eniro

Q4 | 18

YEAR-END REPORT 2018

JANUARY–DECEMBER

FOURTH QUARTER: OCTOBER – DECEMBER 2018

- Total operating revenue amounted to SEK 320 M (384), a decrease of 17%. Excluding Print, which was discontinued during 2017, total operating revenue decreased 16%.
- EBITDA amounted to SEK 37 M (44). The EBITDA margin was 11.6% (11.5%). Adjusted EBITDA amounted to SEK 38 M (62)
- The Board of Directors resolved to conduct non-cash flow-affecting impairment of the value of goodwill by SEK -565 million, based on factors including an anticipated transfer of future cash flows from current operations.
- Net income for the period was SEK -542 M (232).
- Earnings per ordinary share for the period were SEK -8.16 (10.39) before and -8.16 (10.18) after dilution.
- At the end of the quarter, about 95% of the customers in Sweden, Norway and Denmark were included in the new business model with a broader offering based on subscription-based contracts.
- At the beginning of October, all of Eniro's bank loans of a nominal value of SEK 925 M, were replaced with a bond loan in Eniro AB, and that will extend with no negative effects on liquidity in the form of repayment or coupon payments until the end of 2021, to which adds an additional financing of approximately SEK 64 M.
- In October 2018, the divestment of the wholly owned Polish subsidiary, Eniro Polska, to the Polish company Equinox Investments was completed. The transaction generated a capital gain of SEK 44 million and a cash-flow effect of SEK +16 million.
- At the beginning of December, Eniro and PRI reached agreement, entailing that PRI reduces its claim on collateral from SEK 200 M to SEK 182 M for a period up to 30 September 2020. Thus, for Eniro this means a time-limited improved cash of SEK 18 M. In return, PRI receives a mortgage on the company's assets up to SEK 35 M, and in accordance with the bond terms and conditions, receive priority ahead of the bondholders.
- The Board of Directors proposes to the 2019 AGM that no dividend be paid on ordinary or preference shares.

FULL YEAR – JANUARY - DECEMBER 2018

- Total operating revenue amounted to SEK 1,393 M (1,649), a decrease of 16%. Excluding Print, which was discontinued during 2017, total operating revenue decreased 13%.
- EBITDA decreased by 9% to SEK 206 M (226). The EBITDA margin was 14.8% (13.7%).
- The Board of Directors resolved to conduct non-cash flow-affecting impairment of the value of goodwill by SEK -568 million, based on factors including an anticipated transfer of future cash flows from current operations
- Net income for the period was SEK -573 M (124).
- Earnings per ordinary share for the period were SEK -8.69 (10.09) before and after dilution.
- Operating costs were SEK 233 M lower than in the year-earlier period, largely due to the completed cost-saving program.
- Eniro Finland acquired Finnish company Elisa's outsourcing operation for customer service and corporate switchboard outsourcing business. This acquisition strengthens Eniro's position as the leading developer and provider of customer service solutions in Finland.

Eniro is a leading search company for individuals and businesses in the Nordic region. With quality-assured content and an unrivaled user experience, Eniro inspires local discoveries and makes local communities thrive. Eniro's content is available through Internet and mobile services, directory assistance and SMS services. Each week, Eniro Group's digital services have about six million unique visitors. Eniro Group has about 1,100 employees and operations in Sweden, Norway, Denmark, Finland and Poland. The company is listed on Nasdaq Stockholm [ENRO] and headquartered in Stockholm. More about Eniro at enirogroup.com.

SEK M	**Oct-Dec 2018**	**Oct-Dec 2017***	**Jan-Dec 2018**	**Jan-Dec 2017***
Operating revenue	320	384	1,393	1,649
EBITDA	37	44	206	226
Adjusted EBITDA	38	62	209	296
Operating income	-565	2	-513	-14
Net income for the period	-542	232	-573	124
Cash flow from operating activities	27	6	45	5
Interest-bearing net debt excluding convertible bond and pension obligations	-822	-775	-822	-775

* Retrospective restatement of financial statements in accordance with IFRS 15 Revenue from Contracts with Customers

CEO's Comments

Start of the next chapter of Eniro's story

2018 was the year in which we put the old Eniro behind us. 95% of our customers have invested in our subscription solutions for digital marketing. We are now addressing a growing market and our employees and customers can see the opportunities ahead. This means that we have changed the foundations of our business and created the prerequisites for opening the next chapter of Eniro's story.

Our genuine knowledge and experience in search-word marketing that we have built and developed over decades has now been translated into digital marketing and is being complemented by a modern offering and collaboration with Google, Facebook, Mono Solutions, Yext and other players who are now leading the development of the industry.

Our belief in enhancing the efficiency of marketing and making these tools available to the many companies requires automation. This makes it additionally satisfying that, during the year, we were the only company in the Nordic region, through our partner Matchcraft, to launch a Facebook offering in which we automate the optimization of the campaigns.

The automation strategy gives us both economies of scale and the possibility of offering our customers added value from our services at a very competitive price.

It is with pride that I can summarize that we are now able to meet our customers' needs in: presence, traffic and branding. This strengthens the possibility for us to act in an advisory capacity in our customer dialogue.

The customer experience is also strengthened by our customers now being able to monitor their local search-word marketing, Facebook and Google campaigns in our interface, "Mitt Eniro". My vision is for this to become the platform that the customers use for their marketing, regardless of channel, and that we have the best advisers to support small and medium-sized customers in their marketing.

Transformation of the business

The year ended with nearly all local search customers transferred to subscriptions in Sweden, Norway and Denmark. The remaining customers have needs that we were previously unable to meet, but with new offerings, we will also offer these customers further cooperation. During the first half of 2019, all customers will have transferred to a subscription solution.

Eniro can now discontinue old systems and move development resources to our future core operations. We have a very strong offering for small companies and their digital marketing, which was strengthened in January through an exciting offering with Facebook advertising.

Eniro is now offering an excellent solution for anyone needing efficient and effective marketing on the net. Apart from local search, our classic solution, it is now possible with our help to establish websites that are traffic-optimized and mobile compatible, advertise on Google and Facebook, and ensure that all information one's own company has on the net is correct on all relevant sites through Närvarokollen. It is also possible to conduct targeted advertising using Market Place to reach selected target groups in the right geographies, even as a small company, at an attractive budget. The activity is easy to monitor in the Mitt Eniro platform and stakeholders can then adjust their activities to get the most value for their digital market investment.

With the new offering, our sales staff gain new conditions for working with effective solutions, with customer benefit as the motto. The strong offering means that we have increasing numbers of sales staff that want to join us and foresee an exciting future with us.

Our challenge lies in communicating that we are a new Eniro with modern solutions. Our offering works and the customers who choose to return to us or continue with us increase their investments when they see the customer benefits. This strengthens us in taking the company through the turnaround that is now under way.

Polish business divested

We completed the divestment of our Polish business in the fourth quarter. Our approach of focusing on the Nordic region and placing our resources there is completed as a result of this divestment. What we have left in Poland is a small, outsourced business for development and financial services with about 50 employees.

Proff and Finland

Proff, our B2B unit, is developing in line with expectations. The year ended somewhat better than planned. The strong position in Norway was further strengthened during the year and the challenges we had in Sweden were addressed, so that we are confident for 2019.

Finland and our Voice services are performing well. The declining directory information services in Sweden, Norway and Finland performed somewhat better than expected. They are declining, but not at the same pace as previously. We are addressing the changed market by developing Contact Center operations in Finland and Sweden. The successful acquisition of Elisa's customer service is performing very well. In Sweden, we are addressing this segment organically. The profitability is not as good as in directory services, but it is a good market in the quality segment.

Sales and earnings

We ended 2018 with a strong cash balance and an EBITDA in line with our expectations. The 2018 refinancing with conclusion of the agreement with the bank consortium and instead a new bond solution provides good conditions for 2019. With no amortization or interest payments before 2021, we have significantly more robust financial strength and for the first time in many years, we can be a little more aggressive and increase the resources in sales to return the company to growth more quickly.

Operating revenue during the fourth quarter amounted to SEK 320 M (384), which is down 17% compared with the same period a year ago. EBITDA for the fourth quarter amounted to SEK 37 M (44), while adjusted EBITDA amounted to SEK 38 M (62). However, the work to reduce the cost base remains successful and the EBITDA margin increased to 11.6% from 11.5% in the same period a year ago.

When will order bookings turn into growth?

