



2017

Quarterly Statement
for the 3rd quarter

Amounts in million €	9 months 2016 (IFRS)	9 months 2017 (IFRS)	3 rd quarter 2016 (IFRS)	3 rd quarter 2017 (IFRS)
Profit and loss account				
Revenue	90.4	95.6	31.3	33.3
Business Solutions	33.8	35.2	11.2	12.0
Wholesale	44.0	47.6	16.0	17.0
New Business	12.6	12.8	4.1	4.3
Gross earnings	21.3	21.9	7.1	7.3
Business Solutions	16.3	16.6	5.4	5.5
Wholesale	0.2	0.3	0.1	0.1
New Business	4.8	4.9	1.6	1.7
EBITDA^{1,2}	5.1	5.2	1.6	1.8
in relation to revenue	5.6 %	5.4 %	5.0 %	5.4 %
Operating result (EBIT)	1.9	1.6	0.5	0.5
Consolidated profit ³	0.6	0.4	0.1	0.0
Earnings per share in € ⁴	0.17	0.10	0.04	0.00

Amounts in million €	9 months 2016 (IFRS)	9 months 2017 (IFRS)
Cash flow		
Financial resources at beginning of period	7.7	7.5
Cash flow from ongoing business activities	4.1	3.6
Cash flow from investment activities	-2.4	-4.1
Cash flow from financing activities	-2.1	0.4
Financial resources as of 30/09	7.3	7.4

Amounts in million €	9 months 2016 (IFRS)	9 months 2017 (IFRS)
Balance sheet		
Balance sheet total	46.9	47.1
Equity	22.0	22.2
in % of the balance sheet total	47.0 %	47.1 %
Net financial assets	2.8	1.6

Amounts in million €	9 months 2016	9 months 2017
Other key figures		
Number of shares as of 30/09 (outstanding shares)	3,510,000	3,510,000
Free cash flow (million €) ⁵	1.7	-0.4
Employees as of 30/09 ⁶	221	229

¹ Earnings before interest, taxes, depreciation and amortisation

² In Q3 2017 before expenses from the share in regulation (€ 0.1 million) of damages from manipulated contracts adversely affecting ecotel and other carriers

³ Corresponds to the consolidated profit after deduction of minority interests

⁴ Both undiluted and diluted

⁵ Free cash flow = cash flow from current business activities + cash flow from investment activities

⁶ Without minority companies (synergyPLUS GmbH, mvneco GmbH)

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Dear Shareholders,

With consolidated revenue of € 33.3 million in the third quarter 2017 (previous year: € 31.3 million) we continue on our course of growth. The high-margin core segment Business Customers (B2B) improved by 7 % to € 12.0 million in the quarterly comparison. We were able to more than compensate for the decrease in revenue from traditional ISDN transactions by successfully implementing large-scale projects and by the positive order situation in the classic B2B segment (new customers and product changes). Revenue in the New Business segment totalling € 4.3 million likewise increased by 5 % in the quarterly comparison. This was due to increases both within the easybell Group and in the new media solutions division of nacamar GmbH. In the low-margin segment of Wholesale Solutions, which is difficult to plan, revenue totalled € 17.0 million (previous year: € 16.0 million).

The group's gross profit in the third quarter increased slightly to € 7.3 million (previous year: € 7.1 million). The implementation of large-scale projects in the Business Customers segment and the related initial investments as well as one-time expenses for line migrations result in temporary impacts on the gross profit margin in this segment.

EBITDA increased in the third quarter 2017 to € 1.8 million (previous year: € 1.6 million). EBITDA is affected by both the one-time gross profit margin effects and by other temporary expenses. For example, ecotel had to pay a share of € 0.1 million for regulation of damages from manipulated contracts of a sales partner adversely affecting ecotel and other carriers; this amount is already accounted for in the reported figure of € 1.8 million. In addition, EBITDA in the core segment Business Customers was affected by expenses for targeted marketing of optical fibre access in commercial areas and for the improvement of customer service, as well as the development of operational areas for implementation of the high order volume, including the related system developments. Without these effects, EBITDA in the third quarter 2017 would have totalled € 2.0 million.

