

telegate group: Financial Results Q1 2011

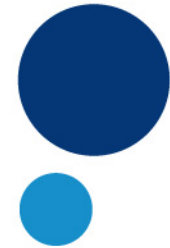
Munich,
May 5, 2011

telegate 

11880.com
Da werden Sie gehalten.

klickTel 
Find people and places.

Agenda



- **The “new” telegate:**
 - **Transformation towards local search provider**
- **Financials Q1 2011**
- **Outlook 2011**

Key achievements: Audience/B2C

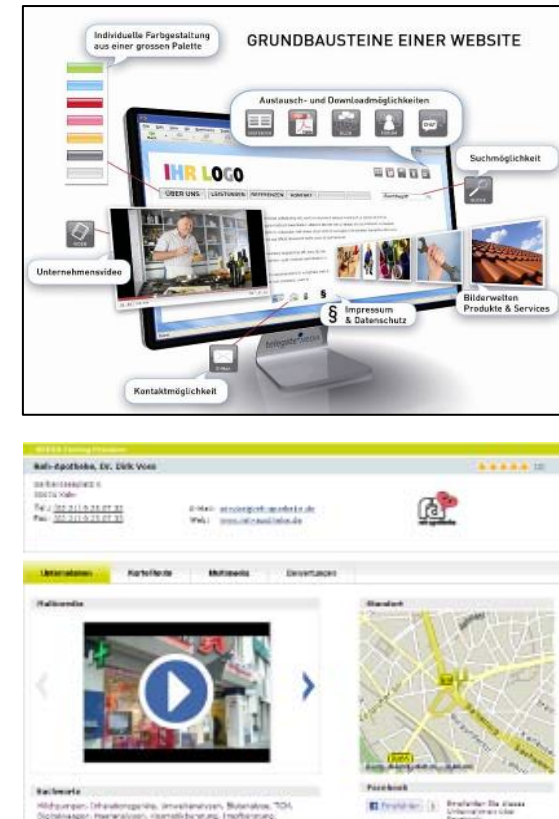
- **Mobile:** ongoing growth of usage of our mobile solutions on all relevant mobile platforms. March 2011: more than 3 million mobile search requests (new all-time record, more than doubled compared to 2010)
 - **Social Media integration:**
 - successful 11 88 0 integration in Facebook with constantly growing fan base
 - prominent implementation of a new user review function (“Wer kennt die Besten”) in web and mobile platforms
 - **Strong cooperations with partners:** Integration of 11 88 0 & klickTel search technology on Vodafone Smartphones & Nokia Ovi Maps
- ➔ **Approx. 280 m searches/year via all channels**



Key achievements: Advertisers/B2B



- **Accelerated growth:** business area Media grew in Q1/2011 by 32% YoY (growth full year 2010: + 27%)
 - **Customer development:** sales force's reorganization in a new and an existing customer team – strong focus on customer care & retention measures to increase loyalty
 - **Start of “Online Motor Deutschland”:** telegate is full-service partner of the Google initiative encouraging SMEs to enter into the digital-advertising market
- ⇒ **Share of Media business of group's revenues: increased to 30% in Q1/2011 (Q1/2010: 19%)**



Data cost-proceedings: Encouraging progress

Reclamation claims

OLG Düsseldorf:

Judgment fully in favor of telegate

- The Federal High Court has referred the case back to OLG Düsseldorf in October 2009
- On April 13, 2011, OLG Düsseldorf ordered Deutsche Telekom in 2 out of 3 actions to repay improper excessive costs of subscriber data in an amount of 33.63 m€ + approx. 11.5 m€ interest for the period 2000 – 2004
- The right to appeal was not granted. DTAG may raise a non-admission complaint as last remaining remedy. It may take 6 – 12 months until the judgment becomes final

Next steps

- Release of decision on third action (52.04 m€ for period 1997 – 2000 + interest) scheduled for May 18, 2011

105 m €(incl. interest)¹

Damage claims

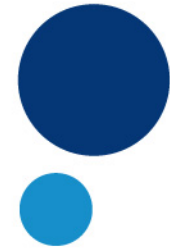
Proceedings:

- 1st instance: 2nd oral hearing in February 2008 confirms our confidence in a positive ruling
- Claim set on hold – likely awaiting decision on reclamation claims

140 m €(incl. interest)

