



EB, Elektrobit Corporation Interim Report 1Q 2012

CEO Jukka Harju

April 26, 2012

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



- Highlights of 1Q 2012
- Financial Performance in 1Q 2012
- Business Segments in 1Q 2012
- Outlook for 2012
- Q&A

Major Events during 1Q 2012

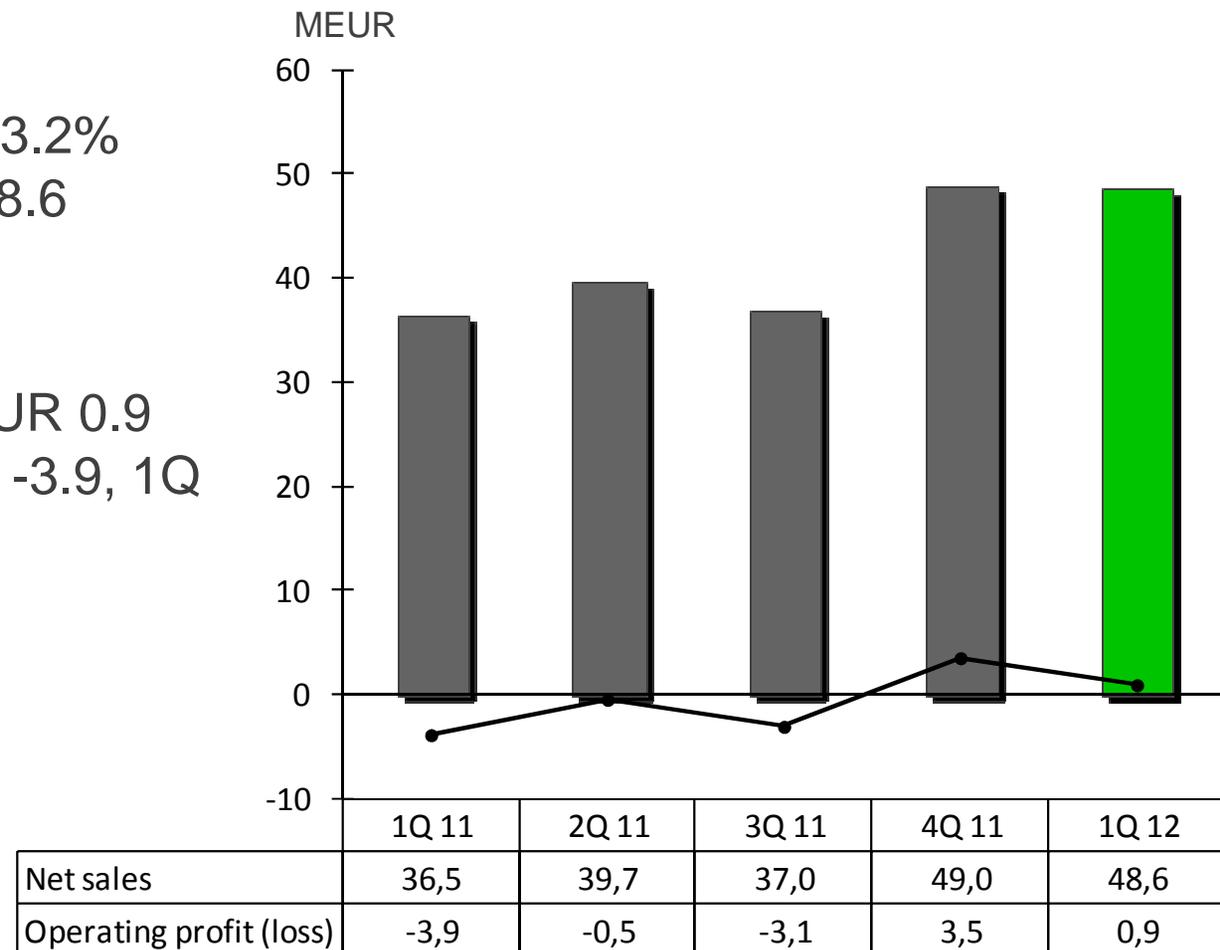
Net sales and operating result increased clearly from previous year



- EB's net sales increased strongly compared to 1Q 2011.
 - Net sales continued to grow in both Business Segments.
 - The growth rate year-on-year was high in Wireless Business Segment.
- EB's operating result improved clearly from 1Q 2011 and was positive.
- EB continued strong R&D investments.

