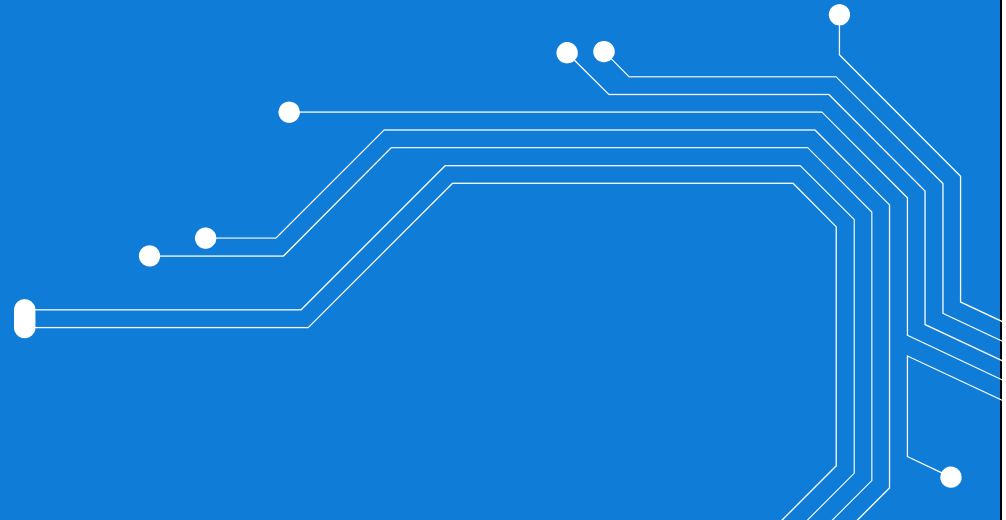


Result Q2 2011

JUKKA RINNEVAARA
CEO



Disclaimer

This presentation is intended solely for the use of the recipients of the presentation in connection with their consideration of Teleste Corporation (the "Company"), Neither the whole nor any part of the information in this presentation may be disclosed to, or used by, any other person or used for any other purpose.

This presentation has been prepared by the Company. The information on which it is based has not been independently verified by any other person.

This presentation is not intended to provide the basis of any investment decision and should not be considered as a recommendation by the Company or any other person to the recipients of the presentation. Each person to whom this presentation is made must make his/her own independent assessment of the Company after making such investigations as he/she deems necessary. This presentation does not constitute an offer of or invitation to acquire any shares or other securities in the Company.

Nothing in this presentation is, or should be relied upon as, a promise or representation as to the future.

Market situation Q2 2011

Video and Broadband Solutions

- **Market situation has picked up with regard to orders received and tender backlog**
- **European general economic situation continues to pose a threat**
- **There is a need for increased network capacity**

Network Services

- **Market situation active**
- **Network planning and FttH projects are on the increase**
- **Limited availability of subcontractor resources**

RESULT Q2 - Group

	Q2 2011	Q2 2010	Change%
Orders Received	50.6	39.0	29.7%
Net Sales	41.9	43.5	-3.6%
EBIT	0.9	1.7	-45.0%
EBIT %	2.2 %	3.8 %	n/a
Net Profit for the Period	0.6	0.9	-41.9%

RESULT Q2 - Video and Broadband Solutions (VBS)

	Q2 2011	Q2 2010	Change%
Orders Received	24.8	19.7	26.0%
Net Sales	19.5	20.1	-3.1%
EBIT	1.3	1.5	-8.9%
EBIT %	6.8%	7.3 %	

RESULT Q2 – Network Services (NS)

	Q2 2011	Q2 2010	Change%
Orders Received	25.7	19.3	33.5%
Net Sales	22.4	23.3	-4.0%
EBIT	-0.4	0.2	n/a
EBIT %	-1.9%	0.8 %	

RESULT H1 - Group

	H1 2011	H1 2010	Change%
Orders Received	90.8	76.5	18.7%
Net Sales	83.2	82.6	0.8%
EBIT	1.5	2.5	-41.5%
EBIT %	1.7%	3.0 %	
Net Profit for the Period	0.8	1.4	-42.5%

