

The Teleste logo is displayed in a white box. It consists of the word "TELESTE" in a blue, italicized, sans-serif font.

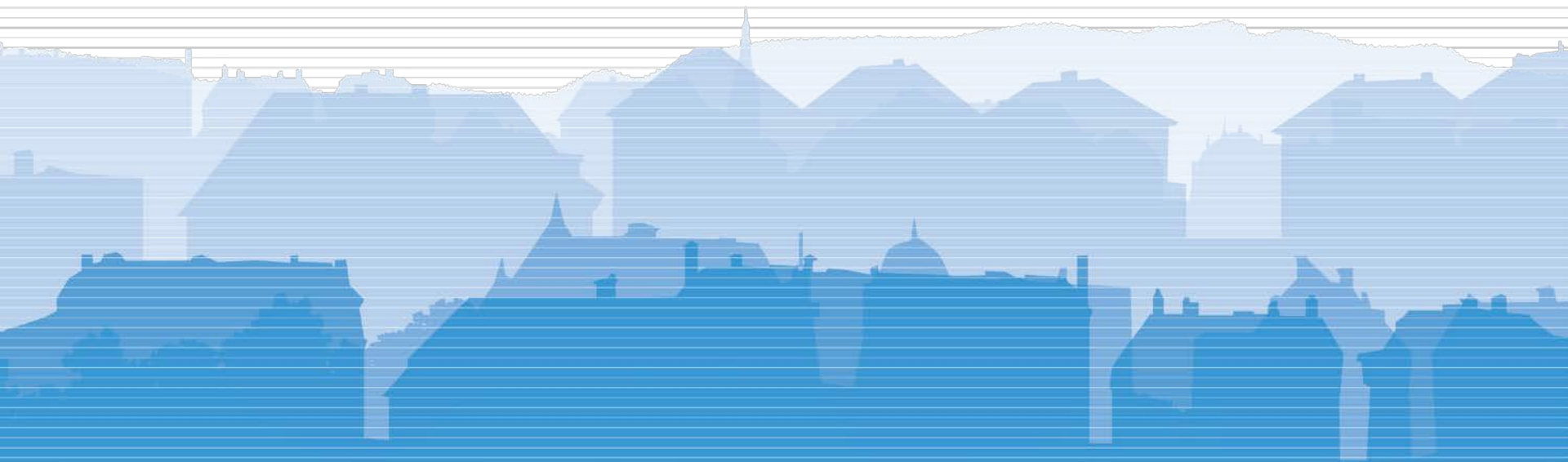
TELESTE

Enabling
digital
evolution

Financial Highlights Q2 2015

Jukka Rinnevaara
CEO

We make...



your everyday life **easier, safer and more efficient**

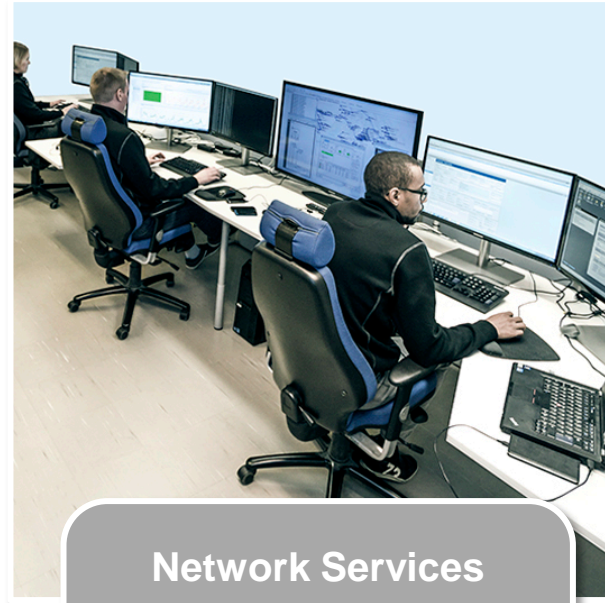


Business Areas



Video and Broadband Solutions

Broadband networks and video security and information solutions



Network Services

Comprehensive service solutions for cable networks

Market environment Q2 2015

Video and Broadband Solutions

- Growth in demand for broadband capacity continued while network investments based on the new Docsis 3.1 standard went on at an accelerating pace
- Orders received and net sales grew strongly
 - Orders received in the second quarter reached a record high level
 - The growth was strong particularly in Poland, Belgium and Norway
 - Sale of access network products boosted net sales
 - Growing market areas included particularly Poland, Norway and Israel
- We have maintained our strong market share in Europe

