Presentation Second Quarter 2007

CEO Morten F. Angelil
CFO Jørgen Larsen
EVP Lars Jervan, Nera Networks
Finance Director Pål Skistad

16 August 2007

Disclaimer

This Presentation includes and is based, inter alia, on forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ. These statements and this Presentation are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for Eltek ASA and Eltek ASA's (including subsidiaries and affiliates) lines of business. These expectations, estimates and projections are generally identifiable by statements containing words such as ”expects”, ”believes”, ”estimates” or similar expressions. Important factors that could cause actual results to differ materially from those expectations include, among others, economic and market conditions in the geographic areas and industries that are or will be major markets for Eltek ASA's businesses, energy prices, market acceptance of new products and services, changes in governmental regulations, interest rates, fluctuations in currency exchange rates and such other factors as may be discussed from time to time in the Presentation. Although Eltek ASA believes that its expectations and the Presentation are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved or that the actual results will be as set out in the Presentation. Eltek ASA is making no representation or warranty, expressed or implied, as to the accuracy, reliability or completeness of the Presentation, and neither Eltek ASA nor any of its directors, officers or employees will have any liability to you or any other persons resulting from your use.

This presentation was prepared for the interim results presentation for the second quarter 2007, held on August 16, 2007. Information contained within will not be updated. The following slides should be read and considered in connection with the information given orally during the presentation.

The Eltek shares have not been registered under the U.S. Securities Act of 1933, as amended (the "Act"), and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Act.

Agenda

- Second Quarter Highlights
  - Key Financial Figures for the Eltek Group
- Segment Information
  - Eltek Valere
  - Nera Networks
  - Nera Telecommunications (NeraTel)
- Key Financials
- Outlook

Second quarter highlights

- Positive strategic development
  - Completed Valere Power acquisition and initiated Eltek Valere integration
  - Finalized move of transmission production from Bergen to Slovakia
- Positive financial development
  - Improved order entry, revenues and results compared with the previous quarter
  - Both existing and acquired activities contributed positively to EBITDA improvements
  - Positive cash flow from operations

ELTEK

Key financial figures, reported

NOKm	2Q 07	1Q 07	4Q 06	3Q 06	2Q 06	FY 2006
Order entry	**1,127**	1,169	984	693	657	2,941
Revenue	**1,124**	988	1,207	683	632	3,121
Gross Profit	**266**	225	280	176	160	773
Gross Margin (%)	***23.6***	*22.7*	*23.2*	*25.7*	*25.4*	*24.8*
EBITDA before non-recurring costs	**74**	40	83	79	65	310
Depreciation and amortization	**-47**	-34	-34	-15	-12	-71
EBIT before non-recurring costs	**27**	6	48	64	53	239
Non-recurring costs	**-**	-5	-50	-	-	-50
EBIT	**27**	1	-2	64	53	189
Net financials	**-11**	-11	-13	-14	-6	-32
Profit before tax	**15**	-10	-14	50	47	157
Net profit	**-9**	-20	-16	36	33	107
EBIT before amortization of PPA related to Valere Power acquisition	**38**					

Reported figures include the activities of Valere Power from 1 June, 2006, and the activities of Nera Networks and NeraTel from 1 October 2006

ELTEK

Purchase Price Allocation (PPA)

- PPA has not yet been performed for the acquisition of Valere Power
- For the second quarter 2007, Valere Power was included in the reported figures from 1 June, 2007, and the reported EBIT was charged with NOK 11 million in preliminary amortization of PPA
- On a preliminary basis, the EBIT for Eltek Valere will be charged with an estimated NOK 34 million per quarter

- The Income Statements in both Nera Networks and NeraTel are being charged with NOK 5 million in amortization of PPA on a quarterly basis
- Going forward, the quarterly Group EBIT is thus expected to be charged with a total NOK 44 million related to amortization of PPA

Key financial figures, *pro forma*

NOKm	**2Q 07**	1Q 07	4Q 06	3Q 06	2Q 06	FY 2006
Order entry	**1,263**	1,340	1,123	1,323	1,370	5,146
Revenue	**1,206**	1,151	1,363	1,218	1,230	5,048
Gross Profit	**286**	269	324	290	283	1,174
Gross Margin (%)	***23.7***	*23.3*	*23.8*	*23.8*	*23.0*	*23.3*
EBITDA before non-recurring costs	**72**	46	93	75	65	309
Depreciation and amortization	**-71**	-70	-71	-71	-66	-273
EBIT before non-recurring costs	**1**	-24	23	5	-2	37

Pro forma figures assume consolidation of the activities of Valere Power, Nera Networks and NeraTel from 1 January, 2006. On a pro forma basis, the Group incurred non-recurring costs of NOK 81 million in 2Q 2007, which is described under Eltek Valere pro forma figures for the second quarter.

Eltek Valere

ELTEK

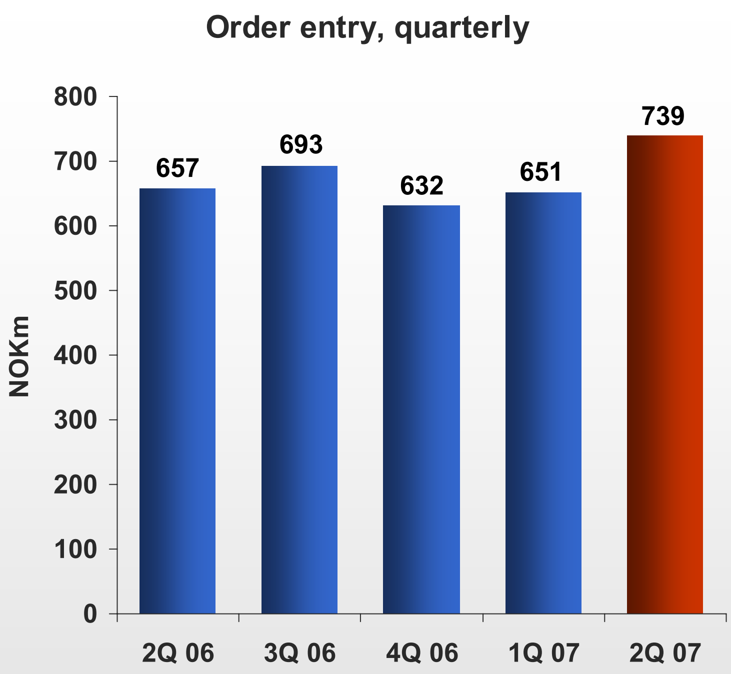
Eltek Valere - Key financials
Reported figures

