eniro

INTERIM REPORT 2019

Q1 | 19

JANUARY–MARCH

FIRST QUARTER: JANUARY- MARCH 2019

- Total operating revenue amounted to SEK 275 M (354), a decrease with 22%. Excluding Eniro Polska, which was divested in October 2018, the decrease amounted to 10%.
- EBITDA amounted to SEK 24 M (48). The EBITDA margin was 8.7% (13.6%). Adjusted EBITDA amounted to SEK 24 M (49).
- Net income for the period was SEK -38 M (3).
- Earnings per ordinary share for the period were SEK -0.59 (0.03) before and after dilution.
- As of January 2019, Eniro applies the new accounting standard IFRS 16 – Leases with the modified transition method. The standard requires no restatement of comparative figures. The cost of rights-of-use amounts to SEK 136 M, amortization for the quarter amounted to SEK -12 M and interest expense -2 MSEK. Refer also to Note 1 Accounting Policies.
- All customers have now migrated to our new subscription-based business model.
- Eniro´s product range has been completed with Facebook advertising.
- Anne Langbraaten became the new CFO of Eniro on March 23, 2019.

EVENTS AFTER THE END OF THE REPORTING PERIOD

- Ongoing negotiations on the sale of the Proff companies established in Sweden, Norway and Denmark.

SEK M	**Jan-Mar 2019**	**Jan-Mar 2018**	**Apr-Mar 2018/19**	**Jan-Dec 2018**
Operating revenue	275	354	1,314	1,393
EBITDA	24	48	182	206
Adjusted EBITDA	24	49	184	209
Operating income	-20	9	-542	-513
Net income for the period	-38	3	-627	-588
Cash flow from operating activities	9	-11	65	45
Interest-bearing net debt excluding convertible bond and pension obligations	-966	-818	-966	-822

Eniro is a Digital marketing- and On-line 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 and Finland. The company is listed on Nasdaq Stockholm [ENRO] and headquartered in Stockholm. More about Eniro at envirogroup.com.

CEO's Comments

2019, first year of the new business model

Q1 2019 was the first quarter in which our markets for the core business, Sweden, Norway and Denmark, migrated to the new subscription-based business model. Norway began last and joined in during the last part of 2018. Denmark was first, which is reflected in the way in which the operation performed. In Denmark, our customer base has stabilized and we can see that the business is working. It is there that we have progressed furthest in terms of learning how to attract customers using a broader, more comprehensive offering. Sweden and Norway are close behind. The natural next step will be to strengthen the communication with the market and make both present and potential customers understand what we can offer and the added values that this can generate for small and medium-sized companies. It is inspiring with the feedback from customers who used the new marketing assistance and quickly understood its potential and value. Our challenge is now to accelerate this and have more customers experience the new Eniro.

The transformation of Eniro from offering printed catalogues to offering digital marketing is now finalized. We act in a growing market and with a competitive marketing offer. But, this is only the beginning. Eniro shall now be positioned in this market and capitalising on the change. It means continued development of the company´s marketing offer and our go-to-market strategy. There is now a comprehensive brand and communications work being conducted. Very competitive Facebook advertising and search engine optimisation (SEO) is added to our product range. Besides parts of the market process are being digitalised, through, for example, an active focus on digital leads generation.

Our subscription-based business model is easy to both scale up or down, depending on the customers goals and requirements. During the year our customer interface "*Mitt Eniro*", will gradually be improved to enable customers to make changes to their marketing mix and easily gauge the effect of their marketing investments. Qualified advice in combination with self-service will make it easier for the customer to optimise their money spent.

A great offering that is easy to understand and see the benefits of is the road to healthy customer satisfaction.

Transformation creates new opportunities

Now that we have come through extensive development and change work, where old systems can be discontinued and closed down, we are freeing up resources that enable advanced development and refinement of efforts that provide our customers an even better perceived customer satisfaction for our solutions. In recent years, we have not only built a new CRM system for the customers, but have also replaced the technology platform of our eniro.xx search service, large and important investments, and where we are now operating with modern, significantly more effective solutions that enable considerably faster time to market in the event of changes and more cost-effective technology solutions.

