1st quarter 2010

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April 28, 2010

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Agenda

- First Quarter Highlights
- Segment Review
- Financial Review
- Summary and Outlook

First Quarter Highlights

- Continued challenging market environment
  - Revenue -19 percent and -10 percent adjusted for currency
  - EBIT-loss of NOK 19 million, somewhat better than earlier announced
- Continued positive free cash flow of NOK 22 million
  - Net working capital reduced by NOK 66 million to NOK 834 million
  - Net interest bearing debt reduced by NOK 60 million to NOK 536 million
- Improved financing
  - Completed NOK 200 million bond issue in March
  - Exercised option to buy promissory notes for USD 30m in April

Key financials – Eltek Group

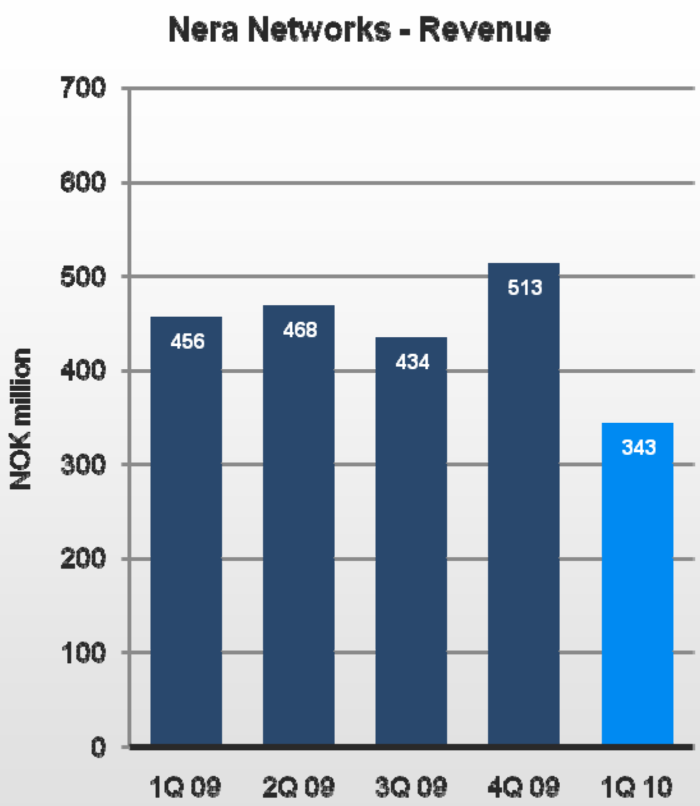
NOKm	1Q'10	1Q'09	Δ	4Q' 09
Order entry	**1,233**	1,418	-13%	1 239
Revenue	**1,125**	1,386	-19%	1 497
Revenue growth, currency adj.			-10%	
Gross Profit	**266**	333		349
Gross Margin (%)	**23.7%**	24.0%		23.3%
EBITDA	**34**	106		118
EBIT	**-19**	47		-143
Net financial items	**-33**	-61		-30
Profit before tax	**-52**	-14		-173
Non-recurring operational items	**-**	-		-199
EBITDA before non-recurring items	**34**	106		127
EBIT before non-recurring items	**-19**	47		56

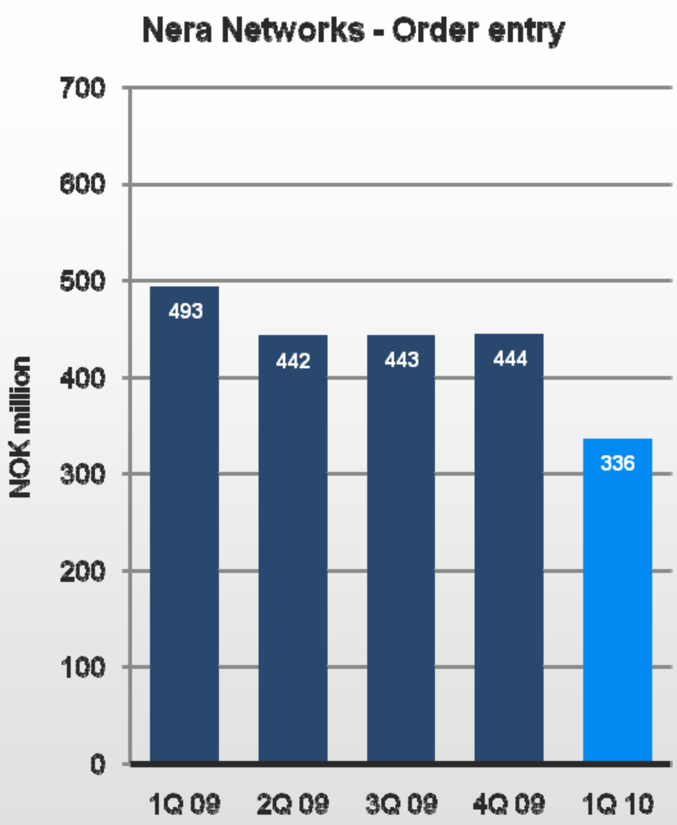
Nera Networks

Nera Networks – key financials

NOKm	1Q'10	1Q'09	Δ	4Q'09
Order entry	**336**	493	-32%	444
Revenue	**343**	456	-25%	513
Revenue growth, currency adj.			-18%	
Gross Profit	**61**	94		85
Gross Margin (%)	***17.9%***	*20.6%*		*16.6%*
EBITDA	**-3**	32		17
EBIT	**-19**	13		-199
Non-recurring items	**-**	-		-190
EBITDA bef. non-recurring items	**-3**	32		17
EBIT before non-recurring items	**-19**	13		-9

