

telegate Group

Financial Results Q1 2013

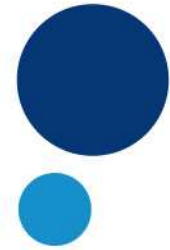
Munich,
May 8, 2013

telegate 

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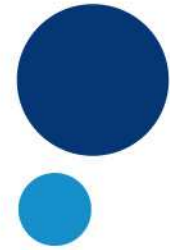
Agenda



- Business update

- Financials Q1 2013

Highlights Q1 2013

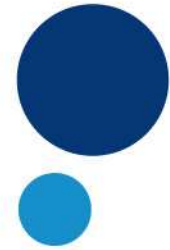


Media profitability	EBITDA* improvement of 46% yoy	✓
Customer retention	Churn down by 25% yoy	✓
Website penetration	Up to 57% (Q1 2012: 18%)	✓
24 months contracts (% on total # customers)	Up to 32% (Q1 2012: 7%)	✓
Mobile traffic / product innovation	Up by 23% yoy Coop w/AroundMe now live	✓

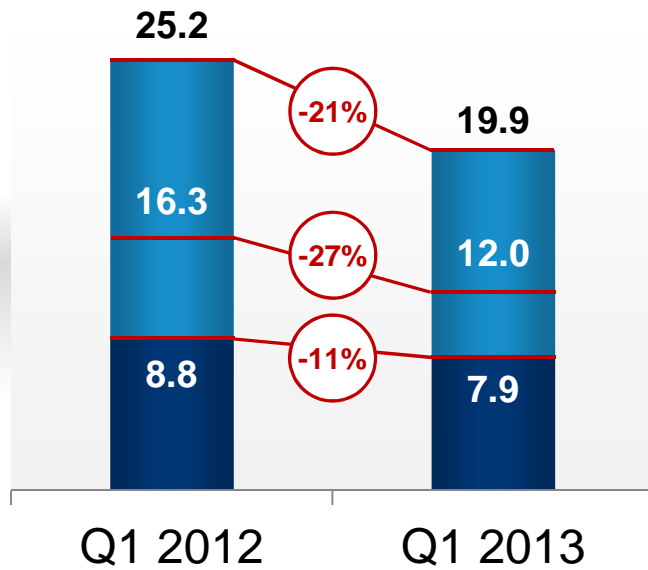
- **Q1 2013 KPIs** look really promising!

* Before non-recurring items

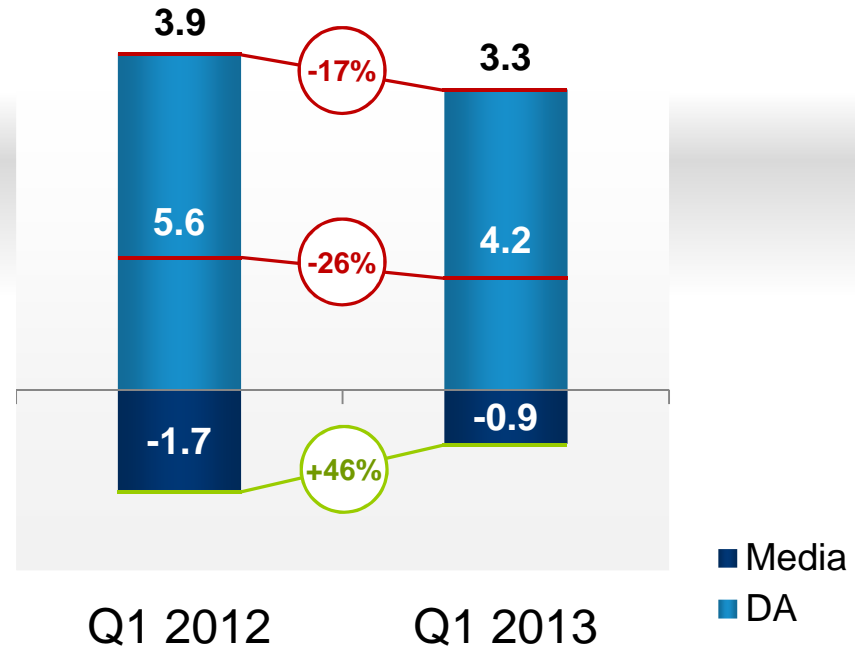
Profitability Media on track towards break even



Group Revenues (m€)

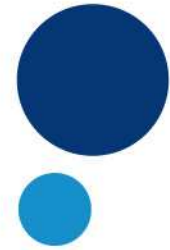


Group EBITDA* (m€)



* Before non-recurring items

We continue to “do our homework”...



