

# Interim Report Q1 2020

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# Business areas



## **Video and Broadband Solutions**

Broadband networks and video security and information solutions



## **Network Services**

Comprehensive service solutions for cable networks

## Interim report – Q1 2020

On 14 May 2020, Teleste **announced its new strategy**, according to which the company **will focus on technology businesses and the higher added-value services that support them**. As a result, the company has decided to **divest its services business in Germany**.

Teleste Corporation's Board of Directors has decided to classify the services business of the Germany-based Cableway companies as an asset held for sale pursuant to IFRS 5 “Non-current assets held for sale and discontinued operations” and will report the business as a discontinued operation according to the standard starting from the first quarter. The business to be divested was previously reported under the Network Services business area. The income statement figures presented in this interim report only include continuing operations, except where otherwise noted. The figures in the statement of financial position and the cash flow statement include both continuing and discontinued operations.

# Teleste Group, continued operations – Q4 2020



- Orders received at par level with the reference period and the previous quarter. Order backlog increased 9,5 % year-on-year and achieved a new record level 82,6 M€.
- Net sales reduced year-on-year and quarter-on-quarter. Net sales reduced in both business areas.
- Adjusted EBIT reduced year-on-year and quarter-on-quarter resulting from reduced net sales of access network products.
- Operative cash flow increased year-on-year, but reduced quarter-on-quarter.

	Q1 2020	Q1 2019	YoY change	Q4 2019	QoQ change
Orders received, M€	45,9	45,7	0,4 %	47,2	-2,9 %
Net sales, M€	36,6	41,3	-11,4 %	41,6	-12,0 %
Adjusted EBIT, M€	1,4	1,7	-18,3 %	1,8	-19,1 %
Adjusted EBIT-%	3,9 %	4,2 %		4,2 %	
EBIT, M€	1,4	-5,6		2,1	-32,1 %
Net profit, M€ <sup>1)</sup>	-1,4	-5,8			
Adjusted EPS, €	0,06	-0,32			
EPS, € <sup>1)</sup>	-0,07	-0,35		0,05	-240,4 %
Operative cash flow, M€ <sup>1)</sup>	0,1	-0,9		7,9	-99,1 %

<sup>1)</sup> Including discontinued operations

# Video and Broadband Solutions – Q4 2020



- Orders received at par level with the reference period and the previous quarter. Order backlog increased 9,5 % year-on-year and achieved a new record level 82,6 M€. Approximately 60% of order backlog is scheduled for 2020.
- Net sales reduced year-on-year and quarter-on-quarter. Net sales reduction resulted from access networks products as customers are preparing to take advantage of Distributed Access Architecture technology.
- EBIT reduced year-on-year and quarter-on-quarter resulting from reduced net sales of access network products.
- Resulting from COVID-19 some of Teleste's customers have had to delay their projects. However, financial implications were not significant during the first quarter.

	Q1 2020	Q1 2019	YoY change	Q4 2019	QoQ change
Orders received, M€	40,5	39,7	2,0 %	41,8	-3,1 %
Net sales, M€	31,2	35,3	-11,5 %	36,1	-13,7 %
EBIT, M€	1,2	2,2	-45,3 %	1,3	-4,6 %
EBIT-%	3,9 %	6,3 %		3,5 %	
Average personnel	667	672	-0,8 %	674	-1,0 %

