

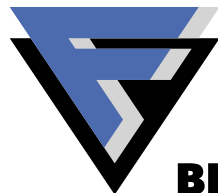
# F-Secure Corporation

## Interim report 3Q 2008

October 21, 2008

Kimmo Alkio, President and CEO

**F-SECURE®**



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# Q3 Highlights

- Solid revenue growth of 18% to 28.6m
- All-time high profitability of 7.1m, 25% of revenues
- Cash flow strong at 5.3m positive (1.5m)
- Portfolio expansion:
  - on-line back up service for ISPs –first contracts signed
- Vodafone: Global Frame Agreement for Mobile security
  - First operating company, Vodafone UK, live in Q3

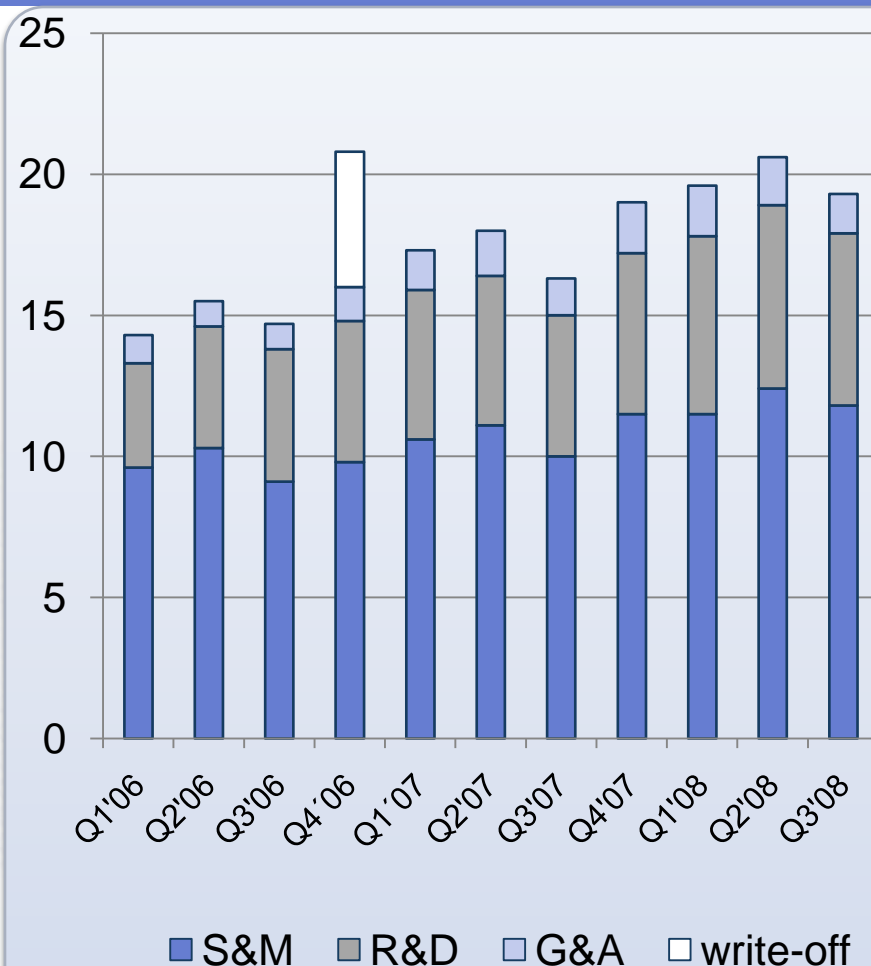
# Q3 Revenues

- Solid overall growth of +18% to 28.6m
- Strong ISP growth to 12.3m
  - +6% quarter over quarter
  - +31% from 3Q07 (YoY)
- Traditional channel sales improved
  - +10% growth from 3Q07



# Q3 Costs

- Q3 Costs ~19.3m
  - Following usual seasonality
- Continuously investing into future growth
- Costs include
  - Capitalization of Development costs marginal ~0.2m
- Gross margin 91% (92%)

