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Quarterly Statement for 1st Quarter

Amounts in million €	1 st quarter 2015 (IFRS)	1 st quarter 2016 (IFRS)
Profit and loss account		
Revenue	26.0	29.9
Business Solutions	10.6	11.4
Wholesale	10.9	14.3
New Business	4.5	4.3
Gross earnings	6.9	7.1
Business Solutions	5.1	5.5
Wholesale	0.1	0.1
New Business	1.7	1.5
EBITDA ¹	2.7	1.9
in % of revenue	10.3 %	6.2 %
Operating result (EBIT)	1.5	0.8
Consolidated profit ²	0.8	0.3
Earnings per share in € ³	0.22	0.10

Amounts in million €	1 st quarter 2015 (IFRS)	1 st quarter 2016 (IFRS)
Cash flow		
Cash and cash equivalents as of 01/01	5.0	7.7
Cash flow from ongoing business activities	2.0	-0.6
Cash flow from investment activities	-0.4	-0.3
Cash flow from financing activities	-0.3	-0.3
Financial resources as of 31/03	6.3	6.5

Amounts in million €	1 st quarter 2015 (IFRS)	1 st quarter 2016 (IFRS)
Balance sheet		
Balance sheet total	44.2	43.9
Equity capital	21.6	22.6
in % of the balance sheet total	49.0 %	51.4 %
Net financial assets	0.0	1.6

Amounts in million €	1 st quarter 2015 (IFRS)	1 st quarter 2016 (IFRS)
Other key figures		
Number of shares as of 31/03 (outstanding shares)	3,510,000	3,510,000
Free cash flow ⁴	1.6	-0.9
Employees as of 31/03 ⁵	225	217

¹ Earnings before interest, taxes, depreciation and amortisation

² Corresponds to the consolidated profit after deduction of minority interests

³ Both undiluted and diluted

⁴ Free cash flow = cash flow from current business activities + cash flow from investment activities

⁵ Without minority companies (synergyPLUS GmbH, mvneco GmbH)

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Dear Shareholders,

In the first quarter 2016 ecotel was able to continue the profitable growth of the past years. Consolidated revenue increased by € 3.9 million to € 29.9 million in the first quarter 2016. In addition to increased revenue of € 3.3 million in the Wholesale Solutions segment, ecotel's high-margin Business Customers (B2B) segment also improved significantly in comparison with the previous year by € 0.8 million or 8% to € 11.4 million. Revenue in the New Business segment decreased by € 0.2 million to € 4.3 million. The business unit Private Customer Solutions (B2C) included in this segment with the easybell brand was able to increase turnover slightly by € 0.1 million, while turnover in new media solutions with the nacamar brand decreased by € 0.3 million.

Consolidated gross profit increased to € 7.1 million (previous year: € 6.9 million). This was achieved in part by Business Solutions (B2B) with an increase of € 0.4 million or 8% to € 5.5 million. After successful implementation of key contracts acquired last year, these are now visible in the earnings of the Business Customers segment. Gross profit in the New Business segment decreased by € 0.2 million to € 1.5 million in the first quarter 2016.

Although consolidated EBITDA decreased to € 1.9 million (previous year: € 2.7 million), it must be taken into account here that ecotel received one-time revenue in the first quarter of the previous year from a legal dispute that ended in a settlement totalling € 1.3 million before expenses.

Overall, ecotel earned consolidated profit totalling € 0.3 million (previous year: € 0.8 million), which resulted in earnings per share of € 0.10 (previous year: € 0.22). The aforementioned one-time revenue is also relevant here in comparison with the previous year.

Free cash flow in the first three months of 2016 totalled € –0.9 million (Q1 2015: € 1.6 million). This substantial difference of € 2.5 million is not due to operational reasons, but instead is the result of delayed incoming payments of receivables, which were not received until the beginning of April due to the Easter weekend. In addition, a bonus payment of an upstream supplier was still outstanding at the end of the quarter. Both of these effects burdened the free cash flow by a total of € 2.0 million. Consequently, the net financial assets decreased by € 1.0 million to € 1.6 million in comparison with end of year 2015. This development should be reversed by the end of the first half of financial year 2016.

