Gigaset

Press release

Gigaset increases EBITDA and confirms outlook

- **Consolidated revenue from continuing operations in the second quarter: €96.8 million (Q2/2012: €93.4 million).**
- **EBITDA from continuing operations in the second quarter: €6.4 million (Q2/2012: €0.3 million).**
- **Business Customers Business Unit grows revenue by 47 percent compared with the second quarter of 2012**
- **CEO Charles Fränkl: "The second quarter is a positive signal for Gigaset. The efficiency program is having an impact. New products have been completed and are about to be launched commercially. We'll keep implementing the "Gigaset 2015" strategy rigorously and successfully."**

Munich, August 7, 2013 For the first time since the Group was founded, Gigaset AG has managed to increase its revenue from continuing telecommunications operations by around €3.4 million over the same quarter of the previous year in an overall market that continues to decline. Thanks to the Sales Push Program, it was possible to fill sales channels in advance and hence better align cash inflow to seasonal liquidity requirements. EBITDA climbed in the second quarter of 2013 to €6.4 million (Q2/2012: €0.3 million).

Gigaset was also able to grow its market share again in its core business. Its market share increased over the previous year by 1 percent both in terms of units sold and revenue. Gigaset's market share in terms of revenue rose in the second quarter of the year from 33.9 percent in the second quarter of 2012 to 34.7 percent. That means Gigaset has outperformed the market for more than five quarters, is in its view a clear winner from the market's consolidation and has further strengthened its market position in Europe. As a premium brand, Gigaset was also able to achieve prices that were 31 percent above the market average. However, the market as a whole remained under strong pressure. It declined year on year by around 14 percent in terms of units sold and by 15 percent in terms of revenue. [1]

Gigaset CEO Charles Fränkl commented on the quarterly figures: "The second quarter is a positive signal for Gigaset. The efficiency program is having an impact. New products have been completed and are about to be launched commercially. We'll keep implementing the "Gigaset 2015" strategy rigorously and successfully."

Gigaset AG's figures in the second quarter of 2013 (continuing operations)[2]:

- Consolidated revenue: €96.8 million (Q2/2012: €93.4 million)
- EBITDA: €6.4 million (Q2/2012: €0.3 million)
- EBITDA margin: 6.6 percent (Q2/2012: 0.3 percent)

[1] 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: April to June 2013; base: GfK Panel Market.

[2] 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 report on the second quarter of 2013.

Press release

- Consolidated net loss: €9.4 million (Q2/2012: €3.6 million)
- Free cash flow: minus €10.9 million (Q2/2012: minus €11.7 million)

Relative to the first half of 2013 (continuing operations)[2]:

- Consolidated revenue: €183.6 million (H1/2012: €205.7 million)
- EBITDA: €11.0 million (H1/2012: €11.3 million)
- EBITDA margin: 6.0 percent (H1/2012: 5.5 percent)
- Consolidated net loss: €12.7 million (H1/2012: consolidated net income of €0.6 million)
- Free cash flow: minus €34.9 million (H1/2012: minus €28.3 million)

Cash and cash equivalents at June 30, 2013, were €18.9 million.

Financial base stabilized in the seasonally weak summer months

On July 1, 2013, Gigaset Communications GmbH, a subsidiary of the Gigaset AG group, concluded an agreement on bridging financing of €10.4 million with a consortium led by Deutsche Bank AG.

Further measures helped successfully avert a potential phase of strained liquidity in the summer months:

- The savings in fiscal year 2013 are expected to amount around €24 million based on the cost-cutting and efficiency program already announced in 2012. As of 2014, permanent cuts of €30 million a year are to be achieved.
- Thanks to a Sales Push Program, it was possible to fill sales channels in advance and hence better match cash inflow to seasonal liquidity requirements.
- Gigaset is continuing to review its non-European activities with the aim of focusing on highly profitable markets. One first result of this is its withdrawal from the unprofitable cordless phone business in Brazil. The subsidiary responsible for the Middle East and Africa region is currently being sold to management there. Efficient access to the market in the region will still be ensured by simplifying structures. The company has achieved the turnaround in Turkey by means of strategic repositioning.

Gigaset expects that the company's liquidity situation will ease in the second half of the year, likewise due to seasonal reasons.

Rigorous implementation and further development of the new "Gigaset 2015" strategy

The "Gigaset 2015" strategy, which was presented at the 2012 Shareholders' Meeting and concretized by the second quarter of 2012, is being implemented rigorously and successfully.

