



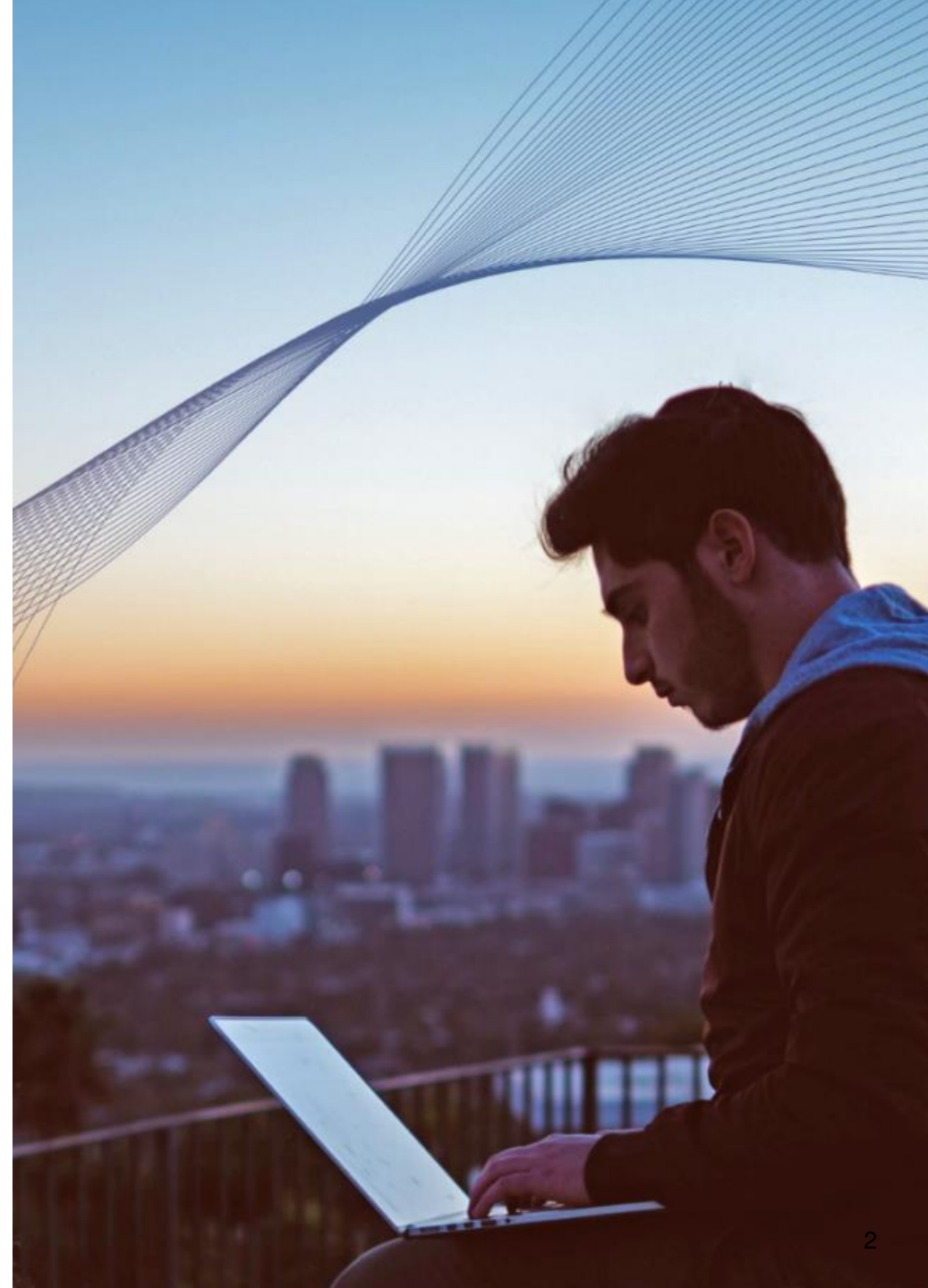
Q2 2020 Financial Results

Jan Häglund, President and CEO
Björn Westberg, CFO

July 16, 2020

Agenda

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



Summary

Apr-Jun 2020

HEAD
QUARTER
KISTA,
SWEDEN

NET SALES

239

SEK m

OPERATING
MARGIN ^{1/}

25.3

PERCENT

NET DEBT TO
EBITDA

0.55

EARNINGS PER
SHARE

2.18

SEK

OPERATING
CASH FLOW

68

SEK m

R&D ^{2/}

25.1

PERCENT

^{1/} Excluding non-recurring items

^{2/} (OPEX and Capitalized R&D)/(Net Sales)

