Welcome to Net Insight Analyst and Investor Day
An introduction to Net Insight

Fredrik Trägårdh, CEO Net Insight AB
October 27th, 2010
Net Insight in brief

• Net Sales: SEK 233 million (2009)
• **135 employees** with offices in Stockholm, the USA, Singapore, Dubai and UK
• World Class customer references in over **40 countries**
• Innovative leading technology with **27 patents**
• Business Model based on a mix of **direct and indirect sales**
• Founded in **1997** and listed **1999** (NASDAQ OMX Nordic Exchange Stockholm)
Net Insight offering

Deliver
• Efficient and scalable transport solution

Benefits
• Any service over any network
• One box solution
• Highest bandwidth utilization
• Simplicity

Business Value
• 100 % Quality of Service
• Revenue opportunities
• Cost efficiency

Broadcasters, telecom and satellite operators and CableTV/IPTV
We develop and market network transport equipment and services

• Core, Edge and Access Switches
The Nimbra platform
Multiservice Offering and Infrastructure agnostic solution

Any traffic over any network in one multiservice platform
Our business segments and customers

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

**Digital Terrestrial TV (DTT)**
- Telcos
- National and Regional
- DTT operators

**CATV/IPTV**
- Telcos
- CableTV operators
Transport in the content value chain
Customers and Countries

- To date, 145 customers in 48 countries
- 75 active customers in 2010

Note: Customer defined as one legal counterpart per Group.
Always delivering content integrity

Always simplifying complexities

Always redefining efficiency
Financial Overview

Thomas Bergström, CFO
Sales Trend - Growth

- CAGR in sales of 36% between 2004 and 2010 (12 mths rolling)
- Additions of customers and countries main driver for growth

### Q3'10 vs Q3'09

<table>
<thead>
<tr>
<th></th>
<th>Q3’10</th>
<th>Q3’09</th>
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</thead>
<tbody>
<tr>
<td>Net Sales (MSEK)</td>
<td>67,6</td>
<td>57,5</td>
</tr>
<tr>
<td>QoQ Growth</td>
<td>18%</td>
<td></td>
</tr>
<tr>
<td>QoQ Growth FX adj</td>
<td></td>
<td>33%</td>
</tr>
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</table>

- 18% QoQ growth despite appreciating Swedish Krona
- Growth from EMEA region and mainly in DTT
Sales Trend – Product Mix

- Share of services and software show slight increase
- Possibility to leverage installed base for future services and software sales

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<thead>
<tr>
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<th>Q3'09</th>
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</thead>
<tbody>
<tr>
<td>Hardware</td>
<td>78%</td>
<td>75%</td>
</tr>
<tr>
<td>Services + SW</td>
<td>22%</td>
<td>25%</td>
</tr>
</tbody>
</table>

- Slight decline in share of services and software mainly following large roll-out of projects in the installation phase
Margins

- High margins maintained through value add customer offering
- New features and manufacturing cost reductions key to continued high margins

Note: Gross margins are excl of Depreciation of capitalized R&D expenditures

<table>
<thead>
<tr>
<th>Per cent</th>
<th>Q3'10</th>
<th>Q3'09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Margin</td>
<td>70,2</td>
<td>76,7</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>13,7</td>
<td>17,6</td>
</tr>
</tbody>
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Note: 2004-2006 operating margins were negative.

SEK appreciation and roll-out of larger projects in the quarter affect gross margin
OPEX Structure

- Higher levels in both R&D and Sales & Marketing
- Increased staffing levels and marketing main drivers

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<tr>
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<th>Q3'09</th>
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</thead>
<tbody>
<tr>
<td>Opex</td>
<td>32,1</td>
<td>33,6</td>
</tr>
<tr>
<td>Adj Opex</td>
<td>44,4</td>
<td>38,8</td>
</tr>
</tbody>
</table>

- CAGR in OPEX of 8% between 2004 and 2010 (12 mths rolling)
- Scalable organisation - sales and operations co-varies with net sales

Note: R&D expenditures are shown in graph and in Adj Opex row in table ie capitalization and depreciation are reversed
Financially well positioned for growth

- Growth will require more working capital
- Solid balance sheet pre-requisite for growth

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<tr>
<th></th>
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<th>Q3'09</th>
</tr>
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<tbody>
<tr>
<td>Cash</td>
<td>204</td>
<td>156</td>
</tr>
<tr>
<td>Cash Flow</td>
<td>-4</td>
<td>18</td>
</tr>
<tr>
<td>Equity Ratio</td>
<td>84%</td>
<td>80%</td>
</tr>
</tbody>
</table>

