



Anders Lidbeck, President & CEO

February 9, 2017

# Agenda

- Enea Intro
- Enea Financials Q416
- Technology & Corporate Development
- Outlook



# 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*



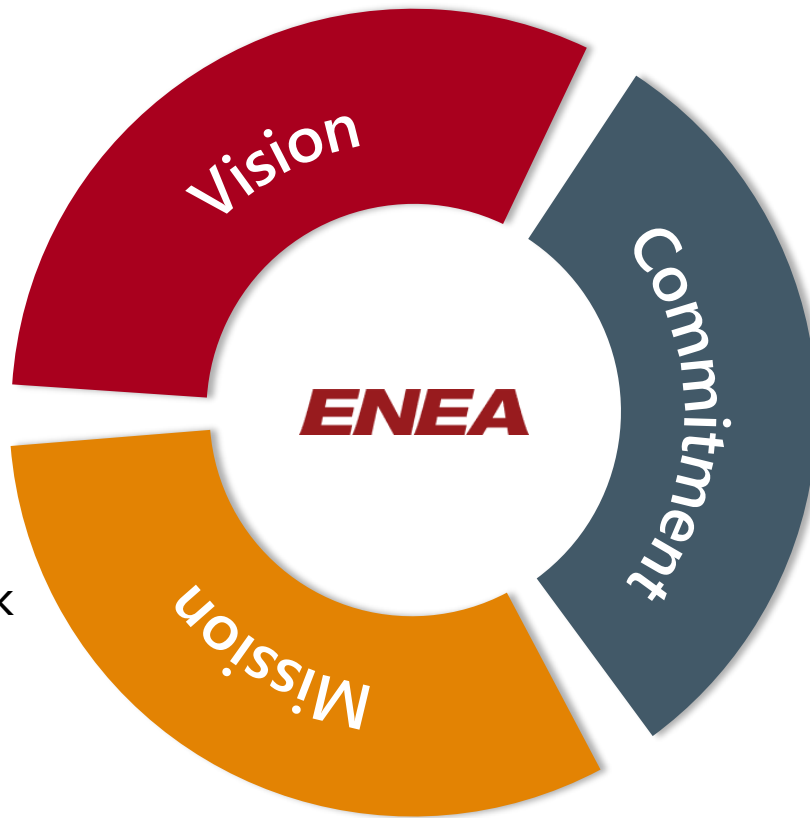
# Our Vision, Mission, and Commitment

## 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 Vision

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

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



# 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. 3<sup>rd</sup> party

- **Stand-alone System and Software Services**
  - Architecture, design, development, test
  - In-house and or on-site projects
  - Bridged Services

