Q2 15

eniro

Discover local. Search local.

INTERIM REPORT JANUARY - JUNE 2015

Changes creating conditions for greater stability

Second quarter: April - June 2015

- Total operating revenue amounted to SEK 634 M (767), a decrease of 17%. Revenue decreased organically by 17% (-12%).
- Revenue from Desktop and Mobile search amounted to SEK 405 M (489), a decrease of 17%. Revenue from Desktop and Mobile search decreased organically by 17% (-12%).
- Prepaid revenue as per June 30, 2015, amounted to SEK 564 M (633), a decrease of 11% compared with June 30, 2014.
- EBITDA amounted to SEK 49 M (168). Earnings were charged with SEK 47 M (-7) in nonrecurring costs, consisting of SEK 12 M (0) in severance pay and SEK 35 M (-1) in restructuring costs. Earning for the comparison period included capital gain of SEK 6 M. The EBITDA margin was 7.7% (21.9%).
- Net income for the quarter was SEK -1,185 M (53), mainly affected by impairment of intangible assets.
- Earnings per common share for the quarter were SEK -4.55 (0.39) before dilution and SEK -2.40 (–) after dilution.
- Operating cash flow amounted to SEK -81 M (174).
- A non-cash impairment loss of SEK 1,111 M was recognized. Of this total, SEK 646 M pertained to Local search, stemming mainly from the acquisition of the Norwegian company Findexa in 2005, and SEK 465 M pertained to Voice.
- A lump-sum amortization of debt of SEK 670 M was made in April. In June the first scheduled amortization of SEK 75 M towards the renegotiated bank loan was made.

Half year: January - June 2015

- Total operating revenue amounted to SEK 1,266 M (1,536), a decrease of 18%.
- Revenue from Desktop and Mobile search decreased organically by 14% (-9%), while total revenue from Digital search decreased organically by 14% (-6%).
- EBITDA amounted to SEK 142 M (372). Earnings were charged with SEK 58 M (-65) in nonrecurring costs, consisting of SEK 46 M (3) in restructuring costs and SEK 12 M (0) in cost for severance pay. Earning for the comparison period included capital gains of SEK 68 M. The EBITDA margin was 11.2% (24.2%).
- Net income for the period was SEK -1,212 M (106) and was negatively affected mainly by the impairment losses for intangible assets during the second quarter.
- Earnings per common share for the period were SEK -6.81 (0.80) before dilution and SEK -2.96 (–) after dilution.
- Operating cash flow amounted to SEK -43 M (121).

Events during the second quarter

- EBITDA for 2015 is expected to be lower than the previously issued forecast of EBITDA in line with 2014. No new forecast is being issued.
- CFO Roland M. Andersen left the company, and the former Head of Group Business Controlling, Maria Åkrans, was appointed as acting CFO.
- The organization is being further adapted to the digital business. Personnel cuts by 260 positions are expected to generate cost savings of SEK 25 M in 2015, with a 12-month effect of SEK 120 M.
- In April the newly issued common shares were registered. Following the issue, the number of common shares outstanding amounted to slightly more than 407.5 million, including treasury shares.
- Newly issued convertibles were taken up for trading on Nasdaq OMX Stockholm in April. During the second quarter, 39 convertibles were converted to common shares.
- The renegotiated loan agreement took effect in April, with a conversion value of SEK 1,850 M broken down into three currencies with a tenor through 2018. Following the scheduled amortization in June, the bank loan amounted to SEK 1,621 M.
- Nasdaq OMX Stockholm's Disciplinary Committee announced its finding that Eniro contravened certain items of the Exchange's member rules and that the company shall therefore pay a fine to the Exchange equal to three annual fees. The items pertained to the accounting errors that led to the reporting of the company's former CEO to the police authority and to Eniro's adjustment of the full-year forecast for 2015. Eniro had come to the same conclusion as the Disciplinary Committee with respect to the incorrect accounting. With respect to the adjustment of the full-year forecast, the Disciplinary Committee noted that the company did not knowingly publish an incorrect forecast, and that the matter was more of a judgment issue.

Events after the end of the reporting period

- Board member Staffan Persson is leaving the Board for personal reasons.

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FOTO: JOACHIM LUNDGREN

I am not satisfied with our result for the second quarter. While the conditions have been challenging, I know that we can do better. What's gratifying is that our users like what we are doing. We have approximately 8 million unique browsers on our sites every week, and traffic grew 7% over the preceding quarter. In pace with driving traffic, we increase the value of our customers' investments.

During the quarter we focused on our transformation work in the operations at the same time that we worked on strengthening our positions in the geographic markets and among our customers. To improve financial governance of operations, the company also carried out a management change in the finance organization. The quarter was thus – driven by the ongoing transformation work and management change – affected by restructuring costs and severance pay totaling SEK 47 M, which was charged against EBITDA. Following completed impairment testing, we have recognized SEK 1,111 M in impairment of goodwill, which is in line with the estimate given at the end of May.

During the autumn of 2014 a transformation process was initiated, starting with a comprehensive review of the company and resulting in a new, flatter, and more efficient organizational structure. Essentially all restructuring costs have been realized, which will result in lower operating costs of SEK 25 M in 2015, with a full-year effect of SEK 120 M. While we now have an operational organization that better supports our digital business, a number of our processes and systems have lagged behind. Our mature and highly profitable Voice and Print businesses have established, effective and well working staffing structures and highly developed sales support, and due to this, the mature segments have good profitability. This way of working is now being adapted to our digital business. Print has long been run separately, and since May, greater focus has been put on Voice to ensure optimal administration.

"We now have an operational organization that better supports our digital business"

Print exceeded expectations during both the quarter and for the first half of the year. The Voice business remains stable and increased its profitability by 12% compared with the preceding quarter. As long as these mature businesses continue to generate cash they will be important for Eniro.

Sweden accounts for 43% of Eniro's revenue and must perform considerably better in order for the entire Group to do well. Revenues have stabilized and were par with the preceding quarter, and the level of activity has been high. We have a new CEO for the Swedish organization, a new management team, a number of new sales managers, and a stronger sales organization. Together these measures boost our confidence as we move into the second half of the year. During the period we improved our sales processes and have further clarified our contractual terms, among other measures, and we decided to add customer satisfaction as a further parameter in the sales associates' commission models. I am convinced that these measures will make an impact and that we will gradually see better results in Sweden during the year.

Our Polish business grew 7% during the first half of the year. We continue to penetrate the Polish market with new partnerships and services – most recently with the integrated booking vertical Panorama Hoteli. The Polish operation is combining growth with high quality. As proof of this, during the quarter we received a distinction as "Best search engine for companies, products and services."

