

ENEA



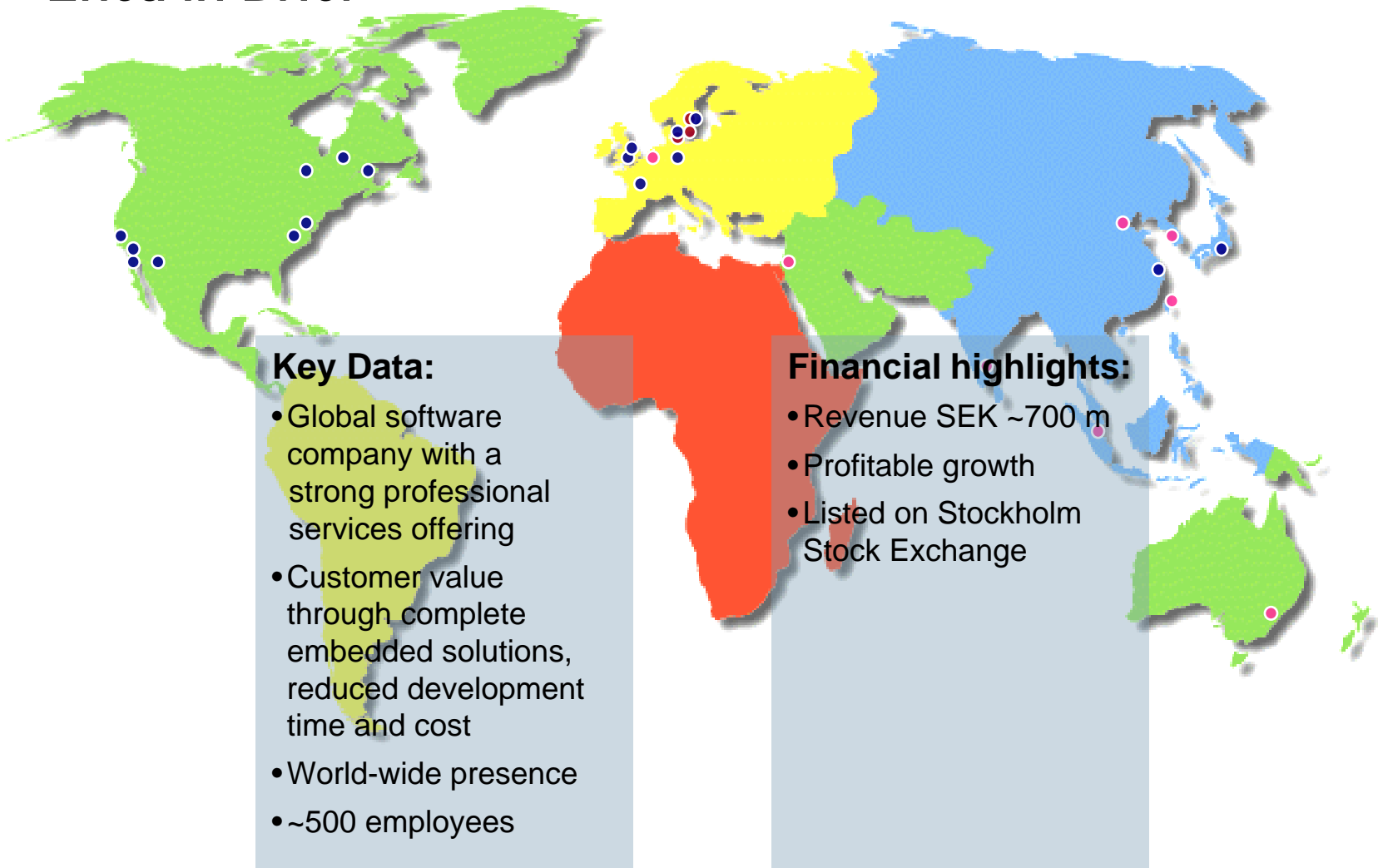
Enea

Full-Year Report 2005

Johan Wall
President & CEO

Håkan Gustavson
CFO

Enea in Brief



Key Data:

- Global software company with a strong professional services offering
- Customer value through complete embedded solutions, reduced development time and cost
- World-wide presence
- ~500 employees

Financial highlights:

- Revenue SEK ~700 m
- Profitable growth
- Listed on Stockholm Stock Exchange

Market Offering

- ▶ Software
 - Element™ Middleware Platform
 - OSE™, Real Time Operating System
 - Polyhedra™, In Memory Database
 - Optima™ Eclipse-based Tools

- ▶ Consulting services
 - Application development, systems integration, testing
 - Hardware and software design
 - Training
 - 300 professional consultants

- ▶ Third party products
 - Best of breed tools, network protocols and applications

Some of Enea's Clients



Developments in Recent Years

- ▶ **2003**
 - OSE™, Real Time Operating System, key product
 - Rights issue
 - Renegotiations with key clients
- ▶ **2004**
 - New CEO
 - New senior management
 - Renegotiations completed, new business model
 - Focus on core offering
 - Three non-core units divested
 - Cost alignment
 - Focus on sales and marketing initiated
 - Accelerated growth
 - Profits achieved
- ▶ **2005**
 - Strengthening sales org
 - Relocating market communications to USA
 - New CFO
 - Acquisition of key middleware technology
 - China sales office opened
 - Continued growth and good margins
 - Strong cash-flow

