



EB, Elektrobitt Corporation

Financial Statement 2008

February 13, 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



- EB 2008 Results
- Actions to Improve the Profitability
- Outlook for the First Half of 2009
- Q&A



EB in 4Q 2008

EB during 4Q 2008

- Net sales amounted to EUR 49.5 million (EUR 44.6 million, 4Q 2007), representing a 11.1 % increase year-on-year.
- Operating loss from business operations amounted to EUR -2.8 million.
 - Non-recurring restructuring costs and write-offs amounted to EUR -5.7 million, resulting in a total operating loss of EUR -8.5 million (EUR -2.4 million, 4Q 2007).
- Clear improvement in profitability sequentially from EUR -11.3 million (3Q 2008) to EUR -2.8 million (4Q 2008).
- R&D investments were EUR 7.4 million representing 14.9 % of net sales, (EUR 13.2 million 4Q 2007).
 - Change of business model in Mobile WiMAX.
 - Adjustment in other R&D investments.
- Equity ratio was 64.9% (70.9 %, 4Q 2007).



Net Sales and Operating Profit – Quarterly

MEUR	4Q/2008	3Q/2008	2Q/2008	1Q/2008	4Q/2007	2008	2007
Net sales	49.5	34.5	41.0	47.3	44.6	172.3	144.3
Operating profit (loss)	-8.5	-12.9	-13.3	-8.0	-2.4	-42.7	-20.3
Operating profit (loss) without non-recurring costs	-2.8	-11.3	-9.9	-5.1	-3.9	-29.1	-21.8
Result before taxes	-11.8	-14.4	-13.6	-7.7	-3.3	-47.4	-20.0
Result for the period from continuing operations	-14.0	-14.6	-13.5	-7.7	-3.3	-49.8	-20.0
Result after taxes for the period from discontinued operations	0.1	0.0	0.1	0.0	0.4	0.3	13.1
Result for the period	-13.9	-14.6	-13.4	-7.7	-2.9	-49.5	-6.9



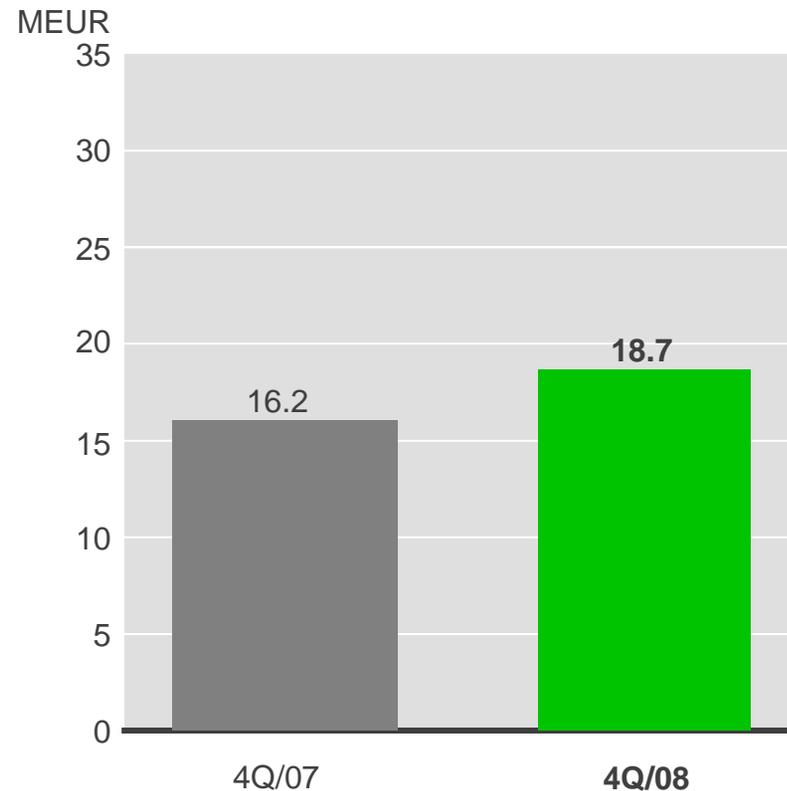
Net Sales by Market Area – Quarterly

MEUR	4Q/2008	3Q/2008	2Q/2008	1Q/2008	4Q/2007	2008	2007
Asia	3.1 (6.2%)	0.9 (3%)	2.1 (5%)	2.0 (4%)	2.0 (4.5%)	8.1 (5%)	9.5 (7%)
Americas	10.9 (22.0%)	7.1 (21%)	12.7 (31%)	18.5 (39%)	14.5 (32.5%)	49.2 (29%)	33.3 (23%)
Europe	35.5 (71.8%)	26.4 (77%)	26.2 (64%)	26.8 (57%)	28.1 (63.0%)	114.9 (66.%)	101.6 (70%)
Total	49.5 (100%)	34.5 (100%)	41.0 (100%)	47.3 (100%)	44.6 (100%)	172.3 (100%)	144.3 (100%)



