

Interim Report

28 April 2016

Q1 2016

We make your everyday life Smarter, Safer and Smoother

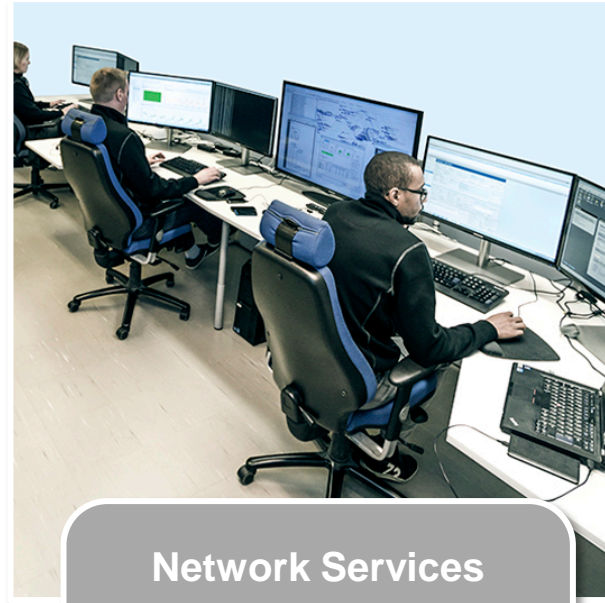


Business Areas



Video and Broadband Solutions

Broadband networks and video security and information solutions

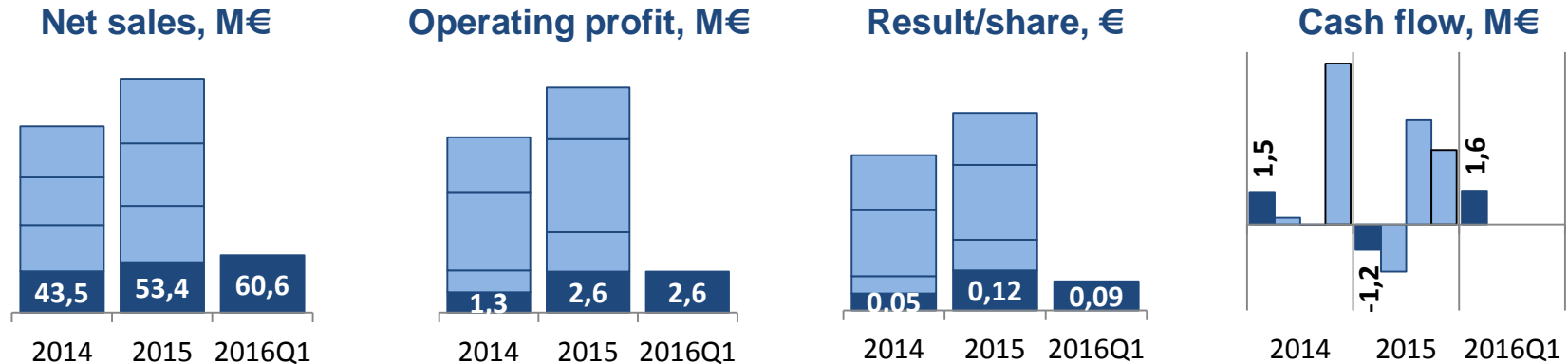


Network Services

Comprehensive service solutions for cable networks

Overview Q1 2016

- Net sales 60.6 MEUR (53.4), +13.4 %
- Operating profit 2.6 MEUR (2.6), +0,2 %
- Undiluted result per share 0.09 EUR (0.12), -25,6 %
- Cash flow from operations 1.6 MEUR (-1,2)
- Orders received 59.3 MEUR (56.9), +4,2 %



Teleste Group – Q1 2016

- Demand continued at a good level. Orders received and net sales grew from the comparative period.
- Operating profit reached the level of the comparative period.
- Earnings per share were decreased by financial items, which were weakened by changes in exchange rates.
- Operating cash flow improved over the comparative period due to better management of working capital.

	Q1 2016	Q1 2015	Change	Q4 2015	Change
Orders received, M€	59,3	56,9	4,2 %	68,2	-13,1 %
Net sales, M€	60,6	53,4	13,4 %	68,4	-11,4 %
EBIT, M€	2,6	2,6	0,2 %	3,3	-20,5 %
EBIT, %	4,3 %	4,9 %		4,8 %	
Net profit, M€	1,7	2,2	-24,6 %	2,9	-42,6 %
EPS, €	0,09	0,12	-25,6 %	0,16	-42,6 %
Operative cash flow, M€	1,6	-1,2		3,5	-54,5 %

Video and Broadband Solutions – Q1 2016

- Orders received increased in passenger information and video security solutions, particularly in Switzerland, Poland and USA. The orders for access network products fell short of the comparative period.
- Net sales were improved by increased sales volumes in access network products and in passives and indoor network products. Deliveries grew most in Belgium, Switzerland, and the UK.
- Operating profit increased significantly on account of access network products.