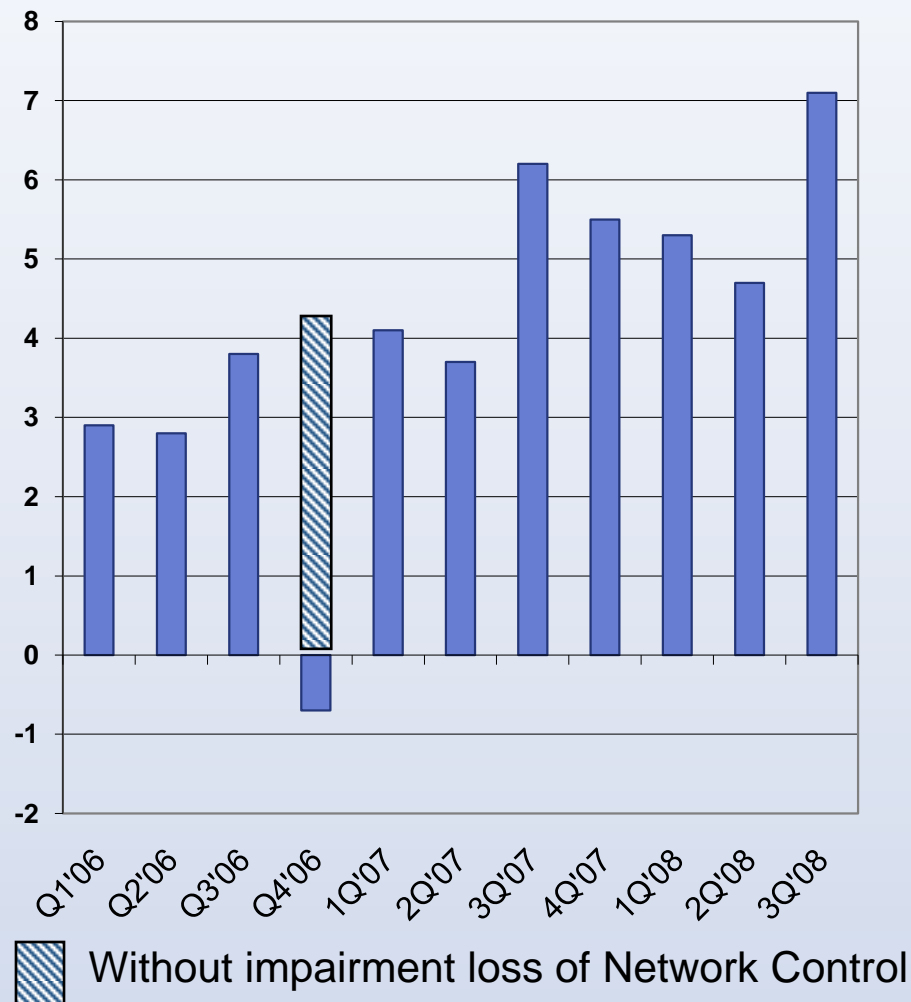


# Q3 Operating Result

- EBIT 7.1m – all time high
  - 25% of revenues
  - +15% EBIT growth from 3Q07
- Equity ratio strong
 

• Sep 30, 2008	83%
• Jun 30, 2008	82%
• Mar 31, 2008	71%*
• Dec 31, 2007	82%
• Sep 30, 2007	81%

