Our software and expertise help you develop amazing functions in a connected society

Q1

Presentation by Anders Lidbeck

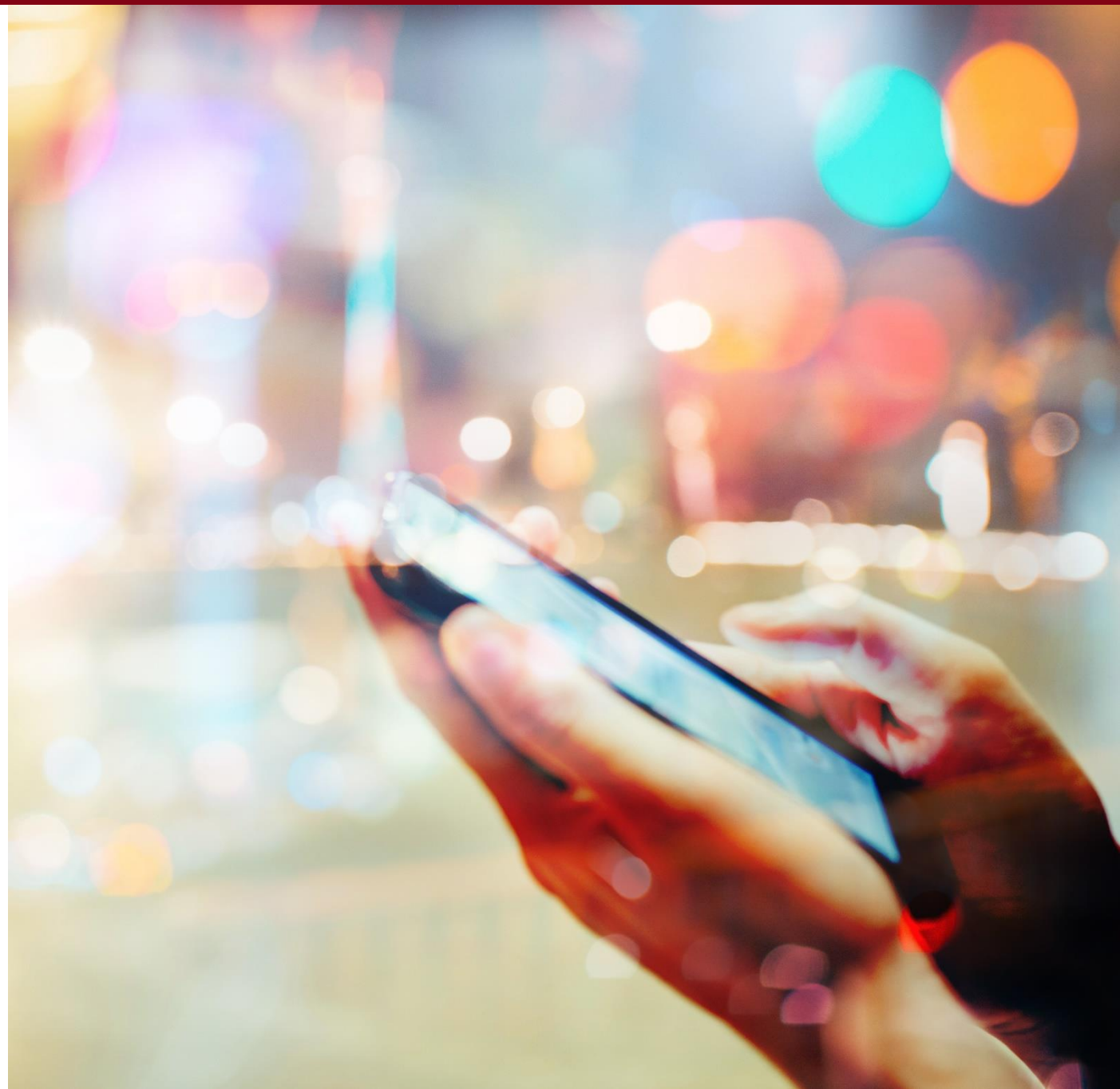
President & CEO

26 April 2017

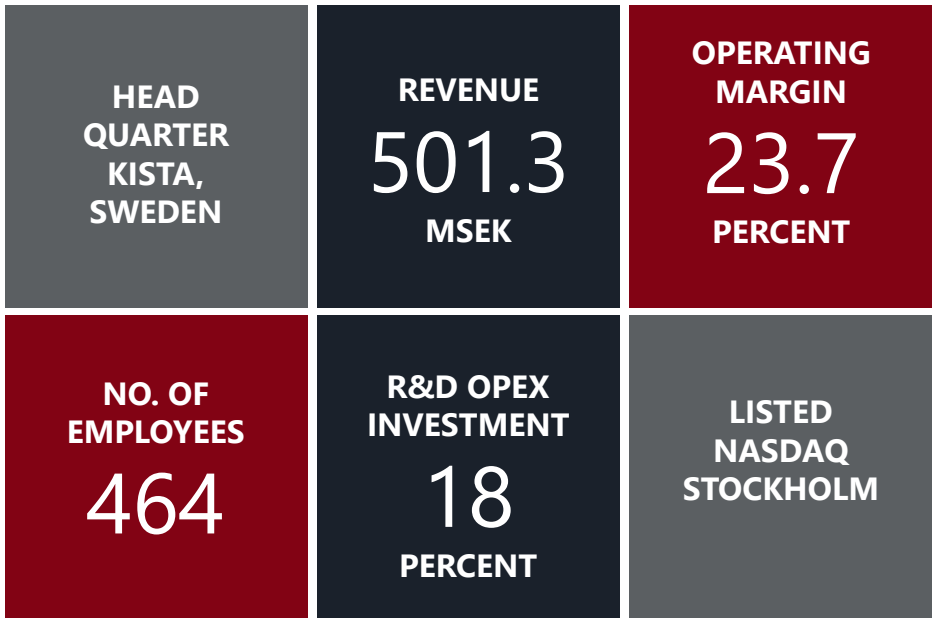
ENEA

Agenda

- Enea Intro
- Enea Financials Q117
- Way Forward & Outlook



A Catalyst for the Connected Society



Numbers for 2016

ENEA

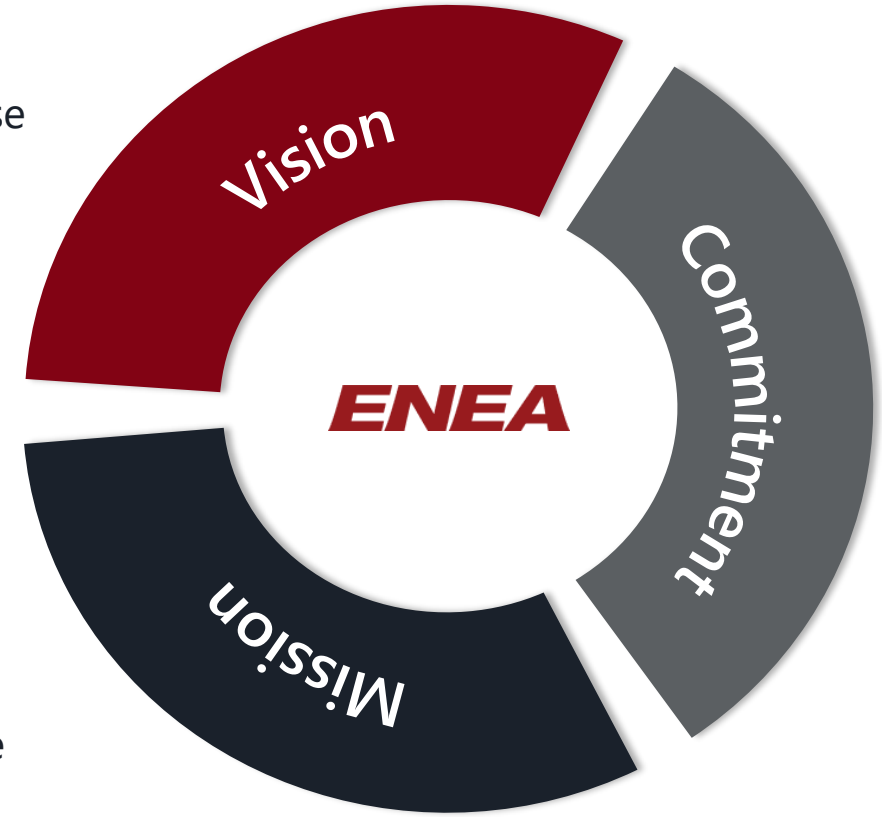
Our Vision, Mission, and Commitment

Our Vision

Our software and expertise help you develop amazing functions in a connected society

Our Mission

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



Our Commitment

Our commitment is to work together with the leading hardware vendors and our customers - as a key contributor in the open source community - to develop and harden optimal software solutions for tomorrow's connected society

ENEA

Our Business

