

# F-Secure Corporation Interim report 2Q 2008

July 29th, 2008

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**F-SECURE®**



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## Q2 Highlights

- Solid revenue growth of 16% to 27.2m
- Good profitability of 4.7m, 17% of revenues
- Portfolio expansion: on-line back service for ISPs
- Vodafone: Global Frame Agreement won for Mobile security

20  
YEARS OF  
RELIABILITY

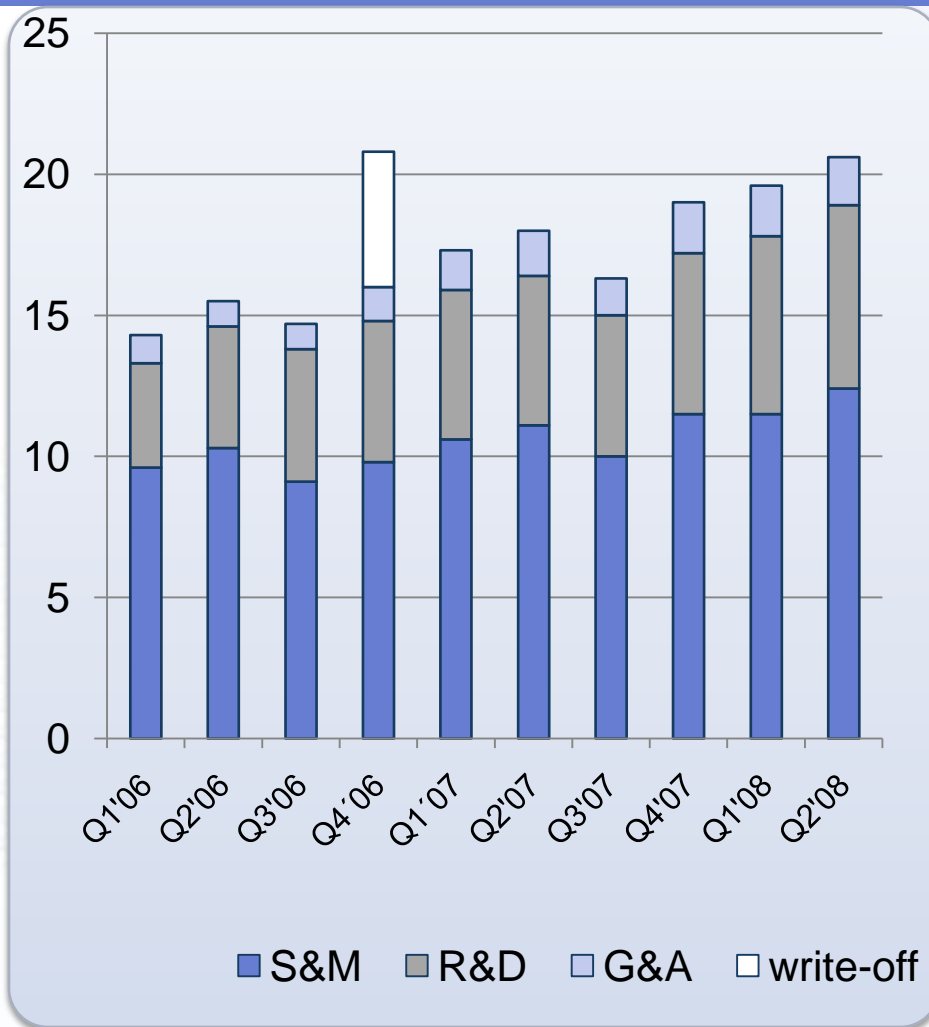
# Q2 Revenues

- Solid overall growth of 16% to 27.2m
- Strong ISP growth to 11.6m
  - +6% quarter over quarter
  - +35% from 2Q07 (YoY)
- Traditional channel sales improved
  - +5% growth from 2Q07



