



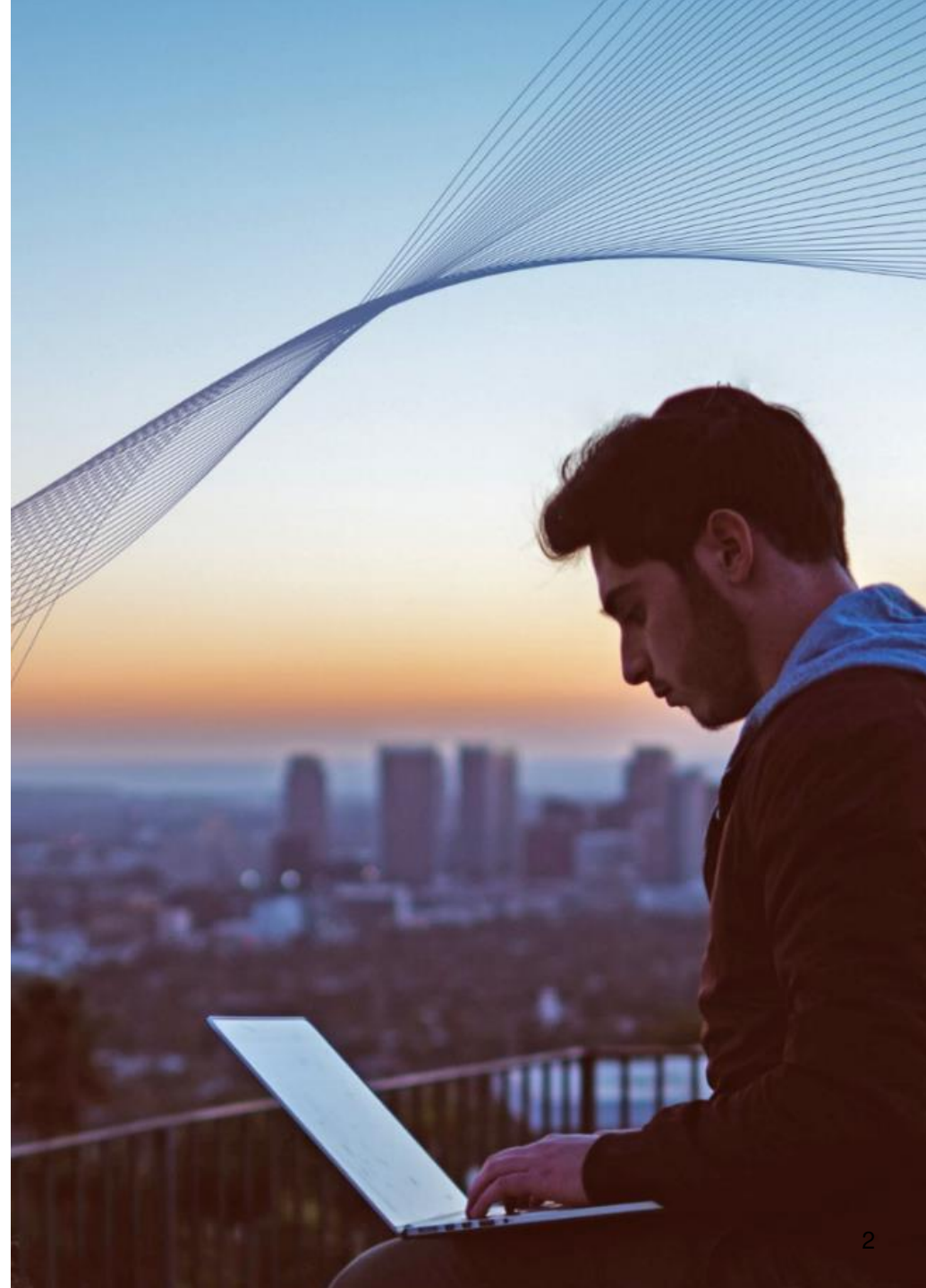
# Q1 2020 Financial Results

Jan Häglund, President and CEO  
Björn Westberg, CFO

April 28, 2020

# Agenda

- ▶ Introduction
- ▶ Financial Results
- ▶ Way Forward and Outlook



# Summary

Jan-Mar 2020

HEAD  
QUARTER  
KISTA,  
SWEDEN

LISTED  
NASDAQ  
STOCKHOLM  
(MID CAP)

