



## Interim Report April - June 2016

### A strong quarter for software sales outside Enea's Key Accounts

**Enea improved revenue, operating profit and operating margin in the second quarter 2016. Enea reported a stable operating margin of over 20 percent and increased earnings per share.**

- Revenue in the second quarter was SEK 124.1 (120.2) million, a 3 percent increase. In the first six months of the year, revenue increased to SEK 244.9 (237.6) million.
- Operating profit for the second quarter was up to SEK 28.8 (26.5) million, corresponding to an operating margin of 23.2 (22.1) percent. Operating profit for the first six months of the year rose to SEK 55.8 (49.8) million, corresponding to an operating margin of 23.2 (22.1) percent.
- Earnings per share were up to SEK 1.48 (1.30) for the second quarter, and SEK 2.86 (2.49) for the first six months of the year.
- Cash flow from operating activities was SEK 41.1 (54.7) million for the quarter and SEK 79.9 (68.4) million for the first six months of the year. Cash and cash equivalents and financial investments amounted to SEK 196.6 (187.6) million at the end of the quarter.
- Enea paid SEK 4.20 (3.60) per share through an automatic redemption program on 14 June, which corresponds to a transfer of SEK 66.8 (57.8) million to shareholders.

	Apr-June		Jan-Jun		Full year
	2016	2015	2016	2015	2015
Revenue, SEK million	124.1	120.2	244.9	237.6	481.5
Revenue growth, %	3	16	3	16	12
Revenue growth currency adjusted, %	4	8	3	8	5
Operating profit, SEK million	28.8	26.5	55.8	49.8	110.0
Operating margin, %	23.2	22.1	22.8	21.0	22.9
Net profit after tax, SEK million	23.5	20.8	45.5	40.0	88.0
Earnings per share, SEK	1.48	1.30	2.86	2.49	5.49
Change in earnings per share, % *	14	19	15	26	20
Cash flow (from operating activities), SEK million	41.1	54.7	79.9	68.4	104.6
Cash, cash equivalents and financial investments, SEK million	196.6	187.6	196.6	187.6	203.5

\* Compared with the same period last year

# A word from the CEO

*"...Worldwide Software Sales represent 24 percent of revenues compared to 14 percent just over two years ago..and we are really satisfied to have achieved this while increasing profit margins."*

*"...a direct result of our commitment in selected open source projects, where we have played a leading role in security on the OPNFV and Yocto projects."*



## New business

Going into 2016, our target was to keep our operating margin stable at levels above 20 percent, and with the ambition to keep increasing our earnings in absolute terms, and earnings per share, on 2015. Looking back at the second quarter, we achieved an operating margin of 23.2 (22.1) percent, and a 14 percent increase in earnings per share to SEK 1.48 (1.30). Operating profit for the quarter was SEK 28.8 million, a 9 percent increase compared with the same period last year. This means that for the first half-year 2016, we increased operating margin to 22.8 (21.0) percent and increased operating profit by 12 percent to SEK 55.8 (49.8) million in the quarter compared to the corresponding period of 2015. In the same period, earnings per share increased by 15 percent.

Revenue increased by 3 percent on the corresponding quarter of the previous year. Revenues from our services business progressed well, representing 31 percent of revenues in the quarter. At the beginning of the quarter, we secured a major new deal in the US within our services business, which we will continue to deliver in the third quarter. As I have written many times previously, 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. But once again, it is our software business outside Key Accounts that is in the highest growth in year-on-year terms, and growing in North and South America, Europe and Asia. We are in the midst of a clear realignment. Revenues from Key Accounts are continuing to reduce as a share of total, while once again, we achieved growth of over 20 percent in Worldwide Software Sales compared to the corresponding period of the previous year. This means that for the quarter, Worldwide Software Sales represent 24 percent of revenues compared to 14 percent just over two years ago. This is a major change for Enea, and we are really satisfied to have achieved this while increasing profit margins.

## An award-winning team

The market for building the communication systems of the future is in fundamental transformation, and it is critical that Enea is part of this process. This is why we are continuing to make substantial investments in our product portfolio and offering to the market. In the first half-year, we invested over SEK 43 million in what we refer to as product development, and expect to maintain this level in the second half-year. We are continuing to invest in our proprietary products, and solutions based on open source. In recent quarters, our work has included producing an ARM variant of the new version of the OPNFV platform known as Brahmaputra, which is the second—and thus enhanced—release of this platform. We have managed this project in close partnership with ARM, and in the past quarter, we were able to demo the results of this process at the NFV World Congress in San Jose. Our work on OPNFV and "Brahmaputra" has attracted attention in several contexts, and our team received the Director's Award at the OPNFV Summit in Berlin in the quarter for their efforts.

It is very satisfying that Enea's efforts and professionals have been recognized in this way. Congress delegates were also able to see Enea and Red Hat experts presenting the ongoing security process in the OPNFV project. This is a direct result of our commitment to selected open source projects, where we have played a leading role in security on the OPNFV and Yocto projects. We are now continuing our work on "Colorado", the third—and further enhanced—release of the OPNFV platform, scheduled for release in autumn 2016.

## New, exciting projects

Apart from our work within open source and projects based on open source, we also worked intensively on our own products in the quarter. We completed the new version of our Element product, with a retained focus of what we usually refer to as "on-device management"—a segment where we see new opportunities, not least in NFV contexts. We have also worked intensively on our portfolio of operating system solutions, and completed new versions of Enea OSE and Enea Linux in the quarter. Operating systems remain the backbone of our product portfolio, and we are continuing to secure new customers with our flagship OSE.

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 very attractive market. So we can combine substantial investments in our product portfolio with continued earnings growth, our long-term strategy is to continuously optimize our organization. We are continuously seeking new ways to make our organization more effective and competitive with a retained focus on excellence, quality and our customers. 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 reiterating our objective of achieving revenue growth for the full year 2016, and we expect earnings per share to improve compared to 2015.

Anders Lidbeck, CEO & President

# Revenue

## Revenue

Enea's revenue in the second quarter was SEK 124.2 (120.2) million, a 3 percent increase compared with the second quarter 2015. Currency adjusted, revenues were 4 percent higher in the second quarter than the corresponding period of the previous year. Revenues for the first six months of the year were SEK 244.9 (237.6) million.

## Revenue by business unit and revenue type

Enea's business units are Key Accounts, Worldwide Software Sales and Global Services. Key Accounts include software sales and product-related services to Enea's two largest customers. Worldwide Software Sales include software sales and product-related services to other customers. Key Accounts and Worldwide Software Sales jointly make up Enea's software business, which generated 69 percent of total revenue in the quarter, divided between Key Accounts at 45 percent and Worldwide Software Sales at 24 percent. Global Services includes sales of services not directly related to software sales. Global Services revenue amounted to 31 percent of total sales in the quarter.

