



# Enea

## Earnings Presentation Q1 2011

Per Åkerberg, President and CEO

April 29, 2011

**ENEAA**



# Agenda

- Intro
- Q1 2011
- Way forward & Outlook

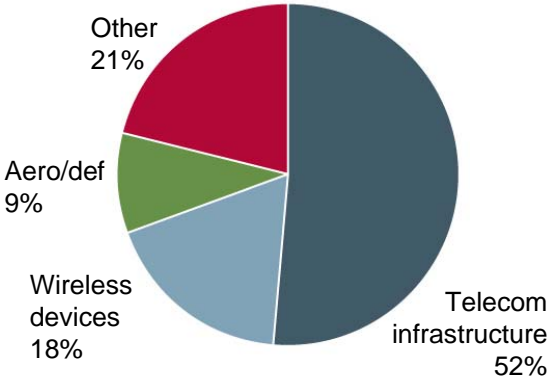




# Leader in Communications Software & Services

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

Revenue per segment (2010)



### Enea Consulting

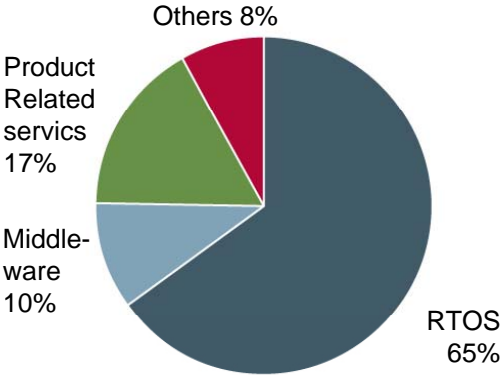
- Full product life cycle software development
- Outsourcing capabilities
- Training
- Solution centers for Android, Linux, M2M, wireless, test and certification

617 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 1 700 million wireless devices

Revenue per product (2010)





# Global Footprint – Global Customers

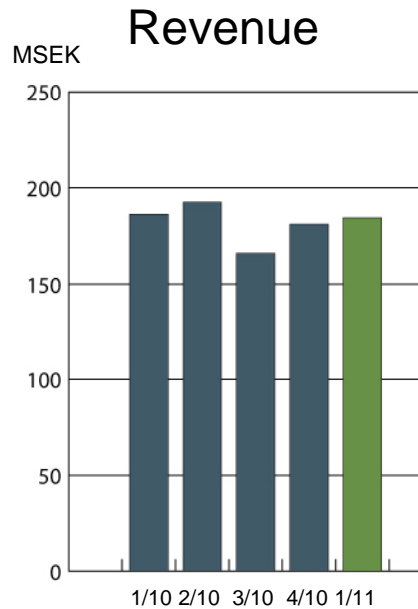




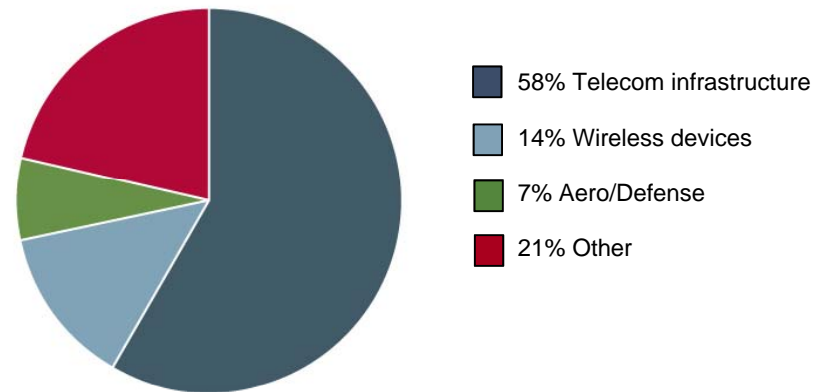
# First quarter 2011



# Revenues are stabilizing – growth in local currency



Revenue per customer segment

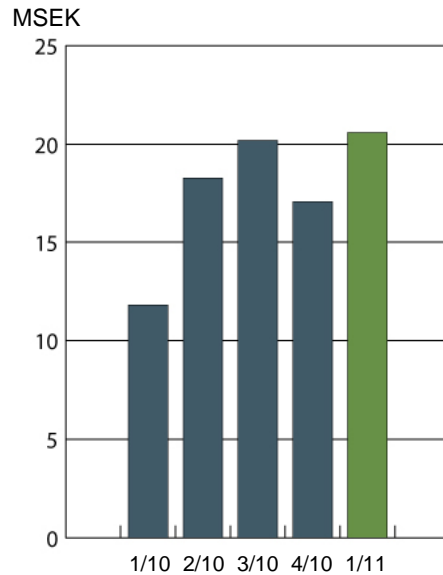


	Q1/11	Q1/10	FY/10	FY/09
Revenue (MSEK):	184.5	186.3	726.1	777.7
Growth (%)	-1.0	-10.1	-6.6	-15.2
Growth (%) (excl. currency effects)	1.6	-6.2	-4.8	-21.0

