

# Year-end report

January - December 2013



## Strengthened foundations for profitable growth, but disappointing Q4 sales

### THE FOURTH QUARTER OCTOBER - DECEMBER 2013

- Net sales amounted to SEK 504.3 M (567.7), a decrease of 12.0 per cent adjusted for changes in exchange rates. The volume drop in the non-strategic campaigns business continued as anticipated during the fourth quarter. Net sales within the performance marketing segment decreased by 8 per cent, which is the same y/y trend as in the third quarter.
- Gross profit amounted to SEK 114.7 M (134.6).
- During the quarter a restructuring programme was announced. The change measures are expected to reduce operating costs by SEK 55 M annually with full impact from the second half of 2014. The programme has affected total costs with SEK 32.0 M, of which operating costs with SEK 22.0 M and depreciation and amortization with SEK 10.0 M.
- EBITDA adjusted for change related costs was SEK 16.0 M (17.8). EBITDA including change related costs amounted to SEK -6.0 M (6.9). Total costs excluding depreciation and change related costs were reduced by SEK 18.1 M, or 15.8 per cent adjusted for changes in exchange rates, compared to the same period last year.
- Earnings per share, before and after dilution, amounted to SEK -0.5 (0.0).
- A corporate bond loan with a nominal value of SEK 250 M was issued in December. Proceeds of SEK 244.6 M after transaction costs were received before the end of the reporting period.

### THE FULL YEAR 2013

- Net sales amounted to SEK 2,001.3 M (2,307.7), a decrease of 11.5 per cent adjusted for changes in exchange rates.
- Gross profit amounted to SEK 455.3 M (541.5).
- EBITDA adjusted for change related costs increased by 46.4 per cent to SEK 75.4 M (53.3). EBITDA including change related costs amounted to SEK 53.4 M (22.2), an increase of SEK 31.2 M.
- Earnings per share, before and after dilution, amounted to SEK 0.3 (-0.2).
- The Board proposes a dividend of SEK 0.25 (0.0) per share.

### LONG TERM FINANCIAL TARGETS

- The Board's long term financial targets are to grow net sales in excess of 5 per cent annually in local currency and deliver an EBITDA/Gross profit-ratio in excess of 20 per cent over a business cycle.

FINANCIAL OVERVIEW, SEK M	Oct-Dec	Oct-Dec	Change % <sup>1</sup>	Full Year	Full Year	Change % <sup>1</sup>
	2013	2012		2013	2012	
Net sales	504.3	567.7	-12.0%	2,001.3	2,307.7	-11.5%
Gross profit	114.7	134.6	-15.6%	455.3	541.5	-14.4%
<i>as a percentage of net sales</i>	22.7%	23.7%		22.7%	23.5%	
Total costs excluding depreciation	-120.7	-127.6	-5.7%	-401.9	-519.3	-21.4%
<i>Total costs excluding depreciation and change costs</i>	-98.7	-116.8	-15.8%	-379.9	-488.2	-20.9%
<i>average per month</i>	-32.9	-38.9		-31.7	-40.7	
EBITDA	-6.0	6.9	-175.9%	53.4	22.2	161.3%
<i>as a percentage of net sales</i>	-1.2%	1.2%		2.7%	1.0%	
Adjusted EBITDA <sup>2</sup>	16.0	17.8	-14.5%	75.4	53.3	46.4%
<i>as a percentage of net sales</i>	3.2%	3.1%		3.8%	2.3%	
Operating profit (EBIT)	-22.1	-2.1		23.5	0.0	
Cash-flow from operating activities	74.2	-6.6		125.5	-14.9	
Net investments in intangible assets	-7.2	-6.9		-29.8	-36.2	
Earnings per share, SEK	-0.48	0.03		0.27	-0.24	
Cash-flow from operating activities per share, SEK	1.75	-0.15		2.95	-0.35	
Return on equity (12 months) (%)	2.3	-1.9		2.3	-1.9	

<sup>1</sup>Per cent changes are adjusted for changes in exchange rates

<sup>2</sup>Adjusted for change-related costs

### PRESENTATION

This year-end report will be presented at a teleconference on the 6<sup>th</sup> of February 2014 at 10.00 a.m. CET. To follow the presentation, please dial (SE) +46 8 505 564 81, (UK) +44 207 660 20 77 or (US) +1 877 788 90 23. The presentation may also be followed via webcast using the link: <http://financials.tradedoubler.com/en-gb/investorrelations>

### OTHER

Tradedoubler discloses the information provided herein pursuant to the Swedish Securities Markets Act. The information was released for publication on 6<sup>th</sup> of February 2014 at 08.00 a.m. CET.

The Group's numbers in this year-end report are recognised excluding discontinued operations unless otherwise stated. Numerical data in brackets refers to the corresponding period in 2012 unless otherwise stated. Rounding off differences may arise.

## CEO'S COMMENTS ON THE YEAR-END REPORT 2013



At the end of 2013 we made a number of important announcements relating to the next phase of our strategy to achieve profitable growth. These included a restructuring programme, the appointment of a new Chief Revenue Officer and the issue of a SEK 250 million corporate bond.

The restructure involves a series of measures that build on the success of the programme we initiated in November 2012. It will create a simpler, more streamlined organisation and will enable us to focus on more efficient delivery of our performance marketing solution in core markets.

The measures we have taken to restructure the business are as follows: our Nordic operations will be run from Stockholm; all offices and corporate functions are being streamlined; all campaign activity is being integrated into the performance marketing business and we will continue to handle a growing number of administrative functions through our client support centre in Telford.

The measures will be implemented during the first quarter and are expected to deliver annual cost savings of SEK 55 M. The savings will contribute positively to the results in the second quarter and will have full impact from the second half of 2014. This programme is in line with our strategic direction to focus on the growing demand for our core offering, performance marketing, and to deliver sustainable, profitable growth going forward.

At the beginning of January we announced the appointment of Richard Julin to the new position of Chief Revenue Officer. Richard is a seasoned sales professional with a wealth of experience in senior commercial roles. He will be responsible for leading the company's team of Regional Directors, the international sales team and the international corporate client team.

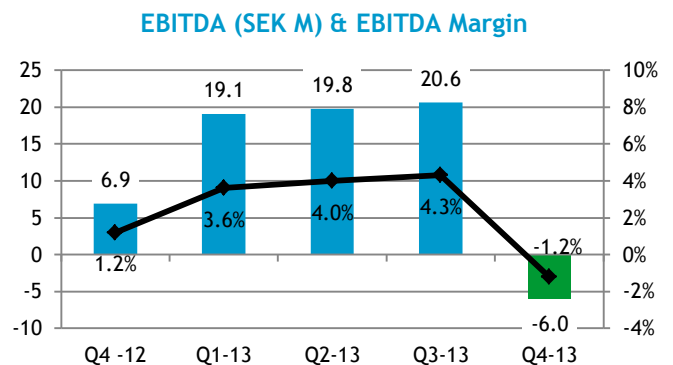
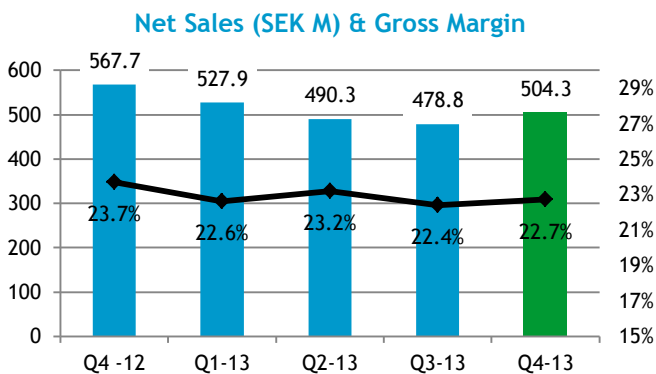
We have acted swiftly to fill the CFO position, following the resignation of Jonas Ragnarsson. Tomas Ljunglöf joined the company on 27 January 2014. Ljunglöf most recently held the position of CFO at ORC Group.

