

# Q4 2006 Financial Results

## January 30, 2007

- Revenue growth 22% to a record level of 22.1m
- EBIT -0.7m; without the impairment loss of Network Control 4.1m equaling 19% of revenues
- ISP Q-over-Q growth improved to 10%



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# Q4 Revenues

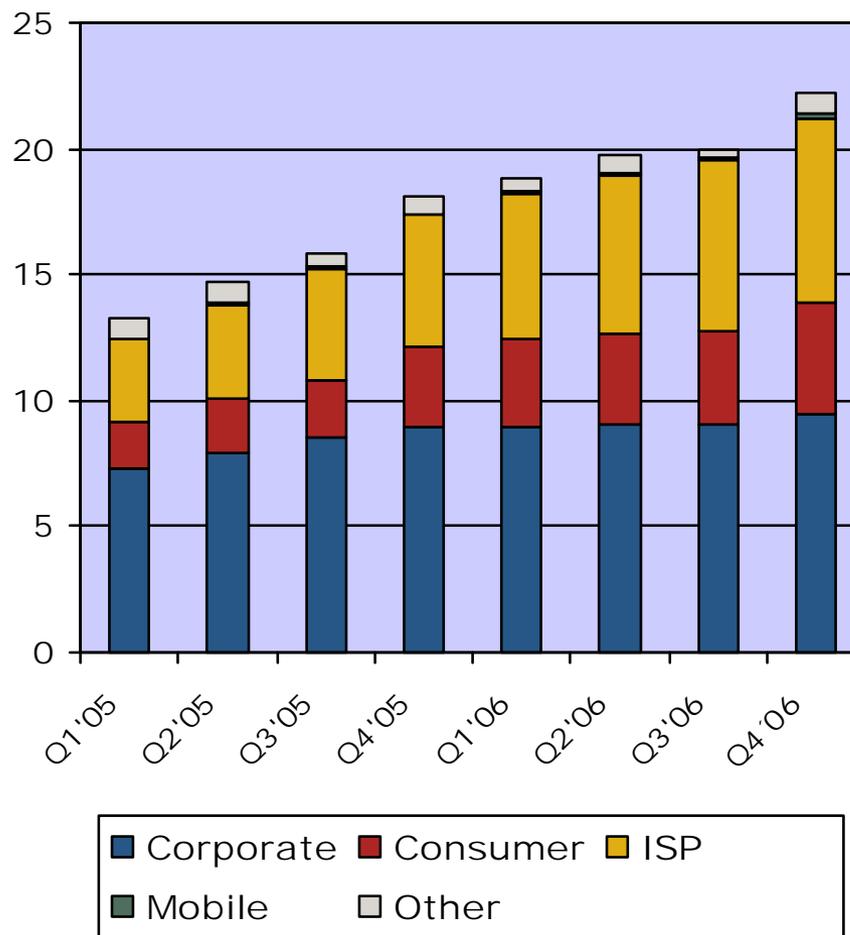
## Solid growth continues

- All-time-high revenues of 22.1m
  - +22% growth from 4Q05
- 2006 revenues 80.7m
  - Full year growth +31%

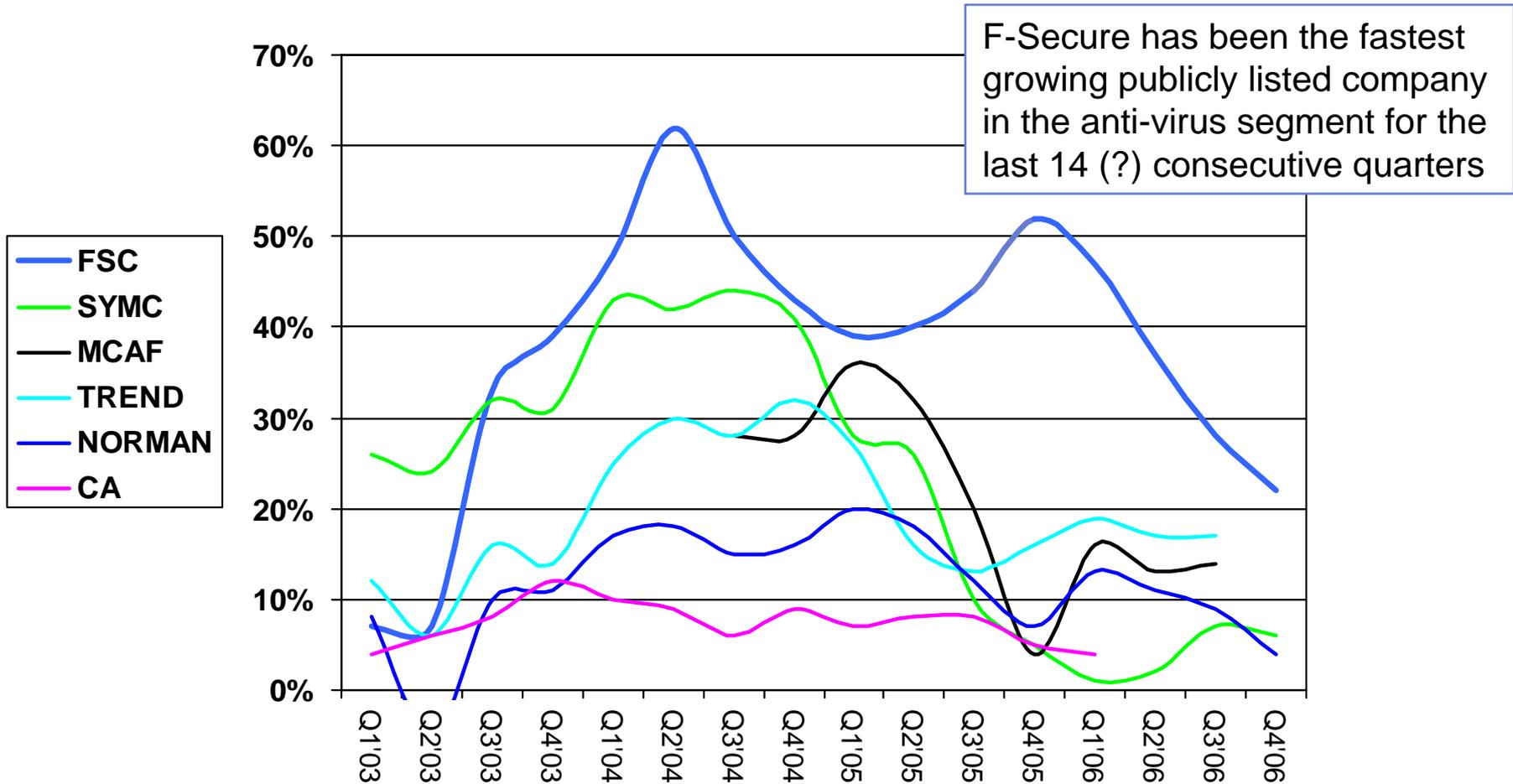
Recent estimates of general market growth around 10+% (e.g. IDC)

