

***Elcoteq SE's
Annual General Meeting
March 22, 2007***

Helsinki, Finland



CEO's Review

Jouni Hartikainen



Year 2006 in Brief

- Net sales rose to 4.3 billion euros
- Operating income was 43.9 million euros
- Balancing of the customer base continued
 - Net sales with companies not belonging to the Nokia and Ericsson groups increased by 13%
 - In Terminal Products business developed especially with RIM and Philips
 - Growth in the networks business
 - Expanding co-operation with Andrew and acquisition of a new plant in Romania
- The Board's proposal to transfer domicile to Luxembourg



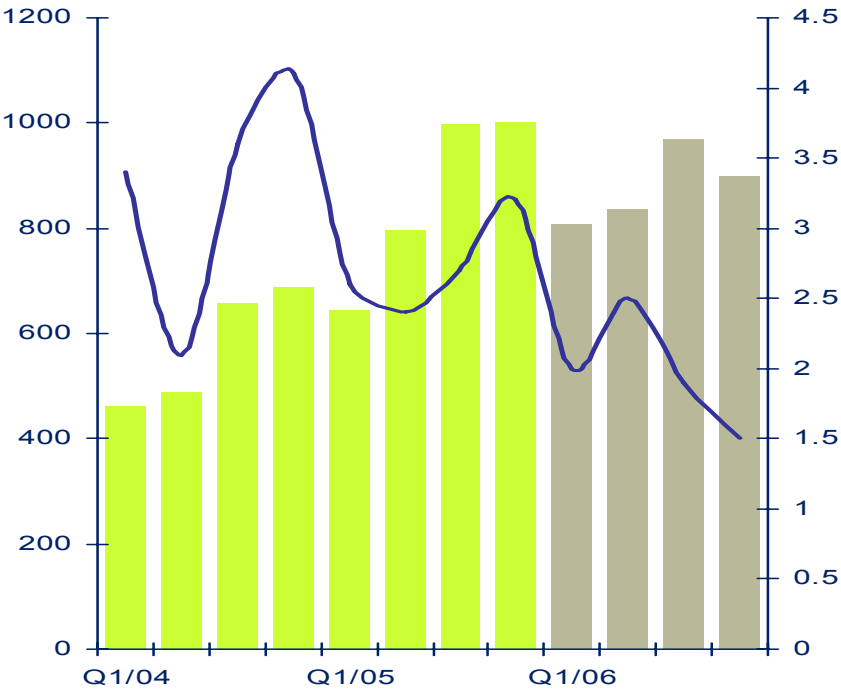
Net Sales and Result 2006

(IFRS)	2006	2005
Net sales, MEUR	4,284.3	4,169.0
Operating income, MEUR	43.9	76.5
Income before taxes, MEUR	19.2	59.3
Net income, MEUR	12.1	41.3
EPS, EUR	0.38	1.34
Gearing	0.4	0.3
ROCE (trailing 12 months), %	9.1	17.6
Cash flow after investments, MEUR	-20.8	24.4



Terminal Products

- 82% of the Group's net sales in 2006
- Personal Communications: mobile phones, their parts and accessories, wireless modules and wireless phones
- Home Communications: selected infotainment and home communication products



