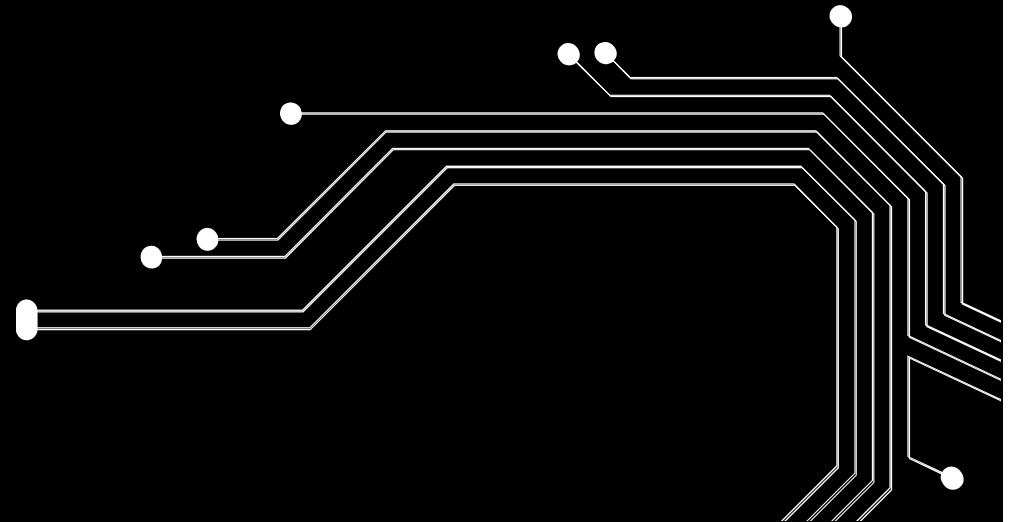


# Interim Report Q2 2009

**JUKKA RINNEVAARA**  
**CEO**



# Market situation Q2/2009

## Broadband Cable Networks

- The prevailing market situation and the credit crunch, in particular, have led to general caution regarding network investments – network investments decreased
- Cable operators provide new services (broadband, HDTV, VoD) and tight competition with telcos continue
- Steady growth in the services market continued, particularly in Germany

## Video Networks

- Continuously active market areas include UK, USA, France and Finland
- In the uncertain market, public sector investments continued steadily

## RESULT Q2 - Group

	Q2 2009	Q2 2008	Change%
Orders Received	29.6	37.4	-20.9%
Net Sales	30.5	29.3	4.1%
Operating Profit	0.4	1.7	-76.5%
EBIT %	1.3%	5.9%	
Net Profit for the Period	0.1	1.3	-92.3%

## RESULT Q2 - Broadband Cable Networks

	Q2 2009	Q2 2008	Change %
Orders Received	25.6	32.9	-22.2%
Net Sales	26.3	25.0	5.2%
EBIT	0.2	1.8	-88.9%
EBIT %	0.7%	7,3%	

## RESULT Q2 - Video Networks

	Q2 2009	Q2 2008	Change %
<b>Orders Received</b>	4.0	4.5	-11.1%
<b>Net Sales</b>	4.3	4.3	0%
<b>EBIT</b>	0.2	-0.1	n/a
<b>EBIT %</b>	4,9%	-1,6%	

## RESULT H1 - Group

	H1 2009	H1 2008	Change%
Orders Received	55.6	66.48	-16.8%
Net Sales	56.1	56.5	-0.5%
Operating Profit	-0.8	2.6	n/a
EBIT %	-1.4%	4.6%	
Net Profit for the Period	-1.1	1.8	n/a