The plan launched in the autumn of 2016 to turn Eniro into a new company with an entirely new business is now culminating. It has been an intense journey with a change of the entire capital structure, difficult discussions with financiers, and a major change of all of Eniro's core business. Difficult, challenging, but also fun. In 2019, we will focus all of our energies, financial and product-oriented, on operating the company in an entirely different way. The prerequisites are in place and we can see that it is working.

It remains to get the customers to share our view of the opportunities that exist and to capitalize on our offerings, and this is one of our most important goals to achieve in 2019.

Kista, February 11, 2019

Örjan Frid, President and CEO

Fourth quarter results 2018

Revenue

Operating revenue for the fourth quarter amounted to SEK 320 M (384), a decrease of 17%.

Currency effects on revenue were positive in an amount of SEK 10 M (-5).

Geographically, operating revenue is broken down into Sweden SEK 116 M (136), Norway SEK 80 M (100), Denmark SEK 53 M (58), Finland SEK 54 M (39), and Poland SEK 17 M (51).

IFRS 15

Eniro has applied the new accounting standard IFRS 15 (Revenue from Contracts with Customers) as of January 2018.

Eniro has applied a retroactive transition period, with the opening balance established on January 1, 2017 and the comparative year restated in accordance with IFRS 15.

For further information, see Note 1 Accounting Policies.

Digital search

Digital search includes the Desktop/Mobile search and Complementary digital marketing products revenue categories. Eniro's Desktop/Mobile search services are among the most visited sites in their respective markets and include eniro.se, gulesider.no, krak.dk, dgs.dk along with the mobile apps, including Eniro's local search app, Eniro Navigation and "Eniro På Sjön". Eniro's sites: proff.se, proff.no and proff.dk contain business information. Eniro's advertisers pay for rankings and exposure on hit lists. In Complementary digital marketing products, Eniro offers, for example, advertising solutions via third-party suppliers such as Google and Bing, display advertising via external networks and website products.

Operating revenue from Digital search amounted to SEK 243 M (309), a decrease of 21%. Of operating revenue, SEK 194 M (257) came from Desktop/Mobile search and SEK 49 M (52) from Complementary digital marketing products.

Eniro has a new strategy and business model that entail that Eniro will proceed from mainly offering exposure through its own channels to working with its customers' presence in all digital channels. The aim is to become the marketing partner for small and medium-size companies.

The transition to the new strategy of a broadened product offering and subscription-based contracts continues. Collectively, approximately 95% of the customer base in Sweden, Norway and Denmark has changed to the new subscription-based contracts.

In the preceding year, Finland initiated sales of digital search under the 0100100 trademark. During the start-up, this operation was jointly recognized with Voice. Since the business has grown, it has now been separated and is recognized under digital search. For correct comparison, the segment information for 2017 has been adjusted.

Market and traffic

Digital marketing currently accounts for approximately 50% of the media market in Sweden and according to IRM's forecasts for 2018 and 2019, the expectation is that this will grow further by more than 10%. Each week, Eniro's sites in Sweden, Norway and Denmark have about six million unique visitors. This creates favorable conditions for Eniro's future development.

New business model

Eniro's new strategy and business model entail that Eniro will proceed from mainly offering exposure through its own channels to working with its customers' presence in all digital channels. The aim is to become the marketing partner for small and medium-size companies. These companies often lack the time and knowledge to be able to market themselves digitally. By supplementing Eniro's traditional Desktop/Mobile search digital services with "Närvarokollen", a product from our partner Yext, and other partner products such as Google AdWords/Bing Ads in Complementary digital marketing products, Eniro can help the customer to optimize their investment, thereby generating the best possible result.

In addition, the new business model is subscription based. The goal is that the sales staff will be able to increase focus on demonstrating the strength and advantages of Eniro's new offering to both new and existing customers.

Sales and customer base development

The total number of customers for "Digital search" in the three Scandinavian countries amounts to approximately 83,000. At the beginning of the quarter, the number of customers amounted to approximately 88,000 and the customer base thus declined by 5% during the quarter.

The sales organization has successively been adapted to meet new conditions with a new offering, new business model and a more value-generating approach. The aim is to create greater confidence and loyalty among customers. In this change, it has been necessary to implement several structural adaptations, which has led to a more efficient organization and a focus on growth, competence and customer value.

Voice

In "Voice", Eniro offers directory information via phone call and text messaging (SMS), and certain contact center activities. In Sweden, Eniro is the market leader with its 118 118 directory information service. In addition to this, incoming phone calls are handled for other companies. In Finland, apart from the 0100100 directory information service, Eniro has a contact center operation that provides switchboard services and customer service on a contract basis. During the fourth quarter, Eniro acquired an customer service and corporate switchboard outsourcing businesses in Finland, thereby strengthening Eniro's position in the market. In Norway, Eniro is the majority owner of "1880 Nummeropplysningen AS" (the 1880 and 1888 directory information services).

Operating revenue from Voice amounted to SEK 77 M (72), an increase of 7% as a result of the Finnish acquisition.

Market volumes for directory information services continue to decline due to increased digitalization. The contact center operation that Voice conducts under contract from customers in Finland is growing and partly compensating for the decline in the directory information business, a development that is also occurring to some extent in Sweden.

Cost saving program

The cost saving program implemented in December 2017 resulted in reduced operating expenses. Compared with the corresponding period a year ago, costs declined by SEK 233 M for the January-December 2018 period.

Operating income

EBITDA for the Group was SEK 37 M (44), corresponding to an EBITDA margin of 11.6% (11.5%). EBITDA is broken down as follows: SEK 30 M (42) for Local search, SEK 11 M (17) for Voice, and SEK -4 M (-15) pertained to other Group functions.

The Group's operating expenses, that is, expenses excluding amortization and impairment losses, totaled SEK -284 M (-342), where expenses for the period include SEK -1 M (-18) in items affecting comparability. Of these, SEK -1 M (-13) pertained to restructuring costs, SEK 0 M (-3) pertained to advisory costs mainly concerning work on Eniro's recapitalization, SEK 0 M (-2) pertained to legal expenses in conjunction with a lost dispute and SEK 0 M (0) in severance payments.

After adjustment for items affecting comparability, adjusted EBITDA for the Group amounted to SEK 38 M (62), a decrease of 39%. The adjusted EBITDA margin was 11.9 % (16.1).

After amortization and impairment losses totaling SEK -602 M (-42), consolidated operating income amounted to SEK -565 M (2).

Amortization and impairment losses

The Group's total amortization amounted to SEK -32 M (-40) during the fourth quarter of 2018. Amortization of the Gule Sider trademark totaled SEK -15 M (-14) and amortization of the Krak trademark totaled SEK -4 M (-3).

The remaining amortization of SEK -13 M (-23) consists mainly of amortization of capitalized costs for product development.

Testing of the value of all of the Group's intangible assets is conducted annually or when indications of significant changes in assumptions have been identified. In conjunction with the work on its year-end financial statements, the company conducted an impairment test of the carrying amount of the Group's operating assets, including goodwill. An impairment test is based on a number of different assumptions regarding the future development of the operation. Such assumptions are always associated with various degrees of uncertainty. Considering the company is still largely in the adjustment phase of its business model, the level of uncertainty is particularly high. Even minor deviations in the assumptions made could lead to major deviations in the final results. The most critical assumption is the company management's assessment of the pace of the transition that Eniro is undergoing. Eniro expects its customer base to grow in 2019. Eniro also makes the assessment that the customers that will use Eniro's complementary digital marketing products (CDMPs) will increase by double figures in the coming years. The acceptance of Eniro as a digital marketing partner among customers is a key requirement for addressing the assumed continued slowdown and leveling off of the current core operations. If the transformation of Eniro's service offering does not have an impact on sales at the pace assumed by the company management or if other assumptions on which the impairment test was based change negatively, there will be a need for further impairment as the assumed cash flow will not materialize or will be postponed to the future. Due to the uncertainty regarding when and at what pace the transformation will occur, Eniro increased the risk premium in WACC by a further 2.4% compared with the preceding year for this impairment test. Combined with the other amended assumptions, this entailed a non-cash flow-affecting impairment of SEK -565 M.

Net financial items

Net financial items amounted to SEK 25 M (220). Net financial items comprise: net interest expense SEK -23 M (-45), exchange-rate differences 5 M (-7), other financial expenses SEK -1 M (-3) and a capital gain of SEK 44 M pertaining to the divestment of Eniro Polska. Impairment of liabilities of SEK 275 M was included in 2017.

Income before tax, and reported tax

Income before tax amounted to SEK -540 M (222). Reported tax totaled SEK -2 M (10).

