

Interim Report Q3



RECORD NET SALES AND OPERATING PROFIT IN THE THIRD QUARTER**July to September 2015**

- Net sales amounted to EUR 66.2 (50.4) million, an increase of 31.4%
- Operating profit amounted to EUR 5.9 (4.9) million, an increase of 20.0%
- Undiluted result per share stood at EUR 0.23 (0.20) per share, an increase of 15.5%
- Orders received totalled EUR 62.0 (49.0) million, an increase of 26.6%
- Operating cash flow was EUR 4.8 (-0.0) million

January to September 2015

- Net sales amounted to EUR 179.4 (143.3) million, an increase of 25.2%
- Operating profit amounted to EUR 11.0 (7.6) million, an increase of 44.9%
- Undiluted earnings per share were EUR 0.45 (0.31), an increase of 47.1%
- Orders received totalled EUR 183.1 (146.3) million, an increase of 25.2%
- Cash flow from operations was EUR 1.5 (1.8) million, a decrease of 17.0%

Outlook for 2015

We estimate that net sales and operating profit for 2015 will exceed the 2014 level.

Comments on the third quarter of 2015 by CEO Jukka Rinnevaara:

"In the third quarter we managed to achieve the highest net sales and operating profit in Teleste's history. Along with the Mitron business these were especially improved by increased volumes of product deliveries.

As to Video and Broadband Solutions, in particular, the demand for access network products remained at a high level. The demand for products complying with the new Docsis 3.1 standard continued strong. At the end of September we won a multi-year frame agreement from the Norwegian Telenor Group. Net sales of the business area rose by 51% over the comparative period, which stands for the highest ever net sales in a single quarter. Net sales were boosted, in particular, by access network products and the Mitron acquisition. Orders received and sales increased most in the Netherlands, Belgium and Poland. The operating profit was boosted by growth in the sales volume of access network products, project deliveries to Poland and the Mitron acquisition.

As to Network Services, the year-on-year net sales and operating profit improved. In Germany, we managed to improve profitability after the difficult second quarter. We continued to develop our new services business in the UK, where the net sales increased but the operating profit remained negative."

Teleste Group in July to September 2015

Key figures (M€)	7-9/2015	7-9/2014	Change
Orders received	62.0	49.0	26.6%
Net sales	66.2	50.4	31.4%
EBIT	5.9	4.9	20.0%
Operating profit, % of net sales	8.9%	9.8%	
Profit for the period	4.2	3.6	17.6%
Earnings per share, €	0.23	0.20	15.5%
Cash flow from operations	4.8	-0.0	

In the third quarter, orders received by the Group amounted to EUR 62.0 (49.0) million, up 26.6% on last year's comparative period. Order backlog grew by 165.7% to EUR 42.6 (16.0) million.

Net sales grew by 31.4% amounting to EUR 66.2 (50.4) million. Most of this increase in net sales stemmed from Video and Broadband Solutions both organically and through acquisition. Compared to the same period in the previous year, operating profit increased by 20.0% standing at EUR 5.9 (4.9) million, which is 8.9% (9.8%) of the net sales. Operating profit increased for both Video and Broadband Solutions and Network Services. Personnel expenses amounted to EUR 17.1 (13.7) million. Personnel expenses increased as a result of both organic growth but, in particular, an acquisition. Financial expenses increased over the comparative period improved by foreign exchange gains. Undiluted earnings per share stood at EUR 0.23 (EUR 0.20).

Operating cash flow stood at EUR 4.8 (-0.0) million. Despite the increase in working capital this good quarterly result turned cash flow positive.

Teleste Group in January to September 2015

Key figures (M€)	1-9/2015	1-9/2014	Change %	1- 12/2014
Orders received	183.1	146.3	25.2%	199.3
Net sales	179.4	143.3	25.2%	197.2
EBIT	11.0	7.6	44.9%	11.1
EBIT %	6.1%	5.3%		5.6%
Profit for the period	8.1	5.4	50.6%	8.5
Earnings per share, €	0.45	0.31	47.1%	0.48
Cash flow from operations	1.5	1.8	-17.0%	9.2
Net gearing, %	29.0%	19.6%		9.5%
Equity ratio, %	46.8%	52.6%		53.4%
Personnel at period-end	1,496	1,318	13.5%	1,343

