



F-Secure Corporation - Interim report Q3 2011 **(Unaudited)**

October 26, 2011

Kimmo Alkio, President & CEO

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Q3 highlights

- **Good financial performance**
 - Total revenues grew by 14% to a record level of 36.6 million (Q32010: 32.0m); EBIT 6.9 million, 19% of revenues
- **Operator channel continued strong performance and growth accelerated to 28% to 21.5 million; healthy security and storage related sales**
 - Security subscription growth continues at a good level
 - Good progress in cloud storage related business continued
- **Investments in driving future growth and competitiveness of services continued**
 - Expansion in operating systems and cloud storage services
 - Market expansion in Latin America progressing well
- **New version of F-Secure 's flagship product, F-Secure Internet Security 2012, published in October**
- **Current management estimation for the year in line with previous guidance**

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A photograph of a busy city street, likely in San Francisco. In the foreground, a man in a light blue shirt and khaki pants stands looking at a device in his hands. To his right, another person is partially visible, standing near a red utility box. In the background, a yellow taxi with the number 508 and a red cable car are visible. The scene is set against a backdrop of tall city buildings and trees.

1. Financial performance in Q3 2011

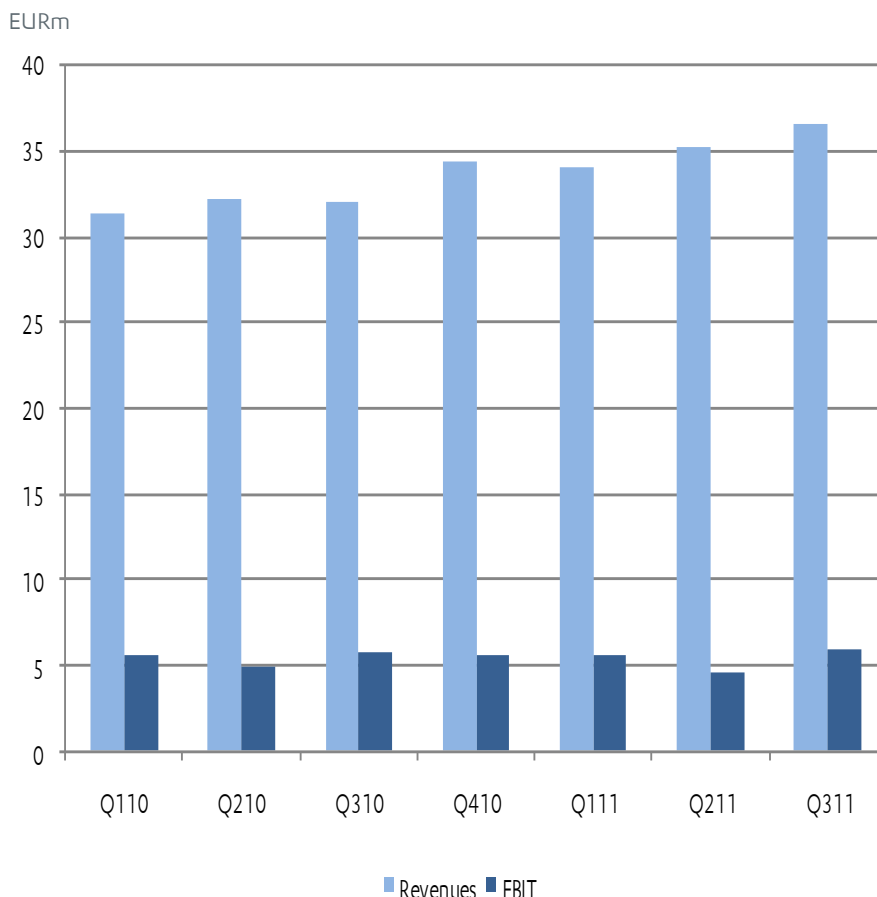
Q3 Revenue and EBIT – strong performance

- **Revenue growth accelerated driven by operator channel**

- Total quarterly revenues 36.6m; growth of 14% (Q310: 32m)
- Operator revenues (incl. Storage and Digital Content business) 21.5m, growth of 28% compared to Q310 and 6% from Q211 (Q310: 16.7m, Q211: 20.3m)
- Other channels 15.2m; decline of 1% (15.3m)

