

Financial Statement 1.1-31.12.2018

Jukka Rinnevaara
CEO

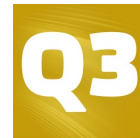
Market events in 2018

- In February Teleste made **an agreement to deliver headend optics to Turksat A.S in Turkey** for their broadband network upgrades.
- In April Teleste signed **an agreement with Alstom for providing an integrated on-board solution to for the Greater Lyon metro network** in France. The deployment will include systems for passenger information, public address and intercommunication as well as Mitron displays for 30 metro trains.
- In April Teleste's **subsidiary Cableway AG signed a new and a very significant three-year strategic partnership agreement with Vodafone Germany** for installation and maintenance services to service Vodafone's cable network customers in Germany. The contract **value is expected to be in excess of EUR 200 million over term** and it will strengthen the long-term profitability and sustainability of Cableway's services business and provide further growth opportunities for Teleste's business footprint in Germany.
- In April Teleste's long-term customer **Stadler selected Teleste's on-board solution for Merseytravel metro trains in the UK**. Delivered to the Liverpool city region by 2020, the deployment will consist of 52 trains designed for specific needs of customers travelling on the Merseyrail metro network. The agreement includes an option for another 60 trains.
- In June **Teleste was selected as a vendor for Integan's network upgrade project in Belgium**. The agreement comprises 700 of Teleste's AC8810 intelligent 1.2 GHz nodes, which will be delivered during the next two years.



- In September Teleste announced that **the Finnish telecommunications operator DNA** deploys Teleste's Optimo transcoders in the **delivery of live TV and video on demand (VOD) services in OTT (over-the-top) networks.**
- In September Teleste announced that **the international rail car manufacturer CAF** has selected Teleste's on-board solutions for its metro projects **in the Philippines and in Italy.** The deliveries will take place in 2019 and they will include 30 metro units for the city of Manila and 12 units for the city of Naples. The agreement is a continuation to the long co-operation between Teleste and CAF.
- In September, **Teleste and its German subsidiary iqu Systems participated as an exhibitor in Innotrans**, the world's largest rail industry fair arranged in Berlin. Teleste showcased a comprehensive product portfolio for rollin stock manufacturers and public transport operators, including train and passenger information systems as well as video security and situational awareness solutions.
- In October Teleste **took part and won the Adaptive Power Challenge contest, launched by the SCTE Cable-Tec Expo 2018 in Atlanta.** The contest was set to collect the brightest ideas and innovations across the cable industry to overcome the problem of how to manage and optimize the energy consumption in broadband networks. As a result of Teleste's innovation, the power consumption by the amplifier module can be decreased up to 30%. This can reduce the total network power consumption by up to 20%.
- In October Teleste announced having signed **an agreement with a major utility company in Salzburg, Austria** for delivering of intelligent, DOCSIS 3.1-capable amplifiers. The project is coordinated by Witke, Teleste's partner in Austria, together with Triax Austria GmbH.
- In October, Teleste organised **a security seminar in Sweden, introducing the Connected Zone concept** for the first time. The concept is part of Teleste's broader engagement in the development of smart solutions. It will be developed further as part of Teleste's smart city project. The objective of the concept is to respond to the increasing feeling of insecurity experienced by people in public places, by offering new digital services for users of public transport.

- **Helsinki City Transport has selected Teleste's S-AWARE® platform** to drive improved situational awareness and safer travelling across the Helsinki metro system. The deployment of the platform will be started in 2019 and the project will be carried out in several phases and be completed the end of the year 2020.
- During the year **Teleste has participated the so called LuxTurrim5G ecosystem project headed by Nokia**. The project develops fast 5G network-based services which are integrated into smart light poles with antennas, base stations, sensors, screens and other devices. Funded by Business Finland, the project opens new business opportunities for digital services and brings smart city innovations closer to practical implementation. The first smart and safe bus stop is already built and is located at the Nokia Campus in Espoo.
- Teleste announced that its **Remote PHY-based intelligent node, AC9100 Neo RPD, has been implemented by Telia Finland**, a leading provider of broadband and telecommunications services in Finland. Teleste's node is in operation in Telia's live network alongside Cisco's cBR-8 CCAP core. Telia's implementation is one of the first in the cable industry. For years now, Telia Finland and Teleste have co-operated successfully in the field of cable TV technology. With cable TV technology now shifting in the direction of distributed access architecture, Telia Finland and Teleste have also kept up-to-date with this development.
- At the year-end Teleste delivered to **four major Caribian cruise lines a data connectivity solution**. Utilising our Mini CMTS we have used the existing TV system's coax cables to provide data and IPTV services to the TV's in the cabins using the same DOCSIS technology used by Cable operators to bring internet to the home
- Early January Teleste announced that it had **reached an agreement with Telenet** for supplying optical network products as part of an upgrade project to install 1,2GHz capable equipment in the optical section of the access network. The equipment will enable delivery of new broadband services according to the DOCSIS 3.1 standard. **The Contract has a substantial value** and investments will happen over a period of three years.