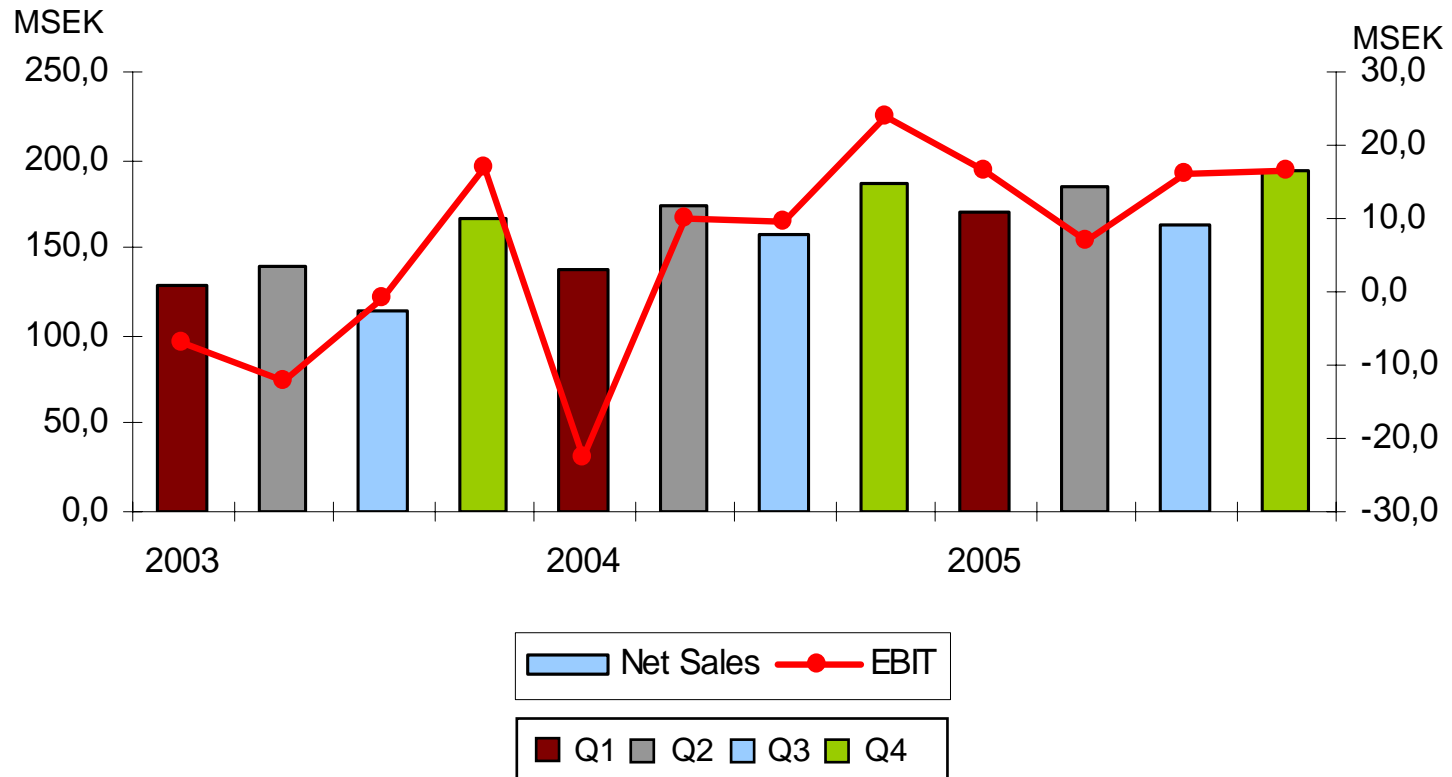
Financials

Year 2005 in Brief

- Net sales 712 MSEK (656), up 9% or +20% adjusted for divested units
- Operating profit 56 MSEK (21)
- Software sales 238 MSEK (203), up 17%
- Services sales 474 MSEK (389), up 22% adjusted for divested units
- Cash and equivalents 178 MSEK (138)



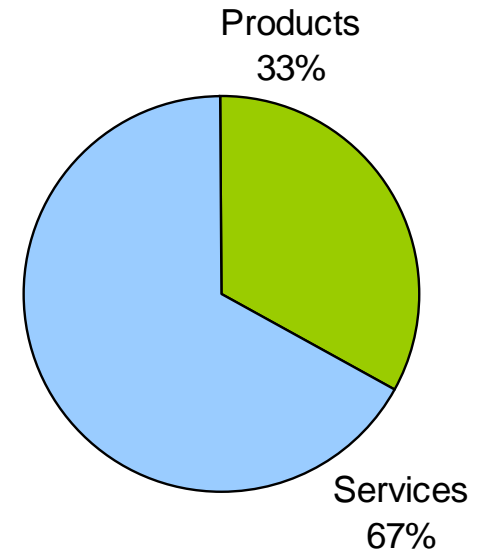
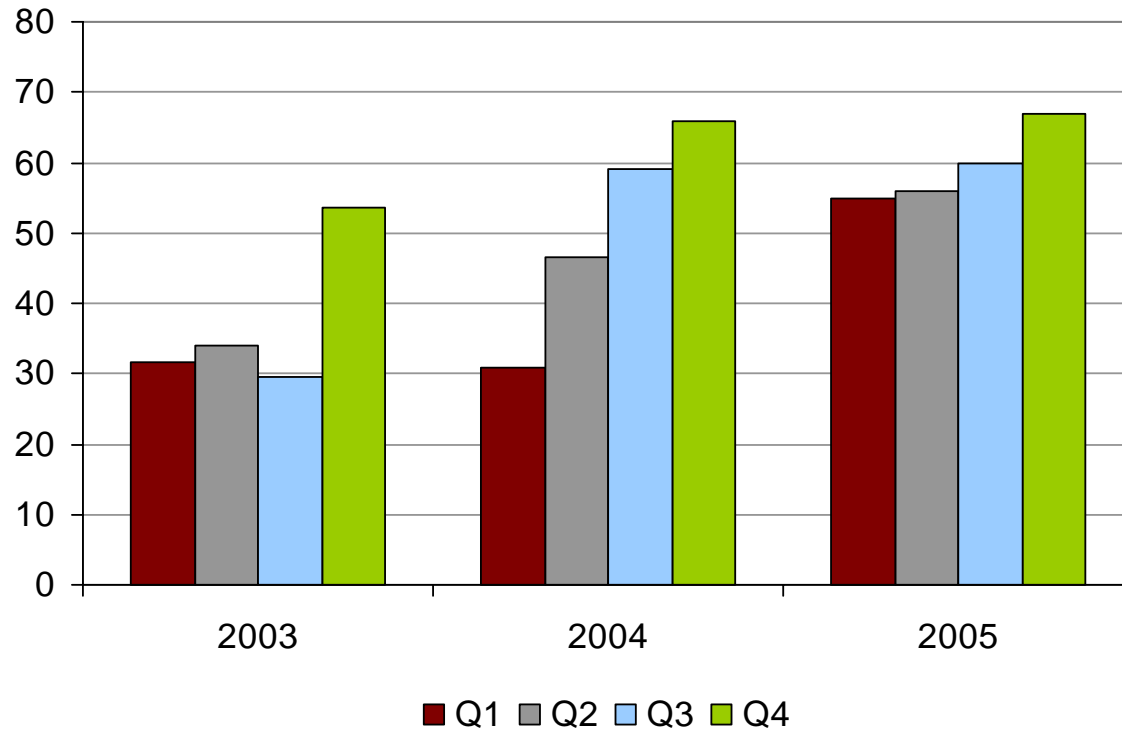
Enea Group - Net Sales and EBIT



