



Annual report 2009  
Elecster Oyj



# ELECO

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## Managing Director's Review



Year 2009 was characterized by the crisis in global economy. Taking into account of the high share of the international activities at Elecster group, approx. 90%, we can thus consider our this year's success quite good, both relating to the turnover and the result.

In the beginning of last year, both the availability and price of financing seriously endangered our customers' investment plans. Implementation of investments were delayed, or at risk of actually being cancelled. Towards the mid-year, the situation started to relieve, and now it is almost normal. The demand for our products did not wane at any phase, however there were slowdowns in arranging the financing for the investments by our customers. The steady state of the demand for our products can partly be referred to the character of food industry products being necessities, however the efforts we have put on marketing our service concept have surely affected the matter, too.

In the sales of our industrial products, dairy machines, we reached and even slightly exceeded the targets set for this year. We also succeeded in opening new markets in several countries with high consumption of milk. These references will greatly contribute our marketing efforts in coming years. When marketing investment products, references are of a crucial importance; the customers want to hear their colleagues' opinions on the company and the products in support of their own purchase decision. We will thus put in more efforts on the marketing, in order to utilize the new references.

In the sales of our packaging materials, last year was quite challenging, because of the rising tendency in the raw material prices, combined with the decrease in the sales volumes. Our measures to cut the costs and to develop our film recipes aim to improve our price competitiveness and to boost our sales volumes. This work will be continued. In the present year, we strive for a higher result though bigger volumes and improved cost effectiveness.

In the consumer product group, the sales volumes decreased a little. This product group suffered from the general slidedown of the economy, showing in decline in the volumes. Our result however rose slightly, due to the reduced expenses. With the general economy recovery, we expect a slight growth both in the volume as in the result.

The segment 'Other' consisting of a subcontracting service provider was clearly caught up in the slump of the principals. This could be seen both in the decreased turnover and in the weakening of the result. The investments made in diversifying the production capacity and in improving our serviceability seem to have refreshed the demand, so we forecast the turnover and the result to grow in the coming year.

As a whole, the prospects of Elecster group for year 2010 are clearer than a year earlier. Despite of the insecurity about the development of the world economy and raw material prices, we look ahead quite positively. Our investments in product development and marketing have yielded good results, and our position in the market has been strengthened thanks to the new references. Our views to the coming year are optimistic, especially as the number of orders in hand has developed positively in the beginning of this year. We foresee slight growth in both the turnover and the result compared to the last year.

I wish to express great thanks to the whole personnel of the group for the good work done. In these circumstances, we can be proud of our results. Thank you also for our customers, shareholders and other partners for the good cooperation during the past year.

In Kylmäkoski, on February 26th 2010  
Jarmo Halonen

## Consolidated Financial Statements, IFRS

### Consolidated income statement

	1.1.-31.12.2009	1.1.-31.12.2008
<b>Net sales</b>	<b>35 540</b>	<b>36 908</b>
Change in inventories of finished goods and work in progress	-923	1 419
Production for own use	447	2 064
Other operating income	207	236
Material and services	-16 620	-21 628
Employee benefit expenses	-8 880	-9 751
Depreciation	-1 511	-1 403
Other operating expenses	-5 983	-5 490
<b>OPERATING PROFIT</b>	<b>2 277</b>	<b>2 355</b>
Financial income	626	1 004
Financial expenses	-1 424	-1 995
<b>PROFIT BEFORE TAXES</b>	<b>1 478</b>	<b>1 364</b>
Income taxes	-359	-255
<b>PROFIT FOR THE PERIOD</b>	<b>1 119</b>	<b>1 108</b>
<b>NET PROFIT/LOSS ATTRIBUTABLE TO</b>		
Equity holders of the parent	1 223	949
Minority interest	-104	159
	1 119	1 108
Earnings per share calculated on profit attributable to equity holders of the parent		
Earnings per share undiluted (EUR), continuing operations	0,33	0,25
Earnings per share diluted (EUR), continuing operations	0,33	0,25

