



Interim Report July - September 2016

High growth continues in software sales outside Enea's Key Accounts

Enea's revenue, operating profit and operating margin improved on the corresponding period of the previous year. Earnings per share were up by 11 percent compared to the corresponding period of the previous year.

- Revenue in the third quarter was SEK 120.1 (117.7) million, equivalent to a 3 percent increase. In the first nine months of the year, revenue increased to SEK 365.6 (355.3) million.
- Operating profit for the third quarter was up to SEK 29.6 (27.9) million, corresponding to an operating margin of 24.5 (23.7) percent. Operating profit for the first nine months of the year rose to SEK 85.3 (77.7) million, corresponding to an operating margin of 23.3 (21.9) percent.
- Earnings per share were up to SEK 1.42 (1.29) for the third quarter, and SEK 4.28 (3.77) for the first nine months of the year.
- Cash flow from operating activities was SEK 20.7 (17.5) million for the quarter and SEK 100.7 (85.8) million for the first nine months of the year. Cash and cash equivalents and financial investments amounted to SEK 215.8 (193.4) million at the end of the quarter.
- At the end of October, Enea signed an agreement to acquire Qosmos, a French Network Intelligence software specialist. For more information see page 16.

	Jul-Sep		Jan-Sep		Full year
	2016	2015	2016	2015	2015
Revenue, SEK million	120.7	117.7	365.6	355.3	481.5
Revenue growth, %	3	12	3	15	12
Revenue growth currency adjusted, %	1	6	2	7	5
Operating profit, SEK million	29.6	27.9	85.3	77.7	110.0
Operating margin, %	24.5	23.7	23.3	21.9	22.9
Net profit after tax, SEK million	22.6	20.6	68.0	60.6	88.0
Earnings per share, SEK	1.42	1.29	4.28	3.77	5.49
Change in earnings per share, % *	11	11	13	20	20
Cash flow (from operating activities), SEK million	20.7	17.5	100.7	85.8	104.6
Cash, cash equivalents and financial investments, SEK million	215.8	193.4	215.8	193.4	203.5

* Compared with the same period last year

A word from the CEO

"We're undoubtedly in the midst of major change. The trend of proprietary software being increasingly replaced by open source remains strong, not least in the telecom industry."

"Once again, our software business outside Key Accounts is in the highest growth. The fastest growth of all is in Asia."



Anders Lidbeck,
President & CEO

Results of operations

Enea made positive progress in the first nine months of the year. Going into 2016, our target was to keep our operating margin stable at levels above 20 percent, with the ambition to keep increasing our earnings in absolute terms, and per share, on 2015. Looking back at the third quarter, we achieved an operating margin of 24.5 (23.7) percent, and an 11 percent increase in earnings per share to SEK 1.42 (1.29). Operating profit for the quarter was SEK 29.6 million, a 6 percent increase compared to the corresponding period of the previous year. This means that for the nine-month period, we increased operating margin to 23.3 (21.9) percent and operating profit by 10 percent to SEK 85.3 (77.7) million in the quarter compared to the corresponding period of 2015. In the same period, earnings per share rose by just over 13 percent.

Growth still strong in Worldwide Sales

Revenue increased by 3 percent on the corresponding quarter of the previous year. Revenue from our services business progressed well, representing 33 percent of revenue in the quarter. This is the same share as in the corresponding period of the previous year. In the second quarter, we secured a major new deal in the US within our services business, which we continued to deliver in the third quarter. Our service business is becoming more important to us strategically. Expertise and the capacity to deliver integrated projects effectively and with high quality are, and will remain, key factors in a world where open source is becoming ever more significant.

But once again, it's our software business outside Key Accounts that is in the highest growth. We are growing fastest in Asia, where we reported high double-digit growth figures for the quarter compared to the corresponding period of the previous year. Revenue from Key Accounts are continuing to reduce as a share of total, and in absolute terms. This means that for the quarter, Worldwide Software Sales represent 20 percent of revenue compared to 15 percent two years ago. This is a major change for Enea, and we're really satisfied to have achieved this with increasing profit margins.

The migration to open source will impact on us

We're undoubtedly in the midst of major change. The trend of proprietary software being increasingly replaced by open source remains strong, not least in the telecom industry. In my statement in the first quarter 2015, I wrote about how many solutions where open source comprised an increasing component of software content were demoed at the Mobile World Congress in Barcelona in 2015. This picture became still clearer at the MWC Barcelona 2016, and is also evident on our Key Accounts. On several occasions, we communicated that in time, this may have a negative impact on our royalty revenues, and we now think this will be evident in the coming years. We are noting how on some of our largest accounts, our preparatory operating systems are heading for phase-out in favor of open source. In the third quarter, one of our Key Accounts also saw its business perform negatively. Accordingly, it is reasonable to assume that revenue on Enea's Key Accounts will also reduce in absolute terms going forward. The migration to open source is nothing new in the software industry, and we commenced realignment towards creating a product portfolio with more offerings based on open source, combined with continued development of our proprietary software, some time ago. We've

also been an active participant in several open source projects for several years now, and a lot of our business is already based on solutions wholly or partly consisting of open source. The equally clear telecom industry trend of virtualizing network function, based on increasingly decoupling software from hardware, is also largely based on open source and standard hardware. Even if this greater open source content does mean the share of royalty-based revenues reducing, this same technology paradigm shift creates business opportunities for us and our ambition to be a leader of this process.

