

telegate Group:

Financial Results 9M 2012

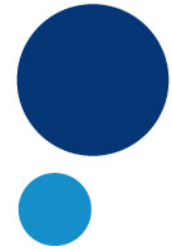
Munich,
November 8, 2012

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Agenda



- **Business update**
- **Financials 9M 2012**

Positive business achievements and outlook as of September 2012



- **Very successful final decisions** regarding **data-cost claims** resulting in **EUR 97.2m**
- **Revenue & EBITDA 9M in line** with guidance
- Areas of **business focus 2012** keep moving in the **right direction**

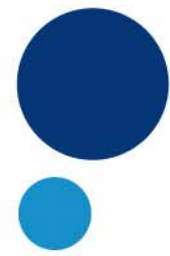
Positive ruling on data claims resulting in EUR 97m, damage claim potential EUR 110m



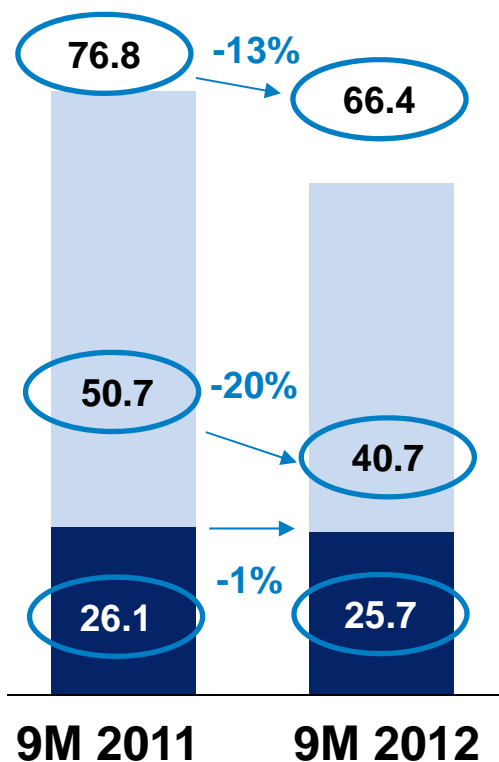
- **Reclamation Claims** (I-V) in an amount of **EUR 97.2m** are now final:
 - Ruling on claims by ***Datagate GmbH (I)*** and ***telegate Media AG (II)***, for a total amount of **EUR 47.2m, are final**; payment from *DT AG* occurred in mid-August; two smaller claims by ***telegate Media AG (III, IV)***, for a total of **EUR 0.2m**, are also final and payment did occur
 - Ruling on claim by ***telegate AG (V)***, for a total amount of about **EUR 50m is final**, payment is expected to occur during the days to come¹.
- **Damage Claims** (VI, VII) in an amount up to **EUR 110m**, initiated; positive ruling of Federal High Court of Justice (BGH) on *telegate AG* claim (V) constitutes clear basis for damage claim:
 - **Oral hearing 1st instance** *telegate Media AG* (VI) occurred at the **end of September**, with further input to be provided by telegate by beginning of November;
 - **Oral hearing 1st instance** *telegate AG* (VII) scheduled for **30.11.2012**.
 - **Reasoning of 2nd instance court** (OLG Düsseldorf), confirmed by the Federal High Court of Justice (BGH), clearly supports our claim for damages.

1. According to IAS 37.35 this claim will be accounted for in Q4/12

Revenue & EBITDA 9M for continued operations¹ in line with guidelines



Group Revenues (m€)



Group EBITDA² (m€)

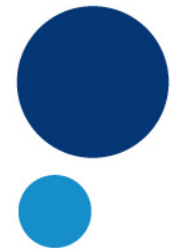


Break-even before platform-costs expected by 1.1.13

¹ Figures exclude Spain, since the segment is being reported as discontinued operations

² Before non-recurring items


Areas of 2012 business focus delivering results



Usage

- **Increased traffic** across platforms, with **mobile** continuing to deliver **triple digit growth**

