

**ANNUAL GENERAL MEETING
7.4.2016**

**FINLANDIA HALL
HELSINKI**

Building a future that is smarter, safer and smoother

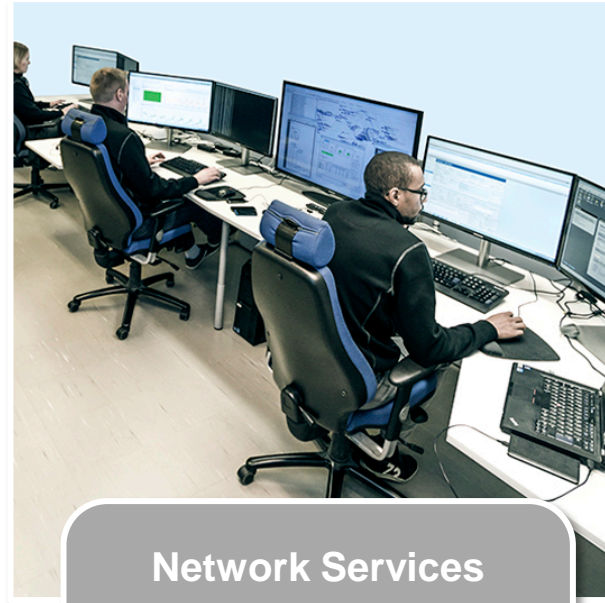


Business Areas



Video and Broadband Solutions

Broadband networks and video security and information solutions



Network Services

Comprehensive service solutions for cable networks

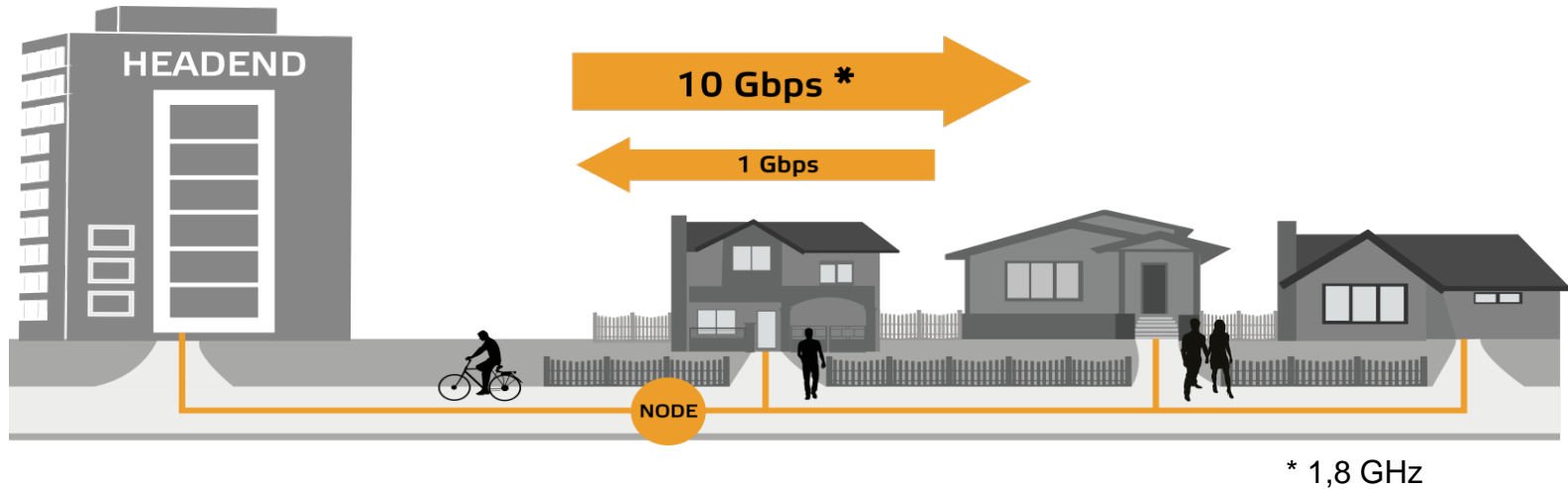
Network Products

- We offer our customers all the products needed for cable operator access network from the digital IP headend all the way to subscriber wall outlet.
- The most important product groups are access network active equipment and passives, digital headends as well as solutions for on-demand TV services.
- The demand is on the products which are DOCSIS 3.1 compliant



