



Teleste

**Interim Report Q3 2003
October 20th 2003**

**Jukka Rinnevaara
CEO**

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Market Q3 2003

Positive signs in overall market outlook

- **Core business – Broadband Cable Networks – Market slowly shifted into positive direction**
 - Large scale investments still in planning mode
 - Growth in smaller maintenance investments
 - Cable operators continued restructuring their balance sheet and strengthening of their cash flow
- **Video Networks - market situation was stabilized**
 - Gradual technology swift (IP) and tight economy in the Public sector further delayed investments

Teleste

Q3/2003

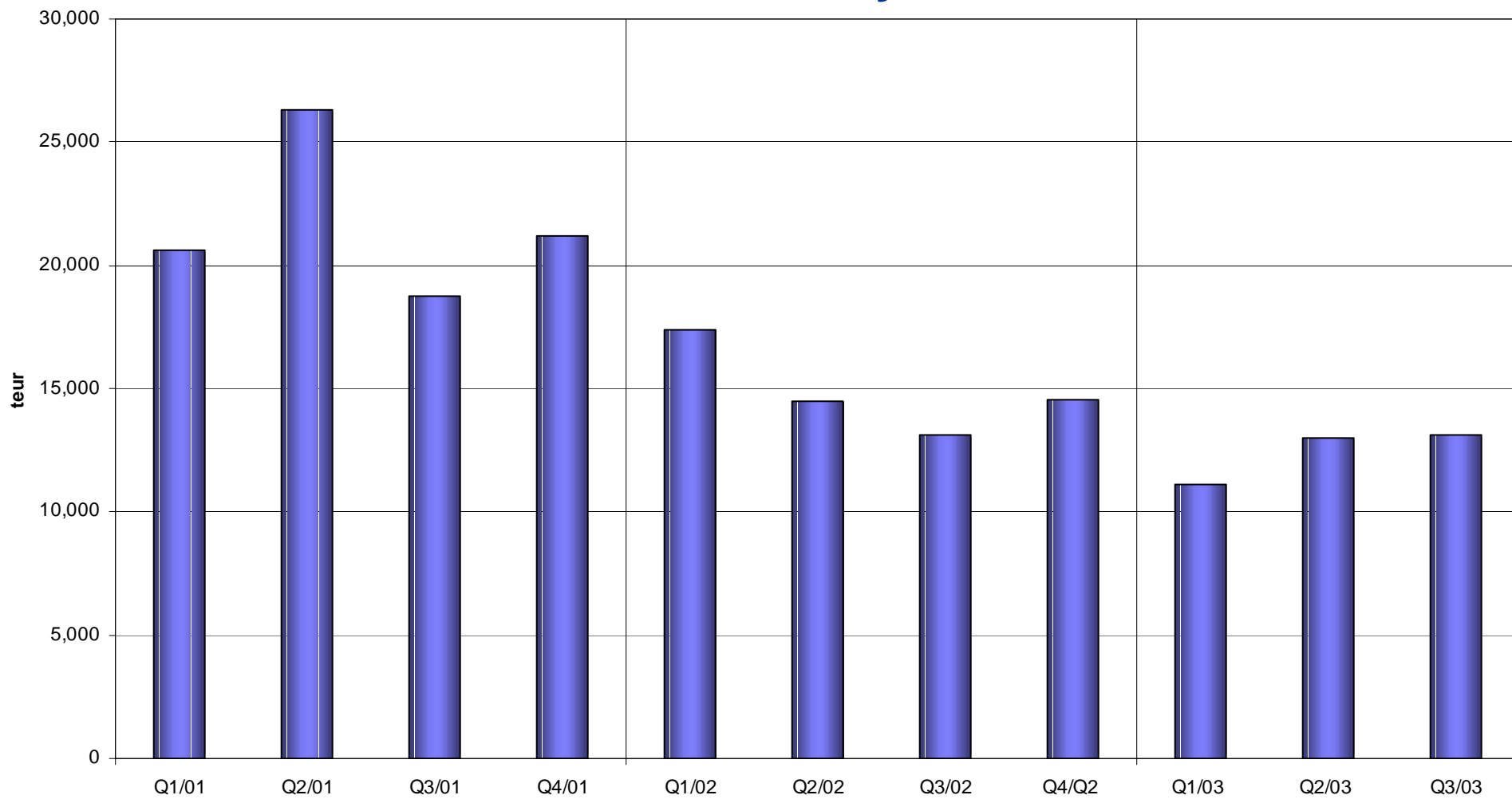
Q3/2002

Net Sales	13.1	14.7	-11 %
Operating Profit	1.1	0.2	+610 %
Profit for the Period	1.0	0.0	

