

Travel24.com AG

Quarterly Report

Q1 2014



So geht Reisebüro heute!

Summary of Key Group Data

In EUR thousands	01.01.-31.03.		Changes
	2014	2013	%
Revenue	8,550	7,935	8%
EBIT	1,971	471	319%
Net income	1,030	106	871%
Earnings per share in EUR (basic and diluted)	0.51	0.05	871%

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Message to the shareholders

Dear Shareholders,

Travel24.com AG has been successful yet again in the first quarter of 2014. A slight growth in revenues in the Internet segment compared to the first quarter of the previous year can be reported. In addition, the costs per booking fell substantially as a result of significantly more efficient management of marketing expenses, so that this segment generated a significantly improved EBIT compared to the same period in the previous year. We continue to invest in our international ambitions in order to establish ourselves as a significant force in other European countries.

One milestone achieved in this quarter was the launch of intensive marketing efforts for our new package holiday portal in France, and the associated success in growing revenues and booking numbers.

Leipzig, in May 2014

Yours

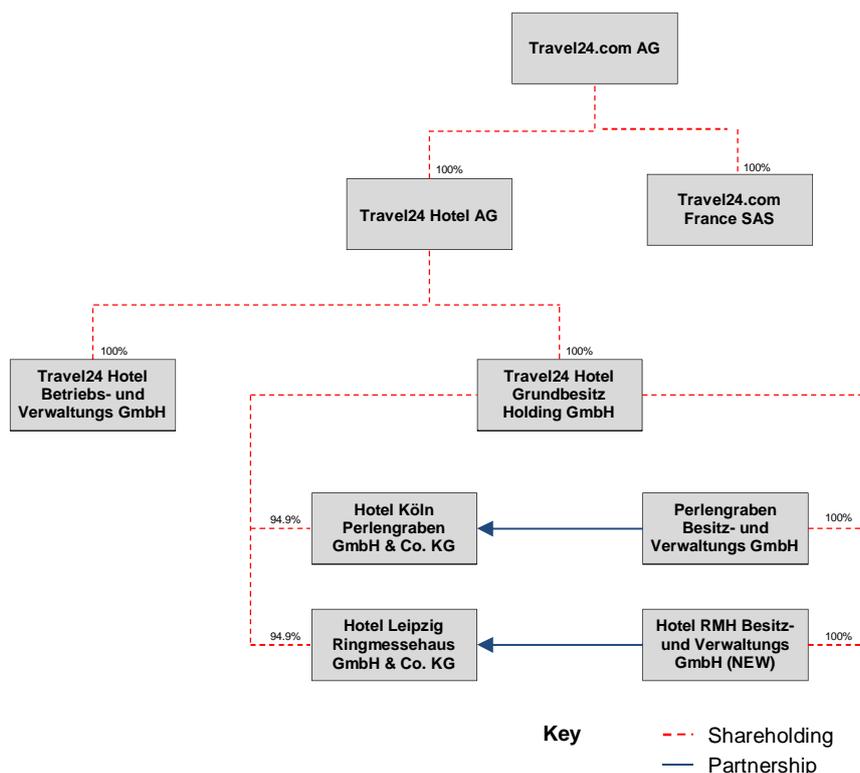
Armin Schauer

Managing Board of Travel24.com AG

Group management report

Group structure

The illustration below shows the structure of the Group at 31 March:



Business conditions

The large number of providers and the increased number of substitution products in the packaged travel sector remains a source of possible shifts in demand. Accordingly the competitive intensity is very high, both in the core German market and in other European countries. However, we assume that the growth trend for the online travel market seen in 2013 has carried forward into the first quarter of 2014. For ourselves, we continue to see opportunities for additional revenue and income growth, both in Germany, our domestic market, and in foreign markets.

We continue to have a positive view of the prospects of our Hotels segment, which is in the start-up phase.