Usage

- Develop **mobile traffic monetization** model
- **Conversion** from **search requests** to **customer leads**

Go-To-Market

- Full roll-out of new **free website offer**
- Provide all our customers with a **lead validation tool**
- **Strategic partnership** on mobile couponing with **AroundMe**

Operational excellence

- Further improve **customer retention, sales efficiency** and **cost structure**

... achieving planned results across key 2013 pillars!

Keyword search request map finalized and live from mid April 2013

Operational excellence

Go-To-Market

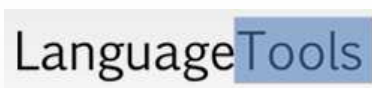
Usage/brand strategy

internal



- Ranking of the most commonly used keywords on telegate portals, apps & referring traffic

systematic



- Systematic research on the keywords used on Google for 8.000 different industries / trades

qualitative



- Research & validation of the Top Five Google-keywords for the 1.200 most valuable telegate industries / trades

keyword tool for media sales & support

Vorschlagsfunktion

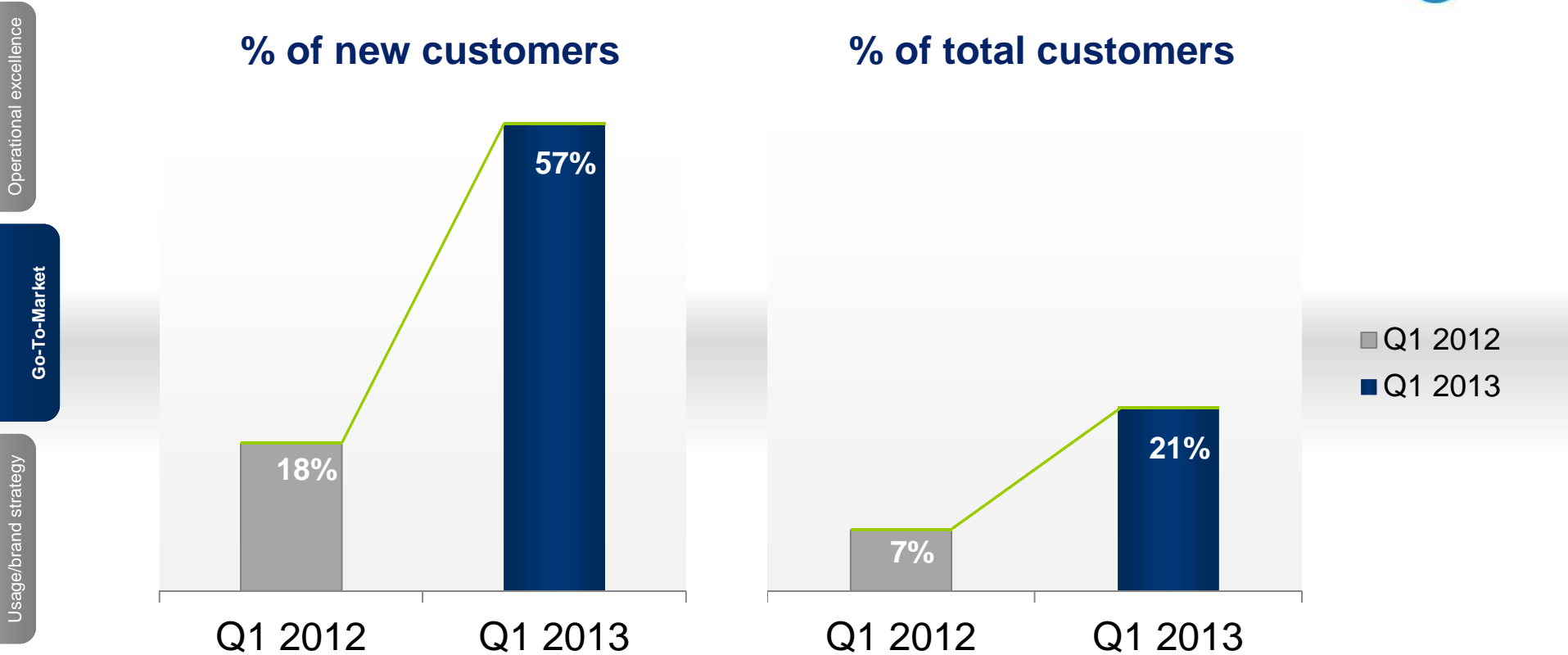
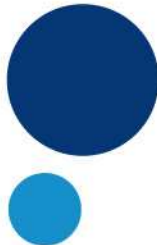
Schlagwörter