Jan-Jun 2020

NET SALES

461

SEK m

OPERATING
MARGIN ^{1/}

21.9

PERCENT

EARNINGS PER
SHARE

2.98

SEK

OPERATING
CASH FLOW

130

SEK m

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

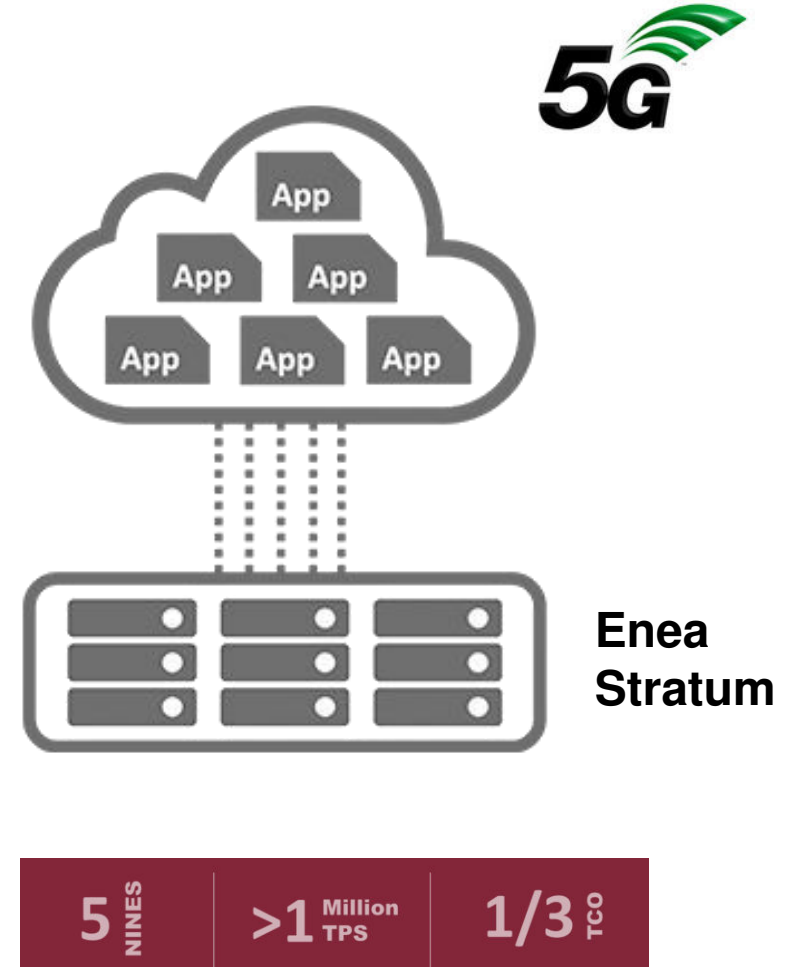
- ▶ **The majority of business is stable**, supported by high degree of recurring revenue
- ▶ **Business continuity is fully maintained** with most employees work from home
- ▶ **A strong financial position** provides stability in a period of macro-economic uncertainty
- ▶ **Opportunities remain**, and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

Key Events for Enea During the Second Quarter

Strategic 5G contracts	Signed 5-year contracts for 5G Network Data Layer with Tier 1 service providers in North America and Germany
Traffic management contract	Signed traffic management contract worth USD 1.3 million with a Tier 1 Middle Eastern mobile operator
Traffic classification	German IT security specialist Genua will embed the Enea Qosmos ixEngine in its platform to protect sensitive networks
Edge virtualization	Dutch service provider Videns will deliver managed SD-WAN based on Enea NFV Access
Enea double finalist in 5G industry awards	Most innovative telco cloud product strategy (Enea Stratum) and 5G technology (Enea Unified Data Manager)

Enea Wins Two Strategic 5G Contracts

- Enea's Network Data Layer solution *Stratum* selected by Tier 1 service providers in North America and Germany
- Unique openness for multi-vendor applications and cloud platforms
- Significant efficiency and cost benefits for operators
- Generates revenues over next five years

