



INTERIM MANAGEMENT
STATEMENT FOR THE
3RD QUARTER 2017

Results

Key Figures of 11880 Solutions Group at a glance

in EUR million	9M 2017	9M 2016	Variance absolute	Variance in percent
Revenues and earnings 11880 Solutions Group				
Revenues	30.7	34.0	-3.3	-10%
EBITDA ¹	-2.0	-1.3	-0.7	-
Net loss	-7.6	-7.7	0.1	-1%
Details Segments				
Revenues Digital	19.9	21.7	-1.8	-8%
EBITDA ¹ Digital	-1.6	-1.3	-0.3	-
Revenues Directory Assistance	10.8	12.3	-1.5	-12%
EBITDA ¹ Directory Assistance	-0.4	0.0	-0.4	-
Statement of financial position²				
Total assets	27.5	34.4	-6.9	-20%
Cash and cash equivalents ³	6.5	10.5	-4.0	-38%
Equity	16.0	23.5	-7.5	-32%
Equity ratio (in percent)	58%	68%	-	-
Cash flow				
Cash flow from operating activities	-2.4	-4.1	1.7	-
Cash flow from investment activities	2.5	4.1	-1.6	-
Cash flow from financing activities	-0.2	0.0	-0.2	-
Net Cash flow ⁴	-4.0	-6.9	2.9	-
Key figures for the 11880 share				
Earnings per share (in EUR)	-0.40	-0.41	0.01	-2%
Share price (in EUR) ⁵	0.83	0.98	-0.15	-16%
Market capitalisation	15.8	18.7	-2.9	-16%
Employees				
Number of employees ⁶ group	621	698	-77	-11%

1 Earnings before interest, tax and depreciation

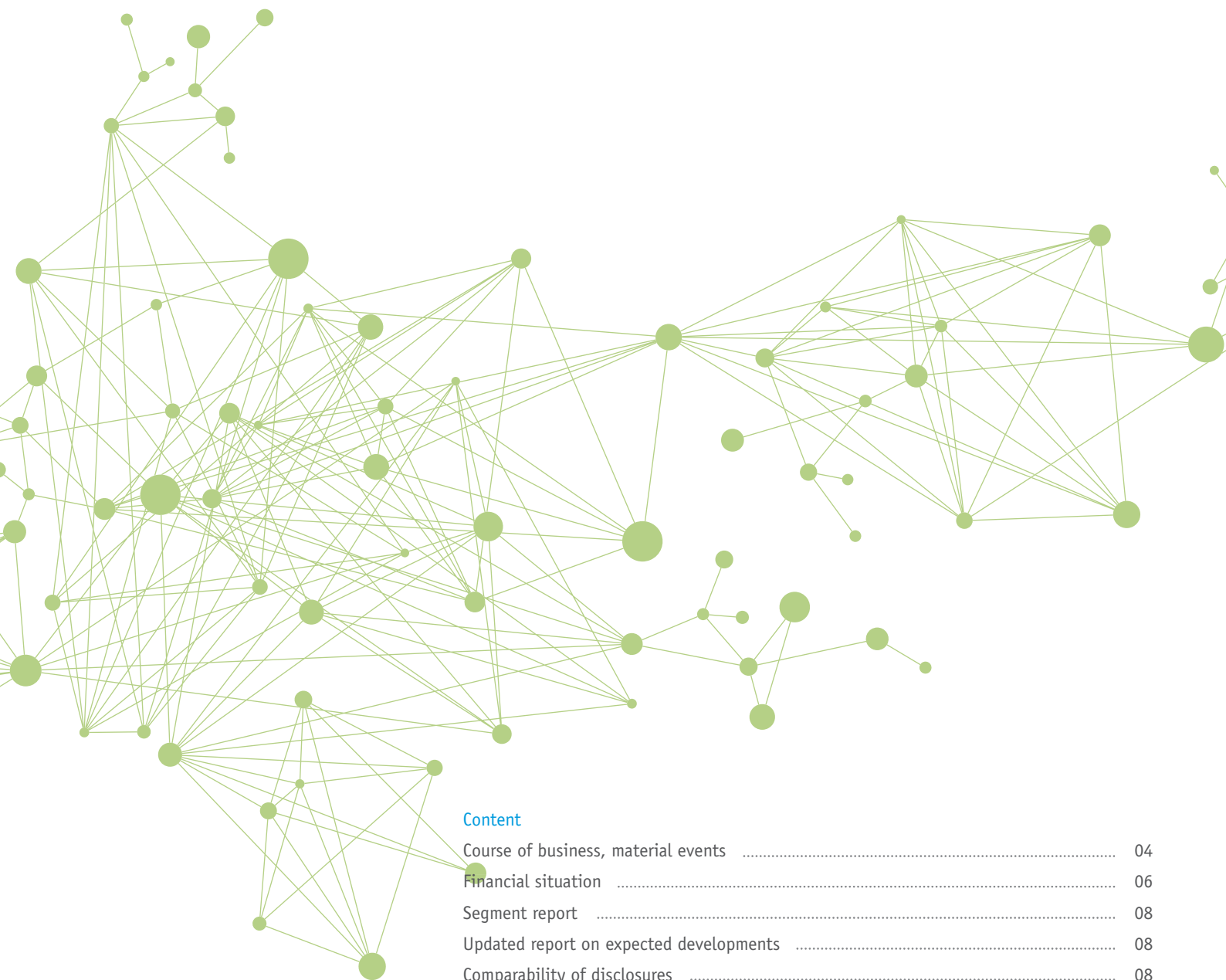
2 Comparative values as of December 31, 2016

