



SWITCH ON FREEDOM

**F-SECURE CORPORATION
INTERIM REPORT Q4/2014**

February 4, 2015
CEO Christian Fredrikson



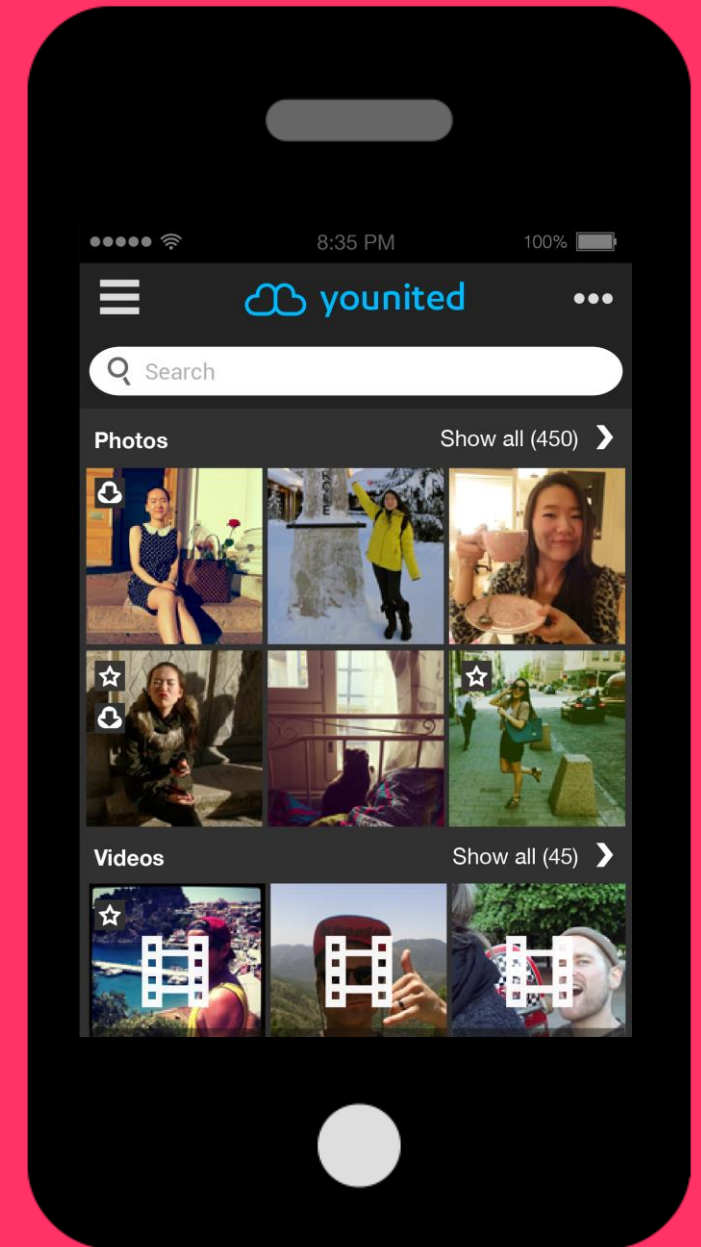
CONTENT

- Q4 Highlights
- Key products
- Revised strategy 2015-17
- Q4'14 financials

F-Secure focuses on Security

Personal Cloud Business sold to Synchronoss

- Sales price is USD 60 million
- Impact on EBIT close to EUR 20 million
- The companies will also establish a partnership to sell security services



Revised strategy for 2015-17

- The sharpened focus is on cloud security. F-Secure protects all connected devices and secures the privacy of people and corporations.
- F-Secure continues to invest in developing and bringing cloud-based privacy and security products to the market.
- The Company will increasingly use the cloud to power existing PC and mobile security products and to develop new products that are fully cloud-based to offer security to the ever-growing variety of connected devices (Internet of Things) in a scalable way.

Revised strategy for 2015-17

- The Company will focus on consumers and corporate customers by leveraging its current channels
- The growth is expected to come from the western hemisphere and some emerging markets like Latin America
- The Company's target towards the end of the period 2015-2017 is to grow the overall subscriber base by tens of millions of users while seeking double digit revenue growth
- As the Company invests in growth, the proportional profitability will remain at the current level and longer-term profitability continues to be driven by revenue growth and scalable operations.

HIGHLIGHTS

HIGHLIGHTS IN Q4 & FULL YEAR 2014

- **Solid** profitability and cash flow, flat annual revenues
- **Security sales** grew driven by **core cloud security** products while traditional PC-centric security continued its decline
- **Operator sales** overall continued to decline as a result of the transition in our content cloud business and traditional PC centric security
- **Corporate security business** driven by Protection Service for Business was performing well
- Multi-device protection offering, **SAFE**, delivering good growth through operators as well as direct sales.
- Cloud based privacy and security products **Freedom** now has close to 2 million downloads

KEY FIGURES

Key figures	2014	2013	2014	2013
(Eur Million)	Q4	Q4	1-12	1-12
Revenues	38.2	40.0	153.8	155.1
Operating profit*	6.1	8.8	23.1	27.1
% of revenues*	16	22	15	17
Cash flow	11.6	7.8	29.1	28.5

Q4 OPERATOR WINS

- **Younited**: PCCW (Hong Kong) and Claro (Brazil).
 - **SAFE**: SFR (France), Telefonica (Peru & Ecuador) and VIVO (Brazil).



THREATS KEEP EVOLVING

- Several security hacks and privacy threats in 2014
- Malware getting increasingly complex, harder to detect and more adept at exploiting weaknesses
- Targeted cyberattacks are compromising individuals' and companies' privacy and safety
- Security markets in transition presents great mid- and long-term business opportunities.

