

The Telesse logo is rendered in a white, italicized, sans-serif font. It is positioned on the right side of the page, overlaid on a background of blue fiber optic cables and a network mesh. The background image shows a close-up of a network switch or patch panel with multiple rows of ports. Some ports are connected with blue cables, and there are labels like 'ATM' and 'Telesse' visible. The overall color scheme is blue and white.

Interim Report Q1/2006

Jukka Rinnevaara
CEO

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.

Market Situation Q1

Positive climate in the market continued

➤ Broadband Cable Networks

Active market situation particularly in Europe

- Cable operators continued developing new forms of services
 - Broadband Internet, VoIP and Triple Play
- Competition especially with Telco accelerates investments
- Strong order intake in Q1
- 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

Group Q1

	Q1 2006	Q1 2005	Change%
Orders Received	27.0	16.6	+62%
Net Sales	22.8	19.8	+15%
Operating Profit	2.2	1.3	+69%
Net Profit for the Period	1.6	0.7	+112%
EBIT-%	9.4 %	6.5 %	+46%

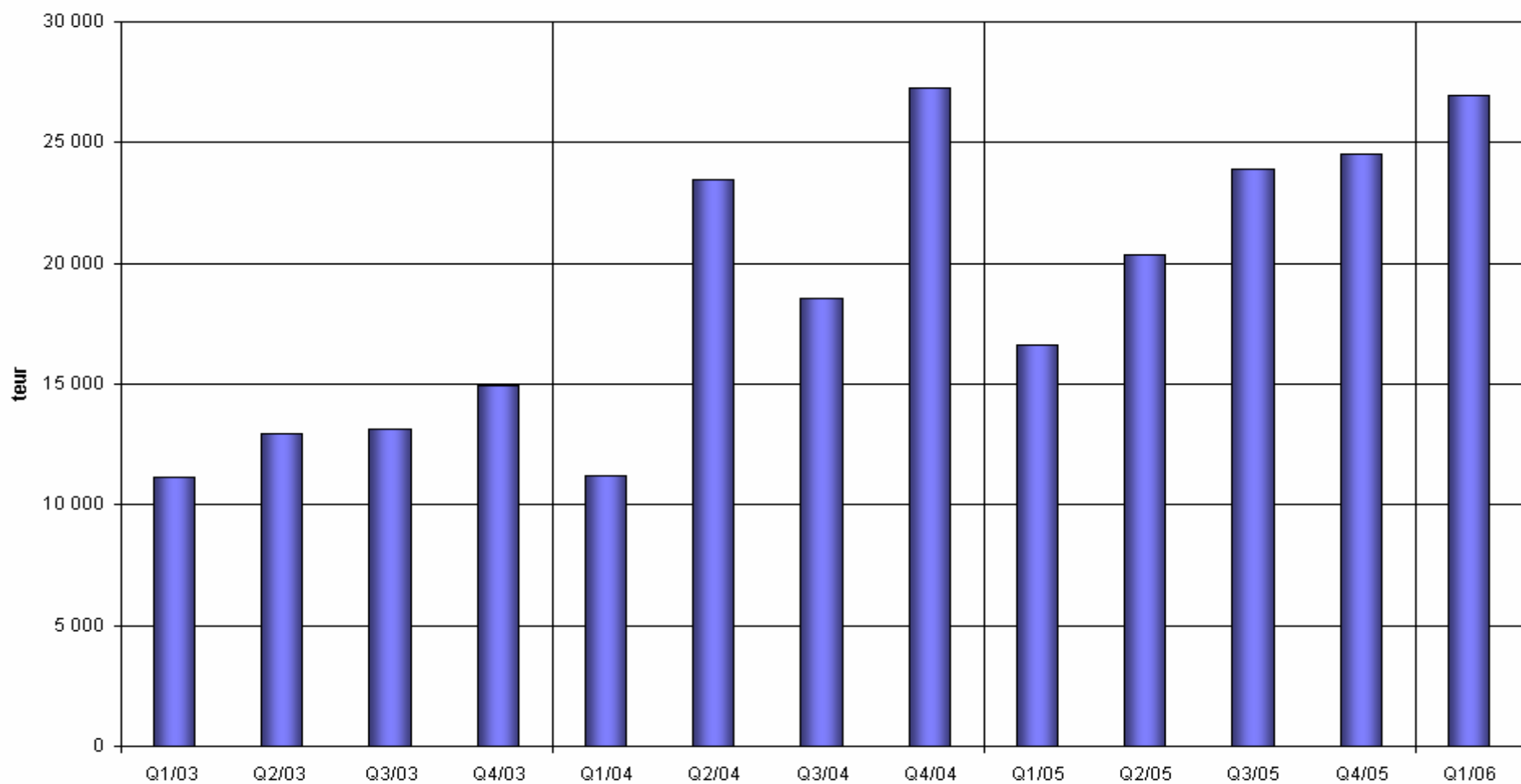
Broadband Cable Networks (BCN) Q1

	Q1 2006	Q1 2005	Change%
Orders Received	24.2	14.1	+71%
Net Sales	19.0	16.6	+14%
EBIT	2.0	1.2	+66%
EBIT %	10.6 %	7.3 %	+45%

