Welcome to the annual press conference for fiscal 2014

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Talk by CEO Charles Fränkl (part 1)



Gigaset continues to implement strategy successfully

2012

Realignment

- · Status quo analyzed
- New strategy defined: **Growth segments**
- Faster market decline hits core business
- Efficiency program to cut costs by €30 million launched
- New organization
- Start of restructuring
- Search for an investor begins

2013

Implementation

- Launch of new products (Gigaset elements, Android-based SL930A, tablets)
- Establishment of sales activities for new products
- Successful implementation of the efficiency program with the full cuts
- Seasonal credit line for the summer, when sales are traditionally weak
- Successful completion of the search for an investor
- First round of capital measures

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2014

Development

- Further internationalization of business with new products
- Second round of the capital measures
- Repayment of bank debts creates new prospects for financing
- Significant improvement in the free cash flow
- Technological further development of the portfolio

2015 Expansion

- · Reorganization of the **Executive Board**
- · Financing of the growth strategy on a new foundation
- Intensification and restructuring of sales activities
- Smartphone in preparation
- · Manage to cash in core business

Highlights from fiscal 2014

- Equity ratio increased the company is free of bank debts
- The strategy for growth segments is gaining traction:
 - Revenue in the Home Networks BU was almost tripled year on year
 - Business Customers grows by around 7% year on year
- Strategically important products rolled out, such as:
 - Gigaset elements "camera"
 - Maxwell 10
 - Designer phone CL 540 "Dune"
 - IP phone C430 IP
- High market shares and price premium maintained





Highlights from fiscal 2014 – ctd.

Cost-effectiveness improved despite tough market situation



The foundations for success have been laid

Modernized portfolio

- Launch of Android-based products
- Expansion of the home network portfolio
- Expansion by the cloud solution by integrating core business
- Growth at the Business Customer BU through innovations

Structural adjustments

- New business segments established
- Goodbye to the past as a holding company
- Successful cost and efficiency adjustments
- Reorganization of the Executive Board

Financing of growth

- Strategic investor Goldin Fund Pte. Ltd. on board
- Repayment of all financial debts thanks to the capital measures

Talk by CFO Kai Dorn





Key financial ratios Gigaset stabilizes itself further

- Market environment in our core business of cordless phones remains challenging
- New business segments are growing, but do not yet compensate for losses in core business
- Revenue from continuing operations in 2014: €326.1 million (2013: €371.2 million)*
- Free cash flow negative, but sharply improved to € –12.1 million*
- EBITDA margin rises from 3.0% in 2013 to 5.4% in 2014
- Capital increase and convertible bond yield proceeds of €33.9 million
- Equity ratio rises further to 16.4%

The turnaround at Gigaset is making good progress, but is not yet accomplished

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FY 2014: Income statement (continuing operations)

€ million	Fiscal year		Chango
	2014	2013	Change
Revenues	326.1	371.2	-12.1%
EBITDA	17.5	11.0	59.1%
EBIT	-10.5	-15.1	30.5%
Consolidated net income/ loss for the year	-16.6	-34.6	52.0%
EPS (diluted in €)	-0.15	-0.59	74.6%

- Market decline in Europe could not be compensated for
- Exchange losses (net) of €2.2 million due to the weak euro
- Profit ratios improved across the board



Q4/2014: Income statement (continuing operations)

€ million	Fisca	Chango	
	Q4/2014	Q4/2013	Change
Revenues	107.1	111.0	-3.5%
EBITDA	10.4	-3.7	n.a.
EBIT	0.4	-9.8	n.a.
Consolidated net income/ loss for the year	-5.5	-18.2	69.8%
EPS (diluted in €)	-0.05	-0.26	80.8%

- Decline in revenue almost canceled out
- EBITDA and EBIT significantly improved



2014: Balance sheet

€ million	12/31/2014	12/31/2013	Change
Total assets	251.2	267.1	-6.0%
Cash	50.5	57.0	-11.4%
Equity	41.2	38.7	6.5%
Equity ratio	16.4%	14.5%	13.1%
Non-current liabilities	87.4	71.1	22.9%
Current liabilities	122.7	157.3	-22.0%

- Capital measures improve equity ratio
- Reduction in total assets due to continued streamlining of the portfolio and the decline in revenue
- Lasting reduction in the company's overall debt by 8.0%

2014: Cash flow statement

€ million	Fiscal year		Change
e minion	2014	2013	Change
Cash flow from operating activities	8.6	-35.0	n.a.
Cash flow from investing activities	-20.7	-7.3	n.a.
Free cash flow	-12.1	-42.3	-71.4%
Cash flow from financing activities	3.7	44.9	-91.8%
Cash and cash equivalents at Dec. 31	50.5	57.0	-11.4%
Net change in cash and cash equivalents	-6.5	2.6	n.a.

