



EB, Elektrobit Corporation Financial Statement 2011

CEO Jukka Harju
February 16, 2012

Forward-looking Statements

Some statements made in this material relating to future circumstances or status, including, without limitation, future performance of the company, expectations regarding market growth, trend projections as well as any statements preceded by the words “expect”, “believe”, “foresee” or similar expressions are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty and actual results may, therefore, differ materially from the results that are expressed or implied by these forward-looking statements. Elektrobit Corporation disclaims all obligations to update such forward-looking statements except as required by mandatory law.



Agenda



- Highlights of 4Q 2011
- Financial Performance in 4Q 2011 and in 2011
- Business Segments in 4Q 2011
- Outlook for 2012
- Q&A

Major Events during 4Q 2011

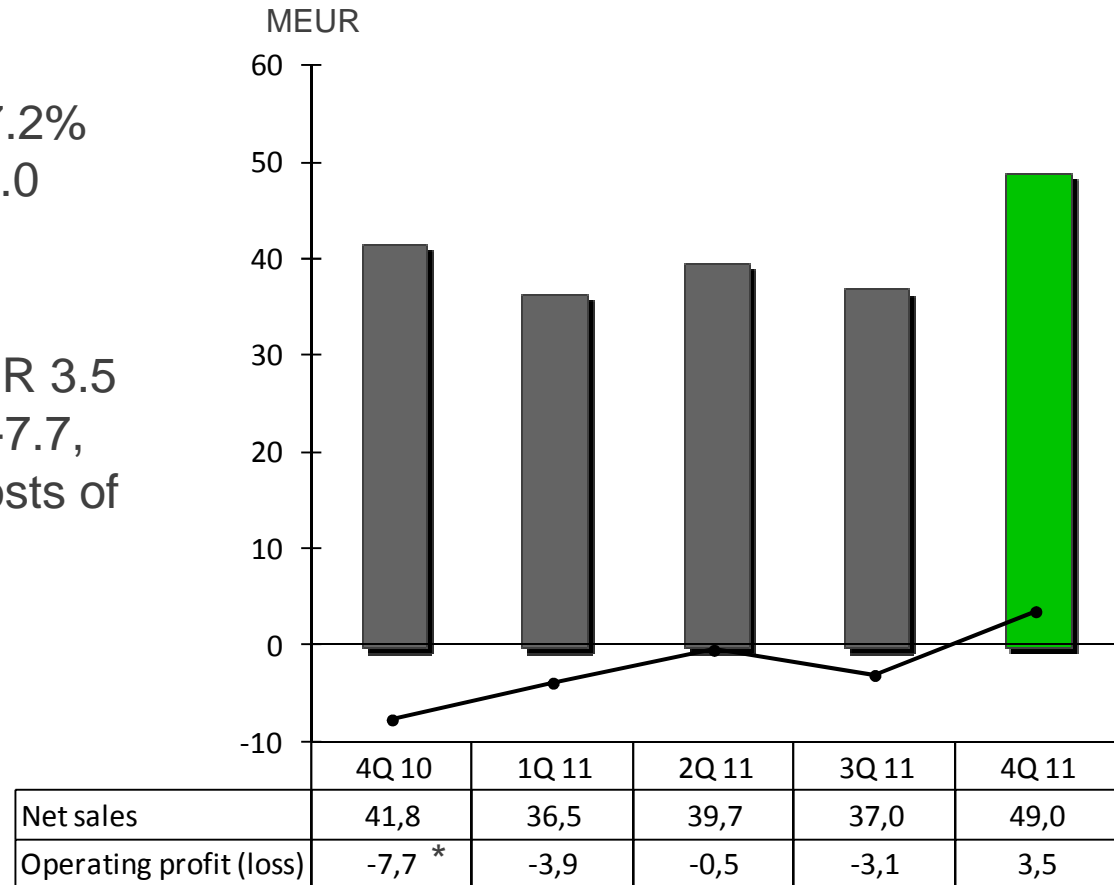
- Net sales increased from previous year
- Operating result was clearly positive



- EB's net sales increased compared to 4Q 2010.
 - Net sales grew in both Automotive and Wireless Business Segments
- EB's operating result was clearly positive
 - Both Business Segments made a positive operating result
- The increased net sales and improved cost structure contributed to the good 4Q performance in Wireless Business Segment
- EB continued strong R&D investments

