



***Elcoteq -  
Leading EMS provider  
to communications technology  
customers***

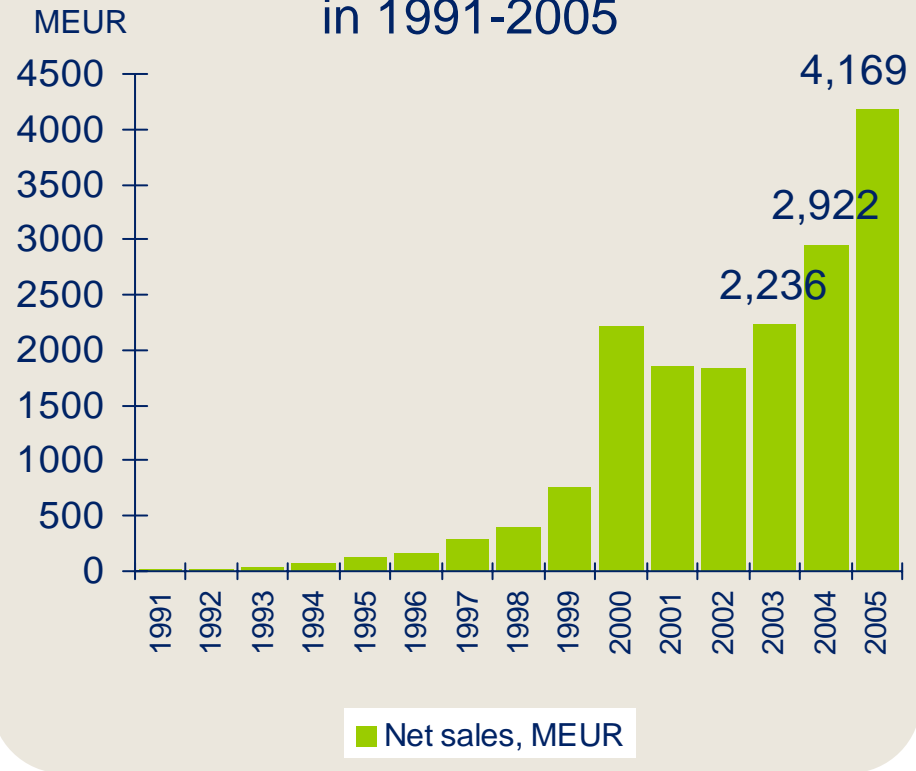
*November 2006 – January 2007*



# Elcoteq in Brief

- #1 European EMS provider
- Electronics manufacturing services since 1984
- MBO in 1991
- Listed on the Helsinki Stock Exchange since 1997
- Two business areas:
  - Terminal Products
  - Communications Networks
- Operations in 16 countries on four continents
- Some 25,000 employees
- European Company since October 2005

CAGR of net sales 51%  
in 1991-2005

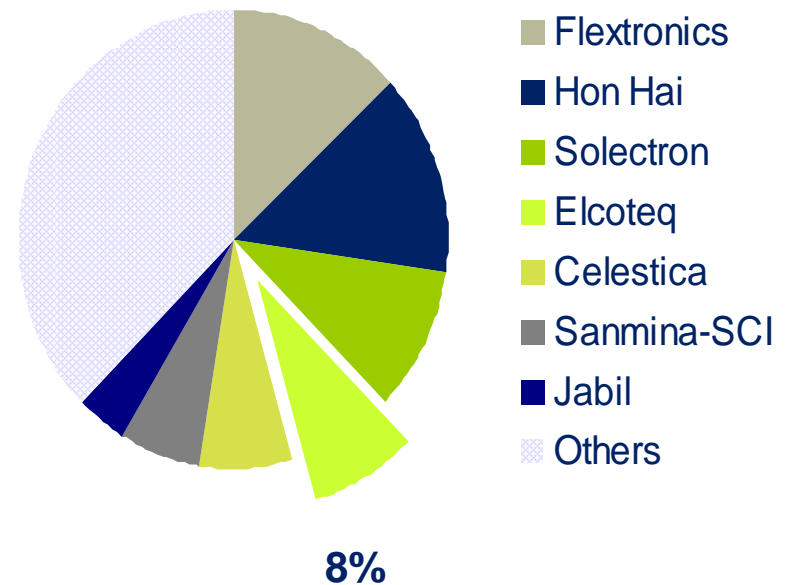




# Elcoteq's Market Position

#1 European EMS provider  
#3 in mobile phones globally  
#4 in communications technology globally