3 Portfolio of cash and cash equivalents as well as financial assets, available for sale without restricted cash

4 The net cash flow is calculated as the operating cash flow plus cash flow from investing activities minus interest expenses, adjusted for the changes in money market and market for bond funds

5 Xetra-closing prices as of last trading day

6 Headcounts as of September 30, 2017



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Course of business, material events

During the current financial year, the 11880 Solutions Group is focusing its operational efforts on its new sector portals and the werkenntdenBESTEN.de search engine.


In the past year, 11880.com has launched 20 specialist portals in the most important trades and service sectors until today. In addition to obtaining comprehensive information about companies in their desired search area, consumers also receive useful tips and information and, most importantly, have the opportunity to ask for quotes for specific jobs from selected providers. This enables them to compare all quotes and choose the one that is right for them. Meanwhile, businesses receive specific inquiries from new customers without having to invest in online marketing which usually results in high levels of coverage waste.

In September 2017, the 11880.com sector portal launched its first skill for Amazon's cloud-based voice service Alexa – an emergency pharmacy search. Upon request, Alexa quickly and dependably names the nearest open emergency pharmacy to the user. To do this, the 11880.com emergency pharmacy search accesses the user's individual location data. The Company is working intensively on developing additional skills for Alexa.

The werkenntdenBESTEN.de review search engine rounds off the Group's information offering perfectly, as online reviews are now cited by around 75 percent of consumers as the most important factor in their purchasing decisions. By creating werkenntdenBESTEN.de, the first independent search engine for online reviews, the 11880 Solutions Group has developed a platform that offers unparalleled value for both consumers and companies. The site gathers all of the customer reviews published online for a service provider, doctor, tradesman or fitness studio in one place. The werkenntdenBESTEN.de review search engine reliably assists users searching for service providers from all industry sectors by accessing more than 40 million online reviews from different portals.

The listing service 11880 Solutions AG launched 18 months ago is becoming a best-seller in the target group of small and mid-sized companies. Some 15,000 enterprises are already using this product. 11880.com guarantees that they will be placed in over 30 search engines with up-to-date company data, which allows them to be easily found online by new customers.

Through a sweeping reorganisation of its internal processes, 11880 Solutions AG has taken the last big step in its complete restructuring. In the new organisation, the links between the Product and Sales units are now much stronger. The Technology units has been structured in a more team-orientated manner and is benefiting from comprehensive digitalisation. This has led to a further reduction of personnel resources.