4Q Net Sales Increased Year-on-Year and Operating Result Was Clearly Positive

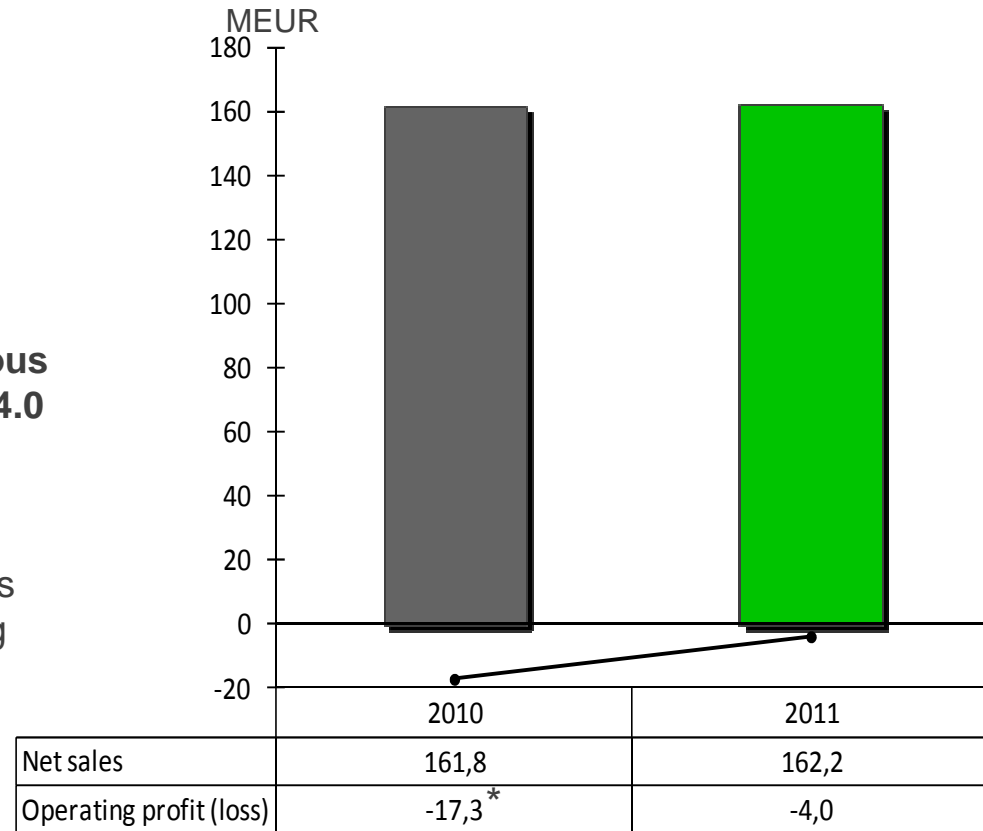
- Net sales increased by 17.2% year-on-year to MEUR 49.0 (MEUR 41.8, 4Q 2010)
- Operating profit was MEUR 3.5 (operating loss of MEUR -7.7, including non-recurring costs of MEUR 4.5, 4Q 2010)



*) Operating loss 4Q 2010 includes non-recurring costs of MEUR 4.5

Net Sales in 2011 Was at the Same Level as in 2010 Operating Result Improved Clearly but Remained Negative

