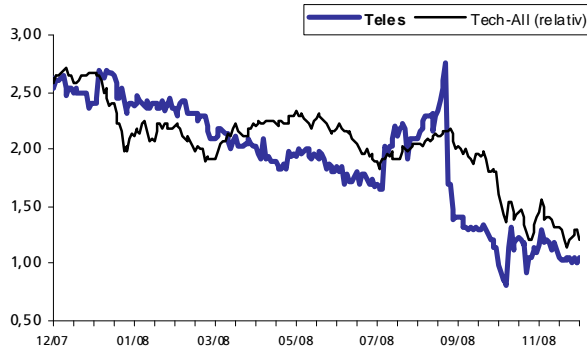


Hold Risk: **Price target: EUR 0.90**
(old: Sell) high (old: EUR 1.10)

Sales development remains positive – high net loss due to value adjustment

Bloomberg: TLI GR Price: EUR 1.06
Reuters: TLIG.DE Tech-All: 533.41
ISIN: DE0007454902
Internet: www.teles.de
Segment: Prime Standard
Sector: Telec. services and products



Share data: Bloomberg 01.12.2008 / Closing price

High / Low 52 W: EUR 2.89 / EUR 0.71
Market cap: EUR 24.71 m
No. of shares: 23.31 m

Shareholders: Sigram Schindler Beteiligungs-
gesellschaft mbH 47.5%
Teles AG 9.3%
Sigram Schindler Stiftung 1.5%
Other shareholders 41.7%

Calendar: n.a.

Analysis: SES Research

Date of publication: 02.12.2008
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Teles AG released Q3 figures on November 28, 2008. At sales of EUR 6.1 m in Q3 and EUR 18.4 m in the first nine months, the top line development was 12%, respectively 30%, above the comparable values of the previous year.

The positive sales development is primarily a result from the successful sales cooperation in the USA, which significantly expanded the sale of access Gateways (+88% to EUR 8.5 m compared to 9M/07).

The operating result of EUR -2.4 m was above the value of the previous year (mainly due to lower costs for the ongoing litigation) in spite of the gross margin decline, which is a result from the change in the product mix (increased share of Access Gateways due to sales cooperation in the USA), as well as the increased operating expenses in the TCS segment due to the realised acquisitions in Israel and Austria.

Owing to the positive sales development and the strengthened positioning of the TCS segment due to the expansion of the NGN competences in the field of the class-5 solutions Teles AG is expected to reach breakeven on a monthly basis until the end of 2009. However, this assumption implies that the ongoing litigations are divested at the end of the fiscal year 2008 as planned (see comment of September 3, 2008).

The net income of EUR -11.4 m was well below the value of the previous year. This is due to the renewed write-down of balanced assets of EUR 9.1 on the freenet shares which have now been sold completely.

The valuation is based on a SOTP method. The cash burn until breakeven is increased due to the current cost development and the PT reduced to EUR 0.90 (old: EUR 1.10) due to the resulting lower net cash position. The rating is changed from Sell to Hold.

SOTP - Valuation	
in m EUR	
+ Cash on hand on June 30, 08	27,6
- Dividend payment as of October 31, 08	21,1
- Cashflow until breakeven*	6,4
- Convertible bond	0,2
- Earn Outs	1,2
= Net cash	-1,4
+ Operating business	16,0
+ Stake in Gravis AG*	5,2
= Company value	19,8
/ Shares in m (ex treasury stock)	21,1
= Value per share	0,94

Source: Teles AG (adjusted), * SES Research (estimates)



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