

F-Secure Corporation

Interim report Q3 2012

(Unaudited)

President & CEO
Christian Fredrikson
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ULTIMATE INNOVATION

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Highlights in Q3

- **Solid revenue growth continued**

- Total revenues grew by 7% reaching level of 39.1 m (Q311: 36.6 m)
- Good Internet security sales

- **Revenues from the Operator channel grew by 10 % reaching 23.7 million**

- PC and mobile Internet security sales performed well overall showing double digit user and revenue growth
- Content Cloud revenue growth has decreased as the business started to ramp up year ago
- AT&T has launched its content cloud service
- Several new security related operator partnerships like MTS (India), Play and Vectra (Poland)

- **Profitability at good level**

- EBIT 8.6 million, 22% of revenues (Q311: 6.9 m, 19 %) – following the seasonality
- Cash flow from operations 3.5 m positive (5.8 m positive)

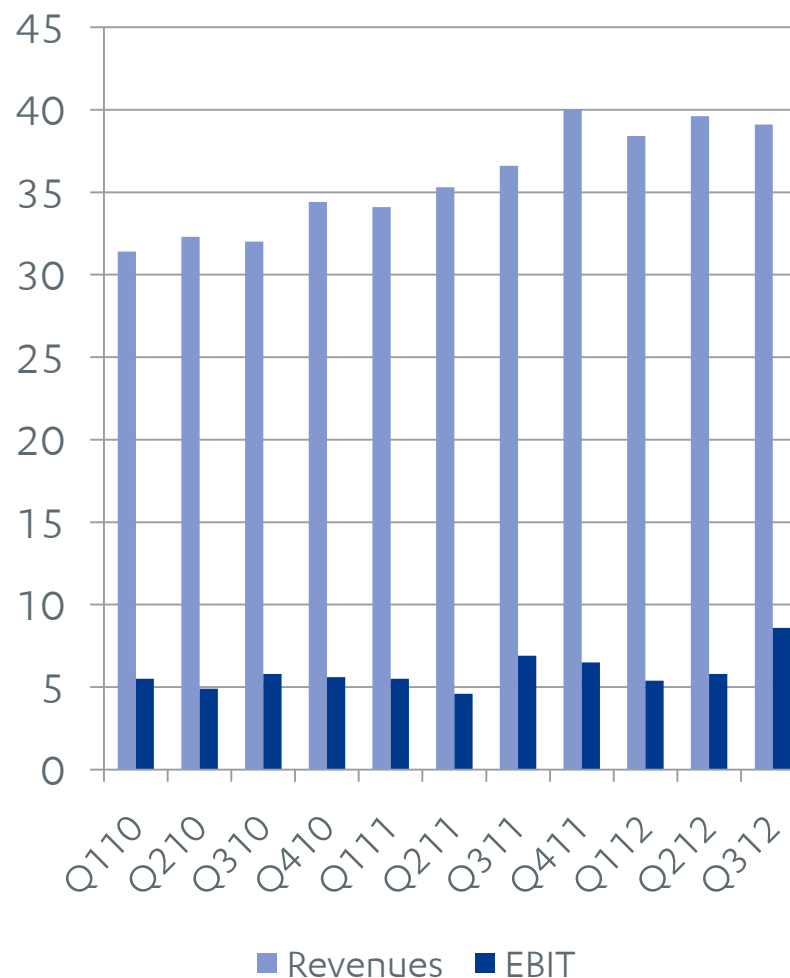
2. Financial performance in Q3



Q3 Revenues

- **Revenue growth continued driven by the operator channel**
 - Total quarterly revenues 39.1m; growth of 7 % (Q311: 36.6m)
 - Operator revenues 23.7 m; growth of 10% (Q311: 21.5 m)
 - Other channels 15.4 m; growth of 2% (Q311: 15.2 m)

