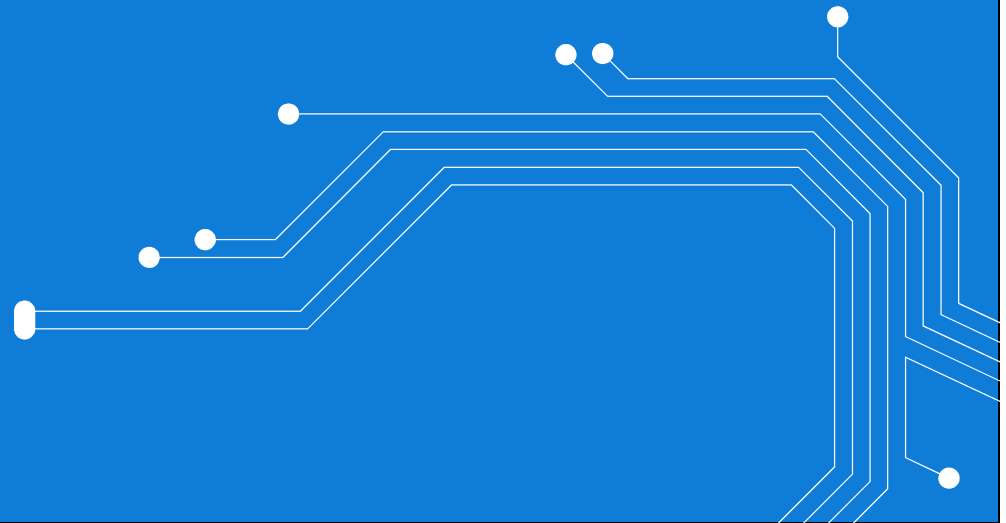


Financial Statement 2012

JUKKA RINNEVAARA
CEO



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



Our core competence

We are transforming customer needs, technology and services into

**>> optimised integrated
broadband video solutions**

using video processing and transmission technologies

Events in 2012

- Denmark's leading cable operator **YouSee** signed a three-year frame agreement with Teleste for fiber optic products, the value approx. 8 M€(1/12)
- **Texas Department of Transportation (TXDOT)** placed an order with Teleste for single and multi-channel MPEG-4 video encoders, the value approx. 1M€(2/12)
- Teleste and the UPC Broadband unit of **Liberty Global, Inc** signed an agreement on fiber node solutions, the 5-year value is over 10M€(6/12)
- Codetermination negotiations: Personnel working in Finland (375) will be laid off for three weeks by the end of March 2013 (11/12)
- Danish **Stofa A/S** signed with Teleste a frame agreement on network equipment deliveries. The value of this two-year contract is approx. 2M€(12/12)
- A frame agreement with a German telecom operator on network maintenance (12/12)
- Launches of Product Solutions: Concept of Intelligent Networks (4/12), Teleste OTT solution (6/12), the S-VMX video control and recording system (9/12)
- Management Group Appointments: Andree Kang/SVP NS (2/12), Pasi Järvenpää/SVP R&D 1/13)

Market situation Q4 / 2012

Video and Broadband Solutions

- **Market situation stabilized**
 - **Investments by cable operators in network infrastructure at a lower level**
 - **Order intake for video surveillance projects at a good level (CTA)**
 - **Uncertain economic situation in Europe**
- **New video services still increase the need for greater network capacity**

Network Services

- **Market conditions stable and steady**
 - **Fiber projects clearly at a lower level**
- **Resourcing for the new frame agreements was launched**

RESULT Q4 - Group

	Q4 2012	Q4 2011	Change%
Orders Received	50.8	53.5	-4.9%
Net Sales	47.5	53.4	-11.2%
EBIT	2.7	4.1	-34.5%
EBIT %	5.7%	7.7%	n/a
Net Profit for the Period	1.6	2.9	-43.6%

RESULT Q4 - Video and Broadband Solutions (VBS)

	Q4 2012	Q4 2011	Change%
Orders Received	27.8	28.7	-2.9%
Net Sales	24.7	27.7	-11.0%
EBIT	2.0	3.1	-34.6%
EBIT %	8.1%	11.1%	n/a

RESULT Q4 – Network Services (NS)