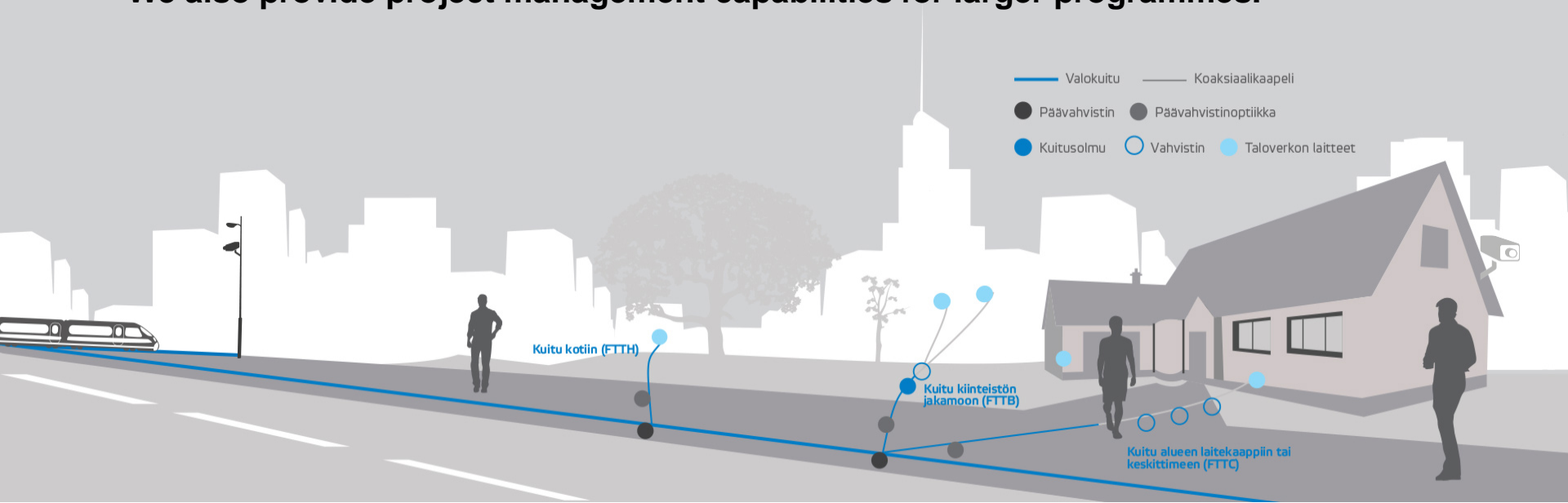
What is DOCSIS 3.1 ?

Data Over Cable Service Interface Specification (DOCSIS) 3.1. is the technological underpinning of the **cable industry's roadmap for providing competitive IP-based services for the next 10 to 20 years.**



Network Services

- We offer high-quality services in planning, design, engineering, documentation and construction of networks, as well as installation and maintenance.
- We also provide project management capabilities for larger programmes.



