A presentation slide titled "Disclaimer" for Teleste. The header features a blue-toned image of a server rack with a hand holding a document with a return arrow icon on the left, and the Teleste logo on the right. The main content consists of three paragraphs of text. The footer contains the page number "2" and "TELESTE Corporation".

## Disclaimer


This presentation is confidential and is intended solely for the use of the recipients of the presentation in connection with their consideration of Teleste Corporation (the "Company"). Neither the whole nor any part of the information in this presentation may be disclosed to, or used by, any other person or used for any other purpose.

This presentation has been prepared by the Company. The information on which it is based has not been independently verified by any other person.

This presentation is not intended to provide the basis of any investment decision and should not be considered as a recommendation by the Company or any other person to the recipients of the presentation. Each person to whom this presentation is made must make his/her own independent assessment of the Company after making such investigations as he/she deems necessary. This presentation does not constitute an offer of or invitation to acquire any shares or other securities in the Company.

Nothing in this presentation is, or should be relied upon as, a promise or representation as to the future.

2 TELESTE Corporation




## Year 2005

### Highlights

- Positive market development
  - Longer framework agreements with cable operators
  - The SNCF project has gone smoothly – reference utilised in France
- AC, HDO and MP-X product families well received in the market
- Service business of BCN reached 23% of the sales
- Successful integration of S-Link and Flomatik
- Chinese low cost sourcing and manufacturing going ahead in selected product groups
- EttH 10 MB/s proven technically functional, development of EttH 100MB/s advancing – evoking significant commercial interest
- Strong balance, improved profitability
  - Improved EBIT for 12 quarters in running compared to the previous year
- Deployment of strategy advancing as planned

3

TELESTE Corporation



## Market Situation Q4

### Positive climate in the market continued

#### Broadband Cable Networks


- Active market situation particularly in Europe
  - Cable operators continued developing new forms of service
    - Broadband Internet, VoIP and Triple Play
  - Ongoing consolidation among clientele and competition; Cablecom, UPC (No), ComHem, SA - Cisco
  - Continued tough price competition in specified product groups

#### Video Networks

- Need for improved safety - increased demand in video surveillance
  - More large-scale network management projects
    - Active markets: USA and France
  - Public sector: pressures towards faster pace

4


TELESTE Corporation



### Group Q4

	Q4 2005	Q4 2004	Change%
Orders Received	24.5	27.3	-10%
Net Sales	24.3	23.2	+5%
Operating Profit	3.1	2.7	+13%
Net Profit for the Period	2.2	2.0	+10%
EBIT-%	12.7 %	11.6 %	


5 TELESTE Corporation



### Group Full Year

	2005	2004	Change%
Orders Received	85.4	80.5	+6%
Net Sales	82.6	66.0	+25%
Operating Profit	8.6	5.6	+53%
Net Profit	6.0	3.9	+52%
EPS	0.35	0.23	+52%
EBIT %	10,4%	8,5%	+22%


6 TELESTE Corporation



### Broadband Cable Networks (BCN) Q4

	Q4 2005	Q4 2004	Change%
Orders Received	21.0	19.3	+9%
Net Sales	19.2	18.8	+2%
EBIT	2.5	2.2	+10%

