

# telegate Group:

Company Presentation

Transformation towards  
Local Search Provider

based on  
9-months results 2009

# Agenda



- **Business Model & Strategy**
- **Financials**

# telegate at a glance

## Company history

- Founded in 1996, historically grown in the **Directory Assistance** business after liberalization of these markets
- Since 2000 part of the Seat Pagine Gialle Group (holding 77,4%)
- European expansion and liberalization 2003-2006
- Since 2006 company transformation: expansion of product portfolio to online & mobile together with entering the **advertising sales business** (Media)
- 2008 acceleration of transformation strategy with the acquisition of KlickTel

## Customers

- approx. **240 m local searches** p.a. across all platforms (in Germany)
- Main channels are online (>60%), then voice, mobile, others
- > 10 m “non-voice-searches” from mobile platforms, rapidly growing
- about 500.000 installed telegate mobile apps  
→ **market leadership in mobile local search** in Germany
- > **50.000 SME customers** already advertise via telegate brand

## Market Position

### Germany (core market)

- No. 2 in **telephone directory assistance**
- **Media business**: biggest challenger of DTAG in local search-Media, inhouse-sales force

### Spain

- No. 3 in **telephone directory assistance**
- **Media business**: with Partner QDQ in start-up phase

### Italy

- Seat No. 1 in **telephone directory assistance**
- telegate as **full-service provider**

## Employees

- approx. **3,000 employees** (60% in Germany)
- approx. **400 own employees in direct sales** to SME customers.

# Value play with growth potential in an industry facing a paradigm shift



## Strategic focus consistent with industry's paradigm shift

- A **paradigm shift** from traditional directories **to digital local search** is fact. telegate is well positioned with established brands & with a strong sales force
- One-stop advertising for SME's local advertising offers **a significant long-term market potential** thanks to above mentioned shift

## Value play investment

- **Cash generative** ("normalized" FCF about 20 m€ p.a.) and high margin business
- Attractive **dividend policy** (dividend yield ca. 8%) as stable basis for a recurring return on investment
- Current **Net Financial Position > 60 m€** & significant cash flow expected from data cost claims (approx. 60 m€ net of tax to add in case of success)

# Business strategy: Multichannel-approach – Local Search in all modern media



# Local Search market – market size & share (German market)



## Users

1.7 bn. local search requests p.a.

Medium	Market share user <sup>1</sup>	Trend <sup>1</sup>
Print	34%	↘
Internet	51%	↗
Telephone directory assistance	9%	↘
Software	6%	↘
<b>Market share telegate: approx. 15%</b>		

## Advertisers

Total advertising spending approx € 1.3 bn. p.a.

