



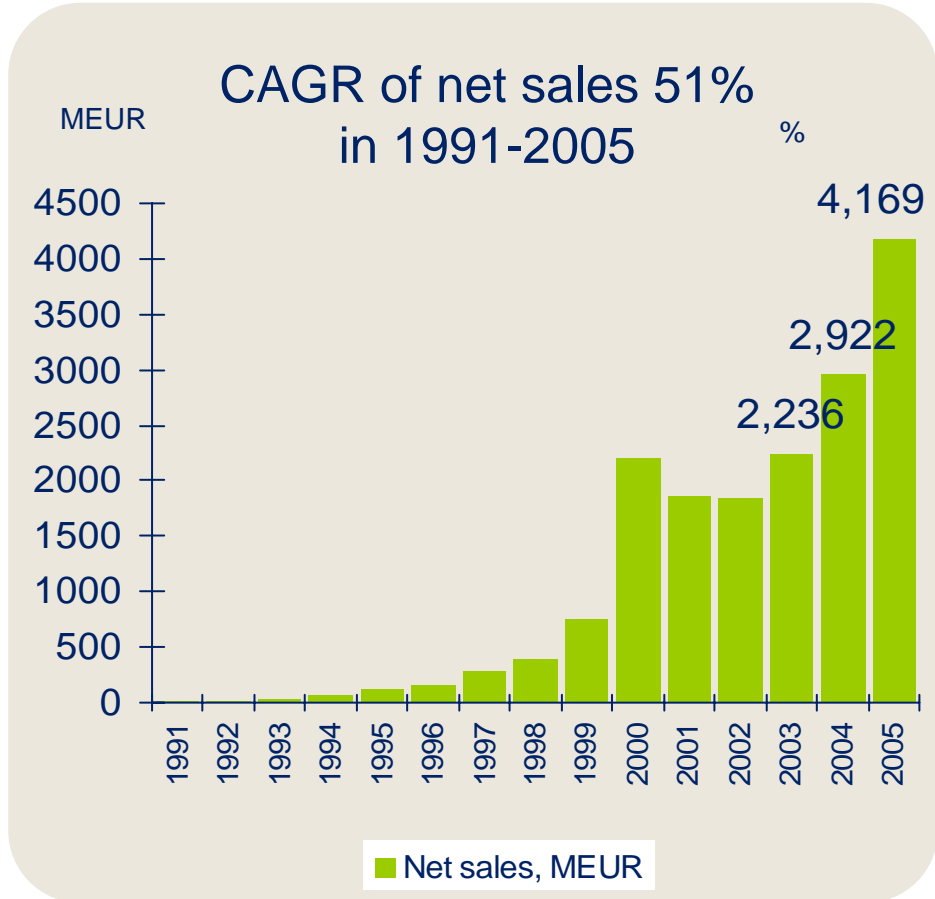
***Elcoteq -  
Leading EMS provider  
to communications technology  
customers***

*February 2006*



# Elcoteq in Brief

- #1 European EMS provider
- Electronics manufacturing services since 1984
- MBO in 1991
- Listed on the Helsinki Exchanges Since 1997
- Two business areas:
  - Terminal Products
  - Communications Network Equipment
- Operations in 15 countries on four continents
- 20,000 employees
- European Company since October 2005

