

Gigaset AG Analyst Call

Munich, March 28 2013



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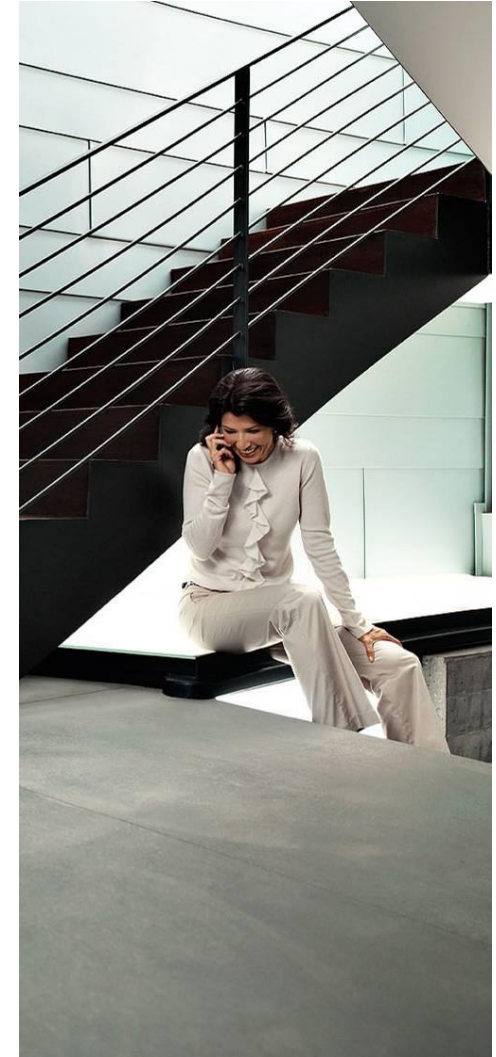
Agenda

Strategic Review of FY2012

Financials

Business Units - Highlights

Q&A



Strategic Review of FY2012

Gigaset 2015 – We are on track

Q1: Review and “Vision”

- Consequent review of the existing business model and identification of new growth segments

Q2: Development of strategy

- Development of the specific strategy and initiating product development

Q3: Announcement of strategy and its implementation

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

Q4: Implementation of strategy and preparation to launch new products

- Implementation of strategy, based on products to be introduced in 2013
- Safeguarding of Christmas business with marketing campaign in core market Germany

Strategic Review of FY2012

Measures for long-lasting growth taken

Challenges

- Euro crisis and macro-economical developments cloud consumers' demand, especially in Southern European regions
- Decline in European cordless voice market of 13 percent in 2012 strains Consumer Products segment

Measures

- **Strategy „Gigaset 2015“:**
Presentation of first implementations and prototypes at the IFA in Berlin
- **Organizational changes:**
Gigaset establishes three business units:
 - Consumer Products
 - Business Customers
 - Home Networks
- **Cost & efficiency program:**
 - Implementation faster than expected due to an overall agreement with worker's representatives
 - Annual savings of about EUR 30 million expected; first positive effects already in 2013 and full effects from 2014 on

Gigaset still increases its market share and performs better than the market. Investments in growth platforms secure sustainable business success.

Gigaset 2015

Towards a new Gigaset AG

Generating new sources of revenue
Securing sustainably profitable growth

Producer of
telecommunications
hardware



Provider of communications
technology with a broad
portfolio (hardware as
well as internet services)

2012

Year of
Realignment

2013

Year of
Implementation

2014

Year of
Performance

2015

Gigaset 2015
Sustainably
profitable growth

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Financial Highlights in Q4/FY2012

Gigaset meets its guidance

- The market of our core business, Consumer Products, is still challenging and influenced by the Euro crisis and declining consumer climate
- Gigaset further expanded its market shares in Europe of about two percent in units and two percent in value
- Sales volumes from continued operations in 2012 amount to EUR 419.6 million (2011: EUR 458.6 million)
- More than EUR 12 million savings for 2013 secured due to personnel measures
- EBITDA decreased to EUR -5.8 million due to incurring costs regarding the restructuring program, investments in growth platforms and product innovations as well as extraordinary non-recurring provisions in Q4 2012. Without these one-offs, the EBITDA had been positive.
- Positive free cash flow in Q4 2012: EUR 4.0 million

