

telegate group: 3-months results 2010

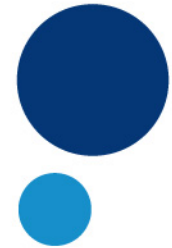
Munich,
May 5, 2010

telegate 

11880.com
Da werden Sie gehalten.

klickTel 
Find people and places.

Agenda



- **The “new” telegate:**
- **Transformation towards local search provider**
- **Financials 3-months 2010**
- **Business development & objectives**

Transformation towards local search provider: Key milestones 2010

- **Growth of usage with focus on mobile**

- Yoy >25% usage growth of digital channels (mobile & stationary internet) more than offsetting decline of traditional channels
- All time high with > 10 m visits in March on 11880.com & klicktel.de
- Pole position in mobile search with > 500.000 downloaded apps in Germany (~35% market share)

- **Growth of Media Business**

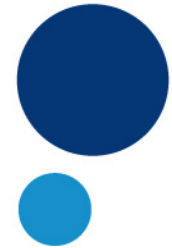
- Media revenues increase to a ratio of 24% in Germany (18 % Q1 2009)
- Expanding sales force to 450 people, strong growth of field sales channel

- **Strategic partnership with Vodafone, NOKIA and freenet agreed**

- 11880 & klicktel search platform will be included in Vodafone mobiles, Nokia Ovi & freenet platforms
- telegate Media to monetize leads from these searches towards SME's

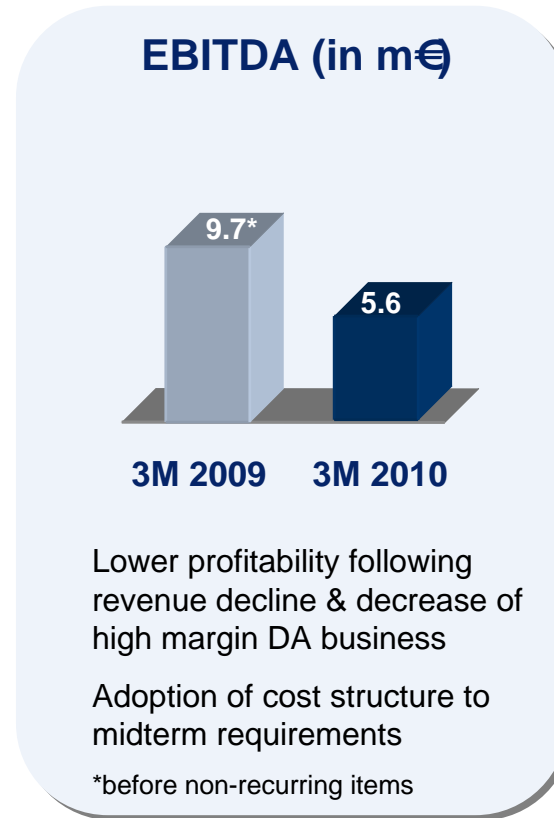
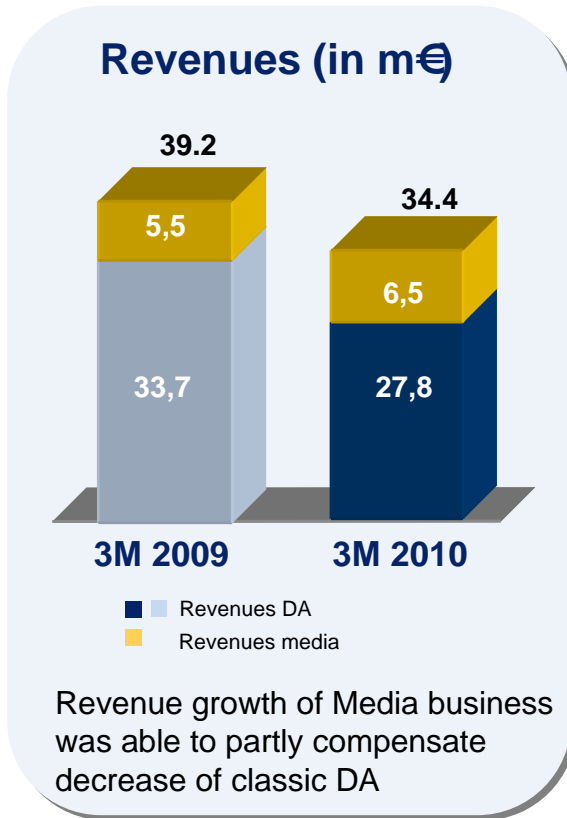
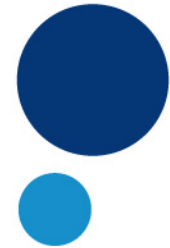
* Source: VDAV-Verband/Association of German Directory Media & telegate

