



Tecnotree Corporation Interim Report 1-3/2011

29 April, 2011



Tecnotree Group in Brief

Q1 Highlights (comparisons to Q1/2010)

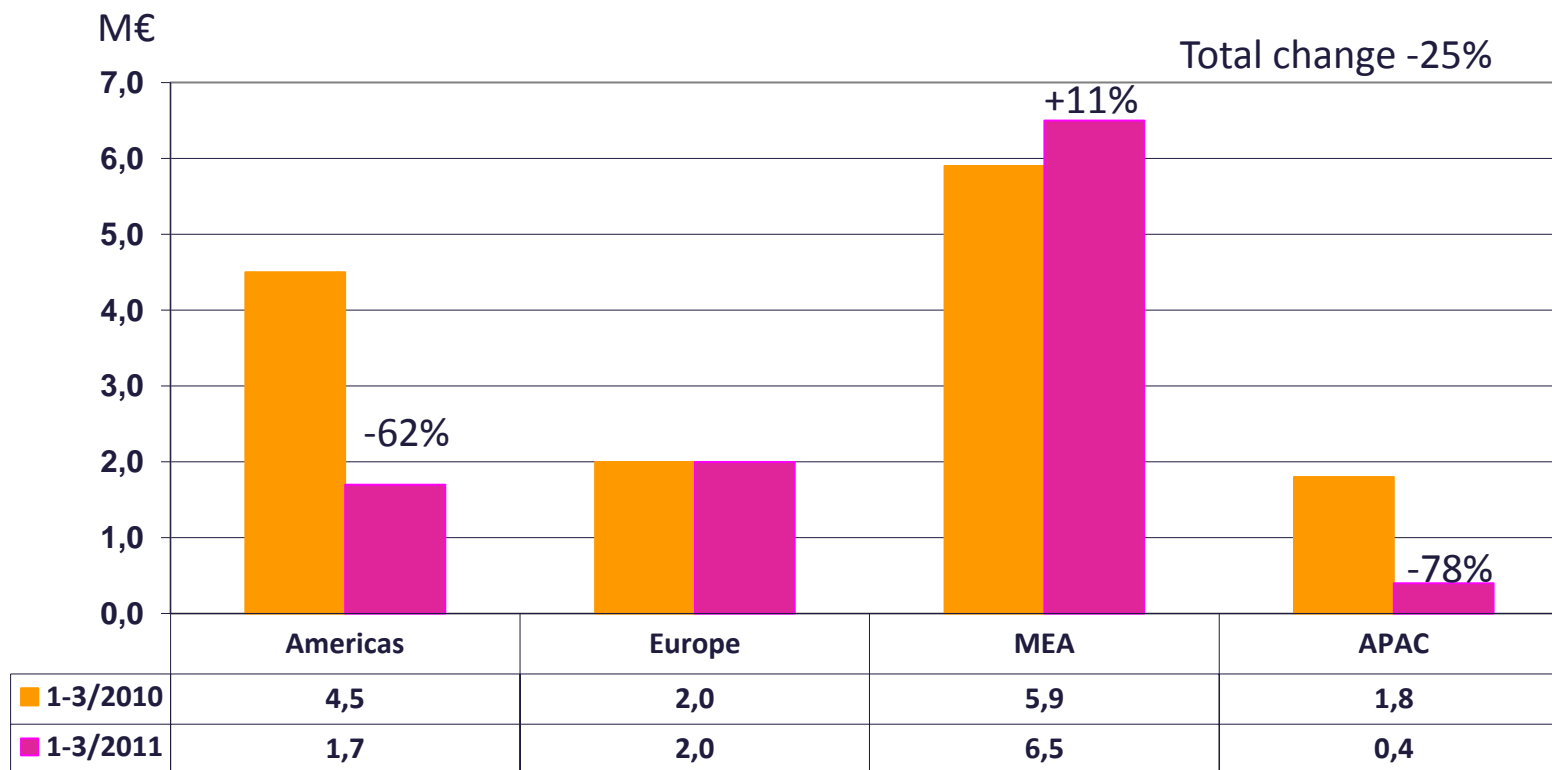
- Low net sales in quarter but encouraging order book
 - Net sales were 10.6 M€ (14.1)
 - Adjusted operating result was -4.9 M€ (-0.6)
 - Order book at the end of period was 22.1 M€ (21.9) and 5.8 M€ worth orders have been disclosed after Q1
- Middle East and Africa produced higher revenue compared to 2010 while all other regions fell short
- Reasons behind difficult quarter
 - some maintenance contracts were still being negotiated and were not yet executed during the period
 - severe hardware delivery delays from our supplier, causing major delays under circumstances beyond our control
 - the rapid USD/EUR exchange rate change resulted a revenue adjustment

Financial Highlights

M€		1-3/2011	1-3/2010
Net sales		10.6	14.1
Adjusted operating result	Ebit before R&D capitalisation & amortisation and one-time costs	-4.9	-0.6
Ebit		-8.3	-1.9
Net result		-8.1	-2.8
Order intake		18.4	24.3
Order book		22.1	21.9
Cash flow after investments		-6.7	0.6
Net cash flow		-3.7	0.6
Cash		12.8	27.2
Equity ratio		61.3	66.2
Net gearing		13.7	-11.5

Net Sales by Area

Americas 16%(32%), Europe 19%(15%), MEA 62%(41%), APAC 4% (12%)



Consolidated Balance Sheet

EUR Million	31.3.2011	31.3.2010	Change %
Shareholders' equity	61.2	79.0	-22.5
Interest-bearing liabilities	14.5	16.7	-13.1
Deferred tax liabilities	2.8	3.9	-27.8
Other non-current liabilities	0.4	0.3	33.3
Current liabilities			
Interest-bearing liabilities	8.2	2.3	265.8
Non-interest-bearing liabilities	13.4	18.0	-25.6
Equity and liabilities	100.6	120.2	-16.3

