

# Gigaset AG: Figures for first nine months 2012 and strategic outlook

Munich, November 09, 2012



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This presentation may contain forward-looking statements about the business, financial condition, results of operations and earnings outlook of Gigaset AG.

Words such as “may”, “will”, “expect”, “anticipate”, “contemplate”, “intend”, “plan”, “believe”, “continue” or “estimate”, and variations of these words and similar expressions, identify these forward-looking statements. The forward-looking statements reflect our current views and assumptions and are subject to risks and uncertainties that may cause actual and future results and trends to differ materially from our forward-looking statements.

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Thus, you should not place undue reliance on the forward-looking statements.

The forward-looking statements contained in this presentation are made as of the date hereof and Gigaset AG does not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

# ■ Agenda

**Roadmap 2012**

**Overview first nine months 2012**

**Financials**

**Restructuring program**

**Gigaset 2015: status quo and outlook**

**Q&A**



## Operational Highlights in the third quarter 2012

<b>Strategy „Gigaset 2015“</b>	<p>Presentation of <b>first implementations and prototypes at the IFA</b> in Berlin:</p> <ul style="list-style-type: none"> <li>▪ Showcase for a smart home solution</li> <li>▪ Prototype of an android-based cordless phone and tablet business phone</li> <li>▪ Announcement of the cordless desktop telephone DC830 for business customers in Q1 2013</li> </ul>
<b>Cost &amp; efficiency program</b>	<ul style="list-style-type: none"> <li>▪ <b>Implementation faster than expected</b> due to an overall agreement with worker's representatives</li> <li>▪ Cut of 279 jobs in Germany after eight weeks of negotiations</li> <li>▪ <b>Annual savings of about EUR 30 million expected</b>; first positive effects already in 2013 and full effects from 2014 on</li> </ul>
<b>Organizational changes</b>	<ul style="list-style-type: none"> <li>▪ Gigaset will establish three <b>business units</b>: <ul style="list-style-type: none"> <li>• <b>Consumer Products</b> (core business)</li> <li>• <b>Business Customers</b></li> <li>• <b>Home Networks</b> (smart home solutions)</li> </ul> </li> </ul>
<b>Product innovations</b>	<ul style="list-style-type: none"> <li>▪ Successful launch of <b>Hybrid fixed-line phone S820</b> with touch display and traditional key pad</li> <li>▪ Launch of products <b>S810</b> and <b>A510</b> with WDCT standard in <b>China</b></li> <li>▪ Business Customers: New <b>software</b> release for desktop phones enables improved integration of system phone functions with T300/500 PBX systems</li> </ul>

## ■ Financial Highlights in the third quarter 2012

- Q3 traditionally proves to be weaker due to seasonality
- The market of our core business, Consumer Products, is still challenging and influenced by the Euro crisis, critical markets and declining consumer climate
- Declining revenues in the third quarter due to challenging markets, especially in Europe
- Nevertheless, Gigaset further expanded its market shares of about 3 percent in units and 2 percent in value in Europe
- EBITDA significantly below previous year's level due to non-recurring restructuring costs, currency effects, investments in new growth areas and product innovations
- Against that background, negative free cash flow in Q 3



**Gigaset still increases its market share.  
The first step of the cost and efficiency program is successfully completed.**

# Consolidated Income Statement\*

## Continued Operations

in EUR millions	Q3/2012	Q3/2011	Change	9m/2012	9m/2011	Change
Group Sales	90.4	105.7	-14.5%	296.1	316.1	-6.3%
Change in finished goods & work in progress	6.5	7.7	-15.6%	1.6	7.0	-77.1%
Other own work capitalised	4.1	4.8	-14.6%	12.8	13.5	+5.2%
Cost of materials	-52.0	-56.7	-8.3%	-154.9	-159.0	-2.6%
Personnel expenses	-47.9	-23.8	101.3%	-101.8	-78.4	29.8%
Other income & expenses	-12.1	-23.0	-47.4%	-54.2	-58.9	-8.0%
EBITDA	-11.0	14.7	n/a	-0.4	40.3	n/a
EBIT	-17.3	8.4	n/a	-18.7	19.2	n/a
Net income	-15.0	7.5	n/a	-14.9	14.1	n/a
EPS (diluted in EUR)	-0.30	0.15	n/a	-0.30	0.28	n/a