NOKm	2Q 07	1Q 07	4Q 06	3Q 06	2Q 06	FY 2006
Order entry	**739**	651	632	693	657	2,589
Revenue	**727**	597	672	683	632	2,585
Gross Profit	**181**	146	168	176	160	661
Gross Margin (%)	***25.0%***	*24.4%*	*25.0%*	*25.7%*	*25.4%*	*25.6%*
EBITDA before non-recurring items	**70**	51	76	87	72	326
EBITDA margin bef. non-recurring	***9.6%***	*8.5%*	*11.3%*	*12.7%*	*11.4%*	*12.6%*
Depreciation & Amortization	**-28**	-16	-16	-15	-12	-52
EBIT before non-recurring items	**42**	35	60	72	61	274
Non-recurring items	**-**	-5	-	-	-	-
EBIT	**42**	30	60	72	61	274
EBIT before non-recurring items and amortization of PPA related to the Valere Power acquisition	**53**					

Includes consolidation of Valere Power with effect from 1 June, 2007
EBIT 2Q 2007 includes amortization of PPA with NOK 11 million related to the acquisition of Valere Power

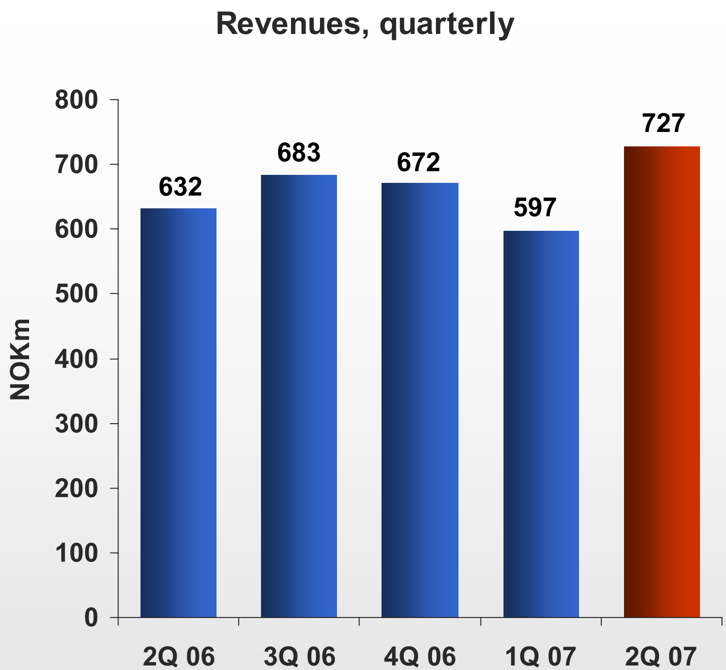
Eltek Valere – Order entry

- Continued growth
  - +12% Y/Y and +14% Q/Q
- Valere accounted for NOK 39 million (June)
  - ‘Old’ Eltek Energy showed growth of 7% Y/Y and 8% Q/Q
- Increase in all regions compared to the previous quarter
  - Effect of Valere Power strongest in the US and India



Eltek Valere – Revenue

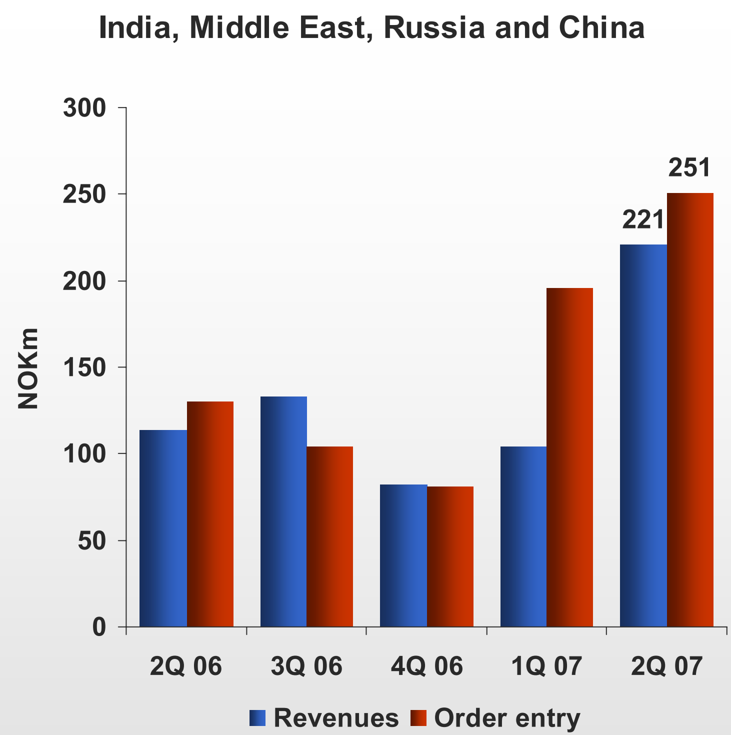
- Renewed growth
  - +15%Y/Y and +22% Q/Q
- Valere Power accounted for NOK 76 million (June)
  - ‘Old’ Eltek Energy showed growth of 3% Y/Y and 9% Q/Q
- Strong underlying growth pattern in Asia Pacific
- Valere adds growth in USA and India



