

The Teleste logo is displayed in a stylized, italicized blue font within a white square. The background of the slide features a blue gradient with abstract white circuit lines and dots.

Enabling  
digital  
evolution

# INTERIM REPORT Q1 2014

Jukka Rinnevaara  
CEO

# Disclaimer

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

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

# Teleste celebrated 60 years

On 22 January Teleste celebrated its 60th anniversary. Founded by Olavi Ahonen in 1954, our company has grown over the decades to become one of the world's leading providers of access network and video surveillance product solutions as well as related comprehensive services.



We have both become an international company and, on the other hand, remained true to our Finnish roots. Today there are some 1,300 Teleste employees working in over 20 countries. Our clientele has also grown and changed – indeed, Teleste has kept pace with its clients, expanding into new business areas.

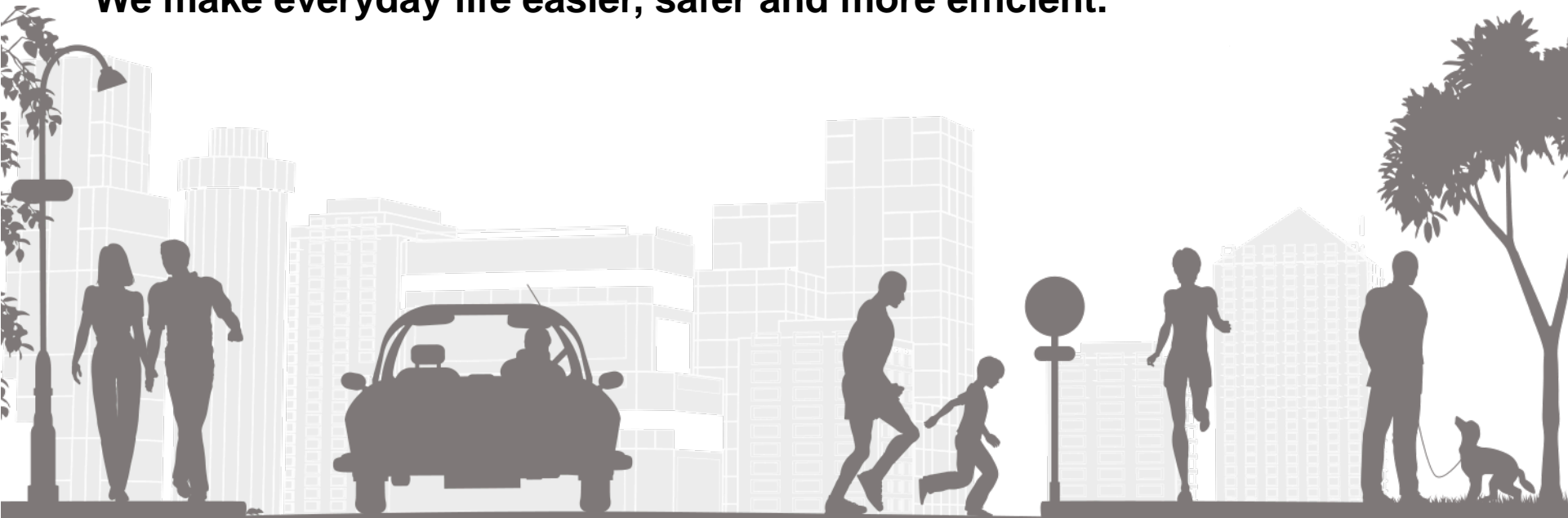


We will keep working together as we head into a new decade and toward the challenges of a digital future.

