

**ENEA**



# Enea

## Year End Report 2006

February 6, 2007

**Johan Wall**

President & CEO

**Håkan Gustavson**

CFO

# Enea Corporate Overview

## A leading provider of Network software

- 500+ employees

## Global Presence

- North America, Sweden, France, Germany,
- United Kingdom, China and Japan

## Unique software technology powering

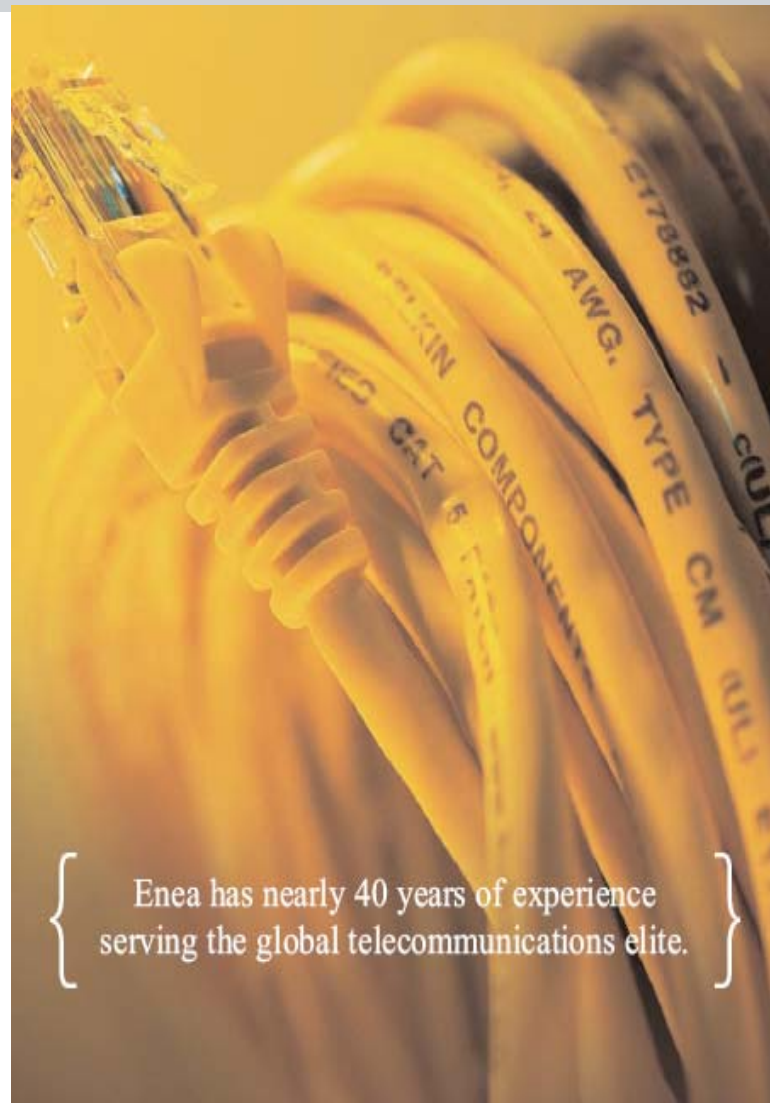
- Millions and millions of mobile phones
- Half of all radio base stations
- Satellite networks, Media Gateways and more...

## Industry Leading Services Offering

- Leading network technology customers use Enea professional services teams to accelerate software development

## Marquee Customers

- Agere, Alcatel-Lucent, Autoliv, Boeing, Bombardier, Fujitsu, General Dynamics, Infineon, Motorola, Nokia, Saab, Samsung, Sony-Ericsson, Tellabs, Yamaha and ZTE



{ Enea has nearly 40 years of experience serving the global telecommunications elite. }

# Objectives

## Financial objectives:

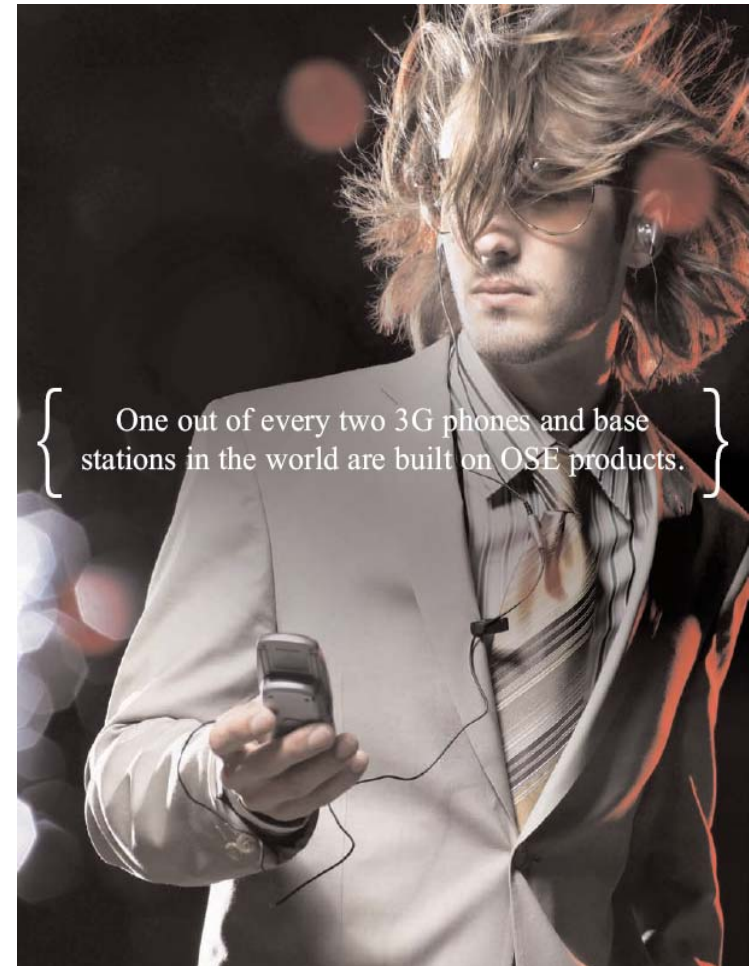
- Annual sales increases in excess of 15 percent
- Operating margins exceeding 10 percent

