



telegate Group

Analyst Presentation Annual Results 2015

17.03.2016

telegate

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AGENDA

1 telegate AG @ a glance

2 Financials

3 Business Development

4 Outlook

Since 2000

Directory Assistance



- ! Revenues in DA Segment are declining since 2007 due to online market shift.
- ! Call volume is declining by approx. 25-30% per year.
- ! Nonetheless the business segment is **still profitable** and thus an important pillar of telegates' product portfolio.

Since 2010

Digital Business

Media

- ✓ Online Directory
- ✓ Entry Service
- ✓ Google AdWords
- ✓ Social Media
- ✓ Websites



Software – B2B

- ✓ Software
- ✓ Marketing of data
- ✓ Data maintenance



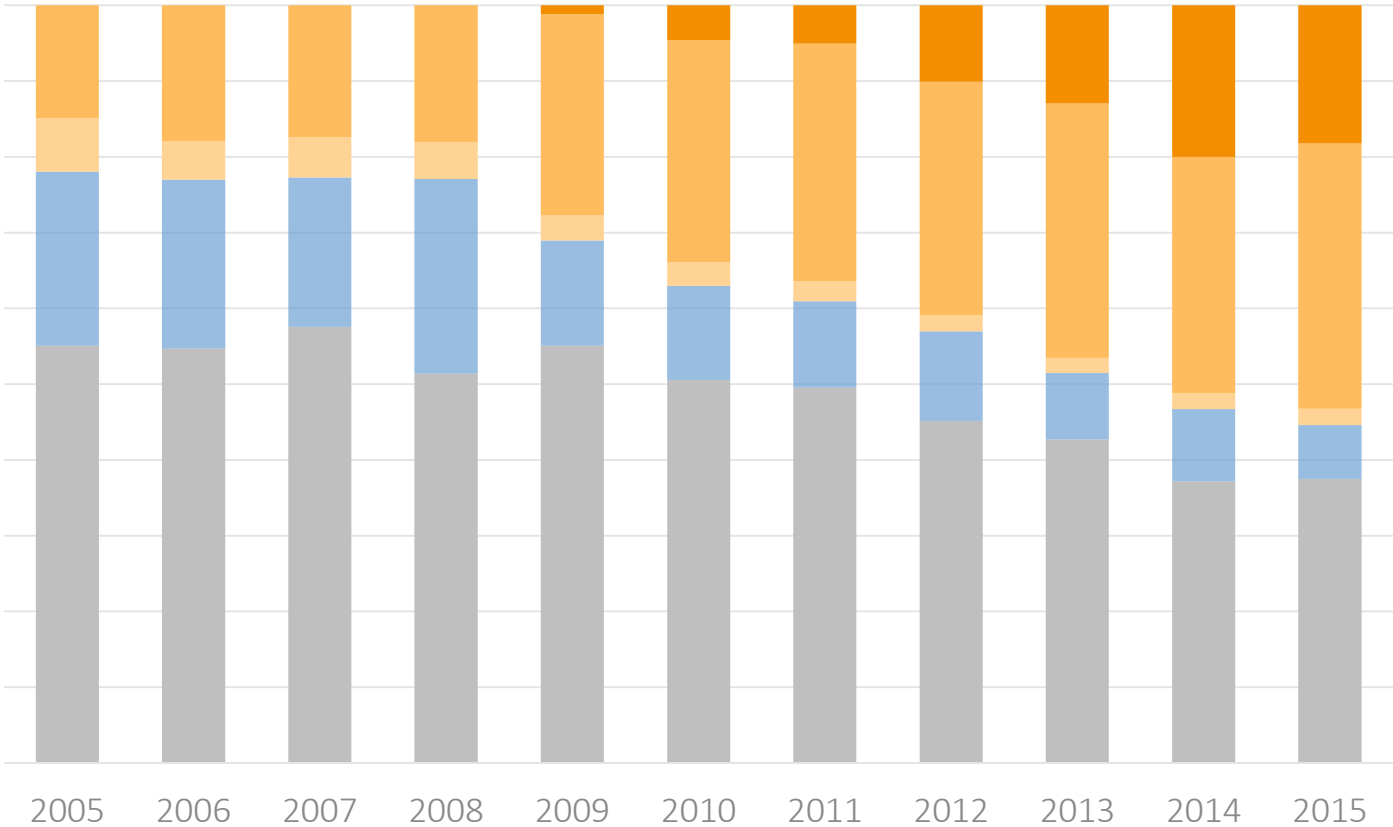
- ! Performance of Digital Segment is below expectations and declining vs. prior year.
- ! Product mix shows high dependency on purchased products.
- ! Business is unprofitable and thus new business strategy was necessary.

*1,99 EUR/Min. aus dem Festnetz der Deutschen Telekom. Aus dem Mobilfunknetz können ggf. abweichende Preise gelten.

The local directory market in Germany is continuously evolving. It impressively reflects the economic change of our business segments.

Usage of local directory GERMANY

telegate's segments



11880.com

klicktel
einfach gefunden.

11880
Da werden Sie geholfen.

Source: telegate study 2016


The product portfolio has been expanded in 2015 and aims on getting small and medium businesses visible on the internet. Brand new products have been launched recently...

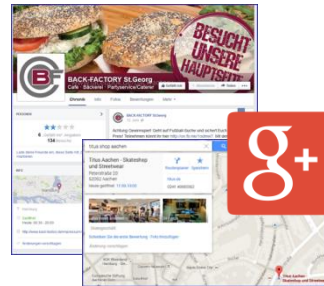
 Listings
19.000



Websites
9.000



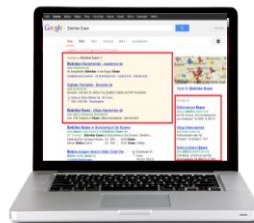
 Google My Business and Business View
900



Facebook
300



 Google AdWords
5.100
11 m€



Brand New Products
2.300



AGENDA

1 telegate AG @ a glance

● 2 **Financials**

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Even if the set targets were met in 2015, the trend in all financial figures underlined the necessity of immediate strategic actions which have been initiated by the new management last year.



The telegate AG was facing very changeul times in 2015, after the klicktel brand relaunch Christian Maar took over as new CEO and initiated a massive strategy change!



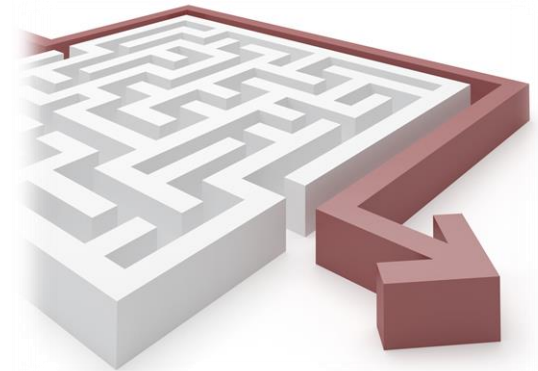
On the first view all set targets have been achieved in 2015, nevertheless the majority of the results are behind the previous year figures!