Earnings (EBITDA) in the first nine months of 2017 are within the range of the guidance published for the full 2017 financial year. Consolidated revenues are also developing as planned. The digital business accounted for around 65 percent of consolidated revenues as of the end of the third quarter of 2017. Due to the continuing downturn in the market, revenues from traditional voice-based directory assistance declined by around 12 percent year-on-year as expected. Cash funds declined from EUR 10.5 million to EUR 6.5 million compared with 31 December 2016 (not including restricted cash of EUR 0.2 million), which significantly surpassed expectations. The budget provided for EUR 5.1 million as of the reporting date and the forecast envisioned EUR 5.9 million. Encouragingly, the implementation of extensive measures enabled the Group to achieve a significant year-on-year reduction in selling and distribution costs and general administrative expenses in particular.

Andrea Servo resigned from his post as a member of the Supervisory Board with effect from 19 January 2017. At the Annual General Meeting on 27 June 2017, Gabriela Fabotti, Chief Financial Officer of 11880 Solutions AG's shareholder Italiaonline, was elected to the Supervisory Board. Management Board member Michael Geiger is leaving the Company effective 31 December 2017. From 1 January 2018, Chief Executive Officer Christian Maar will manage the business of 11880 Solutions AG as the sole member of the Management Board. 11880 Solutions AG intends to withdraw from the Austrian and Armenian markets before the end of 2017 and will liquidate and sell its companies there.



Financial situation

Results of operations

Consolidated revenues as of the 30 September 2017 reporting date were EUR 30.7 million (previous year: EUR 34.0 million).

At EUR 19.7 million, the consolidated cost of revenues as of the end of the third quarter of 2017 did not change year-on-year (previous year: EUR 19.7 million).

Selling and distribution costs were reduced from EUR 13.5 million to EUR 11.4 million, a EUR 2.1 million or 16 percent improvement. This was achieved by reducing personnel expenses, depreciation and amortisation, and general administrative expenses.

The general administrative expenses incurred in the first nine months decreased by 11 percent year-on-year, from EUR 8.4 million to EUR 7.5 million. Factors contributing to the reduction of expenses mainly included the planned and successfully implemented personnel measures and the cost efficiency reflected in general administrative expenses.

Earnings after taxes improved slightly year-on-year, from EUR -7.7 million to EUR -7.6 million. The operating loss remained more or less stable at EUR -7.9 million (previous year: EUR -7.7 million). Consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) fell by EUR 0.7 million year-on-year, from EUR -1.3 million to EUR -2.0 million. Overall, the decline in revenues by EUR 3.3 million was compensated by cost savings.

Net assets and financial position

Capital expenditures

Capital expenditures as of 30 September 2017 totalled EUR 3.7 million (previous year: EUR 4.5 million). Expenditures focused on product improvements and innovations in the Digital segment. Total capital expenditures also include capitalised customer contracts of EUR 1.4 million (previous year: EUR 1.5 million) and capitalised customer websites in the amount of EUR 0.6 million (previous year: EUR 1.0 million).

Statement of financial position

As of 30 September 2017, total assets amounted to EUR 27.5 million, showing a decrease of EUR 6.9 million compared with 31 December 2016 (31 December 2016: EUR 34.4 million).

Current assets declined from EUR 23.2 million to EUR 18.5 million. This was due mainly to the decrease in available-for-sale financial assets by EUR 3.9 million. As of 30 September 2017, the 11880 Solutions Group had investments in short-term money market and

bond funds that are reported as available-for-sale financial assets. The fair value of these investments was EUR 5.8 million (31 December 2016: EUR 9.7 million). One of the reasons for the decrease in trade accounts receivable by EUR 1.0 million, from EUR 10.3 million as of 31 December 2016 to EUR 9.3 million, was a considerably more efficient receivables management.

As of the reporting date, the Group had non-current assets worth EUR 9.0 million (31 December 2016: EUR 11.2 million). The decline by EUR 2.2 million stemmed from the decrease in property and equipment and intangible assets as a result of depreciation and amortisation.