Branche

Vorschlag	Typ
Arbeitsbuehen	Branche
Hebebuehen	Suchbegriff
Hubarbeitsbuehen	Suchbegriff

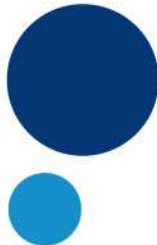
Preliminary findings support decision choice

Free website differentiating offer now in full roll-out



Q1 2013 Website penetration is 3x higher than in Q1 2012

Lead Validation finally makes value delivery a transparent and measurable event



Operational excellence

Go-To-Market

Usage/brand strategy

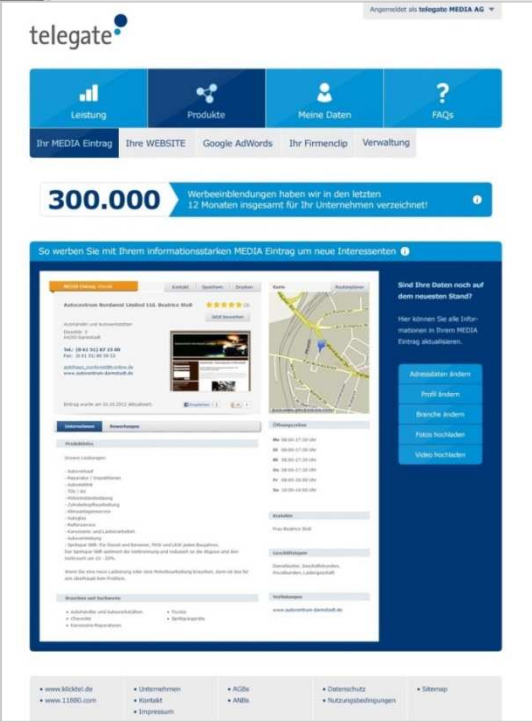
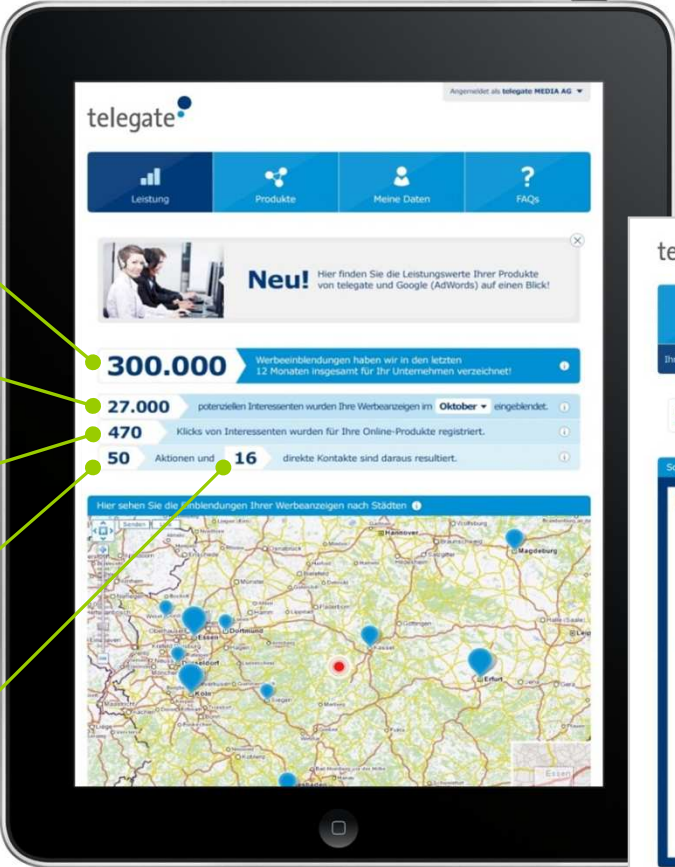
No. of total displays

