

Presentation First Quarter 2008

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Agenda

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

First Quarter Highlights

- 28 percent revenue growth year-on-year
 - Seasonal revenue decline from 4Q '07
- Margin improvement in all segments
- Strong positive cash flow from operations
- Strong order entry

Key financial figures, reported

NOKm	1Q 08	4Q 07	3Q 07	2Q 07	1Q 07	FY '07
Order entry	1,476	1,373	1,569	1,127	1,169	5,238
Revenue	1,266	1,427	1,282	1,124	988	4,821
Gross Profit	303	332	310	266	224	1,132
EBITDA	83	43	63	74	35	215
Depreciation and amortization	-43	-50	-47	-39	-34	-170
EBIT	39	-7	17	35	1	45
Net financials	27	23	3	-11	-11	4
Profit before tax	66	15	20	24	-10	49
<i>Gross Margin (%)</i>	23.9	23.3	24.2	23.6	22.7	23.5
<i>Non-recurring items</i>	-4	-70	-31	-	-5	-106
<i>EBITDA before non-recurring items</i>	86	113	94	74	40	321
<i>EBIT before non-recurring items</i>	43	63	48	35	6	151

Reported figures include the activities of Valere Power from 1 June, 2007

Eltek Valere

Eltek Valere – Key financials

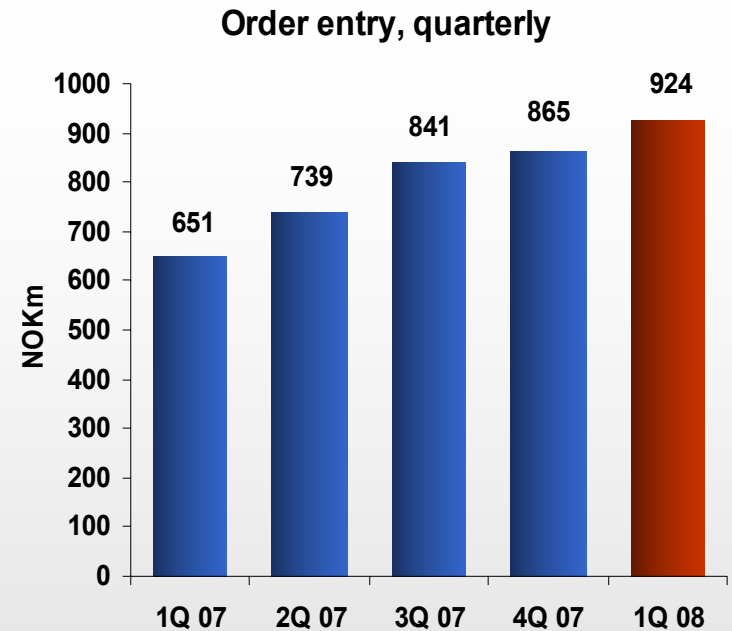
Reported figures

NOKm	1Q08	4Q 07	3Q 07	2Q 07	1Q 07	FY '07
Order entry	924	865	841	739	651	3,096
Revenue	758	901	840	727	597	3,065
Gross Profit	192	227	216	181	146	770
EBITDA	61	88	54	70	46	259
Depreciation & Amortization	-26	-33	-29	-20	-16	-99
EBIT	35	54	26	50	30	160
<i>Gross Margin (%)</i>	25.3%	25.2%	25.8%	25.0%	24.4%	25.1%
<i>Non-recurring items</i>	-4	-4	-31	-	-5	-40
<i>EBITDA bef. non-recurring items</i>	64	92	86	70	51	299
<i>EBIT before non-recurring items</i>	39	59	57	50	35	200

Includes consolidation of Valere Power with effect from 1 June, 2007. EBIT includes amortization of PPA with NOK 6.3m in 1Q '08 and 4Q '07, NOK 10m in 3Q '07 and NOK 3m in 2Q '07

