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Quarterly Statement
for 1st quarter

Amounts in million €	1 st quarter 2016 (IFRS)	1 st quarter 2017 (IFRS)
Profit and loss account		
Revenue	29.9	26.9
Business Solutions	11.4	11.6
Wholesale	14.3	11.0
New Business	4.3	4.3
Gross earnings	7.1	7.3
Business Solutions	5.5	5.6
Wholesale	0.1	0.1
New Business	1.5	1.6
EBITDA ¹	1.9	1.8
in % of revenue	6.2%	6.7%
Operating result (EBIT)	0.8	0.7
Consolidated profit ²	0.3	0.3
Earnings per share in € ³	0.10	0.07

Amounts in million €	1 st quarter 2016 (IFRS)	1 st quarter 2017 (IFRS)
Cash flow		
Cash and cash equivalents as of 01/01	7.7	7.5
Cash flow from ongoing business activities	-0.6	0.7
Cash flow from investment activities	-0.3	-1.4
Cash flow from financing activities	-0.3	2.4
Financial resources as of 31/03	6.5	9.2

Amounts in million €	1 st quarter 2016 (IFRS)	1 st quarter 2017 (IFRS)
Balance sheet		
Balance sheet total	43.9	47.0
Equity	22.6	22.9
in % of the balance sheet total	51.4%	48.8%
Net financial assets	1.6	2.7

Amounts in million €	1 st quarter 2016 (IFRS)	1 st quarter 2017 (IFRS)
Other key figures		
Number of shares as of 31/03 (outstanding shares)	3,510,000	3,510,000
Free cash flow ⁴	-0.9	-0.7
Employees as of 31/03 ⁵	217	222

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,

We are pleased to report that ecotel is continuing to grow and that we are extremely well positioned for the current technological transformation in the telecommunications sector. In the profitable core segment Business Customers (B2B) revenue increased in the first quarter to € 11.6 million (previous year: € 11.4 million). It was possible to make up for the slight decline in revenue in the New Business segment over the past few quarters, with a total of € 4.3 million, which corresponds to the level of the previous year's comparison period. In the low-margin segment of Wholesale Solutions, which is difficult to plan, revenue decreased to € 11.0 million (previous year: € 14.3 million). Consolidated revenue in the first quarter totalled € 26.9 million (previous year: € 29.9 million).

Consolidated gross profit increased in the first quarter 2017 by € 0.2 million to € 7.3 million. With a gross profit margin of more than 48%, this was achieved essentially by the Business Customers (B2B) segment.

Consolidated EBITDA totalled € 1.8 million (previous year: € 1.9 million). The slight decline is explained by substantial advance investments and expenses incurred by the Group in the first quarter 2017 for the successful implementation of major projects, for which no revenue exists as of yet. In addition, the Group continues to invest in process automation, in order to satisfactorily manage the current increase in migrations of customer access to All-IP technology, as well as the simultaneous increase in order acquisitions. Fortunately, the EBITDA development in the first quarter 2017 nevertheless exceeds our original expectations in all segments and companies.

At the start of the financial year the Group secured the investments for further growth by taking out an additional long-term loan, as well as an additional credit facility. Previous investments, especially for the provision of high-performance customer equipment, result in a negative free cash flow of € 0.7 million and a decrease in the net financial assets to € 2.7 million.

In the past months we have been working on the successful implementation of key accounts acquired last year. A demanding VPN project for a regional cooperative bank with more than 100 locations was successfully completed, for example, and another major project for one of Germany's biggest textile retailers with more than 1,000 locations got off to a successful start. In addition, a major radio streaming project in new media solutions, which belongs to the New Business segment, is about to be successfully completed. The positive results on revenue and profit should become successively apparent in the coming quarters.

Finally, we acquired another major project from the ROSSMANN drug store chain for connection of more than 2,000 stores to the company headquarters.

The first quarter 2017 makes us optimistic that we will be able to easily overcome the risks of the technological transformation and the increased challenges for successful implementation of major projects. For this reason, the Management Board is adjusting the EBITDA forecast for 2017. With consolidated revenue of € 95–115 million, the Management Board expects EBITDA in a corridor between € 7.0 and 8.0 million.

