

OKMETIC

*Annual general meeting
President's review*

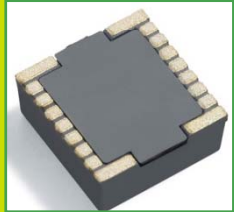
Antti Rasilo

President's review 3 April 2008

- Okmetic in 2007
- Financial statements 2007
- Outlook for 2008
- Okmetic's strategy



Okmetic serves three industrial sectors



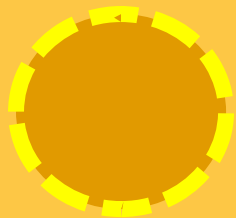
Sensor industry

- Market in 2007: 2.3 billion USD
- 5-year growth projection: 14%/annum (Yole)



Semiconductor industry

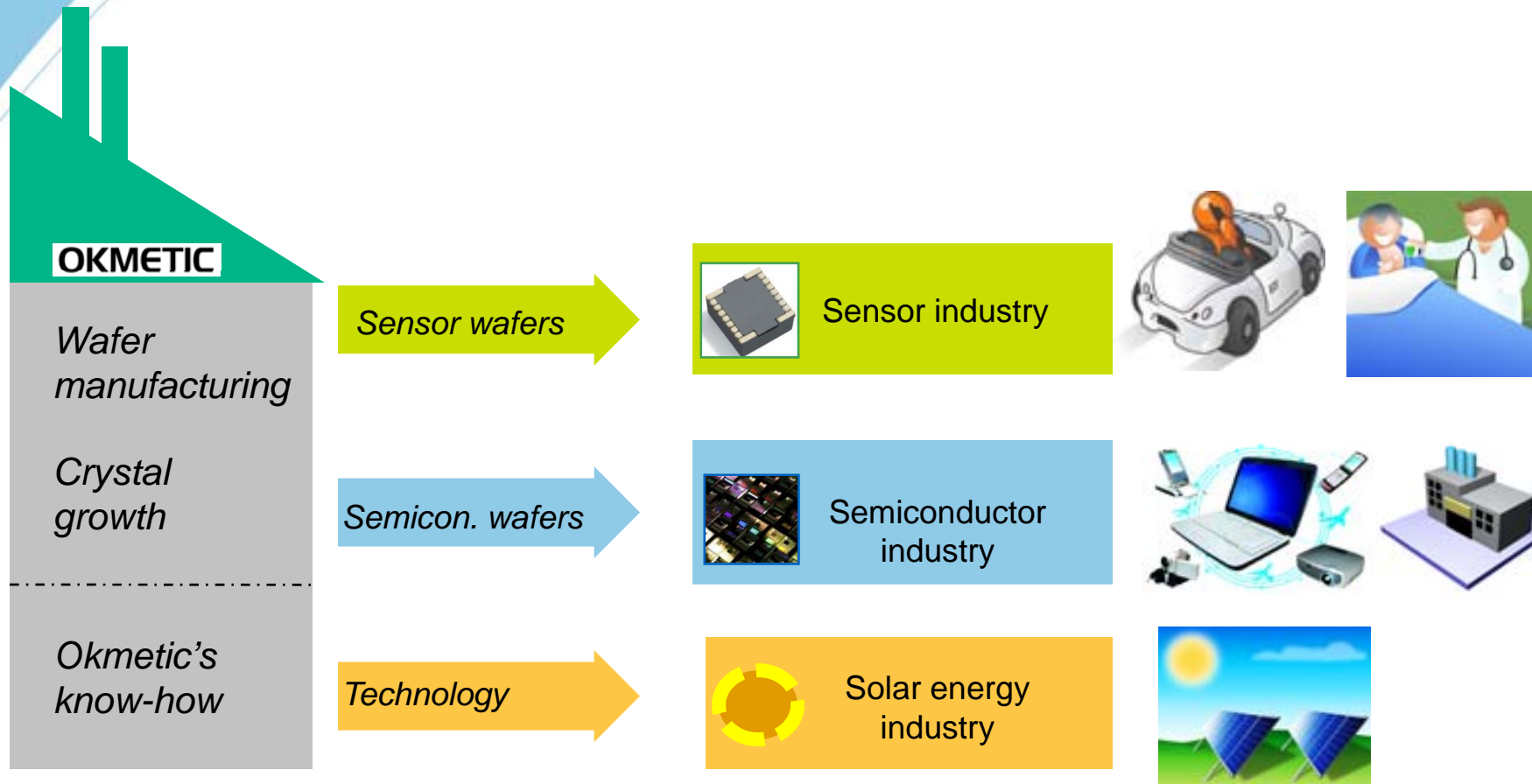
- Market in 2007: 255 billion USD
- 5-year growth projection: 8-10%/annum (IC Insights)



Solar energy industry

- Market in 2007: 17.2 billion USD
- 5-year growth projection > 30%/annum (EPIA)

Okmetic's business – wafers and technology





Okmetic's business – customers and products

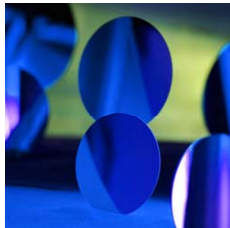


Sensor wafers

For sensor manufacturers in

- automotive industry
- medical instrumentation
- process control

Okmetic is the market leader

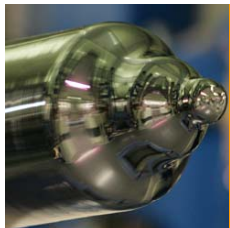


Semiconductor wafers

Specialised products for target customers in

- power management
- automotive electronics
- telecommunications
- consumer electronics

Okmetic is valued and reliable supplier



Technology

Okmetic's expertise is also a valuable sales article

Okmetic worldwide

EU



USA



Asia



Finland

- Vantaa plant
- EU sales
- Asia sales
- Group headquarters

Texas, USA

- Allen plant
- US sales

Japan, Tokyo

- Japan sales
- Contract manufacturing

China

- Contract manufacturing

● Sales representatives

China, India, Korea, Singapore, Taiwan, USA

Production



Vantaa plant, Finland

- Crystal growth
- Sensor wafers
- Demanding semiconductor wafers
- Further processing (SOI)

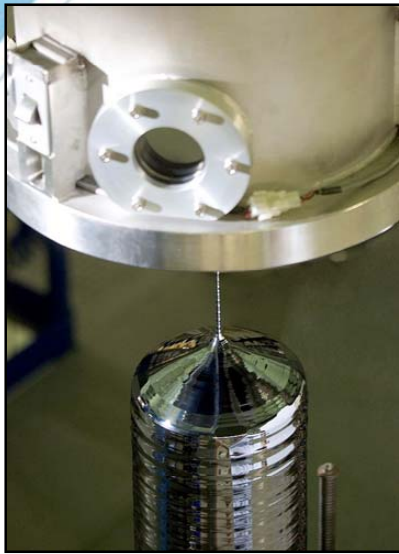
Allen plant, Texas, USA

- Further processing (EPI)

