



PRESS RELEASE

Stockholm, April 28, 2015

Enea (NASDAQ OMX Nordic: ENEA)

Interim Report, January – March 2015

Good revenue growth and strongly improved results

In the first quarter of 2015, Enea achieved revenue growth of 16 percent, 8 percent currency adjusted, and an increase in operating profit of 30 percent, compared with the same quarter last year. The operating profit and operating margin were the highest ever first quarter results in Enea's history.

- Net sales during the first quarter amounted to SEK 117.4 (101.0) million, representing an increase of 16 percent.
- Operating profit for the first quarter increased to SEK 23.3 (18.0) million, representing an operating margin of 19.9 (17.8) per cent.
- Earnings per share increased to SEK 1.19 (0.88) for the first quarter.
- Cash flow from operating activities amounted to SEK 13.6 (23.0) million for the quarter. Cash and cash equivalents, and investments totaled SEK 222.5 (191.9) million at quarter-end.
- The Board proposes that the annual general meeting decides whether to transfer the equivalent of SEK 3.60 (3.00) per share to shareholders through an automatic redemption program.

January to March 2015

(first quarter previous year in brackets)

- Net sales, SEK 117.4 (101.0) million
- Revenue growth, 16 (2)%
- Revenue growth, currency adjusted, 8 (2)%
- Operating profit, SEK 23.3 (18.0) million
- Operating margin, 19.9 (17.8)%
- Net profit before tax, SEK 24.4 (18.7) million
- Net profit after tax, SEK 19.2 (14.4) million
- Earnings per share, SEK 1.19 (0.88)
- Cash flow (from operations), SEK 13.6 (23.0) million
- Cash and cash equivalents and financial investments, SEK 222.5 (191.9) million



Anders Lidbeck, President and CEO comments:

“2015 has started well. The first quarter is the eighth consecutive quarter with improved profitability over the same quarter previous year. Operating profit in the first quarter is 30 percent better than in the first quarter last year. In the first quarter of 2015, as well as for the full year of 2014, we could also report record operating profits for these periods, not only compared with the same period of the previous year, but in the history of Enea. Sales also grew satisfactory during the first quarter, with 16 percent year-over-year growth. Currency-adjusted, growth was 8 percent compared with the same period last year.

Our Global Services business achieved over twenty percent growth in the first quarter, compared with the same period last year, and also sequential growth over the previous quarter. This is the fourth consecutive quarter with double-digit growth over the same quarter last year. Software business grew with 11 percent in the first quarter over the same quarter last year. Within this business sector, sales of product-related services grew faster than pure software sales. This is partly due to growing sales of open source projects, but also to an increasing demand for expert services relating to our products. An increasing percentage of service revenue also implies pressure on gross margins, which fell by two percentage points in the quarter, compared with the same period last year. We believe that we are well positioned within our niche, and note that expert knowledge is, and will be, an important component in a world where open source is increasingly important. For this reason, we will continue to develop our global service business.

Within our software business, revenues generated outside our largest customers continue to grow faster than the total. We could once again note more than twenty percent revenue growth outside our key accounts, which is very pleasing. Software revenues are, however, still largely dependent on royalties from our major customers and in the first quarter we could again see an increase in these revenues. However, the long-term trend is for proprietary software to be increasingly replaced by open source software. Several such solutions were demonstrated at the Mobile World Congress in Barcelona in March - even by our larger customers, which could ultimately have an adverse impact on our royalty revenues. At the current time, however, it is unclear when, and to what extent, this could affect us. The Mobile World Congress also showed that the trend towards virtualization of networking functions, which I have discussed previously in my CEO's words, is very clear. These solutions, decoupling software from hardware, will largely be based on open source software and standard hardware. Here too, the growing component of open source software may eventually pose a risk to our royalty streams.

With our aim set on tomorrow's networks and telecom systems, we will continue to participate actively in efforts to develop operating system solutions built on open source software. These are the kind of solutions that the market is demanding, and our position as one of the few independent software vendors in this area is well recognized. Our commitment to open source, therefore, continues to increase and we increased our investment in this area significantly during the first quarter. During the past quarter, we were also visible at Embedded World, where we joined AMD to demonstrate Enea Linux on AMD's new ARM-based hardware. This hardware platform aims clearly at virtualized network functions and our collaboration with AMD on ARM-based solutions is well in line with the commitment that we announced last quarter with the OPNFV project (Open Platform for Network Function Virtualization). This will be one more piece of the puzzle in our long-term and continual work to build up a stronger brand in open source software in general, and in Linux in particular.

We continue our efforts aimed at improved growth and high profitability. However, the trends and changes that we see in the market, not least around open solutions, increase the risks we face. We will, therefore, accelerate our business development efforts, and we will be clearer in our discussions with major customers about being part of their development plans and product launch plans. We will also intensify our work on strategic alliances, which includes relocating our CFO to our office in Phoenix in the US, and giving him clearer responsibility for corporate development. With a strong financial position, good cash flow and a significantly stronger market presence in the emerging technology areas, we are well positioned. But we are also prepared for the changes



that an accelerating impact of open source software can impose on us and our business model in the years to come.

Our objectives for the full year 2015 remains, to achieve revenue growth and our assessment is that earnings per share will improve 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 April 28 at 08:30 am CET.

Link: <http://financialhearings.nu/150428/enea/>

Phone number: SE: +46 8 566 426 62, UK: +44 20 342 814 36

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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