	Y/Y	Q/Q
Asia Pac	41%	46%
Americas	24%	28%
EMEA	-2%	6%

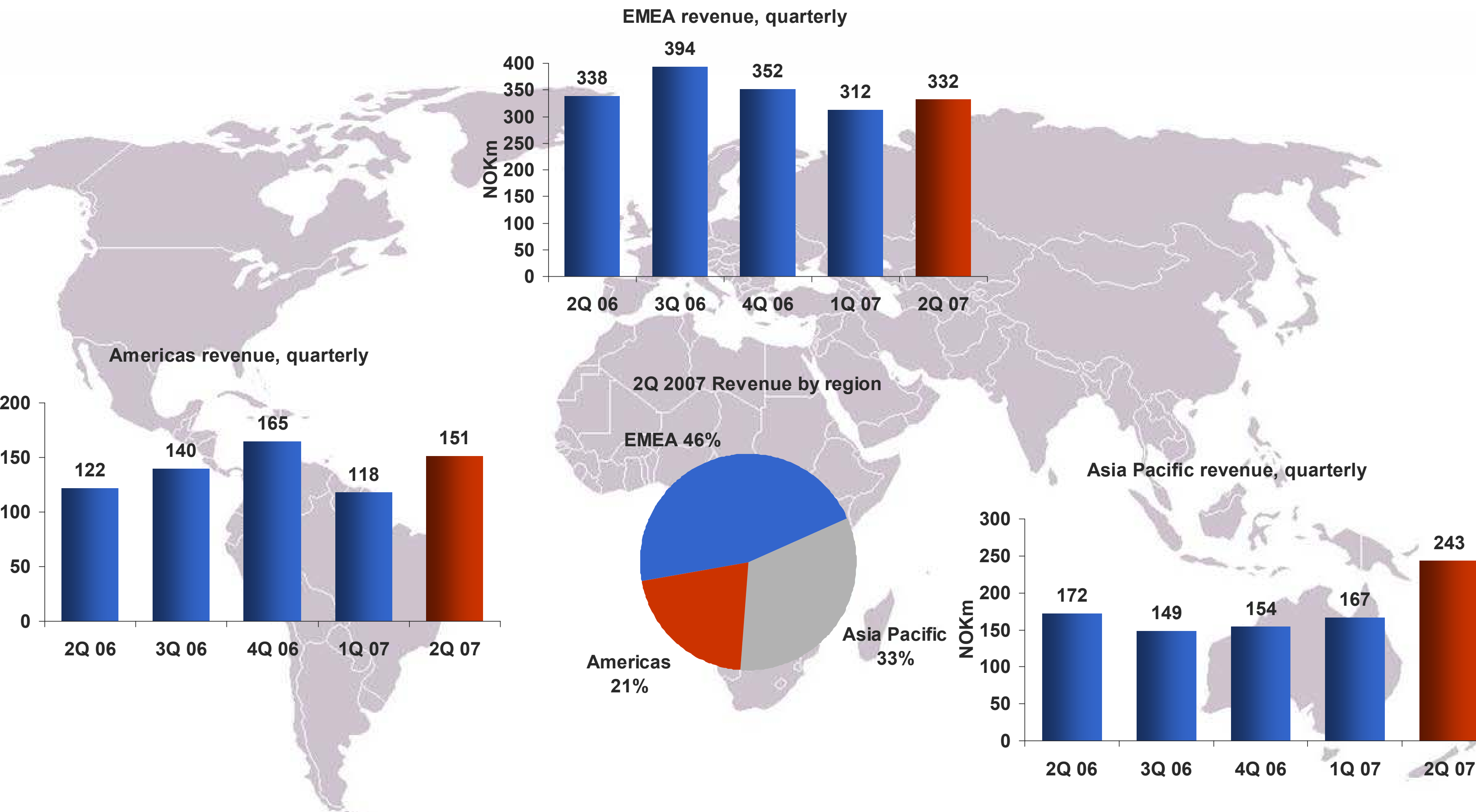
Eltek Valere – Growth markets
–India, Middle East, Russia and China

- India is taking off
  - Strong development for both 'old' Eltek Energy and Valere Power
  - 'Old' Eltek Energy revenues on par with the 1Q order entry
  - Total India revenues in excess of NOK 120 million in 2Q
- Strong growth in Middle East
- Project pipeline remain strong



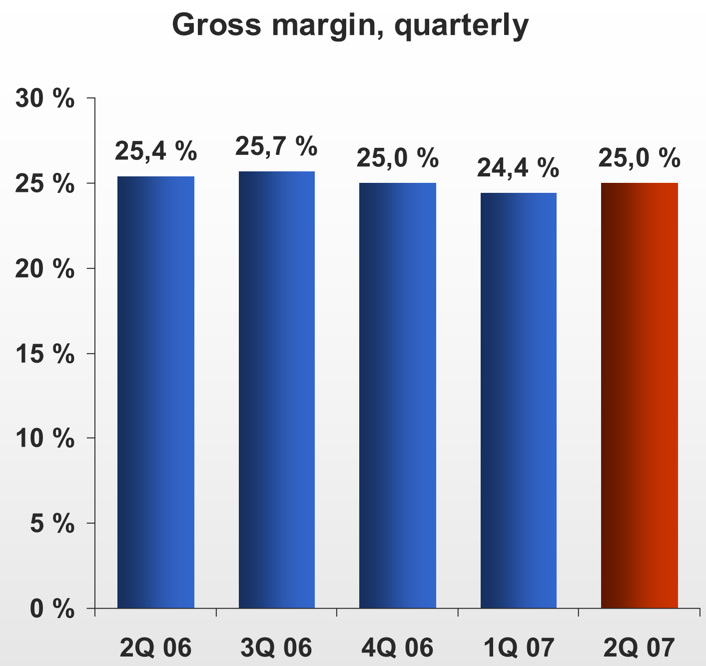
These markets accounted for 17% of new orders in 2006 and more than 30% in first half 2007

