



# Q218

Presentation by Anders Lidbeck

President & CEO

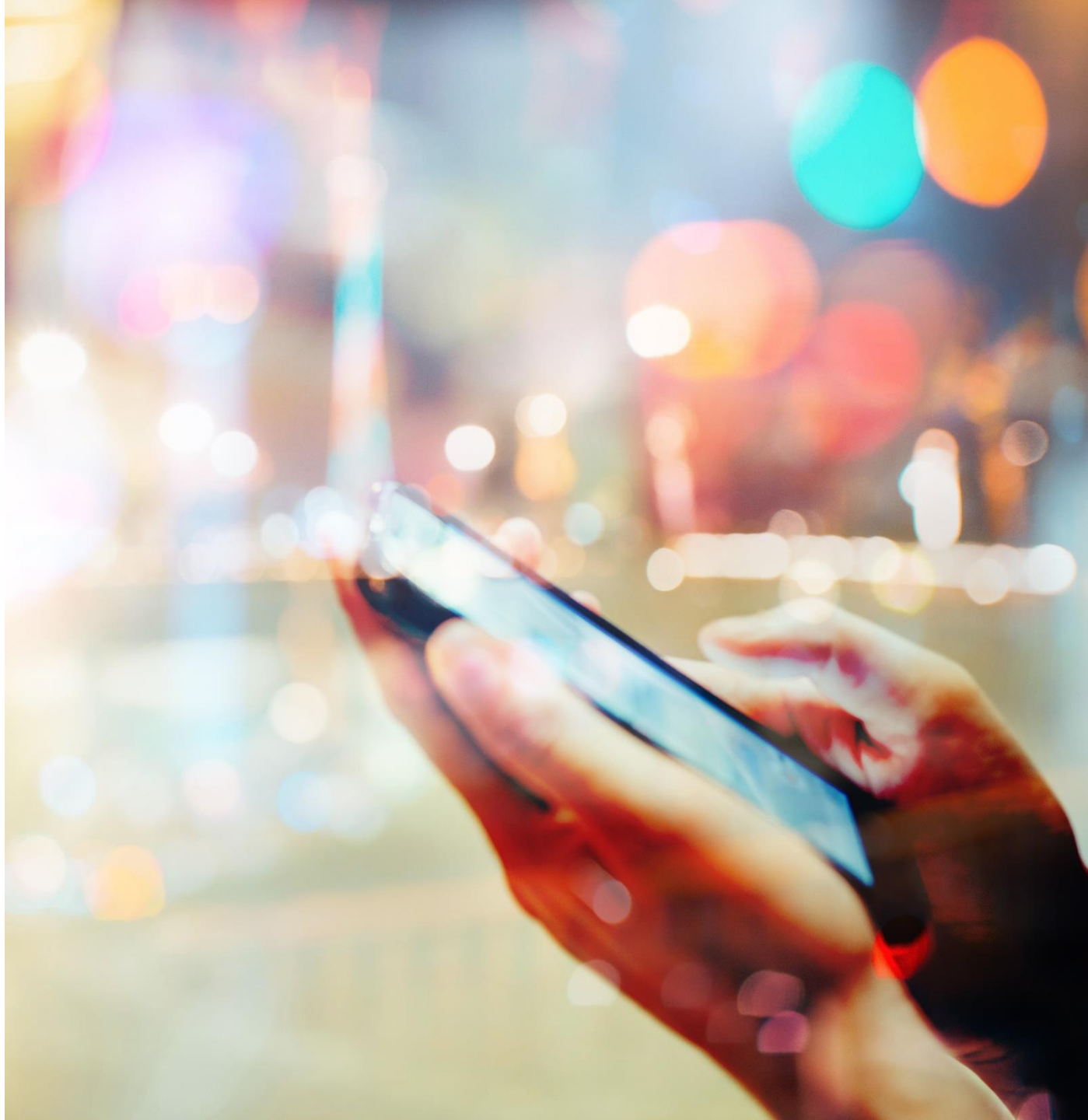
19 July 2018



The Enea **Edge**

# Agenda

- ▶ Intro
- ▶ Financials Q218
- ▶ Way Forward & Outlook





## Intro

# A Catalyst for the Connected Society

|                                     |   |                                       |
|-------------------------------------|---|---------------------------------------|
| HEAD<br>QUARTER<br>KISTA,<br>SWEDEN | REVENUE<br>588.4<br>MSEK                | OPERATING<br>MARGIN*<br>23<br>PERCENT |
| NO. OF<br>EMPLOYEES<br>463          | R&D OPEX<br>INVESTMENT<br>17<br>PERCENT | LISTED<br>NASDAQ<br>STOCKHOLM         |