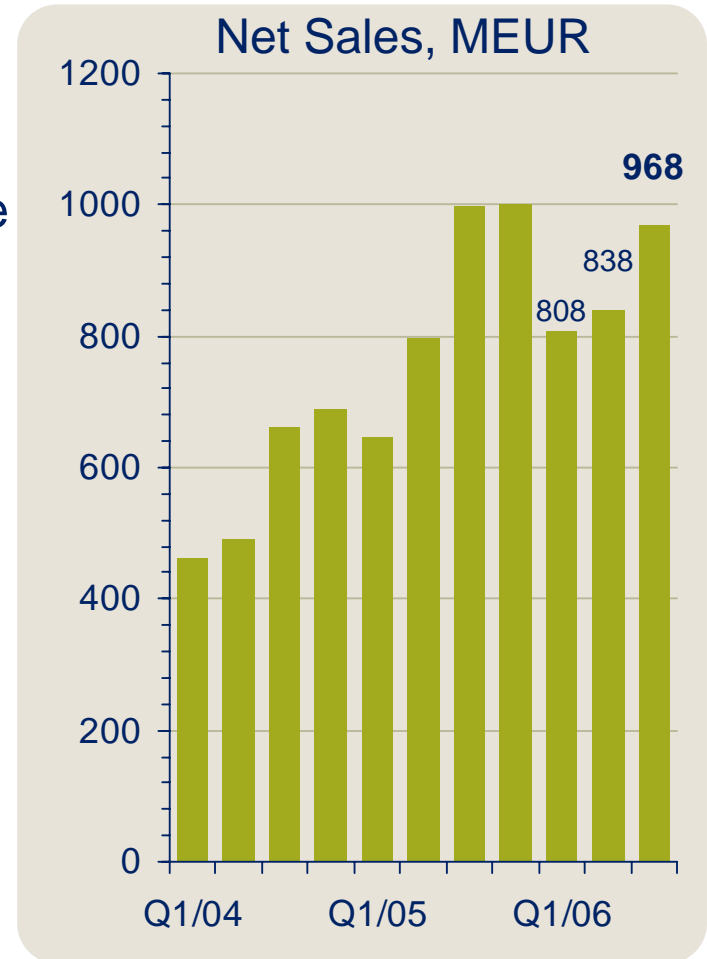
EMS Providers' Market Shares in Communications Technology in 2005





# Terminal Products (TP)

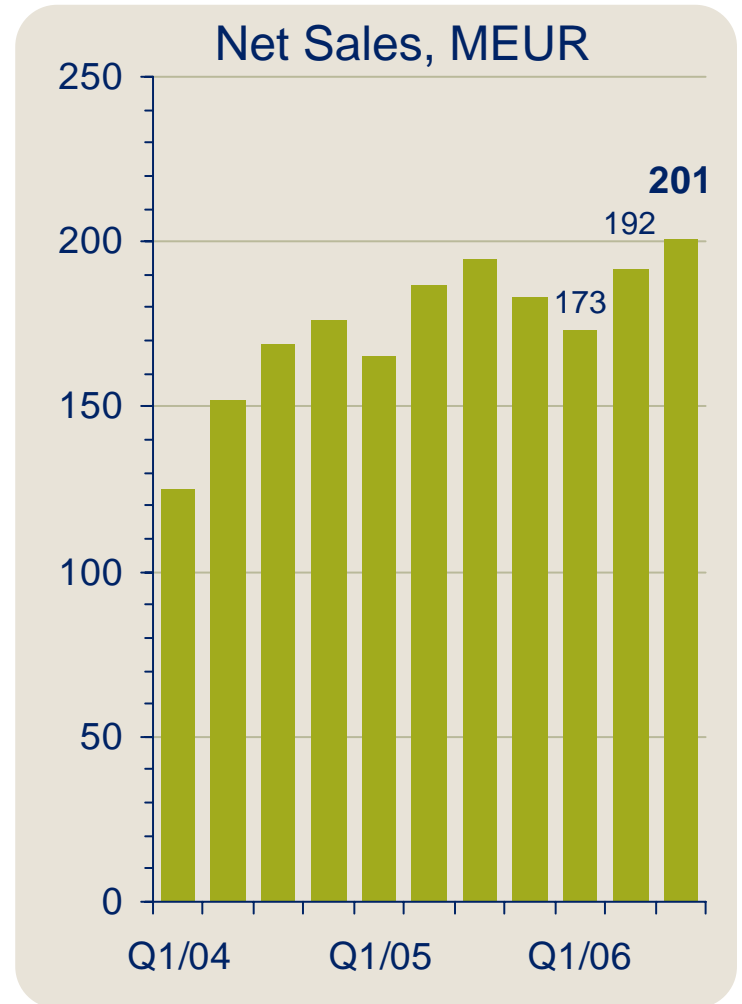
- 75-80% of net sales
- Mobile phones, their parts, modules and subassemblies, selected infotainment and home communication products
- Customers e.g. Aastra, Motorola, Nokia, Philips, Sony Ericsson, RIM, Sumitomo, Thomson





