2017

Quarterly Statement

for the 2nd quarter

ecotel®

all around communication

Amounts in million €	1st half year 2016 (IFRS)	1st half year 2017 (IFRS)	2nd quarter 2016 (IFRS)	2nd quarter 2017 (IFRS)
Profit and loss account				
Revenue	**59.2**	**62.3**	**29.2**	**35.5**
Business Solutions	22.6	23.2	11.2	11.7
Wholesale	28.1	30.6	13.8	19.6
New Business	8.5	8.5	4.2	4.2
Gross earnings	**14.2**	**14.5**	**7.1**	**7.2**
Business Solutions	10.9	11.1	5.4	5.5
Wholesale	0.1	0.2	0.0	0.1
New Business	3.2	3.2	1.7	1.6
EBITDA [1]	**3.5**	**3.4**	**1.6**	**1.6**
in % of revenue	5.9 %	5.4 %	5.6 %	4.5 %
Operating result (EBIT)	1.3	1.1	0.5	0.4
Consolidated profit [2]	0.4	0.4	0.1	0.1
Earnings per share in € [3]	0.13	0.10	0.03	0.03

Amounts in million €	1st half year 2016 (IFRS)	1st half year 2017 (IFRS)
Cash flow		
Financial resources at beginning of period	7.7	7.5
Cash flow from ongoing business activities	2.3	1.9
Cash flow from investment activities	–1.3	–2.7
Cash flow from financing activities	–1.1	1.5
Financial resources as of 30/06	7.7	8.2

Amounts in million €	1st half year 2016 (IFRS)	1st half year 2017 (IFRS)
Balance sheet		
Balance sheet total	45.0	53.1
Equity	22.4	22.7
in % of the balance sheet total	49.8 %	42.9 %
Net financial assets	3.0	2.1

Amounts in million €	1st half year 2016 (IFRS)	1st half year 2017 (IFRS)
Other key figures		
Number of shares as of 30/06 (outstanding shares)	3,510,000	3,510,000
Free cash flow [4]	1.0	–0.8
Employees as of 30/06 [5]	214	237

[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)

Differences in the totals can occur due to commercial rounding.

Dear Shareholders,

Despite increasing investments in continued future growth, developments at our company in the first half year 2017 went as planned. Consolidated revenue increased by a total of € 3.1 million to € 62.3 million. The analysis of the high-margin core segment Business Customers (B2B) shows that revenue in the first half year increased by € 0.6 million to € 23.2 million; in comparison with the second quarter of the previous year, revenue increased by € 0.5 million to € 11.7 million.

Order acquisitions in the Business Customers segment also increased again in comparison with the previous year. In the first half year 2017, more orders were generated for All-IP products than in the entire previous year. Developments in the marketing of broadband Ethernet and optical fibre access were likewise very positive. We are continuing to push the transformation from conventional ISDN to All-IP products. The conversion of existing ISDN customers to the new All-IP solutions will also secure revenue as a result of new contract terms, while simultaneously increasing the gross profit margin.

The low-margin Wholesale Solutions segment grew in the first half year by € 2.5 million to € 30.6 million. Revenue in the New Business Segment remained constant at € 8.5 million. This segment is likewise undergoing transformations. The conventional call-by-call transactions of the easybell Group are being replaced by the new NGN voice products for private customers and increasingly also for business customers. In the area of new media solutions, which is also part of the New Business segment, nacamar was able to successfully implement the strategic realignment introduced in 2016 and now contributes to the group revenue with a positive EBITDA.

Total consolidated revenue increased in the first half year by € 0.3 million to € 14.5 million. The majority of this gross profit was due to revenue from the Business Customers segment totalling € 11.1 million (1st half year 2016: € 10.9 million). The gross profit margin in the B2B segment remained unchanged at 48 %, but is expected to rise continuously starting in 2018.