Our work on developing new technology segments and new business models is continuously ongoing, and the third quarter was no exception. We are continuing to advance our positioning—not least on NFV as a technology segment, and ARM as a hardware platform and ecosystem. From this perspective, the third quarter was eventful, not least considering Softbank's acquisition of ARM Holdings. Big mergers usually consume time and energy, with repercussions for all parties involved and the surrounding ecosystems. So the fact that this merger went ahead quickly and smoothly in the quarter was good news for the whole ARM ecosystem, which Enea is part of. It sharpens our focus on investing in ARM as a hardware platform and partner. We also saw further corroboration of this at ARM's partner meeting in the quarter, where Enea was a key participant on the infrastructure side. Several of the projects Enea is directly involved were in focus during keynotes and presentations, including the OPNFV project, where we're a leader in the ARM ecosystem. The release in the third quarter isn't just a key milestone for our ongoing collaboration with ARM, but also a key component of the NFV solutions that we're now discussing with a number of operators in different global regions.

Future prospects

Despite our expectation of lower royalty revenues going forward, we are retaining our objective of continuing to grow the company with good profitability. We are continuing our endeavor to build a bigger and stronger company, which delivers increasing value to customers, employees and shareholders.

We are addressing the expected lower revenues on key accounts by enhancing, expanding and integrating the various products and solutions we offer, and by continuing to actively pursue acquisitions that complement our current portfolio and advance our market positioning. At the beginning of the year, we acquired the operations of a small US product enterprise, and in October, Enea signed an agreement to acquire Qosmos, a French leader in IP traffic classification and network intelligence.

We are continuously exploring new ways to make our organization more efficient and competitive with a retained focus on specialist competence, quality and customers. With strong finances, good cash flows and a strengthened market position, we view the future with confidence. Our objective for the full year 2016 to achieve revenue growth and our assessment that earnings per share will improve compared to 2015 are unchanged.

Anders Lidbeck, CEO & President

Revenue

Revenue

Enea's revenue in the third quarter was SEK 120.7 (117.7) million, a 3 percent increase on the third quarter 2015. Currency adjusted, revenues were 1 percent higher in the third quarter than the corresponding period of the previous year. Revenue for the first nine months of the year was SEK 365.6 (355.3) million.

Revenue by business unit and revenue type

Enea's business units are Key Accounts, Worldwide Software Sales and Global Services. Key Accounts includes software sales and product-related services for 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 67 percent of total revenue in the quarter, divided between Key Accounts at 47 percent and Worldwide Software Sales at 20 percent. Global Services includes sales of services not directly related to software sales. Global Service's revenue amounted to 33 percent of total revenue in the quarter.

Revenues from Key Accounts reduced compared to the corresponding quarter of the previous year, while revenue from Worldwide Software Sales increased by 19 percent.

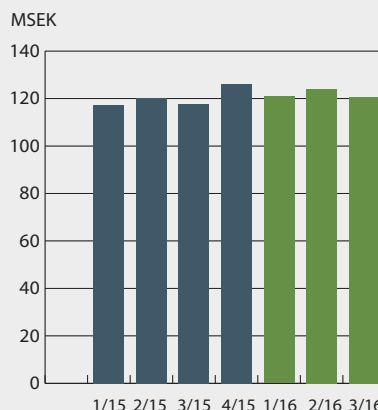
Production licensing sales were 51 percent of software sales, and increased in the quarter compared to the corresponding period of the previous year. Development licenses including support and maintenance comprise 45 percent of software sales, and increased in the quarter compared to the corresponding period of the previous year. Product-related services also increased in the period compared to the corresponding period of the previous year.

Revenue in Global Services increased compared to the corresponding period of the previous year.

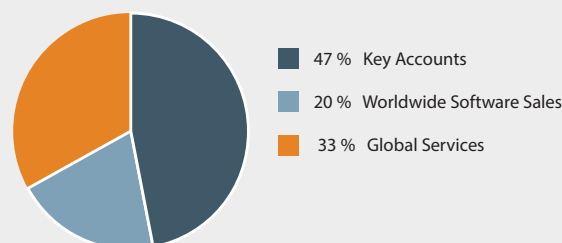
Revenue by customer segment

Apart from telecom infrastructure, the Telecom customer segment includes mobile devices and operators. Quarterly revenue was divided as follows: Telecom customer segment, 68 percent; Aerospace/Defense, 19 percent; Transportation 2 percent, and Other, 11 percent. The Other customer segment includes system integration and manufacturing customers.