As a result of the transformation Eniro has made, we are now working with the digital marketing products that the market is demanding. We are noticing that it is becoming much easier to recruit skilled employees, but it remains a challenge to increase the number of sellers, which is having a negative impact on revenue to date.

Our offering is modern and it is easier today than it was a few years ago to provide the customer with solutions that create effective customer benefits. This makes the sales work more exciting and stimulating. Unfortunately, the brand is very closely associated with our old catalogue offering and this is probably the greatest challenge that our sellers experience in their day-to-day work. It is simply a challenge to change customers' perception of us and this means that it is taking longer than we expected to turn the company toward growth.

Q1 began a little below our expectations on revenue, but we are also lower on the cost side, so our EBITDA is in line with our expectations.

Proff and Finland

Proff, our B2B unit, is developing in line with expectations. The strong end to 2018 is being maintained and Proff is performing somewhat better than expected.

Finland and our Voice services are trending well. The performance of the declining directory information services in Sweden, Norway and Finland was somewhat poorer than expected in Q1. They are declining but not at the same pace as previously. The development of contact center operations in Finland and Sweden, which is manifested, for example, in the acquisition of Elisa's contact center business in Finland during 2018, offsets and makes our Voice services more stable, primarily in Finland. The profitability is not as high as in directory information services, but it is a good market in the quality segment.

Sales and earnings

Operating revenue during the first quarter amounted to SEK 275 M (354), which is down 22% compared with the same period a year ago. Excluding Eniro Polska, that was divested 2018, the decrease is 10 %.EBITDA for the first quarter amounted to SEK 24 M (48), while adjusted EBITDA amounted to SEK 24 M (49). EBITDA margin amounted to 8.7% from 13.6%. The work to adapt costs to revenue is continuing.

2019, an exciting year

Although the change process has taken longer than expected, we remain convinced that we have what is needed to achieve growth in our core business. The development in Denmark, in particular, which is taking the lead, shows that this is possible. It has been challenging and difficult, but we have now addressed the biggest challenges and the conditions are in place to make the progress secure the achievements that we have long sought. What remains is to have our customers see the opportunities with us and to benefit from our offerings, thereby increasing their commitment to us and creating growth for Eniro.

Kista, May 9, 2019

Örjan Frid, CEO

First quarter results 2019

Revenue

Operating revenue for the first quarter amounted to SEK 275 M (354), a decrease of 22%.

Currency effects on revenue were positive in an amount of SEK 6 M (6).

Geographically, operating revenue is broken down into Sweden SEK 107 M (128), Norway SEK 71 M (92), Denmark SEK 44 M (50), Finland SEK 53 M (34), and Poland SEK 0 M (50).

Digital marketing

Digital marketing includes the On-line search and Complementary digital marketing products revenue categories. Eniro's On-line 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 marketing amounted to SEK 202 M (290), a decrease of 30%. Excluding Eniro Polska, which was discontinued during October 2018, operating revenue decreased by 16%. Of operating revenue, SEK 162 M (250) derived from On-line search and SEK 40 M (40) 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, more than 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 marketing 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 marketing.

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.

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 On-line 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 Marketing" in the three Scandinavian countries amounts to approximately 80,000. At the beginning of the quarter, the number of customers amounted to approximately 83,000 and the customer base thus declined by approximately 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. 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 73 M (64), an increase of 14%. The increase by 60% in Finland is mainly due to the acquisition of Elisa in May 2018.

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.

Operating income

EBITDA for the Group was SEK 24 M (48), corresponding to an EBITDA margin of 8.7% (13.6%).

EBITDA is broken down as follows: SEK 23 M (49) for Digital marketing, SEK 9 M (7) for Voice, and SEK -8 M (-8) pertained to other Group functions.

The Group's operating expenses, that is, expenses excluding amortization and impairment losses, totaled SEK -253 M (-309), where expenses for the period included SEK 0 M (-1) in items affecting comparability. Of these, SEK 0 M (-1) pertained to restructuring costs. After adjustment for items affecting comparability, adjusted EBITDA for the Group amounted to SEK 24 M (49), a decrease of 51%. The adjusted EBITDA margin was 8.7% (13.8).

