



Q418

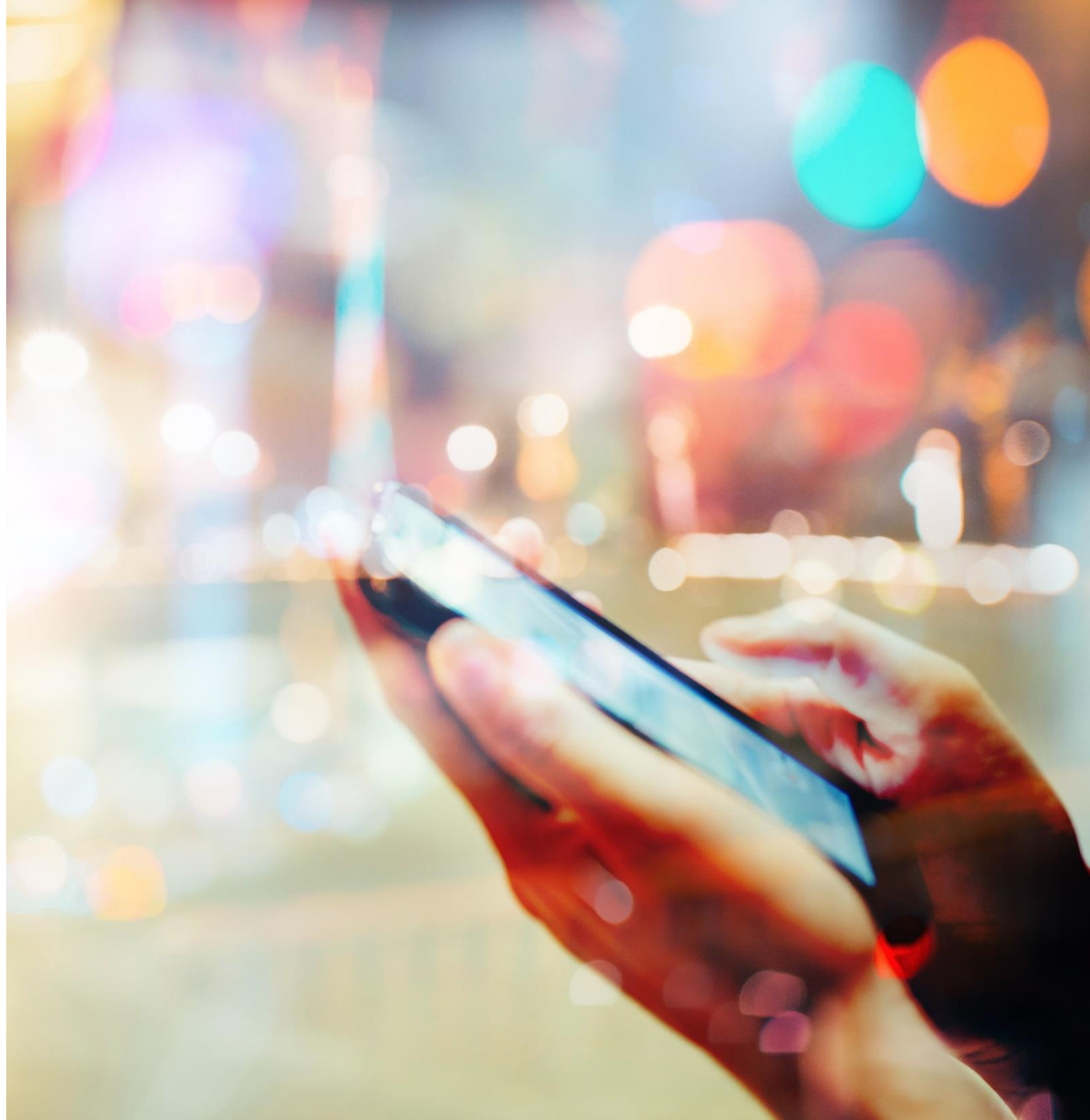
Presentation by Anders Lidbeck
President & CEO
7 February 2019



The Enea **Edge**

Agenda

- ▶ Intro
- ▶ Financials Q418
- ▶ Way Forward & Outlook





Intro

FY 2018

Q4 2018

HEAD
QUARTER
KISTA,
SWEDEN

REVENUE
830.3
MSEK

OPERATING
MARGIN*
23.2
PERCENT

REVENUE
237.1
MSEK

OPERATING
MARGIN*
25.1
PERCENT

LISTED
NASDAQ
STOCKHOLM
(MID CAP)

