



Tecnotree Corporation Interim Report 1-9/2010

Eero Mertano

President and CEO

27 Oct, 2010



Tecnotree Group in Brief

1-9 Highlights (comparisons to 1-9/2009)

- Positive development continued
 - Net sales were 46.7 M€ (39.7)
 - Operating result before R&D capitalizations & amortizations and one-time costs was 0.7 M€ (-6.8)
 - Order book at the end of period was 20.1 M€ (15.2)
 - Increasing maintenance revenue 19.4 M€ (16.9)
- Despite of improved profitability, our results fall below target
- Operators' investment sentiment has normalized
- Benefits from wider product offering, increased development resources, solution-based business model and enhanced cost structure
- New customers acquired in L-A, APAC and Africa

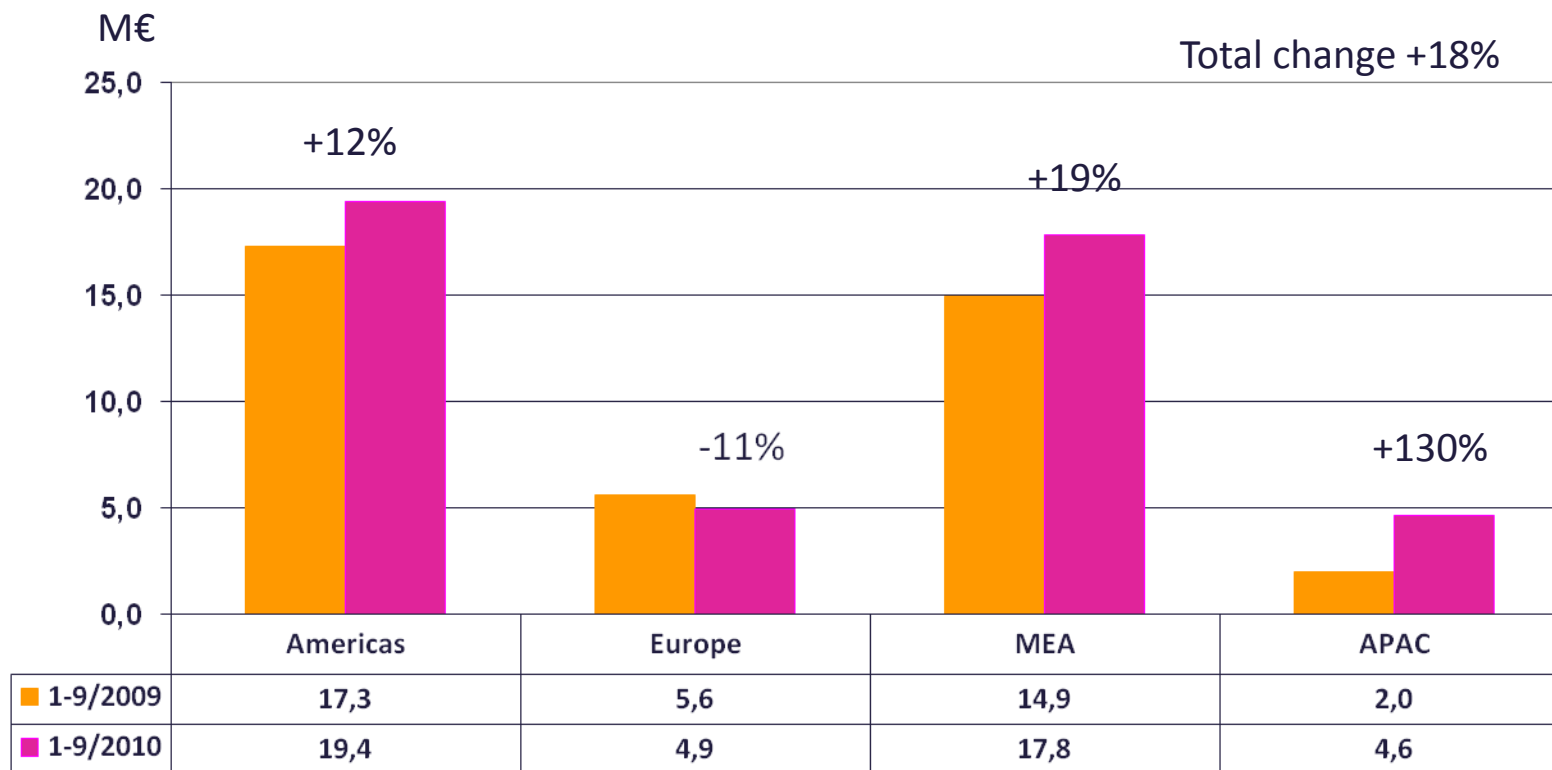
Financial Highlights

M€		1-9/2010	7-9/2010
Net sales		46.7(39.7)	13.3(13.2)
Adjusted operating result	Ebit before R&D capitalisation & amortisation and one-time costs	0.7(-6.8)	-0.7(-2,1)
Ebit		-3.2(-6.5)	-2.0(-3.2)
Net result		-5.7(-9.0)	-2.1(-4.4)
Order intake		55.1(45.3)	12.4(7.0)
Order book		20.1(15.2)	
Cash flow after investments	Excluding acquisitions	-11.1(-0.8)	-7.1(-1.7)
Net cash flow		-12.2(-20.7)	-7.1(-2.1)
Cash		14.1(30.5)	
Equity ratio		68.8(68.7)	
Net gearing		3.1(-13.8)	



Net Sales by Area

Americas 41%(44%), Europe 11%(14%), MEA 38%(37%), APAC 10% (5%)



Consolidated Balance Sheet

EUR Million	30.9.2010	30.9.2009	Change %
Non-current assets			
Fixed assets	26.6	32.1	-15.0
Consolidated goodwill	21.2	18.4	14.7
Other non-current assets	3.1	2.1	51.7
Current assets			
Inventories	1.7	1.5	14.0
Trade receivables	19.8	18.0	10.0
Other receivables	23.2	18.2	2.7
Investments	1.4	0.8	81.0
Cash and cash equivalents	14.1	30.5	-53.9
Total assets	111.3	121.6	-8.4

Consolidated Balance Sheet

EUR Million	30.9.2010	30.9.2009	Change %
Shareholders' equity	75.9	82.1	-7.6
Interest-bearing liabilities	15.6	17.8	-12.3
Deferred tax liabilities	3.5	6.4	-44.3
Other non-current liabilities	0.9	0.3	
Current liabilities			
Interest-bearing liabilities	2.2	2.2	0.3
Non-interest-bearing liabilities	13.2	12.8	3.0
Equity and liabilities	111.3	121.6	-8.4

Prospects for 2010

Consistent with the improving market sentiment and demand, Tecnotree estimates that sales will be higher in 2010 than in 2009. The higher sales and reduced costs are expected to improve profitability.

Despite the improvement in profitability, the operating result is expected to remain negative.

Variations between quarterly figures are expected to continue to be considerable.

