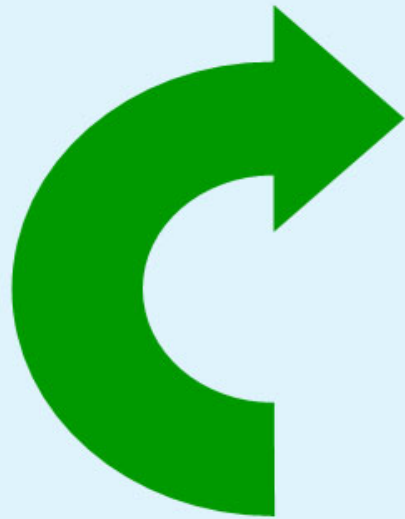








# **Annual Press Conference 2006**

November 16, 2006

# EPCOS is profitable again



## Turnaround achieved

EUR million	Continuing operations		
	FY 05	Improvement	FY 06
Sales	1,150	 +159	1,309
EBIT	-27	 +74	+47
EBIT margin	-2%	 +4%	+4%
Net cash flow of overall business	-65	 +163	+98



# Success and important strategic moves

- » Market position strengthened
- » Sales with new products increased by 30%
- » Quality offensive making progress
- » Restructuring is being pushed forward
- » Costs reduced by EUR 100 million
- » Cooperation started in the areas of ceramic capacitors and aluminum electrolytic capacitors

**Improvement of  
market position and  
competitiveness**

- » Sale of tantalum capacitor business unit closed
- » Discontinuation of UltraCap<sup>®</sup> activities
- » Improvements for piezo actuators

**Elimination of  
loss-makers**



# Key data EPCOS Group

EUR million	FY 05	+/-	FY 06
<b>Continuing operations</b>			
Orders	1,120	+23%	1,377
Sales	1,150	+14%	1,309
EBIT	-27		47
in % of sales	-2%	-	4%
Net income/loss	-66	-	35
Earnings per share in EUR	-1.02	-	0.54
<b>Overall operations</b>			
Net income/loss	-119	-	21
Earnings per share in EUR	-1.83	-	0.32



# Key data by quarters (continuing operations)

EUR million	Q1 06	+/-	Q2 06	+/-	Q3 06	+/-	Q4 06	+/- YoY
<b>Orders</b>	<b>335</b>	<b>+4%</b>	<b>348</b>	<b>+2%</b>	<b>356</b>	<b>-5%</b>	<b>338</b>	<b>+11%</b>
<b>Sales</b>	<b>305</b>	<b>+6%</b>	<b>324</b>	<b>+2%</b>	<b>330</b>	<b>+6%</b>	<b>350</b>	<b>+10%</b>
<b>EBIT</b>	<b>3</b>		<b>12</b>		<b>15</b>		<b>17<sup>*</sup></b>	
in % of sales	1%	-	4%	-	5%	-	5%	-
<b>Net income/loss</b>	<b>1</b>	-	<b>8</b>	-	<b>14</b>	-	<b>12<sup>*</sup></b>	-
<b>Earnings per share in EUR</b>	<b>0.01</b>	-	<b>0.13</b>	-	<b>0.21</b>	-	<b>0.19</b>	-

\* includes minus EUR 6 million restructuring costs for the termination of the UltraCap activities