Software Products for embedded applications focused on communication solutions

- Operating Systems
- Network Operating Systems for NFV
- On Device Management
- VNF Management
- Network Management
- Services Orchestration
- Proprietary and Open Source
- Network Intelligence – DPI

Maintenance, Support, and Product Services

- Related to our own product portfolio
- For Open Source based solutions
- For integrated solutions incl. 3rd party

Stand-alone System and Software Services

- Architecture, design, development, test
- In-house and or on-site projects
- Bridged Services

ENEA

More than 3 billion people rely on Enea software every day, to connect a call or use their mobile phone to get online

ENEA

Customers

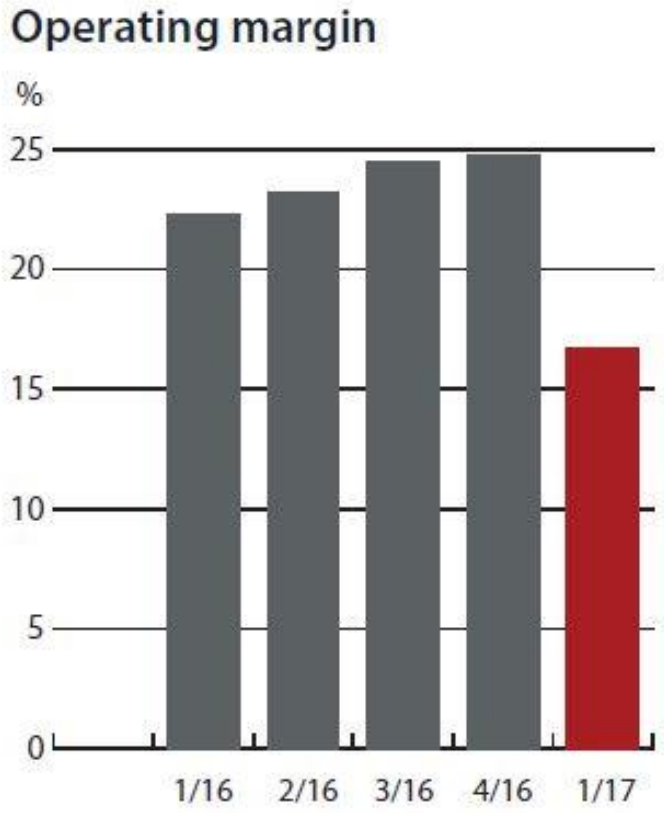
ENEA

Financials Q1 2017

EBIT & Operating Margin

	Q117	Q116
EBIT (MSEK)	23.5	26.9
Operating margin (%)	16.7	22.3
Earnings per share (SEK)	1.19	1.38

