



## Interim Report January – March, 2007

### Middleware Orders Increase

#### First Quarter

- Net sales increased by 8.3 percent to SEK 202.9 (187.3) million. Currency-adjusted growth was 11.2 percent.
- Software sales climbed 18.9 percent to SEK 76.7 (64.5) million.
- Two new middleware orders won in North America amounted to approximately SEK 8 million.
- Operating profit rose 11.8 percent to SEK 18.0 (16.1) million, currency-adjusted growth was 14.9 percent. Operating margin was 8.9 (8.6) percent.
- Profit after tax was SEK 13.9 (11.5) million.
- Earnings per share amounted to SEK 0.04 (0.03).
- Acquired a company with cutting edge expertise in Linux.

Results in Brief	Jan-Mar		12 months	
	2007	2006	Apr-Mar	2006
Net Sales, SEK million	202.9	187.3	765.7	750.1
Growth, %	8.3	7.4	3.6	3.3
Operating Profit, SEK million	18.0	16.1	69.5	67.6
Operating margin, %	8.9	8.6	9.1	9.0
Earnings per share, SEK	0.04	0.03	0.14	0.13

#### About Enea

Enea is the leading supplier of real-time operating systems, middleware, development tools, database technology, and professional services for high-availability applications such as telecommunications infrastructure, mobile devices, medical instrumentation, and automobile control/infotainment. Enea's flagship operating system, OSE is deployed in approximately half of the world's 3G mobile phones and base stations. Enea has over 500 employees and is listed on the OMX Nordic Exchange Stockholm AB.

For more information about Enea, please visit [www.enea.com](http://www.enea.com).

*For further information, please contact:*

*Johan Wall, President and CEO, +46 8 507 140 00, [johan.wall@enea.com](mailto:johan.wall@enea.com)*

*Håkan Gustavson, CFO, +46 8 507 140 00, [hakan.gustavson@enea.com](mailto:hakan.gustavson@enea.com)*

Enea, OSE, OSEck, OSE epsilon, Element, Polyhedra, Optima, LINX, Enea Accelerator, Accelerating Network Convergence and Device Software Optimized are all registered trademarks by Enea AB or its subsidiaries. All rights are reserved.



## **A Word from the CEO**

Enea is off to a good start in 2007. The first quarter saw a jump in software sales, which is gratifying since we invested heavily in expanding our software offering over the past year. We received two new orders in North America for middleware during the quarter.

The company is attracting increasing interest in its recently announced Enea Accelerator software platform, which includes our middleware Element. The interest is being driven in part because consumers of the new and more sophisticated multimedia services are placing higher demands on operators for enhanced quality of service and always-on connectivity.

In addition, developing countries are adding millions of new wireless subscribers, which require increased network capacity from operators. Equipment manufacturers choose to buy pre-integrated software because it lowers their development costs and reduces time to market. Of course this trend places higher demands on us, but at the same time it creates greater opportunities. And these package solutions include both our software and consultancy services.

We have strengthened our offering in Linux through the acquisition of QiValue Technologies. Through QiValue, Enea provides further cutting edge expertise in the emerging Linux field. It will therefore be easier to market our software platform offering to more customers.