*\*Excluding non-recurring costs*

*Numbers for FY 2017*

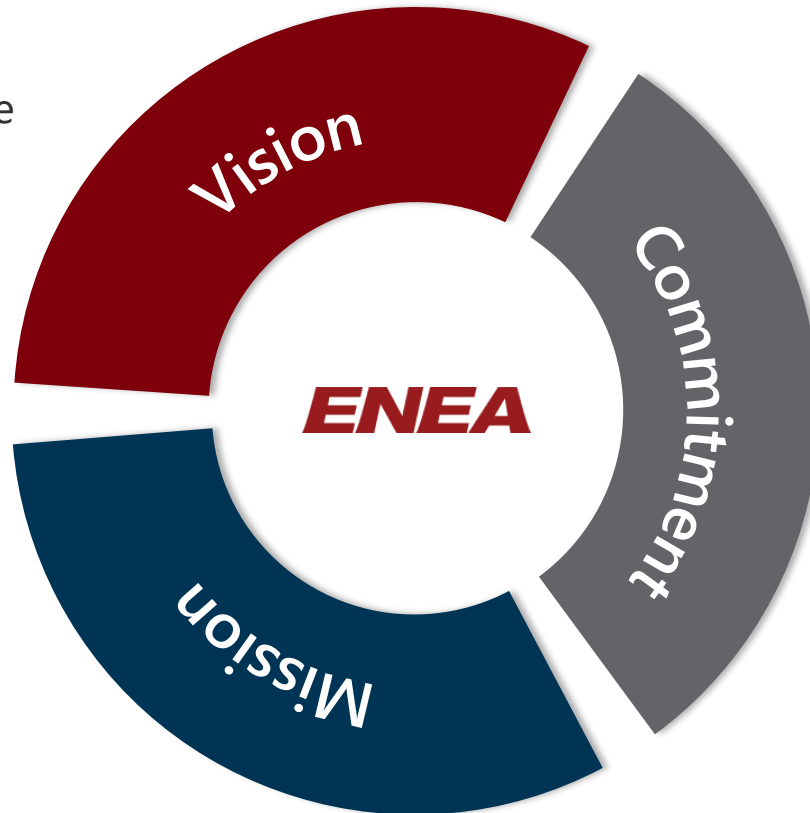
# Our Vision, Mission, and Commitment

## 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



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

**ENEAA**





The Enea **Edge**

# Customers



**VOLVO**



**Honeywell**

**DATACOM**

**Anritsu**  
envision : ensure

 **YAMAHA**

 **Electrolux**

**HUGHES**

**Hytera** 



THE ELASTIC NETWORK



# ..and now with Additional Customers

**7 out of top 20  
mobile operators  
world wide are relying  
on Openwave Mobility**





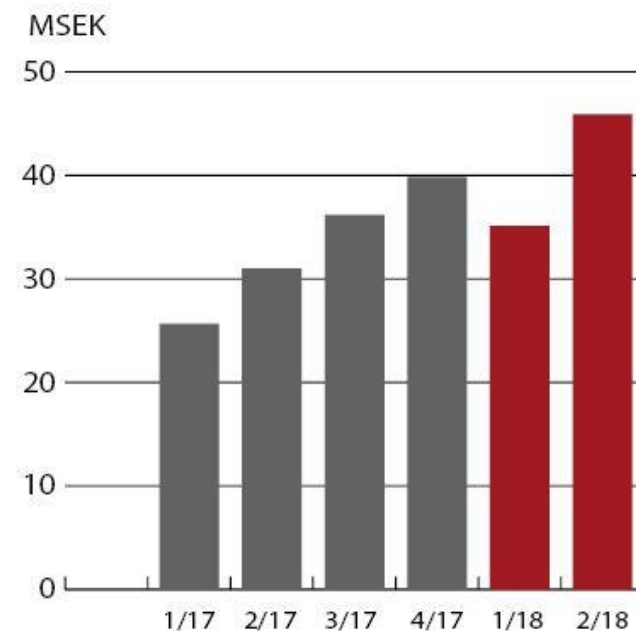


## Financials Q218

# Record Operating Profit

|  | Q218 | Q217 |
|--|------|------|
| Operating profit excl. non-recurring costs, MSEK | 45.9 | 31.1 |
| Operating profit, MSEK                           | 44.0 | 22.6 |
| Operating margin excl. non-recurring costs, %    | 21.5 | 20.9 |
| Operating margin, %                              | 20.6 | 15.2 |
| Earnings per share, SEK                          | 1.83 | 0.96 |

