

ENEA



Enea

Interim Report January - September 2007

October 24, 2007

Johan Wall

President & CEO

Håkan Gustavson

CFO

Agenda

- Corporate Overview
- Q3 Highlights
- Q3 Financials
- Market Trends
- Guidance - Outlook for 2007

Enea Corporate Overview

A leading provider of network software and services

- 550+ employees

Global presence

- North America, Sweden, France, Germany, United Kingdom, Romania, China and Japan

Unique software technology powering

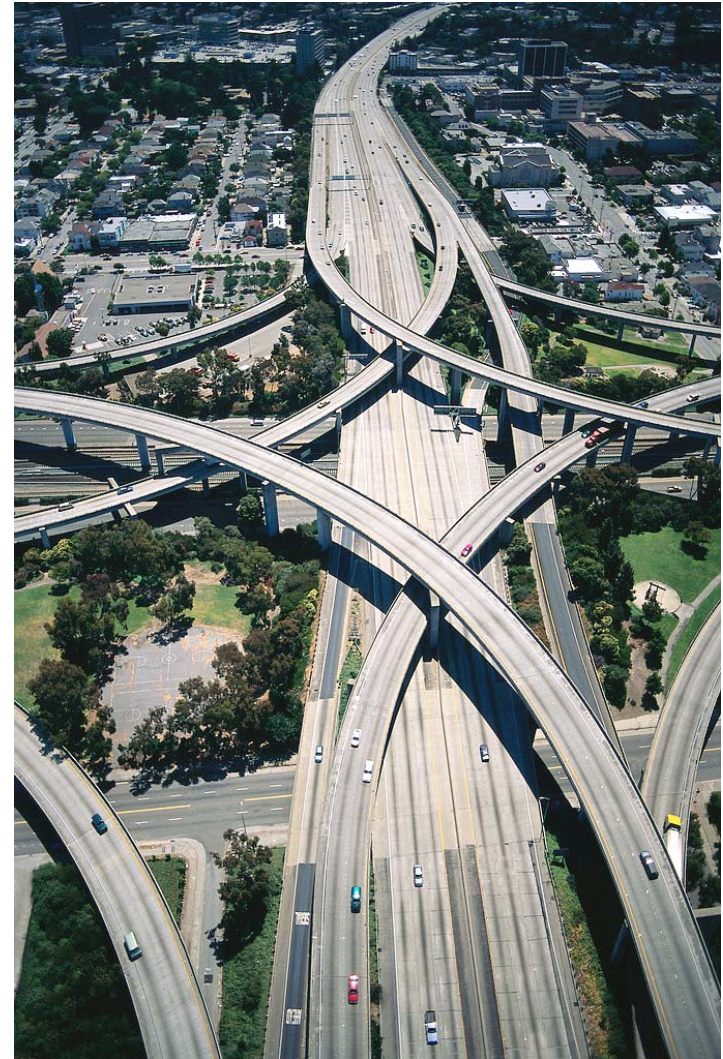
- Millions and millions of mobile phones
- Half of all radio base stations
- Satellite networks, Media Gateways and more...

Industry leading services offering

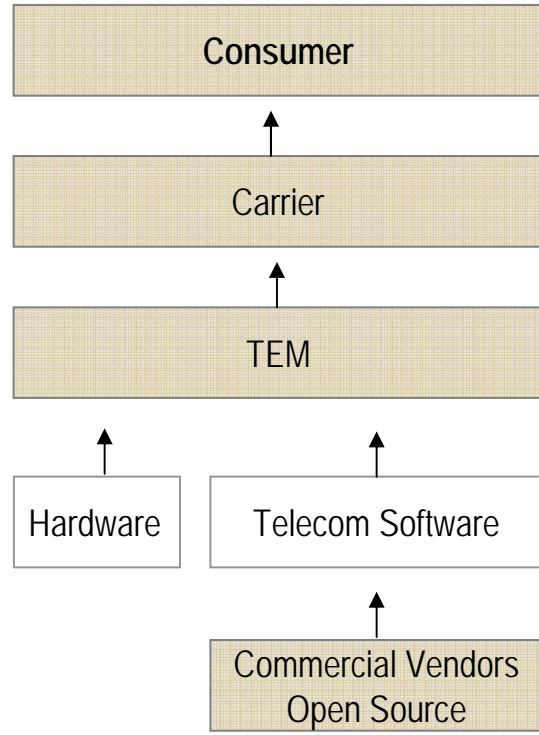
- Leading network technology customers use Enea professional services teams to accelerate software development

