

INTERIM REPORT

Q2 2013, JULY 26

(UNAUDITED)



F-Secure celebrated its 25th anniversary in May



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Mika
Chief Technology Officer, Security

HIGHLIGHTS IN Q2

Highlights in Q2

- **Revenues and Profitability declined, improved cash flow**

- Revenues was 38.4 million (Q22012:39.6m).
- EBIT 4 million, 11% of revenues (Q212: 5.8m, 15%)
- Cash flow from operations 5.7 m positive (6.7 m positive); change in cash 4.6m positive (3.4 m) when excluding dividend of 9.3m (9.3m) paid in April

- **Internet Security**

- Safe Avenue, combining mobile and PC protection, gains traction
- Four new Safe Avenue operator contracts in Q2

- **Content Cloud progressing well**

- Two new content cloud contracts, two other won and several in final phase

- **Other**

- Revised annual financial guidance released on July 22, 2013

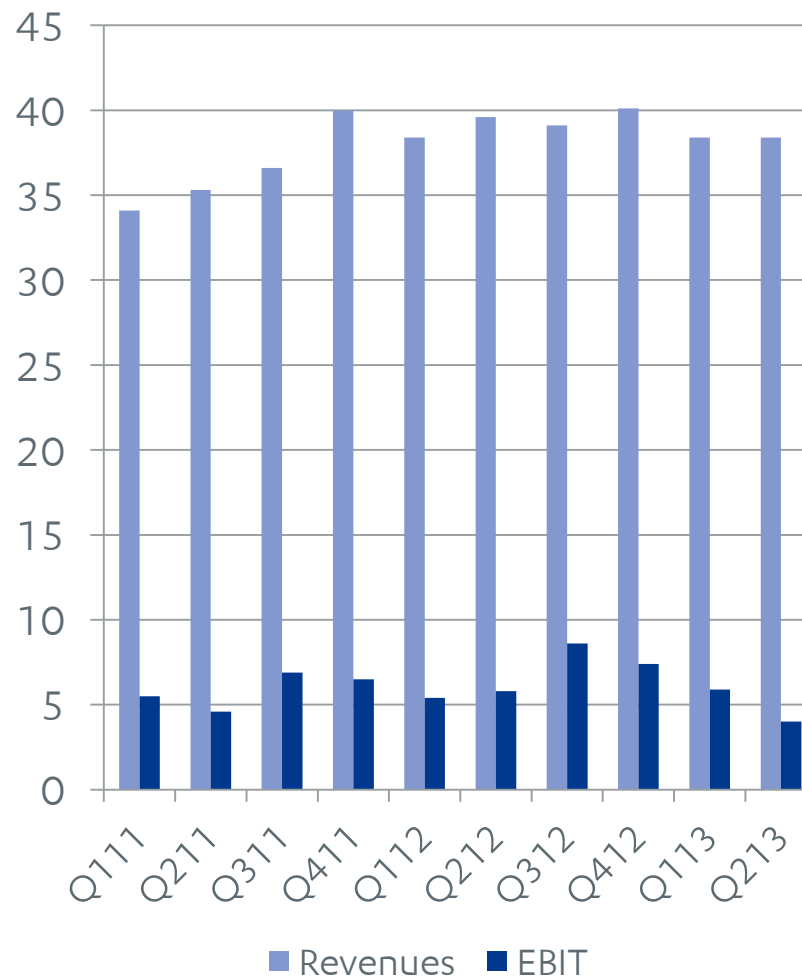
Karina
Senior Analyst

FINANCIAL PERFORMANCE IN Q2

Q2 Revenues

- **Revenues decreased by 3%**
 - Total quarterly revenues 38.4m (Q212: 39.6 m)
 - Operator revenues 23.8m; decrease of 3% (Q212: 24.4 m)
 - Other channels 14.7m; decrease of 3% (Q212:15.2 m)

