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2013 annual results:

Gigaset rigorously continues its reconstruction.
Crucial steps to stabilize the company reap success.

- **Consolidated revenue from continuing operations in 2013: €371.2 million (–11.5 percent)**
- **EBITDA from continuing operations improves to € +11.1 million (€ –2.8 million in 2012[1])**
- **New efficiency program to cut costs by €17.5 million adopted**
- **Business Customer Business Unit grows revenue by 19 percent**
- **CFO Dr. Alexander Blum: "Last year, we were able to complete critical steps toward the stabilization of Gigaset. The successful resolution of financing measures has significantly strengthened our capital base. The effective implementation of the efficiency program has greatly improved our profitability.""**

Munich, March 26, 2014. Gigaset AG has been able to report a positive EBITDA – of €11.0 million – in 2013 for the first time since fiscal 2011. This is due in particular to the positive effects to an amount of €30 million a year from the efficiency program that was announced in 2012. The program has been accomplished to its full extent. These effects will now be fully felt as of fiscal 2014. The declining market for cordless phones meant revenue from continuing operations fell by 11.5 percent to €371.2 million. Capital resources improved thanks to the successful capital measures. The equity ratio rose to 14.5 percent (equity ratio in Q3/2013: 3.6 percent).

The overall market for cordless phones in Europe declined by around 14 percent in terms of revenue in 2013. Gigaset was able to maintain its high market share in cordless voice phones in fiscal 2013 and even expand it slightly to 34.7 percent in its focal European markets.[2] In order to compensate for drops in revenue in its core business in the medium and long term, Gigaset entered the home networks segment, a solution market that is growing strongly according to observers, by launching "Gigaset elements" in the third quarter. Gigaset also put its first tablet PCs on the market in December.

Gigaset business numbers for 2013 are as follows:

- Consolidated revenue from continuing operations in 2013: €371.2 million (2012: €419.6 million)
- EBITDA from continuing operations in 2013: €11.0 million (2012:[1] € –2.8 million)
- Consolidated net income from continuing operations in 2013: € –34.6 million (2012:[1] € –26.0 million)
- Free cash flow from continuing operations in 2013: € –40.3 million (2012:[1] € –33.1 million)

[1] The figures for 2012 have been adjusted due to the change in IAS 19. Details can be found in the notes to the consolidated financial statements in the 2013 Annual Report.

[2] The data is taken from surveys by the Retail Panel for Cordless Phones of GfK Retail and Technology GmbH in Belgium, Germany, France, the UK, Italy, the Netherlands, Austria, Poland, Switzerland, Spain, Russia and Turkey. Survey period: January to September 2013; base: GfK Panel Market.

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Gigaset generated a positive free cash flow of €4.5 million in the **fourth quarter**. EBITDA in Q4 was negative, in particular due to non-recurring special effects (including costs for capital measures and reorganizing the sales model in Brazil).

- Consolidated revenue from continuing operations was €111.0 million in Q4/2013 (Q4/2012: €123.5 million)
- EBITDA from continuing operations was € –3.7 million in Q4/2013 (Q4/2012: € –5.5 million)
- Consolidated net income from continuing operations was € –18.2 million in Q4/2013 (Q4/2012: € –13.3 million)
- Free cash flow from continuing operations in Q4/2013 was €4.5 million (Q4/2012: €3.3 million).

Charles Fränkl, CEO of Gigaset AG, comments on the annual results: “Gigaset is undergoing what is probably the largest phase of reconstruction in its history. In 2013 we successfully turned the company from just being a vendor of cordless phones into one offering a broad portfolio of hardware, software and Internet services and so created the technological platform on which we intend to grow profitably again in future. The strong growth of our Business Customer Business Unit shows that our Gigaset 2015 strategy is working. The strategic partnership with Goldin opens up further new perspectives for us.”

First round of financing in 2013 completed

In 2013, Gigaset successfully placed two capital increases and a convertible bond in the amount of approximately EUR 50 million. However, further financing activities will also play a role in 2014 in order to fund the growth objectives of the new business segments and the reorganization of the company required for that. Additional capital measures are constantly being examined for that purpose. The general conditions for them have improved substantially now that Goldin has taken a stake in the company.

The Executive Board has adopted a further efficiency program to counteract the continuing loss of revenue and seasonally related weaker business in the summer months. The goal is to achieve savings of €17.5 million, in particular in non-personnel costs and other operating costs, by the end of September.

Dr. Alexander Blum, CFO of Gigaset AG, explains: “Last year, we were able to complete critical steps toward the stabilization of Gigaset. The successful resolution of financing measures has significantly strengthened our capital base. The effective implementation of the efficiency program has greatly improved our profitability.”

Outlook

The measures required to ensure long-term growth were initiated in 2012. To counter the continuing difficult trend in the company’s core market, investments in establishing new, promising business segments and product groups are also still required. In 2014, the new business segments will make additional contributions to revenue, but these will not yet be able to compensate fully for the market-related decline in the cordless voice business. Gigaset therefore expects in the current fiscal year in the Business Units Consumer Products, Business Customers and Home Networks (excluding tablets and mobile):

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- A decline in revenue in continued 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 establishing new business segments and the reconstruction of the company.

In addition, Gigaset expects additional revenue from tablet and smartphone business; however, they are difficult to predict due to the fact that the company is in the early stages of establishing the joint activities with Goldin Fund Pte. Ltd.

