

F-Secure Corporation

Interim report Q4 2012

(Unaudited)

President & CEO
Christian Fredrikson
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Highlights in Q4

- **Healthy profitability and cash flow**

- Revenues grew by 0.4%, reaching 40.1 million (Q42011: 40.0m).
- EBIT 7.4 million, 19 % of revenues (Q411: 6.5 m, 16 %) – excl. one-time costs (BDX restructuring & write-offs)
- Cash flow from operations 7.8 m positive (7.1 m positive)

- **Internet Security performs well**

- Double digit subscriber growth continued; strong in Latin America
- Awarded technology

- **Content Cloud progressing well**

- One of Europe's major operators, is now taking the final steps towards the launch
- AT&T progressing well and gaining subscribers
- Customer interest high and sales pipeline evolving

Highlights in 2012

- **Solid growth and profitability:**

- Total revenues grew by 8%, reaching 157.2 million (2011:146m)
- EBIT was 27.3 million, representing 17% of revenues (23.6,16%) excl. one-offs
- Financials in line with guidance (Rev growth 5-10% and profitability around 15%)
- Healthy cash flow; net change in cash (excl. dividend) +14.4m (2011: +4.1m)

- **Good operative year**

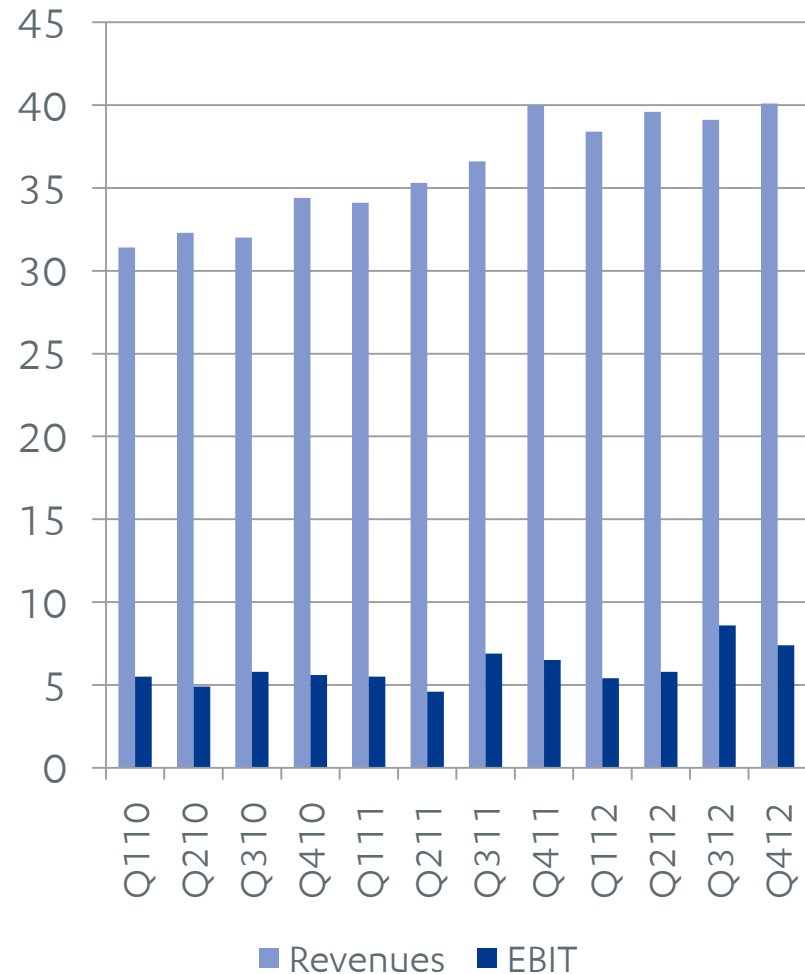
- New CEO Christian Fredrikson started on January 16, 2012
- New organization structure and leadership team to drive efficiency and market centricity
- Restructuring of R&D operations and sites; improving speed for product launches
- New productized Content Cloud solution developed