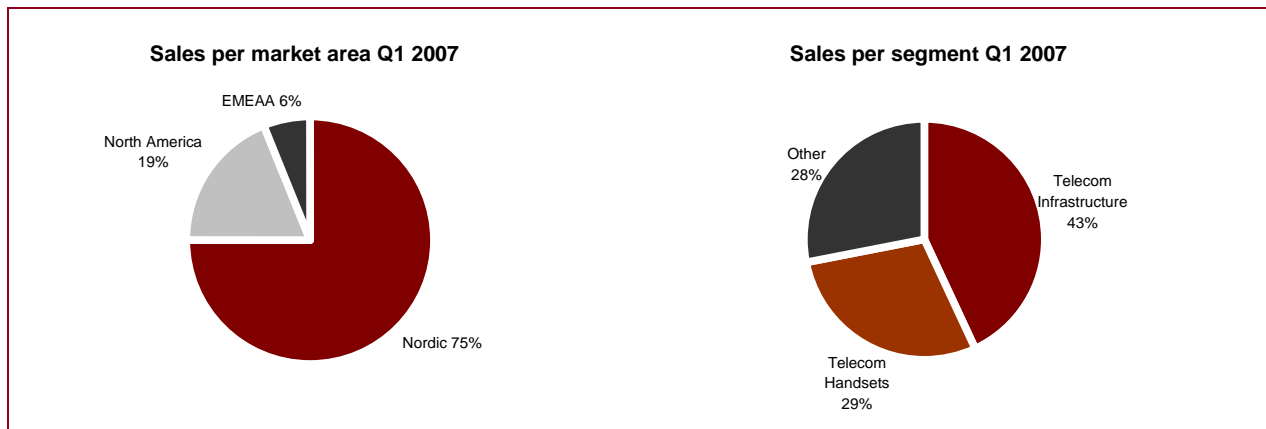
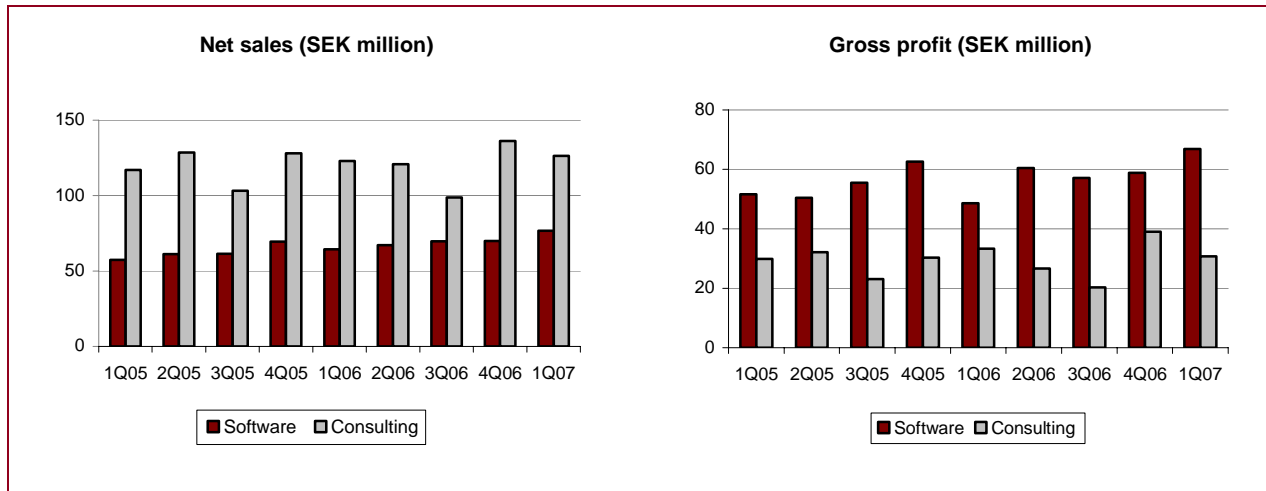
Enea is acting in strong markets. We have many talented employees and many customers request their skills. However, this has led to somewhat increased staff turnover. Enea is pursuing a systematic strategy to retain and recruit skilled employees.

Many of the exciting technological developments that we see in multimedia convergence are happening in North America. As a result we've observed a positive trend, especially in software.

Another positive event was the agreement Enea entered into to outsource testing on behalf of an international telecom company. The assignment will mainly be carried out by our operation in Romania. According to the agreement, the customer anticipates saving more than SEK 10 million per year. We see great potential for more outsourcing customers.

Enea's strengthened software offering is reflected in customers' growing interest. We continue to focus on telecom, both in infrastructure and mobile services. Enea has increased market penetration as planned during the quarter. Along with our new expanded product portfolio and our advanced consulting offering, we have great confidence in the future.

Johan Wall  
President and CEO



## The Market

Global developments in the telecom market continued to be stable during the first quarter of 2007, driven by increasing demand for converging technologies for mobile multimedia services, IPTV, and WiMax.