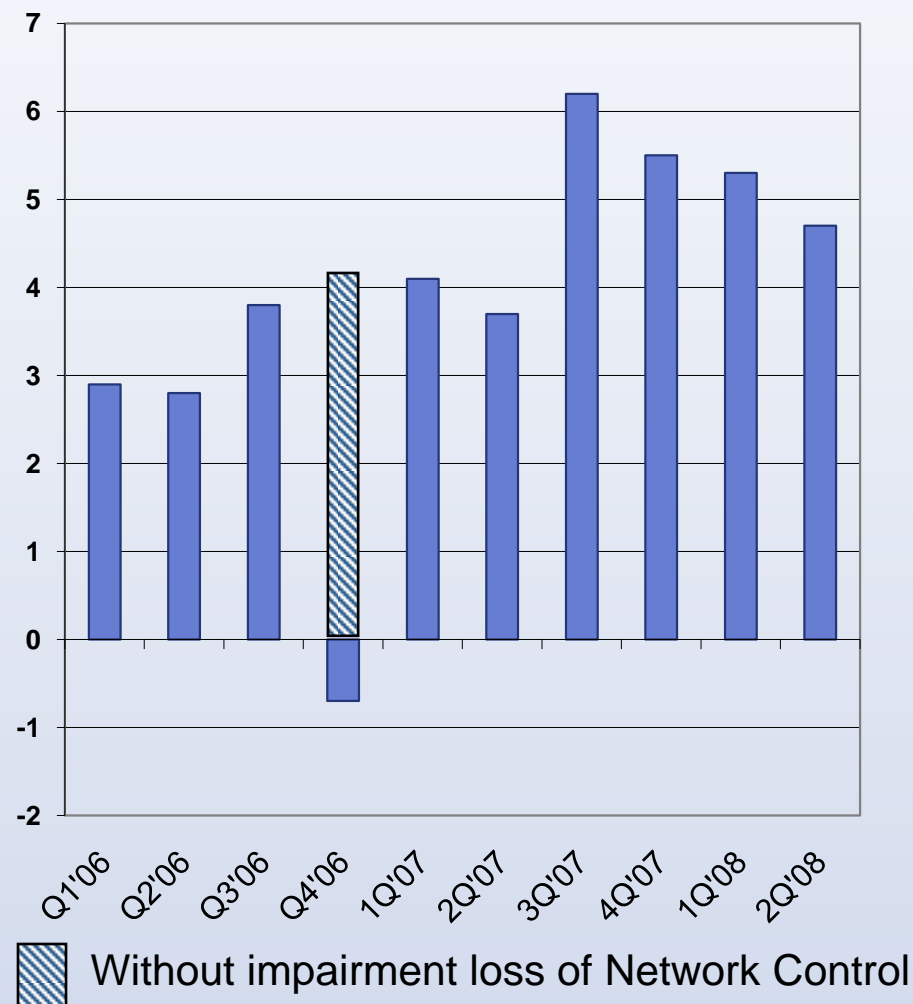
# Q2 Costs

- Q2 Costs ~20.7m
- Continuously investing into future growth
- Costs include
  - Capitalization of Development costs marginal
  - Granted stock options ~0.2m
- Gross margin 91% (92%)



# Q2 Operating Result

- EBIT 4.7m
  - 17% of revenues
  - +27% EBIT growth from 2Q07
- Equity ratio strong
  - Jun 30, 2008 82%
  - Mar 31, 2008 71%\*
  - Dec 31, 2007 82%

