



EB, Elektrobit Corporation
Financial Statement Bulletin 2007

February 6, 2008

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.

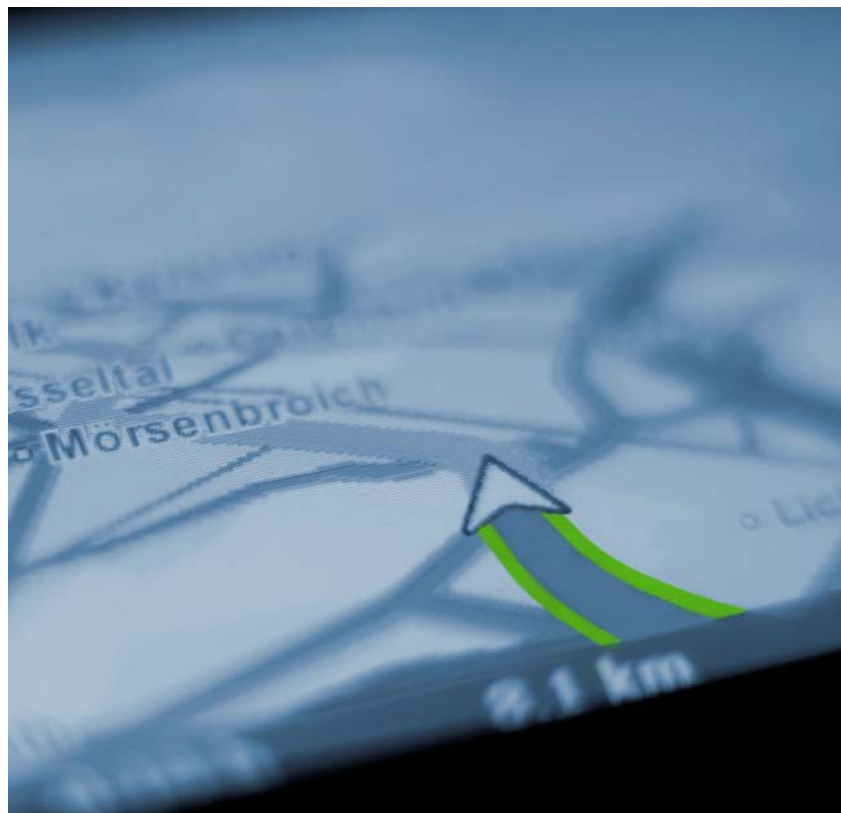


Pertti Korhonen, CEO

J.T. Bergqvist, Chairman of the Board



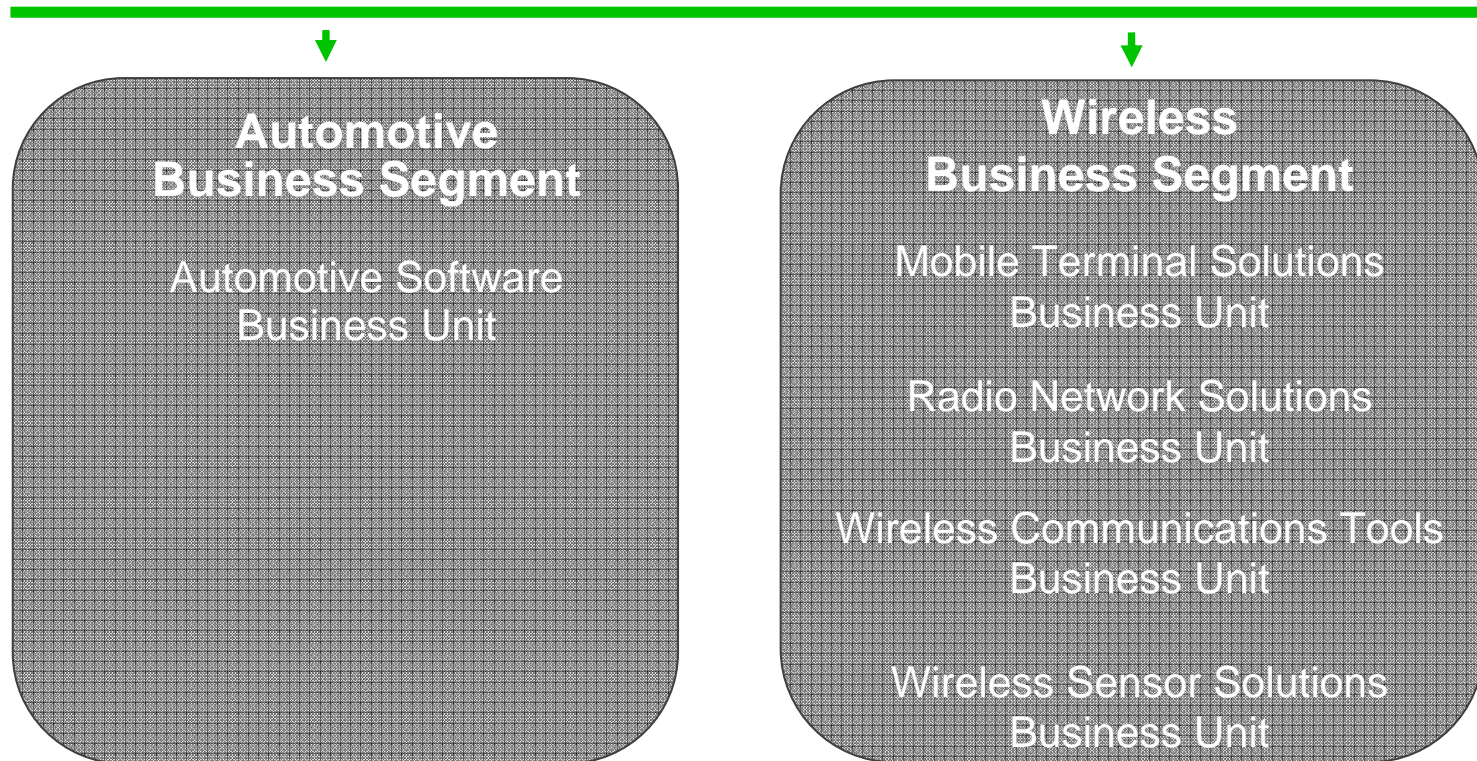
Agenda



- Financial Statement Bulletin 2007
 - Pertti Korhonen
- Outlook for the first half of 2008
 - Pertti Korhonen
- Q&A
 - Pertti Korhonen and J.T. Bergqvist

EB Business Segments and Business Units from April 1, 2007 Onwards

EB



Strategy Implementation

- The major strategy related changes in EB's business portfolio were made during the second half of 2006 and during 2007.
- EB has done major progress in building a balanced customer portfolio by entering new markets and acquiring new customers during 2007.
- In addition to the acquisitions of DECOMSYS and 7iD, EB continues to search acquisition opportunities to strengthen the business growth.
- EB has started actions to render the company cost structure to correspond with the new focused business setup, increasing the productivity and improving the fixed cost efficiency.

EB is seeking for growth by becoming a focused global leader in selected automotive and wireless businesses with a balanced customer portfolio and scalable business models.



EB in the Fourth Quarter of 2007



EB during 10 – 12 / 2007 1(2)

- **continued strong sales growth in focus businesses**

- The company's net sales for the Continuing Operations ^{*)} in the fourth quarter amounted to EUR 44.6 million (EUR 33.3 million), representing a 33.6 per cent growth year-on-year.

- **reducing operating loss**

