

ELTEK ASA

PRELIMINARY REPORT 1999

All figures in MNOK

KEY FIGURES

| | All Year | | | 4. quarter | | |
|---------------------------------|---------------------|-------|-------------------|------------|-------|-------------------|
| | 1999 | 1998 | Pro forma 1998 | 1999 | 1998 | Pro forma 1998 |
| Revenue | 1.042,4 | 822,6 | 872,0 | 304,0 | 219,0 | 233,2 |
| Operating profit | 82,7 | 57,2 | 58,9 | 24,0 | 16,1 | 16,4 |
| Ordinary profit before tax | 81,4 | 62,0 | 55,0 | 24,3 | 14,6 | 14,5 |
| Ordinary net profit before sale | 58,3 | 48,2 | 42,6 | 17,5 | 13,1 | 12,8 |
| Gain on sale after tax | 128,7 | - | - | 128,7 | - | - |
| Profit for the Year | 186,9 | 48,2 | 42,6 | 146,2 | 13,1 | 12,8 |
| Profit per share (NOK) | 3,95 | 3,60 | | | | |
| Dividend (NOK) | 10,00 ^{*)} | 1,00 | | | | |
| Operating margin | 7,9% | 7,0% | 6,8% | 7,9% | 7,4% | 7,0% |
| Profit margin (pre tax) | 7,8% | 7,5% | 6,3% | 8,0% | 6,7% | 6,2% |

* Extraordinary dividend, paid in December 1999

| | 31.12.99 | 31.12.98 | Pro forma 31.12.98 |
|---|----------|----------|-----------------------|
| Equity margin (incl. minorities) | 43,2% | 47,0% | 41,1% |
| Order reserve (after sale of divisions) | 179 | 202 | |
| Number of employees | 623 | 637 | |

BUSINESS AREAS

| | All Year | | | 4. quarter | | |
|--------------------------------|----------------------|-------|-------------------|------------|-------|-------------------|
| | 1999 | 1998 | Pro forma 1998 | 1999 | 1998 | Pro forma 1998 |
| ELTEK ENERGY | | | | | | |
| Revenue | 660,7 | 443,8 | 486,4 | 209,9 | 113,4 | 127,6 |
| Operating profit | 52,9 | 22,8 | 23,7 | 20,8 | 5,8 | 6,1 |
| Operating margin | 8,0% | 5,1% | 4,9% | 9,9% | 5,1% | 4,8% |
| ELTEK FIRE & SAFETY | | | | | | |
| Revenue | 402,1 ^{**)} | 398,0 | 404,8 | 97,8 | 110,6 | 110,6 |
| Operating profit | 32,2 ^{**)} | 34,4 | 35,2 | 5,6 | 10,2 | 10,2 |
| Operating margin | 8,0% | 8,6% | 8,7% | 5,7% | 9,2% | 9,2% |

Pro forma figures include companies purchased in 1999 and exclude gains from sales in 1998 of NOK 8,3 million before tax and NOK 6,3 million after tax.

***) Offshore and marine divisions included up to November 1999

Eltek became 1 Billion NOK Company in 1999

Eltek reached the goal of revenue in excess of NOK 1 billion in 1999. The increase is the result of a steep sales growth in Eltek Energy.

Revenue increased by 27%, and ended at NOK 1.042,4 (822,6) million. Operating profit increased by 45%, to NOK 82,7 (57,2) million. In 1999 social security fees on option agreements for key personnel incurred in an amount of NOK 2,4 million. These costs have not been charged to the business areas. Profit before tax and gain on sale increased by 31% to NOK 81,4 (62,0) million, while ordinary profit after tax increased by 21% to NOK 58,3 (48,2) million. The sale of the offshore and marine divisions of Eltek Fire & Safety yielded a net gain of NOK 128,7 million.

In the fourth quarter revenue amounted at NOK 304,0 (219,0) million, which is up 39% compared to 1998. The operating profit was NOK 24,0 (16,1) million, an increase of 49% compared to Q4 1998.

- Revenue is in line with our expectations, profit is higher than expected. The continued growth in Eltek Energy clearly underlines the soundness of our strategic decision to focus on the Telecom Power business, says Group CEO Alain F. Angelil.

Eltek Energy continued its strong growth in the fourth quarter. For the year, operating revenue ended at NOK 660,7 (443,8) million and operating profit at 52,9 (22,8) million, an increase of 49% and 132% respectively. Operating margin in the 4th quarter was 9,9%, and for the whole year 8%. During the year, Eltek Energy has signed contracts with four operators building pan-European telecom networks for fixed, mobile and Internet communication. In addition, strategic market initiatives have produced results in the form of deliveries in Australia and Malaysia. Moreover, a restructuring (outsourcing) of production has contributed significantly to the improved results.

Eltek Fire & Safety, including the offshore and marine divisions up to 29. November 1999 reached turnover on level with 1998 and operating profit somewhat lower than 1998. The remaining (landbased) part of Eltek Fire & Safety showed increase in both revenue and operating profit.

