

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

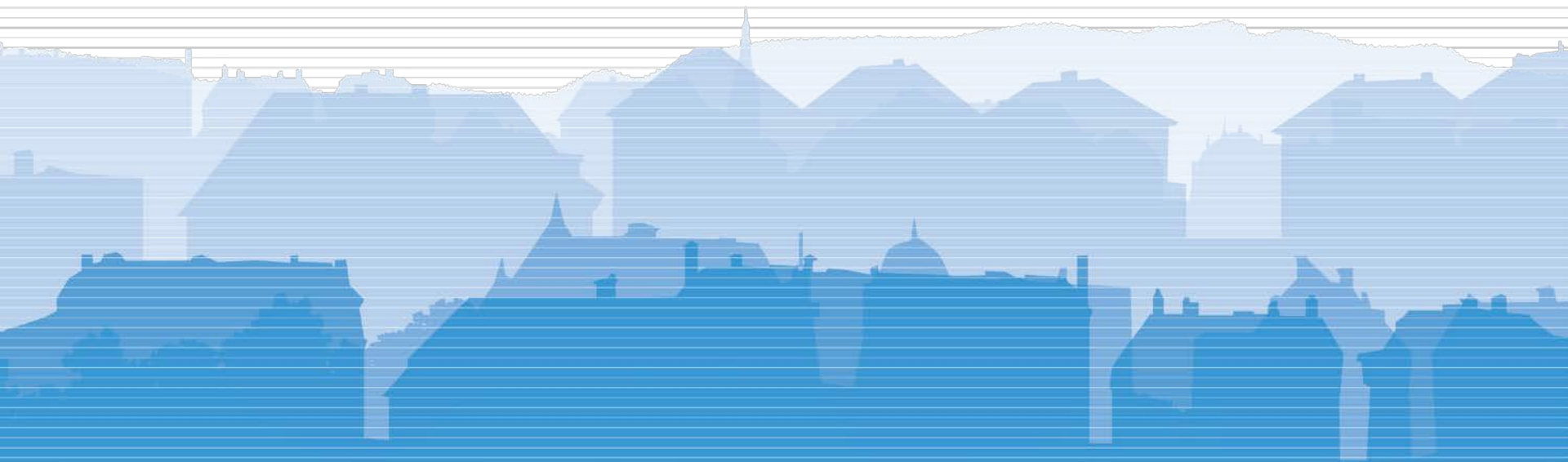
TELESTE

Enabling
digital
evolution

Interim Report Q1 2015

Jukka Rinnevaara
CEO

We make...



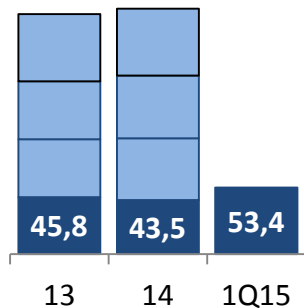
your everyday life **easier, safer and more efficient**



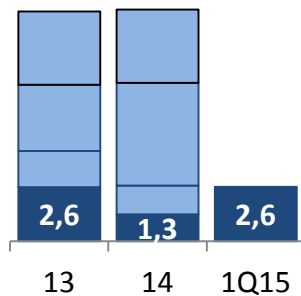
Overview Q1 2015

- Net sales 53,4 MEUR (43,5), +22,8 %
- Operating profit 2,6 MEUR (1,3), +101,3 %
- Net profit 2,2 MEUR (0,9), +139,7 %
- EPS 0,12 EUR (0,05), +136,5 %
- Operative cash flow -1,2 MEUR (1,5)

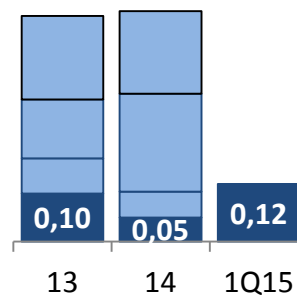
Net sales, M€



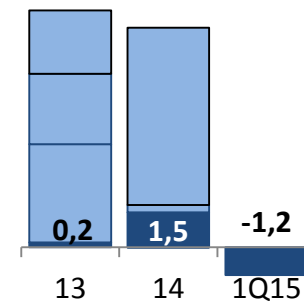
Operating profit, M€



EPS, €



Operative CF, M€



Business Areas



Video and Broadband Solutions

Broadband networks and video security and information solutions



Network Services

Comprehensive service solutions for cable networks

Market environment Q1 2015

Video and Broadband Solutions

- Growth in demand for broadband capacity will continue and network investments based on Docsis 3.1 standard continued with a growing pace
- Orders received and sales grew strongly
 - The greatest orders growth in optical network products and in France, Belgium and Israel
 - The net sales was boosted by the sales of access network products and video security solutions and in France, the UK and Belgium
- We have maintained our strong market share in Europe
- Mitron strengthens our presence as a comprehensive supplier of rail video security and information solutions