- The operating loss, including non-recurring net income of approximately EUR 1.5 million, amounted to EUR -2.4 million (EUR -5.3 million in Q4/2006).

- **balanced customer portfolio**

- none of the customer shares exceeded 11 per cent of the net sales
- the compound share of the ten biggest customers was 56 per cent.

**) According to the IFRS5 standard, EB reports its financial results divided between Discontinued (Production Solutions in 2006 and 2007, Network Test in 2006) and Continuing Operations*



EB during 10 – 12 / 2007 2(2)

- **actions to render the company cost structure to correspond to the new focused business setup**
 - increasing the productivity and improving the fixed cost efficiency of operational activities such as facilities, sourcing, logistics, information management and administration.
 - sold the properties in Oulu to Foriva Oy with the cash and debt free purchase price of approximately EUR 16.4 million in December.
 - re-assessed the value of the remaining properties in Oulunsalo and, as a result, executed non-recurring write-offs of approximately EUR 4 million and EUR 1 million based on the re-assessing of EB's goodwill valuations concerning certain non-core operations.
 - the property sales transaction and conducted write-offs lead to non-recurring net income of approximately EUR 1.5 million for the fourth quarter of 2007.



Business Segments during 10 - 12 / 2007

- **Automotive Business Segment:**

- The net sales of the Automotive Business Segment were EUR 16.2 million (EUR 11.3 million in Q4/2006; an increase of EUR 4.9 million or 43.3%).
- The operating profit of the Automotive Business Segment was EUR 1.0 million (EUR 0.9 million in Q4/2006).

