



PRESS RELEASE

Stockholm, February 7, 2013
Enea (NASDAQ OMX Nordic: ENEA)

Annual Statement 2012

Increase in net sales and significantly improved profitability

Enea showed good profitability during the fourth quarter, resulting in a full year result with growth in net sales and significantly improved profitability compared with the previous year.

Net sales for the fourth quarter amounted to SEK 122.5 (124.7) million, which is equivalent to a decline of 1.8 percent. For the full year, net sales increased to SEK 467.8 (446.7) million, corresponding to a growth of 4.7 (0.0) percent.

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 fourth quarter amounted to SEK 20.4 (18.2) million, which is equivalent to an operating margin of 16.7 (14.6) percent. For the full year, operating profit increased to SEK 72.5 (2.2) million, corresponding to an operating margin of 15.5 (0.5) percent, excluding capital gains. Expenses for the full year include restructuring costs of SEK 8.9 million. The comparative figures for last year include a writedown of goodwill and capitalized development expenses totaling SEK 37.5 million.

Profit per share increased to SEK 0.88 (0.86) for the fourth quarter and SEK 3.18 (-0.06) for the full year, excluding capital gains.

Cash flow from operations amounted to SEK 20.1 (29.7) million for the fourth quarter and SEK 80.1 (69.6) million for the full year. Cash and cash equivalents amounted to SEK 146.7 (127.3) million at the end of the year.

The Board of Directors proposes that the Annual General Meeting should elect to transfer to shareholders an amount equivalent to SEK 3.00 (8.00) per share via a redemption program, corresponding to a total transfer of SEK 49.7 million.



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

October to December 2012

(fourth quarter previous year in brackets)

- Net sales, SEK 122.5 (124.7) million
- Growth, -1.8%
- Growth, currency adjusted, -0.6%
- Operating profit, SEK 20.4 (18.2) million
- Operating margin, 16.7 (14.6)%
- Net profit before tax, SEK 20.4 (17.9) million
- Net profit after tax, SEK 14.6 (14.7) million
- Earnings per share, SEK 0.88 (0.86)
- Cash flow from operations, SEK 20.1 (29.7) million
- Cash and cash equivalents, SEK 146.7 (127.3) million

Full year 2012

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

- Net sales, SEK 467.8 (446.7) million
- Growth, 4.7%
- Growth, currency adjusted, 3.6%
- Operating profit, SEK 72.5 (2.2) million
- Operating margin, 15.5 (0.5)%
- Net profit before tax, SEK 76.7 (6.0) million
- Net profit after tax, SEK 53.6 (-1.0) million
- Earnings per share, SEK 3.18 (-0.06)
- Cash flow from operations, SEK 80.1 (69.6) million

Anders Lidbeck, President and CEO comments:

“Enea has completed a good year in which it has seen both growth and good profitability. A year ago, we set forth our long-term ambition: to create a global software company with considerably higher revenues, high profitability, good cash flows and a large proportion of recurring revenue. 2012 was our first step towards this target, and above all we are pleased with how our profitability has developed.



We achieved an operating profit which was considerably better than last year. Excluding non-recurring expenses, the profit has doubled. Including non-recurring expenses, the improvement was even bigger. This resulted in our highest operating margin ever: 15.5 percent on a full year basis. We delivered a profit per share which equaled earlier record levels, even though we have divested 35 percent of our business since then. The decision made last year to focus on our global software business, where the opportunities for higher margins are considerably greater, in combination with effective cost control, has brought us to a level of profitability which Enea has never reported before.

We grew our software revenues and achieved services revenues on par with the previous year. Our biggest product, the OSE operating system, continued to grow, mainly due to a high proportion of royalty revenues. We increased our business with our largest customers, thanks to our focused initiatives involving key customers. Our subsidiary on the significant US market grew. It is important for us to develop our presence in the USA as the majority of our hardware partners are based there and because many of the software trends relevant to us arise there.

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 a leading position among major companies on a global basis. We launched our first commercial Linux distribution in 2012. This is fully focused on real-time and utilizes our extensive experience in the field. We want to be the greatest in the world when it comes to Linux for real-time. We are not the greatest at present. But we have a good dialogue with our customers, and we perform well when customers are evaluating potential suppliers. 2013 will be the year in which we close our first Linux deals and really start to compete for market shares in this market.

The market for Linux, as for all open source applications, 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. Our ambition is to build up the strongest team in the field over the course of a number 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 products all over the world, and the expertise that we have gathered over more than two decades, I am certain that we will succeed in this. Nobody has a better chance of achieving this than we do.

Innovation and Quality

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 increasing capacity at lower prices. This means that telecom manufacturers are very price-sensitive. As with Linux, this continuous hunt for better prices and performance enhancement creates business opportunities for Enea, but it also means constant pressure on our business and our margins. Therefore, we will continue to invest outside the telecom segment



as well as gradually moving resources to new areas, all with the objective of improving our competitiveness, market position, and margins.

Our products and what we deliver must be of very 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 and provide maximum performance.

Dividends

Our cash flow has been good over the year, and we are expecting to continue to see good cash flows in the future. Given Enea's present and future financial position, the Board proposes a transfer to shareholders of SEK 49.7 million, equivalent to SEK 3.00 per share.

A Final Word

For 2013, we will be continuing to strive towards our long-term profitability target of 20 percent. Our assessment is that we will improve both our operating margin and our profit per share over the full year. However, it is likely that the first quarter will not be as good as the same period 2012.

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 significant to the development of our margins. Our ambition during a five year period, commencing in 2012, is to create a global software company with considerably higher revenues, high profitability, good cash flows, and a large proportion of recurring revenues."

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: Thursday February 7 at 9:30 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 February 7, 2013 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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