# Communications Networks (CN)

- 20-25% of net sales
- Integrated base station cabinets; modules and plug-in units for base stations and switching systems; tower top amplifiers, routers, microwave systems, etc.
- Customer e.g. Andrew, Ericsson, Huawei, Kathrein, Nokia, Siemens





# Vision and 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



# Main Goals

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1. Drive shareholder value on par with competition and beyond by
  - Expanding the customer base
  - Growing profitably
  - Increasing margins
  - Improving efficiency
2. Create superior value to communications technology customers by
  - Focusing on clearly defined market segments
  - Building an unrivalled service offering



# Elcoteq's 7 C's

**Concentration**  
on communications technology

**Competence**  
especially in wireless telecom

**Consistency**  
in plant network, machinery,  
systems and processes

**Coverage**  
Global service network  
and full service range

**Cost-efficiency**  
All volume capacity in  
low-cost countries

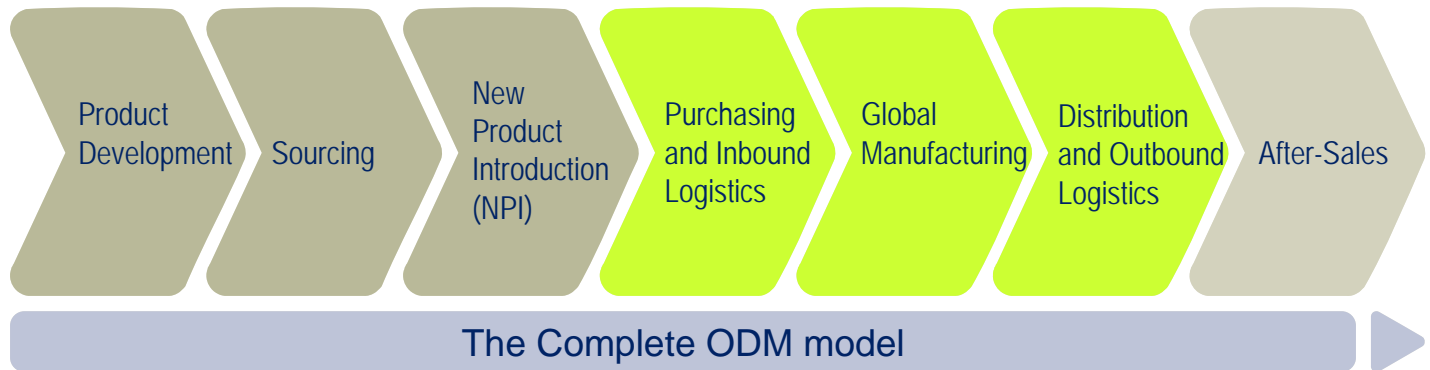
**Co-evolution**  
Superb customer service  
Confidentiality

