

# telegate Group:

## Financial Results 2012

Munich,  
March 7, 2013

telegate 

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# Agenda



**Summary 2012**

Financials 2012

Outlook



# We've kept our promises for 2012:

commitment			
Profitability (EBITDA* tg group)	10 – 12 m€	<input checked="" type="checkbox"/>	10.4 m€
Net Cash-Flow**	Positive	<input checked="" type="checkbox"/>	+1.2 m€
Media Profit-improvement	Improvement in the region of + 30%	<input checked="" type="checkbox"/>	EBITDA* -improvement of 28%
Churn	Significant improvement	<input checked="" type="checkbox"/>	Improvement of about 21%
Traffic	Significant growth especially mobile	<input checked="" type="checkbox"/>	Improvement of about 25%
Data-cost claims (net cash-in)	50 m€	<input checked="" type="checkbox"/>	50+ m€

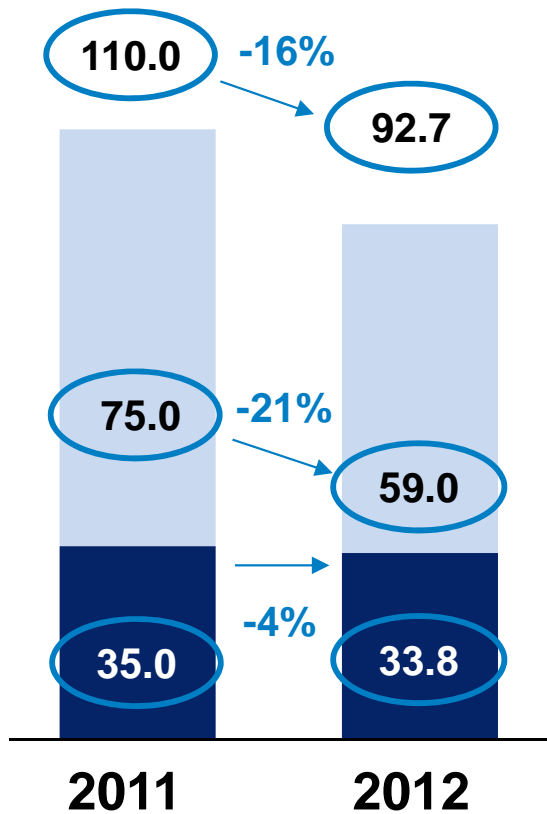
\*before non-recurring effects. EBITDA is defined as profit before interest, tax, depreciation and amortisation, except amortisation on intangible assets from capitalised sales provisions

\*\*excluding cash inflow from data cost claims

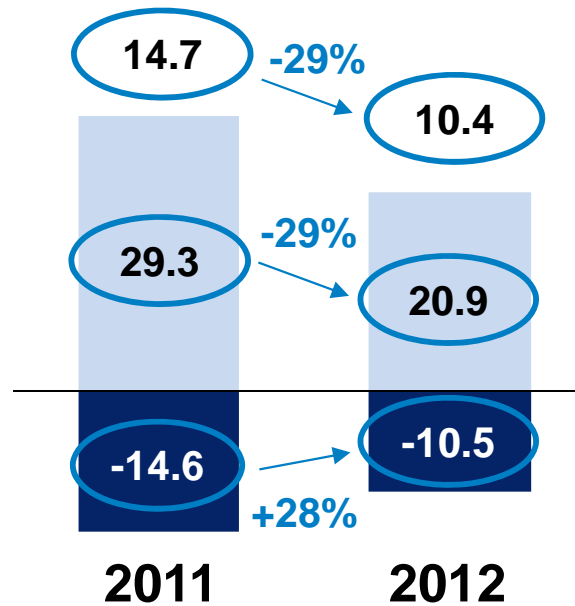
# Revenue, EBITDA & Cash in line with guidelines



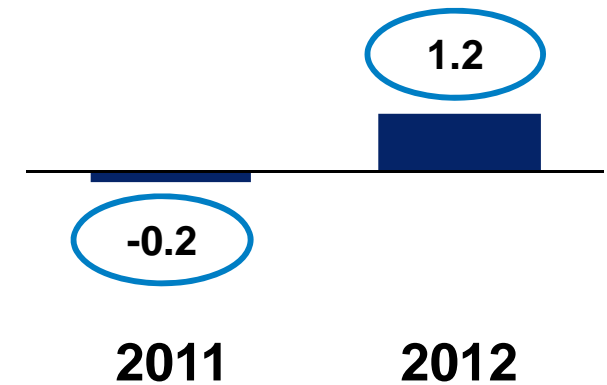
**Group Revenues (m€)**



**Group EBITDA<sup>1</sup> (m€)**



**Net cash flow<sup>2</sup> (m€)**

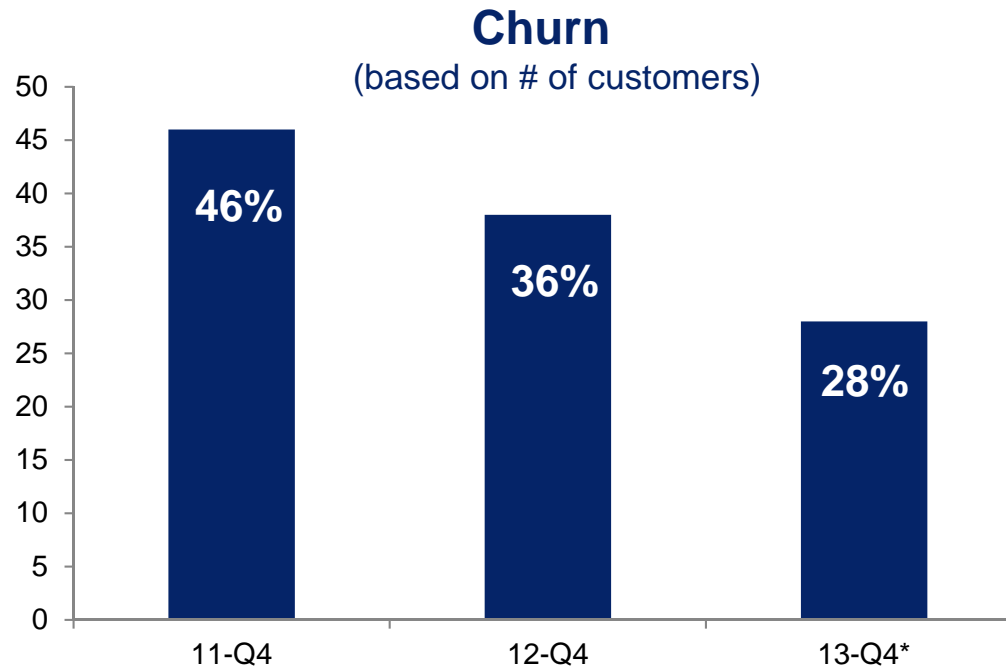


<sup>1</sup> before non-recurring effects. EBITDA is defined as profit before interest, tax, depreciation and amortisation, except amortisation on intangible assets from capitalised sales provisions