	Q4 2012	Q4 2011	Change%
Orders Received	23.0	24.8	-7.3 %
Net Sales	22.8	25.8	-11.4 %
EBIT	0.7	1.1	-34.0 %
EBIT %	3.1%	4.2%	n/a

RESULT 2012 - Group

	2012	2011	Change%
Orders Received	189.7	188.1	0.8%
Net Sales	193.9	183.6	5.6%
EBIT	10.9	9.4	16.6%
EBIT %	5.6%	5.1%	n/a
Net Profit for the Period	6.7	6.3	6.4%

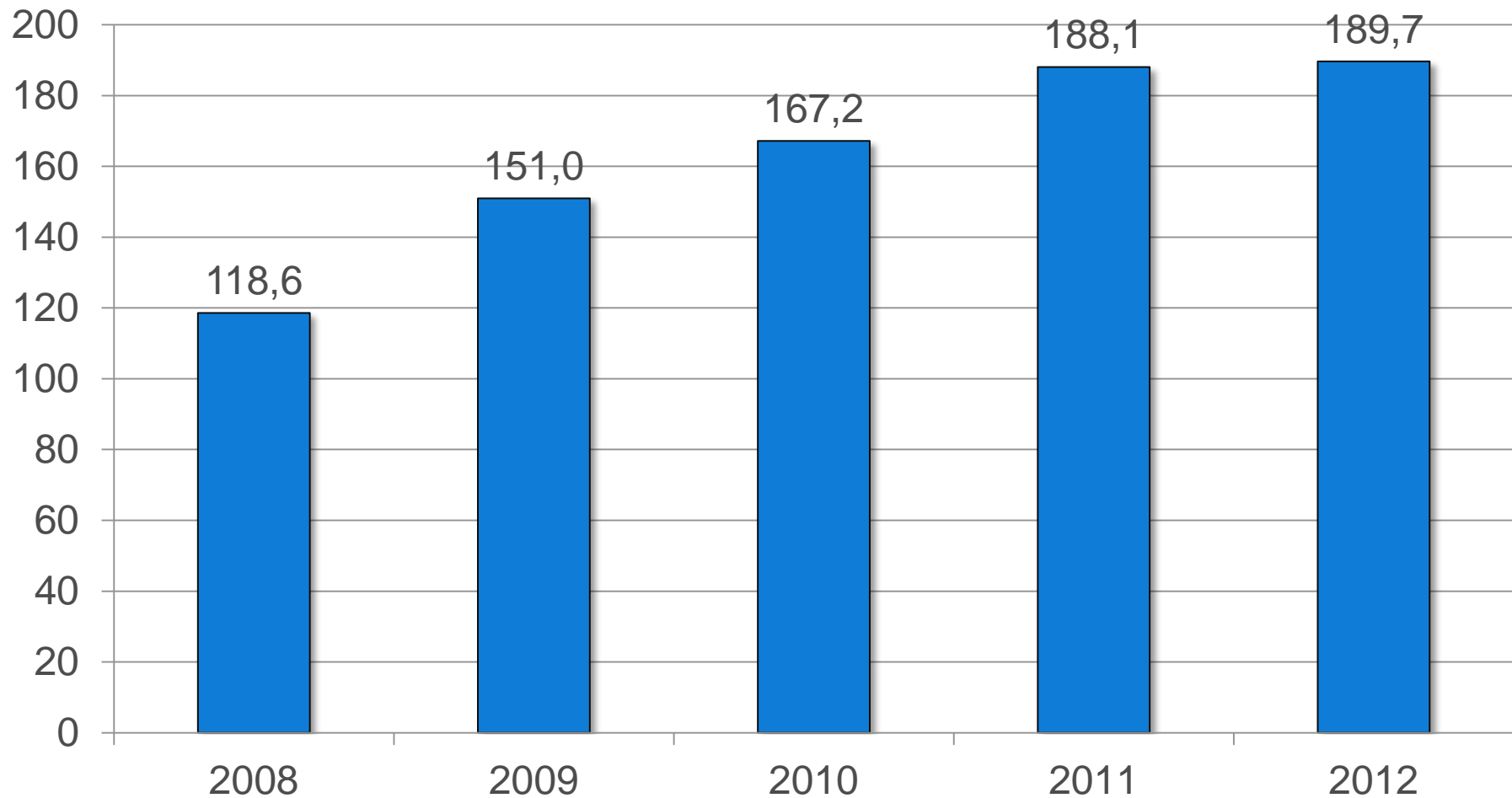
RESULT 2012 - Video and Broadband Solutions (VBS)