All financial figures underline the necessity of immediate call to strategic actions which have been initiated by the new management last year



The Cash position 31.12.2015 was 18,5 m€. This is tight but enough to make the turn around!



	Targets	Achievements	
Revenues	52,0 – 56,0 m€ (Digital: 34,6 m€)	53,5 m€ (Digital: 32,5 m€)	✓
Profitability (EBITDA Group*)	Guidance: 2 – 3 m€ (Digital: -1 – 0 m€)	4,3 m€ (Digital: -0,3 m€)	✓
Net Cash Flow**	-6 – -7 m€	-6,9 m€	✓

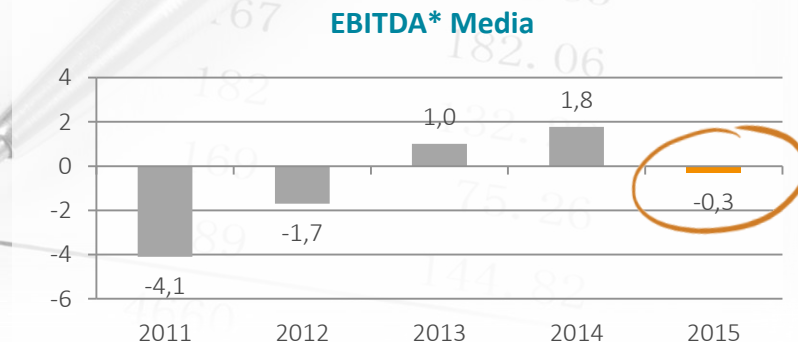
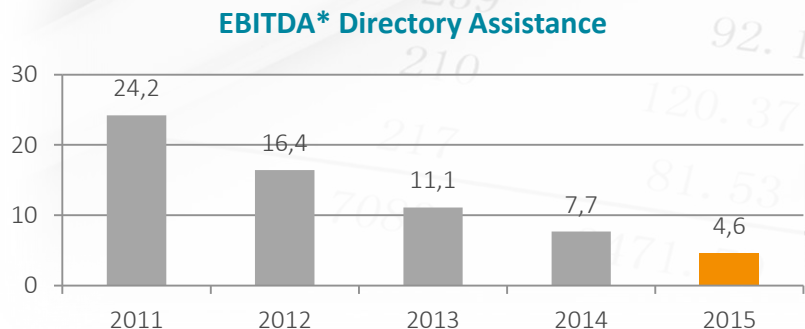
* excl. non-recurring items ** excl. data cost (-1,5m€) & available for sale financial assets (+5m€)

... nevertheless the trend in all financial figures underline the necessity of immediate strategic countermeasures which have been initiated mid of last year.

telegate Group (m€)	YTD 2015	YTD 2014	YTD 2013
P&L			
Revenues	53,5	62,3	72,3
Cost of revenues	-27,4	-31,3	-32,8
Gross profit	26,1	31,0	39,5
Selling and distribution costs	-25,2	-27,3	-30,0
General administrative expenses	-11,9	-13,2	-12,3
Other operating income/expense	0,4	0,0	0,3
Financial income	0,2	0,4	0,0
Income and deferred tax	1,2	2,3	0,8
EBITDA (before non-recurring items)	4,3	9,4	12,0
EBITDA	-0,3	2,3	9,1
EBIT	-10,6	-9,5	-2,4
Net income / loss	-9,3	-6,4	-1,8

telegate Group (m€)	YTD 2015	YTD 2014	YTD 2013
Cash Flow			
From operating activities	-3,7	-0,1	-4,6
From investing activities	0,4	26,3	-63,8
From financing activities	0,0	-31,9	-14,9
Net cash flow	-6,9	-3,3	-2,8
Balance sheet			
Current assets	32,2	41,0	80,6
Thereof cash & cash equivalents	18,5	26,9	40,1
Non-current assets	17,5	20,9	25,8
Total assets / liabilities	49,6	62,0	106,4
Shareholder equity	38,2	47,6	61,7
%	77,0%	76,8%	58,0%

Decreasing profit* contribution DA and discontinued profitability* improvement Media



* EBITDA before non-recurring items, incl. platform cost and incl. website capitalization

Non-recurring items were primarily based on structural and data costs, the overall amount was significantly reduced compared to the previous year.

Non-recurring items – topics (m€)	YTD 2015	YTD 2014	D
Group total	4,6	7,1	-2,5
Data costs	1,0	0,3	0,7
Brand & product relaunch	0,7	0,0	0,7
Structural costs	2,9	6,8	-3,9

Non-recurring items – cost items (m€)	YTD 2015	YTD 2014	D
Group total	4,6	7,1	-2,5
Cost of revenues	0,8	2,1	-1,3
Selling and distribution costs	2,2	1,4	0,8
General administrative expenses	2,0	3,7	-1,7
Other operating income/expense	-0,4	-0,1	-0,3

AGENDA

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Improving profitability by initiating efficiency optimization initiatives – already started

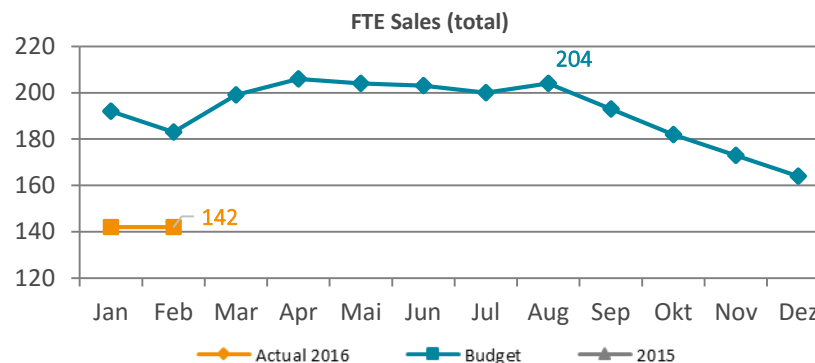


Massive revision and realignment of existing product portfolio – until end of 2015



Enter the market with new innovative solutions – until end of 2015

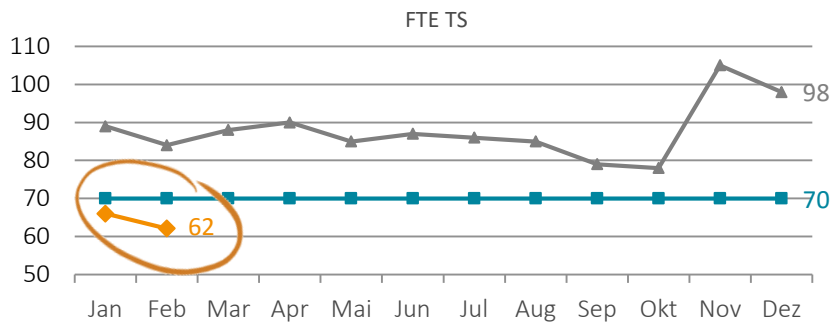
In order to better address the market, sales was split into three independent units. VTS started from scratch and therefore needs some time to speed up.