Home Networks – "Gigaset elements"

The company completed "Gigaset elements," its new solution for the networked home, in the second quarter of 2013. The load on the system is currently being increased gradually in cooperation with selected users, after which it will be released for general sale in the third quarter. With "Gigaset elements," Gigaset is extending its business model as a hardware vendor to include the dimension of

an Internet service provider and will thus open up opportunities for new business models. “Gigaset elements” is a sensor- and cloud-based solution for home networks. Cutting-edge sensors are combined with each other and linked with an Internet-capable DECT ULE base station and a secure Web server. That permits a large number of applications in the home. The intelligent, learning system will be able to be extended in a modular fashion. At a price of less than €200 for a Starter Kit, the system is suitable for the mass market.

Consumer Products – “Gigaset”

The company constantly gained market share in its core business of cordless phones despite tough general conditions. Thanks to the new platform strategy, which enables shorter product development and innovation cycles, the product drive was sped up. Since August 2012, Gigaset has completed ten new models, some of which are already on the market. In addition, initial products from the complementary portfolio of phone-related products were developed in the shape of a baby phone series and presented in August. In addition, the UK consumer organization “Which?” bestowed its "Best Buy" award on the SL910A and S820A.

The new Android-based SL 930 full-touch cordless phone will be shipped to a large network operator for the first time in August 2013.

Business Customers – “Gigaset pro”

The “Business Customers” Business Unit, which contains the product line ‘Gigaset pro’, is growing strongly and increased its sales in Q2/2013 by 47 percent compared with the second quarter of the previous year. Year-on-year growth for the first six months was 37 percent. This was achieved in particular as a result of successful regional expansion with rollout of the product series “Gigaset pro” in the UK, Switzerland, Denmark, Sweden and Spain. Thanks to new products, the unit posted further growth in OEM business. The sales successes can also be attributed to a new Partner Program launched in Germany, the Netherlands and France. New sales partnerships were also concluded. As announced, the innovative, Android-based business phone Maxwell is to be launched at the end of the year.

Outlook confirmed

Gigaset AG sticks to the outlook it gave at its annual press conference on March 28, 2013.

The measures required to ensure long-term growth were initiated in 2012. To counter the continuing difficulties in the company’s core market, investments in establishing new, promising business segments and product groups are required. Gigaset AG therefore expects from continuing operations in the current fiscal year:

- A further decline in revenue in its core business in a high single-digit to low double-digit percentage range.
- EDITBA to improve sharply year on year and presumably to be positive again thanks to the positive impact expected from the efficiency program
- A negative free cash flow in around the middle double-digit million range due to the investments required

Press release

For **2014**, Gigaset AG expects initial and significantly positive effects on revenue, earnings and cash flow from establishment of the new business segments. The company therefore assumes that its revenue from continuing operations will grow and its EBITDA will improve further in the course of 2014.

http://blog.gigaset.com.

Gigaset AG, Munich, is an internationally operating company in the area of communications technology. The Company is Europe's market leader in DECT telephones. The premium supplier ranks second worldwide with around 1,400 employees and a market presence in around 70 countries.

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).

Contact:

Gigaset AG

Stefan Zuber, Corporate Communications

Phone: +49 (0)89 444456-866

E-mail: info.presse@gigaset.com

Kerstin Diebenbusch, Investor Relations

Phone: +49 (0)89 444456-937

E-mail: info@gigaset.com

Gigaset

Press release

Overview of the figures:

	Jan. 1 – June 30, 2013		Jan. 1 – June 30, 2012[3]	
€ thousand	**Continuing operations**	**Total**	**Continuing operations**	**Total**
Consolidated revenue	183,536	187,384	205,661	217,248
Earnings before interest, taxes, depreciation and amortization (EBITDA)	10,973	8,852	11,304	11,459
Earnings before interest and taxes (EBIT)	-2,535	-3,133	-748	-643
Consolidated net income/loss	-12,681	-13,260	562	619
Diluted earnings per share in €	-0.25	-0.26	0.01	0.01
Free cash flow	-34,854	-35,493	-28,325	-28,923
	April 1 – June 30, 2013		**April 1 – June 30, 2012[3]**	
€ thousand	**Continuing operations**	**Total**	**Continuing operations**	**Total**
Consolidated revenue	96,792	98,291	93,441	97,217
Earnings before interest, taxes, depreciation and amortization (EBITDA)	6,357	4,990	256	691
Earnings before interest and taxes (EBIT)	-504	-1,073	-6,014	-5,629
Consolidated net income/loss	-9,430	-10,007	-3,604	-3,234

[3] 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 report on the second quarter of 2013.

Diluted earnings per share in €	-0.18	-0.19	-0.07	-0.06
Free cash flow	-10,905	-11,081	-11,722	-12,638

€ thousand	**June 30, 2013**	**Dec. 31, 2012**[4]
Total assets	254,267	302,424
Consolidated equity	13,280	26,616
Equity ratio in %	5.2	8.8

[4] 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 report on the second quarter of 2013.