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Q3 | 16

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THIRD QUARTER: JULY–SEPTEMBER 2016

- Total operating revenue amounted to SEK 488 M (593), a decrease of 18%.
- Revenue from Desktop/Mobile search amounted to SEK 320 M (364), a decrease of 12%.
- Prepaid revenue amounted to SEK 408 M (512) as per September 30, 2016, a decrease of 20%.
- EBITDA decreased by 22% to SEK 104 M (134). The EBITDA margin was 21.3% (22.6%).
- Adjusted EBITDA decreased by 7% to SEK 126 M (135). The adjusted EBITDA margin was 25.8% (22.8%).
- Net income for the period was SEK 30 M (38), a decrease of 21%.
- Earnings per common share for the period were SEK 0.03 (0.06) before dilution and SEK 0.03 (0.05) after dilution.
- Cash flow from operating activities was SEK 18 M (29).
- During the quarter, the composition of the Group Management Team was changed to strengthen sales efforts and increase focus on the company's customer offering. The Group Management Team now comprises Örjan Frid, President and CEO; Fredrik Sandelin, CFO; and Mattias Wedar, Head of Nordic Sales.
- Eniro has begun implementation of a new business model with a changed customer offering.
- The Board has initiated negotiations with Eniro's creditors.
- The Board will propose to the 2017 Annual General Meeting to decide that no share dividend be paid , nor for common or preference shares.
- The Board is working to refine the Group.

Company and capital structure

Eniro's board of directors is of the opinion that Eniro will not be able to fulfill all of the key ratio covenants of its loan agreements at year-end 2016. In addition, the Board believes that Eniro will not be able to meet the loan amortization payments that are required under the terms of its current loans by the second quarter 2017. The Board has initiated negotiations with Eniro's creditors to adapt the company's loan terms and other capital structure to the new business model and the company's long-term ability to repay. Eniro's creditors consist of a consortium of six banks. These negotiations are expected to continue during the rest of the year. The Board is currently of the opinion that it will be possible to adapt the company's capital structure.

The Board continues to work for a refinement of the Group and is evaluating possible divestments of non-strategic businesses.

NINE-MONTH PERIOD: JANUARY–SEPTEMBER 2016

- Total operating revenue amounted to SEK 1,488 M (1,859), a decrease of 20%.
- Revenue from Desktop/Mobile search amounted to SEK 1,015 M (1,199), a decrease of 15%.
- EBITDA grew 29% to SEK 356 M (276). The EBITDA margin was 23.9% (14.8%).
- Adjusted EBITDA grew 8% to SEK 363 M (335). The adjusted EBITDA margin was 24.4% (18.0%).
- Net income for the period was SEK -824 M (-1,174), an improvement of 30%.
- Earnings per common share for the period were SEK -1.79 (-4.51) before dilution and SEK -1.26 (-2.54) after dilution.
- Cash flow from operating activities increased to SEK 142 M (33).
- Earnings include impairment losses of SEK -883 M (-1,101) for goodwill, where the effect during the third quarter of SEK -10 M (10) is explained by a new, accumulated average exchange rate.

SEK M	Jul-Sep 2016	Jul-Sep 2015	%	Jan-Sep 2016	Jan-Sep 2015	%	Oct-Sep 2015/16	Jan-Dec 2015
Operating revenue	488	593	-18	1,488	1,859	-20	2,067	2,438
EBITDA	104	134	-22	356	276	29	463	383
Adjusted EBITDA	126	135	-7	363	335	8	482	454
Operating income	40	79	-49	-689	-1,057	35	-662	-1,030
Net income	30	38	-21	-824	-1,174	30	-775	-1,125
Cash flow from operating activities	18	29	-38	142	33	330	287	178
Interest-bearing net debt excluding convertible bond and pension obligations	-1,239	-1,349	-8	-1,239	-1,349	-8	-1,239	-1,241

Eniro is a leading search company for individuals and businesses in the Nordic region. With quality-assured content and an unrivalled user experience Eniro inspires local discoveries and makes local communities thrive. Eniro's content is available through internet and mobile services, printed directories, directory assistance and SMS services. Each week Eniro Group's digital services have 8.1 million unique visitors who perform 14.5 million searches. Eniro Group has about 1,700 employees and operations in Sweden, Norway, Denmark, Finland and Poland. The company is listed on Nasdaq OMX Stockholm [ENRO] and headquartered in Stockholm. More on Eniro at enirogroup.com.

CEO's comments

Insights as new CEO

I have gained many new insights during my first two months as CEO, following an intensive start.

I can say that 1) Eniro has a very good position to work from in developing a modern, digital offering especially to small and medium-sized enterprises that need help in effectively utilizing the digital opportunities that are emerging and taking the place of "old media". 2) Given how challenging it can be to navigate in the fragmented digital media landscape, Eniro can be a natural partner for these companies to a greater extent. 3) Eniro can also develop its offering for users in an effort to further increase traffic and customers' exposure.

Despite a rough ride during the past few years, Eniro has highly competent and engaged employees with cutting edge expertise in digital marketing. The challenge is to steer this aggregate expertise towards creating an attracttive offering to the market and to bend the revenue curve upwards.

In pace with the evolution of Eniro's business model, the demands on the company's sales force will also change gradually towards a more advisory role with existing customers, aside from a greater focus on new customer prospecting.

Third quarter

Operating revenue in the third quarter amounted to SEK 488 M (593), which represents a decline of 18% compared with the same period a year ago.

The CEO and management changes have had a negative effect on earnings for the period through nonrecurring costs of SEK 21 M. EBITDA for the third quarter was SEK 104 M (134), while adjusted EBITDA was SEK 126 M (135). Our work on reducing the cost base continues to be successful, and the adjusted EBITDA margin grew to 25.8%, from 22.8% for the same period a year ago.

