



# Enea

## Financial Result 2010

Per Åkerberg, President and CEO

February 3, 2011

**ENEAA**



# Agenda

- Intro
- Q4 & FY 2010
- Way forward
- Outlook & dividend

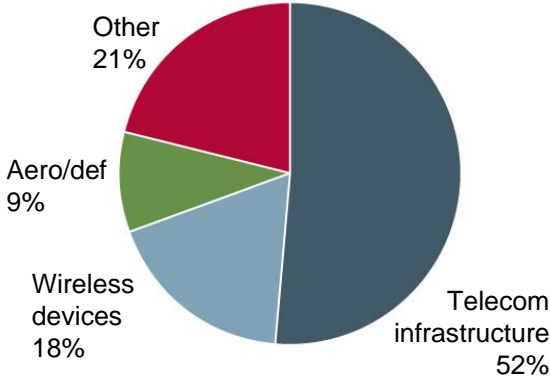




# Leader in Communications Software & Services

Global software and services company focused on solutions for communication-driven products.  
Founded 1968

Revenue per segment (2010)



### Enea Consulting

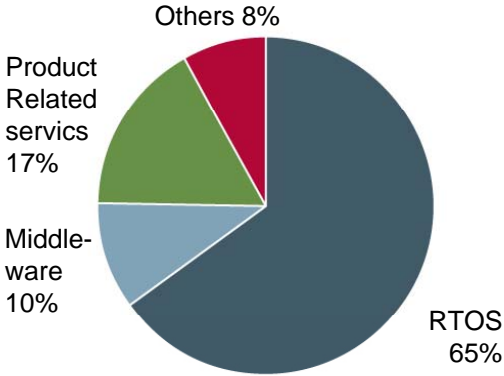
- Full product life cycle software development
- Outsourcing capabilities
- Training
- Solution centers for Android, Linux, M2M, wireless and certification

620 employees  
16 offices in Sweden (HQ), Romania, North America, France, Germany, UK, Israel, China and Japan

### Enea Software

- is among the most widely deployed in the world
- handles 5 billion phone calls every day
- is installed in over 1 700 million wireless devices

Revenue per product (2010)





