



EB, Elektrobit Corporation Interim Report 1Q 2010

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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.



1Q 2010 Highlights



- Signs of market recovery continued
 - Especially in Automotive Segment, where net sales increased by 13% Y-on-Y
- Profitability Improvement
 - Both Business Segments profitable
- Clearly positive operating cash flow

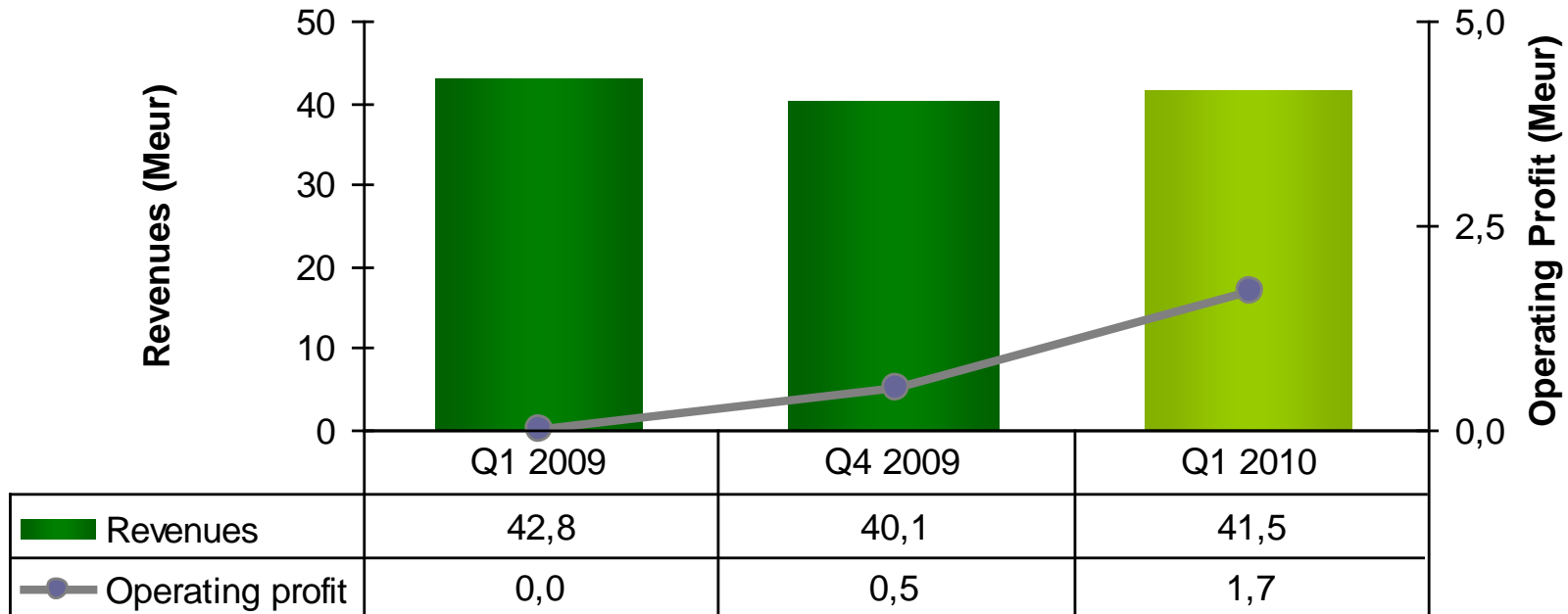
Agenda



- Financial Performance in 1Q 2010
- Business Segments' Highlights in 1Q 2010
- Outlook for the 1H 2010
- Q&A

Good Start for 2010

- Clearly positive operating profit, both segments profitable



- Slight reduction in Net Sales Y-o-Y
- Clear profitability improvement Y-on-Y
- EBITDA at 3.7 MEUR, 8.9% of net sales (in 1Q 2009 2.7 MEUR, 6.8%)