Agenda



- **The “new” telegate:**
- **Transformation towards local search provider**
- **Financials 3-months 2010**
- **Business development & objectives**

On track towards guidance for 2010



Consolidated profit and loss statement



Quarterly Report

in kEUR	Q1 2010	Q1 2009
Revenue	34.378	39.193
Revenue DA solutions	27.819	33.680
Revenue Media	6.559	5.513
Gross profit	17.185	22.218
<i>Gross profit in %</i>	<i>50,0%</i>	<i>56,7%</i>
Advertising costs	-2.266	-3.059
Personnel costs	-6.242	-6.362
Depreciation and amortisation	-2.572	-2.657
Other administrative expenses	-3.144	-3.340
Other operating income	84	129
EBITDA before non-recurring effects	5.618	9.743
EBITDA	5.618	9.587
EBIT	3.046	6.930
Income tax expense	-1.896	-898
Income from continuing operations	1.694	6.650
Income from discontinued operations	0	-37
Net income	1.694	6.613
Earnings per share (in Euro)	0,08	0,31

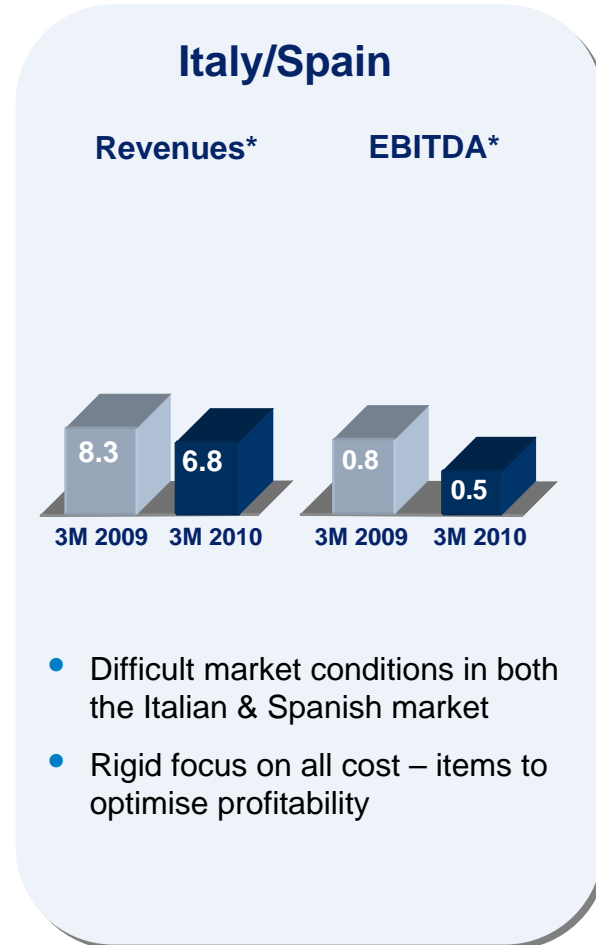
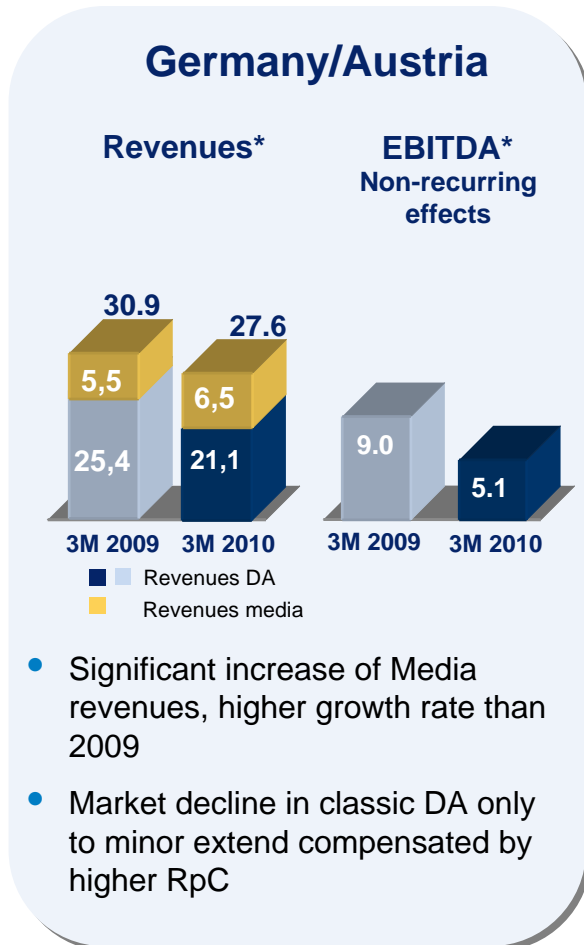
Continued and accelerated growth of Media revenues