Consolidated Balance Sheet

EUR Million	31.3.2011	31.3.2010	Change %
Non-current assets			
Fixed assets	22.3	29.9	-25.4
Consolidated goodwill	20.6	21.4	-3,8
Other non-current assets	3.2	2.7	18.5
Current assets			
Inventories	1.1	1.2	-9.6
Trade receivables	19.4	17.1	14.5
Other receivables	19.7	19.9	-1.0
Investments	1.5	0.9	66.7
Cash and cash equivalents	12.8	27.2	-52.9
Total assets	100.6	120.2	-16.3

Prospects for 2011

The company is currently carrying out its strategy based on an expanded product range. Tecnotree is turning into an advanced supplier of telecommunications system solutions, operating in a broad sector. The company is anticipating new growth based on the new range of products and solutions that it announced on 14 February 2011.

Net sales and the adjusted operating result are expected to be similar to the 2010 figures. Quarterly variations will be considerable.

The adjusted operating result is the operating result before capitalisation of development costs, amortization of these and one-time costs.

Additional Financial Information for Investors



Consolidated Income Statement

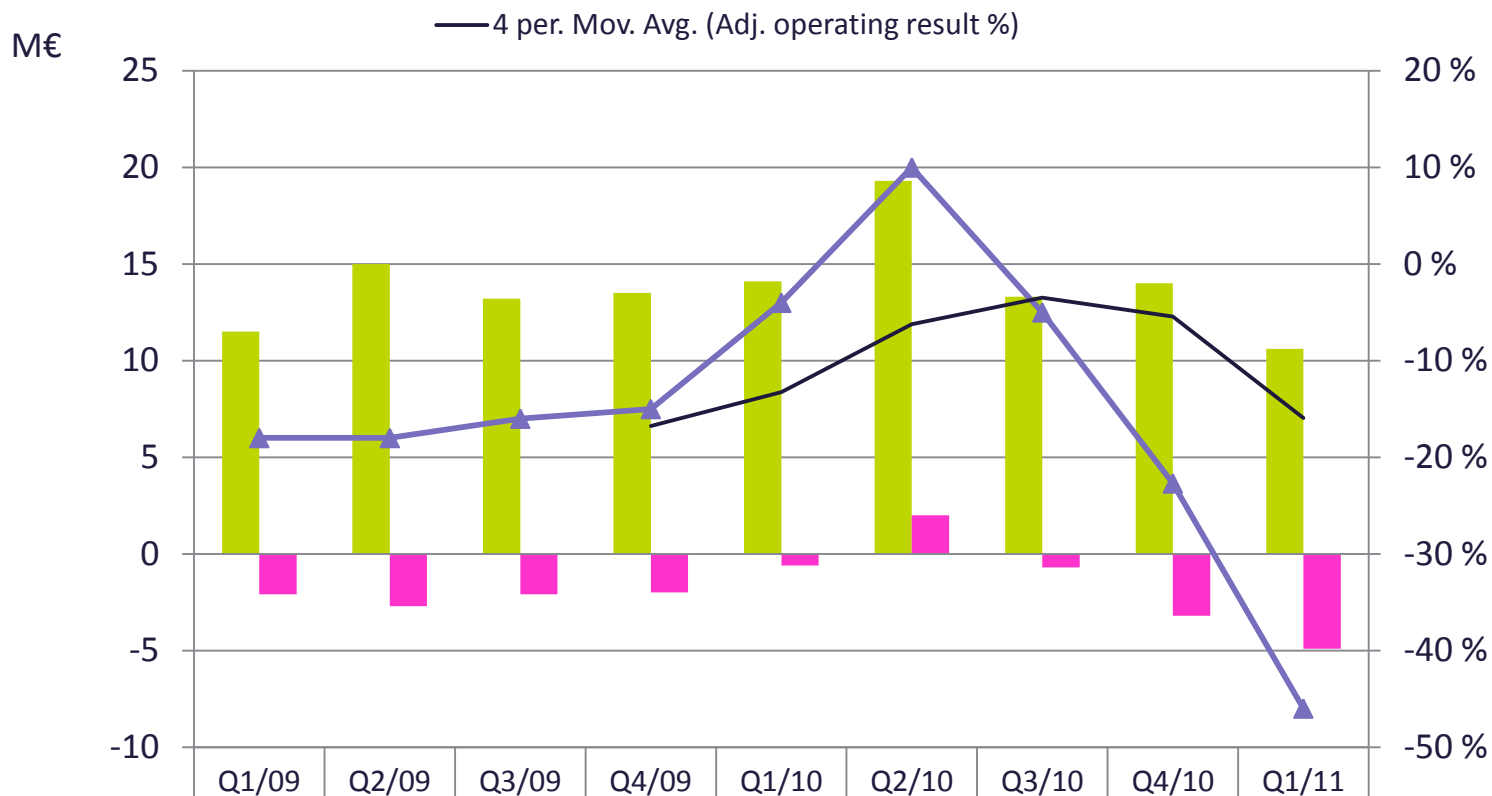
EUR Million	1-3/2011	1-3/2010	Change %
Net sales	10.6	14.1	-25.1
Other operating income	0.0	0.0	
Materials and services	-1.7	-2.1	-17.8
Employee benefit expenses	-8.4	-7.1	19.8
Depreciation	-2.6	-2.1	20.7
Other operating expenses	-6.1	-4.8	26.8
Operating result	-8.3	-1.9	
Financial income and expenses	0.5	-0.5	
Result after financial income and expenses	-6,9	-2.5	
Income taxes	-0.2	-0.3	
Result for the period	-8.1	-2.8	

