



PRESS RELEASE

Stockholm, April 26, 2016

Enea (NASDAQ OMX Nordic: ENEA)

Interim Report January - March 2016

Continued profit increase and strong cash flow

Enea achieved improved operating profit, operating margin and revenues in the first quarter 2016. Enea reported a stable operating margin of over 20 percent, while earnings per share and cash flow increased compared with the same period last year.

- Revenue in the first quarter amounted to SEK 120.8 (117.4) million, an increase of 3 percent.
- Operating profit for the first quarter increased to SEK 26.9 (23.3) million, corresponding to an operating margin of 22.3 (19.9) percent.
- Earnings per share were up to SEK 1.38 (1.19) for the first quarter.
- Cash flow from operating activities was SEK 38.8 (13.6) million for the quarter. Cash and cash equivalents and financial investments amounted to SEK 227.8 (222.5) million at the end of the quarter.
- The Board of Directors proposes that the Annual General Meeting approves a transfer to shareholders of SEK 4.20 (3.60) per share through an automatic redemption program.

January to March 2016

(first quarter previous year in brackets)

- Revenue, SEK 120.8 (117.4) million
- Revenue growth, 3 (16) %
- Revenue growth, currency adjusted, 3 (8) %
- Operating profit, SEK 26.9 (23.3) million
- Operating margin, 22.3 (19.9) %
- Net profit after tax, SEK 21.9 (19.2) million
- Earnings per share, SEK 1.38 (1.19)
- Change in earnings per share, 16 (35) % *
- Cash flow (from operating activities), SEK 38.8 (13.3) million
- Cash and cash equivalents and financial investments, SEK 227.8 (222.5) million

* Compared with the same period last year



Anders Lidbeck, President and CEO comments:

“Strong profits

Going into 2016, our target was to keep our profit margin stable at levels above 20 percent, and with the ambition of increasing our earnings in absolute terms, and per share, on 2015. Looking back at the first quarter, we achieved an operating margin of 22.3 (19.9) percent, and a 16 percent increase in earnings per share to SEK 1.38 (1.19). Operating profit for the quarter was SEK 26.9 million, which is also a 16 percent increase on the same period of the previous year. We also achieved very strong cash flow from operating activities in the period of SEK 38.8 (13.6) million.

Revenue also progressed satisfactorily, with growth of 3 percent compared with the same quarter previous year. Product-related service sales are continuing to grow, but total revenues from our service business were unchanged on the same period of the previous year, which means that overall growth was somewhat moderate. This means that in the first quarter, our software business grew year over year, and once again, our highest growth is outside our Key Accounts. Of itself, this is an important target for us, because we think this is the best way to create consistent and positive progress over time. Expert knowledge not only confined to our products, but also the capacity to deliver integrated projects effectively and with high quality is, and will remain, a key component in a world where open source is becoming ever more significant. Accordingly, our service business will become strategically more central to Enea. At the beginning of the second quarter, we announced a major new deal in this segment in the US, and now that it has been secured, I expect growth in our service business to be healthy in the second quarter.

Substantial investments in our product portfolio

Simultaneous with being able to post excellent margins, we are continuing to invest substantially in our product portfolio. In the following order, they centre on three main points: continuing to develop the products and solutions we already have in our portfolio, working strategically on expanding our portfolio, and working actively to integrate and coordinate the various offerings we have more clearly.

One example of the first is that exactly two years ago, we sowed the first seeds of a fully open implementation of the Carrier Grade Linux (CGL) standard defined by the Linux Foundation. Since then, technology contributors to public email lists have been able to follow progress under Enea's management, and now other companies and individuals, even our direct competitors, have engaged and become contributors. In this quarter, we were able to report that we have now achieved one of the original endpoints, and that Enea Linux has now joined the exclusive cluster of Linux distributors that the Linux Foundation officially recognises as fully compatible with the CGL 5.0 specification.

For the expansion of our portfolio, obviously one of the milestones this quarter was our acquisition of Centred Logic, and its ElementCenter network management solution - a deal with strategic and tactical significance. From a strategic perspective, we were able to expand our portfolio in a new direction, and towards a new market where we were not previously present. From a tactical perspective, there was also a clear connection with the news relating to on-device management, which we were able to announce for our Element product last year.

On the coordination of our product portfolio and service offering, there have been a number of developments. Firstly, we were able to demo a complete solution of our various components - Enea Linux, COSNOS, Element and ElementCenter - interacting in the NFV segment at the Mobile World Congress. Jointly with ARM, hardware vendors and selected software players, we were able to demo a complete implementation at system level. Secondly, we were able to announce an enhanced Packaged Services offering in the quarter, where we made our service business available in a new format, packaging our services more consistently with our product offering.



Continuous rationalization

To be able to combine substantial investments in our product portfolio with continued earnings growth, our long-term strategy is to increase our share of development engineers in Romania, where the hourly cost of development is far lower than in Western Europe and the US. We closed down our development function in France in 2015, transferring its work to our operation in Romania. In the same year, we also opened a second office in Romania alongside Bucharest, in Iasi. We possess a very high level of Linux competence in Romania, and in late-2015, we transferred our global Competence Center there.

The fundamental technology and market trends are clear, and we are focusing just as clearly on being part of these trends by developing new technology segments and new business models, simultaneous with continuing to develop our existing business. By enhancing, expanding and integrating the various products and solutions we possess, and by still actively screening acquisitions, we are building a progressively stronger position in a very attractive market. We are continuing our endeavour to build a bigger and stronger company, which delivers increasing value to customers, employees and shareholders. With strong finances, good cash flows and a more secure market position, we view the future with confidence.

We are retaining our objective of achieving revenue growth for the full year 2016, and we expect earnings per share to improve compared to 2015.”



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 26 at 08:30 am CET.

Link: <http://financialhearings.nu/?160426/enea>

Phone number: SE: +46 856642669, UK: +44 2030089804

The full report is published at www.enea.com/investors

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About Enea

Enea is a global supplier of network software platforms and world class services, with a vision of helping customers develop amazing functions in a connected society. We are committed to working together with customers and leading hardware vendors as a key contributor in the open source community, developing and hardening optimal software solutions. Every day, more than three billion people around the globe rely on our technologies in a wide range of applications in multiple verticals – from Telecom and Automotive, to Medical and Avionics. We have offices in Europe, North America and Asia, and are listed on Nasdaq Stockholm. Discover more at www.enea.com and start a conversation at info@enea.com.

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