



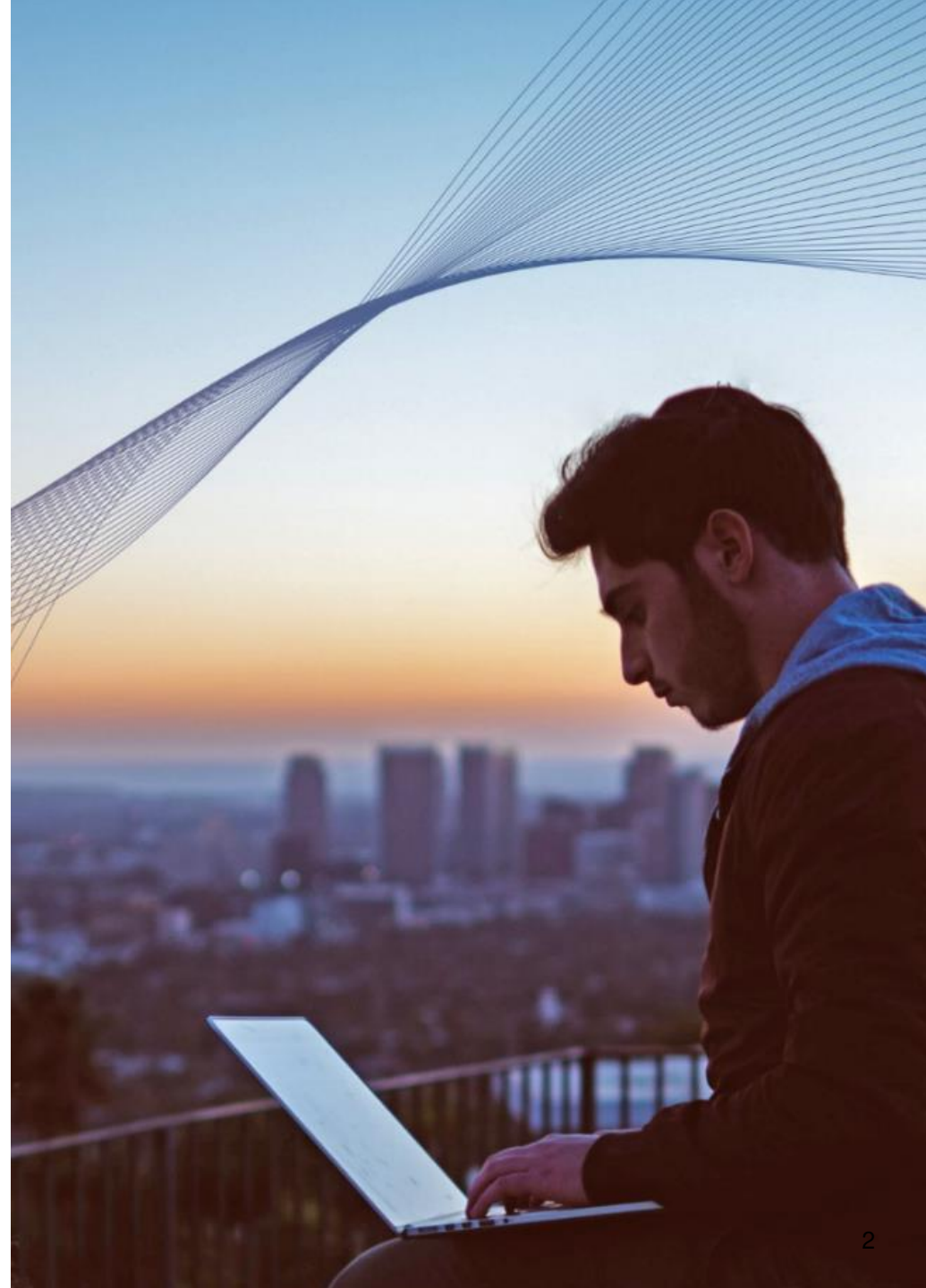
# Q1 2021 Financial Results

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Björn Westberg, CFO

April 27, 2021

# Agenda

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



# Summary of Q1 2021

Jan-Mar 2021

HEAD  
QUARTER  
KISTA,  
SWEDEN

NET SALES  
214  
SEK m

OPERATING  
MARGIN  
20.9  
PERCENT

NET DEBT TO  
EBITDA  
0.62

LISTED  
NASDAQ  
STOCKHOLM  
(MID CAP)