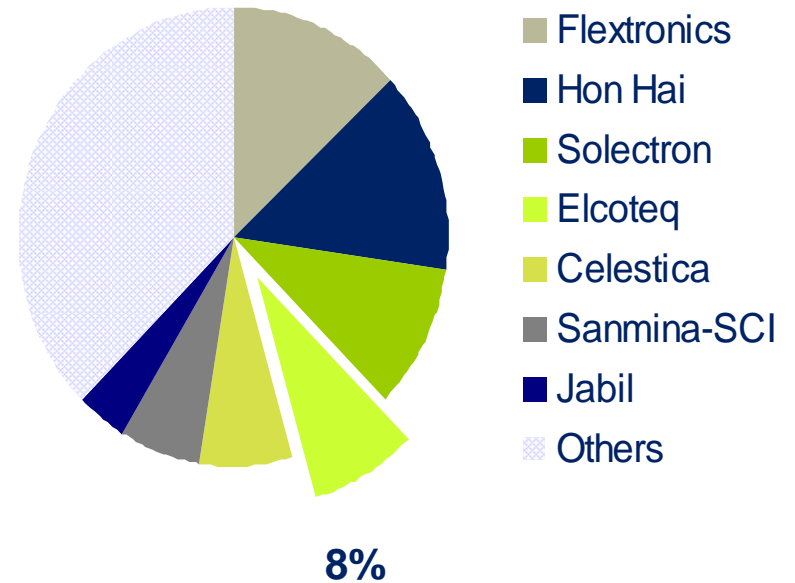




# Elcoteq's Market Position

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

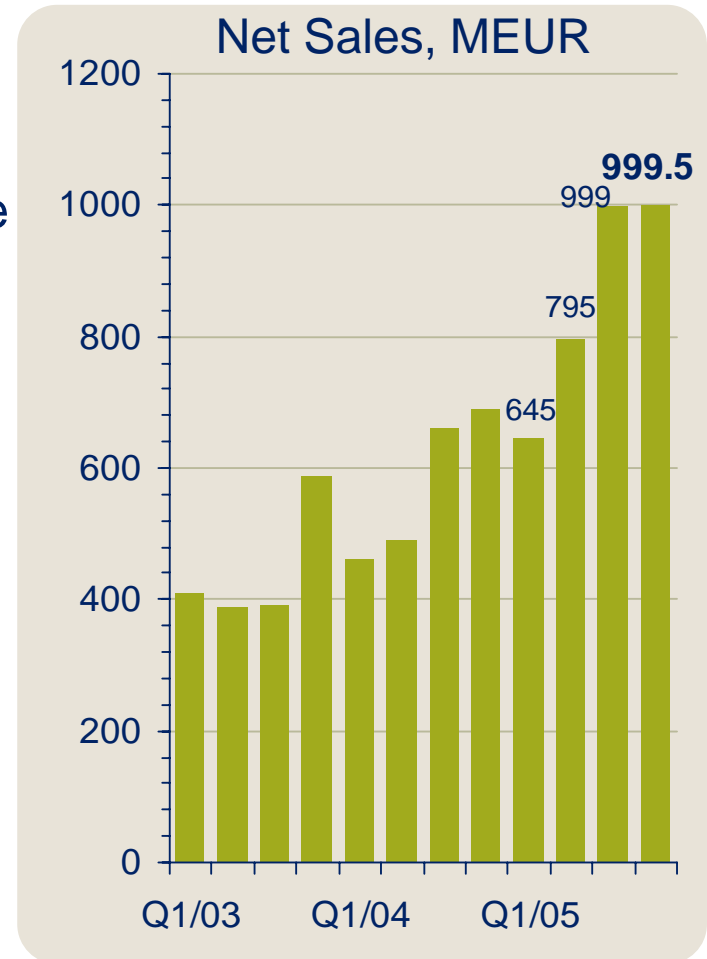
EMS Providers' Market Shares in Communications Technology in 2005





