



INTERIM
REPORT
Q1 2017

JANUARY 1-MARCH 31, 2017

TELESTE



Building a
**SMART, SAFE,
SMOOTH**
future.

TELESTE CORPORATION INTERIM REPORT 1 JANUARY TO 31 MARCH 2017

OPERATING PROFIT DECREASED AS EXPECTED, ORDERS RECEIVED INCREASED

First quarter of 2017

- Net sales amounted to EUR 60.9 (60.6) million, an increase of 0.5%
- Operating profit stood at EUR 0.2 (2.6) million, a decrease of 91.9%
- Undiluted result per share was EUR 0.00 (0.09) per share, a decrease of 95.7%
- Orders received totalled EUR 73.6 (59.3) million, an increase of 24.2%
- Cash flow from operations was EUR 0.2 (1.6) million, a decrease of 84.5%

Outlook for 2017

We estimate that net sales and operating profit for 2017 will remain below the 2016 level, due to the low order backlog in the beginning of the financial period, the adaptation measures in services business in Germany and the investments in growth in new market areas.

Comments by CEO Jukka Rinnevaara:

'The first quarter was difficult for Teleste, as expected. The order backlog was low at the beginning of the year, and the profitability improvement programme of the services business in Germany required investments. Towards the end of the quarter, the number of orders received increased and the order intake improved year-on-year. Net sales were at par with the comparison period, but operating profit dropped significantly in both business areas. Nevertheless, we achieved a slightly positive result in the first quarter, even though our operating profit was burdened by investments in business development in both business areas.

Orders received by Video and Broadband Solutions increased, particularly in video security and information systems. The deliveries of these orders are mainly scheduled for 2018 and later. Orders received for access network products increased as well. The most significant growth was achieved in France, Italy and Denmark. The year-on-year net sales decreased particularly in video security and information systems because of the low order backlog early in the financial period. Operating profit decreased mainly as a result of the decreased net sales in video security and information systems. In addition, operating profit was depressed by investments in the launching of business in new market areas. The objective of the investments is to increase the sales in the coming years.

Net sales of Network Services improved year-on-year, but operating profit was predictably negative. The losses were incurred in Germany, where deliveries of services that included subcontracted excavation work showed a loss and the profitability of other services did not reach the target level. The development programme launched in the autumn involved preparing to reorganise and adapt our services business in Germany in accordance with our customers' changing needs. We expect the development programme to improve productivity in the second half of the year. Investment in the development programme burdened the result of the first quarter. Business and operating profit developed favourably in the UK, Switzerland and Finland.'

Group Operations in January–March 2017

Key figures	1-3/2017	1-3/2016	Change %	1-12/2016
Orders received, EUR million	73.6	59.3	24.2%	244.3
Net sales, EUR million	60.9	60.6	+0.5%	259.5
EBIT, EUR million	0.2	2.6	-91.9%	15.6

EBIT %	0.3%	4.3%		6.0%
Profit for the period, EUR million	0.1	1.7	-95.7%	11.8
Earnings per share, EUR	0.00	0.09	-95.7%	0.65
Cash flow from operations, EUR million	0.2	1.6	-84.5%	8.8
Net gearing, %	25.6%	25.5%		25.0%
Equity ratio, %	52.7%	50.6%		52.5%
Personnel at period-end	1,489	1,496	-0.5%	1,511

Orders received by the Group in the first quarter totalled EUR 73.6 (59.3) million, an increase of 24.2% year-on-year. Compared with the end of the comparative period, order backlog decreased by 1.6% to EUR 39.6 (40.3) million. Net sales amounted to EUR 60.9 (60.6) million, an increase of 0.5% year-on-year.

Expenses for material and production services were EUR 33.9 (31.6) million, an increase of 7.3%. The increase of expenses is mainly attributable to Network Services, in which subcontracting increased in services business year-on-year. Personnel expenses were at par with the comparative period, amounting to EUR 17.6 (17.6) million. Depreciation, amortisation and other operating expenses increased by 5.8% to EUR 9.6 (9.1) million. Operating profit decreased by 91.9% to EUR 0.2 (2.6) million, representing 0.3% (4.3%) of net sales. The decrease in operating profit resulted from decreased net sales in Video and Broadband Solutions, investments in launching business in new market areas and the development programme to adapt our services business in Germany in accordance with our customers' changing needs.