<sup>2</sup> Operating CF + investing CF +/- interest income/expenses, excluding cash flow from data cost claim



# Investment in customer retention pays off

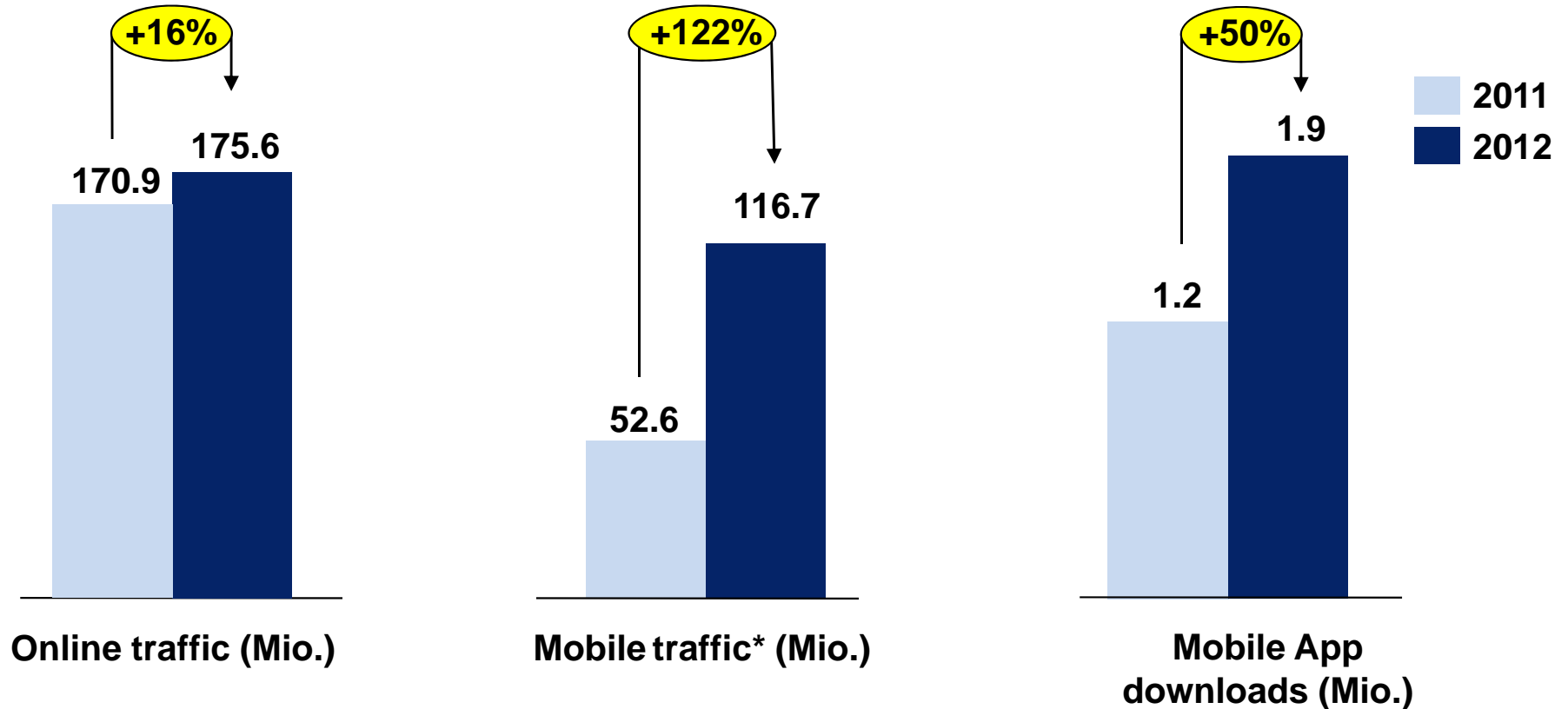


## ● Improvement of customer retention driven by

- Introduction of farmer/hunter principle in sales process
- Reorganization of customer retention team
- Improved product value for customer
- Launch of 24 month contracts

*\*Expected result at the end of 2013*

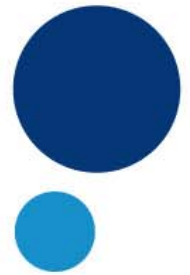
# telegate traffic with ongoing growth



**1 million search requests per day, impressive growth on mobile**

\* Mobile traffic includes cooperation agreements

# Positive ruling on data claims resulting in 98 m€, damage claim potential 110 m€



- **Claims (I-V)** in an amount of **98 m€** are now final:
  - Ruling on active claims by **Datagate GmbH (I)**, **telegate Media AG (II, III, IV)** and **telegate AG (V)** for a total amount of **95.6 m€** are final and payment did occur in 2012.
  - **Further Reimbursement of legal & court cost** of about **2.5 m€** in upcoming months
- **Damage Claims (VI, VII)** in an amount of up to **110 m€** initiated; positive ruling of Federal High Court of Justice (BGH) on **telegate AG** claim (V) constitutes clear basis for damage claim:
  - **1st instance** dismissed claim by **telegate Media AG (VI; 22 m€)** in **November 2012**; appeal at OLG Duesseldorf has been filed
  - **Oral hearing 1st instance telegate AG (VII; 86 m€)** occurred at the **end of November 2012**, further input has been provided by telegate; a decision is expected by mid of April.