Orders received by the Group improved by 25.2% standing at EUR 183.1 (146.3) million. Net sales increased 25.2% equalling EUR 179.4 (143.3) million. Operating profit grew by 44.9% standing at EUR 11.0 (7.6) million. Personnel expenses amounted to EUR 52.4 (43.1) million. Financial expenses equalled EUR 0.2 (0.1) million. Taxes for the Group amounted to EUR 2.7 (2.1) million while the Group's tax rate stood at 25.1% (28.0%). Undiluted result per share increased by 47.1% to EUR 0.45 (0.31). Operating cash flow stood at EUR 1.5 (1.8) million.

Video and Broadband Solutions in July to September 2015

Key figures (1,000 €)	7-9/2015	7-9/2014	Change
Orders received	39,616	27,571	43.7%
Net sales	43,760	28,909	51.4%
EBIT	5,113	4,421	15.7%
EBIT %	11.7%	15.3%	

Orders received totalled EUR 39.6 (27.6) million, an increase of 43.7% from the comparative period. Order backlog increased by 165.7% to EUR 42.6 (16.0) million. The order backlog was especially improved by higher orders in the access network products and the order book received in the Mitron acquisition. Net sales grew by 51.4% amounting to EUR 43.8 (28.9) million. Deliveries of access network products, deliveries of solutions in Poland and the Mitron business increased net sales significantly higher than that of the comparative period. Operating profit increased by 15.7% to EUR 5.1 (4.4) million, representing 11.7% (15.3%) of the net sales. The operating profit was increased by growth in the sales volume of access network products, project deliveries to Poland and Mitron.

R&D expenses for the business area amounted to EUR 2.0 (2.1) million making 4.6% (7.4%) of the net sales. Product development projects focused on network products complying with the Docsis 3.1 standard, video security and information solutions, as well as customer-specific projects. Capitalized R&D

expenses amounted to EUR 0.3 (0.1) million. Depreciation on capitalized R&D expenses equalled EUR 0.2 (0.3) million.

Video and Broadband Solutions in January to September 2015

Key figures (1,000 €)	1-9/2015	1-9/2014	Change	1-12/2014
Orders received	114,532	80,365	42.5%	109,007
Net sales	110,812	77,401	43.2%	106,901
EBIT	10,115	7,057	43.3%	9,673
EBIT %	9.1%	9.1%		9.0%

Orders received increased by 42.5% to EUR 114.5 (80.4) million. Net sales grew by 43.2% amounting to EUR 110.8 (77.4) million. Operating profit increased 43.3% equalling EUR 10.1 (7.1) million. The operating profit percentage was 9.1% (9.1%).

Product development expenses equalled EUR 7.8 (7.7), i.e. 7.0% (10.0%) of the net sales. Activated R&D expenses stood at EUR 0.9 (0.7) million while depreciation on product development expenses equalled EUR 0.7 (0.9) million. Product development projects focused on network products complying with the Docsis 3.1 standard, a network management system, distributed access architecture, video security and information solutions, as well as customer-specific projects.

Network Services in July to September 2015

Key figures (1,000 €)	7-9/2015	7-9/2014	Change
Orders received	22,432	21,455	4.6%
Net sales	22,432	21,455	4.6%
EBIT	811	516	57.2%
EBIT %	3.6%	2.4%	

Net sales for the third quarter stood at EUR 22.4 (21.5) million, which is 4.6% higher than in the comparison period. Net sales grew in the UK and Switzerland. Operating profit stood at EUR 0.8 (0.5) million, up 57.2% from the comparative period. Operating profit was 3.6% (2.4%) of net sales. Operating profit improved in Germany and Switzerland. In the UK, operating profit was a loss. The investment designed to expand our business in the UK will be continued. We expect operating profit to turn positive in the course of the next year.

Network Services in January to September 2015

Key figures (1,000 €)	1-9/2015	1-9/2014	Change	1-12/2014
Orders received	68,554	65,908	4.0%	90,275
Net sales	68,554	65,908	4.0%	90,275
EBIT	914	554	65.0%	1,463
EBIT %	1.3%	0.8%		1.6%

Net sales grew by 4.0% amounting to EUR 68.6 (65.9) million. Net sales increased in Switzerland and the UK. Operating profit equalled EUR 0.9 (0.6) million. Operating profit increased in Switzerland. Investments in the expansion of the UK services business burdened the operating profit.