Contract manufacturing, Japan, China

- Semiconductor wafers

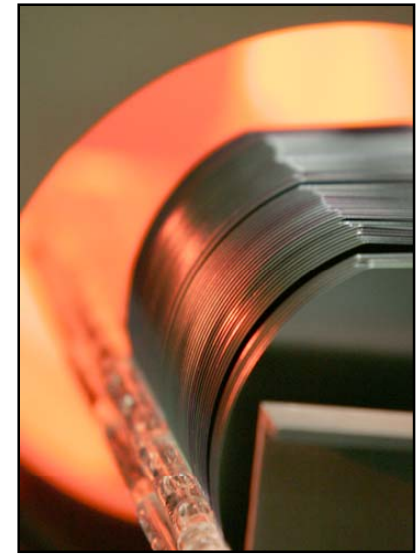
From sand to silicon wafers to microcircuits



Crystal growth

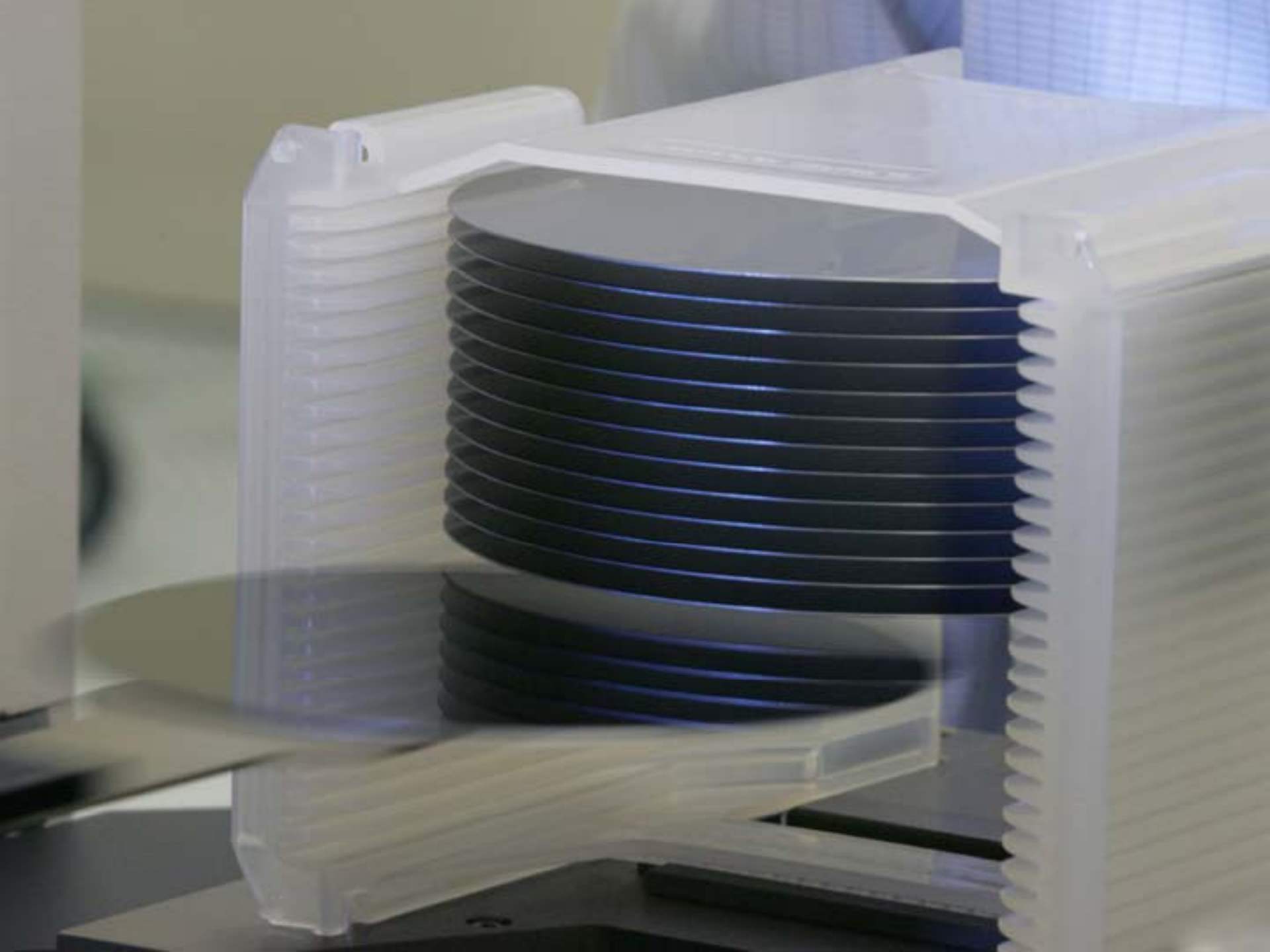


Wafer manufacturing



Further processing

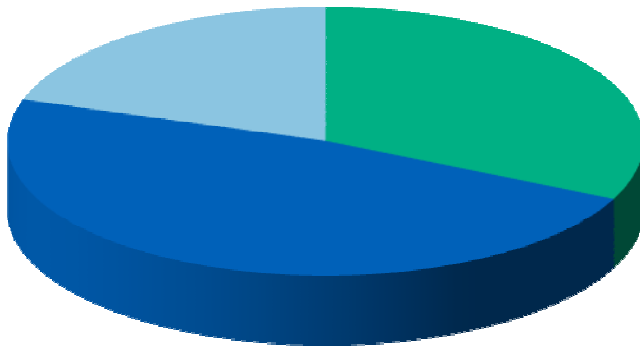




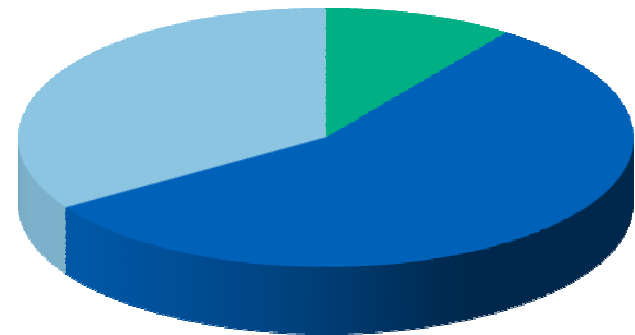


Okmetic in 2007

Division of sales by market area and customer group 2007



■ North America	48%
■ Europe	32%
■ Asia	20%



■ Sensor customers	34%
■ Semicon. customers	56%
■ Technology	10%

Market in 2007 – steady demand

Customer industries in 2007

- Demand for sensors grew by 9%
- Growth was steady on the semiconductor market but fell short of the long-term average, coming in at 3%
- Solar energy industry grew by 62%

