



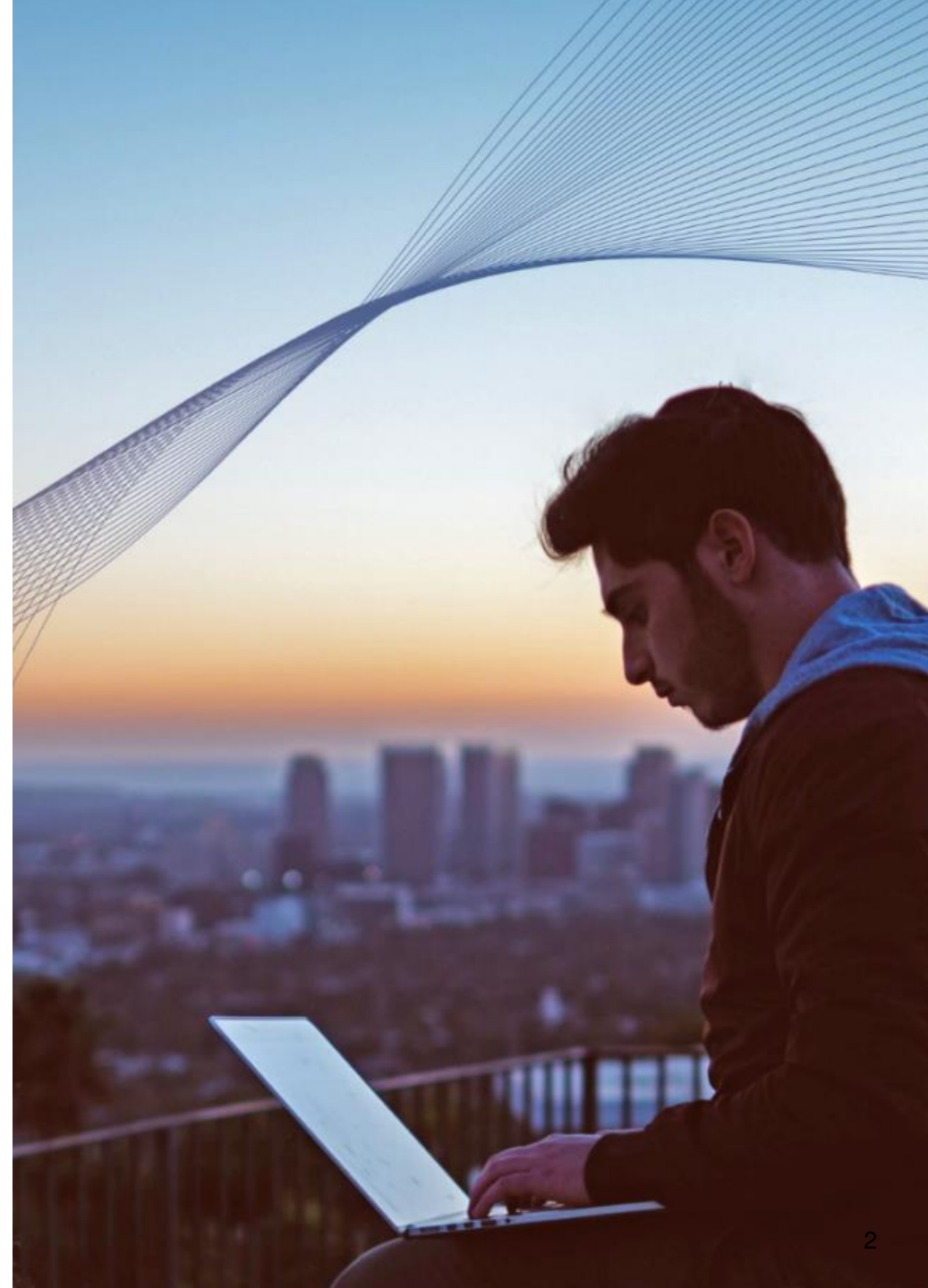
Q4 2020 Financial Results

Jan Häglund, President and CEO
Björn Westberg, CFO

January 29, 2021

Agenda

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



Summary of Q4 2020

Oct-Dec 2020

HEAD
QUARTER
KISTA,
SWEDEN

NET SALES
248
SEK m

OPERATING
MARGIN ^{1/}
29.5
PERCENT

NET DEBT TO
EBITDA
0.81

EARNINGS PER
SHARE
2.20
SEK

OPERATING
CASH FLOW
62
SEK m

R&D ^{2/}
26.6
PERCENT

^{1/} Excluding non-recurring items

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

Jan-Dec 2020

NET SALES
915
SEK m

OPERATING
MARGIN ^{1/}
24.2
PERCENT

EARNINGS PER
