

telegate Group:

Financial Results H1 2012

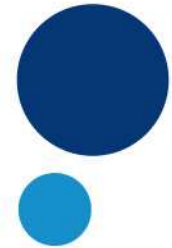
Munich,
Aug 2, 2012

telegate 

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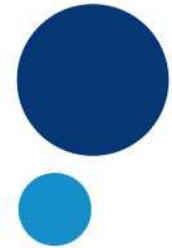
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Agenda



- **Business update**
- **Financials H1 2012**

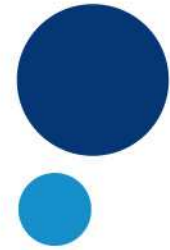
Data-cost claims: First two claims are now final!*



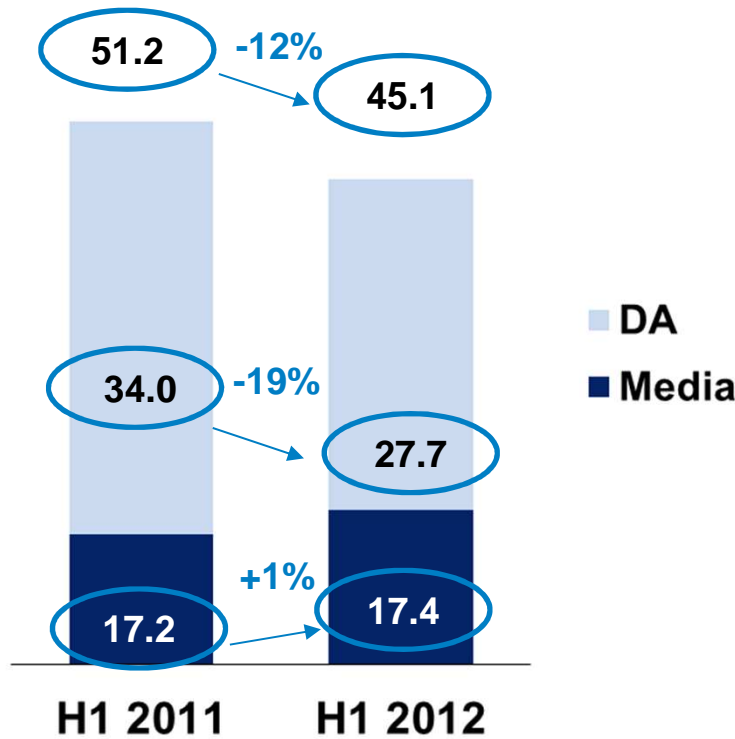
- **Claims in the amount of about 47 m€ are now final**
 - Federal High Court of Justice (BGH) has dismissed the appeals against non-admission of Deutsche Telekom on July 16th, 2012
 - The two claims of Datagate GmbH and telegate Media AG in an amount of total about 47 m€ are thus final
 - Cash-in will occur during the days to come
- **Final decision on further claim close to 50 m€ expected soon**
 - Decision by Federal High Court of Justice about the appeal against non-admission of Deutsche Telekom in the claim of telegate AG is expected within the coming 3 months
 - The claim ist about 41 m€ plus interest, in total close to 50 m€
- **Damage-claims for further up to 108 m€ in the 1st instance**
 - Oral hearings in 1st instance are scheduled after the summer-break

