



INTERIM MANAGEMENT
STATEMENT FOR THE
1ST QUARTER 2017

Results

Key Figures of 11880 Solutions Group at a glance

in EUR million	3M 2017	3M 2016	Variance absolute	Variance in percent
Revenues and earnings 11880 Solutions Group				
Revenues	10.4	11.8	-1.4	-12%
EBITDA ¹	0.0	-0.2	0.2	-
Net loss	-1.9	-2.3	0.4	-17%
Details Segments				
Revenues Digital	6.7	7.6	-0.9	-12%
EBITDA ¹ Digital	0.1	-0.2	0.3	-
Revenues Directory Assistance	3.7	4.1	-0.4	-10%
EBITDA ¹ Directory Assistance	-0.1	0.0	-0.1	-
Statement of financial position²				
Total assets	31.7	34.4	-2.7	-8%
Cash and cash equivalents ³	9.6	10.5	-0.9	-9%
Equity	21.6	23.5	-1.9	-8%
Equity ratio (in percent)	68%	68%	-	-
Cash flow				
Cash flow from operating activities	-0.3	-0.8	0.5	-
Cash flow from investment activities	1.0	2.1	-1.1	-
Cash flow from financing activities	0.0	0.0	0.0	-
Net Cash flow ⁴	-0.9	-1.8	0.9	-
Key figures for the 11880 share				
Earnings per share (in EUR)	-0.10	-0.12	0.02	-17%
Share price (in EUR) ⁵	0.53	1.12	-0.59	-53%
Market capitalisation	10.1	21.4	-11.3	-53%
Employees				
Number of employees ⁶ group	626	770	-144	-19%

1 Earnings before interest, tax and depreciation

2 Comparative values as of December 31, 2016

3 Portfolio of cash and cash equivalents as well as financial assets, available for sale

4 The net cash flow is calculated as the operating cash flow plus cash flow from investing activities minus interest expenses, adjusted for the changes in money market

5 Xetra-closing prices as of last trading day

6 Headcounts as of March 31, 2017



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Course of business, material events

In the current financial year, the 11880 Solutions Group is operationally focused on the new sector portals and the search engine [WerkenntdenBesten.de](#). The specialist portals of the most important trades and service sectors become increasingly popular with consumers because everyone can get a non-committal but concrete offer for his individual order with a few clicks. With [WerkenntdenBesten.de](#), the first independent search engine for online reviews, a platform has been developed by the 11880 Solutions Group which provides consumers as well as entrepreneurs with an incomparable extra value: All in the internet published customer reviews to a service provider, doctor, tradesman or fitness center are shown under a single address.

[WerkenntdenBesten.de](#) became very popular soon after its launch. By the start of March, the 11880 Solutions Group displayed more than 30 million online reviews for over one million companies – and these figures are rising daily. The number of active users is doubling every month. After just two months, around 5,000 companies are already using the 11880 Solutions Group's package to collect their customers' online reviews simply and easily and receive notifications from the 11880 Solutions Group about each new rating posted for their company.

[WerkenntdenBesten.de](#) offers users searching for the right service provider, tradesman, doctor or fitness center a unique and independent overview of more than 30 million online reviews. Conversely, more than one million companies can visit a single address to see how their products and services are rated by customers on 52 different online portals. This is helping [WerkenntdenBesten.de](#) to become an essential everyday companion. According to a recent study by industry association Bitkom (source: <http://bit.ly/2kSe40bl>), reviews are considered a relevant tool for around 65 percent of German consumers when making purchasing decisions. This means that online reviews have become more important than price comparison portals or personal recommendations from family and friends.

Earnings (EBITDA) in the first quarter of 2017 are within the range of the guidance published for the full 2017 financial year. Consolidated revenues are also developing as planned. The digital business accounted for around 64 percent of consolidated revenues in the first quarter of 2017. Due to the continuing downturn in the market, revenues from traditional voice-based directory assistance declined by around 10 percent year-on-year as expected. Cash funds declined from EUR 10.5 million to EUR 9.6 million compared with 31 December 2016, which also reflected expectations.

Financial situation

Results of operations

Consolidated revenues at the 31 March 2017 reporting date were EUR 10.4 million (previous year: EUR 11.8 million). At EUR 6.5 million, the consolidated cost of revenues in the first quarter of 2017 did not change year-on-year (previous year: EUR 6.5 million).