Net income for the period and earnings per ordinary share

Net income for the period was SEK -542 M (232). Earnings per ordinary share were SEK -8.16 (10.39) before and SEK -8.16 (10.18) after dilution.

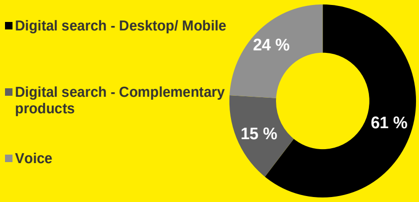
REVENUE Q4 2018

SEK 320 M

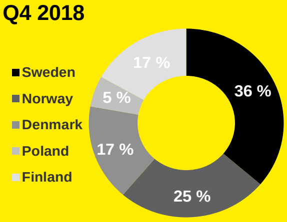
EBITDA Q4 2018

SEK 37 M

GROUP REVENUE PER CATEGORY Q4 2018



GROUP REVENUE PER COUNTRY Q4 2018



Results January – December 2018

Revenue
Operating revenue amounted to SEK 1,393 M (1,649), a decrease of 16%.

Currency effects on revenue were positive in an amount of SEK 46 M (20).

Geographically, operating revenue is broken down into Sweden SEK 487 M (615), Norway SEK 340 M (438), Denmark SEK 202 M (245), Finland SEK 193 M (149), and Poland SEK 171 M (202).

IFRS 15
Eniro has applied the new accounting standard IFRS 15 (Revenue from Contracts with Customers) as of January 2018.

Eniro has applied a retroactive transition period, with the opening balance established on January 1, 2017 and the comparative year restated in accordance with IFRS 15.

For further information, see Note 1 Accounting Policies.

Digital search
Operating revenue from Digital search amounted to SEK 1,094 M (1,303), a decrease of 16%. Of operating revenue, SEK 920 M (1,130) came from Desktop/Mobile search and SEK 174 M (173) from Complementary digital marketing products.

Voice
Operating revenue from Voice amounted to SEK 299 M (296), an increase of 1%.

Cost saving program
The Cost saving program undertaken in December 2017 resulted in reduced operating expenses. For the period January through December 2018, expenses declined by SEK 233 M year-on-year.

Operating income
EBITDA for the Group was SEK 206 M (226), corresponding to an EBITDA margin of 14.8% (13.7%). EBITDA is broken down as follows: SEK 174 M (228) pertained to Local Search, SEK 56 M (62) pertained to Voice, and SEK -24 M (-64) pertained to other Group functions.

The Group's operating expenses, that is, expenses excluding amortization and impairment losses, totaled SEK -1,195 M (-1,428), where expenses for the period include SEK -3 M (-70) in items affecting comparability, of which SEK -3 M (-31) in restructuring costs, SEK 0 M (-25) in advisory expenses mainly related to the work on Eniro's recapitalization, and SEK 0 M (-14) in costs relating to a dispute lost in arbitration against Fonecta in Finland.

After adjustment for items affecting comparability, adjusted EBITDA for the Group amounted to SEK 209 M (296), a decrease of 29%. The adjusted EBITDA margin was 15.0% (18.0).

After amortization and impairment losses totaling SEK -719 M (-240), consolidated operating income amounted to SEK -513 M (-14).

Amortization and impairment losses
The Group's total amortization amounted to SEK -146 M (-228) during the January-December 2018 period. Amortization of the Gule Sider trademark totaled SEK -59 M (-57) and amortization of the Krak trademark totaled SEK -13 M (-12).

Against the background of the decision to discontinue publication of printed directories during the first half of 2017, the useful life of the Ditt Distrikt trademark has been changed. During the first quarter 2017, the trademark was amortized by SEK -53 M, after which the trademark has been fully amortized. The remaining amortization of SEK -74 M (-106) consists mainly of amortization of capitalized costs for product development.

Testing of the value of all of the Group's intangible assets is conducted annually or when indications of significant changes in assumptions have been identified.

In conjunction with the work on its year-end financial statements, the company conducted an impairment test of the carrying amount of the Group's operating assets, including goodwill. An impairment test is based on a number of different assumptions regarding the future development of the operation. Such assumptions are always associated with various degrees of uncertainty. Considering the company is largely still in the adjustment phase of its business model, the level of uncertainty is particularly high. Even minor deviations in the assumptions made could lead to major deviations in the final results. The most critical assumption is the company management's assessment of the pace of the transition that Eniro is undergoing. Eniro expects its customer base to grow in 2019. Eniro also makes the assessment that the customers that will use Eniro's complementary digital marketing products (CDMPs) will increase by double figures in the coming years. The acceptance of Eniro as a digital marketing partner among customers is a key requirement for addressing the assumed continued slowdown and leveling off of the current core operations. If the transformation of Eniro's service offering does not have an impact on sales at the pace assumed by the company management or if other assumptions on which the impairment test was based change negatively, there will be a need for further impairment as the assumed cash flow will not materialize or will be postponed to the future. Due to the uncertainty regarding when and at what pace the transformation will occur, Eniro increased the risk premium in WACC by a further 2.4% compared with the preceding year for this impairment test. Combined with the other amended assumptions, this entailed a non-cash flow-affecting impairment of SEK -568 M.

Net financial items
Net financial items amounted to SEK -52 M (113). Net financial items comprise: net interest expense SEK -102 M (-150), capital gain on the divestment of Eniro Polska SEK 44 M, exchange-rate differences SEK 7 M (-10) and other financial expenses SEK -1 M (-2). Impairment of liabilities of SEK 275 M was included in 2017.

Income before tax, and reported tax

Income before tax amounted to SEK -565 M (99).
Reported tax totaled SEK -8 M (25).

Net income for the period and earnings per ordinary share

Net income for the period was SEK -573 M (124).
Earnings per ordinary share were SEK -8.69 (10.09) before and after dilution.

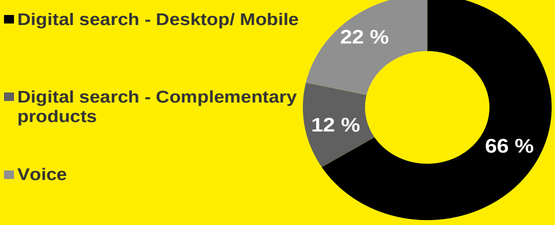
REVENUE YTD 2018

SEK 1,393 M

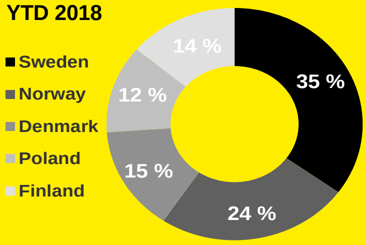
EBITDA YTD 2018

SEK 206 M

GROUP REVENUE PER CATEGORY YTD 2018



GROUP REVENUE PER COUNTRY YTD 2018



Operating revenue by category and operating segment

SEK M	Oct-Dec 2018	Oct-Dec 2017*	%	Jan-Dec 2018	Jan-Dec 2017*	%
Desktop/Mobile search**	194	257	-25	920	1,130	-19
Complementary digital marketing products	49	52	-6	174	173	1
Digital search	***243***	***309***	***-21***	***1,094***	***1,303***	***-16***
Print	-	3	-100	-	50	-100
Local search	**243**	**312**	**-22**	**1,094**	**1,353**	**-19**
Voice**	77	72	7	299	296	1
Total revenue	**320**	**384**	**-17**	**1,393**	**1,649**	**-16**

* Retrospective restatement of financial statements in accordance with IFRS 15 Revenue from Contracts with Customers
** Retrospective split in 2017 between Local search and Voice for the operations in Finland

Reconciliation of operating income and adjusted EBITDA

SEK M	Oct-Dec 2018	Oct-Dec 2017*	%	Jan-Dec 2018	Jan-Dec 2017*	%
Operating income	-565	2		-513	-14	
Depreciation/amortization	32	40		146	228	
Impairment losses	570	2		573	12	
Total EBITDA	**37**	**44**	**-16**	**206**	**226**	**-9**
Whereof Local search**	30	42	-29	174	228	-24
Whereof Voice**	11	17	-35	56	62	-10
Whereof Other	-4	-15	73	-24	-64	63
EBITDA margin %	***11.6***	***11.5***		***14.8***	***13.7***	
Items affecting comparability						
Restructuring costs	1	13		2	31	
Other items affecting comparability	0	5		1	39	
Total adjusted EBITDA	**38**	**62**	**-39**	**209**	**296**	**-29**
Adjusted EBITDA margin %	***11.9***	***16.1***		***15.0***	***18.0***	

* Retrospective restatement of financial statements in accordance with IFRS 15 Revenue from Contracts with Customers
** Retrospective split in 2017 between Local search and Voice for the operations in Finland

Interest-bearing net debt excluding convertible bond and pension obligations

SEK M	Note	Dec. 31 2018	Dec. 31 2017
Borrowing		-993	-828
Finance lease		-8	-10
Other current interest-bearing receivables		0	0
Other non-current interest-bearing receivables[1)]		14	12
Cash and cash equivalents		165	51
Interest-bearing net debt excluding convertible bond and pension obligations[2)]		**-822**	**-775**

[1)] The amount pertain to pledged bank funds as a security for leases in Norway and Finland and as guarantee against Volvo Finans.