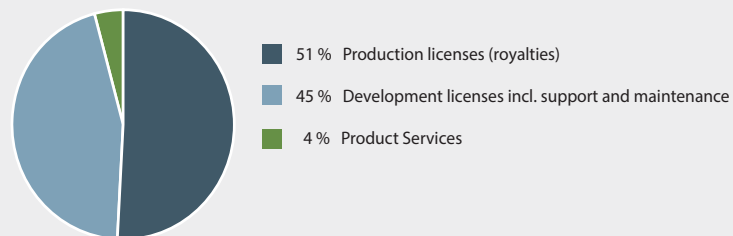
Revenue



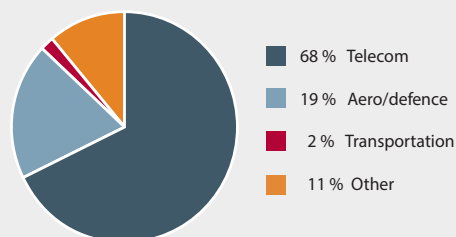
Revenue per business unit (Jul-Sep)



Revenue type, software operations (Jul-Sep)



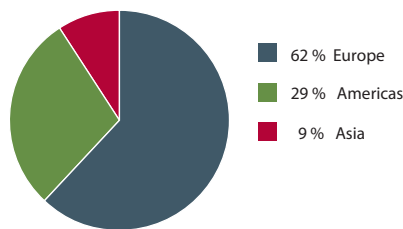
Revenue per customer segment (Jul-Sep)



Revenue per Region

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

Revenue per region (Jul-Sep)



Europe

The European operation includes such customers as Ericsson and Nokia. Sales are from offices in Sweden, Germany and Romania and consist of Key Accounts, Worldwide Software Sales and Global Services. Revenue in Europe decreased on the corresponding quarter of the previous year. Due to lower royalty revenues from Enea’s Key Accounts, sales in the region were affected compared to other regions.

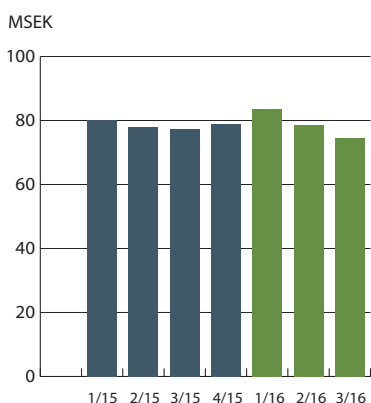
Americas

Enea’s American operation 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. Revenue increased in the quarter compared to the corresponding quarter of the previous year. The increase in the Americas is associated with several new service agreements and the extension of one existing agreement.

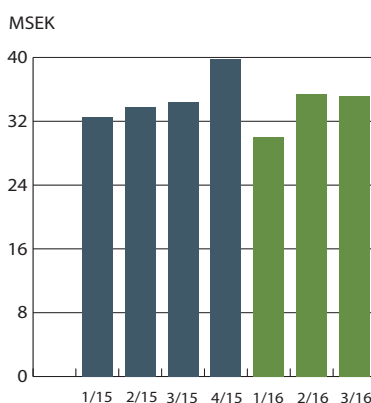
Asia

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, revenue increased in the quarter compared to the corresponding period of the previous year. The revenue increase in Asia is sourced from a number of minor deals and one major contract extension by a global information and communication technology corporation. Enea® OSE is intended for use in this customer’s LTE base stations.

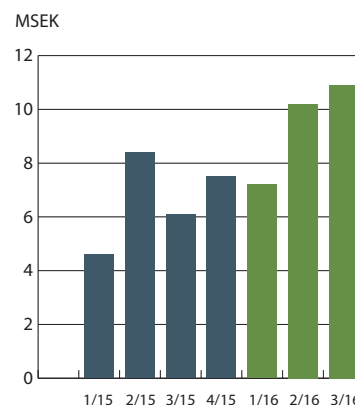
Revenue Europe



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

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 bundled with the operating system. Operating systems and tools are reported as one product group.

Operating systems including tools account for most of Enea's sales, with 53 percent of revenues in the quarter. Sales decreased in the quarter compared to the corresponding quarter of the previous year.

Middleware

Middleware is the term for software that connects applications to their operating system. Middleware adds functionality over and above that in underlying operating systems, such as availability, reliability and embedded serviceability functions. Enea's middleware solutions accounted for 13 percent of its total sales in the quarter and these revenues increased in the quarter. This segment remains strategically significant to Enea.

Global Services

Enea's Global Service sales increased on the same quarter of the previous year, accounting for 33 percent of Enea's total sales.

Others

The Other group, which mainly consists of third-party products, and currency effects, decreased in the quarter, representing 1 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.

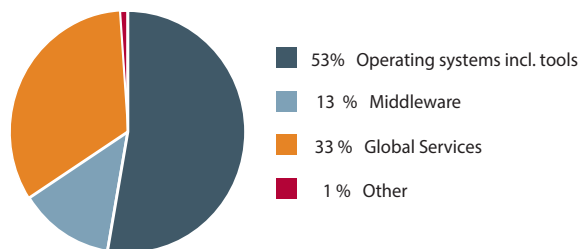
Enea Polyhedra - in-memory database.

