telegate Group:

Financial Results Q1 2012

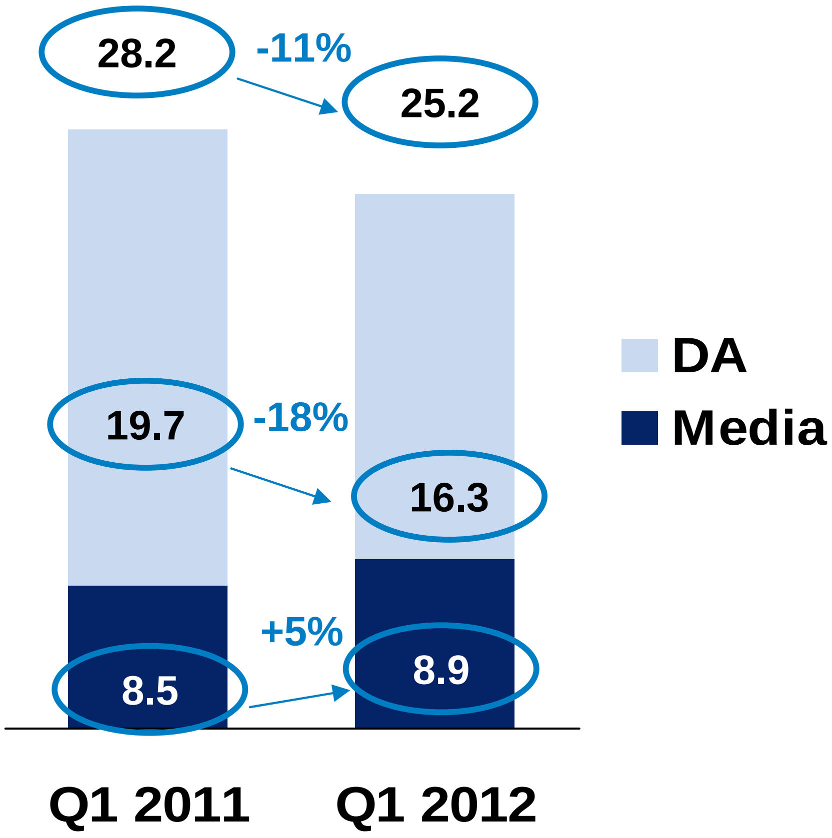
Munich,
May 3, 2012

Agenda

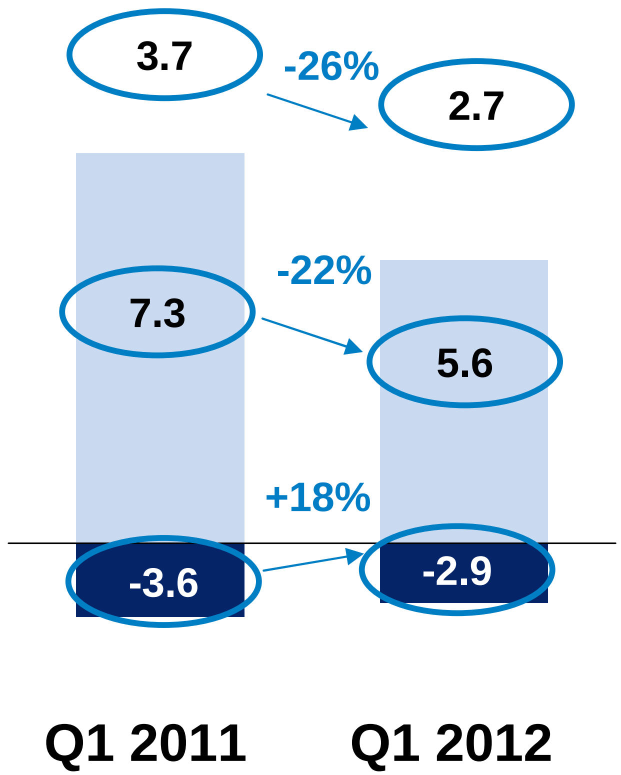
- **Business update**
- **Financials Q1 2012**

Revenue & EBITDA Q1 in line with expectations

Group Revenues (m€)



Group EBITDA* (m€)