Network Services

Market situation at the level with the comparative period

- In Germany, we reached good qualitative results measured by our customer's standards
- In UK we continued the investments in the expansion of engineering service business
- The volume of our services business has developed positively in Switzerland

Teleste Group

Q1 2015 highlights

- Customer demand was high, both segments grew orders and net sales year-on-year – Orders all-time high.
- Good operative results were achieved in video platforms, access network and video security businesses.
- Cash flow was negative: net working capital was increased due to higher inventories and Mitron acquisition.
- Mitron was consolidated in Teleste Group since January 7.

	1Q 2015	1Q 2014	YoY change	4Q 2014	QoQ change
Orders received, M€	56,9	46,9	+21,2 %	53,0	+7,3 %
Net sales, M€	53,4	43,5	+22,8 %	53,9	-0,8 %
EBIT, M€	2,6	1,3	+101,3 %	3,5	-26,3 %
EBIT-%	4,9 %	3,0 %		6,5 %	
Net profit, M€	2,2	0,9	+139,7 %	3,1	-28,7 %
EPS, €	0,12	0,05	+136,5 %	0,17	-29,0 %
Operative cash flow	-1,2	1,5		7,5	

Video and Broadband Solutions

Q1 2015 highlights

- Orders and net sales grew year-on-year and sequentially
- Significant operating profit improvement achieved, especially in video platforms, access network and video security businesses
- Orders received grew most in France, Belgium and Israel. Net sales grew most in France, the UK and Belgium
- Mitron consolidated in Teleste since January 7

	1Q 2015	1Q 2014	YoY change	4Q 2014	QoQ change
Orders received, M€	34,0	24,9	+36,5 %	28,6	+18,7 %
Net sales, M€	30,5	21,5	+42,1 %	29,5	+3,5 %
EBIT, M€	2,0	0,8	+150,1 %	2,6	-23,4 %
EBIT-%	6,6 %	3,7 %		8,9 %	
Average personnel	665	554	+20,1 %	549	+21,1 %

