

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

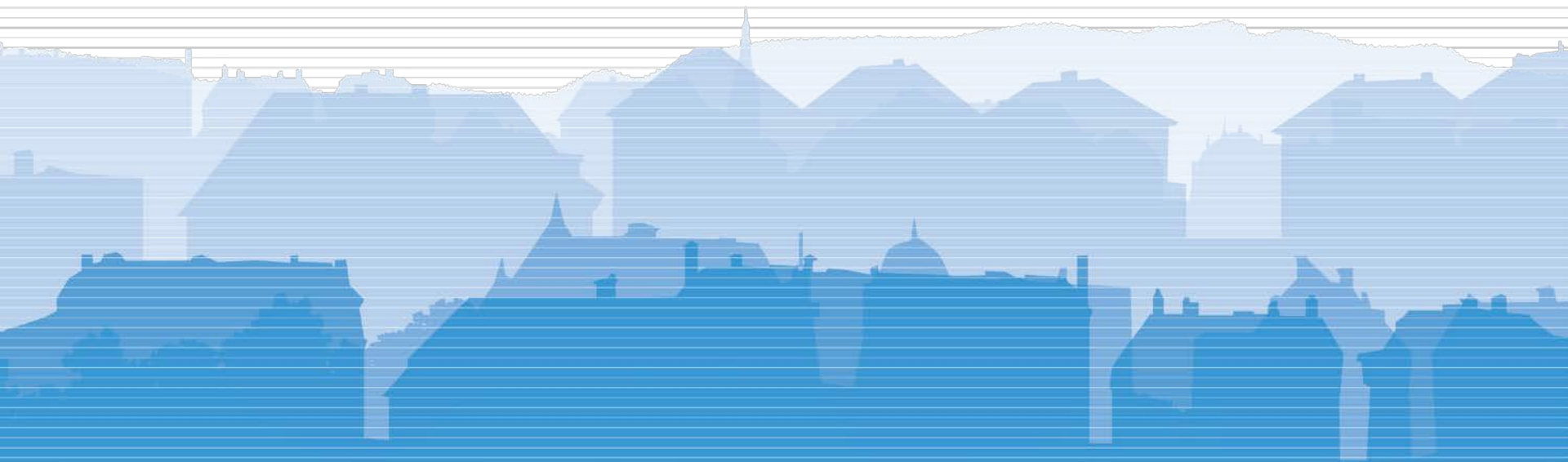
TELESTE

Enabling
digital
evolution

Interim Report Q3 2015

Jukka Rinnevaara
CEO

We make...