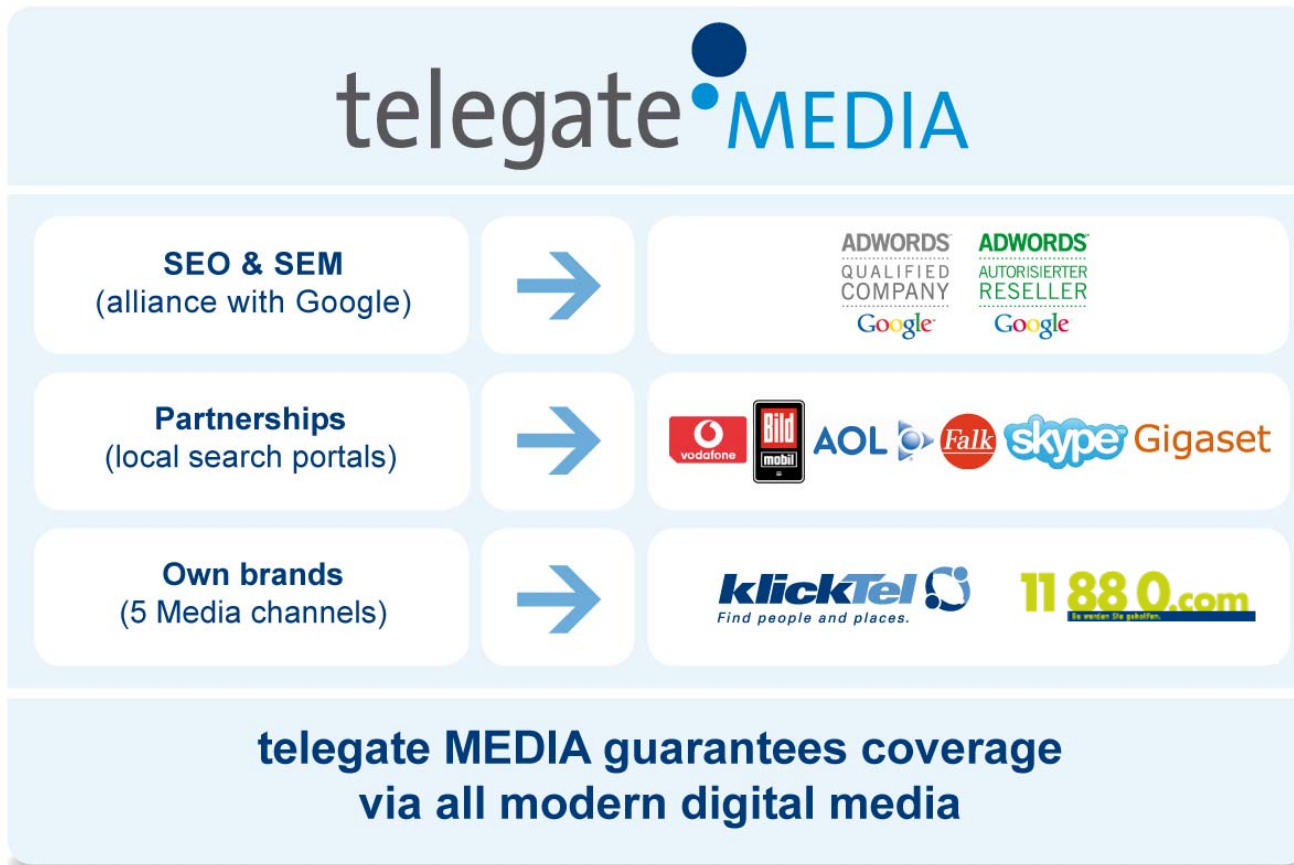
Advertising sales <sup>2</sup>	Market share advertising
€ 1.0 billion (advertising-financed)	77%
€ 300 million (advertising-financed)	23%
€ 250 million (user-financed)	n/a
€ 10 million (user-financed)	n/a
<b>Market share telegate: approx. 2% sales-based</b>	

*Note: A red dashed circle highlights the transition from 77% to 23% market share advertising, with a downward arrow and the text "significant shift expected" between these two rows.*

<sup>1,2</sup> telegate market research & GfK, Bain/Nielsen, Buxton Independent Consulting, IVW



# Business model telegate MEDIA – one-stop-advertising for B2B-customers



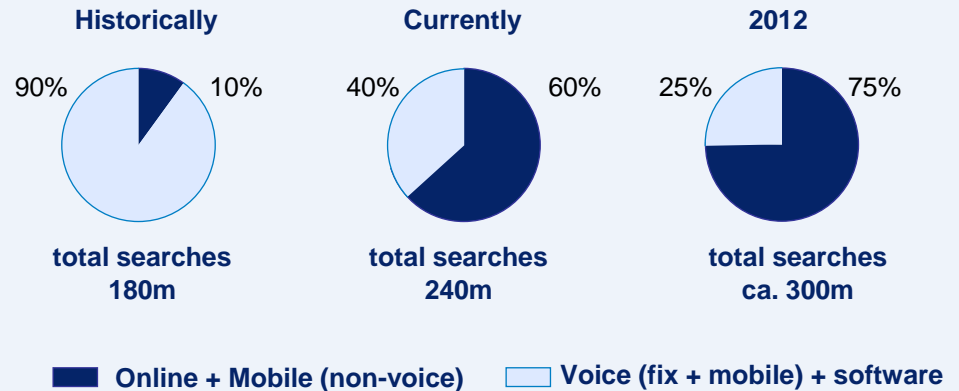
# Transformation towards Local Search provider: Long-term perspective



## A. User-mix Germany

- Searches constantly growing with digital media as key driver
- Of all searches, 75 % are expected to be online and via mobile-internet in 2012