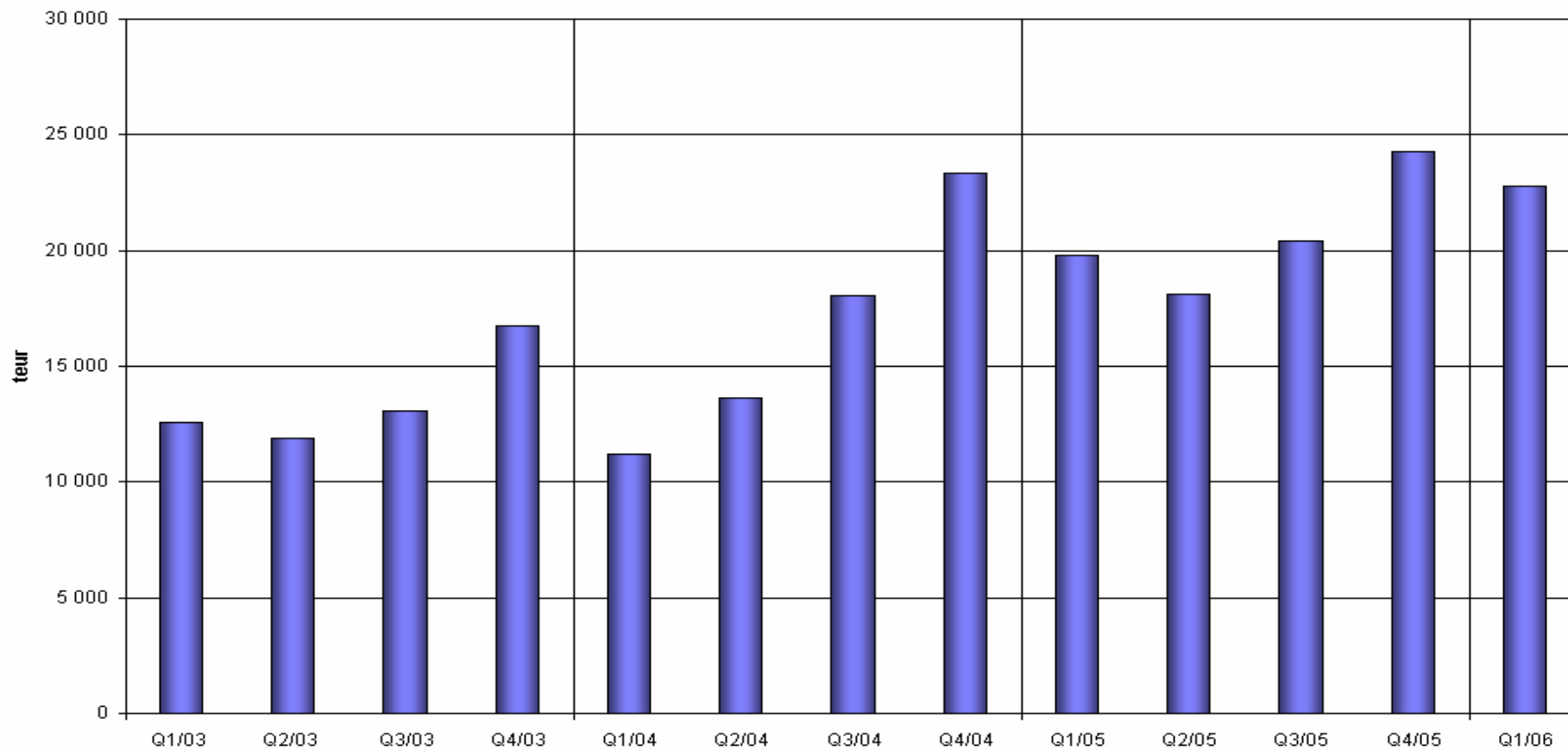
Video Networks (VN) Q1

	Q1 2006	Q1 2005	Change%
Orders Received	2.8	2.5	+13%
Net Sales	3.9	3.1	+23%
EBIT	0.2	0.1	+124%
EBIT %	3.9 %	2.1 %	+82%