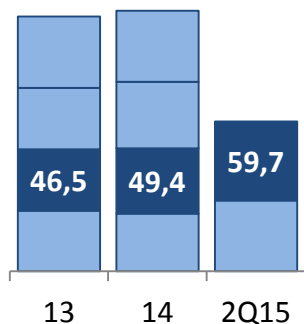
Network Services

- Market situation at par with the comparative period with country-specific variations
- In Germany orders placed by our main customer failed to develop as estimated
- In the UK we continued the investments in the expansion of our engineering service business
- In Switzerland the volume of services business developed positively

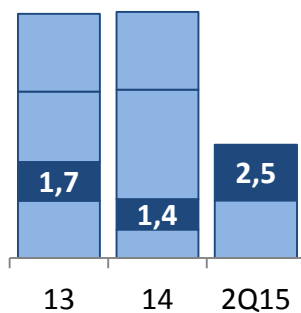
Overview Q2 2015

- Net sales 59,7 MEUR (49,4), +20,9 %
- Operating profit 2,5 MEUR (1,4), +81,3 %
- Net profit 1,7 MEUR (0,9), +89,9 %
- EPS 0,10 EUR (0,05), +86,3 %
- Operative cash flow -2,2 MEUR (0,3)
- Orders received 64,1 MEUR (50,3), +27,5 %

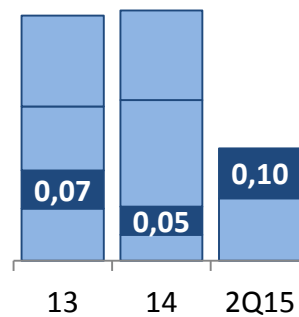
Net sales, M€



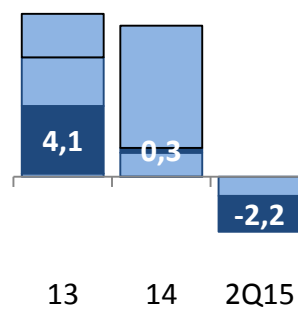
Operating profit, M€



EPS, €



Operative CF, M€



Teleste Group – Q2 2015 highlights

- Both segments grew orders and net sales year-on-year and sequentially.
- Orders received all-time high, strong demand especially for Docsis 3.1 access network products.
- EBIT and EPS growth resulting from increased VBS sales volumes. Good operative results achieved in access network and video platforms businesses.
- Cash flow was negative: net working capital was increased due to higher inventories and trade receivables.

	2Q 2015	2Q 2014	YoY change	1Q 2015	QoQ change
Orders received, M€	64,1	50,3	27,5 %	56,9	12,7 %
Net sales, M€	59,7	49,4	20,9 %	53,4	11,8 %
EBIT, M€	2,5	1,4	81,3 %	2,6	-3,5 %
EBIT-%	4,2 %	2,8 %		4,9 %	
Net profit, M€	1,7	0,9	89,9 %	2,2	-22,3 %
EPS, €	0,10	0,05	86,3 %	0,12	-23,0 %
Operative cash flow	-2,2	0,3		-1,2	

Video and Broadband Solutions – Q2 2015 highlights

- Orders received and net sales grew year-on-year and sequentially.
- All-time high net sales and order book. Strong demand especially for Docsis 3.1 access network products.
- Significant operating profit improvement driven by increased access network sales volumes and video platforms business.
- Net sales grew most in Poland, Norway and Israel.

