

Elcoteq Network Corporation

Interim Report January – March 2002

April 26, 2002

www.elcoteq.com

ELCOTEQ

Net sales and result

	Q1/2002	Q1/2001	2001
Net sales, MEUR	402.3	469.9	1,862.5
Operating profit, MEUR	-6.5	3.6	-18.4
Profit before taxes, MEUR	-8.1	-0.7	-30.7
EPS, EUR	-0.26	-0.07	-1.08
Equity/share, EUR	7.74	8.99	7.99
ROCE (trailing 12 months) %	-5.6	14.6	-3.5
Cash flow after investments, MEUR	44	-57	123

Key figures

	Q1/2002	Q1/2001	2001
Capital employed, MEUR	311	529	323
Interest-bearing net debt, MEUR	-3.5	240.4	39.4
Gross capital expenditure, MEUR	3.9	18.5	45.1
Gearing	-0	0.9	0.2
Personnel at the end of period	7,711	10,904	8,350



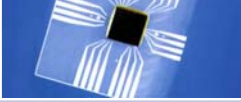
Q1 events

- Sales/business area became more balanced
- New customers: Ascom, Swissvoice and Guangzhou Thinker Technology
- Expanding the NPI center network: China and Mexico
- R&D investments: joint venture Imbera Electronics Oy
- Personnel adjustments
 - Q1: reduction of 650 employees, mainly in China and Mexico
 - Q2: 270 reduction scheduled in Estonia
- Securitization up to MEUR 130 provides financing latitude
- Annual General Meeting
 - No dividend on 2001
 - Rights issue authorization



Elcoteq's position and competitive advantages

- Largest European and 6th largest global EMS company, position even stronger in wireless communications
- 85% of sales from telecom sector
 - Long experience in mobile phone manufacture
 - RF expertise
- Modern, self-built manufacturing plant network
 - ⇒ structural cost benefit
 - Most production capacity in low-cost countries
 - 80% of capacity in Estonia, Hungary, Russia, China and Mexico
 - Globally consistent machinery, equipment and processes



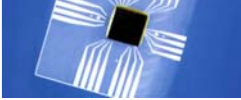
Prospects in 2002

- Visibility to the markets still poor
- Q2/2002 net sales expected to grow
- Full-year net sales expected to reach the 2001 level
- Result in 2002 is forecast to be a clear improvement

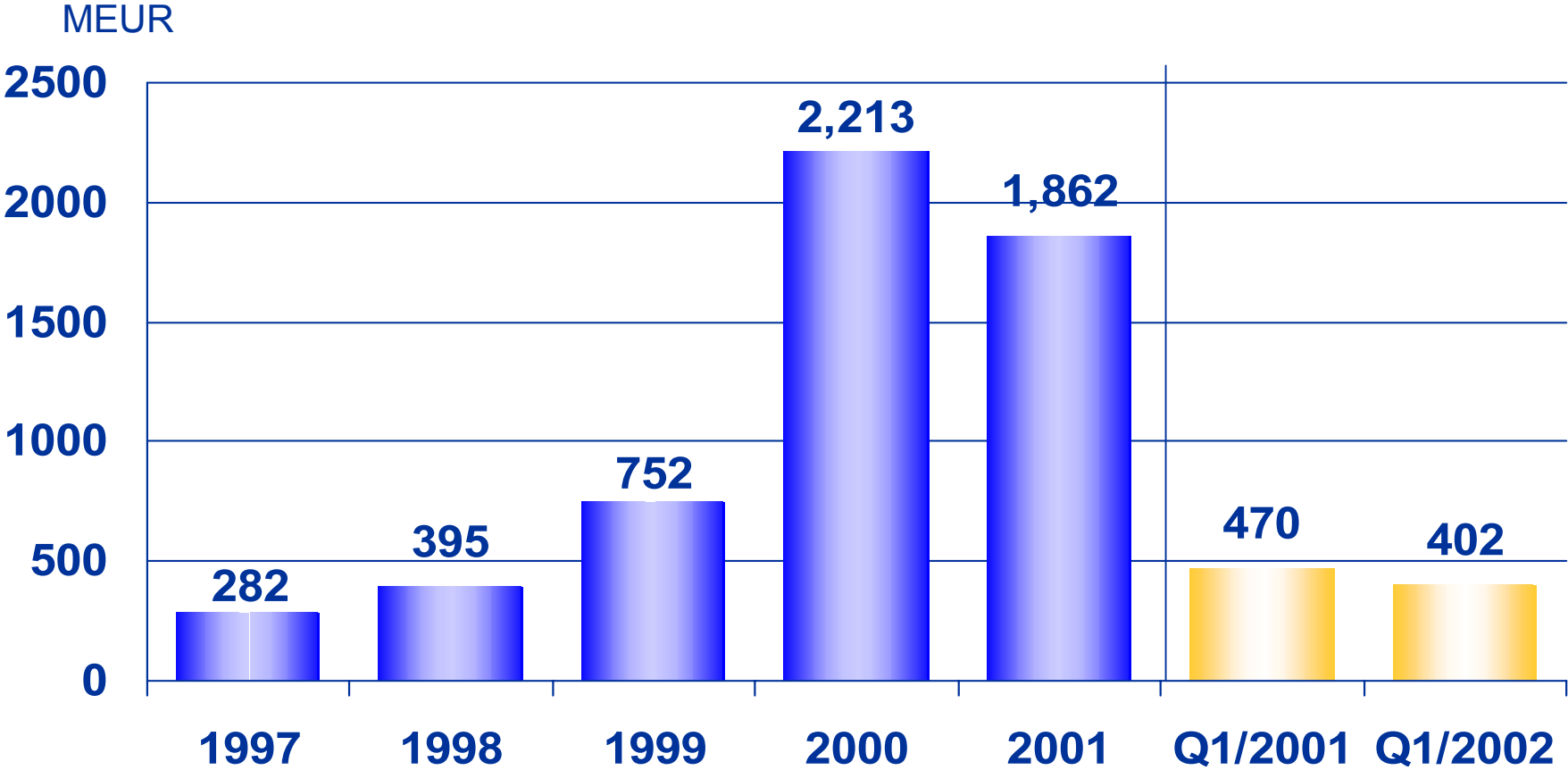


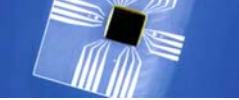
Elcoteq's situation today

- Q1 result as predicted
- Sales and capacity utilization rate are still low
- Adjustments ongoing
 - Costs
 - Higher sales efficiency
- Strategy reformulation ongoing
- Strong financial position
 - Strong balance sheet
 - Positive cash flow
 - Rights issue authorization
 - Principal owners' commitment to consolidation measures
- Volume of offers higher than ever



