



Enea

Financial Result Q3 2011

Anders Lidbeck, President and CEO

October 27, 2011

ENEAA



Agenda

- Q3 2011
- Market Outlook
- Strategy & Way forward

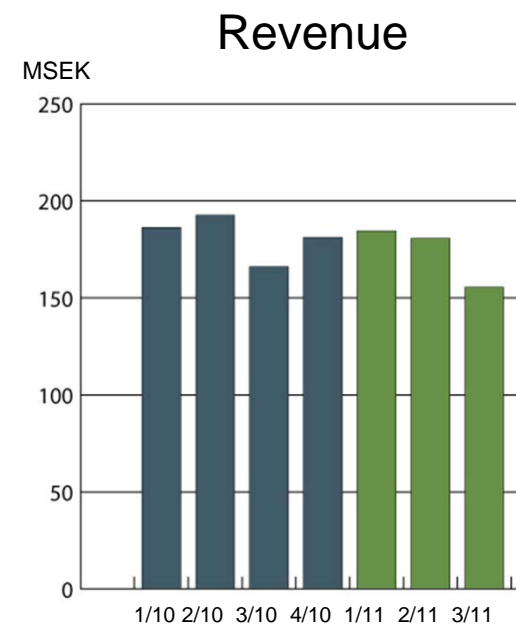




Third quarter 2011

Revenues are not picking up

	Q3/11	Q3/10
Revenue (MSEK):	155.5	166.1
Growth (%)	-6.4	-3.7
Growth (%) (excl. currency effects)	-4.1	-3.5
	9M/11	9M/10
Revenue (MSEK):	520.7	545.0
Growth (%)	-4.5	-6.5
Growth (%) (excl. currency effects)	-1.7	-8.4

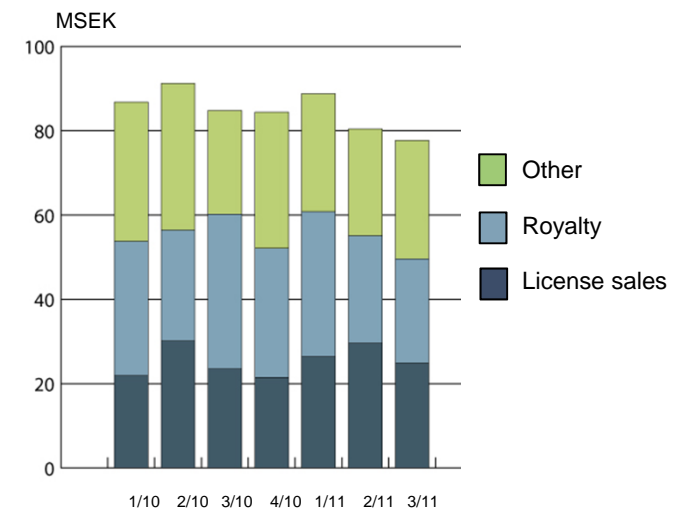




Software: Good development of key accounts

- Software accounted for 48% of the total revenue in Q3/11.
- Revenue of 74.9 MSEK in Q3/11 resulting in 11.7% decline. Growth adjusted for currency amounted to -10.4%.
- Royalty sales on par, license sales declined, product related services increased compared with previous quarter.
- Good development of key accounts and sales of key products.
- Growth in Asia. Weak sales in the US and EMEA.
- Operating margin of 4.5% excluding write offs.