NO. OF
EMPLOYEES
571

R&D OPEX
INVESTMENT
16
PERCENT

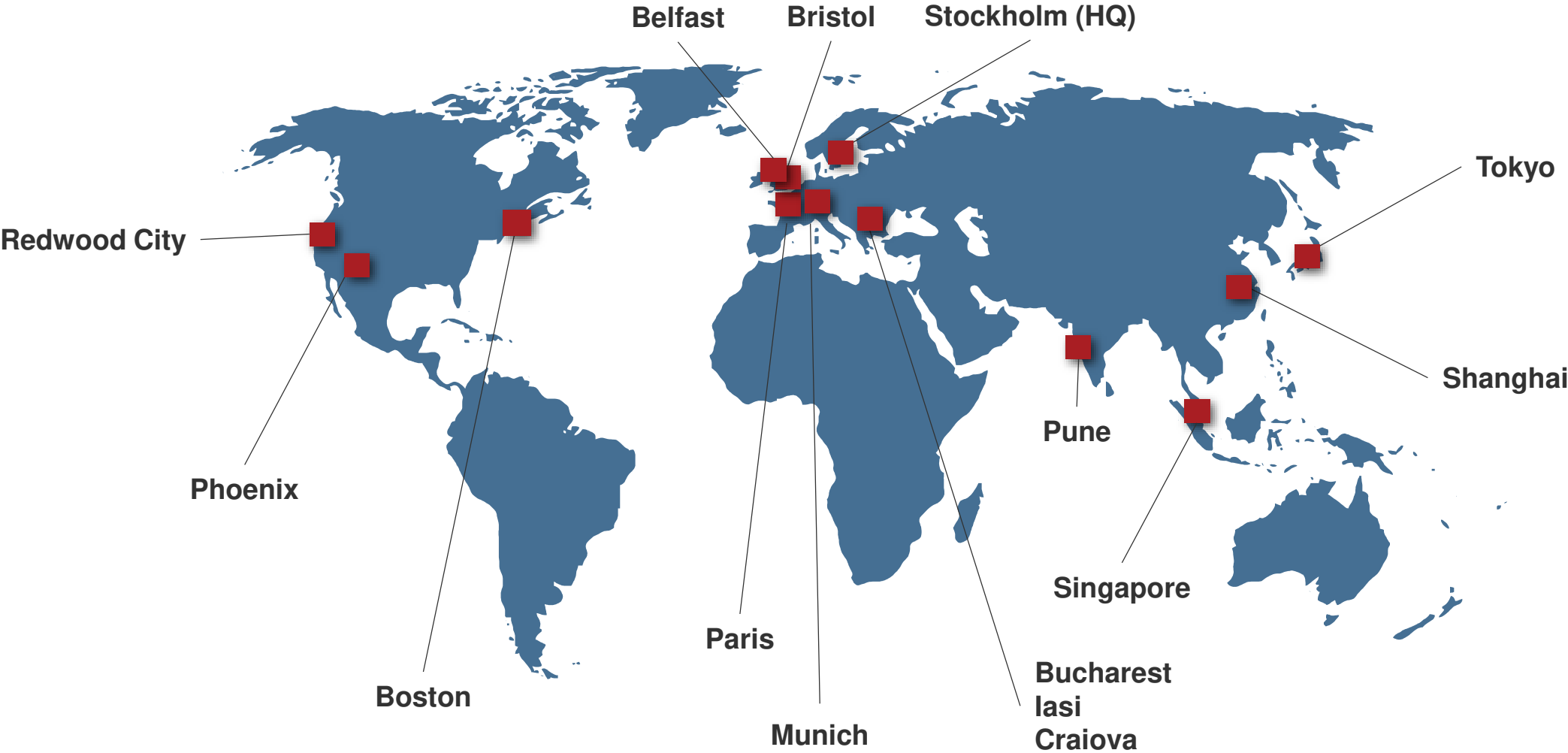
NO. OF
EMPLOYEES
571

R&D OPEX
INVESTMENT
16
PERCENT

*Excluding non-recurring items



Global Presence



Did you bring your mobile phone?

Have you checked your email yet?

Have you watched a streamed
video today?

**Every day, more than 3 billion people rely on
Enea's software to connect a call or to use
their mobile device to get online**

ENEAA





Our Mission

We provide the network software platform and expert services our customers need to enable today's and tomorrow's connected society