[2)] In addition to interest-bearing debt Eniro has SEK 182 M (200) pertains to pledged bank funds for future pension obligation.

Cash flow and financial position

Financial position

Total assets in the Group amounted to SEK 2,692 M (3,326), an increase of 19%.

Intangible assets amounted to SEK 1,947 M (2,548), of which SEK 1,469 M (2,006) pertained to goodwill.

The Group’s interest-bearing net debt excluding the convertible bond and pension obligations amounted to SEK -822 M (-775) as per December 31.

The Group's indebtedness, expressed as interest-bearing net debt excluding the convertible bond and pension obligations in relation to EBITDA, was 4.0 (3.4) as per December 31.

As per December 31, the Group's outstanding debt under existing credit facilities was NOK 0 M (199), DKK 0 M (53) and SEK 993 M (576). Cash and cash equivalents, and unutilized credit facilities amounted to SEK 165 M (80).

The convertible bond is recognized at cost and amounted to SEK 27 M (26) as per December 31. The nominal debt at the same point in time was SEK 29 M (29), entailing that 471 (471) of the total 500 convertibles have been converted to ordinary shares.

The Group's pension obligations amounted to SEK 566 M (520) at December 31. In 2016, Eniro changed over to paying periodic premiums for defined benefit pension plans in Sweden, entailing no new additional vesting.

Eniro has credit insurance with PRI Pensionsgaranti (PRI) which remains in force until September 30, 2020. Eniro has pledged bank funds for future obligations (a so-called enhanced pension guarantee). During the year, Eniro and PRI reached agreement, entailing that PRI will receive collateral up to an amount of SEK 35 million in the security package and the guarantees which have been provided in favor of the bondholders. PRI will, in accordance with the bond terms and conditions, receive priority ahead of the bondholders up to this amount. In return, PRI reduces its claim on collateral to SEK 182 million for a period up to 30 September 2020. As per December 31, total pledged funds amounted to SEK 182 M (200), including returns. Pledged funds, including returns, are recognized as Other long-term interest-bearing receivables. As of 2016, Eniro changed to paying periodic premiums for defined benefit pension plans in Sweden.

Prepaid revenue amounted to SEK 321 M (469) at the end of the period. Prepaid revenue arises mainly in Desktop/Mobile search, where certain customers pay one year in advance, and also in Print in Sweden, where customers pay in advance, but the revenue is not recognized until the directories have been printed and distributed. The 32% decrease compared with December 31, 2017, is mainly attributable to the divestment of the Polish operation, but also lower sales and the decision to discontinue the print business.

Cash flow

Cash flow from operating activities amounted to SEK 45 M (5). Lower EBITDA of SEK 206 M (226) and a negative change in working capital of SEK -81 M (-43), of which exchange rate effects of SEK -10 M (4), were countered by considerably lower financial items of SEK -36 M (-139), continued low tax payments of SEK -11 M (-5) and lower other non-cash items of SEK -33 M (-34) in line with the preceding year, which mainly pertain to changes in provisions.

Eniro’s tax payments are made mainly during the first half of the year. During the fourth quarter, tax rebates of SEK 11 M (8) were received. Eniro has loss carryforwards in Sweden, Denmark and, which is why tax payments have been low.

Cash flow from investing activities amounted to SEK -50 M (-34), of which the divestment of Eniro Polska generated SEK 16 M (-) where net investments in operations amounted to SEK -66 M (-34).

Cash flow from financing activities amounted to SEK 119 M (32). New borrowing amounted to SEK 1,031 M (65), while amortizations totaled SEK -925 M (-283). Pursuant to AGM resolutions in 2017 and 2018 not to pay a dividend on preference shares, the dividend on preference shares amounted to SEK 0 M (-12). Long-term investments declined by SEK 18 M (-11), which pertains to pledged funds for continued credit insurance with PRI Pensionsgaranti. A cash issue of SEK 3 M (278) was made and issue expenses amounted to SEK -3 M (-). Dividends to minority shareholders amounted to SEK -5 M (-5).

Cash flow for the period amounted to SEK 114 M (3).

Acquisitions/divestments

In September 2018, Eniro entered a binding agreement to sell its wholly owned Polish subsidiary, Eniro Polska, to the Polish company Equinox Investments. The sale was part of the effort to focus on the Nordic operations. The transaction was completed at the end of October as agreed and resulted in a positive cash-flow effect of approximately SEK 16 M and a capital gain of approximately SEK 44 M at Group level. Other effects in conjunction with the divestment were a decline in total assets of nearly SEK 140 M and a marginal improvement in the equity/assets ratio. In January-October 2018, the Polish company contributed sales of approximately SEK 146 M (170) and had a marginal impact on the Group’s earnings and cash flow. At the time of sale, Eniro Polska had 564 employees. Eniro will retain certain internal Group service functions in Poland.

Refinancing

In July 2018, Eniro announced that the Board of Directors and some shareholders in the company had drawn up a financing solution essentially entailing that Eniro’s bank loans would be replaced by a bond loan with Eniro simultaneously receiving a liquidity injection, as well as renewing the exchange offers to holders of preference shares or convertible bonds, enabling them to convert their instruments into Class A ordinary shares and thereby participate in the new financing solution by also being able to purchase bonds with priority from Beata Intressenter.

The bonds, with a nominal value of SEK 1,000 each, were initially subscribed for by shareholder Tedde Jeansson through Beata Intressenter AB and were thereafter primarily offered to Eniro's ordinary shareholders. The sale occurred at a substantial discount (approximately 32.87% of the bond's nominal amount), which was made possible by Beata Intressenter's agreement with Eniro's lending banks to purchase the bank loans at a discount.

The exchange offers were accepted by preference shareholders with a total holding of corresponding to approximately 1.30% of all preference shares outstanding and by holders of convertible bonds with a total holding corresponding to approximately 0.44% of the nominal convertible amount outstanding in Eniro. Within the framework of the exchange offers to preference shareholders, a total of 3,368 preference shares were repurchased by the company. As a result of the exchange offers, Eniro issued a total of 47,576 Class A ordinary shares, of which 43,784 to holders of preference shares and 3,792 to holders of convertible bonds, corresponding to an increase in the company's share capital of SEK 853,082.70.

Of the bond offering, approximately 40% was allocated to existing holders of Class A ordinary shares pro rata, approximately 47% was allocated to other parties who registered interest in acquiring bonds in the offering and approximately 12% was allocated to guarantors who also registered for acquisitions under the bond offering. The bonds started trading on Nasdaq Stockholm on September 27, 2018.

Through the financing solution, which was finalized at the beginning of October 2018, all of Eniro's bank loans of a nominal value of SEK 925 M were replaced with a bond loan in Eniro AB of SEK 989 M, representing an extension of financing of SEK 64 M. The bond loan will extend with no negative effects on liquidity in the form of repayment or coupon payments until the end of 2021. Combined with the agreement with the Pensions Registration Institute (PRI) regarding secured funds for the company's pension obligations, which provided Eniro with additional proceeds of approximately SEK 18 M, the best conditions were created for Eniro to devote its full attention to the company's business in the coming years.

The customary prospectus was prepared for the exchange offers and bond offering and is available on the company's website.

Parent Company

Operating revenue amounted to SEK 17 M (16), which pertains to intra-Group services. Income for the period was SEK -32 M (-65). At December 31, the Parent Company's equity amounted to SEK 641 M (1,435), of which unrestricted equity amounted to SEK -557 M (-34).

Shares and holdings of treasury shares

As of December 31, the total number of shares was 66,832,187, of which 66,573,410 are ordinary Class A shares and 258,777 are preference shares. The total number of votes as per December 31, was 66,599,287.7, of which ordinary Class A shares correspond to 6,734,701 votes, ordinary Class B shares correspond to 66,573,410 votes and preference shares to 25,877.7 votes.

Upon full dilution resulting from conversion to shares, the number of shares will amount to a maximum of 67,296,961.

