

The Teleste 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 network equipment. The background features a grid of blue lines and a series of blue fiber optic cables running horizontally across the middle. On the left side, there are several vertical panels of network equipment with numerous circular ports and blue fiber optic connectors. The overall color scheme is dominated by blue and white.

Interim Report Q2/2006

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 Q2

### 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
  - Order intake did not reach Q1 level
- Continued tough price competition in specified product groups
- Customer's consolidation continues

#### Video Networks

Need for improved safety - increased demand in video surveillance

- More large-scale network management projects
  - Active markets: USA ,France and England
- Public sector: pressures towards faster pace

## Group Q2

	Q2 2006	Q2 2005	Change%
Orders Received	21.4	20.3	6%
Net Sales	22.7	18.1	25%
Operating Profit	1.9	1.5	30%
Net Profit for the Period	1.4	1.0	38%
<b>EBIT-%</b>	<b>8.6 %</b>	<b>8.3 %</b>	

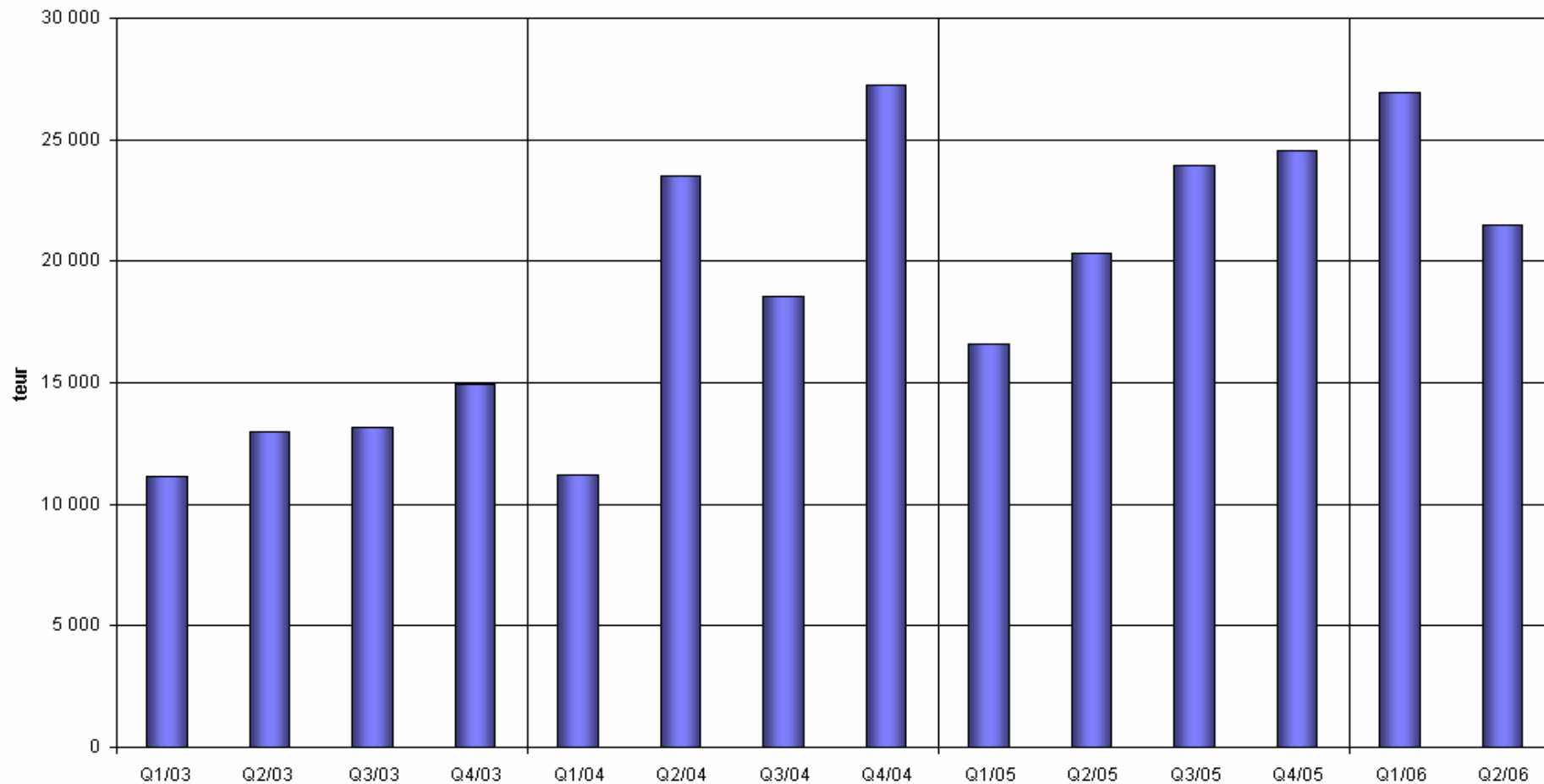
## Broadband Cable Networks (BCN) Q2

	Q2 2006	Q2 2005	Change%
Orders Received	18.4	17.5	6%
Net Sales	19.1	14.8	30%
EBIT	1.9	1.4	36%
EBIT-%	10.0 %	9.5 %	

