



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

Q2

Presentation by Anders Lidbeck

President & CEO

19 July 2017

Agenda

- ▶ Intro
- ▶ Financials Q217
- ▶ Way Forward & Outlook



Intro

A Catalyst for the Connected Society

HEAD QUARTER KISTA, SWEDEN	REVENUE 501.3 MSEK	OPERATING MARGIN 23.7 PERCENT
NO. OF EMPLOYEES 464	R&D OPEX INVESTMENT 18 PERCENT	LISTED NASDAQ STOCKHOLM

Numbers for 2016

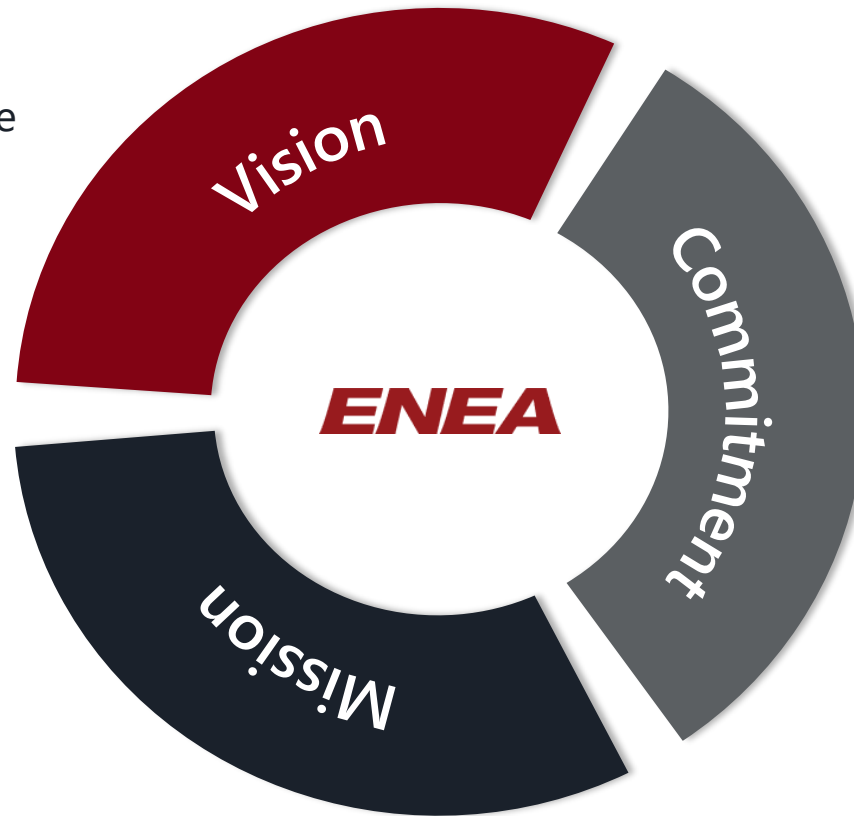
Our Vision, Mission, and Commitment

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

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

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

ENEAA



Customers



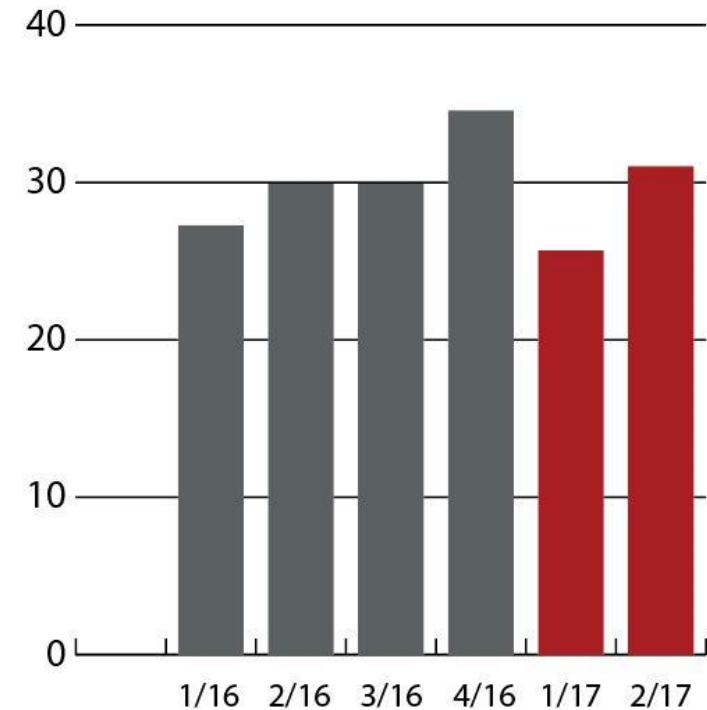
Financials Q2 2017

Strong Operating Profit

	Q217	Q216
Operating profit excl. non-recurring costs, MSEK	31.0	29.9