## RESULT H1 - Broadband Cable Networks

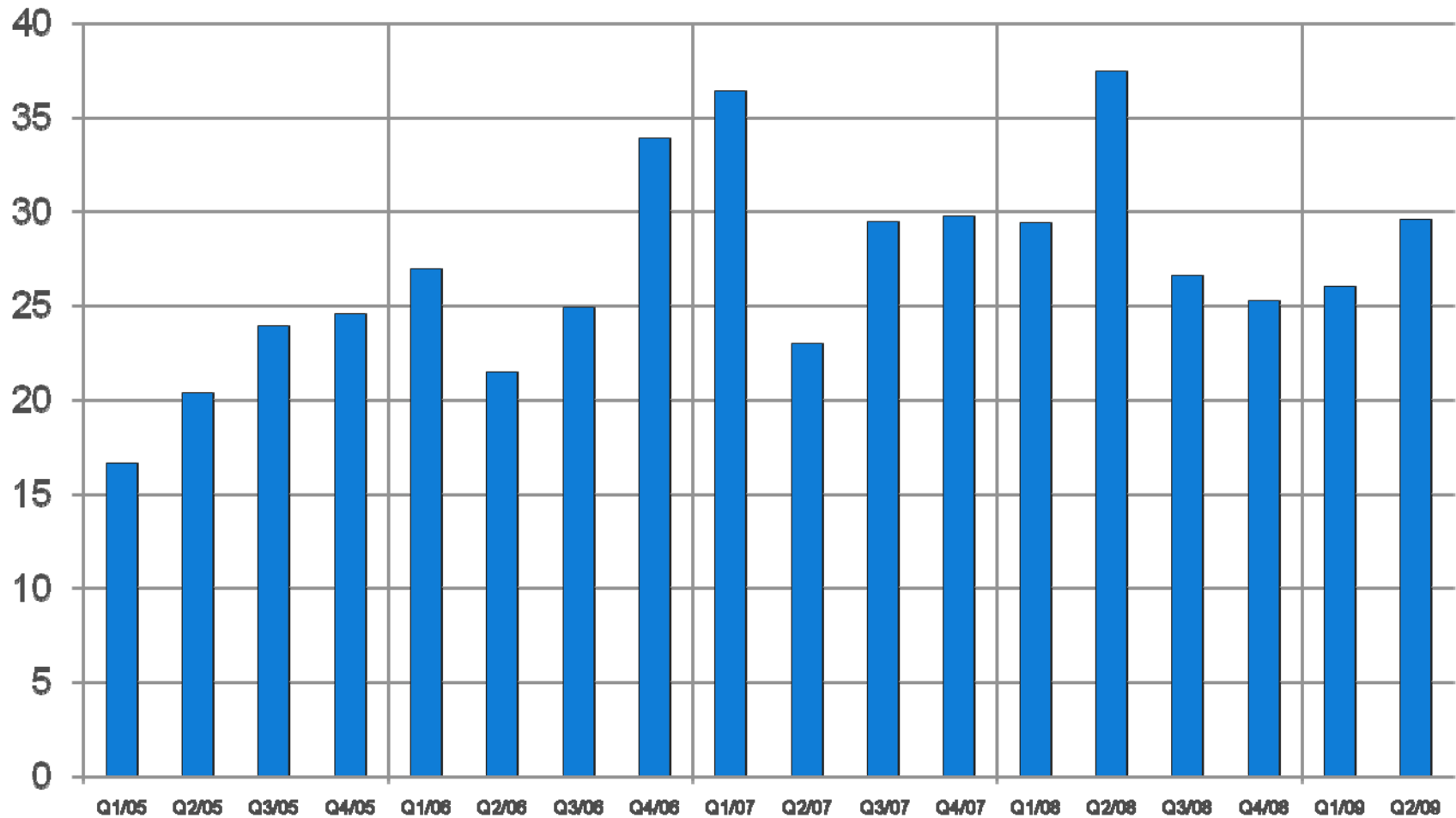
	H1 2009	H1 2008	Change %
Orders Received	48.2	58.9	-28.3%
Net Sales	47.6	48.0	-18.3%
EBIT	-1.2	2.7	n/a
EBIT %	-2.5%	5,7%	