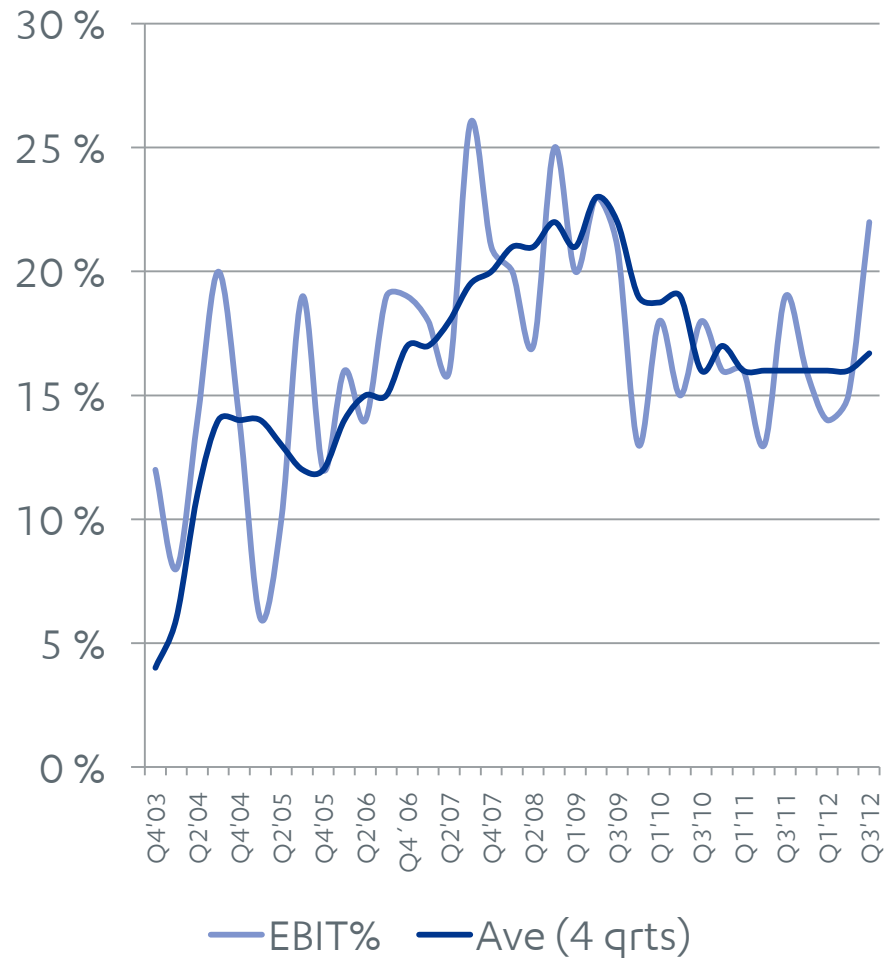
EURm



Q3 Profitability

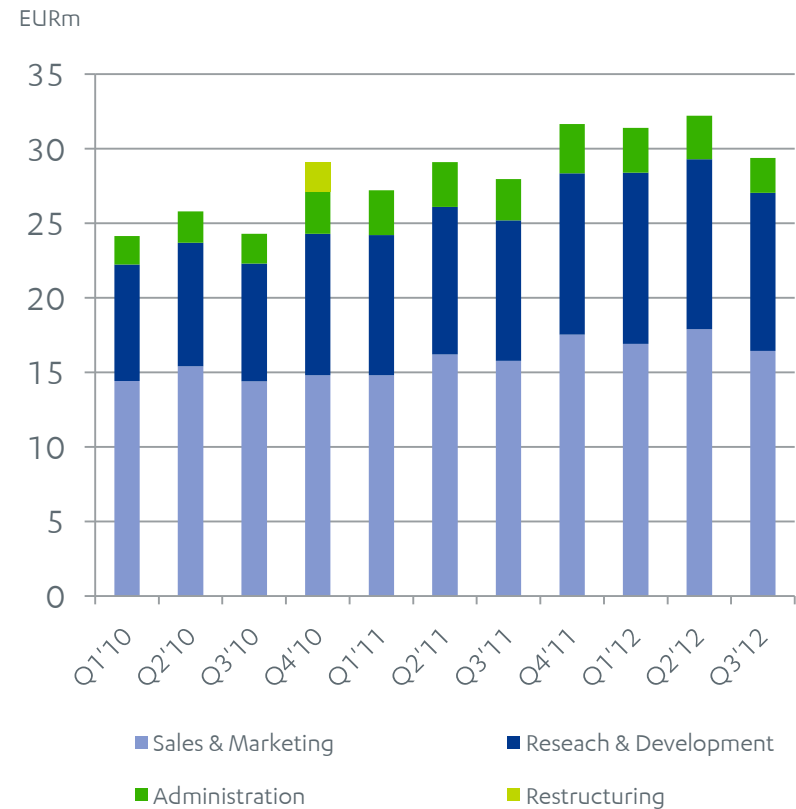
- **Profitability at good level**

- EBIT 8.6 m, 22% of revenues;
(Q311: 6.9 m, 19 %); growth of 25%
- Earnings per share EUR 0.04
(EUR 0.03)



