

# telegate Group

Financial Results 3M 2014

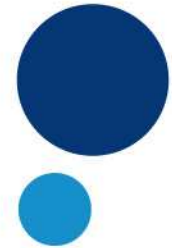
Munich,  
May 7, 2014

telegate 

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# Agenda



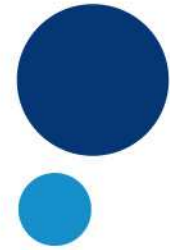
- **Digital business trends**

- Rationale behind improvements

- Financials 3M 2014

- Outlook

# Digital business improvements in Q1 2014...



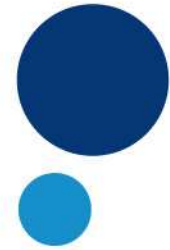
ARPA new customers	Up by 3 % yoy
Customer retention	Churn down by 6 % (=2.0pp) yoy
Website penetration	Up to 65% (Q1 2013: 58%)
24 months contracts penetration	Up to 76% (Q1 2013: 65%)
Revenue/sales head	Up by 4% yoy



Positive EBITDA\*  
now consolidated  
with +0.2 m€

\* Before non-recurring items

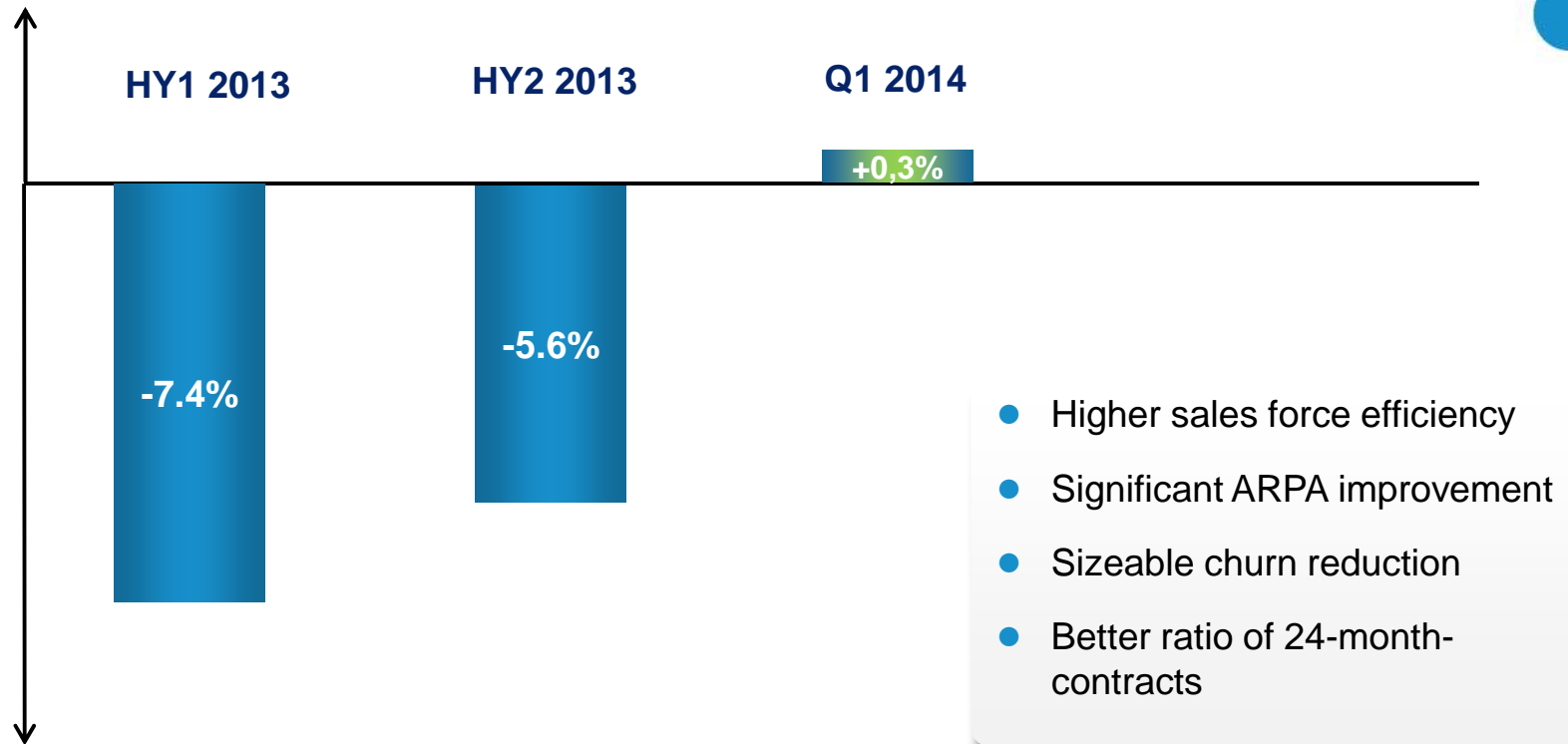
# ...and during past 2 years clearly visible!