Despite a tough start to 2015 we are beginning to see some stability. We now have all management positions filled, with country managers installed in Sweden and Denmark, an acting unit manager in Norway and an acting CFO. In Denmark we have a dozen or so pilot projects under way.

Both the Norwegian and Danish operations were stabilized during the quarter compared with the preceding quarter, and they have been streamlined with continued focus on improved sales effectiveness.

We are continuing our work on strengthening our mobile position in Local search. In June we launched a new user interface for our apps, and Eniro Navigation was awarded as Best Navigation App by WiseGuide.

The financial search vertical Proff, which has been conducted in a separate organization since May, has been refined with the goal of driving growth in all markets. During the first half of the year we saw strong growth in the user base for this search service.

The business has regained some stability, and now the work remains on building up confidence especially in the Swedish organization. We have several matters remaining to tick off on our list of measures, which will entail continued long work days. We know that we have taken several steps in the right direction, and this knowledge gives us strength to continue our hard work toward the overall goal of strengthening our position as a leading search company in the media industry.

Solna 16 juli 2015
Stefan Kercza
President & CEO

Second quarter 2015

Revenue Q2 2015

SEK 634 M

EBITDA Q2 2015

SEK 49 M

Revenue

Total operating revenue decreased by 17% to SEK 634 M (767) during the second quarter of 2015. Revenue decreased organically by 17% (-12%). Revenue was mainly affected by performance in Sweden. Changed publication dates for directories and divestments had a negative impact on revenue by SEK 7 M and SEK 2 M, respectively, compared with the second quarter a year ago. Currency effects on revenue were positive by SEK 5 M (7).

Prepaid revenue amounted to SEK 564 M (633) at the end of the quarter, a decrease of 11% compared with June 30, 2014.

Digital search (formerly Multiscreen)

Digital search revenue (Desktop search, Mobile search and Campaign products) decreased by 15% during the second quarter to SEK 465 M (549). The organic decrease in revenue was 16% (-9%).

Revenue from Desktop search decreased by 19% to SEK 316 M (388). The organic decrease in revenue was also 19% (-21%).

Revenue from Mobile search decreased by 12% to SEK 89 M (101). Organic revenue from Mobile search decreased by 13% (54%). Eniro has a strong market position in the mobile search channel. During the second quarter, 31% of total searches were performed in the mobile channel.

Revenue from Campaign products was unchanged at SEK 60 M (60). Adjusted for divestments, organic revenue decreased by 1% (28%).

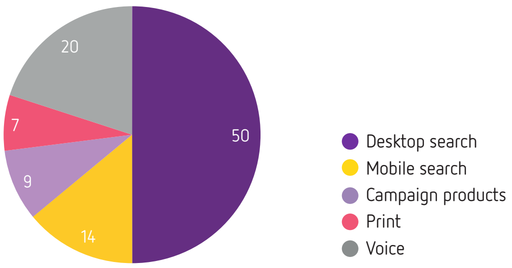
Print/Voice

Revenue from Print and Voice continued to decline during the second quarter as a result of the shift to digital search channels.

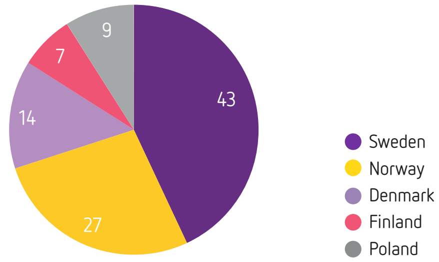
Revenue from Print decreased by 27% to SEK 46 M (63). During the second quarter, local directories accounted for 100% (83%) of Print revenue. Organic revenue from Print decreased by 17% (-22%).

Market volumes for directory information services continued to fall as a result of increased digitalization. Operating revenue for Voice decreased by 21% during the second quarter to SEK 123 M (155). Organic revenue decreased by 22% (-17%).

Group revenue per category Q2 2015, %



Group revenue per country Q2 2015, %



Earnings

EBITDA for the second quarter amounted to SEK 49 M (168). Earnings were affected by restructuring costs of SEK 35 M (-1) and costs for severance pay totaling SEK 12 M (0). Earnings for the comparison period included a capital gain of SEK 6 M from the sale of Krak Markedsdata in Denmark. Together these nonrecurring items amounted to SEK 47 M (-7). The margin was 7.7% (21.9%).

EBITDA for the Local search operating segment, which includes the Digital search and Print categories, amounted to SEK 44 M (115). The EBITDA margin was 8.6% (18.8%).

EBITDA for the Voice operating segment amounted to SEK 48 M (62). The EBITDA margin for Voice was 39.0% (40%).

Adjusted EBITDA for the Group, excluding restructuring costs and other items affecting comparability, was SEK 96 M (161). The adjusted EBITDA margin was 15.1% (21.0%). Profit for the second quarter amounted to SEK -1,185 M (53), mainly due to SEK 1,148 M (0) in impairment losses for intangible assets.

Cost efficiency

Eniro continued its efficiency improvement work in the operations. Total operating costs were SEK 24 M lower than in the corresponding quarter a year ago.

Cost savings adjusted for restructuring and third-party costs amounted to SEK 67 M. The savings consisted mainly of lower personnel and marketing costs.

Acquisitions/divestments

No acquisitions or divestments were made during the second quarter.

Depreciation/amortization and impairment

Amortization pertaining to the Gule Sider and Ditt Distrikt brands totaled SEK 23 M (20). Amortization of the Voice brand 1888 totaled SEK 9 M (8) for the quarter.

During the second quarter, impairment testing was conducted of the Group's intangible assets with indefinite useful life against the background of the weak order intake during the second quarter. This resulted in the issuance of a profit warning on May 20, 2015. The impairment testing resulted in recognition of an impairment loss of SEK 1,111 M (0) for goodwill, of which SEK 646 M (0) is attributable to Local search in Norway, SEK 360 M (0) is attributable to Voice in Sweden, and SEK 105 M (0) is attributable to Voice in Finland. In addition, earnings for the second quarter were charged with an impairment loss of SEK 37 M (0) for development projects in progress.