2. Financial performance in Q4

Q4 Revenues

- **Revenue growth continued driven by the operator channel**
 - Total quarterly revenues 40.1 m; growth of 0.4 % (Q411: 40.0 m)
 - Operator revenues 24.5 m; growth of 1% (Q411: 24.3 m)
 - Other channels 15.6 m; growth of 0% (Q41:15.7 m)

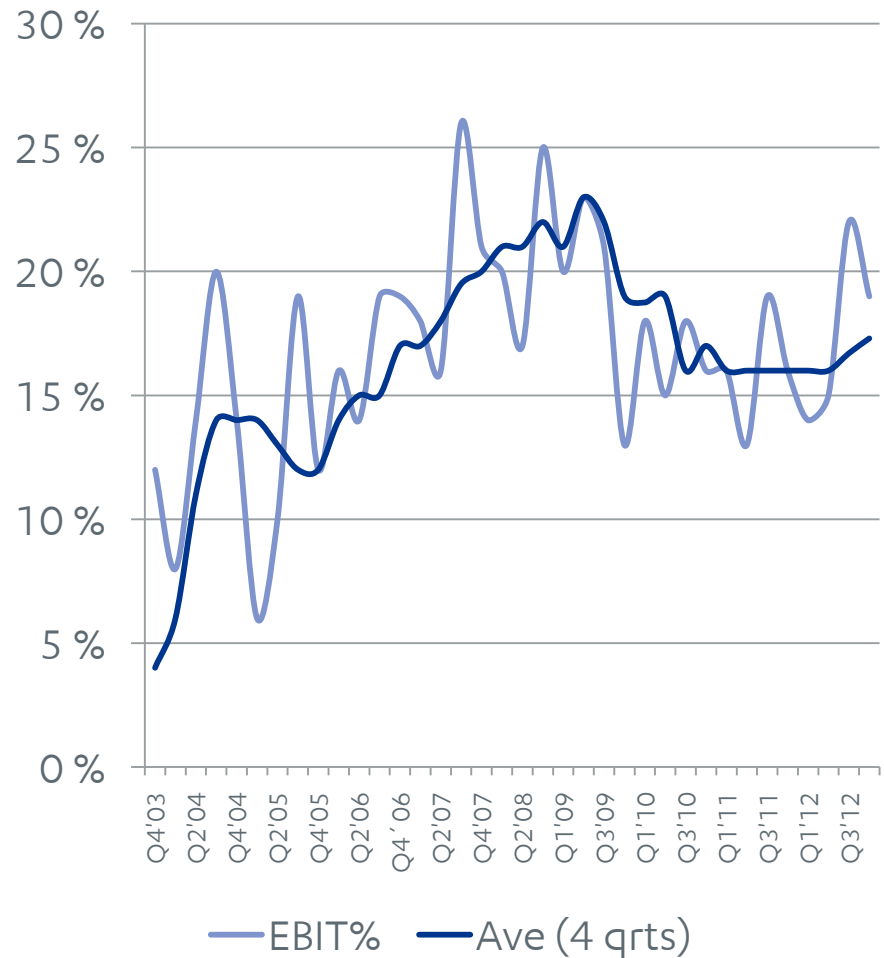
EURm