Revenues from Key Accounts decreased compared to the corresponding quarter of the previous year, while revenues from Worldwide Software Sales increased by 34 percent. All units within Worldwide Software Sales increased revenues in year-on-year terms.

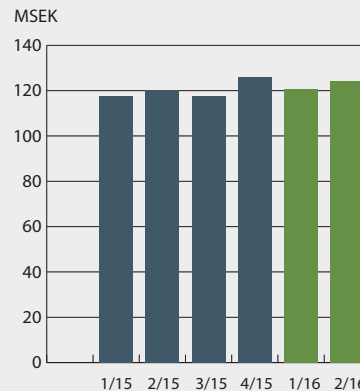
Production licensing sales were 47 percent of software sales, and increased compared with the same period last year. Product-related services were also up on the corresponding period of the previous year. Development licenses including support and maintenance accounted for 48 percent of software sales, and increased in year-on-year terms in the quarter. Product-related services also increased in the period compared to the previous year.

Global Services revenues increased compared with the same period last year. Local service sales in Romania progressed well, while revenues in the US were down on the second quarter 2015.

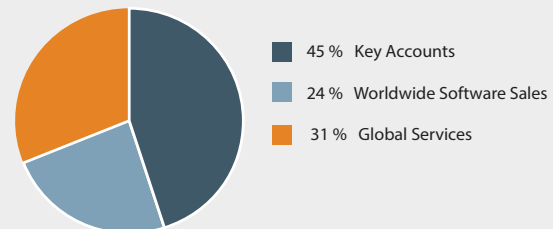
## Revenue by customer segment

The Telecom customer segment includes mobile devices and operators. Quarterly revenues were divided as follows: Telecom customer segment, 70 percent; Aerospace/Defence, 19 percent; Transportation 2 percent, and Other, 9 percent. The Other customer segment includes system integration and manufacturing customers.

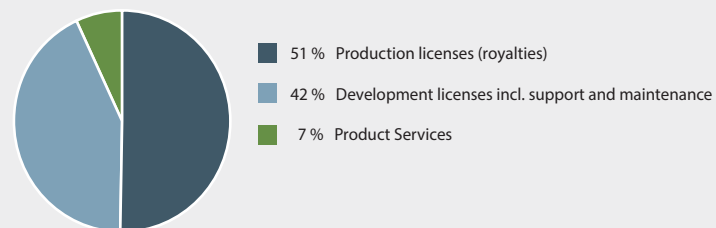
## Revenue



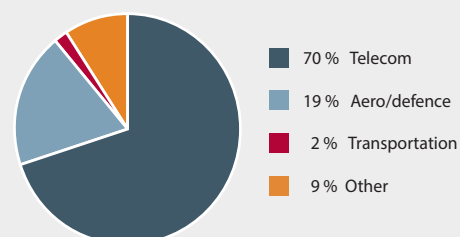
## Revenue per business unit (Apr-Jun)



## Revenue type, software operations (Jan-Mar)



## Revenue per customer segment (Apr-Jun)



# Revenue per Region

**Enea has a total of seven sales offices. They are located in Europe, Americas and Asia.**

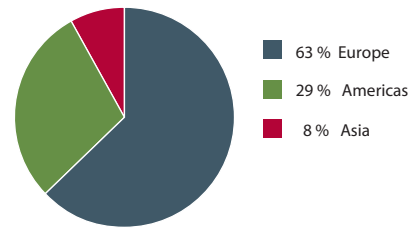
## Europe

The European operations includes such customers as Ericsson and Nokia. Sales are from our offices in Sweden, Germany and Romania and consist of Key Accounts, Worldwide Software Sales and Global Services. Revenues in Europe increased on the corresponding quarter of the previous year.

## Americas

The American operations includes such customers as Motorola, Fujitsu, Boeing and Honeywell. Two offices manage sales and delivery of software and services. Sales consist of Worldwide Software Sales and Global Services. Revenues increased in the quarter compared to the corresponding quarter of the previous year.

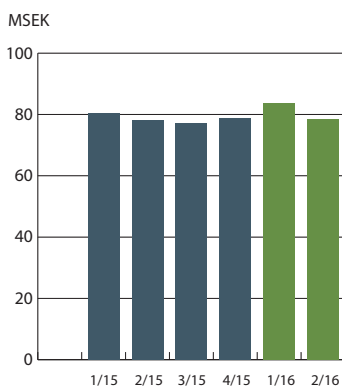
**Revenue per region (Apr-Jun)**



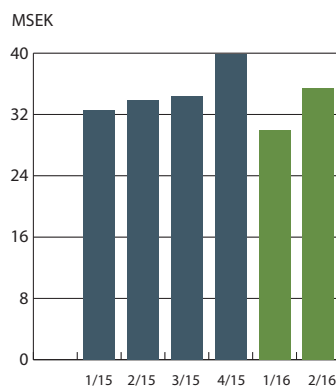
## Asia

The Asian operations are managed from two offices, one in Shanghai, China and the other in Tokyo, Japan, and sales consist of Worldwide Software Sales. In Asia, revenues increased in the quarter compared to the corresponding period of the previous year.

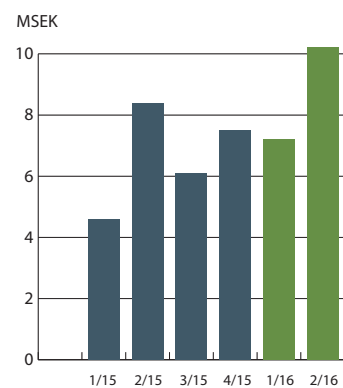
**Revenue Europe**



**Revenue Americas**



**Revenue Asia**



## Revenue per product group

Enea's products and services are divided into three main groups: **Operating systems including tools**, which includes Enea OSE, Enea Linux, Enea OSEck and Enea Optima, **Middleware**, which includes Enea Element, ElementCenter, Polyhedra, LINX and Netbricks. Revenues from services globally are recognised in the **Global Services** product group.

### Operating systems including tools

Operating systems are the software that forms the link between hardware and the programs that it runs. Enea's operating system is used in embedded systems that are components in telecom equipment, for example. Development tools are used to develop software that runs on Enea's operating system and are usually sold together with the operating system. Operating systems and tools are reported as one product group.

Operating systems including tools account for the largest part of Enea's sales, with 58 percent of revenues in the quarter. Sales decreased in the quarter compared with the same period last year.

