

Financial statements 2020

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Financial statements 2020



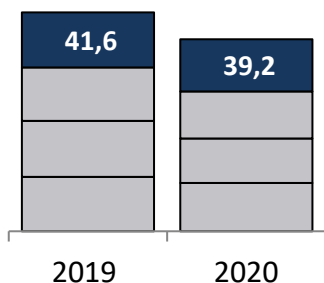
- On 14 May 2020, Teleste announced its new strategy, according to which the company will focus on technology businesses and the higher added-value services that support them. As a result, the company decided to divest its services business in Germany.
- Teleste Corporation's Board of Directors decided 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 has reported the business as a discontinued operation according to the standard since the first quarter. The divested business was previously reported under the Network Services business area.
- **The income statement figures presented in this 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.**

Q4 2020 highlights, continued operations

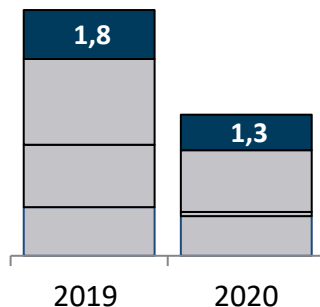
▪ Net sales	39,2 MEUR	(41,6)	-5,7 %
▪ Adjusted EBIT	1,3 MEUR	(1,8)	-27,5 %
▪ Earnings per share	0,05 EUR	(0,10)	-49,4 %
▪ Operative cash flow ¹⁾	4,6 MEUR	(7,9)	-41,2 %
▪ Orders received	43,2 MEUR	(47,2)	-8,6 %
▪ Order backlog	77,1 MEUR	(73,2)	+5,3 %

¹⁾ Including discontinued operations

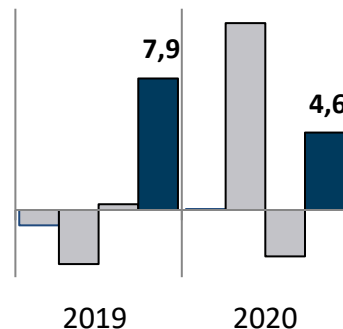
Net sales, M€



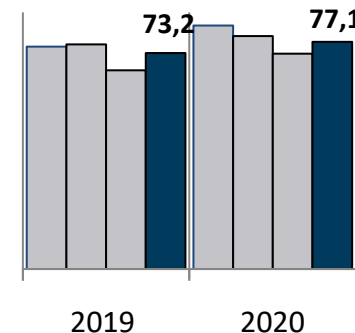
Adjusted EBIT, M€



Operative cash flow, M€



Order backlog, M€



Teleste Group, continuing operations – Q4 2020



- Orders received decreased year-on-year, but increased quarter-on-quarter. Order backlog increased 5,3 % year-on-year and amounted to 77,1 M€.
- Net sales decreased year-on-year, but increased quarter-on-quarter.
- Adjusted EBIT decreased year-on-year and quarter-on-quarter.
- Operative cash flow decreased year-on-year, but increased quarter-on-quarter.
- Net profit includes the change in the estimated final purchase price of services business in Germany.

	Q4 2020	Q4 2019	YoY change	Q3 2020	QoQ change
Orders received, M€	43,2	47,2	-8,6 %	29,8	45,1 %
Net sales, M€	39,2	41,6	-5,7 %	35,7	9,8 %
Adjusted EBIT, M€	1,3	1,8	-27,5 %	2,2	-42,7 %
Adjusted EBIT-%	3,3 %	4,2 %		6,2 %	
EBIT, M€	1,3	2,1	-39,7 %	2,2	-42,7 %
Net profit, M€ ¹⁾	2,4	0,7	247,8 %	-7,0	
EPS, €	0,05	0,10	-49,4 %	0,10	-48,1 %
EPS, € ¹⁾	0,14	0,05	155,6 %	-0,38	
Operative cash flow, M€ ¹⁾	4,6	7,9	-41,2 %	-2,8	

¹⁾ Including discontinued operations

Video and Broadband Solutions – Q4 2020

- Orders received decreased year-on-year, but increased quarter-on-quarter.
- Order backlog increased 5,3 % year-on-year and amounted to 77,1 M€.
- Net sales decreased year-on-year, but increased quarter-on-quarter. Net sales decreased especially in access network products resulting from COVID-19 pandemic and operators preparing for investments based on distributed access architecture.
- EBIT decreased year-on-year and quarter-on-quarter. EBIT decreased due to the net sales of access network products being lower than in the reference period.