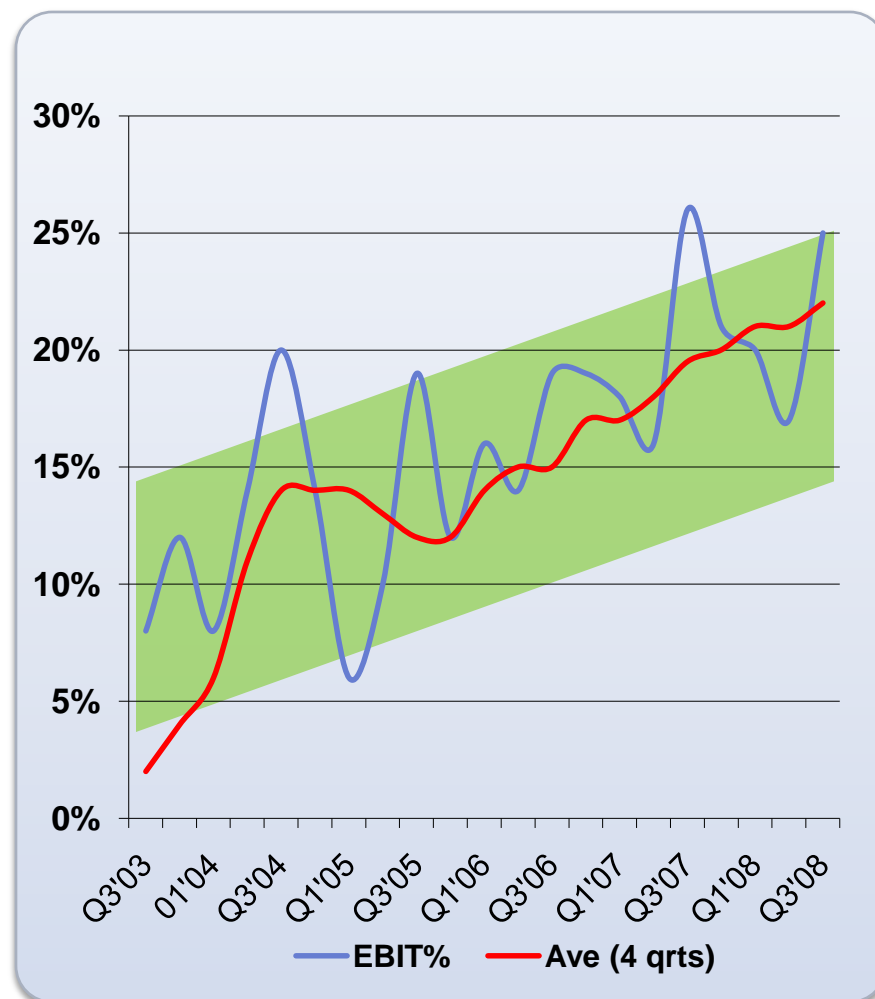
\* If dividends were paid in March equity ratio 81% - was paid in April



# Development of EBIT margin

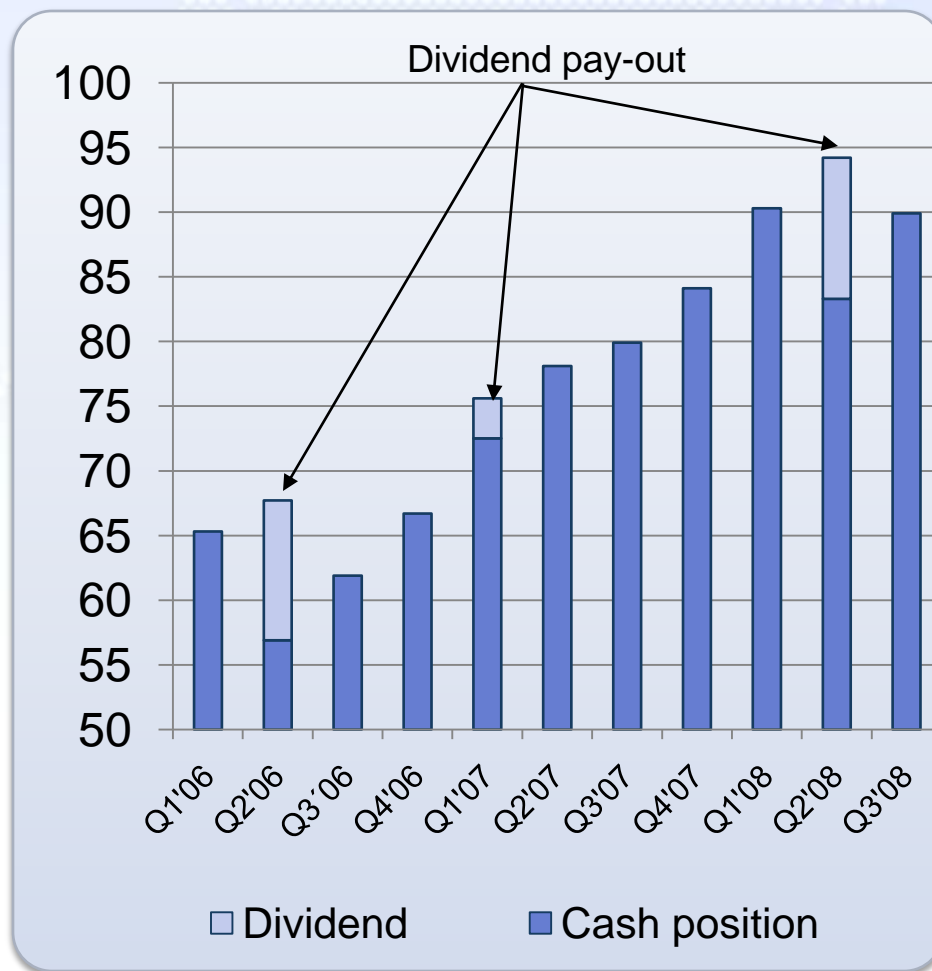
- Continue to prioritise growth over short term profitability
- Average EBIT has improved gradually
- The 2-4 year goal is to reach 25% EBIT level