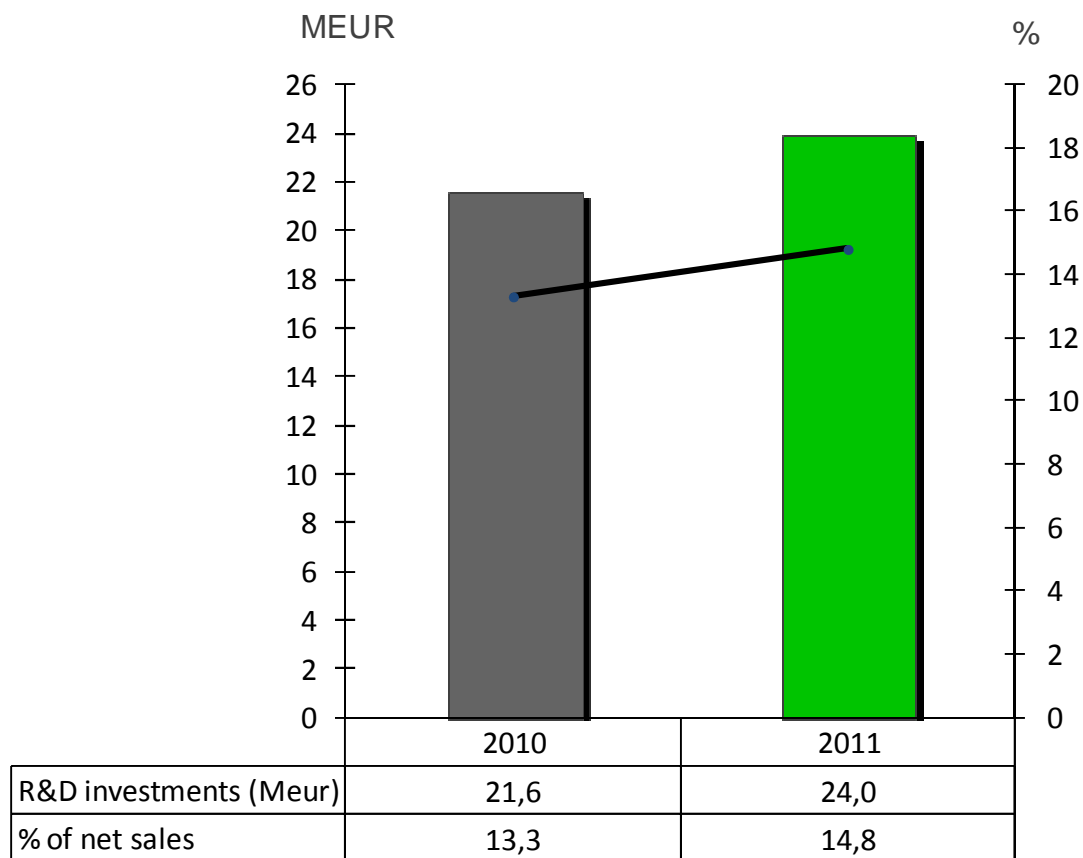
- **Net sales was at the same level as in 2010**
 - Net sales in Automotive Business Segment grew by 22,7%
 - Net sales in Wireless Business Segment reduced by 21,1%
- **Operating result improved from previous year but remained negative at MEUR -4.0**
 - Operating profit of Automotive Business Segment was MEUR 0.8
 - Operating loss of Wireless Business Segment was MEUR -4.7, including MEUR 0,9 costs from collecting the receivables from TerreStar.
- **Improving the profitability will be our main objective in 2012**



*) Operating result 2010 includes non-recurring costs and impairments MEUR 12.7

R&D Investments in 2011 Were 14.8 % of Net Sales

- During 2011 EB continued to invest in the automotive software products and tools, the radio channel emulation products and the next generation special terminals product platforms
- R&D investments were MEUR 24.0 (MEUR 21.6, in 2010) equaling 14.8 % of the net sales (13.3 %, in 2010)
- MEUR 6.6 was capitalized (MEUR 5.6, in 2010)
- The amount of capitalized R&D expenses was MEUR 11.5 at the end of 2011
- Significant proportion of capitalized R&D expenses are related to Automotive Business Segment's customer agreements with expected future license fees based on actual car delivery volumes



Operative cash flow from 2011 was Positive

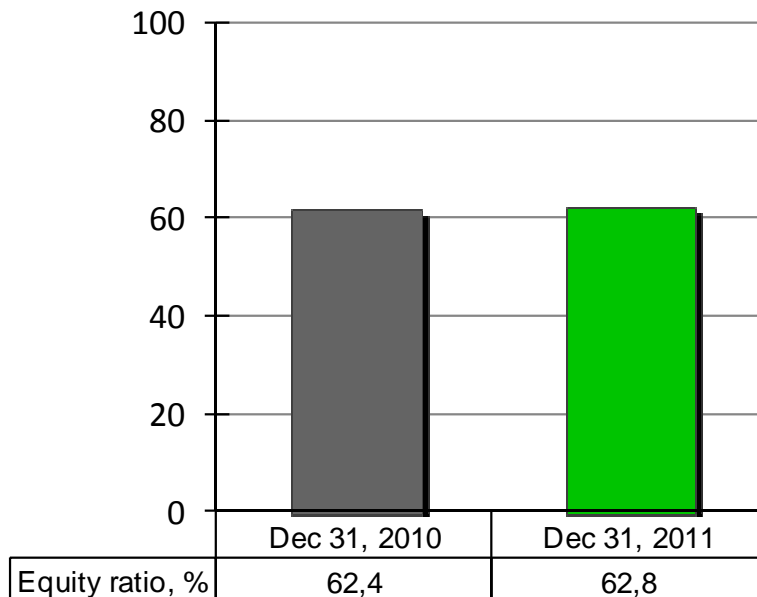
MEUR	4Q 2010	4Q 2011	Jan. - Dec. 2010	Jan. - Dec. 2011
- net profit +/- adjustment of accrual basis items	-4.9	+5.5	+1.8	+2.1
- change in net working capital	-0.3	+2.0	+3.5	+0.6
- interests, taxes, and dividends	+0.3	-0.4	-3.8	+2.6
NET CASH FROM OPERATING ACTIVITIES	-4.9	+7.1	+1.5	+5.3
- net cash from investing activities	-2.9	-3.7	-7.9	-11.1
- net cash from financing activities	-1.5	-0.6	-32.1	-4.7
NET CHANGE IN CASH AND CASH EQUIVALENTS	-9.3	+2.7	-38.5	-10.6