After amortization and impairment losses totaling SEK -44 M (-39), consolidated operating income amounted to SEK -20 M (9).

Amortization and impairment losses

The Group's total amortization amounted to SEK -44 M (-39) during the first quarter of 2019. Amortization of the Gule Sider trademark totaled SEK -15 M (-14) and amortization of the Krak trademark totaled SEK -3 M (-3).

The remaining amortization of SEK -26 M (-22) consists mainly of amortization of capitalized costs for product development and amortization of right-of-use assets in accordance with IFRS 16.

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 interim report, the company did not conduct a renewed impairment test of the carrying amount of the Group's operating assets.

Net financial items

Net financial items amounted to SEK -16 M (-14). Net financial items comprise: net interest expense SEK -23 M (-14) and exchange-rate differences of 7 M (0).

Income before tax, and reported tax

Income before tax amounted to SEK -36 M (-5). Reported tax totaled SEK -2 M (8).

Net income for the period and earnings per ordinary share

Net income for the period was SEK -38 M (3). Earnings per ordinary share were SEK -0.59 (0.03) before and after dilution.

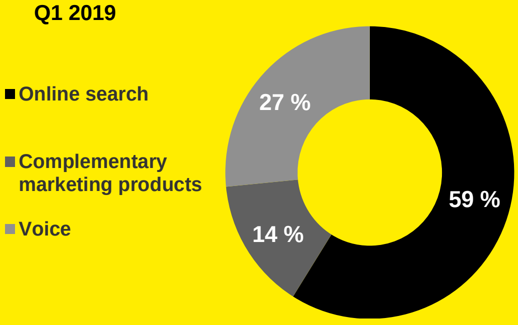
REVENUE Q1 2019

SEK 275 M

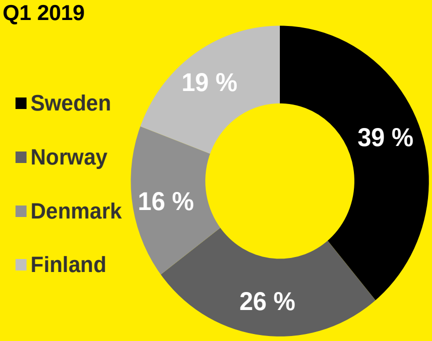
EBITDA Q1 2019

SEK 24 M

GROUP REVENUE PER CATEGORY Q1 2019



GROUP REVENUE PER COUNTRY Q1 2019



Operating revenue by category and operating segment

SEK M	Jan-Mar 2019	Jan-Mar 2018	%	Apr-Mar 2018/19	Jan-Dec 2018
On-line search	162	250	-35	832	920
Complementary digital marketing products	40	40	0	174	174
Digital marketing	**202**	**290**	**-30**	**1,006**	**1,094**
Voice	73	64	14	308	299
Total revenue	**275**	**354**	**-22**	**1,314**	**1,393**

Reconciliation of operating income and adjusted EBITDA

SEK M	Jan-Mar 2019	Jan-Mar 2018	%	Apr-Mar 2018/19	Jan-Dec 2018
Operating income	-20	9		-542	-513
Depreciation/amortization	44	39	13	151	146
Impairment losses	0	0		573	573
Total EBITDA	**24**	**48**	**-50**	**182**	**206**
Whereof Digital marketing	23	49	-53	148	174
Whereof Voice	9	7	29	58	56
Whereof Other	-8	-8	0	-24	-24
EBITDA margin %	***8.7***	***13.6***		***13.9***	***14.8***
Items affecting comparability					
Restructuring costs	0	1		1	2
Other items affecting comparability	0	0		1	1
Total adjusted EBITDA	**24**	**49**	**-51**	**184**	**209**
Adjusted EBITDA margin %	***8.7***	***13.8***		***14.0***	***15.0***

Interest-bearing net debt excluding convertible bond and pension obligations

SEK M	Note	Mar. 31 2019	Mar. 31 2018	Dec. 31 2018
Borrowing		-1,010	-855	-993
Lease liability		-132	-9	-8
Other non-current interest-bearing receivables[1)]		12	13	14
Cash and cash equivalents		164	33	165
Interest-bearing net debt excluding convertible bond and pension obligations[2)]		**-966**	**-818**	**-822**

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 2,814 M (3,322), a decrease of 15%.