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



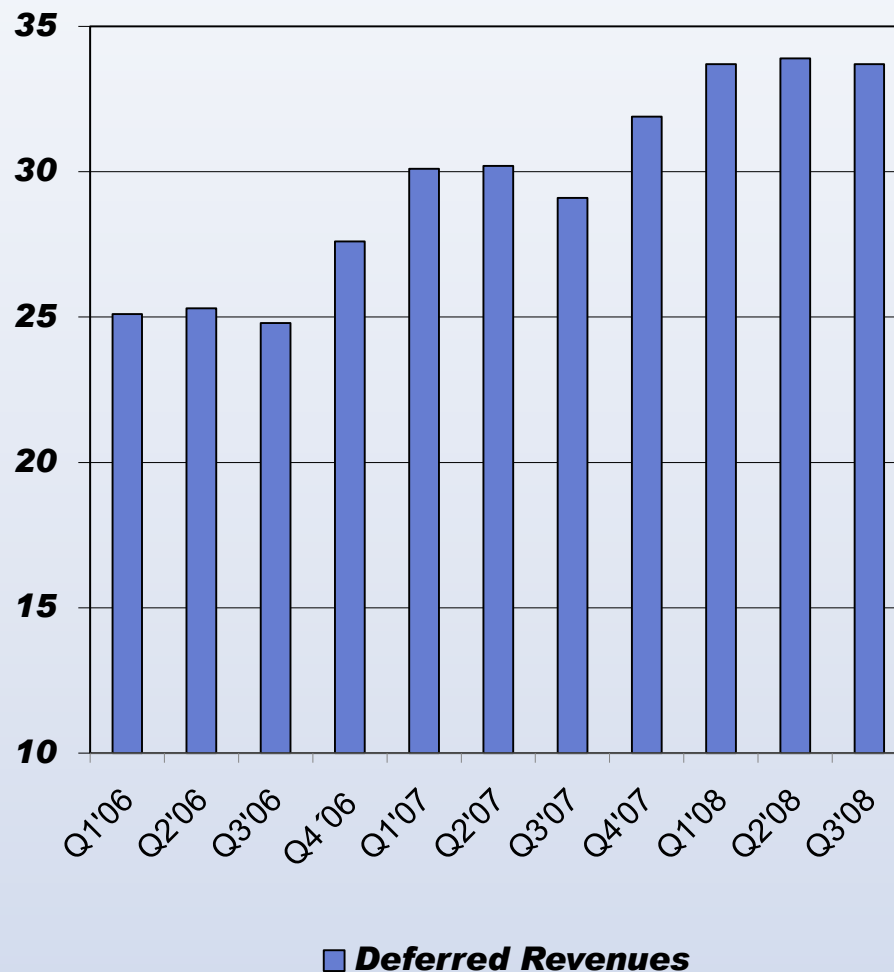
# Q3 Cash position

- Positive cash flow 5.3m
- Cash flow includes:
  - Dividend pay-out of 10.9m in April
- Liquid assets 88.9m (79.9m)
  - Market value on Sep 30th, 2008