## Accelerating Security as a Service

- ISP market growth
  - 10% Q4-over-Q3 (improved)
  - 39% Q406 from Q405
  - 57% in 2006
- Maintaining a high market share among ISPs
- Corporate solutions developing well but still in business development mode



# Industry player growth 2003-2006



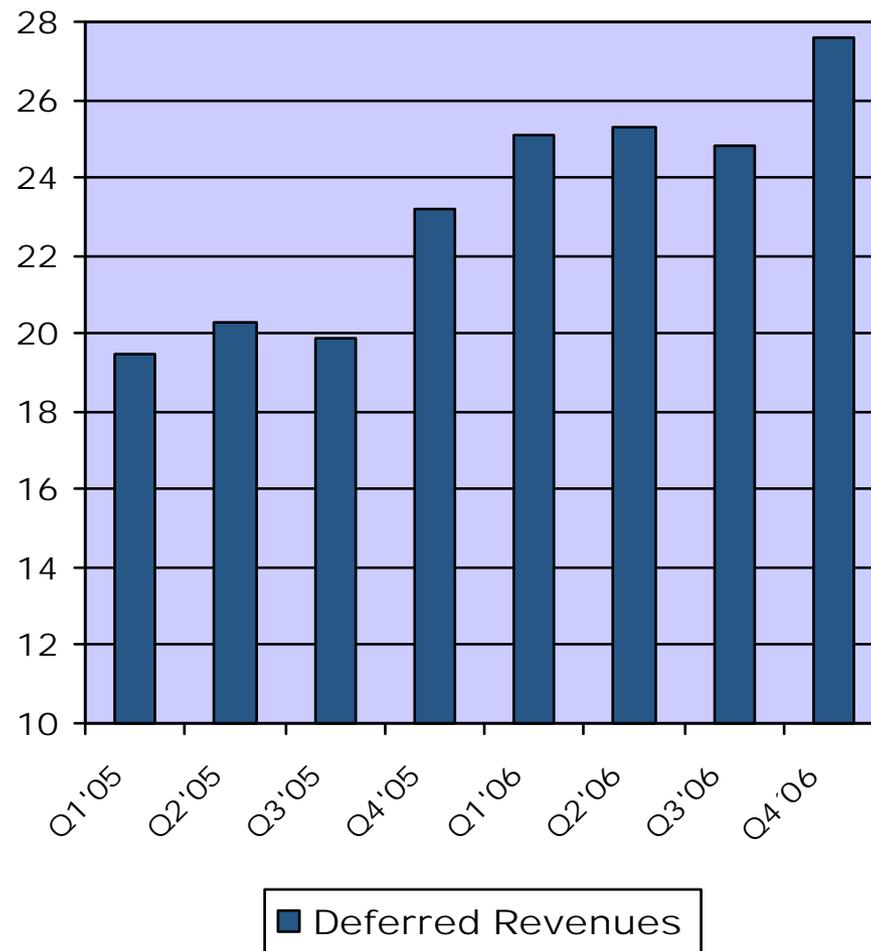
All numbers selected for the business area most comparable with F-Secure's AVIP business.  
 McAfee numbers partially missing due to accounting discrepancies  
 CA growth number for the whole corporation.  
 All numbers include acquisitions, if in relevant business areas

# Q4 Deferred Revenues

A jump in deferred revenues following an annual pattern

Deferred revenues accrued in balance sheet

- 31.12.06 27.6m
- 31.12.05 23.2m
- 30.9.05 24.8m



# Q4 Costs

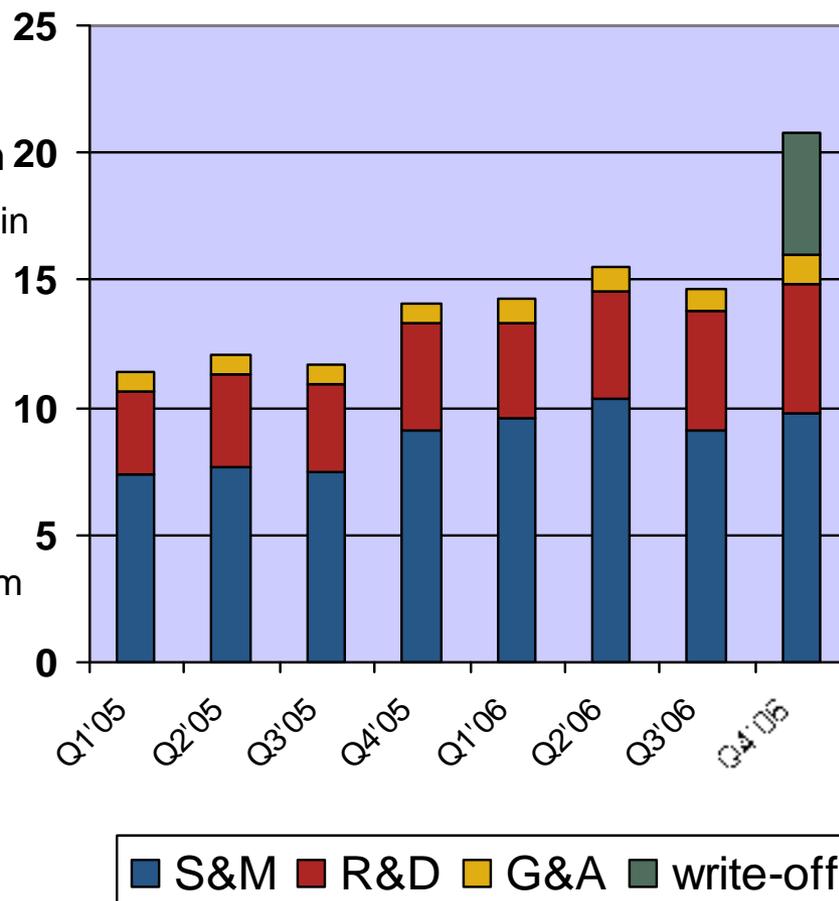
Continuously investing into future growth

- Sales & Marketing: Expanding resources in key geographies, especially Service Provider account management
- R&D: Service Platform development
  - Incl. Impairment loss of 4.8m

Costs include

- Capitalization of Development costs -0.1m
- Granted stock options +0.2m

Gross margin 90% (88%)



# Q4 Operating Result

## EBIT –0.7m

- Including non-recurring impairment loss of 4.8m from the Network Control (Rommon acquisition)