### Middleware

Middleware is a term for software that connects applications with the operating system. Middleware adds functionality beyond what is available in the underlying operating system, including features for availability, uninterrupted operation and built-in manageability. Enea's middleware solutions accounted for 9 percent of its total sales in the quarter and these revenues increased in the quarter. This segment continues to become more strategically significant to Enea.

### Global Services

Sales from Enea's Global Services increased on the same quarter of the previous year, accounting for 31 percent of Enea's total sales.

### Others

The other group, which mainly consists of third-party products, and currency effects, increased in the quarter, representing 2 percent of total quarterly sales.

### Enea's offering

**Enea OSE, Enea Linux, Enea OSEck** - operating systems

**Enea Optima** - tools for developing software that runs on Enea's operating systems.

**Enea Element** - middleware that interconnects operating systems with applications.

**Enea ElementCenter** - software for configuring, monitoring and controlling network functions.

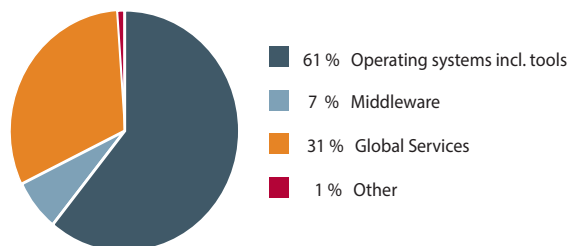
**Enea Polyhedra** - in-memory database.

**Enea LINX** - software that manages communication between the cores of hardware chips.

**Enea Netbricks** - telecom communication protocol

**Global Services** - which delivers design, development, project management, training and quality assurance services, for example.

### Revenue per product group (Oct-Dec)



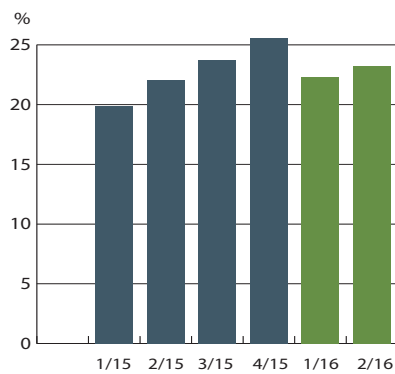
## Profit & Loss

### Profit & Loss

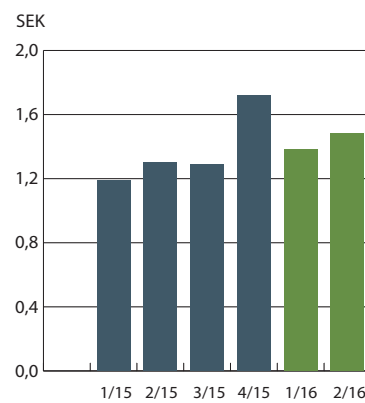
The group's operating profit amounted to SEK 28.8 (26.5) million in the second quarter, which corresponds to an operating margin of 23.2 (22.1) percent. Operating profit for the first six months of the year was SEK 55.8 (49.8) million, corresponding to an operating margin of 22.8 (21.0) percent. Currency effects exerted a marginal impact on profit. The gross margin for the second quarter was 69.9 (71.0) percent, and 69.2 (70.1) percent for the first six months of the year. The decrease of the gross margin in the quarter was mainly due to a higher share of cost of goods and services sold.

The financial net for the second quarter amounted to SEK 1.6 (0.2) million, and SEK 2.5 (1.3) million for the first six months of the year. Profit after tax increased to SEK 23.5 (20.8) million for the quarter, and SEK 45.5 (40.0) million for the first six months of the year. Earnings per share increased to SEK 1.48 (1.30) for the second quarter, and SEK 2.86 (2.49) for the first six months of the year. Without adjusting for holdings of treasury shares, earnings per share were SEK 1.45 (1.27) for the quarter, and SEK 2.80 (2.43) for the first six months of the year.

**Operating margin**



**Earnings per share**





## Employees

At the end of the quarter, the group had 407 (397) employees, an increase of 10 persons on the corresponding quarter of the previous year and an increase of 5 persons on the previous quarter.

## Cash Flow and Investments

### Cash Flow and Financial Position

Cash flow from operating activities was SEK 41.1 (54.7) million for the second quarter, and SEK 79.9 (68.4) million for the first six months of the year. Total cash flow amounted to SEK -27.3 (-65.5) million for the second quarter, and SEK 27.2 (-82.7) million for the first six months of the year. Cash flow from changes in working capital varies between quarters, for reasons including the timing of major payments.

Cash and cash equivalents and financial investments were SEK 196.6 (187.6) million at the end of the quarter, of which financial fixed assets with maturities of more than one year amounted to SEK 35.0 (88.7) million. In addition, the group has an unused credit of SEK 15 million. Enea has an equity ratio of 72.6 (74.2) percent.

### Investments

The Group's investments amounted to SEK 4.7 (3.7) million for the second quarter, and SEK 38.7 (8.1) million for the first six months of the year. Depreciation and amortisation amounted to SEK 4.2 (4.8) million for the quarter, and SEK 9.3 (9.5) million for the first six months of the year. Enea capitalised SEK 4.2 (3.1) million of product development expenses in the second quarter, and SEK 8.4 (7.0) million for the first six months of the year. Amortisation of capitalised product development expenses in the second quarter amounted to SEK 3.1 (3.8) million, and SEK 7.1 (7.5) million for the first six months of the year.

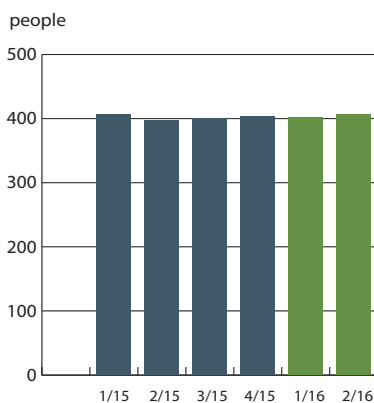
## Repurchasing of Treasury Shares

Enea repurchased 23,413 shares in the second quarter for SEK 2.0 million. Enea held 345,978 treasury shares at the end of the quarter, corresponding to 2.1 percent of the total number of shares.

