

# F-SECURE CORPORATION

A dramatic photograph of the Space Shuttle Atlantis being launched from the Kennedy Space Center. The shuttle is ascending vertically, leaving a massive, bright white and orange plume of fire and smoke behind it. The orbiter is visible on the side of the external tank, with the name "Atlantis" and the NASA logo clearly visible. The launch pad service structure is partially visible on the left side of the frame. The sky is a deep blue with scattered white clouds.

Interim  
Report  
Q4 2013  
(unaudited)



# HIGHLIGHTS IN Q4

- **Strong profitability and cash flow**
  - Revenues flat at 40 million (Q412: 40.1m)
  - EBIT 8.8 million, 22 % of revenues (Q412: 7.4 m, 18 % – excl. 7 m one-off costs)
  - Cash flow from operations 9.3 million positive (Q412: 7.8 m positive) ; change of cash 8.5 million positive ( Q412: 6.1 m positive)
- **Entering to the Cloud continued strong**
  - revised strategy 2014-16 focuses on cloud based initiatives
- **New cloud based products pre- launched**
  - younited, personal cloud for consumers, in October
  - Freedome, security from the cloud, in December
- **New launches**
  - Content Cloud: Belgacom (Belgium), Tango (Luxemburg), Eastlink (Canada) and SFR (France)
  - Security: American Moviles – Telcel (Mexico), Telenor Group, Comcast ( USA), Virgin Media (UK), Ono (Spain), Toya (Poland) and Tiscali (Italy)

# HIGHLIGHTS IN 2013

- **Solid profitability and cash flow**

- Total revenues declined by 1% to 155.1 million (2012:157.2m)
- EBIT was 27.1 million, representing 17% of revenues (2012: 27.3 m,17% excl. 7 m one-off costs)
- Financials in line with revised Q2 guidance : Rev growth at a level of 2012 and profitability around 15%
- Improved Cash flow from operations 28.4 million positive (2012: 25.6 m positive) ; change of cash 24.5 million positive excl. dividend of 9.3 million ( 2012: 14.4 m positive excluding dividend of 9.3m)

- **Key achievements**

- Revamping of product development led several new product releases like IS 14, Safe, PSB, younited, Lokki, Freedome, Key
- Latin America expansion continued: Telefonica, American Moviles
- Tens of new operator partners with Content Cloud /younited and Safe Avenue



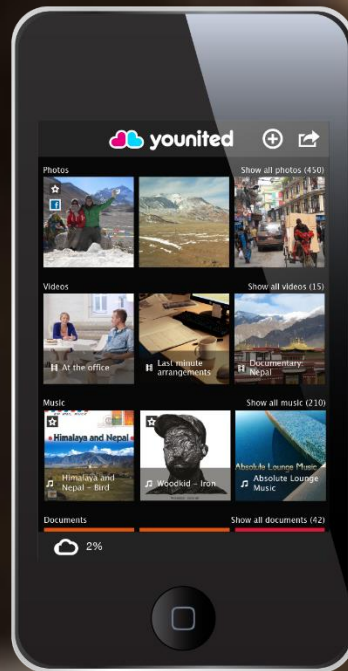
# NEW LAUNCHES

## F-Secure Freedom



**Your secure,  
private cloud**

**younited  
by F-Secure**

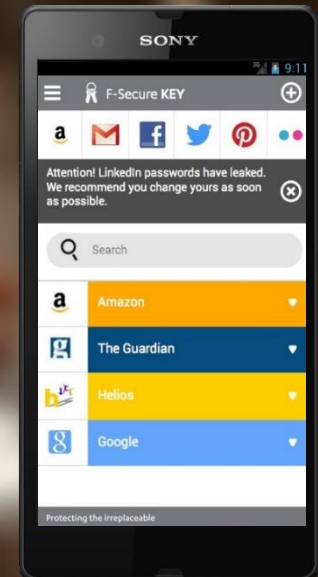


**F-Secure  
SAFE**



**Multi –device  
protection for a  
worry-free online life**

## F-Secure Key



**Assistant for any  
password needs**

# Security software market is in change

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- Software-as-a-Service business model and cloud-based delivery are rapidly disrupting the traditional way of doing business
- Cloud is a scalable way to cover security of the ever-growing variety of devices
- New device sales will come from post-PC mobile devices; PC sales declining
- Protecting the irreplaceable; digital memories, privacy, reputation and time, is even more relevant than physical devices as everything is in the cloud
- Security is over \$ 20 B market and growing
- Personal cloud business emerging, multibillion market