- **Wireless Business Segment:**

- The net sales of the Wireless Business Segment were EUR 28.2 million (EUR 22.0 million in Q4/2006; an increase of EUR 6.3 million or 28.6%).
- The operating loss of the Wireless Business Segment was EUR -4.1 million (EUR -6.2 million in Q4/2006).



Net Sales and Operating Profit (Continuing Operations) - Quarterly

MEUR	Sep. - Dec. Q4/2007	July - Sep. Q3/2007	Apr.- June Q2/2007	Jan.- Mar. Q1/2007	Oct.- Dec. Q4/2006	Jan.- Dec. 2007	Jan.- Dec. 2006
Net sales	44.6	35.3	33.5	31.0	33.3	144.3	120.5
Operating profit (loss)	-2.4	-4.0	-6.6	-7.2	-5.3	-20.3	-6.0
Result before taxes	-3.3	-4.0	-6.3	-6.4	-4.9	-20.0	-6.1
Result for the period from continuing operations	-3.3	-4.0	-6.4	-6.3	-4.6	-20.0	-6.1
Result after taxes for the period from discontinued operations	0.4	-0.0	14.5	-1.8	73.7	13.1	80.3
Result for the period	-2.9	-4.0	8.1	-8.1	69.0	-6.9	74.2



Net Sales by Market Area (Continuing Operations) - Quarterly

MEUR	Sep. - Dec. Q4/2007	July - Sep. Q3/2007	Apr. - June Q2/2007	Jan. - Mar. Q1/2007	Oct. - Dec. Q4/2006	Jan.- Dec. 2007	Jan.- Dec. 2006
Asia	2.0 (4.5%)	4.4 (13%)	0.6 (2%)	2.5 (8%)	1.9 (6%)	9.5 (7%)	8.7 (7%)
Americas	14.5 (32.5%)	7.4 (21%)	7.3 (22%)	4.1 (13%)	4.2 (12%)	33.3 (23%)	15.2 (13%)
Europe	28.1 (63.0%)	23.5 (67%)	25.7 (77%)	24.3 (79%)	27.3 (82%)	101.6 (70%)	96.5 (80%)
Total	44.6 (100%)	35.3 (100%)	33.5 (100%)	31.0 (100%)	33.3 (100%)	144.3 (100%)	120.5 (100%)



EB during 1 – 12 / 2007



Financial Results for the Reporting Period of 1 – 12 / 2007

- **the net sales and the operating profit of the Continuing Operations were as follows:**
 - The net sales amounted to EUR 144.3 million (EUR 120.5 million in 2006) an increase of EUR 23.8 million or 19.8%.
 - The operating loss was EUR -20.3 million (EUR -6.0 million) and it was distributed as follows:
 - The operating profit of the Automotive Business Segment was EUR 0.7 million (EUR 2.1 million).
 - The operating loss of the Wireless Business Segment was EUR -22.8 million (EUR -8.3 million) and other businesses a profit of EUR 1.8 million (EUR 0.1 million).
 - Cash flow from operations amounted to EUR -27.1 million (EUR -1.4 million).
 - Equity ratio was 70.9% (72.2%).

