Enea Makes Offer to Acquire Global Software Business

Strengthening the capabilities to address the fourth and fifth generations of mobile networks

Stockholm, Sweden, December 20, 2018. Enea made an offer to acquire a business unit from Atos Convergence Creators with leading positions in policy management, authentication, and user management, and would license some technology from Atos. The total consideration amounts to approximately 18 MEUR and would be financed through cash and bank loans. The business unit is headquartered in Austria, with additional sales and development sites in Germany, Croatia, and the US. The new business is estimated to generate annual revenues of approximately 12 MEUR in 2019.

The acceptance of Enea's offer by Atos is conditional on the finalization of the social process with the relevant employee representative bodies, and the transaction itself would be conditional on customary closing conditions, and the actual transfer of key customer and employee contracts as well as the finalization of the social process with the relevant employee representative bodies at a local level. The transaction is estimated to be completed in March 2019.

"I am proud to announce a new strategic acquisition that strengthens our portfolio of key applications for the mobile network. This complementary acquisition would, together with solutions that we previously acquired through Openwave Mobility and Qosmos, build an even stronger portfolio and offering for the mobile network of today and tomorrow", said Anders Lidbeck, President and CEO, Enea.

Atos Convergence Creators has today a leading product portfolio in the area of authentication and policy management, serving many of the world's leading telecom operators with functionality such as AAA (Authentication, Authorization, Accounting) and PCRF (Policy and Charging Rules Function). Moving forward, this portfolio is also well positioned to address the equivalent functionality in the service based architecture of tomorrow's 5G networks.

In the next generation mobile network, managing subscriber information along with authentication and policy management becomes some of the most important building blocks for creation of new business models and customized service offerings. Through the previous acquisition of Openwave Mobility, Enea took a leading position in the converged data layer for the fifth generation of mobile networks, and the current acquisition would strengthen and complement this area with several key applications that are central parts in the mobile core network.

Enea would acquire both products and existing business with focus on PCRF (Policy and Charging Rules Function) and AAA (Authentication, Authorization, and Accounting) for the fourth generation of mobile networks, and moving forward address PCF (Policy Control Function), AUSF (Authentication Server Function), UDM (Unified Data Management), and UDR (User Data Repository) for the fifth generation of mobile networks. In addition, Enea would also license certain technology from Atos. It is envisaged that the acquired business and approximately 90 employees from Atos would join Enea as a new, independent business unit in connection with the acquisition.

Further Financial Information

The total consideration amounts to approximately 18 MEUR. Enea would be paying 10 MEUR cash up front, and the remaining 5 MEUR in December 2019. Furthermore, Enea would assume liabilities, primarily relating to deferred revenues, of approximately 3 MEUR implying a total consideration of approximately 18 MEUR on a cash and debt free basis.

The business is expected to generate annual revenues of approximately 12 MEUR in 2019. Subject to closing conditions, the acquisition is expected to close and be consolidated into Enea Group accounts as of March 2019. Consequently, Enea estimates that the contemplated acquired business would contribute approximately 10 MEUR in new revenues for 2019. Furthermore, the contemplated business is expected to be profitable, and earnings per share accretive already in 2019.

Webinar

Investors, financial analysts, and press and are invited to attend a webinar where Anders Lidbeck, President and CEO, of Enea will present the contemplated acquisition and answer questions.

Time: Thursday, December 20 at 11:00 am CEST

Link: https://tv.streamfabriken.com/2018-12-20-press-conference

Phone number: SE: +46856642662, UK: +442030089808, US: +18557532235

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For more information visit www.enea.com/investors or contact:

Anders Lidbeck, President & CEO
E-mail: anders.lidbeck@enea.com

Julia Steffensen, Executive Assistant
Phone: +46 70 971 03 33
E-mail: julia.steffensen@enea.com

About Enea

Enea develops the software foundation for the connected society. We provide solutions for mobile traffic optimization, subscriber data management, network virtualization, traffic classification, embedded operating systems, and professional services. Solution vendors, systems integrators, and service providers use Enea to create new world-leading networking products and services. More than 3 billion people around the globe already rely on Enea technologies in their daily lives. Enea is listed on Nasdaq Stockholm. For more information: www.enea.com

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