



# **Tecnomen Lifetree Corporation Financial Report 1-12/2009**

4.2.2010

Eero Mertano

President and CEO

# Overview

- 2009 was a challenging year
  - Our net sales was 53,3 M€ (77,2 M€)
    - Primary reason for sales decline was cautious investment sentiment, and operators delayed their investments into 2010
    - In addition, average deal size in VAS fell, and prepaid license revenue declined due to market saturation
  - EBIT was -14,7 M€ (11,5 M€)
    - This includes 7,0 M€ one-time costs, of which 6,0 M€ in Q4
- We are ready for an improved 2010
  - Integration of Tecnomen and Lifetree has been completed
  - We have implemented a new solution-based organization structure
  - We have a wide solution portfolio for BSS/OSS and VAS needs
  - Our cost structure is significantly improved

# Financial Highlights

Lifetree consolidated from 6 May 2009

<b>M€</b>	<b>1-12/2009</b>	<b>10-12/2009</b>
Net sales	53.3 (77.2)	13.5 (21.7)
Ebit (incl. 7.0 M€ one-time costs 2009, 6.0 M€ in Q4)	-14.7 (11.5)	-8.5 (5.0)
Net result	-16.1 (10.2)	-7.2 (4.8)
Order intake	57.8 (69.4)	12.5 (14.2)
Order book	11.7 (9.7)	
Cash flow after investments (w/o net payment of Lifetree acquisition)	-4.8 (17.9)	-4.0 (6.0)
Net cash flow	-26.0 (33.8)	-5.3 (26.0)
Cash	25.7 (51.0)	
Equity ratio	65.7% (70.3%)	
Net gearing	-10.8% (-37.2%)	

# Tecnotree Business Units

## VAS

- Net sales were 19.4 M€ (40.4)
- BU EBIT was -7.2 MEUR (8.8)
- Steady maintenance revenue
- Average project size was decreased and operator investments moved to 2010
- New customers acquired in Europe, Middle East and Africa

## BSS/OSS

- Net sales were 33.9 M€ (36.8)
- BU EBIT was -4.2 MEUR (5.5)
- Demand has remained strong in Middle East and Africa and moderate in Latin America
- Steady maintenance contract income
- New customers acquired in Africa and APAC

# Consolidated Income Statement

Lifetree consolidated from 6 May 2009

EUR Million	10-12/2009	10-12/2008	Change %
Net sales	13.5	21.7	-37.7
Other operating income	0.0	0.0	
Materials and services	-3.0	-3.8	-20.7
Employee benefit expenses	-10.1	-6.9	46.4
Other operating expenses	-7.2	-4.6	58.3
Depreciation	-1.7	-1.5	17.5
Operating result	-8.5	5.0	
% of net sales	-62.8	23.1	
Financial income and expenses	-0.0	0.8	
Result after financial income and expenses	-8.5	5.8	
Income taxes	1.3	-1.0	
Result for the period	-7.2	4.8	

# One-time Costs in Q4 2009

Lifetree consolidated from 6 May 2009

EUR Million	10-12/2009	One-time items	Excluding one-time items
Net sales	13.5	-2.5	16.0
Other operating income	0.0		0.0
Materials and services	-3.0		-3.0
Employee benefit expenses	-10.1	-2.3	-7.8
Other operating expenses	-7.2	-1.2	-6.0
Depreciation	-1.7		-1.7
Operating result	-8.5	-6.0	-2.5
% of net sales	-62.8		
Financial income and expenses	-0.0		
Result after financial income and expenses	-8.5	-6.0	-2.5
Income taxes	1.3		
Result for the period	-7.2		

# Consolidated Income Statement

Lifetree consolidated from 6 May 2009

EUR Million	1-12/2009	1-12/2008	Change %
Net sales	53.3	77.2	-31.0
Other operating income	0.3	0.0	
Materials and services	-10.7	-16.7	-36.1
Employee benefit expenses	-29.2	-24.0	21.7
Other operating expenses	-21.8	-19.4	12.4
Depreciation	-6.6	-5.6	18.6
Operating result	-14.7	11.5	
% of net sales	-27.7	14.9	
Financial income and expenses	-0.5	1.9	
Result after financial income and expenses	-15.2	13.5	
Income taxes	-0.8	-3.3	-74.6
Result for the period	-16.1	10.2	

# One-time Items in 2009

Lifetree consolidated from 6 May 2009

EUR Million	1-12/2009	One-time items	Excluding one-time items
Net sales	53.3	-2.5	55.8
Other operating income	0.3		0.3
Materials and services	-10.7		-10.7
Employee benefit expenses	-29.2	-3.3	-25.9
Other operating expenses	-21.8	-1.2	-20.6
Depreciation	-6.6		-6.6
Operating result	-14.7	-7.0	-7.7
% of net sales	-27.7		
Financial income and expenses	-0.5		
Result after financial income and expenses	-15.2	-7.0	-7.7
Income taxes	-0.8		
Result for the period	-16.1		



# Consolidated Income Statement

(Pro forma, Tecnotree India included Oct-Dec of both years)

EUR Million	10-12/2009	10-12/2008	Change %
Net sales	13.5	28.9	-53.3
Other operating income	0.0	0.1	
Materials and services	-3.0	-5.2	-42.3
Employee benefit expenses	-10.1	-8.1	24.7
Other operating expenses	-7.2	-6.1	18.0
Depreciation	-1.7	-2.1	-19.0
Operating result	-8.5	7.5	
% of net sales	-62.8	26.0	
Financial income and expenses	-0.0	0.3	
Result after financial income and expenses	-8.5	7.9	
Income taxes	1.3	-0.7	
Result for the period	-7.2	7.1	

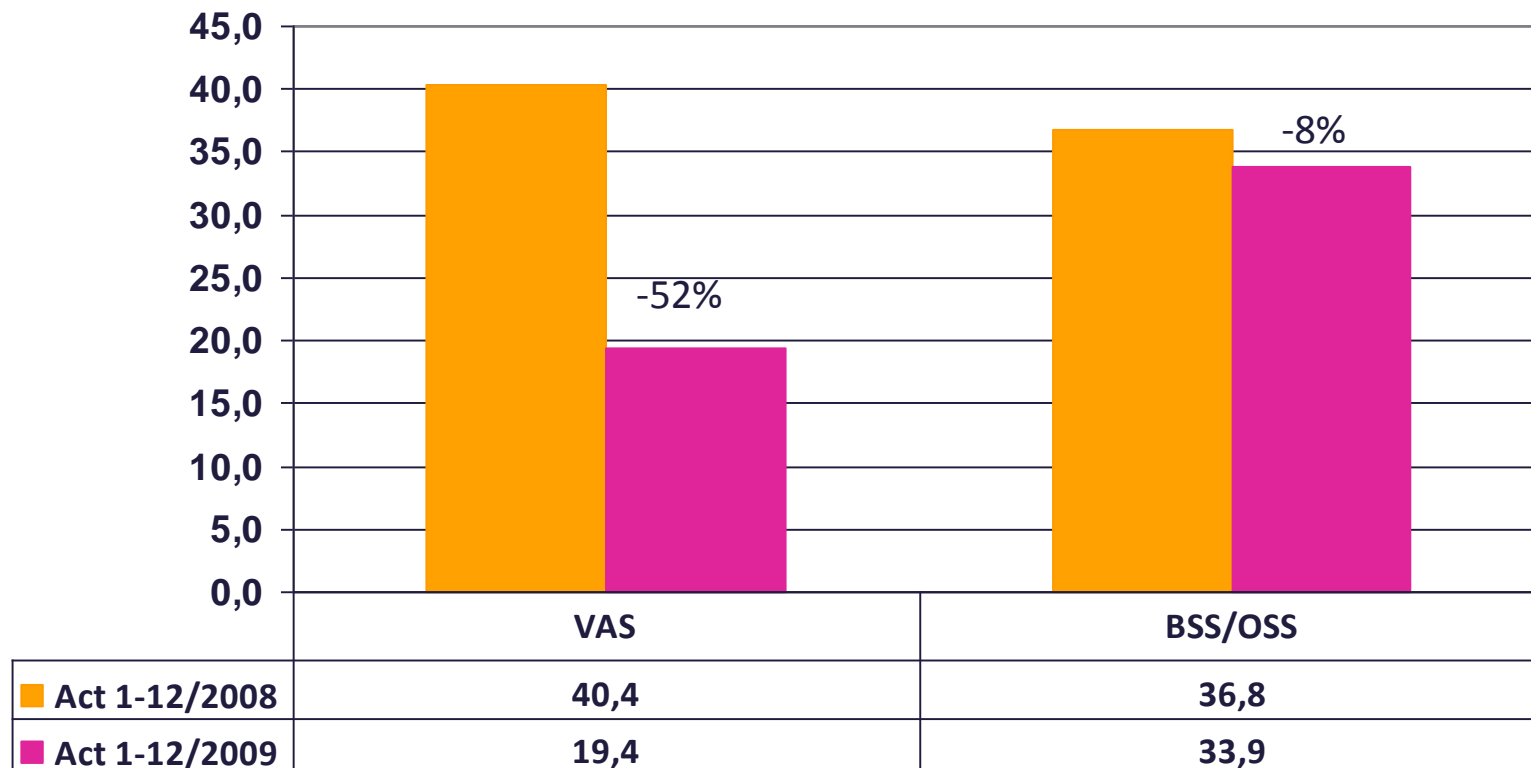
# Consolidated Income Statement

(Pro forma, Tecnotree India included Jan-Dec of both years)