* Before non-recurring items

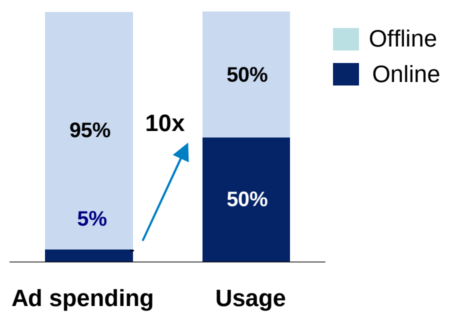
Focus areas 2012

- Three key pillars across the company represent the **focus** of **2012** consolidation

Usage / brand strategy	Go-To-Market	Operational excellence
• Assess synergy in **brand equity** • Increase **digital awareness**	• Develop Customer **Segmentation 2.0** • **Align offer** to evolving customer **needs**	• Improve **Customer retention** • Reduce **cost** base

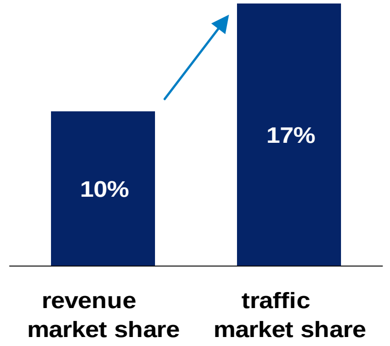
In a market with a structural 10x upside in traffic monetization, telegate has additional potential

Market: Traffic Monetization



Source: telegate, Nielsen/Company/literature data, 2/12, Gfk study 2011

telegate: Usage vs. Revenues[1]



[1] based on online revenues and total local search traffic

Traffic growth Q1 yoy*:

60% from 55m to 88m

⇨ **Mobile growth **:**

144% from 10.8m to 26.4m

⇨ **Stationary growth:**

44% from 39.2m to 56.4m

⇨ **Number of App downloads:**

55% from 0.9m to 1.4m

* Data on traffic does not include CD-Rom searches
** Mobile traffic includes cooperation agreements

A set of key actions are about to be taken with regard to customer segmentation

Operational excellence

Go-To-Market

Usage / brand strategy

- Run a market survey on telegate customers, dropout customers and customers buying competitors products;
- Develop a fact based **assessment** of the **attractiveness** and **competition levels** for **customers** business scope based on **segmentation:**
  - **Advertisers** (customers with **active** relationship in **last year**);
  - **Dropouts** (*non-Advertisers* with **active** relationship in **last 2 years**);
  - **Prospects** (*non-Advertisers* with **no relationship** in **last 3 years**)
- Define a **value proposition** tailored to **customers needs taking into account:**
  - **business size/age**
  - **geo-scope activity**
  - **average sales ticket**
  - **advertising needs**
  - **Capability of spending.**

In a nutshell, segmentation rules are designed to increase the sales “hit rate”, moving from a “machine gun” to a “sniper” approach to sales

Visible improvement in operational excellence

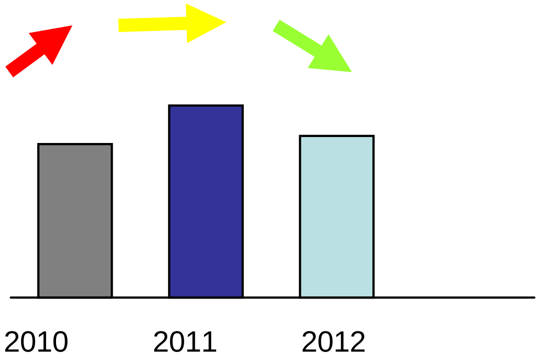
Operational excellence

Go-To-Market

Usage / brand strategy

Improve customer retention

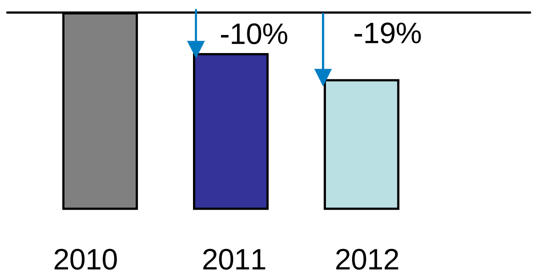
Churn rate development*



- Several **measures** that have been implemented in the **past 6 -12 months start to pay off**: Churn rate improvement fully in line with expectations
- Further measures that are currently being implemented will have a sizeable **positive effect in the mid-term future**:
  - a) Offering **24-month-contracts** since 10/2011 will have **sizeable positive effect** as of 10/2012: already more than 1/3 of our customers signed the 24- months-contract
  - b) **3-months-farming** on Sales channels providing early **positive** signals