Marquee customers

- Alcatel-Lucent, Autoliv, Boeing, Bombardier, Ericsson, Fujitsu, General Dynamics, Honeywell, Hughes, Infineon, LSI (Agere), Lockheed Martin, MobiTV, Motorola, Nokia, Nokia Siemens Networks, Saab, Samsung, Sony Ericsson, Yamaha and ZTE



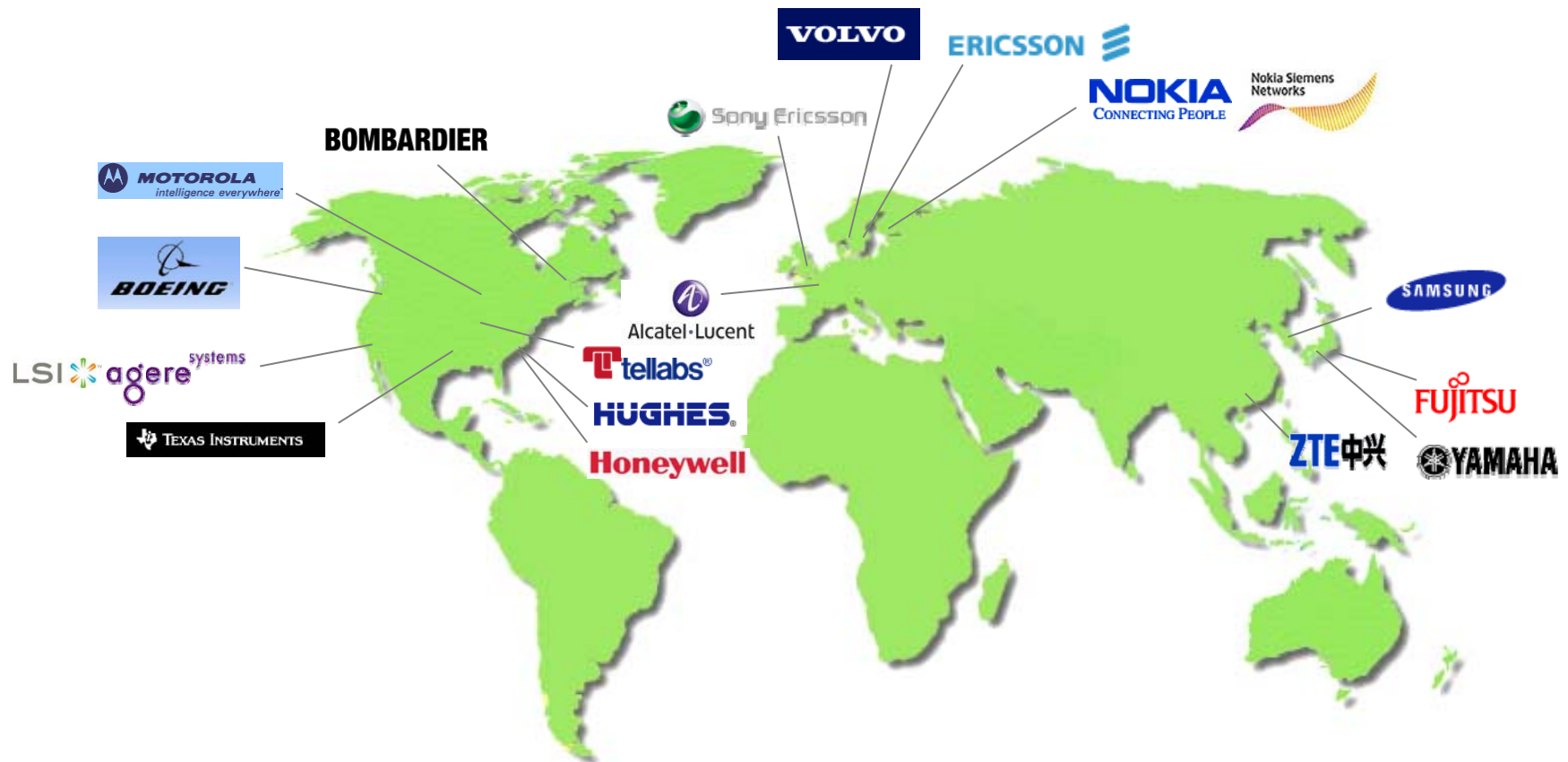
Enea in the Telecom Value Chain



Enea provides vital software for the Telecom market

- Enea software in 200 million new mobile handsets in 2006
- 5 Billion phone calls made every day with Enea software