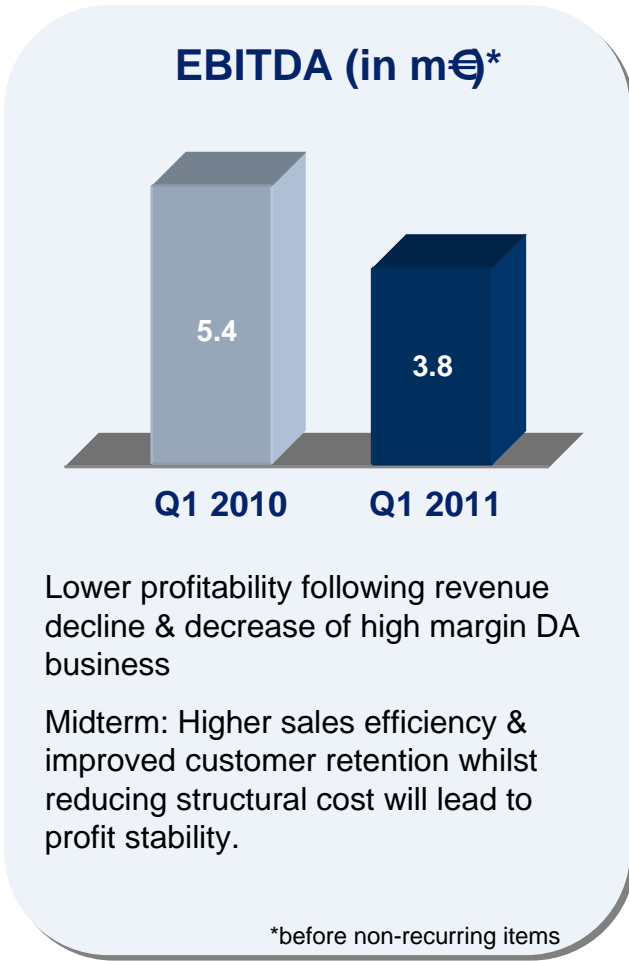
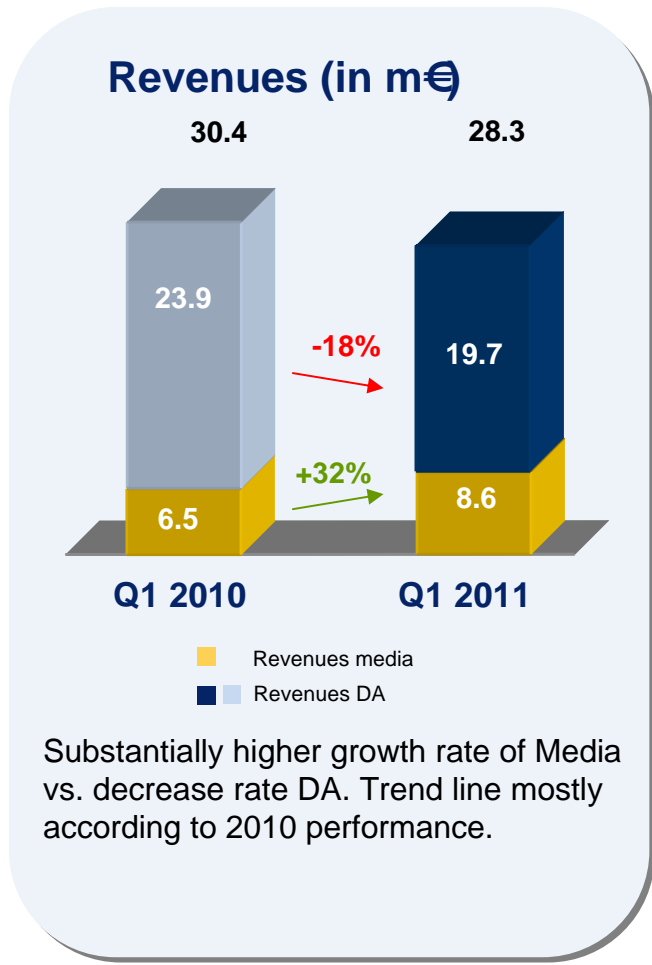
¹ Cash-impact: minus tax-payment, and minus 12.3 m€ already paid by DTAG in 2007 (no P&L impact yet)

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- **Outlook 2011**

Margin still affected by investment to transform company into local search player



Consolidated profit and loss statement



Quarterly Report

in kEUR	Q1 2011	Q1 2010
Revenue	28.343	30.449
Revenue DA solutions	19.705	23.903
Revenue Media	8.638	6.546
Gross profit	16.769	17.933
<i>Gross profit in %</i>	<i>59,2%</i>	<i>58,9%</i>
Selling and distribution costs	-11.522	-11.063
General administrative expenses	-3.695	-3.993
Other operating income/expenses	-43	84
EBITDA before non-recurring effects	3.792	5.377
EBITDA after non-recurring effects	3.546	5.377
EBIT	1.509	2.961
Financial income	513	547
Income tax - current	-1.137	-1.824
Income tax - deferred	514	0
Income from continuing operations	1.399	1.684
Income from discontinued operations	0	10
Net income	1.399	1.694
Earnings per share for continuing operations (in Euro)	0,07	0,08