SHARE
6.63
SEK

OPERATING
CASH FLOW
274
SEK m

Impact from Corona Pandemic in Q4

Market Conditions

- ▶ Delays in customer investments, which means that certain projects (e.g. 5G) and software upgrades are postponed
- ▶ Lower demand for consulting services in North America
- ▶ We believe obstacles will persist as long as the pandemic has a significant impact on our key markets

Enea Response and Position

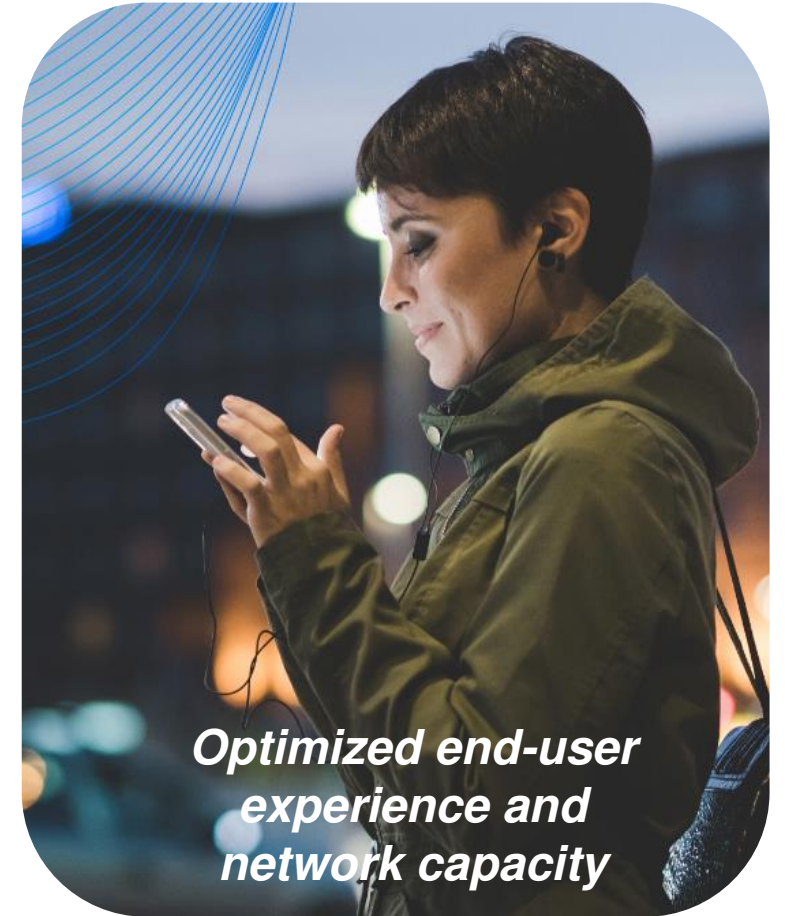
- ▶ The majority of our business is stable, supported by a high degree of recurring revenue
- ▶ Impact on operating profit mitigated by cost reductions