# Q3 Deferred Revenues

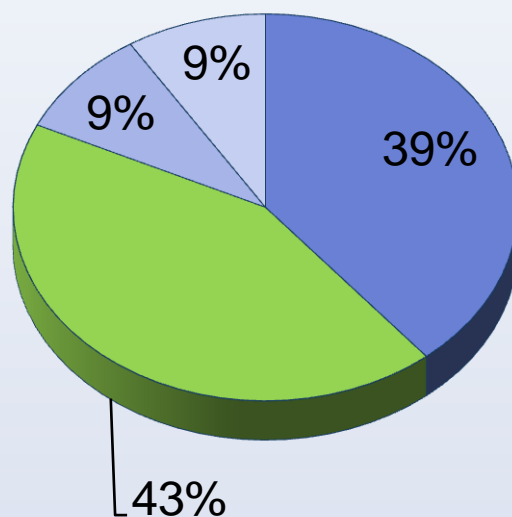
- Deferred revenues accrued in balance sheet
  - Sep 30, 2008 33.7m
  - Jun 30, 2008 33.9m
  - Mar 31, 2008 33.7m
  - Dec 31, 2007 31.9m
  - Sep 30, 2007 29.1m
- Development following an annual pattern



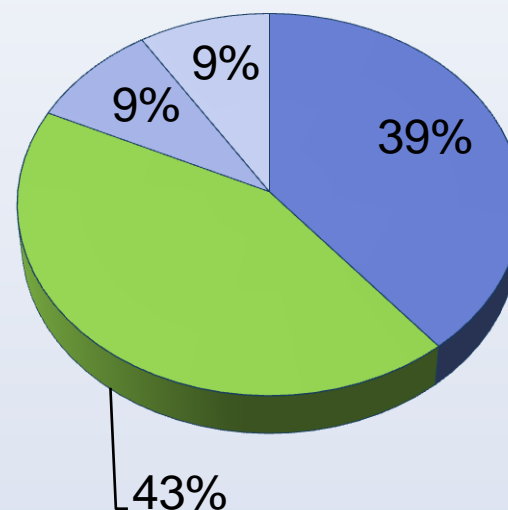


# Regional Revenue Split

1-9/2008



