



## INTERIM REPORT 2017

# Q1 | 17

## JANUARY – MARCH

### FIRST QUARTER: JANUARY – MARCH 2017

- Total operating revenue amounted to SEK 430 M (504), a decrease of 15%.
- EBITDA decreased by 60% to SEK 55 M (136). The EBITDA margin was 12.8% (27.0%).
- Net income for the period was SEK -62 M (-2).
- Earnings per ordinary share for the period were SEK -0.14 (-0.03) before and after dilution.
- On April 3 Eniro announced a recapitalization plan that has been drawn up in close cooperation with the Company's lending banks.
- The Board of Directors proposes that the 2017 Annual General Meeting resolve to not pay any dividend – neither for ordinary nor preference shares.

SEK M	Jan-Mar 2017	Jan-Mar 2016	Apr-Mar 2016/17	Jan-Dec 2016
Operating revenue	430	504	1 893	1 967
EBITDA	55	136	347	428
Adjusted EBITDA	56	119	377	440
Operating income	-45	81	-790	-664
Net income for the period	-62	-2	-920	-862
Cash flow from operating activities	10	65	162	217
Interest-bearing net debt excluding convertible bond and pension obligations	-1,228	-1,211	-1,228	-1,217

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, printed directories, directory assistance and SMS services. Each week Eniro Group's digital services have 8.1 million unique visitors who perform 14.5 million searches. Eniro Group has about 1,700 employees and operations in Sweden, Norway, Denmark, Finland and Poland. The company is listed on Nasdaq Stockholm [ENRO] and headquartered in Stockholm. More on Eniro at [enirogroup.com](http://enirogroup.com).

## CEO's comments



### First quarter 2017

The year has started relatively well for Eniro. We are in a position where Eniro no longer loses customers at the same rate as before, the customers now stays. In addition Eniro is introducing a new business model that has been well received during our test launch. Therefore, there are conditions for us to start growing again.

We have continued the intensive work on developing our offering. Our market trial in 2016 showed positive results, and bolstered by this we have worked intensively on integrating the broadened offering into our sales systems in a strictly technical sense. We are currently in the final phase of a major development project that will replace our old legacy systems in Sweden, Norway and Denmark. The new platform has now been developed and adapted for a broader offering with more partner products. During the second quarter we will go live first in Sweden and later in Norway and Denmark.

During the quarter the standstill agreement with the banks was extended, and after the end of the quarter we reached an agreement with our bank syndicate following intensive and difficult talks. Supported by this, we will focus on completing the recapitalization and driving our business towards growth. A prerequisite for this is that the Annual General Meeting adopts the required resolutions regarding the recapitalization and that basically all of the convertible bondholders and preference shareholders accept the exchange offers.

### Developed business

Eniro's core business is considerably stronger than its reputation, and with the further development we are now conducting as we complement with partner products such as Google and Bing, Närvarokollen (Yext) and websites (Mono), we have an offering that will be very effective in helping small and medium-sized enterprises conduct their digital marketing. We are taking the position as a marketing partner that offers digital solutions for this segment. Our customer promise is to make it easy as a small business owner to be successful in digital marketing. The offering is new not only in its content, but is also subscription-based, which improves the customer interaction and creates greater benefit for our customers and hereby greater value for Eniro.

### First quarter results

Operating revenue during the first quarter amounted to SEK 430 M (504), which is down 15% compared with the same period a year ago. EBITDA for the first quarter was SEK 55 M (136).

Compared with the corresponding period a year ago, EBITDA decreased by SEK 81 M. Owing to lower revenue in the mature business areas Voice and Print, by SEK -15 M and SEK -10 M respectively, in line with our expectation. EBITDA was also affected by higher expenses of approximately SEK -8 M compared with the same period a year ago, which included a positive nonrecurring item of SEK 19 M primarily pertaining to a changed actuarial calculation of the pension obligations.

If instead we look forward, we see an optimism in the future, as in the first quarter we see a net decrease of the customer base, for Local Search in the Scandinavian countries excluding Proff, of about 4 percent compared with the corresponding period last year when we had a net decrease of 10 percent.

### Users and traffic

We are further developing our effective apps. In 2016 we added the "Discover Nearby" functionality and "User tips," and now in 2017 we have added "Facebook events." Eniro has good traffic volume, and with the improved user benefit, the conditions are improving to drive more traffic (and value) to our paying customers. For those who have not yet downloaded the Eniro app, I can highly recommend it. You will be surprised by everything you can find.

During the quarter we also worked on reshaping our identity. With relatively small adjustments we have developed an entirely new graphic design and identity to reflect a new era for Eniro, which despite everything is one of Sweden's most well-known brands in its class.

### Company and capital structure

After the end of the quarter a new bank agreement was reached, and on June 7 the ordinary shareholders will have to vote in favor of Eniro's plan to carry out an extensive recapitalization of the company's financial structure. Bringing about this agreement has been a challenge. The Board of Directors has strived as far as possible to satisfy the interests of current owners of ordinary shares, preference shares and convertibles in a balanced manner. The mathematics of making this equitable but still implementable have been difficult. The Board is of the opinion that the proposal that has now been set forth takes into account the interests of the various stakeholders as well as possible. The cash issue that we are planning on carrying out in step two, provided that the exchange offers is carried out, shall be viewed from the perspective that ordinary shareholders are offered a substantial discount as compensation for the dilution. Added to this will be a substantial reduction of Eniro's interest-bearing debt. It will create entirely new conditions for driving our business forward and towards growth.

All in all, once we have crossed the finish line, this will give Eniro entirely new conditions to develop and run our business.

### Outlook

Our business will undergo a transformation during 2017 and some time into 2018. Historically Eniro has had customer relationships that are mainly tied through yearly contracts. This means that it will take about a year to carry out a change in every market once we begin working through our customer base. We expect that we will be successful in this work, but that we will encounter a few tough challenges along the way. Over time we will have a base of customers who we work with on a subscription basis, instead of annually winning them back we can sell new solutions to them. It's an exciting perspective!

Kista, May 9, 2017

**Örjan Frid, President and CEO**

# First quarter results 2017

## Revenue

Operating revenue for the first quarter amounted to SEK 430 M (504), a decrease of 15%. The decrease of revenue is explained by reduced revenues in Voice -15 MSEK and Print -10 MSEK. In Digital search the revenues decreased by SEK -49 M whereof approximately SEK -15 M are due to lower accrued revenues from 2016. Currency effects on revenue were SEK 12 M (-15).

A geographic breakdown of revenue is as follows: Sweden SEK 163 M (219), Norway SEK 121 M (127), Denmark SEK 59 M (68), Finland SEK 35 M (37), and Poland SEK 52 M (53).

## 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, i.e., eniro.se, gulesider.no, krak.dk, dgs.dk and panoramafirm.pl, and our mobile apps, including Eniro's local search app, Eniro Navigation and Eniro På Sjöen. Added to these are Eniro's business information sites, proff.se, proff.no and proff.dk. 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, and display advertising via external networks.

Operating revenue from Digital search amounted to SEK 340 M (389), a decrease of 13%. Of operating revenue, SEK 300 M (356) came from Desktop/Mobile search and SEK 40 M (33) from Complementary digital marketing products.

Eniro has a new strategy and business model entailing a shift away from offering exposure primarily via its own channels to working with customers' presence in all digital channels. The goal is to be a marketing partner to small and medium-sized enterprises.

By complementing Eniro's traditional advertising services in Desktop/Mobile search with Närvarokollen ("Location check") and partner products such as for example Google AdWords and Bing Ads in Complementary digital marketing products, Eniro can help its customers optimize their marketing investment so that it gives them the best possible results.