REVENUE

227  
MSEK

OPERATING  
MARGIN <sup>1/</sup>

18.3  
PERCENT

OPERATING  
CASH FLOW

62  
MSEK

EARNINGS PER  
SHARE

0.80  
SEK

NET DEBT TO  
EBITDA

0.58

R&D <sup>2/</sup>

28.2  
PERCENT

<sup>1/</sup> Excluding non-recurring items

<sup>2/</sup> Opex (excl NRI) and Capitalized development

# Impact from Corona Pandemic

## Solid Position to Face Market Challenges

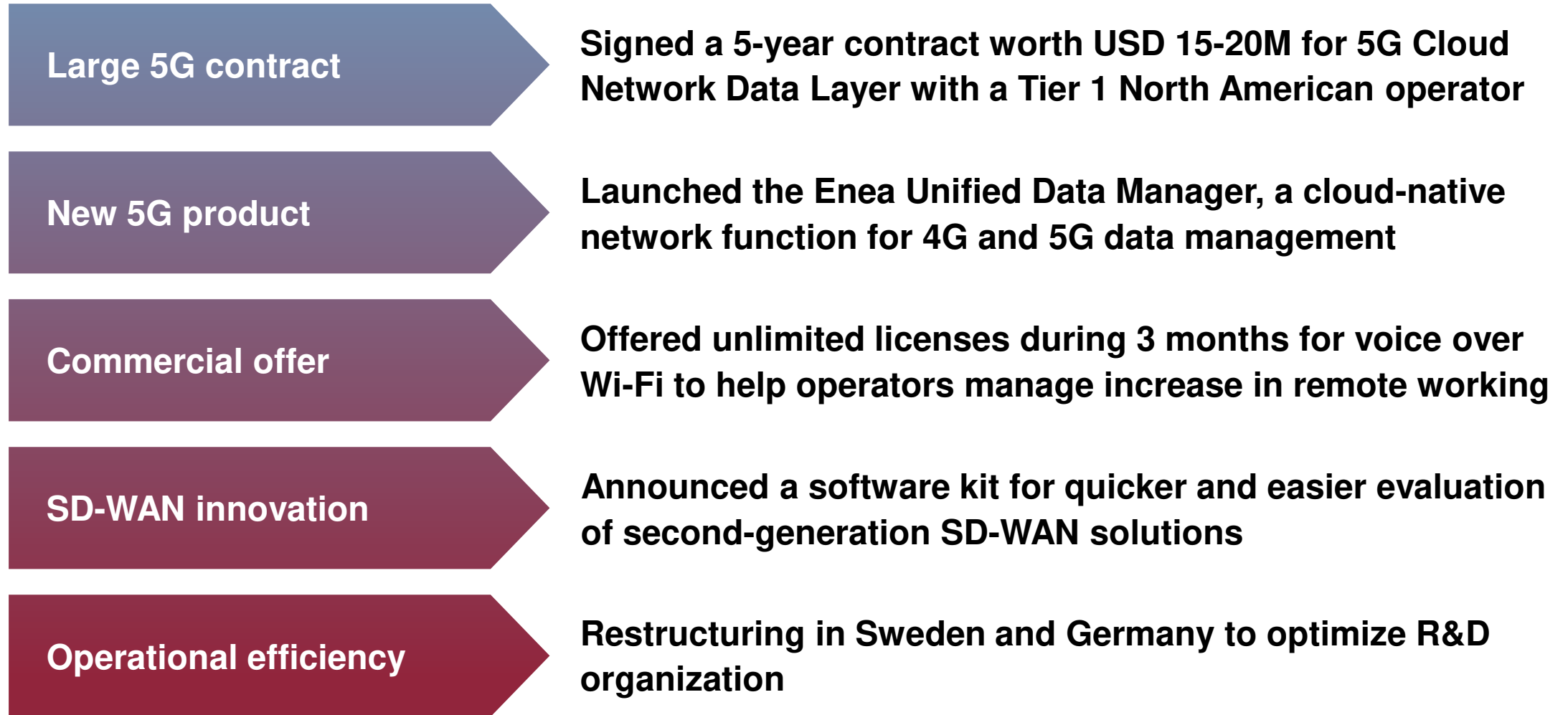
### General Market

- ▶ **Telecommuting and digitalization** have increased as more people work remotely
- ▶ **Traffic volumes have increased significantly** in many mobile and fixed networks
- ▶ The Corona pandemic has led to some **delays in specific projects** and investment decisions
- ▶ **5G deployments will continue** with risk of short-term delays