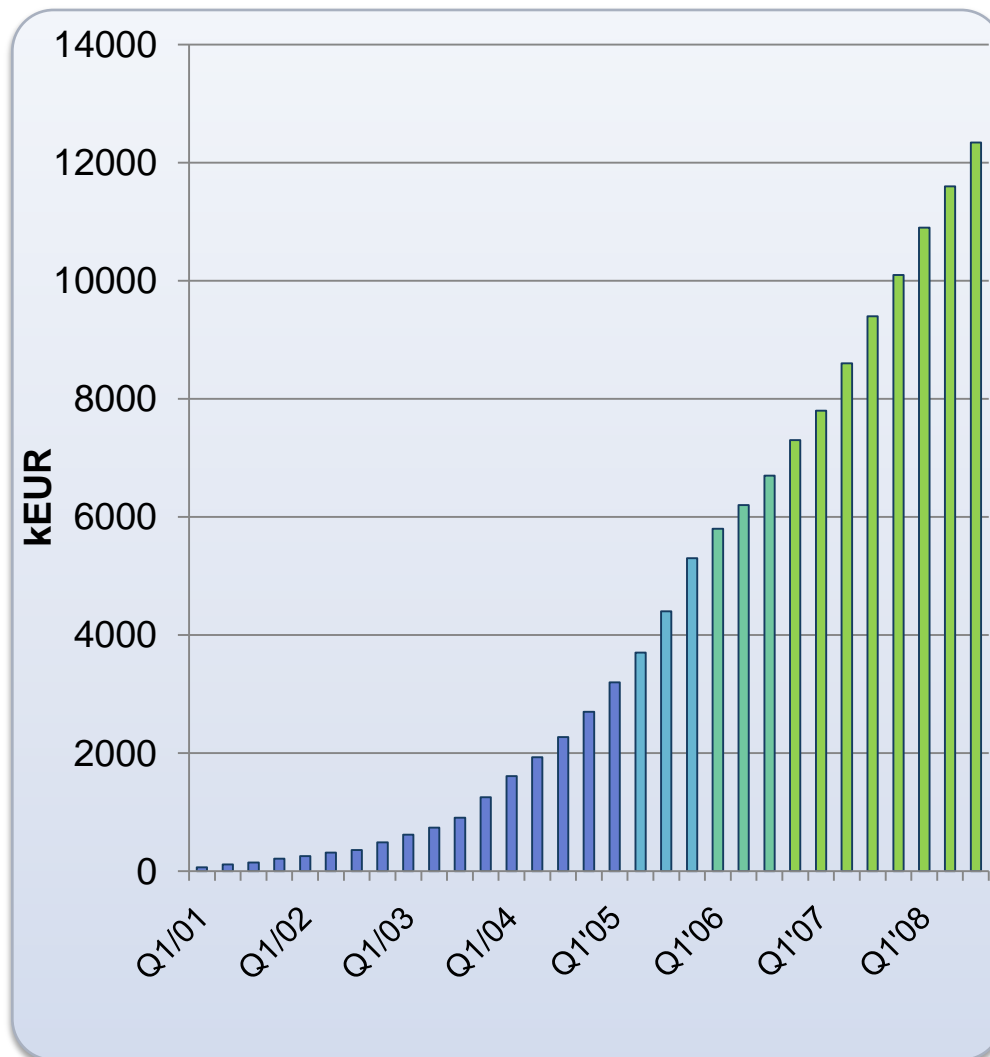
1-9/2007



■ Nordic Countries    ■ RoE  
■ North America    ■ RoW

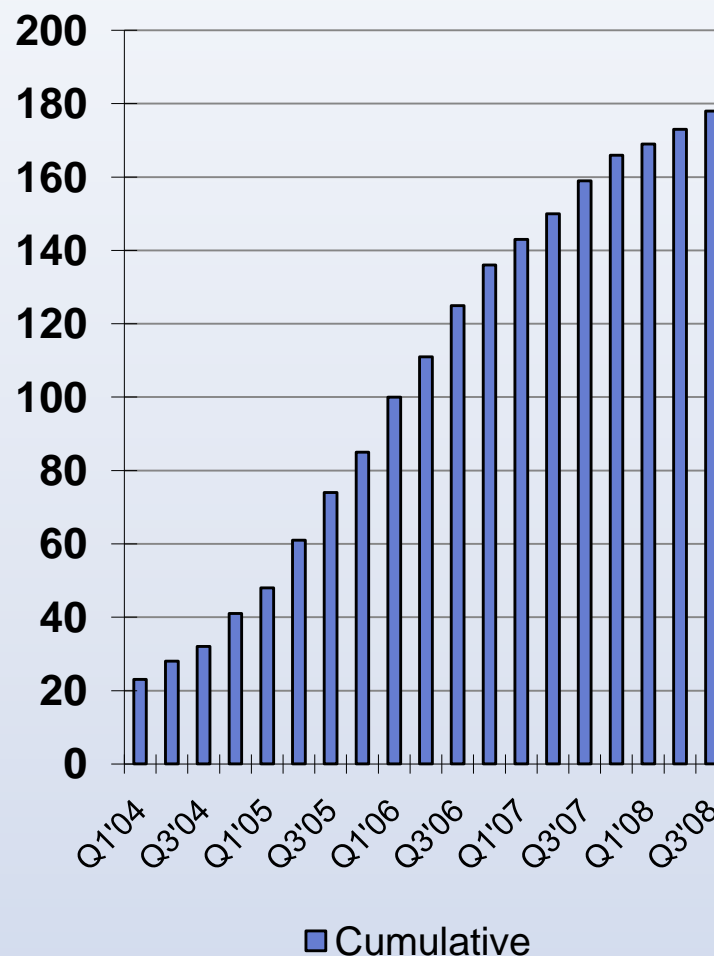
# ISP Business – continued strong growth

- 12.3m of revenues
  - 43% of total Q3 revenues
- Strong growth
  - +6% from 2Q08, +31% from 3Q07
- Growth accelerating activities continued
  - New service launch takes longer than anticipated