During the fourth quarter of 2016 a trial period was begun in which a few sales teams worked according to the new direction with a broadened product offering and subscription-based contracts. During the first quarter two new sales teams in Denmark and six new sales teams in Sweden were added, and the goal is that all sales representatives will change over to selling according to the new direction in 2017.

In order for sales representatives to be able to manage the broader product portfolio that the new offering entails, Eniro has worked intensively with competence development. Eniro has continued training its sales representatives in so-called insight-based sales, which aim to give sales representatives a better understanding of customers' needs and their value drivers. This will create a level of confidence and a foundation on which Eniro's sales representatives can present relevant proposals to customers. To increase knowledge about the products included in the broader product portfolio, Eniro has continued with product training and certification in specific products for the sales representatives.

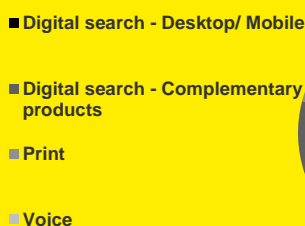
### REVENUE Q1 2017

SEK **430** M

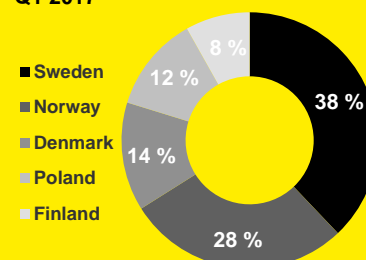
### EBITDA Q1 2017

SEK **55** M

### GROUP REVENUE PER CATEGORY Q1 2017



### GROUP REVENUE PER COUNTRY Q1 2017



**Print**

Eniro offers advertising in local printed directories in Sweden, Norway and Denmark under the well-known local brands Din Del in Sweden, Ditt Distrikt in Norway, and Mostrup and Den Røde Lokalbog in Denmark.

Operating revenue from Print amounted to SEK 14 M (24), a decrease of 42%.

For profitability reasons, Eniro has decided to discontinue publication of printed directories during the first half of 2017. The last directories will be published before summer, after which the Print business will be discontinued.

**Voice**

In Voice Eniro offers directory information via phone call and text message (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 on a contract basis. 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 Nummeropplysningen 1880 AS (the 1880 and 1888 directory information services).

Operating revenue from Voice amounted to SEK 76 M (91), a decrease of 16%.

Market volumes for directory information services continue to decline in pace with increased digitalization. The contact center operation that Voice conducts on a contract basis for customers in Finland is growing and partly compensating for the decline in directory information services, which is also the case in Sweden to some extent.

**Operating income**

EBITDA for the Group was SEK 55 M (136), corresponding to an EBITDA margin of 12.8% (27.0%). EBITDA is broken down as follows: SEK 55 M (114) pertained to Local Search, SEK 15 M (28) pertained to Voice, and SEK -15 M (-6) pertained to other Group functions.

Items affecting comparability amounted to SEK -1 M (17), of which SEK -1 M (-2) pertained to restructuring costs. The figure for the preceding year also included nonrecurring items totaling SEK 19 M, net, which pertained mainly to a changed actuarial calculation of the pension obligation.

After adjusting for nonrecurring items, adjusted EBITDA for the Group amounted to SEK 56 M (119), a decrease of 53%. The adjusted EBITDA margin was 13.0% (23.6%).

After amortization and depreciation of SEK -100 M (-55) the consolidated operating income for the first quarter was SEK -45 M (81).

**Amortization and depreciation**

The Group's total depreciation and amortization amounted to SEK -100 M (-55) during the first quarter. During the quarter, amortization of the Gule Sider trademark totaled SEK -15 M (-14), and amortization of the Krak trademark totaled SEK -3 M (-3).

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 quarter amortization amounted to SEK -53 M (-7) for the trademark. Remaining amortizations of SEK -29 M (-31) consist mainly of amortization of capitalized product development expenditures.

**Net financial items**

Net financial items amounted to SEK -36 M (-84). Exchange rate differences affected net financial items by SEK -1 M (-49).

**Income before tax, and reported tax**

Income before tax amounted to SEK -82 M (-3). Reported tax totaled SEK 19 M (1).

**Net income for the period and earnings per ordinary share**

Net income for the period was SEK -62 M (-2). Earnings per ordinary share were SEK -0.14 (-0.03) before and after dilution.

## Cash flow and financial position

### Financial position

Total assets in the Group amounted to SEK 3,400 M (4,417), a decrease of 23%.

Intangible assets amounted to SEK 2,661 M (3,627), of which SEK 2,013 M (2,841) pertained to goodwill.

The Group's interest-bearing net debt excluding the convertible bond and pension obligations amounted to SEK 1,228 M (1,211) as per March 31.

The Group's indebtedness, expressed as interest-bearing net debt excluding the convertible bond and pension obligations in relation to EBITDA, was 3.5 (2.8) as per March 31.

As per March 31 the Group's outstanding debt under existing credit facilities was NOK 199 M (216), DKK 49 M (43) and SEK 1,230 M (1,257). As per March 31, Eniro had an unutilized credit facility of SEK 76 M (125). Cash and cash equivalents and unutilized credit facilities amounted to SEK 127 M (255).

The convertible bond is reported at cost and amounted to SEK 223 M (293) as per March 31. The nominal debt at the same point in time was SEK 261 M (366), entailing that 239 (134) of the total 500 convertibles have been converted to ordinary shares.

The Group's pension obligations amounted to SEK 469 M (452) at March 31. In 2016 Eniro changed over to paying periodic premiums for defined benefit pension plans in Sweden, entailing that no new additional vesting.

Eniro has credit insurance with PRI Pensionsgaranti (PRI) which remains in force through 2017. Eniro has pledged bank funds for future obligations (a so-called enhanced pension guarantee). During the quarter Eniro pledged an additional SEK 11 M (0). As per March 31, 2017, total pledged funds amounted to SEK 200 M (133), including returns.

Prepaid revenue amounted to SEK 434 M (502) at the end of the quarter. 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 14% decrease compared with March 31, 2016, is mainly attributable to lower sales, but also to the decision to discontinue the print business.

### Reclassification of loans

In view of the ongoing discussions with Eniro's lenders, long-term bank borrowing was reclassified as short-term borrowing at the end of 2016. The reclassification will remain pending the outcome of the proposed recapitalization plan.

### Cash flow

Cash flow from operating activities was SEK 10 M (65). Lower EBITDA of SEK 55 M (136) and a negative change in working capital of SEK -10 M (5) were countered by lower tax payments by SEK -7 M (-11) and

lower other non-cash items by SEK -8 M (-45), which mainly pertains to changes in provisions.

Eniro's tax payments are made mainly during the first half of the year. Eniro has loss-carry forwards in Sweden, Denmark, Finland and Poland, which is why tax payments have been low.

Cash flow from investing activities amounted to SEK -8 M (-16), where net investments in operations amounted to SEK -8 M (-17). During the first quarter of 2016 an earn-out payment of SEK 1 M was received from a divested operation.

Cash flow from financing activities amounted to SEK 2 M (-12). Long-term investments have increased by an additional SEK -11 M (0) and pertain to pledged funds for continued credit insurance with PRI Pensionsgaranti.

Cash flow for the period amounted to SEK 4 M (37).

### Acquisitions/divestments

No acquisitions or divestments were carried out during the period.

### Parent Company

Operating revenue amounted to SEK 5 M (6), which pertains to intra-Group services. Income for the period was SEK 16 M (-21). At March 31 the Parent Company's equity amounted to SEK 581 M (2,469), of which unrestricted equity amounted to SEK 50 M (1,992).