	2012	2011	Change%
Orders Received	97.7	93.3	4.8%
Net Sales	101.2	89.7	12.8%
EBIT	8.5	8.2	3.4%
EBIT %	8.4%	9.2%	n/a

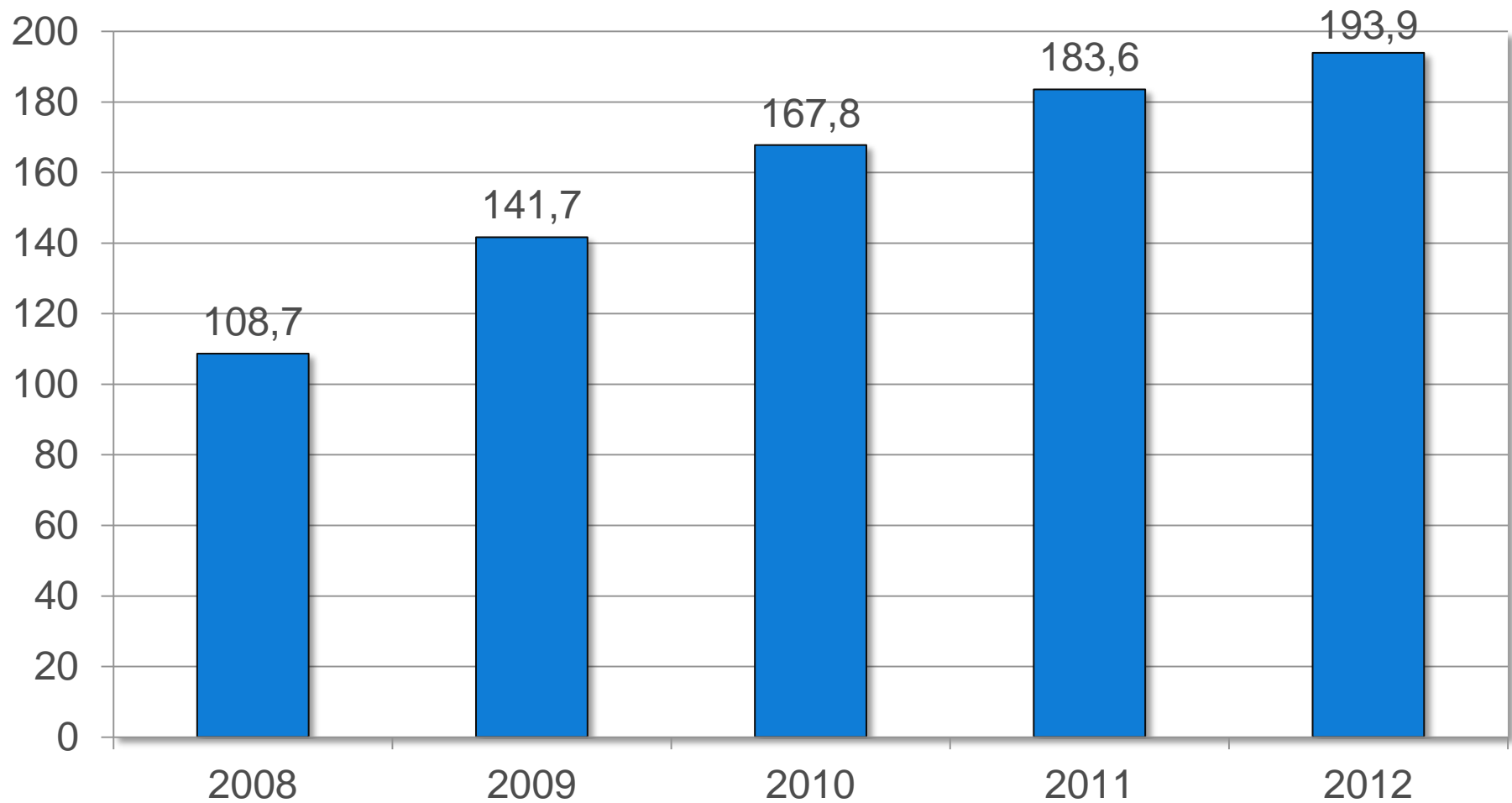
RESULT 2012 – Network Services (NS)