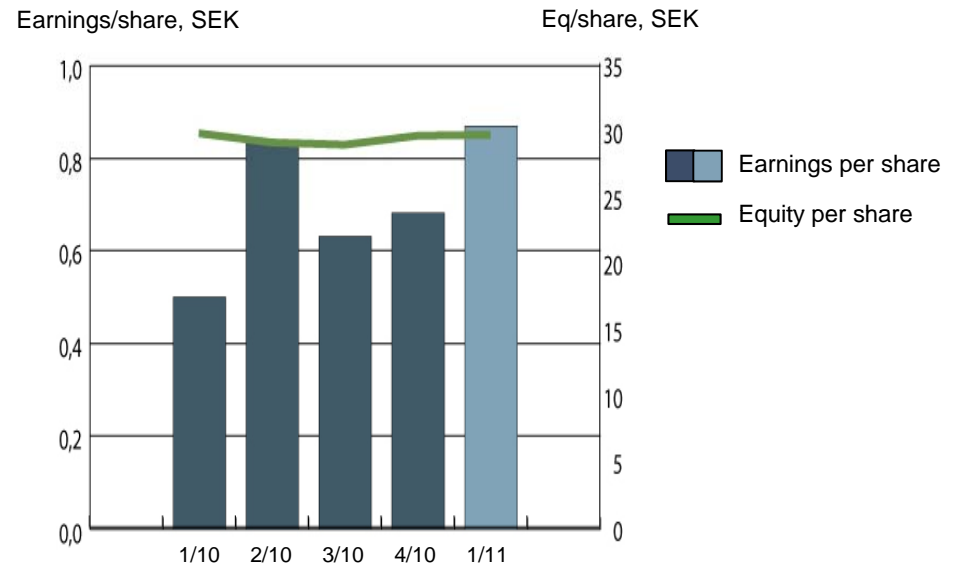


# Profit continues to improve

## Operating profit



## Earnings and Equity per Share



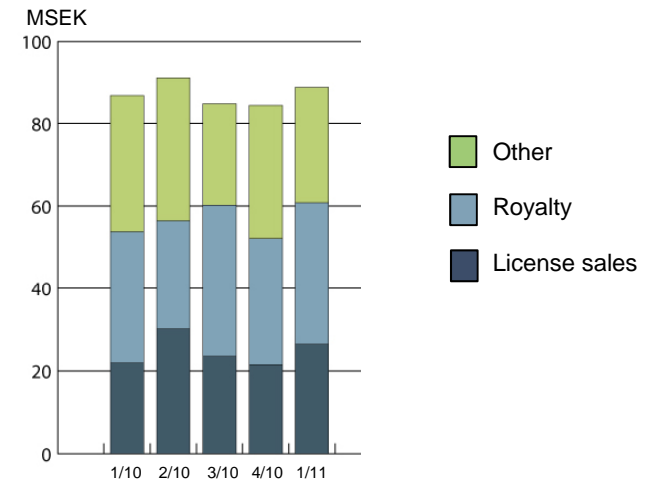
	Q1/11	Q1/10	FY/10	FY/09
Operating profit (MSEK):	20.6	11.8	67.4	-4.1
Operating margin (%)	11.2	6.3	9.3	-0.5
Earnings per share (SEK)	0.87	0.50	2.65	0.24



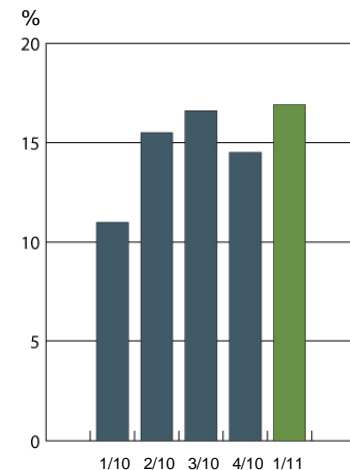
## Software: growth and improved margins

- Software accounted for 48% of the total revenue in Q1/11.
- Revenue of 88.8 MSEK in Q1/11 resulting in 2.3% growth. Growth adjusted for currency amounted to 4.6%.
- License and royalty sales increased while product related services declined.
- Growth in EMEA, US and China. Declining revenue in Japan. Several deals postponed in Japan due to the natural disaster in March.
- Operating margin of 16.9% compared with the long term objective of 20%.