The well received SEK 250 million corporate bond issue that we completed in December is another key building block. It strengthens our financial position and is an important step in improving our ability to capitalise on growth opportunities in our core performance marketing business. We are in the process of evaluating several strategic opportunities to drive growth organically as well as through acquisitions.

The net sales development in the fourth quarter was however still disappointing. We continue to be affected by factors communicated in previous quarters but are working tirelessly to be able to return to growth. The non-strategic campaigns segment continues to decline and to account for a shrinking share of revenues. Southern Europe continues to show signs of soft demand as a result of the weak macro-economic conditions. However our view is that the underlying positive trend in performance marketing remains unchanged and we are generating more than SEK 27 bn annually in incremental sales for our customers; a volume which has been stable since 2011. We expect underlying growth in most of the markets in which we operate and we are well positioned to take advantage of this positive trend. At the same time as one of our largest customers has decided not to extend their contract when it expires at the end of the first quarter 2014, we have signed several significant new accounts during the fourth quarter.

In summary, the measures we have announced recently give us a solid foundation for developing our business during 2014. The focus of our more streamlined and efficient organisation will be on driving revenue through existing scalable clients, a rigorous pursuit of new clients and investments in our core technology to reach the overall objective of profitable growth.

**Rob Wilson**  
President and CEO



## MARKET DEVELOPMENT

While the challenging economic climate in most of Western Europe continues to put consumer spending under pressure, e-commerce is forecast to increase by an average of 11 per cent a year from €196bn in 2012 to €297bn<sup>1</sup> by 2016.

Internet advertising in Western Europe is forecast to continue to grow and to take an increasing share of total ad spend. ZenithOptimedia, the media services agency, forecasts that online ad spend in Western Europe will increase from €18bn in 2013 to around €23.6bn by 2016 - average annual growth of around nine per cent<sup>2</sup>. Online currently accounts for 26 per cent of total advertising expenditure and this is forecast to increase to 31 per cent by 2016.

The mobile channel represents a growing opportunity as both consumer mobile commerce and mobile advertising expenditure start to become increasingly significant. Forrester predicts that mobile commerce in EU7<sup>3</sup> will rise from an estimated €8.4bn in 2013 to over €28bn in 2018, an average annual growth rate of 27 per cent<sup>4</sup>. Mobile advertising expenditure is also seeing high double digit growth and is the fastest growing segment within internet advertising expenditure.

This combination of increased online and mobile commerce and digital advertising spend implies continued growth in performance marketing, despite the pressure on margins as the sector matures. From a geographical perspective Tradedoubler has experienced a continued softness in the markets of Southern Europe and France during the fourth quarter.

## PRODUCT DEVELOPMENT

Tradedoubler released further enhancements to the publisher payment process during the fourth quarter. Improved system support functionality has been implemented to automate some of the steps that were previously carried out manually. The new solution allows publishers to be paid more frequently.

The importance of mobile commerce and the functionality previously released within the mobile area has increased the need for tools to analyse traffic generated through mobile devices. An enhanced report suite was released during the fourth quarter. It includes an improved reporting format which gives advertisers, publishers and resellers more detailed traffic data. Aggregated data for key metrics based on all traffic coming from mobile devices is also available.

In addition, during the fourth quarter Tradedoubler released a new and fully automated solution to manage transaction inquiries. The process for handling transaction inquiries is now uniform across all markets which increases the efficiency and scale of the operations.

In the third quarter, a complete overhaul of the advertiser interface was initiated. The new advertiser interface is built on a brand new platform that can utilize Tradedoubler's Open Platform initiative so that advertisers can build integrated solutions and thereby automate time-consuming tasks. During the fourth quarter, a first release was launched which includes the most fundamental functionality. The remaining functionality will be migrated during the coming quarters.

<sup>1</sup> eMarketer June 2013. Includes travel, digital downloads and event tickets purchased via any digital channel. Excludes gambling.

<sup>2</sup> ZenithOptimedia Advertising Expenditure Forecasts December 2013

<sup>3</sup> EU7: France, Germany, Italy, Netherlands, Spain, Sweden, UK

<sup>4</sup> Forrester Research Mobile & Tablet Commerce Forecast 2013-2018 (EU7)

## THE GROUP'S RESULTS

Consolidated net sales during the full year 2013 amounted to SEK 2,001.3 M (2,307.7), a decline of 11.5 per cent adjusted for changes in exchange rates. Consolidated net sales during the fourth quarter amounted to SEK 504.3 M (567.7), a decline of 12.0 per cent adjusted for changes in exchange rates.

Gross profit during the full year amounted to SEK 455.3 M (541.5), a decline of 14.4 per cent adjusted for changes in exchange rates. The gross margin decreased to 22.7 per cent (23.5). Gross profit during the quarter was SEK 114.7 M (134.6), a fall of 15.6 per cent adjusted for changes in exchange rates with a reduction of the gross margin to 22.7 per cent (23.7)

Operating costs excluding depreciation during the full year amounted to SEK 401.9 M (519.3), a decrease of 21.4 per cent adjusted for changes in exchange rates. The operating costs were affected by change related costs amounting to SEK 22.0 M (31.1). Operating costs during the quarter amounted to SEK 120.7 M (127.6), including change related costs of SEK 22.0 M (10.9). Operating costs excluding change related costs corresponded to an average of SEK 32.9 M per month, a decrease of 15.8 per cent adjusted for changes in exchange rates. Anticipated and confirmed bad debt amounted to SEK -6.2 M (-9.1) for the full year and SEK -1.2 M (-1.6) during the fourth quarter.

The change related costs in the quarter of SEK 22.0 M (10.9) consisted mainly of severance pay and costs for closing the unprofitable offices in Copenhagen and Helsinki. The change related costs have affected the consolidated income statement accordingly; selling expenses by SEK 15.7 M (8.3), administrative expenses by SEK 4.6 M (1.4) and development expenses by SEK 1.6 M (1.2).

Operating profit before depreciation and amortisation (EBITDA) during the full year amounted to SEK 53.4 M (22.2). Adjusted for change related costs EBITDA amounted to SEK 75.4 M (53.3), an increase of 46.4 per cent adjusted for changes in exchange rates. During the quarter, EBITDA amounted to SEK -6.0 M (6.9). Adjusted for change related costs EBITDA amounted to SEK 16.0 M (17.8), a decrease of SEK 1.8 M. Depreciation, amortisation and impairment losses amounted to SEK 29.9 M (22.2) during the full year and to SEK 16.2 M (9.1) during the fourth quarter, both the full year and the quarter have been affected by a write down of intangible assets related to administration and support of SEK 10.0 M. The write down has affected the administrative expenses.

Operating profit (EBIT) amounted to SEK 23.5 M (0.0) during the full year. During the quarter EBIT amounted to SEK -22.1 M (-2.1).

Financial income and expenses amounted to SEK -3.4 M (0.3) during the full year. During the quarter, financial income and expenses amounted to SEK -3.5 M (-1.1), driven mainly by exchange rate effects of SEK -2.0 M (0.8) and the revaluation of the short term investments of SEK -1.3 M (0.0). Interest expense related to the bond issue amounted to SEK -0.6 M (0.0).

Profit after tax for continuing operations amounted to SEK 11.4 M (-10.2) during the full year. Tax affected profit during the full year by SEK -8.7 M (-10.5). During the quarter, profit after tax for continuing operations amounted to SEK -20.4 M (1.1). Tax affected profit by SEK 5.2 M (4.4).

## OPERATIONAL SEGMENTS

### Network

Net sales during the full year 2013 amounted to SEK 1,941.3 M (2,243.7) which was a decline of 12 per cent adjusted for changes in exchange rates. During the fourth quarter, net sales amounted to SEK 489.2 M (551.8) which was a decline of 12 per cent adjusted for changes in exchange rates.