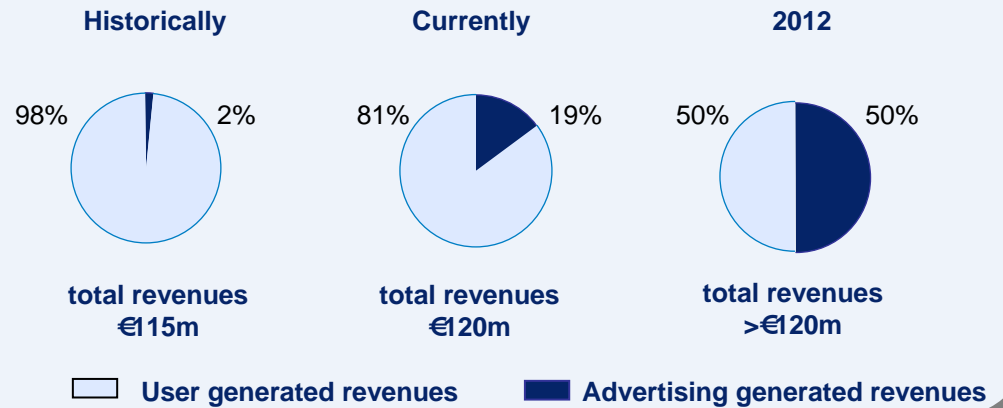
→ Transformation towards digital media



## B. Revenue-mix Germany

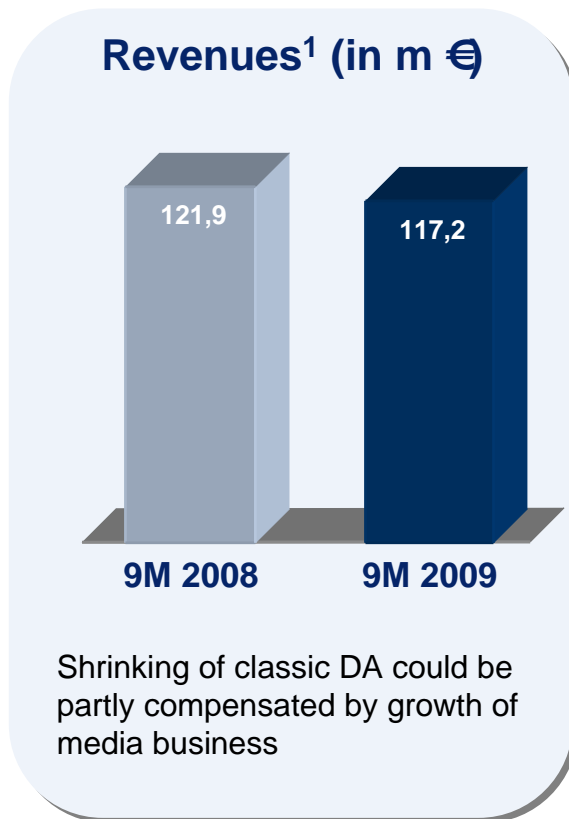
- Advertising generated revenues to account for about 50 % of total revenues by 2012
- Advertising revenues are expected to overcompensate reduction in directory service revenues by 2012

→ Transformation towards advertising generated revenues



Source: internal data and GfK study

# Solid operational performance despite difficult economic environment in 2009



<sup>1</sup> with segment France as discontinued operations accordingly to IFRS

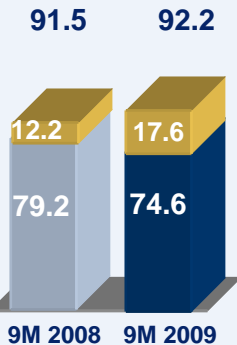
<sup>2</sup> non-recurring effects are: a) in 2009 cost for integration and CC-merger -1.9 m€ and income from settlement agreement of 1.7 m€, net -0.2 m€  
b) in 2008 integration costs of -2.3 m€ and data cost litigation of +5.5 m€, net +3.2 m€

# Visible progress in company transformation in Germany, whilst Italy/Spain is hurt by difficult economic environment

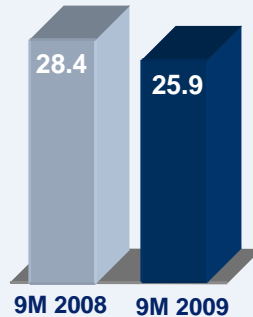


## Germany/Austria

### Revenues\*



### EBITDA\* before one-time effects

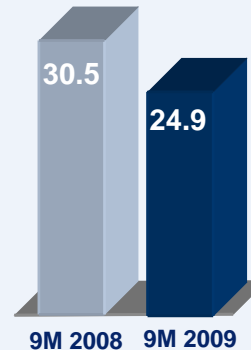


■ Revenues DA  
■ Revenues Media

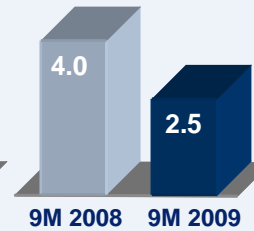
- Significant increase of media revenues thanks to internal and external growth
- Market decline in classic DA partly compensated by growth of comfort services and higher RpC