EBITDA in the first half year 2017 totalled € 3.4 million (1st half year 2016: € 3.5 million). In order to process the increasing order volume to the satisfaction of customers and partners, measures were initiated in 2016 to hire additional personnel in the operative areas as well. As a result of these measures, personnel expenses increased in the first half year 2017 to € 6.8 million (1st half year 2016: € 6.3 million). Consolidated profit, at € 0.4 million, remained slightly below the previous year's figure, resulting in earnings per share of € 0.10 (1st half year 2016: € 0.13).

The expected investments in high-performance customised hardware components and advance investments for major projects result in a negative free cash flow of € 0.8 million for the first half year. As a result, net financial assets decreased as expected to € 2.1 million (1st half year 2016: € 3.0 million).

The group is taking advantage of the current opportunities for the future by investing in growth, even if this results in a temporary strain on revenue. Nevertheless, the Management Board can reaffirm its forecast for the year 2017 and continues to expect consolidated revenue of € 95 to 115 million and EBITDA of € 7.0 to 8.0 million. The Management Board is planning revenue in a corridor between € 45 and 48 million for the core segment Business Customers. For the Wholesale Solutions segment, which in our experience is subject to large fluctuations, revenue is currently expected at the upper end of the forecast corridor of € 35 to 50 million. The Management Board is planning revenue of € 15 to 17 million for the New Business segment.

Düsseldorf, in August 2017

Peter Zils
(Chairman)

Achim Theis
(Management Board)

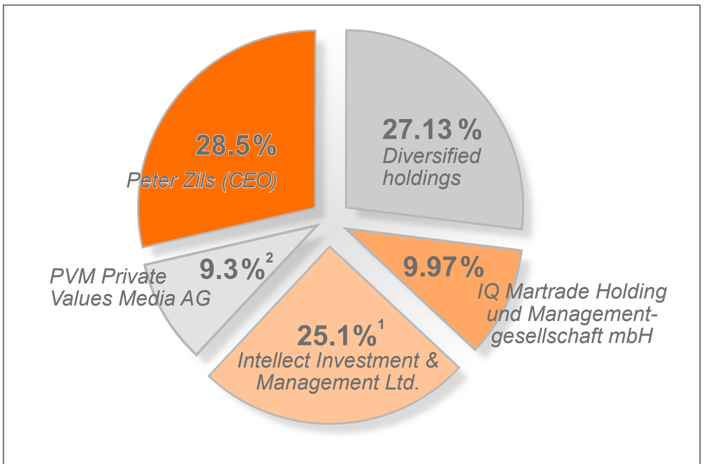
Overview of the ecotel share

The ecotel share started the year 2017 at € 7.98. During the course of the first half year the price of the share ranged from € 7.75 to € 9.65. By the end of the first half year the ecotel share was able to surpass the development of the German share index DAX and to improve in comparison with the development of the Tec DAX. The ecotel share closed the first half year 2017 at a price of € 9.51. With an unchanged total of 3.51 million outstanding shares this results in market capitalization of € 33.4 million (30 June 2016: € 28.1 million). The average trading volume totalled 4,493 shares (1st half year 2016: 2,210 shares).

Shareholder structure

As of 30 June 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 stock. The diversified holdings remained at approximately 27 %.