	FY16
EBIT (MSEK)	118.8
Operating margin (%)	23.7
Earnings per share (SEK)	5.95



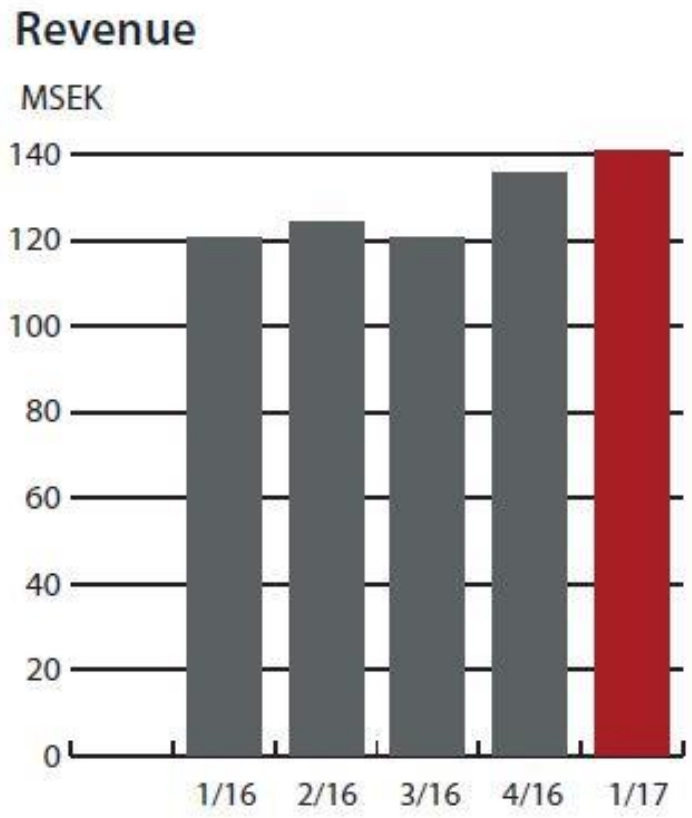
- 17% operating margin satisfactory given our business transformation
- Adjusted for 2.2 MSEK in legal costs & 1.6 MSEK in non-recurring negative cost in Q116 – Q117 is stronger than Q116
- Strong performance by the Qosmos operations – better than expected operating margin expansion

ENEA

Record Revenues

	Q117	Q116
Revenue (MSEK)	141.0	120.8
Revenue growth (%)	17	3
Revenue growth (%) (currency adjusted)	15	3

	FY16
Revenue (MSEK)	501.3
Revenue growth (%)	4
Revenue growth (%) (currency adjusted)	3

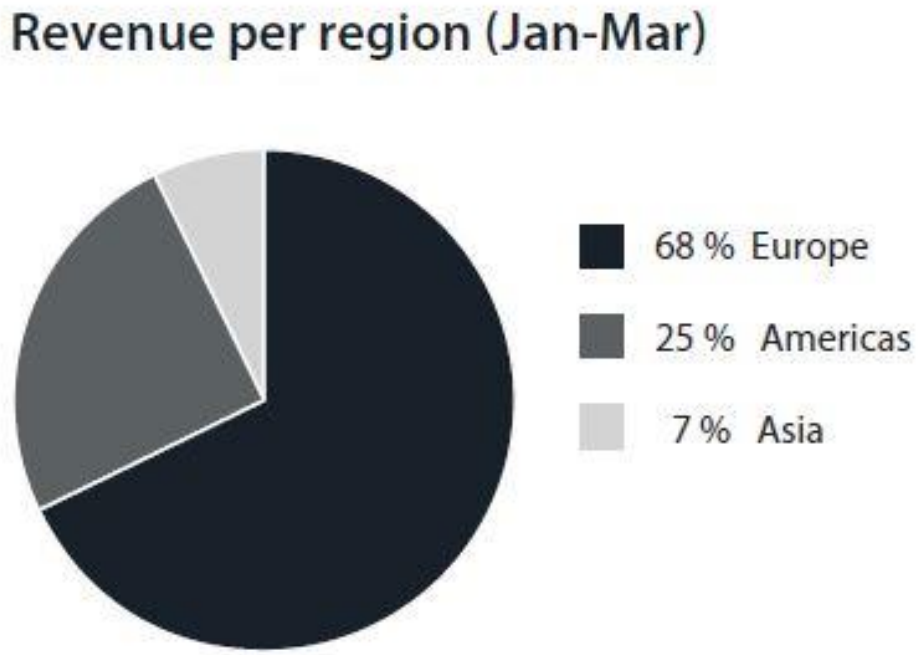


- 11th consecutive quarter of y-o-y revenue growth
- Highest Q1 revenue since divestment of Nordic Consulting (2011)
- The acquisition of Qosmos is progressing well (Q416)

