

Half year results 2012 and strategic outlook Gigaset AG

Munich, August 08, 2012



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■ Roadmap 2012

Q1: Review and “Vision”

- Strict review of existing business model and identification of new growth segments

Q2: Development of strategy

- Development of the specific strategy and initiation of product development

Q3: Announcement of strategy and its implementation

- Presentation of strategy (“Gigaset 2015”) including prototypes at IFA 2012
- Kick off comprehensive efficiency program to offset macro-economic trends

Q4: Implementation of strategy and preparation to launch new products

- Implementation of strategy and further development of products to be introduced in 2013

■ Overview of the first half year 2012

- The market for cordless voice challenged by Euro crisis in core markets
- Nevertheless expansion of market share of about 1 to 2 percent in Europe
- Stable group revenues from continuing operations in the first half of 2012
- EBITDA below previous year's level due to investments in new growth areas and product innovations as well as increased costs related to the ongoing strength of the U.S. Dollar
- As a result, free cash flow significantly below the prior-year level



Gigaset performs and develops better than the overall European market and steadily increases its market share

Consolidated Income Statement*

Continued Operations

in EUR millions	Q2/2012	Q2/2011	Change	H1/2012	H1/2011	Change
Group Sales	93.4	95.4	-2.1%	205.7	210.4	-2.2 %
Change in finished goods & work in progress	-1.3	-1.3	0.0 %	-4.8	-0.7	n/a
Other own work capitalised	4.1	4.6	-10.9%	8.7	8.6	+1.2%
Cost of materials	-47.5	-45.7	+3.9%	-102.9	-102.3	+0.6%
Personnel expenses	-27.7	-26.5	+4.5 %	-54.0	-54.6	-1.1 %
Other income & expenses	-21.0	-15.3	+37.3%	-42.0	-35.8	+17.3%
adjusted EBITDA	4.4	3.8	15.8%	15.3	15.9	-3.8%
EBITDA	0.01	11.2	-100%	10.7	25.6	-58.2 %
EBIT	-6.3	3.7	n/a	-1.4	10.9	n/a
Net income	-3.8	3.6	n/a	0.1	6.6	-98.5%
EPS (diluted in EUR)	-0.08	0.07	n/a	0.00	0.13	-100%

*Rounded figures may not add up
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Consolidated Statement of Financial Position*

in EUR millions	30/06/2012	31/12/2011	Change
Balance sheet total	276.9	311.4	-11.1%
Non-current assets	109.2	102.9	6.1 %
Current assets	167.7	208.5	-19.6 %
thereof inventories	36.3	35.8	1.4%
thereof trade receivables	54.6	59.7	-8.5%
thereof cash & cash equivalents	37.0	62.3	-40.6%
Equity	76.3	76.2	0.1%
Equity ratio	27.6%	24.5%	12.7%
Non-current liabilities	44.1	33.7	30.9%
Current liabilities	156.5	201.5	-22.3%
thereof financial liabilities	1.0	6.1	-83.6%
thereof trade payables	74.6	96.2	-22.5%
thereof provisions	22.6	27.2	-16.9%