Operating profit excl. non-recurring costs



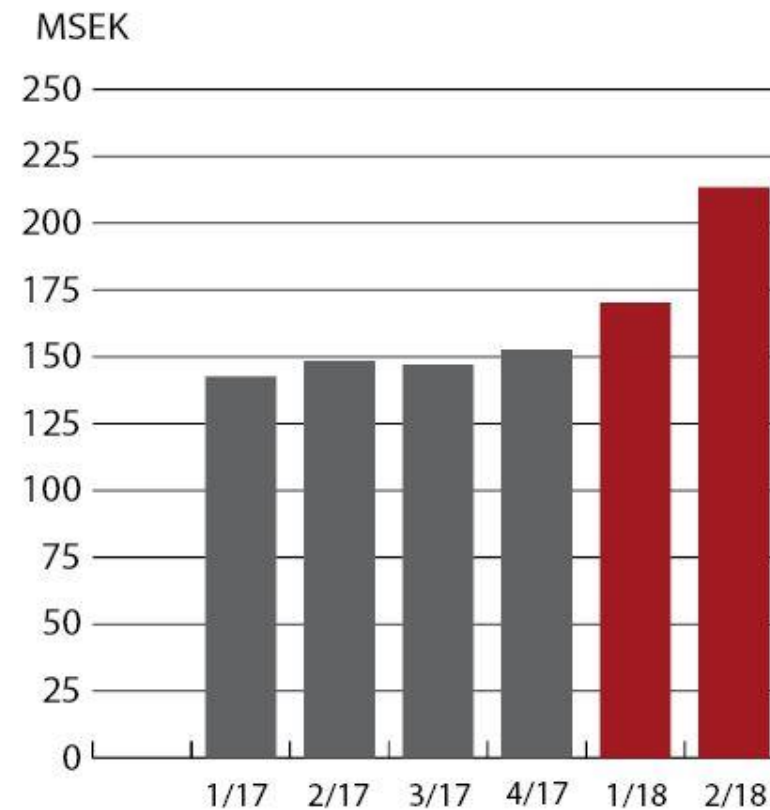
- ▶ 48 percent operating profit increase y-o-y (excl. non-recurring costs)
- ▶ Highest operating profit in a quarter ever (excl. non-recurring costs)
- ▶ Highest EPS ever (excl. Q112 capital gain from Nordic Consulting divestment)

# Record Revenue Growth

|   | Q218  | Q217  |
|---|-------|-------|
| Revenue (MSEK)  | 213.4 | 148.5 |
| Revenue growth (%)                                    | 44    | 20    |
| Revenue growth (%) <small>(currency adjusted)</small> | 44    | 17    |

|   | FY17  |
|---|-------|
| Revenue (MSEK)  | 588.4 |
| Revenue growth (%)                                    | 17    |
| Revenue growth (%) <small>(currency adjusted)</small> | 17    |

## Revenue



- ▶ Highest Q2 revenue in ten years
- ▶ Highest growth number on record

# Software Growth in the US

## ▶ EMEA

(The Europe region was renamed EMEA effective the first quarter 2018 to include sales to customers in the Middle East and Africa.) Revenue in EMEA increased by 11 percent in the quarter year over year. Both Worldwide Software Sales and the European service operation made stable progress in the quarter.

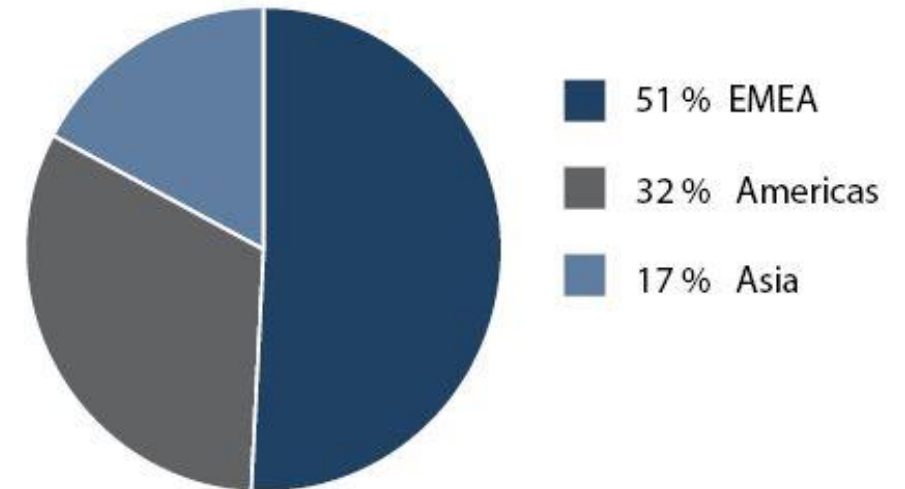
## ▶ Americas

Revenue increased by 72 percent in the quarter year over year. A significant part of this increase relates to the acquisition of Openwave Mobility.