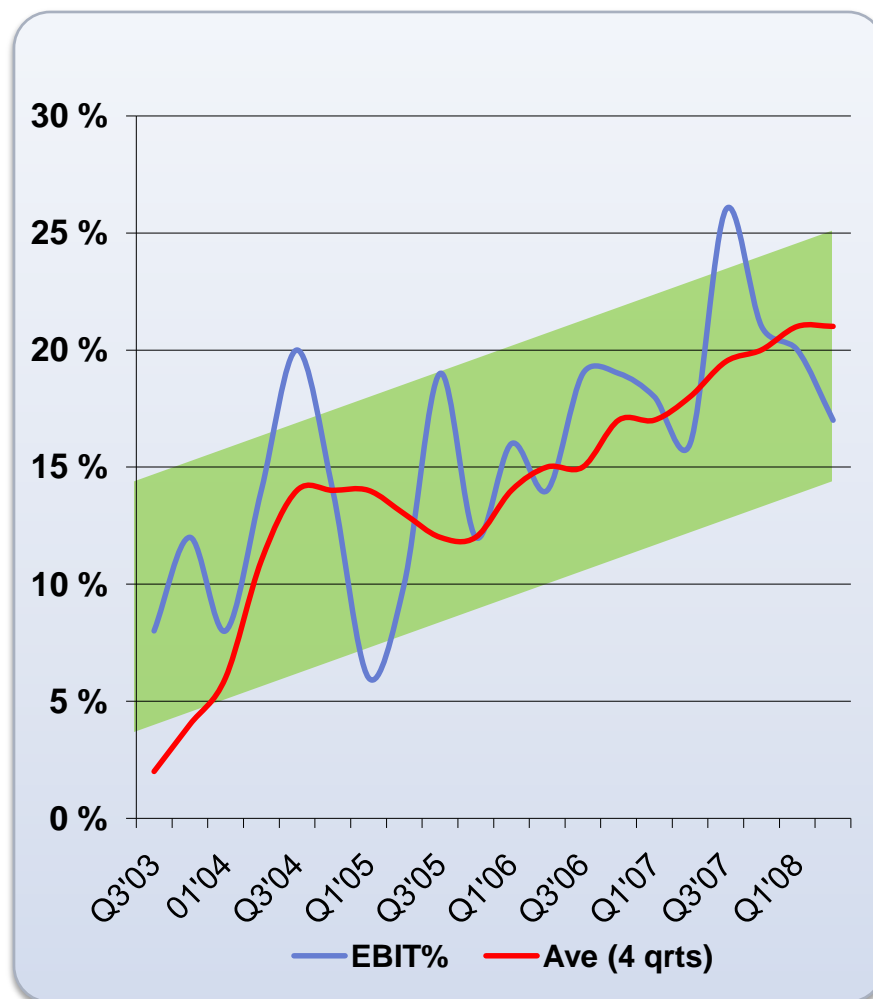


\* If dividends were paid in March equity ratio 81% - was paid in April

# Development of EBIT margin

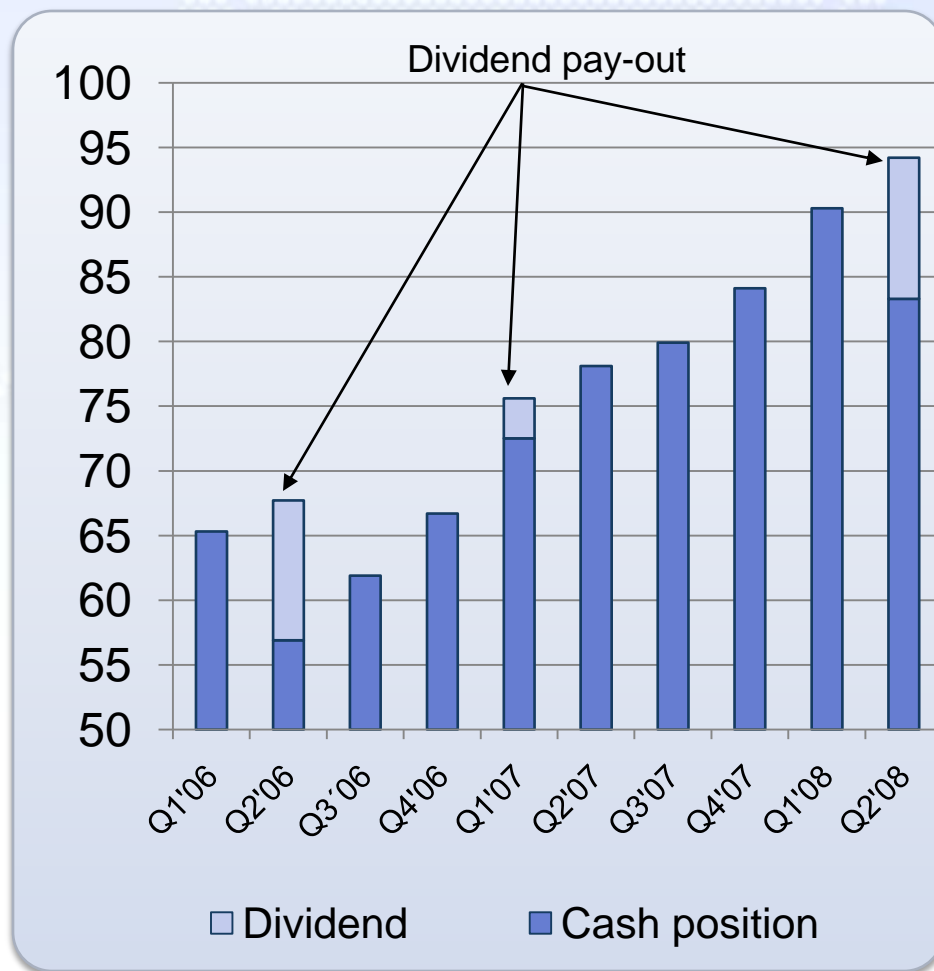
- Continue to prioritise growth over short term profitability
- Average EBIT has improved gradually
- The 2-4 year goal is to reach 25% EBIT level