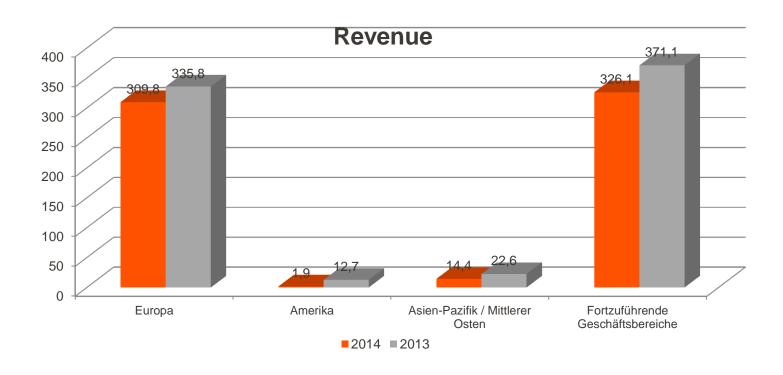
- Return to outflow of cash from operating activities
- Repayment of the syndicated loan (€30.2 million) reduces cash flow from financing activities
- Spending in the double-digit million range to establish new business segments
- Free cash flow of €7.3 million compared with €4.5 million in Q4/2103
- Cash flow from investing activities includes an €18 million investment in the joint venture Gigaset Mobile

31/03/2015



2014: Revenue by region

- **North/South America:** Reorganization of the sales model in the U.S. and Argentina. Deconsolidation of Brazilian business
- Asia-Pacific/Middle East: Weak economic activity and continuing political crises
 in the Middle Fast





Outlook for 2015

The company expects the decline in the market for its core business to slow slightly. In view of the nevertheless challenging trends in the cordless phone business and the investments required in growth platforms, we anticipate (excluding tablets and mobile):

- A decline in revenue from continuing operations in a high single-digit to low double-digit percentage range.
- A positive EBITDA once more in the lower double-digit million range. However, the EBITDA is expected to be below that of the previous year due to lower revenue, the investments required in new business segments and restructuring of the company. An EBITDA margin in the low to middle single-digit range is anticipated.
- A negative free cash flow in the high single-digit to low double-digit million range due to considerable investments in the new business segments is assumed.

Gigaset also expects positive contributions to earnings from business with mobile devices, in particular from its future smartphone business. However, a more precise figure can only be put on the latter after the company has entered the market.

Talk by CEO Charles Fränkl (part 2)



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Shifting dynamics: Networking of everything

Gigaset



Shifting dynamics through a further improvement in cost-effectiveness and growth

Manage to cash

Core business

 Our cordless phone business still supplies a valuable revenue base. Its cost-effectiveness is to be constantly improved. Our investments here are subject to the strict requirement for costeffectiveness.

Manage to growth

Business Customers

• The Business Customers BU supplies constantly growing revenue. The share of VoIP in the entire business customer market has risen from 48% to 50%. "Gigaset pro" only addresses the growing market in the VoIP arena with VoIP and hybrid VoIP systems.*

Manage to growth

Home Networks

· The number of households with smart home devices is expected to increase from around 20 million in 2014 to some 25 million in 2015 and to around 50 million by the end of 2019. Since the DECT ULE standard is used by a growing number of Western European providers in the smart home arena, Strategy Analytics expects revenue in this seament to more than double in Western Europe between 2014 and 2019.

Manage to growth

Mobile





The reasons for smartphones in 2015:

- The global DECT phone market = 60 million units
- The global smartphone market = more than 1 billion units
- The smartphone market is growing annually by 13%, also in 2015*
- Transplanting of Gigaset's DNA to the new product

New opportunities for additional growth at Gigaset

Proven success factors are the foundation

- A strong brand
- A global and dense sales network

A competent team



Thank you for your attentiveness. Questions please!