EUR Million	1-12/2009	1-12/2008	Change %
Net sales	58.2	94.2	-38.2
Other operating income	0.4	0.7	-41.3
Materials and services	-12.2	-20.2	-39.6
Employee benefit expenses	-31.1	-27.8	11.9
Other operating expenses	-23.2	-23.1	-0.1
Depreciation	-6.9	-6.4	6.7
Operating result	-14.6	17.4	
% of net sales	-25.1	18.5	
Financial income and expenses	-0.3	1.6	
Result after financial income and expenses	-15.0	19.0	
Income taxes	-0.8	-3.1	-73.1
Result for the period	-15.8	15.9	

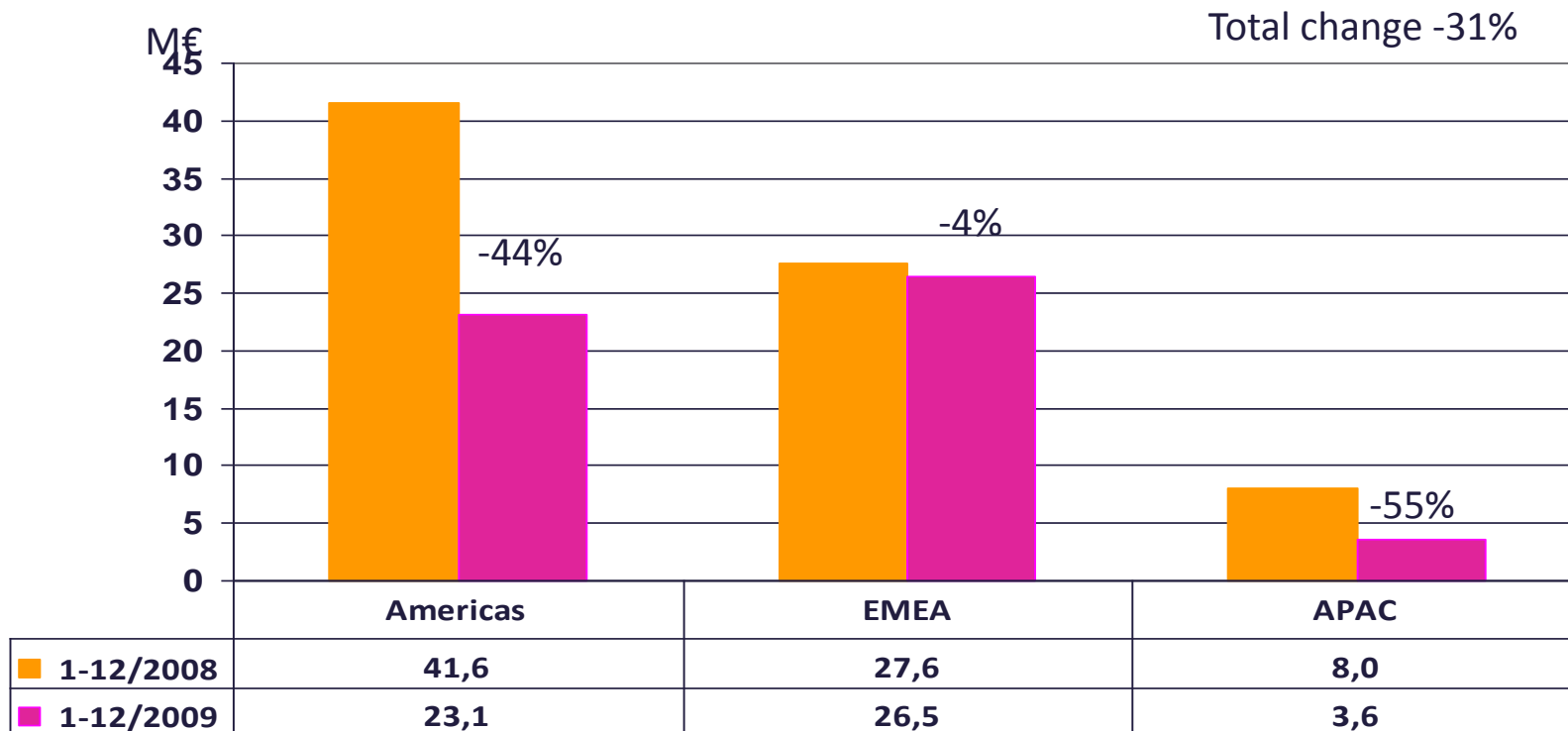
# Net Sales by Business Unit

VAS 36 % (52 %), BSS/OSS 64 % (48 %) of Net Sales

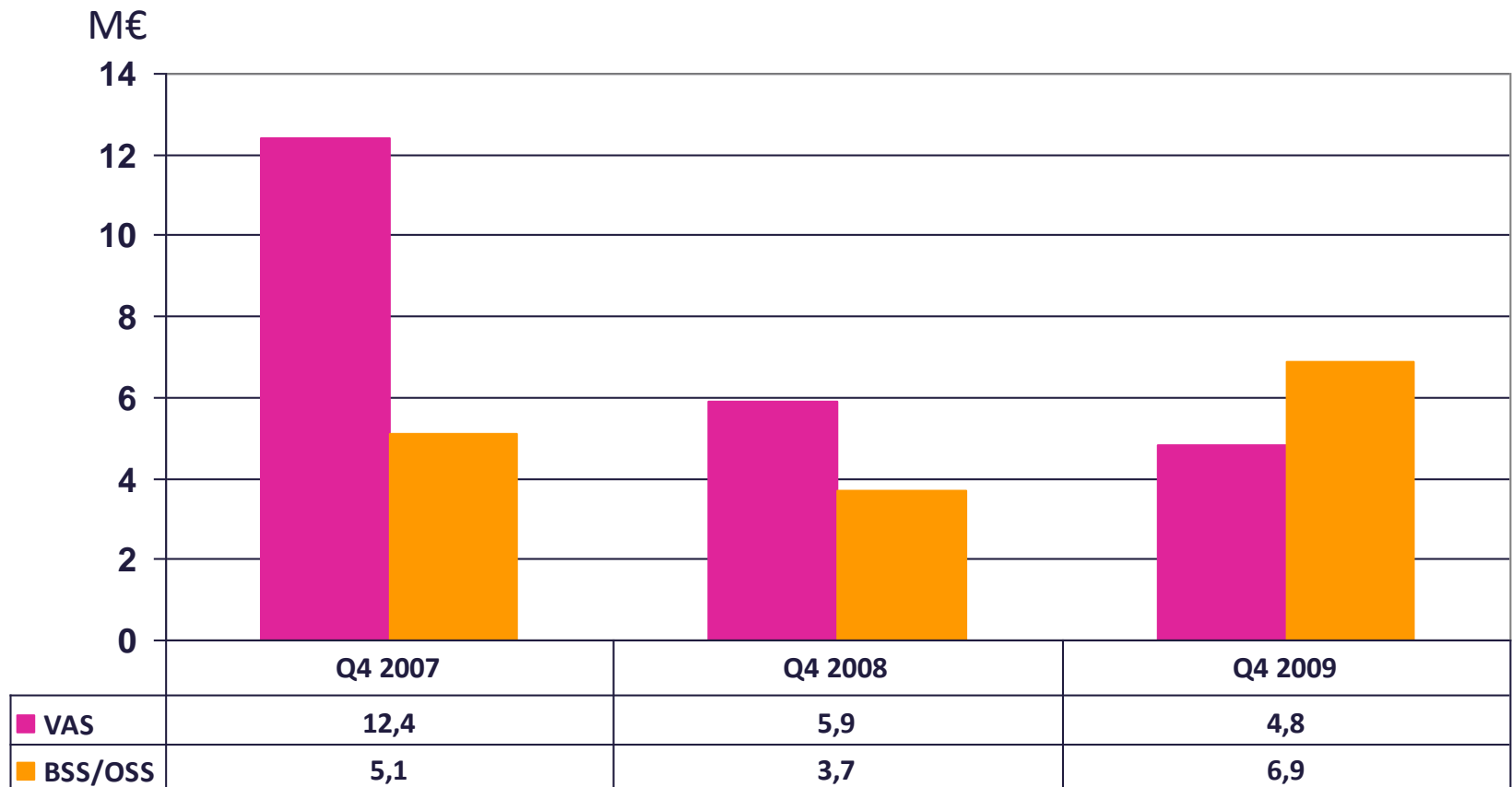


# Net Sales by Area

Americas 43%(54%), EMEA 50%(36%), APAC 7% (10%)