# Global Footprint – Global Customers

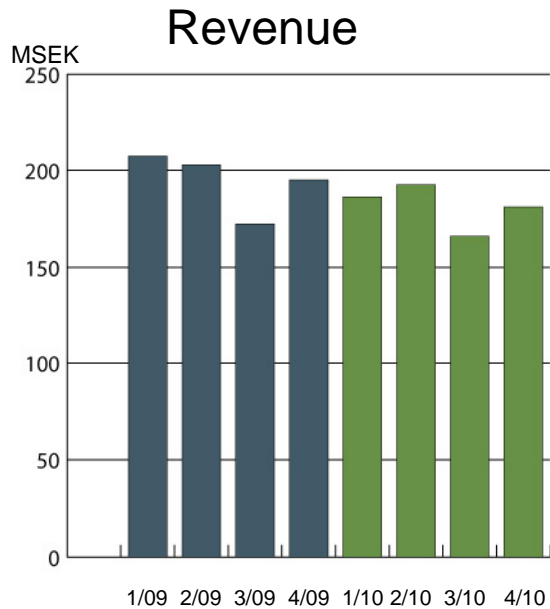




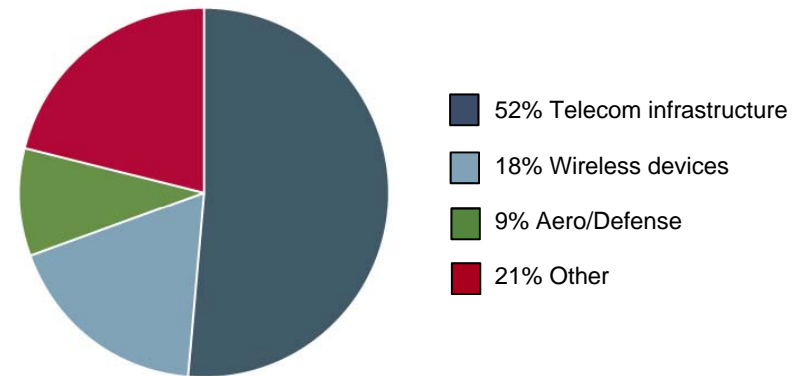
# Fourth quarter & full year 2010



# Revenues are stabilizing



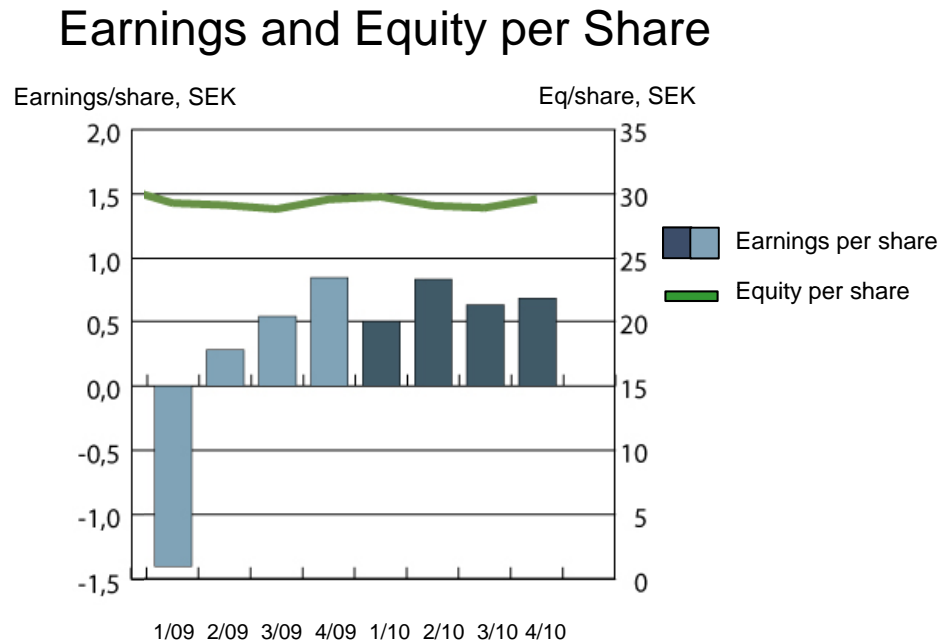
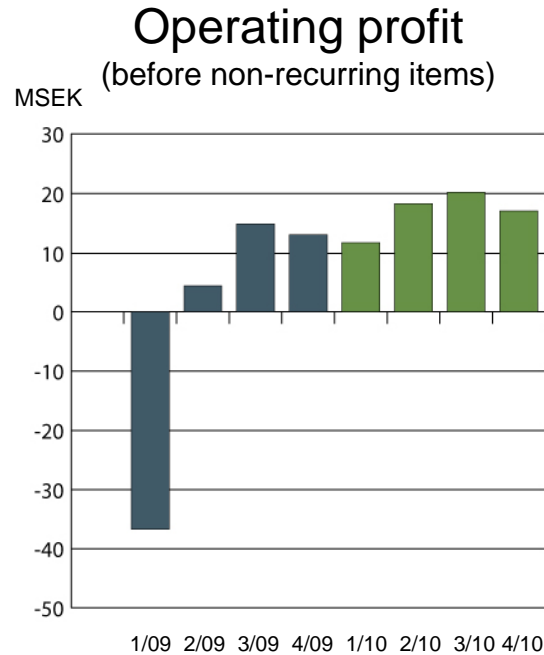
**Revenue per customer segment**



	Q4/10	Q4/09	FY/10	FY/09
Revenue (MSEK):	181.1	195.1	726.1	777.7
Growth (%)	-7.2	-22.6	-6.6	-15.2
Growth (%) (excl. currency effects)	-5.6		-4.8	