Graph shows EBIT without the non-recurring impairment loss of Network Control in 4Q06



# Q2 Cash position

- Cash flow:
  - Excluding dividend 3.8m
  - After dividend -7.1m
- Liquid assets 83.3m (78.1m)
  - Market value on Jun 30th, 2008



# Q2 Deferred Revenues

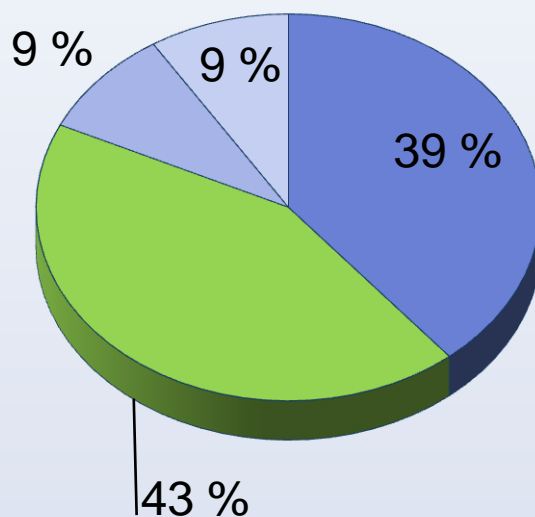
- Deferred revenues accrued in balance sheet
  - Jun 30, 2008 33.9m
  - Mar 31, 2008 33.7m
  - Dec 31, 2007 31.9m
  - Sep 30, 2007 29.1m
- Development following an annual pattern