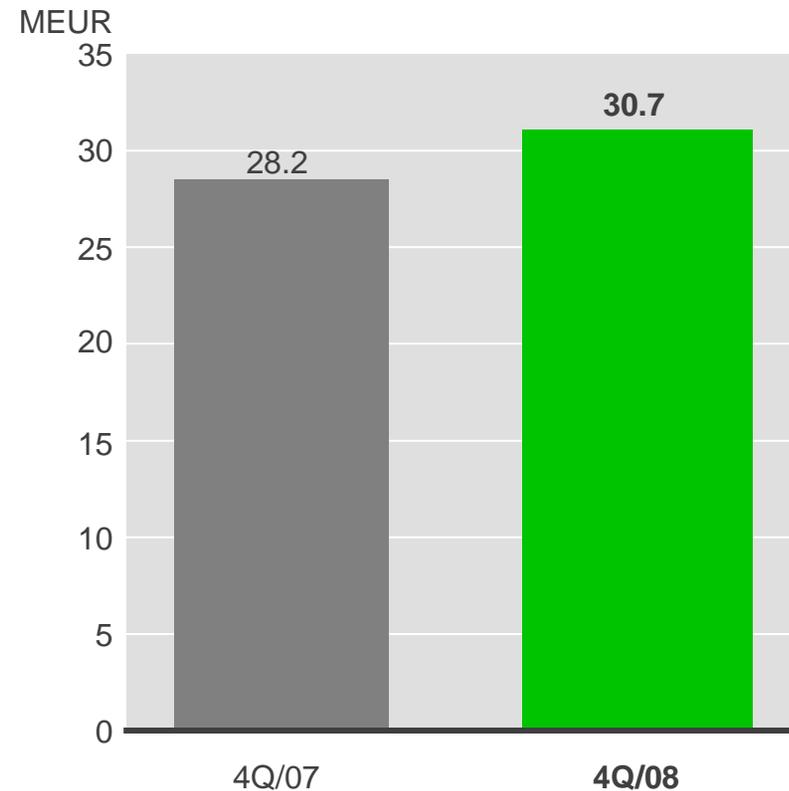
Net Sales by Segments Quarterly - Automotive

- **Net sales EUR 18.7 million**
(EUR 16.2 million in 4Q 2007).
- **Growth 15.2% year-on-year**
- **Operating loss from business operations and non-recurring costs totaling EUR -2.3 million**
(EUR 1.0 million in 4Q 2007):
 - non-recurring costs of EUR -0.8 million.
 - continued significant investment in product development and geographical expansion.
 - weaker than planned profitability of some large customer projects.
 - business continued to grow during the period according to the plan and the progress related to customer acquisition was good.



Net Sales by Segments Quarterly - Wireless

- **Net sales EUR 30.7 million**
(EUR 28.2 million in 4Q 2007).
- **Increase 8.7% year-on-year**
- **Operating loss from business operations and nonrecurring costs totaling EUR -4.9 million** (EUR -4.1 million in 4Q 2007).
 - non-recurring restructuring costs and write-offs of EUR -4.0 million.
 - price pressure resulting from the global slowdown.



Balance Sheet

– Quarterly

MEUR	Dec. 31, 2008	Sept. 30, 2008	Jun. 30, 2008	Mar. 31, 2008	Dec. 31, 2007
Assets					
Non-current assets	46.7	55.3	62.8	66.4	77.2
Current assets	133.8	133.2	144.4	159.6	158.9
Total assets	180.5	188.5	207.2	226.0	236.1
Equity and liabilities					
Share capital	12.9	12.9	12.9	12.9	12.9
Minority interest	0.0	0.0	0.0	0.0	0.0
Total equity	115.1	128.6	142.3	155.3	165.7
Non-current liabilities	19.7	20.8	26.8	28.7	28.9
Current liabilities	45.7	39.1	38.0	42.0	41.5
Total equity and liabilities	180.5	188.5	207.2	226.0	236.1

Cash Flow

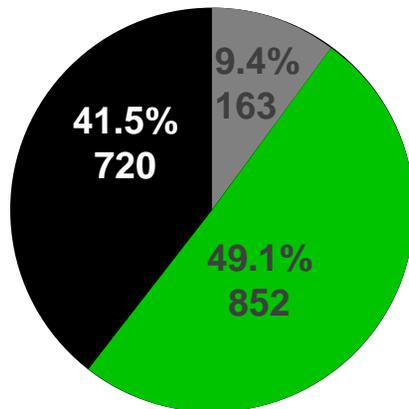
MEUR	4Q 2008	4Q 2007	Jan. -Dec. 2008	Jan. - Dec. 2007
- net profit +/- adjustment of accrual basis items	-2.8	-1.3	-22.4	-13.2
- change in net working capital	+6.0	-4.9	+2.4	-11.6
- interests, taxes, and dividends	-3.8	-2.4	-4.7	-2.2
NET CASH FROM OPERATING ACTIVITIES	-0.5	-8.6	-24.7	-27.1
- net cash from investing activities	+5.7	-0.7	+31.8	-6.8
- net cash from financing activities	-3.8	-1.4	-10.5	-19.3
NET CHANGE IN CASH AND CASH EQUIVALENTS	+1.4	-10.8	-3.3	-53.2