* According to IAS 37.35 these claims will be accounted for in 07/12

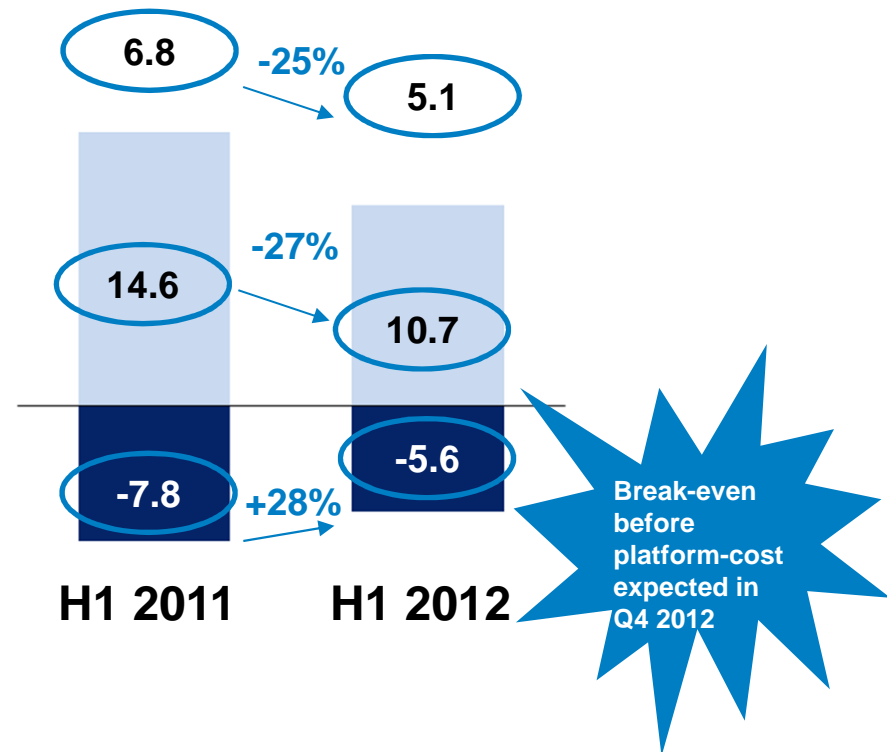
Revenue & EBITDA H1 in line with expectations (continued operations)



Group Revenues (m€)



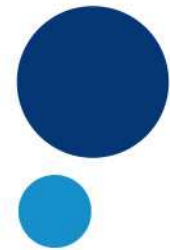
Group EBITDA* (m€)



Figures excluding Spain due to Spain being reported as discontinued operations

* Before non-recurring items

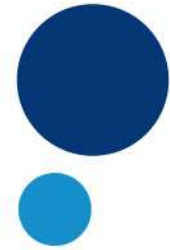
Focus areas 2012



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



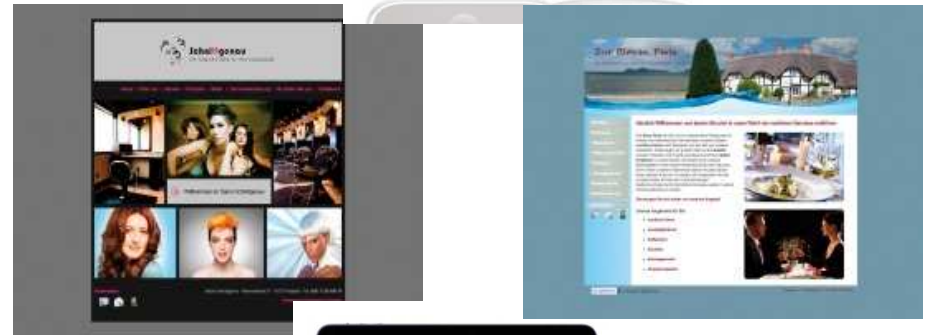
Traffic and usage growth far above market; strong focus on Mobile



Operational excellence
Go-To-Market
Usage / brand strategy

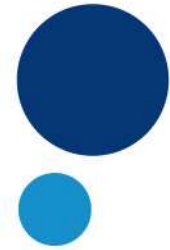
Traffic growth H1 yoy*:
49% from 110m to 164m

- ⇒ **Mobile growth **:**
203% from 18.1m to 54.8m
- ⇒ **Growth of portals:**
27% from 77.9m to 98.8m
- ⇒ **Number of App-downloads:**
60% from 0.96m to 1.54m

