

telegate group: Financial Results H1 2011

Munich,
August 11, 2011

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Agenda



- **The “new” telegate:
Transformation towards local search provider**
- **Financials H1 2011**
- **Outlook 2011**

Key achievements: Audience

- Today we already receive about **75% of all searches via digital platforms** (web portals + mobile internet), share is continuously growing
- **Mobile internet searches continue to show extraordinary growth** → H1 2011 about +100% yoy, driven by both our own mobile apps (close to 1 m downloads as of now) as well as cooperations
- The **share of mobile internet** within total digital searches is continuously growing: currently we receive about 3.5 m mobile internet searches p.m. or about 20 - 25 % of our total digital searches (mobile internet + web portals)
- ➔ **Transformation of our search offer towards digital platforms already very advanced, supported by very strong growth of our mobile internet offers**

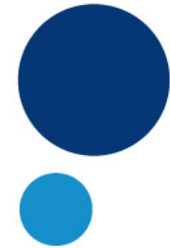


Key achievements: Advertisers

- **Growth:** Revenues from business segment Media grow +23% in H1; Share of Media-Revenues of total revenues increased to 31% in H1 2011 from 23% H1 2010
 - **Proof of Performance / ROI to our clients:**
 - In use for churning clients since end 2010 → +30% improvement of rate at which churning clients are won back
 - Usage of ROI reasoning in new client acquisition started some weeks ago
 - Roll out of ROI to our existing clients is starting these days
 - **Product portfolio:** Further enlargement of product portfolio in Q2 with the widening of website products (now “small/medium/large” product, to allow increased market penetration)
- ⇒ **Continuous enlargement of product portfolio; Providing our clients with transparency on ROI expected to support new client acquisition and client retention**



Data cost-proceedings: Encouraging progress



Reclamation claims

OLG Düsseldorf: Judgment in favor of telegate

- The Federal High Court has referred the case back to OLG Düsseldorf in October 2009
- On April 13 & June 8, 2011, OLG Düsseldorf ordered Deutsche Telekom to repay improper excessive costs of subscriber data in an amount of approx. 94 m€ (incl. interest)

Next steps

- The right to appeal was not granted. DTAG raised a non-admission complaint as last remaining remedy. It may take up until mid 2012 for the judgment to become final

94 m € (incl. interest)¹

Damage claims

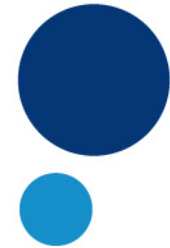
Proceedings:

- 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

100 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) of approx. 50 m€ expected

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Change in revenue recognition: Minor impact to P&L