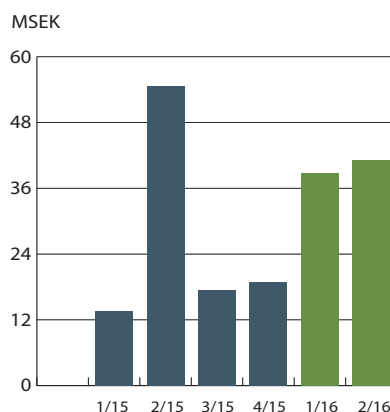
## Parent Company

The parent company's revenue for the first six months of the year amounted to SEK 24.1 (27.8) million and profit before appropriations and tax amounted to SEK 67.3 (131.3) million. The financial net of the parent company was SEK 67.3 (131.3) million, and at the end of the quarter, cash and cash equivalents and financial investments amounted to SEK 154.0 (163.7) million. The parent company's investments in the quarter amounted to SEK 0.1 (0) million. The parent company had 13 (12) employees at the end of the quarter. The parent company does not conduct its own business and its risks primarily relate to the operations of subsidiaries.

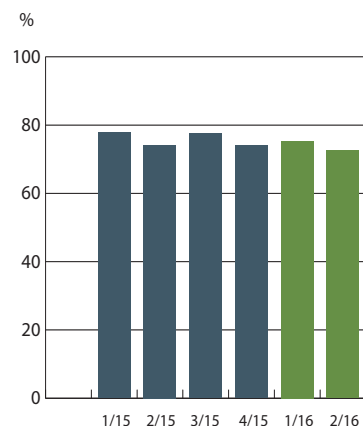
### Employees



### Cash flow from operations



### Equity ratio



## Other

### Accounting Policies

This Interim Report has been prepared in accordance with IAS 34, Interim Financial Reporting, which is compliant with Swedish law through application of the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups and RFR 2, Accounting for Legal Entities, for the parent company. The corresponding accounting policies, definitions and calculation methods have been applied as in the latest annual accounts for the group and parent company, unless stated otherwise below.

### Financial Assets and Liabilities

The group applies IFRS 13. This standard requires submission of information on uncertainty in the valuations on the basis of the three levels used for financial instruments. Level 1: Fair value of financial instruments traded on an active market is based on listed market prices on the reporting date. A market is regarded as active if listed prices from a stock exchange, broker, industry group, pricing service or regulatory agency are readily and regularly available and if these prices represent actual and regularly occurring arm's length market transactions. The listed market price used for the group's financial assets is the current purchase price for corporate bonds. These are level 1 instruments. The investments included in level 1 are made up of corporate bonds SEK 35.0 million. The fair value of corporate bonds held to maturity is SEK 35.0 million. Level 2: Fair value of financial instruments not traded on an active market (e.g. OTC derivatives are measured with the aid of valuation techniques). The group has currency derivatives, which are used for hedging purposes. Currency hedges are measured at market value by conducting an early allocation of the currency hedge in order to determine what the forward price would be if the maturity were at the reporting date. The group has currency hedging of EUR to SEK, so the difference in interest rate between Sweden and Europe for the remaining original term provides the number of points to be deducted from the original forward price. The difference between the new forward price and the original forward price gives the market value of the currency hedge. Market information is used here as far as possible as this is available, while company-specific information is used as little as possible. The group has a liability relating to currency hedges that is recognised at a value of SEK 0.8 million as at 30 June 2016. This is also the total for level 2. Level 3: there is a liability relating to an additional purchase consideration for Centred Logic in level 3, which amounts to SEK 18.6 million as of 30 June 2016. Estimated fair value is consistent with carrying amount.

Allocation by level in valuation at fair value, 2016-06-30, SEK million	Level 1	Level 2	Level 3	Total
<b>Financial assets available for sale</b>				
Corporate bonds	35.0	-	-	35.0
<b>Derivatives used for hedging purposes</b>				
Currency derivatives	-	0.8	-	0.8
<b>Financial liabilities measured at fair value through profit or loss</b>				
Liability, additional purchase consideration	-	-	18.6	18.6
<b>Total</b>	<b>35.0</b>	<b>0.8</b>	<b>18.6</b>	<b>54.5</b>

No transfers between the categories took place in the period. The carrying amount of other financial assets and liabilities is consistent with fair value.

### Acquisition of Centered Logic

On 8 January, Enea Software AB acquired the assets of Centred Logic LLC and Model Based Technology LLC "Centered Logic," two American companies active in network management and orchestration, for SEK 28,999 thousands via an asset acquisition. The employees of Centered Logic were transferred to Enea in connection with the acquisition. Operating profit (loss) and assets and liabilities relating to the acquired operation are being reported effective 1 January 2016. The financial effects of this transaction are stated below.

### Purchase consideration

Summary purchase consideration paid, TSEK

Cash and cash equivalents	10,624
Contingent consideration	18,375
<b>Total purchase consideration paid</b>	<b>28,999</b>

Carrying amounts (fair values) of identified assets and liabilities taken over of Centered Logic as of the acquisition date, TSEK

Prepaid expenses	2
Prepaid income	-237
Contracts with customers	400
Intellectual property	1,336
Goodwill	27,497
<b>Total</b>	<b>28,999</b>

### Contingent consideration

Pursuant to an agreement on contingent consideration, Enea will pay an additional purchase consideration in cash based on Centered Logic's license and services sales, of a maximum of MUS\$ 2.2 to the sellers of the intellectual property of the products and the operations of Centered Logic. The estimated nominal value of the contingent consideration is essentially consistent with fair value, and accordingly, the liability has not been discounted kUSD 300 of the additional purchase consideration becomes due within one year, and the remaining kUSD 1.900 is due within 1 to 4 years.

### Essential Risks and Uncertainty Factors

Dependence on Key Accounts decreases, but remains high. These customers accounted for half of the group's revenues during 2015. Because there were no significant changes in general to material risks and uncertainties in the past quarter, the reader is referred to the review on pages 18-19 of the most recent Annual Report.



## Annual General Meeting & Dividend through an automatic redemption program

Enea's Annual General Meeting 2016 was held at 4:30 p.m. on Tuesday 10 May at Kista Science Tower, Färögatan 33, Kista, Sweden.

- The AGM resolved to adopt an automatic redemption program worth SEK 4.20 (3.60) per share. This corresponds to a transfer to shareholders amounting to SEK 66,8 (60.3) million. The record date for the share split was 18 May 2016. The period for trading in redemption shares was from 20 May to 2 June 2016. Payment in cash of redemption amount was 10 June 2016. More information on the redemption program is in the information folder about the redemption program which is available from Enea's website.
- Anders Skarin was elected as Chairman of the Board. Kjell Duveblad, Mats Lindoff, Torbjörn Nilsson and Åsa Sundberg were re-elected as Board members. Gunilla Fransson was elected as a new Board member. Öhrlings PricewaterhouseCoopers AB was elected as auditor.
- The AGM approved the Board of Directors' proposal regarding authorisation for the Board to decide on the acquisition and transfer of treasury shares. The maximum permitted purchase of shares corresponds to holdings not exceeding 10 percent of all the shares of the company at any time.
- The AGM approved the Board of Directors' proposal regarding authorisation for the Board to decide on the new issue of shares for share or business acquisitions for the period until the AGM 2017. The maximum permitted number of shares issued may correspond to 10 percent of the number of outstanding shares.
- The AGM approved to the Board of Directors' proposal to cancel 222,346 shares.