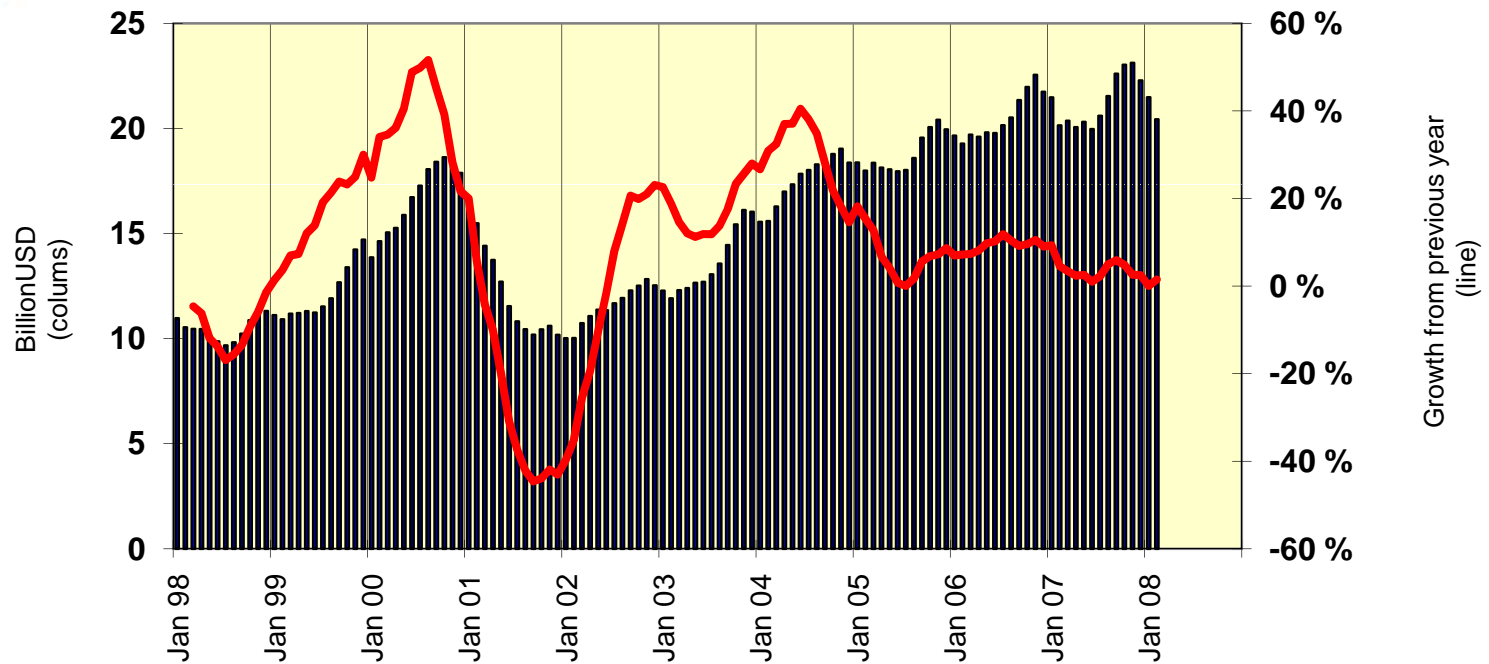
Silicon wafer industry in 2007

- Wafer shipments increased by 8%
- Growth most prominent in large, 300 mm wafers
- Average wafer prices increased in Okmetic's operating currencies

Okmetic in 2007

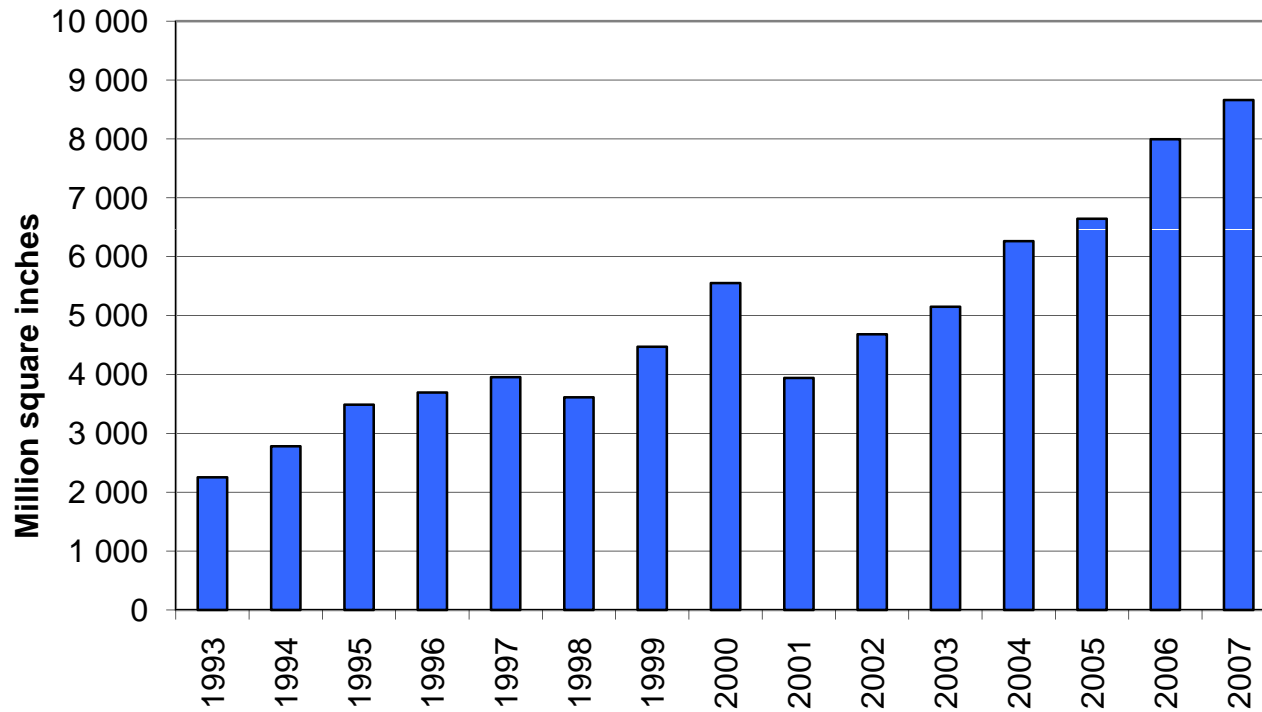
- Okmetic's net sales grew by 2%
- Okmetic increased its market share
- Demand amongst sensor and semiconductor customers was steady

Worldwide semiconductor billings 1998 - 2008



Three months' floating average (SIA)

Global silicon wafer shipments (SEMI)



Okmetic 2007 – achievements and measures

- New products were launched and sales grew in sensor wafers
- New sensor customers
- Sales of semiconductor wafers to key customers increased
- Asian sales grew by 24%
- Technology transfer project with the Norwegians progressed commendably
- Access to raw material was ensured by means of long-term supply contracts
- Contract manufacturing established an important role for itself in wafer production
- Proposal for profit distribution in 2007

