

**POWERING YOUR SUCCESS**

**Financial Statements 2005  
(Nov. 1, 2004 – October 31, 2005)**

**December 16, 2005**

**Markku Hangasjärvi  
President and CEO**



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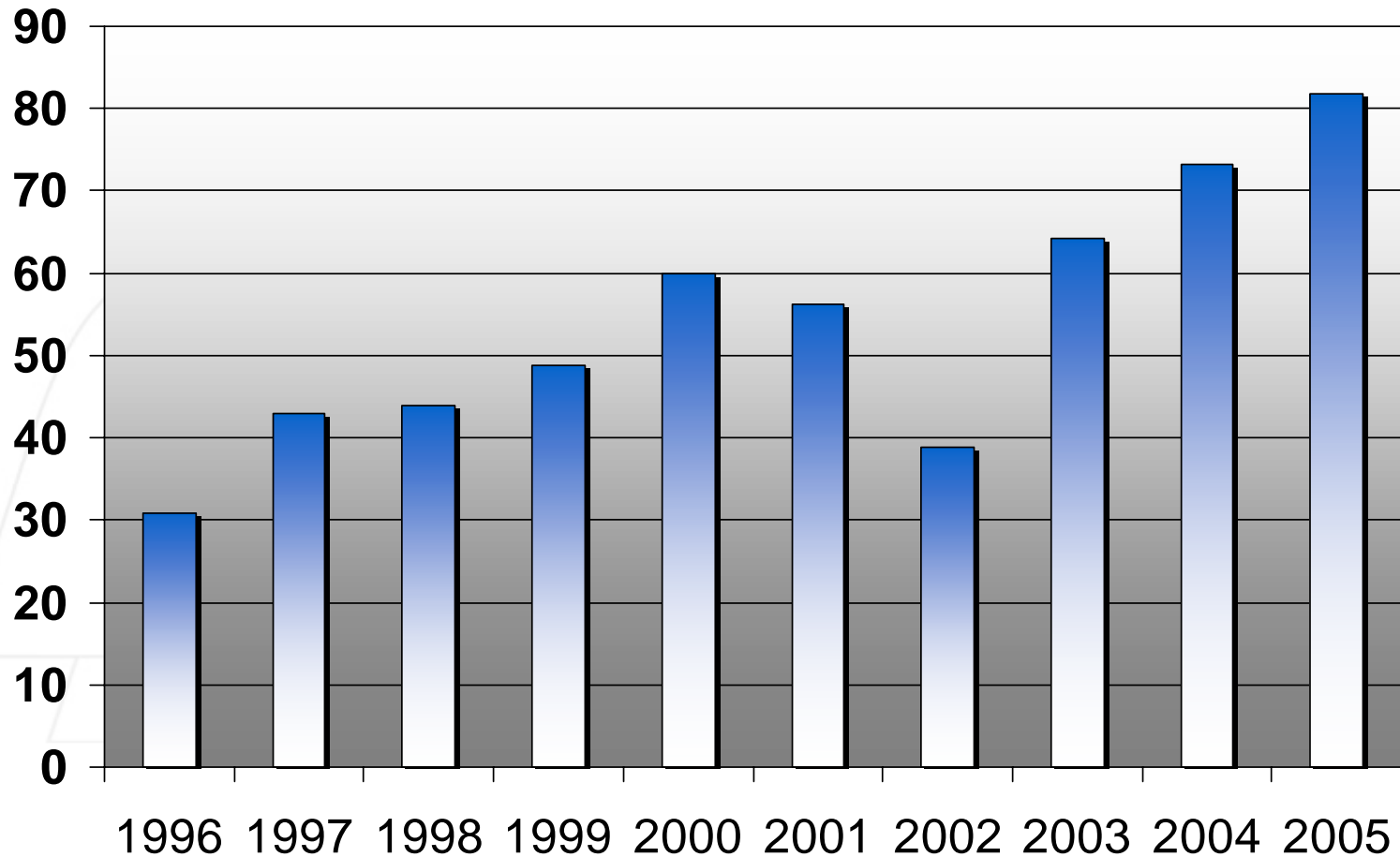
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# Highlights from the fiscal year