Gigaset meets its FY 2012 guidance and still increases its market share

Consolidated Income Statement*

Continued Operations

in EUR million	Q4/2012	Q4/2011	Change	FY2012	FY2011	Change
Group Sales	123.5	142.5	-13.3%	419.6	458.6	-8.5%
Change in finished goods & work in progress	-2.3	-8.0	- 71.2%	-0.6	-1.1	-45.5%
Other own work capitalised	3.3	4.3	-23.3%	16.1	17.8	-9.6%
Other operating income	4.4	7.9	-44.3%	26.0	30.0	-13.3%
Cost of materials	-61.2	-70.1	-12.7%	-216.1	-229.1	-5.7%
Personnel expenses	-32.2	-29.4	+9.5%	-134.0	-107.7	+24.4%
Other income & expenses	-41.0	-36.1	+13.6%	-116.8	-117.0	-0.2%
Adjusted EBITDA	1.9	14.3	-86,7%	21.2	48.0	-55.8%
EBITDA	-5.5	11.1	n/a	-5.8	51.5	n/a
EBIT	-12.0	5.6	n/a	-30.7	24.8	n/a
Net income	-13.3	6.4	n/a	-28.2	20.5	n/a
EPS (diluted in EUR)	-0.26	0.13	n/a	-0.56	0.41	n/a

- Shrinking European market (-13 percent in FY2012, -17 percent in Q4 2012) partly offset by further increase in market share
- Decrease in cost of materials proportionately to sales development
- Higher personnel expense of about EUR 20 million due to restructuring costs
- EBITDA influenced by restructuring costs, capital expenditures for new business segments as well as non-recurring provisions in Q4
- Without restructuring costs, the EBITDA would have been positive

*Rounded figures may not add up

Consolidated Statement of Financial Position*

in EUR million	31/12/2012	31/12/2011	Change
Balance sheet total	294.0	311.4	-5.6%
Non-current assets	107.7	103.0	+4.6%
Current assets	186.3	208.4	-10.6%
Inventories	33.4	35.8	-6.7%
Trade receivables	51.0	59.7	-14.6%
Cash & cash equivalents	54.7	62.3	-12.2%
Equity	45.2	76.2	- 40.7%
Equity ratio	15.4%	24.5%	-37.1%
Non-current liabilities	70.8	33.6	+ 110.7%
Current liabilities	178.0	201.5	-11.7%
Financial liabilities	0.3	6.1	- 95.1%
Trade payables	86.6	96.2	- 10.0%
Provisions	41.3	27.2	+ 51.8%

*Rounded figures may not add up

- Decrease in current assets, especially in trade receivables, due to lower sales volumes
- Reduced equity due to consolidated net loss
- Increase in non-current liabilities due to the syndicated loan and long-term provisions for partial retirement agreements
- Increase in short-term provisions for restructuring program
- Decrease in other liabilities due to waiver for final purchase price

Consolidated Cash Flow Statement*

in EUR million	Q4 2012	Q4 2011	Change	FY2012	FY2011	Change
Cash flow from operating activities	7.0	20.3	-65.5%	-24.1	32.0	n/a
Cash flow from investing activities	-3.0	-3.8	-21.1%	-8.8	-9.5	-7.3%
Cash flow from financing activities	19.5	0.1	> + 500%	26.2	1.9	> + 500%
Net change in cash & cash equivalents	23.5	16.6	41.6%	-6.7	25.7	n/a
Free cash flow	4.0	16.5	-75.8%	-32.9	22.5	n/a
Cash & cash equivalents at Dec. 31				54.7	62.3	- 12.2%

- Increased cash outflow from operating activities due to lower revenues and restructuring costs in Q4 2012.
- Increased cash inflow from financing activities mainly due to syndicated loan.