Enea Market Presence



Enea Software Offering

▶ **Run-time software**

Traditional Products:

- OSE™, Real Time Operating System Family of Products
- Polyhedra™, In Memory Database

New Products:

- Element™ Middleware Platform
- LINX™ Communications Software

▶ **Tools**

Traditional Products:

- Illuminator™ Run-time analysis tools

New Products:

- Optima™ Eclipse-based Software Development tools

▶ **Third party products**

- Development tools
- Network protocol software
- Applications
- Linux

▶ **Platforms**

New Products:

- Enea Accelerator™, a vertically integrated solution including run-time software and third party products

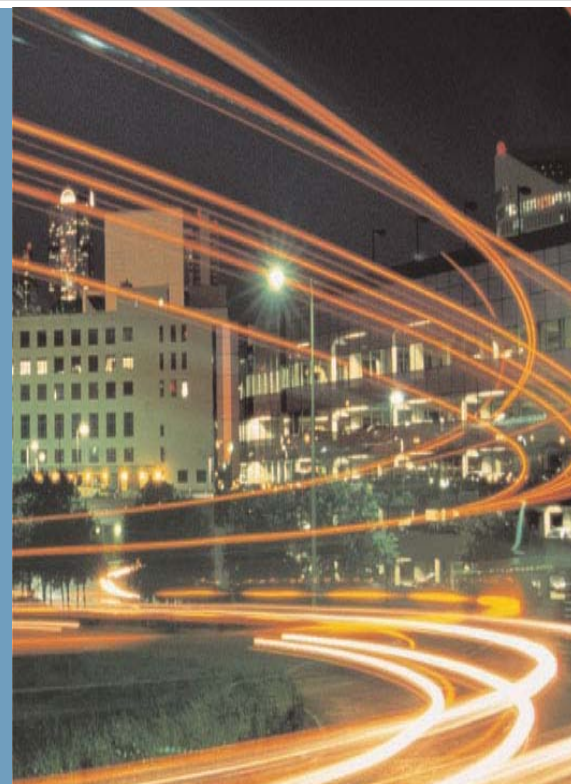
Enea Business Models

Software

- ▶ Royalty
- ▶ Rental
- ▶ Support & Maintenance
- ▶ Perpetual
- ▶ “Free”, Loss-leader

Services

- ▶ Time & material
- ▶ Project assignments
- ▶ Fixed fee assignments



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Q3 2007 in Brief

- ZTE chooses OSE 5 for its 3G mobile phones
- One new middleware platform customer during the quarter
 - Total eight customers including MobiTV and Hughes
- Element 2.2, a new version of Enea's middleware, is released
- Strong professional services market in Sweden. Somewhat increased staff turn-over.
- New consulting assignment with Honeywell
- Gregory Singh appointed to head Enea Nordic Services
 - Increased focus on Services growth and margins