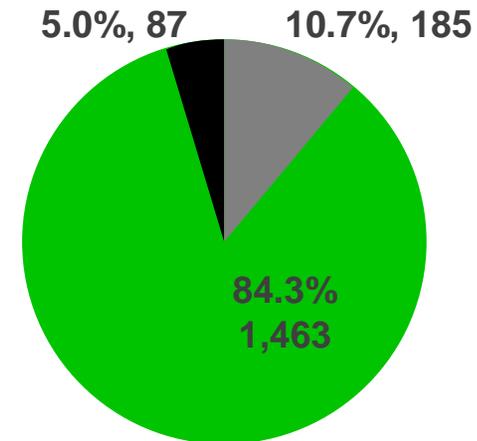
Personnel

– End of December 2008

BY BUSINESS SEGMENTS



BY MARKET AREAS



Total of 1,735

AUTOMOTIVE	■	AMERICAS
WIRELESS	■	EUROPE
COMMON FUNCTIONS	■	ASIA





EB in January – December 2008

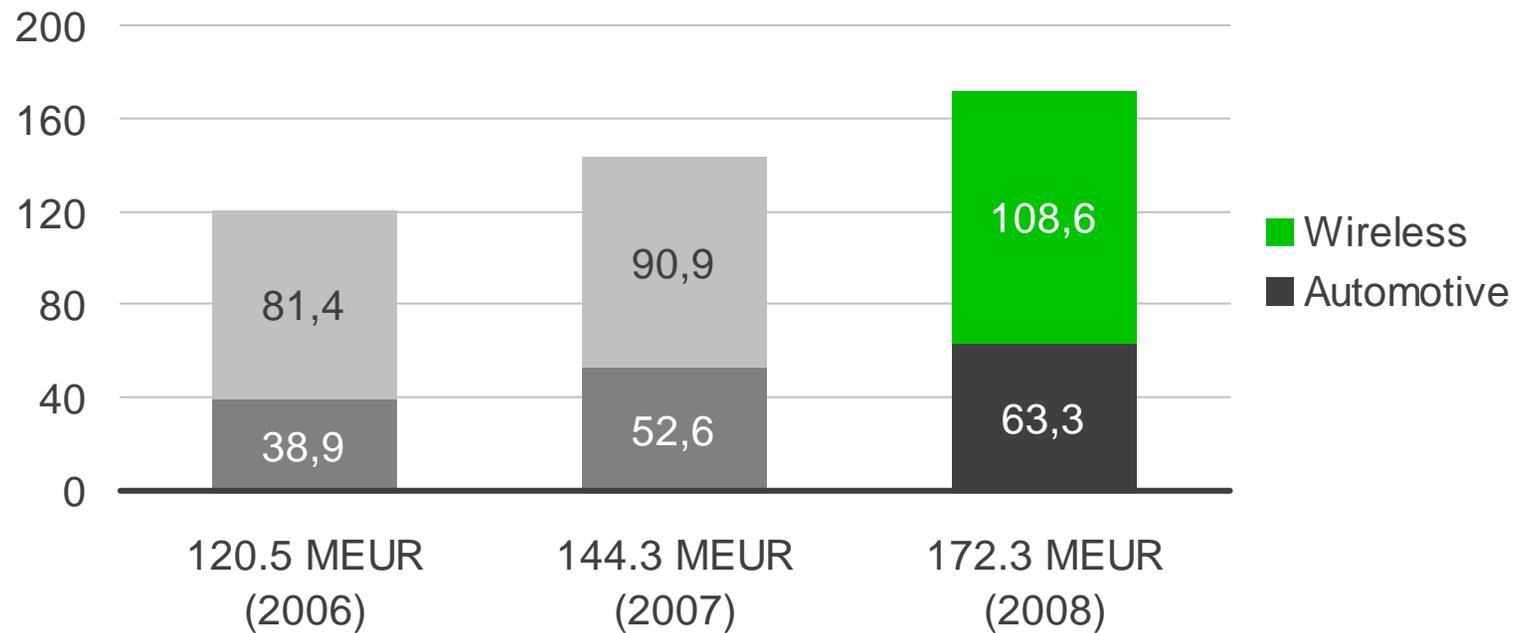
Financial Performance

January - December 2008

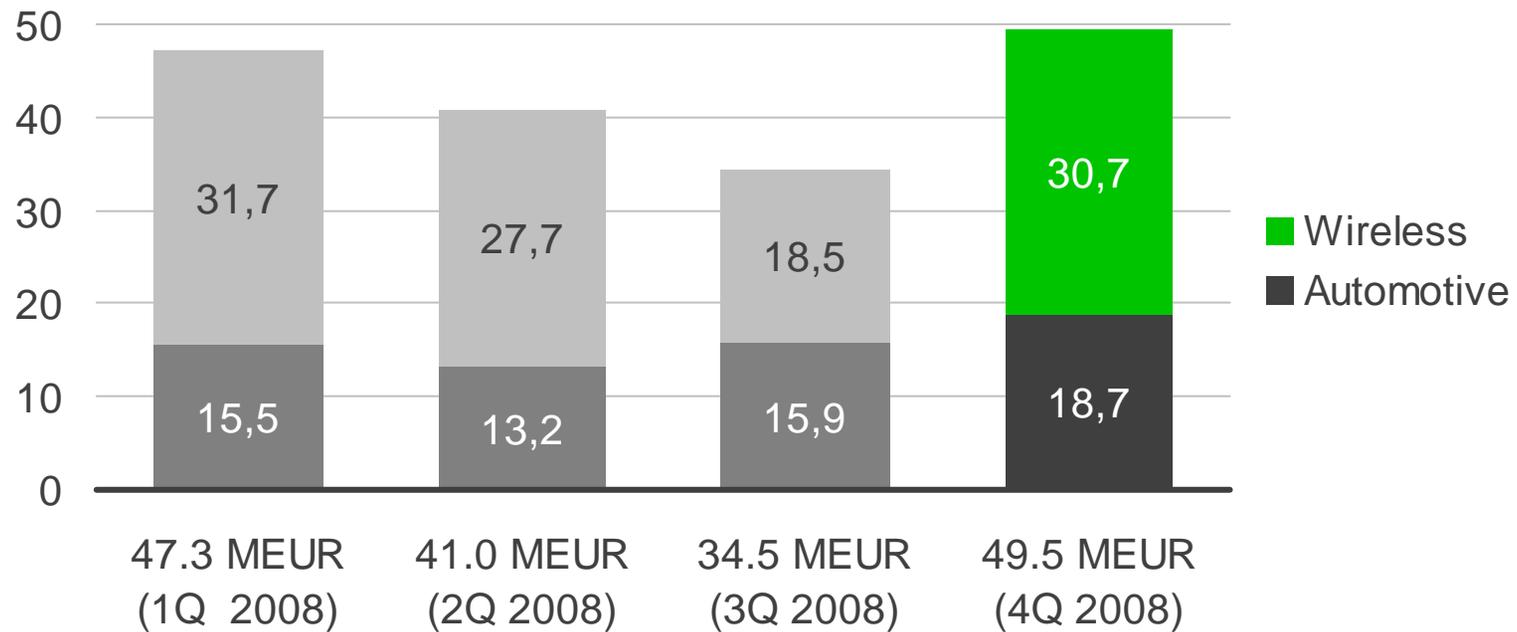
- **Strong net sales growth but heavy losses**
 - Net sales increased by 19.4 % to EUR 172.3 million (EUR 144.3 million in 2007).
 - Operating loss from Business Operations amounted to EUR - 29.1 million and non-recurring restructuring costs, write-offs and a bad debt reserves of EUR -13.6 million, totaling EUR – 42.7 million (EUR -20.3 million in 2007).