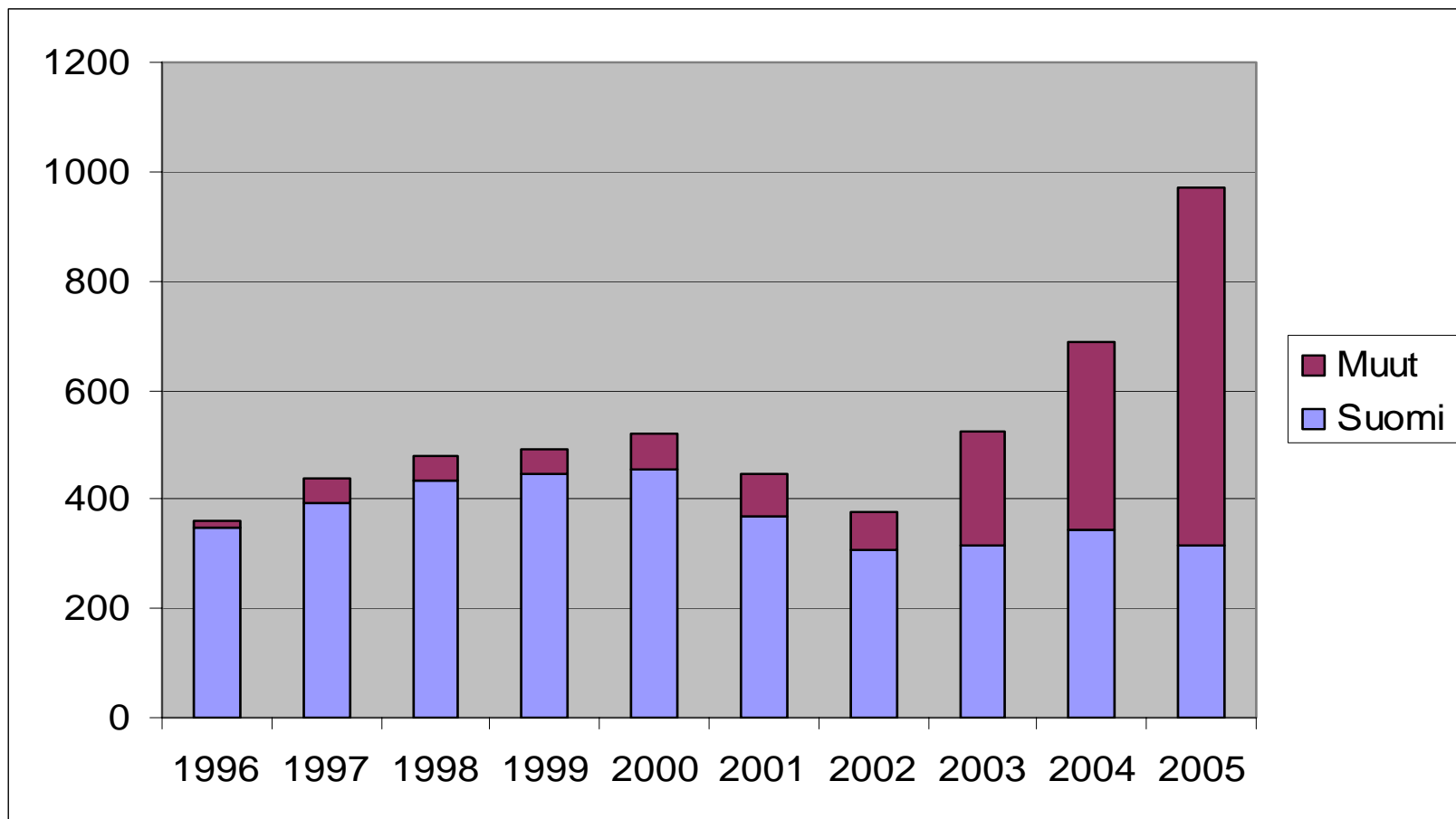


# Development of Net Sales 1996 - 2005

M euro



# Focus on production transfers is essential for maintaining growth



Figures include contract staff



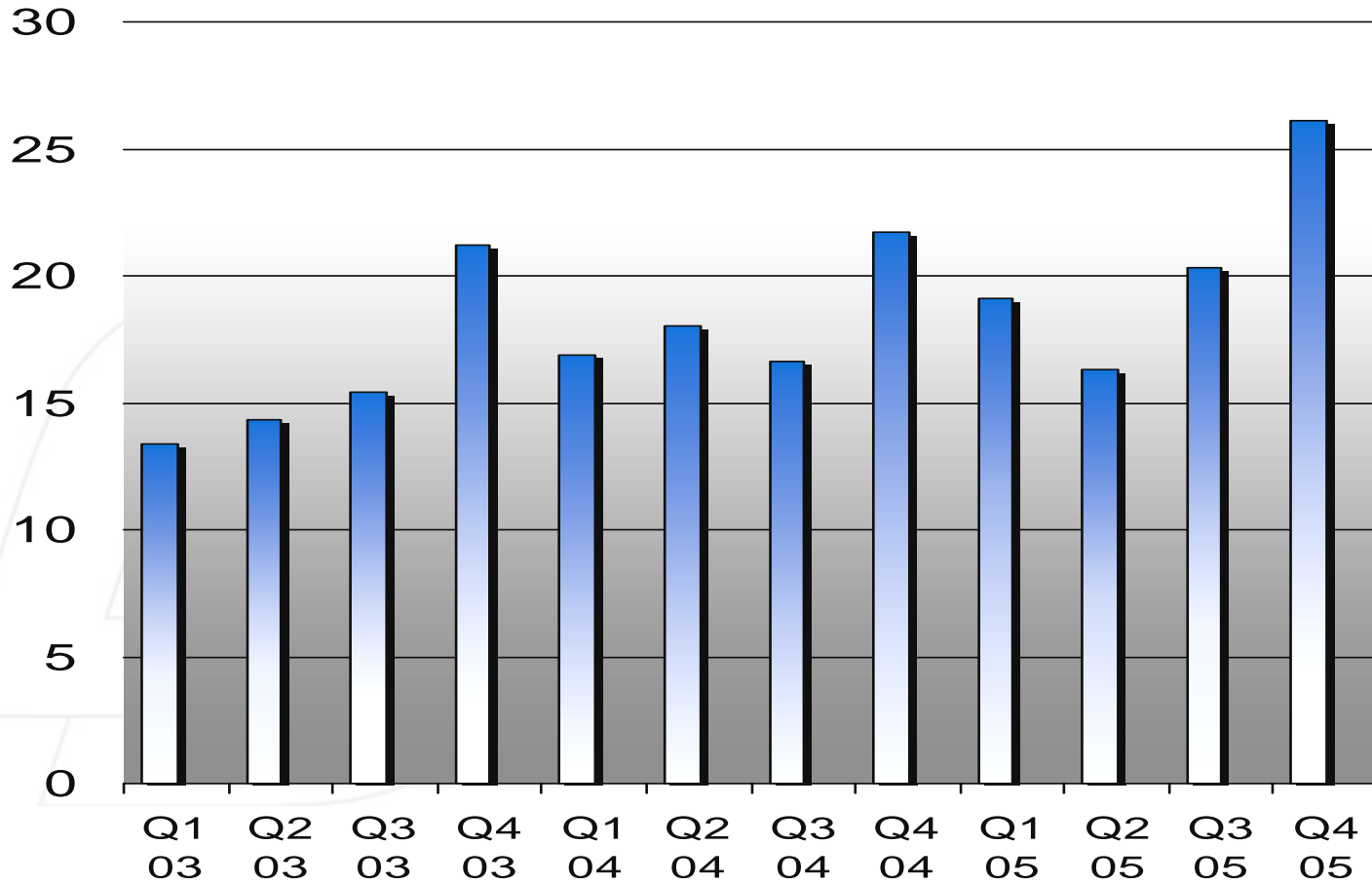
# 4th Quarter 2005



## Highlights from the 4th Quarter 1/2

- ▶ Net sales for the fourth quarter went up to EUR 26.1 million (EUR 21.7 million), an increase of 20.4% over the fourth quarter of the fiscal year.
  - Net sales increased mostly in communications sector
  - Geographically the sales increased mostly in Asia and in the USA

