



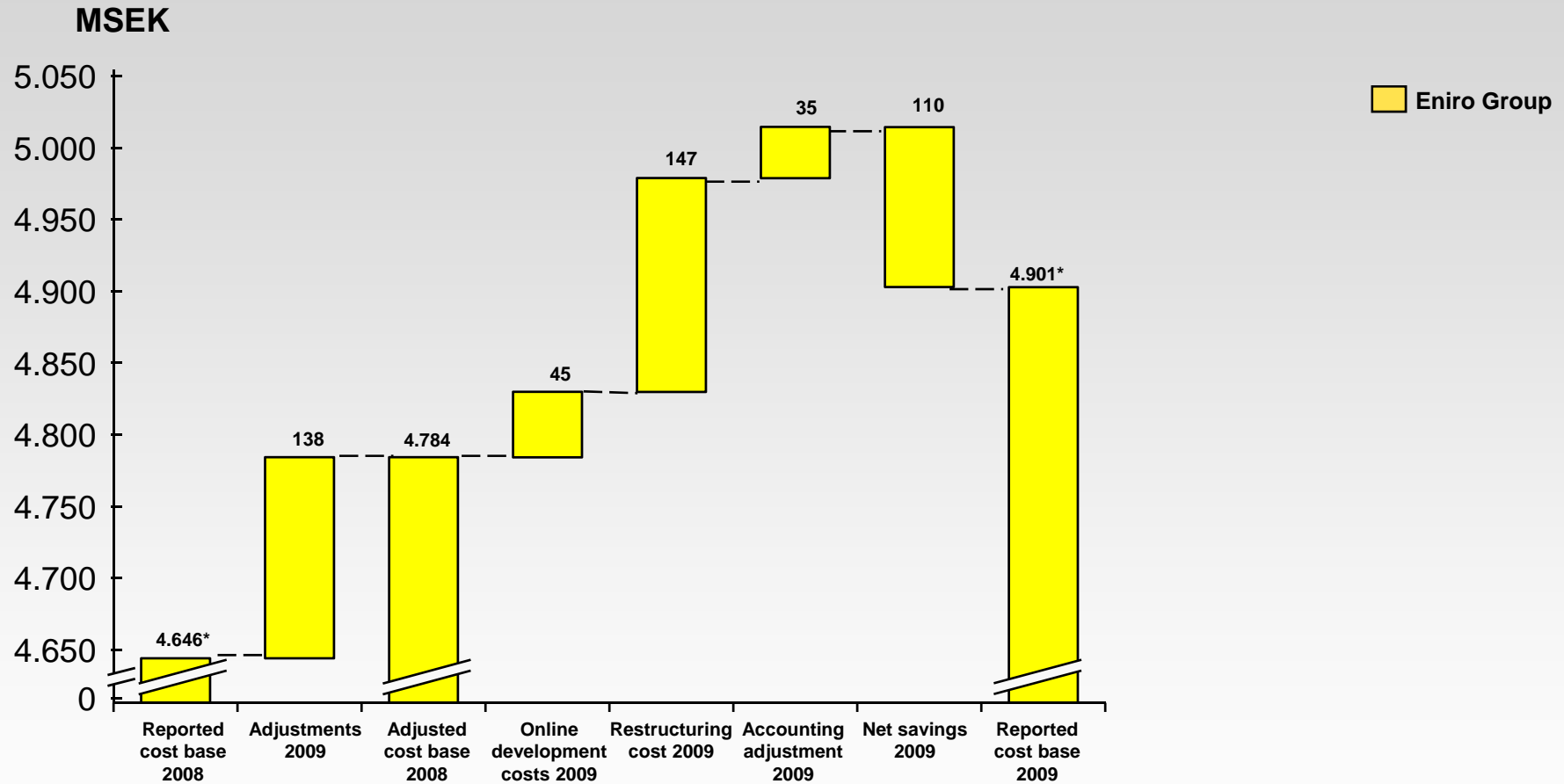
Capital Markets Day

February 10, 2010

Berns, Stockholm

# 4 | Cost

# Cost base bridge Eniro Group 2009 vs. 2008



\*Cost base excludes: Other cost, Other revenues, depreciation and amortization

# Restructuring and saving actions 2009

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- Online/Offline
  - Change in organization in Denmark to reflect present customer offering – 91 heads
  - Ongoing integration of Din Del
  - Closure of one office in Norway – 20 heads
  - Divestment/closure of non core business
- Voice – workforce and technical platform
  - Closure of three call centers in Sweden – 138 heads
  - Integration of DA 118 into the Finnish operations – 29 heads
  - Integration of 118 118 into the Swedish operations
- Other
  - Change of management structure