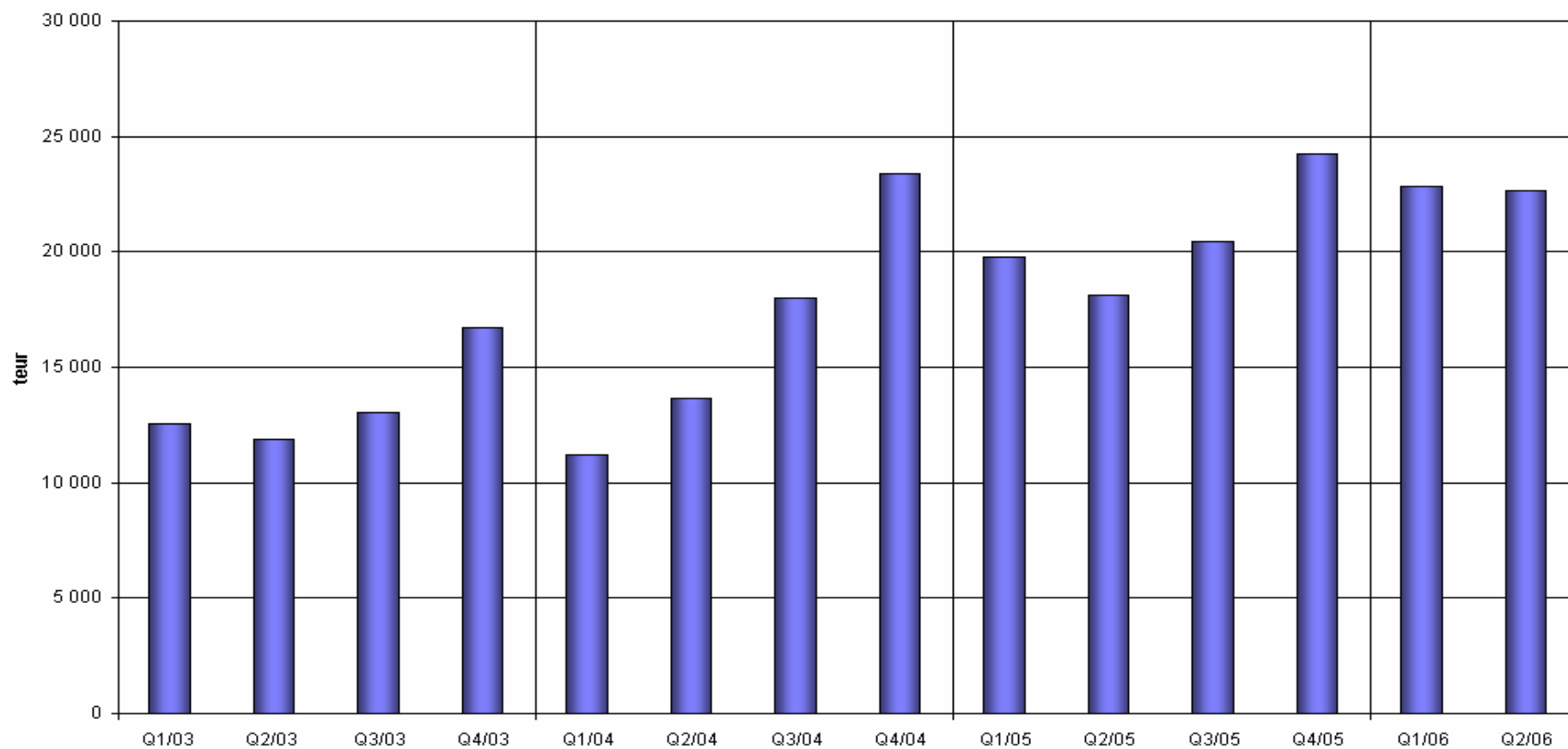
## Video Networks (VN) Q2

	Q2 2006	Q2 2005	Change%
Orders Received	3.0	2.9	6%
Net Sales	3.5	3.3	5%
EBIT	0.04	0.09	-57%
EBIT-%	1.1 %	2.8 %	