Develop customer offering

Since the start of this past summer we have been working intensively on developing Eniro's customer offering. Over the course of many years the old "directory business" has migrated into the digital environment, and the company has worked intensively with traffic generation in an effort to create value for customers. Despite these efforts, the loss in customers has been significant, and the perceived customer value has not been sufficient to reverse the sales trend. As a result, Eniro must both develop and improve its offering to advertisers, and more clearly illustrate the increased customer value that the strong traffic generation entails.

This autumn Eniro will begin selling a more highly developed offering that includes more than just Eniro's services. We are adding new partner products that make it possible for our customers to receive considerably more value through Eniro. The goal is to be the marketing partner of small and medium-sized enterprises in an increasingly unwieldy and fragmented media landscape.

Eniro is now working to make the company's offering subscription-based, which will simplify our customer dialog and enable us to focus our sales efforts on growing the customer base rather than on retaining it through annual contract renewals.

Since last year Eniro has been working on broadening its partnership with Google. We intend to continue with this partnership, where we are addressing the needs of smaller customers. The Eniro/Google combination generates effective hits no matter where users conduct their searches.

Increased user benefit

In order for our customers to receive high value from their relationship with Eniro, positive traffic development is required. For a number of years Eniro has been developing its search functions and user apps in an effort to make Eniro's databases conveniently accessible for users. We are now taking a close look at our interfaces to further enhance the user experience, and we are adding a level of functionality that goes far beyond ordinary directory services. The latest addition, Upptäck Nära ("Discover Nearby") in the eniro.se app, offers an entirely new user experience. The function presents the user's current location with a street view, links to relevant services in the area – such as restaurants and stores – and even links to Wikipedia articles related to the area.

Priorities

In summary, we are working intensively to re-energize our revenue streams and get our finances in order so that the strengths of the company can be used to grow our business in the new and exciting digital media landscape.

Kista, October 28, 2016

Örjan Frid, President and CEO

Third quarter results 2016

Revenue

Operating revenue decreased by 18% to SEK 488 M (593) during the third quarter of 2016. Currency effects on revenue were SEK 0 M (-11).

Prepaid revenue amounted to SEK 408 M (512) at the end of the quarter. The decrease of 20% compared with 30 September 2015 is due to lower sales.

Digital search

Digital search revenue decreased by 14% to SEK 355 M (415).

Desktop / Mobile search

Revenue from Desktop/Mobile search decreased by 12% to SEK 320 M (364). During the quarter, 41% of total searches were performed in the mobile channel, an increase of 2 percentage points compared with the second quarter.

In Sweden the sales organization is making gradual improvements, with a decrease in important key metrics such as personnel turnover and the number of cases referred to customer service. We have achieved sales successes with a new introductory product that has generated many new customers. Sales have been expanded of Google AdWords, which are now also sold by sales teams in the field. The repurchase rate in the “large customers” category is rising.

In Norway, as in Sweden, the number of complaints to customer service is declining. New sales, in particular, have been unsatisfactory.

In Denmark, where we have transferred a large share of our sales to telesales teams, we are seeing good results. During the quarter we successfully conducted targeted sales efforts to regain lost customers. Work on migrating print customers to become digital customers has been intensified, with good results.

Poland continues to show stable sales, supported by successful new customer prospecting and a new keyword optimization product. During the quarter, the website offering was further developed and improved.

The conscious work on increasing the number of clicks to advertisers has achieved good results, rising 65%.

Traffic remains strong for Proff, our financial search service. As a result of poorer sales, during the quarter we reduced the number of sales teams in Sweden from three to two.

Complementary digital marketing products

Revenue from Complementary digital marketing products decreased by 31% to SEK 35 M (51).

At the end of August we re-introduced sales of Google AdWords in the Danish market. To date, sales have developed at a slower pace than we had anticipated. We are steadily increasing the number of sales teams that offer the product and continue to conduct training in this area.

We continue to be satisfied with sales of Facebook retargeting ads, which have now been further developed to include additional functionality (such as video clips and images).

Gulesider Innsikt, which was launched during the second quarter in Norway, is showing good results. However, the team is small and volumes are therefore also small.

Print/Voice

Print revenue decreased by 33% to SEK 43 M (64).

Voice revenue decreased by 21% to SEK 90 M (114).

During the past quarter, for profitability reasons we took the decision to stop publishing printed directories during the first half of next year. The last directories will be issued before the summer, after which the print business will be discontinued.

Voice continues to successfully optimize its operations and is delivering even slightly better sales than anticipated. The contact center service that Voice provides under contract for customers in Finland is growing and is partly compensating for the decline in directory information services in Finland.

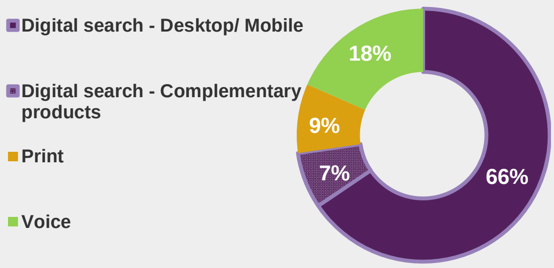
REVENUE Q3 2016

SEK 488 M

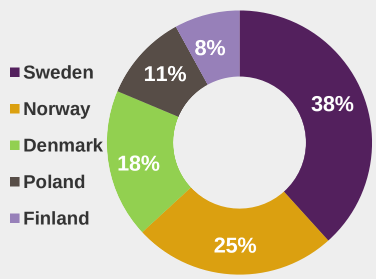
EBITDA Q3 2016

SEK 104 M

GROUP REVENUE PER CATEGORY Q3 2016



GROUP REVENUE PER COUNTRY Q3 2016



Operating income

Consolidated operating income for the third quarter amounted to SEK 40 M (79).

EBITDA for the Group was SEK 104 M (134). The EBITDA margin was 21.3% (22.6%).

Nonrecurring items during the third quarter amounted to SEK -22 M (-1), of which SEK -3 M (-1) pertained to restructuring costs and SEK -19 M (0) pertained to costs for severance pay.

