

Interim report April – June 30, 2014

CONDENSED FINANCIAL OVERVIEW

SECOND QUARTER APRIL–JUNE 2014

Financial information in the interim report refers, unless otherwise stated, to the Etraveli Group. Comparative figures in parentheses are pro forma as if European Travel Interactive Group Holding AB were consolidated as of January 1, 2013. For definitions, see page 12.

- Revenue amounted to SEK 152.2 million (137.3), an increase of 11% compared to the previous year
- Net revenue amounted to SEK 132.1 million (120.2), an increase of 10% compared to the previous year
- EBITDA amounted to SEK 38.4 million (45.1), with an EBITDA margin of 29% (38)
- Operating profit amounted to SEK 20.5 million (26.8)
- The net loss amounted to SEK -5.9 million (-2.0)

SIX-MONTH PERIOD JANUARY–JUNE 2014

- Revenue amounted to SEK 310.3 million (287.5), an increase of 8% compared to the previous year
- Net revenue amounted to SEK 267.3 million (252.6), an increase of 6% compared to the previous year
- EBITDA amounted to SEK 66.5 million (90.0), with an EBITDA margin of 25% (36)
- Operating profit amounted to SEK 30.5 million (53.4)
- The net loss amounted to SEK -5.1 million (-1.3)

SIGNIFICANT EVENTS DURING AND AFTER THE SECOND QUARTER

- The geographic expansion continued according to plan during, and to a greater degree after, the quarter, as a result of which the Group is currently active in a total of 25 European markets.
- In July Etraveli AB applied to list a bond loan totaling EUR 80,000,000 on NASDAQ OMX Stockholm and prepared a prospectus. The bond was listed on August 1, 2014.

ABOUT ETRAVELI

Etraveli (publ) is the leading Nordic online travel agent (OTA) with a wide range of airline tickets, hotel accommodation and other travel related services. The company operates in 25 countries through brands such as Supersaver/Supersavertravel, Gotogate, Travelstart and the meta-search services Flygresor.se and Charter.se in Sweden. Etraveli is one of the five largest aircentric online travel agents in Europe, and in 2013 it intermediated air tickets and related services to an amount exceeding SEK 7 billion, with revenue of more than SEK 500 million. The company headquartered is in Uppsala, Sweden and is owned by the private equity fund Segulah IV, LP and senior management.

CEO COMMENT

After a weak start to the first quarter due to both external and internal factors, the second quarter saw improving stability in terms of revenue and operating results. The measures taken to strengthen revenue and profitability are having their intended effect, and the trend of gradually improving comparative figures is continuing at the start of the third quarter.

We still face tight competition in the Nordic market, with strong margin pressure that is adversely affecting our results, at the same time that new markets are developing very positively and better than expected. This encourages us, as our aim is to continue to expand geographically, and we are now active in 25 European markets.

Svenska Resenätkerket with Flygresor.se has been part of Etraveli since the beginning of the year. The business is performing well, with increasing revenues and better operating results than last year. During the period a sister service, Charter.se, was updated as well. We are now focused on further improving the consumer benefits of our services and thereby strengthening our market leadership in aircentric travel search in Sweden.

Mathias Hedlund, CEO

KEY FIGURES

SEK million	Second quarter		Period (Jan-June)		Full-year		R12
	2014	2013*	2014	2013*	2013**	2013*	2014*
Gross sales	1,951.3	1,826.2	4,056.6	3,829.5	1,656.7	7,263.2	7,490.2
Revenue	152.2	137.3	310.3	287.5	145.4	558.7	581.4
Net revenue	132.1	120.2	267.3	252.6	130.2	492.3	507.0
Net revenue per segment							
– Nordic	106.0	102.7	223.8	220.0	111.8	423.7	427.5
– New Markets	26.1	17.5	43.5	32.6	18.4	68.6	79.5
EBITDA	38.4	45.1	66.5	90.0	45.2	172.3	148.8
EBITDA margin, %	29	38	25	36	35	35	27
Net debt	659.1	544.8	659.1	544.8	584.2	584.2	659.1
Net profit/loss	-5.9	-2.0	-5.1	-1.3	-30.5	-29.0	-32.8
Cash flow from operating activities after changes in working capital	21.6	57.0	28.9	87.0	-0.8	98.8	40.7
Cash and cash equivalents	114.1	210.3	114.1	210.3	148.9	148.9	114.1
– Of which client funds	54.4	46.6	54.4	46.6	37.3	37.3	29.4

The Group was formed on September 23, 2013. For the assumptions used in the pro forma accounts for comparable periods, see page 5.