Revenue and result

SEK M	Apr-Jun 2015	Apr-Jun 2014*	%	Jul-Jun 2014/15	Jan-Dec 2014
Operating revenue	634	767	-17	2,732	3,002
EBITDA	49	168	-71	401	631
Adjusted EBITDA	96	161	-40	568	675
Net income	-1,185	53	-2,336	-2,980	-1,662
Operating cash flow	-81	174	-147	-13	151
Operating cost	582	606	-4	2,318	2,428
Interest-bearing net debt	1,345	2,232	-40	1,345	2,208

** Retrospective restatement of financial statements in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.*

First half 2015

Revenue and result

SEK M	Jan-Jun 2015	Jan-Jun 2014*	%	Jul-Jun 2014/15	Jan-Dec 2014
Operating revenue	1,266	1,536	-18	2,732	3,002
EBITDA	142	372	-62	401	631
Adjusted EBITDA	200	307	-35	568	675
Net income	-1,212	106	-1,243	-2,980	-1,662
Operating cash flow	-43	121	-136	-13	151
Operating cost	1,126	1,236	-9	2,318	2,428
Interest-bearing net debt	1,345	2,232	-40	1,345	2,208

** Retrospective restatement of financial statements in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.*

Revenue

Total operating revenue decreased by 18% to SEK 1,266 M (1,536) during the first half of 2015. Revenue decreased organically by 15% (-11%). Changed publication dates for directories had a negative impact on revenue by approximately SEK 32 M compared with the corresponding period a year ago, and currency translation effects were positive by SEK 19 M (4).

Digital search (formerly Multiscreen)

Digital search revenue (Desktop search, Mobile search and Campaign products) decreased by 15% during the interim reporting period, to SEK 952 M (1,124). The organic decrease in revenue was 14% (-6%). Revenue from Desktop search decreased by 17% during the first half of the year, to SEK 657 M (793). Organically revenue showed a decrease of 16% (-19%). Revenue from Mobile search decreased by 9% to SEK 178 M (196). Mobile search revenue decreased organically as well, by 9% (69%). Revenue from Campaign products decreased by 13% to SEK 117 M (135). Adjusted for divestments carried out during the first half of 2014, organic revenue decreased by 7% (31%).

Print/Voice

Revenue from Print amounted to SEK 75 M (120) during the first half of the year, a decrease of 38%. Print revenue decreased organically by 14% (-23%). Revenue for Voice decreased by 18% during the interim reporting period, to SEK 239 M (292). Revenue decreased organically by 20% (-20%).

Earnings

EBITDA for the first half of the year amounted to SEK 142 M (372). Earnings were negatively affected by restructuring costs of SEK 46 M (3) and costs for severance pay totaling SEK 12 M (0). Earnings for the comparison period included capital gains of SEK 68 M from the sales of InTouch and Scandinavia Online AS in Norway and Krak Markedsdata in Denmark. Together these nonrecurring items amounted to SEK 58 M (-65). The EBITDA margin was 11.2% (24.2%).

EBITDA for the Local search operating segment, which includes the Digital search and Print categories, amounted to SEK 109 M (292). The EBITDA margin was 10.6% (23.5%).

EBITDA for the Voice operating segment amounted to SEK 91 M (111). The EBITDA margin for Voice was 38.1% (38%).

Adjusted EBITDA for the Group, excluding restructuring costs and other items affecting comparability, was SEK 200 M (307). The adjusted EBITDA margin was 15.8% (20.0%).

Profit for the first half of the year amounted to SEK -1,212 M (106), mainly owing to SEK 1,148 M (0) in impairment losses for intangible assets, which were recognized during the second quarter.

Cost efficiency

Total operating costs were SEK 110 M lower than during the corresponding period a year ago. Cost savings adjusted for restructuring and third-party costs totaled SEK 189 M. The savings consisted mainly of lower personnel costs.

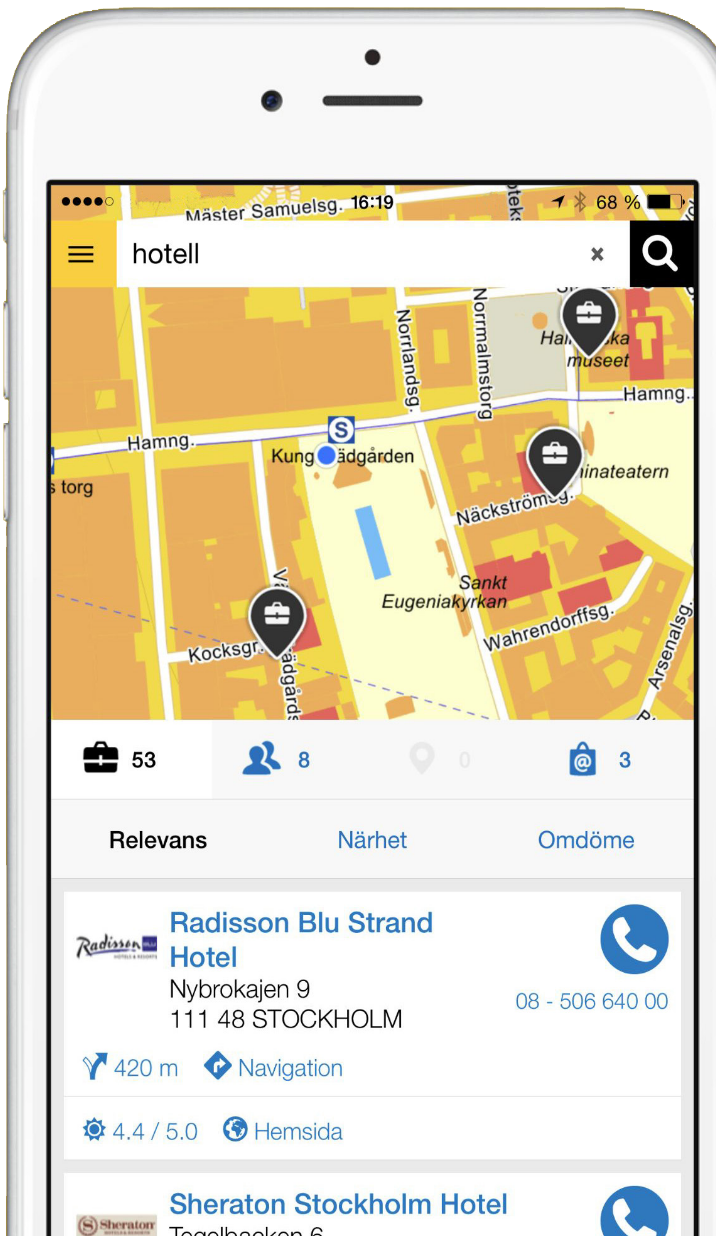
Acquisitions/divestments

No acquisitions or divestments were made during the first half of the year.

Depreciation/amortization and impairment

Amortization pertaining to the Gule Sider and Ditt Distrikt brands totaled SEK 46 M (42) during the first half of the year. During the same period, amortization of the Voice brand 1888 totaled SEK 18 M (17).