\*Rounded figures may not add up

# EBITDA corrected\*

## Continued Operations

Values in EUR Mio.	Q3 3M 2012	Q3 3M 2011	Q3 9M 2012	Q3 9M 2011
EBITDA according to P&L	-11,0	14,7	-0,4	40,3
- Total OOI w/o FX Income and reversal of provisions	1,0	1,5	3,8	5,4
- Release of purchase price liability Siemens	9,9	0,0	9,9	0,0
- Net effect of release/addition of provisions	-25,6	-2,6	-32,7	-6,8
<i>thereof restructuring provision</i>	-19,2	0,0	-19,2	0,0
- Use of provisions	3,8	4,9	15,0	19,3
- Interest expense provision for pensions	-0,7	-0,7	-2,0	-2,0
- Currency result without F/X effects on material (hedging / consolidation / F/X effects on balance sheet items (receivables / payables))	-0,2	-3,7	-1,2	-3,5
- Total restructuring (excluding effect on restructuring provision)	0,0	-0,2	-0,2	-1,0
- Development of new products and online-shop, branding and process optimizations (additional expenditure compared to prior year)	-3,0	-2,2	-12,1	-4,7
- Legal costs and consulting fees for restructuring (not included in restructuring provision)	-0,2	0,0	-0,2	0,0
	-15,0	-3,0	-19,7	6,7
EBITDA corrected in EUR Mio.	4,0	17,7	19,3	33,6
EBITDA corrected P&L MARGIN in %	4,4%	16,7%	6,5%	10,6%

\*Rounded figures may not add up

## Consolidated Statement of Financial Position\*

in EUR millions	30/09/2012	31/12/2011	Change
<b>Balance sheet total</b>	<b>270.9</b>	<b>311.4</b>	<b>-13.0%</b>
<b>Non-current assets</b>	<b>105.8</b>	<b>102.9</b>	<b>2.8%</b>
<b>Current assets</b>	<b>165.1</b>	<b>208.5</b>	<b>-20.8%</b>
Inventories	40.4	35.8	12.8%
Trade receivables	54.6	59.7	-8.5%
Cash & cash equivalents	32.3	62.3	-48.2%
<b>Equity</b>	<b>60.1</b>	<b>76.2</b>	<b>-21.1%</b>
Equity ratio	22.2%	24.5%	-9.4%
<b>Non-current liabilities</b>	<b>45.7</b>	<b>33.7</b>	<b>35.6%</b>
<b>Current liabilities</b>	<b>165.1</b>	<b>201.5</b>	<b>-18.1%</b>
Financial liabilities	0.8	6.1	-86.9%
Trade payables	77.7	96.2	-19.2%
Provisions	40.4	27.2	-48.5%

\*Rounded figures may not add up



# Consolidated Cash Flow Statement\*

## Continued Operations (3 month)

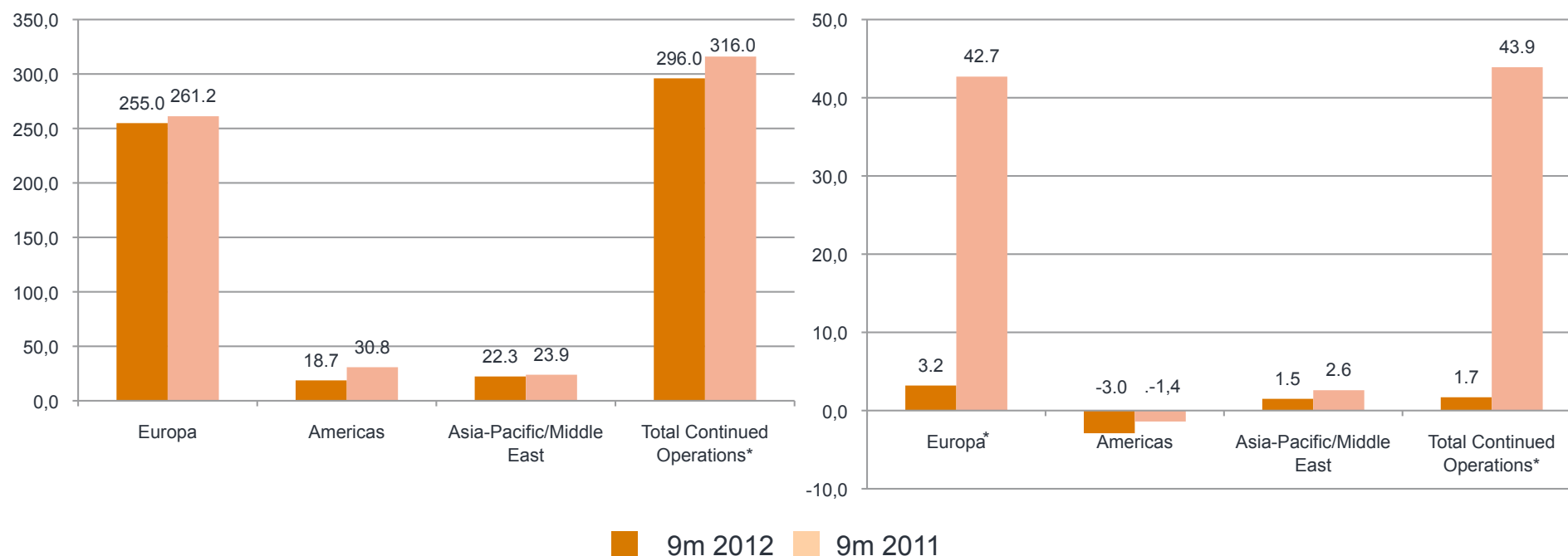
in EUR millions	Q3 2012	Q3 2011	Change
Cash flow from operating activities	-6.7	5.1	n/a
Cash flow from investing activities	-1.4	-2.6	-46.2%
Cash flow from financing activities	3.8	0.7	+442.9%
Total cash flow	-4.3	3.2	n/a
Free cash flow	-8.1	2.5	n/a
<i>Cash &amp; cash equivalents at Sept. 30</i>	<i>32.3</i>	<i>47.2</i>	<i>-31.6%</i>