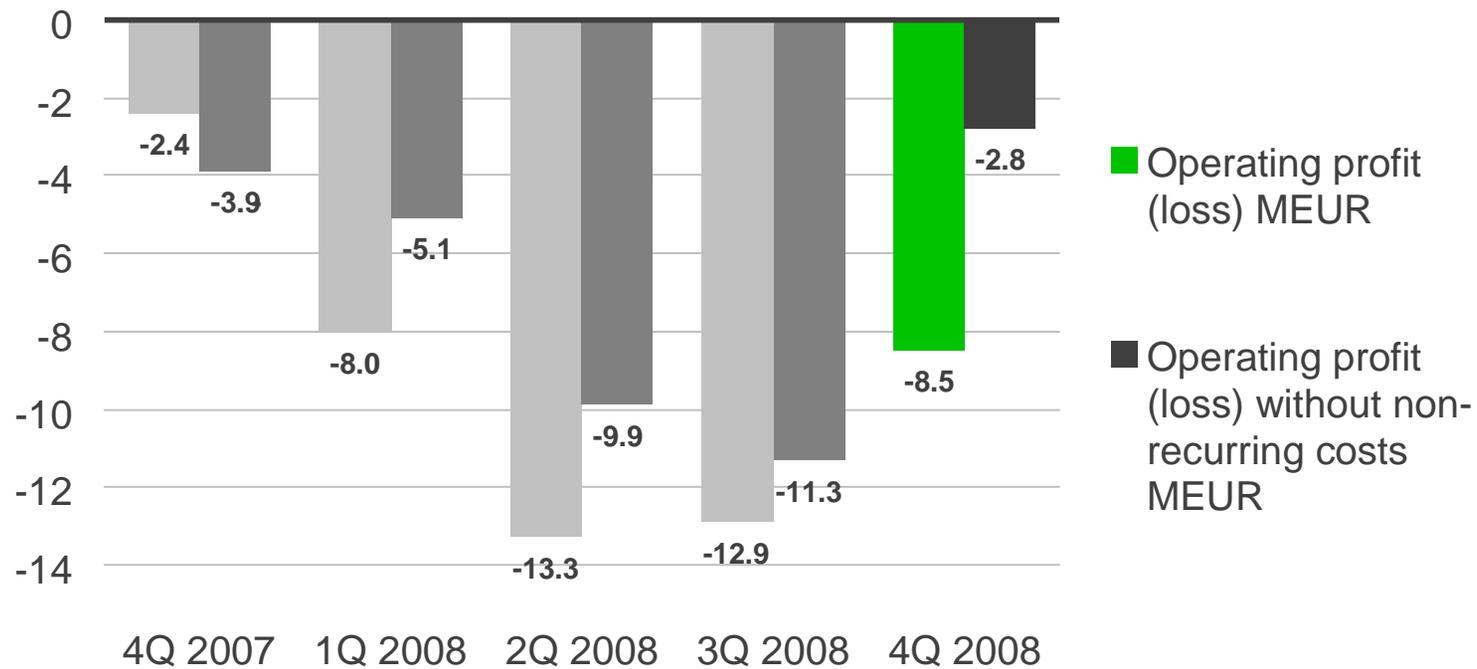
Net Sales by Business Segment



Net Sales Quarterly



Operating Profit (loss)