	2011	2013	Q1 2014
<b>EBITDA*</b>	-5.2 m€	-0.6 m€	0.2 m€
<b>Customer Acquisition</b>			
- Website Penetration	12%	62%	65%
- 24-Months-Penetration	4 %	67%	76 %
- ARPA	1,023€	1,523 €	1,523€
<b>Customer Retention</b>			
- Website Penetration	5%	29%	32 %
- 24-Months-Penetration	3%	41%	41 %
- Churn	43%	32%	30.5%

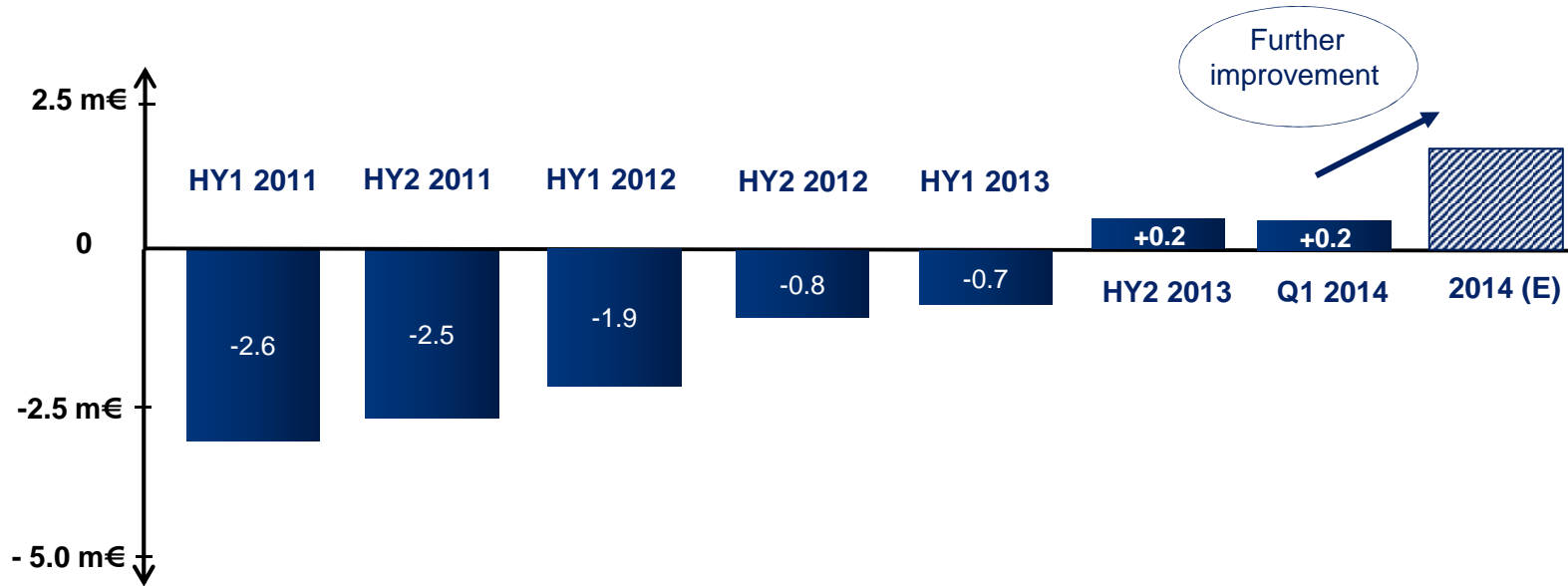
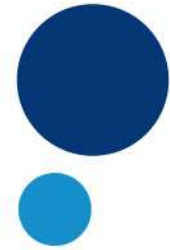
\* before non-recurring items and incl. Software business that has been transferred as of Q4 2013 from segment DA to segment Digital business (prior years are restated accordingly)

## Digital top-line trend yoy



Much better topline performance expected to continue in the next 9 months

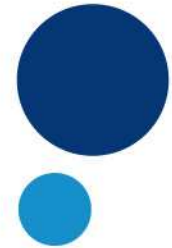
# Digital business is now steadily profitable\*: Constant & long-term track record of profit improvement



\*EBITDA before non-recurring items

- Improved **product portfolio**
- More efficient **customer acquisition**
- Much better **customer retention**
- Very disciplined **cost management**