# Agenda



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# Revenue & EBITDA in line with expectations

(incl. non-recurring items)



	m€	2012	2011	%
<b>Revenues</b>		<b>92,7</b>	<b>110,0</b>	<b>-16%</b>
<i>Revenues DA solutions</i>		<i>59,0</i>	<i>75,0</i>	<i>-21%</i>
<i>Revenues Media</i>		<i>33,8</i>	<i>35,0</i>	<i>-4%</i>
Cost of revenues		-42,3	-45,0	-6%
<b>Gross profit</b>		<b>50,4</b>	<b>65,0</b>	
<i>Gross profit in %</i>		<i>54,3%</i>	<i>59,1%</i>	
Selling and distribution costs		-43,2	-46,9	-8%
General administrative expenses		-16,1	-14,8	9%
Other operating income		75,3	0	
Other operating expense		-15,2	0	
<b>EBITDA w/o non-recurring effects</b>		<b>10,4</b>	<b>14,7</b>	<b>-29%</b>
non-recurring effects		51,5	-3,6	
<b>EBITDA incl. non-recurring effects</b>		<b>61,9</b>	<b>11,1</b>	

- **High positive amount of non-recurring items 2012** due to income from data-cost claims (+55.7 m€ after tax) and costs for restructuring and capacity adjustment (-4.2 m€)



# P&L excluding non-recurring items

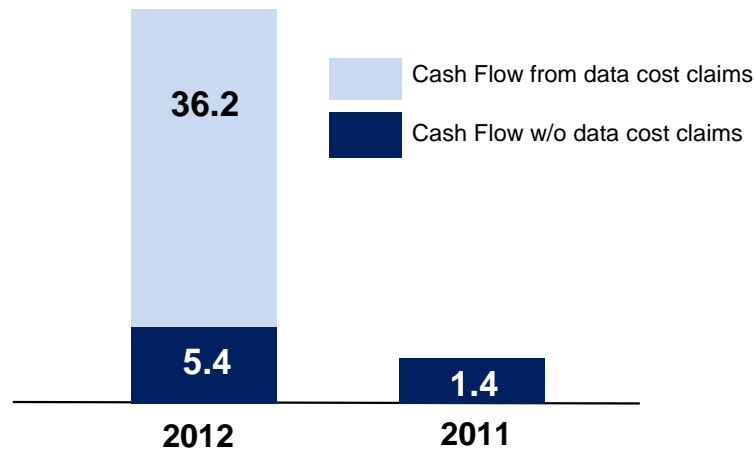
	m€	2012	2011	%
<b>Revenues</b>		<b>92,7</b>	<b>110,0</b>	<b>-16%</b>
Cost of revenues		-39,1	-43,3	-10%
<b>Gross profit</b>		<b>53,6</b>	<b>66,8</b>	
<i>Gross profit in %</i>		<b>57,8%</b>	<b>60,7%</b>	
Selling and distribution costs		-41,2	-45,4	-9%
General administrative expenses		-12,4	-14,5	-15%
Other operating income		0,0	0	
Other operating expense		-0,4	0	
<b>EBITDA w/o non-recurring effects</b>		<b>10,4</b>	<b>14,7</b>	<b>-29%</b>
non-recurring effects		51,5	-3,6	

- **Significant reduction in all cost lines** thanks to cost saving measures

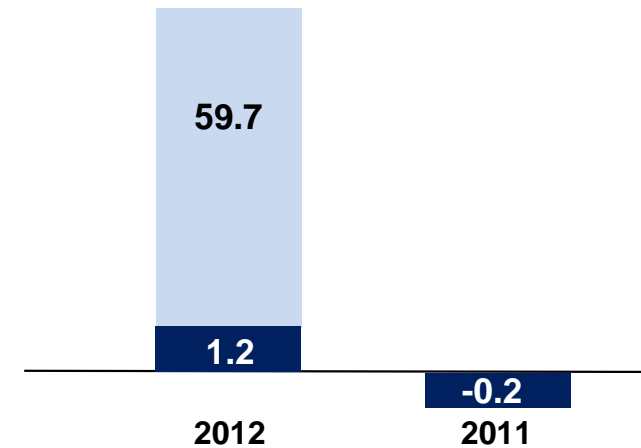


# Positive Net Cash Flow achieved in 2012

## Operating Cash Flow (m€)



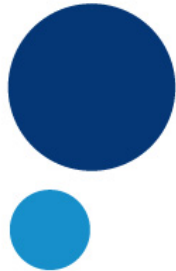
## Net Cash Flow\* (m€)



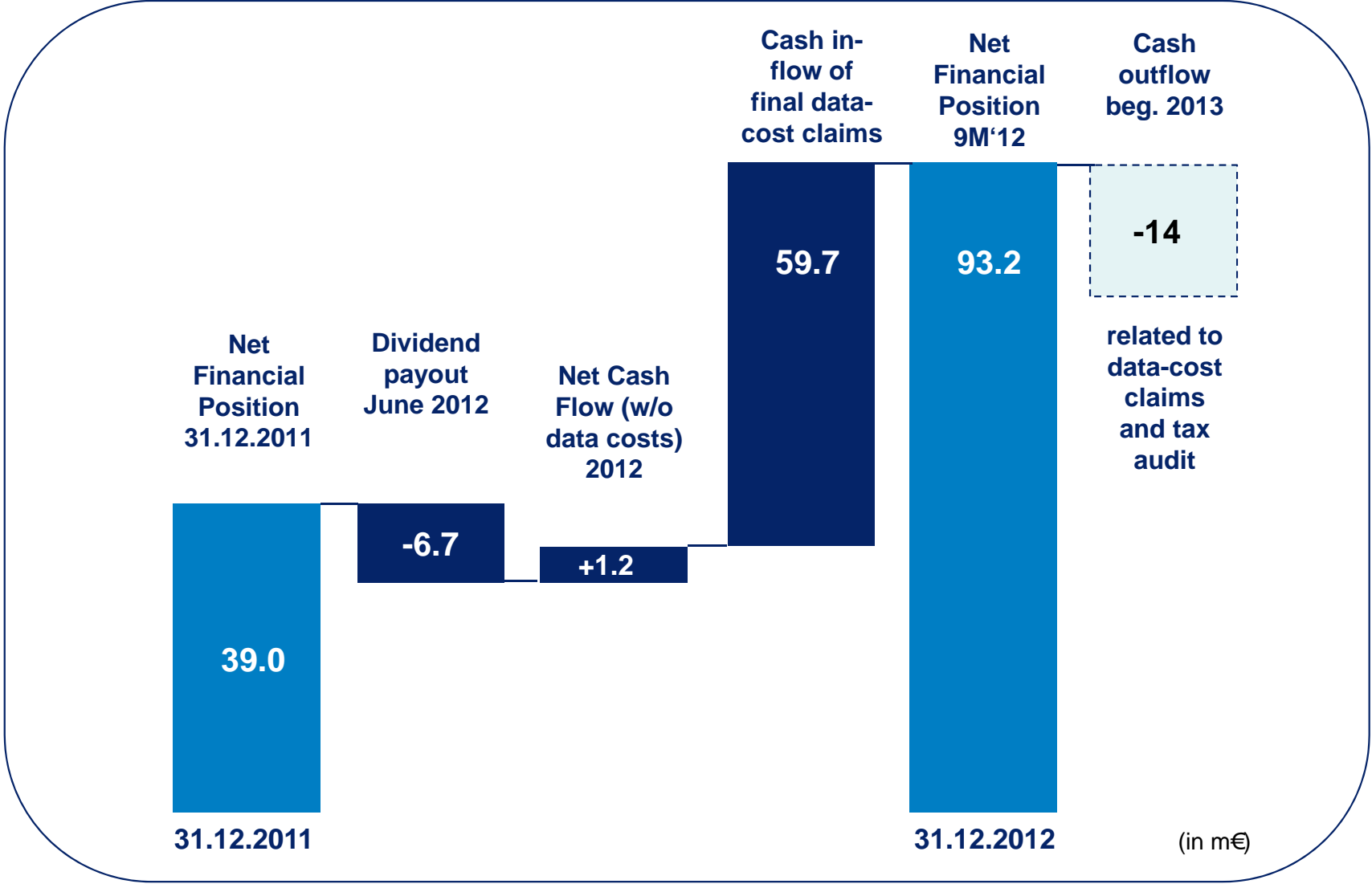
- **Higher Operating Cash Flow** (w/o data cost claims) mainly due to positive working capital. 2011 Cash Flow impacted by extraordinary tax payments related to previous years

