



## PRESS RELEASE

Stockholm, October 23, 2014  
Enea (NASDAQ OMX Nordic: ENEA)

# Interim Report, July – September 2014

## Revenue growth and an operating margin of 22.8 percent

**Enea's showed firm revenue growth, compared to the third quarter last year. Operating profit, operating margin and earnings per share continued to improve in the third quarter.**

Net sales in the third quarter amounted to SEK 105.0 (97.1) million, which is equivalent to an increase of 8 percent. Sales increased with 3 percent for the first nine months.

The operating profit in the third quarter amounted to SEK 23.9 (21.0) million which is equivalent to an operating margin of 22.8 (21.6) percent. For the first nine months of the year, the operating profit increased to SEK 64.6 (57.0) million, which is equivalent to an operating margin of 20.8 (18.9) percent.

Earnings per share increased to SEK 1.16 (0.92) for the third quarter and to SEK 3.13 (2.66) for the first nine months.

Cash flow from operations amounted to SEK 17.9 (20.3) million for the quarter and to SEK 77.7 (63.0) million for the first nine months. Cash and cash equivalents and financial investments amounted to SEK 184.7 (156.4) million at the end of the quarter.

## July to September 2014

*(third quarter previous year in brackets)*

- Net sales, SEK 105.0 (97.1) million
- Revenue growth, 8 (-10)%
- Revenue growth, currency adjusted, 6 (-8)%
- Operating profit, SEK 23.9 (21.0) million
- Operating margin, 22.8 (21.6)%
- Net profit before tax, SEK 24.3 (19.9) million
- Net profit after tax, SEK 18.8 (15.1) million
- Earnings per share, SEK 1.16 (0.92)
- Cash flow (from operations), SEK 17.9 (20.3) million
- Cash and cash equivalents and financial investments, SEK 184.7 (156.4) million



## January to September 2014

*(January to September previous year in brackets)*

- Net sales, SEK 310.0 (302.1) million
- Revenue growth, 3 (-12)%
- Revenue growth, currency adjusted, 2 (-11)%
- Operating profit, SEK 64.6 (57.0) million
- Operating margin, 20.8 (18.9)%
- Net profit before tax, SEK 65.8 (58.5) million
- Net profit after tax, SEK 51.0 (43.8) million
- Earnings per share, SEK 3.13 (2.66)
- Cash flow from (operations), SEK 77.7 (63.0) million
- Cash and cash equivalents, SEK 184.7 (156.4) million

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

“Our operating margin during the third quarter was 22.8 percent. Once again, we report a record profitability, this time for the third quarter. Never before has Enea seen better margins or a larger profit per share in a third quarter. This is the sixth consecutive quarter with an improved operating profit over the same period in the previous year.

Our total revenue grew with 8 percent in the third quarter, compared with the same period last year, and we achieved double-digit revenue growth in our Global Services business. This is the second consecutive quarter with good growth in this sector and we believe that we will finish the year with double-digit growth in our Global Services business. Over the last few quarters we have won several large contracts in the sector, both in USA and in Europe, which are now in full delivery mode. Our ambition is to continue to expand this business, and we believe that we are well positioned within our niche.

Revenues from our software business have been stable during the first nine months with a small growth in the third quarter compared with the same period last year. Revenues in this area are largely dependent on royalties from our major customers. Due to weaker than expected sales from some of our larger customers in the second quarter, the third quarter showed no increase in our royalties from these customers. Instead it is very positive that the third quarter shows double-digit revenue growth outside our largest customers. Our revenues in China in the third quarter grew by 80 percent, compared with the same quarter last year. We have gained four new customers in China since the start of the year and, and so far revenues have increased by 21 percent. Our global software business continues to develop with strong gross margins and contributes significantly to the company's total operating profits. Our market position has also continued to progress well, as have ongoing business discussions concerning new contracts, and we enter the fourth quarter cautiously optimistic.

We continue to strengthen our position as the independent software vendor in our niche. As in previous quarters we continue to reinvest around 20 percent of our total revenues in our product portfolio. Operating-system-solutions are a central part of our product range, but we are also advancing our position for middleware and integrated solutions, in which several of our software components together represent a larger entity. This quarter has been no exception and an important milestone has been reached with the finalization of the software platform ProLiant M800, which we recently announced together with HP. In addition to Linux, real-time operating systems and middleware form the cornerstones of such a solution, and Enea is well equipped on all these fronts.



All of the new customers that we have gained in China so far this year have selected a real-time operating system (OSEck) from Enea, and in the same way, our middleware solution, Enea Element, has been the main component of the deal around Ethernet switches that was announced during the quarter. The underlying driving forces are the same for both operating systems or middleware: the increasing complexity of hardware places increased demands on the software. This is a positive trend that reinforces the demand for the products and services that Enea offers.

The changes in our sales and marketing organization that was implemented during the second quarter and early third quarter have worked out well. We will continue to gradually strengthen our sales and marketing organization with the objective of accelerating growth rates long term but without having a negative impact on the company's operating margins short term.

We will continue our efforts to improve growth and high profitability. Our ambition is to continue to consolidate our 20 percent operating margin and to achieve full year revenue growth.

We will be prepared for ongoing soft demand, but maintain our forecast for the year. Our estimate for the full year 2014 is that our earnings per share will improve 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: Thursday October 23 at 08:30 am CET.

Link: <http://financialhearings.nu/141023/enea/>

Phone number: SE +46 8 5059 8261, UK +44 20 7660 2078

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

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**For more information visit [www.enea.com/investors](http://www.enea.com/investors) or contact:**

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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](http://www.enea.com) or contact us at [info@enea.com](mailto:info@enea.com)

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