

ELTEK

REPORT FOR THE FIRST QUARTER OF 1999

KEY FIGURES

All figures in full millions (NOK)	1st Quarter		The Year 1998
	1999	1998	
Operating revenue	232.4 ¹⁾	197.0	822.6
Operating profit	14.0 ²⁾	17.1	57.2
Profit before tax	13.7	15.9	62.0
Profit for the period	9.5	11.2	45.7
Operating margin	6.0%	8.7%	7.0%
Profit margin before tax	5.9%	8.1%	7.5%
	31.03.99	31.12.98	
Equity ratio (incl. minority interests)	40.9% ³⁾	47.0%	
Order backlog	233	202	
Number of employees	718 ⁴⁾	637	

BUSINESS AREAS

	1st Quarter		The Year 1998
	1999	1998	
ELTEK ENERGY			
Operating revenue	128.9	112.0	443.8
Operating profit	5.1	7.4	22.8
Operating margin	4.0%	6.6%	5.1%
ELTEK FIRE & SAFETY			
Operating revenue	108.0	90.8	398.0
Operating profit	9.0	9.7	34.4
Operating margin	8.3%	10.7%	8.6%

1) Excluding companies acquired in the first quarter of 1999

2) Including goodwill depreciation of MNOK 1.1 (Eltek Energy 0.2, Eltek Fire & Safety 0.9)

3) Acquired companies have been included in the balance sheet figures

4) Including employees in companies acquired in 1999

Summary

Eltek recorded operating revenues in the first quarter of NOK 232.4 (197) million. Operating profit was NOK 14 (17.1) million, while profit before tax totalled NOK 13.7 (15.9) million.

Both business areas have shown strong growth in turnover and Eltek Fire & Safety's operating profit was also on a par with last year's result. Eltek Energy's profits are somewhat lower than for the corresponding period last year.

After a strong order intake in the first quarter, order reserves rose by NOK 31 million from year-end to NOK 233 million.

Eltek Fire & Safety continues to develop positively in terms of sales, order intake and profits. In addition to achieving a considerable increase in turnover, Eltek Energy had a strong order intake in the first quarter. Measures have been implemented to reduce production costs and improved results are expected.

Acquisitions (not included in the profit and loss account)

Three companies have been acquired this year: 51 % of the French company Société de Fabrications Electriques et Electroniques (S.F.E.E.), 51 % of Finntek in Finland and 34 % of Micropower in Sweden. The total sum invested in these shares was NOK 38 million. Eltek has the option to acquire the remaining shares in the companies. S.F.E.E. and Finntek have been consolidated as subsidiaries in the balance sheet as at 31.03.99, while Micropower has been included as an associated company. Total revenues for these companies amounted to NOK 36 million in the first quarter. None of the companies have been included in the profit and loss account for the first quarter.

New IT system

In the first quarter, a new IT system for production, logistics and finance has been implemented in the main Norwegian companies. The project has been a success and is expected to contribute to improved efficiency. The new IT system also complies with requirements relating to the transition to the year 2000.

Eltek Energy

Eltek Energy's operating revenue was NOK 128.9 (112) million, while operating profit was NOK 5.1 (7.3) million.

Order intake in the first quarter was strong and the order reserve grew by NOK 35 million. In order to meet increased demand and improve the profit margin, restructuring measures and the outsourcing of production have been implemented. This is expected to yield improved margins during the year. Deliveries to the Canadian Defence began in the first quarter.

Eltek Energy acquired two foreign companies in the first quarter. The acquisition of a 51 % shareholding in the French company S.F.E.E. will strengthen Eltek's position in Southern Europe, while the acquisition of 34 % of Micropower in Sweden will give Eltek Energy access to a growing market for systems for charging and monitoring batteries in electric vehicles. Eltek and Micropower's products complement one another technologically and the companies will achieve synergies within product development, manufacturing and marketing.

On the light of a strong order intake, the measures implemented in production, an extensive product development programme and the acquisitions made, a positive trend is expected in Eltek Energy's profit throughout the year.

Eltek Fire & Safety

Eltek Fire & Safety's revenues were NOK 108 (90.8) million. Operating profit totalled NOK 9 (9.7) million. The order reserve at the end of the first quarter was NOK 113 million.

The largest individual projects in the first quarter are fire protection on the offshore platforms Bingo 1 and 2 with a value of NOK 15 million and the Sture terminal with a value of NOK 10 million. A framework agreement has been signed with Aker Maritime which has a potential value of NOK 100 million over five years. A NOK 25 million framework agreement with RCCL for Monarch of the Seas represents a breakthrough in the large market for fire protection in the cruise sector.

In the first quarter, the Finnish emergency lighting company Finntek was acquired. The company has a 25% market share in Finland and will strengthen Eltek Fire & Safety's position as market leader in the Nordic emergency lighting market. During the first quarter, Heien-Larssen Middle East was established in the United Arab Emirates in order to serve the marine market in the Middle East.

Drammen, 27 April 1999

The Board of Eltek ASA

ELTEK GROUP

Profit and Loss Account

	1th Quarter		Year
	1999	1998	1998
Revenue	232,377	196,976	822,574
Cost of goods sold	134,277	104,814	428,138
Other operating costs	80,712	73,055	326,142
Ordinary depreciations	3,355	2,015	11,092
Total operating costs	218,344	179,884	765,372
Operating profit	14,033	17,092	57,202
Share of result in ass. comp.	-35	244	9,577
Financial income and cost	-262	-1,418	-4,758
Net financial items	-297	-1,174	4,819
Profit before tax	13,736	15,918	62,021
Taxes	3,979	4,456	13,797
Minority interests	234	240	2,531
Net profit	9,523	11,222	45,693

Balance Sheet

	31/03/99	31/03/98	31/12/98
Cash in hand, bank deposits	33,848	16,006	48,358
Trade debtors	239,248	203,156	182,465
Other short term receivables	15,936	25,532	12,852
Stock	157,052	115,906	132,286
Total current assets	446,084	360,600	375,961
Share of ass. companies	17,171	7,581	2,657
Goodwill	55,926	44,674	42,951
Other fixed assets	64,188	43,535	53,917
Total fixed assets	137,284	95,790	99,525
Total assets	583,368	456,390	475,486
Bank overdraft	16,246	33,677	8,141
Trade creditors	126,916	109,447	97,017
Other short term liabilities	124,223	118,210	112,003
Total current liabilities	267,385	261,334	217,161
Pension liabilities	9,344	8,567	9,312
Other long term liabilities	67,999	65,848	25,624
Total long term liabilities	77,343	74,415	34,936
Minority interests	14,495	6,090	8,565
Share capital	13,825	11,594	13,825
Other equity	210,321	102,957	200,999
Total equity	224,146	114,551	214,824
Total liabilities and equity	583,368	456,390	475,486