Adjusted Income Statement

EUR Million	1-3/2011	1-3/2010	Difference
Net sales	10.6	14.1	-3.5
Other operating income	0.0	0.0	0.0
<i>Total revenue</i>	<i>10.6</i>	<i>14.1</i>	<i>-3.5</i>
<i>Adjusted operating expenses *)</i>	<i>-15.4</i>	<i>-14.7</i>	<i>-0.7</i>
Adjusted operating result	-4.9	-0.6	-4,3
- Net impact of R&D capitalizations	-1.8	-1.3	-0.5
- One-time costs	-1.6	0.0	-1.6
Operating result	-8.3	-1.9	-6.4

*) Operating expenses less the net impact of the R&D capitalisations and one-time costs

Sales and Adjusted Operating Result

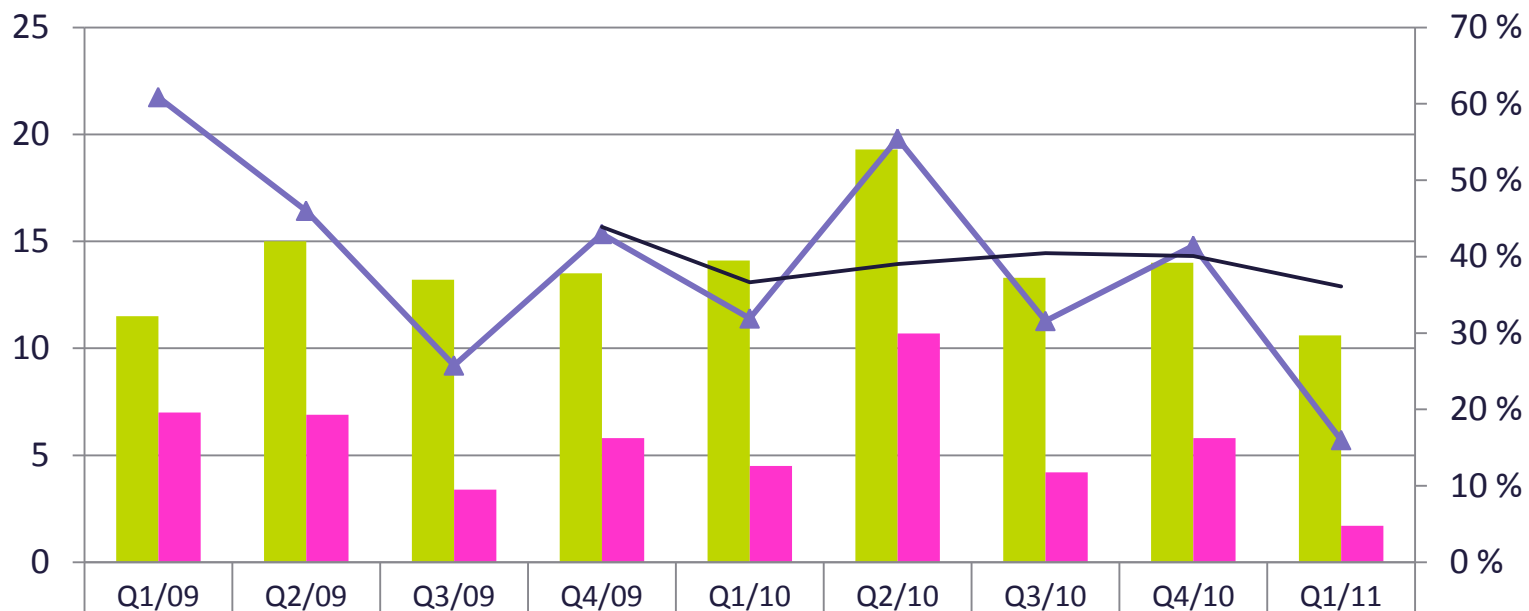





Adjusted operating result = Ebit before R&D capitalisation & amortisation and one-time costs