## Without the impairment loss EBIT 4.1m

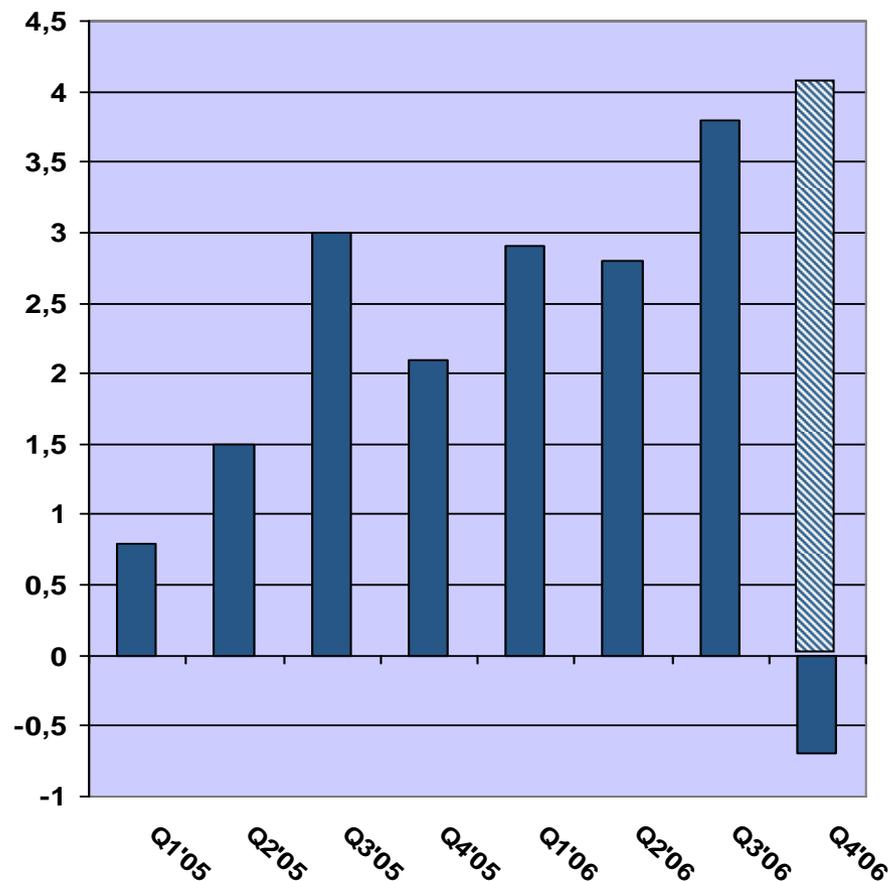
- New record level, 19% of revenues
- Improvement of 95% from Q405 (2.1m)

## Equity ratio strong

- 31.12.06 80% (81%)

## Network Control (Rommon Oy) impairment loss

- Non-recurring impairment loss as a result of earnings model change
- Technology and competencies still being used



