

# telegate group: 6-months results 2010

Munich,  
August 3, 2010

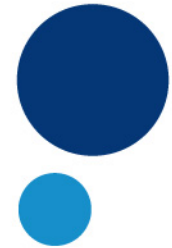
telegate 

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**11880.com**  
Da werden Sie gehalten.

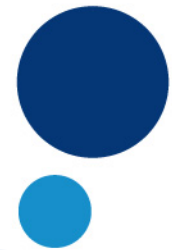
**klickTel**   
Find people and places.

# Agenda



- **The “new” telegate:**
- **Transformation towards local search provider**
- **Financials 6-months 2010**
- **Business development & objectives**

# Transformation towards local search provider: Key milestones 1st half year 2010



## **B2C: growth of usage with focus on mobile**

- ~10 % growth of searches on digital platforms
- Further extension of platform presence – now apps for iPhone, BlackBerry, Android, Windows Mobile and Palm
- Social network integration with implementing Facebook in websites

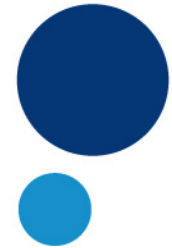
## **B2B: Accelerated growth of Media Business**

- 6-months-Media revenues increased by 26 % yoy in Germany (Q2: + 32 %) – share of Media revenues increased to now 26 % in H1 2010 from 19 % in H1 2009
- Strong focus on improving sales force effectiveness and further growth of field sales channel

## **Strategic partnership with Vodafone, NOKIA and freenet started**

- 11880 & klickTel search technology, apps and POIs will be included in: Vodafone smartphones, Nokia Ovi Maps, freenet mobile platforms
- telegate extends reach for SME's and delivers new customer leads

# Sale of Italian DA-business to focus on German local search opportunities



## Strategic rational

- telegate focusing on local search (business) and on Germany (regional) → disinvestment of pure DA-business in Italy with no growth opportunities

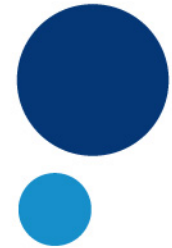
## Transaction

- Combined asset (sale of 2 CC to Call Center service provider Contacta) & share deal (sale of telegate Italy to main shareholder Seat Pagine Gialle) effective as of June 1<sup>st</sup>, 2010
- All ~ 850 employees taken over by the buyers with job guarantee

