



## PRESS RELEASE

Stockholm, April 25, 2013  
Enea (NASDAQ OMX Nordic: ENEA)

# Interim Report, January – March 2013

## Improved profitability despite weak income development.

**Enea's net sales in the first quarter were lower than in the first quarter last year. However, its operating margin and profit per share continued to improve.**

Net sales for the first quarter amounted to SEK 99.3 (117.3) million, which is equivalent to a decline of 15.3 percent.

The operating profit for the first quarter fell to SEK 14.0 (15.6) million. The operating margin, however, increased to 14.1 (13.3) percent.

Earnings per share increased to SEK 0.70 (0.65) for the first quarter.

Cash flow from operations amounted to 6.5 (6.1) million for the first quarter.

The Annual General Meeting elected to transfer an amount equivalent to SEK 3.00 (8.00) per share to the shareholders via a redemption program, equivalent to a total transfer of SEK 49.4 million.

## January to March 2013

*(first quarter previous year in brackets)*

- Net sales, SEK 99.3 (117.3) million
- Growth, -15.3 (3.3)%
- Growth, currency adjusted, -13.4 (1.8)%
- Operating profit, SEK 14.0 (15.6) million
- Operating margin, 14.1 (13.3)%
- Net profit before tax, SEK 15.3 (16.2) million
- Net profit after tax, SEK 11.6 (11.1) million
- Earnings per share, SEK 0.70 (0.65)
- Cash flow from operations, SEK 6.5 (6.1) million
- Cash and cash equivalents, SEK 143.3 (236.5) million



### **Anders Lidbeck, President and CEO comments:**

“As expected, demand was weak during the first quarter. The strong Swedish krona has also had a damping effect on earnings in Swedish kronor. Despite the fact that income in Swedish kronor fell by 15.3 percent over the quarter, we have improved our operating margin to 14.1 percent and also increased our profit per share to SEK 0.70. As planned, the structural measures we implemented in late 2012 have made an impact during the first quarter. We have good cost control and internal focus on creating profitability within all parts of our organization. During the first quarter, we have taken another small step towards our long-term profitability target of 20 percent.

Our long-term aim is to create revenue growth and growing profitability. However, income development was weak during the first quarter of the year. We are seeing weak will to invest at many major telecom companies. Despite the strong growth of data traffic worldwide, many operators are facing the challenge of combining network expansion costs with fixed, unchanged prices to consumers. This is leading to massive price competition among suppliers of infrastructure equipment. A weaker investment trend has also been noticeable in other market segments during the first quarter, which has continued to affect our service income. However, it is our opinion that the underlying growth in data traffic will also impact our market in the longer term. Therefore, we will continue to focus on our agreed investment areas. This is particularly true for our global service business, with our bridged services concept, as well as our Linux offering. We are investing in both research and development and sales and marketing in this regard. We are also recruiting new staff in these fields. If our initiatives in these fields and other product fields are successful, this will be apparent when demand returns, not only from the earnings but also directly impact profits.

### **Market Trends**

Open source has been the software trend for a long time. But nowadays, combining open source, services and proprietary software (and hardware) is every bit as important in order to achieve real results and long-term competitive advantages. Apple is one company which has succeeded with this and is often used as a model. 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 last year. This is fully focused on real-time and utilizes our extensive experience in the field. We view Linux as an important growth area for the future. We have a good dialogue with our customers, and we perform well when customers are evaluating potential suppliers. Linux also works well within our global services organization. Many of the services solutions we are discussing at present include Linux components.

However, it will take some time for our Linux sales to reach a level which will make it one of our bigger products in net sales terms. We will need to continue our investments in order to succeed.



During the first quarter, we became members of Linaro, a global partnership organization working with Linux for ARM architecture. As part of Linaro, we work in partnership with both competitors and customers and help influencing important decisions and specializations in the field. We will have two full-time Linux engineers within this organization.

Our long-term ambition during a period of five years, 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. The hesitant willingness to invest among operators means that manufacturers in the field of telecom are very price-sensitive. 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.

### **Outlook**

We are experiencing a weak demand, and at present there is little indication of when the situation will improve. However, we are committed to our earnings forecast for 2013, even if demand will remain low during the year. Our assessment is that we will improve both our operating margin and our profit per share over the full 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: Thursday April 25 at 10:30 am CET.

Link: [Financial Hearings](#)

Phone number: 08-50 59 82 61 or +44 20 33 64 53 73.

The full report is published at [www.enea.com/investors](http://www.enea.com/investors)

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## About Enea

Enea is a global vendor of Linux and Real-time operating system solutions including middleware, tools, protocols and services. The company is a world leader in developing software platforms for communication-driven products in multiple verticals, with extreme demands on high-availability and performance. Enea's expertise in operating systems and high availability middleware shortens development cycles, brings down product costs and increases system reliability. The company's vertical solutions cover telecom handsets and infrastructure, medtech, automotive and mil/aero. Enea has offices in Europe, North America and Asia, and is listed on NASDAQ OMX Nordic Exchange Stockholm AB. For more information please visit [enea.com](http://enea.com) or contact us at [info@enea.com](mailto:info@enea.com).

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