*The Annual Report and other documentation is available from Enea's website, [www.enea.com](http://www.enea.com)*

## Target Compliance and Outlook

### Long-term Ambition

The ambition over a period of three years commencing 2016 is to continue to develop a global software company with higher sales, sustainable high profitability and good cash flows. The company will focus on organic growth, but both strategic and complementary acquisitions will be evaluated continuously.

Growth will vary between years and quarters, depending on the timing of individual deals and the progress of royalty streams, which depend on customers' sales volumes. Operating margin will vary over the quarters of this period, corresponding to growth. Enea's objective is to maintain an operating margin of over 20 percent over this period.

### Outlook for 2016

Our objective for the full year 2016 is to achieve revenue growth and our assessment is that earnings per share will improve compared to 2015.

Kista, July 20, 2016  
Board of directors

*This interim report was not examined by the Company's auditors*

### The Board of Directors' assurance

The Board and CEO of Enea assure that this report presents a true and fair overview of the operations, financial position, and performance of the parent company and the Group, and that it describes the major risks and uncertainties faced by the company and group companies.

Kista, July 20 2016  
Enea AB (556209-7146)

Anders Skarin  
Chairman of the Board

Kjell Duveblad  
Board member

Mats Lindoff  
Board member

Torbjörn Nilsson  
Board member

Åsa Sundberg  
Board member

Gunilla Fransson  
Board member

Eva Swedberg  
Employee representative

Anders Lidbeck  
President and CEO

## Consolidated statement of comprehensive income

SEK million	Apr-Jun		Jan-Jun		12 months	Full year
	2016	2015	2016	2015	Jul-Jun	2015
Revenue	124.1	120.2	244.9	237.6	488.8	481.5
Cost of sold products and services	-37.4	-34.8	-75.5	-71.1	-151.0	-146.6
Gross profit	86.7	85.4	169.4	166.5	337.8	334.9
Sales and marketing costs	-22.5	-22.8	-44.8	-44.6	-84.5	-84.4
R&D costs	-22.4	-23.6	-43.5	-46.7	-88.1	-91.3
General and administration costs	-13.0	-12.5	-25.3	-25.3	-49.2	-49.1
Operating profit <sup>1,2</sup>	28.8	26.5	55.8	49.8	116.0	110.0
Financial net	1.6	0.2	2.5	1.3	3.6	2.5
Profit before tax	30.4	26.7	58.3	51.2	119.6	112.5
Tax	-6.9	-5.9	-12.8	-11.2	-26.2	-24.5
<b>Net profit for the period</b>	<b>23.5</b>	<b>20.8</b>	<b>45.5</b>	<b>40.0</b>	<b>93.4</b>	<b>88.0</b>
OTHER COMPREHENSIVE INCOME						
<i>Items that may be reclassified to profit or loss</i>						
Change in hedging reserve, after tax	-1.0	0.9	-1.6	1.8	-1.4	2.0
Currency translation differences	3.1	-4.5	2.4	1.5	3.2	2.3
Total comprehensive income for the period, net of tax	25.7	17.3	46.4	43.4	95.2	92.2
Profit for the period attributable to the shareholders of the Parent Company	23.5	20.8	45.5	40.0	93.4	88.0
Comprehensive income for the period attributable to the shareholders of the Parent Company	25.7	17.3	46.4	43.4	95.2	92.2
1) incl. depreciation of tangible assets	0.9	1.0	1.7	1.9	3.5	3.7
2) incl. amortization of intangible assets	3.3	3.8	7.6	7.6	14.7	14.7

## Key figures related to the income statement

	Apr-Jun		Jan-Jun		12 months	Full year
	2016	2015	2016	2015	Jul-Jun	2015
Earnings per share (SEK) <sup>1</sup>	1.48	1.30	2.86	2.49	5.84	5.49
Earnings per share after full dilution (SEK)	1.48	1.30	2.86	2.49	5.84	5.49
Number of shares before dilution (million)	15.9	16.1	15.9	16.1	16.0	16.0
Number of shares after dilution (million)	15.9	16.1	15.9	16.1	16.0	16.0
Revenue growth (%)	3	16	3	16	6	12
Gross margin (%)	69.9	71.0	69.2	70.1	69.1	69.6
Operating costs in % of revenue						
- Sales and marketing costs	18.1	19.0	18.3	18.8	17.3	17.5
- R&D costs	18.1	19.6	17.8	19.7	18.0	19.0
- General and administration costs	10.5	10.4	10.3	10.6	10.1	10.2
Operating margin (%)	23.2	22.1	22.8	21.0	23.7	22.9

1) Excluding Enea's treasury shares

## Consolidated statement of financial position

<i>SEK million</i>	30 Jun	30 Jun	31 Dec
	2016	2015	2015
<b>ASSETS</b>			
Intangible assets	159.8	128.2	128.4
- of which goodwill	121.5	90.9	92.6
- of which capitalized development costs	36.2	36.4	35.0
- of which other intangible assets	2.1	0.9	0.8
Tangible assets	6.1	6.9	6.6
Deferred tax assets	2.1	1.8	1.9
Other fixed assets	1.4	1.0	2.0
Financial assets held for sale, non-current	35.0	88.7	70.7
Current receivables	155.8	158.2	196.2
Cash and cash equivalents	161.6	98.9	132.8
<b>Total assets</b>	<b>521.8</b>	<b>483.8</b>	<b>538.6</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	379.0	358.9	398.9
Deferred tax liability	19.9	15.9	20.2
Other provisions	1.3	1.3	1.3
Long-term liabilities, non-interest-bearing	16.1	-	-
Current liabilities, non-interest bearing	105.5	107.7	118.2
<b>Total equity and liabilities</b>	<b>521.8</b>	<b>483.8</b>	<b>538.6</b>

## Consolidated statement of changes in equity

<i>SEK million</i>	30 Jun	30 Jun	31 Dec
	2016	2015	2015
At beginning of period	398.9	400.3	400.3
Total comprehensive income for the period	46.4	43.4	92.2
Dividend / Redemption program	-66.8	-57.8	-57.8
Share saving program	2.6	3.8	6.5
Repurchasing of own shares	-2.0	-30.8	-42.3
<b>At end of period</b>	<b>379.0</b>	<b>358.9</b>	<b>398.9</b>