*Rounded figures may not add up

08.08.2012

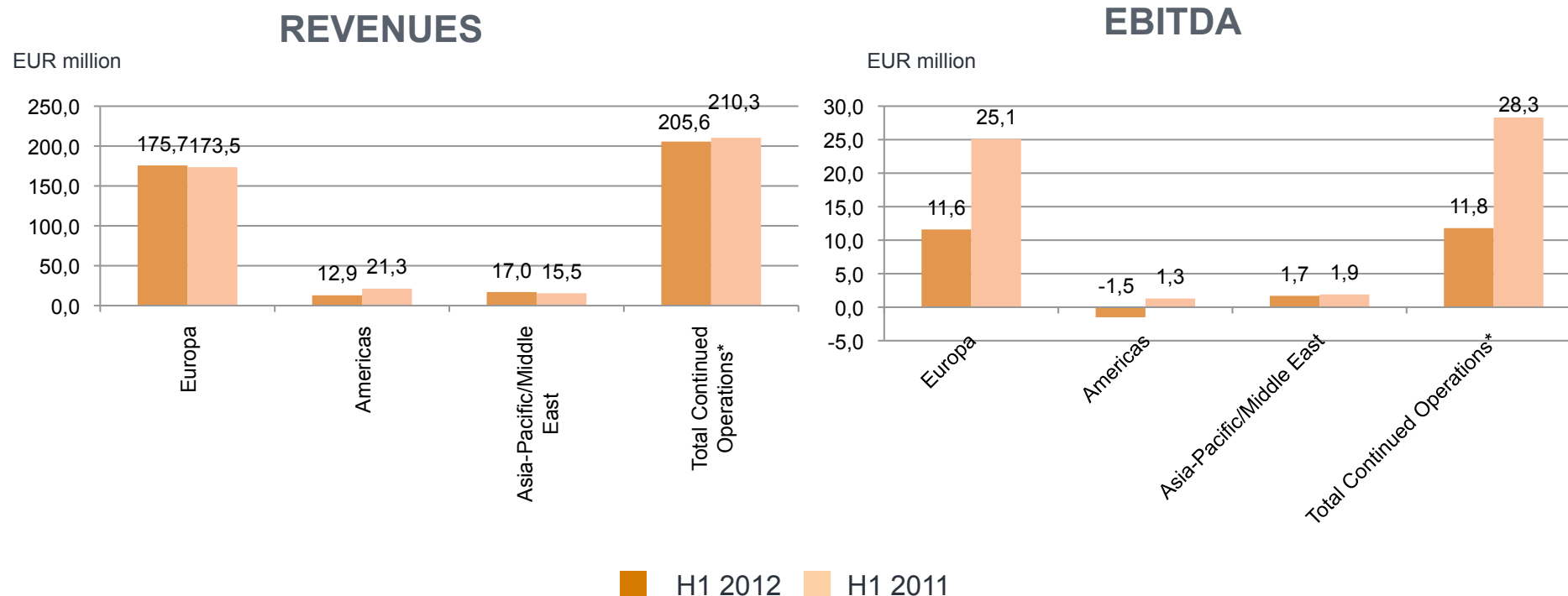
Consolidated Cash Flow Statement*

in EUR millions	Q2 2012	Q2 2011	Change
Cash flow from operating activities	-24.5	4.9	n/a
Cash flow from investing activities	-4.4	-3.0	+46.7%
Cash flow from financing activities	3.0	1.2	+150.0%
Net change in cash & cash equivalents	-25.3	5.9	n/a
Free cash flow	-28.9	1.9	n/a
Cash & cash equivalents at June 30	37.0	42.5	-12.9 %

- The main reason of the decline in free cash flow is the seasonality in the settlement of accounts payable
- The second quarter is traditionally weaker than the third and fourth quarters in terms of sales volume and thus also having an affect on the free cash flow

Regional revenues and EBITDA

- In Europe, revenues remained stable due to higher sales in Great Britain, Russia and the Netherlands
- EBITDA losses in Europe, primarily related to investments in market share and future business expansion
- Revenue and EBITDA in the Americas negatively affected by import barriers in South America