# Orderbook by Product Line



# Consolidated Balance Sheet

EUR Million	31.12.2009	31.12.2008	Change %
Non-current assets			
Fixed assets	30.9	26.4	16.9
Consolidated goodwill	20.0	0.7	
Other non-current assets	2.4	0.7	
Current assets			
Inventories	1.3	1.1	22.0
Trade receivables	19.3	14.4	34.5
Other receivables	17.2	24.6	-30.0
Investments	1.6	-	
Cash and cash equivalents	25.7	51.0	-49.7
<b>Total assets</b>	<b>118.5</b>	<b>118.9</b>	<b>-0.3</b>

# Consolidated Balance Sheet

EUR Million	31.12.2009	31.12.2008	Change %
Shareholders' equity	77.2	83.5	-6.0
Interest-bearing liabilities	16.7	-	
Deferred tax liabilities	3.9	4.5	-14.3
Other non-current liabilities	0.3	0.0	
Current liabilities			
Interest-bearing liabilities	2.3	20.0	
Non-interest-bearing liabilities	18.1	10.8	55.9
Equity and liabilities	118.5	118.9	-0.3

# Prospects for 2010

The global financial crisis has caused operators to be cautious in making capital expenditure and many operators have postponed investments until 2010. During the second half of 2009 Tecnotree carried out a major restructuring, and the cost savings from this will have a full impact in 2010.

Thanks to the new cost structure, the broader product offering and the solution-based business model, Tecnotree is now more competitive. Tecnotree estimates that net sales will be considerably higher in 2010 than in 2009. Higher sales and lower costs are expected to improve profitability significantly and the operating result should be positive.

Capitalization of R & D costs is expected to be clearly less in 2010 than in the previous year. This is because product development has a greater emphasis on customer specific projects with an advantage of lower costs base.

Variations between quarterly figures are expected to be considerable.