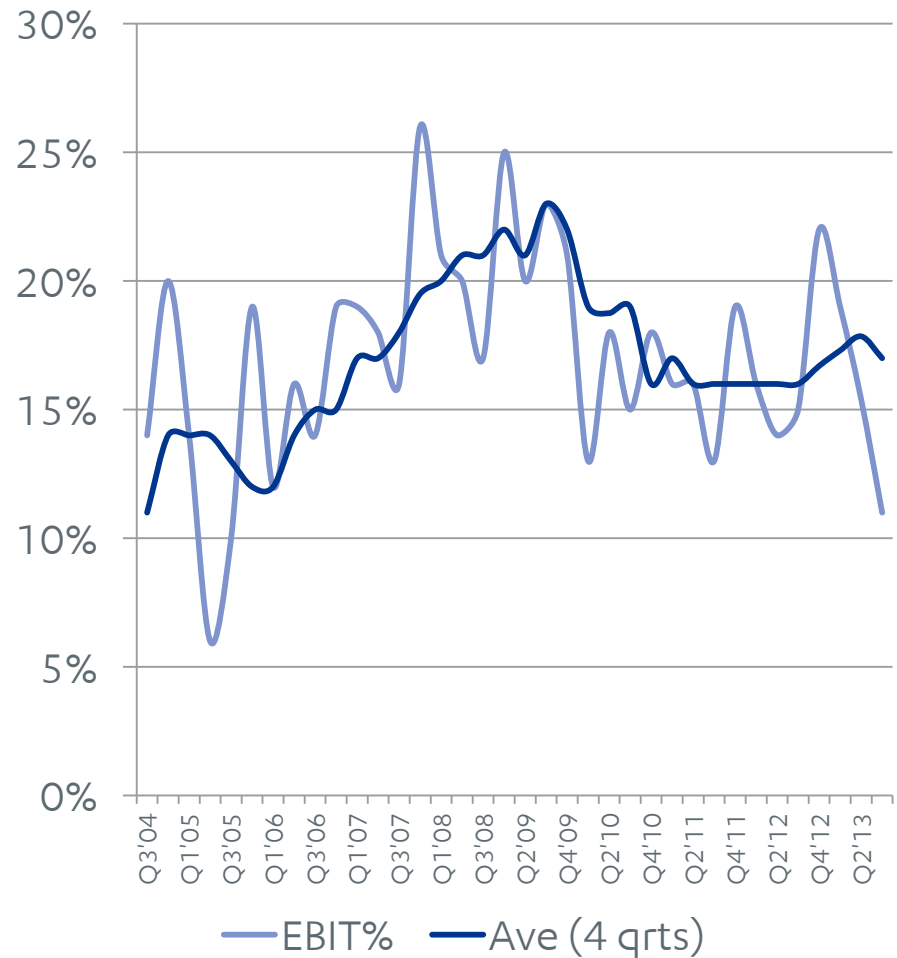
EURm



Profitability

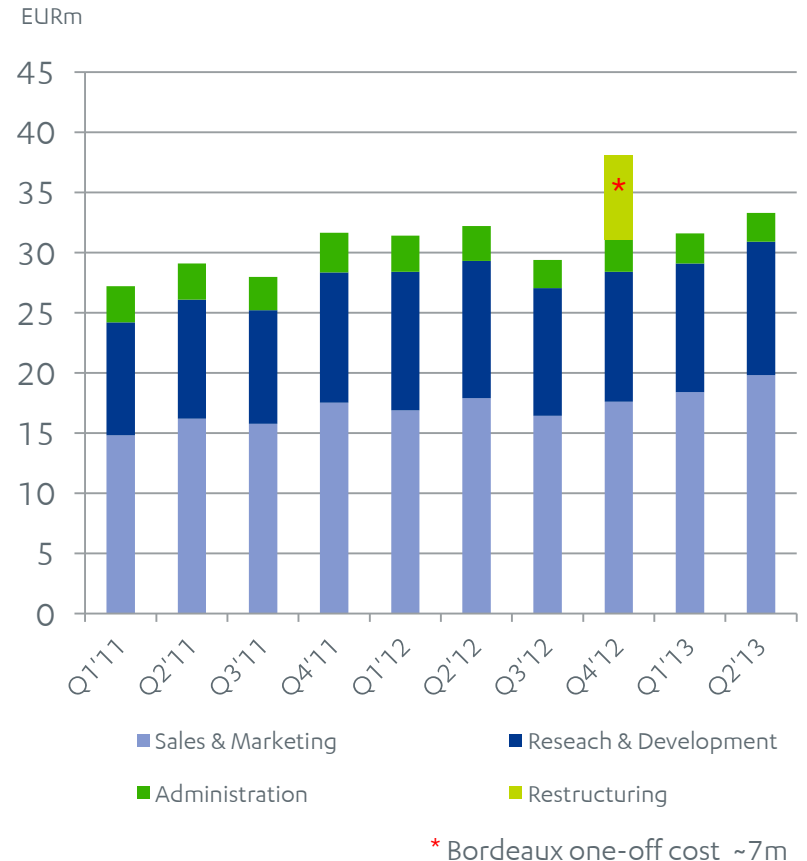
- **Q2 profitability decreased**

- EBIT 4 m, 11% of revenues (Q212: 5.8 m, 16%)
- Earnings per share EUR 0.02 (EUR 0.03)