No. of displays per month

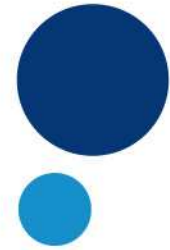
No. of clicks per month

No. of actions per month

No. of calls per month



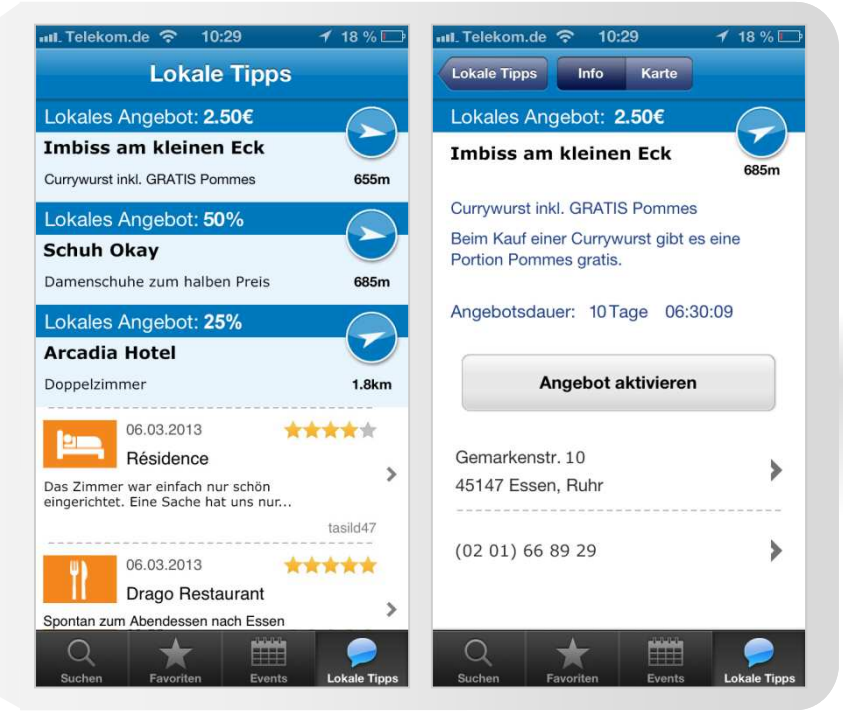
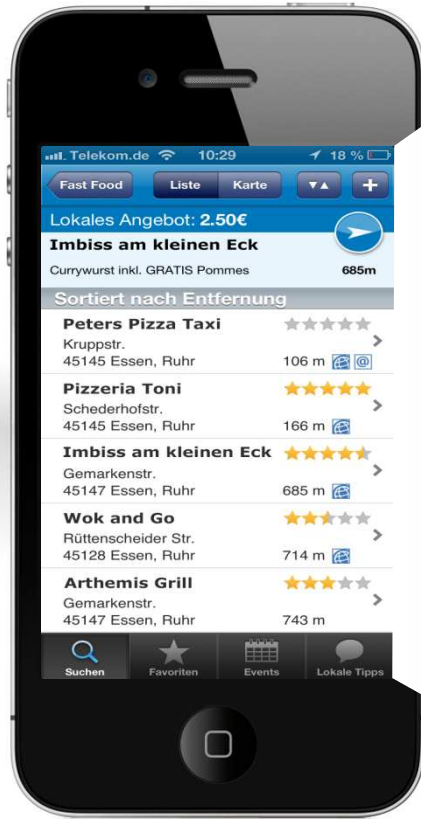
Free platform enabling local deals is now live¹!



Operational excellence

Go-To-Market

Usage/brand strategy

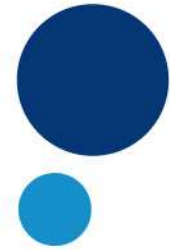


¹ Solution designed and delivered in partnership with mobile "best in class" player AroundMe

Service expected to improve stickiness of advertisers, and deliver superior user experience