## Financials

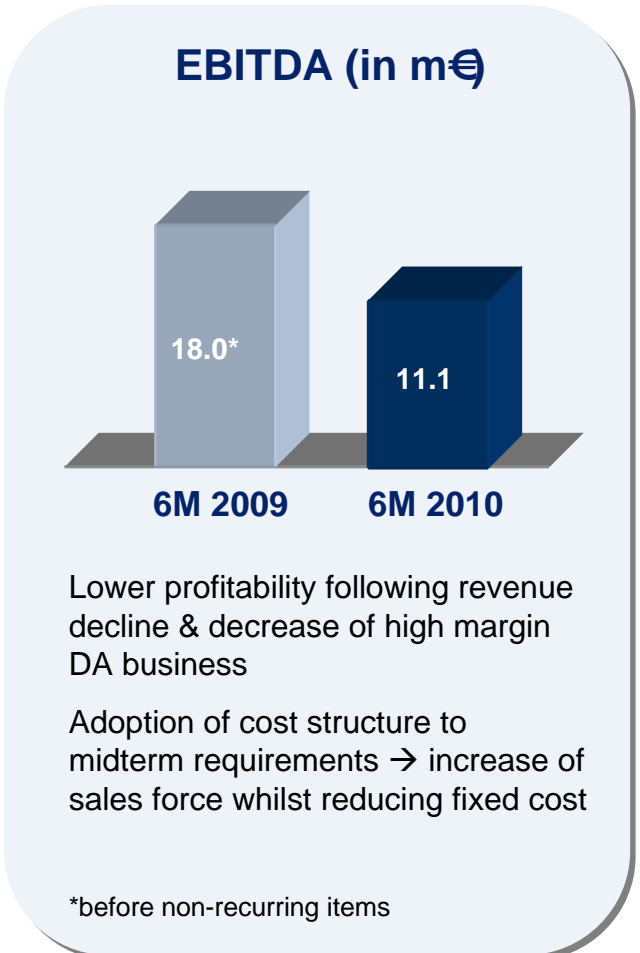
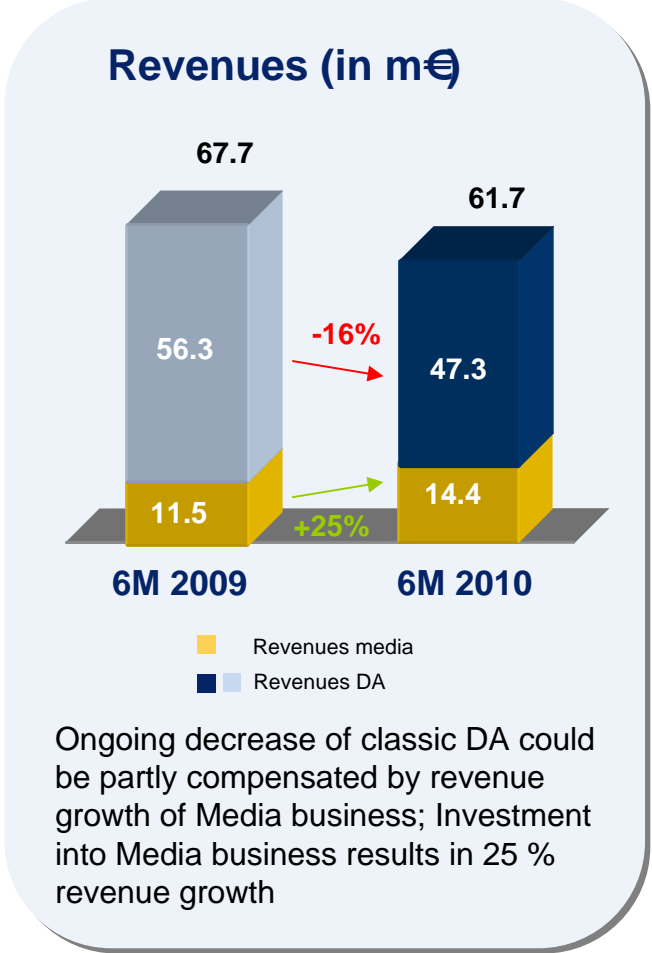
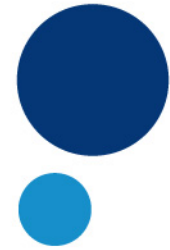
- Cash - Inflow of 3.5 m€ as of June 1<sup>st</sup>, 2010; Additional potential earn-out (mid term, minor scale)
- Gain from sale in total 2.4 m€ (consolidated statements/IFRS → increased net income in Q2)
- Therefore missing profit contribution from Italy in 2010 (EBITDA level)

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



# Consolidated profit and loss statement

in kEUR	Quarterly Report		6-months report	
	Q2 2010	Q2 2009	6M 2010	6M 2009
<b>Revenue</b>	<b>31.281</b>	<b>33.597</b>	<b>61.730</b>	<b>67.732</b>
Revenue DA solutions	23.438	27.621	47.341	56.253
Revenue Media	7.843	5.976	14.389	11.479
<b>Gross profit</b>	<b>17.611</b>	<b>20.136</b>	<b>34.298</b>	<b>41.175</b>
Gross profit in %	56,3%	59,9%	55,6%	60,8%
Advertising costs	-2.509	-2.439	-4.774	-5.496
Personnel costs	-5.739	-6.223	-11.477	-12.075
Depreciation and amortisation	-2.411	-2.486	-4.827	-4.954
Other administrative expenses	-3.854	-4.406	-7.245	-7.619
Other operating income	165	115	249	244
<b>EBITDA before non-recurring effects</b>	<b>5.675</b>	<b>8.830</b>	<b>11.052</b>	<b>18.022</b>
<b>EBITDA</b>	<b>5.675</b>	<b>7.193</b>	<b>11.052</b>	<b>16.229</b>
<b>EBIT</b>	<b>3.263</b>	<b>4.697</b>	<b>6.225</b>	<b>11.275</b>
Current income tax	-1.686	-2.834	-3.510	-3.554
Deferred income tax	1.695	696	1.695	696
<b>Income from continuing operations</b>	<b>3.801</b>	<b>3.039</b>	<b>5.485</b>	<b>9.520</b>
<b>Income from discontinued operations</b>	<b>2.407</b>	<b>-3.115</b>	<b>2.417</b>	<b>-2.983</b>
<b>Net income</b>	<b>6.208</b>	<b>-76</b>	<b>7.902</b>	<b>6.537</b>
<b>Earnings per share (in Euro)</b>	<b>0,29</b>	<b>0,00</b>	<b>0,37</b>	<b>0,31</b>
<b>Earnings per share (in Euro) for continuing operations</b>	<b>0,18</b>	<b>0,14</b>	<b>0,26</b>	<b>0,45</b>