# Agenda



- Digital business trends

- **Rationale behind improvements**

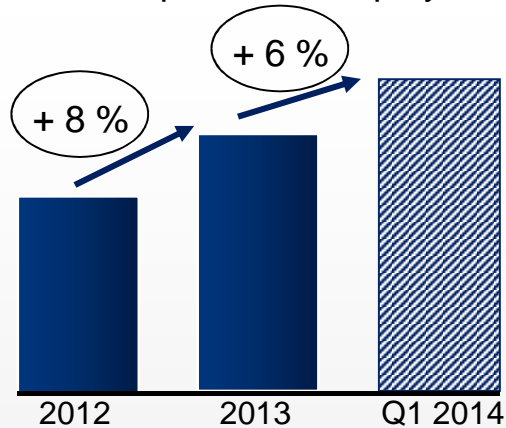
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# Improved customer acquisition and retention

## Customer Acquisition

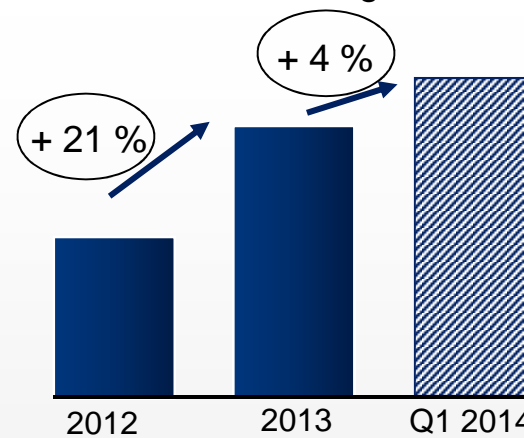
Revenue per sales employee



- Improved product portfolio & quality
- Reduced fluctuation of sales staff and improved training

## Customer Retention

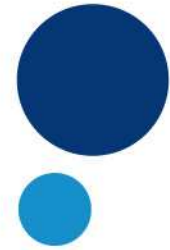
Renewal-rate existing customers



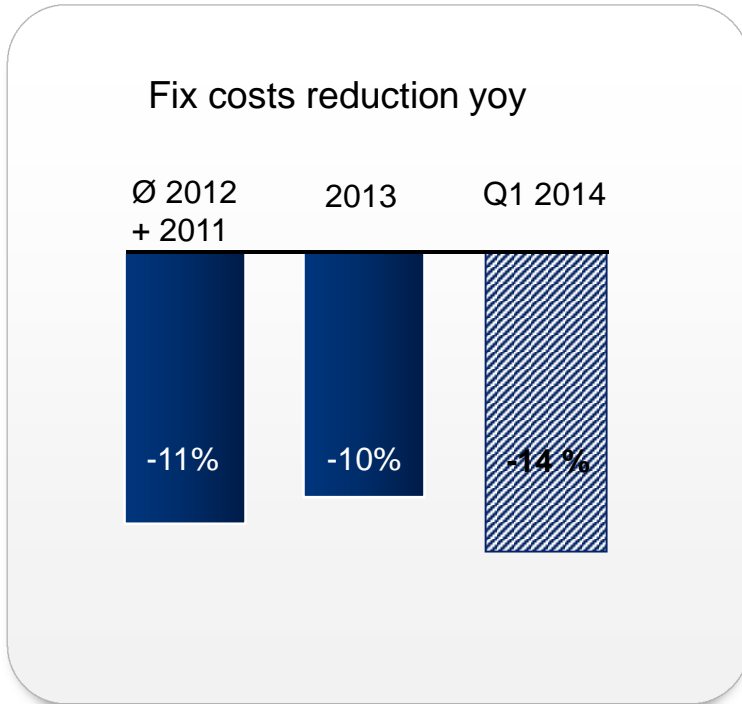
- Optimised customer service across complete customer life-cycle
- Customized service introduced
- Increasing share of longer-lasting contracts

This trend will consolidate during the overall year

# Disciplined cost management continued

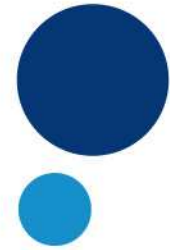


## telegate overall

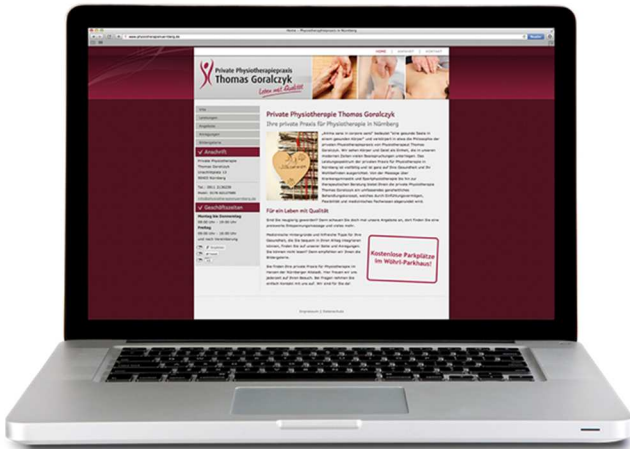


- **Strict cost management** in all areas continues
- Significant cost optimisation Q1 2014 of -14% mainly thanks to **reduced G&A cost (people)**
- Also for 2014, a **>= 10% cost-reduction is expected**