NOKIA

ERICSSON 

VOLVO



Honeywell

DATACOM

Hytera 

 **YAMAHA**




HUGHES


vodafone

 **Electrolux**

 **TELUS**



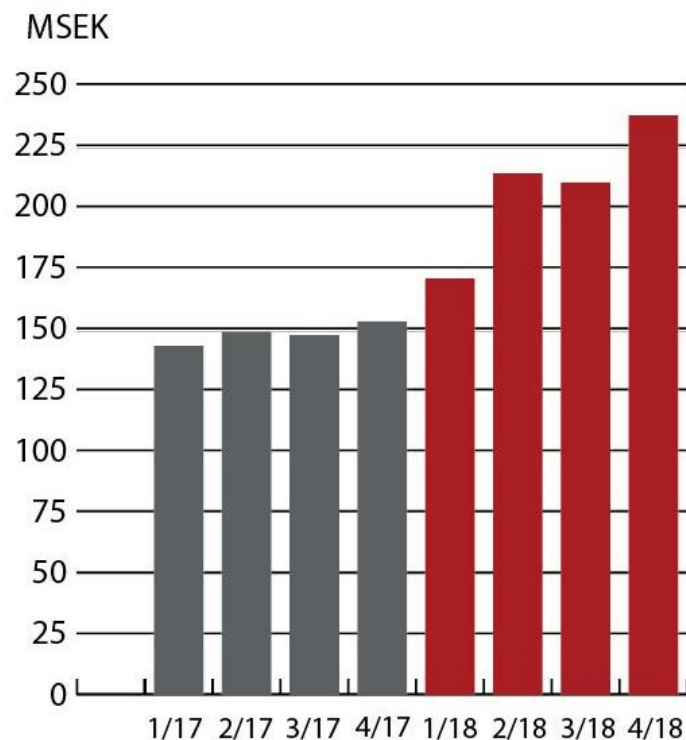
The Enea **Edge**



Financials Q418

Record Revenue Growth

Revenue



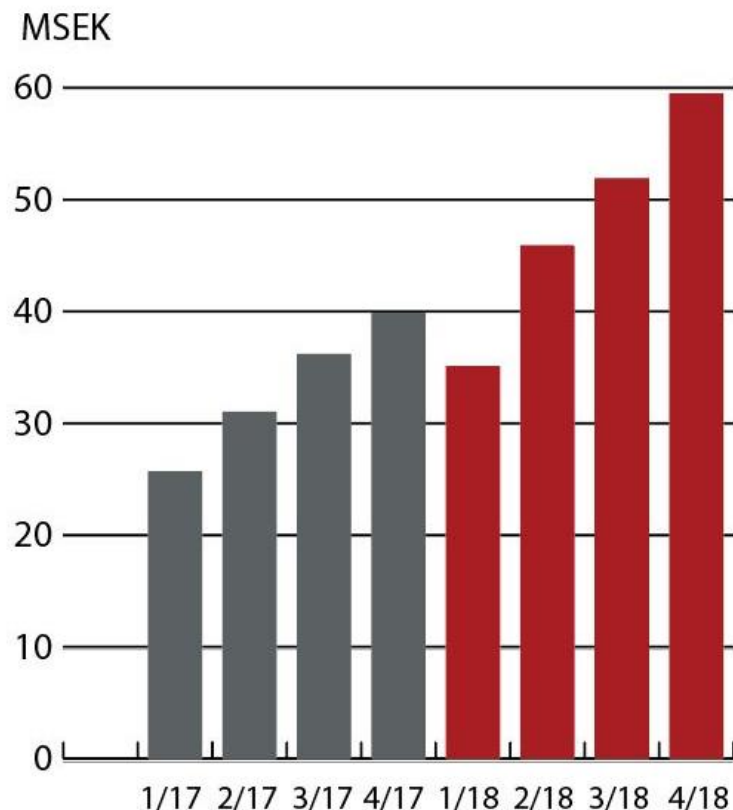
	Q418	Q417
Revenue (MSEK)	237.1	152.0
Revenue growth (%)	56	12
Revenue growth (% , currency adjusted)	49	14

	FY18	FY17
Revenue (MSEK)	830.3	588.4
Revenue growth (%)	41	17
Revenue growth (% , currency adjusted)	38	17