Key Events for Enea During the Fourth Quarter

Traffic management	4G and 5G mobile video traffic management contract worth USD 4.1 million with North American service provider
Data management	Data management contract worth EUR 1.9 million with a European subsidiary of UK-based Tier 1 service provider
Wi-Fi Subscriber Management	Wi-Fi Subscriber Management contract with an EU-authority, expected annual revenue of EUR 0.5-1 million over 4 years
5G Partnership	Partnership with MATRIX (USA) for combined policy management and charging solution
Organizational efficiency	Streamlined business unit organization, created a new service provider sales unit, integrated Aptilo as additional business unit

Traffic Management Upgrade with Total Contract Value of USD 4.1 million

- ▶ **4G and 5G mobile video traffic management contract with North American service provider**
- ▶ **Enea's mobile video traffic management solution:**
 - Alleviates radio network congestion
 - Accelerates video delivery
 - Improves subscribers' quality of experience
- ▶ **Software licenses worth USD 0.9 million are recognized during the fourth quarter of 2020, while the remaining part generates revenues during 2021**



*Optimized end-user
experience and
network capacity*

Cloud Data Management Contract with Total Contract Value of EUR 1.9 Million

- ▶ Upgrade of the data management platform at a European subsidiary of a UK-based Tier 1 operator
- ▶ Enea's cloud data management solution:
 - Provides unique flexibility and openness for multi-vendor applications and cloud platforms
 - Delivers significant efficiency and cost benefits
- ▶ Software licenses worth EUR 0.9 million are recognized during Q4 2020, the remaining part of the contract will generate revenues during 2021



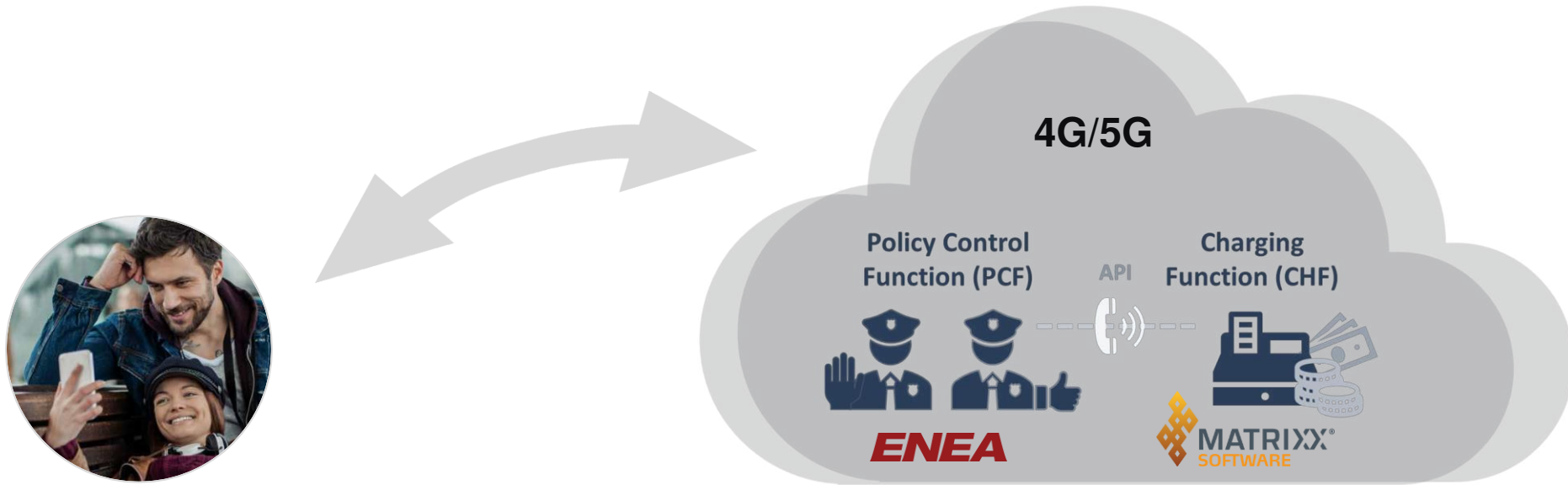
Cost-efficiency and flexibility for operator