## RESULT H1 - Video Networks

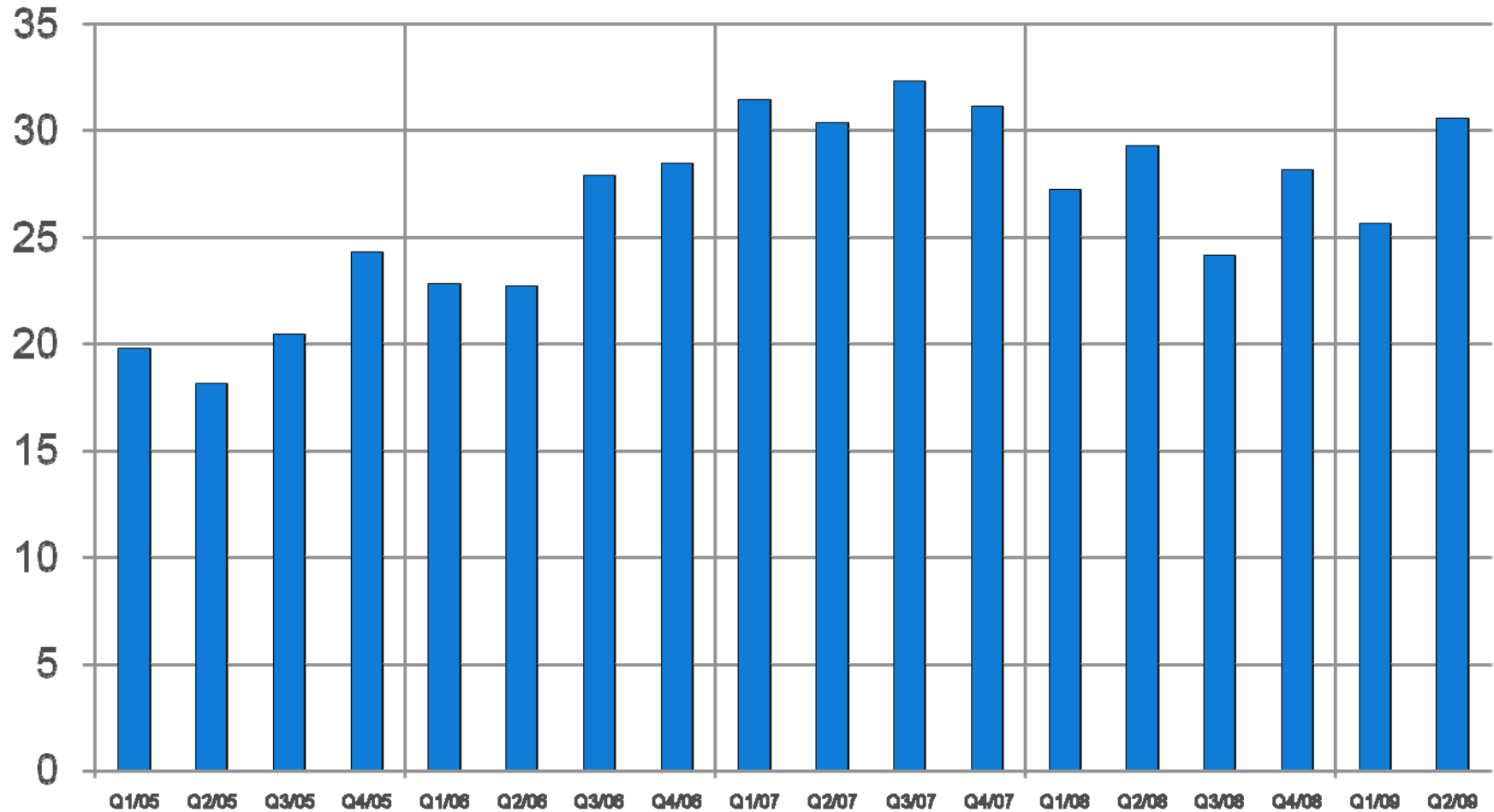
	H1 2009	H1 2008	Change %
<b>Orders Received</b>	<b>7.4</b>	<b>7.9</b>	<b>-5.9%</b>
<b>Net Sales</b>	<b>8.6</b>	<b>8.5</b>	<b>1.2%</b>
<b>EBIT</b>	<b>0.4</b>	<b>-0.1</b>	<b>n/a</b>
<b>EBIT %</b>	<b>4.4%</b>	<b>-1,6%</b>	