Telecom network capacity is being expanded to meet the growing demand for bandwidth that follows from the rapidly rising use of multimedia applications such as mobile TV. The development of the next generation IP-based network also affects demand for network components, such as base stations, media gateways, soft switches, session border controllers, and mobile phones with multimedia functions.

New multimedia services are accompanied by growing demand for accessibility and quality. Consequently, higher demand is also placed on the software platforms on which they are based.

## First Quarter

Net sales increased by 8.3 percent to SEK 202.9 (187.3) million, compared with the same quarter in 2006. Currency-adjusted growth was 11.2 percent. Software

sales increased by 18.9 percent to SEK 76.7 (64.5) million, and accounted for 38 (34) percent of net sales.

Software operations in the Nordic countries showed continued robust growth and profitability. Growth in North America was excellent during the quarter, with improved profitability. Growth in the local currency was 31 percent, though this was offset by the weakening dollar compared with the first quarter of 2006. Customers placed two new middleware orders for a total value of approximately SEK 8 million during the quarter.

Software operations in EMEA (Europe excluding the Nordic countries, Middle East, Africa, and Asia) showed a stronger quarter of software sales than last year, with continued strengthening sales and profitability.

Consulting and other revenues increased to SEK 126.2 (122.8) million. The Nordic consulting market showed continued strong demand with a high utilization rate during the quarter. The number of subcontracting consultants increased during the quarter by about 30 compared with the previous year. Demand is particularly strong in the Öresund region, resulting in increased staff



turnover. Enea is pursuing a systematic strategy to retain and recruit skilled employees.

Consulting operations in North America were on par with the same period last year, but net sales and income were negatively affected by currency effects.

We continue to derive a significant portion of our revenue from Ericsson both in software and consulting operations. The Ericsson companies together with Sony Ericsson accounted for somewhat more than half of consolidated revenues during the period. Enea is focused on increasing revenues from other customers, while business with the Ericsson companies continues to grow.

The Group's other customers include Agere, Autoliv, Boeing, Bombardier, Fujitsu, General Dynamics, Infineon, Motorola, Nokia, Saab, Samsung, Yamaha, and ZTE.

Consolidated gross income was SEK 97.7 (81.9) million. Gross margin in software operations increased to 87.2 (75.3) percent. Gross margin in consulting operations fell to 24.4 (27.1) percent.

Consolidated operating income rose 11.8 percent to SEK 18.0 (16.1) million. Currency-adjusted growth was 14.9 percent.

#### **Acquisitions**

During the quarter Enea acquired Swedish QiValue Technologies, a leading supplier of Linux solutions, with 13 employees. The acquisition strengthens Enea's software offering and provides the Company with an increased ability to provide embedded Linux solutions. The acquired operation has been consolidated since April 1.

#### **Employees**

At the end of the period the Group had 533 (497) employees. The average number of employees in the Group during the period was 528 (496).

#### **Investments**

The Group's investments during the year totaled SEK 4.1 (0.9) million excluding capitalized development costs of SEK 9.7 (4.1) million due to expansion of the product portfolio.

#### **Cash Flow and Financial Position**

Cash flow from operating activities amounted to SEK 34.3 (-16.7) million. Cash and cash equivalents at the end of the period were SEK 168.5 million, compared with SEK 155.6 million at the same period in 2006.

The Group has no interest-bearing liabilities and therefore has a positive net cash position.

#### **Earnings per Share**

Earnings per share for the period were SEK 0.04 (0.03).

#### **Parent Company Enea AB**

The parent company's net sales for the full year amounted to SEK 7.5 (7.3) and profit after net financial income was SEK -4.6 (-4.3) million. The parent company's net financial income amounted to SEK 0.9 (0,0) million. Cash and cash equivalents amounted to SEK 146.2 (121.3) million at the end of the period. The parent company's investments were SEK 3.1 (0.0) million.

The parent company had 19 (19) employees at the end of the period.

#### **Accounting Principles**

Enea followed the same accounting policies and methods as those used in the most recent Annual Report when preparing this interim report.

This interim report was prepared according to IAS 34, interim financial reporting, and RR 31, Interim Reporting for Groups.