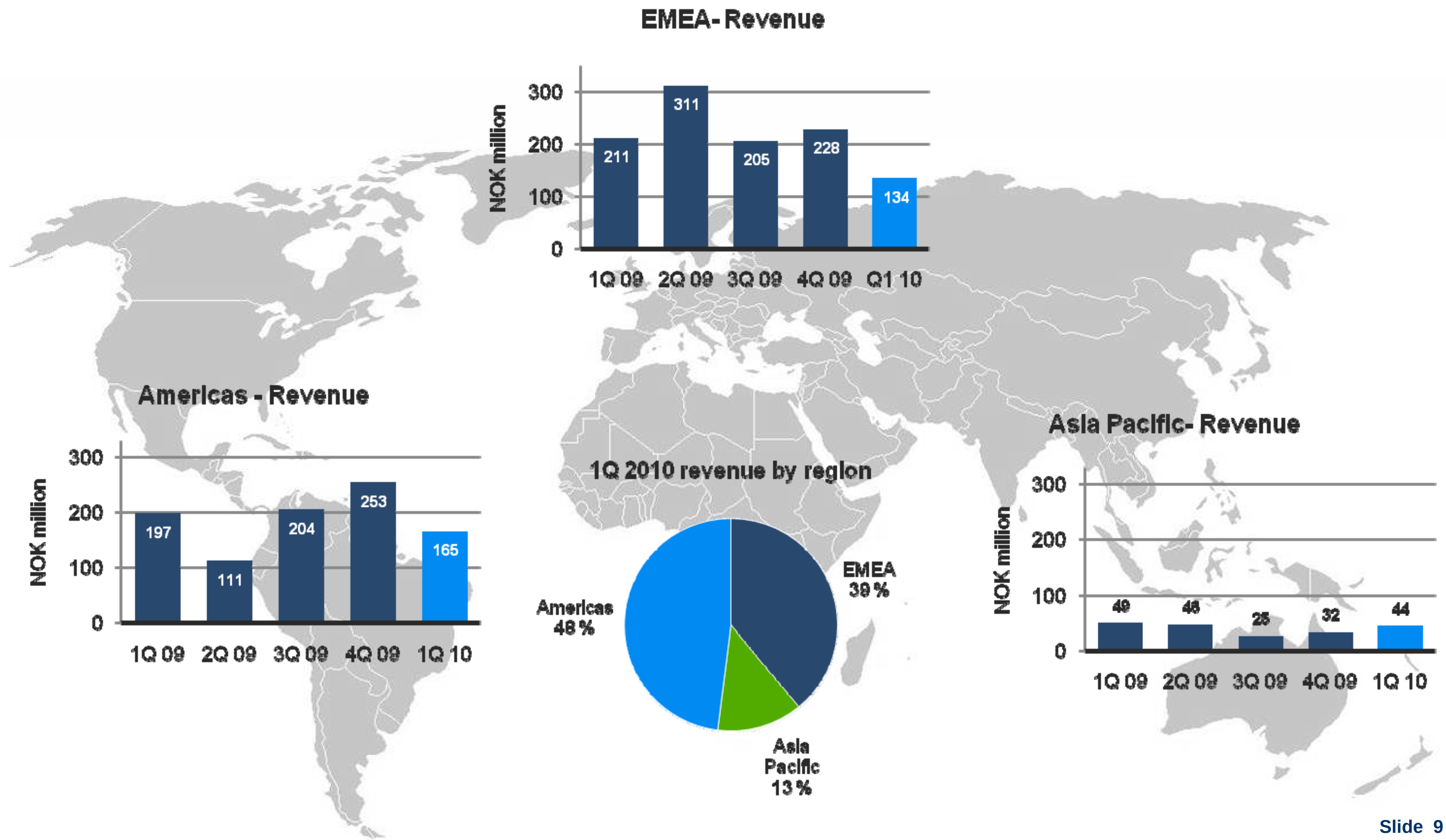
Nera Networks- Revenue and order entry



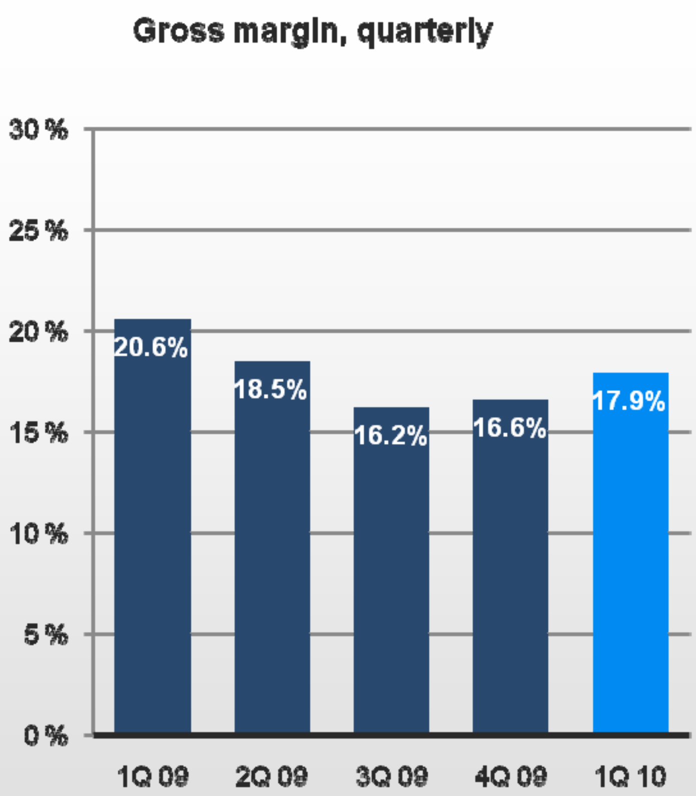


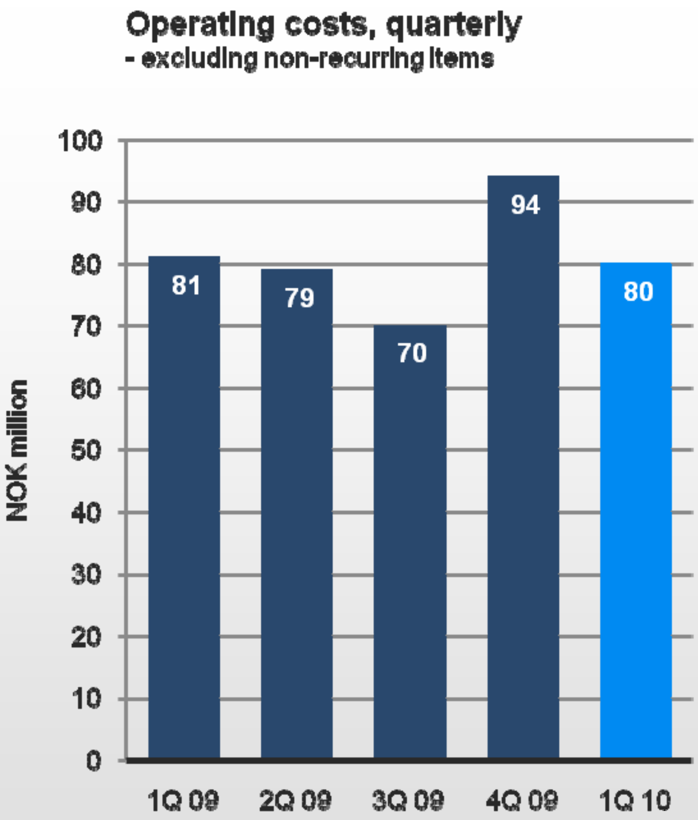
Order backlog: NOK624 million

Nera Networks- Regional development



Nera Networks – Gross margin and OPEX

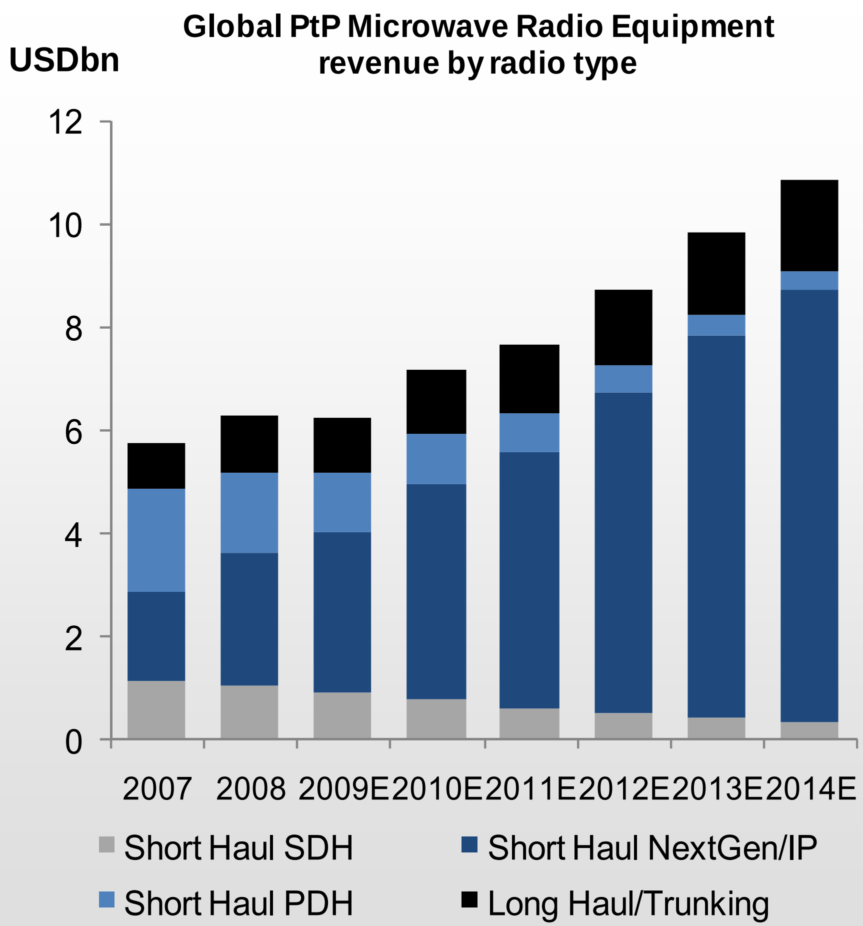




Note: Excl. non-recurring items of NOK -10 million in 2Q'09, and NOK -190 million in impairments in 4Q'09

Growing market for Evolution

- Broadened portfolio with Evolution EDGE in 2009
  - Low-cost, low-capacity
- Production volume increase needed to generate required scale advantages
- Industry analysts expect market decline in 2009 to turn into high growth from 2010 onwards