Financial expenses amounted to EUR 0.1 (0.4) million. Taxes stood at EUR 0.0 (0.5) million and the effective tax rate was 25.3% (24.1%). Undiluted result per share was EUR 0.00 (0.09) per share, a decrease of 95.7%.

Cash flow from operations was EUR 0.2 (1.6) million. The decrease in the cash flow from operations was mainly due to the decreased operating profit.

Video and Broadband Solutions January–March 2017

EUR 1,000	1-3/2017	1-3/2016	Change	1-12/2016
Orders received	48,116	36,392	32.2%	149,011
Net sales	35,403	37,693	-6.1%	164,231
EBIT	817	2,449	-66.6%	16,482
EBIT %	2.3%	6.5%		10.0%

Orders received increased by 32.2% year-on-year, being EUR 48.1 (36.4) million. Compared with the end of the comparative period, order backlog decreased by 1.6% to EUR 39.6 (40.3) million. Net sales decreased by 6.1% to EUR 35.4 (37.7) million. Net sales decreased in video security and information systems, which had a lower than normal order backlog at the beginning of the year. Operating profit decreased by 66.6% to EUR 0.8 (2.4) million, representing 2.3% (6.5%) of net sales. The most significant decrease in operating profit was seen in video security and information systems, as the level of deliveries was lower than in the comparative period. In addition to lower net sales, operating profit was depressed by investments in the launching of business in new market areas.

R&D expenses amounted to EUR 2.9 (2.7) million, representing 8.0% (7.3%) of the business area's net sales. Product development projects focused on distributed access architecture, network products complying with the DOCSIS 3.1 standard, video security and information solutions, and customer-specific projects. Capitalised R&D expenses amounted to EUR 0.8 (0.5) million. Depreciation on R&D expenses was EUR 0.4 (0.3) million.

Network Services January–March 2017

EUR 1,000	1-3/2017	1-3/2016	Change	1-12/2016
Orders received	25,531	22,923	+11.4%	95,297
Net sales	25,531	22,923	+11.4%	95,297
EBIT	-606	154	-494.6%	-847
EBIT %	-2.4%	0.7%		-0.9%

In the first quarter, orders received and net sales increased by 11.4% to EUR 25.5 (22.9) million. Net sales increased in all markets except Belgium. Operating profit dropped significantly year-on-year and was negative, EUR -0.6 (+0.2) million. Operating profit represented -2.4% (0.7%) of net sales. The operating losses were incurred in Germany, resulting from a lower operational productivity year-on-year and loss-making deliveries of services that included subcontracted excavation work. The corrective measures initiated in the autumn did not yet significantly improve performance.

Personnel and organisation in January–March 2017

In the period under review, the average number of people employed by the Group was 1,507 (1,499/2016, 1,466/2015); of these, 751 (726) were employed by Video and Broadband Solutions and 756 (773) by Network Services. At the end of the review period, the Group employed 1,489 people (1,496/2016, 1,462/2015), of whom 65% (67%/2016, 68%/2015) were stationed abroad. Approximately 2% of the Group's employees were working outside Europe.

Personnel expenses decreased by 0.1% year-on-year to EUR 17.6 (17.6/2016, 17.0/2015) million.

Investments and product development in January–March 2017

Investments by the Group totalled EUR 1.4 (1.2) million, equalling 2.2% (1.9%) of net sales. Investments in product development amounted to EUR 0.8 (0.5) million. Of the investments, EUR 0.2 (0.1) million were carried out under financial lease arrangements.

Product development projects focused on distributed access architecture, network products complying with the DOCSIS 3.1 standard, video security and information solutions, and customer-specific projects.

Financing and Capital Structure in January–March 2017

Cash flow from operations was EUR 0.2 (1.6) million. The decrease in the cash flow from operations was mainly due to the decreased operating profit.

The parent company has at its disposal financial and credit facilities amounting to a total of EUR 45.0 million. These binding credit limits are valid until the end of March 2018. At the end of the period under review, the amount of unused binding credit facilities was EUR 19.0 (15.4) million.

