



EB, Elektrobitt Corporation

Interim Report 1Q 2009

April 30, 2009

# 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.



# Agenda



- Interim Report 1Q 2009
- Outlook for the First Half of 2009
- Q&A





EB in 1Q 2009

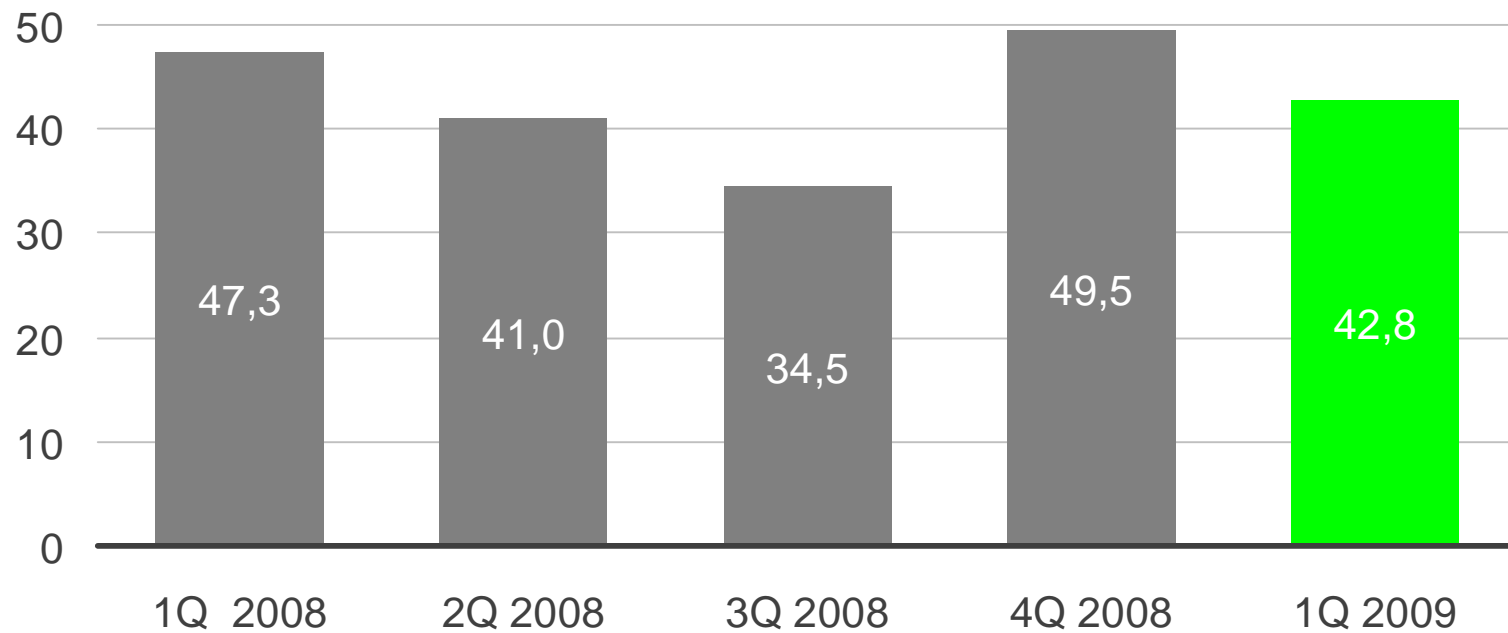
# EB during 1Q 2009

## Major Improvement in Profitability

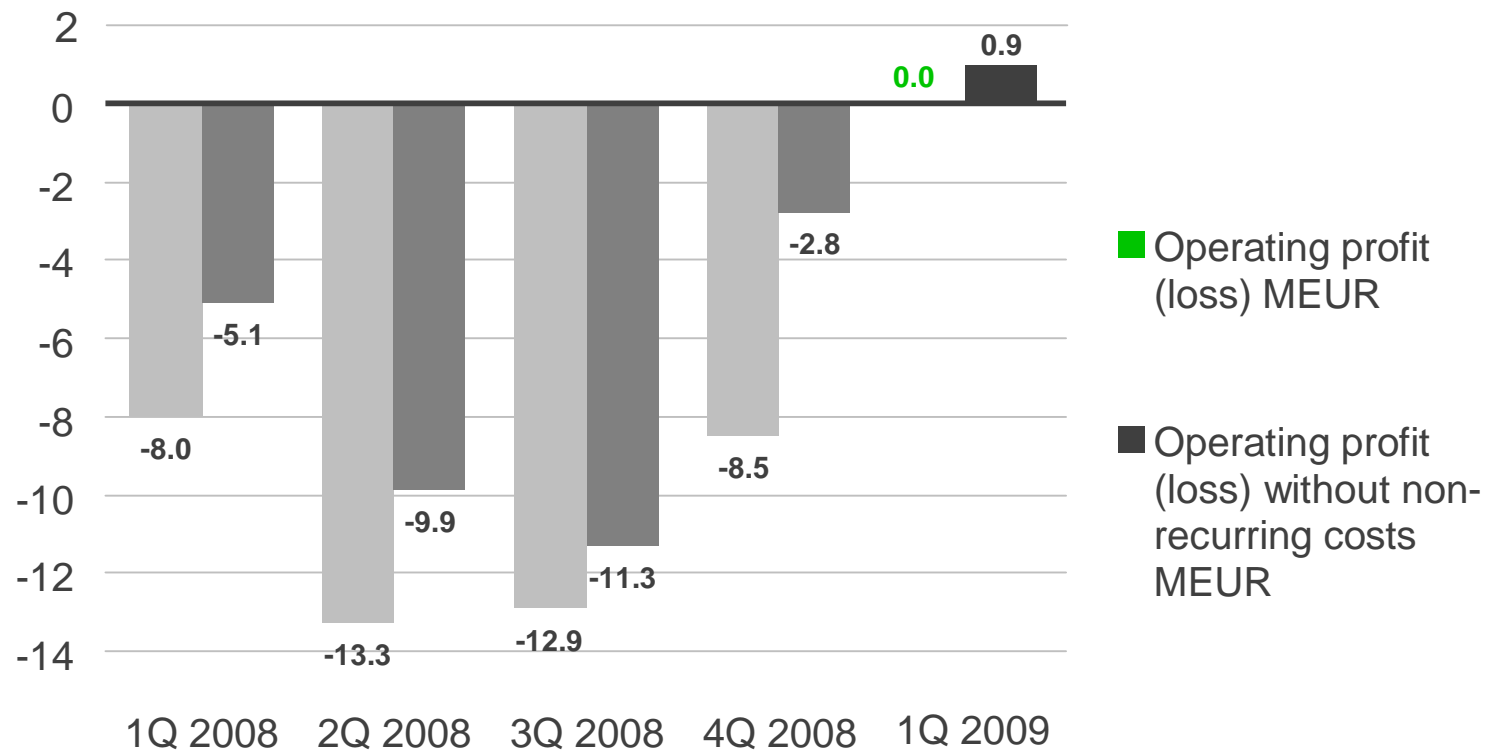
- Net sales amounted to EUR 42.8 million (EUR 47.3 million, 1Q 2008), representing a 9.5 % decrease year-on-year.
- Profitability improved significantly despite of the challenging market environment and decreasing revenue.
- Operating profit from business operations amounted to EUR 0.9 million
  - Non-recurring costs amounted to EUR -0.9 million, resulting in a total operating profit of EUR 0.0 million (EUR -8.0 million, 1Q 2008).
- Equity ratio remained strong and was 68.2% (69.5 %, 1Q 2008).
- Balance sheet remained strong
  - Cash and other liquid assets were EUR 62.8 million (EUR 85.7 million, 1Q 2008) .