# Terminal Products (TP)

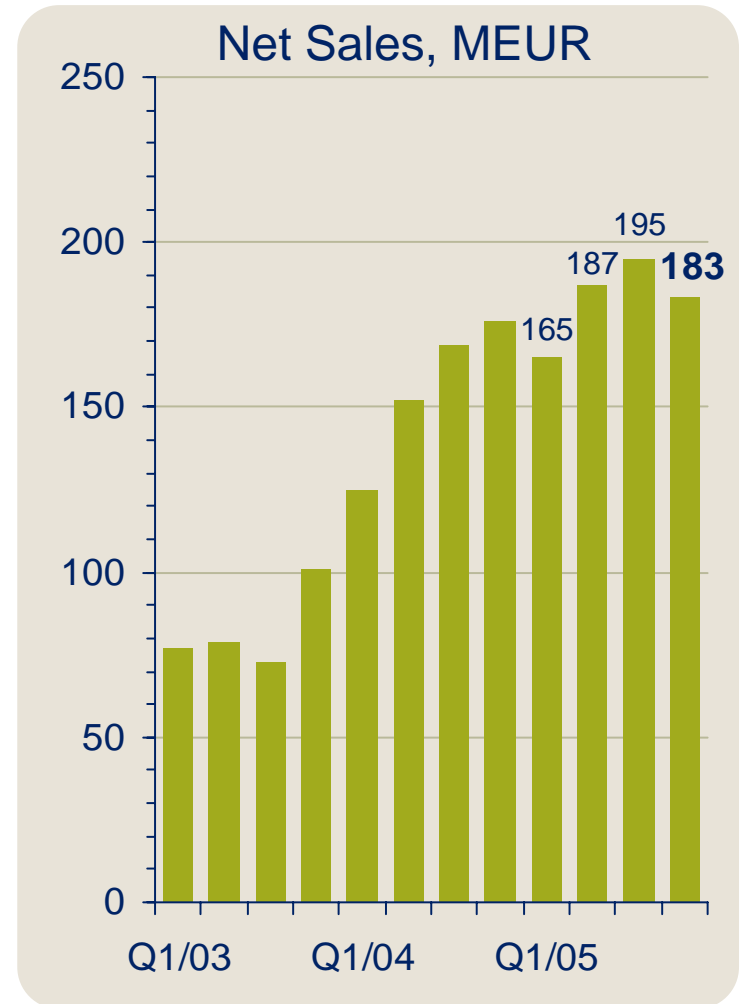
- 75-80% of net sales
- Mobile phones, their parts, modules and subassemblies, selected infotainment and home communication products
- Customers e.g. Aastra, Motorola, Nokia, Philips, Sony Ericsson, RIM, Sumitomo, Thomson, Vitelcom