The performance marketing segment which accounts for more than 90 per cent of net sales within Network showed a decline during the fourth quarter of 8 per cent currency adjusted compared to last year. The performance marketing segment has continued to be affected by lower run-rate from a large pan-European client but also by the softening demand in market unit South and in France. Growth in net sales is still delayed by the previously communicated long lead-times in the corporate sales cycle and the increased sales efforts have still not paid off. However performance marketing in Sweden, Norway and Poland are showing growth and UK is closing the gap compared to last year. The campaigns segment shows a year-on-year decline of 31 per cent in the fourth quarter and a full year decline of 29 per cent, adjusted for changes in exchange rates.

EBITDA during the full year amounted to SEK 161.6 M (189.6), a decrease of 14 per cent adjusted for changes in exchange rates. During the fourth quarter, EBITDA amounted to SEK 28.6 M (44.7), a decline of 37 per cent adjusted for changes in exchange rates. Adjusted for change related costs amounting to SEK 14.3 M (8.0), EBITDA within Network showed a decline of 20 per cent in the fourth quarter, adjusted for changes in exchange rates.

### Technology

Net sales during the full year 2013 amounted to SEK 60.0 M (64.0) which was a decline of 5 per cent adjusted for changes in exchange rates. During the fourth quarter, net sales amounted to SEK 15.1 M (16.0), a decrease of 7 per cent adjusted for changes in exchange rates. The integration of the Technology sales organisation into the wider client facing teams has still not made the expected positive contribution.

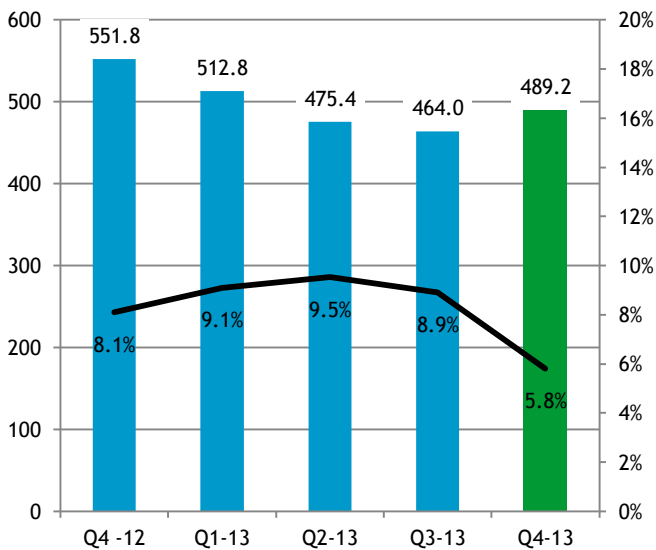
EBITDA during the full year amounted to SEK 43.1 M (42.0), an increase of 4 per cent adjusted for changes in exchange rates. During the fourth quarter, EBITDA amounted to SEK 9.7 M (10.6), which was a decrease of 10 per cent adjusted for changes in exchange rates. Adjusted for change related costs amounting to SEK 1.4 M (0.2), EBITDA within Technology showed an increase of 1 per cent in the fourth quarter, adjusted for changes in exchange rates.

### Group management and support functions

Costs for group management and support functions during the full year 2013 amounted to SEK 151.3 M (209.5), a reduction of 27 per cent adjusted for changes in exchange rates. During the fourth quarter, costs for group management and support functions amounted to SEK 44.3 M (48.3), a reduction of 8 per cent adjusted for changes in exchange rates. Change related costs during the fourth quarter affected the unit by SEK 6.3 M (2.6). Adjusted for change related costs the unit has reduced its costs by 17 per cent in the fourth quarter, adjusted for changes in exchange rates.

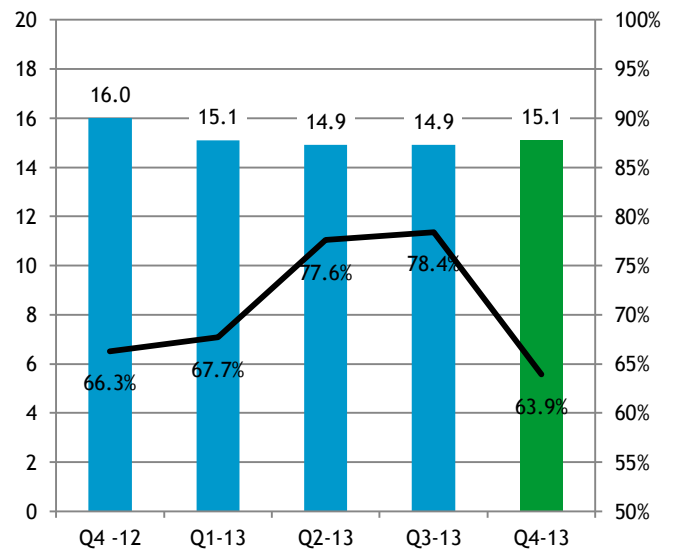
## NET SALES NETWORK (SEK M)

### EBITDA MARGIN



## NET SALES TECHNOLOGY (SEK M)

### EBITDA MARGIN



## Segments and market units

SEK M	Oct-Dec	Oct-Dec	Full year	Full year
Net Sales	2013	2012	2013	2012
DACH	70.3	83.8	288.1	327.1
East	26.5	30.0	103.2	103.0
France & Benelux	125.1	149.1	505.0	584.2
Nordics	76.2	81.7	284.6	317.8
South	63.5	71.2	263.6	304.7
UK & Ireland	127.5	135.8	496.8	606.9
<b>Total Network</b>	<b>489.2</b>	<b>551.8</b>	<b>1,941.3</b>	<b>2,243.7</b>
Technology	15.1	16.0	60.0	64.0
<b>Total Net Sales</b>	<b>504.3</b>	<b>567.7</b>	<b>2,001.3</b>	<b>2,307.7</b>
<b>EBITDA</b>				
DACH	5.3	8.3	31.6	35.8
East	1.6	0.6	6.4	3.4
France & Benelux	7.9	11.6	42.6	47.9
Nordics	1.8	7.7	23.5	31.6
South	3.5	8.6	26.4	40.1
UK & Ireland	8.5	7.9	31.3	30.9
<b>Total Network</b>	<b>28.6</b>	<b>44.7</b>	<b>161.6</b>	<b>189.6</b>
Technology	9.7	10.6	43.1	42.0
Group mgmt & support functions	-44.3	-48.3	-151.3	-209.5
<b>Total EBITDA</b>	<b>-6.0</b>	<b>6.9</b>	<b>53.4</b>	<b>22.2</b>
<b>EBITDA/Net sales, %</b>				
DACH	7.6	9.9	11.0	10.9
East	6.2	1.9	6.2	3.3
France & Benelux	6.3	7.8	8.4	8.2
Nordics	2.3	9.4	8.2	9.9
South	5.5	12.1	10.0	13.1
UK & Ireland	6.7	5.8	6.3	5.1
<b>Total Network</b>	<b>5.8</b>	<b>8.1</b>	<b>8.3</b>	<b>8.5</b>
Technology	63.9	66.3	71.8	65.7
<b>Total EBITDA Margin</b>	<b>-1.2</b>	<b>1.2</b>	<b>2.7</b>	<b>1.0</b>

## SEASONAL VARIATIONS

Tradedoubler's operations, particularly within Network, fluctuate with the development of e-commerce and online advertising. Although these areas are showing positive underlying growth, there are fluctuations during the year particularly within e-commerce. The highest level of activity is before Christmas, which implies that the fourth quarter is normally the strongest for Tradedoubler.

## CASH FLOW

Cash flow from operating activities before changes in working capital amounted to SEK 9.3 M (15.3) during the fourth quarter.

