

Eniro AB - Interim Report January-September 2000

Continued strong revenue and profit growth

- **Eniro was listed on OMSE on October 10, 2000, at which time Telia divested a majority of its holding**
- **Revenues rose by 17% to SEK 1,612 million (1,377)**
- **Continued strong On-line development in terms of both revenues and use. Revenues from On-line operations amounted to SEK 279 million (118), up 136%**
- **Operating income (EBITA) increased by 30% to SEK 326 million (250)**
- **The CONTACT directory has been launched in Copenhagen**

Market

The markets in which Eniro operates continue to show solid economic growth. Favorable market conditions and strong demand led to growth for Eniro's traditional Off-line directory business and for its On-line operations.

GDP growth for 2000 is expected to be between 4 and 5% in Sweden and Finland. A somewhat lower growth rate is expected in Denmark. All of the markets in Eastern Europe experienced weaker economic growth during the past few years, largely related to the downturn in the Russian economy. Recently, economic conditions have stabilized in Eastern Europe, where the Baltic States have recovered quickly, with a growth rate of 3–5% expected this year. A favorable trend has also been noted in Russia, where growth of approximately 6–7% is estimated for 2000.

The economic trend in the Nordic region is having a positive effect on the advertising market, both in the traditional media market for printed directories and in the Internet advertising market. In Eastern Europe, however, the economic upswing during the period had no impact on earnings for the first nine months, due to a time lag between order and publication.

Competition continues to be intense in the markets for both Off-line and On-line products.

Operations

Eniro continues to develop well and its revenues grew by 17% during the period, compared with the corresponding period of the preceding year. Operations in Sweden accounted for 71% of total revenues during the period. Denmark accounted for 13%, Finland for 7% and the Baltic States & Eastern Europe for 5%, while other markets accounted for the remaining 4%.

Eniro launched CONTACT, the new universal Yellow Pages directory, in Copenhagen during the period.

Strategic initiatives in the form of market investments in Copenhagen, Helsinki and Moscow had a negative impact on operating income compared with the year-earlier period. These initiatives will primarily start to generate revenues as of 2001.

As of June 30, Eniro AB acquired virtually all of Telia's directory business. In connection with this and as part of preparations for the IPO, a new legal structure was created. As a consequence of Eniro's demerger from Telia, a review of the Company's brands was initiated during the period.

Sales and earnings

Revenues increased by 17% to SEK 1,612 million (1,377) during the period. This increase was attributable to a rise in advertising sales, primarily in Sweden where revenues from On-line operations grew by 178% to SEK 222 million (80), while revenues from Swedish Off-line operations rose by 8% to SEK 929 million (863).

Due to seasonal variations affecting Eniro's operations, the third quarter of a year is traditionally weaker than the second and fourth quarters, a factor that had an adverse impact on both revenues and earnings during the third quarter.

Compared with third quarter of 1999A has a shift in publication dates for some directories, primarily in Swedish had a negative impact on revenue of approximately SEK 25 million on third quarter this year.

Operating income before goodwill amortization (EBITA) increased by 30% to SEK 326 million (250) and the Operating margin (EBITA margin) rose by 2% units to 20% (18).

A comparison of operating income during the third quarter of 2000 with the year-earlier period shows that income rose sharply in Sweden, while Danish and Finnish operations reported declines during the quarter.

In total, the third quarter of 2000 was charged with additional costs amounting to slightly more than SEK 60 million. The earnings dip in Denmark during the period was due to considerable market investments, attached to the launch of directory in the Copenhagen area. During the quarter, Finnish operations were charged with costs for marketing activities that were mainly related to new products, including On-line operations.

Operating income includes SEK 18 million pertaining to a refund of pension contributions from the SPP Pension Company (Sweden), an amount that was booked among other revenues during the period.

Operating cash flow

Operating cash flow before financial items and taxes for the 9-month period amounted to SEK 657 million (451). The main reasons for the strong cash flow were the favorable operating income before goodwill amortization (EBITA), which amounted to SEK 326 million (250), and a reduction in the Group's working capital by SEK 364 million (-183).

Financial position

As of September 30 the equity/asset ratio was 40%. Return on equity for the twelve-month period ended September 30, 2000 was 33%.

The Group's net financial debt amounted to SEK 430 million on September 30, 2000. Net investments during the period amounted to SEK 53 million, including SEK 20 million for a number of minor acquisitions in Denmark.

Personnel

The number of employees at the end of the period was 2,041, an increase of 144 compared with September 30, 1999. Of the total, 559 (613) were employed in Swedish operations.