Business strategy

Based on know-how gained over many years, Travel24.com AG continues to drive the expansion of the business into international markets, particularly in France. The market presence in the different countries will be identical wherever possible. The websites in the different markets will be adjusted as necessary. To some extent, for example in fulfilment, agreements will be entered into with external providers to ensure the relevant market know-how is available.

Travel agency

The number of tourist bookings increased slightly compared to the same period in 2013. Within this there was a significant increase in the number of bookings for flight bookings. On the other hand there was a slight fall in the number of package holidays, driven by a lower investment in marketing compared to the same period in the previous year.

In Germany, our domestic market, our tourist portals offer a portfolio which includes over 70 relevant German tour operators, all major cruise line operators and over 200,000 hotels and holiday homes. The airline portfolio includes more than 750 scheduled, charter and budget providers. The international portals also have access to this comprehensive portfolio in the flight and hotel sector. Specifically our portfolio in France offers access to over 30 relevant French providers.

Marketing & key performance indicators

In Germany, our core market, we primarily use TV advertising and the increased efficiency of online measures to increase brand awareness and to keep the level of bookings up to a consistently high level. The growth strategy in international markets will be primarily driven by online marketing. This includes the use of search engine marketing, newsletter advertising and the targeted use of banner ads, as well as affiliate marketing. All marketing tools were continuously optimised and adjusted to the corresponding international markets where necessary.

Results of operations

The Internet segment reports an increase in revenues for the first three months compared to the first quarter of 2013 (from EUR 7,935 thousand to EUR 8,550 thousand; 7.8 %). Together with lower marketing expenses and the revenue relating to the sale of claims for insurance commissions to Geld.de GmbH this resulted in a significantly higher gross margin in the first quarter of 2014 increasing gross margin to EUR 2,351 thousand (Q1 2013: EUR 476 thousand).

The Hotels business has not yet generated any revenues or made any significant contribution to results.

The operating result also improved, despite the increased levels of personnel and other operating costs, growing by 319 % from EUR 471 thousand to EUR 1,971 thousand in the first quarter.

Interest expenses are primarily due to interest expenses incurred on the 7.5 % corporate bond.

Despite the positive pre-tax result, no tax expense is reported due to the availability of tax losses brought forward. However, the corresponding reduction of the tax losses carried forward resulted in a deferred tax expense.

The effects of the significant items described resulted in an increase in the net income for the period of EUR 924 thousand. As a result the profit per share increased by 871 % (from 0.05 EUR/share to 0.51 EUR/share).

Financial position and net assets

The balance sheet total increased compared to 31 December 2013, growing from EUR 29.5 million to EUR 31.7 million, although there has been a slight shift in the maturity structure of the balance sheet.

Non-current assets fell by EUR 306 thousand (1.3 %). This was primarily the result of two opposite effects: the continued construction work on the renovation of the hotels in Cologne and Leipzig (+ EUR 138 thousand), and the fall in the deferred tax asset balance (- EUR 504 thousand).

At the same time the current assets increased as a result of the positive operating cash flow and to the increased level of receivables from related companies. The change in the receivables from related companies resulted from an increase of EUR 1,102 thousand in receivables due from Unister GmbH and receivables from Geld.de GmbH resulting from insurance transactions (EUR 740 thousand). Travel24.com AG has sold claims arising from insurance commissions to Geld.de GmbH with effect for reporting purposes as of 1 January 2014. As a result, the non-current assets fell as a proportion of total assets from 80 % to 73 %.

The EUR 1,805 thousand increase in cash balances is primarily due to the receipt of payment for bonds placed by LOET Trading AG (EUR 955 thousand) in 2013 and the strong positive operative cash flow.

As a result of the positive net income for the period the negative revenue reserves fell further, so that total equity amounts to EUR 4.3 million. Despite this, however, the equity ratio remained increased only slightly to 13.6 % (31 December 2013: 11.1%) as a consequence of the concurrent increase in the balance sheet total.