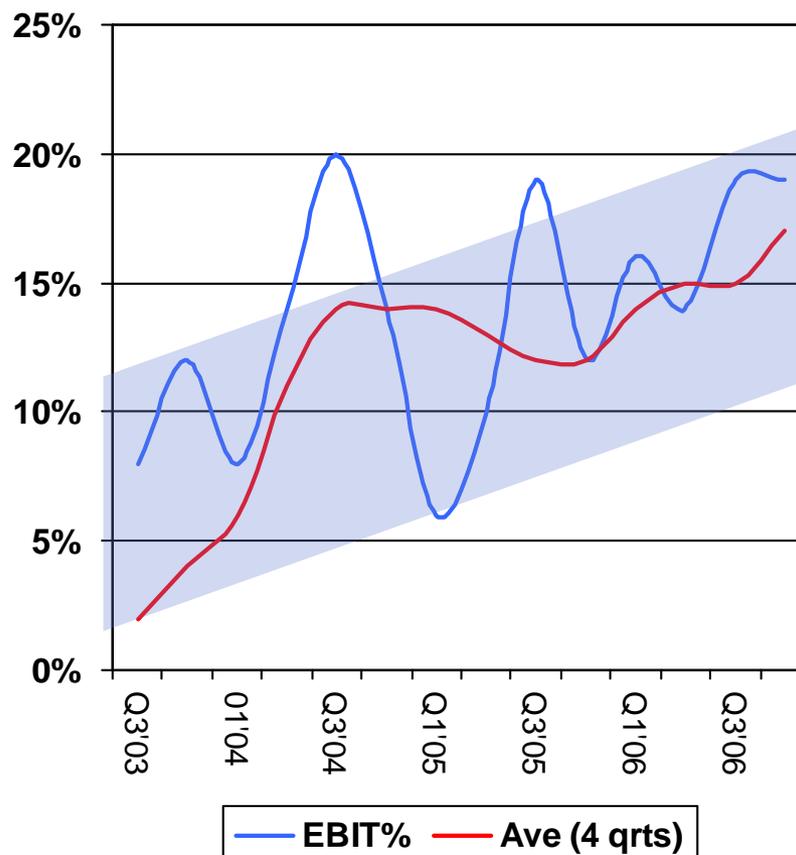
# Development of EBIT margin

Average EBIT has improved gradually

The 3-5 year goal is to reach 25% EBIT level

Figure shows EBIT without the non-recurring impairment loss of Network Control

Prioritizing growth over profitability

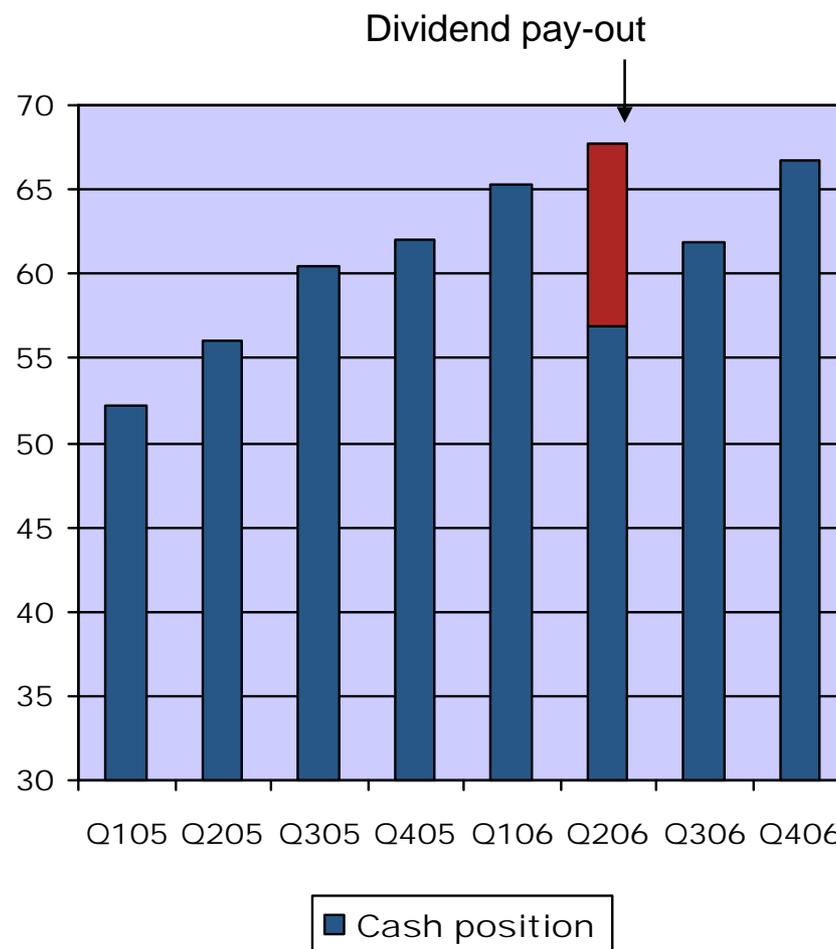


# Q4 Cash flow

Q4 cash flow 5.4m positive

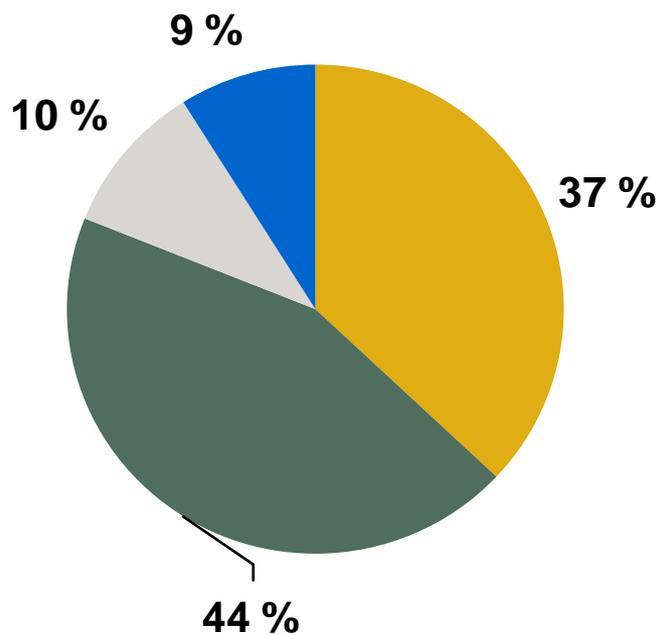
Liquid assets 31.12.2006

- Market value 66.7m
- +5.4m from 31.12.2005
- Paid dividends 10.8m in Q2



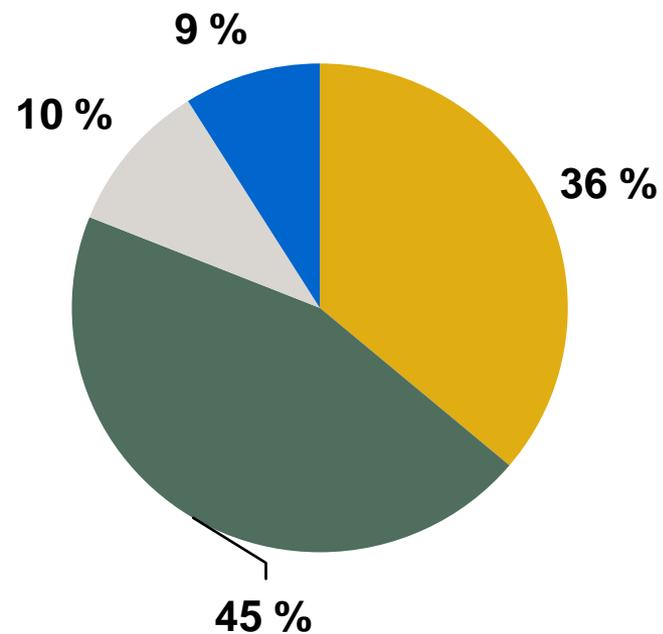
# Regional Revenue Split

2006



■ Nordic Countries 
 ■ RoE  
■ North America 
 ■ RoW

2005



■ Nordic Countries 
 ■ RoE  
■ North America 
 ■ RoW

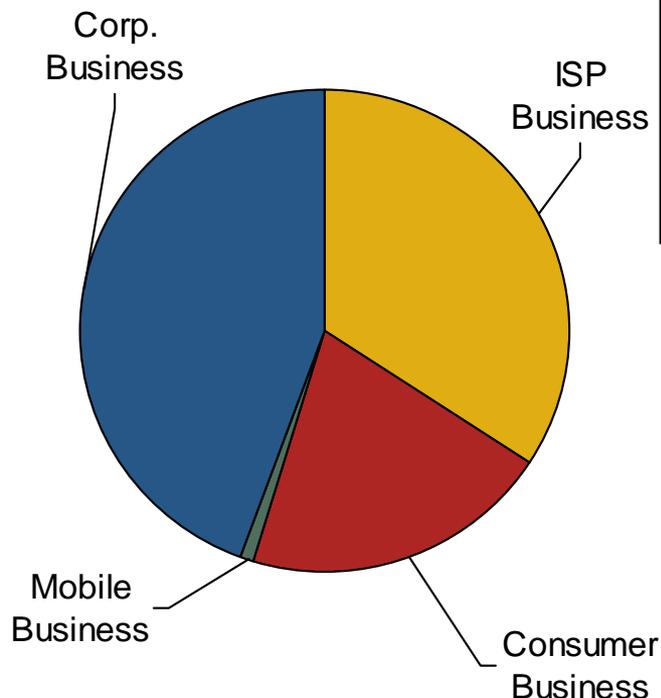
# Q4 Revenue split

License sales through resellers. Significant maintenance sales.

Service sales to large companies through VARs, systems integrators and IT services companies.

Subscription sales via mobile operators. Licence sales through resellers

Preinstallations with phone manufacturers.



Subscription sales through Internet service providers to consumers.

Subscription sales through business ISPs to SMB segment.

Retail and e-Commerce sales to consumer customers.