* Pro forma figures, second quarter 2013, full-year 2013 and rolling twelve months

** The period September 23 to December 31

BUSINESS DEVELOPMENT

Revenue

SECOND QUARTER APRIL–JUNE 2014

Revenue amounted to SEK 152.2 million (137.3) for the quarter. Net revenue, after deducting direct purchases of goods and services, amounted to SEK 132.1 million (120.2), an increase of 10%. The increase is mainly due to added revenue from Svenska Resenätverket AB (Flygresor), which was acquired in January 2014.

Organic growth totaled 1% year-over-year. Organic growth in New Markets was 49%. The Nordic market remained under tight margin pressure and saw negative organic growth of 7%.

SIX-MONTH PERIOD JANUARY–JUNE 2014

Revenue amounted to SEK 310.3 million (287.5) for the period and net revenue amounted to SEK 267.3 million (252.6), an increase of 6%. The increase is mainly due to added revenue from Svenska Resenätverket AB (Flygresor), which was acquired in January 2014.

Organic growth totaled -2% year-over-year. Organic growth in New Markets was 33%. The Nordic market decreased by 8%.

Earnings

SECOND QUARTER APRIL–JUNE 2014

EBITDA amounted to SEK 38.4 million (45.1) due to tight margins on OTA operations in the Nordic segment, which were offset by a positive result from Flygresor and growth in New Markets. The quarter was also adversely affected by exchange rate differences. Personnel expenses and other external expenses increased compared to the previous year due to organizational reinforcements in several departments such as management, sales, IT development and customer support.

Development costs of SEK 5.4 million (0) were capitalized during the second quarter. The capitalization is attributable to specific projects, mainly in New Markets.

The loss before tax amounted to SEK -13.1 million (3.7). Net financial expenses amounted to SEK 33.7 million (23.1). The modified loan structure in connection with the refinancing in September 2013 has led to lower interest expenses. During the quarter net financial expenses included SEK 19.9 million in unrealized exchange rate losses attributable to long-term liabilities in EUR.

SIX-MONTH PERIOD JANUARY–JUNE 2014

EBITDA decreased to SEK 66.5 million (90.0) mainly due to an extraordinary marketing campaign during the first quarter, tight margins on OTA operations in the Nordic segment, and exchange rate differences, partly offset by positive contributions from Flygresor and New Markets. Personnel expenses and other external expenses increased compared to the previous year due to organizational reinforcements in several departments such as management, sales, IT development and customer support.

Development costs of SEK 9.5 million (0) were capitalized during the first half-year for internal development work and external purchases, mainly attributable to New Markets.

The loss before tax amounted to SEK -17.6 million (9.0). Net financial expenses amounted to SEK 48.1 million (44.4). The modified loan structure in connection with the refinancing in September 2013 has led to lower interest expenses. During the six-month period net financial expenses included SEK 20.3 million in unrealized exchange rate losses attributable to long-term liabilities in EUR.

Tax

Tax assets amounted to SEK 7.2 million (-5.8) for the second quarter 2014 and SEK 12.5 million (-10.3) for the six-month period.

CASH FLOW AND FINANCIAL POSITION

Cash flow and financial position

Cash flow from operating activities after the change in working capital amounted to SEK 21.6 million (57.0) during the quarter. The corresponding figure for the six-month period was SEK 28.9 million (87.0). The year-over-year pro forma change for the quarter is mainly due to lower operating profit (EBIT), higher interest expenses associated with the new loan structure in connection with the refinancing in September 2013, and more restricted equity in operations. For the six-month period the change is mainly due to lower operating profit (EBIT), higher interest expenses and taxes paid for 2013.

Cash flow from investing activities amounted to SEK -6.2 million (0.3) during the quarter and SEK -99.9 million (-1.4) during the six-month period. Investments during the quarter mainly consist of the capitalization of the development work. For the six-month period investments primarily consist of the acquisition of Svenska Resenätker AB (see note 2 on page 11) and to a lesser extent the capitalization of development work.

Cash flow from financing activities amounted to SEK 3.7 million (-55.0) during the quarter and SEK 32.1 million (-54.8) during the six-month period. The Group received a shareholders' contribution of SEK 27 million during the six-month period.