Kaj Hagros

Born 1970 , MSc. (Eng.), MBA



Primary Business Experience

- Fox Mobile Group, Managing Director & COO, 2008-2009
- Airwide Solutions, Vice President, Market Development, 2007-2008
- First Hop, Vice President, Market & Business Development, 2006-2007, Vice President, Operations, 2004-2006, General Manager Asia-Pacific, 2001-2004
- Nokia Networks, Head of Strategy & Business Development 2001, Account Manager, 1999-2001, System Marketing Manager, 1997-1999, R & D Program Manager, 1995-1997

Key Position of Trust

- Sunrise Bridge Ltd, Member of the Board
- Poppiboksi Oy, Chairman of the Board
- Hagros & Hagros Oy, Member of the Board
- Vicipass Oy, Chairman of the Board

Additional Financial Information for Investors



Consolidated Income Statement

Tecnotree India consolidated from 6 May 2009

EUR Million	7-9/2010	7-9/2009	Change %
Net sales	13.3	13.2	0.5
Other operating income	0.0	0.2	-95.0
Materials and services	-1.9	-2.3	-18.8
Employee benefit expenses	-6.8	-7.3	-7.2
Depreciation	-2.1	-1.9	9.4
Other operating expenses	-4.5	-5.1	-11.5
Operating result	-2.0	-3.2	38.0
% of net sales	-14.7	-23.9	
Financial income and expenses	0.2	-0.5	139.3
Result after financial income and expenses	-1.8	-3.6	51.5
Income taxes	-0.3	-0.7	-59.3
Result for the period	-2.0	-4.4	52.8

Adjusted Income Statement

EUR Million	7-9/2010	7-9/2009	Difference
Net sales	13.3	13.2	0.1
Other operating income	0.0	0.2	-0.2
<i>A) Total revenue</i>	<i>13.3</i>	<i>13.4</i>	<i>-0.1</i>
- Materials and services	-1.9	-2.3	0.4
- Other operating expenses and Depr.	-13.4	-14.3	0.9
+ Net impact of R&D capitalizations	1.3	0.2	1.0
+ One-time costs	-	1.0	-1.0
<i>B) Adjusted operating expenses</i>	<i>-14.0</i>	<i>-15.4</i>	<i>1.3</i>
C (A+B) Adjusted operating result	-0.7	-2.1	1.4
- Net impact of R&D capitalizations	-1.3	-0.3	1.0
- One-time costs	-	-1.0	-1.0
Operating result	-2.0	-3.2	1.2

Consolidated Income Statement

Tecnotree India consolidated from 6 May 2009

EUR Million	1-9/2010	1-9/2009	Change %
Net sales	46.7	39.7	17.6
Other operating income	0.0	0.3	-85.0
Materials and services	-7.7	-7.7	0.6
Employee benefit expenses	-21.3	-19.0	11.7
Depreciation	-6.3	-5.1	23.3
Other operating expenses	-14.6	-14.6	0.1
Operating result	-3.2	-6.5	51.0
% of net sales	-6.8	-16.2	
Financial income and expenses	-1.1	-1.5	
Result after financial income and expenses	-4.3	-6.9	38.2
Income taxes	-1.4	-2.1	-33.1
Result for the period	-5.7	-9.0	37.0

Adjusted Income Statement

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

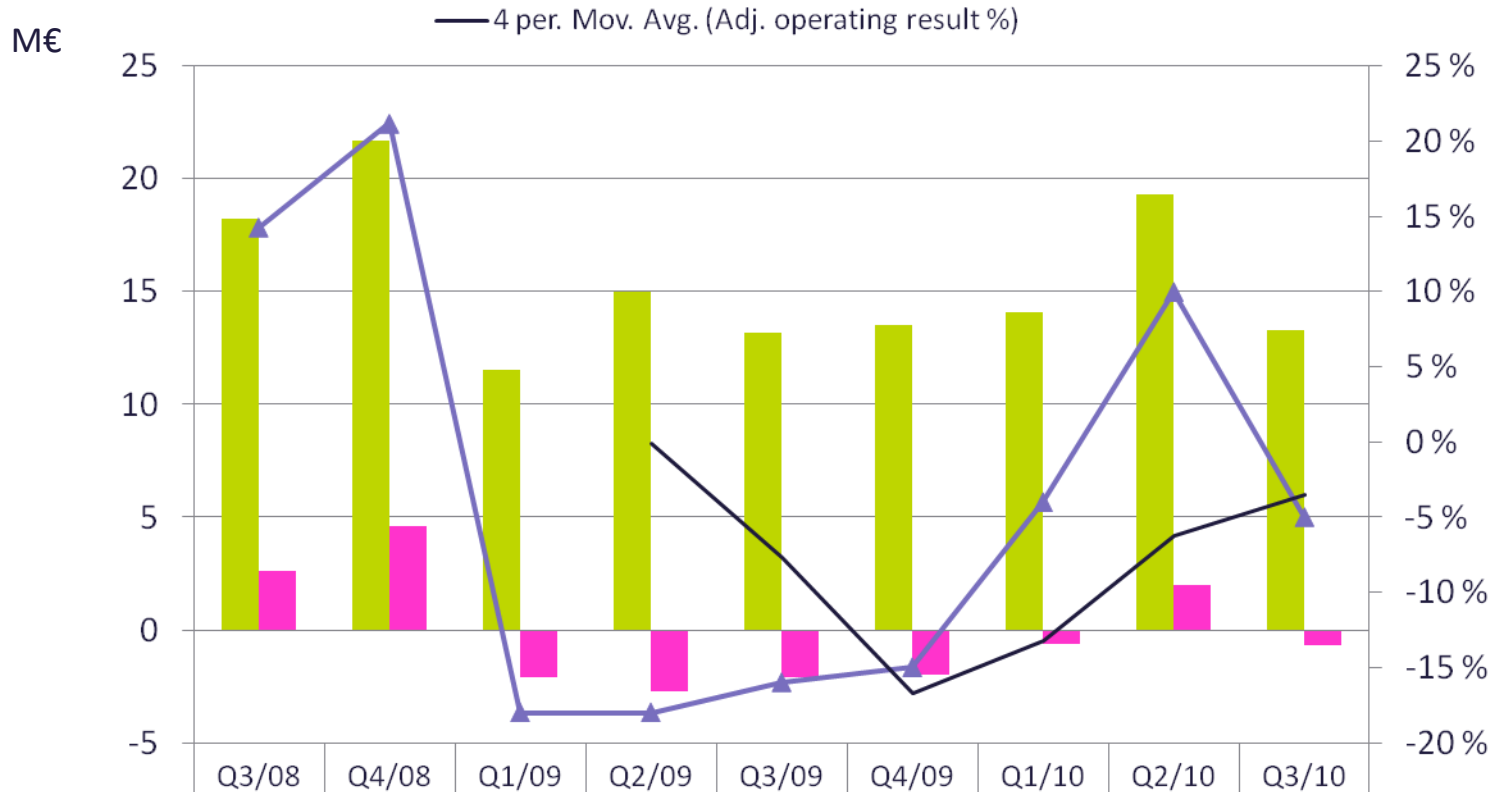
EUR Million	1-9/2010	1-9/2009	Difference
Net sales	46.7	44.7	2.0
Other operating income	0.0	0.4	-0.4
<i>A) Total revenue</i>	<i>46.7</i>	<i>45.1</i>	<i>1.6</i>
- Materials and services	-7.7	-9.2	1.5
- Other operating expenses and Depr.	-42.2	-42.2	0.1
+ Net impact of R&D capitalizations	3.9	-1.3	5.2
+ One-time costs	-	1.0	-1.0
<i>B) Adjusted operating expenses</i>	<i>-46.0</i>	<i>-51.7</i>	<i>5.7</i>
C (A+B) Adjusted operating result	0.7	-6.6	7.3
- Net impact of R&D capitalizations	-3.9	1.3	-5.2
- One-time costs	-	-1.0	1.0
Operating result	-3.2	-6.3	3.1