# Leading Customers

Enea

NOKIA



VOLVO



Honeywell



FUJITSU

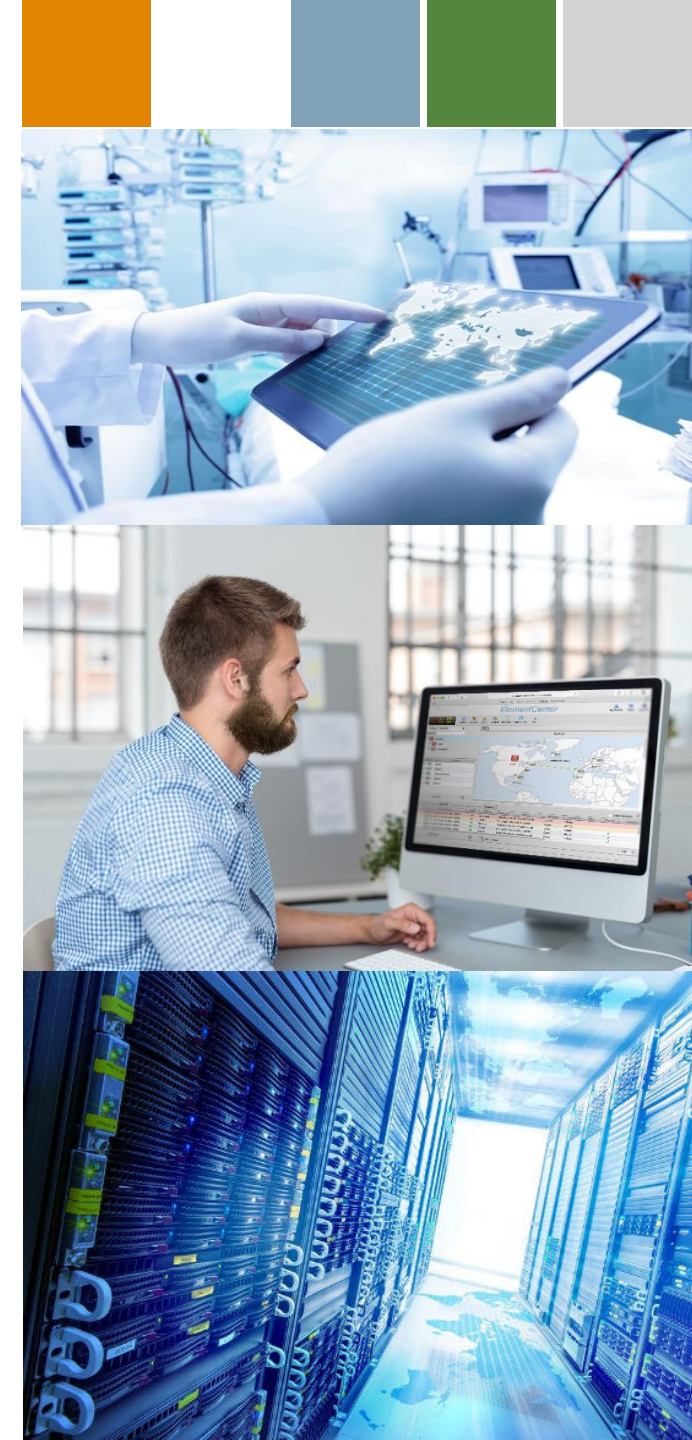


HUGHES

Qosmos



ENE A



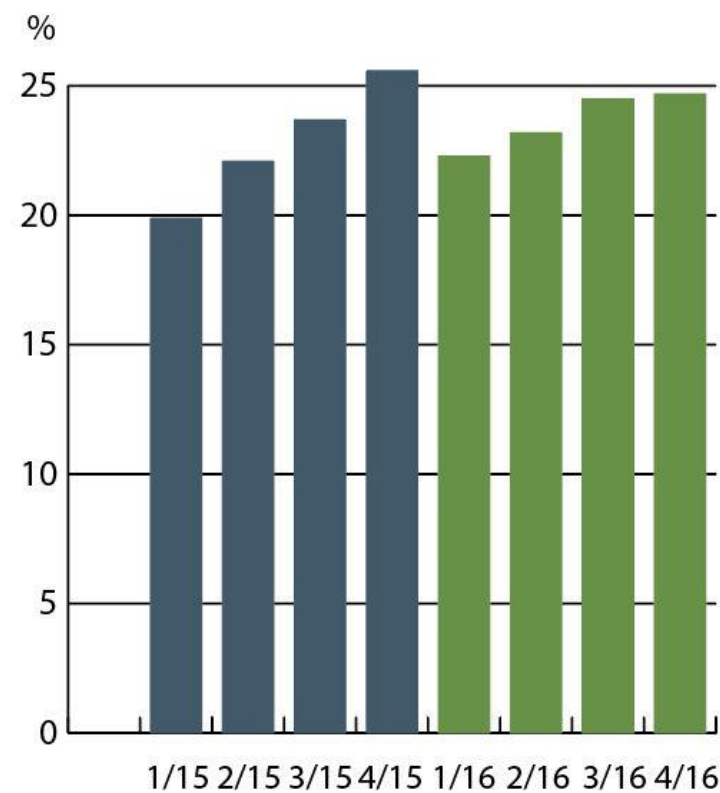
# Record Q4 & FY EBIT

	Q416	Q415
EBIT (MSEK)	33.5	32.3
Operating margin (%)	24.7	25.6
Earnings per share (SEK)	1,67	1,72

	FY16	FY15
EBIT (MSEK)	118.8	110.0
Operating margin (%)	23.7	22.9
Earnings per share (SEK)	5.95	5.49

## Operating margin



- 15th consecutive quarter of y-o-y EBIT growth.
- 20 consecutive quarters of continuous EBIT margin expansion ended