### Statement of comprehensive income

	1.1.-31.12.2009	1.1.-31.12.2008
<b>PROFIT FOR THE PERIOD</b>	<b>1 119</b>	<b>1 108</b>
<b>OTHER COMPREHENSIVE INCOME:</b>		
Exchange difference on translating foreign operations	-268	211
Other comprehensive income, net of tax	-268	211
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>851</b>	<b>1 319</b>
<b>Total comprehensive income attributable to</b>		
Equity holders of the parent	955	1 161
Minority interest	-104	159
	851	1 319

## Consolidated Financial Statements, IFRS

# Consolidated balance sheet

	31.12.2009	31.12.2008
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets	69	93
Tangible assets	13 576	13 975
Investments available for sale	419	419
Long-term receivables	1 657	1 777
Deferred tax assets	362	218
<b>TOTAL NON-CURRENT ASSETS</b>	<b>16 084</b>	<b>16 482</b>
<b>CURRENT ASSETS</b>		
Inventories	10 911	12 191
Trade receivables and other receivables	9 738	8 508
Tax receivable, income tax	241	200
Cash and bank	3 656	3 290
<b>TOTAL CURRENT ASSETS</b>	<b>24 547</b>	<b>24 188</b>
<b>TOTAL ASSETS</b>	<b>40 631</b>	<b>40 670</b>
<b>EQUITY AND LIABILITIES</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	3 152	3 152
Share premium account	4 239	4 239
Other reserves	69	72
Translation differences	-393	-210
Retained earnings	7 829	7 063
	14 896	14 316
Minority interest	954	1 058
<b>SHAREHOLDERS' EQUITY</b>	<b>15 850</b>	<b>15 374</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liability	449	443
Long-term liabilities, interest-bearing	11 450	10 292
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>11 900</b>	<b>10 735</b>
<b>CURRENT LIABILITIES</b>		
Short-term interest-bearing liabilities	7 620	9 449
Trade payables and other liabilities	5 261	5 088
Tax liability, income tax	0	23
<b>TOTAL CURRENT LIABILITIES</b>	<b>12 881</b>	<b>14 560</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>40 631</b>	<b>40 670</b>

## Key indicators

### Financial indicators

<b>1000 EUR</b>	<b>IFRS 2009</b>	<b>IFRS 2008</b>	<b>IFRS 2007</b>	<b>IFRS 2006</b>	<b>IFRS 2005</b>
Net sales	35 540	36 908	42 154	40 273	34 531
Net sales change, %	-3,7 %	-12,4 %	4,7 %	16,6 %	20,4 %
Operating profit	2 277	2 354	3 689	3 363	3 056
% of net sales	6,4 %	6,4 %	8,8 %	8,4 %	8,8 %
Profit before extra-ordinary items and taxes	1 478	1 364	2 889	2 428	2 268
% of net sales	4,2 %	3,7 %	6,9 %	6,0 %	6,6 %
Profit before extra-ordinary items	1 478	1 364	2 889	2 428	2 268
% of net sales	4,2 %	3,7 %	6,9 %	6,0 %	6,6 %
Return on equity, %	7,2 %	7,3 %	15,5 %	15,6 %	12,9 %
Return on investment, %	7,2 %	8,9 %	12,6 %	11,9 %	11,7 %
Balance sheet total	40 631	40 670	37 826	37 307	36 079
Equity ratio, %	39,3 %	38,5 %	40,0 %	37,0 %	35,0 %
Gearing, %	97,2 %	107,0 %	85,5 %	98,4 %	105,9 %
Gross investments	2 081	3 414	1 035	2 556	2 376
% of net sales	5,9 %	9,3 %	2,5 %	6,3 %	6,9 %
Research and development	881	905	851	637	615
% of net sales	2,5 %	2,5 %	2,0 %	1,6 %	1,8 %
Average number of personnel during year	321	325	318	307	302
about which abroad	161	165	162	157	136