Shareholdings (30/06/2017) in percent



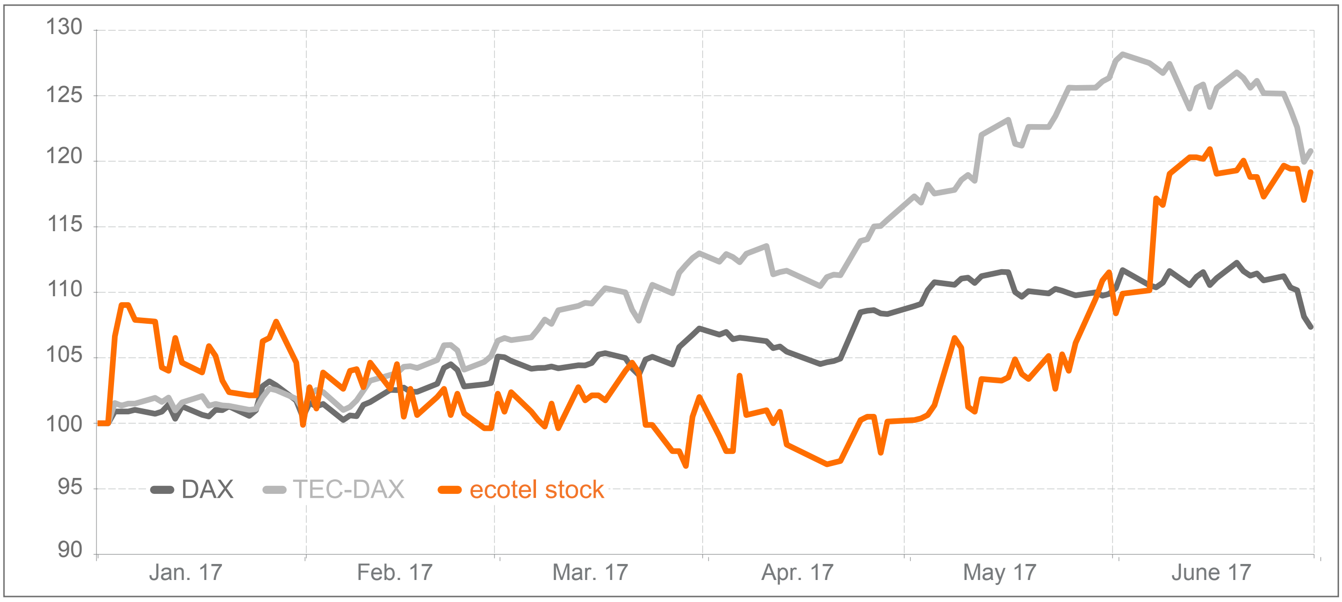
[1] *According to the last notice of 09/07/2009 prior to call-in of treasury shares (capital stock in shares: 3,900,000)*
[2] *According to the last notice of 07/04/2011 prior to call-in of treasure shares (capital stock in shares: 3.900.000)*

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 30/06/2017	3,510,000
Average daily trading volume 2017 (number)	4,493
High share price 2017 (€)	9.65
Low share price 2017 (€)	7.72
Market capitalisation as of 30/06/2017 (million €)*	33.4
Designated sponsor	Close Brothers Seydler Bank AG

* *Based on the closing price of € 9.51 per share for 3,510,000 outstanding shares as of 30 June 2017*

Price trend of the ecotel stock in 2017 in percent



Earnings and performance

In the first half year 2017 ecotel achieved **consolidated revenue** of € 62.3 million. That corresponds to an increase of € 3.1 million over the first half year 2016. In the quarterly comparison consolidated turnover increased to € 35.5 million (1st half year 2016: € 29.2 million).

Revenue in the **core segment Business Customers (B2B)** increased to € 23.2 million (1st half year 2016: € 22.6 million). In the quarter comparison, there was an increase of € 0.5 million to € 11.7 million in the second quarter 2017. In this segment the current technological transformation and the ensuing changes in the product mix, as well as the opportunities associated with the transformation from ISDN to All-IP and the effects of major projects created the most substantial effects.

In the **Wholesale Solutions segment,** which in our experience is subject to large fluctuations, revenue in the first half year totalled € 30.6 million (1st half year 2016: € 28.1 million).

In the **New Business segment,** which comprises the transactions of the easybell Group and nacamar, turnover remained stable both in the half year comparison (€ 8.5 million) and the quarter comparison (€ 4.2 million).This segment is likewise affected by transformation processes. For example, the conventional call-by-call transactions of the easybell Group are declining as expected, and the easybell Group is growing with respect to access and new NGN voice products. At nacamar, the strategic realignment started in the previous year is successfully affecting the earnings situation.

Consolidated **gross profit** increased in the first half year by € 0.3 million to € 14.5 million. This gross profit was due in part to revenue from the Business Customers segment totalling € 11.1 million (1st half year 2016: € 10.9 million). The gross profit margin in the B2B segment remained nearly unchanged at 48 %.

