

Presentation Fourth Quarter 2006

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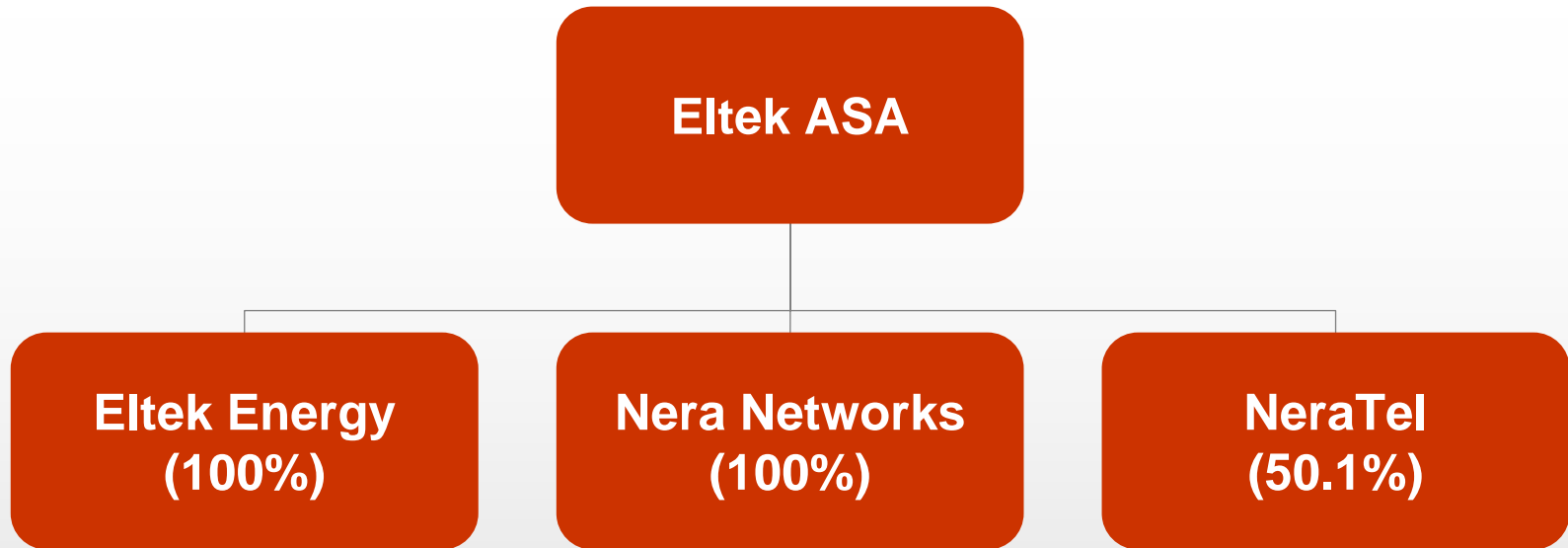
This presentation was prepared for the fourth quarter results presentation held on February 16, 2007. Information contained within will not be updated. The following slides should be read and considered in connection with the information given orally during the presentation.

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Agenda

- Fourth Quarter Highlights
 - Key Financial Figures for the Eltek Group
- Segment Information
 - Eltek Energy
 - Nera Networks
 - Nera Telecommunications (NeraTel)
- Outlook

Reporting Structure



- All three areas are consolidated on a 100%-basis
- Corporate costs are reported separately
- The activities in Nera are reported differently from Nera's segmentation prior to the merger



Eltek Group

Fourth quarter highlights

- Continued revenue growth
 - Merged company: +17 percent from *pro forma* 4Q '05
 - Eltek Energy: +13 percent
 - Nera Networks: + 9 percent
 - NeraTel: +44 percent
- Flat order entry from *pro forma* 4Q '05
 - Eltek Energy +11 percent
 - Nera Networks + 1 percent
 - NeraTel - 12 percent
- Gross margin remains the key challenge
- Nera restructuring develops as planned

Key financial figures, reported

NOKm	4Q 06	3Q 06	2Q 06	1Q 06	4Q 05	FY 2006	FY 2005
Order entry	984	693	657	607	570	3,017	2 216
Revenue	1,207	683	632	599	597	3,121	2 086
Gross Profit	280	176	160	157	171	773	595
Gross Margin (%)	23.2	25.7	25.4	26.3	28.7	24.8	28.5
Gain from divestment	-	-	-	22.7	-	22.7	-
EBIT bef. restruct. cost	48.2	64.0	52.8	74.1	62.8	239.1	227.4
Restructuring cost	-49.8	-	-	-	-	-49.8	-
EBIT	-1.6	64.0	52.8	74.1	62.8	189.3	227.4
Net financials*	-12.7	-13.7	-6.0	0.2	0.8	-32.1	-2.2
Profit before tax	-14.2	50.3	46.7	74.4	65.6	157.2	225.2
Net profit	-16.2	36.2	33.3	53.4	53.5	106.6	171.9

* Net financials in 4Q 2006 include a loss of NOK 6 million on sales of shares in Thrane & Thrane

Key financial figures – *pro forma**

NOKm	4Q 06	3Q 06	2Q 06	1Q 06	4Q 05	FY 2006	FY 2005
Order entry	984	1,151	1,249	1,197	973	4,581	4,126
Revenue	1,207	1,067	1,095	1,115	1,033	4,484	4,033
Gross Profit	280	249	248	251	242	1,029	1,014
Gross Margin (%)	23.2	23.4	22.7	22.5	23.4	22.9	25.2
EBIT*	48.2	32.9	32.9	62.4	27.7	176.4	261.4

* The *pro forma* figures are excluding non-recurring costs in all periods, and are prepared under the assumption that the current activity of Nera was consolidated as of 1 January 2005