■ Nes Sales, MEUR — EBIT, %

NOKIA



Sony Ericsson

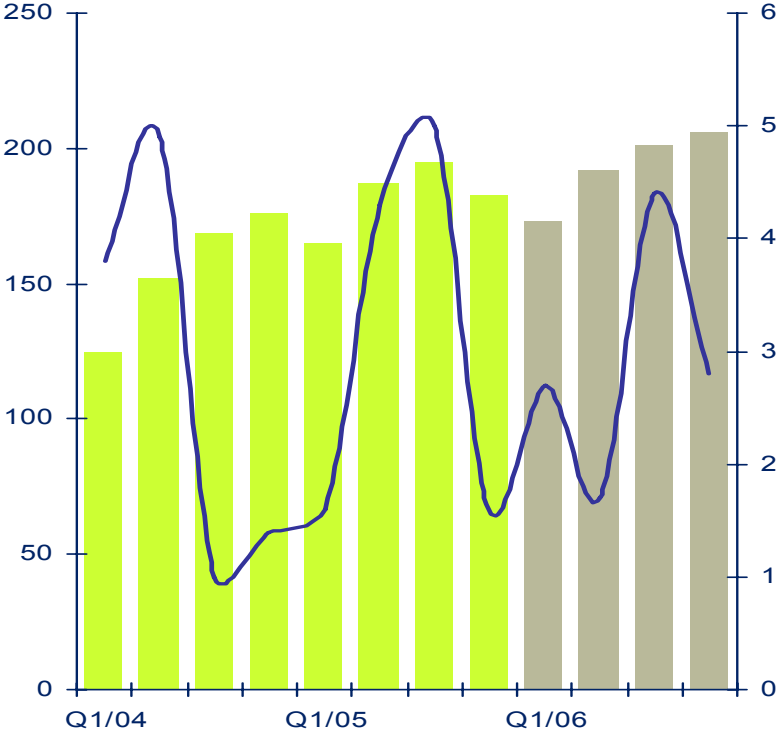




Communications Networks



- 18% of the Group's net sales in 2006
- Wireless, wireline and enterprise system products and plug-in units, such as base station products, transmission systems and broadband network products



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Net Sales, MEUR — EBIT %



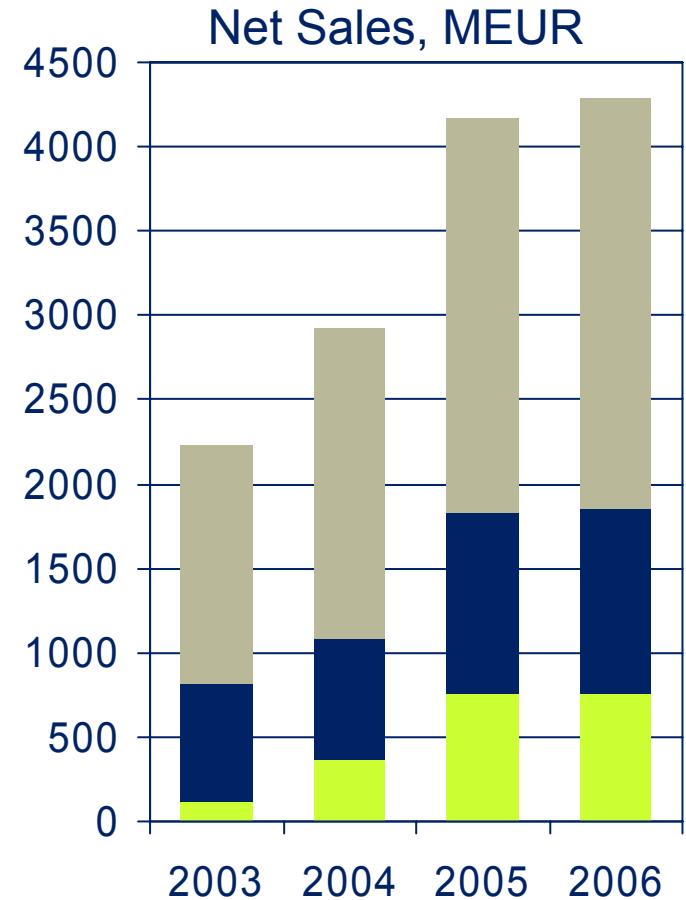
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Geographical Areas

- Share of net sales in 2006
 - Europe 57%
 - Asia-Pacific 25%
 - Americas 18%
- Main events in 2006
 - New plant in Romania
 - Philips chose Elcoteq's Shenzhen plant in China as its manufacturer
 - New products development unit in Beijing, China
 - Ramp-up of Andrew production in Juárez, Mexico