The change in cash and cash equivalents for the period amounted to SEK 19.1 million (2.3). Cash and cash equivalents amounted to SEK 114.1 million (210.3), of which client funds accounted for SEK 54.4 million (46.6). Recognized interest-bearing debt according to the IFRS definition, including accrued interest expenses, amounted to SEK 718.7 million (708.5). The pro forma figures include shareholder loans of SEK 394.8 million. Net debt excluding client funds therefore accounted for SEK 659.1 million (544.8).

The Group's total assets amounted to SEK 1,830.0 million, of which tangible non-current assets accounted for SEK 1,565.5 million, mainly in the form of goodwill attributable to the Parent Company's acquisition of European Travel Interactive Group Holding AB on September 23, 2013 and the acquisition of Svenska Resenätker AB on January 1, 2014. The Group's equity amounted to SEK 831.3 million.

OTHER DISCLOSURES

Events after the end of the quarter

- The geographic expansion continued according to plan during, and to a greater degree after, the quarter, as a result of which the Group is currently active in a total of 25 European markets.
- In July Etraveli AB applied to list a bond loan totaling EUR 80,000,000 on NASDAQ OMX Stockholm and prepared a prospectus. The bond was listed on August 1, 2014.

Employees

On June 30, 2014 the Group had 157 (134) full-time employees. The increase of 23 is mainly attributable to customer support, sales and the acquisition of Svenska Resenätkör AB.

Parent Company

The Parent Company owns and manages shares in subsidiaries and provides management services for other Group companies. Revenue amounted to SEK 4.5 million (0) and cash and cash equivalents amounted to SEK 1.2 million (0.9). During the year the Parent Company received a shareholders' contribution of SEK 27 million (0). The figures in parentheses refer to the same period for the previous year.

Accounting policies

The Group applies the International Financial Reporting Standards (IFRS) as adopted by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and RFR 1 Supplementary Accounting Rules for Groups.

The Parent Company's accounts are prepared according to the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. The same accounting policies are applied as those for the Group except as indicated in the section on the Parent Company's accounting policies in the annual report for 2013, note 2.20.

The fair value of financial assets and liabilities is considered equivalent to fair value.

Pro forma accounting

The Group was formed on September 23, 2013 and the figures for the full-year 2013 therefore cover only the period September 23 to December 31, 2013. This means that no figures exist for the Group for the first half-year 2013. Pro forma figures have been used in the three-year summary and in the texts for comparisons with previous years, when the parent company was European Travel Interactive Group Holding AB. Pro forma figures for comparative years have been prepared in accordance with the Swedish Annual Accounts Act. Pro forma statements for 2013 are based on reported earnings for the previous group during the period January 1, 2013-September 22, 2013 and for the new group during the period September 23, 2013-December 31, 2013. The consolidated financial statements comply with the principles in IFRS.

Historical pro forma adjustments for the period prior to September 22, 2013 have not been made for the new loan structure and corporate structure. This means that actual historical interest expenses are recognized. No historical pro forma adjustments have been made for the definitions of cash and cash equivalents and interest-bearing debt. The acquisition of Svenska Resenätkör AB in 2014 is not included in the pro forma figures.

Significant risks and uncertainties

Etraveli is continuously exposed to various risks that can be of significance to the Company's future operations, results and financial position. For more information on significant risks and uncertainties, please see the Company's annual report for 2013, pages 10-11 and 30-33. No significant risks are considered to have arisen beyond those described in the annual report.

Signatures

Uppsala, August 29, 2014
Etraveli AB (publ)
(corp. ID no. 556821-9694)

We certify that the interim report for January–June 2014 provides a true and fair overview of the operations, financial position and results of the Parent Company and the Group and describes the material risks and uncertainties faced by the Parent Company and the companies in the Group.

Erik Strand	Marcus Jansson	Percival Calissendorff
Chairman	Board member	Board member
Jarl Söderman	Mathias Hedlund	
Board member	CEO	

This interim report has not been reviewed by the Company's auditors.

Reporting dates

Interim report Q3	November 14, 2014
Interim report Q4	February 13, 2015

For further information, please contact

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Etraveli AB (publ) is required to make public the information in this interim report in accordance with the Securities Market Act and/or the Financial Instruments Trading Act. The information was made public at 10:00 am (CET) on Friday, August 29, 2014.

