

**ELTEK GROUP**

**Profit and Loss Account**

	Per 3rd quarter			3rd Quarter	
	2001 excl. non		2001	2002	2001
	2002	rec. items			
<b>Revenue</b>	<b>656 459</b>	<b>1 193 213</b>	<b>1 193 213</b>	<b>200 198</b>	<b>307 220</b>
Cost of goods sold	423 627	764 112	833 182	129 445	207 370
Other operating costs	264 718	360 518	431 151	82 948	104 687
Depreciation	18 205	17 139	17 139	5 970	6 417
Amortisation and impairment of goodwill	4 027	25 181	505 181	1 265	1 751
<b>Total operating costs</b>	<b>710 578</b>	<b>1 166 950</b>	<b>1 786 653</b>	<b>219 629</b>	<b>320 224</b>
<b>Operating profit</b>	<b>-54 119</b>	<b>26 263</b>	<b>-593 440</b>	<b>-19 431</b>	<b>-13 003</b>
Share of result in associated companies	628	-29	-29	465	176
Financial income and costs	-7 488	-11 766	-11 766	-4 931	-676
<b>Net financial items</b>	<b>-6 860</b>	<b>-11 795</b>	<b>-11 795</b>	<b>-4 466</b>	<b>-500</b>
<b>Profit before tax, continuing operations</b>	<b>-60 979</b>	<b>14 468</b>	<b>-605 235</b>	<b>-23 897</b>	<b>-13 503</b>
Taxes, continuing operations	-5 045	8 881	-72 040	0	-628
<b>Net profit, continuing operations</b>	<b>-55 934</b>	<b>5 587</b>	<b>-533 195</b>	<b>-23 897</b>	<b>-12 875</b>
Minority interests, continuing operations	1 158	3 852	2 839	410	563

**Balance Sheet**

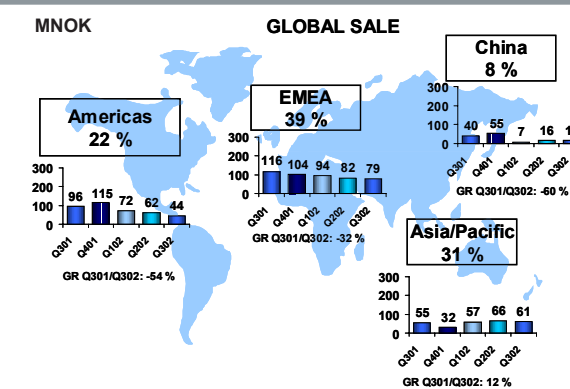
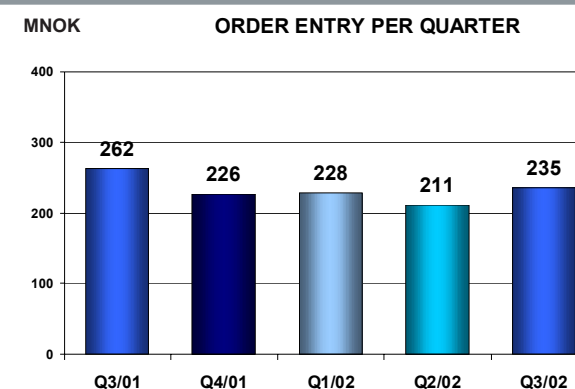
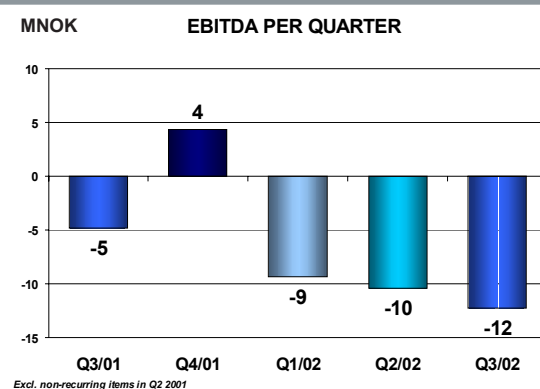
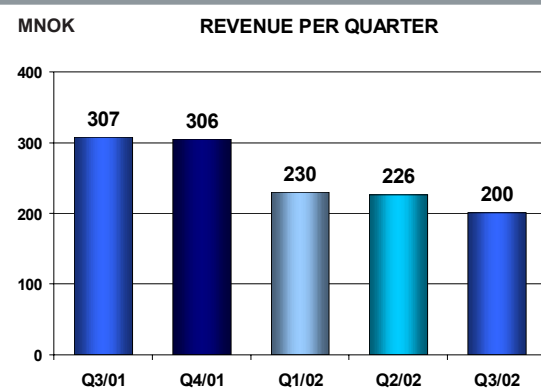
	30.09.2002	30.09.2001	31.12.2001
Goodwill	49 809	77 963	61 678
Other fixed assets	175 559	188 455	218 563
Share of associated companies	15 283	15 948	15 702
<b>Total fixed assets</b>	<b>240 650</b>	<b>282 365</b>	<b>295 942</b>
Inventories	187 454	343 976	286 793
Trade receivables	226 207	352 829	309 279
Other short term receivables	38 874	34 399	37 194
Cash and cash equivalents	140 347	85 787	113 740
<b>Total current assets</b>	<b>592 883</b>	<b>816 991</b>	<b>747 006</b>
<b>Total assets</b>	<b>833 533</b>	<b>1 099 356</b>	<b>1 042 948</b>
Share capital	24 463	24 463	24 463
Other equity	293 629	426 041	422 280
Minority interests	20 236	23 436	24 059
<b>Total equity</b>	<b>338 328</b>	<b>473 941</b>	<b>470 802</b>
<b>Provisions</b>	<b>33 918</b>	<b>33 060</b>	<b>36 104</b>
<b>Long term liabilities</b>	<b>192 655</b>	<b>204 572</b>	<b>208 659</b>
Bank overdraft	52 769	65 829	51 107
Trade creditors	82 193	143 836	119 408
Other short term liabilities	133 669	178 118	156 867
<b>Total short term liabilities</b>	<b>268 632</b>	<b>387 783</b>	<b>327 383</b>
<b>Total equity and liabilities</b>	<b>833 533</b>	<b>1 099 356</b>	<b>1 042 948</b>
<b>Equity ratio</b>	<b>40.6 %</b>	<b>43.1 %</b>	<b>45.1 %</b>