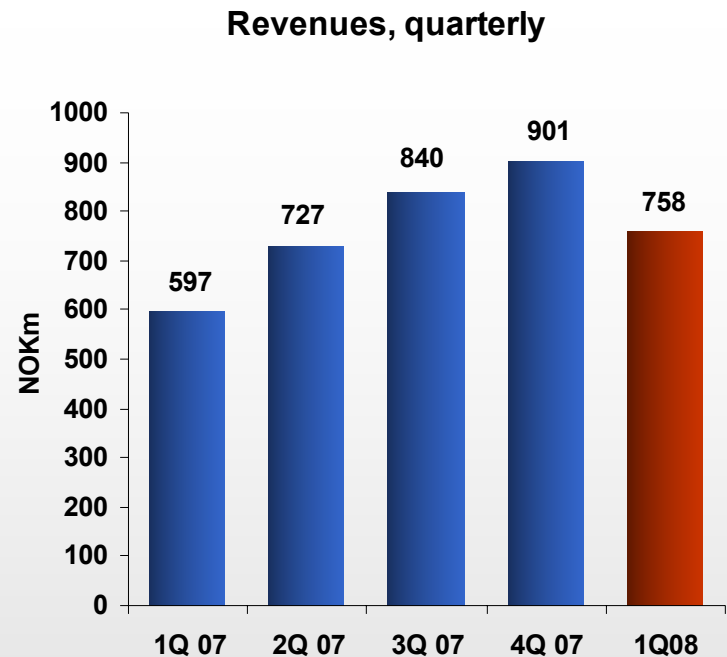
Eltek Valere – Order entry

- +42% Y/Y and +7% Q/Q
- Asia Pacific boosted by high orders in India
- Increase in Latin America from the previous quarter
- Decline in the Middle East



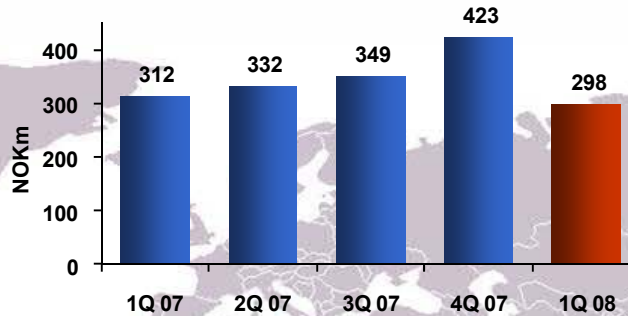
Eltek Valere – Revenue

- +27%Y/Y and -16% Q/Q
- +38% Y/Y currency adjusted
- Geographic highlights:
 - India remained a strong growth driver in Asia
 - Weaker in mature markets in Western Europe
 - Pause in a positive trend in Middle East and Africa
 - Weaker in North America but positive development in Brazil