Investment in sales force Media

Focus on fixed cost reduction

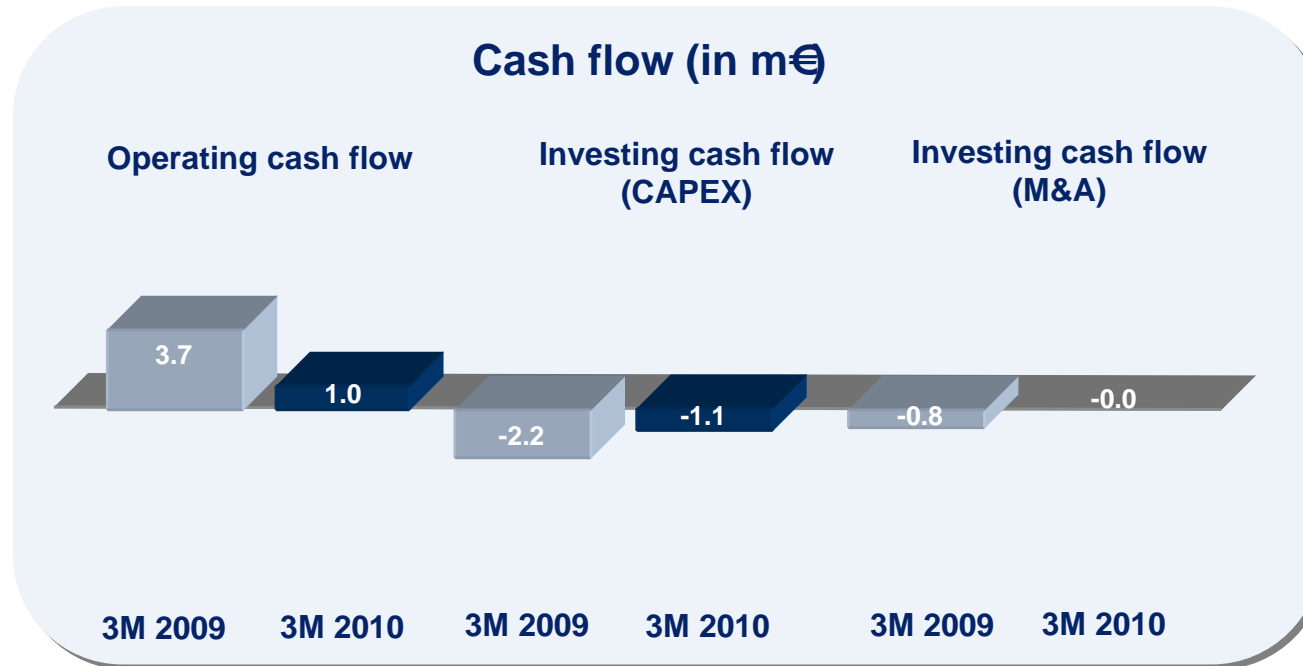
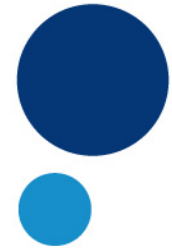
As expected, the increase in still low margin Media business couldn't compensate strong decrease of high margin DA business