Personnel and Organization in January to September 2015

In the period under review, the Group had an annual average of 1,485 people (1,292/2014, 1,324/2013), of whom 694 (564) were employed by Video and Broadband Solutions, and 791 (728) by Network Services. At the end of the reporting period, the Group employed 1,496 (1,318/2014, 1,283/2013) people, of whom Video and Broadband Solutions accounted for 704 (554) and Network Services for 792 (763). At the end of the reporting period, 68% (72%/2014, 72%/2013) worked abroad. 3% of the Group's employees were working outside Europe.

Personnel costs amounted to EUR 52.4 million (43.1/2014, 41.7/2013). This increase in personnel expenses was due to the acquisition of Mitron, as well as the increased number of employees working for Network Services.

The ability to deliver of our Finnish production was improved by using, inter alia, rented workforce, particularly in the third quarter. At the end of the period, the number of rented workforce in our Finnish production was 44 people.

Investments and Product Development in January to September 2015

Investments by the Group in the period under review totalled EUR 14.6 (2.9) million accounting for 8.1% (2.0%) of the net sales. EUR 11.5 million of these investments involved the acquisition of Mitron. Investments in product development equalled EUR 0.8 (0.7) million. Investments of EUR 0.2 (0.3) million were carried out under financial lease arrangements.

Product development projects focused on network products complying with the Docsis 3.1 standard, a network management system, distributed access architecture, video security and information solutions, as well as customer-specific projects.

Financing and Capital Structure in January to September 2015

Operating cash flow stood at EUR 1.5 (1.8) million. This decline in the operating cash flow over the comparative period was caused by increased working capital.

In January, Teleste Corporation signed new overdraft and revolving credit facilities with a total value of EUR 45.0 million. These new agreements replaced the corresponding previous funding agreements. These credit limits are valid until the end of March 2018. At the end of the reporting period, the amount of unused binding stand-by credit facilities at the Group's disposal equalled EUR 11.1 (16.0) million. On 30 September 2015, the Group's interest bearing debt stood at EUR 36.7 (25.5) million.

The Group's equity ratio equalled 46.8% (52.6%) and net gearing was 29.0% (19.6%).

Key Risks Faced by the Business Areas

Founded in 1954, Teleste is a technology and services company consisting of two business areas – Video and Broadband Solutions and Network Services. With Europe as the main market area, our clients include European cable operators and specified organizations in the public sector.

As to Video and Broadband Solutions, client-specific and integrated deliveries of solutions create favourable conditions for growth, even if the concerned resource allocation and technical implementation pose a challenge involving, therefore, also reasonable risks. In particular, deliveries of integrated safety and information systems for the rail transport segment may be large in size, setting high demands for the project quotation calculation and management and, consequently, there are risks involved. Our customers' network investments vary based on the relevant need for upgrading and their financial structure. Significant part of Teleste's competition comes from the USA so the exchange rate of euro up against the US dollar affects our competitiveness. The exchange rate development of the US dollar and the Chinese renminbi to the euro affects our product costs.

The company hedges against short-term currency exposure by means of forward exchange contracts. The situation in the European financial markets may slow down our customers' investment plans. Furthermore, a weakening in the consumer purchasing power in Europe could slow down the network investments by the cable operators. Competition increased by the new service providers (OTT) may undermine the cable operators' ability to invest. Availability of components is subject to natural phenomena, such as floods and earthquakes. Correct technological choices and their timing are vital for our success. Regardless of careful planning and quality assurance, complex products may fail in the customer's network and lead to expensive repair obligations.

Net sales of Network Services comes, for the most part, from a small number of large European customers, so a significant change in the demand for our services by any one of them is reflected in the actual deliveries and profitability. Improvements in customer satisfaction and productivity require efficient control of service process management as well as innovative solutions in processes, products and logistics to ensure the quality of services and cost effectiveness. Smooth operation of cable

networks necessitates efficient technical management of the networks and functional solutions for devices in accordance with contractual obligations. This, in turn, demands continuous and determined development of skills and competences in Teleste's own personnel as well as those of our subcontractors. In addition, Teleste's ability to deliver and compete may be constrained by the adequacy of our own personnel and our sub-contractor network capacity. Tender calculation and management of larger projects with overall responsibility are complex and risky. Severe weather conditions may affect the supply conditions of our products and services.