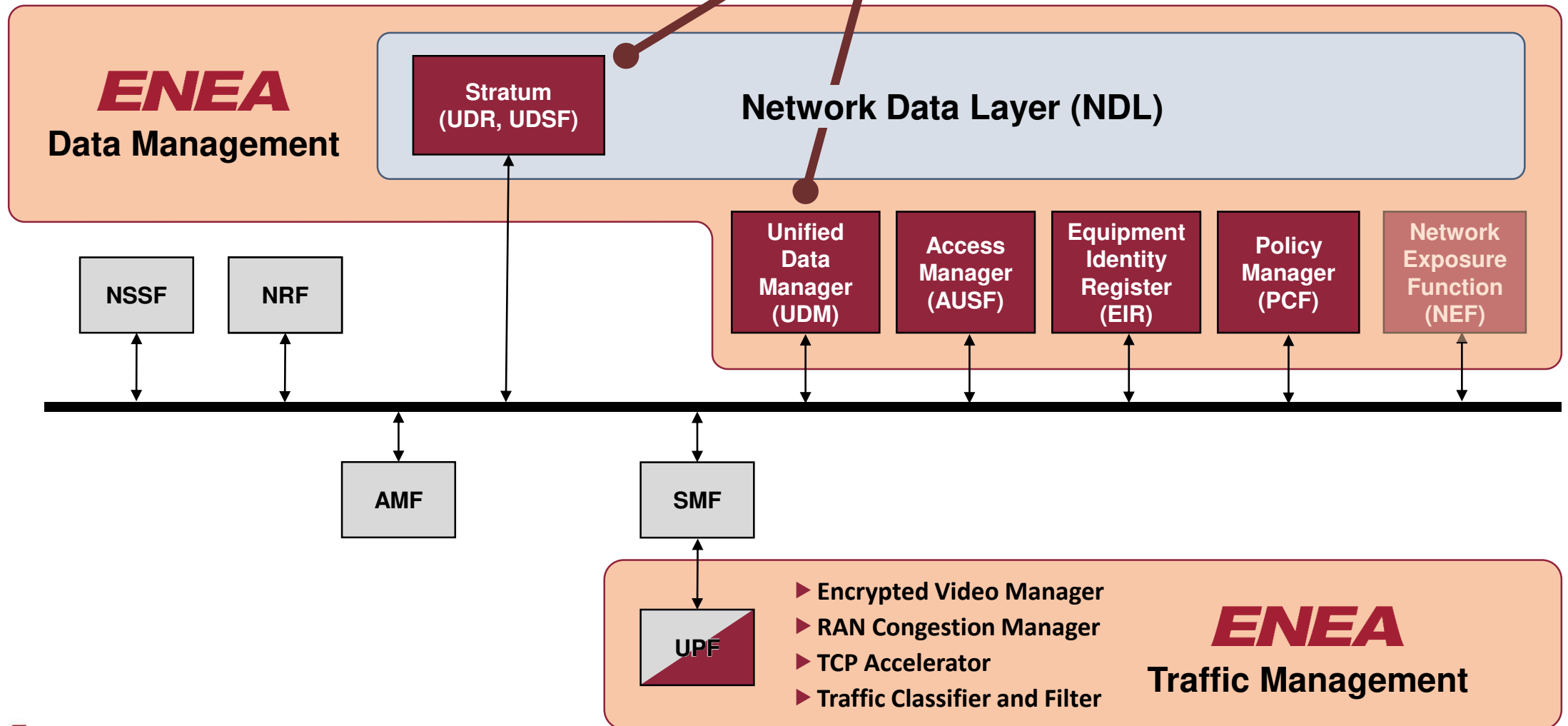


Enea – 5G Core Innovation



 LightReading

Finalists 2020:
Most Innovative 5G Technology
Most Innovative Telco Cloud Product Strategy



5G Core – Operator Surveys

“74 percent have plans to deploy a multi-vendor 5G core.”

Source: 5G Network & Services Strategy Operator Survey, Heavy Reading (2020)

“37 percent will begin deploying a 5G core within 2 years.”

Source: Technology Innovation Council, Enea (2020)

“More than 50 percent plan for a 5G network data layer.”

Source: Technology Innovation Council, Enea (2020)