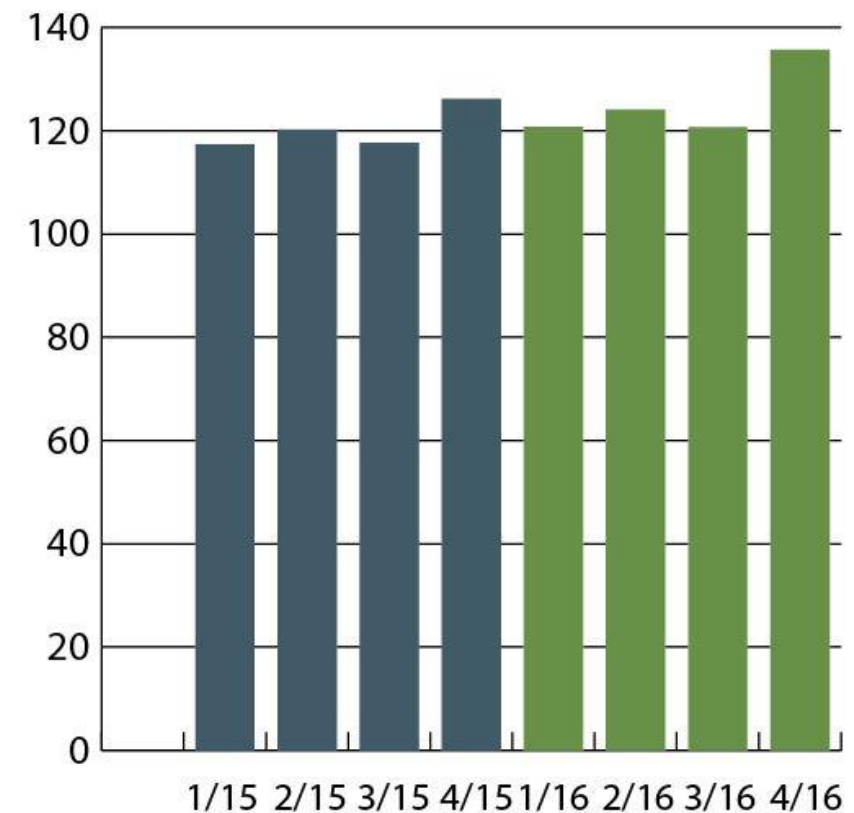
# Q4 & FY Revenue Growth

	Q416	Q415
Revenue (MSEK)	135.7	126.2
Revenue growth (%)	8	6
Revenue growth (%) <small>(currency adjusted)</small>	5	1

	FY16	FY15
Revenue (MSEK)	501.3	481.5
Revenue growth (%)	4	12
Revenue growth (%) <small>(currency adjusted)</small>	3	5

## Revenue

MSEK



- 10th consecutive quarter of y-o-y revenue growth

# Revenue Split per Region

- **Europe**

In Europe, sales increased during the quarter compared with the same quarter last year. Sales in Europe were positively affected by the acquisition of Qosmos. Sales increased also for the full year.

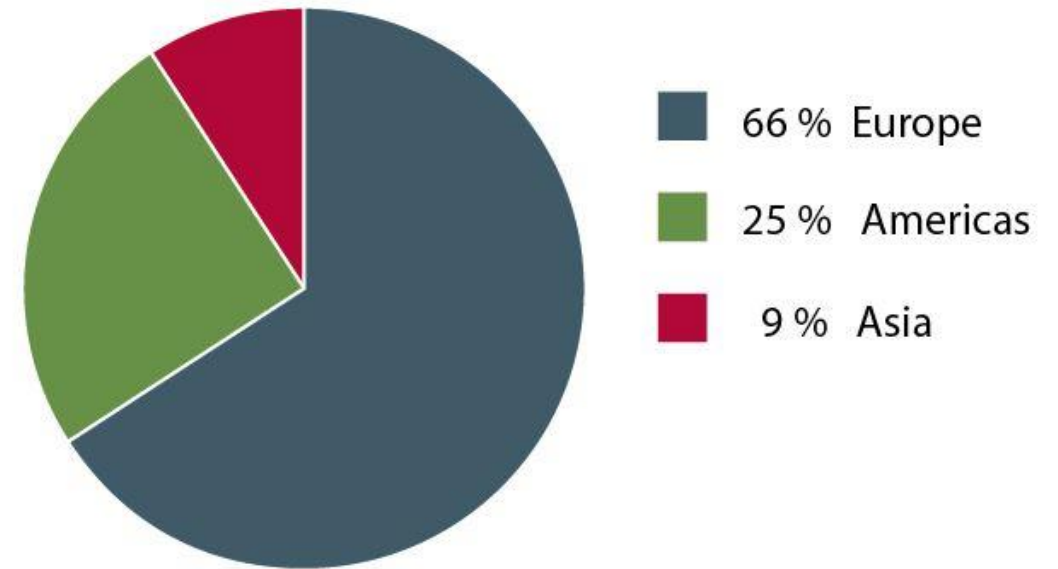
- **Asia**

In Asia sales increased with more than 50% during the quarter compared with the same period last year. Qosmos had a slightly positive effect in the quarter. Also for the full year sales in Asia increased with more than 50%.