ENEA

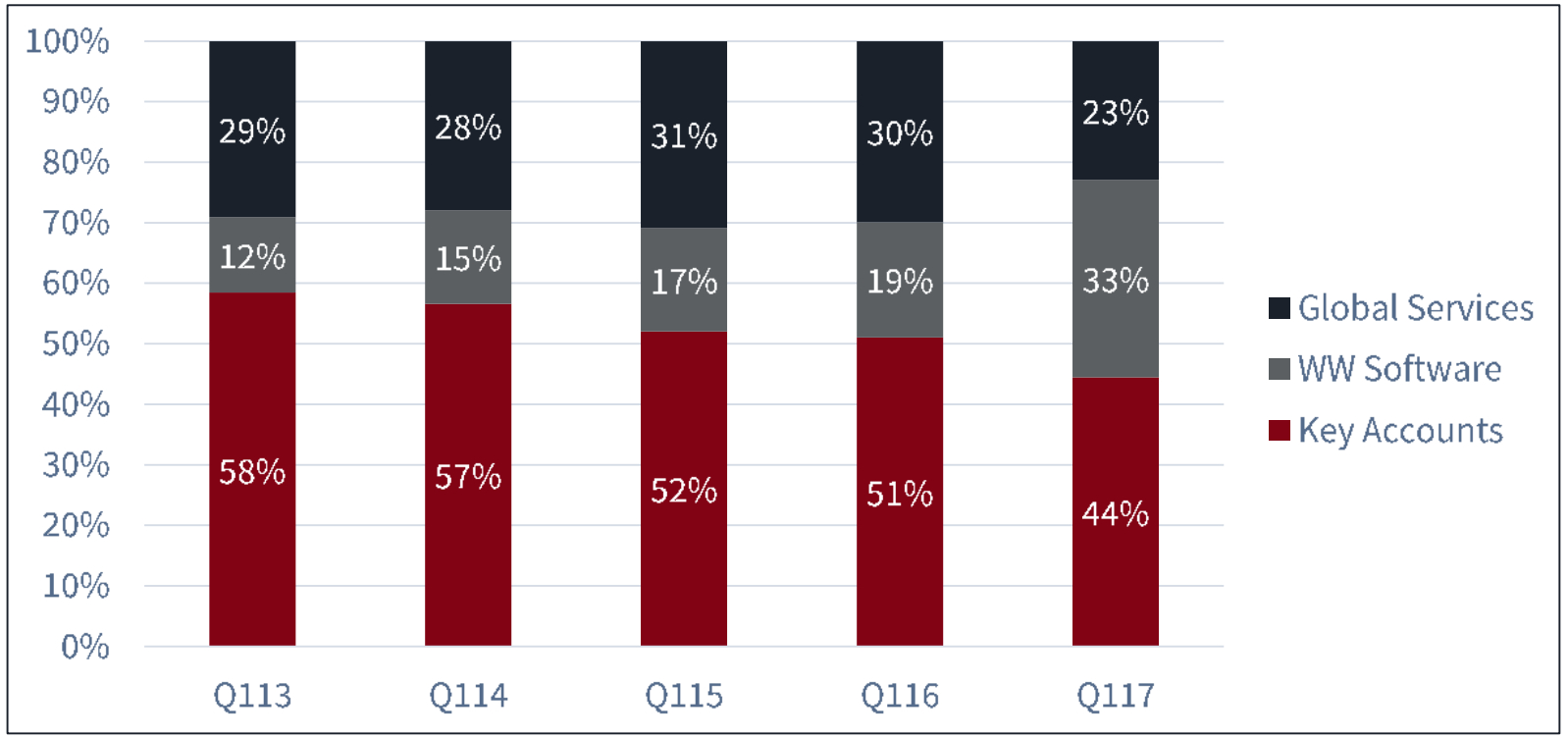
Revenue Split per Region

- **Europe**
  In Europe; sales increased with 15% compared with the corresponding quarter last year. The increase in Europe is primarily attributable to Qosmos, with strong growth also in Global Services.
- **Asia**
  In Asia; sales increased with 35% compared with the corresponding period last year. Growth in Asia is a direct effect of the Qosmos acquisition.
- **Americas**
  In the Americas; sales increased with 17% compared to the corresponding quarter last year. Sales growth in the Americas is primarily attributable to Qosmos, but with strong growth also in other software sales units. Global Services in the Americas on the other hand declined for yet another quarter over same quarter previous year.



ENEA

Important Change in Revenue Mix

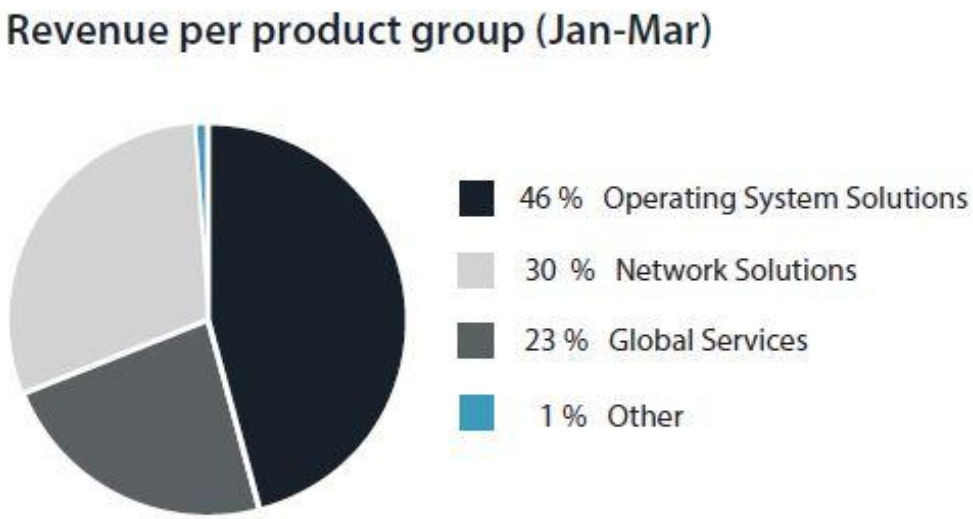


- 100% revenue growth y-o-y in WW Software Sales
- Four percentage points gross margin improvement driven by this change