- **Profitability at a solid level, investments pressuring margins**

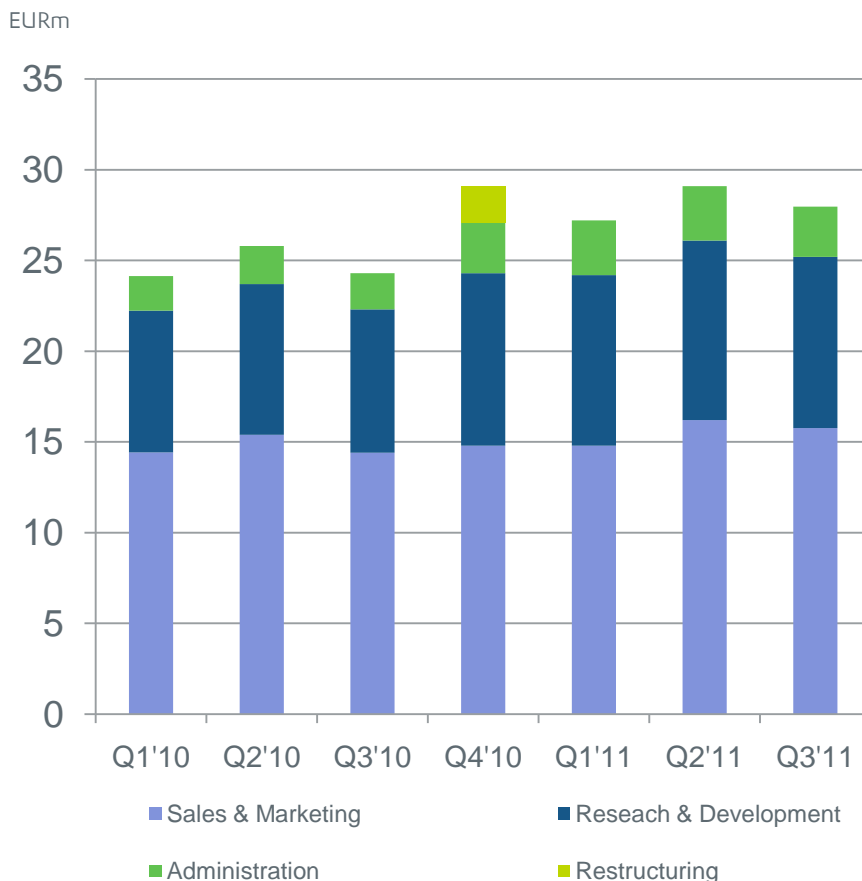
- EBIT 6.9m, 19% of revenues; (Q310: 5.9m, 18%)
- EPS EUR 0.03 (EUR 0.03)
- Cash flow from operations 5.8m positive (3.5m)



EBIT Q4 2010 excluding restructuring costs

Q3 Costs – investments in operator channel and cloud storage continued

- **Total costs increased to 28m +16%; (Q310: 24.2m)**
 - Investments in accelerating the growth continued; main focus areas being operator channel, cloud storage services, operating systems
- **Cost increases targeted in**
 - Geographical expansion; Latin America
 - R&D resources; portfolio expansion to increase the competitiveness for PC and other devices
 - Storage business; project deliveries to major operators
- **Capitalization of research & development costs; during Q311 impact ~2,1m (-0.3m)**
 - One-time write-offs of 0.5m related to prior R&D investments