Teleste Group, January – December 2018

	1-12 2018	1-12 2017	YoY change
Orders received, M€	264,0	262,9	0,4 %
Net sales, M€	250,3	234,6	6,7 %
EBIT, M€	9,7	-7,5	
EBIT-%	3,9 %	-3,2 %	
EBIT ¹⁾ , M€	9,7	2,5	287,7 %
Net profit, M€	6,8	-9,1	
Operative cash flow, M€	15,0	19,3	-22,0 %

¹⁾ Excluding goodwill impairment and restructuring provisions

Video and Broadband Solutions, January – December 2018

	1-12 2018	1-12 2017	YoY change
Orders received, M€	152,3	170,4	-10,6 %
Net sales, M€	138,7	142,1	-2,4 %
EBIT, M€	7,7	4,9	58,3 %
EBIT-%	5,6 %	3,4 %	
EBIT ¹⁾ , M€	7,7	5,6	37,2 %
Average personnel	700	763	-8,3 %

¹⁾ Excluding restructuring provision

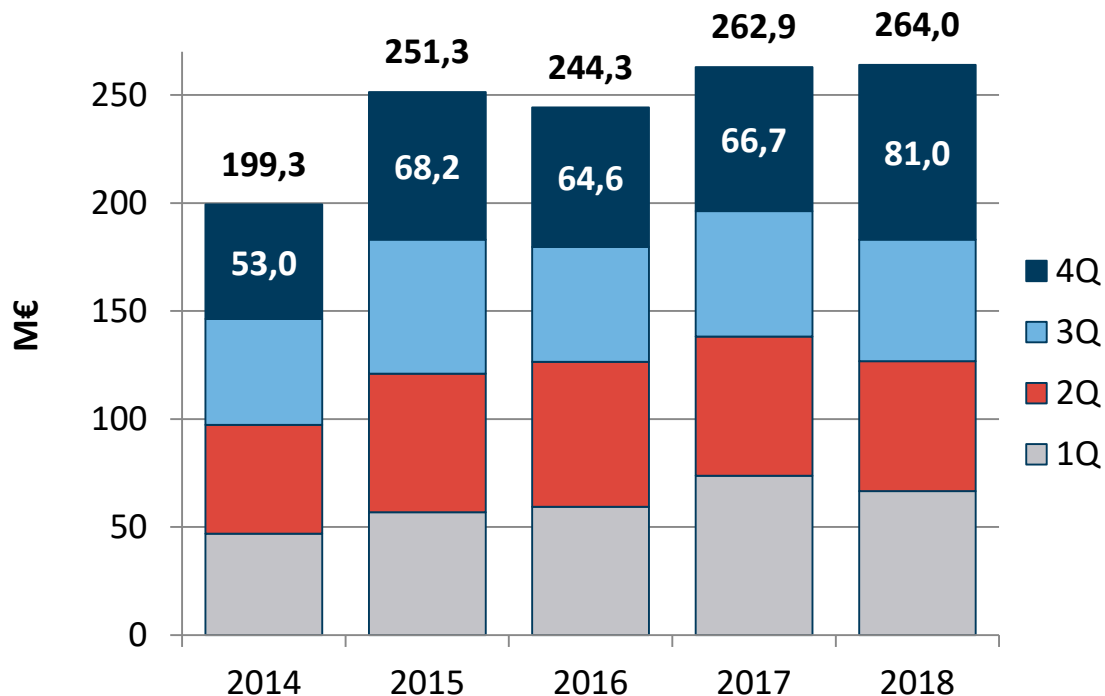
Network Services, January – December 2018