### Adjusted share-related indicators

	<b>IFRS 2009</b>	<b>IFRS 2008</b>	<b>IFRS 2007</b>	<b>IFRS 2006</b>	<b>IFRS 2005</b>
Earnings per share, eur	0,33	0,25	0,53	0,50	0,34
Earnings per share (diluted), eur	0,33	0,25	0,53	0,50	0,34
Dividend per share (A-share), eur	0,14*)	0,10	0,18	0,17	0,12
Dividend per share (K-share), eur	0,14*)	0,10	0,18	0,17	0,12
Dividend per earnings, %	42,4 %	40,0 %	34,0 %	34,0 %	35,3 %
Effective dividend yield, %	3,5 %	2,8 %	3,0 %	3,3 %	1,8 %
Equity per share, eur	3,97	3,82	3,69	3,40	3,09
Price per earnings ratio (P/E-ratio)	12	14	11	10	19
Trading volume (A-share), 1000 pcs	319	273	718	578	300
% average number of shares	17,5 %	15,0 %	39,5 %	31,8 %	16,5 %
Average number of shares	3 748 116	3 748 116	3 748 116	3 748 116	3 748 116
Number of shares at the end of period					
A-share	1 820 116	1 820 116	1 820 116	1 820 116	1 820 116
K-share	1 928 000	1 928 000	1 928 000	1 928 000	1 928 000
Adjusted share (A-share)					
lowest share price, eur	2,75	3,02	4,53	5,04	5,01
highest share price, eur	4,53	6,10	6,70	8,20	6,80
share price at December 31, eur	4,05	3,60	5,98	5,20	6,50
Market capitalization of shares December 31, euros millions	15,2	13,5	22,4	19,5	24,4