# State-of the art value proposition (1/2)



# Websites/  
Videos



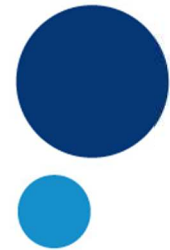
- Website penetration has now reached ~65 % (up from 58% Q1 `13).  
In Q1 2014 we have produced and delivered ~1,200 websites

# Listings

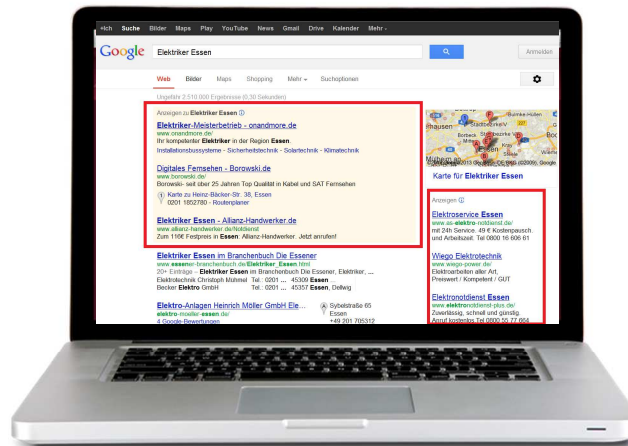


- 85% of our customers benefit from a listing on both our mobile and web platforms (up from 70% Q1 `13)

# State-of the art value proposition (2/2)

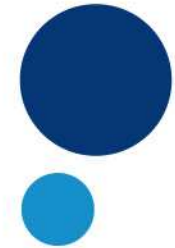


# of Google Campaigns



- telegate remains the best Google reseller in the DACH region (Germany, Austria, Switzerland)
- In Q1 2014 we have managed ~ 6,300 Google customers (down from 7.100 Q1`13, however at much higher ARPA)

# Agenda



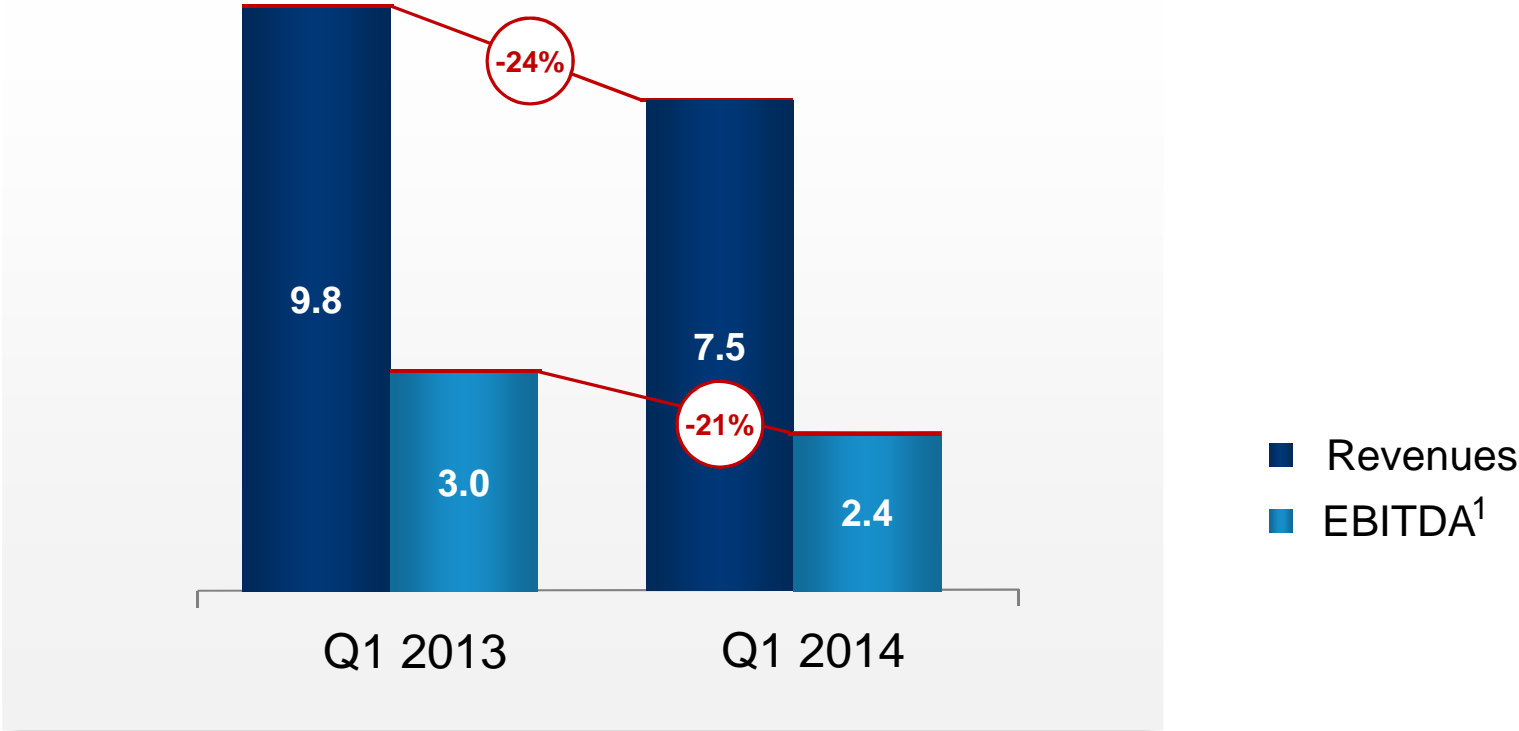
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- Rationale behind improvements