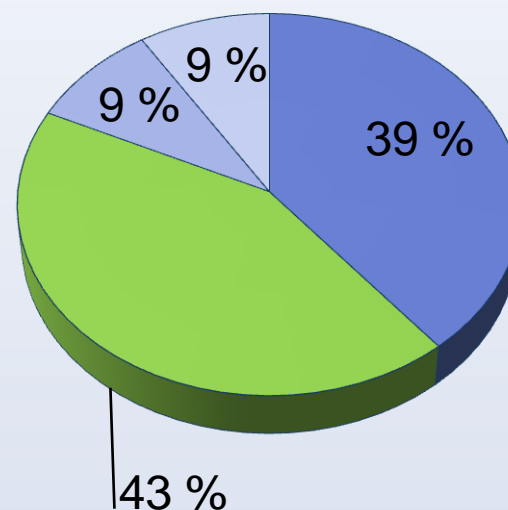


# Regional Revenue Split

1H2008



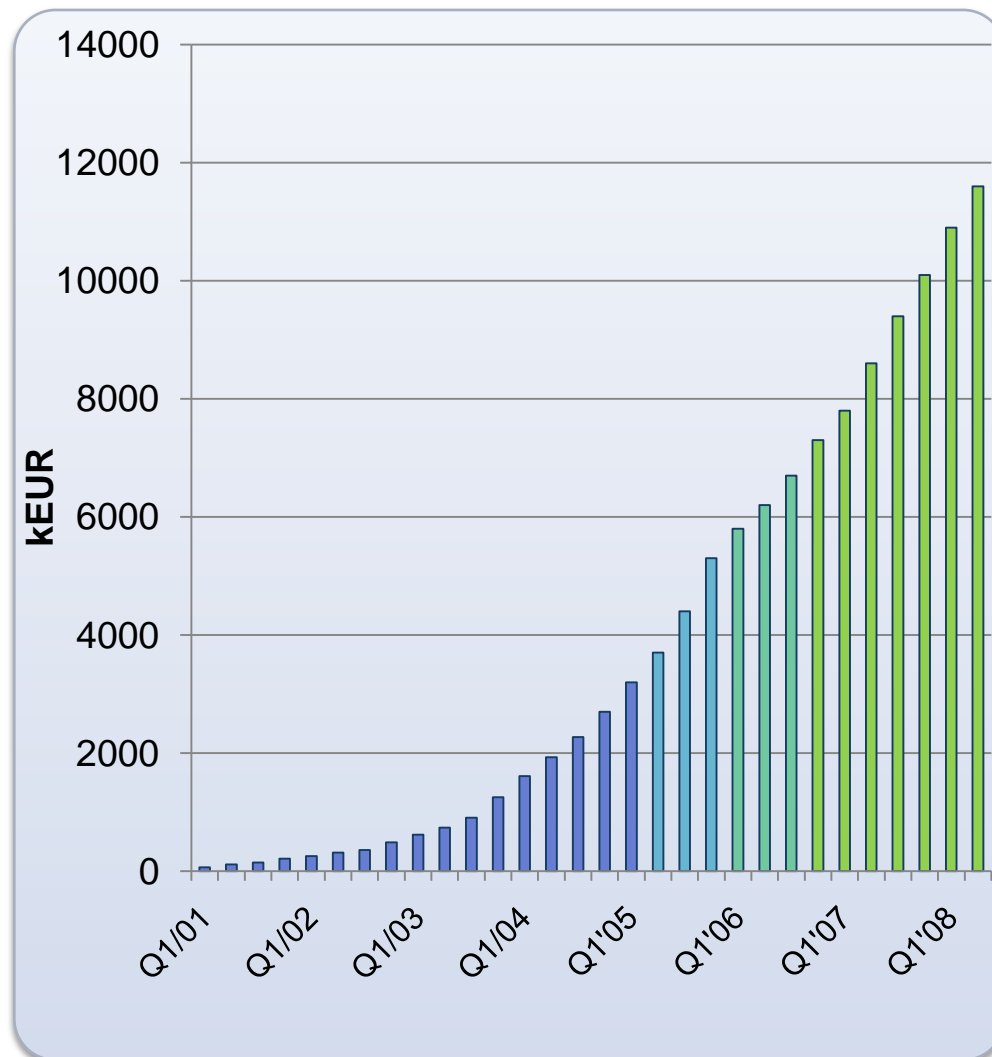
1H2007



■ Nordic Countries   ■ RoE  
■ North America   ■ RoW

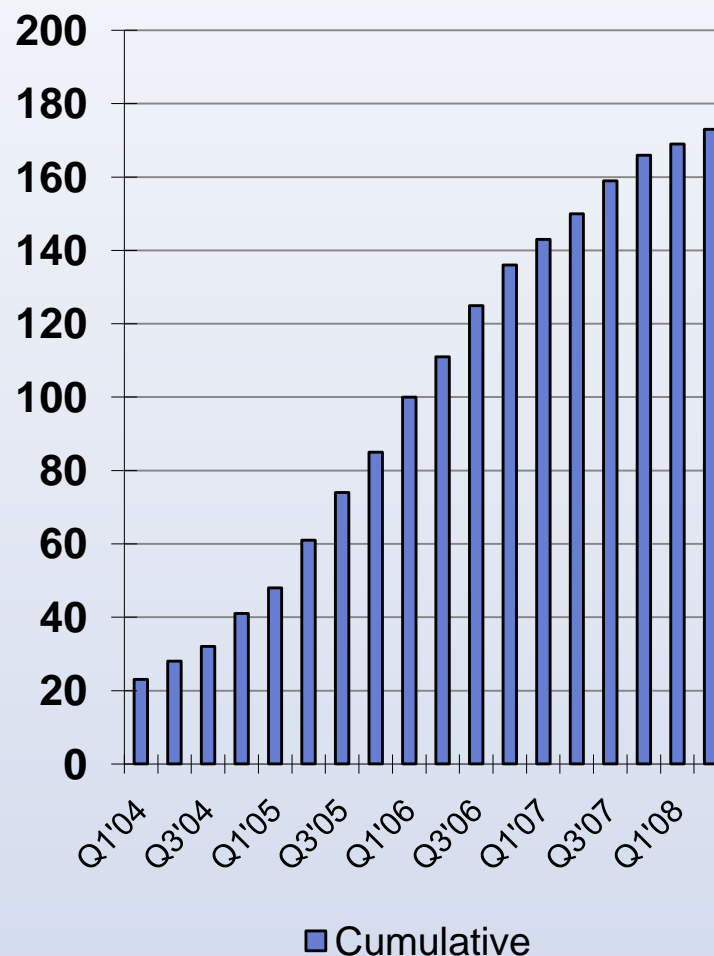
# ISP Business – continued strong growth

- 11.6m of revenues
  - 43% of total Q2 revenues
- Strong growth
  - +6% from 1Q08, +35% from 2Q07
- Growth accelerating activities continued