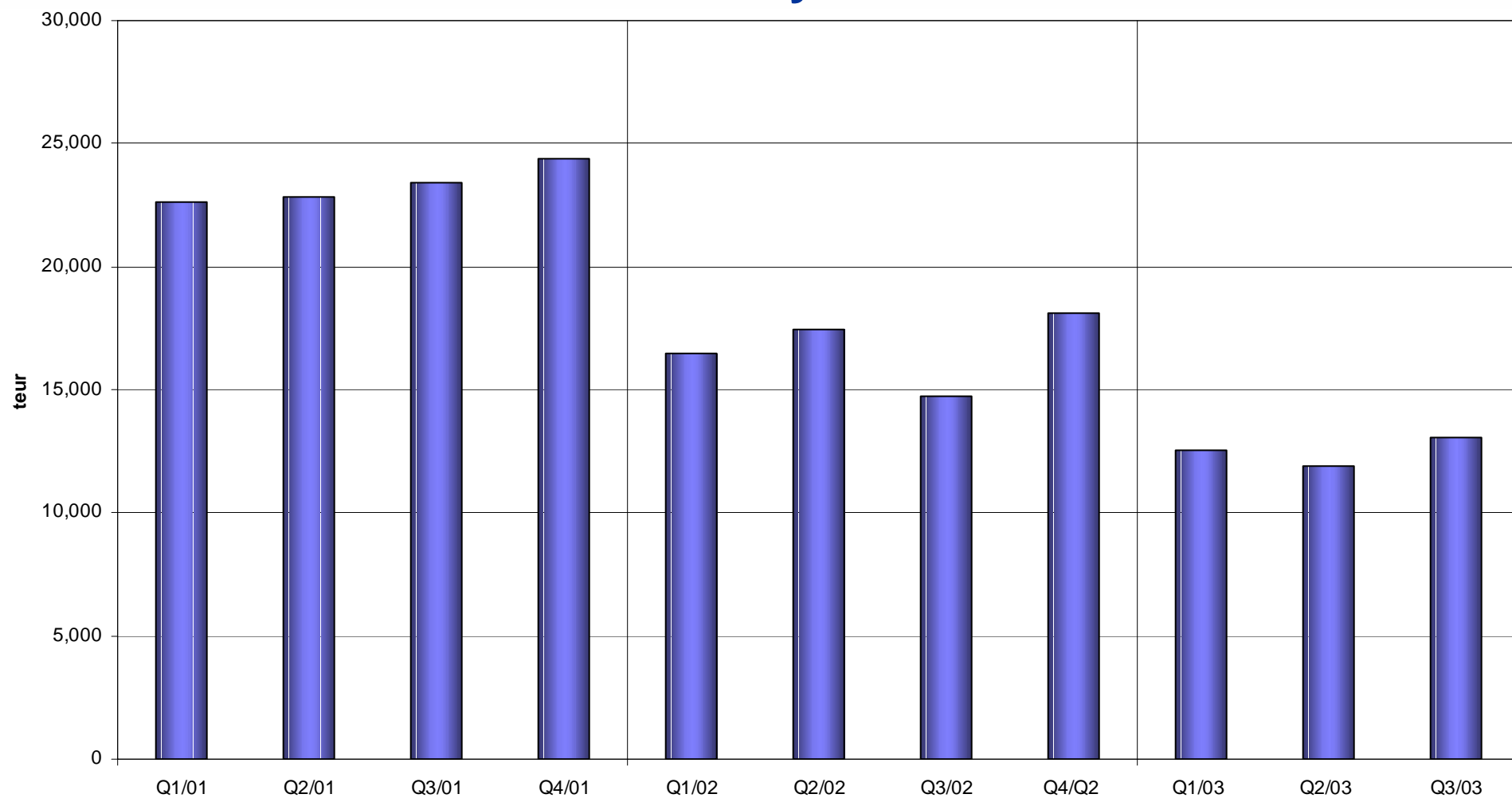
Significant Announcements

- **A 2-year delivery contract from the leading cable operator in Switzerland, Cablecom GmbH. Delivery consisting of fibre optic equipment.**
- **The first order from Poland, Multimedia Polska Ltd worth 1.1 million Euros. Order consisting of satellite reception and decoding equipment.**
- **Video Network to deliver its first IP transmission based order for the Muurla-Paimio motorway**
- **A co-operation agreement with the second biggest Dutch cable operator Essent Cablecom concerning revolutionary fast IP-based data access technology to existing networks**
- **Partner Agreement with TUT Systems Inc. concerning standard based signal transmission solutions: FTTP/FTTF, FTTC and HFC**
- **A sourcing company established in China with focus in component and subassembly sourcing for Teleste production in Finland**

