



PRESS RELEASE 2000-12-13

Eniro announces two strategic acquisitions in Germany

*At 14.00 p.m today, Dec 13th, Eniro will arrange a **telephone conference** in English, where Eniros CEO Lars Guldstrand will be answering questions from media and analysts regarding the acquisitions. Please call the following number +46 8 562 137 29.*

- Eniro has acquired the German companies Windhager Mediengruppe and Wer liefert was? (WLW) for approximately SEK 840 million and SEK 1,070 million respectively
- Eniro's acquisition of two of the leading companies is an aggressive first move into Germany, a directory media market with a significant potential
- The acquisitions add approximately 25 percent to Eniro's revenue
- Germany will become Eniro's second largest market, after Sweden
- Through the acquisitions Eniro will become one of the largest providers of B2B information in Europe, and establish a firm platform for further expansion
- Windhager's revenue for the financial year 1999/2000 amounted to approximately SEK 370 million, with an operating income before depreciation and goodwill amortisation (EBITDA) of approximately SEK 70 million
- WLW's revenue for 2000 is forecasted to amount to approximately SEK 360 million with an operating income before depreciation and goodwill amortisation (EBITDA) of approximately SEK 70 million



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Eniro AB is Scandinavia's leading directory company, offline and online. The business has a turn over 2.6 billion SEK and employs 2000 people in nine countries. In total, Eniro supplies 700 catalogue titles, which achieve a circulation of 24 million copies. The number of visitors to Eniro's web sites during 2000 is estimated to reach about 15 million.

Eniro acquires leading German Yellow Page publisher

- Eniro has acquired the German Windhager Mediengruppe for approximately SEK 840 million
- Windhager is the market leader in the Württemberg and Leipzig areas
- Windhager's revenue for the financial year 1999/2000 amounted to approximately SEK 370 million, with an operating income before depreciation and goodwill amortisation (EBITDA) of approximately SEK 70 million
- Windhager represents an important platform for continued expansion. Eniro will take an active role in the development of the German market
- The German directory market has one of the highest potentials for growth in Europe. Directory advertising per capita is less than half of the Swedish level

The acquisition of Windhager Mediengruppe

Eniro AB ("Eniro") has acquired Windhager Mediengruppe ("Windhager"), currently owned by 18 private individuals. The purchase price amounts to approximately SEK 840 million (Euro 99 million) in cash, for a debt-free company.

The acquisition will be completed on January 1st, 2001 and after necessary approvals. Carnegie has been acting as Eniro's financial adviser.

Windhager

Windhager is Germany's seventh largest directory company. Based in Stuttgart (Baden-Württemberg) and also operating in Leipzig (Sachsen), Windhager has been a successful directory publisher for 70 years and is today a well-known company in the region.

Windhager's revenue was approximately SEK 370 million in the financial year 1999/2000, with an operating income before depreciation and goodwill amortisation (EBITDA) of approximately SEK 70 million. Windhager has a total of 247 staff, of which 71 are independent sales agents. Windhager's current product portfolio consists of 38 different directories with a total circulation of more than 5.8 million copies.

At present, there are some 175 directory publishers in Germany, whereof approximately ten larger. The majority of these cooperate with DeTeMedien, a subsidiary of Deutsche Telekom. The companies pay DeTeMedien a fee in return for access to certain brand names, databases, and distribution facilities, within specific geographic areas. There are also several independent companies competing with DeTeMedien.

The directory publishers cooperating with DeTeMedien have their own proprietary customer databases and are responsible for sales, billing and product development. All sales and customers activities are carried out in the name of the publishers.

Windhager, one of the larger companies, currently publishes local and regional directories for private individuals and companies (White Pages) as well as for companies (Yellow Pages) in Baden-Württemberg and in the Leipzig area, regions with a total population of approximately 11.5 million. The existing contracts between Windhager and DeTeMedien have been terminated. Windhager will continue to develop their products independently.

- We have high expectations of Eniro's ownership. Eniro's sales concept and Internet format, together with Windhager's experience offer considerable opportunities for further expansion in Germany, says Franz Ferdinand Kress, President of Windhager.

Acquisition rationale

The acquisition of Windhager will enable Eniro to establish an important bridge-head in Germany. Windhager is in a favourable position to benefit from the expected restructuring of the market.

