

## A knowledge-based company



*The bronze bust of Nikola Tesla  
sculptured by Ivan Meštrović*

## COMPANY INFORMATION

Name: **ERICSSON NIKOLA TESLA D.D**

Core business: provider of modern information-communications products, solutions, software and services

Address: Krapinska 45, HR-10 000 Zagreb  
Poljička cesta 39, HR-21 000 Split

Phone: when in Zagreb +385 (0)1 **36 53 535**  
when in Split +385 (0)21 **43 48 00**

Fax: when in Zagreb +385 (0)1 **36 53 156**  
when in Split +385 (0)21 **43 48 34**

E-mail: [etk.company@ericsson.com](mailto:etk.company@ericsson.com)

Web address: [www.ericsson.com/hr](http://www.ericsson.com/hr)

Company identification number (MB): **03272699**

Company registration number (MBS): **080002028**

Share capital: **266,330,000.00 HRK** (as of December 31, 2005)

Shares: **1,331,650** registered shares

Nominal share value: **200.00 HRK** (as of December 31, 2005)

Ownership structure: Ericsson **49.07%**, small shareholders: **49.01%**, the Croatian

Privatization Fund: **0.89%**, treasury shares: **1.03%** (as of December 31, 2005)

Share trading: Shares of Ericsson Nikola Tesla (ERNT-R-A) were admitted to the quotation of Public Joint Stock Companies on the Zagreb Stock Exchange on July 17, 2003. The shares are also traded on the free market of the Varaždin Stock Exchange.

Giro account:	<b>ZABA</b>	2360000-1101235687
	<b>PBZ</b>	2340009-1110012058
	<b>RBA</b>	2484008-1100331673
	<b>ERSTE</b>	2402006-1100414168
	<b>SBS</b>	2330003-1100206134

Managing Director: **MSc Gordana Kovačević**

Supervisory Board President: **Ragnar Bäck**

Number of employees: **1281** (as of December 31, 2005)

## **GORDANA KOVAČEVIĆ, PRESIDENT OF ERICSSON NIKOLA TESLA, ADDRESSES OUR SHAREHOLDERS**



**MSc Gordana Kovačević**

*Knowledge is the key to  
our success*

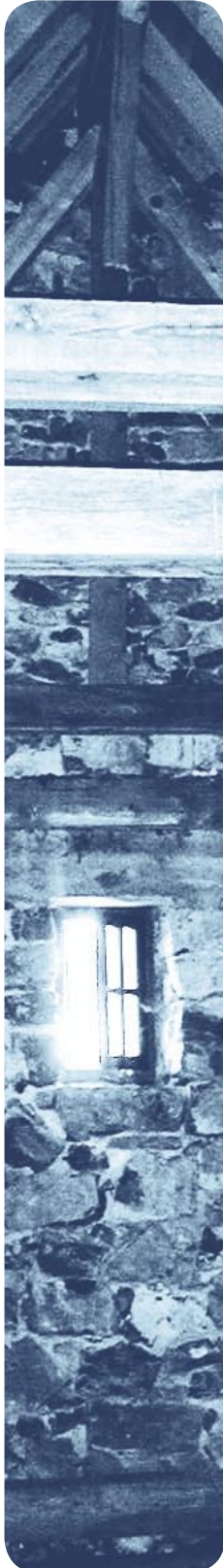
***Ericsson Nikola Tesla has completed  
another successful business year.***

Our accomplishments are due to the hard work and efforts put in by all of our employees, to their professionalism and competence. Keeping in mind the great expectations our stakeholders have and being fully aware of our own responsibility in a business environment characterized by heavy competition, price demands and a constant need to secure optimal solutions at the smallest possible operating expense

we need immense strength and wisdom to stay on the success track. Pursuant to its strategy, vision and mission, Ericsson Nikola Tesla permanently adapts and adjusts. Our work approach has always included innovativeness, creativity, openness to new ideas and business opportunities, efficiency and a healthy entrepreneurial spirit. Because of the world standards applied in business operations and the innovative organizational approach, Ericsson Nikola Tesla has become a distinctive force in its local and regional environment and also globally as a neatly-organized and future-oriented business that fully recognizes business excellence and acts as a role model for other companies.

Our goals were completely fulfilled and some of them were even exceeded, making 2005 another record-breaking year in terms of sales and profit. Compared to 2004 the performance of Ericsson Nikola Tesla in 2005 was characterized by the following results:

- a 4.7 % increase in net sales;
- a 0.2% increase of booked orders;
- a 9% increase of profit before tax;
- a positive cash flow for the seventh successive year;
- a stable and motivational company culture; a fact confirmed by the annual employees' survey, Dialog, carried out for the seventh year in a row.
- customer satisfaction shown in our business accomplishments and the annual customers' satisfaction survey.