# TRENDS

**Mobility and new devices** rule in post PC- era  
**Consumerization** and **BYOD** change business IT  
Everything goes to **cloud**; both data and security

# STRATEGY

“We’ll keep  
your stuff  
private,  
Chancellor  
Merkel”

# SECURITY FROM THE CLOUD:

## Security.Privacy.Simplicity.

Anytime. Anywhere. Any device.  
Any application.

### New

- Secure connections
- Anti-tracking
- Thin clients

### Traditional

- Browsing protection
- Private data leakage prevention
- Anti-malware

### F-Secure Privacy Protection

keeps your identity and Internet connection safe.



### F-Secure Cloud Security

protects your business from Internet threats allowing you to safely embrace the full potential of mobility and cloud applications.





# PERSONAL CLOUD ADOPTION IS DRIVEN BY GLOBAL TRENDS

## CONSUMER

MULTI-DEVICE WORLD  
SOCIAL NETWORKS/CLOUDS  
GROWTH OF STORED DATA  
STORE, SEARCH, STREAM, SHARE

## BUSINESS

BYOD (Bring Your Own Device)  
FROM INTERNAL IT TO CLOUD  
CONSUMERIZATION OF IT  
FROM EMAIL TO COLLABORATION





After Snowden's  
revelations of NSA's  
surveillance program  
people and  
companies are aware  
of need for security.

**BIG  
BROTHER  
is watching you**

# Secure and engaging personal cloud

## Replaces old “glorified file managers”



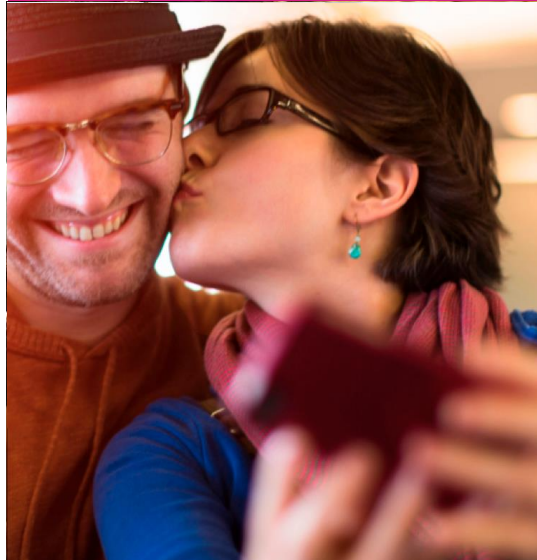


# F-SECURE's GO TO MARKET

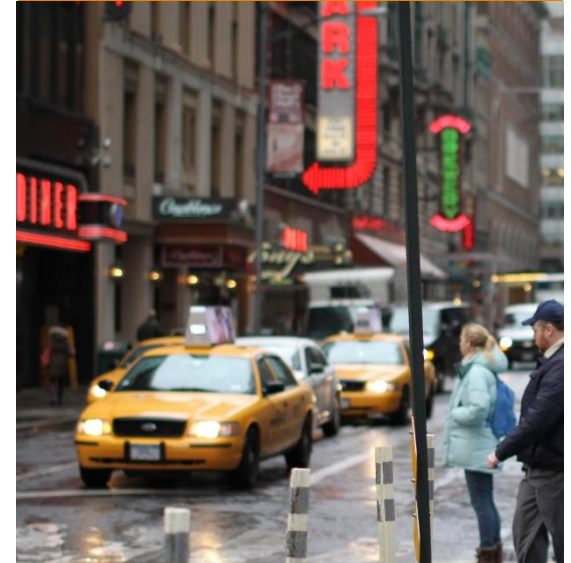
**Resellers channel:  
small & medium  
business drive  
revenues**