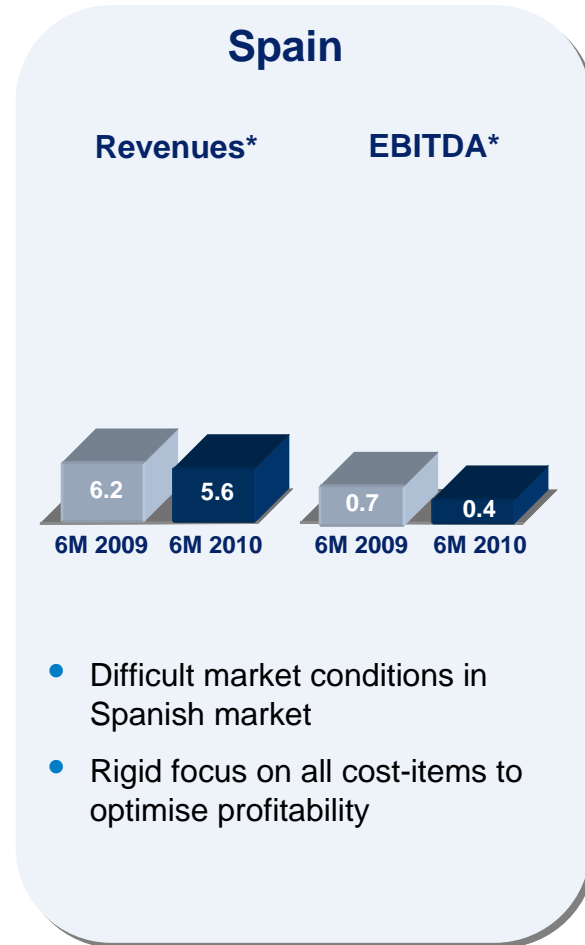
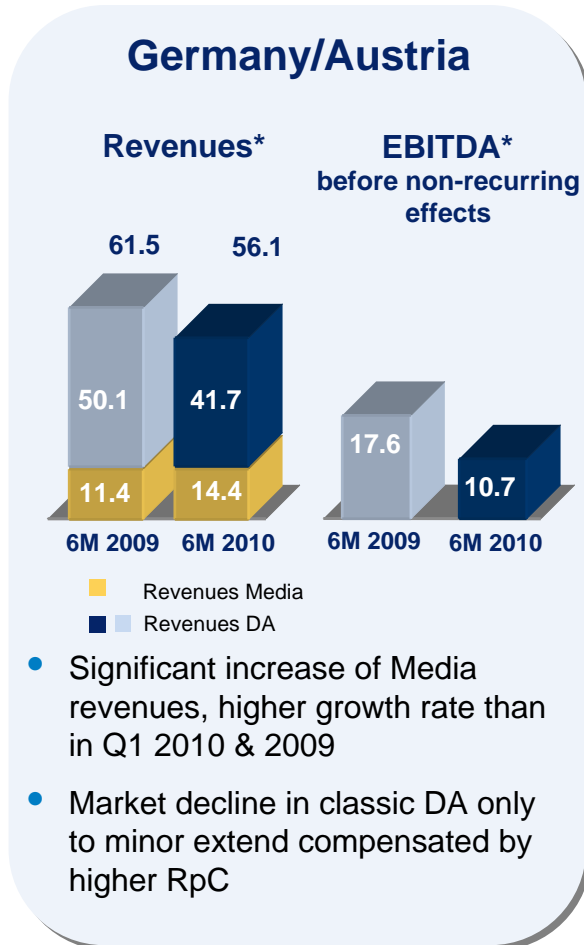
Revenue decrease Q2 DA slightly below Q1 level, revenue increase Q2 Media above Q1 growth