# Profit continues to improve

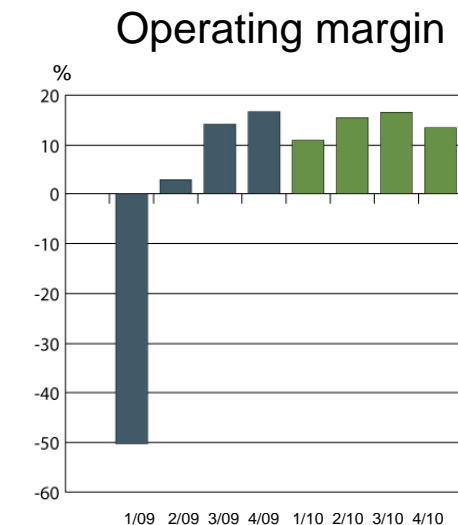
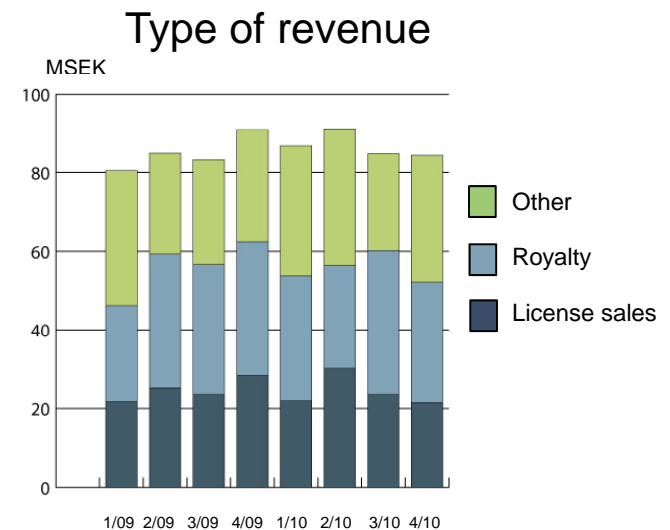


	Q4/10	Q4/09	FY/10	FY/09
Operating profit (MSEK):	17.1	13.1	67.4	-4.1
Operating margin (%)	9.4	6.7	9.3	-0.5
Earnings per share (SEK)	0.68	0.85	2.65	0.24



# Software: stable revenue and improved margins

- Software accounted for 48% of the total revenue for 2010.
- Revenue of 347.1 MSEK in 2010 resulting in 2.2% growth.
- License and royalty sales decrease slightly during 2010
- Growth in France, Germany, China and Japan. Weak development in the US. Stable development in the Nordic countries.
- Operating margin of 14.4% compared with the long term objective of 20%.