Ongoing decrease of DA revenues at about -18 % vs. +32 % growth of Media business



Build up of sales network finalized, however yoy still growing capacity. Depreciation & amortization slightly below last year level



Efforts of structural cost reduction are paying off

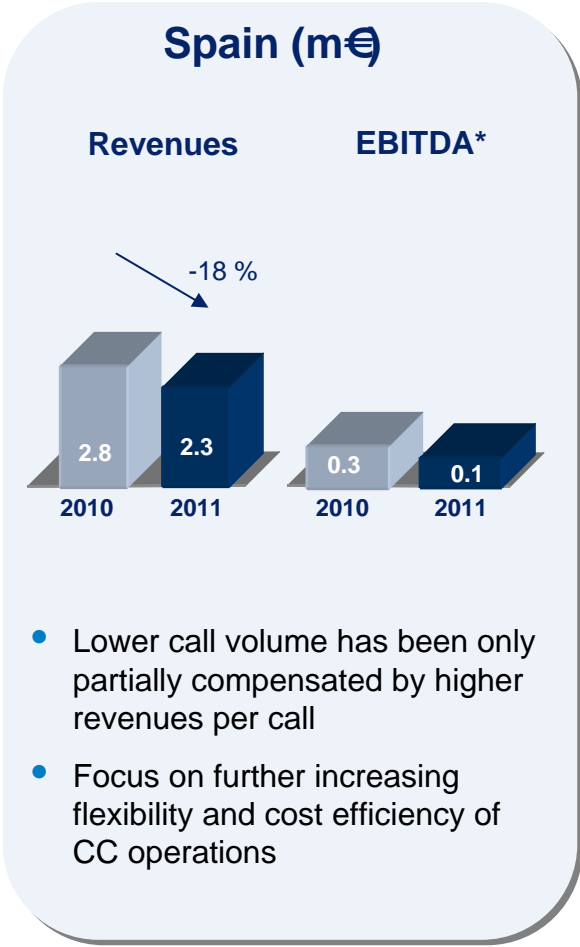
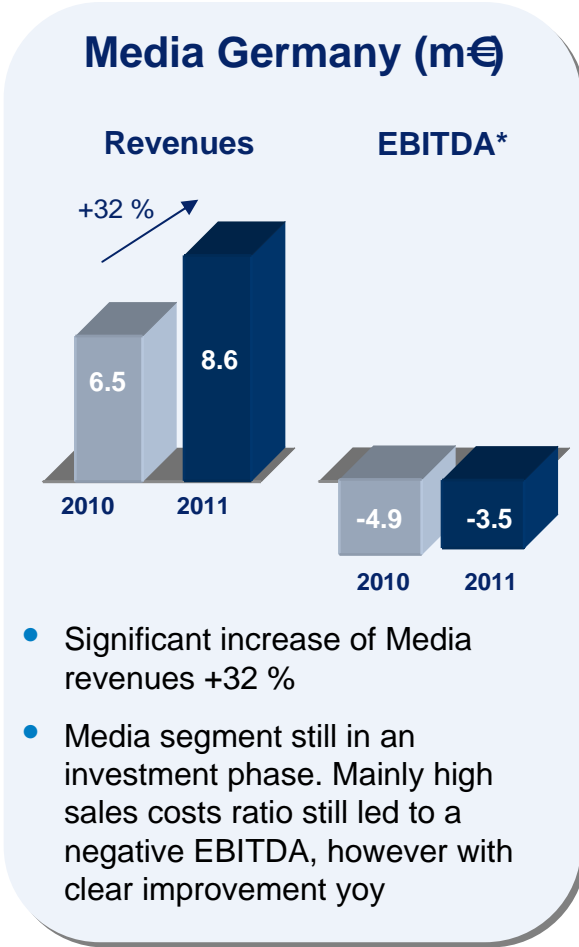
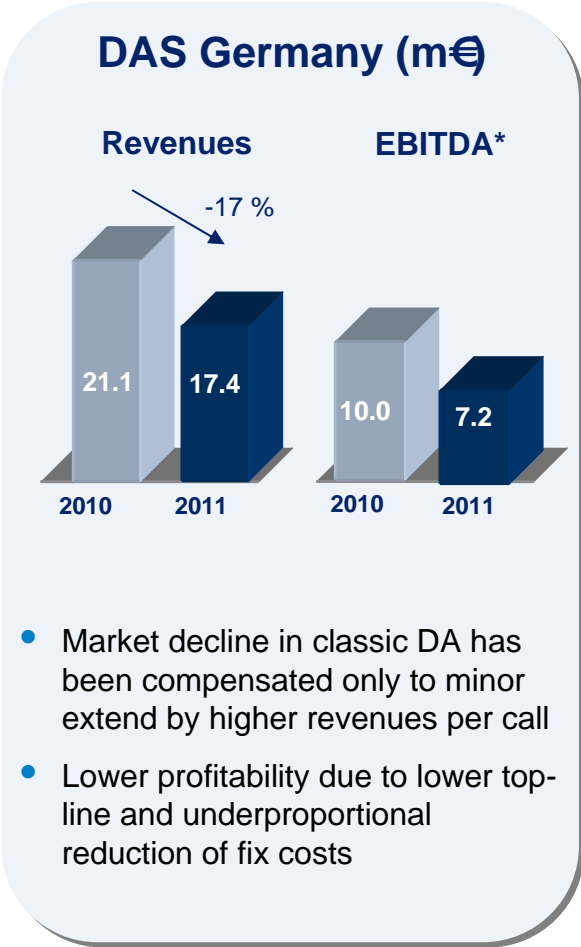


