

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

Enabling
digital
evolution

Teleste Corporation Interim Report 1.1. – 30.9.2014

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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.

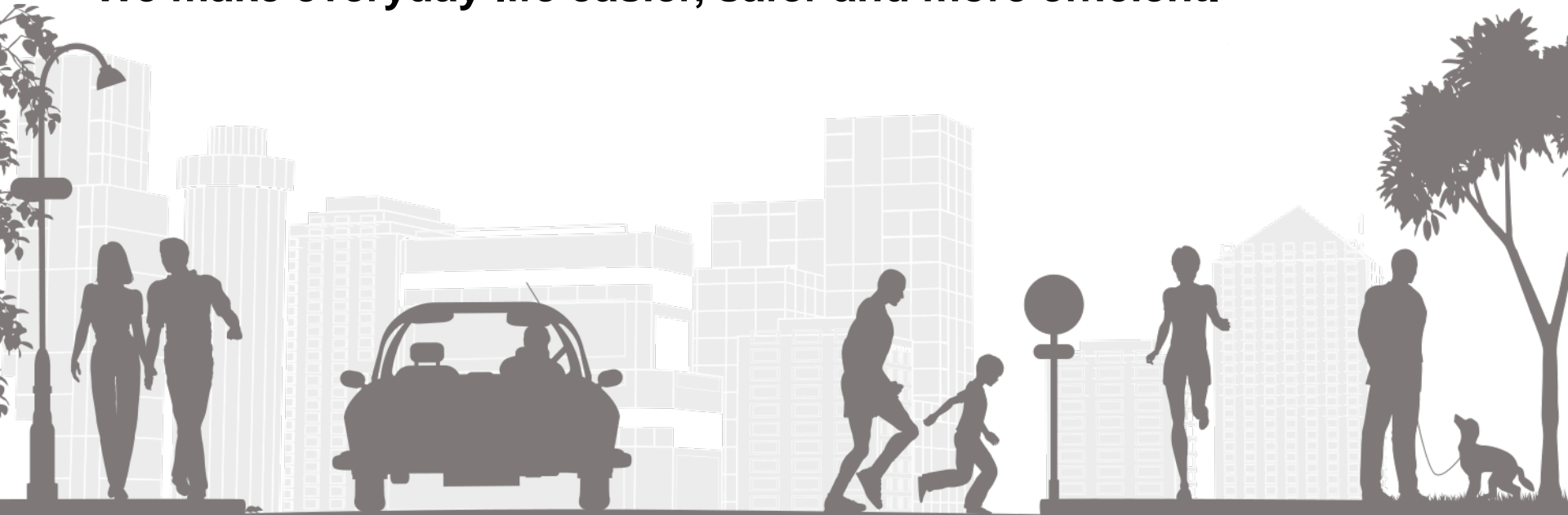
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Our mission

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.

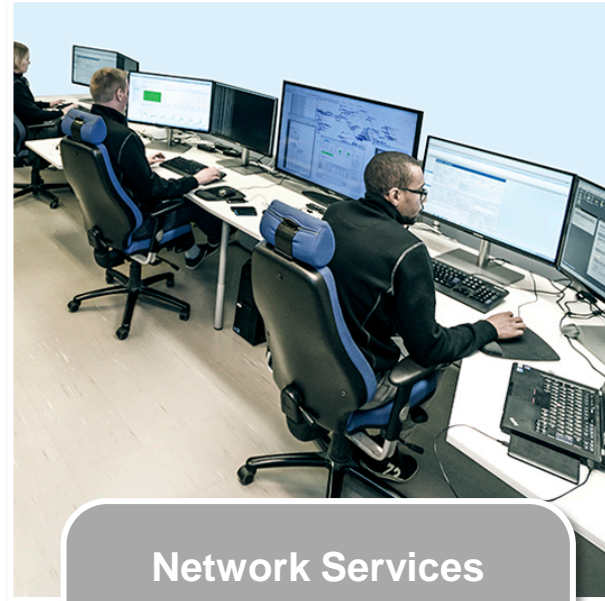


Business Areas



Video and Broadband Solutions

Broadband networks and video surveillance applications



Network Services

Comprehensive service solutions for cable networks

Market Outlook Q3/2014

Video and Broadband Solutions

European cable operators' investments continued favourably

- Demand for broadband capacity continued to increase
 - Network investments in line with Docsis 3.1 standard have been launched
- Deliveries in all product categories of HFC access network developed positively
 - Particularly strong markets included France, Germany and the UK
 - Consolidations among cable operators continue in Europe (LGI – Ziggo, TDC – GET)
- Large video surveillance projects postponed, maintenance contracts signed

