



PRESS RELEASE

Stockholm, February 12, 2015
Enea (NASDAQ OMX Nordic: ENEA)

Annual Statement 2014

Record profit for the full year and for each quarter of 2014

Enea has achieved its best operating profit and its highest operating margins in the company's history in the fourth quarter of 2014, while at the same time sales increased. In the full year of 2014, Enea's operating margin, operating profit and cash flow from operating activities were the highest ever. For the second consecutive year, the company reached its profitability target of a 20 percent operating margin.

Net sales in the fourth quarter amounted to SEK 119.3 (106.4) million, which is equivalent to an increase of 12 percent. For the full year, net sales grew by 5 percent.

The operating profit in the fourth quarter increased to SEK 29.2 (25.1) million which is equivalent to an operating margin of 24.5 (23.6) percent. For the full year, the operating profit increased to SEK 93.8 (82.1) million, which is equivalent to an operating margin of 21.9 (20.1) percent.

Earnings per share increased to SEK 1.46 (1.18) for the fourth quarter and to SEK 4.58 (3.83) for the full year.

Cash flow from operating activities amounted to SEK 38.5 (13.6) million for the quarter and to SEK 116.2 (76.6) million for the full year. Cash, cash equivalents and financial investments amounted to SEK 215.3 (163.6) million at the end of the quarter.

October to December 2014

(fourth quarter previous year in brackets)

- Net sales, SEK 119.3 (106.4) million
- Revenue growth, 12 (-13)%
- Revenue growth, currency adjusted, 8 (-12)%
- Operating profit, SEK 29.2 (25.1) million
- Operating margin, 24.5 (23.6)%
- Net profit before tax, SEK 29.4 (25.3) million
- Net profit after tax, SEK 23.5 (19.4) million
- Earnings per share, SEK 1.46 (1.18)
- Cash flow (from operations), SEK 38.5 (13.6) million



- Cash and cash equivalents and financial investments, SEK 215.3 (163.6) million

January to December 2014

(January to December previous year in brackets)

- Net sales, SEK 429.3 (408.5) million
- Revenue growth, 5 (-13)%
- Revenue growth, currency adjusted, 3 (-11)%
- Operating profit, SEK 93.8 (82.1) million
- Operating margin, 21.9 (20.1)%
- Net profit before tax, SEK 95.3 (83.8) million
- Net profit after tax, SEK 74.5 (63.2) million
- Earnings per share, SEK 4.58 (3.83)
- Cash flow from (operations), SEK 116.2 (76.6) million
- Cash and cash equivalents, SEK 215.3 (163.6) million

Anders Lidbeck, President and CEO comments:

“The fourth quarter is the seventh consecutive quarter in which we showed improved profitability compared with the same period last year. In the fourth quarter, as well as for the full year of 2014, we could also report record operating profit during this period, not only compared with the same period the previous year, but throughout the history of Enea.

The revenues grew in a satisfactory way during the fourth quarter. Even adjusted for positive currency effects, it is a good growth. Total revenues grew by 12 percent in the quarter and 5 percent over the full year. We achieved double-digit growth for the fourth quarter for our global services activity, as well as sequential growth over the previous quarter. This is the third consecutive quarter that has shown double-digit improvement compared with the same quarter previous year. Over the last year 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.

Our software business grew by 6 percent in the fourth quarter, compared with the same quarter last year. Revenues in this area are largely dependent on royalty revenues from our major customers. We could see an increase in these royalty revenues during the fourth quarter. But alongside this, operations apart from our largest customers continue to grow even faster and we were able to note double-digit revenue growth, which is very satisfying. It is worth noting that our revenues in China in the fourth quarter quadrupled compared with the same quarter last year. From the beginning of the year, revenue has grown by 50 percent and we have won four new customers in China during the year. Most of the new customers we have won have chosen to use a combination of our products. Often, our real-time operating system (OSEck) from Enea and products from our middleware portfolio, Enea Element and Enea Polyhedra, have been components of these deals. During the fourth quarter, Enea signed a contract with yet another new customer in China. The customer is active in the communications industry and will use Enea OSE and OSEck in an IoV (Internet of Vehicles) project. 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. Our software business also continues to develop with good gross margins and contributes greatly to the company's total operating profits.



Our position in the market has developed well over the past year, and we are continuing our steady progress as an independent software vendor. As in previous quarters, we have chosen to invest for the future and reinvest more than 20 percent of our revenues in our own product portfolio. One of several goals for this investment is to improve integration and coordination between our various product lines, and we are seeing an increasing number of deals where the customer chooses to buy multiple products from Enea - often combined with service deals in which Enea assumes the role of system integrator or platform provider. Our commitment and our presence in the open source society continue to increase. This is not only important as a part of the marketing of our own Linux offering, but it is also a driving force for services and training linked to open source software. Our collaboration with the Linux Foundation around Linux training continues to thrive and we can see a growing interest in Enea's courses concerning Linux for embedded systems. During the past quarter, we chose to become a silver member of the OPNFV (Open Platform for NFV) initiative, which is run by the Linux Foundation. This is a natural step for Enea, because NFV (Network Function Virtualization) is a central concept in many discussions regarding future architecture of network nodes and functions. This will also be one more piece of the puzzle in our quest to continue to build up a stronger brand in open source in general, and in Linux in particular. Now that our market position has strengthened, we see next year with confidence.

We continue our efforts aimed at improved growth and high profitability. The changes in our sales and marketing organization that we introduced in 2014 have worked out well and we will continue to gradually strengthen our sales and marketing organization with the aim of higher growth in the long term, but it will not have a negative impact on the company's profit margins in the short term. In 2014, we achieved our objective of consolidating our 20 percent operating margin and delivered full year revenue growth, with a 22 percent operating margin and a 5 percent growth in sales revenue.

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: Thursday February 12 at 08:30 am CET.

Link: <http://financialhearings.nu/150212/enea/>

Phone number: SE +46 8 5664 2690, UK +44 20 3428 1416

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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