Reduce cost-base

Structural Cost Base*



- **Improved Sales efficiency and effectiveness** results in improved ratio Sales Cost/media revenues
- Continuous **optimization of marketing expenditures**: 2009 – 2012 CAGR of -12%
- **Reduction of overhead personnel cost** of about -10% p.a. 2011 and 2012
- DA **costs fully under control**: continuous **adoption of voice capacity** to market decline

* illustrative , Source: telegate AG, 5/12

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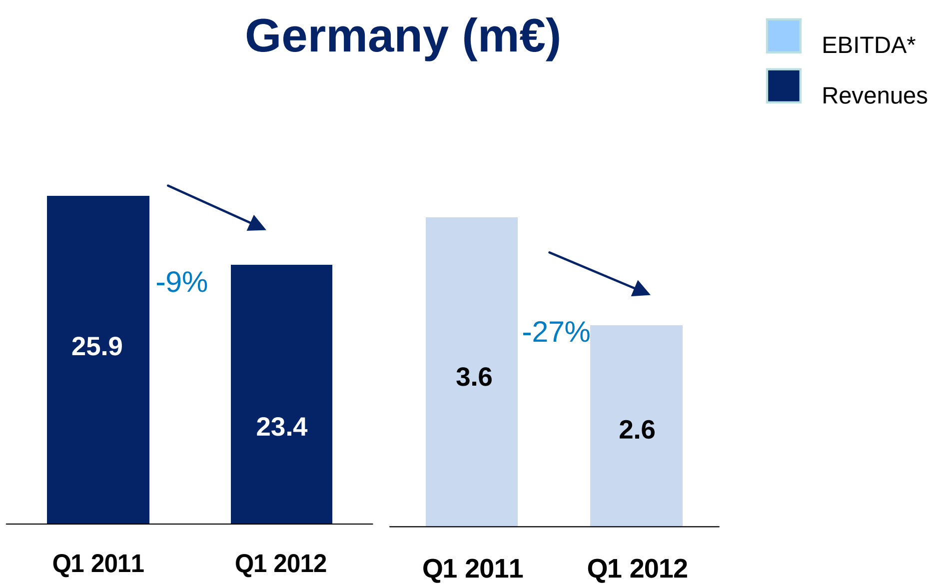
- **Financials Q1 2012**

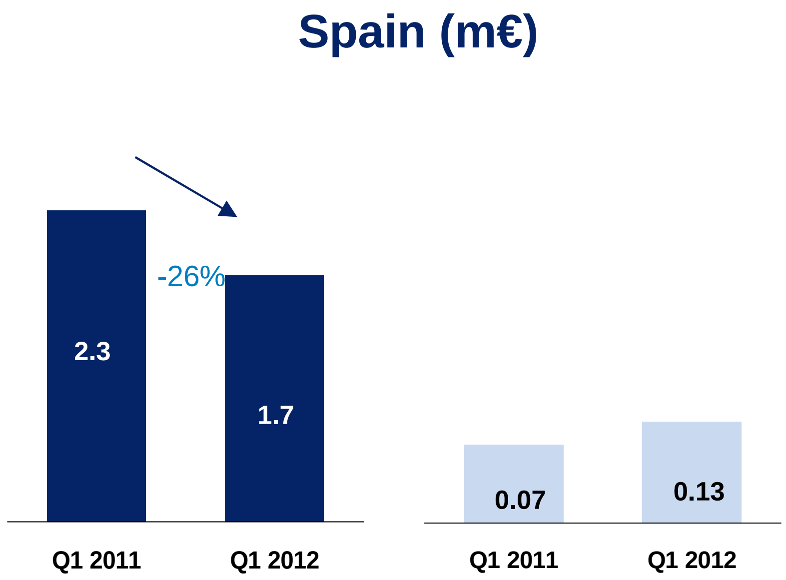
Revenue & EBITDA Q1 in line with expectations

m€	Q1 2012	Q1 2011	%
Revenues	**25,2**	**28,2**	**-11%**
Revenues DA solutions	*16,3*	*19,7*	*-18%*
Revenues Media	*8,9*	*8,5*	*5%*
Gross profit %	***59,1%***	***59,0%***	
Selling and distribution costs	11,2	11,5	-3%
-> restated for non-recurring	11,0	11,5	-4%
General administrative expenses	3,6	3,7	-3%
-> restated for non-recurring	3,1	3,7	-16%
EBITDA before non-recurring effects	**2,7**	**3,7**	**-26%**