Consolidated EBIT in the third quarter remained unchanged at € 0.5 million in comparison with the previous year. In the first nine months of 2017 the group achieved EBIT of € 1.6 million (2016: € 1.9 million). The taxes on income and profit increased by a one-time figure of € 0.1 million due to taxes for previous years as the result of tax audits. Overall, in the first nine months ecotel earned consolidated profit totalling € 0.4 million (previous year: € 0.6 million), which resulted in earnings per share of € 0.10 (previous year: € 0.17).

Free cash flow in the third quarter totalled € 0.4 million (previous year: € 0.7 million). This decrease is the result of expected investments in high-performance customised hardware components, as well as advance investments for large-scale projects. Net financial assets as of 30 September 2017 totalled € 1.6 million (previous year: € 2.8 million). In the third quarter, based on a resolution of the Annual General Meeting, ecotel paid a cash dividend of € 0.23 per qualified share, which resulted in the total payment of € 0.8 million (previous year: € 0.8 million) to the shareholders.

The revenue development, especially in the Wholesale Solutions segment, and the temporary impact on revenue result in an adjustment of the forecast for 2017. We now expect higher consolidated revenue of € 120 to 130 million. In this context, revenue in the Business Customers segment will be in a corridor between € 47.0 and € 47.5 million, and revenue in the New Business segment will be in a corridor between € 16.5 and € 17.5 million. The Management Board expects EBITDA of about € 7.0 million at year's end, which is at the lower end of the forecast corridor.

The current investments in future growth and in new systems will enable ecotel to continue pushing ahead with the ongoing transformation from ISDN to All-IP. Management expects that the resulting gross profit increase in this area from about 50 to as high as 60 % will lead to significant increases in revenue in the coming years.

Düsseldorf, in November 2017



Peter Zils
(Management Board)



Achim Theis
(Management Board)

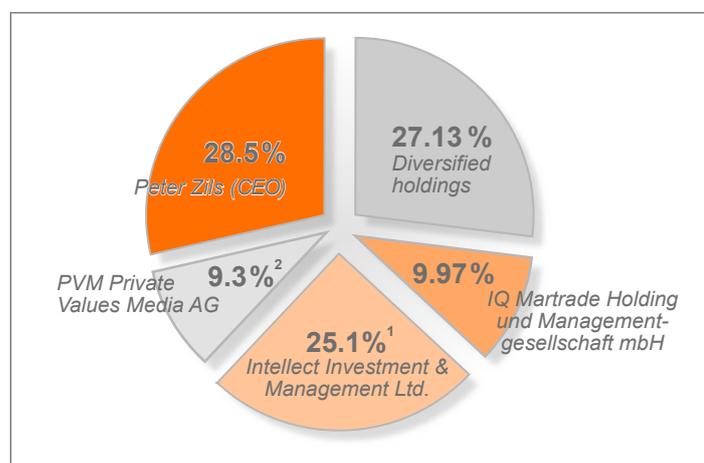
Overview of the ecotel share

The ecotel share started the year 2017 at € 7.98. In the first nine months of 2017 the price of the share ranged from € 7.72 to € 10.38. The closing price was € 9.38 on 30 September 2017. This increase of about 18 % is a very positive development, exceeding the DAX-30, which increased by about 12 % in this period. The TEC-DAX improved by about 34 % in the same period. A total of 3.51 million outstanding shares results in market capitalization of € 32.9 million (previous year: € 30.4 million). The average trading volume in the first nine months totalled 3,984 shares (previous year: 2,182 shares).

Shareholder structure

As of 30 September 2019 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 2016. The major shareholders remain Peter Zils, Intellect Investment & Management Ltd., IQ Martrade Holding und Managementgesellschaft mbH and PVM Private Values Media AG. In accordance with the resolution of the Annual General Meeting in July, ecotel paid a dividend of € 0.23/qualified share (previous year: € 0.23), which resulted in the total payment of € 807 thousand (previous year: € 807 thousand).

