



## Forward-looking statements

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- 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.

# Contents

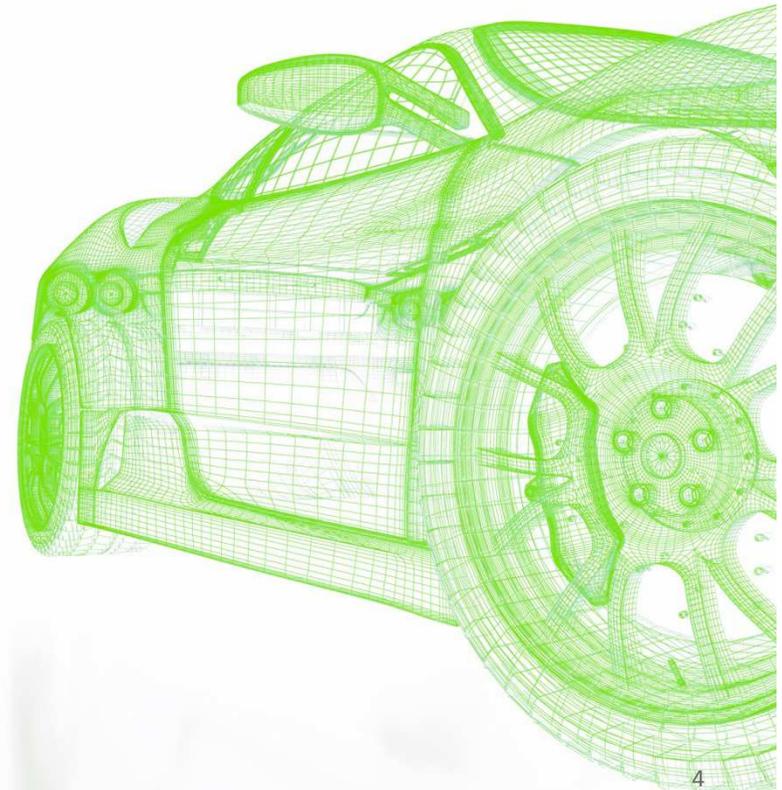
- Highlights of 1Q 2014
- Financial performance in 1Q 2014
- Business Segments in 1Q 2014
- Outlook for 2014

## Major events during 1Q 2014

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- EB's net sales and operating profit grew year-on-year.
- Automotive Business Segment
  - Net sales grew and operating result improved from the previous year.
- Wireless Business Segment
  - Net sales and operating result decreased from the previous year.

In this presentation, the financials for the year 2013 presented for comparison include continuing operations only.