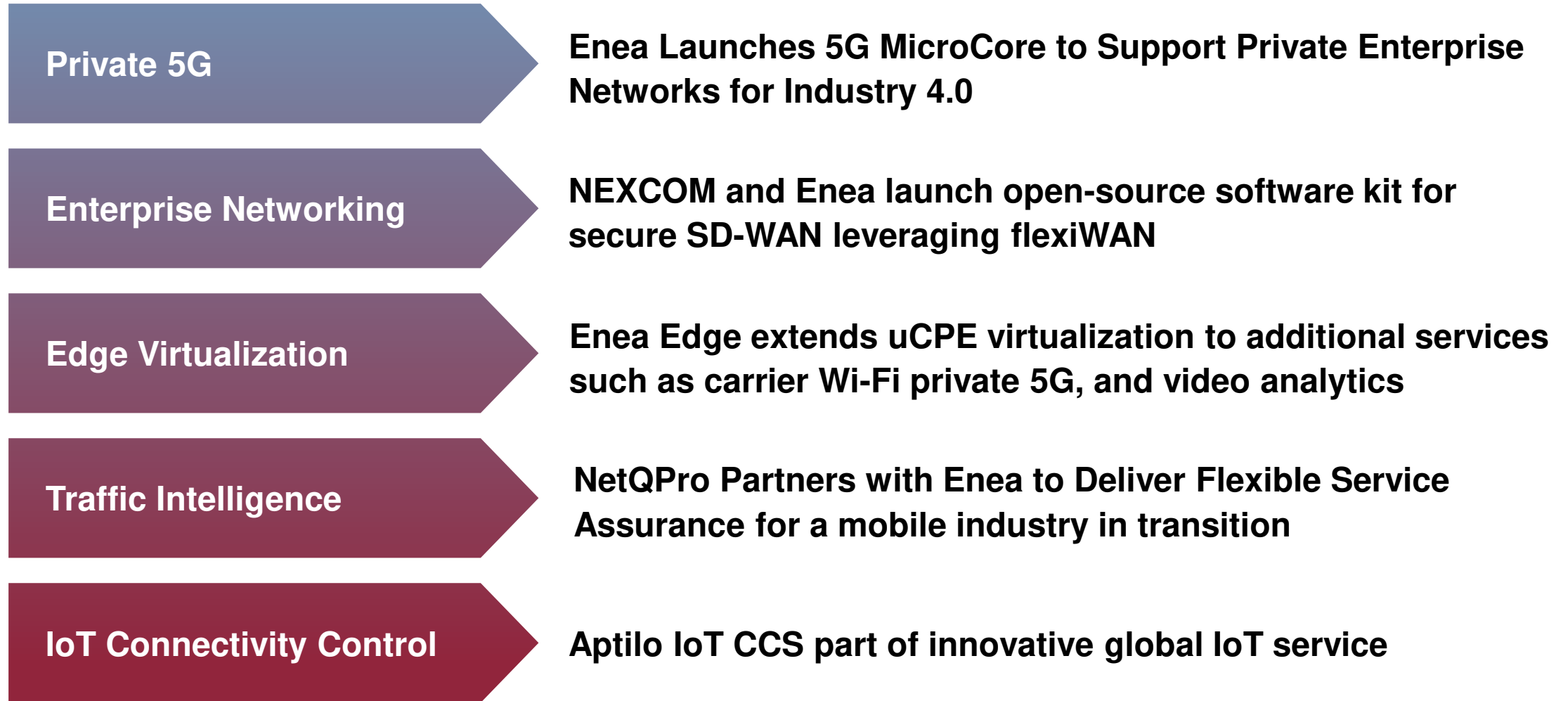
EARNINGS PER  
SHARE  
2.02  
SEK

OPERATING  
CASH FLOW  
69  
SEK m

R&D <sup>1/</sup>  
28.6  
PERCENT

<sup>1/</sup> (OPEX and Capitalized R&D)/(Net Sales)




# Key Events for Enea During the First Quarter





# Enea Launches 5G MicroCore to Support Private Enterprise Networks for Industry 4.0

- ▶ Enea 5G MicroCore benefits: multi-vendor (no lock-in), telco-grade reliability and security for data storage, easy deployment, seamless integration across private and public clouds such as Amazon Web Services and Microsoft Azure
- ▶ Multiple trials taking place in Asia, where enterprises are embracing private 5G for smart manufacturing and Industry 4.0 initiatives