# Communications Network Equipment (CNE)

- 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, Marconi, Nokia, Siemens





# Strategy and Vision

**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

Expand service  
offering

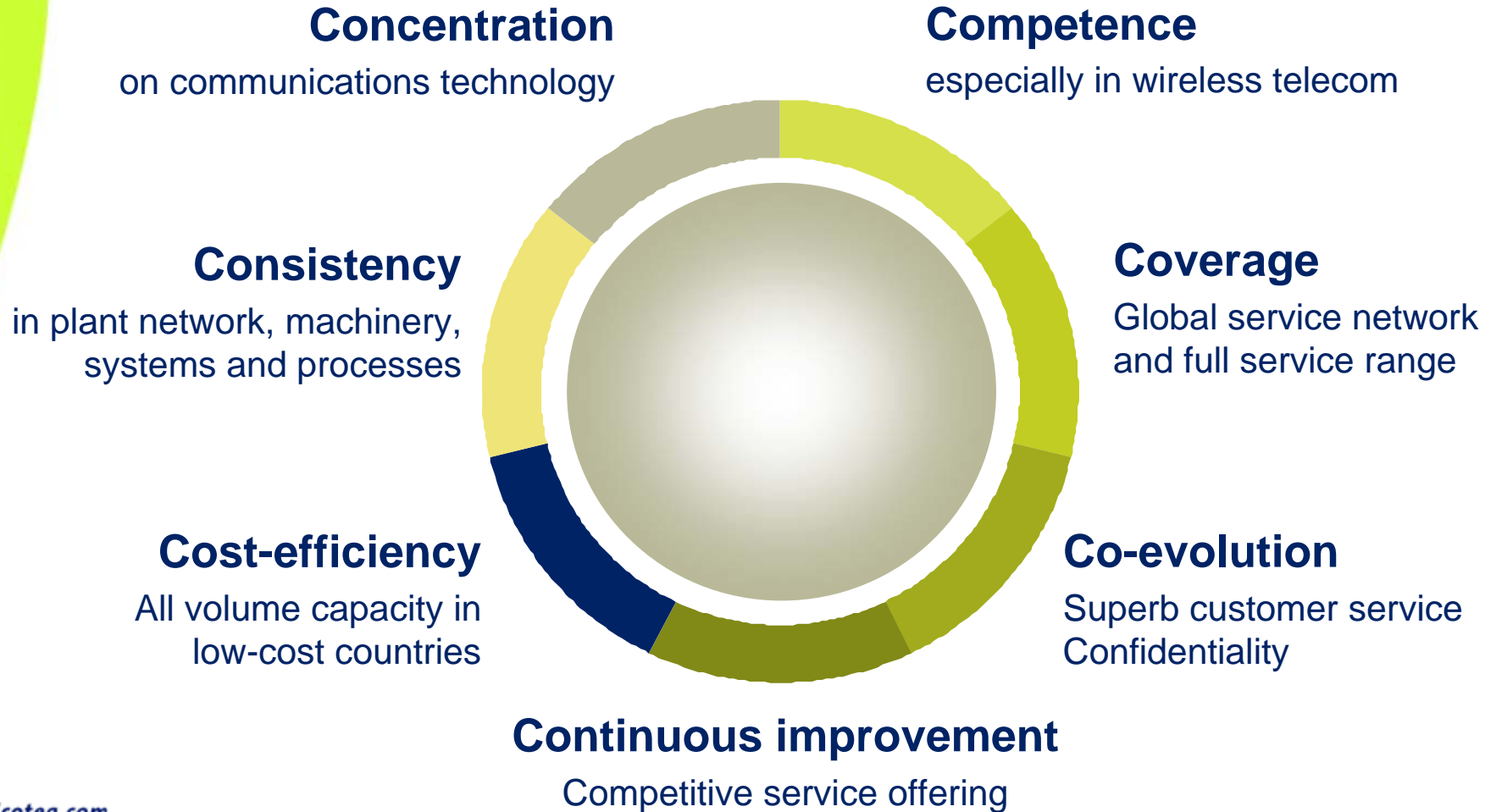
Focused  
growth

Operational  
excellence

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



# Elcoteq's 7 C's





# Main Goals

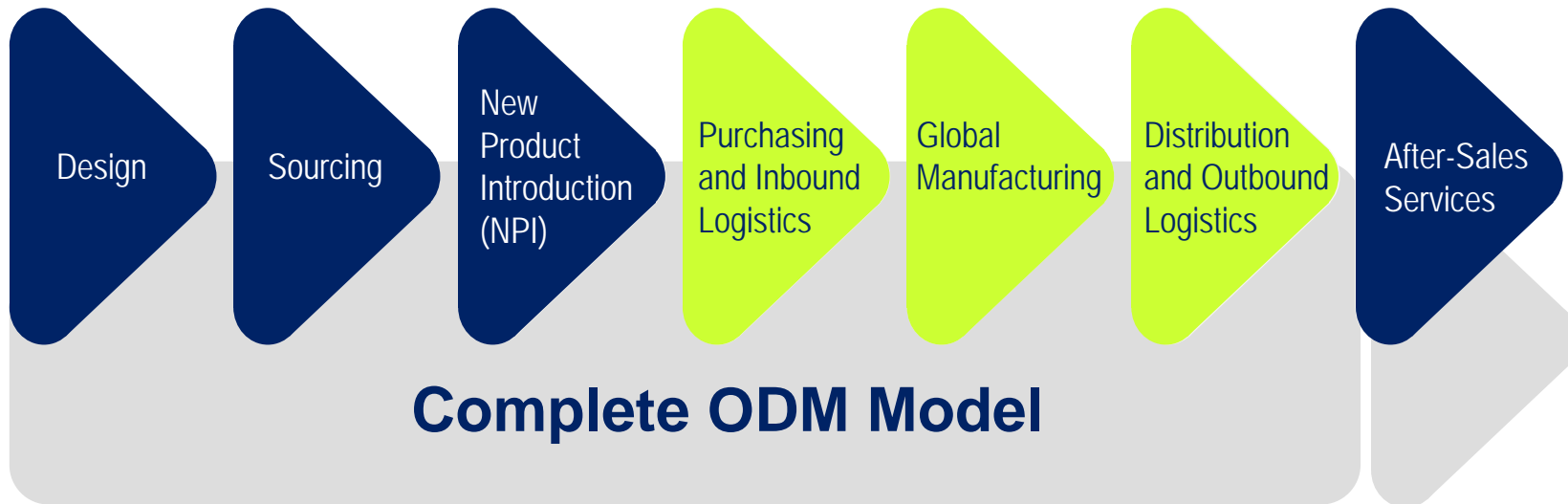
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1. Drive shareholder value on par with competition and beyond by
  - Expanding the customer base
  - Growing profitably
  - Increasing margins
  - Improving efficiency
2. Create superior value to communications technology customers by
  - Focusing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



