



EB, Elektrobit Corporation Interim Report 1H 2010

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August 6, 2010

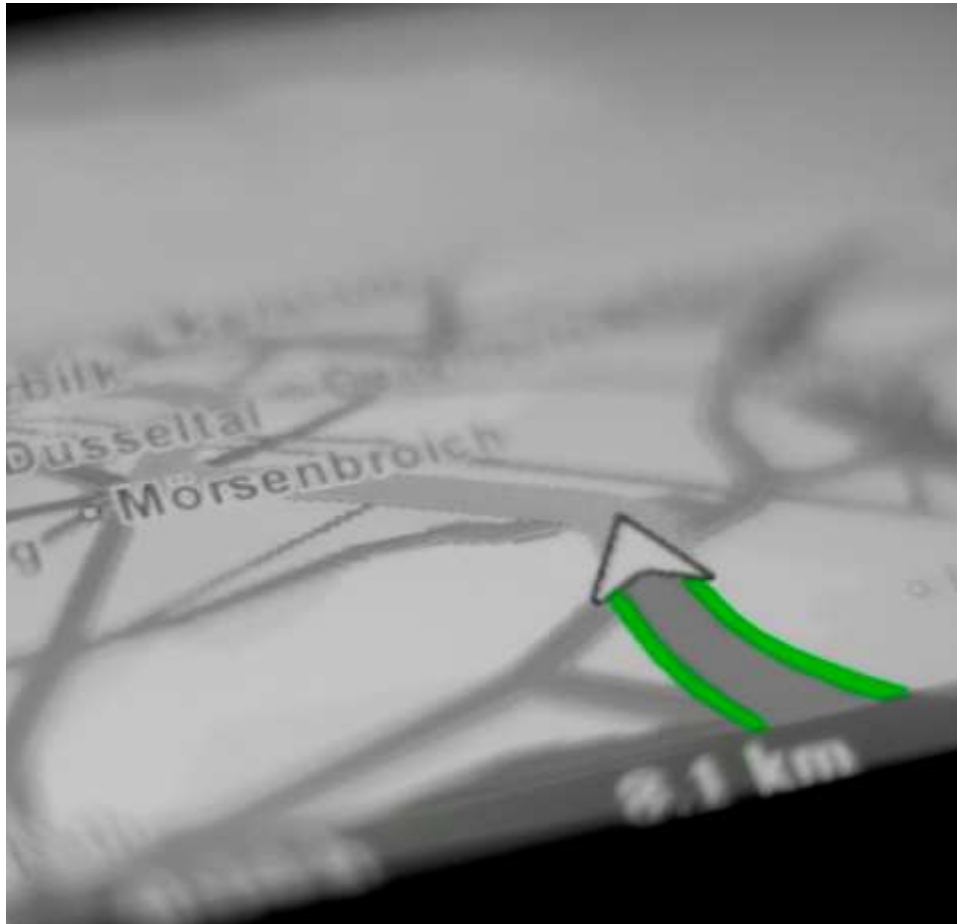
Forward-looking Statements

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2Q 2010 Highlights

- Profitability improved from last year



- Growth in net sales in both Business Segments
- Clear profitability improvement
 - Market recovered especially in the automotive industry
 - Continuing to improve profitability remains as our main objective
- Strong balance sheet
 - 2Q cash flow negative
- Clearly increased investments in own R&D in both Business Segments