- ▶ Highest Q4 revenue ever
- ▶ Highest revenue growth number on record

Record Quarterly Operating Profit

Operating profit excl. non-recurring items

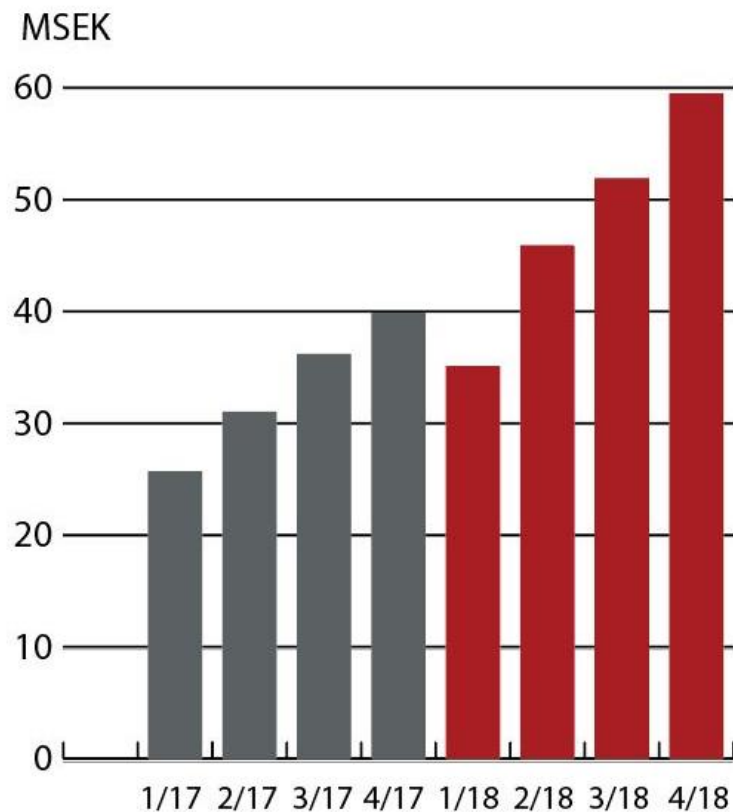


	Q418	Q417
Operating profit excl. non-recurring items, MSEK	59.5	39.8
Operating profit, MSEK	66.7	22.8
Operating margin excl. non-recurring items, %	25.1	26.2
Operating margin, %	28.1	15.0
Earnings per share, SEK	2.72	0.93

- ▶ 49% operating profit growth (excl. NRI)
- ▶ 192% operating profit growth.
- ▶ Record quarterly operating profit.
- ▶ 192% EPS growth.
- ▶ Highest EPS ever (excl. Q112 capital gain)

Record FY Operating Profit

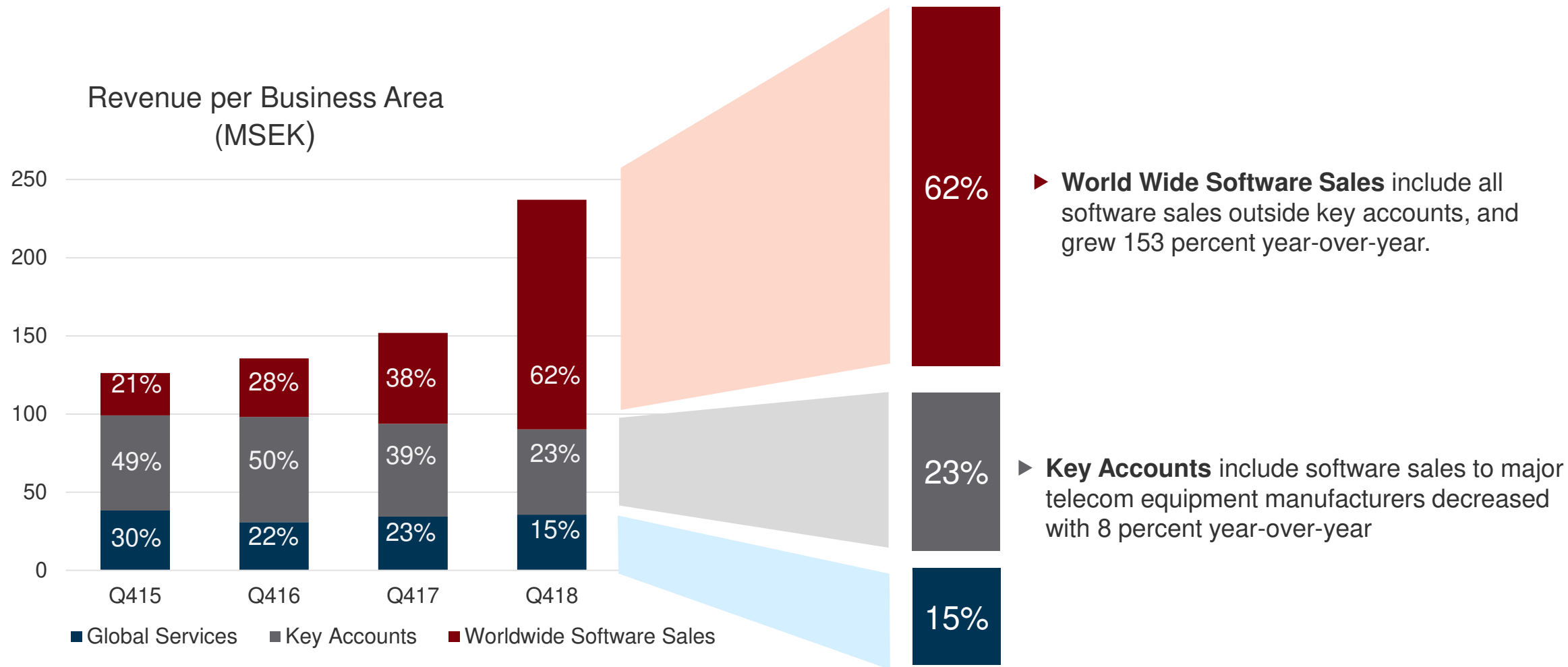
Operating profit excl. non-recurring items



	FY18	FY17
Operating profit excl. non-recurring items, MSEK	192.5	134.5
Operating profit, MSEK	188.9	102.8
Operating margin excl. non-recurring items, %	23.2	22.9
Operating margin, %	22.7	17.5
Earnings per share, SEK	7.33	4.69

- ▶ 43% operating profit growth (excl. NRI)
- ▶ 84% operating profit growth
- ▶ Record operating profit
- ▶ 72% net profit growth
- ▶ 56% EPS growth
- ▶ Record EPS.