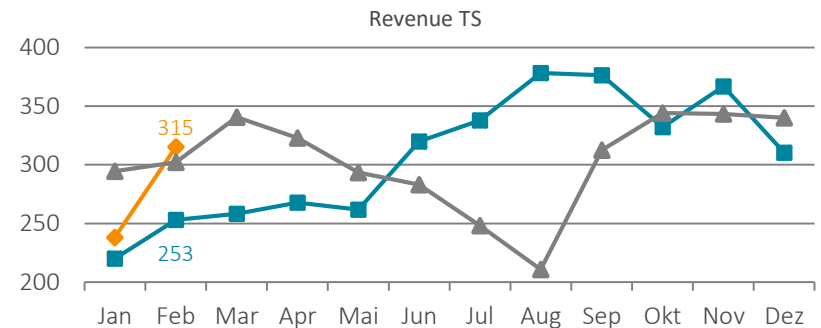
	Telesales (TS)	Vertical Telesales (VTS)	Account Mgmt.
Products	Sale of solutions (all products)	Entry products (listing service, vertical products)	Upgrade / Upselling (all products)
Target group	Mainly warm leads	Selected professions (verticals)	Existing customers
FTE	62	40	40
Revenue target p.a. €	4 m€	3 m€	21 m€ *
Target conversion rate	1.3 %	3.5 – 4.0 %	
Target new customers p.m.	300	900	
ARPA €	1.500	500	

* Upgrade, Win-Back, Upselling, Prolongation of contracts

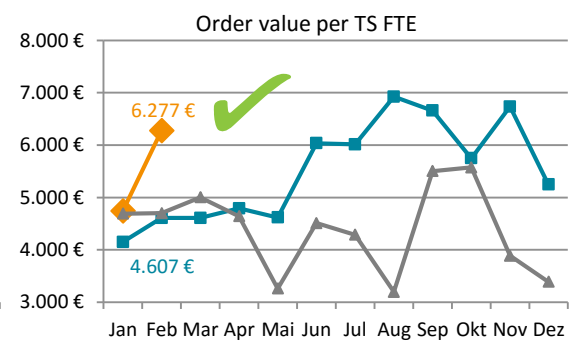
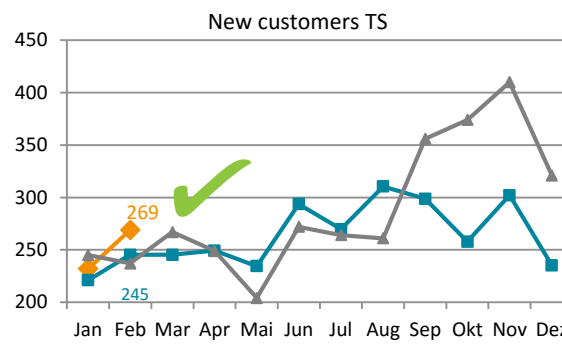
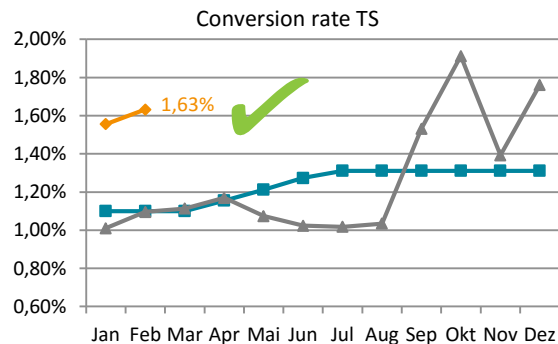
One of the most impressive efficiency optimizations was in the telesales department. Even though sales force was significantly reduced, sales unit is above the ambitious plan in all relevant areas.



In telesales (TS) itself, the number of FTEs was considerably lowered - as of February even 10% lower than budget.



Still the TS revenue was much better than expected.



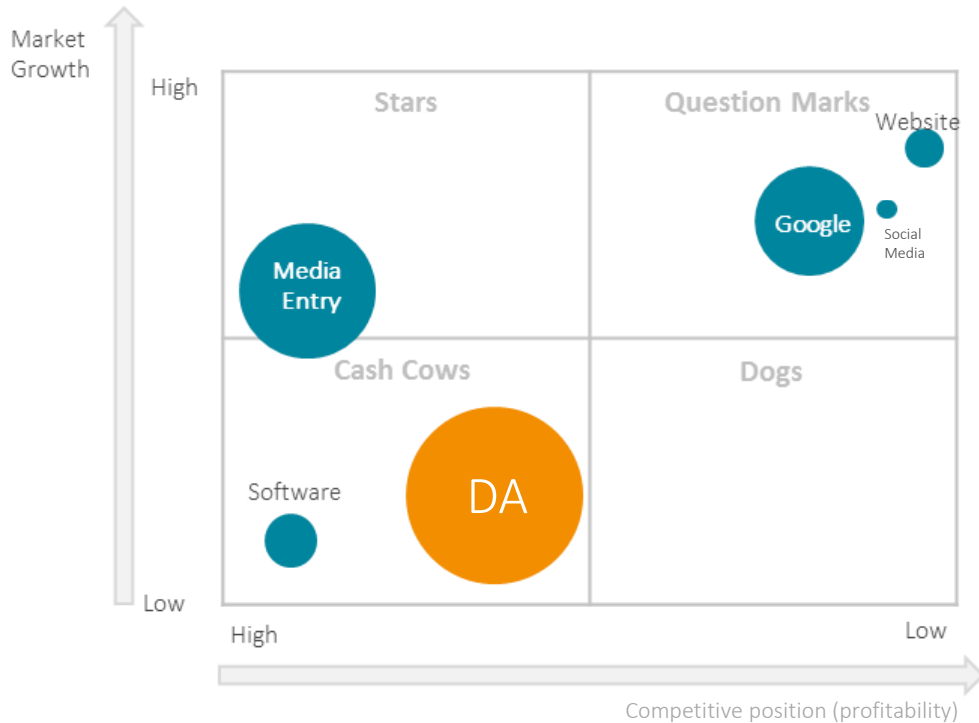
—◆— Actual 2016 —■— Budget —▲— 2015



Despite suboptimal general conditions (capacity shortfall), all relevant KPIs are over-fulfilled.

Until last year the strategy was based on a customer retention of approx. 2,8 years before ROI of Sales. For a sustainable competitiveness products MUST achieve profitability in the first year!