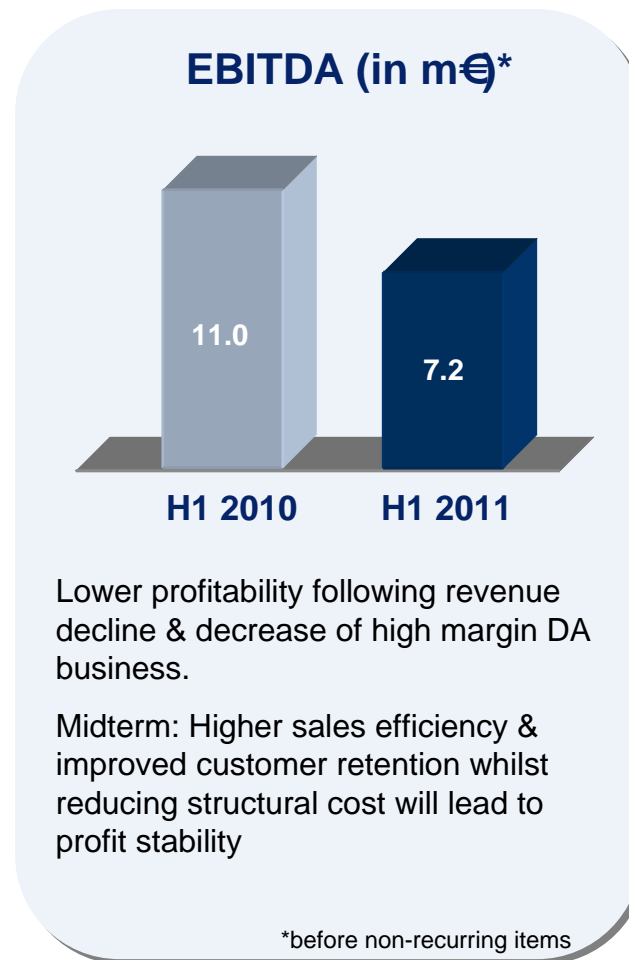
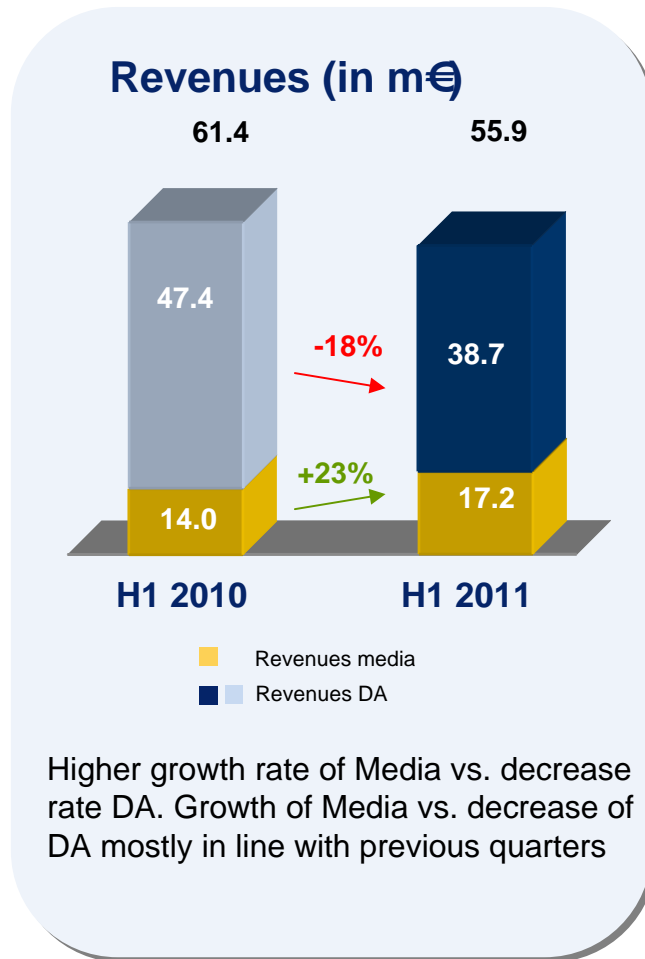
- With effect from June 30, 2011, tg has **changed the revenue recognition** policy in the business segment Media
- **So far:** revenues had been realized using the cost to cost method in accordance with IAS 18.21 and 18.24 (c)
- **As of H1** 2011, revenues will be realized in accordance with IAS 18.24 (b) where the stage of completion is determined based on performance
- This results in marginally lower revenues in the current and prior-year period
- This change is **in line with the group accounting policies** of our main shareholder Seat Pagine Gialle SpA who also will apply this change as of H1'11

Impact of change to consolidated P&L						
H1' 10			H1' 11			
	Old	New	Delta	Old	New	Delta
Revenues	61,7	61,3	-0,4	56,1	55,9	-0,2
EBITDA*	11,1	11,0	-0,0	7,4	7,2	-0,2

* before non-recurring items

➔ **Result is a slightly lower revenue- & profit-base in the business segment Media**

H1 – results in line with full-year guidance



Consolidated profit and loss statement

in kEUR	Quarterly Report		6-months report	
	Q2 2011	Q2 2010	2011	2010
<i>Continuing operations</i>				
Revenues	27.673	30.890	55.889	61.348
Revenue DA solutions	18.938	23.441	38.649	47.346
Revenue Media	8.735	7.449	17.240	14.002
Cost of revenues	-11.845	-12.538	-23.419	-25.054
Gross profit	15.828	18.352	32.470	36.294
Gross profit in %	57,2%	59,4%	58,1%	59,2%
Selling and distribution costs	-11.880	-11.106	-23.384	-22.129
General administrative expenses	-3.228	-4.224	-6.924	-8.217
Other operating income	1	161	1	274
Other operating expense	-2	4	-45	-25
Operating income	719	3.187	2.118	6.197
EBITDA before non-recurring effects	3.539	5.607	7.220	11.024
EBITDA after non-recurring effects	2.734	5.607	6.170	11.024
Financial income	518	529	1.031	1.076
Income tax - current	-1.017	-1.686	-2.154	-3.510
Income tax - deferred	641	1.698	1.210	1.698
Income from continuing operations	861	3.728	2.205	5.461
<i>Discontinued operations</i>				
Income from discontinued operations	0	2.407	0	2.417
Net income	861	6.135	2.205	7.878
Earnings per share for continuing operations (in Euro)	0,05	0,18	0,11	0,26