After deducting nonrecurring items, adjusted EBITDA for the Group amounted to SEK 126 M (135), a decrease of 7%. The adjusted EBITDA margin was 25.8% (22.8%).

EBITDA for the Local search operating segment, which includes the Digital search and Print categories, amounted to SEK 100 M (102), and the EBITDA margin was 25.1% (21.3%).

EBITDA for the Voice operating segment amounted to SEK 29 M (43), and the EBITDA margin was 32.2% (37.7%).

Cost efficiency

We are continuing our work on efficiency improvement. Total operating costs were SEK 72 M lower than in the corresponding quarter a year ago.

Cost savings adjusted for restructuring and third-party costs amounted to SEK 70 M (129). The savings consisted mainly of lower personnel costs.

Amortization and impairment losses

Amortization amounted to SEK -54 M (-63) during the third quarter. Amortization of the Gule Sider and Ditt Distrikt trademarks totaled SEK -21 M (-22). The Voice trademark 1888, which was fully amortized at the end of 2015, was amortized during the third quarter of 2015 by SEK -8 M. During 2016 the Krak trademark has been reclassified from having indefinite useful life to a finite useful life of 10 years. Amortization of the trademark during the third quarter totaled SEK -3 M (0).

Acquisitions/divestments

No acquisitions or divestments were carried out during the third quarter.

Net financial items

Net financial items amounted to SEK -34 M (-28). Exchange rate differences had a positive effect on net financial items by SEK 2 M (7).

Income before tax and tax

Income before tax amounted to SEK 6 M (51). Reported tax totaled SEK 24 M (-13). The effective tax rate was 1.9% (1.6%).

Eniro's taxes are paid primarily during the first half of the year. Accordingly, paid taxes are low during the second half of the year. As a result of tax-loss carry forwards in Sweden, Denmark and Finland, Eniro has had low tax payments for several years. Tax payments are expected to remain relatively low in the years immediately ahead.

Net income for the period and earnings per common share

Net income for the third quarter was SEK 30 M (38). Earnings per common share before dilution were SEK 0.03 (0.06). Earnings per common share after dilution were SEK 0.03 (0.05).

Operating revenue by category and operating segments

SEK M	Jul-Sep 2016	Jul-Sep 2015	%	Jan-Sep 2016	Jan-Sep 2015	%	Oct-Sep 2015/16	Jan-Dec 2015
Desktop/Mobile search	320	364	-12	1,015	1,199	-15	1,362	1,546
Complementary digital marketing products	35	51	-31	102	168	-39	156	222
Digital search	***355***	***415***	***-14***	***1,117***	***1,367***	***-18***	***1,518***	***1,768***
Print	43	64	-33	92	139	-34	163	210
Local search	**398**	**479**	**-17**	**1,209**	**1,506**	**-20**	**1,681**	**1,978**
Voice	90	114	-21	279	353	-21	386	460
Total revenue	**488**	**593**	**-18**	**1,488**	**1,859**	**-20**	**2,067**	**2,438**

Reconciliation between operating income and adjusted EBITDA

SEK M	Jul-Sep 2016	Jul-Sep 2015	%	Jan-Sep 2016	Jan-Sep 2015	%	Oct-Sep 2015/16	Jan-Dec 2015
Operating income	40	79	-49	-689	-1,057	35	-662	-1,030
Depreciation/amortization	54	63		162	193		225	256
Impairment losses	10	-8		883	1,140		900	1,157
Total EBITDA	**104**	**134**	**-22**	**356**	**276**	**29**	**463**	**383**
Whereof Local search	100	102	-2	312	211	48	374	273
Whereof Voice	29	43	-33	88	134	-34	143	189
Whereof Other	-25	-11	-127	-44	-69	36	-54	-79
EBITDA margin %	***21.3***	***22.6***		***23.9***	***14.8***		***22.4***	***15.7***
Items affecting comparability								
Restructuring costs	3	1		7	47		33	73
Other items affecting comparability	19	0		0	12		-14	-2
Total adjusted EBITDA	**126**	**135**	**-7**	**363**	**335**	**8**	**482**	**454**
Adjusted EBITDA margin %	***25.8***	***22.8***		***24.4***	***18.0***		***23.3***	***18.6***

Results January–September 2016

Revenue
Operating revenue decreased by 20% to SEK 1,488 M (1,859) for the nine-month period January–September 2016.

Digital search
Digital search revenue decreased by 18% to SEK 1,117 M (1,367).

Desktop / Mobile search
Revenue from Desktop/Mobile search decreased by 15% to SEK 1,015 M (1,199).

Complementary digital marketing products
Revenue from Complementary digital marketing products decreased by 39% to SEK 102 M (168).

Print/Voice
Print revenue decreased by 34% to SEK 92 M (139).

Voice revenue decreased by 21% to SEK 279 M (353).

Operating income
Consolidated operating income for the period January–September 2016 amounted to SEK -689 M (-1,057).

EBITDA for the Group was SEK 356 M (276), and the EBITDA margin was 23.9% (14.8%).

Restructuring costs amounted to SEK -7 M (-47).

The net total of other items affecting comparability during the period was SEK 0 M (-12). Other items affecting comparability during the period consisted of SEK 27 M pertaining to a shift to paying regular premiums for defined benefit pension plans in Sweden, which has entailed a changed calculation of the pension liability in accordance with IAS; of a provision of SEK -8 M for a discontinued project being conducted together with a partner; and of SEK -19 M in costs for severance pay. Earnings for the comparison period were affected by SEK -12 M in costs for severance pay.

After adjusting for nonrecurring items, adjusted EBITDA for the Group amounted to SEK 363 M (335). The adjusted EBITDA margin was 24.4% (18.0%).

EBITDA for the Local search operating segment, which includes the Digital search and Print categories, amounted to SEK 312 M (211), and the EBITDA margin was 25.8% (14.0%).

EBITDA for the Voice operating segment amounted to SEK 88 M (134), and the EBITDA margin was 31.5% (38.0%).