	Q4 2020	Q4 2019	YoY change	Q3 2020	QoQ change
Orders received, M€	37,9	41,8	-9,4 %	24,7	53,6 %
Net sales, M€	33,9	36,1	-6,2 %	30,6	10,8 %
EBIT, M€	0,8	1,3	-35,6 %	1,8	-53,4 %
EBIT-%	2,4 %	3,5 %		5,7 %	
Average personnel	650	674	-3,6 %	646	0,6 %

Network Services, continuing operations – Q4 2020

- Teleste has 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 decreased year-on-year but increased quarter-on-quarter. Net sales decreased year-on-year in Belgium and Switzerland.
- EBIT decreased year-on-year and quarter-on-quarter. EBIT remained at a good level despite quarantine and restriction measures caused by the COVID-19 pandemic in the latter part of the year.

	Q4 2020	Q4 2019	YoY change	Q3 2020	QoQ change
Orders received, M€	5,3	5,4	-2,0 %	5,1	3,8 %
Net sales, M€	5,3	5,4	-2,0 %	5,1	3,8 %
EBIT, M€	0,5	0,5	-6,3 %	0,5	-2,5 %
EBIT-%	8,6 %	9,0 %		9,2 %	
Average personnel	206	202	2,1 %	213	-3,3 %

Teleste Group, January - December 2020

Continuing operations

	1-12 2020	1-12 2019	YoY change
Orders received, M€	148,8	167,5	-11,1 %
Net sales, M€	145,0	165,3	-12,3 %
Adjusted EBIT, M€	5,1	8,8	-42,6 %
Adjusted EBIT, %	3,5 %	5,3 %	
EBIT, M€	4,5	1,9	138,9 %
Net profit, M€	2,8	-0,3	
Net profit, M€ ¹⁾	-8,0	-1,7	
Operative cash flow, M€	13,1	4,1	222,2 %

¹⁾ Including discontinued operations

Business areas, January - December 2020

Continuing operations

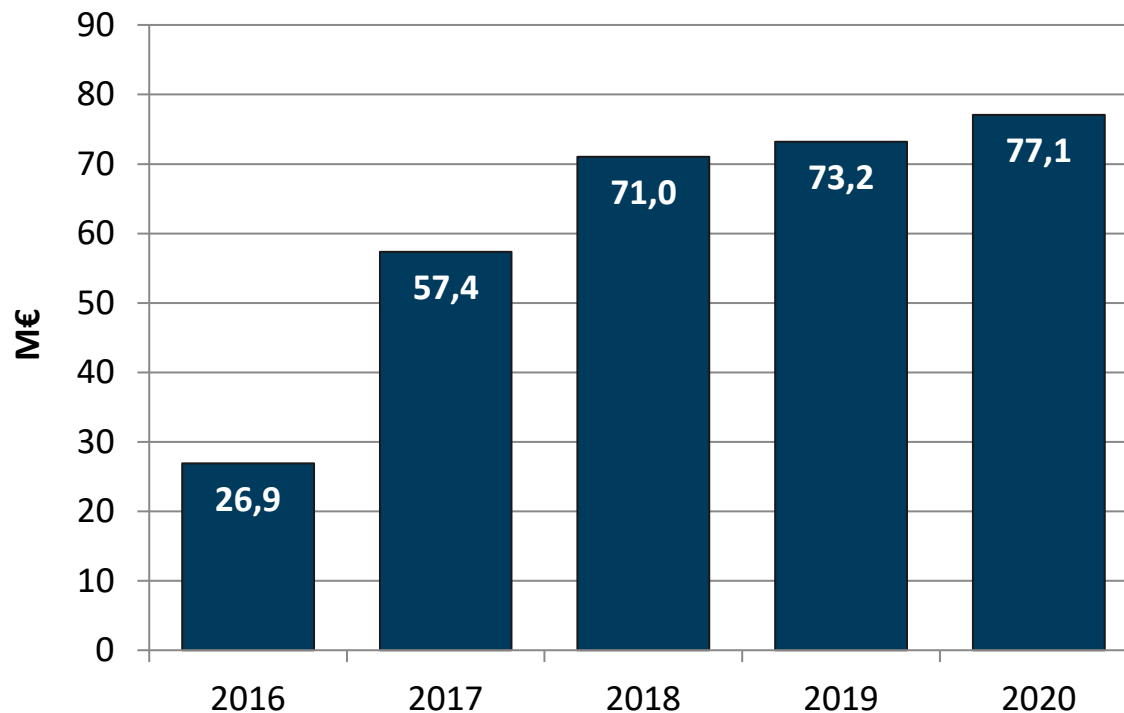
Video and Broadband Solutions	1-12 2020	1-12 2019	YoY change
Orders received, M€	128,0	143,5	-10,8 %
Net sales, M€	124,1	141,4	-12,2 %
EBIT, M€	3,6	8,1	-55,5 %
EBIT, %	2,9 %	5,7 %	
Average personnel	650	682	-4,7 %