Type of revenue



Operating margin

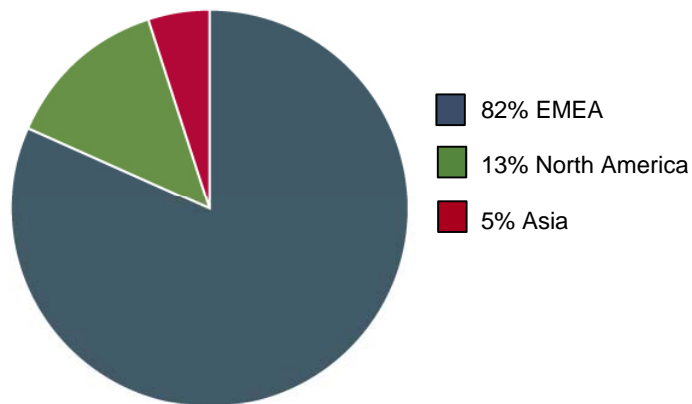




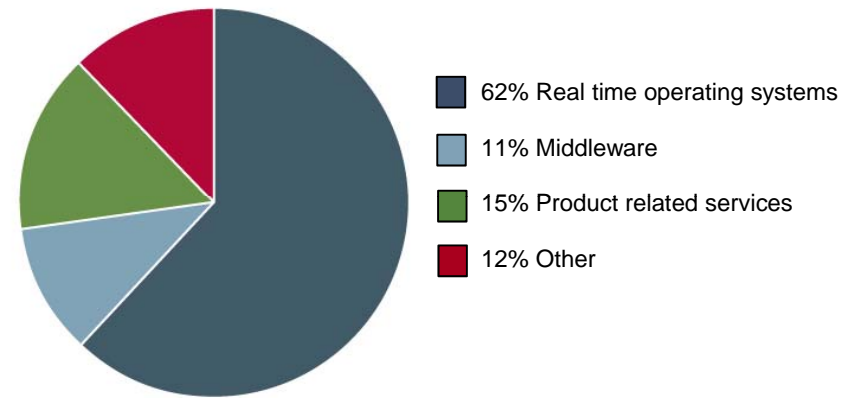


# Software: Sales Distribution

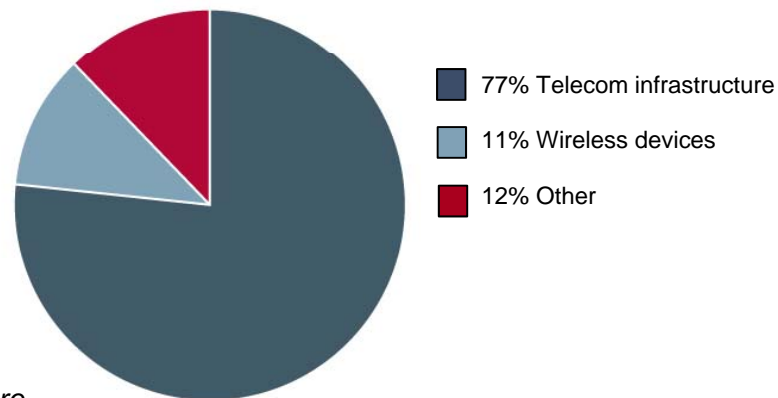
Revenue per geography



Revenue per product



Revenue per customer segment





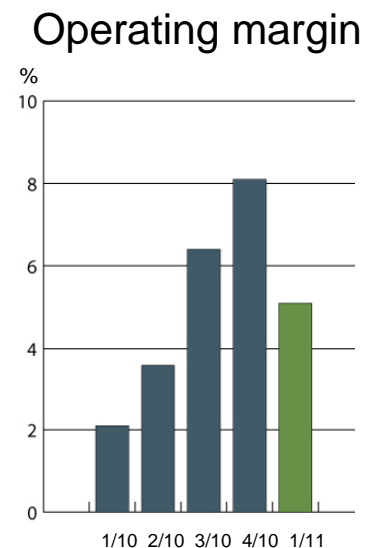
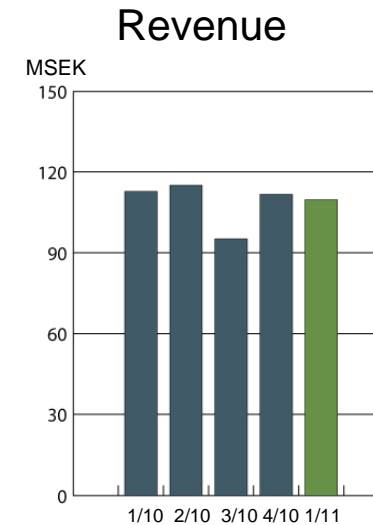
## Software: Business highlights Q1/11

