

Vtion Wireless Technology

Technology

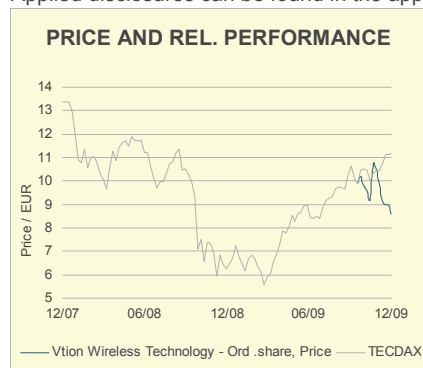
2009-12-16

Applied disclosures can be found in the appendix

Strong buy

Fair Value EUR12.40

Price EUR8.60 (Closing price as of 2009-12-15)



SOFT ASP FOR NOV. DUE TO MIX, STORY INTACT

In Nov. Vtion sold 180.5k data cards at an ASP of RMB342. It now expects to meet the lower end of its guidance of €66m-€70m in sales with an EBIT margin of 29% (implying €19m EBIT at the lower end). While the number of cards sold was in line with expectations, ASP was soft, explained by a mix shift towards low end cards sold to China Unicom (CDMA EV-DO). Guiding towards the lower end of the previously set range suggests that the mix will not improve materially in December. We adjust our FY'09 estimates to reflect this. The stock has been punished. Based on our forecast of net cash per share of €3.30 by end of '10, it is trading on forward PER excluding net cash of 3.9x. We reiterate our strong buy recommendation as we think the investment case is intact. Use low share price levels which likely are the result of year-end window dressing to build positions in this play on adoption of 3G technology in China.

12 month high/low €	10.74/8.60
Rel.% 1m -23.3 3m -21.3 12m -52.7	
Abs.% 1m -18.2 3m -15.3 12m -15.3	

MARKET DATA

Reuters	V33G.DE
Bloomberg	V33 GR
Market cap EURm	137.4
EV EURm	91.1
Number of shares m	16.0
Free float %	32.4

NEXT EVENTS

Rel. Sector	++
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UNFAVORABLE MIX TO PERSIST IN DECEMBER

This morning, Vtion Technology announced the number of data cards sold for the month of November, which totalled 181 up 22% from the 148k units sold in October (which was marked by shops being closed for China's 60th anniversary) but down from a peak of 231k cards shipped in September. One should not read too much into quarterly shipments, as these can be lumpy and would ideally have to be adjusted for sell-in and sell-out effects that can vary from month to month. However, with the number achieved in November, Vtion is on track to reach at least the lower end of its guidance.

NEW '09 EPS €1.16 (€1.20) STILL ABOVE OUR PRE-IPO EST. OF €1.01

We lower our 2009 EPS projection to €1.16 (€1.20) which is still significantly ahead of our pre-IPO report which estimated €1.01. We leave our 2010 estimates unchanged. Excluding projected net cash per share of €3.30 by YE'10, the stock is trading on forward PER of 3.9x only. If the stock was trading on growth company multiples, disappointing ASP might be a problem. However, in the case of Vtion, we regard this as a great buying opportunity and hence reiterate our strong buy recommendation.

KEY CHANGES			
EBT %	09e: -3.6	10e: -0.0	
EPS %	09e: -3.4	10e: -0.0	
FV %			

KEY DATA					
€ (Yr. end: 12/31)	2007	2008	2009e	2010e	2011e
Sales m	29.00	39.18	67.77	101.45	123.50
EBIT m	9.24	12.60	19.20	24.74	27.21
Net profit m	9.16	12.39	18.47	22.00	24.19
Oper. CF m	7.15	12.27	-10.10	14.62	22.44
Adj. EPS	0.92	0.90	1.16	1.38	1.51
Dividend	0.00	0.00	0.00	0.23	0.28
PER			7.4	6.2	5.7
Div. yield %			0.0	0.0	2.7
EV/EBITDA			4.3	3.1	2.4
Price to book			1.4	1.2	1.0
EBIT margin %	31.9	32.2	28.3	24.4	22.0
ROCE %	109.1	124.5	38.1	39.5	39.1
Sust. FCF yield %			-22.8	10.2	23.4
EPS CAGR 08-11e: 19 %			Net debt/Oper. CF 09e: 4.6	Eq. ratio 09e: 85 %	

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Changes to our model

The following table compares our new estimates (“New”) for Vtion Technology following the November key performance indicator (KPI) release vs. our initiation report (“Old”) as well as the projections from our pre-IPO research report (“pre-IPO”).