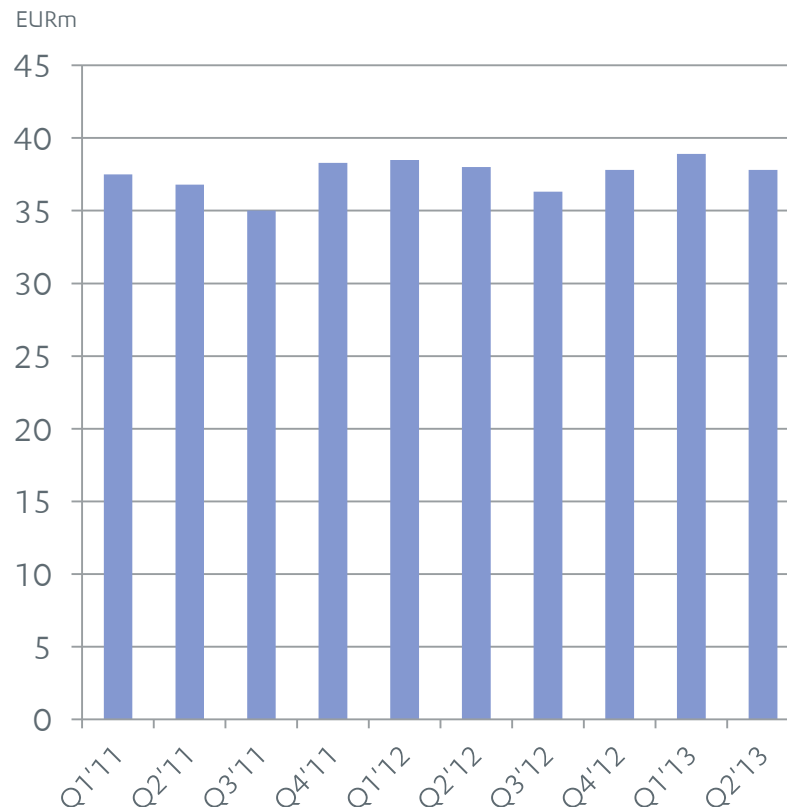
Q2 Costs

- **Total costs 33.3 +3%; (Q212:32.2 m)**
 - Cost level was impacted by increased depreciations from past capitalized expenses; Q213: 2.3 m (Q212: 1.9m)
 - Capitalized R&D expenses were 0 m (Q212: 1.8m)
 - Operative cost level flat, investments decreased



Q2 Deferred Revenues

- **Deferred revenues were at 37.8(38m)**
 - Solid license & renewal sales continues in Corporate and Direct to Consumer businesses
- **Deferred revenues accrued in the balance sheet**
 - Dec 31,2012 37.8 m
 - June 30,2012 38m



