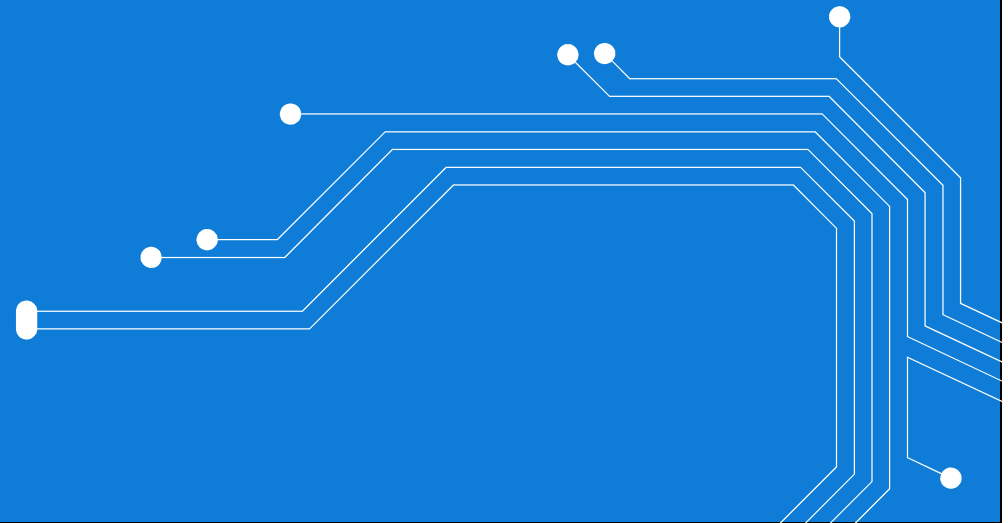


FINANCIAL STATEMENT 2011

JUKKA RINNEVAARA
CEO



Teleste in Brief

Teleste is an international technology group specialised in broadband communication systems and services, with video at the core of our activities.

Visio: Leading provider of broadband video technology and services for operators.

- Established 1954
- Headquarters in Turku region, Littoinen
- Production in Finland and in China
- Own offices in 20 countries, actively present in over 30 countries



Teleste Corporation – Business areas today

Video and Broadband Solutions

Product solutions for broadband networks, video service platforms and video surveillance applications

Network Services

Comprehensive service solutions for cable networks



World of broadband video operators



Common video and broadband technology

Market situation Q4/2011

Video and Broadband Solutions

- **Market situation remains active, especially in France, Belgium, Israel, Poland and Russia**
 - **Optical solutions in general**
 - **Handover of the French video surveillance system PdP (Préfecture de Police)**
 - **Luminato deliveries to the Russian MTS (Mobile TeleSystems OJSC)**
- **General economic situation in Europe continues to pose a threat**
- **There is a need for increased network capacity**

Network Services

- **Market situation is active, especially in Germany and the UK**
- **Digitalization and HD will increase network upgrades**
- **Constraints in availability of subcontractor resources in Germany**

RESULT Q4 - Group

	Q4 2011	Q4 2010	Change%
Orders Received	53.5	50.8	5.2%
Net Sales	53.5	46.6	14.6%
EBIT	4.1	3.0	39.2%
EBIT %	7.7%	6.4%	n/a
Net Profit for the Period	2.9	2.1	36.7%

RESULT Q4 - Video and Broadband Solutions (VBS)

	Q4 2011	Q4 2010	Change%
Orders Received	28.7	27.1	5.9%
Net Sales	27.7	22.9	21.0%
EBIT	3.1	2.4	29.5%
EBIT %	11.1%	10.3%	n/a

RESULT Q4 – Network Services (NS)

	Q4 2011	Q4 2010	Change%
Orders Received	24.8	23.8	4.4%
Net Sales	25.8	23.8	8.3%
EBIT	1.1	0.6	77.4%
EBIT %	4.2%	2.5%	n/a

RESULT 2011 - Group

	2011	2010	Change%
Orders Received	188.1	167.2	12.5%
Net Sales	183.6	167.8	9.4%
EBIT	9.4	7.4	26.2%
EBIT %	5.1%	4.4%	n/a
Net Profit for the Period	6.3	4.8	31.7%

