

Issue 03/2006

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telegate AG
Fraunhoferstr. 12a
82152 Martinsried, Munich
GERMANY
Tel: (089) 89 54 1750
Fax: (089) 89 54 1710
Investor.Relations@telegate.com
www.telegate.com

telegate Group

IR-Newsletter

Dear Newsletter Subscriber,

Please find below the latest information on our group.

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Your telegate Investor Relations Team

9-Months Results consolidate forecast for fiscal year 2006

telegate closed the 9-months reporting period with a renewed sales increase of nearly 27% to 133.8 million Euro (previous year: 105.7 million Euro). All segments of telegate Group contributed toward this positive development, with the foreign subsidiaries proving once more to be the main drivers. The proportion of sales generated in the neighbouring European countries currently stands at 36% (previous year: 18%). The earnings before interest, tax, depreciation and amortizations (EBITDA) of 4.7 million Euro for the first nine months of the fiscal year were significantly below last year's level (previous year: 31.3 million Euro), this decline was mainly the result of the market entry in France. The improvement in earnings during the current fiscal year announced by the company, had been realized as expected during the third quarter of 2006. While the second quarter of 2006 had still seen a negative EBITDA of -4.8 million Euro, telegate once again generated a positive EBITDA of +9.3 million Euro during the third quarter of 2006.

The Group's current growth dynamic proves to be particularly impressive in the sales performance from the second to the third quarter. During this period telegate Group sales were up from 40.9 million Euro to 45.6 million. Quarter comparison shows that sales of all three business segments of telegate were growing. The segment Germany/Austria boosted its sales to 30.2 million Euro (+12%), Italy/Spain grew to 9.0 million Euro (+5%) and the segment France to 6.4 million Euro (+19%). The development of earnings before interest, tax, depreciation and amortizations (EBITDA) of the individual segments also speaks a clearly positive language.

The segment Germany/Austria boosted its EBITDA by 61% to 11.1 million Euro, while the segment Italy/Spain raised EBITDA by 35% to 1.6 million Euro and even in France the negative earnings of -12.9 million Euro recorded during the second quarter are significantly lowered to -3.4 million Euro in the third quarter.

Besides the growth in sales, this substantial improvement in earnings were the result of advertisement expenses which have been significantly reduced and adjusted to normal business level, after having seen an exceedingly high level during the previous second quarter of 2006. Also the improvement of the gross profit margin contributed to this achievement. Following the successful completion of the third quarter, telegate confirms its guidance for the second half of fiscal year 2006, leading to an EBITDA of approximately 20 million Euro for that period.

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IR Calendar

Deutsches Eigenkapitalforum Herbst 2006	11/28/2006
German Corporate Conference Cheuvreux	01/15/2007
Annual Press Conference	03/08/2007

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Analyst Coverage

Institute	Analyst	Recommendation	Target price (in Euro)		Date
			new	old	
DZ Bank AG	Joeri Sels	Buy	22.00	20.00	11/07/2006
HVB Equity Research	Thomas Friedrich	Outperform	21.00	20.00	11/07/2006
Sal Oppenheim	Wolfgang Specht	Buy	22.00	21.00	10/12/2006
Cheuvreux	Felix Braune	Outperform	22.50	21.50	04/19/2006

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Germany/Austria

Sale of Swiss subsidiary 1818 Auskunft AG

As of October 10, 2006 telegate AG sold its wholly-owned Swiss subsidiary 1818 Auskunft AG to the US-based InfoNXX-Group. The purchase price amounted to a mid-single-digit Million Euro sum and is made up by a fix payment and to a lower extend by variable component. Both companies agreed to keep additional terms of the acquisition confidential.

The directory services market in Switzerland is not yet liberalized but will be opened up to competition as of 1 January 2007. The sale of the Swiss organisation enabled telegate to capitalize this business unit prior to the market opening for an extremely attractive price, without having launch investments or market entry risks to consider.

In the course of the European expansion telegate Group continues to focus resources on the further development within the Group's current active core markets Germany/Austria, France, Italy and Spain and the benefits of growth opportunities resulting from the broadened business model.

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Further milestone in data cost litigation

On November 15, 2006, the Higher Regional Court of Düsseldorf rejected Deutsche Telekom's complaint against telegate Group regarding back payment of data costs in second instance. Deutsche Telekom had filed a complaint against the telegate Group, claiming back payment for data costs incurred through utilisation of own directory assistance data by telegate.

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Italy

Consolidation of the Italian directory assistance market

The majority shareholder of telegate AG, Seat Pagine Gialle S.p.A., sealed an agreement with the Spanish TPI Group on acquisition of the TPI's directory assistance business in Italy with the numbers 12.88 and 12.48. The transaction is subject to approval by the Italian Regulatory Authority (AG-COM).

This take-over of the previous No. 3 on the Italian directory assistance market indicates the ongoing consolidation of the directory assistance market. Thus, similar consolidation processes have been registered in other European markets, such as the telegate's acquisition of Conduit Spain or InfoNXX in Great Britain.

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France

Status: Seven months after liberalisation

The competitive environment in France proves to as intensive as expected. Thus, all competitors taken together invested well over 100 million Euro for marketing in the current year by the end of October 2006. Given these high marketing expenses and the resulting confusion by the consumers, the market's decline was more severe than anticipated. Thus, competition for consumers has seen four relevant providers (InfoNXX, France Telecom, telegate and PagesJaunes) establish themselves on the French directory assistance market with telegate managing well to stand its ground in this intense market environment. Thus, telegate consolidated its position as No. 3 in the French directory assistance market, among other things, by a host of product innovations such as map&route as well as the continuous support of the partnerships with SFR and Bouygues Telecom. Seen as a whole we are convinced that we are well positioned for the phase to be expected next, which will see the shift from mere number penetration to communication of added values for the consumers.

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