Teleste's strategy involves risks and uncertainties: new business opportunities may fail to be identified or they cannot be acted upon successfully. The business areas will have to keep an eye on market movements, such as consolidations among the customers and competitors. Intensifying competition may decrease the prices of products and solutions faster than we manage to reduce our products' manufacturing and delivery costs. Various information systems are critical to the development, manufacturing and supply of products to our customers. Maintenance of information systems and deployment of new systems involve risks that may affect our ability to deliver products and services. Information systems may also be subject to external threats, from which we aim to protect ourselves. Acquisition of skilled personnel and maintenance of their competence require encouragement, development and recruitment, which can fail.

The Board of Directors annually reviews any essential risks related to the company operation and the management thereof. Risk management constitutes an integral part of the strategic and operative practices of our business areas. Risks are reported to the Board on a regular basis.

The company has covered any major risks of loss related to the business areas through insurance policies. Insurance will also cover credit loss risks related to sales receivables. In the period under review, no such legal proceedings or judicial procedures were pending that would have had any essential significance for the Group operation.

Group Structure

Parent company Teleste has branch offices in Australia, the Netherlands, and Denmark with subsidiaries in 14 countries outside Finland. On 7 January 2015, the parent company acquired the entire share capital of Mitron Group Oy Ltd. On 15 May 2015, the parent company bought the entire share capital of Teleste Management II Oy to acquire its holding of Teleste Corporation's shares.

Shares and Changes in Share Capital

On 30 September 2015, EM Group Oy was the largest single shareholder with a holding of 23.2%.

In the period under review, the lowest company share price was EUR 5.32 (4.25) while the highest was EUR 8.14 (5.14). Closing price on 30 September 2015 stood at EUR 7.60 (5.00). According to Euroclear Finland Ltd the number of shareholders at the end of the period under review was 5,102 (4,931). Foreign ownership accounted for 7.2% (4.9%). The value of shares traded on the NASDAQ Helsinki on 1 January to 30 September 2015 was EUR 18.2 (7.6) million. In the period under review, 2.6 (1.7) million Teleste shares were traded on the stock exchange.

On 30 September 2015, the Group held 863,953 of its own shares, of which the parent company Teleste Corporation had 321,953 shares and the Group companies had 542,000 shares, respectively. At the end of the period, the Group's holding of the total amount of shares amounted to 4.6% (6.3%).

In January, the Company transferred 56,924 shares as part of the purchase price in the context of the acquisition of the entire share capital of Mitron Group Oy Ltd by Teleste Corporation. In February, the Company transferred 73,644 shares in a directed free share issue constituting part of Teleste Corporation's 2012 long-term incentive plan. In May, the Company transferred 195,133 shares when purchasing the entire share capital of Teleste Management II Oy.

On 30 September 2015, the registered share capital of Teleste stood at EUR 6,966,932.80 divided in 18,985,588 shares.

Valid authorizations at the end of the review period:

- Purchases of own shares: maximum 1,200,000 of the Company's own shares, valid until 8 October 2016.

- Issue of new shares: maximum 4,000,000 shares, valid until 31 March 2017.
- Disposal of own shares in possession: maximum 1,800,000 shares, valid until 31 March 2017.
- Based on the special rights granted by the Company, the number of shares to subscribe may not exceed 2,500,000 shares; these special rights are included in the maximum warrants concerning new shares and the Group's own shares mentioned above. This authorization is valid until 31 March 2017.

Decisions by the Annual General Meeting

The Annual General Meeting (AGM) of Teleste Corporation on 09 April 2015 confirmed the financial statements for 2014 and discharged the Board of Directors and the CEO from liability for the financial period. The AGM confirmed the dividend of EUR 0.20 per share as proposed by the Board. The dividend was paid out on 20 April 2015.

The AGM decided that the Board of Directors consists of six members. Mr. Pertti Ervi, Ms. Jannica Fagerholm, Mr. Esa Harju, Ms. Marjo Miettinen, Mr. Kai Telanne and Mr. Petteri Walldén were re-elected as members of Teleste Corporation's Board of Directors. Ms. Marjo Miettinen was elected Chair of the Board in the organizational meeting held immediately after the AGM.