## Italy/Spain

### Revenues\*



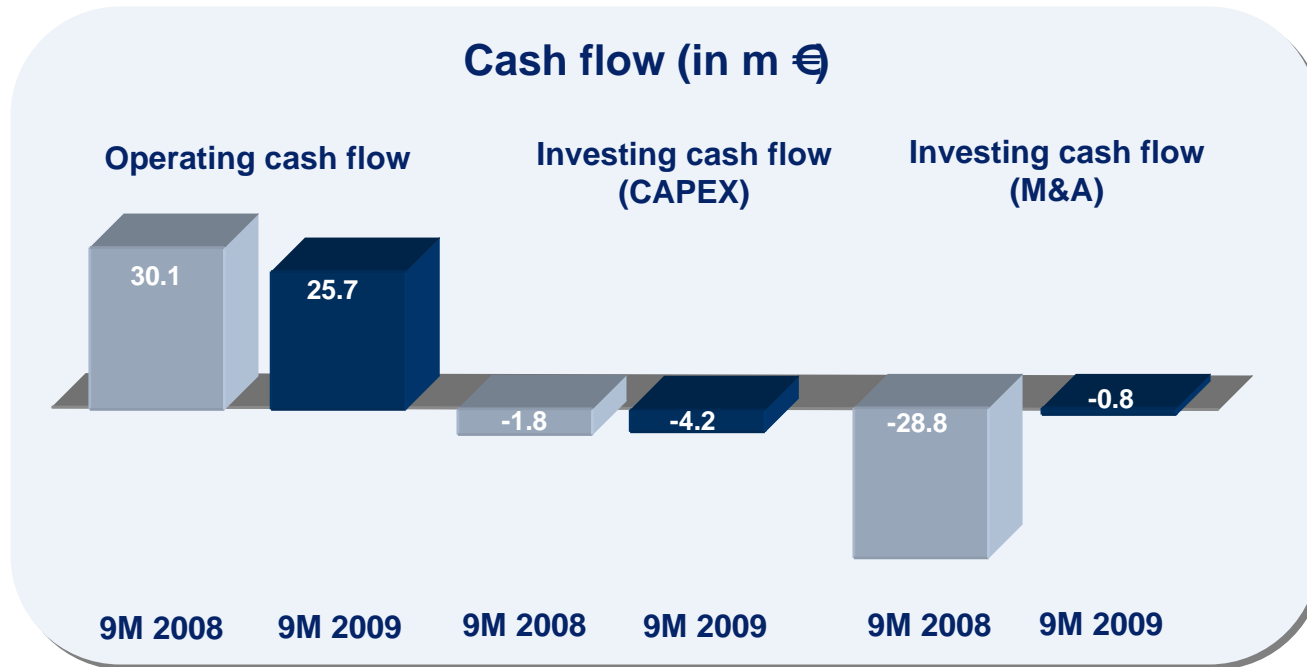
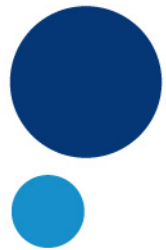
### EBITDA\*



- Difficult market conditions in both the Italian & Spanish market
- Rigid focus on all cost – items to optimise profitability

\* In m€

# Solid free cash flow generation underlines robust business model



- **Operating** cash flow: Additional tax payment in 2009 from previous year: final installment expected Q4 '09
- **Investing** cash flow: Investments in system integration following integration of KlickTel
- 0,8 m€ cash-out (**M&A**) in '09 for the increase of the stake in tg MEDIA AG to now 100% & escrow account
- **Net financial position** (30.09.09): 60 m€ despite dividend payment of 14.9 m€ in May '09