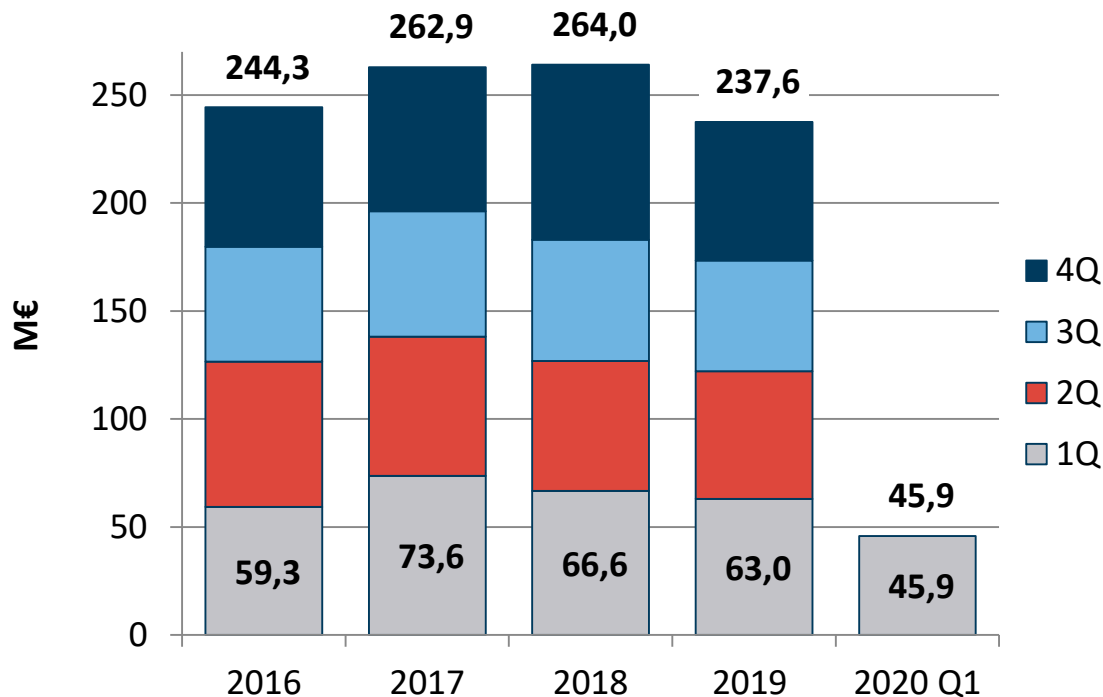
# Network Services, continued operations – Q4 2020 **TELESTE**

- Teleste revised its network services strategy, according to which the company will focus on the higher added-value services in the UK, Switzerland, Finland, Poland and Belgium.
- Orders received and net sales reached previous quarter level, but decreased year-on-year. Net sales declined in the UK, where the focus was on high-added-value design services and the scaling down of lower-margin project services.
- EBIT increased year-on-year and was positive. EBIT improved in the UK, where the focus was on high-added-value design services.
- Due to the COVID-19 pandemic, operator customers began to restrict installation work on their networks in Switzerland and Finland in March. However, the financial effects were not significant during the first quarter.

	Q1 2020	Q1 2019	YoY change	Q4 2019	QoQ change
Orders received, M€	5,4	6,0	-10,4 %	5,4	-1,1 %
Net sales, M€	5,4	6,0	-10,4 %	5,4	-1,1 %
EBIT, M€	0,2	-0,5		0,5	-56,3 %
EBIT-%	4,0 %	-7,8 %		9,1 %	
Average personnel	194	226	-14,5 %	202	-4,0 %

# Orders Received

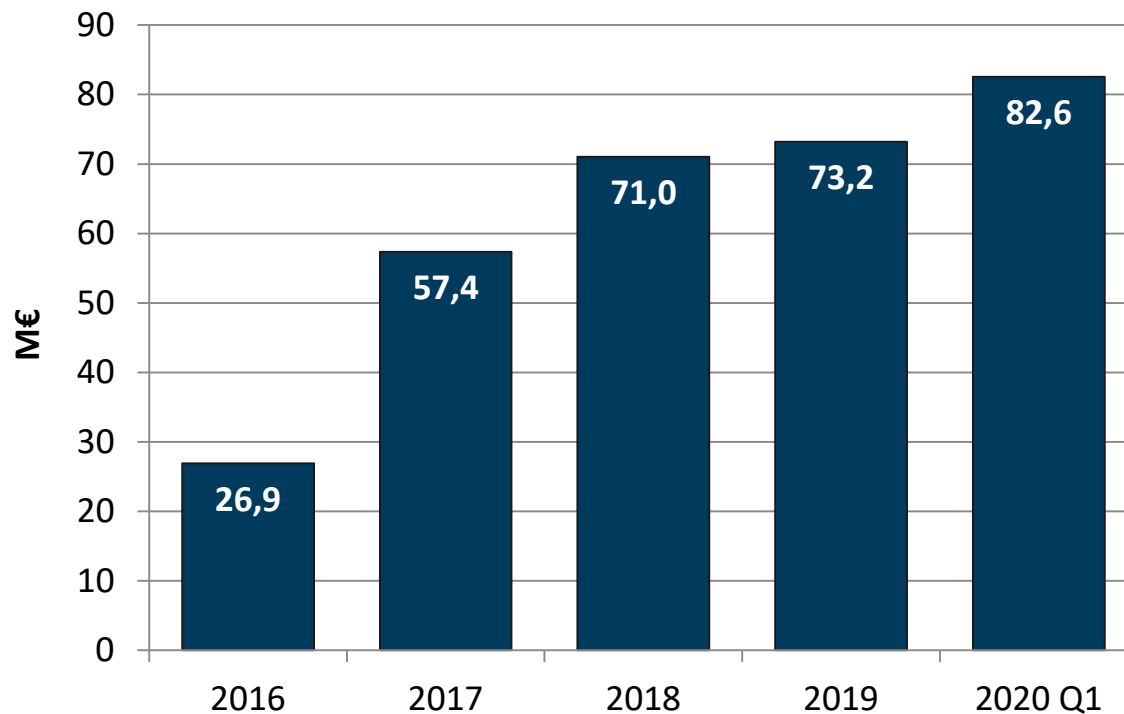
Teleste Group, discontinued operations excluded 2020 onwards