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

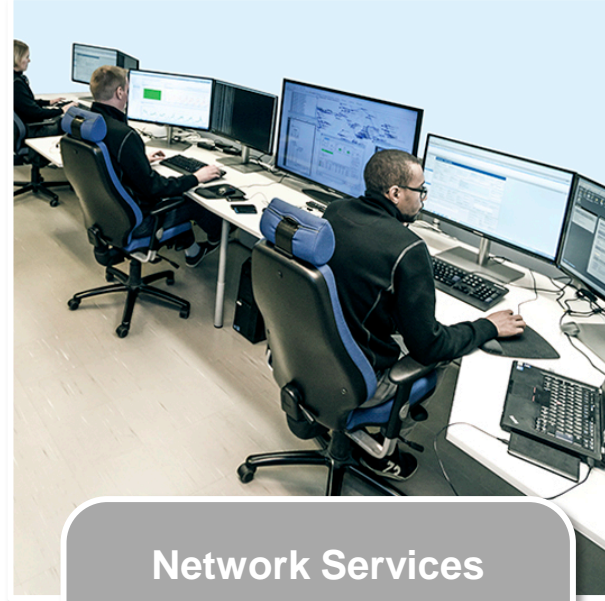


Business Areas



Video and Broadband Solutions

Broadband networks and video security and information solutions

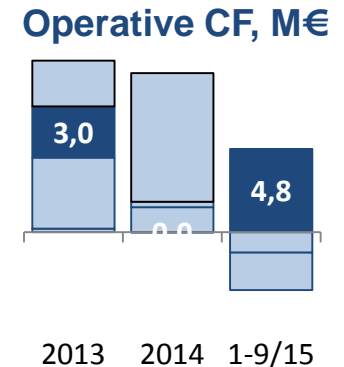
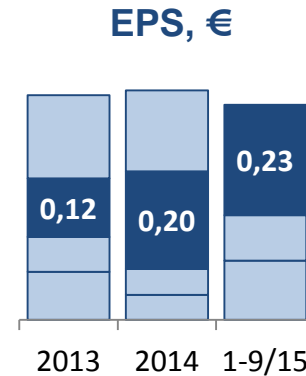
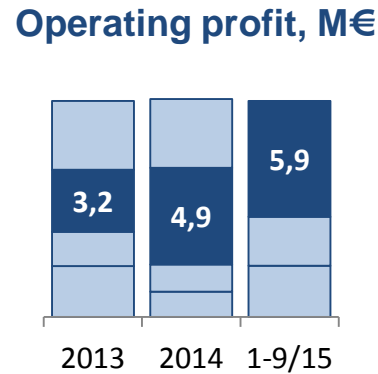
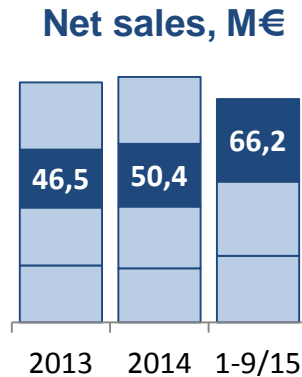


Network Services

Comprehensive service solutions for cable networks

Overview Q3 2015

- Net sales 66,2 MEUR (50,4), +31,4 %
- Operating profit 5,9 MEUR (4,9), +20,0 %
- Earnings per share 0,23 EUR (0,20), +15,5 %
- Operative cash flow 4,8 MEUR (-0,0)
- Orders received 62,0 MEUR (49,0), +26,6 %



Teleste Group – Q3 2015 highlights

- Orders received continued at high level, especially in HFC access network products.
- Net sales grew year-on-year and sequentially. Net sales was all-time high in Teleste's history.
- EBIT was all-time high. Increased access network sales volumes and acquired Mitron business contributed to good operative results.
- Operative cash flow improved year-on-year and sequentially.

	Q3 2015	Q3 2014	YoY change	Q2 2015	QoQ change
Orders received, M€	62,0	49,0	26,6 %	64,1	-3,3 %
Net sales, M€	66,2	50,4	31,4 %	59,7	10,8 %
EBIT, M€	5,9	4,9	20,0 %	2,5	136,3 %
EBIT-%	8,9 %	9,8 %		4,2 %	
Net profit, M€	4,2	3,6	17,6 %	1,7	144,5 %
EPS, €	0,23	0,20	15,5 %	0,10	143,3 %
Operative cash flow, M€	4,8	0,0		-3,4	

Video and Broadband Solutions – Q3 2015 highlights

- Growth in demand for broadband capacity will continue and network investments based on Docsis 3.1 standard continued with a growing pace
- Orders received grew considerably year-on-year. Significant frame agreement signed with Canal Digital. To be reported in orders received during 2015-2019, estimated value exceeding 15 M€.
- All-time high net sales achieved mainly due to access network products and acquired Mitron business.
- EBIT grew year-on-year and sequentially. Increased access network sales volumes and acquired Mitron business contributed to good operative results.
- Net sales grew most in the Netherlands, Belgium and Poland.

	Q3 2015	Q3 2014	YoY change	Q2 2015	QoQ change
Orders received, M€	39,6	27,6	43,7 %	40,9	-3,2 %
Net sales, M€	43,8	28,9	51,4 %	36,5	19,8 %
EBIT, M€	5,1	4,4	15,7 %	3,0	70,5 %
EBIT-%	11,7 %	15,3 %		8,2 %	
Average personnel	712	568	25,4 %	701	1,6 %

Network Services – Q3 2015 highlights

- Net sales grew in the UK and Switzerland.
- EBIT grew year-on-year and sequentially, especially in Germany.
- Services business expansion was continued in the UK. Financial operating result was still negative. We expect new business to turn profitable during 2016.

	Q3 2015	Q3 2014	YoY change	Q2 2015	QoQ change
Orders received, M€	22,4	21,5	4,6 %	23,2	-3,4 %
Net sales, M€	22,4	21,5	4,6 %	23,2	-3,4 %
EBIT, M€	0,8	0,5	57,2 %	-0,5	
EBIT-%	3,6 %	2,4 %		-2,1 %	
Average personnel	788	759	3,8 %	787	0,1 %

Teleste Group, January - September 2015

	1-9 2015	1-9 2014	YoY change	1-12 2014
Orders received, M€	183,1	146,3	+ 25,2 %	199,3
Net sales, M€	179,4	143,3	+ 25,2 %	197,2
EBIT, M€	11,0	7,6	+ 44,9 %	11,1
EBIT-%	6,1 %	5,3 %		5,6 %
Net profit, M€	8,1	5,4	+ 50,6 %	8,5
EPS, €	0,45	0,31	+ 47,1 %	0,48
Operative cash flow, M€	1,5	1,8	- 17,0 %	9,2