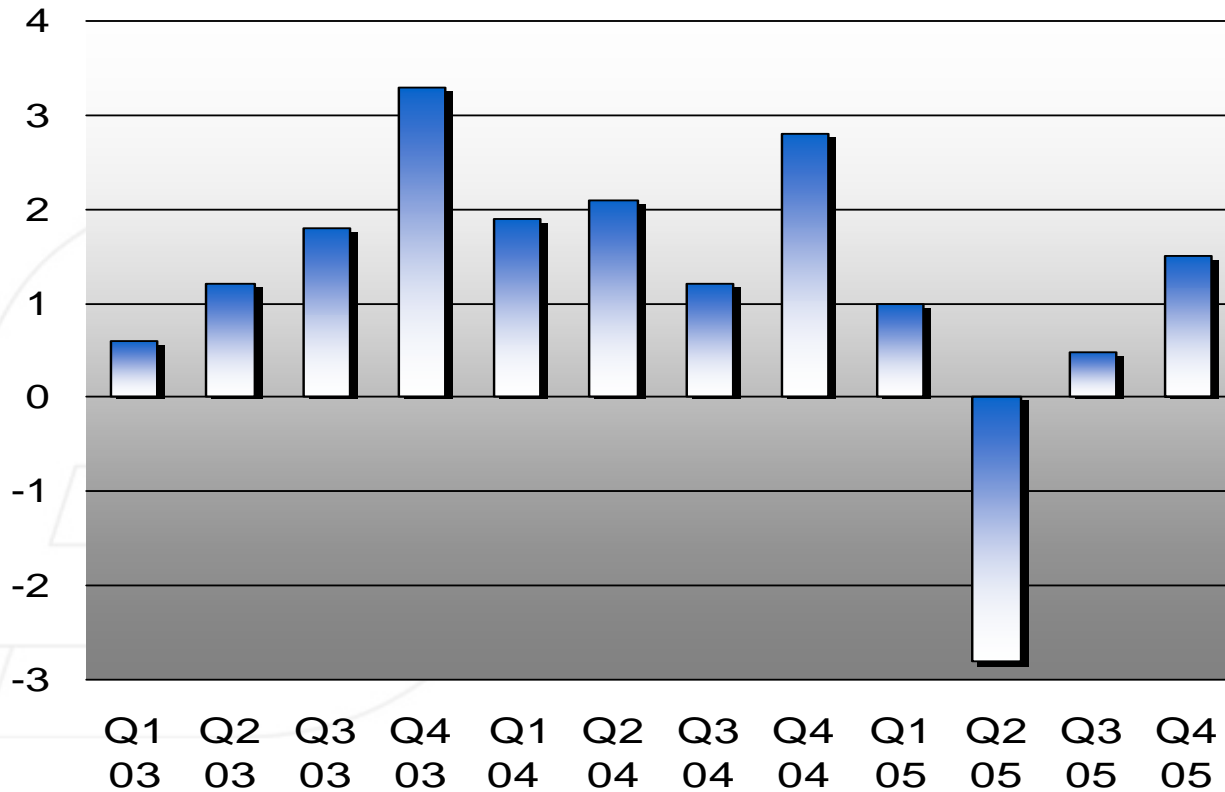
# Net Sales by Quarters, Meur



## Highlights from the 4th Quarter 2/2

- ▶ The operating profit for the fourth quarter was EUR 1.5 million (EUR 2.8 million).
  - The operating profit was affected by price erosion resulting from competition in the power supply sector and by the costs that resulted from the start-up of certain new high-volume products and non-recurring write-offs of excess materials for certain products that had been run down
  - Operating profit was also reduced by the additional costs incurred in transferring the manufacturing focus to Efore's plants in Estonia and China and unfavorable trend in material prices