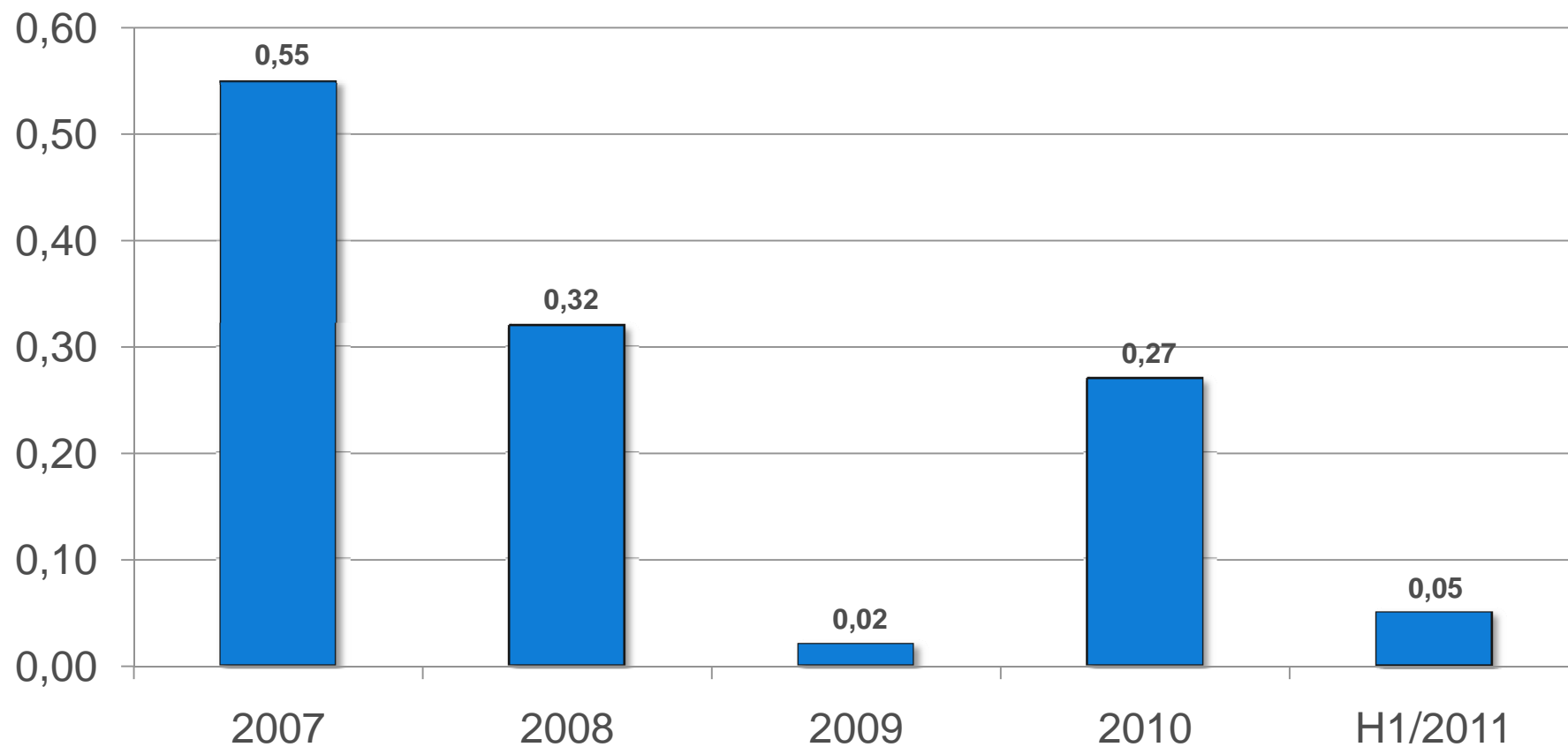
RESULT H1 - Video and Broadband Solutions (VBS)

	H1 2011	H1 2010	Change%
Orders Received	42.3	38.3	10.5%
Net Sales	38.1	39.2	-2.9%
EBIT	1.7	2.0	-14.2%
EBIT %	4.6%	5.2 %	