Consolidated Income Statement

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

EUR Million	1-9/2010	1-9/2009	Change %
Net sales	46.7	44.7	4.4
Other operating income	0.0	0.4	
Materials and services	-7.7	-9.2	-14.7
Employee benefit expenses	-21.3	-21.0	1.5
Depreciation	-6.3	-5.3	15.5
Other operating expenses	-14.6	-15.9	-9.1
Operating result	-3.2	-6.3	-100.4
% of net sales	-6.8	-14.2	
Financial income and expenses	-1.1	-0.3	
Result after financial income and expenses	-4.3	-6.6	-56.1
Income taxes	-1.4	-2.1	-49.2
Result for the period	-5.7	-8.7	-54.4

Sales and Operative Ebit



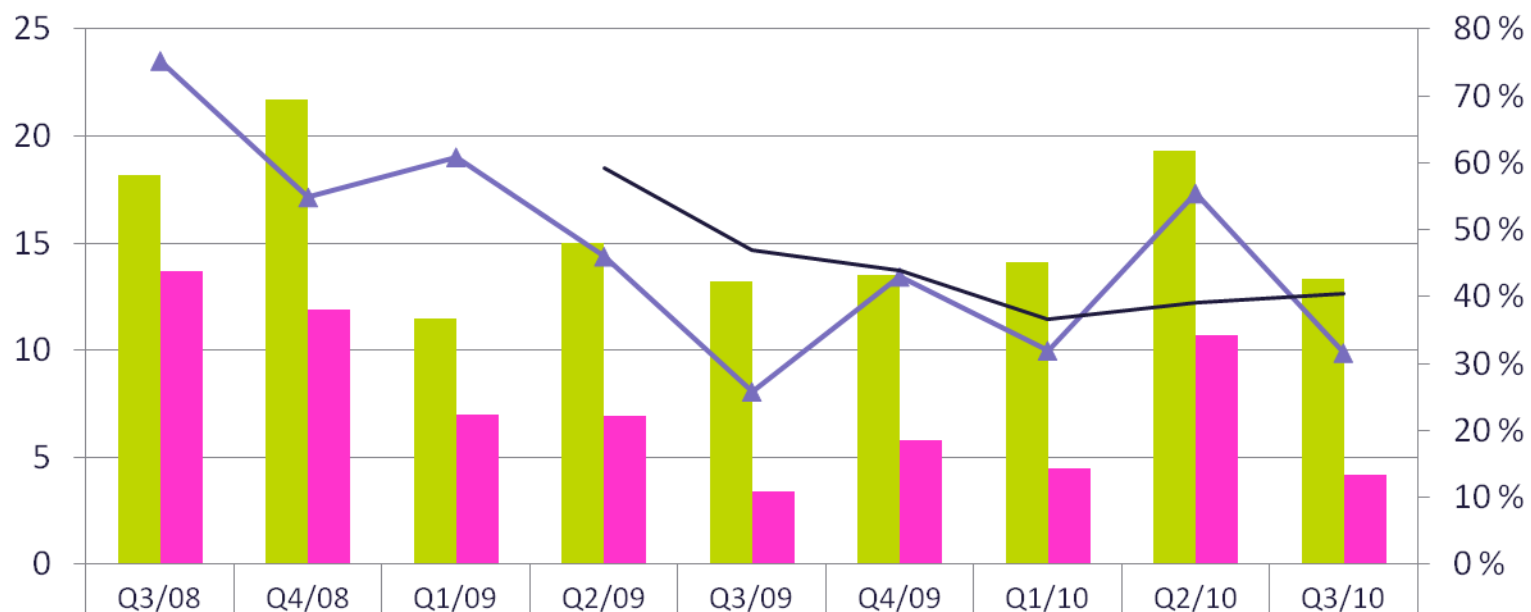
Sales	18,2	21,7	11,5	15,0	13,2	13,5	14,1	19,3	13,3
Adj. operating result	2,6	4,6	-2,1	-2,7	-2,1	-2,0	-0,6	2,0	-0,7
Adj. operating result %	14 %	21 %	-18 %	-18 %	-16 %	-15 %	-4 %	10 %	-5 %

Adjusted operating result = Ebit before R&D capitalisation & amortisation and one-time costs