## Orders Received by Quarters

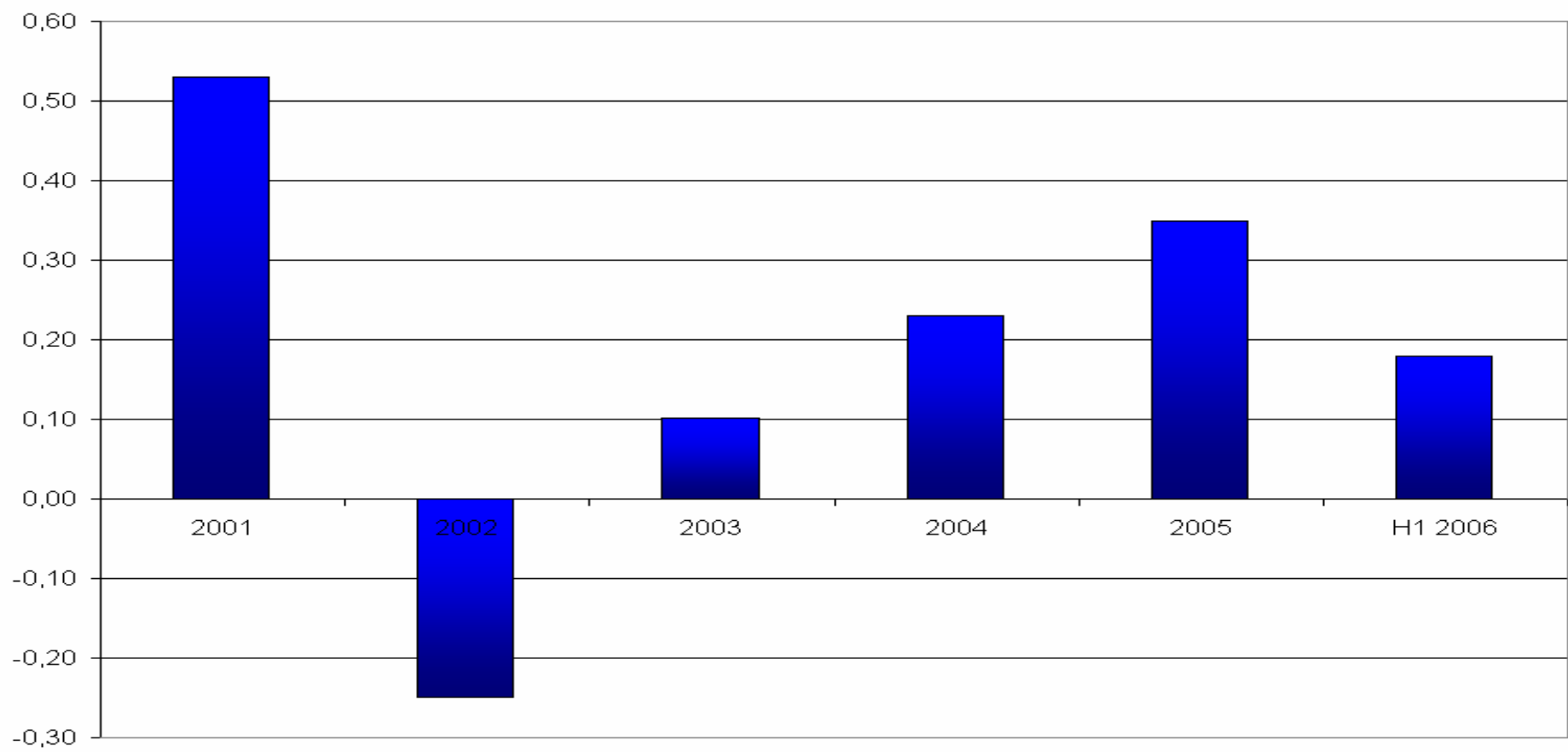


## Net Sales by Quarters

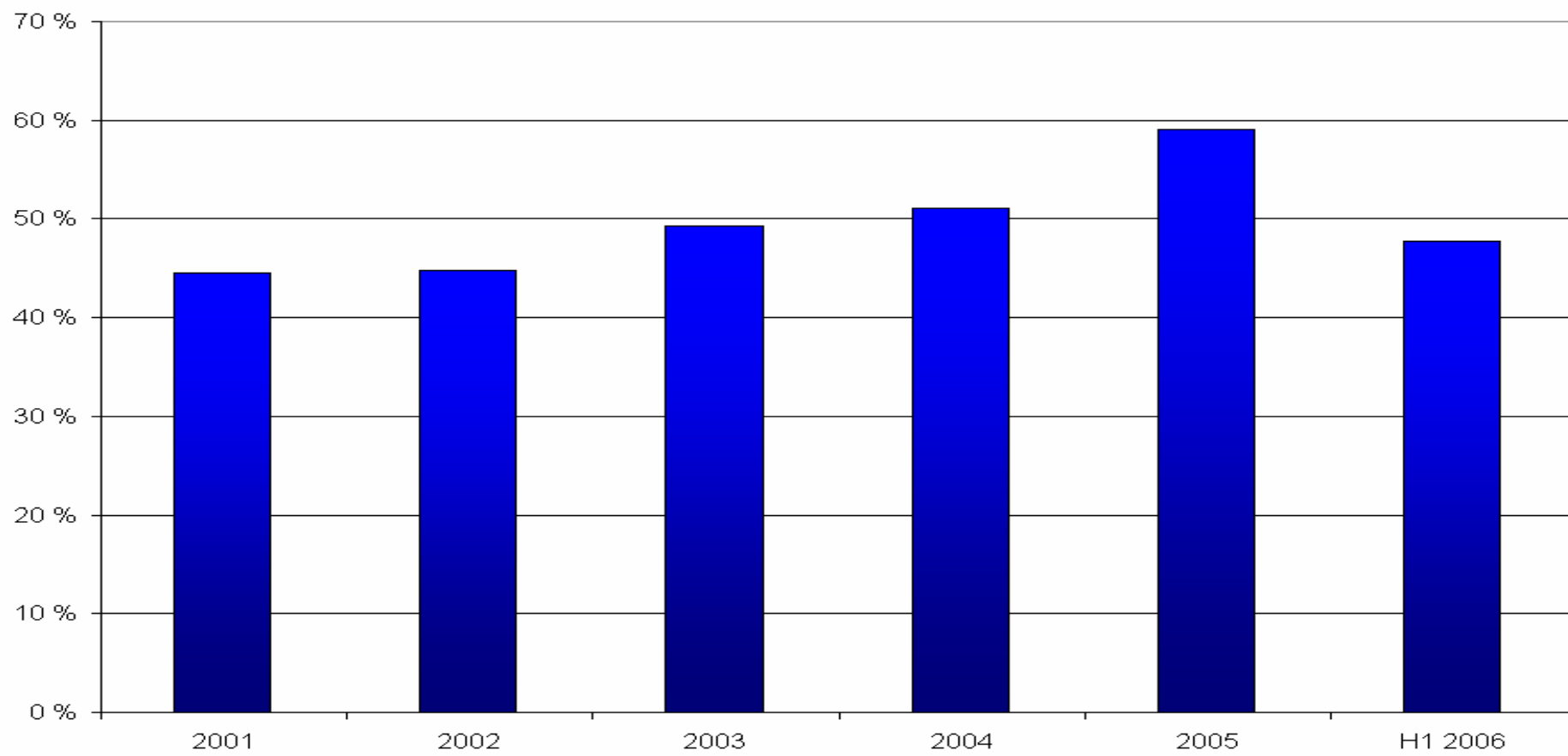




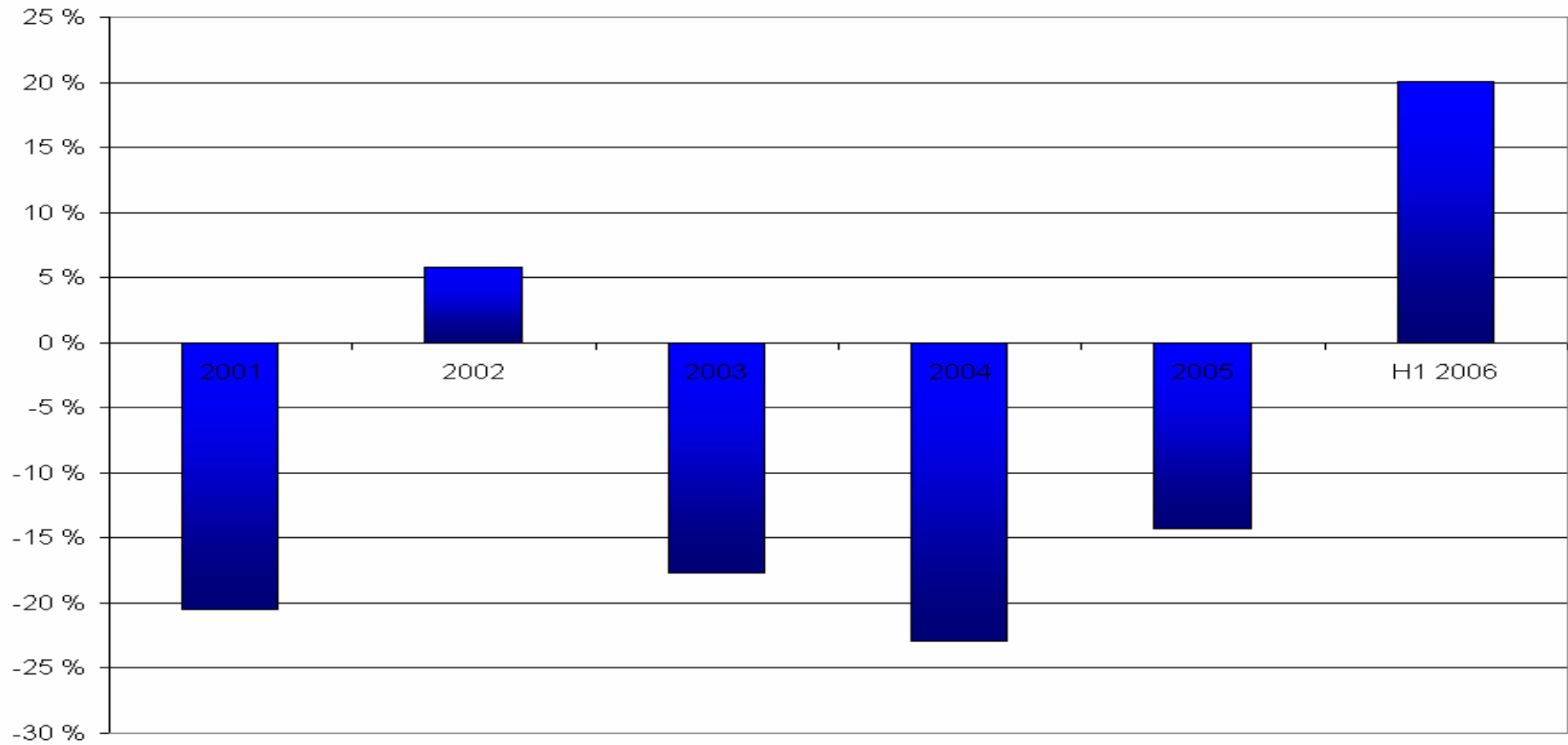