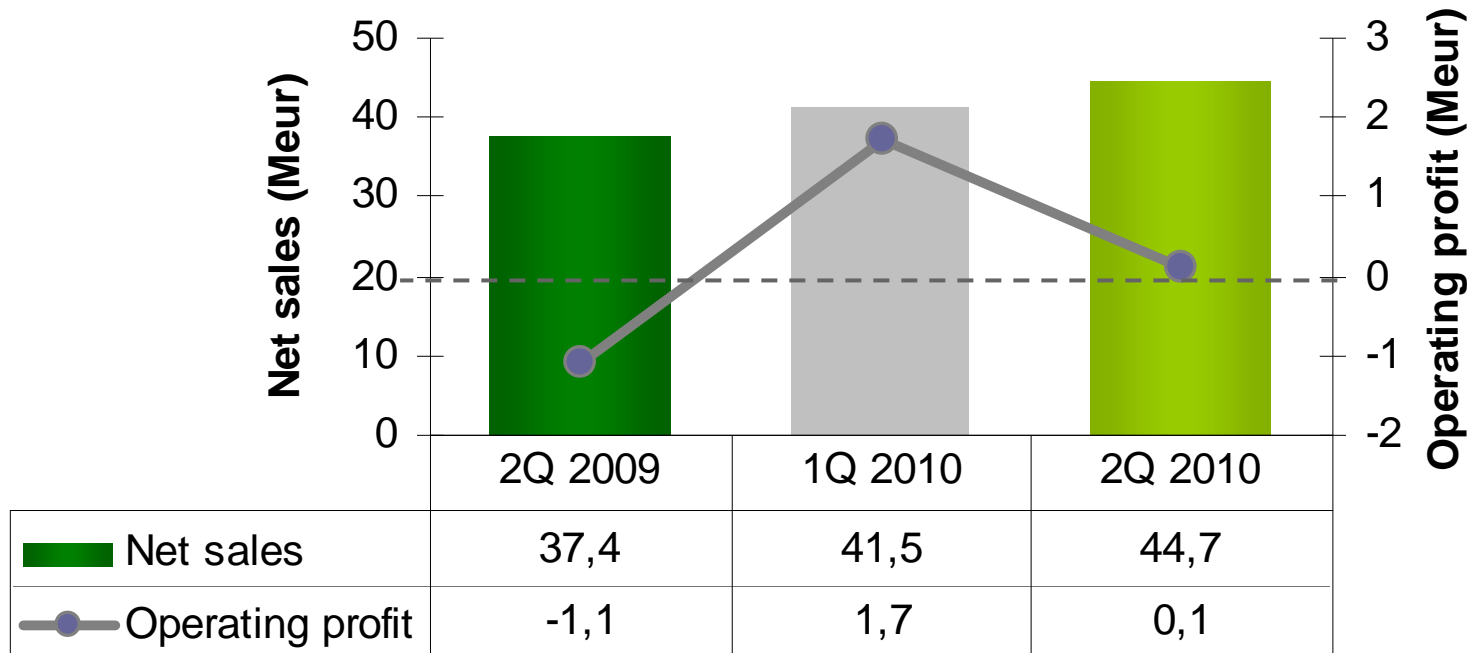
Agenda



- Financial Performance in 2Q and 1H 2010
- Business Segment Highlights in 2Q 2010
- Outlook for 2H 2010
- Q&A