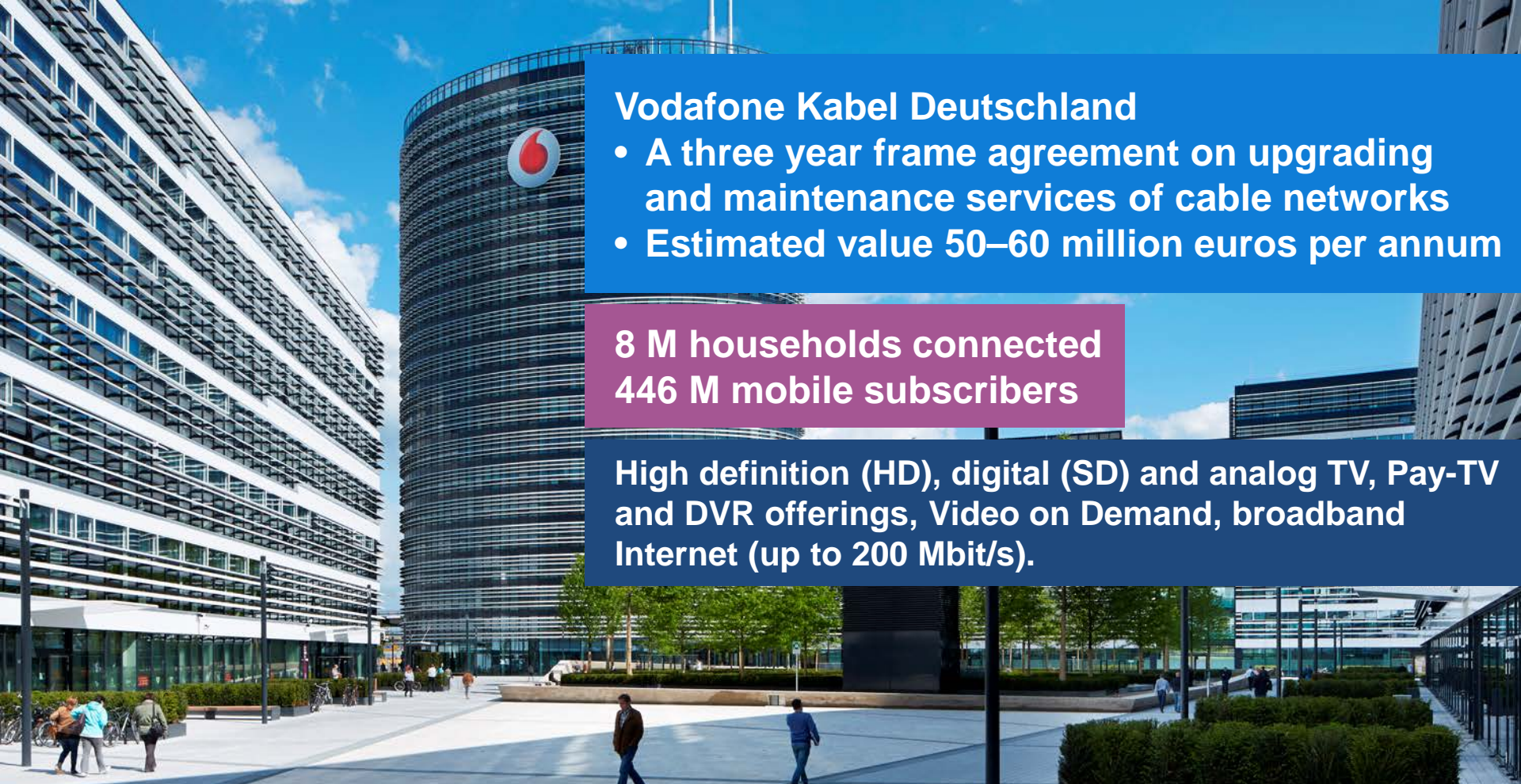
Video Security and Information

We offer comprehensive video security and information solutions based on own and third party products and our own products cover video transmission, storage and management.



Achievements and events in 2015

- 1Q** **Teleste strengthens its position as an end-to-end video security and information solution provider in the rail segment through the acquisition of Mitron.**
- Teleste enters into an agreement with Samsung Electronics on a high-security IPTV solution for the hotel segment.**
- Teleste's subsidiary Cableway signs a three-year frame agreement with the German company Kabel Deutschland.**
- Belgian Telenet selects Teleste for the supplier of their giga network project.**
- Belgian Integan selects Teleste for the upgrade of their 1.2 GHz networks.**
- 2Q** **Teleste introduced a pioneering complete product portfolio in compliance with the DOCSIS® 3.1 standard, providing 1 Gbps capacity.**
- ASFiNAG chose Teleste's video security solution for the monitoring of the entire Austrian motorway network.**
- Deliveries of Teleste's AC network products exceeded the number of 400,000 products sold.**
- Teleste presents a unique smart home solution, which guarantees the protection of privacy.**
- 3Q** **Teleste signed a contract on an overall delivery of a optical broadband network with the Dutch Delta operator.**
- Canal Digital Cable TV selects Teleste for the provider of their next-generation broadband network upgrade project.**
- Teleste achieved the highest net sales and operating profit in the Company's history.**
- 4Q** **The City of Turku and Teleste signed a partnership agreement on the Smart City development project.**
- Orders received and net sales were the best in Teleste's history.**



Vodafone Kabel Deutschland

- A three year frame agreement on upgrading and maintenance services of cable networks
- Estimated value 50–60 million euros per annum

8 M households connected
446 M mobile subscribers

High definition (HD), digital (SD) and analog TV, Pay-TV and DVR offerings, Video on Demand, broadband Internet (up to 200 Mbit/s).