Profitability gradually improving

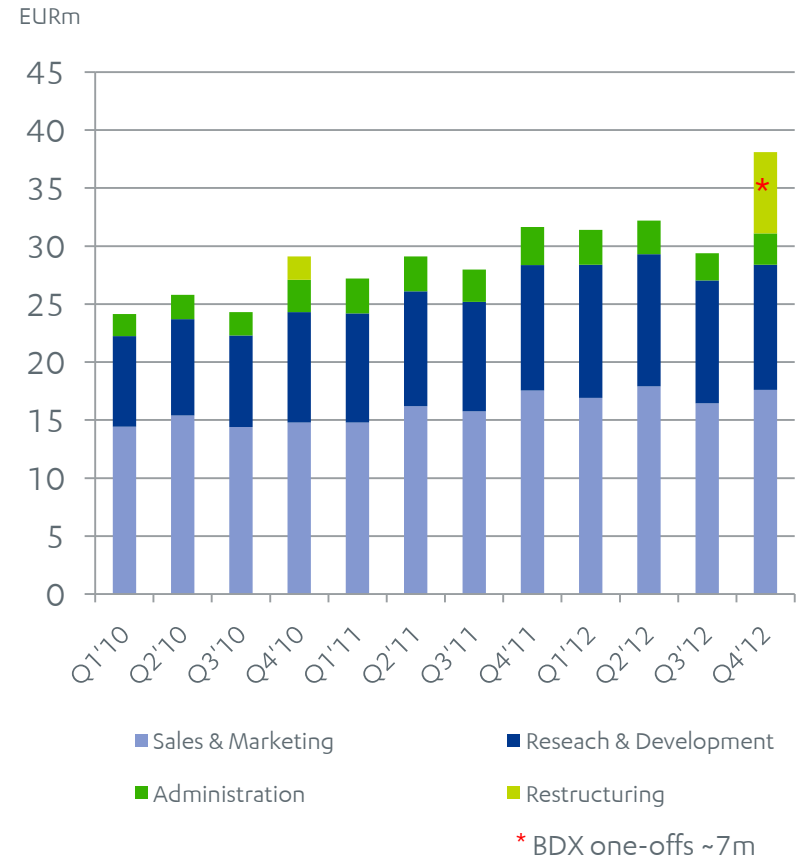
- **Q4 profitability at good level**

- EBIT 7.4 m, 19% of revenues; excl. one-off (Q4'11: 6.5 m, 16%); growth of 14 %
- Earnings per share EUR 0.00 (EUR 0.03) due to one-offs



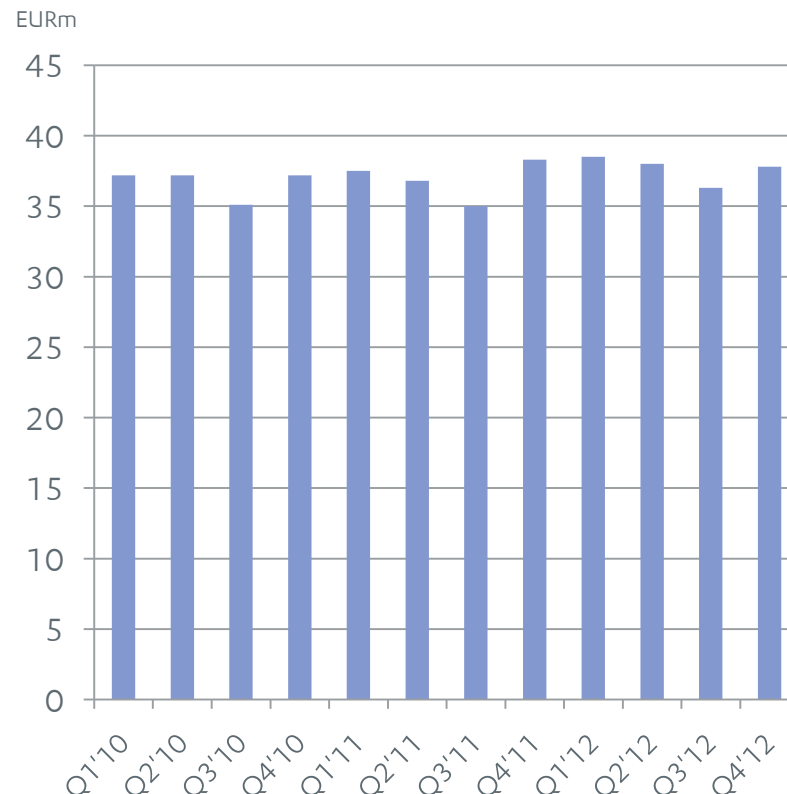
Q4 Costs flat (excl. one-offs)

