Enea in Brief

Key Data:
- Global software company with a strong professional services offering
- Customer value through complete embedded solutions, reduced development time and cost
- World-wide presence
- ~500 employees

Financial highlights:
- Revenue SEK ~700 m
- Profitable growth
- Listed on Stockholm Stock Exchange
## Market Offering

<table>
<thead>
<tr>
<th>Software</th>
<th>Element™ Middleware Platform</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>OSE™, Real Time Operating System</td>
</tr>
<tr>
<td></td>
<td>Polyhedra™, In Memory Database</td>
</tr>
<tr>
<td></td>
<td>Optima™ Eclipse-based Tools</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consulting services</th>
<th>Application development, systems integration, testing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Hardware and software design</td>
</tr>
<tr>
<td></td>
<td>Training</td>
</tr>
<tr>
<td></td>
<td>300 professional consultants</td>
</tr>
</tbody>
</table>

| Third party products         | Best of breed tools, network protocols and applications |
Some of Enea’s Clients

- Nokia
- Fujitsu
- Yamaha
- Boeing
- Ericsson
- Agere Systems
- Texas Instruments
- Motorola
- Alcatel
- Samsung
- Huawei Technologies
- Bombardier
- Volvo
## Developments in Recent Years

<table>
<thead>
<tr>
<th>Year</th>
<th>Events</th>
</tr>
</thead>
</table>
| 2003 | - OSE™, Real Time Operating System, key product  
- Rights issue  
- Renegotiations with key clients |
| 2004 | - New CEO  
- New senior management  
- Renegotiations completed, new business model  
- Focus on core offering  
- Three non-core units divested  
- Cost alignment  
- Focus on sales and marketing initiated  
- Accelerated growth  
- Profits achieved |
| 2005 | - Strengthening sales org  
- Relocating market communications to USA  
- New CFO  
- Acquisition of key middleware technology  
- China sales office opened  
- Continued growth and good margins  
- Strong cash-flow |
Financials
Year 2005 in Brief

- Net sales 712 MSEK (656), up 9% or +20% adjusted for divested units
- Operating profit 56 MSEK (21)
- Software sales 238 MSEK (203), up 17%
- Services sales 474 MSEK (389), up 22% adjusted for divested units
- Cash and equivalents 178 MSEK (138)
Enea Group - Net Sales and EBIT

- YTD increased by 9% to 712 (656) m
- Proforma sales YTD increased by 20%

- 3.2% EBIT margin in 2004, 21.2 m
- 7.9% EBIT margin in 2005, 56.4 m
Software Sales

Software sales, MSEK

- Operational target 50% software

- Software sales increased by 17% in 2005 to 238 MSEK
Sales per Segment and Market during 2005

- Ericsson largest customer, > 50% of total sales
Enea Systems provides consulting services in Nordic
• EBIT margin of 10,4%
• Proforma sales increased by 27% in 2005 to 299 m
Enea Embedded Technology provides Enea software worldwide and related professional services in Nordic and in North America.

- Net Sales increased by 16.2% to 423 m with EBIT margin of 9.5%
- Continued investments in sales, marketing and product development
Solid Financials

December 2005:
Cash 178 m
Equity 339 m
Operating cash flow during 2005 improved to 52 (26) m

Equity Issue 81m

MSEK

December 2005:
Cash 178 m
Equity 339 m
Operating cash flow during 2005 improved to 52 (26) m

Equity Issue 81m
New Enea Organization

Johan Wall
CEO

Håkan Gustavson
CFO
- Finance
- HR
- Administration
- IT

Per Åkerberg
COO
- North America
- EMEAA
- Software Sales Nordic
- Services Nordic

Karl-Gustav Niska
Marketing
- PM
- Marketing
- Quality

Martin Sandström
R&D
- R&D
- Support
- System Management
Financial Reporting 2006

- Primary segmentation
  - Software
  - Services

- Secondary segmentation
  - Nordic
  - EMEAA excluding Nordic
  - North America
  - Asia
A Changing Marketplace – From Build to Buy

Device Requirements
- Increased complexity
- Converging Technologies
- Networking Capabilities

Competitive Pressure
- Faster Time-to-Market
- Lower Development Costs
- Lower Device Costs
- Higher Quality

Changing Demands
- Standardization
- Integrated Systems
- Open Source
- Professional Services
Industry Outlook for Embedded

• Shift from “build” to “buy” accelerates development, increases quality and lowers costs
• Middleware key component
• IP network connectivity key
• Scalability, portability, security

• The global market for RTOS technology alone is estimated to USD 1 billion, one third telecom
• Underlying growth is estimated at 15 percent annually
Don’t write your own software!

• Problems
  – Code complexity, slow to market, rising costs and slipped deadlines

• Solutions
  – Reusable code, integrated tools environments, pre-integrated components
  – DSO - industry initiative solution spearheaded by Enea and Wind River

• Benefits
  – Shorter time to market
  – Lower development costs, lower device costs

• Transforming the industry - from technical features oriented to commercial benefits oriented

Further information: www.dso.com
Strategic Considerations for Enea
Trends in Software

- Hardware
- Software
- Middleware
- RTOS

Average Selling Price (ASP) of Device

Spending $/unit

time
Development Process
Device Software

- **Hardware (HW)**
  - Middleware
    - Element™, Clovis, GoAhead
  - RTOS
    - OSE™, Wind, Green Hills, Mentor, Montavista, QNX
  - Databases
    - Polyhedra™, Solid, Birdstep
  - Application
Middleware Opportunities for Enea

- Estimated Middleware Market 2006 - $100M USD *
- Future Growth Estimates vary wildly – 20-80% CAGR next 6 years

* Source Wintergreen Research
Our Strategy

Growth
- Expanded product range
- Geographic expansion
- Broaden customer base

Competitiveness
- Platform independent software
- Professional Services & 3rd-party products
- Complete and integrated solutions
- Middleware integration
- DSO
- Intensified Market Orientation

Profitability
- Recurring revenue model
- Cost efficiency
Vision and Targets

• Vision
  – Customer’s first choice for complete and integrated embedded solutions with the highest customer value
  – Leader in terms of market share and profitability in selected segments
  – The most attractive employer for the industry’s leading experts

• Operational targets
  – At least 50% of total revenue from software

• Financial targets
  – Over the course of a business cycle achieve:
    • Sales increase of more than 15 percent annually
    • Operating margin of at least 10 percent
Management Agenda and Outlook for 2006

**Agenda**
- Continue to expand marketing efforts
- Keep up momentum in DSO effort
- Expand product portfolio
- Further integrate professional services
- Initiate development efforts in low cost countries
- Continue adaptation to open source software
- Expand eco-system with partners

**Outlook**
- Continued strong growth in software. Price erosion well compensated by volume expansion.
- Moderate growth in consulting services. Price pressure in Swedish market.
- Reduction in subcontractors may lower revenue, but increase margins
Question & Answer