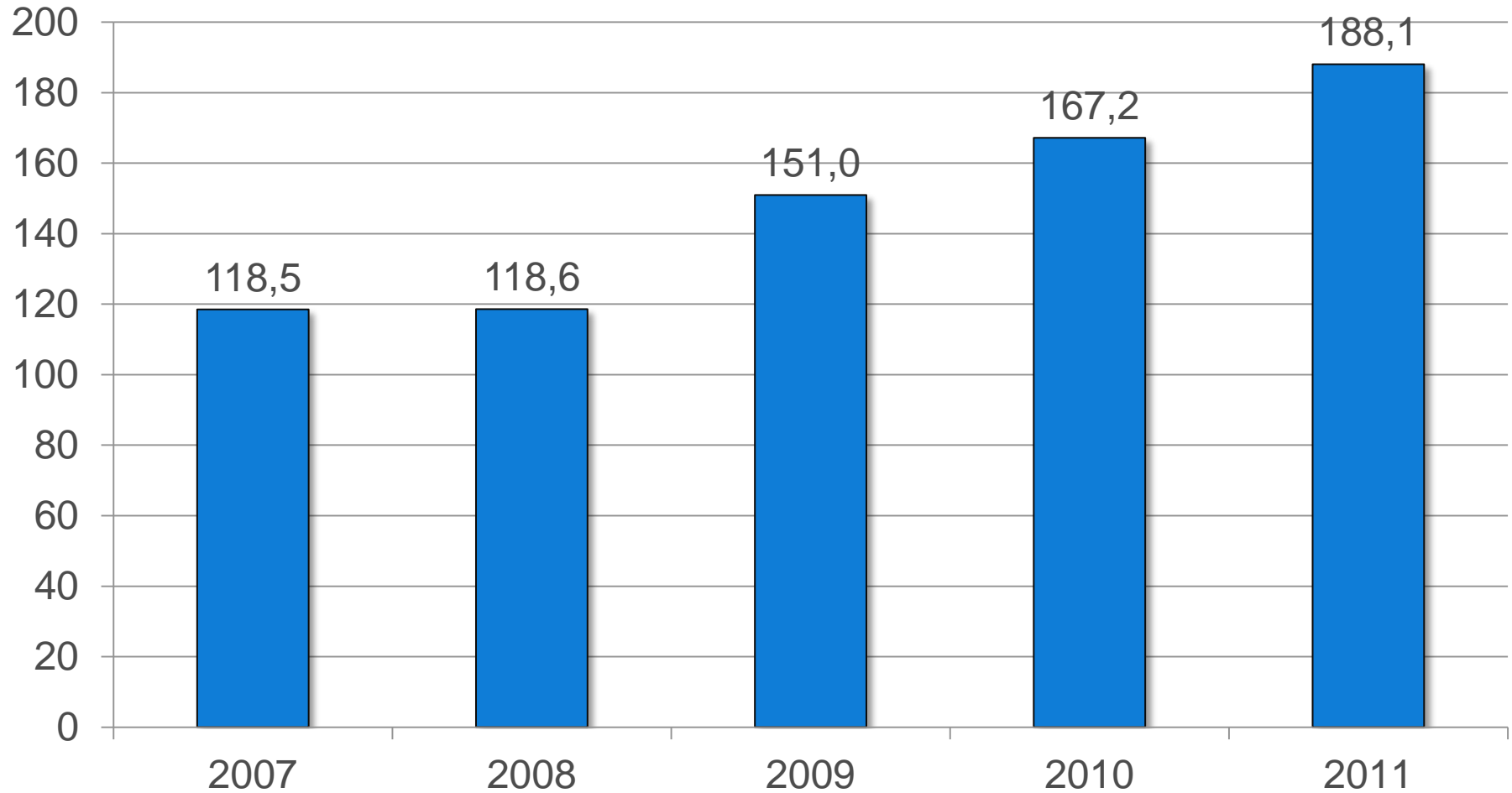
RESULT 2011 - Video and Broadband Solutions (VBS)

	2011	2010	Change%
Orders Received	93.3	86.5	7.8%
Net Sales	89.7	82.0	9.4%
EBIT	8.2	6.3	29.6%
EBIT %	9.2%	7.7%	n/a