Authorized Public Accountants KPMG Oy Ab continue as the auditor until the next AGM. Mr. Esa Kailiala, accountant authorized by the Central Chamber of Commerce of Finland, was chosen auditor-in-charge.

The Annual General Meeting decided to authorize the Board of Directors to decide on repurchasing the Company's own shares as proposed by the Board. Based on this authorization, the Board of Directors may repurchase a maximum of 1,200,000 own shares of the Company otherwise than in proportion to the holdings of the shareholders by using the non-restricted equity through regulated market on NASDAQ OMX Helsinki Ltd at the market price prevailing at the time of acquisition. This authorization of purchasing is valid for 18 months from the date of the decision.

Outlook for 2015

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 passenger information markets will 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.

28 October 2015

Teleste Corporation
Board of Directors

Jukka Rinnevaara
President and CEO

This interim report has been compiled in compliance with IAS 34, as it is accepted within EU, using the recognition and valuation principles with those used in the Annual Report. The data stated in this report is unaudited.

STATEMENT OF COMPREHENSIVE INCOME (tEUR)	7-9/2015	7-9/2014	Change %	1-12/2014
Net Sales	66,192	50,365	31.4 %	197,176
Other operating income	137	281	-51.1 %	2,536
Materials and services	-34,611	-24,368	42.0 %	-97,561
Personnel expenses	-17,102	-13,743	24.4 %	-59,497
Other operating expenses	-7,536	-6,508	15.8 %	-27,309
Depreciation	-1,157	-1,089	6.2 %	-4,211
Operating profit	5,924	4,937	20.0 %	11,135
Financial income and expenses	-390	90	n/a	-301
Profit after financial items	5,534	5,027	10.1 %	10,835
Profit before taxes	5,534	5,027	10.1 %	10,835
Taxes	-1,341	-1,462	-8.3 %	-2,353
Net profit	4,193	3,565	17.6 %	8,482
Attributable to:				
Equity holders of the parent	4,193	3,565	17.6 %	8,482
Earnings per share for result of the year attributable to the equity holders of the parent (expressed in € per share)				
Basic	0.23	0.20	15.5 %	0.48
Diluted	0.23	0.20	15.5 %	0.48
Total comprehensive income for the period (tEUR)				
Net profit	4,193	3,565	17.6 %	8,482
Possible items with future net profit effect				
Translation differences	-362	-126	187.3 %	-465
Fair value reserve	8	-33	n/a	-25
Total comprehensive income for the period	3,839	3,406	12.7 %	7,992
Attributable to:				
Equity holders of the parent	3,839	3,406	12.7 %	7,992

STATEMENT OF COMPREHENSIVE INCOME (tEUR)	1-9/2015	1-9/2014	Change %	1-12/2014
Net Sales	179,365	143,310	25.2 %	197,176
Other operating income	1,853	784	136.4 %	2,536
Materials and services	-91,052	-70,631	28.9 %	-97,561
Personnel expenses	-52,449	-43,091	21.7 %	-59,497
Other operating expenses	-23,126	-19,647	17.7 %	-27,309
Depreciation	-3,562	-3,114	14.4 %	-4,211
Operating profit	11,029	7,611	44.9 %	11,135

Financial income and expenses	-199	-128	55.7 %	-301
Profit after financial items	10,830	7,483	44.7 %	10,835
Profit before taxes	10,830	7,483	44.7 %	10,835
Taxes	-2,717	-2,094	29.7 %	-2,353
Net profit	8,114	5,389	50.6 %	8,482
Attributable to:				
Equity holders of the parent	8,114	5,389	50.6 %	8,482
Earnings per share for result of the year attributable to the equity holders of the parent (expressed in € per share)				
Basic	0.45	0.31	47.1 %	0.48
Diluted	0.45	0.30	48.1 %	0.48
Total comprehensive income for the period (tEUR)				
Net profit	8,114	5,389	50.6 %	8,482
Possible items with future net profit effect				
Translation differences	-33	-175	-81.1 %	-465
Fair value reserve	20	-32	n/a	-25
Total comprehensive income for the period	8,101	5,182	56.3 %	7,992
Attributable to:				
Equity holders of the parent	8,101	5,182	56.3 %	7,992