# EB Net Sales in 2008-2009 Quarterly



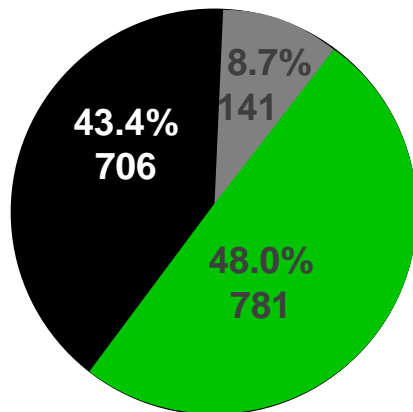
# Major improvement in profitability



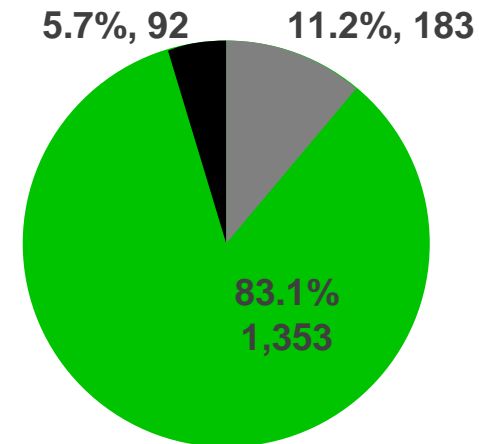
# Personnel

## – End of March 2009

BY BUSINESS SEGMENTS



BY MARKET AREAS



Total of 1,628

|                  |   |          |
|------------------|---|----------|
| AUTOMOTIVE       | ■ | AMERICAS |
| WIRELESS         | ■ | EUROPE   |
| COMMON FUNCTIONS | ■ | ASIA     |





# Research and Development in January-March 2009

During January – March 2009 EB invested in the following areas in R&D:

- Automotive software platform based products
- Radio channel emulation product portfolio

R&D investments were adjusted to a sustainable level:

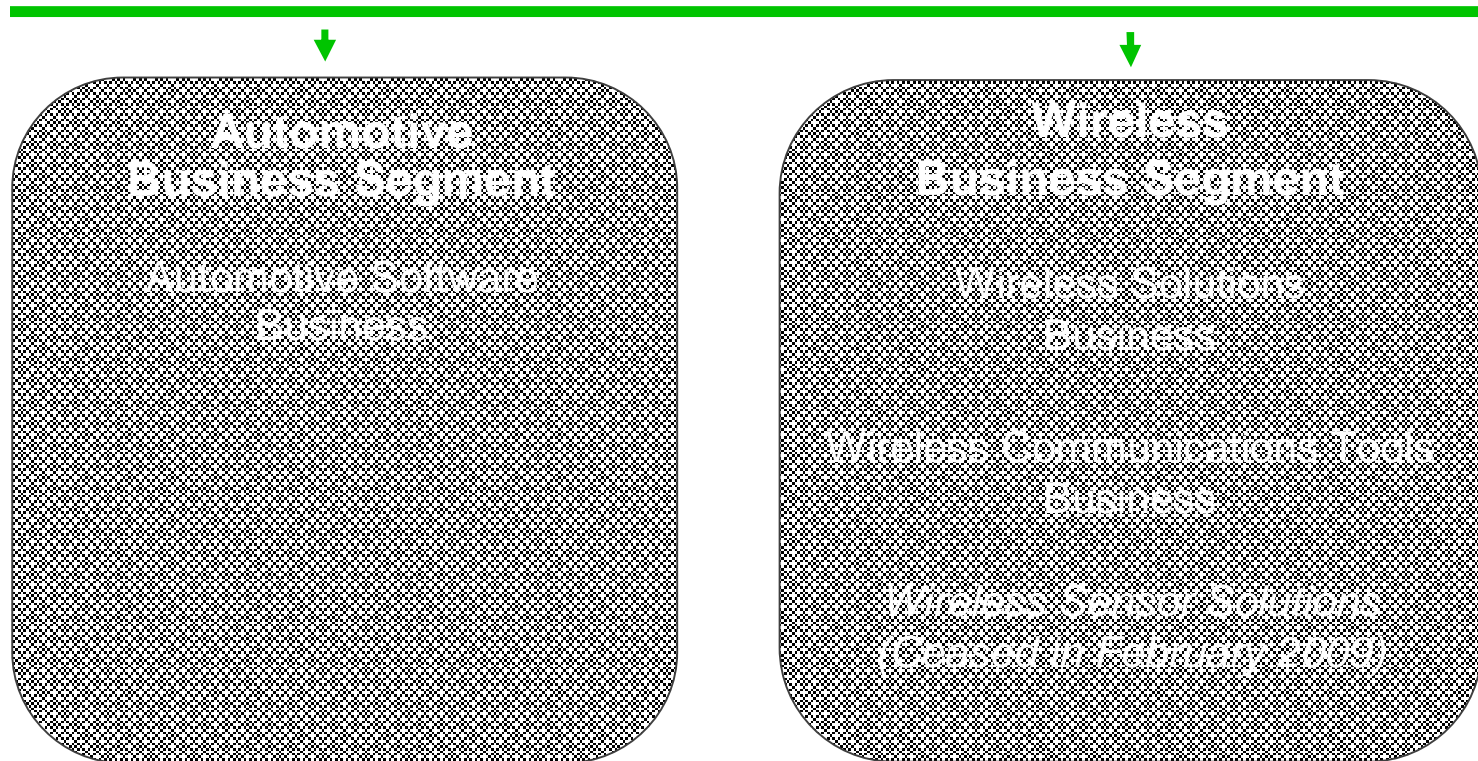
- Business model change in Mobile WiMAX (Oct.08).
- Exit from RFID technology business (Feb.09).