- Cash flow from operating activities amounted to EUR 5.3 million (EUR 1.5 million in 2010).



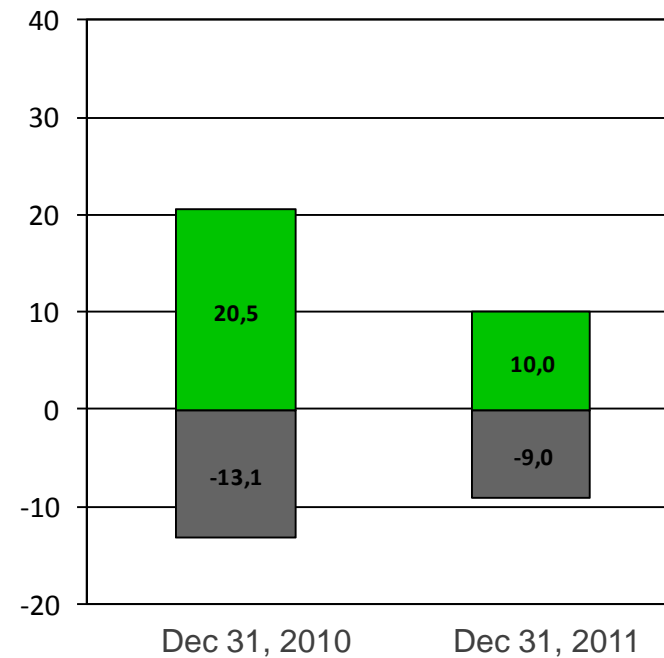
Balance Sheet Remained Strong

Equity ratio, %



- Equity ratio remained at a high level

Cash and liquid assets & interest bearing debt, MEUR



- Net debt of MEUR -0.9

■ Cash and liquid assets
■ Interest bearing debt



Major Events during 4Q 2011

Automotive Business Segment



- Strong growth of net sales continued and operating result was clearly positive.
- Solid overall market demand continued for EB's services and own automotive grade software products adapted and integrated to the customer specific requirements.
- EB continued to grow during the fourth quarter in the Infotainment, Driver Assistance and ECU (Electronic Control Unit) software markets.
- Strong R&D investments were continued in automotive software products and tools.
- Mr. Alexander Kocher (M.Sc., Electrical Engineering) started as the President of the Automotive Business Segment and Managing Director of Elektrobit Automotive GmbH as of November 1, 2011.