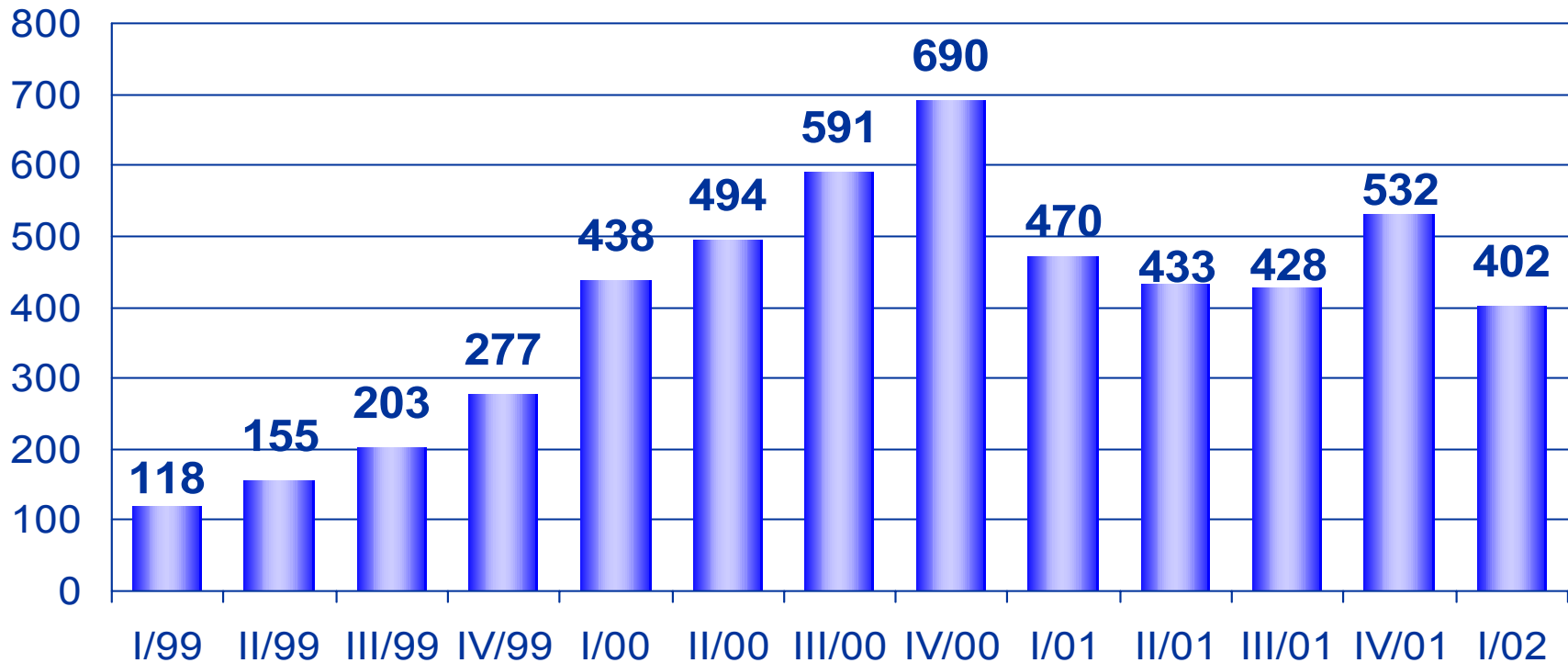
Net sales

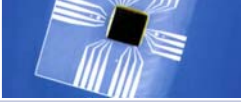




Net sales by quarter

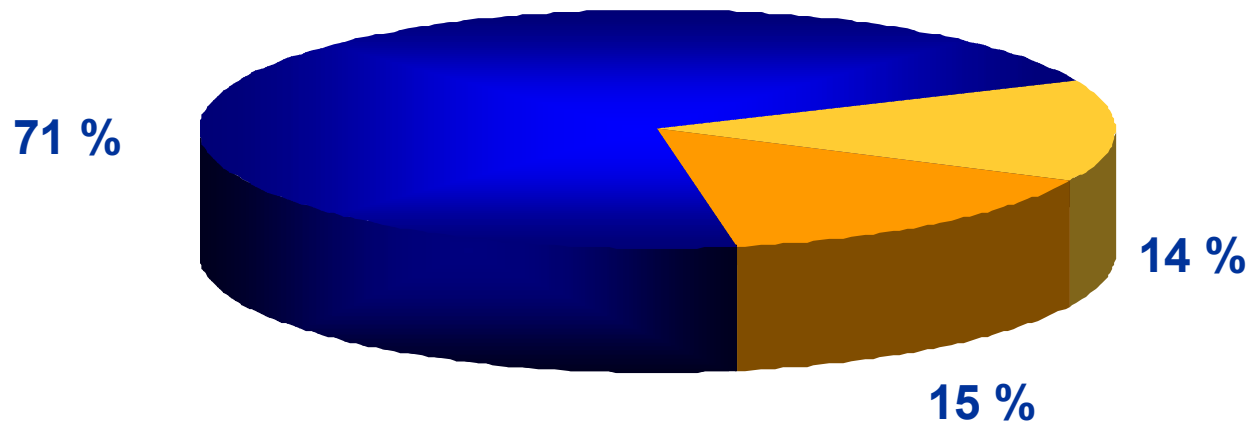
MEUR



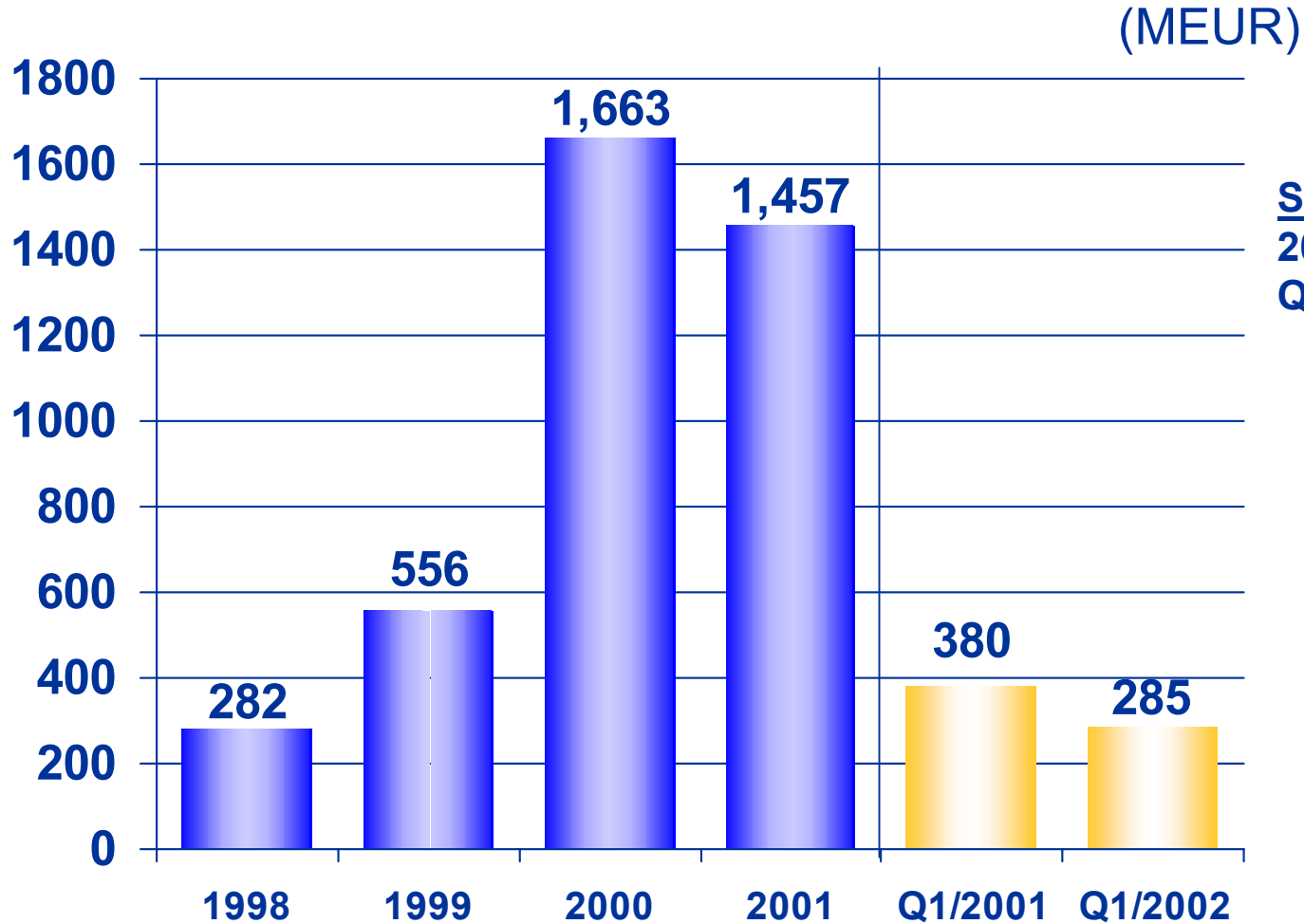


Net sales by Business Area in Q1/2002

- Terminal Products