Eltek Valere - Regional development
Reported figures



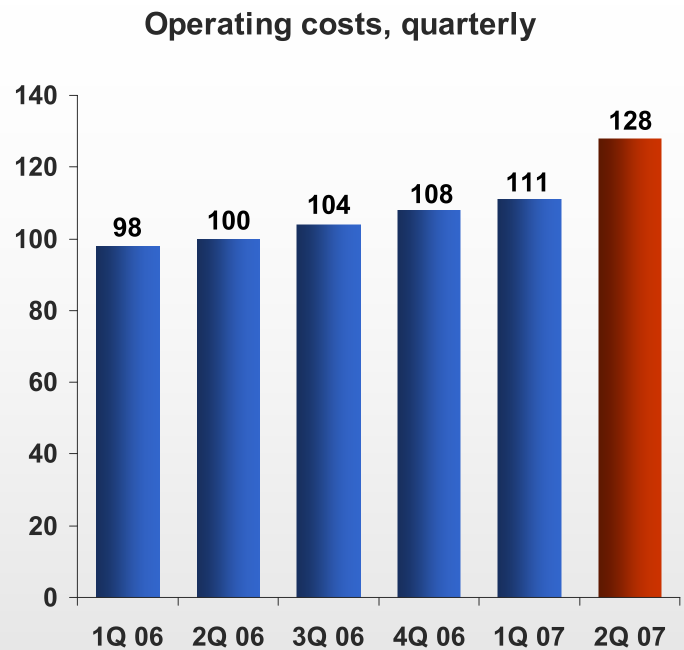
Eltek Valere – Gross margin

- More stable development
  - Slight improvement from the previous quarter
  - Valere Power on par with Eltek Energy
- Q/Q improvement supported by higher volumes
  - Manufacturing overhead
  - System assembly volumes
  - The improvement process continues



Eltek Valere – Operating costs

- Increased activity level
  - Valere Power
  - Nextera in Pakistan
  - AIAB+Convertronic in ’06
  - Expanded own operations (Middle East)
- Valere Power accounted for NOK 12 million
- High integration activity



Notes: Excluding NOK 5 million restructuring charge in 1Q 2007
Excluding preliminary amortization of PPA of NOK 11 million in 2Q 2007

Eltek Valere

Pro forma figures

Eltek Valere - Key financials
Pro forma figures

NOKm	2Q 07	1Q 07	4Q 06	3Q 06	2Q 06	FY 2006
Order entry	**875**	821	771	865	778	3,154
Revenue	**809**	760	827	835	766	3,149
Gross Profit	**201**	189	212	216	195	806
Gross Margin (%)	***24.9%***	*24.9%*	*25.6%*	*25.9%*	*25.4%*	*25.6%*
EBITDA before non-recurring items	**68**	62	87	95	74	331
EBITDA margin bef. non-recurring	***8.4%***	*8.2%*	*10.5%*	*11.4%*	*9.7%*	*10.5%*
Depreciation & Amortization	**-52**	-52	-52	-51	-48	-197
EBIT before non-recurring items	**16**	10	34	43	26	134
Non-recurring items	**-81**	-5	-	-	-	-
EBIT	**-65**	5	34	43	26	134
EBIT before non-recurring items and amortization of PPA	**50**	44	68	77	60	269

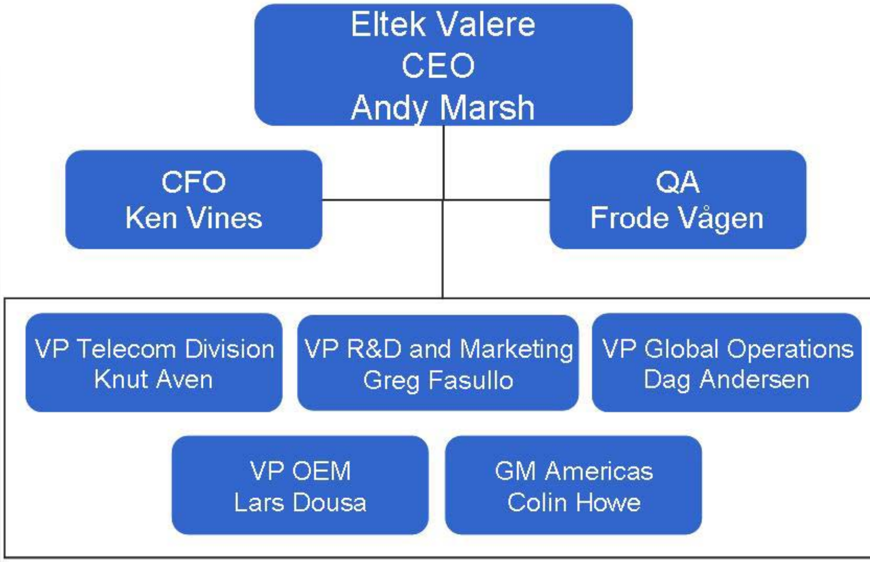
Pro forma figures assume consolidation of the activities of Valere Power from 1 January, 2006
The EBIT includes quarterly amortization of PPA of NOK 34 million

Non-recurring items

- The pro forma Income Statement has been charged with NOK 81 million in non-recurring costs related to Valere Power
- NOK 39 million reflect payments (cash and shares) to Valere Power employees, related to the acquisition
  - Reflected in estimated net debt of Valere Power at time of acquisition
- NOK 42 million refer to revaluation of Valere Power assets and liabilities concerning inventories, accounts receivables, other assets and warranty provisions