Outlook for the full year

We expect a continued strong advertising market in the market in which we operate. Eniro holds a strong position in these markets and the outlook is good for ongoing healthy growth in line with the directory advertising market.

Pro forma information

In this report, the financial information for the Eniro Group is presented pro forma and is mainly based on the Group structure that is scheduled to be fully implemented during the first quarter of 2001.

Detailed information about the basis for the pro forma adjustments is available in the prospectus prepared in conjunction with Eniro's IPO on the OM Stockholm Exchange. The prospectus can be ordered from Eniro and is also available on www.eniro.com.

The Eniro Group's financial position and third-quarter results based on its legal structure are shown separately at the end of this report.

Significant events after the end of the report period

Eniro was listed on the OMSE on October 10, 2000, at an initial price of SEK 84 per share.

An Extraordinary General Meeting will be held on November 21 to address an employee warrant program and the authorization of the Board of Directors to make decisions regarding the issue of new shares in a maximum amount of 10% of the share capital to be used in connection with future acquisitions.

Stockholm November 9, 2000

Lars Guldstrand

President and CEO

Auditor's Review Report

We have reviewed this interim report in accordance with recommendations issued by the Swedish Institute of Authorized Public Accountants. A review is substantially limited in scope in comparison to an audit. Nothing has come to our attention that indicates that this interim report fails to comply with the requirements of the Swedish Securities Exchange Act or the Swedish Annual Accounts Act.

Stockholm November 9, 2000

Ernst & Young AB

Consolidated Income Statement - Pro Forma

Amounts in SEK million

	Jan-Sep 2000	Jan-Sep 1999	Jul-Sep 2000	Jul-Sep 1999	Oct-Sep 1999/2000	Jan-Dec 1999
Operating Revenues ¹⁾						
Gross operating revenue	1 738	1 478	392	338	3 092	2 832
Excise duty	(126)	(101)	(31)	(21)	(208)	(183)
Operating revenue	1 612	1 377	361	317	2 884	2 649
Expenses:						
Production expenses	(438)	(398)	(132)	(130)	(803)	(763)
Sales expenses	(469)	(363)	(108)	(80)	(729)	(623)
Marketing expenses	(149)	(83)	(59)	(28)	(201)	(135)
Administration expenses	(226)	(259)	(79)	(80)	(308)	(341)
Product development expenses	(28)	(21)	(12)	(9)	(43)	(36)
Other revenue/expenses	24	(3)	3	2	21	(6)
Operating Income before amortization of goodwill	326	250	(26)	(8)	821	745
Amortization of historical goodwill ²⁾	(38)	(38)	(14)	(12)	(51)	(51)
Amortization of reorganization goodwill ³⁾	(57)	(58)	(19)	(20)	(76)	(77)
Operating Income after amortization of goodwill	231	154	(59)	(40)	694	617
Net Financial Items ⁴⁾	(19)	(20)	(6)	(7)	(26)	(27)
Income before taxes and minority interest	212	134	(65)	(47)	668	590
Taxes	(75)	(54)	13	7	(208)	(187)
Minority interest	(1)	(1)	-	-	(1)	(1)
NET INCOME	136	79	(52)	(40)	459	402

1) Gross operating revenues are revenues from operations, including excise duties. Operating revenues are gross operating revenues less excise duty. In Sweden, an excise duty of 11% is applied to virtually all advertising (excluding on-line advertising). The Company includes excise duty in its invoices to the advertisers and forwards collected excise duties to the Swedish authorities.

2) Existing goodwill in the entities acquired by Eniro AB in the reorganization of the Eniro group that took place as at June 30, 2000.

3) Reflects amortization of goodwill from the reorganization of SEK 1,531 million that took place as at June 30, 2000. The reorganization goodwill will be amortized over 20 years on a straight-line basis, commencing July 1, 2000.

4) The Net Financial items and Taxes above provides a pro forma indication of what the company's net income for respective periods would have been if the company had been an independent entity and the company's actual capital structure as at June 30, 2000 had been in place, effective January 1, 1999. The data presented is based on the company's pro forma financials and reflects

- An assumed net interest expense of SEK 27 million per year

- An assumed income tax rate of 28 % on the sum of pro forma pre-tax profit and non-deductible goodwill amortization expense for each period