- **Americas**

Significant decreased in US Services compared with the corresponding quarter last year. Software sales in the Americas grew both in Q4 as well as FY. Qosmos had a positive effect on software sales in Q4.

## Revenue per region (Oct-Dec)

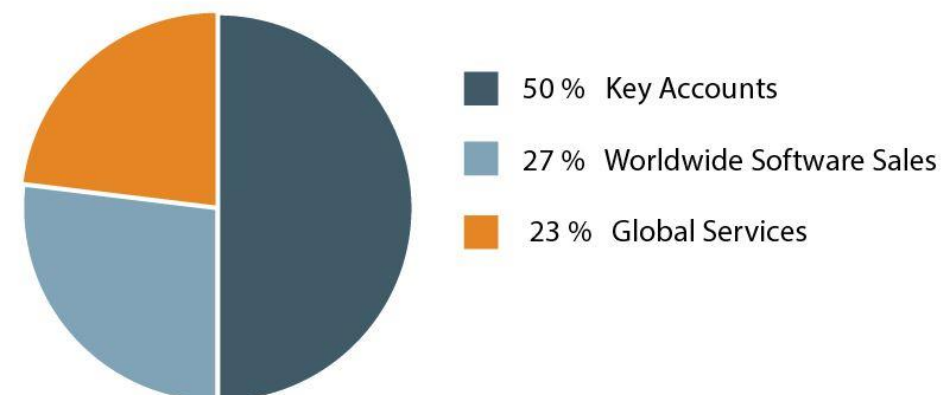


- More than 50% y-o-y growth in Asia FY16
- Software growth in all regions

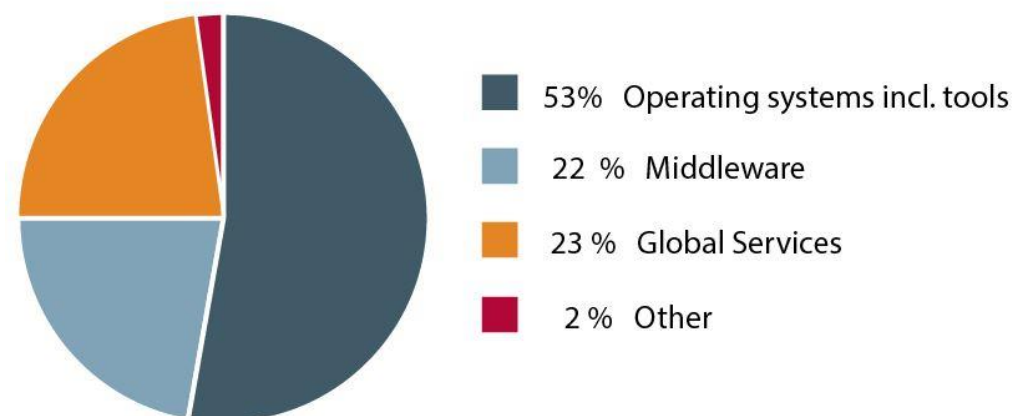
# Improved Revenue Mix

- World-wide software sales continued to grow and now represents 27% of total Q4 revenues compared to 21% one year ago.
- Due to the Qosmos acquisition revenues from Key Accounts increased compared to the same quarter last year representing 50% (48%) of Q4 revenues.
- Improved product mix:
  - Operating system sales decreased compared to the same quarter last year. Sales declined also for the full year.
  - Due to the Qosmos acquisition Enea's middleware solutions increased to 22% of Enea's total sales during the quarter. Sales also grew for the full year.
  - Global Services represented 23% of Q416 revenues