- **Financials 3M 2014**

- Outlook

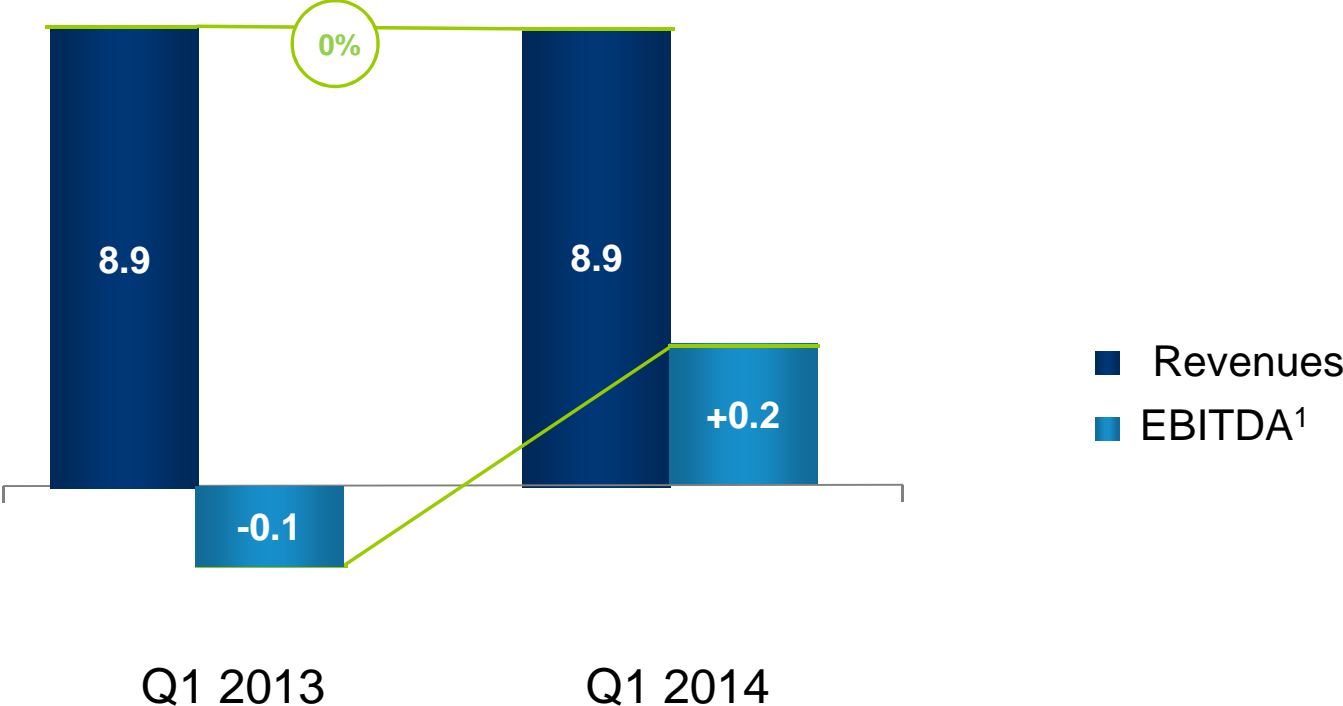
# KPIs Directory Assistance Q1'13 vs. Q1'14 (m€)