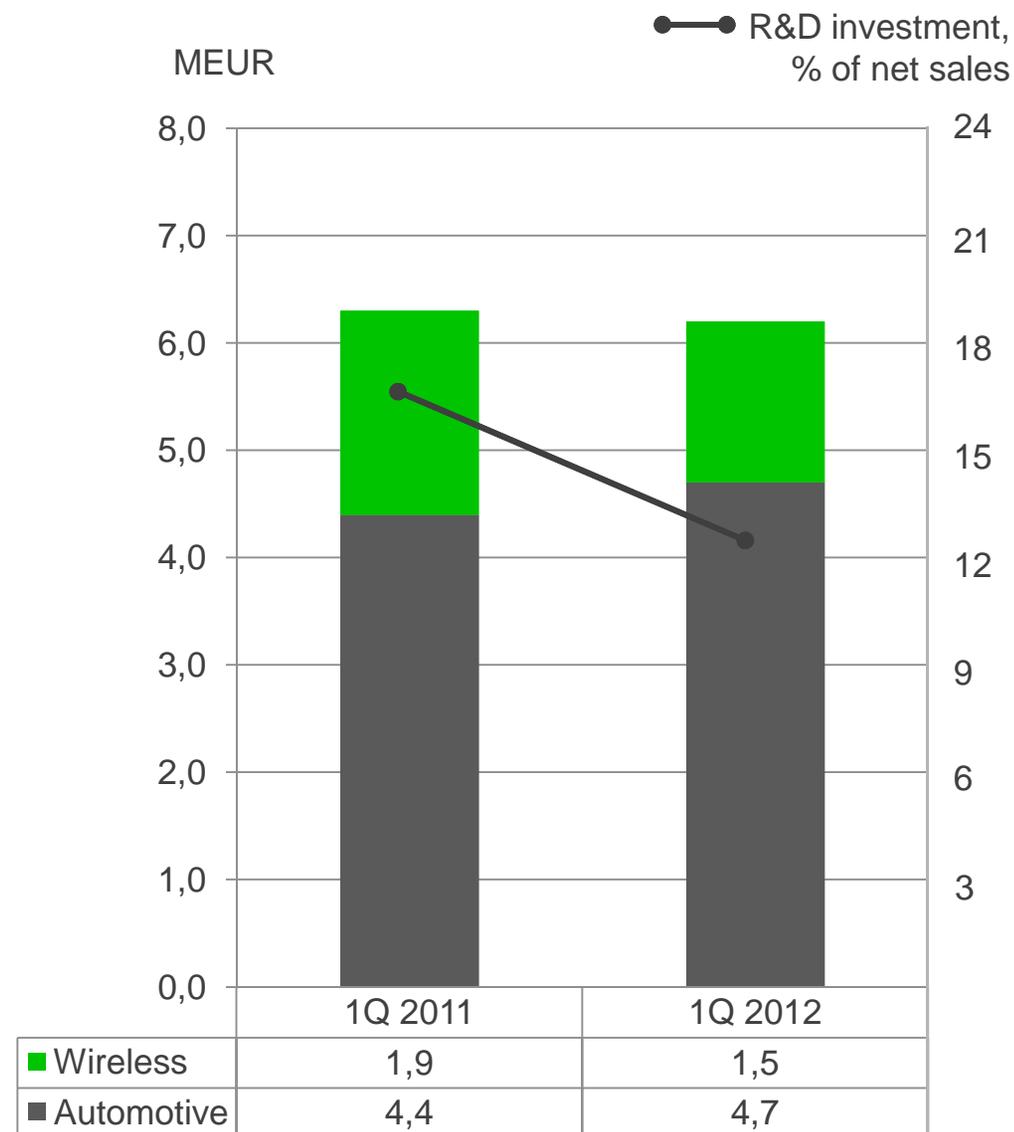
Net Sales Increased and Operating Result Improved from previous year

- Net sales increased by 33.2% year-on-year to MEUR 48.6 (MEUR 36.5, 1Q 2011)
- Operating profit was MEUR 0.9 (operating loss of MEUR -3.9, 1Q 2011)