Note: Skylights Research

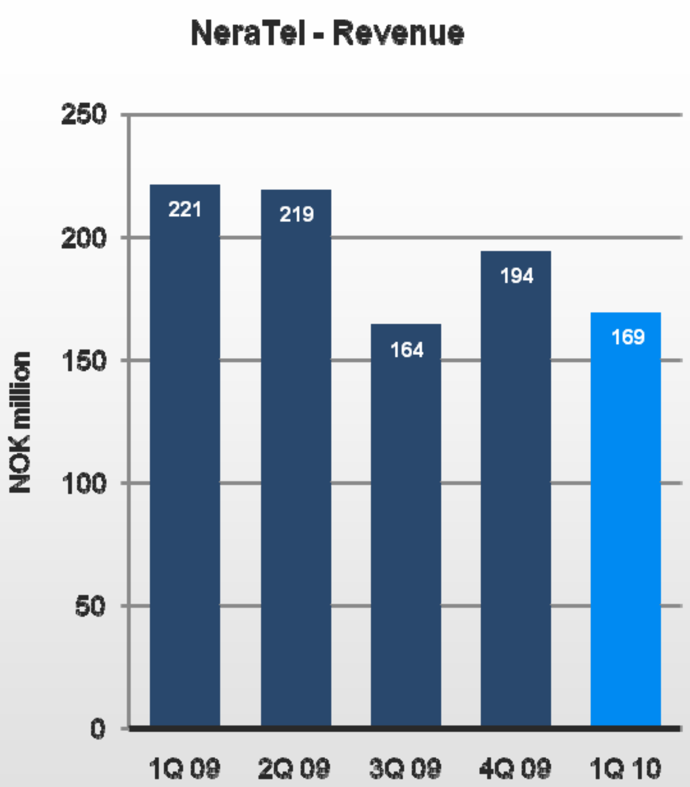
NeraTel

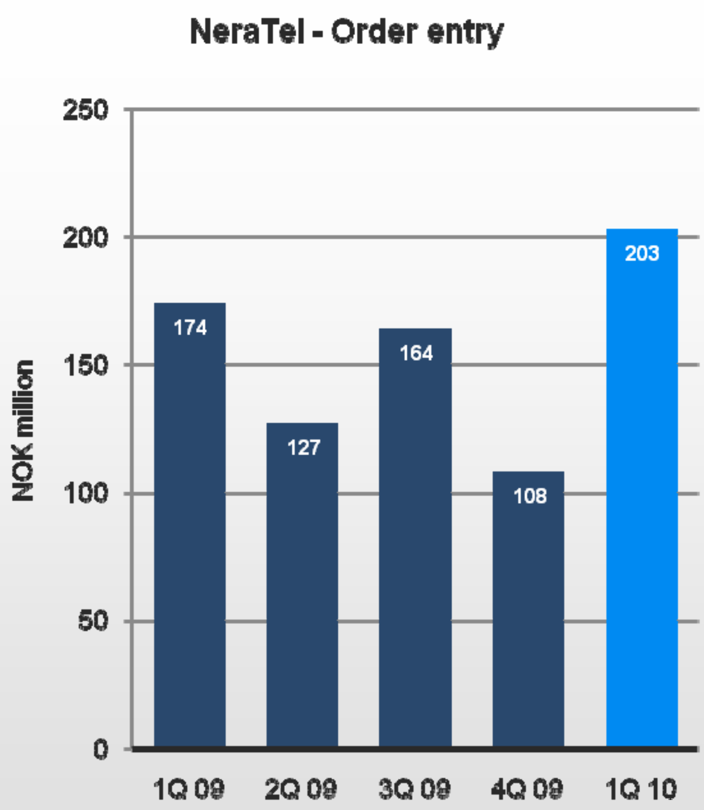
NeraTel – key financials

NOKm	1Q'10	1Q'09	Δ	4Q'09
Order entry	**203**	174	16%	108
Revenue	**169**	221	-24%	194
Revenue growth, currency adj.			-15%	
Gross Profit	**37**	48		45
Gross Margin (%)	***21.8%***	*21.8%*		*23.1%*
EBITDA	**13**	23		20
EBIT	**9**	17		16

- Order backlog of NOK 452 million

NeraTel – Order entry and Revenue



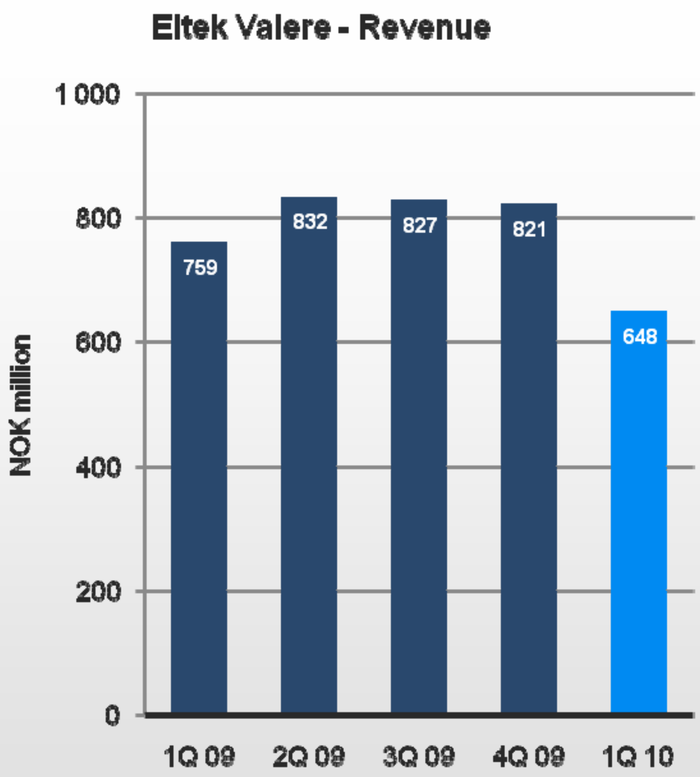


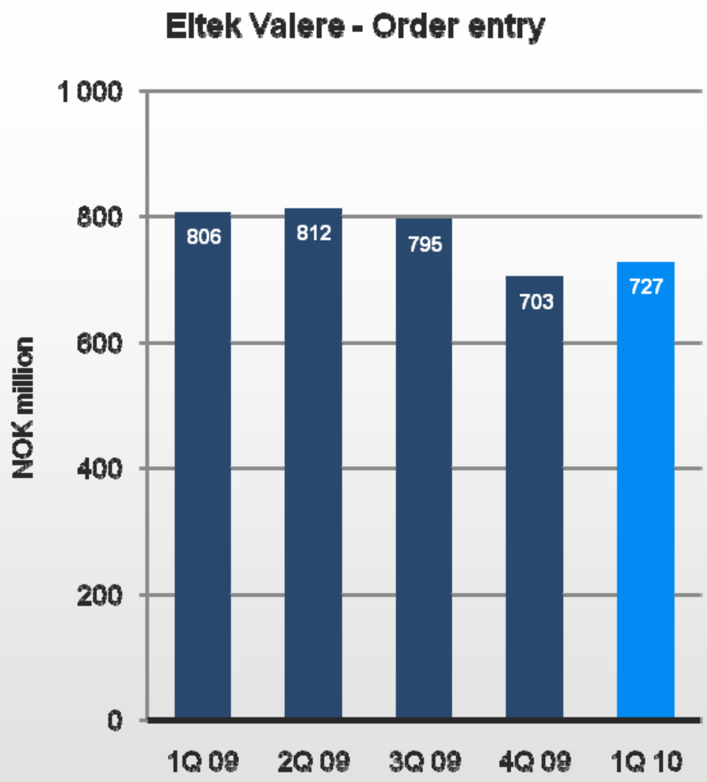
Eltek Valere

Eltek Valere – key financials

NOKm	**1Q'10**	1Q'09	Δ	4Q'09
Order entry	**727**	806	-10%	703
Revenue	**648**	759	-15%	821
Revenue growth, currency adj.			-6%	
Gross Profit	**168**	191		219
Gross Margin (%)	***26.0%***	*25.2%*		*26.6%*
EBITDA	**50**	66		110
EBIT	**17**	32		69