## Consolidated statement of cash flows

SEK million	Apr-Jun		Jan-Jun		Full year
	2016	2015	2016	2015	2015
Cash flow from operating activities before change in working capital	30.9	28.1	58.8	53.5	123.1
Cash flow from change in working capital	10.2	26.7	21.1	14.8	-18.5
Cash flow from operating activities	41.1	54.7	79.9	68.4	104.6
Cash flow from investing activities	0.5	-35.7	16.2	-62.5	-52.8
Cash flow from financing activities <sup>1)</sup>	-68.9	-84.5	-68.9	-88.6	-100.1
Cash flow for the period	-27.3	-65.5	27.2	-82.7	-48.3
Cash and cash equivalents at the beginning of period	187.7	165.3	132.8	180.4	180.4
Exchange rate differences in cash and cash equivalents	1.2	-0.9	1.6	1.2	0.7
Cash and cash equivalents at end of period	161.6	98.9	161.6	98.9	132.8

1) Redemption program June 2016 SEK 66.8 million (June 2015 SEK 57.8 million)

## Key Figures related to the balance sheet and cash flow

	Jan-Jun		12 months	Full year
	2016	2015	Jul-Jun	2015
Cash and cash equivalents and financial investments (SEK million )	196.6	187.6	196.6	203.5
Equity ratio (%)	72.6	74.2	72.6	74.1
Equity per share (SEK)	23.84	22.35	23.84	25.06
Cash flow from operating activities per share (SEK)	5.02	4.26	5.69	6.53
Number of employees at end of period	407	397	407	403
Return on equity (%)	-	-	25.3	22.0
Return on capital employed (%)	-	-	34.6	29.7
Return on assets (%)	-	-	25.5	22.9

## Parent Company Income Statement

SEK million	Jan-Jun		Full year
	2016	2015	
Revenue	24.1	27.8	52.9
Operating costs	-24.1	-27.8	-52.9
Operating profit	-	-	-
Net financial income	67.3	131.3	132.5
Profit after financial net	67.3	131.3	132.5
Appropriations	-	-	-1.1
Profit before tax	67.3	131.3	131.5
Tax	-0.3	-0.3	-0.6
<b>Net profit for the period</b>	<b>67.0</b>	<b>131.0</b>	<b>130.8</b>

## Parent Company Balance Sheet

SEK million	30 Jun		31 Dec
	2016	2015	2015
ASSETS			
Fixed assets	209.4	263.8	245.5
Current assets	144.0	97.9	119.7
<b>Total assets</b>	<b>353.3</b>	<b>361.7</b>	<b>365.1</b>
EQUITY AND LIABILITIES			
Equity	258.2	266.2	257.2
Untaxed reserves	7.7	6.6	7.7
Current liabilities	87.4	88.8	100.2
<b>Total equity and liabilities</b>	<b>353.3</b>	<b>361.7</b>	<b>365.1</b>

## Quarterly data

SEK million	2016		2015			2014				
	q 2	q 1	q 4	q 3	q 2	q 1	q 4	q 3	q 2	q 1
<b>INCOME STATEMENT</b>										
Revenue	124.1	120.8	126.2	117.7	120.2	117.4	119.3	105.0	104.0	101.0
Costs of sold prod. and services	-37.4	-38.2	-37.6	-37.9	-34.8	-36.2	-34.1	-29.0	-29.0	-28.8
Gross profit	86.7	82.7	88.5	79.9	85.4	81.1	85.2	76.0	75.0	72.2
Sales and marketing costs	-22.5	-22.3	-20.5	-19.3	-22.8	-21.8	-22.7	-19.7	-17.6	-20.3
R&D costs	-22.4	-21.1	-23.1	-21.5	-23.6	-23.2	-21.8	-20.1	-23.5	-22.5
General and administration costs	-13.0	-12.4	-12.7	-11.2	-12.5	-12.8	-11.5	-12.3	-11.1	-11.5
Operating profit	28.8	26.9	32.3	27.9	26.5	23.3	29.2	23.9	22.7	18.0
Net financial income/expense	1.6	0.9	1.3	-0.1	0.2	1.1	0.3	0.4	0.1	0.7
Profit before tax	30.4	27.8	33.6	27.7	26.7	24.4	29.4	24.3	22.8	18.7
Tax	-6.9	-5.9	-6.2	-7.1	-5.9	-5.3	-5.9	-5.5	-5.1	-4.3
<b>Net profit for the period</b>	<b>23.5</b>	<b>21.9</b>	<b>27.4</b>	<b>20.6</b>	<b>20.8</b>	<b>19.2</b>	<b>23.5</b>	<b>18.8</b>	<b>17.8</b>	<b>14.4</b>
Other comprehensive income	2.1	-1.2	-2.5	3.4	-3.6	6.9	5.8	4.4	4.0	-0.7
Total comprehensive income	25.7	20.7	24.8	24.0	17.3	26.1	29.3	23.2	21.7	13.7
<b>BALANCE SHEET</b>										
Intangible assets	159.8	157.2	128.4	129.8	128.2	131.3	128.1	124.6	123.3	120.9
Other assets	8.2	8.3	8.5	9.2	8.7	9.2	9.5	10.0	10.4	11.7
Other financial fixed assets	1.4	1.5	2.0	0.6	1.0	0.5	0.5	0.4	0.5	-
Financial assets held for sale, non-current	35.0	40.1	70.7	83.0	88.7	57.2	14.3	33.3	33.4	-
Current receivables	155.8	164.0	196.2	150.6	158.2	181.7	150.6	142.1	146.9	152.8
Financial assets held for sale, current	-	-	-	-	-	-	20.6	20.4	20.1	-
Cash and cash equivalents	161.6	187.7	132.8	110.3	98.9	165.3	180.4	130.7	118.1	191.9
<b>Total assets</b>	<b>521.8</b>	<b>558.8</b>	<b>538.6</b>	<b>483.5</b>	<b>483.8</b>	<b>545.2</b>	<b>504.0</b>	<b>461.4</b>	<b>452.7</b>	<b>477.3</b>
Shareholders' equity	379.0	420.9	398.9	374.9	358.9	424.3	400.3	373.6	351.7	383.7
Long-term liab., non-interest bearing	37.3	36.8	21.5	17.5	17.2	17.0	16.2	11.4	11.2	11.3
Current liab., non-interest bearing	105.5	101.1	118.2	91.2	107.7	104.0	87.5	76.5	89.8	82.2
<b>Total equity and liabilities</b>	<b>521.8</b>	<b>558.8</b>	<b>538.6</b>	<b>483.5</b>	<b>483.8</b>	<b>545.2</b>	<b>504.0</b>	<b>461.4</b>	<b>452.7</b>	<b>477.3</b>
<b>CASH FLOW</b>										
Cash flow from operating activities	41.1	38.8	18.8	17.5	54.7	13.6	38.5	17.9	36.8	23.0
Cash flow from investing activities	0.5	15.7	6.9	2.8	-35.7	-26.7	14.3	-2.9	-57.0	-3.3
Cash flow from financial activities	-68.9	-	-2.2	-9.3	-84.5	-4.1	-4.7	-3.2	-54.8	-1.9
<b>Cash flow for the period</b>	<b>-27.3</b>	<b>54.5</b>	<b>23.5</b>	<b>10.9</b>	<b>-65.5</b>	<b>-17.2</b>	<b>48.1</b>	<b>11.8</b>	<b>-75.0</b>	<b>17.8</b>
<b>Cash flow, discontinued operations incl. cap.gain:</b>										
Cash flow, discontinued operations	-	-	-	-	-	-	-	-	-	10.4
<b>Total cash flow for the period</b>	<b>-27.3</b>	<b>54.5</b>	<b>23.5</b>	<b>10.9</b>	<b>-65.5</b>	<b>-17.2</b>	<b>48.1</b>	<b>11.8</b>	<b>-75.0</b>	<b>28.2</b>