The Group's equity ratio was 52.7% (50.6%) and net gearing 25.6% (25.5%). On 31 March 2017, the Group's interest-bearing debt stood at EUR 30.6 (34.4) 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 customers include cable operators, public transport operators, train manufacturers and specified organisations in the public sector.

In Video and Broadband Solutions, customer-specific and integrated deliveries of solutions create favourable conditions for growth. On the other hand, the allocation of resources to the deliveries and the technical implementation are demanding tasks, which is why there are also risks involved. In particular, deliveries of integrated safety and information systems for passenger transport may be large in size, setting high demands for the project quotation calculation and management and, consequently, involving risks. Our customers' network investments vary depending on their need to upgrade and their financial structure.

Many competitors in the business area come from the USA, which is why the exchange rate of the euro against the US dollar has an effect on our competitiveness. The development of the exchange rates of the US dollar and the Chinese renminbi against the euro influences our product costs. The company hedges against short-term currency exposure by means of forward exchange contracts. The modest economic growth and the challenges faced by the European public sector may slow down the implementation of customers' investment plans. Furthermore, a reduction in consumer purchasing power in Europe may slow down the cable operators' network investments. Increased competition created by the new service providers (OTT) may undermine the cable operators' ability to invest. Consequences of natural phenomena or accidents, such as fire, may reduce the availability of components in the order-delivery chain of electronics industry or suspend our own manufacturing operations. Correct technological choices and their timing are vital to our success. Various technologies are used in our products and solutions, and the intellectual property rights associated with the application of these technologies can be interpreted in different ways by different parties. Such difficulties of interpretation may lead to costly investigations or court proceedings. 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 come mainly from a small number of large European customers. Therefore, a significant change in the demand for our services by any one of them is reflected in the actual deliveries and profitability. Improvement of customer satisfaction and productivity requires efficient service process management, as well as innovative process, product and logistics solutions to ensure the quality and cost-efficiency of services. Smooth functioning of cable networks requires efficient technical management of the networks and suitable equipment solutions in accordance with contractual obligations. This, in turn, requires continuous and goal-directed development of the skills and knowledge of our personnel and subcontractors. In addition, the sufficiency and usage rates of our personnel and subcontractor network influence the Company's delivery capacity and profitability. In larger projects with overall responsibility, tender calculation and project management are complex tasks that involve risks. Severe weather conditions may affect our ability to deliver products and services.

Teleste's strategy involves risks and uncertainties: new business opportunities may fail to be identified or successfully exploited. The business areas must take into account market movements, such as consolidations among our customers and competitors. Intensified competition may decrease the prices of products and solutions faster than we are able to reduce our products' manufacturing and delivery costs. Various information systems are critical to the development, manufacturing and supply of products to our customers. The 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 exposed to external threats and we need to protect them. Recruiting and maintaining skilled personnel requires encouragement, development and recruitment efforts, which can fail.

The Board of Directors annually reviews essential business risks and their management. Risk management constitutes an integral part of the strategic and operational activities of the business areas. Risks are reported to the Board on a regular basis.

On 23 December 2016, a competitor of Teleste filed two complaints against Teleste Limited, demanding damages from the company for the infringement of two patents. Teleste denies patent infringement in both cases. According to the assessment by Teleste's management, the results of said litigations are not expected to have material effect on Teleste's financial position.

Group Structure

The parent company has branch offices in Australia and the Netherlands and subsidiaries in 14 countries outside Finland.

Shares and Changes in Share Capital

On 31 March 2017, Tianta Oy was the largest single shareholder with a holding of 23.2%.

In the period under review, the lowest company share price was EUR 8.25 (7.29) and the highest was EUR 9.62 (9.89). Closing price on 31 March 2017 stood at EUR 8.71 (8.69). According to Euroclear Finland Ltd, the number of shareholders at the end of the period under review was 5,851 (5,586). Foreign and nominee-registered holdings accounted for 5.4% (6.7%) of the shares. From 1 January to 31 March 2017, a total of 0.6 (1.0) million Teleste shares were traded on the Nasdaq Helsinki, and the value of shares traded was EUR 5.3 (8.2) million.