Smart Manufacturing / Industrial Hubs	Campus Networks	Smart Utilities
		
Use cases include Smart Factories, Automotive	Use cases such as Universities, Hospitals, Ports, Airports	Use cases such as Manufacturing and Logistics

# Aptilo IoT CCS Part of Innovative Global IoT Service



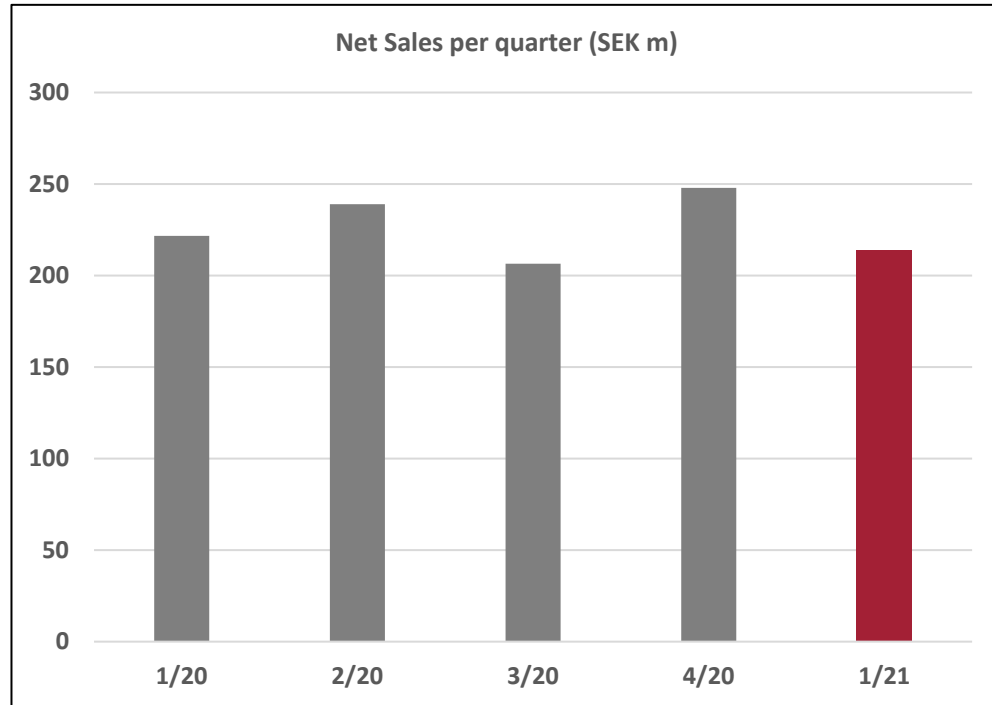
- ▶ **Aptilo IoT Connectivity Control Service™ (IoT CCS) is part of a global IoT Service, where it adds a flexible layer of policy control and security features**
- ▶ **Aptilo IoT CCS is one of the important components in the newly launched Telia Global IoT Connectivity service**
- ▶ **The cloud native solution from Enea incorporates IoT security from Fortinet to protect IoT devices, data traffic, and enterprise applications**

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# Net sales increased by 4% (currency adjusted)