	2Q 2015	2Q 2014	YoY change	1Q 2015	QoQ change
Orders received, M€	40,9	27,9	46,7 %	34,0	20,4 %
Net sales, M€	36,5	27,0	35,2 %	30,5	19,6 %
EBIT, M€	3,0	1,8	63,4 %	2,0	49,7 %
EBIT-%	8,2 %	6,8 %		6,6 %	
Average personnel	699	570	22,6 %	665	5,1 %

Network Services – Q2 2015 highlights

- Net sales and operating profit grew slightly year-on-year and sequentially.
- Dissapointing profitability in Germany and in the UK.
- Deviations in service volumes led to productivity underperformance in Germany.
- New engineering services business expansion ramp-up was continued in the UK. Financial operating result was still negative.
- Net sales and operating profit grew in Switzerland.

	2Q 2015	2Q 2014	YoY change	1Q 2015	QoQ change
Orders received, M€	23,2	22,4	3,6 %	22,9	1,3 %
Net sales, M€	23,2	22,4	3,6 %	22,9	1,3 %
EBIT, M€	-0,5	-0,5		0,6	
EBIT-%	-2,1 %	-2,0 %		2,6 %	
Average personnel	789	718	9,9 %	801	-1,5 %

Teleste Group, January - June 2015

	1-6 2015	1-6 2014	YoY change	1-12 2014
Orders received, M€	121,0	97,2	+24,5 %	199,3
Net sales, M€	113,2	92,9	+21,8 %	197,2
EBIT, M€	5,1	2,7	+91,0 %	11,1
EBIT-%	4,5 %	2,9 %		5,6 %
Net profit, M€	3,9	1,8	+115,0 %	8,5
EPS, €	0,22	0,10	+111,5 %	0,48
Operative cash flow	-3,4	1,8		9,2

Video and Broadband Solutions, January - June 2015

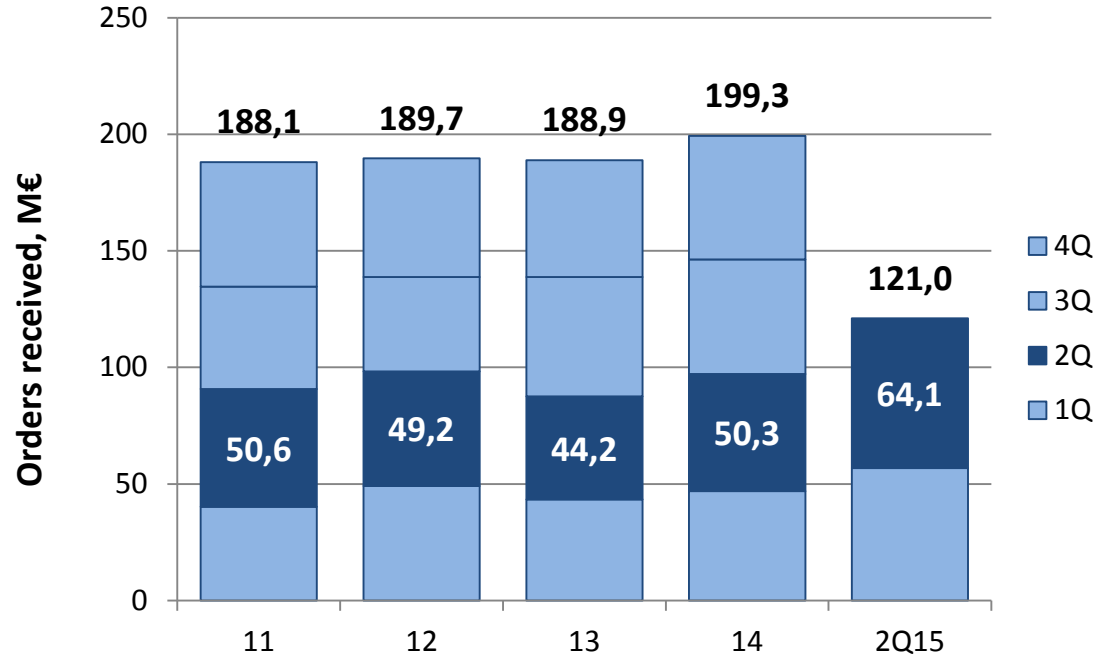
	1-6 2015	1-6 2014	YoY change	1-12 2014
Orders received, M€	74,9	52,8	+41,9 %	109,0
Net sales, M€	67,1	48,5	+38,3 %	106,9
EBIT, M€	5,0	2,6	+89,8 %	9,7
EBIT-%	7,5 %	5,4 %		9,0 %
Average personnel	682	562	+21,4 %	560

