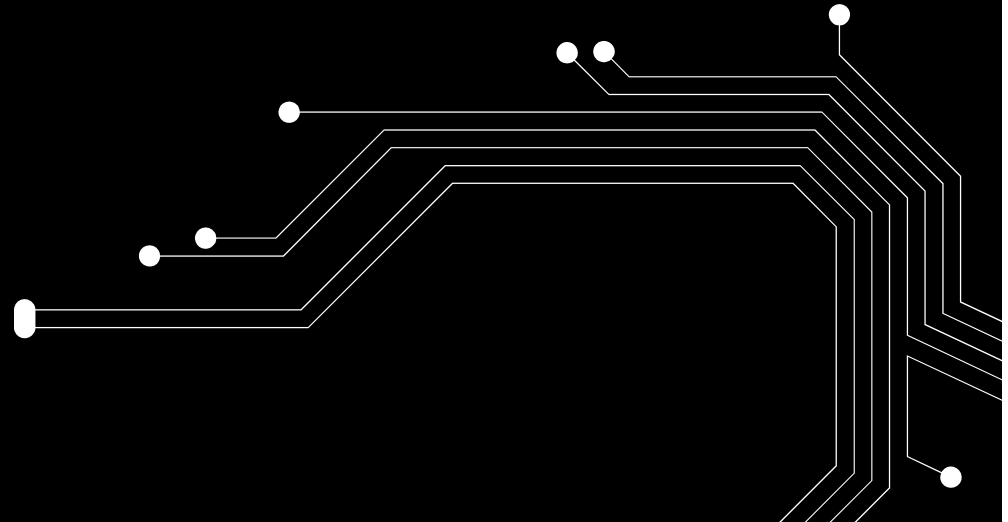


# Teleste Corporation Full Year 2008

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**CEO**



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## Major events 2008

- **Framework agreement of EUR 15 million with German Cableway AG for deliveries involving house network equipment. Deliveries are scheduled for 2008 to 2011.**
- **Teleste acquired the entire share capital of Ortikon Interactive Oy. Strengthened position as a turnkey supplier of IPTV solutions.**
- **Framework agreement of EUR 3 million with Ypson of the Altice Group on Fttx products.**
- **Framework agreement with the French National Railway Authority SNCF on delivery of CCTV solution for major railway stations in France. Value of the order exceeds EUR 2 million.**
- **Agreement of EUR 12 million with Indian cable operator Digicable Network on Luminato headend technology.**
- **Framework agreement of several millions with Belgian Telenet. Total length of the project spans 4 to 5 years.**

## Major events 2008

- **Teleste reported launch of co-determination negotiations designed to identify measures for adapting corporate operations to the tough-to-predict market situation without compromising favourable growth opportunities**
  
- **Teleste moved ahead in the German network services market by acquiring three companies specializing in cable services**
  - The relevant companies, with their main business areas of upgrading and maintaining of cable and house networks, are MKS GmbH, Young-Net GmbH and Antel GmbH.
  
  - With these acquisitions Teleste will become one of the key service providers in cable networks business in Germany. Main clientele consists of key German cable operators supplying network access to approximately 20 million end-customers.
  
  - The impact of this takeover to Teleste's net sales for 2009 is estimated to be more than EUR 30 million. The transaction is predicted to improve Teleste's profitability for 2009.

# Market situation Q4/2008

## **Broadband Cable Networks**

- The prevailing market situation and the credit crunch, in particular, have led to general caution with regard to network investments
- Cable operators are launching new services (broadband, HDTV, VoD) and the strong competition with the phone operators continues
- Steady growth in the services market continued

## **Video Networks**

- Towards the end of Q4, the active market areas included Finland, France, UK and USA
  - New customerships
- Market for the large-scale comprehensive public sector network solutions are looking up

## Group Q4

	Q4 2008	Q4 2007	Change%
Orders Received	25.3	29.7	-15%
Net Sales	28.1	31.1	-10%
Operating Profit	1.6	3.0	-47%
EBIT %	5.6%	9.8%	-43%
Net Profit for the Period	1.9	2.4	-21%

## Broadband Cable Networks (BCN) Q4

	Q4 2008	Q4 2007	Change%
Orders Received	19.7	25.2	-22%
Net Sales	23.8	25.5	-6%
EBIT	1.7	2.4	-29%
EBIT %	7.2%	9.3%	-22%

## Video Networks (VN) Q4

	Q4 2008	Q4 2007	Change%
Orders Received	5.6	4.6	24%
Net Sales	4.4	5.5	-20%
EBIT	-0.1	0.7	n/a
EBIT %	-3.2%	12.0%	n/a



## Group Full Year

	2008	2007	Change%
Orders Received	118.6	118.5	0%
Net Sales	108.7	125.1	-13%
Operating Profit	5.6	13.2	-57%
EBIT %	5.2%	10.5%	-50%
Net Profit	5.5	9.4	-41%
EPS	0.32	0.55	-42%