Selling and distribution costs were reduced from EUR 4.7 million to EUR 3.6 million, a EUR 1.1 million or 23 percent improvement. This was achieved by reducing COGS, sales personnel costs overhead, depreciation and amortisation, and general administrative expenses/sales, which overall was mainly attributable to the reduction in field sales capacity and lower amortisation.

The general administrative expenses incurred in the first three months decreased by 20 percent year-on-year, from EUR 3.0 million to EUR 2.4 million, due primarily to the decline in administrative personnel costs overhead.

Consolidated EBITDA increased by EUR 0.2 million to EUR 0.0 million, from EUR -0.2 million in the prior-year period. Earnings after taxes in the first quarter of 2017 were EUR -1.9 million (previous year: EUR -2.3 million). The decline in

revenues by EUR 1.4 million was compensated mainly by cost savings. In addition, the Group was able to improve earnings after taxes by EUR 0.4 million.

Net assets and financial position

Capital expenditures

Capital expenditures in the first quarter of 2017 totalled EUR 0.6 million (previous year: EUR 1.0 million). Expenditures focused on product improvements and innovations in the Digital segment. Capital expenditures include capitalised customer contracts of EUR 0.01 million (previous year: EUR 0.2 million) and capitalised customer websites in the amount of EUR 0.02 million (previous year: EUR 0.1 million).

Statement of financial position

As of 31 March 2017, total assets amounted to EUR 31.7 million, showing a decrease of EUR 2.7 million compared with 31 December 2016 (31 December 2016: EUR 34.4 million).

Current assets declined from EUR 23.2 million to EUR 21.3 million. This was due primarily to the decrease in available-for-sale financial assets by EUR 1.6 million. As of 31 March 2017, the 11880 Solutions Group had investments in short-term money market and bond funds that are reported as available-for-sale financial assets. The fair value of these investments was EUR 8.1 million (31 December 2016: EUR 9.7 million). Cash and cash equivalents increased by EUR 0.6 million in the first quarter of 2017 (31 March 2017: EUR 1.4 million; 31 December 2016: EUR 0.8

million). The decrease in trade accounts receivable by EUR 1.0 million, from EUR 10.3 million as of 31 December 2016 to EUR 9.3 million, was attributable mainly to the declining business.

As of the reporting date, the Group had non-current assets worth EUR 10.4 million (31 December 2016: EUR 11.2 million). The decline by EUR 0.8 million stemmed from the decrease in property and equipment and intangible assets as a result of depreciation and amortisation.

On the liabilities side, current liabilities decreased by EUR 0.7 million to EUR 8.8 million (31 December 2016: EUR 9.5 million). Accrued current liabilities fell from EUR 5.7 million to EUR 4.7 million, primarily due to the decrease in provisions for personnel. Other current liabilities increased by EUR 0.4 million, from EUR 3.0 million as of 31 December 2016 to EUR 3.4 million as of the 31 March 2017 reporting date. This increase is mainly attributable to the development of liabilities to personnel.

The 11880 Solutions Group has no significant non-current liabilities, no liabilities in foreign currencies and no loan liabilities to banks.

Equity declined by EUR 1.9 million to EUR 21.6 million compared to 31 December 2016 (31 December 2016: EUR 23.5 million) as a result of the net loss for the period.

Cash flow & financing

First-quarter cash flow from operations in 2017 amounted to EUR -0.3 million, compared to EUR -0.8 million during the prior-year period.

The cash inflow from investing activities in the first three months amounted to EUR 1.0 million (previous year: EUR 2.1 million). The cash flow from investing activities includes the purchase and sale of money market funds and bond funds. The year-on-year decrease in cash inflow is attributable mainly to the lower volume of sales of available-for-sale financial assets (31 March 2017: EUR 1.6 million; 31 March 2016: EUR 3.0 million).

The cash flow from financing activities was EUR 0.0 million in the first three months, which is unchanged from the previous year.

Cash funds

Cash funds (cash and cash equivalents and current available-for-sale financial assets at the end of the period) declined from EUR 10.5 million to EUR 9.6 million compared with 31 December 2016, which was in line with expectations. The decline of cash funds by EUR 0.9 million is mainly attributable to one-off severance costs of the latest personnel measure of EUR 0.7 million.