At the end of March 2017, the Group held 863,953 (863,953) of its own shares, of which the parent company Teleste Corporation had 863,953 (321,953) shares and the controlled companies had 0 (542,000) shares. At the end of the period, the Group's holding of the total number of shares amounted to 4.6% (4.6%).

On 31 March 2017, the company's registered share capital stood at EUR 6,966,932.80, divided into 18,985,588 shares.

Valid authorisations at the end of the review period:

- Purchases of own shares: up to a maximum of 1,200,000 of the company's own shares, valid until 6 October 2017.
- Issue of new shares: up to a maximum of 4,000,000 shares, valid until 31 March 2017.
- Transfer of own shares held by the company: up to a maximum of 1,800,000 shares, valid until 31 March 2017.
- The maximum number of shares that may be subscribed by virtue of the special rights granted by the company is 2,500,000; the special rights are included in the above maximum warrants concerning new shares and own shares held by the Group. The authorisation is valid until 31 March 2017.

Events after the end of the review period

The Annual General Meeting (AGM) of Teleste Corporation held on 6 April 2017 adopted the financial statements for 2016 and discharged the Board of Directors and the CEO from liability for the financial period 2016. The AGM confirmed the dividend of EUR 0.25 per share as proposed by the Board. Dividend was paid on 19 April 2017 on shares other than own shares held by the Company.

The AGM decided that the Board of Directors shall consist of five members. Pertti Ervi, Jannica Fagerholm, Timo Miettinen, Timo Luukkainen and Kai Telanne were re-elected as members of Teleste Corporation's Board of Directors. Timo Miettinen was elected Chair of the Board in the organising meeting held after the AGM.

The AGM decided to elect one auditor for Teleste Corporation. Authorised public accountant firm KPMG Oy Ab was elected the Company's auditor. The auditor has appointed Petri Kettunen, APA, as the auditor in charge.

The Annual General Meeting decided to authorise the Board to decide on the purchase of the company's own shares. According to the authorisation, the Board of Directors may acquire 1,200,000 own shares of the company otherwise than in proportion to the holdings of the shareholders with unrestricted equity through trading on regulated market organised by Nasdaq Helsinki Ltd at the market price of the time of the purchase. This authorisation is valid for 18 months from the date of the AGM's decision. The authorisation overrides any previous authorisations to purchase the company's own shares.

The Annual General Meeting decided to authorise the Board of Directors to decide on issuing new shares and/or transferring the Company's own shares held by the Company and/or granting special rights referred to in Chapter 10, section 1 of the Limited Liability Companies Act in accordance with the Board's proposal. Under the authorisation, the Board of Directors has the right to decide on issuing new shares and/or transferring the Company's own shares held by the Company, so that the maximum total number of shares issued and/or transferred is 2,000,000. The total number of new shares to subscribe under the special rights granted by the Company and own shares held by the Company to be transferred may not exceed 1,000,000 shares, which number is included in the above maximum number concerning new shares and the Group's own shares held by the Company.

The authorisations are valid for 18 months from the date of the AGM's decision.

Outlook for 2017

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. Due to the low order backlog, the weight of net sales and operating profit of Video and Broadband Solutions will be on the second half of the year.

Network capacity will continue to grow, with operators responding to consumers' new and expanding broadband and video service needs. We estimate the demand for access network products in Europe to continue on a par with 2016. Teleste's entire access network product portfolio has been renewed in accordance with the DOCSIS 3.1 standard, and our offering allows the cable operators to increase their network capacity competitively. Our clientele is becoming consolidated and our competitors are introducing their own DOCSIS 3.1 products in the market, resulting in pressure on the pricing of products. The American markets in particular are growing strongly, providing significant growth opportunities for Teleste's access network products. In 2017, we will start investing in access network products that are suitable for new markets. The objective of the investments is the long-term increase in sales.

Demand for video security solutions for public spaces continues worldwide, but some investment decisions may be delayed by the economic situation. Teleste's video security solution for public space introduced in Paris provides new opportunities for other major cities of the world. The added value in the ecosystem has increasingly shifted to software and intelligence, and price erosion in the traditional video security equipment market continues. New innovations and solutions are also changing the rail industry passenger information solution business. It is necessary to improve the productivity and cost-efficiency of traditional business. The improvement of competitiveness requires R&D investments in new intelligent solutions.