Go-To-Market

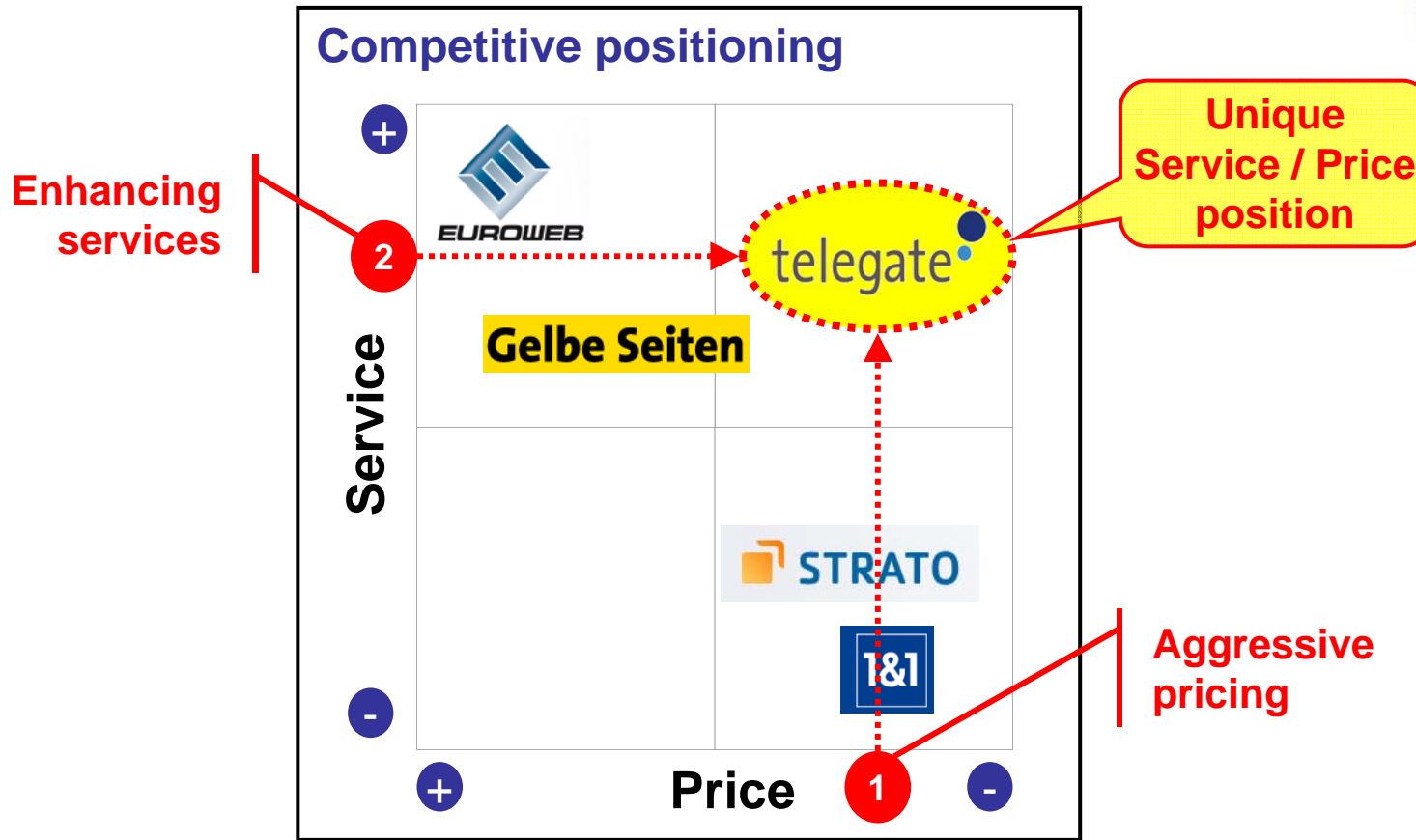
- **Launched** successfully **24 months feature** on current offer
- **Launched** new **free website**
- **Enriched websites** with **Local content** (**yelp**  **reviews**¹)

Operational excellence

- **Improved** performance on **sales efficiency**
- **Improved** performance on **customer retention**
- **Streamlined** operations and **cost-structure**

¹ yelp reviews in telegate websites launched November 6th.

A unique positioning for the web-product in the market space has been designed in the price/service space



A 1 free website offer, to be upgraded with 2 enhancing services will position telegate offer in a distinctive market space

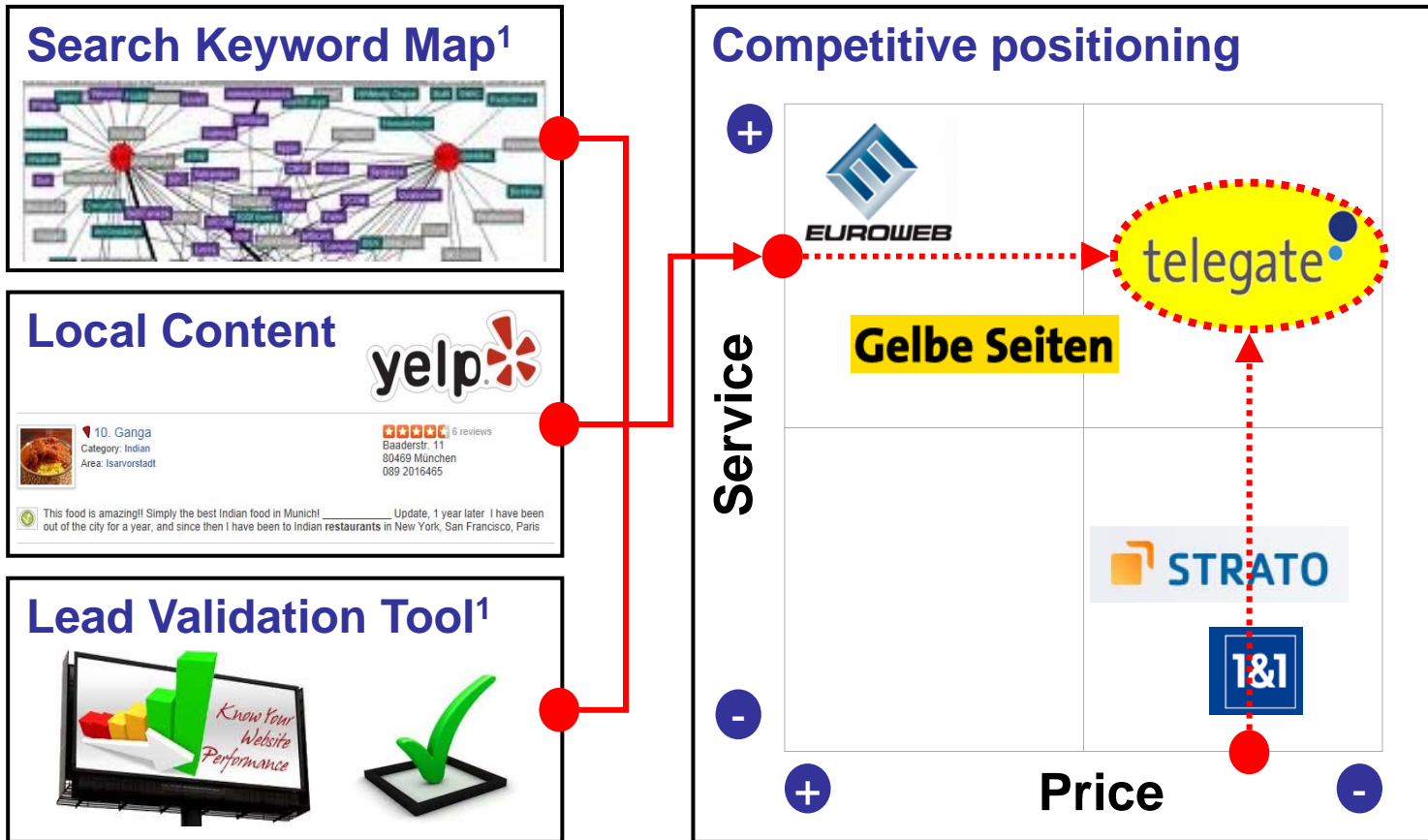
The *free* website offer will be upgraded with *enhancing* services...