# Key data by segments (continuing operations)

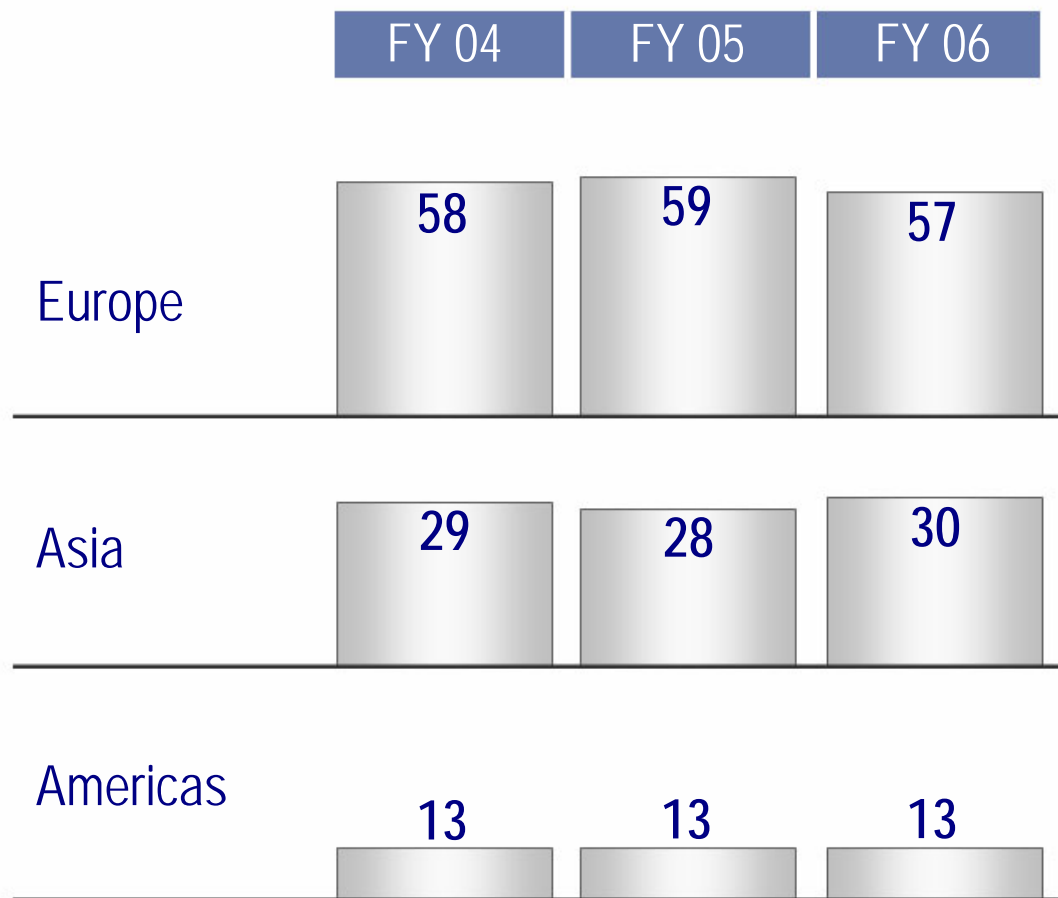
EUR million		FY 05	+/-	FY 06	Q4 06	+/- YoY	+/- QoQ
SAW Components	Sales	370	+11%	409	111	+9%	+10%
	EBIT	29	-	53	16	-	-
Ceramic Components	Sales	361	+17%	421	114	+6%	+8%
	EBIT	-24	-	7	5	-	-
Capacitors and Inductors	Sales	419	+14%	479	125	+15%	+1%
	EBIT	-31	-	-13*	-4*	-	-

\* includes minus EUR 6 million restructuring costs for the termination of the UltraCap activities