## ▶ Asia

Revenue increased by 234 percent on the corresponding quarter of the previous year. The increase is mainly sourced from Openwave Mobility.

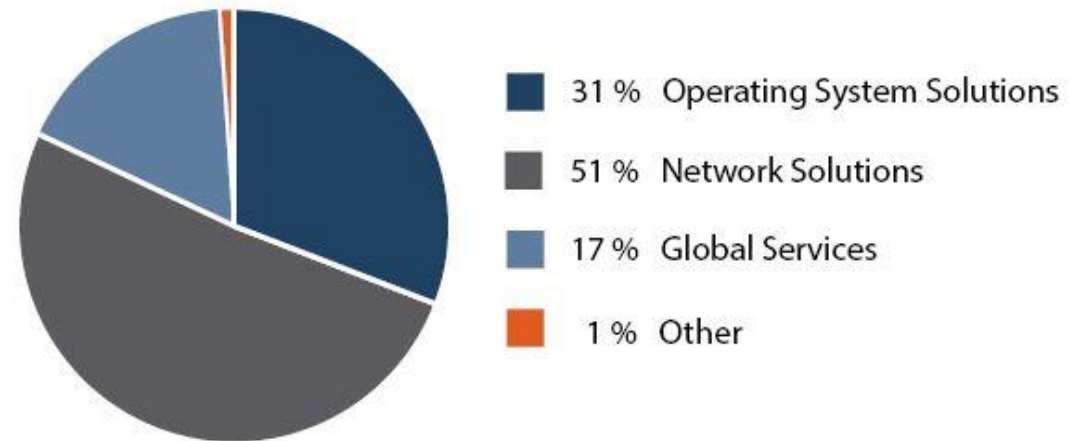
Revenue per region (Apr-Jun)



# Strategic Shift in Product Revenue Mix

- ▶ Operating systems represented 31 percent of the revenues in the quarter. Sales decreased somewhat in the quarter compared to the corresponding quarter of the previous year, due to the open source trend in key accounts.
- ▶ Sales in Network Solutions increased significantly in the quarter due to the acquisition of Openwave Mobility. This product group provided 51 percent of Enea's total revenues in the quarter – and is now both the largest and the fastest growing product area.
- ▶ Enea's Global Services revenues increased on the corresponding quarter of the previous year, accounting for 17 percent of Enea's total revenues.

Revenue per product group (Apr-Jun)