**WE ARE THE NO 1 CHOICE FOR
CONSUMERS AND BUSINESSES
WHO VALUE PRIVACY AND
SECURITY**



OUR CORE BUSINESS

CONSUMERS

**PROTECT
ALL DEVICES**

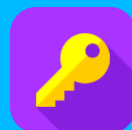


**F-SECURE
SAFE**

**ENSURE
PRIVACY**



**F-SECURE
FREEDOME**



**F-SECURE
KEY**

BUSINESS



**PROTECTION
SERVICE FOR
BUSINESS**

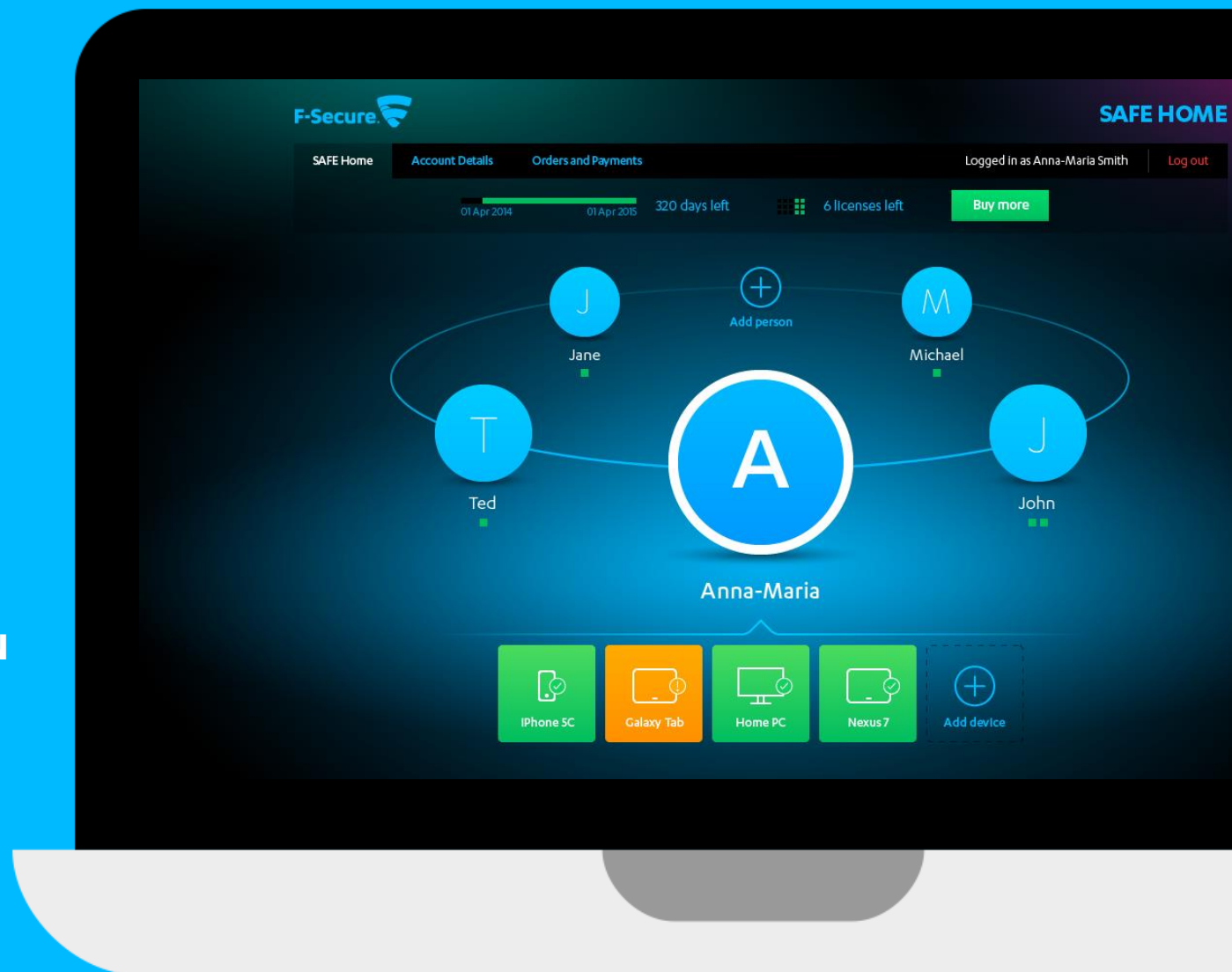
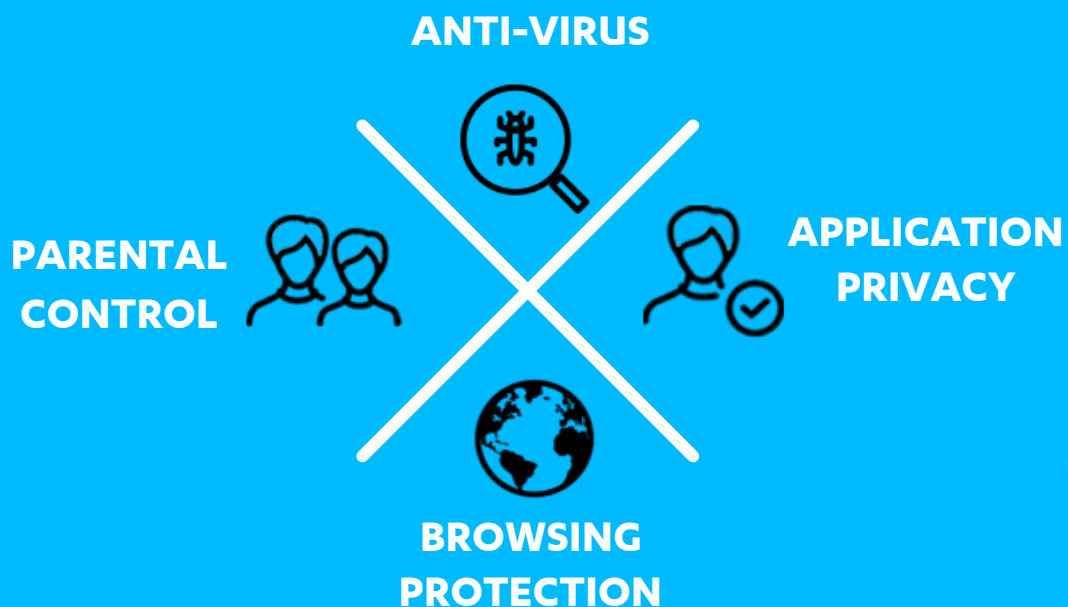