The implementation of the strategy proceeded as planned



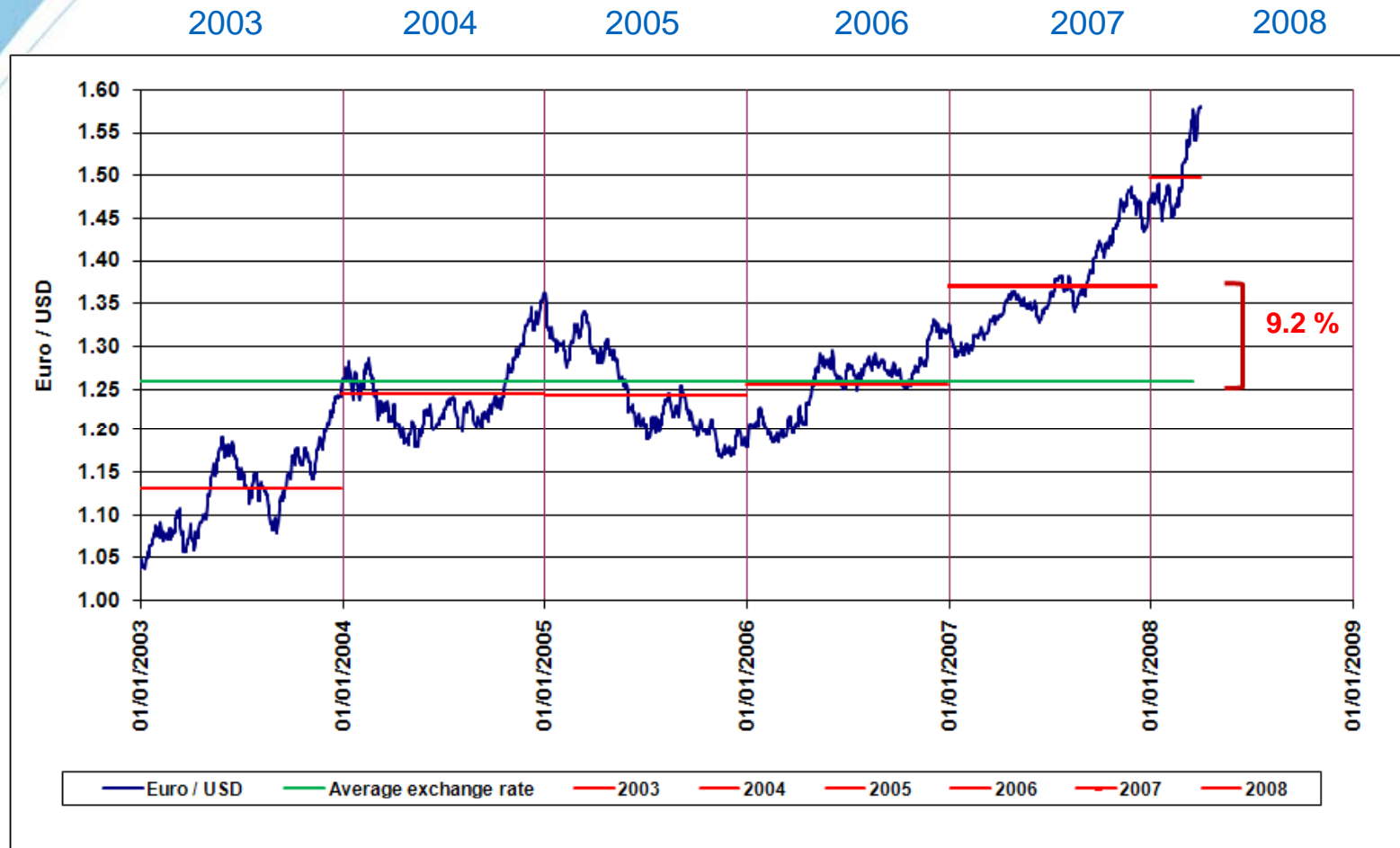
Financial statements 2007

Comments on the 2007 financial statements

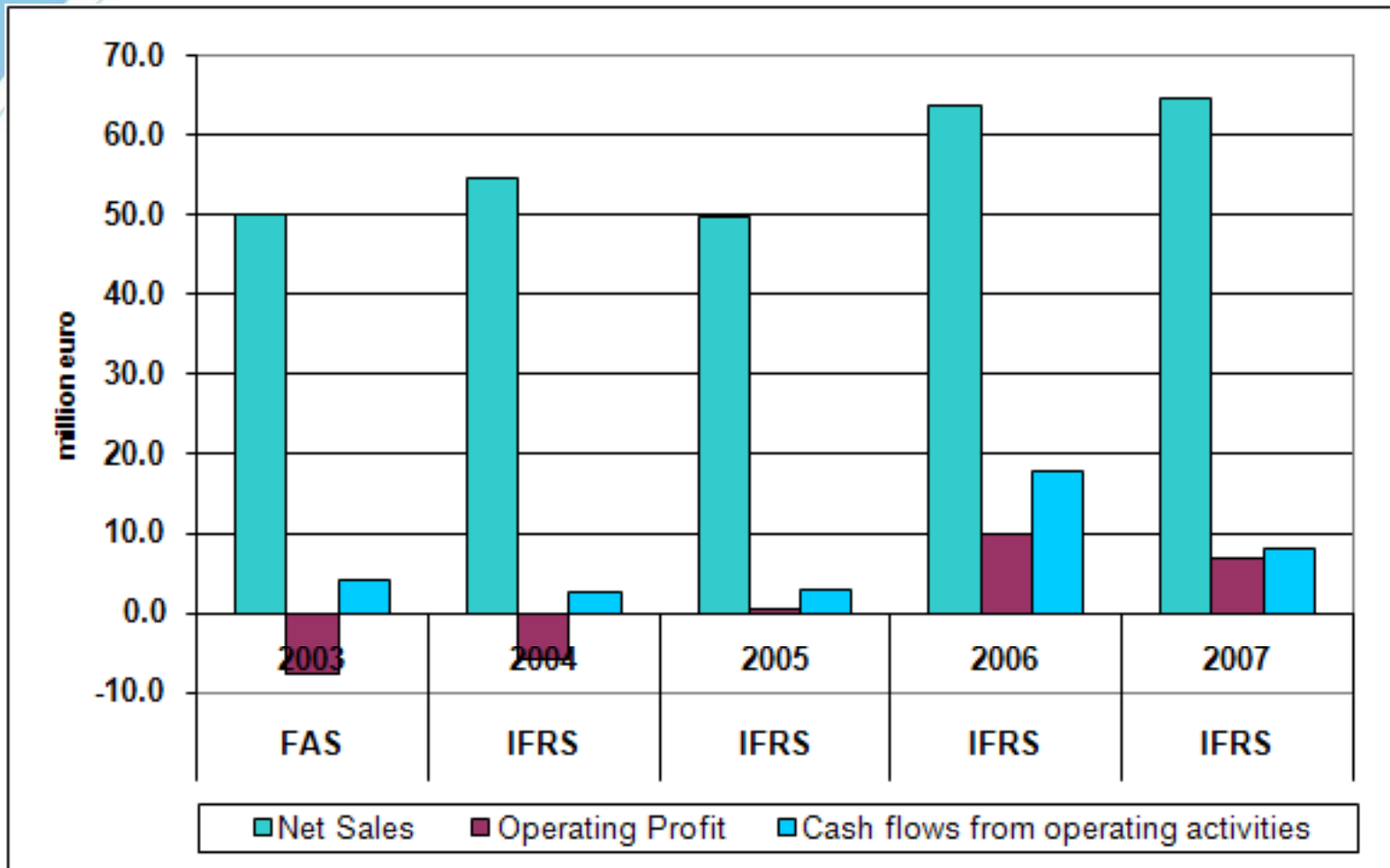
Good profitability despite the more challenging market conditions

- Operating profit was 11% and earnings before taxes 8% of net sales
- Cash from operating activities strong at 8.3 million
- 4.7 million euro's worth of accumulated repayments of subordinate loans and 3.4 million euro interest payments made
- Equity ratio strengthened in 2007 and was 55% (2006: 50%)
- Net gearing ratio was 19.6%
- Return on equity was 12.4%
- Earnings per share were 0.31 euro
- Proposal for profit distribution in 2007: dividend of 0.10 euro per share, equal to 32% of the annual earnings before tax