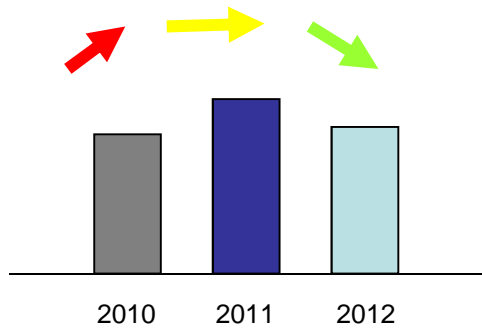


* Data on traffic does not include CD-Rom searches
** Mobile traffic includes cooperation agreements

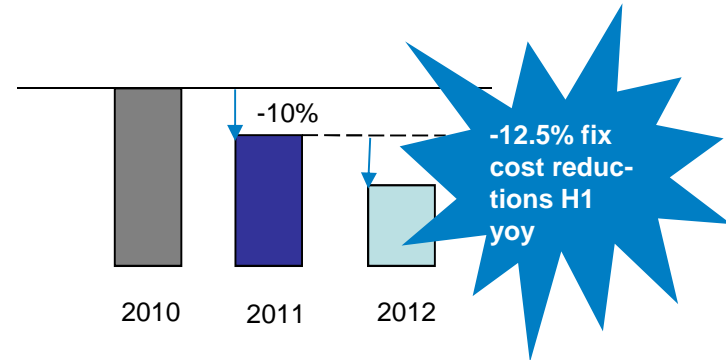
Visible improvement in operational excellence



Churn rate development*



Structural Cost Base*



Operational excellence

Go-To-Market

Usage / brand strategy

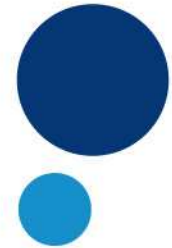
- **Positive development of actual churn rate:** End H1 2012 already -4ppts vs. Dec. 2011
- **Further significant improvement very likely** thanks to:
 - a) Early churn (= churn within the first three months after contract signature) has been reduced during the past 12 months by > 20% or > 3 ppts
 - b) About 40% of all new customers acquired are choosing a 24 month contract duration.

Further improvement by 5ppts expected as of Q4 2012

- Further **2m€ or -12,5% cost reductions** have been realised in H1 2012 vs. H1 2011 in terms of fixed-cost
- On top of that, **tight cost-control** in the area of **variable cost:**
 - a) Decision to further reduce voice-capacity as of 01/13
 - b) Significantly improved sales efficiency and effectiveness results in much better ratio of sales cost vs. Media revenues

* illustrative , Source: telegate AG, 7/12

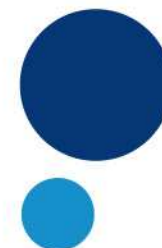
Agenda



- **Business update**
- **Financials H1 2012**

Revenue & EBITDA H1 in line with expectations

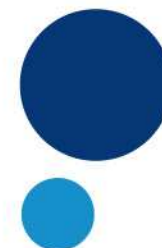
(Successful data-cost claims accounted for in Q3 2012 according to IAS 37.35)



	m€	H1 2012	H1 2011	%
Revenues		45,1	51,2	-12%
Revenues DA solutions		27,7	34,0	-19%
Revenues Media		17,4	17,2	1%
Gross profit %		57,1%	59,2%	
Selling and distribution costs		19,3	21,6	-11%
General administrative expenses		7,0	6,5	7%
EBITDA w/o non-recurring effects		5,1	6,8	-25%
EBITDA incl. non-recurring effects		2,9	6,0	-52%
Income (loss) from continuing operations		-0,2	2,2	
Income (loss) from discontinued operation		-0,5	0,0	
Net Income (loss)		-0,8	2,2	

- **Gross profit margin almost maintained** (if restated for non-recurring expenses)
- **Structural cost-base further optimized:** Selling & Distribution as well as G&A-costs further reduced (if restated for non-recurring expenses)