# Elcoteq's 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 design to after-sales services





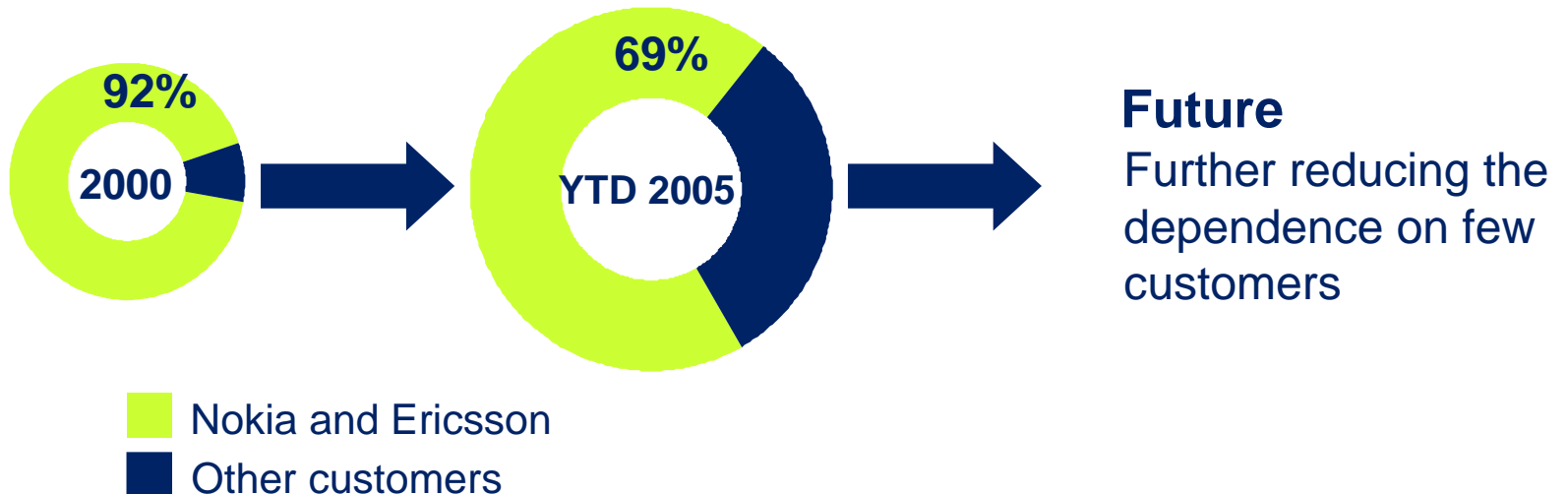
# Elcoteq's ODM Strategy

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- Gradual, not too aggressive development of ODM capabilities
- Focus on products with high volumes
  - Long-term relationships with well-branded OEMs
  - Platform-based product families
  - Technology and platform development
- One-stop shop
  - Process-oriented approach
  - Horizontally integrated services
- Competitive edge
  - Global, consistent service network
  - Partnerships with strategic technology providers
  - Fast time to market and predictable time to volume
  - Operational efficiency and reliability throughout product lifecycle

