



**Elektrobit Group Plc.**  
**Annual Review 1-12/2004**  
**February 15, 2005**

## **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 Group Plc. disclaims all obligations to update such forward-looking statements except as required by mandatory law.

## Financial Year 2004

- **The primary objective for 2004 was to ensure long-term development and continuity**
  - Resources were added to sales, marketing, competence development and to research and development
  - The Group aimed for a moderate increase in net sales and profitability in 2004
  - The fourth quarter of 2004 was as the third quarter exceptionally strong
- **Net sales and operating profit increased from the level of 2003**
  - Net sales 202.6 MEUR (148.6 MEUR, growth 36.3 %)
  - Operating profit 33.2 MEUR (16.1 MEUR, growth 106.2 %)
- **Capital structure strengthened**
  - Equity ratio 63.0 %
  - Net gearing -23.8 %
  - Cash flow from operations 45.3 MEUR

## **Financial Year 2004**

- **Growth through strategic acquisitions**

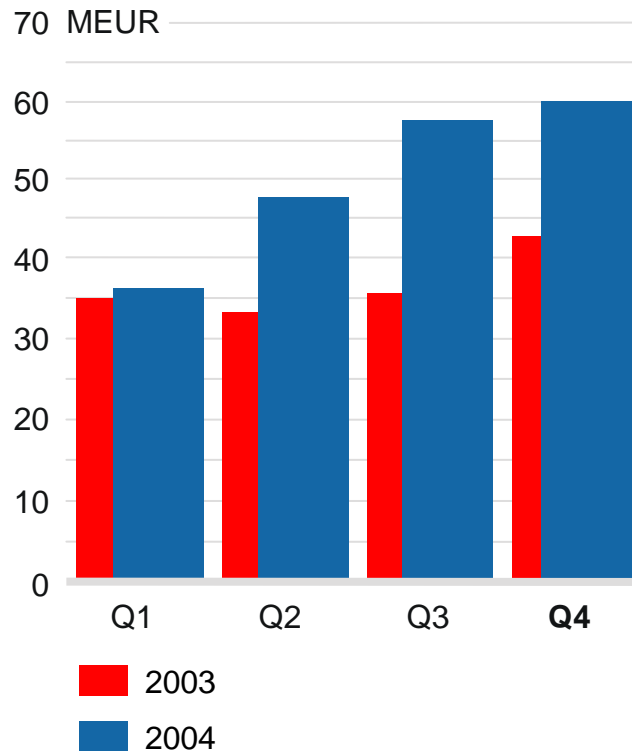
- Competence and customer contact were expanded through three acquisitions.
- These generated 19.5 million euro of net sales, which is approximately 9.6 % of consolidated net sales

- **Board of Directors proposes dividend**

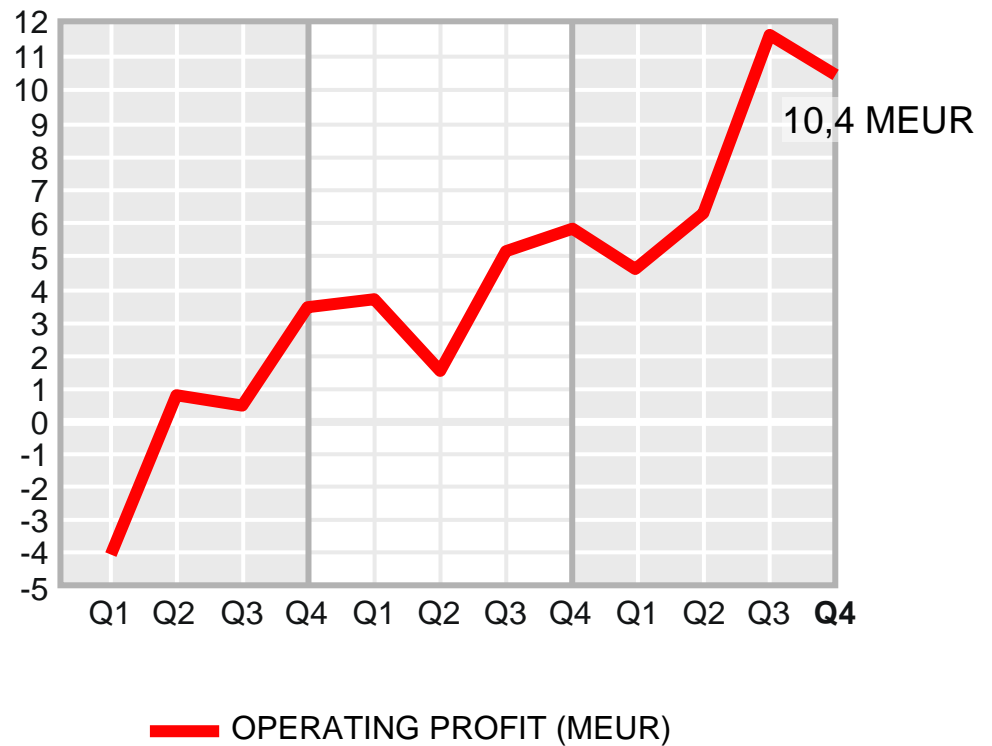
- The Board of Directors proposes that dividends of 0.012 euro per share, a total of 7,764,761.40 euro, shall be paid