On the liabilities side there has also been a slight shift in the capital structure. The share of long-term liabilities as a proportion of total capital amounted to 65 % (31 December 2013: 70 %). This is primarily a result of the increase in short-term liabilities and the increase in the balance sheet total.

Employees

Travel24.com AG employed twelve employees (excluding members of the Managing Board) at the 31 March 2014 balance sheet date.

Events subsequent to the balance sheet date

There have been no relevant events subsequent to the balance sheet date.

Opportunities and risk report

With the increasing acceptance of the internet as a booking medium, the online sale of holiday travel continues to enjoy strong growth. Pressure on the sales prices has increased, with new competitors entering the market and the fact that services are typically homogeneous.

To some extent, the Company's entry into new European markets has market-specific risks. These include faulty or insufficient technical and thus product side market penetration, expensive adjustments to the marketing mix, delays in entering markets due to the acquisition of state licences, insufficient performance of partners in product and fulfilment, and increased levels of market saturation, as well as specific cyclical factors which can affect the business.

Global risks such as terror attacks or major environmental disasters and political changes which impact the general travel desire to travel remain ever present.

However, the macroeconomic and industry-specific market environment is still sufficiently positive to favour developments: the internet business as a whole had a further slightly positive development across Europe, and we expect this trend to continue in the forthcoming years. Against this backdrop and based on the assumptions made regarding the core business (technology, product, sales, marketing and fulfilment) the company expects further growth of sales volume in the internet travel sales business.

A slight increase in revenue is expected for the financial year 2014 overall. As we intend to apply our marketing investments more efficiently, particularly in Germany, our core market with its strong revenue stream, we expect to end the financial year 2014 with a significant increase in EBIT compared to the previous year. Despite the increase in EBIT in the first quarter we hold on to the annual forecast for the Internet segment of EUR 2,600 thousand EBIT.

Outlook

Travel24.com AG plans to continue the expansion of the business throughout the remainder of 2014, particularly the international business. The focus will primarily be on establishing the package travel market in France. In addition we intend to grow in the international hotel booking sector.

In this, the strategy we continue to follow in our core German market of achieving improved results by reducing marketing investments while maintaining at least stable revenues is paying off.

Activities in the new Hotels segment over the coming quarters will be focussed on the continuing planning and construction phase. First revenues can be expected from 2016.

Consolidated balance sheet

As of 31 March 2014

	31.03. 2014	31.12. 2013
<u>ASSETS</u>	EUR	EUR
NON-CURRENT ASSETS		
Intangible assets		
Intangible assets purchased	4,231,184.60	4,231,184.60
	4,231,184.60	4,231,184.60
Property, plant and equipment		
Land	4,906,948.99	4,906,948.99
Construction in process	8,824,685.02	8,686,359.52
	13,731,634.01	13,593,308.51
Financial assets		
Other loans	4,790,712.72	4,731,324.40
	4,790,712.72	4,731,324.40
Deferred tax assets	431,403.89	935,193.89
TOTAL NON-CURRENT ASSETS	23,184,935.22	23,491,011.40
CURRENT ASSETS		
Receivables and other assets		
Trade receivables	562,836.50	205,791.33
Receivables due from affiliated companies	4,159,598.03	2,317,587.97
Other financial assets	263,000.00	1,218,000.00
Other non-financial assets	447,241.84	932,468.53
	5,432,676.37	4,673,847.83
Cash and cash equivalents	3,130,695.01	1,325,517.41
TOTAL CURRENT ASSETS	8,563,371.38	5,999,365.24
BALANCE SHEET TOTAL	31,748,306.60	29,490,376.64