## **The restructuring process that Ericsson Nikola Tesla underwent during the previous period created the prerequisites for stable company growth and development**

The restructuring process that Ericsson Nikola Tesla underwent during the previous period created the prerequisites for stable company growth and development even in years characterized by great challenges in telecommunications and the information-communications industry. This healthy business foundation, which was noted by financial indicators, provided the opportunity of employing 340 new associates, mostly in the research and development area over the last two years and this is the first subject I wish to discuss. Such a high employment rate required considerable financial means to secure adequate working conditions and competence development for new employees. At the same time, additional efforts, flexibility and commitment on the part of managers and experienced associates were needed. Accordingly, our accomplishments are even more valuable. A 17% increased employment rate compared to 2004 is a positive indicator of activity growth. However, we have to be aware of the great responsibility we have for the company's future and of the role we have taken in the fulfillment of important corporate projects. In view of this challenge we will need every employee, every single idea and creative output - to retain our present responsibilities we simply have to be the best. Using the combined expertise of our motivated employees with cost efficient, quality and timely performance we must solidify our position as one of the strongest competence centers providing services to Ericsson.

The second subject I wish to speak about is Ericsson Nikola Tesla's ability to keep in tune with global telecom trends. Ericsson's leadership in technology combined with a commitment to customer satisfaction is the best possible framework for Ericsson Nikola Tesla to operate in. The company is actively involved in providing the

*Light in the window  
of Tesla's birthhouse*



**Our main advantage is our workforce, people who work professionally, possess the right expertise, and follow the company's strategic guidelines**

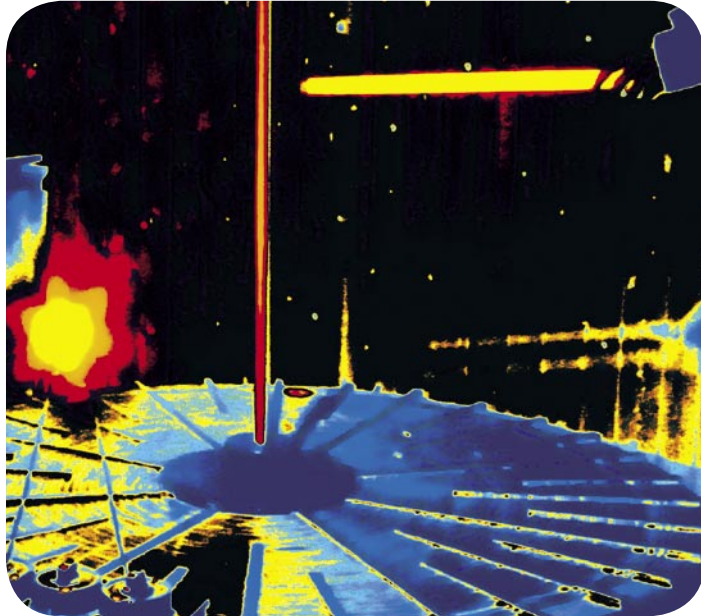


***The Gramme dynamo that inspired Tesla***

latest telecommunication solutions, from IP based networks, IP based multimedia subsystems, broadband access in fixed networks and HSDPA in mobile technology. Based on excellent references in several global projects, Ericsson Nikola Tesla creates the outline for its own competitiveness in various markets, especially in these sophisticated telecommunications segments. We have to face the challenge of a highly dynamic global market in which daily changes occur in interrelation and power shifts among leading companies. Last year there was a strong presence of competitors from the Far East in the European market. This is the result of a global process that has opened new perspectives as well as made competition uncertain. Fully aware of these movements, we established new partnerships and cooperations with Ericsson as our natural environment and in other markets as well. As a result, we achieved a first rate extension of our customer base. This work method requires an innovative, proactive and determined approach. Although these qualities have been visible in our performance until now, we have to show even more commitment, perseverance and determination in our work and in learning and acquiring new competence if we wish to continue our success. With this in mind, we consider 2006 and the following years as years of new business growth opportunities. At the same time we pay full attention to our strategic goals, especially when maintaining achieved results in domestic, export and internal markets is concerned.

Our main advantage is our workforce, people who work professionally and possess the right expertise, who follow the company's strategic guidelines and who effectively contribute to our company culture, the kind of culture that motivates Ericsson Nikola Tesla to set its sights high.

**Gordana Kovačević,**  
president of Ericsson Nikola Tesla



*Wireless transmission  
of energy*

## **VISION**

To contribute to the process of making Croatia a prosperous country by using our leadership in the new economy.

## **MISSION**

To understand customers' needs and business opportunities, to offer integrated information and communications solutions for their operations by being faster and better than any other competitor and to be a competitive software and service supplier within the Ericsson corporation. In doing so, Ericsson Nikola Tesla will generate profit and prosperity for all its shareholders and other stakeholders.

## **CORPORATE VALUES**

- **Professionalism** in performing everyday tasks
- **Respect** towards employees, suppliers, contractors, partners and customers which is exhibited in our relationships and superb working conditions
- **Perseverance** in accomplishing goals

**We ensure profit and growth  
for our shareholders and other  
stakeholders**

*Tesla's wireless remote  
control: the antenna of a  
radio-controlled boat*

## **LONG-TERM OBJECTIVES regarding:**

- **Shareholders:**  
higher profitability and sales growth
- **Customers:**  
to be the best business partner and communications  
solutions provider
- **Employees:**  
to be the best employer
- **Ericsson:**  
to increase productivity and efficiency
- **Community:**  
to maintain a reputation as being a top  
Croatian company

## **SUCCESS FACTORS:**

- Dedication to customer success
- Focusing on business and cost efficiency
- Increased productivity and internal efficiency
- Internal synergy utilization
- Competence development and willingness to accept change
- Keeping internal and external communication in focus
- A performance-driven company culture
- Employees' empowerment
- Commitment to achieving company goals