**Direct sales: free  
customers drive  
brand and conversion  
to paid**



**200 Operators in  
over 40 countries  
provide a solid  
base**



# Outlook for 2014

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- The management's estimation for the year:
  - The annual revenue is estimated to grow from 2013 with stronger second half.
  - The annual profitability is estimated to be around 15 % of revenues excluding one-off costs.
- The company expects overall one-off costs to be less than 3 million related to efficiency improvements and reorganization in F-Secure SDC (France).
- Change in guidance for strategy period 2014-2016
  - the Company aims to grow the overall subscriber base by tens of millions of users
  - the Company seeks accelerating revenue growth
  - the relative profitability remains at its current level
  - longer-term profitability continues to be driven by revenue growth and scalable operations

*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:**

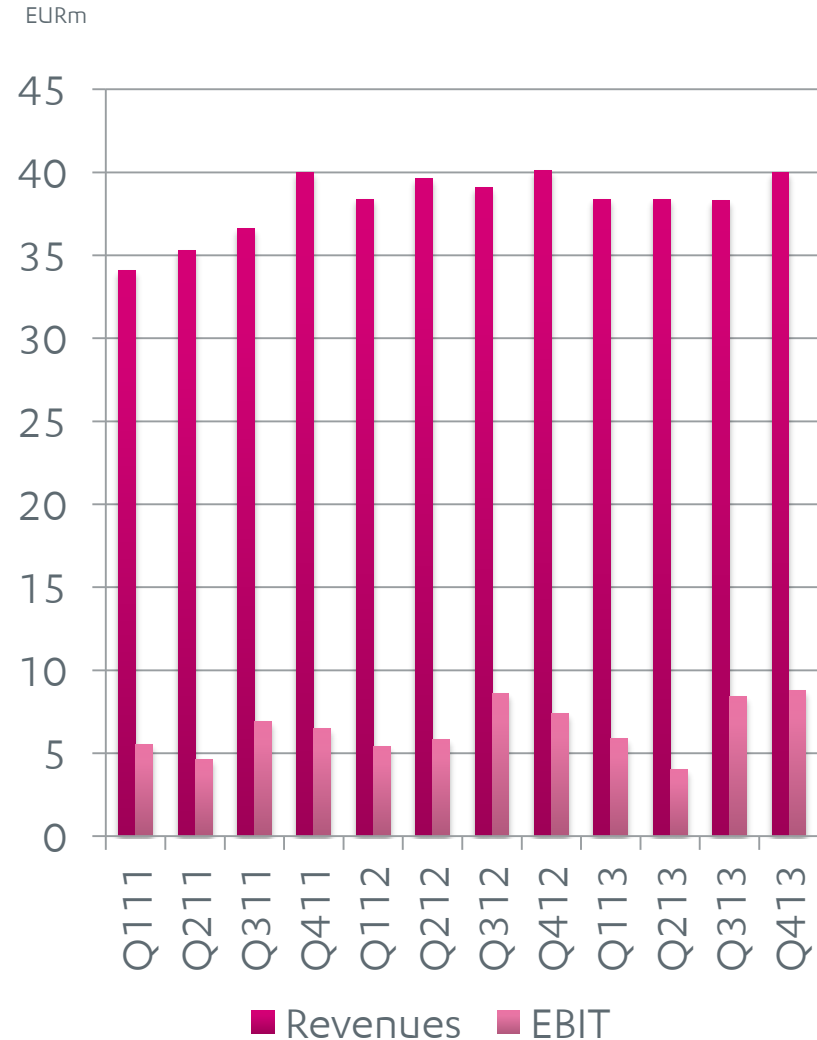
Certain statements in this presentation are forward-looking, and the actual outcome could be materially different. Such forward-looking statements are based on F-Secure's present plans, estimates, assumptions, projections and expectations and are subject to risks and uncertainties. In addition to the 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.