### Enea

- ▶ **The majority of business is stable**, supported by high degree of recurring revenue
- ▶ **Business continuity is fully maintained** with most employees work from home
- ▶ **A strong financial position** provides stability in a period of macro-economic uncertainty
- ▶ **Opportunities remain**, and Enea continues to invest in 5G and cybersecurity

# Key Events for Enea During the First Quarter



# 5G Data Management Contract

Large, multi-year deal signed directly with Tier 1 Operator in North America



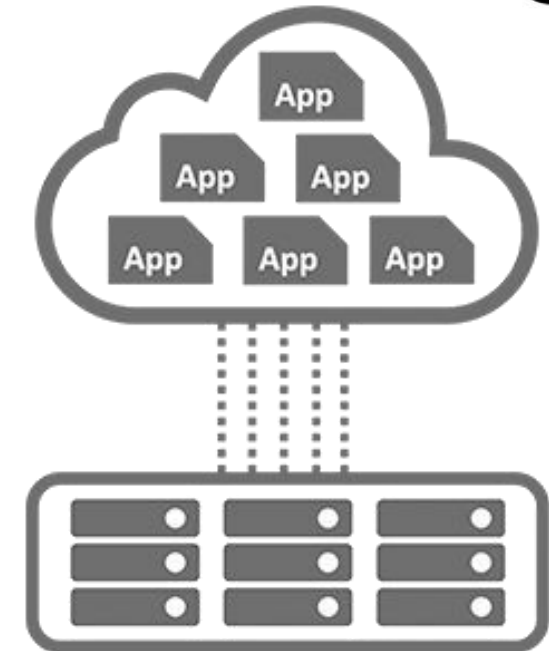
**ENEAA** SOLUTIONS PRODUCTS SERVICES RESOURCES CONTACT US

FINANCIAL INFORMATION

## ENEAA SIGNS MULTI-YEAR 5G CONTRACT WORTH USD 15-20 MILLION

Stockholm, Sweden, April 7, 2020 Enea® (Nasdaq Stockholm: ENEA)

Enea has signed a 5-year contract for 5G Cloud Network Data Layer with a Tier 1 North American telecom service provider. The contract includes perpetual software licenses and associated services, such as integration, support, and maintenance. Revenues are projected to grow starting next year, with an increasing number of subscriptions handled by the 5G Core system. Provided that the growth of subscriptions is in line with expectations, the contract will on average generate USD 3-4 million per 12-month period during the 5-year contract term.



**Enea  
Stratum**

<b>5</b> NINES	<b>&gt;1</b> Million TPS	<b>1/3</b> TCO
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# An Important Mission in a Volatile World

## General Market

- ▶ Spanish carriers see a 40% spike in network traffic due to COVID-19 (Fierce Telecom)
- ▶ COVID-19 makes data connectivity as critical as toilet paper (Light Reading)
- ▶ Verizon Boosts Capex \$500M to Deal With Coronavirus Impact (SDxCentral)
- ▶ Netflix urged to slow down streaming to stop the Internet from breaking (CNNBusiness)