- **Positive Net Cash Flow** in 2012 despite **lower interest income** (2012: 0.4 m€ vs. 2011: 1.2 m€) and **higher capital expenditures** (-4.6 m€ vs. 2011: -2.8 m€)

\* Net Cash Flow: Operating CF + investing CF +/- interest income/expenses

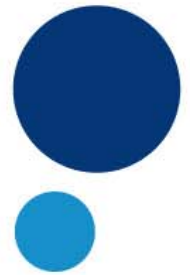


# Solid Net Financial Position of approx. 80m€\*



\* adjusted for cash-out beg. 2013 related to 2012

# 2.00 € dividend per share as proposal to Annual General Meeting June 5th, 2013



- **Net Financial Position of about 80 m€** (adjusted for cash-out at beginning 2013 related to 2012)
- **Intended usage** includes:
  - **Cash-distribution of 38 m€ or 2.00 €/share** to shareholders (0.25€/share ordinary and 1.75€/share extraordinary dividend)
  - **Investing** some of the cash **to strengthen the Media-business**
  - **Retaining adequate liquidity** to ensure flexibility

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# Main topics Media 2013



## Usage

- Develop **mobile traffic monetization** model
- **Conversion** from **search requests** to **customer leads**

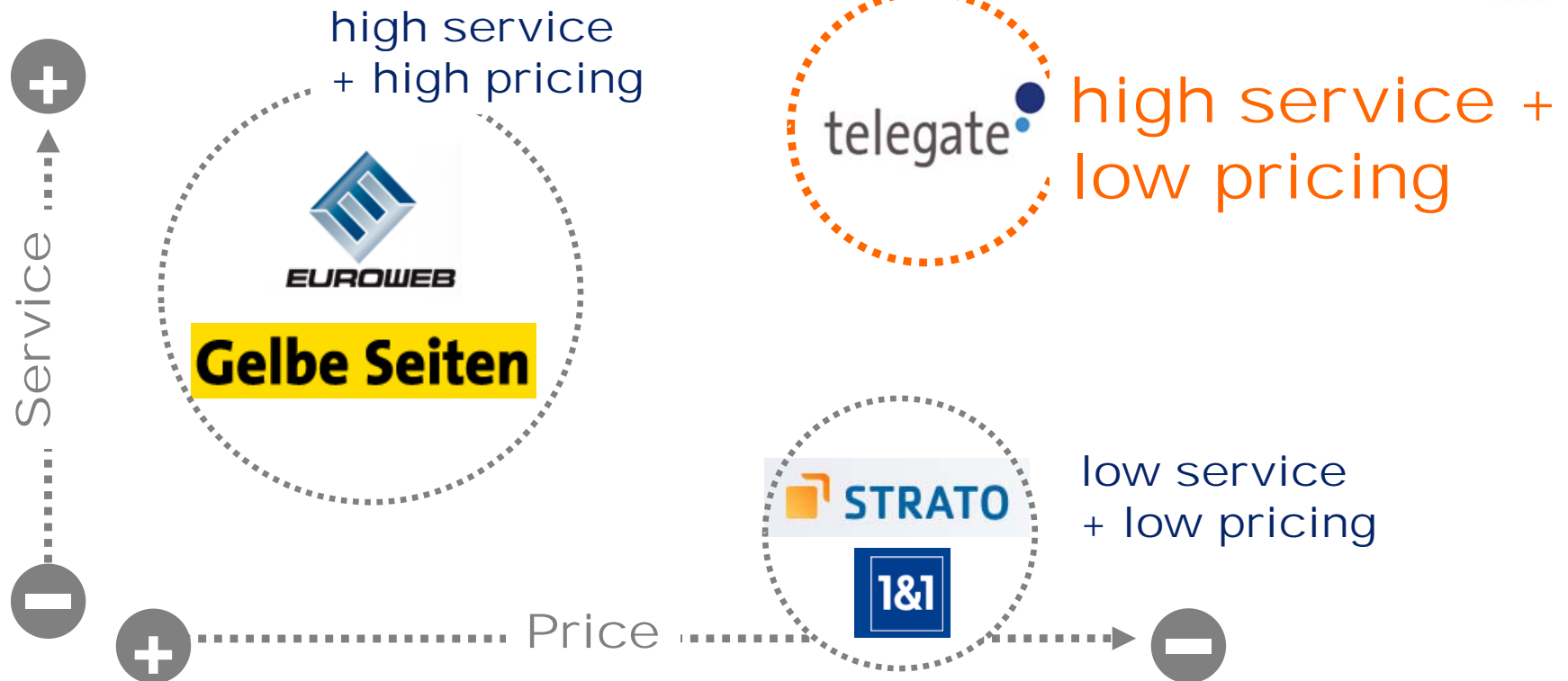
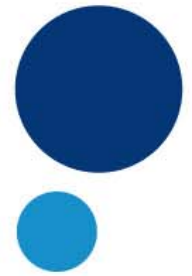
## Go-To-Market