Network Services, January - June 2015

	1-6 2015	1-6 2014	YoY change	1-12 2014
Orders received, M€	46,1	44,5	+3,8 %	90,3
Net sales, M€	46,1	44,5	+3,8 %	90,3
EBIT, M€	0,1	0,0	+170,1 %	1,5
EBIT-%	0,2 %	0,1 %		1,6 %
Average personnel	795	713	+11,5 %	741

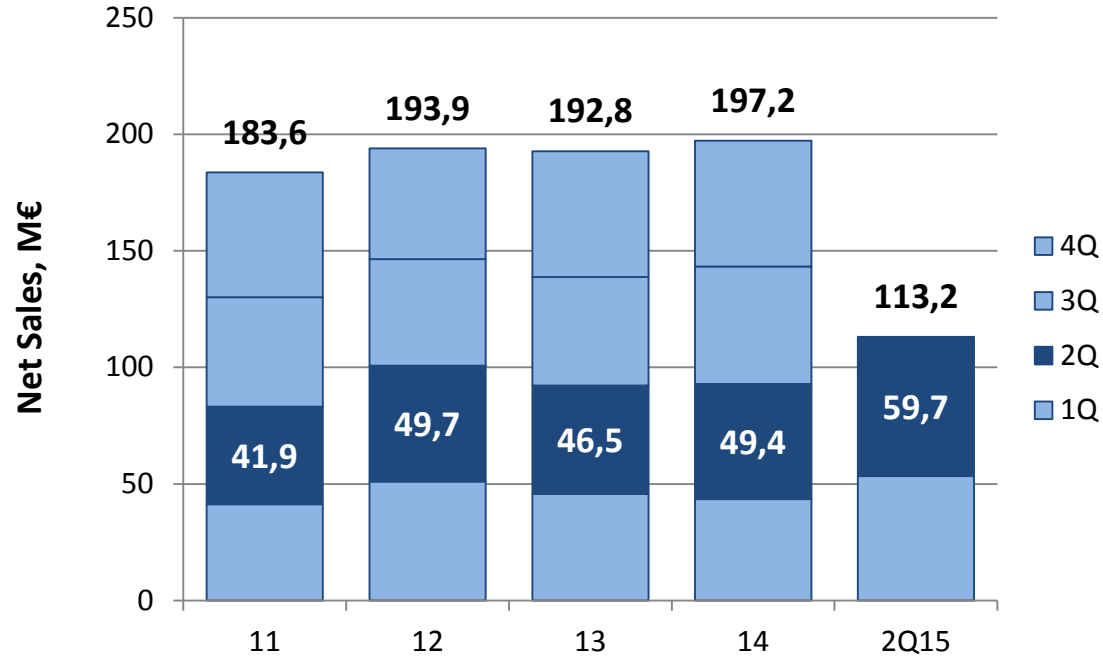
Orders Received

Teleste Group