## 5 Years in Summary

SEK million	2015	2014	2013	2012	2011
<b>INCOME STATEMENT</b>					
Revenue	481.5	429.3	408.5	467.8	721.5
Operating expenses	-371.4	-335.5	-326.4	-395.3	-719.0
Operating profit	110.0	93.8	82.1	72.5	2.5
Net financial items	2.5	1.5	1.7	4.2	3.8
Earnings before tax	112.5	95.3	83.8	76.7	6.3
Profit for the period	88.0	74.5	63.2	53.6	-6.4
Profit, discontinued operations <sup>1</sup>	-	-	-	61.7	-
<b>Net profit</b>	<b>88.0</b>	<b>74.5</b>	<b>63.2</b>	<b>115.3</b>	<b>-6.4</b>
<b>BALANCE SHEET</b>					
Intangible assets	128.4	128.1	121.7	121.5	127.1
Other assets	8.5	9.5	13.2	20.3	26.4
Other financial fixed assets	2.0	0.5	-	28.0	-
Financial assets held for sale, non-current	70.7	14.3	-	-	-
Current receivables	196.2	150.6	140.8	143.2	147.0
Financial assets held for sale, current	-	20.6	-	-	-
Cash and cash equivalents	132.8	180.4	163.6	146.7	127.3
Assets held for sale	-	-	-	-	137.3
<b>Total assets</b>	<b>538.6</b>	<b>504.0</b>	<b>439.3</b>	<b>459.7</b>	<b>565.1</b>
Shareholders' equity	398.9	400.3	371.2	367.2	415.9
Provisions and non-current liabilities	21.5	16.2	11.6	6.8	3.6
Current liabilities	118.2	87.5	56.5	85.8	90.0
Liabilities held for sale	-	-	-	-	55.6
<b>Total equity and liabilities</b>	<b>538.6</b>	<b>504.0</b>	<b>439.3</b>	<b>459.7</b>	<b>565.1</b>
<b>CASH FLOW</b>					
Cash flow from operating activities	104.6	116.2	76.6	80.1	77.2
Cash flow from investing activities	-52.8	-48.9	-14.3	-15.7	-33.0
Cash flow from investing activities - divested business	-	10.4	18.0	115.4	-
Cash flow from financing activities	-100.1	-64.6	-63.1	-157.3	-93.4
<b>Cash flow for the period</b>	<b>-48.3</b>	<b>13.1</b>	<b>17.3</b>	<b>22.5</b>	<b>-49.2</b>
<b>KEY FIGURES</b>					
Revenue growth, %	12	5	-13	-35	-1
Operating margin, %	22.9	21.9	20.1	15.5	0.3
Profit margin, %	23.4	22.2	20.5	16.4	0.9
Return on capital employed, %	29.7	25.7	24.1	19.2	4.5
Return on equity, %	22.0	19.3	17.1	13.7	2.5
Return on total capital, %	22.9	21.1	19.8	15.7	3.6
Interest coverage ratio, times	16.2	24.5	16.7	20.7	7.3
Equity ratio, %	74.1	79.4	84.5	79.9	73.6
Liquidity, %	278.3	401.8	538.9	338.1	304.8
Average number of employees	400	392	384	417	613
Net sales per employee, MSEK	1.20	1.10	1.06	1.12	1.18
Net asset value per share, SEK	25.10	24.81	22.65	22.14	24.31
Earnings per share, SEK	5.49	4.58	3.83	6.85	-0.37
Transfer to shareholders per share, SEK <sup>2</sup>	4.20	3.60	3.00	3.00	8.00

1) The comparative numbers related to the divestment of Nordic consulting business has been reclassified according to IFRS 5 and comments from Nasdaq Stockholm.

2) Transfer to shareholders adopted by the Annual General Meeting 2016.

## Financial Definitions and Alternative Performance Measures

**Capital employed:** Total assets less non-interest-bearing liabilities including deferred tax liabilities. Average capital employed has been calculated as opening capital employed plus closing capital employed divided by two.

**Cash flow from operating activities per share:** Cash flow from operating activities in relation to the average number of shares.

**Earnings per share:** Profit after tax in relation to the average number of shares.

**Equity per share:** Equity in relation to the total number of shares outstanding.

**Equity ratio:** Equity including minority interests in relation to total assets.

**Interest coverage ratio:** Profit after financial net plus financial costs in relation to financial costs.

**Liquidity:** Cash and cash equivalents, including current investments and receivables, in relation to current liabilities.

**Net asset value per share:** Net asset value, equivalent to equity, in relation to the total number of shares outstanding.

**Revenue growth<sup>1</sup>:** Revenue in the period in relation to the previous period's revenue.

**Revenue per employee:** Revenue in relation to the average number of employees.

**Operating margin:** Operating profit in relation to revenue.

**Profit margin:** Profit after financial items in relation to revenue.

**Return on capital employed:** Operating profit (loss) plus financial income<sup>2</sup> in relation to average capital employed.

**Return on equity:** Profit (loss) after tax in relation to average equity.

**Return on total capital:** Profit after financial items plus financial costs<sup>2</sup> in relation to average total assets.

**Transfer to shareholders per share:** Dividend for the current financial year divided by the number of shares on the reporting date.