Sales by Area

Americas

M€

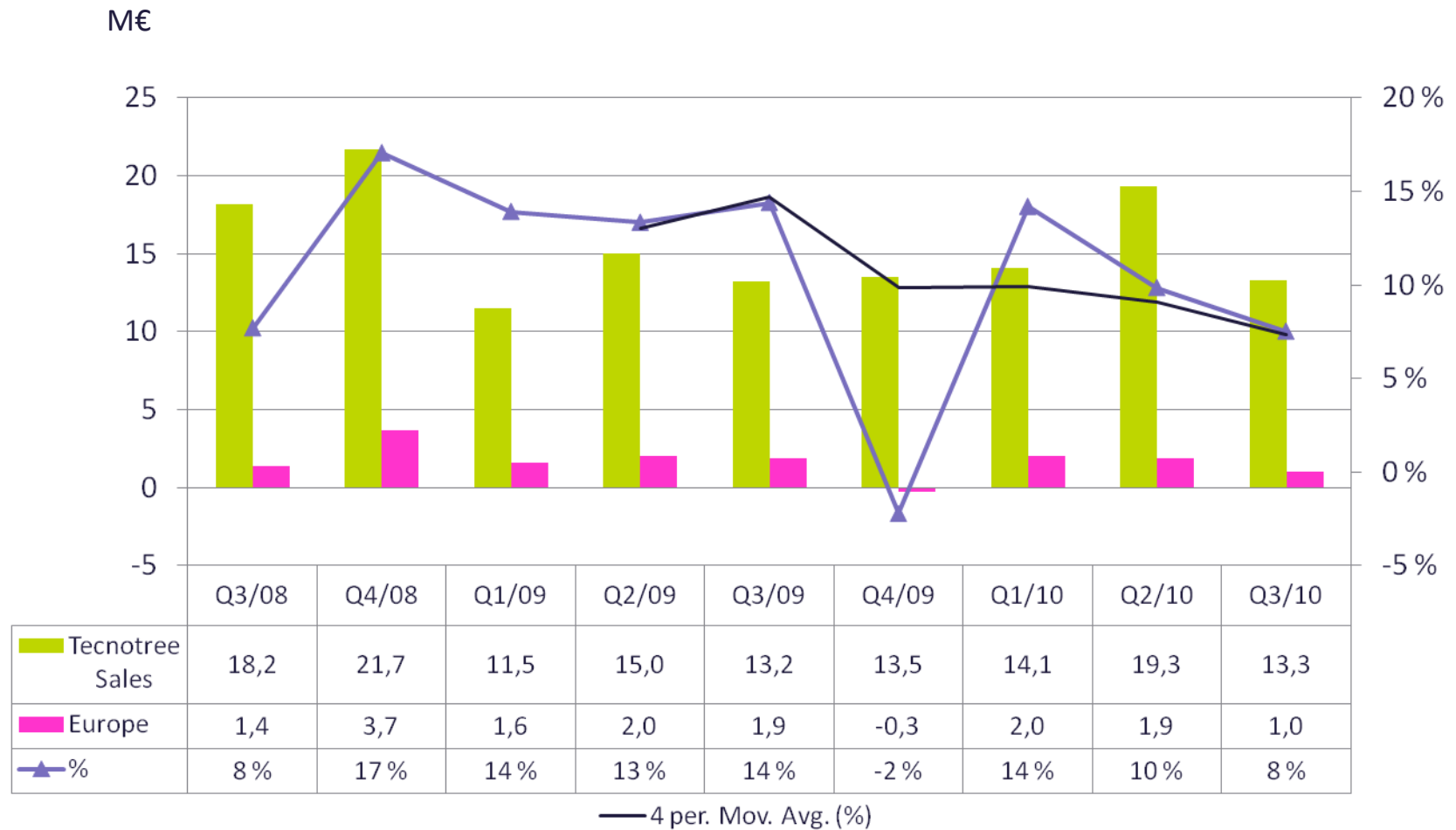


	Q3/08	Q4/08	Q1/09	Q2/09	Q3/09	Q4/09	Q1/10	Q2/10	Q3/10
Tecnotree Sales	18,2	21,7	11,5	15,0	13,2	13,5	14,1	19,3	13,3
Americas	13,7	11,9	7,0	6,9	3,4	5,8	4,5	10,7	4,2
%	75 %	55 %	61 %	46 %	26 %	43 %	32 %	55 %	32 %

— 4 per. Mov. Avg. (%)

