

Teleste

Initiation of coverage



First disseminated
9.12.2025 8:30

Investment boom about to start

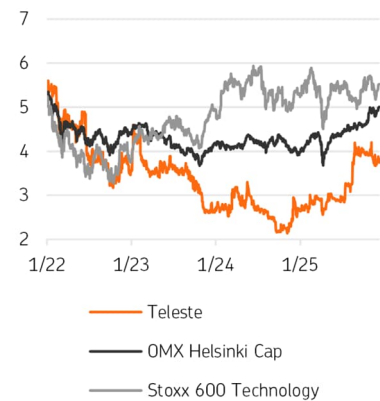
- **We are initiating coverage on Teleste with an Accumulate recommendation and a target price of EUR 4.30.** The long-awaited investment boom has finally started in the cable network market, and we expect Teleste's Broadband Networks business to grow strongly in the next few years. The growth outlook of Public Safety and Mobility is somewhat more moderate, but the long-term potential is promising. Teleste is currently valued at 9.9x and 6.0x EV/EBIT (2026/2027).
- **Two businesses:** Broadband Networks builds and maintains broadband networks (HFC) for telecom operators in Europe and North America. Public Safety and Mobility offers video surveillance and passenger information services to train manufacturers, public transport operators and public sector organisations.
- **Financial targets:** Teleste aims to achieve an average annual revenue growth rate of 10% and an EBIT margin of 7–12% by 2030. Broadband Networks is on the brink of a new growth cycle as operators are adopting a new, distributed DOCSIS 4.0 network architecture. We expect the revenue of the business area to grow by 10% (CAGR) in 2026–2028. The growth outlook for Public Safety and Mobility is more modest, and we expect the business to reach 5% growth (CAGR) in 2026–2028. As a whole, we predict that Teleste's revenue grows by 8% (CAGR 2026–2028) and its operating profit margin rises to 9.8% (2028).
- **New technologies:** Teleste is the market leader in the European cable network market, and in North America, the company aims to significantly increase its market share. Volume growth will offer Teleste more financial firing power for R&D investments, as the company will likely need to invest in new technologies. Cable network technology will remain viable for several years, but operators' investments in new construction are increasingly focused on optical fibre connections.
- **Accumulate, EUR 4.30:** We are initiating the coverage of Teleste with an Accumulate recommendation. Our target price is based on EV/EBIT multiples of 10x (2026) and 8x (2027) with 70/30 weights.

Recommendation **ACCUMULATE**

Target price (€) **4,30**

Price (€)*	3,83
High (12m)	4,28
Low (12m)	2,41
Market cap (M€)	73
Index weight	0 %
Beta	0,65
Ticker	TLT1V
Next report date	13.2.2026

Performance	1m	3m	12m
Price (€)	3,88	3,91	2,85
Price change	-1,3 %	-2,0 %	34,4 %
Total return	-1,3 %	-2,0 %	35,8 %



Source: OP Markets, Bloomberg, *) as of 9.12. 11:06

Teleste	2023	2024	2025e	2026e	2027e	2028e
EURm						
Sales	151	133	142	155	168	179
Sales growth (%)	-8 %	-12 %	7 %	9 %	8 %	7 %
EBIT, reported	-0.5	-5.4	6.2	9.3	14.2	17.6
EBIT, adjusted	1.2	4.2	6.5	9.3	14.2	17.6
EBIT, adjusted (%)	1 %	3 %	5 %	6 %	8 %	10 %
PTP	-2	-7	2	8	13	16
EPS	0.09	0.20	0.12	0.33	0.55	0.71
DPS	0.00	0.03	0.04	0.06	0.08	0.10
Yield (%)	-	1.1 %	1.1 %	1.6 %	2.1 %	2.6 %
EV/Sales	0.5	0.6	0.7	0.6	0.5	0.4
EV/EBITDA	-	-	8.3	6.4	4.4	3.3
EV/EBIT	71.5	18.1	14.6	9.9	6.0	4.3
P/E	-	13.2	32.5	11.6	6.9	5.4
P/B	0.8	0.9	1.3	1.2	1.0	0.9
ROE	2 %	6 %	4 %	10 %	15 %	16 %
ROCE	1 %	7 %	8 %	9 %	14 %	17 %
Equity ratio	46 %	45 %	47 %	48 %	51 %	54 %
Gearing	52 %	46 %	41 %	32 %	18 %	3 %

Source: OP Markets



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Investment case

- Cable network market growth.** Demand in the Broadband Networks business area is expected to increase considerably in the next couple of years. Cable operators are adopting a new DOCSIS 4.0 technology and a distributed architecture, which enables higher connection speeds (10 Gbit/s) than previously in cable networks. We estimate that growth in the cable network market will be modest over a slightly longer period, as operators' investments are mainly focused on fibre optics.
- Urbanisation.** Migration to large cities continues globally. Public transport services are expanding in cities, and at the same time, comprehensive video surveillance solutions are increasing in urban centres and public spaces. These megatrends offer a good growth platform for the Public Safety and Mobility business.
- Long-term outlook.** Teleste has 70 years of experience in the technology sector, and so far, the company has managed to navigate successfully in the changing market. Globally, Teleste is a small company (600 employees, market cap of less than EUR 100m) and it has limited resources to invest in new technologies. There is no room for any major missteps in technological choices.

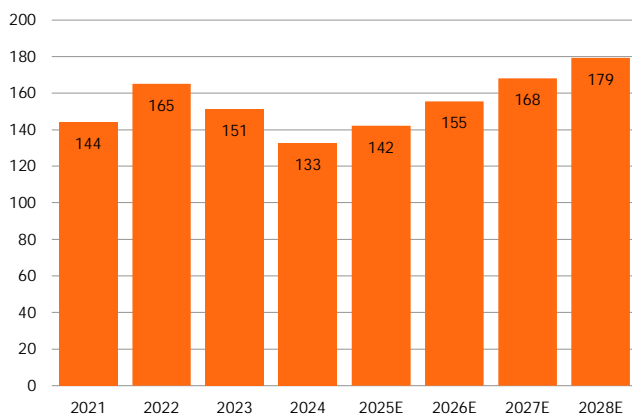
Drivers

- North American market.** Teleste has substantial growth potential in the North American market and it is in a good position to become a major player. Tariffs could cause headwind in the short term.
- Earnings growth enables investments.** The upcoming growth phase generates clear earnings growth in our forecasts, allowing Teleste to invest in new technologies or technologies which supplement the current product offering.
- Acquisitions.** Teleste may have the opportunity to exit from the Broadband Networks business at a good valuation if the company manages to optimally leverage the upcoming growth cycle.

Risks

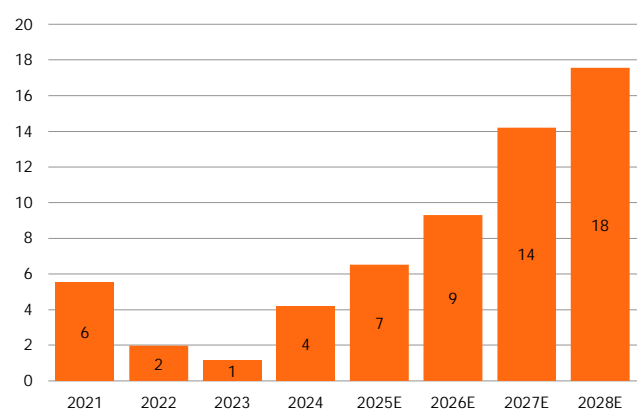
- Technological performance.** Optical fibre will be the dominant connection technology in the long term. The underlying market of Broadband Networks may decline notably in the long term.
- Failure in technological choices.** We estimate that Teleste needs to find new cornerstones for its current portfolio in the long term.
- Balance sheet.** We expect net debt to decrease considerably in the coming years. However, the company's debt burden may remain unnecessarily high if the projected earnings growth does not materialise. A significant share of equity consists of goodwill and intangible assets.

Teleste - Sales (EURm)



Source: OP Markets

Teleste - Adjusted EBIT (EURm)



Source: OP Markets

Company description

History

Teleste is a Finnish technology company. The company's roots are in Turku, where radio master Olavi Ahonen founded Teleste in 1954. Teleste's first product was an antenna socket (see image below), and the company also manufactured antenna amplifiers, FM symmetry transformers and connection cables.

Over the years, a local electronics manufacturer has evolved into an international supplier of telecommunications and networking technology. For more than 70 years, the company has been in the business where changes in network technologies and operating environment have required continuous renewal. The following image on the right shows one of Teleste's current product solutions: a device system enabling Distributed Access Architecture (DAA) designed for cable operators.

In 2024, Teleste's net sales were EUR 132.5m and adjusted operating result was EUR 4.0m.



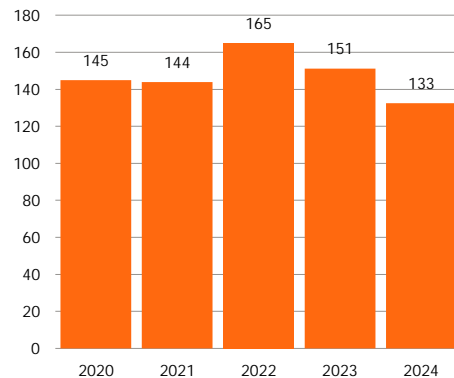
Source: Teleste



DAS RPD SHELF

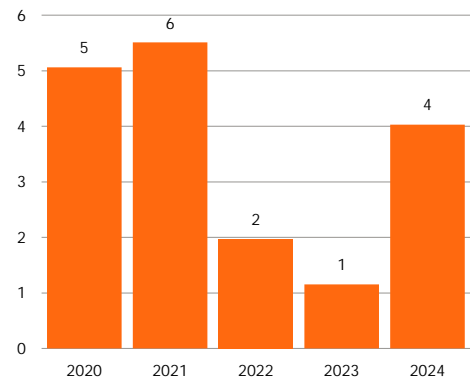
Source: Teleste

Teleste - Sales 2020-2024 (EURm)



Source: Teleste, OP Markets

Teleste - Adjusted EBIT 2020-2024 (EURm)



Source: Teleste, OP Markets

Two business areas

Teleste currently has two business areas: Broadband Networks and Public Safety and Mobility. The Broadband Networks business area is larger and accounts for around 60% of Teleste's total sales.

Broadband Networks' products are manufactured in Teleste's own factory in Littoinen, Turku as well as by contract manufacturers in Europe and starting from 2026 also by a contract manufacturer in Mexico. Key electronic components are sourced from Asia.

Public Safety and Mobility’s products are manufactured at the factory in Forssa and by Finnish contract manufacturers. The key materials and components are sourced from European suppliers. The company’s R&D takes place in Finland and Poland.

The **Broadband Networks** business area offers technology, products and services for the construction and maintenance of cable and fibre networks. The key customer group consists of telecommunications and cable operators in Europe and North America. Teleste’s customer base is quite prestigious, and the company has long-term relationships with most of its customers in Europe. Teleste is now taking its first steps in the North American market after several years of preparation. Teleste has been involved in the cable network business since the 1980s, and therefore, the company has extensive experience with different generations of technology.

Teleste’s customers include the following operators, among others:



Source: Teleste 2025

Public Safety and Mobility is Teleste’s more recent offering, which Teleste joined in 2015 after acquiring Mitron for EUR 8m.

The business can be divided into two entities. In passenger information systems, Teleste supplies information displays, audio systems and software for trains, metros and other public transport systems. Its customers include companies in the manufacturing industry, such as train manufacturers or public transport operators, such as HSL, which operates public transport in the Helsinki metropolitan area.

As for video surveillance solutions, Teleste supplies extensive video surveillance systems to companies in both the public and private sector. Public transport operators are also a key customer group in this area, but Teleste has also supplied solutions to cities and the police.

The key market area is Europe, but solutions have also been delivered to the market in North America and the Middle East, among others.