**Under-proportional bottom-line decrease**

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

# KPIs Digital Business Q1-'13 vs. Q1'14 (m€)



**Digital business profitability with steady improvement**

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

# Revenue & EBITDA\* in line with guidance

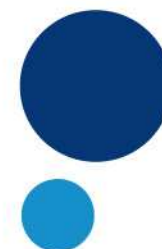


TG Group	Q1 2014	Q1 2013	%	D
<b>Revenues</b>	<b>16,4</b>	<b>18,7</b>	<b>-12%</b>	<b>-2,3</b>
Cost of revenues	<b>7,9</b>	<b>8,4</b>	<b>-6%</b>	<b>-0,5</b>
<b>Gross profit</b>	<b>8,5</b>	<b>10,4</b>	<b>-18%</b>	<b>-1,9</b>
Gross profit %	<b>51,7%</b>	<b>55,2%</b>		
Selling and distribution costs	<b>6,3</b>	<b>7,3</b>	<b>-13%</b>	<b>-0,9</b>
General administrative expenses	<b>2,1</b>	<b>3,0</b>	<b>-29%</b>	<b>-0,8</b>
Other operating income/expense	<b>0,0</b>	<b>0,0</b>		<b>0,0</b>
<b>EBITDA w/o OTEs</b>	<b>2,6</b>	<b>2,9</b>	<b>-11%</b>	<b>-0,3</b>
non-recurring effects				

- Efforts related to the offer as well as to customer-retention **started to become visible in the top line** → non-deferred revenues again growing since Q2 2013
- **Focus on cost-optimization** with visible results → fix cost base – 29%, selling & distribution -13%

\*before non-recurring items

# Temporarily very high non-recurring items in Q1'14 driven by aggressive fixed-cost reduction



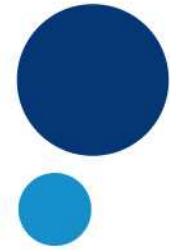
## Non-recurring items – cost items

per cost line in m€	Q1 2014	Q1 2013	D
<b>Group total</b>	<b>2,7</b>	<b>0,4</b>	2,4
Cost of revenues	0,6	0,2	0,4
Selling and distribution costs	0,5	0,3	0,3
General administrative expenses	1,8	0,1	1,7
Other operating income/expenses	-0,1	-0,1	0,0

## Non-recurring items – topics

per category in m€	Q1 2014	Q1 2013	D
<b>Non-recurring items Group total</b>	<b>2,7</b>	<b>0,4</b>	2,4
thereof data costs	0,0	-0,1	0,1
thereof structural costs	2,8	0,5	2,2
thereof structural costs Media	1,2	0,2	1,0
thereof structural costs DA	1,5	0,2	1,4

# Net Cash Flow supported by lower investments



Operating Cash Flow\* (m€)



- Slight decrease in operating cash flow (w/o data cost & tax items) driven by lower operating profit.
- Q1 traditionally burdened by seasonality (pre-payments)

Net Cash Flow\* ,\*\* (m€)

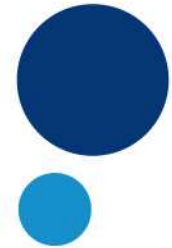


- Improvement in Net Cash-flow compared with previous year level thanks to less investments
- Investments (Capex) 2014 will be on much lower level vs. 2013 (2013: 7.8m€, 2014 € about 1m€/±)

\* adjusted by effects related to 2012 (data cost claims and tax audit)

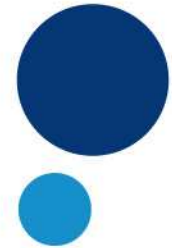
\*\* Net Cash Flow: Operating CF + investing CF (w/o available for sale financial assets) +/- interest income/expenses

# Dividend proposal to Annual General Meeting on 25th June 2014: 0.40€ per share



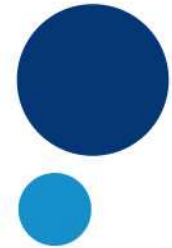
- **Net financial position of 35.9 m€** as of 31.03.2014
- **Intended usage** includes:
  - **Cash distribution of 7.6m€ or 0.40€ per share** to shareholders, payable 26.06.2014 (1 day after AGM, provided approval of AGM) – will be paid “tax-free” (without withholding-tax)
  - Likely **investing** some of the cash **to strengthen our digital business**
  - **Retaining adequate liquidity** to ensure flexibility

# Damage claim against Deutsche Telekom AG: Oral hearing 2nd instance court OLG Düsseldorf postponed



- telegate AG **claims for 86 Mio.€** plus interest
- **Reasoning:** Damage due to violation of cartel law by DT
- **German Federal Court has stated violation of cartel law by DT** for data-records already in another claim by telegate
- **1<sup>st</sup> instance court** LG Köln has, however, **rejected telegate's claim** with decision from 28.05.2013
- Appeal of telegate to 2<sup>nd</sup> instance court OLG Düsseldorf → **oral hearing** originally **scheduled for June 11, 2014** has recently been **re-scheduled to Dec 10, 2014**