Sales by Area

Americas

M€

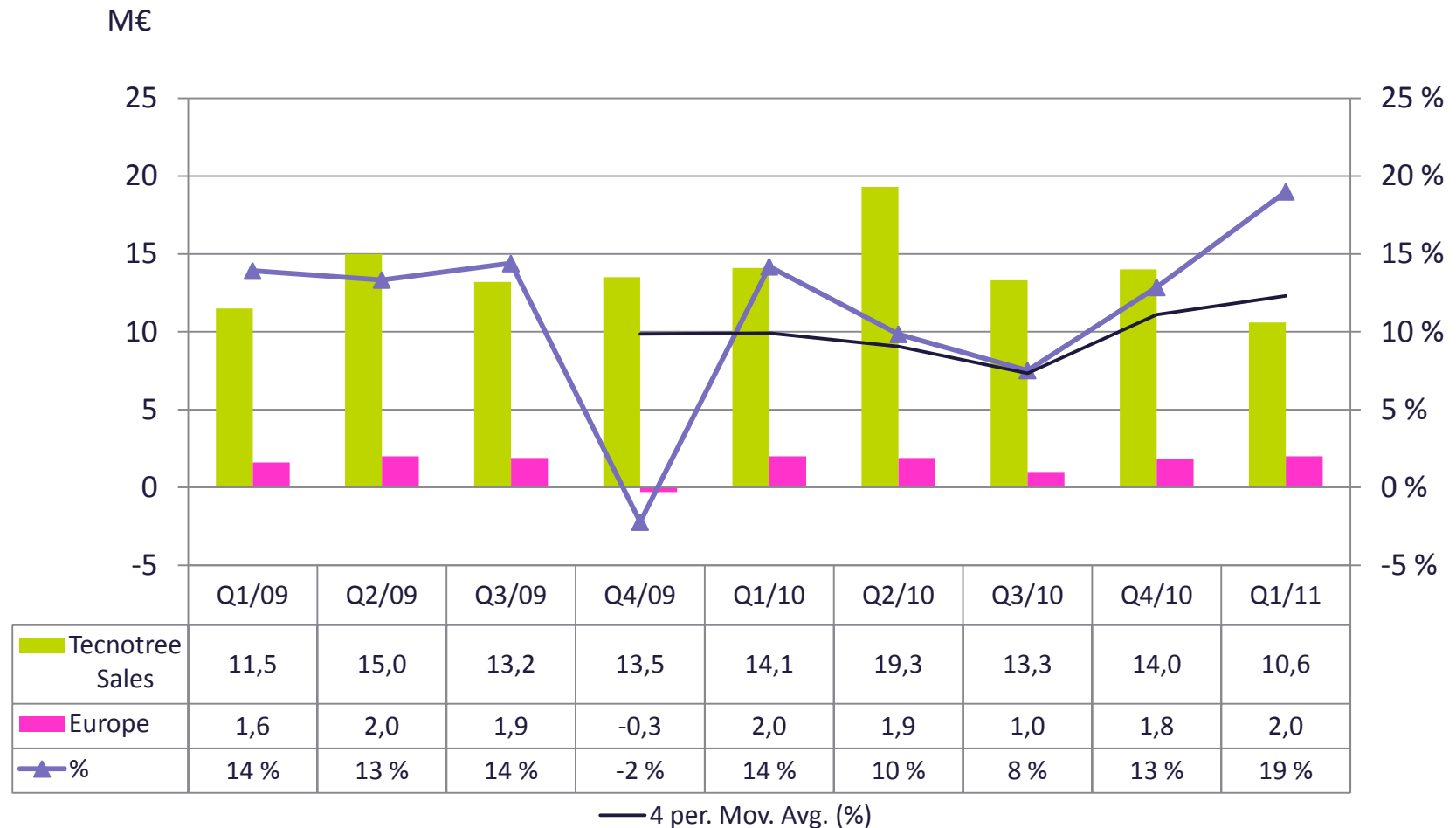


 Tecnotree Sales	11,5	15,0	13,2	13,5	14,1	19,3	13,3	14,0	10,6
 Americas	7,0	6,9	3,4	5,8	4,5	10,7	4,2	5,8	1,7
 %	61 %	46 %	26 %	43 %	32 %	55 %	32 %	41 %	16 %

— 4 per. Mov. Avg. (%)