	2012	2011	Change%
Orders Received	91.9	94.8	-3.0%
Net Sales	92.6	93.9	-1.3%
EBIT	2.4	1.2	110.3%
EBIT %	2.6%	1.2%	n/a

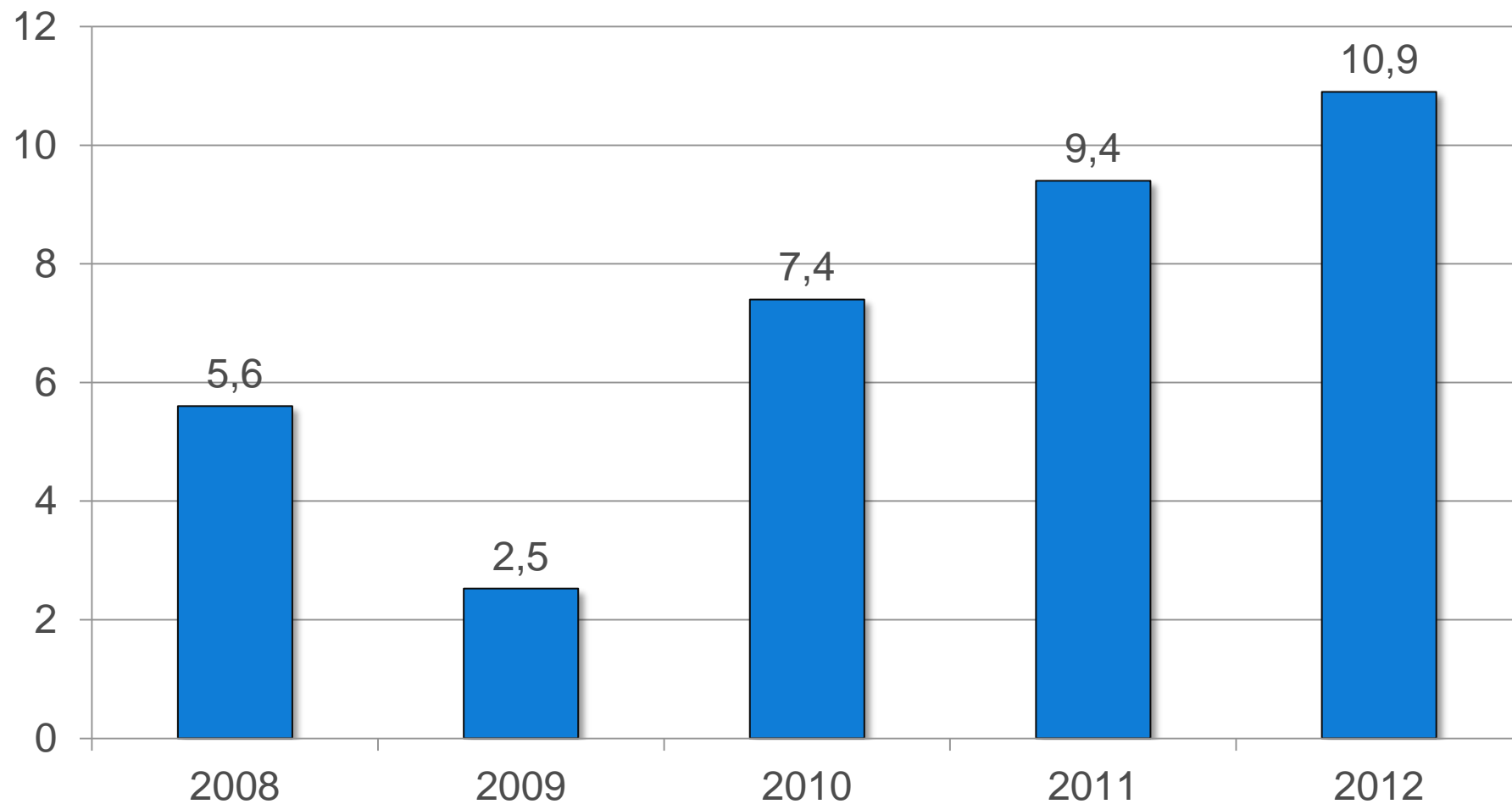
Orders received



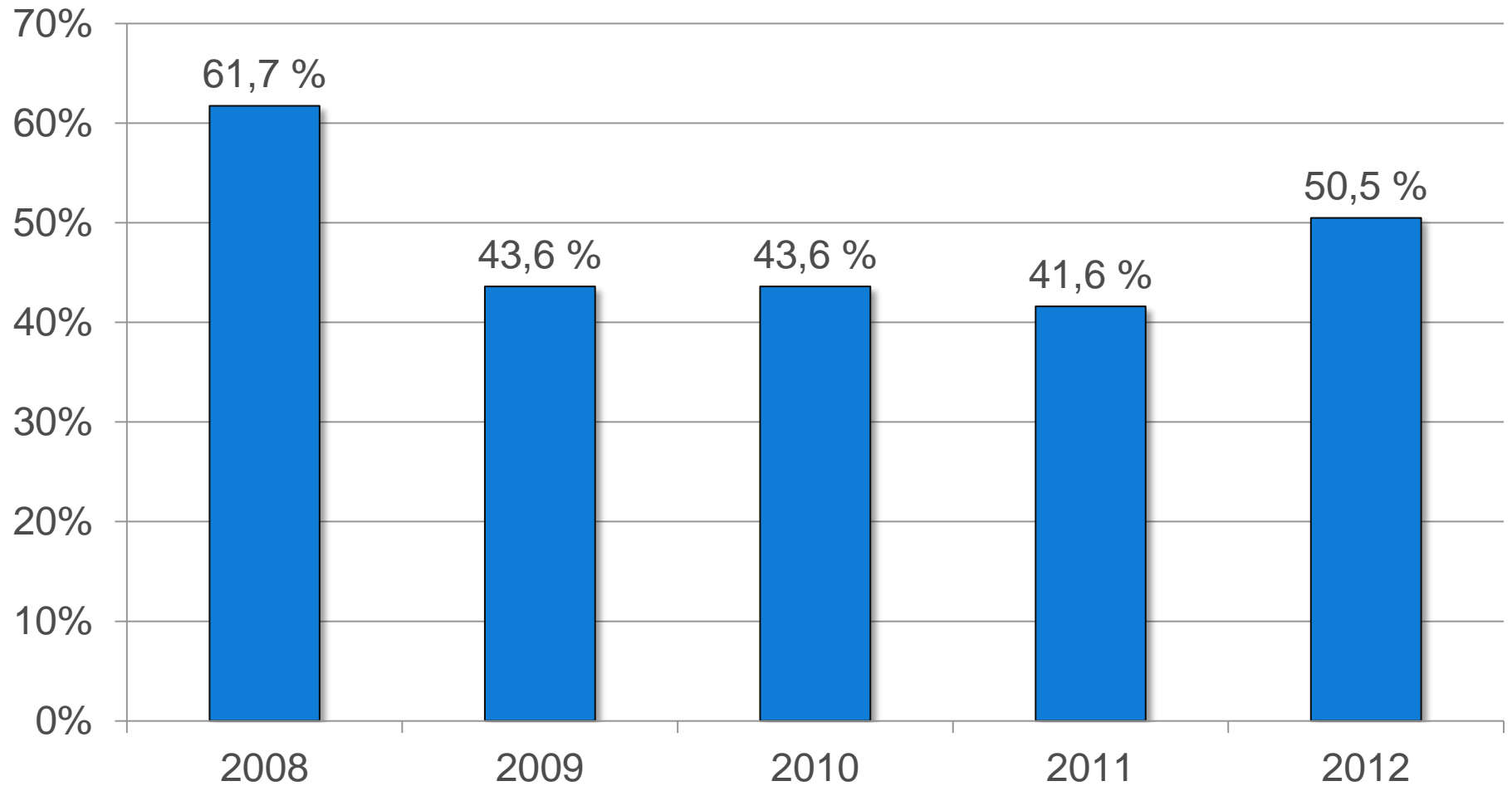
Net Sales



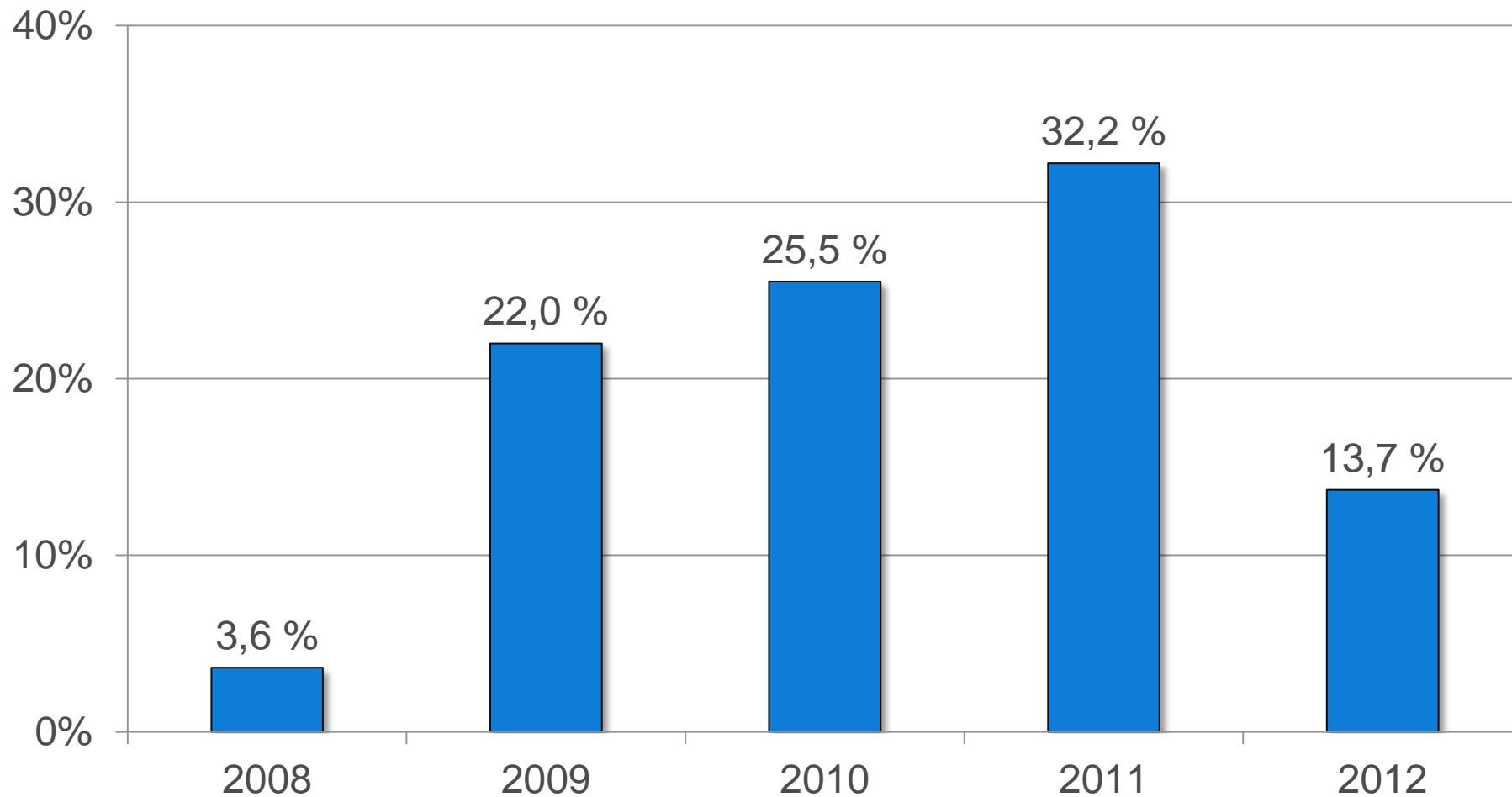
EBIT



Equity Ratio



Gearing