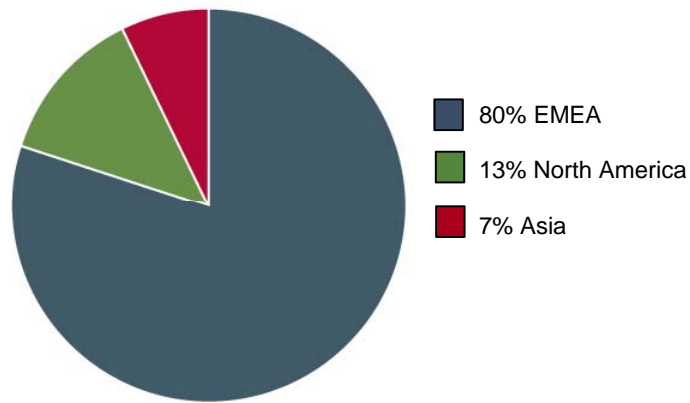




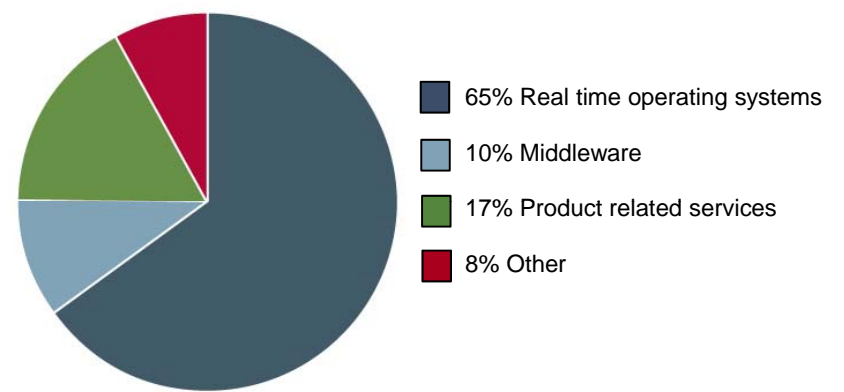


# Software: Sales Distribution

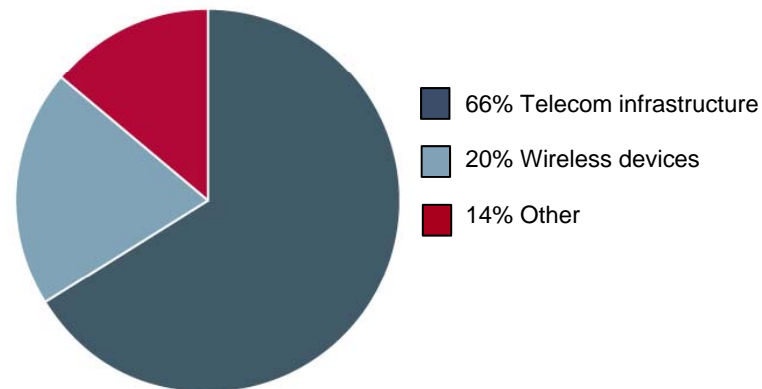
Revenue per geography



Revenue per product



Revenue per customer segment





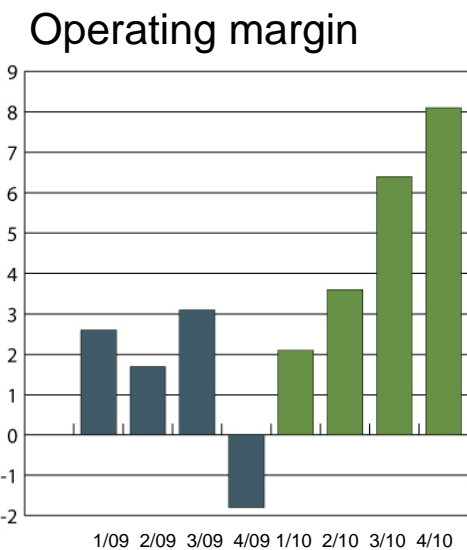
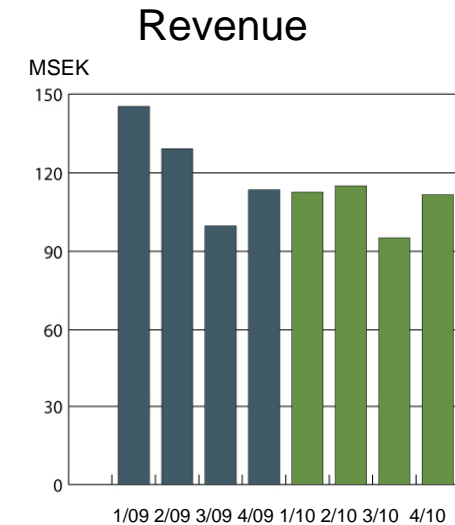
## Software: Business highlights 2010

- Closed **70 software design-wins**.
- **Strategic partnerships with Freescale and NetLogic.** Enea and Freescale are cooperating on future product plans, as well as marketing and customer development. The agreement with NetLogic includes cooperation on product adaptations and the creation of a development environment for Linux.
- **All of the largest deals** during the year have included Enea OSE Multicore Edition. The technology shift is happening, albeit slower than initially anticipated.
- Yet another award for Enea OSE Multicore edition. Enea won the '**Innovation Award 2010**' for the multicore version of its real-time operating system Enea OSE at a competition arranged by Selezione di Elettronica.