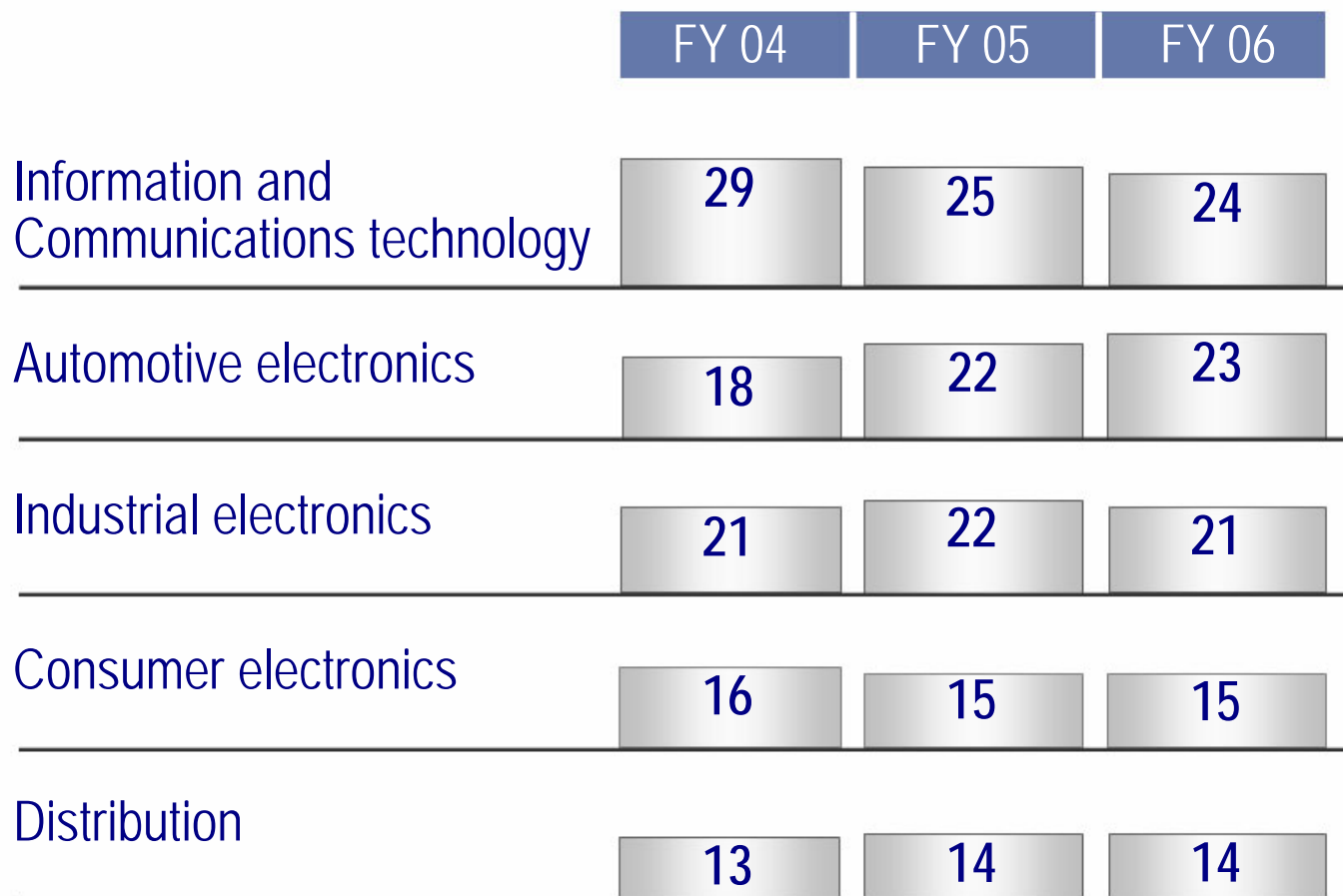
# Sales by regions (continuing operations)

Shares in %



# Sales by industries (continuing operations)

Shares in %



# Profit and loss account (continuing operations)

EUR million	FY 05	FY 06	Q4 06
<b>Sales</b>	<b>1,150</b>	<b>1,309</b>	<b>350</b>
<b>Gross profit</b>	<b>171</b>	<b>226</b>	<b>60</b>
Gross margin	15%	17%	17%
<b>R&amp;D</b>	<b>-64</b>	<b>-71</b>	<b>-17</b>
% of sales	6%	5%	5%
<b>SG&amp;A</b>	<b>-124</b>	<b>-118</b>	<b>-28</b>
% of sales	11%	9%	8%
<b>EBIT</b>	<b>-27</b>	<b>47</b>	<b>17</b>
<b>Income before tax</b>	<b>-35</b>	<b>38</b>	<b>15</b>
<b>Net income/loss continuing operations</b>	<b>-66</b>	<b>35</b>	<b>12</b>
<b>Net income/loss overall business</b>	<b>-119</b>	<b>21</b>	<b>10</b>