- Build-up of account receivables impact Q3’10 cash flow
Always delivering content integrity

Always simplifying complexities

Always redefining efficiency
Market Trends and Drivers Media Networking

Per Lindgren, VP Business Development
A Networked Media Rich World by Net Insight

One platform from content creation to end consumers
Net Insight Adressable Market

Broadcast & Media

Digital Terrestrial TV

CATV/IPTV

250 MEuro
12% CAGR

100 MEuro
7% CAGR

CATV: 1,5 BEuro
5% CAGR
IPTV: 350 MEuro
25% CAGR
Distribution Model and Business landscape changing

Market Trends and Drivers

- Telecommunications and media integration finally happening
- More content produced last two years than ever before
- New TV distribution landscape
  - Content owners becoming distributors – Over-the-top
  - Bundles – IPTV/DTT, Over-the-top/DTT
  - Google TV
- Personalized content and advertizing increasing

Large increase in media and video traffic in public networks
Digital Terrestrial TV (DTT) and Distribution
Market Trends and Drivers

• 44% annual growth on household uptake world-wide
• DTT complements on-demand OTT as low-cost, high penetration broadcast platform (live content)
• New DVB-T2 standard, offering 50% better spectrum utilization, drives new infrastructure upgrade
• Large countries such as Russia, Brazil, Argentina, China and India plan roll-out next 0–5 years
Broadcast and Media Network
Market Trends and Drivers

• Satellite to fiber conversion drives media operator business (1 BUSD service market)
• New Formats - SDTV $\Rightarrow$ HDTV $\Rightarrow$ 3G-HD $\Rightarrow$ 3D = 20X capacity increase
• Increased use of uncompressed signals in production = 100X capacity increase

Driving capacity and infrastructure upgrades at content owners and media operators
Broadcast and Media Network
Market Trends and Drivers

• Shift in media production processes significantly reducing OPEX
  • Networks becoming an integrated part in production and automation flows
  • Virtualization and Cloud media services
  • Tapeless production with non-linear editing (huge files)
  • Traditional studio networks will become Terabit/s LANs/WANs

Requires real-time QoS networks to ensure quality and remote process
Events and Sport Venues
Market Trends and Drivers

• More and new types of venues and corporations connected
• Trend towards centralized editing and removing traditional OB Vans
• First Venue networks using remote camera controls
• Initial 3D contribution started
• LIVE Content is King and drives large amount of pre- and post-content
IPTV and CATV distribution
Market Trends and Drivers

• The changing digital TV distribution business landscape increases competition
• IPTV/CATV adding Video On Demand and Personal Video Recorder services
  • Driving huge bandwidth upgrades
• CATV transition to digital and HDTV
Need for Time Synchronisation for handling NG-CATV - DOCSIS 3.0

Large infrastructure upgrades to meet capacity demand
QoS is the main differentiator to Over-the-top
Conclusions
Market Trends and Drivers

Large Increase in media and video traffic in networks

Driving capacity and infrastructure upgrades at content owners and media operators

Requires real-time QoS networks to ensure quality and key differentiation
Business and Market Growth
Fredrik Trägårdh, CEO
Growth Strategy on Five Pillars

• Segment Focus
• Geographic Expansion
• Reseller - Partner Network Expansion
• Partnership with Telecom Equipment Provider
• Service Provider Expansion (Telcos)
Segment Focus

• Core Segments – Broadcast&Media and Digital Terrestrial TV Networks
  • Gain market share, very high hit ratio
  • Enlarged addressable market - adding the access market
  • New verticals - eg Content Delivery Networks, digital cinema, telepresence etc

• Entering the CATV and IPTV segment selectively
  • Through System Integrators and Partners
  • Leverage recent wins in CATV
  • Help scalability and QoS in IPTV roll-outs and Over-the-top
Geographic Expansion

- Market priority
  - China, India, and selected markets in the Middle East and Latin America
- Growth via Indirect Sales through partners
  - Western Europe and North America 35-45%
  - Asia and Latin America 70-80%
- Increase business volume per partner
- Establishment of new local offices
  - US, Middle East, Asia
- Direct Sales for larger projects where ”requested”
Large untapped potential also in emerging market in core segments
Partner Network Expansion

• Partners are better trained and instrumental in our growth and expansion strategy
• 40 signed VAR/SI partners
  • 30 VAR/SI 2009
• Each partner represents Geographic and/or Segment strength
• Project identification improving
Partner Network - Geographic Overview