# Our mission

**We develop and offer video and broadband products, services and solutions for cable operators and the public sector.**

**We make everyday life easier, safer and more efficient.**



# Business Areas



## Video and Broadband Solutions

Broadband networks and video surveillance applications



## Network Services

Comprehensive service solutions for cable networks

# Market Review Q1/2014

## Video and Broadband Solutions

**Market shift from very quiet in the beginning to positive development**

- Continued growing demand for broadband capacity
- Positive development in orders for optical access network products
  - Particularly strong markets included Germany, France, Holland and the UK
  - Comparisons between choices of network technology (D3.1 decentralised vs. centralised)
- Continued consolidation process in the operator field: now Vodafone - Ono and Altice - SFR
- Large video surveillance projects at tendering stage

## Network Services

**Market situation at par with the comparative period**

- Increase in net sales was mainly attributable to maintenance and upgrading of German cable networks
- Focus in the UK on the expansion of services business
- In other countries the market was at par with the comparative period

# RESULT Q1 - Group

	Q1 2014	Q1 2013	Change%
Orders Received	46.9	43.4	8.3%
Net Sales	43.5	45.8	-4.9%
EBIT	1.3	2.6	-50.4%
EBIT %	3.0%	5.7%	n/a
Net Profit for the Period	0.9	1.8	-48.5%

## RESULT Q1 - Video and Broadband Solutions (VBS)

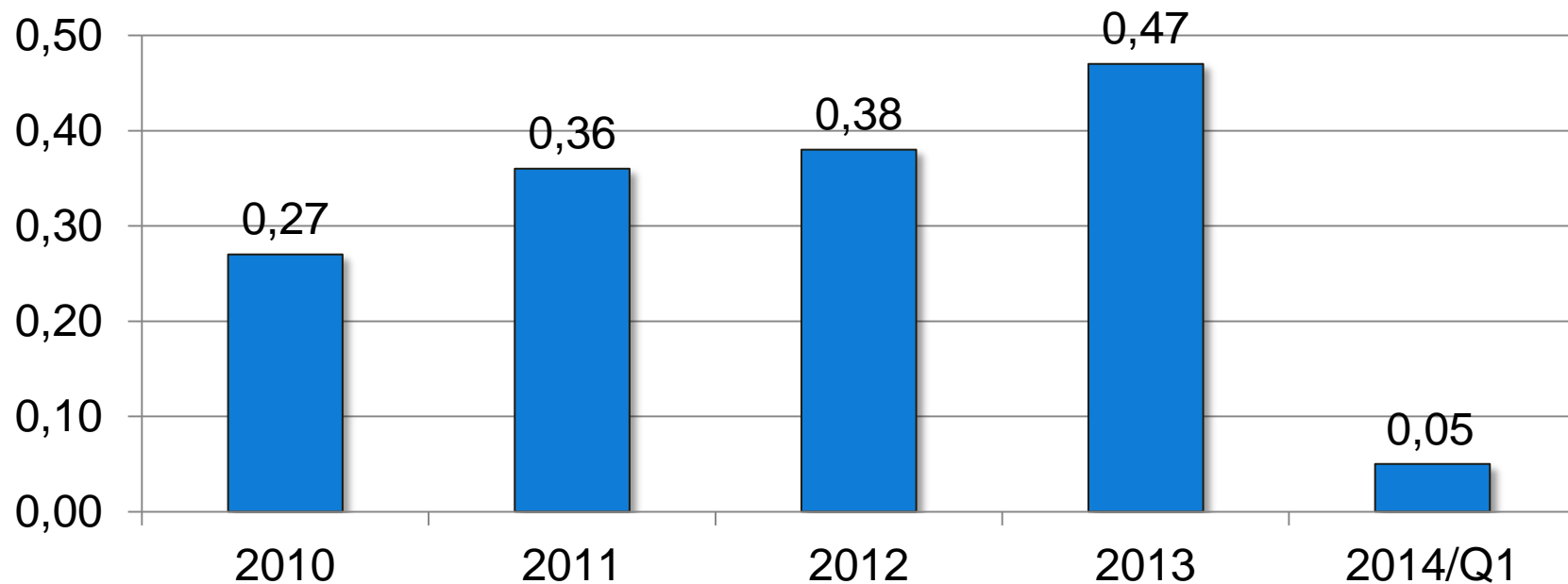
	Q1 2014	Q1 2013	Change%
Orders Received	24.9	21.4	16.2%
Net Sales	21.4	23.8	-9.8%
EBIT	0.8	2.4	-67.1%
EBIT %	3.7%	10.2%	n/a