## Enea

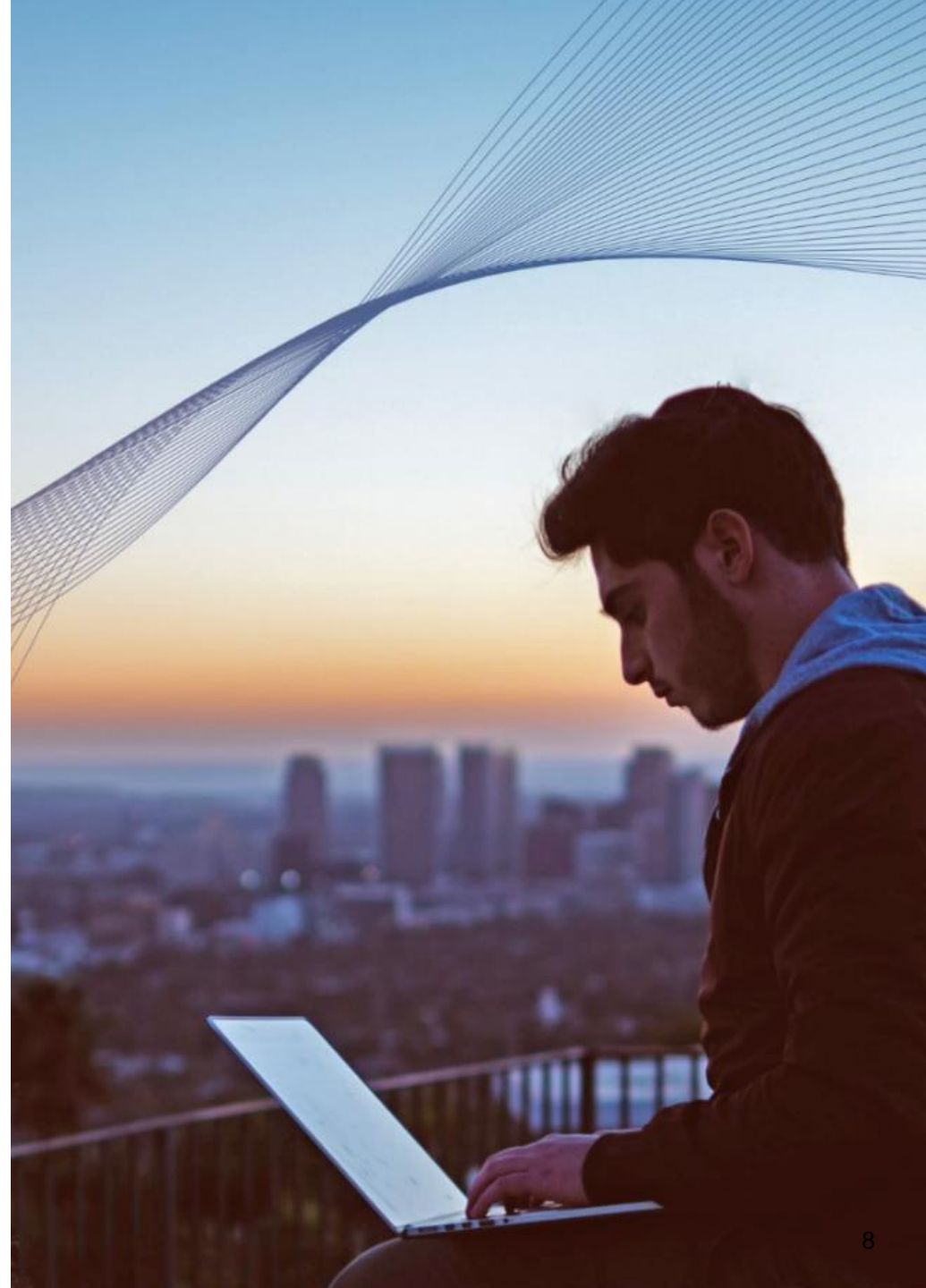
### Enea's traffic management solutions help customers to control traffic spikes

- ▶ Enea's **Video Optimization** solution provides network relief by addressing the main traffic category of the mobile network
- ▶ Enea's **RAN Congestion Manager** enables operators to manage congestion in the radio access network



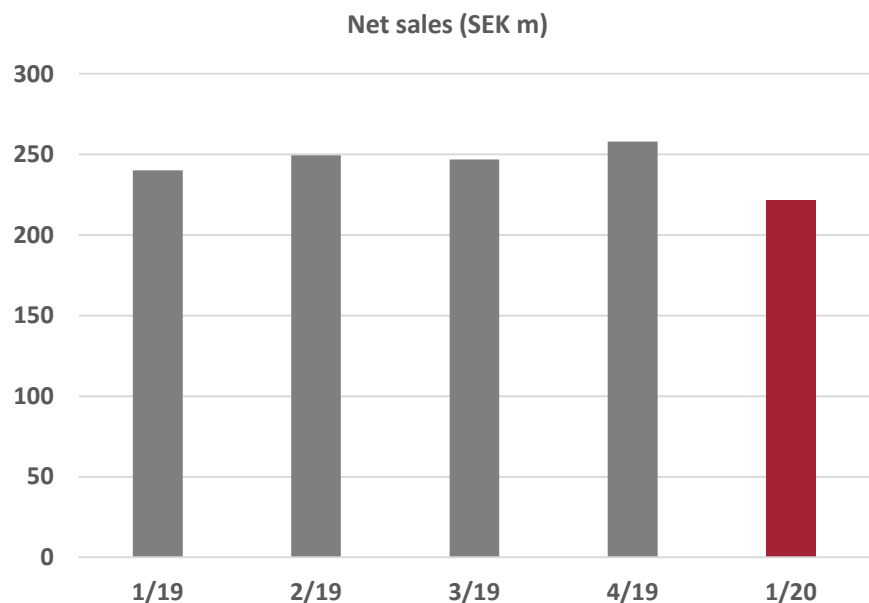
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# Stable quarter without major new orders