Intangible assets amounted to SEK 1,955 M (2,589), of which SEK 1,487 M (2,050) pertained to goodwill.

The Group's interest-bearing net debt excluding the convertible bond and pension obligations amounted to SEK -966 M (-818) as per March 31. IFRS 16, the new leasing standard, led to an increase in the net debt by about SEK 126 M.

Of the interest-bearing liabilities that arose as a result of IFRS 16, SEK 87 M are non-current and SEK 39 M current.

The Group's indebtedness, expressed as interest-bearing net debt excluding the convertible bond and pension obligations in relation to EBITDA, was 5.3 (2.9) as per March 31.

As per March 31, the Group's outstanding debt under existing credit facilities was NOK 0 M (199), DKK 0 M (44) and SEK 1,010 M (630). Cash and cash equivalents amounted to SEK 164 M (33).

The convertible bond is recognized at cost and amounted to SEK 28 M (26) as per March 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 661 M (482) at March 31.

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 2018, Eniro and PRI reached an 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 September 30, 2020. As per March 31, 2019, total pledged funds amounted to SEK 182 M (200), including returns. Pledged funds, including returns, are recognized as Other long-term interest-bearing receivables.

Contract liabilities amounted to SEK 309 M (461) at the end of the period. Prepaid revenue arises mainly in On-line search, where many customers pay one year in advance. The 33% decrease compared with March 31, 2019, is mainly attributable to the divestment of the Polish operation, but also lower sales.

Cash flow

Cash flow from operating activities amounted to SEK 24 M (22). Lower EBIT of SEK -20 M (9) and a negative change in working capital of SEK -15 M (-33), of which exchange rate effects of SEK -7 M (12), were countered by considerably lower financial items of SEK 0 M (-6), continued low tax payments of SEK +1 M (-6) and lower other non-cash items of SEK -1 M (-14) 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. Eniro has loss carryforwards in Sweden, Denmark, Finland and Poland, which is why tax payments have been low.

Cash flow from investing activities amounted to SEK -4 M (-10), where net investments in operations amounted to SEK -4 M (-10).

Cash flow from financing activities amounted to SEK -2 M (4). New borrowing amounted to SEK - M (12), while amortizations totaled SEK - M (-5). Long-term investments were unchanged at SEK - M (-). Dividends to minority shareholders amounted to SEK -2 M (-3).

Cash flow for the period was to SEK 3 M (-17).

Acquisitions/divestments

No acquisitions or divestments occurred during the period.

Parent Company

Operating revenue amounted to SEK 6 M (4), which pertains to intra-Group services. Income for the period was SEK -5 M (-9). At March 31, the Parent Company's equity amounted to SEK 619 M (1,429), of which unrestricted equity amounted to SEK -579 M (237).

Shares and holdings of treasury shares

As of March 31, 2019, 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 March 31, was 66,599,287.7, of which ordinary Class A shares correspond to 66,573,410 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 March 31, 2019, 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 (AGM) will be held on Thursday, May 9, 2019 at 5:30 p.m. in Helios' premises at Kistagången 12 in Kista, Stockholm.

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 is available on the company's website www.enirogroup.com.

Employees
Full-time employees at the end of the period

	Mar. 31 2019	Mar. 31 2018
Sweden	215	235
Norway	148	168
Denmark	113	114
Poland	27	558
Digital marketing	**503**	**1,075**
Sweden	63	81
Norway	22	25
Finland	258	159
Voice	**343**	**265**
Total Group	**846**	**1,340**

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 2018 Annual Report, pages 30-31.

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 benefits, as well as liquidity and financing risks.

Events after the end of the period
Ongoing negotiations on the sale of the Proff companies established in Sweden, Norway and Denmark.

Review report
This interim 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 08:30 (CET) on May 9, 2019.