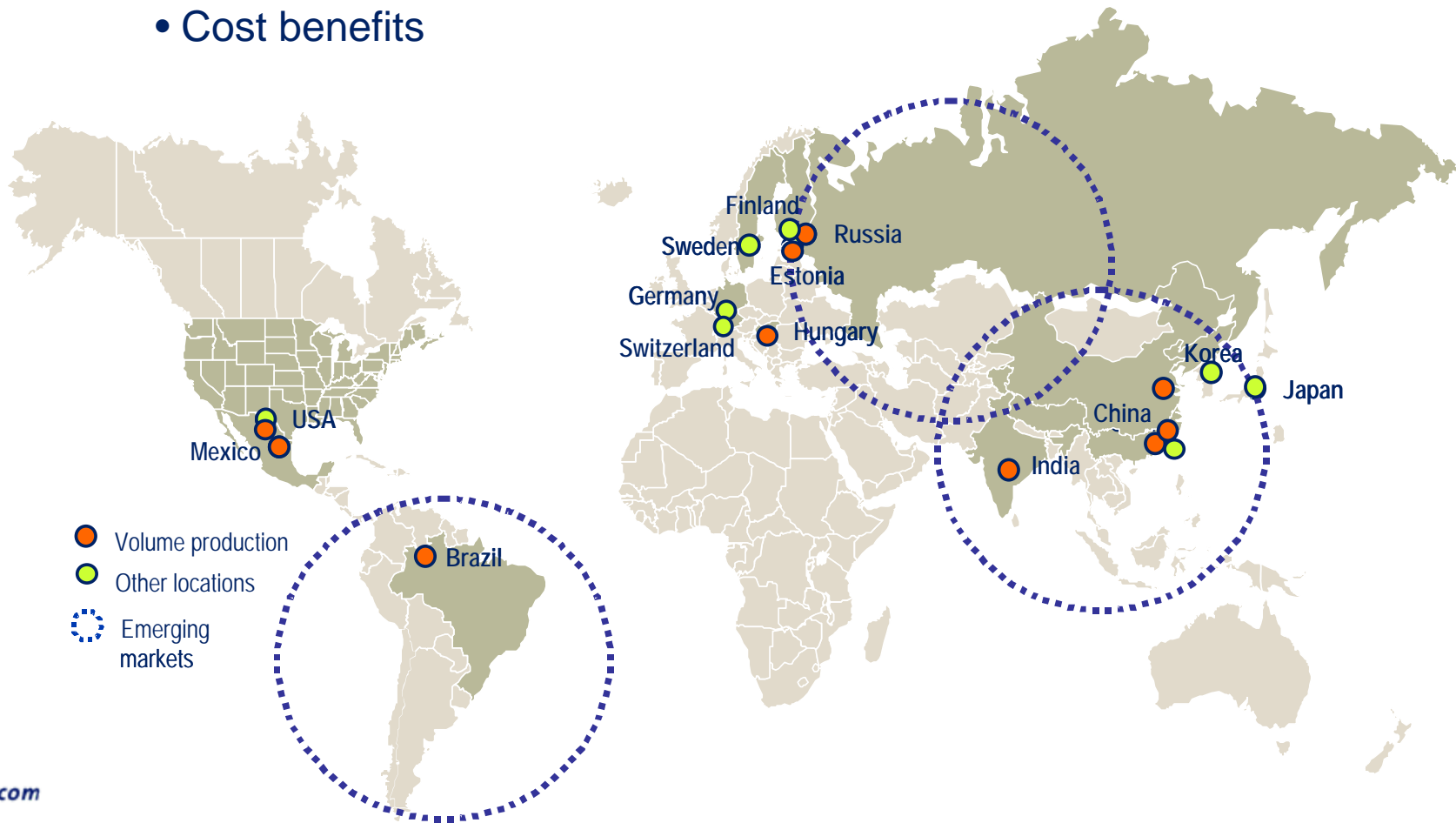
# Focused Growth

- 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





# Global Footprint

Plant	Country	Founded/ acquired	Area (m <sup>2</sup> )	Personnel Dec. 2005	Services
<b><u>Europe</u></b>					
Lohja Plant	Finland	1991	8,700	383	NPI, low to medium volume production
Tallinn	Estonia	1992	42,000	3,378	NPI, high volume production
St. Petersburg	Russia	1997	14,700	281	Medium to high volume production, NPI
Pécs	Hungary	1998	46,000	4,900	High volume production, NPI, after-sales
Offenburg	Germany	2003	14,500	431	NPI, low to medium volume production
Europe, total			125,900	9,373	
<b><u>Asia-Pacific</u></b>					
Dongguan	China	1999	13,000	2,452	High volume production
Beijing	China	2000	19,200	3,090	High volume production, NPI
Shenzhen	China	2003	9,300	796	High volume production
Bangalore	India	2004	5,500	293	High volume production
Asia-Pacific, total			47,000	6,631	
<b><u>Americas</u></b>					
Dallas	USA	2003	2,500	106	NPI
Monterrey	Mexico	1999	18,300	1,374	High volume production, after-sales
Juárez	Mexico	2005	17,000	1,993	High volume production, NPI
Manaus	Brazil	2004	1,500	204	Medium to high volume production
Americas, total			39,300	3,677	
<b>Other Elcoteq locations</b>				801	
<b>Total</b>			<b>212,200</b>	<b>20,482</b>	