Cost efficiency
We are continuing our work on efficiency improvement. Total operating costs were SEK 446 M lower than in the corresponding period a year ago.

Cost savings adjusted for restructuring and third-party costs amounted to SEK 369 M (319). The savings consisted mainly of lower personnel costs.

Amortization and impairment losses
Amortization amounted to SEK -162 M (-193) during the period January–September 2016. Amortization of the Gule Sider and Ditt Distrikt trademarks totaled SEK -63 M (-68). The Voice trademark 1888, which was fully amortized at the end of 2015, was amortized during the comparison period in 2015 by SEK -26 M. During 2016 the Krak trademark has been reclassified from having indefinite useful life to a finite useful life of 10 years. Amortization of the trademark during the period totaled SEK -9 M (0).

In connection with the preparation of the half-year report a new impairment test was performed of the value of the company's intangible non-current assets. A downward adjustment of the anticipated revenue and earnings performance, together with an elevated risk assessment, resulted in a need to recognize impairment losses of SEK -873 M (-1,111) for goodwill, of which approximately half is attributable to a higher risk premium. Of this impairment, SEK -851 M (-646) pertained to Local search and SEK -22 M (-465) pertained to Voice. Of the impairment losses in Local search, SEK -622 M (-646) was attributable to Norway and SEK -229 M (0) was attributable to Denmark. Of the impairment losses in Voice, SEK -9 M (-360) was attributable to Sweden, SEK -11 M (0) was attributable to Norway, and SEK -2 M (-105) was attributable to Finland. As per September 30, 2016, accumulated impairment losses for goodwill amounted to SEK -883 M (-1,101), where the effect during the third quarter of SEK -10 M (10) is attributable to a new, accumulated average exchange rate.

Earnings for the corresponding period a year ago were also charged with impairment losses of SEK -39 M for ongoing development projects

Net financial items
Net financial items amounted to SEK -151 M (-98). Exchange rate differences had a negative effect on net financial items by SEK -44 M (15).

Net income for the period
Income before tax for the nine-month period January–September was SEK -840 M (-1,155). Net income for the period amounted to SEK -824 M (-1,174). Earnings per common share before dilution were SEK -1.79 (-4.51). Earnings per common share after dilution were SEK -1.26 (-2.54).

Cash flow and financial position – January-September 2016

Cash flow

Cash flow during the period amounted to SEK -36 M (30).

Cash flow from operating activities was SEK 142 M (33). Higher EBITDA of SEK 356 M (276), a lower change in working capital of SEK -56 M (-83), lower financial payments of SEK -72 M (-123), and lower tax payments of SEK -14 M (-18) were countered by higher other non-cash items of SEK -72 M (-19), which mainly pertain to changes in provisions.

Cash flow from investing activities totaled SEK -70 M (-59) and included net investments in operations of SEK -71 M (-64).

Cash flow from financing activities totaled SEK -108 M (56). During the year to date, amortization of Eniro's bank loans totaled SEK -86 M (-813); amortization in the corresponding period a year ago included a lump-sum repayment of SEK -670 M in connection with the renegotiation of the loan agreement. The new issue and convertible bond issue had a positive effect on the preceding year's figure by SEK 905 M, net.

Financial position

As per September 30 the Group's outstanding debt under existing credit facilities was NOK 199 M, DKK 40 M, and SEK 1,230 M. At the end of the period Eniro had an unutilized credit facility of SEK 88 M. Cash and cash equivalents, and unutilized credit facilities, totaled SEK 148 M.

The convertible bond is reported at cost and amounted to SEK 276 M as per September 30. The nominal debt at the same point in time was SEK 336 M, entailing that 164 of the total 500 convertibles have been converted to common stock. The Group's interest-bearing net debt excluding the convertible bond and pension obligations amounted to SEK 1,239 M as per September 30, 2016, compared with SEK 1,349 M on September 30, 2015. The Group's indebtedness, expressed as interest-bearing net debt excluding the convertible bond and pension obligations in relation to EBITDA, was 2.7 on September 30, 2016, compared with 3.3 on September 30, 2015.

Eniro has credit insurance with PRI Pensionsgaranti (PRI) which remains in force through 2016. Eniro has pledged bank funds for future obligations (a so-called enhanced pension guarantee). A total of SEK 130 M was pledged between 2012 and 2015. During the second quarter Eniro pledged SEK 20 M, and an additional SEK 20 M has been pledged during the fourth quarter of 2016. As per September 30, 2016, total pledged funds amounted to SEK 153 M (133), including returns. Starting in 2016 Eniro has changed over to paying regular premiums for defined benefit pension plans in Sweden.

Company and capital structure

Eniro's board of directors is of the opinion that Eniro will not be able to fulfill all of the key ratio covenants of its loan agreements at year-end 2016. In addition, the Board believes that Eniro will not be able to meet the loan amortization payments that are required under the terms of its current loans by the second quarter 2017. The Board has initiated negotiations with Eniro's creditors to adapt the company's loan terms and other capital structure to the new business model and the company's long-term ability to repay. Eniro's creditors consist of a consortium of six banks. These negotiations are expected to continue during the rest of the year. The Board is currently of the opinion that it will be possible to adapt the company's capital structure.

The Board continues to work for a refinement of the Group and is evaluating possible divestments of non-strategic businesses.

Reclassified loans

In view of the ongoing discussions with Eniro's creditors, long-term borrowing has been reclassified as short-term borrowing.

Parent Company

Operating revenue amounted to SEK 16 M (26), which pertains to intra-Group services. During the period, shares in subsidiaries were written down by SEK -1,887 M (-988). Income for the period was SEK -1,904 M (-1,043). At the end of the period the Parent Company's equity amounted to SEK 564 M (2,492), of which unrestricted equity amounted to SEK 71 M (2,032).

Shares and holdings of treasury shares

As per September 30 the total number of shares was 492,625,513, of which 491,625,513 are common shares and 1,000,000 are preference shares. The total number of votes as per the end of September was 491,725,513, of which common shares correspond to 491,625,513 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 684,783,205.