Network Services

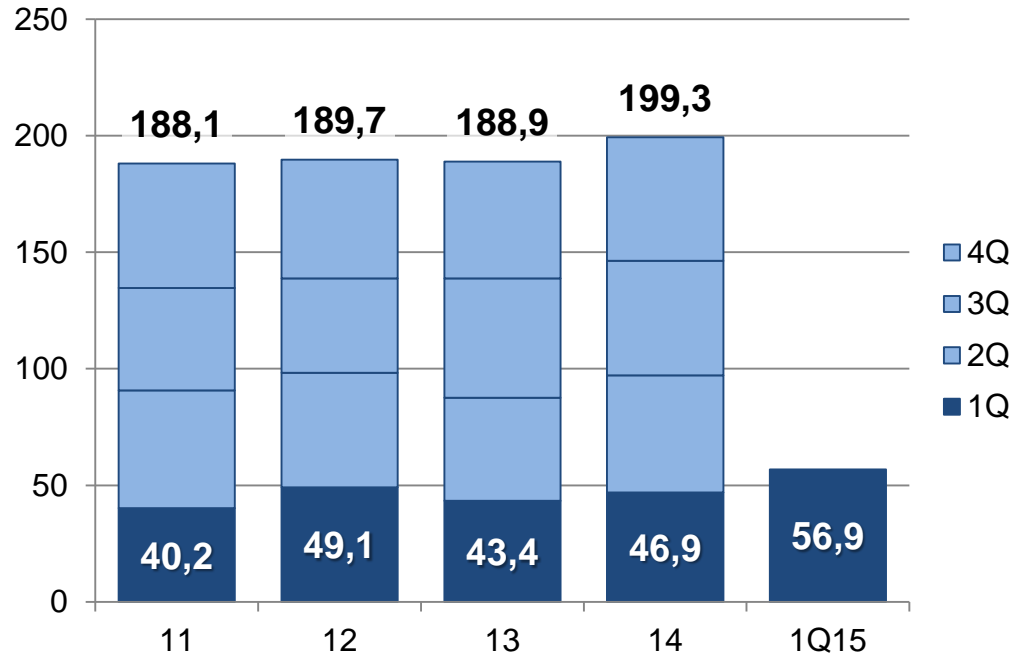
Q1 2015 highlights

- Net sales and operating profit grew year-on-year
- Operational results were good in Germany. Cableway achieved its best customer KPI scoring
- 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

	1Q 2015	1Q 2014	YoY change	4Q 2014	QoQ change
Orders received, M€	22,9	22,0	+3,9 %	24,4	-6,0 %
Net sales, M€	22,9	22,0	+3,9 %	24,4	-6,0 %
EBIT, M€	0,6	0,5	+21,4 %	0,9	-34,5 %
EBIT-%	2,6 %	2,2 %		3,7 %	
Average personnel	801	708	+13,0 %	778	+3,0 %