### Eniro's new strategy and business model

Eniro's new strategy and business model entails that Eniro will be moving away from offering exposure primarily via its own channels to working with customers' presence in all digital channels. The goal is to be the digital marketing partner to small and medium-sized enterprises (SMEs), many of which lack both the time and knowledge about how to market themselves in the digital world. Eniro can help customers optimize their marketing investment in order to generate the best possible results.

Eniro's new business model is subscription-based. The ambition is that Eniro will have more continuous contact with customers and thereby better and closer customer relationships.

### Shares and holdings of treasury shares

As per March 31 the total number of shares was 531,087,050, of which 530,187,050 are ordinary shares and 1,000,000 are preference shares. The total number of votes as per March 31 was 530,187,050, of which ordinary shares correspond to 530,087,050 votes and preference shares to 100,000 votes.

Upon full dilution resulting from conversion to shares, the number of shares will amount to a maximum of 684,783,205.

Eniro held 1,703,266 treasury shares on March 31, 2017. The average holding of treasury shares during the period was 1,703,266.

## Operating revenue by category and operating segment

SEK M	Jan-Mar 2017	Jan-Mar 2016	%	Apr-Mar 2016/17	Jan-Dec 2016
Desktop/Mobile search	300	356	-16	1,259	1,315
Complementary digital marketing products	40	33	21	151	144
<b>Digital search</b>	<b>340</b>	<b>389</b>	<b>-13</b>	<b>1,410</b>	<b>1,459</b>
Print	14	24	-42	128	138
<b>Local search</b>	<b>354</b>	<b>413</b>	<b>-14</b>	<b>1,538</b>	<b>1,597</b>
Voice	76	91	-16	355	370
<b>Total revenue</b>	<b>430</b>	<b>504</b>	<b>-15</b>	<b>1,893</b>	<b>1,967</b>

## Reconciliation of operating income and adjusted EBITDA

SEK M	Jan-Mar 2017	Jan-Mar 2016	%	Apr-Mar 2016/17	Jan-Dec 2016
<b>Operating income</b>	-45	81	-156	-790	-664
Depreciation/amortization	100	55		264	219
Impairment losses	-	-		873	873
<b>Total EBITDA</b>	<b>55</b>	<b>136</b>	<b>-60</b>	<b>347</b>	<b>428</b>
Whereof Local search	55	114	-52	311	370
Whereof Voice	15	28	-46	104	117
Whereof Other	-15	-6	-150	-68	-59
<b>EBITDA margin %</b>	<b>12.8</b>	<b>27.0</b>		<b>18.3</b>	<b>21.8</b>
<b>Items affecting comparability</b>					
Restructuring costs	1	2		11	12
Other items affecting comparability	-	-19		19	0
<b>Total adjusted EBITDA</b>	<b>56</b>	<b>119</b>	<b>-53</b>	<b>377</b>	<b>440</b>
<b>Adjusted EBITDA margin %</b>	<b>13.0</b>	<b>23.6</b>		<b>19.9</b>	<b>22.4</b>

## Interest-bearing net debt excluding convertible bond and pension obligations

SEK M	Mar. 31 2017	Mar. 31 2016	Dec. 31 2016
Borrowing	-1,468	-1,474	-1,442
Finance lease	-11	-	-12
Other current interest-bearing receivables	0	0	0
Other non-current interest-bearing receivables <sup>1)</sup>	200	133	189
Cash and cash equivalents	51	130	48
<b>Interest-bearing net debt excluding convertible bond and pension obligations</b>	<b>-1,228</b>	<b>-1,211</b>	<b>-1,217</b>

<sup>1)</sup> included in financial assets

## Other information

### Annual General Meeting

Eniro's 2017 Annual General Meeting will be held on Wednesday, June 7, 2017 at 11 a.m. CET in the premises of Summit, Kista Time Building, Kistagången 12, Kista.

### Dividend

The Board of Directors has proposed to the 2017 Annual General Meeting that no dividend be paid, neither for the ordinary nor preference shares.

### Employees

Full-time employees at the end of the period

	Mar. 31 2017	Mar. 31 2016
Sw eden	320	398
Norw ay	233	275
Denmark	141	169
Poland	602	662
<b>Local search including Other</b>	<b>1,296</b>	<b>1,504</b>
Sw eden	97	125
Norw ay	26	29
Finland	159	138
<b>Voice</b>	<b>282</b>	<b>292</b>
<b>Total Group</b>	<b>1,578</b>	<b>1,796</b>

### Risks and uncertainties

Eniro conducts risk analysis in an annual Enterprise Risk Management process, covering all parts of the business operations. A detailed description of factors that could affect Eniro's business, financial position and result is provided in the 2016 Annual Report, pages 27-29.

One highly current risk is the risk associated with Eniro's loan agreement, and its liquidity and financing risk. In December 2016 Eniro reached an agreement with its lenders, entailing a deferment of loan amortization and a departure from key ratio covenants on the bank loans. During the term of the standstill agreement, Eniro negotiated with its lenders to adapt the terms of the company's loans and its capital structure in general. In April Eniro announced a recapitalization plan that had been drawn up in close cooperation with the company's lenders. If the recapitalization is carried out it will result in a changed capital structure, a new loan agreement, the write-off of bank loans and set-off of bank loans against ordinary shares. However, in the event the Annual General Meeting does not adopt the required resolutions regarding the recapitalization or if the required acceptance (95%) of the exchange offers is not achieved, no new loan agreement will come into effect. At the same time, the standstill agreement will end. As a consequence of this, Eniro will not be able to honor its loan obligations. The Board will then file for a company reorganization.

Other risks and uncertainties that are judged to possibly affect the Group's performance in 2017 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 benefit, and delays in the ongoing system implementation of the joint CRM- and finance systems.

### The Board's assessment regarding the going concern principle

In the event the Annual General Meeting does not adopt the required resolutions regarding the recapitalization or if the required acceptance of the exchange offers cannot be achieved, no new loan agreement will take effect. At the same time, the standstill agreement will end. As a consequence of this, Eniro will not be able to honor its loan obligations. The Board will then file for reorganization in district court.

Against the background of the above, Eniro's board of directors has made the assessment that a significant uncertainty exists that could lead to substantial doubt regarding the Company's ability to continue operating. However, the Board has made the assessment that it is realistic that the plan that has been drawn up in close cooperation with the Company's lenders will be carried out and that, despite the aforementioned doubt, there are grounds to assume the principle of the Company's continued operation as a going concern.

### Events after the end of the period

On April 3 Eniro announced a recapitalization plan that has been drawn up in close cooperation with the Company's lending banks.

The recapitalization entails a changed capital structure, a new loan agreement, amortization of bank loans and the set-off of bank loans against ordinary shares ("the recapitalization"). The Board of Directors has recommends that the Annual General Meeting vote in favor of making an offer to preference shareholders and convertible bondholders to exchange their holdings for newly issued ordinary shares ("the exchange offers").

The proposed recapitalization has been guided by the aim to create a balanced proposal for the respective equity holders while at the same time providing the Company with a long-term sustainable capital structure with a level of debt that is aligned with the Company's new business plan and future earnings capacity.

Holders of preference shares are offered to exchange these for ordinary shares, whereby each preference share is assigned a value of SEK 400, which corresponds to 100% of the subscription price when the preference shares were issued, and 83% of the value of the preference shares entitled to over ordinary shares in the event of liquidation. Holders of convertibles are offered to set-off these holdings against new issued ordinary shares, whereby each convertible is assigned a value corresponding to 90% of the nominal amount. The settlement price of SEK 0.31 (31 öre) for the Company's ordinary shares corresponds to the volume-weighted average market price for Eniro's ordinary shares during the period March 20 through March 31, according to Nasdaq Stockholm AB's official list.