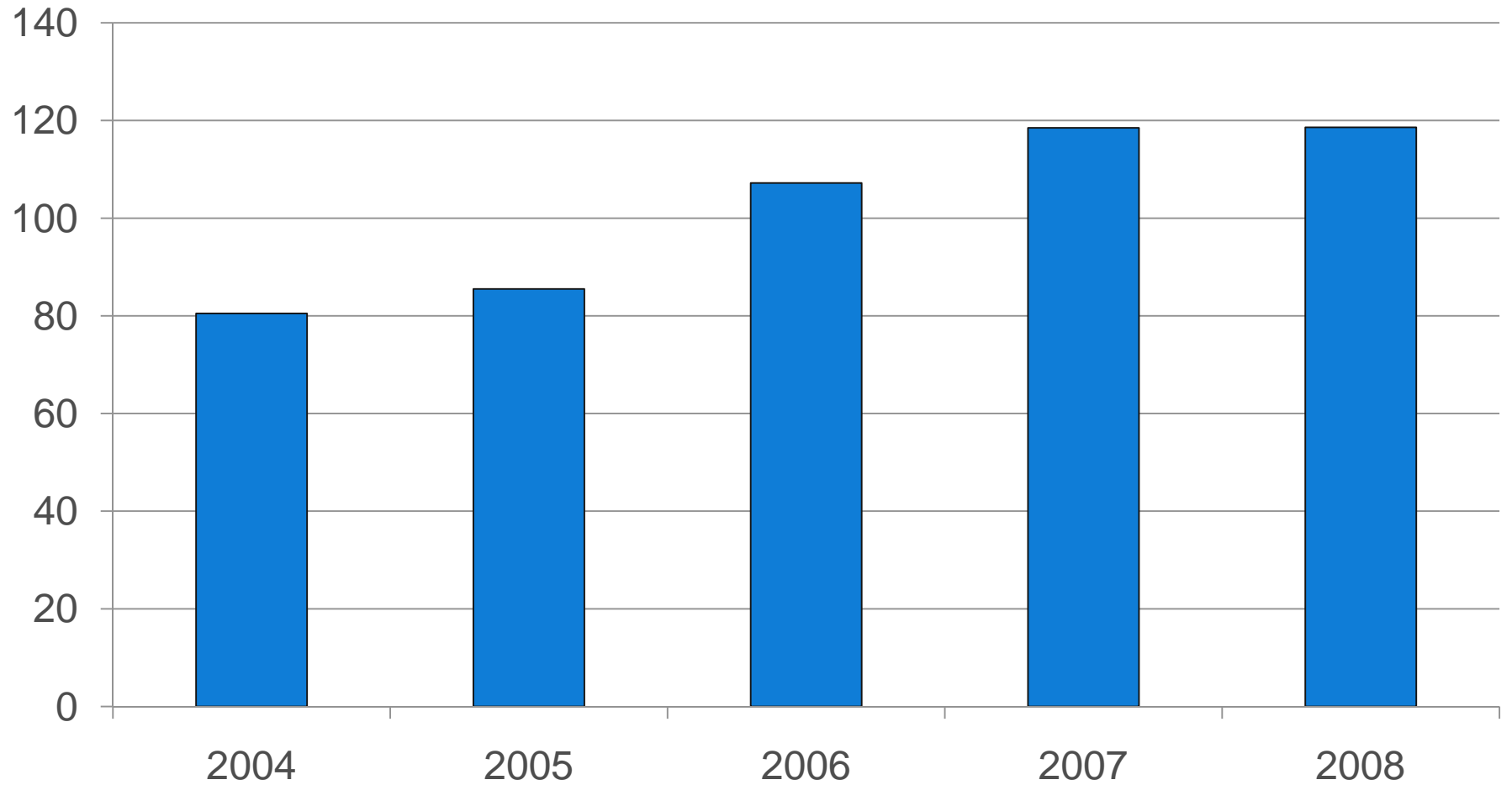
## BCN Full Year

	2008	2007	Change%
Orders Received	101.4	101.4	0%
Net Sales	92.6	108.2	-14%
Operating Profit	6.1	12.8	-52%
EBIT %	6.6%	11.9%	-44%