Product portfolio 2015 showed that value of most products largely depend on purchased products



Meaning for telegate

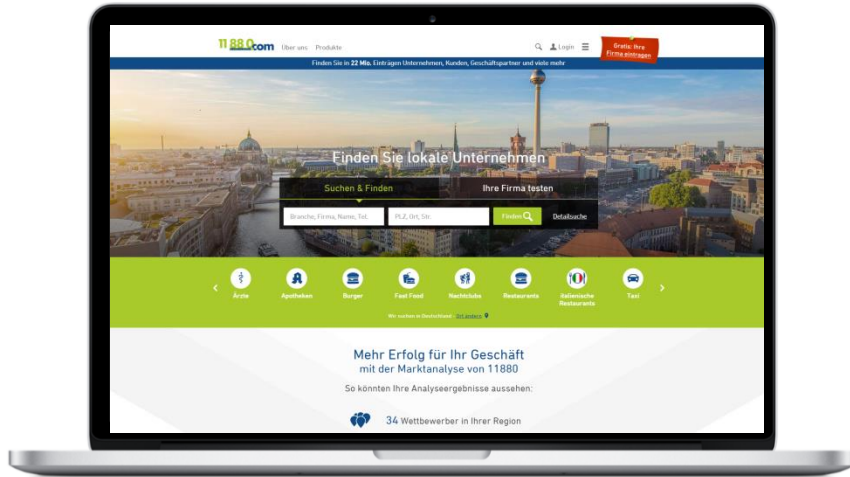
- ? Question Mark
 - Increase productivity of websites
 - Initiate cost cutting measures e.g. through cheaper, more efficient sales channel
 - Ensure achievement of Google Kick-Back
- ★ Star
 - Optimization and development of EOL Products
- 🐮 Cash Cow
 - EOL Products (Directory Assistance, Software) need to be developed or transferred

Legend

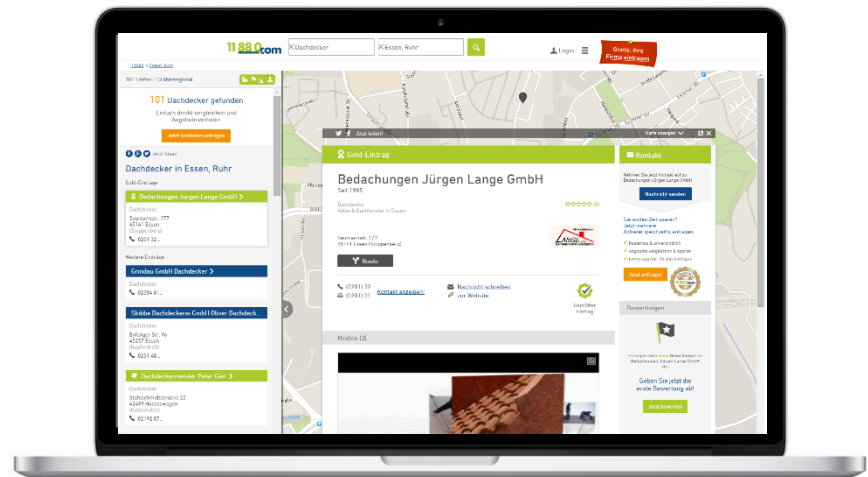
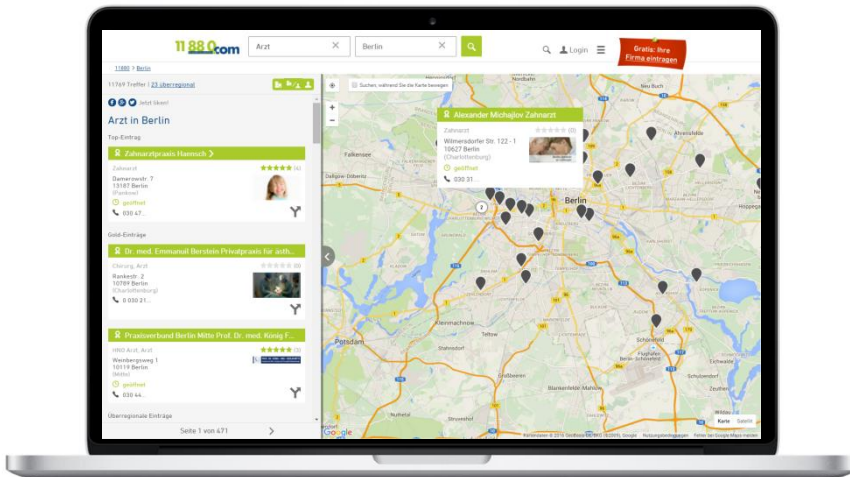
- = Media Products
- ● ● = Size relative to revenue

After a 4 year development stop, a completely new Yellow Page portal went live – we are leading edge technology wise again.

www.11880.com www.klicktel.de

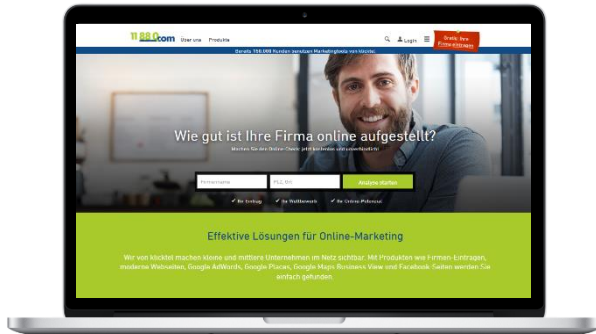


- Modern One-pager-Design
- Responsive and optimized for all devices (desktop, tablet, phablet, mobile...)
- Modern, locally shaped, inter-active listing- & map design
- Numerous links to verticals via integration of vertical banners
- Everything combined on one site (Yellow pages, SME market analysis, online products, software, career, company...)
- To come: my11880 User area with management of evaluations, personal memos, save last search request
- As of summer: customer area, claiming and user generated content



As of November 2015, companies can determine their competitive situation on the portal and, based on the summary, receive corresponding offers for online products

Enter company



Check of own online visibility



Statistics on market and competitive situation



Product recommendation and advice via phone



- Competition
- Search requests
- Spending power
- Online presence
- Use of social media

With the entry service, the conversion rate could be significantly increased in TS and customer retention was significantly increased in Account Management. The switch to own development saves costs in the amount of more than 1 m€ p.a.

- Since launch of the entry service in August, more than 2,300 customers could be won for the product.
- The conversion rate for the product is above 2%.
- Due to the entry service, more than 550 customers could be prolonged or retained in account management team (AMT).
- Since February, we no longer sell the White-Label-solution of OMNEA but our own product (at 29 € per month at the minimum).

→ Thus we save approx. 75% of operating costs (Savings: approx. 100 € per year and customer; with 10,000 customers => 1 m€)



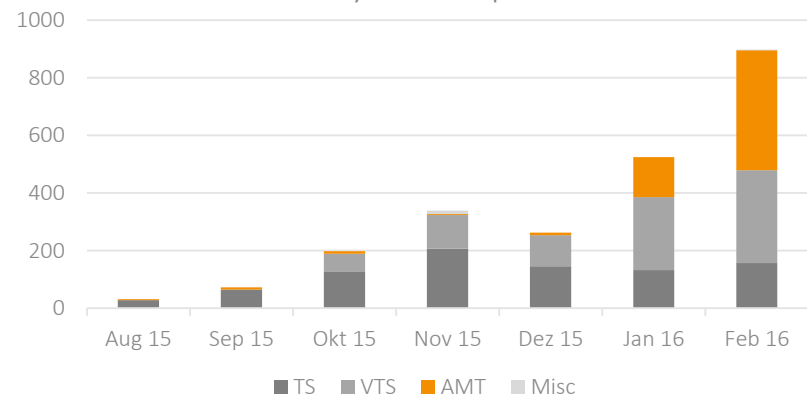
OMNEA  klicktel ^k

klicktel Entry Service

- ✓ **Visibility:** consistent company data on more than 30 important portals
- ✓ **Competitive advantage:** optimised online presence in search engines such as Google (mobile and online)!
- ✓ **Up-to-date:** daily control of company information throughout the complete network!
- ✓ **Time saving:** more than 30 portals are updated with one phone call or one click!
- ✓ **Short contract duration:** contracts can be cancelled monthly without risk!