Constant decrease of DA revenues at about -18 % whilst Media growth of +23 % within H1 significantly differed in Q1 (+32%) and Q2 (+17%)

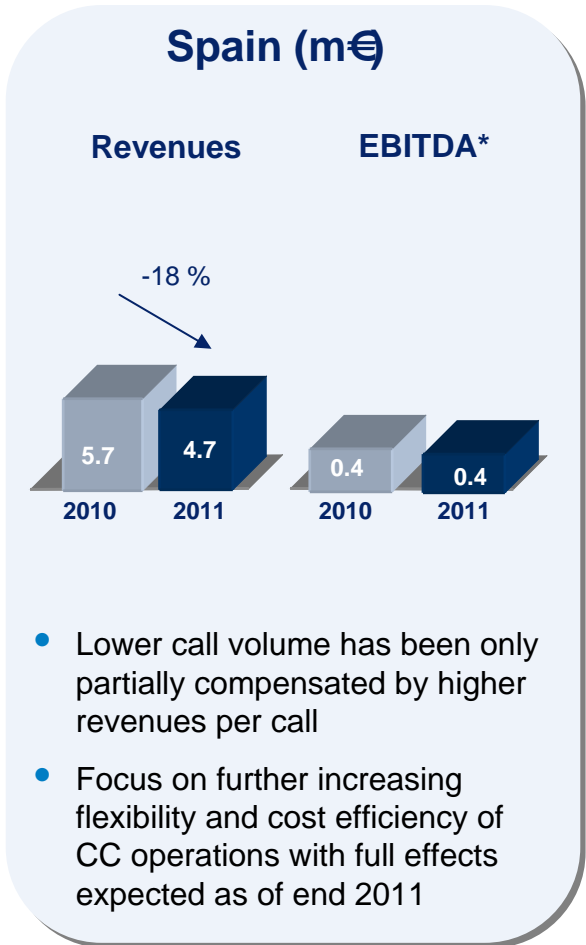
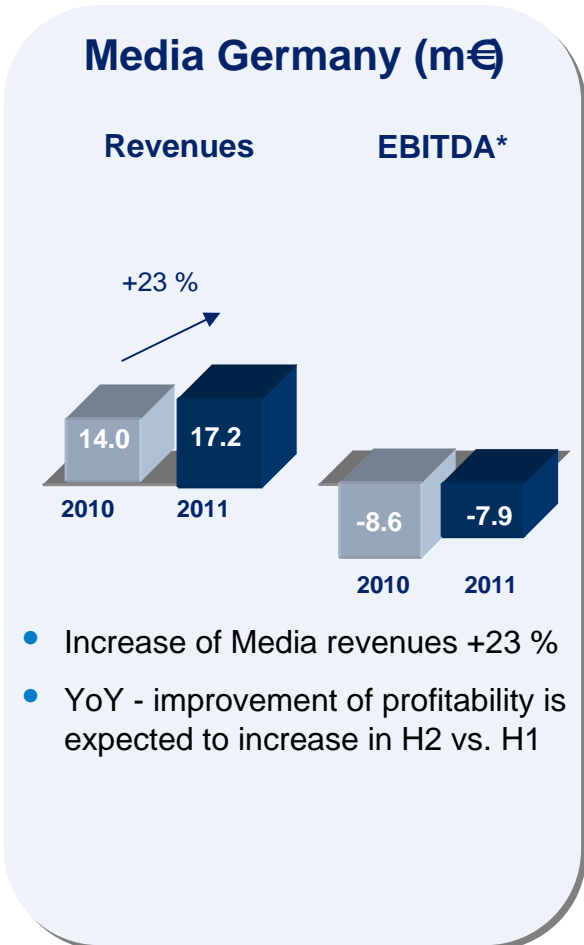
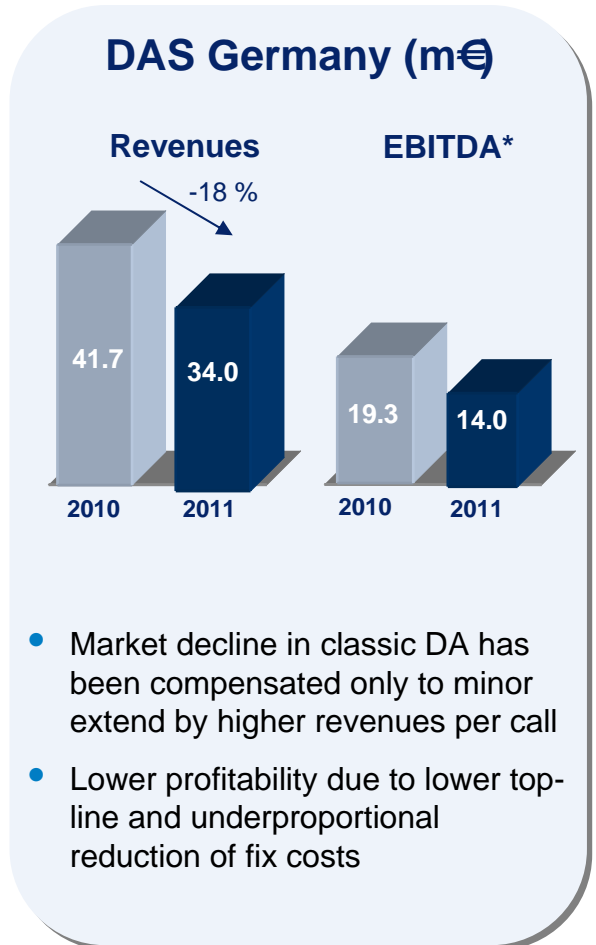
Build up of sales network finalized, however yoy still growing capacity.