# Consulting: Significantly improved margins

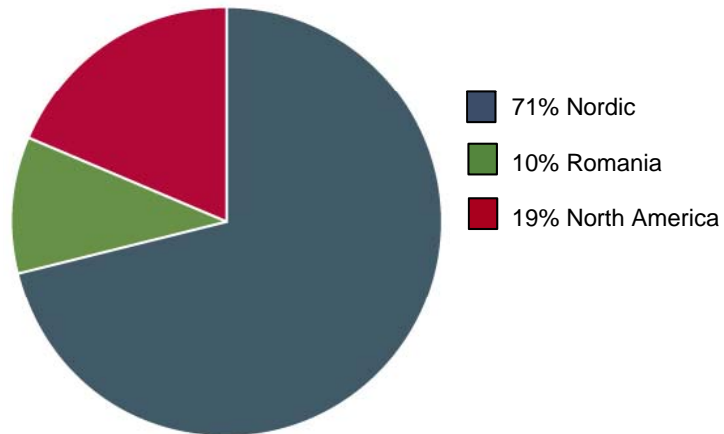
- Consulting accounted for 52% of the total revenue for 2010.
- Revenue of 434.7 MSEK in 2010 resulting in a 10.9% decline.
- Nordic Consulting have showed a positive trend over the year with improved profit margins. In Öresund the market climate is improving. US operations are growing with improved profits. Romanian operations have reported stable income with increased profitability
- Operating margin of 5.0% compared with the long term objective of 10% operating margin.



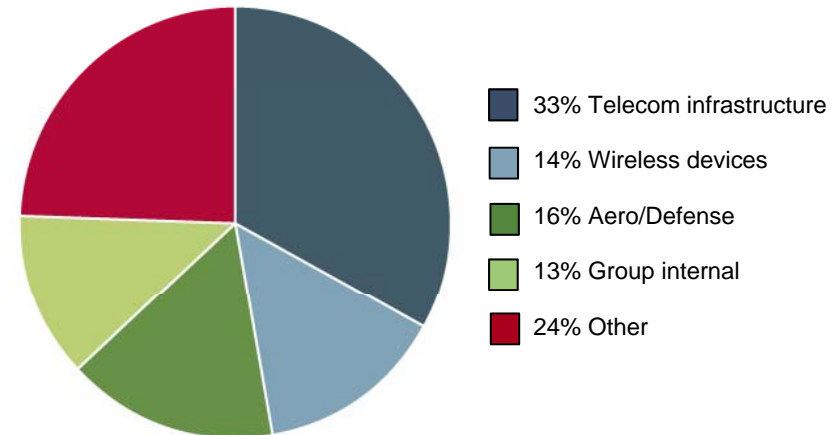


# Consulting: Sales Distribution

Revenue per geography



Revenue per customer segment





## Consulting: Business highlights 2010

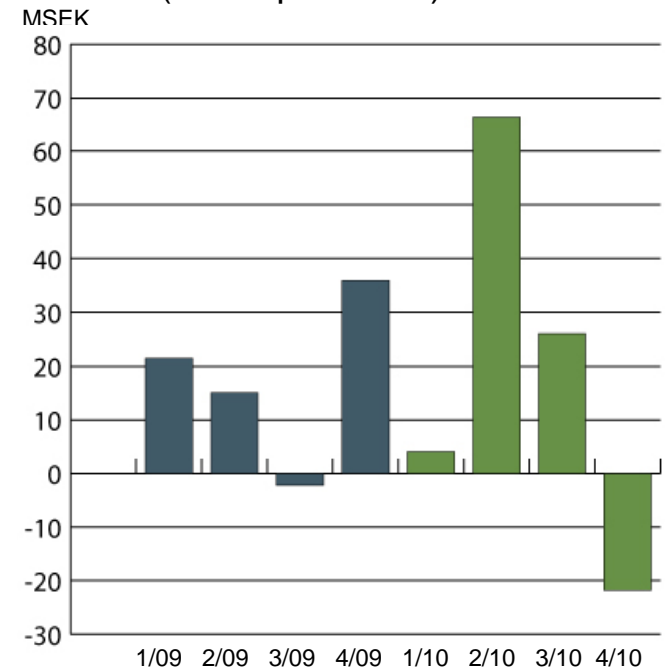
- The **extensive project taking place within American consultancy operations** has developed well over the year and has also resulted in an additional order.
- Enea has opened a **competence center in Linköping** in order to take full advantage of the opportunity presented by the rapid growth of the **M2M** market (Machine to Machine).
- Continued **success for the Android Competence Center** in Lund. An app for the Malmö Redhawks ice hockey team, along with a number of training sessions, have been supplied over the fourth quarter. The competence center has run training courses equivalent to a total of 1114 man-days in 2010.