Aptilo Gets Off to a Good Start as Part of Enea



- ▶ Part of Enea from 1 October 2020, fully consolidated in the 4th quarter
- ▶ Contributed SEK 21.6 million in net sales in Q420, above expectations
- ▶ High proportion of recurring revenues and growing capacity needs
- ▶ New frame contract with an EU-authority for subscriber management as-a-Service in public Wi-Fi networks
- ▶ Innovation awards for Internet of Things and Smart Cities

Partnership with MATRIXX to Accelerate 5G Monetization



- ▶ The combination of Enea Policy Manager and MATRIXX Charging System provides a turnkey policy and charging solution
- ▶ Benefits for operators:
 - Simplified and cost-effective solution, applicable for both 4G and 5G
 - Improved revenue streams thanks to quick introduction of new services

Enea as a Disruptor in 5G

5G trend

Enea disruption



**Data to be critical
for operators' future
5G revenues**

Enea first vendor to launch *5G Data Management* portfolio



**Operators opting
for “multivendor”
5G software core**

**Enea secured 5G Core deals with Tier 1
operators in North America and Europe**



**Video to remain
“killer app” for 5G**

**Enea video traffic management installed
in 8 out of 10 largest operator groups**



**Operators to converge
5G and Wi-Fi 6**

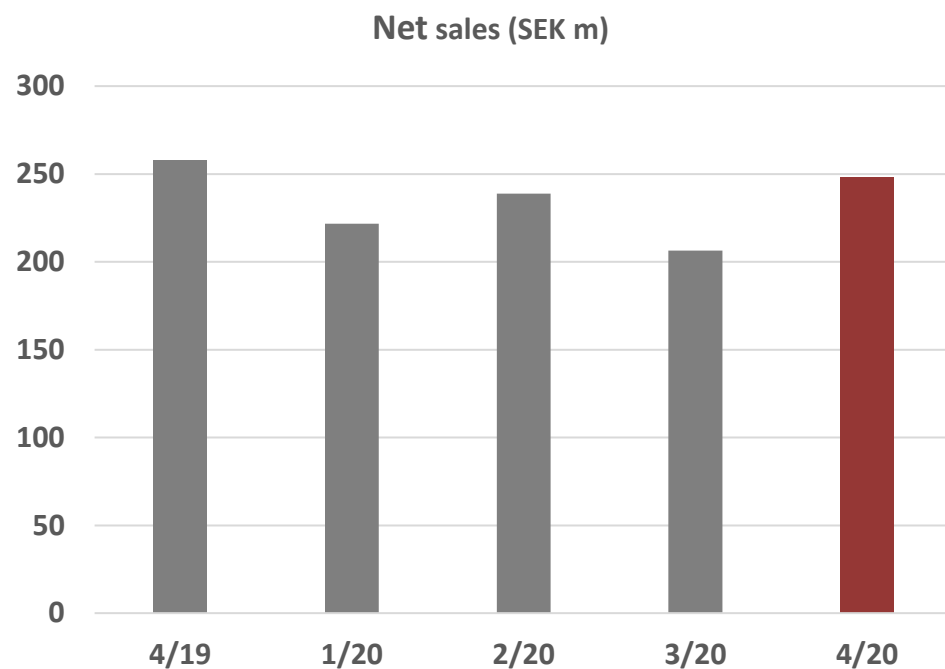
**Enea offers unique solutions thanks to its
recent acquisition of Wi-Fi specialist Aptilo**

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Net sales increased by 1% (currency adjusted)