Development of USD exchange rate



Net sales, operating profit/loss and net cash flow from operating activities, million euro



Okmetic Group, income statement, 1,000 euro

	1 Jan - 31 Dec 2007	1 Jan - 31 Dec 2006
Net sales	64,651.9 100.0 %	63,694.5 100.0 %
Gross profit	13,685.0 21.2 %	15,529.3 24.4 %
Other operating income	762.4	1,739.4
Sales and marketing expenses	-2,843.3	-2,770.7
Administrative expenses	-4,249.3	-4,303.5
Other operating expenses	-233.8	-317.1
Operating profit	7,121.0 11.0 %	9,877.3 15.5 %
Financial income	405.8	260.6
Financial expenses	-2,311.8	-3,458.6
Profit before tax	5,215.0 8.1 %	6,679.4 10.5 %
Income tax	90.2	206.2
Profit for the period	5,305.1 8.2 %	6,885.5 10.8 %

Earnings per share, euro

	2007	2006
Profit attributable to equity holders of the parent company (1,000 euro)	5,305.1	6,885.5
Weighted average number of shares outstanding during the period (1,000 shares)	16,887.5	16,887.5
Basic earnings per share (euro/share)	0.31	0.41

Okmetic Group - personnel

	2007	2006	2005
Number of employees, annual average	362	360	359
Number of employees at the end of the year	357	365	338
Wages and salaries, million euro	18,1	17,6	15,7
Average length of employment, years	8,1	7,7	8,0
Number of days in training per person	4,4	2,5	4,0
Sickness absences, %	3,1 %	2,9 %	3,4 %

Developing the personnel's skills and well-being is an inherent part of Okmetic's strategy

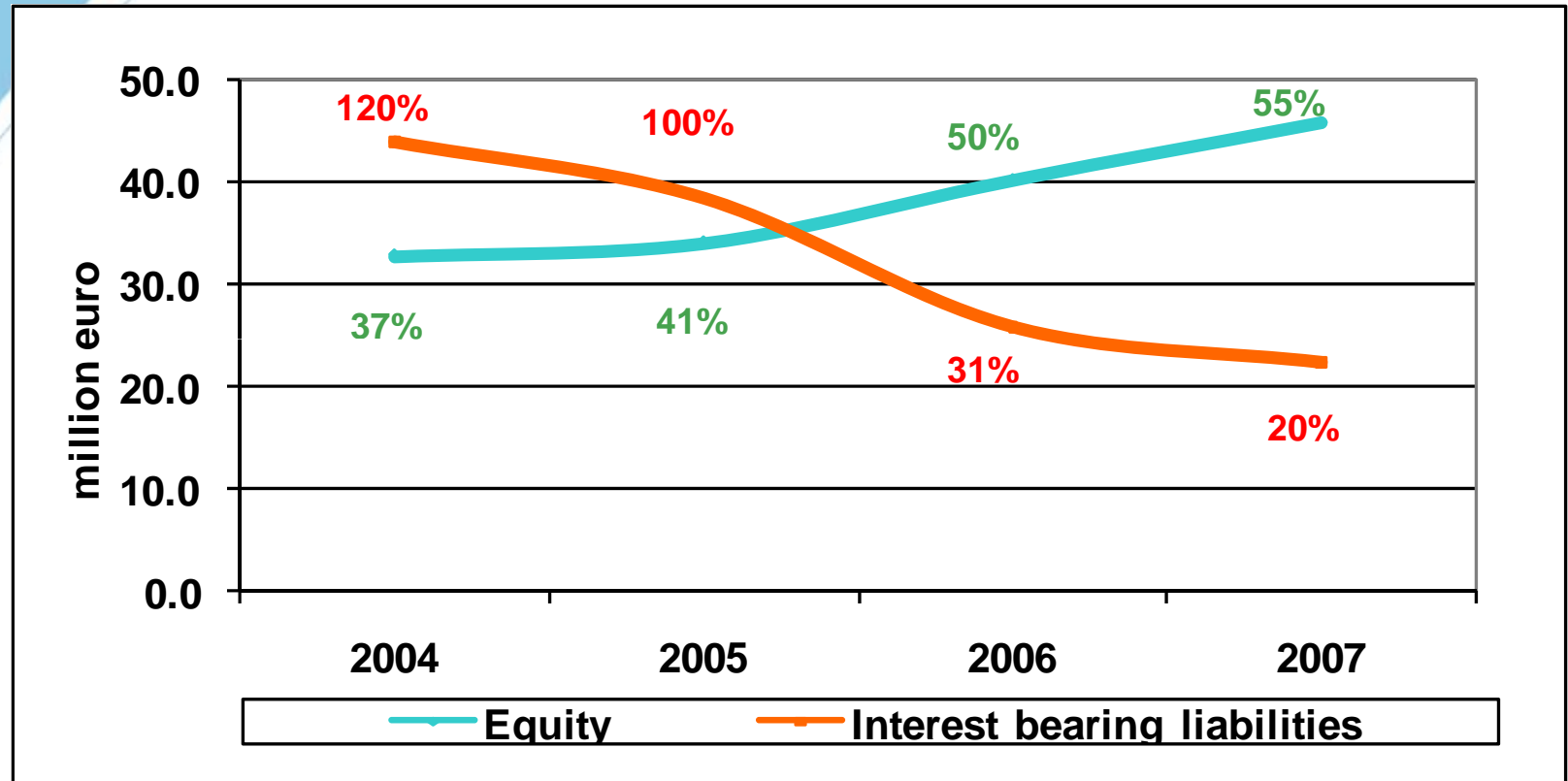
Balance sheet, assets, 1,000 euro

	12/31/2007	12/31/2006	
Assets			
Non-current assets			
Property, plant and equipment	43,355.4	47,821.2	
Available-for-sale financial assets	2,430.5	1,501.9	Advances paid
Other receivables	2,731.0	122.9	
Total non-current assets	48,517.0	49,446.0	
Current assets			
Inventories	6,399.4	7,915.1	
Trade and other receivables	14,439.1	9,036.0	VAT
Cash and cash equivalents	13,308.3	13,184.3	
Total current assets	34,146.8	30,135.3	
Total assets	82,663.7	79,581.3	

Balance sheet, equity and liabilities, 1,000 euro

	12/31/2007	12/31/2006	
Equity and liabilities			
Total equity	45,649.4	40,080.5	
Liabilities			
Non-current liabilities			
Interest-bearing liabilities	16,383.5	20,720.8	
Deferred tax liabilities	432.0	573.6	Advances received
Other liabilities	900.0	-	
	17,715.5	21,294.4	
Current liabilities			
Interest-bearing liabilities	5,875.7	5,010.2	VAT
Trade and other payables	9,407.8	5,890.0	Equity loans interests
Accruals and deferred income	4,015.3	7,306.2	
	19,298.8	18,206.4	
Total liabilities	37,014.3	39,500.8	
Total equity and liabilities	82,663.7	79,581.3	