Operational excellence

Go-To-market

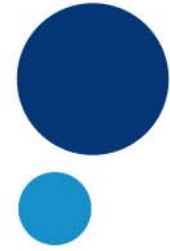
Usage



SEO-enhancing features website (Search Keyword Map insights and high quality Local content) and a lead validation tool will deliver superior service

¹ Feature under development

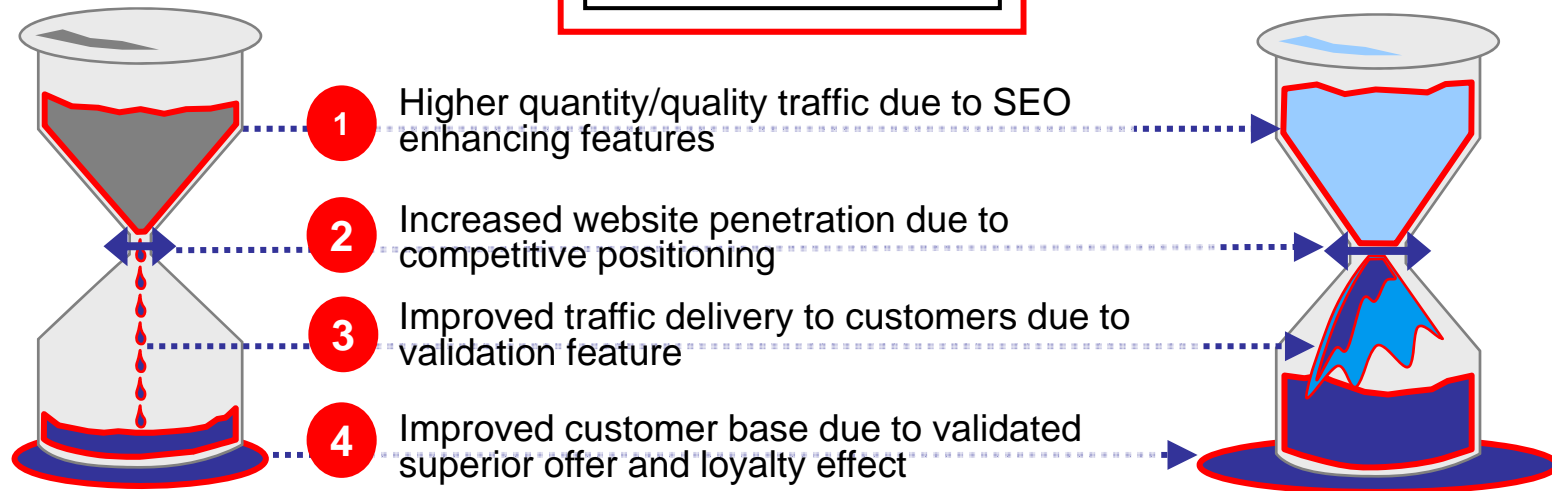
... resulting into an overall improvement of the media offer and traffic monetization