Strong Sales Growth in 2Q 2010

- Profitability improved Y-on-Y

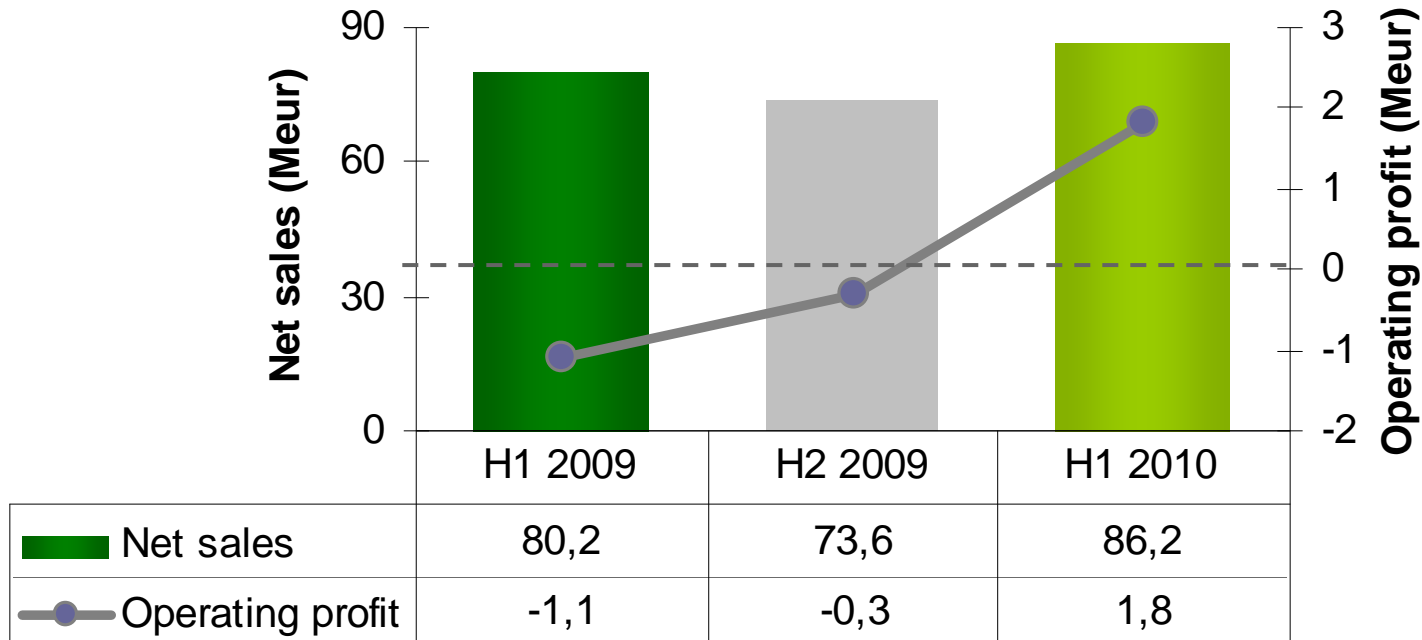


- Increased net sales Y-on-Y (growth of 19.6%)
- Positive operating profit
- Continuing to improve profitability remains as our main objective
- EPS at EUR -0.01



Improved Performance in 1H 2010

- Clear improvement in profitability



- Increased net sales Y-on-Y (growth of 7.5%)
- Clear profitability improvement Y-on-Y as well as sequentially from 2H 2009
- EBITDA at MEUR 6.1, or 7.1% of net sales (MEUR 4.0, or 5.0% in 1H 2009)
- EPS -0.01



1H Cash Flow Positive Due to Strong 1Q

- Major improvement Y-on-Y

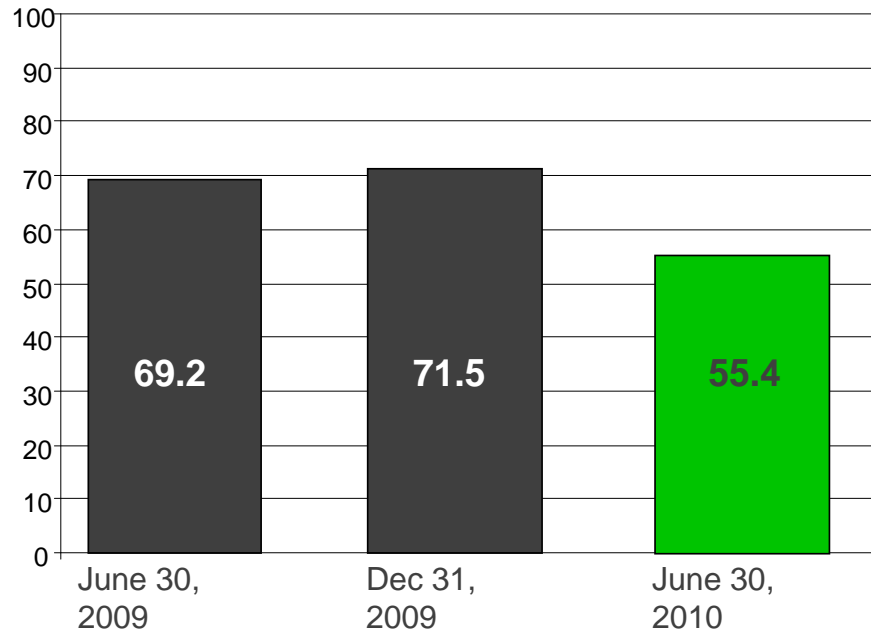
MEUR	1H 2010	1H 2009	Jan. - Dec. 2009
- net profit +/- adjustment of accrual basis items	+6.7	+3.6	+5.6
- change in net working capital	+3.1	-7.1	-3.8
- interests, taxes, and dividends	-3.7	-0.1	-1.4
NET CASH FROM OPERATING ACTIVITIES	+6.1	-3.7	+0.4
- net cash from investing activities	-2.4	-2.1	-3.4
- net cash from financing activities	-2.8	-2.5	-6.5
NET CHANGE IN CASH AND CASH EQUIVALENTS	+0.9	-8.3	-9.5