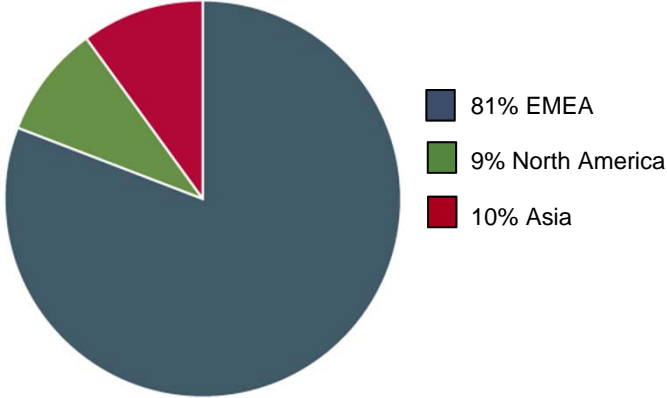
Type of revenue



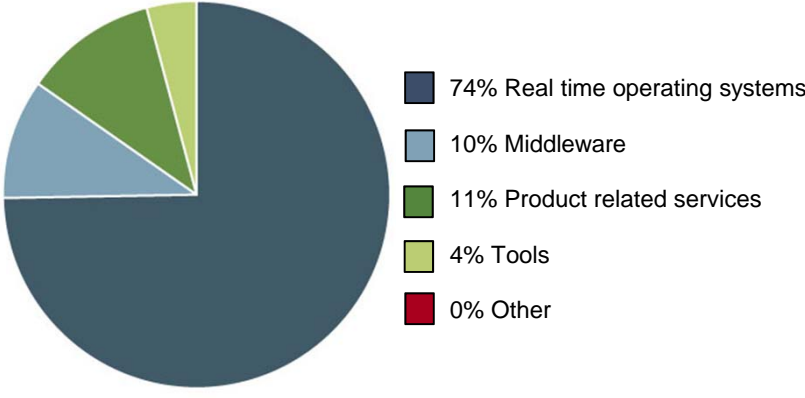


Software: Sales Distribution

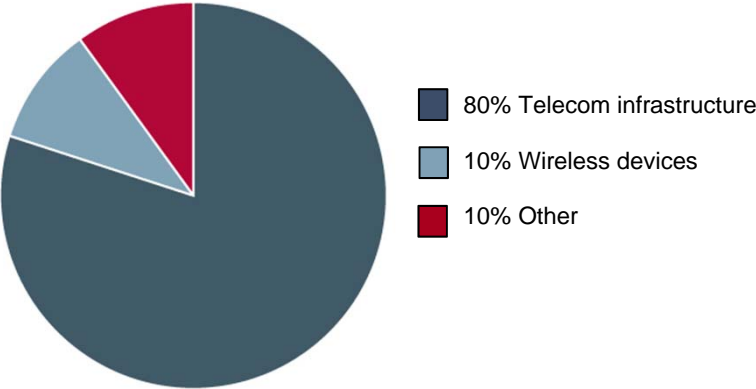
Revenue per geography



Revenue per product



Revenue per customer segment





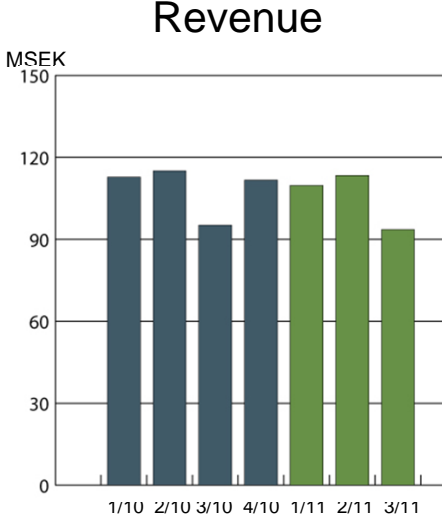
Software: Business highlights Q3/11

- Good development with key accounts.
- Closed 12 (9) software design-wins.
- Example of design win: an Asian telecom company will develop a prototype using Enea's Linux based solutions, developed together with TimeSys.
- Bo Strömqvist appointed Vice President Ericsson Sales.