# Operating Profit (-Loss) by Quarters, Meur

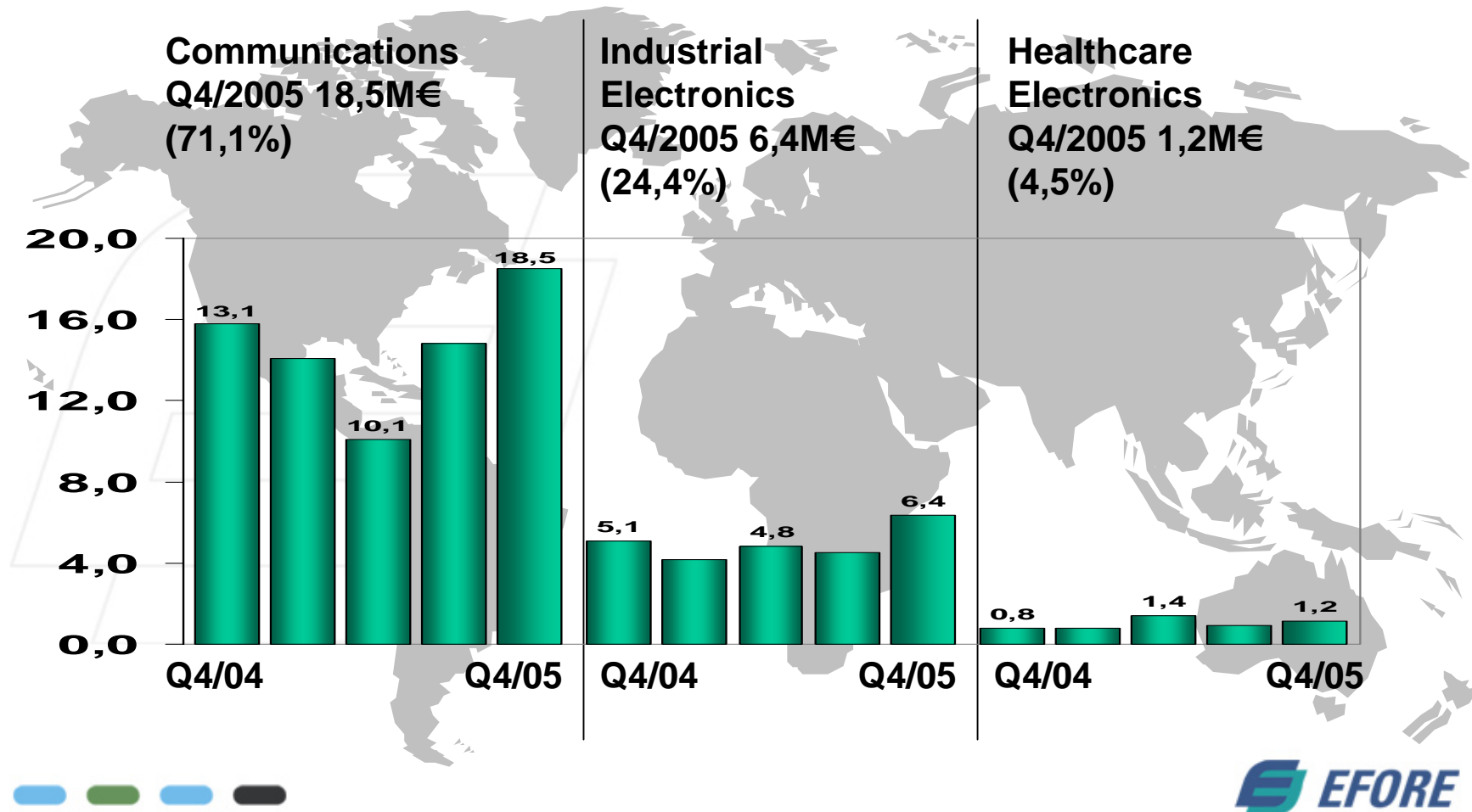


## 4th Quarter Key Figures (3 months)

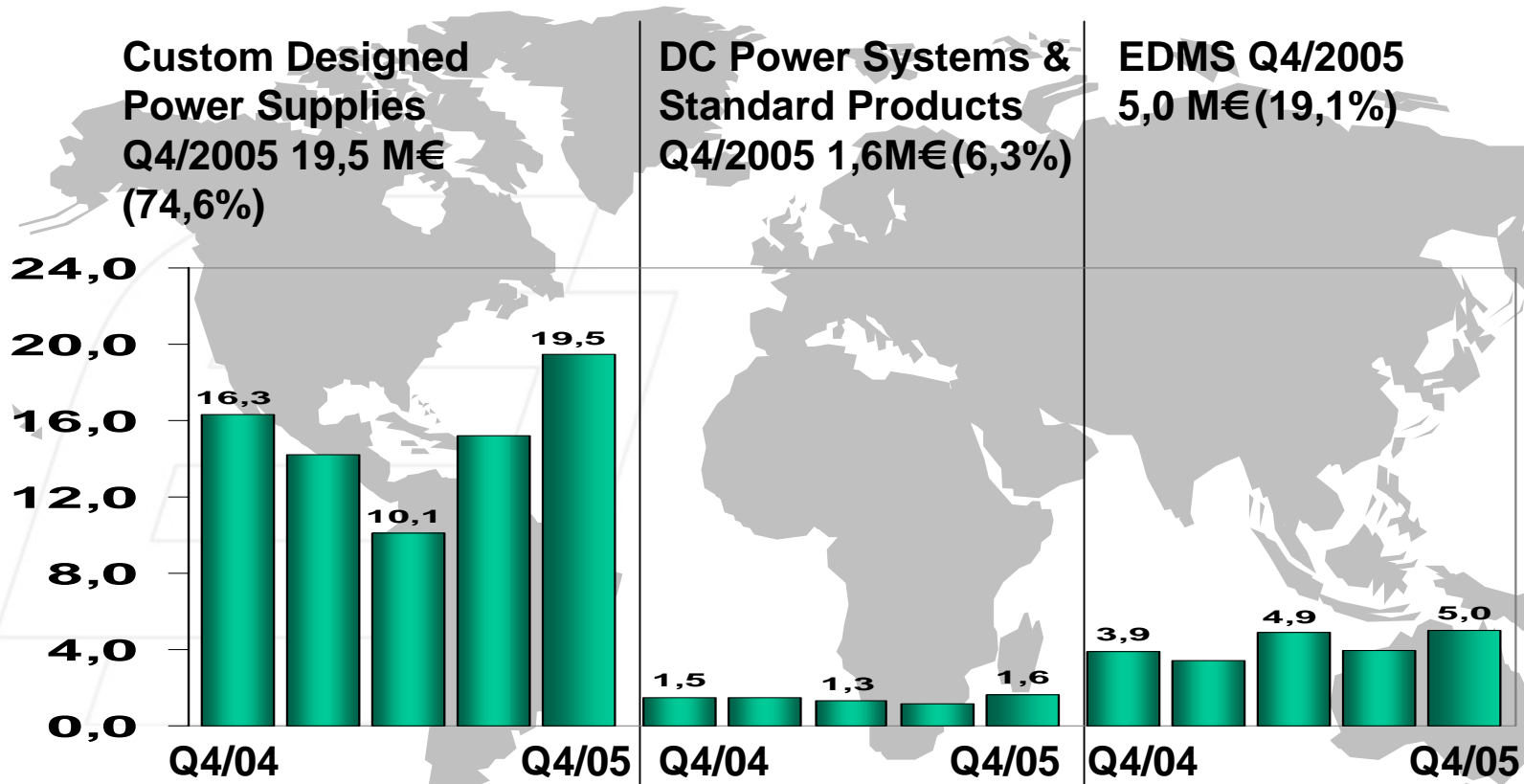
	Q4 2005	Q4 2004
Net Sales, Meur	26,1	21,7
Operating Profit (-Loss), Meur	1,5	2,8
Net Profit (-Loss), Meur	1,0	3,5
Cash Flow from Operations, Meur	5,3	3,1
Return on Equity, %	9,9	28,1
Return on Investment, %	15,6	28,4
Solvency ratio, %	64,8	75,1
Gearing, %	-51,6	-49,6
Average number of personnel	730	558



# Net Sales by Market Segments Q4/2004 – Q4/2005 (MEUR)



# Net Sales by Product Segments Q4/2004 – Q4/2005 (MEUR)



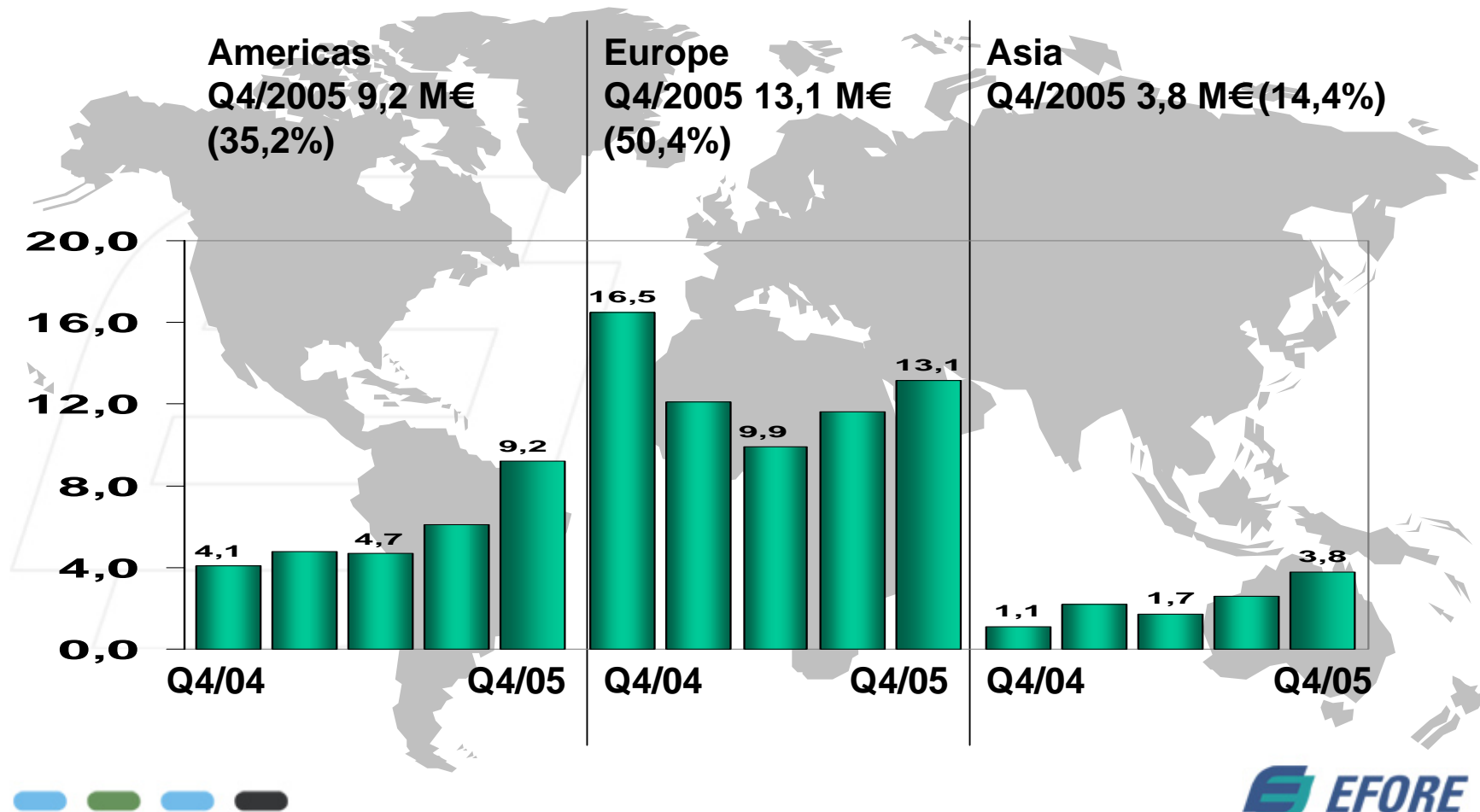
**Custom Designed Power Supplies**  
 Q4/2005 19,5 M€ (74,6%)