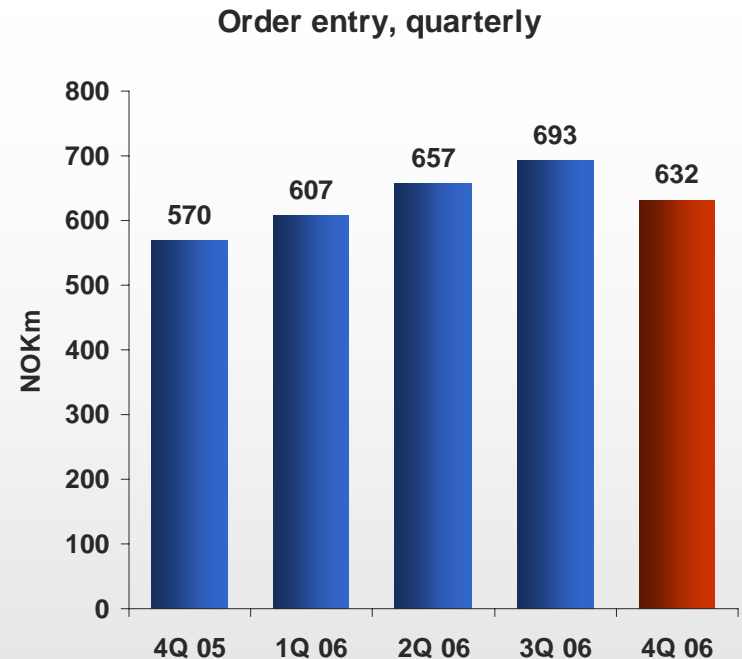
Eltek Energy

Eltek Energy - Key financial figures

NOKm	4Q 06	3Q 06	2Q 06	1Q 06	4Q 05	FY 2006	FY 2005
Order entry	632	693	657	607	570	2,589	2 216
Revenue	672	683	632	599	597	2,585	2 086
Gross Profit	168	176	160	157	170	661	593
Gross Margin (%)	25.0	25.7	25.4	26.3	28.5	25.6	28.4
Gain from divestment	-	-	-	22.7	-	22.7	-
EBIT	60.0	71.6	60.5	82.2	70.9	274.3	259.9
EBIT margin (%)	8.9	10.5	9.6	13.7	11.9	10.6	12.5

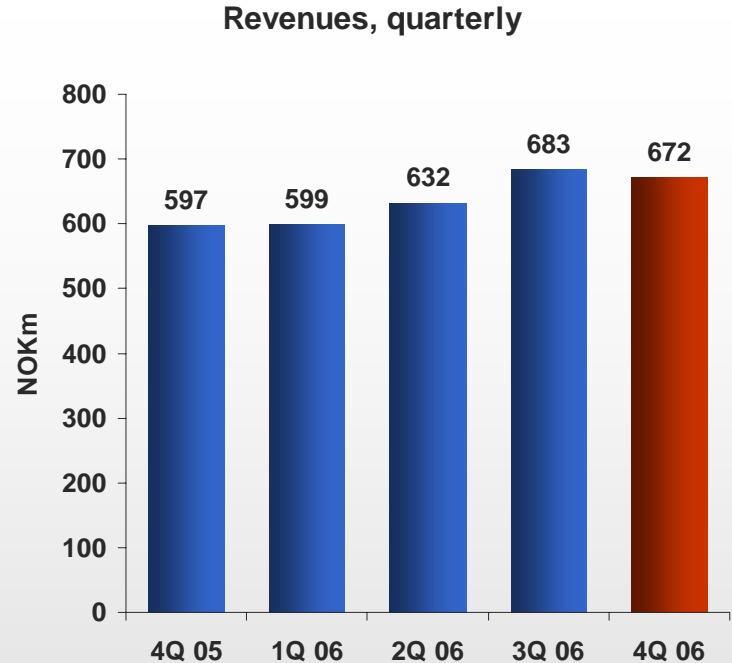
Eltek Energy – Order entry

- Continued growth
 - 11% increase from 4Q '05
 - 9% decline from 3Q '06
- 4Q vs. 4Q '05
 - Increases in Americas and EMEA
- 4Q vs. 3Q '06
 - Normal seasonal pattern
 - Major projects in India have been postponed



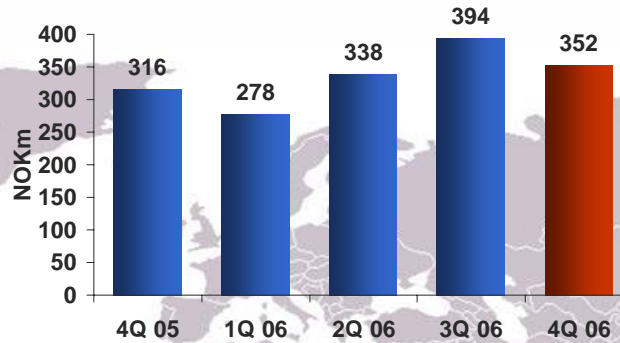
Eltek Energy – Revenue

- Continued growth
 - Established clear no. 2 position
 - Closing in on the market leader
- 4Q vs. 4Q '05: +13%
 - Increase in all regions
- 4Q vs. 3Q '06: -2%
 - Decline in EMEA, flat in Asia Pacific and increase in Americas (Brazil)
- Seasonal effect in 1Q
 - 1Q '06 included major deliveries in Australia