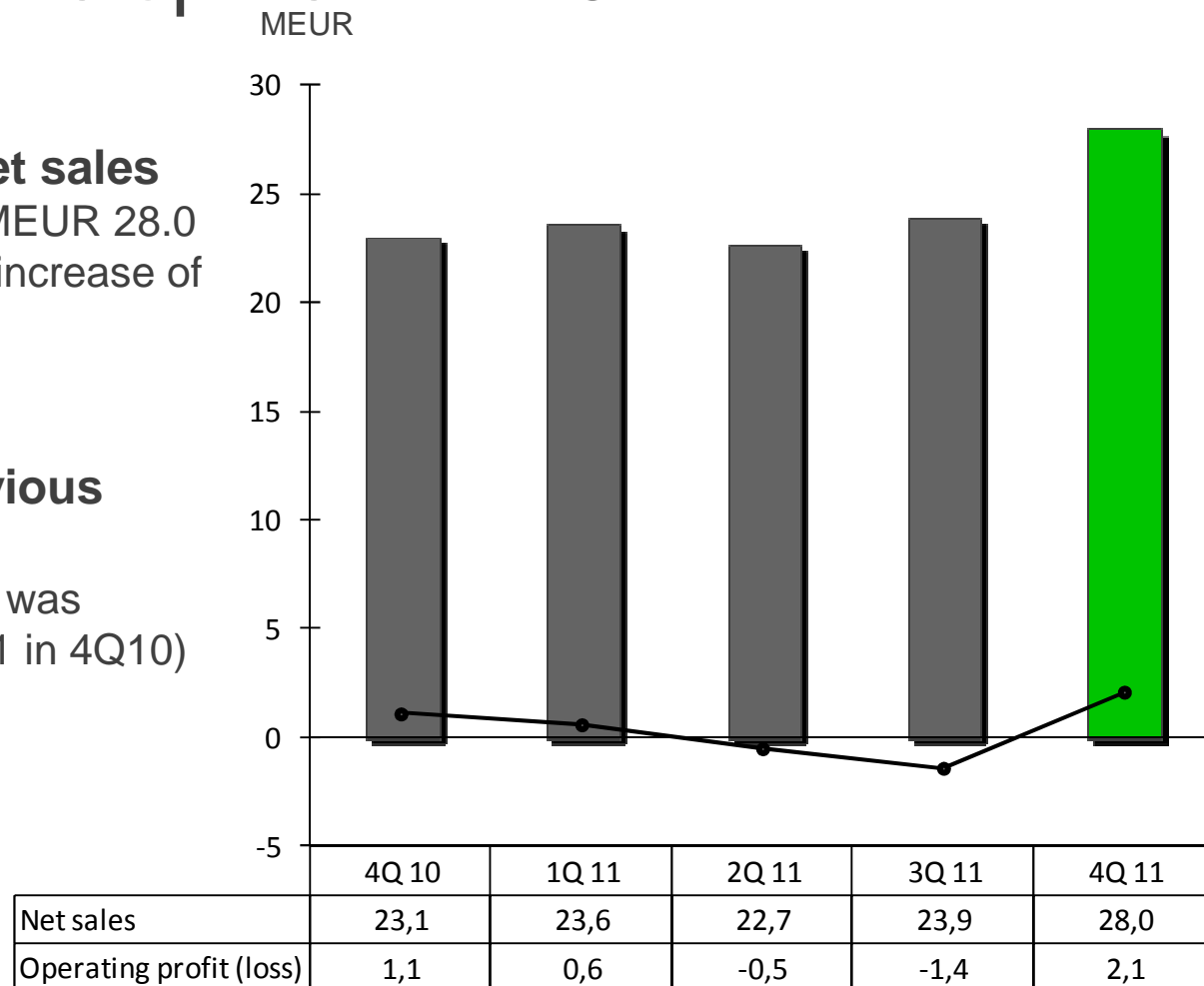
Automotive Business Segment in 4Q and Quarterly Development in 2011

Strong growth of net sales

- 4Q11 net sales was MEUR 28.0 (MEUR 23.1, 4Q10), increase of 21.7%

4Q operating profit improved from previous year

- 4Q10 operating profit was MEUR 2.1 (MEUR 1.1 in 4Q10)