Integration of Eltek Energy and Valere

- Initiated move of Eltek Energy's US activities to Valere Power's headquarters in Richardson, Texas
- Valere Power's international activities will be consolidated into Eltek Energy
- Expect restructuring costs of app. USD 7 million to be charged to the Income Statements in 3Q '07
  - Provisions for termination of employee contracts and office rent in Chicago
  - Relocation, and preparations at the Richardson facility
- Integration set to create annual synergy potential of USD 15 million



Nera Networks

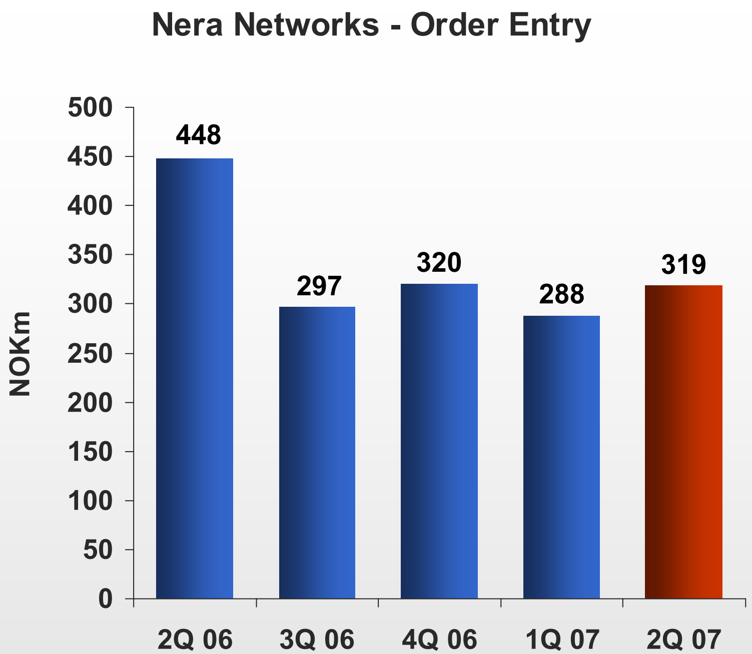
Nera Networks - Key financials

NOKm	2Q 07	1Q 07	4Q 06	3Q 06	2Q 06	1Q 06	FY 2006
Order entry	**319**	288	320	296	447	466	1,529
Revenue	**310**	312	399	291	356	333	1,378
Gross Profit	**45**	43	73	40	59	61	233
Gross Margin (%)	***14.3***	*13.8*	*18.2*	*13.6*	*16.6*	*18.4*	*16.9*
EBITDA bef. non-recurring items	**-4**	-17	1	-27	-11	-5	-43
Depreciation & Amortization	**-12**	-12	-12	-12	-12	-13	-48
EBIT before non-recurring items	**-16**	-28	-11	-39	-23	-19	-91
Restructuring cost	**-**	-	-50				
EBIT	**-16**	-28	-61				

Figures prior to 4Q 2006 are *pro forma* figures excluding non-recurring items
EBIT includes NOK 5 million in amortization of PPA on a quarterly basis

Nera Networks – Order entry

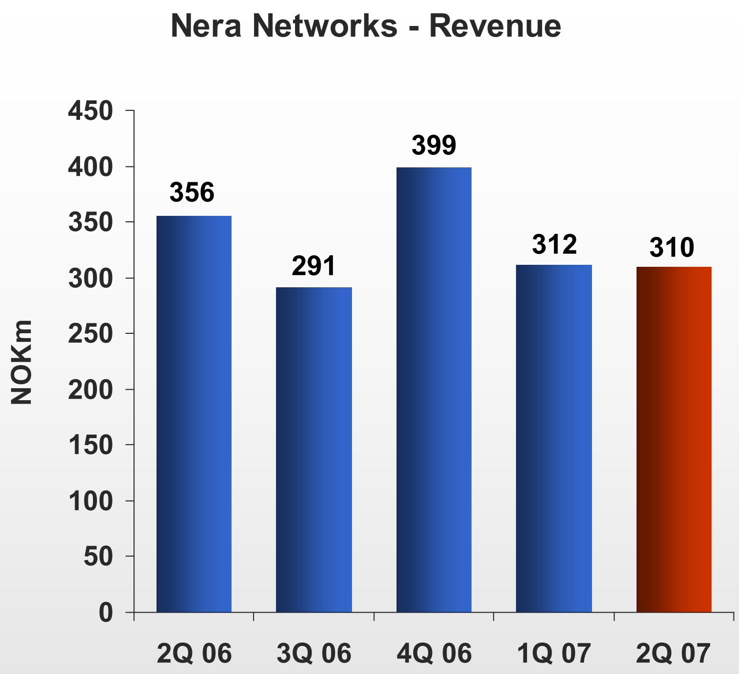
- Order entry increased from 1Q
  - Still some technical difficulties affecting delivery capacity
- Americas accounted for app. 40% of the order intake
  - Brazil, Colombia, Venezuela, Argentina
- EMEA at roughly 30%
  - UK, Saudi Arabia, Norway
- Asia Pacific at roughly 30%
  - Pakistan, Malaysia, Philippines, Sri Lanka



Note: Gross order entry, including deliveries to NeraTel (*Pro forma* figures 2Q-3Q 2006)