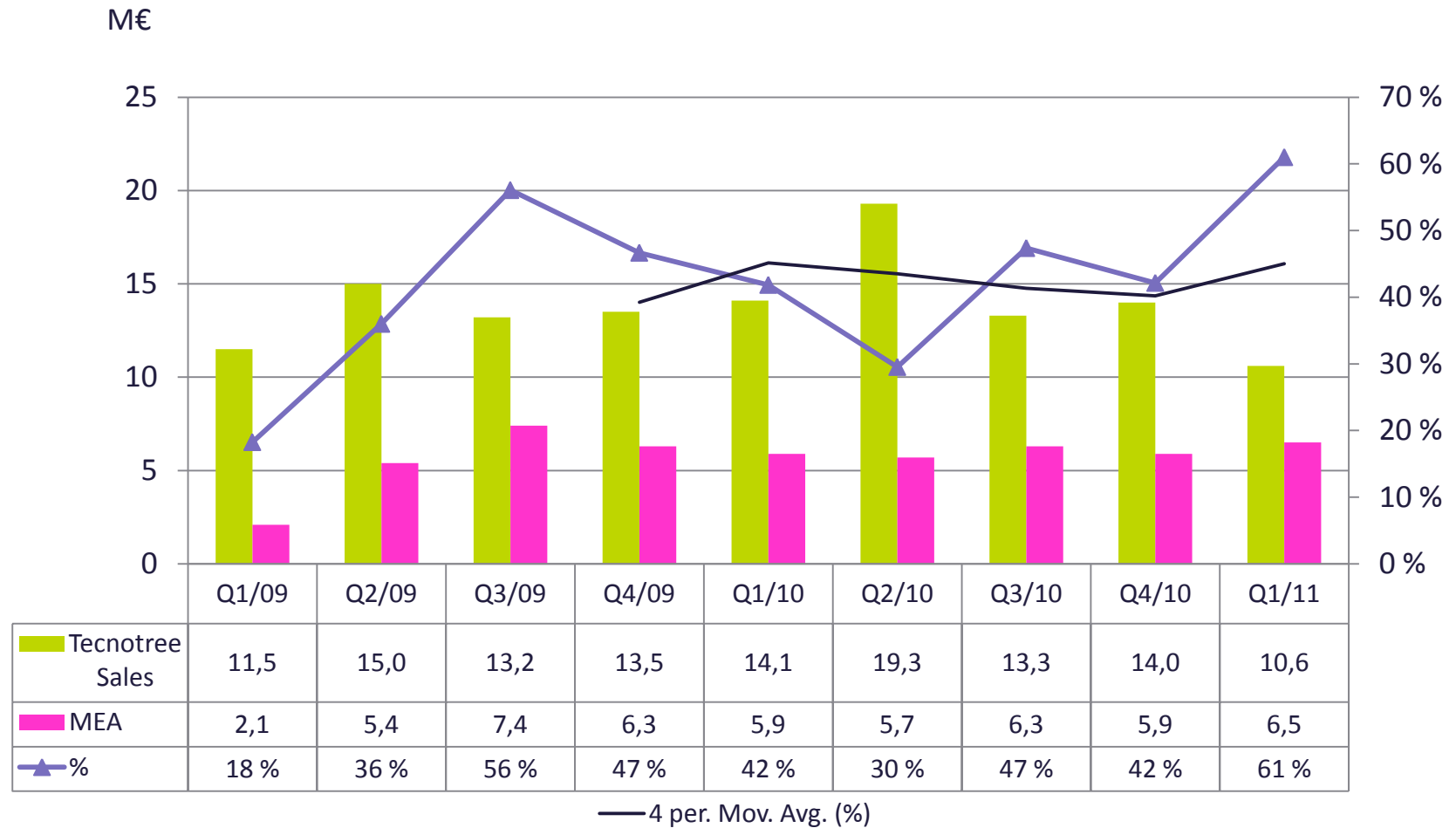
Sales by Area

Europe



Sales by Area

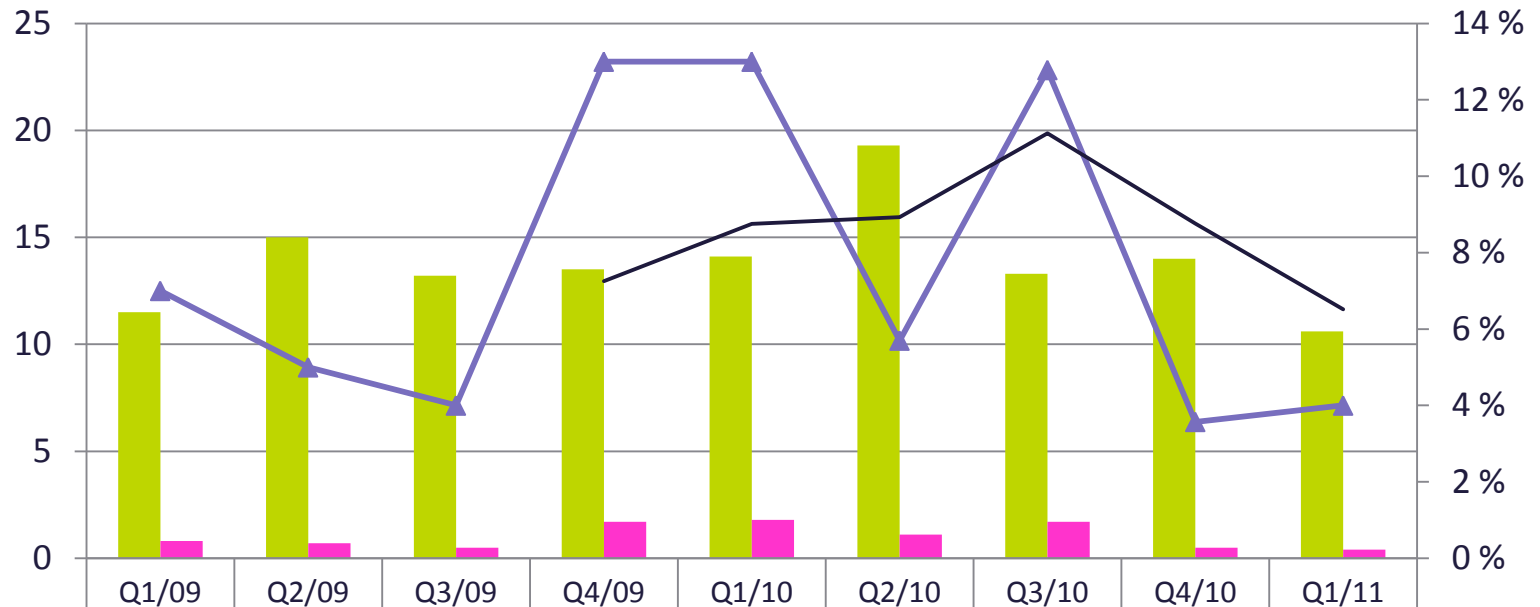
MEA






Sales by Area

APAC

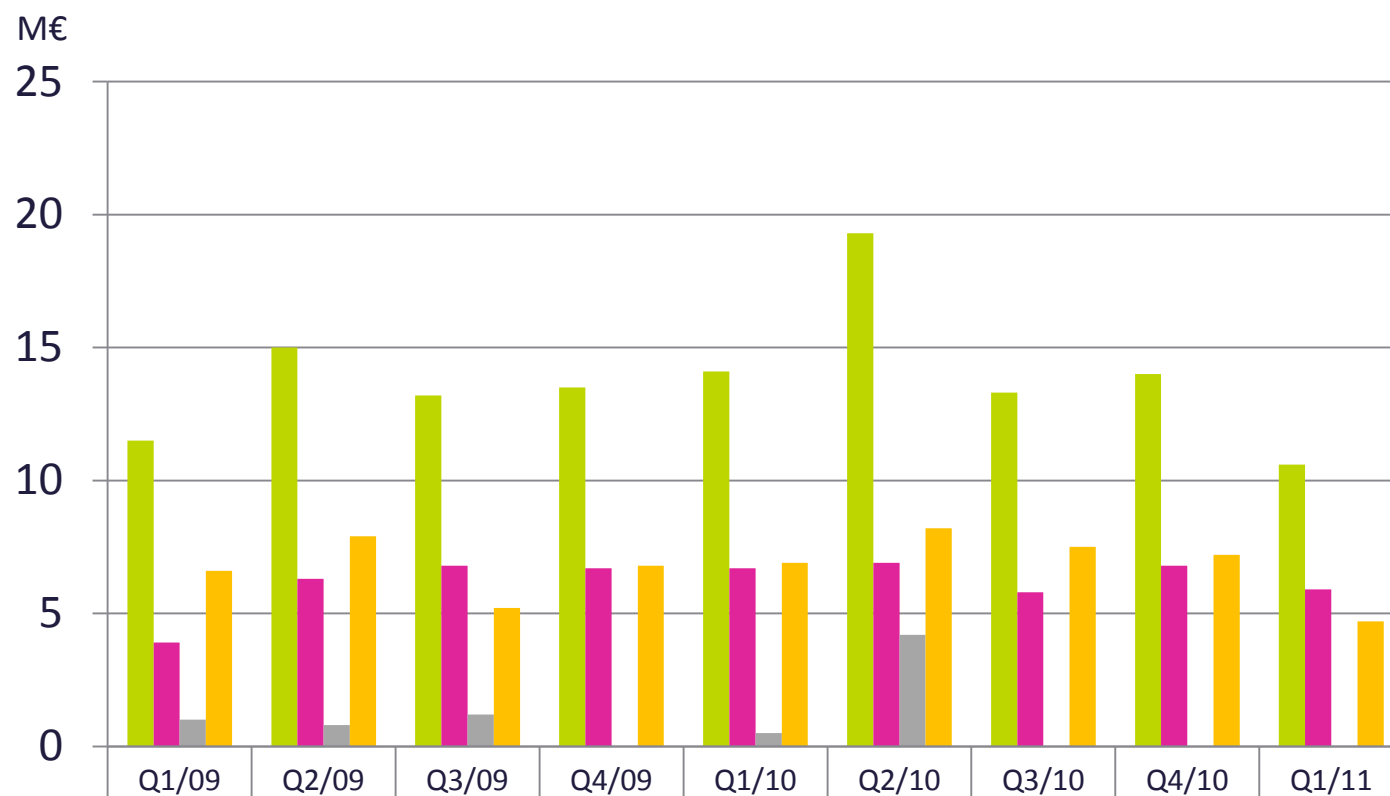
M€



 Tecnotree Sales	11,5	15,0	13,2	13,5	14,1	19,3	13,3	14,0	10,6
 APAC	0,8	0,7	0,5	1,7	1,8	1,1	1,7	0,5	0,4
 %	7 %	5 %	4 %	13 %	13 %	6 %	13 %	4 %	4 %