# Agenda



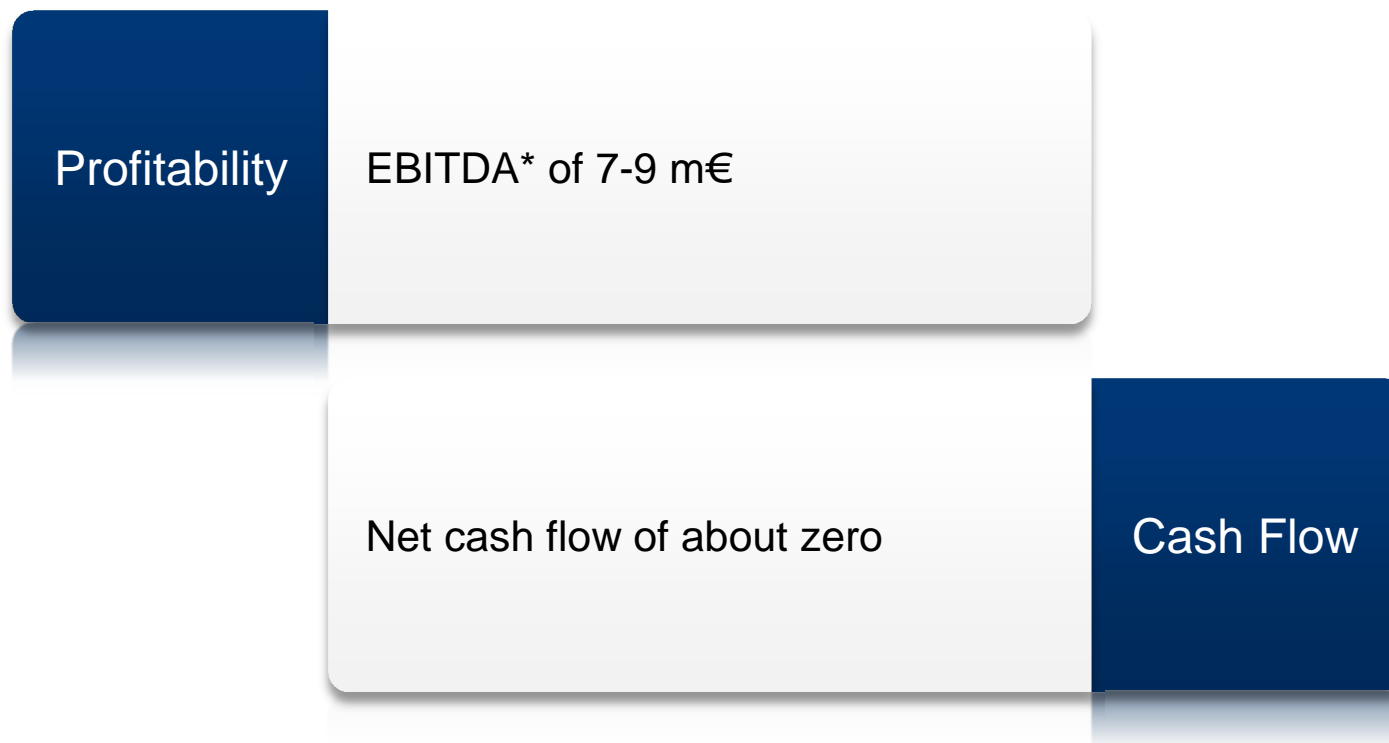
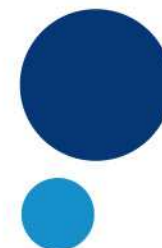
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- **Outlook**

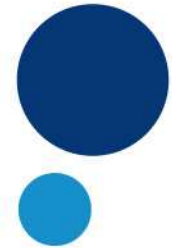
# Group guidance 2014: Further improved profitability digital business



**Further improvement of profitability in digital business**

\*before non-recurring items

# Contacts and financial calendar



## telegate AG

CEO | Elio Schiavo  
CFO | Ralf Grüßhaber  
Investor Relations | Franz Peter Weber

### telegate AG

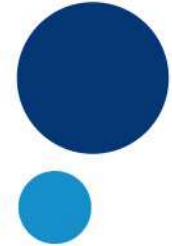
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## Financial Calendar

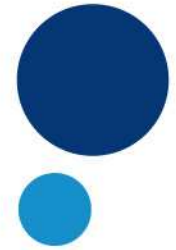
June 25, 2014	Annual General Meeting 2014
August 6, 2014	6-months results 2014
November 6, 2014	9-months results 2014