#### **Annual General Meeting 2007**

The Annual General Meeting will be held at Enea AB headquarters, Skalholtsgatan 9, Kista, at 6 p.m. on Tuesday, May 15, 2007.

#### **Annual Report**

The complete annual report is available at corporate headquarters and at [www.enea.com](http://www.enea.com).

#### **Capital Market Day**

Enea will hold a capital market day on Monday, May 14, starting at 9.30am. For more information please see [www.enea.com](http://www.enea.com).

#### **Financial Information**

Annual General Meeting 2007	May 15, 2007
Interim Report Jan.-June 2007	July 25, 2007
Interim Report Jan.-Sept. 2007	October 24, 2007

Stockholm, April 25, 2007

Johan Wall, President and CEO Enea AB  
Enea AB (5566209-7146)  
Skalholtsgatan 9, Box 1033, SE-164 21 Kista, Sweden  
Telephone: +46 8 507 140 00, [www.enea.com](http://www.enea.com)

This interim report has not been examined by the company's auditor.

GROUP INCOME STATEMENT	Jan-Mar		12 months	
	2007	2006	2006	Apr-Mar
(SEK million)				
Software revenues	76.7	64.5	271.4	283.6
Consulting and other revenues	126.2	122.8	478.7	482.1
<b>Net sales</b>	<b>202.9</b>	<b>187.3</b>	<b>750.1</b>	<b>765.7</b>
Cost for sold products and services				
- of which software costs	-9.8	-15.9	-46.5	-40.4
- of which consulting and other costs	-95.4	-89.5	-359.4	-365.3
<b>Gross profit</b>	<b>97.7</b>	<b>81.9</b>	<b>344.2</b>	<b>360.0</b>
Expenses for sales and marketing	-45.4	-30.8	-146.7	-161.3
Expenses for product development	-19.8	-14.9	-65.4	-70.3
Expenses for administration	-14.5	-20.1	-64.5	-58.9
<b>Operating profit/loss</b>	<b>18.0</b>	<b>16.1</b>	<b>67.6</b>	<b>69.5</b>
Net financial income/expenses	1.3	-0.1	1.7	3.1
<b>Profit before tax</b>	<b>19.3</b>	<b>16.0</b>	<b>69.3</b>	<b>72.6</b>
Tax	-5.4	-4.5	-20.9	-21.8
<b>Profit/loss after tax</b>	<b>13.9</b>	<b>11.5</b>	<b>48.4</b>	<b>50.8</b>
Earnings per share (SEK)	0.04	0.03	0.13	0.14
Earnings per share after full dilution (SEK)	0.04	0.03	0.13	0.14

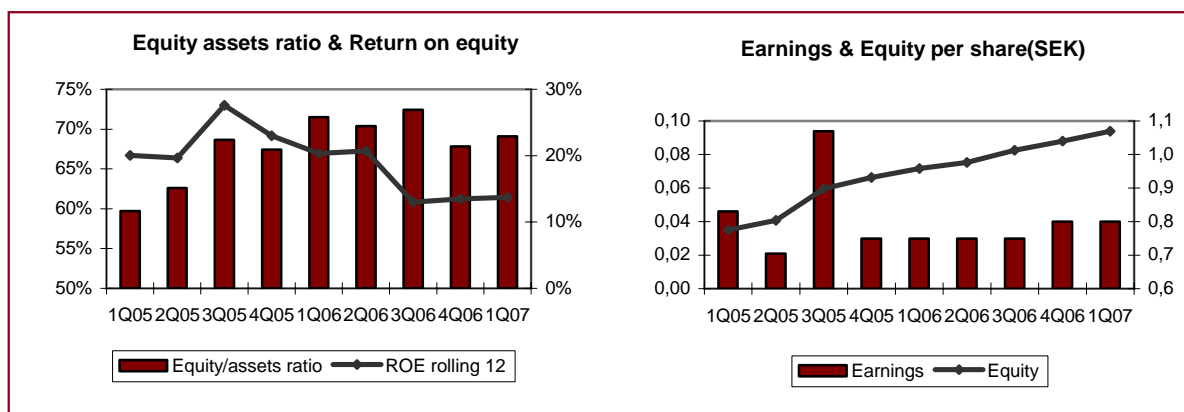
KEY FIGURES	Jan-Mar		12 months	
	2007	2006	2006	Apr-Mar
Revenue growth (%)				
- software revenues	18.9	12.2	8.7	10.5
- consulting and other revenues	2.8	5.0	0.5	-0.1
Gross margin (%)				
- software revenues	87.2	75.3	82.9	85.8
- consulting and other revenues	24.4	27.1	24.9	24.2
Operating expenses in % of revenues				
- expenses for sales and marketing	22.4	16.4	19.6	21.1
- expenses for product development	9.8	8.0	8.7	9.2
- expenses for administration	7.1	10.7	8.6	7.7
Operating margin (%)	8.9	8.6	9.0	9.1
Cash and cash equivalent (SEK million)	168.5	155.6	146.4	168.5
Equity/assets ratio (%)	69.1	71.5	67.8	69.1
Return on equity (%)	3.6	3.3	13.5	13.7
Return on capital employed (%)	4.7	5.0	20.0	18.9
Cash flow from operating activities per share (SEK)	0.09	-0.05	0.02	0.15
Equity per share (SEK)	1.07	0.96	1.04	1.07
Number of shares before dilution (million)	367.1	364.3	364.4	367.1
Number of shares after dilution (million)	367.1	367.3	367.2	367.1
Number of employees at the end of the period	533	497	513	533