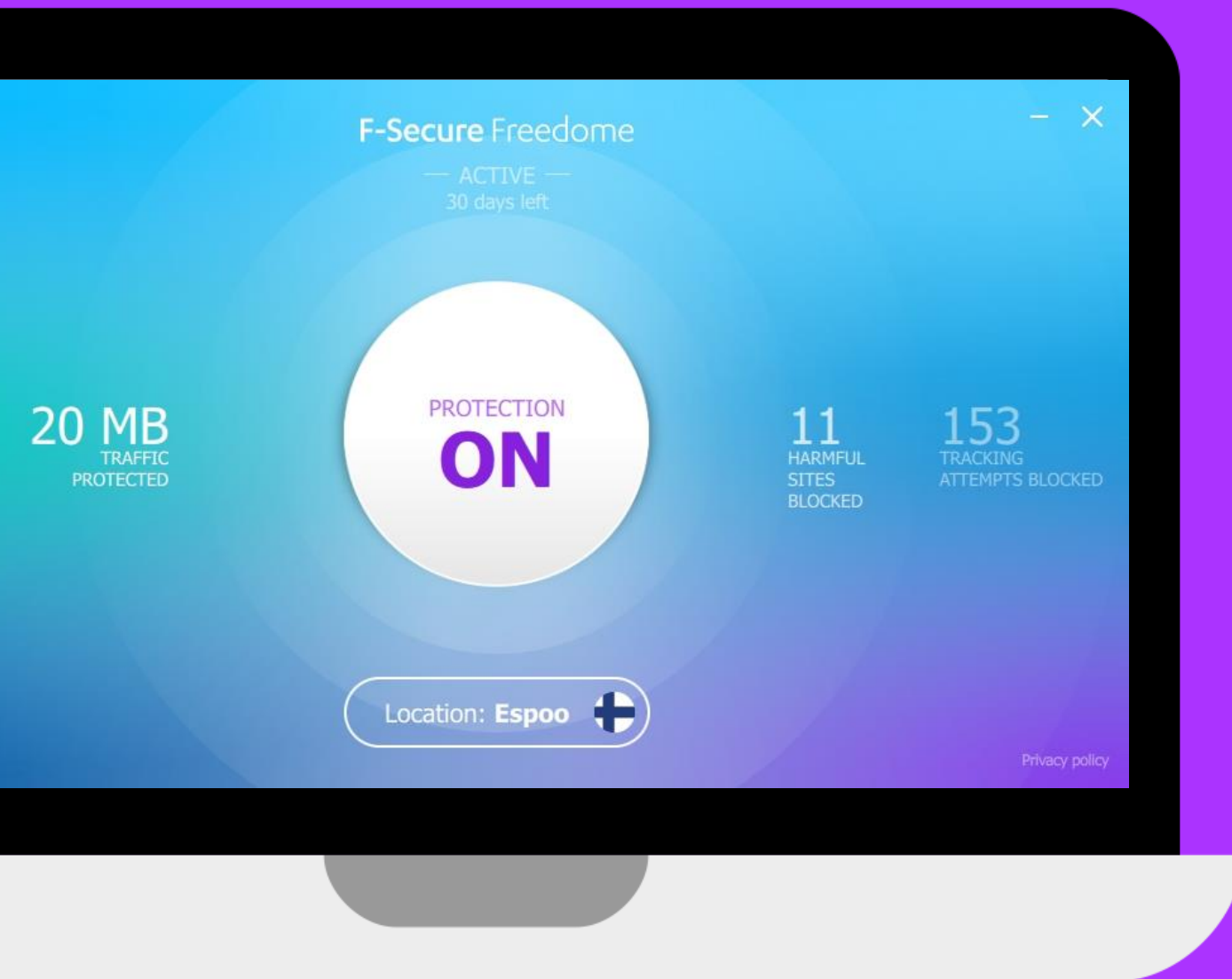
**F-SECURE
FREEDOME**



F-SECURE SAFE

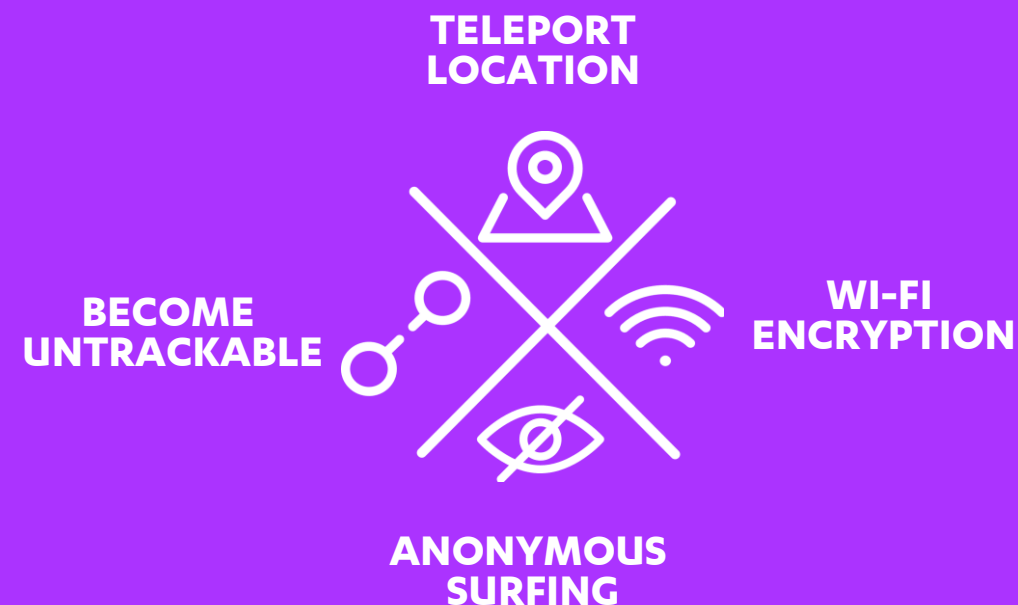
PROTECT YOUR LIFE ON EVERY DEVICE