- Communications Network Equipment
- Industrial Electronics

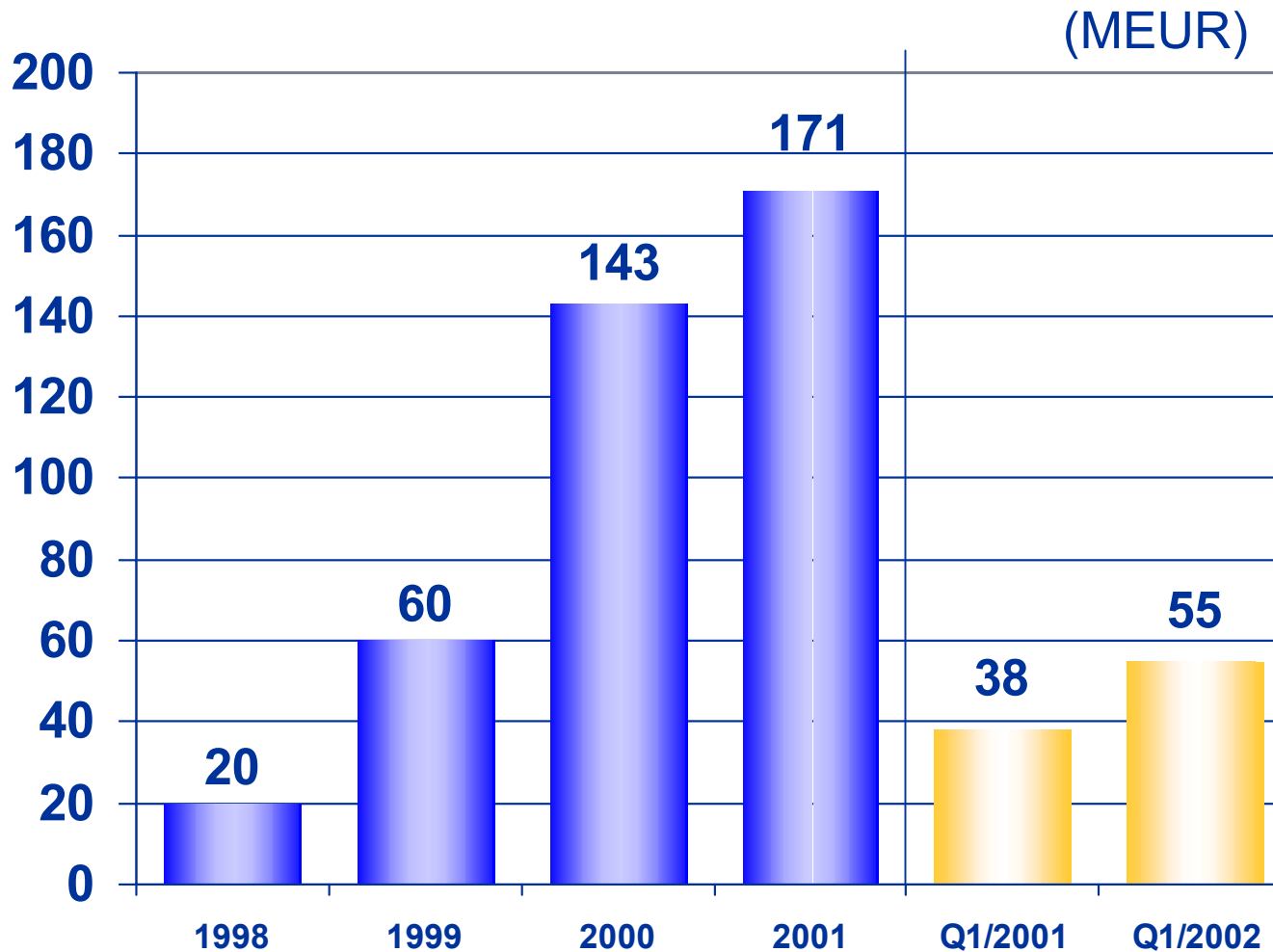


Terminal Products, Net sales



Sales development:
2000 → 2001: -12%
Q1/01 → Q1/02: -25%

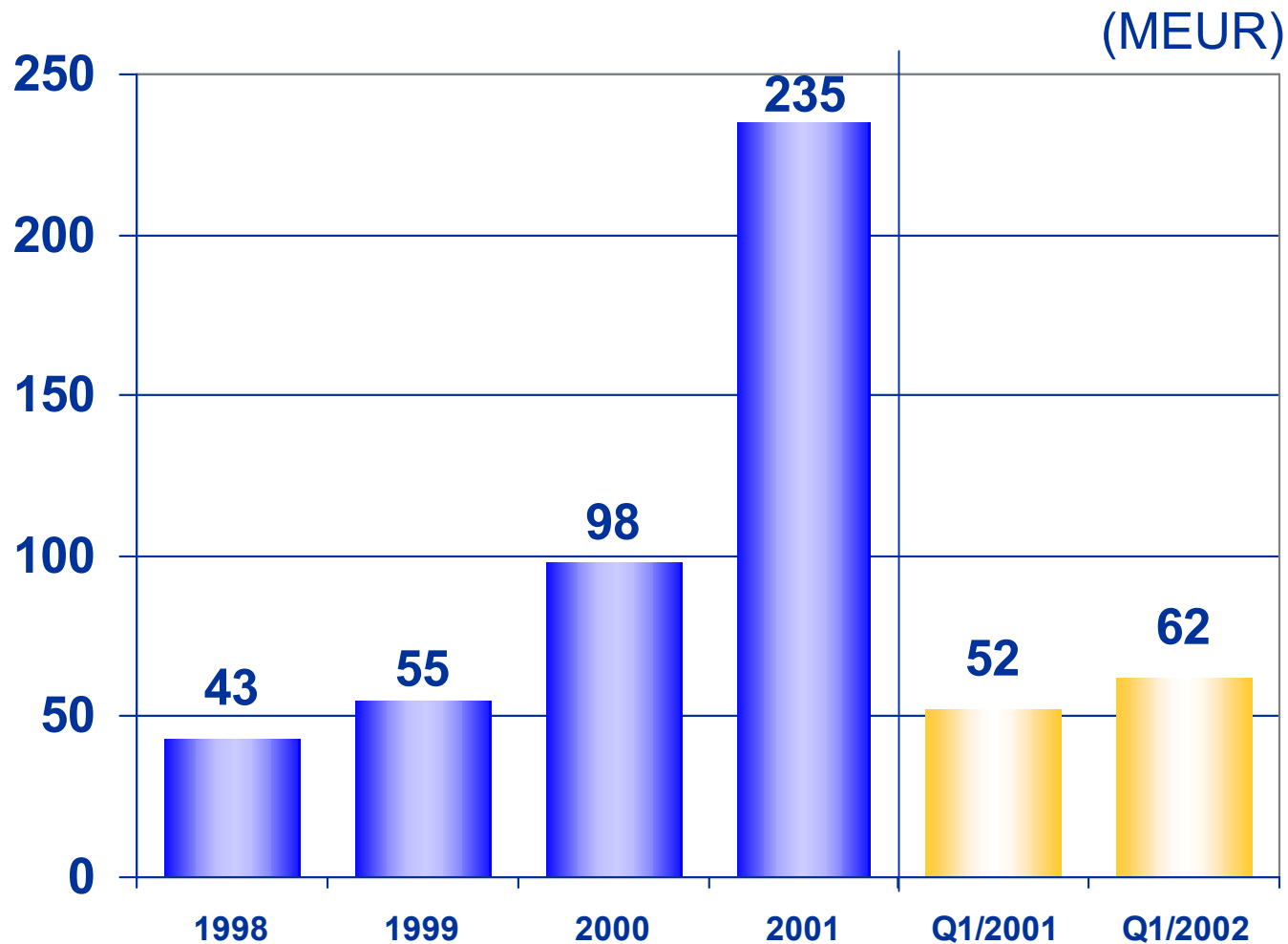
Communications Network Equipment Net sales