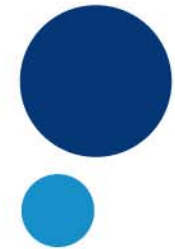
Operational excellence

Go-To-market

Usage

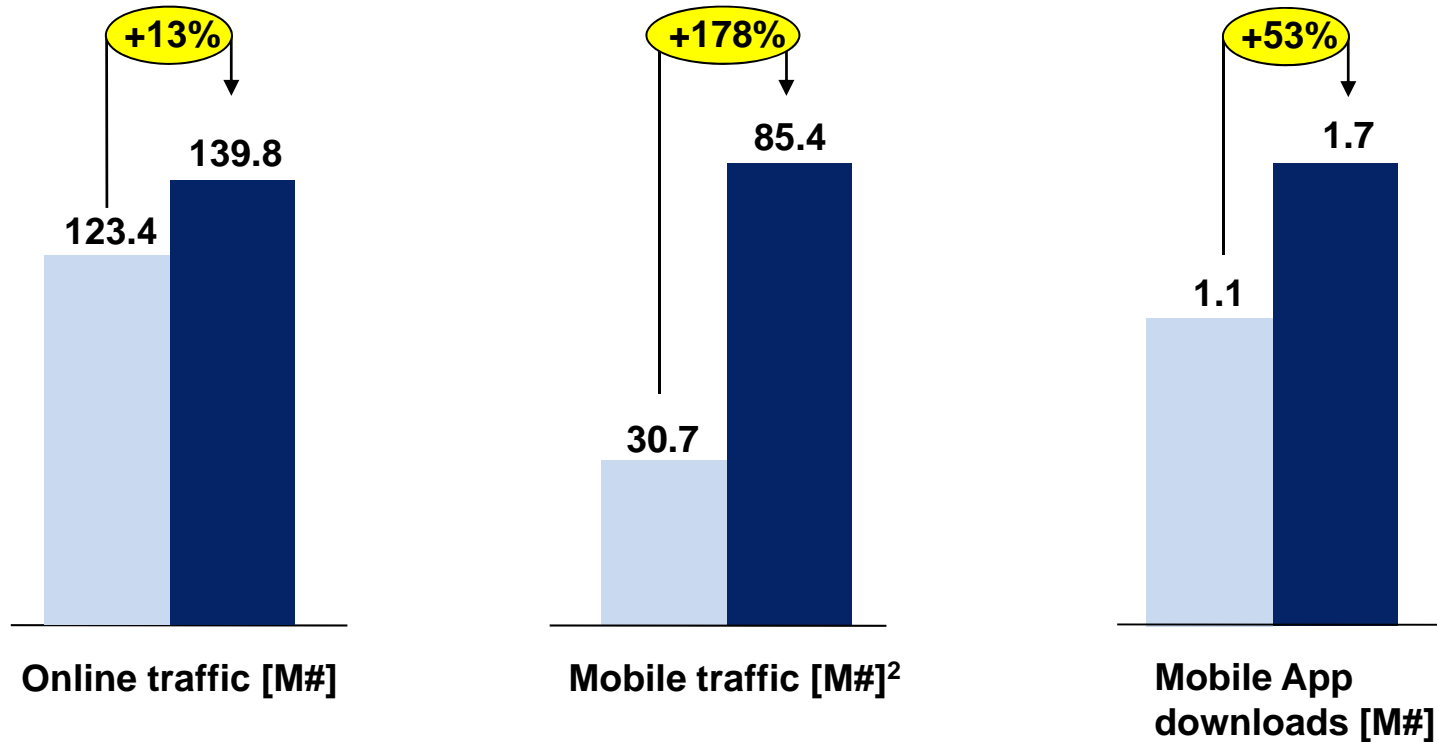


Traffic¹ continues to grow across platforms, with established leading position in mobile



2011 9M
2012 9M

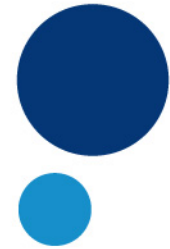
Operational excellence
Go-To-market
Usage



1 million search requests per day, over 50% on own properties

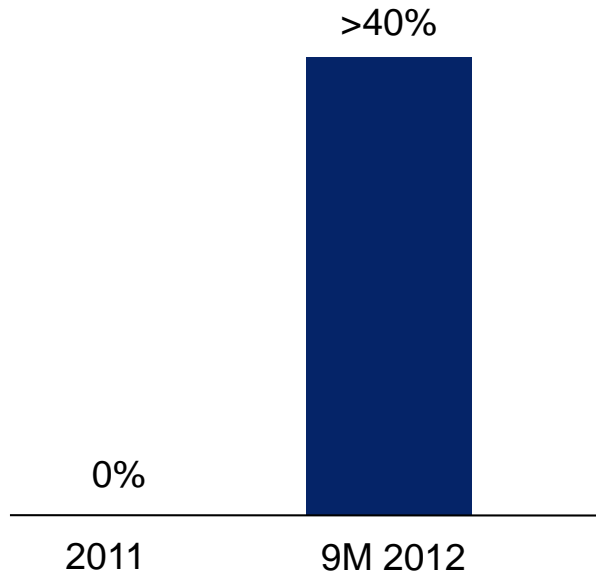
¹ Traffic does not include CD-Rom searches. ² Mobile traffic includes cooperation agreements