EBITDA in the first half year 2017 totalled € 3.4 million (1st half year 2016: € 3.5 million). The increased order volume in the second half year 2017 resulted in the hiring of additional personnel in operational areas in order to ensure successful implementation to the satisfaction of our customers and partners. As a result, **personnel expenses** increased to € 6.8 million (1st half year 2016: € 6.3 million). It was not possible to fully compensate this increase by means of savings and improved efficiency in other operating expenses (€ 4.9 million; 1st half year 2016: € 5.0 million).

Depreciations totalled € 2.2 million (1st half year 2016: € 2.1 million). This increase is the result of necessary investments in high-performance and custom hardware components for the implementation of projects.

As a result ecotel achieved **EBIT** in the first half year 2017 of € 1.1 million (1st half year 2016: € 1.3 million); EBIT in the second quarter 2017 totalled € 0.4 million (1st half year 2016: € 0.5 million).

The **financial result** improved in comparison with the first half year 2016 by € 0.1 million to € 0.0 million. In addition to scheduled slightly lower interest expenses from long-term loans, mvneco GmbH is also partially responsible for this positive development. The company is valued at equity in the consolidated financial statements and contributed a share of € 0.1 million to the consolidated revenue.

The group's **tax expenses** in the first half year 2017 totalled € 0.4 million (1st half year 2016: € 0.4 million).

These developments resulted in **total consolidated profit** for the first half year 2017 of € 0.8 million (1st half year 2016: € 0.9 million).

After deducting the shares of other shareholders in the surplus, ecotel shareholders are entitled to a profit **(consolidated surplus)** of € 0.4 million (1st half year 2016: € 0.4 million). This corresponds to **earnings per share** of € 0.10 (1st half year 2016: € 0.13).

Financial position

In the first half year 2017 ecotel made high investments in intangible assets and property, plant and equipment, as expected. In addition to the available base line, ecotel products also comprise high-performance and custom hardware components in the form of customer routers and similar devices. This was made necessary by the current positive order volume and the implementation of key account contracts acquired last year. The result was a negative **free cash flow** of € 0.8 million (1st half year 2016: € +1.0 million). The consolidated cash and cash equivalents totalled € 8.2 million as of 30 June 2017 (1st half year 2016: € 7.7 million).

The **cash flow from ongoing business,** at € 1.9 million, was below the previous year's level (€ 2.3 million). At the end of the first half year 2017 the revenue volume in the Wholesale Solutions segment increased significantly. The result of this is that both the trade receivables and the payables increased substantially in comparison with the end of the year 2016. In addition, the trade receivables from the first-time revenue for successfully completed key account projects likewise increased. However, most of the incoming payments from those projects were not received until after 30 June 2017. This effect was primarily responsible for the decrease in cash flow from ongoing business.

The **outflow of funds from investment activities** totalled € 2.7 million (1st half year 2016: € 1.3 million). In addition to the aforementioned substantial increase in investments in property, plant and equipment, the repayment of equity totalling € 0.2 million in the previous year from companies valued at equity also affected this comparison.

Cash flow from financing activities in the first half year 2017 totalled € 1.5 million. In the previous year, the outflow of funds totalling € 1.1 million was reported. For example, ecotel took out a long-term loan for € 3.0 million at the beginning of the year. In addition, the payments for the repayment of loans increased as expected to € 0.9 million (1st half year 2016: € 0.5 million).

Net worth

The consolidated **balance sheet total** increased substantially in comparison with the end of the year 2016 to € 53.1 million (31/12/2016: € 41.5 million). An increase in transactions in the Wholesale Solutions segment at the end of the first half year 2017 resulted in a substantial increase in the trade receivables and payables.

There was an increase in **non-current assets** since the investments in intangible assets and property, plant and equipment (€ 2.7 million) exceeded the depreciations (€ 2.2 million). An increase in the **current assets** was due in particular to the aforementioned effect in the Wholesale Solutions segment. In addition, cash and cash equivalents increased to € 8.2 million as of 30 June 2017.