Eniro held 20,405 shares on December 31, 2018, of which 17,074 are ordinary Class A shares and 3,368 preference shares. The average holding of treasury shares during the year was 17,037.

Other information

2019 Annual General Meeting

Eniro's Annual General Meeting will be held on Thursday, May 9, 2019 in Kista.

Dividend policy

The Board of Directors proposes to the 2019 AGM that no dividend be paid on ordinary or preference shares.

ANNUAL REPORT 2018

Eniro's 2018 Annual Report will be available on the company's website www.enirogroup.com week 16.

Employees

Full-time employees at the end of the period

	Dec. 31 2018	**Dec. 31 2017**
Sweden	243	264
Norway	163	194
Denmark	120	116
Poland	27	569
Local search including Other	**553**	**1,143**
Sweden	51	80
Norway	24	25
Finland	261	181
Voice	**336**	**286**
Total Group	**889**	**1,429**

Risks and uncertainties

Eniro conducts risk analysis in an annual Enterprise Risk Management (ERM) process, covering all parts of the business operations. A detailed description of factors that could affect Eniro's business, financial position and results is provided in the 2017 Annual Report, pages 35-37. For more information, see also note 5.

Risks and uncertainties in the annual risk analysis that are judged to potentially affect the Group's performance in 2018 are related to high personnel turnover and recruitment difficulties, a negative media image affecting customers, higher competition from global actors in local search, a lack of digital expertise among the sales representatives, difficulties in conveying customer

Events after the end of the period

No significant events took place after the end of the period.

Review report

This twelve-month report has not been reviewed by the auditors.

Disclosure

The information in this 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 contact persons below, at 21:50 (CET) on February 11, 2019.

Kista, February 11, 2019

Örjan Frid

President and CEO

FOR FURTHER INFORMATION, PLEASE CONTACT:

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CFO
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FINANCIAL CALENDAR

Interim report Jan- Mar 2019	May 9, 2019
Annual General Meeting 2019	May 9, 2019
Half-year report 2019	July 18, 2019
Interim report Jan- Sept 2019	October 29, 2019

Consolidated accounts

Consolidated income statement

SEK M	Note	Oct-Dec 2018	Oct-Dec 2017*	Jan-Dec 2018	Jan-Dec 2017*
Operating revenue		**320**	**384**	**1,393**	**1,649**
Production costs		-102	-104	-399	-412
Sales costs		-107	-131	-484	-575
Marketing costs		-23	-21	-101	-169
Administration costs		-52	-73	-213	-271
Product development costs		-32	-53	-144	-229
Other income/costs		1	2	8	5
Impairment of non-current assets		-570	-2	-573	-12
Operating income	2	**-565**	**2**	**-513**	**-14**
Financial items, net		25	220	-52	113
Income before tax		**-540**	**222**	**-565**	**99**
Income tax		-2	10	-8	25
Net income		**-542**	**232**	**-573**	**124**
Of which, attributable to:					
Owners of the Parent Company		-543	231	-577	119
Non-controlling interests		1	1	4	5
Net Income		**-542**	**232**	**-573**	**124**
Earnings per ordinary share before dilution, SEK	3	-8.16	10.39	-8.69	10.09
Earnings per ordinary share after dilution, SEK	3	-8.16	10.18	-8.69	10.09
Average number of ordinary shares after deduction of treasury shares before dilution and adjusted for bonus issue effect on new issue, 000s **		66,556	22,223	66,433	10,606
Average number of ordinary shares after deduction of treasury shares after dilution and adjusted for bonus issue effect on new issue, 000s **		67,021	22,689	66,898	11,073
Preference shares on closing date, 000s		259	259	259	259

* Retrospective restatement of financial statements in accordance with IFRS 15 Revenue from Contracts with Customers

** During the period, a merger of shares at the 1:100 conditions has been implemented, so the comparative figures of previous periods have been recalculated

Consolidated statement of comprehensive income

SEK M	Oct-Dec 2018	Oct-Dec 2017*	Jan-Dec 2018	Jan-Dec 2017*
Net income	**-542**	**232**	**-573**	**124**
Other comprehensive income				
Items that cannot be reclassified to income statement				
Revaluation of pension obligations	-1	-46	-53	-100
Tax attributable to revaluation pension obligations	1	10	12	22
Total	**0**	**-36**	**-41**	**-78**
Items that have been or can be reclassified to the income statement				
Exchange rate differences	-67	16	-11	5
Hedge of net investments	-3	2	-22	9
Tax attributable to hedge of net investments	1	0	5	-2
Total	**-69**	**18**	**-28**	**12**
Other comprehensive income, net after tax	***-69***	***-18***	***-69***	***-66***
Total comprehensive income	**-611**	**214**	**-642**	**58**
Of which, attributable to:				
Owners of the Parent Company	-610	214	-647	56
Non-controlling interests	-1	0	5	2
Total comprehensive income	**-611**	**214**	**-642**	**58**

* Retrospective restatement of financial statements in accordance with IFRS 15 Revenue from Contracts with Customers

Consolidated balance sheet

SEK M	Note	Dec. 31 2018	Dec. 31 2017*
Assets			
Non-current assets			
Tangible assets		14	20
Intangible assets	5	1,947	2,548
Deferred tax assets		164	165
Financial assets		241	258
Total non-current assets		**2,366**	**2,991**
Current assets			
Accounts receivable - trade		88	163
Current tax assets		12	14
Other current receivables		61	107
Other interest-bearing receivables		0	0
Cash and cash equivalents		165	51
Total current assets		**326**	**335**
TOTAL ASSETS		**2,692**	**3,326**
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital		1,198	1,192
Additional paid in capital		5,829	5,829
Reserves		-330	-313
Retained earnings		-6,339	-5,702
Shareholders' equity, owners of the Parent Company		**358**	**1,006**
Non-controlling interests		39	39
Total Shareholders' equity		**397**	**1,045**
Non-current liabilities			
Borrowing		993	760
Convertible bond		27	26
Deferred tax liabilities		130	124
Pension obligations		566	520
Other non-current liabilities		16	0
Total non-current liabilities		**1,732**	**1,430**
Current liabilities			
Accounts payable - trade		45	60
Current tax liabilities		7	8
Prepaid revenues		321	469
Other current liabilities		176	216
Provisions		6	20
Borrowing		8	78
Total current liabilities		**563**	**851**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2,692**	**3,326**

* Retrospective restatement of financial statements in accordance with IFRS 15 Revenue from Contracts with Customers

Consolidated statement of changes in shareholders' 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, 2017 as originally presented	**531**	**5,554**	**-328**	**-5,331**	**426**	**42**	**468**
Change of accounting principle *	-	-	-	-100	-100	-	**-100**
Restated opening balance, January 1, 2017	**531**	**5,554**	**-328**	**-5,431**	**326**	**42**	**368**
Change of accounting principle *	-	-	-	48	48	-	**48**
Total comprehensive income	-	-	15	-7	8	2	**10**
Reduction of share capital	-436	-	-	436	0	-	**0**
Set-off issue	259	187	-	-296	150	-	**150**
Set-off issue of issue expenses	49	-	-	-24	25	-	**25**
Cash issue	668	-	-	-390	278	-	**278**
Cash issue, issue expenses	-	-	-	-55	-55	-	**-55**
Cash issue, deferred tax issue expenses	-	-	-	12	12	-	**12**
Conversion of convertible bonds	121	88	-	5	214	-	**214**
Dividend non-controlling interest	-	-	-	-	-	-5	**-5**
Restated closing balance, December 31, 2017	**1,192**	**5,829**	**-313**	**-5,702**	**1,006**	**39**	**1,045**
Closing balance, December 31, 2017 as originally presented	**1,192**	**5,829**	**-313**	**-5,650**	**1,058**	**39**	**1,097**
Change of accounting principle*	-	-	-	-52	-52	-	**-52**
Restated Closing balance, December 31, 2017 / Opening balance, January 1, 2018	**1,192**	**5,829**	**-313**	**-5,702**	**1,006**	**39**	**1,045**
Total comprehensive income	-	-	-17	-630	-647	5	**-642**
Set-off issue of issue expenses	5	-	-	-3	2	-	**2**
Set-off issue	1	-	-	-1	0	-	**0**
Advisory expenses				-3	-3		**-3**
Dividend non-controlling interest	-	-	-	-	-	-5	**-5**
Closing balance, December 31, 2018	**1,198**	**5,829**	**-330**	**-6,339**	**358**	**39**	**397**

* Retrospective restatement of financial statements in accordance with IFRS 15 Revenue from Contracts with Customers