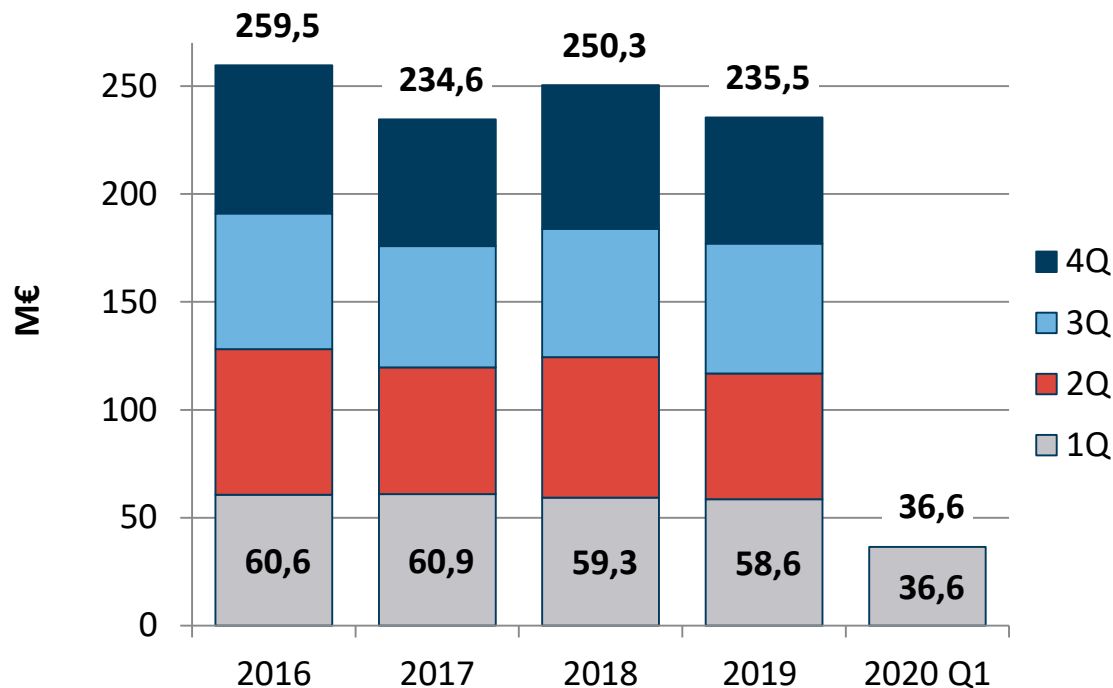
# Order Backlog (at the end of period)