Eniro has extensive experience in market development and will strengthen Windhager not only in terms of financing further expansion, but also in terms of product development, sales, services and distribution outlets, such as online services.

- The acquisition of Windhager is a strategically important step into the German directory market, which has a considerable growth potential. Eniro has previously achieved successes in several international markets through well-developed work and product concepts, says Lars Guldstrand, President and CEO, Eniro AB.

Financial effects of the acquisition

The acquisition is expected to have a neutral effect on earnings per share (before goodwill amortisation) already during 2001. The acquisition results in goodwill of approximately SEK 830 million. The goodwill will be amortised over 20 years and is expected to be tax deductible.



Eniro acquires leading European B2B publisher

- Eniro has acquired German Wer liefert was? (WLW) from the US-based SBC Communications Inc. for 1,070 million SEK
- WLW is one of Europe's leading companies in the area of B2B information, with market-leading positions in Germany and Austria as well as a market presence in a further 11 European countries
- WLW's revenue is forecasted to be approximately SEK 360 million with an operating income before depreciation and goodwill amortisation (EBITDA) of approximately SEK 70 million for the year 2000
- Through the acquisition Eniro will become one of the leading providers of B2B information in Europe, and establish a firm platform for further expansion
- The purchase price comprises a cash payment of approximately SEK 550 million plus a placement with SBC of newly issued shares in Eniro with a value of approximately SEK 520 million

The acquisition of Wer liefert was? GmbH

Eniro AB ("Eniro") has acquired all of the shares in Wer Leifert Was? GmbH ("WLW") from Ameritech International, a subsidiary of SBC Communications Inc. ("SBC"). The purchase price is SEK 1,070 million (EUR 125 million) for a cash and debt-free company. Payment will consist of SEK 550 million in cash plus SEK 520 million in the form of newly issued Eniro shares. At a recent extraordinary shareholders meeting the Board was given the authority to issue new shares to be used for acquisition, without calling for a new shareholders meeting. The number of shares to be issued will be calculated according to the average price paid during a period of twenty trading days from the middle of January to the middle of February. In any subsequent sale of the SBC's Eniro-shares, SBC has agreed to conduct such sale in an orderly manner.

The acquisition will be completed on December 31st, 2000 and after necessary approvals. Carnegie has been acting as Eniro's financial adviser.

WLW

WLW operates in 13 countries and have market-leading positions in the B2B sector in Germany and Austria. About 75 percent of WLW's revenue derives from the German market. WLW has been an early adapter of new technology. Online services using the Internet were introduced in 1995. During 2000 the company moved from printed directories to information solely on CD-ROM and over the Internet. Advertising income from online business is expected to constitute 60 percent of WLW's revenues in 2001.

WLW was founded in Hamburg in 1948 and was privately owned until 1990, when it was acquired by Ameritech. In 1999, SBC acquired Ameritech and WLW became a subsidiary of SBC.

WLW's market consists primarily of small and medium-sized companies with a particular emphasis on the manufacturing industry. WLW is forecasting revenues of approximately SEK 360 million during 2000 and to record an operating income before depreciation and goodwill amortisation (EBIDTA) of SEK 70 million. WLW has 210 employees as well as 140 independent sales agents. WLW's database, containing 350,000 companies, is searchable in nine languages.

-We welcome Eniro as the new owner. Eniro's sales concept and Internet format, together with WLW's market experience complement each other very well and offer considerable opportunities for further expansion both internationally, and within our existing markets, say Andrew Pylyp and Peter Schulze, joint managing directors of WLW, in a combined statement.

Acquisition rationale

With the acquisition of WLW, Eniro becomes one of Europe's largest directory producers within B2B information. The acquisition is an important step in Eniro's strategy of becoming one of the leading companies in both on- and off-line directory information in Europe. Eniro's investment in B2B services has so far been very successful and this acquisition puts Eniro in a strong position for continued growth in this area. The German directory market offers a great potential, both for offline and online services – areas in which Eniro already has a solid presence.

-The acquisition is an important entry into the German market and constitutes a platform for Eniro's continued European investment in B2B. Eniro and WLW complement each other in terms of products and services, but also in terms of their markets, says Lars Guldstrand, President and CEO of Eniro AB.