Strong R&D Investments Continued

- R&D investments were MEUR 6.2 (MEUR 6.3, in 1Q 2011) equaling 12.8 % of the net sales (17.3 %, in 1Q 2011).
 - R&D investments in Automotive Business Segment were MEUR 4.7 (in automotive software products and tools).
 - R&D investments in Wireless Business Segment were MEUR 1.5 (mainly in radio channel emulator products and products and platforms for defence and public safety markets).
- MEUR 2.0 was capitalized (MEUR 1.6, in 1Q 2011). Depreciation of R&D investments were EUR 0.2 million during the reporting period (EUR 0.4 million, 1Q 2011). The amount of capitalized R&D expenses was MEUR 13.2 at the end of March 2012. Significant proportion of capitalized R&D expenses are related to Automotive Business Segment's customer agreements with expected future license fees based on actual car delivery volumes.



Operative Cash Flow in 1Q 2012 was Negative

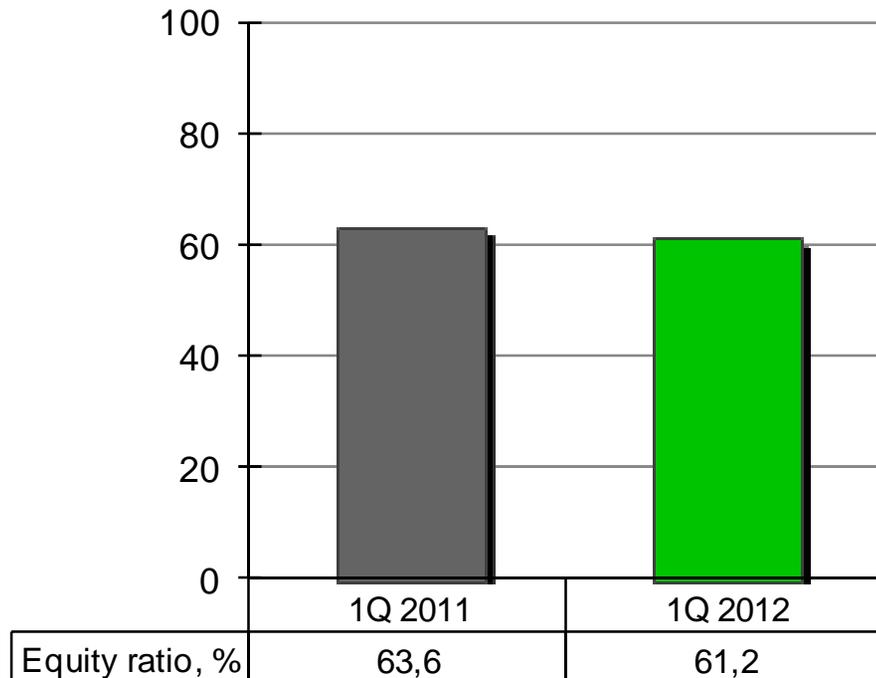
MEUR	1Q 2011	1Q 2012	Jan. - Dec. 2011
- net profit +/- adjustment of accrual basis items	-2.0	+2.6	+2.1
+/- change in net working capital	+2.7	-2.9	+0.6
- interests, taxes, and dividends	+0.8	-0.5	+2.6
NET CASH FROM OPERATING ACTIVITIES	+1.4	-0.9	+5.3
- net cash from investing activities	-2.3	-2.5	-11.1
- net cash from financing activities	-1.6	+0.7	-4.7
NET CHANGE IN CASH AND CASH EQUIVALENTS	-2.4	-2.7	-10.6

Cash flow from operating activities amounted to EUR -0.9 million (EUR +1.4 million in 1Q 2011).