Operating profit, MSEK	22.5	28.8
Operating margin excl. non-recurring costs, %	20.9	24.1
Operating margin, %	15.2	23.2
Earnings per share, SEK	0.96	1.48

Operating profit excluding non-recurring costs

MSEK



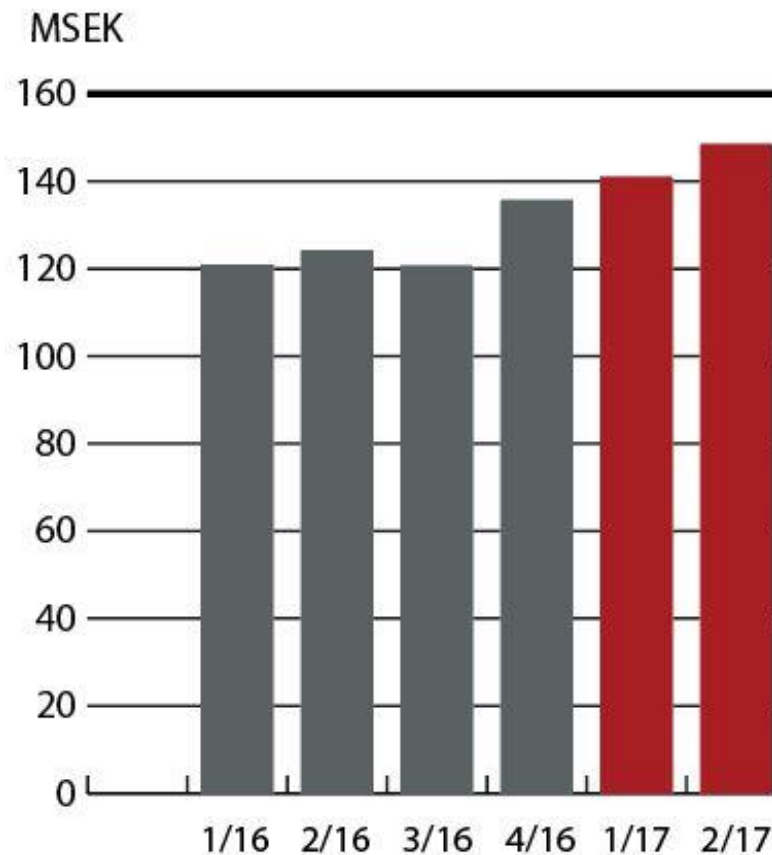
- ▶ 20.9 percent operating margin satisfactory given our business transformation
- ▶ Strong performance by the Qosmos operations – better than expected operating margin expansion

Record Revenue

	Q217	Q216
Revenue (MSEK)	148.5	124.1
Revenue growth (%)	20	3
Revenue growth (%) <small>(currency adjusted)</small>	17	4

	FY16
Revenue (MSEK)	501.3
Revenue growth (%)	4
Revenue growth (%) <small>(currency adjusted)</small>	3

Revenue



- ▶ Highest Q2 revenue since divestment of Nordic Consulting (2011)
- ▶ Record Q2 growth number