- YTD increased by 9 % to 712 (656) m
- Proforma sales YTD increased by 20%
- 3,2% EBIT margin in 2004, 21,2 m
- 7,9% EBIT margin in 2005, 56,4 m

Software Sales

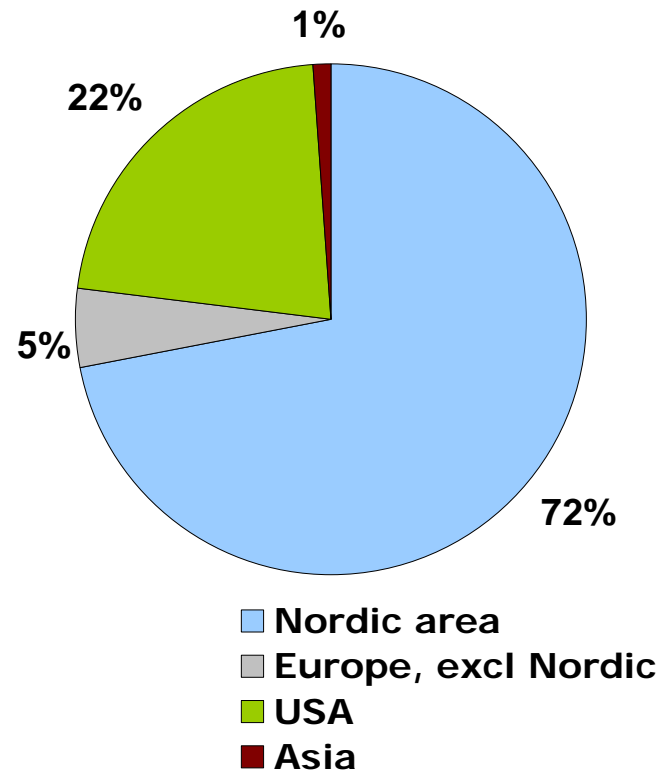
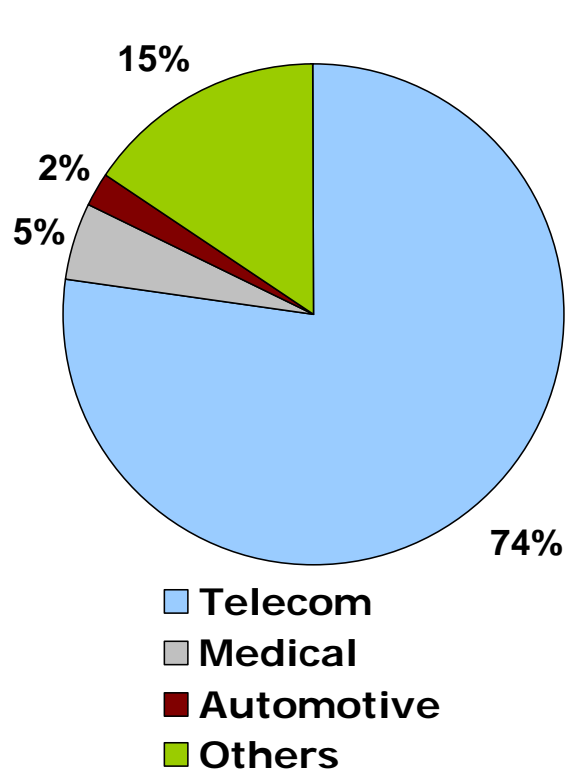
Software sales, MSEK



- Operational target 50 % software

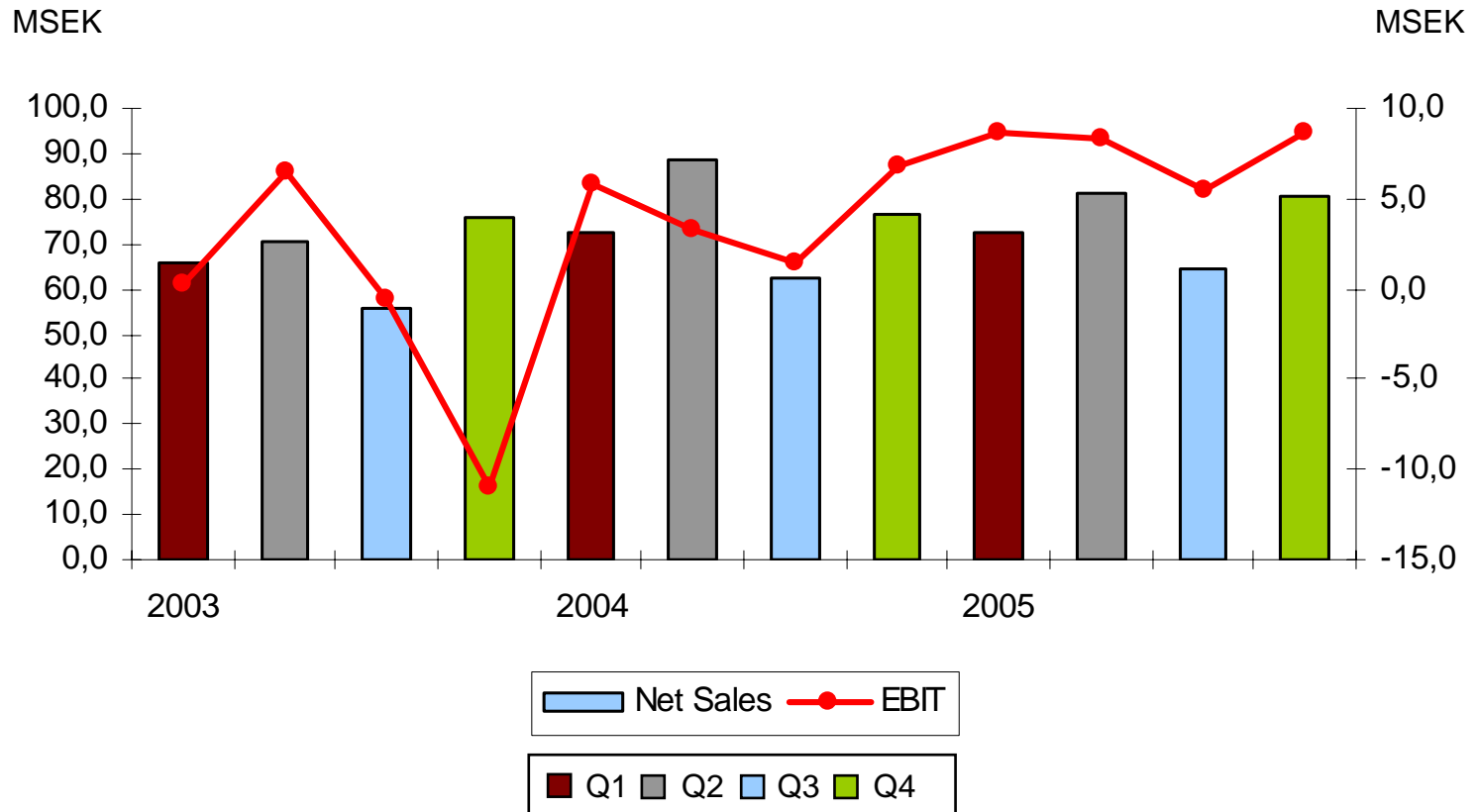
- Software sales increased by 17% in 2005 to 238 MSEK