*The Interim Report for the second quarter 2016 refers to non-IFRS measures that Enea that other parties use to evaluate Enea's results of operations. These measures provide management and investors with significant information to analyse trends in the company's business operations. These non-IFRS measures are intended to complement, but not replace, financial measures presented in accordance with IFRS.*

1) Reconciliation of revenue growth					
	Apr-Jun		Jan-Jun		Full year
	2016	2015	2016	2015	2015
Revenue, MSEK	124.1	120.2	244.9	237.6	481.5
Revenue growth, %	3	16	3	16	12
Revenue growth currency adjusted, %	4	8	3	8	5
<b>MSEK</b>					
Revenue growth based on unchanged exchange rates compared with the previous year	4.4	8.2	7.4	16.2	23.5
Currency adjustment revenue growth	-0.5	8.0	0.0	16.4	28.7
Reported revenue growth	3.9	16.2	7.4	32.6	52.2
<b>%</b>					
Revenue growth based on unchanged exchange rates compared with the previous year	4	8	3	8	5
Currency adjustment revenue	-0	8	-0	8	7
Reported revenue growth	3	16	3	16	12

2) Reconciliation of financial net					
	Apr-Jun		Jan-Jun		Full year
	2016	2015	2016	2015	2015
Financial income, MSEK	4.2	1.8	7.9	5.0	9.2
Financial expenses, MSEK	-2.6	-1.6	-5.4	-3.6	-6.7
Reported financial net, MSEK	1.6	0.2	2.5	1.3	2.5

## Technology Insight

### Next-generation NFV platform focusing on ARM hardware

OPNFV (the Open Platform for Network Function Virtualization) is an open, well-integrated open source software platform that enables the virtualization of network functions. NFV separates applications from hardware in a network, facilitating and streamlining the implementation of new products and services.

Enea gained attention in the quarter for its work on making the open software platform OPNFV accessible to ARM hardware. The ARM-band project, where Enea plays a leading role, also gained an award for its contribution to the OPNFV project at the OPNFV Summit in June.

The latest version of this software platform is called Brahmaputra, and is an excellent catalyst for the OPNFV collaboration for testing products and services based on virtualized network function. This new version has several new and updated components that deliver new functionality and performance enhancements. This version

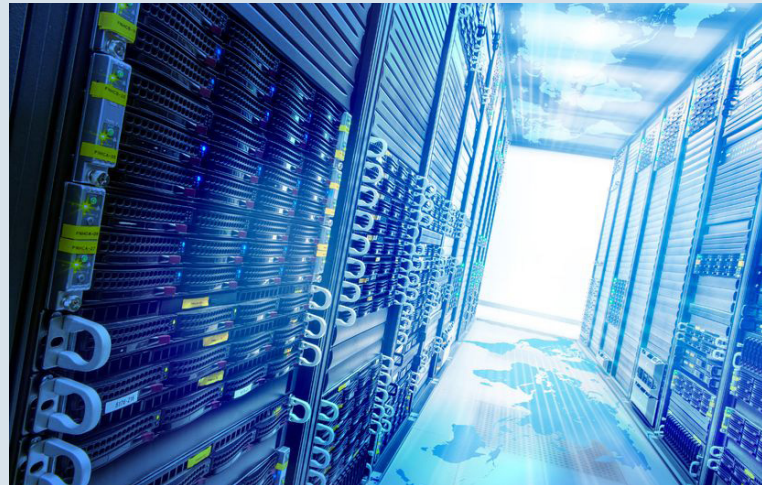
delivers superior support for building, distributing, automating and testing software projects. Enea's NFV lab, launched in late-2015, was expanded in the quarter with support for Brahmaputra and the latest generation of ARM hardware for commercial use.

**For more information:**

<http://www.enea.com/pharos-lab>

**or contact:**

[info@enea.com](mailto:info@enea.com)



## Significant events during the quarter

- **Enea's Annual Report for 2015 published** - Enea published its Annual Report for 2015.
- **Enea demonstrates ARM-based integration of OPNFV Brahmaputra at the NFV World Congress** - Enea demoed an integration of the latest OPNFV software (Brahmaputra) at the NFV World Congress in San Jose, US (20-22 April). The demo ran on ARM-based servers in Enea's NFV lab, which is OPNFV Pharos compatible.
- **Enea signs a service agreement worth 2.8 M USD with an American aerospace and defense company.**
- **Interim Report January-March 2016** - Enea published its Interim Report for the first-quarter 2016.
- **Report from Enea's Annual General Meeting 2016** - Enea published a report from its AGM 2016.

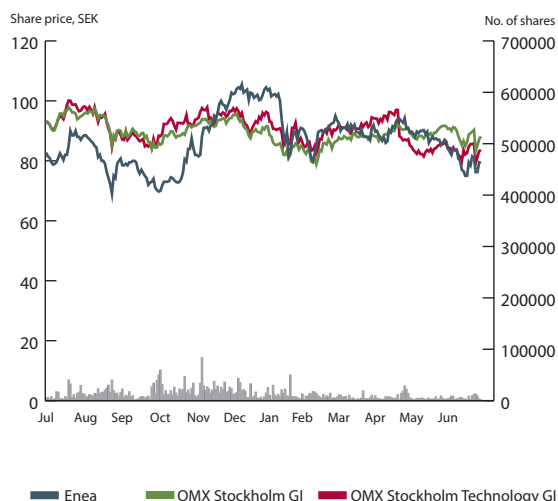
**For more information, go to:**

<http://www.enea.com/sv/Corporate/Press/Pressmeddelanden/>

**or contact:**

[info@enea.com](mailto:info@enea.com)





## The Share

April - June 2016

Share price development:	-11.70 %
No. of traded shares:	359,042
Highest closing price:	94.25 SEK
Lowest closing price:	75.00 SEK
Dividend 2016*	4.20 SEK
Market cap. (30 Jun):	1,287 MSEK
Total No. of shares (30 Jun):	16,240,231

\* through a redemption program

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## Financial information

Interim report Jul-Sep	26 October, 2016
Annual statement	9 February, 2017

All financial information is published at Enea's website  
[www.enea.com/investors](http://www.enea.com/investors)

Financial reports can also be ordered from  
Enea AB, P.O. Box 1033, SE-164 21 Kista, Sweden  
or by e-mail: [ir@enea.com](mailto:ir@enea.com)

*This report contains forward-looking statements that are based on the current expectations of the management of Enea. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors. This document is essentially a translation of Swedish language original thereof. In the event of any discrepancies between this translation and the original Swedish document the latter shall be deemed correct.*