Revenue Split per Region

► Europe

Sales are from our offices in Sweden, Germany, Romania and France, and consist of Key Accounts, Worldwide Software Sales and Global Services. Revenue in Europe increased by 24 percent in the quarter year over year. The increase was mainly coming from Key Accounts, due to clearance of a previous delivery and the addition of Qosmos revenues from Key Accounts

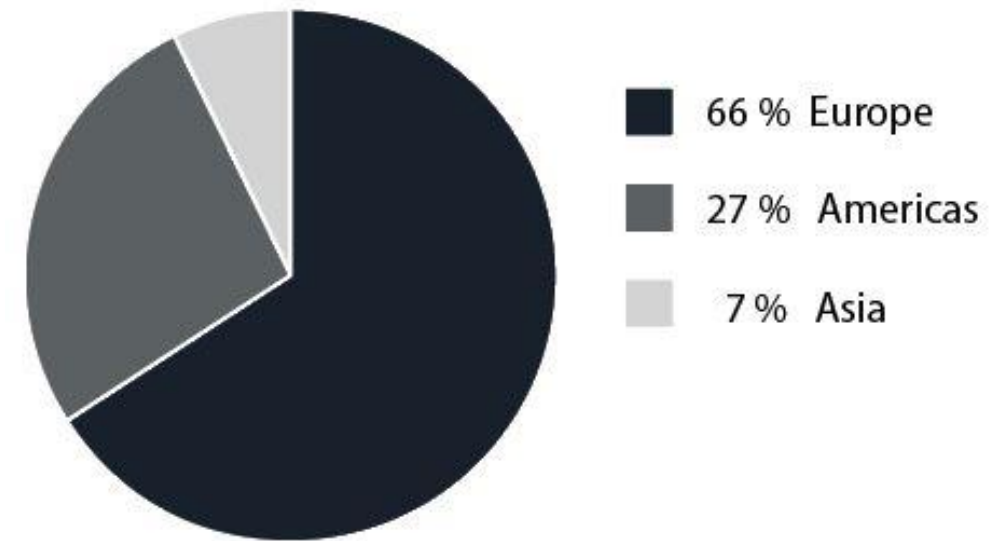
► Americas

Sales consist of Worldwide Software Sales and Global Services. Revenue increased by 16 percent in the quarter, year over year. The increase is due to high growth in Worldwide Software Sales, which more than doubled year over year, while Global Services had yet another weak quarter