Consulting: Growth in local currency

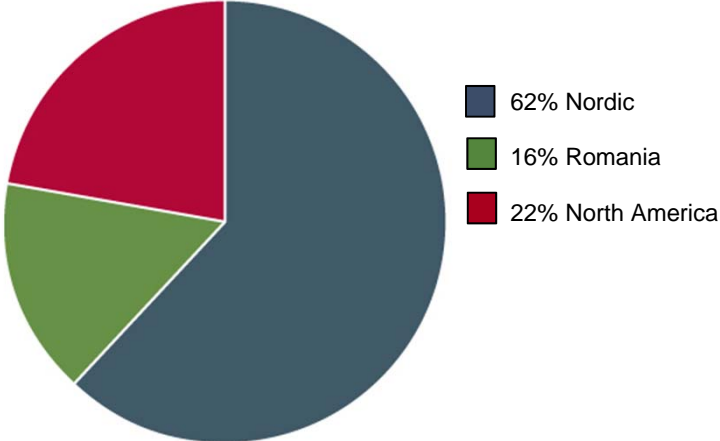
- Consulting accounted for 52% of the total revenue for Q3/11.
- Revenue of 93.6 MSEK in Q3/11 resulting in a 1.7% decline. Growth adjusted for currency amounted to 1.4%.
- Growth in US and Romania. Declining revenues in the Nordics.
- Operating margin of 3.1% excluding write offs.