# FINANCIALS

# Revenues

## Q4 Revenues flat YoY

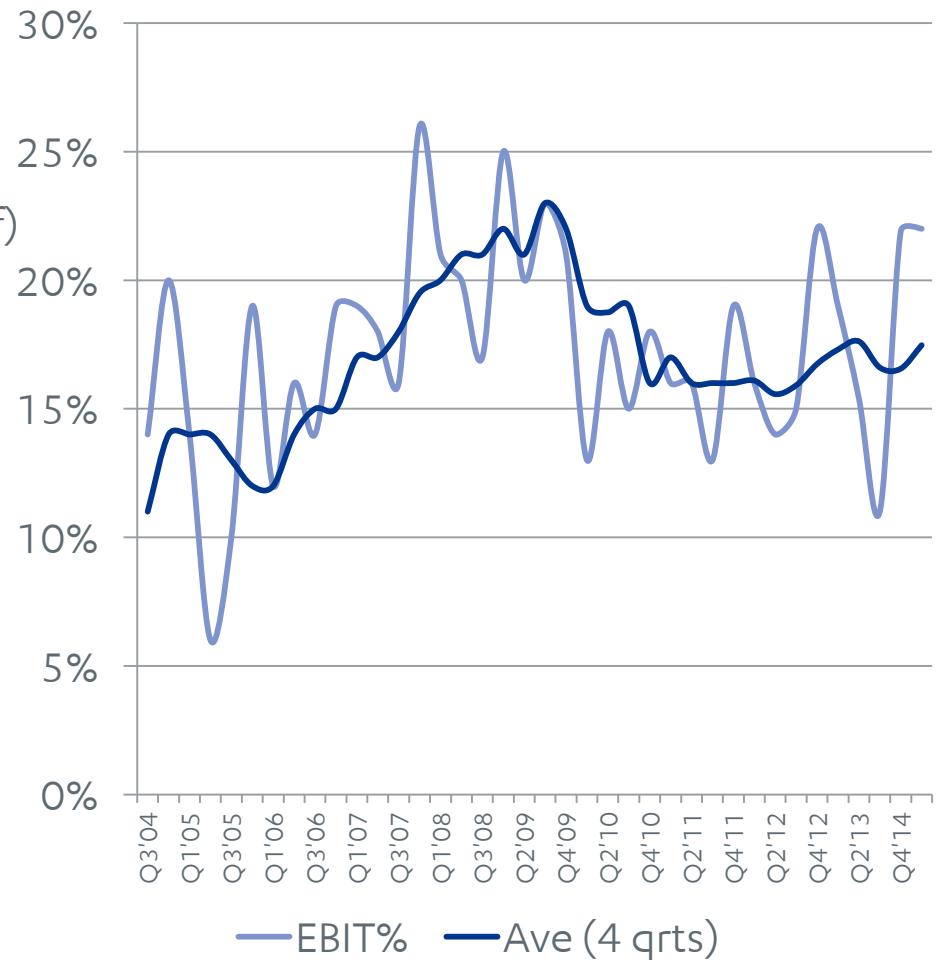
- Total quarterly revenues 40.0m (Q412: 40.1 m)
- Operator revenues grew by 1% to 24.8m; (Q412: 24.5 m)
- Other channels declined by 3% to 15.2m (Q412:15.6 m)