Sales development:
2000 → 2001: +20%
Q1/01 → Q1/02: +46%

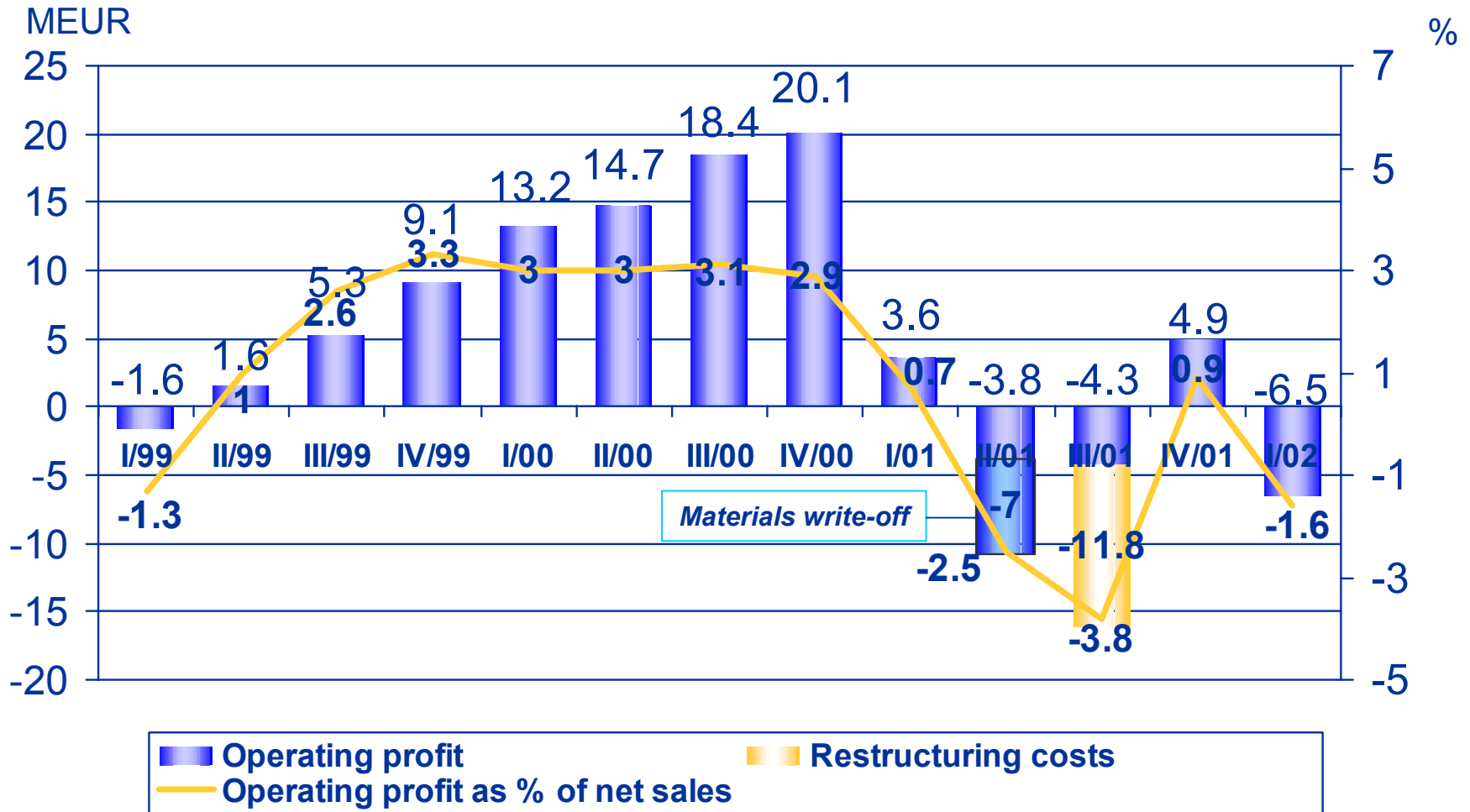


Industrial Electronics, Net sales

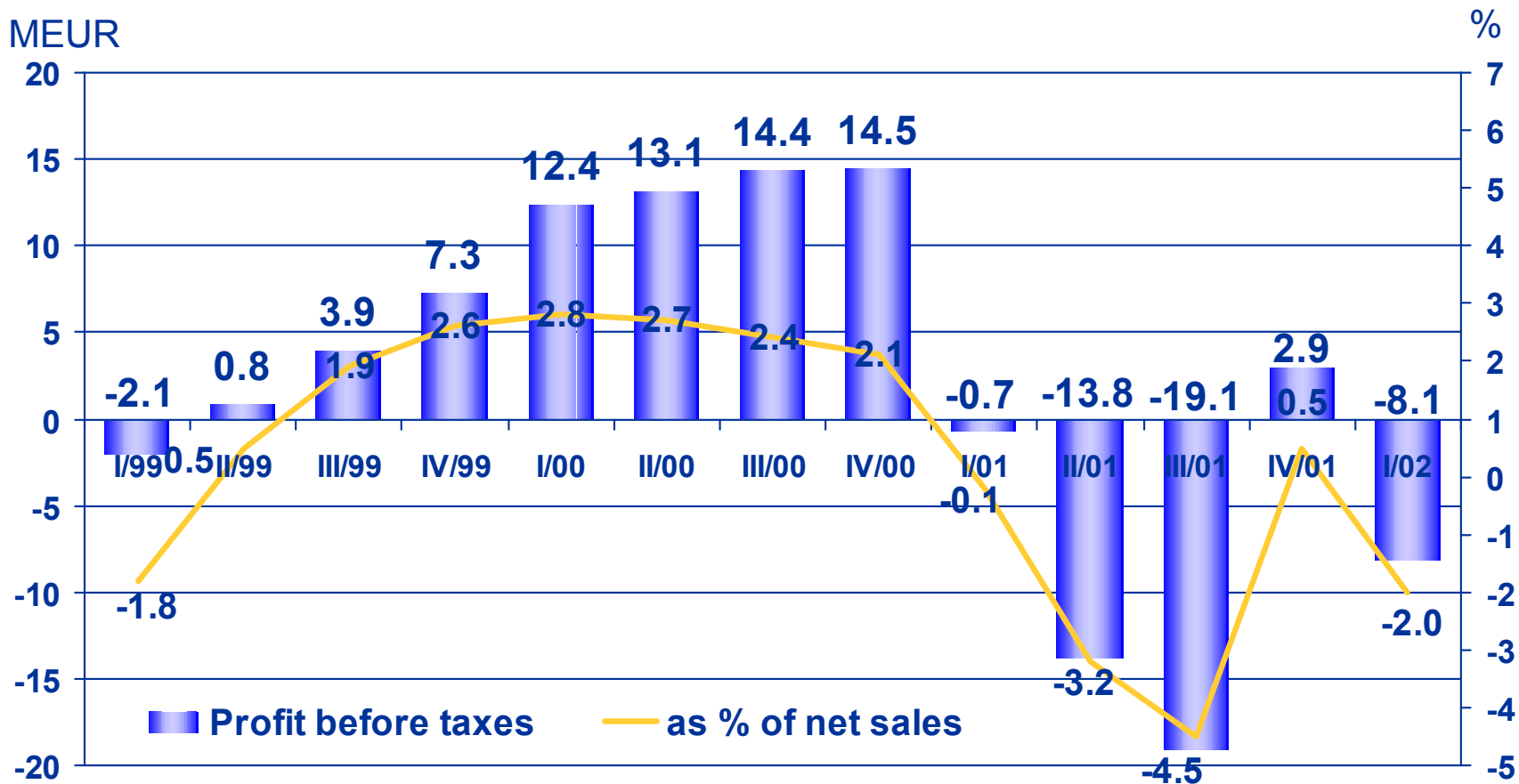


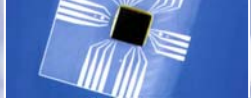
Sales development:
2000 → 2001: +140%
Q1/01 → Q1/02: +19%