Telenor, Norway

- A full access network solution with DOCSIS 3.1 standard
- Value exceeding 15 million euros

Cable TV and broadband services on HFC technology

- More than 36 000 employees
- Net Sales 13.5 mrd euros
- 203 million mobile subscribers





The 2015 United Nations Climate Change Conference in Paris



**Préfecture de
Police de Paris**
IP video solution for
monitoring the city
centre

One System

21 000
cameras

2 500
operators

About
7 000
video surveillance
assisted arrests in
2 years.

Chicago Transit Authority (CTA)

Wayside and onboard surveillance

Crime reduction 2014

34%

Over

4 000

cameras

1.7M

daily passengers

Teleste Group, January – December 2015

	1-12 2015	1-12 2014	Muutos
Order received, M€	251,3	199,3	26,1 %
Net sales, M€	247,8	197,2	25,7 %
Operating profit, M€	14,3	11,1	28,4 %
Operating profit, %	5,8 %	5,6 %	
Profit for the financial period, M€	11,0	8,5	29,8 %
Earnings per share, €	0,61	0,48	27,6 %
Cash flow, M€	4,9	9,2	-46,7 %

Video and Broadband Solutions, January - December 2015

	1-12 2015	1-12 2014	Change
Orders received, M€	158,0	109,0	44,9 %
Net Sales, M€	154,4	106,9	44,4 %
Operating profit, M€	12,8	9,7	32,1 %
Operating profit, %	8,3 %	9,0 %	
Personnel, average	697	560	24,5 %

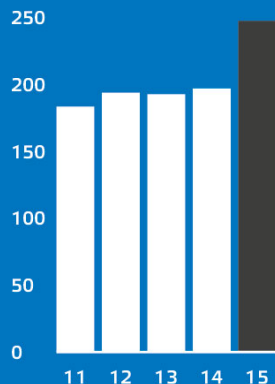
Network Services, January – December 2015

	1-12 2015	1-12 2014	Change
Orders received, M€	93,4	90,3	3,4 %
Net sales, M€	93,4	90,3	3,4 %
Operating profit, M€	1,5	1,5	3,9 %
Operating profit, %	1,6 %	1,6 %	
Personnel, average	788	741	6,3 %