Video Traffic Management Contracts

Benefits of Optimization*

**20% FASTER
DOWNLOADS**



**15% FEWER
CONGESTED CELLS**



**20% SAVINGS ON
VIDEO BANDWIDTH**



Zain Kuwait deploys Enea traffic management suite for 4G and 5G



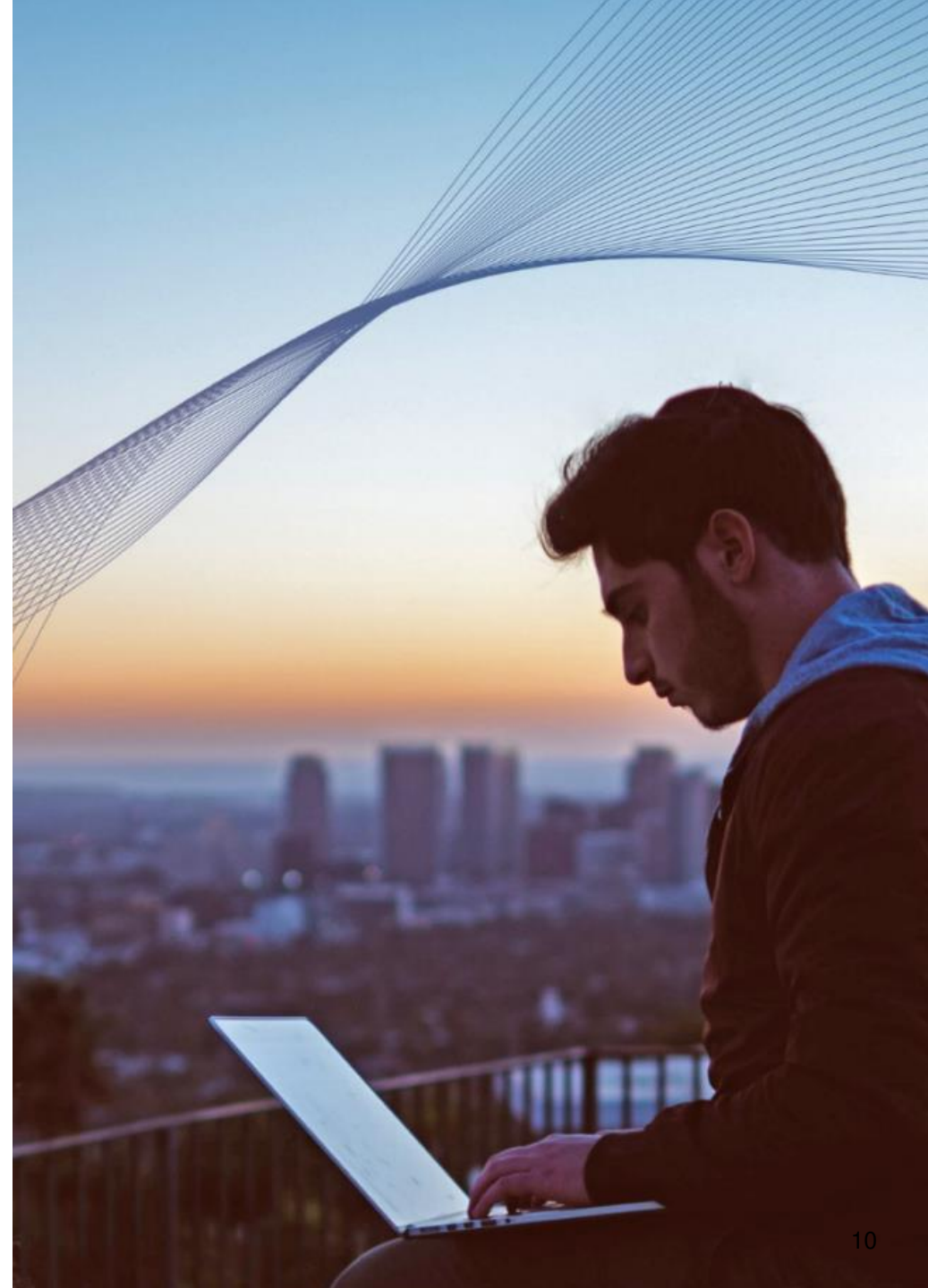
Vodafone Ireland delivers superior video experience thanks to Enea