- **Total costs decreased to 31.2 m, -1% when excluding BDX one-offs of 7 m; (Q411:31.6 m)**
- **Operative run rate grew modestly in 2012**
 - Cost level was impacted by increased depreciations from past capitalized expenses; Q412: 2.1 m (Q411: 1.7m)
 - **Capitalized R&D expenses were 0.7 m (Q411: 3.1 m)**
 - **One –offs totally 7.8m**
 - F-Secure SDC (France) restructuring 2.5m and write-offs of 4.5m (technology and customers)
 - Obsolete Content Cloud activation write-off 0.8m



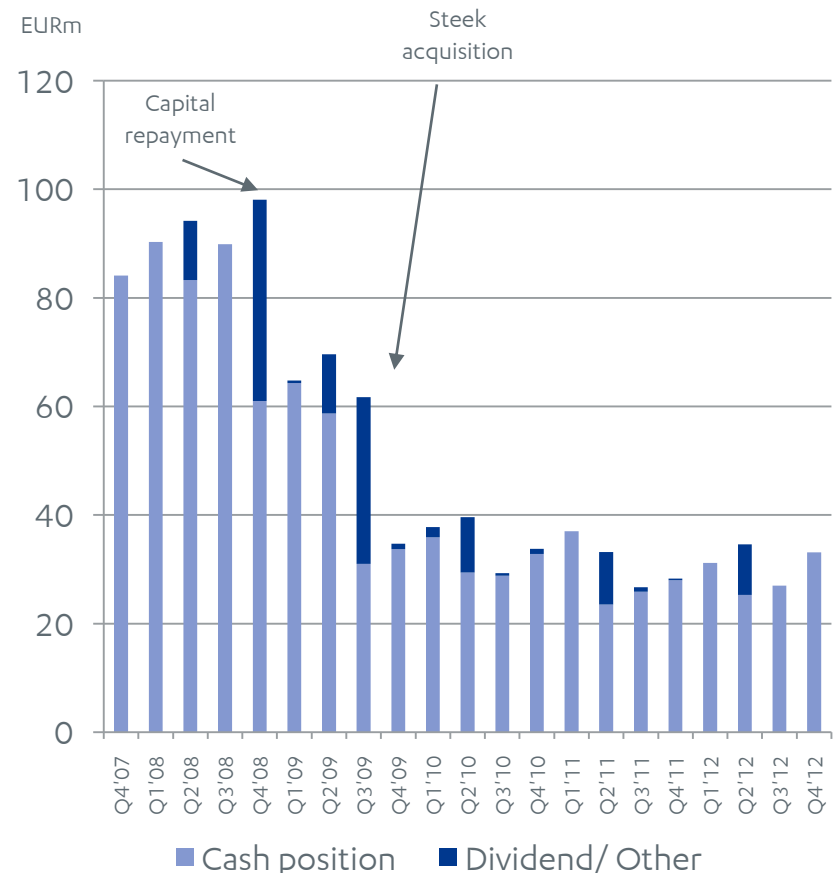
Q4 Deferred Revenues stable

- **Deferred revenues were at 37.7m (38.3m)**
 - Good license renewal sales continues in Corporate and Direct to Consumer businesses
- **Deferred revenues accrued in the balance sheet**
 - Oct. 25, 2012 36.3 m
 - June 30, 2012 38.0 m
 - Mar. 31, 2012 38.5m