Against the background of weak order intake during the second quarter, which resulted in the issuance of a profit warning on May 20, 2015, impairment testing was conducted of the Group's intangible assets with indefinite useful life. The impairment testing resulted in recognition of an impairment loss of SEK 1,111 M (0) for goodwill, of which SEK 646 M (0) is attributable to Local search in Norway, SEK 360 M (0) is attributable to Voice in Sweden, and SEK 105 M (0) is attributable to Voice in Finland. In addition, earnings for the first half of the year were charged with a write-down of SEK 37 M (0) for development projects in progress.



Eniro's new mobile app design for iOS was launched in Q2

Revenue by category and operating segments

SEK M	Apr-Jun 2015	Apr-Jun 2014*	%	Jan-Jun 2015	Jan-Jun 2014*	%	Jul-Jun 2014/15	Jan-Dec 2014
Operating revenue	634	767	-17	1,266	1,536	-18	2,732	3,002
EBITDA	49	168	-71	142	372	-62	401	631
Adjusted EBITDA	96	161	-40	200	307	-35	568	675
Net income	-1,185	53	-2,336	-1,212	106	-1,243	-2,980	-1,662
Operating cash flow	-81	174	-147	-43	121	-136	-13	151
Operating cost	582	606	-4	1,126	1,236	-9	2,318	2,428
Interest-bearing net debt	1,345	2,232	-40	1,345	2,232	-40	1,345	2,208

Organic revenue change by category

SEK M	Apr-Jun 2015	Apr-Jun 2014*	%	Jan-Jun 2015	Jan-Jun 2014*	%	Jul-Jun 2014/15	Jan-Dec 2014
Desktop search	316	388	-19	657	793	-17	1,348	1,484
Mobile search	89	101	-12	178	196	-9	367	385
Campaign products	60	60	0	117	135	-13	247	265
Digital search	***465***	***549***	**-15**	***952***	***1,124***	**-15**	***1,962***	***2,134***
Print	46	63	-27	75	120	-38	250	295
Local search	**511**	**612**	**-17**	**1,027**	**1,244**	**-17**	**2,212**	**2,429**
Voice	123	155	-21	239	292	-18	520	573
Total revenue	**634**	**767**	**-17**	**1,266**	**1,536**	**-18**	**2,732**	**3,002**

Revenue by country

SEK M	Apr-Jun 2015	Apr-Jun 2014*	%	Jan-Jun 2015	Jan-Jun 2014*	%	Jul-Jun 2014/15	Jan-Dec 2014
Sweden	274	360	-24	550	701	-22	1,174	1,325
Norway[1)]	172	187	-8	345	423	-18	731	809
Denmark[1)]	87	116	-25	171	218	-22	423	470
Finland	45	49	-8	88	89	-1	184	185
Poland	56	55	2	112	105	7	220	213
Total revenue	**634**	**767**	**-17**	**1,266**	**1,536**	**-18**	**2,732**	**3,002**

[1)] The comparative year includes revenues from divested operations of 28 SEK M (28 in Q1) in Norway and 8 SEK M (2 in Q1) in Denmark

EBITDA by operating segments

SEK M	Apr-Jun 2015	Apr-Jun 2014*	%	Jan-Jun 2015	Jan-Jun 2014*	%	Jul-Jun 2014/15	Jan-Dec 2014
Local search	44	115	-62	109	292	-63	291	474
Voice	48	62	-23	91	111	-18	217	237
Other	-43	-9	-378	-58	-31	-87	-107	-80
Total EBITDA	**49**	**168**	**-71**	**142**	**372**	**-62**	**401**	**631**
Items affecting comparability								
Restructuring costs	35	-1		46	3		106	63
Other items affecting comparability	12	-6		12	-68		61	-19
Total adjusted EBITDA	**96**	**161**	**-40**	**200**	**307**	**-35**	**568**	**675**

** Retrospective restatement of financial statements in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.*

Earnings and cash flow for the first half of 2015, and financial position

Other earnings items
Operating income for the first half of 2015 amounted to SEK -1,136 M (240). Net financial items amounted to SEK -70 M (-100). Exchange rate differences had a positive impact on net financial items by SEK 8 M (-21). Income before tax for the period was SEK -1,206 M (140). Earnings per common share before dilution were SEK -6.81 (0.80).

Taxes
The reported tax cost for the first half of the year was SEK -6 M (-34). The effective tax rate was 0.5% (24.3%).

Eniro's taxes are paid primarily in the first half of the year. Accordingly, paid taxes are low during the second half of the year. As a result of substantial tax-loss carry forwards in Sweden, Denmark and Finland, Eniro is expected to have low tax payments in the years immediately ahead.

Investments
Eniro's net investments in operations totaled SEK 47 M (74) during the first six months of the year.

Cash flow
Operating cash flow amounted to SEK -43 M (121) for the first half of the year. Compared with the first half of 2014, operating cash flow was affected mainly by lower underlying income from operations. Operating cash flow was also affected by cash flow from financial items in the net amount of SEK -92 M (-70). Lower interest payments were countered by SEK 40 M (0) in transaction costs and fees to banks for renegotiated loan agreements and the convertible loan. The change in working capital was SEK -21 M (9) for the first half of the year.

Cash flow from financing activities totaled SEK 63 M (-155) and was positively affected by the new issue and issuance of the convertible loan, totaling SEK 933 M. The proceeds from the new issue are reported in the cash flow statement net after deducting SEK 28 M in transaction costs. During the first half of the year, amortization of bank loans totaled SEK 813 M, of which SEK 670 M pertained to a lumpsum amortization of bank loans in connection with the renegotiated loan agreement.

Financial position
During the first quarter Eniro renegotiated its loan agreement with the bank consortium, which was conditional upon completion of a rights issue of SEK 458 M and a convertible bond issue in the nominal amount of SEK 500 M. The convertible bonds were issued at 5% below the nominal amount, or SEK 475 M, entailing that the loan is SEK 25 M higher than the proceeds received by Eniro. The issues were registered during the second quarter and raised approximately SEK 933 M before transaction costs. Of this infusion, on April 24 a lump-sum amortization of SEK 670 M was paid towards the Group's bank loans, and SEK 185 M was used to strengthen Eniro's liquidity position. Transaction costs amounted to SEK 78 M, including bank fees.

In connection with the lump-sum loan amortization, the renegotiated loan agreement took effect. It thereafter consists of three tranches with a conversion value of SEK 1,850 M. Tranche A is broken down into three currencies. Tranche A1 amounts to SEK 761 M, tranche A2 amounts to NOK 250 M, and tranche A3 amounts to DKK 50 M, with a conversion value of SEK 1,100 M. Tranche B is worth SEK 600 M, and the bank overdraft facility amounts to SEK 150 M.