	Q1 2016	Q1 2015	Change	Q4 2015	Change
Orders received, M€	36,4	34,0	7,1 %	43,4	-16,2 %
Net sales, M€	37,7	30,5	23,5 %	43,6	-13,5 %
EBIT, M€	2,4	2,0	22,2 %	2,7	-8,2 %
EBIT, %	6,5 %	6,6 %		6,1 %	
Personnel on average	726	665	9,2 %	697	4,2 %

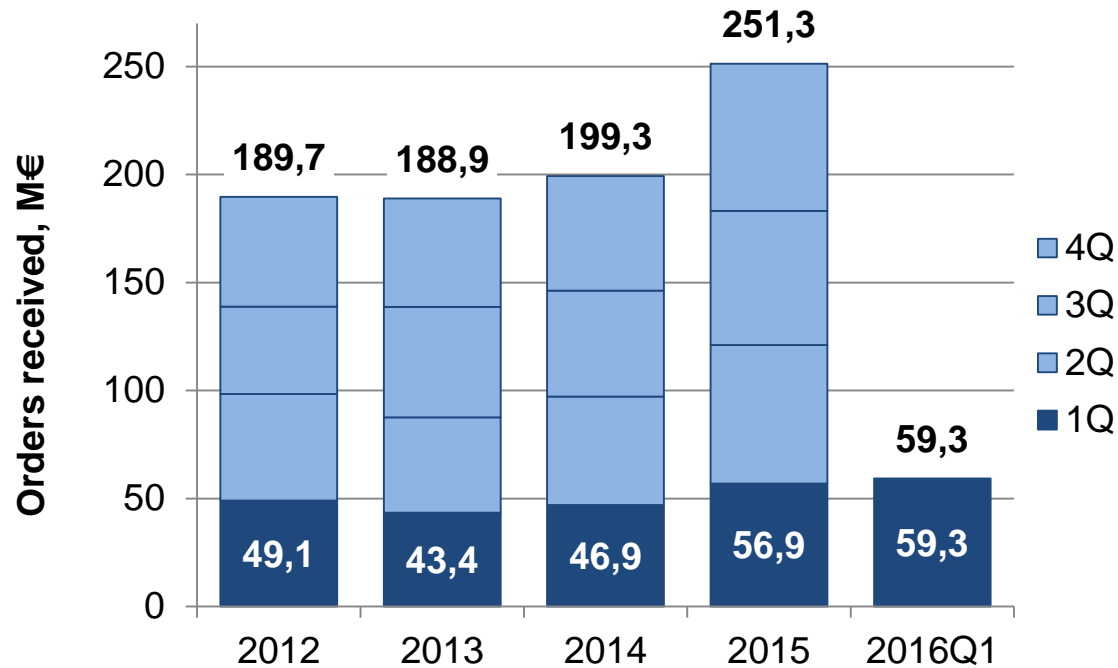
Network Services – Q1 2016

- Orders received and net sales were on par with the previous year. Net sales grew in the UK.
- Operating profit fell clearly short of the comparative period.
- The result was weakened temporarily by the regional reorganisation of services in southern Germany carried out by our main client as well as by the seasonal focusing of sales on services of lower margin level. As for the expansion of our business in the UK, profitability improved from the comparative period being, however, slightly at a loss.

	Q1 2016	Q1 2015	Change	Q4 2015	Change
Orders received, M€	22,9	22,9	0,1 %	24,8	-7,6 %
Net sales, M€	22,9	22,9	0,1 %	24,8	-7,6 %
EBIT, M€	0,2	0,6	-74,2 %	0,6	-74,7 %
EBIT, %	0,7 %	2,6 %		2,4 %	
Personnel on average	773	801	-3,5 %	788	-1,9 %