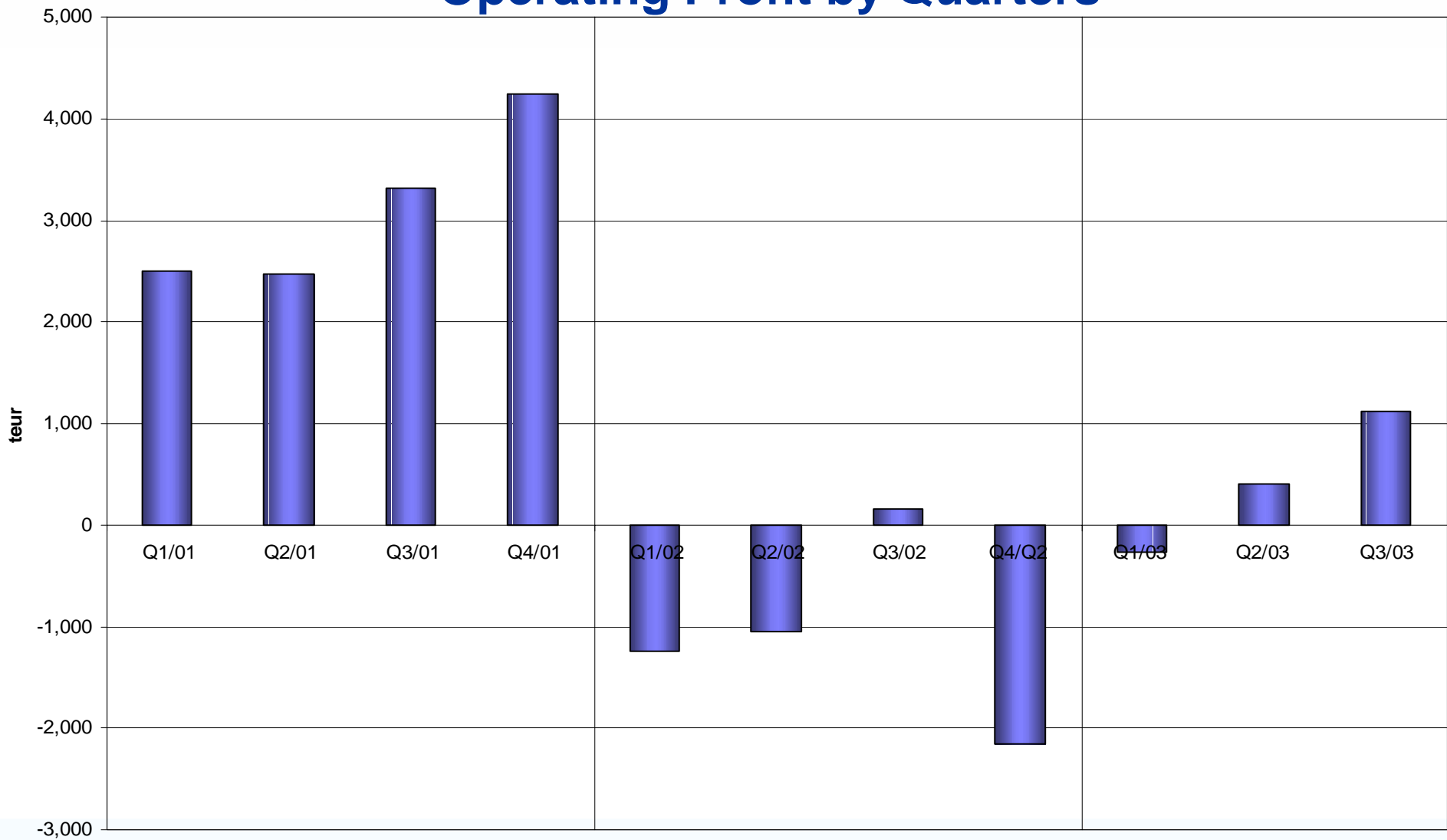
Orders Received by Quarters



Net Sales by Quarters



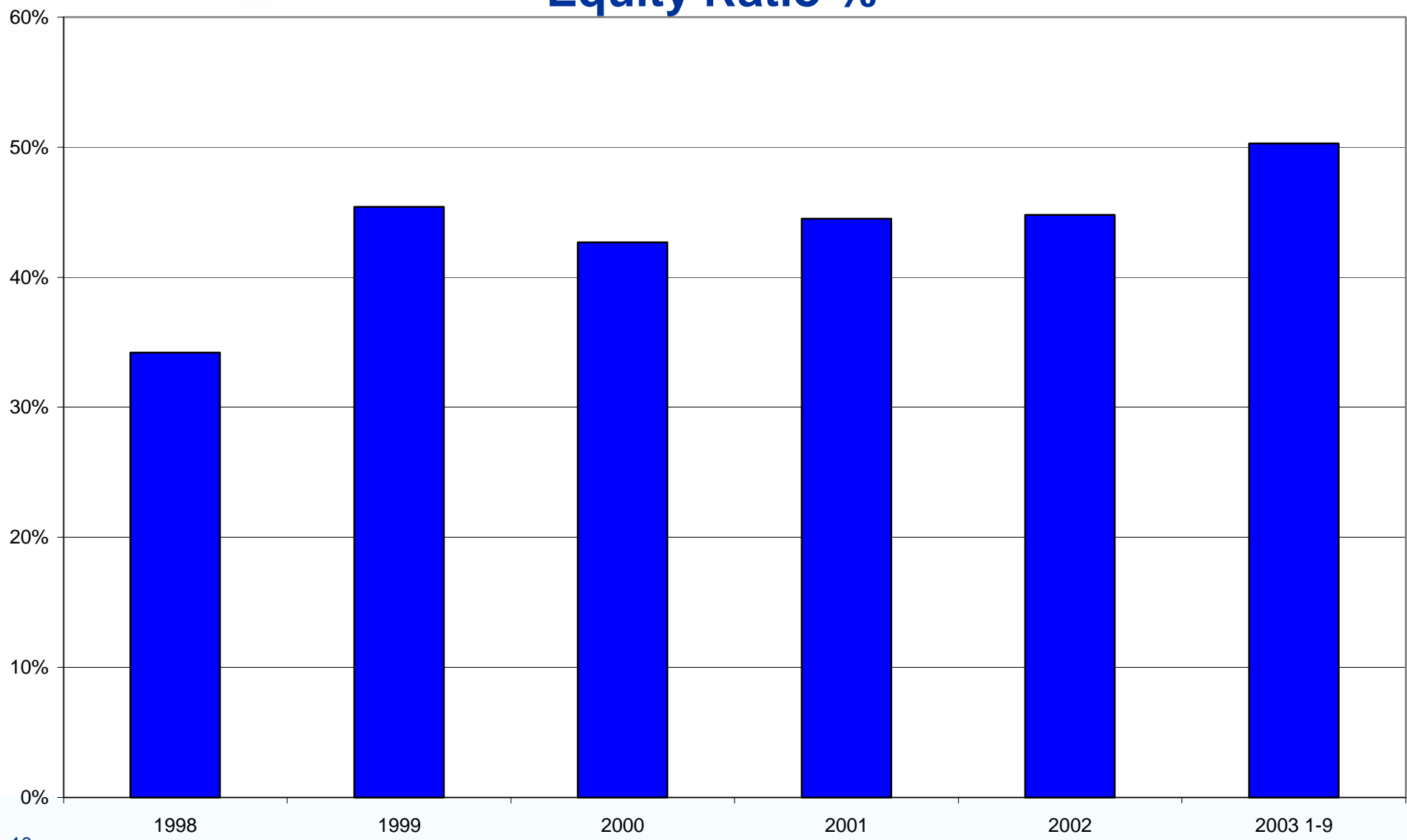
Operating Profit by Quarters