The exchange offers are conditional upon acceptance by preference shareholders who together own at least 95% of all preference shares as well as by convertible bondholders who together hold at least 95% of the outstanding debt amount.

After the exchange offers have been completed, a new issue of SEK 275 M in ordinary shares will be carried out with preferential rights for the Company's existing ordinary shareholders. The subscription price for the new issue shall be set at a 30% discount based on a theoretical price after the completed new issue, based on the lower of (i) SEK 0.31 (31 öre) or (ii) a volume-weighted average price during the ten trading days that follow the Company's public announcement that the exchange offers are carried out.

The proceeds from the new issue shall be used to amortize bank loans, where the lending banks write off an equal amount of bank loans, up to SEK 275 M. Provided that the new issue is fully subscribed through cash payment, bank loans will thereby decrease by SEK 550 M. Ordinary shares not subscribed for with the support of warrants will be offered to other ordinary shareholders and others for subscription at the same subscription price, and in the event of an allotment to others than ordinary shareholders, allotment will be made primarily to existing holders of preference shares and convertibles. Ordinary shares not subscribed for by others in the new issue will be subscribed by the lending banks, with payment through set-off against bank loans.

After the requisite acceptance level has been achieved in the exchange offers, the lending banks will subscribe for new ordinary shares in the Company with payment through the set-off of SEK 150 M in bank loans.

In addition to the decrease in bank loans by SEK 700 M, the Company's interest-bearing liabilities will decrease by an additional SEK 216 M if all convertible bondholders accept the exchange offer.

#### Condensed balance sheet pro forma after capitalization

SEK M	Dec 31 2016	Recapital- ization	Proforma Dec 31 2016
Non-current assets	3,122		3,122
Current assets, excl cash equivalents	335		335
Cash and cash equivalents	48		48
<b>Total assets</b>	<b>3,505</b>	<b>0</b>	<b>3,505</b>
Shareholders equity	468	848	1,316
Borrowing	1,454	-612	842
Convertible bond	216	-216	0
Other non-current liabilities	597	-20	577
Other current liabilities	770	0	770
<b>Total equity and liabilities</b>	<b>3,505</b>	<b>0</b>	<b>3,505</b>
Net debt / EBITDA 2016, times	2.8		1.4
Debt/equity ratio, %	13 %		38 %

This pro forma balance sheet is based on a number of assumptions that may deviate from the actual outcome. The estimated cost for the recapitalization is assumed to be recognized against borrowing and shareholders' equity. How these costs are recognized depends on the final outcome of the recapitalization.

The costs for the recapitalization amount to approximately SEK 88 M, net, of which advisory costs for the lending banks and the Company account for SEK 70 M, which will be financed by bank loans. Eniro's total interest-bearing debt will thus decrease by a total of approximately SEK 828 M, of which SEK 612 M consists of bank loans.

To avoid a situation in which the lending banks together will become the dominant owner, the shares that the banks subscribe for initially (SEK 150 M) and in the possible, concluding complementary set-off issue, will have one-tenth (1/10) of a vote. These shares can be converted to ordinary shares with one (1) vote each, which will take place in connection with future sales of shares.

Under the condition that the exchange offers are accepted to the requisite extent, the Company has negotiated with the lending banks on improved loan terms. Such a new loan agreement would grant the Company a fixed credit and a revolving credit facility. The term for such a loan agreement would apply for the period until the end of 2020 and would entail, among other things, a lower interest rate, amortization in 2017 and 2018 adapted to the Company's liquidity surplus, including a cash sweep with a certain, minimum level of amortization in 2018, and then a gradually increased rate of amortization that is aligned with the Company's new business plan. In addition, the key ratio requirements will be adjusted and adapted to the new business plan.

A new loan agreement is an integral part of the recapitalization and is contingent upon completion of the recapitalization. Until then, an extended deferment is in effect under the standstill agreement. In the event the Annual General Meeting does not adopt the required resolutions regarding the recapitalization or if the required acceptance of the exchange offers cannot be achieved, no new loan agreement will come into effect. At the same time, the standstill agreement will end. As a consequence of this, the Company will not be able to honor its loan obligations. The Board of Directors will then file for a company reorganization in district court, which will likely entail a total loss for Eniro's ordinary shareholders, preferred shareholders and convertible bondholders.

For further information, see the press release "Eniro presents recapitalization plan" from April 3, 2017, at [www.enirogroup.com](http://www.enirogroup.com).

## 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 08:00 (CET) on May 9, 2017.

Kista, May 9, 2017

**Örjan Frid**

President and CEO

#### FOR FURTHER INFORMATION, PLEASE CONTACT:

**Örjan Frid**  
President and CEO  
Tel.: +46-8-553 310 00

**Fredrik Sandelin**  
CFO  
Tel.: +46-8-553 310 00

#### FINANCIAL CALENDAR

Annual General Meeting 2017  
Interim report Jan.-June 2017  
Interim report Jan.-Sept. 2017

June 7, 2017  
August 15, 2017  
October 25, 2017

# Report of Review of Interim Financial Information

## Introduction

We have reviewed the condensed interim financial information (interim report) of Eniro AB (publ) corporate identity number 556588-0936, as of 31 March 2017 and the three-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

## Emphasis of matter

Without qualifying our opinion, we would like to draw attention to the sections "Risks and Uncertainties" and "The Board's assessment regarding the going concern principle" on page 8 and 9 in the interim report in which it is stated that the company needs a recapitalization, the recapitalization is dependent on a number of decisions on the annual general meeting 2017. These circumstances, together with the circumstances stated in the section, imply that there is an element of substantial uncertain which could result insignificant doubt as to whether the company can continue as a going concern.

Stockholm, May 9, 2017

PricewaterhouseCoopers AB

Michael Bengtsson

Authorized Public Accountant

# Consolidated accounts

## Consolidated income statement

SEK M	Jan-Mar 2017	Jan-Mar 2016	Apr-Mar 2016/17	Jan-Dec 2016
<b>Operating revenue</b>	<b>430</b>	<b>504</b>	<b>1,893</b>	<b>1,967</b>
Production costs	-101	-106	-435	-440
Sales costs	-162	-178	-658	-674
Marketing costs	-86	-39	-241	-194
Administration costs	-61	-43	-263	-245
Product development costs	-67	-60	-222	-215
Other income/costs	2	3	9	10
Impairment of non-current assets	-	-	-873	-873
<b>Operating income</b>	<b>-45</b>	<b>81</b>	<b>-790</b>	<b>-664</b>
Financial items, net	-36	-84	-141	-189
<b>Income before tax</b>	<b>-81</b>	<b>-3</b>	<b>-931</b>	<b>-853</b>
Income tax	19	1	9	-9
<b>Net income</b>	<b>-62</b>	<b>-2</b>	<b>-922</b>	<b>-862</b>
<b>Of which, attributable to:</b>				
Owners of the Parent Company	-63	-3	-929	-869
Non-controlling interests	1	1	7	7
<b>Net Income</b>	<b>-62</b>	<b>-2</b>	<b>-922</b>	<b>-862</b>
Earnings per ordinary share before dilution, SEK	-0.14	-0.03	-1.94	-1.88
Earnings per ordinary share after dilution, SEK	-0.14	-0.03	-1.94	-1.88
Average number of ordinary shares before dilution after deduction of treasury shares, 000s	528,384	474,538	502,422	488,961
Average number of ordinary shares after dilution after deduction of treasury shares, 000s	682,080	662,230	656,118	642,657
Preference shares on closing date, 000s	1,000	1,000	1,000	1,000