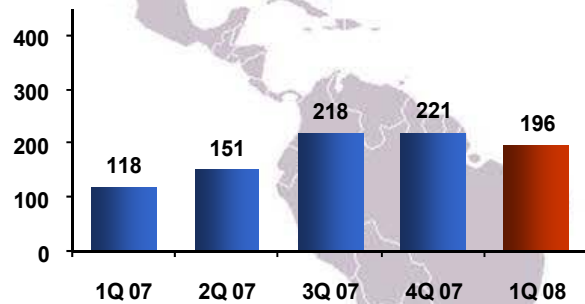


Eltek Valere - Regional development

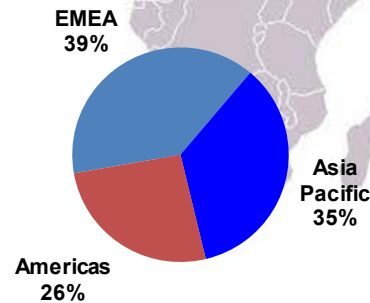
EMEA revenue



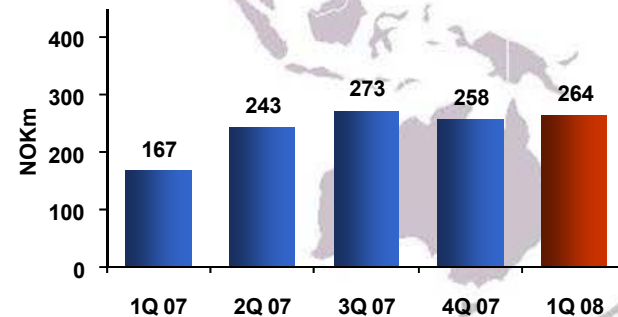
Americas revenue



1Q2008 Revenue by region



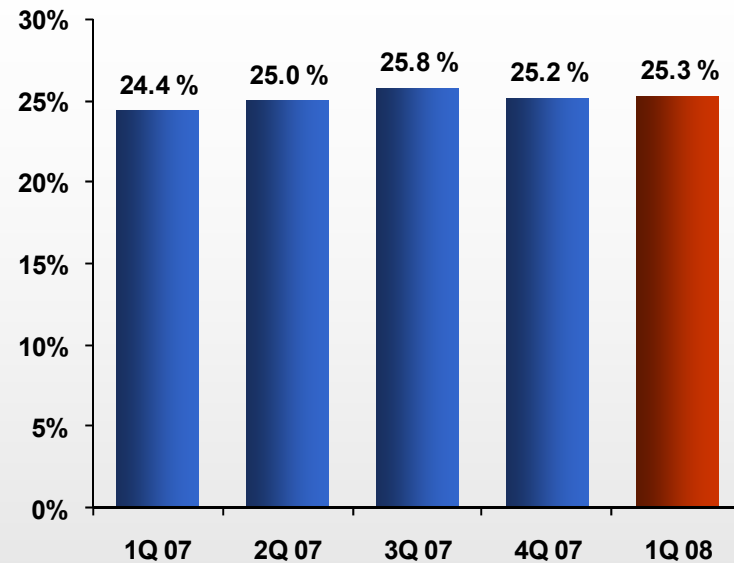
Asia Pacific revenue



Eltek Valere – Gross margin

- Slightly improved
 - Up 0.9%-points from 1Q '07
 - Up 0.1%-points from 4Q '07
- Margin held back by:
 - volume decline from 4Q
 - geographical revenue mix
 - some remaining logistics issues (airfreight)

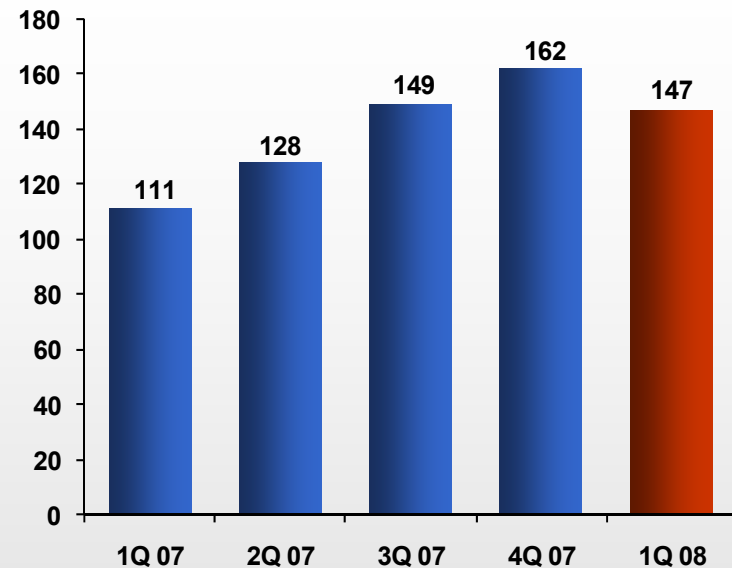
Gross margin, quarterly



Eltek Valere – Operating costs

- Decline of NOK 15 million from 4Q 2007
 - Partly due to lower volumes
 - NOK 4 million in non-recurring costs not included, relating to severance pay and search for new permanent CEO of Eltek Valere