## Operating objective:

- Sales mix: 50% software / 50% services



# We Have Marquee Customer Momentum



# Enea Software Offering

- ▶ **Run-time software**
  - OSE™, Real Time Operating System Family of Products
  - Element™ Middleware Platform
  - Polyhedra™, In Memory Database
  - LINX™ Communications Software
  - NASP Telecom-in-a-box Software

- ▶ **Tools**
  - Optima™ Eclipse-based Software Development tools
  - Illuminator™ Run-time analysis tools

- ▶ **Third party products**
  - Development tools
  - Network protocol software
  - Applications
  - Linux

## Strong International Services Offering

- Providing full life-cycle professional services
  - application development, systems development, systems integration, maintenance and technical training
- Industry recognized expertise
- Embedded systems focus
- 300+ professionals in USA and Sweden



# Enea Alliance and Partner Program

- Provides access to pre-integrated solutions and accelerated time to revenue
- Lower internal R&D effort
- Focus area, key differentiator for Enea



# Enea Solutions Create Great Value for Clients

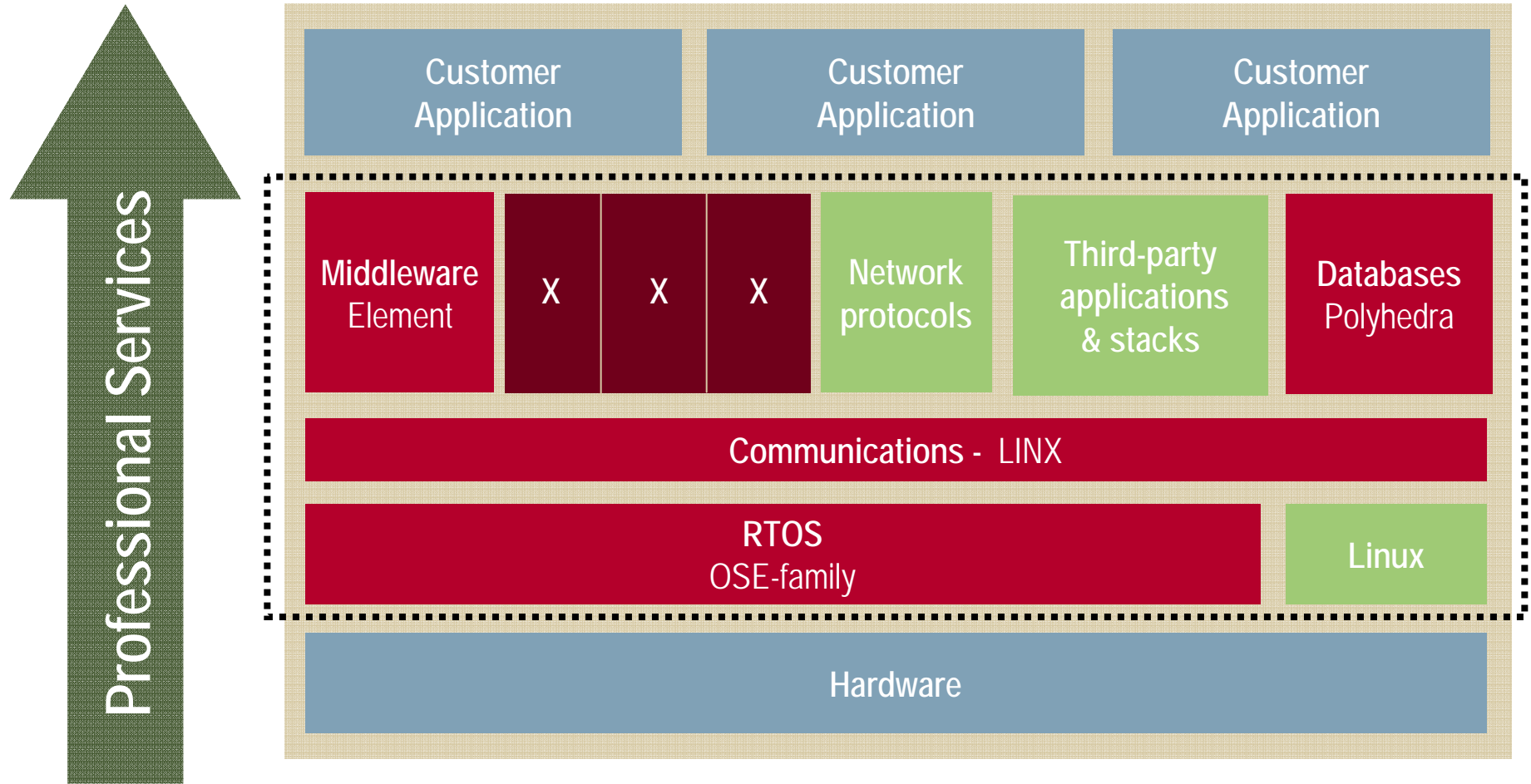


- We provide exceptional value
- Lower development costs, reduced time to market, increased innovation
- Enea in joint R&D projects with major telecom companies
- Intellectual properties remain with Enea





# Enea Product Portfolio for Telecom Infrastructure



Enea software
  Third-party products
  Not provided by Enea
  Potential expansion

# Enea has Trusted Relationships with Customers



# Q4 and Financials

## Q4 2006 in Brief

- Four customers actively using Enea's middleware
- Several new products released, including Element 2.0
- Solid expansion of software royalties
- Strong volumes from marquee customers: Nokia, Sony Ericsson, Agere
- Industry recognized leadership in place in Strategy, Marketing, and Sales
- Further strengthened technology partnerships
- North America operations did not meet expectations
  - Q4 software revenue low
  - Longer lead times in middleware market
  - Services utilization levels still not satisfactory