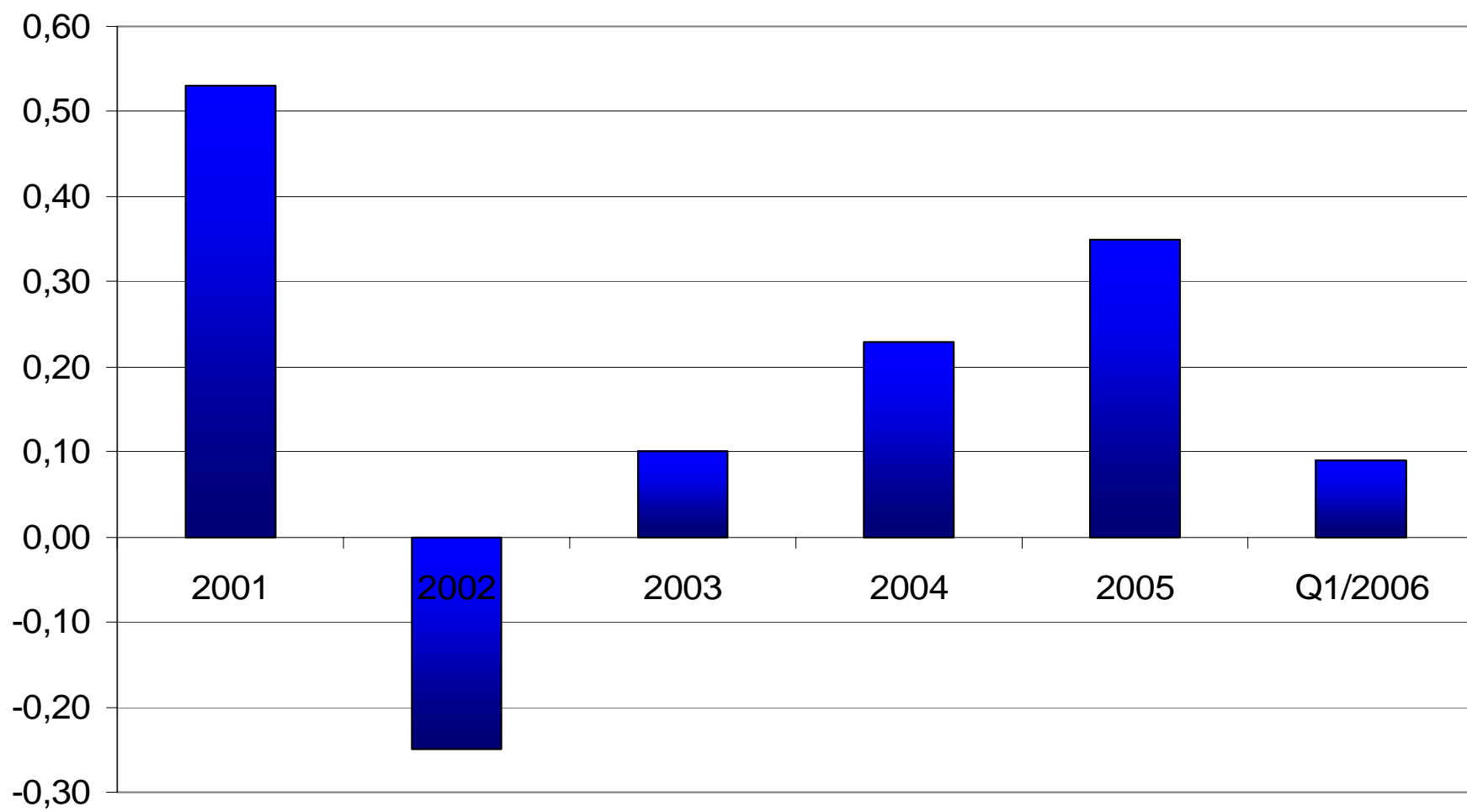
Orders Received by Quarters



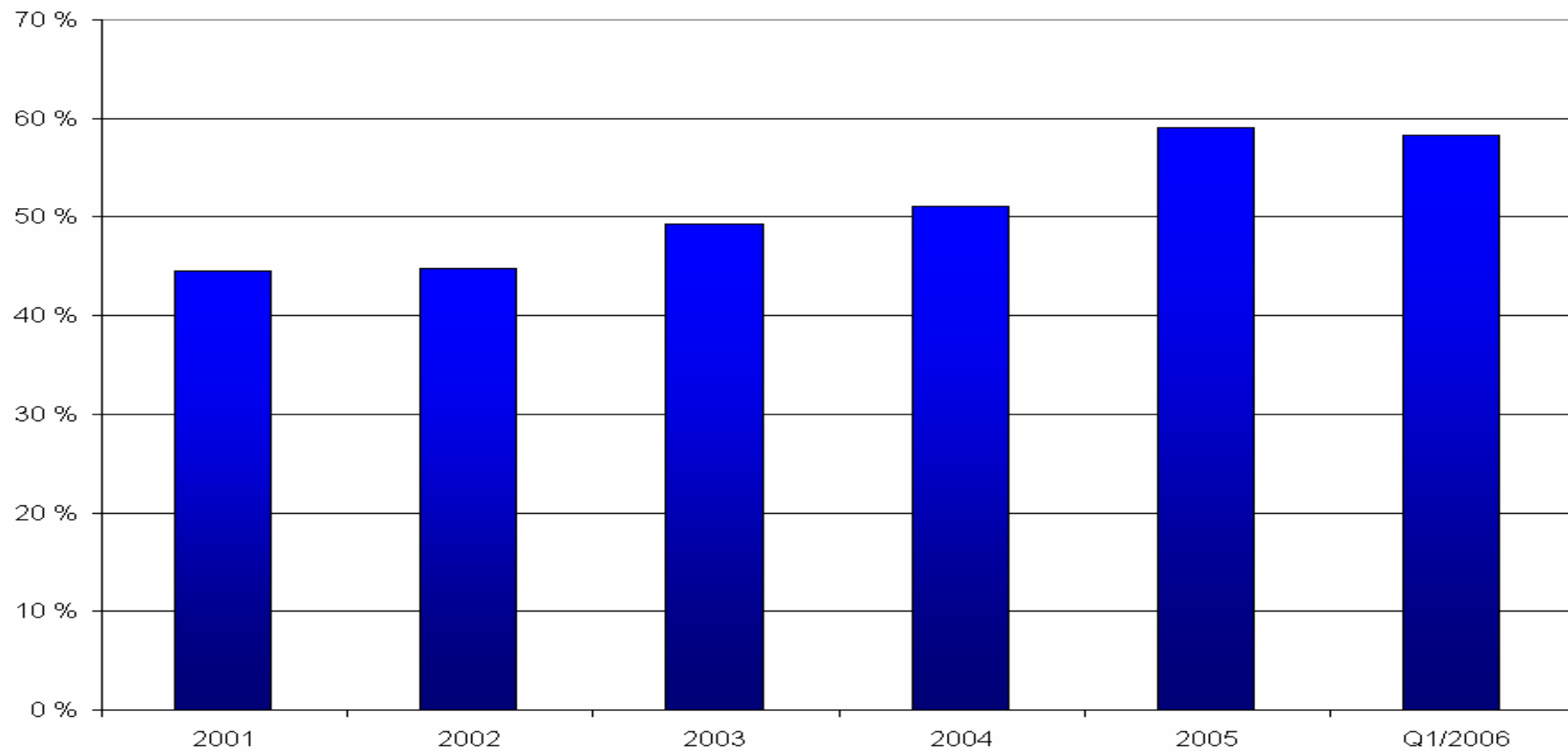
Net Sales by Quarters



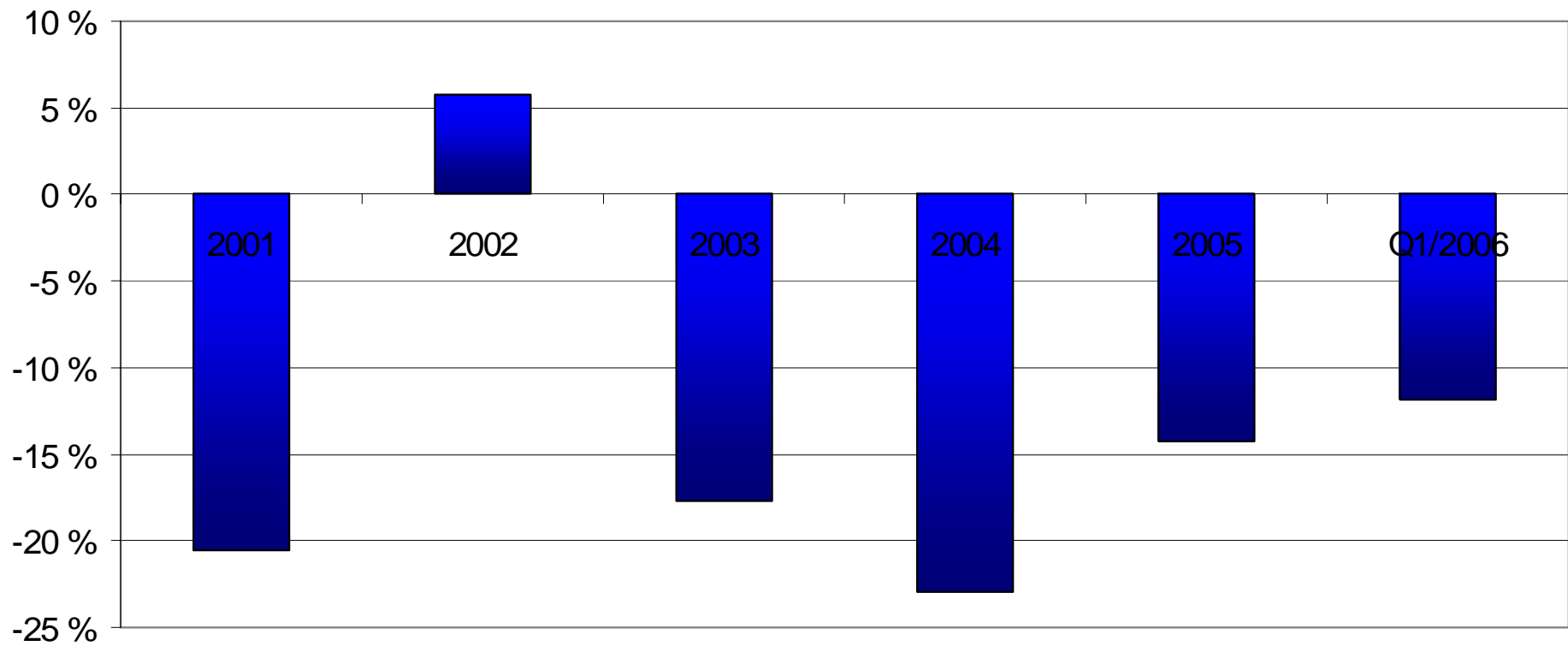
EPS



Equity Ratio



Gearing



Outlook

- Broadband Cable Networks – Market situation is believed to continue active
 - Cable operators' operational profitability has improved
 - Continued investments in network upgrades, market situation picking up in Germany
 - Demand for broadband Internet access continues to grow
 - Importance of video in network traffic is on the increase
 - Positive order intake for year-beginning
 - We expect market growth to continue in 2006

- Video Networks – Particularly the large-scale network management projects are on the increase. Demand for new and more intelligent solutions growing

We expect positive market situation to continue in 2006

The Teleste logo is rendered in a white, italicized, sans-serif font. It is positioned in the upper right quadrant of the image, set against a background of a blue-toned network diagram with glowing nodes and connecting lines. The overall image features a technical aesthetic with a grid of ports on the left and a complex network structure on the right.

Teleste

Q & A

jukka.rinnevaara@teleste.com