*w/o Holding activities

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Outlook 2012

Decrease in revenues in the single-digit percentage range

EBITDA significantly below previous year's in single-digit million range*

Negative free cash flow in the low double-digit million range

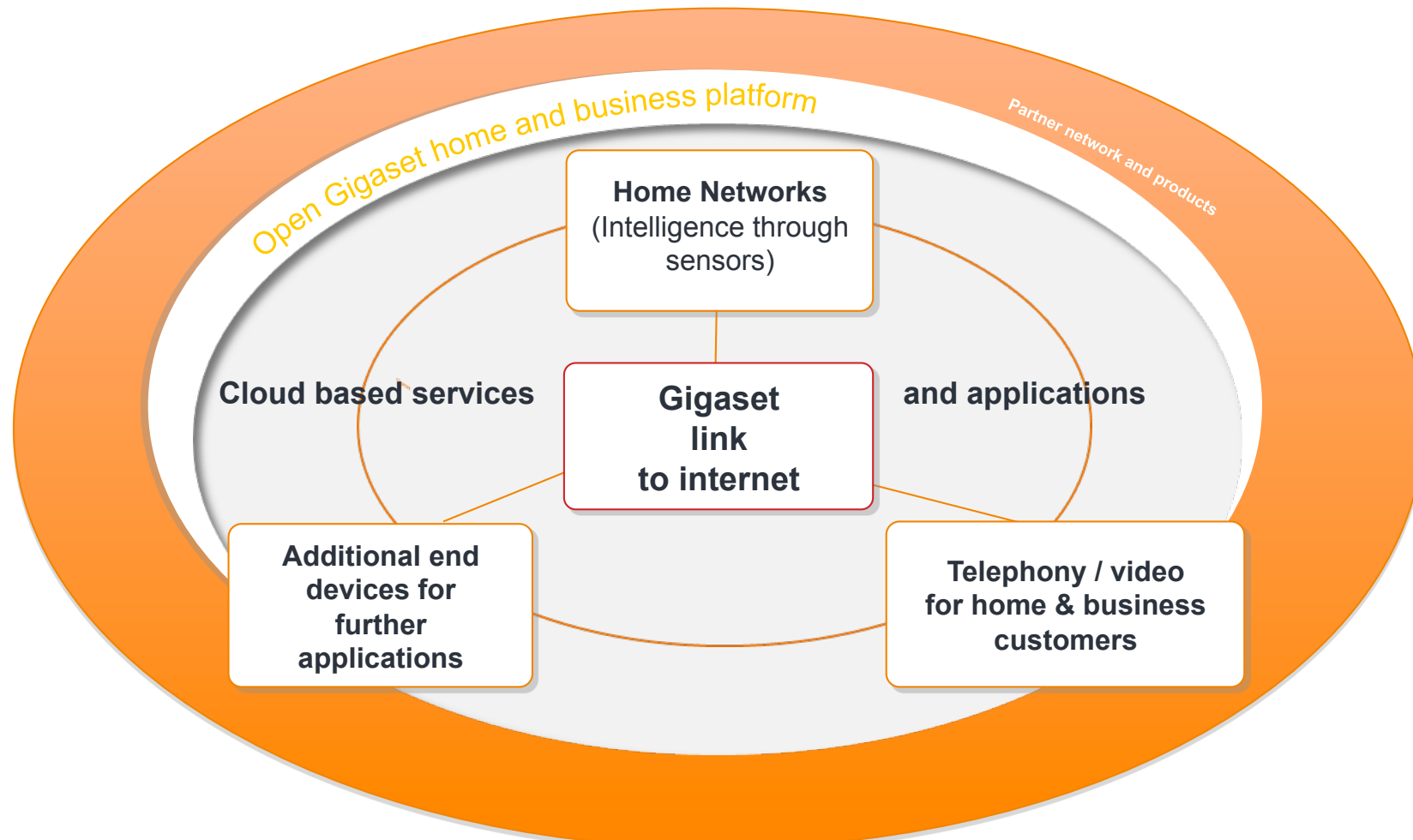
* Without expenses for restructuring and severance payments

■ Immediate measures and medium-term strategy

Current situation	Short term measures	Strategy 2015
<ul style="list-style-type: none"> ▪ Ongoing challenging market environment ▪ Increased focus on accelerated development of new business segments through investment and marketing 	<ul style="list-style-type: none"> ▪ Current market conditions require efficiency program of at least EUR 30 million per annum ▪ Measures to increase liquidity ▪ Kick-off in Q3 2012 	<ul style="list-style-type: none"> ▪ Expanding market share in cordless voice / consumer products ▪ Accelerated implementation of growth strategy in the segments <ul style="list-style-type: none"> ▪ Business customers ▪ Home networks