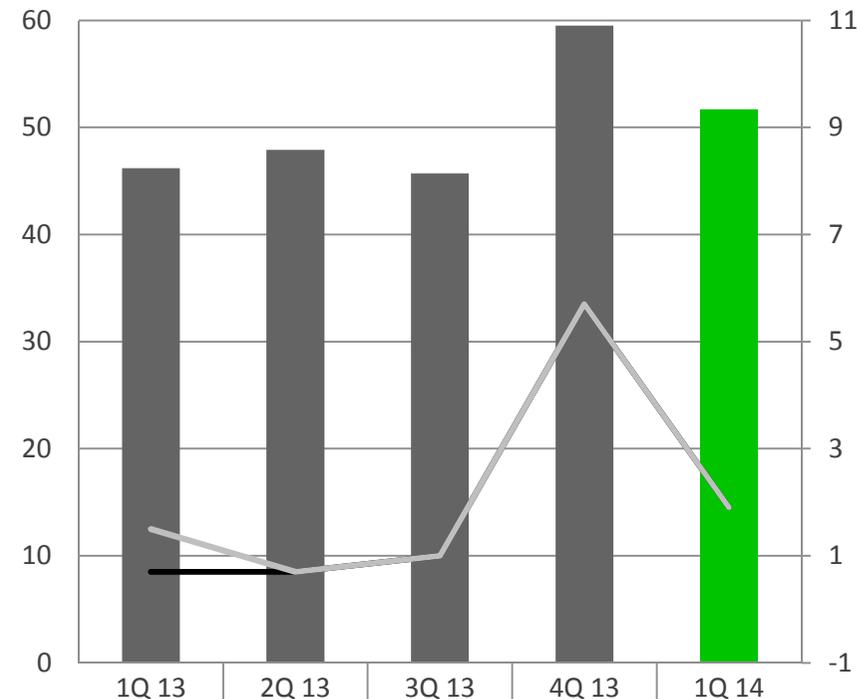


## 1Q 2014: Net sales and operating result increased y-o-y

- Net sales increased by 11.8% to MEUR 51.7 (net sales MEUR 46.2, 1Q 2013).
- Operating profit was MEUR 1.9, representing 3,7 % of net sales (MEUR 0.7, including non-recurring costs of approximately EUR 0,8 million resulting from the cost saving measures in the Wireless Business Segment, 1Q 2013).

Net sales, MEUR

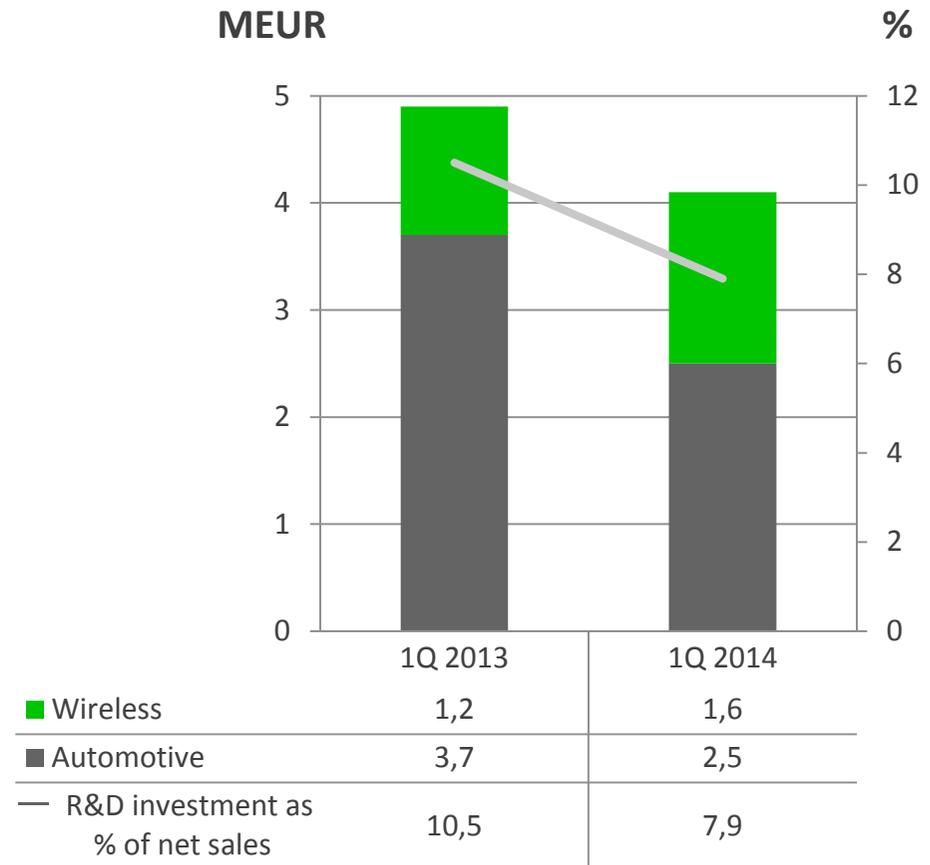
OP, MEUR



■ Net Sales	46,2	47,9	45,7	59,5	51,7
— Operating Result	0,7	0,7	1,0	5,7	1,9
— Operating result w/o non-recurring items	1,5	0,7	1,0	5,7	1,9