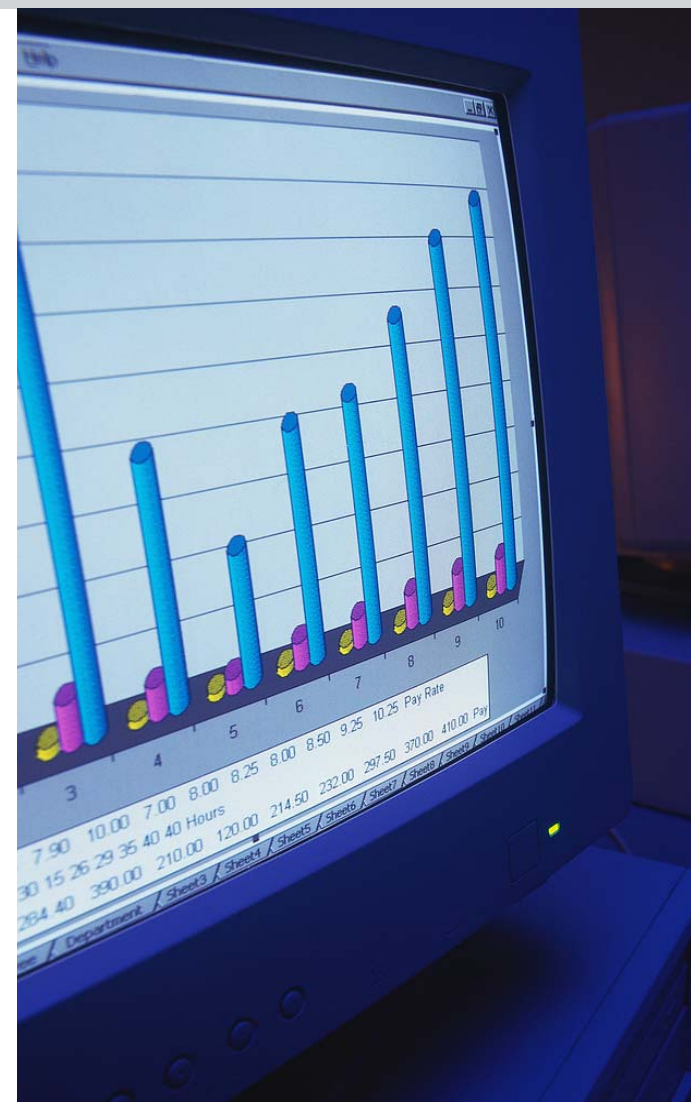
## Q4 2006 Financials

- Net sales increased by 5% to MSEK 206 (197)
- Operating profit increased by 24% to MSEK 21 (17)
- Software sales increased by 1% to MSEK 70 (69) representing 34 (35)% of total sales
- Consulting increased by 6% to MSEK 136 (128)