Overview of development of the Business Units

Consumer Products and Home Networks

As in 2012, the market for **cordless phones** declined sharply last year. Gigaset was able to grow its market share further in its focal European markets and add 1 percent in terms of units and 1 percent in terms of revenue. However, the overall market for cordless phones in Europe declined by around 14 percent, which was reflected in Gigaset AG's revenue from its core business.

Gigaset is countering this trend by entering new business segments, as well as expanding its portfolio in the Consumer Products Business Unit. In the third quarter, it launched the Android-based SL930A full-touch phone, a product that combines the benefits of a smartphone with the familiar high-quality finish and merits of a Gigaset fixed-network phone. The Android 4.0 interface permits quick and easy access to the Google Play Store directly via the router. More than 975,000 apps are available from Google Play. Gigaset sees the SL930A as pointing the way to new and highly promising cloud-friendly products. It was initially rolled out in Germany, followed by other European countries in the fourth quarter.

As part of its implemented product drive, Gigaset also launched new cordless phones for various application areas: The A415, an easy-to-use, solidly equipped entry-level model, the C430, an all-rounder in the midrange, and the E630, a product that is even able to cope with very heavy stresses and strains, yet has a fine design.

Gigaset products again fared impressively in various tests in the past fiscal year. In August, the S820A touch & type phone was chosen as Product of the Year by the readers of connect. In Spain, it captured the "100 Mejores Ideas" award for particularly innovative ideas. The consumer portal "testsieger.de" awarded Gigaset the title "Premium Manufacturer 2012" in the category "Telephones" as part of a large-scale study at the start of the third quarter. The award is only bestowed on companies with the very highest standards of quality and whose products are tested regularly in trade publications and fare above-average.

Gigaset also reviewed its non-European activities in 2013 with the aim of focusing on highly profitable markets. As a result of this review, the company withdrew from the unprofitable cordless phone business in Brazil. The subsidiary responsible for the Middle East and Africa region was sold to management there. In Mexico, the business model was successfully reorganized. Strategic partnerships were concluded with two powerful distributors.

In December 2013, Gigaset entered the rapidly growing market for **tablets** with two new Android-based models in an 8” and 10.1” format. That marked the completion of the next step in expansion of the Gigaset 2015 strategy. The main focus of their launch was initially Germany; however, additional European countries then began marketing the tablets.

In the second quarter of 2013, Gigaset entered the growth market of the “Internet of Things” with “**Gigaset elements**.” Sales of the cloud-based home network system, which can be extended in a modular fashion, began in September through the network of specialty retailers in Germany and online. It was then launched in October in France, the third-largest smart home market in Western Europe. Revenue in the low single-digit million range was generated with it in the past fiscal year.

Business Customers

The Business Customers Business Unit continued to build its revenue in fiscal 2013. Revenue increased by 19 percent year on year thanks to a portfolio tailored to specific target groups and selective sales and marketing measures.

In expanding its business, Gigaset continues to attach great importance to cooperating with value added resellers. In the second quarter, it therefore initiated a partner program to help these sales partners market telephone systems and end-user devices for small and medium-sized enterprises.

The company continued to drive its regional expansion. The company expanded its sales organizations in the regions Austria, Switzerland, the UK and the countries of Scandinavia.

The portfolio of products and services was developed further to reflect customers’ needs. Gigaset pro and AudioCodes, a leading Microsoft Lync partner, jointly created a solution that enables Gigaset N720IP Pro DECT multicell telephone systems to be used in Microsoft Lync environments. This solution now means that cordless calls are possible anytime, anywhere – at the company and throughout its campus – in Lync installations as well.

In September, the R630H pro was launched, a new business phone whose ruggedness makes it suitable for companies with employees who work outside traditional office rooms. The device is particularly dust- and splash-proof and has the additional advantage of impact resistance, as well as offering maximum ease of use, especially in tough conditions.

Gigaset pro products were able to capture various prizes and awards in the third and fourth quarters. In France, Gigaset pro was voted the best manufacturer of SIP-based end-user devices in a survey of resellers. Above all, Gigaset fared very well in terms of brand image. In Germany, the N720 DECT IP multicell telephone system was voted ICT Product of the Year 2013 by readers of the Funkschau magazine and in the Netherlands the R630H won the “Product and Accessory Award 2013 – Bronze.”

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Gigaset AG is listed on the Prime Standard of Deutsche Börse and so is subject to the very highest requirements for transparency. Its shares are traded on the Frankfurt Stock Exchange under the symbol 'GGS' (ISIN: DE0005156004).

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Overview of the figures:

€ thousand	Jan. 1 – Dec. 12, 2013		Jan. 1 – Dec. 31, 2012	
	Continuing operations	**Total**	**Continuing operations**	**Total**
Consolidated revenue	371,153	377,118	419,557	437,244
Earnings before interest, taxes, depreciation and amortization (EBITDA)	11,046	7,486	-2,751	-3,612
Earnings before interest and taxes (EBIT)	-15,117	-16,742	-27,595	-30,391
Consolidated net income/loss	-34,637	-36,080	-26,042	-28,572
Diluted earnings per share in €	-0.59	-0.61	-0.52	-0.57
Free cash flow	-40,262	-42,268	-33,085	-32,948
€ thousand	**Dec. 31, 2013**		**Dec. 31, 2012**	
Total assets	267,060		303,453	
Consolidated equity	38,677		24,348	
Equity ratio in %	14.5		8.0	