Network Services

Market at par with the comparative period

- In Germany, net sales were almost at the comparative period's level while profitability development was positive as planned
- In the UK investments in the services business expansion weakened profitability
- In other countries, the market was at the comparative period's level or better

Result Q3 2014 - Group

	Q3 2014	Q3 2013	Change% Q3/14 vs Q3/13	Q2/14
Orders Received	49.0	51.1	-4.1 %	50.3
Net Sales	50.4	46.5	8.4 %	49.4
EBIT	4.9	3.2	55.0 %	1.4
EBIT %	9.8 %	6.9 %		2.8 %
Net Profit for the Period	3.6	2.0	75.2 %	0.9

Result Q3 - Video and Broadband Solutions (VBS)

	Q3 2014	Q3 2013	Change% Q3/14 vs Q3/13	Q2/14
Orders Received	27.6	28.9	-4.7 %	27.9
Net Sales	28.9	24.3	19.2 %	27.0
EBIT	4.4	2.4	87.2 %	1.8
EBIT %	15.3 %	9.7 %		6.8 %

Result Q3 – Network Services (NS)

	Q3 2014	Q3 2013	Change% Q3/14 vs Q3/13	Q2/14
Orders Received	21.5	22.2	-3.4 %	22.4
Net Sales	21.5	22.2	-3.4 %	22.4
EBIT	0.5	0.8	-37.3 %	-0.5
EBIT %	2.4 %	3.7 %		-2.0 %

Result 1-9/2014 - Group

	1-9/2014	1-9/2013	Change%
Orders Received	146.3	138.7	5.4 %
Net Sales	143.3	138.7	3.3 %
EBIT	7.6	7.5	1.1 %
EBIT %	5.3 %	5.4 %	
Net Profit for the Period	5.4	5.1	5.8 %

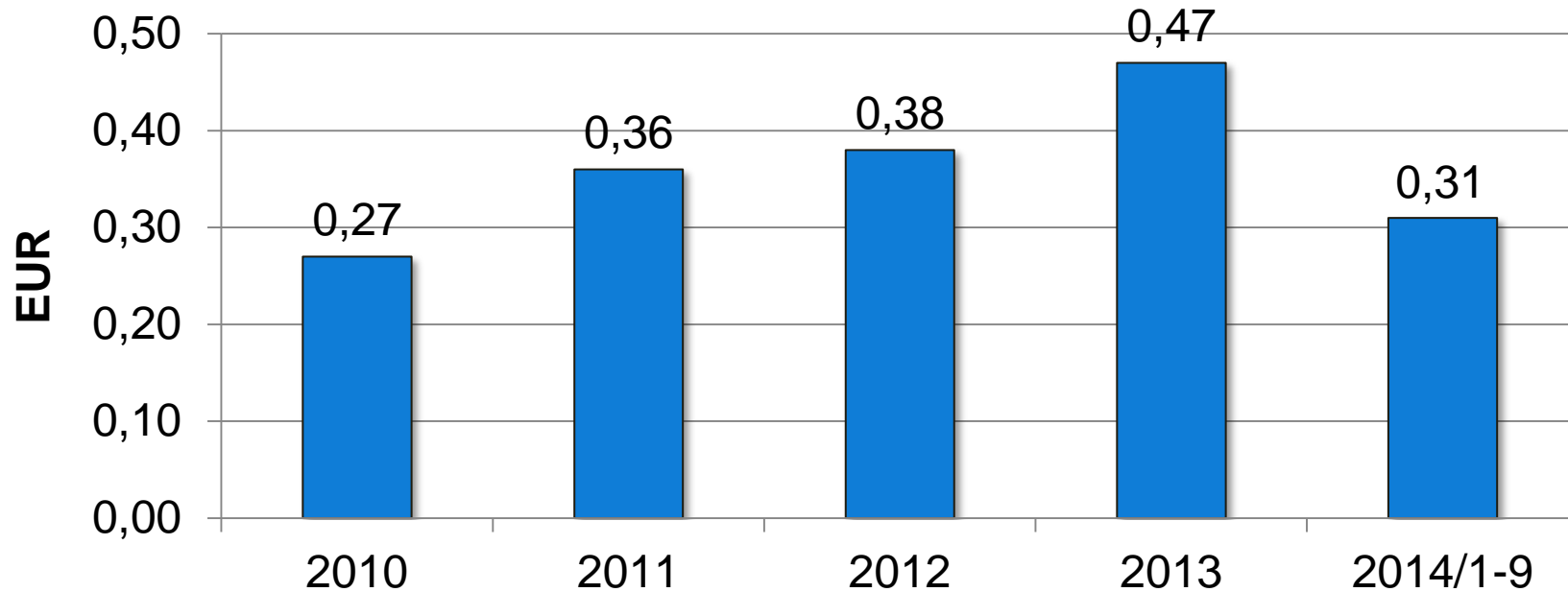
Result 1-9/2014 - Video and Broadband Solutions (VBS)