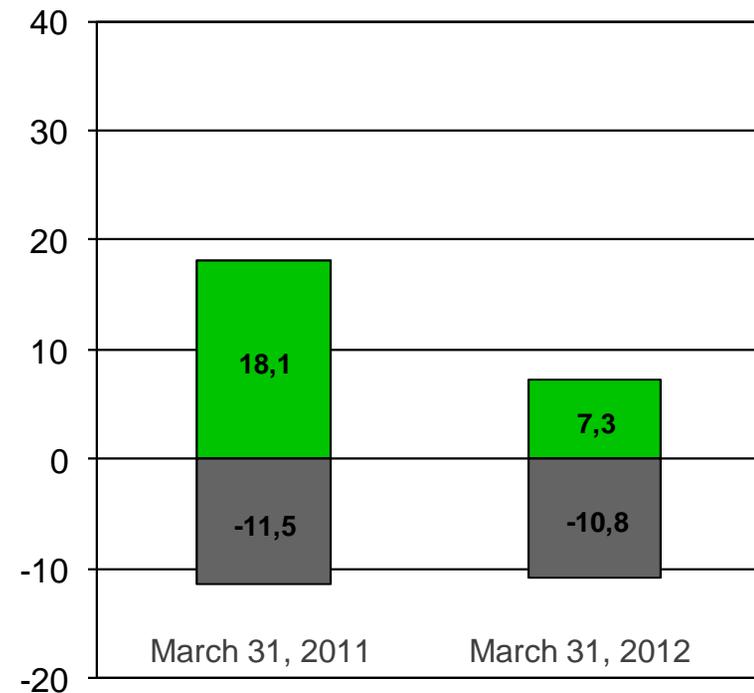
Balance Sheet Remained Strong

Equity ratio, %



- Equity ratio remained at a high level

Cash and liquid assets & interest bearing debt, MEUR



- Net debt of MEUR +3.5

■ Cash and liquid assets ■ Interest bearing debt



Major Events during 1Q 2012

Automotive Business Segment



- Solid overall market demand continued for EB's services and own automotive grade software products adapted and integrated to the customer specific requirements.
- Net sales continued to grow during the first quarter in the Infotainment, Driver Assistance and ECU (Electronic Control Unit) software markets.
- Operating profit improved slightly from 1Q 2011.
- Strong R&D investments were continued in automotive software products and tools.
- EB established a new subsidiary in China, EB Automotive Software (Shanghai) Ltd. The new office improves the possibility to support a larger customer base in China and neighboring markets in Central Asia.

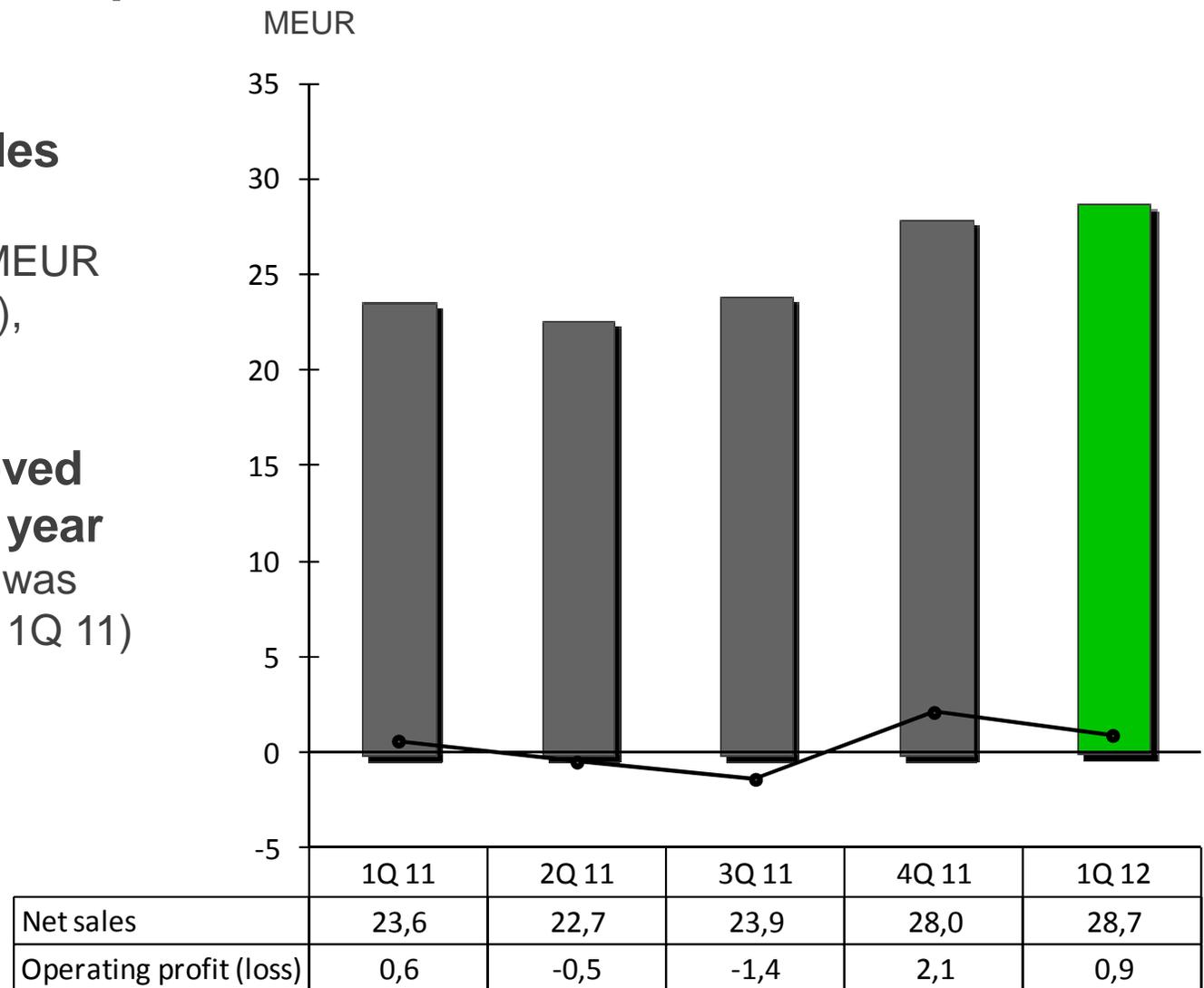
Automotive Business Segment in 1Q and Quarterly Development