Automotive Business Segment in 2011

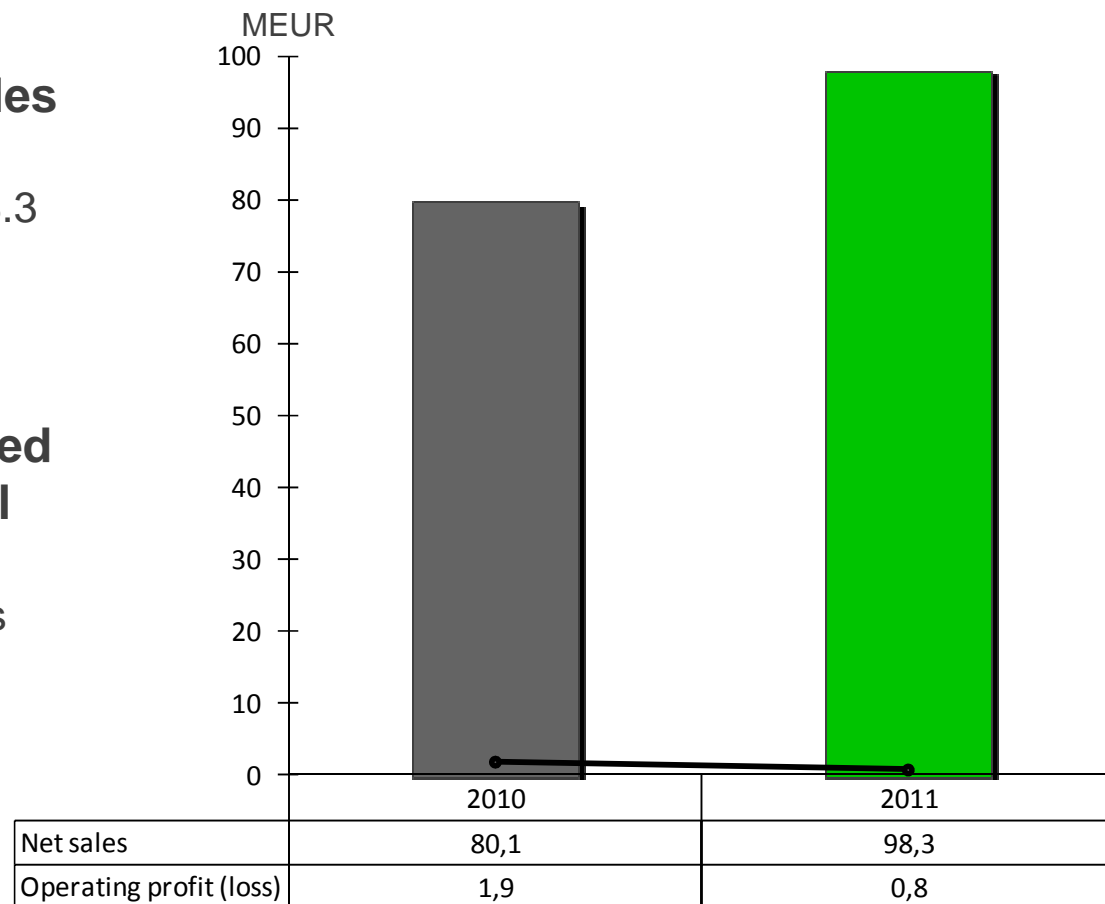
- Strong growth continued

Strong growth in net sales year-on-year

- 2011 net sales MEUR 98.3 (MEUR 80.1, 2010), increase of 22.7%

Operating result remained slightly below 2010 level due to weak 2Q and 3Q

- 2011 operating profit was MEUR 0.8 (MEUR 1.9, 2010)



Automotive Market Outlook

Carmakers continue to invest in automotive software for new car models and the market for automotive software products and services is estimated to continue growing.



- Move to the greater electronic content in cars has been underway for several years in both low-end and high-end vehicles. The share of electronic components in cars is forecasted to grow from 23 % in 2010 to 33% in 2020 (Roland Berger).
- Growing software complexity and richness of features as consumers expect the same kind of user experience as in internet and mobile devices.
- Gradual separation of software and hardware and increasing use of standard software solutions.
- Estimated annual automotive software market growth rate until 2018 is expected to exceed the growth rate of passenger car production volume that is estimated to be 5.6 % CAGR (LMC Automotive's Q4 2011 Forecast).
- *Cost pressures of the industry are expected to accelerate the need of productized, efficient software solutions EB is offering.*
- *The dependency of EB's net sales on the car production volumes is expected to increase in the coming years.*

Major Events during 4Q 2011

Wireless Business Segment



- Operating result was clearly positive.
- Net sales grew by 13.1 percent year-on-year.
- Net sales grew mainly in the radio channel test tools and in R&D services for mobile infrastructure markets due to the strong demand in LTE radio technology, and in defense applications.
- Good operating result in 4Q 2011 was mainly due to the increased net sales and the cost saving actions executed during 2011.
- EB continued its R&D investments in the radio channel test tools and the new special terminal product platform.
- The Android-based EB Specialized Device Platform won the Wireless Innovation Forum's "Technology of the Year" Award in December.