Equity and liabilities



Equity

Interest bearing liabilities

Equity ratio

Gearing

Cash flow, 1/2, 1,000 euro

	1 Jan - 31 Dec 2007	1 Jan - 31 Dec 2006
Cash flows from operating activities		
Profit before tax		
Adjustments for	5,215.0	6,679.4
Depreciation and impairment	9,825.8	10,259.4
Changes in working capital		
Change in trade and other receivables	-7,924.8	-196.2
Change in inventories	1,344.8	-109.4
Change in trade and other payables	4,345.2	2,957.9
Interest received	393.5	171.2
Dividends received	-	0.9
Interest paid	-4,511.4	-1,382.1
Other financial items	-293.5	-436.0
Income tax paid	-89.8	-
Net cash from operating activities	8,304.9	17,945.1

VAT

Equity loans interest

Cash flow, 2/2 1,000 euro

	1 Jan - 31 Dec 2007	1 Jan - 31 Dec 2006
Cash flows from investing activities		
Purchases of property, plant and equipment	-4,809.1	-1,203.3
Proceeds from sale of property, plant and equipment	498.4	4,751.4
Proceeds from sale of available-for-sale financial assets	-	25.4
Net cash from/used in investing activities	-4,310.7	3,573.6
Cash flows from financing activities		
Proceeds from long-term borrowings	18,000.0	10,000.0
Repayments of long-term borrowings	-21,540.1	-6,916.2
Payments of finance lease liabilities	-213.4	-342.8
Repayments of short-term borrowings	-	-15,500.0
Net cash used in financing activities	-3,753.6	-12,759.0
Net increase (+), decrease (-) in cash and cash equivalents	240.7	8,759.7

Key figures, million euro

	2007	2006	2005
Net sales	64.7	63.7	49.8
Change in net sales, %	1.5	27.8	-8.6
Operating profit	7.1	9.9	0.6
% of net sales	11.0	15.5	1.2
Profit before tax	5.2	6.7	-1.6
% of net sales	8.1	10.5	-3.1
Return on equity, %	12.4	18.6	-5.1
Return on investment, %	10.8	14.2	0.8
Gearing, %	19.6	31.3	99.5
Equity ratio, %	55.2	50.4	41.1
Balance sheet	82.7	79.6	82.8

Share-related key figures

	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004
Basic earnings per share, euro	0.31	0.41	0.00	-0.55
Equity per share, euro	2.70	2.37	2.01	1.94
Dividend per share, euro	0.10	-	-	-
Dividend/earnings, %	31.8	-	-	-
Price/earnings (P/E)	9.6	9.3	501.0	-4.4
Share price performance				
Average trading price	3.87	3.11	2.09	2.88
Lowest trading price	2.54	1.80	1.65	2.15
Highest trading price	4.67	3.75	3.14	4.50
Trading price at the end of the period	3.03	3.69	1.78	2.44
Market capitalisation at the end of the period, 1,000 euro	51,169	62,315	30,060	41,206
Trading volume				
Trading volume, transactions	13,175,961	16,500,162	5,851,792	5,519,895
In relation to weighted average number of shares, %	78.0	97.7	34.7	32.7
Trading volume, euro	51,002,491	51,312,696	12,220,981	15,898,813

Okmetic Oyj, income statement, euro

	1 Jan - 31 Dec 2007	1 Jan - 31 Dec 2006
Net sales	56,883,828.79	54,113,194.22
Cost of sales	-44,193,225.49	-41,358,884.36
Gross profit	12,690,603.30	12,754,309.86
Sales and marketing expenses	-2,411,289.08	-2,318,274.56
Administrative expenses	-3,690,736.35	-3,716,398.72
Other operating income	37,670.28	1,611,576.62
Other operating expenses	-224,840.34	-303,720.57
Operating profit	6,401,407.81	8,027,492.63
Financial income and expenses	-1,500,814.49	-2,293,399.28
Profit for the period	4,900,593.32	5,734,093.35

Sale of Espoo
plant 2006

Okmetic Oyj, balance sheet, assets, euro

	12/31/2007	12/31/2006
Fixed assets		
Intangible assets	-	45,840.11
Tangible assets	-	29,416,722.29
Investments	16,965,615.46	16,965,615.46
Total fixed assets	16,965,615.46	46,428,177.86
Current assets		
Inventories	4,476,828.65	5,291,984.93
Long-term receivables		
Other receivables	28,820,767.27	3,807,587.45
Short-term receivables		
Trade receivables	6,972,936.56	6,288,028.06
Other receivables	7,148,557.05	960,238.50
	14,121,493.61	7,248,266.56
Cash and cash equivalents	11,385,109.32	11,915,114.08
Total current assets	58,804,198.85	28,262,953.02
Total assets	75,769,814.31	74,691,130.88

Sale to the subsidiary

Sale to the subsidiary

Receivables from subsidiaries and advances paid

Okmetic Oyj, balance sheet, equity and liabilities, euro

	12/31/2007	12/31/2006
Shareholders' equity	42,501,191.38	37,600,598.06
Liabilities		
Long-term liabilities		
Subordinated loans	998,223.59	6,657,996.70
Loans from financial institutions	13,000,000.68	13,750,000.66
Advances received	900,000.00	-
	14,898,224.27	20,407,997.36
Short-term liabilities		
Subordinated loans	998,223.58	-
Loans from financial institutions	4,000,000.00	4,678,584.59
Advances received	44,235.77	74,573.66
Trade payables	3,751,338.31	3,341,238.07
Other liabilities	5,878,058.01	1,665,743.70
Accruals and deferred income	3,698,542.99	6,922,395.44
	18,370,398.66	16,682,535.46
Total liabilities	33,268,622.93	37,090,532.82
Total shareholders' equity and liabilities	75,769,814.31	74,691,130.88

VAT

Equity loans interests



Projections for 2008

Market projections for 2008

Customer industries:

- Demand for **silicon-based sensors** to increase by 12-16% (Yole, IC Insights). Demand for consumer applications set to strengthen again
- **Semiconductor market** to grow by around 2-9% (SIA, Gartner, IC Insights). Balancing of stocks amongst semiconductor customers to cause demand to dip temporarily during the first half of the year
- **Solar energy industry** to grow by around 30-54 % (EPIA, Photon). Shortage of silicon raw material restricts growth.

Market projections for 2008

Silicon wafer industry:

- Total volume of silicon wafer shipments to grow by around 10% (SEMI).
Growth to be particularly prominent in 300 mm wafers.
Demand for other wafer sizes to remain high. Their market growth expected to be modest.
- Demand for sensor wafers and SOI wafers in particular to grow significantly.
- Some pressure to lower wafer prices.

Okmetic in January-June 2008

- Sales volumes to increase – net sales expected to amount to around 34 million euro
- Growth to be particularly prominent in sensor wafers and technology transfers
- Technology transfer project with the Norwegians progressing well
- Operating profit expected to account for around 10% of net sales
- Fluctuations in the exchange rate of the US dollar to have an impact on growth and profit development

Okmetic to continue investing in sensor wafers



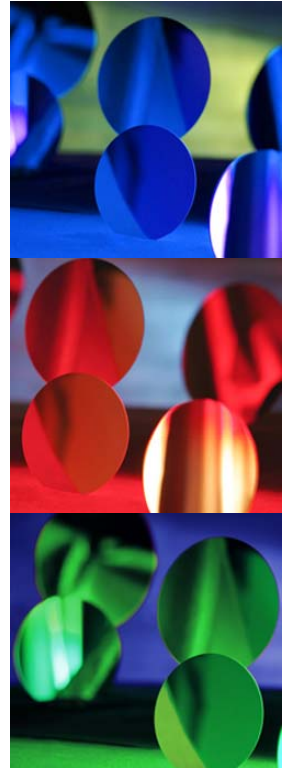
Okmetic's strategy

Main goals – Okmetic's vision

Okmetic is the world's leading supplier of sensor wafers and a highly regarded partner in technology

- Operating profit to exceed 10% every year
- Growth to be at least 6% per year
- Equity ratio to be 50%
- Dividends to be paid consistently every year

Okmetic's shareholder value up considerably



Okmetic's strengths

We are the global market leader in silicon-based solutions in our chosen market segments as well as a technological pioneer.