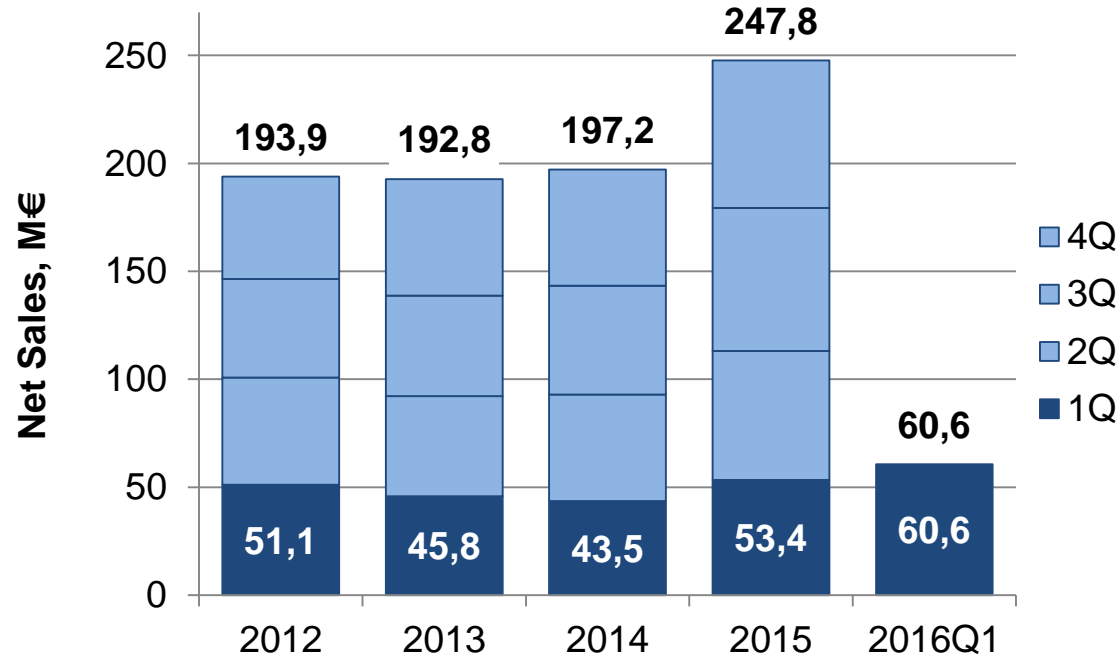
Orders Received

Teleste Group



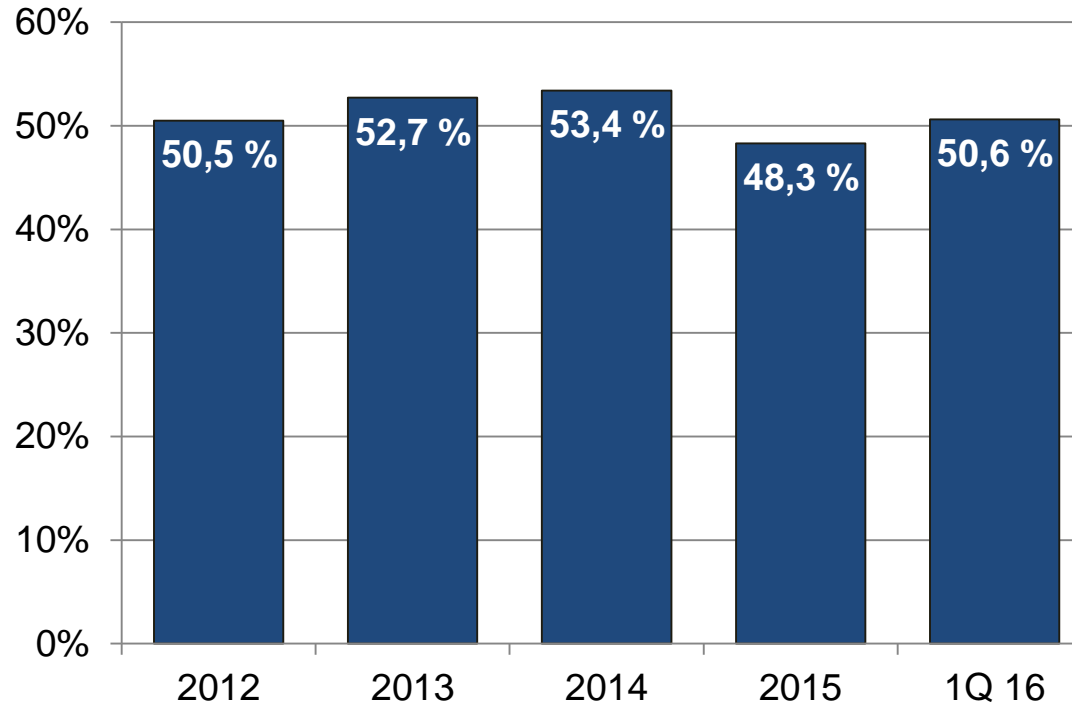
Net Sales

Teleste Group