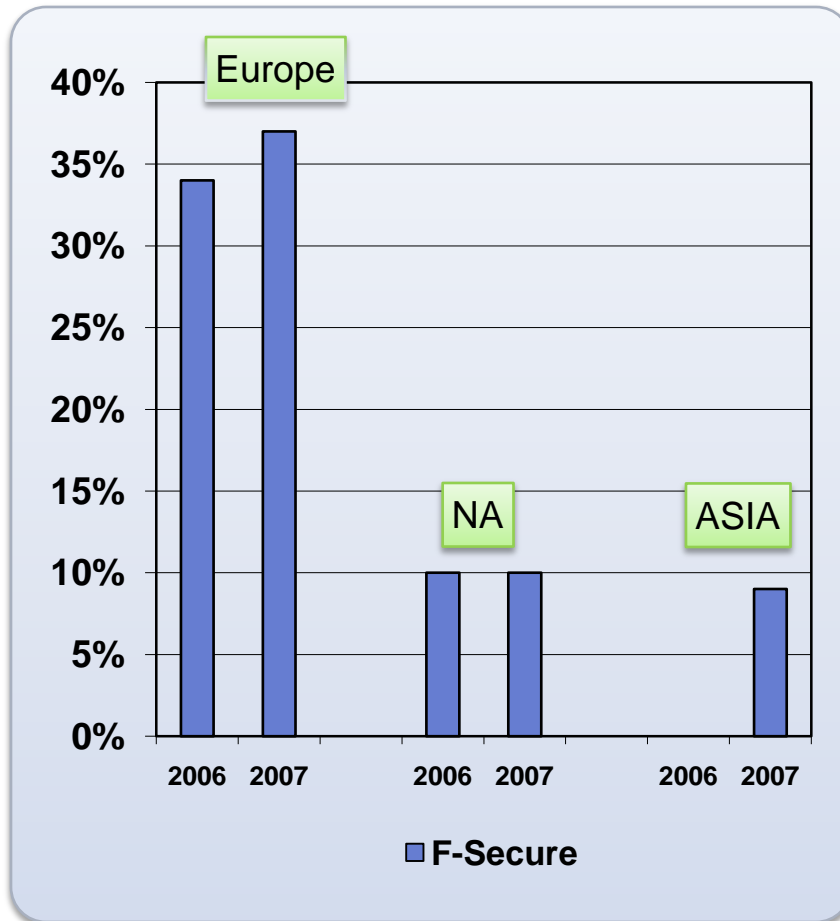


# Growing number of ISP partners

- 178 partners in 42 countries
  - 5 new partners in Q3
  - Strong competitiveness in signing new partners continues
- Q3 significant partner announcements
  - TDC , Denmark
  - Tele2, Netherlands
  - UnityMedia, Germany
- On-line backup partners
  - Wind-Infostrada, Italy
  - UnityMedia, 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)