# Report third quarter 2002



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## Highlights

- Revenue 200 MNOK
- Order entry 235 MNOK
- Positive cash flow
- Continued restructuring
- New 3G-contract

(figures for 2001 in brackets)

### Financial

Eltek achieved revenue of 200.2 (307.2) MNOK in the third quarter, a decline of 35 % compared to the third quarter last year. Gross margin improved by 0.9 % from the second quarter this year to 35.3 %, while operating costs declined by 5 MNOK to 83 MNOK. EBITDA was -12.2 MNOK, EBIT was -19.4 MNOK and profit before tax was -23.9 MNOK. The comparable figures, before non-recurring items, for last year was -4.8 MNOK, -13.0 MNOK and -13.5 MNOK, respectively.

Order entry increased by 24 MNOK from the second quarter to 235 (262) MNOK.

Accounts were significantly influenced by appreciation of the Norwegian currency which, on average, was 6 % higher than in the preceding quarter.

Reduction of working capital continued and resulted in positive cash flow for the quarter of 10 MNOK.

For the first three quarters revenue was 656.5 (1,193.2) MNOK. Profit before tax was -61.0 MNOK, compared to 14.5 MNOK, before non-recurring items, last year.

## Outlook

While the telecom equipment market is expected to improve long-term, we do not foresee any significant near-term growth. Eltek's main focus is to achieve positive results in the current weak marketplace through increased market share and further adjustment of the operational cost base. The company's strong product portfolio is considered a competitive advantage and continued high Research and Development activity will be maintained.

## Review of the market and Eltek's position

The world telecom power market continues to be difficult. This situation appears to be stabilising in most markets with the exception of North America where telecom carriers continue to reduce their capital expenditures. The majority of third quarter revenue decrease refers to this market. New contracts are expected to improve sales in the American region.

Revenue in other regions has stabilised from the second quarter. A new 3G-contract in Denmark further strengthened Eltek's position in this market segment. Good order entry will increase revenue in China and Asia/Pacific.

OEM activity is being maintained on a high level and prospects are good with respect to achieving new contracts.

## Restructuring

The organisation was further adjusted to a lower activity level in the third quarter, and the number of employees was reduced by 65 to 588. An increasing part of system assembly is being outsourced. The full effect of the cost reduction will materialize in the fourth quarter this year and the first quarter next year.

## Key Figures

### Continuing operations

#### Amounts in NOK mill

	Per 3 <sup>rd</sup> quarter		3 <sup>rd</sup> quarter	
	2002	2001	2002	2001
Revenue	656.5	1 193.2	200.2	307.2
EBITDA	-31.9	68.6	-12.2	-4.8
%	-4.9 %	5.7 %	-6.1 %	-1.6 %
EBIT	-54.1	26.3	-19.4	-13.0
%	-8.2 %	2.2 %	-9.7 %	-4.2 %
Financial items	-6.9	-11.8	-4.5	-0.5
Profit before tax, before non-recurring items	-61.0	14.5	-23.9	-13.5
Taxes	-5.0	-8.9	0.0	0.6
Net profit, before non-recurring items	-55.9	5.6	-23.9	-12.9
Goodwill write-down		-480.0		
Other non-recurring items		-139.7		
Tax on non-recurring items		80.9		
Net profit	-55.9	-533.2	-23.9	-12.9
Minority interests	1.2	2.8	0.4	0.6
Basic EPS (NOK) before non-recurring items	-2.33	0.07	-0.99	-0.55
Basic EPS (NOK)	-2.33	-21.95	-0.99	-0.55
Cash EPS (NOK) before non-recurring items	-2.17	1.10	-0.94	-0.48
Cash EPS (NOK)	-2.17	-1.26	-0.94	-0.48
Order entry <sup>1)</sup>	674.4	1 044.0	235.0	262.0

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

### Largest shareholders as at 30 September 2002

Salomon Smith Barney	33.4 %
Eltek Holding	17.2 %
Credit Agricole Indosuez	7.3 %
Aksjefondet Gambak	6.1 %
Euroclear Bank	4.3 %
Nordea Bank Finland	3.9 %
Skandinaviska Enskilda Banken	2.4 %
Tine Pensjonskasse	1.8 %
SEB Merchant Banking	1.3 %
Credit Agricole Indosuez	0.9 %

Shareholders registered in VPS as at 04.10.2002

Drammen, 15 October 2002  
The Board of Directors, Eltek ASA