▶ The fastest growing product group is now also the largest

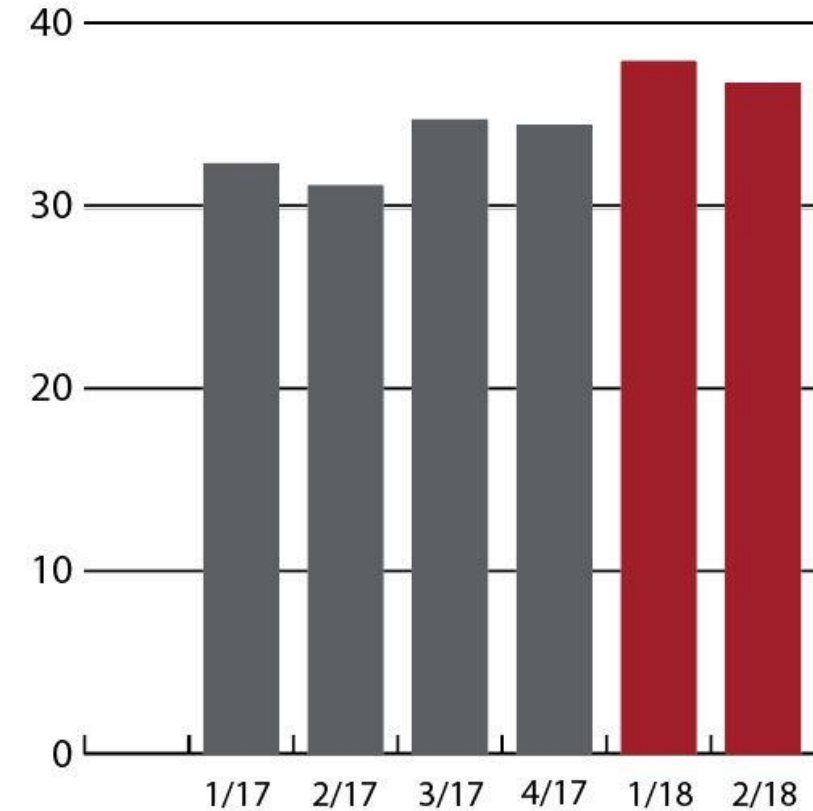


# Double Digit Growth in Global Services

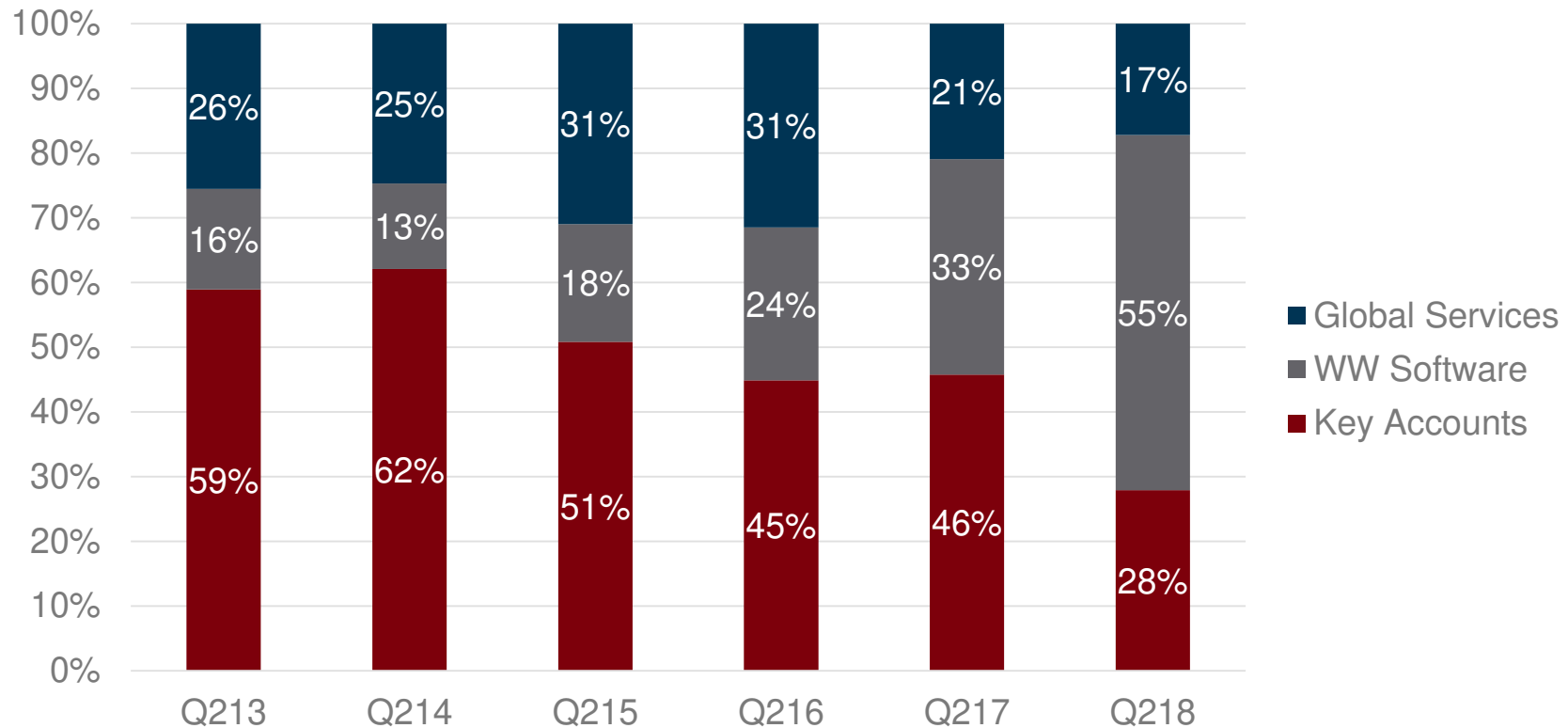
- ▶ Global Services revenues grew with 18 percent over the second quarter last year and in Q2 accounting for 17 percent of Enea's total sales.
- ▶ Overall Global Services is showing an important growth in Bridge Services, both in the US and in Sweden

## Revenue Global Services

MSEK



# Key Changes in the Revenue Mix



- ▶ WW Software growth of 137 percent y-o-y
- ▶ Key accounts decreased with 12 percent y-o-y
- ▶ Reduced dependency on single customers & product
- ▶ Improved gross margin 72.6 (71.7) percent