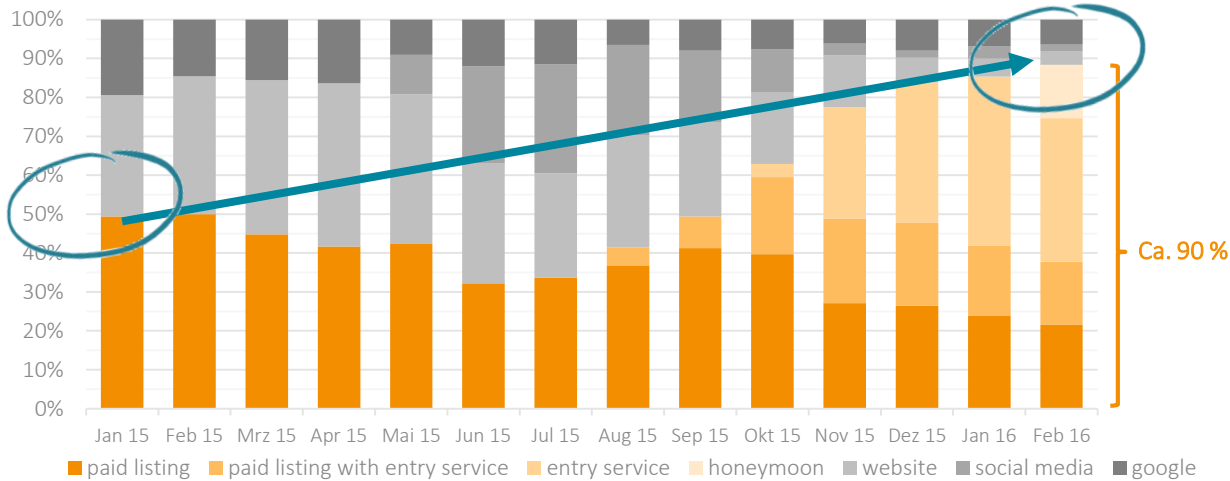


Sales of Entry Service per channel



The sales mix was successfully shifted to products with a higher profitability so that products with high margin are in focus again.

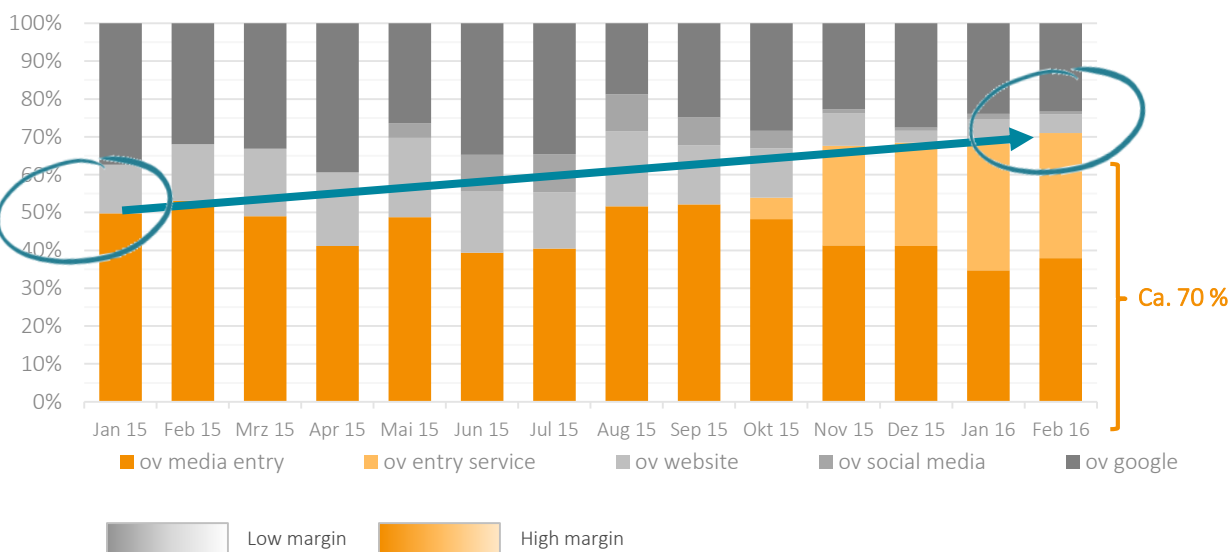
Product mix orders



- Google and social media products only have a **low margin**
- Moreover, there is a **high dependency** on Google and Facebook.
- The production of websites is **rather cost intensive** and does not realize the expected margin.



Product mix order value



- The paid listing remains the product with the best margin.
- The transformation of the product mix to in-house products with high margin was necessary.



- In terms of orders, the share of sales with high margin products could be increased from approx. **50 % to nearly 90 %**.
- This is an increase of 20 percentage points in terms of order entry value.

AGENDA

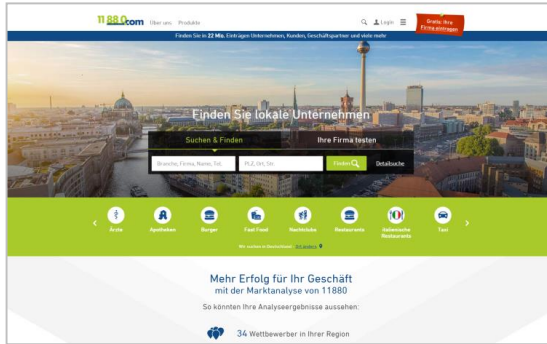
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Our network accounts to approx. 6m search requests (SRs) per month. 30 % of them will be monetized by verticals in 2016. The revenue potential is estimated to be 8-9 m€ per full-year.



Approx. 6m SRs per month



Selection of most valuable verticals based on ranking score.