**Continuous improvement**  
Competitive service offering



# 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





# ***Elcoteq's ODM Strategy***

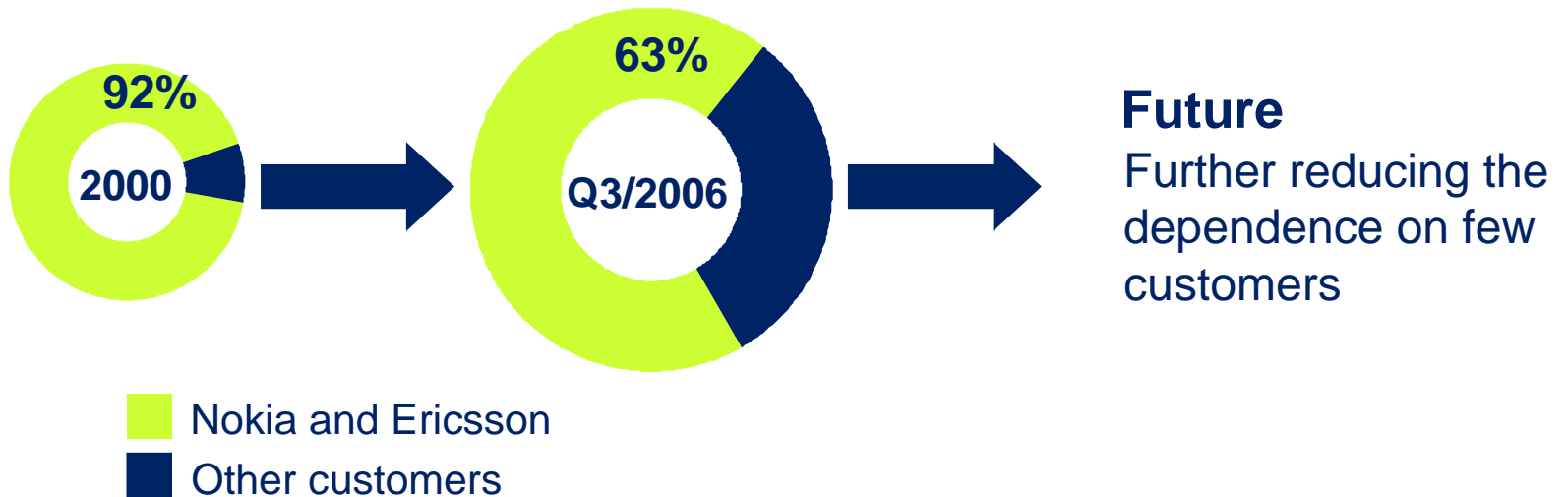
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- Focus on products with high volumes
  - Selected wireless technologies on our own
  - Complementing our own offering with design partners
- Process-oriented approach and integrated services
  - Product development – manufacturing – after-sales
- Partnerships with strategic technology providers
- Long-term relationships with well-branded OEMs
- Platform based product families
  - Development platforms and toolkits (SW)
  - Electrical platforms
  - Final assembly platforms