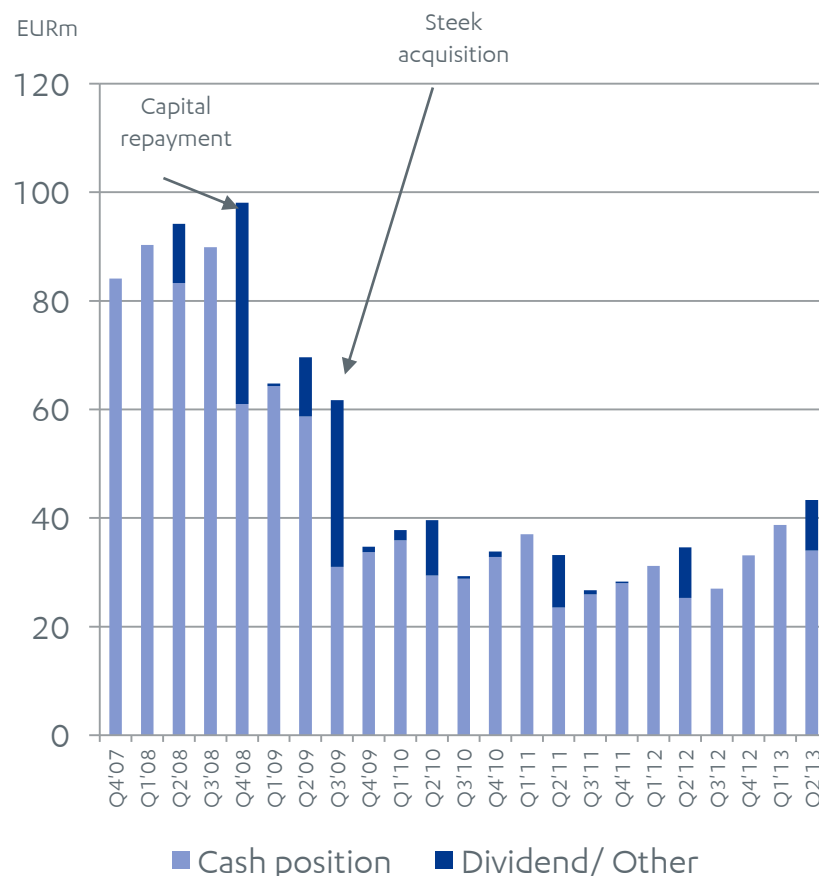
Q2 Cash position remains solid

- **Solid Cash flow**

- from operations 5.7m (Q212: 6.7m);
- Change in cash 4.6m positive (Q212: 3.4m positive) excluding paid dividend of 9.3m (9.3) in April

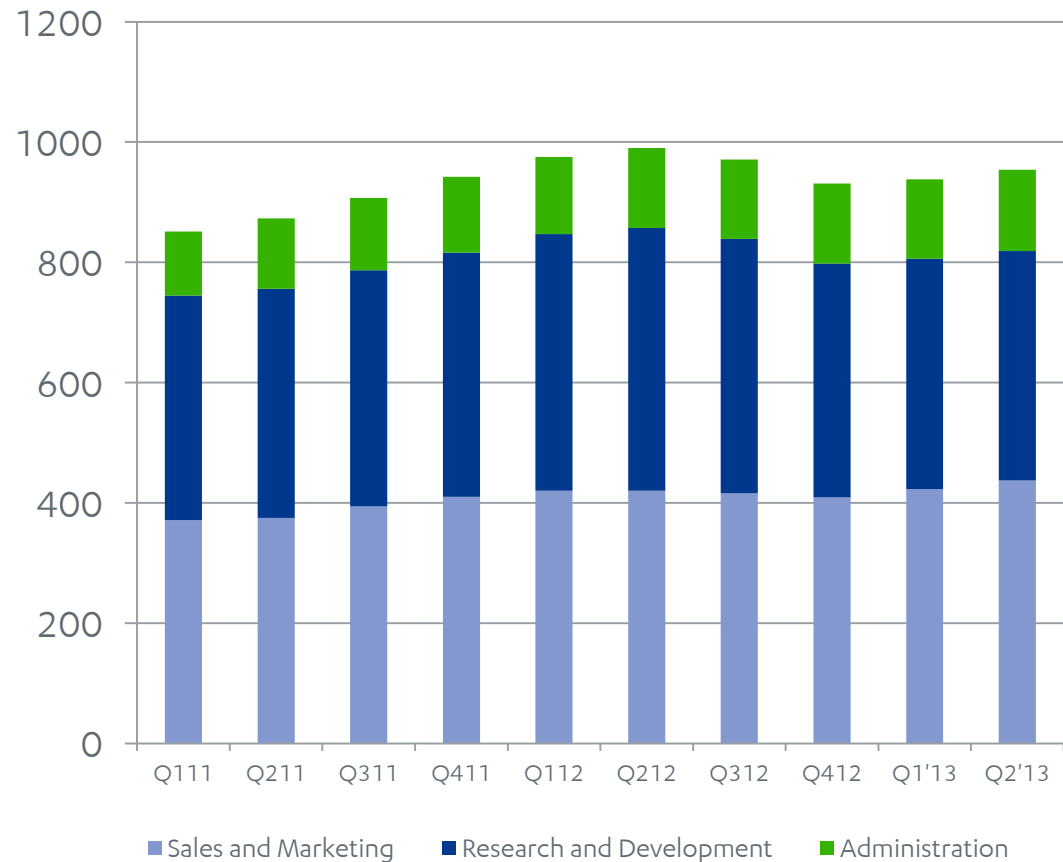
- **Market value of liquid assets 34m (Q212: 25.3 m)**