Vtion Technology EURm	FY 09 (e)				FY 10 (e)			
	pre-IPO	Old	New	Change	pre-IPO	Old	New	Change
# cards sold ('000)	1,591	1,665	1,652	-0.8%	2,030	2,458	2,458	0.0%
ASP (in EUR)	37.7	39.1	38.4	-1.8%	36.0	36.0	36.0	0.0%
Sales	64.7	70.0	67.8	-3.2%	84.4	101.5	101.4	0.0%
Gross profit	21.4	23.0	22.2	-3.2%	26.5	31.5	31.5	0.0%
<i>in % of sales</i>	33.2%	32.8%	32.8%		31.4%	31.0%	31.0%	
EBITDA	20.6	21.9	21.2	-3.4%	23.6	27.4	27.4	0.0%
<i>in % of sales</i>	31.9%	31.3%	31.3%		28.0%	27.0%	27.0%	
EBIT	18.6	19.9	19.2	-3.7%	20.9	24.7	24.7	0.0%
<i>in % of sales</i>	28.8%	28.5%	28.3%		24.8%	24.4%	24.4%	
Net profit	16.2	19.1	18.5	-3.4%	18.3	22.0	22.0	0.0%
EPS	1.01	1.20	1.16	-3.4%	1.15	1.38	1.38	0.0%
FCF	-9.1	-18.1	-17.4	-3.7%	10.6	9.7	8.4	-13.5%
Net financial position	12.5	46.6	47.3	1.4%	23.1	64.3	64.3	0.0%

Sources: Vtion Technology AG, Oppenheim Research

Mix shift towards lower priced cards

We cut the number of cards sold in Q4 by 13k units – all of them higher priced ones – triggering a reduction in ASP to €38.4 (or €33.5 for the month of December i.e. flat to slightly down vs. November). Our new estimates imply 194k cards to be sold in December, up from 180.5k in November and 148k in October.

Stress testing our estimates, Vtion still only trades on '10 PER of 5.1x ex-cash

The resulting EBIT of €19.2m is in line with the lower end of Vtion's guidance. We leave our projections for 2010 unchanged, as we deem one month data insufficient to remodel our case substantially. However, just for argument's sake, investors might want to give our 2010 numbers a haircut, for example by reducing projected net cash per share by 10% to €3 per share and 2010 EPS – again for arguments' sake only – by 20% to €1.10. At Vtion's current share price of €8.6 this implies 2010 PER of 5.1x net of cash.

DCF fair value implies '10 PER of only 8.5x; paired trade opportunity

The impact on our DCF model is almost negligible, resulting in fair value of €12.4 (€12.5). Again net of cash using the stress tested numbers mentioned in the preceding paragraph our fair value implies 2010 PER of 8.5x – not an ambitious valuation target we believe. Sierra Wireless and Novatel Wireless with patchy track records on free cash flow generation and facing stiff competition from China are trading on forward PER of 12.7x and 18.5x respectively. Investors who are allowed to short stocks may consider being short any of those two stocks and go long Vtion Technology against such a position.

Update on VNO model with FY results

Even though Vtion's press release only indicates the number of cards sold and ASP, we also reduce our assumption on the VNO model by excluding shipments of VNO packs to China Telecom (W-CDMA) as this would be one source of improving the mix. The impact on sales is €0.5m in Q4. As a reminder, under the virtual network operator (VNO) model Vtion ships a bundle consisting of one of its data cards plus a SIM card as a readily sellable package to retail partners who sell it to end users. In return Vtion collects RMB720 directly from the mobile operator (China Unicom and China Telecom) as well as an RMB80 mark-up on the resale of airtime. Vtion is the first and only company in China acting as a reseller of airtime in partnership with mobile operators. If this model were to take off, it would hold the potential to slow the pace of decline in Vtion's ASP which we are projecting.

Share price impacted by window dressing

Vtion's share price has largely underperformed since the IPO which was issued at €10.75. We believe this may reflect window dressing towards year end as well as retail shareholders selling after the quick IPO premium they had hoped for did not

materialize (remember this was the first IPO on German prime standard since June 2008). Window dressing will come to and end over the coming days as most institutional investors will be looking to close their books soon. We believe this share is a prime example of a “January stock pick” – small cap stocks have shown a statistically significant propensity to outperform at the beginning of a new year.

Fundamental case intact

One month of disappointing ASP and ok, but not outstanding, unit sales in November does not change our fundamental case on Vtion. Soft results for one or two months would be a problem if the shares were trading on growth stock multiples – which clearly is not the case. We therefore reiterate our strong buy recommendation on Vtion.