# EPS



## Equity Ratio



## Gearing



## Outlook

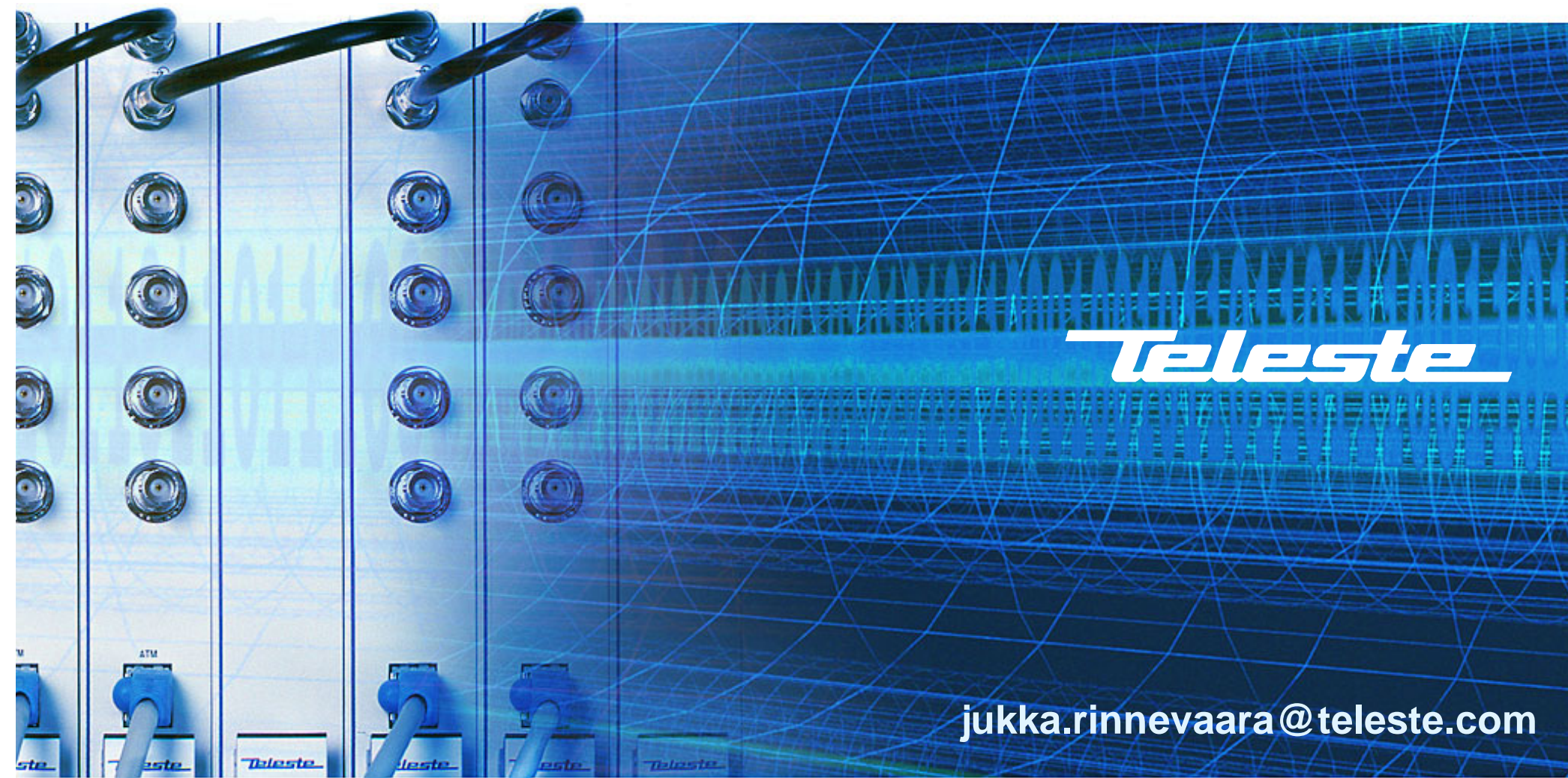
Broadband Cable Networks – Market situation is believed to continue active

- Cable operators' operational profitability has improved
- Continued investments in network upgrades, market situation active in Germany
- Demand for broadband Internet access continues to grow
- Customer's consolidation continues
  - 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 the latter part of the year as well.**





*Teleste*

[jukka.rinnevaara@teleste.com](mailto:jukka.rinnevaara@teleste.com)