Operating costs, quarterly

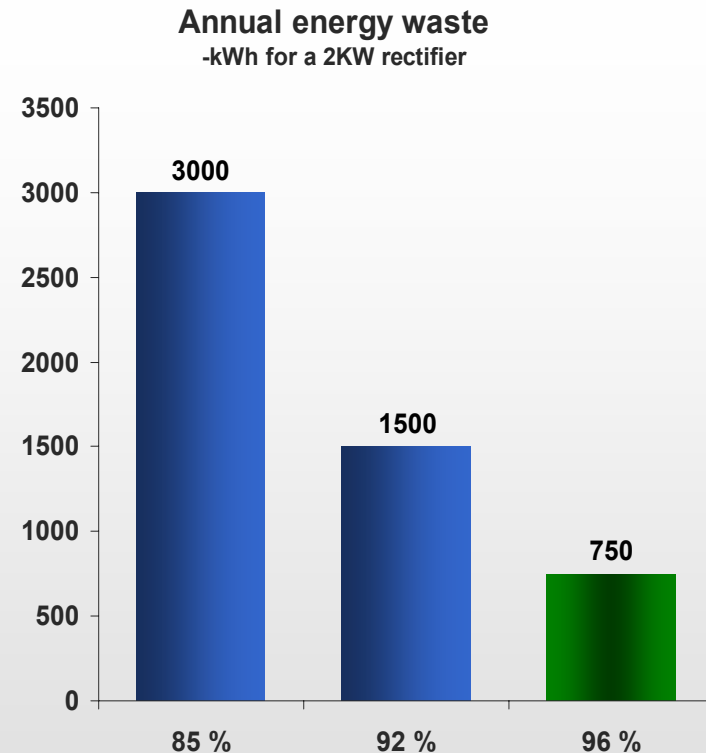


Notes: Excluding non-recurring items; NOK -5m in 1Q'07, NOK -31m in 3Q'07, NOK -4m in 4Q '07, and NOK -4 million in 1Q'08

Excluding preliminary amortization of PPA; NOK 3m in 2Q'07, NOK 10m in 3Q'07, and NOK 6.3m in 4Q'07 and 1Q'08

Flatpack2 HE update

- Well received on CTDI trade show in Las Vegas in April
 - Good fit with “green profile”
- Currently starting volume production
- First customer deliveries in May
 - Some customers have expressed intention to convert from current products to Flatpack2 HE for future network deployments



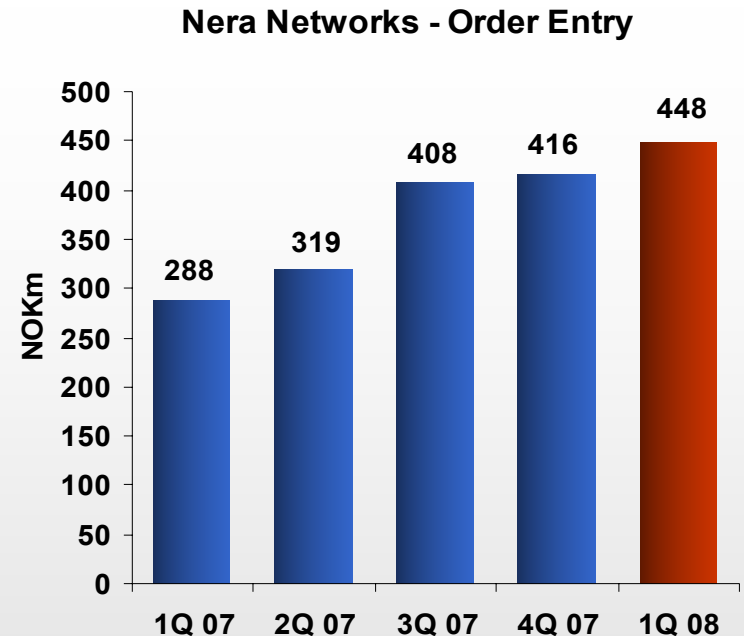
Nera Networks

Nera Networks - Key financials

NOKm	1Q 08	4Q 07	3Q 07	2Q 07	1Q 07	FY '07
Order entry	448	416	408	319	288	1,432
Revenue	371	379	310	310	312	1,311
Gross Profit	73	69	57	45	43	213
EBITDA	17	-54	3	-4	-17	-70
Depreciation & Amortization	-13	-11	-12	-12	-12	-47
EBIT	4	-65	-9	-16	-28	-117
<i>Gross Margin (%)</i>	19.7%	18.1%	18.3%	14.3%	13.8%	16.3%
<i>Non-recurring items</i>	-	-65	-	-	-	-65
<i>EBITDA bef. non-recurring items</i>	17	12	3	-4	-17	-5
<i>EBIT before non-recurring items</i>	4	1	-9	-16	-28	-52