Network Services	1-12 2020	1-12 2019	YoY change
Orders received, M€	20,8	24,0	-13,2 %
Net sales, M€	20,8	24,0	-13,2 %
EBIT, M€	1,5	0,8	90,5 %
EBIT, %	7,1 %	3,2 %	
Average personnel	206	213	-3,3 %

Order Backlog (at the end of period)

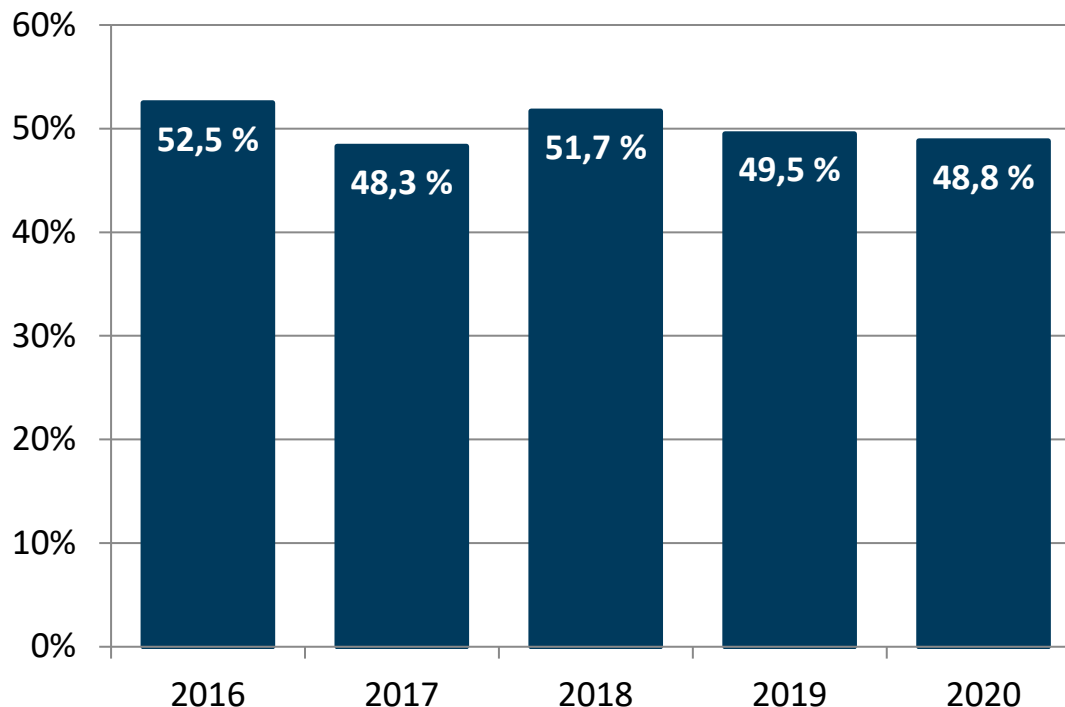
Teleste Group

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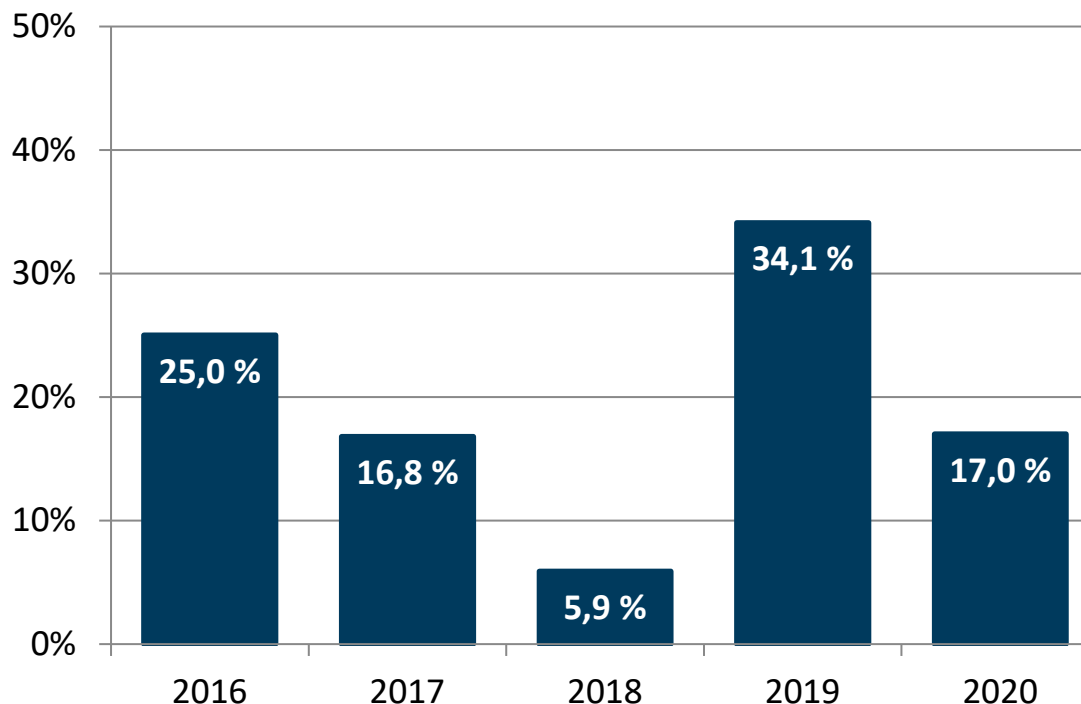
Equity Ratio (at the end of period)