- Full roll-out of new **free website offer**
- Provide all our customers with a **lead validation tool**
- **Strategic partnership** on mobile couponing with **AroundMe**

## Operational excellence

- Further improve **customer retention, sales efficiency** and **cost structure**

A unique positioning for the web offer has been designed in the price/service space



free website **offer, to be upgraded with** enhancing services  
**will position telegate offer in a distinctive market space**

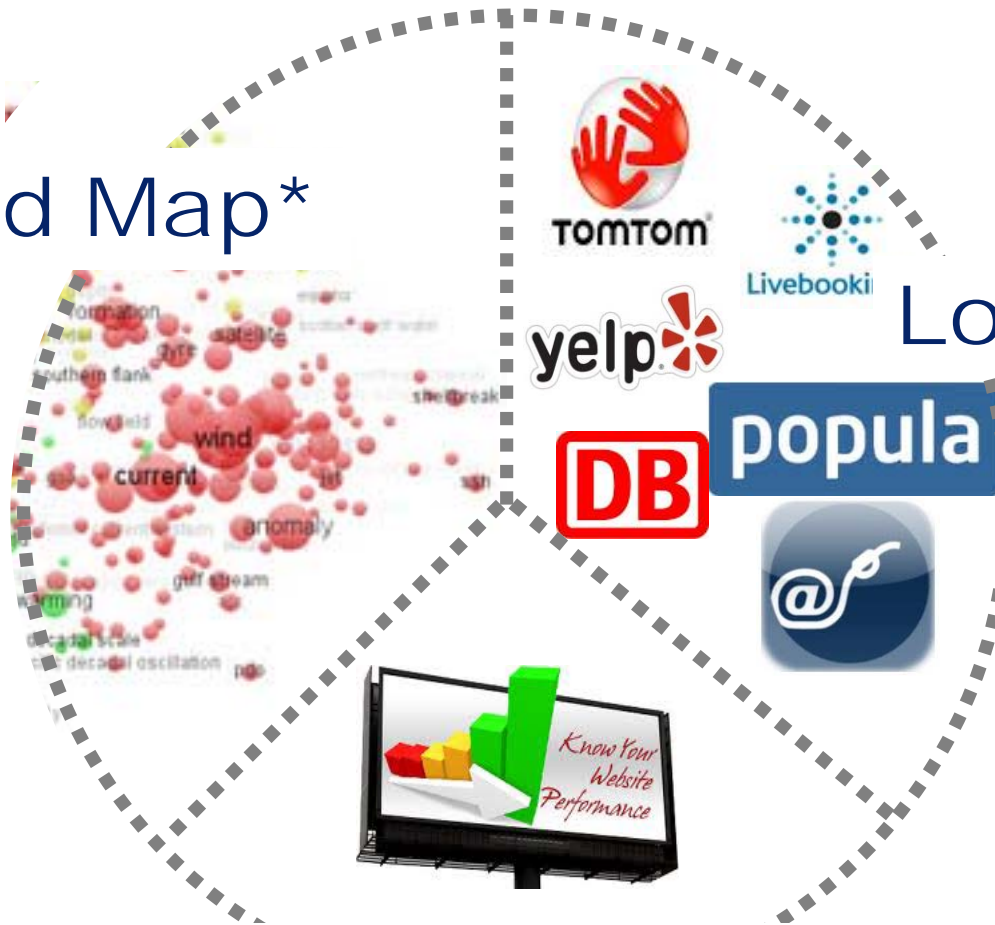


The *free* website offer will be upgraded with following enhancing services:



## Keyword Map\*

- Optimized keywords for all our customers



## Local Content

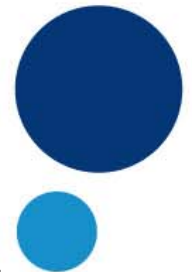
- More search requests
- Increase the time the users stay on the site
- Higher return rate

## Lead Validation\*

- Validated contacts to potential customers by calltracking

*\*still in development*

# Keyword research for all industries / trades

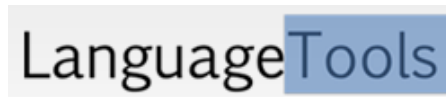


internal



...> Ranking of the most commonly used keywords on telegate portals, apps & referring traffic

systematic\*



...> Systematic research on the keywords used on Google for 8.000 different industries / trades

qualitative\*



...> Research & validation of the Top Five Google-keywords for the 1.200 most valuable telegate industries / trades

keyword tool for media sales & support

**Vorschlagsfunktion**

Schlagwörter

Branche












Vorschlag	Typ
Arbeitsbuehnen	Branche
Hebebuehnen	Suchbegriff
Hubarbeitsbuehnen	Suchbegriff