## Development of Net Sales and Profitability

**NET SALES Q1/03 – Q4/04**

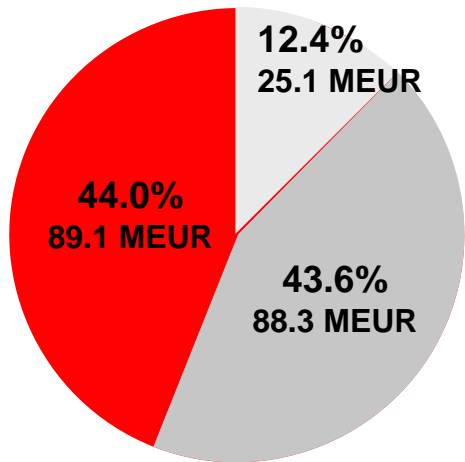


**OPERATING PROFIT Q1/02 – Q4/04**



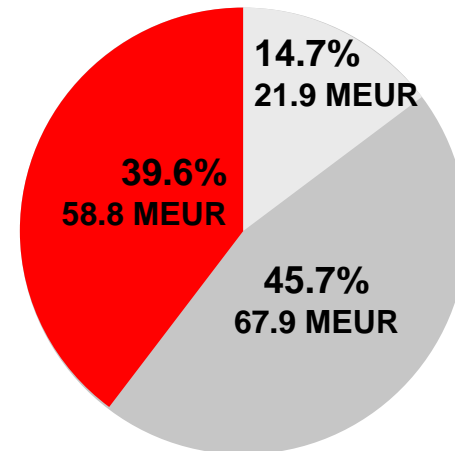
## Net Sales by Business Unit

January – December / 2004



**Net sales 202.6 MEUR**

January – December / 2003

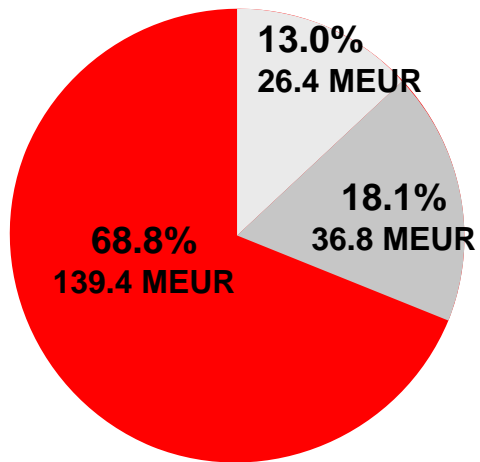


**Net sales 148.6 MEUR**



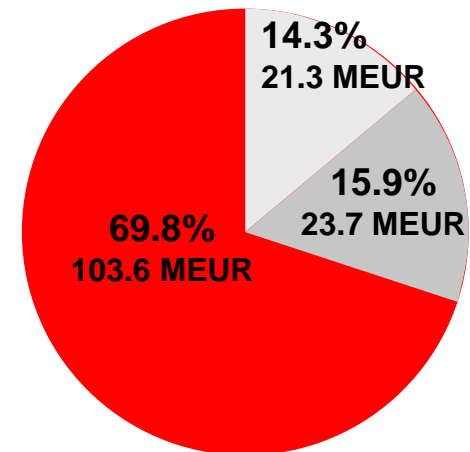
## Net Sales by Market Area

January – December / 2004

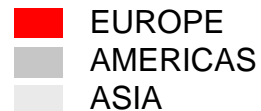


**Net sales 202.6 MEUR**

January – December / 2003



**Net sales 148.6 MEUR**



## Review of the Operating Environment

- **Business environment remained challenging**
  - The predictable period is short and therefore assessing the development of operations was difficult for the entire year
- **Sales volume in mobile devices market increased by about 29%**
  - The number of new players in the mobile communications sector, as well as the number of mobile terminal models and variations continue to increase
  - The number of mobile terminal users increased to over 1.7 billion.  
The sales volume of smart phones continued to increase substantially
- **Customers seeking cost-effective solutions**
  - The downward trend in average prices imposes challenges with regard to the improvement of product development efficiency
- **Trend in network business changed to incipient growth**
  - Operators are boosting their investments in network capacity in the Western world, as well as in new investments in the developing markets of Latin America and Asia
- **Share of electronics and software in cars is growing**
  - Wireless technologies and the number of infotainment applications is increasing
  - The share of software in cars is growing substantially



## Contract R&D 2004

- **Business environment recovered**
  - Net sales 89.1 MEUR (58.8 MEUR) in line with set targets
  - Development in the Americas positive
  - Net sales were improved in part by the consolidation of 3SOFT GmbH and the CIM Technologies Group with the business unit during March 2004, net sales 19.1 MEUR
- **Strengthened market position in the automotive industry**
  - The acquisition of a majority holding in 3SOFT GmbH strengthen the Group's position in the expanding software market for the automotive industry
- **Smart phone product development volume increased**
  - Product development services and comprehensive projects associated with mobile phones is dominating
  - Focus was on smart phone products and associated design services
  - The volume of product development associated with mobile phone base stations increased slightly on the previous year

## Testing 2004

- **Annual periodic variation of demand was concentrated to the second half of the year**
  - Net sales 88.3 MEUR (67.9 MEUR) increased more than expected
  - Third and fourth quarters saw seasonal deliveries of production testing equipment
- **Increasing number of new product variations affected growth**
  - Deliveries of testing and simulation equipment for product development increased significantly on the year 2003
  - The delivery volumes of product-specific testing solutions increased
  - Deliveries of testing and optimization equipment for mobile phone networks exceeded the 2003 level
  - Service business operations associated with testing developed as planned

## Automation Solutions 2004

- **Business environment remained challenging**
  - Net sales 25.1 MEUR (21.9 MEUR) in line with the plans
  - Operating environment was difficult, particularly in the first half of the year and oversupply means that price competition is still intense
- **Improved preconditions for business**
  - The production and R&D operations were centralized in Kuopio and Tallinn. Other units focused on customer relationship management in accordance with their new roles
- **New products on the market**
  - Deliveries of the first new-generation circuit board cutters and laser markers
  - Sales, maintenance and some project engineering were moved closer to the customer