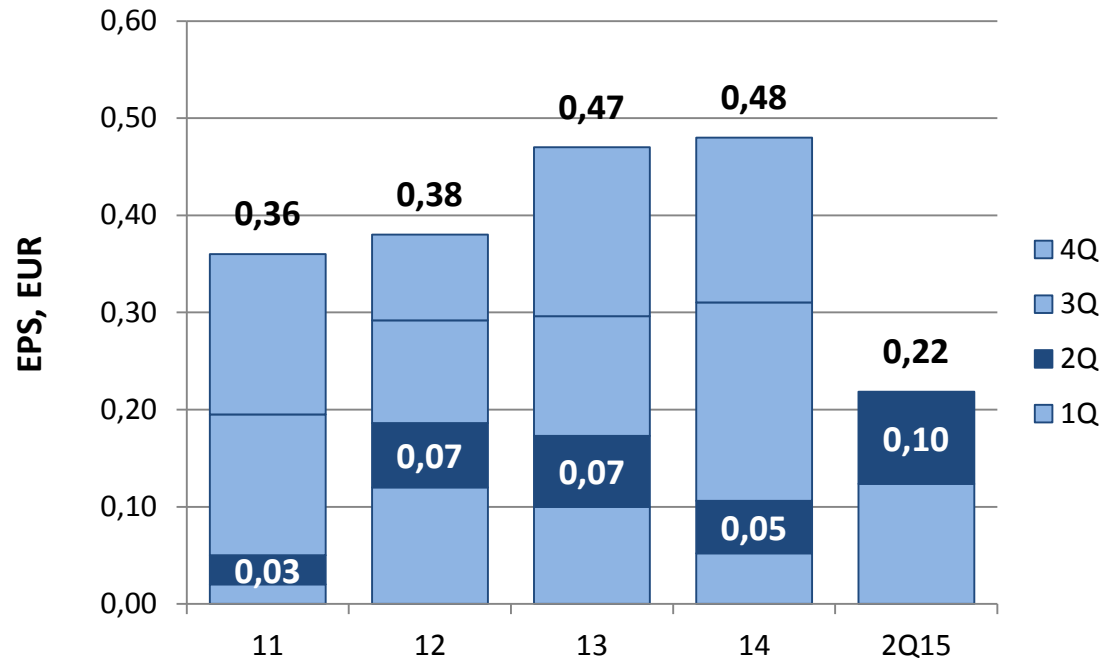
Net Sales

Teleste Group



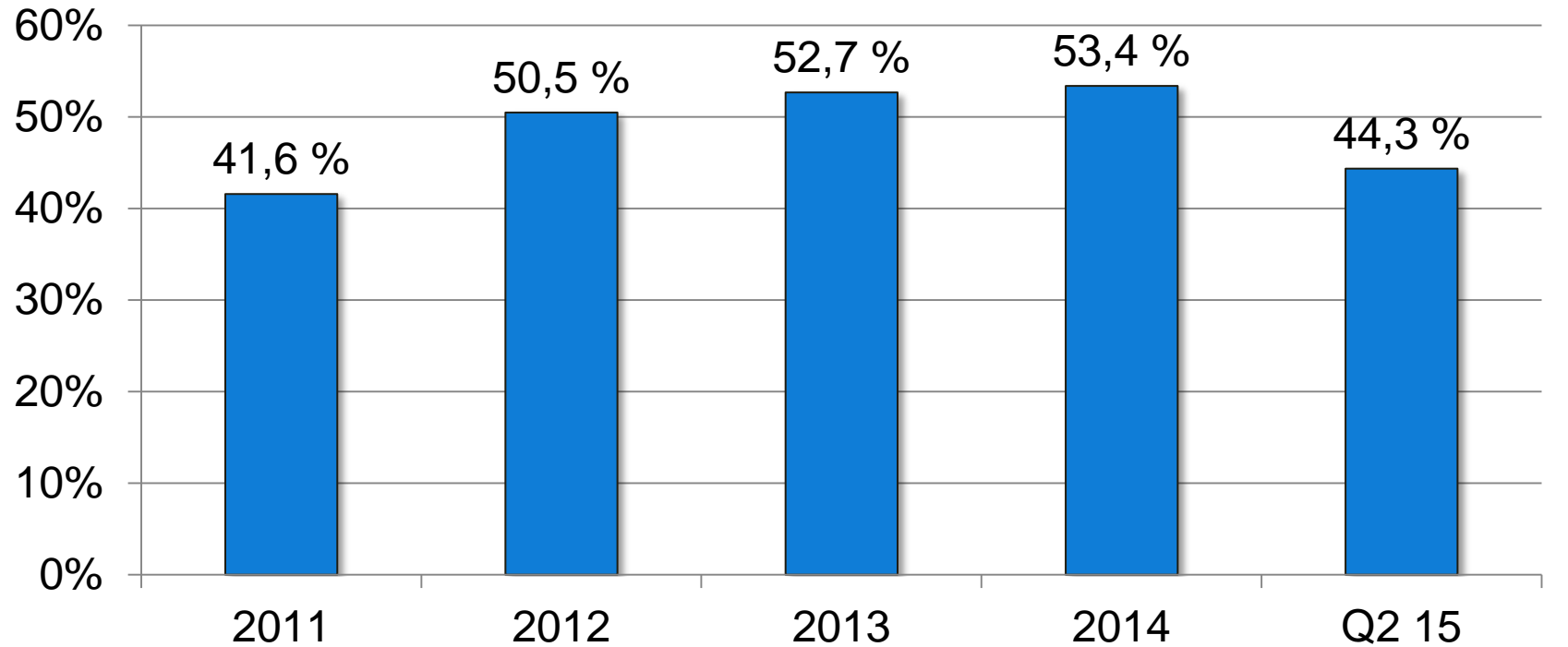
Earnings Per Share

Teleste Group



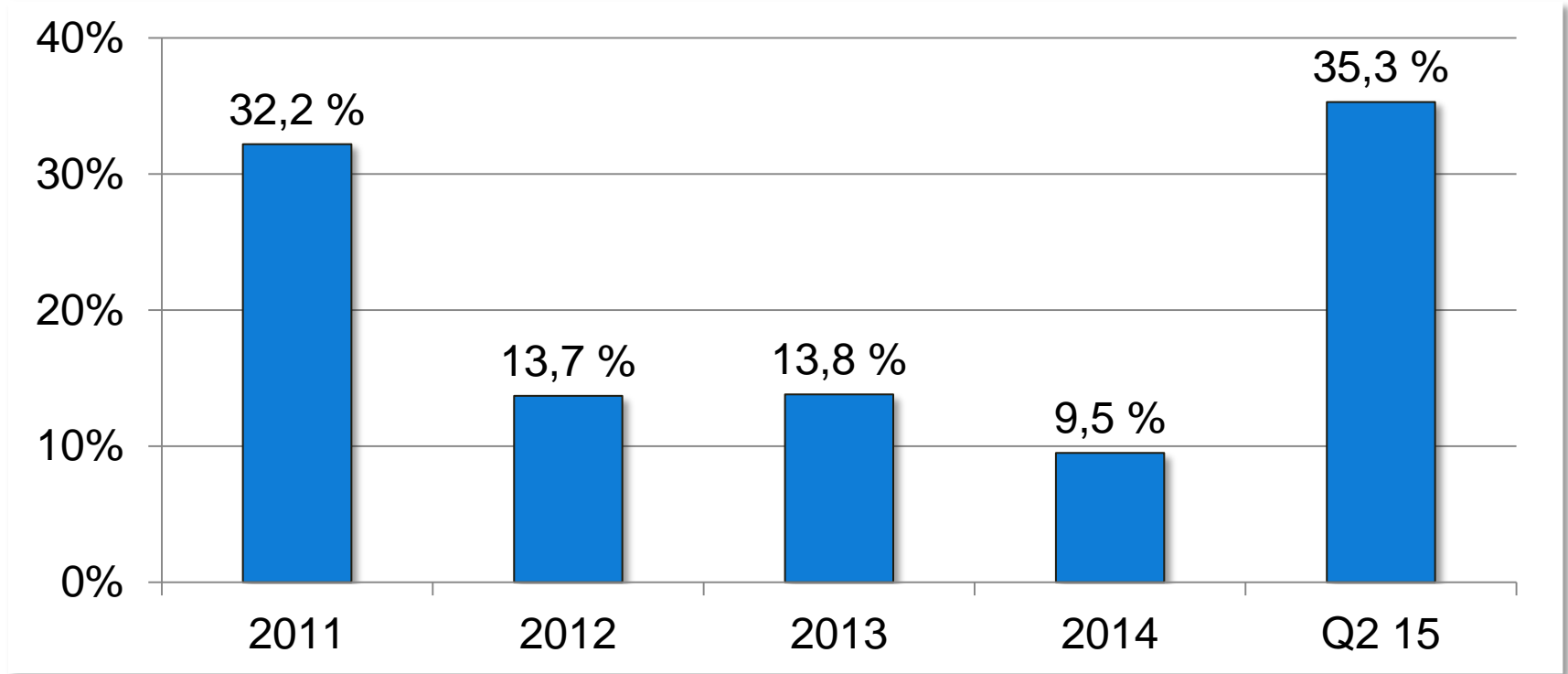
Equity Ratio

Teleste Group



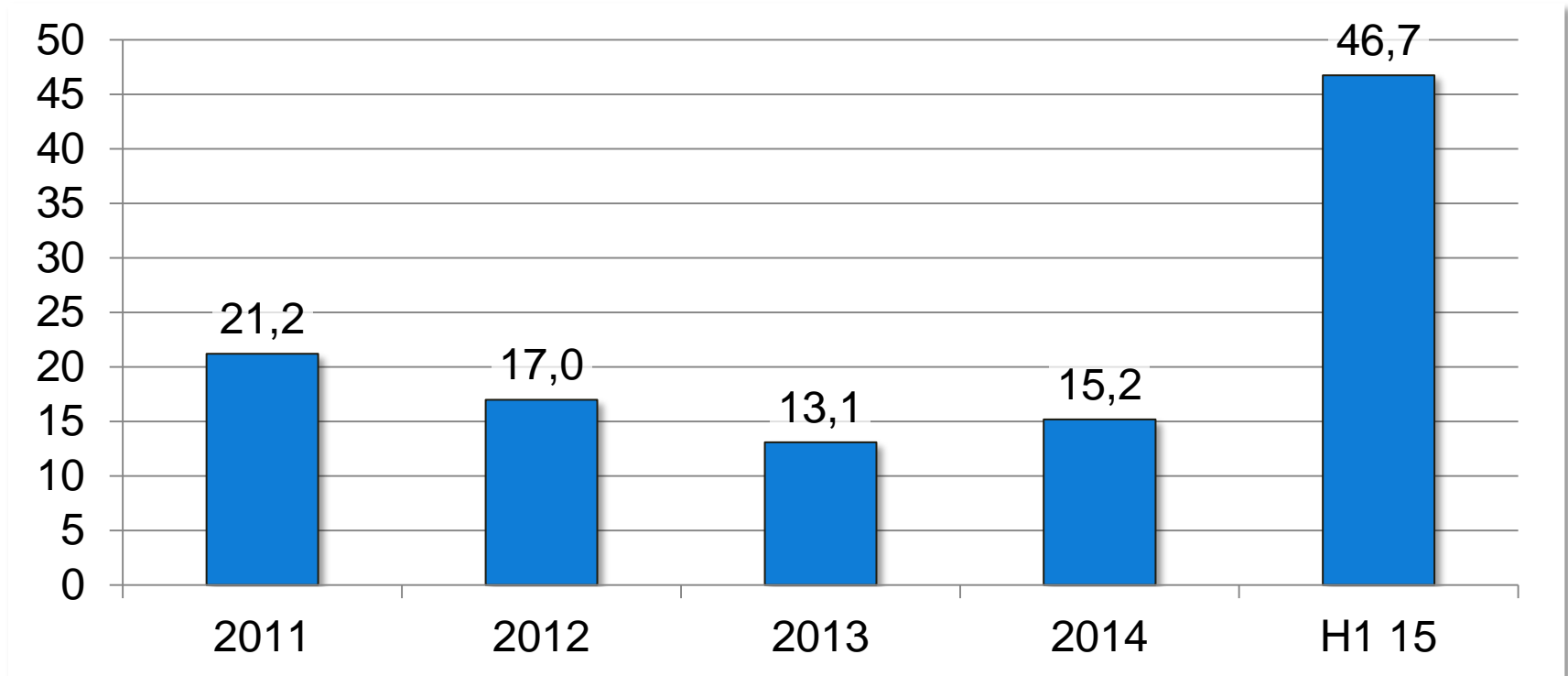
Gearing

Teleste Group



Order Backlog at the end of period

Teleste Group



Outlook

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 video security and passenger information markets continue, but the public sector decisions concerning initiation of projects may be delayed by the current economic situation. In addition to organic growth, we estimate the Mitron acquisition to increase our net sales by more than EUR 22 million and its impact on our operating profit to be positive.

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 line with this objective, we will continue to expand the new services business in the UK. 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 2015 will exceed the 2014 level.