Consolidated statement of cash flow

SEK M	Note	Oct-Dec 2018	Oct-Dec 2017*	Jan-Dec 2018	Jan-Dec 2017*
Operating income		**-565**	**2**	**-513**	**-14**
Adjustments for					
Depreciation, amortization and impairment		602	42	719	240
Capital gain/loss and other non-cash items		-4	2	-33	-34
Financial items, net		-21	-90	-36	-139
Income tax paid		7	8	-11	-5
Cash flow from operating activities before changes in working capital		**19**	**-36**	**126**	**48**
Changes in working capital		8	42	-81	-43
Cash flow from operating activities		**27**	**6**	**45**	**5**
Acquisitions/divestments of Group companies and other assets		16	-	16	-
Investments in non-current assets, net		-8	-7	-66	-34
Cash flow from investing activities		**8**	**-7**	**-50**	**-34**
Proceeds from borrowings		979	21	1,031	65
Repayment of borrowings		-915	-283	-925	-283
Long-term investments		18	0	18	-11
Dividend on preference shares		-	0	-	-12
Dividend non controlling interests		0	0	-5	-5
Rights issue		-3	278	0	278
Cash flow from financing activities		**79**	**16**	**119**	**32**
Cash flow for the period		**114**	**15**	**114**	**3**
Cash and cash equivalents at start of period		**48**	**35**	**51**	**48**
Cash flow for the period		114	15	114	3
Exchange rate differences in cash and cash equivalents		3	1	0	0
Cash and cash equivalents at end of period		**165**	**51**	**165**	**51**

* Retrospective restatement of financial statements in accordance with IFRS 15 Revenue from Contracts with Customers

Parent Company accounts

Income statement

SEK M	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Operating revenue	**4**	**-1**	**17**	**16**
Administration costs	-12	-16	-48	-81
Other income/costs	0	1	-1	0
Operating income	**-8**	**-16**	**-32**	**-65**
Financial items, net	-772	328	-768	304
Income before tax	**-780**	**312**	**-800**	**239**
Income tax	6	2	7	7
Net income	**-774**	**314**	**-793**	**246**

Balance sheet

SEK M	Dec. 31 2018	Dec. 31 2017
Non-current assets	1,732	1,499
Current assets	26	60
TOTAL ASSETS	**1,758**	**1,559**
Shareholders' equity	641	1,435
Provisions	73	73
Non-current liabilities	1,033	26
Current liabilities	11	25
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,758**	**1,559**

Notes to the consolidated accounts

Note 1 Accounting policies

Group

This interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations, as endorsed by the European Union (EU). The application of the accounting policies corresponds with those contained in the Annual Report for the financial year ended December 31, 2017 and should be read in combination with these. This quarterly report has been prepared in accordance with IAS 34.

New and amended standards and interpretations applicable as of January 1, 2018

New standards that came into force in 2018 are IFRS 15 and IFRS 9. IFRS 16 is to be applied from 2019. The respective effects are described below.

IFRS 15 - Contract Costs

Eniro's sales commission meets the criteria to be recognized as contract costs, since they are costs that Eniro would not have incurred if the contract had not been secured. The amortization period initially adopted was 12 months; the amortization period will be reviewed regularly.

Eniro recognizes Work in progress for both Print and Online products. These costs for Online products do not meet the criteria to be recognized as contract costs in accordance with IFRS 15.

Choice of transition method and exceptions

Eniro is applying a retroactive transition method, with an opening balance established on January 1, 2017 and the comparative year restated in accordance with IFRS 15.

Since Eniro's customers pay for certain services in advance, some of Eniro's contracts contain a financing component. Eniro has chosen to apply the practical exception and not adjust the transaction price for the effects of a financing component because the period between the transfer of service and payment is one year or less. (IFRS 15p 63).

The retroactive application of IFRS 15 for the period January-December 2017, has in the Income Statement resulted in improved operating revenue of SEK 55 M, increased operating expense of SEK -2 M which gave a positive impact on operating profit before tax of SEK 53 M and reduced tax expense of SEK -5 M which gave a total improvement in net income of SEK 48 M. The application of IFRS 15 in the period January-December 2017, has in the Balance Sheet resulted in an increase work in progress of SEK 14 M, increased deferred tax assets net of SEK 25 M, a negative effect on shareholder's equity, Closing Balance of SEK -52 M, increased prepaid revenues of SEK 85 M and increased staff accruals of SEK 7 M. The total effect impacted the segment Local Search.

The application of IFRS 15 for the January-December 2017 period, resulted in an increase in operating revenue of SEK 54 M, which is distributed among the following markets:

SEK M	Jan-Dec 2017
Sweden	38
Norway	8
Denmark	7
Finland	-
Poland	1
Total Group	**54**

IFRS 9 Financial instruments

The complete version of IFRS 9 replaces most of the guidance contained in IAS 39. IFRS 9 updates classification, recognition and impairment testing of financial assets, and places new requirements in the application of hedge accounting. The Group will apply IFRS 9 retroactively as of the required application date, January 1, 2018, and will not restate comparative information.

The transition to IFRS 9 is estimated to have only a marginal impact on the Group's financial position.

NOTE 16 Leasing

IFRS 16 Leases is a new leasing standard that will replace IAS 17 Leases along with the accompanying interpretations IFRIC 4, SIC-15 and SIC-17. The standard will entail that nearly all leases will be recognized in the balance sheet since no difference is made between operational and financial leases. This accounting is based on the notion that the lessee has a right the use the asset during a specific period of time, and at the same time has an obligation to pay for this right. Contracts with short terms and contracts of small value are exempted. The standard is applicable for financial years beginning on January 1, 2019, and later. Prospective application is permitted.

IFRS 16 includes the right to lease offices, which, in accordance with the new standard, are to be recognized as a tangible asset, in which the rental payments are to be recognized as depreciation. For Eniro, total assets will increase by the amount of future rent payments, in the range of SEK 50 -100 M. In the income statement, the redistribution yearly of SEK 27 M, of costs will be made in the form of decreasing other costs and increasing depreciation.

Eniro will apply IFRS 16 as of the required application date, January 1, 2019, and will not restate comparative information.

The restricted transition approach will be applied, taking into account the lease as of the starting date as opposed to the comprehensive approach, in which all leases are restated in accordance with IFRS 16.

Note 2 Segment information

Eniro reports its financial results distributed among the Local search and Voice business areas. Local search has cross-border functions for Products & Technology (formerly Digital Solutions), Sales and Marketing (formerly Nordic Sales), Human Resources, and Finance. The Voice business area is governed separately and is not an integrated part of the function-based organization.

	Local search				Voice			
SEK M	**Oct-Dec 2018**	**Oct-Dec 2017***	**Jan-Dec 2018**	**Jan-Dec 2017***	**Oct-Dec 2018**	**Oct-Dec 2017***	**Jan-Dec 2018**	**Jan-Dec 2017***
Operating revenue								
Sweden	97	109	399	495	19	27	88	120
Norway	71	90	304	398	9	10	36	40
Denmark	53	58	202	245	-	-	-	-
Finland**	5	4	18	13	49	35	175	136
Poland	17	51	171	202	-	-	-	-
Total	**243**	**312**	**1,094**	**1,353**	**77**	**72**	**299**	**296**
Adjusted EBITDA	**32**	**58**	**176**	**260**	**11**	**12**	**57**	**63**
Items affecting comparability[1)]	-2	-16	-2	-32	-	5	-1	-1
EBITDA	**30**	**42**	**174**	**228**	**11**	**17**	**56**	**62**
Depreciation/amortization	-29	-38	-136	-221	-3	-2	-10	-7
Impairment losses	-529		-529		-41	-2	-44	-12
Operating income	**-528**	**4**	**-491**	**7**	**-33**	**13**	**2**	**43**

	Other				Total			
SEK M	**Oct-Dec 2018**	**Oct-Dec 2017***	**Jan-Dec 2018**	**Jan-Dec 2017***	**Oct-Dec 2018**	**Oct-Dec 2017***	**Jan-Dec 2018**	**Jan-Dec 2017***
Operating revenue								
Sweden	-	-	-	-	**116**	**136**	**487**	**615**
Norway	-	-	-	-	**80**	**100**	**340**	**438**
Denmark	-	-	-	-	**53**	**58**	**202**	**245**
Finland**	-	-	-	-	**54**	**39**	**193**	**149**
Poland	-	-	-	-	**17**	**51**	**171**	**202**
Total	**-**	**-**	**-**	**-**	**320**	**384**	**1,393**	**1,649**
Adjusted EBITDA	**-5**	**-8**	**-24**	**-27**	**38**	**62**	**209**	**296**
Items affecting comparability[1)]	1	-7		-37	**-1**	**-18**	**-3**	**-70**
EBITDA	**-4**	**-15**	**-24**	**-64**	**37**	**44**	**206**	**226**
Depreciation/amortization	0	0	0	0	**-32**	**-40**	**-146**	**-228**
Impairment losses	-	-	-	-	**-570**	**-2**	**-573**	**-12**
Operating income	-4	**-15**	**-24**	**-64**	**-565**	**2**	**-513**	**-14**
Net financial items					**25**	**220**	**-52**	**113**
Taxes					**-2**	**10**	**-8**	**25**
Net income for the period					**-542**	**232**	**-573**	**124**

[1)] Items affecting comparability consists of restructuring costs. In addition to restructuring costs, 2017 also includes advisory and legal costs.