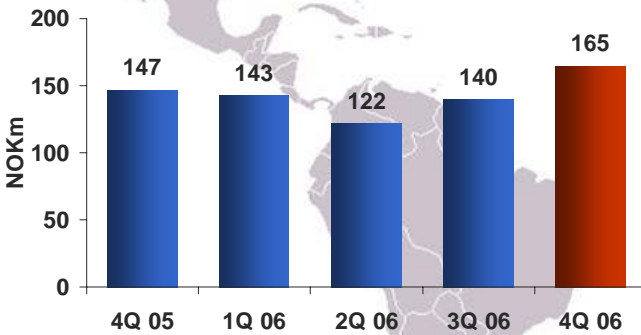


Eltek Energy - Regional development

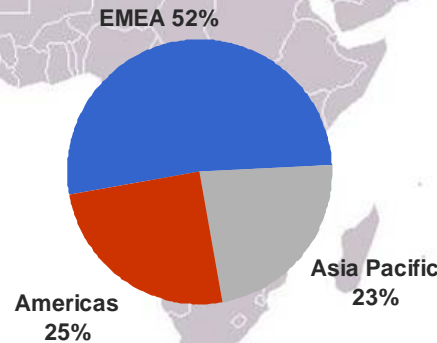
EMEA revenue, quarterly



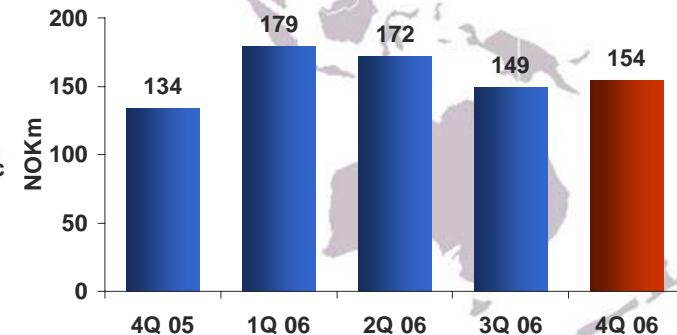
Americas revenue, quarterly



4Q 2006 Revenue by region

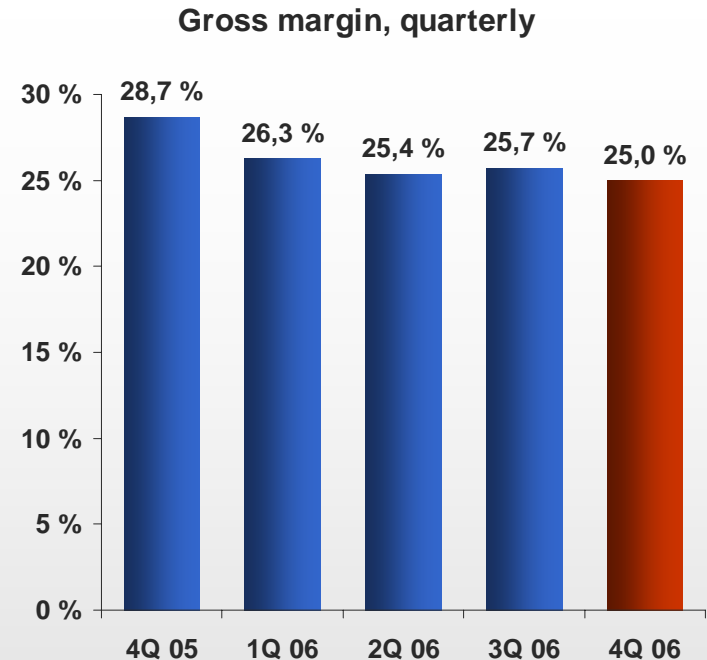


Asia Pacific revenue, quarterly



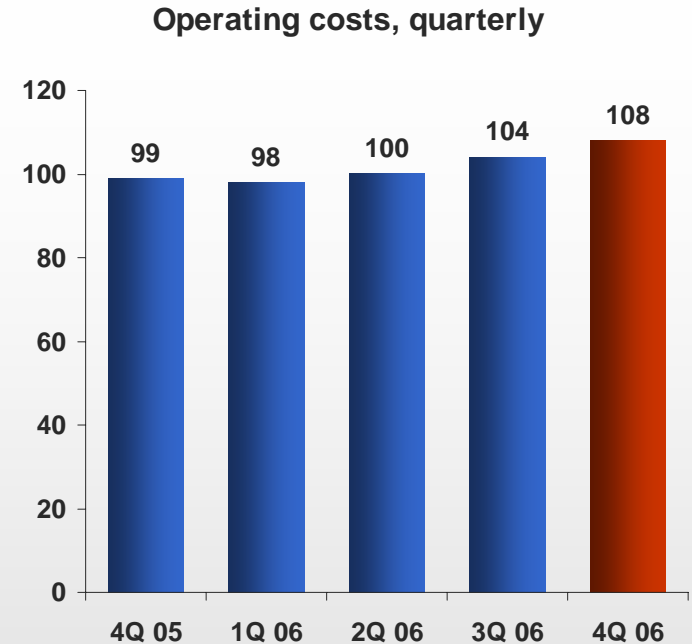
Eltek Energy – Gross margin

- Remains challenging
- Geographical mix
 - South America
- Internal measures have not fully compensated
 - Lower-than-expected volumes at the system hubs in 4Q
 - Changes in product and geographical mix



Eltek Energy – Operating costs

- No major changes
 - Increase primarily explained by higher R&D
 - Increased activity level during the year
 - AIAB acquisition
 - Established operation in Spain