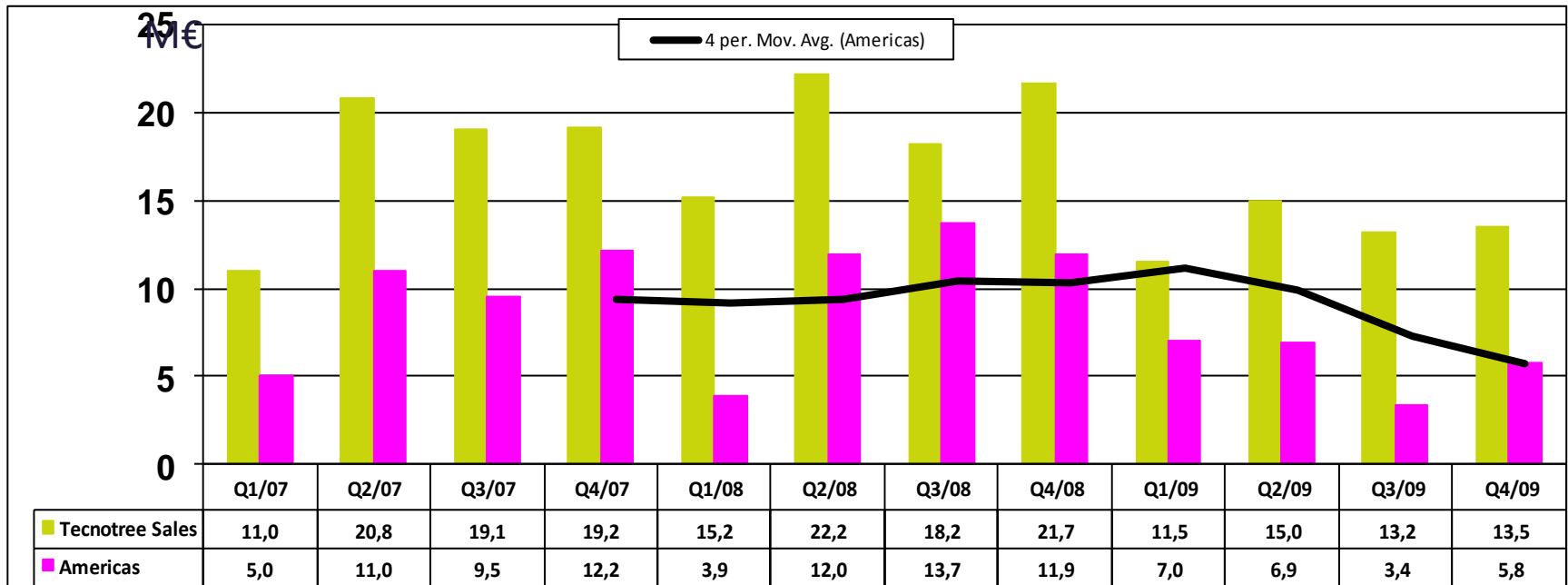


# Additional Financial Information for Investors



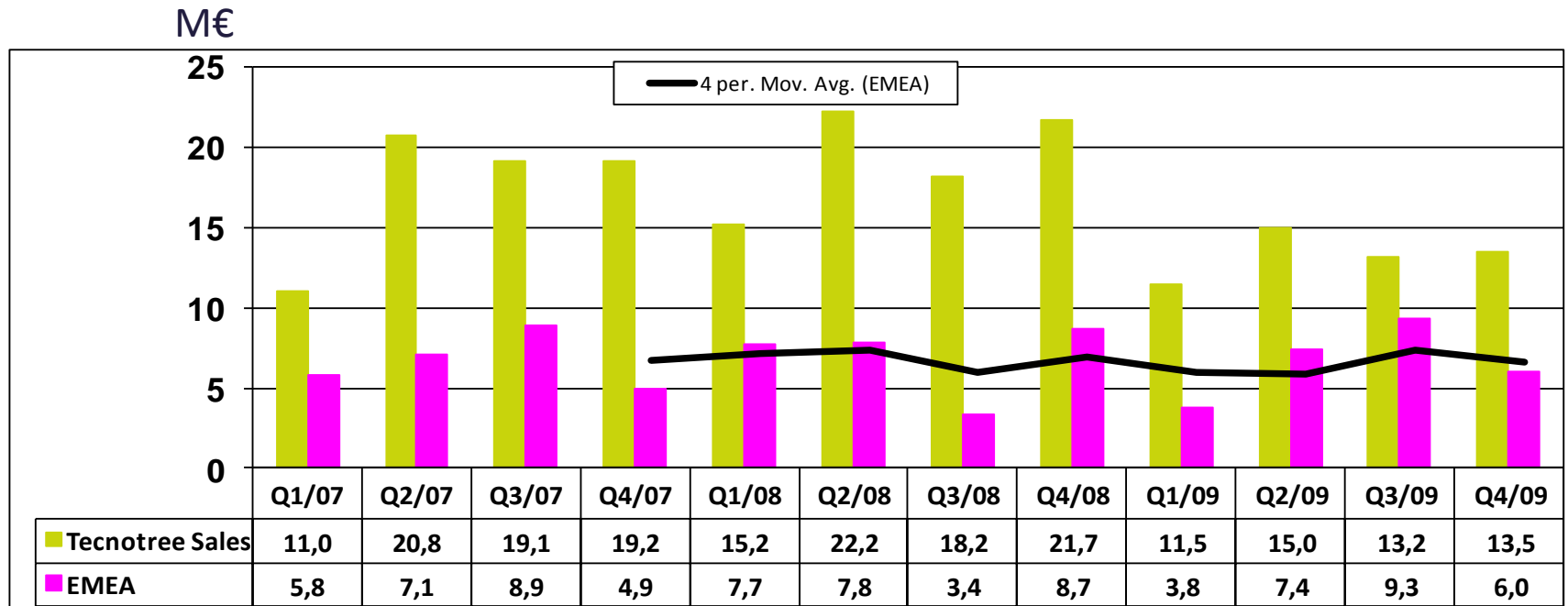
# Sales by Area

## Americas



# Sales by Area

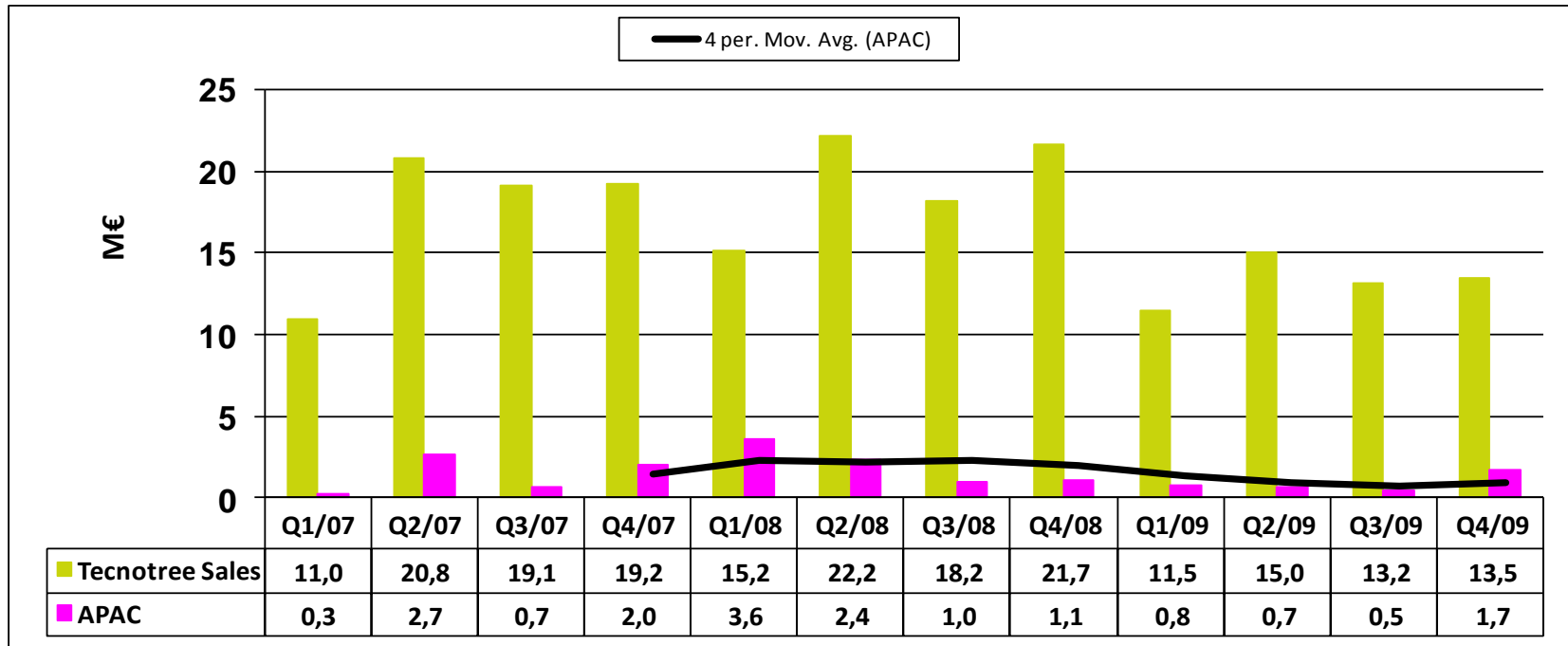
## EMEA



# Sales by Area

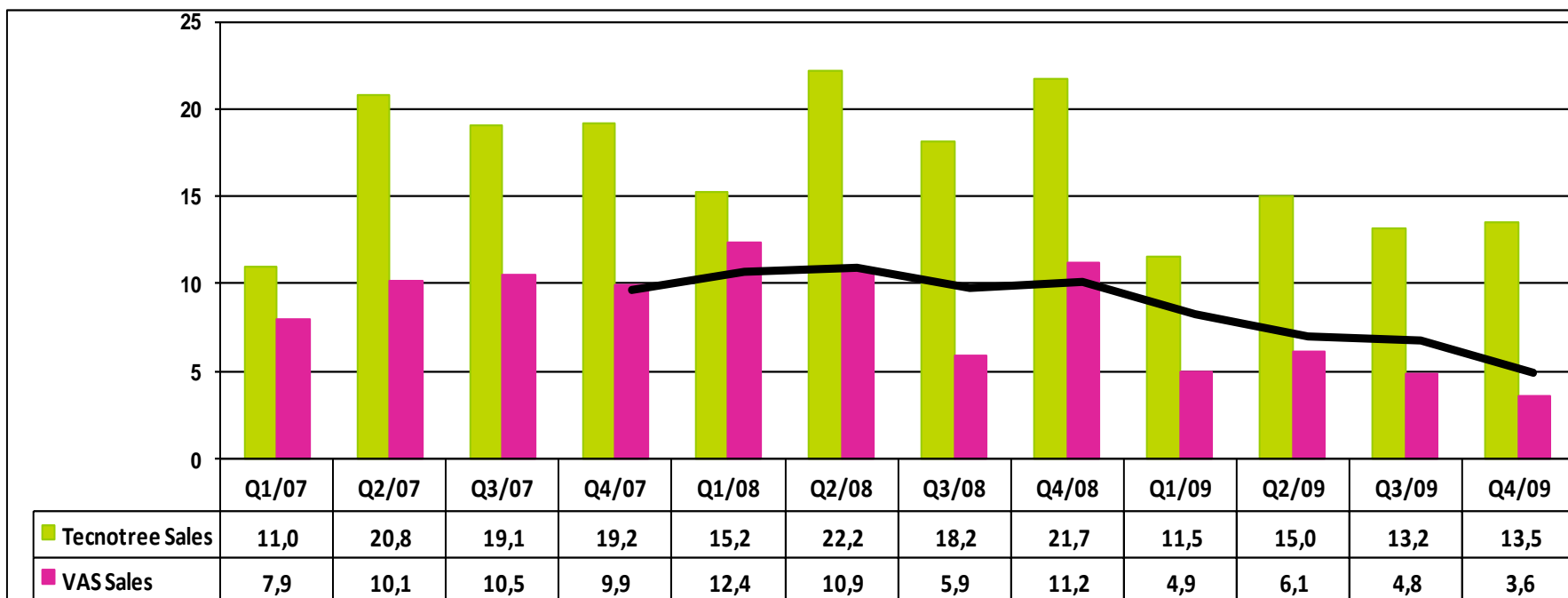
## APAC

M€



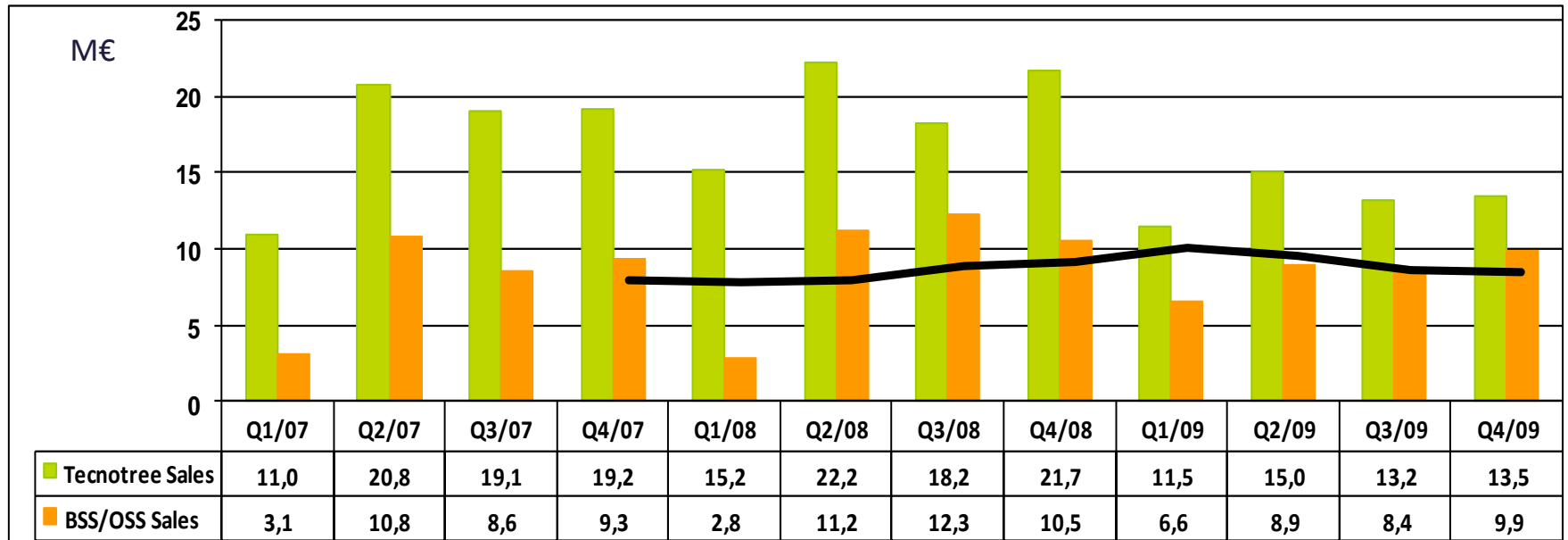
# Sales by Business Unit

## VAS

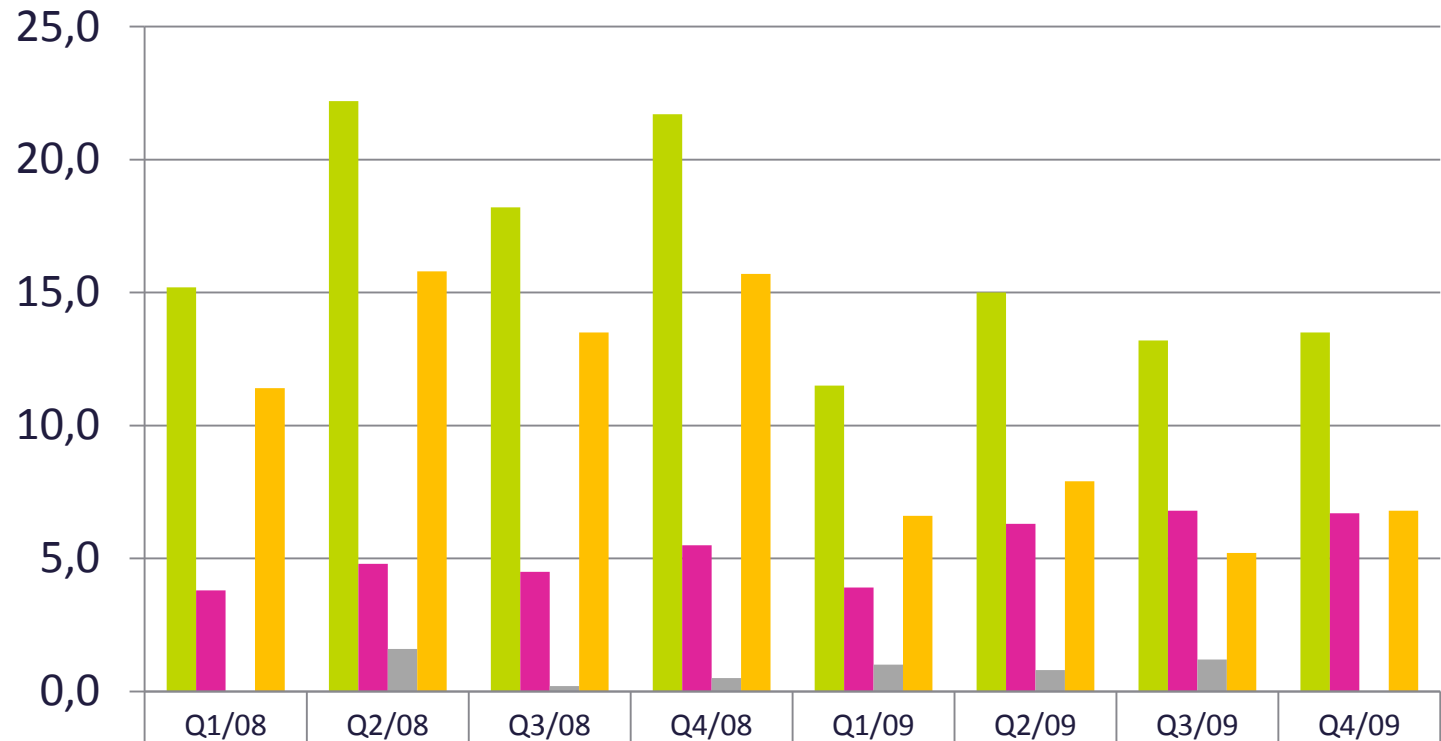