# First Design House to Offer Complete Reference Smartphones based on the Series 60 Platform



## Productization

### - Reducing Development Costs and Time-to-Market -

- Elektrobit's total solution: All engineering work from product concept up to volume manufacturing is outsourced to Elektrobit
- By combining expertise in contract R&D, testing and production automation, Elektrobit offers customers a unique one-stop-shop product and service entity
- Elektrobit products and services for testing and automation speed up the launch of serial production, ensure quality and optimize production costs

Contract  
R&D



Testing



Automation Solutions



## **Outlook for the financial year 2005 and its first quarter**

- The Group is aiming for moderate growth in net sales in 2005 and intends to maintain its good level of profitability and strong balance sheet
- Operating profit for 2005 is expected to fall short of the level achieved in 2004
- Both net sales and operating profit are estimated to focus on the second half of the year
- Adding resources to sales, marketing and competence development, as well as research and development will continue
- Q1/2005 net sales is estimated to be clearly higher than in Q1/2004
- Q1/2005 operating profit is expected to be slightly lower than in Q1/2004
- The decline in relative profitability in the first quarter, compared with the previous year, is due to the increased product development effort and the addition of resources to match the net sales level corresponding to the targeted growth

# Figures

January - December, 2004

## Net Sales and Operating Profit Quarterly

| MEUR<br>*Pro forma         | <b>Oct. - Dec.<br/>Q4/2004</b> | July - Sep.<br>Q3/2004 | Apr. - June<br>Q2/2004 | Jan. - Mar.<br>Q1/2004 | Oct. - Dec.<br>Q4/2003 | <b>Jan. -<br/>Dec.<br/>2004</b> | Jan. -<br>Dec.<br>2003 |
|----------------------------|--------------------------------|------------------------|------------------------|------------------------|------------------------|---------------------------------|------------------------|
| <b>Net sales</b>           | <b>60.2</b>                    | 57.8                   | 48.0                   | 36.7                   | 43.3                   | <b>202.6</b>                    | 148.6                  |
| <b>Operating profit</b>    | <b>10.4</b>                    | 11.9                   | 6.4                    | 4.6                    | 5,8                    | <b>33.2</b>                     | 16.1                   |
| <b>Profit before taxes</b> | <b>10.5</b>                    | 11.6                   | 6.2                    | 4.7                    | 4,8                    | <b>32.9</b>                     | 13.8                   |
| <b>Net profit</b>          | <b>7.2</b>                     | 8.2                    | 4.5                    | 3.5                    | 2.5                    | <b>23.3</b>                     | 8.1                    |
| <b>Net sales</b>           |                                |                        |                        |                        |                        |                                 |                        |
| <b>3SOFT / CIM</b>         | <b>7.2</b>                     | 4.4                    | 5.8                    | 1.6                    |                        |                                 |                        |