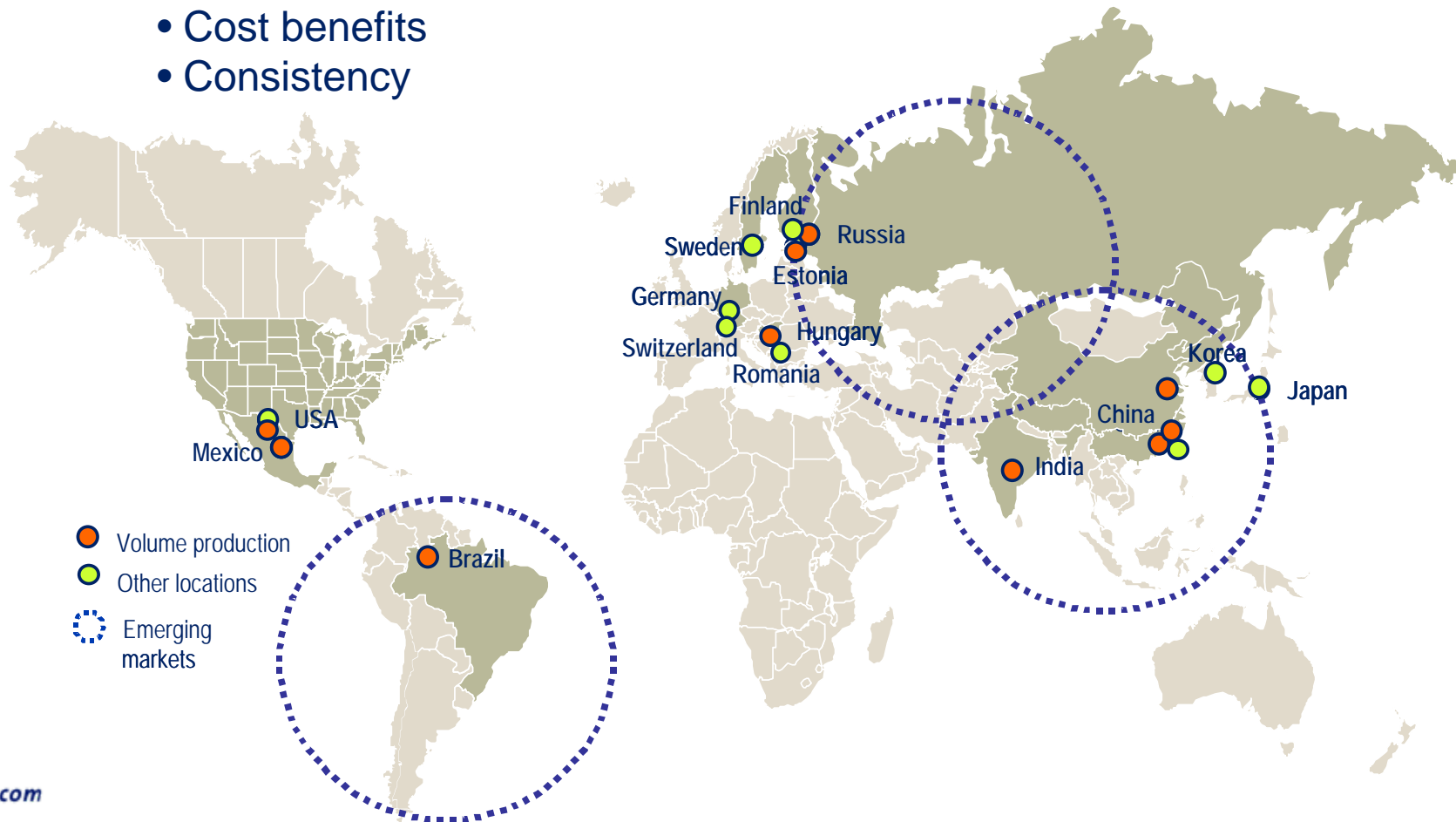
# Focused Growth

- Organic growth and selected acquisitions
- Balancing the customer portfolio
- Attracting new customers especially among globally operating companies
  - This enables us to grow profitably and spread our risks
  - New product areas in communications technology



# Global Coverage

- Proximity to the end-markets
- Availability of skilled labor
- Cost benefits
- Consistency



# Global Footprint

Plant	Country	Founded/ acquired	Area (m <sup>2</sup> )	Personnel September 30, 2006	Services
<b><u>Europe</u></b>					
Lohja Plant	Finland	1991	8,700	360	NPI, low to medium volume production
Tallinn	Estonia	1992	42,000	3,106	NPI, high volume production
St. Petersburg	Russia	1997	14,700	415	Medium to high volume production, NPI
Pécs	Hungary	1998	53,000	7,207	High volume production, NPI, after-sales
Offenburg	Germany	2003	14,500	445	NPI, low to medium volume production
Arad	Romania	2006	1,500	229	Final assembly, tuning and testing
Other locations				502	
Europe, total			134,400	12,264	
<b><u>Asia-Pacific</u></b>					
Dongguan	China	1999	13,000	2,148	High volume production
Beijing	China	2000	19,200	3,411	High volume production, NPI
Shenzhen	China	2003	9,300	1,235	High volume production
Bangalore	India	2004	5,500	839	High volume production
Other locations				63	
Asia-Pacific, total			47,000	7,696	
<b><u>Americas</u></b>					
Dallas	USA	2003	2,500	209	NPI
Monterrey	Mexico	1999	18,300	2,544	High volume production, after-sales
Juárez	Mexico	2005	13,700	1,780	High volume production, NPI
Manaus	Brazil	2004	5,000	321	Medium to high volume production
Americas, total			39,500	4,854	
<b>Total</b>			<b>220,900</b>	<b>24,814</b>	