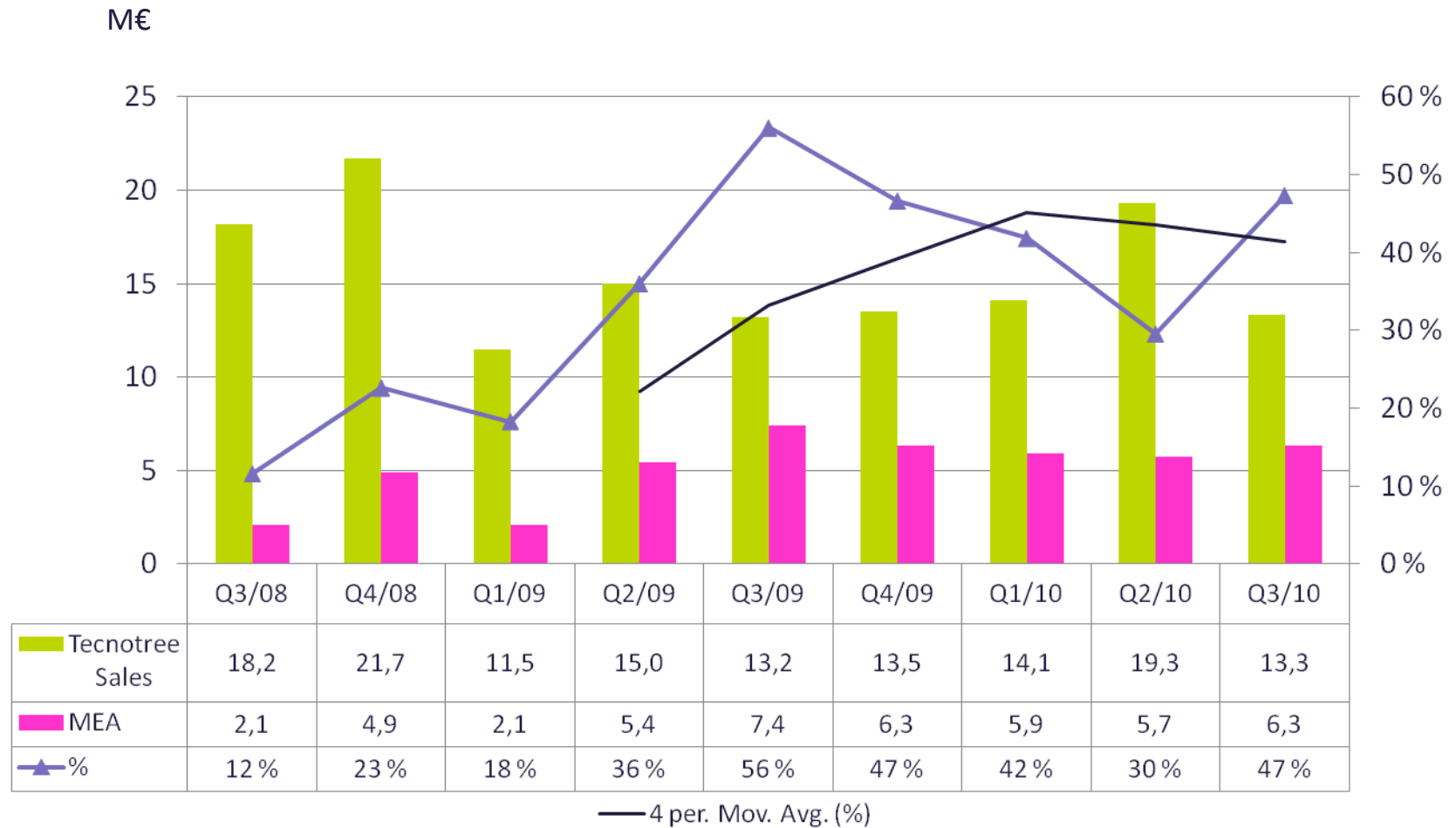
Sales by Area

Europe



Sales by Area

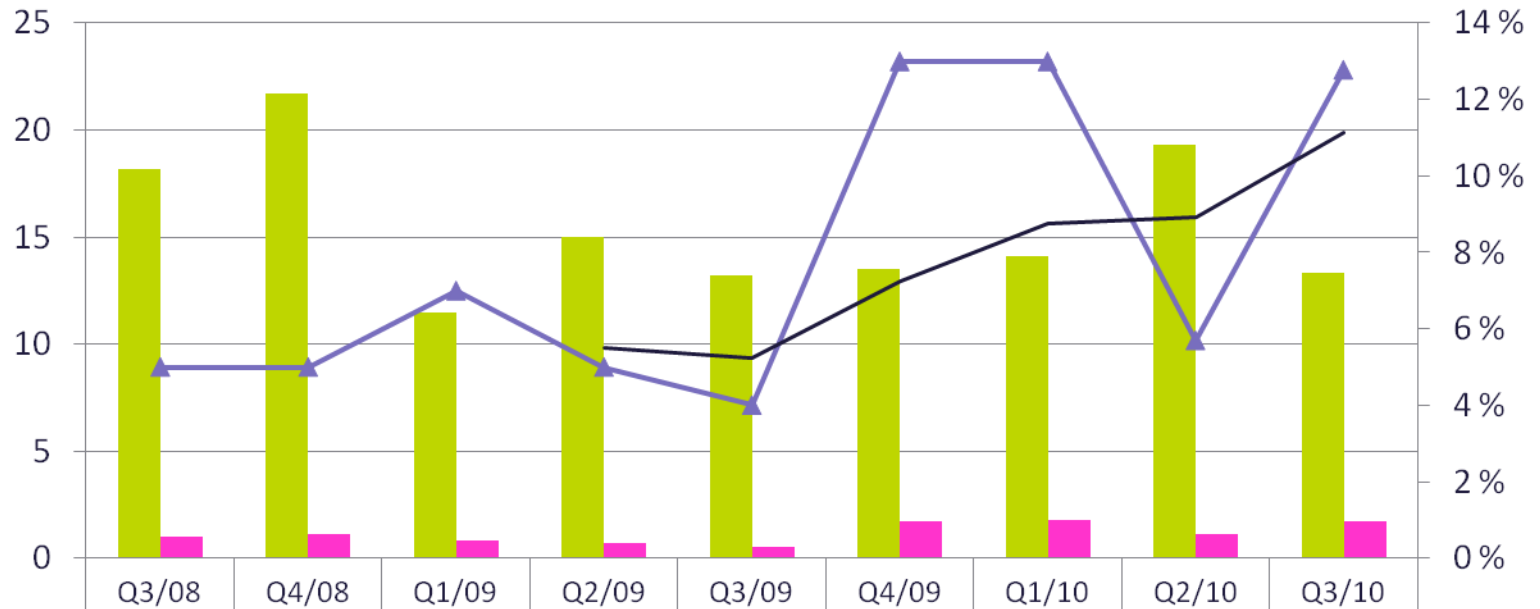
MEA






Sales by Area

APAC

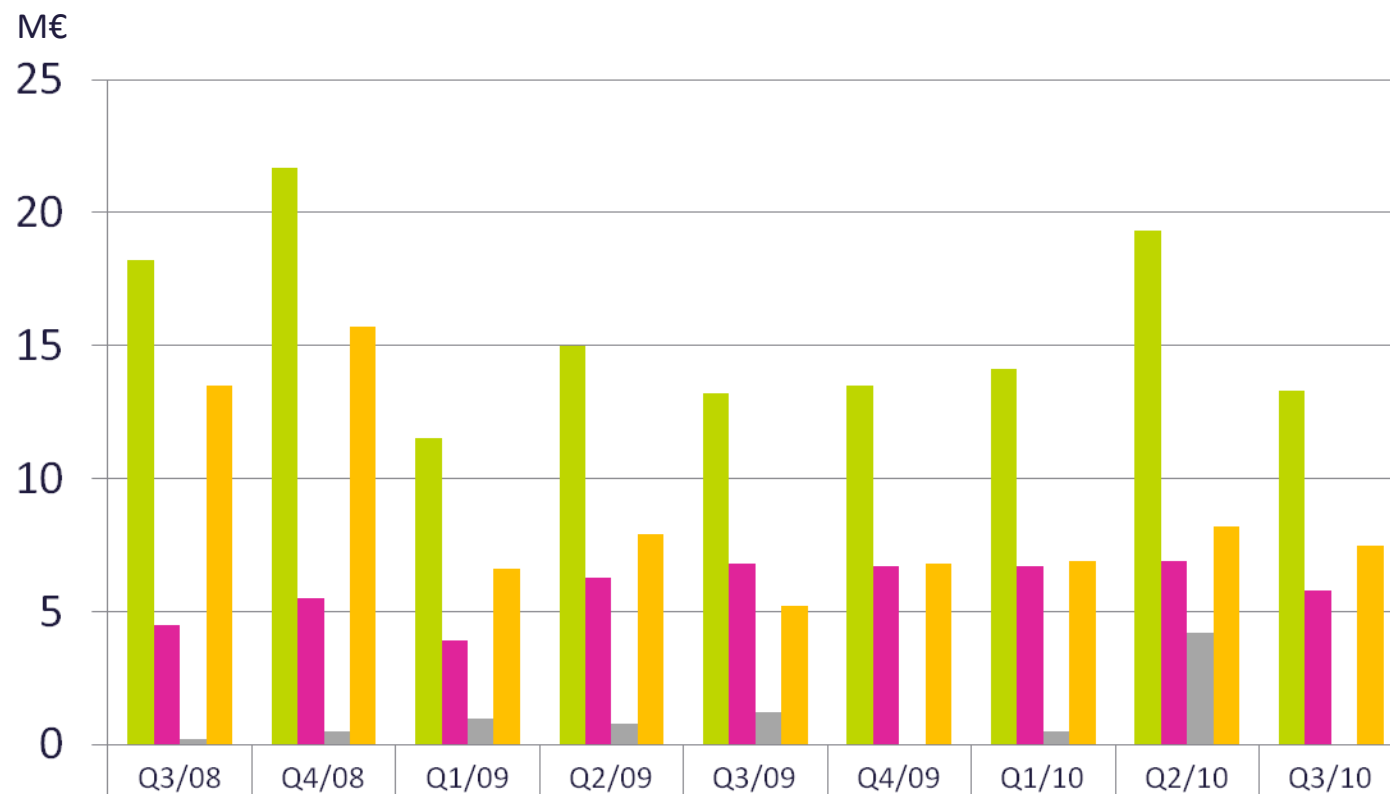
M€



 Tecnotree Sales	18,2	21,7	11,5	15,0	13,2	13,5	14,1	19,3	13,3
 APAC	1,0	1,1	0,8	0,7	0,5	1,7	1,8	1,1	1,7
 %	5%	5%	7%	5%	4%	13%	13%	6%	13%