On the liabilities side, current liabilities increased by EUR 0.8 million to EUR 10.3 million (31 December 2016: EUR 9.5 million). Accrued current liabilities fell from EUR 5.7 million to EUR 5.3 million, primarily due to the decrease in provisions for personnel. Other current liabilities increased by EUR 1.4 million, from EUR 3.0 million as of 31 December 2016 to EUR 4.4 million as of the 30 September 2017 reporting date. This increase is mainly attributable to the development of deferred income. Revenue included in deferred income will be reversed proportionally over the coming months, which will increase revenue accordingly.

The 11880 Solutions Group has no significant non-current liabilities, no liabilities in foreign currencies and no loan liabilities to banks.

Equity declined by EUR 7.5 million to EUR 16.0 million compared to 31 December 2016 (31 December 2016: EUR 23.5 million), reflecting the net loss for the period.

Cash flow & financing

Cash flow from operations as of the end of the third quarter of 2017 amounted to EUR -2.4 million, compared to EUR -4.1 million during the prior-year period.

The cash inflow from investing activities in the first nine months amounted to EUR 2.5 million (previous year: EUR 4.1 million). The cash flow from investing activities includes the purchase and sale of money market funds and bond funds. The year-on-year decrease in cash inflow is attributable mainly to the lower volume of sales of available-for-sale financial assets (until 30 September 2017: EUR 4.0 million; until 30 September 2016: EUR 7.0 million).

The cash flow from financing activities was EUR -0.2 million in the first nine months (previous year: EUR 0.0 million).

Cash funds

Cash funds, cash and cash equivalents as well as current available-for-sale financial assets at the end of the period declined from EUR 10.5 million to EUR 6.5 million compared with 31 December 2016 (not including restricted cash of EUR 0.2 million), which significantly surpassed expectations. The budget provided for EUR 5.1 million as of the reporting date and the forecast envisioned EUR 5.9 million. The decrease in cash funds by EUR 4.0 million (net cash flow) corresponds to the sum of the cash flow from operations of EUR -2.3 million adjusted for the market valuation of securities, the cash flow from investing activities of EUR -1.5 million adjusted for the sale of fund shares and the cash flow from financing activities of EUR -0.2 million.

Segment report

At EUR 19.9 million, revenues in the Digital business were down year-on-year (previous year: EUR 21.7 million). However, the number of new customers in this line of business rose sharply, which is not yet reflected in revenue but clearly in deferred income. Please see the disclosures on the statement of financial position in this regard. The Digital business now accounts for around 65 percent of total revenue (previous year: 64 percent). Nine-month earnings (EBITDA) as of the reporting date were EUR -1.6 million (previous year: EUR -1.3 million).

The traditional directory assistance business accounted for EUR 10.8 million of total revenues (previous year: EUR 12.3 million). As expected, earnings (EBITDA) fell by EUR -0.4 million in the first nine months to EUR -0.4 million (previous year: EUR 0.0 million).

Updated report on expected developments

Consolidated revenues, EBITDA and cash funds are developing in line with expectations.

Comparability of disclosures

The 9-month report for 2017 and the consolidated financial statements for the year ended 31 December 2016 are available on the 11880 Solutions AG website at: <https://ir.11880.com/finanzberichte>.

Planegg-Martinsried, 30 October 2017
The Management Board



Consolidated Financial Statements

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Consolidated income statement (IFRS)