ENEA

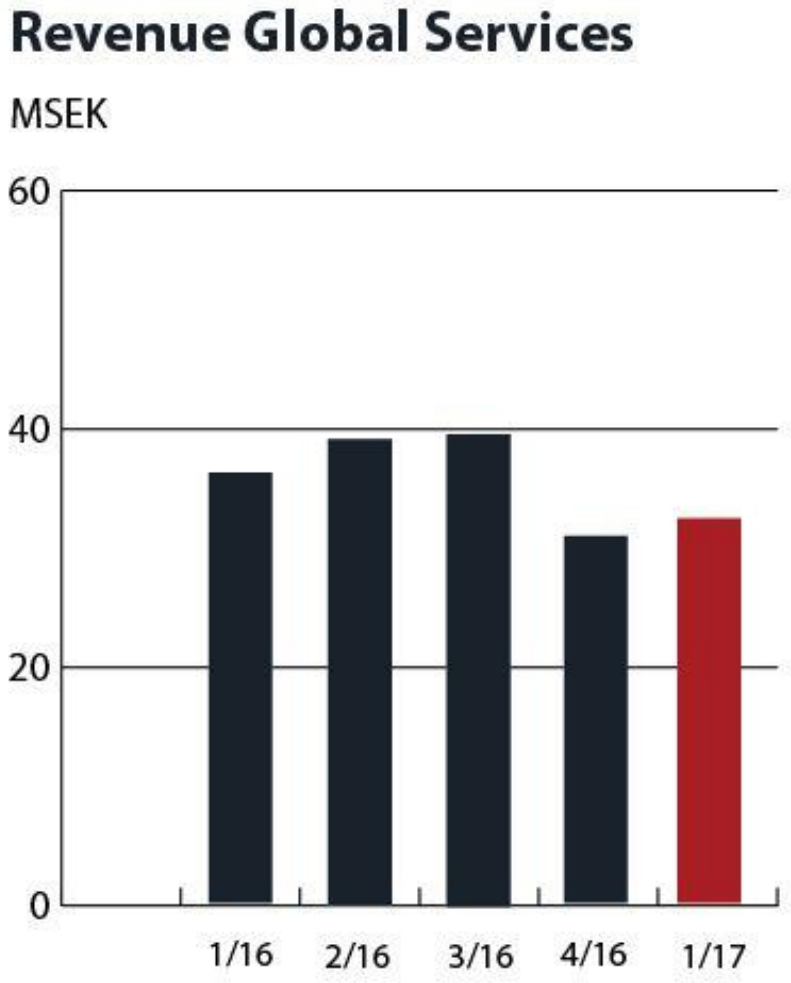
Improved Product Revenue Mix

- Operating System Solutions accounts for the largest share of sales with 46% of revenue during the quarter. During the quarter, sales decreased compared to the quarter last year.
- Sales in Network Solutions increased during the quarter. The group accounted for 30% of Enea's total sales during the quarter, and has an increasing strategic importance for Enea.
- Global services sales decreased compared with the same quarter last year, accounting for 23% of Enea's total sales.



Yet Another Weak Quarter in US Services

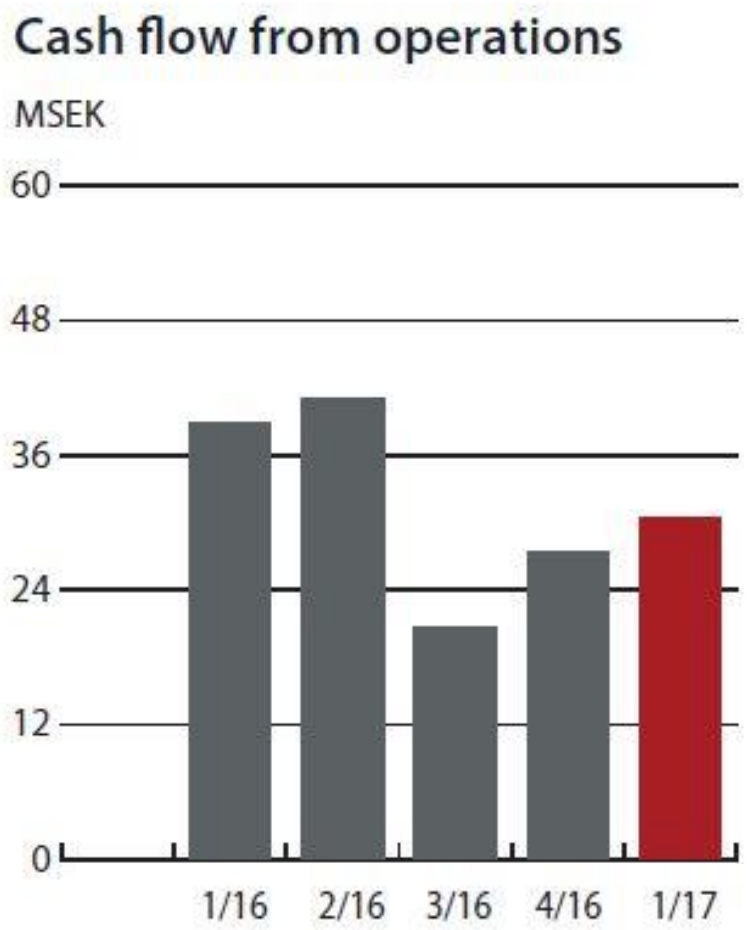
- Yet another weak quarter y-o-y, but sequential growth over Q416.
- Still significant y-o-y decline in the US with slower than expected pipeline & business improvement during Q1 2017.
- Continued strong double digit y-o-y growth in the European Global Services operation.