# Financial Position

- ▶ Cash flow from operations 95.2 (38.1) MSEK
- ▶ Cash flow before change in working capital 41.5 (16.8) MSEK
- ▶ Cash-flow effected by settlement of unilateral price reduction of 24 MSEK
- ▶ Cash, cash equivalents at the end of the quarter were 220.6 (260.2) MSEK
- ▶ Total interest-bearing liabilities at the end of the quarter amounted to 589.6 (133.0) MSEK
- ▶ Net debt position 480.6 MSEK – an improvement from 558.4 MSEK in Q118 (net cash position Q217 22.8 MSEK)
- ▶ The equity ratio is 46.2 (55.1) percent

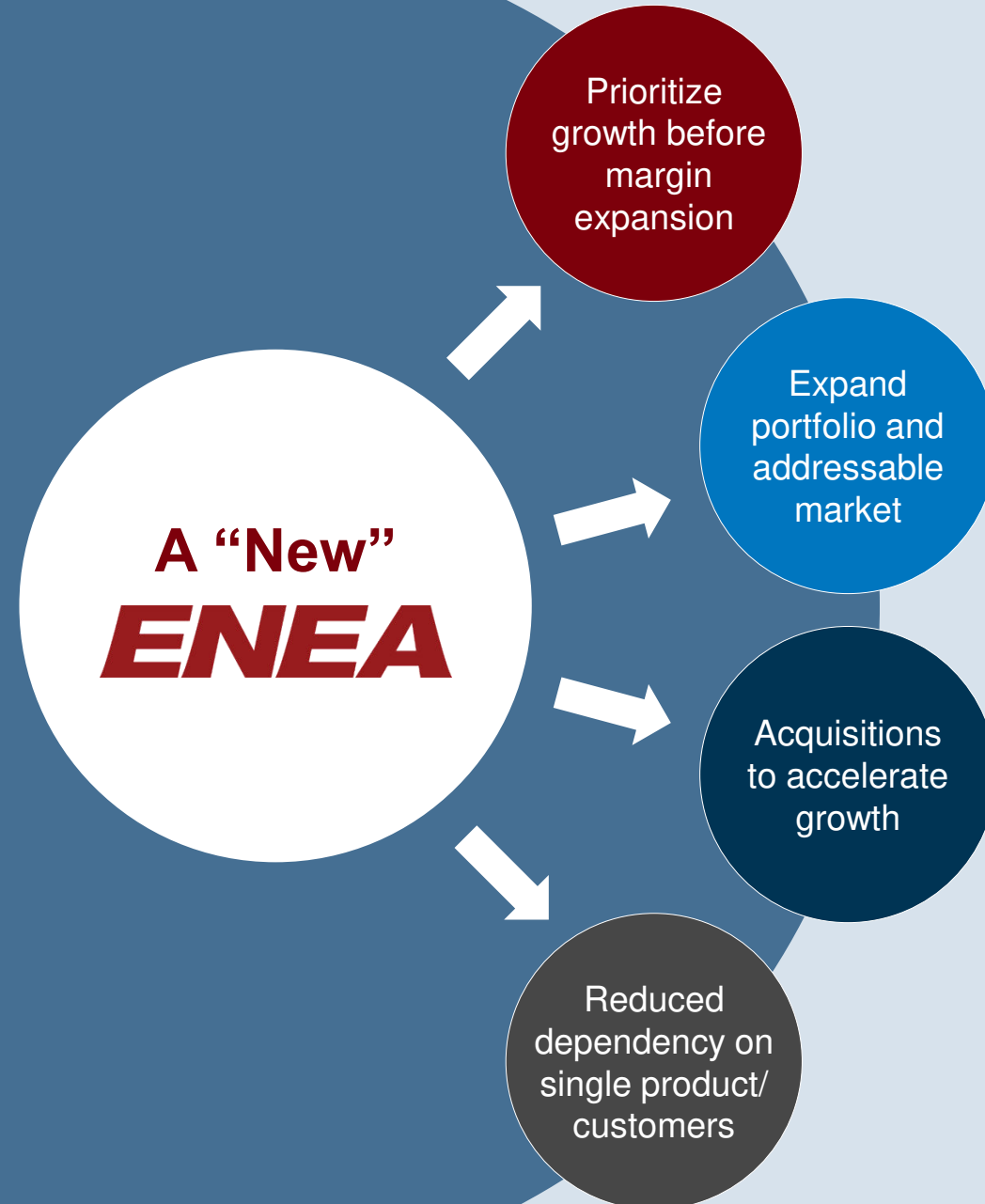




## Way Forward & Outlook

# Challenges and Drivers

- ▶ **Size does matter** – 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





# Our Strategic Direction

In a situation where operating systems and other low-level software is encountering a growing presence of open source, it will be easier for us to find growth with good margins higher up the software stack.