## R&D Investments were 7,9 % of the net sales

- R&D investments in 1Q 2014 were MEUR 4.1 equaling 7.9 % of the net sales (MEUR 4.9 in 1Q 2013, equaling 10.5 % of the net sales).
  - R&D investments in Automotive Business Segment were MEUR 2.5 (in automotive software products and tools).
  - R&D investments in Wireless Business Segment's continuing operations were MEUR 1.6 (mainly in products and platforms for the defense and public safety markets).
- MEUR 0.2 was capitalized (MEUR 0.0, in 1Q 2013). Depreciations of R&D investments were MEUR 0.4 (MEUR 0.4 in 1Q 2013).
  - At the end of 1Q 2014 the amount of capitalized R&D expenses was MEUR 11.8.
  - Significant proportion of the capitalized R&D expenses are related to Automotive Business Segment's customer agreements with expected future license fees based on actual in-car software delivery volumes.



## Cash flow in 1Q 2014

MEUR	Q1 2013	Q1 2014	Jan.-Dec. 2013
Net profit +/- adjustment of accrual basis items	2.3	<b>4.5</b>	17.6
Change in net working capital	-1.1	<b>-9.4</b>	18.7
Interests, taxes, and dividends	0.0	<b>-0.8</b>	-1.6
<b>NET CASH FROM OPERATING ACTIVITIES</b>	1.3	<b>-5.7</b>	34.7
Net cash from investing activities	27.8	<b>-1.0</b>	24.4
Net cash from financing activities	0.2	<b>6.2</b>	-30.3
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	29.3	<b>-0.5</b>	28.7

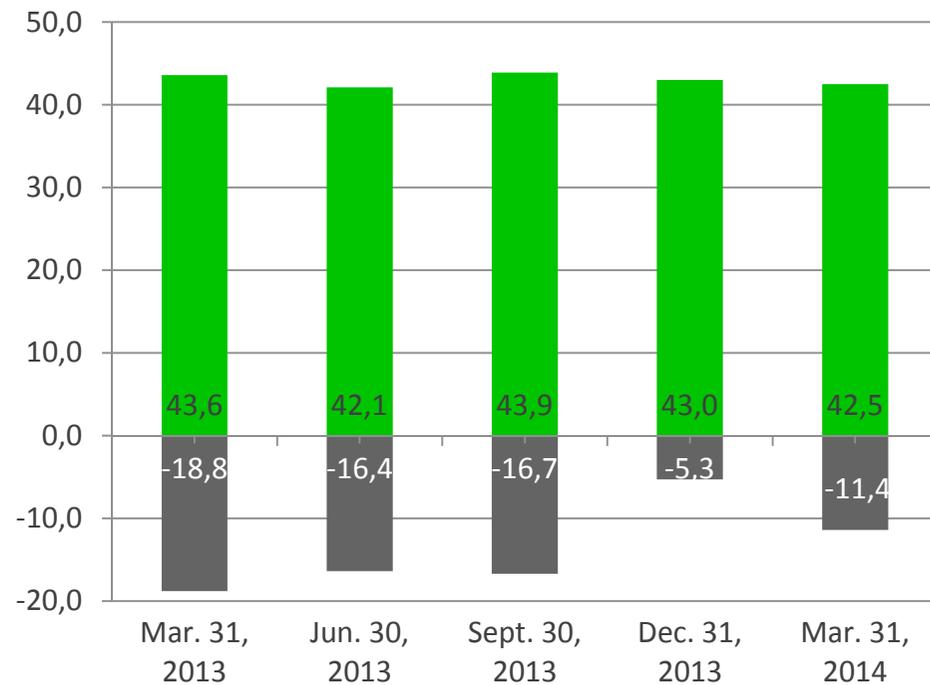
- Cash flow from operating activities in 1Q 2014 amounted to EUR -5.7 million (EUR 1.3 million in 1Q 2013).
- Net cash flow in 1Q 2014 was EUR -0.5 million (EUR 29.3 million in 1Q 2013, including non-recurring net cash flow approximately EUR 28 million resulting from the sale of Test Tools product business).