# Status: Data cost-proceedings DTAG

## Reclamation claims

### Federal Court decision on October 13

- As expected the court has referred the case back to OLG Düsseldorf
- The court confirmed in the oral hearings the indicative court order from February, which confirmed telegate's claim on the merits
- OLG Düsseldorf will have to take further evidence on the relevance of additional data which DTAG delivered and if tg was forced to accept a "bundle product"

### Next steps

- Written reasoning of decision of Federal Court to be released by end of the year
- New hearing at OLG Düsseldorf during 2010

**105 m € (incl. interest)<sup>2</sup>**

## Damage claims

### Proceedings:

- 1<sup>st</sup> instance: 2<sup>nd</sup> oral hearing in February 2008 confirms our confidence in a positive ruling
- Expert opinion (causality & amount) currently in drafting due to assignment by court

**140 m € (incl. interest)**

<sup>1</sup> incl. telegate MEDIA AG

<sup>2</sup> 74 m€ net of tax; 12.3 m€ already paid by DTAG in 2007, no P&L impact yet

# Business transformation & data claims as key drivers to company value

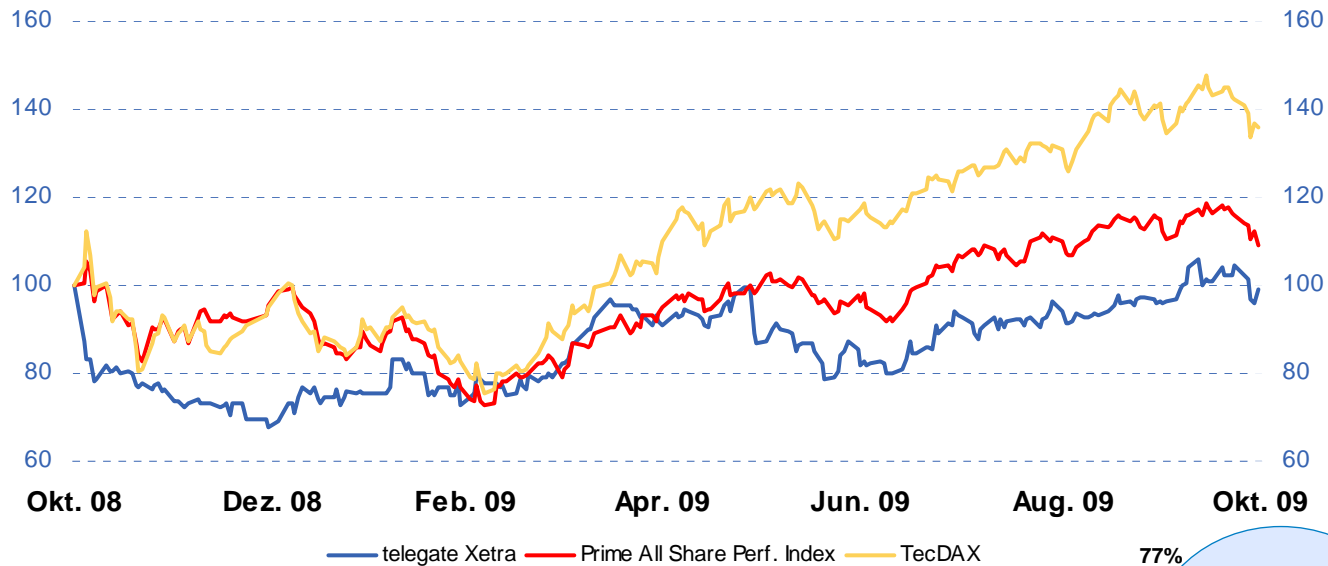


Market capitalization as of Oct. 31, 2008

→ 191 m Euro

Market capitalization as of Oct. 30, 2009

→ 190 m Euro



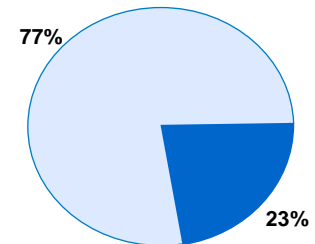
### Coverage share price targets

- Unicredit
- Sal. Oppenheim
- DZ Bank
- Intermonte

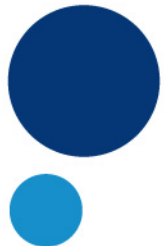
- 15.00 Euro buy
- 14.00 Euro buy
- 11.00 Euro buy
- 13.20 Euro buy