FREEDOME

PRIVACY ENSURED ON EVERY DEVICE

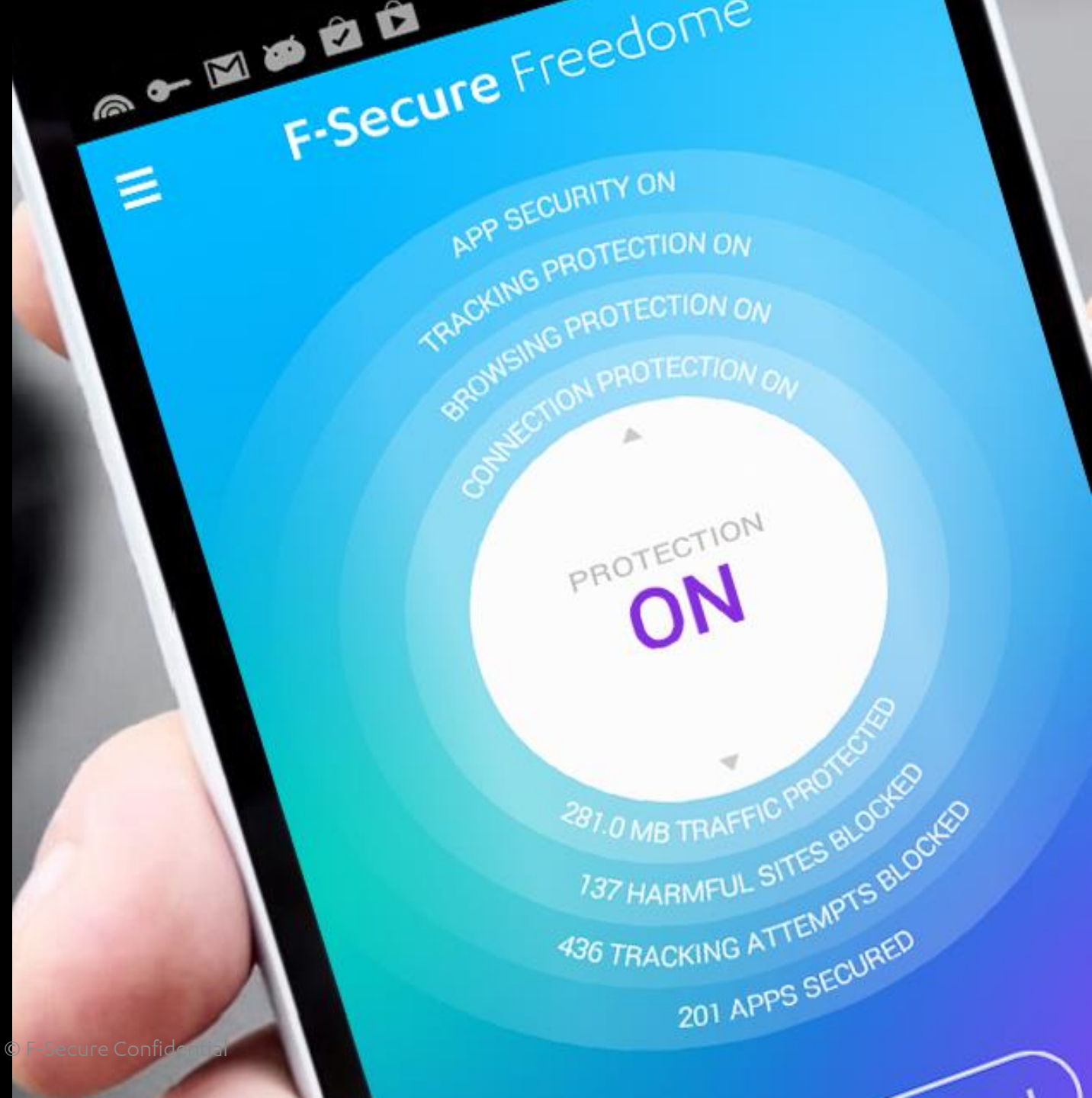


2 MILLION DOWNLOADS AND COUNTING...

New in Q4:

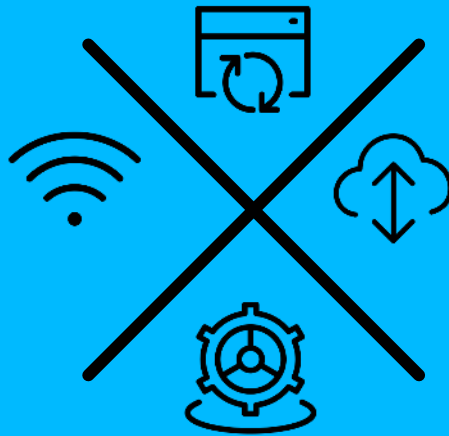
Freedom for PC

Freedom for Business



PROTECTION SERVICE FOR BUSINESS

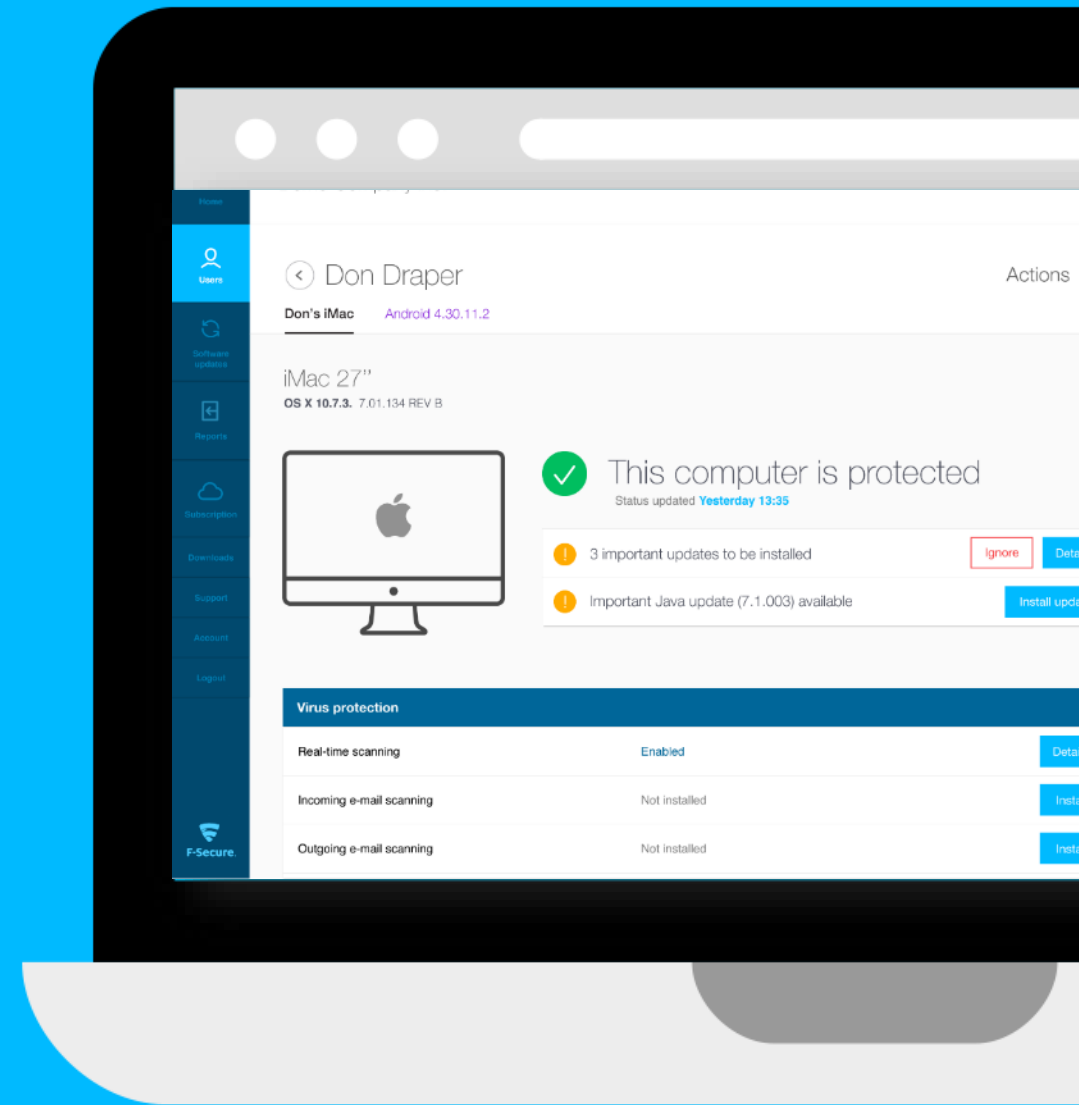
**SECURE
WI-FI**



**AUTOMATIC
SOFTWARE
UPDATER**

**SECURE DATA
SHARING & EASY
COLLABORATION**

**CENTRALIZED
MANAGEMENT**



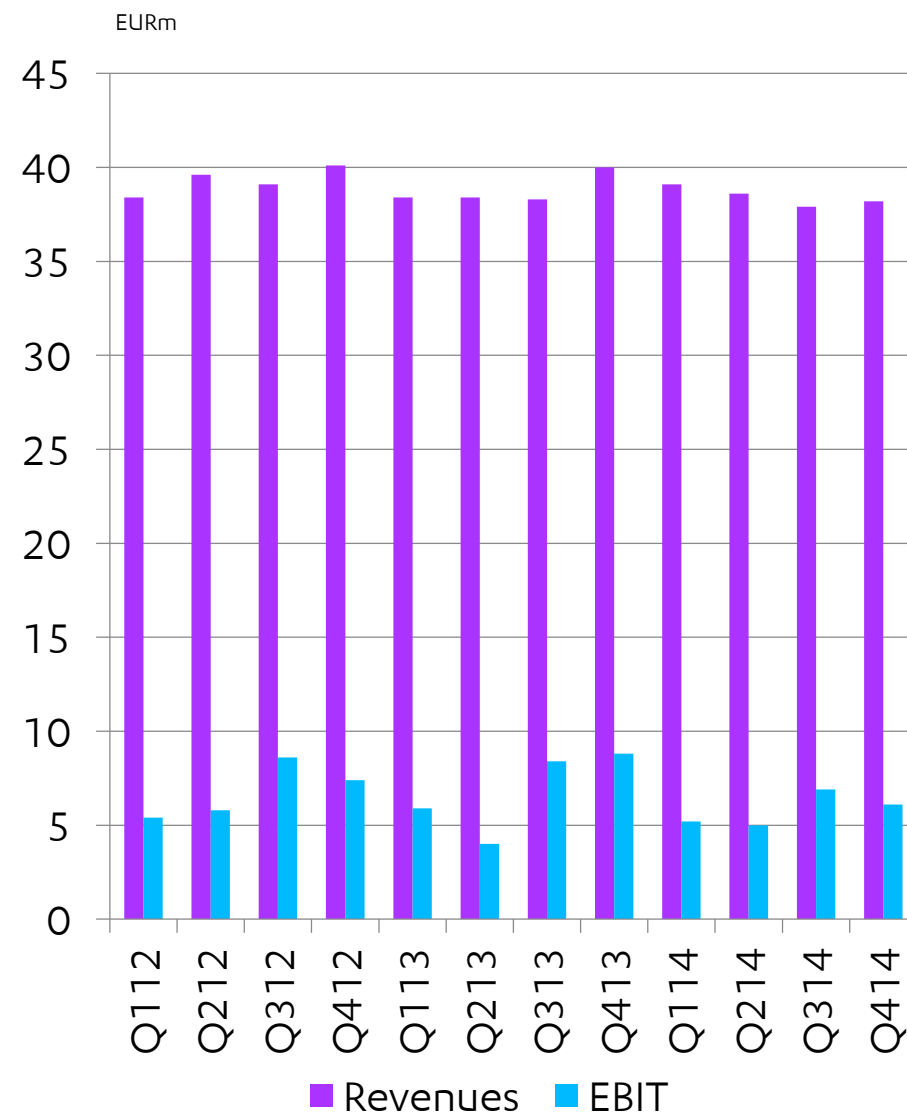


FINANCIALS Q4 2014

REVENUES

Q4 Revenues declined by 4%

- Total quarterly revenues 38.2m (Q413: 40 m)
- Operator revenues declined by 9% to 22.4m; (Q413: 24.9 m) due to the phasing out of legacy content cloud business, traditional PC centric sales; partially compensated by SAFE security
- Other channels grew by 4% to 15.7m (Q413:15.2 m) due good security sales in corporate and direct consumers.