ENEA

Financial Position

- Q117 cash flow from operations 30.4 (38.8) MSEK
- Q117 cash flow before change in working capital 20.7 (27.9) MSEK
- Cash, cash equivalents and financial investments at the end of the quarter were 285.1 (227.8) MSEK
- Total interest-bearing liabilities at the end of the quarter amounted to MSEK 133.0 (0), broken down by long-term interest-bearing liabilities 99.0 MSEK (0) and short-term interest-bearing liabilities 34.0 MSEK (0)
- The equity ratio is 57,8 (75.3) procent



Technology & Corporate Development

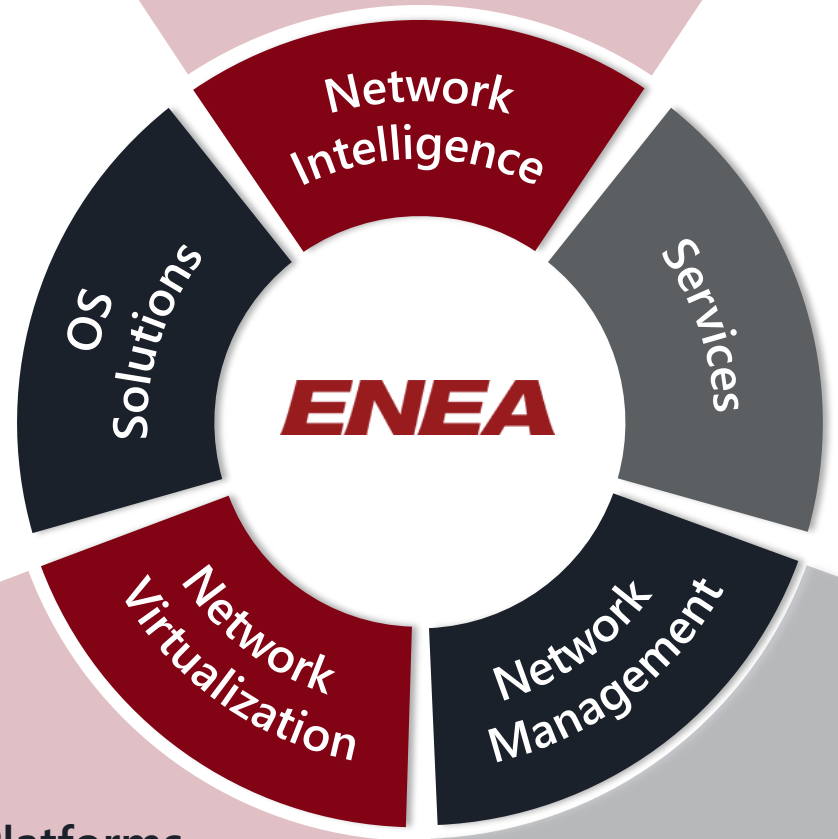
Long Term Ambition

We continue our efforts to build a bigger and stronger company, delivering an increasing value for customers, employees and shareholders.

Acquisitions that strengthens our market position and long-term earning capacity is an important part of this transition.

A Quickly Expanding Portfolio

- 3 new areas in the last 2 years



Network Monitoring
Cyber Security

NFV Platforms
Virtual Probes

Network Management Systems
On-Device Management Agents

ENEA

Enea in Security

Network Monitoring
Cyber Security

Network Intelligence

Qosmos ixEngine

Qosmos ixEngine classifies traffic and extracts metadata and is used for active security policy enforcement

- **Next Generation Firewalls**
- **Security Information and Event Management (SIEM)**

Qosmos ixEngine extracts file content and metadata which are used for content analysis

- **Malware protection**
- **Data Loss Prevention**

Enea at RSA 2017
– the world's leading security conference

ENEA

Network Intelligence to Optimize, Monetize and Protect

Optimize

Policy Control, QoS, …

Monetize

Analytics, vCPE, …

Protect

NG Firewall, SIEM, …

Visibility on thousands of application protocols

Extraction of 4,300+ Metadata

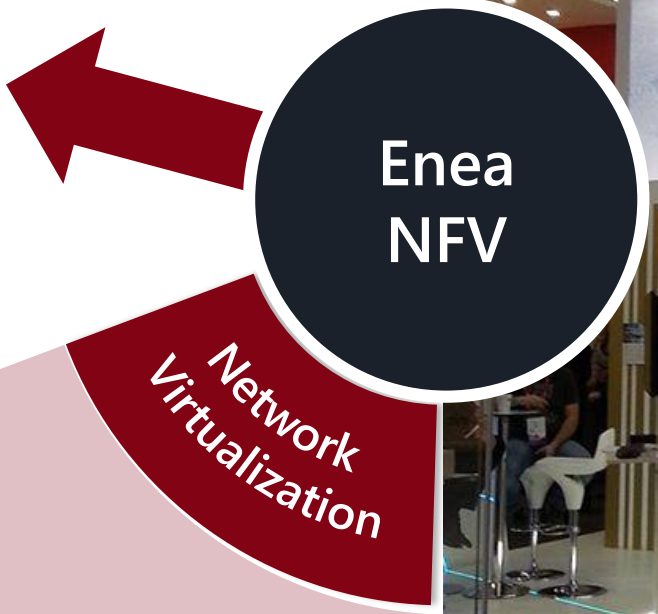
Caller, called party, jitter, packet loss, latency, call duration, setup time, codec, throughput, mobile ID (IMSI, IMEI), phone number, user login, IP address, MAC address, date & time of login / logoff, subject of email / chat / Webmail, sender, receiver, attached documents, response time, data transfer sessions (type, content, time), visited Website, page content, time spent on visit, basket share, referent, etc.