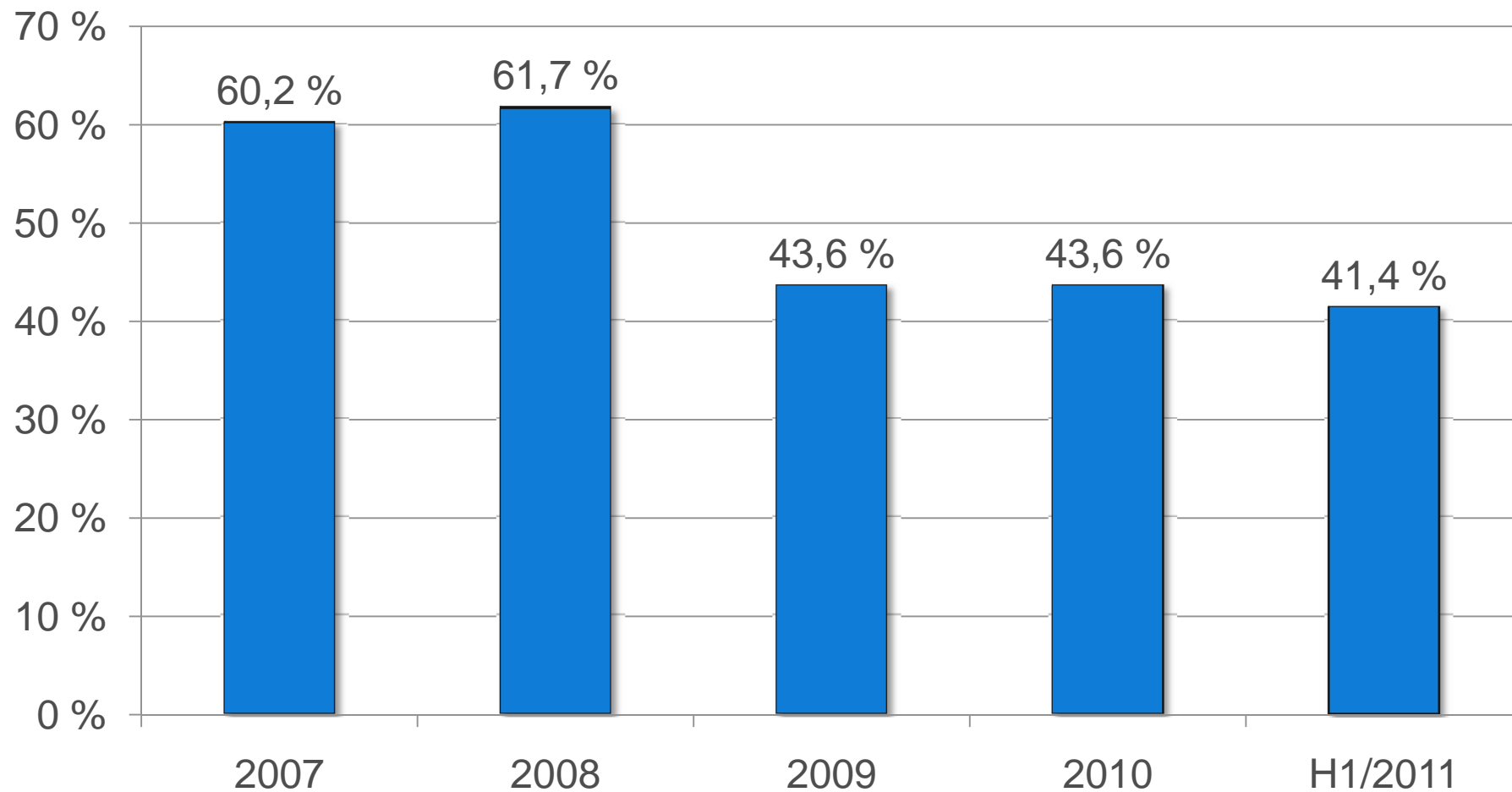
RESULT H1 – Network Services (NS)

	H1 2011	H1 2010	Change%
Orders Received	48.5	38.2	27.0%
Net Sales	45.2	43.4	4.1%
EBIT	-0.3	0.5	-162.7%
EBIT %	-0.6%	1.1 %	