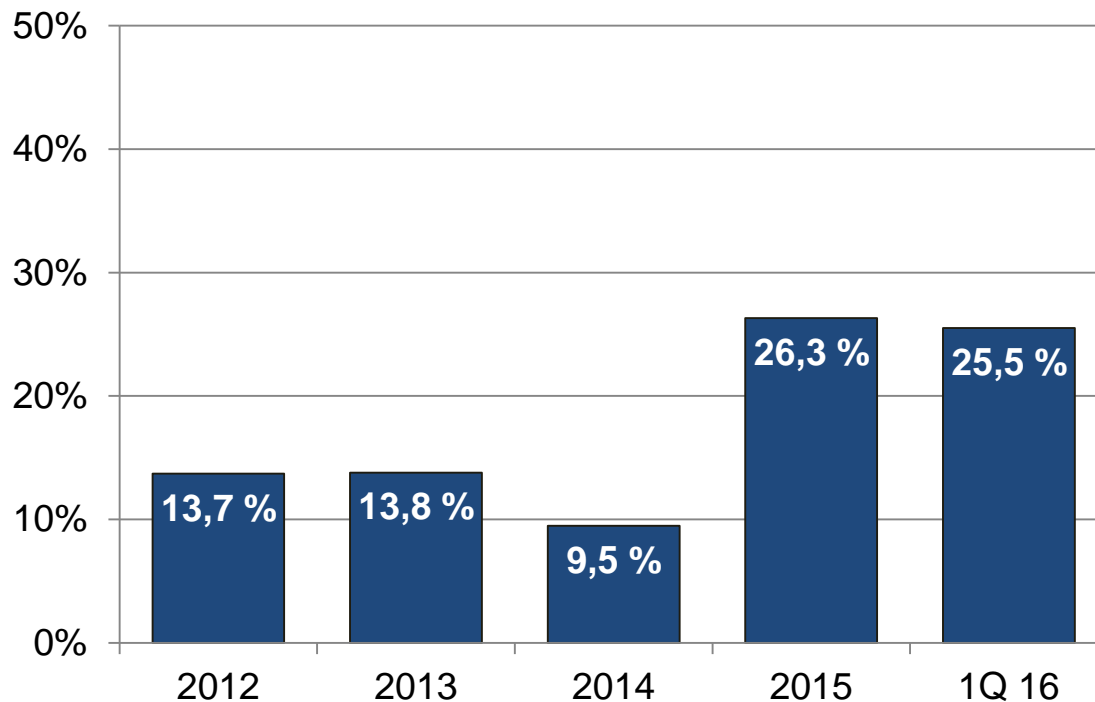
Equity Ratio

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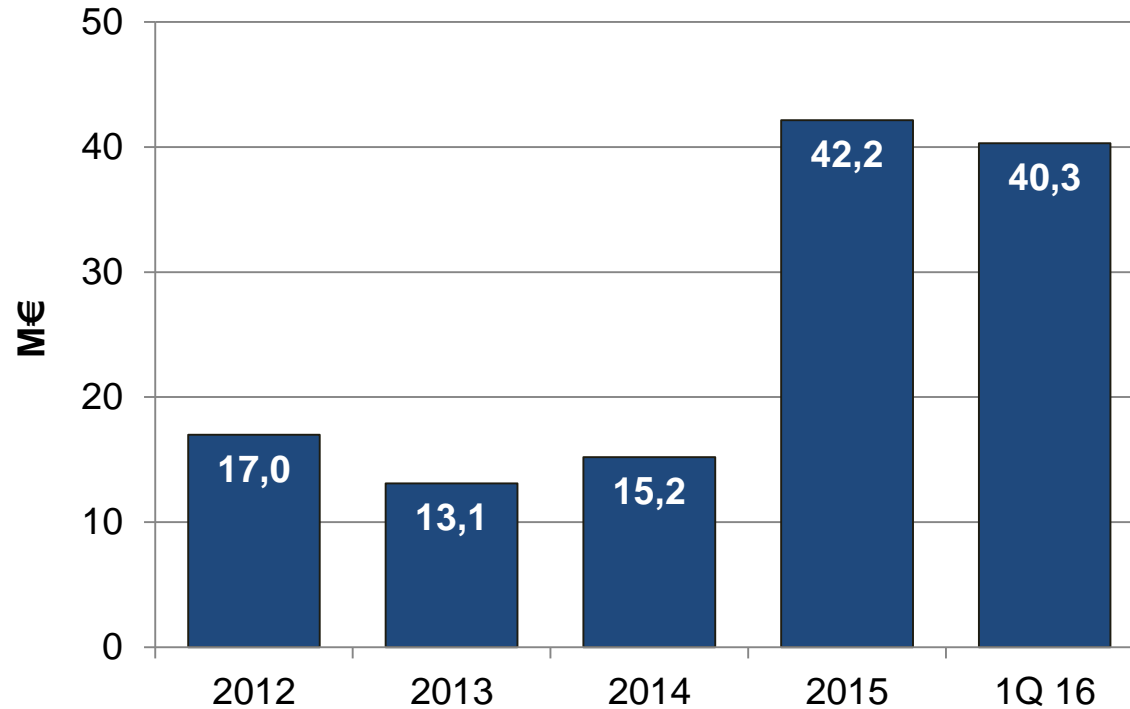
Gearing

