

January 1 – March 31, 2014

# Interim Report Q1



## TELESTE CORPORATION INTERIM REPORT 1 JAN TO 31 MAR 2014

**ORDERS RECEIVED INCREASED. NET SALES AND OPERATING PROFIT EXPECTEDLY BELOW THE COMPARABLE PERIOD, OUTLOOK UNCHANGED.****First quarter of 2014**

- Net sales amounted to EUR 43.5 (45.8) million, a decrease of 4.9%
- Operating profit stood at EUR 1.3 (2.6) million, a decrease of 50.4%
- Undiluted earnings per share were EUR 0.05 (0.10) per share, a decrease of 49.1%
- Orders received totalled EUR 46.9 (43.4) million, an increase of 8.3%
- Cash flow from operations was EUR 1.5 (0.2) million, an increase of 627%

**Outlook for 2014**

We estimate net sales and operating profit for the first half of 2014 to fall clearly from the comparative period. Due to this, we estimate that net sales and operating profit for the full year of 2014 will not reach the 2013 level.

**Comments on the first quarter of 2014 by CEO Jukka Rinnevaara:**

"Net sales and operating profit for the first quarter fell from the comparative period, as expected.

Demand for products by Video and Broadband Solutions increased after very quiet January. Orders received developed well towards the end of the first quarter and rose above the level of the comparative period. Orders for the optical access network products developed particularly well in the European market. However, this favourable development in net sales towards the end of the quarter was not enough to compensate for the quiet start of the year and, therefore, we fell expectedly from the net sales and operating profit of the reference period.

As for Network Services, we were able to improve the operating profit over the comparative period, even if the result was burdened by investments to expand the business in the UK. Improvement on the operating profit was particularly successful in Germany on account of good resource management and successful project deliveries."

**Teleste Group in January-March 2014**

Key figures (EUR million)	1-3/2014	1-3/2013	Change %	1-12/2013
Orders received	46.9	43.4	+8.3%	188.9
Net sales	43.5	45.8	-4.9%	192.8
EBIT	1.3	2.6	-50.4%	11.0
EBIT %	3.0%	5.7%		5.7%
Profit for the period	0.9	1.8	-48.5%	8.1
Other important key figures				
Earnings per share, EUR	0.05	0.10	-49.1%	0.47
Cash flow from operations	1.5	0.2	+626.9%	10.0
Net gearing, %	12.3%	17.8%		13.8%
Equity ratio, %	53.7%	52.2%		52.7%
Personnel at period-end	1,260	1,342	-6.1%	1,261

The Group's first-quarter orders received totalled EUR 46.9 (43.4) million, up 8.3% from the comparable period last year. Order backlog grew by 13% to EUR 16.5 (14.6) million.

Net sales amounted to EUR 43.5 (45.8) million, which is 4.9% below the comparable period. Compared to the same period in the previous year, operating profit decreased by 50.4% standing at EUR 1.3 (2.6) million, which is 3.0% (5.7%) of net sales. Personnel expenses amounted to EUR 14.0 (14.4) million. Undiluted earnings per share was

EUR 0.05 (0.10). Operating cash flow stood at EUR 1.5 (0.2) million. The decrease in trade receivables improved operating cash flow from the comparable period in last year.

#### Video and Broadband Solutions in January-March 2014

Key figures (EUR 1,000)	1-3/2014	1-3/2013	Change %	1-12/2013
Orders received	24,896	21,419	+16.2%	97,815
Net sales	21,485	23,813	-9.8%	101,716
EBIT	801	2,436	-67.1%	9,460
EBIT %	3.7%	10.2%		9.3 %

Net sales decreased by 9.8% to EUR 21.5 (23.8) million. This decrease in net sales was brought about by the exceptionally low level of demand in January and the particularly good project sales in video surveillance solutions in the comparable period. The demand for products returned to normal in the second half of the quarter. In spite of the exceptionally quiet January, orders received in the quarter increased by 16.2% over the previous year and amounted to EUR 24.9 (21.4) million. Order backlog strengthened to EUR 16.5 (14.6) million. Operating profit stood at EUR 0.8 (2.4) million making 3.7% (10.2%) of net sales. This weakening of the operating profit percentage was mainly due to the decline in sales of the video surveillance solutions and the lower margin of access network products in comparison with the same period in the previous year.