More focus on software at the application level



Move up in the software stack

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

Move up in the value chain

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

Move closer to the end user

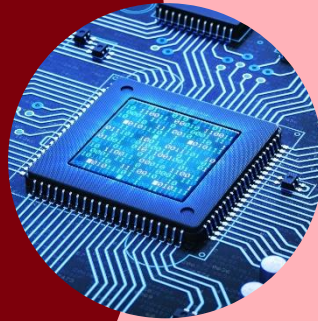


# Our Evolved Business

**51%** Network Solutions



**31%** Operating System Solutions



**17%** Global Services



Software that helps mobile operators to manage traffic and subscribers



Collect, aggregate, and leverage information about network traffic

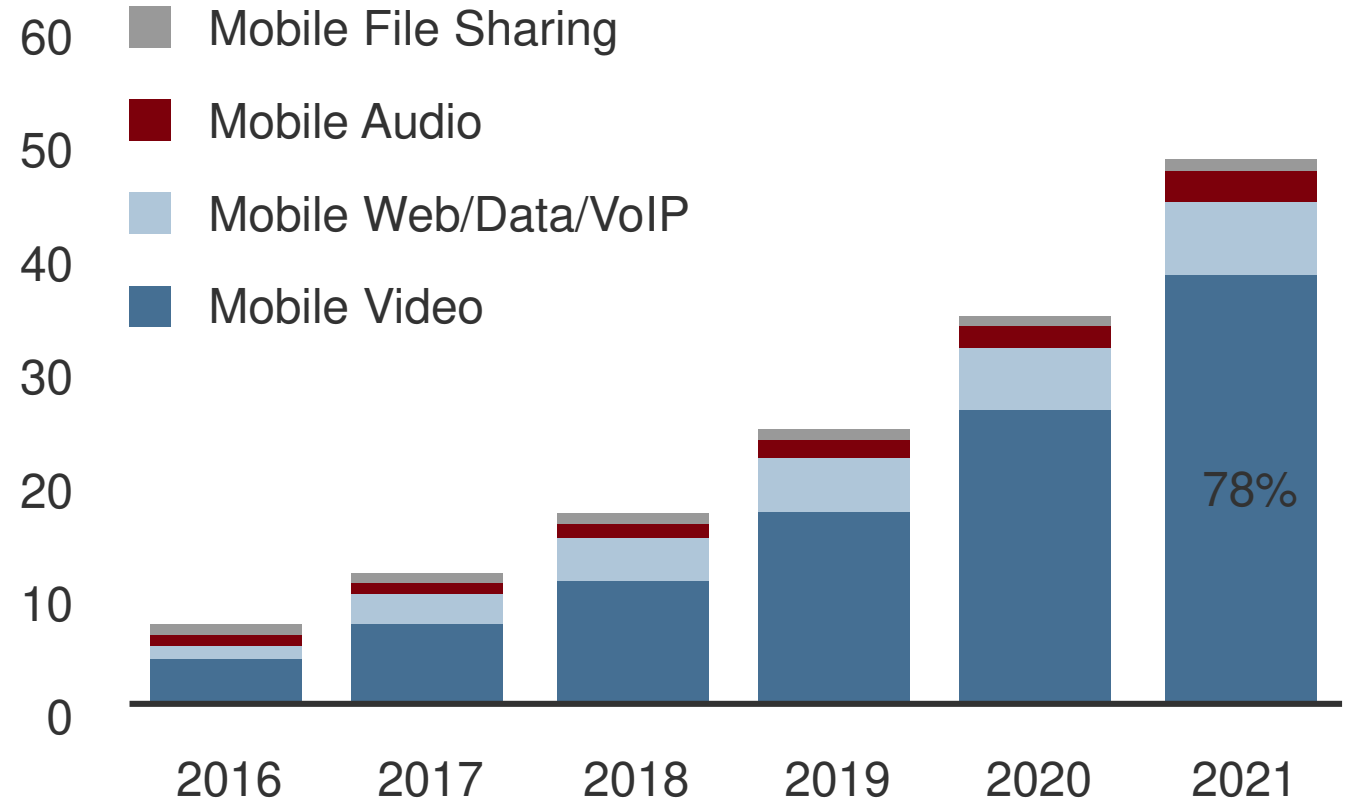


Solutions for next generation virtualized network infrastructure

# Explosion in Mobile Data Traffic

- ▶ Video is today the main driver for mobile data traffic
- ▶ Over-the-top services like Netflix, YouTube and Facebook continue to push the amount of mobile video even further