Video and Broadband Solutions, January - September 2015

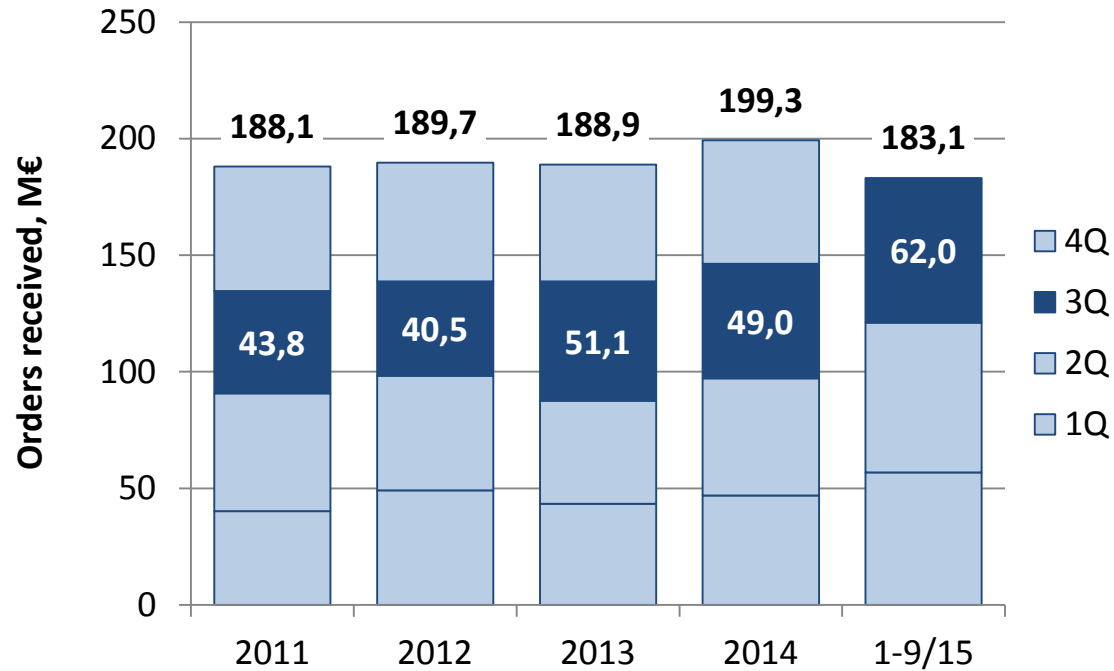
	1-9 2015	1-9 2014	YoY change	1-12 2014
Orders received, M€	114,5	80,4	+ 42,5 %	109,0
Net sales, M€	110,8	77,4	+ 43,2 %	106,9
EBIT, M€	10,1	7,1	+ 43,3 %	9,7
EBIT-%	9,1 %	9,1 %		9,0 %
Average personnel	694	564	+ 23,0 %	560

Network Services, January - September 2015

	1-9 2015	1-9 2014	YoY change	1-12 2014
Orders received, M€	68,6	65,9	+ 4,0 %	90,3
Net sales, M€	68,6	65,9	+ 4,0 %	90,3
EBIT, M€	0,9	0,6	+ 65,0 %	1,5
EBIT-%	1,3 %	0,8 %		1,6 %
Average personnel	791	728	+ 8,6 %	741