Shareholdings (30/09/2017) in percent



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

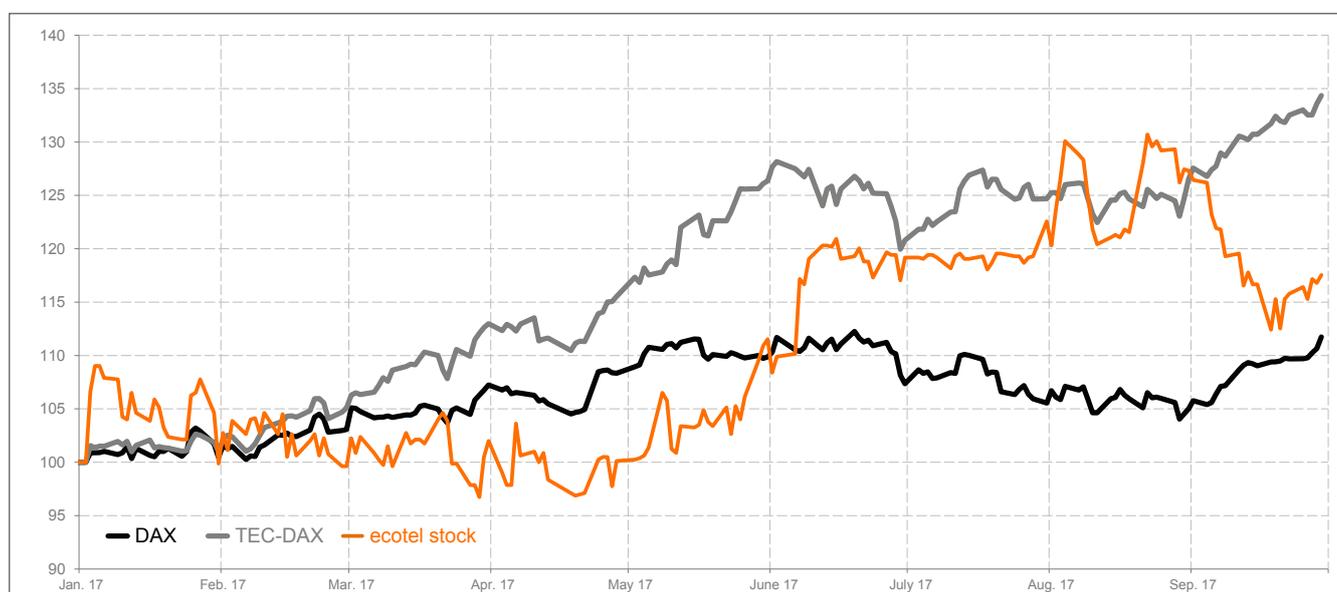
² according to the last notice of 07/04/2011 prior to call-in of treasure shares (capital stock in shares: 3,900,000)

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 30/09/2017	3,510,000
Average daily trading volume 2017	3,984
High share price 2017 (€)	10.38
Low share price 2017 (€)	7.72
Market capitalisation as of 30/09/2017 (million €)*	32.9
Designated sponsor	Close Brothers Seydler Bank AG

* Based on the closing price of € 9.38 per share for 3,510,000 outstanding shares as of 30 September 2017

Price trend of the ecotel stock in 2017 in percent



Consolidated balance sheet as of 30 September 2017 (unaudited)

€	31/12/2016	30/09/2017
Assets		
A. Non-current assets		
I. Intangible assets	12,515,062.59	12,489,713.19
II. Fixed assets	8,471,686.18	9,090,507.03
III. Financial assets measured at equity	589,255.97	774,760.92
V. Deferred income tax claims	168,079.33	330,855.57
Total non-current assets	21,744,084.07	22,685,836.71
B. Current assets		
I. Trade receivables	9,295,198.15	13,584,324.17
II. Other financial assets	1,750,714.19	1,669,354.41
III. Other non-financial assets	674,474.72	914,688.35
IV. Actual income tax claims	601,529.51	840,663.50
V. Cash and cash equivalents	7,453,782.80	7,393,835.91
Total current assets	19,775,699.37	24,402,866.34
Total assets	41,519,783.44	47,088,703.05