Significant Growth in Revenues from New Customers



- Significantly reduced dependency on single customers and single product
- 18 quarters of y-o-y revenue growth & 17 out these 18 quarters of y-o-y EBIT growth

Accelerated Software Growth in the US

▶ EMEA

Revenue in EMEA increased by 18 percent in the quarter year over year. Both Worldwide Software Sales and the European service operation made stable progress in the quarter.

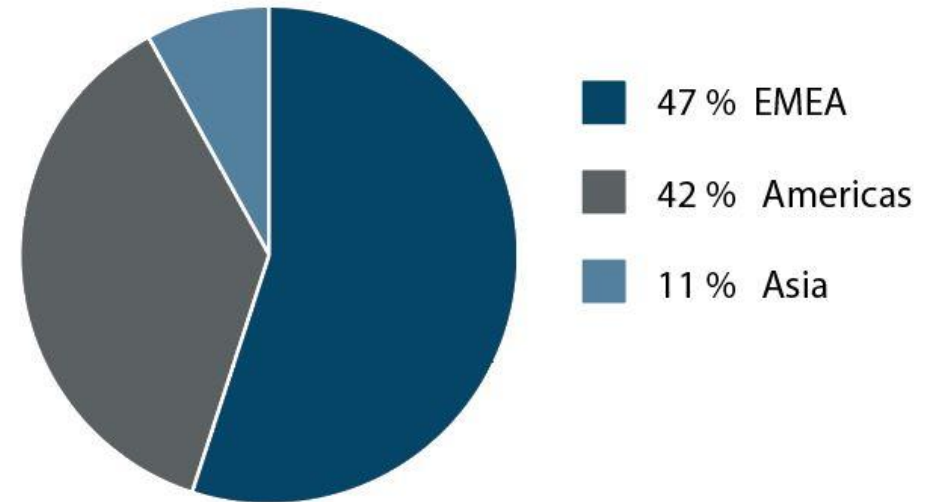
▶ Americas

Revenue increased by 119 percent in the quarter, year over year. The increase relates to the acquisition of Openwave Mobility.

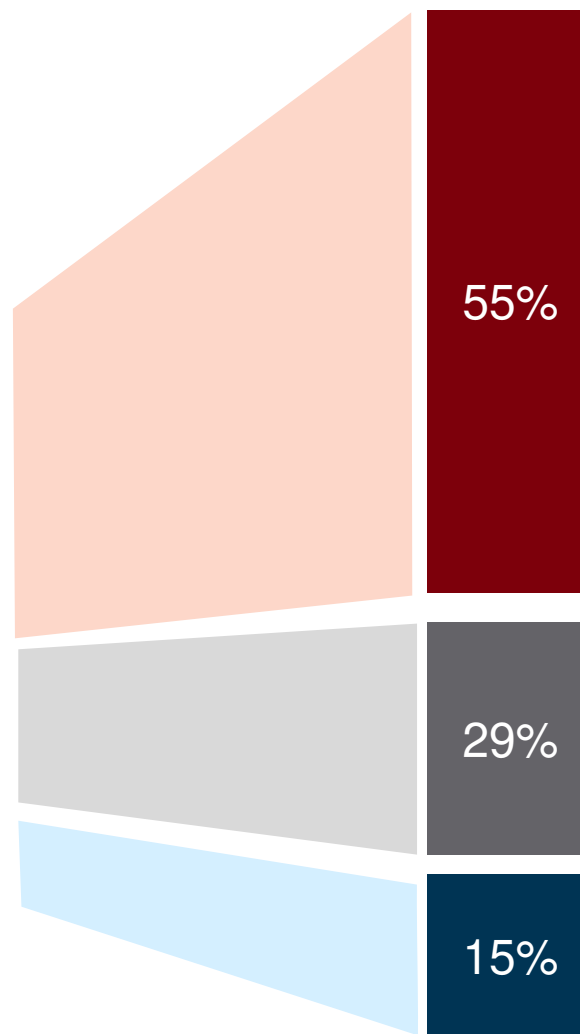
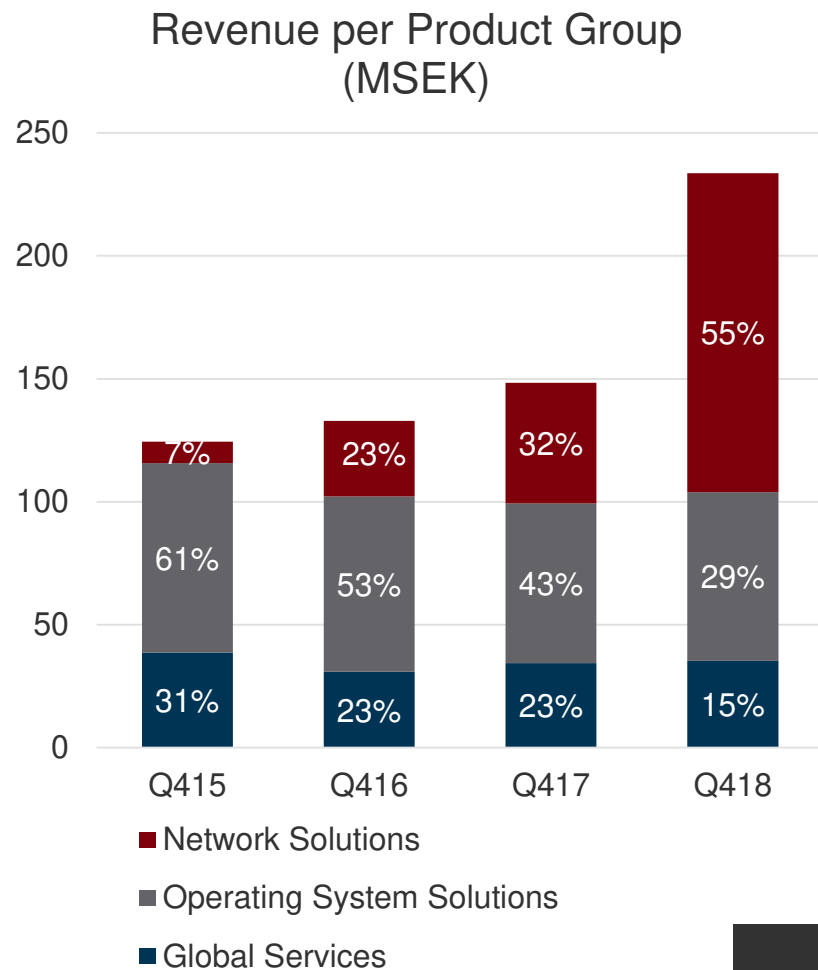
▶ Asia