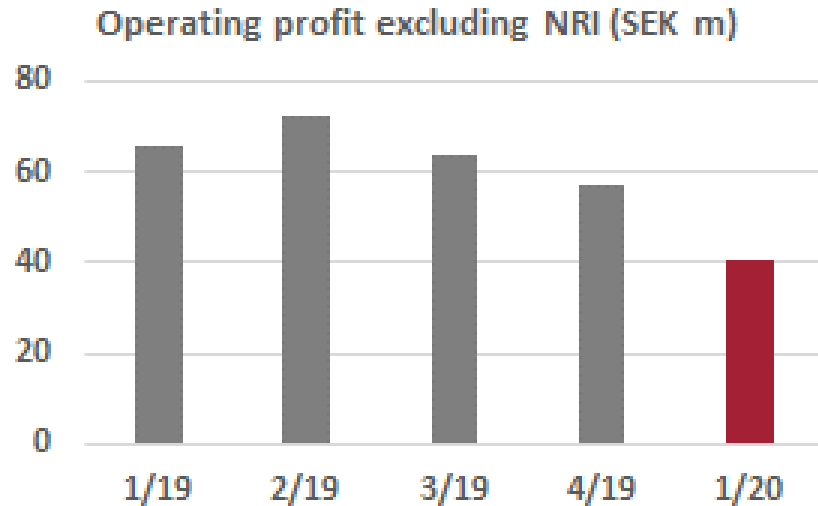
	20Q1	19Q1
Revenue (MSEK)	227	241 <sup>1/</sup>
Revenue growth (%)	-6	42
Revenue growth (% , currency adjusted)	-8	34

<sup>1/</sup> the Policy and Access Control business acquired from ATOS included 1 month (March) LY

## Q1

- ▶ Recurring business generates solid revenues in our product lines
- ▶ Sales decline, no major new orders (LY included 2 large contracts)
- ▶ LY also included a 20 MSEK settlement with a key account