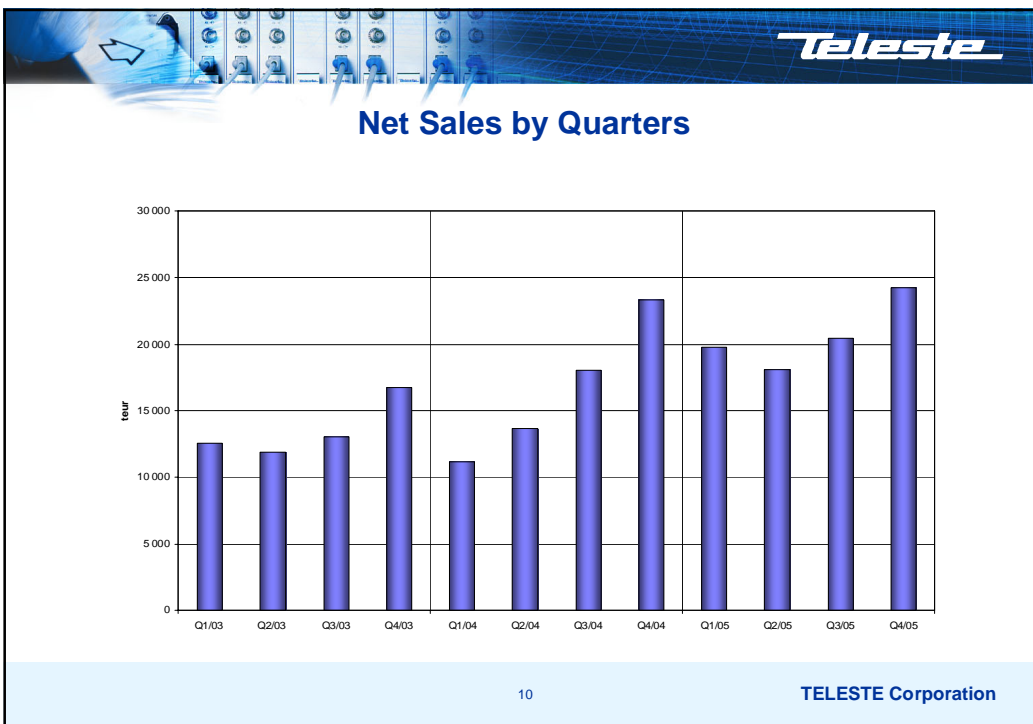
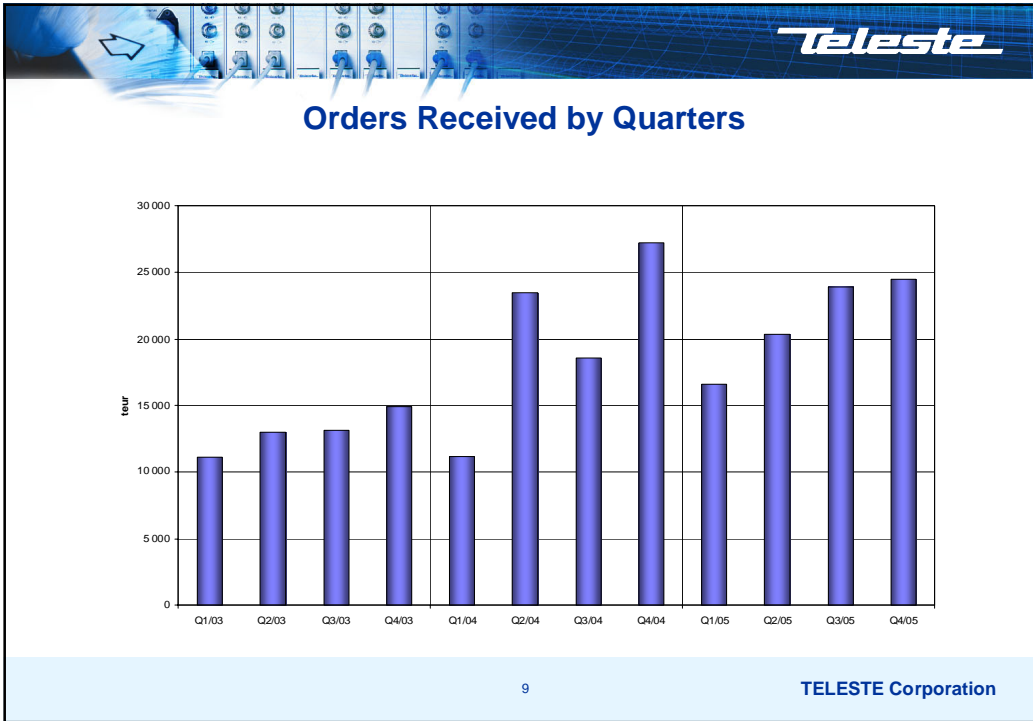
7 TELESTE Corporation