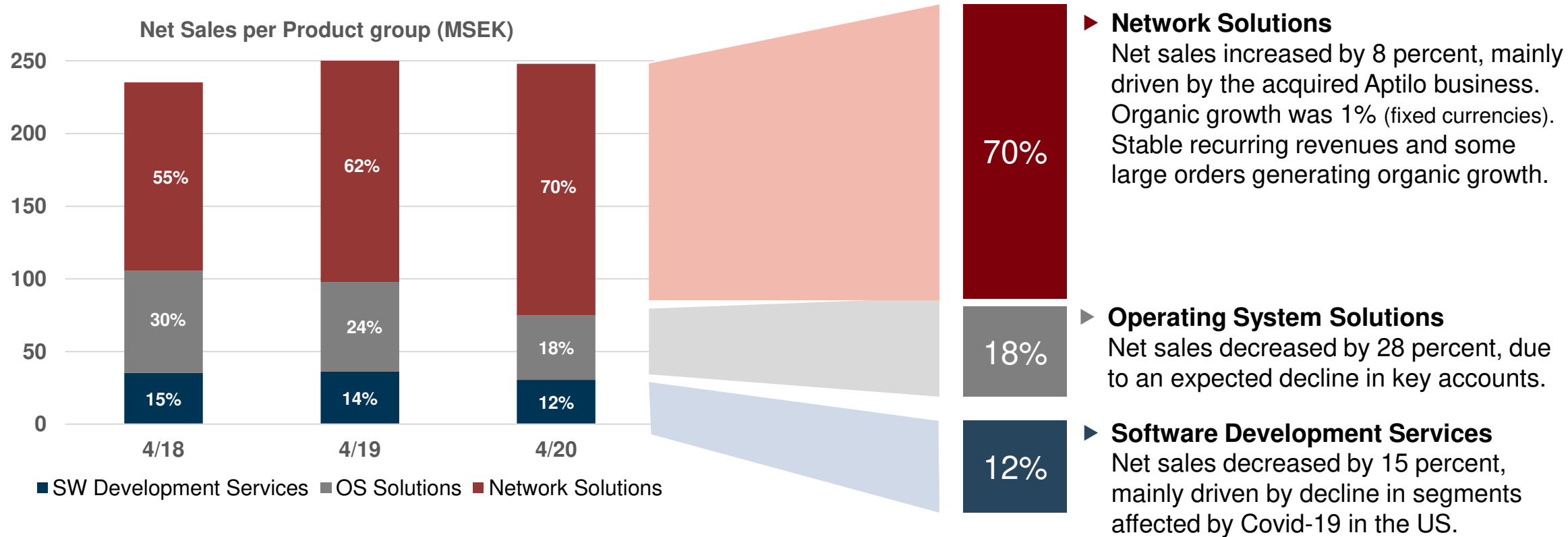
	2020 Q4	2019 Q4	2020 FY	2019 FY
Net sales (SEK m)	248	258	915	994 ^{1/}
Growth (%)	-4	10	-8	21
Growth (% , currency adjusted)	1	6	-7	16

^{1/} the acquired Policy and Access Control business included from 1 March 2019. The acquired Aptilo business included from 1 October 2020

Q4

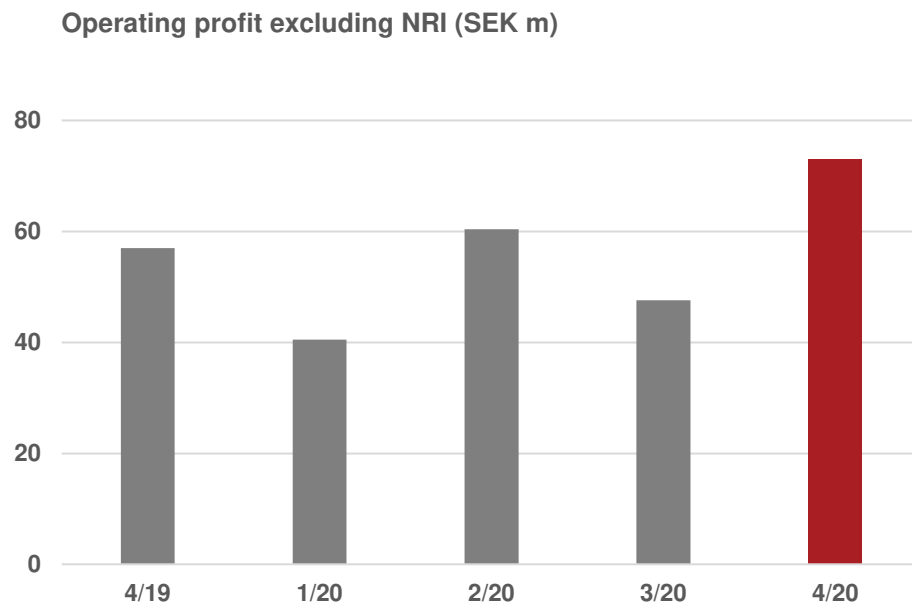
- ▶ 1 % increase vs 2019 Q4, fixed currencies
- ▶ 4 % decrease vs 2019 Q4 (258)
- ▶ The acquired Aptilo business contributed SEK 21.6 m

