



PRESS RELEASE

Stockholm, July 21, 2015

Enea (NASDAQ OMX Nordic: ENEA)

Interim Report, April – June 2015

Record profits and good revenue growth

In the second quarter, Enea showed an increased operating profit and operating margin, improved cash flow and higher earnings per share than in the corresponding quarter of the previous year.

- Net sales in the second quarter amounted to SEK 120.2 (104.0) million, an increase of 16 percent. Sales for the first six months of the year increased to SEK 237.6 (205.0) million.
- Operating profit for the second quarter increased to SEK 26.5 (22.7) million, corresponding to an operating margin of 22.1 (21.9) percent. Operating profit for the first six months of year increased to SEK 49.8 (40.7) million, equating to an operating margin of 21.0 (19.9) percent.
- Earnings per share rose to SEK 1.30 (1.09) SEK for the second quarter and SEK 2.49 (1.98) for the first six months of the year.
- Cash flow from operating activities was SEK 54.7 (36.8) million for the quarter and SEK 68.4 (59.8) million for the first six months of the year. Cash and cash equivalents and financial investments amounted to SEK 187.6 (172.2) million at the end of the quarter.
- SEK 3.60 (3.00) per share was paid out through an automatic redemption program on 9 June, corresponding to a transfer of SEK 57.8 (49.1) million to shareholders.

April to June 2015

(second quarter previous year in brackets)

- Net sales, SEK 120.2 (104.0) million
- Revenue growth, 16 (-2)%
- Revenue growth, currency adjusted, 8 (-2)%
- Operating profit, SEK 26.5 (22.7) million
- Operating margin, 22.1 (21.9)%
- Net profit before tax, SEK 26.7 (22.8) million
- Net profit after tax, SEK 20.8 (17.8) million
- Earnings per share, SEK 1.30 (1.09)
- Cash flow (from operating activities), SEK 54.7 (36.8) million
- Cash and cash equivalents and financial investments, SEK 187.6 (172.2) million



Anders Lidbeck, President and CEO comments:

“The first half-year 2015 progressed well. The second quarter of the year is the fifteenth consecutive quarter when Enea has achieved margin expansion, and the ninth consecutive quarter with profitability improvements compared to the corresponding period of the previous year. The operating profit in the second quarter was up 17 percent on the corresponding period of the previous year. In the second quarter of 2015, as in the first, we also achieved a record operating profits for these periods, not only in year over year terms, but throughout Enea’s history. Sales also grew satisfactorily in the second quarter, with growth of 16 percent. Currency-adjusted growth was 8 percent on the corresponding period of the previous year.

In our Global Service business, we achieved growth of over 20 percent on the corresponding period of the previous year once again, as well as sequential growth on the previous quarter. This is the fifth consecutive quarter of double-digit growth on the corresponding quarter of the previous year. Product-related service sales are maintaining their high growth, due to healthy demand for expert services related to our products, and a product mix with a growing number of solutions that contains open source. In overall terms, our Services business is continuing to outgrow our software business. Our total gross margin for the second quarter of 71.0 percent, compared to 72.1 percent in the corresponding period of the previous year, demonstrates that our Services business also has healthy margins. We think we are well positioned in our niche, and that expert knowledge is, and will remain, key in a world where open source is becoming more significant. Accordingly, we will continue to develop our Global Services business.

Our software business grew by 13 percent in the second quarter compared to the corresponding period of the previous year. This is the second consecutive quarter of double-digit growth in this business sector. In our software business, revenues outside our largest customers continued to outgrow the total, and once again, we were able to achieved revenue growth of over 20 percent outside our key accounts. The fact that we are continuing to advance our market positioning by securing contracts and new business customers in the quarter is very positive. We also achieved near 20 percent growth on one of our key accounts compared to the corresponding period of the previous year, after signing a new two-year contract, which commenced in the second quarter. However, our software revenues are still highly dependent on royalty revenues on our major customers, and once again in the second quarter, we were able to show some increase in these revenues compared to the corresponding period of the previous year.

The investments in our product portfolio reviewed in previous quarters continued at an undiminished pace in the quarter. This applies particularly to our commitment to operating system solutions for future networks, and network function virtualization, where we have now started to use the COSNOS (Carrier-grade Open Network Operating System) concept to define the targets and mission of this process. During the past quarter, we achieved our first milestone, when alongside our partner ARM, we were able to demo the first implementation of OPNFV architecture on ARM hardware at the NFV World Congress in San José. This successful public demonstration is a momentous step in our endeavor to develop a product portfolio offering new solutions, with open source software playing a progressively more important role. Simultaneous with these investments laying the foundation for our future, we are at least as proud to be able to report more successes for our current product portfolio. In the past quarter, we were able to report a major deal in Asia, where the combination of our flagship OSE and Linux will form the backbone of a new LTE system.

We are continuing our efforts to achieve improved growth and high profitability. However, the trends and changes that we are witnessing on the market, not least associated with open solutions, do increase the risks for us. Accordingly, we will be accelerating business development work. With strong finances, healthy cash flows and a significantly stronger market position in emerging technology segments, we take a confident view of our future. We are also prepared for the change that the accelerating impact of open source may mean for us and our business model through the coming years.



Our objective full year 2015 is to achieve revenue growth and our assessment is that earnings per share will improve compared with 2014.”

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: Tuesday July 21 at 08:30 am CET.

Link: <http://financialhearings.nu/150721/enea/>

Phone number: SE: +46 8 566 426 95, UK: +44 20 342 814 00

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

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About Enea

Enea is a global supplier of Linux and real-time operating system solutions, including middleware, tools, databases, and world class services, with a vision to enable communication everywhere. As a trusted and respected player in the embedded software eco system, Enea has for more than four decades delivered value and helped customers develop and maintain ground-breaking products. Every day, more than three billion people around the globe rely on Enea's technologies in a wide range of applications in multiple verticals – from Telecom and Automotive, to Medical and Avionics. Enea has offices in Europe, North America and Asia, and is listed on NASDAQ OMX Nordic Exchange Stockholm AB. For more information please visit www.enea.com or contact us at info@enea.com

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