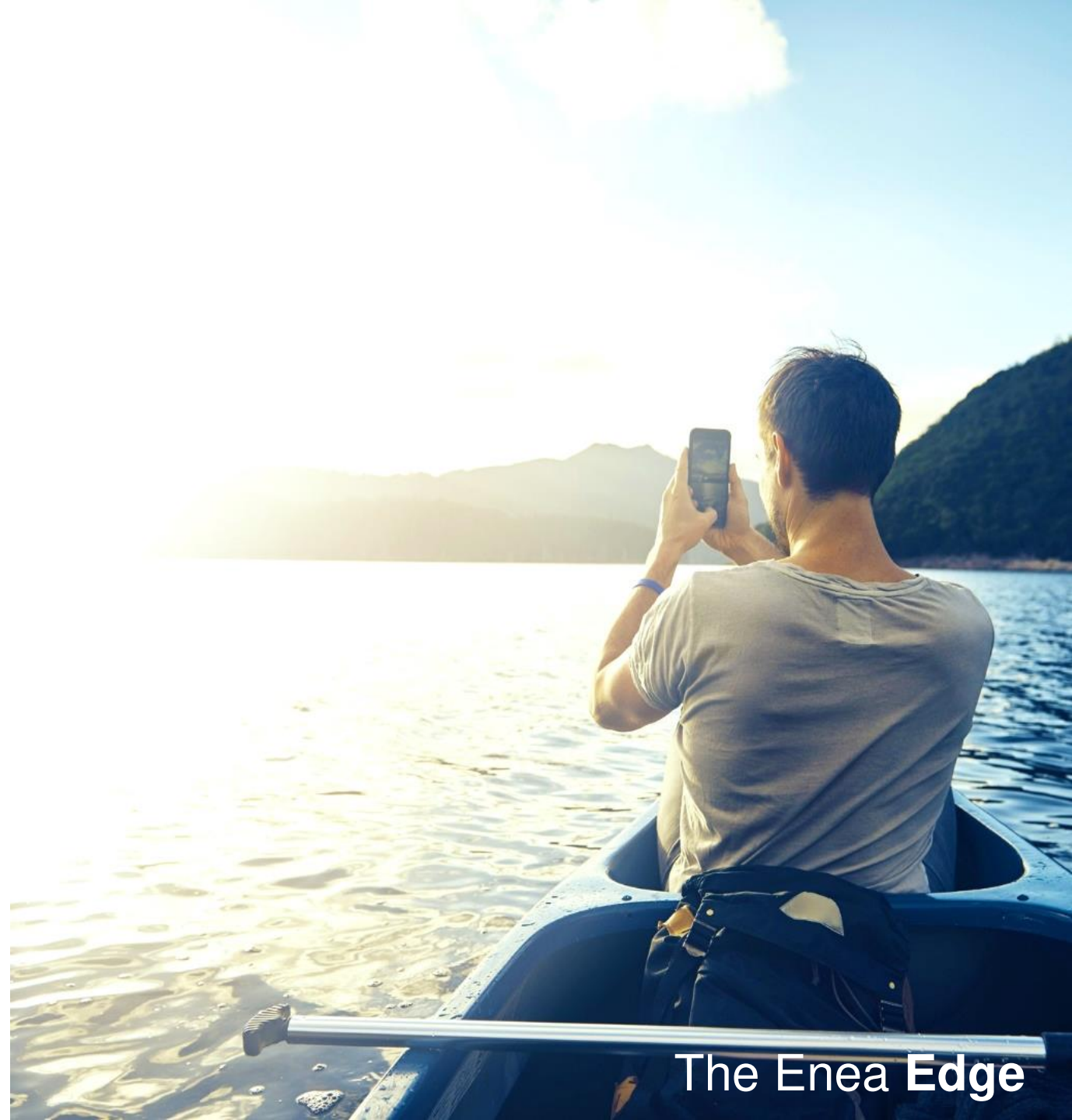
Mobile Data Traffic, Exabytes per Month



Cisco Virtual Networking Index: Global Mobile Data Traffic Forecast Update  
(Document ID:1454457600805266)

# Market Outlook 2018

Our objective for the full year 2018 remains to achieve revenue growth and improved operating profit compared to 2017.



The Enea Edge

**ENEAA**

THANK YOU

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