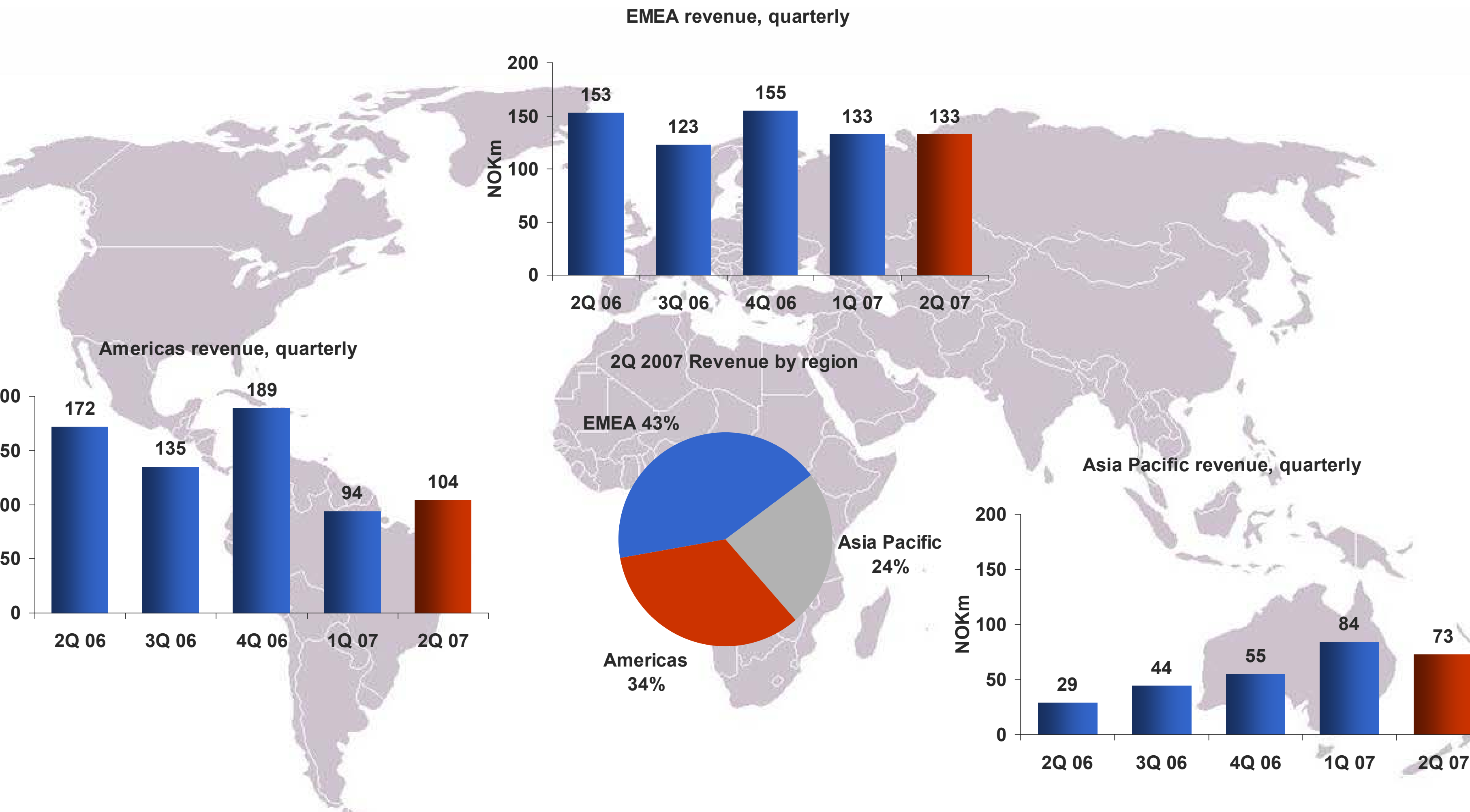
Nera Networks – Revenue

- EMEA at the same level as in 1Q
- Americas picking up speed
- Q/Q decline in Asia Pacific
  – Still high deliveries to NeraTel, which carry no related installation, service or third-party product revenues



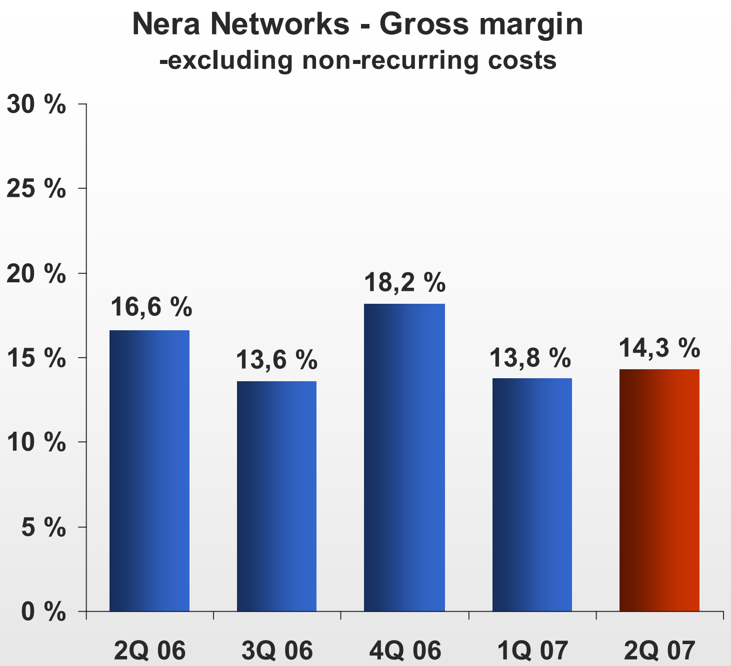
Note: Gross revenues, including deliveries to NeraTel (*Pro forma* figures 2Q-3Q 2006))

Nera Networks - Regional development



Nera Networks – Gross margin

- Remains negatively affected by low volumes, customer mix and production transfer/relocation costs
  - High relative manufacturing overhead costs
  - High deliveries to NeraTel at below-average margins
  - Transfer/relocation costs of NOK 7 million (1Q ’07: NOK 9 million)