Strong Cash Flow

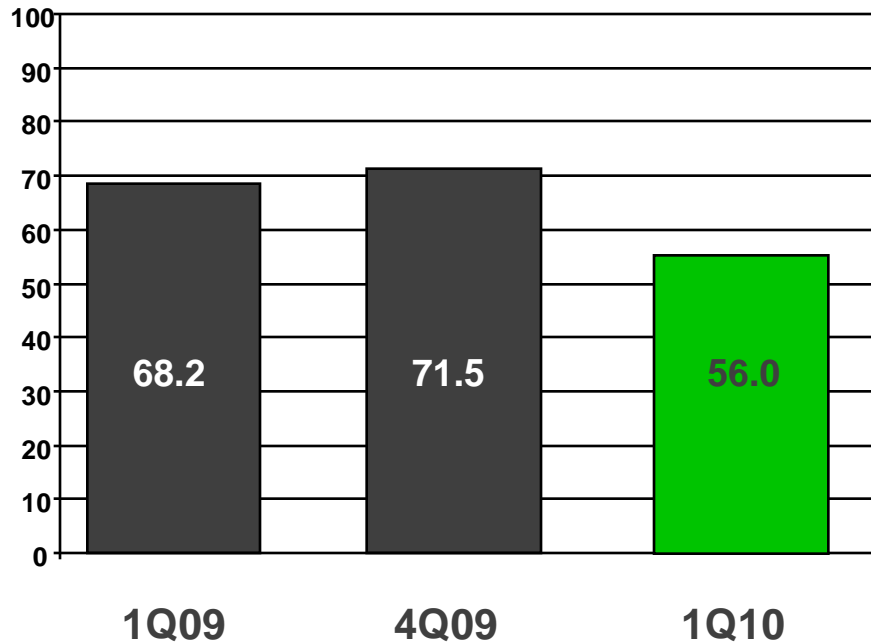
- Major improvement Y-on-Y

MEUR	1Q 2010	1Q 2009	Jan. - Dec. 2009
- net profit +/- adjustment of accrual basis items	+3.2	+2.2	+5.6
- change in net working capital	+8.7	-4.0	-3.8
- interests, taxes, and dividends	-1.2	-0.9	-1.4
NET CASH FROM OPERATING ACTIVITIES	+10.6	-2.7	+0.4
- net cash from investing activities	-0.9	-1.4	-3.4
- net cash from financing activities	-1.7	-1.7	-6.5
NET CHANGE IN CASH AND CASH EQUIVALENTS	+8.0	-5.8	-9.5

- Cash flow from Business Operations amounted to EUR 10.6 million (EUR -2.7 million in 1Q 2009).
 - Profitability in both segments
 - Improved NWC (mainly thru increased advance payments)
- Cash and other liquid assets totaled to EUR 67.1 million (62.8 in 1Q 2009)