Changes in working capital during the fourth quarter amounted to SEK 64.9 M (-21.9). A favourable change in accounts receivable, publisher debt as well as prepayments from clients all contributed to the strong positive change in working capital. Large payments from clients in December will lead to large payments to publishers in the beginning of 2014. Cash flow from operating activities, after changes in working capital, amounted to SEK 74.2 M (-6.6).

Cash flow from operating activities during the full year amounted to SEK 125.5 M (-14.9) after changes in working capital of SEK 61.7 M (-50.0).

Net investments in intangible assets during the quarter amounted to SEK 7.2 M (6.9) of which SEK 1.1 M (0.0) relates to capitalised expenses for own personnel. These investments mainly consist of improvements to production and business systems as well as product development.

The cash flow has been positively affected by the corporate bond issue in December with SEK 244.6 M (0.0). The proceeds from the bond issue have been invested in interest-bearing financial instruments amounting to SEK -203.1 M (0.0).

Cash flow from continuing operations during the quarter amounted to SEK 108.2 M (-15.0), and to SEK 129.1 M (-120.1) during the full year. The full year 2013 was affected by a repurchase of own shares for a total amount of SEK -6.1 M. A dividend of SEK -64.0 M was paid during the full year last year.

Cash and cash equivalents amounted to SEK 304.7 M (164.4) at year-end after being affected by translation differences of SEK 11.1 M (-6.2).

## FINANCIAL POSITION

### Bond loan

In December Tradedoubler issued a five-year senior unsecured bond loan of SEK 250 M with maturity on December 20, 2018. The bond loan has an annual fixed coupon rate of 6.75% and a total framework amount of SEK 375 M. The bond loan was listed on NASDAQ OMX Stockholm in January 2014. The offering was oversubscribed after broad interest from individual investors as well as institutions.

The proceeds of SEK 244.6 M after transaction costs were invested in interest-bearing financial instruments, according to the financial policy adopted by the Board of Directors. As of December 31 investments were made in corporate bonds and subordinated loans with a book value of SEK 201.8 SEK. The rest of the bond proceeds were as of December 31 invested in short term commercial paper, which are included in cash and cash equivalents. As a rule, short term investments in foreign currency are hedged.

According to the terms and conditions of the bond loan, dividend distributions are subject to that the ratio of the Group's net interest bearing debt to EBITDA does not exceed 2.00 and that the Group's interest coverage ratio exceeds 3.00. Dividend distributions are also restricted to the higher of (A) the Group's consolidated net profit according to the annual audited financial statements for the previous financial year and (B) an amount equal to the net cash position less SEK 100 M. The full terms and conditions of the bond loan are provided in the prospectus, which is available on the company's website and from the Swedish Financial Supervisory Authority.

### Equity and capital structure

Consolidated shareholders' equity amounted to SEK 506.5 M (488.4) at end of 2013. The return on equity for the rolling 12 months period was 2.3 per cent (-1.9) and the equity/asset ratio has decreased to 34.5 per cent (41.0) which is due to the bond issue.

## THE PARENT COMPANY

The parent company's net sales amounted to SEK 13.3 M (33.4) during the fourth quarter 2013 and to SEK 121.6M (128.9) during the full year 2013. Revenue primarily consisted of licensing revenue and remuneration from subsidiaries for centrally performed services.

Operating profit (EBIT) amounted to SEK -36.4 M (-14.1) during the quarter and to SEK -17.2 M (-56.3) during the full year.

Financial income and expenses amounted to SEK 27.1 M (-6.0) during the quarter and to SEK 63.8 M (-1.0) during the full year. The full year is mainly affected by dividends from subsidiaries of SEK 86.1 M (2.4) and impairment of shares in subsidiaries in the UK, Russia and Brazil amounting to SEK -26.1 M (-9,2).

Profit after tax amounted to SEK -1.1 M (-19.7) during the quarter and to SEK 50.2 M (-38.1) during the full year.

The parent company's receivables from group companies

amounted to SEK 109.9 M (121.1) at year-end, of which none (0.0) were non-current. The parent company's liabilities to group companies amounted to SEK 156.2 M (191.1), of which none (0.0) were non-current. Cash and cash equivalents amounted to SEK 154.4 M (57.1).

During the fourth quarter the parent company issued a bond loan of SEK 250 M described in detail under Financial position on page 7. The proceeds from the bond loan were invested in short term investments with a book value of SEK 201.8, the rest of the bond proceeds were invested in short term commercial paper, which are included in cash and cash equivalents.

Deferred tax receivables amounted to SEK 28.3 M (24.8) at year-end. The deferred tax receivables are mainly related to carry-forwards of SEK 12.4 M and deferred tax receivables related to previous Group loans of SEK 14.0 M. For more information, see notes to the consolidated financial statements, note C2 Critical estimates and judgements in the Annual Report 2012.

## DISCONTINUED OPERATIONS

During the fourth quarter of 2011, Tradedoubler sold its Search operations and has subsequently reported this as a discontinued operation.

During the fourth quarter, the discontinued operations affected the Group's results by SEK 0.0 M (2.2).

The result from discontinued operations for 2013 has not affected the Group's cash flow. For more information regarding discontinued operations, see page 18.

## DIVIDEND

The Board proposes that a dividend of SEK 0.25 (0.0) should be paid to the owners. The dividend of SEK 0.25 corresponds to 93 per cent of profit after tax.

Tradedoubler has a policy of distributing at least 50 per cent of its profit after tax provided that a suitable capital structure is maintained. The distribution may occur through share dividends, share redemption and share buybacks.

## TRANSACTIONS WITH RELATED PARTIES

No transactions between Tradedoubler and related parties impacting the company's financial position and results have taken place, aside from remuneration to board and senior executives.

## EMPLOYEES

At year-end, Tradedoubler's staff corresponded to 449 (465) full-time equivalents (FTE), which includes full-time, temporary and contract employees. During the year Tradedoubler has included paid interns on longer contracts in the FTE-statistics. Without these the number of FTE at year-end would be 445.

Staff reductions from the restructuring program announced during the fourth quarter will mainly take place during the first quarter of 2014.

## RISKS AND UNCERTAINTY FACTORS

Tradedoubler divides risks into market-related risks, operational risks, financial risks and legal risks. These risks are described on pages 19-21 of the 2012 Annual Report.

No significant risks and uncertainty factors are considered to have arisen since the latest submitted annual report.

## CRITICAL ESTIMATES AND JUDGEMENTS

For information regarding critical estimates and judgements in the financial statements see note C2 in the 2012 Annual Report.

No critical estimates or judgements are considered to have arisen since the latest submitted annual report.

## MISCELLANEOUS

### Changes to the Board of Directors

During the quarter Caroline Sundewall left the Board of Directors on her own initiative. Thus the Board of Directors consist of the following five persons:

Peter Larsson (Chairman), Thomas Bill, Martin Henricson, Lars Sveder and Simon Turner.

### Changes to the Group management team

Jonas Ragnarsson who has held the position as CFO since August 2012 resigned in December. He will continue to work in his current position until his replacement has started and handover of duties has taken place.

### Significant events after the balance sheet date

One of Tradedoubler's larger pan-European clients has decided not to extend their contract when it expires at the end of the first quarter 2014.

At the beginning of 2014 Tradedoubler has announced the appointment of Tomas Ljunglöf as new CFO. The company has also communicated that Richard Julin will take on the new position as CRO, Chief Revenue Officer, and will be responsible for driving new sales and for the market units. Andrew Buckman will take on a new role as CSO, Chief Strategy Officer.

With the changes to the senior management of the company the management team will consist of: Rob Wilson (CEO), Tomas Ljunglöf (CFO), Richard Julin (CRO), Andrew Buckman (CSO) and Magnus Nyström (CTO).

## LONG TERM FINANCIAL TARGETS

The Board's long term financial targets are to grow net sales in excess of 5 per cent annually in local currency and deliver an EBITDA/Gross profit-ratio in excess of 20 per cent over a business cycle.