R&D expenses were 2.6 (2.4) million, i.e. 12.1% (10.1%) of the business area's net sales. Capitalized R&D expenses amounted to EUR 0.3 (0.3) million. The most significant R&D investments included further development of product families in production and customer-specific projects. Depreciation on capitalized R&D expenses amounted to EUR 0.3 (0.7) million.

#### Network Services in January-March 2014

Key figures (EUR 1,000)	1-3/2014	1-3/2013	Change %	1-12/2013
Orders received	22,048	21,946	+0.5%	91,060
Net sales	22,048	21,946	+0.5%	91,060
EBIT	490	166	+195.9%	1,587
EBIT %	2.2%	0.8%		1.7%

Net sales for the first quarter totalled EUR 22.0 (21.9) million, which was 0.5% higher than in the period of comparison. Operating profit stood at EUR 0.5 (0.2) million, a year-on-year increase of 196% (-60%). Operating profit equalled 2.2% (0.8%) of net sales. This growth in the operating profit was particularly affected by higher profitability in Germany over the comparative period. The most significant improvement was achieved in installation services of broadband connections and in successful project deliveries. The operating profit was weakened by preparations made for the expansion of services business in the UK. New business premises and personnel recruitment will allow for an expansion in operations in the second half of the year.

#### Personnel and Organization in January-March 2014

In the period under review, the Group had an average of 1,262 people (1,335/2013, 1,316/2012), of whom 554 (536) were employed by Video and Broadband Solutions, and 708 (799) by Network Services. At the end of the review period, the Group had 1,260 (1,342/2013, 1,321/2012) people, of whom 71% (73%/2013, 72%/2012) were working outside Finland. Approximately 3% of the Group's employees were working outside Europe.

In January, temporary layoffs were initiated involving the Operations unit personnel in Finland. Average length of these layoffs was three weeks, and they were implemented before the end of the first quarter. These temporary layoffs were launched within the framework of the adjustment program agreed earlier in the co-determination negotiations. As a result of the recovery in demand for the products, the third layoff week could be cancelled.

Wages, salaries and social expenses decreased by 3.1% over the previous year and amounted to EUR 14.0 (14.4/2013, 15.1/2012) million. This reduction in personnel costs was achieved by adjustment measures in both Video and Broadband Solutions and Network Services.



## **Investments and Product Development in January-March 2014**

Investments by the Group for the period under review totalled EUR 0.9 (0.6) million accounting for 2.1% (1.3%) of net sales. Investments in product development equalled EUR 0.3 (0.3) million. Investments of EUR 0.1 (0.1) million were made under financial lease arrangements.

## **Financing and Capital Structure in January-March 2014**

Operating cash flow stood at EUR 1.5 (0.2) million. The decrease in trade receivables improved operating cash flow from the comparable period in last year. At the end of the period under review, the amount of unused binding stand-by credits amounted to EUR 17.0 (19.0) million. Credit limits are valid until August 2015.

The Group's equity ratio equalled 53.7% (52.2%) and net gearing 12.3% (17.8%). Interest bearing debt on 31 March 2014 stood at EUR 24.2 (22.0) million.

## **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 involved resource allocation and technical implementation pose a challenge involving, therefore, also reasonable risks. 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 Chinese renminbi to euro affects our material costs.

The company hedges against short-term currency exposure by means of forward 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. Severe weather conditions have an impact on the business areas' ability to deliver products and services. Correct technological choices and their timing are vital for our success.

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. To ensure quality of services and cost-efficiency along with efficient service process management, customer satisfaction and improvements in productivity require innovative solutions in terms of processes, products and logistics. Smooth operation of cable networks requires effective technical management and functional hardware solutions 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, our ability to deliver and compete may be constrained by the adequacy of our sub-contractor network capacity. Tender calculation and management of larger projects with overall responsibility are complex and include risks.

It is important for our business areas to take into account any market developments such as consolidations taking place among the clientele and competition. The threats to information systems must be minimized to ensure business continuity. The Board of Directors annually reviews any essential risks related to the company operation and their management. Risk management is an integral part of the strategic and operational activities of the business areas. Risks are reported to the Board on a regular basis.