# Profitability

## Q4 profitability at a record level

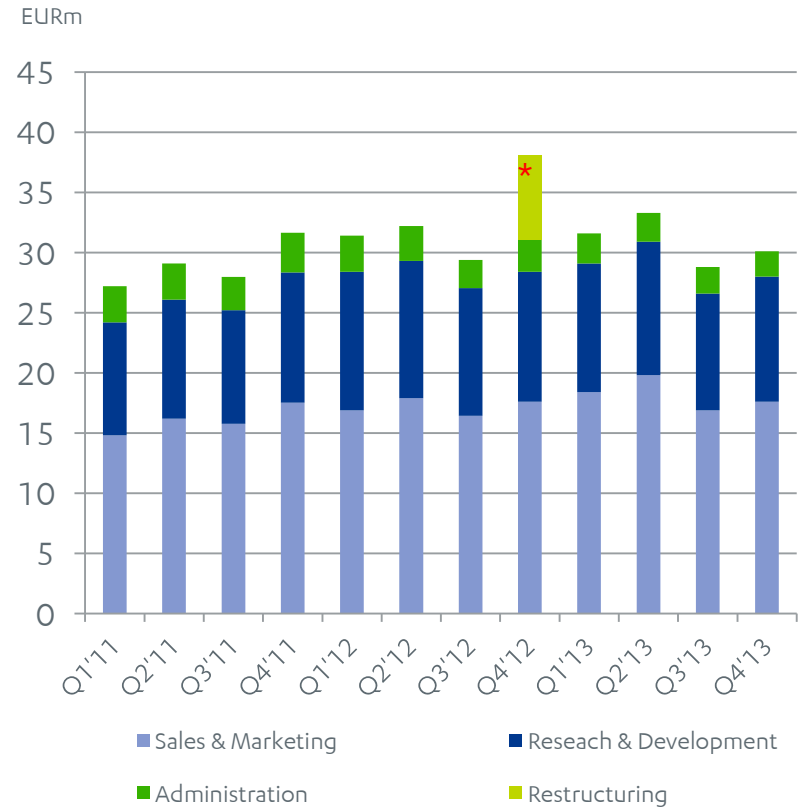
- EBIT 8.8m, 22% of revenues  
(Q4'12: 7.4 m, 19% excl. 7 m one-off)
- Earnings per share EUR 0.03  
(EUR 0.00)



# Costs

## Q4 costs declined by 21% and 4% excl. one-offs

- Costs 30.1m (Q4'12: 31.2 m excl. 7 m one-off)
- Cost level was impacted by increased depreciations from past capitalized expenses; Q4'13: 2.3 m (Q4'12: 2.1m)
- Capitalized R&D expenses were 0 m (Q4'12: 0.7m)
- Operative costs and investments decreased