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 added value. Our aim is to improve the profitability of the provided services particularly in Germany. We are preparing to reorganise and adapt our services in Germany in accordance with our customers' changing needs. We estimate the demand for all-inclusive network services in our key target markets to continue at least at the level of the previous year.

We estimate that net sales and operating profit for 2017 will remain below the 2016 level, due to the low order backlog in the beginning of the financial period, the adaptation measures in services business in Germany and the investments in growth in new market areas.

3 May 2017

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. Teleste has prepared this interim report applying the same accounting principles as those described in detail in its the 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)**

	1-3/2017	1-3/2016	Change %	1-12/2016
Net Sales	60,934	60,616	0.5 %	259,528
Other operating income	433	316	36.8 %	3,372
Materials and services	-33,948	-31,637	7.3 %	-137,078
Personnel expenses	-17,628	-17,639	-0.1 %	-72,566
Depreciation	-1,323	-1,197	10.5 %	-4,934
Other operating expenses	-8,257	-7,857	5.1 %	-32,687
Operating profit	211	2,602	-91.9 %	15,635
Financial income and expenses	-116	-409	-71.6 %	-814
Profit after financial items	95	2,194	-95.7 %	14,821
Profit before taxes	95	2,194	-95.7 %	14,821
Taxes	-24	-530	-95.5 %	-3,001
Net profit	71	1,664	-95.7 %	11,820
Attributable to:				
Equity holders of the parent	71	1,664	-95.7 %	11,820
Earnings per share for result of the year attributable to the equity holders of the parent (expressed in euro per share)				
Basic	0.00	0.09	-95.7 %	0.65
Diluted	0.00	0.09	-95.8 %	0.65
Total comprehensive income for the period (tEUR)				
Net profit	71	1,664	-95.7 %	11,820
Possible items with future net profit effect				
Translation differences	361	-4	n/a	-879
Fair value reserve	35	-149	n/a	-135
Total comprehensive income for the period	467	1,511	-69.1 %	10,806
Attributable to:				
Equity holders of the parent	467	1,511	-69.1 %	10,806

**STATEMENT OF FINANCIAL POSITION
(tEUR)**

	31/03/2017	31/03/2016	Change %	31/12/2016
Non-current assets				
Property,plant,equipment	11,204	11,459	-2.2 %	11,325
Goodwill	37,415	37,653	-0.6 %	37,374
Other intangible assets	7,374	6,676	10.5 %	7,171
Deferred tax assets	2,122	1,677	26.5 %	1,833
Available-for-sale Investments	693	707	-1.9 %	693
	58,809	58,171	1.1 %	58,396
Current assets				
Inventories	32,821	32,076	2.3 %	33,544

Trade and other receivables	61,369	54,243	13.1 %	60,676
Cash and cash equivalents	8,857	14,214	-37.7 %	9,496
	103,048	100,533	2.5 %	103,716
Total assets	161,857	158,704	2.0 %	162,112
Shareholder's equity and liabilities				
Share capital	6,967	6,967	0.0 %	6,967
Other equity	77,949	72,126	8.1 %	77,455
	84,917	79,093	7.4 %	84,422
Non-current liabilities				
Provisions	1,076	1,027	4.8 %	1,081
Deferred tax liabilities	1,314	1,581	-16.9 %	1,630
Non interest bearing liabilities	100	2,183	-95.4 %	135
Interest bearing liabilities	28,982	33,101	-12.4 %	28,036
	31,472	37,892	-16.9 %	30,882
Current liabilities				
Trade payables and other liabilities	41,265	38,742	6.5 %	41,900
Current tax payable	1,671	977	71.0 %	1,477
Provisions	881	689	27.9 %	858
Interest bearing liabilities	1,651	1,311	25.9 %	2,573
	45,468	41,719	9.0 %	46,808
Total shareholder's equity and liabilities	161,857	158,704	2.0 %	162,112

CONSOLIDATED CASH FLOW STATEMENT (tEUR)