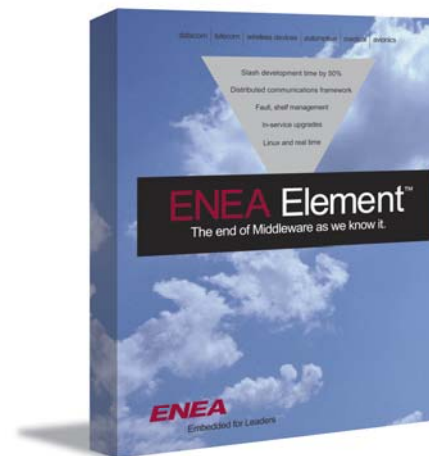
Software Product News in Q3

Traditional Products

- New *OSE 5* release
- New *Optima* Tools release

New Products

- New *Element* middleware release
- Launch of *dSPEED Platform* middleware



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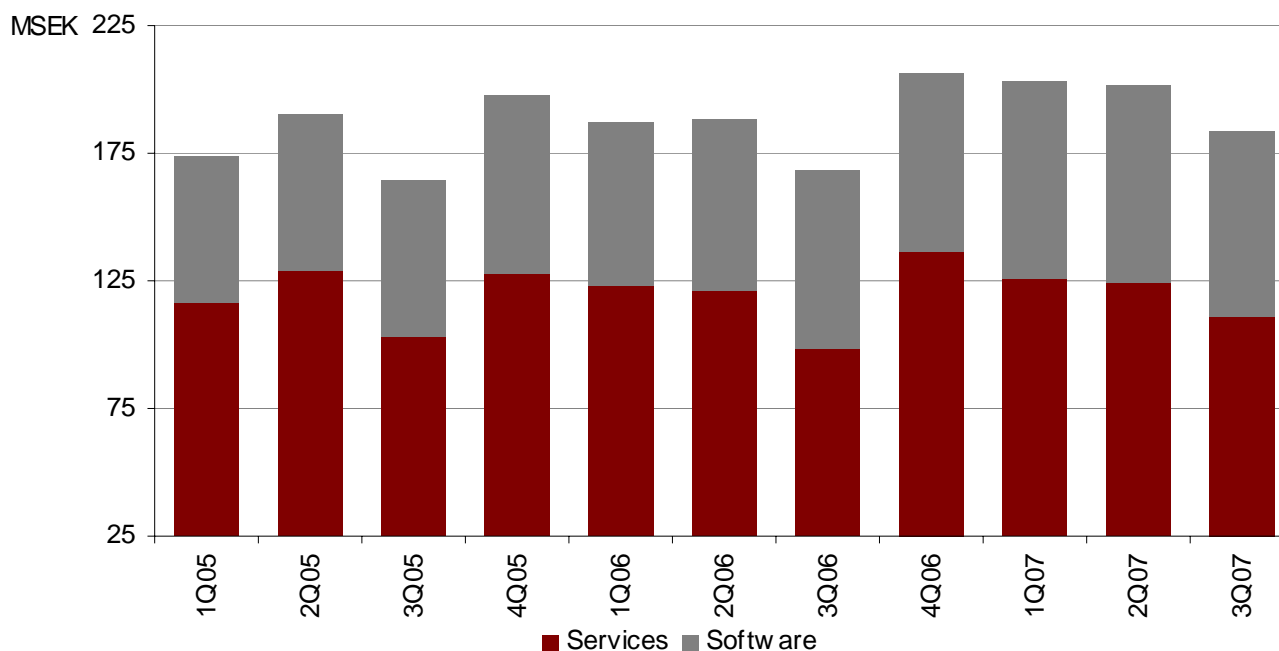
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Q3 Financials

Results in Brief	Jul-Sept		Jan-Sept		12 months	
	2007	2006	2007	2006	Oct-Sept	2006
Net sales, SEK million	183.8	168.6	588.4	543.8	794.7	750.1
Growth, %	9.0	2.4	8.2	2.8	7.2	3.3
Operating profit, SEK million	16.4	17.2	47.6	46.8	68.4	67.6
Operating margin, %	8.9	10.2	8.1	8.6	8.6	9.0
Earnings per share, SEK	0.03	0.03	0.10	0.10	0,13	0.13

