SWITCH ON FREEDOM

F-SECURE CORPORATION INTERIM REPORT Q2

July 24, 2014
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HIGHLIGHTS Q2

• Solid profitability and cash flow
  • Revenues grew by 1% to 38.6 million (Q213: 38.4 m)
  • EBIT 5 million, 13 % of revenues (Q213: 4 m, 11 %)
  • Cash flow from operations 6 million positive (Q213: 5.7 m positive) ; change of cash 3.3 million positive (Q213: 4.6 m positive)

• The security business is in transition
  • Disruption of the security market continues - mobility and cloud-based security new focal points.
  • The threat landscape is getting more sophisticated; e.g. Heartbleed and GameOverZeus

• New wins
  • Five new younited operator wins; totally approx. 25, a.o. Globe (Philippines), Finecom (Switzerland) and Netia (Poland).
  • New security services with several operators; for example Frontier (USA), Darty (France) and Base (KPN Belgium).
  • New partnerships such as Facebook and Samsung
The Company continued to gain traction and build awareness:

At re:publica, one of the biggest European summits for digital natives, the Company launched a corporate responsibility initiative to fight for digital freedom and privacy.
In May, the Company hosted 8th annual SPECIES conference for operators to enforce the ecosystem.
RUN YOUR SECURITY & CONTENT SERVICES IN THE CLOUD:

CONTENT CLOUD
Cloud storage, sharing and collaboration service that takes privacy and security seriously.

CLOUD BASED MANAGEMENT
Manage all your devices and the security policies with simple and intuitive management user interface (or outsource the management)

SECURITY FROM-THE-CLOUD
Protects you and your business from all cyber threats as a service. Coverage for all of your devices, content and IT infrastructure.

PRIVACY PROTECTION
Keeps your identity and Internet connection safe from prying eyes.
FOCUS BUSINESSES

MULTIDEVICE PROTECTION

IDENTITY MANAGEMENT

PERSONAL CLOUD

PRIVACY

CONSUMERS

F-SECURE SAFE

F-SECURE KEY

younited by F-Secure

F-SECURE FREEDOME

BUSINESS

PROTECTION SERVICE FOR BUSINESS

younited by F-Secure

F-SECURE FREEDOME
Protect your life on every device. Multi-device Internet security for your PC, Mac, smartphone and tablet. Protect your devices with one simple solution.
PROTECTION SERVICE FOR BUSINESS

UNIQUE POSITION
- Multi-Device Security
- Patch Management
- Store, Sync, Share
- Management & MDM
- Privacy & Trust

DEVELOPMENT
Strong on-going evolution towards the next-generation cloud security solution.
YOUNITED FOR BUSINESS

THE NEW FACE OF COLLABORATION

Today’s way of working online is real time, connected and responsive.

Modern collaboration is all about working together in the cloud.
F-SECURE FREEDOME
- ONE BUTTON FOR ALL

**INVISIBLE**
Surf anonymously. Protected, private.

**WI-FI SECURITY**
Connect securely. Encrypted and invisible.

**UNTRACKABLE**
Stop advertisers from tracking you.

**SAFE BROWSING**
Block malware, tracking cookies, and phishing sites.

**TELEPORT LOCATION**
Change your virtual location to the other side of the world.
REVENUES

Q2 Revenues grew by 1%

- Total quarterly revenues 38.6m (Q213: 38.4 m)
- Operator revenues declined by 2% to 23.3m; (Q213: 23.8 m) due to the phasing out of legacy content cloud business and traditional PC centric sales
- Other channels grew by 5% to 15.3m (Q213:14.7 m) due good security sales in SMB and direct consumers.
PROFITABILITY

Q2 profitability

- EBIT 5m, 13% (Q213: 4 m, 11%)
- Earnings per share EUR 0.02 (EUR 0.02)
**COSTS**

**Q2 costs decreased by 3%**

Costs 32.5m (Q213: 33.3 m)

- Investing in cloud business; R&D and Sales & Marketing activities; i.e. SAFE business, SMB focus in Germany, France and USA, younited and Feedome

- Cost level was impacted by increased depreciations from past capitalized expenses; 2.3 m (Q213: 2.1m)

- Capitalized R&D expenses were 0.6 m (Q213: 0m)

* one-off cost Q412 ~7m & Q114 ~2.9m
Q2 Deferred revenues 39.9m (37.8m)

Deferred revenues accrued in the balance sheet

- Dec 31, 2012 37.7 m
**CASH POSITION**

**Solid Cash flow in Q2**

- Cash position remains solid
- From operations 6m (Q213: 5.7m);
- Change in cash 3.3 m positive (Q213: 4.6m positive)
- Dividend of 9.3m paid in April

**Market value of liquid assets 47.4m**
(Q213: 34.1m)

- Dec 31, 2013 47.8m
NUMBER OF PERSONNEL

At the end of Quarter:
951 (Q2/13: 954)
OUTLOOK FOR 2014

• The management’s estimation for the year is unchanged:
  • 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). The Company has accrued and booked these one-of costs 2.9 million in Q1 financials.

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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