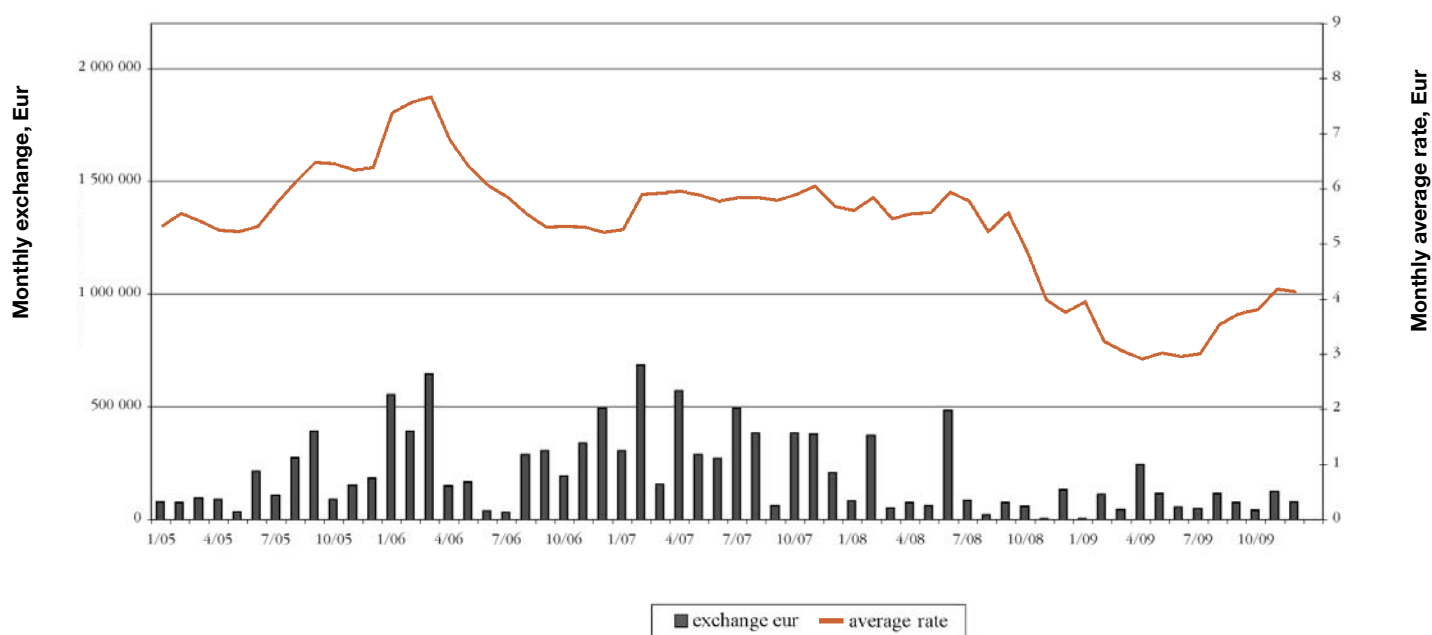
\*) proposal by the Board of Directors

## Calculation of key figures

Return on equity, %	$\frac{\text{Profit before extra-ordinary items and taxes - direct taxes}}{\text{Total equity (average)}} * 100$
Return on investments, %	$\frac{\text{Profit before extra-ordinary items and taxes + interest expenses and other financial expenses}}{\text{Total assets - non-interest-bearing liabilities (average)}} * 100$
Equity ratio, %	$\frac{\text{Total equity}}{\text{Total assets - advance payments received}} * 100$
Gearing, %	$\frac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{Total equity}} * 100$
Earnings/share	$\frac{\text{Profit before extra-ordinary items - taxes - +/- minority interest}}{\text{Adjusted number of shares (average)}}$
Shareholders' equity/share	$\frac{\text{Equity attributable to shareholders of parent company}}{\text{Adjusted numbers of shares at 31 December}}$
Price/earnings ratio (P/E)	$\frac{\text{Adjusted share price at 31 December}}{\text{Earnings/share}}$
Effective dividend yield, %	$\frac{\text{Dividend per share}}{\text{Adjusted share price at 31 December}} * 100$

## Exchange of shares and turnover

Exchange of shares and average rate  
1/2005 - 12/2009



## Share information

### Principal shareholders on December 31st 2008

	A-share	K-share	%-of shares	%-of votes
1. Finha Capital Oy	428 595	900 000	35,45 %	44,69 %
2. Okuli Oy	70 000	957 920	27,42 %	45,73 %
3. Vakuutusosakeyhtiö Henki-Sampo	117 000		3,12 %	0,55 %
4. Oy Etra Invest Ab	80 000		2,13 %	0,38 %
5. Onninen-Sijoitus Oy	75 000		2,00 %	0,36 %
6. Functional Foods Finland Oy	71 045		1,90 %	0,34 %
7. Määttä Mikko	55 543		1,48 %	0,26 %
8. Turun kaupungin vahinkorahasto	53 433		1,43 %	0,25 %
9. Himahamsterit Oy	34 837		0,93 %	0,17 %
10. Halonen Jukka	8 600	17 520	0,70 %	0,87 %

At the end of 2009, the members of Elecster's Board of Directors, Managing Director and the corporations in their authority hold a total 57.861 shares.

These shares represent 1,54 percent of the total share capital and 1,77 percent of voting rights.

### Structure of share capital on December 31st 2009

Series of shares	Number of shares	% of shares	% of votes	Share capital Eur
K-shares	1 928 000	51 %	91,37 %	1 621 331,61
A-shares	1 820 116	49 %	8,63 %	1 530 607,68
Total	3 748 116	100 %	100,00 %	3 151 939,29

### Distribution of shareholding on December 31st 2009

#### Breakdown of shareholding

	Number of shares	Number of shareholders	% of shareholders	Shares	% of shares
1-100		226	27,23 %	13 933	0,37 %
101-1 000		434	52,29 %	190 481	5,08 %
1 001-5 000		124	14,94 %	279 079	7,45 %
5 001-10 000		24	2,89 %	179 888	4,80 %
10 001-100 000		19	2,29 %	605 215	16,15 %
100 001-		3	0,36 %	2 473 515	65,99 %
Total		830	100,00 %	3 742 111	99,84 %
Number of shares not entered in the book entry system				6 005	0,16 %
Number issued				3 748 116	100,0 %

#### According to shareholders

	Number of shareholders	% of shares
Companies	77	74,34 %
Credit and insurance institutions *)	4	3,42 %
General Government	2	1,45 %
Non-profit institutions	3	0,08 %
Households	741	20,46 %
Foreign owners	3	0,09 %
Number of shares not entered in the book entry system		0,16 %
Total	830	100,00 %

\*) Also the administratively registered share are included in this figure

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