# Growing number of ISP partners

- 173 partners in 39 countries
  - 4 new partners in Q2
  - Strong competitiveness in signing new partners continues
- Q2 significant partner announcements
  - KabelBW, Germany
  - Tele2, Germany



# F-Secure Partners' market share of residential broadband

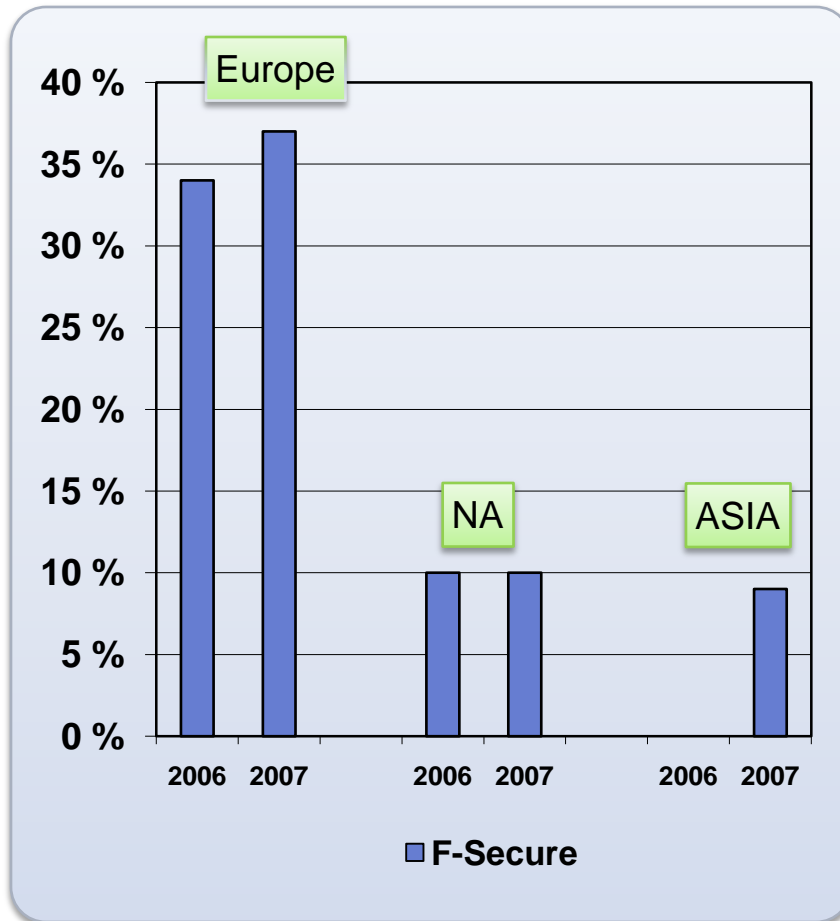


Partners' market share of residential broadband at end of 2007

- 37% (34%) in Europe
  - 10% (10%) in NA
  - 9% (n/a) in Asia
- (estimates by Dataxis & F-Secure)

Broadband subscribers/population

- Europe (OECD): 22%
  - North America: 25%
- European broadband growth +3% y/y, with Germany +6.7% y/y



# F-Secure Service Provider partners in the Americas



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# F-Secure Service Provider partners in EMEA part1





# F-Secure Service Provider partners in EMEA part 2



# F-Secure Service Provider partners in APAC



20  
YEARS OF  
RELIABILITY





# Product announcements in Q2

- F-Secure Mobile Security for Windows Mobile (Apr 08)
- Portfolio expansion beyond traditional security launched to ISPs
  - Online Backup