Revenue increased by 109 percent year over year in the quarter.

Revenue per region (Oct-Dec)



Significant Growth in Revenues from New Products



► **Network Solutions** Sales increased significantly in the quarter due to the acquisition of Openwave Mobility. This product group more than doubled over Q417.

► **Operating System Solutions** represented 29 percent of the revenues in the quarter, with growth Q418 over Q417.

► **Global Services** revenue growth Q418 over Q417, accounting for 15 percent of Enea's total revenues.

- The fastest growing product group is now also the largest
- Improved margin & earnings capacity
- Significant jump in gross margin Q418 73.8 (72.4) percent – FY18 73.2 (71.7)

Financial Position

- ▶ Cash flow from operations 42.3 (17.9) MSEK for the quarter. 168.6 (116.6) MSEK for the year.
- ▶ Cash flow before change in working capital 72.2 (21.7) MSEK for the quarter. 198.0 (95.9) MSEK for the year.
- ▶ Cash, cash equivalents at the end of the quarter were 74.7 (312.0) MSEK.
- ▶ Total interest-bearing liabilities at the end of the quarter amounted to 634.2 (116.0) MSEK.
- ▶ Net debt position 559.5 (-196.0) MSEK.
- ▶ The equity ratio is 51.4 (64.3) percent



Dividend

- ▶ Enea's long-term dividend policy is that at least 30 percent of profit after tax will be transferred to shareholders. However, consideration should be given to the Company's financial position, cash flow, acquisition opportunities and future prospects.
- ▶ In line with the dividend policy, the acquisitions and future prospects that the Board are looking at in the coming years, no dividend for 2018 will be proposed.





Way Forward & Outlook

The Enea Journey

50 YEARS
AT THE LEADING EDGE

1968



Enea was founded as four students at the Royal Institute of Technology in Sweden started to design a solution for data storage in an air traffic control system

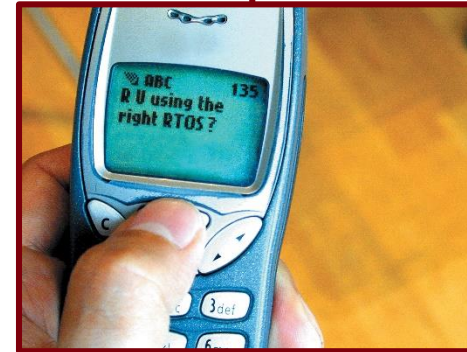
1980



Enea launches the real-time operating system OSE

1990

2000



Enea's software is deployed in more than a billion embedded devices and 2G, 3G (and later 4G/5G) infrastructure nodes around the world

2010

Enea divests the Nordic consulting business and puts focus on the more profitable software business