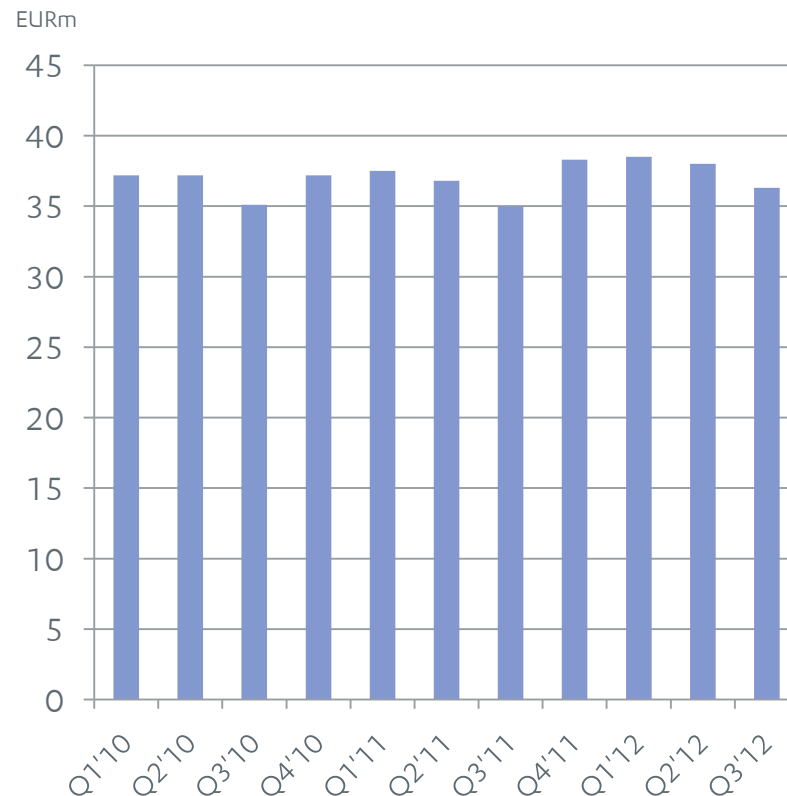
Q3 Costs – modest increase in run rate

- **Total costs increased to 29.4 m, +5%; (Q311: 28 m)**
 - Cost level following the seasonality
 - Focus on geographic expansion in Latin America
- **Run rate costs grew modestly from Q2**
 - Cost level was impacted by increased depreciations from past capitalized expenses; Q312: 1.9 m (Q311: 1.7m)
 - Capitalized R&D expenses were 0.6 m (Q311: 2.1m)