# Sales by Business Unit

## BSS/OSS

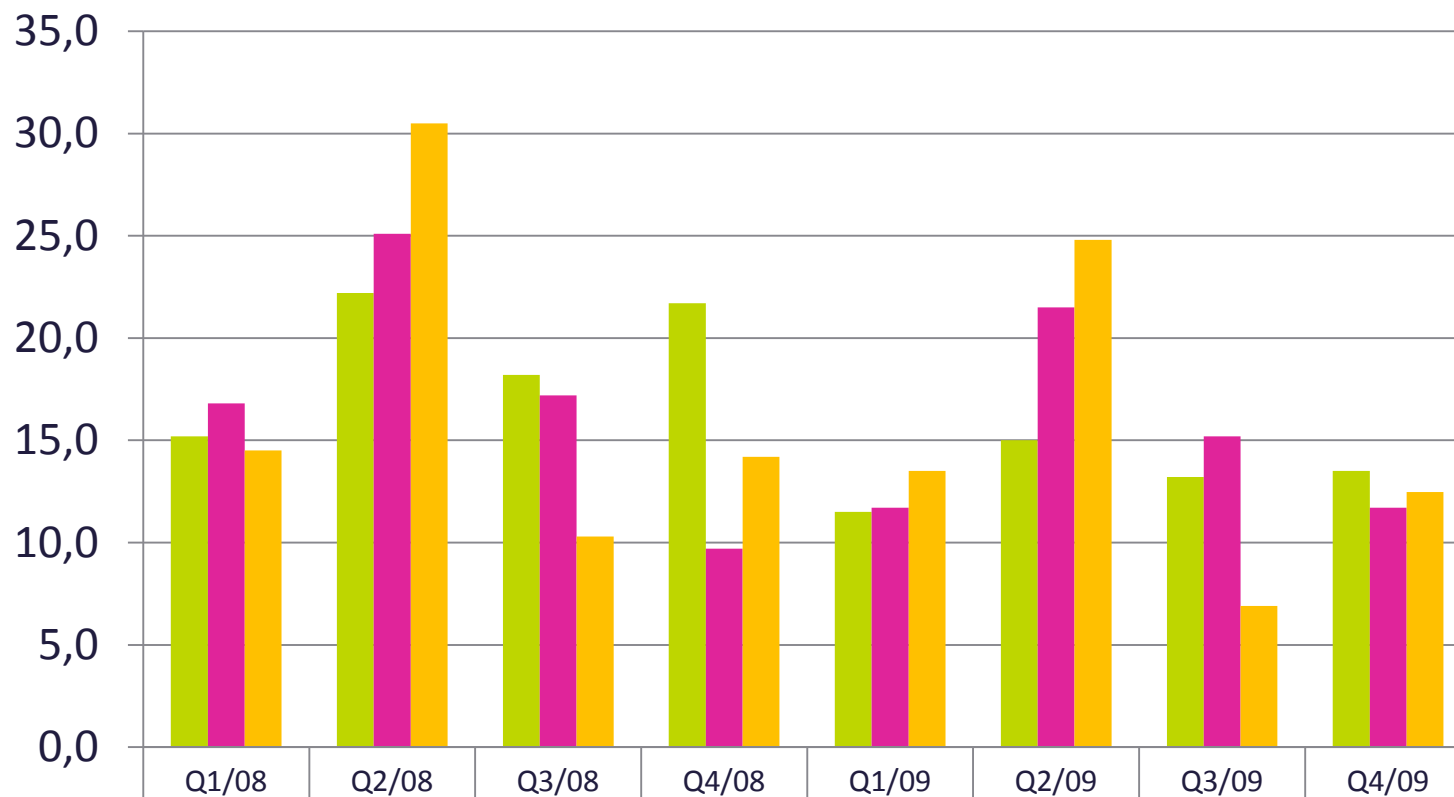


# Sales Distribution



	Q1/08	Q2/08	Q3/08	Q4/08	Q1/09	Q2/09	Q3/09	Q4/09
■ Tecnotree sales	15,2	22,2	18,2	21,7	11,5	15,0	13,2	13,5
■ Services	3,8	4,8	4,5	5,5	3,9	6,3	6,8	6,7
■ New customers	0,0	1,6	0,2	0,5	1,0	0,8	1,2	0,0
■ Existing customers	11,4	15,8	13,5	15,7	6,6	7,9	5,2	6,8