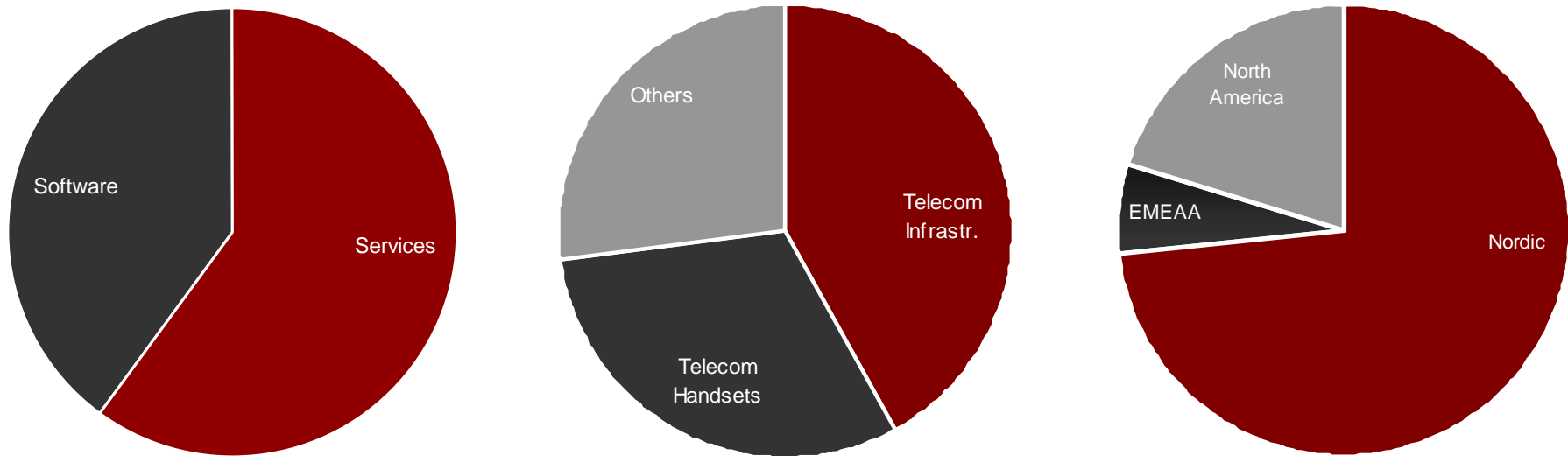
- Third Quarter
 - Net sales increased with 11 percent in local currency
 - Services sales increased with 15 percent in local currency
 - Software sales increased with 7 percent in local currency
 - Operating profit increased with 4 percent in local currency

Net Sales



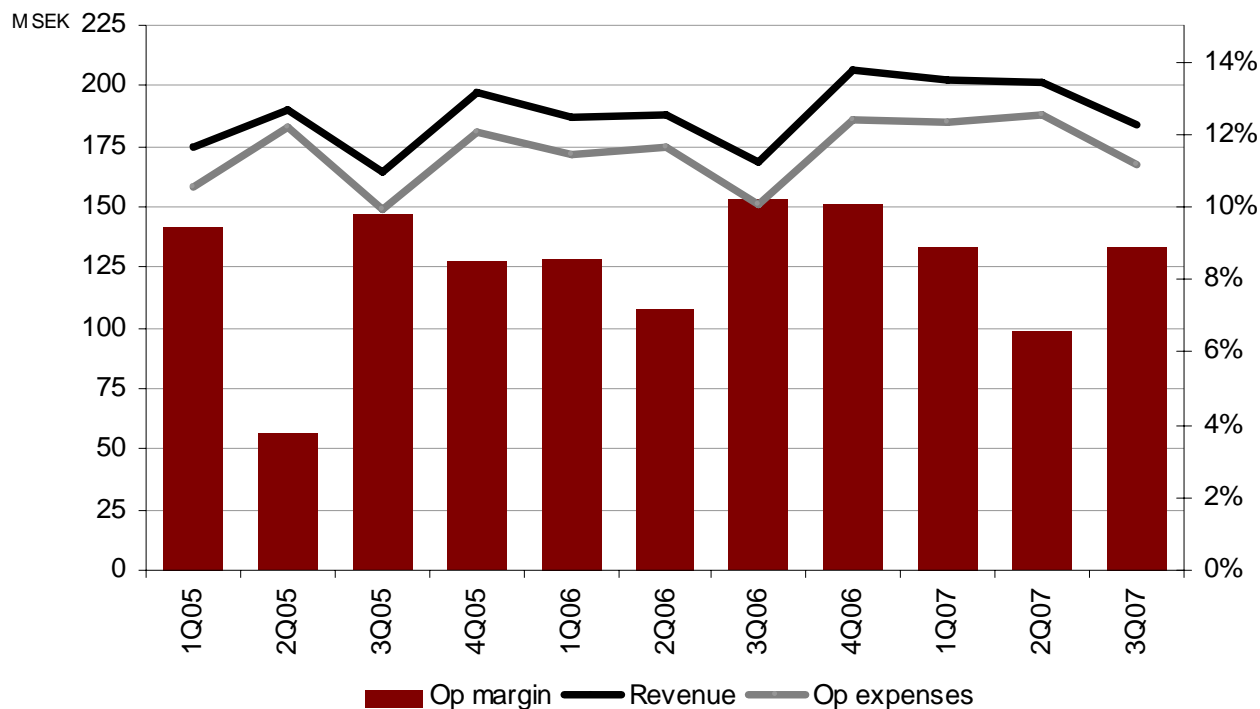
- Net Sales increased by 10 percent YTD in local currency
- Software sales increased by 16 percent YTD in local currency
- Services sales increase by 7 percent YTD in local currency