Kista, May 9, 2019

Örjan Frid

President and CEO

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FINANCIAL CALENDAR

Annual General Meeting 2019	May 9, 2019
Six-month report 2019	July 18, 2019
Interim report Jan- Sept 2019	October 29, 2019

Consolidated accounts

Consolidated income statement

SEK M	Note	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar 2018/19	Jan-Dec 2018
Operating revenue		**275**	**354**	**1,314**	**1,393**
Production costs		-100	-92	-407	-399
Sales costs		-89	-135	-438	-484
Marketing costs		-24	-27	-98	-101
Administration costs		-50	-55	-208	-213
Product development costs		-34	-39	-139	-144
Other income/costs		2	3	7	8
Impairment of non-current assets		0	0	-573	-573
Operating income	2	**-20**	**9**	**-542**	**-513**
Financial items, net		-16	-14	-69	-67
Income before tax		**-36**	**-5**	**-611**	**-580**
Income tax		-2	8	-18	-8
Net income		**-38**	**3**	**-629**	**-588**
Of which, attributable to:					
Owners of the Parent Company		-39	2	-633	-592
Non-controlling interests		1	1	4	4
Net Income		**-38**	**3**	**-629**	**-588**
Earnings per ordinary share before dilution, SEK	3	-0.59	0.03	-9.52	-8.91
Earnings per ordinary share after dilution, SEK	3	-0.59	0.03	-9.52	-8.91
Average number of ordinary shares before dilution, 000s		66,556	66,227	66,514	66,433
Average number of ordinary shares after dilution, 000s		67,021	66,693	66,979	66,898
Preference shares on closing date, 000s		259	259	259	259

Consolidated statement of comprehensive income

SEK M	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar 2018/19	Jan-Dec 2018
Net income	**-38**	**3**	**-629**	**-588**
Other comprehensive income				
Items that cannot be reclassified to income statement				
Revaluation of pension obligations	-90	33	-176	-53
Tax attributable to revaluation pension obligations	19	-7	38	12
Total	**-71**	**26**	**-138**	**-41**
Items that have been or can be reclassified to the income statement				
Exchange rate differences	17	50	-29	4
Hedge of net investments	0	-15	-7	-22
Tax attributable to hedge of net investments	0	3	2	5
Total	**17**	**38**	**-34**	**-13**
Other comprehensive income, net after tax	***-54***	***64***	***-172***	***-54***
Total comprehensive income	**-92**	**67**	**-801**	**-642**
Of which, attributable to:				
Owners of the Parent Company	-94	63	-804	-647
Non-controlling interests	2	4	3	5
Total comprehensive income	**-92**	**67**	**-801**	**-642**

Consolidated balance sheet

SEK M	Note	Mar. 31 2019	Mar. 31 2018	Dec. 31 2018
Assets				
Non-current assets				
Right-of-use assets		124	-	-
Other tangible assets		12	19	14
Intangible assets		1,955	2,589	1,948
Deferred tax assets		178	160	164
Financial assets		239	259	241
Total non-current assets		**2,508**	**3,027**	**2,367**
Current assets				
Contract assets		36	48	35
Accounts receivable - trade		67	157	88
Current tax assets		11	16	12
Other current receivables		28	41	25
Cash and cash equivalents		164	33	165
Total current assets		**306**	**295**	**325**
TOTAL ASSETS		**2,814**	**3,322**	**2,692**
Shareholders' equity and liabilities				
Shareholders' equity				
Share capital		1,198	1,192	1,198
Additional paid in capital		5,829	5,829	5,829
Reserves		-311	-278	-327
Retained earnings		-6,452	-5,674	-6,342
Shareholders' equity, owners of the Parent Company		**264**	**1,069**	**358**
Non-controlling interests		39	40	39
Total Shareholders' equity		**303**	**1,109**	**397**
Non-current liabilities				
Borrowing		1,010	768	993
Lease liabilities		87	7	-
Convertible bond		28	26	27
Deferred tax liabilities		131	117	130
Pension obligations		661	482	566
Other non-current liabilities		13	0	16
Total non-current liabilities		**1,930**	**1,401**	**1,732**
Current liabilities				
Accounts payable - trade		33	47	45
Current tax liabilities		3	0	7
Contract liabilities		309	461	321
Other current liabilities		186	199	176
Provisions		5	16	6
Borrowing		-	87	-
Lease liabilities		45	2	8
Total current liabilities		**581**	**812**	**563**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2,814**	**3,322**	**2,692**