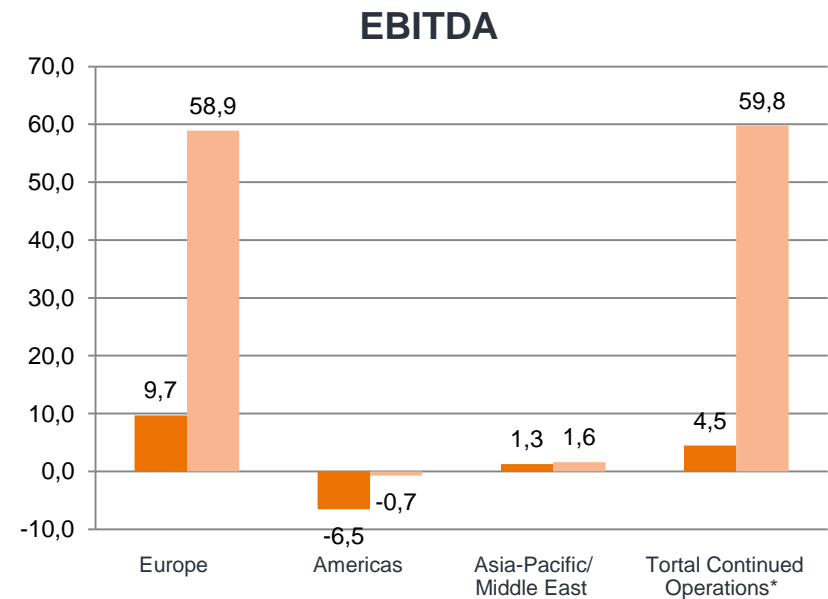
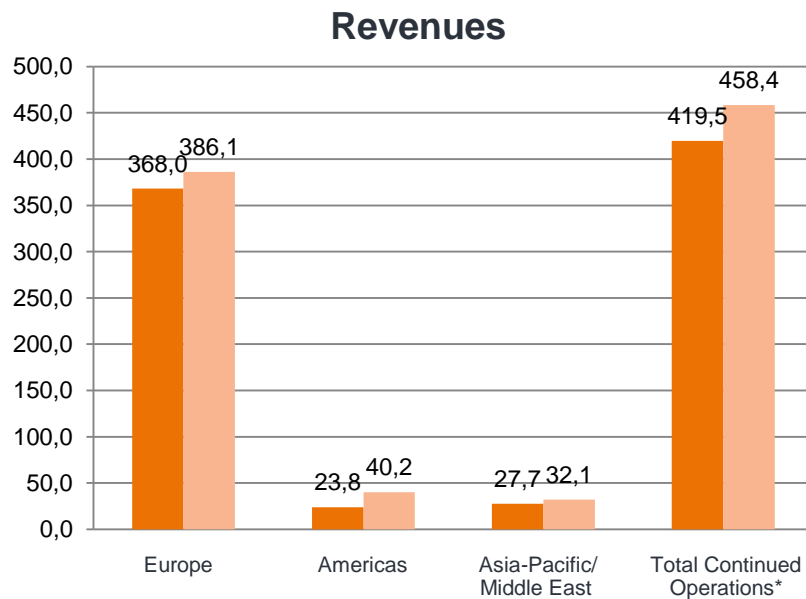
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Regional revenues and EBITDA

Sales decrease regionally different

- **America:** restrictive import and customs regulations in Argentina and Brazil
- **North/South America:** Increased competition in decreasing telecommunications market
- **Asia Pacific/Middle East:** Political crisis

→ Gigaset reviews presence in loss-making non-European countries



■ 2012 ■ 2011

*w/o Holding activities

Outlook 2013 & Targets 2014

Due to ongoing challenging developments in our core markets and the necessary investments in growth platforms, we expect:

2013

- Further **decreasing turnover** in our core business in a high single-digit or low double-digit percentage range.
- A significantly improved and again **positive EBITDA** compared to previous year's levels due to positive effects of the efficiency program.
- A **negative free cash flow** in the mid-double-digit million range due to necessary investments