## Strong cash reserves

- Net debt of MEUR -31.2 at the end of March.
- MEUR 6.7 of the total MEUR 20 credit facilities were in use on March 31, 2014.

### Cash and Liquid Assets and Interest Bearing Debt

MEUR

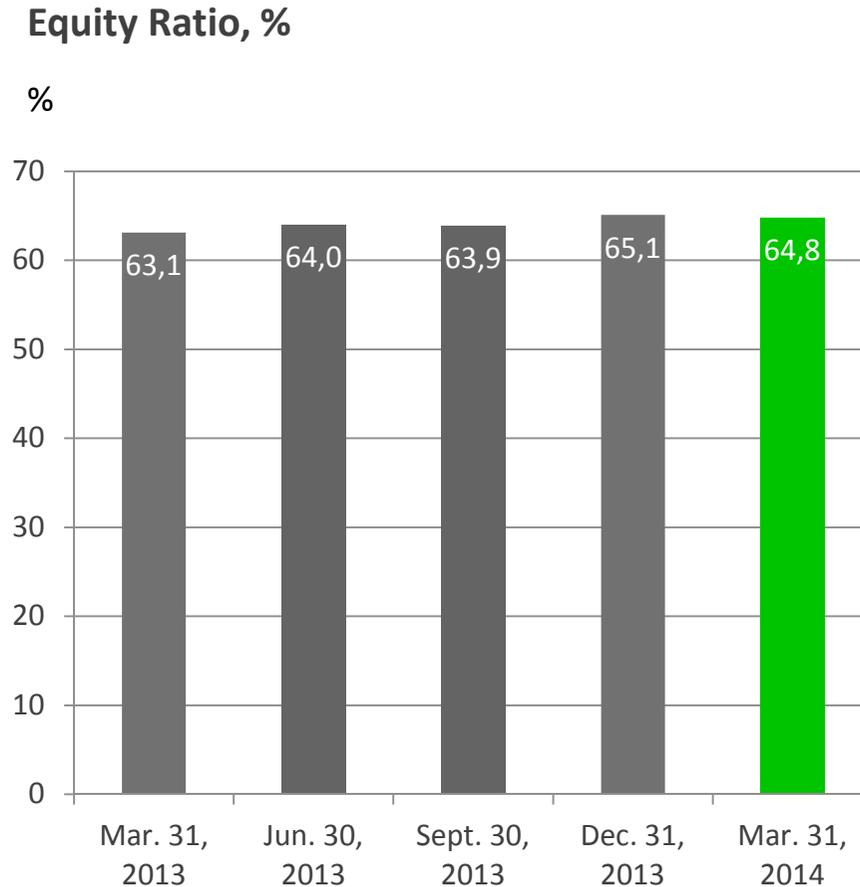


■ Interest bearing debt

■ Cash and liquid assets

## Equity ratio remained at a high level

- Equity ratio increased from previous year and remained at a high level.