# Q4 Corporate Business

## Corporate segment

- +7% growth from 4Q05 to 9.5m,
- +13% growth in 2006 to ~37m

## Channels are key

- Work on channel continues

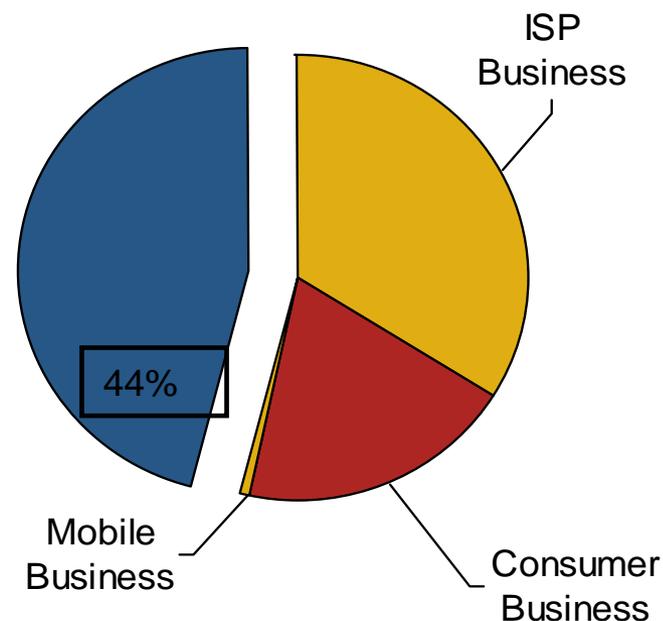
## Protection Service for Businesses

- Partnerships launched internationally
- Generating revenues in mature markets
- Mostly in business development mode
- Future opportunity in this segment

## Appliances

- F-Secure Messaging Security Gateway (X & P series) starting to create traction in Europe

## Corp. Business



# Q4 ISP Business Subscription based revenues



## ISP segment

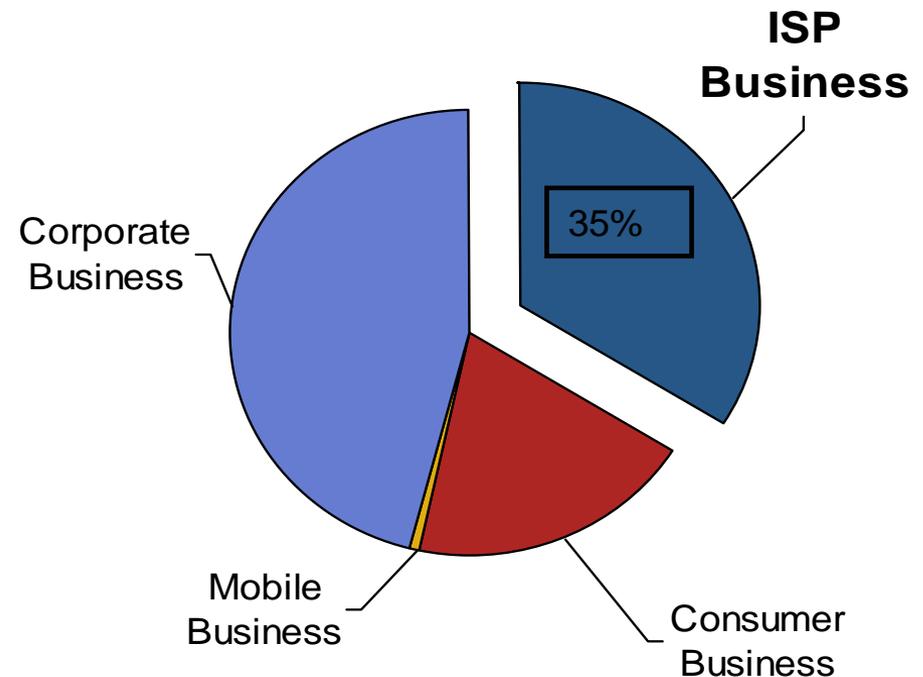
- +39% growth from 4Q05 to 7.3m
- +57% growth in 2006 to ~26m
- Q-over-Q growth in Q4 improved to 10% as expected (6% in Q3)

## Increased account management resources

- to facilitate fast service rollout and improve takeup ratio

## Leveraging ISP partnerships

- F-Secure's ever increasing leadership in Europe
- North America developing positively
- Entry to Asia started



# Growing number of ISP partners

136 partners in 34 countries

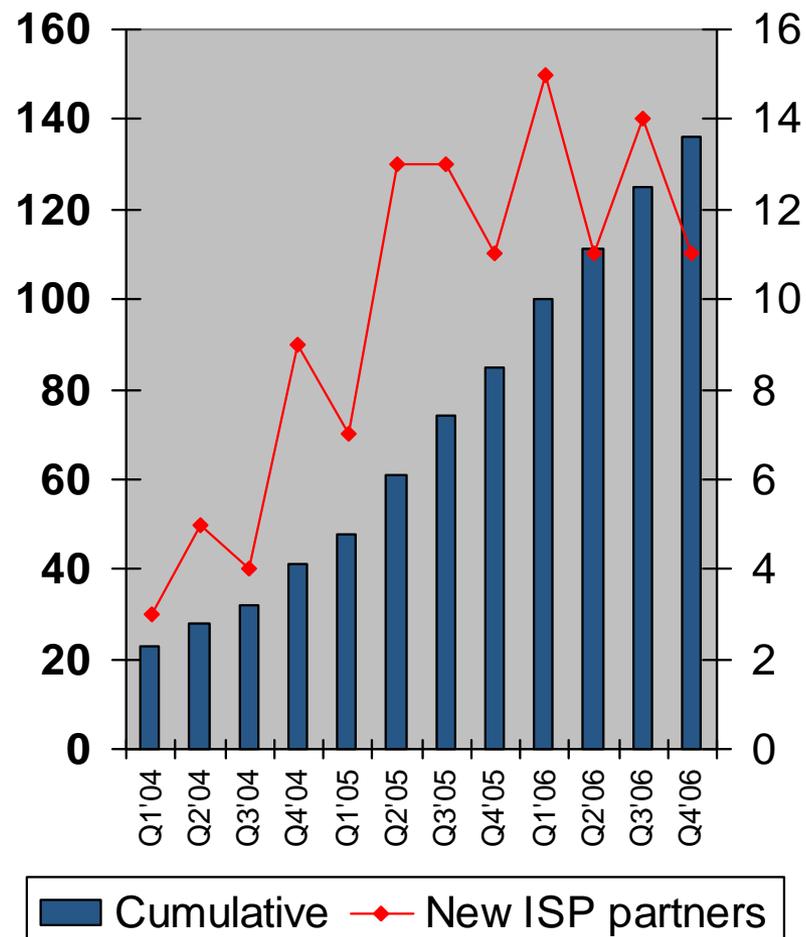
- 11 new partners in Q4

Strong competitiveness in signing new partners continues

- While starting to prioritize takeup ratio over "land grab"