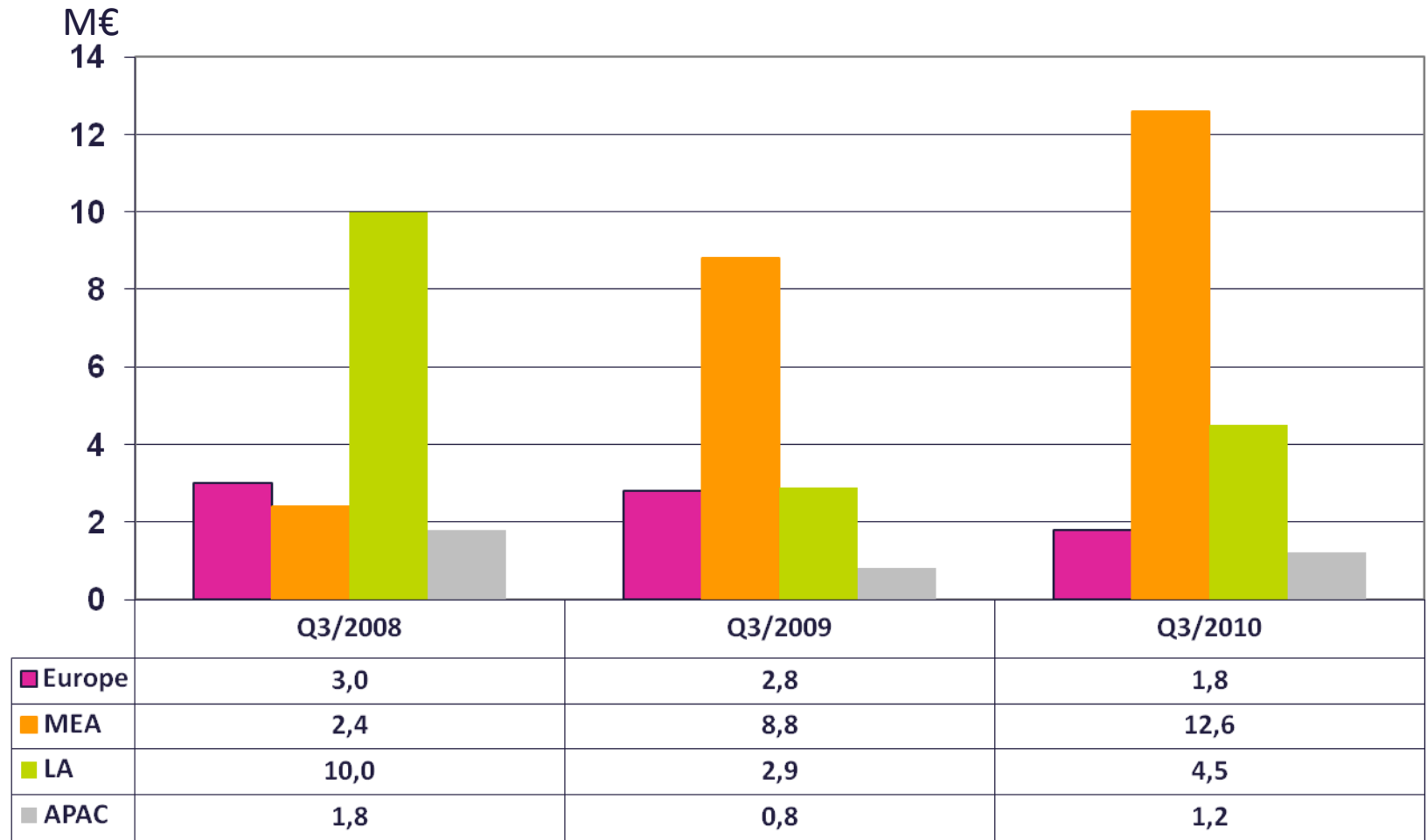
— 4 per. Mov. Avg. (%)

Sales Distribution

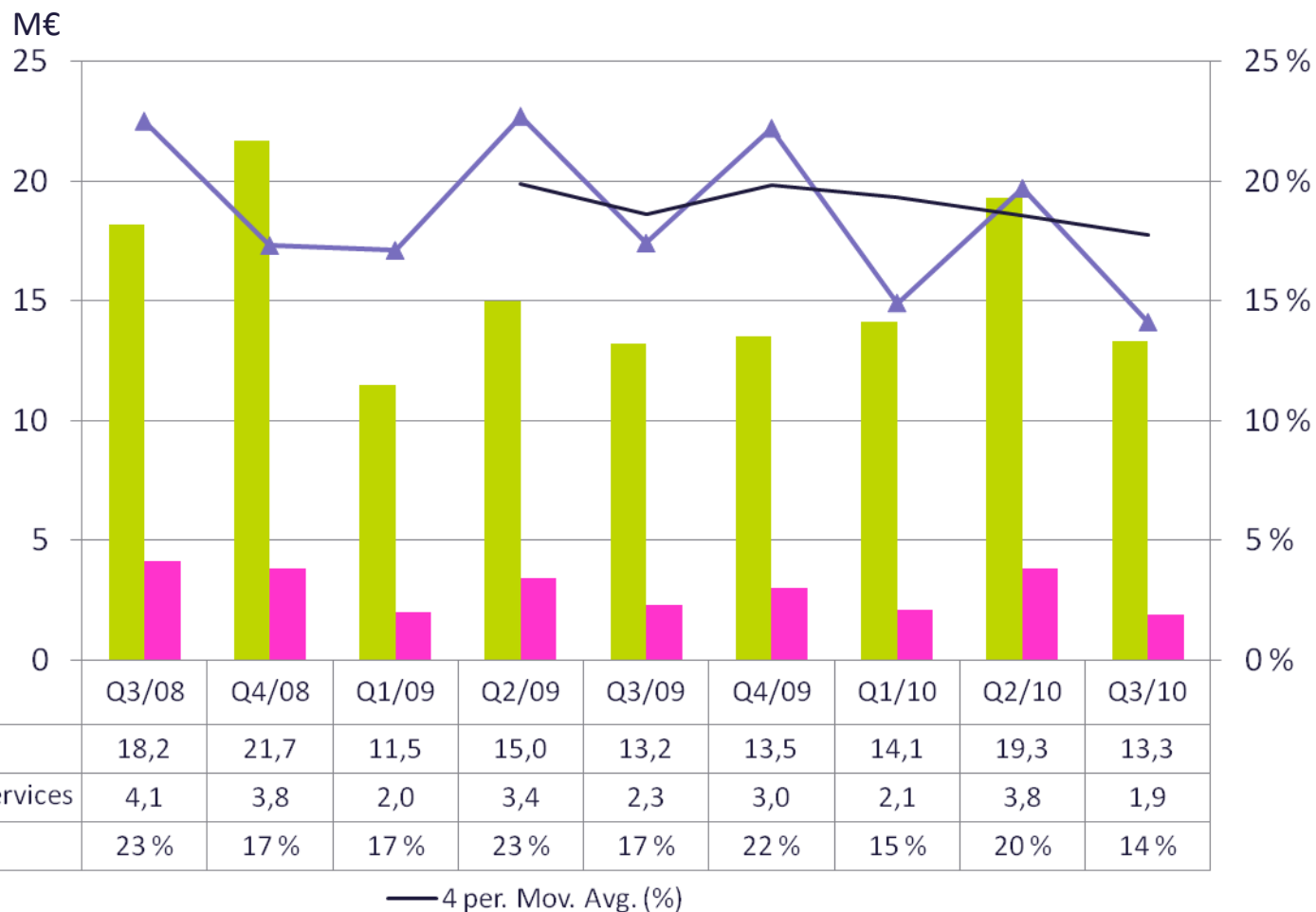


■ Tecnotree sales	18,2	21,7	11,5	15,0	13,2	13,5	14,1	19,3	13,3
■ Services	4,5	5,5	3,9	6,3	6,8	6,7	6,7	6,9	5,8
■ New customers	0,2	0,5	1,0	0,8	1,2	0,0	0,5	4,2	0,0
■ Existing customers	13,5	15,7	6,6	7,9	5,2	6,8	6,9	8,2	7,5