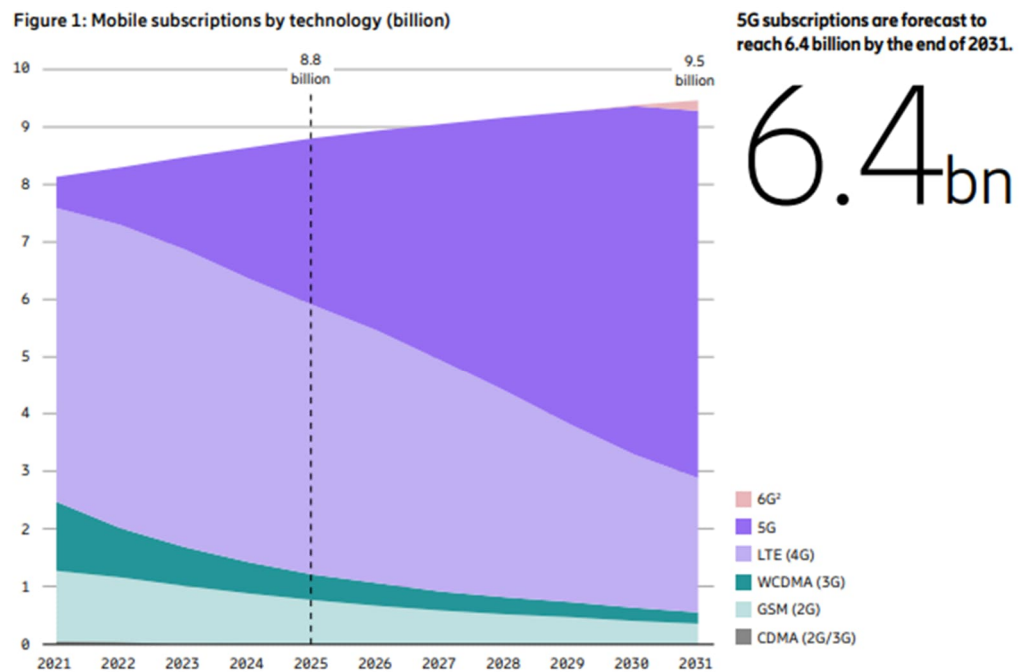
Source: Teleste 2025

Market

Teleste's business areas differ from each other in many ways, and therefore, their underlying markets are also very different. The key customer group for Broadband Networks consists of telecom operators, while Public Safety and Mobility largely relies on companies in the public sector. The investment capacity of Broadband Networks' customer base is very strong, but the business is highly exposed to technology cycles. The Public Safety and Mobility market is more stable over time.

Broadband Networks

The growth potential of Broadband Networks is at least reasonable in the next few years, although globally, the market growth focuses on other connection technologies than Teleste's main product area (cable networks). A new generation of technology in mobile communications always enables higher transmission speeds, and the evolution of the network is rapid. Globally, the number of mobile subscriptions is expected to rise to 9.5 billion by 2031, with an increase of 700 million from the current number of subscriptions. The majority of customers will use 5G subscriptions in the future, but 4G (LTE) will also maintain a significant role for a long time.



¹ GSA and Ericsson (November 2025).

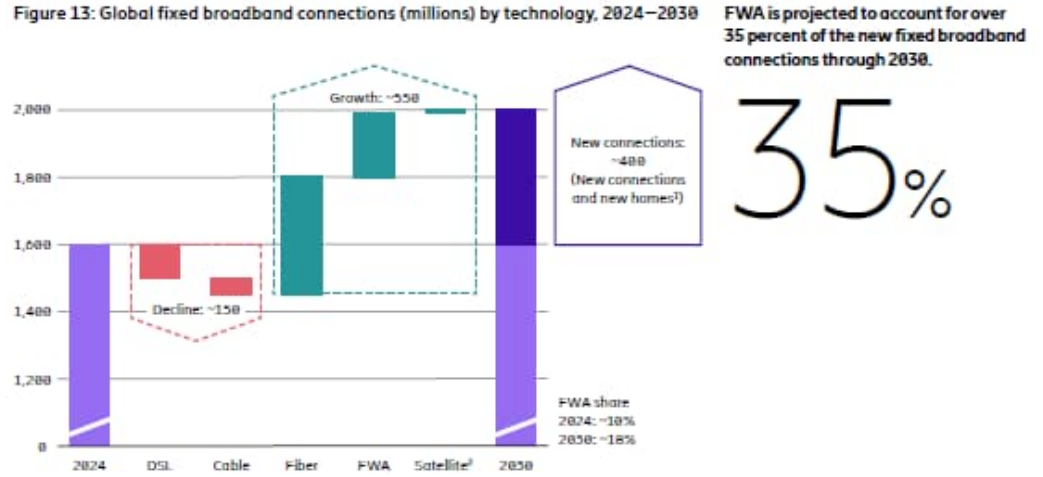
² This does not include early uptake of AI-enabled IoT devices such as autonomous vehicles, smart glasses and drones.

Source: Ericsson

The demand outlook for fixed network subscriber connections is more relevant for Teleste. According to Ericsson's estimate, the number of fixed network connections is expected to increase from the current 1.6 billion subscriptions to around 2 billion by 2030.

Operators are currently replacing the soon-to-be outdated DSL technology with other connection methods. We believe that in particular in developed markets, new construction sites are generally connected through fibre optics. The number of cable households, which use a connection technology which is essential for Teleste, is estimated to decline globally along with DSL by around 150 million subscribers. A significant part of the decline inevitably relates to the DSL technology, as the cable technology is still a relevant connection method in the so-called last mile. The competitiveness of cable technology persists as long as equipment manufacturers, such as Teleste, can provide sufficient connection speeds. For an operator, upgrading the cable network to new technology is always a cheaper option than replacing the existing connection with optical fibre.

In our opinion, optical fibre is always the best option for new sites, and therefore, its growth forecast seems realistic. In addition, Fixed Wireless Access (FWA), which is based on mobile technology, will be an alternative to fixed connections in the future. A customer’s initial investment in FWA is in principle lower than an investment in optical fibre, and it will be a good option particularly in sparsely populated areas where the fixed network infrastructure is weak or outdated. However, we estimate that FWA will not cannibalise the cable network market, provided that operators can offer sufficient connection speeds on their networks.



¹ New homes driven by population growth. Unconnected decline to 550 million in the period. Source: Ericsson analysis.
² ABI research.

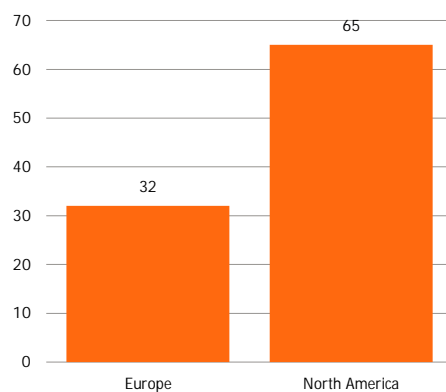
Source: Ericsson

The forecasts described above are based on global markets, and therefore, they do not directly reflect performance in Teleste's key markets, meaning Europe and North America. However, we estimate that the trends regarding new construction are the same across all markets, so the performance of the existing property stock plays a key role for Teleste.

Teleste estimates that there are approximately 32 million cable connections in Europe, and in North America, the number is approximately twice as much, that is approximately 65 million connections. In Europe, operators generate revenue of EUR 15bn from the cable business, which is clearly less than the over EUR 100bn generated by North American operators.

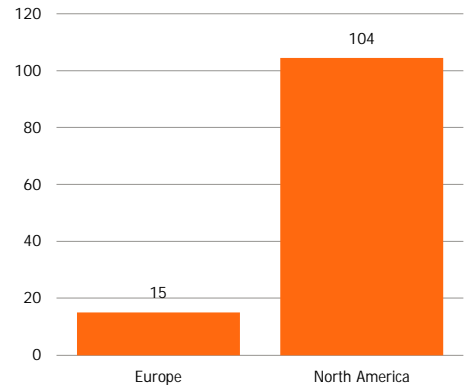
The investment capacity of telecom operators is generally good. We estimate that the majority of investments will be directed towards 5G networks, but sizeable investments will also be made in cable networks in the next few years as a new generation of technology is adopted.

Cable network subscriptions (million)



Source: Teleste, OP Markets

Operators' revenue (EURbn)



Source: Teleste, OP Markets

Europe

The Hybrid Fiber-Coaxial (HFC) network market is essential for Teleste. The evolution of the network is moving towards the DOCSIS 4.0 generation, where a key factor is the network's distributed architecture. This change is reflected on the volume performance of the market, and in Europe, the long decline in the market is expected to bottom out this year. The market consists of several key subcomponents.

Passive components (homes): Passive components in homes, such as coaxial cables and various connectors. These components distribute the signal to various destinations. The market is primarily evolving as a result of new construction, and the new generations of technology may also require updates to components. The market is expected to steadily decline.

Amplifiers 1.2 GHz: Amplifiers, which are part of the DOCSIS 3.1 (Data Over Cable Service Interface Specification) generation, operate in the 1.2 GHz frequency band. Devices which comply with the standard in question were launched in the market in 2013. Teleste estimates that there will still be a DOCSIS 3.1 investment boom in Germany, which will support the performance of the said market in the next few years.

Amplifiers 1.8 GHz: New amplifiers which comply with the DOCSIS 4.0 standard. They operate at a higher frequency band and enable greater transmission speeds than amplifiers which comply with the previous DOCSIS 3.1 standard. Currently, DOCSIS 4.0 compliant devices enable transmission speeds of 10 Gbit/s from the network to the device (downstream). Operators are expected to upgrade their networks to the new technology in the next couple of years, and the overall market is expected to grow.

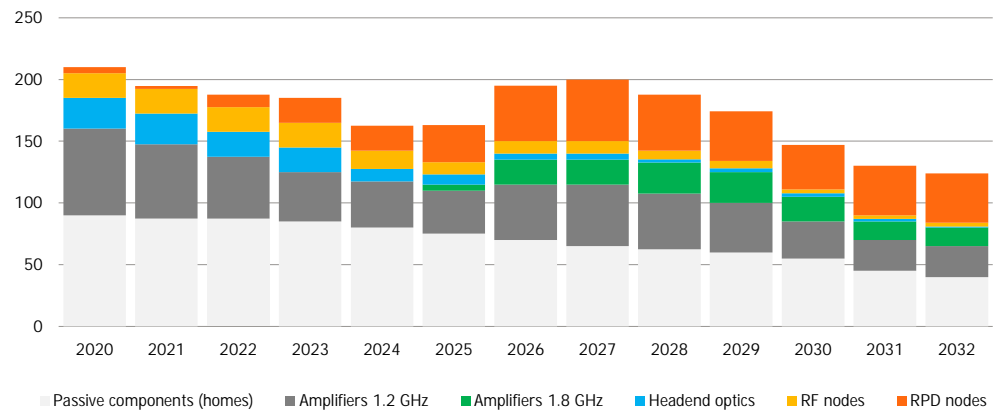
Headend optics: A device located in a telecom operator's core network which sends an optical signal into the network. A small part of the total market in Europe, and the market is predicted to decline further.

RF nodes: Convert a signal traveling through fibre optics into a new form for a coaxial cable (radio frequency nodes). The market is expected to continue to decline.

Remote PHY node (RPD): A new generation node solution. Signal processing moves from the core network (headend) closer to the end customer, so the signal is converted to the correct format closer to the customer's property. This is the so-called Distributed Access Architecture (DAA), which has been expected to make a breakthrough for several years. As a result of the reform, network latency will decrease, among other things. The market is predicted to clearly increase in the next few years.

Below is a forecast prepared by Teleste regarding the performance of the overall market in Europe. The market offers Teleste good growth potential in the next couple of years after several weak years. Overall, optical fibre will, however, be a key connectivity technology in new construction projects, and therefore, market growth will largely depend on upgrading connections in existing sites.