Automotive  
Business Segment

## 1Q 2014 – major events

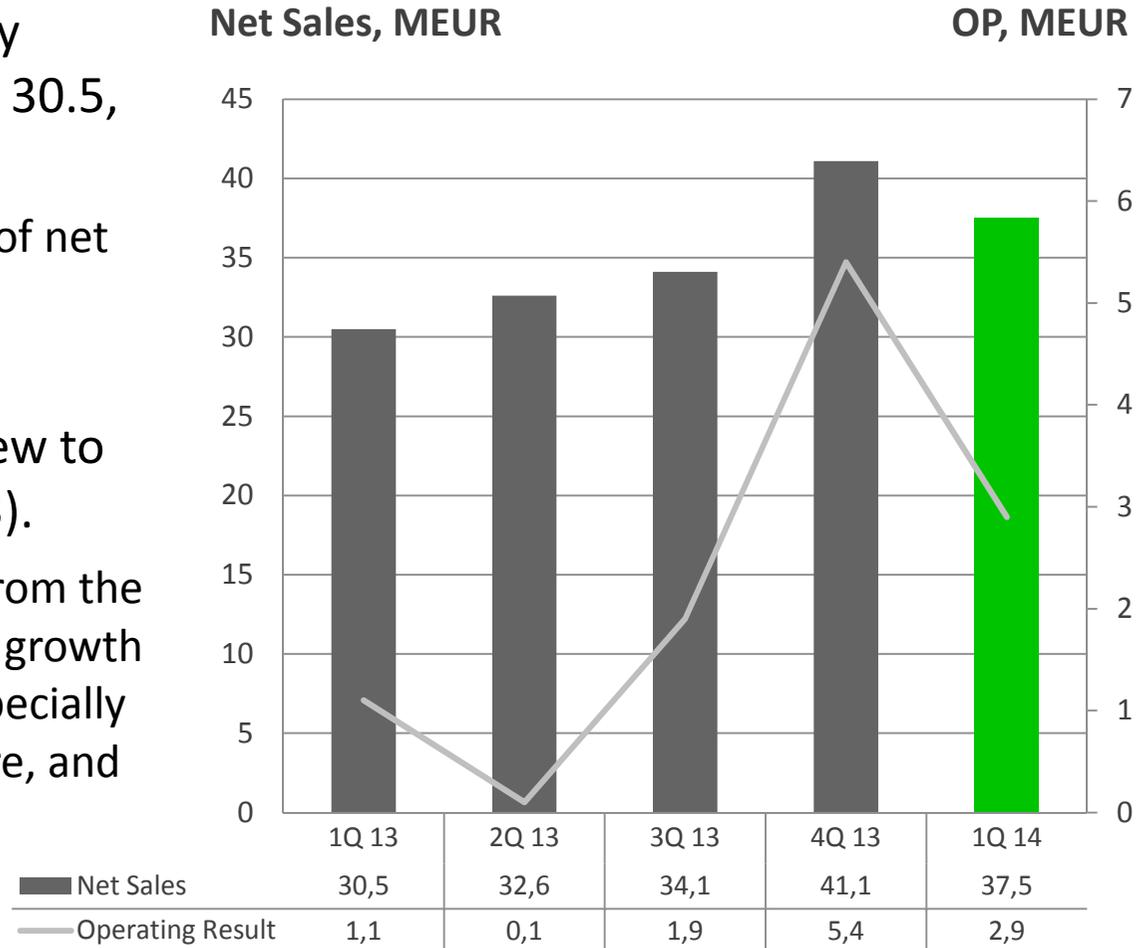
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- Net sales grew and operating result improved from the previous year.
  - The demand for EB's software products and engineering services remained good
- EB and Universite de Sherbrooke in Quebec (Canada) presented urban concept vehicle (Vehicle Urbain Electrique (VUE)) with autonomous driving technology at 2014 International CES in Las Vegas in January.
- EB announced to have developed breakthrough technology to help car makers test complex driver assistance systems.
  - EB Assist Car Data Recorder is a measurement tool that allows product development engineers to record and visualize data during test drives using a common tablet computer without complicated cable installations, monitors or keyboards.

## 1Q 2014 - Net sales and operating profit continued to grow y-o-y

- Net sales in 1Q 2014 grew by 22,9% to MEUR 37.5 (MEUR 30.5, 1Q 13).
  - Strong year-on-year growth of net sales continued.
- 1Q 2014 operating profit grew to MEUR 2.9 (MEUR 1.1, 1Q 13).
  - Operating profit improved from the previous year mainly due to growth of software license sales especially for in-car navigation software, and lower R&D expenses than in previous year.