Orderbook by Sales Area

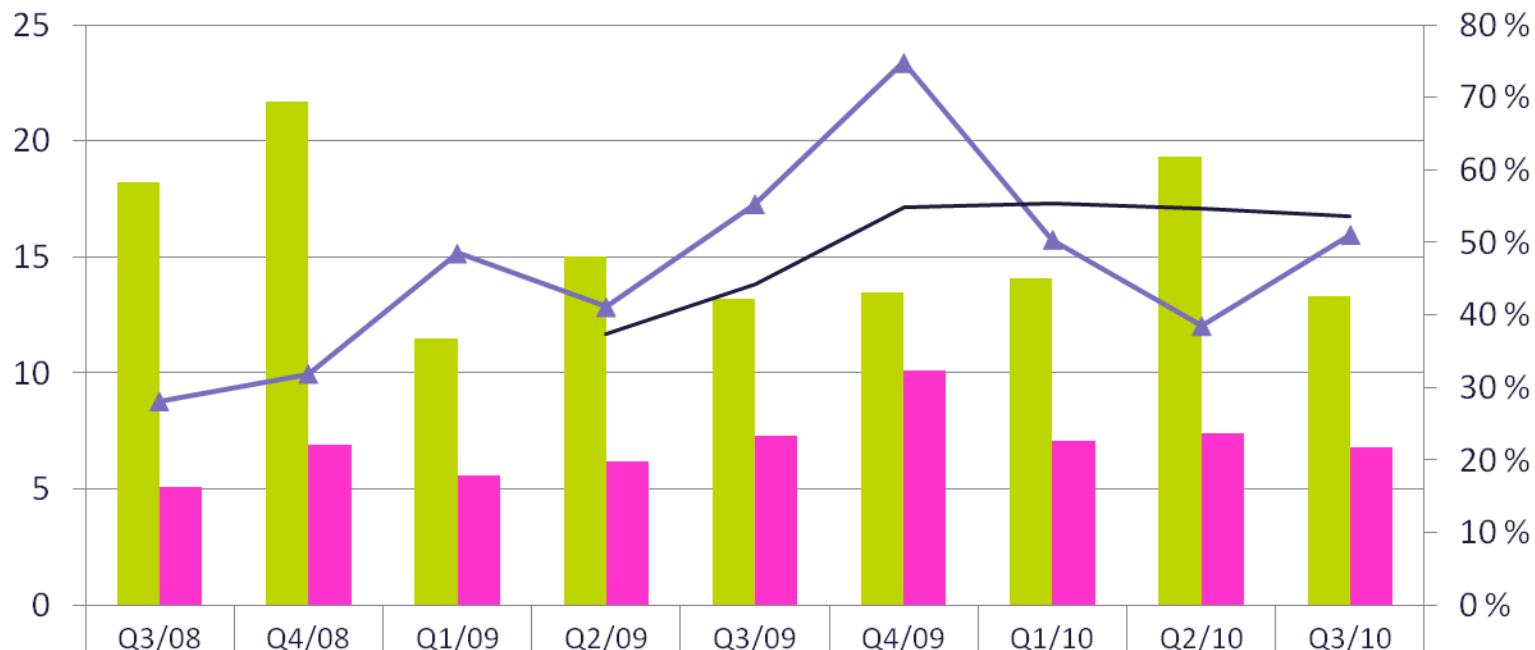


Materials and Services



Employee Benefits

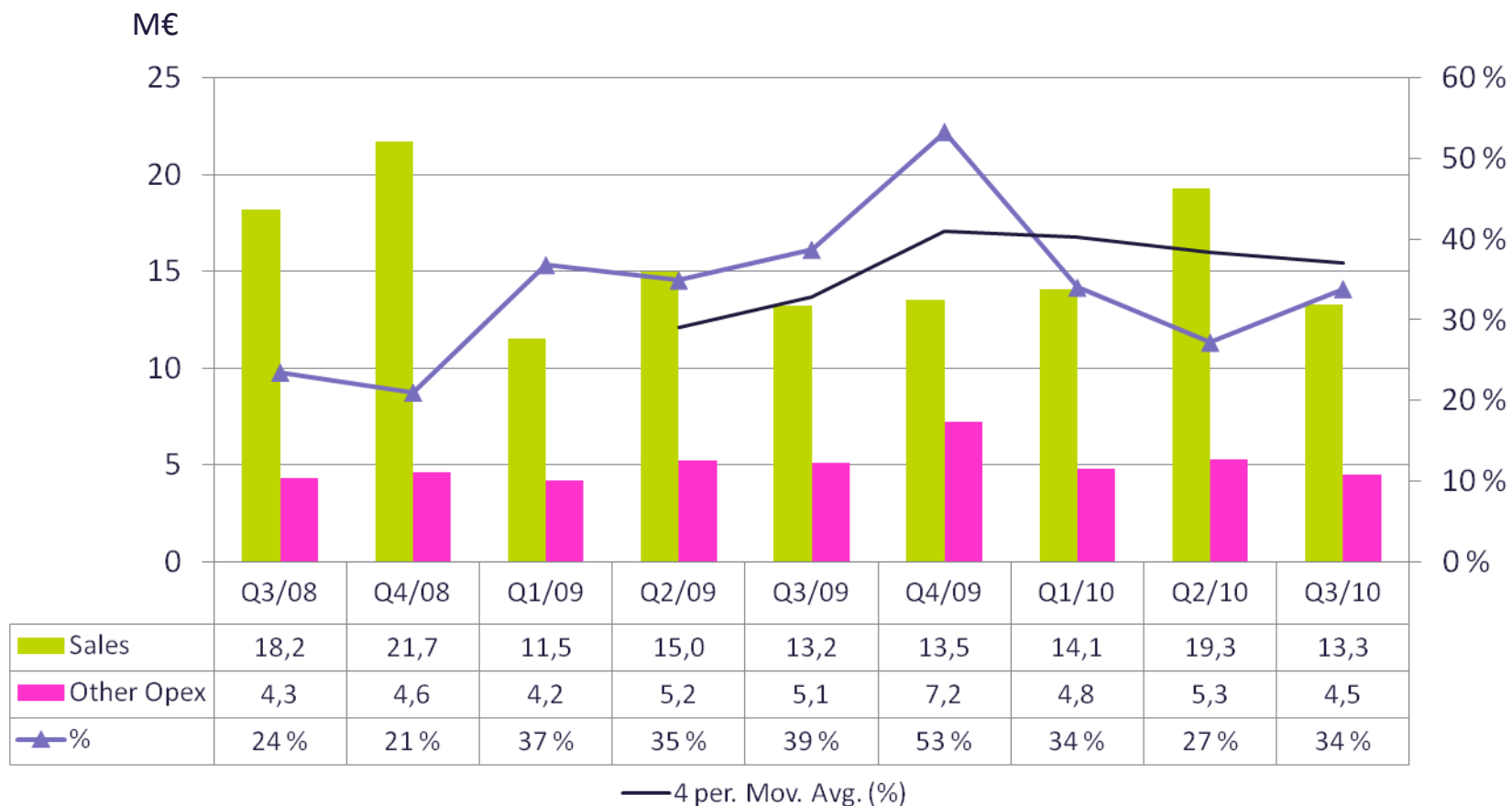
M€



Sales	18,2	21,7	11,5	15,0	13,2	13,5	14,1	19,3	13,3
Employee benefits	5,1	6,9	5,6	6,2	7,3	10,1	7,1	7,4	6,8
%	28 %	32 %	49 %	41 %	55 %	75 %	50 %	39 %	51 %