Customer retention improved by 25%

Cost-base further reduced in Q1



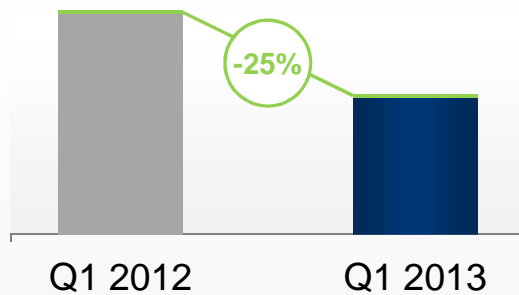
Operational excellence

Go-To-Market

Usage/brand strategy

Improve customer retention

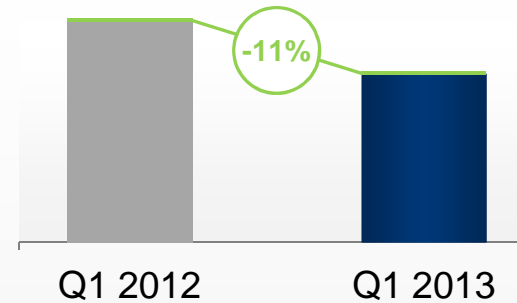
Churn rate development



- **Past efforts** are visibly paying off
- **Further improvement** expected thanks to:
 - a) Recent improvements made to the offer (especially lead validation)
 - b) Product-Mix (increased website-penetration)
 - c) Growing share of 24 month-contracts
 - d) Processes becoming more customer-centric (Customer Care, production)

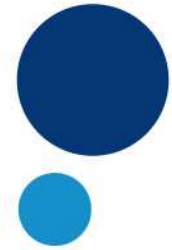
Reduce cost-base

Fix cost-base



- Strong **focus on cost management remains unchanged**:
 - a) Sizeable reduction of Headcount and other cost in General & Admin
 - b) Improved Sales efficiency / effectiveness

Agenda

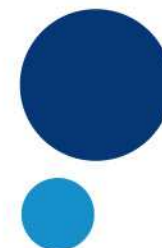


- Business update

- **Financials Q1 2013**

Revenue & EBITDA in line with expectations

(incl. non-recurring items)



m€	Q1 2013	Q1 2012	%
Revenues	19.9	25.2	-21%
<i>Revenues DA solutions</i>	12.0	16.3	-27%
<i>Revenues Media</i>	7.9	8.8	-11%
Cost of revenues	-9.1	-10.3	-12%
Gross profit	10.8	14.9	
<i>Gross profit in %</i>	54.2%	59.1%	
Selling and distribution costs	-7.6	-11.2	-32%
General administrative expenses	-3.2	-3.6	-10%
Other operating income	0.2	0	
Other operating expense	0.0	0	
EBITDA w/o non-recurring effects	3.3	3.9	-17%
non-recurring effects	0.4	0.8	
EBITDA incl. non-recurring effects	2.9	3.1	

- **Focus on cost-optimisation** with visible results
- Efforts related to the offer as well as to customer-retention expected to become **more visible in the top-line** development over the coming quarters

Improved EBITDA due to capitalisation of new customer acquisition-cost

Up until 2013*

- Cost for new customer acquisition (» sales commissions) are **expensed**
- **Deferred** over contract-period of 12/24 months, in line with revenue recognition

As of 2013**

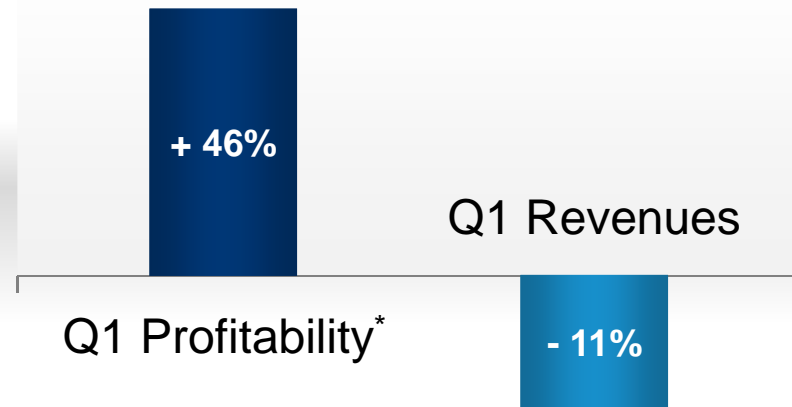
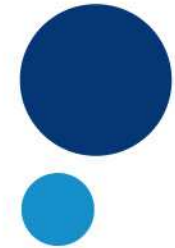
- Cost for new customer acquisition are **capitalised**
- Asset then is **depreciated** over contract period of 12/24 months
- In line with **IAS 38.9 ff. and 28.18 ff.**, and per request of our auditors PWC

- **Net Income, Cash Flow and Equity** all unchanged
- Higher **EBITDA** (2013 (E): + approx. 3 m€) and higher depreciation respectively

*Up until and incl. Q3 2012; in Q4 2012, cost for new customer acquisition already have been capitalised, but EBITDA definition has been adopted to still include these capitalized amounts | **Figures for prior year-period are restated accordingly.