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 (Jul-Sep)



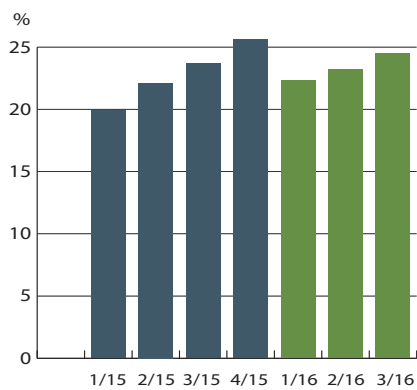
Profit & Loss

Profit & Loss

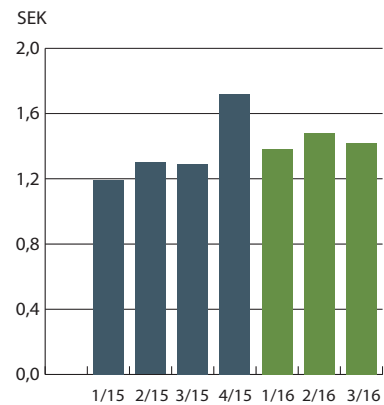
The group's operating profit amounted to SEK 29.6 (27.9) million in the third quarter, which corresponds to an operating margin of 24.5 (23.7) percent. Operating profit for the first nine months of the year was SEK 85.3 (77.7) million, corresponding to an operating margin of 23.3 (21.9) percent. Currency effects exerted a marginal impact on profit. The gross margin for the third quarter was 69.0 (67.8) percent, and 69.1 (69.3) percent for the first nine months of the year.

The financial net for the third quarter amounted to SEK 0 (-0.1) million, and SEK 2.5 (1.2) million for the first nine months of the year. Profit after tax increased to SEK 22.6 (20.6) million for the quarter, and SEK 68.0 (60.6) million for the first nine months of the year. Earnings per share were SEK 1.42 (1.29) for the third quarter, and SEK 4.28 (3.77) for the first nine months of the year. Without adjusting for holdings of treasury shares, earnings per share were SEK 1.39 (1.25) for the quarter, and SEK 4.19 (3.68) for the first nine months of the year.

Operating margin



Earnings per share





Employees

At the end of the quarter, the group had 405 (400) employees, an increase of 5 on the corresponding quarter of the previous year and a decrease of 2 on the previous quarter.

Cash Flow and Investments

Cash Flow and Financial Position

Cash flow from operating activities was SEK 20.7 (17.5) million for the third quarter, and SEK 100.7 (85.8) million for the first nine months of the year. Total cash flow amounted to SEK 18.9 (10.9) million for the third quarter, and SEK 46.1 (-71.8) million for the first nine 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 215.8 (193.4) million at the end of the quarter, of which financial fixed assets with maturities of more than one year amounted to SEK 35.0 (83.0) million. In addition, the group has an unused credit facility of SEK 15 (15) million. Enea has an equity ratio of 76.0 (77.5) percent.

Investments

The group's investments amounted to SEK 2.1 (3.4) million for the third quarter, and SEK 40.8 (11.5) million for the first nine months of the year. Depreciation and amortization amounted to SEK 4.4 (5.1) million for the quarter, and SEK 13.7 (14.6) million for the first nine months of the year. Enea capitalized SEK 1.6 (2.2) million of product development expenses in the third quarter, and SEK 10.0 (9.2) million for the first nine months of the year. Amortization of capitalized product development expenses in the third quarter amounted to SEK 3.3 (4.1) million, and SEK 10.4 (11.6) million for the first nine months of the year.

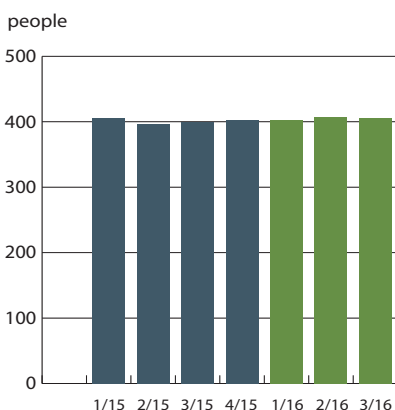
Repurchasing of Treasury Shares

Enea did not repurchase any shares in the third quarter. In the first nine months of the year, Enea repurchased 23,413 shares 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.

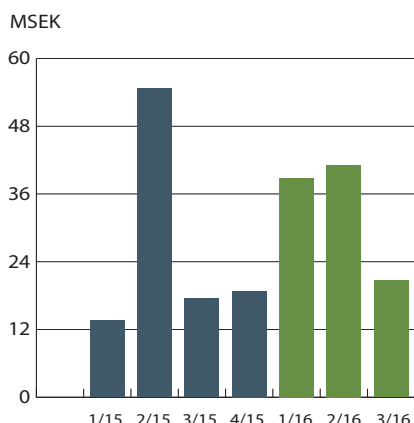
Parent Company

The parent company's revenue for the first nine months amounted to SEK 36.1 (39.8) million and profit before appropriations and tax amounted to SEK 67.9 (132.0) million. The financial net of the parent company was SEK 67.9 (132.0) million, and at the end of the quarter, cash and cash equivalents and financial investments amounted to SEK 160.0 (165.5) million. The parent company's investments in the quarter amounted to SEK 0.0 (0.2) million. The parent company had 12 (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.