Growth trends in Chinese telecommunications market unchanged

Mobile subscribers					Change				
in m.	October '09		Dec '08		since 1 Jan.		Aug. abs.	Sept.	Oct.
	share	subs	share	subs	abs.	rel.			
China Unicom	20.4%	144.62	21.6%	133.37	9.43	8.4%	0.81	0.94	1.82
China Mobile	72.5%	513.47	73.9%	457.25	51.12	12.3%	5.26	5.43	5.10
China Telecom	7.1%	49.92	4.5%	27.91	18.87	78.9%	2.08	2.97	3.14
Total	100%	708.01	100%	618.53	79.42	14.5%	8.15	9.34	10.06

Local access lines					Change				
in m.	September '09		Dec '08		since 1 Jan.		Aug. abs.	Sept.	Oct.
	share	subs	share	lines	abs.	rel.			
China Unicom	35.5%	106.18	16.2%	100.15	6.99	6.0%	-0.48	-0.51	-0.95
China Mobile									
China Telecom	64.5%	192.93	33.7%	208.35	-13.96	-7.4%	-1.52	-1.78	-1.46
Total	100%	299.11	49.9%	308.50	-6.98	-3.0%	-2.00	-2.29	-2.41

Broadband access lines					Change				
in m.	September '09		Dec '08		since 1 Jan.		Aug. abs.	Sept.	Oct.
	share	subs	share	lines	abs.	rel.			
China Unicom	42.2%	38.01	36.5%	25.42	12.05	49.5%	0.87	0.87	0.54
China Mobile									0.00
China Telecom	57.8%	52.15	63.5%	44.27	7.18	17.8%	0.69	0.89	0.70
Total	101%	90.16	100%	69.69	19.23	29.4%	1.56	1.76	1.24

Sources: China Unicom, China Telecom, China Mobile, Oppenheim Research

45m units addressable market – growth has only just started

A rule of thumb suggests that for every two fixed broadband subscribers there will be one mobile internet subscriber. Based on data for October 2009, this suggests an addressable market for mobile data cards in China of 45m units to which one needs to add the replacement opportunity off a growing installed base. Vtion is one of top three listed suppliers, the other two being Huawei and ZTE, for whom mobile datacards should represent less than 1% of their total sales. In addition to providing data cards to mobile operators in China, Vtion also acts as a marketing and sales partner by stimulating mobile internet usage through its Vtion Business Club online portal, by having launched the above-mentioned VNO model and by providing professional after-sales services – still an exception in the Chinese context.

Transparent and open communications with shareholders

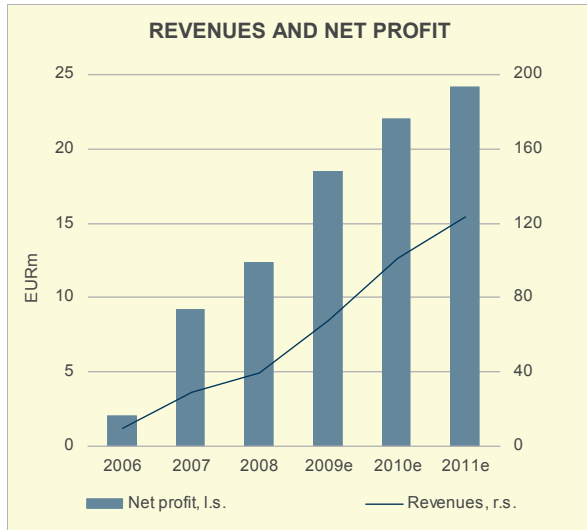
From a communications point of view, we appreciate Vtion’s monthly KPI update. We give management credit for not just publishing units sold, but also the ASP in RMB and for updating guidance in a timely fashion. Many large established listed companies are not nearly as transparent in their communications with shareholders. However, the downside is that this communications policy might contribute to increasing volatility in the stock. It might also penalize Vtion from a commercial standpoint, as this information may put operator customers and competitors in a position to read between the lines and use the information in price negotiations. A rethink of this policy may thus be warranted at some point.