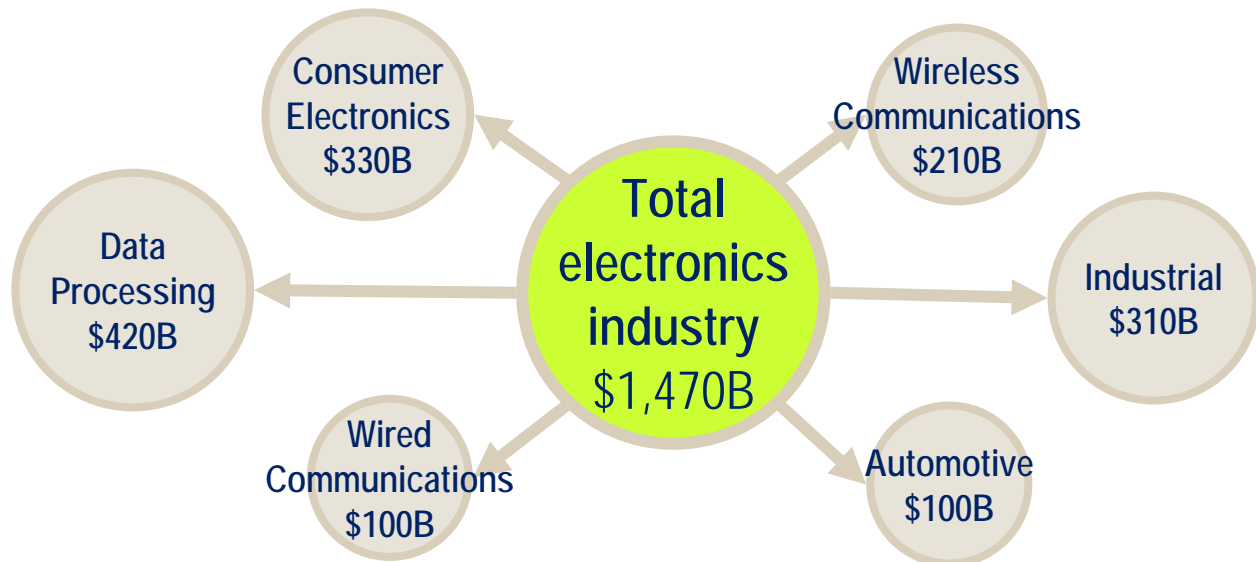


■ Americas ■ Asia-Pacific ■ Europe

Electronics Industry Trends 2007

Total electronics market \$ 1,470 billion in 2007, up 6.7% from 2006

- Wired Communications: \$ 100 bn in 2007, up 7% from 2006
- Wireless communications: \$ 210 bn, up 5% from 2006
- Consumer electronics: \$ 330 bn in 2007, up 6% from 2006





Structural Change Ongoing in the Industry

- Customers' business models are changing constantly
 - Lots of new products and their variations
 - Shorter product lifecycles
 - Lowering average selling prices
 - Product differentiation according to target groups
- New types of competitors → tightening competition
- The importance of Asia is increasing
- New markets such as India and Africa
- Consolidation – big players' market share continues to grow