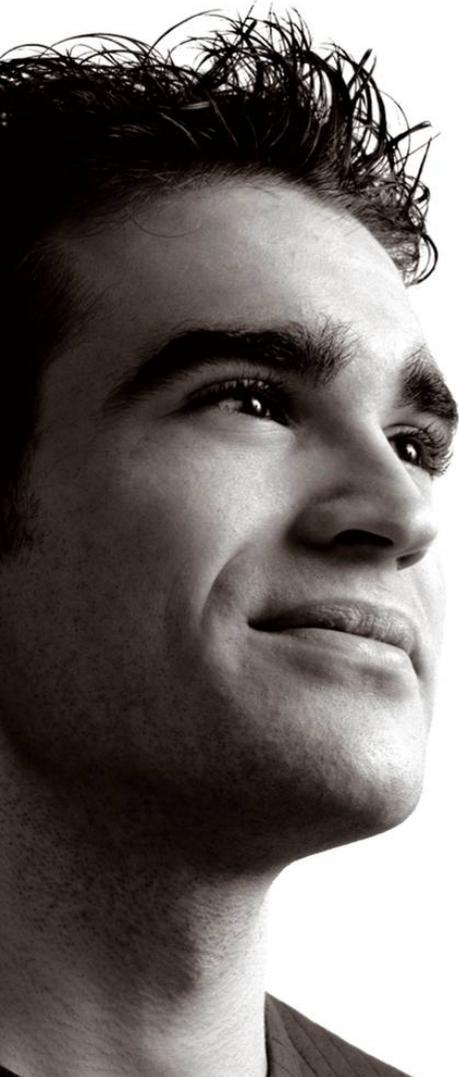
Q4 significant partner announcements

- Brazil Telecom, Brazil
- Cincinnati Bell, US
- EchoStar, US



## ISP partners in 34 countries

- Finland
- Sweden
- Norway
- Denmark
- Germany
- UK
- Italy
- Czech Republic
- France
- Belgium
- Spain
- India
- Serbia
- Austria
- Slovak Republic
- Monaco
- Chile
- Estonia
- Slovenia
- Hungary
- Switzerland
- U.S.
- Canada
- Liechtenstein
- Turkey
- Greece
- Hong Kong
- The Netherlands
- Croatia
- Taiwan
- Poland
- Brazil
- Bermuda
- Australia



# Q4 Mobile Security Business

## Increased visibility

- Awareness growing, new threats
- Requests from operators growing
- High pull from operator marketing pilots

## Channel sales increasing

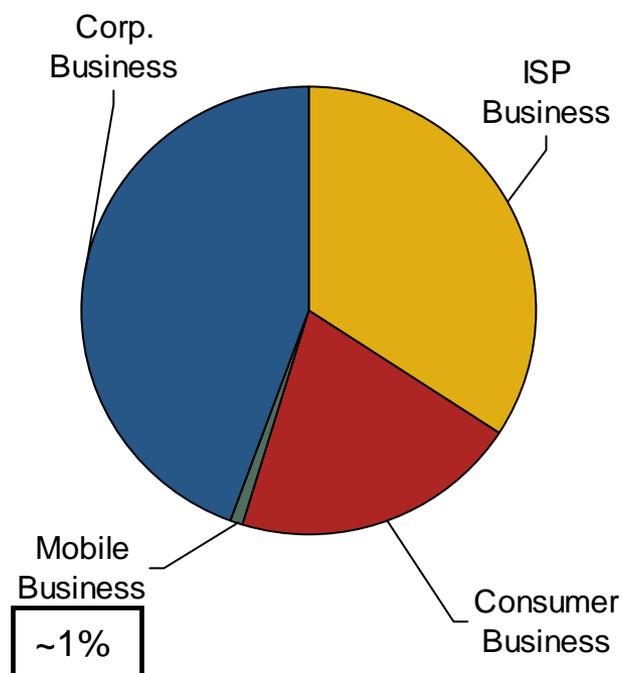
- Demand increase in Nordic markets
- Both for corporate and consumer

## Operators key for awareness & availability

- T-Mobile UK initial launch in Q4
- T-Mobile Germany
- Orange UK & Switzerland,
- Swisscom,
- TeliaSonera
- Elisa.

## F-Secure Mobile Anti-Virus

- Available for majority of the currently shipping or upcoming Nokia S60 3rd edition devices