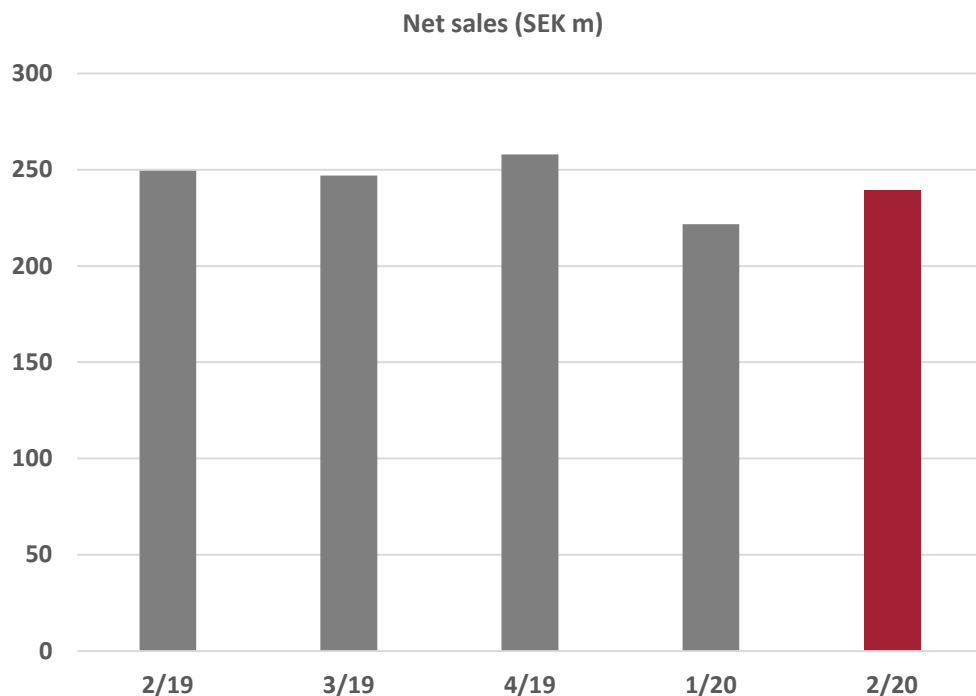
Operator in Egypt uses Enea for traffic acceleration and optimization

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Net sales increased by 8% vs Q1



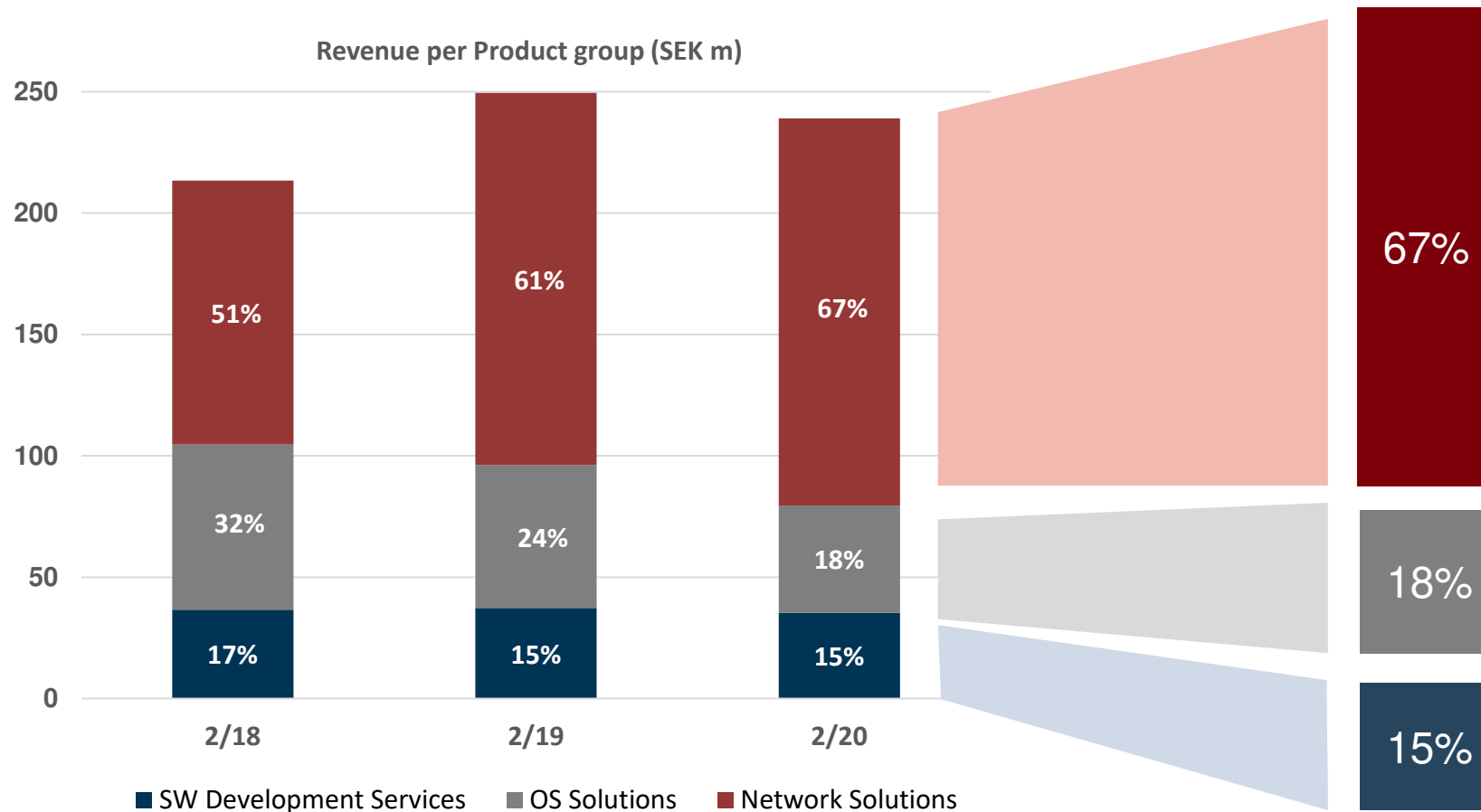
	20Q2	19Q2	20H1	19H1
Net Sales (SEK m)	239	249	461	489 ^{1/}
growth (%)	-4	18	-6	29
growth (% , currency adjusted)	-5	13	-7	25