Sales Distribution, YTD



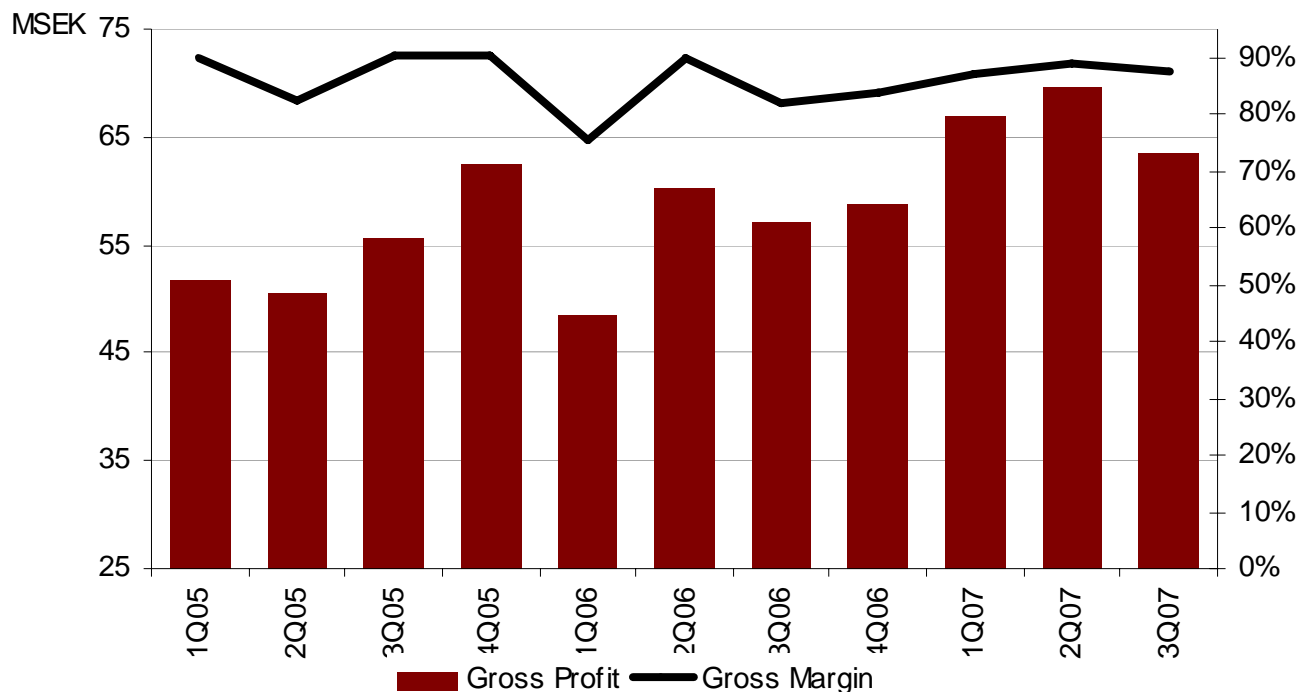
- Software sales represents 39 percent of total sales
- Telecom Infrastructure represents 42 percent of total sales
- Nordic Software sales represents 75 percent of total sales