H1 restated for non-recurring items



in kEUR	H1 2012	H1 2011	%
Revenues	45.065	51.236	-12%
Cost of revenues *	-18.264	-20.289	-10%
Gross profit	26.801	30.947	-13%
Gross profit in %	59,5%	60,4%	
Selling and distribution costs *	-18.934	-21.639	-12%
General administrative expenses *	-6.207	-6.372	-3%
EBITDA w/o non-recurring items	5.135	6.805	-25%

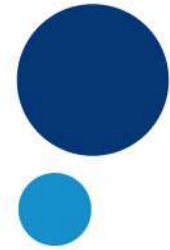
non-recurring items:		
in kEUR	H1 2012	H1 2011
Cost of revenues	1.047	610
Selling and distribution costs	375	0
General administrative expenses	797	153
total	2.219	763

Figures excluding Spain due to Spain being reported as discontinued operations

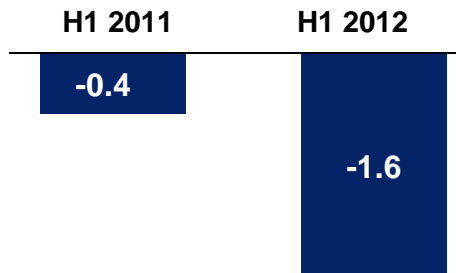
- Sizeable non-recurring items for restructuring have impacted H1 2012

* w/o non-recurring items

Net Cash Flow impacted by declining operating profitability & lower interest income

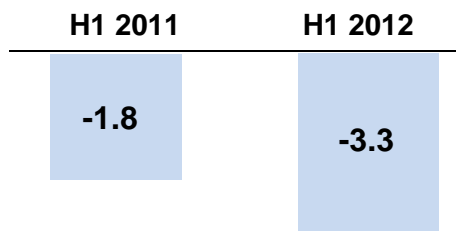


Operating Cash-flow (m€)



- Usually weaker first half-year in terms of cash generation due to payments related to full year
- YoY operating cash flow development follows profit development

Net Cash Flow* (m€)