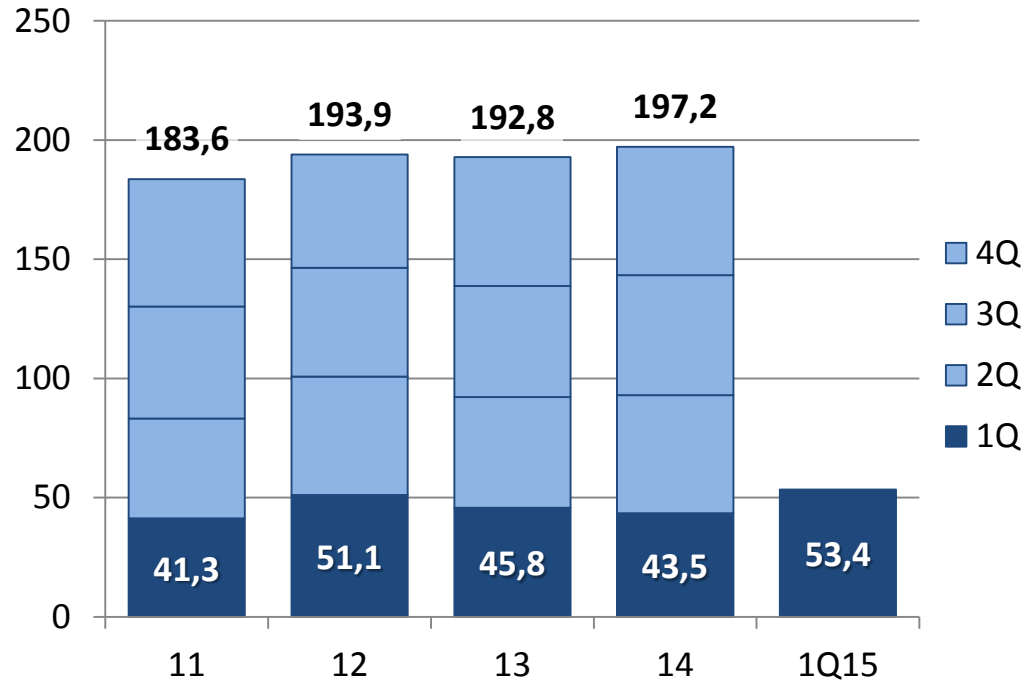
Orders Received, M€

Teleste Group

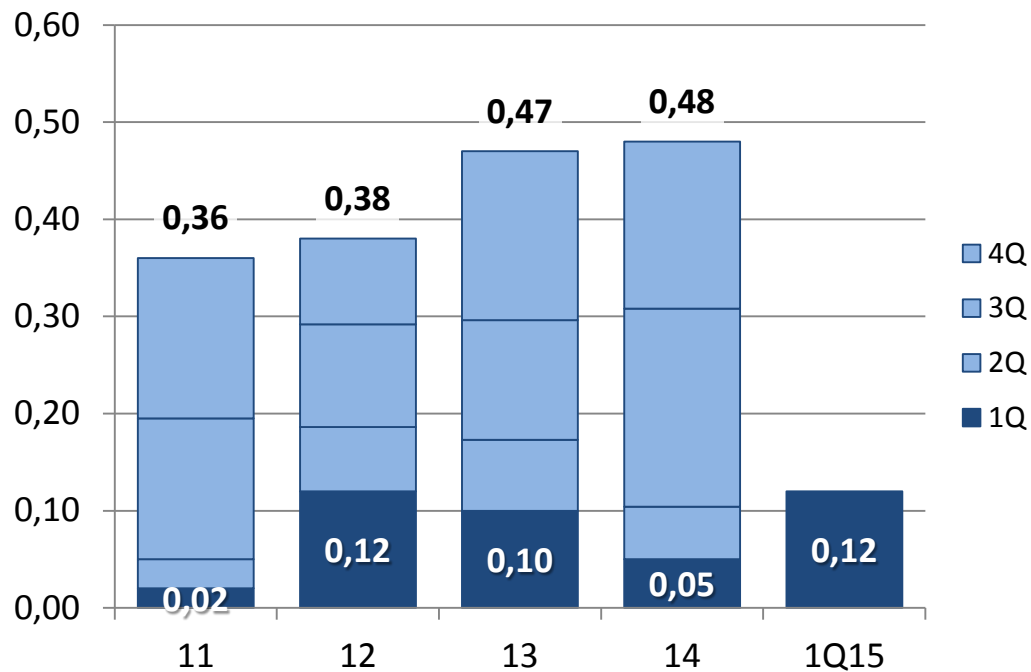


Net Sales, M€

Teleste Group

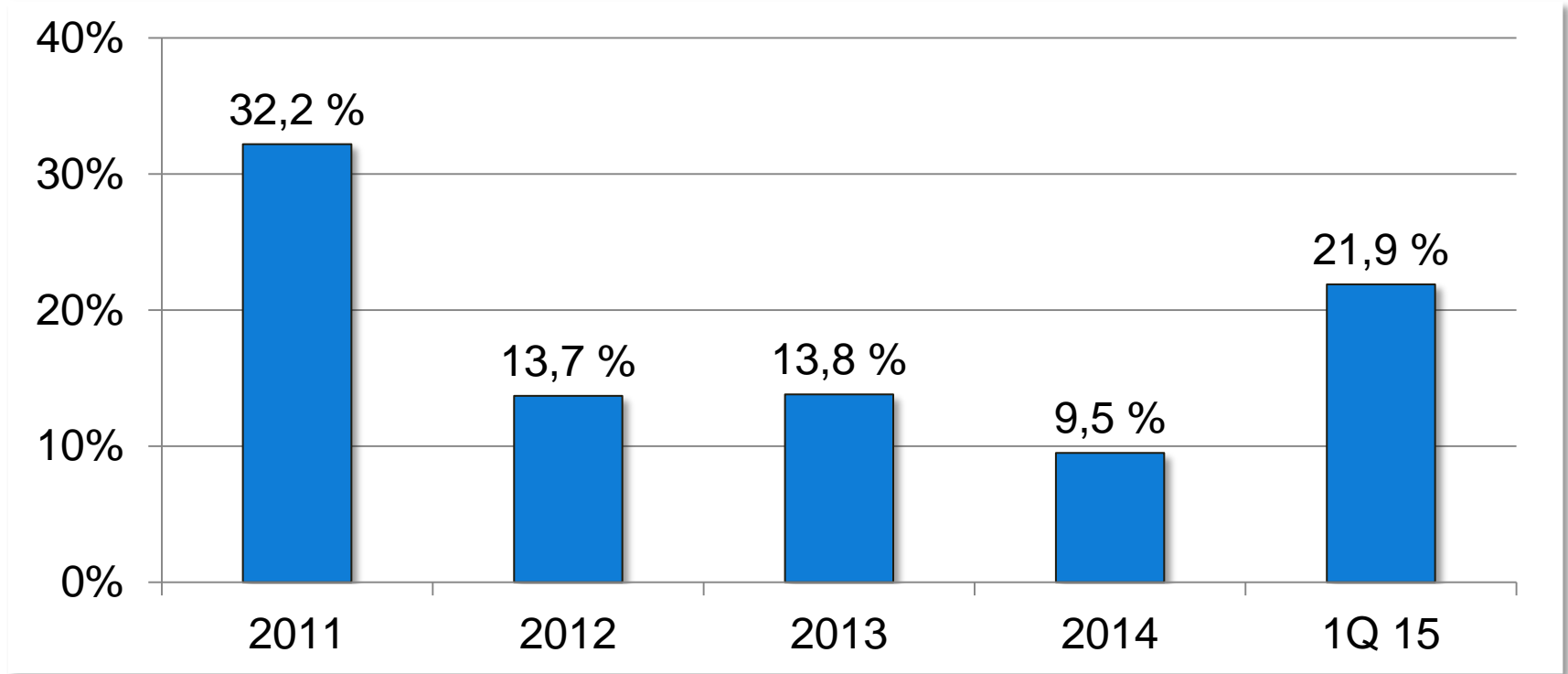


EPS, €