Strong improvement on Media profitability

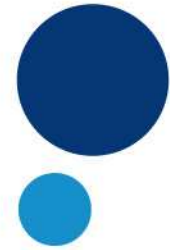
Topline still influenced by higher focus on sales efficiency



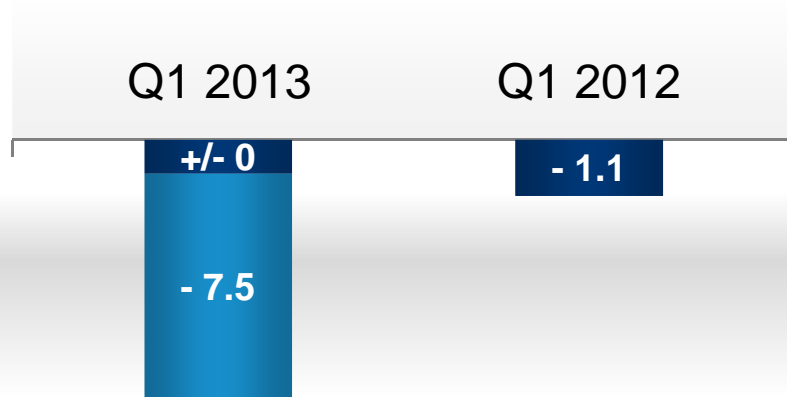
- **Reduced Sales Force capacity** by -23% yoy (benefit: efficiency significantly improved)
- Q1 results influenced by **higher level of credits**. H2 performance expected to be much better
- **Deferral of revenues** results in “delayed” realization of actual performance
- **Sizeable improvement in churn and ratio of 24 month-contracts** will strongly support future revenues

*EBITDA before non-recurring items

On track for positive net cash flow for 2013

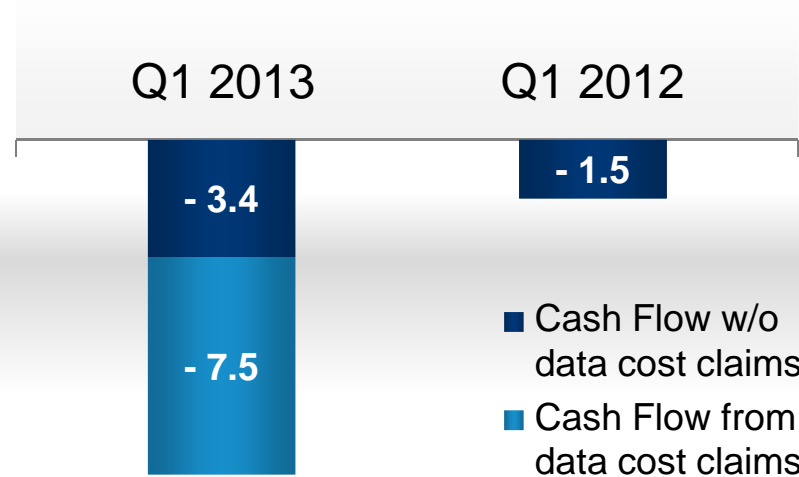


Operating Cash Flow (m€)



- **Improved operating cash flow (w/o data cost items)** mainly thanks to working capital. Q1 usually is the lowest quarter within the year in terms of cash-generation