# Continued Strong Financial Position

- Cash flow from operations amounted to 76.1 MSEK for 2010.
- Cash and cash equivalents at the end of the period were 176.5 MSEK
- Enea has unused credits amounting to 100 MSEK
- The equity/assets ratio was 77.6 percent

Cash flow  
(from operations)



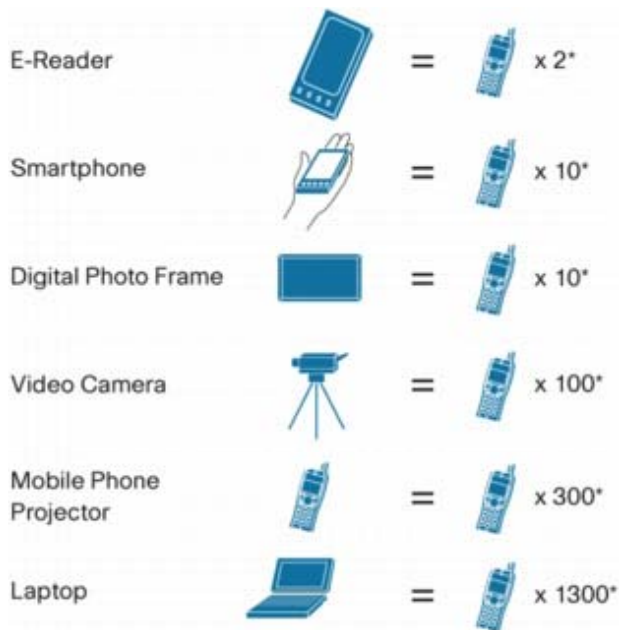


# Way Forward



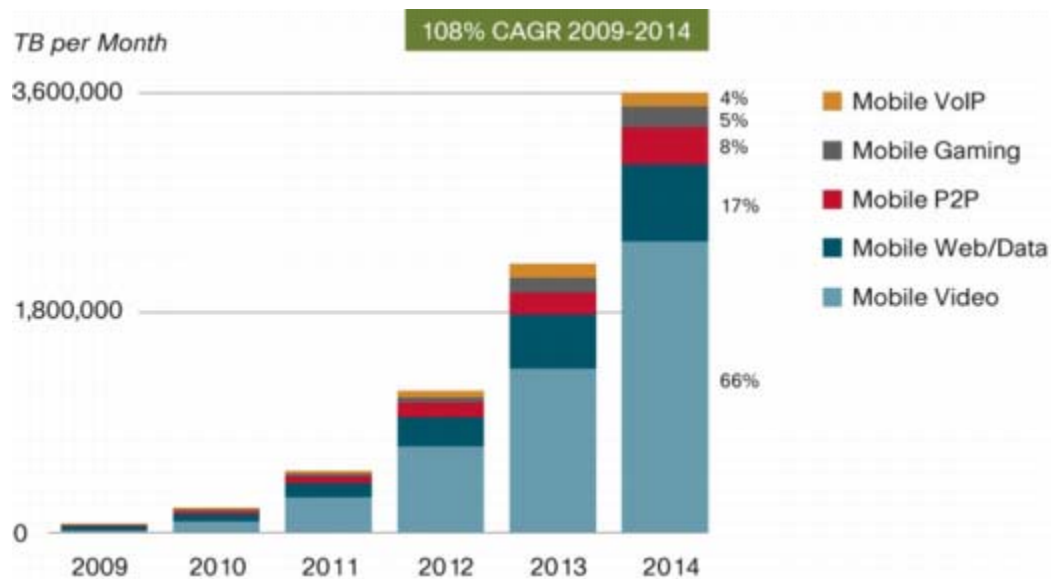
# Technology Development Drives Demand

- Ericsson predicts 50 billion **connected devices** by 2020
- Cisco believes mobile data traffic will increase 39 times through 2014, thus requiring major investments in **infrastructure**