Q3 Operating profit at healthy level

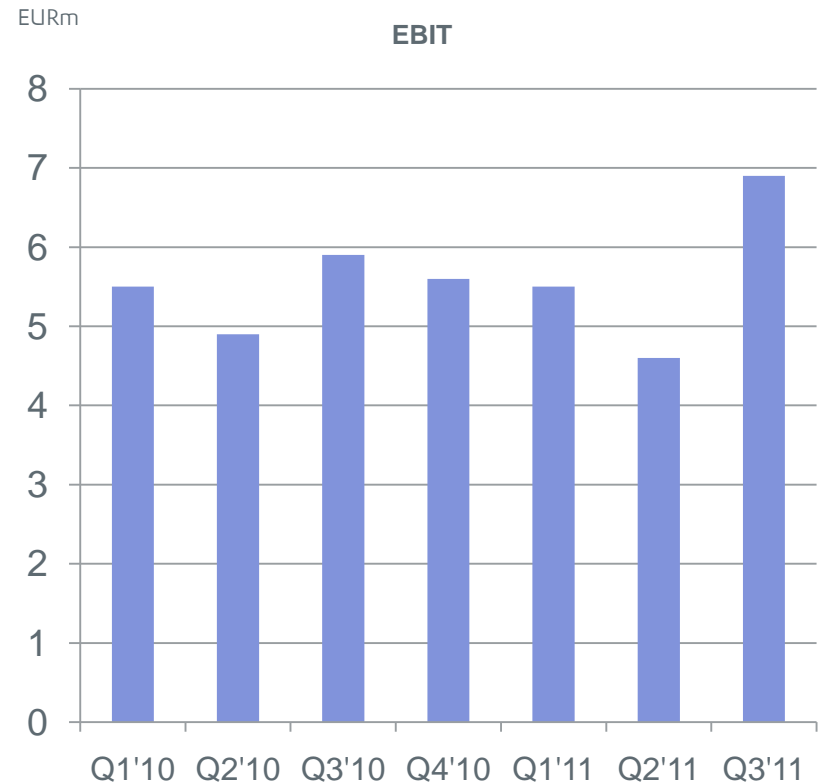
- **Operating profit level at a good level**

- EBIT 6.9m , 19% of revenues (Q3'10: 5.9m, 18%)

- **Equity ratio:**

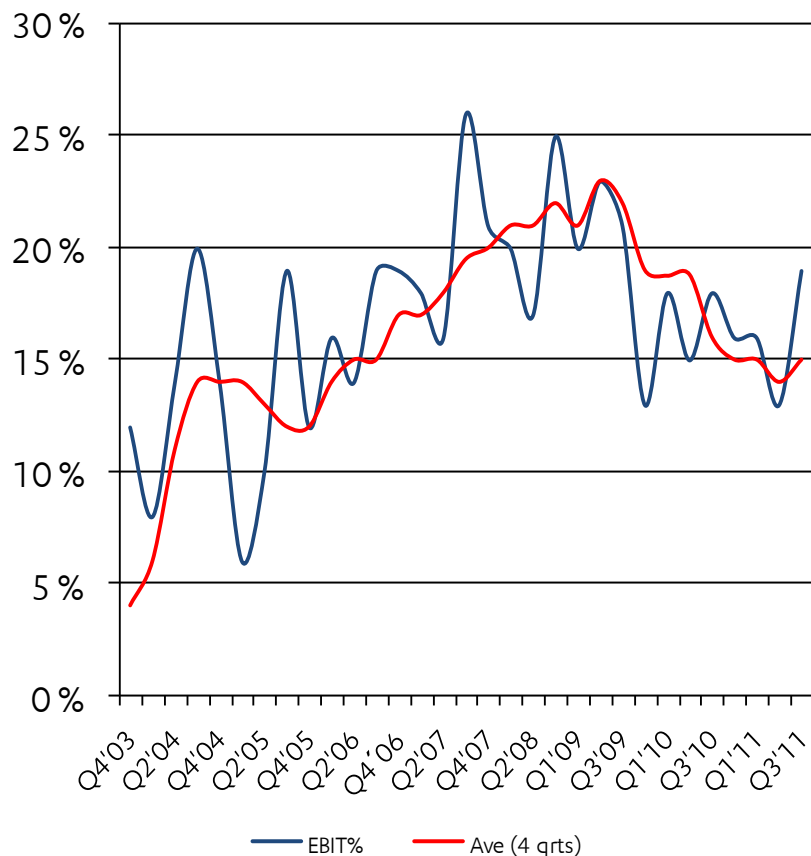
- Sep.30, 2011 70%
- June 30, 2011 68%
- Mar. 31, 2011 60%¹⁾
- Dec. 30, 2010 69%
- Sep. 30, 2010 71%