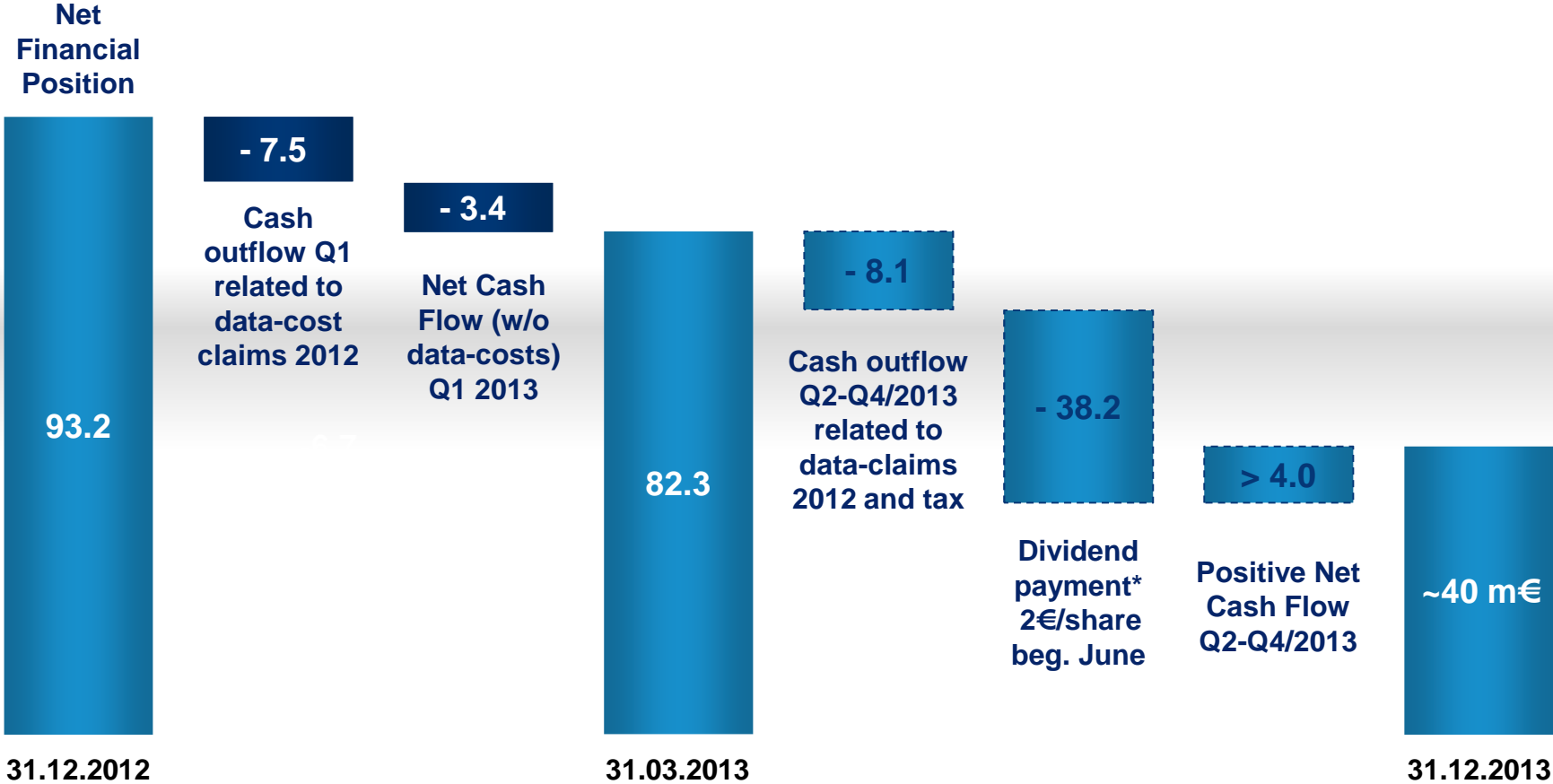
Net Cash Flow* (m€)



- Net Cash-flow (w/o data cost items) materially lower vs. prior year-period driven **by high investments for replacing the voice-technology**

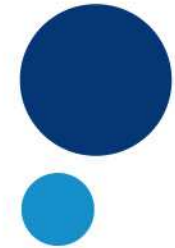
* Net Cash Flow: Operating CF + investing CF +/- interest income/expenses

NFP Q1 2013 affected by cash-out related to successful data-cost claims from 2012 (m€)



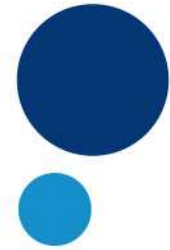
* Subject to approval by the AGM

Significant cash distribution to shareholders beg. June, 2013



- Proposal of Management and Supervisory Board to the AGM to **distribute a dividend of 2,00 €/share** (1,75 €/share extraordinary, 0,25 €/share ordinary)
- Subject to approval by the AGM, **payout would occur June 6th, 2013** » total amount of 38.2 m€ (nearly half of our current NFP)
- On a portion of this dividend-payment no capital-tax will be deducted. For shareholders who are resident in Germany, this **part of the dividend therefore usually is tax-free**

Group guidance 2013 – 2014: Stabilized EBITDA and ensured positive cash flow



Profitability

EBITDA of 11-13* m€ for both 2013 and 2014

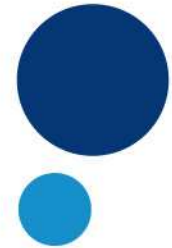
Positive Net Cash Flow in 2013 as well as in 2014

Cash Flow

Media EBITDA break-even (at full cost) expected by 2013 year end

*adjusted upwards from so far 8-10 m€ due to capitalisation of cost for new customer acquisition