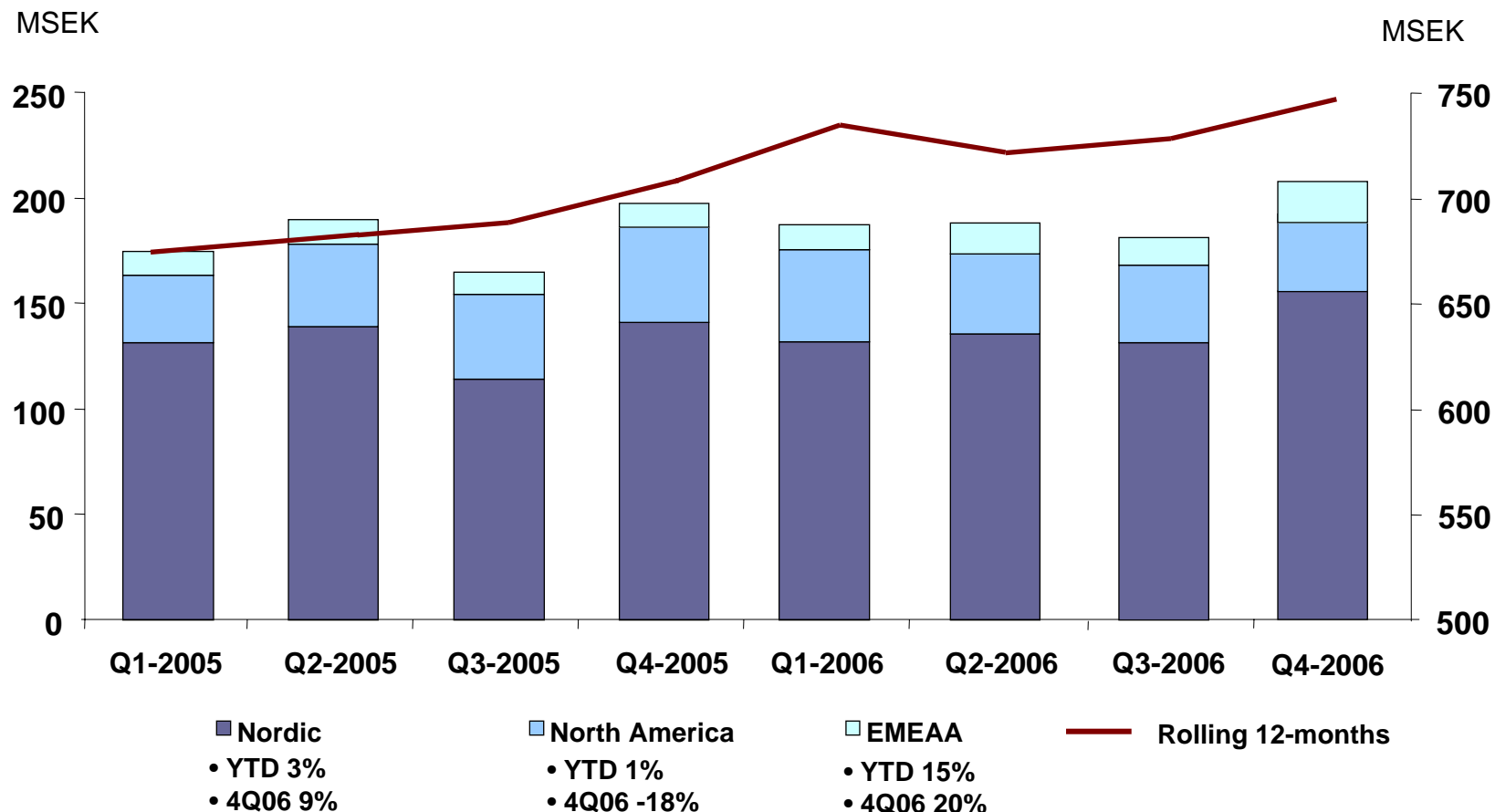


## Full Year 2006 Financials

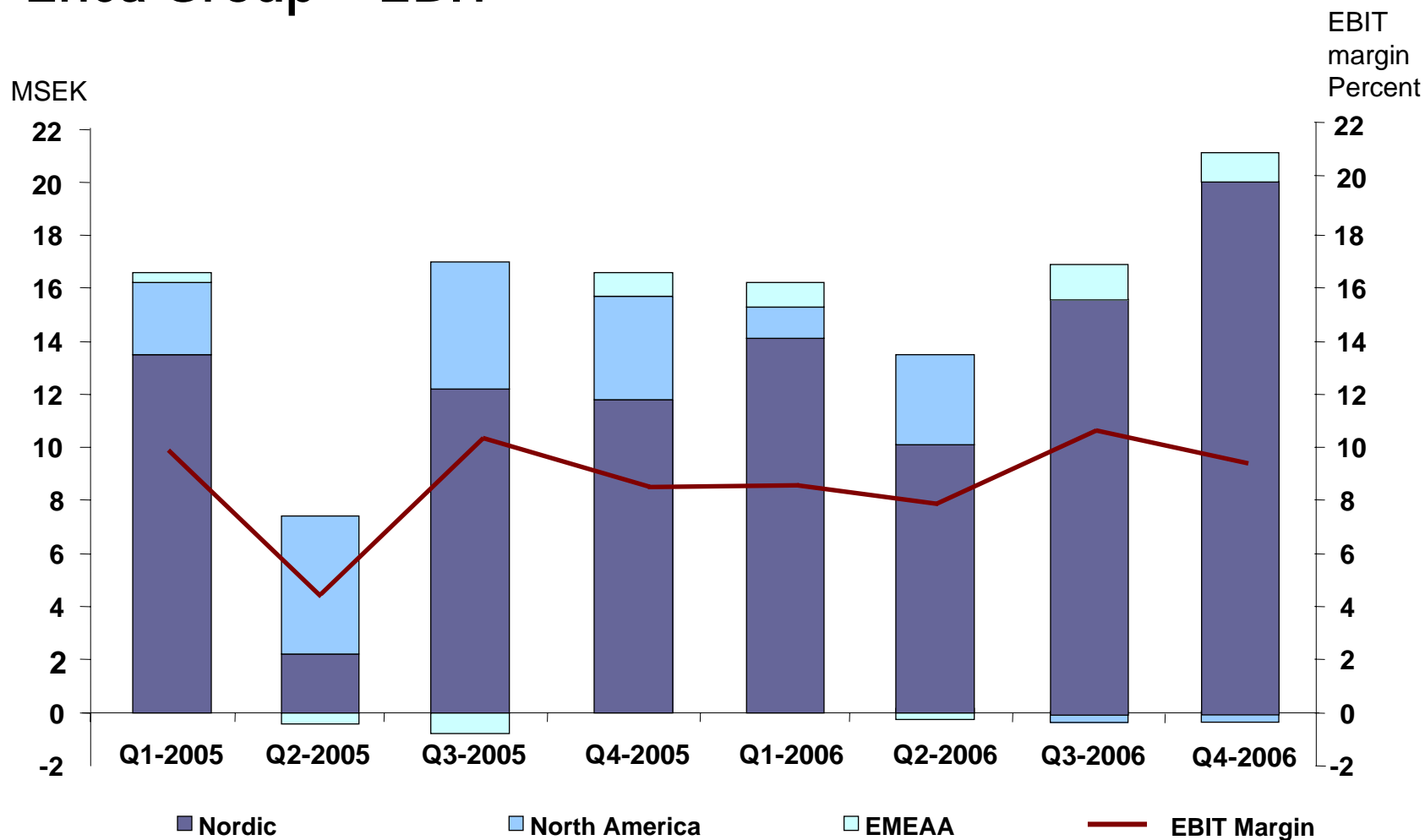
- Net sales increased by 3% to MSEK 750 (726)
- Operating profit increased by 20% to MSEK 68 (56)
- Software sales increased by 9% to MSEK 271 (250) representing 36 (34)% of total sales
- Consulting increased to MSEK 479 (476,5)
- Capitalized investments into new Middleware products with MSEK 33
- F&A stabilized on a lower level due to cost reduction programs from previous years and continued cost awareness