Non-current liabilities increased to € 5.2 million (31/12/2016: € 2.9 million) due to a new loan taken out at the beginning of the financial year.

Corresponding to the increase in trade receivables, **current liabilities** increased to € 25.1 million (31/12/2016: € 16.2 million).

The **equity** increased to € 22.7 million (31/12/2016: € 22.4 million). While the share of other shareholders (minorities) remained identical at € 2.8 million, the share in equity allocated to the shareholders of ecotel communication ag increased to € 20.0 million.

Despite the increase in equity, the **equity ratio** decreased to 42.9 % (31/12/2016: 54.1 %) due to the substantial increase of the balance sheet total.

Risk report

The business activities of the ecotel Group are subject to the opportunities and risks of the telecommunications market and the company-specific risks. The group uses a corresponding risk management system and an internal control system to identify and control these risks.

In this connection we point out the information in the risk report of the 2016 Group management report, which remains valid with respect to the current risk and opportunity situation.

Outlook

The Management of ecotel communication ag reaffirms the forecast published in the 2016 Annual Report, also taking into account the partial increase within the framework of the Q1 quarterly report and expects consolidated turnover for the year 2017 of € 95 to 115 million, as well as EBITDA of € 7.0 to 8.0 million. The Management Board is planning revenue in a corridor between € 45 and 48 million for the core segment Business Customers. For the Wholesale Solutions segment, which in our experience is subject to large fluctuations, revenue is expected at the upper end of the forecast corridor of € 35 to 50 million. The Management Board is planning revenue of € 15 to 17 million for the New Business segment. In this connection we refer to the information in the forecast report of the 2016 Group management report, which remains valid.

Supplementary report

After the balance sheet date, there were no events of major significance for the ecotel Group that substantially affect the financial, asset and earnings situation of the group.

Consolidated balance sheet as of 30 June 2017 (unaudited)

€	31/12/2016	30/06/2017
Assets		
A. Non-current assets		
I. Intangible assets	12,515,062.59	12,491,395.40
II. Fixed assets	8,471,686.18	8,921,927.08
III. Financial assets measured at equity	589,255.97	731,666.14
IV. Deferred income tax claims	168,079.33	244,601.70
Total non-current assets	**21,744,084.07**	**22,389,590.32**
B. Current assets		
I. Trade receivables	9,295,198.15	19,252,923.09
II. Other financial assets	1,750,714.19	1,438,099.81
III. Other non-financial assets	674,474.72	996,942.04
IV. Actual income tax claims	601,529.51	803,139.33
V. Cash and cash equivalents	7,453,782.80	8,175,145.42
Total current assets	**19,775,699.37**	**30,666,249.69**
Total assets	**41,519,783.44**	**53,055,840.01**

Consolidated balance sheet as of 30 June 2017 (unaudited)

€	31/12/2016	30/06/2017
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	14,630,118.96
Shares of the owners of the parent company	**19,618,784.48**	**19,973,373.34**
IV. Shares of other shareholders	2,829,118.52	2,767,640.38
Total equity capital	**22,447,903.00**	**22,741,013.72**
B. Non-current liabilities		
I. Deferred income tax	718,362.53	783,333.55
II. Non-current loans	2,167,705.00	4,432,287.00
Total non-current liabilities	**2,886,067.53**	**5,215,620.55**
C. Current liabilities		
I. Current taxes on earnings	411,291.13	625,035.32
II. Current loans	1,795,836.00	1,633,336.00
III. Accounts payable	11,673,700.31	20,707,633.47
IV. Provisions	28,500	28,500
V. Other financial liabilities	1,328,049.77	1,143,596.71
VI. Other non-financial liabilities	948,435.70	961,104.24
Total current liabilities	**16,185,812.91**	**25,099,205.74**
Total liabilities	**41,519,783.44**	**53,055,840.01**

Consolidated profit statement

for the second quarter 2017 and for the first half year 2017 (unaudited)