\* Monthly Basic Mobile Phone Data Traffic

Source: Cisco VNI Mobile, 2010



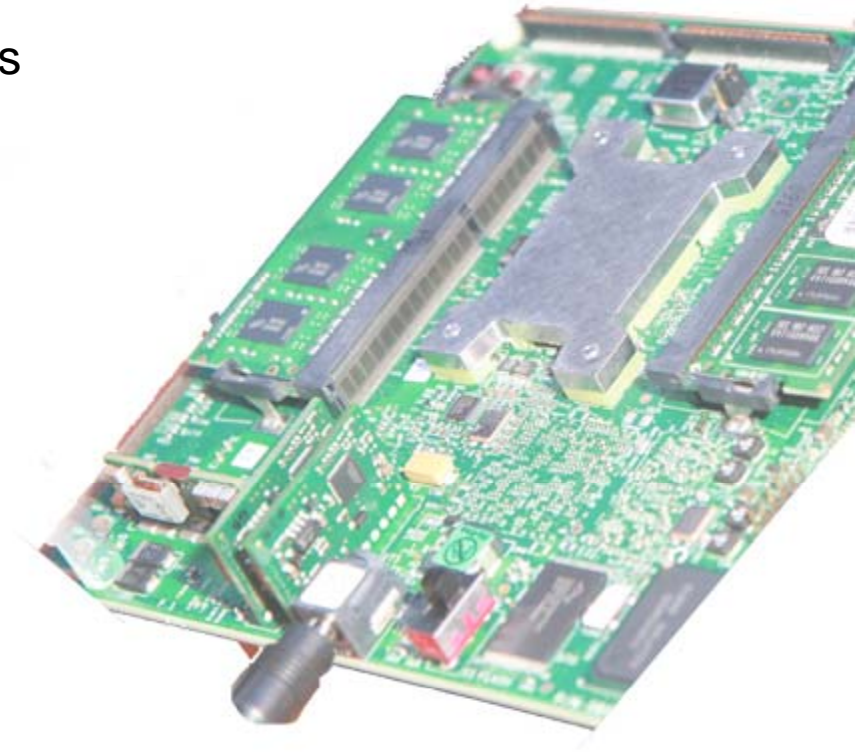
Source: Cisco VNI Mobile, 2010





# Enea's market opportunity

- The technology answer to the increased complexity spells **multicore**, a technology shift that is redefining the market
- Today approximately 10-15% of all projects are using multicore. In two years it's expected to grow to 40% usage
- The world wide shipment of multicore components, tools and related services is expected to grow with +30% annually
- Enea has award winning multicore solutions with high scalability





# Software Strategy

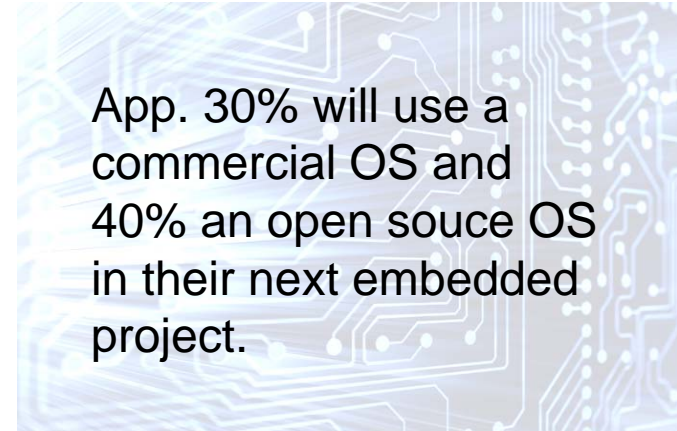
- **Offer operating systems used for embedded development**

Customers are asking for both a real-time operating system (RTOS), such as Enea OSE, and Linux.

Enea will also start packaging its point to point solutions into platforms. Each platform will address a specific customer need.

- **Offer high quality services to complement product offering**

Provide services to make it easier for customers to quickly begin using the solutions and implementing them in their development environments.