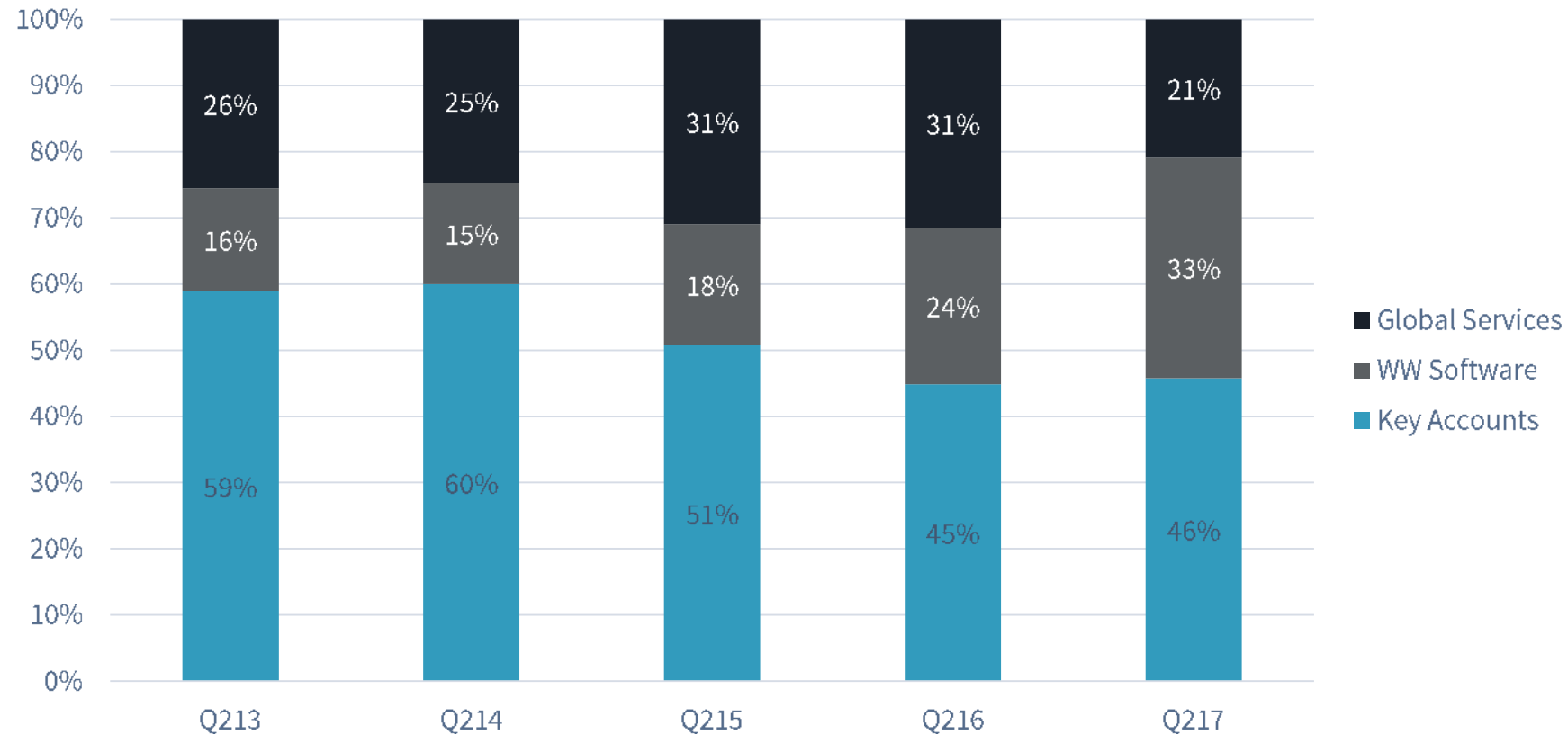
► Asia

Sales consist of Worldwide Software Sales and, to a lesser proportion, Key Accounts. Revenue was unchanged in the quarter, year over year.

Revenue per region (Apr-Jun)



Change in Q2 Revenue Mix

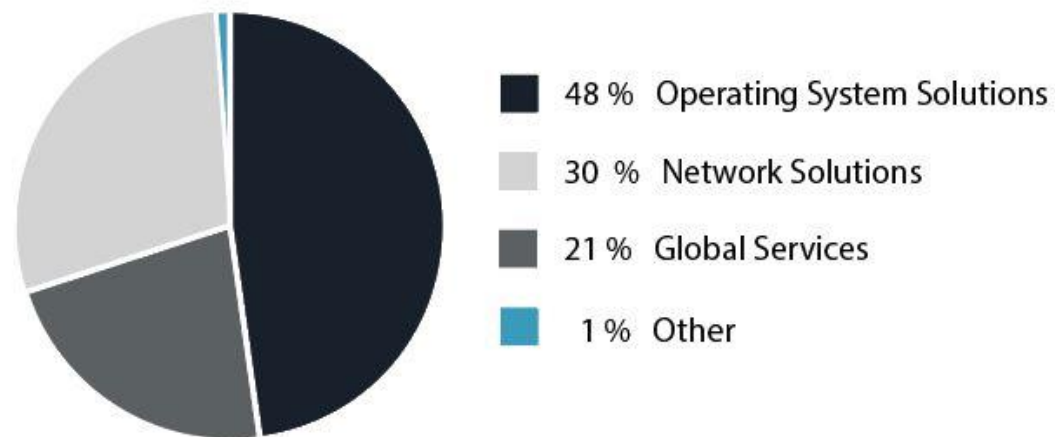


- ▶ 69% revenue growth y-o-y in WW Software Sales
- ▶ Key Accounts increased by 22 percent, partly due to the acquisition of Qosmos and partly to a clearance of a previously completed delivery