^{1/} the acquired Policy and Access Control business included from 1 March 2019

Q2

- ▶ +8% growth vs 2020 Q1 (222)
- ▶ -4% decline vs 2019 Q2 (249)
- ▶ Organic growth in Network solutions
- ▶ Expected decline in Operating systems

Continued growth in Network Solutions



► Network Solutions

Net sales increase of 4 percent. Stable recurring revenues and sales from new customer contracts.

► Operating System Solutions

Net sales decreased by 25 percent, due to an expected decline at key accounts.

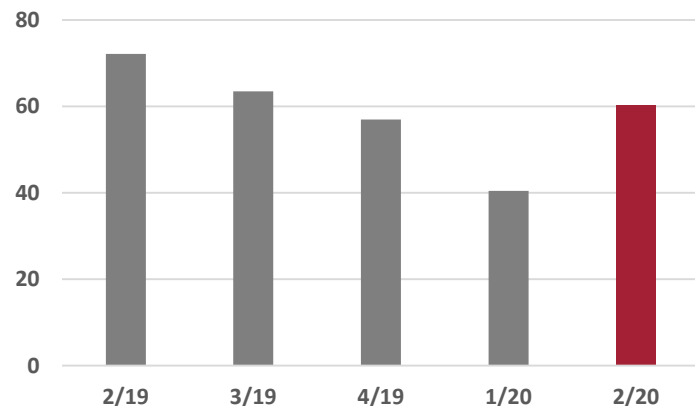
► Software Development Services

Net sales decreased by 5 percent, driven by decline in the US.

Network solutions represent 2/3 of total revenue

25 percent EBIT margin in Q2

EBIT (Operating profit) excluding NRI (SEK m)



	20Q2	19Q2	20H1	19H1
EBIT excl. non-recurring items, SEK m	60.4	72.2	100.9	137.9
EBIT, SEK m	59.1	72.0	81.7	134.2
EBIT margin excl. non-recurring items, %	25.3	29.0	21.9	28.2
EBIT margin, %	24.7	28.9	17.7	27.4
Earnings per share, SEK	2.18	2.71	2.98	4.85

Gross margin bridge	20Q2	19Q2
Base Gross margin ^{1/}	71.5%	73.0%
Currency effect on working capital	-1.3%	1.4%
R&D Grant (Other oper. revenue)		2.4%
Gross margin	70.2%	76.9%

^{1/} excl R&D grant (2019) and currency effect on working capital

Q2

- ▶ 25.3% EBIT margin (excl NRI)
- ▶ Significant increase vs Q1 (18.3%)
- ▶ Positively impacted by lower OPEX, SEK 108.6 m (119.7)
- ▶ Negatively impacted by lower GM SEK 167.7 m (191.8)
 - 4% lower Net Sales
 - Currency effect on working capital SEK -3.0 m (+3.6)
 - Higher D&A from previous acquisitions

Solid financial Position

Stable cash flow generation

- Q2 cash flow before change in WC amounted to SEK 87.1 m (74.5)
- Q2 cash flow from operations amounted to SEK 67.7 m (33.7)

Effective financing structure

- Interest bearing bank loans amounted to SEK 348.8 m (total facility of SEK 400 m)
- Cash and cash equivalents were SEK 184.5 m (150.5)
- Interest on loans Q2 was SEK 2.3 m (8.3)