	1-3/2017	1-3/2016	Change %	1-12/2016
Cash flows from operating activities				
Profit for the period	71	1,664	-95.7 %	11,820
Adjustments	1,468	2,195	-33.1 %	6,737
Interest and other financial expenses and incomes	-116	-409	-71.6 %	-814
Paid Taxes	-932	-618	50.8 %	-3,151
Change in working capital	-247	-1,261	-80.4 %	-5,827
Cash flow from operating activities	244	1,571	-84.5%	8,765
Cash flow from investing activities				
A conditional supplementary contract price for prior subsidiary acquisition	0	-485	n/a	-485
Purchases of property, plant and equipment (PPE)	-335	-290	15.5 %	-1,410
Proceeds from sales of PPE	7	7	0.0 %	43
Purchases of intangible assets	-766	-538	42.4 %	-2,507
Net cash used in investing activities	-1,094	-1,306	-16.2 %	-4,359
Cash flow from financing activities				
Proceeds from borrowings	0	4,000	-100.0 %	4,170
Payments of borrowings	-150	-2,724	-94.5 %	-6,710
Dividends paid	0	0	n/a	-4,168
Net cash used in financing activities	-150	1,276	-111.8 %	-6,708
Change in cash				
Cash in the beginning	9,496	12,677	-25.1 %	12,677
Effect of currency changes	361	-4	n/a	-879
Change	-1,000	1,541	n/a	-2,302
Cash at the end	8,857	14,214	-37.7 %	9,496

KEY FIGURES	1-3/2017	1-3/2016	Change %	1-12/2016
Earnings per share, EUR	0.00	0.09	-95.7 %	0.65
Earnings per share fully diluted, EUR	0.00	0.09	-95.8 %	0.65
Shareholders' equity per share, EUR	4.69	4.36	7.4 %	4.66
Return on equity	0.3 %	8.5 %	-96.1 %	14.6 %
Return on capital employed	1.1 %	9.4 %	-87.8 %	14.8 %
Equity ratio	52.7 %	50.6 %	4.1 %	52.5 %
Gearing	25.6 %	25.5 %	0.4 %	25.0 %
Investments, tEUR	1,357	1,158	17.2 %	5,488
Investments % of net sales	2.2 %	1.9 %	16.6 %	2.1 %
Order backlog, tEUR	39,643	40,304	-1.6 %	26,930
Personnel, average	1,507	1,499	0.5 %	1,514
Number of shares (thousands) including own shares	18,986	18,986	0.0 %	18,986
Highest share price, EUR	9.62	9.89	-2.7 %	10.24
Lowest share price, EUR	8.25	7.29	13.2 %	7.29
Average share price, EUR	8.83	8.49	4.0 %	8.69
Turnover, in million shares	0.6	1.0	-37.2 %	3.5
Turnover, in MEUR	5.3	8.2	-34.7 %	30.6

Treasury shares	Number of shares	% of shares	% of votes	
Possession of company's own shares 31.3.2017	863,953	4.55%	4.55%	
Contingent liabilities and pledged assets (tEUR)				
Leasing and rent liabilities	9,368	8,786	6.6 %	9,144
Derivative instruments (tEUR)				
Value of underlying forward contracts	24,545	20,014	22.6 %	22,550
Market value of forward contracts	76	18	322.2 %	334
Interest rate swap	10,000	10,000	0.0 %	10,000
Market value of interest swap	-100	-149	-32.9 %	-135

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

OPERATING SEGMENTS (tEUR)	1-3/2017	1-3/2016	Change %	1-12/2016
Video and Broadband Solutions				
Orders received	48,116	36,392	32.2 %	149,011
Net sales	35,403	37,693	-6.1 %	164,231
EBIT	817	2,449	-66.6 %	16,482
EBIT%	2.3 %	6.5 %		10.0 %
Network Services				
Orders received	25,531	22,923	11.4 %	95,297
Net sales	25,531	22,923	11.4 %	95,297

EBIT	-606	154	-494.6 %	-847
EBIT%	-2.4 %	0.7 %		-0.9 %
Total				
Orders received	73,647	59,315	24.2 %	244,308
Net sales	60,934	60,616	0.5 %	259,528
EBIT	211	2,602	-91.9 %	15,635
EBIT%	0.3 %	4.3 %		6.0 %
Financial items	-116	-409	n/a	-814
Operating segments net profit before taxes	95	2,194	-95.7 %	14,821