Teleste Group, including discontinued operations



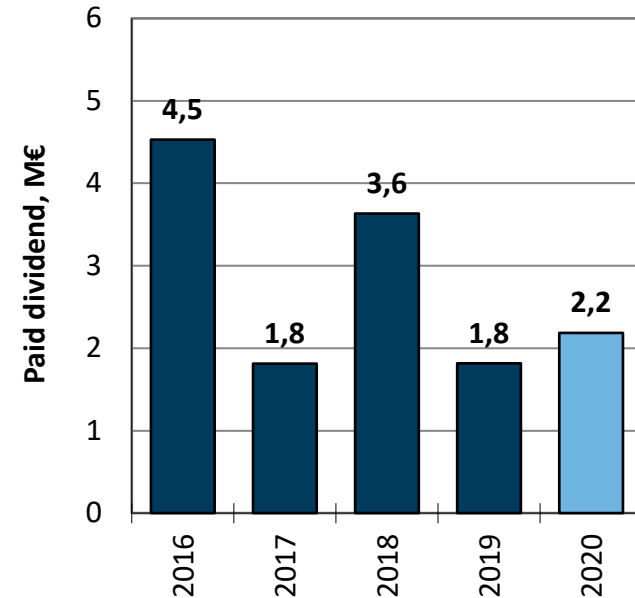
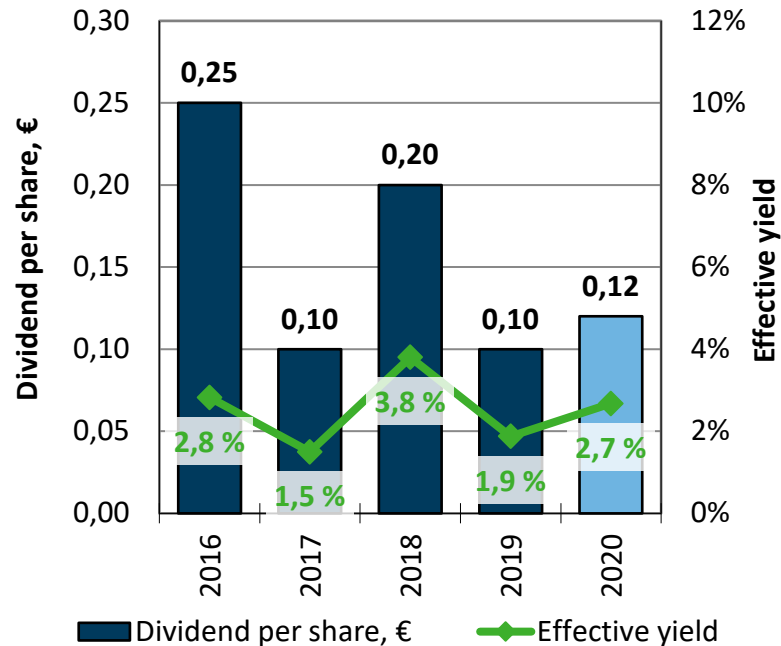
Net gearing (at the end of period)

Teleste Group, including discontinued operations



Board proposes a dividend of 0,12 € per share

(to be paid to outstanding shares)



Effective dividend yield calculated as 31 December 2020 share price 4,49 €

Segments to be reported in 2021

- The divestment of the German services business, the company's internal organisation change as well as changes to the reporting practices of the operative management and the Board of Directors affect the segments required to be reported. As set out in IFRS 8 standard, it is well-founded to combine the remaining services business reported in the Network Services segment with the business reported in the Video and Broadband Solutions segment.
- Due to the business model, the similarity of financial characteristics of the businesses and the administrative structure as well as the changes taken place in the financial period of 2020, Teleste's business segment to be reported is the entire Group as of the beginning of the financial period 2021.

Outlook for 2021

Teleste estimates that the net sales of the continuing operations in 2021 will reach or exceed the level of 2020 and that the adjusted operating result will exceed the adjusted operating result of 2020. The net sales of the continuing operations in 2020 were EUR 145.0 million, and the adjusted operating result was EUR 5.1 million.

However, the COVID-19 pandemic continues to cause uncertainty among Teleste's customers' and in the company's own operations in the 2021 financial period.