- Partners signed before 2009 - 22
- Partners signed 2009/2010 - 18

Latin America mainly targeted via Telecom Equipment Providers

Africa targeted selectively (DTT) via Telecom Equipment Providers
Partnership with Telecom Equipment Providers
Two main growth drivers

1. Telecom equipment providers to drive larger projects
2. Net Insight offers a real competitive edge to their end-to-end network solution

• Telecom Equipment Provider could be e.g. NEC, NERA, Nokia Siemens and Ericsson etc
• Future potential in licensing
Telecom Equipment Providers – two growth drivers

E.g. Major DTT roll-outs – ”win-win”
Service Provider Expansion

• Many Telcos enter the media-rich segment to sell services
• Net Insight focus on Service Providers for BMN
  • 25% Sales of BMN segment in 2003 grow to 70% 2010YTD
• Opens up low-end media access within Business and Media Segment
• Leverage same network for new segment expansion e.g
  • Telepresence
  • IPTV
  • Content Delivery Network
Growth Strategy on Five Pillars

- Segment Focus
- Geographic Expansion
- Reseller - Partner Network Expansion
- Partnership with Telecom Equipment Provider
- Service Provider Expansion (Telcos)
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Portfolio Offering
Anders Persson, Executive Vice President
Portfolio Values

- 100% QoS (Quality of Service)
- Bandwidth efficiency
- Simplicity
Beijing 2008
From production, contribution to distribution
Beijing 2008
From production, contribution to distribution

Beijing 2008
venue networks

Beijing 2008
IBC

The host broadcaster

Customer

National broadcaster

Customer

Customer

National DTT distribution

International carrier

Customer

Why do operators with very different requirements all select a Net Insight solution for their transport system?
Converged Media Network - Competitive landscape

- Net Insight

Network scalability challenge
- Harris
- Evertz
- Thomson
- Miranda
- MediaLinks

QoS challenge
- Cisco
- Juniper
- Huawei

Datacom

Flexibility challenge
- Ericsson
- Alcatel Lucent
- Huawei
- Tellabs

Broadcast

Converged Media Networks

Telecom
The Nimbra™ Offering

**Nimbra 680/688**
- Core Switch
- DTT / Mobile TV Networks
- Broadcast and Media Networks
- IPTV / CATV Networks
- 40/80 Gbps Switching Capacity

**Nimbra 360**
- Edge/Access Switch
- DTT Networks
- Broadcast and Media Networks
- 5 Gbps Switching Capacity
- Time Transfer

**Nimbra One**
- Edge/Access Switch
- DTT / Mobile TV Networks
- Broadcast and Media Networks
- IPTV / CATV Networks
- 17.5 Gbps Switching Capacity

**Nimbra Vision**
- Centralized network view
- Full FCAPS functionality
- Service Provisioning
- Topological Device Maps
- Auto-discovery of Devices

**Nimbra 340/340-HD**
- Edge/Access Switch
- Broadcast and Media Networks
- Several HD-formats Supported
- 5 Gbps Switching Capacity

**Professional Services**
- Network Design
- Network Implementation
- Test & Verification
- Operational Assistance
The Nimbra platform
Multiservice Offering and Infrastructure agnostic solution

Any traffic over any network in one multiservice platform
Media Excellence for all-IP or mixed infrastructure
Full QoS and control

ONE Unified Media Network
• Any Media Service
• Over Any Network
• Over Any Topology
• Over Any Vendor

• Guaranteed QoS and content integrity
• Unified End-to-End Provisioning
• Unified Protection scheme
• Unified Performance Monitoring

Analyst and Investor day
Oct 2010
Net Insight Presentation
Key Competitive Advantages

100% QoS
- Guaranteed bandwidth, even at full utilization
- Reliable separation of traffic from different end customers

Simplicity
- Automated Control Plane
- Fast end-to-end provisioning
- Easy network expansion
- Automatic network restoration
- Results in significantly lower OPEX
- Strong Network Management

Highest utilization of bandwidth
- More payload on each trunk
- 0.5 Mbps granularity
- Results in significantly lower CAPEX
Key Competitive Advantages

Synchronization
• Unique network based Time Transfer

Network and Service Flexibility
• Topology independent
• True Multiservice platform
• True Infrastructure Agnostic solution for seamless migration

Unique Multicast support
• For all services
• For any topology and any level of forking
• Maintaining QoS and high utilization
• Automatic restoration

Designed for real-time video requirements
• Low Jitter and Wander
• Minimal and constant delay
Summary

• Well positioned for video transport
• Strong multiservice support
• Cost-efficient use of all available bandwidth infrastructures
• Automated control plane gives minimum OPEX
• Designed for real-time video requirements
• 100% guaranteed quality of service
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