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, 2018	**1,192**	**5,829**	**-313**	**-5,702**	**1,006**	**39**	**1,045**
Total comprehensive income	-	-	35	28	63	4	**67**
Dividend non-controlling interest	-	-	-	-	-	-3	**-3**
Closing balance, March 31, 2018	**1,192**	**5,829**	**-278**	**-5,674**	**1,069**	**40**	**1,109**
Opening balance, January 1, 2018	**1,192**	**5,829**	**-313**	**-5,702**	**1,006**	**39**	**1,045**
Total comprehensive income	-	-	-14	-633	-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**	**-327**	**-6,342**	**358**	**39**	**397**
Opening balance, January 1, 2019	**1,198**	**5,829**	**-327**	**-6,342**	**358**	**39**	**397**
Total comprehensive income	-	-	16	-110	-94	2	**-92**
Dividend non-controlling interest	-	-	-	-	-	-2	**-2**
Closing balance, March 31, 2019	**1,198**	**5,829**	**-311**	**-6,452**	**264**	**39**	**303**

Consolidated statement of cash flow

SEK M	Note	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar 2018/19	Jan-Dec 2018
Operating income		**-20**	**9**	**-542**	**-513**
Adjustments for					
Depreciation, amortization and impairment		44	39	724	719
Capital gain/loss and other non-cash items		-1	-14	-20	-33
Financial items, net		0	-6	-30	-36
Income tax paid		1	-6	-4	-11
Cash flow from operating activities before changes in working capital		**24**	**22**	**128**	**126**
Changes in working capital		-15	-33	-63	-81
Cash flow from operating activities		**9**	**-11**	**65**	**45**
Acquisitions/divestments of Group companies and other assets		-	-	16	16
Investments in non-current assets, net		-4	-10	-60	-66
Cash flow from investing activities		**-4**	**-10**	**-44**	**-50**
Proceeds from borrowings		-	12	1,019	1,031
Repayment of borrowings		-	-5	-920	-925
Long-term investments		-	-	18	18
Dividend on preference shares		-	-	-	-
Dividend non controlling interests		-2	-3	-4	-5
Rights issue		-	-	-	-
Cash flow from financing activities		**-2**	**4**	**113**	**119**
Cash flow for the period		**3**	**-17**	**134**	**114**
Cash and cash equivalents at start of period		**165**	**51**	**33**	**51**
Cash flow for the period		3	-17	134	114
Exchange rate differences in cash and cash equivalents		-4	-1	-3	0
Cash and cash equivalents at end of period		**164**	**33**	**164**	**165**

Parent Company accounts

Income statement

SEK M	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar 2018/19	Jan-Dec 2018
Operating revenue	**6**	**4**	**23**	**21**
Administration costs	-11	-13	-46	-48
Other income/costs	0	0	-1	-1
Operating income	**-5**	**-9**	**-24**	**-28**
Financial items, net	-19	1	-792	-772
Income before tax	**-24**	**-8**	**-816**	**-800**
Income tax	2	2	7	7
Net income	**-22**	**-6**	**-809**	**-793**

Balance sheet

SEK M	Mar. 31 2019	Mar. 31 2018	Dec. 31 2018
Non-current assets	1,734	1,501	1,732
Current assets	30	40	26
TOTAL ASSETS	**1,764**	**1,541**	**1,758**
Shareholders' equity	619	1,429	641
Provisions	73	73	73
Non-current liabilities	1,050	27	1,033
Current liabilities	22	12	11
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,764**	**1,541**	**1,758**

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, 2018 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, 2019

New standards that came into force in 2019: IFRS 16. The effects are described below.