	Price local	MCap in EURm	Gearing		EV/Sales			EV/EBITDA			EBITDA margin			EV/EBIT			P/E			
			2009	2010	2009	2010	2011	2009	2010	2011	2008	2009	2010	2011	2009	2010	2011	2009	2010	2011
Vion Technology	DE	8.78	140	-33.7%	1.37x	0.84x	0.59x	4.4x	3.1x	2.3x	32.6%	31.3%	27.0%	25.4%	4.8x	3.5x	2.7x	7.6x	6.2x	5.7x
International wireless card vendors																				
Sierra Wireless	CA	9.55	203	-44.9%	0.31x	0.18x	0.17x	6.3x	2.2x	1.9x	10.8%	4.9%	8.3%	8.8%	n.m.	7.8x	8.0x	21.0x	12.7x	17.7x
Novatel Wireless Inc	US	7.95	170	-54.6%	0.33x	0.31x	0.30x	4.1x	3.1x	2.6x	4.0%	8.1%	10.0%	11.6%	9.9x	6.4x	3.3x	23.4x	18.5x	16.1x
Option NV (BE Listing)	BE	0.70	42	-35.6%	0.17x	0.19x	0.18x	n.m.	4.9x	2.4x	0.0%	-13.2%	3.9%	7.5%	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
		Average			0.3x	0.2x	0.2x	5.2x	3.4x	2.3x					9.9x	7.1x	5.7x	22.2x	15.6x	16.9x
		Median			0.3x	0.2x	0.2x	5.2x	3.1x	2.4x					9.9x	7.1x	5.7x	22.2x	15.6x	16.9x
Chinese Wireless Technology																				
China TechFaith Wireless US		3.30	98	-78.7%	0.16x	0.18x	0.20x	1.6x	2.0x	2.0x	9.2%	10.0%	9.1%	9.8%	3.6x	16.2x	26.8x	18.3x	55.0x	82.5x
ZTE Corporation (Class CN)		41.95	7,397	0.7%	1.21x	1.03x	0.90x	15.3x	13.7x	11.5x	8.1%	7.9%	7.5%	7.8%	18.8x	16.9x	14.3x	31.4x	25.6x	21.8x
Longcheer Holdings Ltd. SG		0.52	99	-41.9%	0.16x	0.12x	0.10x	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.7x	2.1x	1.9x	27.2x	23.6x	20.7x
Lenovo Group Ltd. (HK ICN)		4.65	3,856	-29.4%	0.27x	0.22x	0.19x	14.6x	7.1x	5.4x	0.1%	2.4%	3.2%	3.6%	57.2x	11.1x	7.3x	489x	24.2x	16.7x
Chrip.com International L US		74.09	3,425	1.2%	17.4x	12.53x	9.63x	45.7x	32.3x	24.3x	36.7%	38.2%	38.8%	39.6%	49.1x	34.5x	25.6x	53.8x	39.3x	29.7x
BYD Electronic Co. Ltd. HK		6.38	1,274	3.3%	1.45x	1.23x	1.02x	11.4x	8.7x	7.2x	14.2%	12.7%	14.1%	14.0%	17.8x	13.7x	10.7x	21.6x	15.2x	11.7x
Spreadtrum Communica US		5.42	167	25.7%	3.02x	1.90x	1.63x	n.m.	22.9x	17.0x	-16.3%	-13.5%	8.3%	9.6%	n.m.	n.m.	22.8x	n.m.	133.6x	16.9x
Comba Telecom System HK		8.98	843	5.7%	2.45x	1.87x	1.59x	15.0x	11.8x	10.0x	13.0%	16.4%	15.8%	16.0%	16.9x	12.7x	10.8x	20.1x	15.4x	13.4x
		Average			3.3x	2.4x	1.9x	17.2x	14.1x	11.1x					23.7x	15.3x	15.0x	28.7x	41.5x	26.7x
		Median			1.3x	1.1x	1.0x	14.8x	11.8x	10.0x					17.8x	13.7x	12.6x	27.2x	24.9x	18.8x
Mobile operators																				
China Unicom (Hong Ko CN)		10.18	21,423	0.2%	1.39x	1.29x	1.19x	3.4x	3.2x	2.9x	45.0%	40.4%	40.8%	40.4%	15.1x	16.5x	13.2x	20.4x	25.4x	21.7x
China Mobile Ltd. (Ordin CN)		71.70	127,438	0.0%	2.85x	2.69x	2.55x	5.6x	5.5x	5.3x	52.5%	50.7%	49.1%	48.0%	8.8x	8.8x	8.7x	11.2x	11.0x	10.8x
China Telecom CorporatCN		3.34	23,951	0.2%	1.13x	1.05x	0.98x	3.1x	3.0x	3.0x	45.0%	36.3%	34.4%	33.2%	10.2x	9.4x	8.5x	17.1x	14.7x	12.4x
		Average			1.8x	1.7x	1.6x	4.1x	3.9x	3.7x					11.3x	11.6x	10.2x	16.2x	17.1x	15.0x
		Median			1.39x	1.29x	1.19x	3.4x	3.2x	3.0x					10.2x	9.4x	8.7x	17.1x	14.7x	12.4x