Margin decrease due to business mix and increase of sales force Media

Focus on reducing the structural cost base

Gain from sale of Italian subsidiary 2010 vs. loss from French subsidiary 2009

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



\* in m€

# H1 2010 Free cash flow disproportional low – catch up in H2 expected

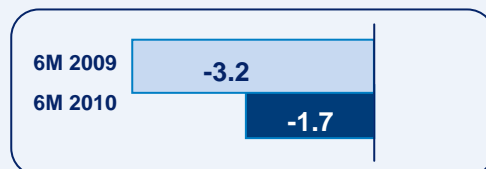


## Operating cash flow (m€)



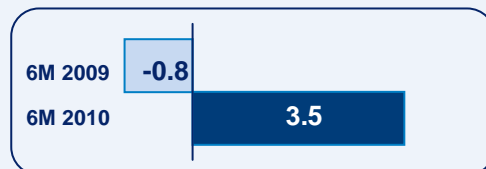
- Operating profitability lower by 7 m€
- Disproportional high tax payments in H1 will result in only minor cash-out H2 from tax → negative impact in H1 at about 3 m€
- High negative working capital driven by Media business as well as timing effect (delayed payment of carrier)

## Investing cash flow (CAPEX) (m€)



- Reduced level of capital expenditures, following the completion of the integration of klickTel AG, as communicated already in past conference calls

## Investing cash flow (M&A) (m€)

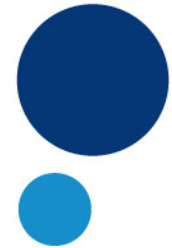


- 2009: Cash-out for the increase of the shareholding in klickTel AG to 100%
- 2010: Sale of Italian business

- Disproportional low FCF\* generation in H1 2010; H2 2010 expected at about 7.5 – 10 m€
- Net Financial Position of 49.2 m€ (30.06.10) vs. 50.9 m€ (30.06.09) → dividend payment of 14.9 m€

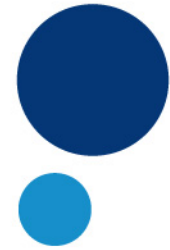
\* as defined operating CF./. investing CF + interest

# Agenda



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telegate is further expanding its product range by providing a professional website service for SMEs

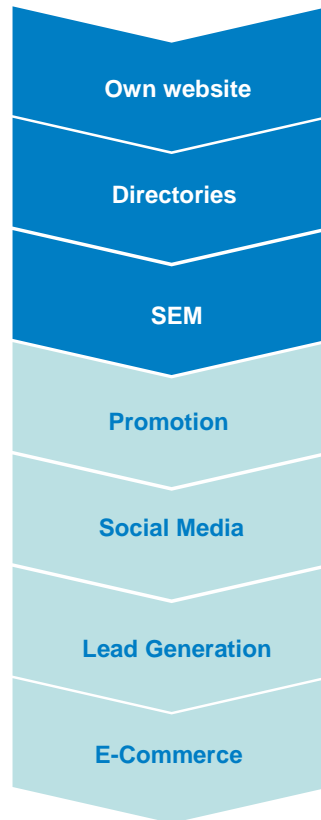


**Current product range**

market potential:  
(directories)  
ca. 1.3 bn€

**Local Search Advertising**

- tg multichannel directories (integrating own brands and partner network)
- in combination with**
- SEM: Google Adwords management



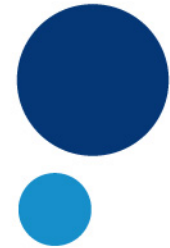
**Extension of product range**

**Website service**

market potential:  
(website)  
ca. 0.6-0.9 bn€

- Market potential (SME market)
  - 44% without website
  - 35% have intention for own website
  - 75% prefer customer care product
- Service provider structure highly fragmented
  - Freelancer to professional web agency
  - Highly varying service/pricing options
- New telegate full service firmenWEBSITE offer with unique bundle of features:
  - Website creation, -hosting, domain registration
  - Videoclip production
  - Regular update service
  - Search engine optimization (SEO) service
  - Based on leading 3rd party technology
  - Transparent and fair pricing (monthly fixed fee on subscription basis)