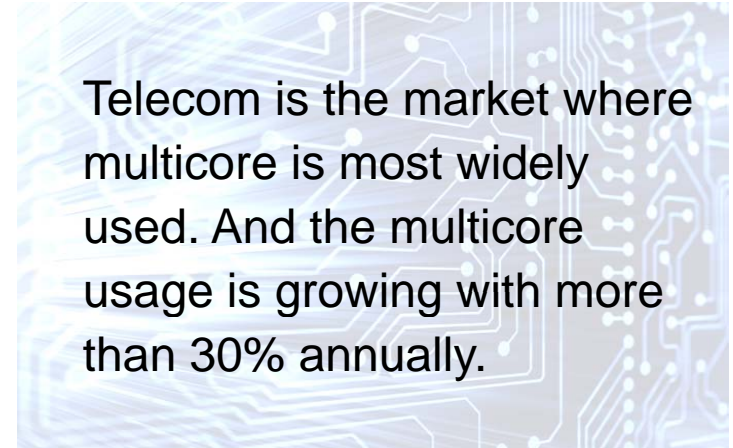




## Software Strategy cont.

- **Continued focus on telecom, with emphasis on the networking segment**

Leverage our strong position within telecom and use it as a beach head for long-term expansion into other communication intense segments



- **Build strategic relationships with key accounts**

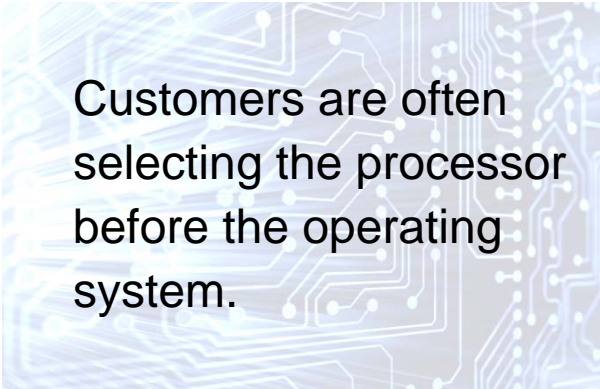
When developing complex products that are used for many years in the customer's environment, the partnership between supplier and customer are of great importance..



## Software Strategy cont.

- **Strong partnerships with chip manufacturers**

To get full performance out of the hardware, the operating system needs to support the specific processor. Strong partnerships will also give Enea access to the global network of customers that the hardware manufacturers are engaged in.



Customers are often selecting the processor before the operating system.

- **Best solutions for multicore**

To serve the high growth multicore market, innovative, predictable and high performance solutions are needed.



# Consulting Strategy

- **Regional strategies based on the core competences**

Leverage the strong customer relationships and the strong skill set for each region.

- **Create competence centers for growth areas**

By creating local competence centers for growth areas such as M2M and Android it's clear for customers that Enea has core competences in areas critical for success.

- **Grow off-shoring as a competitive advantage**

Enea's engineers in Romania give the Company a competitive advantage thanks to its attractive combination of outstanding knowledge and competitive prices.





## Strategy cont.

- **Develop the organization's productivity with focus on finding growth**  
During the year Enea will continue to ramp up its efficiency and productivity to improve those processes that facilitate growth.
- **Attract and develop individuals with exceptional attitudes and skills**  
Continuously developing Enea's position as an attractive employer and build up high energy levels and high expertise throughout the organization



# Market Outlook & Dividend Proposal



# Market Outlook

## ■ Software:

- The underlying demand for Enea products and services remains good
- Technology development means major, long-term investments for Enea's customers

## ■ Consulting:

- Demand is increasing in 2011

## ■ Financial outlook for 2011:

- net sales will continue to increase compared with the previous year, and that profitability will continue its positive development.

## ■ Long term objective:

- Operating margin of 20 percent for Software and exceeding 10 percent for Consulting





# Dividend proposal

- Enea has a strong financial position with cash and cash equivalents amounting to 176.5 MSEK by the end of the year
- At least 30 percent of the income after tax should be transferred to the shareholders
- Dividend in the form of a redemption program
- Value corresponding to 5.00 (1.50) SEK/share
- Total distribution of SEK 87 (26) million





# THANK YOU!

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**ENEA**