IFRS 16 Leases

IFRS 16 Leases is a new leasing standard that has replaced IAS 17 Leases along with the accompanying interpretations IFRIC 4, SIC-15 and SIC-17. The standard entails that nearly all leases has been 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 shorter than 12 months and terms and values under 50 TSEK 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, have been recognized as a tangible asset, in which the rental payments have been recognized as amortization. For Eniro, total assets have increased by about SEK 136 M regarding future payments of rents. The deviation from the estimate contained in the 2018 Year-end Report is attributable to higher rates of discount. There will be a redistribution of costs in the income statement, other operating expenses will decline and amortization will increase. During the current quarter, amortization has increased and operating costs have declined by approximately SEK 12 M and interest expenses have increased with SEK -2 M as an effect of IFRS 16.

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

The modified transition method has been 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.

	Digital marketing		Voice		Other		Total	
SEK M	Jan-Mar 2019	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2018
Operating revenue								
Sweden	89	103	18	25	-	-	**107**	**128**
Norway	64	83	7	9	-	-	**71**	**92**
Denmark	44	50	-	-	-	-	**44**	**50**
Finland	5	4	48	30	-	-	**53**	**34**
Poland	-	50	-	-	-	-	**-**	**50**
Total	**202**	**290**	**73**	**64**	-	-	**275**	**354**
Adjusted EBITDA	**23**	**49**	**9**	**8**	**-8**	**-8**	**24**	**49**
Items affecting comparability[1)]	-	-	-	-1	-	-	**-**	**-1**
EBITDA	**23**	**49**	**9**	**7**	**-8**	**-8**	**24**	**48**
Depreciation/amortization	-38	-37	-6	-2	0	0	**-44**	**-39**
Impairment losses	-	-	-	-	-	-	**-**	**-**
Operating income	**-15**	**12**	**3**	**5**	**-8**	**-8**	**-20**	**9**
Net financial items							**-16**	**-14**
Taxes							-2	8
Net income for the period							**-38**	**3**

[1)] Items affecting comparability consists of restructuring costs.

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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	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar 2018/19	Jan-Dec 2018
Earnings attributable to owners of the Parent Company	-39	2	-633	-592
Dividend established for cumulative preference shares during the period	-	-	-	-
Earnings used for calculating earnings per ordinary share, before dilution	**-39**	**2**	**-633**	**-592**
Cupon rate for convertible bonds	0	0	1	1
Earnings used for calculating earnings per ordinary share, after dilution	**-39**	**2**	**-632**	**-591**
Average number of ordinary shares before dilution, 000s	66,556	66,227	66,514	66,433
Adjustments for the calculation of earnings per ordinary share after dilution:				
- Convertible bonds	207	209	207	207
- Warrants	257	257	257	257
Average number of ordinary shares after dilution, 000s	67,021	66,693	66,979	66,898
Earnings per ordinary share before dilution, SEK	-0.59	0.03	-9.52	-8.91
Earnings per ordinary share after dilution, SEK [1)]	-0.59	0.03	-9.52	-8.91
Preference shares on closing date, 000s	259	259	259	259

[1)] As earnings per ordinary share after dilution, in Jan-Mar 2018 and Apr-Mar 2018/2019, resulted in a reduced loss, the ordinary shares did not give rise to any dilutive effect.

Note 4 Financial instruments by category

Assets and liabilities on the balance sheet SEK M	Mar. 31 2019	Mar. 31 2018	Dec. 31 2018
Financial assets valued to accrued acquisition value			
Non-current assets			
Interest-bearing receivables, blocked bank funds	194	213	196
Current assets			
Accounts receivable - trade and other receivables	72	164	94
Cash and cash equivalents	164	33	165
TOTAL	**430**	**410**	**455**
Financial liabilities valued to accrued acquisition value			
Non-current liabilities			
Borrowing	1,010	768	993
Lease liability	87	7	0
Convertible bond	28	26	27
Current liabilities			
Borrowing	0	87	0
Lease liability	45	2	8
Accounts payable - trade	33	47	45
TOTAL	**1,203**	**937**	**1,073**

Note 5 Events after the end of the period

Ongoing negotiations on the sale of the Proff companies established in Sweden, Norway and Denmark.