**Revenue per business unit (Oct-Dec)**



**Revenue per product group (Oct-Dec)**

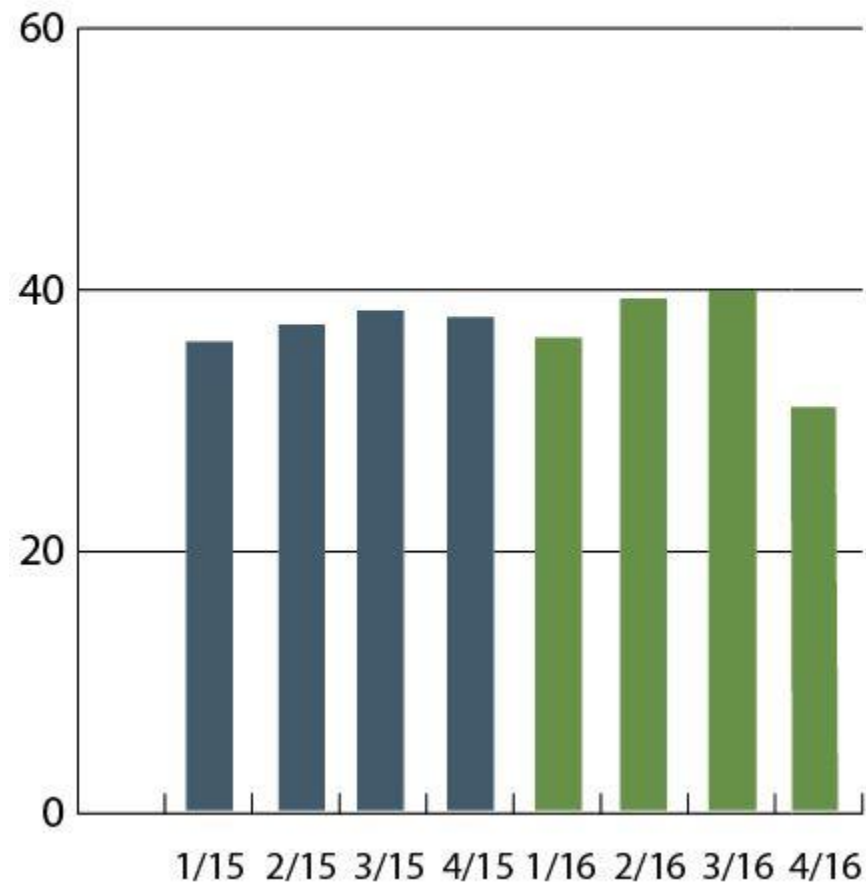


# Weak Quarter in US Services

- Significant y-o-y decline in the US in the quarter, after strong Q2 and Q3
- Strong pipeline supports improvement during 2017
- Double digit y-o-y growth in Europe, both in the quarter as well as for the year

## Revenue Global Services

MSEK

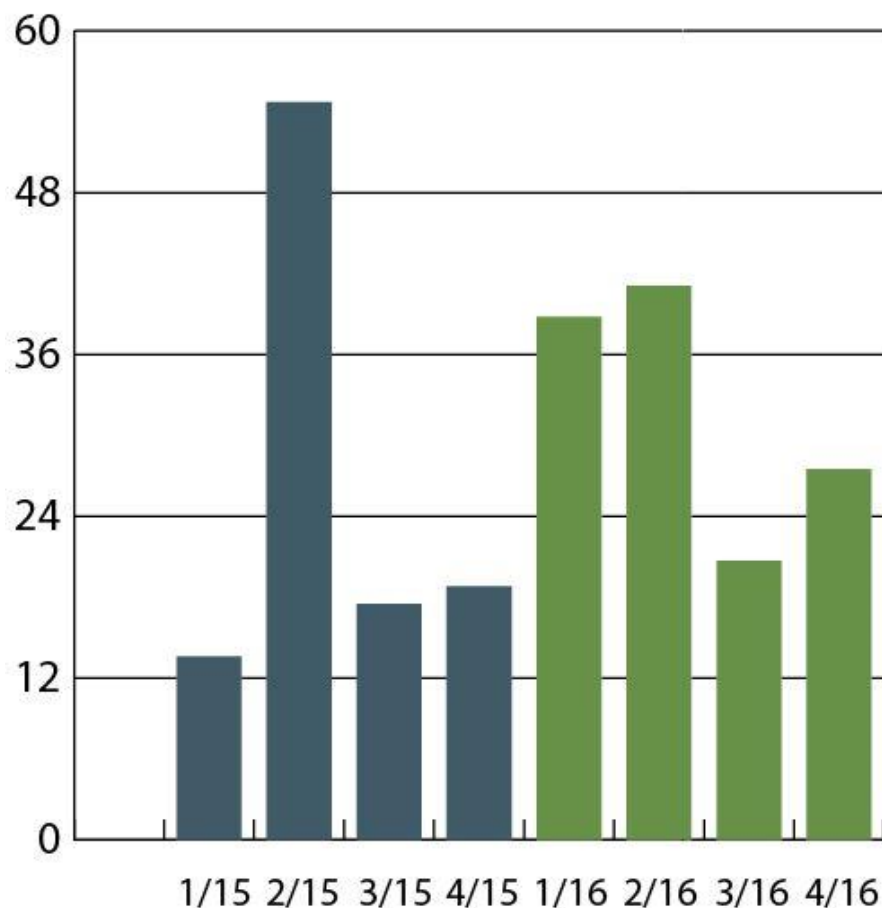


# Strong Cash Flows

- Q416 cash flow from operations 27.5 (18.8) MSEK
- Q416 cash flow before change in working capital 45.0 (39.0) MSEK
- Cash, cash equivalents and financial investments at the end of the quarter were 223.5 (203.5) MSEK
- Total interest-bearing liabilities at end of the quarter to 150.0 million (0). During the period, new loans of 150 MSEK were issued.
- The equity ratio was 43.0% (74.1%)