An year of strong and profitable growth

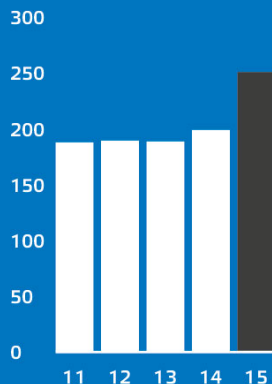
NET SALES

Meur



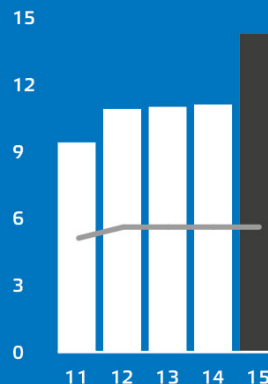
ORDERS RECEIVED

Meur



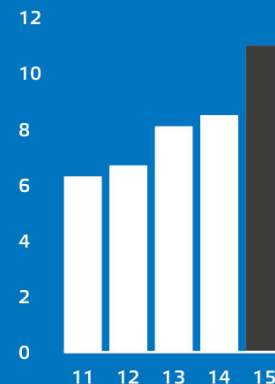
OPERATING PROFIT

Meur / % of net sales



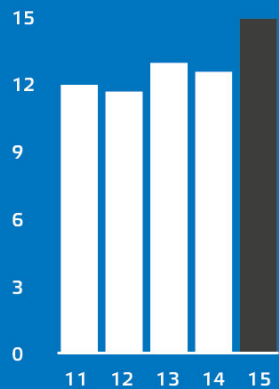
PROFIT FOR THE YEAR

Meur



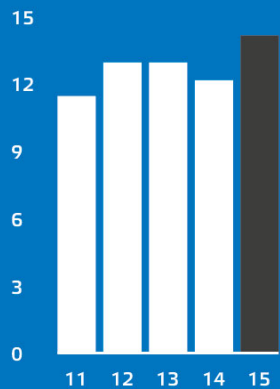
RETURN ON EQUITY

%



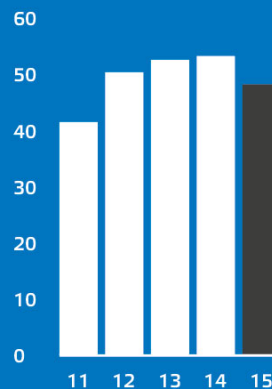
RETURN ON CAPITAL EMPLOYED

%



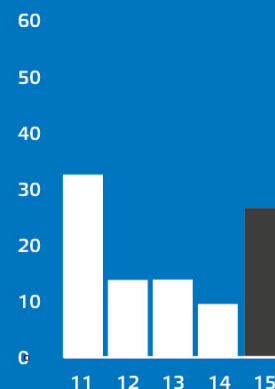
EQUITY RATIO

%



GEARING

%



Record profit

Record sales



Outlook for 2016

The business objective of **Video and Broadband Solutions** is to maintain its strong market position in Europe and to strengthen this market position in selected new markets outside Europe. Network capacity will continue to increase driven by the new broadband and video services provided by the operators. Our new products in line with the Docsis 3.1 communication standard allow the cable operators to increase their network capacity competitively. Price erosion in the market continues. Changes in the value of the euro, particularly against the US dollar and the Chinese renminbi, affect Teleste's competitiveness, on the one hand, and product manufacturing costs, on the other. The positive trend in the markets for video security and passenger information solutions will continue whereas the public sector decisions concerning initiation of projects may be delayed by the current economic situation. The security solution for public areas introduced in Paris provides new opportunities for other major cities of the world. Train manufacturers and public transport operators benefit from Teleste's video security and passenger information solutions.

As to **Network Services**, our business objective is to further develop the operational efficiency and increase the share of those services that provide our customers with higher value. In the UK, our aim is to improve the profitability of the provided services. We estimate the demand for all-inclusive network services in our key target markets to continue at least at the previous year level.

We estimate that net sales and operating profit for 2016 will exceed the 2015 level.



Megatrends behind our strategy

PEOPLE
TAKE CARE OF
THEIR BUSINESS
REGARDLESS
OF TIME
AND PLACE

DIVERSITY OF
TERMINAL
EQUIPMENT IS
INCREASING

NEW
TECHNOLOGIES
ARE USED FOR
BUILDING NEXT
GENERATION
NETWORKS

SMOOTH FLOW
OF PUBLIC
TRANSPORT IS
IMPORTANT

SECURITY IN
PUBLIC TRANSPORT
AND SPACES IS
IMPORTANT

VIDEO IS
THE MOST
POPULAR CONTENT
FORMAT ON
THE INTERNET

BROADBAND IS
WITHIN ALMOST
EVERYONE'S
REACH

FASTER
NETWORKS
ENABLE NEW
SERVICES

PASSENGERS
NEED
UP-TO-DATE
INFORMATION

SMART HOME
TECHNOLOGY WILL
GROW AND HOMES
ARE MONITORED
REMOTELY

Strategy up to 2018



**Examples of solutions
and future growth
opportunities
in line with the strategy.**



Network Operating Center - NOC

NOC

- Current customers – operators
- Smart networks enable operators to reduce operating costs
- Integration, testing and network management over advanced Network Operations Centres

Smart Home



Wireless
controller/gateway



Video storage as
cloud service



Customized User
Interface (UI)



Fire & water



24/7 video security



24/7 connection
with your home



Control
electric facilities

Smart Home

- Current customers– operators are launching smart home solutions
- Strong know-how and new innovations in broadband and video security solutions



24/7 tracking



Secure doors
and windows



Intelligent
illumination



24/7 security
guard service

Smart City



Smart City

- Current customers – public sector
- Global trend to meet the urban challenges of security, transportation, energy efficiency and comfort living
- Strong know-how and new innovations in broadband, video security and in passenger information solutions



