



Enea

Annual Statement 2009

Per Åkerberg, President and CEO
February 4, 2010

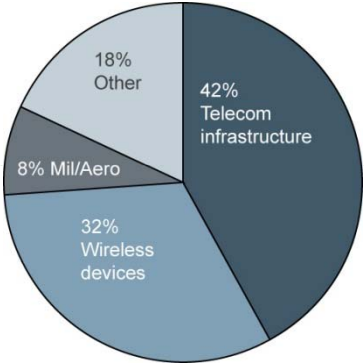
ENEAA



Leader in Communications Software & Services

Global software and services company focused on solutions for communication-driven products.
Founded 1968

Revenue per segment



- Enea Consulting
- Full product life cycle software development
 - Outsourcing capabilities
 - Training
 - Solution centers for Android, Linux, wireless, communication and certification

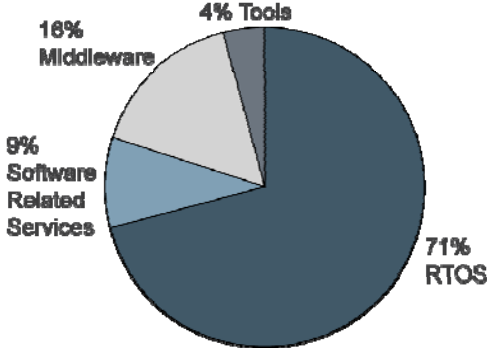
633 employees

16 offices in Sweden (HQ), Romania, North America, France, Germany, UK, Israel, China and Japan

Enea Software

- is among the most widely deployed in the world
- handles 5 billion phone calls every day
- is installed in over 400 million new cell phones in 2008 alone

Revenue per product





Global Footprint – Global Customers





The Market



The Telecom Market

■ Infrastructure

- Ericsson: Revenue -16% Q4 09 vs. Q4 08
Will decrease cost with 15 billion SEK first half 2010. Staff reductions of 6,500.
- NSN: Revenue -16% Q4 09 vs. Q4 08
- Huawei: Expecting 29% growth in 2009

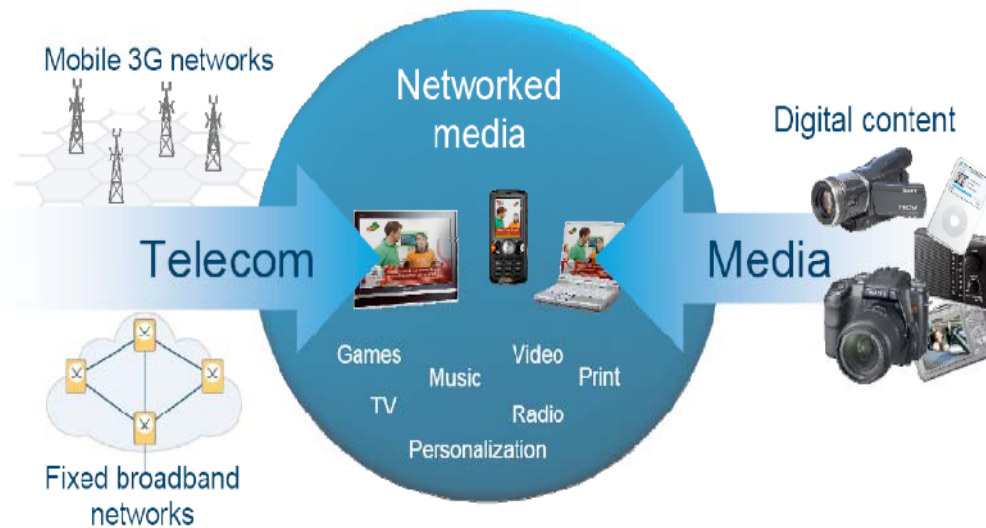
■ Handsets

- Sony Ericsson: 40% drop in shipment Q4 09 vs. Q4 08. Staff reductions of 380.
- Nokia 8% increase in shipment Q4 09 vs. Q4 08

■ Consulting

- Sweden: More than 1,200 consultants have been affected by the restructuring programs in Sony Ericsson and ST-Ericsson (source: Sydsvenskan)
- US: Demand for certification programs
- Romania: price pressure