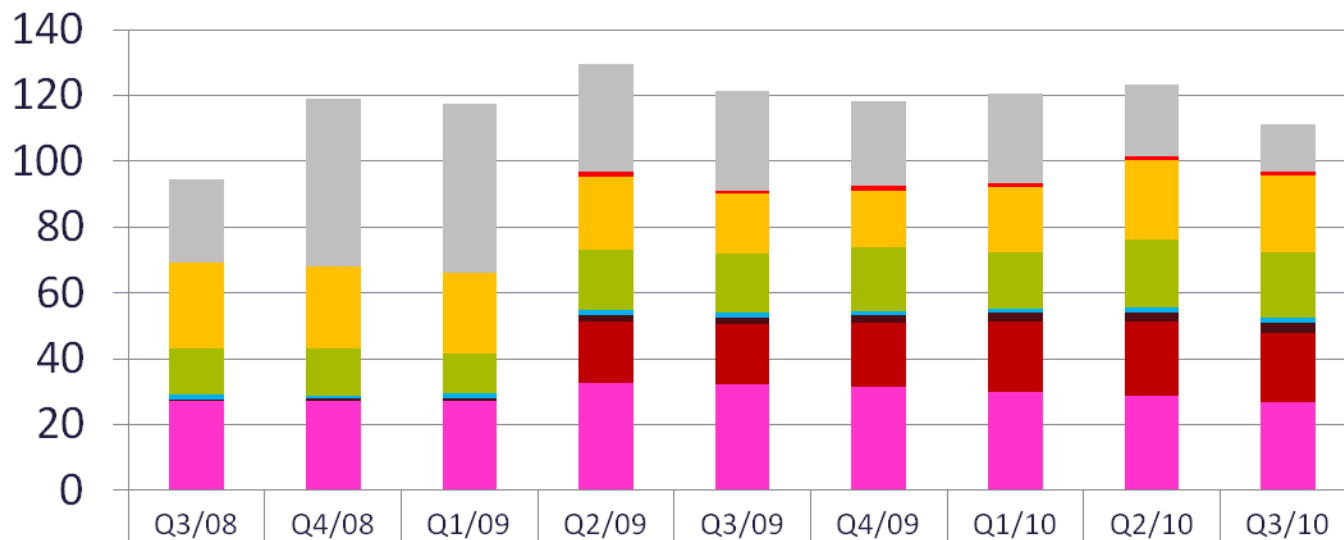
— 4 per. Mov. Avg. (%)

Other Operating Expenses



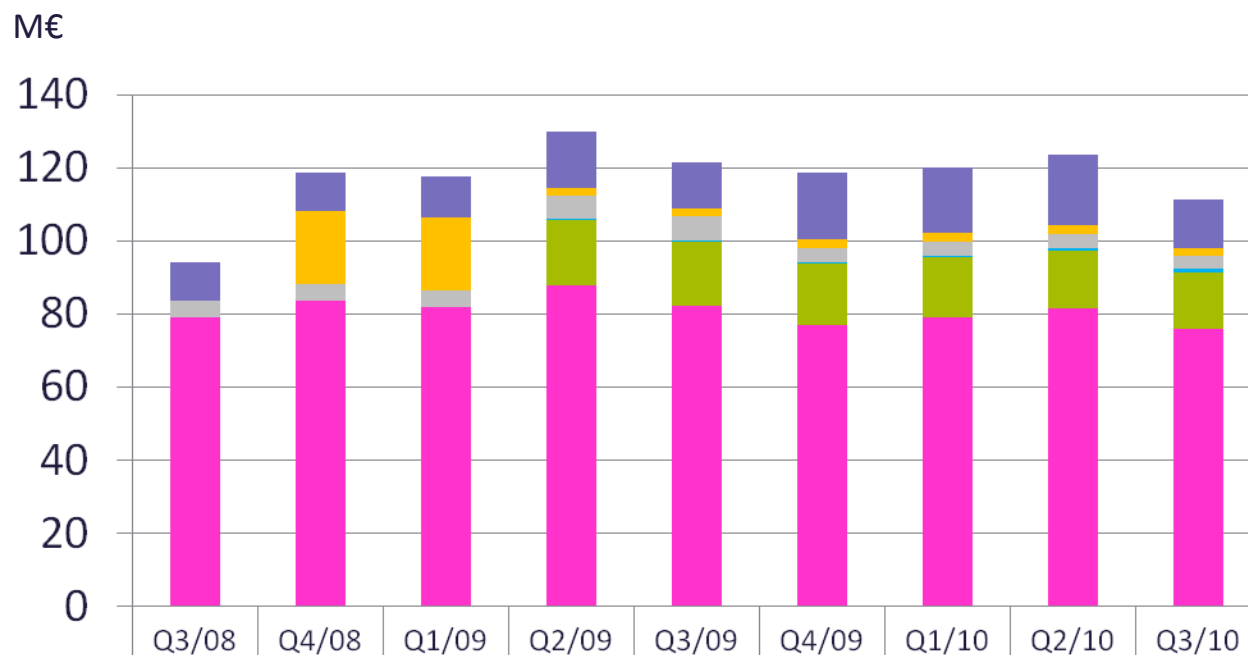
Assets by Quarter

M€



	Q3/08	Q4/08	Q1/09	Q2/09	Q3/09	Q4/09	Q1/10	Q2/10	Q3/10
■ Cash	25,2	51,0	51,5	32,8	30,5	25,7	27,2	22,0	14,1
■ Investments				1,6	0,8	1,6	0,9	0,9	1,4
■ Other rec. (mainly WIP)	26,1	24,6	24,4	22,2	18,2	17,2	19,9	24,2	23,2
■ Trade receivables	14,1	14,4	12,1	18,1	18,0	19,3	17,1	20,9	19,8
■ Inventories	1,5	1,1	1,5	1,6	1,5	1,3	1,2	1,2	1,7
■ Other long term	0,5	0,7	0,6	1,8	2,0	2,4	2,7	3,0	3,1
■ Consolidated goodwill				18,8	18,4	19,6	21,4	22,5	21,2
■ Fixed assets	27,0	27,1	27,3	32,6	32,1	31,3	30,0	28,7	26,6

Equity and Liabilities by Quarter



■ Current non-interest bearing	10,8	10,8	11,0	15,1	12,8	18,1	18,0	19,3	13,2
■ Current interest bearing		20,0	20,0	2,3	2,2	2,3	2,3	2,3	2,2
■ Deferred tax	4,4	4,5	4,6	6,3	6,4	4,0	3,9	3,8	3,5
■ Long term non-interest bearing				0,3	0,3	0,3	0,3	0,9	0,9
■ Long term Interest bearing				17,8	17,8	16,7	16,7	15,6	15,6
■ Provisions									
■ Shareholders' equity	79,1	83,5	81,9	87,9	82,1	77,1	79,0	81,6	75,9

Thank you!