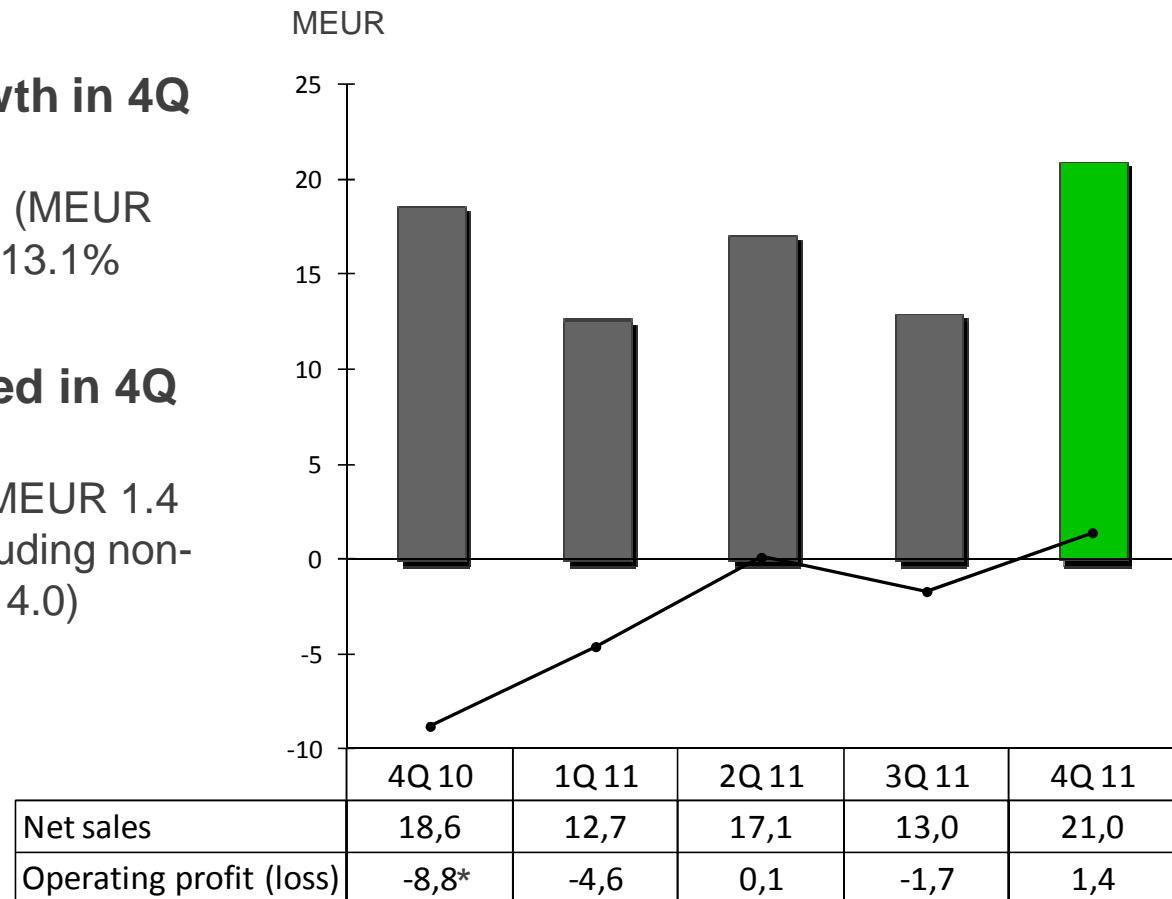
Wireless Business Segment in 4Q and Quarterly development in 2011

Net sales turned to growth in 4Q 2011

- 4Q net sales MEUR 21.0 (MEUR 18.6, 4Q10), increase of 13.1%

Operating profit improved in 4Q 2011

- 4Q operating profit was MEUR 1.4 (MEUR -8.8 in 4Q10 including non-recurring costs of MEUR 4.0)



*) Operating loss 4Q 2010 includes non-recurring costs of MEUR 4.0.

Wireless Business Segment in 2011

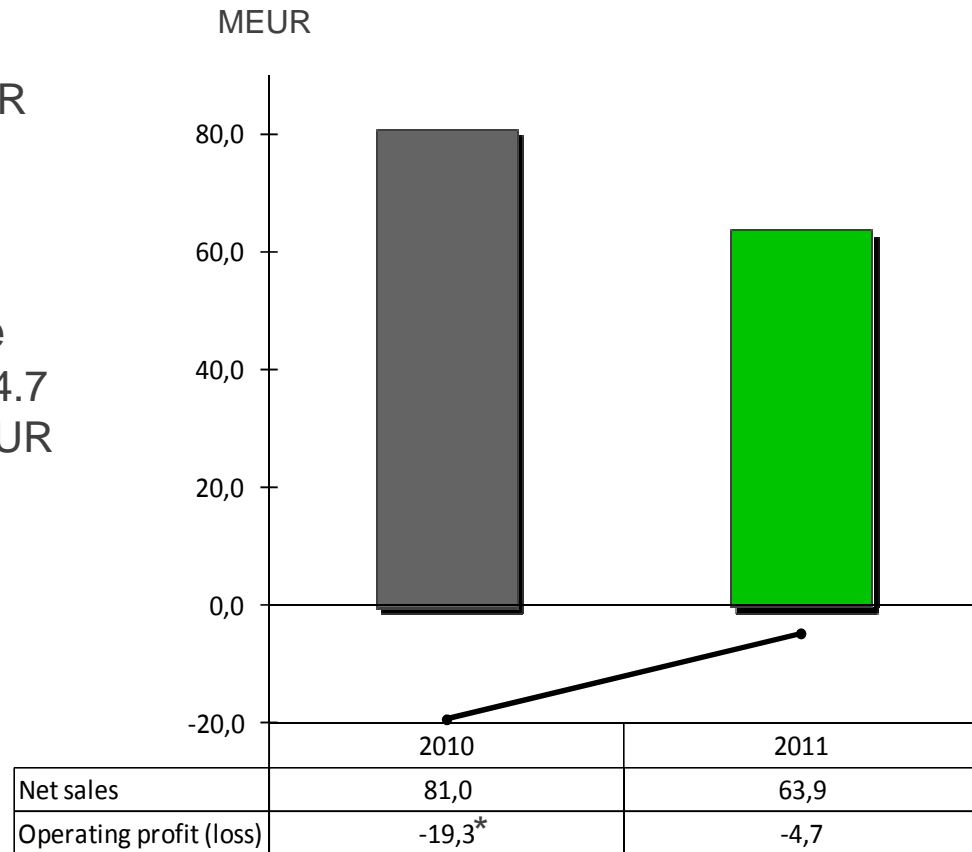
- Net sales decreased and operating result improved y-on-y