	1-9/2014	1-9/2013	Change%
Orders Received	80.4	73.7	9.1 %
Net Sales	77.4	73.7	5.0 %
EBIT	7.1	7.1	-0.7 %
EBIT %	9.1 %	9.6 %	

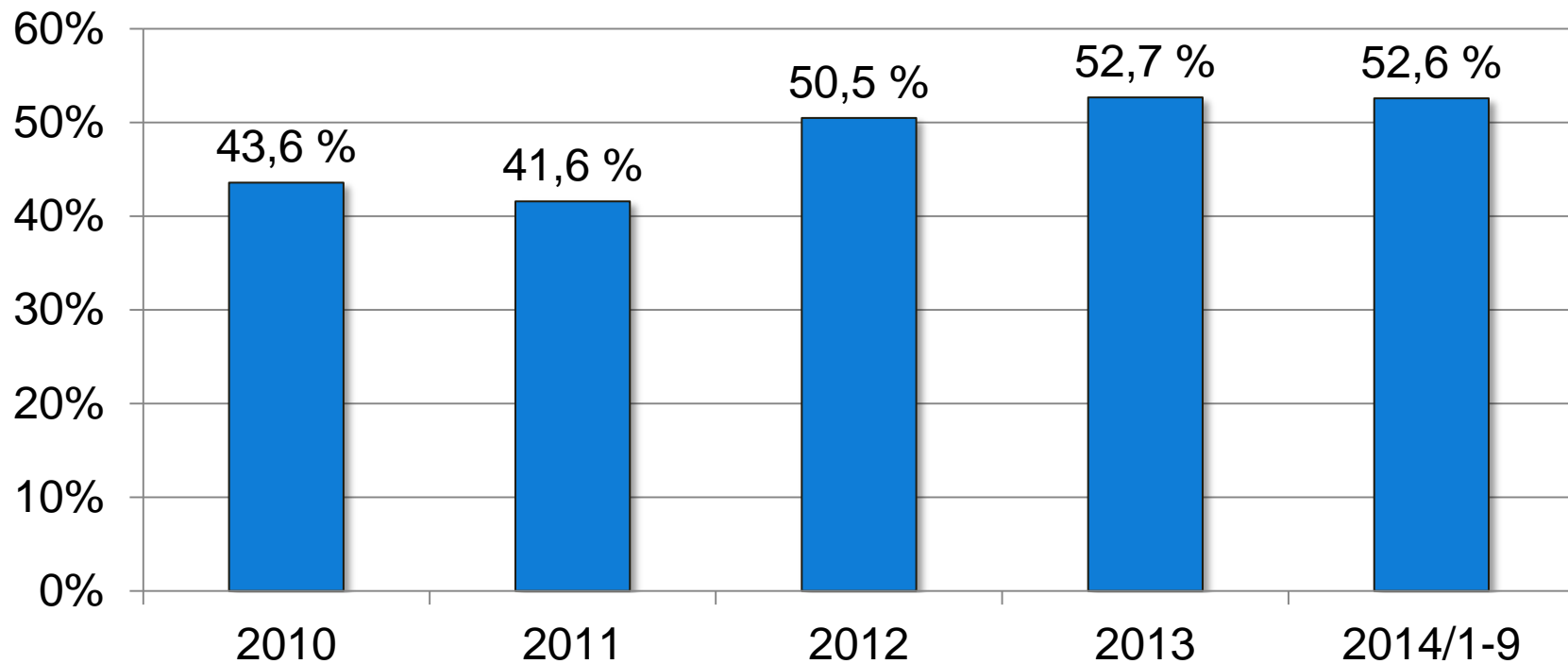
Result 1-9/2014 – Network Services (NS)

	1-9/2014	1-9/2013	Change%
Orders Received	65.9	65.0	1.3 %
Net Sales	65.9	65.0	1.3 %
EBIT	0.6	0.4	32.2 %
EBIT %	0.8 %	0.6 %	