\* Bordeaux one-off cost ~7m

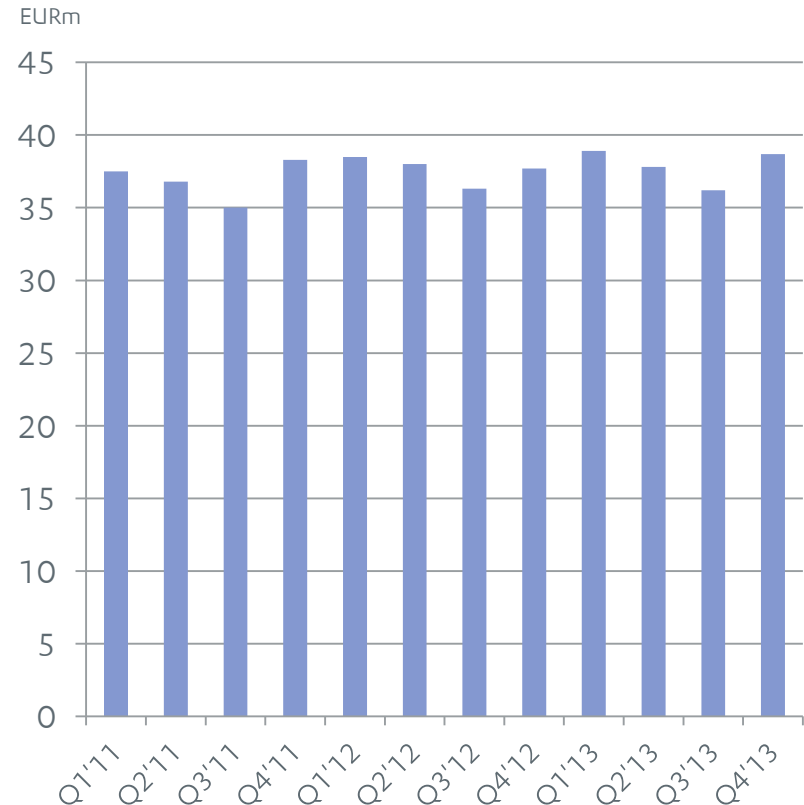


# Deferred Revenues

**Q4 Deferred revenues 38.7m  
(37.7m)**

**Deferred revenues accrued in the  
balance sheet**

- Dec 31, 2012 37.7 m



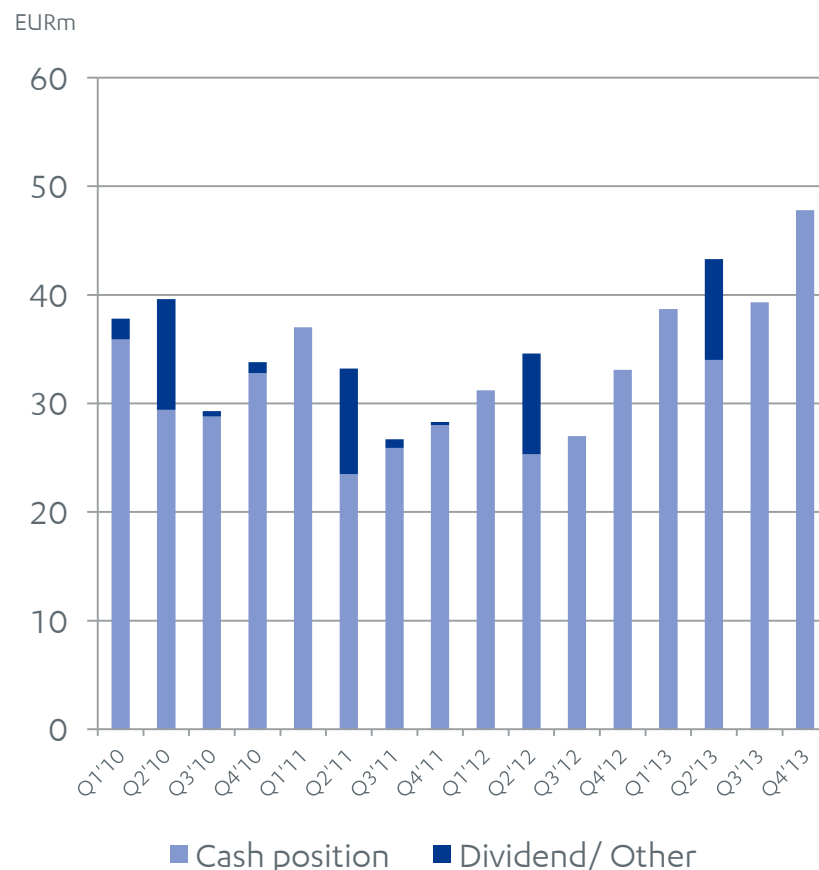
# Cash position remains solid

## Improved Cash flow in Q4

- from operations 9.3 m (Q412: 7.8m);
- Change in cash 8.5 m positive (Q412: 6.1m positive)