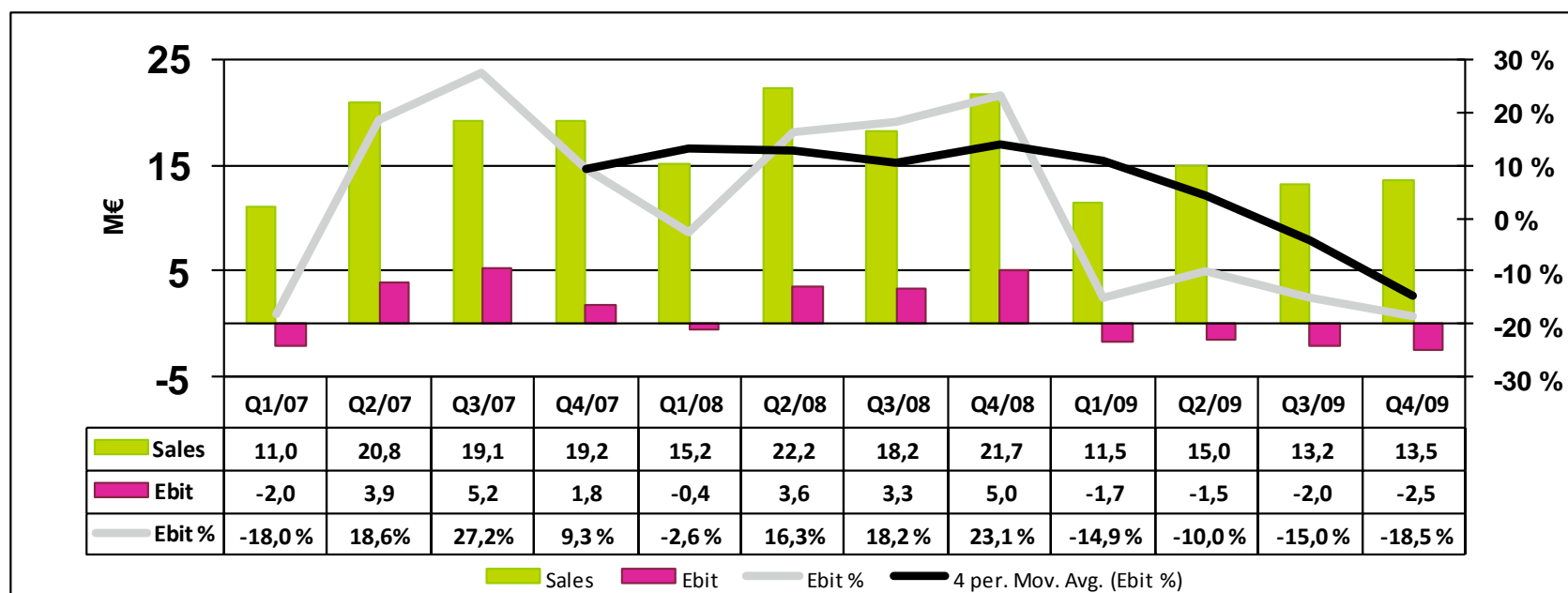
# Sales, Order Backlog & Order Intake



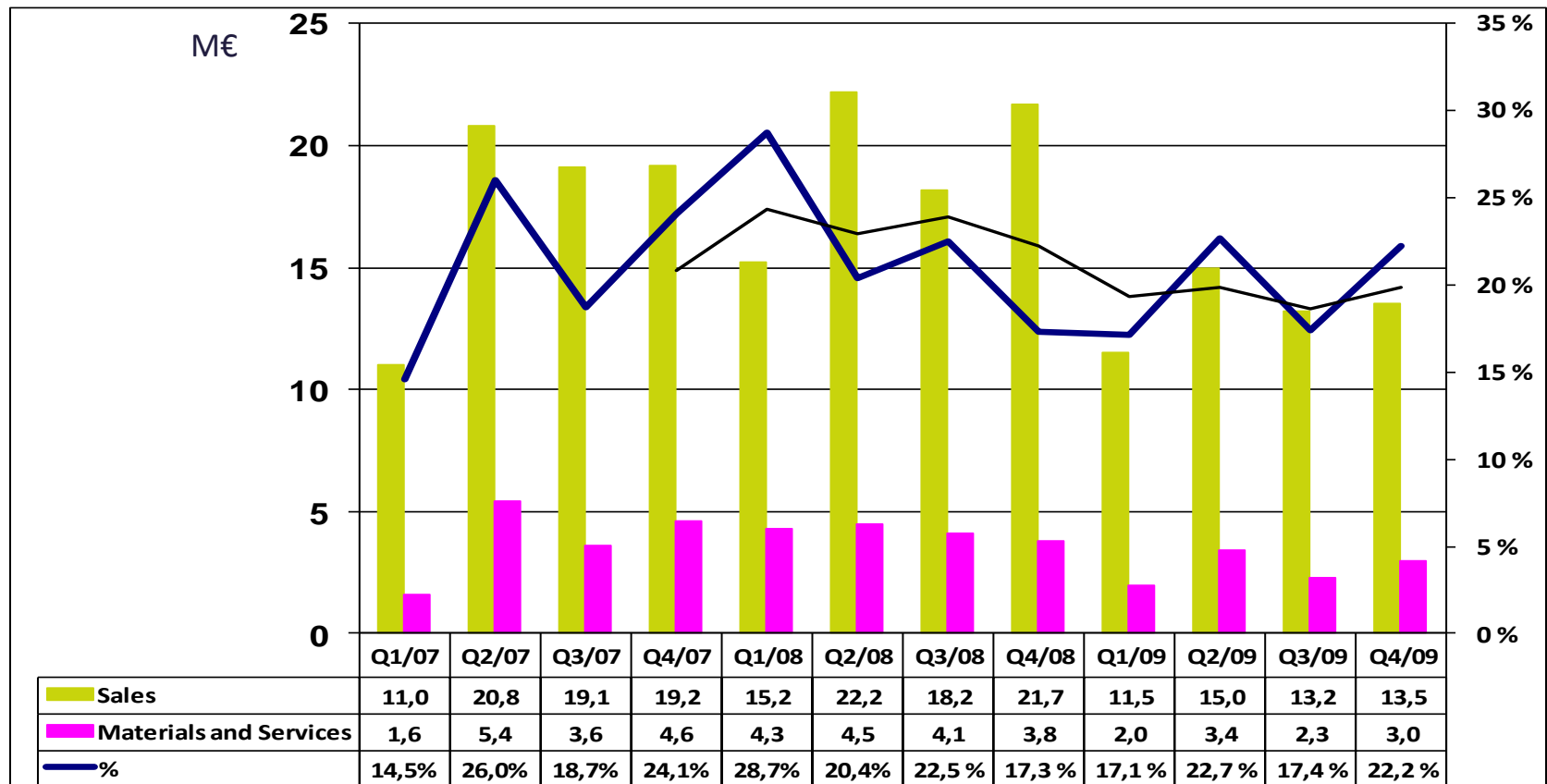
■ Tecnotree sales	15,2	22,2	18,2	21,7	11,5	15,0	13,2	13,5
■ OBL	16,8	25,1	17,2	9,7	11,7	21,5	15,2	11,7
■ Order intake	14,5	30,5	10,3	14,2	13,5	24,8	6,9	12,5