# Cash Flow

EUR million	FY 05	FY 06	of which Q4 06
<b>Net cash provided by operating activities</b>	<b>88</b>	<b>145</b>	<b>55</b>
of which Net income/loss	-119	21	10
Depreciation and amortization	208	127	33
Change in net current assets	-21	11	10
<b>Net cash used in investing activities</b>	<b>-153</b>	<b>-115</b>	<b>-42</b>
<b>Net cash inflow from sale of tantalum activities</b>	<b>-</b>	<b>+68</b>	<b>-</b>
<b>Net cash flow</b>	<b>-65</b>	<b>+98</b>	<b>+13</b>

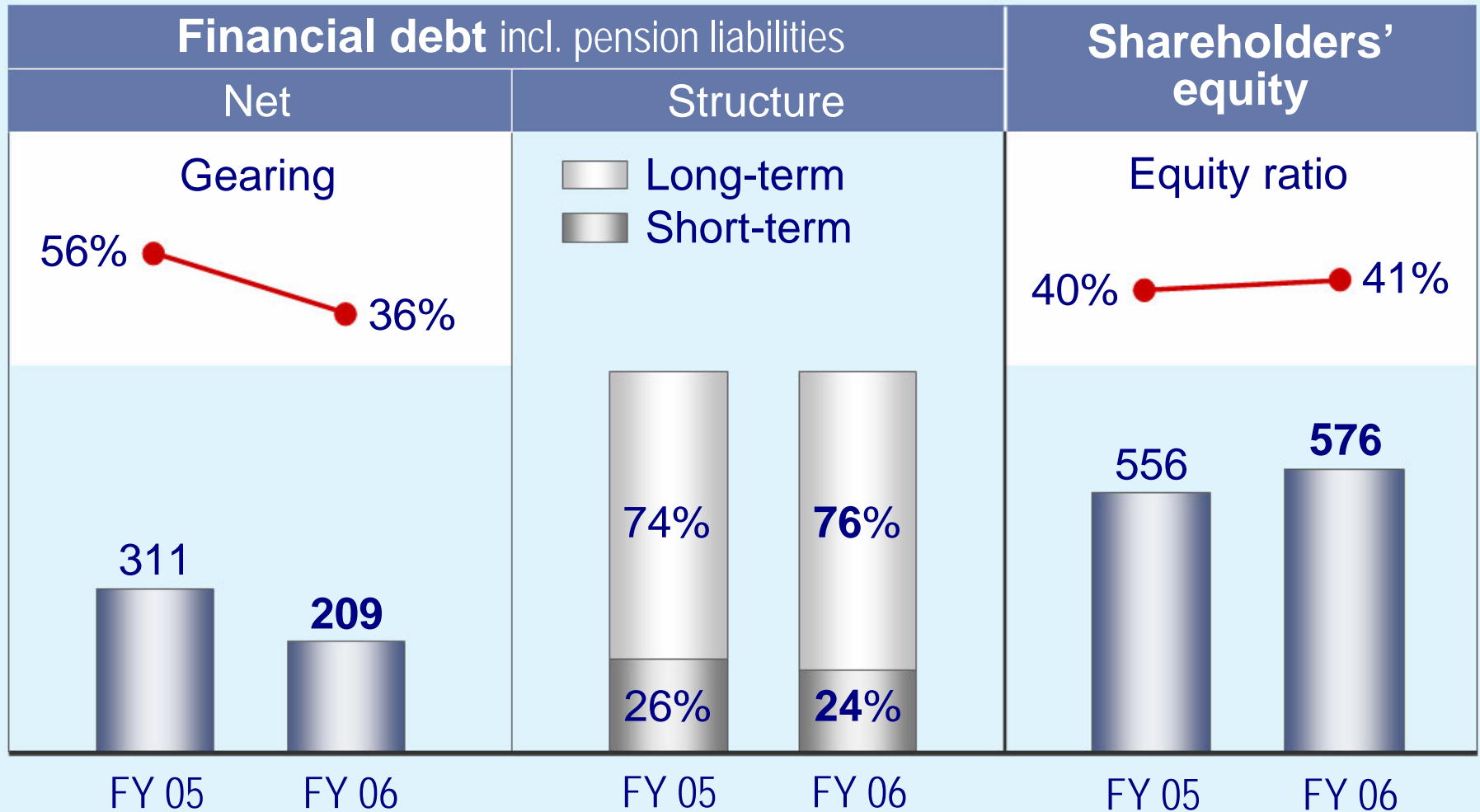


# Balance sheet (1) at September 30

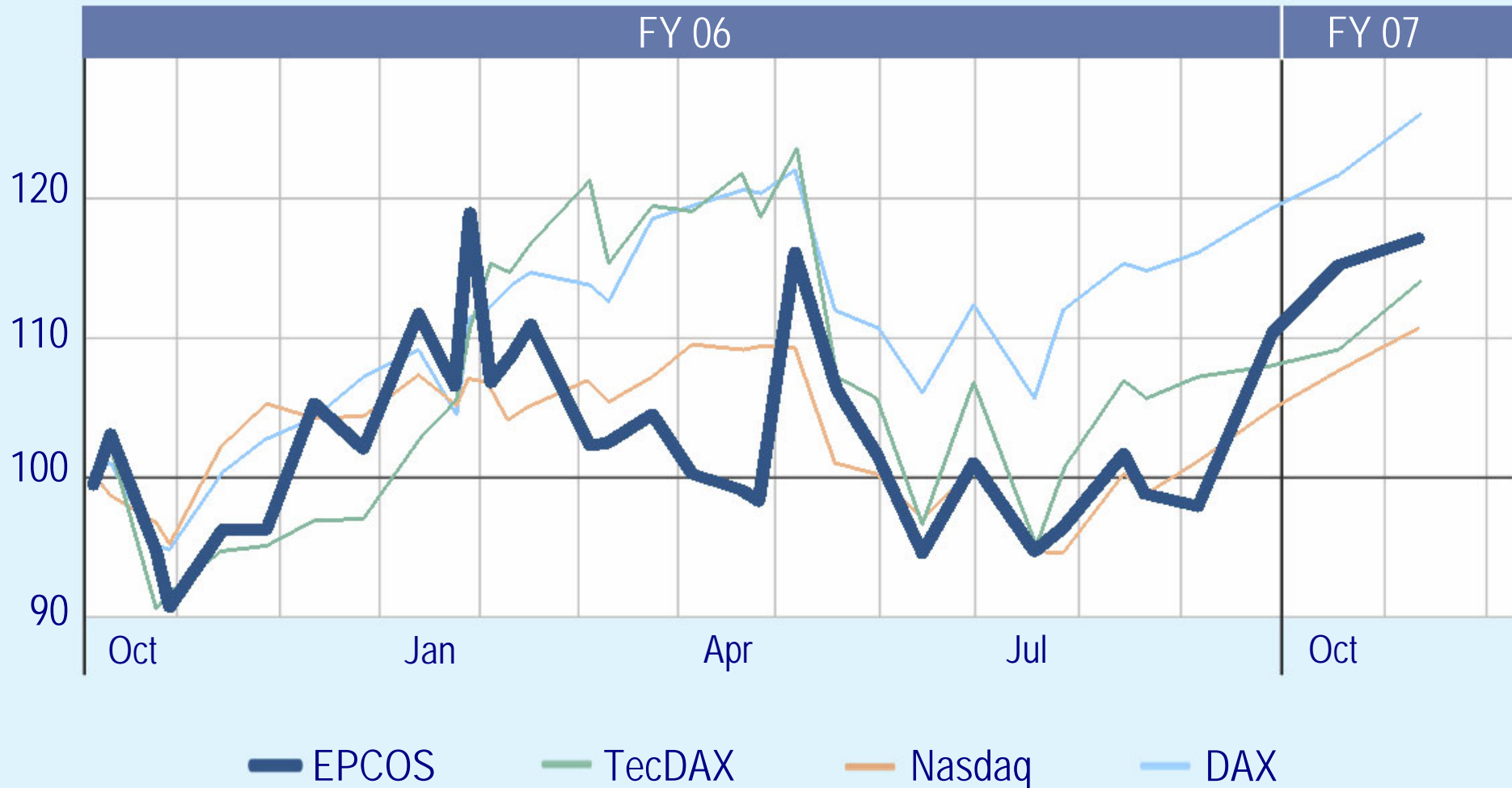
EUR million	FY 05	FY 06
<b>Current assets</b>	<b>678</b>	<b>767</b>
of which Cash and cash equivalents	193	269
Accounts receivable	202	217
Inventories	227	214
Assets held for sale	-	16
<b>Fixed and long-term assets</b>	<b>699</b>	<b>648</b>
of which Property, plants and equipment	576	494
<b>Total assets</b>	<b>1,377</b>	<b>1,415</b>
<b>Liabilities</b>	<b>821</b>	<b>839</b>
of which Accounts payable	134	154
Financial debt	339	309
Long-term pension liabilities	166	169
Liabilities held for sale	-	14
<b>Shareholders' equity</b>	<b>556</b>	<b>576</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,377</b>	<b>1,415</b>