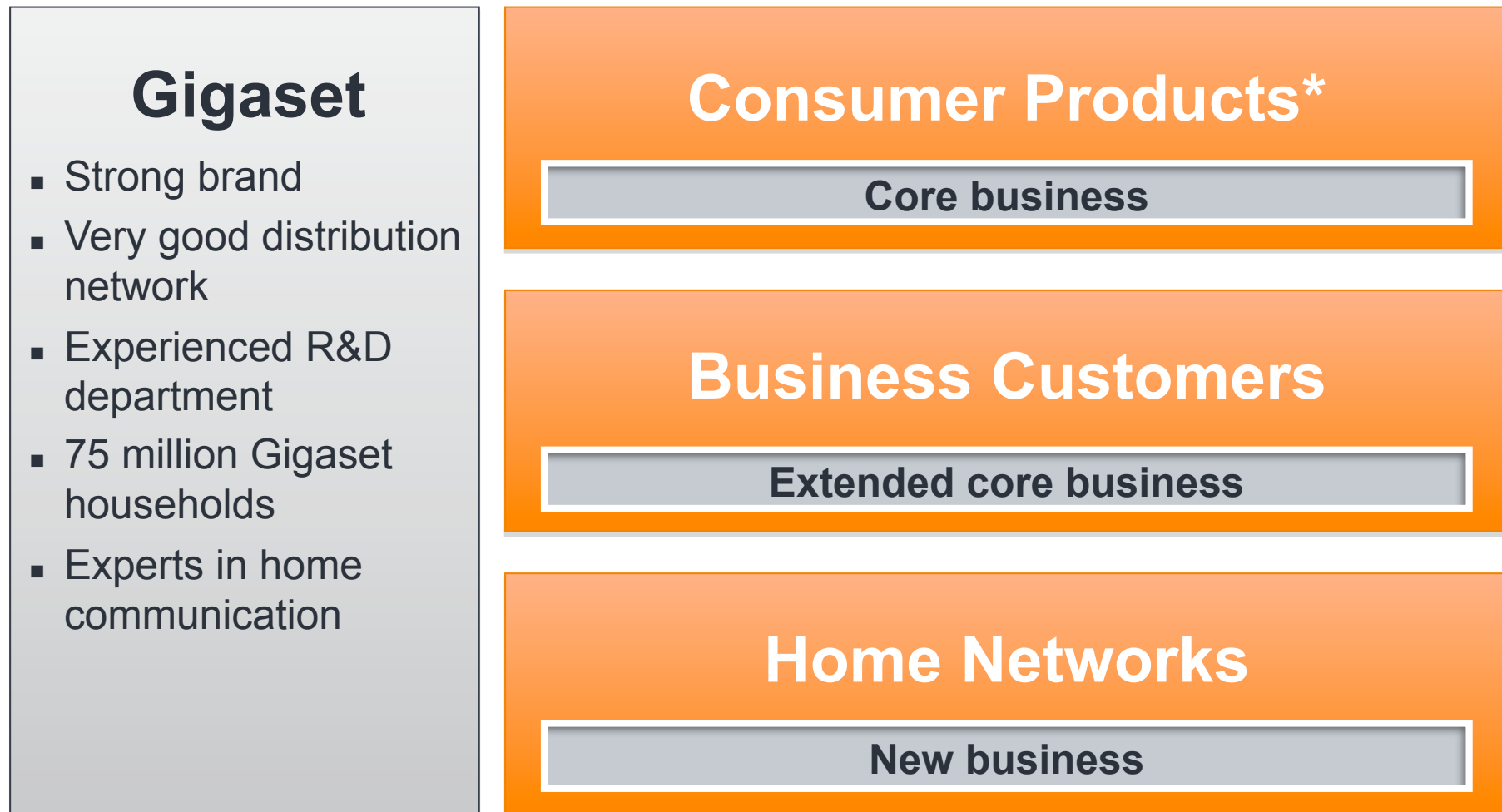
Gigaset 2015

- Open platform with end device and intelligent applications



Networking at home, in the office and the business becomes simpler, intelligent and opens up the mass market