# Wireless Business Segment



## 1Q 2014 – major events

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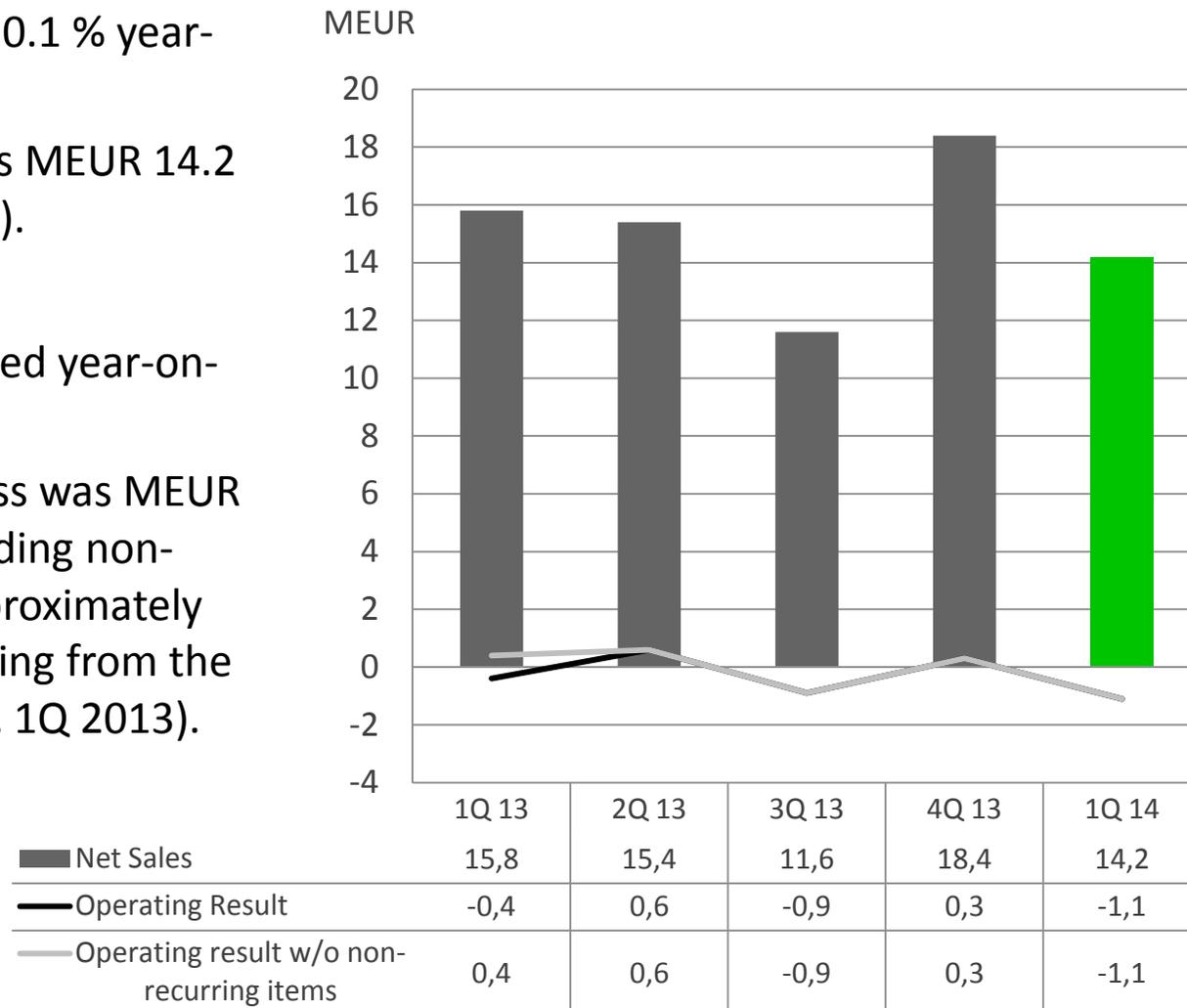


adidas miCoach SMART RUN  
premium running smart watch

- Net sales and operating result decreased from the previous year and were below our targets
  - The main reasons were the decreased demand for R&D services for mobile telecommunications network equipment, delays in acquiring and starting new R&D service projects and delays in some product deliveries.
  - EB has initiated measures to target for cost saving by temporary layoffs in Finland
- EB received small orders for its IP-based tactical communication products, EB Tough VoIP, for test and evaluation purposes from several customers in Europe and USA.
- EB announced a smart watch technology version of its EB Specialized Device Platform (SDP).
  - The platform has been used in the creation of the adidas miCoach SMART RUN premium running smart watch, launched in November 2013.