2014

- First significant positive impacts on sales, earnings and cash flow from established new business units
- Increase in sales and a further improved operational EBITDA in continued operations

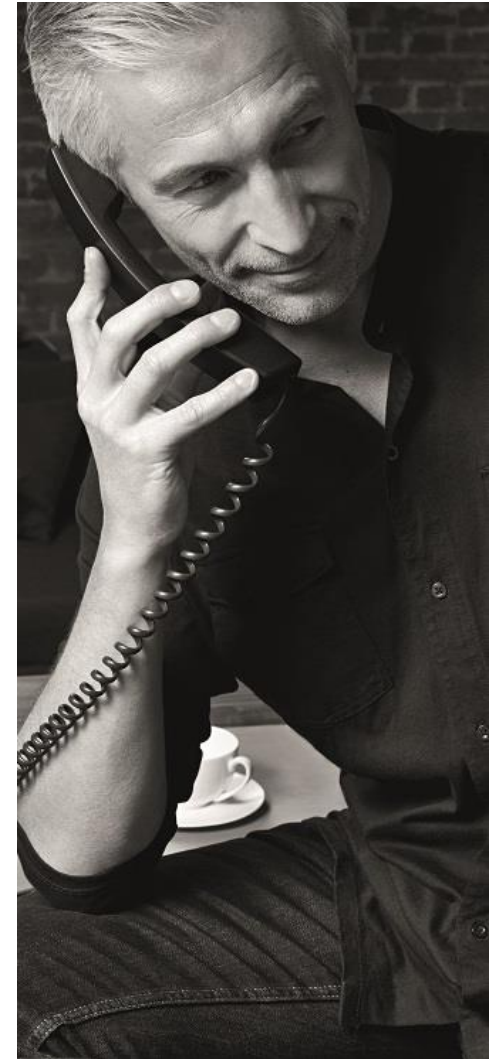
Agenda

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Business Units – Highlights

Growth platforms offset macro-economic trends

Consumer Products



- Further **increase of market share**
- Various pan-European **prices** for SL910:
- Four **new phones** of the A-series – the cheapest DECT-phones made in Germany
- “**if Design Award**” for family phone C620/C620A
→ implementation announced for the second quarter 2013
- Introduction of **android-based** SL 930 in 2013

Business Customers



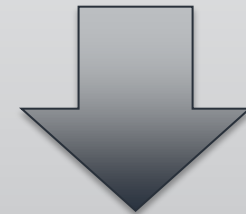
- **Sales volume** of pro-series increased by 50 percent
- **New sales regions** opened up and cooperation with sales partners and value added resellers extended
- Cooperation with **Teldat**
- Further activities in Italy, Spain, Switzerland, Austria, Poland, UK and Nordic countries – the **number of distributors and resellers has doubled**.
- Product line “**Maxwell**” presented on the IFA 2012 and to be introduced in 2013

Home Networks



Gigaset elements:

- First product innovations and prototypes presented on the IFA in August 2012
- **Beta tests** currently running
- First delivery already in Q2/2013



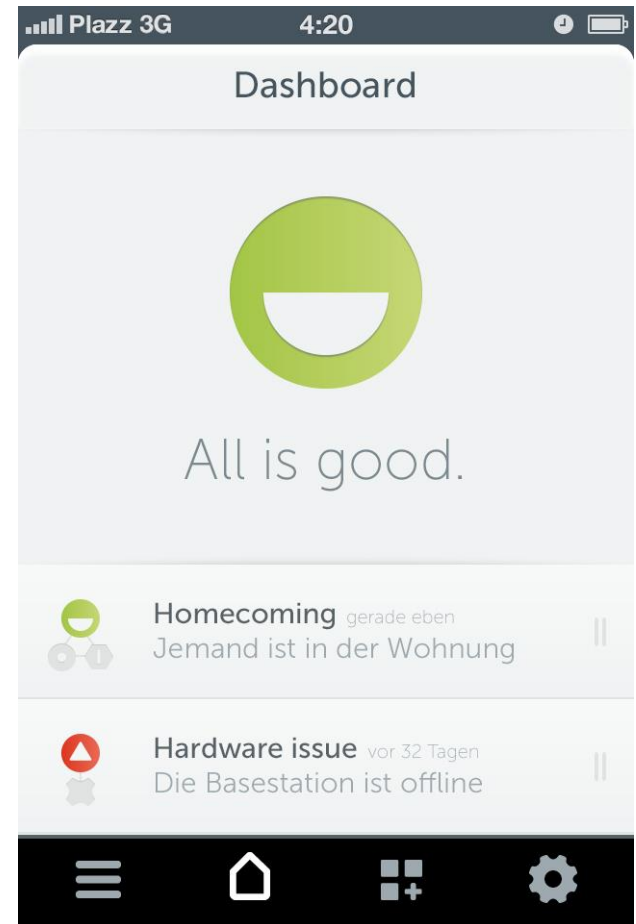
Market introduction 2013
see next slides