The terms of the renegotiated loan agreement entail an extension of the loan period through 2018. The covenants are the same as in the previous agreement, including the definition of indebtedness, which only includes the bank loans, i.e., the convertible loan are not included. The amortization schedule has been changed, and scheduled amortization in 2015 will amount to approximately SEK 150 M, and the first semi-annual payment was made in June. Annual amortization during the years 2016–2018 will amount to approximately SEK 175 M (semi-annual payment).

As per June 30, the Group's outstanding debt under existing credit facilities amounts to NOK 233 M, DKK 47 M, and SEK 1,309 M. At the end of the period Eniro had an unutilized credit facility of SEK 113 M. Cash and cash equivalents, and unutilized credit facilities, totaled SEK 195 M.

In accordance with IFRS, initially SEK 380 M of the convertible loan is reported as debt and SEK 95 M as equity. During the second quarter, 39 convertibles were converted to shares, which corresponds to 8% of the original convertible loan of nominal SEK 500 M. Thus the nominal value of the convertible loan was SEK 461 M as per June 30. As per June 30, SEK 345 M of the convertible loan was reported as debt and SEK 122 M was reported as equity. The change is explained in part by the effective interest rate during the period and in part by the conversion to shares.

The Group's interest-bearing net debt, excluding the convertible loan, amounted to SEK 1,345 M (2,232) as per June 30, compared with SEK 2,208 M on December 31, 2014. The Group's indebtedness, expressed as interestbearing net debt excluding the convertible loan in relation to EBITDA, was 3.4 as per June 30, 2015, compared with 3.0 on June 30, 2014.

Eniro has credit insurance with PRI Pensionsgaranti (PRI) which remains in force through 2015. Eniro has pledged bank funds for future obligations (a so-called enhanced pension guarantee). In March 2015 Eniro pledged an additional SEK 10 M, entailing that total pledged funds amount to SEK 133 M including the return.

Shares and treasury shares

Eniro has two classes of stock: common shares and preference shares. As a result of a new issue, the number of common shares increased by 305,642,220 in April. During the second quarter, the number of common shares increased by 19,999,997 through conversion of 39 convertibles. As per June 30, 2015, the total number of shares is 428,522,957, of which 427,522,957 are common shares and 1,000,000 are preference shares. The total number of votes as per June 30 is 427,622,957, of which common shares corresponded to 427,522,957 votes and preference shares to 100,000 votes.

Upon full dilution resulting from conversion to shares, the number of shares will amount to a maximum of 664,933,216.

Eniro held 1,703,266 treasury shares on June 30, 2015. The average holding of treasury shares during the period was 1,703,266.

Other information

Dividend policy
The company prioritizes a reduction in net debt over payment of a dividend.

Eniro's preference shares are entitled to an annual dividend of SEK 48 per share.

Publication dates
Revenues from sales of printed directors are recognized when the various directories are published. Changed publication dates can therefore affect comparisons. The table below shows the planned distribution among quarters and markets in 2015. The net effect on operating revenue in 2015 compared with 2014 is expected to be negative, by SEK -36 M. As a result of the structural decline in the market for printed products, revenue for these directories will be lower in 2015.

Employees
The number of full-time employees on June 30, 2015, was 2,022, compared with 2,625 on June 30, 2014.

Review report
This interim report has not been reviewed by the auditors.

Disclosure
The information in this interim report is such that Eniro AB (publ) is obligated to disclose pursuant to the Securities Market Act.

This information was submitted for publication on July 16, 2015, at 8:00 a.m. CET.

Changed publication 2015 compared with 2014

SEK M	Q1	Q2	Q3	Q4	2015
Sweden	-9	-11	-9	3	-26
Norway	-4	3	-2	-3	-6
Denmark	-12	1	2	5	-4
Poland	0	0	0	0	0
Total effect	**-25**	**-7**	**-9**	**5**	**-36**

Full time employees end of period

	Jun. 30 2015	Jun. 30 2014
Sweden including Other	504	672
Norway	278	451
Denmark	238	349
Poland	678	789
Local search incl. Other	**1,698**	**2,261**
Sweden	141	153
Norway	32	45
Finland	151	166
Voice	**324**	**364**
Total Group	**2,022**	**2,625**

Certification by the Board of Directors and the President

The Board of Directors and the President certify that the six-month report provides an accurate overview of the Parent Company's and the Group's operations, financial position and results, and that it describes the significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Solna, July 16, 2015

Lars-Johan Jarnheimer
Chairman of the Board
Chairman of the remuneration committee

Cecilia Lager
Board member
Chairman of the audit committee

Katarina Emilsson-Thudén
Employee representative

Stina Honkamaa Bergfors
Board member
Member of the remuneration committee

Leif Aa. Fredsted
Board member

Jonas Svensson
Employee representative

Anna Settman
Board member

Staffan Persson
Board member
Member of the audit committee

Stefan Kercza
President & CEO

FOR FURTHER INFORMATION, PLEASE CONTACT:
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PRESS AND ANALYST CONFERENCE
Conference call/webcast
Thursday July 16, 2015
10:00 a.m
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FINANCIAL CALENDAR 2015
Interim report Jan.-Sept. 2015 Oct. 29 2015

Consolidated Income Statement

SEK M	Apr-Jun 2015	Apr-Jun 2014*	Jan-Jun 2015	Jan-Jun 2014*	Jul-Jun 2014/15	Jan-Dec 2014
Gross operating revenue	634	768	1,266	1,538	2,733	3,005
Advertising tax	0	-1	0	-2	-1	-3
Operating revenue	**634**	**767**	**1,266**	**1,536**	**2,732**	**3,002**
Production costs	-144	-185	-290	-379	-631	-720
Sales costs	-241	-264	-482	-532	-1,005	-1,055
Marketing costs	-72	-74	-137	-139	-271	-273
Administration costs	-118	-89	-216	-206	-453	-443
Product development costs	-74	-59	-131	-112	-225	-206
Other income/costs	-3	7	2	72	-13	57
Impairment of non-current assets	-1,148	-	-1,148	-	-2,951	-1,803
Operating income**	**-1,166**	**103**	**-1,136**	**240**	**-2,817**	**-1,441**
Financial items, net	-23	-50	-70	-100	-123	-153
Income before tax	**-1,189**	**53**	**-1,206**	**140**	**-2,940**	**-1,594**
Income tax	4	0	-6	-34	-40	-68
Net income	**-1,185**	**53**	**-1,212**	**106**	**-2,980**	**-1,662**
Of which, attributable to:						
Owners of the Parent Company	-1,185	51	-1,212	104	-2,980	-1,664
Non-controlling interests	0	2	0	2	0	2
Net Income	**-1,185**	**53**	**-1,212**	**106**	**-2,980**	**-1,662**