Nera Networks – Order entry

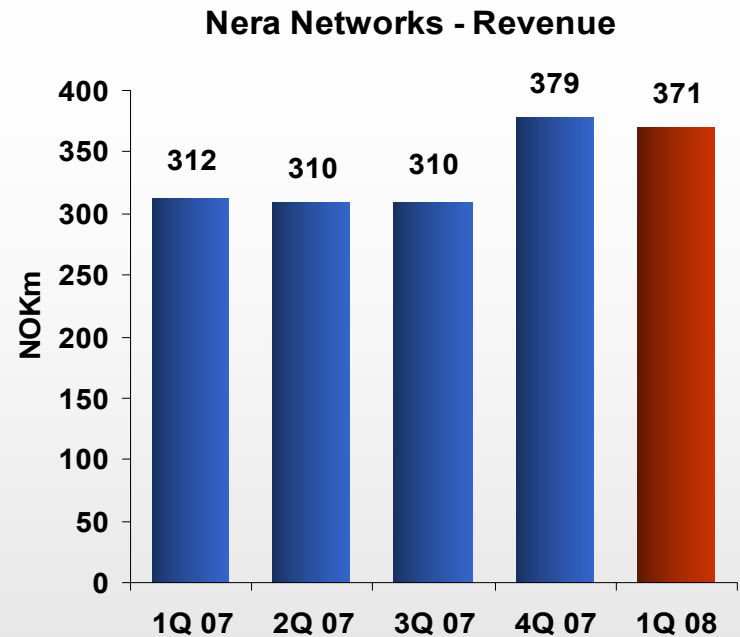
- +56% Y/Y and +8% Q/Q
 - Continuously higher delivery capabilities as a result of the Evolution production ramp-up
- Geographical mix 1Q vs. 4Q:
 - Strong growth in EMEA
 - Slight increase in Americas
 - Slight decrease in Asia Pacific
- Africa accounts for half of the orders
 - NOK 150m order in Equatorial Guinea



Note: Gross order entry, including deliveries to NeraTel

Nera Networks – Revenue

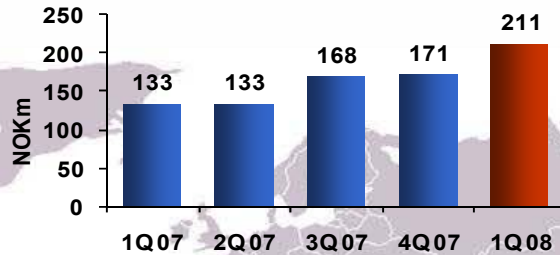
- +19% Y/Y and -2% Q/Q
- Production vs. 4Q:
 - Evolution +23%
 - Interlink -29%
- Developments from 4Q:
 - EMEA: + 23%
 - Asia Pacific: +12%
 - Americas: -31%



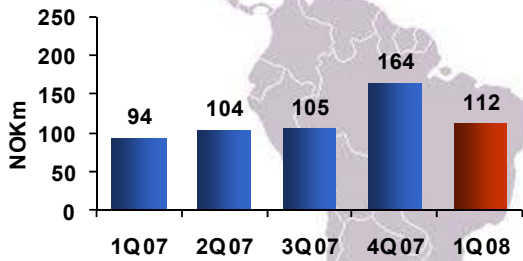
Note: Gross revenues, including deliveries to NeraTel