Operating profit by quarter

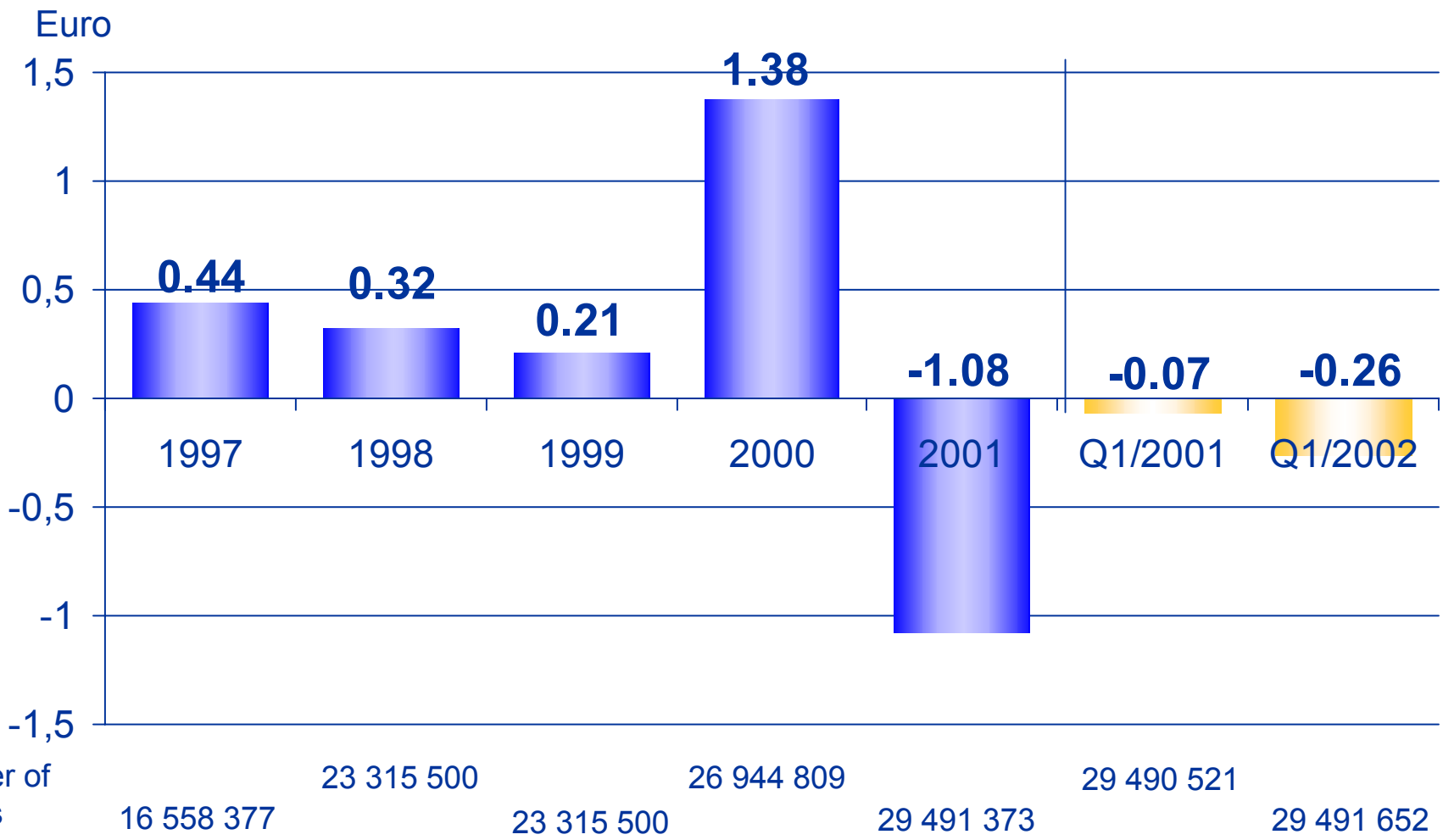


Profit/loss before taxes by quarter

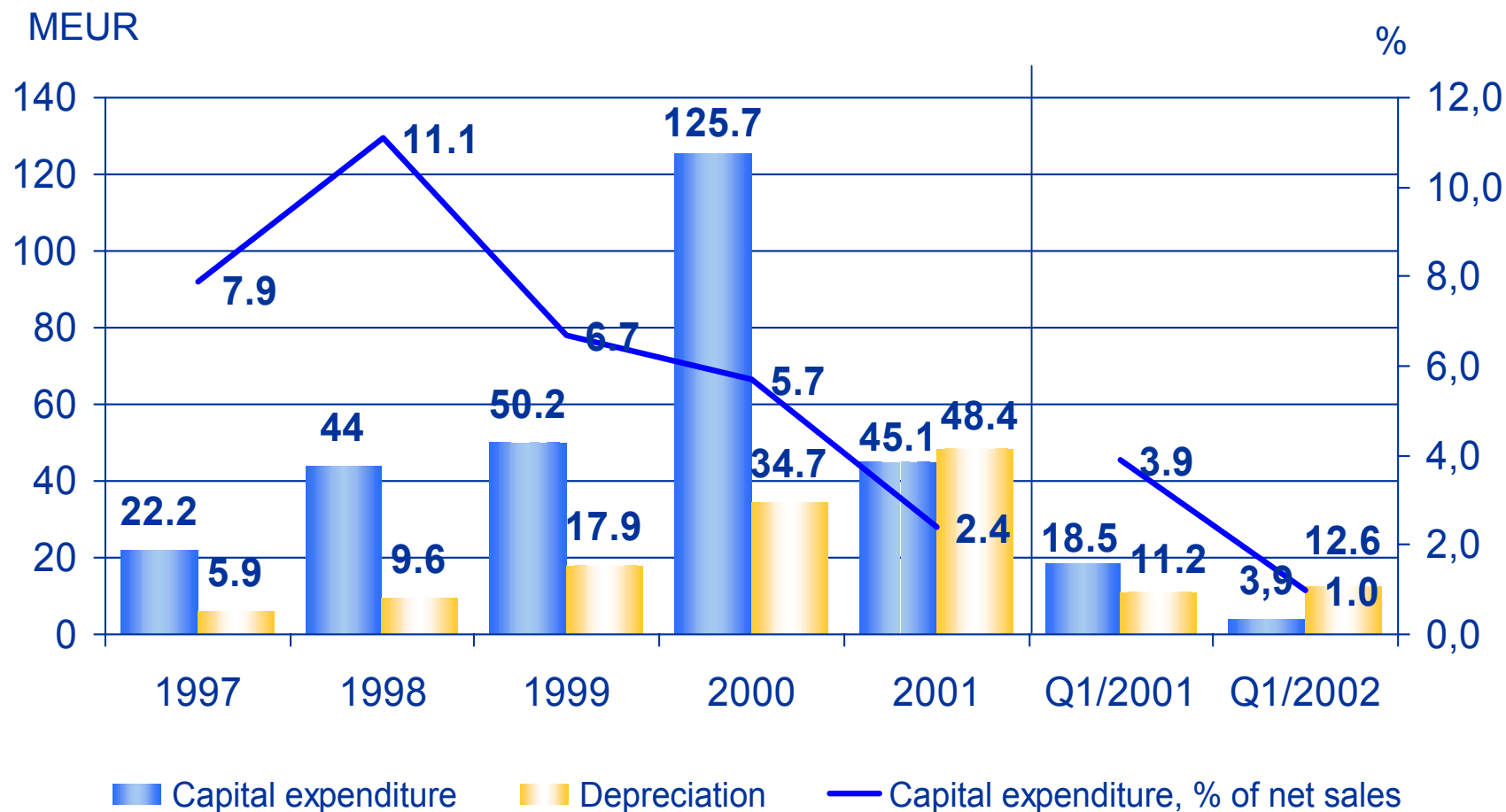




Earnings per share

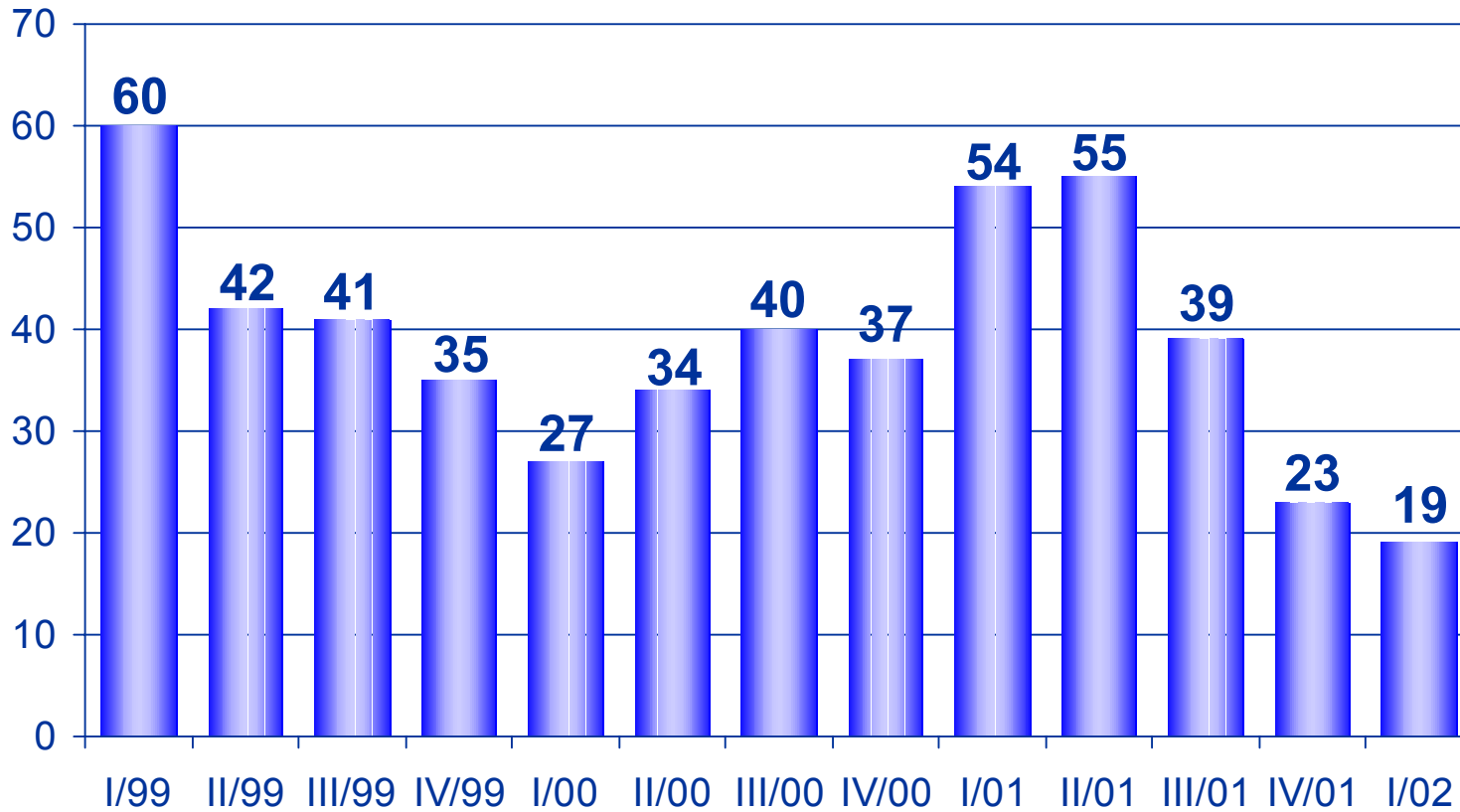