# Enea Group - Net Sales

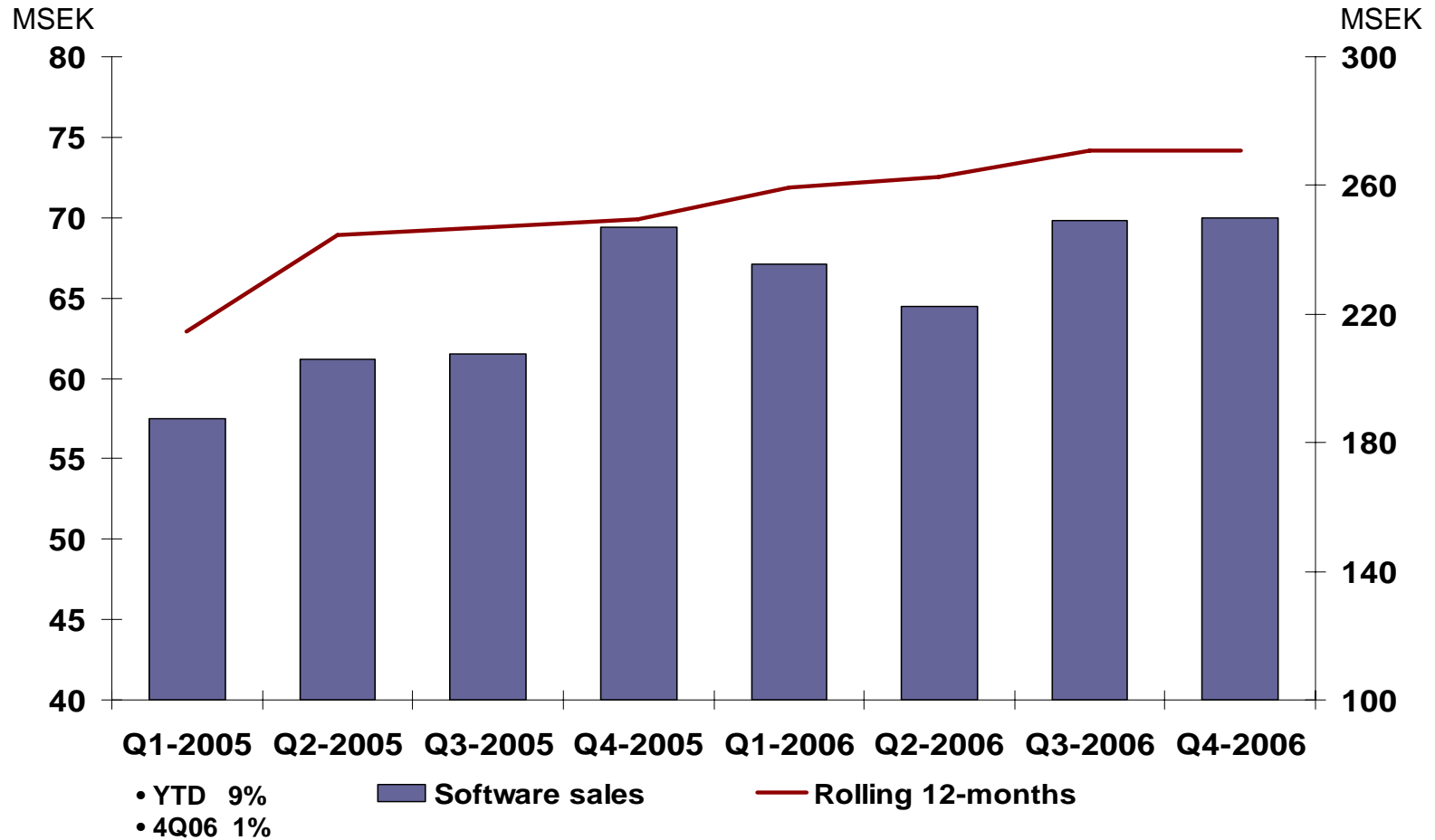


# Enea Group - EBIT

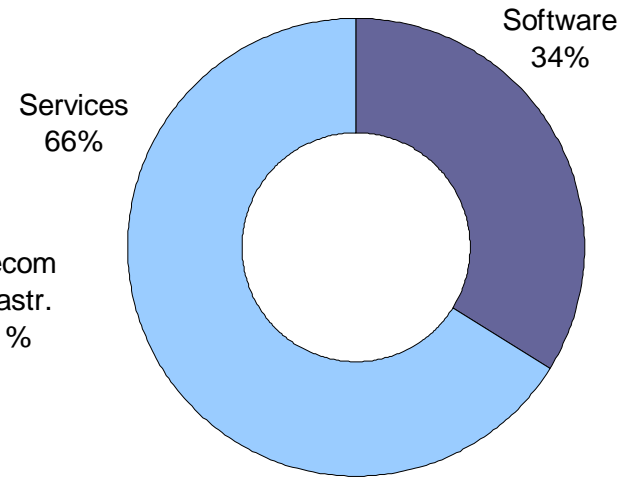
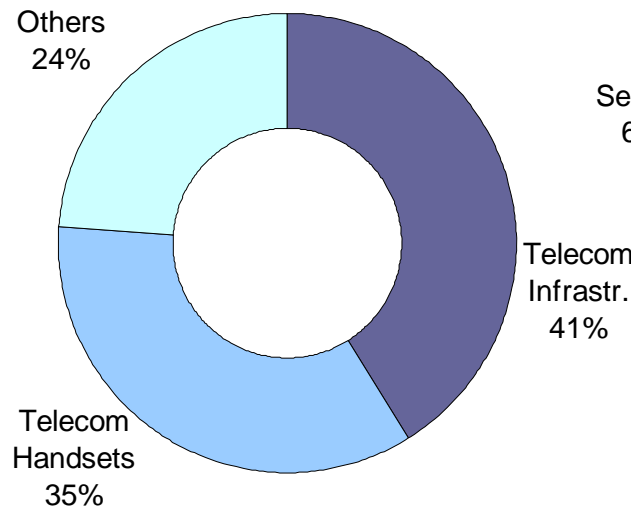
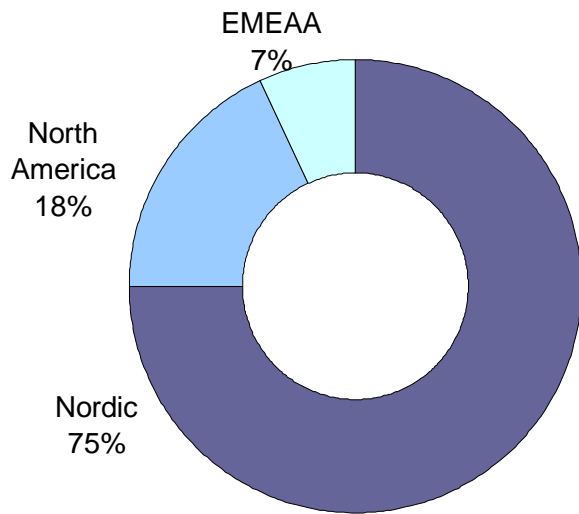