Contacts and financial calendar



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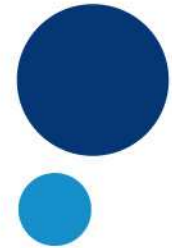
Financial Calendar

June 5, 2013 | AGM

August 1, 2013 | 6-months results 2013

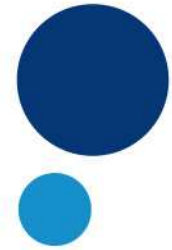
November 7, 2013 | 9-months results 2013

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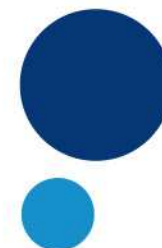
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Backup

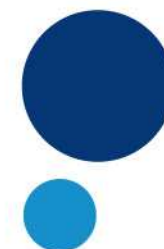


Consolidated profit and loss statement



in kEUR	Q1 2013	Q1 2012
Revenues	19,863	25,153
<i>Revenues DA solutions</i>	<i>11,965</i>	<i>16,316</i>
<i>Revenues Media</i>	<i>7,898</i>	<i>8,837</i>
Cost of revenues	-9,104	-10,291
Gross profit	10,759	14,862
<i>Gross profit in %</i>	<i>54.2%</i>	<i>59.1%</i>
Selling and distribution costs	-7,644	-11,174
General administrative expenses	-3,223	-3,597
Other operating income	150	2
Other operating expense	-23	-24
EBITDA incl. non-recurring effects	2,883	3,128
non-recurring effects	396	821
EBITDA w/o non-recurring effects	3,279	3,949
Financial income	50	121
Income before tax	69	190
Income tax	62	-17
Net Income	131	173
Earnings per share (in Euro)	0.01	0.01

P&L excluding non-recurring items



m€	Q1 2013	Q1 2012	%
Revenues	19.9	25.2	-21%
Cost of revenues	-8.9	-10.2	-13%
Gross profit	11.0	14.9	
<i>Gross profit in %</i>	55.1%	59.4%	
Selling and distribution costs	-7.4	-11,0	-33%
General administrative expenses	-3.1	-3.1	2%
Other operating income	0.0	0	
Other operating expense	0.0	0	
EBITDA w/o non-recurring effects	3.3	3.9	-17%
non-recurring effects	0.4	0.8	

Non-recurring items first quarter



non-recurring items – cost items

m€	Q1 2013	Q1 2012
Cost of revenues	0.2	0.1
Selling and distribution costs	0.3	0.2
General administrative expenses	0.1	0.5
Other operating income/expense	-0.1	0.0
total	0.4	0.8

non-recurring items – topics

m€	Q1 2013	Q1 2012
Data-cost claims	-0.1	0.0
Structural costs	0.5	0.8
total	0.4	0.8

Consolidated balance sheet



in kEUR	March 31, 2013	March 31, 2012	Dec 31, 2012
Assets			
<i>Cash and cash equivalents</i>	82,328	37,572	93,250
<i>Trade accounts receivable</i>	15,295	18,173	16,266
<i>Other current assets</i>	7,341	7,252	9,115
Total current assets	104,964	62,997	188,631
<i>Tangible and intangible assets</i>	24,250	27,045	24,950
<i>Other non-current assets</i>	419	4,012	469
Total non-current assets	24,669	31,057	25,419
Total Assets	129,633	94,054	144,050
Liabilities & Shareholders' equity			
Current liabilities	24,129	30,906	38,489
Non-current liabilities	4,297	2,282	4,484
Shareholders' equity	101,207	60,866	101,077
Total liabilities & shareholders' equity	129,633	94,054	144,050

Consolidated cash flow statement



in kEUR	Q1 2013	Q1 2012
Income before income tax	68	190
Depreciation & amortisation	1,871	1,846
Changes in operating assets & liabilities	-1,542	-2,551
Interest income / expense	-48	-122
Income taxes paid	-7,258	-604
Other items	-578	166
Cash used in operating activities	-7,487	-1,075
Cash used in investing activities	-3,494	-535
Interest received	62	140
Interest paid	-3	-4
Cash provided by financing activities	59	136
Change in cash and cash equivalents	-10,922	-1,476
Cash and cash equivalents at the beginning of reporting period	93,250	39,048
Cash and cash equivalents at the end of reporting period	82,328	37,572

Thank you for your attention!

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