# Key Financial Indicators and Targets

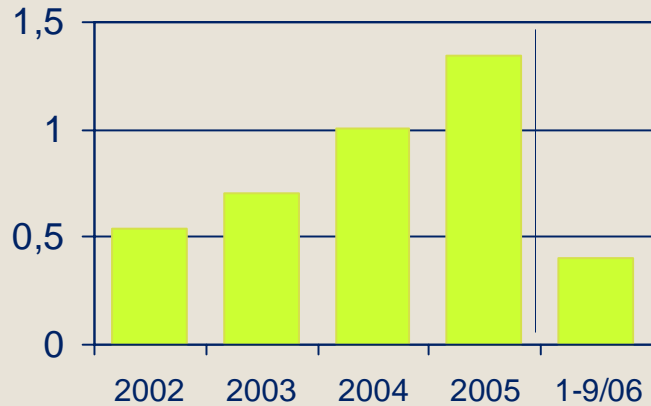
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<b>Indicator</b>	<b>Target</b>
Earnings per share (EPS)	Continuous growth
ROCE, trailing 12 months	> 20%
Cash flow	Positive
Gearing	<1

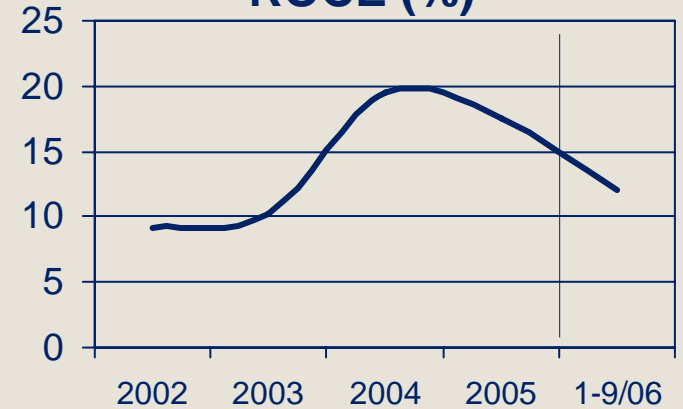


# Key Financial Indicators: Achievements

### Earnings per Share (EUR)



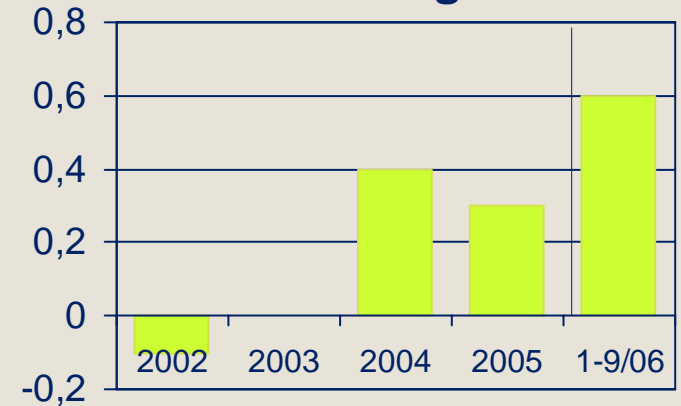
### ROCE (%)