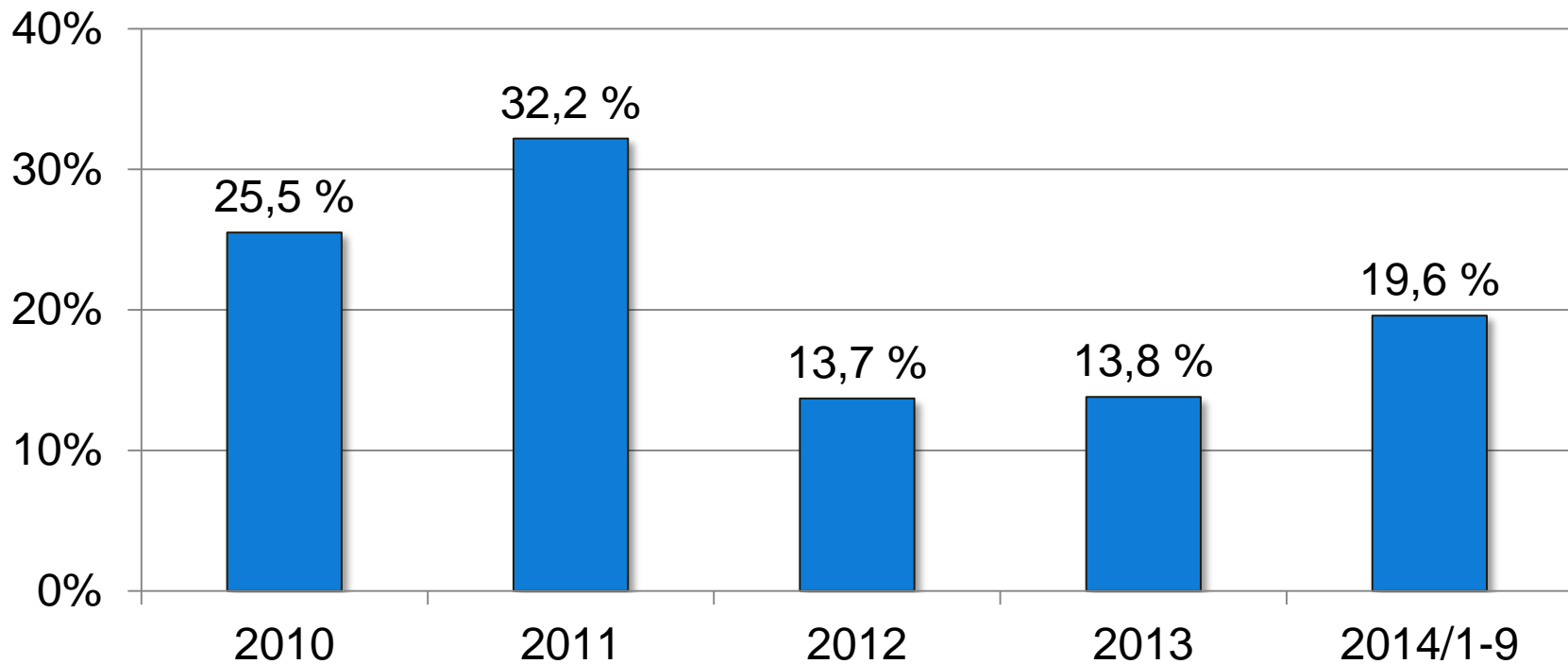
EPS



Equity Ratio



Gearing



Outlook for 2014

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. New products in line with communication standard Docsis 3.1 will enable network operators to activate their investments. 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.

The business objective of **Network Services** is to develop the operational efficiency and increase their services business requiring higher level of competence. We estimate the demand for comprehensive network services in our key target markets to continue at par with the comparative year.

New guidance for the 2014 outlook

We estimate that net sales for 2014 will reach 2013 level, while operating profit is likely to fall from the 2013 level.

Previous guidance for the 2014 outlook

We estimate that net sales and operating profit for the year 2014 will not reach the 2013 level.



A collage of images illustrating digital connectivity in a home. In the top left, a woman in a black top stands in a kitchen. In the top right, a man in a yellow shirt points at a smart TV displaying a man's face. In the bottom left, a man in a striped shirt reads a newspaper. In the bottom center, a woman in a pink top uses a laptop. In the bottom right, a boy in a light blue shirt and helmet plays hockey on a mat. The background shows a bright, modern living space with a window, a clock, and a white cabinet.

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