	1-12 2018	1-12 2017	YoY change
Orders received, M€	111,7	92,5	20,7 %
Net sales, M€	111,7	92,5	20,7 %
EBIT, M€	2,0	-12,4	
EBIT-%	1,8 %	-13,4 %	
EBIT ¹⁾ , M€	2,0	-3,1	
Average personnel	693	729	-5,0 %

¹⁾ Excluding goodwill impairment and restructuring provision

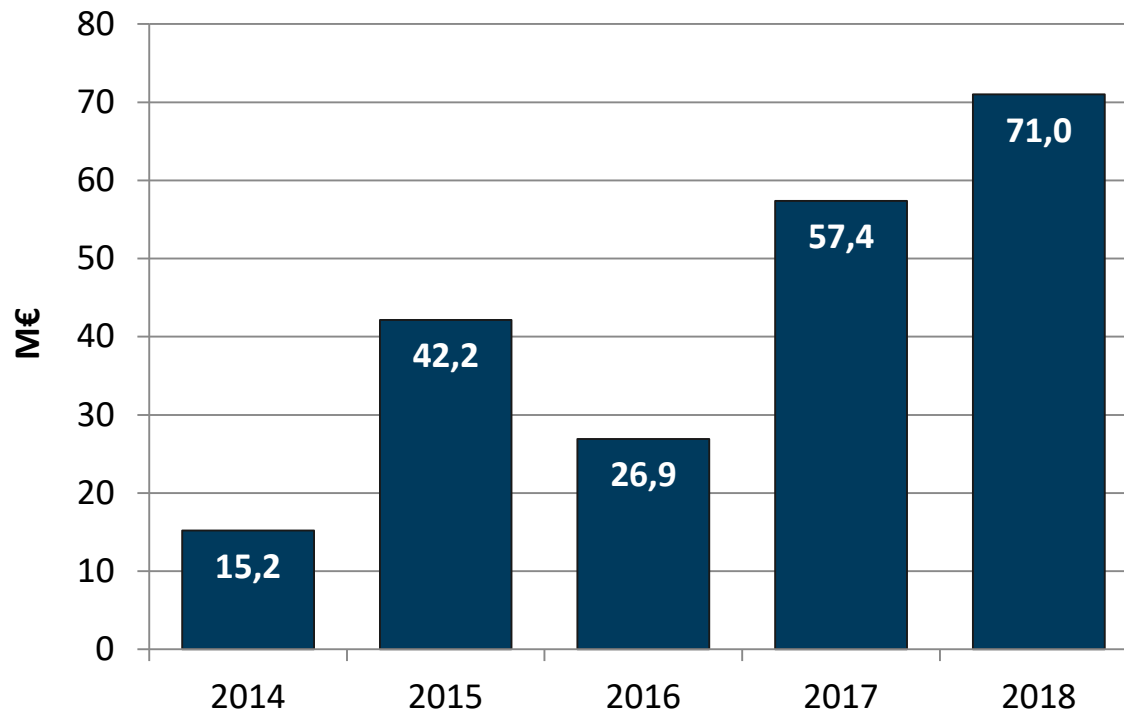
Orders Received

Teleste Group, M€



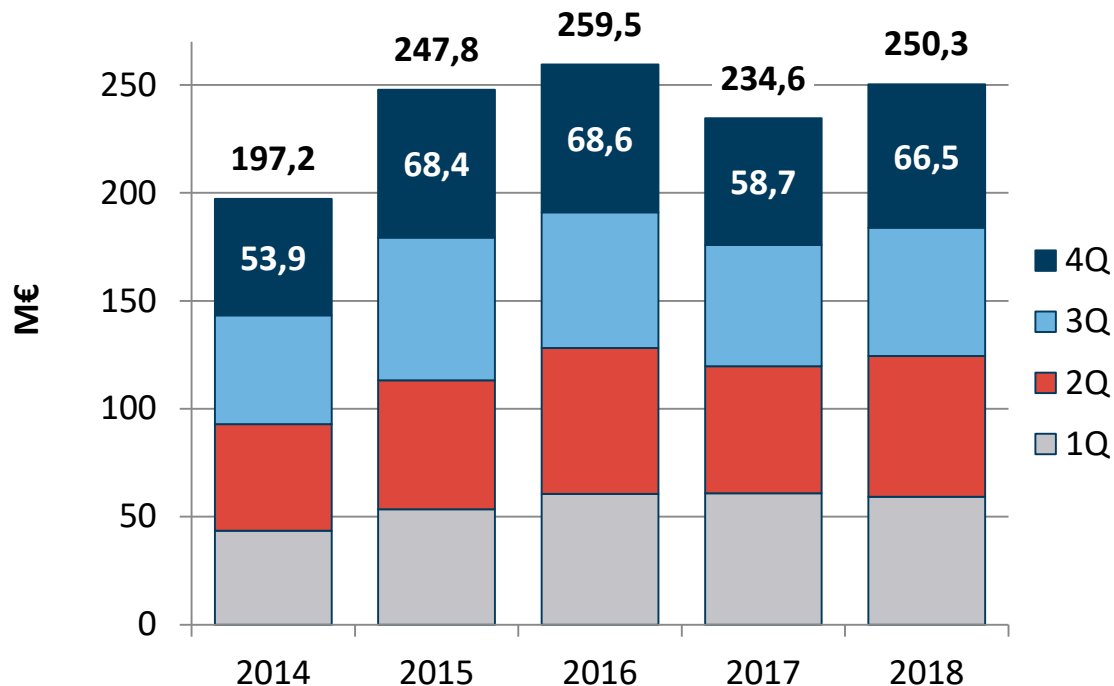
Order Backlog (at the end of period)