Eniro held 1,703,266 treasury shares on September 30, 2016. The average holding of treasury shares during the period was 1,703,266.

Interest-bearing net debt excluding convertible bond and pension obligations

SEK M	Sep. 30 2016	Sep. 30 2015	Dec. 31 2015
Borrowing	-1,452	-1,565	-1,465
Other current interest-bearing receivables	0	0	0
Other non-current interest-bearing receivables[1)]	153	133	133
Cash and cash equivalents	60	83	91
Interest-bearing net debt excluding convertible bond and pension obligations	**-1,239**	**-1,349**	**-1,241**

[1)] included in financial assets

Other information

Annual General Meeting
Eniro's Annual General Meeting will be held May 9, 2017.

Dividend
Eniro's preference shares are entitled to an annual dividend of SEK 48 per share. Dividends are paid in intervals of three months. Outstanding record dates for dividend payments are October 31, 2016, and January 31, 2017.

The Board will propose to the 2017 Annual General Meeting to decide that no dividend be paid , nor for common or preference shares.

Employees
The number of employees (full-time equivalents) was 1,705 as per September 30, 2016, compared with 1,970 on September 30, 2015.

Full-time employees at the end of the period

	Sep. 30 2016	Sep. 30 2015
Sweden	369	498
Norway	242	247
Denmark	158	230
Poland	647	681
Local search including Other	**1,416**	**1,656**
Sweden	115	133
Norway	27	32
Finland	147	149
Voice	**289**	**314**
Total Group	**1,705**	**1,970**

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 2015 Annual Report. The principal risks and uncertainties that were considered to have a potential impact on the Group's performance in 2016 are related to recruitment and high personnel turnover, continued falling digital revenue, limitations posed by the terms of existing loan agreements, greater competition from global actors in local search, and a decrease in local search traffic.

Events after the end of the reporting period
There are no events to report.

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

Disclosure
The information in this interim report is such that Eniro AB (publ) is obligated to disclose pursuant to EU Market Abuse Regulation. This information was submitted for publication, by agency of the following contact person, at 08:00 (CET) on October 28, 2016.

Kista, October 28, 2016

Örjan Frid

President and CEO

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FINANCIAL CALENDAR

Year-end report 2016	February 8, 2017
Interim report Jan-March 2017	May 9, 2017
Annual General Meeting 2017	May 9, 2017
Interim report Jan-June 2017	August 15, 2017
Interim report Jan-Sept 2017	October 25, 2017

Consolidated accounts

Consolidated income statement

SEK M	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct-Sep 2015/16	Jan-Dec 2015
Operating revenue	**488**	**593**	**1,488**	**1,859**	**2,067**	**2,438**
Production costs	-106	-127	-323	-417	-456	-550
Sales costs	-159	-188	-493	-670	-706	-883
Marketing costs	-47	-59	-138	-196	-199	-257
Administration costs	-75	-95	-187	-311	-273	-397
Product development costs	-54	-53	-160	-184	-202	-226
Other income/costs	3	0	7	2	7	2
Impairment of non-current assets	-10	8	-883	-1,140	-900	-1,157
Operating income	**40**	**79**	**-689**	**-1,057**	**-662**	**-1,030**
Financial items, net	-34	-28	-151	-98	-113	-60
Income before tax	**6**	**51**	**-840**	**-1,155**	**-775**	**-1,090**
Income tax	24	-13	16	-19	0	-35
Net income	**30**	**38**	**-824**	**-1,174**	**-775**	**-1,125**
Of which, attributable to:						
Owners of the Parent Company	28	38	-829	-1,174	-779	-1,124
Non-controlling interests	2	0	5	0	4	-1
Net Income	**30**	**38**	**-824**	**-1,174**	**-775**	**-1,125**
Earnings per common share before dilution, SEK	0.03	0.06	-1.79	-4.51	-1.73	-3.69
Earnings per common share after dilution, SEK	0.03	0.05	-1.26	-2.54	-1.21	-2.29
Average number of common shares before dilution after deduction of treasury shares, 000s	489,922	441,717	482,230	268,298	478,191	317,742
Average number of common shares after dilution after deduction of treasury shares, 000s	682,080	646,333	674,388	472,913	670,349	505,435
Preference shares on closing date, 000s	1,000	1,000	1,000	1,000	1,000	1,000

Consolidated statement of comprehensive income

SEK M	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct-Sep 2015/16	Jan-Dec 2015
Net income	**30**	**38**	**-824**	**-1,174**	**-775**	**-1,125**
Other comprehensive income						
Items that cannot be reclassified to income statement						
Revaluation of pension obligations	-14	74	-163	107	-71	199
Tax attributable to revaluation pension obligations	3	-17	36	-24	16	-44
Total	**-11**	**57**	**-127**	**83**	**-55**	**155**
Items that have been or can be reclassified to the income statement						
Exchange rate differences	69	-70	207	-97	69	-235
Hedge of net investments	-20	16	-34	10	-23	21
Tax attributable to hedge of net investments	8	-3	11	-2	8	-5
Total	**57**	**-57**	**184**	**-89**	**54**	**-219**
Other comprehensive income, net after tax	***46***	***0***	***57***	***-6***	***-1***	***-64***
Total comprehensive income	**76**	**38**	**-767**	**-1,180**	**-776**	**-1,189**
Of which, attributable to:						
Owners of the Parent Company	72	41	-776	-1,177	-782	-1,183
Non-controlling interests	4	-2	9	-3	6	-6
Total comprehensive income	**76**	**39**	**-767**	**-1,180**	**-776**	**-1,189**