## Cash flow from operations

MSEK



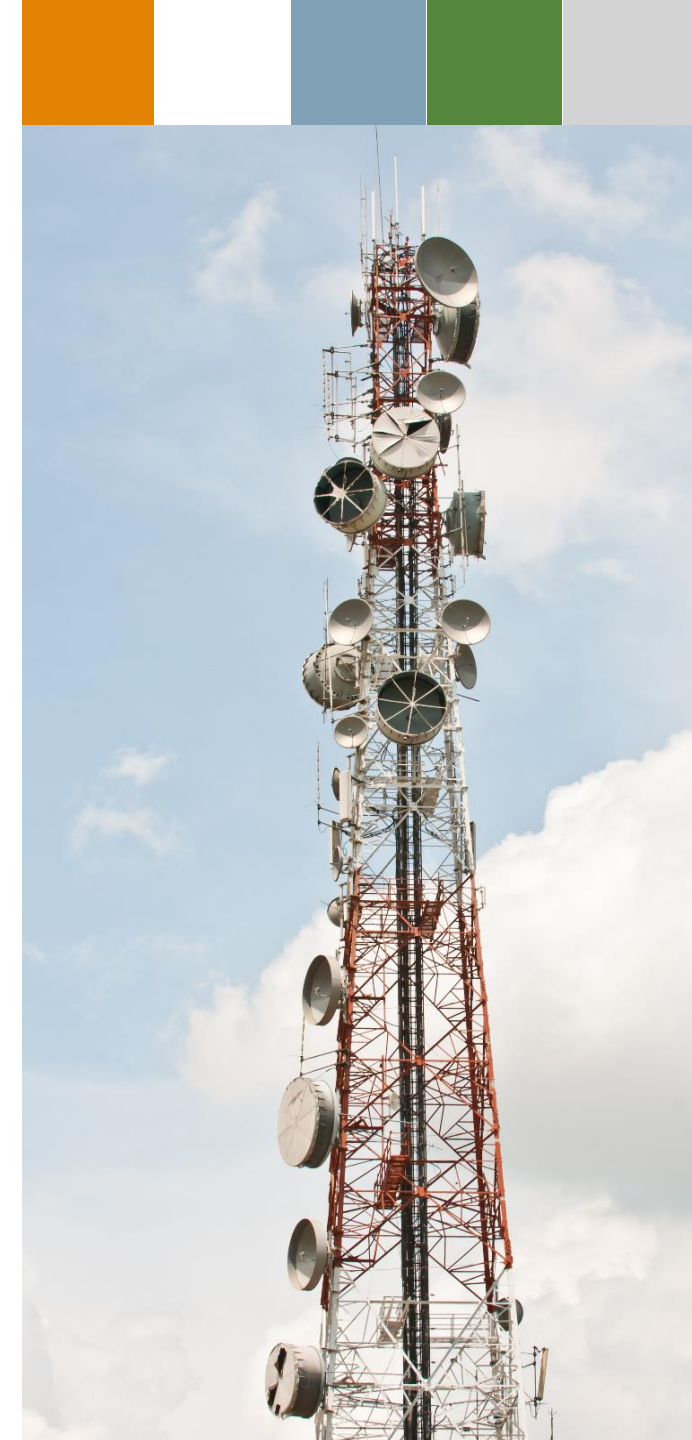


# Technology & Corporate Development

# 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.



# Acquisition of Qosmos

October 2016, Enea signed an agreement to acquire Qosmos – a leading supplier of Network Intelligence software based on Deep Packet Inspection (DPI)

- Total consideration approximately 53 MEUR
- Financed through cash and bank loan
- Qosmos provides a significant extension to Enea's product portfolio
- Closed December 2016

*"I am proud to announce this highly complementary acquisition, which provides a significant and attractive extension of our portfolio. The combination of our companies will benefit the joint customer base, open up new market segments, and accelerate Enea's growth going forward while maintaining a healthy profit margin."*

**Anders Lidbeck**  
President and CEO, Enea

*"I am very happy to join forces with Enea, a larger and well-established organization with a strong reputation in our adjacent markets."*