Efforts of structural cost reduction are paying off

Non-recurring effects in '11 of 1.050 k€ mainly from CC-capacity restructuring in Germany & Spain

Income from sale of Italian subsidiary in 2010

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

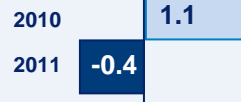


* before non recurring items, based on full cost

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



Operating cash-flow (m€)



- YoY cash-flow follows profit development
- Operating cash-flow in HY1 (vs. HY2 expected) additionally influenced by disproportional high tax payments (regarding 2010) and usual seasonality

Investing cash-flow* (CAPEX) (m€)



- Higher level of capital expenditures in 2011 mainly due to modernization of the voice technology
- Sale of Italian business in 2010 → Cash inflow: 3.5 Mio. €

- Net Financial Position (incl. fix term deposit) of 37.4 m€ (30.06.11) vs. 48.8 m€ (31.12.10). Deposit at Seat had been reduced to 13.5 m€ (30.06.11) / 0 m€ (31.07.11). Stop of forfeiting process resulted in 1.2 m€ reduced NFP (cash -1.2 m€; receivables +1,2 m€)
- Dividend payment of 0.50 €/share (or 9.55 m€) as of 30.06.2011

*excluding impact from fixed term deposits & financial assets available for sale → 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



- **Steady improvement:** of customer satisfaction and product development in voice, software, online & mobile products (→ user reviews, new favourite function with smart data transfer from website to mobile apps, couponing under review)
- **Directory Assistance:** launch of mobile DA-service SMS-Connect (→ connection to non-public mobile number via SMS-notification); to be expected within 12 month
- **Mobile:** Continue pushing mobile-usage via own apps and cooperation partners



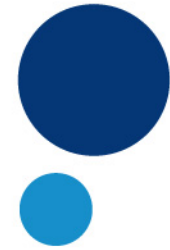
Outlook 2011 – Advertisers/Customer acquisition



- **Sales driver “awareness building”:** telegate participates in industry initiatives such as “Online Motor Deutschland”, to increase the awareness for “digital marketing”. Road show throughout Germany’s 10 biggest cities. Project started in April
- **Sales driver “product portfolio”:** telegate customizes and diversifies its Media product portfolio in line with market and customer needs (e. g. broader website-offer)
- **Sales driver “proof of performance”:** telegate uses ROI reasoning in new client acquisition for some weeks now → ability to provide transparency to our advertisers about performance via regular reporting



