

**ELTEK GROUP**

**Profit and Loss Account**

	1 <sup>st</sup> quarter		Whole year
	2002	2001	2001 <sup>1)</sup>
<b>Revenue</b>	<b>230 489</b>	<b>511 408</b>	<b>1 498 690</b>
Cost of goods sold	145 995	308 979	1 031 260
Other operating costs	93 780	130 114	534 230
Depreciation	6 683	4 847	23 940
Amortisation and impairment of goodwill	1 420	11 219	506 736
<b>Total operating costs</b>	<b>247 878</b>	<b>455 160</b>	<b>2 096 167</b>
<b>Operating profit</b>	<b>-17 389</b>	<b>56 248</b>	<b>-597 476</b>
Share of result in associated companies	-52	-563	197
Financial income and costs	-3 609	-2 734	-15 283
<b>Net financial items</b>	<b>-3 661</b>	<b>-3 297</b>	<b>-15 086</b>
<b>Profit before tax</b>	<b>-21 050</b>	<b>52 950</b>	<b>-612 562</b>
Taxes	-3 305	18 533	-76 042
<b>Net profit</b>	<b>-17 745</b>	<b>34 417</b>	<b>-536 520</b>
Minority interests	-1 487	671	3 523

<sup>1)</sup>Incl. non-recurring items

**Balance Sheet**

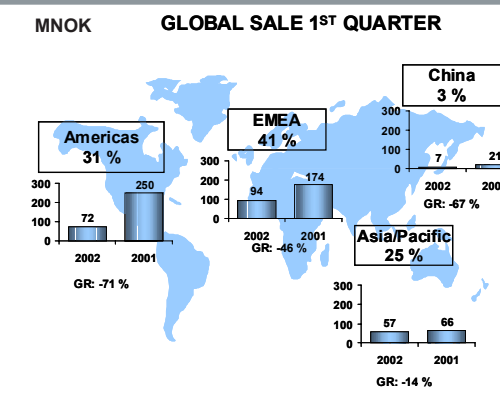
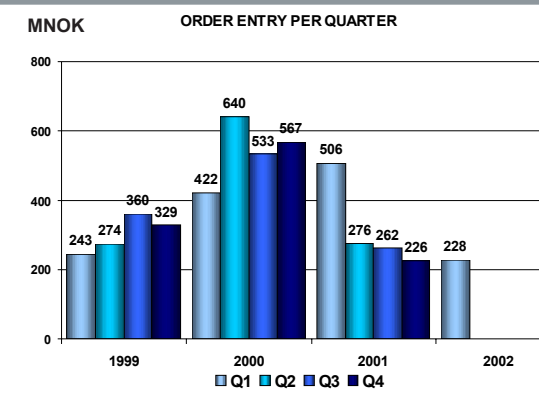
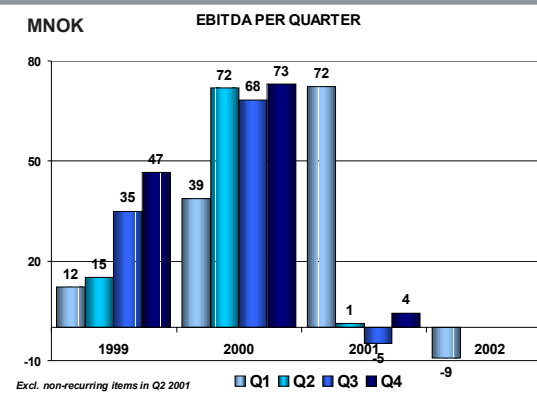
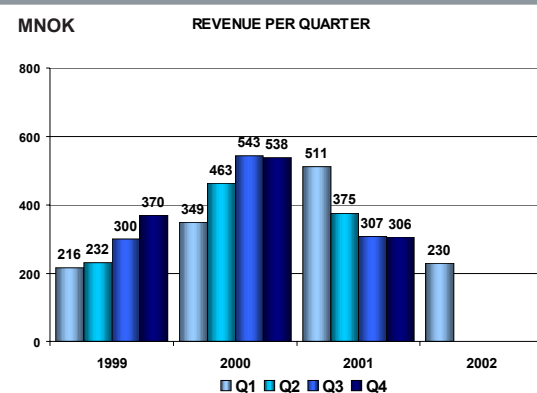
	31.03.2002	31.03.2001	31.12.2001
Goodwill	59 120	546 303	61 678
Other fixed assets	222 036	112 088	218 563
Share of associated companies	15 864	26 975	15 702
<b>Total fixed assets</b>	<b>297 020</b>	<b>685 365</b>	<b>295 942</b>
Inventories	261 478	362 012	286 793
Trade receivables	310 675	527 440	309 279
Other short term receivables	39 278	44 087	37 194
Cash and cash equivalents	115 780	63 592	113 740
<b>Total current assets</b>	<b>727 211</b>	<b>997 131</b>	<b>747 006</b>
<b>Total assets</b>	<b>1 024 231</b>	<b>1 682 496</b>	<b>1 042 948</b>
Share capital	24 463	24 463	24 463
Other equity	393 652	1 013 369	422 280
Minority interests	22 023	23 555	24 059
<b>Total equity</b>	<b>440 138</b>	<b>1 061 387</b>	<b>470 802</b>
<b>Provisions</b>	<b>35 617</b>	<b>35 045</b>	<b>36 104</b>
<b>Long term liabilities</b>	<b>207 653</b>	<b>103 675</b>	<b>208 659</b>
Bank overdraft	69 883	33 757	51 107
Trade creditors	113 866	226 041	119 408
Other short term liabilities	157 075	222 591	156 867
<b>Total short term liabilities</b>	<b>340 823</b>	<b>482 390</b>	<b>327 383</b>
<b>Total equity and liabilities</b>	<b>1 024 231</b>	<b>1 682 496</b>	<b>1 042 948</b>
<b>Equity ratio</b>	<b>43.0 %</b>	<b>63.1 %</b>	<b>45.1 %</b>