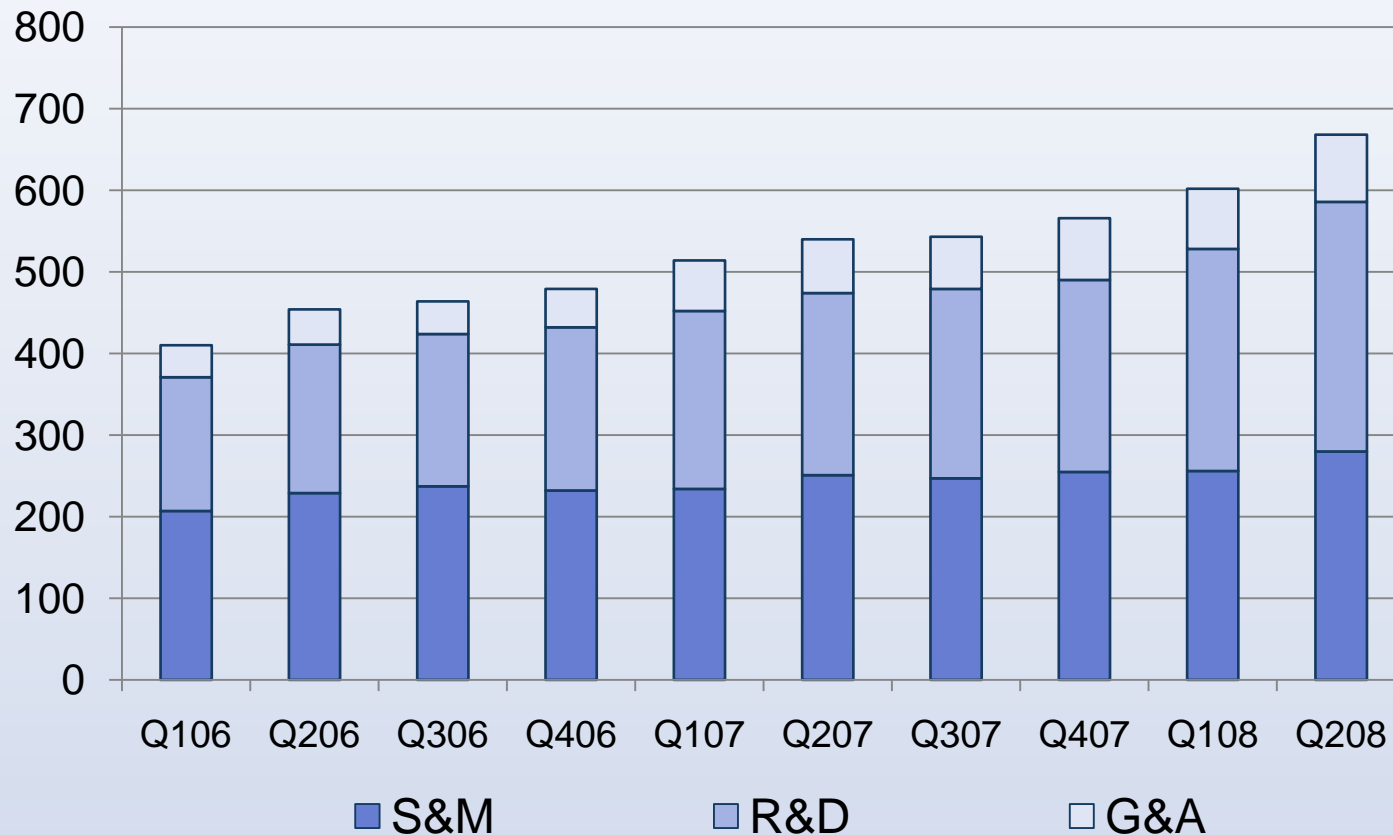


# Q2 Mobile Security Business

- **Device manufacturers**
  - Available for a majority of the currently shipping or upcoming Nokia S60 3rd edition devices
  - Partnership with Sony Ericsson and Toshiba Information Systems
- **Global Frame Agreement with Vodafone**
  - Enabling offerings to Vodafone Operating companies
  - 200m subscriber base globally
- **Continued strong growth in trial usage**
  - Slow steady growth in revenues
  - Ca 3% of total revenues (Q2)
- **Operators key for awareness & availability**
  - T-Mobile UK & Germany
  - Orange UK & Switzerland
  - Swisscom
  - TeliaSonera
  - Elisa
  - CSL (Hong Kong)



# Number of Personnel 668 at the end of the quarter



# Future Outlook

- Strategy in a nutshell
  - (1) Continue to drive growth
  - (2) Capitalize on industry leadership in Security as a Service
  - (3) Develop leadership in mobile security
- Investing in growth
  - New sales & marketing activities for scalability in ISP& mobile
  - Pursue security related technologies and new services related to the online wellbeing
- Mobile business
  - Revenues continue to grow gradually
  - Remaining a small part of total revenues in 2008
- Q3 2008 outlook
  - Revenues 27.5-29.5m
  - Costs below 20m
- FY 2008 outlook
  - Expected revenues 110-120m
  - EBIT% for the full year 19-23%
  - ISP growth 35-40% during 2008, with accelerating growth at year end

*Based on the sales pipeline at the time of publishing, existing subscriptions and support contracts, previous experience*

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