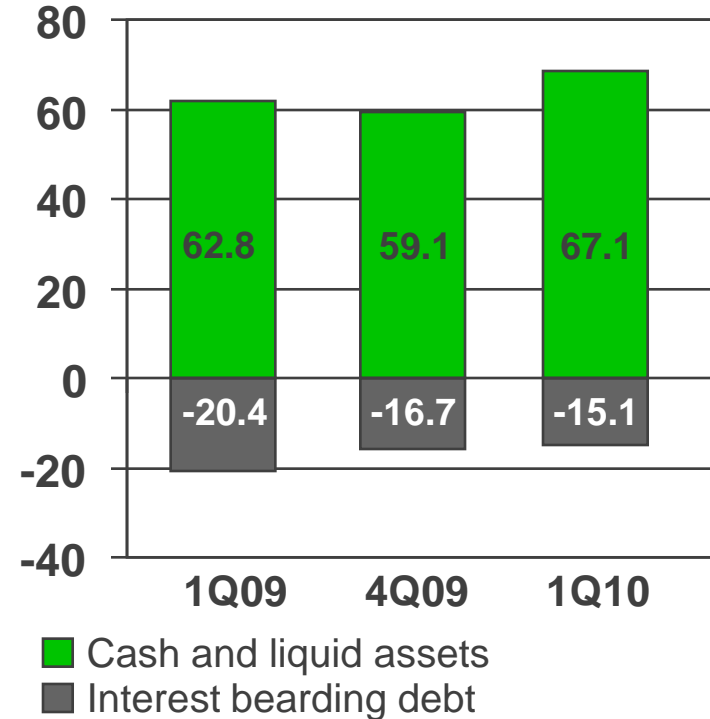
Balance Sheet Remained Strong

Equity ratio, %



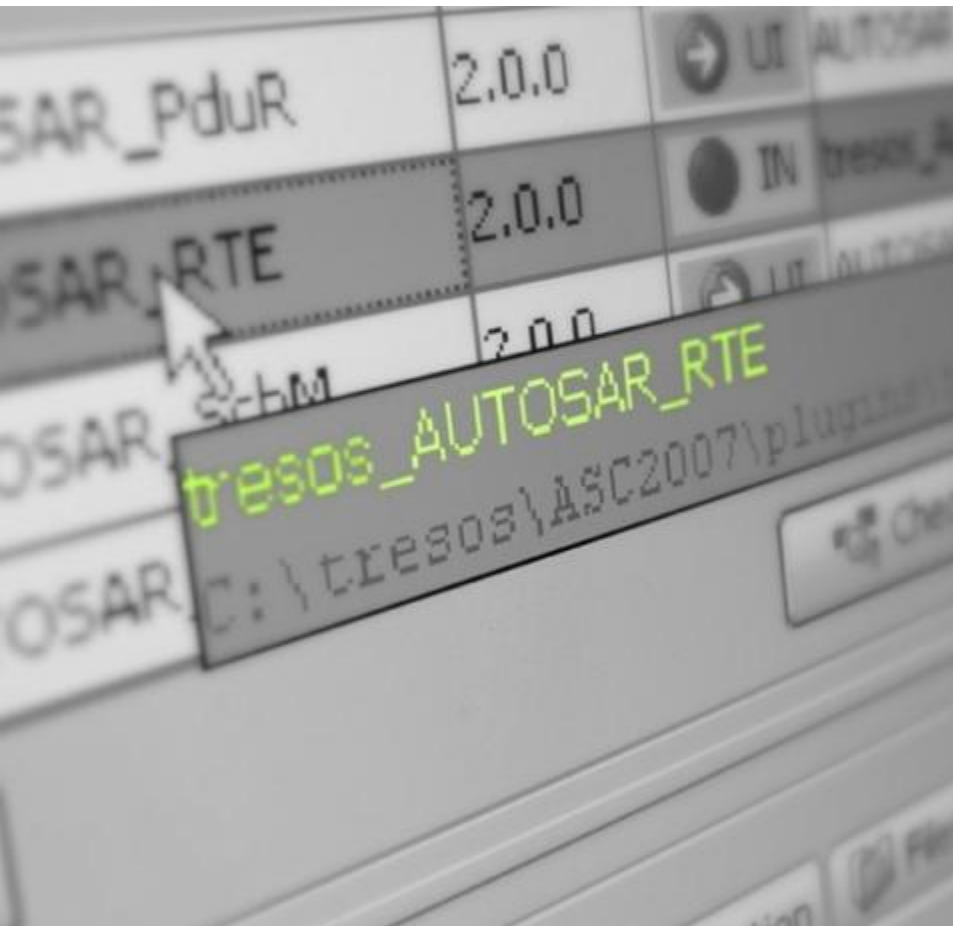
Equity ratio remained strong despite of the 25.9 equity refund booked in 1Q 10