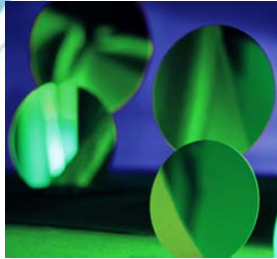


Technology
leadership

Value adding
silicon solutions

Excellence in
relationships

Strategies for different market segments



Sensor wafers

Most important area of growth and investment



Semiconductor wafers

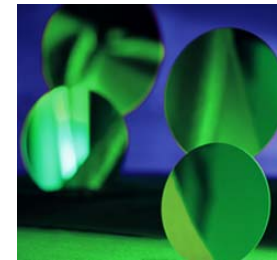
Specialist products for target customers



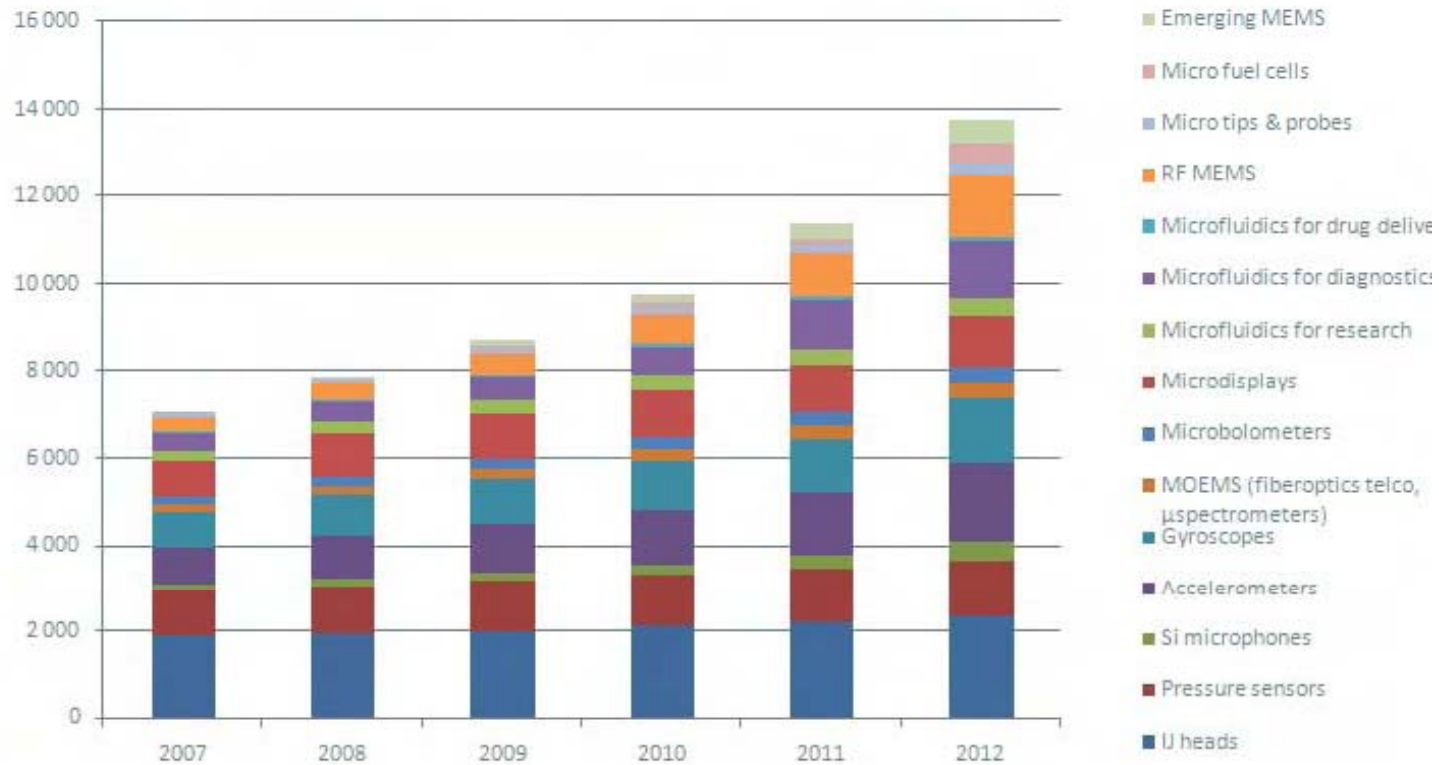
Technology

Know-how for boosting customers' productivity

MEMS market 2007 – 2012 (million USD)

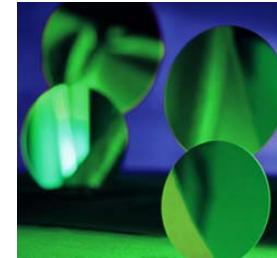


Strategy
Sensor wafers



Source: Yole Développement

Focus on growth and investment



Strategy
Sensor wafers

Vision:

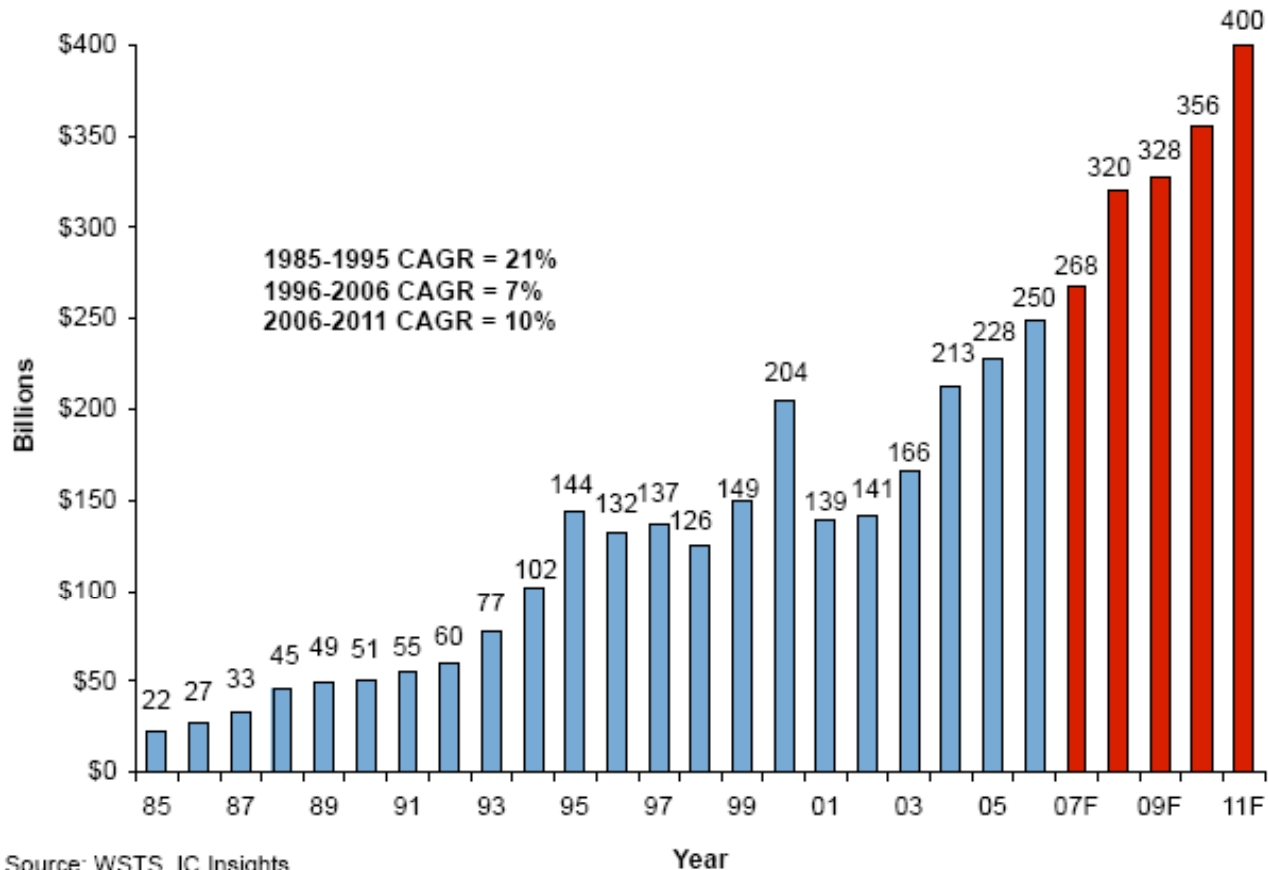
"We are a global market leader and technological pioneer as well as the best partner for our customers and a generator of added value"

- Strong growth from sensor customers
- Japan an important growth area
- Current market leader position to be strengthened in the EU and the US
- Strong R&D investment in future solutions
- Development cooperation with key customers and research institutions
- We create new products that give our customers a competitive edge and boost their cost-effectiveness
- Extra services and further processing help Okmetic to expand its market potential

Worldwide semiconductor market history and forecast (1985 - 2011)



Strategy
Semiconductor
wafers



Specialist products for target customers

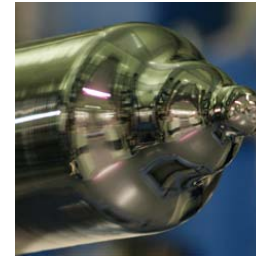


Strategy
Semiconductor
wafers

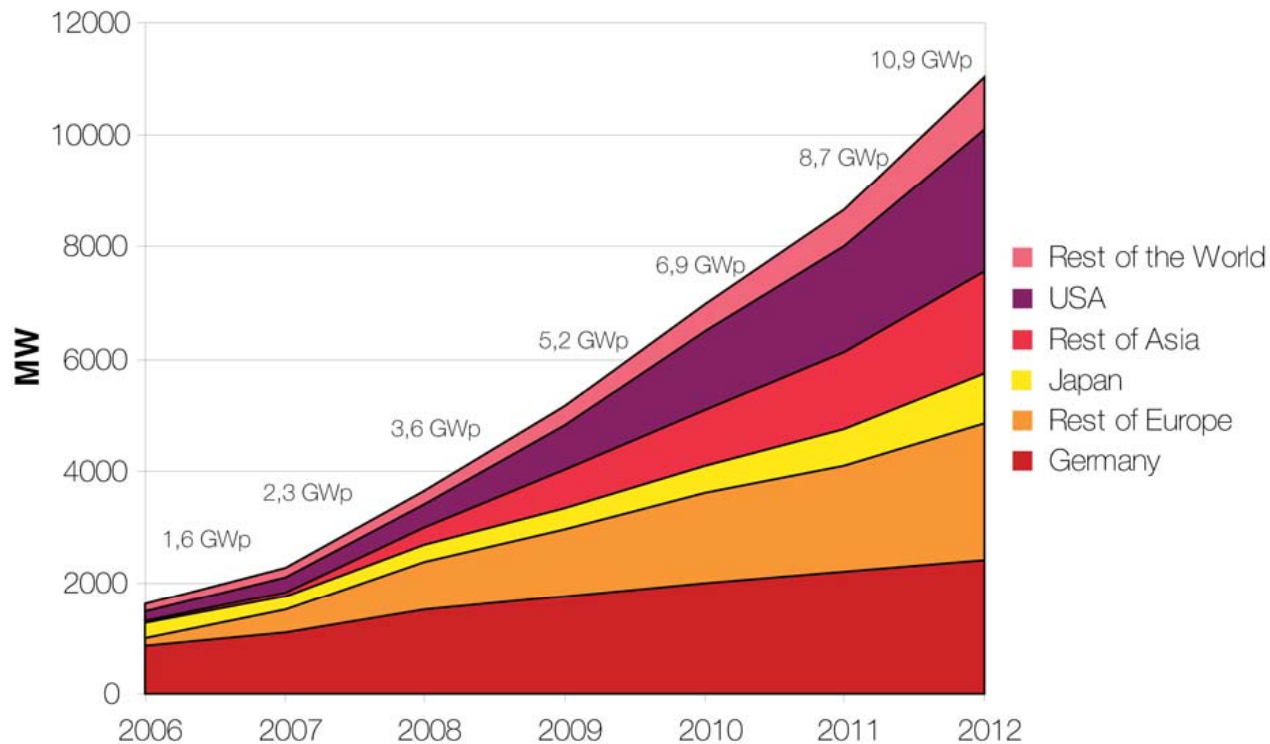
Okmetic will optimise productivity within the constraints of in-house machine capacity and increasing contract manufacture

- Focus on demanding added value solutions involving challenging materials or further processing (Polyback, LTO, EPI)
- All crystals to be grown in Vantaa
- In-house wafer manufacture to focus on more demanding wafers
- Role of contract manufacturing to increase again

Development of solar energy panel markets

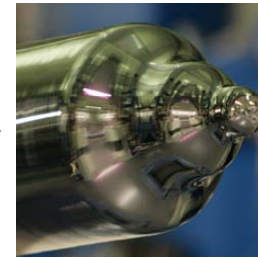


Strategy
Technology



Source: European Photovoltaic Industry Association

Okmetic's expertise to boost customers' profitability



Strategy
Technology

- Goal is to sell technology to enterprises that are not in competition with Okmetic
- Okmetic's expertise is a valuable sales article



Okmetic today

- Working to achieve long-term goals:
 - Annual organic growth of net sales at least 6%
 - Operating profit to account for more than 10% of net sales
 - Equity ratio to be 50%
 - Dividends to be paid consistently every year
- Modernisation of operating processes
- Staying on the cutting edge of sensor wafer development
- Expanding strategic international collaboration
- Offering attractive jobs
- Boosting stock market value by strengthening market position and relationships with customers