Optimized keywords for each customer

\* still in development

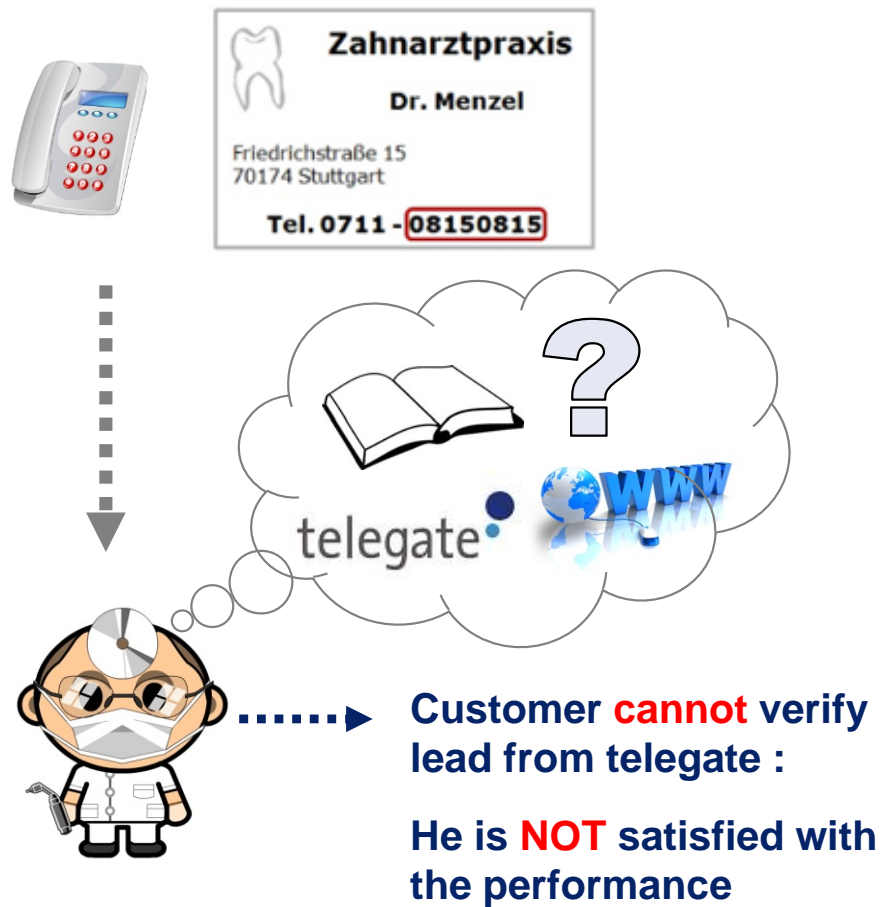
# Local content



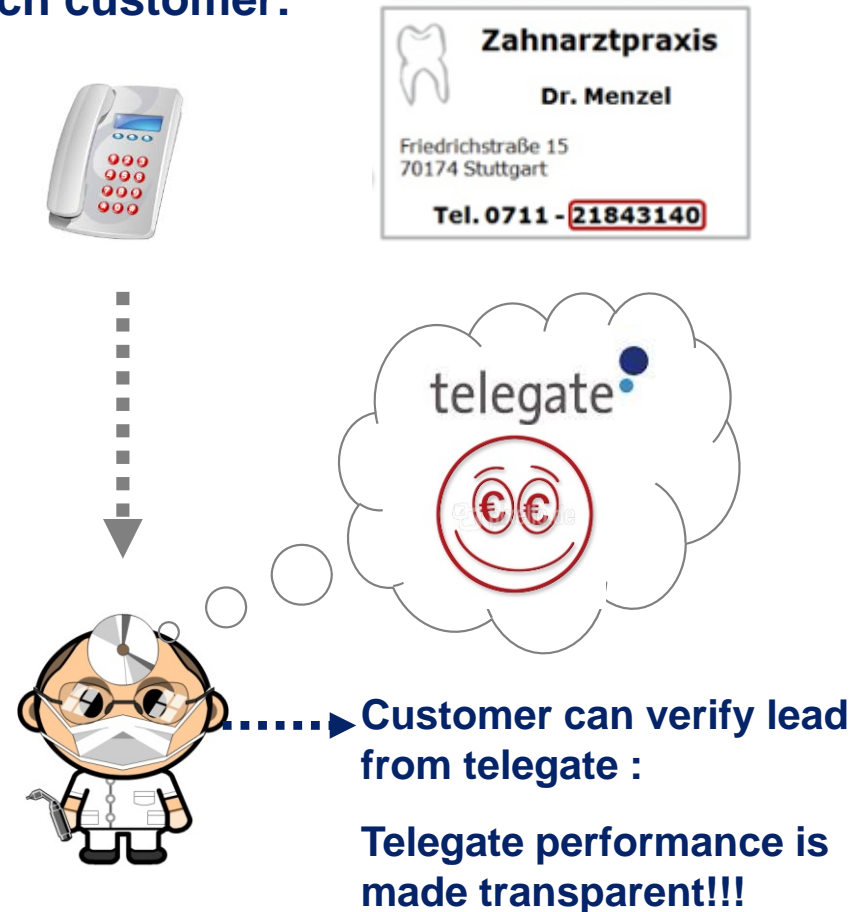
feature	effects	examples
<b>Integration of local content partners</b>	<ul style="list-style-type: none"> <li>more traffic</li> <li>higher return rate</li> </ul>	  
<b>Quick search</b>	<ul style="list-style-type: none"> <li>additional search requests</li> <li>higher awareness for web portals</li> </ul>	  
<b>Cross links</b> <i>(between related content)</i>	<ul style="list-style-type: none"> <li>longer duration of usage in web/mobile</li> <li>Additional search requests</li> </ul>	    

# Lead validation (1/2)

Up to now:  
The published phone number is the same for all media:



telegate lead validation:  
The media entry publishes a exclusive/extra phone number for each customer:





# Lead Validation (2/2)



No. of total display

No. of displays per month

No. of clicks per month

No. of actions per month

No. of calls per month

telegate Angemeldet als telegate MEDIA AG

Leistung | Produkte | Meine Daten | FAQs

**Neu!** Hier finden Sie die Leistungswerte Ihrer Produkte von telegate und Google (AdWords) auf einen Blick!

**300.000** Werbeeinblendungen haben wir in den letzten 12 Monaten insgesamt für Ihr Unternehmen verzeichnet!

**27.000** potenziellen Interessenten wurden Ihre Werbeanzeigen im **Oktober** eingeblendet.

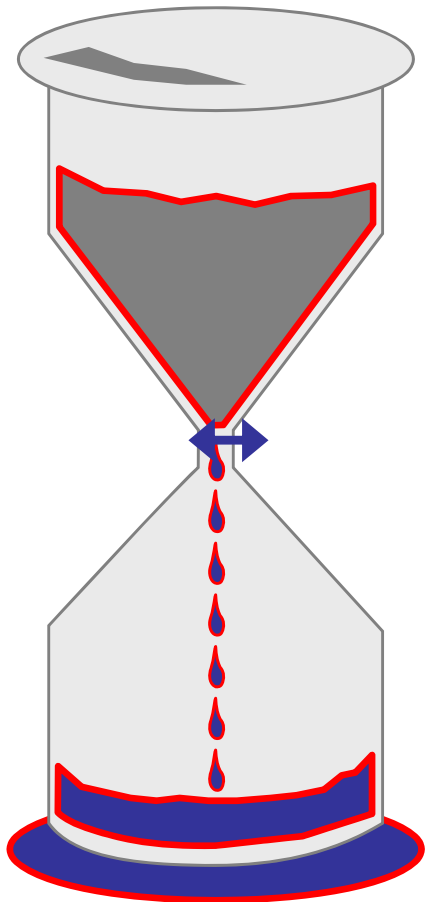
**470** Klicks von Interessenten wurden für Ihre Online-Produkte registriert.

