



PRESS RELEASE

Stockholm, July 22, 2014

Enea (NASDAQ OMX Nordic: ENEA)

Interim Report, April – June 2014

Improved operating margins and growth in Global Services revenues

Operating profit, operating margin, earnings per share and cash flow from operations, all improved compared with the second quarter last year.

Net sales for the second quarter amounted to SEK 104.0 (105.7) million, corresponding to a decline of 1.7 percent. Net sales are stable for the first six months of the year.

Operating profit for the second quarter increased to SEK 22.7 (22.0) million, which is equivalent to an operating margin of 21.9 (20.8) percent. For the first six months of the year, operating profit increased to SEK 40.7 (36.0) million, corresponding to an operating margin of 19.9 (17.5) percent.

Earnings per share increased to SEK 1.09 (1.04) for the second quarter and SEK 1.98 (1.74) for the first six months of the year.

Cash flow from operations amounted to SEK 36.8 (36.2) million and SEK 59.8 (42.7) million for the first six months of the year. Cash and cash equivalents and financial investments amounted to SEK 172.2 (175.1) million at the end of the quarter.

On 30 May, SEK 3.00 (3.00) per share was paid out via an automatic redemption program, equivalent to a transfer to the shareholders amounting to SEK 49.1 (49.4) million.

April to June 2014

(second quarter previous year in brackets)

- Net sales, SEK 104.0 (105.7) million
- Growth, -1.7 (-12.3)%
- Growth, currency adjusted, -2.2 (-9.6)%
- Operating profit, SEK 22.7 (22.0) million
- Operating margin, 21.9 (20.8)%
- Net profit before tax, SEK 22.8 (23.4) million
- Net profit after tax, SEK 17.8 (17.1) million
- Earnings per share, SEK 1.09 (1.04)
- Cash flow from operations, SEK 36.8 (36.2) million
- Cash and cash equivalents and financial investments, SEK 172.2 (175.1) million



January to June 2014

(January to June previous year in brackets)

- Net sales, SEK 205.0 (205.1) million
- Growth, -0.1 (13.8)%
- Growth, currency adjusted, -0.2 (-11.5)%
- Operating profit, SEK 40.7 (36.0) million
- Operating margin, 19.9 (17.5)%
- Net profit before tax, SEK 41.5 (38.6) million
- Net profit after tax, SEK 32.2 (28.7) million
- Earnings per share, SEK 1.98 (1.74)
- Cash flow from operations, SEK 59.8 (42.7) million
- Cash and cash equivalents, SEK 172.2 (175.1) million

Anders Lidbeck, President and CEO comments:

“Our operating margin for the second quarter was 21.9 percent. Once again we have set a record for profitability, this time for the second quarter. Never before has Enea had a better margin or greater earnings per share in the second quarter of a year. This is the fifth consecutive quarter with an improved operating profit year over year.

It is also encouraging that we during the second quarter achieved a double digit revenue growth for our Global Services operation over the same period last year. This is the third quarter of sequential revenue growth, but it is the first time in six quarters we again achieve revenue growth year over year. We have won a range of major contracts in this line of business over the past few quarters, in both the US and Europe, which are now in full delivery mode. Our aim is to continue expanding this business, and we think that we are well positioned in our niche.

Revenue from our software business remained stable throughout the first six months of the year, with a small increase in the first quarter and a corresponding decrease in the second quarter compared with the same periods last year. Our growth in this field is largely dependent on growth in royalty revenues from our major customers. We saw no major increase in these revenues during the second quarter due to weaker sales than anticipated among some of our major customers in the first quarter. However, our software business continues to develop with good gross margins and is making a strong contribution to the company's overall operating profit. Our market position has also continued to develop well, as have ongoing discussions on new contracts, and we enter the second half year cautiously optimistic.

We are the leading independent supplier of built-in operating system solutions in a world in which our competitors are becoming ever more vertically integrated and hence linked directly with specific kinds of hardware. We are continuing to focus on the ARM architecture, but we also benefit from our freedom as an independent software supplier. One specific example of this is the release of Enea Linux which took place during the quarter, as Enea Linux 4.0 supports hardware from a number of different suppliers, based on ARM, PowerPC and the x86 architecture. We are continuing to invest heavily in product development in order to continue improving our competitiveness. 22.6 percent of our revenues in the second quarter was reinvested in R&D, and we released a number of new products over the period. The second quarter was special as we launched new versions of all our major products – OSE5, Enea Linux and Element – simultaneously during one and the same quarter. We also finalized some completely new solutions, such as the



OSE Compatibility Platform, which allows users to integrate OSE applications and Linux applications within a single system. This platform will be a key component for developing our business with existing customers and also enhancing our Linux range at the same time. To further strengthen our presence in the world of Linux, we also announced a strategic cooperation with the Linux Foundation during the quarter. As one of four selected global partners, we will be providing the Linux Foundation's portfolio of training in the Embedded Linux field.

The changes made to the sales and marketing organization in the US, which were implemented at the start of the second quarter, have developed well. We have also recruited a new manager for the Asian sales organization, and this person will start at the end of the third quarter. We will also be increasing our sales resources on the European market in the third quarter. We will continue to gradually strengthen our sales and marketing organization with the ambition to increase the growth rates long term, but without creating a negative impact on our operating margins short term.

We continue our efforts to improve growth and high profitability. Our aim is to consolidate a 20 percent operating margin and deliver revenue growth year over year.

We continue to be prepared for ongoing soft demand, but maintain our forecast for the year. Our estimate for the full year 2014 is that earnings per share will be improved compared with the previous year."

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 22 at 09:00 am CET.

Link: <http://financialhearings.nu/140722/enea/>

Phone number: SE +46 851999350, UK +44 2031940547

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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