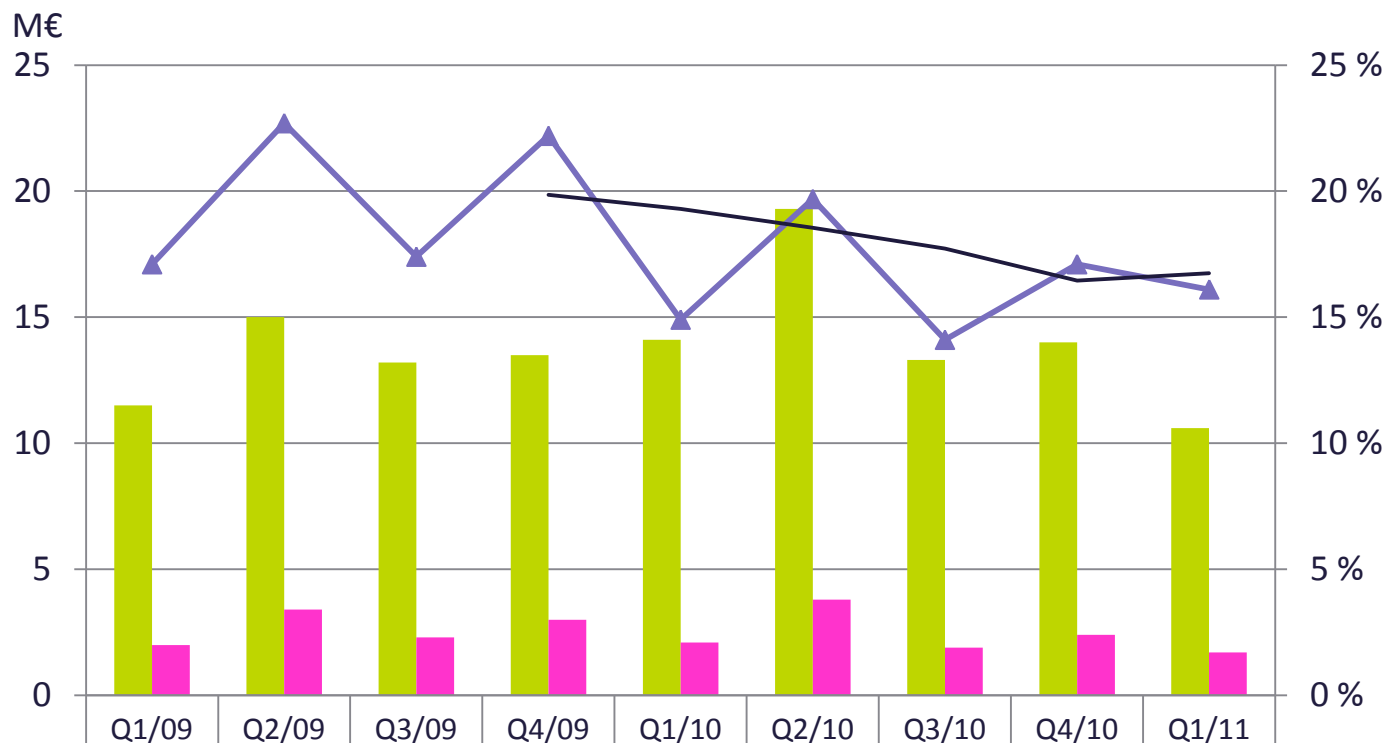
— 4 per. Mov. Avg. (%)




Sales Distribution



■ Tecnotree sales	11,5	15,0	13,2	13,5	14,1	19,3	13,3	14,0	10,6
■ Services	3,9	6,3	6,8	6,7	6,7	6,9	5,8	6,8	5,9
■ New customers	1,0	0,8	1,2	0,0	0,5	4,2	0,0	0,0	0,0
■ Existing customers	6,6	7,9	5,2	6,8	6,9	8,2	7,5	7,2	4,7