	2021 Q1	2020 Q1
Net sales (SEK m) <sup>1/</sup>	214	222
Growth (%)	-3	-8
Growth (% , currency adjusted)	4	-10

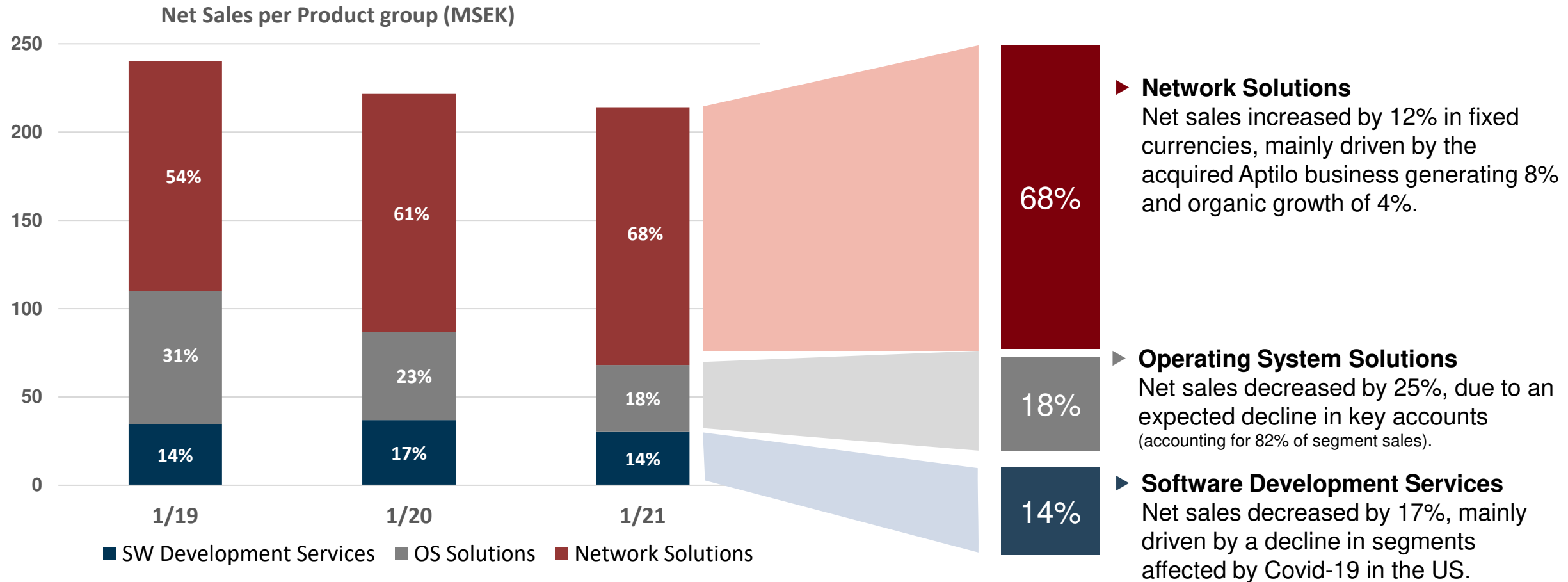
<sup>1/</sup> LY does not include the Aptilo business, which was acquired 1 October 2020

## Q1

- ▶ 4% increase vs 2020-Q1 , fixed currencies
- ▶ -3% decrease vs 2020-Q1 (222)
- ▶ 4% organic growth in Network solutions (fixed currencies)

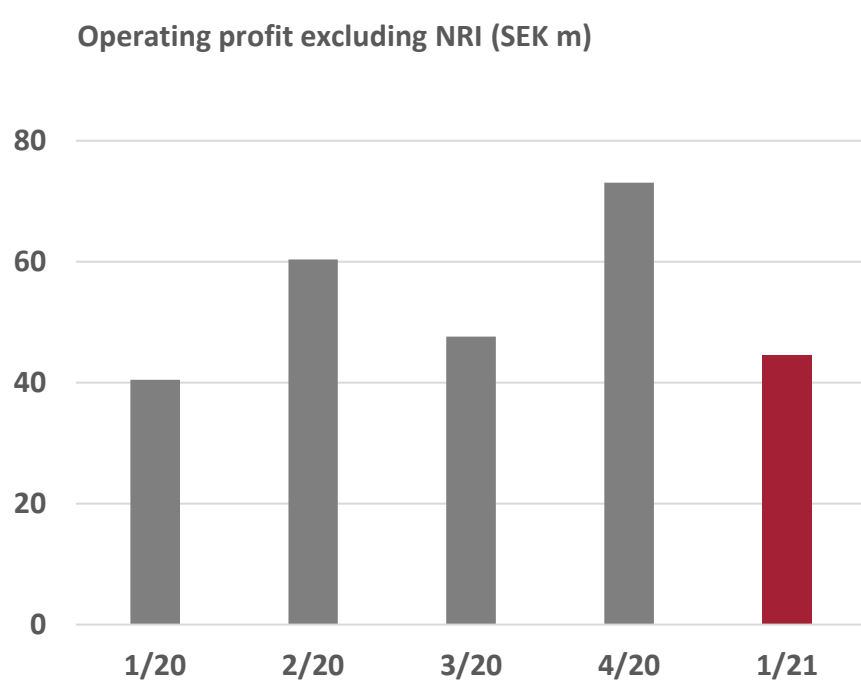


# Network Solutions represent 68% of Total Net sales



Network solutions generated organic growth and accounted for 68% of total Net sales