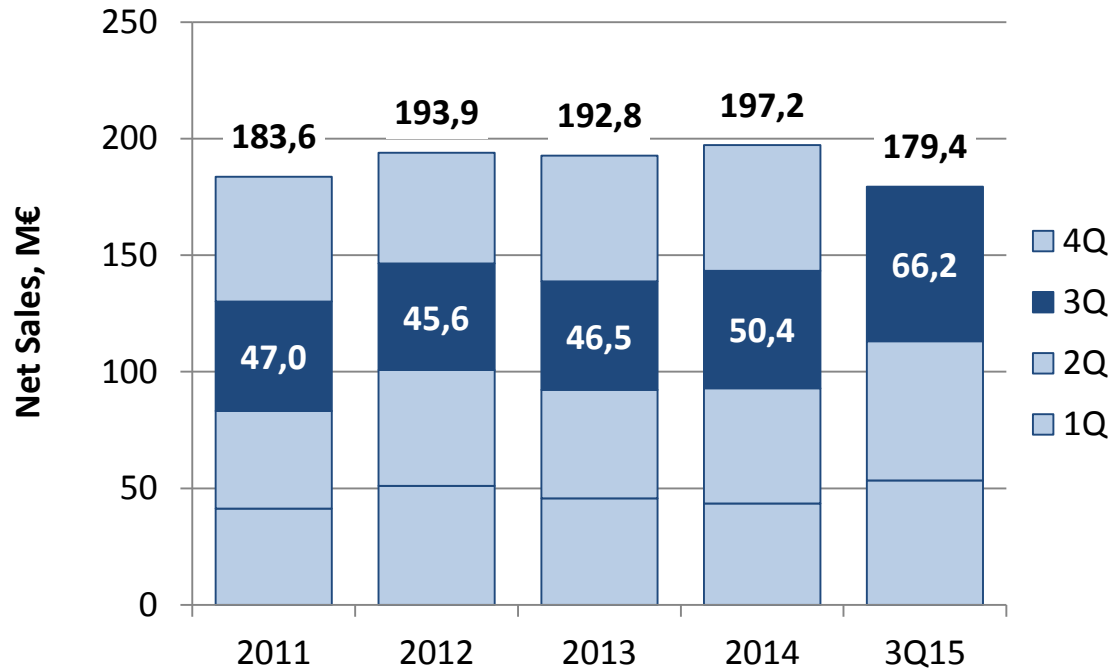
Orders Received

Teleste Group



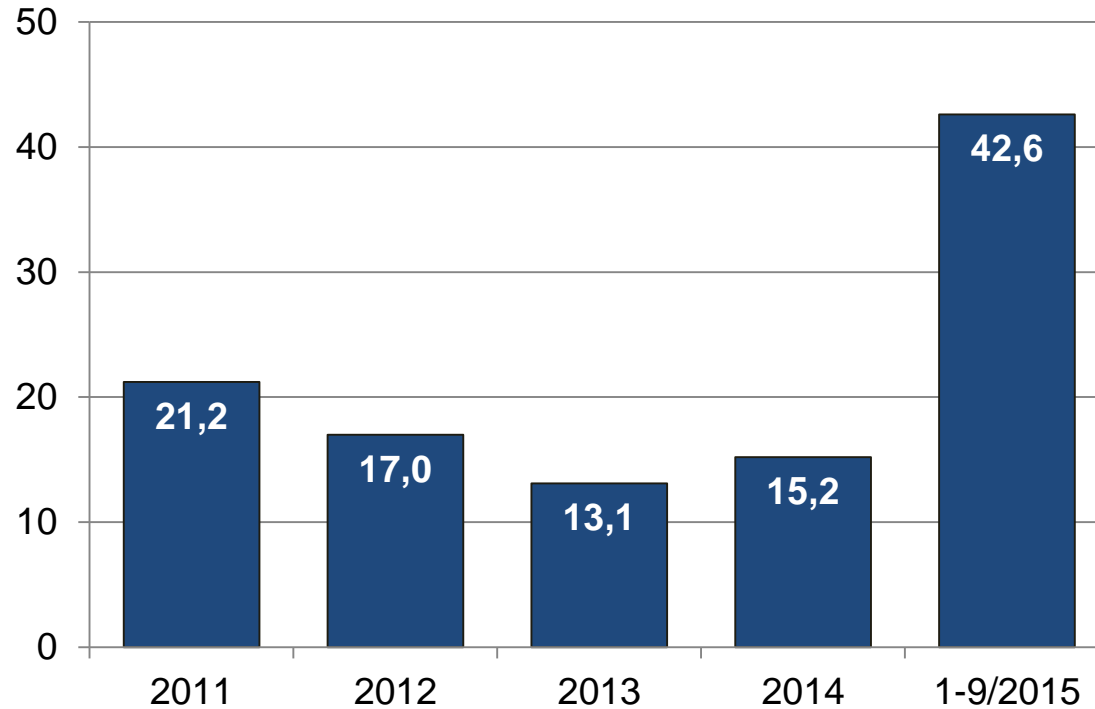
Net Sales

Teleste Group



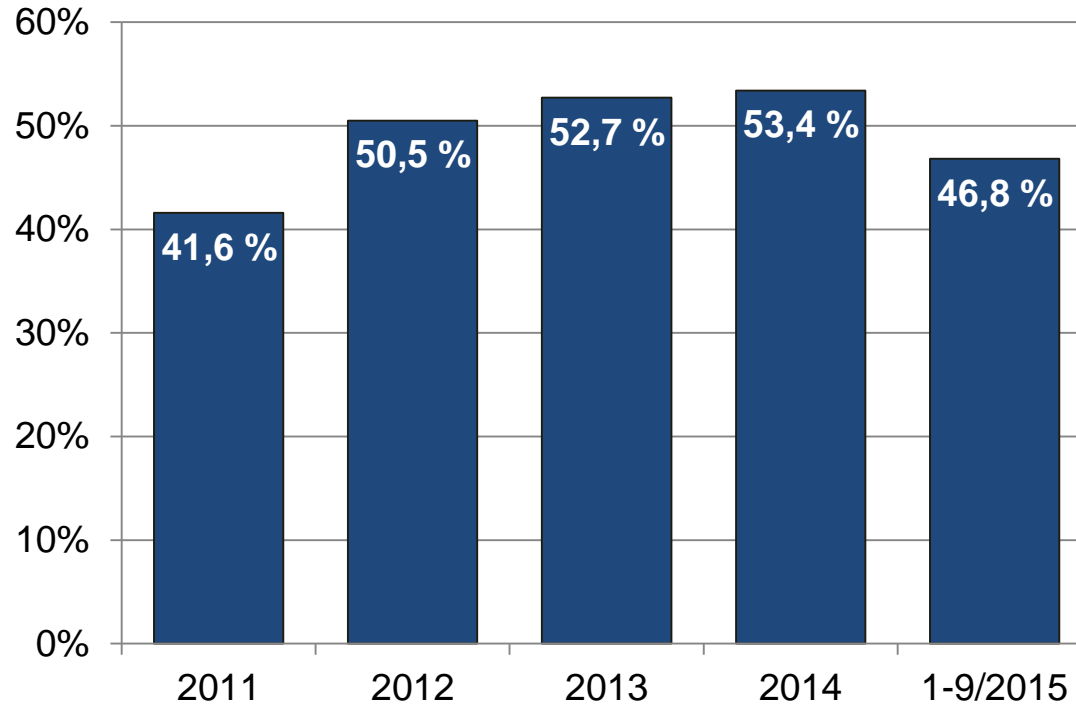