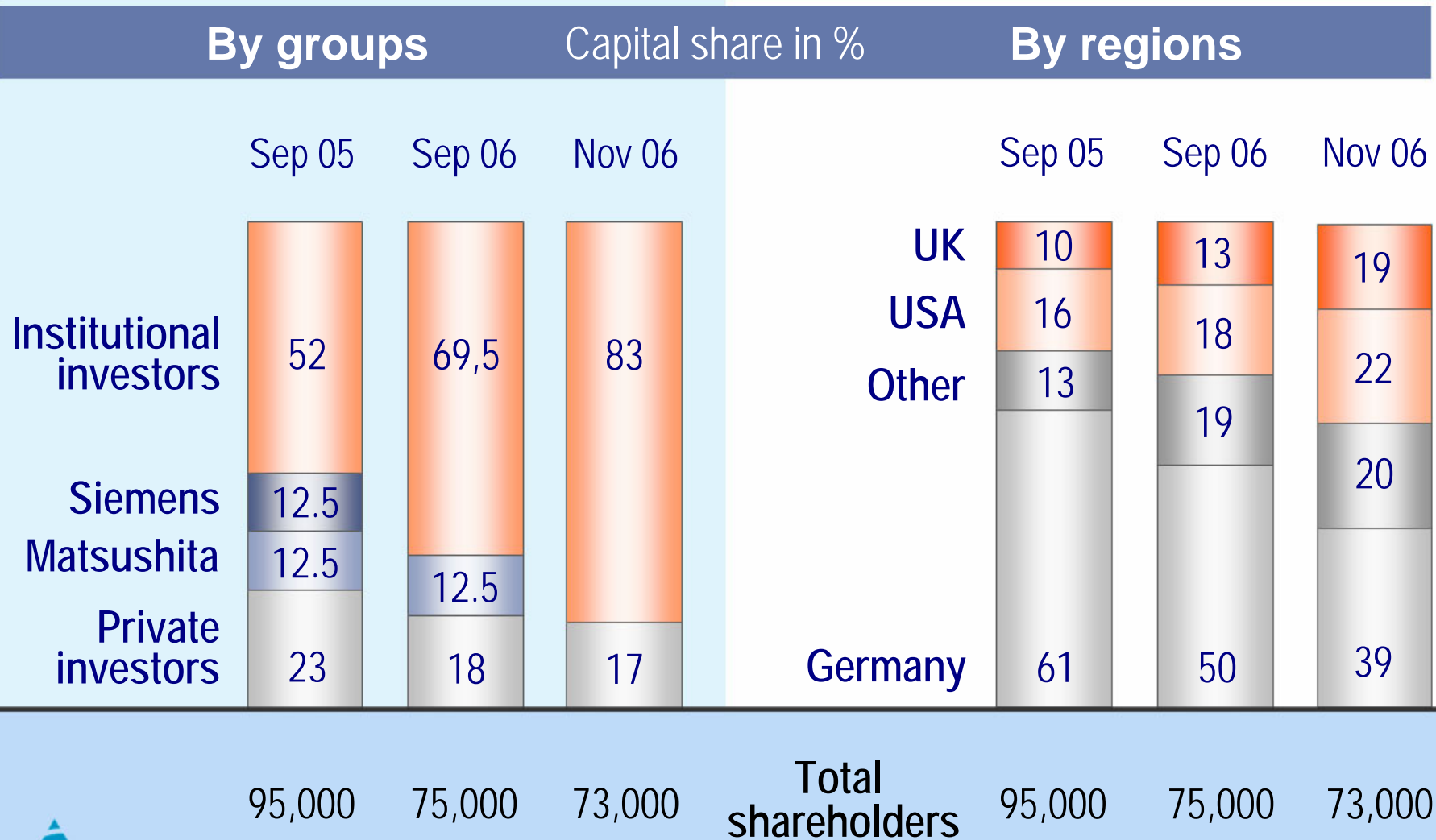
# Balance sheet (2) at September 30