# 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

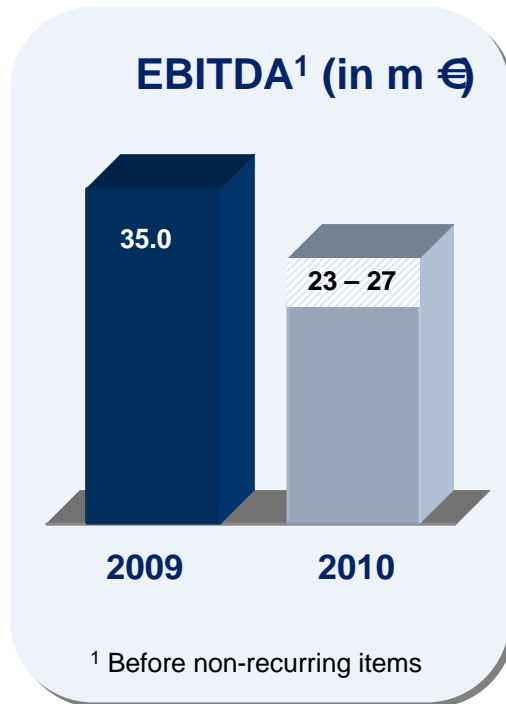
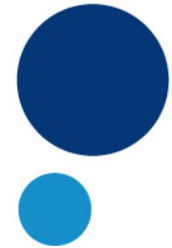
Website design	Full-service-package for SMEs	➔	firnenWEBSITE
Directory media advertising and Video marketing	Search requests via partners	➔	
	Search requests via 5 own media channels	➔	
Search engine marketing (SEM)	Partnership with Google	➔	

**Marketing partner for SMEs via all modern digital media**

\* (€ 1.99/min. from the landline of Deutsche Telekom. Prices may differ from the mobile network, if applicable. Price of a SMS request only € 1.49 within the country (VF 02 share € 0.12)

- US trend is confirming that the role of “intermediates” which build “one stop shopping” solutions is becoming increasingly important
- Further extension of range of services for SMEs beyond 2010

# Business dynamics and profit guidance 2010



- Profitability affected by ongoing investment to transform the company into a local search player
- Given H1 performance as well as sale of Italian business, we expect to finish at the lower end of the stated profit guidance

# Contact telegate AG

# Financial calendar

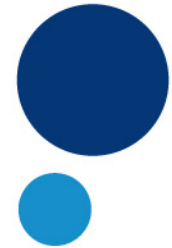


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9-months results 2010

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# Backup

# Consolidated balance sheet



in kEUR	June 30, 2010	June 30, 2009
<b>Assets</b>		
Cash & cash equivalents	49.191	50.870
Tangible, intangible & financial assets	46.477	55.010
Trade accounts receivable	32.316	57.220
Other assets	12.817	11.989
<b>Total Assets</b>	<b>140.801</b>	<b>175.089</b>
<b>Liabilities &amp; Shareholders' equity</b>		
Current liabilities	37.187	72.746
Non-current liabilities	13.232	14.705
Shareholders' equity attributable to the parent	90.382	87.638
<b>Total liabilities &amp; shareholders' equity</b>	<b>140.801</b>	<b>175.089</b>

# Consolidated cash flow statement



in kEUR	June 30, 2010	June 30, 2009
Net income before income tax	10.275	10.118
Depreciation & amortisation	5.786	8.775
Changes in operating assets & liabilities	-4.544	630
Income taxes paid	-3.706	-5.936
Other items	-6.711	1.277
<b>Cash flows from operating activities</b>	<b>1.101</b>	<b>14.864</b>
Capital expenditures	-1.741	-3.167
Acquisition/purchase of a subsidiary, net of cash acquired/purchased	3.505	158
Acquisition of minority interests	0	-952
<b>Cash flows used in investing activities</b>	<b>1.764</b>	<b>-3.961</b>
Dividends paid	-14.864	-14.864
Interest received	1.266	1.437
Interest paid	-10	-67
<b>Cash flows provided by (used in) financing activities</b>	<b>-13.608</b>	<b>-13.494</b>
Effects of exchange rates on cash	2	0
<b>Change in cash and cash equivalents</b>	<b>-10.741</b>	<b>-2.591</b>
<b>Cash and cash equivalents at beginning of reporting period</b>	<b>59.932</b>	<b>53.461</b>
<b>Cash and cash equivalents at end of reporting period</b>	<b>49.191</b>	<b>50.870</b>