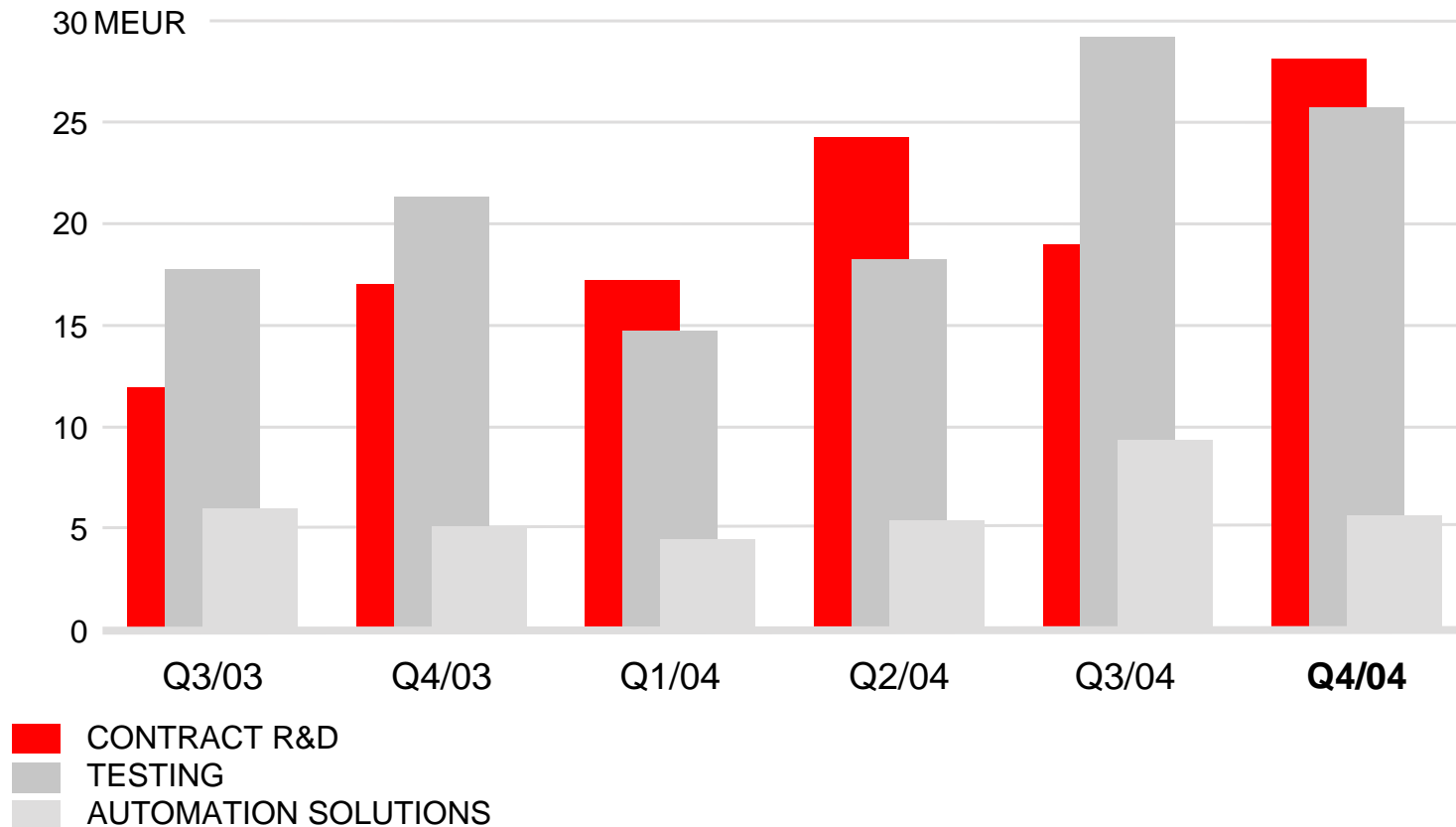
## Net Sales by Business Units

### Quarterly

| MEUR<br>*Pro forma          | <b>Oct. - Dec.<br/>Q4/2004</b> | July - Sep.<br>Q3/2004 | Apr. - June<br>Q2/2004 | Jan. - Mar.<br>Q1/2004 | Oct. - Dec.<br>Q4/2003 | <b>Jan. -<br/>Dec.<br/>2004</b> | Jan. -<br>Dec.<br>2003 |
|-----------------------------|--------------------------------|------------------------|------------------------|------------------------|------------------------|---------------------------------|------------------------|
| <b>Contract R&amp;D</b>     | <b>28.4</b>                    | 19.1                   | 24.3                   | 17.3                   | 17.0                   | <b>89.1</b>                     | 58.8                   |
| <b>Testing</b>              | <b>25.9</b>                    | 29.2                   | 18.3                   | 14.9                   | 21.3                   | <b>88.3</b>                     | 67.9                   |
| <b>Automation Solutions</b> | <b>5.9</b>                     | 9.4                    | 5.4                    | 4.5                    | 5.0                    | <b>25.1</b>                     | 21.9                   |
| <b>Yhteensä</b>             | <b>60.2</b>                    | 57.8                   | 48.0                   | 36.7                   | 43.3                   | <b>202.6</b>                    | 148.6                  |
| <b>3SOFT / CIM</b>          | <b>7.2</b>                     | 4.4                    | 5.8                    | 1.6                    |                        |                                 |                        |