Improved Product Revenue Mix

- ▶ Operating System Solutions was the product group which accounted for the largest share of Enea's sales with 48 percent of revenues during the quarter. Sales increased compared to the corresponding quarter previous year.
- ▶ Sales in Network Solutions increased significantly during the quarter with the acquisition of Qosmos. The group accounted for 30 percent of Enea's total sales during the quarter and has an increasing strategic importance for Enea.
- ▶ Enea's global service sales decreased compared with the same quarter last year, accounting for 21 percent of Enea's total sales, due to another weak quarter in US service operations.

Revenue per product group (Apr-Jun)

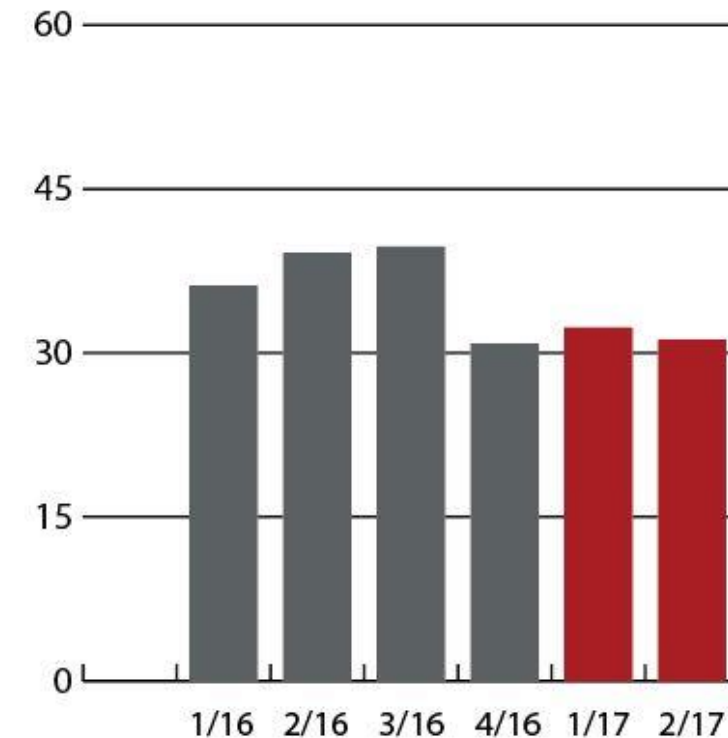


Yet Another Weak Quarter in US Services

- ▶ Unfortunately, our US service sales continued to make negative progress, with year over year revenue down by more than 20 percent for the third quarter running
- ▶ Continued strong development with double digit y-o-y growth in the European Global Services operation
- ▶ In total Global Services is down 21% over second quarter 2016
- ▶ Limited bottom-line impact from Global Services