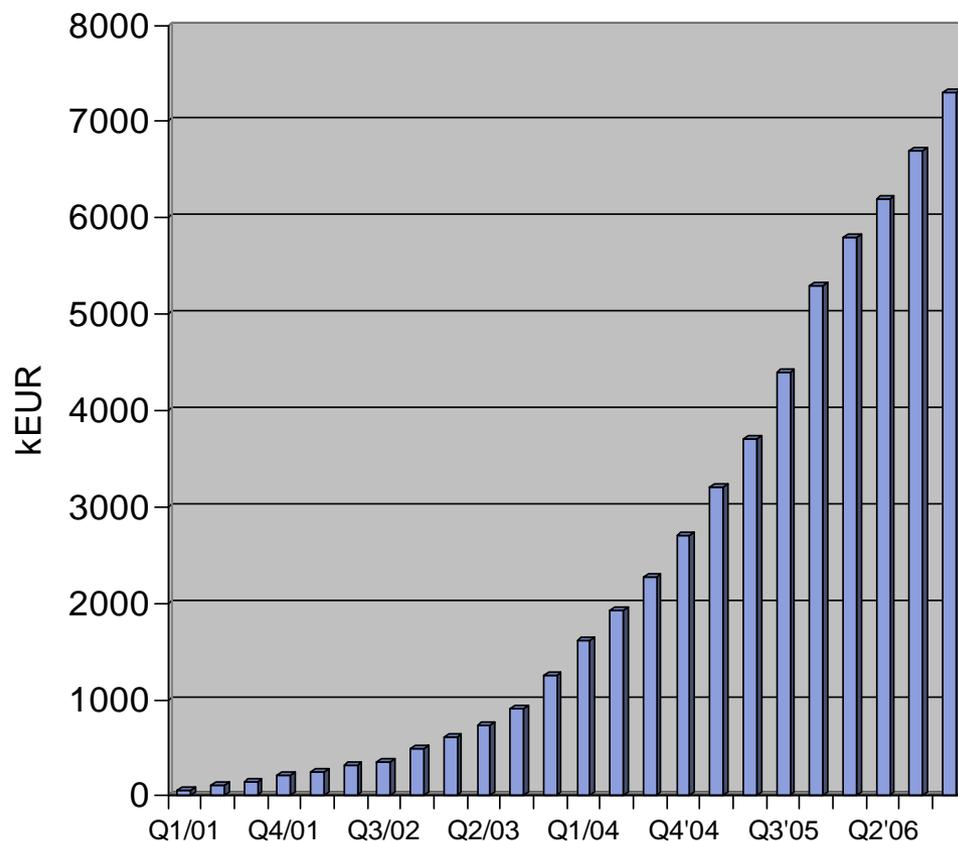


# Strong ISP Business Growth

Longer term trend solid

Growth accelerated again

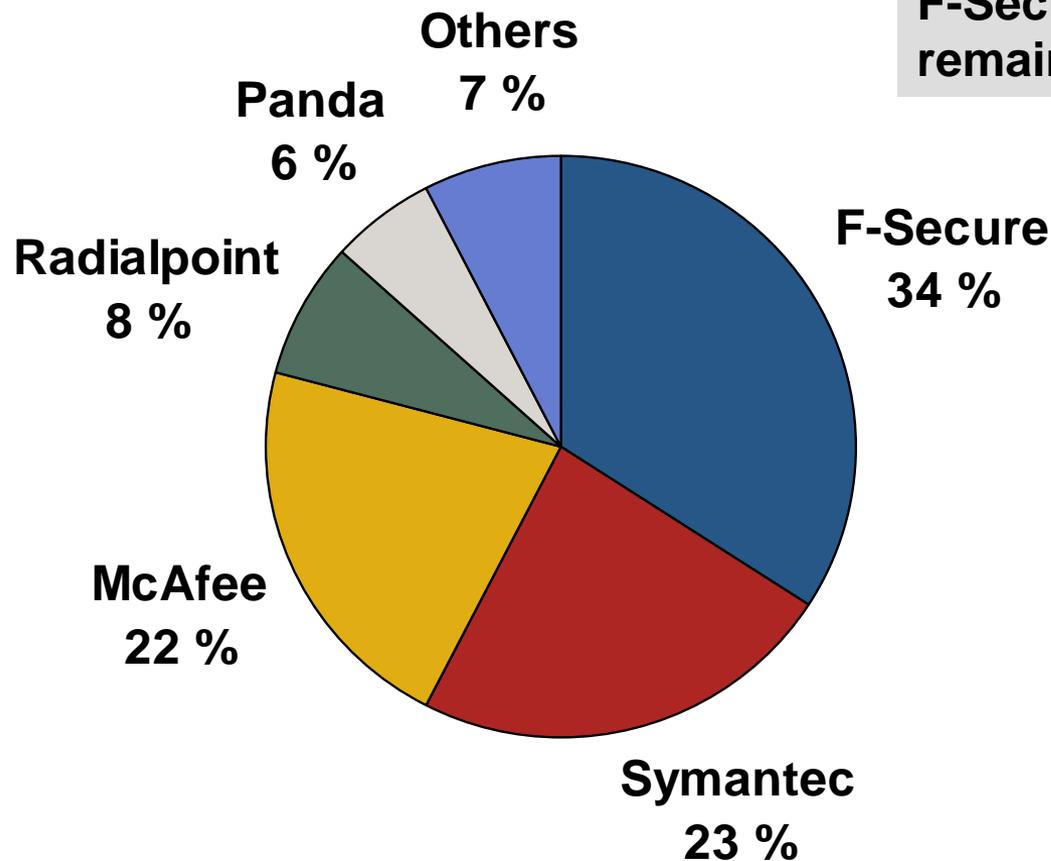
- Promotional campaigns
- Call center and technical trainings
- Predictable new partner implementation projects
- Large amount of potential



# Vendor shares in the European Residential Broadband Market in Q4 2006



Based on the subscription potential



F-Secure share remains at 34%\*

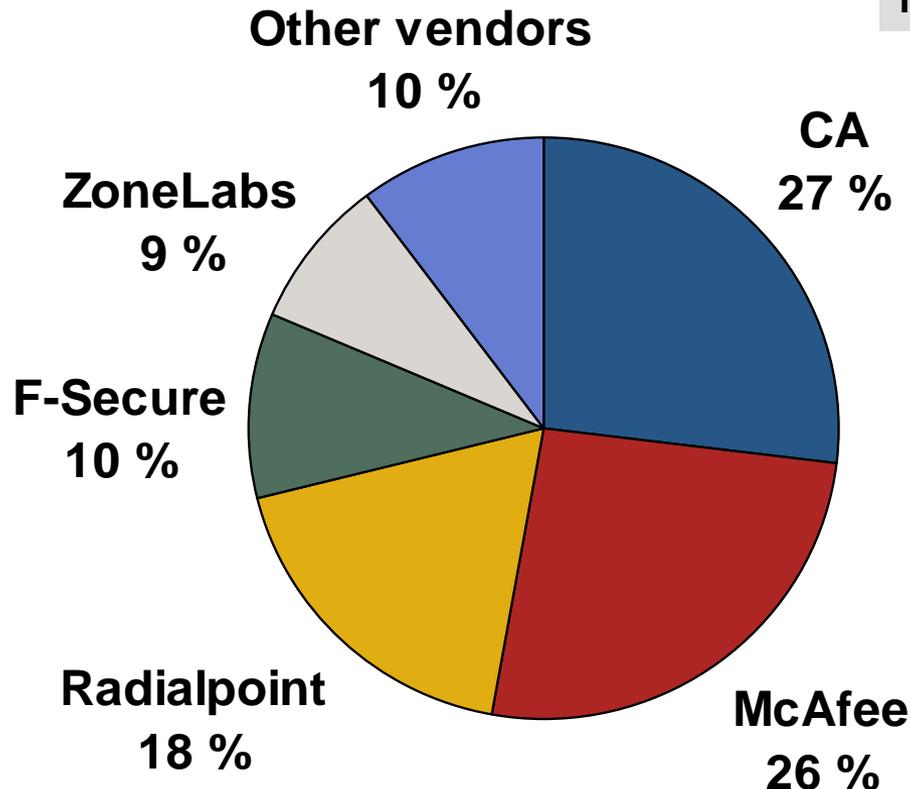
Source: Dataxis' Q3 2006 ISP subscription database and F-Secure. \* Q3 figures revised

# Vendor shares in the North American Residential Broadband Market in Q4 2006



Based on the subscription potential

F-Secure share increased from 9% to 10% in Q4



Source: Dataxis' Q3 2006 ISP subscription database and F-Secure. \* Q3 figures revised