Network Solutions represent 70% of Total Net sales



Network solutions generated organic growth and accounted for 70% of total Net sales

29 percent EBIT margin in Q4 (excl NRI)



	2020 Q4	2019 Q4	2020 FY	2019 FY
EBIT excl. non-recurring items, SEK m	73.1	57.0	221.5	258.4
EBIT, SEK m	64.2	57.0	188.6	254.7
EBIT margin excl. non-recurring items, %	29.5	22.1	24.2	26.0
EBIT margin, %	25.9	22.1	20.6	25.6
Earnings per share, SEK	2.20	1.32	6.63	8.47

Q4

- ▶ 29.5% EBIT margin excl NRI (22.1)
- ▶ 25.9% EBIT margin (22.1)
- ▶ Positively impacted by lower OPEX ^{2/}, SEK 103.6 m (129.4) including only 0.9 m in LTIP^{3/} costs (14.4)
- ▶ The acquired Aptilo business contributed SEK 3.8 m to EBIT
- ▶ Negatively impacted by lower GM of 71.1% (72.2)
 - Higher D&A from previous acquisitions

^{2/} excl NRI (SEK 8.7 costs related to reorganisation)

^{3/} LTIP: Long Term Incentive Program, estimated costs for future share remuneration decreased as some participants left Enea

Solid Financial Position

Stable cash flow generation

- Q4 cash flow before changes in WC amounted to SEK 80.8 m (68.8)
FY amounted to SEK 279.9m (288.3)
- Q4 cash flow from operations amounted to SEK 61.5m (48.6)
FY amounted to SEK 274.2m (245.2)

Effective financing structure

- Interest bearing bank loans amounted to SEK 433.9 m (total facility of SEK 530 m)
 - Cash and cash equivalents were SEK 195.1 m (146.1)
 - Interest on loans Q4 was SEK 2.6 m (21.3) ^{1/}
- ^{1/} Last year Q4 included early redemption cost of a Bond loan

Solid financial KPIs

- KPIs affected by the Aptilo acquisition (EV SEK 150 m)
- Equity ratio was 63.7 percent (66.9)
- Net debt to EBITDA was 0.81 (0.63)

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

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2020: Year in Review

Market Dynamics

- Pandemic caused delays in customer investments, which means that certain projects (e.g. 5G) and software upgrades were postponed

Strategy Execution

- Continued to invest in 5G data management, 5G core applications, and virtualization platforms
- Acquired Aptilo (Wi-Fi and IoT), strengthening data management portfolio, and adding new customers and sales capabilities