Financial effects of the acquisition

The acquisition results in goodwill of approximately SEK 1,030 million that will be amortised over 20 years. A slightly negative effect on Eniro's earnings per share (exclusive of goodwill amortisation) is expected during 2001 primarily due to certain restructuring costs that are designed to strengthen the company's continued online growth. However, the acquisition is expected to enhance earnings per share, before goodwill amortisation, from year 2002.

Fact sheet

Eniro

Eniro is Scandinavia's largest supplier of off- and online directory services. The company was listed on the Stockholm Exchange O-list on the 10th of October 2000. Eniro's portfolio of about 700 printed directory publications a year consists of local directories (Din Del), regional directories (Yellow Pages) and B2B directories (Emfas). Eniro delivers directories and services both offline (printed and CD-ROM) and online (fixed and mobile Internet, voice telephony and other interactive media). Eniro operates in nine countries with a workforce of just over 2000 people, of whom 500 are in Sweden.

During the third quarter of 2000 Eniro's revenues increased by 17 percent in comparison with the equivalent period last year, and amounted to SEK 1,612 million. Revenues from online business amounted to SEK 279 million, which represents an increase of 136 percent.

Eniro's business is to create market places where buyers and sellers can connect and do business. During 1999, 1 billion searches were made in Sweden alone on Eniro's market places, which facilitated trade with a value exceeding SEK 300 billion.

Eniro has successfully offered its products and services in the Swedish, Finnish, Danish and East European markets. This has been done both through acquisitions and through green-field investments.

Eniro has achieved a strong and competitive position in almost all of its geographical markets and has a clear leading position in the Swedish directory advertisement market (based on the share of advertising revenues). In 1999, Eniro gained 11 percent of the total advertisement market and 34 percent of the total Internet advertisement market, resulting in Eniro being Sweden's largest operator in Internet advertising.

Eniro holds a strong position in the Danish and Finnish directory markets with an estimated 22 percent share of the Danish market and 31 percent of the Finnish market. Eniro is a leading supplier of directory information in key geographical regions in the Baltic countries (Estonia, Latvia and Lithuania) and also in a number of other Eastern European countries (Russia, Belarus and the Ukraine).

Eniro's competitive advantages comprise among others:

Diversified product lines

A broad product portfolio with directories targeted at segments based on specific market segments, based on geographic area (local, regional, national or international) and user profile (consumer or business)

Broad range of media channels

Eniro provides advertisers with the opportunity to choose the most efficient combinations of means of delivery, offline (print and CD-rom) or online (Internet, voice, mobile, etc.), in order to reach prospective buyers.

Well-known brand names

Brand recognition is important in achieving success in the directory business and Eniro has several well-known brand names, including Yellow Pages, Din Del, Emfas, Mostrup, Kontakt and Yritysteile.

Strong customer relationships

Eniro has a strong relationship with its advertisers, and has succeeded in keeping an established base of advertisers – the renewal rate for the Yellow pages operation in Sweden accounted to 95 percent in 1999.

Documented success in applying new technology

Eniro has achieved a prominent position when it comes to the development of online services. Along with other services, the company has offered new services such as MPS (Mobile Positioning System), by means of which Eniro is the first directory company in Europe to launch geographic based yellow pages content to mobile phones.

Facts about the directory advertising market

The traditional German advertising market has grown by over 5 percent per year during recent years. This rate of growth is expected to continue.

The directory advertising market has grown by 3 percent per year between 1994 and 1998. The German directory advertising market amounts to approximately SEK 10.5 billion, which is equivalent to about six percent of the country's total advertising market. In relative terms, the German directory advertising market therefore has among the lowest proportion of the total advertising market of the leading Western countries. There is consequently considerable large growth potential.

The Swedish and German advertising and directory advertising markets 1999

	Sweden	Germany
Population (million)	8.9	82.8
Advertising market (USD million) ¹⁾	2 000	20 493
Directory advertising market (USD million) ³⁾	287	1 233
Directory advertising's share of the advertising market ²⁾	14.6%	6.0 %
Advertising market per capita (USD)	225	248
Directory advertising market per capita (USD) ³⁾	32.3	14.9
Internet advertising market (USD million)	66.3	39.8

Sources:

1) Estimates made by Zenith

2) Simba 1999

3) IRM

4) VDAV (Verband Deutsche AdressbuchVerleger)

(1DM = 0.51 USD 31/12/1999)