Düsseldorf, in May 2017



Peter Zils
Chief Executive Officer



Achim Theis
Management Board

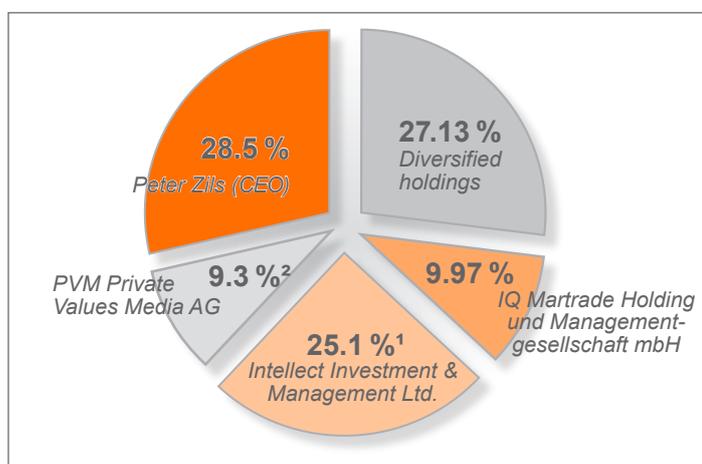
Overview of the ecotel share

The ecotel share started the year 2017 at € 7.98. During the course of the first quarter 2017 the price of the share ranged from € 7.72 to € 8.70. Compared to the German share index DAX and also TecDAX the development of the ecotel share was weaker in the second half of the first quarter. The ecotel share closed the first quarter at a price of € 8.14. With a total of 3.51 million outstanding shares this results in market capitalization of € 28.6 million (31 March 2016: € 30.0 million). The average trading volume in the first three months totalled 4,623 shares (Q1 2016: 2,663 shares).

Shareholder structure

As of 31 March 2017 the share capital of ecotel communication ag remained unchanged at 3,510,000 shares. There were no significant changes in the shareholder structure. Peter Zils (CEO of the company) holds a share of 28.5%, Intellect Investment & Management Ltd. a share of 25.1%, IQ Martrade Holding und Managementgesellschaft mbH a share of 9.97% and Private Value Media AG a share of 9.3% of the company's stock. The diversified holdings remained at approximately 27%.

Shareholdings (31/03/2017) 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)

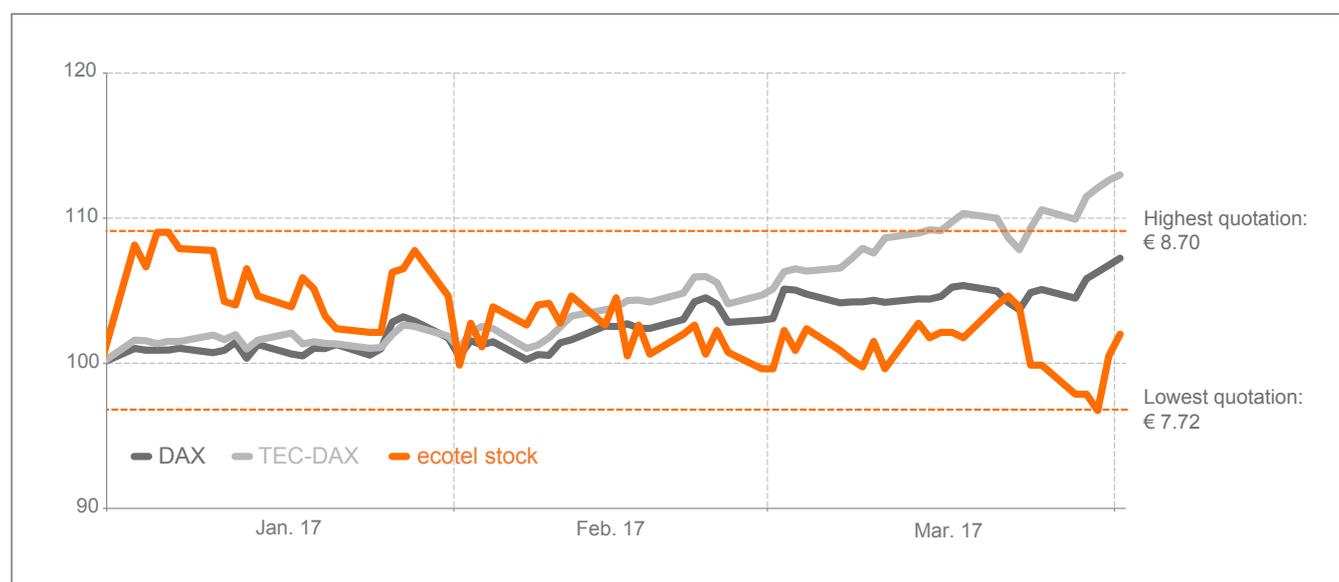
² according to the last notice of 07/04/2011 prior to call-in of treasury shares (capital stock in shares: 3,900,000)

Key figures Ø 2017

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 31/03/2017	3,510,000
Average daily trading volume 2017	4,623
High share price 2017 (€)	8.70
Low share price 2017 (€)	7.72
Market capitalisation as of 31/03/2017 (million €)*	28.6
Designated sponsor	Close Brothers Seydler Bank AG

* Based on the closing price of € 8.14 per share for 3,510,000 outstanding shares as of 31 March 2017

Price trend of the ecotel stock in 2017 in percent



Significant developments in the Group in first quarter 2017

Consolidated revenue decreased by € 3.0 million to € 26.9 million in the first quarter 2017. In the high-margin core segment Business Solutions, however, revenue increased by € 0.2 million to € 11.6 million. Revenue in the New Business Segment remained constant at € 4.3 million. The drop in total revenue was the result of decreased revenue in the low-margin and difficult to plan Wholesale Solutions segment. In that segment revenue in the first three months totalled € 11.0 million (Q1 2016: € 14.3 million). Altogether, consolidated revenue fulfilled the expectations, so that we can stick to the published forecast for consolidated revenue of € 95–115 million for the year 2017.

EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortisation – reached € 1.8 million in the first quarter 2017 (Q1 2016: € 1.9 million). The gross profit increase to € 7.3 million (Q1 2016: € 7.1 million) is compensated by higher personnel expenses (+ € 0.2 million) and higher other operating expenses (+ € 0.1 million). In the first quarter 2017 the Group incurred substantial advance investments for the successful implementation of major projects, for which no revenue existed as of yet or for which no margin could be reported. The EBITDA development in the first quarter nevertheless exceeds the original expectations in all segments and companies. The Management Board therefore raises the forecast for EBITDA in 2017 and expects EBITDA in a corridor between € 7.0 and 8.0 million.

In the first quarter 2017 ecotel achieved **consolidated profit** of € 0.3 million (Q1 2016: € 0.3 million). This results in **earnings per share** of € 0.07 (Q1 2016: 0,10 EUR).

Free cash flow in the first three months of 2017 totalled € –0.7 million (Q1 2016: € –0.9 million). At the start of the financial year the Group secured the investments for further growth by taking out an additional long-term loan of € 3.0 million, as well as an additional credit facility, likewise of € 3.0 million. As expected, there were higher payments for maintenance contracts and one-time payments to suppliers at the beginning of the calendar year. Investments of € 1.4 million (Q1 2016: € 0.3 million), essentially for high-performance customer equipment for implementation of major projects and for the transformation from ISDN to ALL-IP, result in a negative free cash flow.

Consolidated balance sheet as of 31 March 2017 (unaudited)

€	31/12/2016	31/03/2017
Assets		
A. Non-current assets		
I. Intangible assets	12,515,062.59	12,493,645.87
II. Fixed assets	8,471,686.18	8,807,022.62
III. Financial assets measured at equity	589,255.97	668,637.30
V. Deferred income tax claims	168,079.33	192,054.88
Total non-current assets	21,744,084.07	22,161,360.67
B. Current assets		
I. Trade receivables	9,295,198.15	12,799,603.80
II. Other financial assets	1,750,714.19	914,254.88
III. Other non-financial assets	674,474.72	1,314,631.28
IV. Actual income tax claims	601,529.51	619,736.86
V. Cash and cash equivalents	7,453,782.80	9,237,009.24
Total current assets	19,775,699.37	24,885,236.06
Total assets	41,519,783.44	47,046,596.73

Consolidated balance sheet as of 31 March 2017 (unaudited)

€	31/12/2016	31/03/2017
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	14,275,530.10	14,538,351.49
Shares of the owners of the parent company	19,618,784.48	19,881,605.87
IV. Shares of other shareholders	2,829,118.52	3,056,271.50
Total equity capital	22,447,903.00	22,937,877.37
B. Non-current liabilities		
I. Deferred income tax	718,362.53	759,948.86
II. Non-current loans	2,167,705.00	4,718,746.00
Total non-current liabilities	2,886,067.53	5,478,694.86
C. Current liabilities		
I. Current taxes on earnings	411,291.13	459,290.01
II. Current loans	1,795,836.00	1,795,836.00
III. Accounts payable	11,673,700.31	14,502,537.41
IV. Provisions	28,500.00	28,500.00
V. Other financial liabilities	1,328,049.77	1,026,766.10
VI. Other non-financial liabilities	948,435.70	817,084.98
Total current liabilities	16,185,812.91	18,630,024.50
Total liabilities	41,519,783.44	47,046,596.73

Consolidated profit statement

for the first quarter 2017 and for the first three months of 2016 (unaudited)

€		1/1 – 31/03/2016	1/1 – 31/03/2017
1.	Sales revenue	29,912,499.96	26,863,988.96
2.	Other revenues or gains	200,859.92	131,820.75
3.	Other company-manufactured items capitalized	64,259.50	156,858.55
4.	Total operating performance	30,177,619.38	27,152,688.26
5.	Cost of materials		
	Expenses for services purchased	–22,834,115.72	–19,576,246.14
6.	Personnel costs		
6.1	Wages and salary	–2,686,152.18	–2,868,772.85
6.2	Social contributions and expenses for pensions and benefits	–418,561.53	–464,508.21
7.	Scheduled depreciations	–1,016,379.77	–1,101,818.23
8.	Other operating expenses	–2,385,724.36	–2,453,529.66
9.	Operating result (EBIT)	836,685.82	687,793.17
10.	Financial income	1,001.14	8.92
11.	Financial expenses	–71,964.87	–68,896.74
12.	Earnings from financial assets measured at equity	37,915.42	79,381.33
13.	Financial result	–33,048.31	10,493.51
14.	Earnings from normal business activities before income tax	803,637.51	698,286.68
15.	Taxes from income and revenue	–240,031.99	–208,312.31
16.	Surplus (= total consolidated profit)	563,605.52	489,974.37
17.	Allocation of the surplus to the		
17.1	Owners of the parent company (consolidated surplus)	342,714.08	262,821.39
17.2	Shares of other shareholders	220,891.44	227,152.98

€		1/1 – 31/03/2016	1/1 – 31/03/2017
	Undiluted earnings per share	0.10	0.07
	Diluted earnings per share	0.10	0.07

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.