#	Vertical	No. 1 Potential in Germany	Approx. Size	Search Requests per vertical	Value of existing SRs (Portal and Apps)				Revenue potential new customers			Existing cust. (of hub)	Revenue share (excl. of other)	
					Leads	Days before	Value per Lead	Value of all leads (Milli Euro)	Conversion	Revenue per month	No. of pot. new customers			New revenue (Milli Euro)
1	Rooftiles	✓	15.025.2316	18.576	575	690	16.512	18.976	14.847	89%	665	26.161	170	1.188
2	Moving companies	✓	15.033.2316	6.304	478	1.877	8.52	14.716	3.741	89%	335	27.423	87	1.230
3	Landscape Gardening	✓	15.033.2316	62.159	1.053	8.214	30.92	82.846	25.440	89%	551	44.885	256	2.160
4	Carpenters	✓	14.042.2316	28.263	602	3.802	15.42	21.757	24.869	89%	519	46.406	132	1.892
5	Plasterers	✓	10.035.2316	22.085	941	2.357	6.80	15.184	25.388	89%	210	17.368	187	1.892
6		✓	11.025.2316	8.800	4.400	4.300	36.92	70.404	407	50% Lead	627	70.402	99	911
7		✓	80.020.2316	82.839	357	3.322	25.82	85.897	48.748	89%	858	59.229	286	8.972
8		✓	12.062.2316	235.202	20.120		Painting vertical		122.152	89%	880	80.722	800	8.274
9		✓	27.062.2316	72.578	1.028	2.251	15.02	15.790	78.318	89%	726	50.822	592	8.223
10		✓	11.072.2316	79.000	1.350	1.500	6.92	27.000	6.721	89%	429	20.424	211	2.489
11		✓	25.072.2316	82.145	1.312	3.837	6.92	23.622	65.652	89%	217	21.885	339	2.847
12		✓	08.036.2316	81.024	4.214	12.823	8.02	102.384	87.672	89%	1.020	72.782	896	8.839
13		✓	22.062.2316	33.064	432	1.255	35.24	15.423	42.187	89%	240	18.558	323	3.524
14		✓	05.025.2316	32.282	620	2.285	6.24	12.874	16.700	89%	223	12.022	246	1.484
15		✓	18.026.2316	128.268	2.521		Painting vertical		89.958	89%	500	31.502	676	7.593
16		✓	04.102.2316	141.020	2.880		Painting vertical		66.660	89%	435	29.992	378	2.599
17		✓	25.072.2316	22.508	151	1.721	10.02	17.215	22.399	89%	85	5.885	67	1.527
18		✓	05.092.2316	18.142	210	895	12.02	8.210	17.021	89%	89	6.214	122	1.914
19		✓	19.102.2316	30.444	628	1.837	10.02	18.772	32.144	89%	387	24.408	263	3.168
20		✓	11.102.2316	14.079	488	1.464	15.24	21.954	16.319	89%	487	31.574	155	1.287
SUM per month				1.107.839	84.646	49.286	304.87	11.186	793.828	89%	9.240	165.042	1.984	16.282

Rank first 20 verticals for 2016

- 20 verticals have been selected for implementation in 2016.
- Each vertical is conservatively estimated to have a **revenue potential** of around **400 k€ per year**.
- Moreover we expect to gain a **positive impact on churn rate** of around **40 k€ per year** (each).
- This sums up to a yearly revenue potential of roughly **8-9 m€** with the first 20 verticals only.



15 of these chosen verticals have No. 1 Potential in Germany if developed further.

The „vertical factory“ is able to create at least two verticals per month. With the current speed the goal of 17-20 verticals will be reached until end of the year.

The image shows a sequence of laptops displaying various service pages from the 11880.com website. The pages are arranged in a perspective view, receding into the distance. The background features a large robotic arm on the left and a lightbulb icon on the right. The laptops display the following services:

- www.11880-Dachdecker.com (Feb)** roofers ✓
- www.11880-Umzug.com (Mar)** relocation ✓
- www.11880-Gartenbau.com (Mar)** landscaping
- www.11880-Tischler.com (Apr)** carpenter
- www.11880-Maler.com (May)** painter
- www.11880-Schlussseldienst.com (May)** lock & key service

Design, prototyping und planning for the new product „Wer kennt den Besten?“ („Who knows the Best?“) – a portal to aggregate reviews – are finalized. A product with game changer potential!

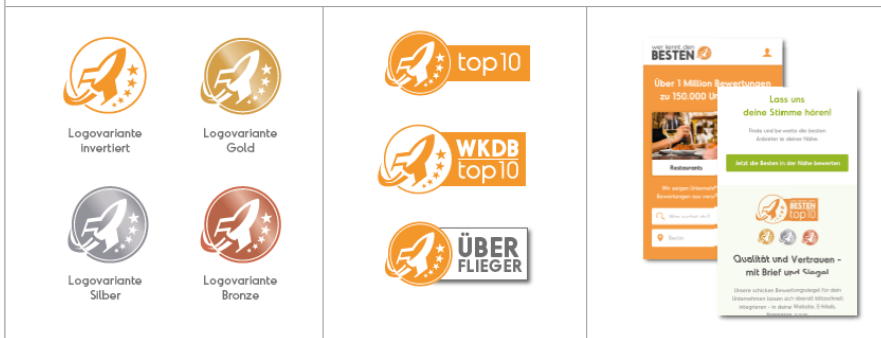


Who knows the Best? - Wer kennt den Besten? (WkdB)

- WkdB aggregates reviews and recommendations of the leading portals for reviews and calculates an overall score

Planned Features

- Claiming
- Commenting of reviews
- Alarm for new reviews
- Seal of quality for reviews
- Review widget (to be used in own websites)
- Management of reviews
- Reviews of transactions
- Analytical reports

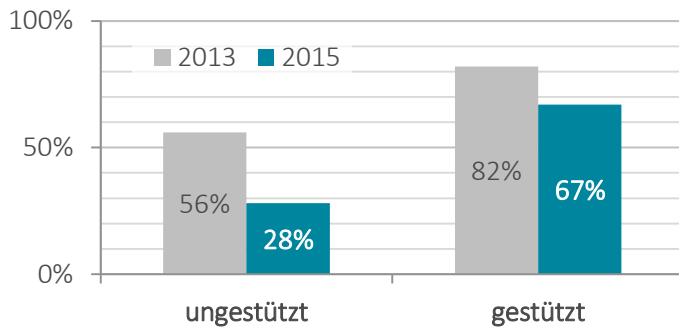


All portals and designs are only an indication. The final designs and selection of portals will be presented soon.

Despite low marketing spending, the number 11 88 0 is still a very strong brand in Germany. With adequate means it is possible at any time to re-vitalize and digitalize the brand!

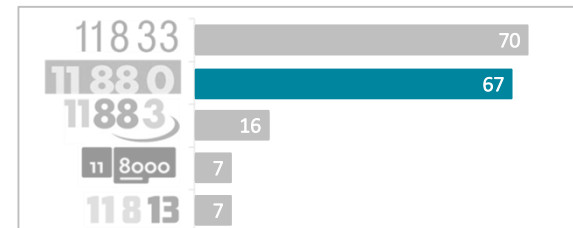


The declining brand awareness of 11 88 0 is due to the missing advertising weight.



- Compared to klicktel, 11 88 0 is definitely the stronger and more positively connoted brand. Therefore in general, 11 88 0 should be preferred to klicktel.
- It is definitely conceivable to re-start the cooperation with Verona Pooth, the former 11 88 0 testimonial who is still well remembered in Germany.

Nevertheless, 11 88 0 is one of the best-known directory assistance providers in the market ...