Note: Costs reflect split between Eltek Energy and Corporate

Nera Networks

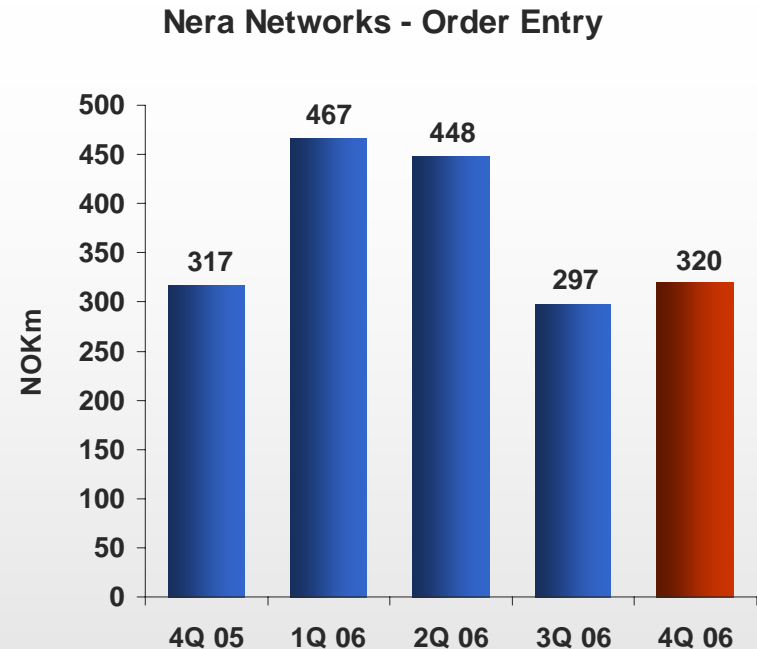
Nera Networks - Key financials

NOKm	4Q 06	3Q 06	2Q 06	1Q 06	4Q 05	FY 2006	FY 2005
Order entry	320	296	447	466	317	1,529	1,454
Revenue	399	291	356	333	364	1,378	1,516
Gross Profit	73	40	59	61	49	233	295
<i>Gross Margin (%)</i>	18.2	13.6	16.6	18.4	13.4	16.9	19.4
EBIT bef. restructuring	-10.8	-38.9	-23.0	-18.5	-25.4	-91.3	19.1
Restructuring charges	-49.8						
EBIT	-60.6						

Note: All figures except 4Q 06 are *pro forma* figures, which exclude non-recurring items

Nera Networks – Order entry

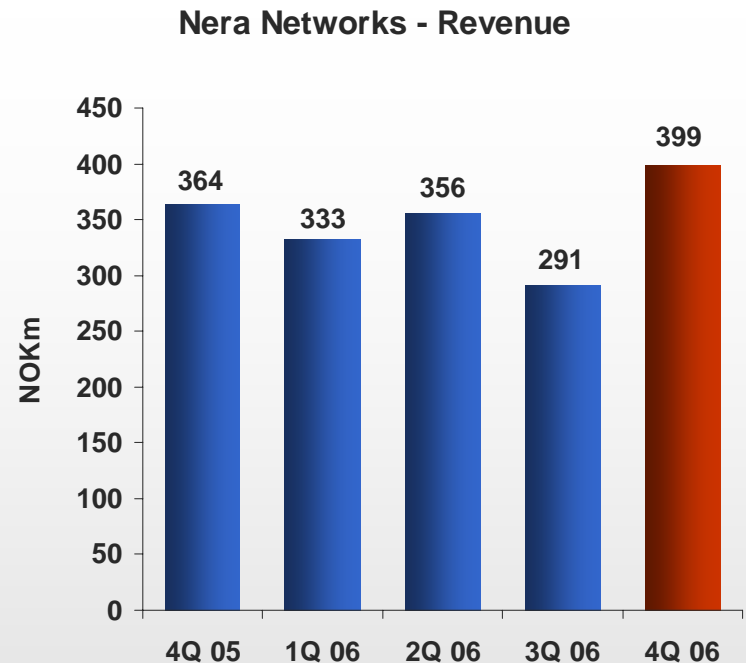
- Still relatively low
 - Marginally up on 4Q '05
 - 8% increase vs. 3Q '06
- 4Q vs. 3Q '06
 - Increase in Middle East and Asia Pacific (NeraTel), lower in Europe and Americas
 - Major orders received first weeks of 2007 (NeraTel)
- Affected by reduced delivery capacity
 - Improving towards the end of 4Q '06 and into 1Q '07



Note: Gross order entry, including deliveries to NeraTel (*Pro forma* historical figures)

Nera Networks – Revenue

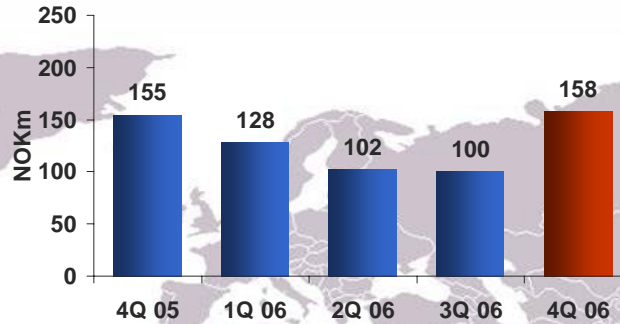
- Return to growth
 - +9% vs. 4Q '05
 - +37% vs. 3Q '06
- 4Q vs. 4Q '05
 - Flat revenue in EMEA (increase in Africa)
 - Increases in America and Asia Pacific
- 4Q vs. 3Q '06
 - Increases in Europe and Americas, decline in Asia Pacific



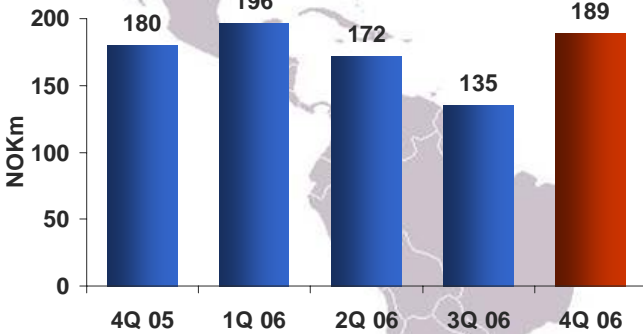
Note: Gross revenues, including deliveries to NeraTel (*Pro forma* historical figures)