### Shareholder Structure

- Seat Pagine Gialle, IT
- Free Float

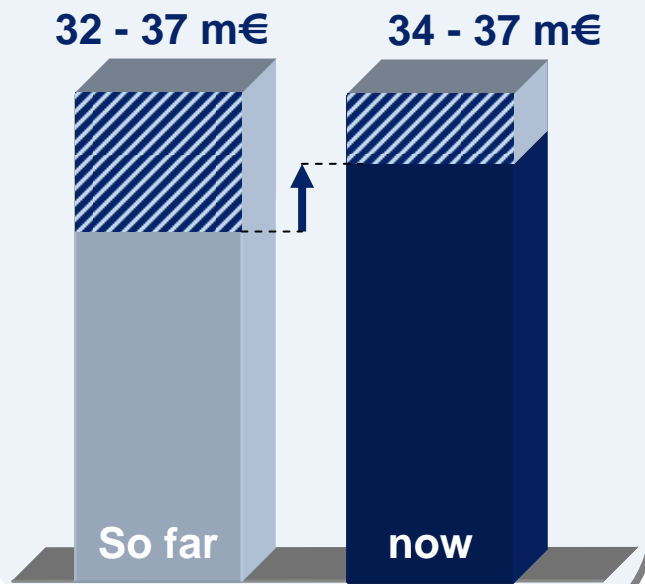


# Business dynamics and profit guidance 2009



## EBITDA<sup>1</sup> 2009

⇒ We specify the profit guidance for 2009 from so far 32 - 37 m€ to now 34 - 37 m€

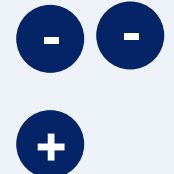


<sup>1</sup> before non-recurring items

## Profit driver      Profit impact

### DA solutions

- Market decline in classic DA
- Development of comfort services and increase of revenue per call



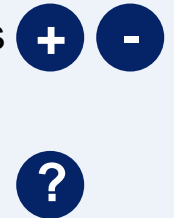
### Media

- Growth of media business



### Overall

- Investment in media business/Business Development activities vs. rigid cost management
- Impact of economical downturn on media business to be monitored



# Contact telegate AG

# Financial calendar



CEO	Dr. Andreas Albath	Nov 11, 2009	German Equity Forum
CFO	Ralf Grüßhaber	March 11, 2010	Annual results 2009
Board Member	Dr. Paolo Gonano	May 6, 2010	3-months results 2010
Investor Relations	Franz Peter Weber	June 9, 2010	AGM
telegate AG	Fraunhoferstraße 12a 82152 Martinsried, Germany		
Phone	+49 (0) 89-8954-1750		
Fax	+49 (0) 89-8954-1710		
Email	Investor.relations@telegate.com		
Homepage	www.telegate.com		

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# Backup

# Key Data of the Share



ISIN DE0005118806

<b>Outstanding shares</b>	<b>21,234,545</b>
<b>Dividend 2008 (paid in 2009)</b>	<b>0.70 Euro/share</b>
<b>52W high</b>	<b>9.55 Euro</b>
<b>52W low</b>	<b>6.0 Euro</b>
<b>Market Capitalisation (30<sup>th</sup> of October 2009)</b>	<b>190 m Euro</b>
<b>average turnover per day 52W</b>	<b>84 k Euro</b>
<b>Transparency Standard</b>	<b>Prime Standard</b>
<b>Indices</b>	<b>CDAX, Prime All Share, Technology All Share</b>
<b>Official Market</b>	<b>Frankfurt and Xetra</b>
<b>Liquidity Class</b>	<b>2</b>
<b>Market makers</b>	<b>Close Brother Seydler</b>