Sales per Segment and Market during 2005



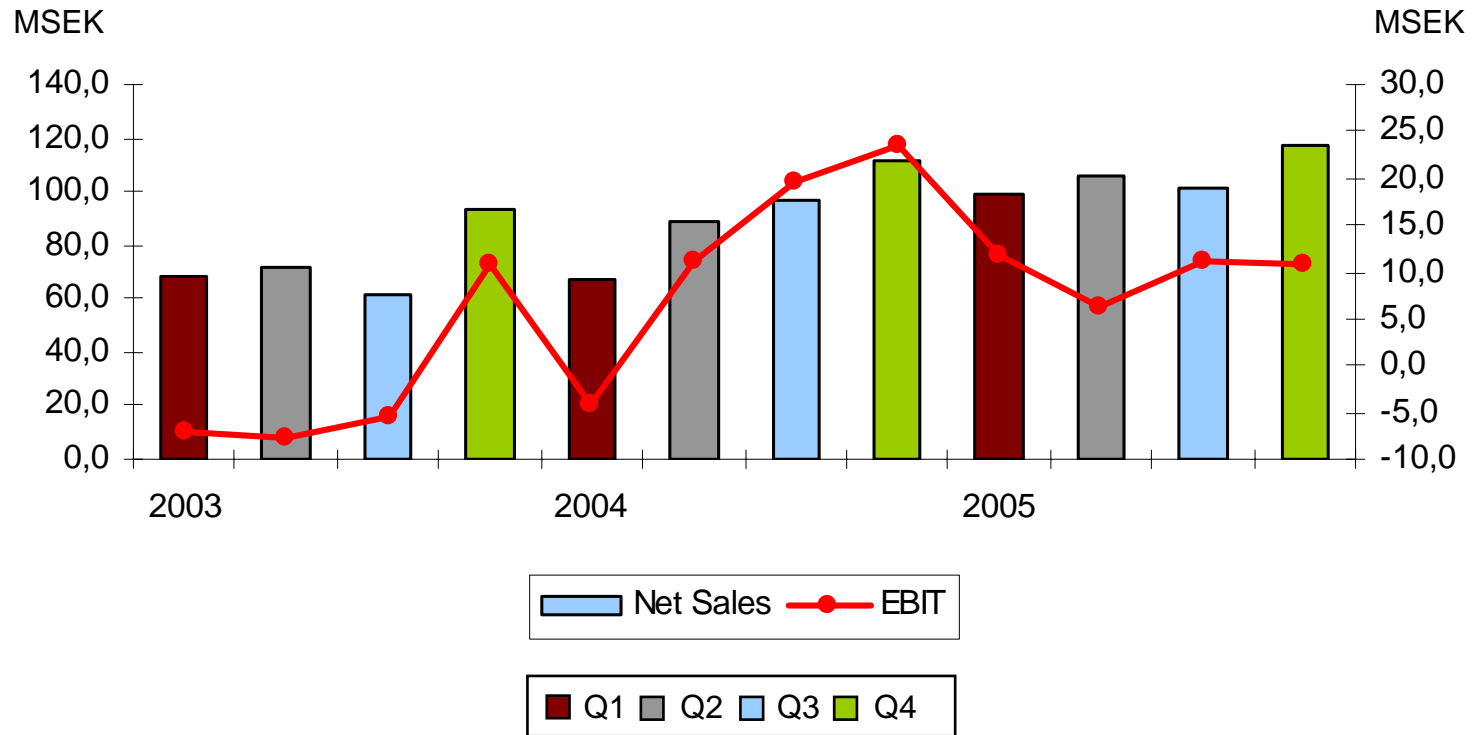
- Ericsson largest customer, > 50% of total sales

Enea Systems - Net Sales and EBIT



- Enea Systems provides consulting services in Nordic
- EBIT margin of 10,4%
- Proforma sales increased by 27% in 2005 to 299 m

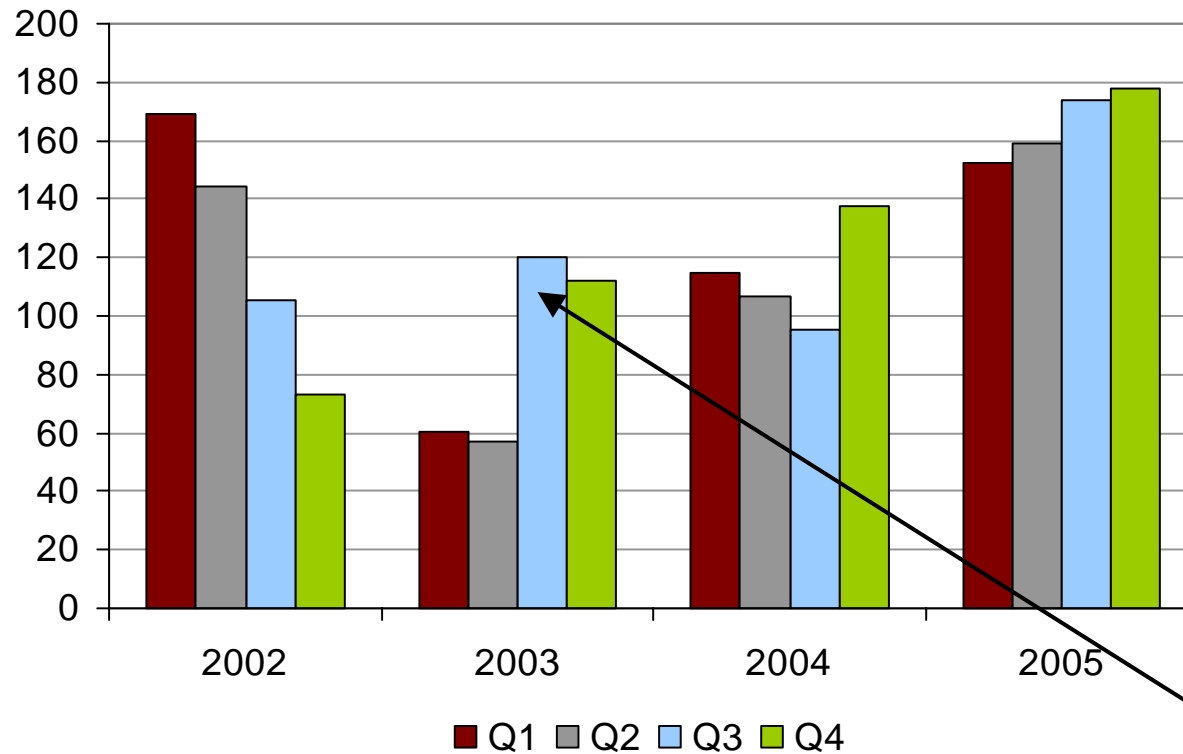
Enea Embedded Technology - Net Sales and EBIT