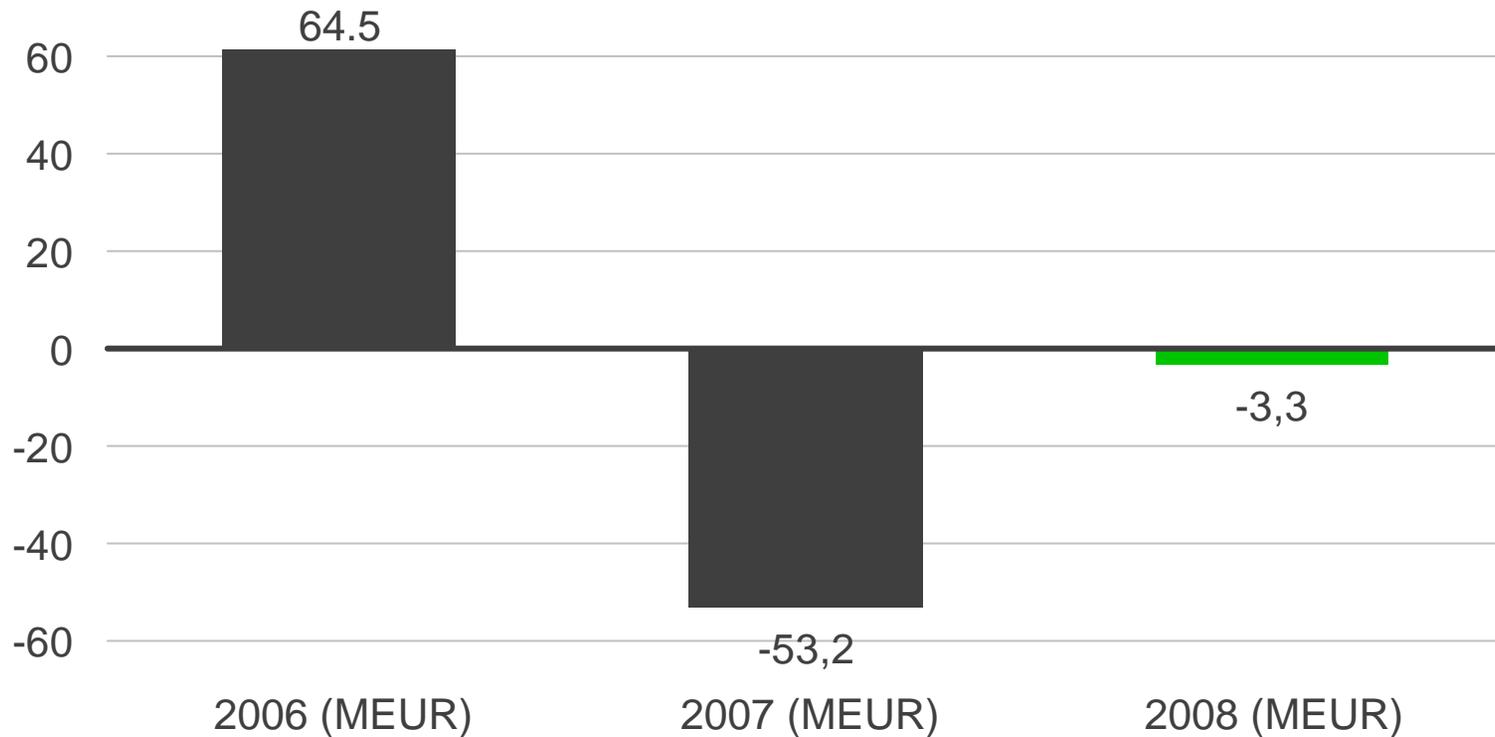


Non-recurring Costs in January-December 2008

- Non-recurring costs affected negatively the operating loss in January-December 2008 by EUR -13.6 million.
 - In March, the restructuring in the Wireless Business Segment and a capital loss and a write-off from the sale of the shares of the Swiss subsidiary, Elektrobit AG resulted in EUR 2.9 million.
 - In June, the goodwill valuations of the RFID reader system business resulting in a write-off of approximately EUR 2.8 million.
 - Write-off of EUR 0.6 million of an activated R&D investment.
 - Restructuring cost of EUR 0.6 million due to the rearrangements in support functions.
 - Bad debt reserve EUR 1.0 million.
 - Restructuring costs of EUR 5.0 million due to the rearrangement
 - in the Automotive Business Segment EUR 0.8 million