Teleste Group



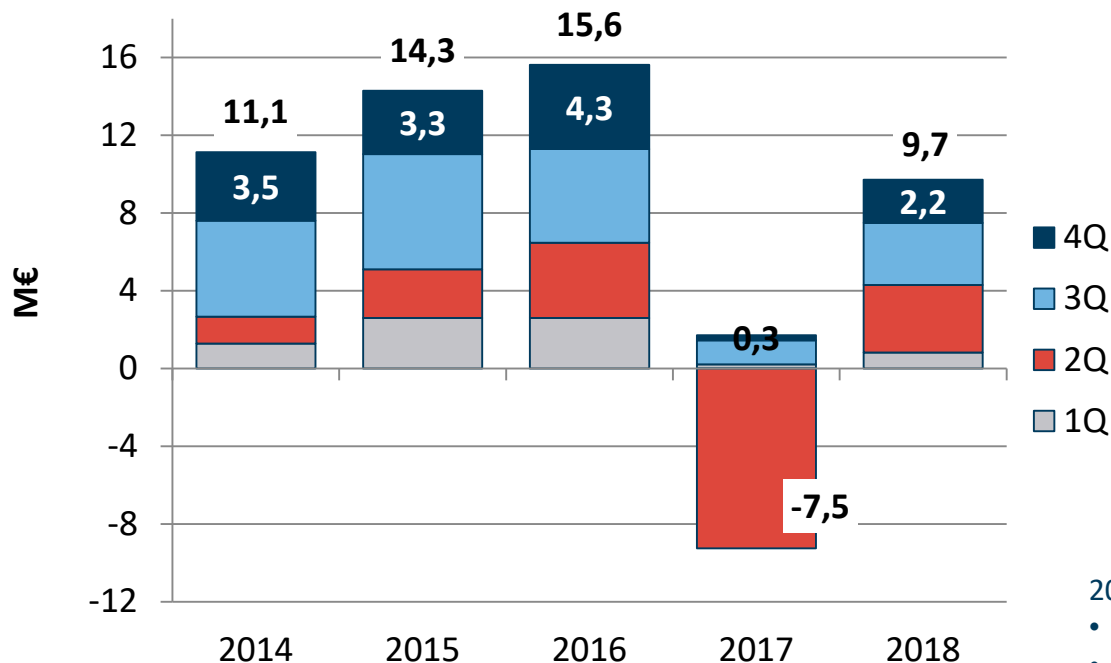
Net Sales

Teleste Group, M€



Operating Profit

Teleste Group, M€

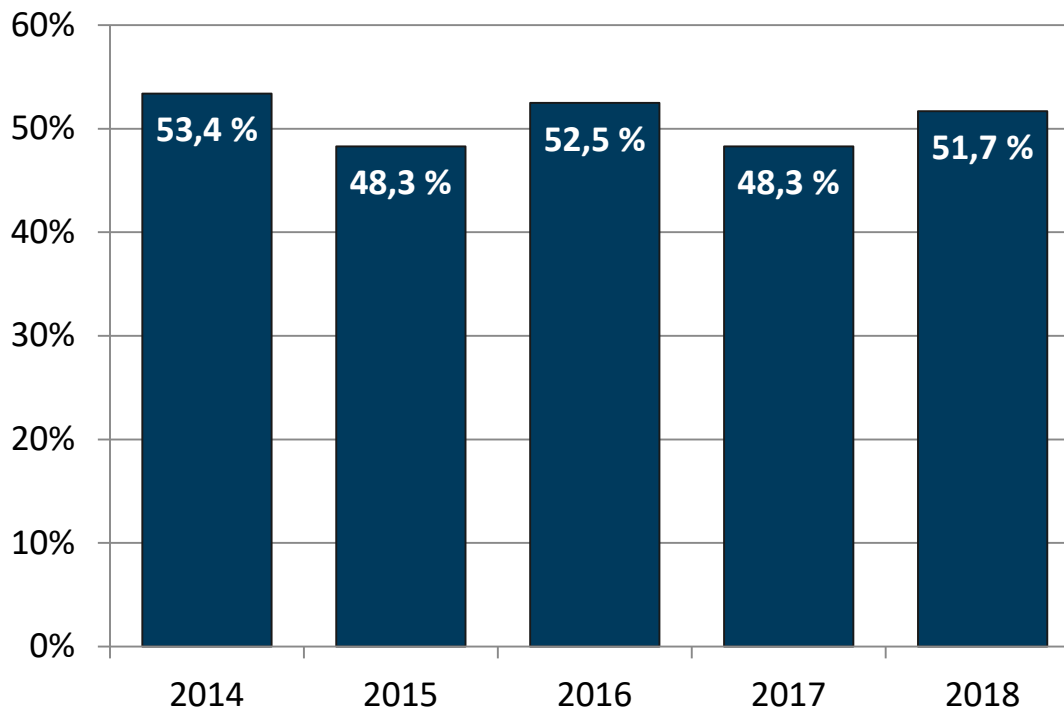