Financial reports, Group (condensed)

Income statement

(SEK thousands)	Quarter (Apr-June)		Period (Jan-June)		Full-year
	2014	2013	2014	2013	2013*
Revenue	152,166	-	310,260	-	145,393
Capitalized development work	5,404	-	9,512	-	-
Other income	-	-	-	-	18
Total	157,570		319,772		145,411
Purchases of goods and services	-20,107	-	-42,930	-	-15,178
Other external expenses	-71,078	-	-153,470	-	-62,656
Personnel expenses	-26,032	-	-49,597	-	-22,446
Other operating expenses	-1,938	-	-7,241	-	-
Depreciation/amortization of tangible and intangible non-current assets	-17,873	-	-36,052	-	-19,065
Operating profit	20,542		30,483		26,066
Financial income	19	-	118	-	117
Financial expenses	-33,676	-	-48,245	-	-61,115
Profit/loss after financial items	-13,115		-17,644		-34,932
Income tax	7,241	-	12,509	-	4,434
Net profit/loss	-5,874		-5,135		-30,498
Other comprehensive income					
Items that can later be reversed to profit or loss					
Exchange rate differences	1,392	-	2,408	-	2,821
Total comprehensive income for the period	-4,482		-2,727		-27,677

*) Refers to the period September 23 to December 31

Balance sheet

(SEK thousands)	June 30 2014	June 30 2013	Dec 31 2013
Non-current assets			
Goodwill	1,013,365	-	972,994
Other intangible assets	552,085	-	523,366
Tangible non-current assets	3,062	-	2,120
Financial non-current assets	3,046	-	3,046
Deferred tax liabilities	11,745	-	7,864
Current assets			
Other current assets	132,604	-	128,256
Cash and cash equivalents	114,106	-	148,944
TOTAL ASSETS	1,830,014	-	1,786,590
Equity attributable to Parent Company's shareholders	831,328	-	807,055
Long-term liabilities			
Bond loan	718,709	-	695,782
Other long-term liabilities	-	-	61
Deferred tax liabilities	127,050	-	123,730
Current liabilities			
Other current liabilities	152,926	-	159,962
TOTAL EQUITIES AND LIABILITIES	1,830,014	-	1,786,590

Group statement of changes in equity

(SEK thousands)	Share capital	Other paid-in capital	Reserves	Retained earnings including comprehensive income for the year	Total
Opening balance as of January 1, 2014	837,553			-30,498	807,055
Net profit				-5,135	-5,135
Other comprehensive income	837,553			-35,632	801,920
Exchange rate differences			2,408		2,408
Total comprehensive income	837,533		2,408	-35,632	804,328
Shareholders' contribution		27,000			27,000
Closing balance as of June 30, 2014	837,553*	27,000	2,408	-35,632	831,328

*The share capital consists of 837,532,765 shares and is unchanged during the period

Cash flow statement

(SEK thousands)	Quarter (Apr-June)		Period (Jan-June)		Full-year
	2014	2013	2014	2013	2013*
Operating profit (EBIT) for the period	20,542	-	30,483	-	26,066
Depreciation/amortization	17,873	-	36,052	-	19,847
Interest received/paid	-12,660	-	-25,188	-	-15,598
Other non-cash items	-2,369	-	-4,029	-	2,014
Income tax paid	-6,261	-	-23,050	-	5,398
Cash flow from operating activities before change in working capital	17,125	-	14,268	-	37,727
Change in working capital	4,250	-	14,628	-	-38,575
Cash flow from operating activities	21,645	-	28,896	-	-848
Cash flow from investing activities	-6,261	-	-99,922	-	-229,652
Cash flow from financing activities	3,713	-	32,135	-	379,637
Increase/decrease in cash and cash equivalents	19,142	-	-38,891	-	149,137
Cash and cash equivalents, opening balance	95,549	-	148,944	-	90
Exchange rate differences in cash and cash equivalents	415	-	4,053	-	-283
Cash and cash equivalents, closing balance	114,106	-	114,106	-	148,944

*) Refers to the period September 23 to December 31

Financial statements, Parent Company (condensed)