Revenue Global Services

MSEK

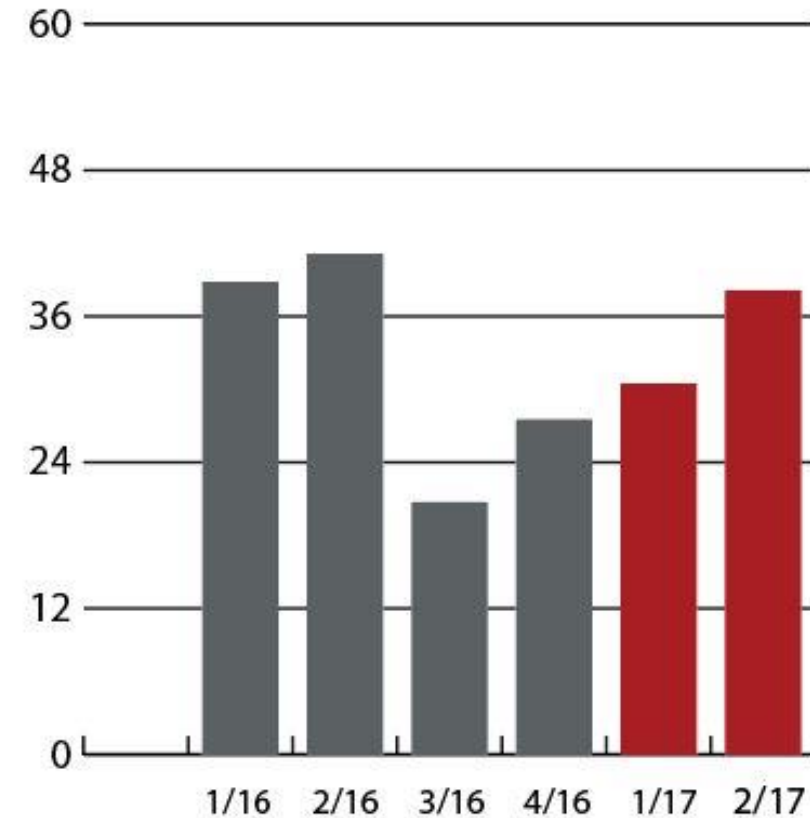


Financial Position

- ▶ Q217 cash flow from operations 38.1 (41.1) MSEK
- ▶ Q217 cash flow before change in working capital 16.7 (30.9) MSEK
- ▶ Cash, cash equivalents and financial investments at the end of the quarter were 260.2 (196.6) MSEK
- ▶ Total interest-bearing liabilities at the end of the quarter amounted to MSEK 133.0 (0)
- ▶ Net cash position 22.8 MSEK (196.6) vs. -124.9 at year-end 2016
- ▶ The equity ratio is 55.5 (72.6) percent

Cash flow from operations

MSEK



Way Forward & Outlook

Long Term Ambition

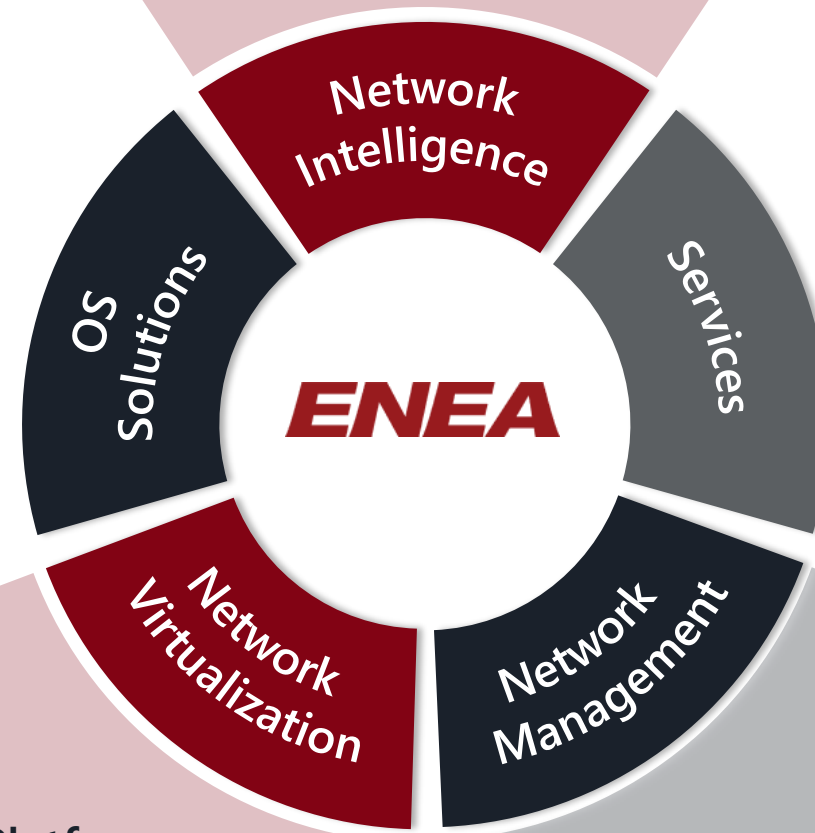
We continue our efforts to build a bigger and stronger company, delivering an increasing value for customers, employees and shareholders.