- Dec 31, 2012 33.1m
- June 30, 2012 25.3m
- Dividend of EUR 0.06 per share was paid in April, totally 9.3m



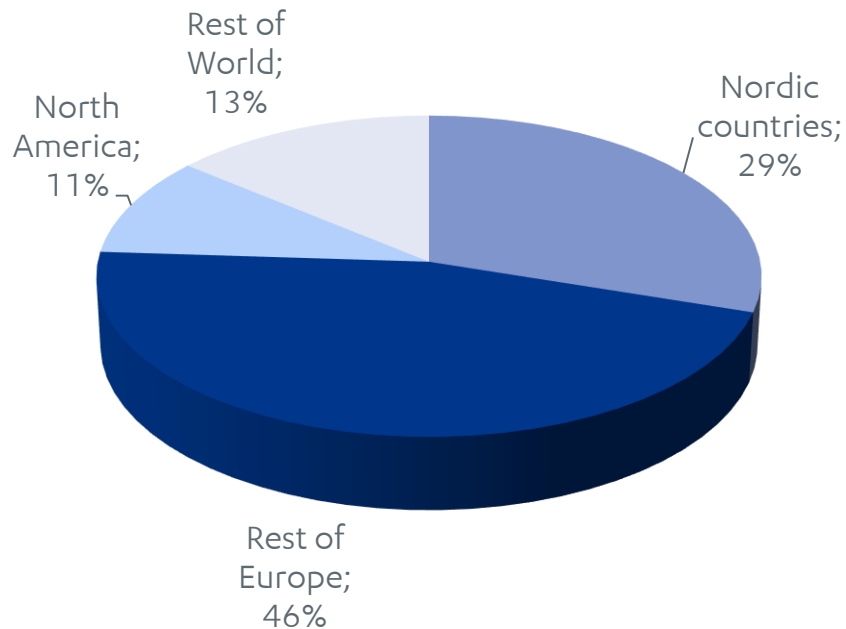
Q2 Number of personnel

- **At the end of June: 954**
(Q212: 990)

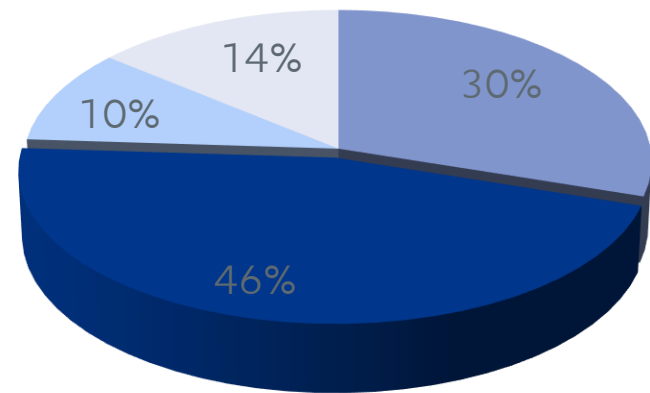


Regional Revenue Split

1-6/2013



1-6/2012



Vesa
Senior Software Engineer

A man with glasses and a light blue shirt is holding a white rectangular sign in front of his chest with both arms. He is looking directly at the camera with a slight smile. The sign has the word "CHANNELS" written on it in blue capital letters.