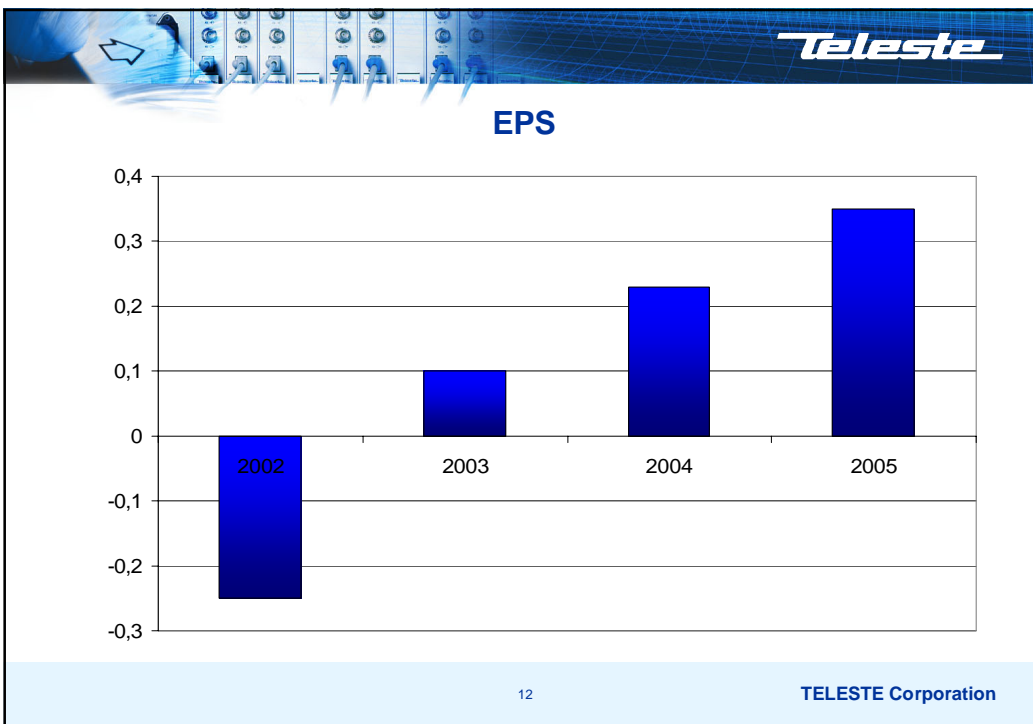
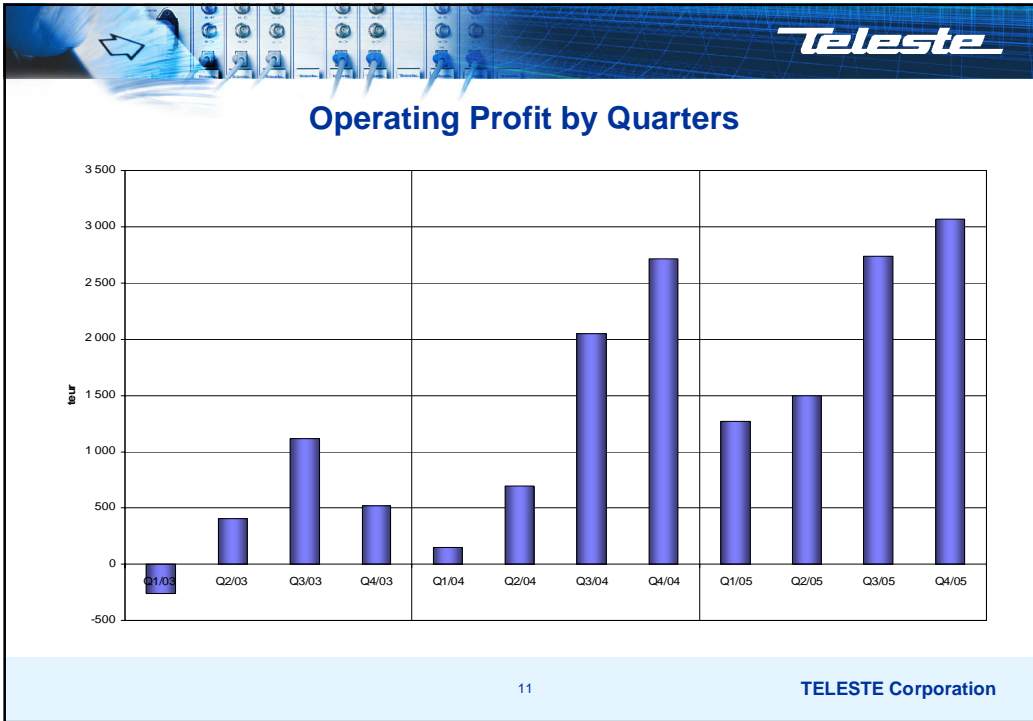