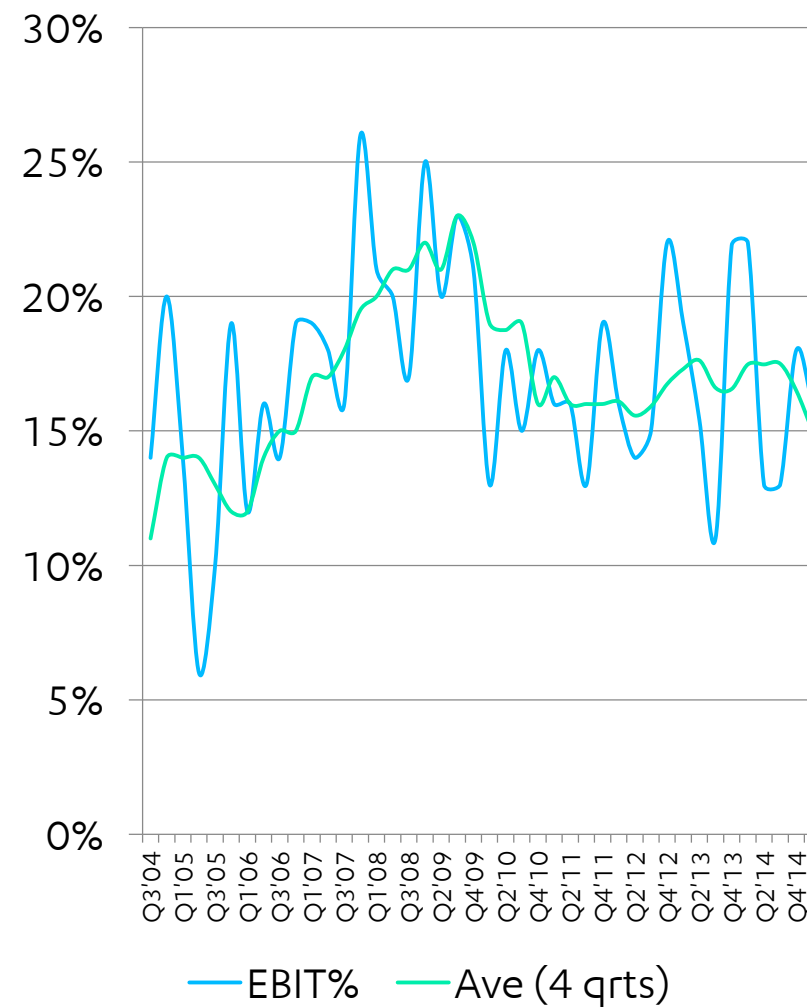


PROFITABILITY

Q4 profitability

- EBIT 6.1m*, 16% (Q4'13: 8.8 m, 22%)
- Earnings per share EUR 0.03 (EUR 0.03)

* Excluding one-offs of 1.4m





COSTS

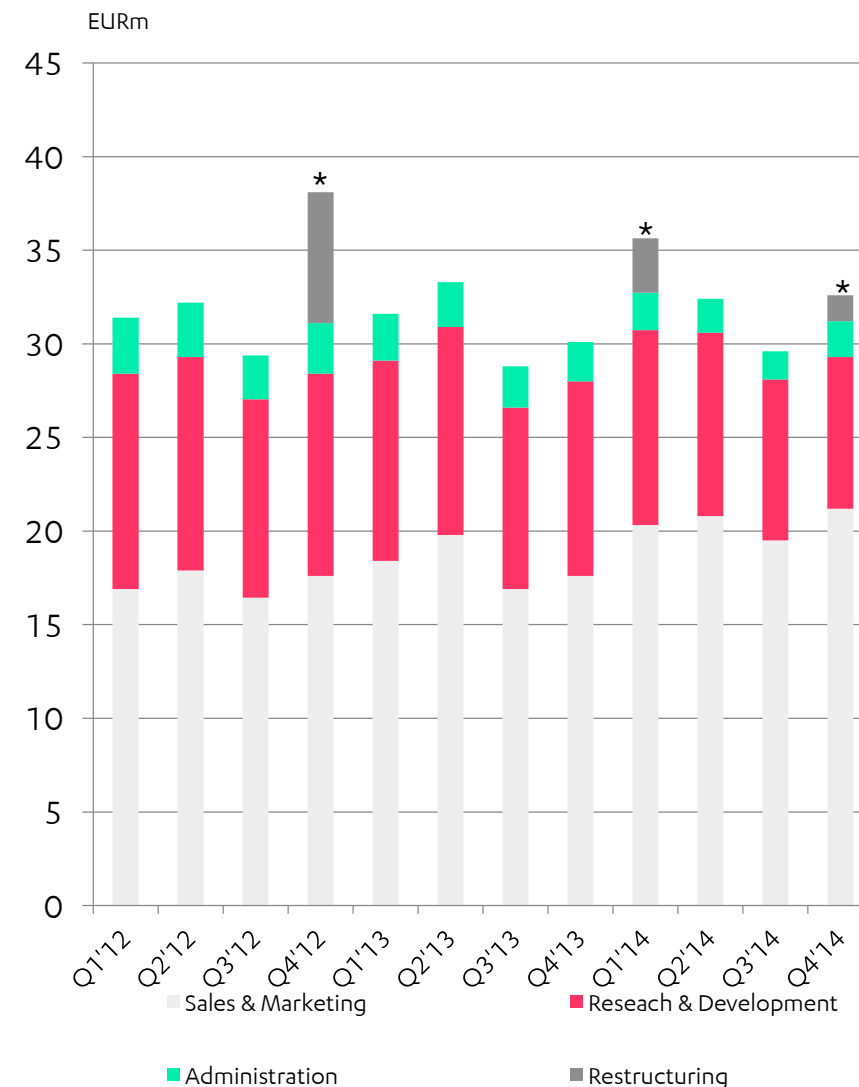
Q4 costs increased by 3%

Costs 31.2m* (Q413: 30.1m)

- Sales & Marketing activities; i.e. SAFE business, SMB focus in Germany, France and USA, and Freedom
- Depreciations from past capitalized expenses were 2.3 m (Q413: 2.3m)
- Capitalized R&D expenses were 0.7 m (Q413: 0m)