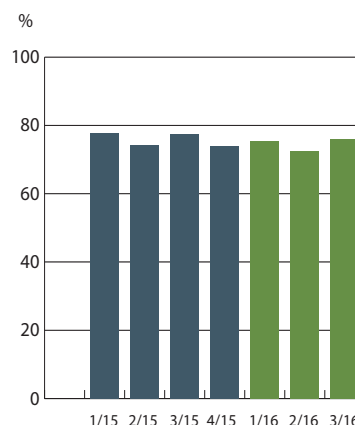
Employees



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 1.7 million as at 30 September 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 18.9 million as of 30 September 2016. Estimated fair value is consistent with carrying amount.

Allocation by level in valuation at fair value, 2016-09-30, SEK million	Level 1	Level 2	Level 3	Total
Financial assets available for sale				
Corporate bonds	35.0	-	-	35.0
Derivatives used for hedging purposes				
Currency derivatives	-	1.7	-	1.7
Financial liabilities measured at fair value through profit or loss				
Liability, additional purchase consideration	-	-	18.9	18.9
Total	35.0	1.7	18.9	55.7

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
Total purchase consideration paid	28,999

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
Total	28,999

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

Enea's AGM 2017 will be held at 4:30 p.m. on Tuesday 9 May at Kista Science Tower, Färögatan 33, Kista, Sweden. Enea's Annual Report is scheduled for publication on Enea's website, www.enea.com, by no later than three weeks prior to the AGM.

Nomination Committee

In consultation with the major shareholders, the Chairman of the Board of Enea AB has established a Nomination Committee for the AGM 2017. The members of the Nomination Committee are: Per Lindberg, Sverre Bergland (DnB Nor), Annika Andersson (Swedbank Robur Fonder) and Anders Skarin (Chairman of the Board of Enea AB). The Nomination Committee has appointed Per Lindberg as Chairman.

The duty of the Nomination Committee is to submit proposals for a Chairman and other members of the Board to the AGM, as well as remuneration and other compensation for each of the Board members. The Nomination Committee should also present proposals for the election and remuneration of auditors. Additionally, the Nomination Committee will submit a proposal regarding a process for appointing a Nomination Committee for the AGM 2017.

Extraordinary General Meeting

Due to the acquisition of Qosmos, Enea intends to hold an Extraordinary General Meeting.

The following matters will be considered at the meeting:

- A resolution on an incentive program.
- A resolution on authorizing the Board to take decisions on new share issues.

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 to achieve revenue growth and our assessment that earnings per share will improve compared to 2015 are unchanged.

Kista, October 26, 2016
Board of directors

Report of Review of Interim Financial Information

Auditor's report on summary review of summary interim financial statements (Interim Report) prepared in accordance with IAS 34 and Chap. 9 of the Swedish Annual Accounts Act.

Introduction

We have conducted a summary review of these summary interim financial statements (Interim Report) of Enea AB (publ) as of 30 September 2016 and the nine-month period concluding on this date. The Board of Directors and Chief Executive Officer are responsible for the true and fair preparation and presentation of this interim financial information pursuant to IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to state a conclusion on this Interim Report based on our review.

Orientation and scope of review

We have conducted our review pursuant to the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily to individuals responsible for financial and accounting issues, conducting an analytical review and taking other review measures. A review has a differing orientation and significantly less scope than the orientation and scope of an audit pursuant to ISA and generally accept-

ed auditing practice otherwise. The measures taken in a review do not enable us to attain sufficient certainty for us to state that we are aware of all significant circumstances that would have been identified if an audit had been conducted. Accordingly, the stated conclusion of a review does not have the certainty of the stated conclusion based on an audit.

Conclusion

Based on our review, no circumstances have arisen that give us reason to consider that essentially, for the group's part, the Interim Report has not been prepared pursuant to IAS 34 and the Swedish Annual Accounts Act and, for the parent company's part, pursuant to the Swedish Annual Accounts Act.

Niklas Renström
Authorised Public Accountant

Öhrlings PricewaterhouseCoopers AB
Stockholm, Sweden, 26 October 2016

Consolidated statement of comprehensive income

SEK million	Jul-Sep		Jan-Sep		12 months	Full year
	2016	2015	2016	2015	Oct-Sep	2015
Revenue	120.7	117.7	365.6	355.3	491.8	481.5
Cost of sold products and services	-37.4	-37.9	-112.9	-108.9	-150.6	-146.6
Gross profit	83.3	79.9	252.7	246.4	341.2	334.9
Sales and marketing costs	-18.1	-19.3	-62.8	-63.9	-83.3	-84.4
R&D costs	-22.5	-21.5	-66.1	-68.2	-89.1	-91.3
General and administration costs	-13.1	-11.2	-38.5	-36.5	-51.1	-49.1
Operating profit ^{1,2}	29.6	27.9	85.3	77.7	117.6	110.0
Financial net	-0.0	-0.1	2.5	1.2	3.8	2.5
Profit before tax	29.5	27.7	87.8	78.9	121.4	112.5
Tax	-7.0	-7.1	-19.8	-18.3	-26.0	-24.5
Net profit for the period	22.6	20.6	68.0	60.6	95.4	88.0
OTHER COMPREHENSIVE INCOME						
<i>Items that may be reclassified to profit or loss</i>						
Change in hedging reserve, after tax	-0.4	-1.7	-2.0	0.2	-0.1	2.0
Currency translation differences	4.0	5.1	6.5	6.7	2.1	2.3
Total comprehensive income for the period, net of tax	26.2	24.0	72.5	67.4	97.4	92.2
Profit for the period attributable to the shareholders of the Parent Company	22.6	20.6	68.0	60.6	95.4	88.0
Comprehensive income for the period attributable to the shareholders of the Parent Company	26.2	24.0	72.5	67.4	97.4	92.2
1) incl. depreciation of tangible assets	0.9	0.9	2.6	2.8	3.5	3.7
2) incl. amortization of intangible assets	3.5	4.2	11.1	11.8	14.0	14.7