Revenue & Profit split by Region - Pro Forma

Amounts in SEK million

	Jan-Sep 2000	Jan-Sep 1999	Jul-Sep 2000	Jul-Sep 1999	Oct-Sep 1999/2000	Jan-Dec 1999
Operating Revenues ⁴⁾ - Total	1 612	1 377	361	317	2 884	2 649
Off Line Revenues	1 333	1 259	266	276	2 514	2 440
On Line Revenues	279	118	95	41	370	209
Sweden	1 151	943	194	152	2 095	1 887
Off Line Revenues	929	863	120	129	1 787	1 721
On Line Revenues	222	80	74	23	308	166
Denmark	208	189	100	93	348	329
Off Line Revenues	194	186	91	92	333	325
On Line Revenues	14	3	9	1	15	4
Finland	113	106	25	27	206	199
Off Line Revenues	88	88	18	15	180	180
On Line Revenues	25	18	7	12	26	19
Baltic States & Eastern Europe	72	70	21	22	143	141
Off Line Revenues	54	53	16	17	122	121
On Line Revenues	18	17	5	5	21	20
Other-Operating Revenues	68	69	21	23	92	93
Operating Income before amortization of goodwill	326	250	(26)	(8)	821	745
EBITA - Total						
- Margin, %	20	18	(7)	(3)	28	28
Sweden	434	246	26	(40)	829	641
- Margin, %	38	26	13	(26)	39	34
Denmark	(69)	6	(28)	25	(19)	56
- Margin, %	-33	3	(28)	27	(5)	17
Finland	(18)	(7)	(13)	3	9	20
- Margin, %	(16)	(7)	(52)	11	4	10
Baltic States & Eastern Europe	(22)	(15)	(13)	(10)	(12)	(5)
- Margin, %	(31)	(21)	(62)	(45)	(8)	(4)
Other ⁵⁾	1	20	2	14	14	33

⁵⁾ Other includes revenues and expenses from the KPN Support Agreement and joint group expenses. In the Offering memorandum the joint group expenses were included in Operating income for the Swedish operation.

Consolidated Operating Capital - Pro Forma

Amounts in SEK million

	Sep 2000	Jun 2000	Mar 2000	Dec 1999	Sep 1999
Accounts receivable	366	477	540	953	355
Other non-interest bearing current assets	475	380	346	345	345
Total working capital assets	841	857	886	1 298	700
Accounts payable	162	141	225	183	210
Other non-interest bearing current liabilities	597	474	646	669	452
Total working capital	759	615	871	852	662
Net working capital	82	242	15	446	38
Goodwill ⁶⁾	287	274	283	303	316
Other Intangible assets	6	6	6	6	6
Tangible assets	72	72	69	62	61
Other non-interest bearing fixed assets	4	-	-	-	-
Operating Capital	451	594	373	817	421

6) Excluding Reorganisation Goodwill of SEK 1,531 million.

Consolidated Operating Cash Flow (Pre tax and pre interest) - Pro Forma

Amounts in SEK million

	Jan-Sep 2000	Jan-Sep 1999	Jul-Sep 2000	Jul-Sep 1999	Oct-Sep 1999/2000	Jan-Dec 1999
Operating Income before amortization of goodwill (EBITA)	326	250	(26)	(8)	821	745
Depreciation	20	18	8	6	26	24
Change in net working capital	364	183	160	125	(44)	(225)
Net investment in tangibles/intangible fixed assets	(53)	-	(31)	-	(67)	(14)
Operating Cash Flow	657	451	111	123	736	530

Key ratios - Pro Forma

Amounts in SEK million

	Jan-Sep 2000	Jan-Sep 1999	Jul-Sep 2000	Jul-Sep 1999	Oct-Sep 1999/2000	Jan-Dec 1999
Operating Revenue growth, %	17	NA	14	NA	NA	NA
Online Revenue growth, %	136	NA	132	NA	NA	NA
Operating income before Depreciation and Amortisation (EBITDA)	346	268	(18)	(2)	847	769
Operating income before Depreciation and Amortization (EBITDA) margin, %	21	19	(5)	(1)	29	29
Operating income before Amortisation of goodwill (EBITA)	326	250	(26)	(8)	821	745
Operating income before Amortization of goodwill (EBITA) margin, %	20	18	(7)	(3)	28	28
Net interest bearing debt, end of period	430	NA	430	NA	430	NA
Net working Capital, end of period	82	38	82	38	82	446
Equity/asset ratio, %, end of period	40	NA	40	NA	40	NA
Return on Equity, %	NA	NA	NA	NA	33	NA
Net indebtedness, multiple	0,31	NA	0,31	NA	0,31	NA
Numbers of full-time employees, end of period	2 041	1 897	2 041	1 897	2 041	1 820