Wireless Station

Station Information
Passenger Information

Video Security

Operations & Control Centre
Ticketing

End-to-end rail solutions

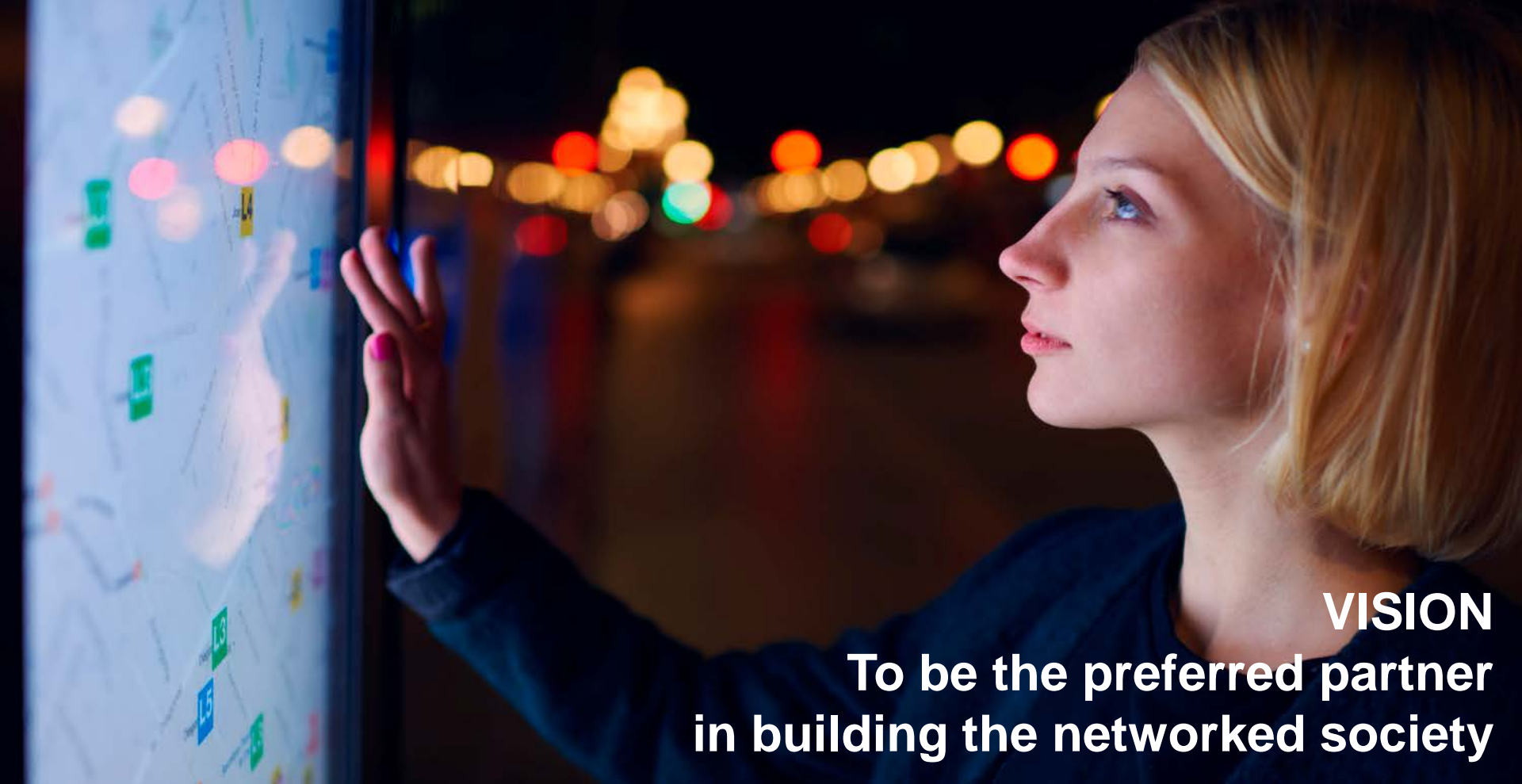
- Current customers – rail operators seek for comprehensive security and information solutions
- Strong know-how and world class references in video security and passenger information solutions

Ticketing
Telecom Network
Train Control Management

Video Security
Passenger Counting Analytics

On-board Comms & Control
Passenger Information

Wireless
On-board



VISION
**To be the preferred partner
in building the networked society**