Information per quarter (tEUR)

	1-3/17	10-12/16	7-9/16	4-6/16	1-3/16	4/2016-3/2017
Video and Broadband Solutions						
Orders received	48,116	39,548	30,601	42,470	36,392	160,735
Net sales	35,403	43,496	40,273	42,769	37,693	161,940
EBIT	817	5,309	5,545	3,180	2,449	14,850
EBIT %	2.3 %	12.2 %	13.8 %	7.4 %	6.5 %	9.2 %
Network Services						
Orders received	25,531	25,066	22,589	24,719	22,923	97,905
Net sales	25,531	25,066	22,589	24,719	22,923	97,905
EBIT	-606	-975	-717	691	154	-1,607
EBIT %	-2.4 %	-3.9 %	-3.2 %	2.8 %	0.7 %	-1.6 %
Total						
Orders received	73,647	64,614	53,190	67,189	59,315	258,640
Net sales	60,934	68,562	62,862	67,488	60,616	259,845
EBIT	211	4,334	4,828	3,871	2,603	13,244
EBIT %	0.3 %	6.3 %	7.7 %	5.7 %	4.3 %	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 equity

	A	B	C	D	E	F	G
Shareholder's equity							
1.1.2017	6,967	1,504	-978	73,922	3,140	-135	84,420
Total comprehensive income for the period			361	71		35	467
Equity-settled share-based payments				30			30
Shareholder's equity 31.3.2017	6,967	1,504	-617	74,023	3,140	-100	84,917

Shareholder's equity 1.1.2016	6,967	1,504	-99	66,034	3,140	0	77,545
Total comprehensive income for the period			-4	1,664		-149	1,511
Equity-settled share-based payments				37			37
Shareholder's equity 31.3.2016	6,967	1,504	-103	67,735	3,140	-149	79,093

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 by number of shares March 31, 2017	Number of shares	% of shares
Tianta Oy	4,409,712	23.23
Mandatum Life Insurance Company Limited	1,679,200	8.84
Ilmarinen Mutual Pension Insurance Company	1,084,475	5.71
Teleste Oyj	863,953	4.55
Kaleva Mutual Insurance Company	824,641	4.34
Varma Mutual Pension Insurance Company	521,150	2.74
The State Pension Fund	500,000	2.63
Julius Tallberg Corp.	260,368	1.37
Nieminen Jorma Juhani	250,000	1.32
Danske Invest Finnish Small Cap Fund	242,800	1.28

Shareholders by sector March 31, 2017	Number of shareholders	% of Owners	Number of shares	% of shares
Households	5,494	93.90	4,834,547	25.46
Public sector institutions	4	0.07	2,115,725	11.14
Financial and insurance institutions	20	0.34	4,265,656	22.47
Corporations	266	4.55	7,557,703	39.81
Non-profit institutions	24	0.41	59,885	0.32
Foreign	43	0.73	152,072	0.80
Total	5,851	100.00	18,985,588	100.00
Of which nominee registered	9	0.15	902,852	4.76

Major shareholders by distribution of shares March 31, 2017	Number of shareholders	% of shareholders	Number of shares	% of shares
1-100	1,511	25.82	93,639	0.49
101-500	2,542	43.45	686,829	3.62
501-1,000	820	14.01	659,877	3.48
1,001-5,000	790	13.50	1,721,177	9.07
5,001-10,000	82	1.40	588,651	3.10
10,001-50,000	79	1.35	1,595,082	8.40
50,001-100,000	6	0.10	412,020	2.17
100,001-500,000	15	0.26	3,845,182	20.25
500,001-	6	0.10	9,383,131	49.42
Total	5,851	100.00	18,985,588	100.00
of which nominee registered	9	0.15	902,852	4.76



TELESTE CORPORATION

P.O.BOX 323, FI-20101 Turku, Finland

Telestenkatu 1, FI-20660 Littoinen, Finland

Phone: +358 2 2605 611 (switchboard)

investor.relation@teleste.com

Business ID 1102267-8

www.teleste.com



www.facebook.com/telestecorporation

twitter.com/telestecorp

www.linkedin.com/company/teleste

www.youtube.com/telestecorporation

www.slideshare.net/telestecorporation