## ANNUAL GENERAL MEETING

The Annual General Meeting 2014 will be held on 6 May 2014 at Tradedoubler's premises on Birger Jarlsgatan 57 A, Stockholm.

Shareholders who wish to have a matter addressed at the annual general meeting may submit a proposal to Tradedoubler's Board of Directors by e-mail: [bolagsstamma@tradedoubler.com](mailto:bolagsstamma@tradedoubler.com). Proposals should be submitted no later than 18 March 2013 in order to be considered to be included in the notice convening the annual meeting.

More information about the annual general meeting may be found under the corporate governance tab on the company's website, and may be reached via the following link:

<http://financials.tradedoubler.com/en-gb/corporate-governance/annual-general-meeting>.

## ACCOUNTING POLICIES

This year-end report is prepared in accordance with IAS 34, Interim Financial Reporting and the Swedish Annual Accounts Act.

As from January 1, 2013 Tradedoubler has changed the classification in the income statements where costs closer related to product development and administration costs have been reclassified from sales cost to development and administration costs respectively. It is the belief of Tradedoubler that the reclassification gives a more accurate picture of the operating expenses. Changes have been made in the consolidated income statement with corresponding changes in the income statement for the parent company. Comparative periods have been changed.

As from January 1, 2013 Tradedoubler applies a new segment reporting. The segments consist of the six market units within Network and the business unit Technology that continues to be reported as a separate segment. Comparative periods have been restated in accordance with the new segments.

With the exception of the bond loan and short term investments described in detail under Financial position on page 7, the extent and nature of financial assets and liabilities are essentially the same as at December 31, 2012. Similar to what was the case at the end of 2012, the carrying values are the same as the fair values.

Except for the changes stated above the accounting policies and methods of calculation are unchanged, compared with the 2012 Annual Report. None of the new or changed standards that have been in effect from 2013 have had any impact on the financial statements, they will primarily affect the presentation of the financial statements.

For information on the accounting policies applied, see the 2012 Annual Report.

## THE SHARE

The total number of shares at the end of the year amounted to 42,807,449 of which 475,000 were in own custody. The average number of outstanding shares during the full year 2013 was 42,500,116.

Earnings per share for continuing operations amounted to SEK -0.5 (0.0) during the fourth quarter and SEK 0.3 (-0.2) during the full year 2013. Equity per share amounted to SEK 12.0 (11.4) at year-end.

The share price closed at SEK 18.70 on the final trading day of 2013, which was higher than the previous year-end when the share price closed at SEK 12.50.



## PRESENTATION OF THE YEAR-END REPORT

This year-end report will be presented at a teleconference on the 6<sup>th</sup> of February 2014 at 10.00 a.m. CET. The presentation will be held in English and may be followed via webcast on the website:

<http://financials.tradedoubler.com/en-gb/investorrelations>

and by telephone:

Sweden: +46 8 505 564 81  
UK: +44 207 660 20 77  
US: +1 877 788 90 23

The presentation material will be published concurrently with the year-end report.

## ANNUAL REPORT

The annual report 2013 will be available from the 15<sup>th</sup> of April, 2014 and will be available on Tradedoubler's website.

Shareholders who would like to receive the annual report by post are requested to contact Tradedoubler at [ir@tradedoubler.com](mailto:ir@tradedoubler.com) or Madeleine Moritz by telephone on +46 8 405 08 00.

## FINANCIAL INFORMATION

Interim report Jan - Mar 2014	6 May 2014
Interim report Jan - Jun 2014	25 July 2014
Interim report Jan - Sep 2014	29 October 2014
Year-end report 2014	6 February 2015

## CONTACT INFORMATION

Rob Wilson, President and CEO, telephone +44 (0) 7500 667 587  
Jonas Ragnarsson, CFO, telephone +46 8 405 08 00  
E-mail: [ir@tradedoubler.com](mailto:ir@tradedoubler.com)

## ENGLISH VERSION

Both an English version and a Swedish version of this report have been prepared. In the event of a difference between the two reports, the Swedish version shall prevail.

## REVIEW

This year-end report has not been subject to review by the company's auditor Ernst & Young AB.

Stockholm, 6 February 2014

**Rob Wilson**  
President and CEO

## Consolidated income statement

SEK 000s	Oct-Dec 2013	Oct-Dec 2012	Full year 2013	Full year 2012
Net Sales	504,323	567,738	2,001,339	2,307,718
Cost of goods sold	-389,640	-433,151	-1,546,038	-1,766,240
<b>Gross profit</b>	<b>114,683</b>	<b>134,587</b>	<b>455,301</b>	<b>541,478</b>
Selling expenses	-78,487	-75,545	-254,911	-304,447
Administrative expenses	-46,344	-45,455	-136,675	-178,127
Development expenses	-11,998	-15,710	-40,207	-58,903
<b>Operating profit</b>	<b>-22,147</b>	<b>-2,124</b>	<b>23,508</b>	<b>1</b>
Net financial items	-3,474	-1,092	-3,413	317
<b>Profit before tax</b>	<b>-25,620</b>	<b>-3,216</b>	<b>20,096</b>	<b>317</b>
Tax	5,229	4,365	-8,702	-10,475
<b>Net profit for continuing operations</b>	<b>-20,392</b>	<b>1,149</b>	<b>11,393</b>	<b>-10,158</b>
<b>Net profit for discontinued operations</b>	<b>-</b>	<b>2,192</b>	<b>-</b>	<b>2,192</b>
<b>Total net profit</b>	<b>-20,392</b>	<b>3,342</b>	<b>11,393</b>	<b>-7,965</b>

All earnings accrue to the parent company's shareholders.

## Consolidated statement of comprehensive income

SEK 000s	Oct-Dec 2013	Oct-Dec 2012	Full year 2013	Full year 2012
<b>Profit for the period, after tax</b>	<b>-20,392</b>	<b>3,342</b>	<b>11,393</b>	<b>-7,965</b>
<b>Other comprehensive income</b>				
<i>Items that subsequently will be reversed in the income statement</i>				
Translation difference, net after tax	13,773	-12,694	12,650	-20,480
<b>Total comprehensive income for the period, after tax</b>	<b>-6,619</b>	<b>-9,352</b>	<b>24,043</b>	<b>-28,445</b>
<i>Comprehensive income attributable to:</i>				
Parent company shareholders	-6,619	-9,352	24,043	-28,445

## Earnings per share

SEK	Oct-Dec 2013	Oct-Dec 2012	Full year 2013	Full year 2012
Earnings per share for continuing operations	-0.48	0.03	0.27	-0.24
Total earnings per share (including discontinued operations)	-0.48	0.08	0.27	-0.19
<b>Number of Shares</b>				
Weighted average	42,332,449	42,677,449	42,500,116	42,677,449

The earnings per share above apply before and after dilution.