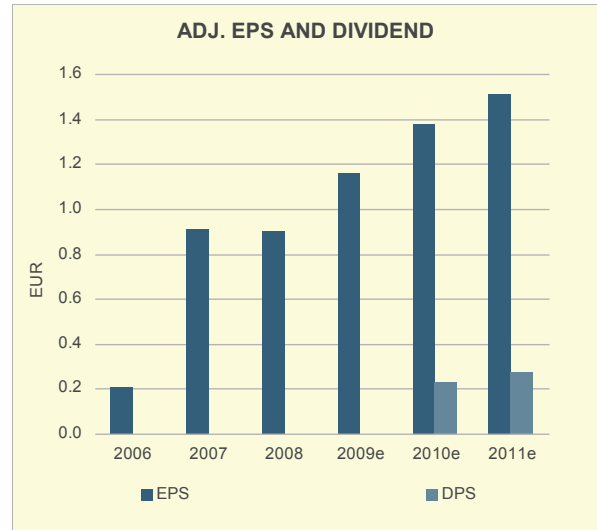
Source: Oppenheim Research

Vition Wireless Technology AG		H1 '08	Q3 '08	Q4 '08	H2 '08	2008	Q1	Q2	H1 '09	Q3 '09	Q4 '09e	H2 '09e	2009e	2010e	2011e	2012e	IFRS 2013e
(in EUR m)		18.852	10.645	9.68	20.324	39.176	7.09	14.04	21.134	26.60	20.042	46.639	67.773	101.446	123.504	155.654	173.611
change yoy		93.8%			5.5%	35.1%			12.1%	149.8%	107.1%	129.5%	73.0%	49.7%	21.7%	26.0%	11.5%
COGS		-11.40	-6.52	-5.163	-11.68	-23.09	-3.997	-10.004	-14.00	-17.546	-14.016	-31.56	-45.56	-69.96	-87.80	-113.53	-128.14
Gross profit		7.448	4.127	4.516	8.642	16.090	3.095	4.038	7.133	9.051	6.026	15.077	22.210	31.484	35.709	42.125	45.467
in % of sales		39.5%	38.8%	46.7%	42.5%	41.1%	43.6%	28.8%	33.8%	34.0%	30.1%	32.3%	32.8%	31.0%	28.9%	27.1%	26.2%
Selling and distribution expenses		-0.614	-0.325	-0.432	-0.758	-1.371	-0.210	-0.349	-0.558	-0.458	-0.470	-0.928	-1.486	-2.942	-3.705	-4.981	-6.08
in % of sales		-3.3%	-3.1%	-4.5%	-3.7%	-3.5%	-3.0%	-2.5%	-2.6%	-1.7%	-2.3%	-2.0%	-2.2%	-2.9%	-3.0%	-3.2%	-3.5%
Admin.		-1.045	-0.479	-1.057	-1.535	-2.580	-0.391	-0.380	-0.771	-0.507	-0.554	-1.061	-1.832	-3.855	-4.817	-6.382	-7.47
in % of sales		-5.5%	-4.5%	-10.9%	-7.6%	-6.6%	-5.5%	-2.7%	-3.6%	-1.9%	-2.8%	-2.3%	-2.7%	-3.8%	-3.9%	-4.1%	-4.3%
Other operating expenses		-0.003	-0.001	-0.078	-0.079	-0.082	-0.001	-0.015	-0.016	-0.007	-0.048	-0.055	-0.071	-0.304	-0.371	-0.623	-0.87
in % of sales		0.0%	0.0%	-0.8%	-0.4%	-0.2%	0.0%	-0.1%	-0.1%	0.0%	-0.2%	-0.1%	-0.1%	-0.3%	-0.3%	-0.4%	-0.5%
OPEX		-1.662	-0.805	-1.567	-2.372	-4.033	-0.602	-0.744	-1.345	-0.972	-1.072	-2.044	-3.389	-7.101	-8.892	-11.985	-14.410
in % of sales		-8.8%	-7.6%	-16.2%	-11.7%	-10.3%	-8.5%	-5.3%	-6.4%	-3.7%	-5.3%	-4.4%	-5.0%	-7.0%	-7.2%	-7.7%	-8.3%
Other operating income		0.210	0.138	0.197	0.335	0.545	0.059	0.118	0.177	0.152	0.048	0.200	0.377	0.355	0.398	0.400	0.420
EBIT		5.997	3.459	3.146	6.605	12.602	2.553	3.412	5.965	8.231	5.002	13.233	19.198	24.738	27.214	30.540	31.477
in % of sales		31.8%	32.5%	32.5%	32.5%	32.2%	36.0%	24.3%	28.2%	30.9%	25.0%	28.4%	28.3%	24.4%	22.0%	19.6%	18.1%
Financial income		0.195	0.063	0.013	0.077	0.272	0.085	0.040	0.125	0.167	0.254	0.421	0.546	0.870	0.950	1.000	1.050
Financial expenses		-0.222	-0.197	-0.062	-0.259	-0.481	-0.015	-0.009	-0.024	-0.022	-0.014	-0.036	-0.060	-0.470	-0.524	-0.500	-0.385
EBT		5.969	3.325	3.098	6.423	12.392	2.622	3.444	6.066	8.376	5.241	13.617	19.684	25.138	27.640	31.040	32.142
in % of sales		31.7%	31.2%	32.0%	31.6%	31.6%	37.0%	24.5%	28.7%	31.5%	26.2%	29.2%	29.0%	24.8%	22.4%	19.9%	18.5%
Tax		0.000	0.000	0.000	0.000	0.000	-0.309	-0.415	-0.724	0.166	-0.655	-0.489	-1.213	-3.142	-3.455	-7.760	-8.036
Tax rate		0.0%	0.0%	0.0%	0.0%	0.0%	-11.8%	-12.1%	-11.9%	2.0%	-12.5%	-3.6%	-6.2%	-12.5%	-12.5%	-25.0%	-25.0%
Net profit		5.969	3.325	3.098	6.423	12.392	2.313	3.029	5.342	8.542	4.586	13.128	18.470	21.996	24.185	23.280	24.107
change yoy		96.5%			4.9%	35.3%			-10.5%	156.9%	48.0%	104.4%	49.0%	19.1%	10.0%	-3.7%	3.6%
in % of sales		31.7%	31.2%	32.0%	31.6%	31.6%	32.6%	21.6%	25.3%	32.1%	22.9%	28.1%	27.3%	21.7%	19.6%	15.0%	13.9%
Adjustments						0.0							0.0	0.0			
No. of shares year end		11.48	11.48	11.48	15.98	15.98	15.98	15.98	15.98	15.98	15.98	15.98	15.98	15.98	15.98	15.98	15.980
weighted average No. of shares		11.48	11.48	11.48	15.98	13.73	15.98	15.98	15.98	11.48	15.98	13.73	15.98	15.98	15.98	15.98	15.980
EPS		0.29	0.29	0.27	0.40	0.90	0.14	0.19	0.33	0.74	0.29	0.96	1.16	1.38	1.51	1.46	1.51
change yoy						-1.4%							28.1%	19.1%	10.0%	-3.7%	3.6%