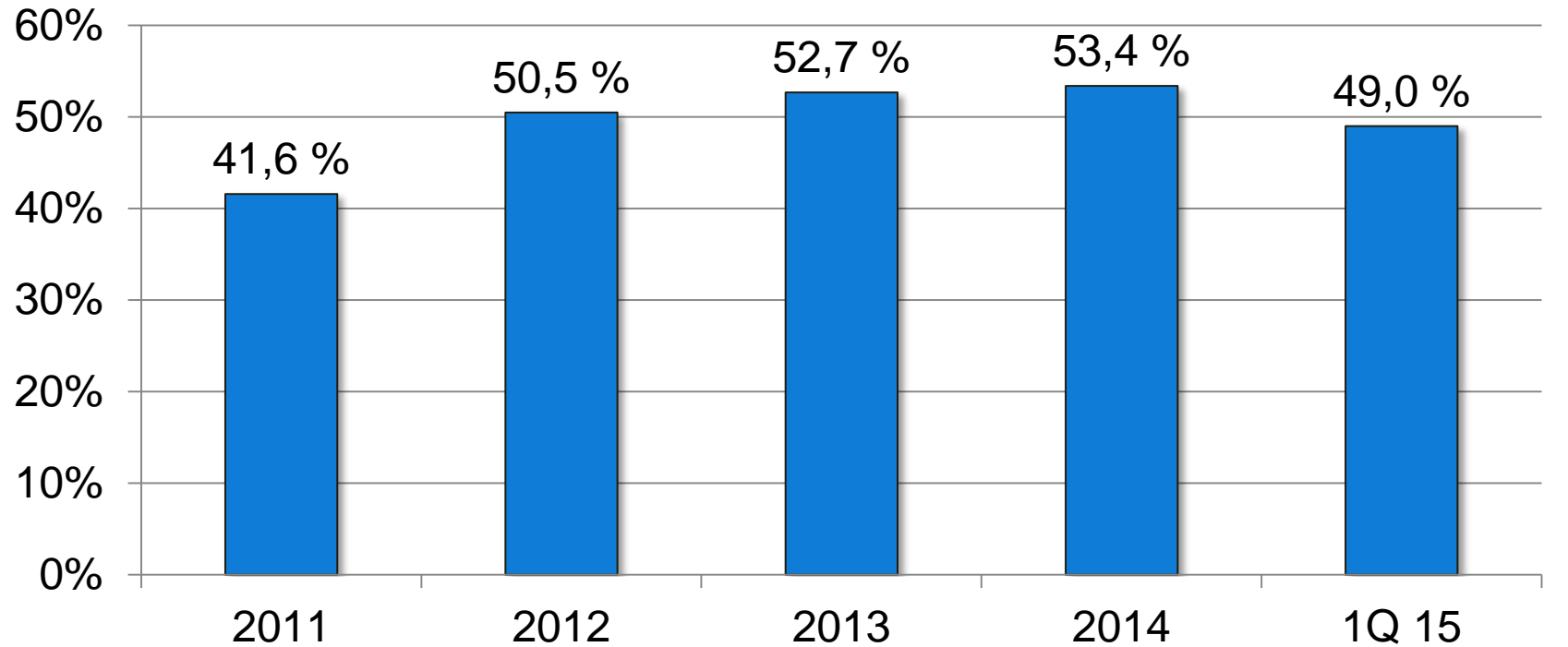
Gearing

Teleste Group



Equity Ratio

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 rail 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.