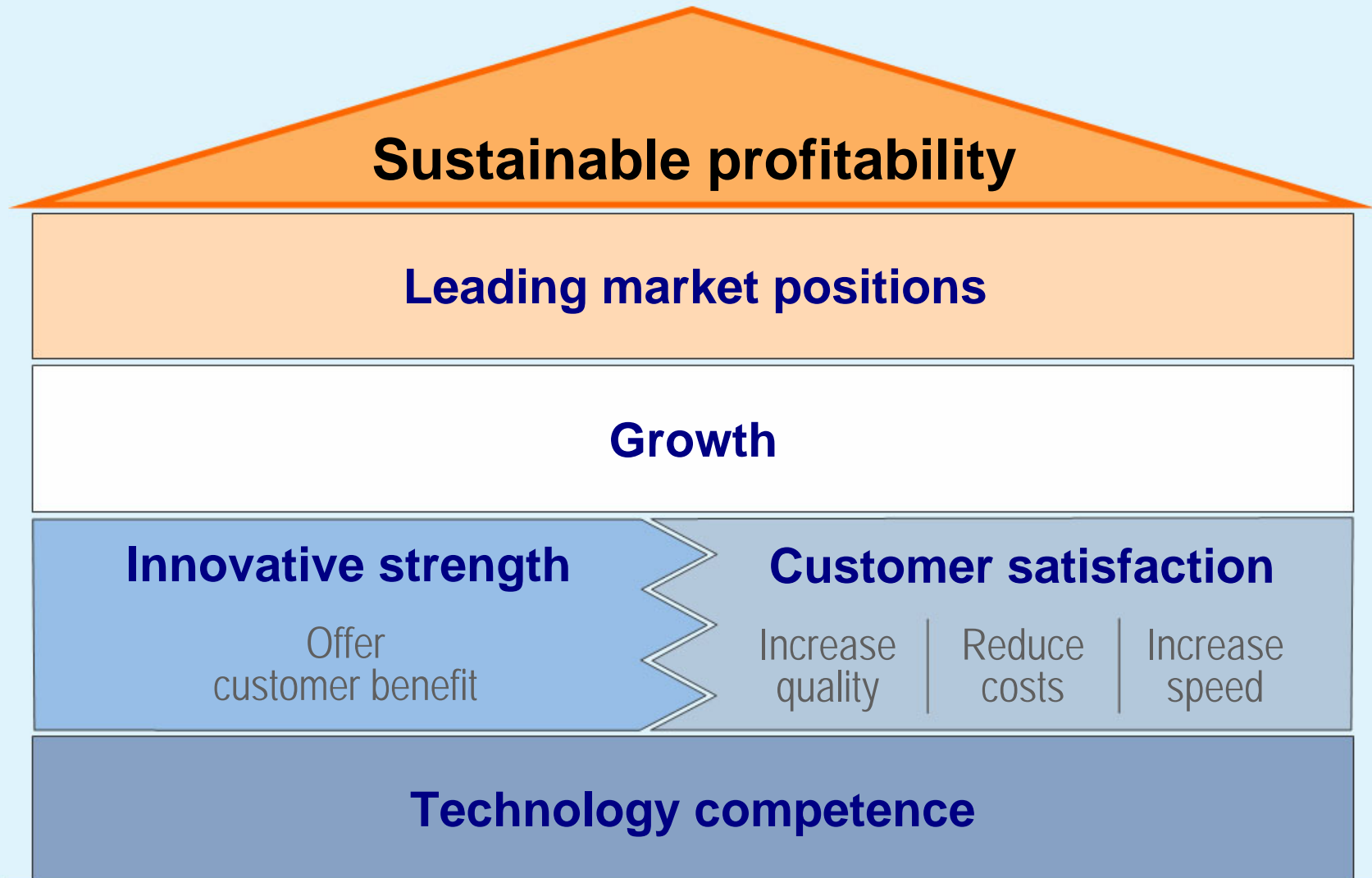
# Share performance index graph: 30.09.2005 = 100