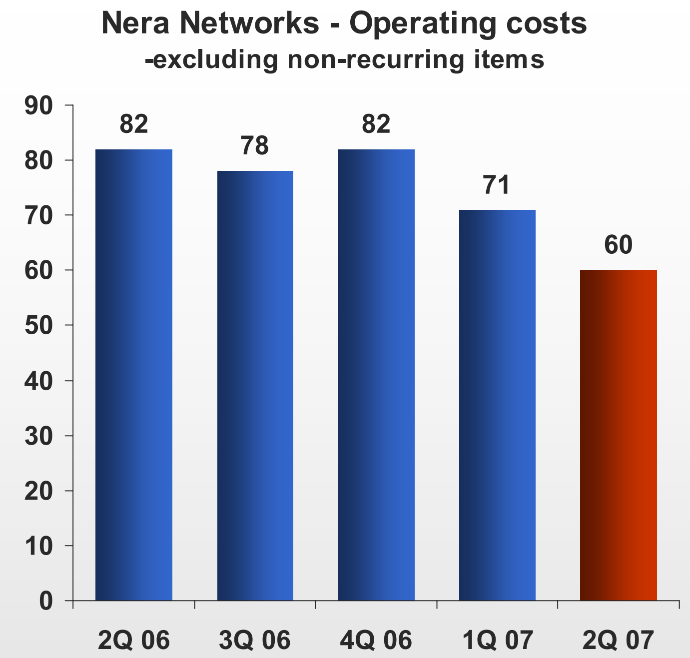
Note: *Pro forma* figures (1Q-3Q 2006)

Evolution

- Overall production of radios increased from 1Q
- Evolution transferred to Slovakia in two steps in April and June
- App. 60% growth in the Evolution production
  - Somewhat lower than expected
  - Technical difficulties continued to disrupt supplies from one core components supplier
  - Low capacity utilization during transfer of production
- Continued improvements in production expected in the second half

Nera Networks – Operating costs

- Increasing effects of the restructuring process
- Reduced administrative costs
- Low net R&D in the quarter



Note: *Pro forma* figures (1Q-3Q 2006)

Restructuring update

- On track with the key restructuring elements
- Minor steps remaining
- Incurred NOK 20 million in transfer and relocation costs over the past three quarters
- No further non-recurring costs expected for the second half of the year