* excl. one-off costs of 1.4m

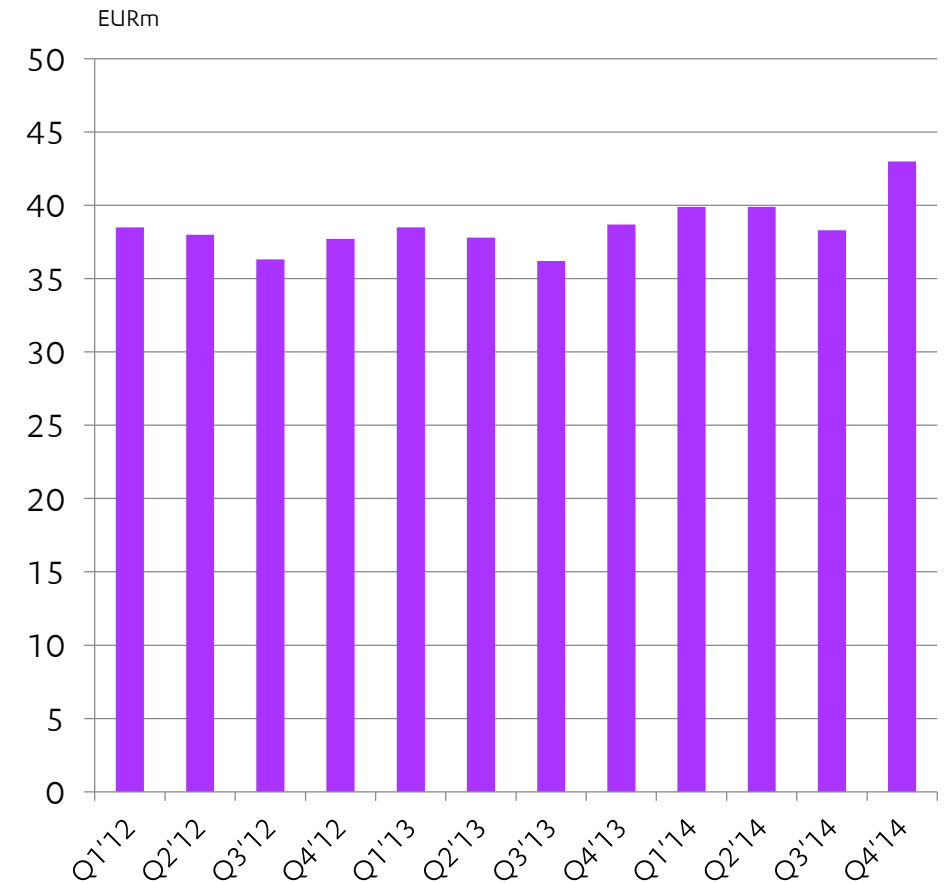
* one-off cost Q412 ~7m, Q114 ~2.9m, Q414 ~1.4m



DEFERRED REVENUES

**Q4 Deferred revenues grew to 43m
(38.7m)**

- Strong periodized sales in corporate and DirectBusiness

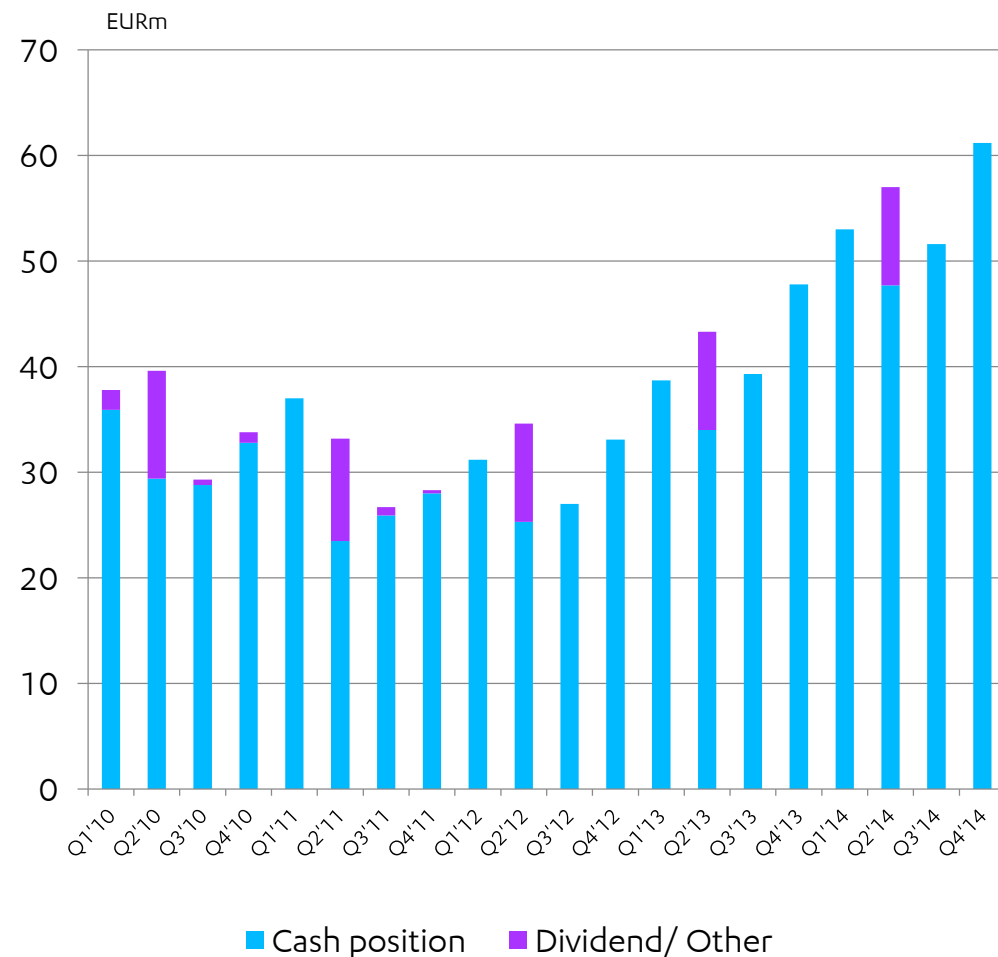


CASH POSITION SOLID

Solid Cash flow in Q4

- Cash position remains solid
- From operations 11.6m (Q413: 7.8m);
- Change in cash 9.5 m positive (Q413: 8.5m positive)
- Dividend of 9.3m paid in April

