

Press release

Efficiency program having an impact: Gigaset achieves a positive EBITDA again in the first quarter

- **Gigaset strengthens its position as European market leader in the first quarter of 2013 by increasing its market share further by three percentage points in terms of units and revenue in a difficult climate**
- **Consolidated revenue from continuing operations: €86.7 million (Q1/2012: €112.2 million)**
- **EBITDA from continuing operations: €4.6 million (Q1/2012: €11.0 million)**
- **Business Customers Business Unit grows revenue by 41 percent compared with the first quarter of 2012**
- **CEO Charles Fränkl: “Current market trends in our core business are a challenge for the company. More than ever, we believe the correctness of our strategy of moving into new business segments, such as innovative offerings for corporate customers and solutions for home networks, in order to tap further revenue streams is being borne out. Our most recent successes at the Business Customers Business Unit reinforce that belief.”**

Munich, May 15, 2013. Thanks to the positive influences of the cost-cutting and efficiency program launched in August 2012, Gigaset AG again generated positive operating income (EBITDA) in continuing operations of €4.6 million in the first quarter of 2013. At the same time, the first quarter continued to be impacted by a sharp decline in the overall market in the company's core business of digital cordless phones:

- Consolidated revenue from continuing operations was €86.7 million in Q1/2013 (Q1/2012: €112.2 million)
- EBITDA from continuing operations was €4.6 million in Q1/2013 (Q1/2012: €11.0 million).
- Consolidated earnings from continuing operations was € –3.3 million in Q1/2013 (Q1/2012: €4.17 million)
- The free cash flow from continuing operations was € –23.9 million in Q1/2013 (Q1/2012: € –16.6 million)

The negative free cash flow is essentially attributable to seasonal reasons, since accounts payable from the previous Christmas trade period usually have to be settled in the 1st quarter. In addition, the company made use of the restructuring provisions it had set up in 2012. The company's remaining cash and cash equivalents at the end of the quarter were €31.0 million.

Gigaset AG's Executive Board is currently holding talks aimed at further securing the company's liquidity. The Executive Board and Supervisory Board intend to present the results at the Shareholders' Meeting, which is expected to be held in August. As part of its cost-cutting and efficiency program, the Executive Board is also executing a “seven-point plan” intended to improve Gigaset AG's situation further. It comprises:

- Review of the profitability of markets outside Europe
- Postponement of investments that are not absolutely necessary
- Curtailment of risks from past liabilities as a private equity company
- Reduction in consulting costs
- Cutting IT costs

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- Reduction in facility management costs
- Reduction in expenditures in all areas of the company

The Executive Board has also launched a “Sales Push Program” to consolidate revenue.

Overview of development of the Business Units

Consumer Products

The first quarter of 2013 reflects the fact that consumer sentiment remains restrained. The overall market for cordless phones in Europe fell in January and February by 15 percent year on year in terms of units sold. The market has been declining continuously in terms of revenue and units sold since the beginning of 2012. That goes for all the countries analyzed by Gigaset.

And yet, Gigaset was able to grow its market share by 3 percentage points year on year in terms of revenue and units sold and so continues to be a winner from the market’s consolidation. Gigaset’s share of revenue in the 11 European countries analyzed was 35 percent in the first two months of the year. As a result, the company was able to further strengthen its position as the European market leader. As a premium brand, Gigaset was also still able to achieve prices that were 23 percent above the market average.¹

As a result of the new platform strategy and so the shorter product cycles, Gigaset intends to launch a **product drive** in the second quarter and expects to put five new cordless phones on the market. Moreover, the Business Unit continues to work on its announced market launch of an Android-based cordless phone scheduled for the summer of 2013 and on building a portfolio of complementary phone-related products. Initial products from it are expected in 2013.

Business Customers

Revenue at the Business Customers Business Unit increased by 41 percent compared with the same quarter of the previous year. This is mainly attributable to the business products that were launched in 2011 under the “Gigaset pro” brand. The sales organization was expanded further in the first quarter, above all in the regions France, Austria, Switzerland, the UK and the Nordic countries. Business with customized products (OEM – business with white label products) performed positively in the first three months of the fiscal year.

Home Networks

Gigaset AG will put its new connected home solution “**Gigaset elements**” on the market in the second quarter of 2013. The system is currently undergoing various final tests to prepare it for launch. With “Gigaset elements”, Gigaset is extending its business model as a hardware vendor to include the dimension of an Internet service provider, which will also 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

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 and Russia. Survey period: January to February 2013; base: GfK Panel Market.



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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 will be suitable for the mass market.

<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).

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Overview of the figures:

	Jan. 1 – March 31, 2013		Jan. 1 – March 31, 2012 ¹⁾	
€ thousand	Continuing operations	Total	Continuing operations	Total
Consolidated revenue	86.7	89.1	112.2	120.0
Earnings before interest, taxes, depreciation and amortization (EBITDA)	4.6	3.9	11.0	10.8
Earnings before interest and taxes (EBIT)	-2.0	-2.1	5.3	5.0
Consolidated net income/loss	-3.3	-3.3	4.2	3.9
Diluted earnings per share in €	-0.07	-0.07	0.08	0.07
Free cash flow	-23.9	-24.4	-16.6	-16.3
€ thousand	March 31, 2013		December 31, 2012 ¹⁾	
Total assets	270.9		302.4	
Consolidated equity	23.3		26.6	
Equity ratio in %	8.6		8.8	

¹⁾ The figures for the previous year have been adjusted retroactively due to a change in the regulations in the IFRS. The adjustments from the amended IAS 19 (Employee Benefits) are explained in detail in the notes to the consolidated financial statements in the report on the 1st quarter of 2013.