	31.03. 2014	31.12. 2013
		EUR
<u>EQUITY AND LIABILITIES</u>		
<u>EQUITY</u>		
Subscribed capital	2,033,585.00	2,033,585.00
Capital reserve	2,913,974.00	2,913,974.00
Revenue Reserves	-640,317.62	-1,669,957.51
Equity of the owners of the parent company	4,307,241.38	3,277,601.49
TOTAL EQUITY	4,307,241.38	3,277,601.49
<u>LIABILITIES</u>		
<u>NON-CURRENT LIABILITIES</u>		
Financial liabilities	20,352,471.84	20,317,442.62
Deferred tax liabilities	174,354.05	182,338.05
TOTAL NON-CURRENT LIABILITIES	20,526,825.89	20,499,780.67
<u>CURRENT LIABILITIES</u>		
Tax liabilities	2,225,406.12	2,226,900.74
Provisions	1,415,054.01	1,455,481.64
Financial liabilities	1,058,403.00	589,653.00
Trade payables	662,136.54	569,955.82
Liabilities to affiliated companies	563,405.28	388,071.77
Other liabilities	989,834.38	482,931.51
TOTAL CURRENT LIABILITIES	6,914,239.33	5,712,994.48
TOTAL LIABILITIES	27,441,065.22	26,212,775.15
BALANCE SHEET TOTAL	31,748,306.60	29,490,376.64

Consolidated statement of comprehensive income

From 1 January to 31 March 2014

	1 January - 31 March	
	2014	2013
	EUR	EUR
1. Revenue	8,549,927.43	7,934,538.82
2. Other operating income	9,067.46	144,616.90
3. Cost of materials	-6,199,230.98	-7,458,425.21
4. Personnel expenses	-216,432.04	-52,551.16
5. Other operating expenses	-172,066.75	-97,159.07
6. Operational result	1,971,265.12	471,020.28
7. Interest income	71,664.23	86,473.98
8. Interest expenses	-517,483.46	-367,482.69
9. Financial result	-445,819.23	-281,008.71
10. Result before taxes	1,525,445.89	190,011.57
11. Tax expenses	0.00	-84,266.05
12. Deferred taxes	-495,806.00	0.00
13. Net income	1,029,639.89	105,745.52
14. Other comprehensive income	0.00	0.00
15. Comprehensive income	1,029,639.89	105,745.52
thereof attributable to owners of the parent company	1,029,639.89	105,745.52
attributable to non-controlling shareholders	0.00	0.00
Earnings per share in EUR (basic and diluted)	0.51	0.05

Consolidated cash flow statement

From 1 January to 31 March 2014

		01.01. - 31.03.	
		2014	2013
		EUR	EUR
Cash flow from operating activities			
Net income		1,029,639.89	105,745.52
+	Income taxes	495,806.00	84,266.05
+ / -	Financial result	445,819.23	281,008.71
+ / -	Increase/decrease in provisions	-40,427.63	-285,220.85
- / +	Increase/decrease in trade receivables and other assets which are not attributable to investing or financial activities	-1,839,878.13	111,555.10
+ / -	Increase/decrease in trade payables and other liabilities which are not attributable to investing or financial activities	897,758.00	-1,033,251.77
-	Interest paid	-214.26	-10,657.69
+	Interest received	0.00	223.97
-	Taxes paid	0.00	-28,982.59
=	Cash flow from operating activities	988,503.10	-775,313.55
-	Payments for investments in property, plant and equipment	-138,325.50	-387,940.64
=	Cash flow from investing activities	-138,325.50	-387,940.64
+	Receipts from the issue of bonds	955,000.00	910,000.00
=	Cash flow from financing activities	955,000.00	910,000.00
	Net changes in cash and cash equivalents	1,805,177.60	-253,254.19
	Cash at the beginning of the period	1,325,517.41	1,056,154.46
	Cash at the end of the period	3,130,695.01	802,900.27