- Enea Embedded Technology provides Enea software worldwide and related professional services in Nordic and in North America
- Net Sales increased by 16,2% to 423 m with EBIT margin of 9,5%
- Continued investments in sales, marketing and product development

Solid Financials

MSEK



December 2005:

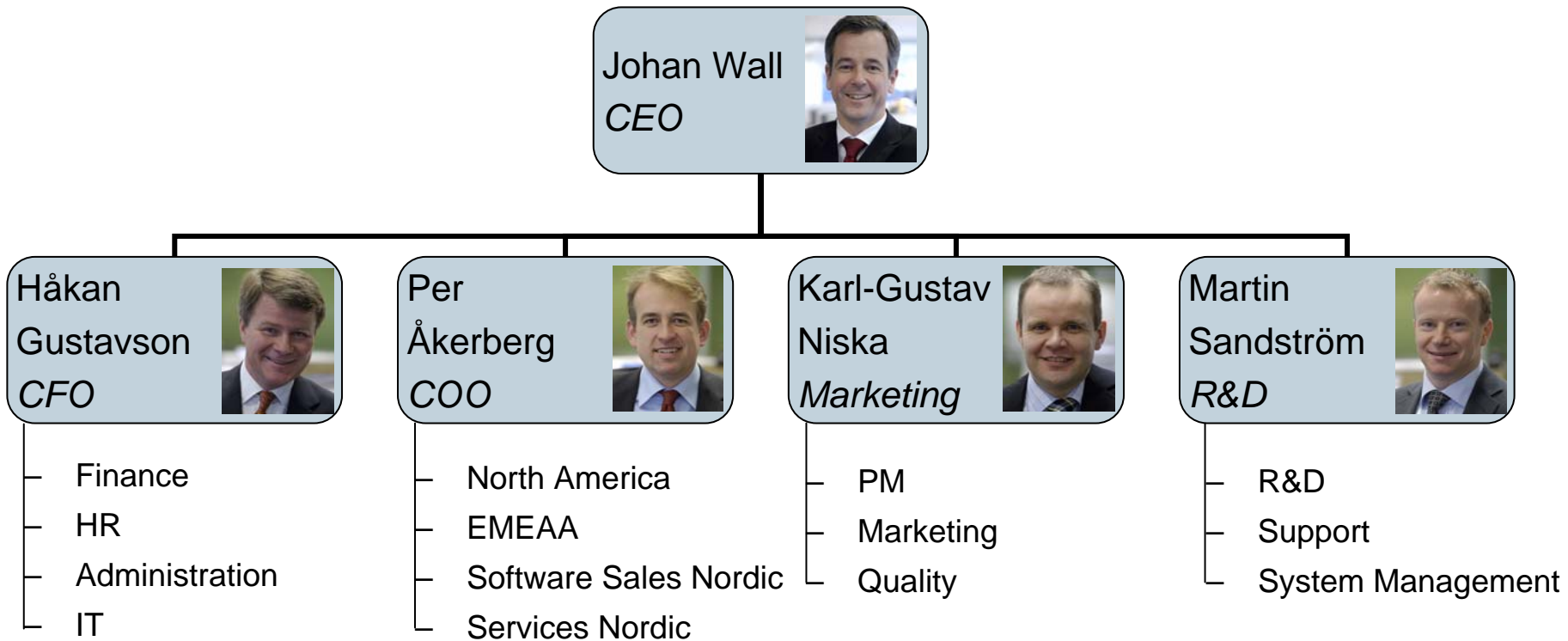
Cash 178 m

Equity 339 m

Operating cash flow during 2005 improved to 52 (26) m

Equity Issue 81m

New Enea Organization



Financial Reporting 2006

- Primary segmentation
 - Software
 - Services
- Secondary segmentation
 - Nordic
 - EMEAA excluding Nordic
 - North America
 - Asia



Way Forward

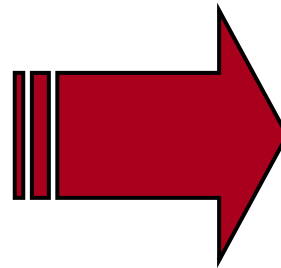
A Changing Marketplace – From Build to Buy

Device Requirements

- Increased complexity
- Converging Technologies
- Networking Capabilities

Competitive Pressure

- Faster Time-to-Market
- Lower Development Costs
- Lower Device Costs
- Higher Quality



Changing Demands

- Standardization
- Integrated Systems
- Open Source
- Professional Services

Industry Outlook for Embedded

- Shift from “build” to “buy” accelerates development, increases quality and lowers costs
- Middleware key component
- IP network connectivity key
- Scalability, portability, security

- The global market for RTOS technology alone is estimated to USD 1 billion, one third telecom
- Underlying growth is estimated at 15 percent annually



Don't write your own software!