With equity of € 22.6 million (previous year: € 21.6 million) and a balance sheet total of € 43.9 million, ecotel was able to increase the equity ratio from 49.0% at the end of first quarter 2015 to 51.4% as of 31 March 2016 (31 December 2015: 43.8%).

ecotel is very satisfied with the developments at the beginning of financial year 2016. Profitable and sustainable growth in the Business Customers segment shows that ecotel is still on the right path. The downward development of the free cash flow and the net financial assets is reporting date related and does not reflect the operational situation. The company confirms the forecast published in the 2015 consolidated annual report and continues to expect revenue of € 95–105 million and EBITDA in the corridor of € 7.0–8.5 million for the current financial year 2016.

Düsseldorf, in May 2016



Peter Zils
(Chairman)



Johannes Borgmann
(Deputy Chairman)



Achim Theis

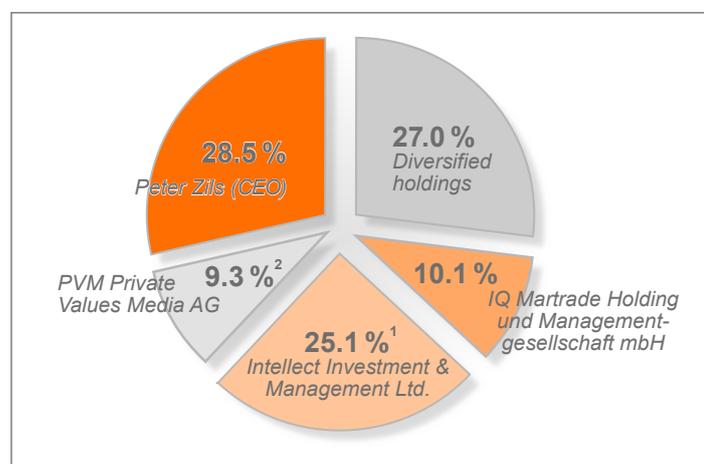
Overview of the ecotel share

The ecotel share started the year 2016 at € 8.40. During the course of the first quarter the price of the share ranged from € 7.70 to € 9.30. In the first three months of 2016 the development of the ecotel share was therefore above the level of the German share index DAX and also that of TecDAX, closing the quarter at a price of € 8.60. With a total of 3.51 million outstanding shares this results in market capitalization of € 30.0 million (31 March 2015: € 38.3 million). The average trading volume in the first three months totalled 2,663 shares (Q1 2015: 3,613 shares).

Shareholder structure

As of 31 March 2016 the share capital of ecotel communication ag totalled 3,510,000 shares. This means that there was no change in the share capital in comparison with 31 December 2015. In the first quarter there was no change in the company's shareholder structure. The major shareholders remain Peter Zils with a share of 28.5%, Intellect Investment & Management Ltd. with a share of 25.1%, IQ Martrade Holding und Managementgesellschaft mbH with a share of 10.1% and PVM Private Values Media AG with a share of 9.3% of the share capital. The diversified holdings total 27%.

Shareholdings (31/03/2016) in percent



¹ according to the last notice of 09/07/2009 prior to call-in of treasury shares (capital stock in shares: 3,900,000)