# Disclaimer



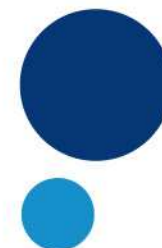
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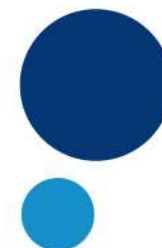
# Backup

# Consolidated P&L



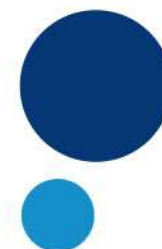
k€	Q1 2014	Q1 2013	%
<i>Continuing operations</i>			
<b>Revenues</b>	<b>16.424</b>	<b>18.746</b>	<b>-12%</b>
Revenues DA solutions	7.484	9.836	-24%
Revenues Media	8.940	8.910	0%
Cost of revenues	-8.545	-8.583	0%
<b>Gross profit</b>	<b>7.879</b>	<b>10.163</b>	
Gross profit in %	48,0%	54,2%	
Selling and distribution costs	-6.850	-7.546	-9%
General administrative expenses	-3.880	-3.042	28%
Other operating income	149	150	
Other operating expense	0	-7	
<b>EBITDA incl. non-recurring effects</b>	<b>-190</b>	<b>2.492</b>	<b>-108%</b>
non-recurring effects	2.743	385	
<b>EBITDA w/o non-recurring effects</b>	<b>2.553</b>	<b>2.877</b>	<b>-11%</b>
Financial income	285	52	
<b>Income before tax</b>	<b>-2.417</b>	<b>-230</b>	
Income tax	727	62	
<b>Income from continuing operations</b>	<b>-1.690</b>	<b>-168</b>	
<i>Discontinued operations</i>			
<b>Income from discontinued operations</b>	<b>-44</b>	<b>130</b>	
<b>Net Income</b>	<b>-1.734</b>	<b>-37</b>	
<b>Earnings per share (in Euro)</b>	<b>-0,09</b>	<b>0,01</b>	

# Consolidated balance sheet



in kEUR	Mar 31, 2014	Mar 31, 2013	Dec 31, 2013
<b>Assets</b>			
<i>Cash and cash equivalents</i>	7.933	82.328	9.950
<i>Trade accounts receivable</i>	12.903	15.295	13.158
<i>Current tax assets</i>	389	35	499
<i>Available for sale financial assets</i>	27.990	0	30.128
<i>Other financial assets</i>	24.660	1.437	24.570
<i>Other current assets</i>	2.487	5.869	2.035
<b>Total current assets</b>	<b>76.362</b>	<b>104.964</b>	<b>80.340</b>
<i>Tangible and intangible assets</i>	23.934	24.250	24.895
<i>Other non-current assets</i>	18	419	15
<b>Total non-current assets</b>	<b>23.952</b>	<b>24.669</b>	<b>24.910</b>
<b>Total Assets</b>	<b>100.314</b>	<b>129.633</b>	<b>105.250</b>
<b>Liabilities &amp; Shareholders' equity</b>			
Current liabilities	37.706	24.129	40.273
Non-current liabilities	3.545	4.297	4.049
Shareholders' equity	59.063	101.207	60.928
<b>Total liabilities &amp; shareholders' equity</b>	<b>100.314</b>	<b>129.633</b>	<b>105.250</b>

# Consolidated cash flow statement



kEUR	3M 2014	3M 2013
Income from continuing operations	-2.417	-230
Income from discontinued operations	-44	298
<b>Income before income tax</b>	<b>-2.461</b>	<b>68</b>
Depreciation & amortisation	2.512	2.867
Changes in operating assets & liabilities	-1.321	-2.518
Interest income / expense	-276	-48
Income taxes paid	-1.127	-7.258
Other items	417	-142
<b>Cash provided by (used in) operating activities</b>	<b>-2.256</b>	<b>-7.031</b>
Purchase of assets	-2.001	-3.950
disposal of subsidiaries	-19	0
Purchase of short-term fixed deposit investments	0	0
Purchase of available for sale financial assets	-6	0
Disposal of available for sale financial assets	2.000	0
Interest received	279	62
<b>Cash used in investing activities</b>	<b>254</b>	<b>-3.888</b>
Dividend paid	0	0
Interest paid	-15	-3
<b>Cash provided by financing activities</b>	<b>-15</b>	<b>-3</b>
<b>Change in cash and cash equivalents</b>	<b>-2.017</b>	<b>-10.922</b>
Cash and cash equivalents at the beginning of reporting period	9.950	93.250
<b>Cash and cash equivalents at the end of reporting period</b>	<b>7.933</b>	<b>82.328</b>

# Thank you for your attention!

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