Income statement

(SEK thousands)	Quarter (Apr-June)		Period (Jan-June)		Full-year
	2014	2013	2014	2013	2013*
Revenue	3,102	0	4,541	0	1,782
Other income	0	0	81	0	60
Net revenue	3,102	0	4,622	0	1,842
Other external expenses	-1,568	0	-2,438	0	-996
Personnel expenses	-2,156	0	-3,195	0	-845
Operating loss	-621	0	-1,011	0	0
Financial income	8,752	0	17,498	0	9,150
Financial expenses	-34,800	0	-48,278	0	-44,894
Loss after financial items	-26,669	0	-31,792	0	-37,744
Income tax	5,867	0	6,994	0	7,864
Net loss	-20,802	0	-24,798	0	-27,881

The Parent Company has no items recognized as other comprehensive income, because of which total comprehensive income corresponds to net profit/loss

Balance sheet

(SEK thousands)	June 30 2014	June 30 2013	Dec 31 2013
Non-current assets			
Shares in Group companies	1,254,053	-	1,227,053
Receivables from Group companies	273,306	-	261,564
Deferred tax liabilities	14,858	-	7,864
Current assets			
Other current receivables	0	-	12,781
Cash and cash equivalents	1,235	90	44,709
TOTAL ASSETS	1,543,452	90	1,553,970
Equity	811,860	85	809,657
Long-term liabilities			
Bond loan	718,317	-	695,782
Current liabilities			
Other current liabilities	13,275	5	48,531
TOTAL EQUITY AND LIABILITIES	1,543,452	90	1,553,970

Pledged assets and contingent liabilities

(SEK thousands)	June 30 2014	June 30 2013	Dec 31 2013
Pledged assets	1,500,359	-	1,488,617

Notes

Note 1 Events after the end of the period

- See page 5 under Other disclosures

Note 2 Business acquisitions

On January 1, 2014 the Group acquired 100% of the share capital in Svenska Resenätverket AB for SEK 90,483,000 and thus obtained a controlling interest in Svenska Resenätverket AB.

Acquisition-related expenses amounted to SEK 1,509,000. The fair value of accounts receivable and other receivables is SEK 9,576,000 and includes accounts receivable with a fair value of SEK 6,850,000.

Purchase consideration, January 1, 2014

Cash and cash equivalents	90,483
TOTAL	90,483

Recognized amount – identifiable assets acquired and liabilities assumed

Cash and cash equivalents	2,817
Tangible non-current assets	234
Trademarks (incl. in intangible assets)	45,430
Domains (incl. in intangible assets)	7,763
IT platform (incl. in intangible assets)	1,439
Available-for-sale financial assets	100
Accounts receivable and other receivables	9,576
Accounts payable and other liabilities	-5,291
Deferred tax liabilities	-11,955
Total identifiable net assets	50,113
Goodwill	40,370
TOTAL	90,483

Note 3 Segment reporting

The CEO evaluates operations from a geographic perspective in two segments: Nordics and New Markets. The distribution of revenue per segment is based on revenue less selling expenses. No assets or liabilities are distributed by segment.

REVENUE PER SEGMENT

Segment	Quarter (April-June 2014)		Period (Jan-June 2014)		2013 (Sep 23-Dec 31, 2013)	
	Revenue	Net revenue	Revenue	Net revenue	Revenue	Net revenue
Nordic	118,868	105,987	252,363	223,798	123,278	111,772
New Markets	31,356	26,072	55,955	43,532	22,115	18,443
TOTAL	150,224	132,059	308,318	267,330	145,393	130,216
Capitalized internal work		5,404		9,512		-
Personnel expenses		-26,032		-49,597		-22,446
Depreciation of tangible non-current assets		-356		-627		-243
Amortization of intangible non-current assets		-17,517		-35,424		-18,823
Other		-73,016		-160,711		-62,638
Profit before financial items and tax		20,542		30,483		26,066
Net financial items		-33,657		-48,127		-60,998
Loss before tax		-13,115		-17,644		-34,932

Definitions

Gross sales represent the gross value of products sold to customers and other travel-related services charged to customers through Etraveli's platform.

Net revenue (revenue – supplies) represents the commission, mark-up or booking fee earned by the Company on gross sales.

EBITDA, Earnings Before Interest, Tax, Depreciation and Amortization

EBITDA margin, EBITDA as a ratio of net revenue

EBIT, Earnings Before Interest, Tax

Net debt, Interest-bearing incl. accrued interest and liabilities IATA/BSP less cash and cash equivalents

LTM/R12, Last Twelve Months ending June 30, 2014

IATA/BSP, International Air Transport Association/Billing Settlement Plan

OTA, Online Travel Agency