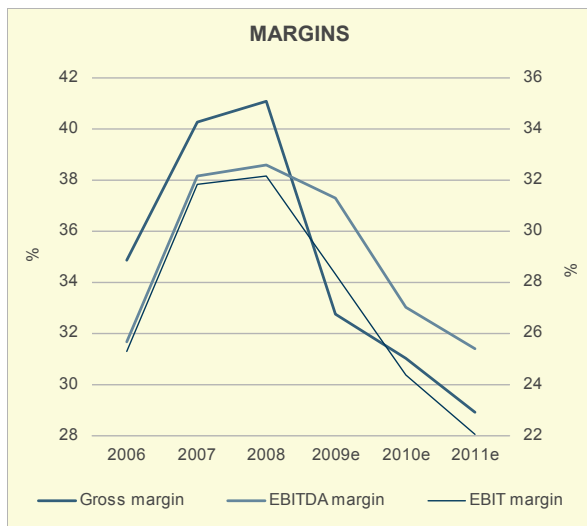
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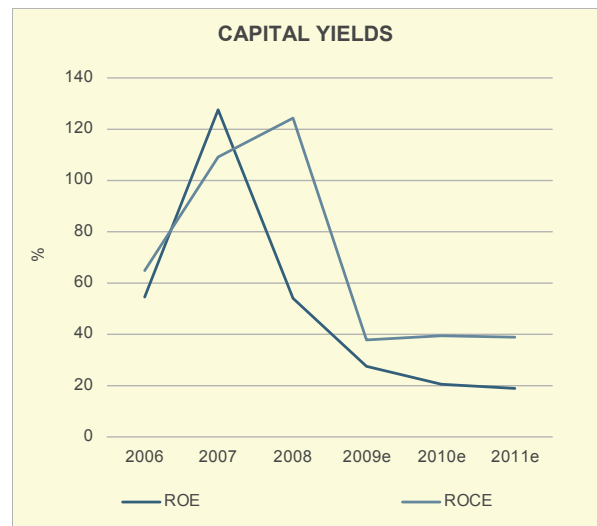
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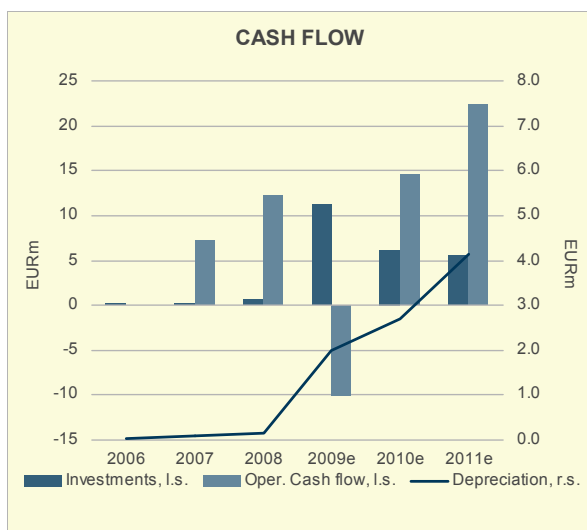
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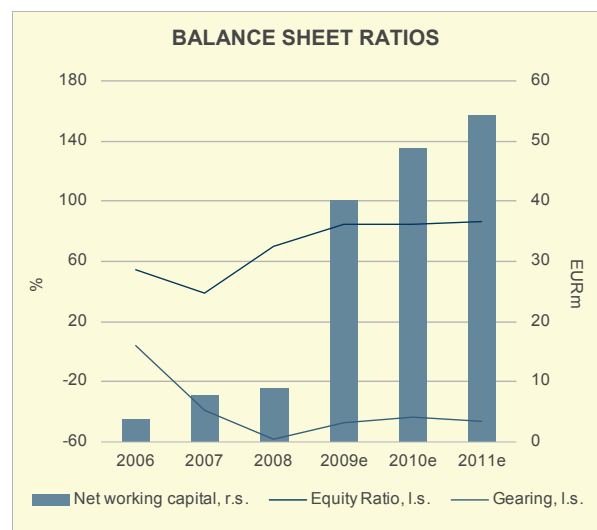
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Source: Oppenheim Research