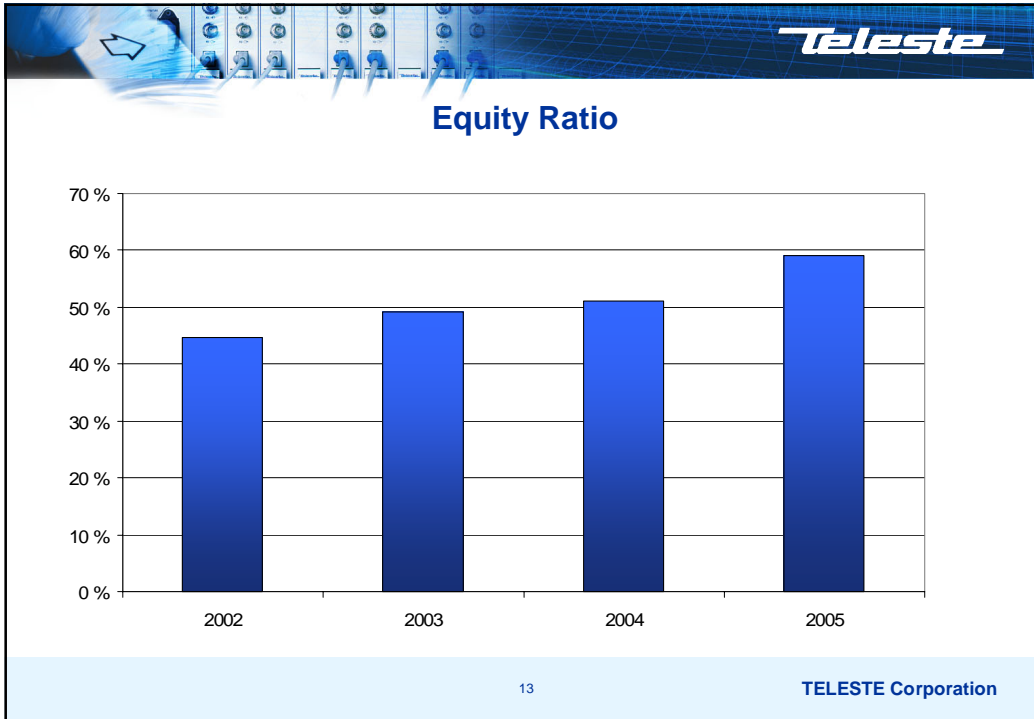
### Video Networks (VN) Q4

	Q4 2005	Q4 2004	Change%
Orders Received	3.5	7.9	-56%
Net Sales	5.1	4.4	+17%
EBIT	0.6	0.5	+17%

8 TELESTE Corporation







### Outlook

- Broadband Cable Networks – Market situation is believed to continue active
  - Cable operators' operational profitability has improved
  - Continued investments in network upgrades
  - Demand for broadband Internet access continues to grow
  - Importance of video in network traffic is on the increase
  - Positive order intake for year-beginning: Brutele, Tele Columbus, KDG
    - We expect market growth to continue in 2006
- Video Networks – Particularly the large-scale network management projects are on the increase

**We expect positive market situation to continue in 2006**

14

TELESTE Corporation