Nera Networks - Regional development

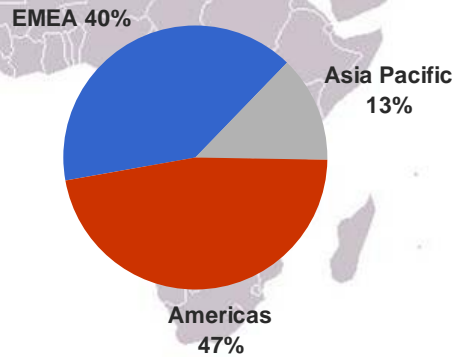
EMEA revenue, quarterly



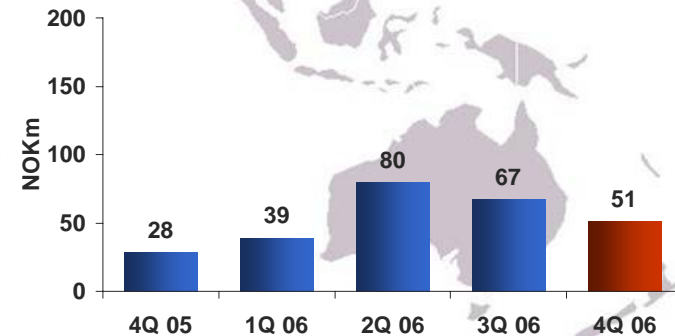
Americas revenue, quarterly



4Q 2006 Revenue by region



Asia Pacific revenue, quarterly



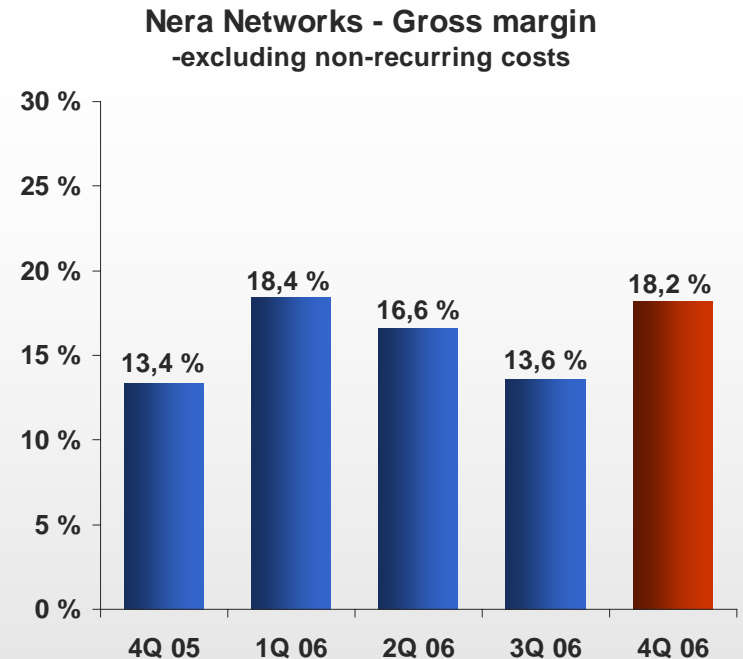
The migration to Evolution has begun

- Positive customer response
 - Accounted for ~20 percent of radios sold in 4Q '06
- Significantly improved technical manufacturing processes
- In-sourcing of critical process to Slovakia
- Establishing second-sources for components



Nera Networks – Gross margin

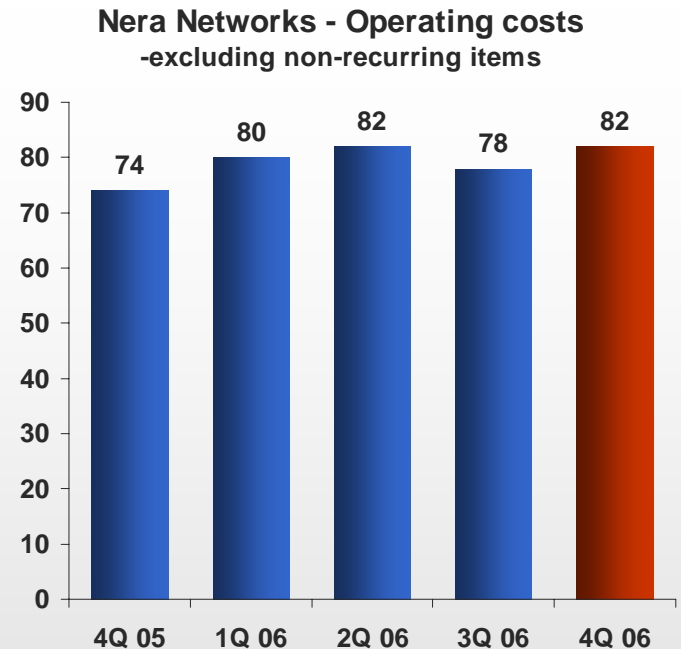
- Improving but too low
- Evolution is a higher-margin product and will increase in importance during 2007
- Restructuring will cut COGS
 - Move of assembly to Slovakia



Note: *Pro forma* historical figures

Nera Networks – Operating costs

- 4Q '06 vs. 4Q '05
 - R&D, sales & marketing
- 4Q '06 vs. 3Q '06
 - 3Q '06 positively affected by vacation pay-effect of NOK 9 million
- Restructuring effects going forward



Note: *Pro forma* historical figures

Restructuring Plan Update

- On track with the key restructuring elements
 - Preparation and training has gone according to the time schedules
 - Incurred costs of ~NOK 4 million in 4Q '06
 - Further ~NOK 11 million expected for 1H '07
 - Moving assembly to Slovakia
 - Interlink in February, Evolution during Easter
- The cost reduction targets remain unchanged

Restructuring charges

- Restructuring costs of NOK 50 million in 4Q 06
 - Initial plan allowed for restructuring costs of NOK 63 million
 - Deviation is mainly due to reduction in pension liabilities related with the lower headcount