Materials and Services



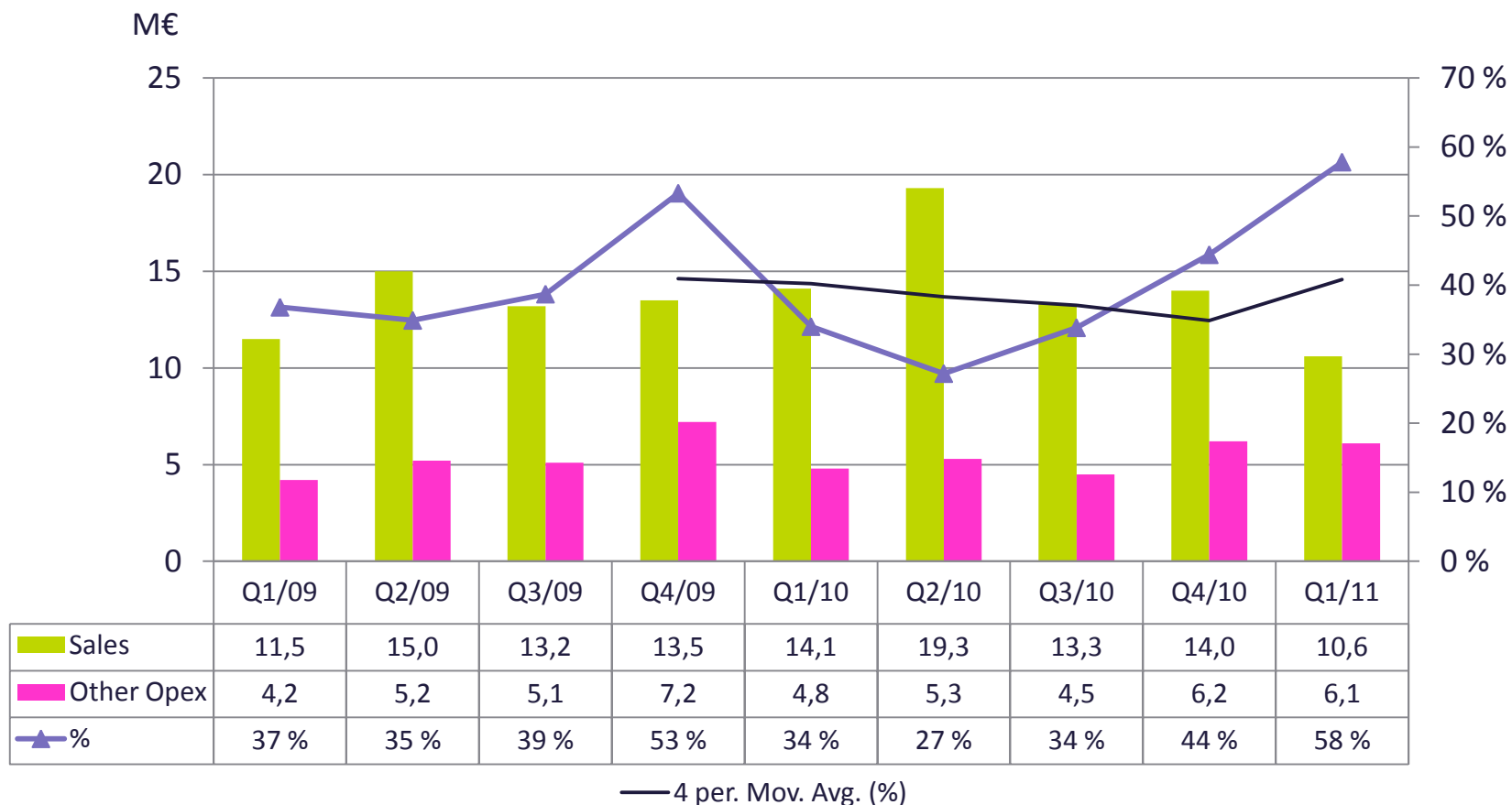
 Sales	11,5	15,0	13,2	13,5	14,1	19,3	13,3	14,0	10,6
 Materials and Services	2,0	3,4	2,3	3,0	2,1	3,8	1,9	2,4	1,7
 %	17 %	23 %	17 %	22 %	15 %	20 %	14 %	17 %	16 %

— 4 per. Mov. Avg. (%)