The company has covered any major risks of loss involving 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. Teleste Management Oy was merged with the parent company on 28 February 2014. Teleste Management II Oy, founded in December 2011, has been consolidated in the Teleste Group figures on account of financial arrangements.

## **Shares and Changes in Share Capital**

On 31 March 2014, EM Group Oy was the largest single shareholder with a holding of 23.4%.

In the period under review, the lowest company share price was EUR 4.25 (3.88) and the highest was EUR 4.86 (4.47). Closing price on 31 March 2014 stood at EUR 4.53 (3.92). According to Euroclear Finland Ltd the number of

shareholders at the end of the period under review was 5,073 (5,245). Foreign ownership accounted for 4.8% (5.9%). From 1 January to 31 March 2014, trading with Teleste share at NASDAQ OMX Helsinki amounted to EUR 3.6 (3.5) million. In the period under review, 0.8 (0.8) million Teleste shares were traded on the stock exchange.

At the end of March 2014, the Group held 1,189,654 of its own shares, of which the parent company Teleste Corporation had 647,654 shares and the controlled companies had 542,000 shares, respectively. At the end of the period, the Group's holding of the total amount of shares amounted to 6.30 % (6.96%).

On 31 March 2014, the registered share capital of Teleste stood at EUR 6,966,932.80 divided in 18,873,742 shares.

Trading with stock options 2007C began on the NASDAQ OMX Helsinki Ltd on 2 April 2012. These options allow subscription for a maximum of 560,000 shares in the company.

Valid authorizations at the end of the review period:

- Authorization to purchase treasury shares: 1,400,000
- Disposal of own shares: 1,779,985, valid until the 2014 Annual General Meeting
- Issue of new shares: 5,000,000, valid until the 2014 Annual General Meeting
- Pursuant to the special rights granted by the company, the maximum number of shares is 2,500,000; these special rights are included in the authorization to issue 5,000,000 new shares.

### **Events after the End of the Period**

The Annual General Meeting (AGM) of Teleste Corporation held on 1 April 2014 confirmed the financial statements for 2013 and discharged the Board of Directors and the CEO from liability for the financial period. The AGM confirmed the dividend of EUR 0.19 per share proposed by the Board. The dividend was paid out on 11 April 2014.

Ms. Marjo Miettinen, Mr. Pertti Ervi, Ms. Jannica Fagerholm, Mr. Esa Harju, Mr. Kai Telanne and Mr. Petteri Walldén continue in Teleste'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 continues 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.

On 1 April 2014, the Annual General Meeting decided on the following authorizations of the Board of Directors:

- Purchases of own shares: maximum of 1,200,000 shares. This authorization is valid for 18 months from the date of the decision.
- Issue of new shares: a maximum of 4,000,000 shares, valid for three years from the date of the decision.
- Disposal of own shares held: a maximum of 1,800,000 shares, valid for three years from the date of the decision.
- By virtue of the special rights granted by the Company, the number of shares to be subscribed may not exceed 2,500,000 shares; the special rights are included in the above orders concerning the maximum number new shares and own shares held by the Group. This authorization is valid for three years from the date of the decision.

### **Outlook for 2014**

Video and Broadband Solutions aim at maintaining a strong market position in Europe and expand into selected new markets. Network capacity will continue to increase driven by the new broadband and video services provided by the operators. Limited product offering of the new Docsis 3.1 communications standard may delay the network investments in the beginning of the year. Price erosion in the market continues. The positive trend in the video surveillance market will continue, but the public sector decisions to start projects may be delayed in the current economic climate. We estimate the market conditions of Video and Broadband Solutions to fluctuate greatly during the year.

The business objective of Network Services is to develop the operational efficiency and give up any unprofitable services activities during the year. These measures will be taken to create conditions for better business profitability over the reference year, but these will have a slight reducing effect on net sales. We estimate the demand for comprehensive network services in our key target markets to continue at par with the comparative year.

We estimate net sales and operating profit for the first half of 2014 to fall clearly from the comparative period. Due to this, we estimate that net sales and operating profit for the full year of 2014 will not reach the 2013 level.