## Consolidated statement of comprehensive income

SEK M	Jan-Mar 2017	Jan-Mar 2016	Apr-Mar 2016/17	Jan-Dec 2016
<b>Net income</b>	<b>-62</b>	<b>-2</b>	<b>-922</b>	<b>-862</b>
<b>Other comprehensive income</b>				
<b>Items that cannot be reclassified to income statement</b>				
Revaluation of pension obligations	-44	-63	-20	-39
Tax attributable to revaluation pension obligations	10	14	5	9
<b>Total</b>	<b>-34</b>	<b>-49</b>	<b>-15</b>	<b>-30</b>
<b>Items that have been or can be reclassified to the income statement</b>				
Exchange rate differences	-4	90	91	185
Hedge of net investments	3	-7	-17	-27
Tax attributable to hedge of net investments	-1	2	6	9
<b>Total</b>	<b>-2</b>	<b>85</b>	<b>80</b>	<b>167</b>
<b>Other comprehensive income, net after tax</b>	<b>-36</b>	<b>36</b>	<b>65</b>	<b>137</b>
<b>Total comprehensive income</b>	<b>-98</b>	<b>34</b>	<b>-857</b>	<b>-725</b>
<b>Of which, attributable to:</b>				
Owners of the Parent Company	-98	32	-866	-736
Non-controlling interests	0	2	9	11
<b>Total comprehensive income</b>	<b>-98</b>	<b>34</b>	<b>-857</b>	<b>-725</b>

## Consolidated balance sheet

SEK M	Mar. 31 2017	Mar. 31 2016	Dec. 31 2016
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible assets	27	19	29
Intangible assets	2,661	3,627	2,761
Deferred tax assets	110	70	97
Financial assets	247	177	235
<b>Total non-current assets</b>	<b>3,045</b>	<b>3,893</b>	<b>3,122</b>
<b>Current assets</b>			
Accounts receivable - trade	194	248	210
Current tax assets	15	20	16
Other current receivables	95	126	109
Other interest-bearing receivables	0	0	0
Cash and cash equivalents	51	130	48
<b>Total current assets</b>	<b>355</b>	<b>524</b>	<b>383</b>
<b>TOTAL ASSETS</b>	<b>3,400</b>	<b>4,417</b>	<b>3,505</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	531	477	531
Additional paid in capital	5,554	5,517	5,554
Reserves	-329	-406	-327
Retained earnings	-5,428	-4,437	-5,332
<b>Shareholders' equity, owners of the Parent Company</b>	<b>328</b>	<b>1,151</b>	<b>426</b>
Non-controlling interests	39	37	42
<b>Total Shareholders' equity</b>	<b>367</b>	<b>1,188</b>	<b>468</b>
<b>Non-current liabilities</b>			
Borrowing	9	1,303	10
Convertible bond	223	293	216
Deferred tax liabilities	144	164	164
Pension obligations	469	452	428
Provisions	5	5	5
Other non-current liabilities	0	-	0
<b>Total non-current liabilities</b>	<b>850</b>	<b>2,217</b>	<b>823</b>
<b>Current liabilities</b>			
Accounts payable - trade	41	81	52
Current tax liabilities	0	0	12
Prepaid revenues	434	502	449
Other current liabilities	232	234	248
Provisions	6	24	9
Borrowing	1,470	171	1,444
<b>Total current liabilities</b>	<b>2,183</b>	<b>1,012</b>	<b>2,214</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>3,400</b>	<b>4,417</b>	<b>3,505</b>

## Consolidated statement of changes in equity

SEK M	Share Capital	Additional paid in capital	Reserves	Retained earnings	Total equity, owners of the Parent Company	Non-controlling interest	Total equity
<b>Opening balance, January 1, 2016</b>	<b>477</b>	<b>5,517</b>	<b>-491</b>	<b>-4,384</b>	<b>1,119</b>	<b>39</b>	<b>1,158</b>
Total comprehensive income	-	-	84	-52	32	2	34
Dividend non-controlling interest	-	-	-	-	-	-4	-4
<b>Closing balance, March 31, 2016</b>	<b>477</b>	<b>5,517</b>	<b>-407</b>	<b>-4,436</b>	<b>1,151</b>	<b>37</b>	<b>1,188</b>
<b>Opening balance, January 1, 2016</b>	<b>477</b>	<b>5,517</b>	<b>-491</b>	<b>-4,384</b>	<b>1,119</b>	<b>39</b>	<b>1,158</b>
Total comprehensive income	-	-	163	-899	-736	11	-725
Conversion of convertible bonds	54	36	-	-	90	-	90
Warrant incentive program	-	1	-	-	1	-	1
Dividend on preference shares	-	-	-	-48	-48	-	-48
Dividend non-controlling interest	-	-	-	-	-	-8	-8
<b>Closing balance, December 31, 2016</b>	<b>531</b>	<b>5,554</b>	<b>-328</b>	<b>-5,331</b>	<b>426</b>	<b>42</b>	<b>468</b>
<b>Opening balance, January 1, 2017</b>	<b>531</b>	<b>5,554</b>	<b>-328</b>	<b>-5,331</b>	<b>426</b>	<b>42</b>	<b>468</b>
Total comprehensive income	-	-	-1	-97	-98	0	-98
Dividend non-controlling interest	-	-	-	-	-	-3	-3
<b>Closing balance, March 31, 2017</b>	<b>531</b>	<b>5,554</b>	<b>-329</b>	<b>-5,428</b>	<b>328</b>	<b>39</b>	<b>367</b>

## Consolidated statement of cash flows

SEK M	Jan-Mar 2017	Jan-Mar 2016	Apr-Mar 2016/17	Jan-Dec 2016
<b>Operating income</b>	<b>-45</b>	<b>81</b>	<b>-790</b>	<b>-664</b>
<b>Adjustments for</b>				
Depreciation, amortization and impairment	100	55	1,137	1,092
Capital gain/loss and other non-cash items	-8	-45	-34	-71
Financial items, net	-20	-20	-101	-101
Income tax paid	-7	-11	-10	-14
<b>Cash flow from operating activities before changes in working capital</b>	<b>20</b>	<b>60</b>	<b>202</b>	<b>242</b>
Changes in working capital	-10	5	-40	-25
<b>Cash flow from operating activities</b>	<b>10</b>	<b>65</b>	<b>162</b>	<b>217</b>
Acquisitions/divestments of Group companies and other assets	-	1	0	1
Investments in non-current assets, net	-8	-17	-84	-93
<b>Cash flow from investing activities</b>	<b>-8</b>	<b>-16</b>	<b>-84</b>	<b>-92</b>
Proceeds from borrowings	25	-	49	24
Repayment of borrowings	-	-	-86	-86
Long-term investments	-11	-	-67	-56
Dividend on preference shares	-12	-12	-48	-48
Dividend non controlling interests	-	-	-8	-8
Warrant incentive program	-	-	1	1
<b>Cash flow from financing activities</b>	<b>2</b>	<b>-12</b>	<b>-159</b>	<b>-173</b>
<b>Cash flow for the period</b>	<b>4</b>	<b>37</b>	<b>-81</b>	<b>-48</b>
<b>Cash and cash equivalents at start of period</b>	<b>48</b>	<b>91</b>	<b>130</b>	<b>91</b>
Cash flow for the period	4	37	-81	-48
Exchange rate differences in cash and cash equivalents	-1	2	2	5
<b>Cash and cash equivalents at end of period</b>	<b>51</b>	<b>130</b>	<b>51</b>	<b>48</b>

## Parent Company accounts

### Income statement

	Jan-Mar	Jan-Mar	Apr-Mar	Jan-Dec
SEK M	2017	2016	2016/17	2016
<b>Operating revenue</b>	<b>5</b>	<b>6</b>	<b>22</b>	<b>23</b>
Administration costs	-21	-17	-91	-87
Other income/costs	0	1	1	2
<b>Operating income</b>	<b>-16</b>	<b>-10</b>	<b>-68</b>	<b>-62</b>
Financial items, net	25	-17	-1,951	-1,993
Appropriations, Group contributions received	-	-	76	76
<b>Income before tax</b>	<b>9</b>	<b>-27</b>	<b>-1,943</b>	<b>-1,979</b>
Income tax	7	6	13	12
<b>Net income</b>	<b>16</b>	<b>-21</b>	<b>-1,930</b>	<b>-1,967</b>

Eniro AB has during Q2 and Q4 2016 written down shares in subsidiaries amounting to SEK 1,985 M.