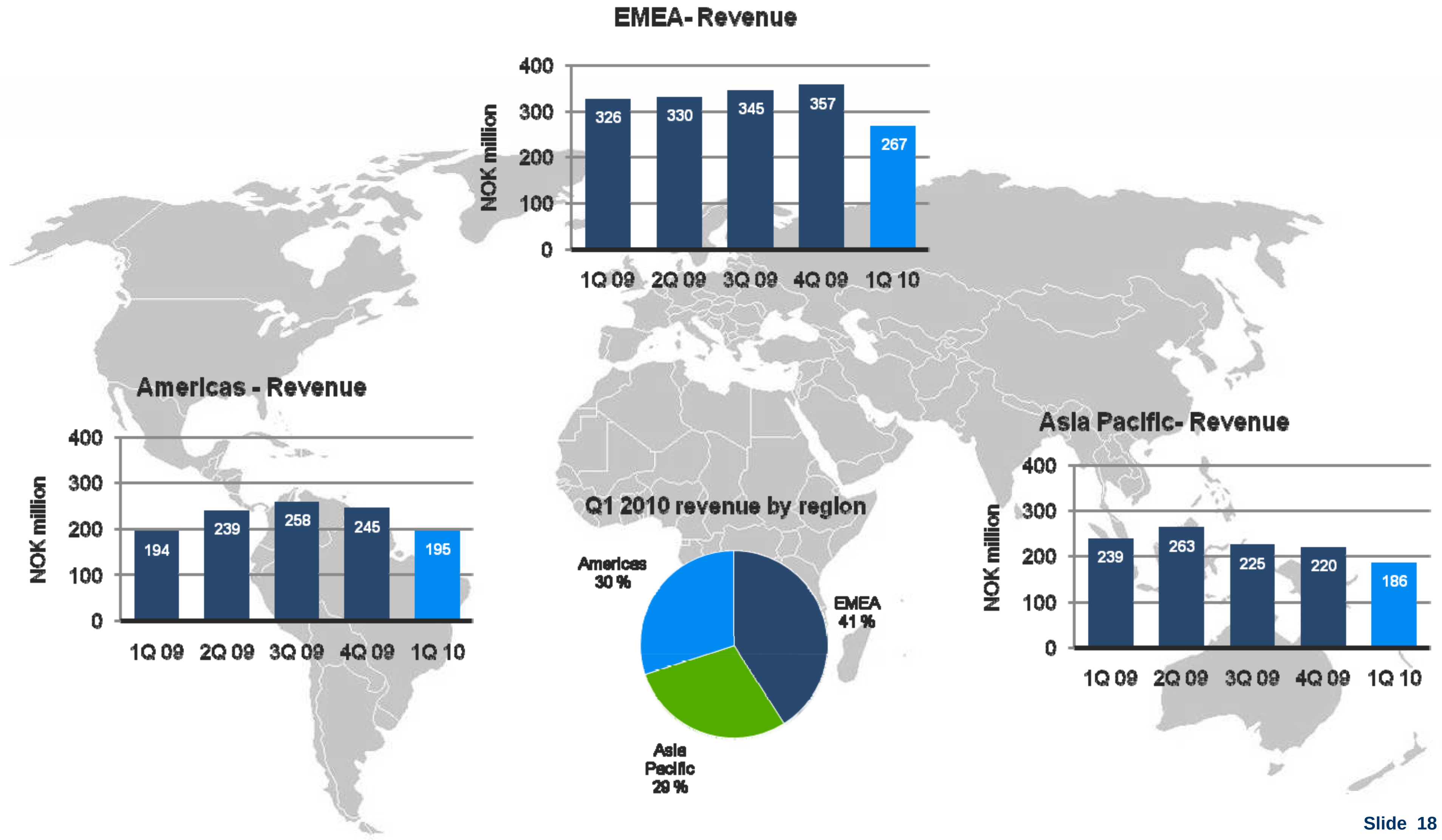
Eltek Valere - Revenue and order entry



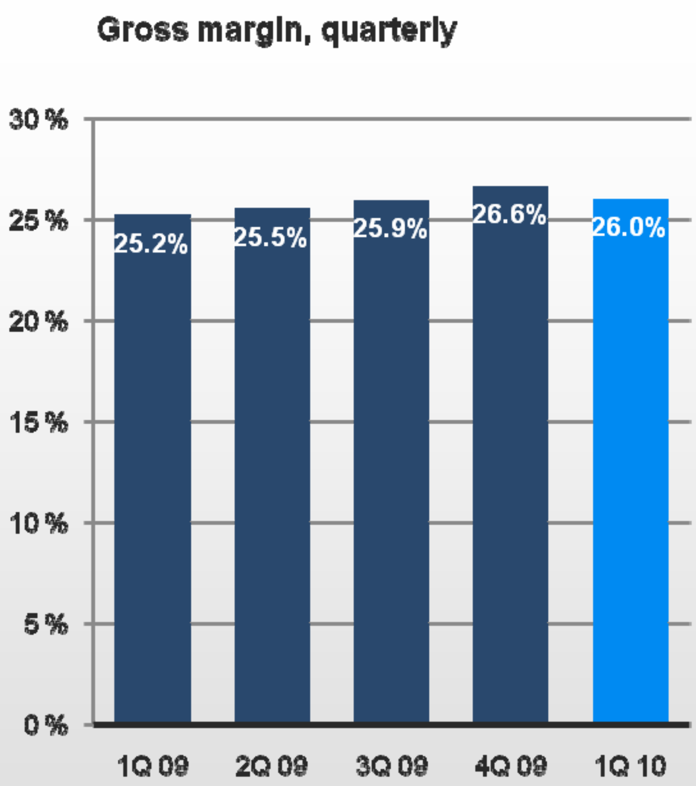


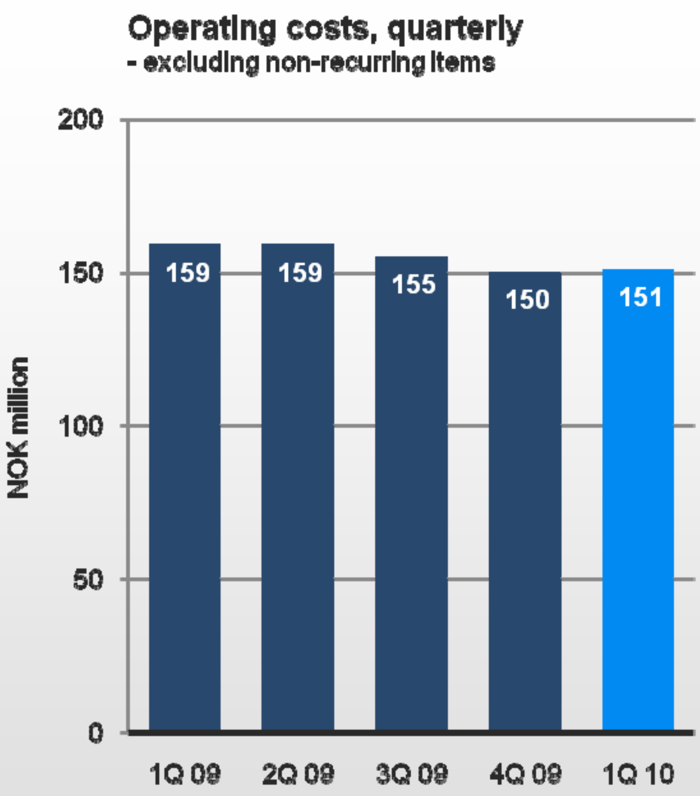
Order backlog: NOK 523 million

Eltek Valere - Regional development



Eltek Valere - Gross margin and OPEX





Note: Excl. non-recurring items of NOK -10 million in 2Q'09

Hybrid/solar power solutions
Gaining traction in new business areas (I)