¹⁾69% if dividend paid in March



EBIT Q4'10 excluding restructuring costs

Development of EBIT margin



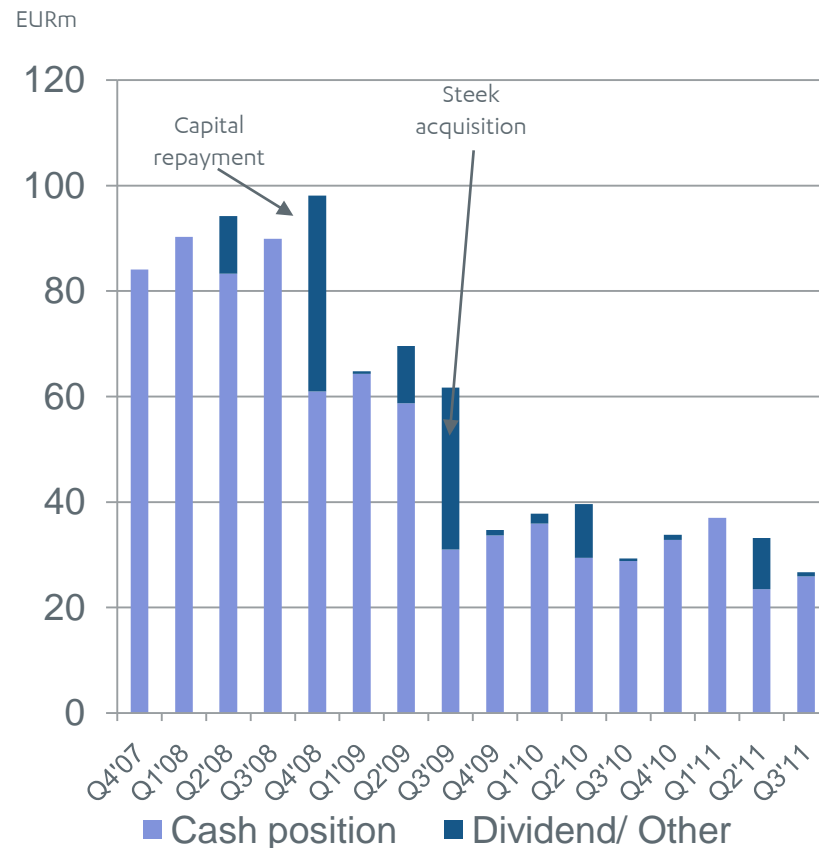
- Prioritising growth over short term profitability, currently investing in storage business and market expansion
- Seeking to improve profitability longer term towards 25% EBIT level

The graph shows the EBIT excluding the non-recurring impairment loss of Network Control in 4Q06 and the gain from the sale of Network control technology in 4Q08

EBIT Q4 10 excluding restructuring costs

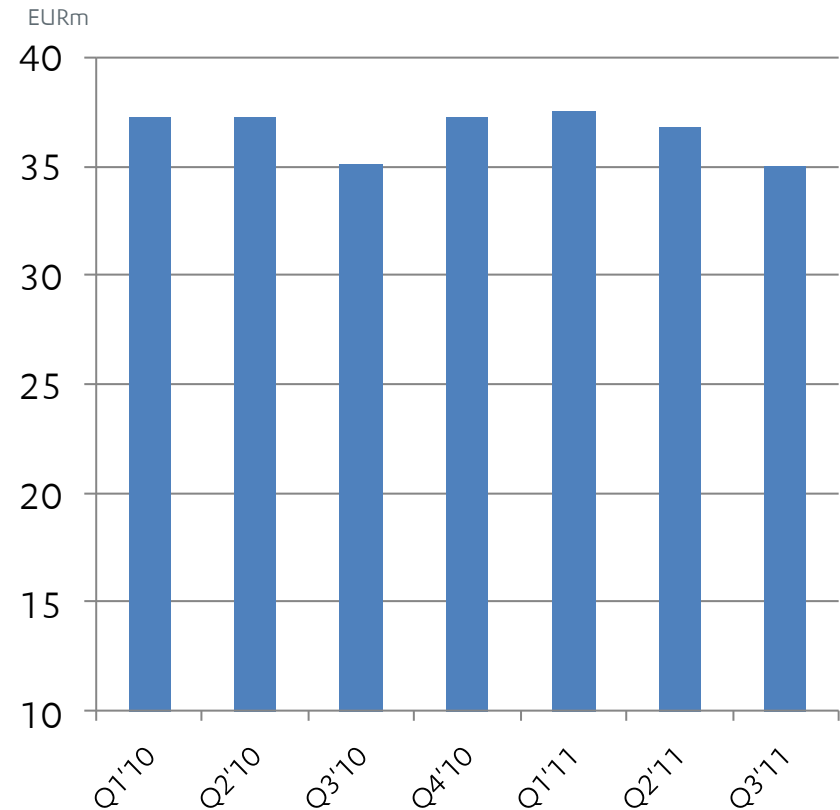
Q3 Cash position – solid

- Cash flow from operations was 5.8m positive (Q310: 3.5m)
 - Increased CAPEX
 - Cash position remained at a good level
 - Market value of liquid assets on
 - Sep.30, 2011 25.9m
 - June 30, 2011 23.5m
 - Mar.31, 2011 37.1m
- Cash position has developed according to the longer term efficient capital management objectives
- Share buy-backs continued totally shares at hand 3.9 millions