# Key Financial Indicators and Targets

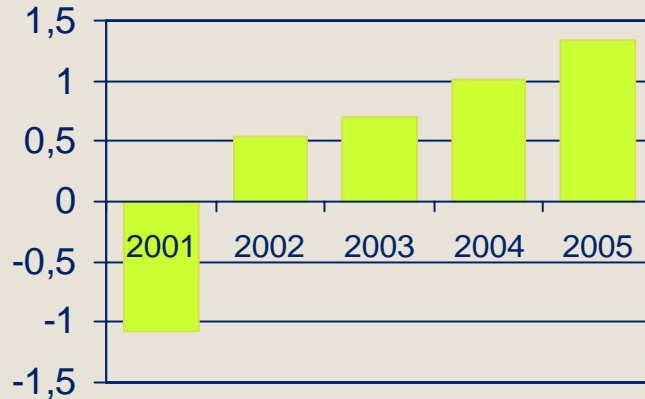
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<b>Indicator</b>	<b>Target</b>
Earnings per share (EPS)	Continuous growth
ROCE, trailing 12 months	> 20%
Cash flow	Positive
Gearing	<1

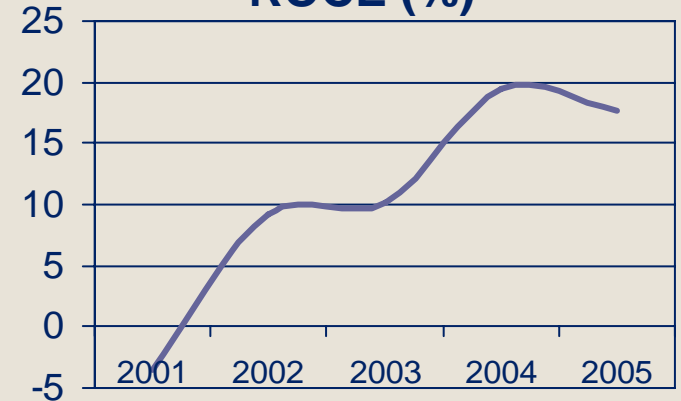


# Key Financial Indicators: Achievements

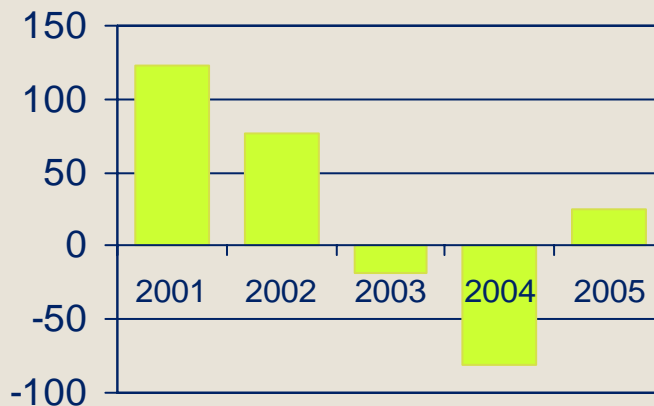
### Earnings per Share (EUR)



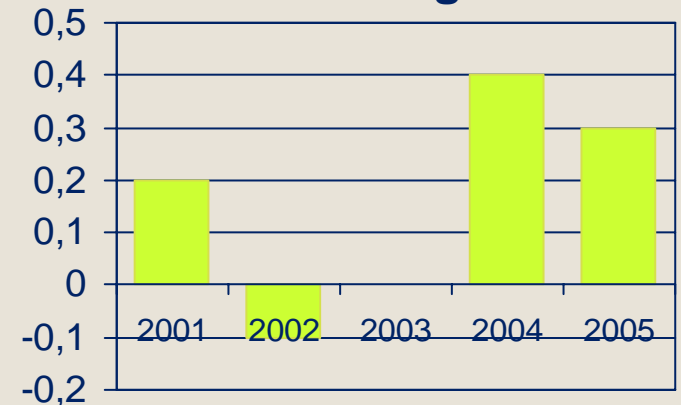
### ROCE (%)