# Consolidated balance sheet



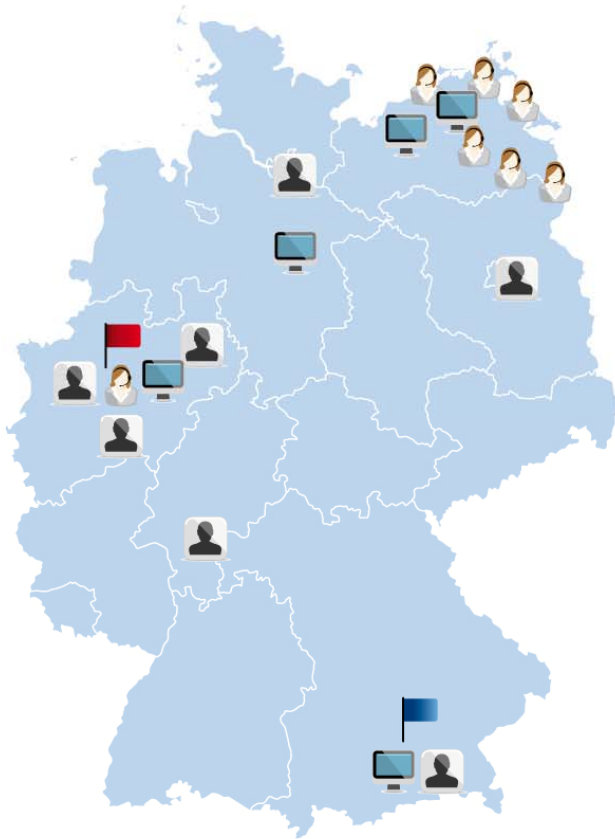
in kEUR	Sept 30, 2009	Sept 30, 2008
<b>Assets</b>		
Cash & cash equivalents	60.105	53.020
Tangible, intangible & financial assets	52.042	60.931
Trade accounts receivable	56.969	60.831
Other assets	16.459	10.107
<b>Total Assets</b>	<b>185.575</b>	<b>184.889</b>
<b>Liabilities &amp; Shareholders' equity</b>		
Current liabilities	77.390	76.706
Non-current liabilities	14.564	15.057
Shareholders' equity attributable to the parent	93.621	93.126
<b>Total liabilities &amp; shareholders' equity</b>	<b>185.575</b>	<b>184.889</b>

# Consolidated cash flow statement



in kEUR	Sept 30, 2009	Sept 30, 2008
Net income before income tax	18.908	29.902
Depreciation & amortisation	11.497	7.527
Changes in operating assets & liabilities	1.165	1.357
Income taxes paid	-7.315	-2.624
Other items	1.404	-6.050
<b>Cash flows from operating activities</b>	<b>25.659</b>	<b>30.112</b>
Capital expenditures	-4.227	-1.799
Acquisition/purchase of a subsidiary, net of cash acquired/purchased	158	-27.821
Acquisition of minority interests	-952	-996
<b>Cash flows used in investing activities</b>	<b>-5.021</b>	<b>-30.616</b>
Dividend paid	-14.864	-14.864
Interests received	1.614	1.816
Interests paid	-75	-206
<b>Cash flows provided by (used in) financing activities</b>	<b>-13.325</b>	<b>-13.254</b>
<b>Increase in cash and cash equivalents</b>	<b>7.313</b>	<b>-13.758</b>
<b>Cash and cash equivalents at beginning of reporting period</b>	<b>53.461</b>	<b>66.778</b>
<b>Cash and cash equivalents at end of reporting period</b>	<b>60.774</b>	<b>53.020</b>

# Locations Germany



**Corporate seat, management board**  
Planegg-Martinsried near Munich



**Operational management of the business areas  
directory assistance solutions and MEDIA**  
Essen



**Development/Technology locations**  
Essen, Hanover, Neubrandenburg,  
Planegg-Martinsried, Rostock



**Call Center and Telesales locations**  
Essen, Guestrow, Neubrandenburg, Rostock,  
Stralsund, Schwedt\*, Wismar



**Field sales offices**  
Berlin, Dortmund, Essen, Frankfurt,  
Hamburg, Cologne, Munich

\* Not a Telesales location

# Local Search – Competitive Landscape

Directories & Search-Engines (example: Germany)



**Incumbent  
Directory-Player  
→ DeTeMedien**

**telegate is “The Alternative  
Player”**

**Search-Engines  
→ Google with 90 %  
market share**

Key  
Strengths

- Sales-Force
- Long established user & advertiser brand
- Long established customer relationship

- Sales Force
- Established user brand & multi-channel offer
- Technical know-how & flexibility

- Traffic/Searches
- Brand
- Performance-based payment

Key  
Weakness

- Product innovation
- Threat: online + mobile due to cannibalisation of print
- Performance-based payment not possible

- Advertiser brand not yet established

- No access to SME’s due to lack of sales-force
- Proximity to customer
- High complexity of effective campaign management.

