

# Half year financial report

11 August 2016

**Q2 2016**

# We make your everyday life Smarter, Safer and Smoother

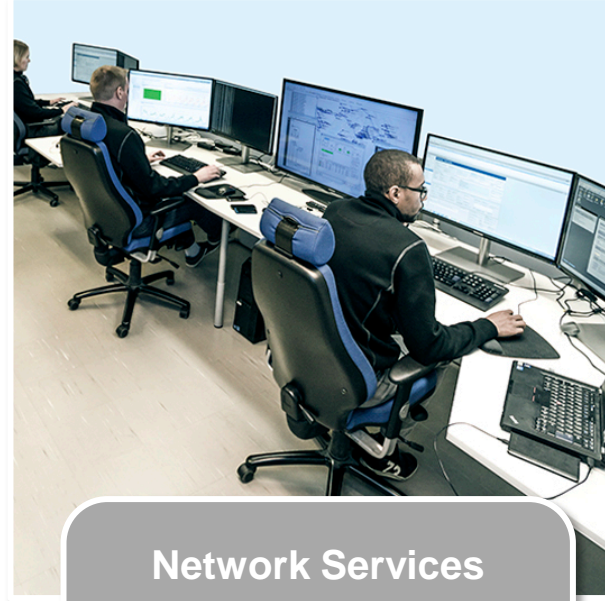


# Business Areas



## Video and Broadband Solutions

Broadband networks and video security and information solutions



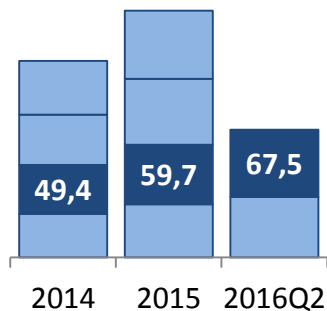
## Network Services

Comprehensive service solutions for cable networks

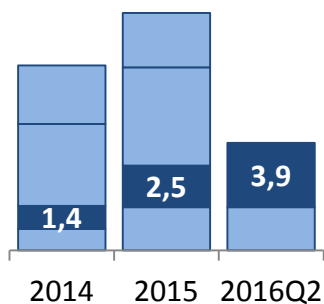
# Overview Q2 2016

- Net sales 67,5 MEUR (59,7), +13,0 %
- Operating profit 3,9 MEUR (2,5), +54,4 %
- Earnings per share 0,16 EUR (0,10), +66,7 %
- Operative cash flow 0,5 MEUR (-2,2)
- Orders received 67,2 MEUR (64,1), +4,8 %

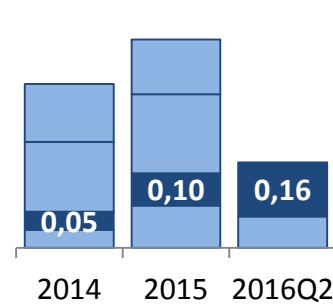
Net sales, M€



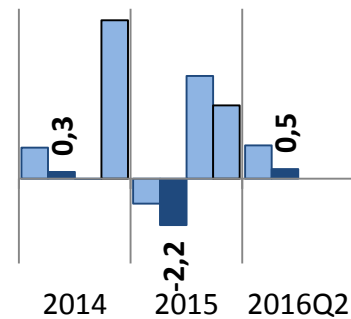
Operating profit, M€



EPS, €



Operative cash flow, M€



# Teleste Group – Q2 2016 highlights

- Growth continued. Orders received and net sales grew both year-on-year and quarter-on-quarter. Order book decreased from 46,7 M€ to 40,6 M€.
- Operating profit increased both year-on-year and quarter-on-quarter. Operating margin increased to 5,7 %.
- EPS grew both year-on-year and quarter-on-quarter.
- Operative cash flow improved, although top line growth increased the net working capital.