NeraTel

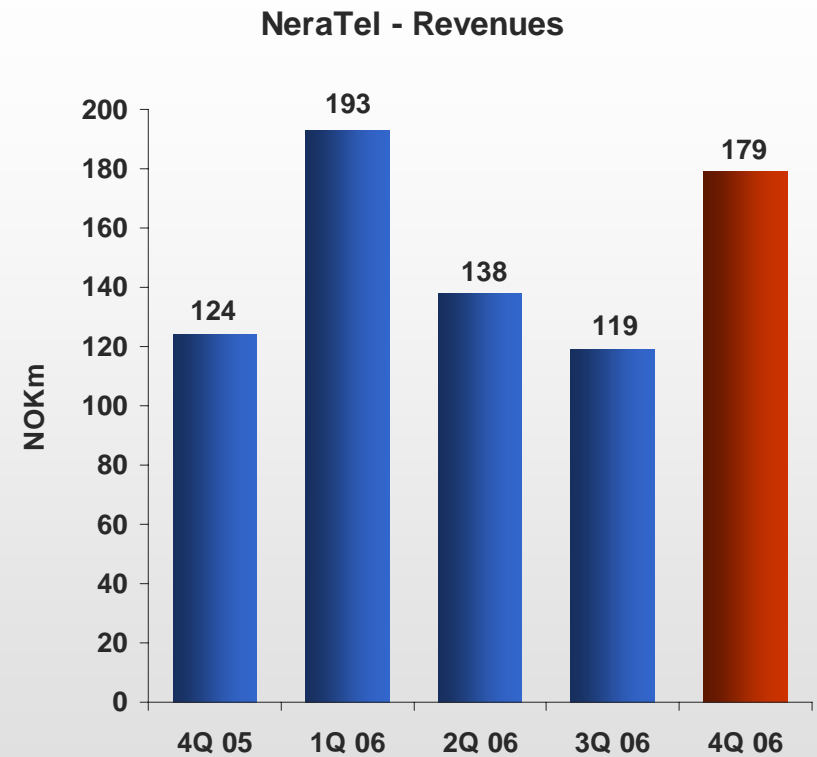
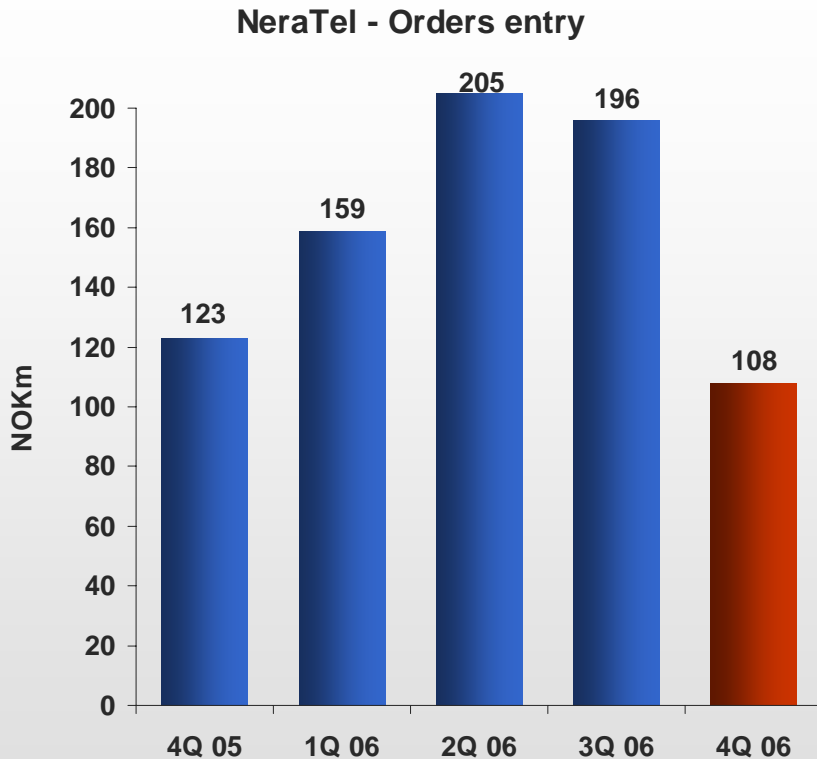
NeraTel - Key financials

NOKm	4Q 06	3Q 06	2Q 06	1Q 06	4Q 05	FY 2006	FY 2005
Order entry	108	196	205	159	123	667	665
Revenue	179	119	138	193	124	629	658
Gross Profit	40	34	29	32	22	135	125
Gross Margin (%)	22.2	28.8	21.1	16.6	18.0	21.5	19.0
EBIT	6.8	7.8	3.2	6.8	-9.8	24.6	14.5

Note: All figures except 4Q 06 are *pro forma* figures

- EBIT includes amortization of PPA of NOK 5 million for 4Q '06 and NOK 19 million for both 2005 and 2006
- 4Q '06 order entry was negatively affected by delivery capacity in 4Q
 - Announced two major orders in Jan-Feb 2007 (~NOK 185 million)
- NeraTel reported 4Q '06 figures on 13 Feb 2007
 - Please also see www.neratel.com.sg

NeraTel – Order entry and Revenues



Note: Gross order entry and revenues, including deliveries from Nera Networks (*Pro forma* historical figures)

Orders and Revenue per product group

Order entry (NOKm)	4Q 06	3Q 06	2Q 06	1Q 06	4Q 05
Energy Solutions	632	693	657	607	570
Transmission Networks	311	337	506	510	298
Other	41	121	86	80	105
Total	984	1,151	1,249	1,197	973

Revenue (NOKm)	4Q 06	3Q 06	2Q 06	1Q 06	4Q 05
Energy Solutions	672	683	632	599	597
Transmission Networks	451	310	379	387	377
Other	85	74	82	130	60
Total	1,207	1,067	1,095	1,115	1,033

Summary and Outlook

- Good growth in 2006
- Gross margin remains the key challenge
- Restructuring of Nera develops as planned
- Nera positioned for growth and margin expansion
- Eltek Energy established as clear no. 2 in the market
- Overall healthy market outlook