- Cash flow from business operations amounted to MEUR 6.1 (MEUR -3.7 in 1H 2009).
 - Positive operating result in both business segments
 - Improved NWC (mainly through increased advance payments)
- 2Q operating cash flow at MEUR -4.5 and net cash flow at MEUR -7.1
- Cash and other liquid assets totaled MEUR 60.0 (MEUR 60.3 in June 30, 2009)
 - Not reflecting the planned distribution of equity refund of MEUR 25.9

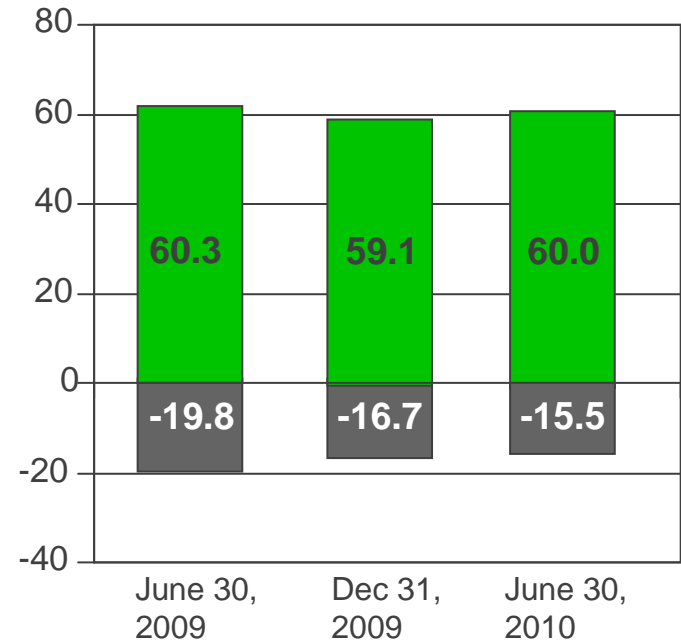


Balance Sheet Remained Strong

Equity ratio, %



Cash and liquid assets & interest bearing debt, MEUR



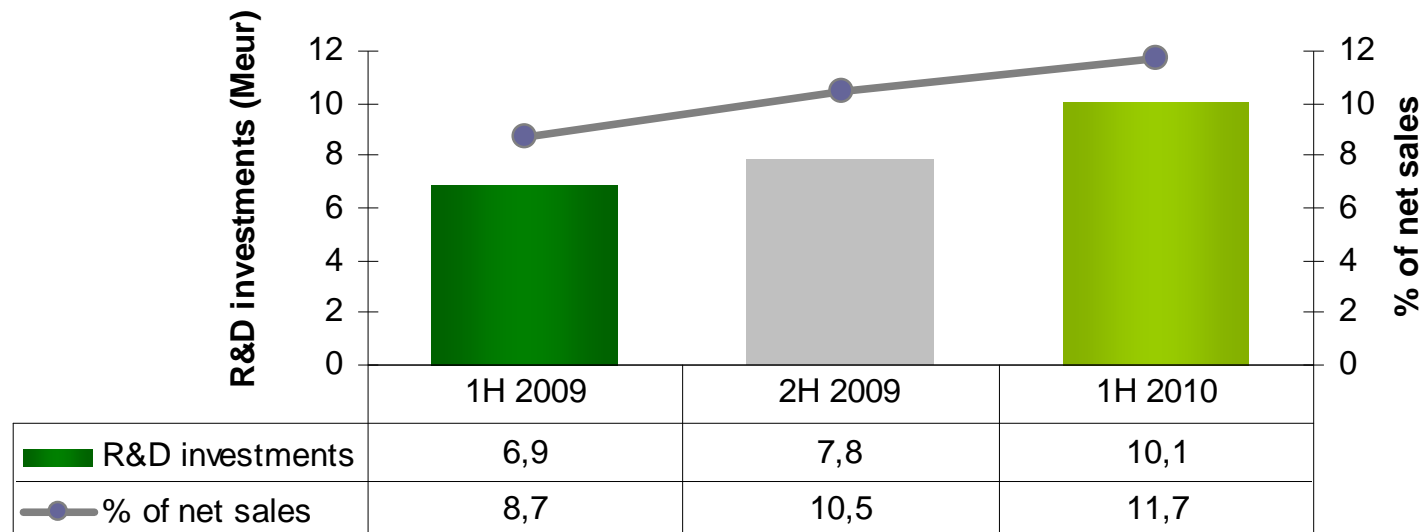
- Equity ratio remained strong despite of the equity refund booked in 1Q 2010