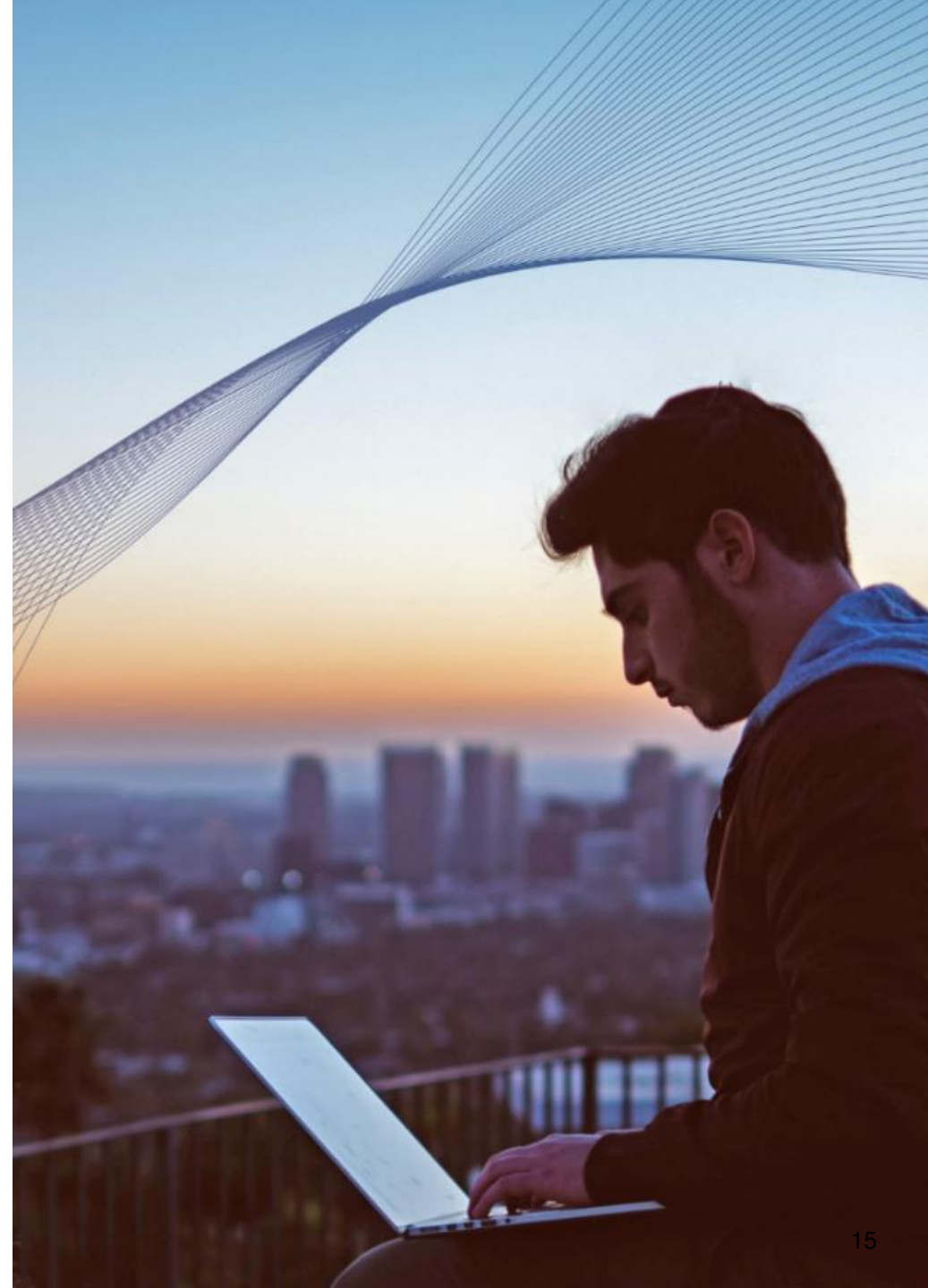
Improvement in financial KPIs

- Equity ratio was 68.0 percent (50.1)
- Net debt to EBITDA was 0.55 (1.56)