Technology Development Drives Demand



■ Telecom Infrastructure

- IP-based services driving networks towards “all IP”
- Application specific processors – multicore and hw acceleration engines
- Scalable multicore solution needed
- RTOS and Linux combination needed

■ Wireless Devices

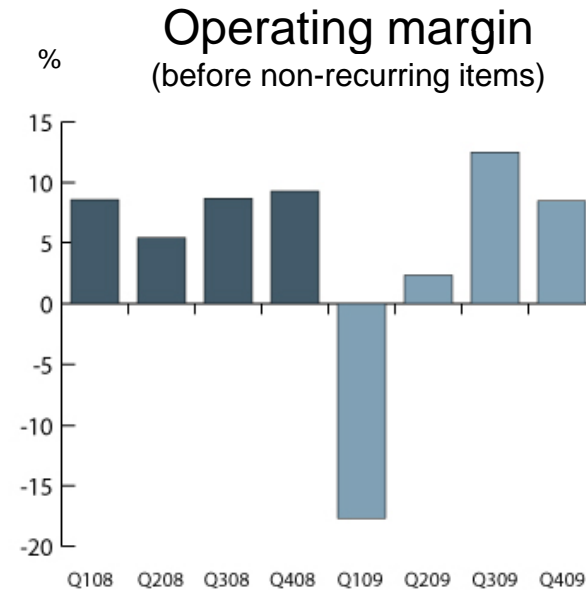
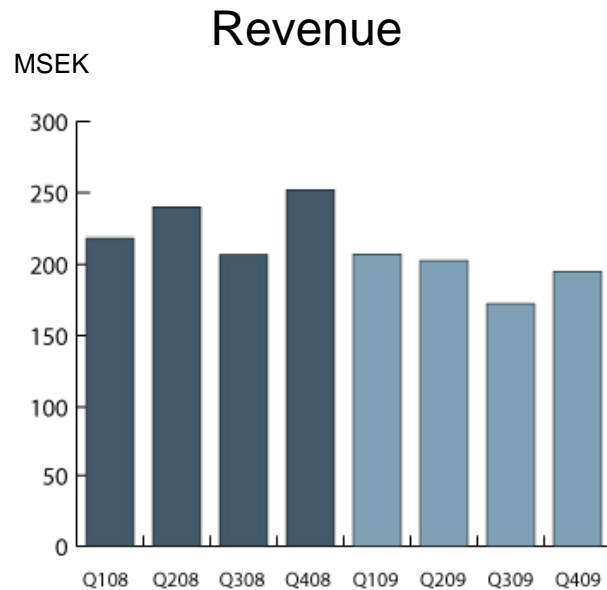
- Growth in emerging markets brings down price per phone
- Apple and Google reshaping the market
- Consolidation in the chip-set market
- RTOS needed in access part



FY and Q4 2009



2009: A Year of Adjustments



- Revenue: FY 777.7 MSEK , -15% Q4 195.1 MSEK, -23%
- Operating profit * FY 38.2 MSEK (73.1) Q4 16.5 MSEK (23.4)
- Operating margin: * FY 4.9% (8.0) Q4 8.5% (9.3)

*(before non-recurring items):



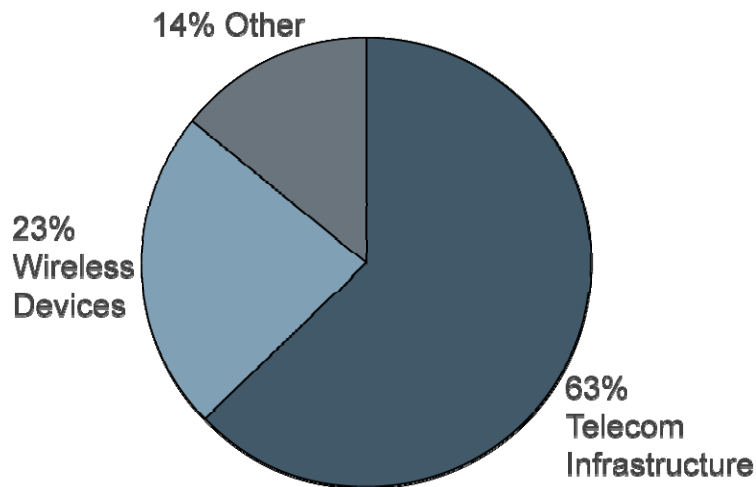
Software: Stable revenue from new licenses