Teleste Group



Order Backlog at the end of period

Teleste Group

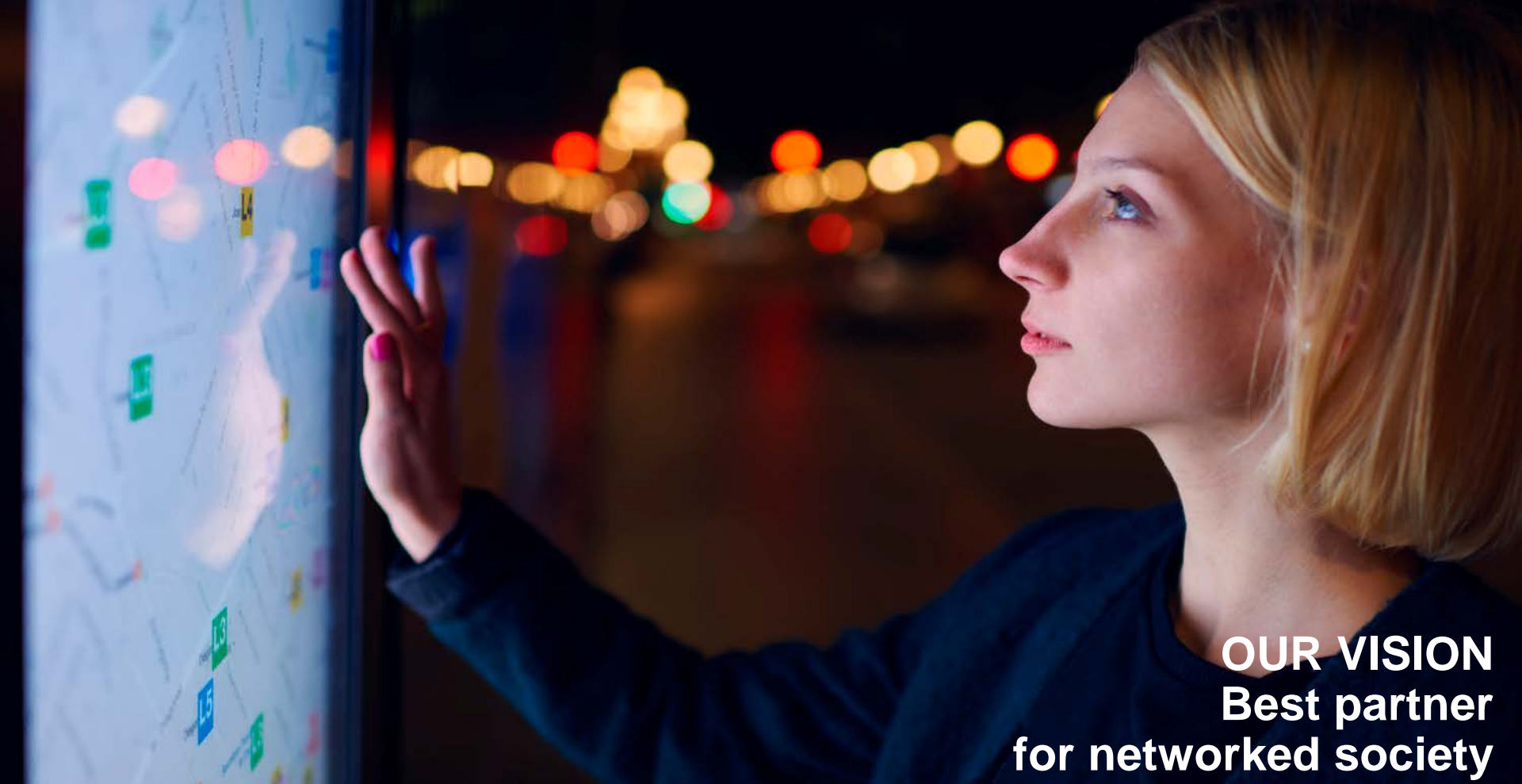


Outlook

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 markets for video security and passenger information solutions will continue whereas the public sector decisions concerning 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