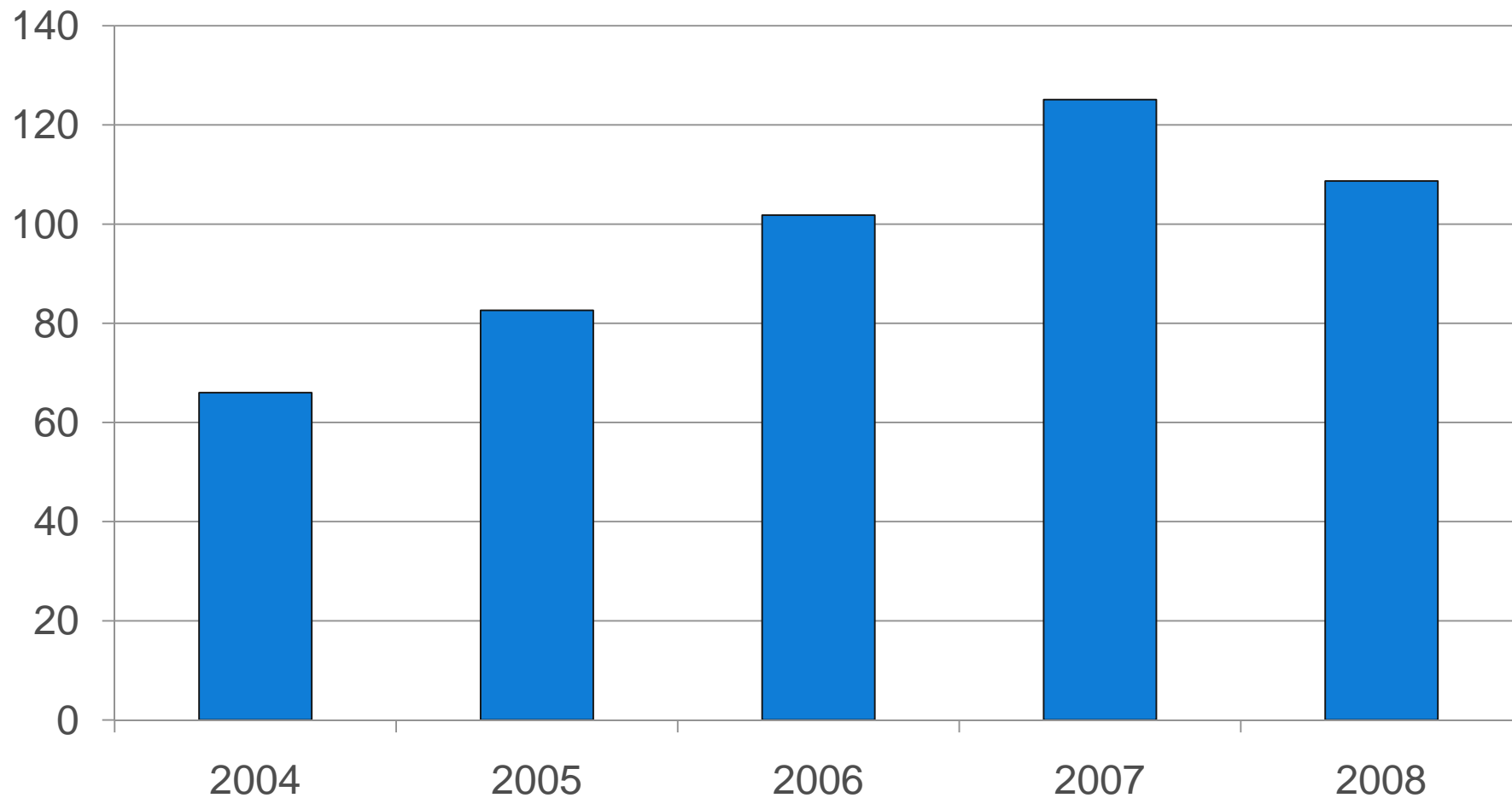
## VN Full Year

	2008	2007	Change%
Orders Received	17.2	17.1	1%
Net Sales	16.1	16.9	-5%
Operating Profit	-0.5	0.3	n/a
EBIT %	-2.9%	2.0%	n/a