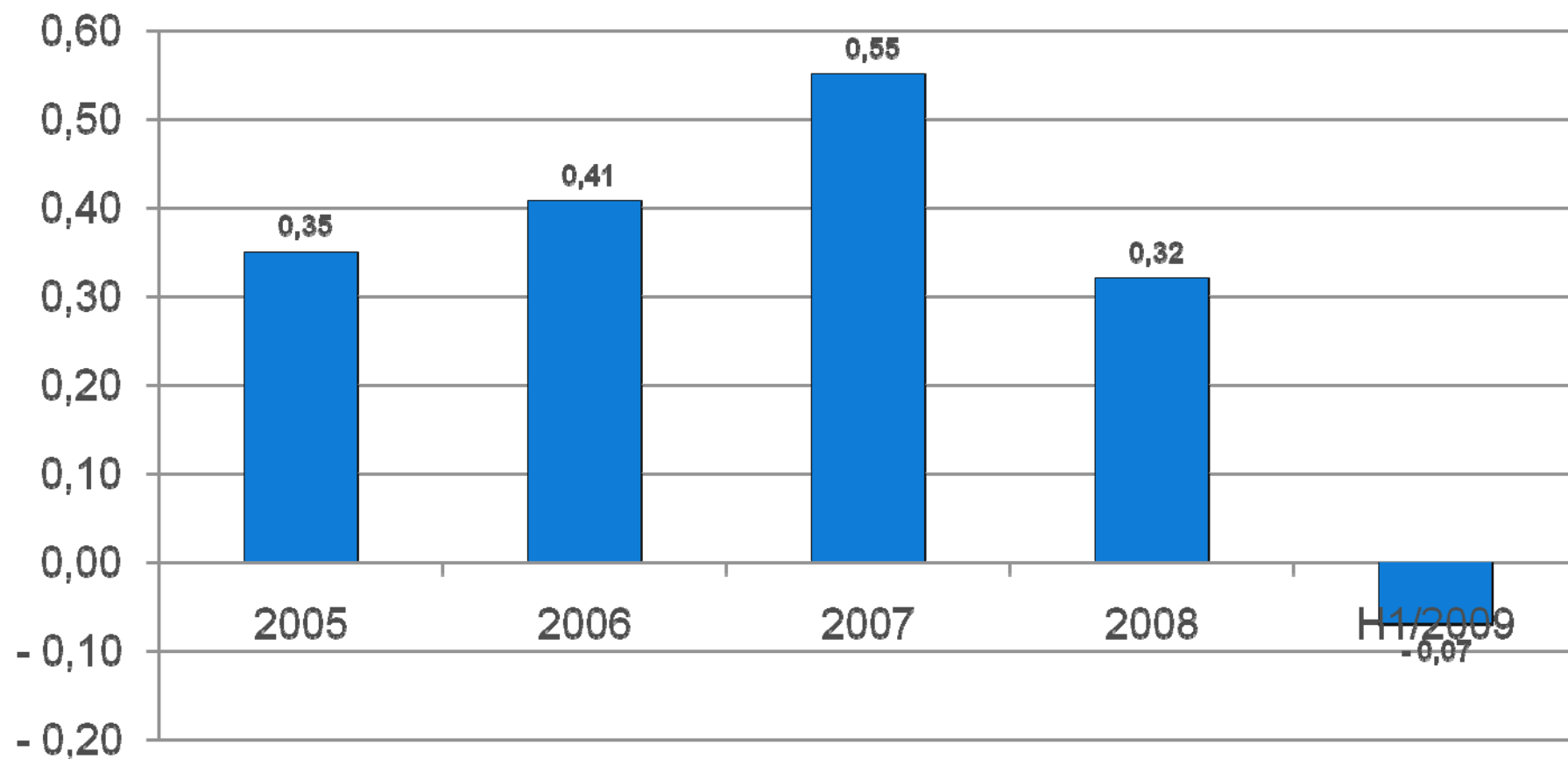
## Orders Received by Quarters



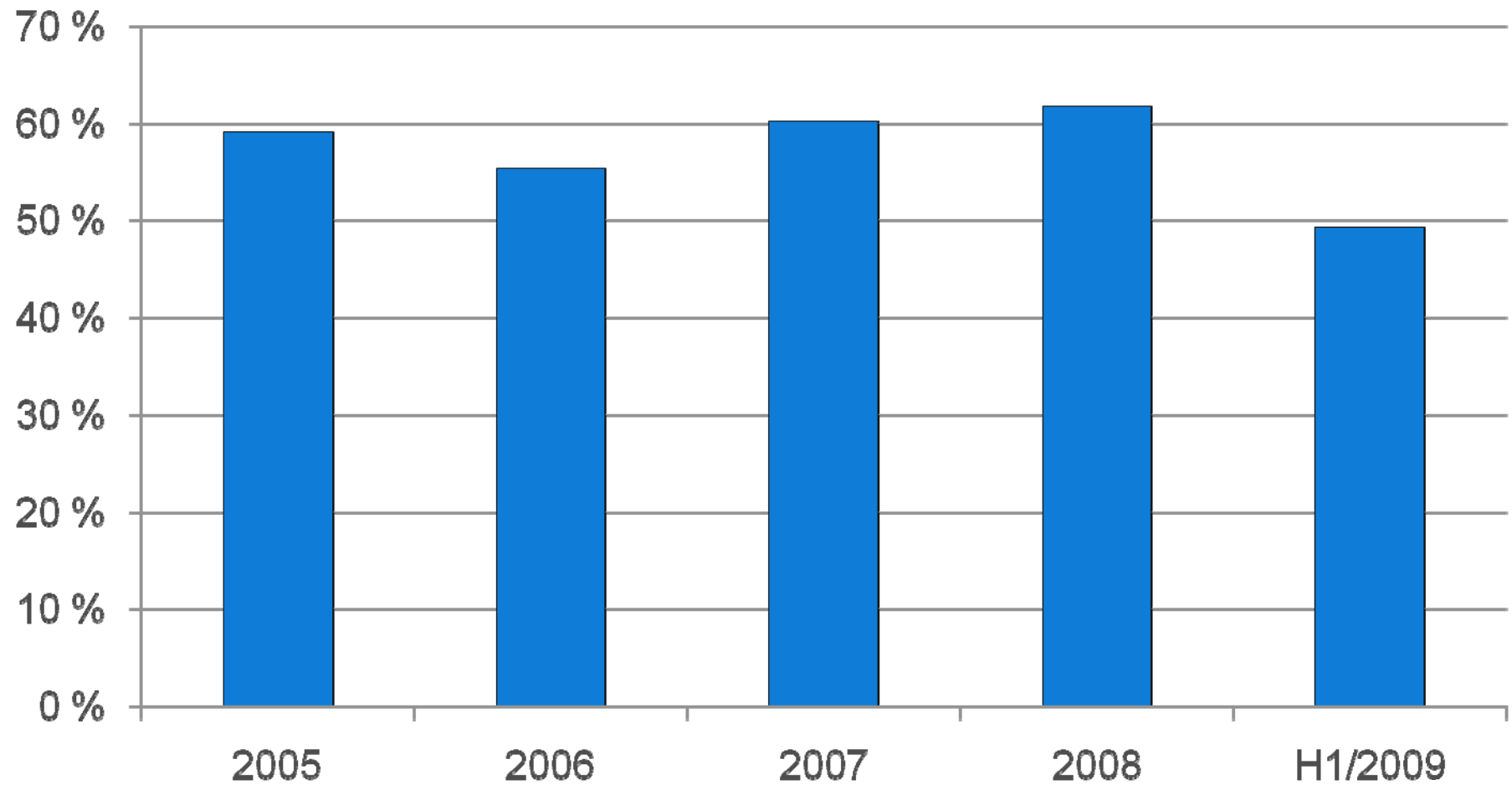
## Net Sales by Quarters



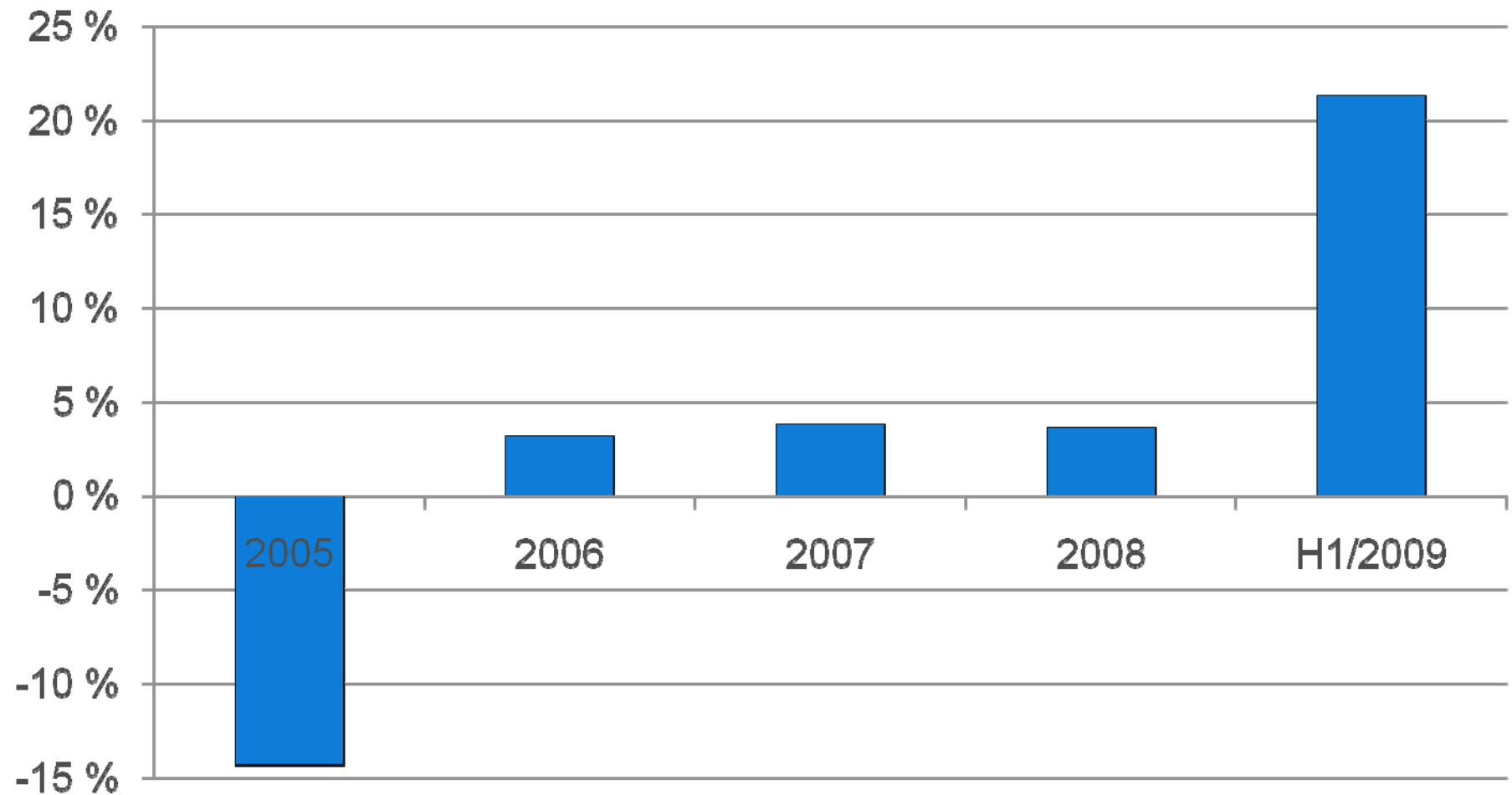
## EPS



## Equity Ratio



## Gearing



# Outlook

## Broadband Cable Networks

- Continued demand for greater network capacity driven by video (HDTV, IPTV, WebTV) and growth in broadband Internet access
- 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 outsource their technical network services
- This year deliveries of product solutions fall short of the 2008 level and price competition increases further
  - Uncertain economic situation delays investment decisions by customers, services business is growing

## Video Networks

- Increased need for security and more efficient traffic will maintain demand for VN business on last year's level
  - Public sector development is stable regardless of business cycle

## Teleste

- We will keep our strong market position and continue to implement our strategy in a goal-directed manner while adapting our cost structure are required by the economic situation
- Sales of products and systems will fall below the level of last year due to decreased demand for network investments
- As a result of our increased services business, we estimate our net sales to end up at least on a par with last year, whereas operating profit for the whole year will fall clearly short of the previous year's level