# F-Secure Service Provider partners in the Americas



**20**  
YEARS OF  
RELIABILITY



# F-Secure Service Provider partners in EMEA part1



20  
YEARS OF  
RELIABILITY





# F-Secure Service Provider partners in EMEA part 2



20  
YEARS OF  
RELIABILITY



# F-Secure Service Provider partners in APAC



20  
YEARS OF  
RELIABILITY





# Q3 Mobile Security Business

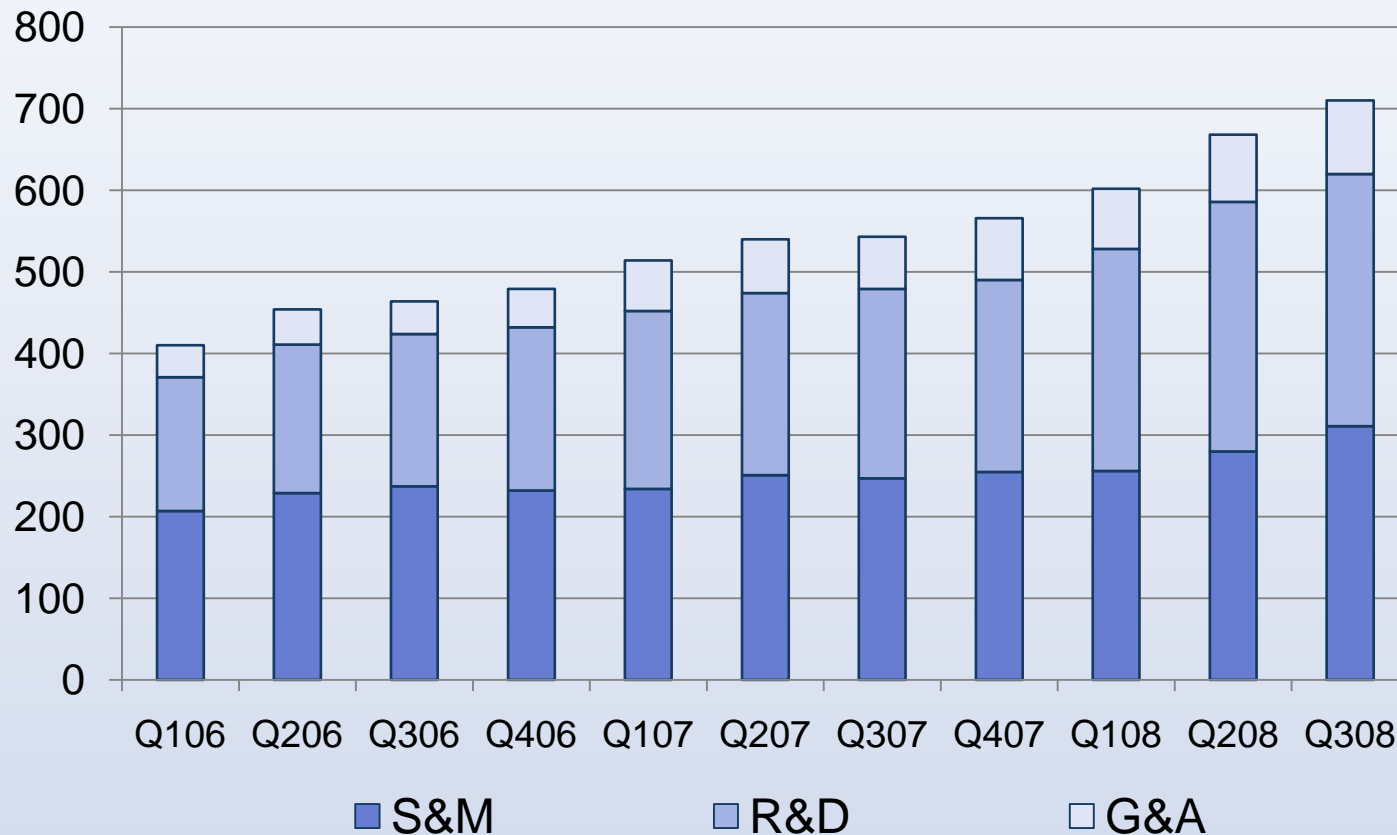
- **Device manufacturers**
  - Available for a majority of the currently shipping or upcoming Nokia S60 3rd edition devices
  - Partnership with Sony Ericsson and Toshiba Information Systems
- **Global Frame Agreement with Vodafone signed in Q2**
  - VF UK launched in Q3
- **Continued strong growth in trial usage**
  - Slow steady growth in revenues
  - Ca 3% of total revenues (Q3)
- **Operators key for awareness & availability**
  - T-Mobile UK & Germany
  - Orange UK & Switzerland
  - Swisscom
  - TeliaSonera
  - Elisa
  - CSL (Hong Kong)
  - KPN (Netherlands)
  - Netia (Poland)
  - TDC (Denmark)

# Q3 Product announcements

- **Internet Security 2009 for consumers**
  - Protection against new online threats using a real-time protection network
  - In-the-cloud-technology (DeepGuard™ 2.0)
  - Strong performance and usability enhancement
  - Excellent results in tests (e.g. AV-Test GmbH.)
- **Wellbeing 2009 product family includes:**
  - FS Internet Security / Anti Virus 2009
  - FS Homeserver 2009
  - FS Health Check



# Number of Personnel 710 at the end of Q3



# 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 online wellbeing
  - Mobile business
    - Revenues continue to grow gradually
    - Remaining a small part of total revenues in 2008
  - Q4 2008 outlook
    - Revenues 29.5-31.5m
    - Costs below 22 m
  - FY 2008 outlook
    - Expected revenues 112-114m
    - EBIT% for the full year 20-23%\*
    - ISP growth 34-37%
- \* incl. sale of Network Control technology in Q4, impact ~+0.8m

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

# Efficient Capital Management

- The EGM called on October 28, 2008 to decide on Returning of Equity
  - Totally 35.7m; EUR 0.23 per share [shareholder's equity per share from EUR 0.46 to EUR 0.23]
- The Group has a goal to improve its current capital structure
  - As stated previously (e.g. annual report 2007)
  - To decrease cash to promote the development of shareholder value
- Pro forma impact on (based on Q3 result)
  - Equity Ratio from 83% to 70%
  - ROE from 26% to 54%
  - Cash from 88.9m to 53.6m
- Other aspects
  - No impact on dividend policy [i.e. appr. ½ of annual profit to be paid]
  - Does not materially limit company's longer term M&A capability

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