# EBIT margin of 18.3 percent



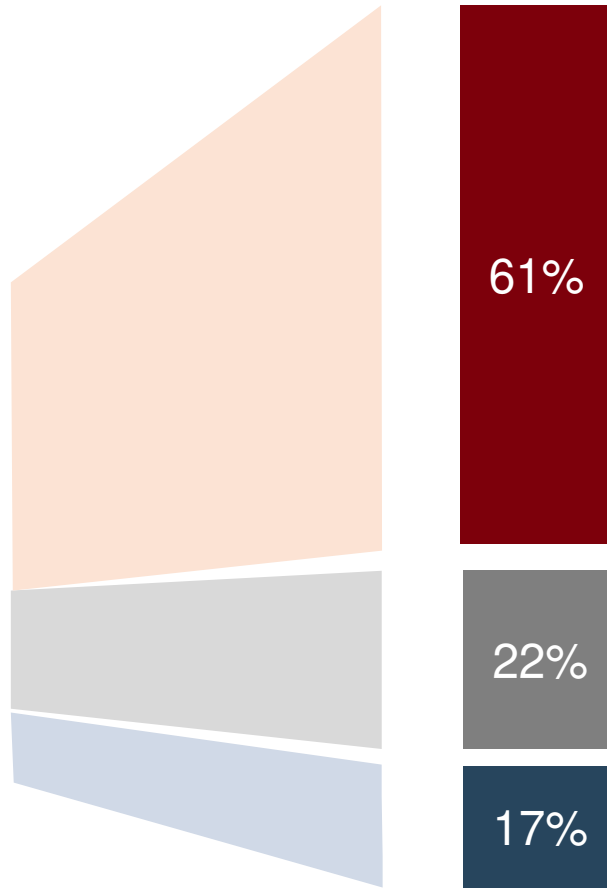
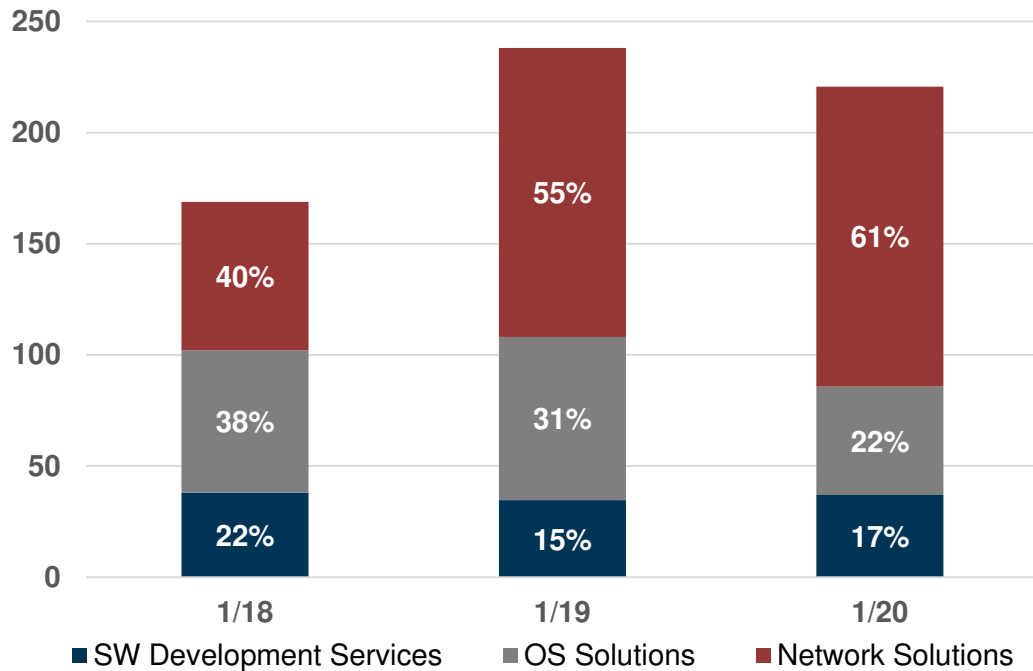
	20Q1	19Q1
EBIT excl. non-recurring items, MSEK	40.5	65.7
EBIT, MSEK	22.6	62.2
EBIT margin excl. non-recurring items, %	18.3	27.4
EBIT margin, %	10.2	25.9
Earnings per share, SEK	0.80	2.14

## Q1

- ▶ 18.3% EBIT margin (excl NRI)
- ▶ Affected by lower sales
- ▶ Efficiency programs executed (NRI of 17.9 MSEK)
- ▶ Opex (excl NRI) reduced by 4%

# Growth in Network Solutions

Revenue per Product group (MSEK)



► **Network Solutions**

Revenue increased by 4 percent. Main contribution from the Policy and Access Control and Deep Packet Inspection (DPI) businesses.

► **Operating System Solutions**

Revenue decreased by 9 percent (excl. the 20 MSEK settlement 2019).