SEGMENT- INFORMATION	Nordic			North America			EMEA			Group Eliminations			Group		
	2007	2006	2006	2007	2006	2006	2007	2006	2006	2007	2006	2006	2007	2006	2006
	Jan-Mar	Jan-Mar	Full Year	Jan-Mar	Jan-Mar	Full Year	Jan-Mar	Jan-Mar	Full Year	Jan-Mar	Jan-Mar	Full Year	Jan-Mar	Jan-Mar	Full Year
Net sales	177.5	157.9	582.7	43.8	43.9	158.2	14.2	11.8	51.0	-32.6	-26.3	-41.8	202.9	187.3	750.1
Operating profit	12.3	14.1	59.4	4.2	1.2	4.2	1.5	0.8	4.0	0.0	0.0	0.0	18.0	16.1	67.6
Operating margin %	6.9	8.9	10.2	9.6	2.7	2.7	10.6	6.8	7.8	0.0	0.0	0.0	8.9	8.6	9.0

<b>GROUP BALANCE SHEET</b>	<b>Mar 31</b>	<b>Mar 31</b>	<b>Mar 31</b>
(SEK million)	<b>2007</b>	<b>2006</b>	<b>2006</b>
<b>ASSETS</b>			
Intangible assets	142.1	110.7	132.6
Tangible assets	15.9	14.1	14.9
Other assets	0.8	11.8	0.6
Current receivables	243.7	195.9	265.5
Cash and cash equivalents	168.5	155.6	146.4
<b>Total assets</b>	<b>571.0</b>	<b>488.1</b>	<b>560.0</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	394.3	349.0	379.4
Long-term liabilities, non-interest bearing	0.0	0.0	0.0
Short-term liabilities, non-interest bearing	176.7	139.1	180.6
<b>Total shareholders' equity and liabilities</b>	<b>571.0</b>	<b>488.1</b>	<b>560.0</b>

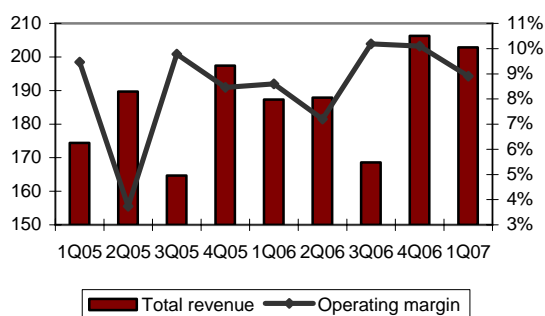
<b>SHAREHOLDERS' EQUITY</b>	<b>Jan-Mar</b>	<b>Full Year</b>
(SEK million)	<b>2007</b>	<b>2006</b>
<b>At beginning of period</b>	<b>379.4</b>	<b>339.2</b>
New share issue	1.0	0.0
Stock option program	0.8	0.0
Translation difference for the period	-0.8	-1.7
Profit/loss for the period	13.9	11.5
<b>At end of period</b>	<b>394.3</b>	<b>349.0</b>