Supported brand awareness of directory assistance providers

... and still has a comparatively high brand awareness in Germany.



Enterprises with comparable unsupported brand awareness (25-35%)

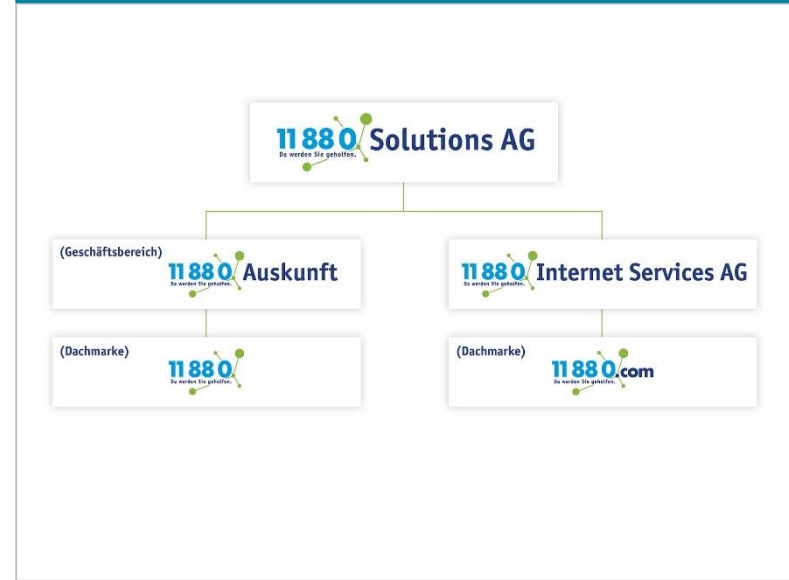
The new company structure and brand architecture will focus on **11 88 0** as an umbrella brand. This will simplify customer acquisition and strengthen the verticals.

OLD company structure



- Different names (telegate, klicktel, 11 88 0) confuse customers, no clear brand image
- The rebranding in 2015 was not focused enough on one brand
- Pure B2B focus due to different company strategy

NEW company structure

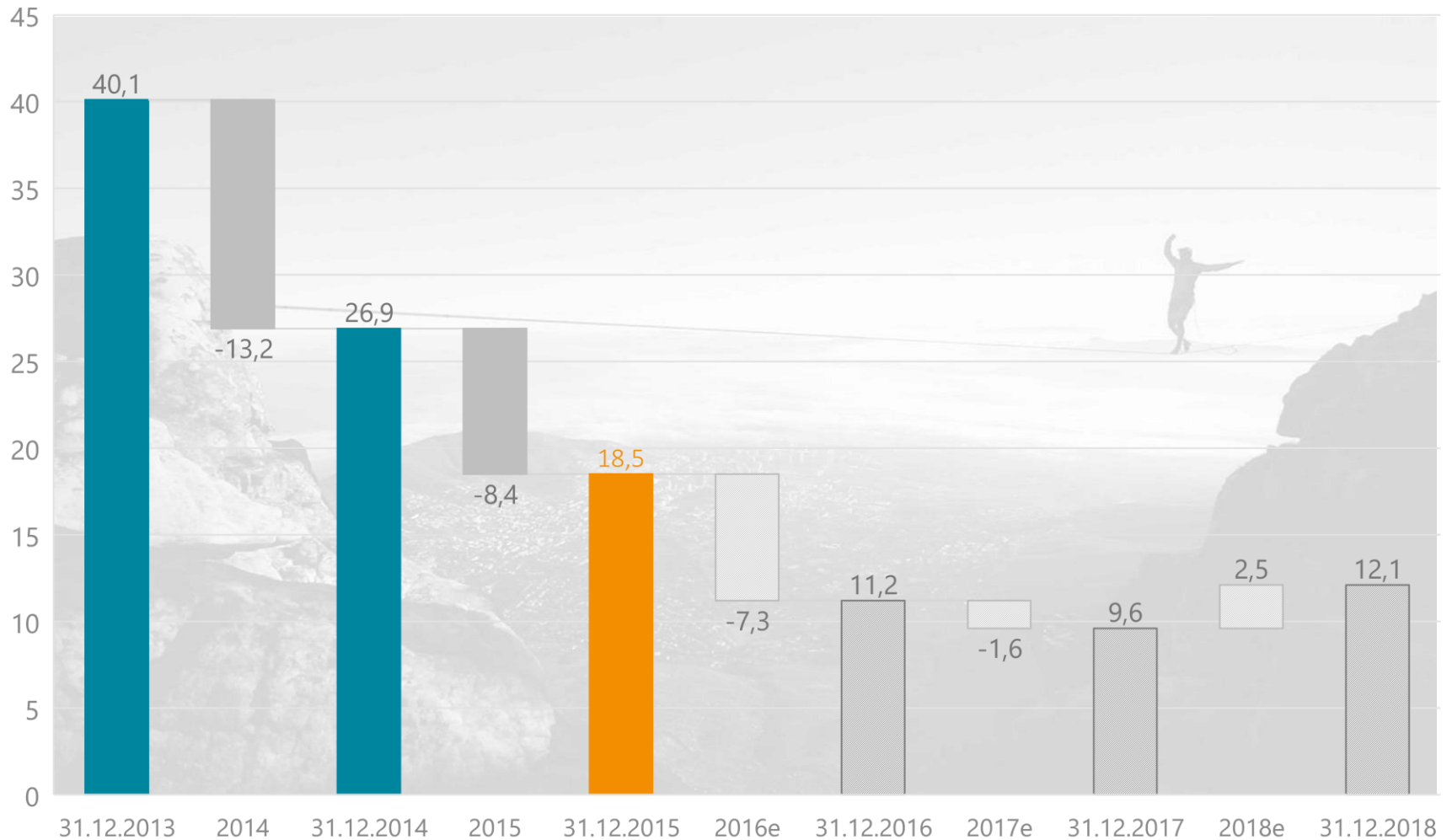


- telegate AG shall be renamed to **11 88 0 Solutions AG** (the renaming has to be agreed in the general meeting)
- The digital business will be bundled in the **11 88 0 Internet Services AG**, products will be marketed under the umbrella brand **11880.com**
- The business line Directory Assistance (Voice DA, CD-ROM*) will be marketed under **11 88 0**

*CD-ROM will be the only exception having klicktel as product name with 11 88 0 as add-on branding

While the Cash position* was forecasted to be 19,2 m€ at year-end 2015, we only achieved 18,5 m€ due to unexpected one time effects (License costs). Tight but enough to make the turn around!

Changes in cash position* 2014 – 2015 and expectations 2016 – 2018 (in m€)



* Cash position: Cash and cash equivalents as well as short-term available for sale financial assets



Q & A

Questions & Answers:

He who asks, is a fool for a minute. He who asks not it a fool for life.