Operating Profit, Margin and Expenses



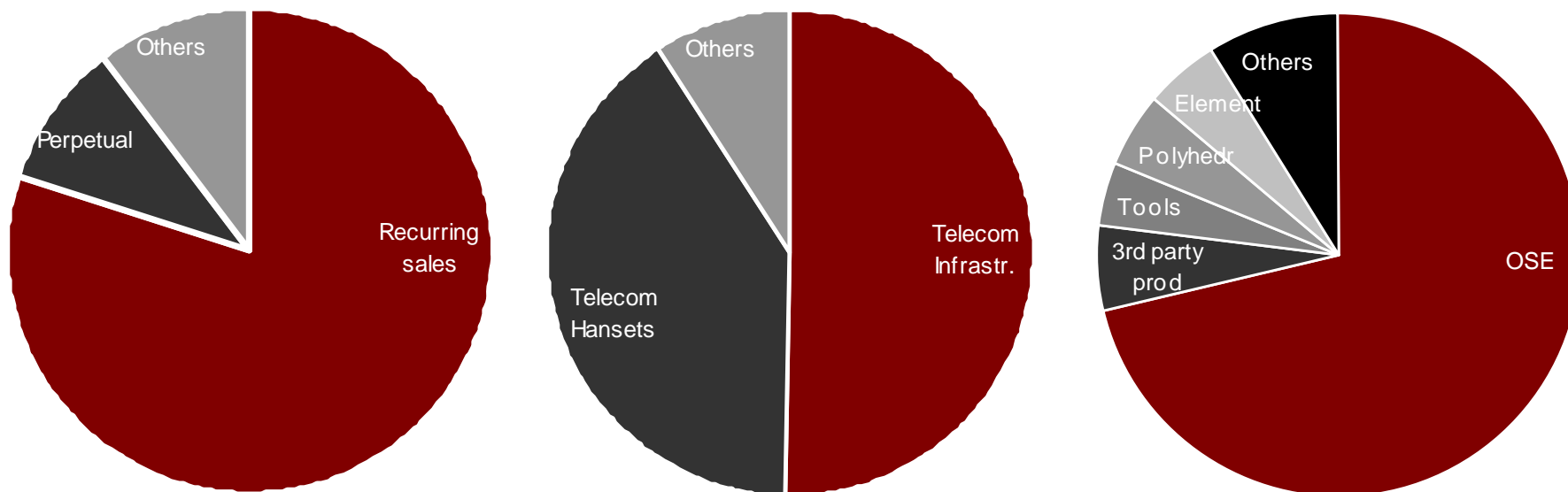
- Operating profit of 8 percent YTD
- Increased expenses for product development and marketing due to enlarging our product portfolio
- Decreased expenses for G&A

Gross Margin Software



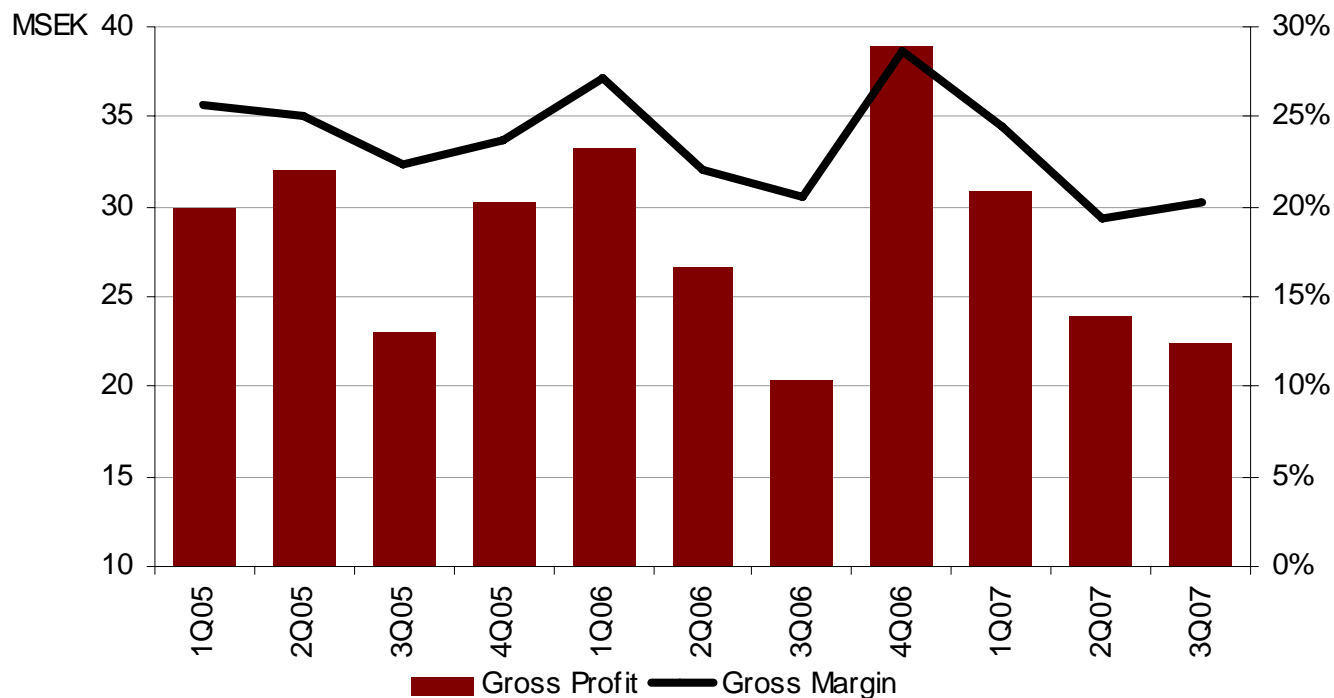
- Gross margin of 88 percent YTD
- Gross profit increased with 20 percent YTD compared to last year