- **Company transformation progressing**: Media business now accounts for 35% of total revenues
- **Gross profit margin maintained**
- **Structural cost-base further optimized**: 0.8 m€ non-recurring cost incurred

Ongoing company transformation in Germany, profitability Spain stabilized





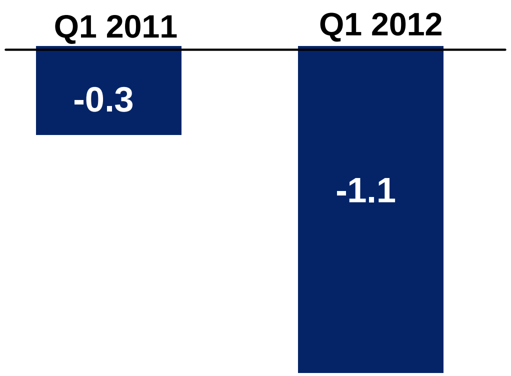
- Growth of Media business is partly but not yet fully compensating decline of DA business
- Loss from Media business reduced but still significant room for improvement

- Lower call volume driven by slightly accelerated market decline
- Profitability stabilized: Increasing flexibility and cost efficiency of CC operations thanks to full outsourcing offshore

*before non recurring items

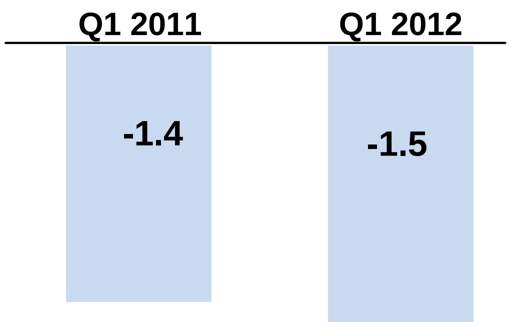
Net Cash Flow impacted by declining operating profitability & lower CAPEX

Operating Cash-flow (m€)



- **Q1 is usually the weakest quarter** in terms of cash generation due to payments related to full year
- YoY operating cash flow **follows profit development**
- Last years cash flow includes **extraordinary** tax payments related to previous years

Net Cash Flow* (m€)

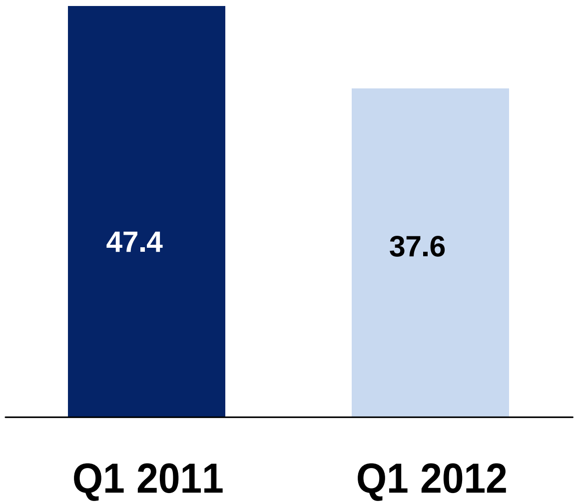


- Including interest **income** of 0.2 m€ in Q1/11 and 0.1 m€ in Q1/12
- Lower level of capital expenditures in 2012 (-0.5 m€ in Q1/12 vs. -1.3 m€ in Q1/11) results in a **stable yoy Net Cash Flow**

* Net Cash Flow: Operating CF + investing CF +/- interest income/expenses

Healthy Net Financial Position

Net Financial Position (m€)



- Net cash-flow last 12 months of ~0m€ → reduced NFP due to **dividend payment** of 9.6 m€ in 06/2011
- **Stop of forfaiting process** in Q3 2011 resulted in 1.2m€ lower NFP (cash -1.2m€, receivables +1.2m€)
- **No cash deposit at SEAT anymore** since 07/2011, cash fully deposited in fix-term deposits with short-term maturity at banks
- **Dividend proposal** 0.35€/share at 28.06.2012