Segment report

At EUR 6.7 million, revenues in the Digital business were down year-on-year (previous year: EUR 7.6 million). The Digital business accounts for around 64 percent of total revenue (previous year: 64 percent). Three-month earnings (EBITDA) as of the reporting date were EUR 0.1 million (previous year: EUR -0.2 million).

The traditional directory assistance business accounted for EUR 3.7 million of total revenues (previous year: EUR 4.1 million). Earnings (EBITDA) fell by EUR 0.1 million in the first three months to EUR -0.1 million (previous year: EUR 0.0 million).

Comparability of disclosures

The 3-month report for 2016 and the consolidated financial statements for the year ended 31 December 2016 are available on the 11880 Solutions AG website at: <https://ir.11880.com/finanzberichte>.

Planegg-Martinsried, 10 May 2017
The Management Board

Updated report on expected developments

Consolidated revenues, EBITDA and cash funds are developing in line with expectations.



Consolidated Financial Statements

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Consolidated income statement (IFRS)

3-Months Report

unaudited

in kEUR	1.1. - 31.03.2017	1.1. - 31.03.2016
Continuing operations		
Revenues	10,418	11,792
Cost of revenues	-6,451	-6,473
Gross profit	3,967	5,319
Selling and distribution costs	-3,594	-4,666
General administrative expenses	-2,428	-2,973
Other operating income	0	1
Other operating expense	-5	-12
Operating income (loss)	-2,060	-2,331
Interest income	23	67
Interest expense	-5	-3
Gain (loss) from marketable securities	13	-36
Financial income (loss)	31	28
Income (loss) before income tax	-2,029	-2,303
Deferred income tax	141	0
Income tax	141	0
Net income (loss) from continuing operations	-1,888	-2,303
Discontinued operations		
Net income (loss) from discontinued operations	0	-26
Net income (loss)	-1,888	-2,329
Attributable to:		
Owners of the parent	-1,888	-2,329
Non-controlling interests	0	0
	-1,888	-2,329
Earnings per share for net income (loss) for the reporting period attributable to ordinary equity holders of the parent (in euro)	-0.10	-0.12
Earnings per share for continuing operations for net income (loss) for the reporting period attributable to ordinary equity holders of the parent (in euro)	-0.10	-0.12
Earnings per share for discontinued operations for net income (loss) for the reporting period attributable to ordinary equity holders of the parent (in euro)	0.00	0.00

Consolidated statement of comprehensive income (IFRS)

in kEUR	3-Months Report	
	1.1. - 31.03.2017	1.1. - 31.03.2016
	<small>unaudited</small>	
Net income (loss)	-1,888	-2,329
Other comprehensive income (loss)		
Items that can be reclassified subsequently to profit or loss		
Available for sale financial assets -		
Changes of the fair value, net	43	-10
Available for sale financial assets -		
Reclassification to profit or loss, net	-15	1
Other comprehensive income (loss) after tax	28	-9
Total comprehensive income (loss)	-1,860	-2,338
Thereof from:		
Continuing operations	-1,860	-2,312
Discontinued operations	0	-26
	-1,860	-2,338
Attributable to:		
Owners of the parent	-1,860	-2,338
Non-controlling interests	0	0
	-1,860	-2,338

Consolidated statement of financial position (IFRS)

in kEUR	unaudited	unaudited	
	31 March 2017	31 March 2016	31 December 2016
ASSETS			
Current assets			
Cash and cash equivalents	1,411	2,226	801
Trade accounts receivable	9,299	10,023	10,310
Current tax assets	62	226	132
Available for sale financial assets	8,144	14,481	9,691
Other financial assets	160	131	141
Other current assets	2,243	1,981	2,164
Total current assets	21,319	29,068	23,239
Non-current assets			
Goodwill	3,489	6,789	3,489
Intangible assets	5,332	7,671	5,982
Property and equipment	1,559	2,257	1,723
Other financial assets	2	13	2
Deferred tax assets	4	5	0
Total non-current assets	10,386	16,735	11,196
Total assets	31,705	45,803	34,435