## Market value of liquid assets 47.8m (Q412: 33.1m)

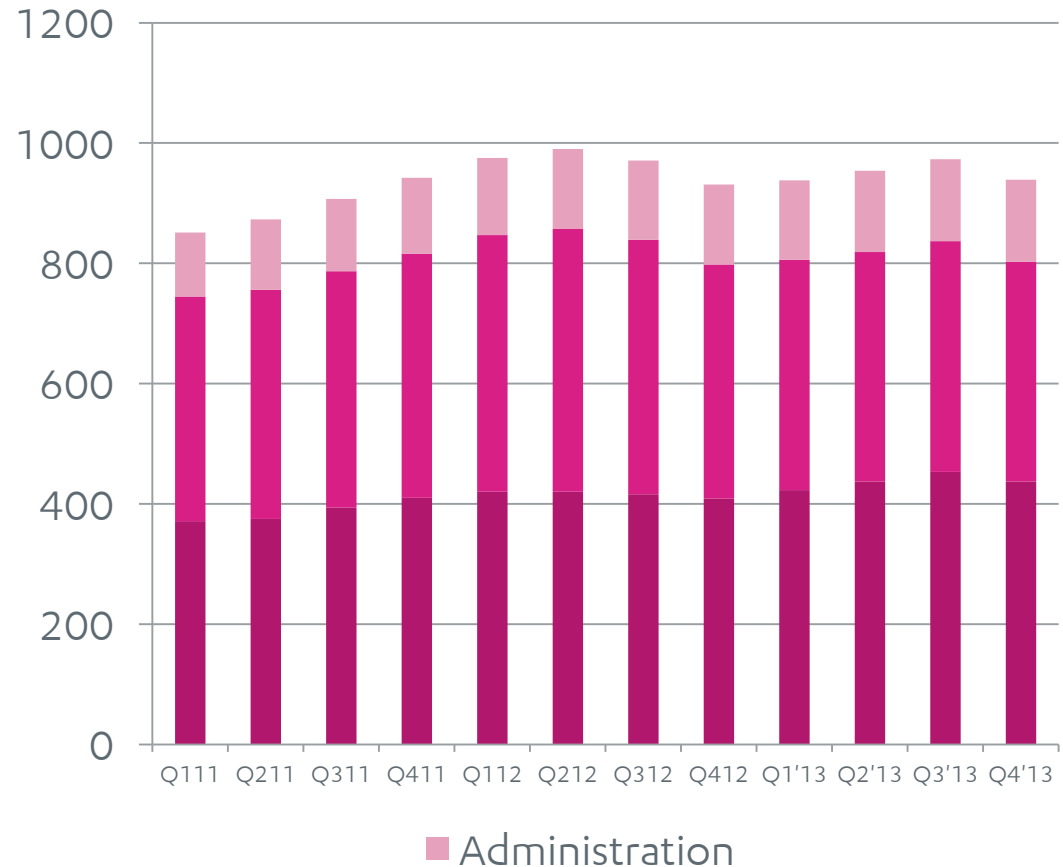
- Dec 31, 2012 33.1m
- Dividend of EUR 0.06 per share was paid in April, totally 9.3m



# Number of personnel

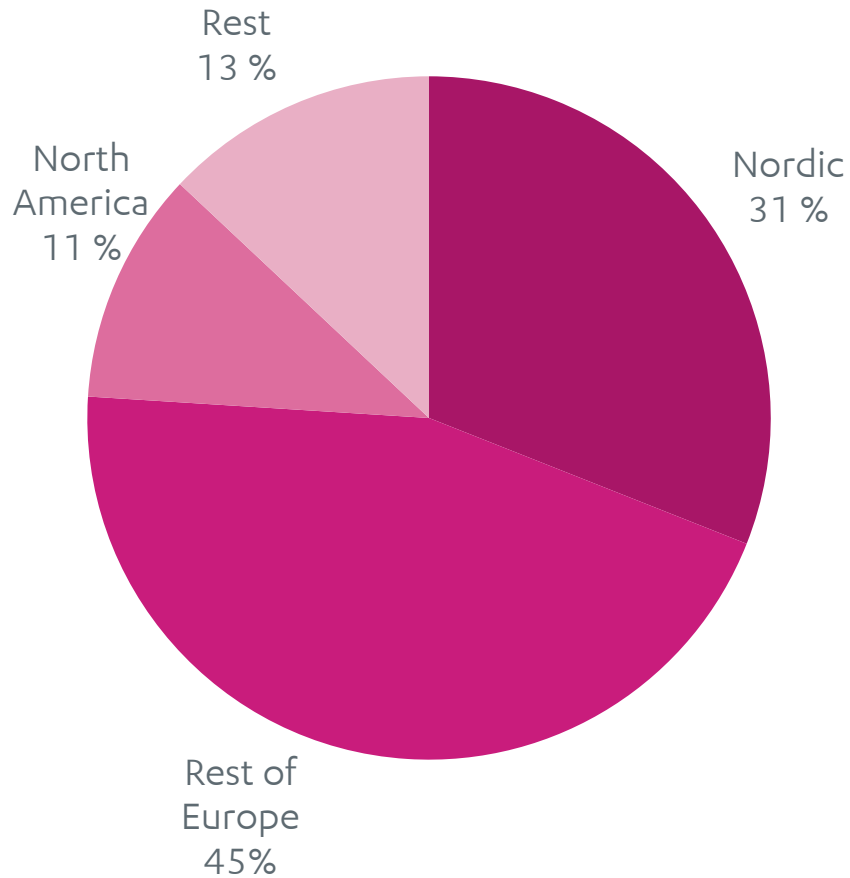
**At the end of December: 939  
(Q412: 931)**