Business Units – Highlights

Gigaset elements: What it is

Gigaset elements is „Your home in your pocket“

- By introducing Gigaset elements, the company is transforming from a **producer of telecommunications hardware** into a **provider of diverse internet-based solutions** for the connected home.
- **Open platform** of hardware, software and cloud-based applications with possibilities for **modular extension**
- Gigaset will develop innovative solutions, new services and business models starting with the areas of **security, energy management and elderly care.**
- Gigaset elements is bringing people closer to their home, no matter where they are – **“Your home in your pocket”**

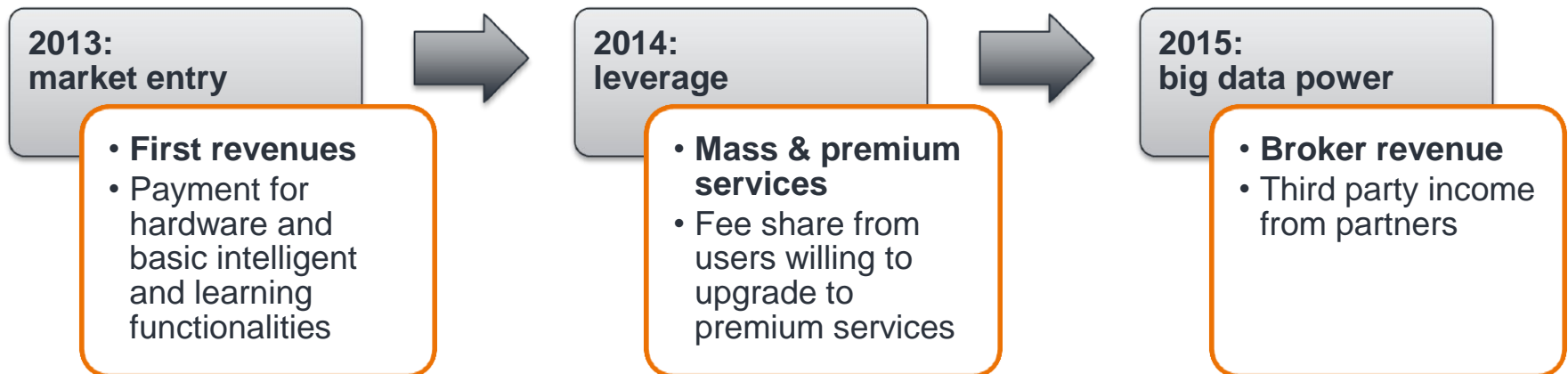


Business Units – Highlights

Gigaset elements: How it generates revenue

**New growth opportunities for Gigaset
thanks to the mass market capabilities of Gigaset elements**

- **Unique sensors** combined with intelligent and learning platform create **unique customer benefits** at a **good price**
- Big addressable market – **20 million households**
- **Constant expansion** of products and services
- **Open platform for new business models** and **interfaces for partnerships**
- Possibility to reach **higher profitability** of an **internet company**
- For the first time, Gigaset establishes **direct and permanent customer relationships**



Agenda

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Thank you for your kind attention