## Key ratios - Group

	Oct-Dec 2013	Oct-Dec 2012	Full year 2013	Full year 2012
Gross profit (GP) / revenue (%)	22.7	23.7	22.7	23.5
EBITDA / revenue (%)	-1.2	1.2	2.7	1.0
EBITDA / gross profit (GP) (%)	-5.2	5.2	11.7	4.1
Equity/assets ratio (%)	34.5	41.0	34.5	41.0
Return on equity (12 months) (%)	2.3	-1.9	2.3	-1.9
Average number of employees	454	479	463	487
Return on Capital Employed (12 months) (%)	3.8	0.2	3.8	0.2
Cash-flow from operating activities per share, SEK	1.75	-0.15	2.95	-0.35
Equity per share, SEK	12.0	11.4	12.0	11.4
Stock price at the end of the period, SEK	18.7	12.5	18.7	12.5

## Consolidated statement of financial position

SEK 000s	31 Dec 2013	31 Dec 2012
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible fixed assets	423,569	408,364
Tangible fixed assets	5,909	10,117
Other non-current receivables	4,228	3,647
Deferred tax assets	40,125	36,007
<b>Total non-current assets</b>	<b>473,832</b>	<b>458,135</b>
Accounts receivable	459,910	519,268
Tax assets	7,284	11,819
Other current receivables	21,436	36,408
Short term investments	201,794	-
Cash & cash equivalents	304,662	164,445
<b>Total current assets</b>	<b>995,085</b>	<b>731,939</b>
<b>Total assets</b>	<b>1,468,917</b>	<b>1,190,074</b>
<b>Shareholders' equity and liabilities</b>		
<b>Shareholders' equity</b>	<b>506,535</b>	<b>488,382</b>
Deferred tax liabilities	4,597	4,597
Other provisions	945	1,013
Bond loan	244,586	-
<b>Total long-term liabilities</b>	<b>250,128</b>	<b>5,609</b>
Accounts payable	21,689	20,642
Current liabilities to publishers	451,261	402,514
Tax liabilities	4,020	6,112
Other current liabilities	235,284	266,815
<b>Total current liabilities</b>	<b>712,254</b>	<b>696,083</b>
<b>Total shareholder 's equity and liabilities</b>	<b>1,468,917</b>	<b>1,190,074</b>

## Consolidated statement of changes in equity

SEK 000s	Oct-Dec 2013	Oct-Dec 2012	Full year 2013	Full year 2012
Opening balance	513,107	497,734	488,382	580,843
Total comprehensive income for the period, continuing operations	-6,619	-11,544	24,043	-30,637
Total comprehensive income for the period, discontinued operations*	-	2,192	-	2,192
Equity-settled share-based payments	47	-	181	-
Repurchase of shares	-	-	-6,071	-
Dividend	-	-	-	-64,016
<b>Closing balance</b>	<b>506,535</b>	<b>488,382</b>	<b>506,535</b>	<b>488,382</b>

All capital accrues to the parent company's shareholders.

\*See disclosure regarding discontinued operations, page 19.

## Consolidated statement of cash flows

SEK 000s	Oct-Dec 2013	Oct-Dec 2012	Full year 2013	Full year 2012
<i>Operating activities</i>				
Profit before tax	-25,620	-3,216	20,096	317
Adjustments for items not included in cash flow	39,648	22,867	54,004	49,825
Income taxes paid	-4,694	-4,381	-10,241	-15,106
<b>Cash flow from operating activities before changes in working capital</b>	<b>9,334</b>	<b>15,270</b>	<b>63,859</b>	<b>35,036</b>
Changes in working capital	64,894	-21,870	61,682	-49,980
<b>Cash flow from operating activities</b>	<b>74,228</b>	<b>-6,600</b>	<b>125,541</b>	<b>-14,944</b>
<i>Investing activities</i>				
Net investments in intangible assets	-7,163	-6,925	-29,834	-36,220
Net investments in tangible assets	-580	-1,546	-1,559	-4,721
Net investments in financial assets	190	43	-446	-209
Net investments in short term investments	-203,098	-	-203,098	-
<b>Cash flow from investing activities</b>	<b>-210,651</b>	<b>-8,428</b>	<b>-234,937</b>	<b>-41,150</b>
<i>Financing activities</i>				
External loans	244,586	-	244,586	-
Repurchase of own shares	-	-	-6,071	-
Dividend paid to parent company's shareholders	-	-	-	-64,016
<b>Cash flow from financing activities</b>	<b>244,586</b>	<b>-</b>	<b>238,515</b>	<b>-64,016</b>
<b>Cash flow for the period from continuing operations</b>	<b>108,163</b>	<b>-15,028</b>	<b>129,119</b>	<b>-120,110</b>
<b>Cash flow for the period</b>	<b>108,163</b>	<b>-15,028</b>	<b>129,119</b>	<b>-120,110</b>
<i>Cash and cash equivalents</i>				
On the opening date	186,303	173,287	164,445	290,745
Translation difference in cash and cash equivalents	10,196	6,186	11,098	-6,189
<b>Cash and cash equivalents on the closing date</b>	<b>304,662</b>	<b>164,445</b>	<b>304,662</b>	<b>164,445</b>
<i>Adjustments for non-cash items</i>				
Depreciation	16,169	9,066	29,892	20,324
Other	23,479	13,801	24,112	29,501
<b>Total non-cash items</b>	<b>39,648</b>	<b>22,867</b>	<b>54,004</b>	<b>49,825</b>

## Income statement - Parent company

SEK 000s	Oct-Dec 2013	Oct-Dec 2012	Full year 2013	Full year 2012
Net Sales	13,331	33,420	121,568	128,906
Cost of goods sold	-1,557	-2,562	-1,831	-8,636
<b>Gross profit</b>	<b>11,775</b>	<b>30,857</b>	<b>119,737</b>	<b>120,270</b>
Selling expenses	-214	-355	-1,099	-2,105
Administrative expenses	-39,238	-31,099	-107,498	-127,848
Development expenses	-8,705	-13,472	-28,312	-46,625
<b>Operating profit</b>	<b>-36,382</b>	<b>-14,069</b>	<b>-17,173</b>	<b>-56,308</b>
Net financial items	27,107	-6,016	63,849	-999
<b>Profit before tax</b>	<b>-9,275</b>	<b>-20,086</b>	<b>46,676</b>	<b>-57,306</b>
Tax	8,130	373	3,499	19,230
<b>Net profit</b>	<b>-1,146</b>	<b>-19,713</b>	<b>50,175</b>	<b>-38,076</b>

## Balance sheet - Parent company

SEK 000s	31 dec 2013	31 dec 2012
<b>Assets</b>		
Intangible fixed assets	60,624	54,438
Tangible fixed assets	1,047	3,458
Financial fixed assets	160,881	198,105
Deffered tax assets	28,321	24,802
<b>Total fixed assets</b>	<b>250,872</b>	<b>280,802</b>
Accounts receivable	4,430	2,846
Receivables from Group companies	109,888	121,053
Tax assets	1,599	2,407
Other current receivables	8,763	9,450
Short term investments	201,794	-
Cash & cash equivalents	154,374	57,094
<b>Total current assets</b>	<b>480,847</b>	<b>192,849</b>
<b>Total assets</b>	<b>731,719</b>	<b>473,651</b>
<b>Shareholders' equity and liabilities</b>		
<b>Shareholders equity</b>	<b>216,390</b>	<b>172,105</b>
Bond loan	244,586	-
Accounts payable	11,291	12,150
Liabilities to Group companies	156,205	191,076
Other liabilities	103,247	98,319
<b>Total current liabilities</b>	<b>515,329</b>	<b>301,546</b>
<b>Total shareholder 's equity and liabilities</b>	<b>731,719</b>	<b>473,651</b>

## Pledged assets and contingent liabilities

SEK 000s	31 Dec 2013	31 Dec 2012
<b>Group</b>		
Pledged assets	none	none
Rent deposits	5,759	3,647
Contingent liabilities	none	none
<b>Parent company</b>		
Pledged assets	none	none
Rent deposits	1,530	none
Contingent liabilities	2,715	2,259

## Quarterly summary

### Consolidated income statement

	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
SEK 000s	2013	2013	2013	2013	2012	2012	2012	2012
Net Sales	504,323	478,835	490,318	527,863	567,738	526,115	573,660	640,206
Cost of goods sold	-389,640	-371,637	-376,367	-408,395	-433,151	-406,399	-432,873	-493,816
<b>Gross profit</b>	<b>114,683</b>	<b>107,198</b>	<b>113,951</b>	<b>119,468</b>	<b>134,587</b>	<b>119,715</b>	<b>140,786</b>	<b>146,390</b>
Total costs	-136,830	-91,735	-98,674	-104,553	-136,711	-127,475	-143,549	-133,739
<b>Operating profit</b>	<b>-22,147</b>	<b>15,463</b>	<b>15,277</b>	<b>14,915</b>	<b>-2,124</b>	<b>-7,760</b>	<b>-2,763</b>	<b>12,651</b>
Net financial items	-3,474	1,074	-3,700	2,687	-1,092	2,223	-1,088	273
<b>Profit before tax</b>	<b>-25,620</b>	<b>16,537</b>	<b>11,577</b>	<b>17,602</b>	<b>-3,216</b>	<b>-5,537</b>	<b>-3,852</b>	<b>12,924</b>
Tax	5,229	-4,011	-4,348	-5,571	4,365	-5,041	-6,988	-2,811
<b>Net profit</b>	<b>-20,392</b>	<b>12,525</b>	<b>7,229</b>	<b>12,031</b>	<b>1,149</b>	<b>-10,577</b>	<b>-10,839</b>	<b>10,111</b>