2017* excluding

- 7,7 M€ goodwill impairment
- 2,4 M€ restructuring provisions

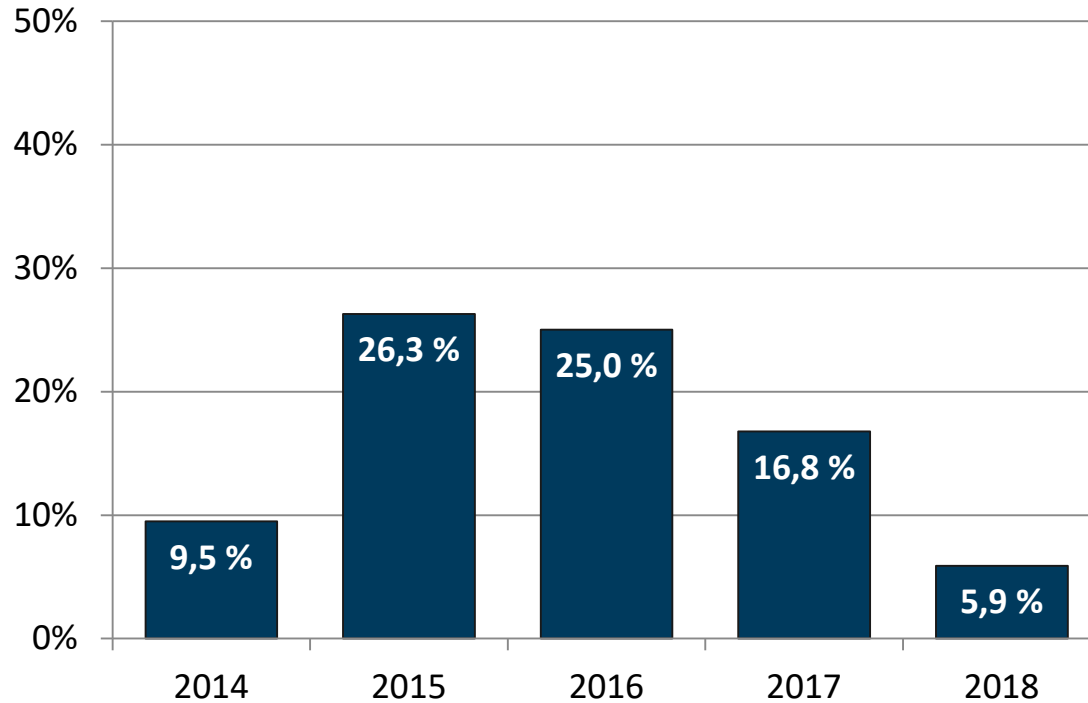
Equity Ratio (at the end of period)