**DC Power Systems & Standard Products**  
 Q4/2005 1,6M€ (6,3%)

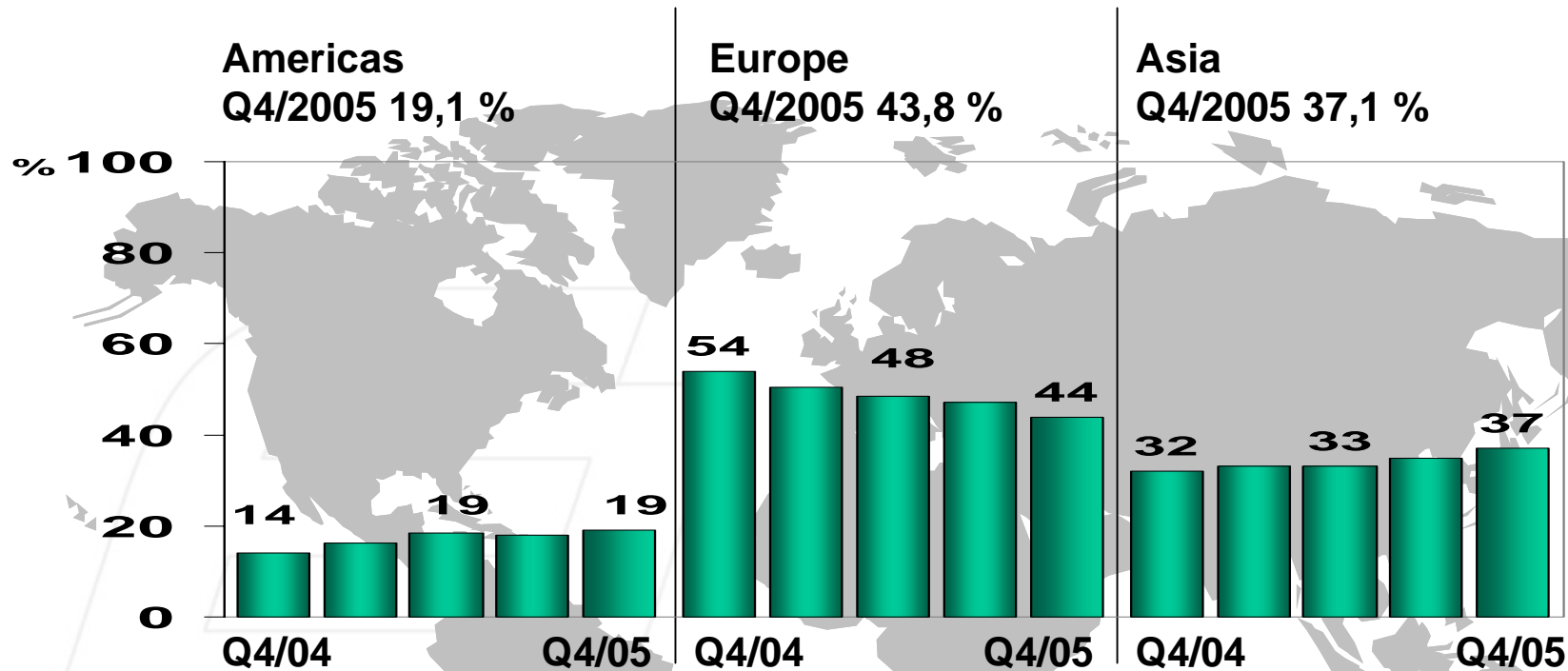
**EDMS Q4/2005**  
 5,0 M€ (19,1%)



# Net Sales by Regions Q4/2004 – Q4/2005 (MEUR)



# Production by Regions Q4/2004-Q4/2005 (by Average Production Personnel)



Proportion of production personnel in low cost countries (China, Estonia) at the end of Q4/2005 totals, 52,6 % (40,1 %).



# Financial Statements



## Highlights from the fiscal year 1/2

- ▶ Net sales for the fiscal period rose to EUR 81.8 million (EUR 73.2 million), with growth compared with the same period of the previous fiscal year amounting to 11.7%.
  - Net sales for the first six months of the period fell short of the goals at the beginning of the fiscal year.
  - The original target growth rate was reached only in the second half of the fiscal year as planned.



## Highlights from the fiscal year 2/2

- ▶ The operating profit for the fiscal period was EUR 0.2 million (EUR 8.0 million).
  - Operating profit was adversely affected by relatively low sales in the first half of the fiscal year and by the additional costs incurred in transferring the manufacturing focus to Efore's plants in Estonia and China.
  - The operating profit was also reduced by the unfavorable trend in material prices caused in the main by the shift to lead-free components and to components that are compatible with the requirements of RoHS (Restriction of Hazardous Substances) Directive.
  - The operating profit was also affected by price erosion resulting from competition in the power supply sector.



# Financial Statements 1.11.2004 – 31.10.2005

	2005	2004
Net Sales, Meur	81,8	73,2
Operating Profit (-Loss), Meur	0,2	8,0
Net Profit (-Loss), Meur	-1,7	7,5
Cash Flow from Operations, Meur	8,5	3,6
Return on Equity, %	-1,0	22,6
Return on Investment, %	2,0	23,2
Solvency ratio, %	64,8	75,1
Gearing, %	-51,6	-49,6
Average number of personnel	668	512



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<b>CONSOLIDATED PROFIT AND LOSS STATEMENT, MEUR</b>	<b>11/04-10/05</b> 12 months	<b>11/03-10/04</b> 12 months	<b>change</b> %
<b>NET SALES</b>	<b>81,8</b>	<b>73,2</b>	<b>11,7</b>
Change in stocks of finished and unfinished goods	-0,1	1,2	-109,8
Other operating income	0,2	0,3	-35,0
Other operating expenses	-78,4	-64,2	22,2
Depreciation and reductions in value	-3,2	-2,5	28,7
Share of loss of associated companies	0,0	0,0	-100,0
<b>OPERATING PROFIT (-LOSS)</b>	<b>0,2</b>	<b>8,0</b>	<b>-97,8</b>
% Net Sales	0,2	10,9	
Financial income and expenses (net)	0,4	-0,2	-338,4
<b>PROFIT (-LOSS) BEFORE EXTRAORDINARY</b>	<b>0,6</b>	<b>7,8</b>	<b>-92,7</b>
Extraordinary items	-1,3	0,5	-377,8
<b>PROFIT (-LOSS) BEFORE APPROPRIATIONS AND TAXES</b>	<b>-0,8</b>	<b>8,3</b>	<b>-109,1</b>
% Net sales	-0,9	11,3	
Income taxes	-1,0	-0,8	24,5
<b>PROFIT (-LOSS) FOR THE PERIOD</b>	<b>-1,7</b>	<b>7,5</b>	<b>-123,2</b>