### Consolidated statement of financial position

	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
SEK 000s	2013	2013	2013	2013	2012	2012	2012	2012
<b>Assets</b>								
Intangible fixed assets	423,569	420,936	420,267	400,799	408,364	423,595	427,356	406,048
Other fixed assets	50,263	42,673	45,682	47,132	49,771	51,320	42,277	38,581
Current receivables	488,630	517,463	503,181	513,257	567,494	553,547	622,317	668,812
Short term investments	201,794	-	-	-	-	-	-	-
Cash & cash equivalents	304,662	186,303	166,592	150,302	164,445	173,288	179,352	268,222
<b>Total assets</b>	<b>1,468,917</b>	<b>1,167,375</b>	<b>1,135,723</b>	<b>1,111,490</b>	<b>1,190,074</b>	<b>1,201,749</b>	<b>1,271,302</b>	<b>1,381,663</b>
<b>Shareholders' equity and liabilities</b>								
Shareholders' equity	506,535	513,107	503,439	482,052	488,382	497,734	522,329	587,636
Long-term non-interest bearing debt	5,542	5,441	5,605	5,568	5,609	7,743	8,479	8,576
Long-term interest bearing debt	244,586	-	-	-	-	-	-	-
Current non-interest bearing debt	712,254	648,826	626,680	623,870	696,083	696,272	740,494	785,451
<b>Total shareholder's equity and liabilities</b>	<b>1,468,917</b>	<b>1,167,375</b>	<b>1,135,723</b>	<b>1,111,490</b>	<b>1,190,074</b>	<b>1,201,749</b>	<b>1,271,302</b>	<b>1,381,663</b>

## Consolidated statement of cash flows

SEK 000s	Oct-Dec 2013	Jul-Sep 2013	Apr-Jun 2013	Jan-Mar 2013	Oct-Dec 2012	Jul-Sep 2012	Apr-Jun 2012	Jan-Mar 2012
<i>Operating activities</i>								
Profit before tax	-25,620	16,537	11,577	17,602	-3,216	-5,537	-3,851	12,921
Adjustments for items not included in cash flow	39,648	4,861	7,145	2,349	22,867	3,815	21,373	1,769
Tax paid	-4,694	-3,563	2,612	-4,594	-4,381	-7,355	-291	-3,079
Cash flow from changes in working capital	64,894	11,571	-4,180	-10,603	-21,870	22,515	-29,978	-20,648
<b>Cash flow from operating activities</b>	<b>74,228</b>	<b>29,406</b>	<b>17,153</b>	<b>4,754</b>	<b>-6,600</b>	<b>13,438</b>	<b>-12,747</b>	<b>-9,037</b>
Cash flow from investing activities	-210,651	-6,765	-8,617	-8,904	-8,428	-10,629	-9,596	-12,496
Cash flow from financing activities	244,586	-	-6,071	-	-	-	-64,016	-
<b>Cash flow from continuing operations</b>	<b>108,163</b>	<b>22,641</b>	<b>2,465</b>	<b>-4,150</b>	<b>-15,028</b>	<b>2,809</b>	<b>-86,359</b>	<b>-21,533</b>
<b>Cash flow for the period</b>	<b>108,163</b>	<b>22,641</b>	<b>2,465</b>	<b>-4,150</b>	<b>-15,028</b>	<b>2,809</b>	<b>-86,359</b>	<b>-21,533</b>
Cash and cash equivalents								
On the opening date	186,303	166,592	150,302	164,445	173,287	179,352	268,222	290,745
Translation difference	10,196	-2,930	13,825	-9,993	6,187	-8,873	-2,511	-990
<b>Cash and cash equivalents on the closing date</b>	<b>304,662</b>	<b>186,303</b>	<b>166,592</b>	<b>150,302</b>	<b>164,445</b>	<b>173,287</b>	<b>179,352</b>	<b>268,222</b>

## Key ratios - Group

	Oct-Dec 2013	Jul-Sep 2013	Apr-Jun 2013	Jan-Mar 2013	Oct-Dec 2012	Jul-Sep 2012	Apr-Jun 2012	Jan-Mar 2012
Gross profit (GP) / revenue (%)	22.7	22.4	23.2	22.6	23.7	22.8	24.5	22.9
EBITDA / revenue (%)	-1.2	4.3	4.0	3.6	1.2	-0.6	0.0	2.8
EBITDA / gross profit (GP) (%)	-5.2	19.2	17.4	15.9	5.2	-2.6	0.2	12.4
Equity/assets ratio (%)	34.5	44.0	44.3	43.4	41.0	41.4	41.1	42.5
Return on equity last 12 months (%)	2.3	6.5	1.9	-1.5	-1.9	4.9	10.7	14.7
Average number of employees	454	455	470	472	479	489	487	493
Return on Capital Employed last 12 months (%)	3.8	8.8	4.1	0.6	0.2	7.9	15.2	19.0
Cash-flow from operating activities per share, SEK	1.75	0.69	0.40	0.11	-0.15	0.31	-0.30	-0.21
Equity per share, SEK	12.0	12.1	11.9	11.3	11.4	11.7	12.2	13.8
Stock price at the end of the period, SEK	18.7	21.0	17.1	15.0	12.5	14.0	16.9	31.1



## Segments

SEK M	Oct-Dec 2013	Jul-Sep 2013	Apr-Jun 2013	Jan-Mar 2013	Oct-Dec 2012	Jul-Sep 2012	Apr-Jun 2012	Jan-Mar 2012
<b>DACH</b>								
Net sales	70.3	67.7	72.2	77.8	83.8	71.7	78.8	92.7
EBITDA	5.3	7.9	8.2	9.9	8.3	6.7	9.2	11.6
<b>East</b>								
Net sales	26.5	24.5	26.3	25.9	30.0	22.5	24.5	26.0
EBITDA	1.6	1.7	1.6	1.7	0.6	0.5	1.5	0.9
<b>France &amp; Benelux</b>								
Net sales	125.1	109.7	121.2	149.0	149.1	131.2	139.4	164.5
EBITDA	7.9	8.2	11.3	15.6	11.6	9.9	11.2	15.2
<b>Nordics</b>								
Net sales	76.2	68.1	68.6	71.7	81.7	70.6	81.9	83.6
EBITDA	1.8	7.4	7.6	6.4	7.7	7.6	8.6	7.7
<b>South</b>								
Net sales	63.5	70.0	67.2	62.8	71.2	71.0	79.5	83.1
EBITDA	3.5	7.5	7.8	7.1	8.6	7.6	12.4	11.4
<b>UK &amp; Ireland</b>								
Net sales	127.5	123.9	119.9	125.5	135.8	144.9	152.2	174.0
EBITDA	8.5	8.6	8.7	5.7	7.9	2.6	8.0	12.4
<b>Technology</b>								
Net sales	15.1	14.9	14.9	15.1	16.0	14.2	17.5	16.3
EBITDA	9.7	11.7	11.6	10.2	10.6	9.2	12.2	10.1
<b>Group management &amp; support functions</b>								
Net sales	-	-	-	-	-	-	-	-
EBITDA	-44.3	-32.4	-37.1	-37.6	-48.3	-47.1	-62.9	-51.2
<b>Total</b>								
Net sales	504.3	478.8	490.3	527.9	567.7	526.1	573.7	640.2
EBITDA	-6.0	20.6	19.8	19.1	6.9	-3.1	0.3	18.1