- Closed **18 (14) software design-wins.**
- **Improved Linux offering.** Enea and the independent Linux company Timesys has formed an alliance to allow Enea to create platforms where Linux is combined with Enea technology.
- **Member of the Linux foundation.**
- The first software platform – **Multicore migration platform** – was launched to help customers migrate from single core solutions to multicore solutions.
- **The largest deals** during the quarter included **Enea OSE Multicore Edition.** The technology shift is happening, albeit slower than initially anticipated.
- **Tobias Lindquist appointed CTO.**



## Consulting: market climate is improving

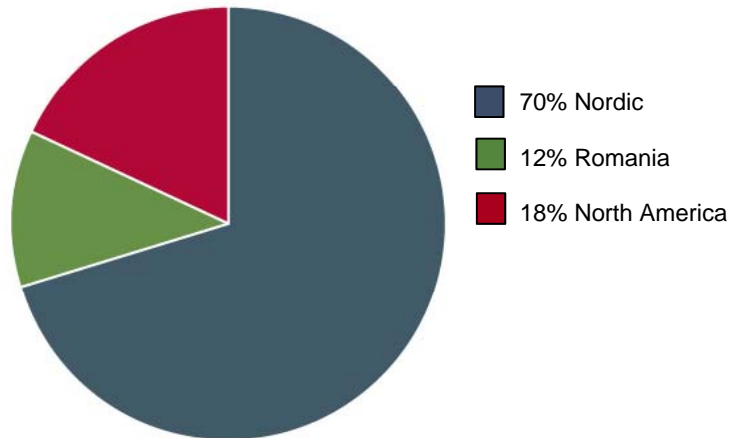
- Consulting accounted for 52% of the total revenue for Q1/11.
- Revenue of 109.7 MSEK in Q1/11 resulting in a 2.7% decline. Growth adjusted for currency amounted to 0.5%.
- Nordic Consulting have showed declining revenues with improved profit margins compared with Q1 previous year. In Öresund the market climate is improving. US operations<sup>o</sup> are growing with profits somewhat lower due to recruitment of new consultants. Romanian operations have reported increased income and stable profitability.
- Operating margin of 5.1% compared with the long term objective of 10% operating margin.