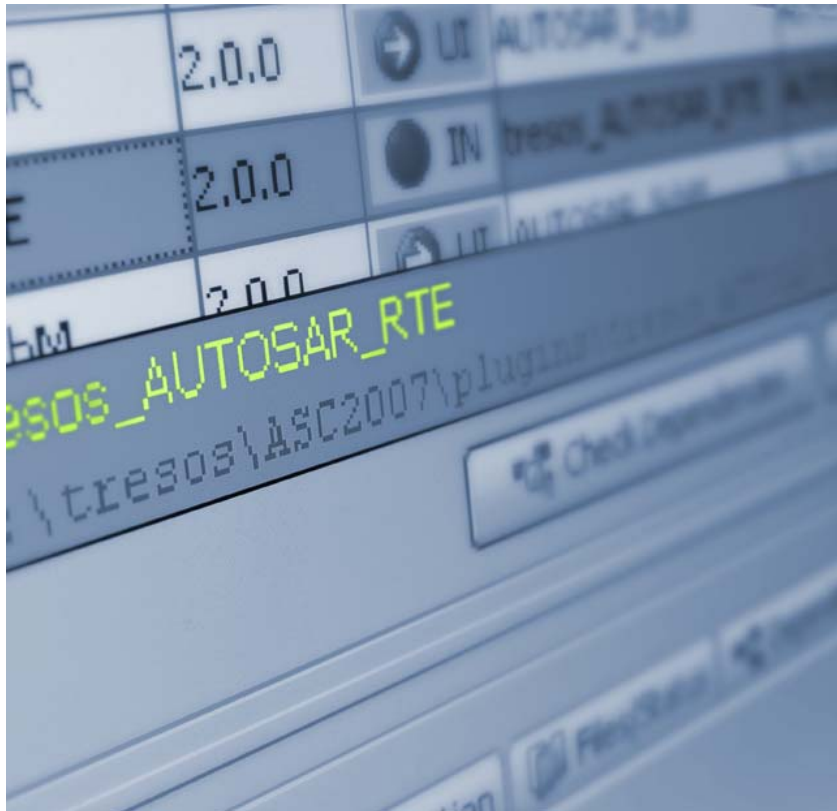


Automotive Business Segment during 1 – 12 / 2007 (1)

- During the reporting period the Automotive Business Segment continued to grow confirming the potential of this market.
 - The net sales amounted to EUR 52.6 million (EUR 38.9 million), which represents a strong year-on-year growth of 35.3 per cent.
 - The operating profit was EUR 0.7 million (EUR 2.1 million) reflecting the continued significant investments in the R&D of EB's automotive software platform products, according to the strategy.
- EB aims to continue to increase the share of automotive software products and services in the company's net sales.



Automotive Business Segment during 1 – 12 / 2007 (2)

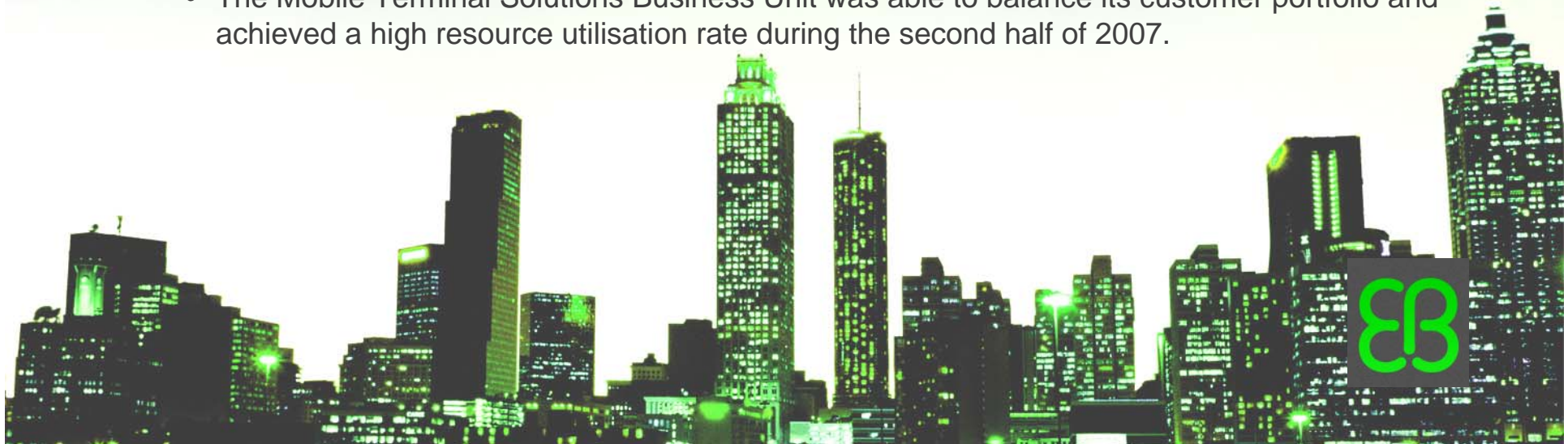


- With the acquisition of DECOMSYS Beteiligungs GmbH in June, EB became the leading solution provider for FlexRay™.
- In October, EB announced a licensing agreement with Agilent Technologies, where by EB licences its FlexRay networking technology analysis software for Agilent Technologies.
- In December, EB was invited to participate as the technology supplier in Japan's JasPar development and definition work for FlexRay networking technologies.
 - With this decision EB is the evaluation software vendor for all JasPar working streams of the consortium.
- Strong growth in software licensing;
 - The fourth quarter was particularly strong due to success in standard software licensing agreements and strong sales of after market navigation devices and hence software for the Christmas season.