 - in the Wireless Business Segment EUR 3.6 million and
 - in support functions EUR 0.6 million.
 - Write-off of EUR 0.7 million of software licences.



Despite of the Losses in 2008 the Cash of EB Remains at High Level with the Annual Decrease of -3.3 MEUR (changes in cash)



Research and Development in 2008



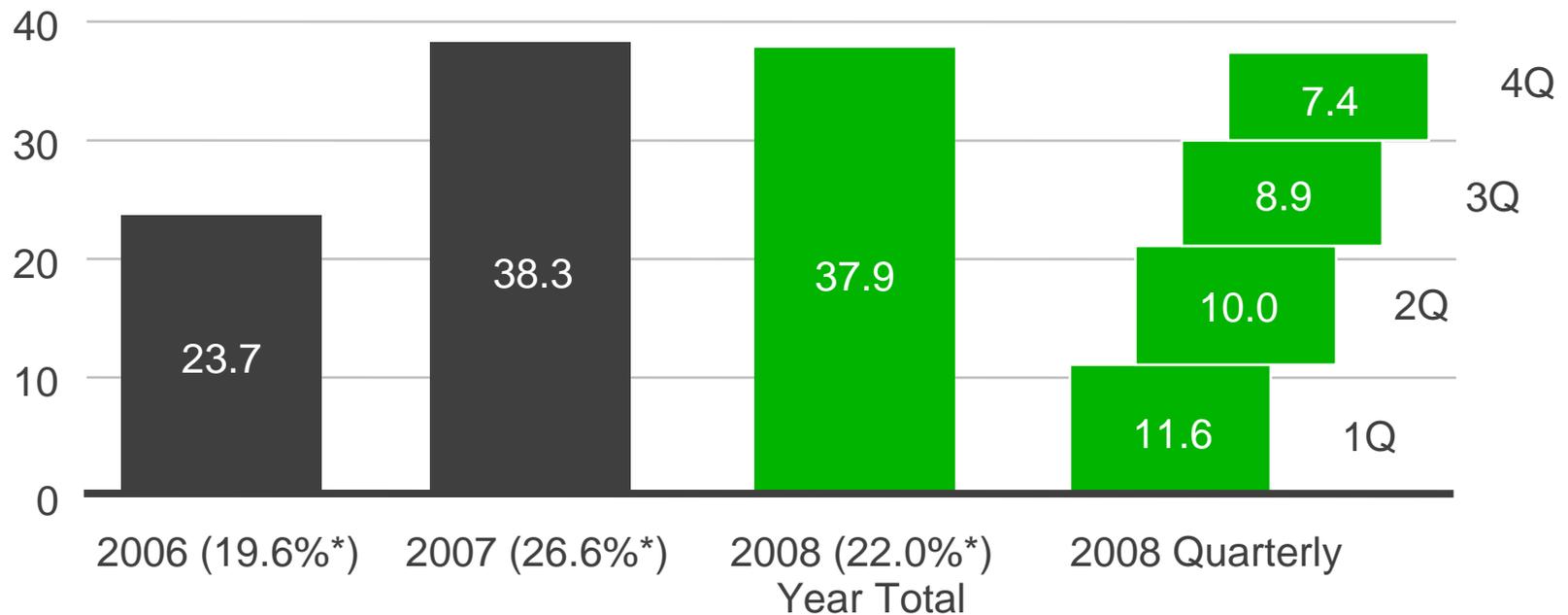
During 2008 EB invested in the following areas in R&D:

- Automotive software platform based products
- Radio channel emulation product portfolio
- Mobile WiMAX radio base station module products until end of 3Q
- RFID reader systems

The total R&D investments during 2008 were EUR 37.9 million (EUR 38.3 million in 2007), equaling 22.0% of the net sales (26.6% in 2007).

R&D investments were adjusted to a sustainable level during the second half 2008.