Detailed Financials

Income Statement

Balance Sheet

Cash Flow

Pro forma Income Statement

Income Statement - unaudited

Amounts in NOK million	4Q 2006	4Q 2005	YTD 2006	YTD 2005
Revenue	1207	597	3121	2086
Cost of sales	-927	-426	-2348	-1491
Gross profit	280	171	773	595
Selling and marketing costs	-112	-45	-243	-155
Administrative expenses	-62	-46	-179	-144
R&D and engineering costs	-59	-17	-137	-67
Other operating items	-49	0	-25	-1
Operating profit	-2	63	189	227
Share of result in associated companies	1	0	1	0
Net financial items	-14	1	-33	-2
Profit before income tax	-14	64	157	225
Income tax expense	-2	-10	-51	-53
Net profit	-16	53	107	172
Attributable to:				
Equity holders	-23	48	87	157
Minority interests	6	5	20	15

Balance Sheet

-unaudited

Amounts in NOK million	31.12.2006	31.12.2005
Property, plant & equipment	223	82
Intangible assets	1175	187
Deferred income tax asset	60	56
Other non-current assets	16	4
Total non-current assets	1475	329
Inventories	766	369
Trade and other receivables	1794	604
Financial assets		
Cash and cash equivalents	750	467
Total current assets	3311	1440
Total assets	4786	1769
Share capital	49	32
Other reserves	2141	840
Capital, reserves attr. to equity holders	2191	872
Minority interest	214	44
Total equity	2405	916
Borrowings	465	228
Deferred income tax liabilities	11	0
Retirement benefit obligations	311	34
Provisions for other liabilities and charges	57	0
Total non-current liabilities	843	261
Borrowings	104	53
Trade creditors and other payables	1241	473
Current income tax payable	39	39
Provisions for other liabilities and charges	153	27
Total current liabilities	1538	592
Total liabilities	2381	853
Total equity and liabilities	4786	1769
Equity ratio	50 %	52 %