Contract award

- Awarded USD 12 million contract by international mobile operator
- Turnkey power solutions with HE rectifiers, advanced control systems and hybrid/solar set-up
- Minimum 460 sites in six countries in Africa and one country in Central America

Target prospects

- Seeing a number of enquiries for large hybrid roll-outs in the Middle East and Asia
- Exploring hybrid opportunities in India

Electric vehicle chargers

Gaining traction in new business areas (II)

- Signed contract for delivery of battery chargers with Think City in January
- Deliveries commenced during the first quarter
- Uniquely positioned due to efficiency and power density/compactness

Solar power inverters
Gaining traction in new business areas (III)

- Addressing a ~USD 3 billion PV inverter market
- Selling 3rd party products - launching own products on Intersolar in June
- Building on decades of experience in power electronics

Central inverters
(20kW-1MW)

String inverters
(3kW-30kW)

1Q 2010

Financial review

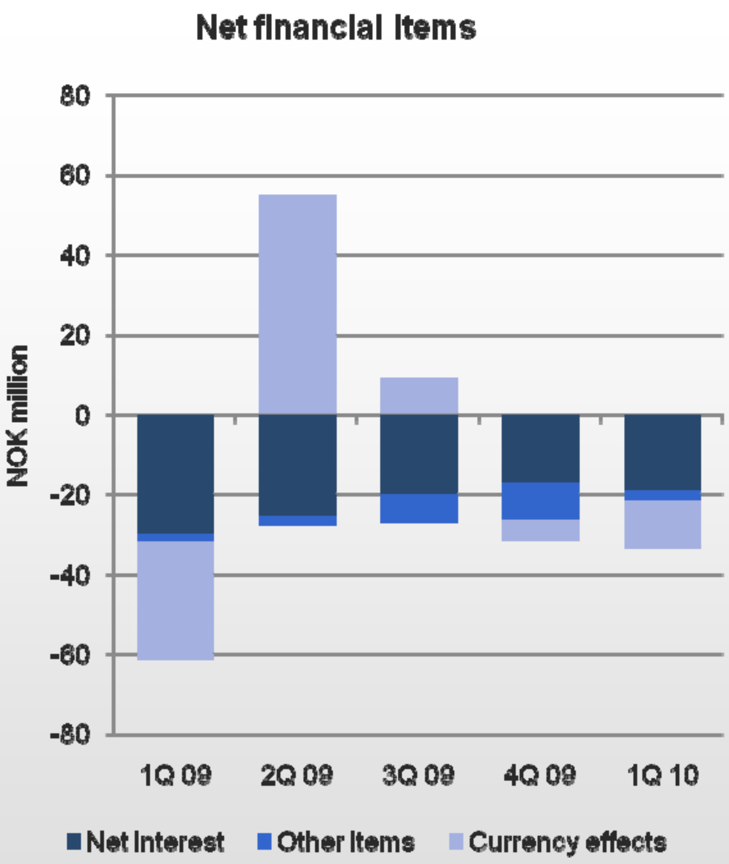
ELTEK

Income Statement - unaudited

Amounts in NOK million	1Q 10	1Q 09	2009
Revenue	1,125	1,386	5,778
Cost of sales	-859	-1,053	-4,439
Gross profit	**266**	**333**	**1,338**
Selling and marketing costs	-118	-125	-509
Administrative expenses	-94	-90	-380
R&D and engineering costs	-72	-72	-431
Other operating items	-1	0	-29
Operating profit	**-19**	**47**	**-11**
Share of result in associated companies	0	0	1
Net financial items	-33	-61	-83
Profit before income tax	**-52**	**-14**	**-92**
Income tax expense	-7	-12	-104
Net profit	**-58**	**-27**	**-196**
Attributable to:			
Equity holders	-62	-30	-226
Minority interests	3	4	30

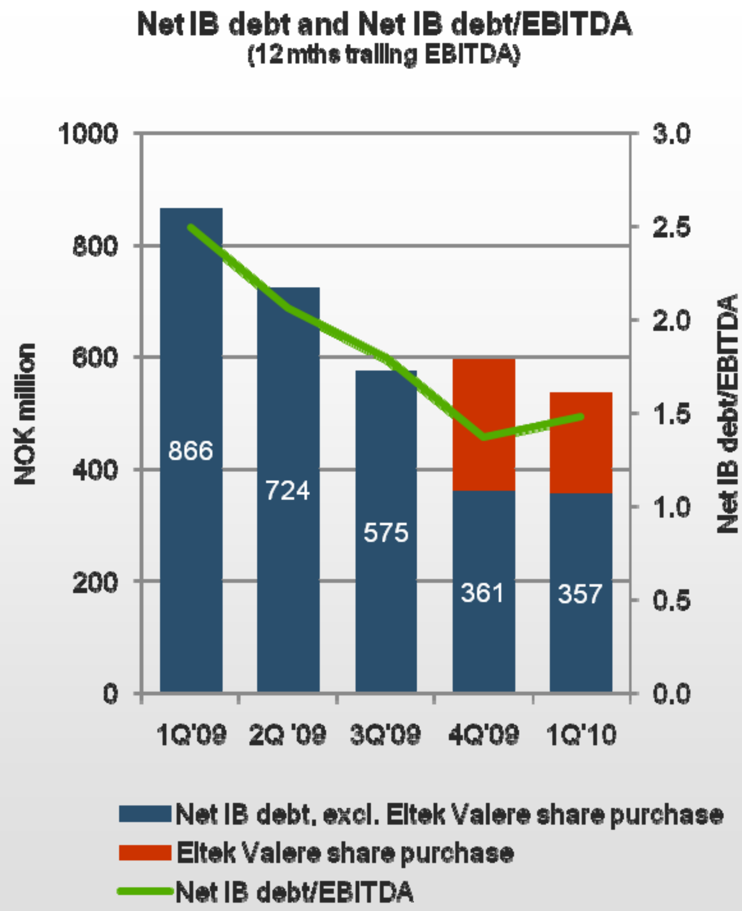
Net financial items

- Net interest of NOK -19 million
  - NOK 4 million interest on promissory notes
- Negative currency effect of NOK 12 million
  - Adverse effect of devaluation in Venezuela of NOK 22 million
- Other financial expenses of NOK 2 million