Go-To-market actions are showing results

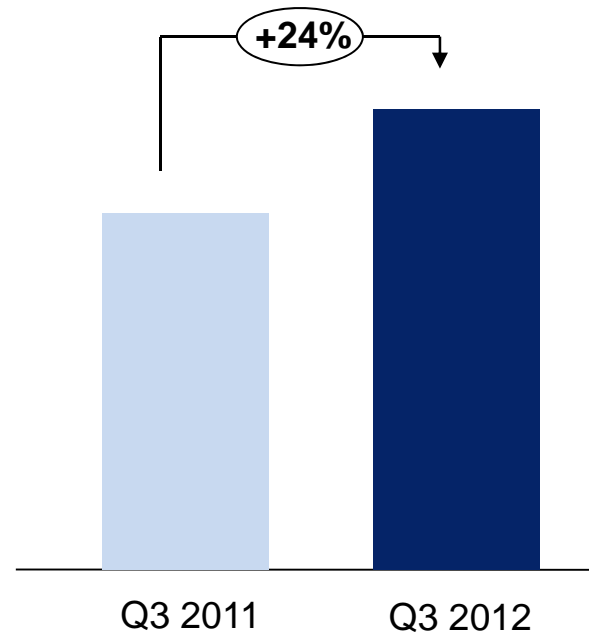


Operational excellence
Go-To-market
Usage

24-months contracts penetration

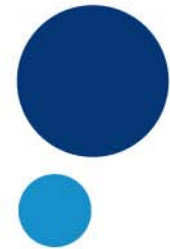


Sales Efficiency *



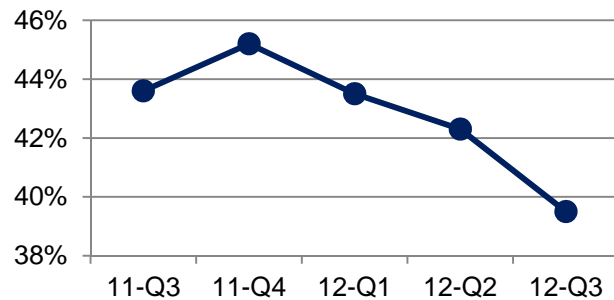
* Revenue new customers per FTE telesales & field sales

Operational excellence actions are delivering visible improvements



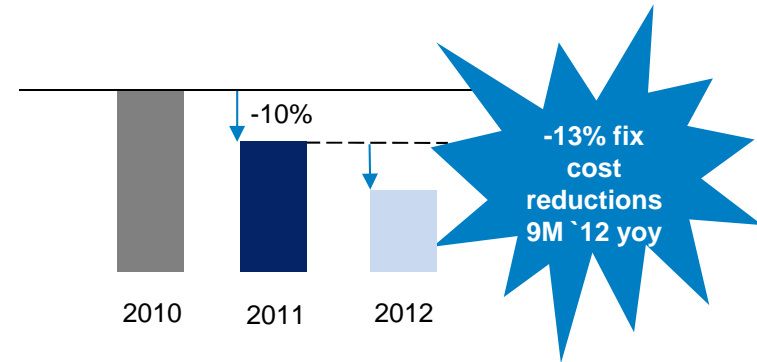
Operational excellence
Go-To-market
Usage

Churn rate development



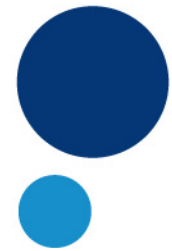
- **Positive development of churn rate:** end 9M 2012 already -6ppts vs. Q4 2011
- **Further significant improvement very likely** thanks to > 40% of all new customers acquired are choosing a 24 month contract

Structural Cost Base



- Further **3m€ or -13% cost reductions** have been realized in 9M 2012 vs. 9M 2011 in terms of fixed-costs
- On top of that, **tight cost-control** in the area of **variable cost:**
 - a) Decision to further reduce voice-capacity as of 01/13 (accruals already reflected in 9M '12)
 - b) Significantly improved sales efficiency and effectiveness results in much better ratio of sales cost vs. Media revenues

Further actions are planned for 2012 Q4 and 2013 along the strategic lines



Usage

- Increased traffic across platforms, with mobile continuing to deliver triple digit growth
- Embed **Search map** results in offer to support selling proposition
- Define mobile traffic monetization options

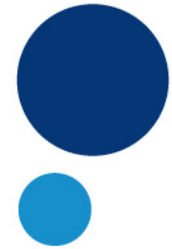
Go-To-Market

- Launched successfully 24months feature on current offer
- Launched new near-free website
- Enriched websites with Local content (yelp reviews)
- Embed new **Lead validation** tool in product offer
- Increase **24 months** contracts penetration to >50%

Operational excellence

- Improved performance on sales efficiency
- Improved performance on customer retention
- Streamlined operations
- Improve further performance on customer retention
- Improve further performance on sales efficiency
- Streamline further operations and cost-structure

Agenda



- **Business update**
- **Financials 9M 2012**

Revenue & EBITDA 9M in line with expectations

(figures incl. non-recurring items, excluding Spain)



Several non-recurring items have to some extent significant impact on P&L-lines

m€	9M 2012	9M 2011	%
Revenues	66,4	76,8	-13%
Revenues DA solutions	40,7	50,7	-20%
Revenues Media	25,7	26,1	-1%
Gross profit %	56,1%	59,8%	
Selling and distribution costs	-28,9	-32,6	-11%
General administrative expenses	-10,7	-9,4	14%
Other operating income	40,9	0	
Other operating expense	-6,5	0	
EBITDA w/o non-recurring effects	7,6	10,5	-28%
EBITDA incl. non-recurring effects	37,2	9,7	
Income (loss) from continuing operations	23,3	3,9	
Income (loss) from discontinued operation	0,0	-0,7	
Net Income	23,3	3,1	