in kEUR	Quarterly Report (unaudited)		9-Months Report (unaudited)	
	1.7. - 30.09.2017	1.7. - 30.09.2016	1.1. - 30.09.2017	1.1. - 30.09.2016
Continuing operations				
Revenues	10,308	10,994	30,703	33,950
Cost of revenues	-7,067	-6,361	-19,694	-19,675
Gross profit	3,241	4,633	11,009	14,275
Selling and distribution costs	-3,776	-4,173	-11,430	-13,535
General administrative expenses	-2,659	-2,662	-7,460	-8,447
Other operating income	4	0	5	21
Other operating expense	0	-1	-1	-14
Operating income (loss)	-3,190	-2,203	-7,877	-7,700
Interest income	0	0	105	133
Interest expense	-6	-5	-17	-32
Gain (loss) from marketable securities	7	-6	42	-17
Gain (loss) on foreign currency translation	-2	0	-3	0
Financial income (loss)	-1	-11	127	84
Income (loss) before income tax	-3,191	-2,214	-7,750	-7,616
Current income tax	0	-38	-1	-154
Deferred income tax	16	209	190	54
Income tax	16	171	189	-100
Net income (loss) from continuing operations	-3,175	-2,043	-7,561	-7,716
Discontinued operations				
Net income (loss) from discontinued operations	0	-6	0	-33
Net income (loss)	-3,175	-2,049	-7,561	-7,749
Attributable to:				
Owners of the parent	-3,175	-2,049	-7,561	-7,749
Non-controlling interests	0	0	0	0
	-3,175	-2,049	-7,561	-7,749
Earnings per share for net income (loss) for the reporting period attributable to ordinary equity holders of the parent (in euro)	-0.17	-0.11	-0.40	-0.41
Earnings per share for continuing operations for net income (loss) for the reporting period attributable to ordinary equity holders of the parent (in euro)	-0.17	-0.11	-0.40	-0.41
Earnings per share for discontinued operations for net income (loss) for the reporting period attributable to ordinary equity holders of the parent (in euro)	0.00	0.00	0.00	0.00

Consolidated statement of comprehensive income (IFRS)

	Quarterly Report (unaudited)		9-Months Report (unaudited)	
in kEUR	1.7. - 30.09.2017	1.7. - 30.09.2016	1.1. - 30.09.2017	1.1. - 30.09.2016
Net income (loss)	-3,175	-2,049	-7,561	-7,749
Other comprehensive income (loss)				
Items that can be reclassified subsequently to profit or loss				
Available for sale financial assets - Changes of the fair value, net	29	97	95	89
Available for sale financial assets - Reclassification to profit or loss, net	-4	8	-34	-5
Foreign currency translation difference	0	0	1	-1
Other comprehensive income (loss) after tax	25	105	62	83
Total comprehensive income (loss)	-3,150	-1,944	-7,499	-7,666
Thereof from:				
Continuing operations	-3,150	-1,938	-7,499	-7,633
Discontinued operations	0	-6	0	-33
	-3,150	-1,944	-7,499	-7,666
Attributable to:				
Owners of the parent	-3,150	-1,944	-7,499	-7,666
Non-controlling interests	0	0	0	0
	-3,150	-1,944	-7,499	-7,666

Consolidated statement of financial position (IFRS)

in kEUR	unaudited	unaudited	
	30 September 2017	30 September 2016	31 December 2016
ASSETS			
Current assets			
Cash and cash equivalents	682	902	801
Restricted cash	185	0	0
Trade accounts receivable	9,312	10,366	10,310
Current tax assets	80	126	132
Available for sale financial assets	5,813	10,664	9,691
Other financial assets	189	152	141
Other current assets	2,271	2,262	2,164
Total current assets	18,532	24,472	23,239
Non-current assets			
Goodwill	3,489	6,789	3,489
Intangible assets	4,174	6,557	5,982
Property and equipment	1,305	1,838	1,723
Other financial assets	2	2	2
Deferred tax assets	5	5	0
Total non-current assets	8,975	15,191	11,196
Total assets	27,507	39,663	34,435

in kEUR	(unaudited)	(unaudited)	
	30 September 2017	30 September 2016	31 September 2016
LIABILITIES AND EQUITY			
Current liabilities			
Trade accounts payable	526	679	737
Accrued liabilities	5,319	4,606	5,690
Provisions	23	17	72
Current tax liabilities	0	83	0
Other current liabilities	4,383	2,412	2,962
Total current liabilities	10,251	7,797	9,461
Non-current liabilities			
Provisions	533	727	593
Provisions for retirement benefits	243	48	243
Deferred tax liabilities	490	553	649
Total non-current liabilities	1,266	1,328	1,485
Total liabilities	11,517	9,125	10,946
Equity			
Share capital	19,111	19,111	19,111
Additional paid in capital	32,059	32,059	32,059
Retained earnings	-35,341	-20,721	-27,780
Other components of equity	161	89	99
Equity attributable to owners of the parent	15,990	30,538	23,489
Non-controlling interests			
Total equity	15,990	30,538	23,489
Total liabilities and equity	27,507	39,663	34,435