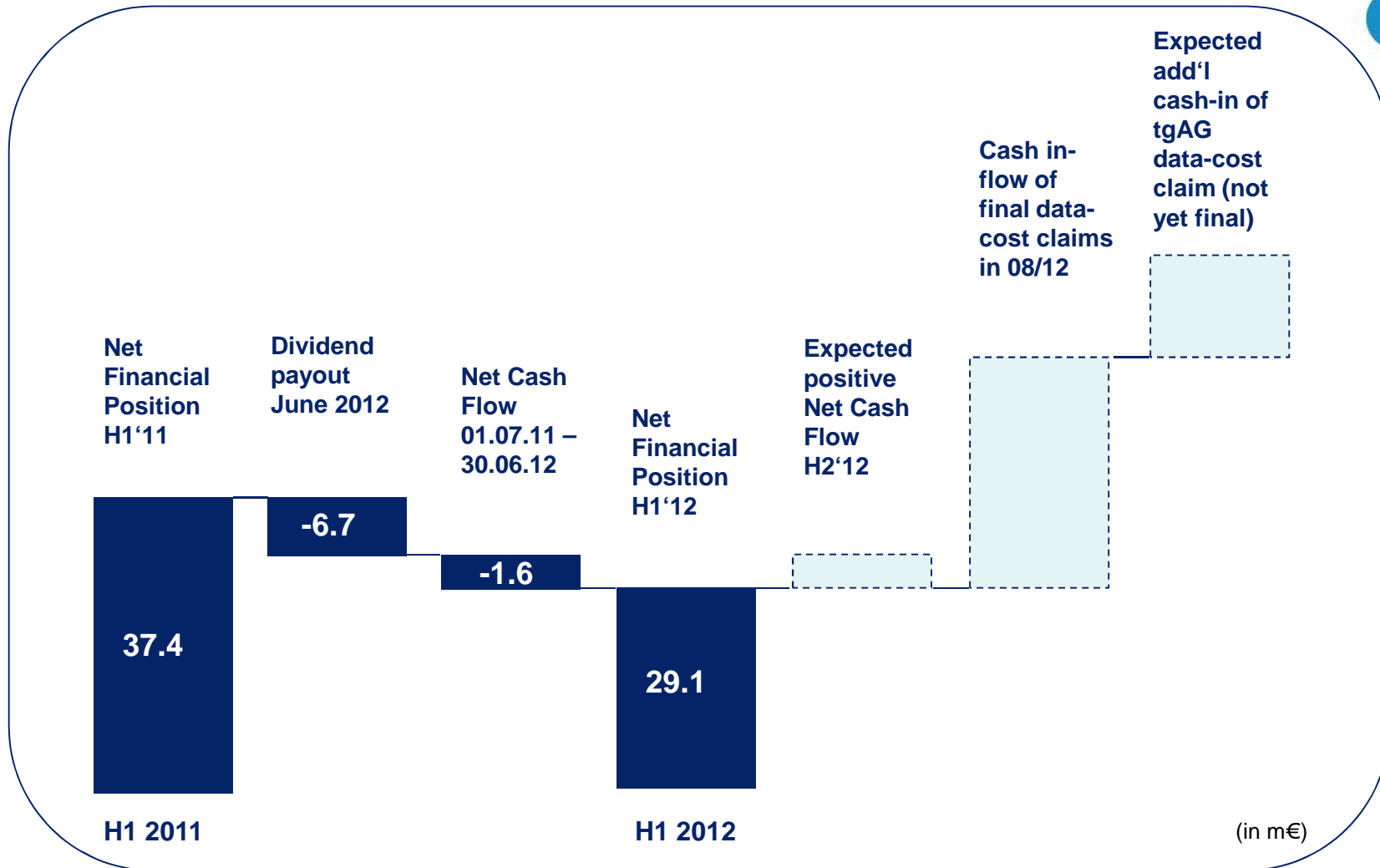
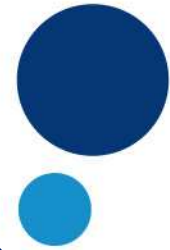


- Net Cash Flow follows declining operating profitability
- Lower interest income (0.3 m€ in H1/12 vs. 0.9 m€ in H1/11) mostly balanced by lower capital expenditures (-1.9 m€ in H1/12 vs. -2.3 m€ in H1/11)

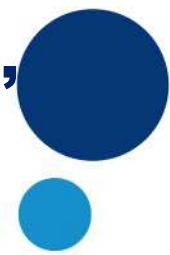
- Positive Net Cash Flow* expected for full 2012

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

Currently already very healthy Net Financial Position will further increase



Profit- and Cash-Flow guidance for 2012 confirmed, even having discontinued the Spanish business



Profitability

EBITDA* telegate group of 10 - 12 m€

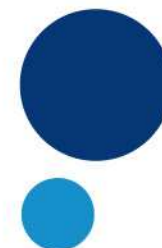
Cash Flow

Positive Net Cash Flow** in 2012 as well as in 2013 and 2014

* w/o non-recurring items, and also excluding Spain-contribution

** Operating CF + investing CF +/- interest income/expenses

Contacts and financial calendar



Contact telegate AG

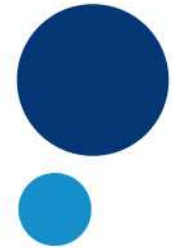
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Homepage	www.telegate.com

Financial Calendar

August 2, 2012	6-months results 2012
November 8, 2012	9-months results 2012

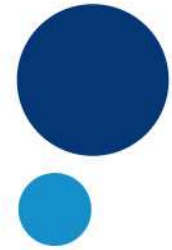
Disclaimer

07/2012



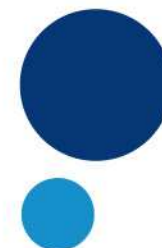
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Backup