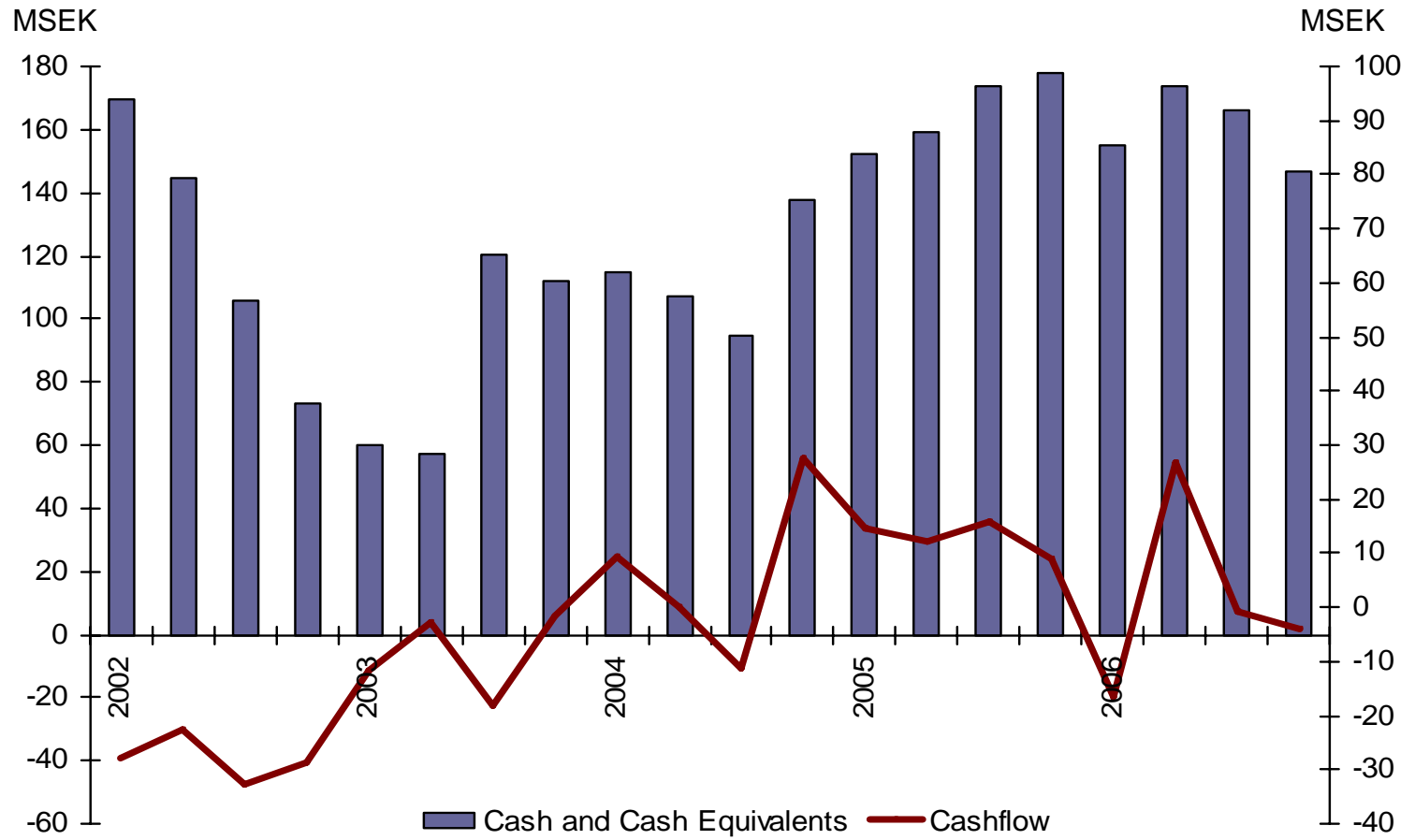
# Software Sales



# Sales Distribution Q4 2006



# Cash Position



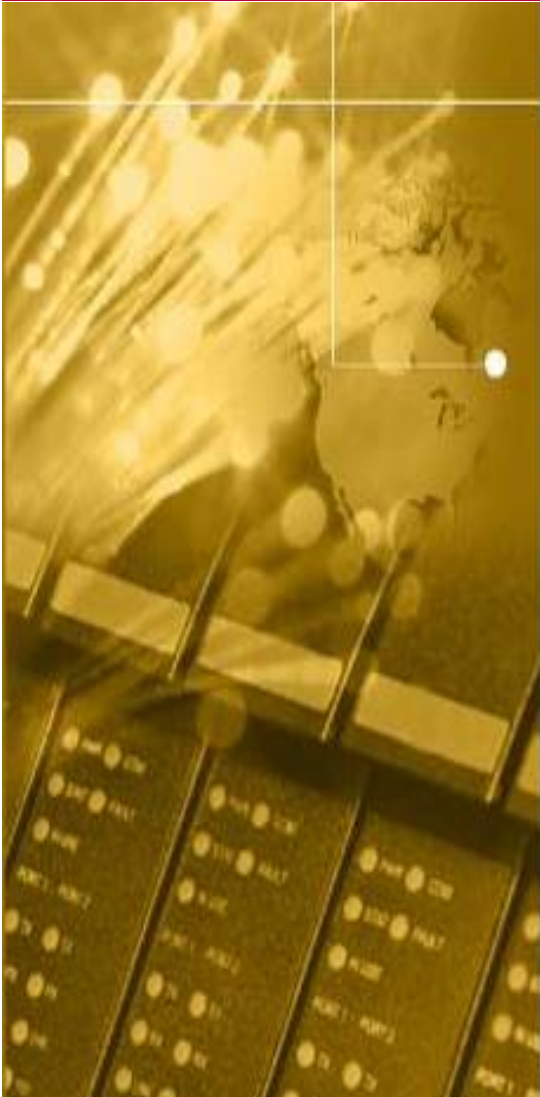
## Key Metrics

<b>Metric</b>	<b>2006 (2005)</b>	<b>Q406 (Q405)</b>
Total revenue per employee, MSEK	1,497 (1,426)	0.402 (0.388)
Currency effects, MSEK	-5.8 (3.9)	-2.9 (0.5)
Investments, MSEK	6.0 (11.9)	3.1 (1.3)
Capitalized investments, MSEK	33.1 (3.7)	13.6 (2.8)
Depreciation, MSEK	9.8 (10.8)	3.2m (2.6m)
Cash, MSEK	146.4 (178.1)	146.4 (178.1)
Equity/asset ratio, %	67.8 (67.4)	67.8 (67.4)