## Net Sales by Business Units

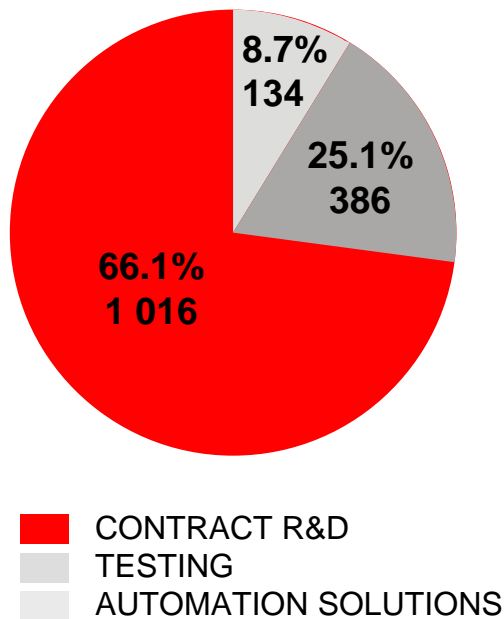
### Q2/03 – Q4/04



## Personnel

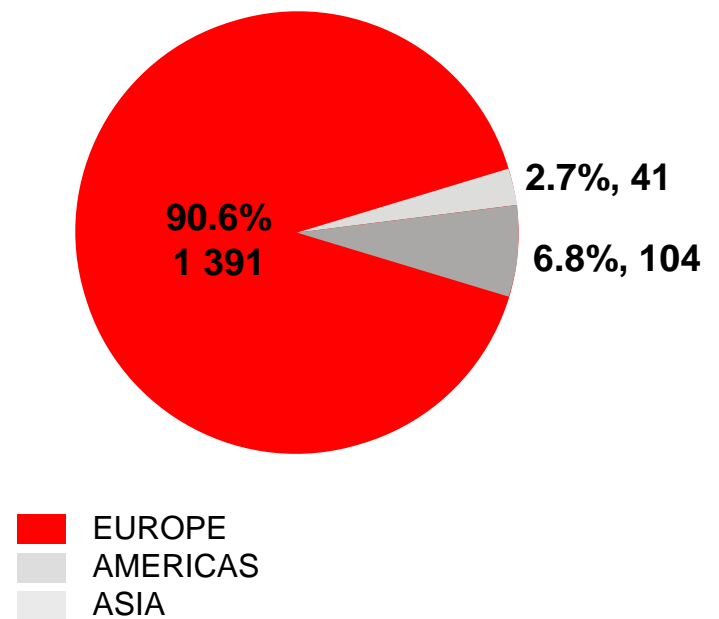
December 31, 2004

### BY BUSINESS UNITS



**Total 1 536**

### BY MARKET AREAS



## Income Statement Quarterly

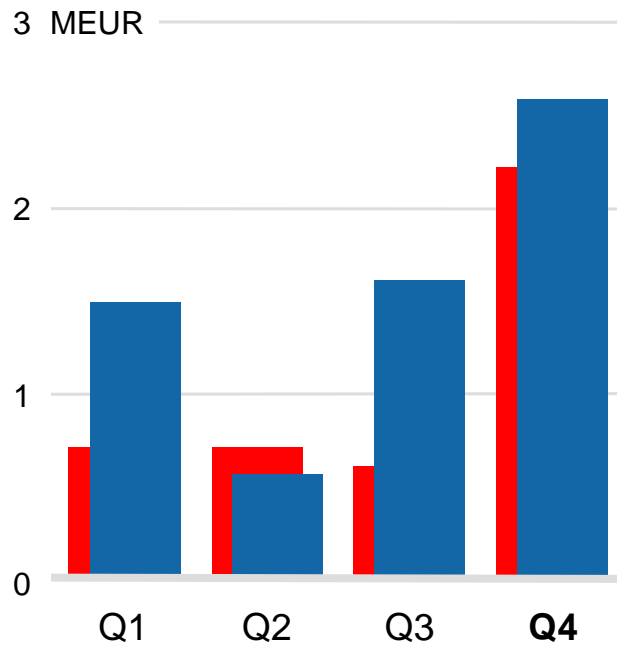
### Q3/03 – Q4/04

| MEUR<br>*Pro forma                               | Oct. - Dec.<br>Q4/2004 | July - Sep.<br>Q3/2004 | Apr. - June<br>Q2/2004 | Jan. - Mar.<br>Q1/2004 | Oct. - Dec.<br>Q4/2003 | Jan. -<br>Dec.<br>2004 | Jan. -<br>Dec.<br>2003 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Net sales</b>                                 | <b>60,2</b>            | 57,8                   | 48,0                   | 36,7                   | 43,3                   | <b>202,6</b>           | 148,6                  |
| Change in work in progress<br>and finished goods | -2,7                   | 2,3                    | 0,6                    | 1,0                    | -0,9                   | 1,1                    | -1,0                   |
| Other operating income                           | 1,0                    | 0,9                    | 0,8                    | 0,7                    | 0,4                    | 3,4                    | 2,0                    |
| Expenses   | -43,2                  | -44,8                  | -40,7                  | -31,8                  | -33,6                  | -160,7                 | -123,7                 |
| Depreciation and reduction in<br>value           | -4,8                   | -4,2                   | -2,4                   | -2,0                   | -3,2                   | -13,3                  | -9,7                   |
| <b>Operating profit</b>                          | <b>10,4</b>            | 11,9                   | 6,4                    | 4,6                    | 5,8                    | <b>33,2</b>            | 16,1                   |
| Financial income and<br>expenses                 | 0,0                    | -0,3                   | -0,2                   | 0,2                    | -1,0                   | -0,3                   | -2,3                   |
| <b>Profit before<br/>extraordinary items</b>     | <b>10,5</b>            | 11,6                   | 6,2                    | 4,7                    | 4,8                    | <b>32,9</b>            | 13,8                   |
| Extraordinary items                              | 0,0                    | 0,0                    | 0,0                    | 0,0                    | 0,0                    | 0,0                    | 0,0                    |
| <b>Profit before taxes</b>                       | <b>10,5</b>            | 11,6                   | 6,2                    | 4,7                    | 4,8                    | <b>32,9</b>            | 13,8                   |
| Income tax                                       | -3,2                   | -3,3                   | -1,7                   | -1,3                   | -1,9                   | -9,5                   | -5,3                   |
| Minority interest                                | -0,1                   | -0,1                   | 0,1                    | 0,0                    | -0,4                   | -0,1                   | -0,3                   |
| <b>Net profit</b>                                | <b>7,2</b>             | 8,2                    | 4,5                    | 3,5                    | 2,5                    | <b>23,3</b>            | 8,1                    |

## Gross Investments and Depreciation Q1/03 – Q4/04

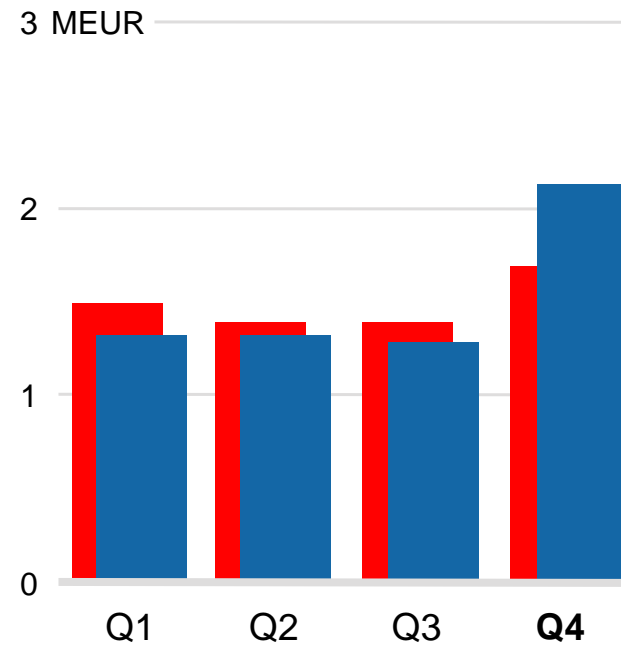
### GROSS INVESTMENTS

(excluding properties and acquisitions)



### DEPRECIATION

(excluding goodwill)



■ 2003      ■ 2004

## Depreciations vs. Investments

| MEUR                       | Depreciations<br>2004 | Increase<br>2004 | Book value<br>31.12.2004 |                                      |
|----------------------------|-----------------------|------------------|--------------------------|--------------------------------------|
| Development<br>expenditure | 0.7                   | 0.0              | 0.1                      |                                      |
| Intangible rights          | 1.0                   | 1.5              | 1.5                      | Patents, software licenses           |
| Goodwill                   | 0.2                   | 0.0              | -                        |                                      |
| Group goodwill             | 7.2                   | 18.6             | 16.2                     |                                      |
| Long term expend.          | 0.9                   | 0.6              | 1.4                      | Elementary capital improvements etc. |
| Intangible total           | 10.0                  | 20.7             | 19.1                     |                                      |
| Tangible total             | 3.3                   | 2.2              | 26.0                     |                                      |
| Investments                | -                     | 3.2              | 9.7                      |                                      |
| <b>TOTAL</b>               | <b>13.3</b>           | <b>26.2</b>      | <b>54.8</b>              |                                      |
| Liquidations               |                       | 3.6              |                          |                                      |
| <b>Net investments</b>     |                       | <b>22.6</b>      |                          |                                      |

