

# Gigaset AG

## Financial results for the third quarter 2014

Munich, November 11, 2014

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# Operational Highlights Q3 2014

## Consumer Products

Leading market position  
in Europe maintained

Cashback campaign for premium products  
launched – reinforcing Christmas business

## Business Customers

Sales volume could be increased by 12%  
compared to Q3 2013

Pilot project in Russia and Turkey exploring  
market possibilities for Gigaset pro

## Home Networks

Sales volume could be increased sevenfold  
compared to last year's period

New sensor "camera" introduced, including  
various paid-content packages

# Financial Spotlights Q3 2014

- **Profit indicators improving:**
  - EBITDA Q3 2014 EUR 4.4 million compared to Q3 2013 EUR 3.8
  - Free cash flow from continued operations of EUR 7.6 million in Q3 2014 compared to -9.9 million in Q3 2013
- **New strategy starting to take off:** Gigaset elements shows sevenfold higher revenues in Q3/2014 than in Q3/2013; business customers grew sales by 12 %
- **Market share** in European **core business could be kept stable**– outperforming competition in a competitive and declining (-6% July to September) overall market
- **Sales volumes** from continued operations in Q3 2014 amount to EUR 72.0 million compared to EUR 76.6 million in Q3 2013
- All options open to fund growth strategy: Gigaset reducing **financial liabilities** to 0

**Supporting profitability:  
efficiency program of EUR 17,5 million essentially implemented**

# Items in the consolidated statement of comprehensive income (continuing operations)

in Mio. Euro	Q3/2014	Q3/2013	Change	9m/2014	9m/2013	Change
Group Sales	72.0	76.6	-6.0%	219	260	-15.8%
EBITDA	4.4	3.8	15.8%	7.1	14.8	-52.1%
EBIT	-1.3	-2.8	53.6%	-10.9	-5.3	103.8%
Net income	-0.2	-3.8	94.7%	-11.2	-16.5	-32.2%
EPS (diluted in EUR)	-0.00	-0,08	100%	-0.10	-0.33	-69.7%

- Market share wins can't compensate overall market decline: negative impact on revenues
- Successfully implemented efficiency programs contribute to improve all profit indicators

# Items in the balance sheet and cash flow statement

## Balance sheet

In € million	09/30/2014	12/31/2013
Total assets	251.6	267.1
Equity*	53.6	38.7
<i>Equity ratio</i>	21.3%	14.5%
Non-current liabilities	88.3	71.1
Current liabilities	109.7	157.3

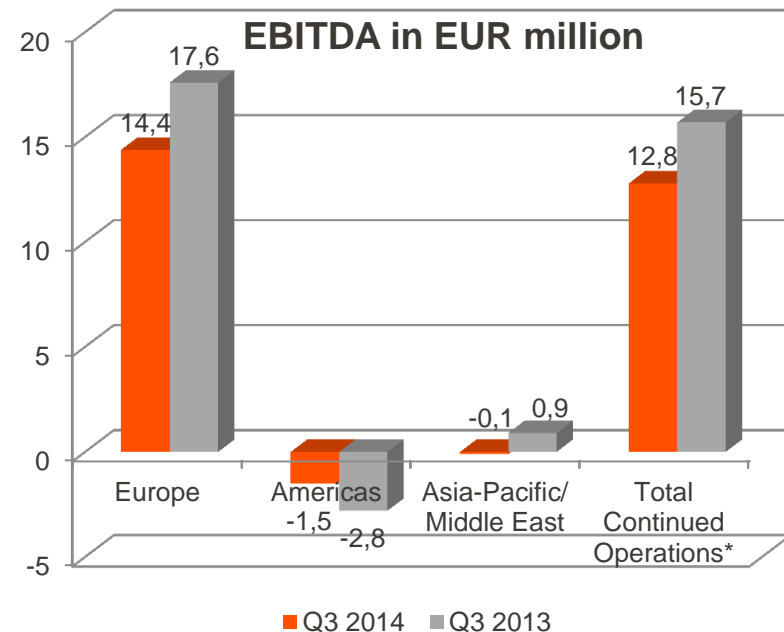
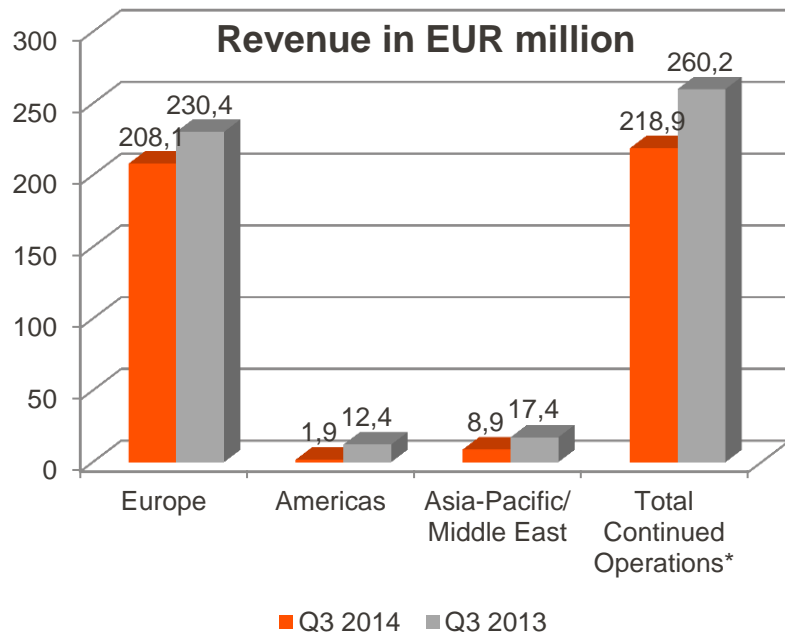
## Cash flow statement

In € million	Q3/2014	Q3/2013
Cash flow from operating activities	8.1	-9.1
Cash flow from investing activities	-0.5	-0.8
Cash flow from financing activities	6.0	8.4
<b>Free cash flow</b>	<b>7.6</b>	<b>-9.9</b>

- Completion of streamlining of the portfolio and falling revenue reduce total assets
- Equity ratio improved further due to corporate actions
- Second consecutive quarter showing positive free cash flow

# Revenue and EBITDA by region

- **Europe:** Continuing losses in revenue as a result of the market's decline in core business could only be partly compensated for by new business segments and gains in market share
- **Americas:** Successful transition to lower-risk sales models at a lower level of revenue
- **Asia-Pacific and Middle East:** Political unrest negatively impacts business



without holding activities

13/11/2014

# Outlook for the last quarter 2014

**In view of the still challenging trends in the cordless phone business and due to the investments required in growth platforms, we anticipate (excluding tablets and mobile):**

## **For 2014**

- A decline in revenue from continuing operations in a high single-digit to low double-digit percentage range.
- EDITBA to improve sharply year on year and to be positive again and an EBITDA margin in the upper single-digit percentage range thanks to the positive impact expected from the efficiency programs.
- A negative free cash flow in the low double-digit million range, among other things due to the investments required in further establishment of the new business segments and restructuring of the company.
- In addition, Gigaset expects additional revenues from tablet and smartphone business; however, they are difficult to predict due to the early stage of the joint activities with Goldin Fund Pte. Ltd., Singapore.



## The Gigaset ecosystem: Networking of everything

Work in progress



## Thank you very much for your attention!

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