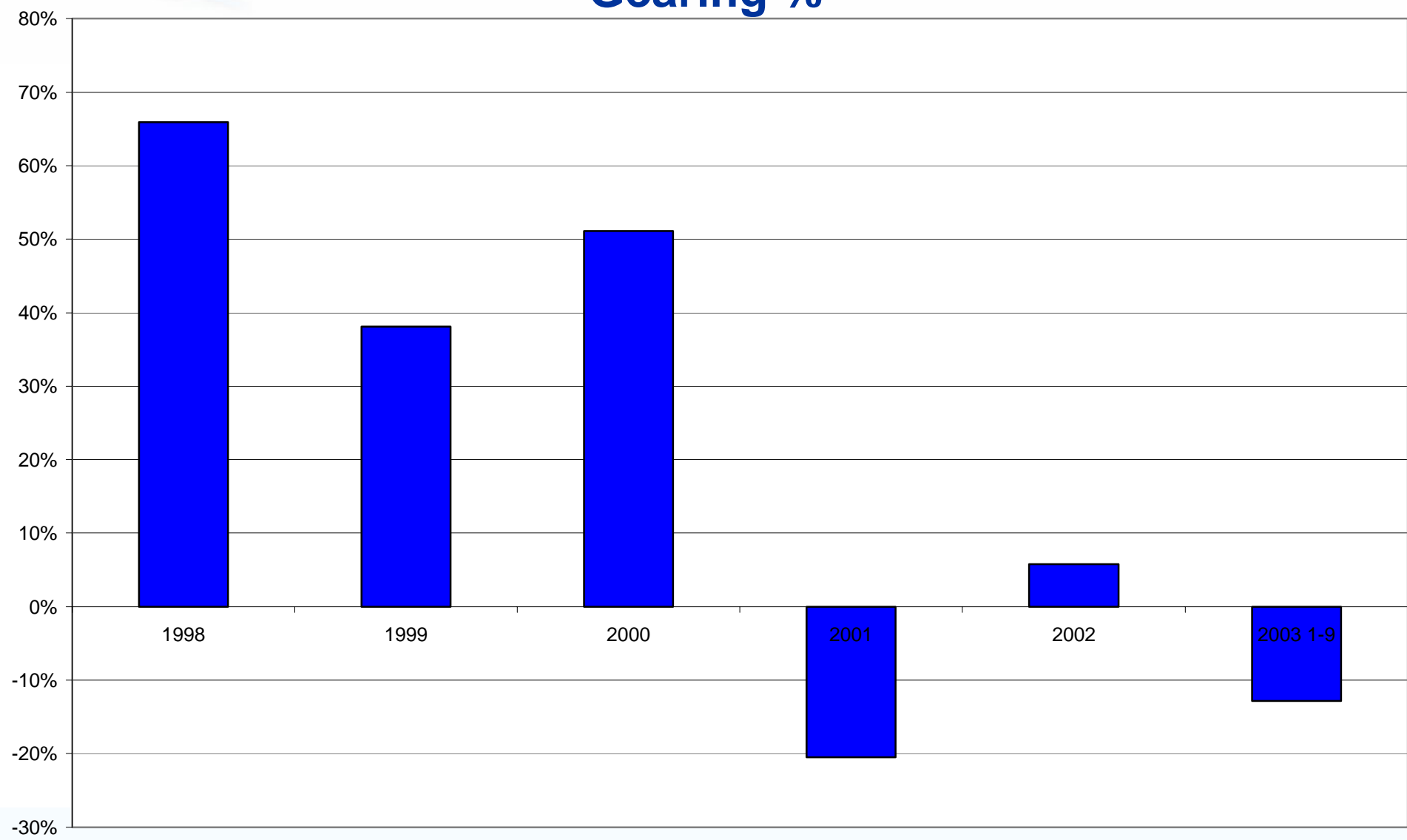
Balance Sheet

(Me)	Q3/03	Q3/02
Fixed assets	15	19
Inventories	6	9
Other current assets	12	14
Cash and cash equivalents	13	17
Shareholders' equity	25	29
Obligatory provisions	2	1
Long-terms liabilities	10	20
Short-term liabilities	9	9
Total liabilities and shareholders' equity	46	59