- Negotiations regarding the sale of the remaining, land-based business of Eltek Fire & Safety are expected to be completed during the first quarter of 2000. When finalised, Eltek will be a company focusing on the telecom and IT markets, well positioned to exploit the steep growth expected in these markets in the years ahead, says Alain F. Angelil.

Drammen, 14. February 2000

The Board of Eltek ASA

ELTEK GROUP

Profit and Loss Account

| | Per 4th Quarter | | | 4th Quarter | | |
|-----------------------------------|------------------|----------------|----------------|----------------|----------------|----------------|
| | 1999 | 1998 | Pro forma 98 | 1999 | 1998 | Pro forma 98 |
| Revenue | 1 042 433 | 822 574 | 871 988 | 304 044 | 218 957 | 233 167 |
| Cost of goods sold | 557 154 | 428 138 | 458 152 | 148 690 | 104 580 | 113 442 |
| Other operating costs | 385 433 | 326 285 | 341 288 | 126 492 | 95 157 | 99 582 |
| Ordinary depreciations | 17 180 | 10 949 | 13 663 | 4 870 | 3 168 | 3 779 |
| Total operating costs | 959 766 | 765 372 | 813 103 | 280 052 | 202 905 | 216 803 |
| Operating profit | 82 667 | 57 202 | 58 885 | 23 993 | 16 052 | 16 364 |
| Share of result in ass. comp. | 161 | 9 577 | 2 312 | -510 | 416 | 164 |
| Financial income and cost | -1 441 | -4 758 | -6 224 | 777 | -1 845 | -2 046 |
| Net financial items | -1 280 | 4 819 | -3 912 | 267 | -1 429 | -1 882 |
| Ordinary profit before tax | 81 387 | 62 021 | 54 973 | 24 260 | 14 623 | 14 482 |
| Taxes | 23 122 | 13 797 | 12 419 | 6 746 | 1 530 | 1 711 |
| Ordinary net profit | 58 266 | 48 224 | 42 554 | 17 514 | 13 093 | 12 771 |
| Gain on sale | 180 815 | - | - | 180 815 | - | - |
| Tax on gain on sale | 52 140 | - | - | 52 140 | - | - |
| Profit for the Year | 186 940 | 48 224 | 42 554 | 146 188 | 13 093 | 12 771 |
| Minority interests | 3 562 | 2 531 | 3 091 | 438 | 671 | 824 |

Balance Sheet

| | 31.12.99 | 31.12.98 | Pro Forma 31.12.98 |
|-------------------------------------|----------------|----------------|-----------------------|
| Goodwill | 56 488 | 42 951 | 58 958 |
| Other fixed assets | 61 627 | 53 917 | 60 376 |
| Share of ass. companies | 16 303 | 2 657 | 17 692 |
| Total fixed assets | 134 418 | 99 525 | 137 026 |
| Stock | 155 869 | 132 286 | 136 742 |
| Trade debtors | 216 408 | 182 465 | 201 924 |
| Other short term receivables | 13 077 | 12 852 | 13 716 |
| Cash in hand, bank deposits | 129 692 | 48 358 | 53 998 |
| Total current assets | 515 046 | 375 961 | 406 380 |
| Total assets | 649 464 | 475 486 | 543 406 |
| Share capital | 14 042 | 13 825 | 13 825 |
| Other equity | 250 715 | 200 999 | 195 328 |
| Total equity | 264 758 | 214 824 | 209 154 |
| Minority interests | 15 687 | 8 565 | 14 463 |
| Pension liabilities | 6 463 | 9 312 | 9 312 |
| Other long term liabilities | 60 459 | 25 624 | 72 401 |
| Total long term liabilities | 66 922 | 34 936 | 81 713 |
| Bank overdraft | 16 941 | 8 141 | 8 141 |
| Trade creditors | 118 158 | 97 017 | 106 749 |
| Other short term liabilities | 166 999 | 112 003 | 123 187 |
| Total current liabilities | 302 098 | 217 161 | 238 077 |
| Total liabilities and equity | 649 464 | 475 486 | 543 406 |

ELTEK GROUP - Pro forma

Group figures ex. the division which are sold

Profit and Loss Account

| | Per 4th Quarter | |
|-----------------------------------|------------------|----------------|
| | 1999 | Pro forma 99 |
| Revenue | 1 042 433 | 878 768 |
| Cost of goods sold | 557 154 | 464 373 |
| Other operating costs | 385 433 | 327 075 |
| Ordinary depreciations | 17 180 | 15 473 |
| Total operating costs | 959 766 | 806 921 |
| Operating profit | 82 667 | 71 847 |
| Share of result in ass. comp. | 161 | 161 |
| Financial income and cost | -1 441 | -1 873 |
| Net financial items | -1 280 | -1 712 |
| Ordinary profit before tax | 81 387 | 70 135 |
| Taxes | 23 122 | 20 218 |
| Ordinary net profit | 58 266 | 49 917 |
| Minority interests | 3 562 | 3 562 |