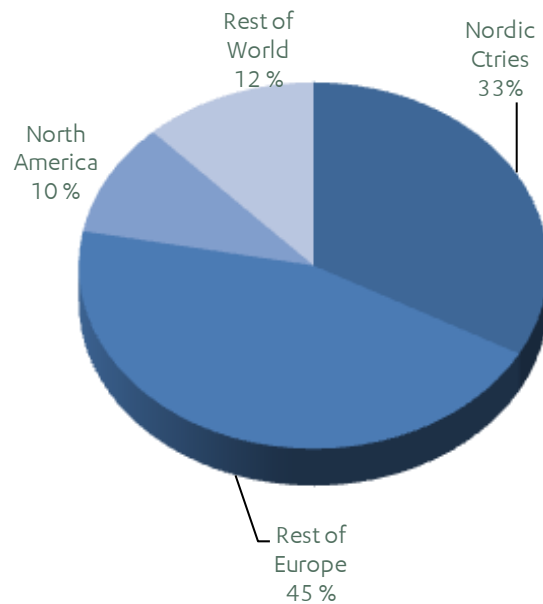
Q3 Deferred Revenues

- Deferred revenues were at 35m (35.1m) ; healthy renewal license sales in the channel business
 - Japan, as one of the key countries for corporate business, impacted by earthquake
- Deferred revenues accrued in the balance sheet
 - June 30, 2011 36.8m
 - Mar. 31, 2011 37.5m