The total R&D investments during 1Q 2009 were EUR 3.4 million (EUR 11.6 million in 1Q 2008), equaling 8.0% of the net sales (24.6% in 2008).

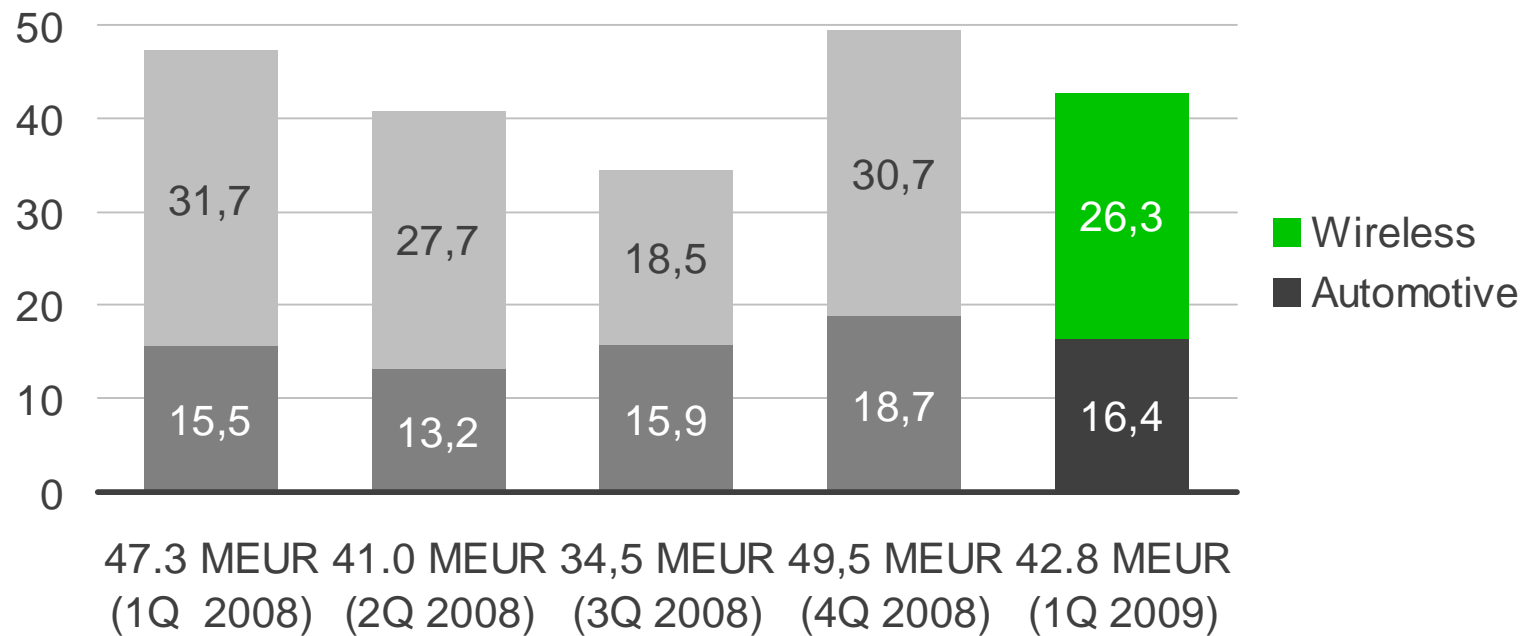


# EB's Business Segments and Businesses

EB

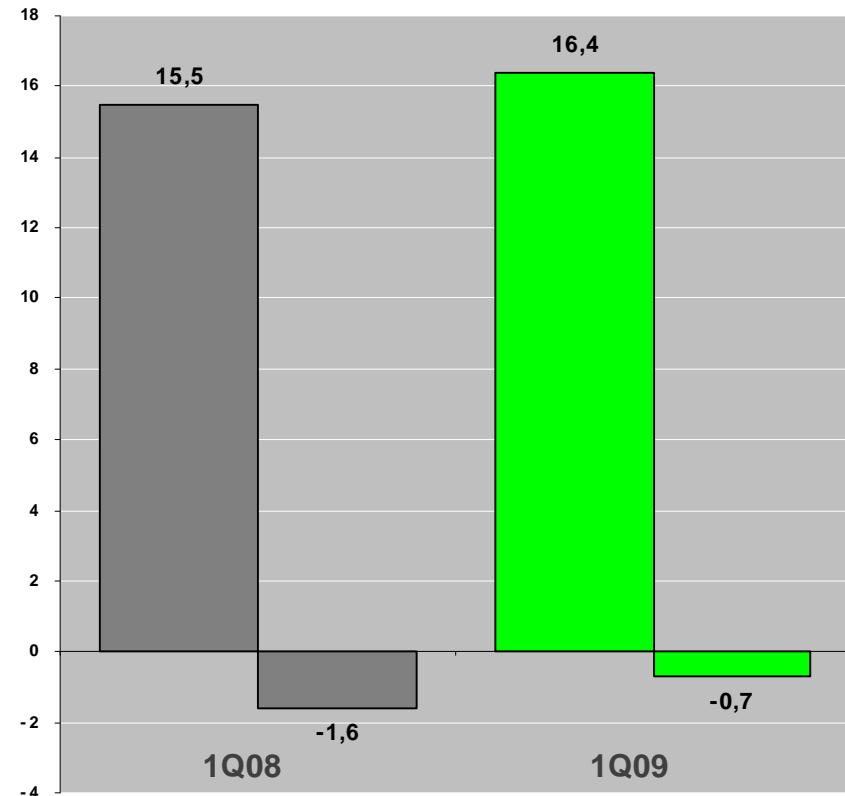


# Net Sales by Business Segments – Quarterly 2008-2009



# Net Sales by Segments Quarterly - Automotive

- **Net sales EUR 16.4 million**  
(EUR 15.5 million in 1Q 2008).
  - Improved turnover regardless of the highly demanding market environment with global economical crises.
- **Growth 5.9% year-on-year**
- **Operating result improved**
  - Operating loss totaling EUR -0.7 million (EUR -1.6 million in 1Q 2008)
  - Prudent focus on all costs as well as improved project execution.



# EB - The Partner in Automotive Industry



- EB excels in software system architectures for cars.