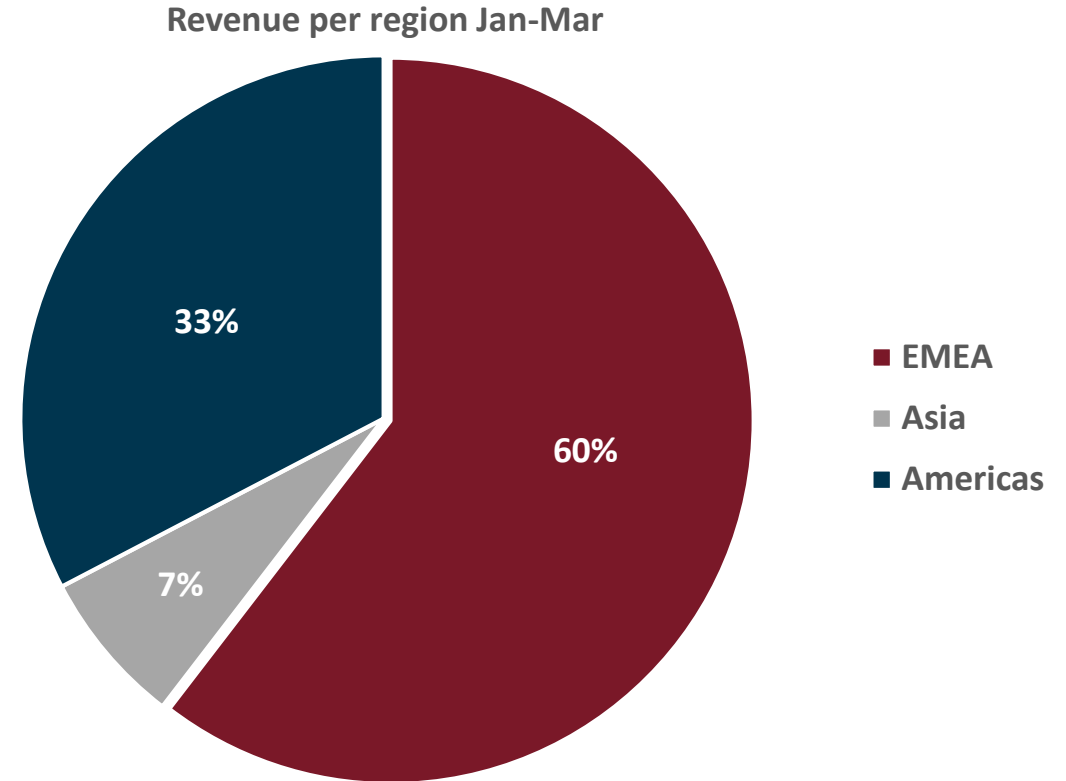
► **Software Development Services**

Revenue increased by 7 percent.

► **Network solutions represent 61 percent of total revenue**

# Increased sales in EMEA

- ▶ **EMEA**  
Revenue increased by 10 percent in the quarter, year over year. The increase is mainly related to sales from the acquired (1 March 2019) Policy and Access Control business and the DPI business.
- ▶ **Americas**  
Revenue decreased by 22 percent in the quarter, year over year. The decrease is mainly due to lack of large order (-s) in the quarter compared to LY.
- ▶ **Asia**  
Revenue decreased by 40 percent in the quarter, year over year. LY included some (relatively) large deals.



# Solid financial Position

## Stable cash flow generation

- Q1 CF before change in WC amounted to 43.9 MSEK (66.9)
- Q1 CF from operations amounted to 62.2 MSEK (93.3)

## Effective financing structure

- Interest bearing bank loans amounted to 349.9 MSEK (total facility of 400 MSEK)
- Cash and cash equivalents were 170.3 MSEK (142.7)
- Interest on loans was only 2.0 MSEK vs 8.8 LY