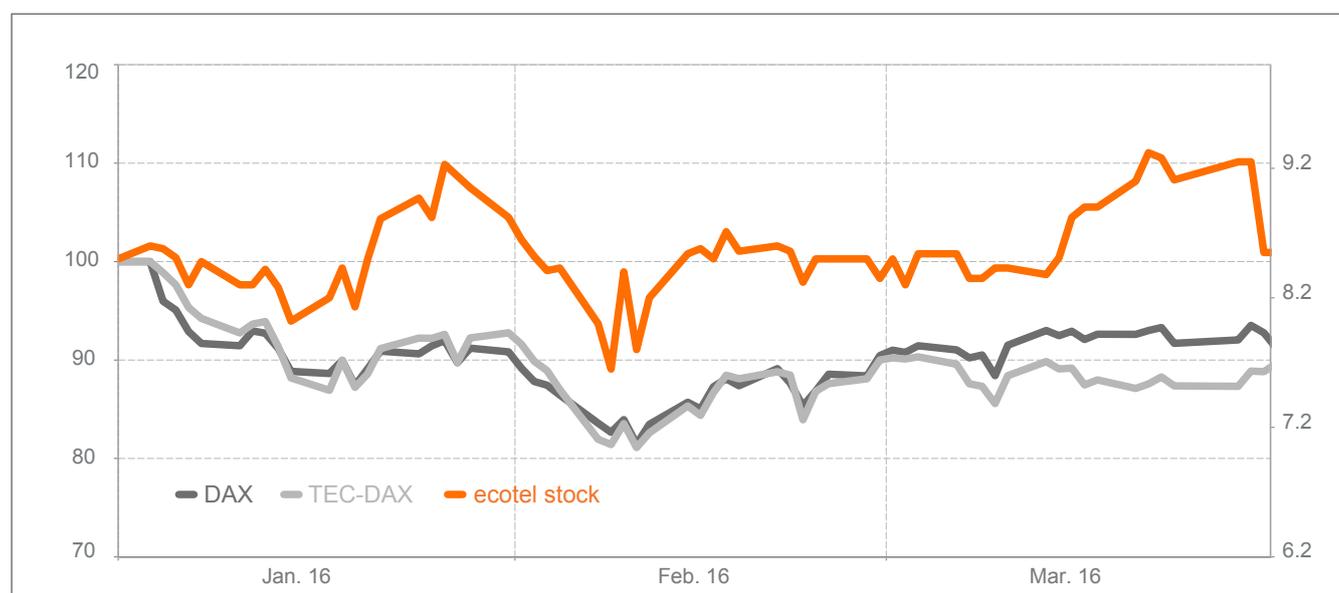
² according to the last notice of 07/04/2011 prior to call-in of treasury shares (capital stock in shares: 3,900,000)

Key figures Ø 2016

WKN	585434
ISIN	DE0005854343
Symbol	E4C
Market segment since 08/08/2007	Prime Standard
Index affiliation	CDAX, Prime All Share Technology All Share
Class	Non par value shares
Date of first listing	29/03/2006
Number of shares as of 31/03/2016	3,510,000
Average daily trading volume 2016	2,663
High share price 2016 (€)	9.25
Low share price 2015 (€)	7.65
Market capitalisation as of 31/03/2016 (million €)*	30.0
Designated sponsor	Close Brothers Seydler Bank AG

* Based on the closing price of € 8.60 per share for 3,510,000 outstanding shares as of 31 March 2016

Price trend of the ecotel stock in 2015 in percent



Significant developments and events in the group in first quarter 2016

In the quarterly comparison, **consolidated revenue** increased by € 3.9 million to € 29.9 million. In addition to increased revenue of € 3.3 million in the Wholesale Solutions segment, ecotel's high-margin Business Customers (B2B) segment also improved significantly in comparison with the previous year by € 0.8 million or 8% to € 11.4 million. Revenue in the New Business segment decreased by € 0.2 million to € 4.3 million. Since turnover in the Wholesale Solutions segment is possible only to a limited extent, the Management Board adheres to the published forecast for consolidated revenue of € 95–105 million for the year 2016.

EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortisation – reached € 1.9 million in the first quarter 2016. In comparison with the first quarter 2015 this is a decrease of € 0.8 million, but it must be taken into account that ecotel received one-time revenue in the first quarter of the previous year from a legal dispute that ended in a settlement totalling € 1.3 million before expenses. However, in comparison with the previous quarter (Q4 2015: € 1.6 million), EBITDA increased by € 0.3 million. With respect to EBITDA the Management Board likewise adheres to the published forecast of € 7.0–8.5 million for the year 2016.

In the first quarter 2016 ecotel achieved **consolidated profit** of € 0.3 million (Q1 2015: € 0.8 million). This results in **earnings per share** of € 0.10 (Q1 2015: € 0.22).