### Cash Flow (MEUR)



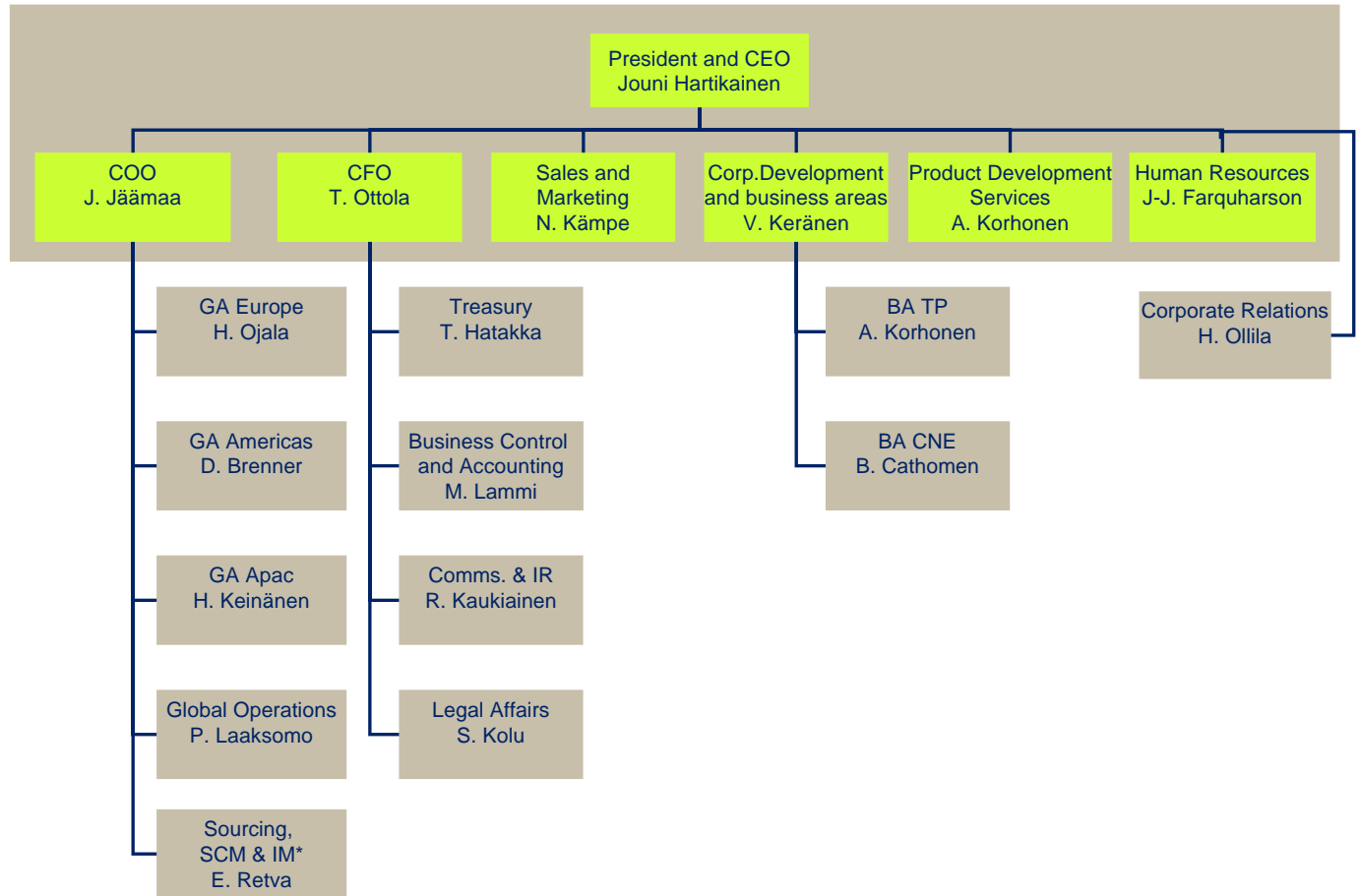
### Gearing





# Elcoteq Group organization

■ Elcoteq Management Team   ■ Management Conference





# *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



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