### Balance sheet

	Mar. 31	Mar. 31	Dec. 31
SEK M	2017	2016	2016
Non-current assets	2,539	4,417	2,519
Current assets	163	291	185
<b>TOTAL ASSETS</b>	<b>2,702</b>	<b>4,708</b>	<b>2,704</b>
Shareholders' equity	581	2,469	565
Provisions	79	75	78
Non-current liabilities	2,021	2,096	2,014
Current liabilities	21	68	47
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>2,702</b>	<b>4,708</b>	<b>2,704</b>

## Notes to the consolidated accounts

### Note 1 Accounting policies

This interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations, as endorsed by the European Union (EU). A detailed description of the accounting policies applied by Eniro can be found in the 2016 Annual Report, Note 1, Accounting Policies. The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting

A number of new standards have been published but not yet come into force, including IFRS 15 Revenue from Contracts with Customers. IFRS 15 regulates revenue recognition and is based on the principle that revenue is recognized when the customer gains control over the sold product or service – which replaces the principle that revenue is recognized when the risks and rewards have been transferred to the buyer. IFRS 15 takes effect on January 1, 2018, and prospective application is allowed.

The Group is currently evaluating the effects of the standard and has identified the following areas that likely will be affected:

- The new rules may lead to the identification of separate performance obligations, which may affect the point in time of revenue recognition. Some of Eniro's services contain components for which revenue is recognized at different points in time, which according to the new rules may constitute the same performance obligation.
- Payment from customers is allocated to the services based on relatively independent sales prices rather than on the residual value method. This may affect the amounts allocated to the services and the point in time at which some of the revenue is recognized.
- Recognition of certain costs (cost to obtain a contract) may be changed, as certain costs that were previously expensed, such as sales bonuses, may be recognized as an asset.

At present the Group cannot estimate the new rules' quantitative impact on the financial statements. The Group will conduct a more detailed evaluation in the coming year.

### 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 Digital solutions (formerly User and Customer Experience), 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		Other		Total	
	Jan-Mar 2017	Jan-Mar 2016	Jan-Mar 2017	Jan-Mar 2016	Jan-Mar 2017	Jan-Mar 2016	Jan-Mar 2017	Jan-Mar 2016
<b>SEK M</b>								
<b>Operating revenue</b>								
Sweden	132	176	31	43	-	-	163	219
Norway	111	116	10	11	-	-	121	127
Denmark	59	68	-	-	-	-	59	68
Finland	-	-	35	37	-	-	35	37
Poland	52	53	-	-	-	-	52	53
<b>Total</b>	<b>354</b>	<b>413</b>	<b>76</b>	<b>91</b>	<b>-</b>	<b>-</b>	<b>430</b>	<b>504</b>
<b>Adjusted EBITDA</b>	<b>56</b>	<b>96</b>	<b>15</b>	<b>28</b>	<b>-15</b>	<b>-5</b>	<b>56</b>	<b>119</b>
Items affecting comparability <sup>1)</sup>	-	18	-	-	-1	-1	-1	17
<b>EBITDA</b>	<b>56</b>	<b>114</b>	<b>15</b>	<b>28</b>	<b>-16</b>	<b>-6</b>	<b>55</b>	<b>136</b>
Depreciation/amortization	-99	-54	-1	-1	0	-	-100	-55
<b>Operating income</b>	<b>-43</b>	<b>60</b>	<b>14</b>	<b>27</b>	<b>-16</b>	<b>-6</b>	<b>-45</b>	<b>81</b>
Net financial items							-36	-84
Taxes							19	1
<b>Net income for the period</b>							<b>-62</b>	<b>-2</b>

<sup>1)</sup> Items affecting comparability consist of restructuring costs. 2016 also includes a non-recurring effect of pensions and a closure cost.

### 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.

#### 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.

	Jan-Mar	Jan-Mar	Apr-Mar	Jan-Dec
SEK M	2017	2016	2016/17	2016
Earnings attributable to owners of the Parent Company	-63	-3	-929	-869
Dividend established for cumulative preference shares during the period	-12	-12	-48	-48
<b>Earnings used for calculating earnings per ordinary share, before dilution</b>	<b>-75</b>	<b>-15</b>	<b>-977</b>	<b>-917</b>
Coupon rate for convertible bonds	3	4	14	15
<b>Earnings used for calculating earnings per ordinary share, after dilution</b>	<b>-72</b>	<b>-11</b>	<b>-963</b>	<b>-902</b>
Earnings per ordinary share before dilution, SEK	-0.14	-0.03	-1.94	-1.88
after dilution, SEK	-0.14	-0.03	-1.94	-1.88
Average number of ordinary shares after deduction of treasury shares				
before dilution, 000s	528,384	474,538	502,422	488,961
after dilution, 000s	682,080	662,230	656,118	642,657
Preference shares on closing date, 000s	1,000	1,000	1,000	1,000

### Note 4 Financial instruments by category

Assets and liabilities on the balance sheet	Mar. 31	Mar. 31	Dec. 31
SEK M	2017	2016	2016
<b>Loans and accounts receivables</b>			
<b>Non-current assets</b>			
Interest-bearing receivables, blocked bank funds	200	133	189
<b>Current assets</b>			
Accounts receivable - trade and other receivables	202	256	222
Cash and cash equivalents	51	130	48
<b>TOTAL</b>	<b>453</b>	<b>519</b>	<b>459</b>
<b>Other financial liabilities</b>			
<b>Non-current liabilities</b>			
Borrowing	0	1,303	0
Convertible bond	223	293	216
Finance lease	9	-	10
<b>Current liabilities</b>			
Borrowing	1,468	171	1,442
Finance lease	2	-	2
Accounts payable - trade	41	81	52
<b>TOTAL</b>	<b>1,743</b>	<b>1,848</b>	<b>1,722</b>

## Not 5 Events after the balance sheet date

On April 3 Eniro announced a recapitalization plan that has been drawn up in close cooperation with the Company's lending banks.

The recapitalization entails a changed capital structure, a new loan agreement, amortization of bank loans and the set-off of bank loans against ordinary shares ("the recapitalization"). The Board of Directors has recommends that the Annual General Meeting vote in favor of making an offer to preference shareholders and convertible bondholders to exchange their holdings for newly issued ordinary shares ("the exchange offers").

The proposed recapitalization has been guided by the aim to create a balanced proposal for the respective equity holders while at the same time providing the Company with a long-term sustainable capital structure with a level of debt that is aligned with the Company's new business plan and future earnings capacity.