- Pushing standardized open interfaces throughout the vehicle.
- Providing
  - standard software components
  - advanced networking solutions
  - tooling for software development
- Enabling advanced functionality.
- Improving user interface design through unified and integrated HMI environments.
- Turning customer specific solutions alive with best engineering capabilities.



# Automotive Business Segment in January – March 2009



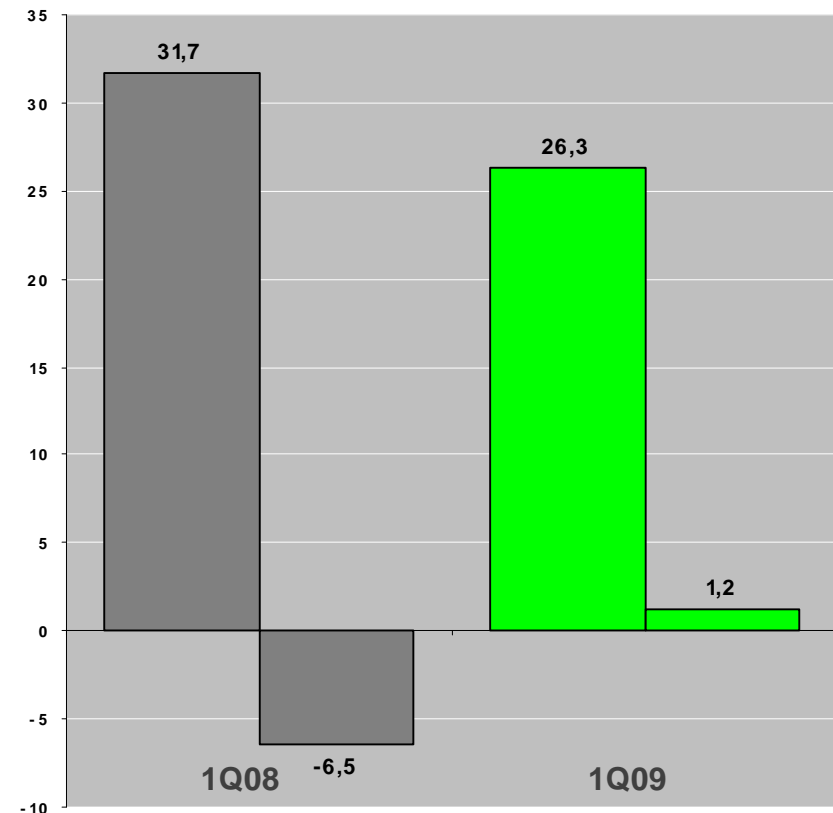
- Global market progress continued: revenue generating customers in Europe, USA, Japan and China.
- Important new customer wins with EB's Navigation, Human Machine Interface and ECU software offering.
- Due to the industry cost challenges the use of standard software solutions is expected to increase improving total cost, time-to-market and quality.
- This provides attractive opportunities for EB.