## Teleste Group



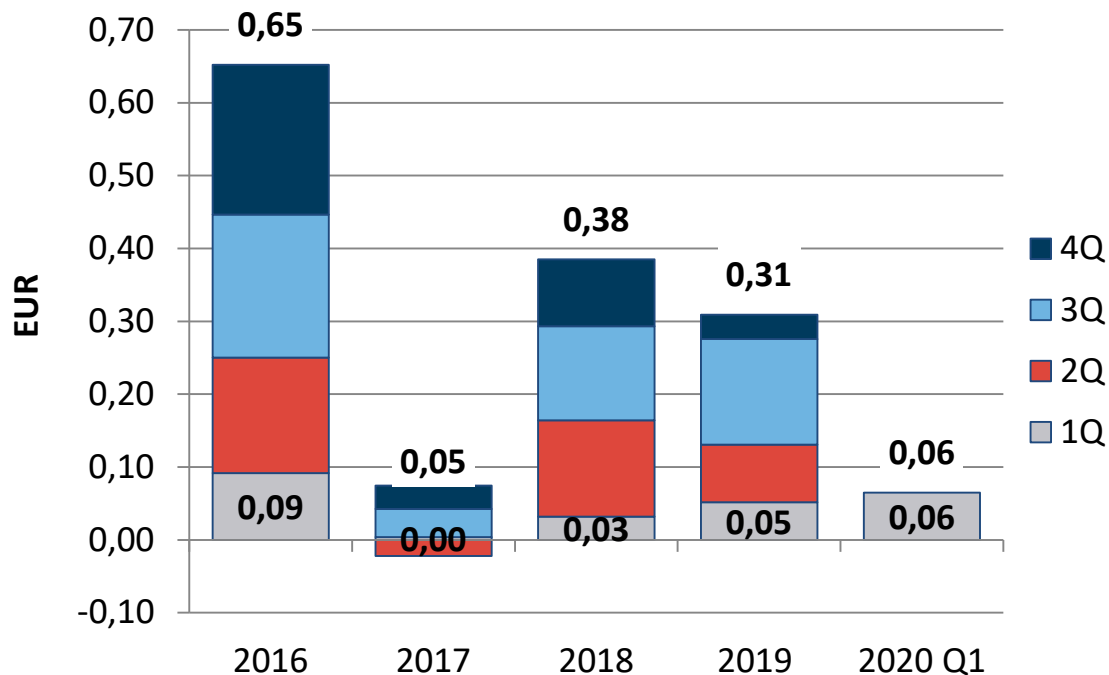
# Net Sales

Teleste Group, discontinued operations excluded 2020 onwards



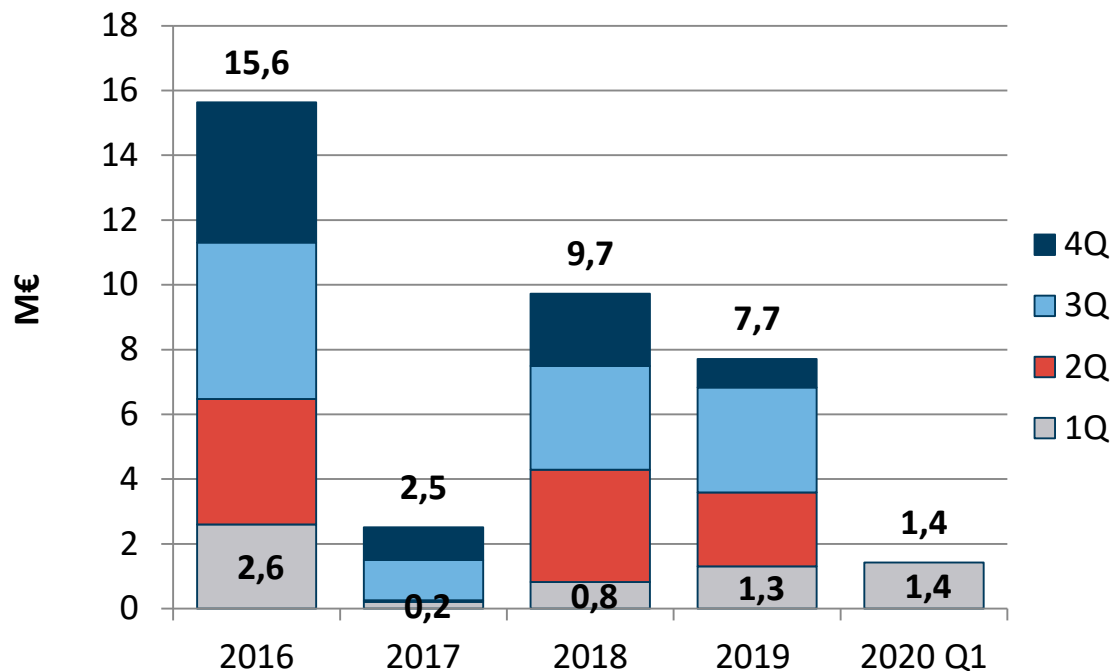
# Adjusted Earnings Per Share

Teleste Group, discontinued operations excluded 2020 onwards



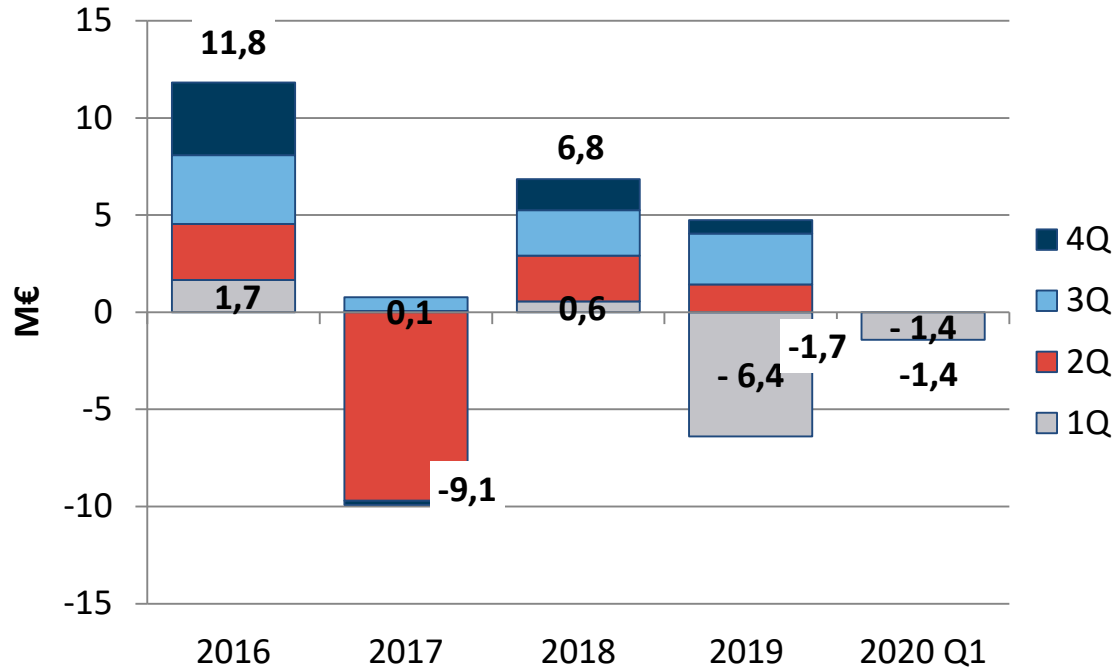
# Adjusted Operating Profit

Teleste Group, discontinued operations excluded 2020 onwards



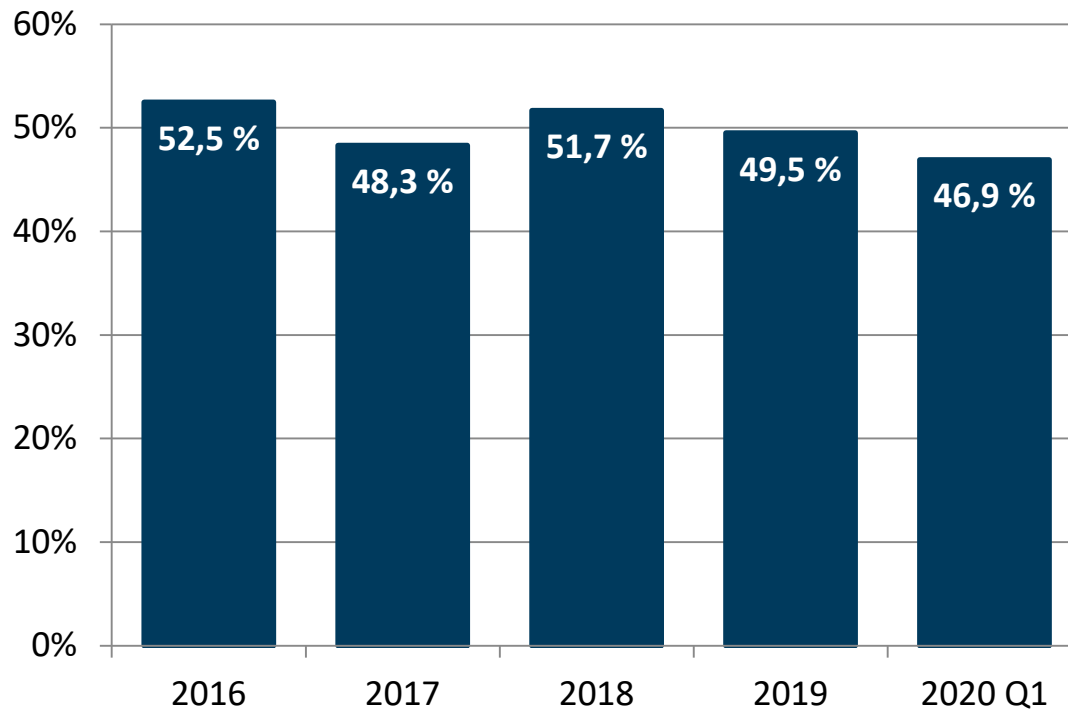
# Net Profit

## Teleste Group, discontinued operations included



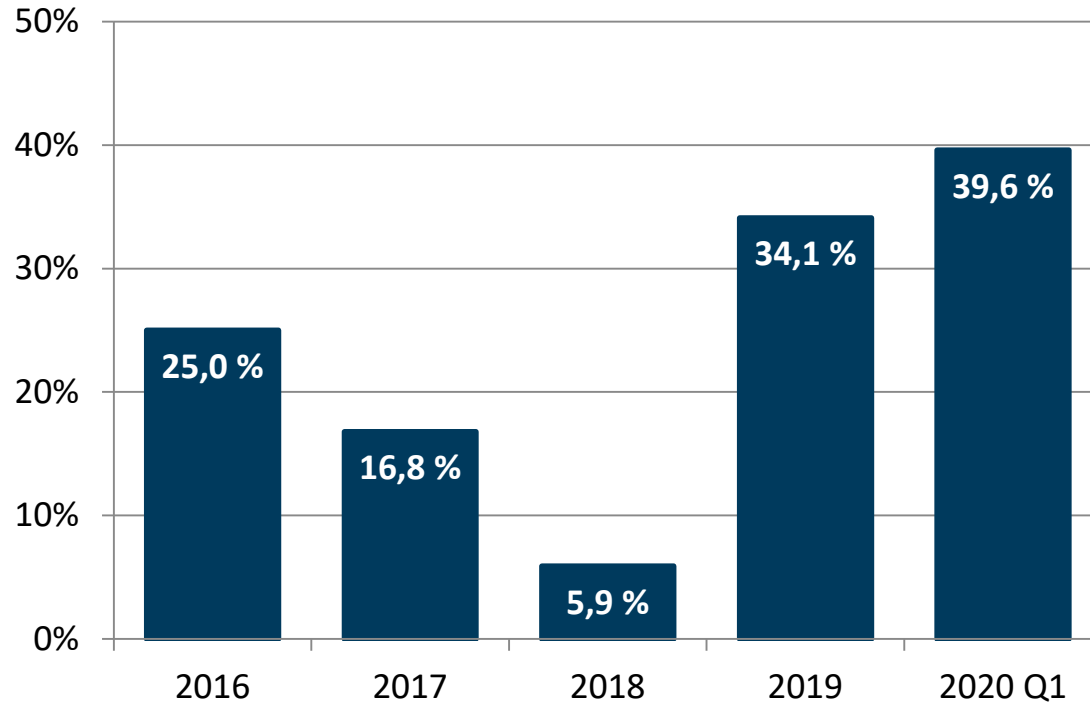
# Equity Ratio (at the end of period)

## Teleste Group



# Net gearing (at the end of period)

## Teleste Group



## Financial guidance for 2020

Due to the COVID-19 pandemic, many European countries in Teleste's main market area have imposed strict and extensive restrictions on the daily functioning of society. Depending on the duration and extent of the measures taken, it is extremely difficult to estimate the negative impact on Teleste's net sales and adjusted operating result. Consequently, Teleste withdraws its financial guidance for full-year 2020 which was issued on 13 February 2020. Teleste will update its outlook and will give new guidance when the visibility is improved and the effects can be estimated reliably.

In its Financial Statement released on 27<sup>th</sup> March Teleste withdraw its financial guidance for 2020 due to the potential impacts of the COVID-19 pandemic and economic uncertainty.



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