R&D Investments Were Adjusted to a Sustainable Level During 2H 2008



* Share of R&D investments of net sales

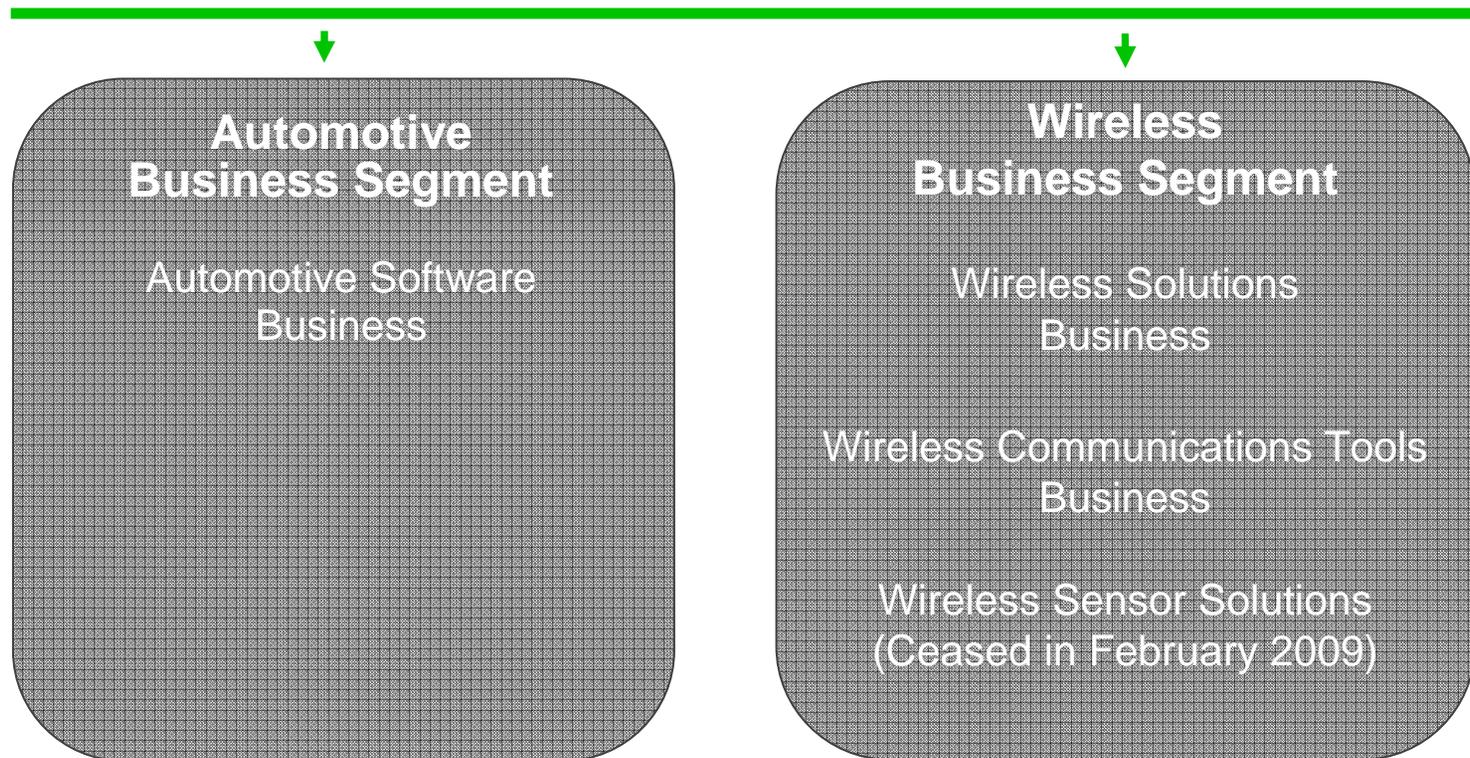




Business Segments in 2008

EB's Business Segments and Businesses

EB



The Exceptional Driving Experience – Redefined by Software

- The amount of electronics in cars is increasing steadily and within the car electronics, the amount of software is expanding rapidly
- The classical software issues have emerged – scalability, performance, re-usability, integration, maintainability and management of software versions
- Car manufacturers and their suppliers need robust, productized solutions to solve their cost and quality problems and bring new functionalities swiftly to mass production.

EB Automotive Software offers an extensive range of standard software products and professional tools that support the whole process of the in-car software development



EB - The Partner in Automotive Industry



- Planning top-down software-centric system architecture for cars
- Pushing standardized open interfaces throughout the vehicle
- Providing
 - standard software components
 - advanced networking solutions
 - tooling for software development
- Bringing advanced functionality to low and mid range cars
- Improving user interface design through unified and integrated HMI environments
- Turning customer specific solutions alive with best engineering capabilities

Automotive Business Segment in 2008 1 (2)

- During 2008, the Automotive Business Segment continued to grow.
 - The net sales were EUR 63.3 million (EUR 52.6 million in 2007) .
 - Growth of 20.3 % compared to 2007.
- The operating loss from business operations was EUR -10.3 million, non-recurring costs were EUR 1.8 million, totaling EUR -12.1 million (EUR 0.7 million in 2007).
 - Weak profitability of some large customer projects.
 - Continued significant long term investments into leading automotive Infotainment and ECU software products.
 - Expansion of geographical footprint in France, USA, Japan and China.
 - Bad debt reserve.
- Through these ongoing investments, EB is executing its strategy in Automotive Segment and building the fundamentals to play globally as a leading automotive software partner for automotive OEM's and their vendors.