- **High positive amount of non-recurring items 9M 2012** due to effect of data-cost claims (+32,6 m€) and costs for restructuring and capacity adjustment (-3,0 m€)
- Figures excluding Spain due to that segment being reported as discontinued operations. **EBITDA Spain 9M `12 w/o non-recurring items +0,6 m€ on the same level as 9M `11.**

9M results excluding non-recurring items



in kEUR	9M 2012	9M 2011	%
Revenues	66.426	76.750	-13%
Cost of revenues	-26.842	-30.232	-11%
Gross profit	39.584	46.518	-15%
<i>Gross profit in %</i>	<i>59,6%</i>	<i>60,6%</i>	
Selling and distribution costs	-28.049	-32.585	-14%
General administrative expenses	-9.190	-9.199	0%
Other operating income	3	0	
Other operating expense	-19	0	
EBITDA w/o non-recurring items	7.584	10.483	-28%

Figures excluding Spain due to that segment being reported as discontinued operations

Non-recurring items per category (impact on operating profit)



Non-recurring items – continued operations

in mEUR	9M 2012	9M 2011
restructuring	-1,18	-0,61
capacity	-1,80	-0,16
data cots claims	32,65	0
total	29,67	-0,77

Non-recurring items – discontinued operations

in mEUR	9M 2012	9M 2011
restructuring	-0,03	0
capacity	0	-1,31
total	-0,03	-1,31

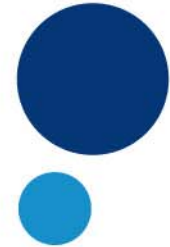
Status of Spanish business



- Reported since Q2 2012 as so-called “**discontinued operation**”, according to IFRS 5 (two subsidiaries “11811 Nueva Informacion Telefonica S.A.U” and “Uno Uno Ocho Cinco Guias S.L.” together forming the Segment “Spain”).
- **Negotiations** with potential buyers **ongoing**
- **Segment Spain with positive contribution** based on 9M 2012:

	k€	9M 2012	9M 2011
EBITDA			
w/o non-recurring effects		626	608
incl. non-recurring effects		593	-705
Net Cash-Flow		279	310

Tax-risk related to current tax-audit

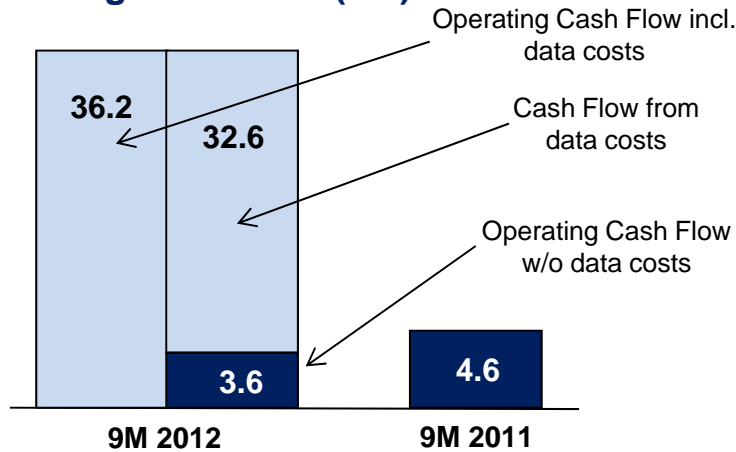


- **Tax-audit currently underway** at telegate AG for the period 2006 – 2009. Final results not available yet.
- **Differing opinions between the company and the tax auditors** exist regarding the treatment tax-wise of debt-forgiveness to the former French subsidiary: Company treated this debt-forgiveness as tax-deductible (based on a decision by the Federal Fiscal Court related to debt-forgiveness against national subsidiaries (decision dated 14.01.2009, I R 52/08)), the tax-auditor so far wants to have this treated being non tax-deductible (based on an internal guidance from the Federal Ministry of Finance (guidance dated 29.03.2011, application of the § 1 AStG)).
- Despite the differing opinions and the tax-audit that so far is not yet finalized, the company nevertheless has **decided to include a risk-provision of an amount of EUR 4 Mio. in their Q3 accounts.**

Data-cost claims positively impacted Cash Flow

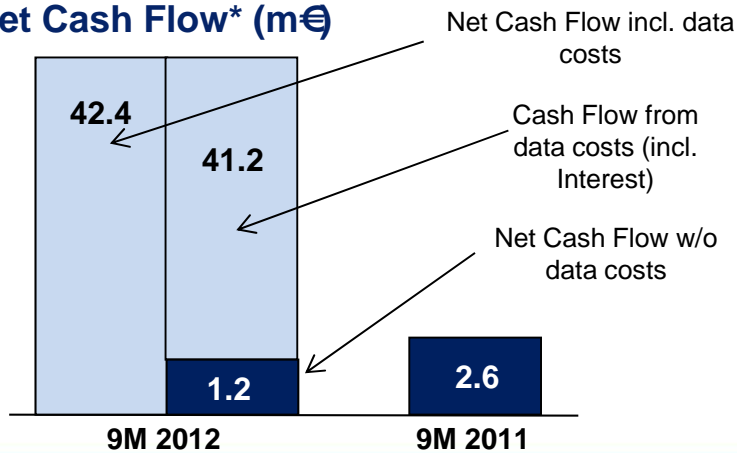


Operating Cash Flow (m€)