23 April 2014

Teleste Corporation  
Board of Directors

Jukka Rinnevaara  
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. Teleste has prepared this interim report applying the same accounting principles as those described in detail in its 2012 consolidated financial statements. The data stated in this report is unaudited. The changes in IAS1, IFRS13 and IAS19 have been applied in this interim report and they do not have any material impact on the financial reporting.

#### STATEMENT OF COMPREHENSIVE INCOME (tEUR)

	1-3/2014	1-3/2013	Change %	1-12/2013
Net Sales	43,533	45,759	-4.9 %	192,775
Other operating income	185	458	-59.5 %	840
Materials and services	-21,001	-21,604	-2.8 %	-94,456
Personnel expenses	-13,985	-14,435	-3.1 %	-56,949
Other operating expenses	-6,417	-6,225	3.1 %	-4,628
Depreciation	-1,024	-1,351	-24.2 %	-26,536
Operating profit	1,291	2,602	-50.4 %	11,047
Financial income and expenses	-93	-82	13.3 %	-386
Profit after financial items	1,198	2,520	-52.5 %	10,660
Profit before taxes	1,198	2,520	-52.5 %	10,660
Taxes	-278	-733	-62.2 %	-2,513
Net profit	920	1,787	-48.5 %	8,147
Attributable to:				
Equity holders of the parent	920	1,787	-48.5 %	8,147
Earnings per share for result of the year attributable to the equity holders of the parent (expressed in € per share)				
Basic	0.05	0.10	-49.1 %	0.47
Diluted	0.05	0.10	-48.9 %	0.46
Total comprehensive income for the period (tEUR)				
Net profit	920	1,787	-48.5 %	8,147
Possible items with future net profit effect				
Translation differences	92	45	104.4 %	-559
Fair value reserve	-7	24	n/a	16
Total comprehensive income for the period	1,005	1,856	-45.8 %	7,604
Attributable to:				
Equity holders of the parent	1,005	1,856	-45.8 %	7,604

#### STATEMENT OF FINANCIAL POSITION (tEUR)

	31.03.2014	31.03.2013	Change %	31.12.2013
Non-current assets				
Property, plant, equipment	10,485	10,283	2.0 %	10,499
Goodwill	33,289	31,421	5.9 %	33,252
Other intangible assets	4,331	3,623	19.6 %	4,448
Deferred tax assets	1,828	2,126	-14.0 %	294
Available-for-sale Investments	294	294	0.0 %	2,002
	50,227	47,747	5.2 %	50,494

Current assets				
Inventories	20,866	18,337	13.8 %	19,762
Trade and other receivables	37,214	42,697	-12.8 %	38,844
Cash and cash equivalents	16,008	10,862	47.4 %	15,229
	74,088	71,896	3.0 %	73,835
Total assets	124,315	119,643	3.9 %	124,329
Shareholder's equity and liabilities				
Share capital	6,967	6,967	0.0 %	6,967
Other equity	59,381	54,785	8.4 %	58,160
Non-controlling interest	386	661	-41.6 %	425
	66,734	62,413	6.9 %	65,552
Non-current liabilities				
Provisions	598	503	18.9 %	634
Deferred tax liabilities	1,203	1,297	-7.2 %	1,293
Non interest bearing liabilities	2,436	0	n/a	2,414
Interest bearing liabilities	434	683	-36.4 %	470
	4,671	2,483	88.1 %	4,810
Current liabilities				
Trade payables and other liabilities	28,031	30,632	-8.5 %	28,130
Current tax payable	210	1,928	-89.1 %	1,206
Provisions	893	909	-1.8 %	832
Interest bearing liabilities	23,776	21,278	11.7 %	23,799
	52,909	54,747	-3.4 %	53,967
Total shareholder's equity and liabilities	124,315	119,643	3.9 %	124,329