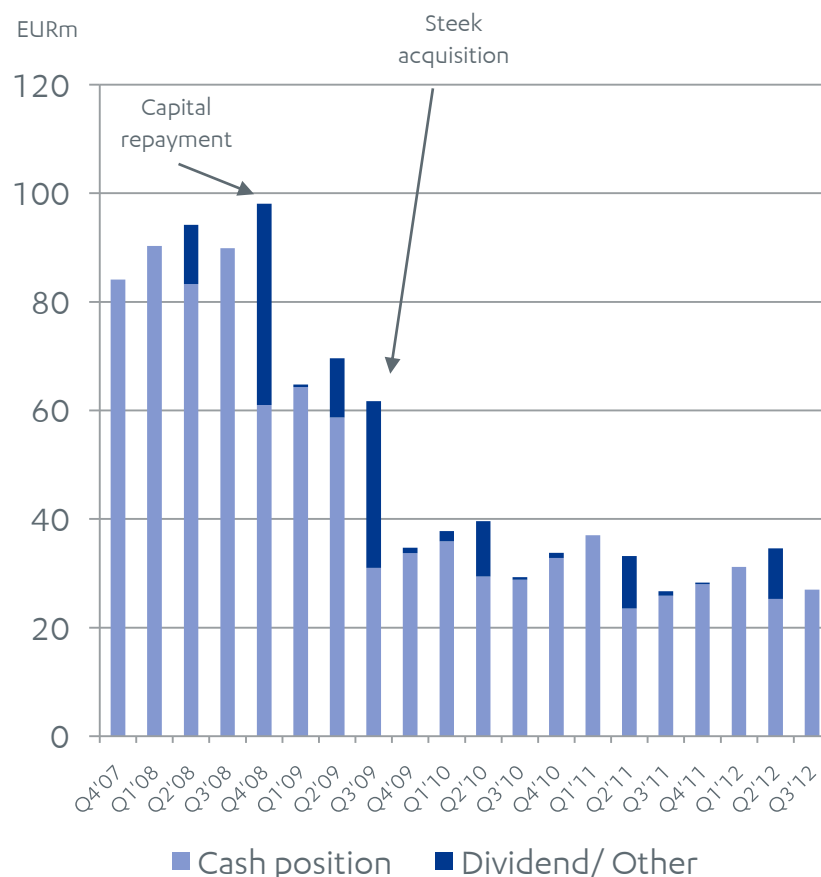
Q3 Deferred Revenues

- **Deferred revenues were at 36.3 m (35m)**
 - Healthy renewal license sales in the channel business
- **Deferred revenues accrued in the balance sheet**
 - June 30,2012 38.0 m
 - Mar. 31,2012 38.5m
 - Dec. 31,2011 38.3m



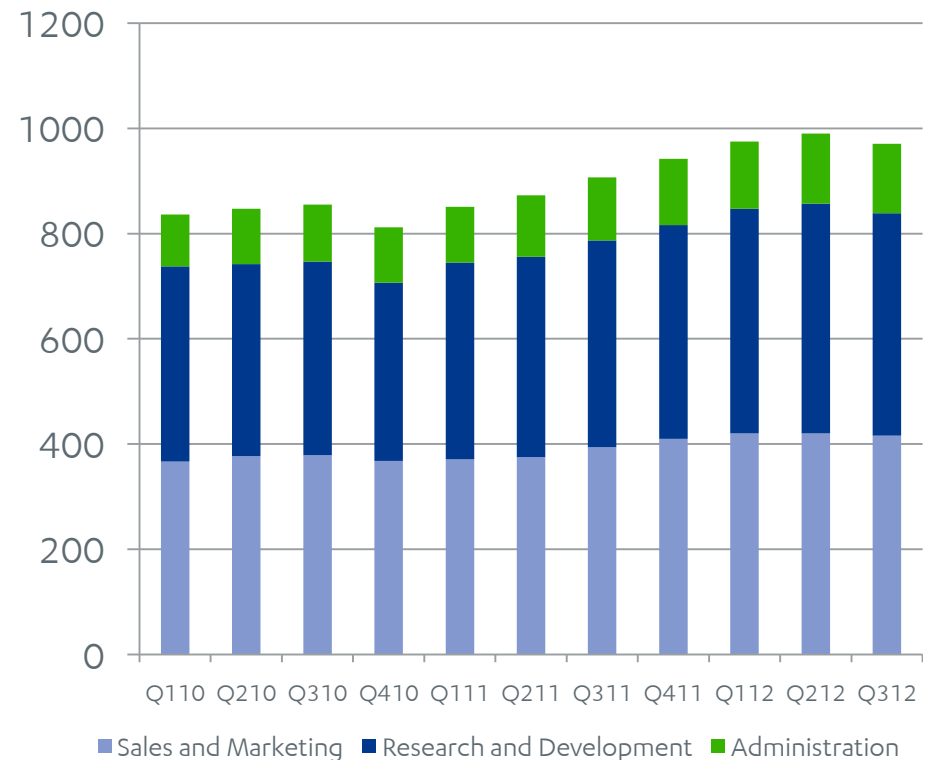
Q3 Cash position solid

- **Cash flow from operations 3.5m (Q311: 5.8 m)**
- **Market value of liquid assets 27m (Q311: 25.9 m)**
 - Jun.30, 2012 25.3m
 - Mar.31, 2012 31.2m
 - Dec.31, 2011 28.1m
- **Dividend of EUR 0.06 per share was paid in April, totally 9.3m**
 - Cash position has developed according to the longer term efficient capital management objectives