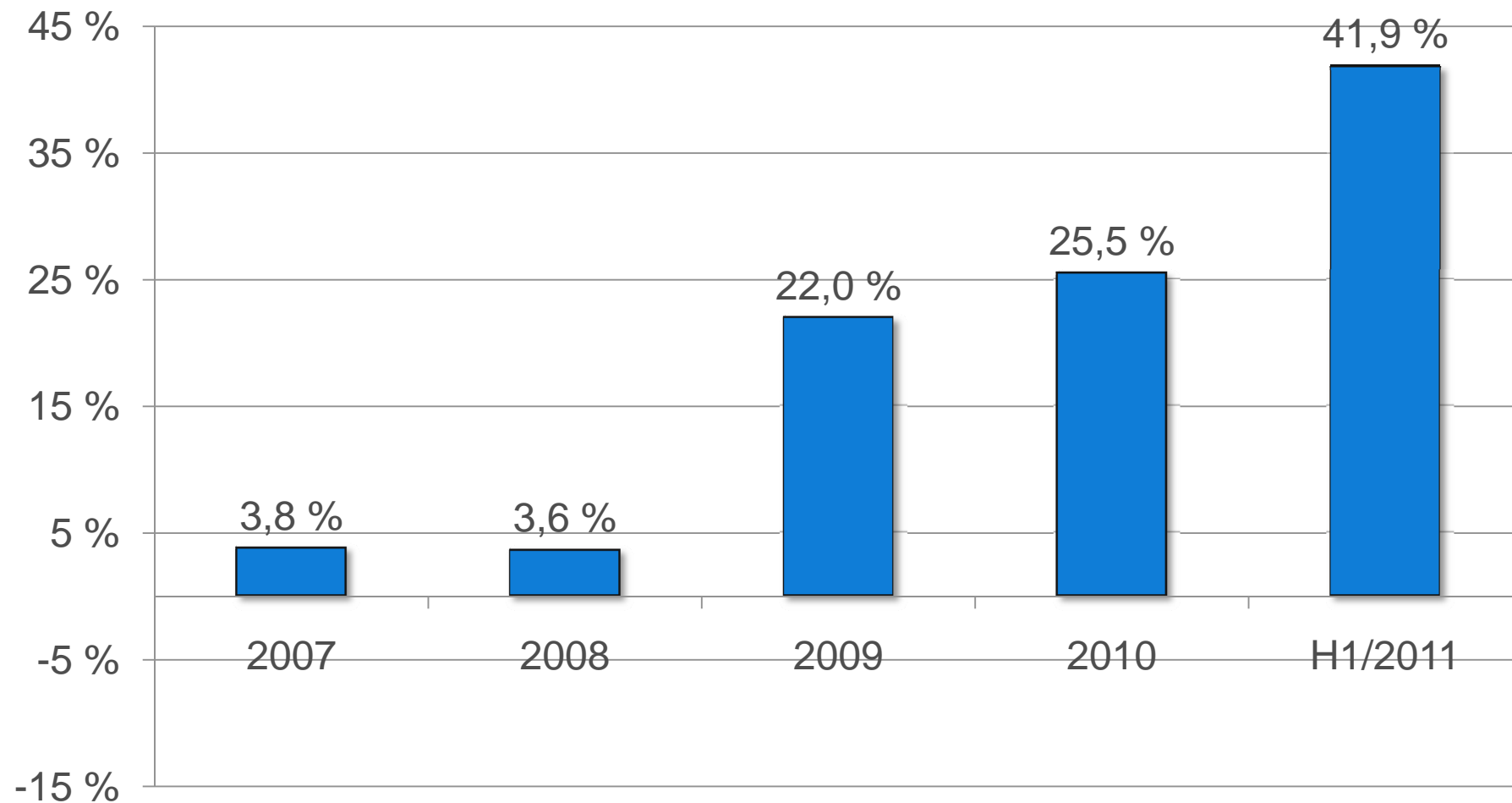
EPS



Equity Ratio



Gearing



Outlook

- In 2011, deliveries of equipment and solutions by VIDEO AND BROADBAND SOLUTIONS to its customer base of operators in our target markets will, in our estimation, at least achieve the level of 2010. European telecom operators are about to launch their investments into the TV distribution infrastructure, and we believe that our video headend and optical network products will be competitive in this new emerging market.

Deliveries related to security and traffic control may remain at the comparative period's level due to postponements in a number of medium-sized projects.

- On the annual basis, demand by our current clientele for the services provided by NETWORK SERVICES will remain relatively active. We expect that in Germany, the main market, profitability for the current year will improve from the 2010 level with the increase in net sales and the gradual introduction of the streamlining measures.

We keep the outlook for year 2011 unchanged. We estimate net sales to increase slightly and the operating profit to improve somewhat over the 2010 level. Improvement in the operating profit depends on the scheduled execution of the development program for the German services operations in the latter part of the year.