#### **CONSOLIDATED CASH FLOW STATEMENT (tEUR)**

	<b>1-3/2014</b>	<b>1-3/2013</b>	<b>Change %</b>	<b>1-12/2013</b>
Cash flows from operating activities				
Profit for the period	920	1,787	-48.5 %	8,147
Adjustments	1,306	2,166	-39.7 %	4,711
Interest and other financial expenses and incomes	-93	-82	13.3 %	384
Paid Taxes	-1,155	-880	31.2 %	-3,402
Change in working capital	482	-2,790	n/a	121
Cash flow from operating activities	1,461	201	626.9 %	9,961
Cash flow from investing activities				
A conditional supplementary contract price for prior subsidiary acquisition	0	-2,586	n/a	-2,585
Purchases of property, plant and equipment (PPE)	-426	-189	125.4 %	-1,180
Purchases of intangible assets	-372	-293	27.0 %	-1,442
Acquisition of subsidiary, net of cash acquired	0	0	n/a	-965
Net cash used in investing activities	-798	-3,068	-74.0 %	-6,172
Cash flow from financing activities				
Proceeds from borrowings	0	0	n/a	5,000
Payments of borrowings	-152	-197	-22.8 %	-4,178
Dividends paid	0	0	n/a	-2,962
Proceeds from issuance of ordinary shares	176	0	n/a	270
Net cash used in financing activities	24	-197	n/a	-1,870

Change in cash				
Cash in the beginning	15,229	13,880	9.7 %	13,880
Effect of currency changes	92	46	100.0 %	-571
Change	687	-3,064	n/a	1,919
Cash at the end	16,008	10,862	47.4 %	15,229

<b>KEY FIGURES</b>	<b>1-3/2014</b>	<b>1-3/2013</b>	<b>Change %</b>	<b>1-12/2013</b>
Earnings per share, EUR	0.05	0.10	-48.5 %	0.47
Earnings per share fully diluted, EUR	0.05	0.10	-50.4 %	0.46
Shareholders' equity per share, EUR	3.75	3.58	4.7 %	3.73
Return on equity	5.6 %	11.6 %	-51.8 %	12.9 %
Return on capital employed	5.9 %	12.6 %	-53.2 %	13.0 %
Equity ratio	53.7 %	52.2 %	2.8 %	52.7 %
Gearing	12.3 %	17.8 %	-30.8 %	13.8 %
Investments, tEUR	912	579	57.5 %	6,313
Investments % of net sales	2.1 %	1.3 %	65.6 %	3.3 %
Order backlog, tEUR	16,511	14,606	13.0 %	13,100
Personnel, average	1,262	1,335	-5.5 %	1,306
Number of shares (thousands) including own shares	18,874	18,729	0.8 %	18,744
Highest share price, EUR	4.86	4.47	8.7 %	4.47
Lowest share price, EUR	4.25	3.88	9.5 %	3.78
Average share price, EUR	4.48	4.21	6.4 %	4.17
Turnover, in million shares	0.8	0.8	-4.8 %	2.2
Turnover, in MEUR	3.6	3.5	1.7 %	9.2

#### Treasury shares

	Number of shares	% of shares	% of votes
Possession of company's own shares 31.3.2014	1,189,654	6.30 %	6.30 %

#### Contingent liabilities and pledged assets (tEUR)

Leasing and rent liabilities	6,133	7,782	-21.2 %	6,748
Derivative instruments (tEUR)				
Value of underlying forward contracts	6,518	8,107	-19.6 %	7,633
Market value of forward contracts	-139	296	n/a	-209
Interest rate swap	11,000	11,000	0.0 %	11,000
Market value of interest swap	-13	2	n/a	-6

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



<b>OPERATING SEGMENTS (tEUR)</b>	<b>1-3/2014</b>	<b>1-3/2013</b>	<b>Change %</b>	<b>1-12/2013</b>
<b>Video and Broadband Solutions</b>				
Orders received	24,896	21,419	16.2 %	97,815
Net sales	21,485	23,813	-9.8 %	101,716
EBIT	801	2,436	-67.1 %	9,460
EBIT%	3.7 %	10.2 %		9.3 %
<b>Network Services</b>				
Orders received	22,048	21,946	0.5 %	91,060
Net sales	22,048	21,946	0.5 %	91,060
EBIT	490	166	195.9 %	1,587
EBIT%	2.2 %	0.8 %		1.7 %
<b>Total</b>				
Orders received	46,944	43,365	8.3 %	188,875
Net sales	43,533	45,759	-4.9 %	192,775
EBIT	1,291	2,602	-50.4 %	11,047
EBIT%	3.0 %	5.7 %		5.7 %
Financial items	-93	-82	13.3 %	-386
Operating segments net profit before taxes	1,198	2,520	-52.5 %	10,660