Net Sales decreased

- 2011 net sales MEUR 63.9 (MEUR 81.0, 2010), decrease of 21.1%

Operating result improved clearly but remained negative

- 2011 operating loss was MEUR -4.7 (MEUR -19.3, 2010 including MEUR 12.3 non-recurring costs and impairments of receivables)
- 2011 operating results includes MEUR 0,9 costs related to collecting the receivables from TerreStar



*) Operating result 2010 includes non-recurring costs and receivables of MEUR 12.3

Wireless Market Outlook

Technological changes, driving the demand, are expected to continue in the wireless communications market



Mobile telecommunications market

- Increasing use of **LTE radio technology** creates needs to develop new mobile infrastructure products.
- Smart phone related R&D services market for device manufacturers decreased in 2011 and is not expected to grow in 2012.
- In the Mobile satellite communication market, the demand for terminals for new data and mobile communications services is expected to slowly grow during next years.
 - *continuing opportunities for EB's broad technology and integration capabilities.*

Defence and public authority markets

- The market for **communications, interference and intelligence solutions** targeted for public authorities is estimated to be increasingly **based on commercial technologies**, such as LTE and smart phone software applications, in the future.
 - *EB's competence and long experience of software radio based solutions is expected to bring new business opportunities.*

Radio channel testing tools market

- Need for **advanced development tools for new LTE technologies** is expected to **remain** as a driver for the demand.
 - *EB provides world leading channel emulation tools for these radio technologies.*

Outlook for 2012

EB estimates that the demand for its products and services is expected to develop positively during 2012 in both Automotive and Wireless Business Segments.



- For the year 2012, EB expects the net sales and operating result to grow clearly from the previous year (net sales of MEUR 162.2, operating loss of MEUR -4.0 in 2011).
- For the first half of 2012, EB expects that the net sales will grow clearly (MEUR 76.1 in 1H 2011), and operating result will be positive (MEUR -4.4 in 1H 2011). However, the operating result of the first quarter 2012 is expected to remain below the level of operating result of the fourth quarter 2011 (MEUR 3.5 in 4Q 2011).
- Despite the uncertainty regarding the world economy development, EB believes its visibility has slightly improved through the somewhat improved visibility in demand and improved cost structure in Wireless Business Segment as well as through the grown business volume in the mobile infrastructure and the authority markets. Therefore a full year outlook is given in addition to a half year outlook .
- The profit outlook for 2012 is based on the assumption that there will be no further bookings of impairments of EB's accounts receivable from TerreStar Networks Inc. and TerreStar Corporation.

Important Dates in 2012

Financial Reports in 2012

- Interim Report 1Q 2012 on April 26, 2012
- Interim Report 2Q 2012 on August 8, 2012
- Interim Report 3Q 2012 on November 6, 2012

Annual General Meeting of Shareholders

- Annual General Meeting 2012 on March 26, 2012
- At Oulu University, in Saalastinsali, Pertti Kaiteran katu
- Registration period: until 21st of March 2012 by 10 am. (Finnish time)
- Advance voting service through the Company's website from February 17, 2012 at 10 a.m. to March 21, 2012 by 10:00 a.m.(Finnish time).
 - The Finnish book-entry account number of the shareholder is needed for voting in advance.





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