Consolidated statement of changes in equity

As of 31 March 2014

	Outstanding shares	Subscribed capital	Capital reserve	Revenue reserves	Total equity
	Number of shares	EUR	EUR	EUR	EUR
As of					
31.12.2012	2,033,585	2,033,585.00	2,913,974.00	-468,514.80	4,479,044.20
Comprehensive income Q1 2013		0	0	105,745.52	105,745.52
As of					
31.03.2013	2,033,585	2,033,585.00	2,913,974.00	-362,769.28	4,584,789.72
As of					
31.12.2013	2,033,585	2,033,585.00	2,913,974.00	-1,669,957.51	3,277,601.49
Comprehensive income Q1 2014		0	0	1,029,639.89	1,029,639.89
As of					
31.03.2014	2,033,585	2,033,585.00	2,913,974.00	-640,317.62	4,307,241.38

Notes to the interim consolidated financial statements

I. General information

These **condensed** interim consolidated financial statements of Travel24.com AG were prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRIC/SIC), as applicable and binding in the European Union. In particular they comply with requirements applicable to interim reporting in accordance with IAS 34.

The quarterly financial statements as of 31 March 2014 have neither been audited in accordance with Section 317 of the German Commercial Code (HGB) nor reviewed by auditors.

The quarterly financial statements are prepared in euros (EUR) as the majority of the group transactions are realised in this currency. All amounts are stated in thousand euros (EUR thousand) unless otherwise stated.

Amounts are rounded in accordance with general commercial practice. Rounding differences may occur.

II. Accounting and measurement principles

II.1 Accounting basis

These **condensed** interim consolidated financial statements of Travel24.com AG were, with the exception of the initial application of new or amended standards or interpretations, prepared under the same accounting and measurement principles that were applied in the preparation of the IFRS consolidated financial statements of Travel24.com AG as of 31 December 2013.

For the purposes of presenting the (condensed) interim consolidated statement of comprehensive income, a total figure is shown for the total of cost of materials and personnel expenses. These condensed consolidated financial statements do not include all of the disclosures that would be required in a set of annual consolidated financial statements prepared at year end, and therefore they should be read together with the consolidated financial statements for the year ended 31 December 2013. This particularly applies to the section entitled "Use of estimates".

In preparing interim financial statements, the Managing Board must necessarily make the best possible estimates and assumptions, based on current information, which have an effect on the assets and liabilities presented and on disclosures of contingent assets and liabilities as well as on income and expenses reported in the period. The actual result of later events, when they subsequently occur, may differ from those estimates.

II.2 Initial application of new or amended standards in financial year 2014

We refer to the disclosures made in the consolidated financial statements as of 31 December 2013. The application of the new standards has had no significant effect on the interim financial statements for the first quarter of 2014 of Travel24.

II.3 Scope of consolidation

All subsidiaries are included in these interim consolidated financial statements. There are no joint ventures or associated companies.

There have been no changes in the scope of the consolidation since 31 December 2013.

IV. Notes to the consolidated balance sheet

The **balance sheet total** increased in the reporting period. The carrying value of construction in progress included in **non-current assets** increased by EUR 138 thousand as a result of the continued investments made in existing real estate properties. At the same time the deferred tax balances fell by EUR 504 thousand as a result of the profit for the period and the associated lower tax loss carried forward.

The total increase of EUR 2,564 thousand in **short-term assets** is primarily due to the EUR 1,842 thousand increase in receivables from affiliated companies and the effect of the positive operating cash flows on cash balances.

Other financial assets fell following the payment of EUR 955 thousand by the bond intermediary.

As at the 2013 balance sheet date other non-financial assets largely represent receivables from the tax authorities, in particular for value added taxes.

Non-current liabilities are almost unchanged compared to 31 December 2013.

In **current liabilities**, the other liabilities increased from EUR 483 thousand to EUR 990 thousand and current financial liabilities increased from EUR 590 thousand to EUR 1,058 thousand. As in the previous period the current financial liabilities exclusively comprise the interest payment obligations resulting from the bonds, these interest obligations increase successively until they are paid in September 2014. Other liabilities primarily include value added tax and liabilities for the onward submission of customer payments which are dependent on timing effects around year end. Receivables from affiliated companies include a receivable from Geld.de GmbH (EUR 740 thousand) arising on the sale of insurance commission entitlements.