Consolidated income statement - Legal
Amounts in SEK million

	Jul-Sep 2000
Operating Revenues	
Gross operating revenue	388
Excise duty	(31)
Operating revenue	<u>357</u>
Expenses	
Production expenses	(119)
Sales expenses	(98)
Marketing expenses	(52)
Administration expenses	(70)
Product development expenses	(11)
Operating income before amortisation of goodwill	<u>7</u>
Amortisation of historical goodwill ¹⁾	(14)
Amortisation of reorganisation goodwill ²⁾	(18)
Operating income after amortization of goodwill	<u>(25)</u>
Net Financial items	(12)
Income before taxes and minority interest	<u>(37)</u>
Taxes	(14)
Minority interest	(1)
NET INCOME	<u><u>(52)</u></u>

Consolidated Balance sheet - Legal
Amount in SEK million

	Sep 2000	Jun 2000
ASSETS		
Fixed assets		
Goodwill	1 818	1 805
Other intangible assets	4	4
Tangible assets	72	53
Other non-interest bearing financial fixed assets	4	4
Interest bearing financial fixed assets	11	11
Total Fixed assets	<u>1 909</u>	<u>1 877</u>
Current assets		
Directories in progress	338	234
Account receivable	366	460
Other non-interest bearing current assets	157	100
Cash and cash equivalent	682	463
Total current assets	<u>1 543</u>	<u>1 257</u>
TOTAL ASSETS	<u><u>3 452</u></u>	<u><u>3 134</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity	1 387	693
Minority interest	5	4
Provisions		
Provisions for pensions, interest bearing	64	10
Other non-interest bearing provisions	1	-
Longterm liabilities		
Interest bearing long term financial liabilities	1 059	1 685
Current liabilities		
Advances from customers	202	142
Accounts payable	162	241
Other non-interest bearing current liabilities	572	359
Total current liabilities	<u>936</u>	<u>742</u>
TOTAL LIABILITIES AND SHAREHOLDERS'	<u><u>3 452</u></u>	<u><u>3 134</u></u>

Consolidated Statement of Cash Flow - Legal

Amounts in SEK million

	Jul-Sep 2000
Operating activities	
Income before taxes and Minority interest	(37)
Depreciation and amortization	43
Changing in working capital	116
Cash Flow from Operating activities	122
Investing activities	
Net investment in Goodwill	(23)
Net investment in Tangible assets	(8)
Cash Flow from Investing activities	(31)
Financing activities	
Right issue	700
Cash Flow from Financing activities	700
Cash Flow for the period	791
Net interest bearing debt at beginning of period	(1 221)
Net interest bearing debt at end of period	(430)

Data per share ⁷⁾

Amounts in SEK million

	Jan-Sep 2000	Jan-Sep 1999	Jul-Sep 2000	Jul-Sep 1999	Oct-Sep 1999/2000	Jan-Dec 1999
Number of shares at end of period('000)	150 000	150 000	150 000	150 000	150 000	150 000
Average number of shares('000)	150 000	150 000	150 000	150 000	150 000	150 000
EBITA per share	2,17	1,67	(0,17)	(0,05)	5,47	4,97
Earnings per share	0,91	0,53	(0,34)	(0,26)	3,06	2,68
Shareholders' equity per share	9,25	NA	9,25	NA	9,25	NA

7) The above table provides a pro forma indication of what the company's net income per share and shareholders' equity for respective periods would have been if the company had been an independent entity and the company's actual capital structure as at June 30, 2000 had been in place, effective Januari 1, 1999. The data presented is based on the company's pro forma operating income after historical goodwill and reflects:

- An assumed net interest expense of SEK 27 million per year
- An assumed income tax rate of 28 % on the sum of pro forma pre-tax profit and non-deductible goodwill amortisation expense for each period.
- An assumed number of ordinary shares outstanding of 150 000 000 for each period, the number outstanding on the date hereof.

Financial information etc

Extra General Meeting	November 21, 2000
Year-end Report	February 12, 2001
Annual report	April, 2001
Interim Report for January - March, 2001	May 7, 2001
Annual General meeting	May 7, 2001
Interim Report January – June, 2001	August 10, 2001
Interim Report Januarv - September. 2001	October 30. 2001

Eniro is a growth company with good profitability. The fastest growing sector of the company is the Internet based operation (On-line). Eniro is well positioned for future growth through its strong development both in the old economy (Off-line) as well as in the new economy (On-line). Strong brands, well approved sales concept and an ability to commercialise new technology are some of the reasons why we have been successful within both areas.

Eniro is an international company with operations in 9 countries. We plan for continued international expansion. Eniro have some 700 directory titles with 24 million copies. The number of online visits 2000 is estimated to approximately 15 million.

For further information, please contact:

Lars Guldstrand, CEO and President, tel +46 8 634 70 01
Lennart Bernard, CFO, tel +46 8 634 70 30