Free cash flow in the first three months of 2016 totalled € –0.9 million (Q1 2015: € 1.6 million). This substantial difference of € 2.6 million is not due to operational reasons, but instead is the result of delayed incoming payments of receivables, which were not received until the beginning of April due to the Easter weekend. In addition, a bonus payment of an upstream supplier was still outstanding at the end of the quarter. Both of these effects burdened the free cash flow by a total of € 2.0 million. Consequently, **net financial assets** decreased by € 1.0 million to € 1.6 million in comparison with end of year 2015. This decrease corresponds to the free cash flow development.

By the end of the first quarter 2016 ecotel was able to increase the **equity ratio** to 51.4%. Due to an unusually high balance sheet total, the equity ratio at the end of the year 2015 was still at a level of 43.8%. Equity in the first quarter 2016 increased to € 22.6 million.

Launch of company's own local exchange network

On the basis of state-of-the-art NGN technology ecotel is now an independent local exchange network operator throughout the Federal Republic of Germany. In addition to the established business of processing preliminary products, ecotel can therefore design completely independent IT/telecom products and rates. The focus will be on the development of future-viable NGN and All-IP services for business customers. ecotel is now capable of migrating customers who were previously served by conventional ISDN-based telephone networks to an efficient, innovative IP infrastructure.

The ecotel NGN product series offers comprehensive solutions for all access types and VoIP scenarios. These include the emulation of ISDN access (PMX or S0) by means of a corresponding gateway making it possible to retain existing telecommunications systems without modification, as well as the parallel operation of ISDN and SIP Trunk with the option of full migration to SIP at a later time. Immediate migration from ISDN to SIP by means of porting as a native VoIP solution is of course the milestone of ecotel's innovative NGN portfolio.

Continued financial restructuring of mvneco GmbH

Financial restructuring of mvneco GmbH continued at the beginning of the year 2016. The shareholders of mvneco GmbH have allocated all existing receivables from loans to the capital reserves. This has significantly improved the ratio of equity to total assets of mvneco GmbH. In the first quarter 2016 ecotel received revenue totalling € 38 thousand from the financial investment mvneco GmbH, which is measured at equity.

Consolidated balance sheet as of 31 March 2016 (unaudited)

€	31/12/2015	31/03/2016
Assets		
A. Non-current assets		
I. Intangible assets	12,721,593.12	12,550,658.21
II. Fixed assets	8,509,599.41	8,245,697.57
III. Financial assets measured at equity	91,894.28	560,813.80
IV. Other financial assets	679,112.59	0.00
V. Deferred income tax claims	26,882.00	13,441.00
Total non-current assets	22,029,081.40	21,370,610.58
B. Current assets		
I. Trade receivables	17,716,539.91	12,665,850.01
II. Other financial assets	1,707,447.99	1,725,353.01
III. Other non-financial assets	822,220.02	1,442,355.75
IV. Actual income tax claims	219,505.35	219,505.35
V. Cash and cash equivalents	7,745,070.99	6,478,710.04
Total current assets	28,210,784.26	22,531,774.16
Total assets	50,239,865.66	43,902,384.74

Consolidated balance sheet as of 31 March 2016 (unaudited)

€	31/12/2015	31/03/2016
Liabilities		
A. Equity capital		
I. Subscribed capital	3,510,000.00	3,510,000.00
II. Capital reserves	1,833,254.38	1,833,254.38
III. Other reserves	14,249,014.04	14,591,728.12
Shares of the owners of the parent company	19,592,268.42	19,934,982.50
IV. Shares of other shareholders	2,424,947.24	2,645,838.68
Total equity capital	22,017,215.66	22,580,821.18
B Non-current liabilities		
I. Deferred income tax	875,554.03	888,576.37
II. Non-current loans	3,963,541.00	3,514,582.00
Total non-current liabilities	4,839,095.03	4,403,158.37
C. Current liabilities		
I. Current taxes on earnings	507,738.99	394,087.90
II. Current loans	1,170,834.00	1,379,168.00
III. Accounts payable	19,449,137.48	13,182,624.54
IV. Provisions	22,500.00	16,500.00
V. Other financial liabilities	1,125,609.86	1,062,884.34
VI. Other non-financial liabilities	1,107,734.64	883,140.41
Total current liabilities	23,383,554.97	16,918,405.19
Total liabilities	50,239,865.66	43,902,384.74