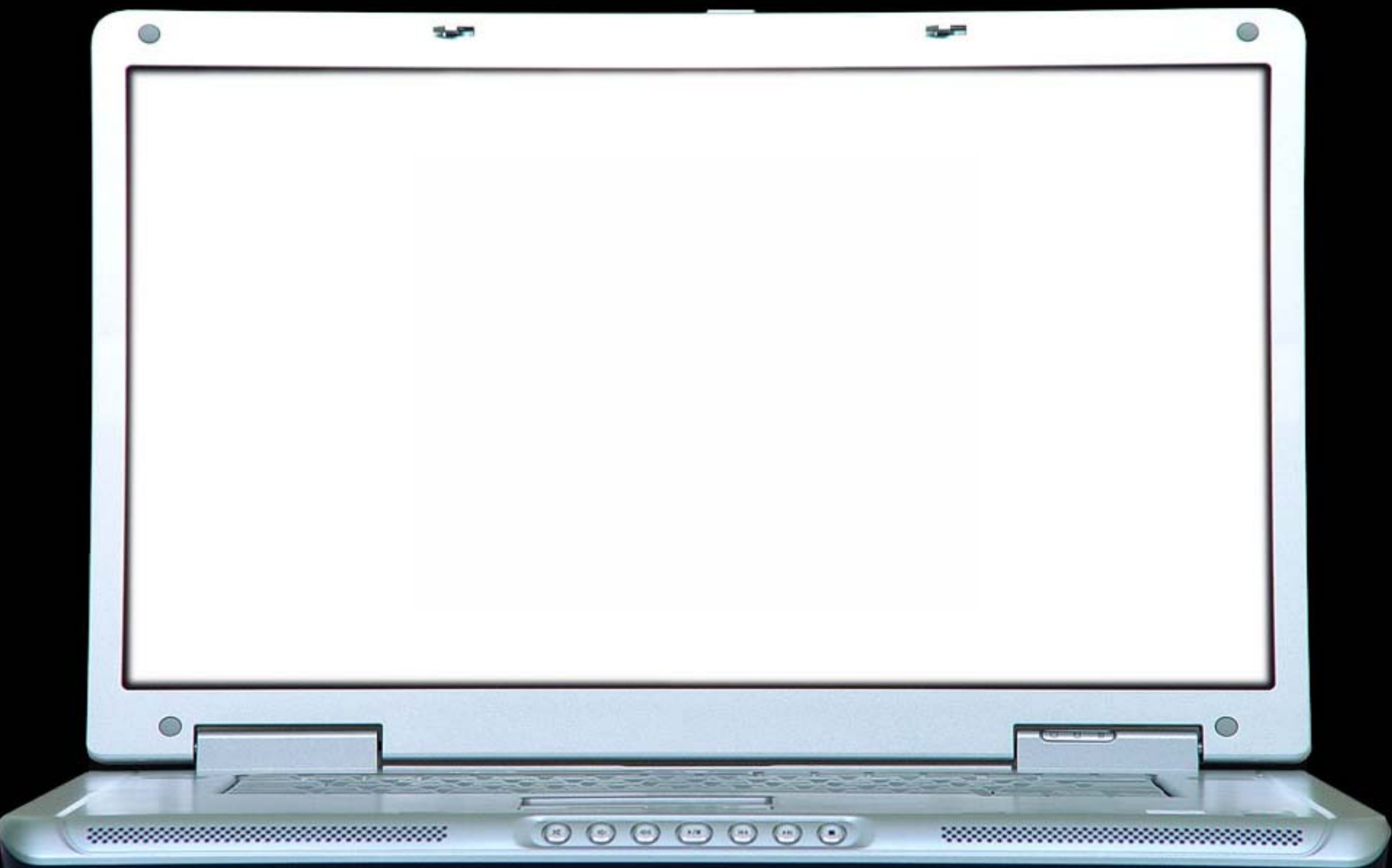
Cash flow Statement - unaudited

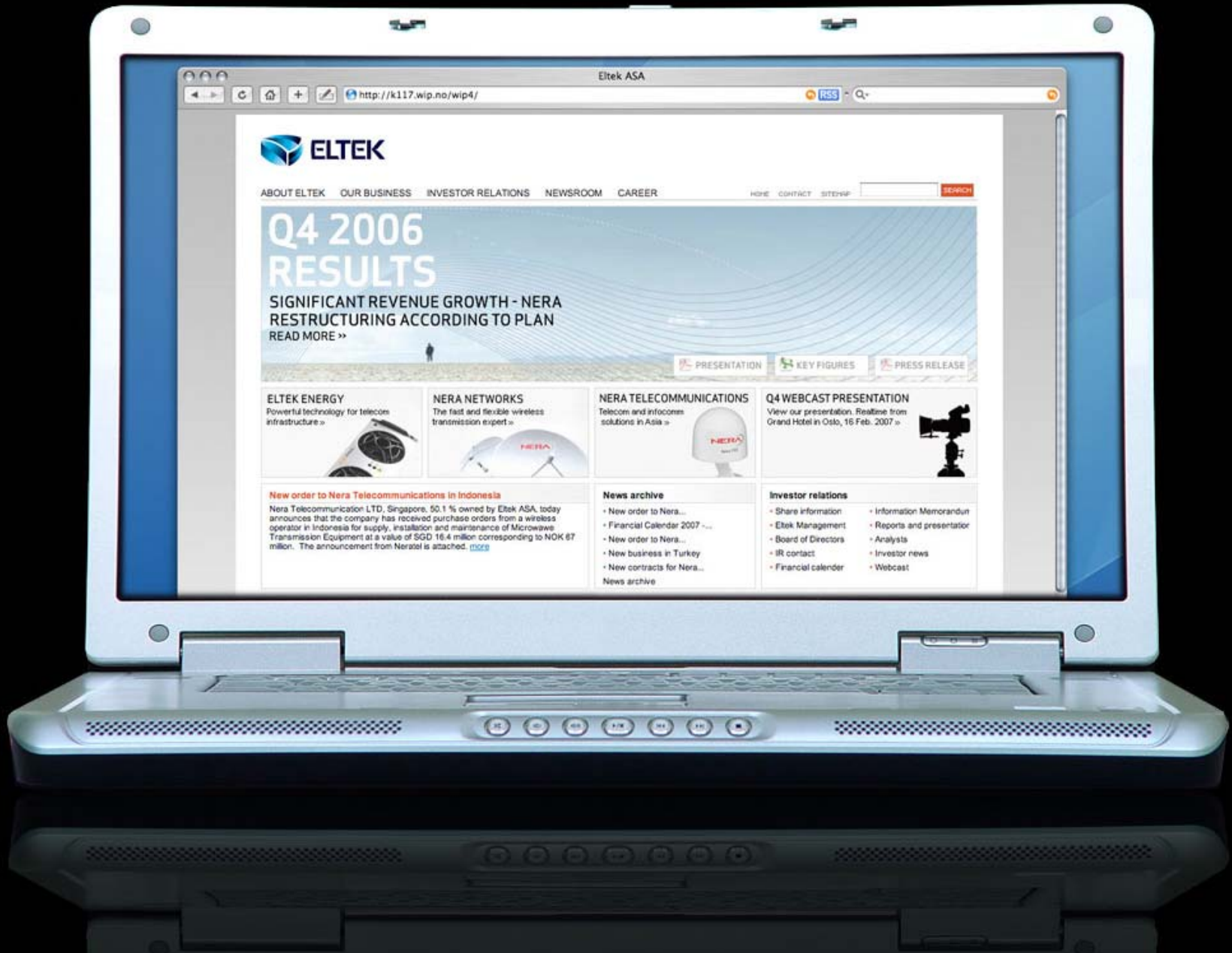
Amounts in NOK million	4Q 2006	4Q 2005	YTD 2006	YTD 2005
Net cash flow from operations	-53	136	-250	163
Net cash flow from investments	422	-35	779	-96
Net cash flow from financing	-683	1	-245	18
Net change in cash and cash equivalents	-313	103	284	86
Cash and cash equivalents, beginning of period	1063	364	467	381
Cash and cash equivalents, end of period	750	467	750	467

Net cash position	NOKm
Reported per 30 Sept 2006	32
- Revaluation Bond loan PPA	-30
- Reclassification from short-term liabilities to borrowings	-67
= Revalued balance sheet per 30 Sept 2006	-65
- Cash flow from operations in 4Q	-53
- Capital expenditure	-61
+ Other investments and divestments	360
= Net cash position per 31 Dec 2006	181

New visual identity and web site launched today

- Separates ASA from the operating companies
- Leverages the strength of current Eltek and Nera brands in their respective markets
- A flexible structure for the future
 - Eltek ASA: www.eltek.com
 - Eltek Energy: www.eltekenenergy.com
 - Nera Networks: www.neratransmission.com
 - NeraTel: www.neratel.com.sg





Q4 2006 RESULTS

SIGNIFICANT REVENUE GROWTH - NERA RESTRUCTURING ACCORDING TO PLAN

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Q4 WEBCAST PRESENTATION

View our presentation. Realtime from Grand Hotel in Oslo, 16 Feb. 2007 >>



New order to Nera Telecommunications in Indonesia

Nera Telecommunication LTD, Singapore, 50.1 % owned by Eltek ASA, today announces that the company has received purchase orders from a wireless operator in Indonesia for supply, installation and maintenance of Microwave Transmission Equipment at a value of SGD 16.4 million corresponding to NOK 87 million. The announcement from Nera is attached. [more](#)

News archive

- New order to Nera...
- Financial Calendar 2007 ...
- New order to Nera...
- New business in Turkey
- New contracts for Nera...
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