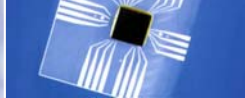
Capital expenditure and depreciation





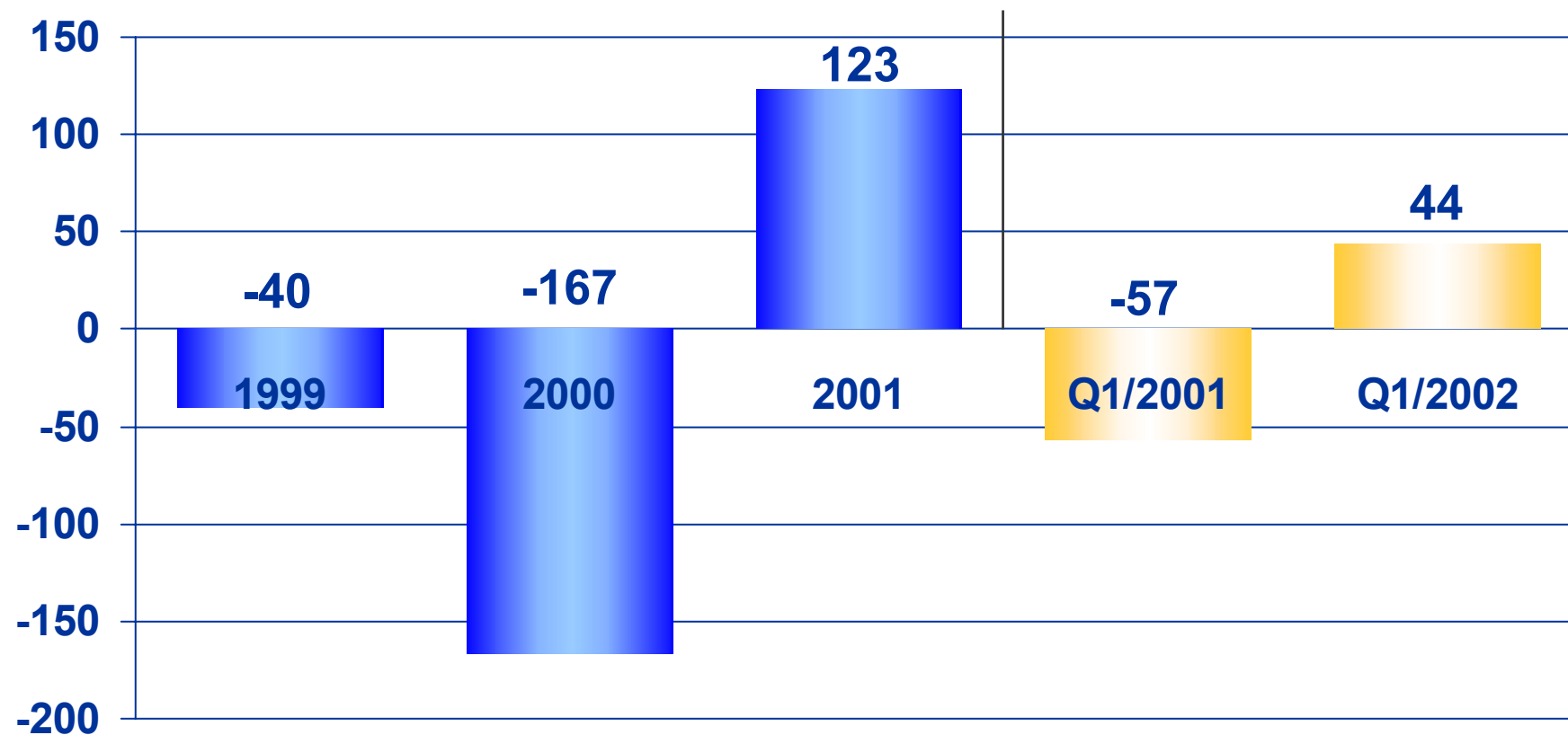
Average working capital days



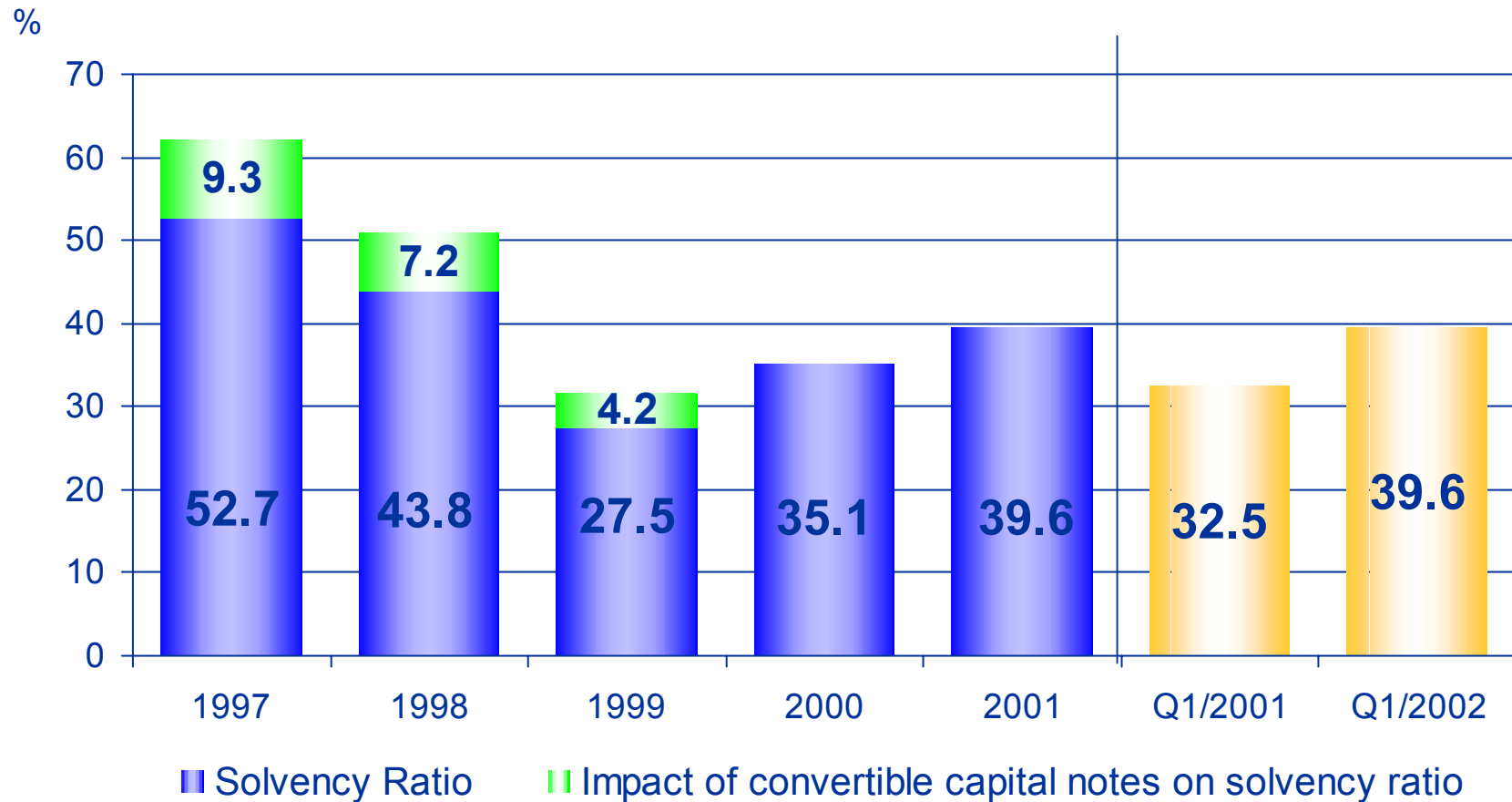


Cash flow