Consolidated profit statement

for the first quarter 2016 and for the first three months of 2015 (unaudited)

€		1/1 – 31/03/2015	1/1 – 31/03/2016
1.	Sales revenue	26,016,221.66	29,912,499.96
2.	Other revenues or gains	1,179,192.97	200,859.92
3.	Other company-manufactured items capitalized	0.00	64,259.50
4.	Total operating performance	27,195,414.63	30,177,619.38
5.	Cost of materials		
	Expenses for services purchased	– 19,104,041.92	– 22,834,115.72
6.	Personnel costs		
6.1	Wages and salary	– 2,637,118.26	– 2,686,152.18
6.2	Social contributions and expenses for pensions and benefits	– 412,972.55	– 418,561.53
7.	Scheduled depreciations	– 972,008.23	– 1,016,379.77
8.	Unscheduled depreciations		
8.1	Non-current assets	– 215,634.88	0.00
9.	Other operating expenses	– 2,363,333.68	– 2,385,724.36
10.	Operating result (EBIT)	1,493,305.11	836,685.82
11.	Financial income	9,328.59	1,001.14
12.	Financial expenses	– 89,545.08	– 71,964.87
13.	Earnings from financial assets measured at equity	– 126.85	37,915.42
14.	Financial result	– 80,343.34	– 33,048.31
15.	Earnings from normal business activities before income tax	1,412,961.77	803,637.51
16.	Taxes from income and revenue	– 433,390.74	– 240,031.99
17.	Surplus (= total consolidated profit)	979,571.03	563,605.52
18.	Allocation of the surplus to the		
18.1	Owners of the parent company (consolidated surplus)	781,342.34	342,714.08
18.2	Shares of other shareholders	198,228.69	220,891.44

€		1/1 – 31/03/2015	1/1 – 31/03/2016
	Undiluted earnings per share	0.22	0.10
	Diluted earnings per share	0.22	0.10

Due to lack of data, the »other comprehensive income« is not reported.

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Disclaimer**Exclusion of liability:**

This report (especially the »Outlook« section) contains forward-looking statements, which reflect the current views of the ecotel Management with respect to future events. They are generally characterised by the words »expect«, »assume«, »presume«, »intend«, »estimate«, »strive«, »set as a goal«, »plan«, »become«, »aspire to«, »outlook« and similar expressions and generally contain information that refers to the expectations or goals for sales revenue, EBITDA or other performance-related standards. Forward-looking statements are based on current plans, estimates and expectations. They should therefore be viewed with caution. Such statements involve risks and uncertain factors, most of which are difficult to assess and which generally are beyond the control of ecotel.

Other possible factors that can significantly affect the cost and revenue development are changes in interest rates, regulatory requirements, stronger than expected competition, changes in technologies, legal disputes and supervisory developments. If these or other risks and factors of uncertainty occur, or if the assumptions on which the statements are based turn out to be incorrect, ecotel's actual results can diverge substantially from those expressed or implied in these statements.

ecotel can make no guarantee that the expectations or goals will be achieved. ecotel – notwithstanding existing capital market obligations – refuses to accept any responsibility whatsoever for updating the forward-looking statements by taking into account new information or future events or other matters.

In addition to the key figures presented in accordance with IFRS, ecotel also presents pro forma key figures, such as gross profit, EBITDA, EBITDA margin, free cash flow and gross and net financial obligations, which are not covered by the accounting regulations. These key figures are intended as a supplement, but not as a substitute for the information presented in accordance with IFRS. Pro forma key figures are subject neither to IFRS nor other generally applicable accounting regulations. Other companies may base these fundamentals on other definitions.