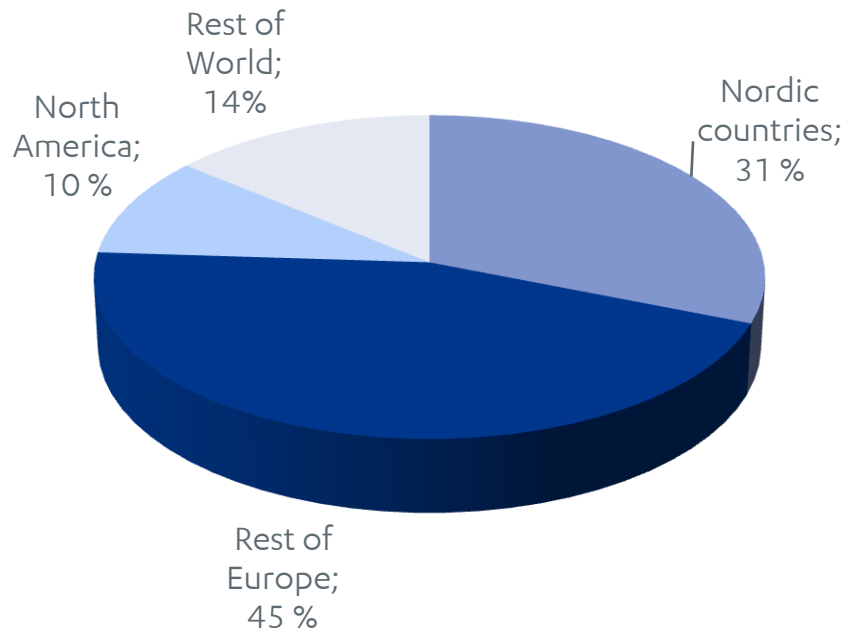
Q3 Number of personnel

- **At the end of October: 972**
(Q212: 990, Q311: 907)
- Number of personnel decreased in R&D due to attrition