HFC market in Europe (EURm)



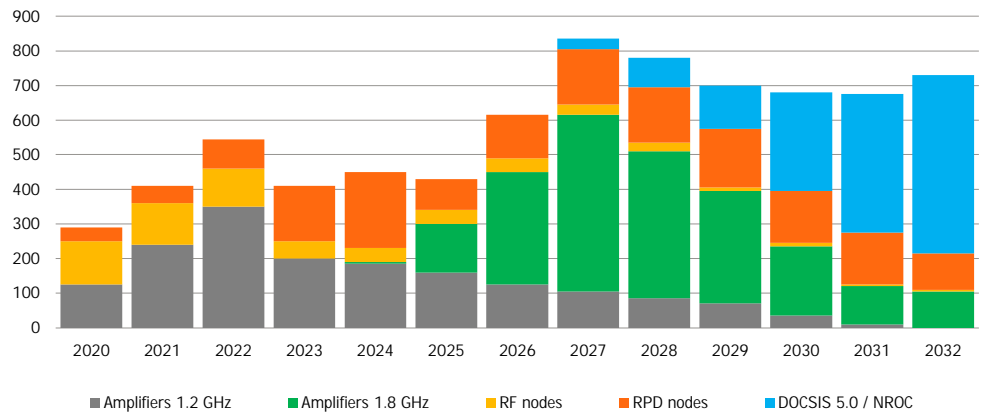
Source: Teleste, OP Markets

North America

Teleste's second key market area is North America. In the new continent, Teleste has significantly more growth opportunities than in Europe. Cable broadband has historically been an important broadband technology in North America, and a considerable percentage of households are connected to the cable network. The DOCSIS 4.0 upgrade is likely to be implemented in the next couple of years, and the underlying market is expected to double by 2027 compared to the level in 2025. After this, the market, which is based on the current technology, is expected to decline but remain at a clearly higher level than in 2025 until 2030.

The graph below shows an estimate of the next generation (DOCSIS 5.0) technology's prevalence, which should significantly soften the market drop from 2028 onwards.

HFC market in North America (EURm)



Source: Teleste, OP Markets

Public Safety and Mobility

The underlying market of the Public Safety and Mobility business area is significantly more fragmented. There is no relevant data available on market performance, as Teleste's business consists of several different areas.

Digitalisation has progressed rapidly in public transport, and the number of various information systems and displays is likely to increase in the future as well. We estimate that migration from rural areas to cities is continues in the future, which means that urbanisation will indirectly increase underlying demand. The coverage of public transport will increase along with new expanding cities and urban centres, which will boost demand for information systems. We expect that demand for video surveillance solutions also increases, as the safety of urban environments is likely to be a key theme in the future as well.

Currently, Teleste's business relies heavily on projects, so in this regard, the business should in principle be quite volatile. However, demand in practice appears to be relatively stable. In our view, Teleste also aims to increase the share of sales from maintenance services, which brings more stability and predictability to the business. Customers are often public sector operators, especially in video surveillance solutions, which means that sales cycles are very long.



Source: Teleste 2024

Strategy

Teleste's strategy is built on six priorities.

1. Grow business in next-generation broadband network technologies.

This is an essential objective for the Broadband Networks business. The downturn of the previous technology cycle has lasted a long time, and now with new growth on the horizon, Teleste's product offering and sales organisation must be in good shape.

2. Advance in the North American market

The North American market offers Teleste major growth potential and is also important for the company's long-term viability. In North America, the cable network technology is widely used and is likely to be invested in for a long time. Therefore, Teleste has more time to develop new cornerstones, as fibre optics will be the dominant connection technology in the long term.

3. Become the market leader in public transport information and security solutions

This is a challenging target, but it can be achieved in certain markets. As a Finnish company, Teleste is in a good position to benefit from Finland's positive and reliable reputation worldwide.

4. Build a solid position in security solutions for selected public authorities

Here too, Teleste benefits from its Finnish origin and its production facility which operates in Finland (although some components come from Asia). In the present security policy environment, the home country and reliability of a technology provider are key factors.

5. Provide high value-added services for network operators and the public transport industry

If successful, value-added services will strengthen Teleste's customer relationships and also provide an opportunity for additional invoicing.

6. Drive lean operations and quality by passionate professionals

Improving operational efficiency is always involved in all of the company's operations. With better quality, operating costs can be reduced.

Teleste has two independent business areas, and therefore, the strategies of the business areas differ slightly from each other. The Broadband Networks business is also more cyclical than Public Safety and Mobility, where demand appears to be relatively stable across the cycle.

Broadband Networks

In Broadband Networks, Teleste holds a leading position in Europe, but in North America, Teleste is a challenger. A strategic goal is to achieve a significant market share in the North American market while maintaining a strong market share in Europe.

Teleste established an Advisory Board in January 2023 to support sales in North America. The group of advisors is quite distinguished, and the members have a background in major cable companies in North America. Teleste has several customers in North America, and Cox Communications is the most significant public reference. A cable company called Charter (market cap USD 32bn) is currently in the process of acquiring Cox Communications. Large M&A transactions always bring a point of discontinuity to the investments of the company being acquired, but any potential dip in demand is likely to be short-lived.

Expanding the Broadband Networks business to North America

TELESTE BROADBAND NETWORKS ADVISORY BOARD



Source: Telete

In our view, the market in Europe is very fragmented in terms of technology, and there are certain differences in technology between countries. Therefore, products need to be customised to each country. Telete has long customer relationships with existing cable operators, and thanks to its own production facility, it has good potential to maintain a strong position as a key technology supplier.

A key theme in the strategy is to maintain the competitiveness of cable networks as strong as possible in relation to optical fibre. Optical fibre is a technology-neutral option and its lifespan is inevitably longer than that of a coaxial cable, where higher speeds always require technological development. In addition to speed, the new technology must provide a higher quality, more stable and more reliable network connection. Maintenance costs must also be competitive, as TCO (Total Cost of Ownership) is crucial for operators. In our view, the DOCSIS 4.0 upgrade is a significantly more cost-effective option for operators than building a new optical fibre connection.

We estimate that the structure of cable networks in North America has required a sizeable amount of manual labour in normal service provisioning and in particular in troubleshooting/repair. Telete's current device offering is largely automated, which is likely to essentially reduce the amount of manual labour for the operator. This should be a very attractive factor for a cable operator, who can achieve a lighter cost structure through the addition of automation.

In the long term, Telete's strategy focuses on creating a new technological roadmap for Broadband Networks. Fibre optic networks are rapidly becoming more common, and the new construction of cable networks is minimal. Therefore, the company inevitably needs new strongholds for Broadband Networks in the long term in order to maintain its position as a key network equipment supplier. Telete is currently investing in new network management software and also in certain fibre technology products.

Public Safety and Mobility

In passenger information solutions, Telete has the opportunity to grow alongside its principals, namely public transport vehicle manufacturers (Alstom, Stadler, Caf). New principals would provide a natural growth platform for Telete, also bringing economies of scale. We estimate that customer-specific customisation can be reduced through software development, which would bring earnings from business to a healthier level. The outlook of video surveillance is stable in the case of the traditional business. We estimate that the war in Ukraine and the tightening of the geopolitical situation have created a new kind of a business opportunity for various surveillance solutions for Telete as well. However, it is difficult to assess how this might materialise as demand for Telete's surveillance solutions. We estimate that existing solutions withstand the test of time

relatively well. The upgrade cycle always offers an opportunity to change service providers, which means that Teleste could also expand its customer base.

Competitive field

Broadband Networks

There have been a few changes in the cable network market in recent years. There are two major players in the market (Amphenol and CommScope) based on their business volume (total business) and market cap.

- CommScope is in the process of divesting a part of its cable network business to Amphenol for USD 10.5bn. The divestment mainly consists of physical cabling solutions (CCS business: cables, connectors, data centre connection elements), and the remaining ANS business competes with Teleste. CommScope fell heavily into debt when it bought Teleste's competitor Arris from the market in 2018 for around USD 7.4bn.
- Casa Systems had to file for bankruptcy this year, and its businesses have been sold during the current year to CommScope, Lumine and DZS, among others.
- Applied Optoelectronics was Cisco's contract manufacturer for a long time, and it remained in the market when Cisco decided to withdraw from it.
- Nokia sold Gainspeed to Vecima Networks in 2020.
- Vector, which has been in the market for a long time, has gradually faded away.

Therefore, large global companies, such as Nokia and Cisco, are no longer involved in the market, which is inevitably an indication of the market's moderate growth potential.

For Teleste, the sales presented in the table are a forecast for the entire company's sales, as is the case for all other companies in the table.

Teleste's competitors in subscription network products			
EURm	Sales 2025E	Market cap	EV
CommScope*	4,882	3,187	10,110
Amphenol*	19,584	147,125	150,754
Harmonic	480	970	1,008
Applied Optoelectronics	210	1,687	1,770
Vecima	195	152	192
Teleste	142	72	95
Technetix	50	-	-
ATX Networks	40	-	-
Casa Systems**		-	-

Source: FactSet, Bloomberg

*Amphenol acquires a part of CommScope's operations

**Casa Systems sold operations to CommScope, DZS and Lumine Group

Public Safety and Mobility

The competitive field in the business area is quite fragmented. The clearly largest company is the American Daktronics with revenue of over EUR 500m. The German company Funkwerk is also a notable player. The video surveillance market accommodates several small, local companies which hold only a minor share of the total market. Such companies include application or device suppliers, system integrators or system administrators, for example. Typically, third-party software and devices can be integrated into systems designed by Teleste.

Teleste's competitors in information solutions

EURm	Sales	Market cap	EV
Daktronics	530	180	200
Teleste	142	71	97
Funkwerk	122	183	180
Aesys	65	-	-
Annax	55	-	-
Televic	16	-	-

Source: FactSet, Bloomberg

Financial targets for 2025–2030

In April 2025, Teleste published its long-term financial targets extending until 2030.

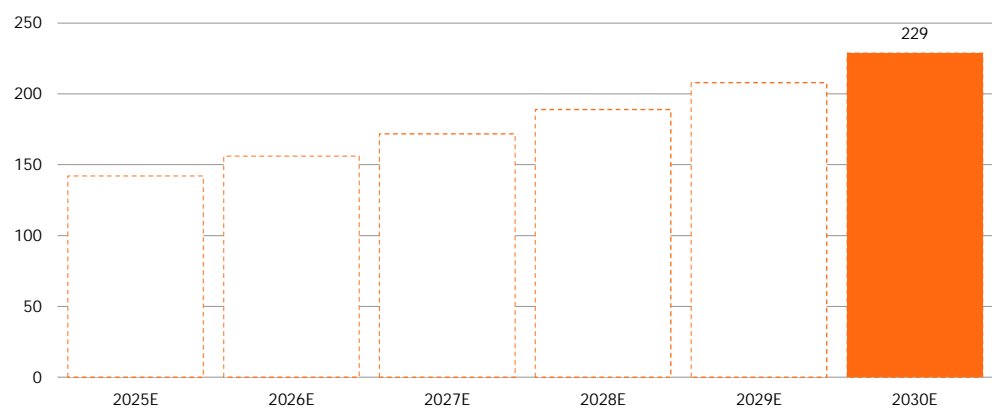
- **Growth target:** Revenue is expected to grow by an average of 10% annually until 2030. There may be variations between individual years.
- **Profitability target:** Adjusted operating profit margin is between 7% and 12%.
- **Business segments:** Both business segments (Broadband Networks and Public Safety and Mobility) are expected to grow profitably.

The targets are ambitious in relation to Teleste's historical performance in terms of both growth and profitability. However, market conditions have been challenging, in particular in the Broadband Networks business, as the start of the new investment cycle has been delayed. In 2023, Teleste divested the engineering and service operations of its Broadband Networks business in Switzerland to the local management and a private equity investor. The annual revenue of the divested business was approximately EUR 5m. However, the divestment did not have a significant impact on profitability.

The underlying market of Broadband Networks has turned to growth, and taking this into account, we consider the business growth target realistic. This year, Teleste's revenue increased by 6.8% (YoY) in Q1–Q3. The full-year revenue guidance (revenue of EUR 135–150m) indicates growth of 2–13% YoY.

If we assume that revenue grows linearly over the strategy period, Teleste will reach revenue of EUR 229m by 2030. This level is 60% higher than the mid-point of the 2025 revenue guidance (EUR 142.5m).