# Report first quarter 2002



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## Highlights First Quarter

- Revenue 230 MNOK
- Order entry stable at 228 MNOK
- Streamlining of the organisation continued
  - Operating cost reduced by 9 MNOK
- EBITDA -9 MNOK
- New product, *Flatpack*, introduced
- 3G contracts with Hutchinson in UK and Sweden
- Global approval by Motorola

## Key Figures

### Continuing operations

#### Amounts in NOK mill

	1 <sup>st</sup> quarter		Whole year
	2002	2001	2001
Revenue	230.5	511.4	1 498.7
EBITDA	-9.3	72.3	72.9
%	-4.0 %	14.1 %	4.9 %
EBIT	-17.4	56.2	22.2
%	-7.5 %	11.0 %	1.5 %
Financial items	-3.7	-3.3	-15.1
Profit before tax, before non-recurring items	-21.1	53.0	7.1
Taxes	-3.3	18.5	-4.9
Net profit, before non-recurring items	-17.7	34.4	2.3
Goodwill write-down			-480.0
Other non-recurring items			-139.7
Tax on non-recurring items			80.9
Net profit	-17.7	34.4	-536.5
Minority interests	-1.5	0.7	3.5
Basic EPS (NOK) before non-recurring items	-0.66	1.38	-0.09
Basic EPS (NOK)	-0.66	1.38	-22.11
Cash EPS (NOK) before non-recurring items	-0.61	1.84	1.00
Cash EPS (NOK)	-0.61	1.84	-1.36
Order entry <sup>1)</sup>	228.0	506.0	1 270.0

<sup>1)</sup> Excl. cancellations/deletions in 2001

(figures for 2001 in brackets)

## Financial

Eltek's revenue dropped by 55 % from the first quarter last year to 230.5 MNOK, which reflects the current difficult market conditions.

The effect of reduced revenue was partly offset by improved gross margin and lower operating cost. Gross margin improved from 35.2 % in the fourth quarter 2001 to 36.7 %, while operating cost was reduced by 9.3 MNOK to 93.8 MNOK. EBITDA was -9.3 (72.3) MNOK.

Inventories were further reduced by 25 MNOK in the first quarter, while accounts receivable were stable due to regional sales mix. Cash flow in the quarter was -17 MNOK.

By the end of the first quarter liquid funds, including drawing facilities, were 310 MNOK, while net interest bearing debt was 161 MNOK. Equity ratio was 43.0 %.

Order entry was 228 MNOK, stable from the previous quarter, resulting in an order backlog of 140 MNOK by the end of the quarter.

## Review of the market and Eltek's position

All suppliers to the telecom industry suffer from the currently low investment activity. The change in the market, whereby carriers and the major equipment suppliers (OEM's) are screening the market searching for better and more competitive power solutions, is favourable for Eltek.

A new product, *Flatpack*, with significant higher power density and cost efficiency, is being introduced to the market and is well received. The product with its leading edge solution, is especially well suited for the new development within wireless base stations where power density versus cost is the key measure.

In the American markets introduction of Eltek's product line, has improved our competitive position. The reorganised sales organisation has secured access to a number of new customers. Offers have been placed for a number of projects, and decisions are expected to be made in the near future.

In Europe market development continues to be slow, however, Eltek has been awarded contracts with Hutchinson for 3G development in Sweden and UK. The main focus of the European organisation is to improve market coverage in central and south Europe.

In China seasonal development will increase activity level in the second quarter. Restructuring of China Telecom is, however, expected to slow down in this market. Eltek's strong area, Asia/Pacific, has developed well and market coverage has been extended through new customers in India and Pakistan.

The new OEM organisation continued its progress and secured a break through into the OEM market through a global vendor approval from Motorola. Products will be stocked at Motorola's European Hub in Amsterdam.

## Restructuring and organisation

The streamlining of the organisation has continued in the first quarter, resulting in lower operating costs. The sales organisation has been restructured to improve efficiency and customer focus, and R&D has been strengthened.

## Outlook

Market visibility remains difficult, and Eltek's focus will be to gain market share and control cost. We expect the second quarter to be in line with the first quarter.

## Major shareholders as at 31 March 2002

Salomon Smith Barney	35.0 %
Eltek Holding	17.2 %
Credit Agricole Indosuez	7.2 %
Aksjefondet Gambak	4.5 %
Nordea/Merita Bank	3.9 %
Euroclear Bank	2.9 %
Skandinaviska Enskilda Banken	2.4 %
SEB Merchant Banking	2.0 %
Tine Pensjonskasse	1.8 %
Delphi Vekst	0.8 %

Shareholders registered in VPS as at 05.04.2002

Oslo, 18 April 2002

The Board of Directors, Eltek ASA