in kEUR	unaudited	unaudited	
	31 March 2017	31 March 2016	31 December 2016
LIABILITIES AND EQUITY			
Current liabilities			
Trade accounts payable	593	1,286	737
Accrued liabilities	4,673	4,406	5,690
Provisions	55	160	72
Other current liabilities	3,429	2,541	2,962
Total current liabilities	8,750	8,393	9,461
Non-current liabilities			
Provisions	559	932	593
Provisions for retirement benefits	243	48	243
Deferred tax liabilities	524	564	649
Total non-current liabilities	1,326	1,544	1,485
Total liabilities	10,076	9,937	10,946
Equity			
Share capital	19,111	19,111	19,111
Additional paid in capital	32,059	32,059	32,059
Retained earnings	-29,668	-15,301	-27,780
Other components of equity	127	-3	99
Equity attributable to owners of the parent	21,629	35,866	23,489
Total equity	21,629	35,866	23,489
Total liabilities and equity	31,705	45,803	34,435

Consolidated statement of cash flows (IFRS)

in kEUR	unaudited	unaudited
	1.1. - 31.03.2017	1.1. - 31.03.2016
Cash flow from operating activities		
Income (loss) before income tax from continuing operations	-2,029	-2,303
Income (loss) before income tax from discontinued operations	0	-26
Income (loss) before income tax	-2,029	-2,329
Adjustments for:		
Amortisation and impairment of intangible assets	1,141	1,393
Depreciation and impairment of property and equipment	254	271
Depreciation of current intangible assets	648	474
Gain (loss) on disposal of property and equipment	0	11
Interest income	-23	-67
Interest expense	5	3
Gain (loss) from marketable securities	-13	36
Valuation allowance for trade accounts receivable	-282	106
Gain (loss) from the sale of subsidiaries	0	26
Changes in non-current provisions	-37	-101
Operating loss before changes in operating assets and liabilities	-336	-177
Changes in operating assets and liabilities:		
Trade accounts receivable	1,011	683
Current intangible assets ¹⁾	-636	-649
Miscellaneous current assets	-110	486
Trade accounts payable	227	380
Current provisions	-16	-7
Accrued expenses and other current liabilities	-550	-1,494
Income taxes received / paid	70	-23
Cash used in operating activities	-340	-801

in kEUR	unaudited	unaudited
	1.1. - 31.03.2017	1.1. - 31.03.2016
Cash flow from investing activities		
Purchase of intangible assets excl. customer contracts	-485	-575
Purchase of customer contracts with contract period > 1 year	-10	-223
Purchase of property and equipment	-175	-39
Disbursement (proceeds) for the sale of subsidiaries	0	-140
Disposal of available for sale financial assets	1,600	3,001
Interest received	23	67
Cash provided by investing activities	953	2,091
Cash flow from financing activities		
Interest paid	-3	-3
Cash used in financing activities	-3	-3
Effect of exchange rate changes on cash and cash equivalents	0	-1
Change in cash and cash equivalents	610	1,286
Cash and cash equivalents at the beginning of reporting period	801	940
Cash and cash equivalents at the end of reporting period	1,411	2,226
Cash and cash equivalents as well as short-term available for sale financial assets at the end of reporting period	9,555	16,707

1) Current intangible assets include exclusively purchases for capitalized customer contracts and websites for customer with a contract period up to one year and are shown separately within the operating activities.