Teleste - Sales 2025-2030E (EURm)

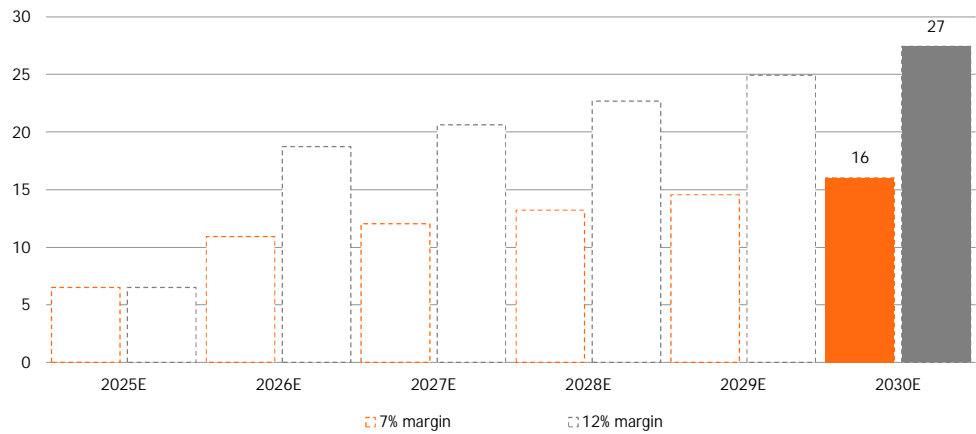


Source: Teleste, OP Markets

Adjusted operating profit was EUR 5.9m in Q1–Q3 2025 on which the margin is 5.8%. The full-year guidance for adjusted operating profit is EUR 4–7m, but the company commented in connection with the Q3 results that the operating profit is likely to be at the upper end of the guidance range.

In our opinion, the profitability target is moderate in relation to revenue growth but it reflects well the nature of Teleste's business. Teleste's gross margin has been around 50% for a long time, so business growth comes with a relatively modest leverage on earnings. In addition, business volume growth also likely requires investments, which means that profitability will improve at a rather moderate rate. The robust business growth will generate operating profit in 2030 which will be in the range of EUR 16m at the lower end and EUR 28m at the upper end (with margin assumptions of 7–12%).

Teleste - EBIT 2025-2030 (EURm)



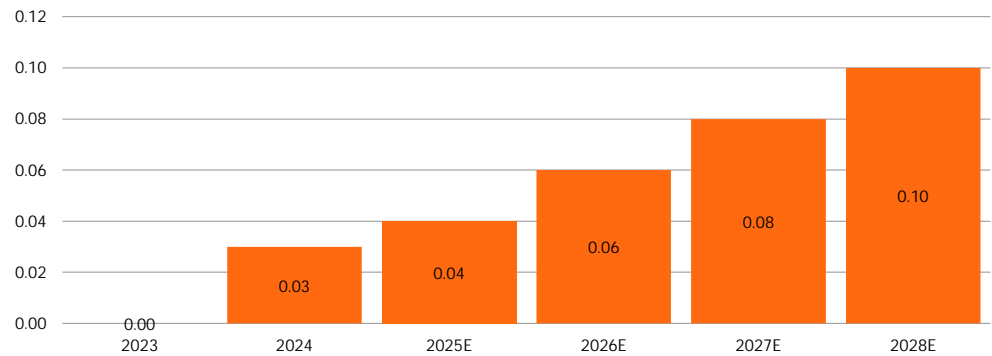
Source: Teleste, OP Markets

Dividend policy

Teleste does not have a straightforward dividend policy or a pre-communicated dividend level which the company aims to achieve. In our opinion, this is largely due to the nature of the business, which is characterised by strong fluctuation in demand and operating profit. In addition, Teleste's balance sheet is not overcapitalised, and therefore, a cautious dividend policy is fully understandable.

Teleste's dividend policy is defined as follows: *Teleste intends to be an interesting investee corporation in which the investment's increase in value and the dividend yield form a competitive combination. The annual proposal for the dividend is validated by the Board in consideration of profitability, financial situation and needs for investment necessitated by profitable growth.*

Teleste - Dividend per share (EUR/share)



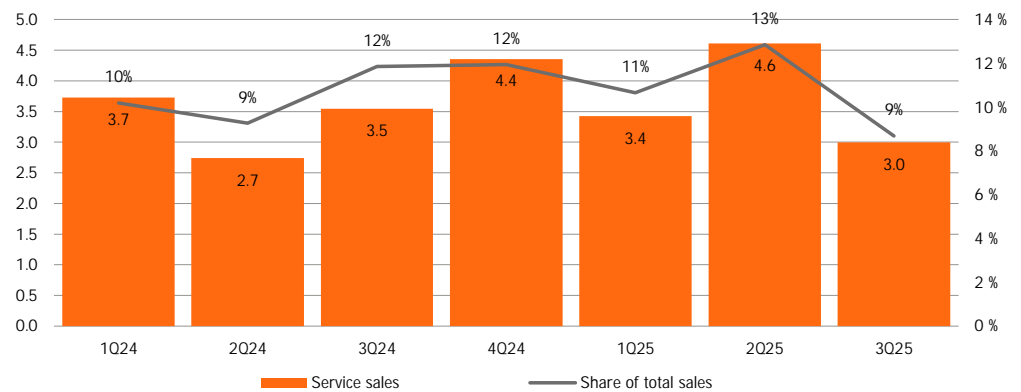
Source: OP Markets

Earnings forecasts

Sales

A notable share of Teleste’s revenue is generated by equipment sales, which means that the timing of customer deliveries can lead to considerable fluctuation in revenue recognition. Service sales have accounted for 9–13% of revenue over the past two years. We estimate that service sales are not purely maintenance revenue but also include various charges for the commissioning of delivered equipment. In addition, Teleste sells software updates at regular intervals for all its software. Distinct growth in maintenance revenue would significantly improve the predictability of the business, but the nature of Teleste’s business is, at least for the time being, closely tied to equipment deliveries.

Teleste - Service sales (EURm) and share of total sales (%)

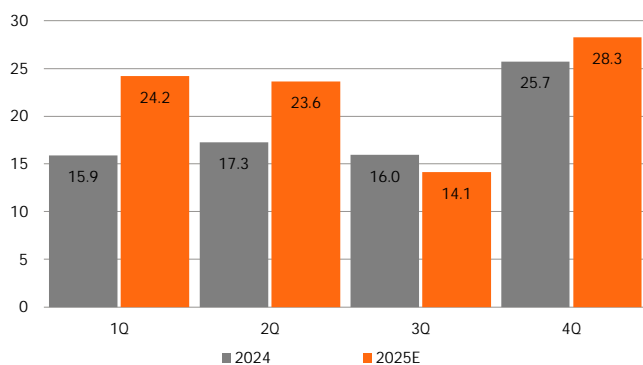


Source: OP Markets

Teleste reports orders received during the quarter and order backlog for both business segments. The reporting provides a certain direction for revenue performance, but it is naturally not a straightforward indication of the future. Some of Teleste’s orders received also go straight to delivery within the quarter, meaning that some of the orders are not recorded in the order book at the end of the quarter. We estimate that this is particularly visible in the Broadband Networks segment.

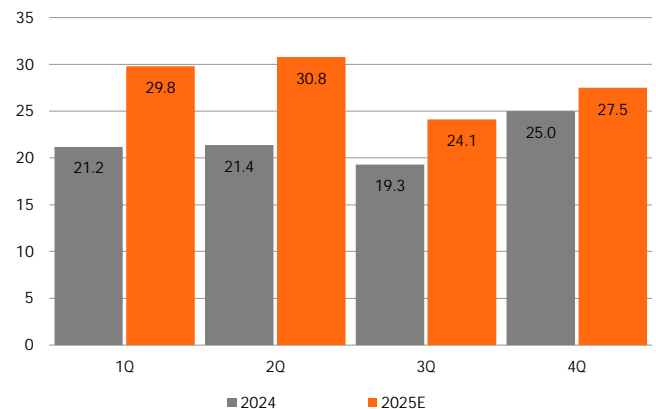
In **Broadband Networks**, the order book and orders received have been growing strongly over the last nearly two years. The only exception is the most recent quarter (Q3 2025), when orders received fell EUR 2m short of the comparison period. However, the order book is still firmly ahead of last year (+25% YoY) due to the exceptionally strong order intake in the early part of the year.

Teleste - Orders received by Broadband Networks (EURm)



Source: OP Markets

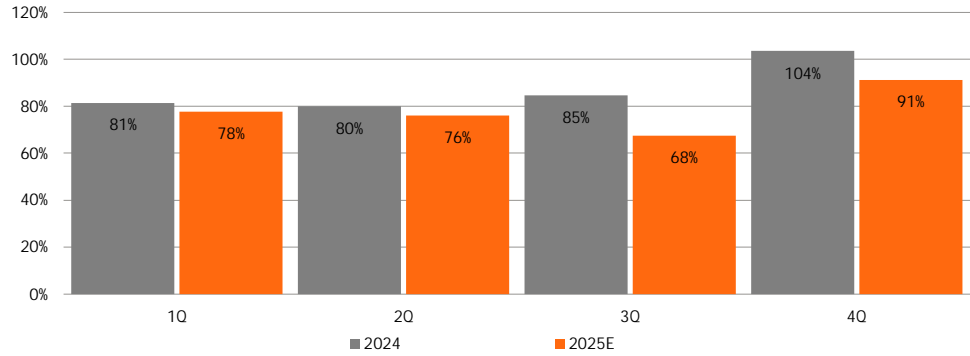
Teleste - Order book, Broadband Networks (EURm)



Source: OP Markets

Based on the order book, the revenue growth outlook is therefore good. However, it should be noted that the order book for Broadband Networks is typically very short, and revenue for the next quarter cuts a sizeable share of the order book. As a result of the increase in the order book, the ratio (next quarter's revenue/order book at the end of the quarter) has improved slightly, as in 2025, revenue has been <80% of the previous quarter's order book. Typically, Q4 is busy in the network equipment industry, and we therefore expect Q4 revenue to be high again in relation to the order book at the end of Q3.

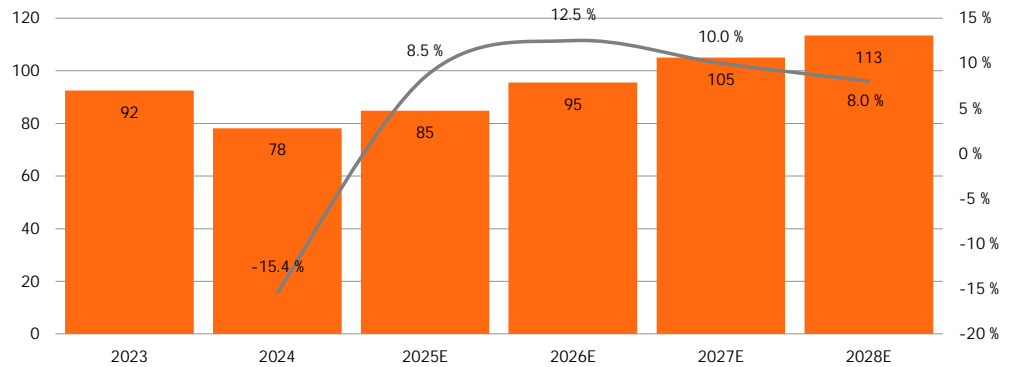
Teleste - Sales/order book Broadband Networks



Source: OP Markets

In spite of the short order backlog, we believe that Teleste has good visibility into the investment plans of its key customers. The underlying market is expected to turn to strong growth next year in Teleste's key market areas in Europe and North America. We predict that the revenue of Broadband Networks increases by 12.5% in 2026, 10% in 2027 and 8% in 2028. The absolute sales growth is at the same level in 2026–2027 but falls slightly in 2028. If Teleste wins notable new customers in North America, our growth forecast is too conservative.