Key figures related to the income statement

	Jul-Sep		Jan-Sep		12 months	Full year
	2016	2015	2016	2015	Oct-Sep	2015
Earnings per share (SEK) ¹	1.42	1.29	4.28	3.77	5.98	5.49
Earnings per share after full dilution (SEK)	1.42	1.29	4.28	3.77	5.98	5.49
Number of shares before dilution (million)	15.9	16.0	15.9	16.1	16.0	16.0
Number of shares after dilution (million)	15.9	16.0	15.9	16.1	16.0	16.0
Revenue growth (%)	3	12	3	15	4	12
Gross margin (%)	69.0	67.8	69.1	69.3	69.4	69.6
Operating costs in % of revenue						
- Sales and marketing costs	15.0	16.4	17.2	18.0	16.9	17.5
- R&D costs	18.7	18.3	18.1	19.2	18.1	19.0
- General and administration costs	10.9	9.5	10.5	10.3	10.4	10.2
Operating margin (%)	24.5	23.7	23.3	21.9	23.9	22.9

1) Excluding Enea's treasury shares

Consolidated statement of financial position

<i>SEK million</i>	30 Sep	30 Sep	31 Dec
	2016	2015	2015
ASSETS			
Intangible assets	159.7	129.8	128.4
- of which goodwill	123.3	94.5	92.6
- of which capitalized development costs	34.6	34.5	35.0
- of which other intangible assets	1.9	0.9	0.8
Tangible assets	5.8	7.2	6.6
Deferred tax assets	2.3	1.9	1.9
Other fixed assets	1.1	0.6	2.0
Financial assets held for sale, non-current	35.0	83.0	70.7
Current receivables	150.2	150.6	196.2
Cash and cash equivalents	180.8	110.3	132.8
Total assets	534.9	483.5	538.6
EQUITY AND LIABILITIES			
Equity	406.5	374.9	398.9
Deferred tax liability	19.9	15.7	20.2
Other provisions	1.3	1.3	1.3
Long-term liabilities, non-interest-bearing	16.4	0.5	-
Current liabilities, non-interest bearing	90.9	91.2	118.2
Total equity and liabilities	534.9	483.5	538.6

Consolidated statement of changes in equity

<i>SEK million</i>	30 Sep	30 Sep	31 Dec
	2016	2015	2015
At beginning of period	398.9	400.3	400.3
Total comprehensive income for the period	72.5	67.4	92.2
Dividend / Redemption program	-66.8	-57.8	-57.8
Share saving program	3.9	5.2	6.5
Repurchasing of own shares	-2.0	-40.2	-42.3
At end of period	406.4	374.9	398.9

Consolidated statement of cash flows

SEK million	Jul-Sep		Jan-Sep		Full year
	2016	2015	2016	2015	2015
Cash flow from operating activities before change in working capital	29.0	30.6	87.8	84.2	123.1
Cash flow from change in working capital	-8.3	-13.2	12.8	1.7	-18.5
Cash flow from operating activities	20.7	17.5	100.7	85.8	104.6
Cash flow from investing activities	-1.8	2.8	14.4	-59.7	-52.8
Cash flow from financing activities ¹⁾	-0.0	-9.3	-68.9	-97.9	-100.1
Cash flow for the period	18.9	10.9	46.1	-71.8	-48.3
Cash and cash equivalents at the beginning of period	161.6	98.9	132.8	180.4	180.4
Exchange rate differences in cash and cash equivalents	0.3	0.5	1.8	1.7	0.7
Cash and cash equivalents at end of period	180.8	110.3	180.8	110.3	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-Sep		12 months	Full year
	2016	2015	Oct-Sep	2015
Cash and cash equivalents and financial investments (SEK million)	215.8	193.4	215.8	203.5
Equity ratio (%)	76.0	77.5	76.0	74.1
Equity per share (SEK)	25.57	23.51	25.57	25.06
Cash flow from operating activities per share (SEK)	6.33	5.35	6.76	6.53
Number of employees at end of period	405	400	405	403
Return on equity (%)	-	-	24.4	22.0
Return on capital employed (%)	-	-	33.4	29.7
Return on assets (%)	-	-	25.7	22.9