Outlook 2011 – Advertisers/Customer retention

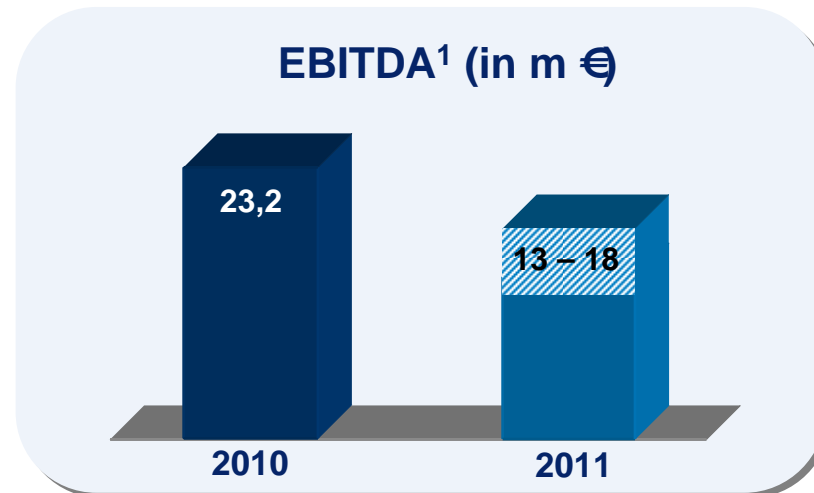


- “Proof of performance”:
Demonstrating advertisers success of their investment (ROI).
Roll-out for existing customer base during the coming months
- Re-engineering of after sales organisation & process:
Integration of all after sales functions in a best-in-class
customer care organisation & process re-engineering to
improve customer loyalty and thus customer churn



telegate[•]MEDIA

Profit guidance 2011



¹ Before non-recurring items & potential income from data claims

- Profitability 2011 overall 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
- H1 2011 in line with full year guidance
- Change in revenue recognition has slight negative impact on profitability, but profit guidance nevertheless is kept unchanged
- For 2012, we confirm expectation of a stabilization in profitability

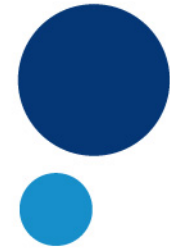
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Financial calendar



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November 8, 2011 9-months results 2011
November 21, 2011 German Equity Forum
Frankfurt / Main



Backup

Consolidated balance sheet H1



in kEUR	H1 2011	H1 2010
Assets		
Cash & cash equivalents	2.924	49.191
Tangible, intangible & financial assets	31.650	46.477
Trade accounts receivable	34.359	32.316
Financial assets & assets available for sale	35.781	1.380
Tax assets	7.569	7.759
Other assets	5.864	6.114
Total Assets	118.147	143.237
Liabilities & Shareholders' equity		
Current liabilities	50.400	47.975
Non-current liabilities	6.616	10.647
Shareholders' equity attributable to the parent	61.131	84.615
Total liabilities & shareholders' equity	118.147	143.237

Consolidated cash flow statement H1



in kEUR	H1 2011	H1 2010
Net income before income tax	3.149	10.248
Depreciation & amortisation	4.051	5.786
Changes in operating assets & liabilities	-3.775	-4.516
Income taxes paid	-3.328	-3.706
Other items	-485	-6.711
Cash flows from operating activities	-387	1.101
Capital expenditures	-2.250	-1.741
financial assets available for sale & deposit (< 3months)	-34.498	0
Disposal of a subsidiary	0	3.505
Cash flows used in investing activities	-36.748	1.764
Purchase of treasury shares	-12	0
Dividend paid	-9.555	-14.864
Interests received	881	1.266
Interests paid	-21	-10
Cash flows provided by (used in) financing activities	-8.707	-13.608
Change in cash and cash equivalents	-45.844	-10.741
Cash and cash equivalents at beginning of reporting period	48.768	59.932
Cash and cash equivalents at end of reporting period	2.924	49.191
Cash and cash equivalents (< 3 months), short-term fixed deposit investments (> 3 months) as well as short-term available for sale financial assets at the end of reporting period	37.427	49.191