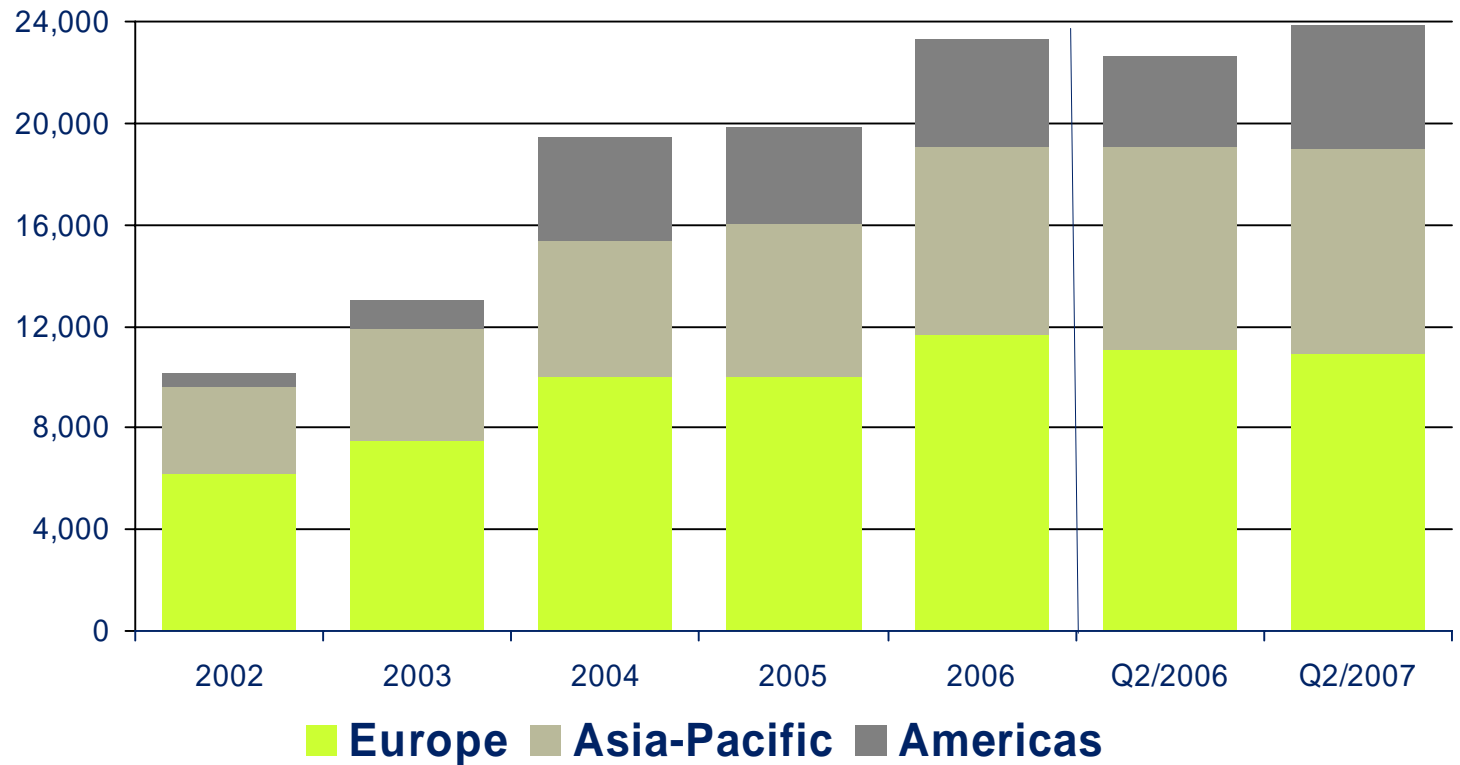


Equity per Share





Personnel by Geographical Area





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