- Cash flow amounts to EUR -8.1 million due to Euro crisis and one-offs (Q3/2011: EUR 2.5 million)
- Because Gigaset met the contractual conditions of good corporate management over two years, Siemens AG let off the last rate of the purchase price.

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## Regional revenues and EBITDA

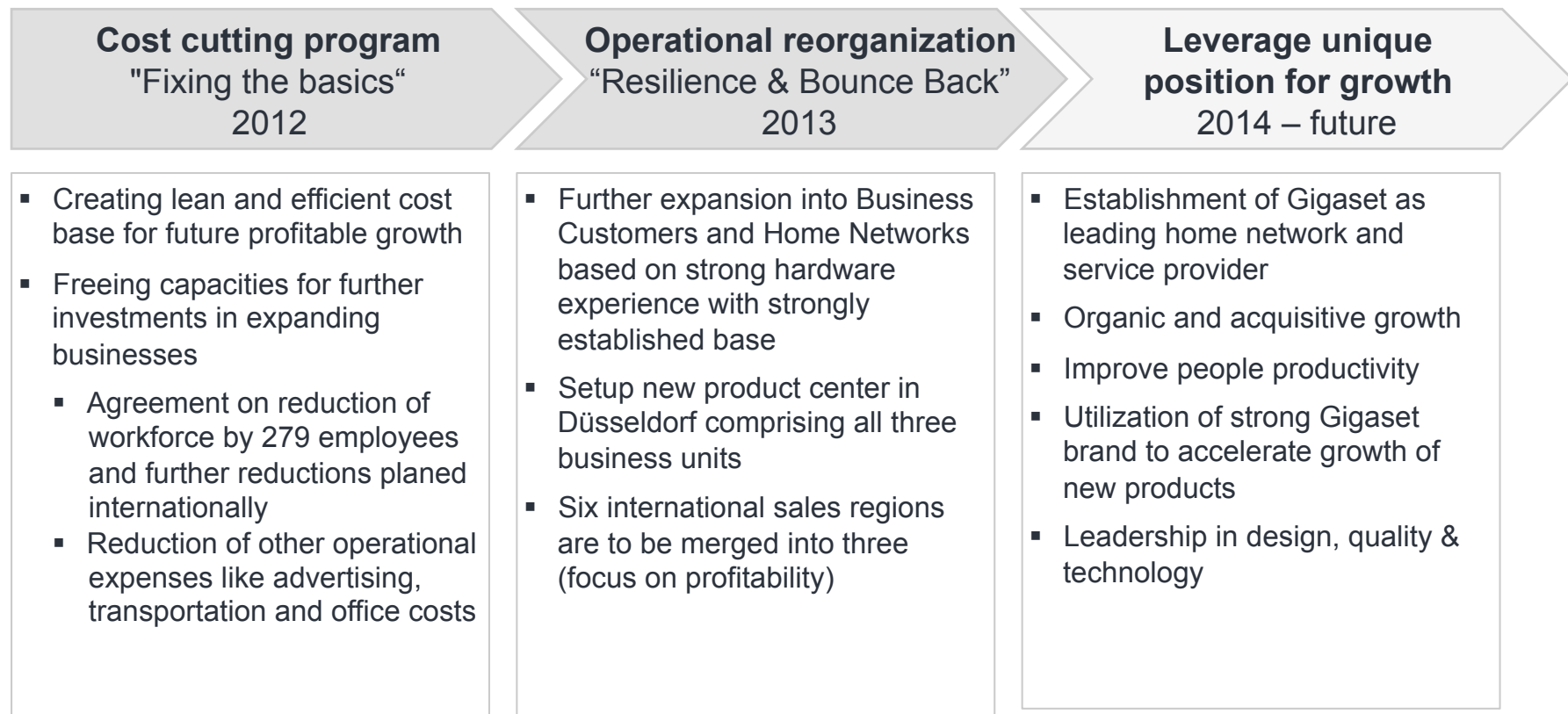
- Declining revenues due to weak consumer climate in Europe
- Decline in European EBITDA related to non-recurring restructuring costs, investments in product innovations and negative currency effects
- Additionally, revenue and EBITDA negatively affected by import barriers in the Americas in South America.