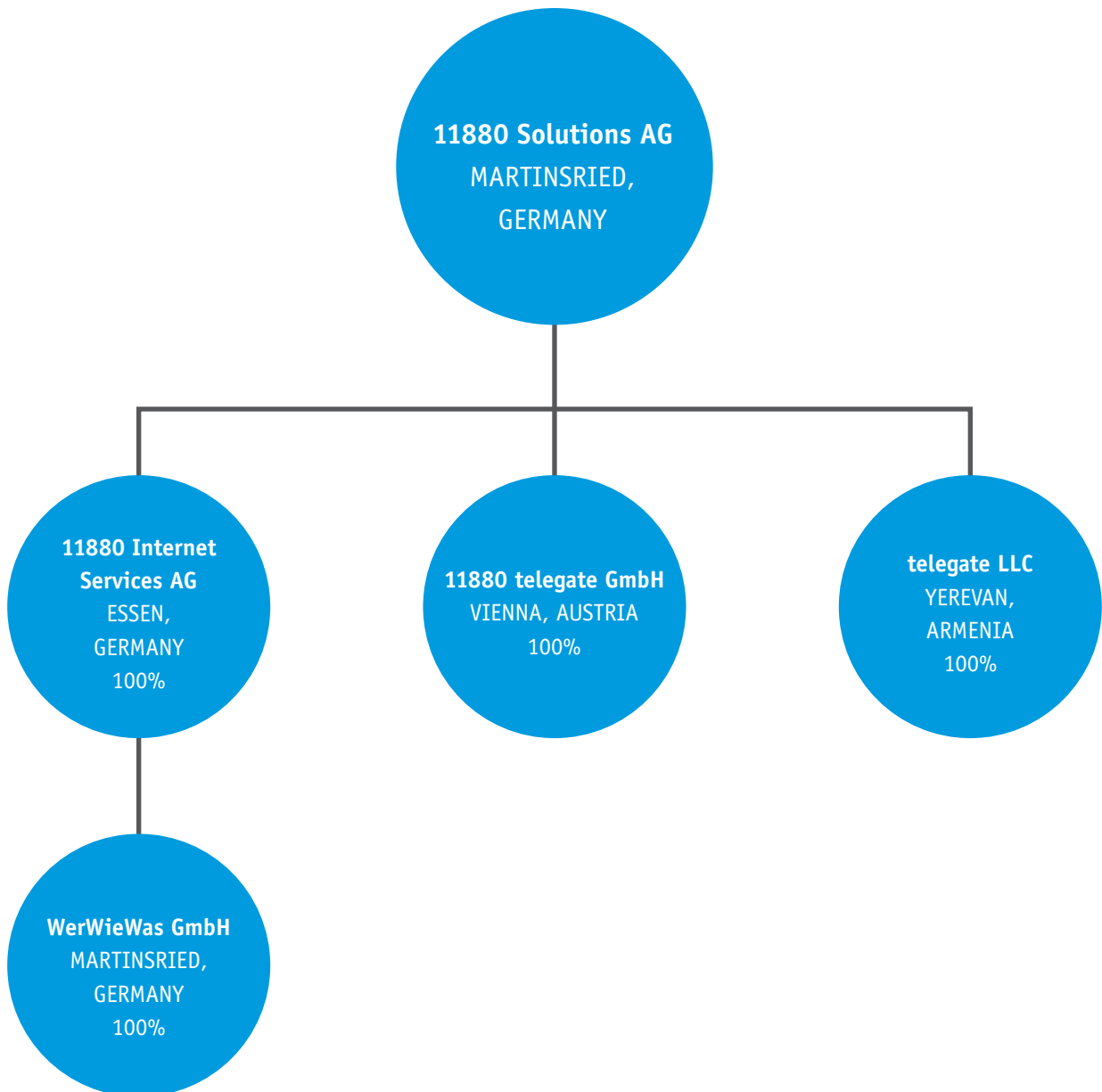
Consolidated statement of changes in equity (IFRS)

Equity attributable to owners of the parent

in kEUR	Share capital	Additional paid in capital	Retained earnings	Other components of equity	Total	Non-controlling interests	Total equity
Balance at January 1, 2017	19,111	32,059	-27,780	99	23,489	0	23,489
Net income (loss)	-	-	-1,888	-	-1,888	-	-1,888
Available for sale financial assets	-	-	-	28	28	-	28
Other comprehensive income (loss)	-	-	0	28	28	-	28
Total comprehensive income (loss)	0	0	-1,888	28	-1,860	0	-1,860
Balance at March 31, 2017	19,111	32,059	-29,668	127	21,629	0	21,629
Balance at January 1, 2016	19,111	32,059	-12,972	6	38,204	0	38,204
Net income (loss)	-	-	-2,329	-	-2,329	-	-2,329
Available for sale financial assets	-	-	-	-9	-9	-	-9
Other comprehensive income (loss)	-	-	0	-9	-9	-	-9
Total comprehensive income (loss)	0	0	-2,329	-9	-2,338	0	-2,338
Balance at March 31, 2016	19,111	32,059	-15,301	-3	35,866	0	35,866

Corporate structure

11880 Solutions Group



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