Cash and liquid assets & interest bearing debt



Net debt free balance sheet

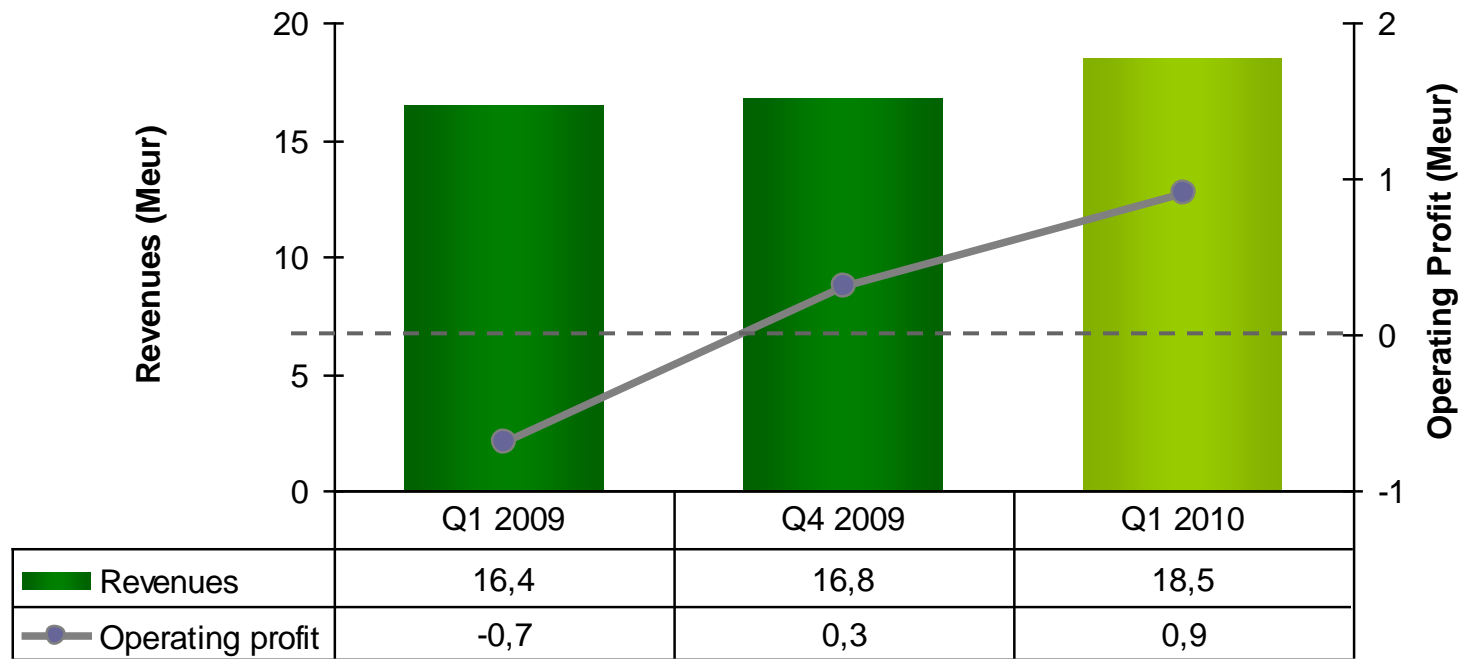
Increase of focused Investments in R&D



- During 1Q 2010 EB increased its investments in R&D
 - in the automotive software products and tools, as well as in radio channel emulation products,
 - and maintained the investment level within Wireless Solutions' products.
- The total R&D investments during 1Q 2010 were 4.7 MEUR (3.4 MEUR, 1Q 2009), equalling 11.2 % of the net sales (8.0%, in 1Q 2009)
 - EUR 0.7 million of R&D investments were capitalized

Automotive Business Segment 1Q 2010

- Net Sales and consequently Operating Profit improved



Highlights during 1Q 2010

- Automotive Business Segment



- In ECU software EB introduced several new versions of its ECU tooling environment (EB Tresos).
- EB and dSpace announced the harmonization of their AUTOSAR tools in order to offer developers a coordinated tool chain.
- In infotainment new versions of the human machine interface design tool (EB GUIDE) were launched.
- The joint venture company of EB and Audi, e.solutions, proceeded well in the development of an integrated infotainment software suite for the next generation Audi/VW high-end infotainment system.

Automotive Market Outlook

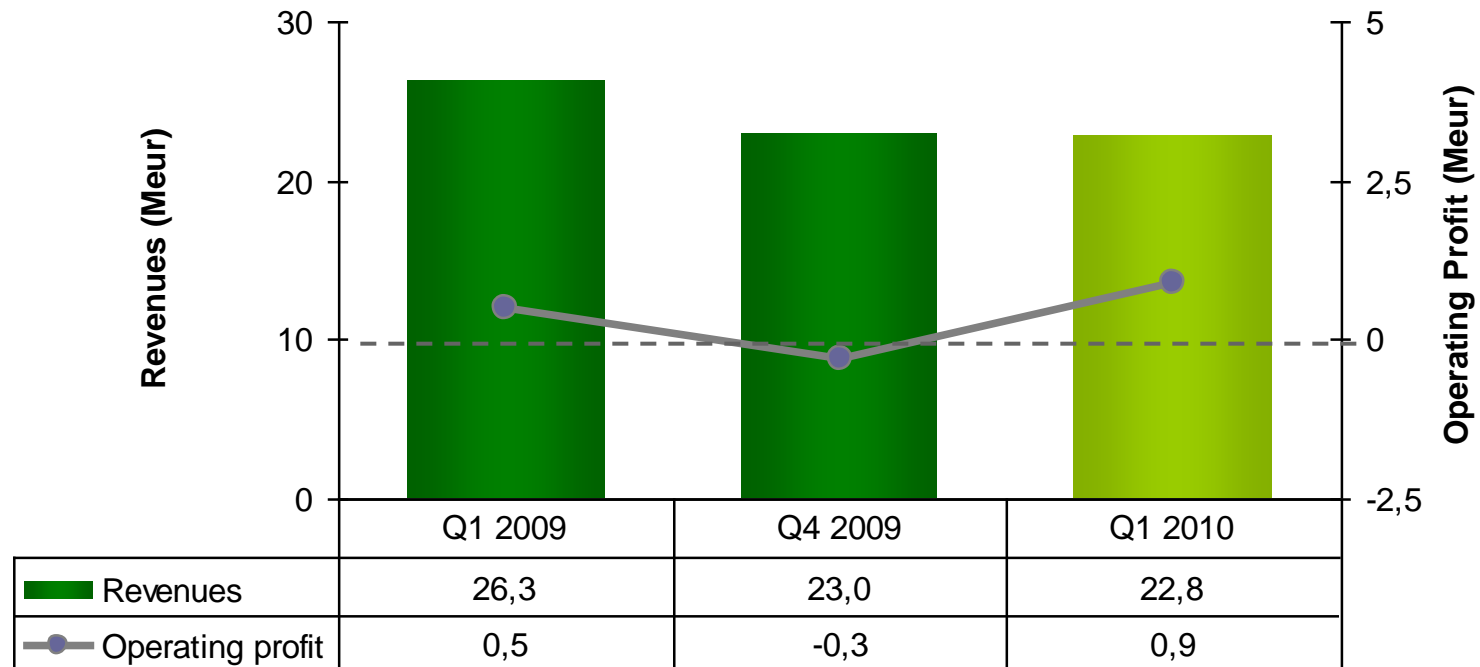
The share of electronics and software in cars has grown significantly during the past years and it is expected that the trend continues to prevail in the market.