# Shareholder structure



# EPCOS' strategy



# Costs

- Push quality offensive forward
- Increase productivity
- Continue to relocate production



*COst Management  
Process Excellence  
Time Efficiency*

**Further considerable cost reduction in FY 07**



# Innovation: Integration exemplified by the front-end module

56 components

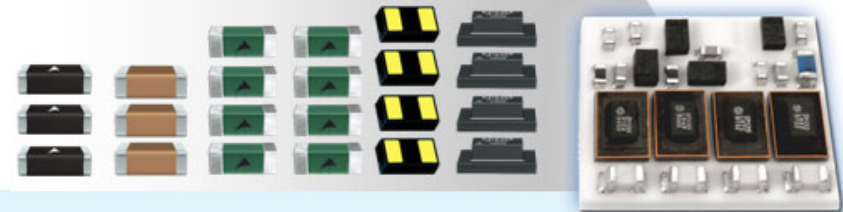


1 module

Integration of inductors, capacitors, varistors



Surface mounting of SAW filters, diodes, etc.



**Customer benefits** compared with conventional solutions:

- Up to 90% less space
- Increased reliability
- Reduced costs
- Reduced design expense
- Shorter time to market



# EPCOS as integration trendsetter

**Discrete  
components**

**Combined  
products**

**Modules**

**Systems**

Ready-to-connect sensors for temperature measurement

Systems for saving energy

ESD/EMI modules for protection against  
electromagnetic interference and electrostatic discharges

Front-end and WLAN modules for wireless communications

**Additional business potential  
with integrated solutions**

# Growth

- Secure and grow core business and home market
- Gain market share in growth regions
- Growth priorities automotive electronics and telecommunications
- Maintain a balanced mix of industries served
- Increase sales share of new products

**Differentiation through  
quality and customer benefit**



## Goals for FY 07

- » Increase sales again
- » Further improve group earnings
- » Achieve positive EBIT contribution in all business segments
- » Achieve a clearly positive net cash flow

**Increase profitability**

# Disclaimer

This presentation may contain forward-looking statements with respect to EPCOS' financial condition, results of operations, business, strategy and plans. In particular, statements using the words "expects," "anticipates," and similar expressions, and statements with regard to management goals and objectives, expected or targeted revenue and expense data, or trends in results of operations or margins are forward-looking in nature. Such statements are based on a number of assumptions that could ultimately prove inaccurate, and are subject to a number of risk factors, including changes in our customers' industries, slower growth in significant markets, changes in our relationships with our principal shareholders, the ability to realize cost reductions and operating efficiencies without unduly disrupting business operations, currency fluctuations, unforeseen environmental obligations, and general economic and business conditions. EPCOS does not assume any obligation to update publicly any forward-looking statement, whether as a result of new information, future events or otherwise. Further information on factors which could affect the Company's financial results is provided in documents filed with the 'Bundesanstalt für Finanzdienstleistungsaufsicht' and the U.S. Securities and Exchange Commission.