## Balance Sheet

### Q3/03 – Q4/04

| MEUR  | Dec. 31,<br>2004 | Sep. 30,<br>2004 | June 30,<br>2004 | Mar. 31,<br>2004 | Dec 31,<br>2003 | Sep. 30<br>2003 |
|---|------------------|------------------|------------------|------------------|-----------------|-----------------|
| <b>Assets</b>                                     |                  |                  |                  |                  |                 |                 |
| <b>Non-current assets</b>                         | <b>54.8</b>      | 57.3             | 61.1             | 62.9             | 45.7            | 47.3            |
| <b>Current assets</b>                             | <b>120.2</b>     | 111.4            | 95.5             | 86.3             | 96.6            | 93.5            |
| <b>Total assets</b>                               | <b>175.0</b>     | 168.7            | 156.7            | 149.3            | 142.3           | 140.9           |
| <b>Shareholders' equity and liabilities</b>       |                  |                  |                  |                  |                 |                 |
| <b>Share capital</b>                              | <b>12.9</b>      | 12.9             | 12.9             | 12.9             | 12.6            | 12.6            |
| <b>Total equity</b>                               | <b>107.2</b>     | 98.5             | 90.3             | 85.7             | 80.4            | 77.9            |
| <b>Minority interest</b>                          | <b>0.9</b>       | 1.0              | 0.9              | 1.2              | 1.9             | 2.6             |
| <b>Long term liabilities</b>                      | <b>17.4</b>      | 19.9             | 20.5             | 20.4             | 21.1            | 23.0            |
| <b>Short term liabilities</b>                     | <b>46.9</b>      | 49.3             | 45.0             | 42.0             | 38.9            | 37.4            |
| <b>Shareholders' equity and liabilities total</b> | <b>175.0</b>     | 168.7            | 156.7            | 149.3            | 142.3           | 140.9           |

## Cash Flow

| MEUR  | Jan. - Dec. 2004 | Jan. - Dec. 2003 |
|---|------------------|------------------|
| <b>Profit before extraordinary items</b>                      | <b>32.9</b>      | 13.8             |
| <b>Depreciations</b>  | <b>13.3</b>      | 9.7              |
| <b>Share of results of associated companies</b>               | <b>0.1</b>       | 0.1              |
| <b>Financial income and expenses</b>                          | <b>0.3</b>       | 2.3              |
| <b>Total</b>  | <b>46.7</b>      | 26.0             |
| <b>Change in net working capital</b>                          | <b>8.4</b>       | 3.3              |
| <b>Interests, taxes, and dividends</b>                        | <b>-9.8</b>      | -7.6             |
| <b>Operational cash flow</b>                                  | <b>45.3</b>      | 21.6             |
| <b>Net cash used in investing activities</b>                  | <b>-22.6</b>     | -3.2             |
| <b>Net cash used in financial activities</b>                  | <b>-3.6</b>      | -5.1             |
| <b>Net change in cash and cash equivalents</b>                | <b>19.1</b>      | 13.4             |
| <b>Change in minority interest and translation difference</b> | <b>-1.2</b>      | 0.1              |
| <b>Change in cash in balance sheet</b>                        | <b>17.9</b>      | 13.5             |