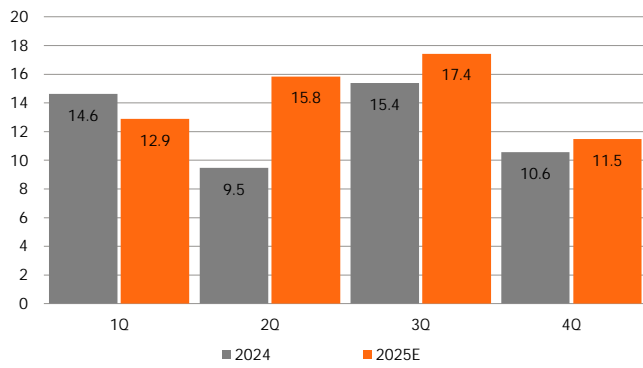
Teleste - Sales Broadband Networks (EURm)



Source: OP Markets

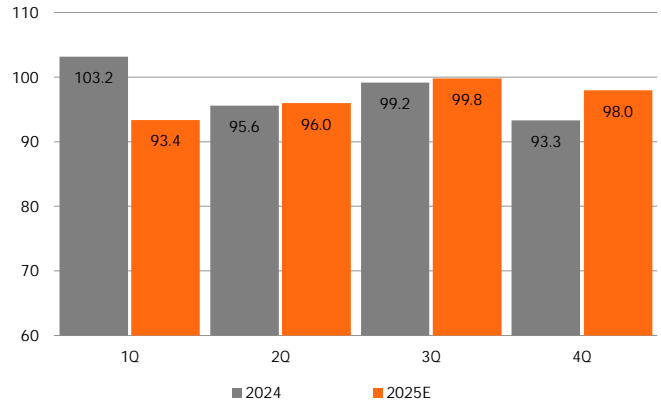
In the **Public Safety and Mobility** business, sales cycles are long and new orders come in at a relatively modest pace. In the last two quarters, new orders have grown well, but they have not notably affected the order backlog. The order backlog is released relatively slowly, as it has been in the range of EUR 95–100m for several quarters.

Teleste - Orders received by Public Safety and Mobility (EURm)



Source: OP Markets

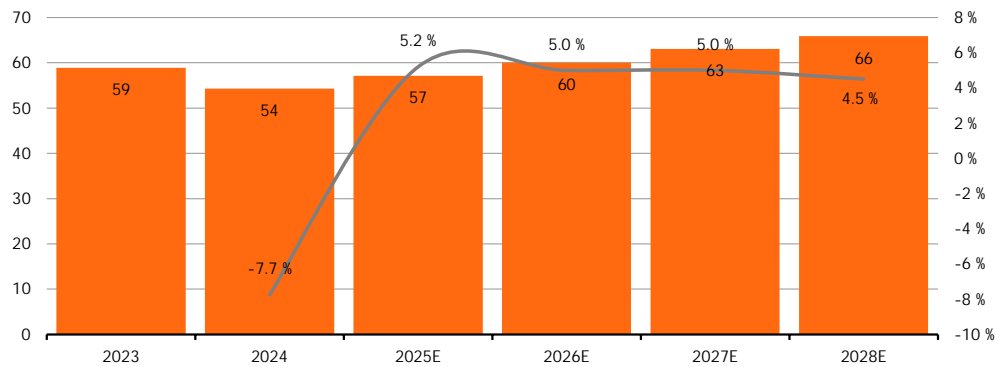
Teleste - Order book Public Safety and Mobility (EURm)



Source: OP Markets

Teleste estimates that the underlying market will grow at a rate of 5–6% in the next few years, and the company aims to grow faster than the market. We expect the order backlog to rise in Q4, which offers a good outlook into earnings in 2026. We predict that Public Safety and Mobility’s revenue will grow mainly in line with market growth (~5%) in 2026–2028.

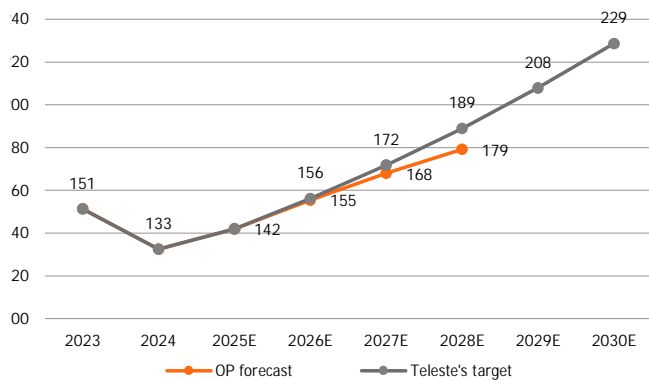
Teleste - Sales Public Safety and Mobility (EURm)



Source: OP Markets

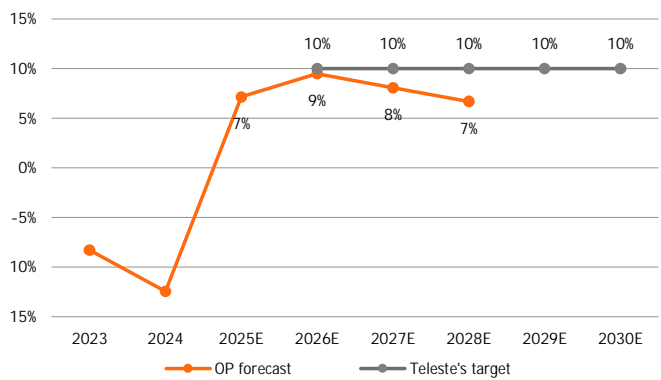
With these assumptions, we anticipate that Teleste will reach revenue of EUR 179m in 2028. If Teleste grows linearly according to its target (10% p.a.), revenue in 2028 would be EUR 190m, which is 6% higher than our forecast. Therefore, the difference in our forecast trajectory is minor compared to Teleste’s target level.

Teleste - Sales 2023-2028E



Source: OP Markets

Teleste - Sales growth 2023-2028E

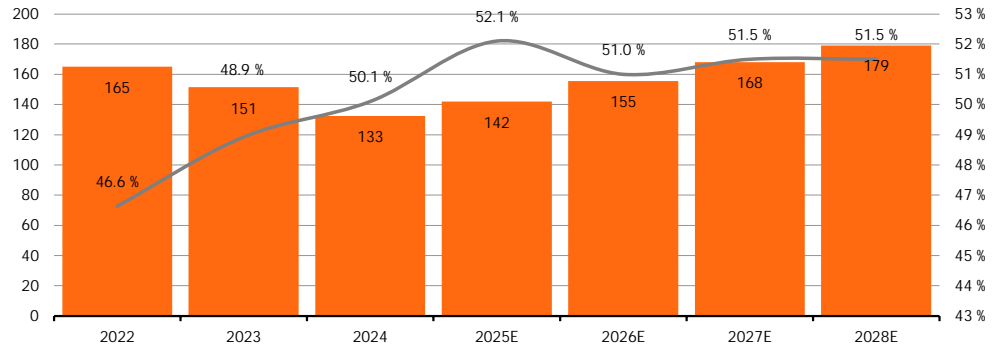


Source: OP Markets

Gross margin

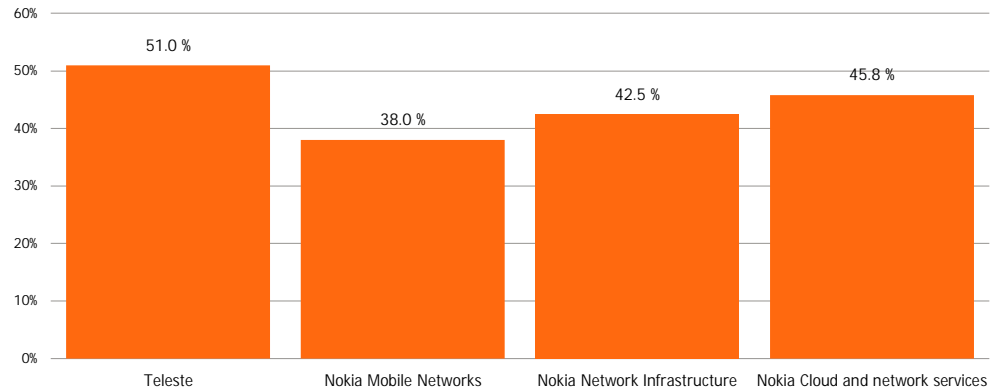
Teleste’s gross margin has been increasing steadily and we predict that it rises to 52% this year. We expect the margin to remain relatively stable at just over 50% going forward. Teleste’s gross margin is at a good level compared to Nokia or Ericsson, for example, whose margins for their product business are clearly lower compared to Teleste. Therefore, higher business volumes do not automatically result in a higher gross margin.

Teleste – Sales and gross margin 2023-2028E



Source: OP Markets

Gross margin 2026E



Source: OP Markets

Personnel expenses

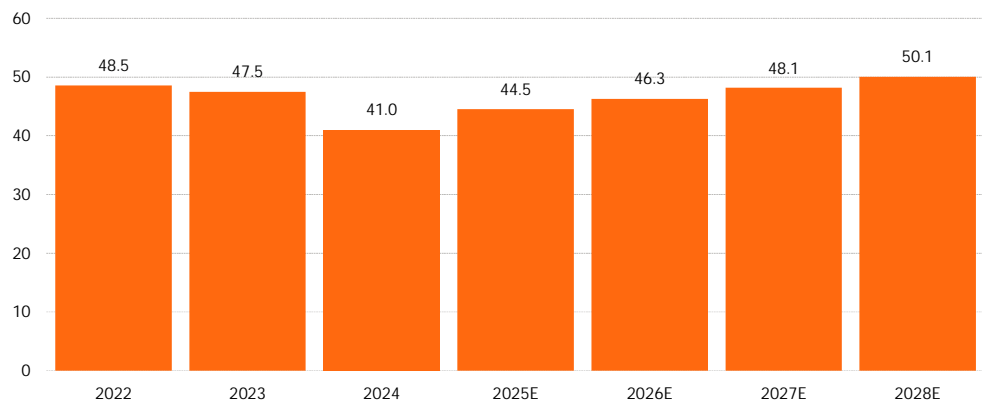
Personnel expenses are the most significant item in operating expenses. We predict that personnel expenses increase by 9% (YoY) this year, amounting to EUR 44.5m. Building a sales organisation for the North American market raises personnel expenses, but typically in North America, the variable part of the salary is more significant than in Europe, and thus, building a sales organisation in practice involves less risk.

If full-year sales grow more than anticipated and if performance-based bonus provisions have been accrued too conservatively in previous quarters, personnel costs will rise significantly in Q4. In other words, cost structure in Q4 will more accurately reflect the total amount of personnel expenses for the year.

We expect that the number of employees remains stable during the remainder of the year, and Teleste’s personnel costs per employee are slightly below EUR 70,000 on an annual basis.

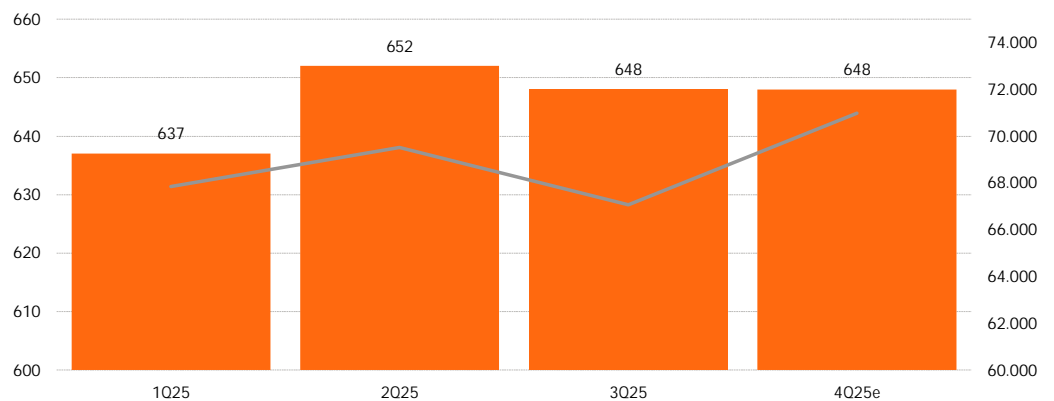
We assume a 4% increase in personnel expenses in our forecasts for 2026–2028.