Key Data of the Share



ISIN DE0005118806

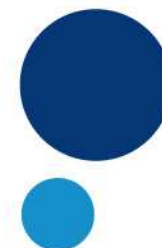
Outstanding shares	19.111.091
dividend 2011 (paid in 2012)	0.35 Euro/share
52W high	7.13 Euro
52W low	4.92 Euro
Market Capitalisation (30 st of June 2012)	111 m Euro
average turnover per day 52W	71k Euro
Transparency Standard	Prime Standard
Indices	CDAX, Prime All Share, Technology All Share
Official Market	Frankfurt and Xetra
Liquidity Class	2
Market makers	BWI Bank

Consolidated profit and loss statement



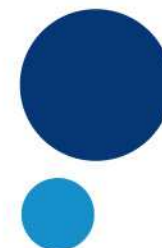
in kEUR	Quarterly Report		6-months report	
	Q2 2012	Q2 2011	6M 2012	6M 2011
Continuing operations				
Revenues	21.644	25.360	45.065	51.236
Revenues DA solutions	13.113	16.656	27.697	34.045
Revenues Media	8.531	8.704	17.368	17.191
Cost of revenues	-9.796	-10.619	-19.311	-20.899
Gross profit	11.848	14.741	25.754	30.337
Gross profit in %	54,7%	58,1%	57,1%	59,2%
Selling and distribution costs	-8.855	-11.119	-19.309	-21.639
General administrative expenses	-3.586	-3.047	-7.004	-6.525
Other operating income	0	1	2	1
Other operating expense	-1	-1	-12	-30
EBITDA w/o non-recurring effects	2.515	983	5.135	6.805
EBITDA incl. non-recurring effects	1.118	272	2.917	6.044
Financial income	75	521	198	1.036
Income before tax	-519	1.096	-371	3.180
Income tax	148	-369	131	-965
Income from continuing operations	-371	727	-240	2.215
discontinued operations				
Income (loss) from discontinued operations	-588	134	-546	-10
Net Income	-959	861	-786	2.205
Earnings per share (in Euro)	-0,05	0,05	-0,04	0,11

Consolidated balance sheet



in kEUR	Jun 30, 2012	Jun 30, 2011	Dec 31, 2012
Assets			
<i>Cash and cash equivalents</i>	29.099	2.924	39.048
<i>Trade accounts receivable</i>	29.425	34.359	32.988
<i>Other current assets</i>	9.932	40.892	6.314
Total current assets	68.456	78.175	78.350
<i>Tangible and intangible assets</i>	25.678	31.650	28.527
<i>Other non-current assets</i>	8.053	8.322	8.625
Total non-current assets	33.731	39.972	37.152
Total Assets	102.187	118.147	115.502
Liabilities & Shareholders' equity			
Current liabilities	42.287	50.400	47.487
Non-current liabilities	5.028	6.616	5.668
Shareholders' equity	54.872	61.131	62.347
Total liabilities & shareholders' equity	102.187	118.147	115.502

Consolidated cash flow statement



in kEUR	6M 2012	6M 2011
Income before income tax	-425	3.149
Depreciation & amortisation	3.667	4.051
Changes in operating assets & liabilities	-3.663	-3.775
Income taxes paid	-874	-3.328
Other items	-328	-485
Cash used in operating activities	-1.623	-387
Capital expenditures	-1.882	-2.250
Proceeds from sale of available for sale financial assets	0	-23.498
Net change in short-term fixed deposit investments (> 3 months)	0	-11.000
Cash used in investing activities	-1.882	-36.748
Purchase of treasury shares	0	-12
Dividend paid	-6.690	-9.555
Interest received	258	881
Interest paid	-6	-21
Cash from financing activities	-6.438	-8.707
Change in cash and cash equivalents	-9.945	-45.844
Cash and cash equivalents at beginning of reporting period	39.048	48.768
Cash and cash equivalents at end of reporting period	29.103	2.924
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	29.103	37.427

Thank you for your attention!

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