Liquidity and debt

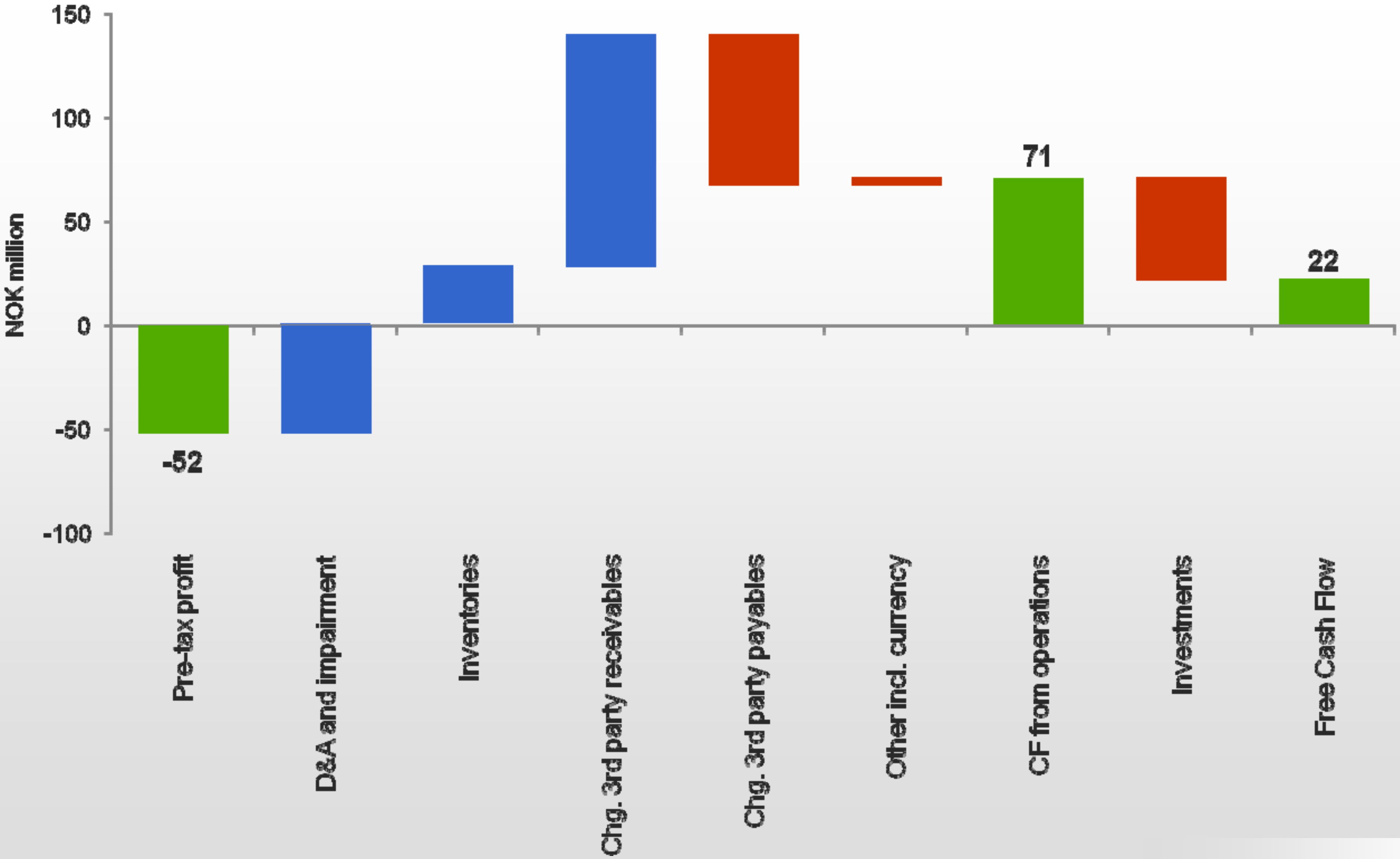
- Gross borrowings of NOK 1,455 million
- Gross cash position of NOK 919 million
- Net interest bearing debt of NOK 536 million
  - Includes promissory notes of NOK 179 million related to the purchase of Eltek Valere shares
  - The notes were repurchased in April