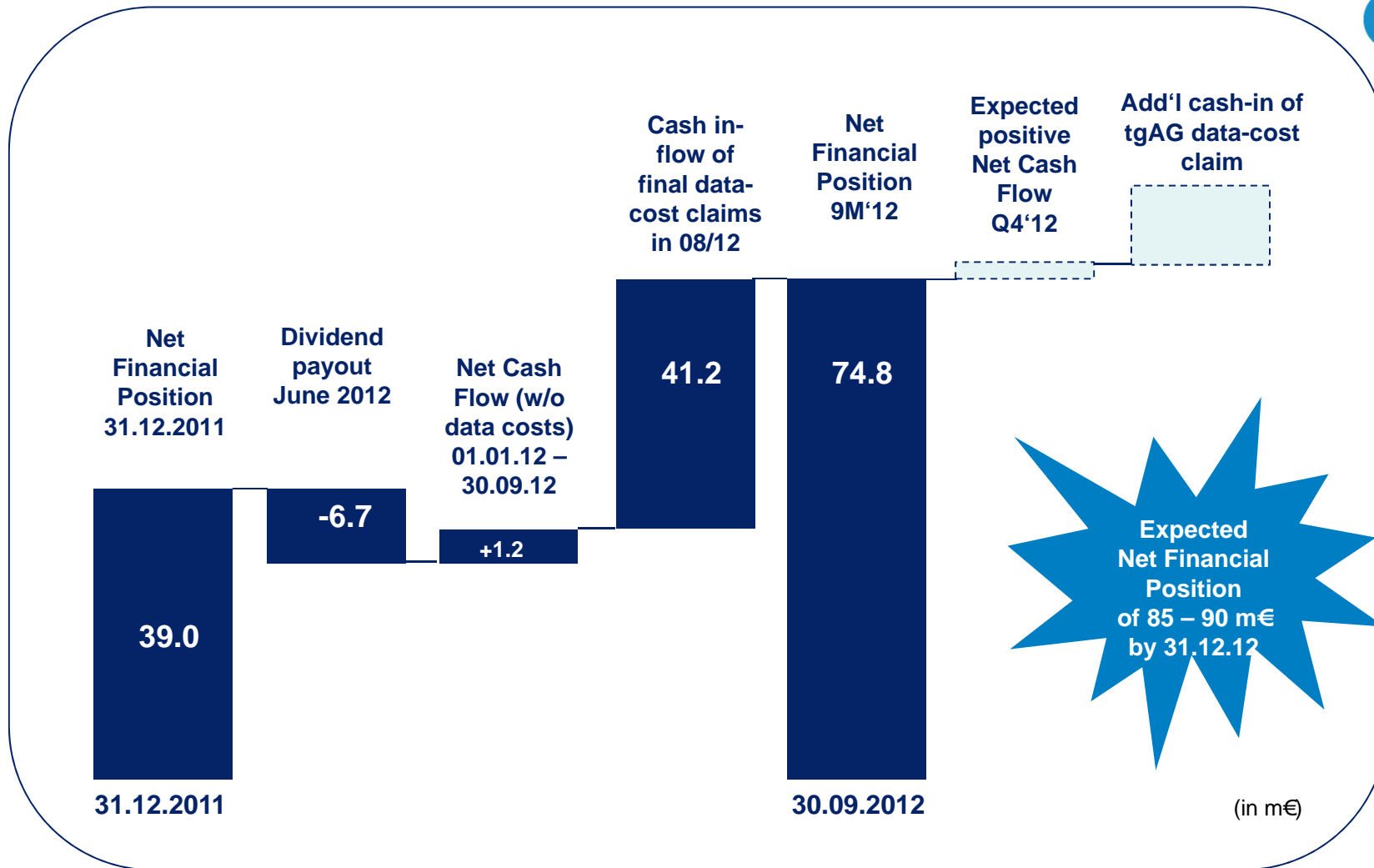
- Net Cash Flow follows **declining operating profitability**
- **Positive working capital** due to lower revenues
- **Lower interest income** (0.3 m€ in 9M/12 vs. 1.1 m€ in 9M/11) partially balanced by **lower capital expenditures** (-2.7 m€ in 9M/12 vs. -3.1 m€ in 9M/11)

Net Cash Flow* (m€)



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

Excellent Net Financial Position will further increase in Q4 '12



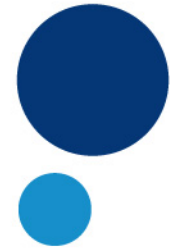
With expected about 85–90 m€ Net Cash as of 31.12.12, telegate is significantly over-capitalised



- **Final decision** about how to best make use of this liquidity has **not yet been made**