V. Notes to the consolidated statement of comprehensive income

Revenues represent almost exclusively revenues from commissions, of which EUR 3,089 thousand (Q1 2013: EUR 4,143 thousand) are in respect of travel services, EUR 4,304 thousand (Q1 2013: EUR 3,341 thousand) relate to flight services and EUR 1,157 thousand (Q1 2013: EUR 397 thousand) relate to insurance services. The revenues from insurance services primarily relate to the sale of claims for insurance commissions to Geld.de GmbH.

The lower material expenses compared to Q1 2013 result from the lower expenses incurred for marketing. This resulted in significantly higher gross margins in the first quarter of 2014, which increased to EUR 2,351 thousand compared to EUR 476 thousand in the first quarter of the previous year.

Due to the availability of tax losses brought forward, no tax liability arises for the first quarter 2014 despite the positive result before tax. However, the reduction of the tax losses carried forward resulted in a deferred tax expense.

VI. Segment reporting

The following segment information shows information pertaining to the Group's two segments, the **Internet** segment (the parent Company's only segment) and the **Hotels** segment (which is still in the start-up phase).

Segment revenues

The revenues totalling EUR 8,550 thousand are wholly attributable to the **Internet** segment. No inter-segment revenues between the two segments arose in the period.

Segment result (result before interest and income taxes)

Of the Group operating result (the result before interest and income taxes) for the first quarter of 2014 totalling EUR +1,971 thousand (previous year: EUR 471 thousand), a total of EUR +1,995 thousand (previous year: EUR 491 thousand) is attributable to the **Internet** segment and EUR -24 thousand (previous year: EUR -20 thousand) is attributable to the **Hotels** segment.

The reconciliation of the sum of the segment results (EUR +1,971 thousand) to the consolidated result before taxes can be directly obtained by reference to the consolidated statement of comprehensive income.

VII. Significant transactions with related parties

We refer to the presentation in the 2013 annual report for a description of the nature of the respective transactions. 43 % of revenues and 92 % of material expenses result from transactions with Unister GmbH. The share of revenues with AERUNI GmbH has increased correspondingly. In addition, Travel24.com AG received payment of EUR 955 thousand from LOET Trading AG in the first quarter of 2014 in respect of bonds placed in 2013. Travel24.com AG has sold claims arising from insurance commissions to Geld.de with effect for reporting purposes as of 1 January 2014 (EUR 1,157 thousand). In this way revenues which would have subsequently successively been recorded as revenues could be realised and reported as revenues immediately.

VIII. Events subsequent to the balance sheet date

There have been no events to report since the balance sheet date.

Investor Relations

Share capital of Travel24.com AG

The total number of the voting rights of Travel24.com AG remained unchanged at the end of the first quarter: 2,033,585.

Securities held by members of the Managing Board and members of the Supervisory Board

Members of the Managing and Supervisory Board held shares as follows at 31 March 2014:

	Shares	Options
Managing Board		
Armin Schauer	0	0
Supervisory Board		
Daniel Kirchhof	150	0
Oliver Schilling	24556	0
Detel Kurt Schubert	0	0

Responsibility statement by the legal representative

I confirm that to the best of my knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the Group's assets, financial position and income position. Also, I confirm that the Group's interim management report includes a true and fair description of business developments including the results of the business and the position of the Group. The principal opportunities and risks associated with the expected development of the Group for the remaining period of the financial year have been described.

Leipzig, in May 2014

The Travel24.com AG Managing Board

Armin Schauer

Reporting calendar

2 June 2014

Publication of quarterly report Q1 2014

29 August 2014

Annual General Meeting

1 September 2014

Publication of half-year financial report 2014

1 December 2014

Publication of quarterly report Q3 2014

Legal notice

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