Holders of preference shares are offered to exchange these for ordinary shares, whereby each preference share is assigned a value of SEK 400, which corresponds to 100% of the subscription price when the preference shares were issued, and 83% of the value of the preference shares entitled to over ordinary shares in the event of liquidation. Holders of convertibles are offered to set-off these holdings against new issued ordinary shares, whereby each convertible is assigned a value corresponding to 90% of the nominal amount. The settlement price of SEK 0.31 (31 öre) for the Company's ordinary shares corresponds to the volume-weighted average market price for Eniro's ordinary shares during the period March 20 through March 31, according to Nasdaq Stockholm AB's official price list.

The exchange offers are conditional upon acceptance by preference shareholders who together own at least 95% of all preference shares as well as by convertible bondholders who together hold at least 95% of the outstanding debt amount.

After the exchange offers have been completed, a new issue of SEK 275 M in ordinary shares will be carried out with preferential rights for the Company's existing ordinary shareholders. The subscription price for the new issue shall be set at a 30% discount based on a theoretical price after the completed new issue, based on the lower of (i) SEK 0.31 (31 öre) or (ii) a volume-weighted average price during the ten trading days that follow the Company's public announcement that the exchange offers are carried out.

The proceeds from the new issue shall be used to amortize bank loans, where the lending banks write off an equal amount of bank loans, up to SEK 275 M. Provided that the new issue is fully subscribed through cash payment, bank loans will thereby decrease by SEK 550 M.

Ordinary shares not subscribed for with the support of warrants will be offered to other ordinary shareholders and others for subscription at the same subscription price, and in the event of an allotment to others than ordinary shareholders, allotment will be made primarily to existing holders of preference shares and convertibles.

Ordinary shares not subscribed for by others in the new issue will be subscribed by the lending banks, with payment through set-off against bank loans.

After the requisite acceptance level has been achieved in the Exchange Offers, the lending banks will subscribe for new ordinary shares in the Company with payment through the set-off of SEK 150 M in bank loans.

In addition to the decrease in bank loans by SEK 700 M, the Company's interest-bearing liabilities will decrease by an additional SEK 216 M if all convertible bondholders accept the Exchange Offer. The costs for the Recapitalization amount to approximately SEK 88 M, net, of which advisory costs for the lending banks and the Company account for SEK 70 M, which will be financed by bank loans. Eniro's total interest-bearing debt will thus decrease by a total of approximately SEK 828 M, of which SEK 612 M consists of bank loans.

To avoid a situation in which the lending banks together will become the dominant shareholder in terms of the votes, the shares that the banks subscribe for initially (SEK 150 M) and in the possible, concluding complementary set-off issue, will have one-tenth (1/10) of a vote. These shares can be converted to shares with one (1) vote each, which will take place in connection with future sales of shares.

## Condensed balance sheet pro forma after capitalization

SEK M	Dec 31 2016	Recapital- ization	Proforma Dec 31 2016
Non-current assets	3,122		3,122
Current assets, excl cash equivalents	335		335
Cash and cash equivalents	48		48
<b>Total assets</b>	<b>3,505</b>	<b>0</b>	<b>3,505</b>
Shareholders equity	468	848	1,316
Borrowing	1,454	-612	842
Convertible bond	216	-216	0
Other non-current liabilities	597	-20	577
Other current liabilities	770	0	770
<b>Total equity and liabilities</b>	<b>3,505</b>	<b>0</b>	<b>3,505</b>
Net debt / EBITDA 2016, times	2.8		1.4
Debt/equity ratio, %	13 %		38 %

This pro forma balance sheet is based on a number of assumptions that may deviate from the actual outcome. The estimated cost for the recapitalization is assumed to be recognized against borrowing and shareholders' equity. How these costs are recognized depends on the final outcome of the recapitalization.

Under the condition that the exchange offers are accepted to the requisite extent, the Company has negotiated with the lending banks on improved loan terms. Such a new loan agreement would grant the Company a fixed credit and a revolving credit facility. The term for such a loan agreement would apply for the period until the end of 2020 and would entail, among other things, a lower interest rate, amortization in 2017 and 2018 adapted to the Company's liquidity surplus, including a cash sweep with a certain, minimum level of amortization in 2018, and then a gradually increased rate of amortization that is aligned with the Company's new business plan. In addition, the key ratio requirements will be adjusted and adapted to the new business plan.

A new loan agreement is an integral part of the recapitalization and is contingent upon completion of the recapitalization. Until then, an extended deferment is in effect under the standstill agreement. In the event the Annual General Meeting does not adopt the required resolutions regarding the recapitalization or if the required acceptance of the exchange offers cannot be achieved, no new loan agreement will come into effect. At the same time, the standstill agreement will end. As a consequence of this, the Company will not be able to honor its loan obligations. The Board of Directors will then file for a company reorganization in district court, which will likely entail a total loss for Eniro's ordinary shareholders, preferred shareholders and convertible bondholders.

For further information, see the press release "Eniro presents recapitalization plan" from April 3, 2017, at [www.enirogroup.com](http://www.enirogroup.com).

## Key ratios

	Mar. 31 2017	Mar. 31 2016	Dec. 31 2016
Equity, average 12 months, SEK M	434	1,166	624
Return on equity (ROE), 12 months, %	-214.1	-94.3	-139.3
Return on Assets (ROA), 12 months, %	-22.4	-20.1	-18.8
Earnings per ordinary share before dilution, SEK	-0.14	-0.03	-1.88
Earnings per ordinary share after dilution, SEK	-0.14	-0.03	-1.88
Interest-bearing net debt excluding convertible bond and pension obligations, SEK M	-1,228	-1,211	-1,217
Debt/equity ratio, times	3.35	1.02	2.60
Equity/assets ratio, %	11	27	13
Interest-bearing net debt excluding convertible bond and pension obligations/EBITDA 12 months, times	3.5	2.8	2.8
Interest-bearing net debt excluding convertible bond and pension obligations/adjusted EBITDA, times	3.3	2.6	2.8
Average number full-time employees	1,617	1,837	1,662
Number of full-time employees on closing date	1,578	1,796	1,656
Number of ordinary shares before dilution on closing date after deduction of treasury shares, 000s	528,384	474,538	528,384
Number of ordinary shares after dilution on closing date after deduction of treasury shares, 000s	682,080	662,230	682,080
Number of preference shares on closing date, 000s	1,000	1,000	1,000

## Key ratios per share

	Mar. 31 2017	Mar. 31 2016	Dec. 31 2016
Equity per share, SEK	0.62	2.42	0.80
Share price for ordinary shares at end of period, SEK	0.33	0.79	0.25

## 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
<b>Earnings per ordinary share for the period before dilution</b>	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.	$(\text{Income for the period attributable to owners of the Parent Company} - \text{the portion of the approved dividend for the period for preference shares}) / (\text{Average number of ordinary shares before dilution}) \times 1,000$
<b>Earnings per ordinary share for the period after dilution</b>	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.	$(\text{Income for the period attributable to owners of the Parent Company} - \text{the portion of the approved dividend for the period for preference shares} + \text{interest expenses after tax pertaining to the convertible bond}) / (\text{Average number of ordinary shares after full conversion}) \times 1,000$
<b>Average number of ordinary shares before dilution</b>	The average number of ordinary shares outstanding, excluding treasury shares.	$(\text{Average number of ordinary shares outstanding, excluding treasury shares, per quarter (CB+OB)} / 2 \text{ for the four last quarters}) / 4$
<b>Average number of ordinary shares after dilution</b>	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.	$((\text{Average number of ordinary shares outstanding, excluding treasury shares, (CB+OB)} / 2 \text{ for the four last quarters}) / 4) + (\text{Adjustment for full conversion of all potential ordinary shares in the convertible bond and warrant program})$