Q4 Cash position remains solid

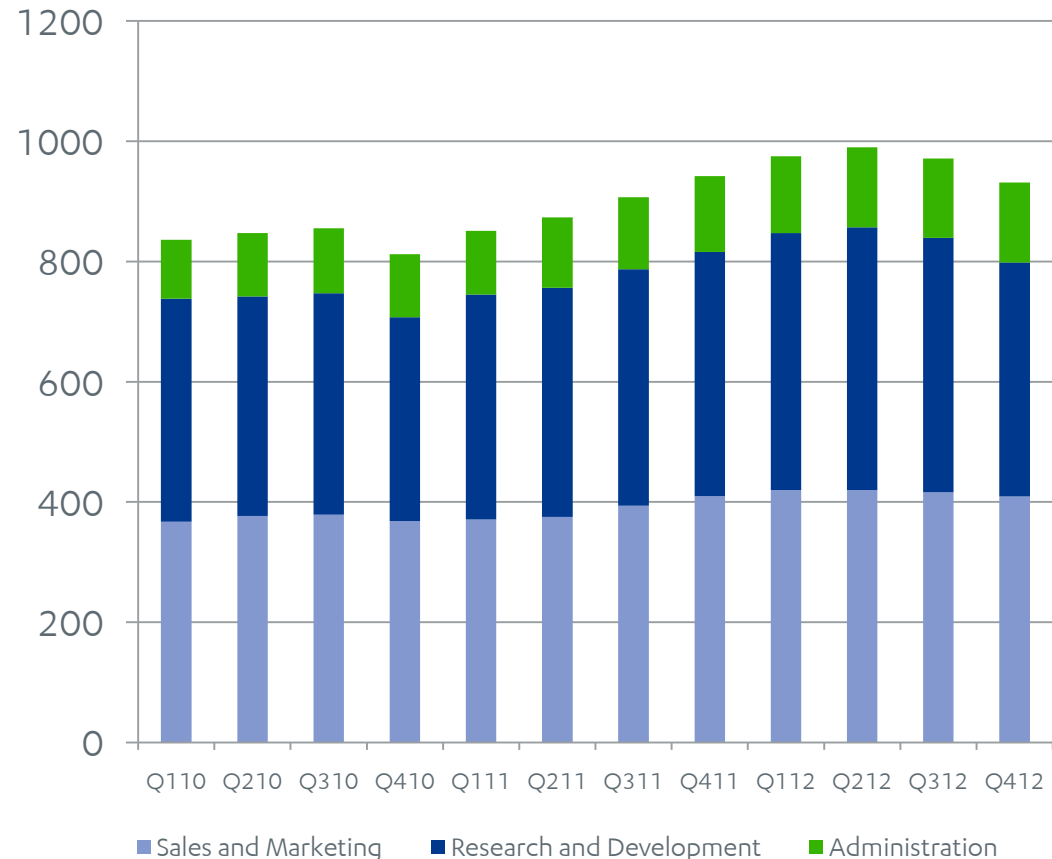
- **Cash flow from operations 7.8 m (Q411: 7.1 m)**
- **Market value of liquid assets 33.1m (Q411: 28.1 m)**
 - Sept. 30, 2012 27m
 - Jun. 30, 2012 25.3m
 - Mar.31, 2012 31.2m
 - Dividend of EUR 0.06 per share was paid in April, totally 9.3m
 - Cash position has developed according to the longer term efficient capital management objectives



Q4 Number of personnel

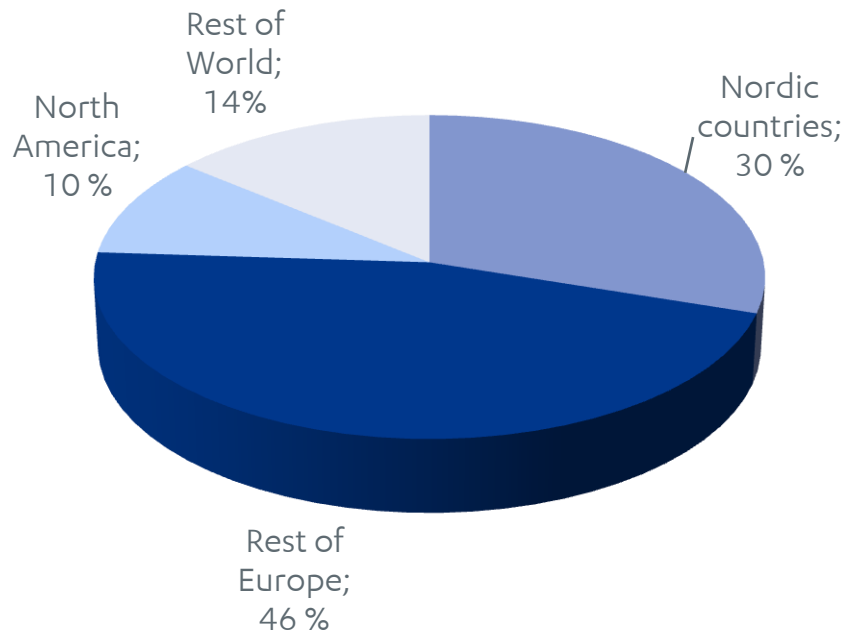
- **At the end of December: 931 (Q411: 942)**