Profit- and Cash-Flow guidance for 2012 confirmed

Profitability	EBITDA* telegate group of 10 - 12 m€
Cash Flow	Positive Net Cash Flow** in 2012 as well as in 2013 and 2014

* Before Non-recurring items
** Operating CF + investing CF +/- interest income/expenses

Decision by highest court on data claims expected very soon

- **Reclamation claim: 96m€* (incl. interest)**
  - All respective documents (reasoning of DTAG for their non-admission complaint, counter-reasoning by telegate) will be at the BGH/highest court within the next few days
  - Judgment expected by mid 2012
  - Net about 50 m€ cash expected
- **Damage claim: 100m€ * (incl. Interest)**
  - Oral hearings in 1st instance are scheduled after the summer break

* Based on 30.04.2012

Contacts and financial calendar

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Financial Calendar

May 3, 2012	3-months results 2012
June 27, 2012	AGM
August 2, 2012	6-months results 2012
November 8, 2012	9-months results 2012

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Backup

Key Data of the Share

ISIN DE0005118806

Outstanding shares	19,111,091
proposed Dividend 2011 (paid in 2012)	0.35 Euro/share
52W high	9.43 Euro
52W low	4.99 Euro
Market Capitalisation (31st of March 2012)	115 m Euro
average turnover per day 52W	182k Euro
Transparency Standard	Prime Standard
Indices	CDAX, Prime All Share, Technology All Share
Official Market	Frankfurt and Xetra
Liquidity Class	2
Market makers	BWI Bank

Consolidated profit and loss statement

in kEUR	Q1 2012	Q1 2011
Revenues	**25.153**	**28.216**
Revenues DA solutions	*16.266*	*19.724*
Revenues Media	*8.887*	*8.492*
Cost of revenues	-10.291	-11.574
Gross profit	**14.862**	**16.642**
Gross profit in %	*59,1%*	*59,0%*
Selling and distribution costs	-11.174	-11.504
General administrative expenses	-3.597	-3.696
Other operating income	2	0
Other operating expense	-24	-43
EBITDA w/o non-recurring effects	**2.736**	**3.682**
EBITDA incl. non-recurring effects	1.915	3.436
Financial income	121	513
Income before tax	**190**	**1.912**
Income tax	-17	-568
Net income	**173**	**1.344**
Earnings per share (in Euro)	**0,01**	**0,07**

Non-Recurring items first quarter

(non-recurring, in m€)	**Q1 2011**	**Q1 2012**
Cost of revenues	0.3	0.1
Distribution costs		0.2
General Admin expenses		0.5
	0.3	**0.8**

Consolidated balance sheet

in kEUR	3M 2012	3M 2011	31.12.2011
Assets			
Cash & cash equivalents	37.572	3.396	39.048
Tangible, intangible & financial assets	27.045	33.485	28.527
Trade accounts receivable	31.871	33.030	32.988
Financial assets & assets available for sale	6.819	51.161	6.025
Tax assets	8.111	7.223	7.919
Other assets	1.055	355	995
Total Assets	**112.473**	**128.650**	**115.502**
Liabilities & Shareholders' equity			
Current liabilities	44.604	51.871	47.487
Non-current liabilities	5.348	6.953	5.668
Shareholders' equity	62.521	69.826	62.347
Total liabilities & shareholders' equity	**112.473**	**128.650**	**115.502**

Consolidated cash flow statement

in kEUR	3M 2012	3M 2011
Income before income tax	190	1.912
Depreciation & amortisation	1.846	2.037
Changes in operating assets & liabilities	-2.551	-1.640
Income taxes paid	-604	-2.155
Other items	44	-444
Cash used in operating activities	**-1.075**	**-290**
Capital expenditures	-535	-1.302
Net change in short-term fixed deposit investments (> 3 months)	0	-44.000
Cash used in investing activities	**-535**	**-45.302**
Purchase of treasury shares	0	-12
Interests received	140	243
Interests paid	-4	-9
Cash from financing activities	**136**	**222**
Change in cash and cash equivalents	**-1.476**	**-45.372**
Cash and cash equivalents at beginning of reporting period	**39.048**	**48.768**
Cash and cash equivalents at end of reporting period	**37.572**	**3.396**
Cash and cash equivalents (< 3 months), short-term fixed deposit investments (> 3 months) as well as short-term available for sale financial assets at the end of reporting period	37.572	47.396

Thank you
for your attention!

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Folgen Sie uns auf