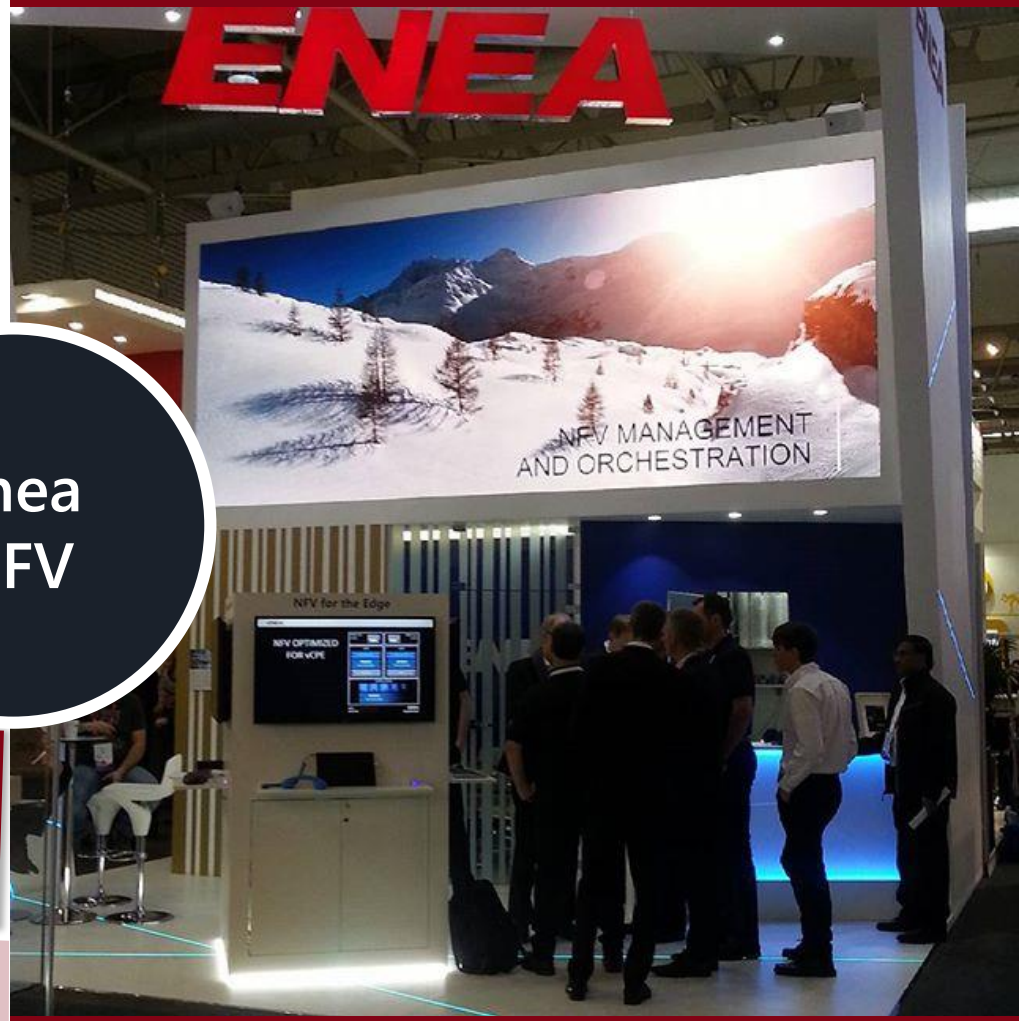
ENEA

QOSMOS

Enea in NFV

- **NFV Platforms**
- **NFV Labs**
- **NFV Services**



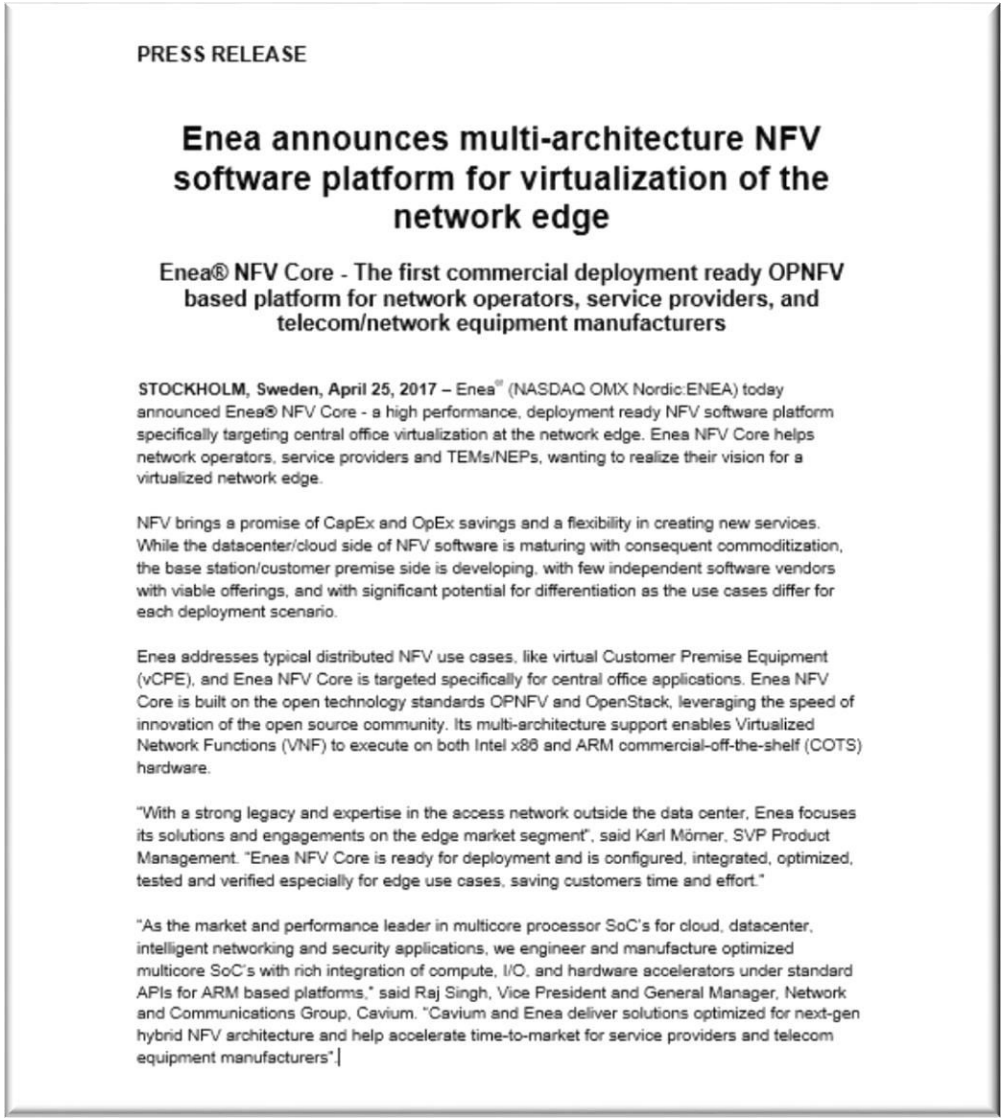


Enea demonstrating NFV solutions at MWC 2017

ENEA

Enea NFV Core – deployment ready multi-architecture NFVI software platform for virtualization of the network edge

- The first commercial deployment ready implementation of OPNFV for network operators, service providers, and telecom/network equipment manufacturers
- Enea NFV Core is hardened and deployment ready in a way that is not available in open source, saving months of work to get it up and running.
  It is configured, enhanced and optimized to provide the performance and availability required in edge use cases.
  Already integrated, tested and validated, it removes complexity and risk from deployment projects.



PRESS RELEASE

Enea announces multi-architecture NFV software platform for virtualization of the network edge

Enea® NFV Core - The first commercial deployment ready OPNFV based platform for network operators, service providers, and telecom/network equipment manufacturers

STOCKHOLM, Sweden, April 25, 2017 – Enea® (NASDAQ OMX Nordic:ENEA) today announced Enea® NFV Core - a high performance, deployment ready NFV software platform specifically targeting central office virtualization at the network edge. Enea NFV Core helps network operators, service providers and TEMs/NEPs, wanting to realize their vision for a virtualized network edge.

NFV brings a promise of CapEx and OpEx savings and a flexibility in creating new services. While the datacenter/cloud side of NFV software is maturing with consequent commoditization, the base station/customer premise side is developing, with few independent software vendors with viable offerings, and with significant potential for differentiation as the use cases differ for each deployment scenario.

Enea addresses typical distributed NFV use cases, like virtual Customer Premise Equipment (vCPE), and Enea NFV Core is targeted specifically for central office applications. Enea NFV Core is built on the open technology standards OPNFV and OpenStack, leveraging the speed of innovation of the open source community. Its multi-architecture support enables Virtualized Network Functions (VNF) to execute on both Intel x86 and ARM commercial-off-the-shelf (COTS) hardware.