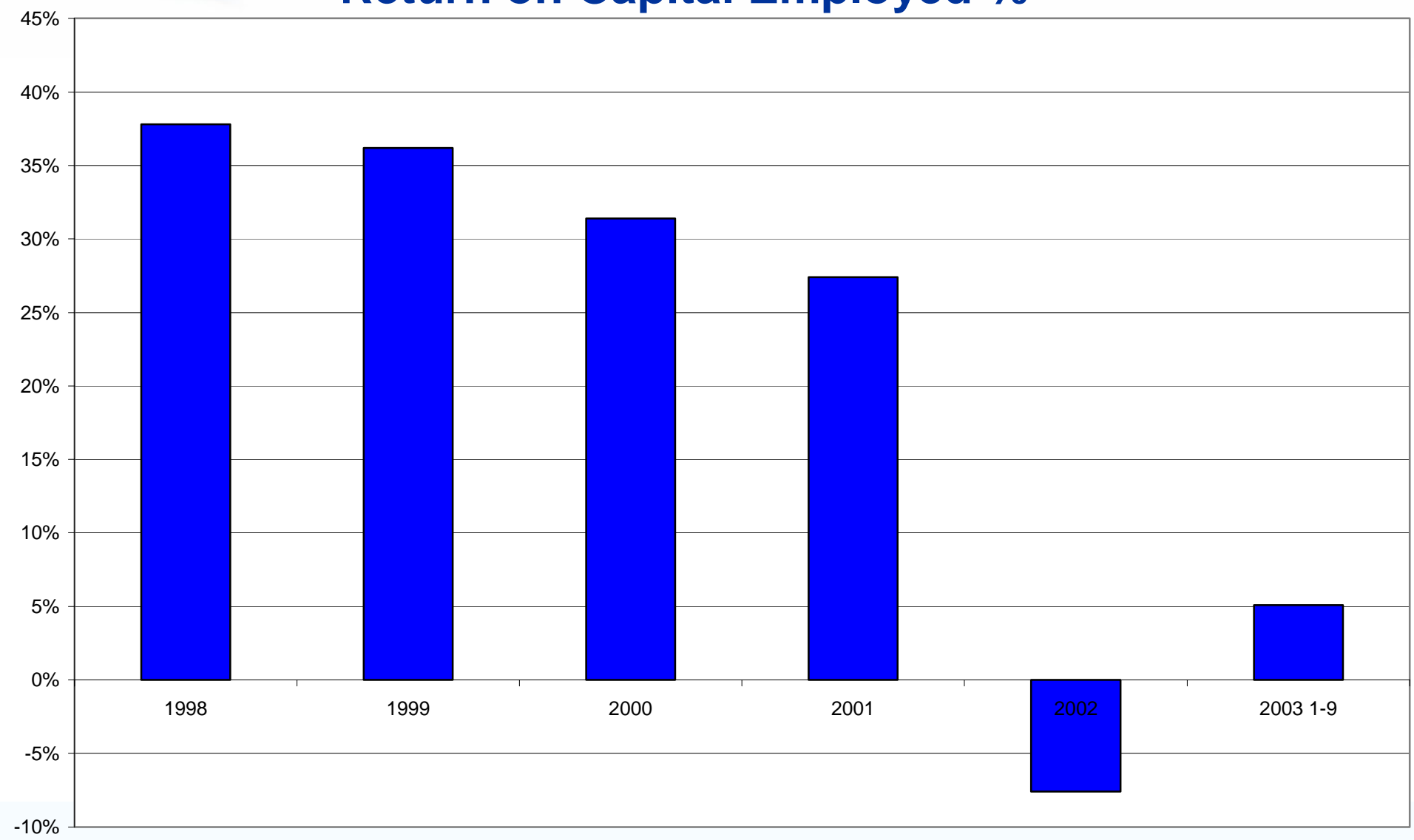
Equity Ratio %



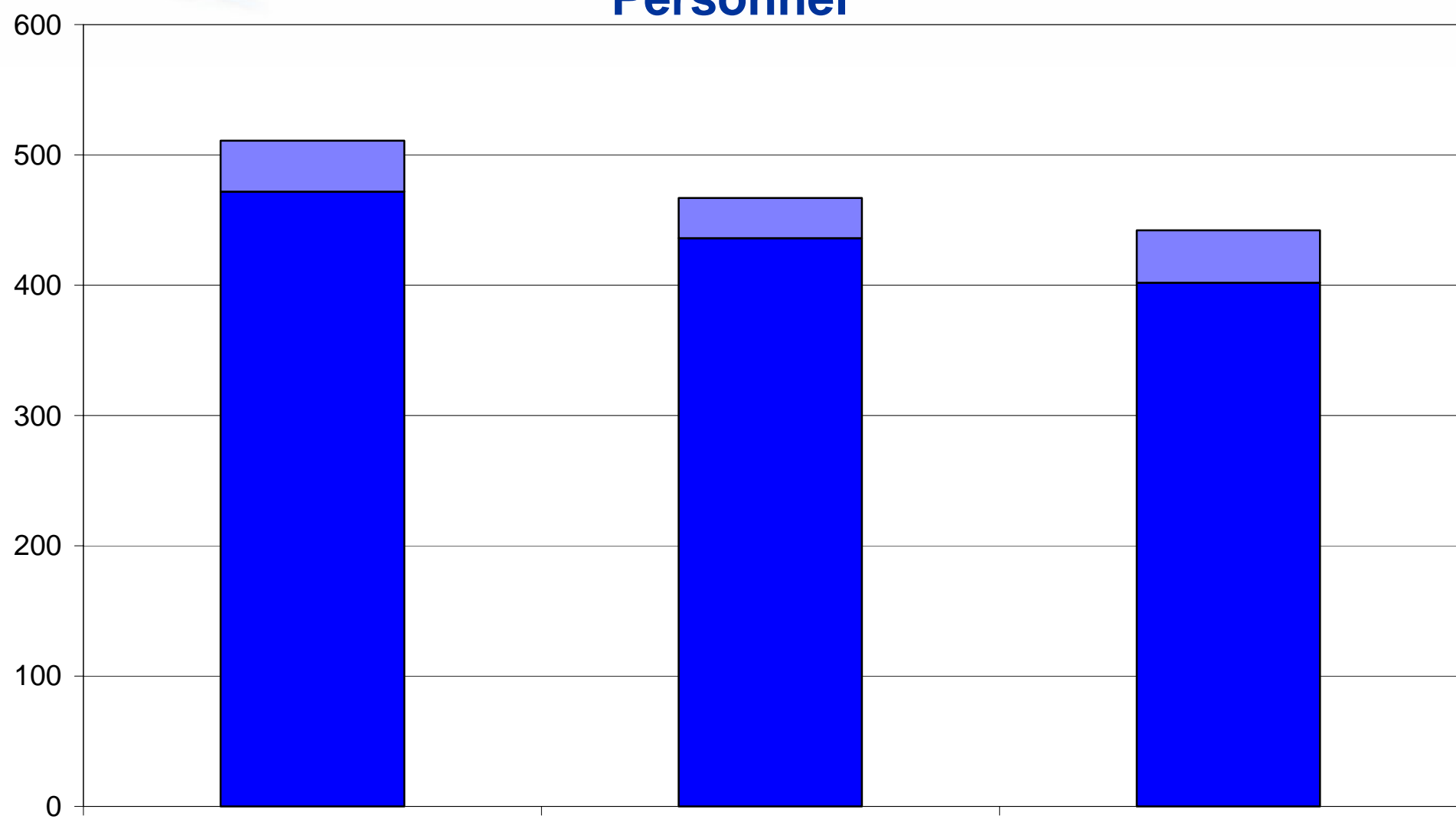
Gearing %



Return on Capital Employed %



Personnel



Future Outlook

- **Broadband Cable Networks - Positive signs in market outlook**
 - Operative business of cable operators has developed positively and ownership structures are clearing up, still the strengthening of balance sheets on the table
 - We believe that the markets have bottomed
 - As seasonal peak markets are expected to pick up towards the end of the year
 - We expect the markets to grow next year
- **Video Networks – markets are expected to develop favourable after a temporary postponement of investments**
- **The company full year net sales are estimated to be lower than last year**
- **Full year operating result will be positive**

Teleste Vision

A Global leader of Broadband Cable Access and Video Surveillance Networks

No 1 in European market

Top 3 in Global market

Profitable, reliable and respected

International - Close to customers

Customer driven technology leadership

Professional partners

High performing – lean processes

Innovative organisation

Attractive for the best people

**Creating value for the customers,
shareholders and employees**