Equity per share, SEK	1.04 (0.93)	0.03 (0.03)
Return on capital employed, %	19.3 (20.7)	5.6 (5.3)

# Way Forward

# The Mobile Revolution Has Only Just Begun





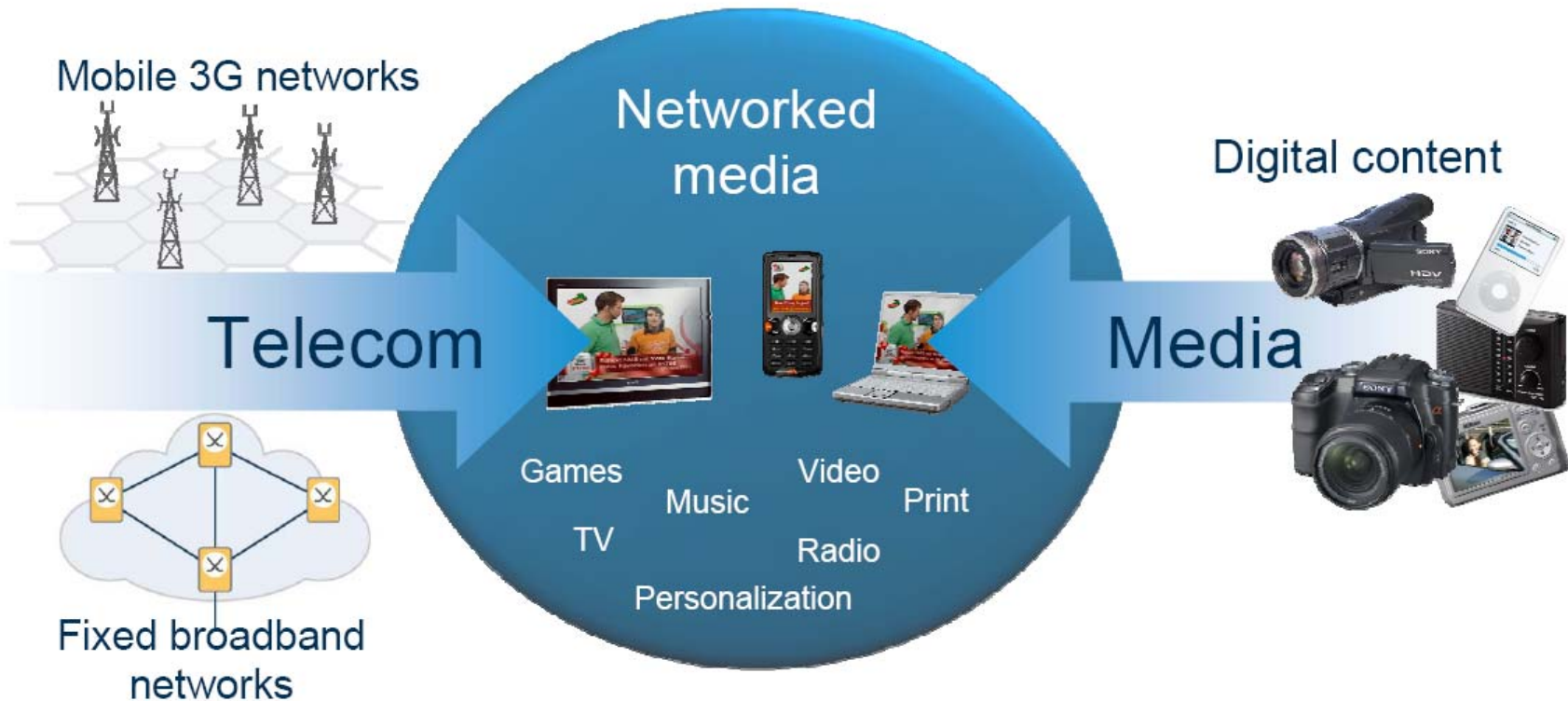
## Exciting Industry Trends

- Next generation mobility and convergence driving new services
- Rapid emergence of 3rd screen
- Unprecedented subscriber growth
- Accelerated migration to IP-based network architectures
- Emergence of middleware to meet demand for “anywhere anytime” network access



