



PRESS RELEASE

Stockholm, October 24, 2012
Enea (NASDAQ OMX Nordic: ENEA)

Interim Report, July – September 2012

Increase in net sales and significantly improved profitability

Enea continued to achieve growth and improved profitability over the third quarter. Enea has consequently reported increased revenues and improved margins for all three quarters in 2012.

Net sales for the third quarter increased to SEK 107.3 (101.1) million, which is equivalent to growth of 6.1 percent. Growth of 7.2 percent was achieved for the first nine months of the year.

Other income amounting to SEK 61.7 million, which was reported during the first quarter, relates to capital gains from the divestment of the Nordic consultancy business.

The operating profit for the third quarter amounted to SEK 18.0 (-34.3) million, which is equivalent to an operating margin of 16.8 (-33.9) percent. For the first nine months of the year, operating profit increased to SEK 52.1 (-16.0) million, corresponding to an operating margin of 15.1 (-5.0) percent, excluding capital gains. The comparative figures for last year include a writedown of goodwill and capitalized development expenses totaling SEK 37.5 million.

Profit per share amounted to SEK 0.77 (-1.63) for the third quarter and SEK 2.31 (-0.91) for the first nine months of the year, excluding capital gains.

Cash flow from operations amounted to SEK 26.6 (17.9) million for the third quarter and SEK 60.0 (67.6) million for the first nine months of the year. Cash and cash equivalents amounted to SEK 134.6 (121.6) million at the end of the third quarter.

The company has been run as a software company since the beginning 2012, following the divestment of the Nordic consultancy business at the end of 2011.



July to September 2012

(third quarter previous year in brackets)

- Net sales, SEK 107.3 (101.1) million
- Growth, 6.1
- Growth, currency adjusted, 5.8%
- Operating profit, SEK 18.0 (-34.3) million
- Operating margin, 16.8 (-33.9)%
- Net profit before tax, SEK 19.5 (-31.4) million
- Net profit after tax, SEK 12.9 (-28.0) million
- Earnings per share, SEK 0.77 (-1.63)
- Cash flow from operations, SEK 26.6 (17.9) million
- Cash and cash equivalents, SEK 134.6 (121.6) million

January to September 2012

(first nine months previous year in brackets. All numbers excluding capital gain.)

- Net sales, SEK 345.3 (322.0) million
- Growth, 7.2%
- Growth, currency adjusted, 5.2%
- Operating profit, SEK 52.1 (-16.0) million
- Operating margin, 15.1 (-5.0)%
- Net profit before tax, SEK 56.3 (-11.9) million
- Net profit after tax, SEK 39.0 (-15.7) million
- Earnings per share, SEK 2.31 (-0.91)
- Cash flow from operations, SEK 60.0 (67.6) million

Anders Lidbeck, President and CEO comments:

“Enea has continued its positive development over the period. Our third quarter showed a considerable improvement, with an operating profit which was around five times better than in the same period last year. This was our best third quarter since our record year 2008. We delivered a profit per share which equaled the level from that year, even though we have divested 35 percent of our business. The decision made last year to focus on our global software business, where the chances of high margins are considerably greater, in combination with effective cost control, has brought us to an operating margin for the first nine months which Enea has never shown before. We are also growing, mainly within our American subsidiary and with our major customers. Being able to successfully run a business in the USA is important to any global IT company, as much of the market is located in the USA.

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Market Trends

Linux, combined with real-time operating systems, is the widespread standard when designing telecom equipment for infrastructure and has become a pre-requisite in order to retain leading position among major companies on a global basis. This is why we want to be the best in the world when it comes to real-time Linux. We are not the best at present. We launched our first commercial Linux distribution as late as 27 September. This focuses entirely on real time. We have innovations in this field which in a test environment will result in as much as a tenfold improvement in the performance of Linux implementations, depending on the hardware platform selected. If Linux is run together with our own real-time operating system, we can demonstrate performance up to 100 times better, compared with pure Linux, again depending on the hardware platform.

But the market for Linux, as for all open source, is developing very quickly. We will need to significantly increase our efforts over the next few years in order to be the leading player in the field of Linux for real-time applications. We will need to attract some of the world's top people in this field, and our aim is to build up the strongest team ever over the course of the next couple of years. Given the market position that we have created for ourselves as a world leader in the field of wireless broadband, with our technology built into more than a billion communicating devices all over the world, and the expertise that we have gathered over more than two decades, I am confident that we will succeed in this. Nobody has a better chance of achieving this than we do.

Innovation

The massive increase in connected devices and the resulting increase in data traffic are turning telecom into a market with good growth forecasts. However, this is also a market where there are clear demands for more and more capacity at lower prices. This means that telecom manufacturers are very price-sensitive. Like Linux, this continuous hunt for better prices and performance means increasing business opportunities for Enea. However, it also means constant pressure on our business and margins. Therefore, we will continue to invest outside the telecom segment as well as moving resources to new areas in the long term, all with the objective of improving our competitiveness, market position and margins.

Innovation, quality, speed and flexibility will be our key words. There is no contradiction between quality and speed. Quite the opposite, actually: they often go hand in hand. A market which is undergoing massive growth but at the same time is exposed to major price pressure requires both qualities from the leading players. Our products and what we deliver must be of extremely high quality. Better products than our competitors is an argument that several of our customers use towards their market. Technical market leadership is another selling point used by a number of our customers, which means that we have to make sure that our customers are given access to the latest technology and know how to use it, and that our products, embedded in our customers' products, are of outstanding quality. Our operating system is our leading product. It can be found in telecom equipment but also in heart-lung machines and satellite systems. It has to deliver unparalleled performance and quality so that our customers can continue to offer unique



performance compared to their competitors. Flexibility will be crucial for us, giving us the ability in-house to take on board new technologies, and allowing us to relate to and compete externally with a world characterized ever more clearly by open source.

To ensure growth and high profitability in future, we have to derive benefit from the market trends which we have identified and ensure that we are a part of the development projects started by our customers in order to build the networks of the future. This work is constantly ongoing.

A Final Word

Enea's sales vary depending on the success of our customers; this is due to the royalties we receive based on customers' sales. Therefore, growth will vary from quarter to quarter. Of course, the future development of our customers' sales will be of significance to our margin development. Our ambition during the next five years is to create a global software company with considerably higher net sales, high profitability, good cash flows and a large proportion of recurring revenue."

Press and analyst meeting

Press and financial analysts are invited to a press and analyst meeting where Anders Lidbeck, President and CEO, will present and comment on the report.

Time: Friday October 24 at 10:00 am CET.

Link: [Financial Hearings](#)

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The full report is published at www.enea.com/investors

This information is such that Enea AB (publ) is to publish in accordance with the Swedish Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication on October 24, 2012 at 7.30 CET.

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About Enea

Enea is a global software and services company focused on solutions for communication-driven products. With 40 years of experience Enea is a world leader in the development of software platforms with extreme demands on high-availability and performance. Enea's expertise in real-time operating systems and high availability middleware shortens development cycles, brings down product costs and increases system reliability. Enea's vertical solutions cover telecom handsets and infrastructure, medtech, automotive and mil/aero. Enea has offices in Europe, North America and Asia. Enea is listed on Nasdaq OMX Nordic Exchange Stockholm AB. For more information please visit enea.com or contact us at info@enea.com.

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