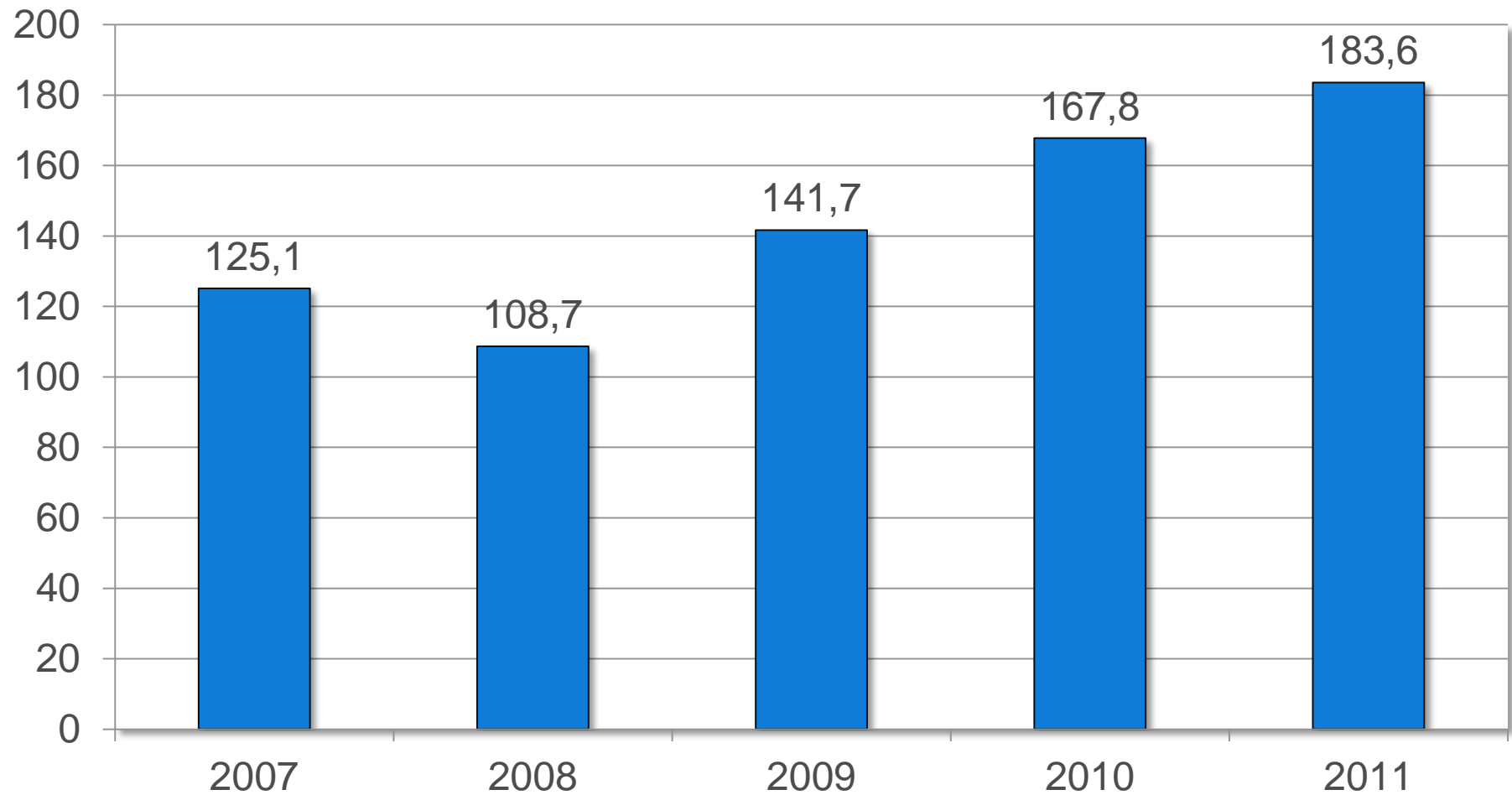
RESULT 2011 – Network Services (NS)

	2011	2010	Change%
Orders Received	94.8	80.7	17.5%
Net Sales	93.9	85.8	9.4%
EBIT	1.2	1.1	6.7%
EBIT %	1.2%	1.3%	n/a