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**CONSOLIDATED BALANCE SHEET, Meur**      **31.10.2005**      **31.10.2004**      **change %**

## ASSETS

### NON-CURRENT ASSETS

Intangible assets	3,9	3,0	30,0
Group goodwill	0,0	0,0	-41,4
Tangible assets	8,2	6,7	23,8
Financial assets	0,0	0,2	-87,3

### CURRENT ASSETS

Stocks	13,0	11,0	18,6
Non-current receivables	1,8	2,0	-9,5
Current receivables	11,8	13,0	-9,6
Investments	11,5	1,5	667,6
Cash in hand and at banks	10,3	22,9	-55,2
<b>TOTAL ASSETS</b>	<b>60,6</b>	<b>60,3</b>	<b>0,5</b>

## LIABILITIES

Shareholder's equity	39,3	45,4	-13,5
Statutory Provisions	0,4	0,0	

### CREDITORS

Non-current creditors	0,5	0,9	-43,4
Current creditors	20,4	14,0	45,6
<b>TOTAL LIABILITIES</b>	<b>60,6</b>	<b>60,3</b>	<b>0,5</b>



# Efore Group

## CASH FLOW STATEMENT, Meur

	11/04-10/05	11/03-10/04	change %
Cash flow from business operations before financing items and taxes	8,9	6,2	
Financing items and taxes	0,6	-2,6	
Extraordinary business operations	-0,9	0,0	
<b>CASH FLOW FROM BUSINESS OPERATIONS (A)</b>	<b>8,5</b>	<b>3,6</b>	<b>137,2</b>
Investments	-5,7	-5,3	
<b>CASH FLOW FROM INVESTMENTS (B)</b>	<b>-5,7</b>	<b>-5,3</b>	<b>8,8</b>
Directed Share Issue and Stock Option Subscriptions	1,0	23,5	
Change in liabilities	-0,3	-1,5	
Dividends Paid	-6,0	-3,0	
<b>CASH FLOW FROM FINANCING (C)</b>	<b>-5,3</b>	<b>19,1</b>	<b>-127,6</b>
<b>CHANGE IN CASH FLOW (A+B+C),</b> increase (+), decrease (-)	<b>-2,5</b>	<b>17,4</b>	<b>-114,4</b>

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## GROUP CONTINGENT LIABILITIES, Meur 31.10.2005 31.10.2004 change %

### Contingent liabilities, Meur

On own behalf

- Corporate mortgages	0,0	6,7	-100,0
- Pledges given	0,1	0,1	0,0
- Other Contingent Liabilities	0,2	0,1	81,4
- Rent and leasing commitments	7,7	4,8	61,2

### Derivative contracts

- Forward currency contracts

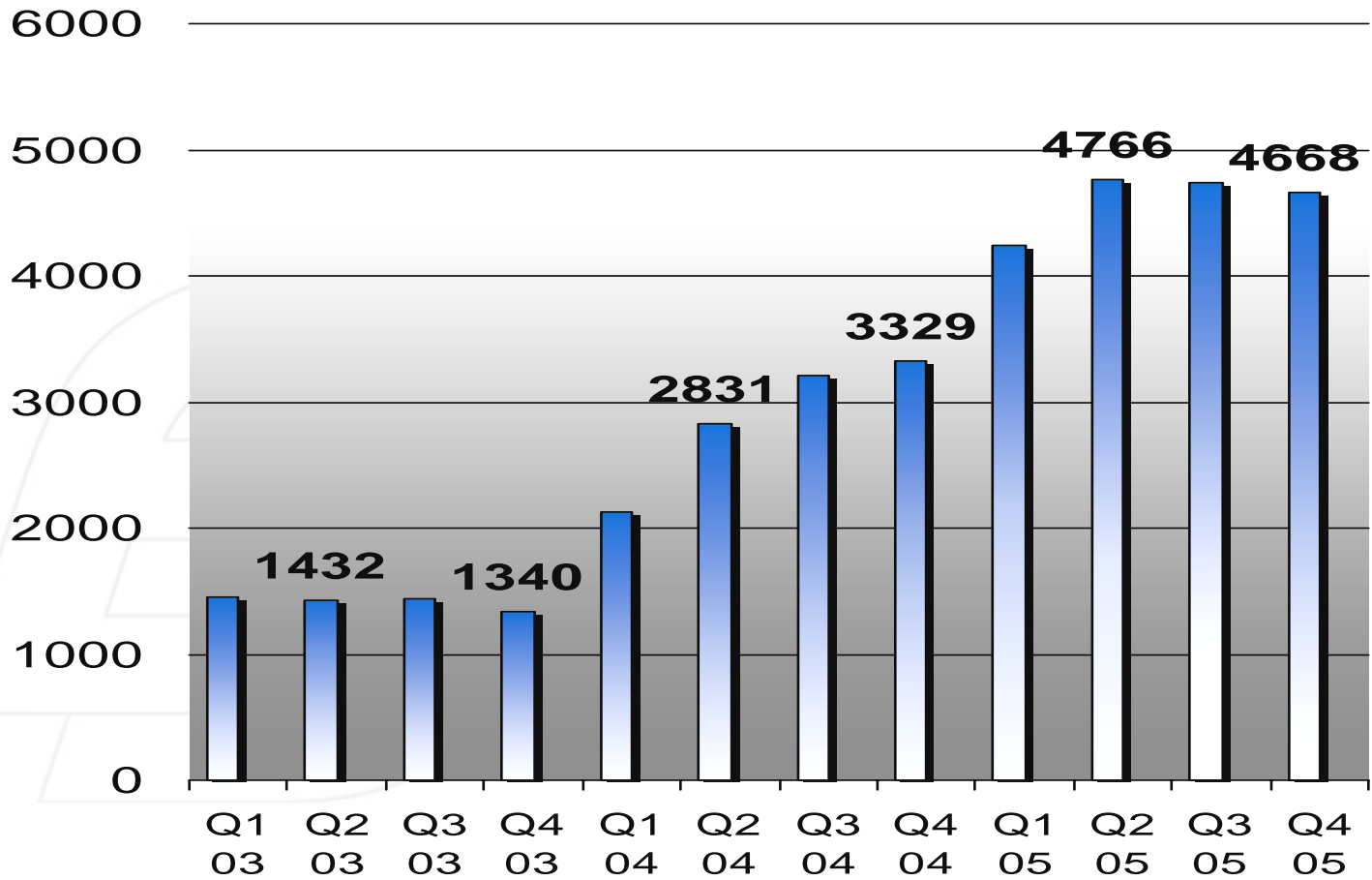
Market value	1,9	1,6	21,8
Value of underlying Instruments	1,9	1,6	14,6