Wireless Business Segment during 1 – 12 / 2007 (1)

- The net sales of the Wireless Business Segment from January to December 2007 amounted to EUR 90.9 million (EUR 81.4 million in 2006, representing a growth of 11.7%) with an operating loss of EUR -22.8 million (EUR -8.3 million).
- Compared to 2006, the decline in profitability was due to:
 - significant increase in investments in the product development of mobile WiMAX module products and RFID reader systems products.
 - weaker than expected demand, price competition and lower than planned resource utilisation rate of the Mobile Terminal Solutions' R&D services during the first half of 2007.
 - weaker than expected demand and intensive price competition in the Radio Network Solutions' R&D services.
- The growth of the Wireless Communications Tools Business Unit was good.
- The Mobile Terminal Solutions Business Unit was able to balance its customer portfolio and achieved a high resource utilisation rate during the second half of 2007.



Wireless Business Segment during 1 – 12 / 2007 (2)



Mobile Terminal Solutions Business Unit

- The business environment for the mobile terminals business continued to be under intense competition, however, demand was rather strong during the fourth quarter.
- The Mobile Terminal Solutions Business Unit continued the efforts to improve its profitability.
 - As a result, the business unit reached a more balanced customer portfolio and the resource utilisation rate reached a high level during the fourth quarter.
- In September, EB and TerreStar Networks Inc. entered into an agreement concerning the development of handset technologies and reference designs for TerreStar's upcoming satellite-terrestrial all-IP mobile network.
- In December, EB sold its Microwave Measurement business to SenFit Oy.



Wireless Business Segment during 1 – 12 / 2007 (3)



Radio Network Solutions Business Unit

- The business environment for R&D services was somewhat volatile and under intense price competition.
- The revenue from R&D services grew slightly from 2006.
- EB's own mobile WiMAX base station module products started to generate revenue at the end of 2007 as planned.
- EB continued to invest significantly in the product development associated with mobile WIMAX base stations technology.
- In December, EB's Radio Network Solutions Business Unit related R&D activities in Espoo and hardware design and testing activities in Tampere were outsourced to Embio Oy.
 - 70 employees of EB were transferred to Embio with corresponding terms of employment.



Wireless Business Segment during 1 – 12 / 2007 (4)



Wireless Communications Tools Business Unit

- In June, EB decided to include the Wireless Communications Tools Business Unit in the Wireless Business Segment.
- The total sales of the Wireless Communications Tools Business Unit grew well from 2006.
- The three sales regions (EMEA, APAC and the Americas) generated approximately equal sales revenues.
- R&D investments expanding the application domain and PropSim™ product portfolio continued including, e.g., the following releases:
 - A scalable single-box handset testing solution during the second quarter.
 - The OBSAI tester (EB Base Station Interface Tester) supporting the WiMAX and LTE base stations and the EB Wireless Environment Solution during the third quarter.



Wireless Business Segment during 1 – 12 / 2007 (5)



Wireless Sensor Solutions Business Unit

- The EB RFID solutions are targeted especially at serving the supply chain and manufacturing of logistics service providers, automotive, telecommunications, electronics and other high technology industries.
- The acquisition of 7iD, in June, strengthened EB's RFID offering, and the integration has been completed.
- EB continued to invest significantly in the product development of RFID reader system products.



Research and Development during 1 – 12 / 2007

- The R&D investments continued in the following development areas:
 - The development of software platform based products in the Automotive Software Business Unit,
 - The development of mobile WiMAX radio base station module products in the Radio Network Solutions Business Unit,
 - Expanding the application domain and the product portfolio in the Wireless Communications Tools Business Unit,
 - The development of RFID reader system product portfolio in the Wireless Sensor Solutions Business Unit, and
 - The technical core competence areas as defined in the strategy.
- The total R&D investments during 2007 were EUR 38.3 million (EUR 23.7 million) and EUR 3.9 million of them were capitalised.