*Obvious Opportunities for Growth*

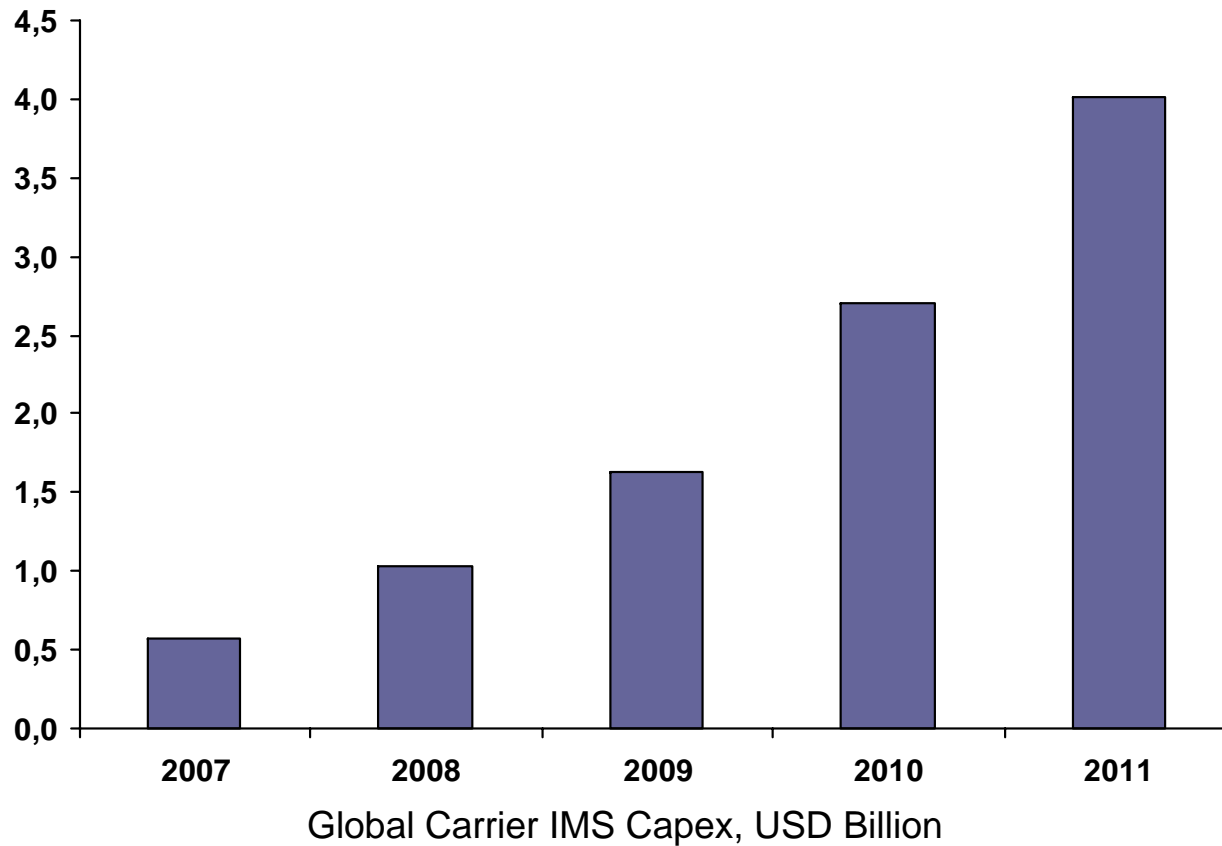
# Convergence is Driving Revenue Opportunities for Carriers



*“Everything networks. People and devices , music, video games, content, data and services”  
- Howard Stringer, CEO Sony*



# Significant Expenditures in Convergence Technology



Source: ABI Research

## Market Challenges

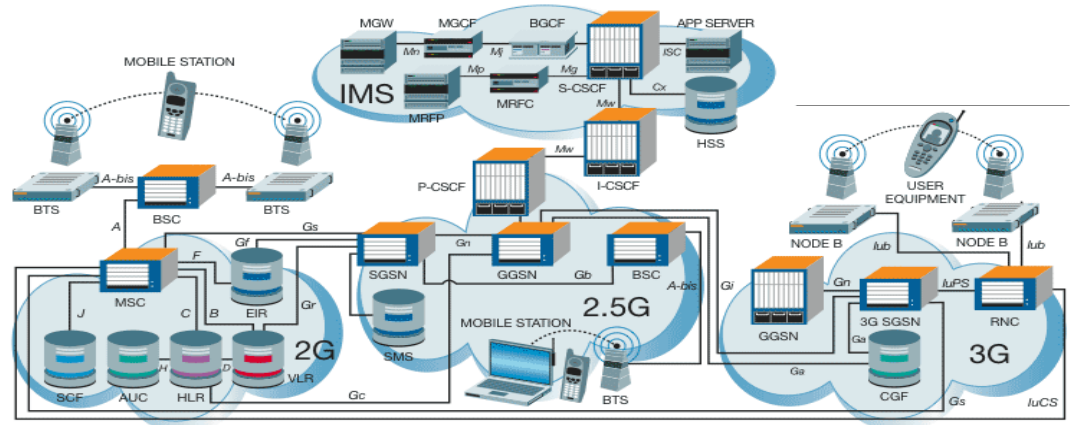
- ▶ Enable high-availability
- ▶ Ensure scalability
- ▶ Reduce time-to-market
- ▶ Reduce development costs
- ▶ Reduce device costs
- ▶ Reduce R&D effort
- ▶ Reduce cost of ownership

# Enea's Response

- Traditional product portfolio
  - RTOS, data management, middleware, tools, services
  - Market growth rate: 10 %
  - Competitive landscape:
    - Wind River, Green Hills, Mentor Graphics, Linux
  
- Convergence solutions
  - New platforms to address market demands
  - Market growth rate: double digits
  - Competitive landscape:
    - In-house, OpenClovis, GoAhead,



# Our Goal: Building Software Platforms that Span



## Our Strategy

- Expand with vertically integrated solutions positioned towards the convergence market
- Provide off-the-shelf software foundations that enable development of high availability applications, accelerate software development and reduce cost
- Integrate new and existing solutions leveraging our core technologies
- Leverage partnerships and joint customer financed R&D efforts
- Invest in companies with key technologies, content or brands



## Our Momentum in Convergence Market

- Leading Silicon Valley MobileTV provider purchased Element middleware.
- Order size: USD 850 000
- Customer is in convergence sweet spot
  - delivering television, film and music content across the mobile and personal computing markets
- Enea's solution enables focus on application development, not infrastructure
- Additional service revenue expected
- Ideal target profile / segment
- Our product delivers as is

## Summary

- Enea well positioned for growth in Mobility and Network convergence
- We are in an exciting, rapidly evolving marketplace
- Enea has the resources and the ambition to actively take part in the development and potential consolidation of the market



**ENEA**

# Thanks

For further information, please contact:

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