€		1st half year 2016	1st half year 2017	2nd quarter 2016	2nd quarter 2017
1.	**Sales revenue**	**59,160,111.62**	**62,318,959.47**	**29,247,611.66**	**35,454,970.51**
2.	Other revenues or gains	375,437.82	263,861.89	174,577.90	132,041.14
3.	Other company-manufactured items capitalized	138,282.50	270,696.93	74,023.00	113,838.38
4.	**Total operating performance**	**59,673,831.94**	**62,853,518.29**	**29,496,212.56**	**35,700,850.03**
5.	Cost of materials				
5.1	Expenses for services purchased	–44,934,771.86	–47,791,355.35	–22,100,656.14	–28,215,109.21
6.	Personnel costs				
6.1	Wages and salary	–5,424,678.55	–5,820,395.47	–2,738,526.37	–2,951,622.62
6.2	Social contributions and expenses for pensions and benefits	–843,489.11	–929,972.96	–424,927.58	–465,464.75
7.	Scheduled depreciations	–2,135,663.77	–2,241,634.89	–1,119,284.00	–1,139,816.66
8.	Other operating expenses	–4,988,444.47	–4,935,055.19	–2,602,720.11	–2,481,525.53
9.	**Operating result (EBIT)**	**1,346,784.18**	**1,135,104.43**	**510,098.36**	**447,311.26**
10.	Financial income	11,549.65	16.00	10,548.51	7.08
11.	Financial expenses	–144,489.39	–140,641.89	–72,524.52	–71,745.15
12.	Earnings from financial assets measured at equity	80,452.32	142,410.17	42,536.90	63,028.84
13.	**Financial result**	**–52,487.42**	**1,784.28**	**–19,439.11**	**–8,709.23**
14.	**Earnings from normal business activities before income tax**	**1,294,296.76**	**1,136,888.71**	**490,659.25**	**438,602.03**
15.	Taxes from income and revenue	–375,339.59	–353,777.99	–135,307.60	–145,465.68
16.	**Surplus (= total consolidated profit)**	**918,957.17**	**783,110.72**	**355,351.65**	**293,136.35**
17.	Allocation of the surplus to the				
17.1	**Owners of the parent company (consolidated surplus)**	**449,293.61**	**354,588.86**	**106,579.53**	**91,767.47**
17.2	Shares of other shareholders	469,663.56	428,521.86	248,772.12	201,368.88

€	1st half year 2016	1st half year 2017	2nd quarter 2016	2nd quarter 2017
Undiluted earnings per share	0.13	0.10	0.03	0.03
Diluted earnings per share	0.13	0.10	0.03	0.03

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

Consolidated cash flow statement for the first half year 2017 (unaudited)

Thousand €	1st half year 2016	1st half year 2017
Earnings from normal business activities before income tax	1,294	1,137
Net interest income	78	93
Depreciation and amortisation expense	2,136	2,242
Earnings from financial assets measured at equity	–80	–142
Profit (–) / loss (+) from retirements of intangible assets	-30	2
Increase (–) / decrease (+) in the trade receivables	4,194	–9,958
Increase (–) / decrease (+) in receivables and other assets	305	–86
Increase (+) / decrease (–) in the accounts payable	–4,373	9,047
Increase (+) / decrease (–) in liabilities (without financial debts)	–711	–120
Paid (–) / received (+) income tax	–554	–342
Inflow of funds from ongoing business activities	**2,258**	**1,872**
Payments made for investments in intangible assets and property, plant, and equipment	–1,514	–2,670
Deposits from repayment of equity from companies valued at equity	248	0
Interest paid in	12	0
Outflow of funds from investment activities	**–1,254**	**–2,670**
Inpayment from taking out financing loans	0	3,000
Payments to non-controlling shareholders	–490	–490
Payments for repayment of financing loans	–481	–898
Interest paid out	–89	–93
Cash flow from financing activities	**–1,061**	**1,519**
Change in funds balance affecting the balance sheet	**–56**	**721**
Funds balance at start of period	7,745	7,454
Funds balance at end of period	**7,689**	**8,175**

Differences in the totals can occur due to commercial rounding.