# 21 percent EBIT margin in Q1



	2021 Q1	2020 Q1
EBIT excl. non-recurring items, SEK m	44.7	40.5
EBIT, SEK m	44.7	22.6
EBIT margin excl. non-rec. items, %	20.9	18.3
EBIT margin, %	20.9	10.2
Earnings per share, SEK	2.02	0.80

## Q1

- ▶ 20.9% EBIT margin excl. NRI (18.3)
- ▶ 20.9% EBIT margin (10.2)
- ▶ Positively impacted by lower OPEX<sup>1/</sup> : SEK 101.1 m (112.3), including 6.7 m in LTIP<sup>2/</sup> costs (2.0) and Aptilo (9.3)  
→ impact of LY efficiency initiatives and currency (6.3)
- ▶ Gross margin (excl NRI) was 68.1% (68.9)

<sup>1/</sup> excl NRI (SEK 12.7 costs related to restructuring)

<sup>2/</sup> LTIP: Long Term Incentive Program, two programs running: LTIP18 and LTIP19

# EBIT analysis

Gross margin (GM) table	2021 Q1	2020 Q1
Net Sales	214.0	221.7
Cost of services <sup>1/</sup>	-47.2	-56.0
D&A	-23.5	-16.6
Currency effect and others	2.4	3.7
Gross profit	145.7	152.8
Gross margin	68.1%	68.9%

<sup>1/</sup> excl NRI 2020-Q1 of SEK 5.2 m

## Q1

- ▶ GM positively affected by
  - lower share of SDS sales (with higher CoS ratio)
  - impact of efficiency initiatives LY
- ▶ GM negatively affected by
  - Increase in D&A

Opex development	2021 Q1	2020 Q1
Sales & marketing cost	44.6	54.7
R&D	30.3	34.4
G&A	26.1	23.2
Opex total	101.1	112.3
Opex to Net sales	46.6%	50.7%
<i>NRI excluded</i>	-	12.7

## Q1

- ▶ S&M decreased due to
  - efficiency initiatives and less cost for travel & events
- ▶ R&D decreased due to
  - less employee costs due to efficiency initiatives
- ▶ G&A increased due to
  - higher LTIP costs of SEK 2.1m

Reduction in both cost of services and operating costs, despite Aptilo being included in 2021 numbers

# Solid Financial Position

## Stable cash flow generation

- Q1 cash flow before changes in WC amounted to SEK 79.9 m (43.9)
- Q1 cash flow from operations amounted to SEK 68.8 m (62.2)

## Effective financing structure

- Interest bearing bank loans amounted to SEK 438.1 m (total facility of SEK 530 m)
- Cash and cash equivalents were SEK 236.9 m (170.3)

## Solid financial KPIs

- KPIs affected by the Aptilo acquisition (EV SEK 150 m)
- Equity ratio was 65.2 percent (67.9)
- Net debt to EBITDA was 0.62 (0.58)

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

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# Enea Panel: Key Trends that Shape 5G Mobile Data

- ▶ In 2021, top use cases for 5G include cloud gaming, group video calling, and private 5G
- ▶ There will be a 5x increase in mobile cloud gaming traffic
- ▶ Encrypted traffic will represent 93% of Internet traffic by the end of 2021
- ▶ Operators will invest in 5G core infrastructure due to the increase in number of devices, and the surge of information will require effective data management



# Outlook 2021 and Longer Term

	2021	Longer Term
Market Dynamics	<ul style="list-style-type: none"><li>• Pandemic causes delays in projects</li><li>• Risks in earnings over the next several quarters</li></ul>	<ul style="list-style-type: none"><li>• Growing markets for 5G data management, edge virtualization, IoT and cybersecurity</li><li>• We challenge established players and increase our market share</li></ul>
Our Targets	<ul style="list-style-type: none"><li>• Increase revenues compared to previous year</li><li>• Achieve an operating margin above 20 percent</li></ul>	<ul style="list-style-type: none"><li>• Significantly grow revenues organically and through acquisitions</li><li>• Continue to grow Network Solutions</li><li>• Maintain an operating margin above 20 percent</li><li>• Surpass an annual turnover of SEK 1.5 billion, at the latest by the end of full year 2023</li></ul>

# Thank you!

**ENEAA**

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

