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
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)
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

* Bordeaux one-off cost ~7m
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

- Rest of Europe; 46%
- Rest of World; 29%
- Nordic countries; 13%
- North America; 11%

1-6/2012

- Rest of Europe; 46%
- Rest of World; 14%
- Nordic countries; 10%
- North America; 30%
Vesa
Senior Software Engineer

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

*Operator business includes internet service providers, mobile operators and cable operators*
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
PRODUCTS AND SERVICES
Across our entire portfolio
20 Protection Service for Mobile Protection from mobile threats and loss of phone
Content Anywhere Store, sync and share precious content on any device at anytime
Online Backup service Securely store your customers irreplaceable content
Computer, Internet and Home Security Protecting millions of customers from known and emerging security threats
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

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
Market review

- 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-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

- 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