# F-Secure Service Provider Reference Partners (1)



# F-Secure Service Provider Reference Partners (2)



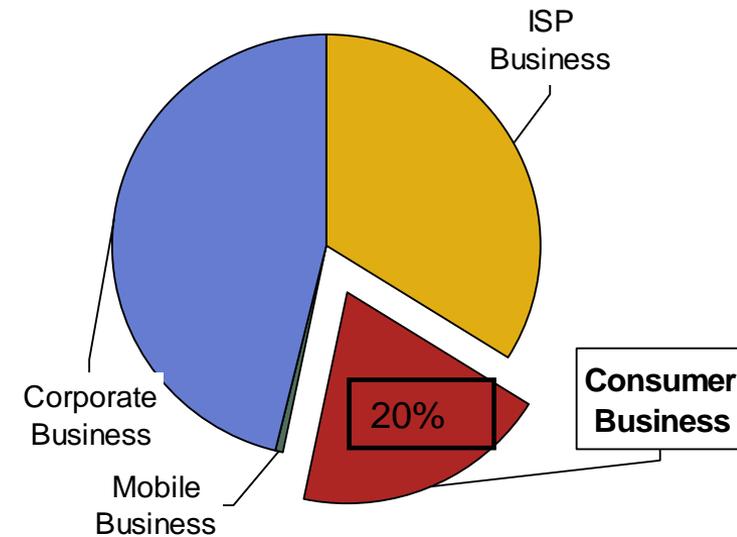
# Q4 Consumer Business

## Consumer Segment

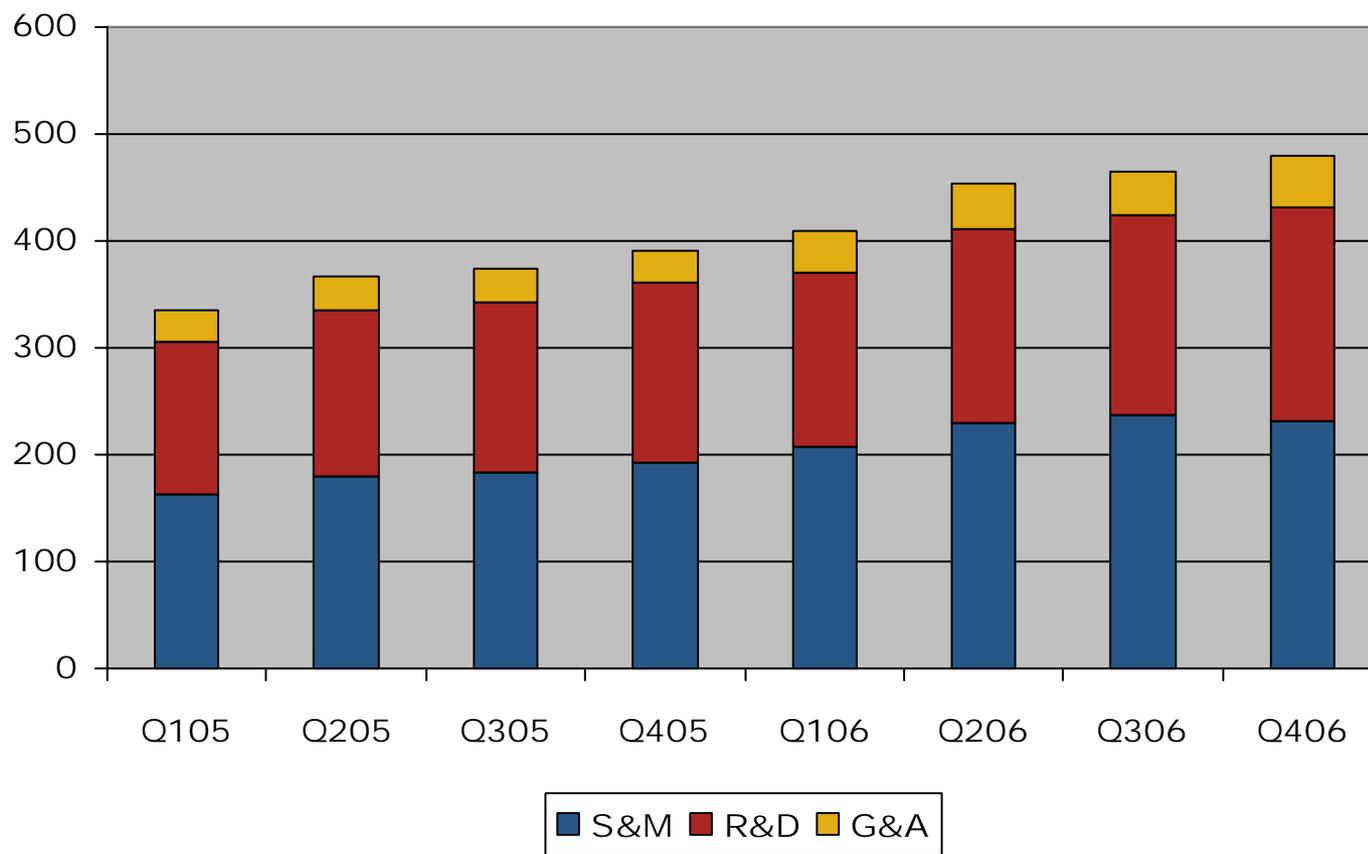
- +37% growth from Q4'05 to 4.4m
- +59% growth in 2006 to ~15m

## Activities during Q4

- Strong web & PCI (OEM) sales continued
- F-Secure Internet Security 2007 launched with very good reviews in the trade press



# Q4 Number of Personnel 479 (390)



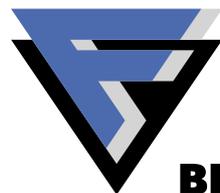
# Q4 Financial Summary

<b>EUR millions</b>	<b>4Q06</b>	<b>4Q05</b>	<b>Ch%</b>
IFRS			
<b>Revenues</b>	<b>22.1</b>	<b>18.1</b>	<b>+22%</b>
Fixed Costs	20.7	14.1	+47%
<b>EBIT</b>	<b>-0.7</b>	<b>2.1</b>	
<b>EBIT w/o impairment loss</b>	<b>4.1</b>	<b>2.1</b>	<b>+95%</b>
<b>AV</b>			
Corporate	9.5	8.9	+7%
ISP	7.3	5.3	+39%
Consumer	4.4	3.2	+37%



# FUTURE OUTLOOK

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# 2007 Strategic Scope

## (1) Continuing and accelerating growth

- Prioritize growth over profitability
- Grow faster than the industry
- Prime growth engine Security as a Service

## (2) Capitalize on industry leadership in Security as a Service

- Growth rate multiple times the industry overall growth rate
- Protection Service for Consumers (PSC), Protection Service for Businesses (PSB)
- ISP expansion continues in Asia, Europe and North America with PSC
- Further developing and expanding PSB with various types of corporate service providers and VARs
- Increasingly covering the mobile devices as services are converging
- Growth rate expected to accelerate towards the end of 2007, Q1 moderate growth

## (3) Develop leadership in mobile security

- Increased awareness at operators and corporate customers
- Maximizing availability through operators and vendors
- Tangible revenues expected towards the end of 2007



# 2007 Outlook

## Prioritizing growth over short term profitability

- Aim at faster than market growth for anti-virus and intrusion prevention business
- Expected revenues for 2007 95m +/-10%
- EBIT% for the full year 14-18%

## Accelerating Security as a Service

- Corporate business
- ISP & Business service providers
- Mobile solutions through service providers

## Geographically

- Current focus in Europe
- Expanding in North-America
- Growing and continuing investment in Asia



# 1Q07 Outlook

## Revenue guidance for Q1 21-24m

- based the sales pipeline at the time of publishing, existing subscriptions and support contracts, previous experience

Costs expected to be around 17.5m



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