Non-recurring effects of 235 k€ from CC-capacity restructuring in Germany & Spain



Significantly lower income tax thanks to
 a) lower current tax (due to lower profitability) and
 b) increase of deferred tax asset (due to tax loss carry forward tg MEDIA AG)

Visible progress in company transformation in Germany, Spanish DA market decrease slightly softening

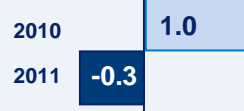


* before non recurring items, based on full cost

Free cash-flow* impacted by usual higher cash-out due to seasonality

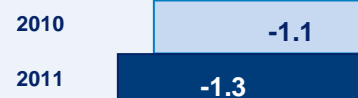


Operating cash-flow (m€)



- Operating cash-flow in Q1 usually jeopardized by pre-payments for the full year and bonus payments related to 2010
- YoY cash flow follows profit development

Investing cash-flow* (CAPEX) (m€)



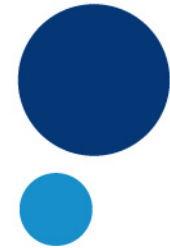
- Higher level of capital expenditures in 2011 mainly due to modernization of the voice infrastructure & technology, to be expected also for the coming quarters

- Net Financial Position (incl. fix term deposit of 5 month maturity) of 47.4 m€ (31.03.11) vs. 48.8 m€ (31.12.10)
- Dividend distribution of 0.50 €/share (or 9.55 m€) as of 30.06.2011 (provided approval by AGM 29.06.2011)

*excluding impact from fixed term deposits →

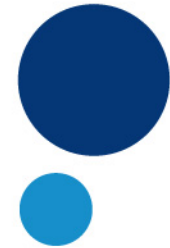
changes of fixed term deposits >3 months are reported as part of investing cash-flow (IAS 7.16), 3 months or less as part of operating cash-flow

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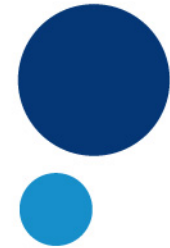
Outlook 2011 – Audience B2C



- **Steady improvement:** of customer satisfaction and product development in voice, software, online & mobile products
- **Online/Mobile:** new “Favourite-Funktion” with smart data transfer from website to mobile Apps
- **Directory Assistance:** launch of mobile DA-service SMS-Connect (→ connection to non-public mobile number via SMS-notification); to be expected during HY2/2011
- **Marketing:** effective campaigns around “11 88 0-memory aid” to maintain brand awareness and continue to gain market share



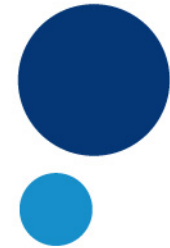
Outlook 2011 – Advertisers/Customer acquisition



- **Sales driver “user behaviour”**: telegate benefits from increasing readiness of SMEs to digital marketing and the alignment of ad-spending to user behaviour
- **Sales driver “product enlargement”**: telegate customizes and diversifies its Media product portfolio in line with market and customer needs (e. g. broader website-offer)
- **Sales driver “awareness building”**: telegate participates in industry initiatives such as “Online Motor Deutschland”, to increase the awareness for “digital marketing”. Roadshow throughout Germany’s 10 biggest cities. Project started in April.