**Thibaut Bechetoille**  
CEO, Qosmos

# What is DPI?

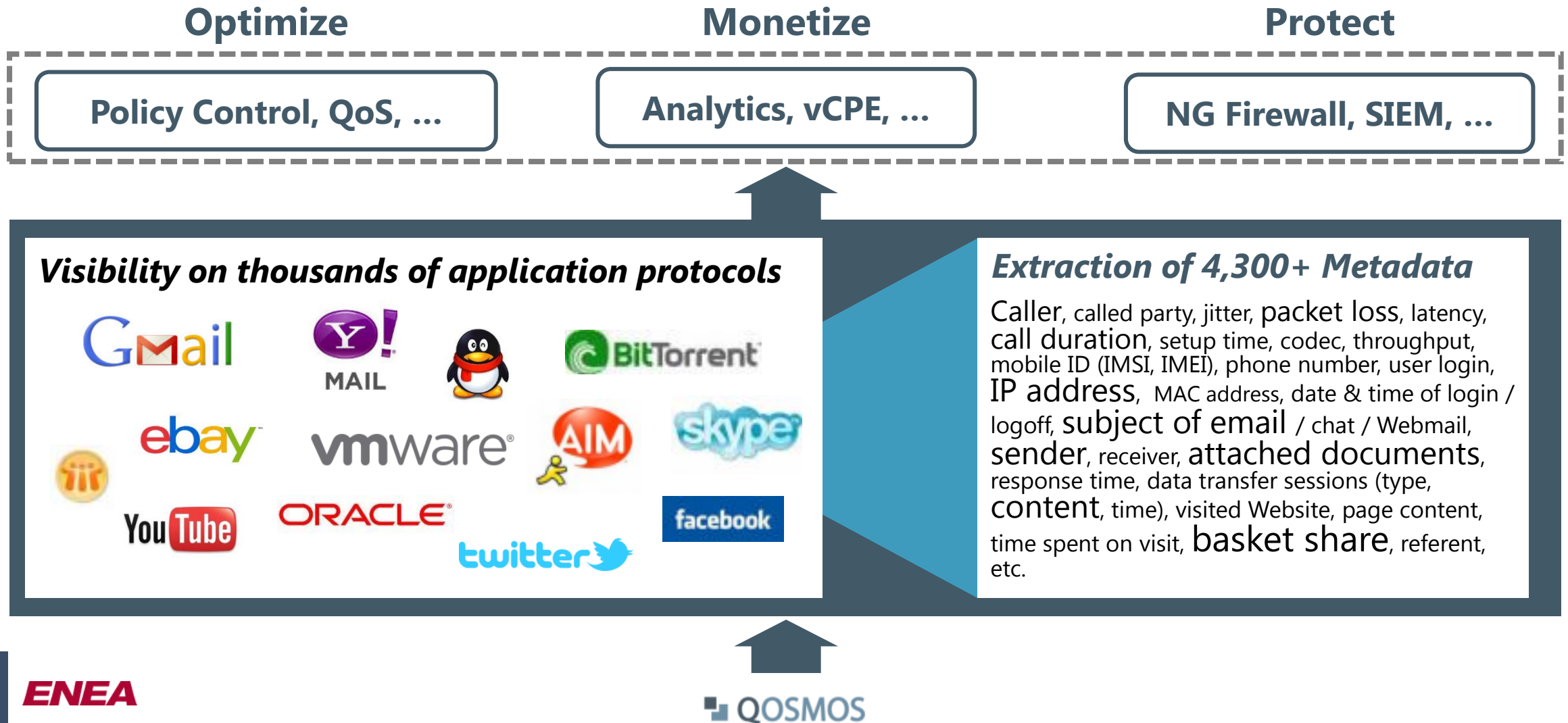
- DPI stands for Deep Packet Inspection
- Technology that scans network traffic in real time
- Enables users to make automated decisions about what to do with the traffic
- Makes it possible to find, identify, classify, reroute or block packets with specific data
- Enables users to allocate available resources to streamline traffic flow

## Use Cases Include

- Traffic Shaping
- Cyber Security
- Value Added Services
- Managing Video Content
- Network and Subscriber Analytics
- Managing M2M Connections
- Regulatory Compliance