2020

Product Performance

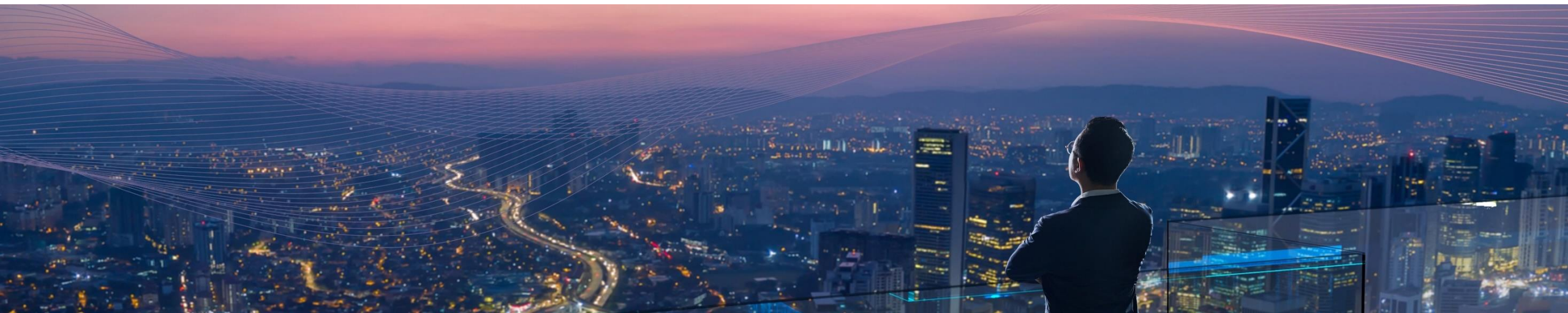
- Confirmed our strong position in 5G data management, video traffic management, and DPI for cybersecurity
- Saw sustained market interest for our virtualization platforms

Financial Performance

- Maintained an operating margin above 20%
- Pandemic had a negative impact on our sales
- Strong cash flow and low net debt created a solid position in a period of macro-economic uncertainty

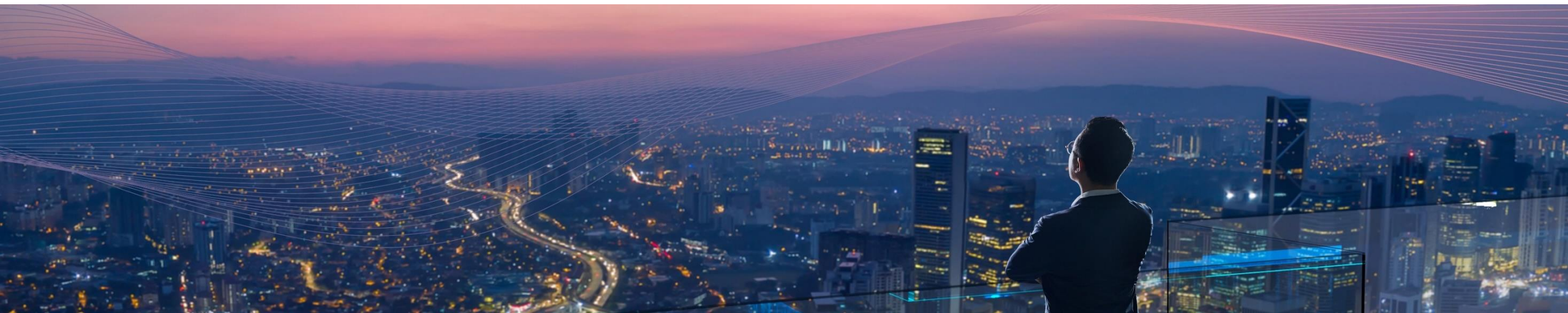
Outlook 2021

	2021
Market Dynamics	Uncertainty in the short to medium term is substantial because of the corona pandemic. Its consequences will probably cause further delays in customer projects, and other negative effects on our businesses, risking impacting earnings through coming quarters.
Our Targets	Sales growth year over year, and an operating margin of over 20 percent.



Outlook Longer Term

	Longer Term
Market Dynamics	The market for data management in 5G, virtualization, and advanced cybersecurity is entering an exciting phase, where we can challenge established competitors and win market shares with innovative products and new business models.
Our Targets	Our ambition is to increase revenue robustly through the coming years, with an operating margin of over 20 percent, through organic growth in Network Solutions, plus complementary strategic acquisitions that advance our market position. This ambition means us passing yearly net sales of SEK 1.5 billion by 2023.



Thank you!

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