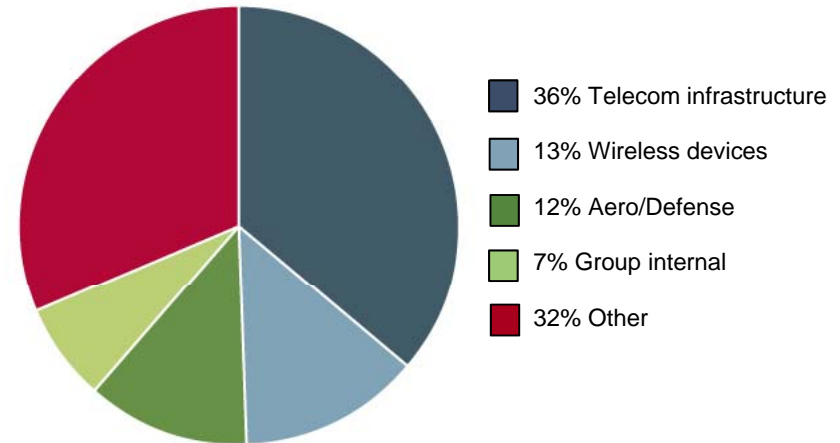


# Consulting: Sales Distribution

Revenue per geography



Revenue per customer segment





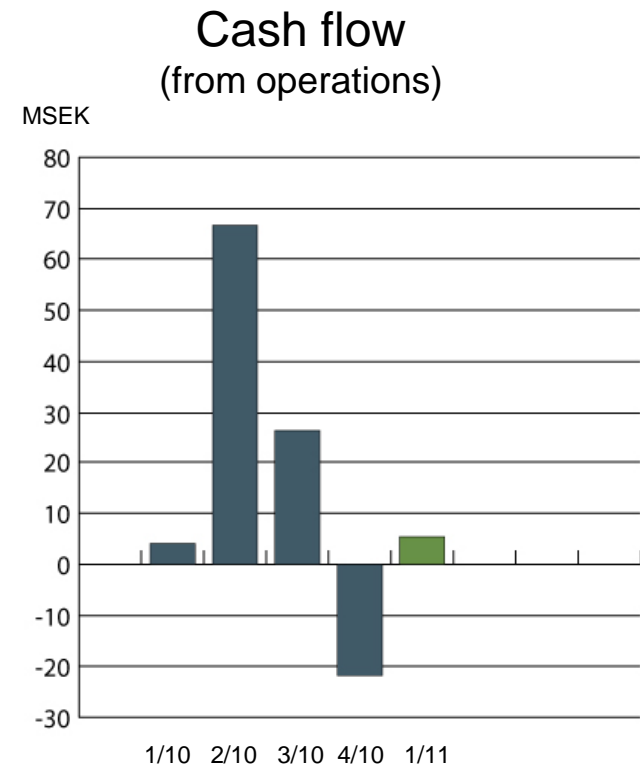
## Consulting: Business highlights Q1/11

- A number of **new customers** has been signed, among others a customer in the medtech industry, a software company with focus on the transporting sector and an insurance company.
- The **American consultancy business** has signed a number of follow-up orders, resulting in an **expansion** of the operation.
- Continued **success for the Android Competence Center** in Lund. An app for Malmö City has been supplied over the first quarter.



# Continued Strong Financial Position

- Cash flow from operations amounted to 5.4 MSEK for Q1/11.
- Cash and cash equivalents at the end of the period were 172.2 (147.8) MSEK
- Enea has unused credits amounting to 100 MSEK
- The equity/assets ratio was 75.4 (73.1) percent