- **Likely usage could be to**
 - a) keep some of the cash in the company
 - b) distribute most of the net cash to our shareholders
 - c) invest some of the cash to strengthen the Media-business

Profit- and Cash-Flow guidance for 2012 confirmed



Profitability

EBITDA* telegate group of 10 - 12 m€

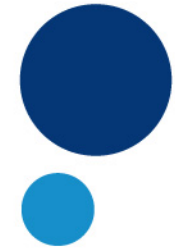
Cash Flow

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

* w/o non-recurring items, guidance did include profit-contribution from Spain

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

Contacts and financial calendar



Contact telegate AG

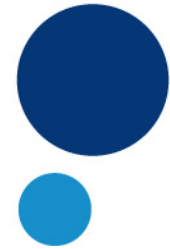
CEO	Elio Schiavo
CFO	Ralf Grüßhaber
Investor Relations	Franz Peter Weber
telegate AG	Fraunhoferstraße 12a 82152 Martinsried, Germany
Phone	+49 (0) 89-8954-1750
Fax	+49 (0) 89-8954-1710
Email	Investor.relations@telegate.com
Homepage	www.telegate.com

Financial Calendar

November 8, 2012	9-months results 2012
May 8, 2013	3-months results 2013
June 5, 2013	AGM
August 1, 2013	6-months results 2013
November 7, 2013	9-month results 2013

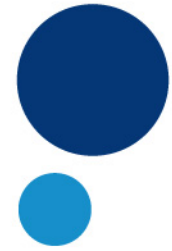
Disclaimer

11/2012



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Backup

Consolidated profit and loss statement



in kEUR	Q3 2012	Q3 2011	9M 2012	9M 2011
Continuing operations				
Revenues	21.361	25.514	66.426	76.750
Revenues DA solutions	13.047	16.651	40.744	50.696
Revenues Media	8.314	8.863	25.682	26.054
Cost of revenues	-9.878	-9.951	-29.189	-30.850
Gross profit	11.483	15.563	37.237	45.900
Gross profit in %	53,8%	61,0%	56,1%	59,8%
Selling and distribution costs	-9.576	-10.946	-28.885	-32.585
General administrative expenses	-3.653	-2.827	-10.657	-9.352
Other operating income	40.872	0	40.874	1
Other operating expense	-6.536	-1	-6.548	-31
EBITDA w/o non-recurring effects	2.449	3.677	7.584	10.483
EBITDA incl. non-recurring effects	34.328	3.669	37.245	9.712
Financial income	8.631	156	8.829	1.192
Income before tax	41.221	1.945	40.850	5.125
Income tax	-17.682	-301	-17.551	-1.266
Income from continuing operations	23.539	1.644	23.299	3.859
discontinued operations				
Income (loss) from discontinued operations	502	-715	-44	-725
Net Income	24.041	929	23.255	3.134
Earnings per share (in Euro)	1,26	0,05	1,22	0,16

Consolidated balance sheet



in kEUR	Sept 30, 2012	Sept 30, 2011	Dec 31, 2012
Assets			
<i>Cash and cash equivalents</i>	74.795	41.811	39.048
<i>Trade accounts receivable</i>	28.264	32.662	32.988
<i>Other current assets</i>	11.318	5.493	6.314
Total current assets	114.377	79.966	78.350
<i>Tangible and intangible assets</i>	24.732	30.601	28.527
<i>Other non-current assets</i>	794	8.588	8.625
Total non-current assets	25.526	39.189	37.152
Total Assets	139.903	119.155	115.502
Liabilities & Shareholders' equity			
Current liabilities	56.649	51.056	47.487
Non-current liabilities	4.341	6.039	5.668
Shareholders' equity	78.913	62.060	62.347
Total liabilities & shareholders' equity	139.903	119.155	115.502

Consolidated cash flow statement



in kEUR	9M 2012	9M 2011
Income before income tax	41.299	4.261
Depreciation & amortisation	5.405	6.007
Changes in operating assets & liabilities	-1.141	-795
Interest income	-8.870	-1.238
Other items	-111	747
Income taxes paid	-350	-4.357
Cash used in operating activities	36.232	4.625
Capital expenditures	-2.661	-3.130
Proceeds from sale of available for sale financial assets	0	-25.495
Net change in short-term fixed deposit investments (> 3 months)	0	25.519
Cash used in investing activities	-2.661	-3.106
Purchase of treasury shares	0	-12
Dividend paid	-6.690	-9.555
Interest received	8.882	1.122
Interest paid	-10	-31
Cash from financing activities	2.182	-8.476
Change in cash and cash equivalents	35.751	-6.957
Cash and cash equivalents at beginning of reporting period	39.048	48.768
Cash and cash equivalents at end of reporting period	74.799	41.811

Non-recurring items per cost-type



non-recurring items:		
in kEUR	9M 2012	9M 2011
Cost of revenues	-2.347	-619
Selling and distribution costs	-836	0
General administrative expenses	-1.467	-153
Other operating income	40.871	0
Other operating expense	-6.529	0
total	29.693	-772

Thank you
for your attention!

telegate AG
Fraunhoferstr. 12 a
82152 Martinsried bei München

Telefon 089/8954-0
Fax 089/8954-1010

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