- The estimated automotive software market long-term growth rate of some 15 % (Frost & Sullivan) has been in the short term negatively affected by the current downturn
 - However, during 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.
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- *The underlying growth of the automotive software market will continue and the cost pressures of the automotive industry are expected to accelerate the need of productized, efficient software solutions EB is offering.*
 - *EB's net sales cumulating from the automotive industry are currently primarily driven by the development of new cars and platforms and dependency on production volumes of the car industry is limited. However, over the years to come dependency on the production volumes is increasing as a result of the transition towards SW product business models.*

Wireless Segment

- Significant improvement in profitability despite of lower Net Sales in Wireless Segment



Highlights during 1Q 2010

- Wireless Solutions Business



- In the wireless device and infrastructure markets, EB offers to its customers product development and service programs and even complete product variants.
- The importance of offshore presence as part of EB's offering is steadily increasing.
- As the use of open source platforms and ecosystems continued to grow within the device ecosystem, EB strengthened its capabilities in emerging new technologies such as MeeGo and Android complementing its already strong competencies in Symbian and Windows Mobile.
- EB designed TerreStar GENUS smartphone entered into the AT&T certification process
- In the Public Safety and Defense markets the wireless technologies and solutions being used in high volume commercial device and infrastructure markets became more important part of our offering.

Highlights during 1Q 2010

- Wireless Communications Tools Business



- Wireless Communications Tools demand continued to be driven by the advanced development tools for 3GPP LTE technology which is expected to remain for the medium and long term.
- EB is a provider of world leading channel emulation tools for the development of MIMO based 3GPP LTE and other advanced radio technologies.

Wireless Market Outlook



- **The global mobile device market** volumes are expected to start to increase again in 2010.
- The value share is expected to move towards higher-end devices
- *New open software architectures and platforms are creating opportunities for companies such as EB with strong integration capabilities*
- **The global mobile infrastructure market** is expected to be flat in 2010 and the consolidation of the industry may continue.
- *Going forward, EB's business driven by LTE is increasing while EB's future sales revenues are not materially dependent on Mobile WiMAX technology*
- **The mobile satellite communication service industry** is introducing new data and mobile communication services with new operators being formed and traditional ones upgrading their solutions and offerings.
- *This can create new service and product related business opportunities.*
- **The mobile communication R&D services market** continues to be challenging and the continuing price pressure drives increasing off-shoring in the industry.
- *However, OEMs are expected to increase their R&D flexibility that can create new opportunities for partnering for EB.*
- The need for 3GPP LTE technology is expected to remain as a driver for the demand of **Radio Channel Emulator products**
- *EB provides world leading channel emulation tools for the development of MIMO based 3GPP LTE and other advanced radio technologies.*



Outlook for the First Half of 2010

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



- Our main focus for the first half of 2010 is to improve profitability.
- EB expects that:
 - the turnover of the first half of 2010 is higher than in the second half of 2009 (EUR 73.6 million), and that
 - the operating profit of the first half of 2010 is higher than the operating profit from business operations of the second half of 2009 (EUR 0.0 million)
 - the operating profit for the second quarter of 2010 is expected to reach at maximum the level of the operating profit in the first quarter of 2010 (EUR 1.7 million).

Financial Reports in 2010

6.8. Interim Report 2Q 2010

28.10. Interim Report 3Q 2010



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