* Retrospective restatement of financial statements in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Earnings per common share before dilution, SEK	-4.55	0.39	-6.81	0.80	-21.49	-17.09
Earnings per common share after dilution, SEK	-2.40	-	-2.96	-	-8.03	-
Average number of common shares before dilution, thousands	262,999	100,177	181,588	100,177	140,883	100,177
Average number of common shares after dilution, thousands	499,409	-	417,998	-	377,293	-
Preference shares on closing date, thousands	1,000	1,000	1,000	1,000	1,000	1,000
Preference dividends on cumulative preference shares declared in the period	-12	-12	-24	-24	-48	-48
Net income used for calculating earnings per common share	-1,197	39	-1,236	80	-3,028	-1,712
EBITDA	49	168	142	372	401	631
Operating cost	-582	-606	-1,126	-1,236	-2,318	-2,428
** Includes depreciation of	-5	-5	-9	-11	-20	-22
** Includes amortization of	-62	-60	-121	-121	-247	-247
** Includes impairment losses of	-1,148	-	-1,148	-	-2,951	-1,803
Total	-1,215	-65	-1,278	-132	-3,218	-2,072

Consolidated statement of comprehensive income

SEK M	Apr-Jun 2015	Apr-Jun 2014*	Jan-Jun 2015	Jan-Jun 2014*	Jul-Jun 2014/15	Jan-Dec 2014
Net income	**-1,185**	**53**	**-1,212**	**106**	**-2,980**	**-1,662**
Other comprehensive income						
Items that cannot be reclassified to income statement						
Revaluation of pension obligations	1	12	33	15	-279	-297
Tax attributable to revaluation pension obligations	0	-2	-7	-3	61	65
Total	**1**	**10**	**26**	**12**	**-218**	**-232**
Items that have been or can be reclassified to the income statement						
Exchange rate differences	-39	89	-27	172	-114	85
Hedge of net investments	-3	-10	-6	-21	9	-6
Tax attributable to hedge of net investments	0	3	1	5	-3	1
Total	**-42**	**82**	**-32**	**156**	**-108**	**80**
Other comprehensive income, net after tax	***-41***	***92***	***-6***	***168***	***-326***	***-152***
Total comprehensive income	**-1,226**	**145**	**-1,218**	**274**	**-3,306**	**-1,814**
Of which, attributable to:						
Owners of the Parent Company	-1,226	143	-1,218	272	-3,303	-1,813
Non-controlling interests	-1	2	-1	2	-4	-1
Total comprehensive income	**-1,227**	**145**	**-1,219**	**274**	**-3,307**	**-1,814**

* Retrospective restatement of financial statements in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Consolidated balance sheet

SEK M	Jun. 30 2015	Jun. 30 2014*	Dec. 31 2014
Assets			
Non-current assets			
Tangible assets	23	36	21
Intangible assets	3,848	7,056	5,108
Deferred tax assets	224	193	210
Financial assets	185	172	173
Total non-current assets	**4,280**	**7,457**	**5,512**
Current assets			
Accounts receivable - trade	295	332	353
Current tax assets	-1	29	6
Other current receivables	201	306	244
Other interest-bearing receivables	4	1	3
Cash and cash equivalents	82	131	58
Total current assets	**581**	**799**	**664**
TOTAL ASSETS	**4,861**	**8,256**	**6,176**
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	429	309	309
Additional paid in capital	5,505	5,125	5,125
Reserves	-309	-205	-277
Retained earnings	-4,601	-1,407	-3,420
Shareholders' equity, owners of the Parent Company	**1,024**	**3,822**	**1,737**
Non-controlling interests	52	62	60
Total Shareholders' equity	**1,076**	**3,884**	**1,797**
Non-current liabilities			
Borrowing	1,392	1,950	1,767
Convertible bond	345	-	-
Deferred tax liabilities	233	269	247
Pension obligations	567	289	601
Provisions	5	5	5
Other non-current liabilities	0	1	-
Total non-current liabilities	**2,542**	**2,514**	**2,620**
Current liabilities			
Accounts payable - trade	87	155	97
Current tax liabilities	20	26	31
Prepaid revenues	564	633	583
Other current liabilities	348	478	369
Provisions	52	30	54
Borrowing	172	536	625
Total current liabilities	**1,243**	**1,858**	**1,759**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**4,861**	**8,256**	**6,176**

*Retrospective restatement of financial statements in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Interest-bearing net debt

SEK M	Jun. 30 2015	Jun. 30 2014*	Dec. 31 2014
Borrowing	-1,564	-2,486	-2,392
Other current interest-bearing receivables	4	1	3
Other non-current interest-bearing receivables**	133	122	123
Cash and cash equivalents	82	131	58
Interest-bearing net debt	**-1,345**	**-2,232**	**-2,208**

**Included in financial assets

Consolidated statement of changes in equity

SEK M	Share Capital	Additional paid in capital	Reserves	Retained earnings	Total equity, owners of the Parent Company	Non-controlling interest	Total equity
Opening balance, January 1, 2014*	**309**	**5,125**	**-360**	**-1,476**	**3,598**	**68**	**3,666**
Adjustment of income for the period due to retrospective restatement	-	-	-	-38	-38	-	**-38**
Total comprehensive income	-	-	155	155	310	1	**311**
Dividend on preference shares	-	-	-	-48	-48	-	**-48**
Dividend non-controlling interest	-	-	-	-	-	-7	**-7**
Closing balance, June 30, 2014*	**309**	**5,125**	**-205**	**-1,407**	**3,822**	**62**	**3,884**
Opening balance, January 1, 2014*	**309**	**5,125**	**-360**	**-1,476**	**3,598**	**68**	**3,666**
Total comprehensive income	-	-	83	-1,896	-1,813	-1	**-1,814**
Dividend on preference shares	-	-	-	-48	-48	-	**-48**
Dividend non-controlling interest	-	-	-	-	-	-7	**-7**
Closing balance, December 31, 2014	**309**	**5,125**	**-277**	**-3,420**	**1,737**	**60**	**1,797**
Opening balance, January 1, 2015	**309**	**5,125**	**-277**	**-3,420**	**1,737**	**60**	**1,797**
Total comprehensive income	-	-	-32	-1,186	-1,218	-1	**-1,219**
Reduction of share capital	-257	-	-	257	0	-	**0**
Rights issue	153	278	-	-	431	-	**431**
Bonus issue	204	-	-	-204	0	-	**0**
Convertible bond - equity part	-	92	-	-	92	-	**92**
Conversion of convertible bonds	20	10	-	-	30	-	**30**
Dividend on preference shares	-	-	-	-48	-48	-	**-48**
Dividend non-controlling interest	-	-	-	-	-	-7	**-7**
Closing balance, June 30, 2015	**429**	**5,505**	**-309**	**-4,601**	**1,024**	**52**	**1,076**