- Number of personnel decreased in R&D due to F-Secure France reductions of 41 people
- New productized Content Cloud solution developed
- Restructuring of R&D operations and sites; improving speed for product launches

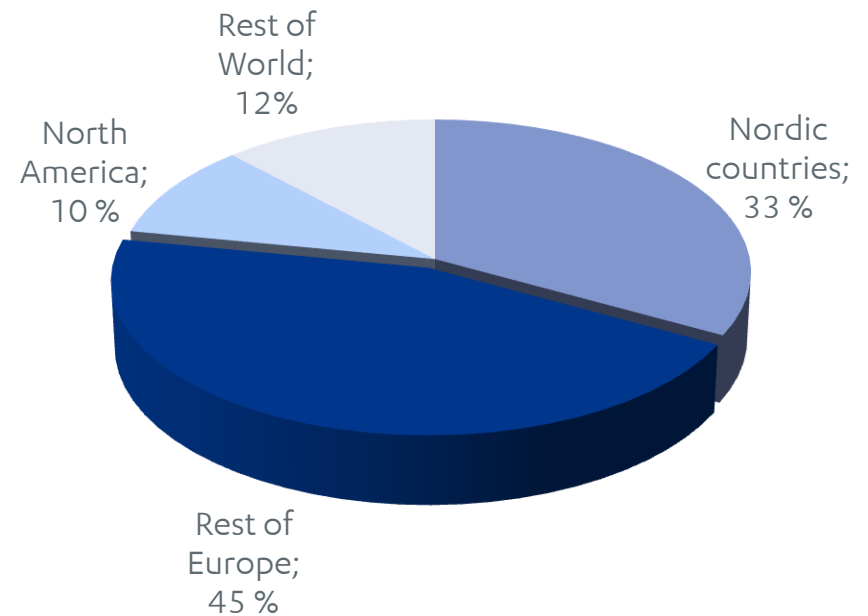


Q4 Regional Revenue Split

1-12/2012



1-12/2011



3. Channels



Channels to the markets

**Corporate
customers around
the world**



**Direct to Consumer
business retail and
eStore globally**

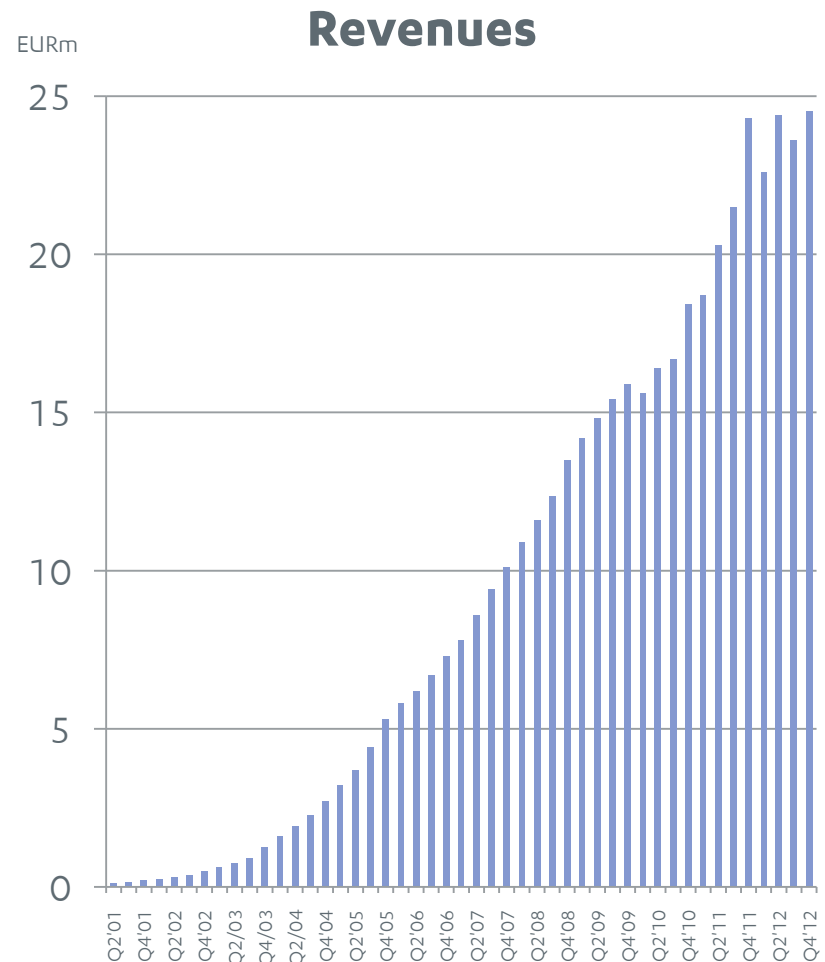


**Over 200
Operators in over
40 countries**



Q4 Operator business – growth

- **Q4 revenues of 24.5 m (24.3 m), growth of 1% YoY and 4% QoQ**
 - Double digit Internet security subscriber growth continued
 - Project revenues substantially lower than year ago
- **New operator partnerships**
 - Movistar launch in Panama, Chile and Mexico
 - Some partners expanded to support also mobile security; e.g. TDC (Den) and PCCW (Hong Kong).



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



4. Products and Services

Across our entire portfolio

Computer, Internet and Home Security

Protecting millions of customers from known and emerging security threats



Computer
Security



Online Safety



F-Secure ▼

Protection Service for Mobile

Protection from mobile threats and loss of phone



Online Backup service

Securely store your customers irreplaceable content



Content Anywhere

Store, sync and share precious content on any device at anytime



F-Secure Safe Content Cloud



- significant player in the content cloud business
- millions of users globally
- several petabytes of data securely stored in our cloud
- 5 data centers globally



Launches in Q4

- Banking Protection, a new feature of F-Secure's Internet Security product
 - is designed to protect consumers' online banking sessions from malicious attacks and protects online banking sessions against Trojans



Find it.
Fix it.
Forget it.



- Patch management, a business security feature; the debut of Software Updater
 - for small and medium sized businesses
 - ensures that an organization's operating systems and third-party applications are up-to-date

Awards