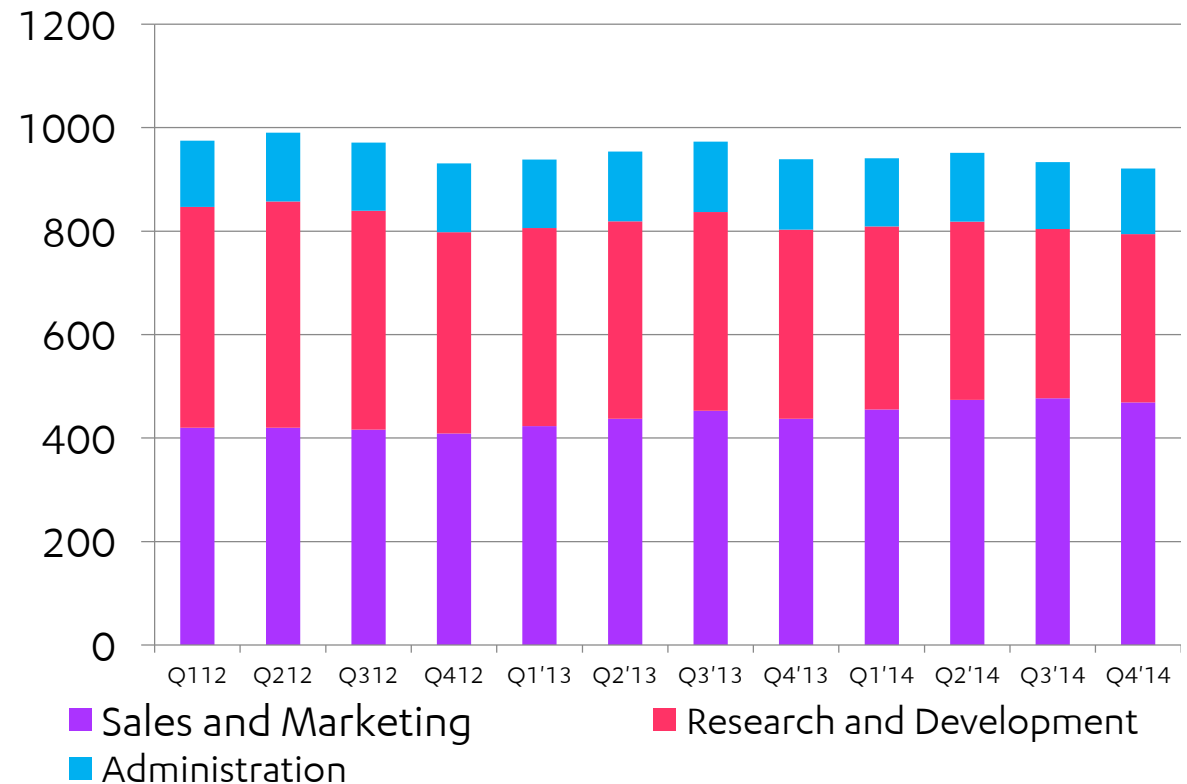
Market value of liquid assets 61.3m
(Q413: 47.8m)



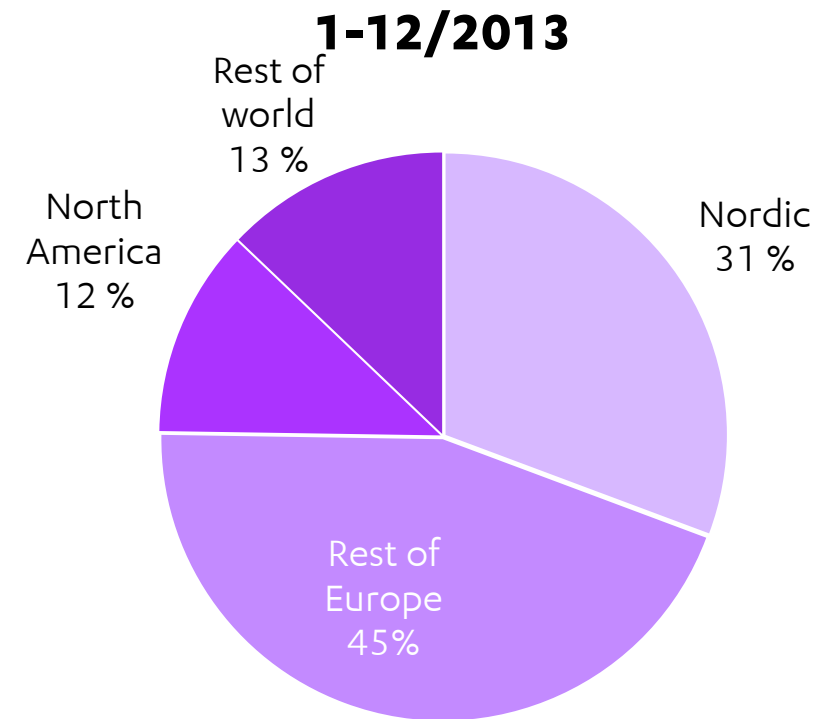
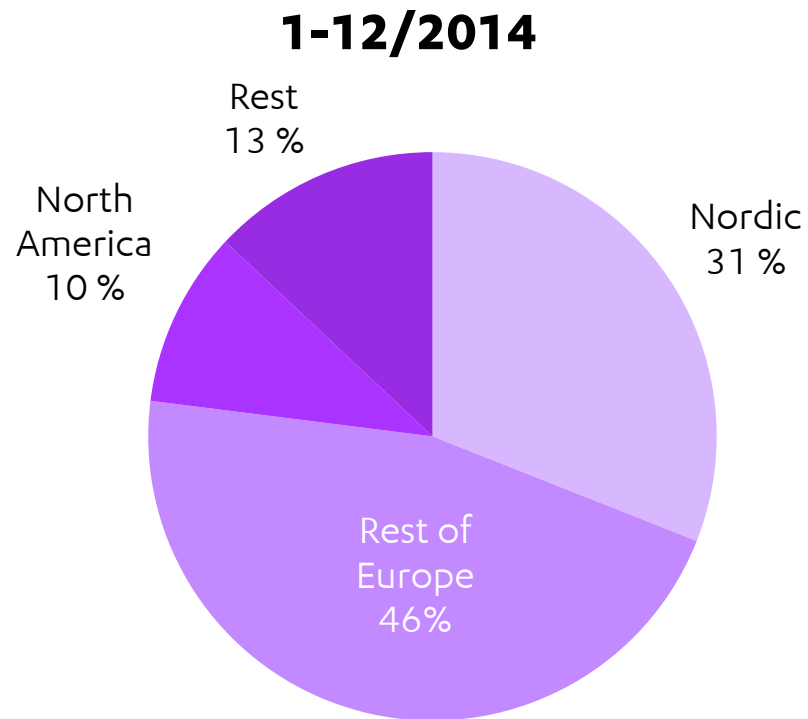


NUMBER OF PERSONNEL

921 (Q4/13: 939) people
at the end of the quarter



REGIONAL REVENUE



OUTLOOK FOR 2015

- New guidance:
 - In 2014, security revenues were 137.4 million in total. In 2015, the management estimates security revenues to grow slightly. Additionally, approximately 6million euros in revenue is expected related to the transition services due to the sale of the content cloud business.
 - Profitability it estimated to be around 15% of revenues (excluding the profit from the sales of the personal cloud business)
- The original guidance given in Q4 Interim release was following:
 - revenues are estimated to remain at 2014 levels, profitability is estimated to be around 15% of evenues.

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.



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