- Net debt free balance sheet



Clearly Increased Investments in Own R&D

- According to the strategy and net sales growth



- EB continued investing in:
 - Automotive software products and tools, radio channel emulation products and Wireless Solutions product platforms
- MEUR 1.7 were capitalized

Highlights during 2Q 2010

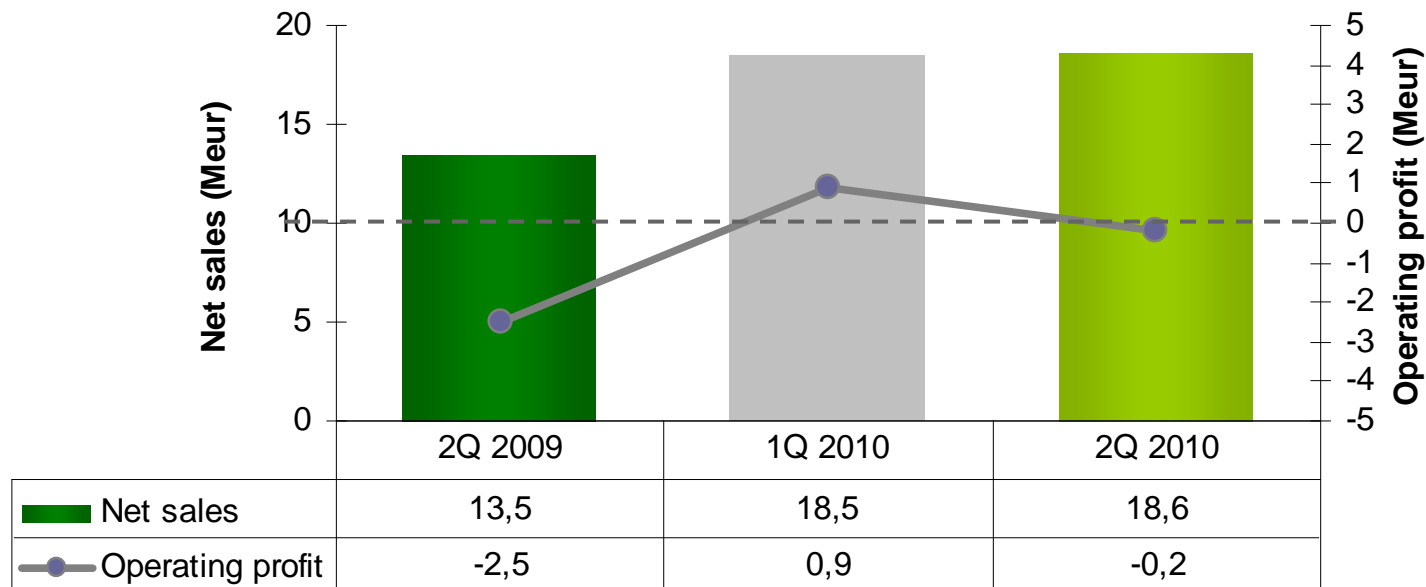
- Automotive Business Segment



- Demand for automotive products and services improved year-on-year and the market recovery continued.
- EB continued to investigate the possibility to expand its business to driver assistance applications.
 - EB introduced the EB Assist ADTF, a driver assistant development environment that significantly accelerates the software development process of driver assistance systems.
- EB announced it will start offering the Infotainment Software Suite developed by e.solutions (EB & Audi Joint Venture).