Expansion and growth strategy in three segments



*Before cordless voice: in future with extended portfolio – see next slides

Consumer Products:

■ Gigaset core business is stable in medium-term

Today

- Revenues EUR 431 million (2011)
- Market leader in Europe
- Ranked third internationally in cordless industry
- Market consolidator

Strategy

- Gigaset as driver of industry consolidation in declining market
- Better development than entire market
- Clear increase in productivity and liquidity improvement measures
- Continuation of the high-end strategy via Android operating system, video telephony and VoIP products
- Part of the platform strategy for home networking

Consumer Products:

■ Measures and revenue goals 2015

Measures

- Development of white label portfolio outside Europe
- Strengthening Gigaset brand awareness
- Development of technological know-how in cloud-based internet services, voice and video communications, and applications (Apps), and thus expansion of the customer focus
- Start selling products from adjacent product categories
- Revenue sharing models

Goals 2015

- European market leader in the area of consumer land line telephone
- Transition to design-oriented “connected consumer devices”
- Market share gains reflect positively on EBITDA
- Revenue goal: EUR 400 to 420 million

Business Customers:

■ Low entry barriers allow growth

Today

- Revenue EUR 27 million (2011)
- Consisting of corporate products (since 2008) and Gigaset pro (since 2011)
- Gigaset pro: IP-based solutions for SoHo and SMBs
- Covering large enterprise customers through OEM business with partners
- New products and prototypes for IFA 2012

Strategy

- Acceleration of the SoHo and SME segment expansion by using the Gigaset growth platform
- Clear focus on Android and Windows 8
- Growth both organic and through partnerships and potential acquisitions
- Further development of OEM business with global partners
- Expansion of high-margin solutions business
- Participation in the market potential EUR 1.2 to 1.4 billion

Business Customers:

■ Measures and revenue goals 2015

Measures

- Introduction of a new Android-based high-end product in 2013
- Further expansion of sales and marketing for more intensive servicing of the SoHo and SME partners and the introduction of an attractive partner program to increase customer loyalty
- Organizational restructuring of the sector as a powerful entity within the Gigaset group

Goals 2015

- A leading provider of IP-based communications solutions for SMEs in Europe
- Achieve significant market share gains
- Sales target: EUR 70 to 90 million

Home Networks:

■ Evolutionary development in a strongly growing market

Today

- Established DECT standard already exists
- Gigaset in 75 million households
- Favourable R & D conditions
- Today's solutions are expensive and not widely marketable
- Highly dynamic

Strategy

- New market and technological approach
- Open platform as basis for own products, third-parties (partners) and hardware manufacturers
- Focus on rapid penetration of mass market (established distribution channels)
- Expansion of high-margin service business
- New sources of revenue through recurring revenue model (subscription via Apps)
- Participation in market potential of EUR 850 to 900 million

Home Networks:

■ Measures and revenue goals 2015

Measures

- Presentation of platform at IFA 2012
- Launch of “Home Networks” solution: start Q2/2013
- Development and marketing of “Home Networks” solution for mass market via retail and online channels
- Development of new sources of revenue from service business with partners

Goals 2015

- Creating a mass market by using the “installed base” of 75 million base stations
- Building market share
- Sales target: EUR 30 to EUR 50 million

■ Summary: Outlook 2015

Consumer Products

- **Market potential: attractive in the long-term through market share gains**
- **Market share: market leader in Europe**
- **Sales target 2015: EUR 400 to 420 million**

Business Customers

- **Market potential: EUR 1.2 to 1.4 billion**
- **Market share: develop market share with SoHo and SMB customers**
- **Sales target 2015: EUR 70 to 90 million**

Home Networks

- **Market potential: EUR 850 to 900 million**
- **Building significant market share**
- **Sales target 2015: EUR 30 to 50 million**

2015: Total sales target: EUR 500 to 560 million

2015: Total EBITDA margin goal: 10 to 13%