Nera Networks - Regional development

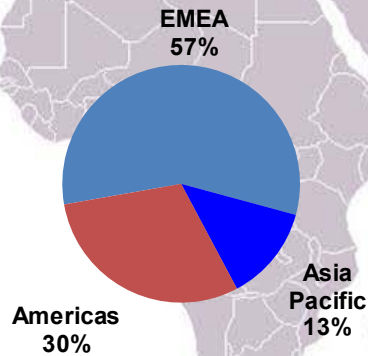
EMEA revenue, quarterly



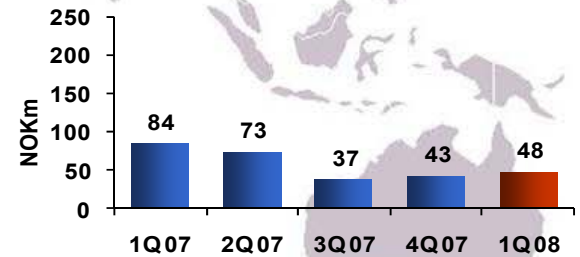
Americas revenue, quarterly



1Q 2008 Revenue by region



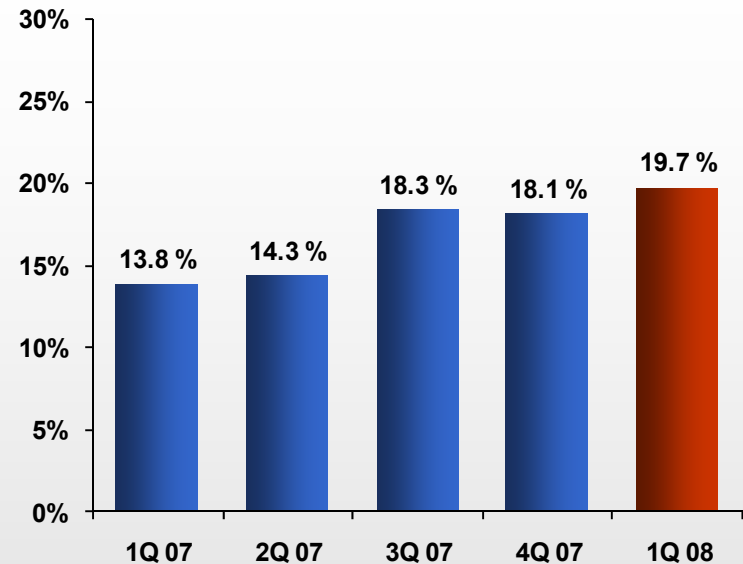
Asia Pacific revenue, quarterly



Nera Networks – Gross margin

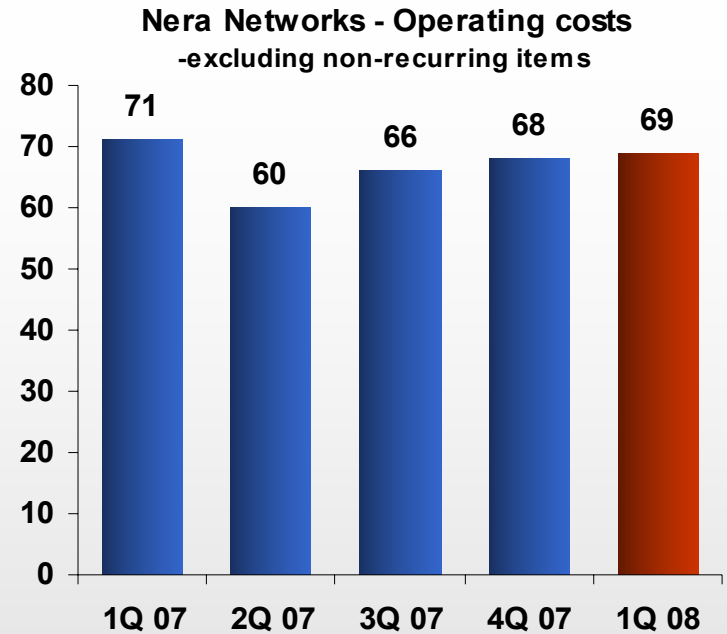
- Gradually improving
 - Higher manufacturing capacity yields lower unit costs
 - Held back by supply disruptions for Interlink
- Margin outlook
 - Further scale benefits from the Evolution ramp-up
 - Launch of Evolution Long Haul in the second quarter 2008
 - Gradually replacing Interlink