- Software accounted for 44% of the total revenue in 2009
- Revenue of 91.0 MSEK in Q4 resulting in a 16% decline
- Revenue of 339.7 MSEK for the full year, resulting in a 10% decline
- New license sales remain stable in Q4, while the royalty based revenue fell due to fewer units sold by telecom customers
- Operating margin of 17% in Q4, compared with the long term objective of 20%
- Negative operating margin for the full year

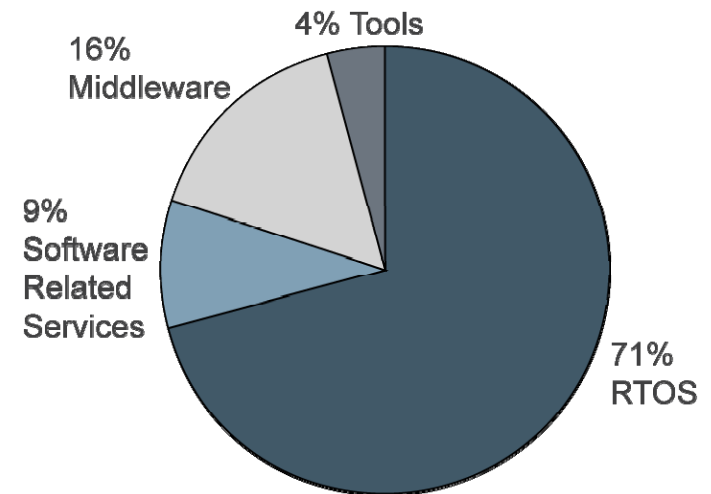


Software: Sales Distribution FY 2009

Sales per segment, Software, FY2009



Sales per product, Software, FY 2009





Software: Business highlights

- Closed 15 software design-wins
- Enea signed its largest deal ever worth SEK 37 million with a global finance corporation. The deal includes licenses for Enea Element, Enea System Manager, and consultancy services.
- The restructuring program for reducing Software's R&D costs came to an end, resulting in an annual cost reduction of app. SEK 50 million
- As part of the ongoing focusing of the organization, operations for Enea Element and Enea Netbricks will be run in two separate business teams



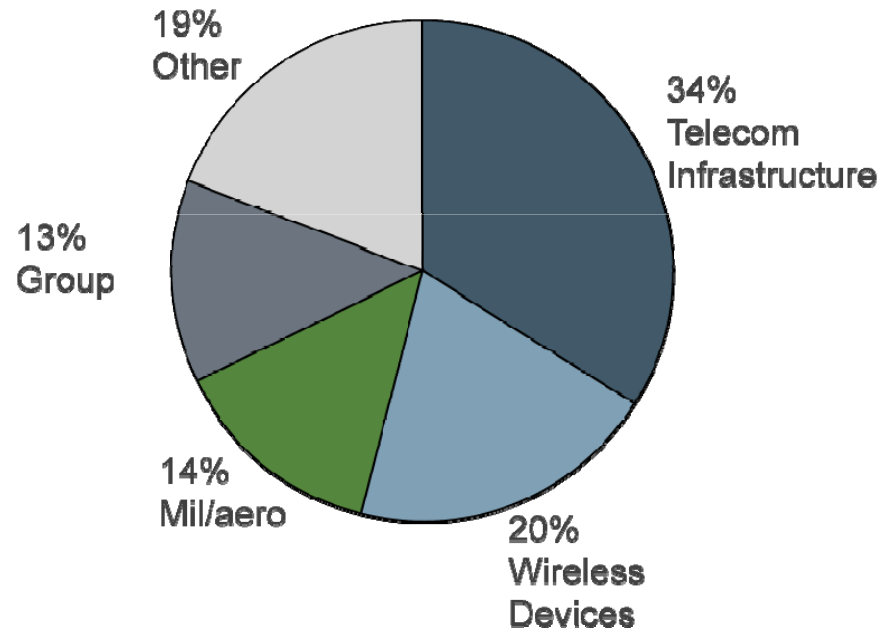
Consulting: No Recovery in Q4

- Consulting accounted for 56% of the total revenue in 2009
- Revenue of 113.6 MSEK in Q4 resulting in a 32% decline
- Revenue of 488.0 MSEK for the full year, resulting in a 21% decline
- The Swedish business affected by major cut downs in the telecom sector. Weak, but stable development in US. Stable development with price pressure in Romania.
- Operating margin (before non-recurring items) of 1.1% in Q4, compared with the long term objective of 10%
- Operating margin of 1.4% for the full year