Teleste Group



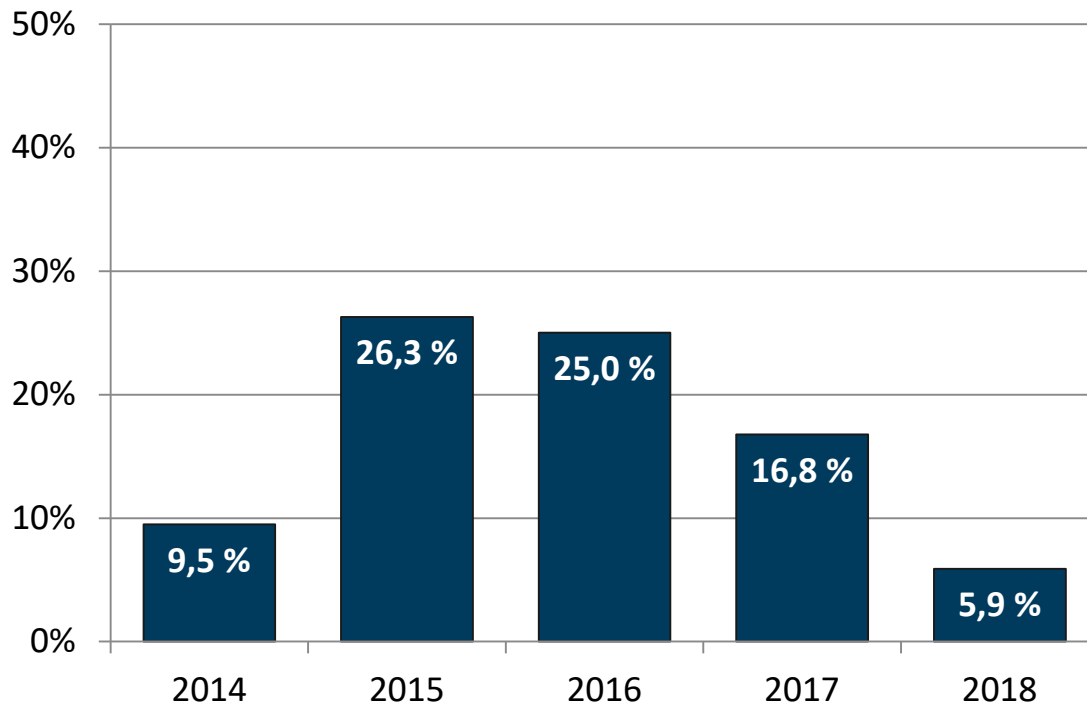
Gearing (at the end of period)

Teleste Group



Nettovelkaantumisasiaste (kauden lopussa)

Teleste



TELESTE
ANNIVERSARY

A large, white, stylized number '65' is the central focus. The '6' has a thick outline and a solid white center. The '5' also has a thick outline and a solid white center. A horizontal white line runs across the bottom of the '6' and '5', extending slightly beyond their left and right edges respectively.