Gross margin, quarterly



Nera Networks – Operating costs

- Costs have stabilized after the restructuring
- Amortization of R&D will increase going forward



Evolution update

- Launch of Evolution Series Long Haul on track – effect from Q2
- Emerging demand for license and software sales, based on larger installed Evolution base
- Increased traction for the Evolution IP radio with WiMAX and mobile operators



NeraTel

NeraTel - Key financials

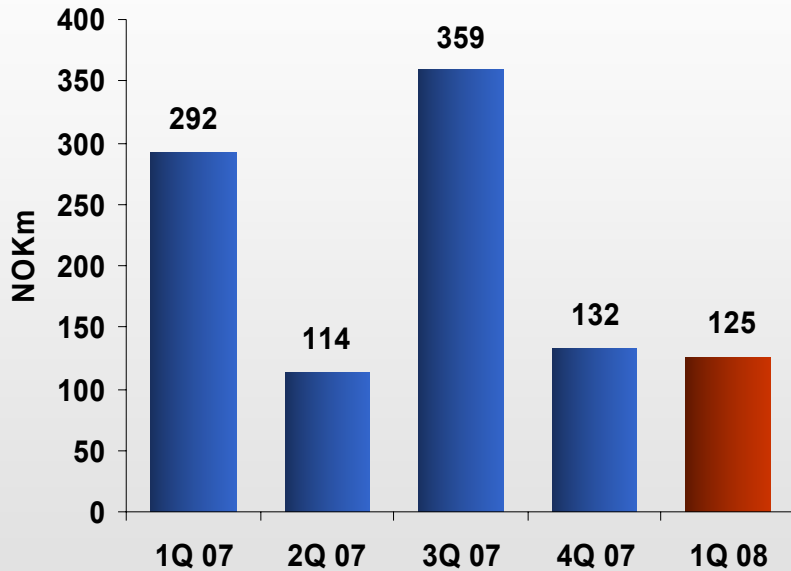
NOKm	1Q 08	4Q 07	3Q 07	2Q 07	1Q 07	FY '07
Order entry	125	132	359	114	292	897
Revenue	161	185	175	163	157	679
Gross Profit	38	37	37	40	36	149
EBITDA	15	17	15	17	14	62
Depr. & Amortization	-5	-5	-6	-6	-6	-24
EBIT	11	11	10	11	7	38
<i>Gross Margin (%)</i>	23.5	19.8	21.7	24.4	22.9	22.0

EBIT includes amortization of PPA of NOK 5m in 1Q 2007-3Q 2007, and NOK 3 million in 4Q 2007-1Q 2008

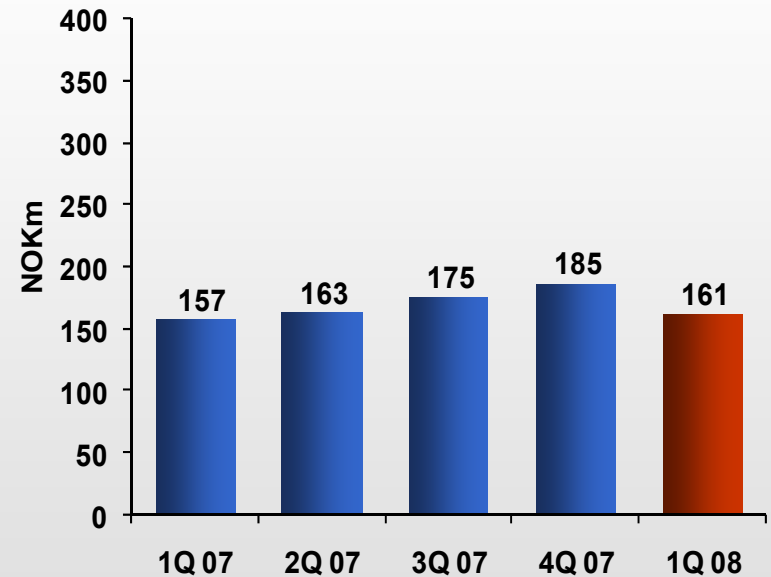
- Strong gross margin development and strong cash flow
- NeraTel reported 1Q 2008 figures on 17 April
 - Please also see www.neratel.com.sg