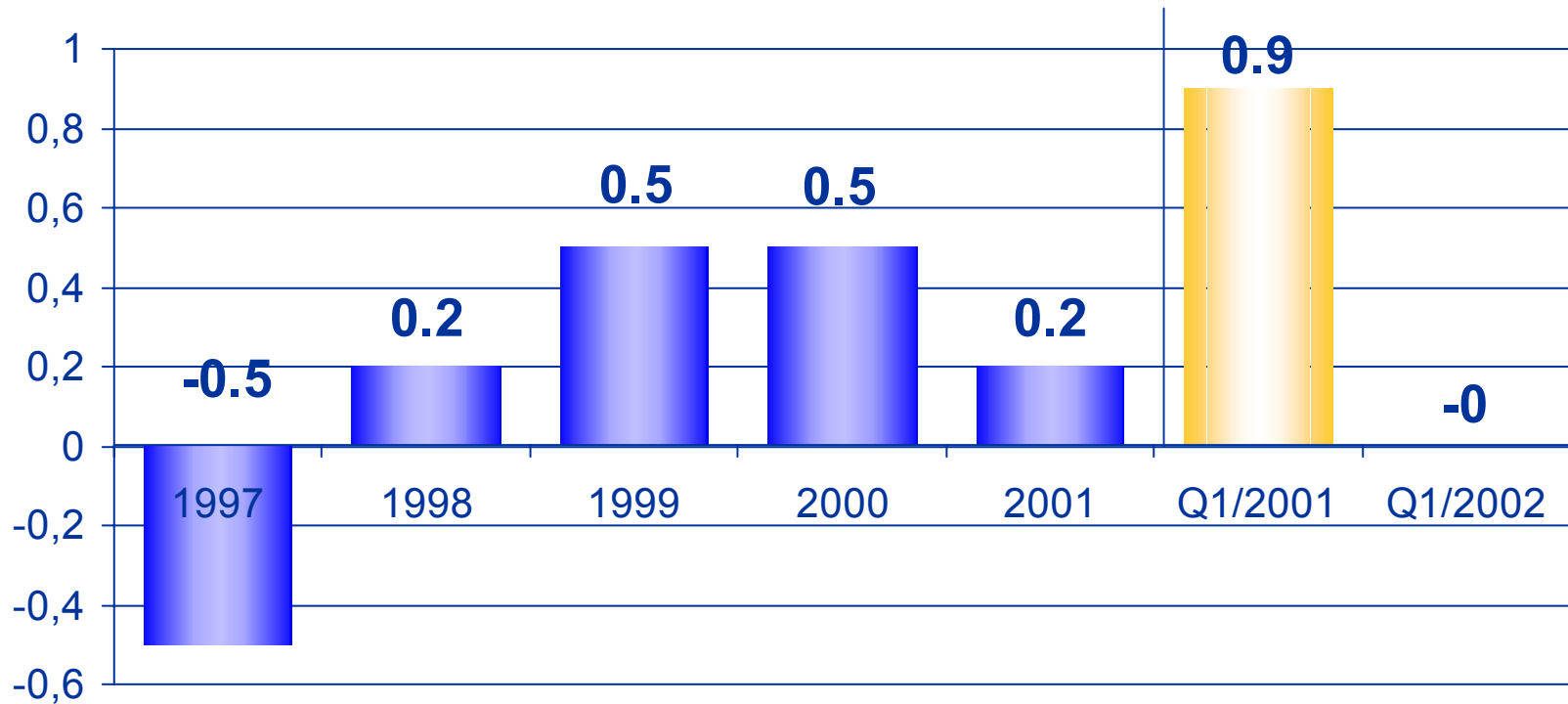
MEUR

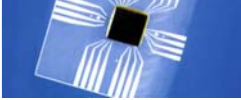


Solvency ratio

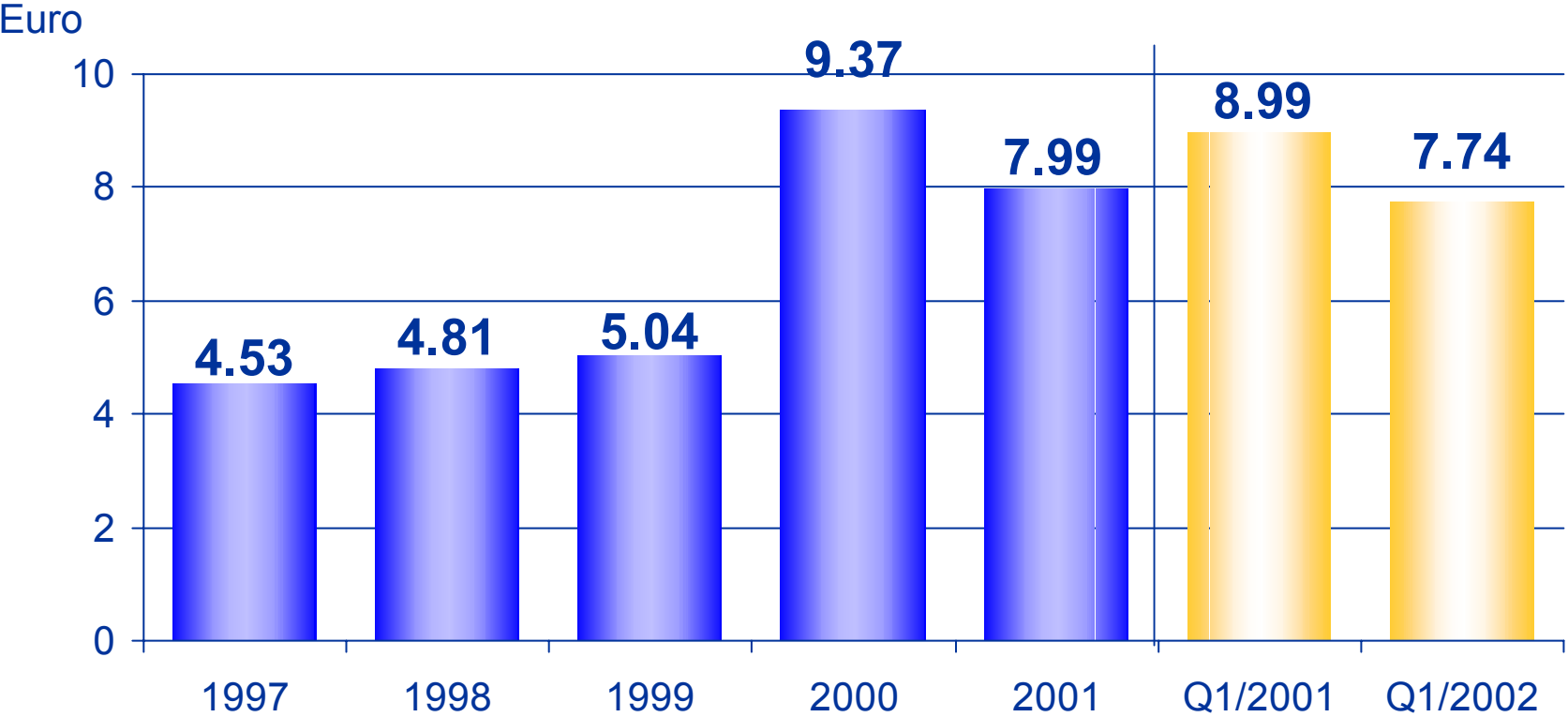


Gearing





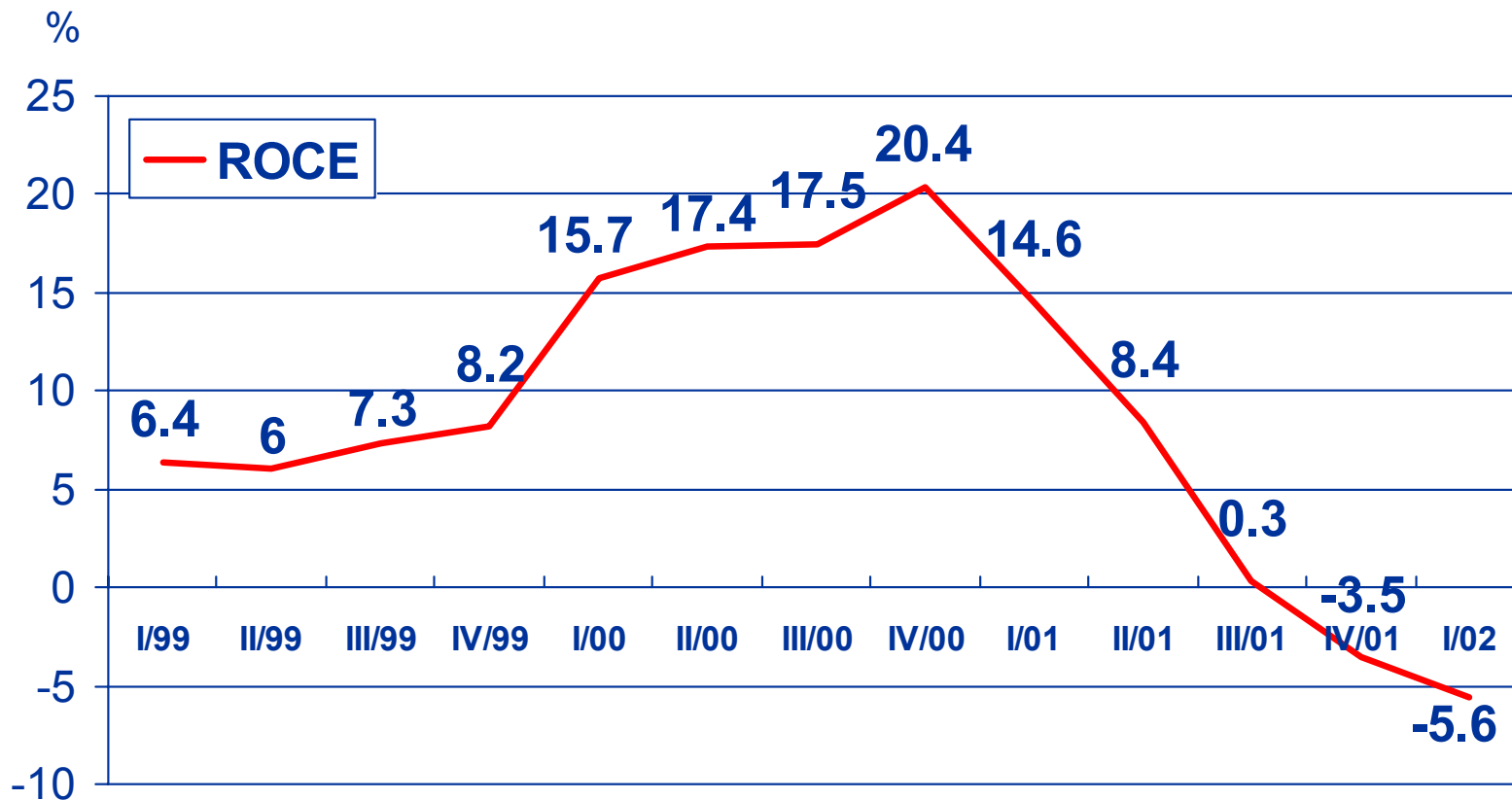
Equity per share