CHANNELS

Channels to the markets

**Corporate
customers around
the world**



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



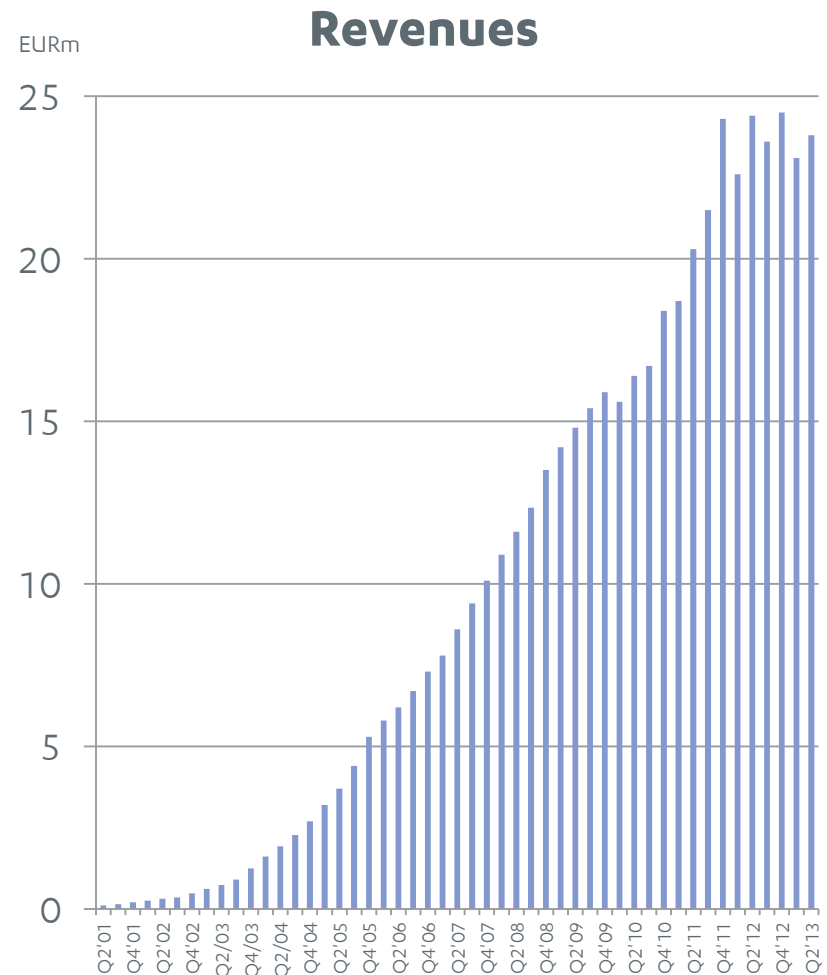
**Over 200
Operators in over
40 countries**



Q2 Operator business

- **Q2 revenues of 23.8 m (24.4 m) -3% YoY**

- **New operator partnerships**
 - Telefonica Movistar launch in Argentina and Guatemala
 - Four new Safe Avenue contracts, combining PC and Mobile security
 - Two new content cloud contracts, two won and several in pipeline



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





7th ANNUAL OPERATOR PARTNER MEETING ARRANGED BY F-SECURE

- Held in Stockholm in May
- Over 110 participants from over 60 partners and from 29 countries

SPECIES 013

Sarogini
Quality Engineer

PRODUCTS AND SERVICES

Protecting
the
Irreplaceable



Security



Content cloud



All content



Any device



Identity



Anywhere



Businesses

Homes

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



F-Secure SAFE AVENUE

Converged PC and mobile security

SafeAvenue




Safe Anywhere

Ensures safe surfing and protects from the threats of malicious software.

Install

Available licenses: 2 / 5












Content Anywhere

Sync and share your content across your computers, phones, tablets and TVs.

Activate

Available space: 5GB / 5GB

Your devices

	Home PC	 remove	 reinstall
	Work Laptop	 remove	 reinstall
	My Android	 remove	 reinstall Anti-theft

F-SECURE SOLUTION: SAFE AVENUE

- An innovative delivery solution for all security products that through ease of use encourages consumer adoption and management of security services
- For operators, it is a turn-key, cloud based business platform that implements the needed business logic on their behalf
- As a single integration point, it caters for “coffee break integration” and hence short time to market launching multi-device security

Timo
Malware Analyst

MARKET REVIEW

Market review



Internet



New devices



Content Cloud

- Internet growth continues globally
- Role of internet security significant for business over the Internet
- Internet Security market growing close to 10% pa
- People have become multi-screener
- 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
- Demand for Content Cloud services
- The need for Internet security and different kind of safe Content Cloud services is increasing
- Privacy is considered important

Klas

Senior Manager, New Innovation

FINANCIAL TARGETS & OUTLOOK



Strategy and Financial targets 2012-2014

- First priority is to drive profitable 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 has been revised;
 - The annual revenue is estimated to be at a level of 2012.
 - The annual profitability is estimated to be over 15 % of revenues.
- The previous guidance was;
 - 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