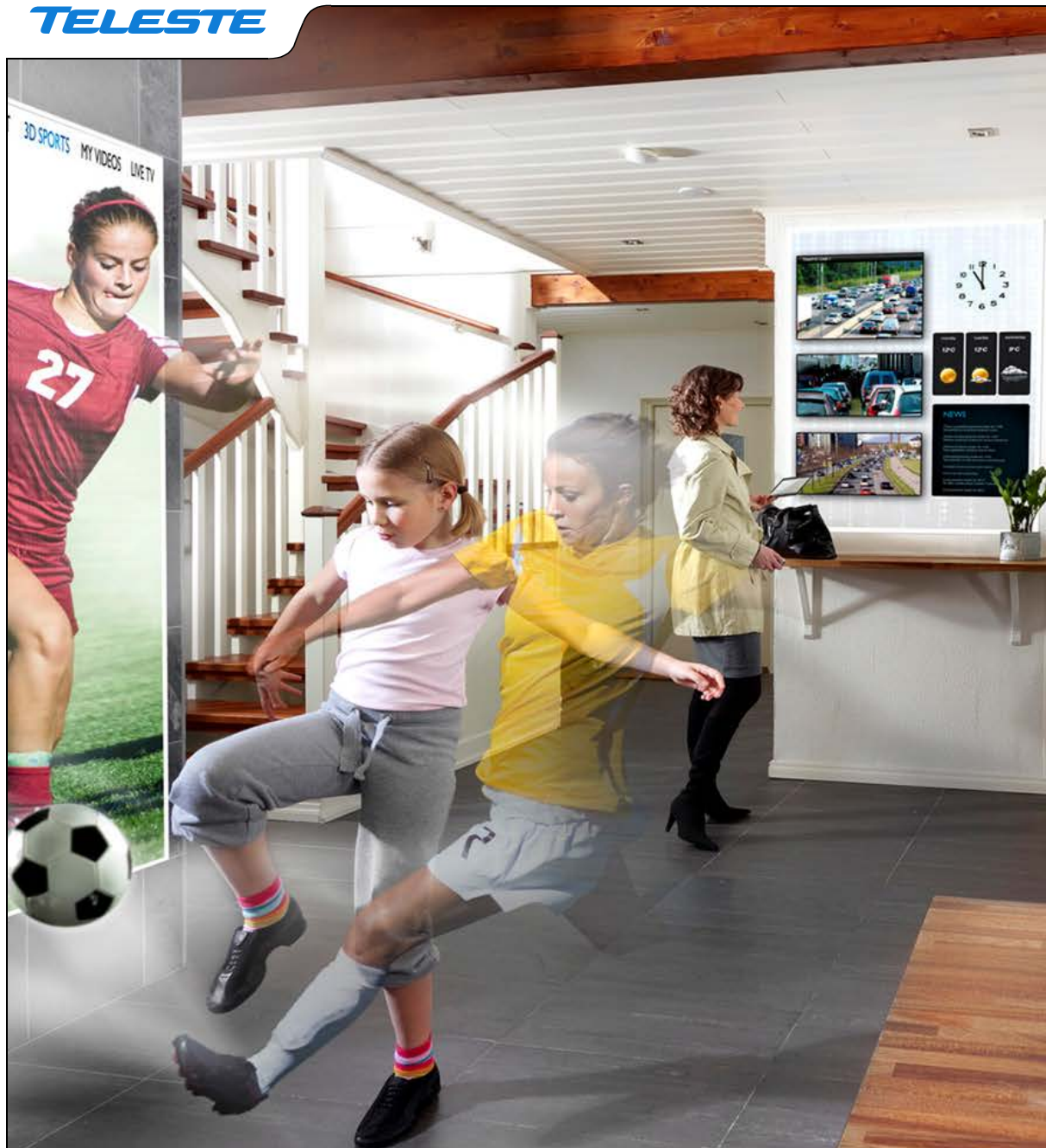
Outlook

Given the new video services offered by the operators, there is a continuous need for increased cable network capacity, so we estimate the deliveries by **Video and Broadband Solutions** in our target markets to reach at least the 2012 level. In our view, investments by cable operators will fall on the second half of the year, i.e. investments will be given more weight during the second half of the year.

We estimate that **Network Services'** net sales in our target markets will reach at least the 2012 level and that the profitability will improve from the 2012 level with the developments in productivity.

- We expect net sales and operating profit for 2013 to reach the 2012 level. In our assessment, net sales and operating profit for the first half of 2013 will remain below the comparative period.





Our vision

**Leading provider of
broadband video
technology
and services
for operators**