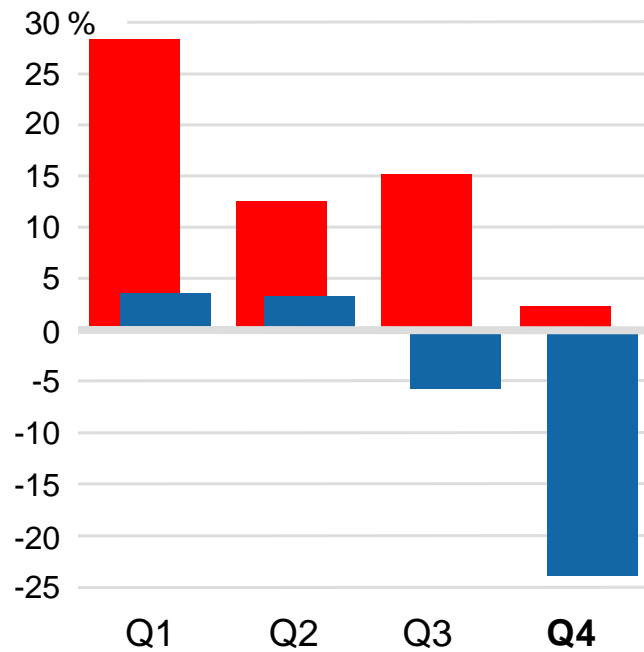


## Key Figures

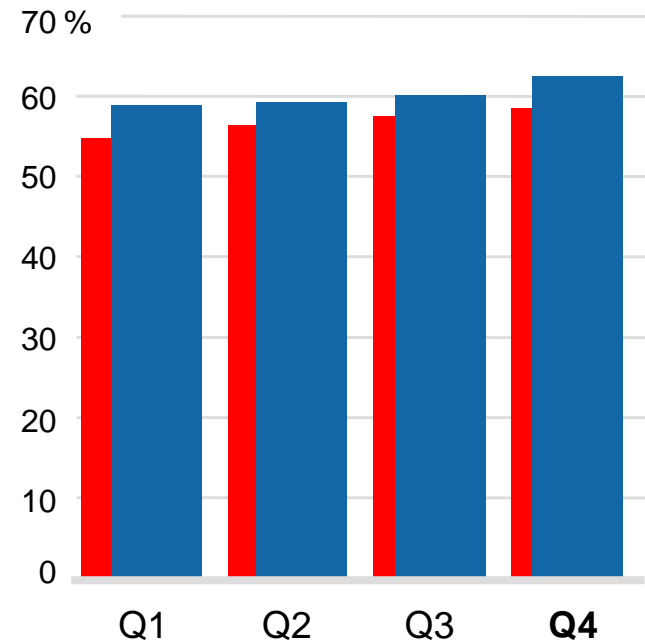
|   | <b>Jan. - Dec. 2004</b> | Jan. - Dec. 2003 | Change<br>% |
|---|-------------------------|------------------|-------------|
| <b>Net sales, MEUR</b>                        | <b>202.6</b>            | 148.6            | 36.4        |
| <b>Operating profit, MEUR</b>                 | <b>33.2</b>             | 16.1             | 106.5       |
| <b>Operating profit, % of net sales</b>       | <b>16.4</b>             | 10.8             |             |
| <b>Profit before taxes, MEUR</b>              | <b>32.9</b>             | 13.8             | 139.0       |
| <b>Net Profit, MEUR</b>                       | <b>23.3</b>             | 8.1              | 187.2       |
| <b>Equity, MEUR</b>                           | <b>107.2</b>            | 80.4             | 33.4        |
| <b>Balance sheet total, MEUR</b>              | <b>175.0</b>            | 142.3            | 23.0        |
| <b>Personnel at the period end</b>            | <b>1 536</b>            | 1 088            | 41.2        |
| <b>Return on investment -% (ROI)</b>          | <b>29.4</b>             | 16.4             |             |
| <b>Interest bearing net liabilities, MEUR</b> | <b>-25.8</b>            | 1.9              |             |
| <b>Net gearing, %</b>                         | <b>-23.8</b>            | 2.3              |             |
| <b>Equity ratio, %</b>                        | <b>63.0</b>             | 58.6             |             |
| <b>Earnings per share, EUR</b>                | <b>0.0364</b>           | 0.0129           | 182.2       |