STATEMENT OF FINANCIAL POSITION (tEUR)

	30/09/2015	30/09/2014	Change %	31/12/2014
Non-current assets				
Property, plant, equipment	10,554	9,906	6.5 %	9,627
Goodwill	38,211	33,444	14.3 %	33,121
Other intangible assets	6,317	3,843	64.4 %	3,891
Deferred tax assets	1,929	1,966	-1.9 %	1,698
Available-for-sale investments	694	694	0.0 %	701
	57,705	49,853	15.8 %	49,037
Current assets				
Inventories	31,710	21,629	46.6 %	20,483
Trade and other receivables	57,428	45,395	26.5 %	45,276
Cash and cash equivalents	15,179	12,000	26.5 %	17,672
	104,317	79,024	32.0 %	83,430
Total assets	162,022	128,877	25.7 %	132,467
Shareholder's equity and liabilities				
Share capital	6,967	6,967	0.0 %	6,967
Other equity	67,306	60,319	11.6 %	63,227
Non-controlling interest	0	483	n/a	487
	74,274	67,769	9.6 %	70,682

Non-current liabilities				
Provisions	1,341	598	124.4 %	1,238
Deferred tax liabilities	1,657	1,143	44.9 %	1,327
Non interest bearing liabilities	3,511	2,621	34.0 %	31
Interest bearing liabilities	35,997	655	n/a	595
	42,506	5,017	747.3 %	3,192
Current liabilities				
Trade payables and other liabilities	42,171	29,743	41.8 %	33,536
Current tax payable	1,502	648	131.8 %	793
Provisions	828	863	-4.0 %	480
Interest bearing liabilities	741	24,838	-97.0 %	23,784
	45,242	56,091	-19.3 %	58,593
Total shareholder's equity and liabilities	162,022	128,877	25.7 %	132,467

CONSOLIDATED CASH FLOW STATEMENT (tEUR)

	1-9/2015	1-9/2014	Change %	1-12/2014
Cash flows from operating activities				
Profit for the period	8,114	5,389	50.6 %	8,482
Adjustments	6,477	5,336	21.4 %	4,211
Interest and other financial expenses and incomes	-199	-128	55.7 %	-301
Paid Taxes	-2,328	-2,652	-12.2 %	-2,717
Change in working capital	-10,598	-6,179	71.5 %	-448
Cash flow from operating activities	1,466	1,766	-17.0 %	9,227
Cash flow from investing activities				
A conditional supplementary contract price for prior subsidiary acquisitions	-1,147	0	n/a	0
Purchases of property, plant and equipment (PPE)	-997	-1,439	-30.7 %	-1,782
Proceeds from sales of PPE	17	0	n/a	64
Purchases of intangible assets	-873	-725	20.4 %	-1,077
Acquisition of subsidiary, net of cash acquired	-6,826	0	n/a	0
Acquisition of asset available for sale	0	-407	n/a	-407
Net cash used in investing activities	-9,826	-2,571	282.2 %	-3,202
Cash flow from financing activities				
Proceeds from borrowings	40,300	1,000	3930.0 %	1,000
Payments of borrowings	-29,324	-284	n/a	-1,255
Dividends paid	-3,694	-3,462	6.7 %	-3,360
Purchases and proceeds of own shares	-1,382	497	n/a	497
Net cash used in financing activities	5,900	-2,249	n/a	-3,118
Change in cash				
Cash in the beginning	17,672	15,229	16.0 %	15,229
Change in cash during period	-2,460	-3,054	-19.4 %	2,907
Effect of currency changes	-33	-175	-81.1 %	-465
Cash at the end	15,179	12,000	26.5 %	17,672