Consolidated balance sheet

SEK M	Sep. 30 2016	Sep. 30 2015	Dec. 31 2015
Assets			
Non-current assets			
Tangible assets	20	22	21
Intangible assets	2,803	3,743	3,615
Deferred tax assets	131	144	100
Financial assets	198	180	179
Total non-current assets	**3,152**	**4,089**	**3,915**
Current assets			
Accounts receivable - trade	212	291	265
Current tax assets	16	17	14
Other current receivables	119	175	131
Other interest-bearing receivables	0	0	0
Cash and cash equivalents	60	83	91
Total current assets	**407**	**566**	**501**
TOTAL ASSETS	**3,559**	**4,655**	**4,416**
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	493	461	477
Additional paid in capital	5,528	5,506	5,517
Reserves	-310	-363	-490
Retained earnings	-5,389	-4,506	-4,385
Shareholders' equity, owners of the Parent Company	**322**	**1,098**	**1,119**
Non-controlling interests	44	46	39
Total Shareholders' equity	**366**	**1,144**	**1,158**
Non-current liabilities			
Borrowing	0	1,386	1,295
Convertible bond	276	312	284
Deferred tax liabilities	152	223	209
Pension obligations	545	508	415
Provisions	5	5	5
Other non-current liabilities	-	0	-
Total non-current liabilities	**978**	**2,434**	**2,208**
Current liabilities			
Accounts payable - trade	81	67	50
Current tax liabilities	0	0	13
Prepaid revenues	408	512	528
Other current liabilities	262	289	250
Provisions	12	30	39
Borrowing	1,452	179	170
Total current liabilities	**2,215**	**1,077**	**1,050**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,559**	**4,655**	**4,416**

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, 2015	**309**	**5,125**	**-277**	**-3,420**	**1,737**	**60**	**1,797**
Total comprehensive income	-	-	-86	-1,091	-1,177	-3	**-1,180**
Reduction of share capital	-257	-	-	257	0	-	**0**
Rights issue	153	278	-	-	431	-	**431**
Bonus issue	204	-	-	-204	0	-	**0**
Convertible bond - equity part	-	72	-	-	72	-	**72**
Conversion of convertible bonds	52	31	-	-	83	-	**83**
Dividend on preference shares	-	-	-	-48	-48	-	**-48**
Dividend non-controlling interest	-	-	-	-	-	-11	**-11**
Closing balance, September 30, 2015	**461**	**5,506**	**-363**	**-4,506**	**1,098**	**46**	**1,144**
Opening balance, January 1, 2015	**309**	**5,125**	**-277**	**-3,420**	**1,737**	**60**	**1,797**
Total comprehensive income	-	-	-213	-970	-1,183	-6	**-1,189**
Reduction of share capital	-257	-	-	257	0	-	**0**
Rights issue	153	278	-	-	431	-	**431**
Bonus issue	204	-	-	-204	0	-	**0**
Convertible bond - equity part	-	72	-	-	72	-	**72**
Conversion of convertible bonds	68	42	-	-	110	-	**110**
Dividend on preference shares	-	-	-	-48	-48	-	**-48**
Dividend non-controlling interest	-	-	-	-	-	-15	**-15**
Closing balance, December 31, 2015	**477**	**5,517**	**-490**	**-4,385**	**1,119**	**39**	**1,158**
Opening balance, January 1, 2016	**477**	**5,517**	**-490**	**-4,385**	**1,119**	**39**	**1,158**
Total comprehensive income	-	-	180	-956	-776	9	**-767**
Conversion of convertible bonds	16	10	-	-	26	-	**26**
Warrant incentive program	-	1	-	-	1	-	**1**
Dividend on preference shares	-	-	-	-48	-48	-	**-48**
Dividend non-controlling interest	-	-	-	-	-	-4	**-4**
Closing balance, September 30, 2016	**493**	**5,528**	**-310**	**-5,389**	**322**	**44**	**366**

Consolidated statement of cash flows

SEK M	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct-Sep 2015/16	Jan-Dec 2015
Operating income	**40**	**79**	**-689**	**-1,057**	**-662**	**-1,030**
Adjustments for						
Depreciation, amortization and impairment	64	55	1,045	1,333	1,125	1,413
Capital gain/loss and other non-cash items	-6	-12	-72	-19	-64	-11
Financial items, net	-21	-31	-72	-123	-104	-155
Income tax paid	0	0	-14	-18	-14	-18
Cash flow from operating activities before changes in working capital	**77**	**91**	**198**	**116**	**281**	**199**
Changes in working capital	-59	-62	-56	-83	6	-21
Cash flow from operating activities	**18**	**29**	**142**	**33**	**287**	**178**
Acquisitions/divestments of Group companies and other assets	-	-	1	5	2	6
Investments in non-current assets, net	-19	-17	-71	-64	-99	-92
Cash flow from investing activities	**-19**	**-17**	**-70**	**-59**	**-97**	**-86**
Proceeds from borrowings	25	9	37	21	16	0
Repayment of borrowings	-	-	-86	-813	-158	-885
Long-term investments	-	-	-20	-10	-20	-10
Dividend on preference shares	-12	-12	-36	-36	-48	-48
Dividend non controlling interests	-	-4	-4	-11	-8	-15
Warrant incentive program	-	-	1	-	1	-
Rights issue	-	-	-	430	0	430
Convertible bonds	-	-	-	475	0	475
Cash flow from financing activities	**13**	**-7**	**-108**	**56**	**-217**	**-53**
Cash flow for the period	**12**	**5**	**-36**	**30**	**-27**	**39**
Cash and cash equivalents at start of period	**45**	**82**	**91**	**58**	**83**	**58**
Cash flow for the period	12	5	-36	30	-27	39
Exchange rate differences in cash and cash equivalents	3	-4	5	-5	4	-6
Cash and cash equivalents at end of period	**60**	**83**	**60**	**83**	**60**	**91**