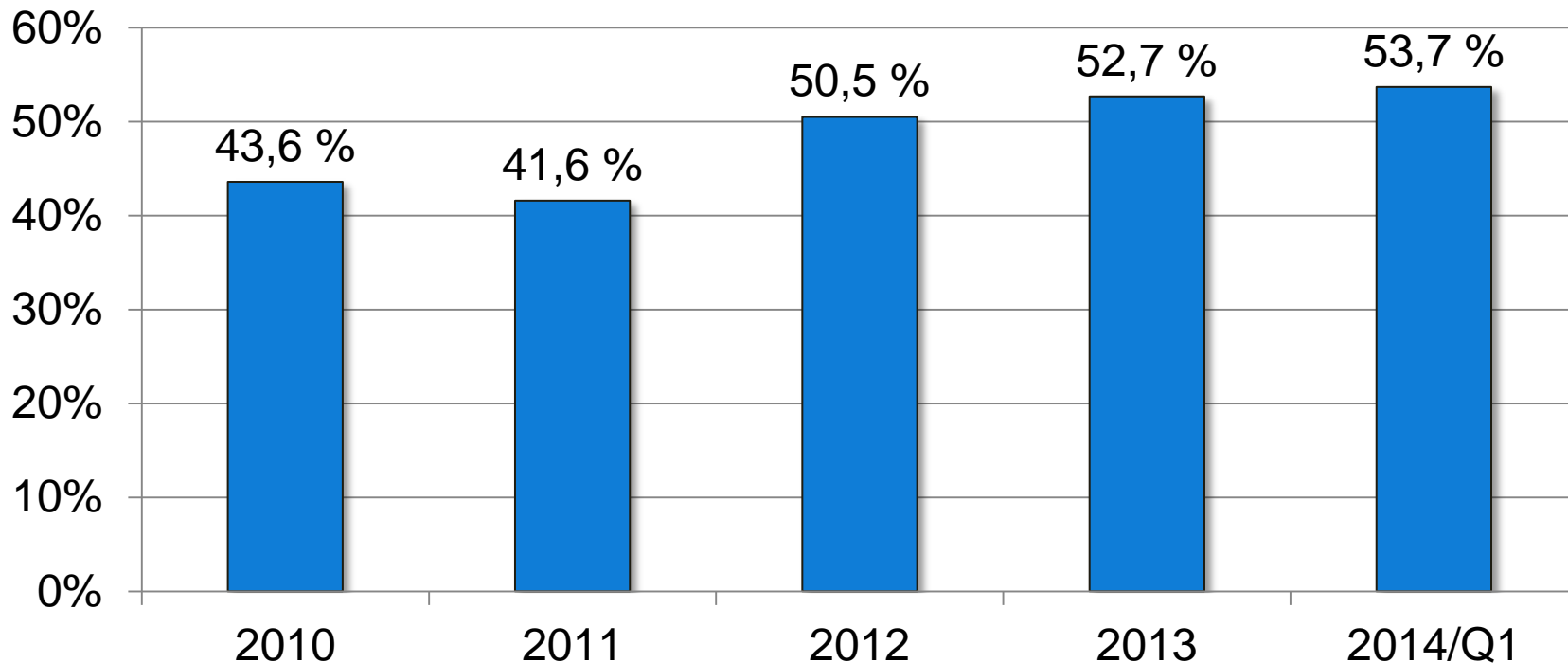
## RESULT Q1 – Network Services (NS)

	Q1 2014	Q1 2013	Change%
Orders Received	22.0	21.9	0.5%
Net Sales	22.0	21.9	0.5%
EBIT	0.5	0.2	195.9%
EBIT %	2.2%	0.8%	