KEY FIGURES	1-9/2015	1-9/2014	Change %	1-12/2014
Earnings per share, EUR	0.45	0.31	47.1 %	0.48
Earnings per share fully diluted, EUR	0.45	0.30	48.1 %	0.48
Shareholders' equity per share, EUR	4.10	3.78	8.4 %	3.94
Return on equity	14.9 %	10.8 %	38.2 %	12.5 %
Return on capital employed	15.0 %	11.4 %	31.7 %	12.2 %
Equity ratio	46.8 %	52.6 %	-11.0 %	53.4 %
Gearing	29.0 %	19.6 %	47.8 %	9.5 %
Investments, tEUR	14,582	2,875	407.2 %	3,676
Investments % of net sales	8.1 %	2.0 %		1.9 %
Order backlog, tEUR	42,605	16,033	165.7 %	15,206
Personnel, average	1,485	1,292	14.9 %	1,302
Number of shares (thousands) including own shares	18,986	18,910	0.4 %	18,918
Highest share price, EUR	8.14	5.14	58.4 %	5.29
Lowest share price, EUR	5.32	4.25	25.2 %	4.25
Average share price, EUR	6.98	4.53	54.1 %	4.67
Turnover, in million shares	2.6	1.7	54.8 %	2.3
Turnover, in MEUR	18.2	7.6	138.6 %	10.9
Treasury shares				
	Number of shares		% of shares	% of votes
Possession of company's own shares 30.9.2015	863,953		4.55%	4.55%
Contingent liabilities and pledged assets (tEUR)				
Leasing and rent liabilities	7,995	6,179	29.4 %	5,559
Derivative instruments (tEUR)				
Value of underlying forward contracts	30,815	5,217	490.7 %	13,141
Market value of forward contracts	-102	34	n/a	65
Interest rate swap	11,000	11,000	0.0 %	11,000
Market value of interest swap	-10	-38	-73.0 %	-31

Taxes are computed on the basis of the tax on the profit for the period.

OPERATING SEGMENTS (tEUR)	1-9/2015	1-9/2014	Change %	1-12/2014
Video and Broadband Solutions				
Orders received	114,532	80,365	42.5 %	109,007
Net sales	110,812	77,401	43.2 %	106,901
EBIT	10,115	7,057	43.3 %	9,673
EBIT%	9.1 %	9.1 %		9.0 %
Network Services				
Orders received	68,554	65,908	4.0 %	90,275
Net sales	68,554	65,908	4.0 %	90,275
EBIT	914	554	65.0 %	1,463
EBIT%	1.3 %	0.8 %		1.6 %
Total				
Orders received	183,086	146,273	25.2 %	199,282
Net sales	179,365	143,310	25.2 %	197,176
EBIT	11,029	7,611	44.9 %	11,135
EBIT%	6.1 %	5.3 %		5.6 %
Financial items	-199	-128	n/a	-301
Operating segments net profit before taxes	10,830	7,483	44.7 %	10,835

Information per quarter (tEUR)	7-9/15	4-6/15	1-3/15	10-12/14	7-9/14	10/2014-9/2015
Video and Broadband Solutions						
Orders received	39,616	40,926	33,990	28,642	27,571	143,174
Net sales	43,760	36,519	30,532	29,500	28,909	140,311
EBIT	5,113	2,999	2,003	2,616	4,421	12,731
EBIT %	11.7 %	8.2 %	6.6 %	8.9 %	15.3 %	9.1 %
Network Services						
Orders received	22,432	23,211	22,911	24,367	21,455	92,921
Net sales	22,432	23,211	22,911	24,367	21,455	92,921
EBIT	811	-492	595	909	516	1,822
EBIT %	3.6 %	-2.1 %	2.6 %	3.7 %	2.4 %	2.0 %
Total						
Orders received	62,048	64,137	56,901	53,009	49,026	236,094
Net sales	66,192	59,730	53,443	53,867	50,365	233,232
EBIT	5,924	2,507	2,598	3,525	4,937	14,554
EBIT %	8.9 %	4.2 %	4.9 %	6.5 %	9.8 %	6.2 %

Attributable to equity holders of the parent (tEUR)

A	Share capital
B	Share premium
C	Translation differences
D	Retained earnings
E	Invested free capital
F	Other funds
G	Total
H	Share of non-controlling interest
I	Total equity