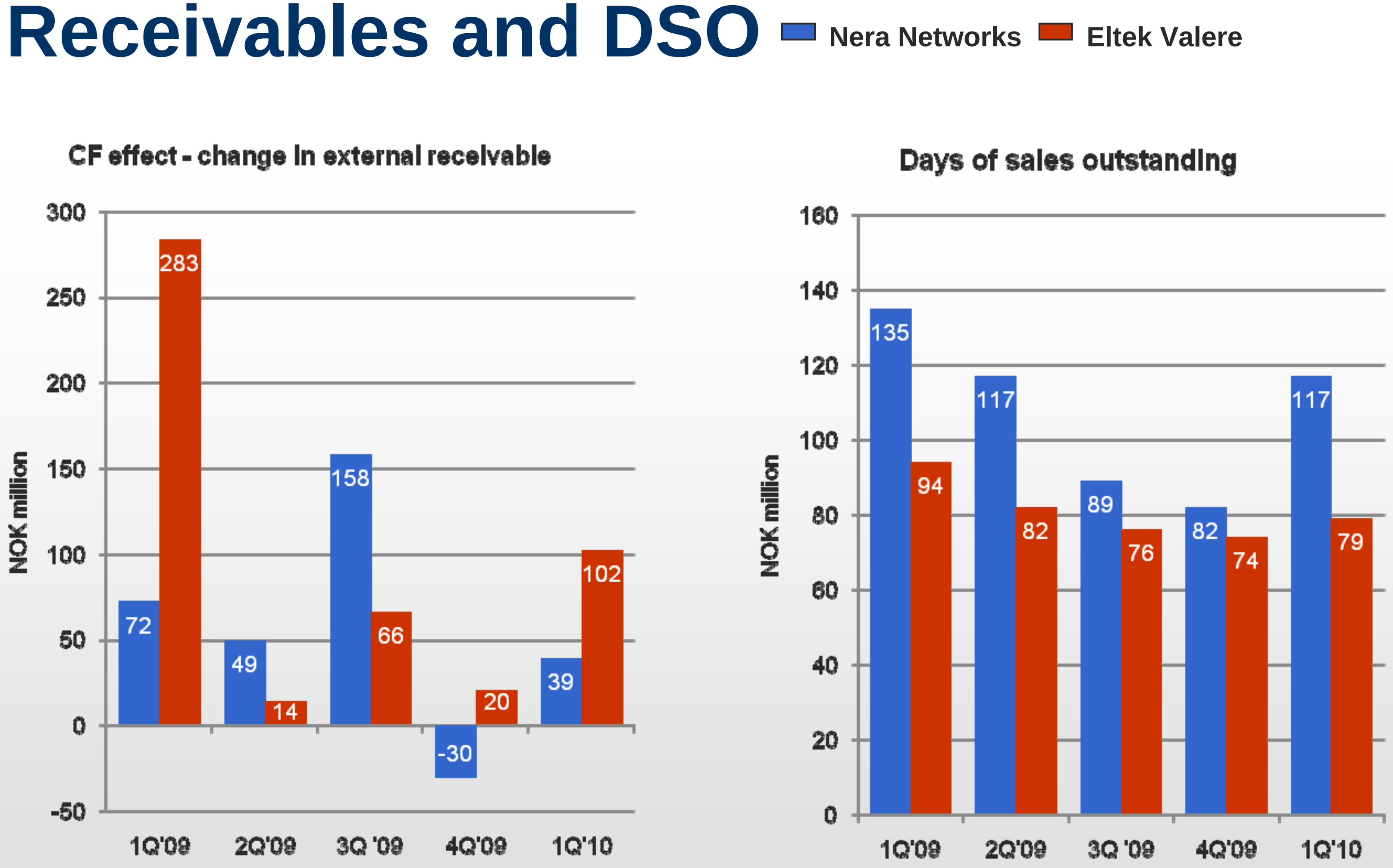
Cash flow Statement - unaudited

Amounts in NOK million	1Q'10	1Q'09	2009
Net cash flow from operations	71	168	838
Net cash flow from investments	-49	-47	-253
Net cash flow from financing	91	119	-339
Currency effect on cash and cash equivalents	-9	-37	-53
Net change in cash and cash equivalents	**104**	**204**	**193**
Cash and cash equivalents, beginning of period	815	622	622
Cash and cash equivalents, end of period	919	826	815

Group cash flow – 1Q 2010



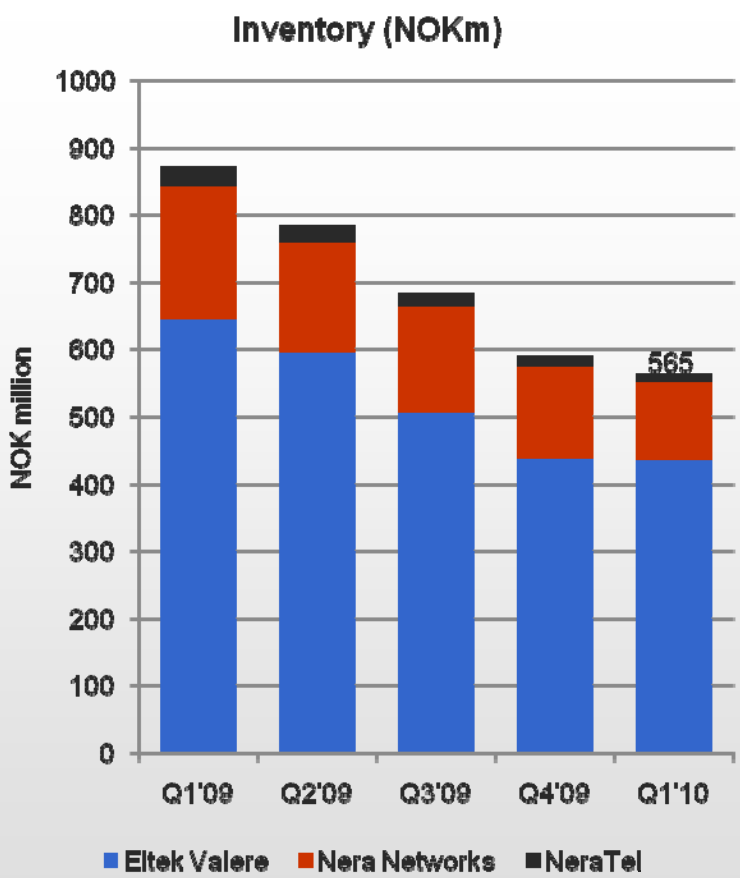
Receivables and DSO



Positive figures represent lower receivable

Inventory development

- The positive trend continued
- Inventory decrease of NOK 28 million in 1Q'10
  - Nera Networks NOK -21 m
  - Eltek Valere NOK -3 m
  - NeraTel NOK -4 m



Balance Sheet (unaudited), Assets

Amounts in NOK million	31/03/2010	31/03/2009	31/12/2009
Property, plant & equipment	382	468	390
Intangible assets	487	691	485
Deferred income tax asset	401	421	394
Other non-current assets	10	15	12
Total non-current assets	**1,281**	**1,595**	**1,281**
Inventories	565	873	592
Trade receivables	1,156	1,557	1,264
Projects in process	432	521	443
Other receivables	238	338	265
Cash and cash equivalents	919	826	815
Total current assets	**3,310**	**4,116**	**3,379**
Total assets	**4,591**	**5,711**	**4,660**

Balance Sheet (unaudited), Equity and Liabilities

Amounts in NOK million	31/03/2010	31/03/2009	31/12/2009
Capital/reserves attrib. to equity holders	1,132	1,534	1,152
Minority interest	193	193	177
Total equity	**1,326**	**1,726**	**1,330**
Borrowings	547	821	540
Deferred income tax liabilities	6	9	3
Retirement benefit obligations	166	168	167
Provisions, other liabilities and charges	81	209	85
Total non-current liabilities	**800**	**1,207**	**795**
Borrowings	908	871	871
Trade creditors	652	920	724
Projects in process	148	140	159
Other payables	511	587	526
Current income tax payable	20	37	21
Provisions, other liabilities and charges	226	223	235
Total current liabilities	**2,465**	**2,778**	**2,536**
Total liabilities	**3,265**	**3,984**	**3,330**
Total equity and liabilities	**4,591**	**5,711**	**4,660**
Equity ratio	**28.9 %**	**30.2 %**	**28.5 %**
Equity ratio, goodwill adjusted	**27.8 %**	**29.4 %**	**27.5 %**

Summary and Outlook

Outlook

- Weak investment activity in the telecom sector in 1Q’10
- Expect telecom power demand to stabilize during 2010
- Eltek Valere sees growth opportunities in industrial applications and the new business areas in hybrid/solar, solar grid inverters and electric vehicle chargers
- Upturn expected in the microwave transmission market
- Working capital management remains a key priority, with an aim to generate positive free cash flow in all segments also in 2010