Consolidated balance sheet as of 30 September 2017 (unaudited)

€	31/12/2016	30/09/2017
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	13,824,797.50
Shares of the owners of the parent company	19,618,784.48	19,168,051.88
IV. Shares of other shareholders	2,829,118.52	2,990,424.62
Total equity capital	22,447,903.00	22,158,476.50
B. Non-current liabilities		
I. Latent income tax	718,362.53	778,096.89
II. Non-current loans	2,167,705.00	4,145,828.00
Total non-current liabilities	2,886,067.53	4,923,924.89
C. Current liabilities		
I. Actual income tax	411,291.13	841,858.55
II. Current loans	1,795,836.00	1,633,336.00
III. Accounts payable	11,673,700.31	15,491,654.73
IV. Provisions	28,500.00	18,500.00
V. Other financial liabilities	1,328,049.77	1,151,592.56
VI. Other non-financial liabilities	948,435.70	869,359.82
Total current liabilities	16,185,812.91	20,006,301.66
Total liabilities	41,519,783.44	47,088,703.05

Consolidated profit statement

for the third quarter 2017 and for the first nine months of 2017 (unaudited)

	€	1 st –3 rd quarter 2016	1 st –3 rd quarter 2017	3 rd quarter 2016	3 rd quarter 2017
1.	Sales revenue	90,423,587.10	95,642,357.53	31,263,475.48	33,323,398.06
2.	Other revenues or gains	518,653.48	391,274.28	143,215.66	127,412.39
3.	Other company-manufactured items capitalized	318,385.41	403,567.05	180,102.91	132,870.12
4.	Total operating performance	91,260,625.99	96,437,198.86	31,586,794.05	33,583,680.57
5.	Cost of materials				
	Expenses for services purchased	–69,126,270.10	–73,780,107.72	–24,191,498.24	–25,988,752.37
6.	Personnel costs				
6.1	Wages and salary	–8,288,760.46	–8,629,039.93	–2,864,081.91	–2,808,644.46
6.2	Social contributions and expenses for pensions and benefits	–1,283,891.84	–1,401,254.25	–440,402.73	–471,281.29
7.	Scheduled depreciations	–3,182,663.55	–3,470,863.48	–1,046,999.78	–1,229,228.59
8.	Other operating expenses	–7,506,336.83	–7,552,878.46	–2,517,892.36	–2,617,823.27
9.	Operating result (EBIT)	1,872,703.21	1,603,055.02	525,919.03	467,950.59
10.	Financial income	11,557.63	20.40	7.98	4.40
11.	Financial expenses	–225,101.44	–239,030.15	–80,612.05	–98,388.26
12.	Earnings from financial assets measured at equity	171,059.68	185,504.95	90,607.36	43,094.78
13.	Financial result	–42,484.13	–53,504.80	10,003.29	–55,289.08
14.	Earnings from normal business activities before income tax	1,830,219.08	1,549,550.22	535,922.32	412,661.51
15.	Taxes from income and revenue	–530,194.87	–541,676.72	–154,855.28	–187,898.73
16.	Surplus (= total consolidated profit)	1,300,024.21	1,007,873.50	381,067.04	224,762.78
17.	Allocation of the surplus to the				
17.1	Owners of the parent company (consolidated surplus)	597,262.85	356,367.40	147,969.24	1,778.54
17.2	Shares of other shareholders	702,761.36	651,506.10	233,097.80	222,984.24

€	1 st –3 rd quarter 2016	1 st –3 rd quarter 2017	3 rd quarter 2016	3 rd quarter 2017
Undiluted earnings per share	0.17	0.10	0.04	0.00
Diluted earnings per share	0.17	0.10	0.04	0.00

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.