Consulting: Sales Distribution FY 2009

Sales per segment, Consulting,
FY2009





Consulting: Business highlights

- Of the SEK 37 million deal, a majority of the value was related to consultancy services
- Successes for the Android Competence Center in Lund, which was launched during the third quarter. A number of deals entered into on both a Nordic and a European basis, such as training projects and a commission from FatSkunk, where Enea is to produce a prototype application for an Android telephone.
- Several deals in associated technical fields were signed. Example: a commission from a telecom customer involving development of an interface for IP-based TV.



Continued Strong Financial Position

- Cash flow from operations amounted to 69.8 MSEK (81.7) for the full year
- Cash and cash equivalents at the end of the period were 153.9 MSEK (122.1)
- Enea has unused credits amounting to 100 MSEK
- The equity/assets ratio was 74.1 (71.5) percent



Way Forward



Enea Software Strategy

- Focus on key-accounts
 - Leverage telecom market position to continue to build relationships with key customers
 - Dominant position with Ericsson & Nokia

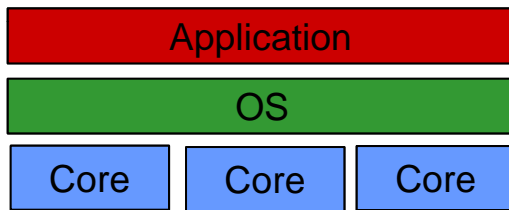
- Strengthen alliances with semiconductor vendors to accelerate growth
 - Intel acquisition of Wind River alters industry landscape
 - Enea and LSI Corporation partnership results in design wins and new customers
 - New partnership agreement with Freescale

- Leverage multicore technology
 - Multicore market estimated to grow >40%
 - Scalable multicore technology

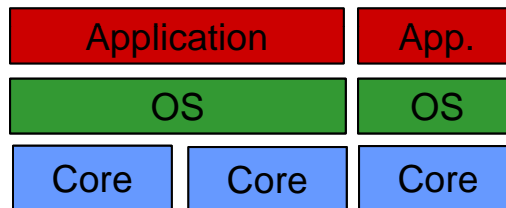


Enea Multicore Advantage

Competition

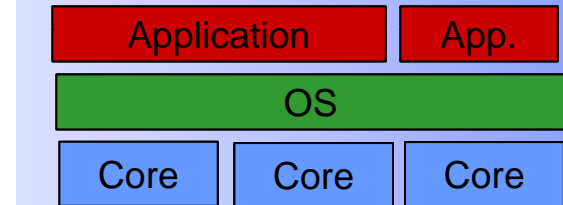


Easy to use
Preserves legacy
Does not scale



Heterogeneous OS'es
Preserves legacy
Some scalability

Enea



Easy to use
Preserves legacy
Unmatched scalability



Enea Consulting Strategy

- Focus on local market expertise
 - Sweden, Romania & USA have distinct profiles and strengths
 - Vertical industry expertise:
wireless, telecom infrastructure, aerospace & defense
 - Competence centers:
real-time systems, test, Linux, Android, Autosar, certification standards

- Grow off-shoring as a competitive advantage
 - Currently 150 engineers at Enea Romania
 - Enea Romania is a strategic supplier in local Swedish and US projects

- Leverage business with embedded leaders
 - Strategic supplier of technology and expertise to Ericsson & Nokia
 - Skills and experience to be leveraged with new customers



Market Outlook

■ **Software:**

- The underlying demand for Enea products and services remains good
- Technology development means major, long-term investments for Enea's customers

■ **Consulting:**

- The recovery has ground to a halt in the fourth quarter
- Demand is expected to increase slightly in early 2010

■ **Financial outlook:**

- Stable development in revenue and significantly improved operating profit
- Long term objectives:
Operating margin of 20 percent for Software
and exceeding 10 percent for Consulting



Why invest in Enea?

- Market drivers for growth are evident
- An industry leader in the telecom market
- Technology to meet future demand in place
- Strong skill set with local consultancy presence
- Financial backing to increase growth through strategic acquisitions
- Proven ability to grow with solid profitability and positive cash flow



THANK YOU!

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