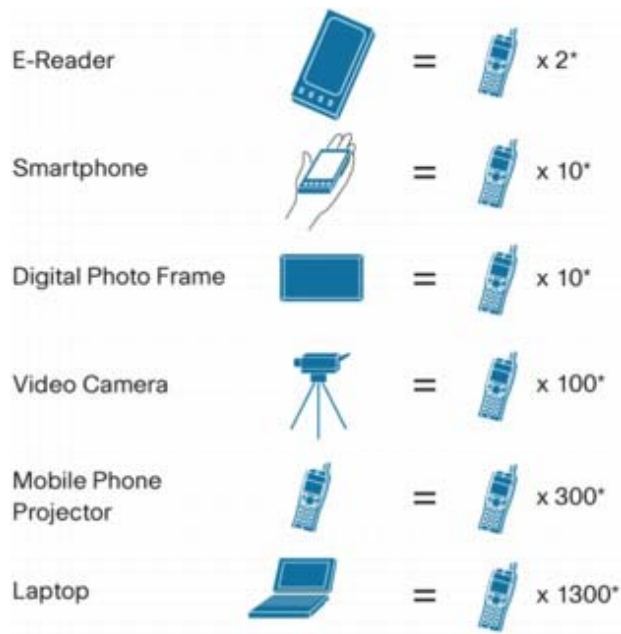


# Way Forward & Outlook

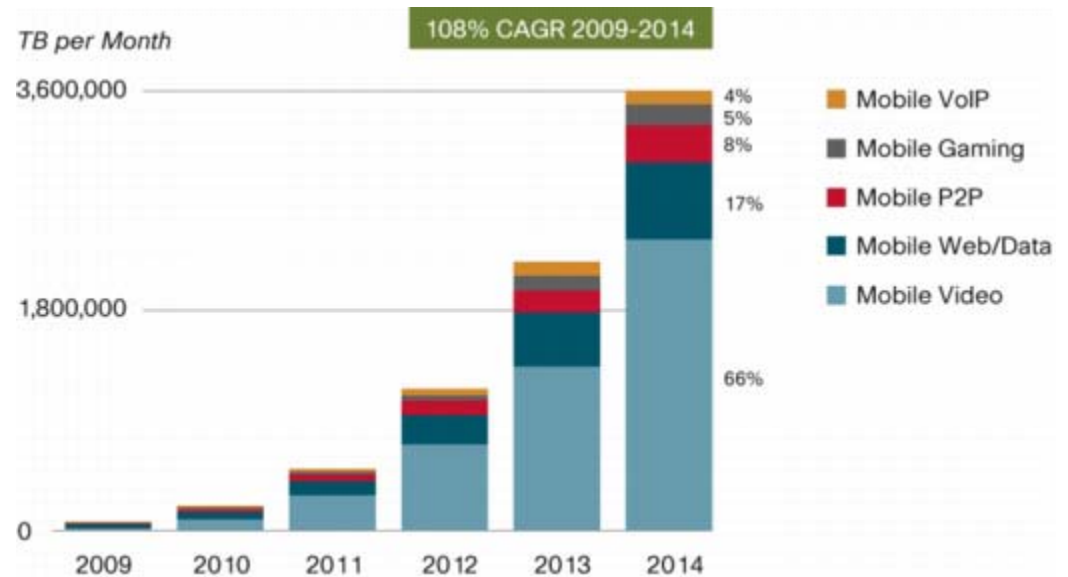


# Technology Development Drives Demand

- Ericsson predicts 50 billion **connected devices** by 2020
- Cisco believes mobile data traffic will increase 39 times through 2014, thus requiring major investments in **infrastructure**



\* Monthly Basic Mobile Phone Data Traffic  
 Source: Cisco VNI Mobile, 2010



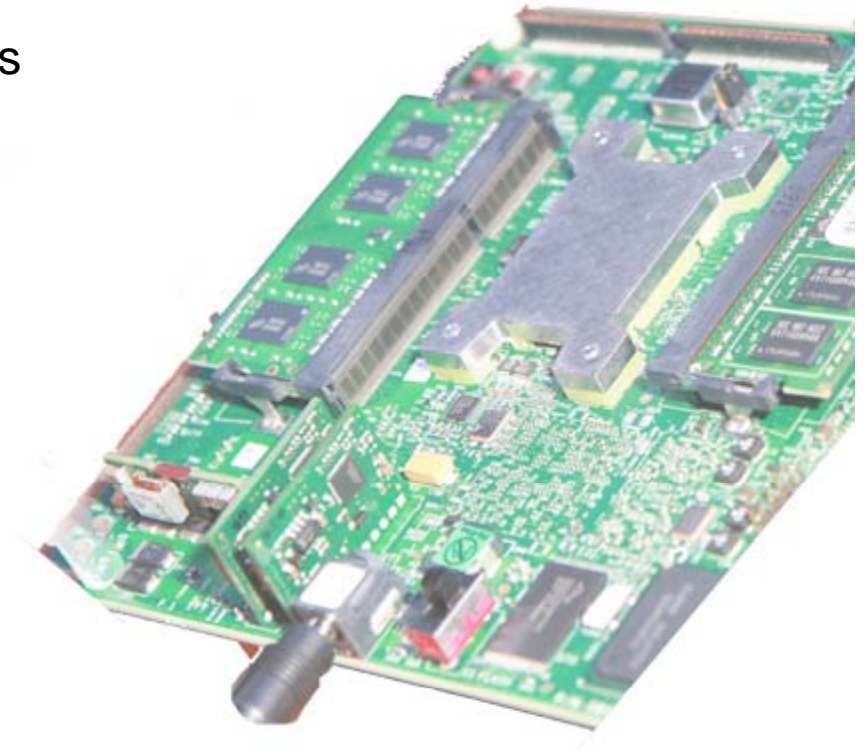
Source: Cisco VNI Mobile, 2010





# Enea's market opportunity

- The technology answer to the increased complexity spells **multicore**, a technology shift that is redefining the market
- Today approximately 10-15% of all projects are using multicore. In two years it's expected to grow to 40% usage
- The world wide shipment of multicore components, tools and related services is expected to grow with +30% annually
- Enea has award winning multicore solutions with high scalability





# Strategy

- Offer operating systems used for embedded development
- Offer high quality services to complement product offering
- Continued focus on telecom, with emphasis on the networking segment
- Build strategic relationships with key accounts
- Strong partnerships with chip manufacturers
- Best solutions for multicore

Software

- Regional strategies based on the core competences
- Create competence centers for growth areas
- Grow off-shoring as a competitive advantage

Consulting

- Develop the organization's productivity with focus on finding growth
- Attract and develop individuals with exceptional attitudes and skills

General



# 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:

- Demand is increasing in 2011

## ■ Financial outlook for 2011:

- net sales will continue to increase compared with the previous year, and that profitability will continue its positive development.

## ■ Long term objective:

- Operating margin of 20 percent for Software and exceeding 10 percent for Consulting



# THANK YOU!

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