**50** Aktionen und **16** direkte Kontakte sind daraus resultiert.

Hier sehen Sie die Einblendungen Ihrer Werbeanzeigen nach Städten

www.klicktel.de | Unternehmen | AGBs | Datenschutz | Sitemap  
 www.11880.com | Kontakt | ANBs | Nutzungsbedingungen

... resulting into an overall improvement of the media offer and traffic monetization



SEO enhancing features

----> more traffic

New website positioning:

----> websites live (by telegate)

Lead validation:

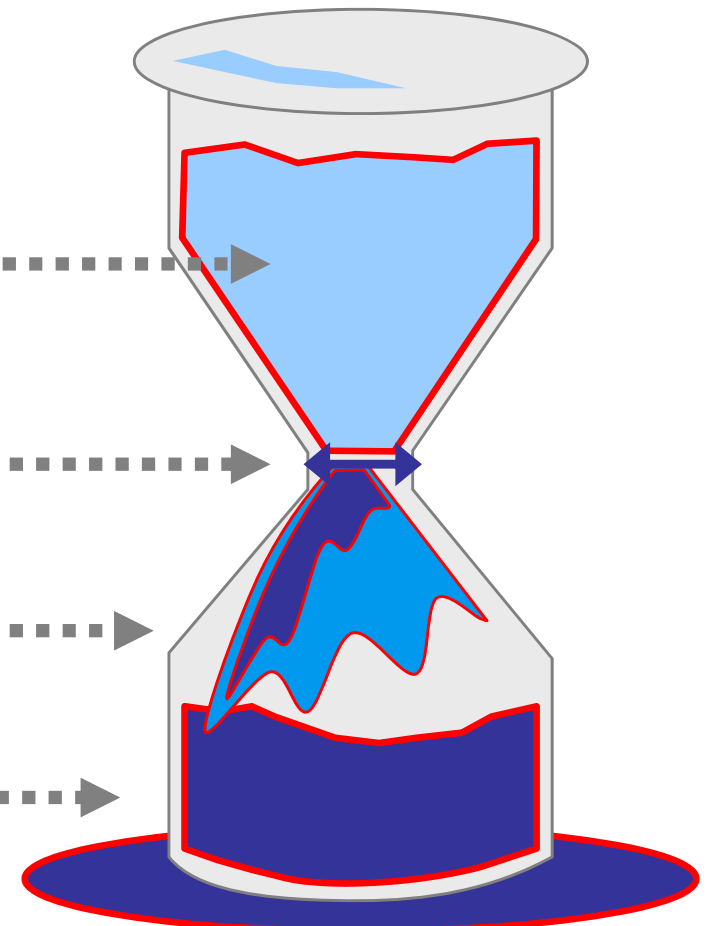
----> more traffic to customers

Validated superior offer:

Improved customer base by

----> New customers

----> Higher loyalty



# Q2 2013: launch of an innovative mobile couponing tool developed together with AroundMe (1/3)



# Q2 2013: launch of an innovative mobile couponing tool developed together with AroundMe (2/3)



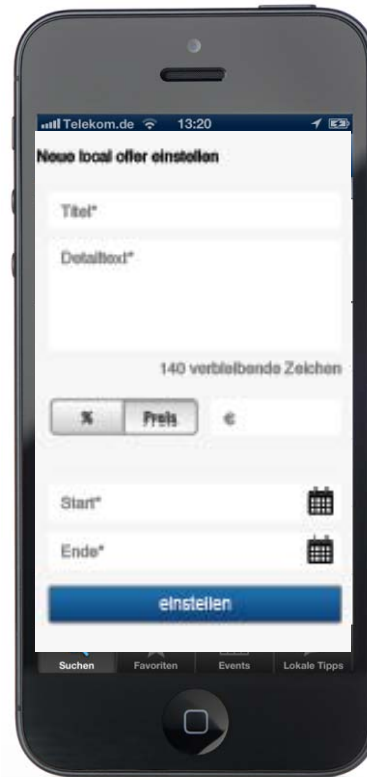


# Q2 2013: launch of an innovative mobile couponing tool developed together with AroundMe (3/3)



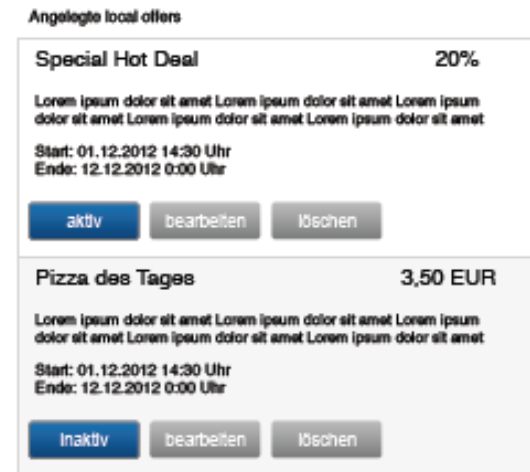
## New offers: Quick & easy upload

- (business) user creates **new offer** with telegate mobile interface with just 5 input fields:
- title
- Description of offer
- Discount as percentage of absolute value
- Start and End Time & Date

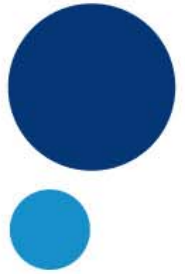


## Existing offers: Easy management

- Just three functions: in/activate, update & delete



Easy mobile web interface for customers



# Media break even expected by H1 2014

Clear set of goals will enable us reaching that target:

**Churn**

↓

- >60 % of new contracts w/ website
- Lead Validation
- Clear improvement of service & product delivery