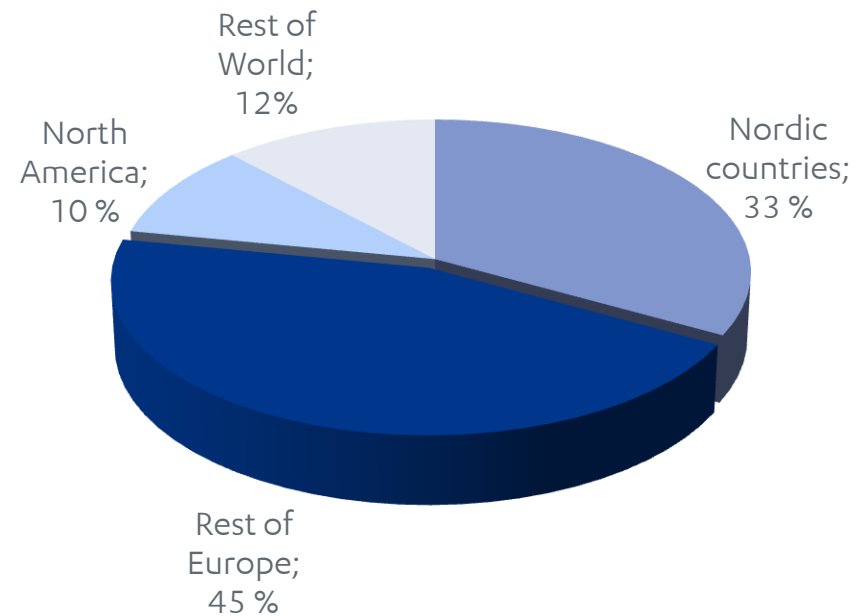


Q3 Regional Revenue Split

1-9/2012



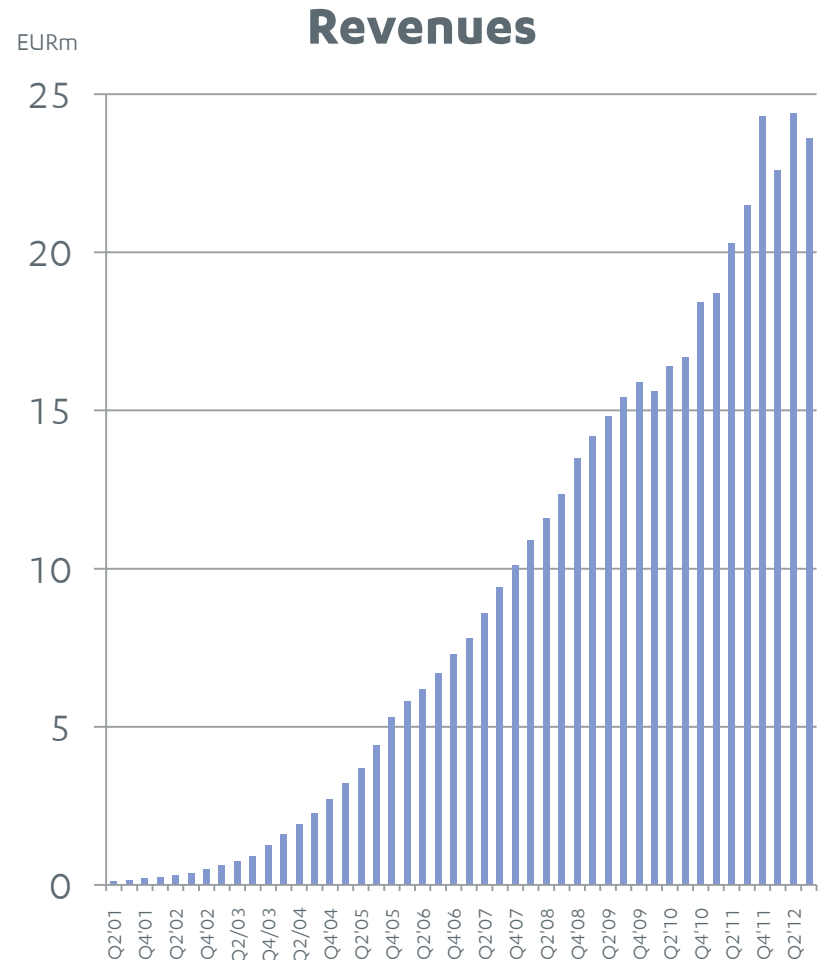
1-9/2011



3. Operator business in Q3

Q3 Operator business – solid growth

- **Q3 revenues of 23.6 m (21.5 m), growth of 10% YoY and -3% QoQ**
 - Double digit Internet security revenue growth continued
 - Content Cloud subscriber revenues growth continued though at lower rate
 - Project revenues did not contribute to the growth
 - AT&T's Content Cloud service live in August
- **New operator partnerships**
 - New operator partnerships; MTS – India, Play, Vectra – Poland





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safe and convenient

- Your photos, videos and documents stored and synced in the cloud
- Access and share from your phone and computer
- Auto-upload from your Android phone
- 5GB free storage



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



4. Products and Services

Launches in Q3

- Flagship PC product F-Secure Internet Security 2013 - We Will Protect You !
 - gives consumers the best protection for their computers and online identity when browsing the web
- F-Secure Mobile Security - We Will Protect You !
 - features universal support for all Android devices including TVs and set-top boxes

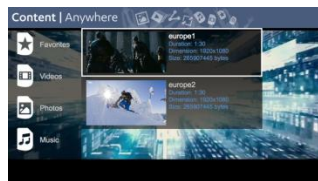


Content Anywhere ecosystem

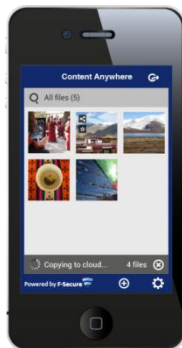
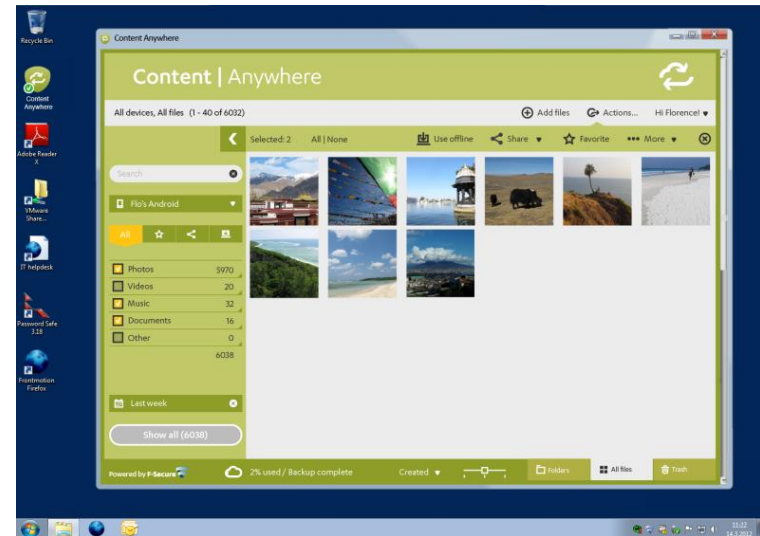
The foundation for
a content-centric
service ecosystem