2018

Growth Acceleration – prioritize growth before further margin expansion



Enea acquires Qosmos 2016 and Openwave Mobility 2018, and expands the market reach to the telecom application domain

Our Aim – Growth Acceleration

- ▶ **Size matters** – both to be perceived as a credible vendor and to leverage economies of scale
- ▶ **New challenges** within the networking and mobile broadband domains calls for new solutions and new product offerings
- ▶ **A balanced revenue mix** with a broad customer base (where no single customer dominates completely) reduces risks and improves growth potential



Prioritize growth before margin expansion

Q4 2018 was yet a record in terms of growth. Revenue growth 56% and operating profit up 49% over same quarter 2017 (excl. NRI)



Acquisitions to accelerate growth

During the last two years, we've closed two major acquisitions that has taken us to a new level in terms of revenues and growth



Expand portfolio and addressable market

The growth area “network solutions” represents 55% of Q418 revenues, up from 7% of total revenues in Q415 – with a growing gross margin of 73.8% in Q418



Reduced dependency on single product/customers

Our dependency on key accounts has decreased significantly, from 49% of total revenues in Q415, to 23% Q418

Our Strategy

Expanding from “operating system solutions” to “network solutions”

- ▶ The value-chain is evolving – strategy to move up in the software stack and address the end user directly
- ▶ Identifying “network solutions” driven by NFV as the key growth area
- ▶ Fully embracing the telecom application domain

More dialog and direct engagement with the end users of our software and solutions

Move closer to the end user

Software as a complete solution rather than software as an OEM component

Move up in the value chain

More focus on software at the application level

Move up in the software stack

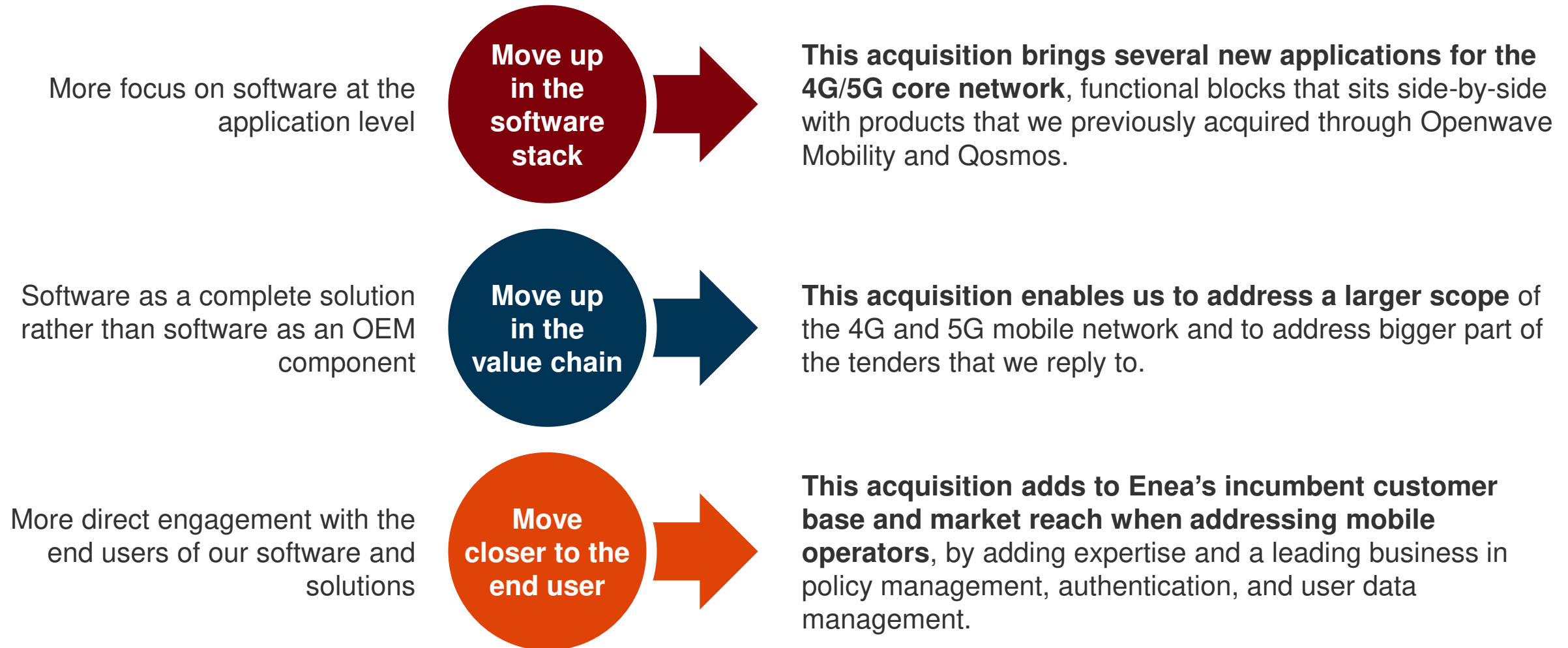


Acquisitions Complementing Organic Growth

The next step in a series of successful acquisitions

				
Revenue	4M EUR (2007)	14.2M EUR (2016)	27M USD (2017)	~12M EUR (2019)
# of employees	~120	~90	~140	~90
Date of closing	May 2008	December 2016	March 2018	Expected March 2019