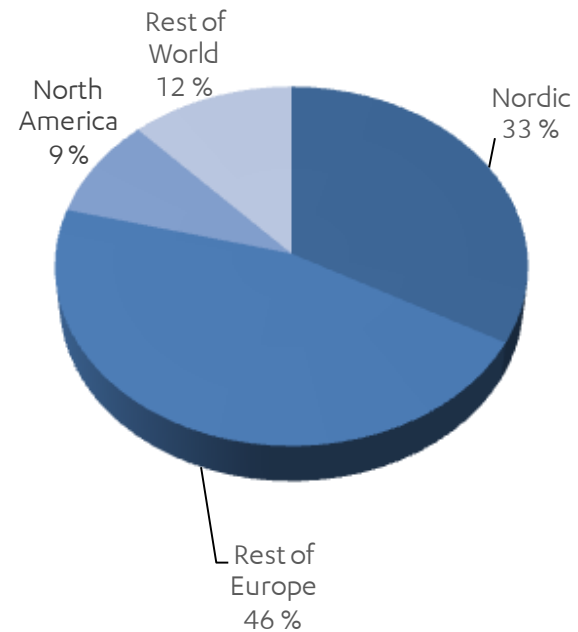


Q3 2011 Regional Revenue Split

1-9/2011

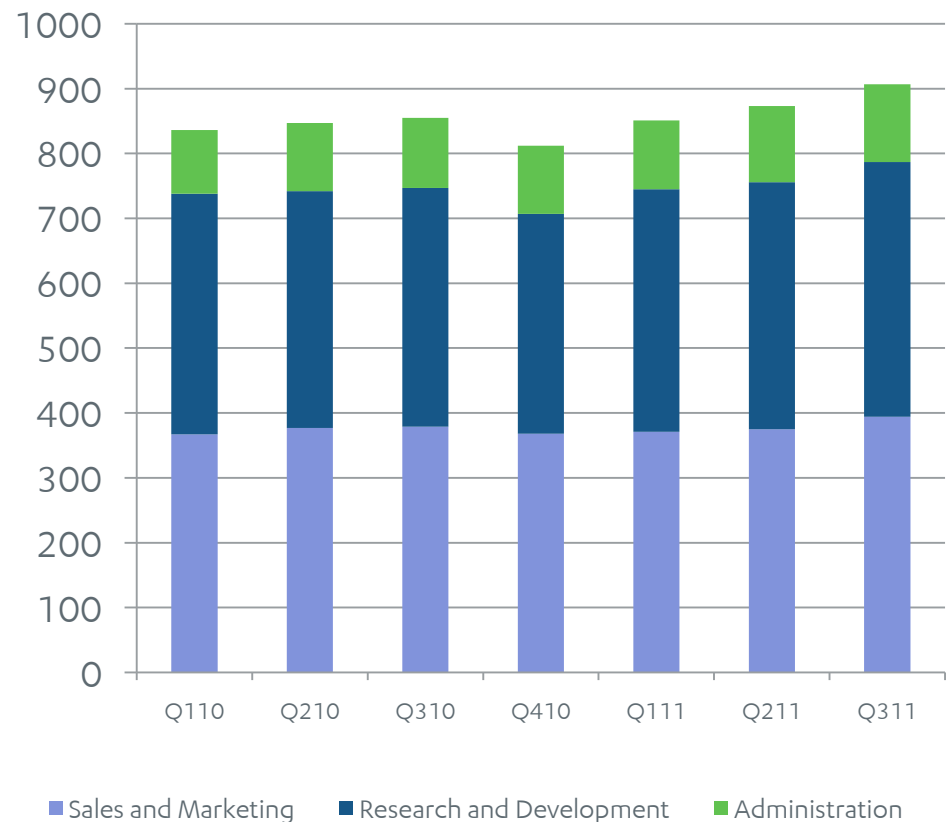


1-12/2010



Number of personnel

- At the end of Q3: 907
(Q211: 873; Q111: 851;
Q410: 812)
- During Q3 new recruitments:
supporting growth
businesses, mainly in the
sales, storage business and R&D
- Re-skilling on-going; operator
sales roles, storage related
development, project
management and services roles



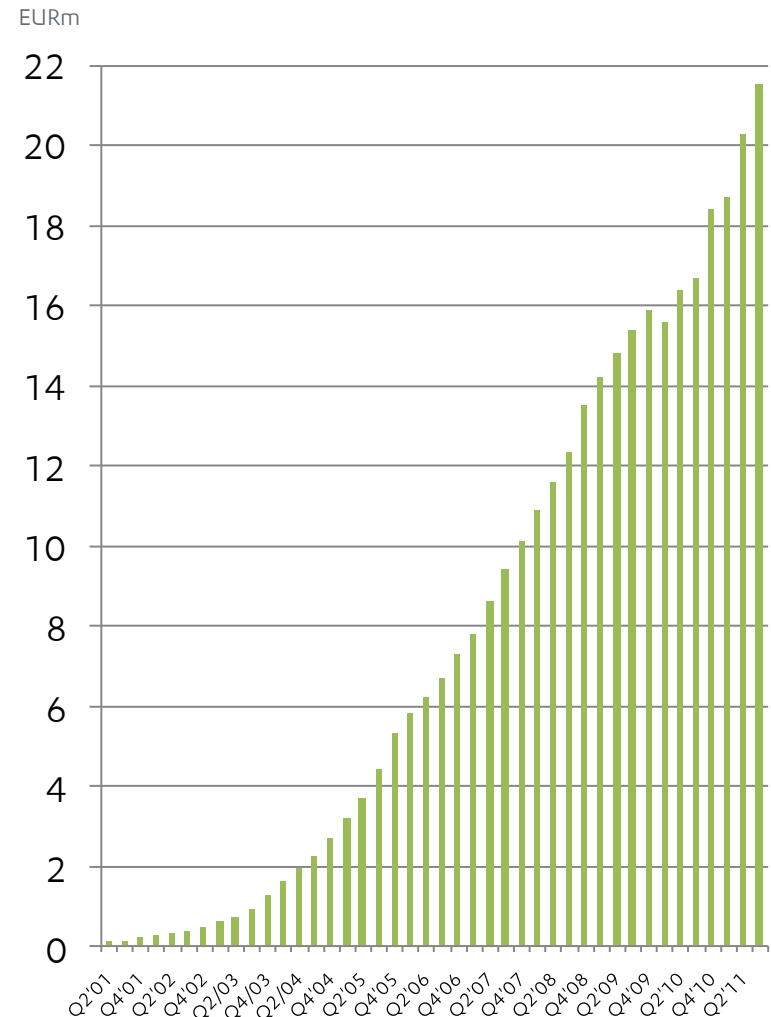


2. Operator business: Strong global partner network

Q3 Operator business continued strong performance


- **Q3 revenues of 21.5m (16.7m); growth of +28% YoY ; +6% QoQ**
 - Healthy security subscriber growth continued; increase in the take up rates
 - Storage related project revenues and subscriber sales progressing well
 - Successful delivery of storage service platform to AT&T
- **Increasing interest in Cloud Services among operators globally**
- **Telefonica expansion in Latin America continues**
 - launches in several Latin America countries expected in upcoming quarters