Key ratios

	Mar. 31 2019	Mar. 31 2018	Dec. 31 2018
Equity, average 12 months, SEK M	753	514	935
Return on equity (ROE), 12 months, %	-84.1	33.7	-63.3
Return on Assets (ROA), 12 months, %	-15.4	9.2	-23.7
Earnings per ordinary share before dilution, SEK	-0.59	0.03	-8.91
Earnings per ordinary share after dilution, SEK	-0.59	0.03	-8.91
Interest-bearing net debt excluding convertible bond and pension obligations, SEK M	-966	-818	-822
Debt/equity ratio, times	3.19	0.74	2.07
Equity/assets ratio, %	11	33	15
Interest-bearing net debt excluding convertible bond and pension obligations/EBITDA 12 months, times	5.3	4.5	4.0
Interest-bearing net debt excluding convertible bond and pension obligations/adjusted EBITDA 12 months, times	5.3	2.9	3.9
Average number full-time employees	868	1,385	1,159
Number of full-time employees on closing date	846	1,340	889
Number of ordinary shares before dilution on closing date after deduction of treasury shares, 000s	66,556	66,227	66,556
Number of ordinary shares after dilution on closing date after deduction of treasury shares, 000s	67,021	66,694	67,021
Number of preference shares on closing date, 000s	259	259	259

Key ratios per share

	Mar. 31 2019	Mar. 31 2018	Dec. 31 2018
Equity per share, SEK	3.95	16.08	5.36
Share price for ordinary shares at end of period, SEK	1.76	5.85	1.09

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	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar 2018/19	Jan-Dec 2018
	Operating income	-20	9	-542	-513
+	Depreciation/amortization	44	39	151	146
+	Impairment losses	0	0	573	573
=	**Total EBITDA**	**24**	**48**	**182**	**206**
	Items affecting comparability				
+	Restructuring costs	0	1	1	2
+	Other items affecting comparability	0	0	1	1
=	**Total adjusted EBITDA**	**24**	**49**	**184**	**209**

Calculation of EBITDA margin

		Jan-Mar 2019	Jan-Mar 2018	Apr-Mar 2018/19	Jan-Dec 2018
	EBITDA	24	48	182	206
÷	Operating revenue	275	354	1,314	1,393
=	**EBITDA margin %**	**8.7**	**13.6**	**13.9**	**14.8**

Calculation of adjusted EBITDA margin

		Jan-Mar 2019	Jan-Mar 2018	Apr-Mar 2018/19	Jan-Dec 2018
	Adjusted EBITDA	24	49	184	209
÷	Operating revenue	275	354	1,314	1,393
=	**Adjusted EBITDA margin %**	**8.7**	**13.8**	**14.0**	**15.0**

Reconciliation of operating expenses

	SEK M	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar 2018/19	Jan-Dec 2018
	Production costs	-100	-92	-407	-399
+	Sales costs	-89	-135	-438	-484
+	Marketing costs	-24	-27	-98	-101
+	Administration costs	-50	-55	-208	-213
+	Product development costs	-34	-39	-139	-144
+	Deduction of depreciation	14	4	22	12
+	Deduction of amortization	30	35	129	134
=	**Operating expenses**	**-253**	**-309**	**-1,139**	**-1,195**

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

	SEK M	Mar. 31 2019	Mar. 31 2018	Dec. 31 2018
	Borrowing	-1,010	-855	-993
+	Lease liability	-132	-	
+	Other non-current interest-bearing receivables[1]	12	13	14
+	Cash and cash equivalents	164	33	165
=	**Interest-bearing net debt excluding convertible bond and pension obligations**	**-966**	**-818**	**-822**

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 obligations.

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

		Mar. 31 2019	Mar. 31 2018	Dec. 31 2018
-	Interest-bearing net debt excluding convertible bond and pension obligations	-966	-818	-822
÷	EBITDA 12 month	182	215	206
=	**Interest-bearing net debt excluding convertible bond and pension obligations/EBITDA 12 months, times**	**5.3**	**3.8**	**4.0**

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

		Mar. 31 2019	Mar. 31 2018	Dec. 31 2018
-	Interest-bearing net debt excluding convertible bond and pension obligations	-966	-818	-822
÷	Adjusted EBITDA 12 month	184	279	209
=	**Interest-bearing net debt excluding convertible bond and pension obligations/adjusted EBITDA 12 months, times**	**5.3**	**2.9**	**3.9**

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