Parent Company Income Statement

SEK million	Jan-Sep		Full year
	2016	2015	
Revenue	36.1	39.8	52.9
Operating costs	-36.1	-39.8	-52.9
Operating profit	-	-	-
Net financial income	67.9	132.0	132.5
Profit after financial net	67.9	132.0	132.5
Appropriations	-	-	-1.1
Profit before tax	67.9	132.0	131.5
Tax	-0.4	-0.5	-0.6
Net profit for the period	67.5	131.5	130.8

Parent Company Balance Sheet

SEK million	30 Sep		31 Dec
	2016	2015	2015
ASSETS			
Fixed assets	209.1	257.9	245.5
Current assets	184.9	96.9	119.7
Total assets	393.9	354.9	365.1
EQUITY AND LIABILITIES			
Equity	259.8	258.7	257.2
Untaxed reserves	7.7	6.6	7.7
Current liabilities	126.5	89.5	100.2
Total equity and liabilities	393.9	354.9	365.1

Quarterly data

SEK million	2016			2015			2014			
	q 3	q 2	q 1	q 4	q 3	q 2	q 1	q 4	q 3	q 2
INCOME STATEMENT										
Revenue	120.7	124.1	120.8	126.2	117.7	120.2	117.4	119.3	105.0	104.0
Costs of sold prod. and services	-37.4	-37.4	-38.2	-37.6	-37.9	-34.8	-36.2	-34.1	-29.0	-29.0
Gross profit	83.3	86.7	82.7	88.5	79.9	85.4	81.1	85.2	76.0	75.0
Sales and marketing costs	-18.1	-22.5	-22.3	-20.5	-19.3	-22.8	-21.8	-22.7	-19.7	-17.6
R&D costs	-22.5	-22.4	-21.1	-23.1	-21.5	-23.6	-23.2	-21.8	-20.1	-23.5
General and administration costs	-13.1	-13.0	-12.4	-12.7	-11.2	-12.5	-12.8	-11.5	-12.3	-11.1
Operating profit	29.6	28.8	26.9	32.3	27.9	26.5	23.3	29.2	23.9	22.7
Net financial income/expense	-0.0	1.6	0.9	1.3	-0.1	0.2	1.1	0.3	0.4	0.1
Profit before tax	29.5	30.4	27.8	33.6	27.7	26.7	24.4	29.4	24.3	22.8
Tax	-7.0	-6.9	-5.9	-6.2	-7.1	-5.9	-5.3	-5.9	-5.5	-5.1
Net profit for the period	22.6	23.5	21.9	27.4	20.6	20.8	19.2	23.5	18.8	17.8
Other comprehensive income	3.6	2.1	-1.2	-2.5	3.4	-3.6	6.9	5.8	4.4	4.0
Total comprehensive income	26.2	25.7	20.7	24.8	24.0	17.3	26.1	29.3	23.2	21.7
BALANCE SHEET										
Intangible assets	159.7	159.8	157.2	128.4	129.8	128.2	131.3	128.1	124.6	123.3
Other assets	8.1	8.2	8.3	8.5	9.2	8.7	9.2	9.5	10.0	10.4
Other financial fixed assets	1.1	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	35.0	40.1	70.7	83.0	88.7	57.2	14.3	33.3	33.4
Current receivables	150.2	155.8	164.0	196.2	150.6	158.2	181.7	150.6	142.1	146.9
Financial assets held for sale, current	-	-	-	-	-	-	-	20.6	20.4	20.1
Cash and cash equivalents	180.8	161.6	187.7	132.8	110.3	98.9	165.3	180.4	130.7	118.1
Total assets	534.9	521.8	558.8	538.6	483.5	483.8	545.2	504.0	461.4	452.7
Shareholders' equity	406.5	379.0	420.9	398.9	374.9	358.9	424.3	400.3	373.6	351.7
Long-term liab., non-interest bearing	37.6	37.3	36.8	21.5	17.5	17.2	17.0	16.2	11.4	11.2
Current liab., non-interest bearing	90.9	105.5	101.1	118.2	91.2	107.7	104.0	87.5	76.5	89.8
Total equity and liabilities	534.9	521.8	558.8	538.6	483.5	483.8	545.2	504.0	461.4	452.7
CASH FLOW										
Cash flow from operating activities	20.7	41.1	38.8	18.8	17.5	54.7	13.6	38.5	17.9	36.8
Cash flow from investing activities	-1.8	0.5	15.7	6.9	2.8	-35.7	-26.7	14.3	-2.9	-57.0
Cash flow from financial activities	-0.0	-68.9	-	-2.2	-9.3	-84.5	-4.1	-4.7	-3.2	-54.8
Cash flow for the period	18.9	-27.3	54.5	23.5	10.9	-65.5	-17.2	48.1	11.8	-75.0