# Savings 2010

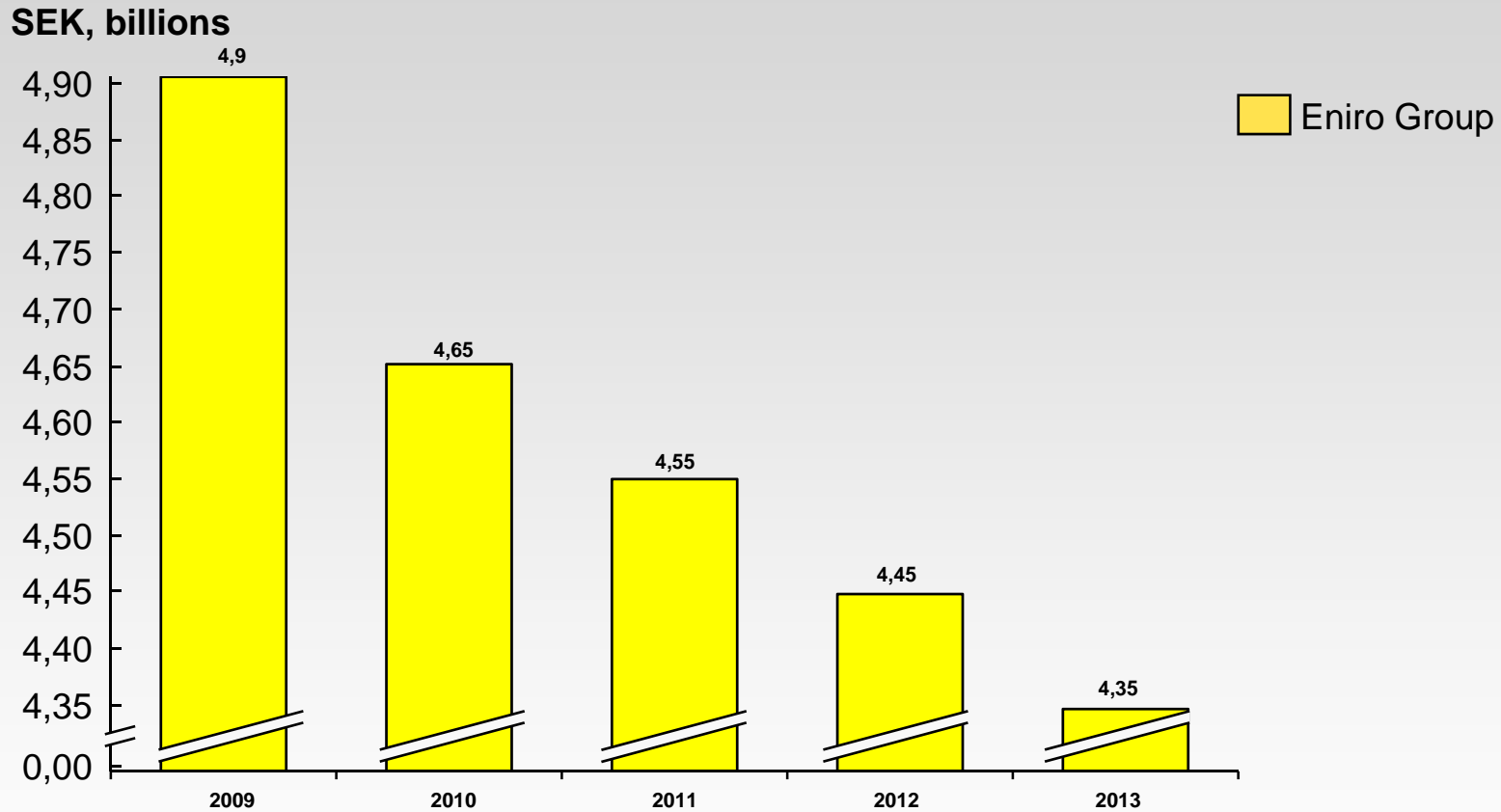
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- Full year effect of 2009 actions
- Lower head count
- Extract benefits from combined sales forces (new sales concept)
- Reduced print related costs
- Internal efficiency
- Effects from Group structure



Operating cost expected to be approximately 250 MSEK lower in 2010 than 2009

# Illustration of operating cost\* objectives



\*Assuming constant currencies

# 5 | Segment reporting

# Background

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- Existing segment reporting needs to be amended due to
  - Internal reorganisation where accountability in Group management is removed from products and reinstated on functions. Separate p/l responsibility is preserved for Voice, Finland and Poland. According to IFRS segment reporting should comply with management reporting used by chief decision maker
  - Introduction of multimedia packages will make revenues and cost by product further dependent on allocation keys and diminish relevance

# New segment reporting

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Segment reporting as of 2010

Yearly and quarterly basis

Reference is last year corresponding period(s)

<u>SEK m</u>	<u>Revenues</u>	<u>EBITDA</u>
Directories Scandinavia		
Voice Scandinavia		
Polen/Finland		
<u>Other</u>		
Total Group		

# 6 | Financial objectives and outlook 2010

# Financial Outlook - 2010

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- Total organic revenue decline of around 5-10 percent.
  - Heavily impacted by the financial climate 2009
    - Aprox 40% of the order value for 2010 sold in 2009 at -4,5%
- Total operating costs estimated to be 250MSEK below 2009 assuming constant currencies.