* Retrospective restatement of financial statements in accordance with IFRS 15 Revenue from Contracts with Customers

** Retrospective split in 2017 between Local search and Voice for the operations in Finland

Note 3 Earnings per share

Earnings per ordinary 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 ordinary shares, excluding treasury shares, before dilution and adjusted for the bonus issue effect on new issue.

Earnings per ordinary 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 ordinary shares associated with the convertible bond and the 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 ordinary shares, excluding treasury shares, after full conversion and adjusted for the bonus issue effect on new issue.

SEK M	Oct-Dec 2018	Oct-Dec 2017*	Jan-Dec 2018	Jan-Dec 2017*
Earnings attributable to owners of the Parent Company	-543	231	-577	119
Dividend established for cumulative preference shares during the period	-	-	-	-12
Earnings used for calculating earnings per ordinary share, before dilution	**-543**	**231**	**-577**	**107**
Cupon rate for convertible bonds	0	0	1	6
Earnings used for calculating earnings per ordinary share, after dilution	**-543**	**231**	**-576**	**113**
Average number of ordinary shares after deduction of treasury shares before dilution and adjusted for bonus issue effect on new issue, 000s **	66,556	22,223	66,433	10,606
Adjustments for the calculation of earnings per ordinary share after dilution:				
- Convertible bonds **	207	209	207	209
- Warrants **	257	257	257	257
Average number of ordinary shares after deduction of treasury shares after dilution and adjusted for bonus issue effect on new issue, 000s **	67,021	22,689	66,898	11,073
Earnings per ordinary share before dilution, SEK	-8.16	10.39	-8.69	10.09
Earnings per ordinary share after dilution, SEK [1)]	-8.16	10.18	-8.69	10.09
Preference shares on closing date, 000s	259	259	259	259

[1)] As earnings per ordinary share after dilution, in Oct-Dec 2018 and Jan-Dec 2018, resulted in a reduced loss, the ordinary shares did not give rise to any dilutive effect.

* Retrospective restatement of financial statements in accordance with IFRS 15 Revenue from Contracts with Customers

** During the period, a merger of shares at the 1:100 conditions has been implemented, so the comparative figures of previous periods have been recalculated

Note 4 Financial instruments by category

Assets and liabilities on the balance sheet SEK M	Dec. 31 2018	Dec. 31 2017
Loans and accounts receivables		
Non-current assets		
Interest-bearing receivables, blocked bank funds	196	212
Current assets		
Accounts receivable - trade and other receivables	94	176
Cash and cash equivalents	165	51
TOTAL	**455**	**439**
Other financial liabilities		
Non-current liabilities		
Borrowing	993	752
Convertible bond	27	26
Finance lease	0	8
Current liabilities		
Borrowing	0	76
Finance lease	8	2
Accounts payable - trade	45	60
TOTAL	**1,073**	**924**

Note 5 Goodwill

SEK M	Dec. 31 2018	Dec. 31 2017
At start of year	2,006	2,018
Impariment loss for the year	-568	-12
Exchange rate difference	31	0
Carrying amount	**1,469**	**2,006**

Impairment testing of goodwill and trademarks with indefinite useful life

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.

Testing of the value of all of the Group's intangible assets is conducted annually or when indications of significant changes in assumptions have been identified. In conjunction with the work on its year-end financial statements, the company conducted an impairment test of the carrying amount of the Group's operating assets, including goodwill. An impairment test is based on a number of different assumptions regarding the future development of the operation. Such assumptions are always associated with various degrees of uncertainty. Considering the company is largely still in the adjustment phase of its business model, the level of uncertainty is particularly high. Even minor deviations in the assumptions made could lead to major deviations in the final results. The most critical assumption is the company management's assessment of the pace of the transition that Eniro is undergoing. Eniro expects its customer base to grow in 2019. Eniro also makes the assessment that the customers that will use Eniro's complementary digital marketing products (CDMPs) will increase by double figures in the coming years. The acceptance of Eniro as a digital marketing partner among customers is a key requirement for addressing the assumed continued slowdown and leveling off of the current core operations. If the transformation of Eniro's service offering does not have an impact on sales at the pace assumed by the company management or if other assumptions on which the impairment test was based change negatively, there will be a need for further impairment as the assumed cash flow will not materialize or will be postponed to the future. Due to the uncertainty regarding when and at what pace the transformation will occur, Eniro increased the risk premium in WACC by a further 2.4% compared with the preceding year for this impairment test. Combined with the other amended assumptions, this entailed a non-cash flow-affecting impairment of SEK -568 M.

Key ratios

	Dec. 31 2018	Dec. 31 2017*
Equity, average 12 months, SEK M	935	338
Return on equity (ROE), 12 months, %	-61.7	35.2
Return on Assets (ROA), 12 months, %	-23.7	7.6
Earnings per ordinary share before dilution, SEK	-8.69	10.09
Earnings per ordinary share after dilution, SEK	-8.69	10.09
Interest-bearing net debt excluding convertible bond and pension obligations, SEK M	-822	-775
Debt/equity ratio, times	2.07	0.74
Equity/assets ratio, %	15	31
Interest-bearing net debt excluding convertible bond and pension obligations/EBITDA 12 months, times	4.0	3.4
Interest-bearing net debt excluding convertible bond and pension obligations/adjusted EBITDA 12 months, times	3.9	2.6
Average number full-time employees	1,159	1,492
Number of full-time employees on closing date	889	1,429
Number of ordinary shares before dilution on closing date after deduction of treasury shares, 000s **	66,556	66,227
Number of ordinary shares after dilution on closing date after deduction of treasury shares, 000s **	67,021	66,694
Number of preference shares on closing date, 000s	259	259

Key ratios per share

	Dec. 31 2018	Dec. 31 2017*
Equity per share, SEK	5.36	15.13
Share price for ordinary shares at end of period, SEK [1)]	1.09	5.40

[1)] Share price at end of period 201712 adjusted for new issue of shares and reverse split

* Retrospective restatement of financial statements in accordance with IFRS 15 Revenue from Contracts with Customers

** During the period, a merger of shares at the 1:100 conditions has been implemented, so the comparative figures of previous periods have been recalculated

Financial definitions

Eniro presents certain financial measures that are not defined in IFRS. Eniro believes that these measures provide valuable, complementary information to investors and to company management, as they enable assessment of Group'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.

Financial IFRS measures

Name	Definition	Calculation
Earnings per ordinary share for the period before dilution	Income for the period attributable to owners of the Parent Company less the portion of the approved dividend for the period for preference shares, divided by the average number of ordinary shares before dilution.	(Income for the period attributable to owners of the Parent Company - the portion of the approved dividend for the period for preference shares)/(Average number of ordinary shares before dilution) x 1,000.
Earnings per ordinary share for the period after dilution	Income for the period attributable to owners of the Parent Company less the portion of the approved dividend for the period for preference shares and interest expenses after tax pertaining to the convertible bond, divided by the average number of ordinary shares after full conversion.	(Income for the period attributable to owners of the Parent Company – the portion of the approved dividend for the period for preference shares + interest expenses after tax pertaining to the convertible bond)/ (Average number of ordinary shares after full conversion) x 1,000.
Average number of ordinary shares before dilution	The average number of ordinary shares outstanding, excluding treasury shares.	Average number of ordinary shares outstanding, excluding treasury shares, calculated on a daily basis.
Average number of ordinary shares after dilution	The average number of ordinary shares excluding treasury shares, adjusted for full conversion of all potential ordinary shares in the convertible bond and warrant program.	Average number of ordinary shares outstanding, excluding treasury shares, calculated on a daily basis + Adjustment for full conversion of all potential ordinary shares in the convertible bond and warrant program