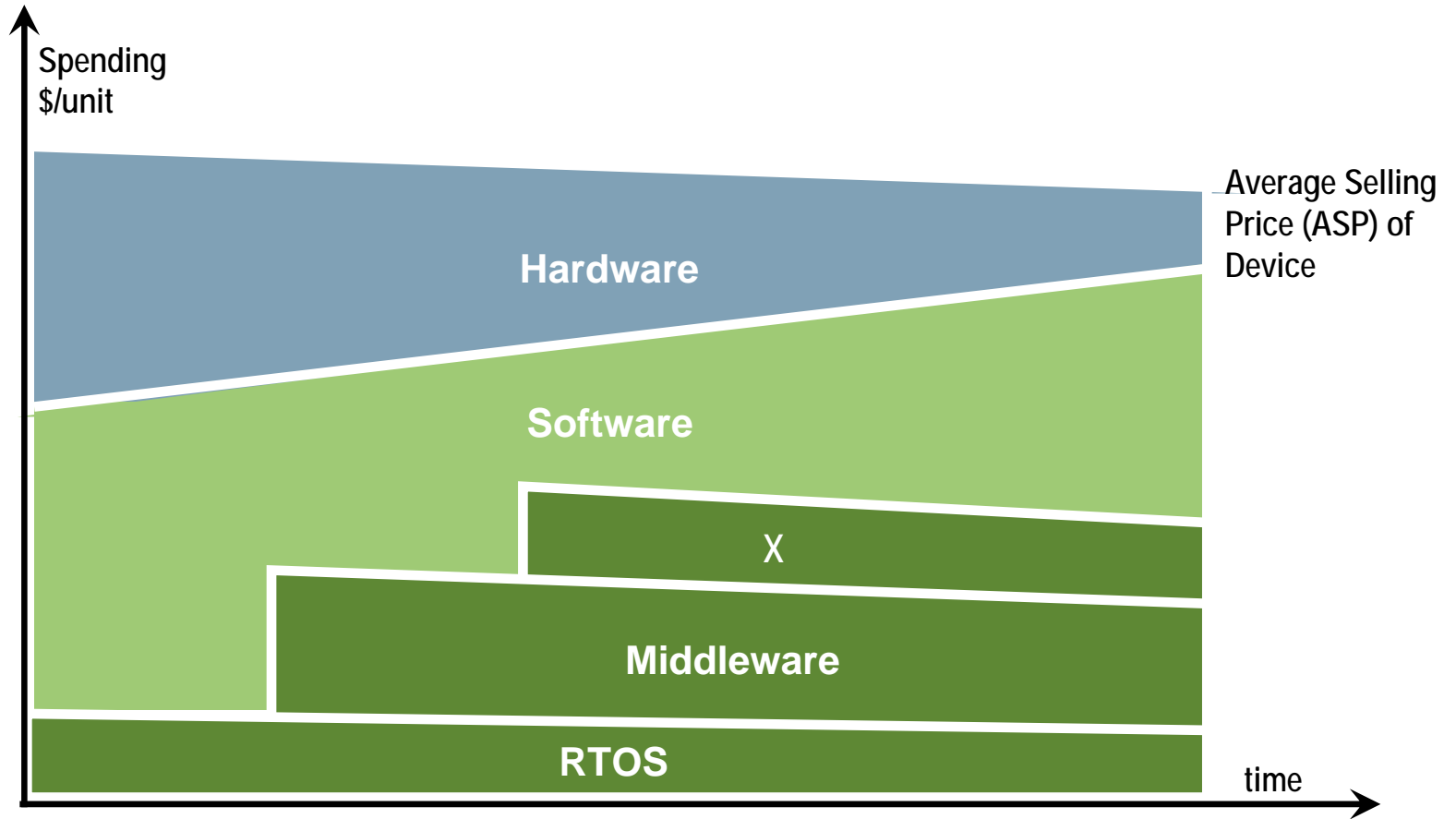
- Problems
 - Code complexity, slow to market, rising costs and slipped deadlines
- Solutions
 - Reusable code, integrated tools environments, pre-integrated components
 - DSO - industry initiative solution spearheaded by Enea and Wind River
- Benefits
 - Shorter time to market
 - Lower development costs, lower device costs
- Transforming the industry - from technical features oriented to commercial benefits oriented