# Amendment of financial objectives - Background

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- The primary reason to amend our objectives is the accelerated print decline in Eniro's main markets.
- This development will be met by a changed sales strategy and improved product proposition both for end users as well as advertisers in order to speed up transfer to online as a primary revenue source.
- Cost reductions will be expanded to ensure improved internal efficiency and secure transformation to an resource base more adequate for online business.

# Long term financial targets - Before

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- Growth
  - Average total revenue growth of 3-5% sustained by growth from Online operations
- Margin
  - EBITDA margin above 30% with strong cash flow
- Capital structure
  - Net debt in relation to EBITDA in the range of 3-3,5
- Dividend policy
  - Up to 50% of net income

# Short to medium term financial expectations - Before

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- Investments of 200–250 MSEK p.a. over the next three years to capture long term online potential
  - (divided over the P&L and balance sheet)
- Organic online growth of 12–15% over the next 3 years
- Controlled print decline over the period, resulting in an overall 0–2% total revenue growth
- EBITDA margin to exceed to 27% during investment phase and increasing from that level
- Reduction of net debt will be given priority over dividend in the medium term

# Amended financial objectives

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- We have amended our long-term financial objectives and aborted our mid-term targets.
- The mid-term target have been aborted and replaced with a 2010 outlook.
- Long-term should be interpreted as 3-5 years perspective.

# Background - Growth objective

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- Lower usage of printed directories and more competitive online offers will accelerate print decline.
- During early phase of transformation we expect lower customer retention and ARPA due to increased competition and changing customer behaviour.
- We expect a continuous decline for local brands as they will be more difficult to transform to online.
- Core online product development will continuously improve the sales proposition.
- During the later face of transformation Eniro will capitalize on a growing search market through online investment program, new sales concept and an increased customer base.

# Long-term Financial objective - Growth

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## NEW

- Positive revenue growth primarily generated from a 1–3% growth p.a. for Directories Scandinavia

# Background margin objective

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- Previously announced cost reduction target has been successfully achieved.
- We expect total operating costs to be 250 MSEK lower in 2010 in constant currencies compared to 2009 including any inflationary effects.
- As from 2011 and onwards we will seek to lower the operating cost base with another 100 MSEK annually.

# Long-term Financial objective - Growth

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## NEW

- Continuous improvement in EBITDA margin beyond 2010 to reach 30% in the long term (3-5 years) with strong cash-flow.

# Long-term Financial objective – capital structure

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NEW

- Net debt in relation to EBITDA not exceeding 3x

The increase in operational risk is met through  
reduced financial risk

# Long-term Financial objective – capital structure

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- Up to 50% of net income

Reduction of net debt will be given priority  
over dividends

# 7 | Summary

# Driving forces for our growth the coming 4–5 years

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## Negative impact

- Local books are difficult to transform to online
  - Eniro.xx will be more localized but can never re cope the full local book revenue over time
- Structural decline in voice will continue due to more and more smart phones
  - Will flatten out due to extreme beneficial service and demographic of smart phones
- Competition
  - Competition will initially have a negative impact until we have everything in place – then it will work in our favour

## Positive impact

- Core yellow will start to grow from 2011 due to full effect of online investments and increased relevance and traffic
- Business to business is growing due to investments and a central driven business development
- Improved sales will lead to increased top line and customer confidence as well as lower cost and lower print dependency from 2011
- Online advertising will start growing (from low levels) from 2010 due to pan-Nordic initiatives within banner sales and sponsored links.
- Strong focus on cost – we have doubled the cost saving target 2009 – 2013

# Summary

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Considering the circumstances, 2009 was an interesting but also good year for Eniro.

We have initiated one of the most comprehensive change programs in the industry

We managed to reach targeted EBITDA levels despite the recession and -5% organic decline in revenue

We put a new management into place, we have gone from a matrix to a fully implemented function driven organization

We have launched new online products and concepts as well as developed a new future oriented sales concept

We have build a foundation for a major cost savings program

...and we managed to raise 2.5 billion SEK in equity in the most turbulent financial times ever

Now we are looking forward to 2010 and the challenges we have in front of us.

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# Q&A