Parent Company accounts

Income statement

SEK M	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct-Sep 2015/16	Jan-Dec 2015
Operating revenue	**6**	**10**	**16**	**26**	**16**	**26**
Administration costs	-28	-19	-65	-92	-74	-101
Other income/costs	0	-1	2	2	1	1
Operating income	**-22**	**-10**	**-47**	**-64**	**-57**	**-74**
Financial items, net	-18	-1,005	-1,879	-1,012	-2,158	-1,291
Appropriations, Group contributions received	-	-	-	-	323	323
Income before tax	**-40**	**-1,015**	**-1,926**	**-1,076**	**-1,892**	**-1,042**
Income tax	9	5	22	33	-42	-31
Net income	**-31**	**-1,010**	**-1,904**	**-1,043**	**-1,934**	**-1,073**

Balance sheet

SEK M	Sep. 30 2016	Sep. 30 2015	Dec. 31 2015
Non-current assets	2,578	4,691	4,412
Current assets	253	56	363
TOTAL ASSETS	**2,831**	**4,747**	**4,775**
Shareholders' equity	564	2,492	2,489
Provisions	77	74	75
Non-current liabilities	2,079	2,123	2,087
Current liabilities	111	58	124
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**2,831**	**4,747**	**4,775**

Eniro AB has written down shares in subsidaries with SEK 1,887 M (988). In 2015 an additional write down of SEK 261 M was carried out in Q4.

Notes to the consolidated accounts

Note 1 Accounting policies

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 2015 Annual Report, Note 1, Accounting Policies. The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

As a result of the liquidation of dormant subsidiaries, Eniro has made the determination that internal dealings between these shall be considered to constitute part of the net investment, and thus translation effects of these dealings are reported as a translation difference in other comprehensive income.

Note 2 Segment information

Eniro reports its financial results distributed among the Localsearch and Voice business areas. Local search has cross-border functions for User and Costumer Experience, Business Support, Nordic Sales, Human Resources, and Finance. The Voice business area is governd separately and is not an integrated part of the function-based organization.

	Local search				Voice			
SEK M	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015
Operating revenue								
Sweden	148	196	489	628	39	53	126	171
Norway	109	136	338	448	12	15	36	48
Denmark	89	94	225	265	-	-	-	-
Finland	-	-	-	-	39	46	117	134
Poland	52	53	157	165	-	-	-	-
Total	**398**	**479**	**1,209**	**1,506**	**90**	**114**	**279**	**353**
Adjusted EBITDA	**106**	**103**	**303**	**255**	**29**	**43**	**88**	**134**
Items affecting comparability[1)]	-8	-1	8	-44	-	-	-	-
EBITDA	**98**	**102**	**311**	**211**	**29**	**43**	**88**	**134**
Depreciation/amortization	-53	-53	-158	-162	-1	-10	-4	-31
Impairment losses	-11	8	-862	-675	1	0	-21	-465
Operating income	**34**	**57**	**-709**	**-626**	**29**	**33**	**63**	**-362**

	Other				Total			
SEK M	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015
Operating revenue								
Sweden	-	-	-	-	**187**	**249**	**615**	**799**
Norway	-	-	-	-	**121**	**151**	**374**	**496**
Denmark	-	-	-	-	**89**	**94**	**225**	**265**
Finland	-	-	-	-	**39**	**46**	**117**	**134**
Poland	-	-	-	-	**52**	**53**	**157**	**165**
Total	**-**	**-**	**-**	**-**	**488**	**593**	**1,488**	**1,859**
Adjusted EBITDA	**-9**	**-11**	**-28**	**-54**	**126**	**135**	**363**	**335**
Items affecting comparability[1)]	-14	0	-15	-15	**-22**	**-1**	**-7**	**-59**
EBITDA	**-23**	**-11**	**-43**	**-69**	**104**	**134**	**356**	**276**
Depreciation/amortization	-	-	-	-	**-54**	**-63**	**-162**	**-193**
Impairment losses	-	-	-	-	**-10**	**8**	**-883**	**-1,140**
Operating income	**-23**	**-11**	**-43**	**-69**	**40**	**79**	**-689**	**-1,057**
Net financial items					**-34**	**-28**	**-151**	**-98**
Taxes					**24**	**-13**	**16**	**-19**
Net income for the period					**30**	**38**	**-824**	**-1,174**

[1)] Items affecting comparability consist of restructuring costs. 2016 also includes a non-recurring effect of pensions, a closure cost and severance pay.

Note 3 Earnings per share

Earnings per common share before dilution

Earnings per share before dilution are calculated as 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, excluding treasury shares, before dilution.

Earnings per common share after dilution

In calculating earnings per share after dilution, the average number of shares is adjusted for the effects of the potential dilution of common shares associated with the convertible bond and warrant program. This entails that earnings per share after dilution are calculated by dividing income for the period attributable to owners of the Parent Company plus interest expense after tax pertaining to the convertible loan, less the set dividend on preference shares for the period, by the average number of common shares, excluding treasury shares, after full conversion.

SEK M	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct-Sep 2015/16	Jan-Dec 2015
Earnings attributable to owners of the Parent Company	28	38	-829	-1,174	-779	-1,124
Dividend established for cumulative preference shares during the period	-12	-12	-36	-36	-48	-48
Earnings used for calculating earnings per common share, before dilution	**16**	**26**	**-865**	**-1,210**	**-827**	**-1,172**
Cupon rate for convertible bonds	4	4	12	9	16	13
Earnings used for calculating earnings per common share, after dilution	**20**	**30**	**-853**	**-1,201**	**-811**	**-1,159**
Earnings per common share						
before dilution, SEK	0.03	0.06	-1.79	-4.51	-1.73	-3.69
after dilution, SEK	0.03	0.05	-1.26	-2.54	-1.21	-2.29
Average number of common shares after deduction of treasury shares						
before dilution, 000s	489,922	441,717	482,230	268,298	478,191	317,742
after dilution, 000s	682,080	646,333	674,388	472,913	670,349	505,435
Preference shares						
on closing date, 000s	1,000	1,000	1,000	1,000	1,000	1,000