Automotive Business Segment 2Q 2010

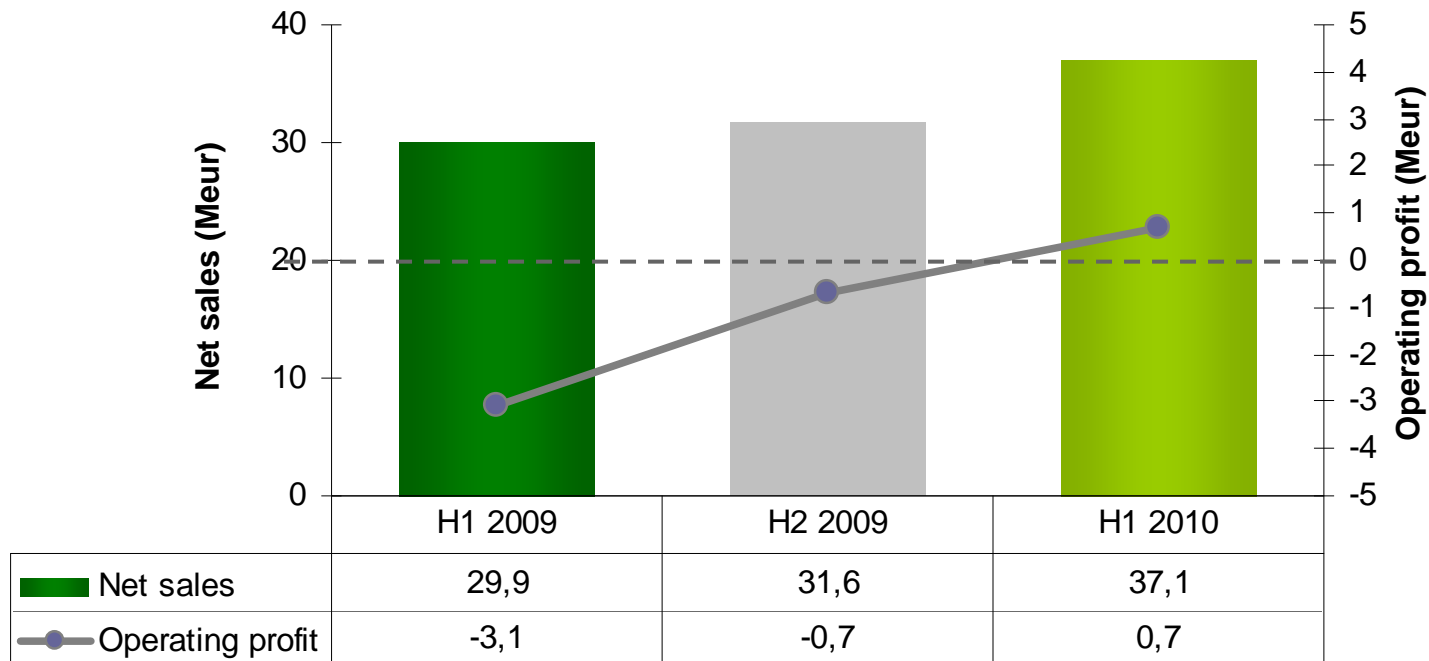
- Clear improvement Y-on-Y



- Strong growth in net sales during 2Q (38% Y-on-Y)
- Profitability improved Y-on-Y, yet slightly negative 2Q

Automotive Business Segment 1H 2010

- Clear growth in net sales, consequent profitability improvement



- Strong growth in net sales during 1H (24% Y-on-Y)
- Clear improvement in profitability Y-on-Y as well as sequentially on 2H 2009
 - Mainly due to the recovered market situation and improved performance in our R&D service projects.



Automotive Market Outlook

The share of electronics and software in cars has grown significantly during the past years and the trend is expected to continue.



- The estimated **long-term growth rate of automotive software market (CAGR)**, some 15 per cent (Frost & Sullivan), was negatively affected by the downturn of the automotive industry.
 - However, in the last months **the market has clearly improved and is expected to start returning** to the level of the long-term growth.
 - In order to enable faster innovation, to improve quality and development efficiency and to reduce complexity related to software, the **use of standard software solutions is expected to increase** in the automotive industry.
- *The underlying growth will continue and the cost pressures of the industry are expected to accelerate the need of productized, efficient software solutions EB is offering.*

Highlights during 2Q 2010

- Wireless Solutions



- EB-designed TerreStar GENUS smartphone proceeded in the AT&T certification process
- EB continued to strengthen its capabilities in emerging new technologies such as MeeGo and Android, complementing its already strong competencies in Symbian and Windows Mobile.
- EB introduced new terminals to the EB Tough VoIP product family.

Highlights during 2Q 2010

- Wireless Communications Tools



- Wireless Communications Tools demand continued to be driven by the advanced development tools for 3GPP LTE technology.
- EB invested further in R&D and announced the availability of EB Prosim F8 Aerospace and Satellite channel emulation Option (ASO) for the aerospace and defense markets