"With a strong legacy and expertise in the access network outside the data center, Enea focuses its solutions and engagements on the edge market segment", said Karl Mörner, SVP Product Management. "Enea NFV Core is ready for deployment and is configured, integrated, optimized, tested and verified especially for edge use cases, saving customers time and effort."

"As the market and performance leader in multicore processor SoC's for cloud, datacenter, intelligent networking and security applications, we engineer and manufacture optimized multicore SoC's with rich integration of compute, I/O, and hardware accelerators under standard APIs for ARM based platforms," said Raj Singh, Vice President and General Manager, Network and Communications Group, Cavium. "Cavium and Enea deliver solutions optimized for next-gen hybrid NFV architecture and help accelerate time-to-market for service providers and telecom equipment manufacturers".

ENEA

Together We are Bigger and Stronger

Market

- TEMs and NEPs are main customers today, similar dialogues with customers in the SDN/NFV domain
- Well established in the ARM & Intel ecosystem
- Together stronger coverage in community projects and industry consortiums

Business

- Similar go-to-market models
- Concrete cases combining operating systems and DPI & integration of device/network-management and DPI
- Developing dialogue with operators/CSPs – componentization trend in our favor

Portfolio

- Highly complementary portfolios & complementing technology areas
- Crucial technology for next generation networks
- Complementing fundamental building blocks in an emerging growth market

Culture

- Midsize SW companies with global footprint with focus on business & investing in R&D
- Similar internal organizations and ways of working
- Good cooperation already

ENEA

Market Outlook 2017

Our objective for the full year 2017 is to achieve double-digit revenue growth, and improved operating profit compared to 2016 before non-recurring costs.

We expect the improvement of operating profits to occur in the second half-year 2017.

THANK YOU

For additional information on Enea, please visit www.enea.com