* Retrospective restatement of financial statements in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Key ratios

	Jun. 30 2015	Jun. 30 2014*	Dec. 31 2014
Equity, average 12 months, SEK M	1,932	3,693	3,021
Return on equity (ROE), 12 months, %	-154.2	3.1	-55.1
Return on Assets (ROA), 12 months, %	-47.1	4.7	-19.6
Earnings per common share before dilution, SEK	-6.81	0.80	-17.09
Earnings per common share after dilution, SEK	-2.96	-	-
Adjusted earning per common share (non-IFRS), excl. items affecting comparability and PPA related depr/amort	-6.34	0.73	2.02
Interest-bearing net debt, SEK M	-1,345	-2,232	-2,208
Debt/equity ratio, times	1.25	0.57	1.23
Equity/assets ratio, %	22	47	29
Interest-bearing net debt/EBITDA 12 months, times	3.4	3.0	3.5
Interest-bearing net debt/adjusted EBITDA, times	2.4	2.9	3.3
Average number full-time employees YTD	2,139	2,721	2,536
Number of full-time employees on closing date	2,022	2,625	2,256
Number of common shares before dilution on closing date after deduction of treasury shares, 000s	425,820	100,177	100,177
Number of common shares after dilution on closing date after deduction of treasury shares, 000s	662,230	-	-
Number of preference shares on closing date, 000s	1,000	1,000	1,000

Key ratios per share

	Jun. 30 2015	Jun. 30 2014*	Dec. 31 2014
Equity per share, SEK	2.40	37.78	17.17
Share price for common shares at end of period before dilution, SEK	-	45.00	7.23
Share price for common shares at end of period after dilution, SEK	1.13	21.58**	3.47**

* Retrospective restatement of financial statements in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
** Share price at end of period adjusted for new issue of shares

Consolidated statement of cash flows

SEK M	Apr-Jun 2015	Apr-Jun 2014*	Jan-Jun 2015	Jan-Jun 2014*	Jul-Jun 2014/15	Jan-Dec 2014
Operating income	**-1,166**	**103**	**-1,136**	**240**	**-2,817**	**-1,441**
Adjustments for						
Depreciation, amortization and impairment	1,215	65	1,278	132	3,218	2,072
Capital gain/loss and other non-cash items	8	12	-7	-94	31	-56
Financial items, net	-90	-35	-92	-70	-148	-126
Income tax paid	-10	-11	-18	-22	-18	-22
Cash flow from operating activities before changes in working capital	**-43**	**134**	**25**	**186**	**266**	**427**
Changes in working capital	-13	75	-21	9	-169	-139
Cash flow from operating activities	**-56**	**209**	**4**	**195**	**97**	**288**
Acquisitions/divestments of Group companies and other assets	3	0	5	49	18	62
Investments in non-current assets, net	-25	-35	-47	-74	-110	-137
Cash flow from investing activities	**-22**	**-35**	**-42**	**-25**	**-92**	**-75**
Proceeds from borrowings	11	49	12	72	17	77
Repayment of borrowings	-813	-186	-813	-186	-910	-283
Long-term investments	0	0	-10	-10	-10	-10
Dividend on preference shares	-12	-12	-24	-24	-48	-48
Dividend non controlling interests	-7	-7	-7	-7	-7	-7
Rights issue	430	-	430	-	430	-
Convertible bonds	475	-	475	-	475	-
Cash flow from financing activities	**84**	**-156**	**63**	**-155**	**-53**	**-271**
Cash flow for the period	**6**	**18**	**25**	**15**	**-48**	**-58**
Cash and cash equivalents at start of period	**77**	**111**	**58**	**113**	**131**	**113**
Cash flow for the period	6	18	25	15	-48	-58
Exchange rate differences in cash and cash equivalents	-1	2	-1	3	-1	3
Cash and cash equivalents at end of period	**82**	**131**	**82**	**131**	**82**	**58**

* Retrospective restatement of financial statements in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Analysis of interest-bearing net debt excluding convertible bond

SEK M	Apr-Jun 2015	Apr-Jun 2014*	Jan-Jun 2015	Jan-Jun 2014*	Jul-Jun 2014/15	Jan-Dec 2014
Opening balance	**-2,188**	**-2,374**	**-2,208**	**-2,340**	**-2,232**	**-2,340**
Operating cash flow	-81	174	-43	121	-13	151
Acquisitions and divestments	3	0	5	49	18	62
Rights & convertible bond issue	905	-	905	-	905	-
Translation differences and other changes	16	-32	-4	-62	-23	-81
Closing balance	**-1,345**	**-2,232**	**-1,345**	**-2,232**	**-1,345**	**-2,208**
Net debt/EBITDA, times	**3.4**	**3.0**	**3.4**	**3.0**	**3.4**	**3.5**

Parent Company

Income statement

SEK M	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
Revenue	16	19	35
Income before tax	-61	-58	-2,705
Net Income for the period	-33	-39	-2,734

Balance sheet

SEK M	Jun. 30 2015	Jun. 30 2014	Dec. 31 2014
Non-current assets	5,684	8,556	5,636
Current assets	115	1,964	2,214
TOTAL ASSETS	**5,799**	**10,520**	**7,850**
Shareholders' equity	3,471	5,694	2,999
Provisions	74	66	71
Non-current liabilities	2,149	4,672	4,672
Current liabilities	105	88	108
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**5,799**	**10,520**	**7,850**

Notes to the consolidated accounts

Note 1 Accounting policies as from 2015

This interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations, as endorsed by the European Union (EU). A detailed description of the accounting policies applied by Eniro can be found in the 2014 Annual Report, Note 1, with the exception of the policy for recognizing revenue for sales of websites, which has been changed as from 2015, and the policy for reporting convertible loans. The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

Eniro has made a retrospective restatement of comparative information in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. This entails that the financial statements presented as comparative information in this interim report have been adjusted retrospectively for the errors that have been identified.