## 1Q 2014 – Net sales and operating result decreased

- Net sales decreased by 10.1 % year-on-year.
  - 1Q 2014 net sales was MEUR 14.2 (MEUR 15.8, 1Q 2013).
- Operating result decreased year-on-year and was negative.
  - 1Q 2014 operating loss was MEUR -1.1 (MEUR -0.4 including non-recurring costs of approximately EUR 0,8 million resulting from the cost saving measures, 1Q 2013).





# Outlook for 2014

## Outlook for 2014 – Automotive Business Segment

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- The demand for EB's products and services is expected to develop positively year-on-year during 2014 in Automotive Business Segment.
- The global economy is showing signs of recovery, and the global car market is expected to grow by 3% in 2014 according to the forecast made by VDA (Verband der Automobilindustrie, Germany).
- Carmakers continue to invest in software for new car models and the market for automotive software products and services is expected to continue growing.
- Growth in automotive software market in 2014 and beyond is mainly driven by:
  - Growing use software in various parts of new cars as differentiator and factor for innovation.
  - Gradual separation of in-car electronics hardware and software.
  - Consumers expect in the car the same richness of features and user experiences as in smart phones and internet.
  - New application are being introduced by connected car solutions and cloud connections.
  - Introduction of new active safety systems and autonomous driving.

## Outlook for 2014 – Wireless Business Segment

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- The use of LTE technology in mobile telecommunications networks creates the need for R&D services for LTE base station design, due to the need for many product variants for various frequency bands.
  - However, general cost saving pressures in the mobile telecommunication network equipment markets is expected to have a negative impact on the demand for R&D services in this market.
- The trend of adopting new commercial technologies, such as LTE and smart phone related operating systems and applications, is expected to continue in special verticals such as public safety. The specific LTE frequency band allocations for authorities create demand for customized LTE devices, such as EB's specialized terminals, tablets and communication modules.
- The need for R&D services is emerging for connected devices for business or consumer use, such as smart watch and other wearable devices, and creates demand for customized solutions based on EB's product platforms.
- In the defense market, the need for larger amounts of data in tactical communications is generating demand for broadband networks, such as EB's customized IP (Internet Protocol) based tactical communications solutions.
- The public defense budget cuts reduce the demand for products and product development services in Europe and also elsewhere in the world, and simultaneously increase the competition between the suppliers.

## Outlook for 2014 – financial

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EB expects for the year 2014 that net sales and operating result will grow from the previous year (net sales of EUR 199.3 million, and operating profit of EUR 8.1 million, in 2013).

**Net sales growth rate in 2014 is expected to be slower than in the previous year (net sales growth 14.6 per cent, 2013).**

EB's net sales and operating profit are estimated to mainly accumulate in the second half of the year mostly due to the seasonality factors in Automotive Business Segment.

- The growth of net sales and operating profit in 2014 is expected to come mainly or wholly from Automotive Business Segment.
- The profit outlook for 2014 does also not include possible non-recurring income or costs related to the reorganization cases of TerreStar Networks Inc.

## Investors' calendar 2014

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**August 7,  
2014**

Interim Report  
January-June  
2014

**November 6,  
2014**

Interim Report  
January-  
September  
2014

## Q&A

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For participants online or in the call:

All lines have been centrally muted.

To unmute your phone line during QA session press **#5**,  
VoIP audio conference can be unmuted by clicking the microphone button.

**EB Investor Relations:**

CEO Jukka Harju

Tel. +358 40 344 5466

[Investor.relations@elektrobit.com](mailto:Investor.relations@elektrobit.com)



Elektrobit Corporation

Tutkijantie 8

FI - 90590 Oulu

Tel. +358 40 344 2000

[www.elektrobit.com](http://www.elektrobit.com)