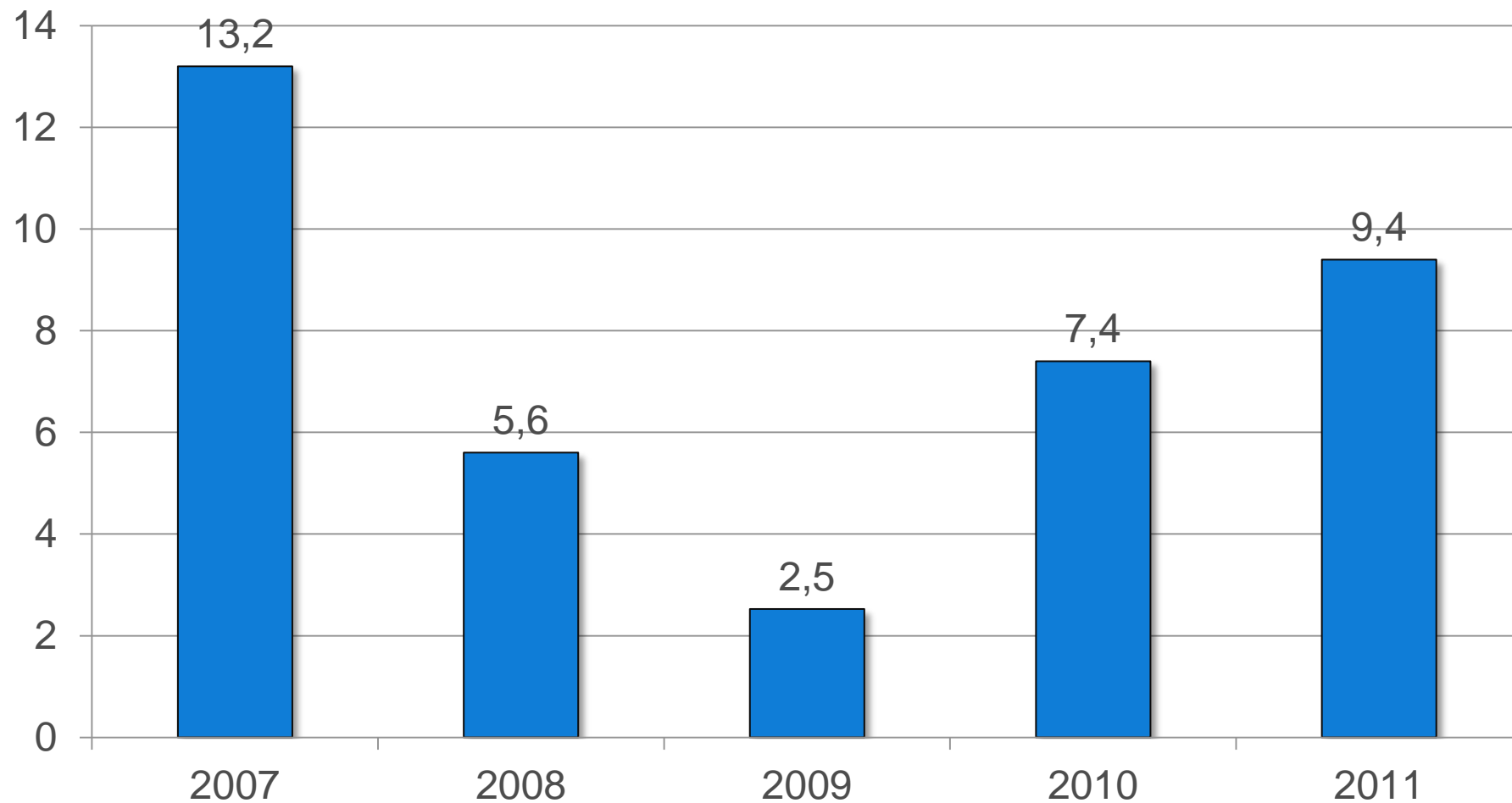
Orders Received



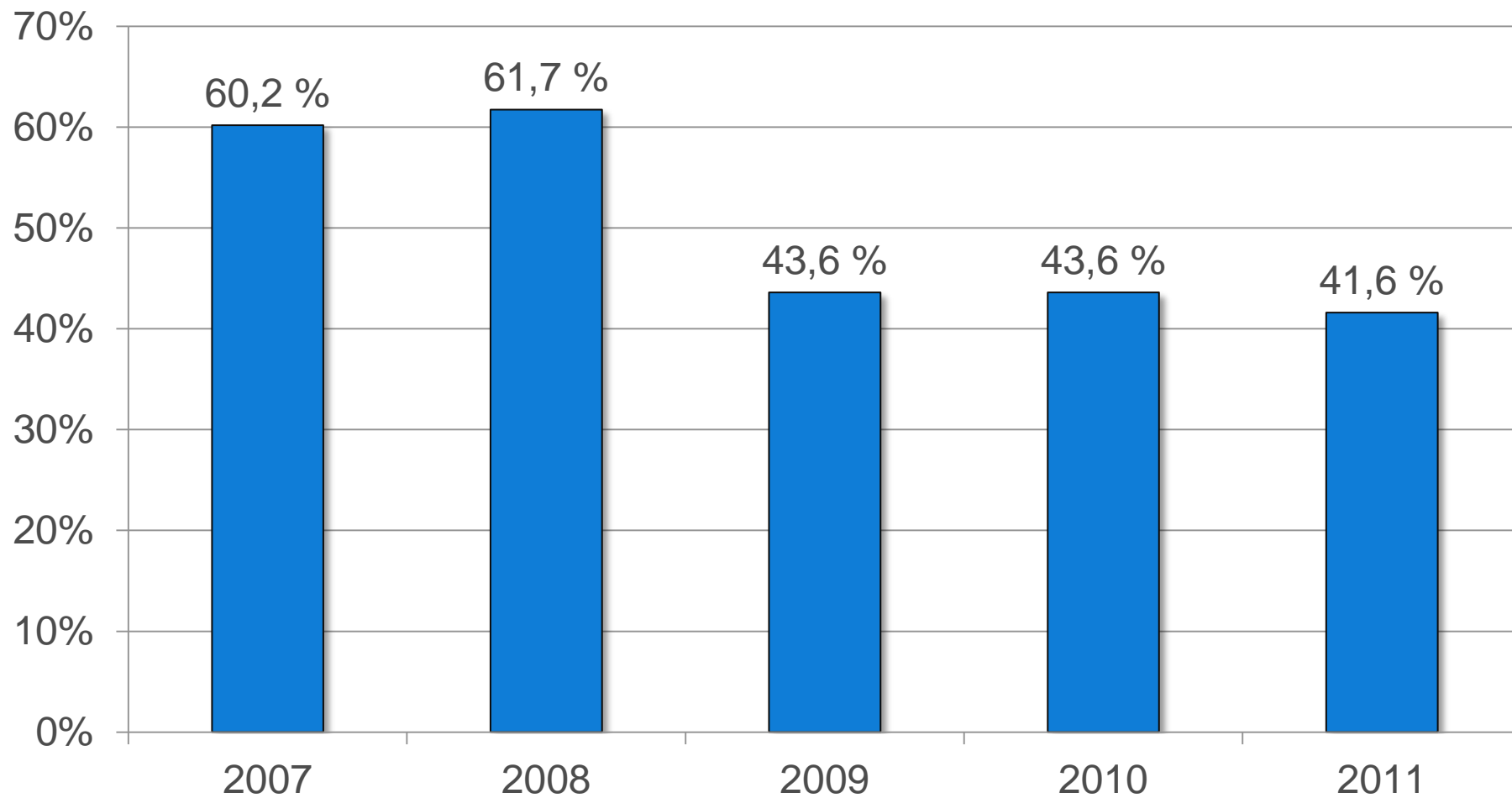
Net Sales



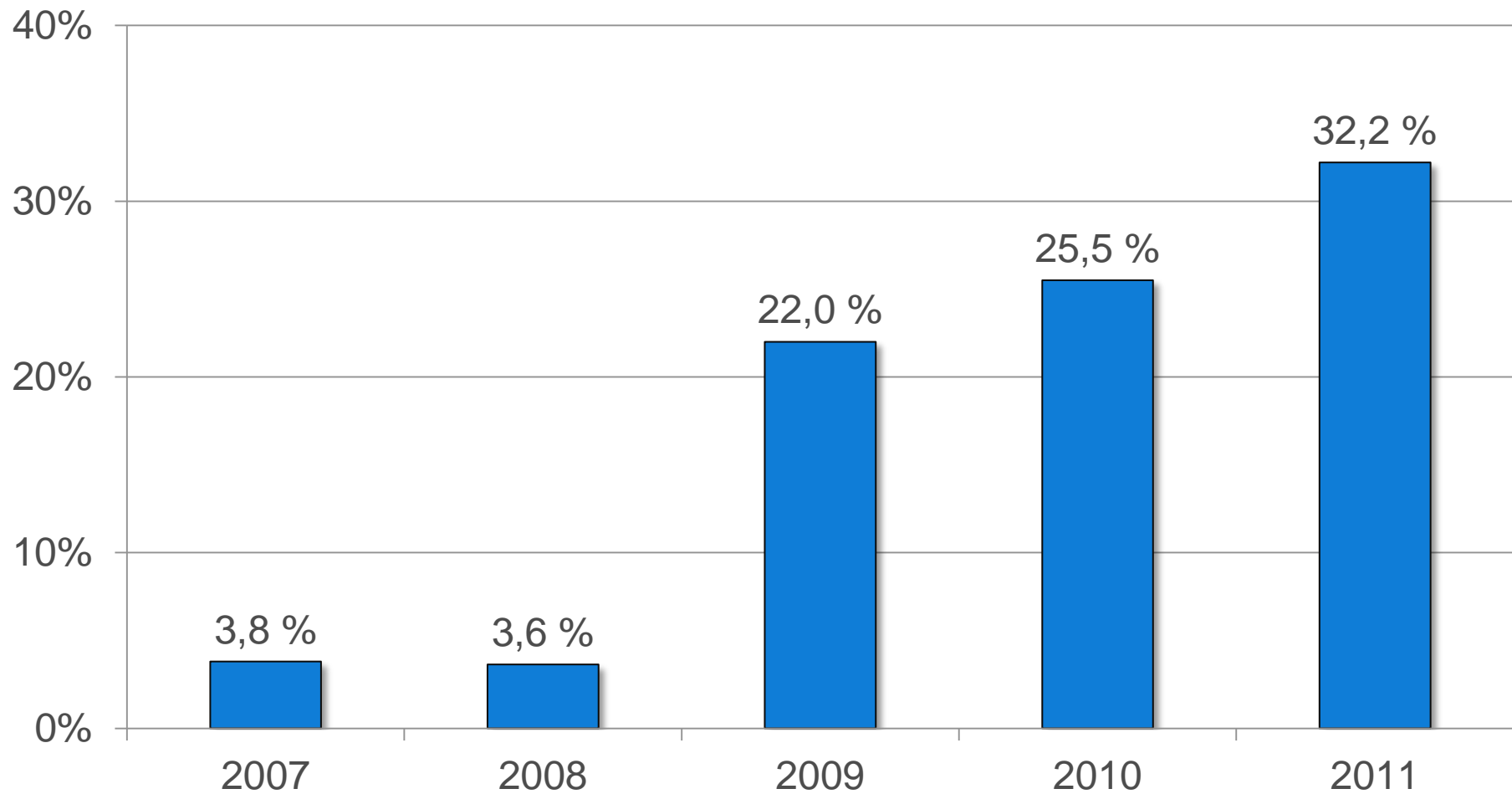
EBIT



Equity Ratio



Gearing



Future outlook

In our estimation, deliveries of equipment and solutions in 2012 for the operator clientele by Video and Broadband Solutions will reach at least the 2011 level. European telecom operators have launched TV distribution infrastructure investments, and in our view, Teleste's optical products and IP network solutions are competitive in this new emerging market.

In our estimate, demand on the annual level for services by Network Services continues relatively stable. We believe that in the main market area of Germany the operating profit will improve from the 2011 level due to more efficient resource management.

- Net sales and operating profit will grow over the 2011 level.