Wireless Business Segment 2Q 2010

- Increased net sales

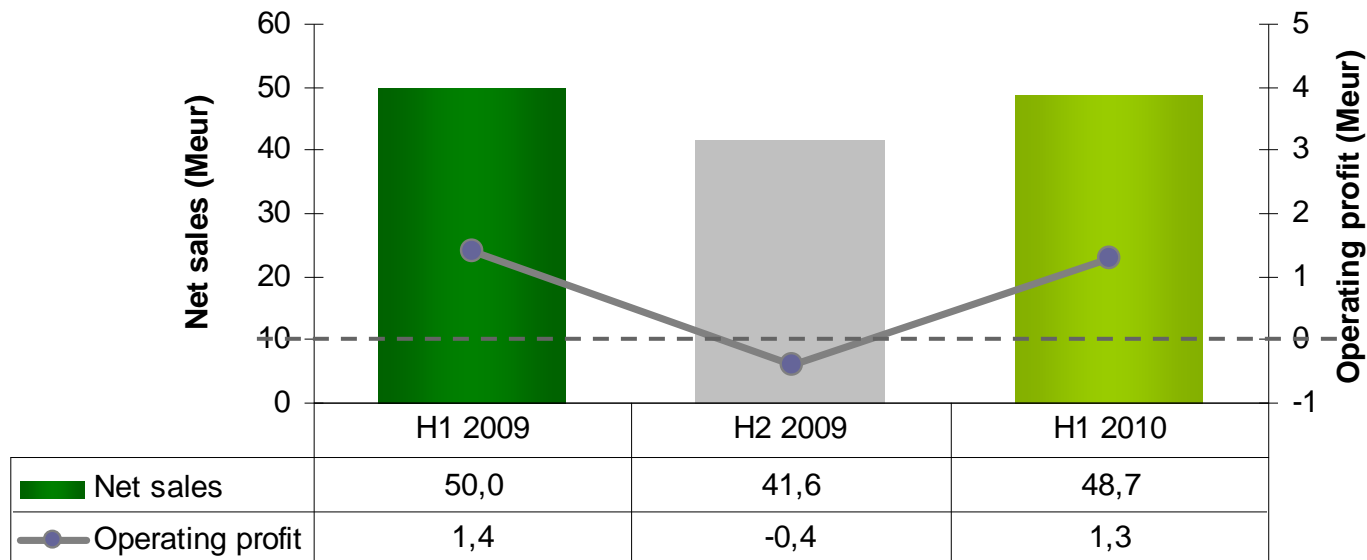


- Net sales increased by 9.1% Y-on-Y
- Operating profit decreased slightly Y-on-Y
- EB laid off 100 persons temporarily to adjust its cost level for the second half of 2010 to correspond its temporarily decreased order volumes



Wireless Business Segment 1H 2010

- Net sales and profitability on the previous year level



- Slight decline in net sales during 1H (-2.7% Y-on-Y)
- Operating profit at the level of 1H 2009

Wireless Market Outlook

The global mobile device market volumes have grown as expected during the first half of 2010. The value share is expected to move towards higher-end due to the increased demand for new features and services.



- **The global mobile infrastructure market** is expected to be flat in 2010.
- **The wireless communication R&D services market** is still challenging.
 - *OEMs are expected to increase their R&D flexibility. New open software architectures and platforms are creating opportunities for companies such as EB with strong integration capabilities.*
- **The mobile satellite communication service industry** is introducing new data and mobile communication services.
- **The satellite-terrestrial and Mobile Satellite Services (MSS) market** demand is expected to start moving towards the launch of commercial products and services.
 - *The demand for EB's hybrid satellite-terrestrial device solutions is expected to continue.*
- Need for **advanced development tools for 3GPP LTE technology** is **expected to remain** as a driver for the demand.
 - *EB provides world leading channel emulation tools for the development of MIMO based 3GPP LTE and other advanced radio technologies.*

Outlook for the Second Half of 2010

Signs of market recovery have continued during the first half of 2010 in both generic economic environment, and within EB's Automotive and Wireless Business Segments.



- Main focus for 2H 2010 is to improve profitability further.
- Economic uncertainties and challenges in obtaining funding have increased the risk of credit losses and may affect the demand for EB's services, solutions and products. This may also reflect to the net sales and result of 2H.
- EB expects that:
 - The net sales of 2H 2010 is higher than in 2H 2009 (EUR 73.6 million).
 - The operating profit of 2H 2010 is at the level of or better than the operating profit of 2H 2009 (EUR 0.0 million).
 - Due to the holiday period and the nature of R&D services business 3Q 2010 will be weaker than the latter part of the half.

Financial Reports in 2010

28.10. Interim Report 3Q 2010



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