Sales Split Software, YTD



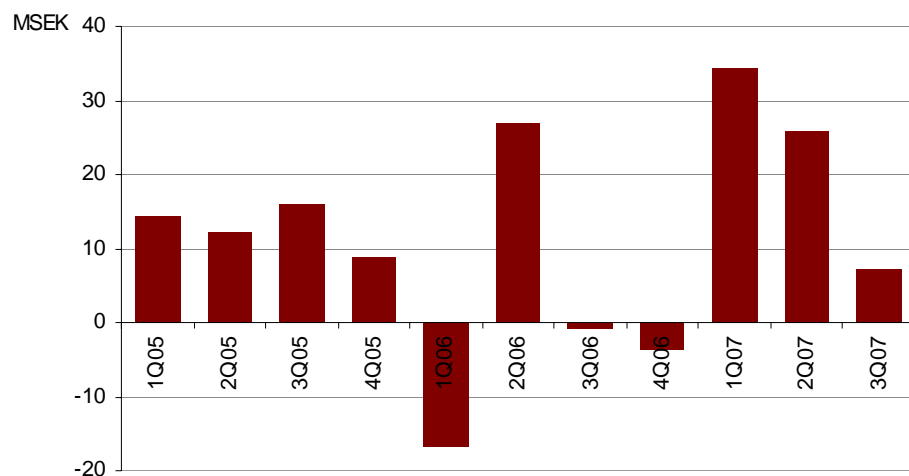
- Recurring sales (includes Royalties, Rental and Support) of 78 percent
- Telecom Infrastructure represents 54 percent of total sales
- OSE represents more than 70 percent of total sales

Gross Margin Services



- Gross margin of 21 percent YTD

Cash Flow on Continued High Level



YTD 2007, SEK million

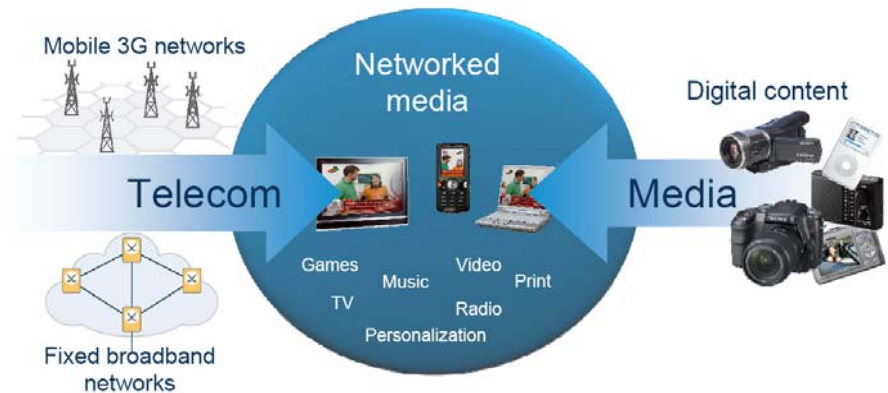
- Current Operations	67.6
- Investment activities	-36.4
- Financing activities	1.0
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Cash & Bank	177.8

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Major Telecom Market Trends

- Mass market
- Convergence
- Enea well positioned to benefit from both



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Guidance – Outlook for 2007

Fiscal Year 2007:

- 2007 total software revenue is estimated to be around SEK 300-315 million which represents a growth of 11-16 percent.
- EBIT 2007 will exceed EBIT 2006

Long-term financial targets remain the same:

- Annual sales increases in excess of 15 percent
- Operating margins exceeding 10 percent

ENEAA

Thanks

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