Development of consolidated equity as of 30 June 2017 (unaudited)

			Retained earnings				
Amounts in thousand €	Sub-scribed capital	Capital reserves	Other retained earnings	Consol-idated profit	Equity capital to be allocated to share-holders of ecotel communi-cation ag	Shares of non-controlling share-holders	Total[1]
As per 01 January 2016	**3,510**	**1,833**	**12,626**	**1,623**	**19,592**	**2,425**	**22,017**
Reposting of previous year's earnings	0	0	1,623	–1,623	0	0	0
Distributions	0	0	0	0	0	–490	–490
Change in equity capital not affecting the earnings	**0**	**0**	**1,623**	**–1,623**	**0**	**–490**	**–490**
Consolidated profit for 1st half year 2016	0	0	0	449	449	470	919
Change in equity capital affecting the earnings	**0**	**0**	**0**	**449**	**449**	**470**	**919**
As per 30 June 2016	**3,510**	**1,833**	**14,249**	**449**	**20,042**	**2,045**	**22,446**
As per 01 January 2017	**3,510**	**1,833**	**13,442**	**834**	**19,619**	**2,829**	**22,448**
Reposting of previous year's earnings	0	0	834	–834	0	0	0
Distributions	0	0	0	0	0	–490	–490
Change in equity capital not affecting the earnings	**0**	**0**	**834**	**–834**	**0**	**–490**	**–490**
Consolidated profit for 1st half year 2017	0	0	0	355	355	429	783
Change in equity capital affecting the earnings	**0**	**0**	**0**	**355**	**355**	**429**	**783**
As per 30 June 2017	**3,510**	**1,833**	**14,276**	**355**	**19,973**	**2,768**	**22,741**

Differences in the totals can occur due to commercial rounding.

General information

The consolidated financial statements of ecotel communication ag as the reporting parent company were prepared as of 30 June 2017 in compliance with the regulations of IAS 34 and applying Section 315a of the German Commercial Code in accordance with the rules in force on the closing date of the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) taking into account the interpretations of the International Financial Reporting Standards Interpretation Committee (IFRS IC) – as accepted by the EU. IFRS/IAS not yet in force or their interpretations have not been prematurely applied. The comparative figures of the previous period were determined based on the same principles.

The same accounting policies were used in the interim statement as in the consolidated financial statements for financial year 2016.

As of the date of preparation of this interim statement, the following new standards were adopted and put into effect by the EU as European legislature; although they do not take effect until later, these standards will affect the net worth, financial position and earnings and performance of the ecotel Group. Both new standards are to be applied for the first time for financial years starting after 31 December 2017. Premature application is not intended.

Standard / Interpretation	First-time mandatory application in accordance with IASB	First-time mandatory application in the EU
IFRS 9 »Financial Instruments«	1 January 2018	1 January 2018
IFRS 15 »Revenue from Contracts with Customers«	1 January 2018	1 January 2018

The business model of the ecotel Group currently provides for the carrying of receivables, so that no significant effects are expected from the application of IFRS 9. ecotel does not use a fair value option in the classification of financial liabilities, so that no significant effects are to be expected here either. However, the new regulations tend to result in earlier recognition of impairments and credit risks.

With its business model, the Group is affected by the changes in IFRS 15. The group's business model – especially in the Business Customers (B2B) segment – provides for multi-component contracts with separate performance obligations over a defined contract term. Other detailed explanations can be found in the 2016 consolidated financial statements (principles of accounting in the consolidated notes). ecotel will presumably apply the option of simplified first-time adoption, which means that comparative figures of the previous year's periods will not be adjusted. The cumulative effect of the change-over will be reported as of 1 January 2018 in the equity as not affecting net income against other reserves. The change of items in the balance sheet and statement of comprehensive income will be explained in the year of first-time adoption. The impact analysis showed that the overall effect on the future recognised revenue and on the expenses for services purchased and the balance sheet figures presumably will not significantly impair the comparability with previous years.