**Sales-Performance**

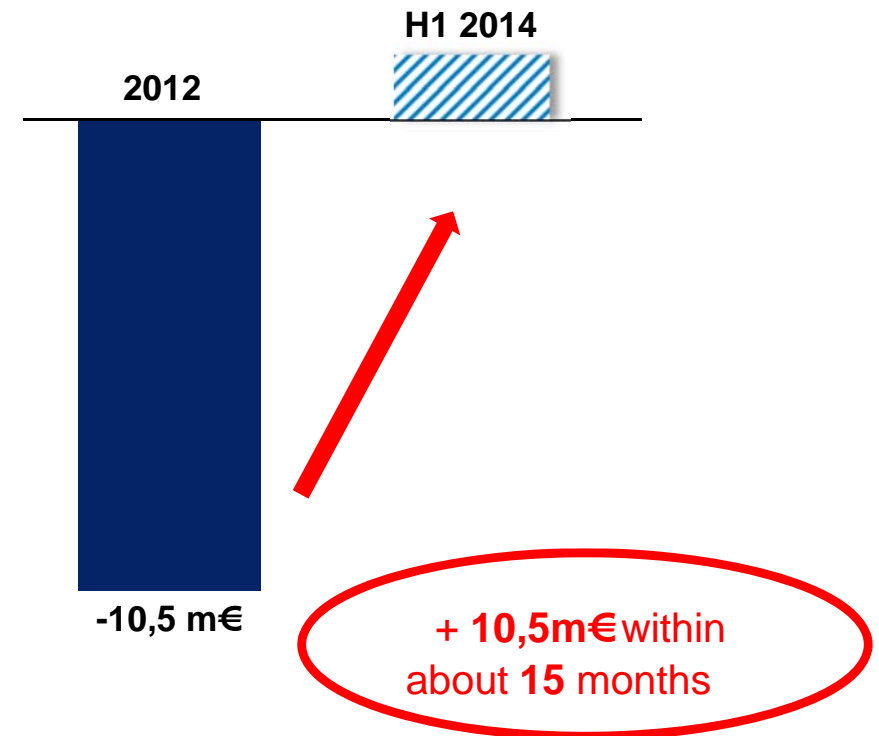
↑

- New offer, incl. Lead Validation
- Mobile couponing offer

**Cost**

↓

- Significant cost-reduction in all areas



# Guidance 2013-2014: Stabilized EBITDA and ensured positive cash flow



## Profitability

EBITDA<sup>1</sup> of 8-10 m€ for both 2013 and 2014

## Cash Flow

Positive Net Cash Flow<sup>2</sup> in 2013 as well as in 2014

<sup>1</sup> before non-recurring effects. EBITDA is defined as profit before interest, tax, depreciation and amortisation, except amortisation on intangible assets from capitalised sales provisions

<sup>2</sup> Operating CF + investing CF +/- interest income/expenses excluding cash flow from data cost claim and tax audit of previous year



# Contacts and financial calendar

## Contact telegate AG

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Email	Investor.relations@telegate.com
Homepage	www.telegate.com

## Financial Calendar

March 7, 2013	Annual Results 2012
May 8, 2013	3-months results 2013
June 5, 2013	AGM
August 1, 2013	6-months results 2013
November 7, 2013	9-month results 2013



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# Backup

# Consolidated profit and loss statement



in kEUR	2012	2011
<b>Revenues</b>	<b>92.720</b>	<b>110.034</b>
Revenues DA solutions	58.952	75.015
Revenues Media	33.768	35.019
Cost of revenues	-42.345	-45.008
<b>Gross profit</b>	<b>50.375</b>	<b>65.026</b>
Gross profit in %	54,3%	59,1%
Selling and distribution costs	-43.248	-46.937
General administrative expenses	-16.066	-14.796
Other operating income	75.291	2
Other operating expense	-15.189	-80
<b>EBITDA incl. non-recurring effects</b>	<b>61.898</b>	<b>11.122</b>
non-recurring effects	51.492	-3.579
<b>EBITDA w/o non-recurring effects</b>	<b>10.407</b>	<b>14.701</b>
Financial income	23.063	1.370
<b>Income before tax</b>	<b>74.226</b>	<b>4.585</b>
Income tax	-27.154	-1.184
<b>Net Income</b>	<b>47.072</b>	<b>3.401</b>
<b>Earnings per share (in Euro)</b>	<b>2,46</b>	<b>0,18</b>

# Consolidated balance sheet



in kEUR	Dec 31, 2012	Dec 31, 2011
<b>Assets</b>		
<i>Cash and cash equivalents</i>	93.250	39.048
<i>Trade accounts receivable</i>	16.266	19.295
<i>Other current assets</i>	9.115	6.314
Total current assets	118.631	64.657
<i>Tangible and intangible assets</i>	24.950	28.527
<i>Other non-current assets</i>	469	3.604
Total non-current assets	25.419	32.131
<b>Total Assets</b>	<b>144.050</b>	<b>96.788</b>
<b>Liabilities &amp; Shareholders' equity</b>		
Current liabilities	38.489	33.794
Non-current liabilities	4.484	2.302
Shareholders' equity	101.077	60.692
<b>Total liabilities &amp; shareholders' equity</b>	<b>144.050</b>	<b>96.788</b>



# Consolidated cash flow statement



in kEUR	2012	2011
<b>Income before income tax</b>	<b>74.226</b>	<b>4.585</b>
Depreciation & amortisation	10.736	7.907
Changes in operating assets & liabilities	-11.103	-4.972
Interest income / expense	-23.066	-1.349
Income taxes paid	-9.088	-6.016
Other items	-153	1.209
<b>Cash provided by operating activities</b>	<b>41.552</b>	<b>1.363</b>
<b>Cash used in investing activities</b>	<b>-4.595</b>	<b>-2.766</b>
Purchase of treasury shares	0	-12
Dividend paid	-6.689	-9.555
Interest received	23.953	1.284
Interest paid	-16	-35
<b>Cash provided by (used in) financing activities</b>	<b>17.248</b>	<b>-8.318</b>
<b>Change in cash and cash equivalents</b>	<b>54.202</b>	<b>-9.720</b>
Cash and cash equivalents at the beginning of reporting period	39.048	48.768
<b>Cash and cash equivalents at the end of reporting period</b>	<b>93.250</b>	<b>39.048</b>

Thank you  
for your attention!

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