Order Backlog at the end of period

Teleste Group



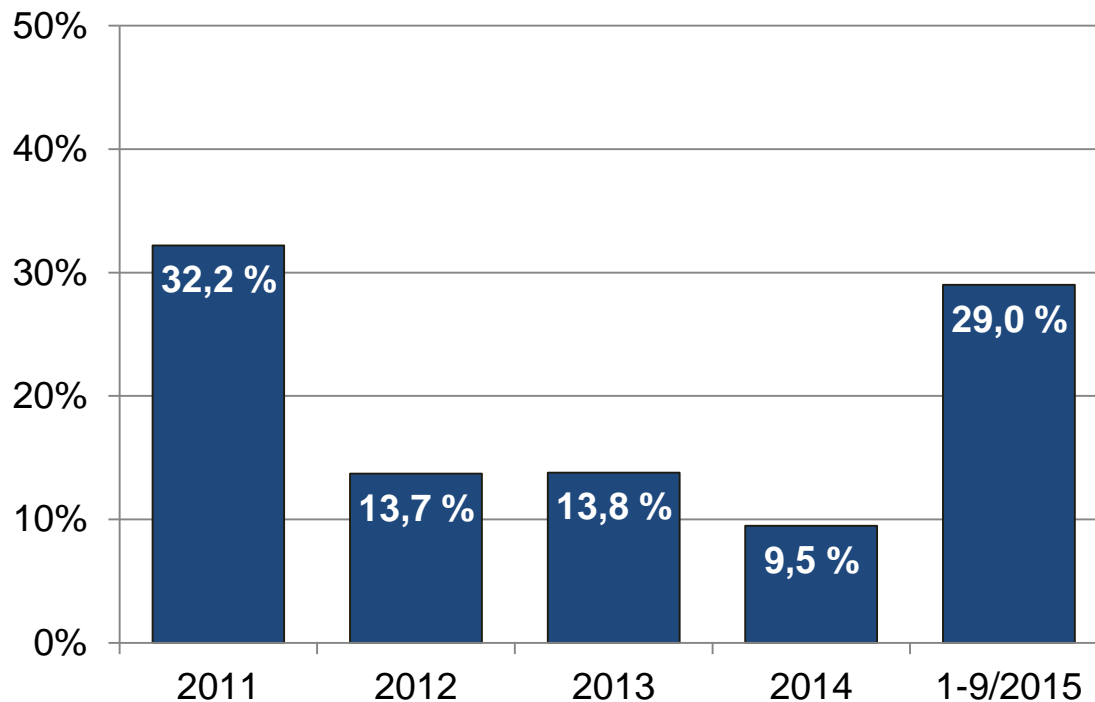
Equity Ratio

Teleste Group



Gearing

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.