Financial non-IFRS measures

Name	Definition	Calculation	Purpose
Return on shareholders' equity (%)	Moving 12-month earnings attributable to owners of the Parent Company divided by average shareholders' equity.	(Moving 12-month earnings attributable to owners of the Parent Company)/ (Average shareholders' equity)	Return on shareholders' equity measures the Group's return on the capital the owners have invested in the business and thereby how profitable the Group is for its shareholders.
Return on total assets (%)	Moving 12-month operating income and financial income less exchange rate losses on financial items divided by average total assets	(Moving 12-month operating income + financial income - exchange rate losses on financial items)/(Average total assets) x 1,000.	Return on total capital shows the business's effectiveness independent from how the capital is financed. This measure is used to assess whether the Group's business generates an acceptable return on its resources.
EBITDA	Operating income before depreciation, amortization and impairment losses.	Operating income excluding depreciation, amortization and impairment losses. See the calculation in "Reconciliation of operating income and adjusted EBITDA".	EBITDA is a measure of operating income before interest, taxes, depreciation, amortization and impairment losses and is used to monitor the operating activities. EBITDA is the measure that best coincides with cash flow.
EBITDA margin (%)	EBITDA divided by operating revenue.	(EBITDA/Operating revenue) x 100 See "Calculation of EBITDA margin".	EBITDA in relation to operating revenues is used to measure the profitability of operations and shows the Group's cost effectiveness.
Shareholders' 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.	(Shareholders' equity attributable to owners of the Parent Company)/(Number of shares at the end of the period, excluding treasury shares) x 1,000	Shareholders' equity per share measures the Group's net value per share.

Financial non-IFRS measures, cont.

Name	Definition	Calculation	Purpose
Adjusted EBITDA	EBITDA excluding restructuring costs and other items affecting comparability. Other items affecting comparability include, gain/loss from the divestment of companies, legal expenses from disputes that are not part of ordinary operations, severance expenses for persons in executive management and other major nonrecurring items.	EBITDA excluding restructuring costs and other items affecting comparability. See “Reconciliation of operating income and adjusted EBITDA”.	Adjusted EBITDA increases comparability by adjusting for restructuring costs, the effect of acquisitions/divestments and other nonrecurring items.
Adjusted EBITDA margin (%)	Adjusted EBITDA divided by operating revenue.	(Adjusted EBITDA/Operating revenue) x 100. See “Calculation of adjusted EBITDA margin”.	Adjusted EBITDA in relation to operating revenues shows a more comparable measure of the profitability of operations and the Group’s cost effectiveness.
Operating cash flow	Cash flow from operating activities and cash flow from investing activities excluding company acquisitions and divestments.	Cash flow from operating activities + cash flow from investing activities - company acquisitions and divestments.	Operating cash flow measures the cash flow that is generated before the effects of acquisitions and divestments, and cash flows attributable to the Company's financing.
Interest-bearing net debt excluding convertible bond and pension obligations	Borrowings less cash and cash equivalents and interest-bearing assets.	Borrowings - cash and cash equivalents - interest-bearing assets. See “Reconciliation of interest-bearing net debt after convertible bond and pension obligations”.	Interest-bearing net debt shows the Group’s liabilities to lenders less cash and cash equivalents and interest-bearing assets.
Interest-bearing net debt excluding convertible bond and pension obligations/EBITDA	Interest-bearing net debt excluding convertible bond and pension obligations/EBITDA.	(Interest-bearing net debt excluding convertible bond and pension obligations)/(EBITDA, 12 months). See “Calculation of interest-bearing net debt/EBITDA margin”.	Net debt in relation to EBITDA gives an estimation of the Group’s capacity to reduce its debt. It represents the number of years it would take to pay back its loans if net debt and EBITDA were to remain constant, without taking into account cash flow pertaining to interest and tax.
Debt/equity ratio	Interest-bearing net debt excluding the convertible bond and pension obligations divided by shareholders' equity, including non-controlling interests.	(Interest-bearing net debt excluding the convertible bond and pension obligations)/(Total shareholders' equity).	The debt/equity ratio measures the extent to which the Group is financed by debt.
Equity/assets ratio (%)	Shareholders’ equity including non-controlling interests divided by total assets.	(Total shareholders’ equity)/(Total assets)	The equity/assets ratio indicates how much the Group’s assets are financed by shareholders’ equity. The size of shareholders’ equity in relation to other liabilities describes the Group’s long-term ability to pay.
Total operating expenses	Costs for production, sales, marketing, administration and product development, excluding depreciation, amortization and impairment losses.	See “Reconciliation of operating expenses”	
Average total assets	Total assets for the last four quarters divided by four	(Total assets for the last four quarters)/4	
Average shareholders’ equity	Average shareholders' equity attributable to owners of the Parent Company per quarter, based on the opening and closing balance for each quarter.	(Average shareholders' equity attributable to owners of the Parent Company per quarter (OB+CB)/2 for the last four quarters/4.	

Other measures

Name	Definition	Calculation	Purpose
Average number of full-time employees	Calculated as the average number of full-time employees at the start and end of the period.	(Average number of full-time employees at the start and end of the period)/2	

Reconciliation of Financial non-IFRS measures

Reconciliation of operating income and adjusted EBITDA

SEK M	Oct-Dec 2018	Oct-Dec 2017*	Jan-Dec 2018	Jan-Dec 2017*
Operating income	-565	2	-513	-14
Depreciation/amortization	32	40	146	228
Impairment losses	570	2	573	12
Total EBITDA	**37**	**44**	**206**	**226**
Items affecting comparability				
Restructuring costs	1	13	2	31
Other items affecting comparability	0	5	1	39
Total adjusted EBITDA	**38**	**62**	**209**	**296**

Calculation of EBITDA margin

	Oct-Dec 2018	Oct-Dec 2017*	Jan-Dec 2018	Jan-Dec 2017*
EBITDA	37	44	206	226
Operating revenue	320	384	1,393	1,649
EBITDA margin %	**11.6**	**11.5**	**14.8**	**13.7**

Calculation of adjusted EBITDA margin

	Oct-Dec 2018	Oct-Dec 2017*	Jan-Dec 2018	Jan-Dec 2017*
Adjusted EBITDA	38	62	209	296
Operating revenue	320	384	1,393	1,649
Adjusted EBITDA margin %	**11.9**	**16.1**	**15.0**	**18.0**

Reconciliation of operating expenses

SEK M	Oct-Dec 2018	Oct-Dec 2017*	Jan-Dec 2018	Jan-Dec 2017*
Production costs	-102	-104	-399	-412
Sales costs	-107	-131	-484	-575
Marketing costs	-23	-21	-101	-169
Administration costs	-52	-73	-213	-271
Product development costs	-32	-53	-144	-229
Deduction of depreciation	3	3	13	12
Deduction of amortization	29	37	133	216
Operating expenses	**-284**	**-342**	**-1,195**	**-1,428**

* Retrospective restatement of financial statements in accordance with IFRS 15 Revenue from Contracts with Customers

Reconciliation of interest-bearing net debt excluding convertible bond and pension obligations

SEK M	Note	Dec. 31 2018	Dec. 31 2017
Borrowing		-993	-828
Finance lease		-8	-10
Other current interest-bearing receivables		0	0
Other non-current interest-bearing receivables[1)]		14	12
Cash and cash equivalents		165	51
Interest-bearing net debt excluding convertible bond and pension obligations[2)]		**-822**	**-775**

[1)] The amount pertain to pledged bank funds as a security for leases in Norway and Finland and as guarantee against Volvo Finans.

[2)] In addition to interest-bearing debt Eniro has SEK 182 M (200) pertains to pledged bank funds for future pension obligation.

Calculation of interest-bearing net debt excluding convertible bond and pension obligations/EBITDA 12 months, times

	Dec. 31 2018	Dec. 31 2017*
Interest-bearing net debt excluding convertible bond and pension obligations	-822	-775
EBITDA 12 month	206	226
Interest-bearing net debt excluding convertible bond and pension obligations/EBITDA 12 months, times	**4.0**	**3.4**

Calculation of interest-bearing net debt excluding convertible bond and pension obligations/adjusted EBITDA 12 months, times

	Dec. 31 2018	Dec. 31 2017*
Interest-bearing net debt excluding convertible bond and pension obligations	-822	-775
Adjusted EBITDA 12 month	209	296
Interest-bearing net debt excluding convertible bond and pension obligations/adjusted EBITDA 12 months, times	**3.9**	**2.6**

* Retrospective restatement of financial statements in accordance with IFRS 15 Revenue from Contracts with Customers

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