Outlook 2011 – Advertisers/Customer retention

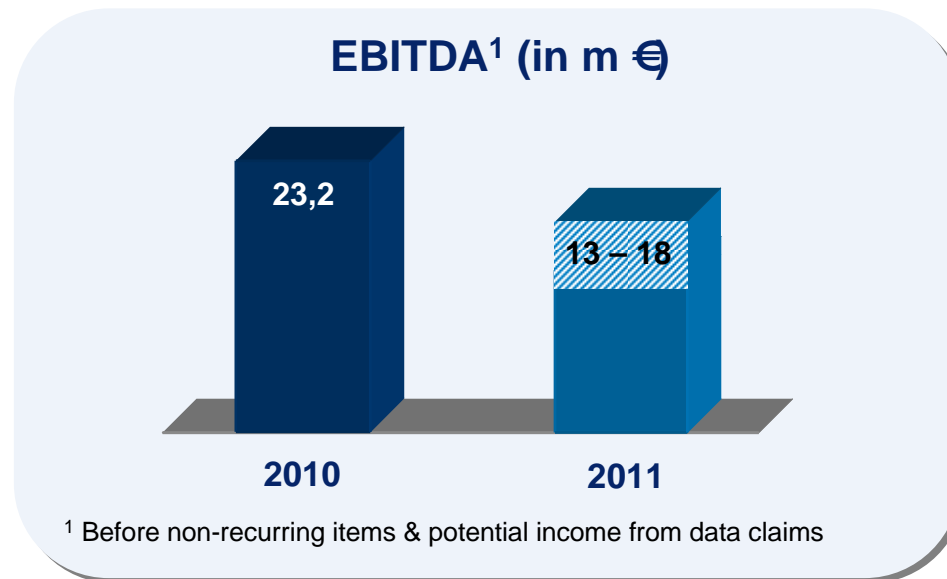


- **“Return on advertising”:**
Demonstrating advertisers success of their investment. Successful start within customer retention process; full rollout planned for mid 2011.
- **Re-engineering of after sales organisation & process:**
Integration of all after-sales-functions in a best- in-class customer-care-organisation & process re-engineering to improve customer loyalty and thus customer churn.



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Profit guidance 2011



- Q1 profitability well in line with full year guidance
- Profitability 2011 affected by ongoing investment to transform the company into a local search provider → Revenue growth of Media business not yet able to compensate revenue decline DA
- For 2012 we expect a stabilization of profitability

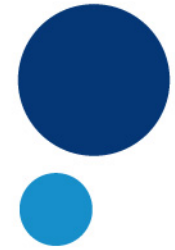
Contact telegate AG

Financial calendar



CEO	Dr. Andreas Albath
CFO	Ralf Grüßhaber
Investor Relations telegate AG	Franz Peter Weber
	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 29, 2011	AGM
August 11, 2011	6-months results 2011
November 8, 2011	9-months results 2011



Backup

Consolidated balance sheet Q1



in kEUR	2011	2010
Assets		
Cash & cash equivalents	3.396	60.456
Tangible, intangible & financial assets	33.485	49.285
Trade accounts receivable	33.030	49.062
Other financial assets	45.103	1.080
Tax assets	7.218	7.094
Other assets	3.681	4.688
Total Assets	125.913	171.665
Liabilities & Shareholders' equity		
Current liabilities	39.795	58.201
Non-current liabilities	9.880	14.435
Shareholders' equity attributable to the parent	76.238	99.029
Total liabilities & shareholders' equity	125.913	171.665

Consolidated cash flow statement Q1



in kEUR	2011	2010
Net income before income tax	2.022	3.590
Depreciation & amortisation	2.038	2.572
Changes in operating assets & liabilities	-1.751	-1.804
Income taxes paid	-2.155	-2.291
Other items	-444	-1.036
Cash flows from operating activities	-290	1.032
Capital expenditures	-1.302	-1.072
Net change in short-term fixed deposit investments (> 3 months)	-44.000	0
Cash flows used in investing activities	-45.302	-1.072
Purchase of treasury shares	-12	0
Interests received	243	575
Interests paid	-9	-11
Cash flows provided by (used in) financing activities	222	564
Change in cash and cash equivalents	-45.372	524
Cash and cash equivalents at beginning of reporting period	48.768	59.932
Cash and cash equivalents at end of reporting period	3.396	60.456
Cash and cash equivalents (< 3 months) as well as short-term fixed deposit investments (> 3 months) at the end of reporting period	47.396	60.456