Note 4 Financial instruments by category

Assets and liabilities on the balance sheet SEK M	Sep. 30 2016	Sep. 30 2015	Dec. 31 2015
Loans and accounts receivables			
Non-current assets			
Interest-bearing receivables, blocked bank funds	153	133	133
Current assets			
Accounts receivable - trade and other receivables	220	309	278
Cash and cash equivalents	60	83	91
TOTAL	**433**	**525**	**502**
Other financial liabilities			
Non-current liabilities			
Borrowing	0	1,386	1,295
Convertible bond	276	312	284
Current liabilities			
Borrowing	1,452	179	170
Accounts payable - trade	81	67	50
TOTAL	**1,809**	**1,944**	**1,799**

Note 5 Goodwill

SEK M	Sep. 30 2016	Sep. 30 2015	Dec. 31 2015
At start of year	2,808	4,051	4,051
Reclassifications	-	-	-20
Impariment loss for the year	-883	-1,101	-1,111
Exchange rate difference	99	-63	-112
Carrying amount	**2,024**	**2,887**	**2,808**

Impairment testing of goodwill and trademarks with indefinite useful life

In connection with the preparation of the interim report January - June a new impairment test was performed of the value of the company's intangible non-current assets. A downward adjustment of anticipated revenue and earnings performance, together with an elevated risk assessment, resulted in a need to recognize impairment losses of SEK -873 M (-1,111) for goodwill, of which approximately half is attributable to a higher risk premium.

In the impairment testing, a determination is made as to whether a need to recognize impairment exists by comparing the cash-generating unit's carrying amount, including goodwill and other consolidated surplus value, with the recoverable amount. If the carrying amount exceeds the recoverable amount, the carrying amount is written down to the recoverable amount.

Eniro's lowest cash-generating units consist of the operating segments per country, i.e., Local search and Voice, which corresponds to the monitoring that is conducted in both the internal and external reporting. The recoverable amount consists of the value in use. A discount rate before tax has been determined for the respective cash- generating units.

The impairment testing indicated a need to recognize SEK -873 M (-1,111) in impairment losses (as at 2016.06.30), approximately half is attributable to a higher risk premium. Of this impairment, SEK -851 M (-646) pertained to Local search and SEK -22 M (-465) pertained to Voice. Of the impairment losses in Local search, SEK -622 M (-646) pertained to Norway and SEK -229 M (0) pertained to Denmark. Of the impairment losses in Voice, SEK -9 M (-360) was attributable to Sweden, SEK -11 M (0) was attributable to Norway, and SEK -2 M (-105) was attributable to Finland. As at end of September the accumulated impariment loss amounted to SEK -883 M (1,101) where the effect for the quarter of SEK -10 M (10) was attributable to a new, accumulted average exchange rate.

Discount rate after tax by cash generating unit, %	Jun. 30 2016	Jun. 30 2015	Dec. 31 2015
Sweden, Local search	12.44	9.40	10.50
Sweden, Voice	15.60	9.40	10.50
Norway, Local search	11.72	9.25	10.04
Norway, Voice	15.00	9.25	10.04
Denmark, Local search	12.52	9.31	10.46
Poland, Local search	15.30	10.75	11.64
Finland, Voice	14.20	9.46	10.50

Key ratios

	Sep. 30 2016	Sep. 30 2015	Dec. 31 2015
Equity, average 12 months, SEK M	808	1,485	1,312
Return on equity (ROE), 12 months, %	-96.4	-75.6	-85.7
Return on Assets (ROA), 12 months, %	-15.8	-17.0	-18.7
Earnings per common share before dilution, SEK	-1.79	-4.51	-3.69
Earnings per common share after dilution, SEK	-1.26	-2.54	-2.29
Interest-bearing net debt excluding convertible bond and pension obligations, SEK M	-1,239	-1,349	-1,241
Debt/equity ratio, times	3.39	1.18	1.07
Equity/assets ratio, %	10	25	26
Interest-bearing net debt excluding convertible bond and pension obligations/EBITDA 12 months, times	2.7	3.3	3.2
Interest-bearing net debt excluding convertible bond and pension obligations/adjusted EBITDA, times	2.6	2.7	2.7
Average number full-time employees	1,791	2,113	2,067
Number of full-time employees on closing date	1,705	1,970	1,877
Number of common shares before dilution on closing date after deduction of treasury shares, 000s	489,922	457,615	474,538
Number of common shares after dilution on closing date after deduction of treasury shares, 000s	682,080	662,230	662,230
Number of preference shares on closing date, 000s	1,000	1,000	1,000

Key ratios per share

	Sep. 30 2016	Sep. 30 2015	Dec. 31 2015
Equity per share, SEK	0.66	2.39	2.35
Share price for common shares at end of period, SEK	0.38	0.78	0.92

Financial definitions

Eniro presents certain financial measures in the interim report that are not defined in IFRS. Eniro believes that these measures provide valuable, complementary information to investors and the company's management, as they enable assessment of the company's earnings and financial position. Since not all companies calculate financial measures in the same way, these are not always comparable with measures used by other companies. These financial measures shall therefore not be regarded as a substitute for the measures defined in IFRS.

For a description of how the key ratios are calculated, please see Eniro's website: www.enirogroup.com.

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

Adjusted EBITDA margin (%)
Adjusted EBITDA divided by operating revenue.

Average number of common shares after dilution
The average number of common shares excluding treasury shares adjusted for full conversion of all potential common shares through the convertible bond and warrants.

Average number of common shares before dilution
The average number of common shares outstanding, excluding treasury shares.

Average number of full-time employees
Calculated as the average number of employees (full-time equivalents) at the beginning of year and at end of the period.

Average shareholders' equity
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 after dilution
Income for the period attributable to owners of the Parent Company less the set dividend on preference shares for the period, plus interest expense after tax pertaining to the convertible loan, in relation to the average number of shares after full conversion.

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.

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, excluding treasury shares.

Interest-bearing net debt excluding convertible bond and pension obligations
Borrowings 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 and divestments.

Return on equity (%)
Moving 12-month income attributable to owners of the Parent Company divided by average shareholders' equity.

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

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

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