- In January 2013, F-Secure's corporate business strategy was recognized as top-ranked by The Forrester Wave™, Endpoint Security report



- In January 2013, F-Secure Internet Security 2013 won the award "BEST PROTECTION 2012 - Home User" by AV-Test Org

5. Market review



Market review



Internet

- Internet growth continues globally
- Role of internet security significant for business over the Internet
- Internet Security market still growing



New devices

- People have become multi-screeners
- Smartphones, tablets, computers or even TVs to get online
- Many activities are performed either sequentially or in parallel on various devices which defines new requirements



Content Cloud

- Demand for Content Cloud services
- Strong growth expectations
- The need for Internet security and different kind of safe Content Cloud services is increasing

6. Financial targets & Outlook

Strategy and Financial targets 2012-2014

- First priority is to drive growth and market expansion
- Targeting towards double digit revenue growth; supported by all three channels
- The Company invests in Content Cloud business and in Internet security services
- Profitability is expected to develop towards the 25% level at the end of strategy period



Outlook for 2013 ^(1/2)

- The long-term business opportunity with Internet Security and Content Cloud products for multiple devices and platforms is attractive.
 - The Company is looking for ways to increase its revenue growth and to improve its profit margin.
- The Operator channel is expected to continue to drive the revenue growth powered by Internet security sales and supported by a productized, highly-scalable Content Cloud service.
- The short-term revenue growth remains at lower level mainly due to decreased Content Cloud project revenues as the project sizes are smaller.
- The Company also expects good progress from the Corporate and Direct to Consumer channels

Outlook for 2013 (2/2)

- The management's estimation for the year; the annual revenue growth is estimated to be over 5% compared to 2012. The annual profitability is estimated to be over 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