Welcome
to Annual General Meeting
2013
AGENDA

• Net Insight Introduction

• Business Overview 2012

• Financials 2012

• Strategy going forward
Net Insight introduction
INCREASE QUALITY OF SERVICE IN MEDIA NETWORKS

REDUCED TOTAL COST OF OWNERSHIP

FASTER LAUNCH OF NEW REVENUE GENERATING SERVICES
Business segments

Broadcast & Media Networks
- Telcos
- Broadcasters
- Satellite operators
- Post production
- Events

Digital Terrestrial Networks
- Telcos
- National and Regional DTT operators

Cable TV and IPTV
- Telcos
- Cable TV operators
We develop and market network transport equipment and services

• Nimbra products
Network positioning of the Nimbra platform
Shift in Media content consumption

Historically

Content

TV
Few channels

Distribution

Terrestrial

CATV

Satellite

Consumers
Media content consumption

Today

Content

TV - Thousands of channels

Video-On-Demand

Internet streaming

Web-TV

Distribution

Terrestrial TV

CATV

Satellite

Digital Terrestrial TV

Internet

Mobile Networks

Consumption
Industry trends according to IABM

• Political and economic uncertainties are continuing to impact growth
• Selling prices, material costs and labor costs remain generally stable
• Order and project deferrals by customers are the primary operating constraint
• Manufacturing and development capacity is still the primary constraint to order fulfillment
• Companies are continuing to make significant investments in research and development

Source: IABM Industry Trend Survey – member companies' opinion about Q3 2012 performance and outlook for Q4 and the first half of 2013
Market development versus financial performance

Project delays
  Analog Switch-off in many countries

Macro or market trend towards smaller initial network investments

Consolidation between media network operators
175 CUSTOMERS in more than 60 COUNTRIES

IMPROVED MARKET PERCEPTION with FOCUS on UNIQUE CAPABILITIES in IP NETWORKS

STRENGTHEN our CORE PRODUCTS and NEW ACCESS PORTFOLIO
What do you think of when you hear Net Insight?
Nimbra end-to-end solutions over IP networks

Production and contribution
Live Video over Internet at NAB 2013
Nimbra VA 210
Net Insight’s unique capabilities in IP networks

- **Service-centric network management**: Handles media services individually

- **QoS enhanced links**: Repairs and improves quality of IP core networks

- **Lossless routing**: Routes services without faults
2012

• Business in ”New Countries”
• Leverage Existing Customers
• Leverage New Functionality/Products
  • Selective Cable TV approach
  • Leverage One of the largest J2K network
  • World class references
• Local Presence
• Good traction in China
• Local presence
• DTT in progress

• Local Presence
• World class partners
“Net Insight offered a solution that provides very reliable transmission and already incorporates all the flexibility we need. 

In addition, we wanted JPEG2000 to be integrated in order to optimize bandwidth usage.”

“Net Insight has provided very professional training, very good support and very good value for the money.“

“We will stay on top of technological development adding new services and new formats. We will also add more capacity as needed by our clients.”

Stefan Leuthold,
Project Manager Business Development
Swisscom Broadcast
Customers and Countries

Number of Customers

Number of Countries

Year-end 2012 - 175 customers in 60 countries
Financial Overview 2012
### Sales by Region

<table>
<thead>
<tr>
<th>Amount in SEK million</th>
<th>2011</th>
<th>2012</th>
<th>YoY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>204</td>
<td>181</td>
<td>-11%</td>
</tr>
<tr>
<td>Americas</td>
<td>70</td>
<td>55</td>
<td>-21%</td>
</tr>
<tr>
<td>APAC</td>
<td>21</td>
<td>44</td>
<td>116%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>295</strong></td>
<td><strong>280</strong></td>
<td><strong>-5%</strong></td>
</tr>
</tbody>
</table>

- EMEA – DTT slow in Middle East / Africa, Western Europe strong
- Americas – Nationwide roll-out in 2011, not repeated in 2012
- APAC - growth mainly in China
Revenue Profile by Business Area 2005-2012

- BMN 76% of total business.
- DTT influenced by political decisions.
- CATV & IPTV opportunistic approach
2011 – 2012 Profit bridge

- Operating Profit 2011: 43 MSEK
- Margin %: 7 MSEK
- Sales Volume: -10 MSEK
- R&D Depreciation: -12 MSEK
- Opex: -22 MSEK
- Restructuring: -3 MSEK
- Operating Profit 2012: 3 MSEK
Gross Margins

- Pricing discipline and manufacturing cost reductions
- High Gross Margin excl depreciation implies strong leverage on profit
- Flat sales volumes and increased depreciation on capitalized R&D affects the Gross Margin negatively
Financially well positioned for growth

- Cash Balance end of 2012 amount to 186 MSEK
- Solid balance sheet pre-requisite for growth
### Consolidated Cash Flow

<table>
<thead>
<tr>
<th>Amount in SEK thousands</th>
<th>FY 2011</th>
<th>FY 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from ongoing operations</td>
<td>76,967</td>
<td>49,099</td>
</tr>
<tr>
<td>before change in working capital</td>
<td>-47,110</td>
<td>10,650</td>
</tr>
<tr>
<td>Change in working capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow from ongoing operations</td>
<td>29,857</td>
<td>59,749</td>
</tr>
<tr>
<td>Cash flow from investment activity</td>
<td>-69,504</td>
<td>-70,104</td>
</tr>
<tr>
<td>Total Cash Flow</td>
<td>-39,647</td>
<td>-10,355</td>
</tr>
</tbody>
</table>

- Lower profit levels
- Decreased working capital related to good collections
- Investment activities, mainly capitalization of R&D expenditures, on par with previous year
- Strong cash position 186 MSEK (196)
Strategy going forward
Strategic focus going forward

• Grow existing business within BMN and DTT
• Beyond DTT – the next ”wave”
• Several opportunities for Net Insight to expand business
  • Increase revenue with new products in existing segments
  • Leverage existing products and technology in new segments
  • Value creation/M&A options considered
Addressable market

Broadcast & Media Networks
- EUR 300 million
- CAGR 8%

Digital Terrestrial Networks
- EUR 50-100 million
- CAGR 6-8%

Cable TV and IPTV
- EUR 2 billion

Note: Company’s estimate of market size and market growth rate i.e not a prediction of future revenues.
Drivers of growth

Growing Market
- Increase in video traffic
- Change in TV format requires 40x capacity increase
- Remote production increase in content creation
- Satellite to fiber conversion
- Analogue to Digital TV

Innovative Technology
- Improves Quality of Service over IP networks
- Unique capabilities, QoS enhanced links, lossless routing and service-centric network management
- Optimizing bandwidth utilization
- Time transfer

Global Reach
- 175 customers
- 60 countries
- 50 sales partners
- Partnership with Telecom Equipment providers
- Global brand in professional media
Summary Strategic Opportunities for Net Insight
Addressable market in 2017

A) Gain market share in BMN and DTT
B) Adjacent market with existing customers
C) New segments with existing technology
LEVERAGE OUR TECHNOLOGY

REAL-TIME

RELIABILITY

SECURITY

GPS INDEPENDENT TIME SYNC
Net Insight strategy

Segment Focus: BMN/DTT focus, opportunistic in CATV/IPTV

Geographic Penetration in BRIC for both BMN and DTT

Partner Network Leverage

Service Provider Expansion (Telco)

Leverage existing Customer base through broader portfolio

Potential Segments

Video Interface & conversion i.e compression standards

Critical Networks

Live OTT