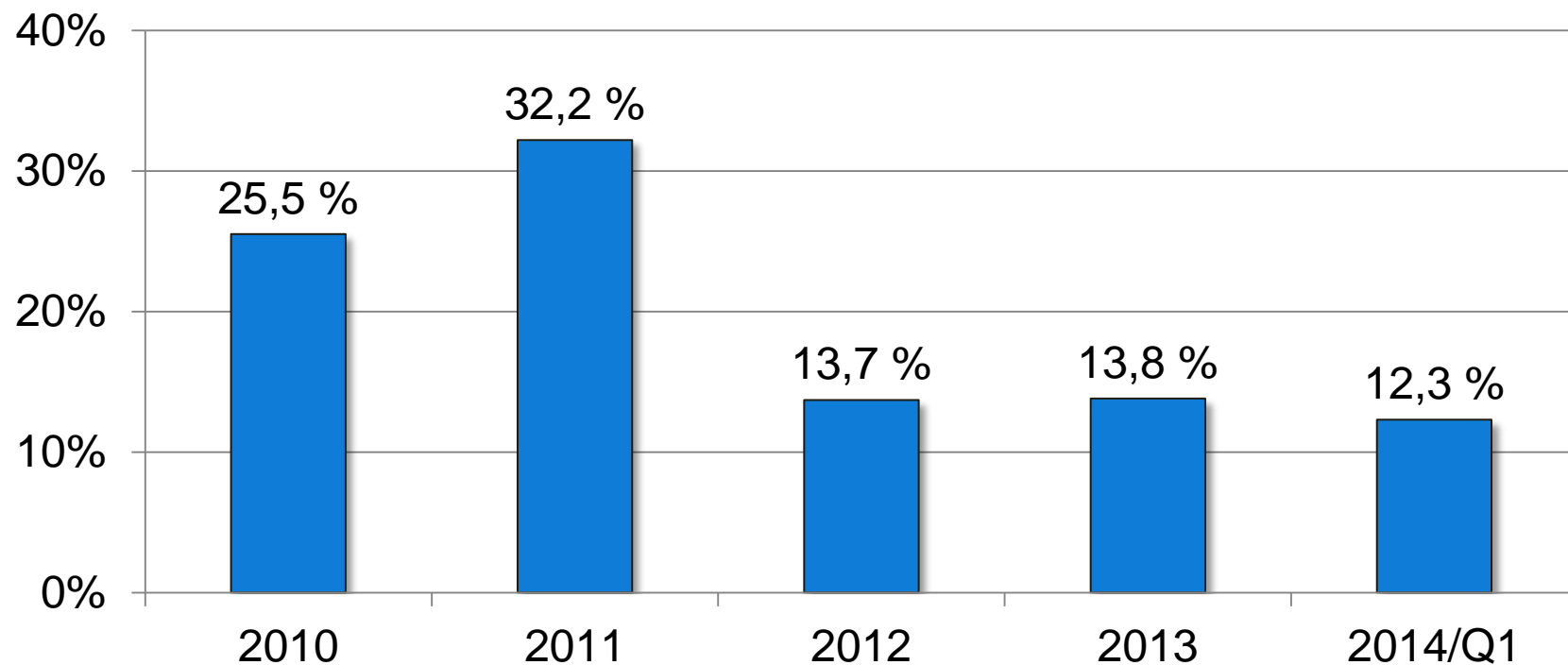
# EPS



# Equity Ratio



# Gearing



# Outlook

**Video and Broadband Solutions** aim at maintaining a strong market position in Europe and expand into selected new markets. Network capacity will continue to increase driven by the new broadband and video services provided by the operators. Limited product offering of the new Docsis 3.1 communications standard may delay the network investments in the beginning of the year. Price erosion in the market continues. The positive trend in the **video surveillance market** will continue, but the public sector decisions to start projects may be delayed in the current economic climate. We estimate the market for Video and Broadband Solutions to fluctuate greatly during the year.

The business objective of **Network Services** is to develop the operational efficiency and give up any unprofitable services activities during the year.

These measures will be taken to create conditions for better business profitability over the reference year, but these will have a slight reducing effect on net sales. We estimate the demand for comprehensive network services in our key target markets to continue at par with the comparative year.

**We estimate net sales and operating profit for the first half of 2014 to fall clearly from the comparative period. Due to this, we estimate that net sales and operating profit for the full year of 2014 will not reach the 2013 level.**





**The world is networking –  
Teleste is at the centre of digitalisation.**