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

Network
Intelligence

Services

Network
Management

Network
Virtualization

OS
Solutions

NFV Platforms
Virtual Probes

Network Management Systems
On-Device Management Agents

ENEA

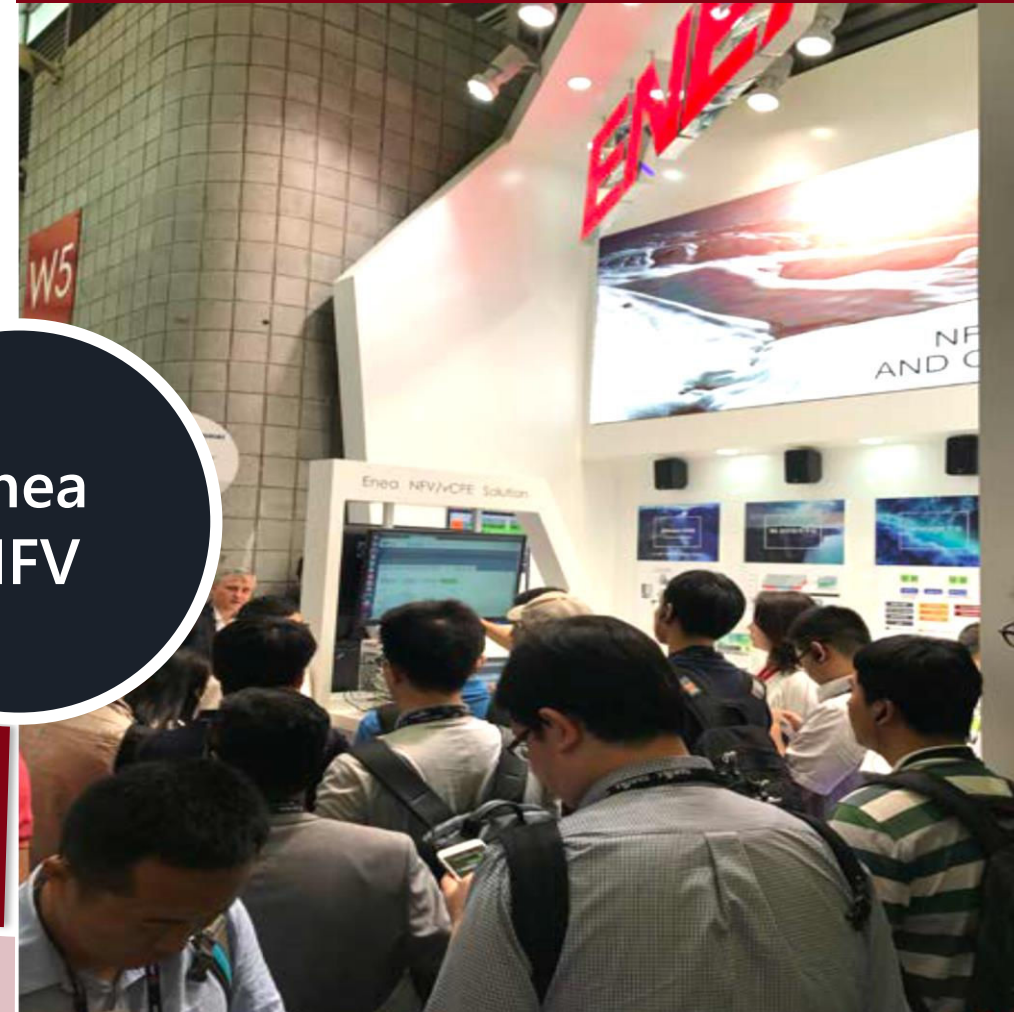
Enea in NFV

- ▶ NFV Platforms
- ▶ NFV Labs
- ▶ NFV Services

Enea
NFV

Network
Virtualization

ENEAA



Enea demonstrating NFV at MWC Shanghai 2017

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

- ▶ April 25 Enea announced 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.
- ▶ The platform 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