Revenue from sales of websites

Revenue from sales of websites is recognized in its entirety on a linear basis over the subscription period, in contrast with the previous policy in which a portion was recognized upon delivery of the website to the customer. The reason for the change is that websites are no longer delivered to customers and cannot be hosted by any other party than Eniro.

Reporting of convertible loan

According to IFRS, a convertible loan is a compound financial instrument that gives rise to a financial liability for Eniro and an option for the holders of the instrument to convert the liability to common shares in Eniro. Holders of the instrument are entitled to a 6% coupon.

This means that the convertible loan is initially recognized as a liability and an equity instrument. The liability is recognized initially at fair value, which entails that the liability is discounted to present value using an effective interest rate that is to reflect the market interest rate. Eniro has applied an effective rate of 13%. The equity instrument is initially valued as the difference between the proceeds received and the fair value of the liability. Over time, the effective interest will be charged against income and increase the liability, until the equity is the same level as previously. Upon conversion to common shares, the liability and equity instrument will decrease by the percentage portion of the loan that is converted.

Note 2 Risks and uncertainties

Eniro conducts risk analysis in an annual Enterprise Risk Management process, covering all parts of the business operations.

A detailed description of factors that could affect Eniro's business operations, financial position and earnings is provided on pages 34-37 of the 2014 Annual Report. The principal risks and uncertainties that were considered to have a potential impact on the Group's performance in 2014 were related to low employer branding, high personnel turnover in the sales organization, limitations posed by the terms of existing loan agreements, greater competition from global actors in local search, and a decrease in traffic in the Desktop search and Mobile search channels.

Note 3 Goodwill

Goodwill SEK M	Jun. 30 2015	Jun. 30 2014	Dec. 31 2014
At start of year	4,051	5,763	5,763
Divestments and disposals			-11
Impariment loss for the year	-1,111		-1,781
Exchange rate difference	-20	131	80
Carrying amount	**2,920**	**5,894**	**4,051**

IMPAIRMENT TESTING OF GOODWILL AND TRADEMARKS WITH INDEFINITE USEFUL LIFE

Against the background of the weak order intake during the second quarter, which resulted in the issuance of a profit warning on May 20, 2015, impairment testing was conducted of the Group's intangible assets with indefinite useful life. Impairment testing is performed to determine if a need to recognize impairment exists by comparing the carrying amount of the cash-generating unit, including goodwill and other surplus value, with the recoverable amount. The recoverable amount consists of utilized value. If the carrying amount exceeds the recoverable amount, the carrying amount is written down to the recoverable amount. Eniro's smallest cash-generating units are operating segments per country, i.e., Local search and Voice, which corresponds to the monitoring that is conducted in both internal and external reporting. A discount rate has been set for the respective cash-generating units.

The impairment testing indicated a need to recognize SEK 1,111 M (0) in impairment loss. Of the impairment loss, SEK 646 M (0) pertained to Local search and SEK 465 M (0) to Voice. The impairment of Local search pertains mainly to impairment of goodwill attributable to the acquisition of the Norwegian company Findexa in 2005. Of the goodwill impairment in Voice, SEK 360 M pertains to Sweden and SEK 105 M to Finland.

Discount rate after tax by cash generating unit, %	Jun. 30 2015	Jun. 30 2014	Dec. 31 2014
Sweden, Local search och Voice	9.40	-	8.25
Norway, Local search och Voice	9.25	-	8.93
Denmark, Local search	9.31	-	7.86
Poland, Local search	10.75	-	10.29
Finland, Voice	9.46	-	8.25

Note 4 Financial instruments by category

Assets on the balance sheet SEK M	Jun. 30 2015	Jun. 30 2014	Dec. 31 2014
Loans and accounts receivables			
Interest-bearing receivables and blocked bank funds	133	122	123
Accounts receivable - trade and other receivables	318	351	376
Cash and cash equivalents	82	131	58
TOTAL	**533**	**604**	**557**

Liabilities on the balance sheet, SEK M SEK M	Jun. 30 2015	Jun. 30 2014	Dec. 31 2014
Other financial liabilities			
Borrowing	1,564	2,486	2,392
Accounts payable - trade	87	155	97
TOTAL	**1,651**	**2,641**	**2,489**

Financial definitions

Adjusted earnings per common share (non-IFRS)
Net income per share adjusted for items affecting comparability, acquisition-related depreciation/amortization and impairment losses, and other acquisition-related adjustments.

Adjusted EBITDA
EBITDA excluding restructuring costs and other items affecting comparability.

Average number of common shares after dilution
The average number of common shares adjusted for full conversion of all potential common shares through the convertible loan.

Average number of common shares before dilution
Calculated as the average number of common shares outstanding on a daily basis, excluding treasury shares.

Average number of full-time employees
Calculated as the number of full-time employees at the start of the period plus the number at the end of the period, divided by two.

Average shareholders' equity
Calculated as average shareholders' equity attributable to owners of the Parent Company per quarter, based on the opening and closing balance per quarter.

Average total assets
Total assets for the four most recent quarters, divided by four.

Debt/equity ratio
Interest-bearing net debt divided by shareholders' equity including non-controlling interests.

Earnings per common share for the period, before dilution
Income for the period attributable to owners of the Parent Company less the set dividend on preference shares for the period, divided by the average number of common shares before dilution.

Earnings per share after dilution
Income for the period attributable to owners of the Parent Company plus interest expense after tax pertaining to the convertible loan, in relation to the average number of shares after full conversion.

EBITDA
Operating income before depreciation, amortization and impairment losses.

EBITDA margin (%)
EBITDA divided by operating revenue.

Equity/assets ratio (%)
Shareholders' equity including non-controlling interests divided by the balance sheet total.

Equity per share
Shareholders' equity attributable to owners of the Parent Company divided by the number of shares at the end of the period after redemptions, repurchases and issues. Excluding treasury shares.

Interest-bearing net debt
Borrowings excluding interest-rate derivatives less cash and cash equivalents and interest-bearing assets.

Interest-bearing net debt/EBITDA
Interest-bearing net debt divided by EBITDA, 12 months.

Operating cash flow
Cash flow from operating activities and cash flow from investing activities excluding company acquisitions/divestments.

Operating income
Operating income after depreciation, amortization and impairment losses.

Organic growth
The change in operating revenue for the period adjusted for currency effects, changed publication dates, acquisitions and divestments.

Return on equity (%)
Net income divided by average shareholders' equity attributable to owners of the Parent Company.

Return on total assets (%)
Moving 12-month operating income and financial income divided by the average total assets.

Total operating costs
Production, sales, marketing, administrative and product development costs excluding depreciation, amortization and impairment losses.