NeraTel

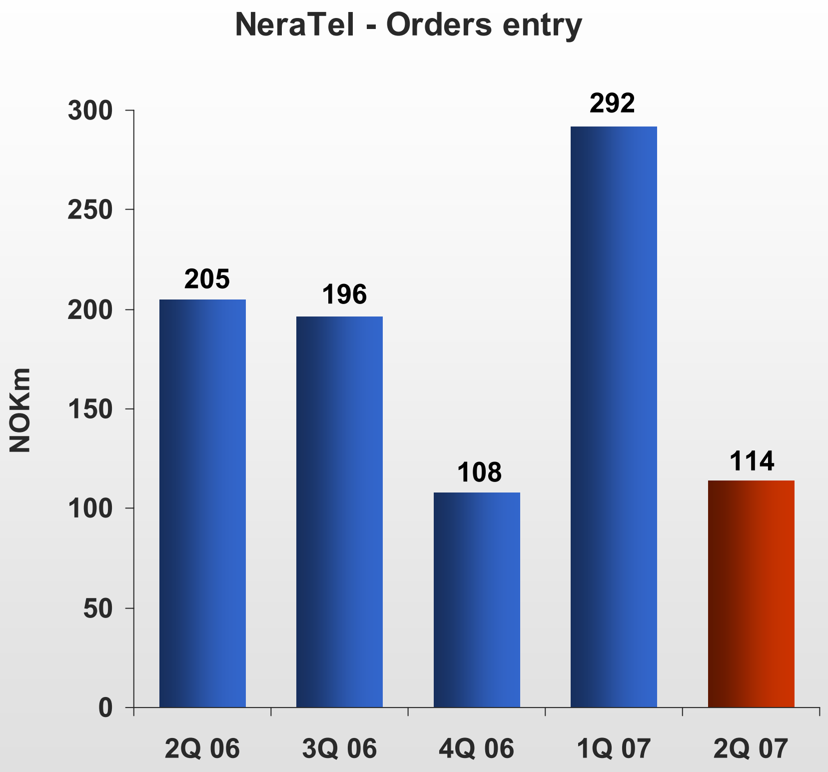
NeraTel - Key financials

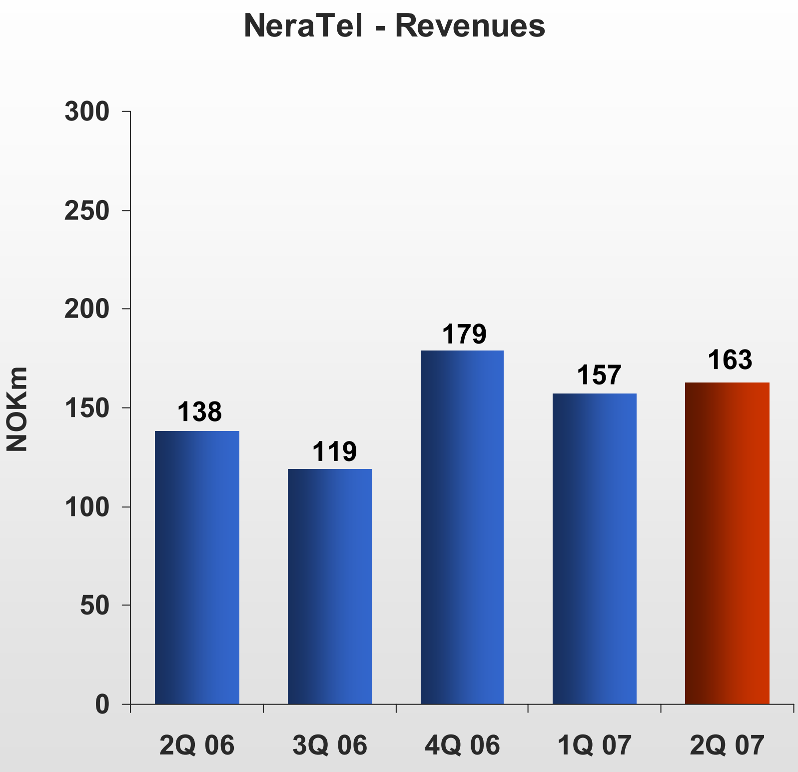
NOKm	2Q 07	1Q 07	4Q 06	3Q 06	2Q 06	FY 2006
Order entry	114	292	108	196	205	667
Revenue	163	157	179	119	138	629
Gross Profit	40	36	40	34	29	135
Gross Margin (%)	*24.4*	*22.9*	*22.2*	*28.8*	*21.1*	*21.5*
EBITDA	17	14	13	15	10	52
Depreciation & Amortization	-6	-6	-7	-7	-7	-27
EBIT	11	7	7	8	3	25

Figures prior to 4Q 2007 are *pro forma* figures

- EBIT includes quarterly amortization of PPA of NOK 5 million
- Order backlog of NOK 345 million
  - Reduced by NOK 40 million due to cancellation of an order received in 4Q 2006
- NeraTel reported 2Q ’07 figures on 2 August 2007
  - Please also see www.neratel.com.sg

NeraTel – Order entry and Revenues





Note: Prior to 4Q 2006 figures are *pro forma*

Orders and Revenue per product group

Order entry (NOKm)	2Q 07	1Q 07	4Q 06	3Q 06	2Q 06
Energy Solutions	736	649	632	693	657
Transmission Networks	334	403	311	337	506
Other	57	117	41	121	86
Total	**1,127**	**1,169**	**984**	**1,151**	**1,249**

Revenue (NOKm)	2Q 07	1Q 07	4Q 06	3Q 06	2Q 06
Energy Solutions	725	594	672	683	632
Transmission Networks	314	315	451	310	379
Other	85	79	85	74	82
Total	**1,124**	**988**	**1,207**	**1,067**	**1,095**

Detailed Financials

Income Statement

Balance Sheet

Cash Flow

Income Statement - unaudited

Amounts in NOK million	2Q 2007	2Q 2006	YTD 2007	YTD 2006	2006
Revenue	1 124	632	2 112	1 231	3 121
Cost of sales	-858	-472	-1 621	-913	-2 348
Gross profit	**266**	**160**	**490**	**318**	**773**
Selling and marketing costs	-107	-43	-214	-86	-243
Administrative expenses	-70	-38	-138	-78	-179
R&D and engineering costs	-50	-26	-96	-50	-137
Other operating items	-11	0	-15	23	-25
Operating profit	**27**	**53**	**28**	**127**	**189**
Share of result in ass. companies	-	-	-	-	1
Net financial items	-11	-6	-23	-6	-33
Profit before income tax	**15**	**47**	**5**	**121**	**157**
Income tax expense	-24	-13	-34	-34	-51
Net profit	**-9**	**33**	**-29**	**87**	**107**
Attributable to:					
Equity holders	-21	28	-53	78	87
Minority interests	13	5	24	8	20

Balance Sheet - unaudited

Assets

Amounts in NOK million	30.06.2007	31.03.2007	31.12.2006
Property, plant & equipment	286	240	223
Unallocated excess value	735	-	-
Intangible assets	797	781	757
Deferred income tax asset	473	469	478
Other non-current assets	15	14	16
Total non-current assets	2 306	1 504	1 475
Inventories	888	778	766
Trade and other receivables	2 010	1 778	1 794
Financial assets	-	-	-
Cash and cash equivalents	397	603	750
Total current assets	3 295	3 159	3 311
Total assets	5 601	4 663	4 786

Balance Sheet - unaudited

Equity and liabilities

Amounts in NOK million	30.06.2007	31.03.2007	31.12.2006
Capital/reserves attribut. to equity holders	2 130	2 153	2 191
Minority interest	424	223	214
Total equity	2 554	2 376	2 405
Borrowings	945	460	465
Deferred income tax liabilities	0	-0	11
Retirement benefit obligations	310	311	311
Provisions for other liabilities	43	43	43
Total non-current liabilities	1 298	813	829
Borrowings	65	117	104
Trade creditors and other payables	1 504	1 186	1 265
Current income tax payable	37	38	39
Provisions for other liabilities	143	134	144
Total current liabilities	1 749	1 474	1 552
Total liabilities	3 047	2 287	2 381
Total equity and liabilities	5 601	4 663	4 786
Equity ratio	**45.6 %**	**50.9 %**	**50.2 %**

Cash flow Statement - unaudited

Amounts in NOK million	2Q 2007	2Q 2006	YTD 2007	YTD 2006	2006
Net cash flow from operations	21	-66	-57	-137	-250
Net cash flow from investments	-598	-329	-676	-329	779
Net cash flow from financing	371	300	380	327	-245
Net change in cash and cash equivalents	-206	-94	-353	-139	284
Cash and cash equivalents, beginning of period	603	421	750	466	466
Cash and cash equivalents, end of period	397	327	397	327	750

Outlook

- Eltek Valere
  - Continued growth
  - Focus on profitable growth and realizing synergies
    - Non-recurring costs of USD 7 million to be charged in 3Q
    - USD 15 million annual synergy potential
- Nera Networks
  - Focus on volume growth and margin expansion
  - Expansion of product portfolio

Q&A