NeraTel – Order entry and Revenue

NeraTel - Order entry



NeraTel - Revenue



Detailed Financials

Income Statement

Balance Sheet

Cash Flow

Income Statement - unaudited

Amounts in NOK million	1Q 08	1Q 07	2007	2006
Revenue	1,266	988	4,821	3,121
Cost of sales	-963	-763	-3,689	-2,348
Gross profit	302	225	1,132	773
Selling and marketing costs	-119	-106	-467	-243
Administrative expenses	-85	-68	-301	-179
R&D and engineering costs	-59	-46	-231	-137
Other operating items		-4	-87	-25
Operating profit	39	1	45	189
Share of result in associated companies			1	1
Net financial items	27	-11	3	-33
Profit before income tax	66	-10	49	157
Income tax expense	-22	-10	-152	-51
Profit from discontinued operations			33	
Net profit	44	-20	-70	107
Attributable to:				
Equity holders	30	-31	-105	87
Minority interests	14	11	35	20

Balance Sheet - unaudited

ASSETS

Amounts in NOK million	31/03/2008	31/03/2007	31/12/2007
Property, plant & equipment	417	240	359
Intangible assets	1,243	781	1,270
Deferred income tax asset	404	469	395
Other non-current assets	16	14	17
Total non-current assets	2,080	1,504	2,041
Inventories	873	778	830
Trade and other receivables	2,106	1,778	2,166
Cash and cash equivalents	587	603	592
Total current assets	3,566	3,159	3,588
Total assets	5,645	4,663	5,629

Balance Sheet - unaudited

EQUITY AND LIABILITIES

Amounts in NOK million	31/03/2008	31/03/2007	31/12/2007
Capital/reserves attributable to equity holders	1,931	2,153	1,958
Minority interest	417	223	437
Total equity	2,348	2,376	2,394
Borrowings	447	460	788
Deferred income tax liabilities	2		
Retirement benefit obligations	153	311	153
Provisions for other liabilities and charges	33	43	36
Total non-current liabilities	635	813	976
Borrowings	738	117	438
Trade creditors and other payables	1,734	1,186	1,611
Current income tax payable	41	38	49
Provisions for other liabilities and charges	148	134	160
Total current liabilities	2,662	1,474	2,258
Total liabilities	3,298	2,287	3,235
Total equity and liabilities	5,645	4,663	5,629
Equity ratio	41.6 %	50.9 %	42.5 %

Cash flow Statement - unaudited

Amounts in NOK million	1Q 08	1Q 07	2007	2006
Net cash flow from operations	136	-78	97	-250
Net cash flow from investments	-130	-78	-902	779
Net cash flow from financing	-11	9	647	-245
Net change in cash and cash equivalents	-6	-147	-158	284
Cash and cash equivalents, beginning of period	592	750	750	467
Cash and cash equivalents, end of period	587	603	592	750

Market Outlook

- Mixed picture for Eltek Valere:
 - Solid demand outlook in emerging markets in Asia Pacific, Middle East and South America
 - Relatively weaker development in North America and Western Europe
- Positive trends for Nera Networks:
 - Several growth opportunities in South America
 - EMEA expected to stay healthy
 - Increasing efforts to introduce Evolution and secure growth in Asia

Summary and Outlook

- Continued growth in underlying revenue
 - Impacted by seasonal slowdown and USD in 1Q 2008
 - Positive book-to-bill ratios points to higher revenues in both Eltek Valere and Nera Networks in the coming quarter
- Targeting revenue growth above the market growth
- Increasing effect from new products;
 - Flatpack2 HE rectifier
 - Evolution Long Haul radio
- Continued focus on operational excellence and cash flow