# Net Sales by Segments Quarterly

## - Wireless

- **Net sales EUR 26.3 million**  
(EUR 31.7 million including extraordinary low-margin through-licensing revenues of approximately EUR 3 million in 1Q 2008).
  - Decrease 17.0% year-on-year
- **Significant improvement in profitability**
  - The operating profit from business operations was to EUR 1.2 million, non-recurring costs EUR -0.7 million, totaling EUR 0.5 million (EUR -6.5 million, 1Q 2008).
  - Significant improvement in profitability due to the profitability improvement program.



# Wireless Segment



## Wireless Solutions

- Provides customized solutions and R&D services for wireless industry and other industries utilizing wireless technologies.
- A trusted innovation partner to the global wireless value chain.

## Wireless Communications Tools

- World leading in providing radio channel emulation tools for the development of 3GPP LTE and other advanced radio technologies.

## Wireless Sensor Solutions – EXIT in 1Q





# Wireless Business Segment in January – March 2009

Wireless Solutions Business



## Wireless Solutions

- The demand for satellite-terrestrial device solutions continued strongly.
- R&D service work continued with good volume but the market was becoming more challenging
- New solutions launched:
  - Satellite-cellular PDA and connectivity module
  - Mobile WiMAX base station framework concept.
  - Ruggedized VoIP solution for defense market.
- EB is developing a common software defined radio (SDR) architecture for European defense communications' needs as a lead partner in the ESSOR program.
- EB decided to close its site in Turku and focus the Wireless Segment's R&D activities in Finland on the other existing sites in Oulu, Kajaani, Tampere and Espoo.



# Wireless Business Segment in January – March 2009

Wireless Communications Tools Business



## Wireless Communications Emulation and Design Tools Business

- The sales were slightly recovered compared to 4Q 2008.
- The wireless communications tools market is expected to be driven by the 3GPP LTE development activities.



# Wireless Business Segment in January – March 2009

Wireless Sensor Solutions Business



## RFID reader systems business

- In February 2009 EB exited from RFID business by selling it to 7iD Technologies GmbH.
- The transaction did not have a significant impact to EB's balance sheet or result.
- Due to the transaction Wireless Sensor Solution business ceased to exist.





Outlook for the First Half of 2009

# Outlook for the First Half of 2009

- As guided earlier EB expects that the turnover of the first half of 2009 will be on the same level or lower as in the second half of 2008 (EUR 84.0 million).
- The announced annual EUR 40 million cost savings actions are expected to continue to gain effect during the first half of 2009 and consequently the profitability of the first half of 2009 is expected to improve significantly compared to the operative result of the second half 2008 (EUR -14.1 million).
- Due to the challenging market environment and consequent uncertainty of sales revenue development, operating profit in 2Q 2009 is not expected to improve from 1Q 2009 (EUR 0.9 million) despite of improving cost structure.



# Financial Reporting in 2009

- The reporting dates in 2009:
  - Interim Report January – June 2009, on Friday, August 7, 2009
  - Interim Report January – September 2009, on Thursday, October 29, 2009
  
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