Solid growth of net sales continued

- 1Q 2012 net sales was MEUR 28.7 (MEUR 23.6, 1Q 11), increase of 21.5 %

Operating profit improved slightly from previous year

- 1Q 2012 operating profit was MEUR 0.9 (MEUR 0.6 in 1Q 11)



Automotive Market Outlook

Carmakers continue to invest in automotive software for new car models and the market for automotive software products and services is estimated to continue growing.



- Move to the greater electronic content in cars has been underway for several years in both low-end and high-end vehicles. The share of electronic components in cars is forecasted to grow from 23 % in 2010 to 33% in 2020 (Roland Berger).
- Software complexity is growing and richness of features is increasing as consumers expect the same kind of user experience as in internet and mobile devices.
- Software and hardware are gradually being separated and the use of standard software solutions is increasing.
- Estimated annual automotive software market growth rate until 2018 is expected to exceed the growth rate of passenger car production volume that is estimated to be 5.6 % CAGR (LMC Automotive's Q4 2011 Forecast).
 - *Cost pressures of the industry are expected to accelerate the need of productized, efficient software solutions EB is offering.*
 - *The dependency of EB's net sales on the car production volumes is expected to increase in the coming years.*

Major Events during 1Q 2012

Wireless Business Segment



- Net sales grew highly by 57.6 percent from 1Q 2011. Net sales grew mainly in mobile infrastructure R&D services markets and defence and public safety markets.
- Operating result improved clearly from 1Q 2011 and was at break even.
- EB continued its R&D investments in the radio channel test tools and products and product platforms for the defence and public safety markets.
- EB announced a partnership with Renesas Mobile to provide its EB Specialized Device Platform with LTE capabilities.
- Raptor ID selected EB Specialized Device Platform for its new biometric mobile devices for the US government markets.
- EB made the decision to close its site in Espoo – The 25 employees have been offered the possibility to relocate in other EB sites.