Automotive Business Segment in 2008 2 (2)



- New customers in USA, Japan, Italy and France
- EB has been working with Ford innovative car connectivity and entertainment *Sync* platform in the USA.
- Acquisition of Net Consulting & Services in France in July
- Expanding the offering of software solutions in
 - Navigation
 - HMI (infotainment user interface) tooling and framework environment,
 - ECU (electronic control unit) software rich configuration, runtime and validation environment.
- The majority of the innovation and differentiation in the automotive industry is brought about by software and electronics and the use of standard software solutions is expected to increase.

Wireless Business Segment in 2008

- The net sales of the Wireless Business Segment continued to grow.
 - The net sales were EUR 108.6 million (EUR 90.9 in 2007).
 - Growth of 19.5% compared to 2007.
- The operating loss from business operations was to EUR -17.5 million, non-recurring restructuring costs were EUR -11.0 million, totaling EUR -28.5 million (EUR -22.8 million in 2007) due to
 - The significant and larger than originally anticipated investments in the R&D of Mobile WiMAX base station module products until the end of 3Q.
 - Delay of the accumulation of net sales of WiMAX base station modules products until the end of 3Q.
 - The rapid deceleration of the market and therefore the sales of wireless communications emulation and design tools during 2Q and 3Q.
 - Weaker demand and stronger than expected price competition in radio networks solutions' R&D services in first half 2008.
 - Slower than expected demand in mobile terminals R&D services in 3Q.
 - Heavy investment and lack of demand in RFID reader systems.



Wireless Solutions



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

Wireless Business Segment in 2008

Wireless Solutions Business



Wireless Solutions

- Wireless Solutions was established in the beginning 3Q by merging Mobile terminal business and Radio network solutions.
- Changing the Mobile WiMAX business model to customer financed model in the beginning of 4Q started to create revenue during 4Q.
- The project with TerreStar Networks has continued, while its share of mobile terminal business net sales is decreasing as planned.

Wireless Business Segment in 2008

Wireless Communications Tools Business



Channel emulators business

- The sales started to recover during 4Q after the weaker demand during 2Q and 3Q.
- The weaker demand earlier in 2008 reflected the phase of test tool investments, where the initial investments for WiMAX have been made and the LTE test tool investments have not yet started in a large scale.
- EB launched new radio emulation platform for WiMAX, LTE and 4G testing and introduced the first product based on the new platform in 3Q.
- Outsourcing of the manufacturing of the emulator products was completed during 2Q.
- The wireless communications tools market is expected to be driven by the LTE development activities.



Wireless Business Segment in 2008

Wireless Sensor Solutions Business



RFID reader systems business

- The UHF (Ultra High Frequency) RFID reader system market volume growth has been delayed as it consists mostly of pilots and trials, which keep the market and its growth lower than expected.
- In March, the Swiss subsidiary, Elektrobit AG, was sold to the acting management and EB's RFID development was consolidated to Graz, Austria.
- During 4Q EB started to investigate the possibility to exit from the RFID business.
- In February 2009 EB exits from RFID business by selling 7iD Technologies GmbH.



Profitability Improvement and Cost Savings Actions

Profitability Improvement and Cost Savings Program

- Targeting EUR 40 million annual impact in comparison to the cost level of the first half of 2008.
- The cost savings measures totaling to EUR 30 million have been completed during 4Q 2008 and are gaining their full impact from the beginning of 2009.
- The additional measures targeting to EUR 10 million savings have been mostly identified and are currently being implemented:
 - increasing the chargeability and utilization,
 - adjusting the R&D investments to a sustainable level
 - focusing of the business portfolio
 - streamlining support function costs.
- Change of the business model in the Mobile WiMAX reduces significantly EB's own R&D investment going forward.





Outlook for the first half of 2009

Outlook for the First Half of 2009

- Current economic downturn and turbulence in all markets is making forecasting challenging and the visibility is short.
- Based on current limited visibility, 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 will 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 of 2008 (EUR -14.1 million).



Financial Reporting in 2009

- The reporting dates in 2009:
 - Interim Report January – March 2009, on Thursday, April 30, 2009
 - Interim Report January – June 2009, on Friday, August 7, 2009
 - Interim Report January – September 2009, on Thursday, October 29, 2009
- EB's Annual General Meeting will be held on Thursday, March 19, 2009
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