Visible progress in company transformation in Germany, whilst Italy/Spain are hurt by difficult economic environment



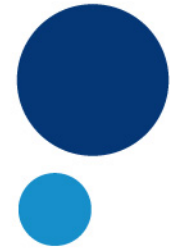
* in m€

“Traditionally” low operating cash flow in Q1



- **Operating** cash flow: Decline of operating cash flow in line with lower earnings in Q1
- **Investing** cash flow: Reduced level of investments following the completion of the integration of klickTel
- 0.8 m€ cash-out (**M&A**) in '09 for the increase of the stake in tg MEDIA AG to 100 % & escrow account
- **Net financial position** (31.03.10): 60.5 m€

Significant cash distribution to shareholders during coming months



- A. Dividend distribution June 10th → 14.9 m€**
- B. Share buyback program – reminder:**

Background & Reason - why

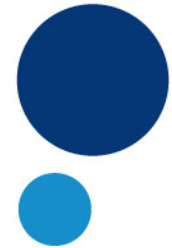
- High Net Financial Position (NFP 60,5 m€ as of 31.03.10)
- Significant positive FCF historically and also expected for the future
- Expected cash-inflow from data-claims against DTAG not to be expected during 2010, but later
- Equity ratio of > 50 % in tg group, > 60 % in tg AG
- ⇒ Partial distribution of the current ~ 60 m € NFP reasonable, would not limit strategic growth opportunities



Process & Timing of buyback

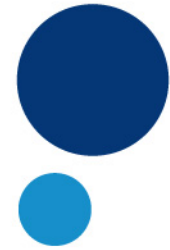
- ⇒ Distribute part of the NFP in a tax-optimal way to shareholders
- Share buyback program of up to 10 % decided by Management Board and Supervisory Board (accord. to § 71/1 No.8 AktG)
- Purchase via public offer to all shareholders with aim of repurchase close to 10 %
- Main shareholder Seat Pagine Gialle intends to participate in the offer
- Shares will be redeemed after repurchase
- Indicative timing: after AGM 2010

Agenda



- **The “new” telegate:**
- **Transformation towards local search provider**
- **Financials 3-months 2010**
- **Business development & objectives**

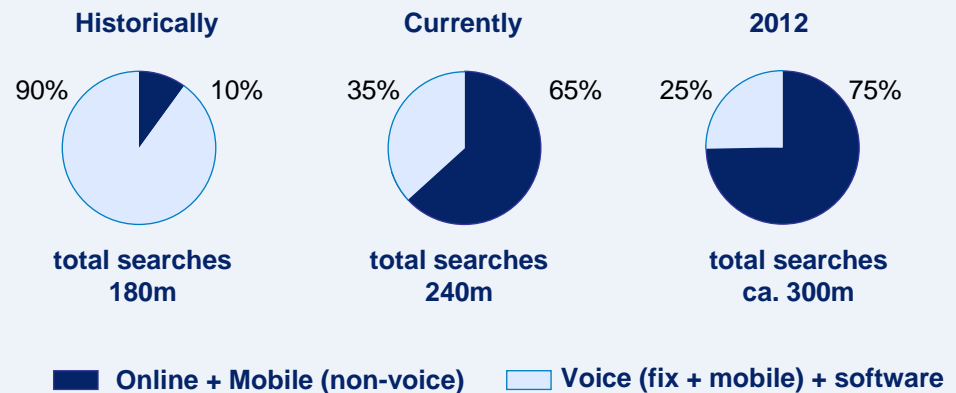
Transformation towards Local Search provider: Long-term perspective



A. User-mix Germany

- Searches constantly growing with digital media as key driver
- Of all searches, 75 % are expected to be online and via mobile-internet in 2012