\*w/o Holding activities

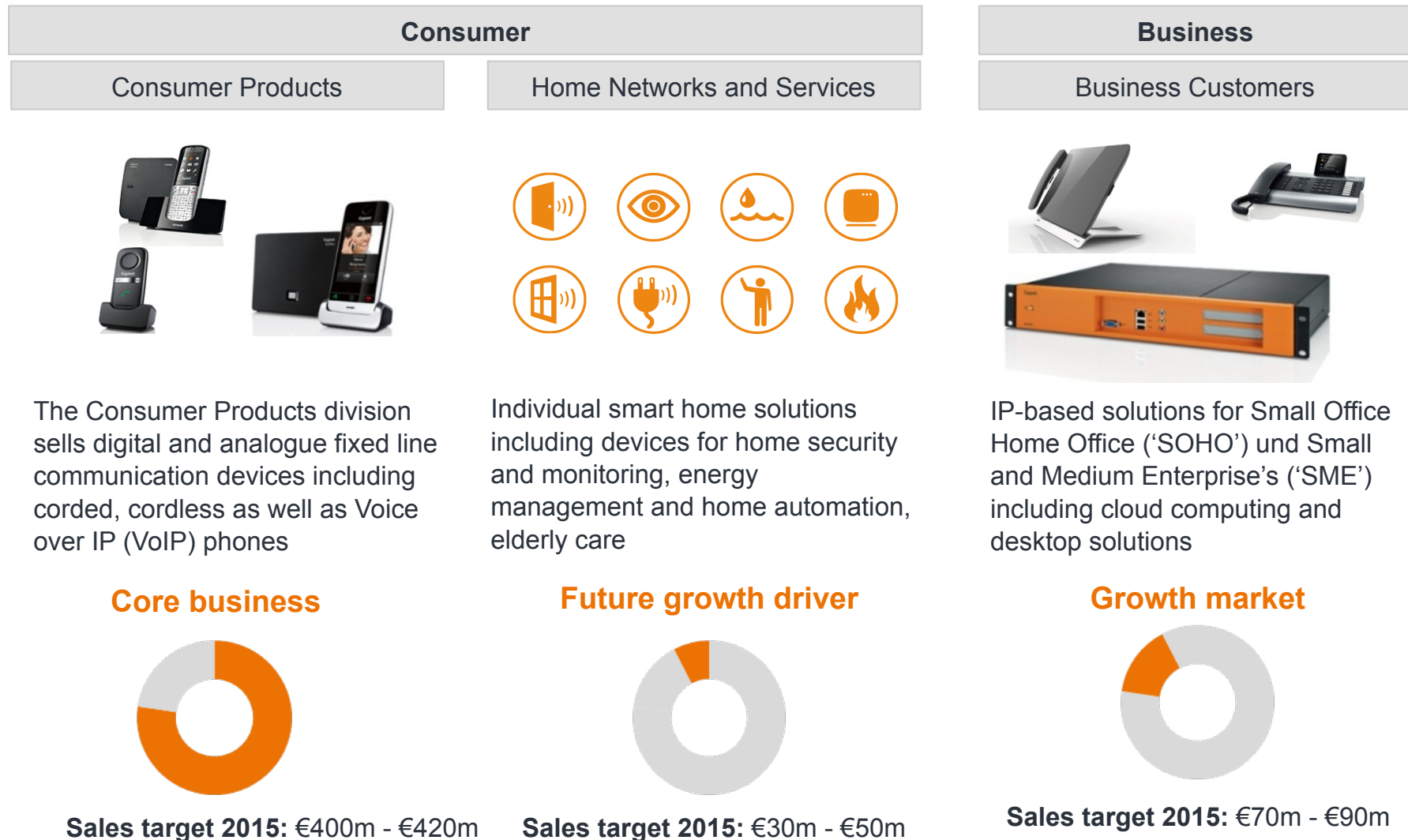
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# Restructuring Program: Lean and resilient business model through 2-phase transformation



 **Expected cost savings of approx. €30m per annum**

## Expansion and growth strategy in three segments



## ■ Outlook 2012

**Decrease in revenues in the single-digit percentage range**

**Slightly negative EBITDA, due to non-recurring restructuring costs\***

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

*\* Slightly positive without expenses for restructuring*

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Thank you for your  
kind attention