	Q2 2016	Q2 2015	YoY change	Q1 2016	QoQ change
Orders received, M€	67,2	64,1	4,8 %	59,3	13,3 %
Net sales, M€	67,5	59,7	13,0 %	60,6	11,3 %
EBIT, M€	3,9	2,5	54,4 %	2,6	48,7 %
EBIT-%	5,7 %	4,2 %		4,3 %	
Net profit, M€	2,9	1,7	67,5 %	1,7	72,7 %
EPS, €	0,16	0,10	66,7 %	0,09	72,7 %
Operative cash flow, M€	0,5	-2,2		1,6	-71,4 %

# Video and Broadband Solutions – Q2 2016 highlights

- Orders received and net sales grew both year-on-year and quarter-on-quarter. Order book decreased from 46,7 M€ to 40,6 M€.
- Cable operators network investment sentiment remained positive, but some operators postponed deliveries until 2017.
- Operating profit increased both year-on-year and quarter-on-quarter. Operating margin decreased year-on-year resulting from price erosion and increased costs e.g. from new product ramp-up's.

	Q2 2016	Q2 2015	YoY change	Q1 2016	QoQ change
Orders received, M€	42,5	40,9	3,8 %	36,4	16,7 %
Net sales, M€	42,8	36,5	17,1 %	37,7	13,5 %
EBIT, M€	3,2	3,0	6,0 %	2,4	29,9 %
EBIT-%	7,4 %	8,2 %		6,5 %	
Average personnel	748	699	7,0 %	726	3,0 %

## Network Services – Q2 2016 highlights

- Orders received and net sales grew both year-on-year and quarter-on-quarter.
- Operating profit increased well in Germany, although ramp-up costs burdened the profits in the new geographical area in Southern Germany.
- New Engineering Services introduced in the UK in 2014 achieved positive operating results.
- Operating results remained at good level in the other markets.

	Q2 2016	Q2 2015	YoY change	Q1 2016	QoQ change
Orders received, M€	24,7	23,2	6,5 %	22,9	7,8 %
Net sales, M€	24,7	23,2	6,5 %	22,9	7,8 %
EBIT, M€	0,7	-0,5		0,2	349,6 %
EBIT-%	2,8 %	-2,1 %		0,7 %	
Average personnel	767	789	-2,8 %	773	-0,8 %



# Teleste Group, January – June 2016

	1-6 2016	1-6 2015	YoY change
Orders received, M€	126,5	121,0	+4,5 %
Net sales, M€	128,1	113,2	+13,2 %
EBIT, M€	6,5	5,1	+26,8 %
EBIT-%	5,1 %	4,5 %	
Net profit, M€	4,5	3,9	+15,7 %
EPS, €	0,25	0,22	+14,6 %
Operative cash flow, M€	2,0	-3,4	



# Video and Broadband Solutions, January – June 2016

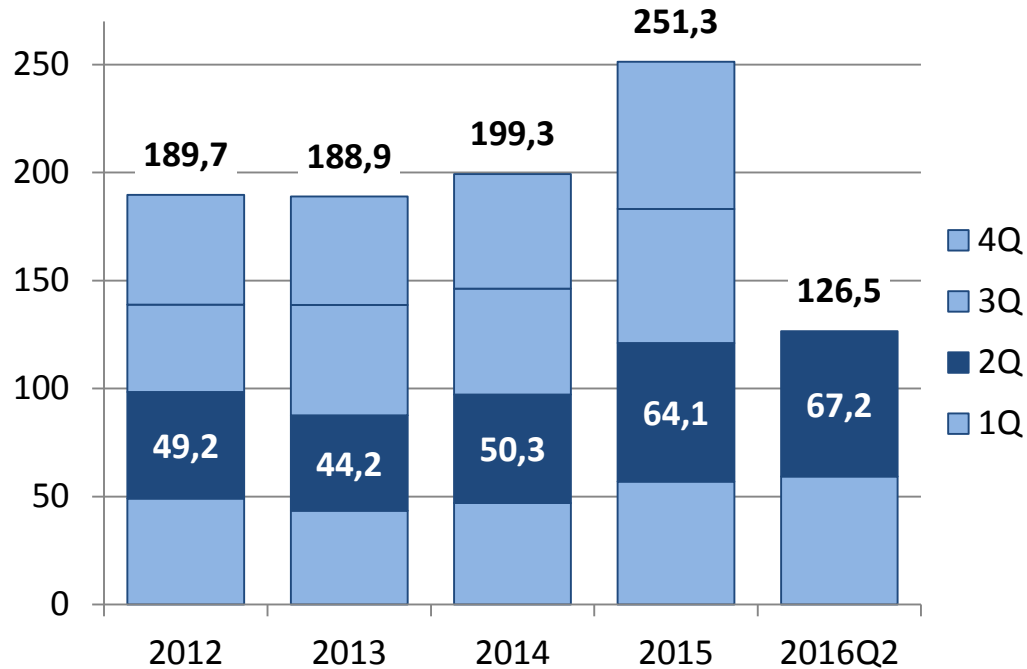
	1-6 2016	1-6 2015	YoY change
Orders received, M€	78,9	74,9	+5,3 %
Net sales, M€	80,5	67,1	+20,0 %
EBIT, M€	5,6	5,0	+12,5 %
EBIT-%	7,0 %	7,5 %	
Average personnel	737	682	+8,1 %