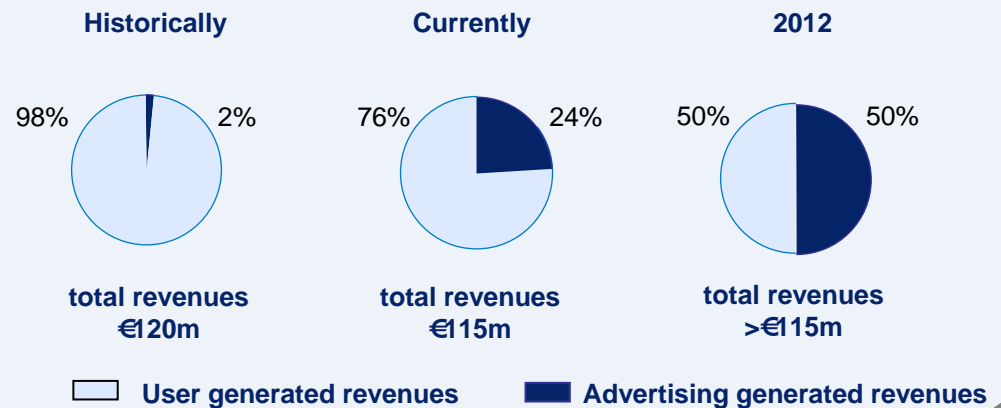
→ Transformation towards digital media



B. Revenue-mix Germany

- Advertising generated revenues to account for about 50 % of total revenues by 2012
- Advertising revenues are expected to overcompensate decline in directory service revenues by 2012

→ Transformation towards advertising generated revenues



Source: internal data and GfK study

The growing digital marketing playground offers significant opportunities for telegate's sales force

The „digital playground“



- Many opportunities, but also challenges for SMEs as complexity is significantly increasing

SEO & SEM (alliance with Google)	→	ADWORDS QUALIFIED COMPANY Google	ADWORDS AUTORISIERTER RESELLER Google
Partnerships	→	vodafone	NOKIA Eiaik Gigaset freenet
Own brands (5 Media channels)	→	klickTel Find people and places.	11880 So werden Sie gefunden.

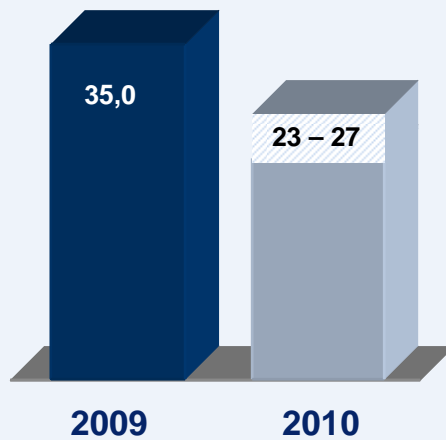
telegate MEDIA guarantees coverage via all modern digital media

* 1,99 EUR/Min. aus dem Festnetz der Deutschen Telekom. Aus dem Mobilfunknetz können ggf. abweichende Preise gelten. Preis einer SMS-Anfrage nur 0,99 € (VF D2 Anteil 0,12 €) im Inland

- US trend is confirming that the role of “intermediaries” which build “one stop shopping” solutions is becoming increasingly important
- telegate will further grow the capacity of its sales force (currently ~450, up to ~500) and range of services for SMEs in 2010

Business dynamics and profit guidance 2010

EBITDA¹ (in m €)



¹ Before non-recurring items

Decrease of high margin Voice business

- Decline in voice volume in Germany (~20%)
- Compensation effects (revenue per call & Comfort Services) are limited

Growth of Media business

- Significant double digit growth (but still lower margin than voice business)
- Investment to build up sales force to benefit from shift of funds of advertising
- Investment in product innovations to maintain leadership in mobile local search

Within next 18 months, final success in data cost reclamation claims is expected (~100 m€)

Contact telegate AG

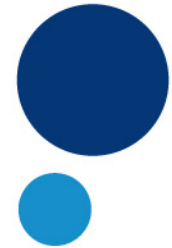
Financial calendar



CEO	Dr. Andreas Albath
CFO	Ralf Grüßhaber
Board Member	Dr. Paolo Gonano
Investor Relations	Franz Peter Weber
telegate AG	Fraunhoferstraße 12a 82152 Martinsried, Germany
Phone	+49 (0) 89-8954-1750
Fax	+49 (0) 89-8954-1710
Email	Investor.relations@telegate.com
Homepage	www.telegate.com