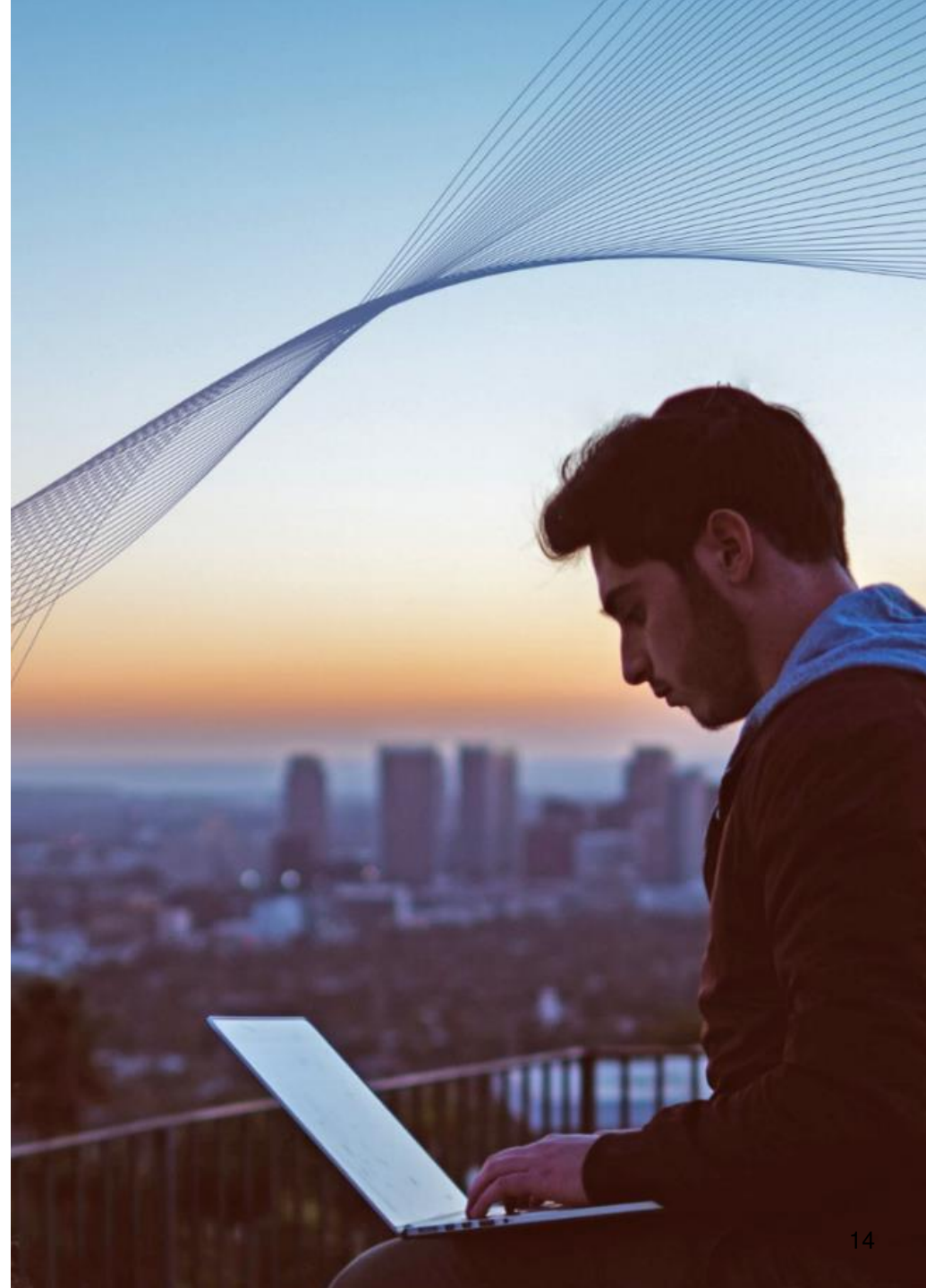
## Improvement in financial KPIs

- Equity ratio was 67.9 percent (48.7)
- Net debt to EBITDA was 0.58 (1.96)

**Well-positioned to invest in both organic growth and potential non-organic opportunities**

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# Well-Positioned for Long-Term Growth

## Market Position

Confirmed strong position in 5G data management, mobile traffic management, and DPI for cybersecurity

## Financial Situation

Strong cash flow and low net debt create a solid position in a period of macro-economic uncertainty

## Growth Strategy

Investment in 5G data management, 5G core applications, and virtualization platforms

## Go-to-Market Model

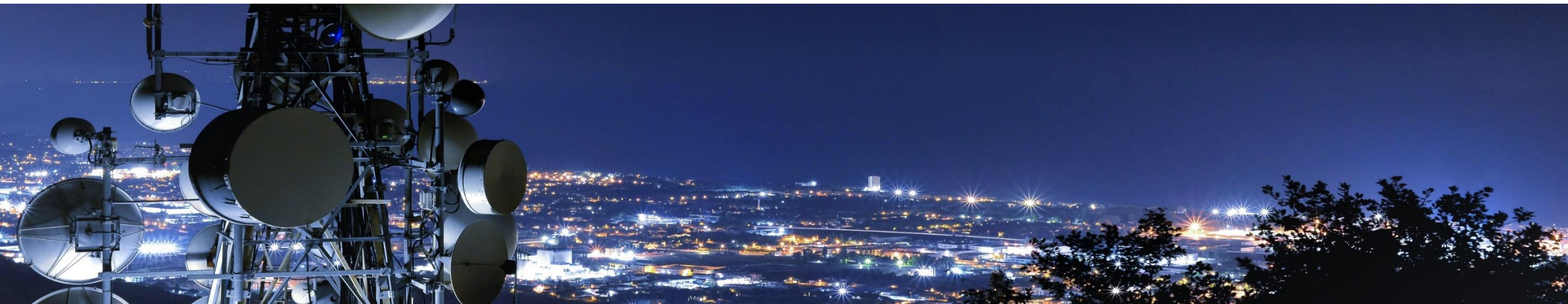
Direct business relationships and deals with operators, in addition to established partner sales

# Market Outlook 2020

Increased uncertainty in the short and medium term due to the pandemic

Continued positive outlook for software in telecom and enterprise networks

**Our target of an operating margin over 20 percent remains, but we think that the consequences of the corona pandemic will have a negative impact on our sales in 2020**





Thank you!

**ENEAA**

[www.enea.com](http://www.enea.com)