Consolidated statement of cash flows (IFRS)

in kEUR	(unaudited)	(unaudited)
	1.1. - 30.09.2017	1.1. - 30.09.2016
Cash flow from operating activities		
Income (loss) before income tax from continuing operations	-7,750	-7,616
Income (loss) before income tax from discontinuing operations	0	-33
Income (loss) before income tax	-7,750	-7,649
Adjustments for:		
Amortisation and impairment of intangible assets	3,218	4,064
Depreciation and impairment of property and equipment	711	804
Depreciation of current intangible assets	1,955	1,529
Gain (loss) on disposal of property and equipment	0	13
Interest income	-105	-133
Interest expense	17	32
Gain (loss) from marketable securities	-42	17
Gain (loss) on foreign currency translation	3	0
Valuation allowance for trade accounts receivable	-1,514	370
Gain (loss) from the sale of subsidiaries	0	33
Changes in non-current provisions	-69	-310
Changes in non-current other and financial assets	0	11
Operating loss before changes in operating assets and liabilities	-3,576	-1,219
Changes in operating assets and liabilities:		
Trade accounts receivable	2,229	76
Current intangible assets ¹	-1,960	-1,902
Miscellaneous current assets	-152	383
Trade accounts payable	6	-34
Current provisions	-48	-16
Accrued expenses and other current liabilities	1,055	-1,416
Income taxes received	51	6
Cash used in operating activities	-2,395	-4,122

in kEUR	1.1. - 30.09.2017	1.1. - 30.09.2016
Cash flow from investing activities		
Purchase of intangible assets excl. customer contracts	-1,246	-2,083
Purchase of customer contracts with contract period > 1 year	-18	-458
Purchase of property and equipment	-376	-176
Proceeds from sale of property and equipment	0	17
Disbursement for the sale of subsidiaries	0	-290
Disposal of available for sale financial assets	4,007	6,971
Interest received	105	133
Cash provided by investing activities	2,472	4,114
Cash flow from financing activities		
Disbursement for security deposit	-185	0
Interest paid	-9	-29
Cash used in financing activities	-194	-29
Effect of exchange rate changes on cash and cash equivalents	-2	-1
Change in cash and cash equivalents	-119	-38
Cash and cash equivalents at the beginning of reporting period	801	940
Cash and cash equivalents at the end of reporting period	682	902
Cash and cash equivalents as well as short-term available for sale financial assets at the end of reporting period	6,680	11,566