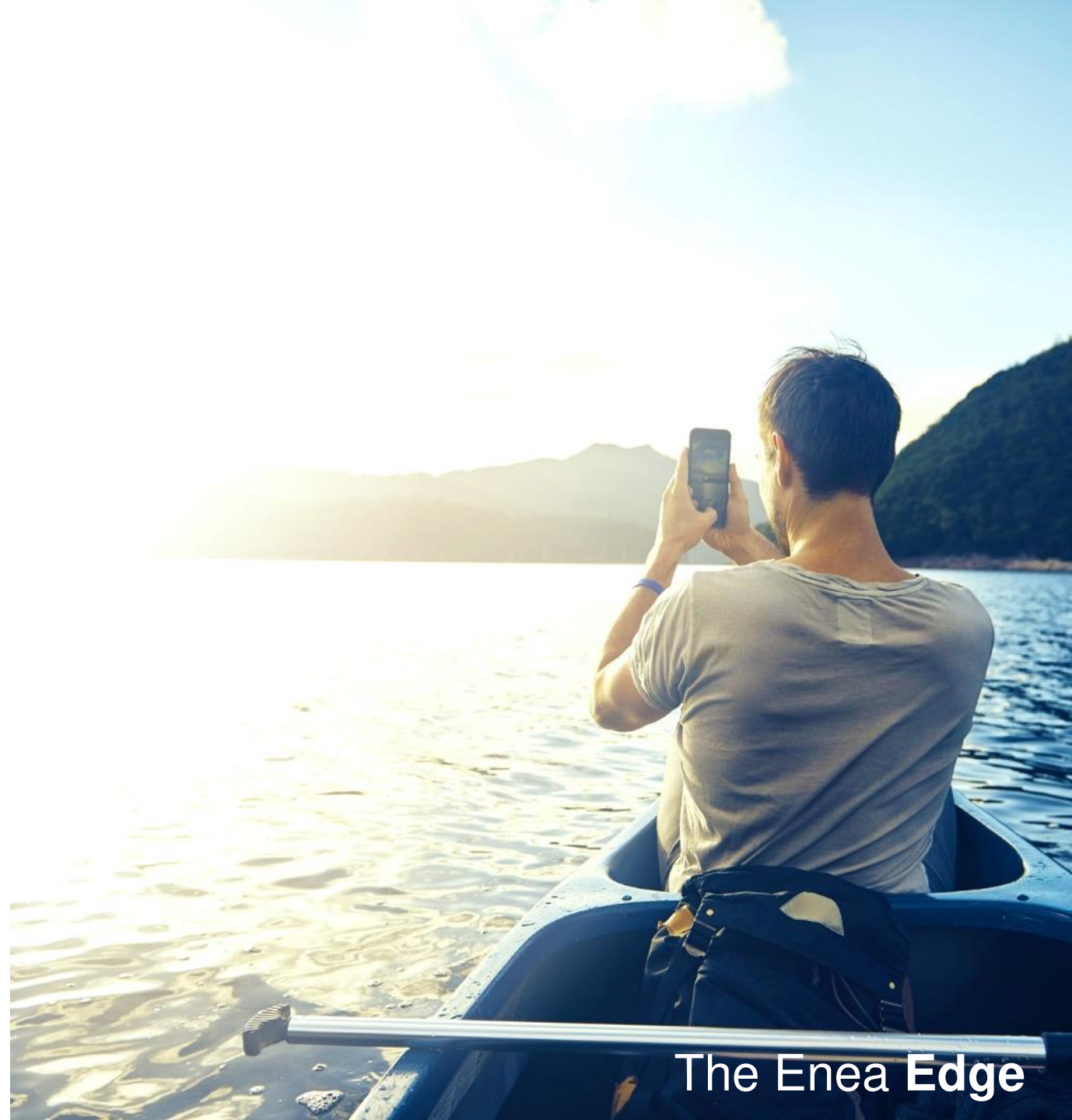
Enea Signed an Offer to Acquire Global Software Business



- ▶ The total consideration amounts to approximately 18 MEUR and will be financed through cash and bank loans
- ▶ Subject to closing conditions, the acquisition is expected to close and be consolidated into Enea Group accounts as of March 2019

Market Outlook 2019

Our objective for the full year 2019 is to achieve revenue growth over 2018 and an operating margin exceeding 20 percent



The Enea Edge

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THANK YOU

www.enea.com