5 Years in Summary

SEK million	2015	2014	2013	2012	2011
INCOME STATEMENT					
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 ¹	-	-	-	61.7	-
Net profit	88.0	74.5	63.2	115.3	-6.4
BALANCE SHEET					
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
Total assets	538.6	504.0	439.3	459.7	565.1
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
Total equity and liabilities	538.6	504.0	439.3	459.7	565.1
CASH FLOW					
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
Cash flow for the period	-48.3	13.1	17.3	22.5	-49.2
KEY FIGURES					
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 ²	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 growth¹: 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 income² 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 costs² 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 third 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					
	Jul-Sep		Jan-Sep		Full year
	2016	2015	2016	2015	2015
Revenue, MSEK	120.7	117.7	365.6	355.3	481.5
Revenue growth, %	3	12	3	15	12
Revenue growth currency adjusted, %	1	6	2	7	5
MSEK					
Revenue growth based on unchanged exchange rates compared with the previous year	1.4	6.2	8.8	22.5	23.5
Currency adjustment revenue growth	1.6	6.5	1.5	22.8	28.7
Reported revenue growth	2.9	12.7	10.3	45.3	52.2
%					
Revenue growth based on unchanged exchange rates compared with the previous year	1	6	2	7	5
Currency adjustment revenue	1	6	0	8	7
Reported revenue growth	3	12	3	15	12

2) Reconciliation of financial net					
	Jul-Sep		Jan-Sep		Full year
	2016	2015	2016	2015	2015
Financial income, MSEK	2.3	1.3	10.2	6.3	9.2
Financial expenses, MSEK	-2.3	-1.5	-7.7	-5.1	-6.7
Reported financial net, MSEK	0.0	-0.1	2.5	1.2	2.5

Technology Insight

5G Singapore

Enea was a Silver Sponsor of 5G Asia in Singapore. 5G Asia is the biggest LTE/5G event in the continent, and is run jointly with the Network Virtualization and SDN Asia expos. The region is one of the world's most advanced LTE (long-term evolution) and 5G markets, and these events become a forum for the discussion of future wireless networks and technology in APAC (the Asia-Pacific region).

This year, Enea was represented by several of its senior engineers, who met customers and updated themselves on the latest trends on the market. Enea presented a broad portfolio of software and services for the next generation of C-RAN LTE platforms, and how customers can virtualize their networks using Enea COSNOS®, as well as deal with the management and orchestration of physical and virtual entities with the aid of Enea On-Device Management® and Enea ElementCenter®. Enea also announced the news that Enea® OSE had been selected for use in LTE base stations in Asia at the expo.

For more information contact:

info@enea.com



Acquisitions after the reporting period

Qosmos

In late-October, Enea signed an agreement to acquire Qosmos, a French vendor of network intelligence software based on deep packet inspection (DPI), which controls a dominant share of its market. The company delivers detailed traffic information in real-time, a critical component for applications such as mobile traffic management, IT security and network analysis. More than 100 telecom networks worldwide use solutions delivered by Qosmos.

Of the total purchase consideration of some EUR 52.7 million, some EUR 16.3 million consists of net cash and cash equivalents, which means that the company is valued at some EUR 36.4 million. The acquisition will be financed by cash-on-hand and a 165 MSEK bank loan. Qosmos currently has 90 employees and is expected to generate revenues of around EUR 14.2 million 2016.

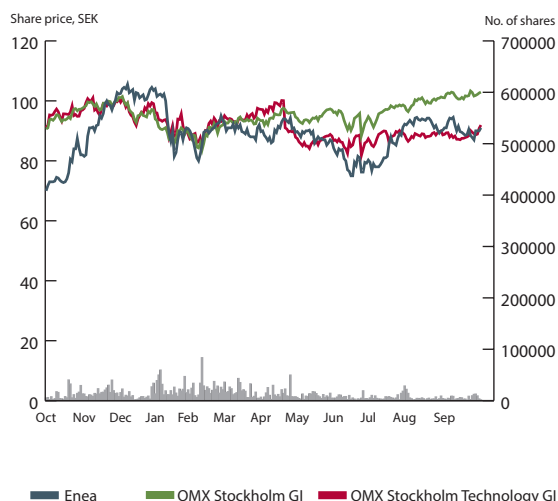
Pending government approval, the acquisition is estimated to close and be consolidated into Enea Group accounts beginning of December 2016, and hence, will have limited effect on revenue and earnings for the full year 2016.

For 2017, Enea estimates that the acquisition will be EPS positive, while slightly dilutive to the EBIT margin.

For more information:

<http://www.enea.com/Corporate/Press/Press-releases/>





The Share

July - September 2016

Share price development:	13.40 %
No. of traded shares:	481,290
Highest closing price:	94.50 SEK
Lowest closing price:	76,75 SEK
Dividend 2016*	4.20 SEK
Market cap. (30 Sep):	1,477 MSEK
Total No. of shares (30 Sep):	16,240,231

* through a redemption program

For queries, please contact

Anders Lidbeck, President and CEO
Håkan Rippe, CFO
Julia Steffensen, Executive Assistant

Phone: +46 (0)8-507 140 00

Enea AB (556209-7146)
Jan Stenbecks torg 17
P.O. Box 1033
SE-164 21 Kista, Sweden

Financial information

Annual statement	9 February, 2017
Interim report Jan-Mar	26 April, 2017
Annual General Meeting	9 May, 2017
Interim report Apr-Jun	19 July, 2017
Interim report Jul-Sep	24 October, 2017
Annual statement	8 February, 2018

All financial information is published at Enea's website
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

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.