## Disclosure regarding discontinued operations

SEK 000s	Oct-Dec 2013	Oct-Dec 2012	Full year 2013	Full year 2012
Net Sales	-	-290	-	-290
Cost of goods sold	-	4,914	-	4,914
<b>Gross profit</b>	-	<b>4,624</b>	-	<b>4,624</b>
Total costs	-	-2,419	-	-2,419
<b>Operating profit</b>	-	<b>2,205</b>	-	<b>2,205</b>
Net financial items	-	29	-	29
<b>Profit before tax</b>	-	<b>2,234</b>	-	<b>2,234</b>
Tax	-	-42	-	-42
<b>Net profit excl capital loss for the year for discontinued operations</b>	-	<b>2,192</b>	-	<b>2,192</b>
Capital loss	-	-	-	-
<b>Net profit for the year for discontinued operations</b>	-	<b>2,192</b>	-	<b>2,192</b>
<b>Other comprehensive income</b>				
Net profit from discontinued operations	-	2,192	-	2,192
Translation difference on equity net after tax	-	-	-	-
Exchange difference on increased net investment, net after tax	-	-	-	-
Reversal of exchange difference on increased net investment, net after tax	-	-	-	-
Reversal of translation difference on equity, net after tax	-	-	-	-
<b>Total other comprehensive income from discontinued operations</b>	-	<b>2,192</b>	-	<b>2,192</b>

Discontinued operations refers to the operations in the Search market unit, which were divested during the fourth quarter of 2011.

## KEY RATIOS - DEFINITIONS

**Return on equity.** Profit for the period as a percentage of average equity calculated as opening plus closing equity divided by two.

**Return on capital employed.** Operating profit plus interest income as a percentage of average capital employed calculated as opening plus closing capital employed divided by two.

**Equity per share.** Equity divided by the number of outstanding shares on the balance sheet date.

**Earnings per share.** Net profit for the period attributable to the parent company's shareholders divided by the average number of shares.

**Earnings per share after full dilution.** Net profit/loss for the period divided by the average number of shares calculated after full dilution.

**Cash flow per share.** Cash flow divided by the average number of outstanding shares.

**Operating margin.** Operating profit as a percentage of sales.

**Equity/assets ratio.** Equity as a percentage of the balance sheet total.

**Capital employed.** Total assets less current and non-current non interest-bearing liabilities including deferred tax liabilities.

## GLOSSARY

**AdCode.** An ad display system which is used in order to optimise and display the best ad on a publisher's website.

**Affiliate.** Used for a website which via adverts directs Internet visitor traffic to the advertising company's website.

**Affiliate network.** A system where advertisers that want to boost their Internet sales are matched together with website owners that want to boost their advertising revenue by means of an affiliate programme.

**Affiliate programme.** An agreement where the advertiser pays a fee to the publisher in order to relay traffic to the advertiser's website.

**App download tracking.** Software that enables the advertiser to monitor and obtain statistics about when consumers download and install software from the advertiser and how they use the software afterwards.

**Cost-per-action (CPA).** Means that the advertisers pay a fee which either is based on the sales generated by the advertising or on the number of leads (principally registrations) generated by the advert.

**Cost-per-click (CPC).** This pricing model means that advertisers pay a fee based on the number of clicks or unique visitors generated by the advertising.

**Cost-per-lead (CPL).** Means that the advertisers pay a fee which is based on the number of leads (primarily registrations) generated by the advert.

**Cost-per-thousand impressions (CPM).** A pricing model where advertisers pay a fee based on the number of views of an advert.

**E-mail publishers.** Use e-mail to send out targeted offers to a list of recipients.

**EBIT.** Earnings before interest and tax.

**EBITDA.** Earnings before interest, tax, depreciation and amortisation.

**Full-time equivalent (FTE) or full-time employees.** The total number of full-time and temporary as well as contract employees.

**Performance-based.** Collective term for marketing activities on the Internet where publishers only get paid when a predetermined transaction is generated.

**Product feed.** A distribution system where advertisers can upload their product databases in order to enable publishers to create content and ads on their websites.

**Publisher.** (Also called affiliate) Websites that agree on display of adverts and direct Internet visitor traffic to the Advertising company's website.

**Trackability.** The process and method for follow-up of website traffic, primarily through use of cookies.

**Portals.** Websites which act as a gateway to the Internet and offer broad content and large volumes of traffic. On the portal, there are several links, a search engine and other services, for instance, free e-mail or filters and blocking possibilities.

**Search engine optimizing publishers.** Own websites which use search engines, e.g. Google and Yahoo!, in combination with their own knowledge about the search engine and the advertiser in order to display the advertiser high up in the search results list. These publishers help to generate greater volumes.

**Voucher code.** Voucher codes that are created and easily distributed to consumers via a publisher's website. The consumer can then use the voucher code when purchasing a product/service from the advertiser.

## THIS IS TRADEDUBLER

Tradedoubler is a leading international performance marketing and technology company which generated more than SEK 27 bn incremental revenue for its clients in 2013 through e- and m-commerce.

- Number of advertisers: 2,000
- Number of publishers: 140,000
- Net sales 2013: SEK 2,001.3M
- Gross profit margin 2013: 22.7 per cent
- Market capitalization (close of quarter): SEK 792 M

## Business Concept

Tradedoubler is the pioneer of performance marketing in Europe, launched in 1999, and works on the basis that its advertiser clients only pay for a successful result - such as a sale or lead.

A large part of the success is based on Tradedoubler's deep understanding of the increasingly 'connected' consumer and the company's advanced Performance Marketing Technology platform that generates incremental revenues for its clients.

Tradedoubler works with some of the most renowned companies in the world - from Expedia and The Body Shop to Tesco, Disney, British Airways, American Express and Telefónica.

## Revenue model

Tradedoubler has a dual-stream revenue model and generates revenue by:

- helping clients devise and implement digital marketing strategies and matching them with website owners who want to increase their advertising revenue. The websites then drive traffic to the advertising company's website and when a sale is made Tradedoubler rewards the website. Tradedoubler is rewarded for performance in the form of a commission payment for every successful sale or lead.
- offering the Tradedoubler Technology as a Software-as-a-Service (SaaS). A digital marketing platform that provides larger advertisers and digital media agencies with the means to manage performance marketing programs in-house.

A large portion of Tradedoubler's revenue is performance-based. And the activities which determine the remuneration are CPM (cost-per-thousands impressions), CPC (cost-per-click), CPL (cost-per-lead) and CPA (cost-per-action). Which one or combination of these activities forms the basis for the remuneration is decided on a case-by-case-basis. CPA and CPC are the most common. Tradedoubler's system tracks the customer activities generated by a certain advert in order to calculate the remuneration.

## Key building blocks for profitable growth

Tradedoubler's goal is to return to profitable growth by becoming the best performing international performance marketing network. Sustainable competitive advantage is based on the following key building blocks:

Prioritise key clients in key markets: Increase time spent on value adding activities. An international account management team is responsible for serving large international clients. Ongoing program to ensure increased customer satisfaction.

Improved service offering: Tradedoubler targets three main areas in its product development: mobile, billing/payment and automation. The goal is to increase the functionality of the technology platform and to ensure alignment between clients, product and markets.

Best affiliate network: Quality of networks matters more than size and Tradedoubler focuses on relevant publishers in major markets and prioritized verticals.

Cost control: Rigorous cost management is essential and investments are channelled into areas where they will create the most value.

## Tradedoubler's market units

Tradedoubler is organized into six market units: DACH, East, France & Benelux, Nordics, South and UK & Ireland.