Employee Benefits

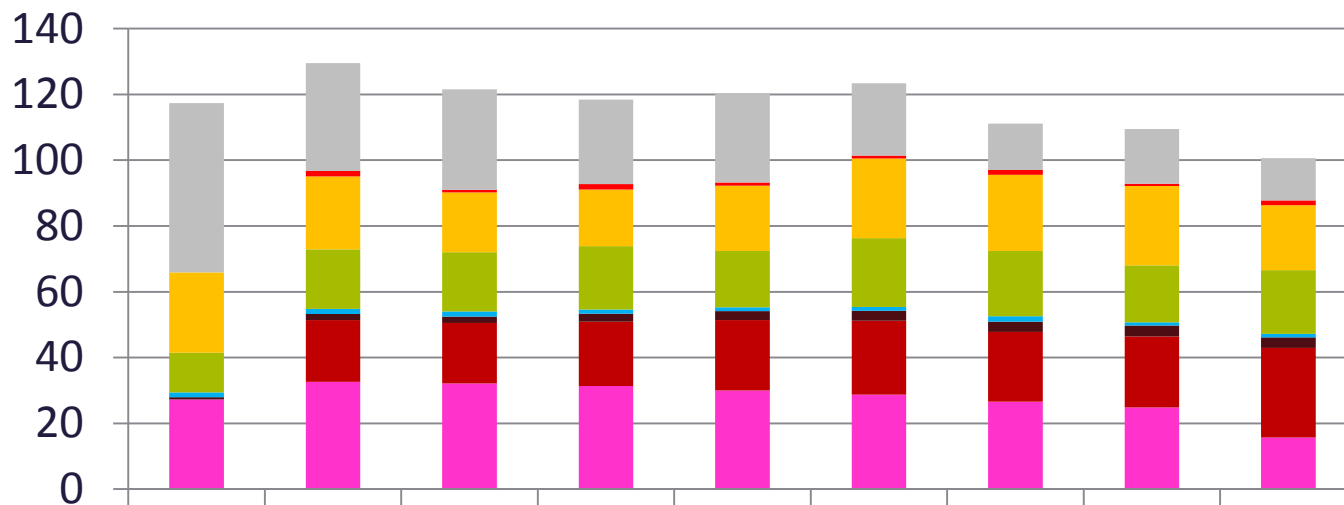


Other Operating Expenses



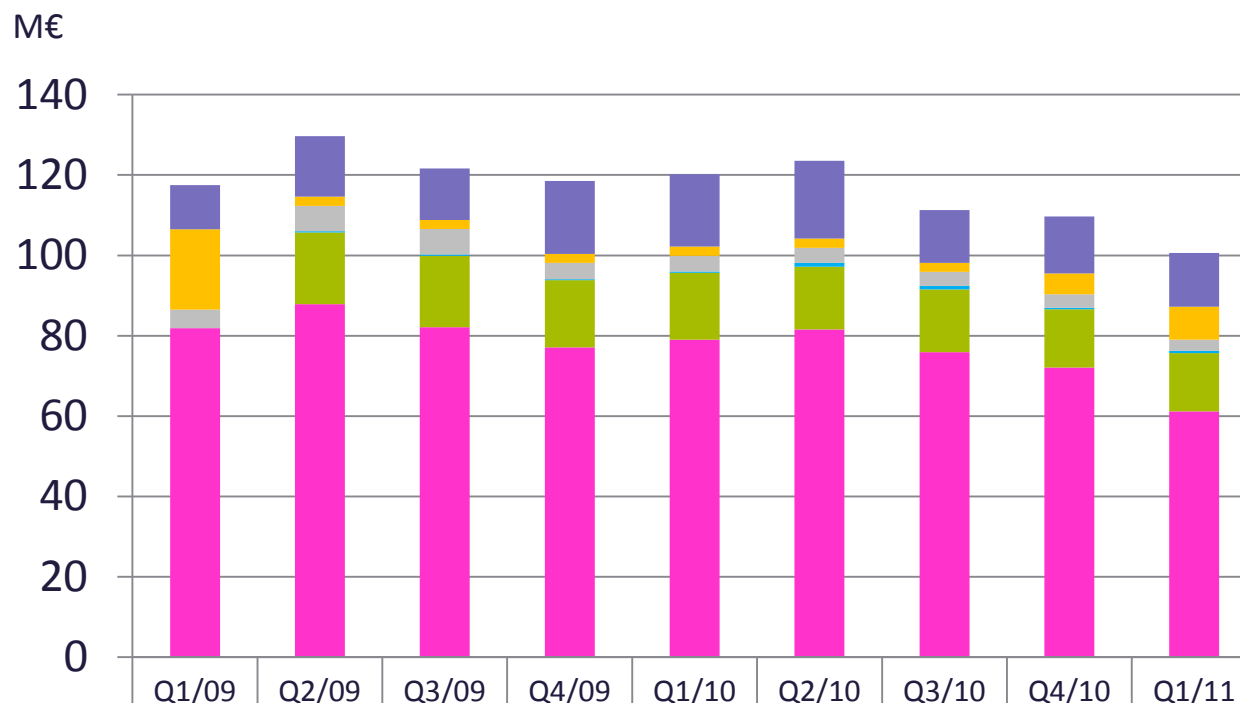
Assets by Quarter

M€



	Q1/09	Q2/09	Q3/09	Q4/09	Q1/10	Q2/10	Q3/10	Q4/10	Q1/11
■ Cash	51,5	32,8	30,5	25,7	27,2	22,0	14,1	16,7	12,8
■ Investments		1,6	0,8	1,6	0,9	0,9	1,4	0,6	1,5
■ Other rec. (mainly WIP)	24,4	22,2	18,2	17,2	19,9	24,2	23,2	24,2	19,7
■ Trade receivables	12,1	18,1	18,0	19,3	17,1	20,9	19,8	17,3	19,4
■ Inventories	1,5	1,6	1,5	1,3	1,2	1,2	1,7	1,0	1,1
■ Other long term	0,6	1,8	2,0	2,4	2,7	3,0	3,1	3,3	3,2
■ Consolidated goodwill		18,8	18,4	19,6	21,4	22,5	21,2	21,6	27,2
■ Fixed assets	27,3	32,6	32,1	31,3	30,0	28,7	26,6	24,8	15,7

Equity and Liabilities by Quarter



■ Current non-interest bearing	11,0	15,1	12,8	18,1	18,0	19,3	13,2	14,2	13,4
■ Current interest bearing	20,0	2,3	2,2	2,3	2,3	2,3	2,2	5,2	8,2
■ Deferred tax	4,6	6,3	6,4	4,0	3,9	3,8	3,5	3,3	2,8
■ Long term non-interest bearing		0,3	0,3	0,3	0,3	0,9	0,9	0,4	0,5
■ Long term Interest bearing		17,8	17,8	16,7	16,7	15,6	15,6	14,5	14,5
■ Shareholders' equity	81,9	87,9	82,1	77,1	79,0	81,6	75,9	72,1	61,2

Q&A