Teleste - Personnel expenses (EURm)



Source: Teleste, OP Markets

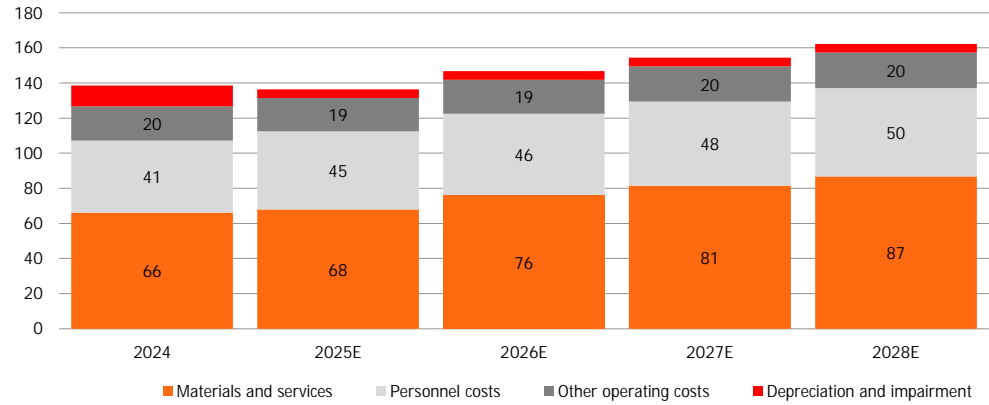
Teleste - Number of employees (LHS) and personnel expense/year (RHS)



Source: Teleste, OP Markets

Based on our forecasts, other operating expenses amount to EUR 19m this year, and we expect them to increase moderately (2.5%) in the coming years. Annually, the amount of depreciation is EUR 4.9m, and we expect it to remain stable. Teleste's balance sheet includes intangible assets amounting to EUR 8.8m, mainly due to the capitalisation of R&D costs. Intangible assets account for 16% of Teleste's equity. In 2024, Teleste made a write-down of EUR 6.7m on the balance sheet item in question. If net sales accumulation is not aligned with expectations, the company will have to make a new write-down. Our starting point is that depreciation and amortisation will remain at the current level during the forecast period.

Teleste - Cost structure 2024-2028E

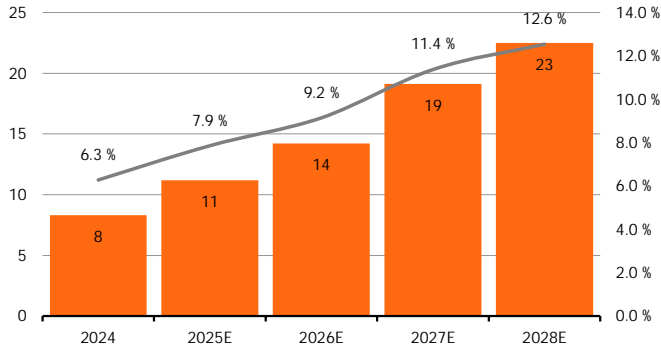


Source: OP Markets

Profitability

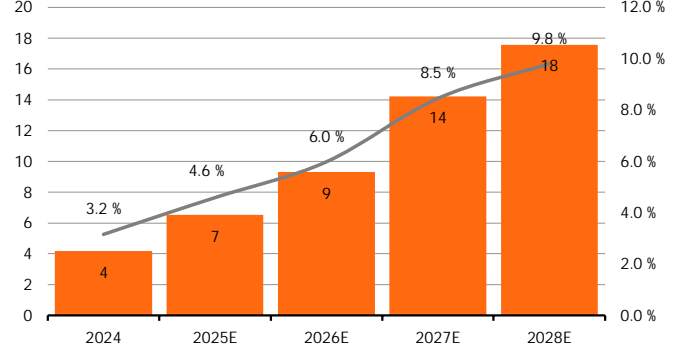
Based on the revenue and cost forecasts described above, we arrive at the following EBITDA and operating profit performance. In 2028, Teleste would reach a nearly 10% operating profit margin, which is close to the mid-point of the company's target range (7–12%).

Teleste - EBITDA 2024-2028E



Source: OP Markets

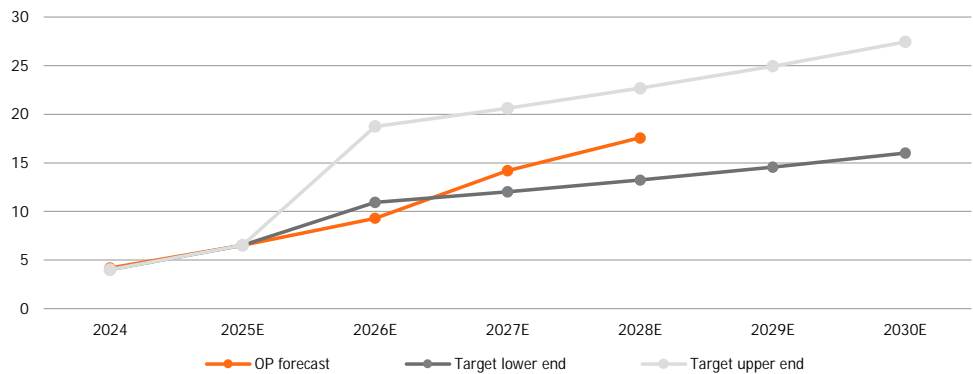
Teleste - EBIT 2024-2028E



Source: OP Markets

In terms of absolute operating profit, our forecast for next year is below the level indicated by the company's long-term margin target, but it will rise to the target range in 2027–2028.

Teleste - EBIT 2023-2028E



Source: OP Markets

Financial expenses and taxes

Teleste has interest-bearing debt of EUR 30.3m. We expect financial expenses to annually be EUR 1.5m and to decrease moderately in 2027–2028. Changes in exchange rates (mainly USD vs. EUR) are also reflected on the financing items in the income statement, and for this reason, financing costs have been exceptionally high this year.

We assume a tax rate of 20% (2026E) and 18% (2027–2028E), even though the decision to lower Finland's corporate tax has not yet become legally binding.

Teleste								
EURm	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E
Sales								
Broadband Networks	19.4	22.6	20.8	22.0	21.8	25.5	23.4	24.7
Public Safety and Mobility	12.7	13.2	13.6	17.5	13.4	13.9	14.3	18.4
Sales	32.2	35.9	34.5	39.5	35.2	39.4	37.7	43.1
Sales growth (YoY)								
Broadband Networks	-16.1 %	33.4 %	14.9 %	10.0 %	12.5 %	12.5 %	12.5 %	12.5 %
Public Safety and Mobility	-5.2 %	5.4 %	15.7 %	6.0 %	5.0 %	5.0 %	5.0 %	5.0 %
Total	-12.1 %	21.5 %	15.2 %	8.2 %	9.5 %	9.7 %	9.5 %	9.2 %
Gross profit	17.8	19.4	18.0	18.8	18.0	20.1	19.3	22.0
Gross margin	55.3 %	54.2 %	52.2 %	47.5 %	51.0 %	51.0 %	51.0 %	51.0 %
Personnel expenses	10.8	11.3	10.9	11.5	11.2	11.8	11.3	12.0
Other operating expenses	4.6	5.0	3.8	5.5	4.7	5.2	3.9	5.6
Depreciation and impairment	1.3	1.2	1.2	1.2	1.3	1.2	1.2	1.2
EBITDA	2.7	3.2	3.4	1.9	2.4	3.3	4.1	4.5
EBIT - reported	1.5	2.0	2.2	0.6	1.1	2.1	2.9	3.3
EBIT - adjusted	1.5	2.2	2.3	0.6	1.1	2.1	2.9	3.3
Margin								
EBITDA	8.4 %	9.0 %	9.8 %	4.7 %	6.7 %	8.3 %	10.9 %	10.4 %
EBIT - reported	4.5 %	5.6 %	6.3 %	1.6 %	3.1 %	5.3 %	7.6 %	7.6 %
EBIT - adjusted	4.5 %	6.0 %	6.6 %	1.6 %	3.1 %	5.3 %	7.6 %	7.6 %
PTP	0.6	0.1	1.6	0.1	0.7	1.7	2.5	2.9
Net profit	0.6	0.3	1.3	0.1	0.6	1.4	2.0	2.3
EPS	0.03	0.02	0.07	0.00	0.03	0.07	0.11	0.12

Source: OP Markets

Teleste						
EURm	2023	2024	2025E	2026E	2027E	2028E
Sales						
Broadband Networks	92	78	85	95	105	113
Public Safety and Mobility	59	54	57	60	63	66
Sales	151	133	142	155	168	179
Sales growth (YoY)						
Broadband Networks	-	-15 %	9 %	13 %	10 %	8 %
Public Safety and Mobility	-	-8 %	5 %	5 %	5 %	4 %
Total	-8 %	-12 %	7 %	9 %	8 %	7 %
Gross profit	74	66	74	79	87	92
Gross margin	49 %	50 %	52 %	51 %	52 %	52 %
Personnel expenses	47.5	41.0	44.5	46.3	48.1	50.1
Other operating expenses	21.9	19.6	19.0	19.4	19.9	20.4
Depreciation and impairment	6.1	11.8	4.9	4.9	4.9	4.9
EBITDA	5.6	8.3	11.2	14.2	19.1	22.5
EBIT - reported	-0.5	-5.4	6.2	9.3	14.2	17.6
EBIT - adjusted	1.2	4.2	6.5	9.3	14.2	17.6
Margin						
EBITDA	3.7 %	6.3 %	7.9 %	9.2 %	11.4 %	12.6 %
EBIT - reported	-0.3 %	-4.1 %	4.4 %	6.0 %	8.5 %	9.8 %
EBIT - adjusted	0.8 %	3.2 %	4.6 %	6.0 %	8.5 %	9.8 %
PTP	-2.4	-7.0	2.3	7.8	12.8	16.4
Net profit	-0.5	-6.1	2.2	6.2	10.5	13.4
EPS	0.09	0.20	0.12	0.33	0.55	0.71

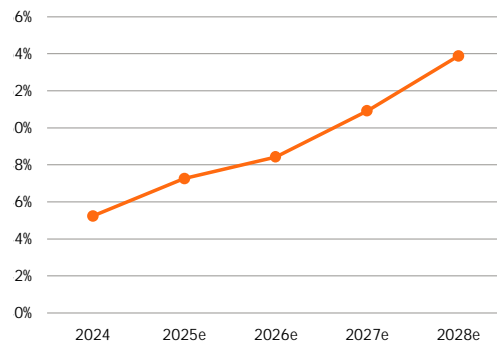
Source: OP Markets

Balance sheet

The key ratios in Teleste’s balance sheet are mostly at a healthy level. The equity ratio is at a good level, around 50%. However, Teleste’s balance sheet shows goodwill of EUR 30m, which is nearly 55% of equity. In addition, intangible assets amount to EUR 9m as a result of the company’s R&D, and together these items constitute 70% of equity. At the end of 2024, Teleste made a write-down on intangible assets when R&D costs capitalised in the balance sheet did not generate sales as planned. We expect this item to remain stable over time, and therefore, capitalisations will be at the same level as the depreciation of this item in the income statement going forward. However, Teleste currently capitalises more R&D costs than the amount of depreciation.

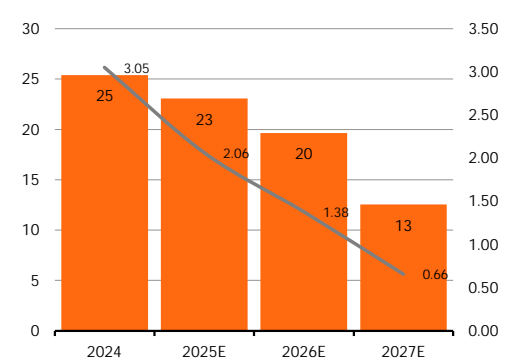
Teleste’s net debt is currently relatively high compared to EBITDA, but we expect net debt to decrease essentially in the coming years. We predict that profit distribution remains moderate and that the company prioritises debt repayment.