### Financial non-IFRS measures

Name	Definition	Calculation	Purpose
<b>Return on shareholders' equity (%)</b>	Moving 12-month earnings attributable to owners of the Parent Company divided by average shareholders' equity	$(\text{Moving 12-month earnings attributable to owners of the Parent Company}) / (\text{Average shareholders' equity})$	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
<b>Return on total assets (%)</b>	Moving 12-month operating income and financial income less exchange rate losses on financial items divided by average total assets	$(\text{Moving 12-month operating income} + \text{financial income} - \text{exchange rate losses on financial items}) / (\text{Average total assets}) \times 100$	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
<b>EBITDA</b>	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

## Financial non-IFRS measures, cont.

Name	Definition	Calculation	Purpose
<b>EBITDA margin (%)</b>	EBITDA divided by operating revenue	$(\text{EBITDA} / \text{Operating revenue}) \times 100$  See "Calculation of EBITDA margin"	EBITDA in relation to operating revenue is used to measure the profitability of operations and shows the Group's cost effectiveness
<b>Shareholders' equity per share</b>	Shareholders' equity attributable to owners of the Parent Company divided by the number of shares at the end of the period, excluding treasury shares	$(\text{Shareholders' equity attributable to owners of the Parent Company}) / (\text{Number of shares at the end of the period, excluding treasury shares}) \times 100$	Shareholders' equity per share measures the Group's net value per share
<b>Adjusted EBITDA</b>	EBITDA excluding restructuring costs and other items affecting comparability	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
<b>Adjusted EBITDA margin (%)</b>	Adjusted EBITDA divided by operating revenue	$(\text{Adjusted EBITDA} / \text{Operating revenue}) \times 100$	Adjusted EBITDA in relation to operating revenue shows a more comparable measure of the profitability of operations and the Group's cost effectiveness
<b>Operating cash flow</b>	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
<b>Interest-bearing net debt excluding convertible bond and pension obligations</b>	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. This measure is reported on a regular basis to lenders
<b>Interest-bearing net debt excluding convertible bond and pension obligations/EBITDA</b>	Interest-bearing net debt excluding convertible bond and pension obligations/EBITDA	$(\text{Interest-bearing net debt excluding convertible bond and pension obligations}) / (\text{EBITDA}, 12 \text{ months})$ . 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
<b>Debt/equity ratio</b>	Interest-bearing net debt excluding the convertible bond and pension obligations divided by shareholders' equity, including non-controlling interests	$(\text{Interest-bearing net debt excluding the convertible bond and pension obligations}) / (\text{Total shareholders' equity})$	The debt/equity ratio measures the extent to which the Group is financed by debt
<b>Equity/assets ratio (%)</b>	Shareholders' equity including non-controlling interests divided by total assets	$(\text{Total shareholders' equity}) / (\text{Total assets})$	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)
<b>Total operating expenses</b>	Costs for production, sales, marketing, administration and product development, excluding depreciation, amortization and impairment losses	See "Reconciliation of operating expenses"	
<b>Average total assets</b>	Total assets for the last four quarters divided by four	$(\text{Total assets for the last four quarters}) / 4$	
<b>Average shareholders' equity</b>	Average shareholders' equity attributable to owners of the Parent Company per quarter, based on the opening and closing balance for each quarter	$(\text{Average shareholders' equity attributable to owners of the Parent Company per quarter (OB+CB)}) / 2$ for the last four quarters/4	

## Other measures

Name	Definition	Calculation	Purpose
<b>Average number of full-time employees</b>	Calculated as the average number of full-time employees at the start and end of the year	(Average number of full-time employees at the start and end of the year)/2	

## Reconciliation Financial non-IFRS measures

## Reconciliation of operating income and adjusted EBITDA

SEK M	Jan-Mar 2017	Jan-Mar 2016	Apr-Mar 2016/17	Jan-Dec 2016
<b>Operating income</b>	-45	81	-790	-664
+ Depreciation/amortization	100	55	264	219
+ Impairment losses	-	-	873	873
= <b>Total EBITDA</b>	<b>55</b>	<b>136</b>	<b>347</b>	<b>428</b>
<b>Items affecting comparability</b>				
+ Restructuring costs	1	2	11	12
+ Other items affecting comparability	-	-19	19	0
= <b>Total adjusted EBITDA</b>	<b>56</b>	<b>119</b>	<b>377</b>	<b>440</b>

## Calculation of EBITDA margin

	Jan-Mar 2017	Jan-Mar 2016	Apr-Mar 2016/17	Jan-Dec 2016
EBITDA	55	136	347	428
÷ Operating revenue	430	504	1893	1967
= <b>EBITDA margin %</b>	<b>12.8</b>	<b>27.0</b>	<b>18.3</b>	<b>21.8</b>

## Calculation of adjusted EBITDA margin

	Jan-Mar 2017	Jan-Mar 2016	Apr-Mar 2016/17	Jan-Dec 2016
Adjusted EBITDA	56	119	377	440
÷ Operating revenue	430	504	1893	1967
= <b>Adjusted EBITDA margin %</b>	<b>13.0</b>	<b>23.6</b>	<b>19.9</b>	<b>22.4</b>

## Reconciliation of operating cost

SEK M	Jan-Mar 2017	Jan-Mar 2016	Apr-Mar 2016/17	Jan-Dec 2016
Production costs	-101	-106	-435	-440
+ Sales costs	-162	-178	-658	-674
+ Marketing costs	-86	-39	-241	-194
+ Administration costs	-61	-43	-263	-245
+ Product development costs	-67	-60	-222	-215
+ Deduction of depreciation	2	4	16	18
+ Deduction of amortization	98	51	248	201
= <b>Operation cost</b>	<b>-377</b>	<b>-371</b>	<b>-1,555</b>	<b>-1,549</b>

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

SEK M	Mar. 31 2017	Mar. 31 2016	Dec. 31 2016
Borrowing	-1,468	-1,474	-1,442
+ Finance lease	-11	-	-12
+ Other current interest-bearing receivables	0	0	0
+ Other non-current interest-bearing receivables <sup>1)</sup>	200	133	189
+ Cash and cash equivalents	51	130	48
= <b>Interest-bearing net debt excluding convertible bond and pension obligations</b>	<b>-1,228</b>	<b>-1,211</b>	<b>-1,217</b>
<sup>1)</sup> included in financial assets			

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

	Mar. 31 2017	Mar. 31 2016	Dec. 31 2016
- Interest-bearing net debt excluding convertible bond and pension obligations	-1,228	-1,211	-1,217
÷ EBITDA 12 month	347	426	428
= <b>Interest-bearing net debt excluding convertible bond and pension obligations/EBITDA 12 months, times</b>	<b>3.5</b>	<b>2.8</b>	<b>2.8</b>

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

	Mar. 31 2017	Mar. 31 2016	Dec. 31 2016
- Interest-bearing net debt excluding convertible bond and pension obligations	-1,228	-1,211	-1,217
÷ Adjusted EBITDA 12 month	377	469	440
= <b>Interest-bearing net debt excluding convertible bond and pension obligations/adjusted EBITDA 12 months, times</b>	<b>3.3</b>	<b>2.6</b>	<b>2.8</b>



**Eniro AB**  
P.O. Box 7044  
SE-164 40 Kista  
Sweden

Telephone  
+46 8 553 310 00  
E-mail  
info@eniro.com

Website  
www.enirogroup.com  
Corporate identity number  
556588-0936