China Mobile Open NFV labs added four partners, Hand in hand to promote the development of NFV across 17 ICT partners

- ▶ April 26th, China Mobile announced with Mirantis, ARM, Cavium and Enea four China Mobile NFV labs, such as the third batch of partners signed MOU Open.
- ▶ The four partners will continue to carry out the relevant tests in the China Mobile Open NFV Laboratory for multiple NFV typical scenarios and typical business testing.

4月26日，**中国移动**宣布与UMCloud|Mirantis 中国，ARM，Cavium和Enea等四家中国移动Open NFV实验室第三批合作伙伴签订MOU。这四家合作伙伴后续将在中国移动Open NFV实验室开展相关测试工作，针对多个NFV典型场景和典型业务进行测试。

中国移动Open NFV实验室于2015年初成立，旨在为业界提供国际化、开放的测试环境。同时，此实验室也得到了OPNFV开源组织的认证，成为亚洲首个OPNFV开放实验室。2015年7月，中国移动与包括华为、红帽、风河在内的九家第一批合作伙伴签订MOU。2016年1月，中国移动再次与包括爱立信、华三在内的四家第二批合作伙伴签订MOU。实验室目前已有合作伙伴17家，覆盖IT和CT两大领域，包含芯片厂商、硬件厂商、NFV平台厂商、虚拟网元制造商和测试仪表厂商。

实验室成立以来，取得了多项进展，完成了多厂商的vIMS、vEPC等测试，推动了OPNFV开源平台和多个商业NFV平台的测试和集成，并将测试结果输出到中国移动NovoNet试验网进行后续大规模测试验证。

Enea launches high performance, lightweight virtualization platform for Customer Premise Equipment (CPE)

- ▶ May 31, Enea announced Enea® NFV Access - a lightweight virtualization platform tailored for customer premise deployment at the network edge.
- ▶ NFV Access is a Linux-based software platform that allows operators to replace existing custom-built CPEs with cheaper hardware and VNFs.
- ▶ Both NFV Core and NFV Access offer market-leading performance and high availability combined with open source and open, standardized interfaces.



PRESS RELEASE

Enea launches high performance, lightweight virtualization platform for Customer Premise Equipment (CPE)

Enea® NFV Access is optimized for minimal footprint, high throughput, and optimized virtualization and container performance

STOCKHOLM, Sweden, May 31, 2017 – Enea® (NASDAQ OMX Nordic: ENEA) today announced Enea® NFV Access – a lightweight virtualization platform tailored for customer premise deployment at the network edge. Enea NFV Access is optimized for minimal footprint, and high throughput for virtual network functions (VNFs) running in KVM and Docker containers. Enea NFV Access supports both ARM and x86 white boxes enabling operators and service providers to meet a wider range of price and performance point while still using the same platform and management interfaces.

Enea NFV Access is architected to meet the special challenges of virtualization on edge devices. Without the need for a full OpenStack deployment, Enea NFV Access is a truly light-weight platform. It runs, together with VNFs, on as little as two cores without sacrificing throughput or performance. Support for container virtualization increases VNF density and minimizes total system footprint. In addition, NFV Access enables mixing containers and virtual machines on the same platform which provides flexibility as well as a migration path from VMs to Containers.

Main components include virtualization through KVM and Docker, optimized vSwitch, a full FCAPS management solution, VNF lifecycle management, Service Function Chaining capacity and an optimized data plane enabling 10G line rate from VMs and Containers. It uses open and standard interfaces, making it completely hardware agnostic and fully portable, supporting interoperability for leading VNFs.

Qosmos is Complementing Enea in Many Areas

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

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