(Confucius)

telegate AG

Chairman of the Management Board |

Christian Maar

Member of Management Board |

Michael Geiger

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Financial Calendar

March 17, 2016

| Annual Results 2015

May 11, 2016

| 3-months results 2016

June 8, 2016

| Annual General Meeting

August 4, 2016

| 6-months results 2016

November 10, 2016

| 9-months results 2016



**Thank you for your
attention!**

telegate AG
Fraunhoferstr. 12 a
82152 Martinsried bei München

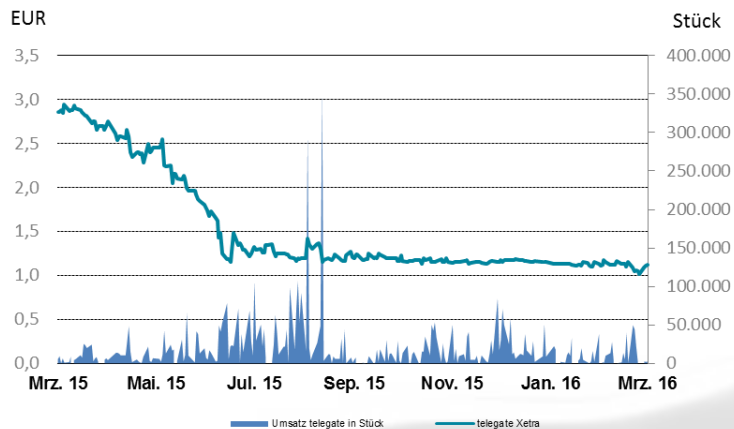
Tel 089/8954-0
Fax 089/8954-1010



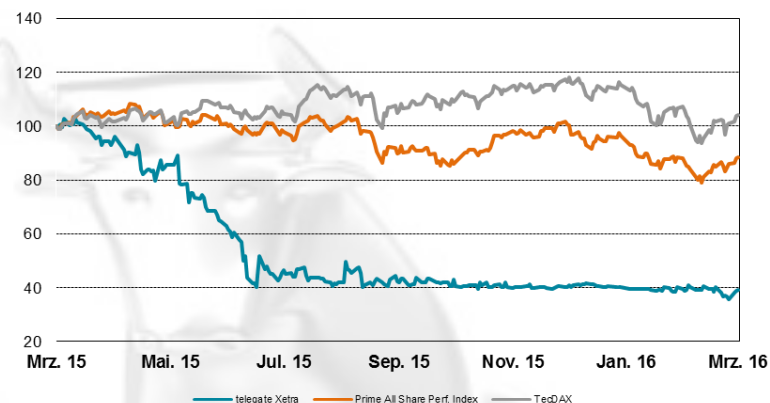
Backup

The telegate AG registered a substantial share price decline in 2015, which is based on the fact of a **poor performance in combination with a missing strategic orientation!** telegate

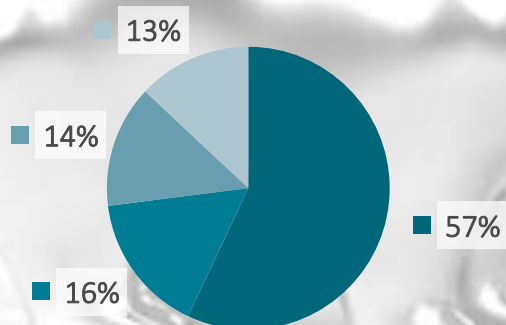
Share development telegate



telegate vs. market



Shareholder Structure



- Freefloat (57%)
- SEAT Pagine Gialle (16%)
- GL Europe Luxembourg S.à.r.l. (14%)
- GoldenTree Asset Management Lux. S.à.r.l. (incl. Steven A. Tananbaum) (13%)

telegate Group (k€)	YTD 2015	YTD 2014	YTD 2013
Continuing operations			
Revenues	53.535	62.262	72.333
Revenues DA solutions	21.014	27.678	37.032
Revenues Digital	32.521	34.584	35.301
Cost of revenues	-27.416	-31.310	-32.793
Gross profit	26.119	30.952	39.540
<i>Gross profit %</i>	48,8%	49,7%	54,7%
Selling and distribution costs	-25.170	-27.325	-30.001
General administrative expenses	-11.946	-13.150	-12.271
Other operating income	422	140	317
Other operating expense	-23	-103	-33
EBITDA incl. non-recurring effects	-331	2.285	9.110
Non-recurring effects	4.618	7.149	2.917
EBITDA w/o non-recurring effects	4.287	9.434	12.027
Financial income	186	381	20
Income (loss) before income tax	-10.412	-9.105	-2.428
Income tax	1.222	2.334	783
Net income (loss) from continuing operations	-9.190	-6.771	-1.645
Discontinuing operations			
Net income (loss) from discontinued operations	-154	376	-111
Net income (loss)	-9.344	-6.395	-1.756
Earnings per share (in Euro)	-0,49	-0,33	-0,09



telegate Group (k€)	YTD 2015	YTD 2014	YTD 2013
Assets			
Cash and cash equivalents	940	4.262	9.950
Trade accounts receivable	11.092	11.915	13.158
Current tax assets	203	145	499
Available for sale financial assets	17.530	22.606	30.128
Other financial assets	690	413	24.570
Other current assets	1.734	1.697	2.274
Total current assets	32.189	41.038	80.579
Tangible and intangible assets	17.442	20.921	25.770
Other non-current assets	13	15	15
Total non-current assets	17.455	20.936	25.785
Total Assets	49.644	61.947	106.364
Liabilities & Shareholders' equity			
Current liabilities	9.794	11.888	40.273
Non-current liabilities	1.646	2.506	4.383
Shareholders' equity	38.204	47.580	61.708
Total Liabilities & Shareholders' equity	49.644	61.947	106.364



telegate Group (k€)	YTD 2015	YTD 2014	YTD 2013
Income (loss) from continuing operations	-10.412	-9.105	-2.428
Income (loss) from discontinued operations	-154	376	-95
Income (loss) before income tax	-10.566	-8.729	-2.523
Depreciation & amortization	10.287	11.840	11.712
Changes in operating assets & liabilities	-3.927	-1.643	-3.650
Interest income / expense	-209	-348	1
Income taxes paid	-44	-745	-10.876
Other items	775	-466	759
Cash used in operating activities	-3.684	-91	-4.577
Purchase of assets	-4.797	-5.620	-10.746
Disposal of subsidiaries	-21	-180	982
Purchase / disposal of other current financial assets	0	24.208	-24.209
Purchase / disposal of available for sale financial assets	4.967	7.507	-29.966
Interest received	231	394	125
Cash provided by (used in) investing activities	380	26.309	-63.814
Dividends paid to Seat Pagine Gialle S.p.A. and Telegate Holding GmbH	0	-30.122	0
Dividends paid to free float	0	-1.730	-14.014
Interest paid	-22	-53	-894
Cash used in financing activities	-22	-31.905	-14.908
Effect of exchange rate changes on cash and cash equivalents	4	-1	-1
Change in cash and cash equivalents	-3.322	-5.688	-83.300
Cash and cash equivalents at the beginning of reporting period	4.262	9.950	93.250
Cash and cash equivalents at the beginning of reporting period	940	4.262	9.950