Segments

The classification of segments is based on the internal reporting by business segments, which are defined as follows:

- In the **Business Customers** segment (operative core segment) ecotel offers SMEs as well as selected key accounts »bundled« voice, data and value added services as well as direct connections for voice and data communications from one source.
- In the **Wholesale Solutions** segment ecotel markets products and comprehensive solutions for other telecommunications companies.
- The **New Business** segment comprises the private customer business (B2C) of easybell GmbH and the New Media business of nacamar GmbH.

The following segment description applies for the period of the first **half year:**

Amounts in thousand €	Business Solutions		Wholesale		New Business / Consolidation		Group	
	2016 1st half year	2017 1st half year	2016 1st half year	2017 1st half year	2016 1st half year	2017 1st half year	2016 1st half year	2017 1st half year
Sales revenue	22,586	23,225	28,054	30,617	8,520	8,477	59,160	62,319
Gross earnings	10,872	11,117	139	200	3,214	3,211	14,225	14,528
Operating result (EBIT)	275	–37	–37	–77	1,109	1,249	1,347	1,135

The following segment description applies for the period of the **second quarter:**

Amounts in thousand €	Business Solutions		Wholesale		New Business / Consolidation		Group	
	2016 2nd quarter	2017 2nd quarter	2016 2nd quarter	2017 2nd quarter	2016 2nd quarter	2017 2nd quarter	2016 2nd quarter	2017 2nd quarter
Sales revenue	11,205	11,653	13,795	19,635	4,248	4,167	29,248	35,455
Gross earnings	5,392	5,524	82	148	1,674	1,568	7,147	7,240
Operating result (EBIT)	–25	–131	–9	–16	544	594	510	447

Consolidated companies and acquisitions

The consolidated companies of the ecotel consolidated financial statements have remained unchanged since 31 December 2016.

Taxes from income and revenue

The income taxes reported in the income statement are composed as follows:

Amounts in thousand €	2016 1st half year	2017 1st half year	2016 2nd quarter	2017 2nd quarter
Taxes from income and revenue – effective	–405	–365	–192	–174
Taxes from income and revenue – deferred	30	12	57	29
Taxes from income and revenue	**–375**	**–353**	**–135**	**–145**

Earnings per share

The undiluted earnings per share are calculated in accordance with IAS 33 as the quotient of the consolidated profit for the year to which the shareholders of ecotel communication ag are entitled and the weighted average number of bearer non par value shares in circulation during the reporting period.

A dilution of the earnings per share occurs if the average number of shares is increased due to the additional issue of potential shares from options and convertible financial instruments. As of 30 June 2017, there were no share options, so that the undiluted and diluted earnings per share are identical.

	2016 1st half year	2017 1st half year	2016 2nd quarter	2017 2nd quarter
Accrued consolidated profit for the year (in €)	449,293.61	354,588.86	106,579.53	91,767.47
Weighted average number of shares	3,510,000	3,510,000	3,510,000	3,510,000
Undiluted / diluted earnings per share (in €)	**0.13**	**0.10**	**0.03**	**0.03**

Other information

No significant transactions with related parties were conducted in the first half year 2017.

Düsseldorf, 10 August 2017

The management board

Peter Zils Achim Theis

Statement of the legal representatives in accordance with § 37y WpHG in connection with para. 2, no. 3 WpHG

We assure to the best of our knowledge that in accordance with the accounting principles applied, the consolidated interim financial report reflects a true and fair view of the group's net worth, financial position and earnings and performance and that the consolidated interim financial report depicts the business trend, including the group's profit and financial position in a manner corresponding to the actual circumstances, as well as describing the essential opportunities and risks of the expected development of the group.

Düsseldorf, 10 August 2017

ecotel communication ag

The management board

Peter Zils Achim Theis

Financial calendar

09 November 2017 Publication of Quarterly Report Q3 / 2017

Contact

Annette Drescher
Phone: 0211-55 007-740
Fax: 0211-55 007 5 740
E-mail: investorrelations@ecotel.de

Imprint

Published by
ecotel communication ag
Prinzenallee 11
D–40549 Düsseldorf

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.