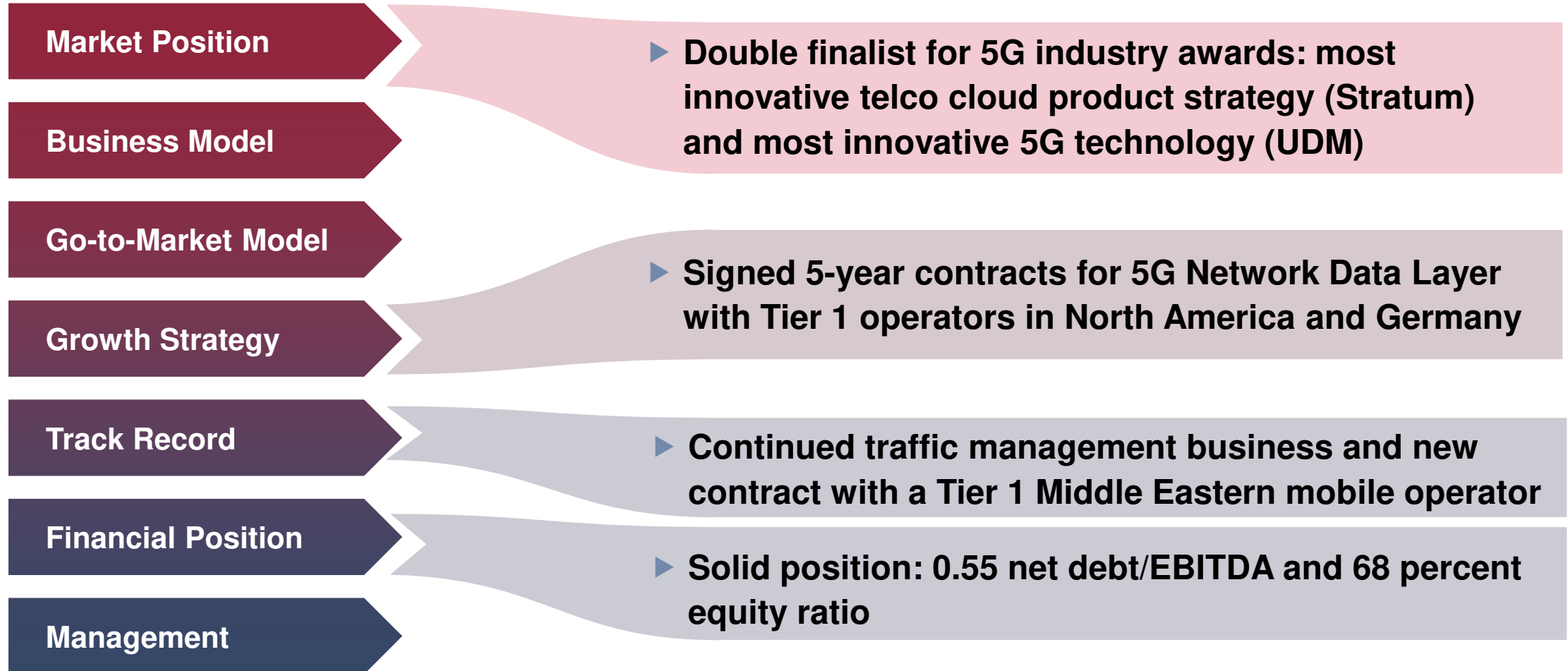
Well positioned to invest in both organic growth and potential non-organic opportunities

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Strategy Execution - Highlights

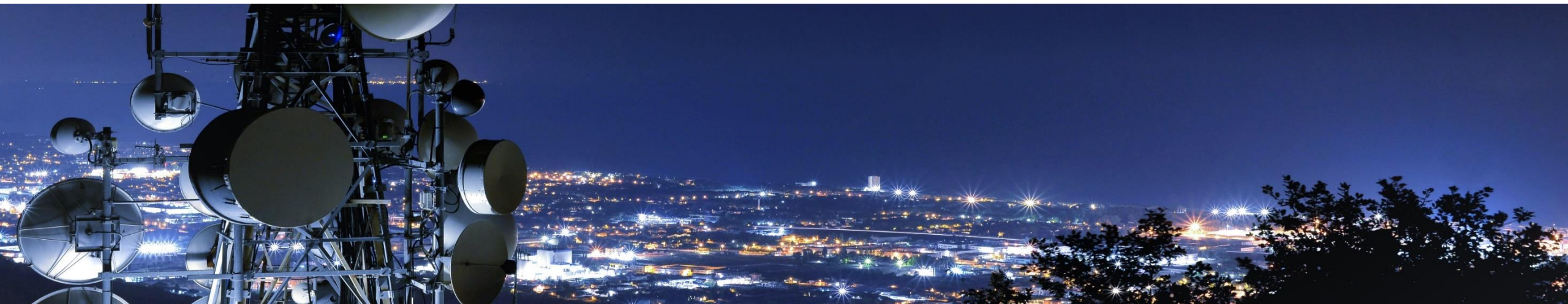


Market Outlook 2020

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 believe that the consequences of the corona pandemic will have a negative impact on our sales in 2020



Thank you!

ENEAA

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