## Net Gearing and Equity Ratio Q1/03 – Q4/04

### NET GEARING



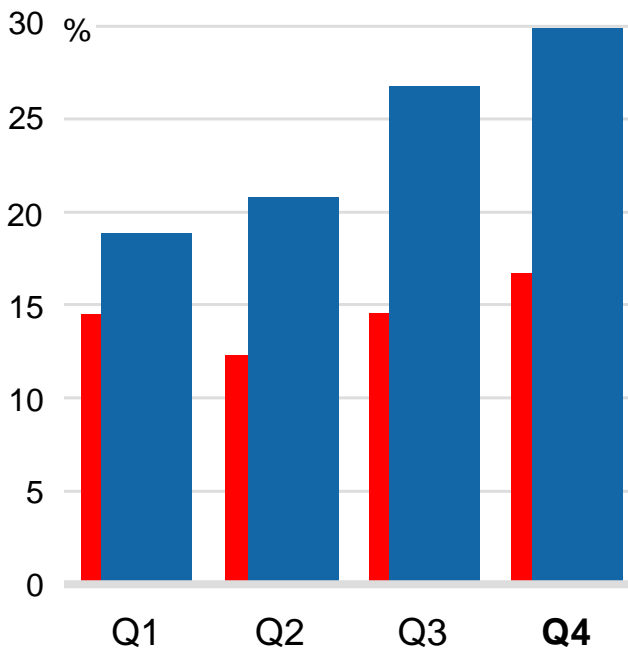
### EQUITY RATIO



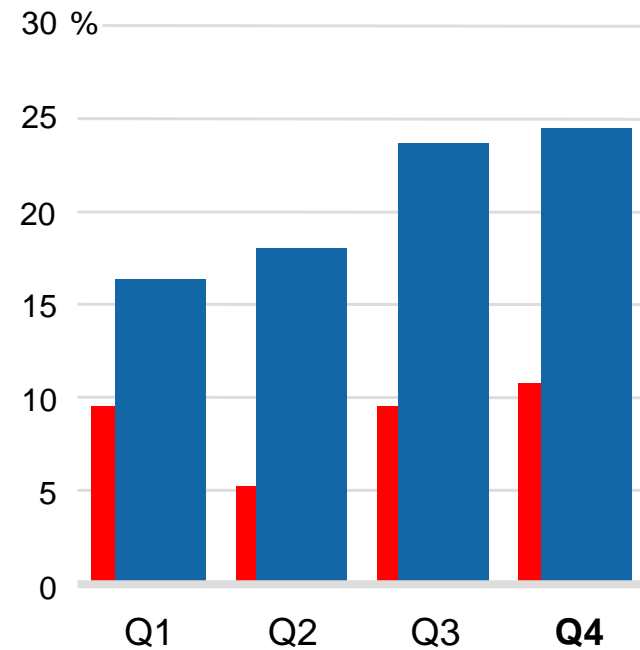
■ 2003      ■ 2004

## Return on Investment and Equity Q1/03 – Q4/04

**RETURN ON INVESTMENT  
(ROI)**



**RETURN ON EQUITY  
(ROE)**



■ 2003
 ■ 2004

## Appendix

## Shareholders

### December 31, 2004

| Shareholder  | Number of Shares   | % of Shares and Votes |
|--|--------------------|-----------------------|
| 1. Hulkko Juha, Chairman of the Board of the Directors | 139 520 884        | 21.6                  |
| 2. Hildén Kai  | 54 156 898         | 8.4                   |
| 3. Veikkolainen Erkki                                  | 52 243 898         | 8.1                   |
| 4. Halonen Eero, Member of the Board of the Directors  | 48 411 077         | 7.5                   |
| 5. Sipilä Juha, CEO - and Fortel Companies *           | 44 764 481         | 6.9                   |
| 6. Harju Jukka   | 38 198 372         | 5.9                   |
| 7. Laine Seppo   | 11 576 321         | 1.8                   |
| 8. Head Invest Oy                                      | 9 100 000          | 1.4                   |
| 9. Irish Life International                            | 8 282 800          | 1.3                   |
| 10. Ilmarinen Mutual Pension Insurance Company         | 6 109 134          | 0.9                   |
| 11. OP-Suomi Kasvu Investment Fund                     | 3 118 700          | 0.5                   |
| 12. FIM Fenno Investment Fund                          | 2 972 100          | 0.5                   |
| 13. Fössel Otto  | 2 807 317          | 0.4                   |
| 14. Haas Johann  | 2 807 317          | 0.4                   |
| 15. Göttlicher Rainer                                  | 2 807 317          | 0.4                   |
| 16. Jakkula Pekka                                      | 2 082 057          | 0.3                   |
| 17. Odin Finland                                       | 2 065 100          | 0.3                   |
| 18. Mutual Insurance Company Pension Fennia            | 2 006 900          | 0.3                   |
| 19. Saastamoinen Jouni                                 | 2 000 000          | 0.3                   |
| 20. Mutual Insurance Company Tapiola                   | 1 993 500          | 0.3                   |
| Other (incl. administrative registered)                | 210 039 277        | 32.5                  |
| <b>Total</b>   | <b>647 063 450</b> | <b>100,0</b>          |

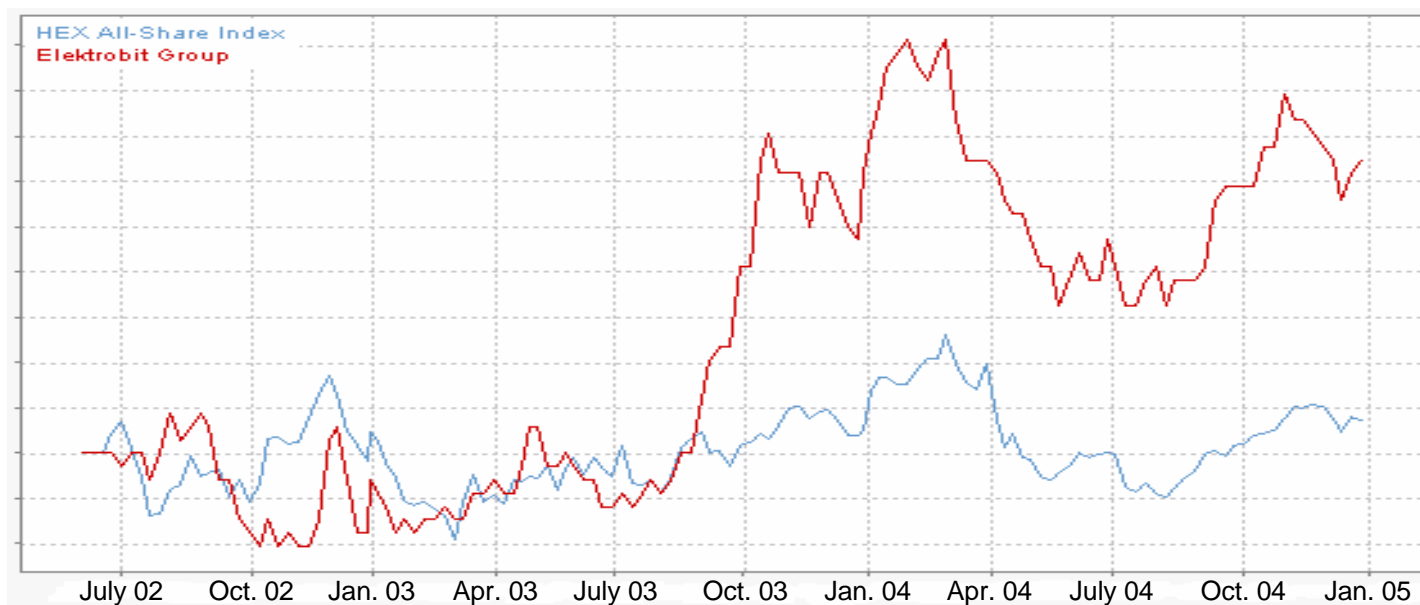
## Breakdown of Shareholders by Shareholding

### December 31, 2004

| Breakdown of Shareholders                             | Number of Shareholders | % of Shareholders | % of Shares and Votes |
|---|------------------------|-------------------|-----------------------|
| <b>Private companies and housing associations</b>     | 1 729                  | 4.2               | 11.2                  |
| <b>Financial institutions and insurance companies</b> | 74                     | 0.2               | 3.0                   |
| <b>Public companies and corporations</b>              | 28                     | 0.1               | 1.6                   |
| <b>Non-profit organizations</b>                       | 142                    | 0.3               | 1.4                   |
| <b>Private investors</b>                              | 39 404                 | 94.9              | 78.1                  |
| <b>Foreign owned</b>                                  | 156                    | 0.4               | 3.3                   |
| <b>Administrative registered</b>                      | 10                     | 0.0               | 1.4                   |
| <b>Total</b>  | 41 543                 | 100.0             | 100.0                 |

## Share Development

June 3, 2002 – December 31, 2004



### Turnover January – December, 2004

- Number of shares, 1000 pcs 140 356
- MEUR 79.9

### Share price (EUR)

- Highest 0.69
- Lowest 0.43

### Market Capitalization December 31, 2004

- MEUR 362

### Share capital and shares

- Share capital MEUR 12,9
- Number of shares 647 063 450

## Information for Investors

### Financial Reports 2005

Elektrobit Group Plc. reports its financial development quarterly.

In 2005 Elektrobit Group Plc. will publish three Interim Reports as follows:

|            |                                     |
|------------|-------------------------------------|
| May 11     | Interim Report, January - March     |
| August 3   | Interim Report, January - June      |
| November 2 | Interim Report, January - September |

### The Annual General Shareholders' Meeting

The Annual General Shareholders' Meeting will take place on Thursday, March 17, 2004 at 12.00 a.m. in Oulunsalo-talo, Oulunsalo, Finland.

### Investor Relations

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