Elcoteq's Strategy

Vision

**Leading EMS Provider to
Communications Technology Customers**

Main Goals

Drive shareholder value on par
with competition and beyond

Create superior value to
communications technology customers

Strategic Themes

Expand
service offering

Focused
growth

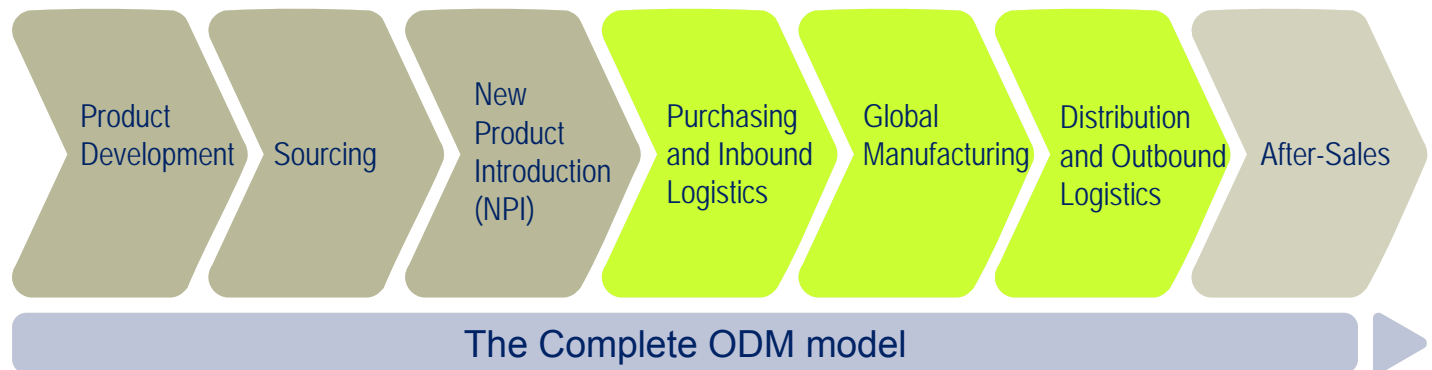
Operational
excellence

Align talent, structure and people process
with the needs of the business



Elcoteq's Service Offering

- Anticipate future customer and market demand and emerging technologies
- Integrated end-to-end services for the products' whole life-cycle
- Horizontal integration from product development to after-sales services, including efficient supply chain management





Global Service Network

Close to end-markets

Availability of skilled workforce

Consistent service network

Cost efficiencies





Key Financial Indicators and Targets

Earnings per share (EPS)	Continuous growth
ROCE, trailing 12 months	> 20%
Cash flow	Positive
Gearing	<1

Dividend Policy

is to distribute a dividend corresponding to approximately half of Elcoteq's net profit for the year taking into account the Group's profitability, financial structure and growth prospects.



Global Action Plan

- To improve competitiveness, profitability and cost-efficiency
 - Target to achieve annual savings of some 20 million euros
- Concerns especially Europe and the Americas
 - Structural changes
 - Reorganization and streamlining of operations, processes and personnel resources
 - Personnel negotiations in Finland
- One-time costs of some 20 million euros in 2007
 - Most likely to be recognized during the first quarter of the year
- The savings will start to become visible in Elcoteq's result in the second half of 2007



Personnel Negotiations in Finland

- Partly concluded on March 21
 - 84 employees will be made redundant
- Negotiations concerning the Lohja plant and the NPI organization continue
- When the negotiations were started, the company estimated that the need for possible personnel reductions could apply to at most about 500 people in Finland



Other Measures

- A global program of production efficiency enhancing measures will continue at all plants
- Strengthening sales efforts
 - More focused and global approach to new customer sales
 - Tighter collaboration between the sales and business development organizations
 - New organizations under Terminal Products: Personal Communications and Home Communications
 - Communications Networks
- Co-operation with technology and component providers
- New contract and invoicing model in Europe



Going Forward

- Elcoteq is an active player on the market place
- Committed to serve the chosen customer segment
 - Outsourcing in communications technology continues
 - Good growth prospects in the end-markets
 - OEMs need more help from partners as competition intensifies
- Safeguarding the competitiveness and efficiency of Elcoteq's service network
 - Consistency brings flexibility and speed
 - Specifying the action plan further and implementing it efficiently
- We develop and expand our service offering
 - Various possible business models
 - M&A activities in line with the focused strategy
- Our aim is to grow in the same pace as the EMS market



***World's leading EMS provider
to communications technology
customers***