	A	B	C	D	E	F	G	H	I
Shareholder's equity 1.1.2015	6,967	1,504	-339	58,139	3,954	-31	70,194	487	70,682
Total comprehensive income for the period			-33	8,114	0	20	8,101	0	8,101
Purchase of own shares					-814		-814	0	-814
Paid dividend				-3,802	0	0	-3,802	108	-3,694
Interest, non controll party				10	0	0	10	-10	0
Equity-settled share-based payments				585	0	0	585	-585	0
Shareholder's equity 30.9.2015	6,967	1,504	-372	63,046	3,140	-11	74,274	0	74,274
Shareholder's equity 1.1.2014	6,967	1,504	126	53,079	3,457	-6	65,127	425	65,552
Total comprehensive income for the period	0	0	-175	5,389	0	-32	5,182	0	5,182
Used options	0	0	0	0	497	0	497	0	497
Paid dividend	0	0	0	-3,564	0	0	-3,564	102	-3,462
Interest, non controll party	0	0	0	44	0	0	44	-44	0
Shareholder's equity 30.9.2014	6,967	1,504	-49	54,948	3,954	-38	67,286	483	67,769

CALCULATION OF KEY FIGURES

Return on equity:	Profit/loss for the financial period ----- * 100 Shareholders' equity (average)
Return on capital employed:	Profit/loss for the period after financial items + financing charges ----- * 100 Total assets - non-interest-bearing liabilities (average)
Equity ratio:	Shareholders' equity ----- * 100 Total assets - advances received
Gearing:	Interest bearing liabilities - cash in hand and in bank - interest bearing assets ----- * 100 Shareholders' equity
Earnings per share:	Profit for the period attributable to equity holder of the parent ----- Weighted average number of ordinary shares outstanding during the period
Earnings per share, diluted:	Profit for the period attributable to equity holder of the parent (diluted) ----- Average number of shares - own shares + number of options at the period-end

Major shareholders 30.9.2015

	Number of shares	% of share capital
EM Group Oy	4,409,712	23.23
Mandatum Life Insurance Company Limited	1,679,200	8.84
Ilmarinen Mutual Pension Insurance Company	963,860	5.08
Kaleva Mutual Insurance Company	824,641	4.34
Teleste Management II Oy	542,000	2.85
Varma Mutual Pension Insurance Company	521,150	2.74
The State Pension Fund	500,000	2.63
FIM Fenno Equity fund	324,279	1.71
Teleste Oyj	321,953	1.7
Danske Invest Finnish Small Cap Fund	290,000	1.53

Shareholders by sector 30.9.2015

	Number of shareholders	% of Owners	Number of shares	Number of shares
Households	4,775	93.59	4,701,287	24.8
Public sector institutions	3	0.06	1,985,010	10.5
Financial and insurance institutions	17	0.33	3,470,977	18.3
Corporations	244	4.78	7,054,719	37.2
Non-profit institutions	29	0.57	408,522	2.2
Foreign and nominee registered owners	34	0.67	1,365,073	7.2
Total	5,102	100.00	18,985,588	100.0

Number of shares 30.9.2015	Number of shareholders	% of shareholders	Number of shares
1 - 100	1,192	23.4	78,157
101 - 500	2,227	43.6	602,709
501 – 1,000	758	14.9	619,499
1001 – 5,000	742	14.5	1,636,864
5001 – 10,000	87	1.7	628,219
10,001 – 50,000	65	1.3	1,404,509
50,001 – 100,000	8	0.2	615,246
100,001 – 500,000	16	0.3	3,853,061
500,001 -	7	0.1	9,547,324
Total	5,102	100.0	18,985,588
of which nominee registered			1,147,302

The following assets and liabilities were preliminary recognised in the acquisition of Mitron:

1 000 €	Recognised fair values on acquisition
Fair values used in consolidation	
Trade marks (inc. in intangible assets)	746
Customer relationship (inc. in intangible assets)	585
Technology (inc. in intangible assets)	1,362
Inventories	4,983
Trade receivables	8,514
Book values used in consolidation	
Tangible assets	944
Intangible assets	537
Shares and immaterial rights	29
Accrued income	1,315
Other receivables	425
Cash and cash equivalents	874
Total assets	20,314
Book values used in consolidation	
Interest-bearing liabilities	1,174
Trade payables	5,672
Deferred tax liabilities	539
Advances received	2,984
Other liabilities	3,300
Total liabilities	13,669
Net identifiable assets and liabilities	6,645
Total consideration	11,500
Goodwill on acquisition	4,855
Consideration paid in cash	-7,700
Cash and cash equivalents in acquired subsidiary	874
Total net cash outflow on the acquisition	-6,826

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