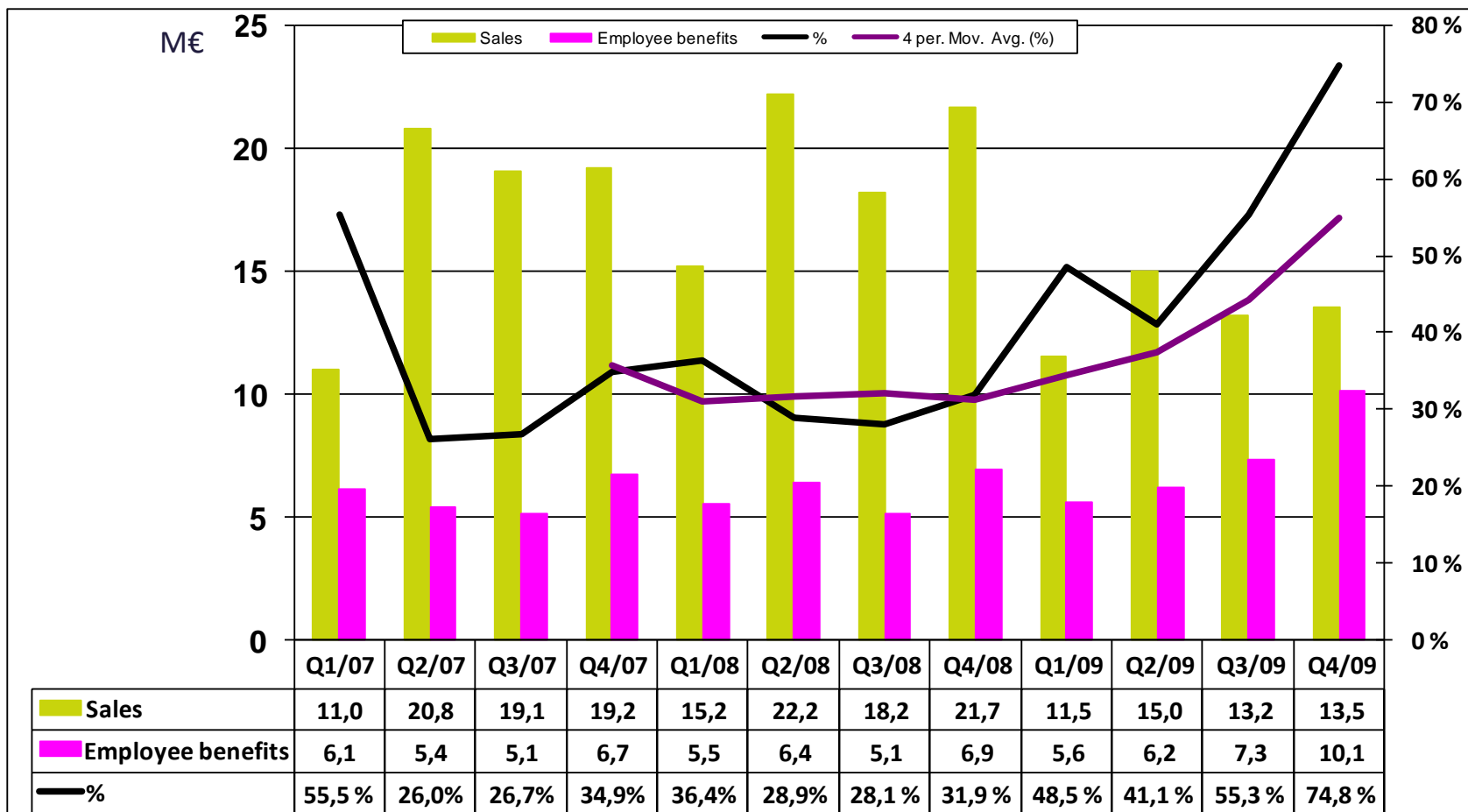
# Sales and Ebit before One-time Costs



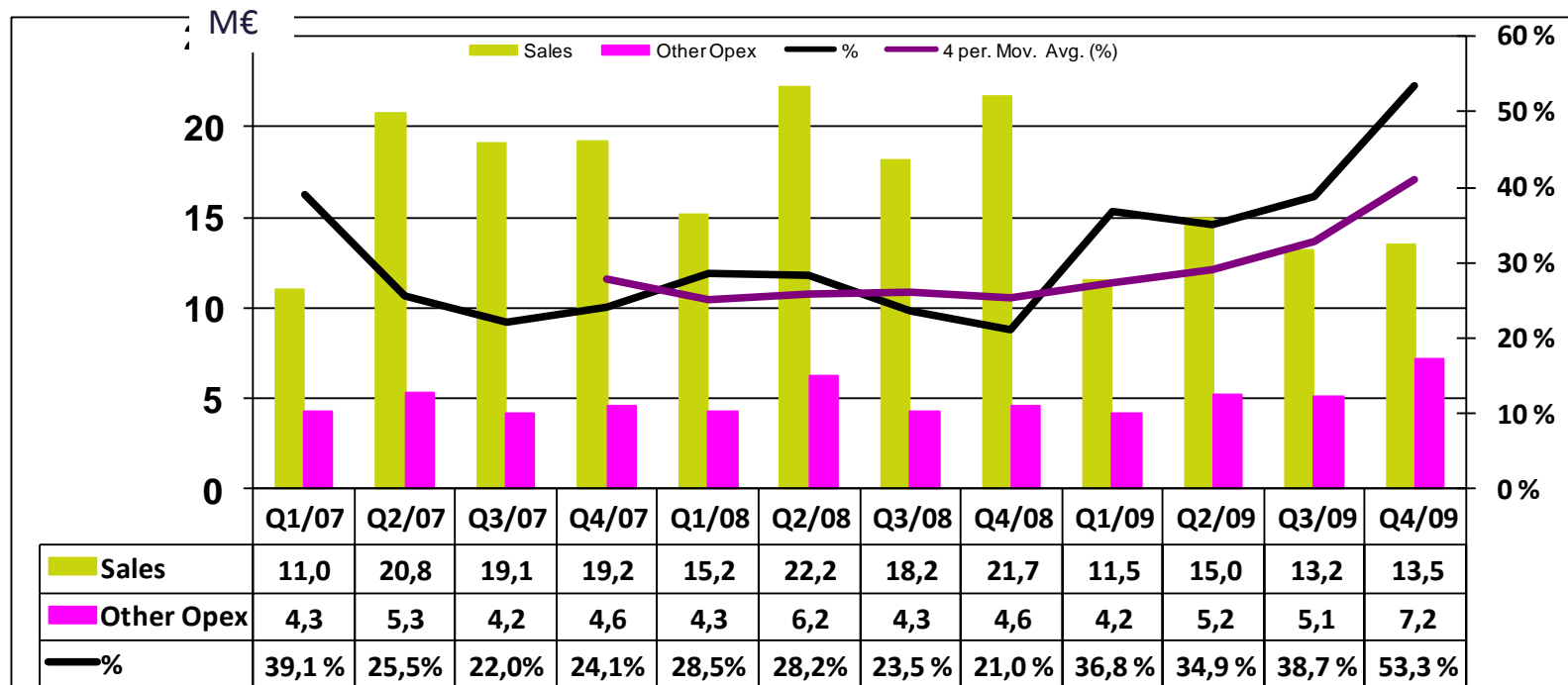
# Materials and Services



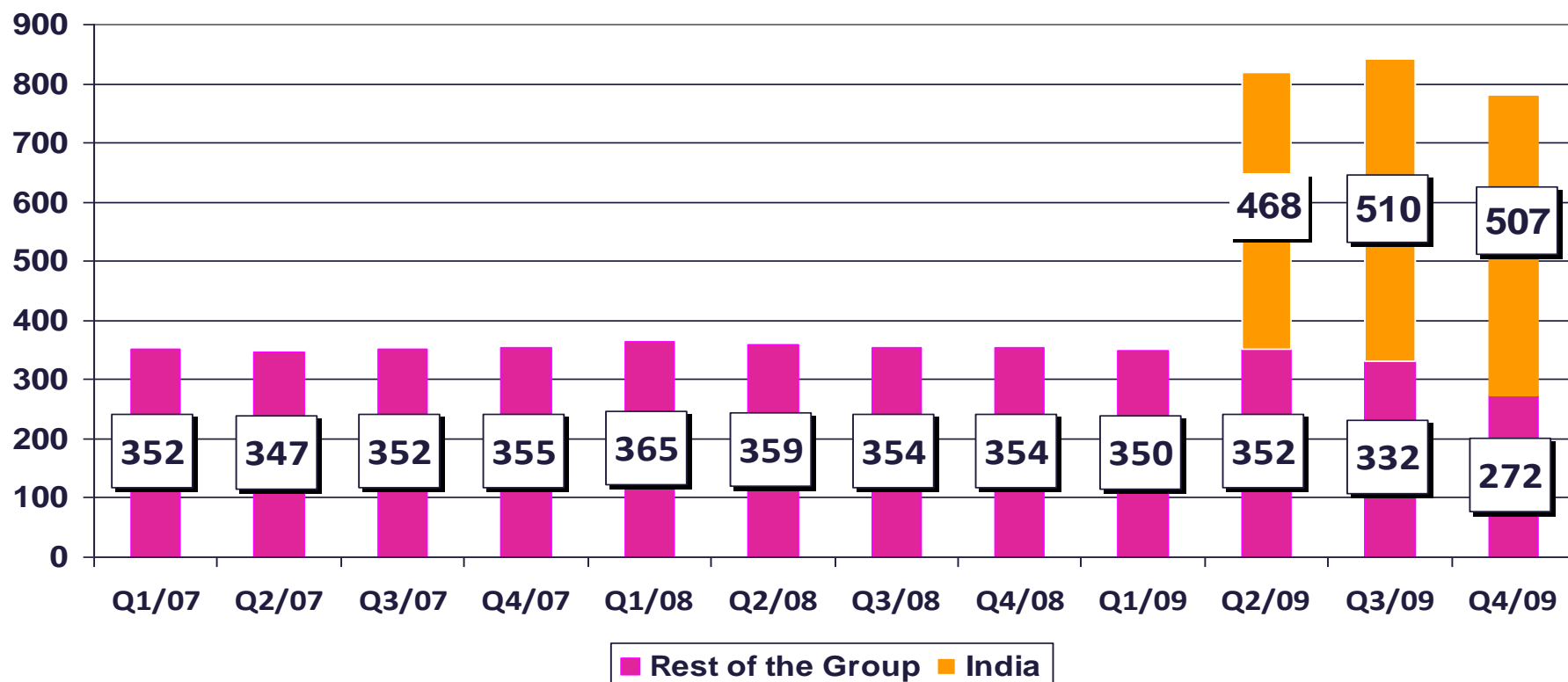
# Employee Benefits



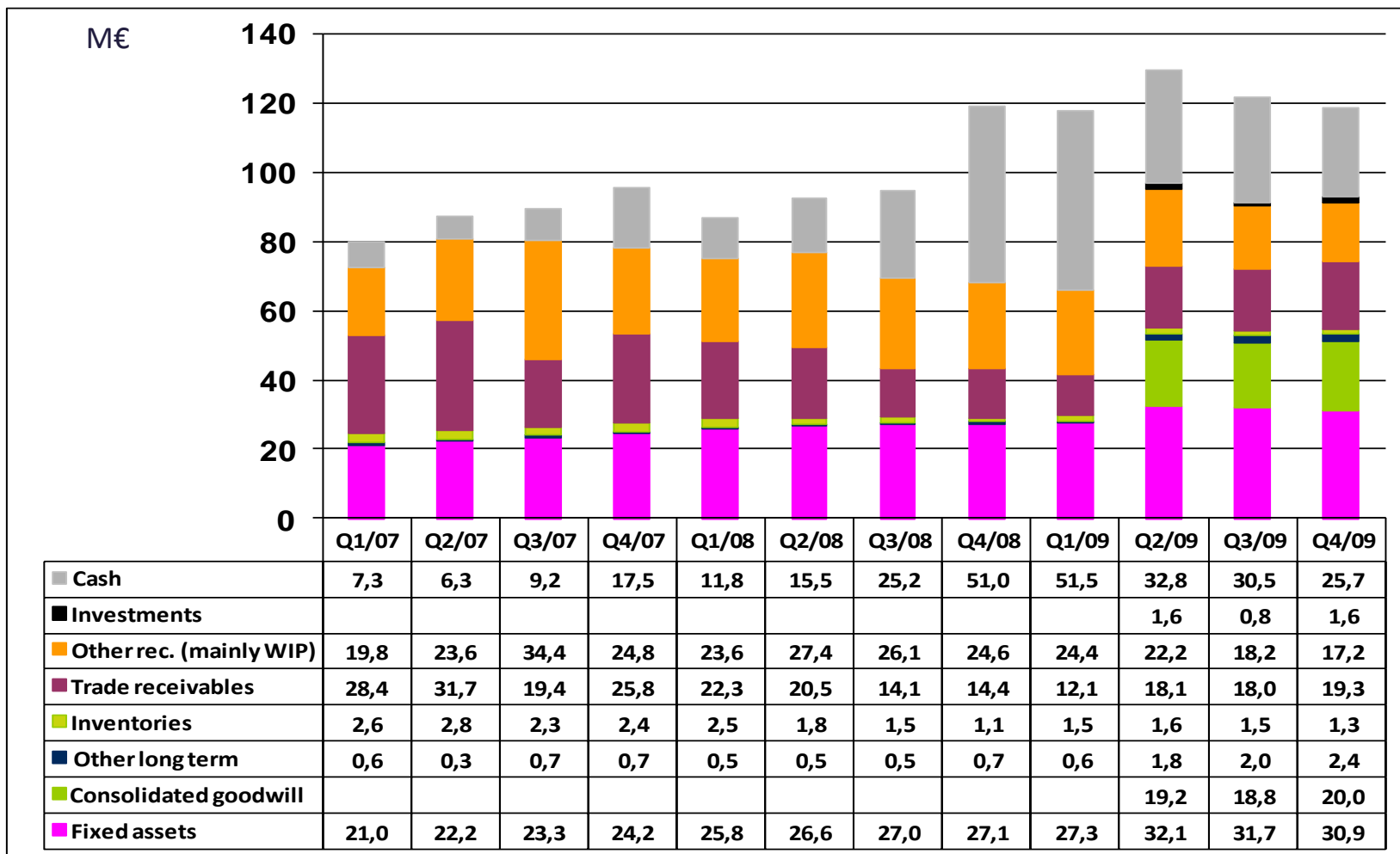
# Other Operating Expenses



# Number of Personnel

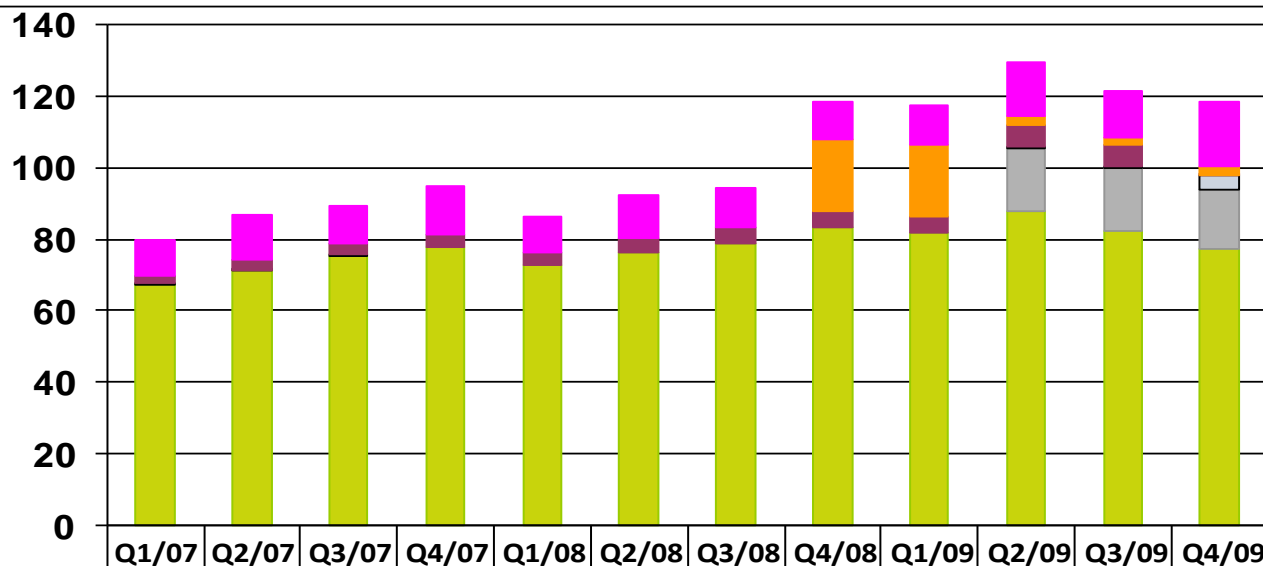


# Assets by Quarter



# Equity and Liabilities by Quarter

M€



	Q1/07	Q2/07	Q3/07	Q4/07	Q1/08	Q2/08	Q3/08	Q4/08	Q1/09	Q2/09	Q3/09	Q4/09
Current non-interest bearing	9,7	12,7	10,4	13,8	10,0	12,0	10,8	10,8	11,0	15,1	12,8	18,1
Current interest bearing	-	-	-	-	-	-	-	20,0	20,0	2,3	2,2	2,3
Deferred tax	2,4	3,0	3,2	3,4	3,9	4,2	4,4	4,5	4,6	6,1	6,2	0,3
Long term non-interest bearing	0,1	0,1	0,1	-	-	-	-	-	-	0,3	0,3	3,9
Long term Interest bearing	-	-	-	-	-	-	-	-	-	17,8	17,8	16,7
Provisions	-	-	-	-	-	-	-	-	-	-	-	-
Shareholders' equity	67,5	71,2	75,6	78,0	72,6	76,2	79,1	83,5	81,9	87,9	82,3	77,2