Source: Oppenheim Research



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Vtition Wireless Technology - P&L (Cost of Sales)					
EURm (Yr. end: 12/31)	2007	2008	2009e	2010e	2011e
Sales	29.0	39.2	67.8	101.4	123.5
Cost of goods sold	-17.3	-23.1	-45.6	-70.0	-87.8
Gross profit	11.7	16.1	22.2	31.5	35.7
Selling costs	-0.9	-1.4	-1.5	-2.9	-3.7
Administrative costs	-1.3	-2.6	-1.8	-3.9	-4.8
Other operating income/expenses (net)	-0.2	0.5	0.3	0.1	0.0
EBITDA	9.3	12.8	21.2	27.4	31.4
EBIT	9.2	12.6	19.2	24.7	27.2
Interest result	-0.1	-0.2	0.5	0.4	0.4
Financial result	-0.1	-0.2	0.5	0.4	0.4
Profit or loss on ordinary activities	9.1	12.4	19.7	25.1	27.6
EBT	9.1	12.4	19.7	25.1	27.6
Taxes	0.0	0.0	-1.2	-3.1	-3.5
Profit / loss for the year (cont. operations)	9.2	12.4	18.5	22.0	24.2
Net profit	9.2	12.4	18.5	22.0	24.2
Adjusted net profit	9.2	12.4	18.5	22.0	24.2
Key ratios and numbers					
EURm (Yr. end: 12/31)	2007	2008	2009e	2010e	2011e
Valuation					
PER			7.4	6.2	5.7
P/BV			1.4	1.2	1.0
Dividend yield %			0.0	0.0	2.7
EV/Sales			1.3	0.9	0.6
EV/EBITDA			4.3	3.1	2.4
Sustainable FCF yield %			-22.8	10.2	23.4
Data per share					
Weighted avg. number of shares	10.00	13.73	15.98	15.98	15.98
EPS (reported)	0.92	0.90	1.16	1.38	1.51
Adj. EPS	0.92	0.90	1.16	1.38	1.51
DPS	0.00	0.00	0.00	0.23	0.28
Book value per share	1.04	2.23	6.11	7.28	8.54
Sustainable FCFPS	0.7	0.9	-0.6	1.0	1.5
Growth rates %					
Sales	189.9	35.1	73.0	49.7	21.7
EBITDA	263.2	36.7	66.1	29.4	14.4
EBIT	264.9	36.4	52.3	28.9	10.0
Net profit	345.0	35.3	49.0	19.1	10.0
adj. EPS	345.0	-1.4	28.1	19.1	10.0
Margins %					
Gross	40.3	41.1	32.8	31.0	28.9
EBITDA	32.2	32.6	31.3	27.0	25.4
EBIT	31.9	32.2	28.3	24.4	22.0
Net profit	31.6	31.6	27.3	21.7	19.6
Expense ratios %					
Depreciation to sales (Cost of sales)	0.3	0.4	3.0	2.6	3.4
Tax rate	-0.2	0.0	6.2	12.5	12.5
Other ratios					
Interest cover	-29.9	-26.5	-353.3	-58.3	-59.9

Vtion Wireless Technology - Cash Flow Statement					
EURm (Yr. end: 12/31)	2007	2008	2009e	2010e	2011e
EBIT	9.2	12.6	19.2	24.7	27.2
Depreciation / amortization	0.1	0.2	2.0	2.7	4.2
Non Cash Items	-0.3	1.3	-1.3	-3.4	-3.1
Change in other assets & liabilities	2.4	-2.2	-1.9	-0.3	-0.2
Change in working capital	-4.1	0.7	-28.6	-9.5	-6.1
Operating Cash Flow	7.2	12.3	-10.1	14.6	22.4
Net financial result	-0.1	-0.2	0.5	0.4	0.4
Cash Flow from operations	7.1	12.1	-9.6	15.0	22.9
Investments in tangible assets	-0.1	-0.3	-3.5	-4.5	-3.7
Investments in intangible assets	-0.1	-0.2	-7.7	-1.7	-1.9
Disinvestments	0.0	-0.0	0.0	0.0	0.0
Cash Flow from investing activities	-0.2	-0.6	-11.2	-6.2	-5.6
Change in financial liabilities	3.4	-5.2	-1.6	-0.0	-2.0
Change in shareholder's equity	0.0	9.1	43.2	0.0	0.0
Dividend payments	0.0	0.0	0.0	-3.7	-4.4
Other/consolidation	0.1	-0.8	0.0	0.0	0.0
Cash Flow from financing activities	3.5	3.2	41.5	-3.7	-6.4
Cash changes from currency movements	-0.1	1.6	0.0	0.0	0.0
Change in cash and cash equivalents	10.3	16.3	20.8	5.1	10.9
Cash and cash equivalents (begin. of period)	1.6	12.2	30.3	50.6	55.3
Cash and cash equivalents (end of period)	12.2	30.3	50.6	55.3	65.7
Ratios and Key Figures					
EURm (Yr. end: 12/31)	2007	2008	2009e	2010e	2011e
Cash Flow from operations	7.1	12.1	-9.6	15.0	22.9
- Capex (tang. + intang. assets)	-0.2	-0.5	-11.2	-6.2	-5.6
Free Cash Flow (equity)	6.8	11.5	-20.8	8.8	17.3
Free Cash Flow (entity)	6.8	11.5	-20.8	8.8	17.3
Adjusted Free Cash Flow (entity)	6.8	11.5	-20.8	8.8	17.3
Sustainable FCF (equity) per share	0.7	0.8	-1.3	0.6	1.1
Ratios					
Operating CF / capex	5,842.1	3,569.0	-288.5	325.0	610.2
Operating CF / net financial debt	-0.1	-0.5	1.7	-1.7	-1.3
Deprecation / capex	38.1	29.9	17.9	43.3	74.5
Maintenance capex / revenues, %	-0.8	-1.4	-1.5	-1.5	-1.4
Net working capital / revenues, %	26.6	22.7	59.0	48.0	44.0
Cash conversion rate	0.8	1.0	-0.5	0.5	0.7