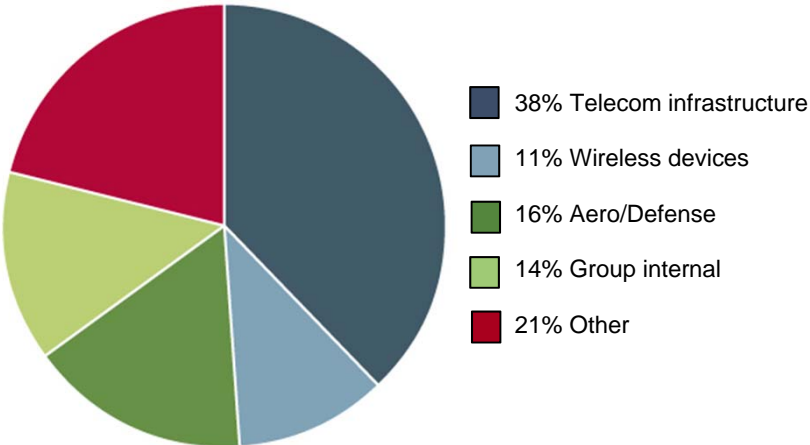


Consulting: Sales Distribution

Revenue per geography



Revenue per customer segment



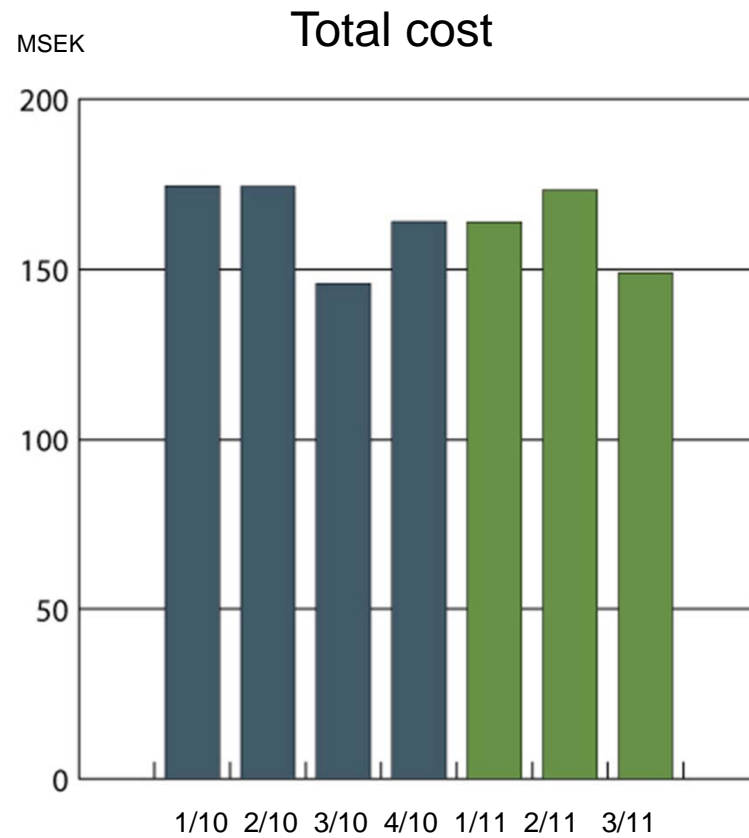


Consulting: Business highlights Q3/11

- **Continued marketing of Enea Experts** – a common profile for the Swedish consulting organization. Strengthening Enea’s recruitment message and ability.
- **Enea Experts has trained and supported** a customer in areas such as ‘agile test’ and ‘lean development’. 1300 people have been trained as part of the assignment.
- The **American consultancy business** has signed a number of follow-up orders, resulting in an **expansion** of the operation. Engagement of Romanian consultants as part of the projects.
- **Continued success in Romania.**



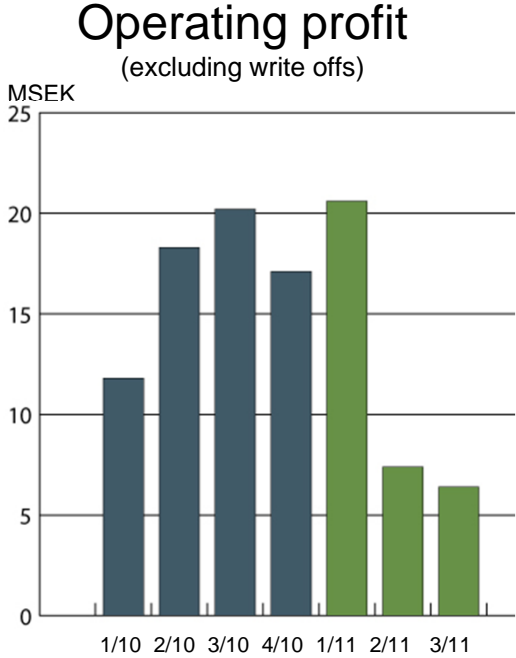
Cost in line with plan





Operating profit impacted by weak sales

(Excluding write offs)	Q3/11	Q3/10
Operating profit (MSEK):	6.4	12.2
Operating margin (%)	4.1	20.2
	9M/11	9M/10
Operating profit (MSEK):	34.4	50.3
Operating margin (%)	6.6	9.2



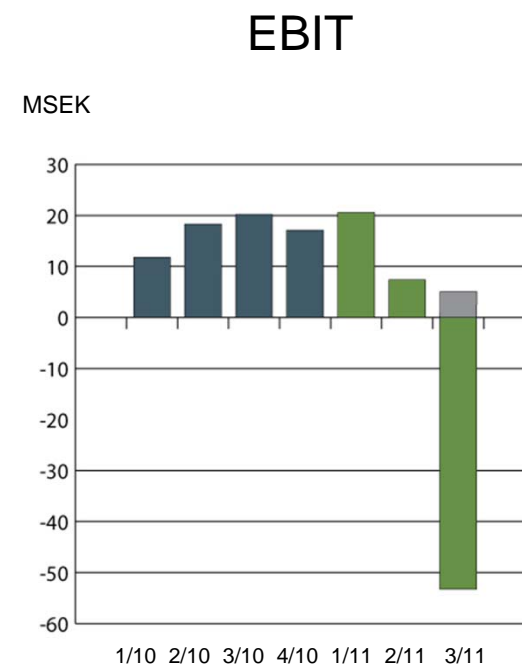


Historic M&A not successful

- Goodwill write off of 24 MSEK related to Netbricks.
- Goodwill write off of 22 MSEK related to QiValue.
- Write off of capitalized development expenses of 14 MSEK related to non-core products.