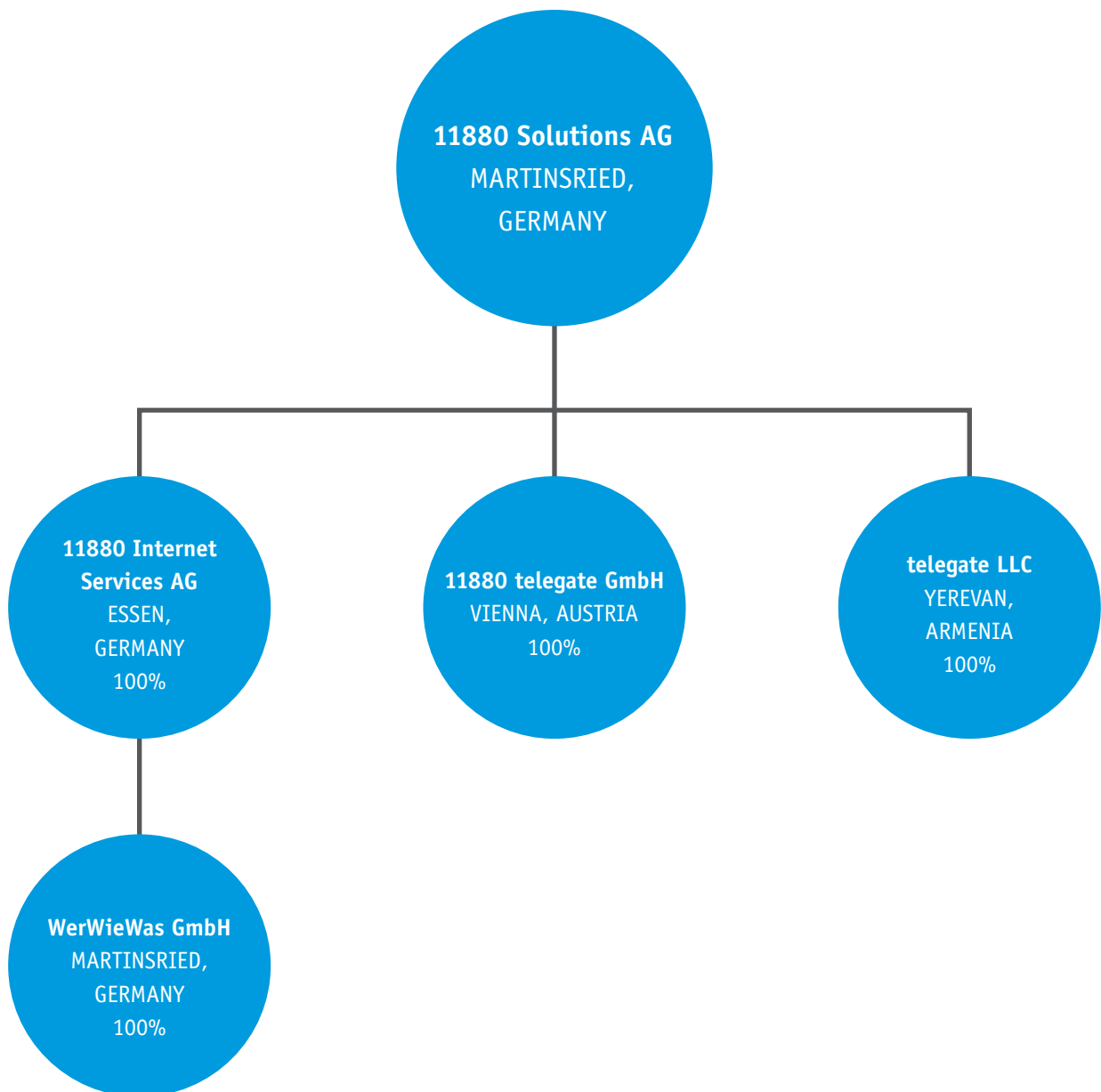
1) Current intangible assets include exclusively purchases for capitalized customer contracts and websites for customer with a contract period up to one year and are shown separately within the operating activities.

Consolidated statement of changes in equity (IFRS)

in kEUR	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Additional paid in capital	Retained earnings	Other components of equity	Total		
Balance at January 1, 2017	19,111	32,059	-27,780	99	23,489	0	23,489
Net income (loss)	-	-	-7,561	-	-7,561	-	-7,561
Available for sale							
financial assets	-	-	-	61	61	-	61
Foreign currency translation	-	-	-	1	1	-	1
Other comprehensive income (loss)	-	-	0	62	62	-	62
Total comprehensive income (loss)	0	0	-7,561	62	-7,499	0	-7,499
Balance at September 30, 2017	19,111	32,059	-35,341	161	15,990	0	15,990
Balance at January 1, 2016	19,111	32,059	-12,972	6	38,204	0	38,204
Net income (loss)	-	-	-7,749	-	-7,749	-	-7,749
Available for sale							
financial assets	-	-	-	84	84	-	84
Foreign currency translation	-	-	-	-1	-1	-	-1
Other comprehensive income (loss)	-	-	0	83	83	-	83
Total comprehensive income (loss)	0	0	-7,749	83	-7,666	0	-7,666
Balance at September 30, 2016	19,111	32,059	-20,721	90	30,538	0	30,538

Corporate structure

11880 Solutions Group





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Artwork

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11880 Internet Services AG

An abstract network diagram consisting of numerous circular nodes of varying sizes connected by thin, light-colored lines. The nodes are distributed across the page, with some larger nodes acting as hubs. The overall structure is complex and interconnected, suggesting a global or multi-scale network.

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