Teleste - Equity ratio 2023-2028E



Source: OP Markets

Teleste - Net debt and net debt/EBITDA



Source: OP Markets

Teleste

EURm	2025E	2026E	2027E	2028E
Cash flow				
EBITDA	11.2	14.2	19.1	22.5
Capital expenditure	5.0	5.4	5.9	6.3
Financing	3.9	1.5	1.4	1.2
Taxes	0.1	1.6	2.3	2.9
Dividend	0.6	0.8	1.1	1.5
Other items (net)	-0.8	1.6	1.2	0.7
Total	2.4	3.4	7.2	9.9

Source: OP Markets

In our model, cash flow fully flows into cash assets and gross debt remains constant over time

Balance Sheet						
EURm	2023	2024	2025E	2026E	2027E	2028E
Assets:						
Goodwill	30	30	30	30	30	30
Other intangibles	13	9	9	9	9	9
Tangible assets	12	12	12	11	11	11
Investments	2	3	3	3	3	3
Inventory	36	25	26	28	30	32
Receivables	32	34	34	37	40	42
Short-term investments	0	0	0	0	0	0
Cash and bank	6	9	6	10	17	27
Total assets	132	121	119	128	140	154
Liabilities:						
Share capital	7	7	7	7	7	7
Other restricted equity	2	2	2	2	2	2
Retained earnings	52	46	48	53	63	75
Minority interest	0	0	0	0	0	0
Shareholders equity total	61	55	56	62	71	83
Provisions	0	0	0	0	0	0
LT interest bearing debt	30	25	24	24	24	24
LT non-interest bearing debt	1	1	1	1	1	1
Other long-term debt	0	0	0	0	0	0
ST interest bearing debt	7	10	6	6	6	6
ST non-interest bearing debt	33	32	33	36	39	41
Total liabilities	132	121	119	128	140	154

Source: OP Markets

Investments and R&D

Teleste's capital expenditure is very modest (EUR <0.5m/year). A significant portion of capital expenditure consists of R&D costs, which the company activates in the balance sheet. In 2024, the amount was EUR 4.3m and in 2023, it was EUR 6.1m. Depreciation for the corresponding years amounted to EUR 2.1m and EUR 3.0m. We predict that Teleste's capital expenditure will be 3.5% of sales in 2026–2028, which means annual investments of EUR 5.4–6.3m.

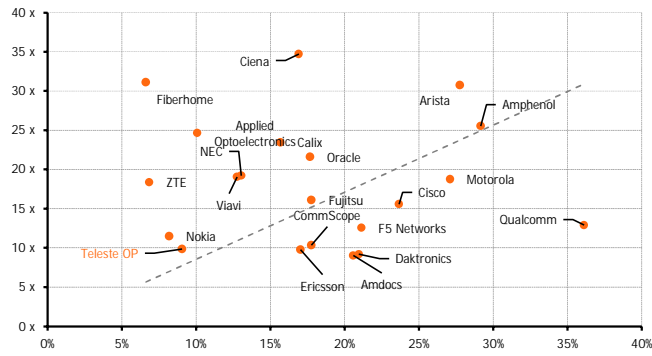
R&D is one of the key investment areas for Teleste. In 2024, R&D costs amounted to a total of EUR 14.1m, or 10% of revenue. Around EUR 10m of R&D is reflected in the income statement as an expense, and around EUR 4m has been activated. We expect this equation to remain constant in 2026–2028.

Valuation

We determine Teleste's target price on the basis of the EV/EBIT multiple and forecasts for 2026–2027. The method is the same as for the other two network equipment manufacturers under our coverage (Nokia and Ericsson).

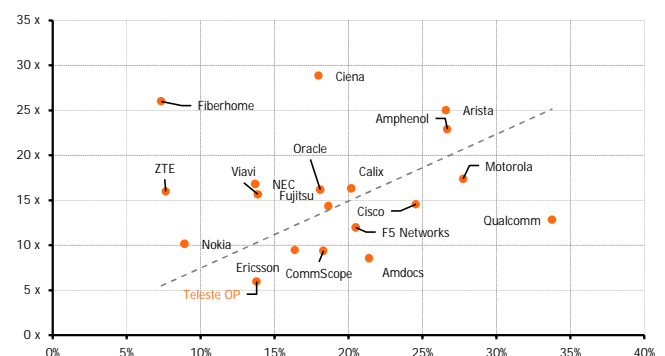
We have assessed Teleste's performance in relation to the peer group in terms of return on capital employed (ROCE), profitability (EBIT margin) and profitability + sales growth.

EV/EBIT and ROCE 2026E



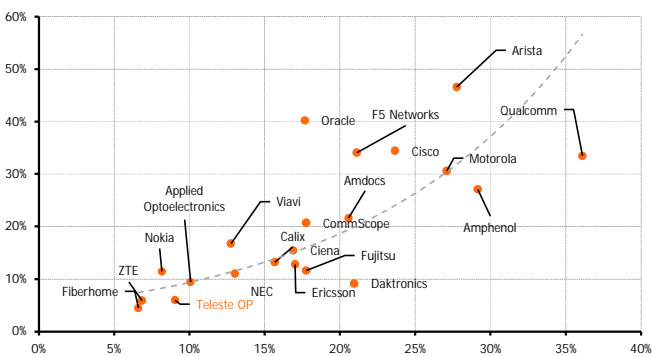
Source: FactSet

EV/EBIT and ROCE 2027E



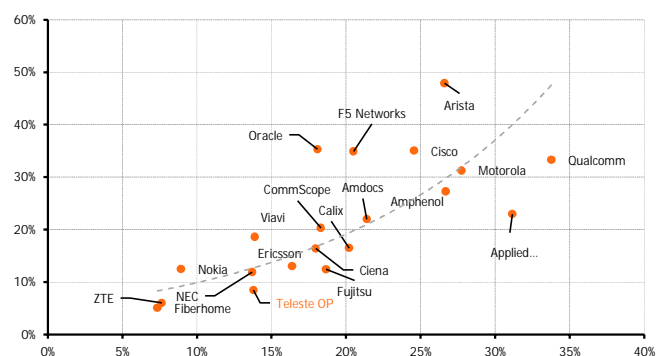
Source: FactSet

EBIT margin and ROCE 2026E



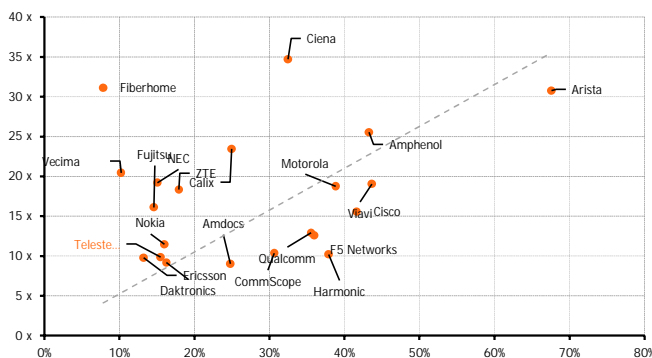
Source: FactSet

EBIT margin and ROCE 2027E



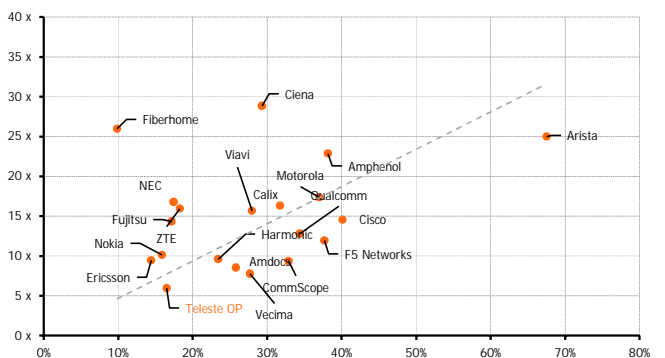
Source: FactSet

EV/EBIT and sales growth + EBIT margin 2026E



Source: FactSet

EV/EBIT and sales growth + EBIT margin 2027E



Source: FactSet

Target price EUR 4.30

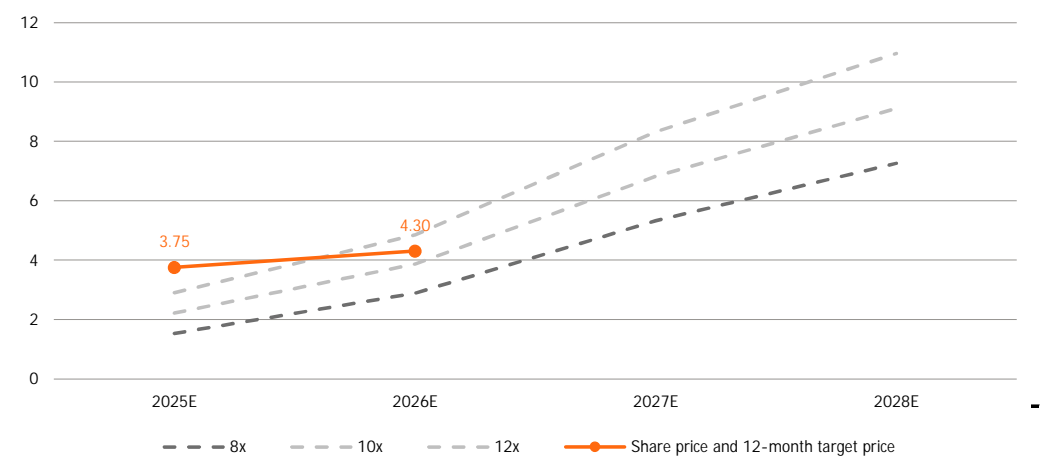
We estimate that the relevant valuation range for Teleste is 8x–12x EV/EBIT based on the peer group’s figures. Our earnings forecast for 2026 and an EBIT multiple of 10x indicate a value of EUR 3.90 per share. We predict a sharp earnings improvement in 2027 and believe that a multiple at the lower end of the valuation range (8x) is justified at this point (EUR 5.30 per share). We weigh these two values at 70/30, which leads to a 12-month target price of EUR 4.30.

Teleste				
EURm	2025E	2026E	2027E	2028E
EBIT	7	9	14	18
Net debt	23	20	13	3
EV/EBIT valuation multiple and the corresponding debt-free value				
8	29	55	101	138
10	42	73	130	173
12	55	92	158	208
Per share				
8x	1.5	2.9	5.3	7.3
10x	2.2	3.9	6.8	9.1
12x	2.9	4.8	8.3	11.0

Target price **4.3**

Source: OP Markets

Teleste - Share value (EUR/share) on various valuation multiples and full-year forecasts



Source: OP Markets

Peer group valuation

Peer group	MARKET	EV/EBIT		EV/EBITDA		P/E		SALES GROWTH		ROCE		EBIT-%	
	CAP (EUR)	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027
	Amdocs	7,278	9.0	8.5	7.5	7.2	10.4	9.6	3 %	4 %	21 %	21 %	21.6 %
Amphenol	146,449	25.5	22.9	22.3	20.2	34.8	31.2	16 %	11 %	29 %	27 %	27.1 %	27.3 %
Applied Optoelectronics	1,559	24.7	5.3	46.3		48.3	8.6	68 %	89 %	10 %	31 %	9.4 %	23.0 %
Arista	139,021	30.7	25.0	30.6	24.5	38.8	31.2	21 %	20 %	28 %	27 %	46.6 %	47.9 %
Calix	3,082	23.4	16.3	20.7	15.0	31.7	21.2	12 %	15 %	16 %	20 %	13.2 %	16.5 %
Ciena	24,427	34.7	28.9	30.5	25.5	45.7	36.2	17 %	13 %	17 %	18 %	15.4 %	16.4 %
Cisco	264,480	15.6	14.5	13.9	13.4	18.9	17.4	7 %	5 %	24 %	25 %	34.4 %	35.1 %
CommScope	3,646	10.4	9.4	8.8	8.1	10.7	9.0	10 %	13 %	18 %	18 %	20.7 %	20.3 %
Daktronics	730	9.2		7.3		14.5		7 %		21 %		9.1 %	
F5 Networks	12,374	12.6	11.9	11.9	11.0	16.5	15.5	2 %	3 %	21 %	20 %	34.1 %	34.9 %
Fiberhome	3,797	31.1	26.0	15.5	13.7	25.2	21.3	3 %	5 %	7 %	7 %	4.5 %	5.1 %
Fujitsu	46,241	16.1	14.3	11.9	11.0	24.1	21.0	3 %	5 %	18 %	19 %	11.6 %	12.4 %
Harmonic	934	10.2	9.6	9.4		14.2	11.9	22 %	7 %			16.2 %	16.1 %
Motorola	53,534	18.8	17.4	16.9	15.7	23.0	21.2	8 %	6 %	27 %	28 %	30.6 %	31.3 %
NEC	43,170	19.2	16.8	13.6	12.3	26.5	23.5	4 %	6 %	13 %	14 %	11.0 %	11.9 %
Nokia	30,009	11.5	10.1	8.8	7.9	15.6	13.9	5 %	3 %	8 %	9 %	11.4 %	12.5 %
Oracle	532,517	21.6	16.2	16.3	11.0	27.2	20.4	26 %	52 %	18 %	18 %	40.2 %	35.3 %
Qualcomm	160,733	12.9	12.8	11.8	11.7	14.3	13.8	2 %	1 %	36 %	34 %	33.5 %	33.3 %
Ericsson	27,770	9.8	9.5	7.6	7.5	14.7	13.6	0 %	1 %	17 %	16 %	12.8 %	13.0 %
Vecima	150	20.4	7.8	6.6	4.9	26.0	11.0	5 %	16 %			5.0 %	11.2 %
Viavi	3,510	19.0	15.7	15.4	14.1	27.8	22.9	27 %	9 %	13 %	14 %	16.7 %	18.6 %
ZTE	23,215	18.4	16.0	12.0	10.9	15.8	14.0	12 %	12 %	7 %	8 %	5.9 %	6.0 %
Teleste OP		9.9	6.0	6.4	4.4	11.6	6.9	9 %	8 %	9 %	14 %	6.0 %	8.5 %
Median		18.6	14.5	12.8	11.7	23.6	17.4	8 %	7 %	18 %	19 %	16 %	19 %
Average		18.4	15.0	15.7	12.9	23.9	18.5	13 %	14 %	18 %	20 %	20 %	21 %