# Network Intelligence to Optimize, Monetize and Protect



# Together We become 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

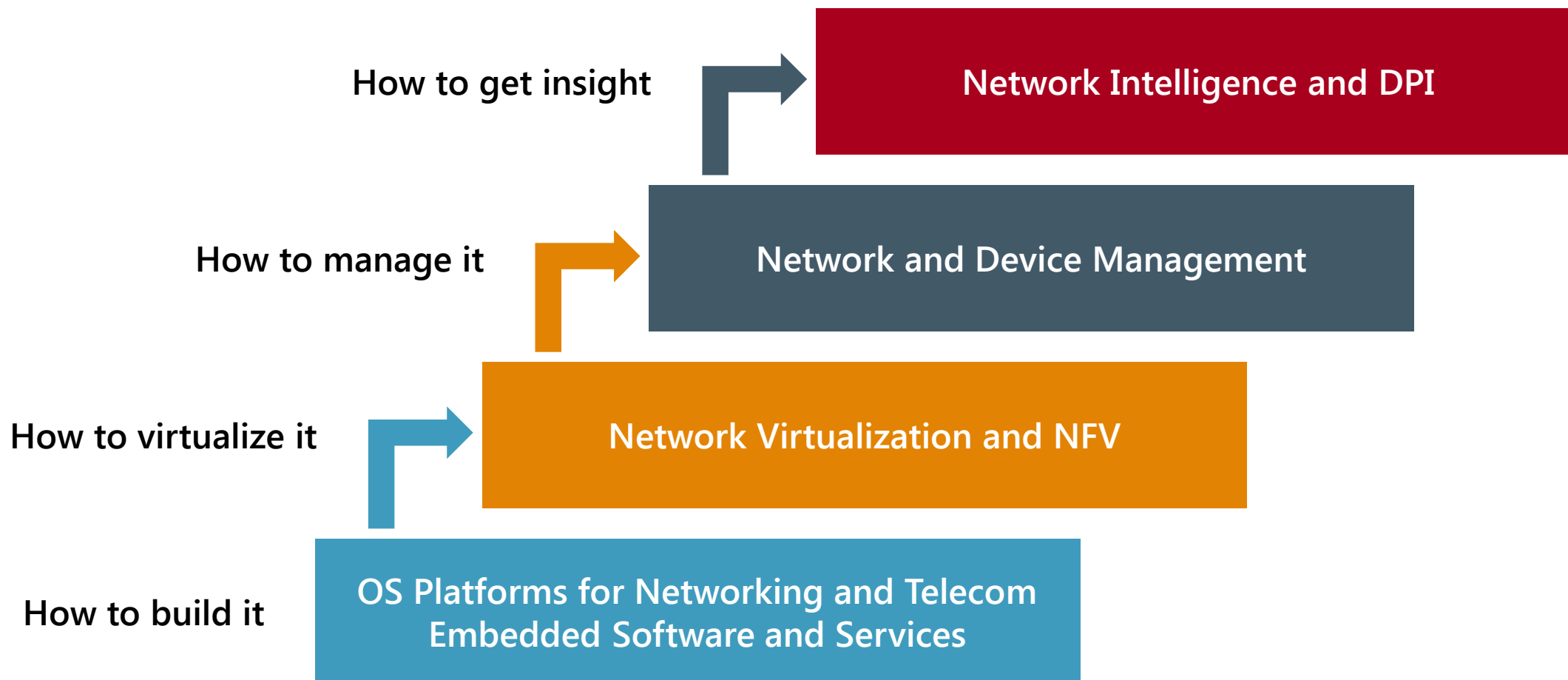
## Portfolio

- 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

# Our Joint Offering





# Proposed Dividend

Enea's ambition is to build a bigger and stronger company that delivers increasing value for customers, employees and shareholders. Acquisitions that strengthens the company's market position and long-term earnings capacity are part of this strategy.

With cash, cash equivalents and financial investments at the end of 2016 at 223.5 (203.5) MSEK and with interest-bearing liabilities at end of 2016 at 150.0 MSEK – and a record profit for 2016 at 94.6 MSEK

- Against this background, the Board proposes that the AGM decide to transfer to shareholders equivalent to SEK 2.00 (4.20) per share.
- This corresponds to a transfer amounting to SEK 32.5 (69.1) million, well in line with the company's long-term dividend policy of at least 30 percent of profit after tax to be transferred to the shareholders.
- The Board proposes that the proposed transfer to shareholders is carried out through an automatic redemption program.

# Market Outlook

## **Target compliance in 2016**

In 2016, Enea achieved sales growth and earnings per share improved on 2015.

## **Outlook for 2017**

The objective for 2017 is to achieve double-digit revenue growth and improved operating profit compared to 2016. The operating profit improvement is expected in the second half-year 2017.





# Thank You!

For additional information on Enea,  
please contact:

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