### Cash Flow (MEUR)

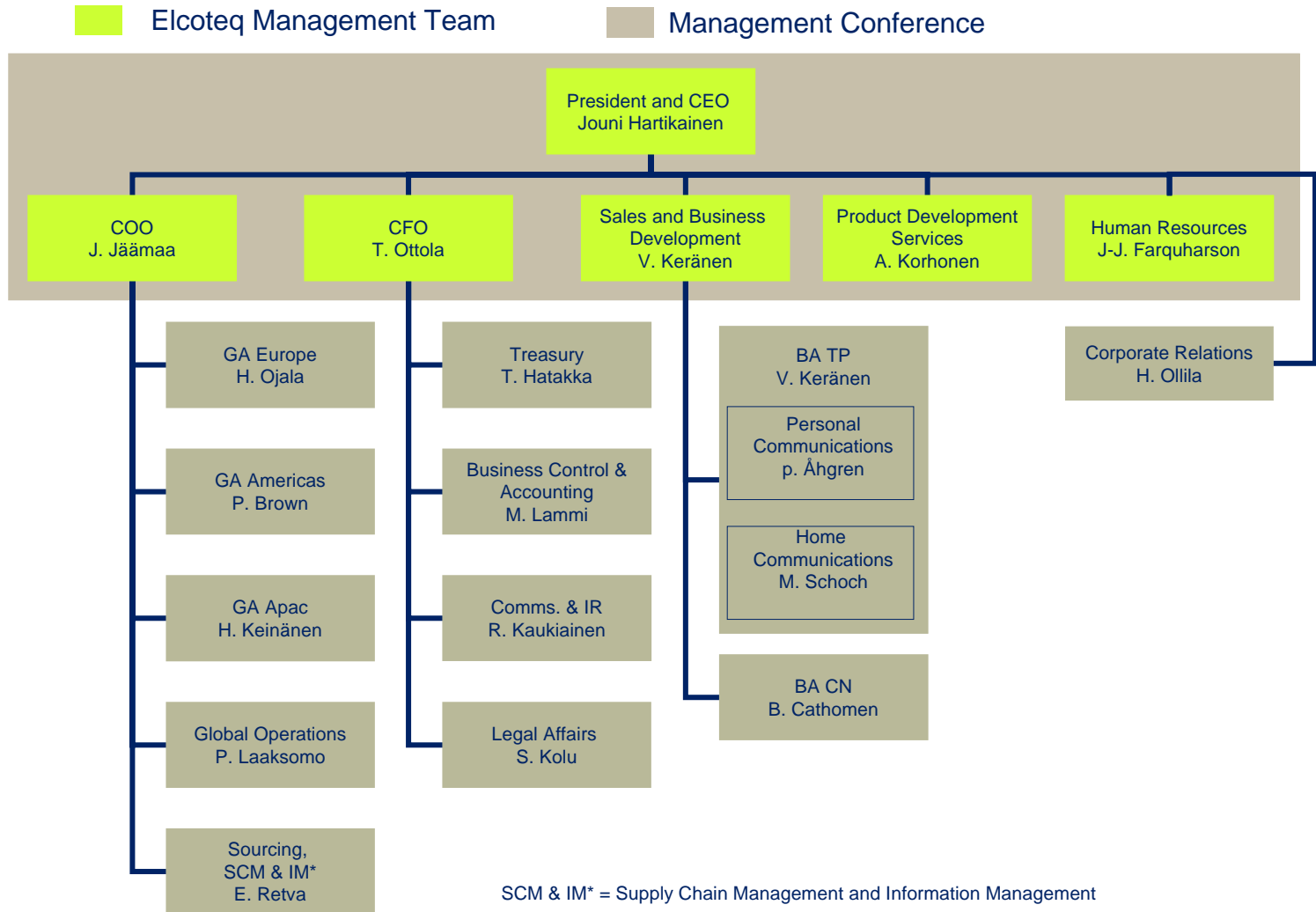


### Gearing





# Group organization





# ***Conversion to a European Company***

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- SE i.e. Societas Europaea - a new company form within the European Economic Area (EEA)
- To increase Elcoteq's global competitiveness
- Part of the internationalization strategy
- European identity
- Elcoteq the first big European industrial company to convert into a SE
- Facilitates cross-border mergers
- Makes it possible to change domicile within the EEA without dissolving the company
- Enables uniform company structure within the EEA



# ***Our Recipe for Success***

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- Focus on serving communications technology customers
- Excellent, global service network
  - Optimal locations
  - Right competencies in the right places
- Market trends work in our favor
  - Outsourcing continues
  - Growth in the end-markets
  - ODM services will be based on long-term relationships



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to communications technology  
customers***