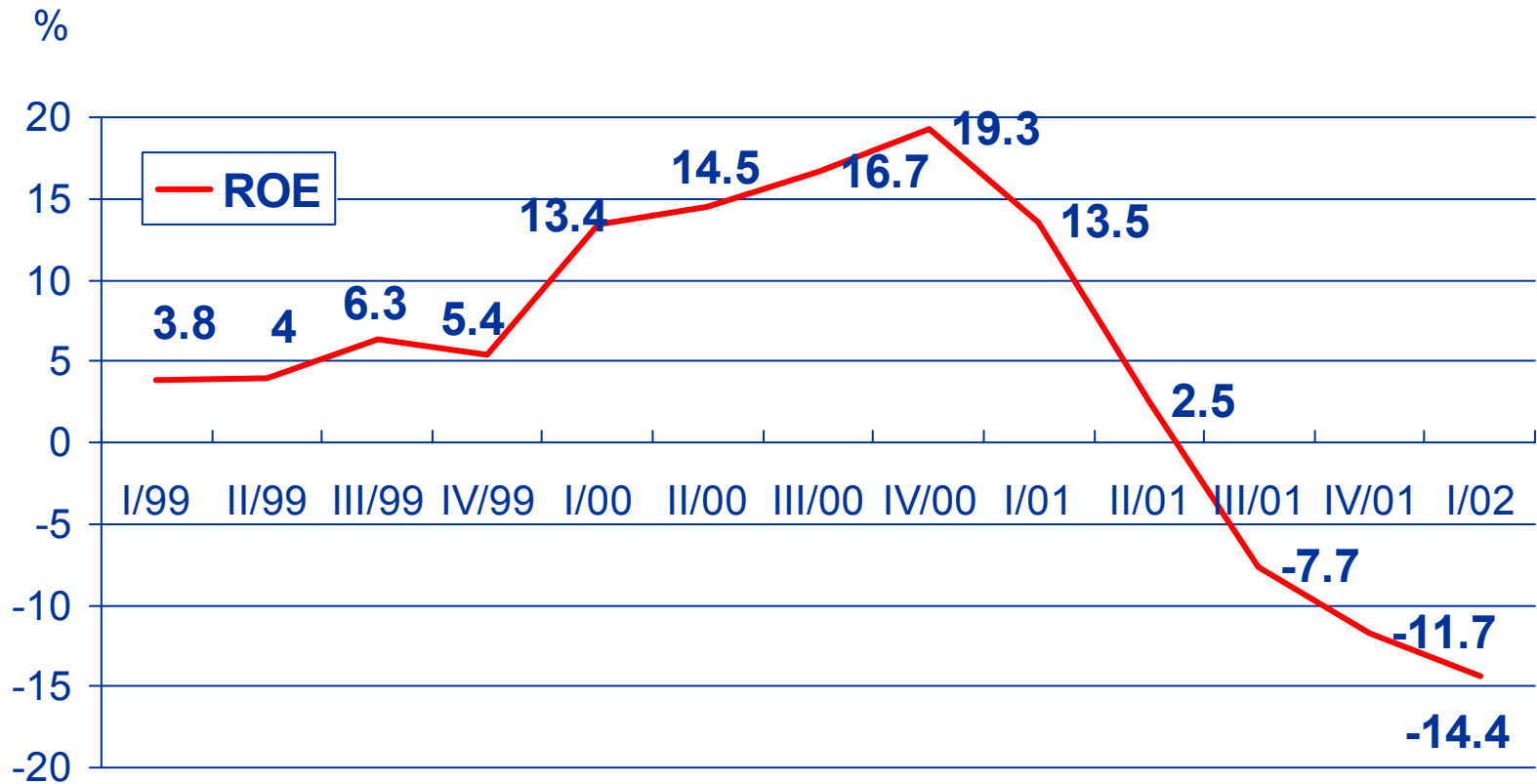
Return on Capital Employed

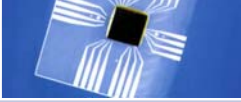
Trailing 12 Months



Return on Equity

Trailing 12 months





Personnel at the end of period