Vtton Wireless Technology - Balance sheet					
EURm (Yr. end: 12/31)	2007	2008	2009e	2010e	2011e
Assets					
Current assets	25.8	49.8	103.9	122.1	141.3
Cash and cash equivalents	12.2	30.3	50.6	55.3	65.7
Trade receivable	10.1	6.4	33.9	42.6	49.4
Other receivables	1.1	8.2	5.1	5.9	6.4
Inventories	2.3	4.9	14.2	18.3	19.8
Fixed assets	0.8	1.2	10.4	13.9	15.3
Tangible assets	0.6	0.8	7.1	7.4	6.9
Intangible assets	0.2	0.5	3.3	6.5	8.4
Prepaid expenses , deferred taxes	0.0	0.0	1.2	1.2	1.2
Total assets	26.6	51.0	115.4	137.2	157.8
Liabilities and Shareholders' Equity					
Total liabilities	16.2	15.4	17.8	20.8	21.3
Short-term liabilities	4.7	2.4	8.1	12.2	14.8
Trade payables	4.7	2.4	8.1	12.2	14.8
Long-term liabilities	11.4	13.0	9.6	8.7	6.4
Long-term financial debt	8.2	9.7	4.3	4.2	2.2
Other long-term liabilities	3.3	3.3	5.4	4.5	4.3
Shareholders' equity	10.4	35.6	97.7	116.4	136.5
Capital subscribed	10.0	11.5	16.0	16.0	16.0
Reserves	0.4	24.1	81.7	100.4	120.6
thereof retained earnings	0.4	24.1	81.7	100.4	120.6
Total equity , liabilities	26.6	51.0	115.4	137.2	157.8
Ratios and Key Figures					
EURm (Yr. end: 12/31)	2007	2008	2009e	2010e	2011e
Balance sheet structure					
Net working capital	7.7	8.9	40.0	48.7	54.3
Net financial debt	-4.0	-20.6	-46.4	-51.1	-63.5
Capital employed (CE)	8.5	10.1	50.4	62.6	69.7
Enterprise value (EV)			91.1	86.3	73.9
Ratios					
Current assets %	97.1	97.6	90.0	89.0	89.5
Long-term assets %	2.9	2.4	9.0	10.1	9.7
Equity ratio %	39.1	69.8	84.6	84.8	86.5
Gearing %	-38.9	-58.0	-47.4	-43.9	-46.5
Net financial debt / EBITDA	-0.4	-1.6	-2.2	-1.9	-2.0
EV / CE			1.8	1.4	1.1
ROCE %	109.1	124.5	38.1	39.5	39.1
ROE %	127.7	53.9	27.7	20.6	19.1

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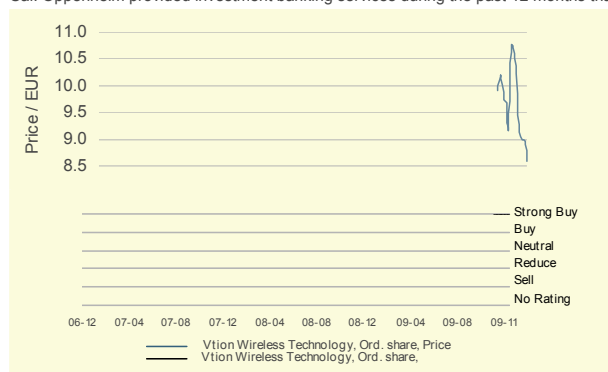
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