<b>INFORMATION PER QUARTER (tEUR)</b>	<b>1-3/14</b>	<b>10-12/13</b>	<b>7-9/13</b>	<b>4-6/13</b>	<b>1-3/13</b>	<b>4/2013-3/2014</b>
<b>Video and Broadband Solutions</b>						
Orders received	24,896	24,127	28,919	23,350	21,419	101,292
Net sales	21,485	28,020	24,258	25,625	23,813	99,388
EBIT	801	2,354	2,362	2,308	2,436	7,825
EBIT %	3.7 %	8.4 %	9.7 %	9.0 %	10.2 %	7.9 %
<b>Network Services</b>						
Orders received	22,048	26,024	22,220	20,870	21,946	91,162
Net sales	22,048	26,024	22,220	20,870	21,946	91,162
EBIT	490	1,168	823	-570	166	1,911
EBIT %	2.2 %	4.5 %	3.7 %	-2.7 %	0.8 %	2.1 %
<b>Total</b>						
Orders received	46,944	50,151	51,139	44,220	43,365	192,454
Net sales	43,533	54,043	46,478	46,495	45,759	190,549
EBIT	1,291	3,521	3,185	1,738	2,602	9,735
EBIT %	3.0 %	6.5 %	6.9 %	3.7 %	5.7 %	5.1 %

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 1.1.2014	6,967	1,504	126	53,079	3,457	-6	65,127	425	65,553
Total comprehensive income for the period			92	920		-7	1,005	0	1,005
Used options					176		176	0	176
Interest, non controll party				39			39	-39	0
Equity-settled share-based payments					0	0	0		0
Shareholder's equity 31.3.2014	6,967	1,504	218	54,038	3,633	-13	66,347	386	66,734
Shareholder's equity 1.1.2013	6,967	1,504	685	48,007	2,737	-22	59,878	678	60,557
Total comprehensive income for the period			45	1,787		24	1,856	0	1,856
Interest, non controll party				17			17	-17	0
Shareholder's equity 31.3.2013	6,967	1,504	730	49,811	2,737	2	61,751	661	62,413

**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

<b>MAJOR SHAREHOLDERS 31.3.2014</b>	<b>Number of shares</b>	<b>% of share capital</b>
EM Group Oy	4,409,712	23.36
Mandatum Life Insurance Company Limited	1,679,200	8.90
Ilmarinen Mutual Pension Insurance Company	953,854	5.05
Kaleva Mutual Insurance Company	824,641	4.37
Teleste Oy	647,654	3.43
OP-Finland Small Firms Fund	630,712	3.34
Teleste Management II Oy	542,000	2.87
Varma Mutual Pension Insurance Company	521,150	2.76
The State Pension Fund	500,000	2.65
FIM Fenno Equity fund	271,288	1.44

<b>SHAREHOLDERS BY SECTOR 31.3.2014</b>	<b>Number of shareholders</b>	<b>% of Owners</b>	<b>Number of shares</b>	<b>Number of shares %</b>
Households	4,722	93.08	4,595,577	24.3
Public sector institutions	4	0.08	1,990,004	10.5
Financial and insurance institutions	16	0.32	3,690,710	19.6
Corporations	262	5.16	7,311,250	38.7
Non-profit institutions	32	0.63	376,113	2.0
Foreign and nominee registered owners	37	0.73	910,088	4.8
Total	5,073	100.00	18,873,742	100.0

<b>NUMBER OF SHARES 31.3.2014</b>	<b>Number of shareholders</b>	<b>% of shareholders</b>	<b>Number of shares</b>	<b>% of shares</b>
1 - 100	1,120	22.1	76,185	0.4
101 - 500	2,197	43.3	598,629	3.2
501 - 1,000	800	15.8	660,990	3.5
1,001 - 5,000	771	15.2	1,709,445	9.1
5,001 - 10,000	87	1.7	624,035	3.3
10,001 - 50,000	70	1.4	1,368,778	7.3
50,001 - 100,000	5	0.1	411,663	2.2
100,001 - 500,000	15	0.3	3,215,094	17.0
500,001 -	8	0.2	10,208,923	54.1
Total	5,073	100.0	18,873,742	100.0
of which nominee registered			771,879	4.1



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