# Network Services, January – June 2016

	1-6 2016	1-6 2015	YoY change
Orders received, M€	47,6	46,1	+3,3 %
Net sales, M€	47,6	46,1	+3,3 %
EBIT, M€	0,8	0,1	+723,5 %
EBIT-%	1,8 %	0,2 %	
Average personnel	770	795	-3,1 %

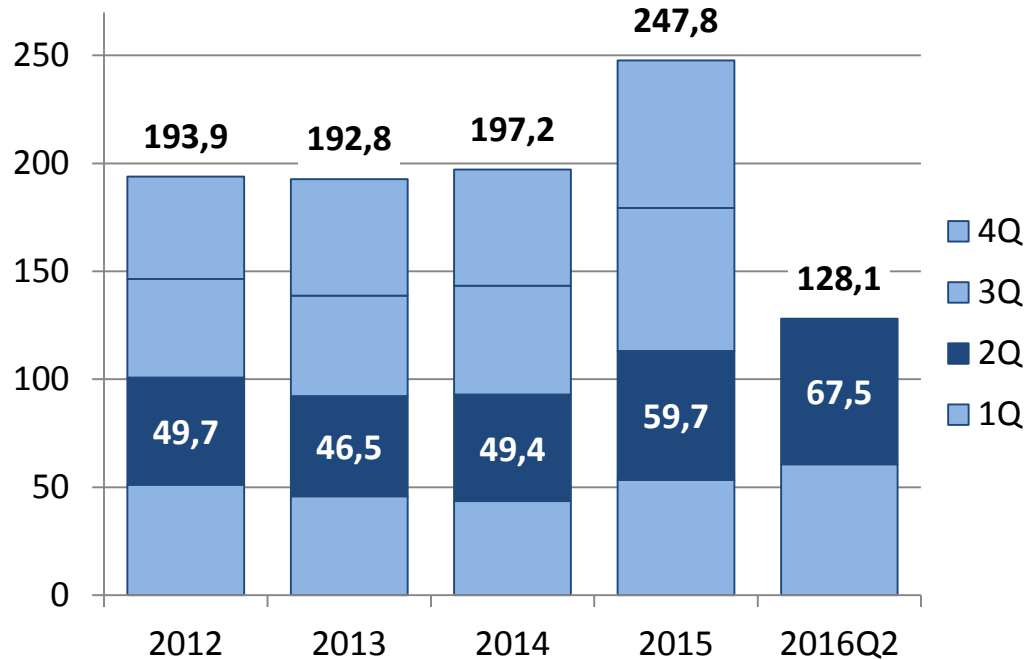
# Orders Received

## Teleste Group, M€



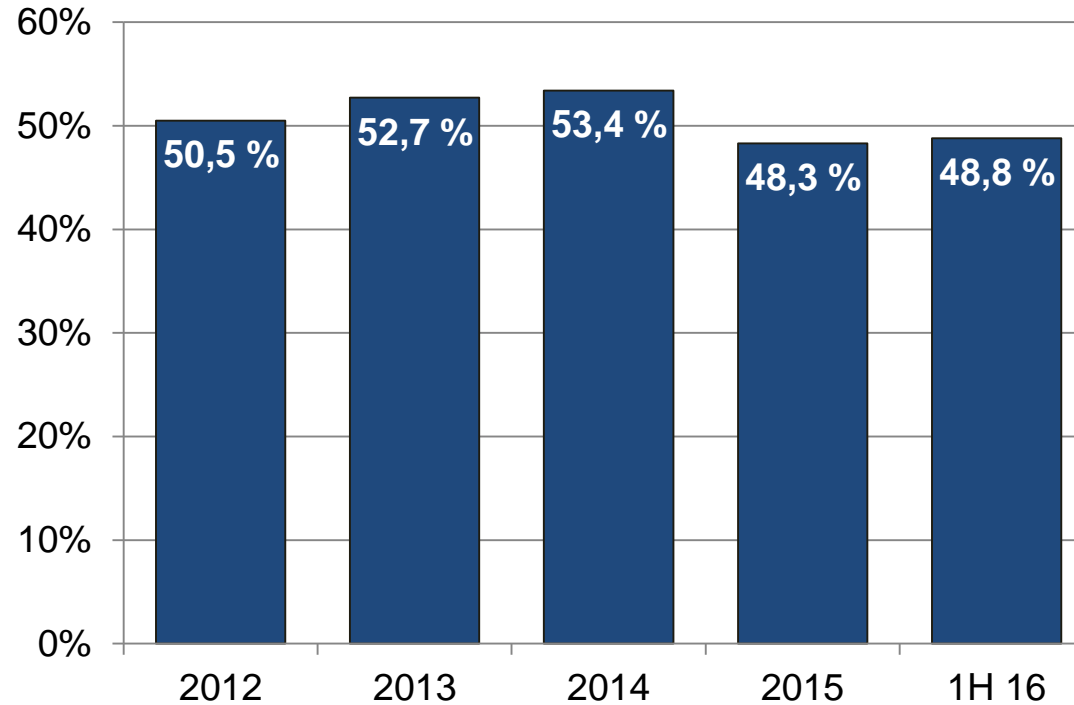
# Net Sales

## Teleste Group, M€



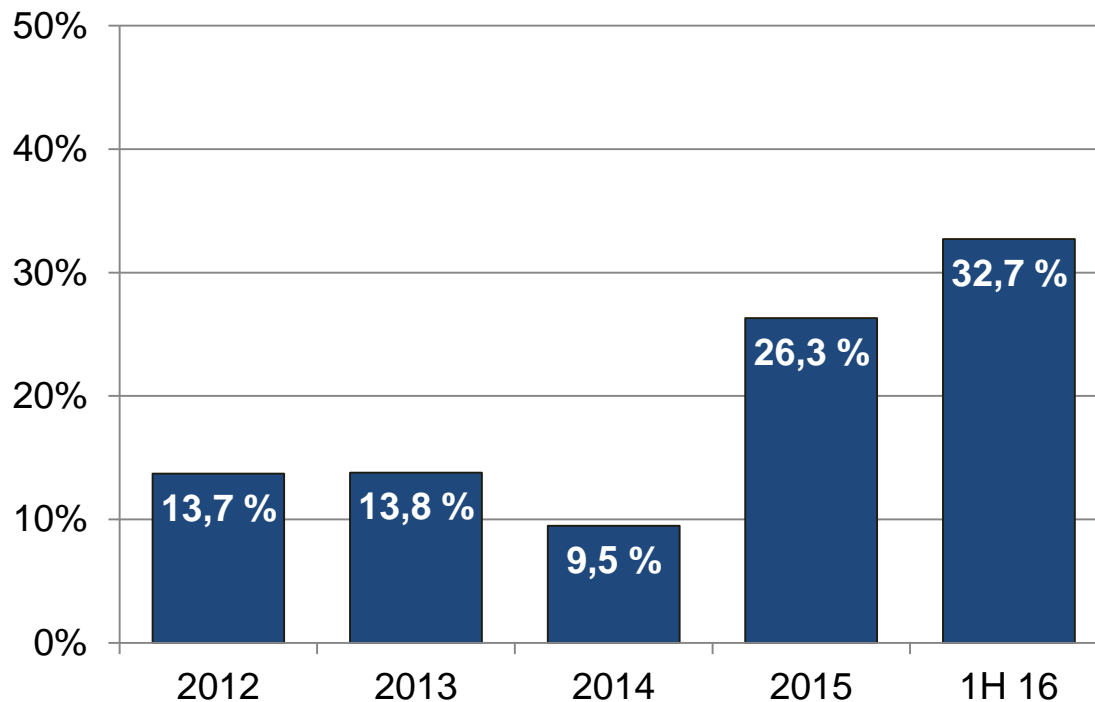
# Equity Ratio (at the end of period)