Wireless Business Segment in 1Q and Quarterly Development

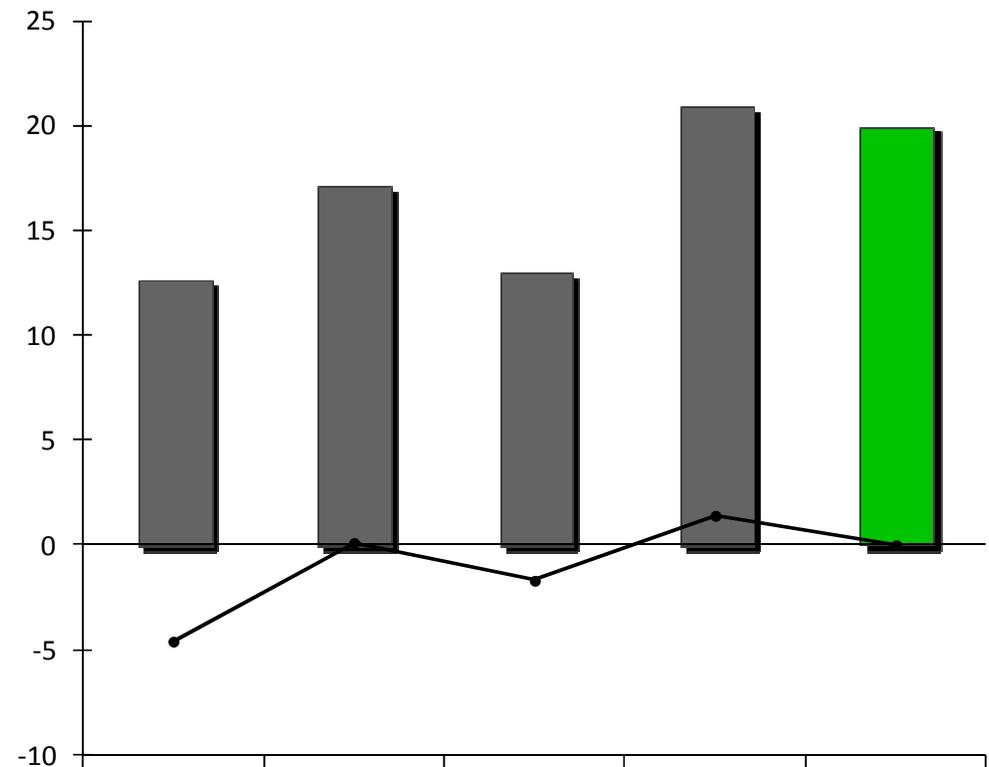
Net sales growth year-on-year was high in 1Q 2012

- 1Q 2012 net sales was MEUR 20.0 (MEUR 12.7, 1Q 11), increase of 57.6%

Operating result improved clearly year-on-year in 1Q 2012

- 1Q 2012 operating result was MEUR 0.0 (MEUR -4.6 in 1Q 11)

MEUR



	1Q 11	2Q 11	3Q 11	4Q 11	1Q 12
Net sales	12,7	17,1	13,0	21,0	20,0
Operating profit (loss)	-4,6	0,1	-1,7	1,4	0,0



Wireless Market Outlook

Technological changes, driving the demand, are expected to continue in the wireless communications market



Mobile telecommunications market

- Increasing use of **LTE radio technology** creates needs to develop new mobile infrastructure products.
- Smart phone related R&D services market for device manufacturers decreased in 2011 and is not expected to grow in 2012.
- In the Mobile satellite communication market, the demand for terminals for new data and mobile communications services is expected to slowly grow during next years.
 - *continuing opportunities for EB's broad technology and integration capabilities.*

Defence and public safety markets

- The defence and public safety market for **communications, interference and intelligence solutions** is estimated to be increasingly **based on commercial technologies**, such as LTE and smart phone software applications, in the future.
 - *EB's competence and long experience of software radio based solutions is expected to bring new business opportunities.*

Radio channel testing tools market

- Need for **advanced development tools for new LTE technologies** is expected to **remain** as a driver for the demand.
 - *EB provides world leading channel emulation tools for these radio technologies.*

Outlook for 2012

Compared to previous year, EB estimates that the demand for its products and services is expected to grow year-on-year during 2012 in both Automotive and Wireless Business Segments.



- For the year 2012, EB expects the net sales and operating result to grow clearly from the previous year (net sales of MEUR 162.2, operating loss of MEUR -4.0 in 2011).
- For the first half of 2012, EB expects that the net sales will grow clearly (MEUR 76.1 in 1H 2011), and operating result will be positive (MEUR -4.4 in 1H 2011).
- The profit outlook for 2012 is based on the assumption that there will be no further bookings of impairments of EB's accounts receivable from TerreStar Networks Inc. and TerreStar Corporation.

Financial Reports in 2012

- Interim Report 2Q 2012 on August 8, 2012
- Interim Report 3Q 2012 on November 6, 2012





Investor Relations:

Jukka Harju, CEO

Tel. +358 40 344 5466

Investor.relations@elektrobit.com

Elektrobit Corporation

Tutkijantie 8

FIN-90590 OULU, FINLAND

Tel. +358 40 344 2000

www.elektrobit.com



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