Operator business includes internet service providers, mobile operators and cable operators



More than
200 operator
partners globally
and over **250** m
broadband
subscribers



A photograph of a busy city street, likely in San Francisco. In the foreground, a man in a light blue shirt and khaki pants stands looking at his phone. To his right, another person is partially visible, standing near a red utility box. In the background, a yellow taxi with the number 508 and a red cable car are visible. The scene is set against a backdrop of tall city buildings and trees.

3. Products and Services

Call for trusted and local services



Future Cloud Services



F-Secure Internet Security 2012 launched

- F-Secure Internet Security™ 2012 provides complete protection for computers and online life, delivered with a smooth user experience. F-Secure Internet Security 2012 combines industry-leading technologies for a sophisticated and multilayered defense against the whole range of modern malware threats.



4. Market review

Internet expansion, new devices and increasing use of social media strengthen the demand for value added services

Market trends – summary



Internet

- Internet growth continues globally
- Mobile internet driving growth
- Role of internet security significant for business over the Internet



New devices

- Smartphones and tablets growing in number
- New devices connected to the Internet are coming to the markets
- Need for new services; storage of information



Social media

- Services in social media increasing
- Operators seeking to be part of this development

A photograph of two men walking on a paved path in a park. The man on the left is bald, wearing a light blue shirt and dark trousers, holding a white coffee cup. The man on the right has grey hair, wearing a white shirt and grey trousers, holding a black folder. They are both smiling and looking at each other. In the background, there are large trees with green leaves, a grassy area, and a couple sitting on the grass. The text "5. Long-term objectives & future outlook" is overlaid in large white font.

5. Long-term objectives & future outlook

Long-term objectives

Growth

- Continue to exceed average market growth
- Geographic expansion
- New large operator partnerships

Software as a Service

- Highly competitive internet security, combined with online backup services for higher value
- Cloud Storage Services
- Room for innovation – benefiting from Internet growth

Financial efficiency

- Continuous development of scalable business models
- Investments in strategic growth businesses, especially in the operator channel

Outlook for 2011 in line with the previous guidance

- Annual revenue expected to be over 143m (growth of 10-12%) and EBIT expected to be 16-18% of revenues
- Previous guidance: Annual revenue growth is expected to accelerate to around 10% and annual profitability to improve from 2010 level at a comparable pace to revenue growth (compared to 2010 EBIT of 21.8m excl. re-structuring)

¹The estimates are based on the sales pipeline at the time of publishing, existing subscriptions, support contracts and exchange rates previous experience

Pirkka Palomäki nominated as acting CEO

- F-Secure's Chief Technology Officer Pirkka Palomäki appointed acting CEO of F-Secure Corporation as of November 1. As announced before F-Secure President and CEO Kimmo Alkio continues to lead F-Secure until October 31, 2011.
- Search for the new CEO has been initiated and is planned to be completed during the second half of 2011.

Short CV of Pirkka Palomäki

- Born 1970, Finnish citizen
- CTO; Member of the Executive Team since 2001.
- Joined F-Secure in 1997. Previously held leading positions in Product Management and Marketing .
- Education: M.Sc. (International Marketing and Business Strategy), Helsinki University of Technology.

Thank you!

Forward-looking statements:

Certain statements in this presentation are forward-looking, and the actual outcome could be materially different. Such forward-looking statements are based on F-Secure's present plans, estimates, assumptions, projections and expectations and are subject to risks and uncertainties. In addition to the factors explicitly discussed, other could have a material effect on the actual outcome. Such factors include, but are not limited to, general economic and political conditions, fluctuations in exchange rates, interest rates, outcome of external research studies, technological issues, interruptions of business, products, actions of courts, regulators, government agencies, competitors, customers, suppliers, employees and all other parties.

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the
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