- Decreases in India S&M and Malaysia R&D since Q313

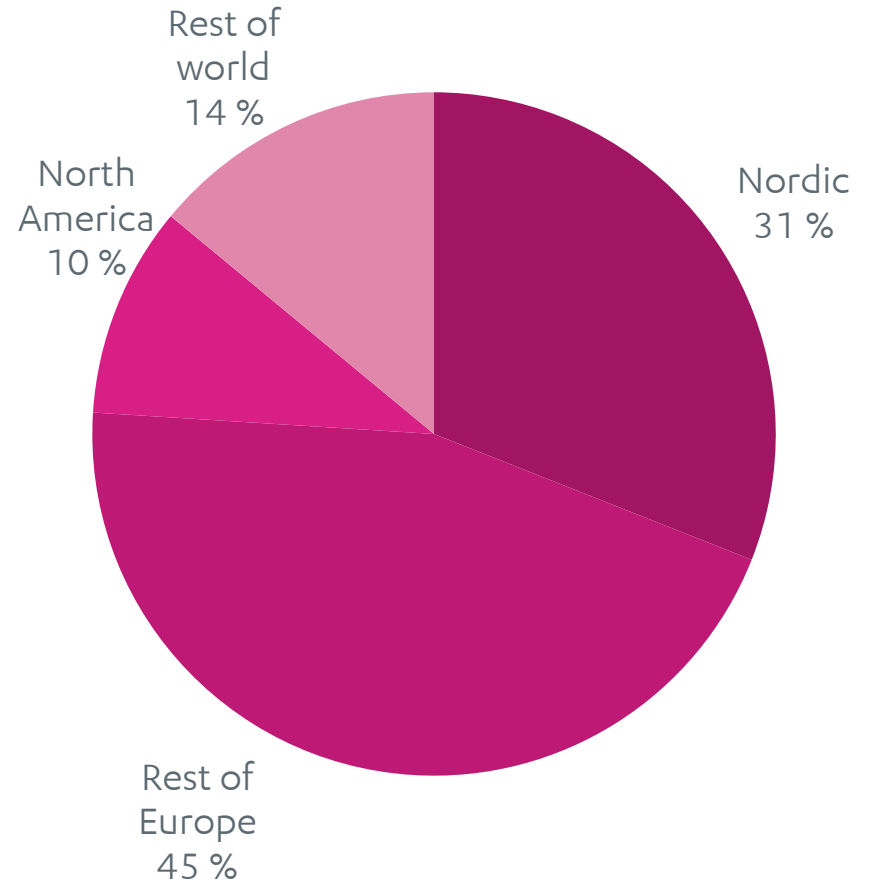


# Regional Revenue

1-12/2013



1-12/2012



Protecting  
the  
irreplaceable