Earnings before interest and tax

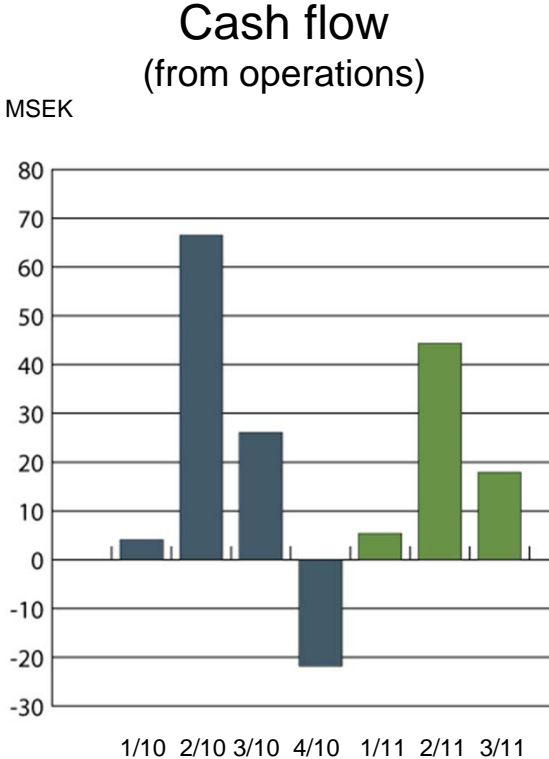
	Q3/11	Q3/10
EBIT (MSEK):	-53.3	20.2
EBIT margin (%)	-34.3	12.2
Earnings per share (SEK)	-2.82	0.63
	9M/11	9M/10
EBIT (MSEK):	-25.3	50.3
EBIT margin (%)	-4.9	9.2
Earnings per share (SEK)	-1.64	1.95





Continued Strong Financial Position

- Cash flow from operations amounted to 17.9 (26.1) MSEK for Q3/11.
- Cash and cash equivalents at the end of the period were 121.6 (202.5) MSEK
(Note: Enea has paid SEK 87 million to shareholders over the second quarter in the form of a redemption program.)
- Enea has unused credits amounting to 100 MSEK.
- The equity/assets ratio was 72.2 (76.0)%.





Way Forward & Outlook



Trends in wireless broadband

TREND	FOR ENEA, THIS MEANS...
IP-based communications <ul style="list-style-type: none">• Data traffic will be 26 greater in five years• 8.5 times more base stations	<ul style="list-style-type: none">• Greater opportunity to sell more operating systems with associated royalty• An increase in demand for multicore solutions
Latest hardware a must <ul style="list-style-type: none">• Constant switches to new hardware requires operating systems that can be transferred between hardware environments	<ul style="list-style-type: none">• Greater demand for commercial operating systems• Greater emphasis on good relations with hardware manufacturers
Best solution for every case <ul style="list-style-type: none">• The best solutions must be combined to reach the high performance requirements	<ul style="list-style-type: none">• Support is required for a number of OS – commercial and open source



Well positioned in the Wireless Broadband market

- Thought leaders within the OS solutions market for Telecom Infrastructure
- The multicore technology is superior
- Core business solid
- Not successful with the wide market focus and non-core products

- Need to focus more on the profitable and growing parts of the business
- Increased operational efficiency will be the effect
- Global market leadership is the ambition
- Long term shareholder value must be the result



Strategic direction for the software business

- Offer solutions based on operating systems for embedded development
- Offer expert knowledge needed to develop the communication based solutions of the future
- Build strategic relationships with key accounts in telecom
- Strong partnerships with chip manufacturers
- Develop the organization's productivity with focus on finding growth
- Attract and develop individuals with exceptional attitudes and skills



Market Outlook

- **Software:**
 - The underlying demand for Enea products and services remains good. There is however an uncertain market situation, especially in North America and Europe, affecting demand in the short-term.

- **Consulting:**
 - Demand continues to be good in US and Romania. In Sweden, it will be challenging to grow in line with the market.

- **Financial outlook for 2011:**
 - Net sales and operating profit, excluding existing write offs, is expected to be lower than the previous year.

- **Long term objective:**
 - Operating margin of 20 percent for Software and exceeding 10 percent for Consulting



THANK YOU!

For further information, please contact:

Anders Lidbeck, CEO, anders.lidbeck@enea.com

Lars Kevsjö, CFO, lars.kevsjo@enea.com

Catharina Paulcén, VP CorpComm catharina.paulcen@enea.com

Phone: +46 8 507 140 00

ENE A