Income Statement (Continuing Operations)

MEUR	Jan. - Dec. 2007	Jan. - Dec. 2006
Net sales	144.3	120.5
Operating profit (loss)	-20.3	-6.0
Result before taxes	-20.0	-6.1
Result for the period from continuing operations	-20.0	-6.1
Result after taxes for the period from discontinued operations	13.1	80.3
Result for the period	-6.9	74.2



Balance Sheet

– Quarterly

MEUR	Dec. 31, 2007	Sep. 30, 2007	June 30, 2007	Mar. 31, 2007	Dec. 31, 2006
Assets					
Non-current assets	77.2	90.1	87.7	76.0	66.3
Current assets	158.9	145.2	161.3	165.6	196.5
Total assets	236.1	235.3	249.1	241.6	262.8
Equity and liabilities					
Share capital	12.9	12.9	12.9	12.9	12.9
Minority interest	0.0	0.0	0.0	0.0	2.1
Total equity	165.7	168.4	172.3	164.3	188.6
Non-current liabilities	28.9	29.7	34.3	28.9	23.7
Current liabilities	41.5	37.2	42.4	48.5	50.5
Total equity and liabilities	236.1	235.3	249.1	241.6	262.8



Cash Flow

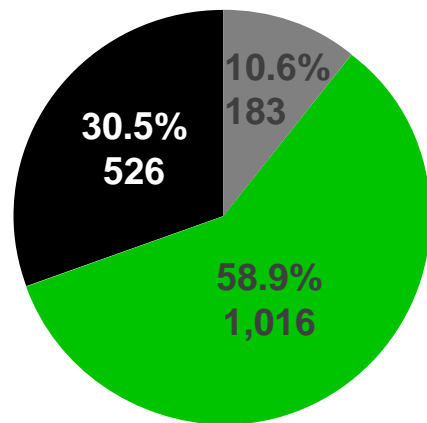
MEUR	Jan. - Dec. 2007	Jan. - Dec. 2006
+ net profit +/- adjustment of accrual basis items	-13.2	10.2
+/- change in net working capital	-11.6	-7.4
- interests, taxes, and dividends	-2.2	-4.2
NET CASH FROM OPERATING ACTIVITIES	-27.1	-1.4
- net cash from investing activities	-6.8	78.5
- net cash from financing activities	-19.3	-12.6
NET CHANGE IN CASH AND CASH EQUIVALENTS	-53.2	64.5



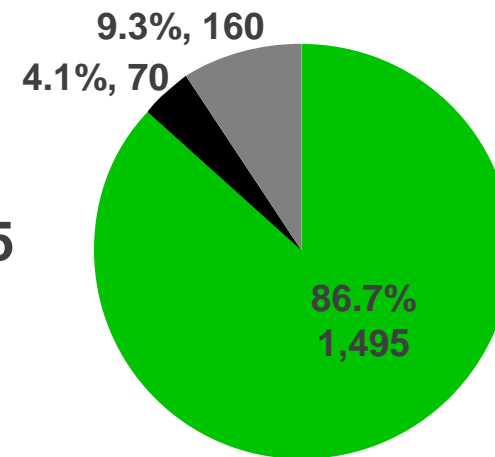
Personnel

– End of December 31, 2007

BY BUSINESS SEGMENTS



BY MARKET AREAS



Total of 1,725

AUTOMOTIVE	■	AMERICAS
WIRELESS	■	EUROPE
COMMON FUNCTIONS	■	ASIA



Outlook for the First Half of 2008 (1)

- EB expects the revenue during the first half of 2008 to grow compared to the second half of 2007 (EUR 79.9 million).
- The company's R&D investments during the first half of 2008 will remain roughly at the level of the second half of 2007, with the share of the investments in the Automotive Business Segment growing. The company will continue to invest in:
 - Software platform based products in the Automotive Software Business Unit.
 - Development of mobile WiMAX radio base station module products in the Radio Network Solutions Business Unit.
 - Expanding the application domain and the product portfolio in the Wireless Communications Tools Business Unit.
 - Widening the product portfolio of the Wireless Sensor Solutions Business Unit.
 - The technical core competence areas defined in the strategy.
 - Developing the marketing and sales capabilities.
 - Further developing efficient and unified structures and platforms to enable global business operations according to the strategy.



Outlook for the First Half of 2008 (2)

- EB will continue actions to increase the productivity and improve the fixed cost efficiency of such operational activities as facilities, sourcing, logistics, information management and administration.
- EB expects the operating loss in the first half of 2008 to be less than during the second half of 2007, (EUR -7.9 million without the non-recurring net income of EUR 1.5 million as announced in December 28, 2007), with the start of the year being weaker than the latter part of the half.



Financial Reporting in 2008

The reporting dates in 2008:

- January-March on Wednesday, 7 May 2008, at 8.00 am
- January-June on Friday, 8 August 2008, at 8.00 am
- January-September on Tuesday, 21 October 2008, at 8.00 am

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