# Shares and shareholders



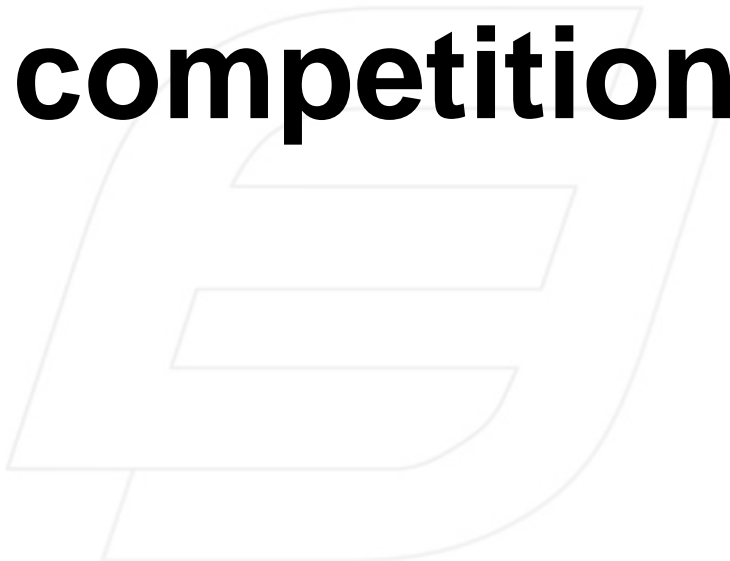
# Number of Shareholders



# Major shareholders (per Oct 31st, 2005)

Shareholder	# of shares	% share
Nordea Bank Finland (nominee registered)	3 856 750	9,52
Evli Bank Ltd	2 242 100	5,53
Tammivuori Esko	1 779 592	4,39
OP-Suomi Kasvu Mutual Fund	1 553 800	3,83
Tammivuori Matti	1 490 000	3,67
Tammivuori Leena	1 480 000	3,65
Varma Mutual Pension Insurance Company	1 214 100	2,99
Syrjälä & Co Oy	1 095 680	2,70
FIM Fenno Mutual Fund	1 077 800	2,66
Oy Q & A Consulting Ab	1 038 400	2,56
Fabritius Hannes	799 516	1,97
Veikko Laine	596 600	1,47
Placeringsfonden Aktia Capital	430 812	1,06
FIM Forte Mutual Fund	420 000	1,04
Ilmarinen Mutual Pension Insurance Company	400 000	0,99
Syrjälä Timo	400 000	0,99
Berling Capital Oy	385 000	0,95
Placeringsfonden Aktia Secura	385 000	0,95
Rausanne Oy	371 400	0,85
Ingman Finance Oy Ab	340 000	0,84

# Market outlook and competition



# Efore's current market positioning

- ▶ Efore has a strong global position on the power supplies market, particularly due to strong customers in the telecommunications sector
- ▶ World-class first tier OEM customers bring growth also in other targeted sectors
- ▶ Continuous investment in growth, product development and new customer acquisition
- ▶ A leading player within the power supplies industry \*)
  - 3rd largest in DC/DC power supplies in Europe (whole power range)
  - 10th largest in DC/DC power supplies globally (whole power range)
  - 10th largest in power supplies for wireless mobile networks
  - 11th largest in all power supplies (AC/DC and DC/DC) in Europe
  - 24th largest in all power supplies (AC/DC and DC/DC) globally

\*) Source: IMS



# Outlook for the power supplies market

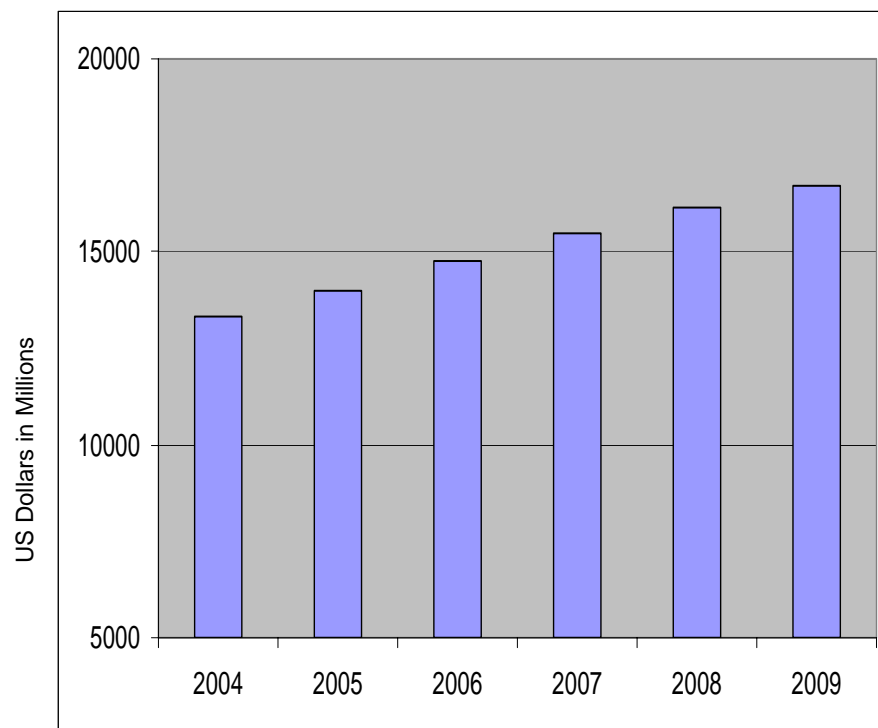
- ▶ The global power supplies market is estimated to be worth about USD 20.3 billion in 2005
- ▶ Efore's market share is below 0,5 %.
- ▶ By technologies, the market is distributed as follows:
  - AC/DC power supplies           69 %
  - DC/DC converters               31 %
- ▶ Most of the Efore's custom design power supplies belong technically to DC/DC-area