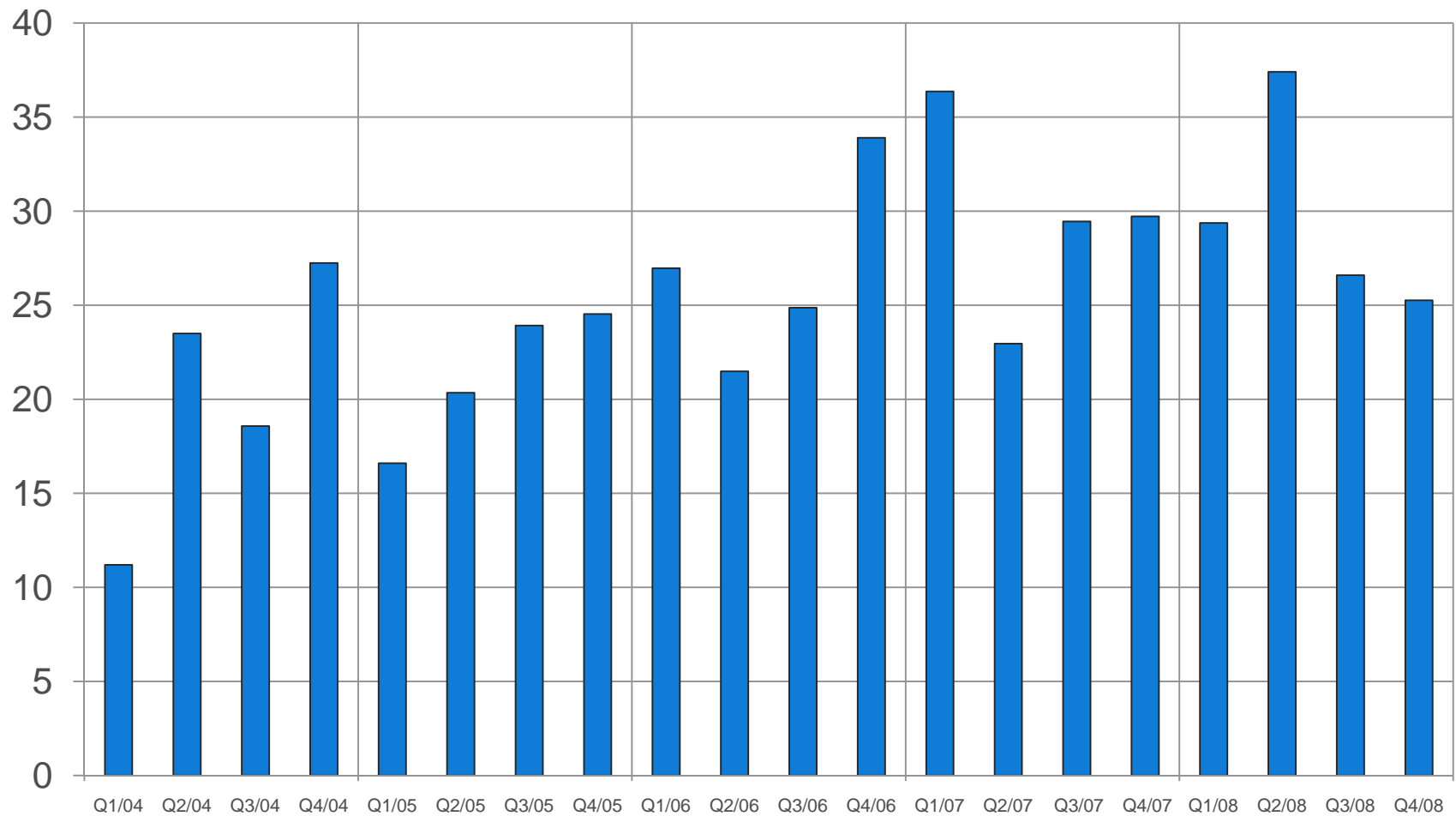
## Orders received



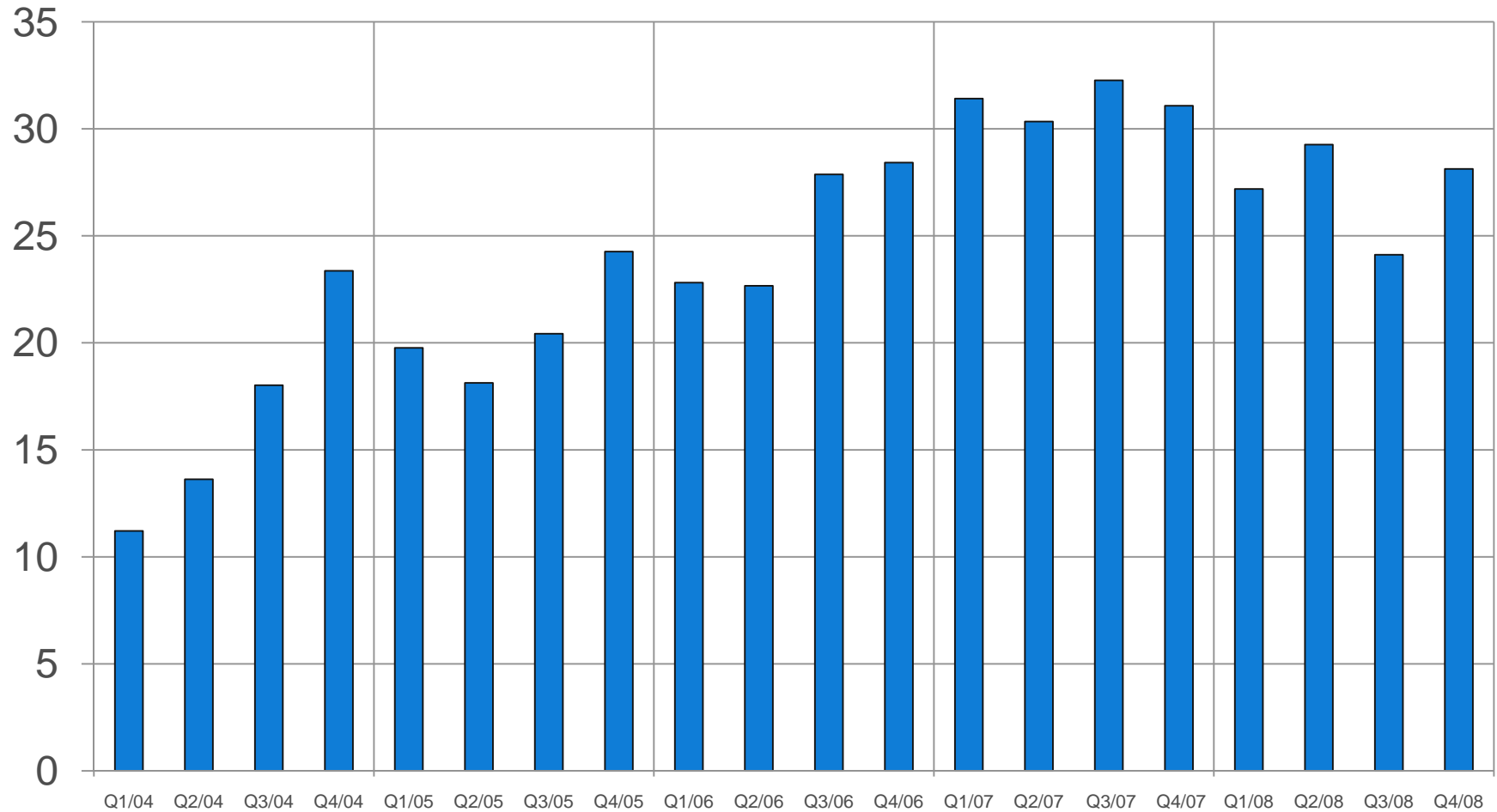
# Net Sales



## Orders Received by Quarters

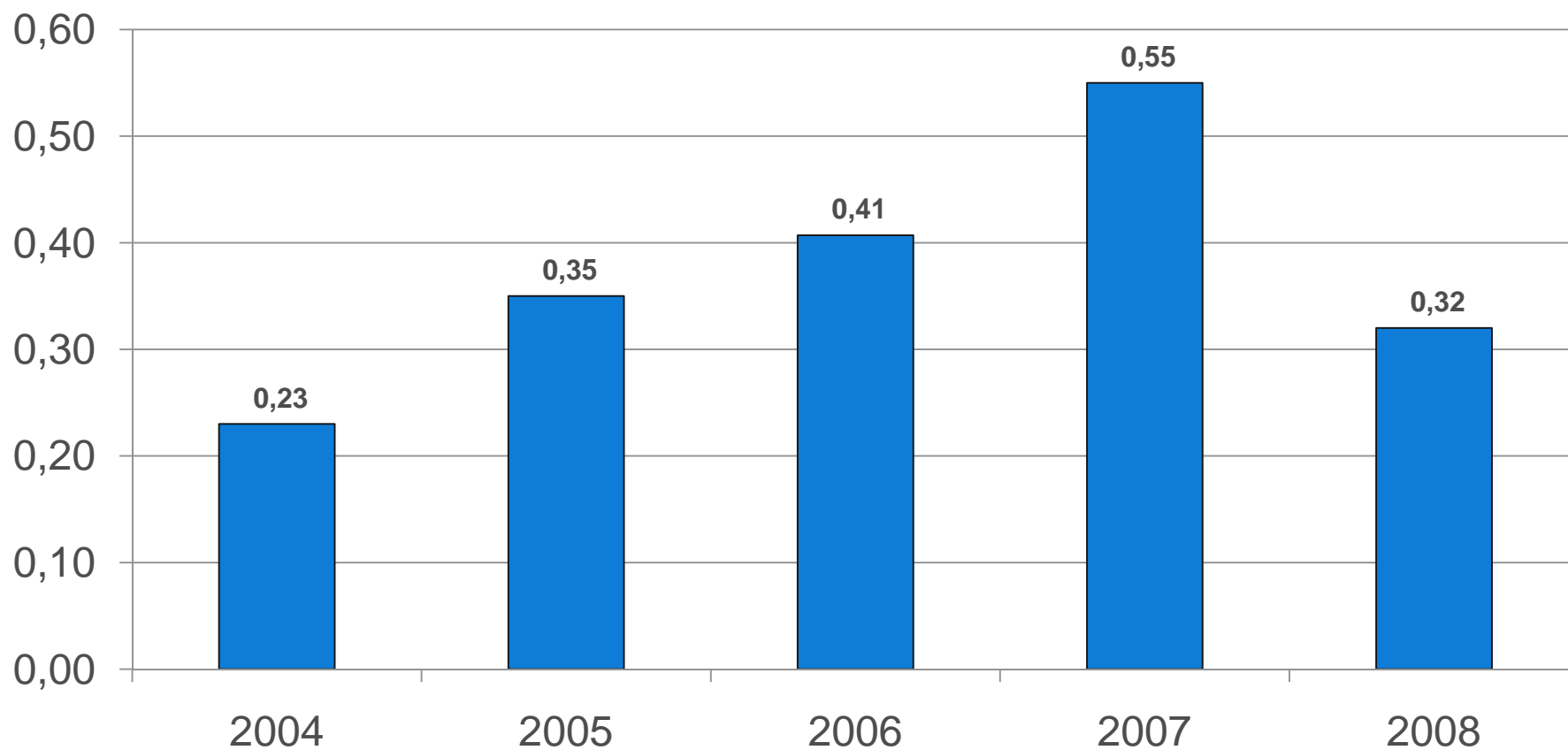


## Net Sales by Quarters



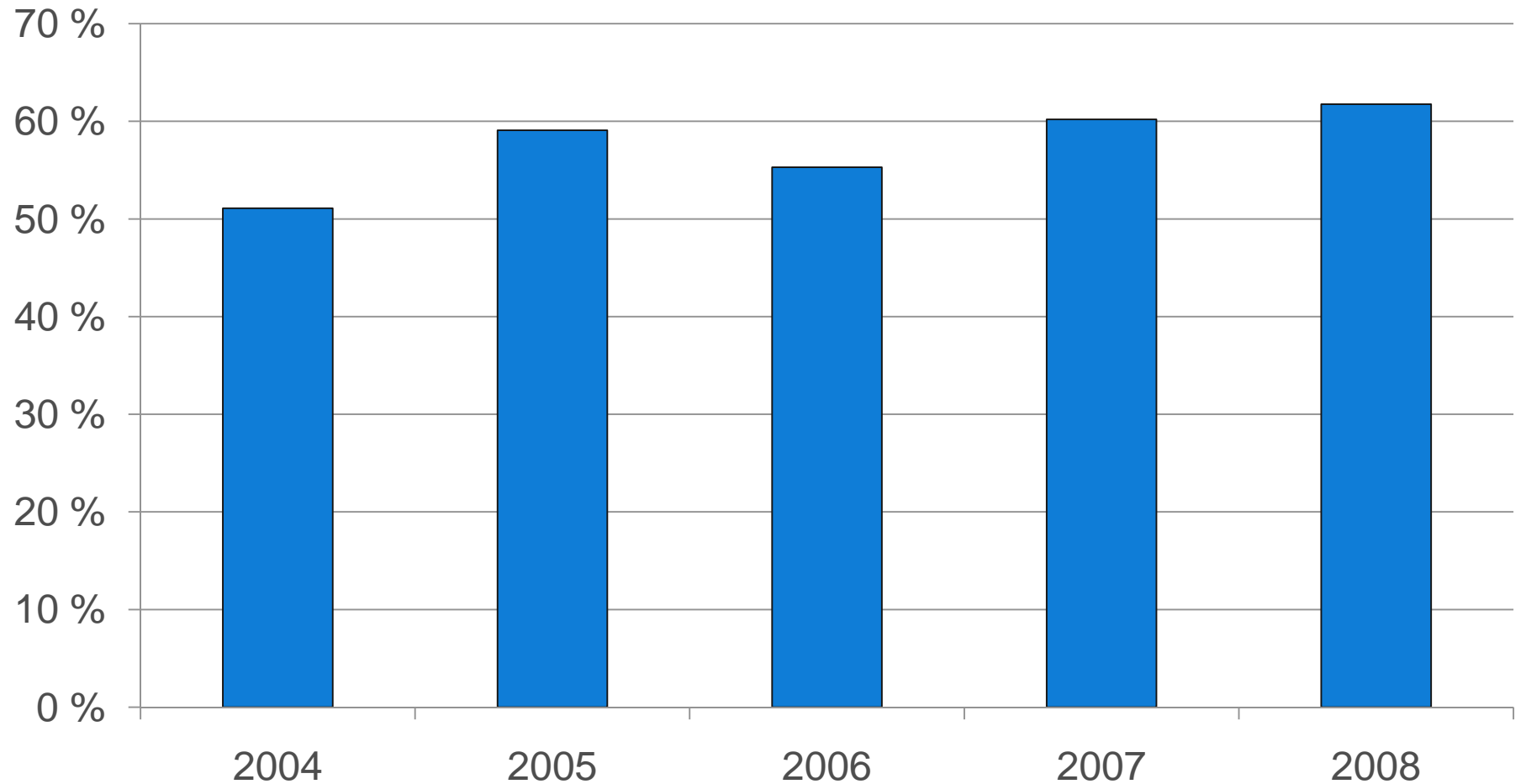
# EPS

## EPS

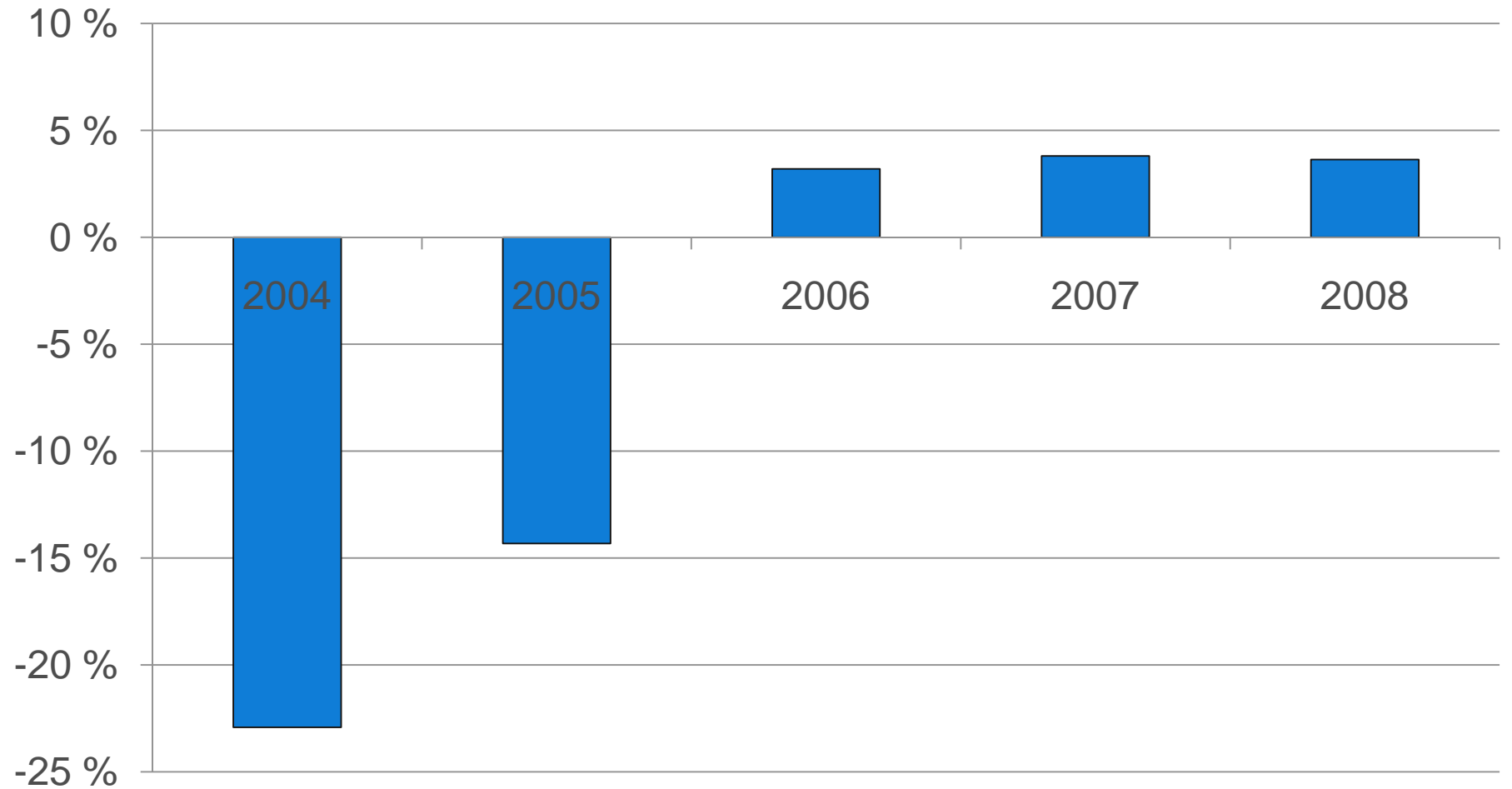




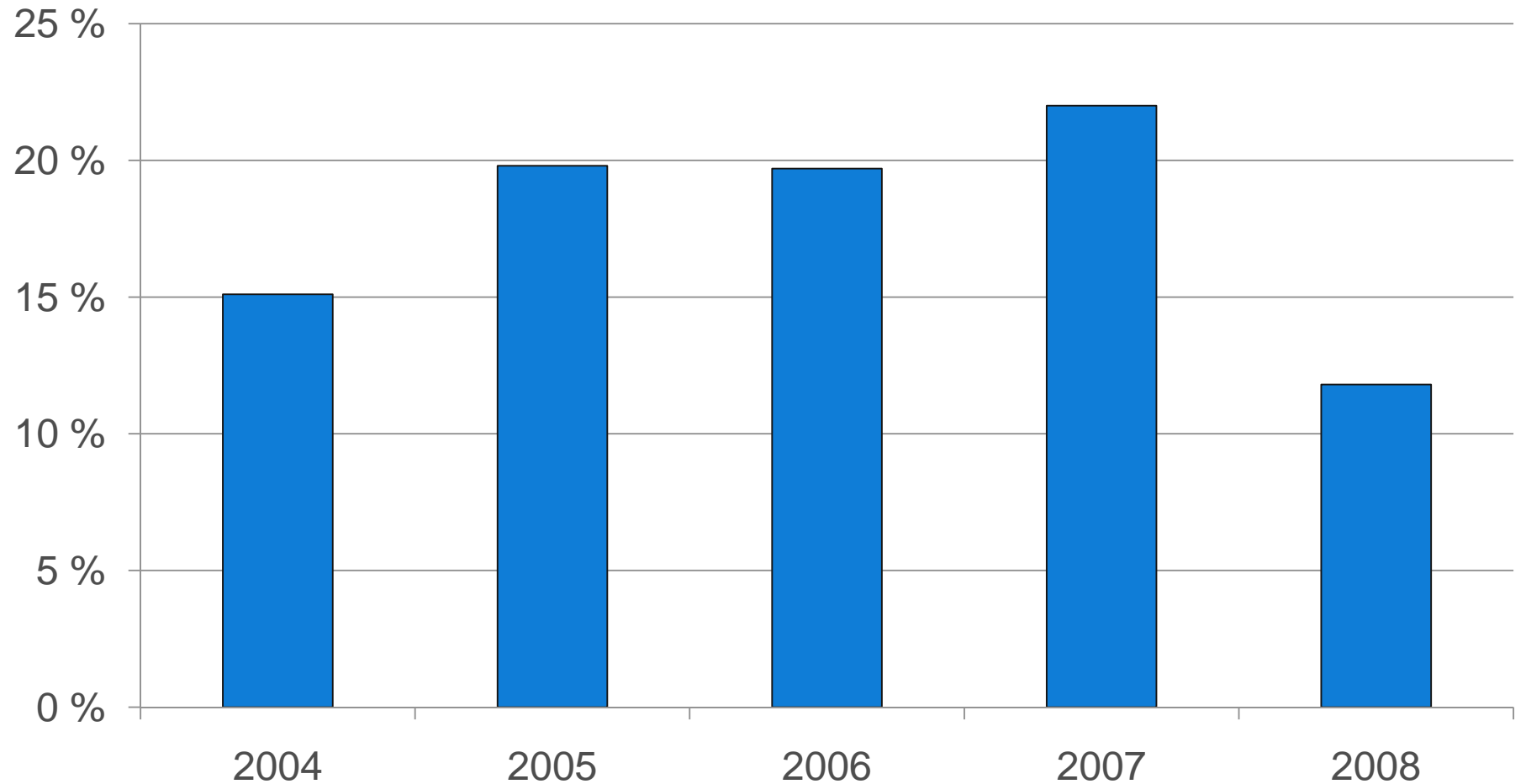