Source: OP Markets, FactSet

The value indicated by the DCF model is EUR 5.80 per share

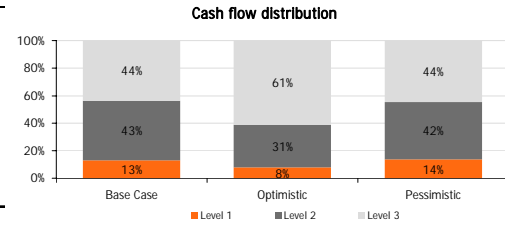
In the DCF model, we set terminal growth at 1%. The required return on capital (WACC) is 8.5%.

Teleste

CASH FLOW PROJECTIONS

EURm	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues	142	155	168	179	187	195	202	207	211	214	215
Revenue growth	7.2 %	9.5 %	8.1 %	6.7 %	4.5 %	4.0 %	3.5 %	2.5 %	2.0 %	1.5 %	0.5 %
EBIT	6.5	9.3	14.2	17.6	18.7	19.5	19.2	18.6	17.9	17.1	15.1
EBIT margin	4.6 %	6.0 %	8.5 %	9.8 %	10.0 %	10.0 %	9.5 %	9.0 %	8.5 %	8.0 %	7.0 %
Gross Investments	5.0	5.4	5.9	6.3	6.6	6.8	7.1	7.2	7.4	7.5	7.5
Gross inv./depreciation	1.0	1.1	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Free cash flow	7	4	8	11	13	14	13	13	13	12	11

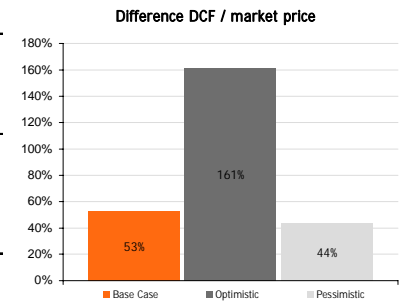
FCF	Base Case		Optimistic		Pessimistic	
	growth	% pv*	growth	% pv	growth	% pv
Level 1						
2025						
:	23.9 %	13 %	23.9 %	8 %	23.9 %	14 %
2027						
Level 2						
2028						
:	3.5 %	43 %	8.5 %	31 %	1.5 %	42 %
2035						
Level 3						
2036	1.0 %	44 %	2.5 %	61 %	0.0 %	44 %
PV total	130	100 %	208	100 %	123	100 %



* Level share of present value cash flows

IMPLIED SHARE PRICE vs CURRENT SHARE PRICE

Teleste	Base Case	Optimistic	Pessimistic
Present value FCF	130	208	123
- debt (int.-bearing)	30	30	30
- minority interest	0	0	0
+ fin. investments	3	3	3
+ cash and bank	6	6	6
PV shareholder equity	110	189	104
No. of shares (million)	19.0	19.0	19.0
Implied share price	5.8	9.9	5.5
Current share price	3.8	3.8	3.8
Difference (EUR)	2.0	6.1	1.7
Difference %	53 %	161.5 %	43.7 %



SENSITIVITY ANALYSIS

Interest rate sensitivity	Implied share price			
	Base Case	Optimistic	Pessimistic	
risk-free rate	2.50 %	6.2	11.0	5.9
rate	3.00 %	5.8	9.9	5.5
	3.50 %	5.4	9.1	5.1

Growth sensitivity	Implied share price					WACC
	7.5 %	8.0 %	8.5 %	9.0 %	9.5 %	
Base Case	0.00 %	6.3	5.8	5.4	5.1	4.7
infinite	0.50 %	6.6	6.1	5.6	5.2	4.8
cash flow	1.00 %	6.9	6.3	5.8	5.4	5.0
growth	1.50 %	7.2	6.6	6.0	5.6	5.2
	2.00 %	7.6	6.9	6.3	5.8	5.3

WACC vs risk-free rate

Risk-fr. r.	2.50 %	3.00 %	3.50 %
CAPM	7.50 %	8.00 %	8.50 %
WACC	8.1 %	8.5 %	9.0 %
	WACC ₂	WACC ₁	WACC ₃

WACC

Cost of equity capital:

CAPM	
Risk-free rate	3.00 %
Market risk premium	5.00 %
Company beta	1.00
Cost of equity capital	8.00 %

Cost of debt capital:

Risk-free rate	3.00 %
Risk premium	4.50 %
Tax rate	20.0 %
Tax shield on interest exp.	1.50 %
Cost of debt capital	6.00 %

WACC:

Cost of equity capital	8.00 %
Cost of debt capital	6.00 %
Debt ratio (target)	50.0 %
Equity ratio (target)	50.0 %
Likvidity premium	1.50 %
WACC	8.50 %

Income statement and balance sheet

Income Statement						
EURm	2023	2024	2025E	2026E	2027E	2028E
Sales	151.3	132.5	142.0	155.5	168.0	179.2
Gross profit	74.0	66.4	74.0	79.3	86.5	92.3
Gross margin (%)	49 %	50 %	52 %	51 %	52 %	52 %
Personnel expenses	47.5	41.0	44.5	46.3	48.1	50.1
Other expenses	21.9	19.6	19.0	19.4	19.9	20.4
Total expenses	145.8	124.2	130.8	141.2	148.9	156.7
EBITDA	5.6	8.3	11.2	14.2	19.1	22.5
Depreciation	6.1	11.8	4.9	4.9	4.9	4.9
EBIT	-0.5	-5.4	6.2	9.3	14.2	17.6
EBIT excl NRI	1.2	4.2	6.5	9.3	14.2	17.6
Associated companies	0.0	0.0	0.0	0.0	0.0	0.0
Financials	0.0	-1.6	-3.9	-1.5	-1.4	-1.2
PTP	-2.4	-7.0	2.3	7.8	12.8	16.4
Taxes	0.0	-1.0	0.1	1.6	2.3	2.9
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	-0.5	-6.1	2.2	6.2	10.5	13.4
EPS excl. NRI	0.09	0.20	0.12	0.33	0.55	0.71
DPS	0.00	0.03	0.04	0.06	0.08	0.10

Source: OP Markets

Balance Sheet						
EURm	2023	2024	2025E	2026E	2027E	2028E
Assets:						
Goodwill	30	30	30	30	30	30
Other intangibles	13	9	9	9	9	9
Tangible assets	12	12	12	11	11	11
Investments	2	3	3	3	3	3
Inventory	36	25	26	28	30	32
Receivables	32	34	34	37	40	42
Short-term investments	0	0	0	0	0	0
Cash and bank	6	9	6	10	17	27
Total assets	132	121	119	128	140	154
Liabilities:						
Share capital	7	7	7	7	7	7
Other restricted equity	2	2	2	2	2	2
Retained earnings	52	46	48	53	63	75
Minority interest	0	0	0	0	0	0
Shareholders equity total	61	55	56	62	71	83
Provisions	0	0	0	0	0	0
LT interest bearing debt	30	25	24	24	24	24
LT non-interest bearing debt	1	1	1	1	1	1
Other long-term debt	0	0	0	0	0	0
ST interest bearing debt	7	10	6	6	6	6
ST non-interest bearing debt	33	32	33	36	39	41
Total liabilities	132	121	119	128	140	154

Source: OP Markets

Board of Directors



Timo Luukkainen

B.Sc. (Econ.), M.Sc.(Eng.), MBA (IMD), born in 1954

Chairman of the Board 2020–

Member of the Board 2016–

Non-independent of a significant shareholder.

Chairman of the Board in Tianta Oy, which is a significant shareholder of Teleste.

Principal occupation:

Board professional



Jussi Himanen

M.Sc. (Industrial Engineering), born in 1972

Member of the Board 2019–

Independent of the company and its significant shareholders.

Principal occupation:

WithSecure, VP Strategy and M&A 2022 –



Vesa Korpimies

M.Sc. (Econ.), born in 1962

Member of the Board 2019–

Non-independent of a significant shareholder.

CEO and Board member in Tianta Oy, which is a significant shareholder of Teleste.

Principal occupation:

EM Group Oy, CEO 2018–



Mirel Leino-Haltia

PhD (Econ.), CFA, born in 1971

Member of the Board 2020–

Chair of the Audit Committee 2020–

Independent of the company and its significant shareholders.

Principal occupation:

Professor of Practice, Aalto University 2019 –

Board professional



Anni Ronkainen

M.Sc. (Econ.), born in 1966

Member of the Board 2024–

Independent of the company and its significant shareholders.

Principal occupation:

Board professional



Kai Telanne

M.Sc. (Econ.), born in 1964

Member of the Board 2008–

Independent of the company and its significant shareholders.

Principal occupation:

Alma Media Corporation, CEO 2005 –

Leadership Team



Esa Harju

M.Sc.(Eng.), born in 1967

President and CEO

Joined Teleste in 2016

Member of the Leadership Team since 2016



Mervi Kerkelä-Hiltunen

M.Sc. (Econ.), born in 1975

CFO

Joined Teleste in 2024

Member of the Leadership Team since 2024



Pasi Järvenpää

M.Sc.(Eng.), born in 1967

Research and Development,
Senior Vice President

Joined Teleste in 1994

Member of the Leadership Team since 2013



Linda Kallas

M.Sc. (Eng.), born in 1980

Strategy, Communications &
Sustainability, Senior Vice
President

Joined Teleste in 2023

Member of the Leadership Team since 2023



Esa Korolainen

M.Sc. (Eng.), born in 1980

Operations, Logistics & Sourcing,
Senior Vice President

Joined Teleste in 2024

Member of the Leadership Team since 2024



Ulf Andersson

B.Sc. (Eng.), MBA, born in 1970

Broadband Networks, EVP & GM
Joined Teleste in 2024

Member of the Leadership Team since 2024

**Valerian Sand**

M.Sc. (Econ.), born in 1984
Public Safety and Mobility, Senior
Vice President
Joined Teleste in 2022
Member of the Leadership Team
since 2022

**Tuomas Vanne**

M.Sc. (Military Science), born in
1979
People and Culture, Senior Vice
President
Joined Teleste in 2019
Member of the Leadership Team
since 2019

More information on OP Corporate Bank plc and the investment research produced by it:

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The information concerning the research report was not sent to the issuer of the security subject to analysis for approval before the report was released.

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Recommendations and target price history			Teleste
Recommendation	Target price (€)	Price (€)	Date
ACCUMULATE	4.30	3.75	9.12.2025

The recommendation breakdown of OP Corporate Bank plc for all companies subject to research and for companies regarding which OP Corporate Bank plc or another company belonging to the same group has been party to the aforementioned* agreements concerning the provision of investment banking services:

Share recommendation breakdown (as of 1 December 2025)				
Recommendation	All Companies		Inv. Banking Relationships*	
	Count	%	Count	%
BUY	19	28	1	13
ACCUMULATE	25	37	1	13
REDUCE	21	31	6	75
SELL	3	4	0	0
	68	100	8	100

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