Source: Management's estimates, \*IMS August, 2005, VDC March 2005

## AC/DC –power supplies market

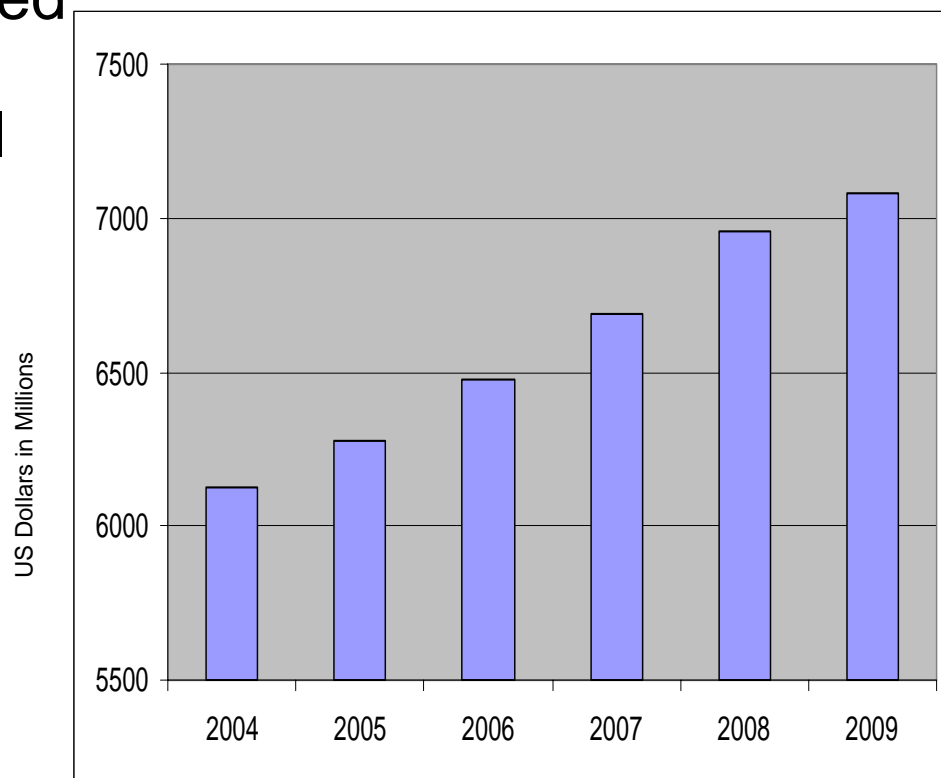
- ▶ The global AC/DC power supplies market is estimated to grow at an annual average rate of 4,6 % until 2009.



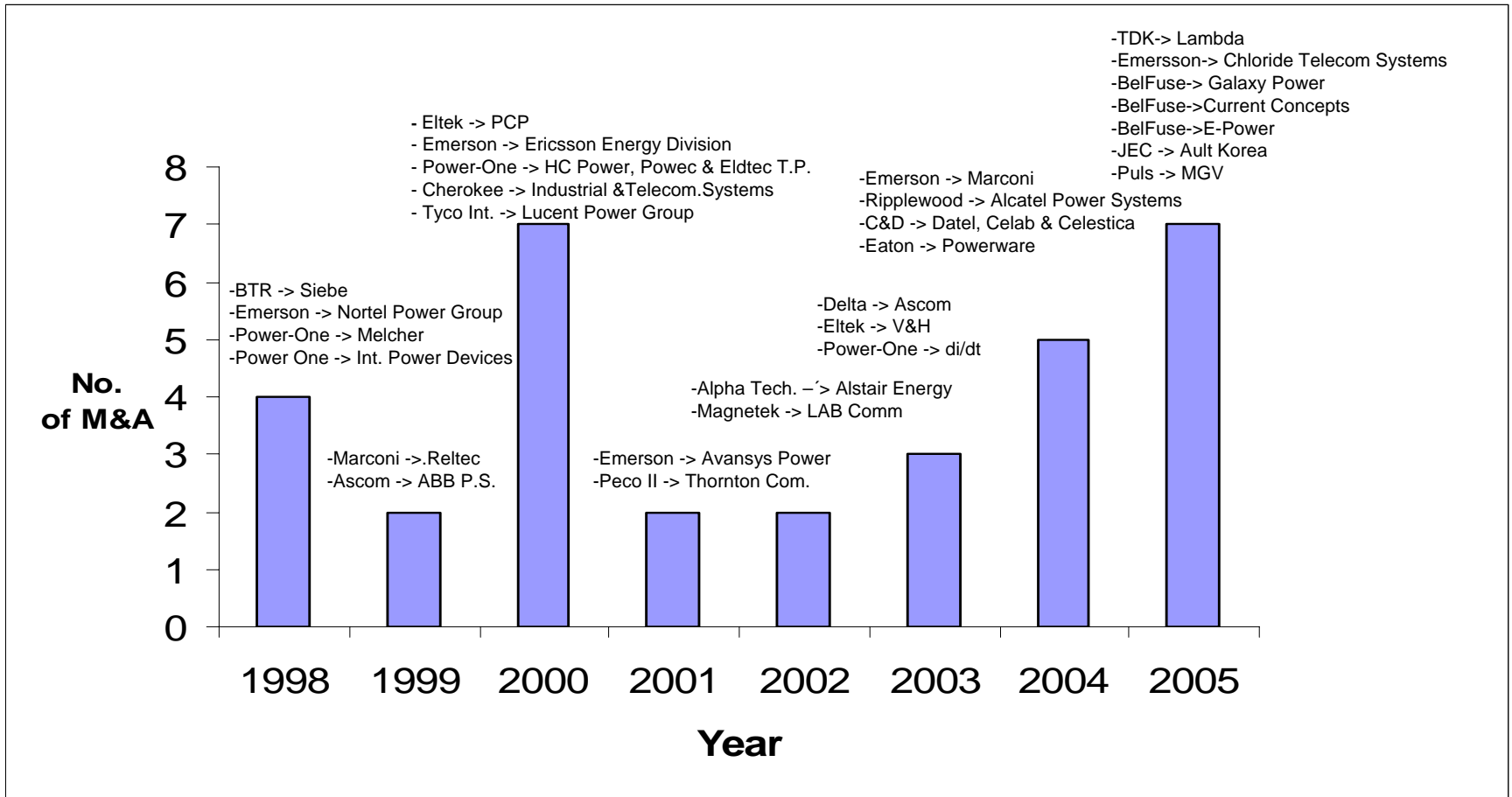
Lähde: \* Global Switching Power supply Industry, 10/05

# DC/DC –power supplies market

- ▶ The global DC/DC power supplies market is estimated to grow at an annual average rate of 2,9 % until 2009.



# Consolidation of power supply business continues ...



# Outlook for EDMS market

- ▶ In the electronic design and manufacturing (EDMS) sector, the market is expected to grow further in comparison with the previous fiscal year as outsourcing continues to increase.
- ▶ Efore's design centers in Finland, in the USA and in China together with volume production plants in Estonia and China enables growth in EDMS-business.



# Outlook for the fiscal year 2006



# Outlook for the fiscal year 2006

- ▶ In spite of the price erosion resulting from competition in the power supply sector, net sales for the new fiscal year are expected to increase compared with the previous fiscal year.
- ▶ With growth in sales that has accompanied new products and new customer relationships, an improvement in the operations and the restructuring, most of which is complete, the operating profit for the fiscal year and the earnings per share are expected to show improvement over the previous fiscal year.
- ▶ In addition to expanding its present business, Efore is looking into participating in the consolidation process within the power supply sector.



# Efore's targets in the consolidation process

- ▶ Efore's targets in the consolidation process are:
  - ▶ Expanding customer base
  - ▶ Increasing R&D/engineering resources and capabilities
  - ▶ Broadening product base and power supply technology platforms
  - ▶ Achieving cost synergies in production and material procurement
  - ▶ Geographic expansion in sales, customer service and after sales networks