Further information: www.dso.com

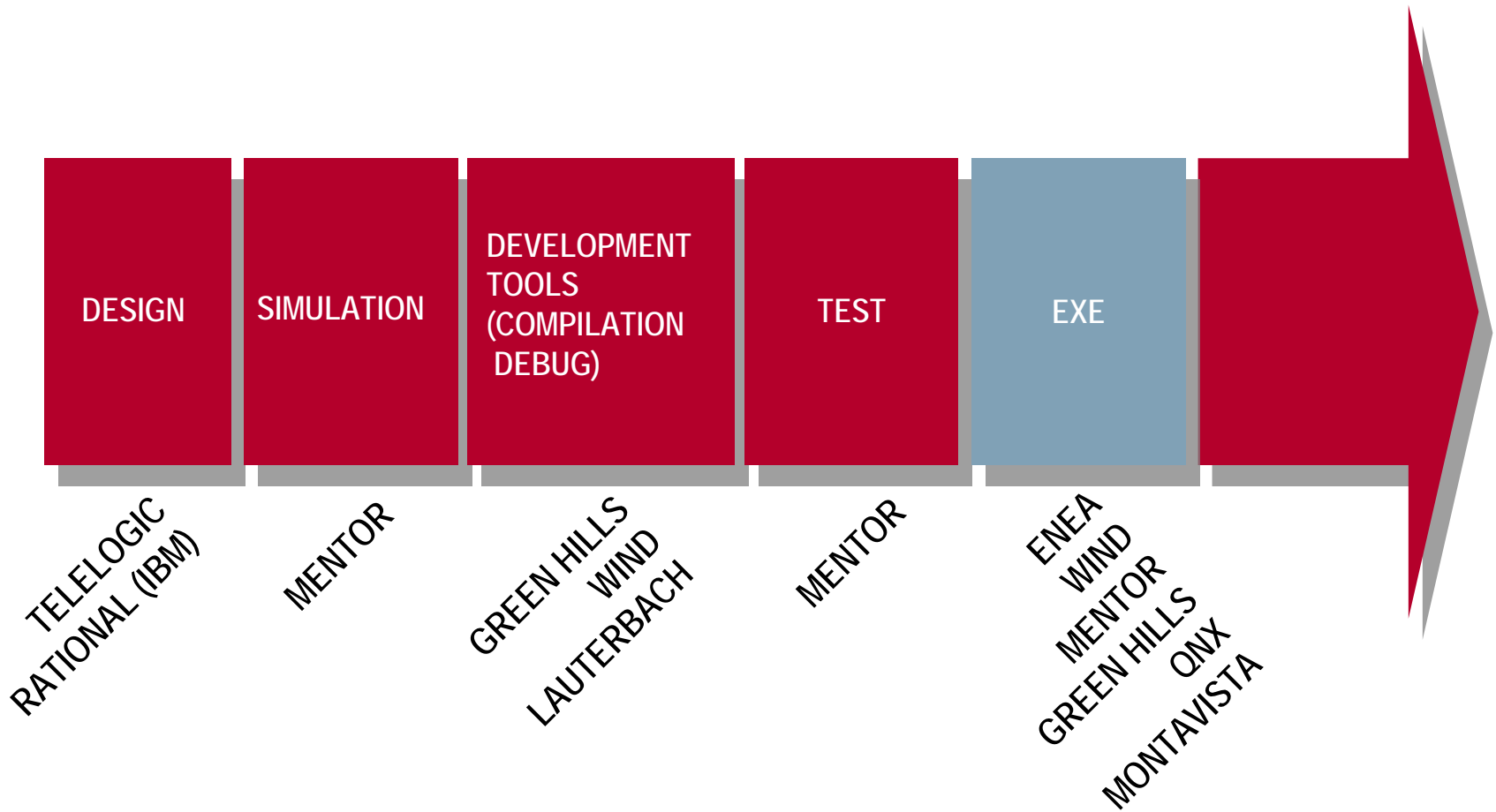


Strategic Considerations for Enea

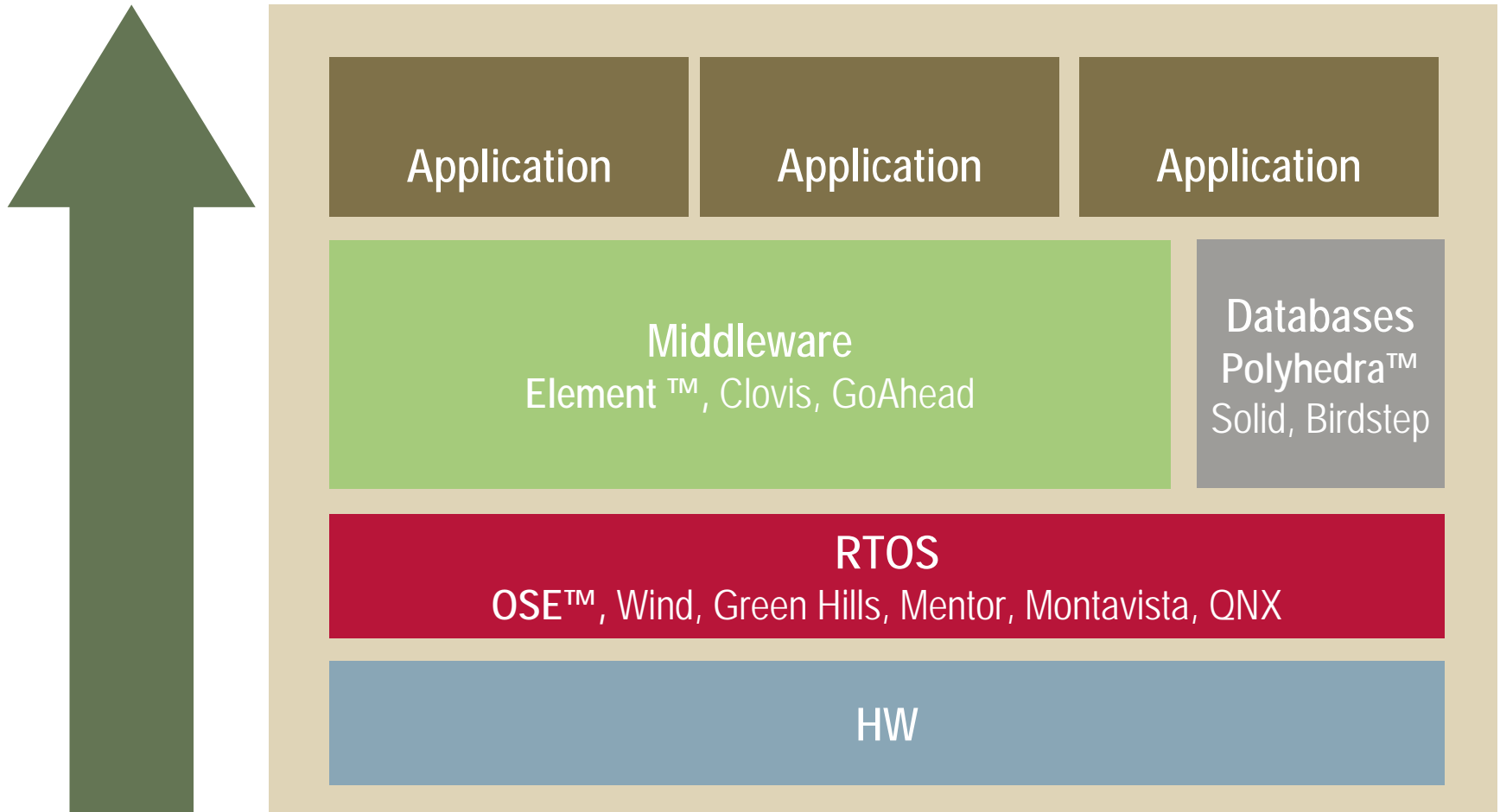
Trends in Software



Development Process



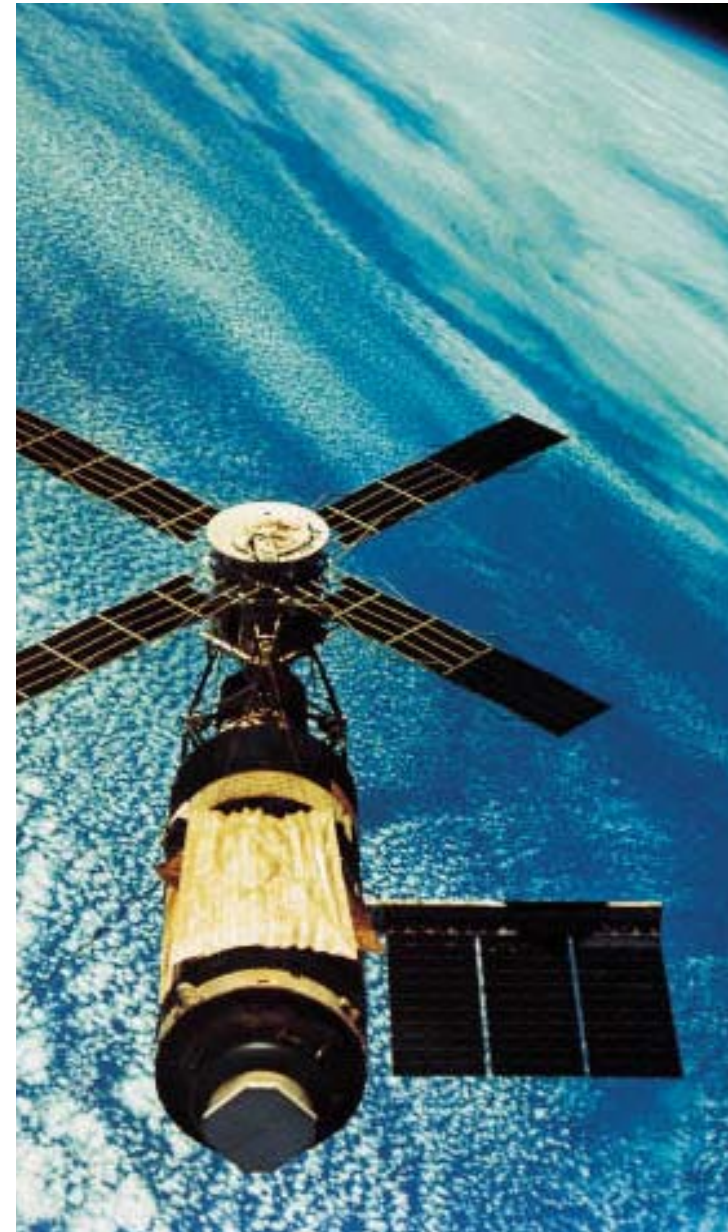
Device Software



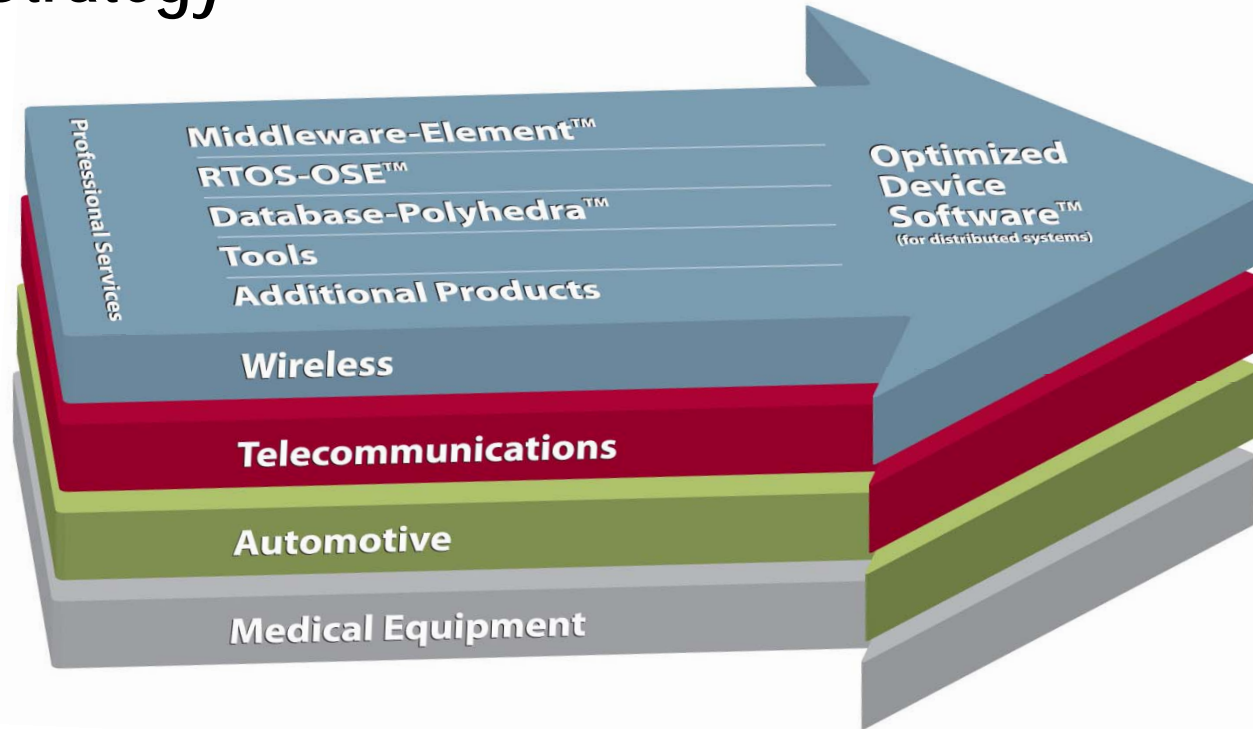
Middleware Opportunities for Enea

- Estimated Middleware Market 2006 - \$100M USD *
- Future Growth Estimates vary wildly – 20-80% CAGR next 6 years

* Source Wintergreen Research



Our Strategy



Growth

- Expanded product range
- Geographic expansion
- Broaden customer base

Competitiveness

- Platform independent software
- Professional Services & 3rd-party products
- Complete and integrated solutions
- Middleware integration
- DSO
- Intensified Market Orientation

Profitability

- Recurring revenue model
- Cost efficiency

Vision and Targets

- Vision
 - Customer's first choice for complete and integrated embedded solutions with the highest customer value
 - Leader in terms of market share and profitability in selected segments
 - The most attractive employer for the industry's leading experts
- Operational targets
 - At least 50 % of total revenue from software
- Financial targets
 - Over the course of a business cycle achieve:
 - Sales increase of more than 15 percent annually
 - Operating margin of at least 10 percent



Management Agenda and Outlook for 2006

Agenda

- Continue to expand marketing efforts
- Keep up momentum in DSO effort
- Expand product portfolio
- Further integrate professional services
- Initiate development efforts in low cost countries
- Continue adaptation to open source software
- Expand eco-system with partners

Outlook

- Continued strong growth in software. Price erosion well compensated by volume expansion.
- Moderate growth in consulting services. Price pressure in Swedish market.
- Reduction in subcontractors may lower revenue, but increase margins

ENEA



Question & Answer