<b>CASH FLOW ANALYSIS</b>	<b>Jan-Mar</b>	<b>Full Year</b>
(SEK million)	<b>2007</b>	<b>2006</b>
Cash flow from operating activities before change in working capital	20.6	12.0
Cash flow from change in working capital	13.7	-28.7
Cash flow from operating activities	34.3	-16.7
Cash flow from investing activities	-14.0	-5.2
Cash flow from financing activities	1.0	-
Cash flow for the period	<b>21.3</b>	<b>-21.9</b>
Cash and cash equivalents at beginning of period	146.4	178.1
Exchange rate differences	0.8	-0.5
<b>Cash and cash equivalent at end of period</b>	<b>168.5</b>	<b>155.6</b>



QUARTERLY DATA	2007		2006		
(SEK million)	Q1	Q4	Q3	Q2	Q1
<b>INCOME STATEMENT</b>					
Software revenues	76.7	70.0	69.8	67.1	64.5
Consulting and other revenues	126.2	136.3	98.8	120.8	122.8
<b>Net sales</b>	<b>202.9</b>	<b>206.3</b>	<b>168.6</b>	<b>187.9</b>	<b>187.3</b>
Cost for sold products and services					
- of which software costs	-9.8	-11.2	-12.7	-6.7	-15.9
- of which consulting and other costs	-95.4	-97.3	-78.5	-94.1	-89.5
<b>Gross profit</b>	<b>97.7</b>	<b>97.8</b>	<b>77.4</b>	<b>87.1</b>	<b>81.8</b>
Expenses for sales and marketing	-45.4	-46.0	-32.5	-37.4	-30.8
Expenses for product development	-19.8	-18.8	-12.7	-19.0	-14.9
Expenses for administration	-14.5	-12.2	-15.0	-17.2	-20.1
<b>Operating profit</b>	<b>18.0</b>	<b>20.8</b>	<b>17.2</b>	<b>13.5</b>	<b>16.1</b>
Net financial income/expenses	1.3	0.3	1.1	0.4	-0.1
<b>Profit before tax</b>	<b>19.3</b>	<b>21.1</b>	<b>18.3</b>	<b>13.9</b>	<b>16.0</b>
Tax	-5.4	-7.4	-5.8	-3.2	-4.5
<b>Profit after tax</b>	<b>13.9</b>	<b>13.7</b>	<b>12.5</b>	<b>10.7</b>	<b>11.5</b>
<b>BALANCE SHEET</b>					
Intangible assets	142.1	132.6	122.0	113.5	110.7
Other assets	16.7	15.5	18.3	22.4	25.9
Current receivables	243.7	265.5	202.8	195.0	195.9
Cash and cash equivalents	168.5	146.4	166.3	173.8	155.6
<b>Total assets</b>	<b>571.0</b>	<b>560.0</b>	<b>509.4</b>	<b>504.7</b>	<b>488.1</b>
Shareholders' equity	394.3	379.4	368.9	355.4	349.0
Long-term liabilities, non-interest bearing	-	-	-	-	-
Short-term liabilities, non-interest bearing	176.7	180.6	140.5	149.3	139.1
<b>Total shareholders' equity and liabilities</b>	<b>571.0</b>	<b>560.0</b>	<b>509.4</b>	<b>504.7</b>	<b>488.1</b>
<b>CASH FLOW</b>					
Cash flow from operating activities	34.3	-3.8	-0.8	26.9	-16.7
Cash flow from investing activities	-14.0	-15.0	-7.0	-7.4	-5.2
Cash flow from financing activities	1.0	0.5	-	-	-
<b>Cash flow for the period</b>	<b>21.3</b>	<b>-18.3</b>	<b>-7.8</b>	<b>19.5</b>	<b>-21.9</b>

Net sales (MSEK) and Operating margin



Net sales per employee, kSEK