Operator
extensions or 3rd
Party Services

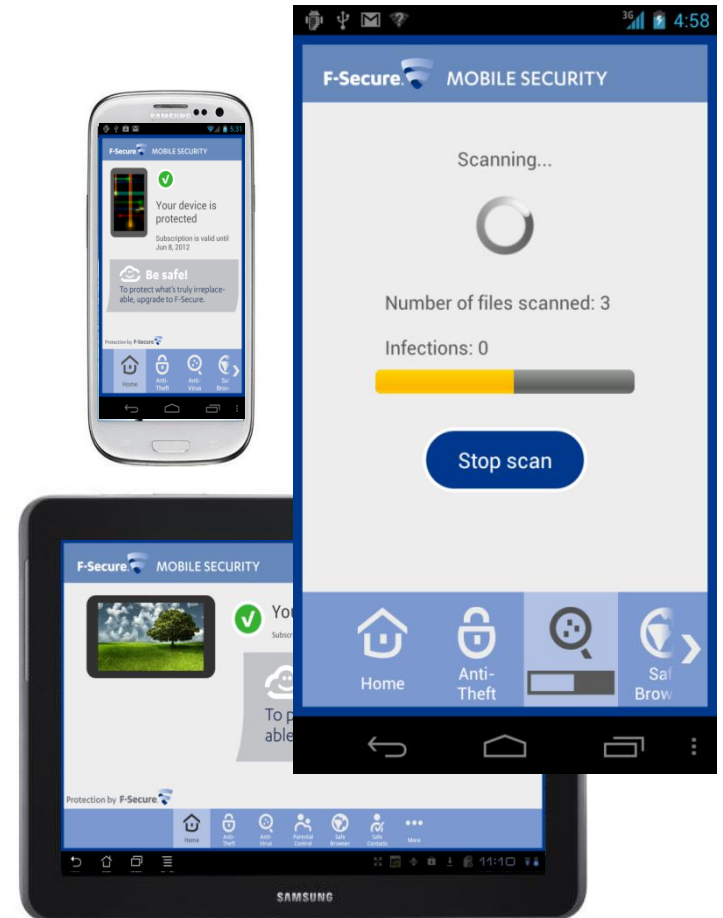


Same user experience across devices



Mobile Product Demand Picking Up

- Increase in mobile device sales and wider use of mobile applications create demand for F-Secure mobile product portfolio
- Our Safe Anywhere Mobile v8 for Android has a new user interface with built-in modularity enabling new business opportunities and also scale the solution from mobile phones to larger screens
- F-Secure has built together with its Operator Partners attractive business models which has led to promising growth in sales









Our Approach To Device Convergence

- Majority of our 200+ Operator Partners are looking to expand their security offerings beyond PC devices
- This provides a lucrative up sell opportunity for our mobile product range
- We are taking this opportunity with a new integration approach for faster time to market and enhanced customer experience







Your security service has 5 licenses. You are using 3 licenses.



Select the service that you want to take in use:

	Safe Anywhere PC Safe Anywhere PC ensures safe surfing and protects from the threats of the malicious software. Read more	 Windows	Install
	Safe Anywhere Mobile Safe Anywhere Mobile keeps your personal information safe on mobile devices. Read more	 Symbian & Android	Install
	Safe Anywhere Mac Safe Anywhere Mac protects from the threats of the malicious software. Read more	 Apple OS X	Install

Your devices:

 My Tablet	Safe Anywhere Mobile	 Remove	Download
 My Phone	Safe Anywhere Mobile	 Remove	Download
 My Mac	Safe Anywhere Mac	 Remove	Download

Protection by  F-Secure.

5. Market review



Market review



Internet

- Internet growth continues globally
- Role of internet security significant for business over the Internet
- New business opportunities