## Equity Ratio



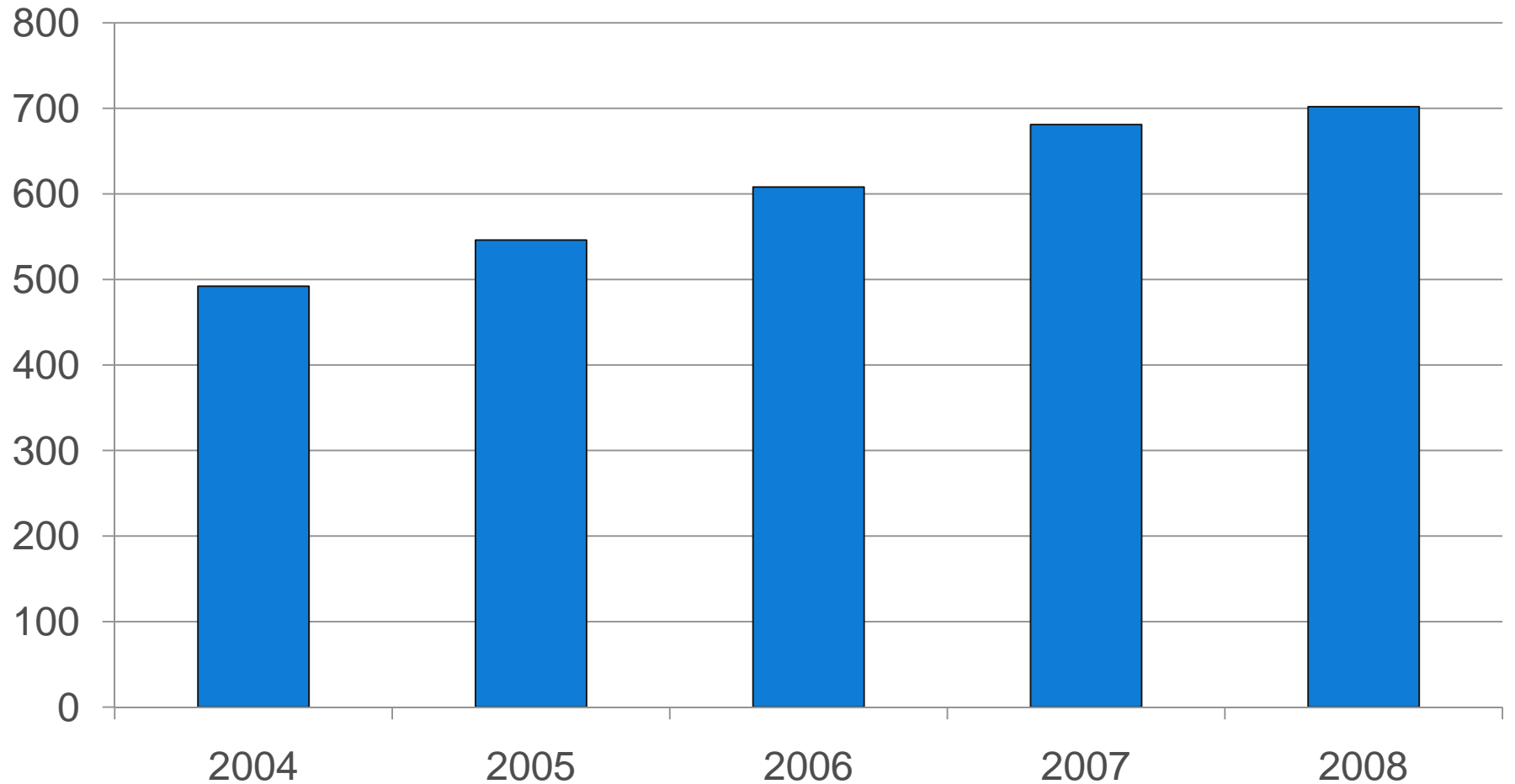
# Gearing



## Return on Equity %



## Personnel (avg.)



# Outlook

## Broadband Cable Networks

- Demand for network driven by video (HDTV, IPTV, WebTV) and growth in broadband Internet access continues.
- The general economic uncertainty is not expected to affect consumer demand for the end-customer operator services – investments are limited by financing arrangements of the venture capitalists.
- Operators are outsourcing their technical network services marking a temporary break in consolidation.
- Continued price competition in some product groups.
  - **We expect the uncertain financial situation to push back investment decisions by the customers.**

## Video Networks

- Particular growth areas include large-scale network management and recording projects as well as industry-specific solutions.
  - **Promising prospects list for the year 2009.**

## Teleste

- **Need for network investments is strengthened by increased provision of services and end-customer demand, whereas final investment decisions are delayed in the current market situation.**
- **Cost level is adapted to market situation in a flexible manner.**
- **Continued improvements in efficiency with on-going focus on the chosen product and service areas.**
- **Due to the temporary delays in network investments, preparations for weakening net sales and profitability will be made in the 2009 operating plan at least for the first half of the year.**

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