## Teleste Group



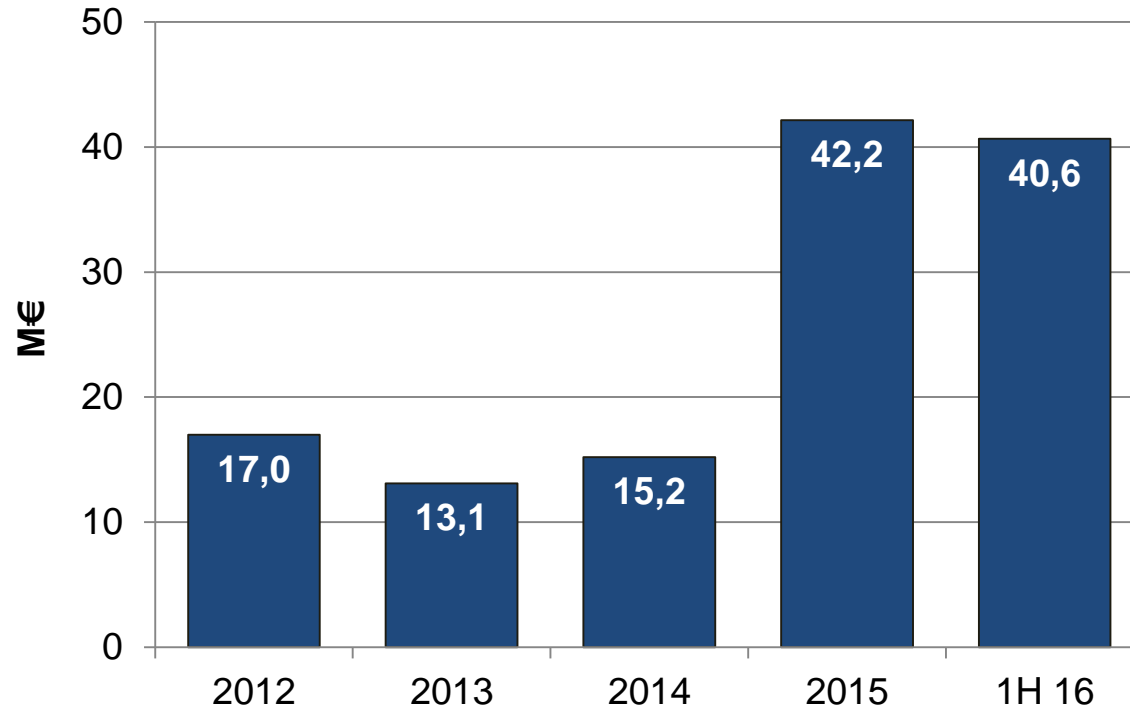
# Gearing

## Teleste Group



# Order Backlog (at the end of period)

## Teleste Group



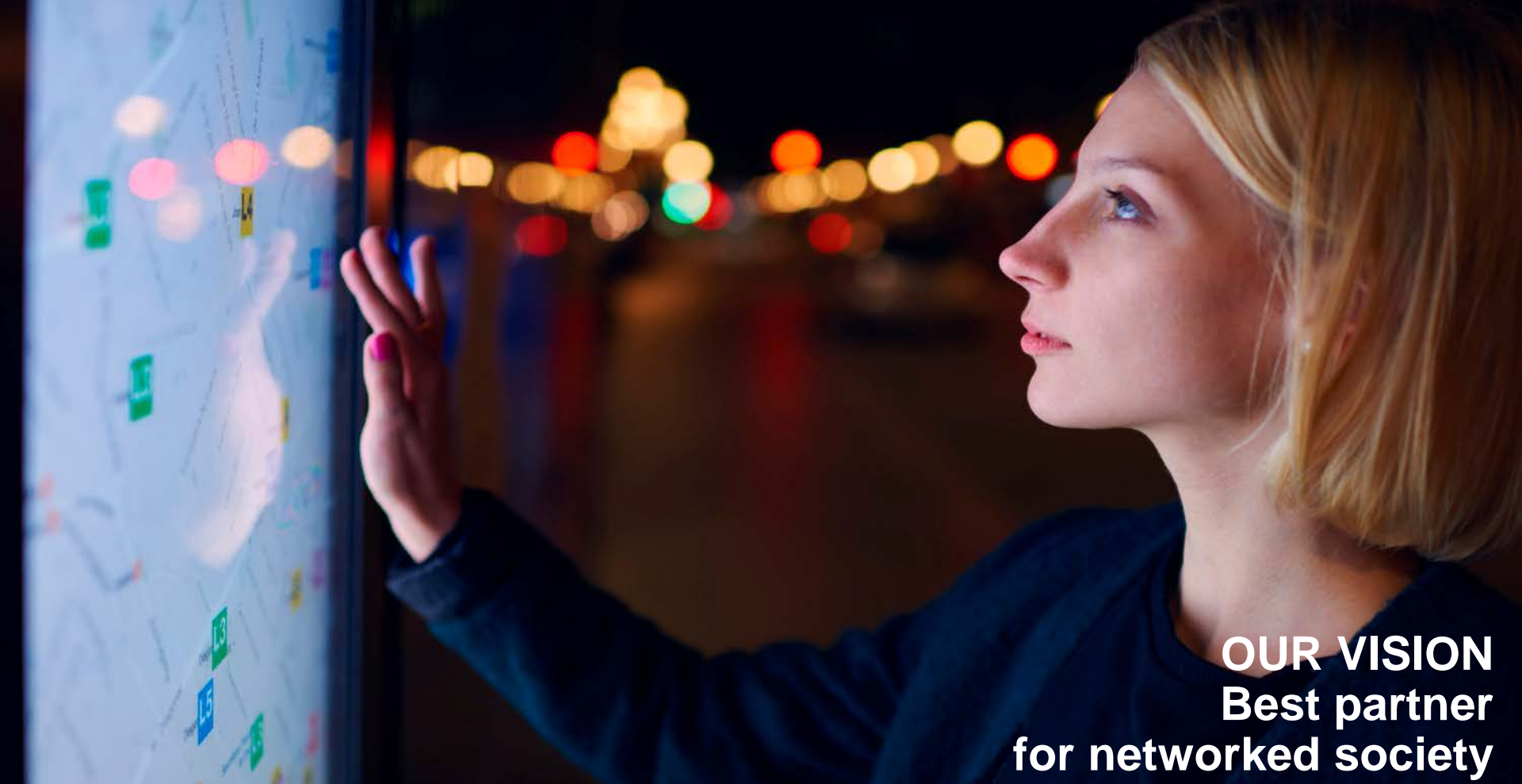


# Outlook 2016

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 grow. Driven by the new broadband and video services provided by the operators, even if some cable operators have shifted their network investments scheduled for 2016 over to the next year. 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 the 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.**



**OUR VISION**  
**Best partner**  
**for networked society**