New devices

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



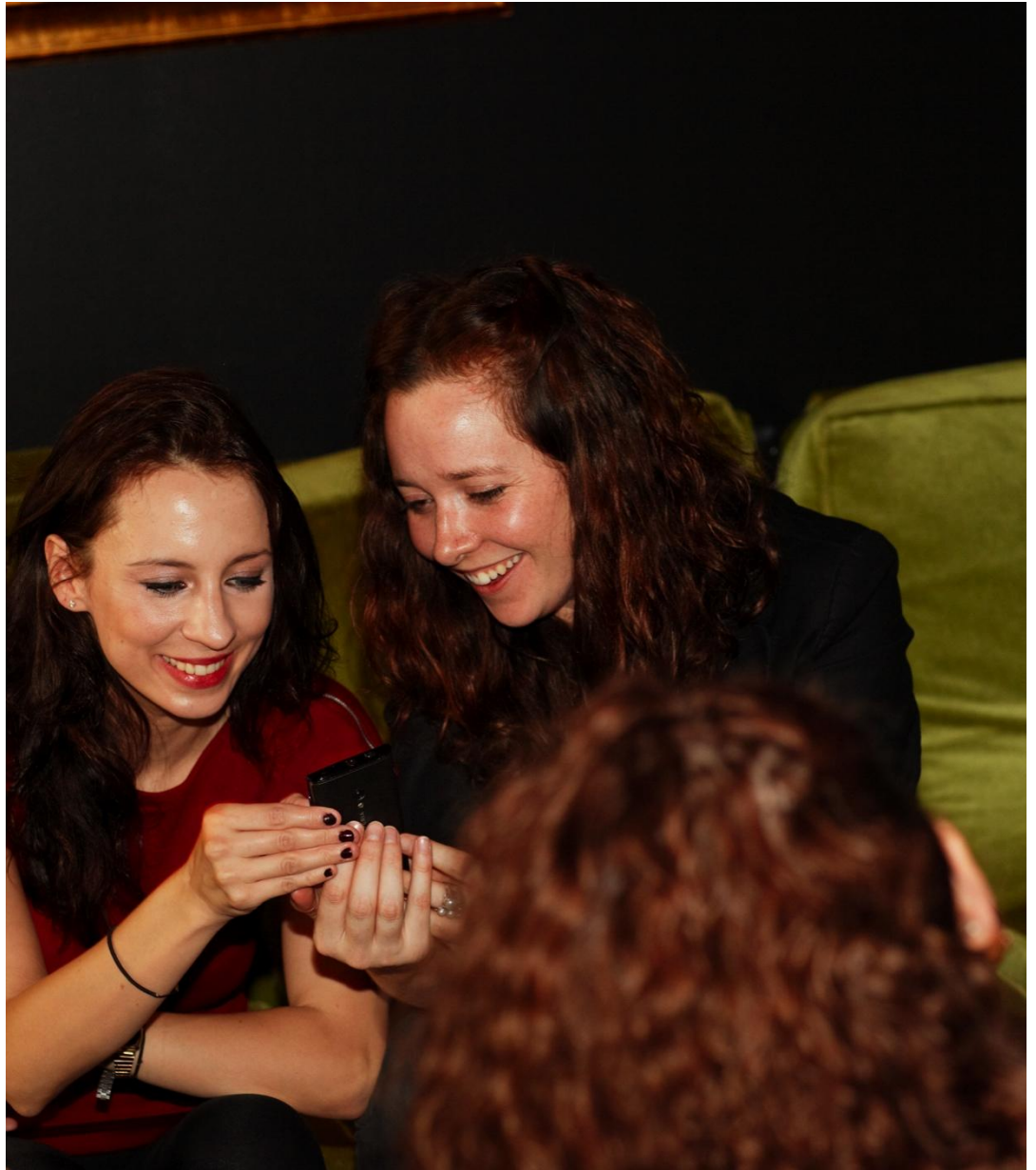
Content Cloud

- Demand for Content Cloud services
- Strong growth expectations
- Operators interest is high

6. Financial targets & Outlook

Financial targets 2012-2014

- Double digit revenue growth
- The Company will continue its investments in Content Cloud business but also in security services
- Profitability is expected to develop towards the 25% level at the end of strategy period



Outlook for 2012 (1/2)

- The Operator channel is expected to continue its revenue growth, driven by Internet security sales and supported by subscriber based content cloud revenues. The project-based content cloud revenues in H2 will be substantially lower than in 2011. The traditional license business is expected remain flat or slightly increase compared to 2011.
- As overall uncertainty in the global economy and financial markets is expected to continue, this may have an impact on Operators' interest to invest in new services, especially in new content cloud projects.
- F-Secure has several content cloud prospects in the pre-sales phase. However, some tardiness in content cloud contract negotiations and in ramping up subscriber volumes is likely to delay the revenue growth.

Outlook for 2012 (2/2)

- Estimated one-off costs in Q4
 - As the new productized Content Cloud offering is to be finalized, the development of old Content Cloud product will be stopped. This will lead to redundancies of close to 50 people in F-Secure SDC (France) and to one-off costs estimated not to exceed 2m .
 - The Company will analyze and evaluate the remaining value of F-Secure SDC related assets; mainly customer relationships and certain technologies. The value of these assets as of now is approximately 5 million Euros
- **Excluding above mentioned costs the management's estimation for the year is unchanged**
 - Annual revenue growth is estimated to be between 5% and 10% compared to 2011.
 - Annual profitability is estimated to remain around 15% of revenues.

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

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.

Protecting
the
irreplaceable