June 9, 2010	AGM
August 3, 2010	6-months results 2010
November 9, 2010	9-months results 2010

Disclaimer



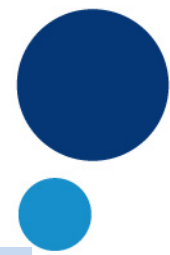
This presentation contains “forward looking statements” regarding telegate Group (telegate), including opinions, estimates and projections regarding telegate’s financial position, business strategy, plans and objectives of management and future operations. Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of telegate to be materially different from future results, performance and achievements expressed or implied by such forward looking statements. These forward looking statements speak only as of the date of this presentation and are based on numerous assumptions which may or may not prove to be correct.

Whilst all reasonable care has been taken to ensure that the information and facts stated herein are accurate and that the opinions and expectations contained herein are fair and reasonable, no representation or warranty, express or implied, is made by telegate with respect to fairness, completeness, correctness, reasonableness or accuracy of any information and opinions contained herein. The information in this presentation is subject to change without a prior notice, it may be incomplete or condensed, and it may not contain all material information concerning telegate. telegate undertakes no obligation to publicly update or revise any forward looking statements or other information stated herein, whether as a result of new information, future events or otherwise.



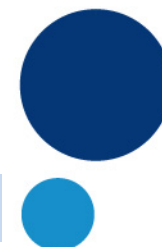
Backup

Consolidated balance sheet



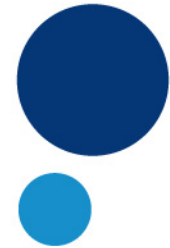
in kEUR	Mar 31, 2010	Mar 31, 2009
Assets		
Cash & cash equivalents	60.456	54.892
Tangible, intangible & financial assets	49.285	59.905
Trade accounts receivable	49.062	57.765
Other assets	12.862	10.129
Total Assets	171.665	182.691
Liabilities & Shareholders' equity		
Current liabilities	58.201	65.942
Non-current liabilities	14.435	14.229
Shareholders' equity attributable to the parent	99.029	102.520
Total liabilities & shareholders' equity	171.665	182.691

Consolidated cash flow statement



in kEUR	Mar 31, 2010	Mar 31, 2009
Net income before income tax	3.590	7.515
Depreciation & amortisation	2.572	2.887
Changes in operating assets & liabilities	-1.804	-2.666
Income taxes paid	-2.291	-4.491
Other items	-1.035	446
Cash flows from operating activities	1.032	3.691
Capital expenditures	-1.072	-2.208
Acquisition/purchase of a subsidiary, net of cash acquired/purchased	0	103
Acquisition of minority interests	0	-952
Cash flows used in investing activities	-1.072	-3.058
Interests received	575	831
Interests paid	-11	-33
Cash flows provided by (used in) financing activities	564	798
Increase in cash and cash equivalents	524	1.432
Cash and cash equivalents at beginning of reporting period	59.932	53.461
Cash and cash equivalents at end of reporting period	60.456	54.893

Status: Data cost proceedings DTAG



Reclamation claims

Federal Court decision on October 13

- As expected the court has referred the case back to OLG Düsseldorf
- The court confirmed in the oral hearings the indicative court order from February, which confirmed telegate's claim on the merits
- OLG Düsseldorf will have to take further evidence on the relevance of additional data which DTAG delivered and if tg was forced to accept a "bundle product"

Next steps

- New hearing at OLG Düsseldorf during 2010

105 m€ (incl. interest)²

Damage claims

Proceedings:

- 1st instance: 2nd oral hearing in February 2008 confirms our confidence in a positive ruling
- Expert opinion (causality & amount) currently in drafting due to assignment by court

140 m€ (incl. interest)

¹ incl. telegate MEDIA AG

² 74 m€ net of tax; 12.3 m€ already paid by DTAG in 2007, no P&L impact yet