Welcome
Breakfast Meeting for Analysts and Investors
Summit Conferences, Stockholm
March 20, 2013
# Agenda

Program starts at 9.00 am and ends at 10.30 am

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Net Insight introduction
ONE HUNDRED PERCENT QUALITY OF SERVICE
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
NETWORK OWNERS

BROADCASTERS

SERVICE PROVIDERS: TELCOS, SATELLITE AND MEDIA OPERATORS

CABLETV AND IPTV OPERATORS
Network positioning of the Nimbra platform

Wholesale Optical
Corporate WAN
LTE Mobile
Consumer Broadband
Content Delivery Networks
IP TV
Cable TV
Media Networks
Digital Terrestrial
Satellite

xWDM
Corporate router
Base station
DSLAM / Local dist.
Edge cache
CPE
HFC
Media Access
Transmit tower
Satellite

PDN Gateway
Regional head-end
Regional head-end
FTTx
QAM
Media Networks
Digital Terrestrial
Satellite

IP / MPLS
OPTICAL
One platform for many segments
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
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
Customers and Countries

Year-end 2012 - 175 customers in 60 countries
Customer References

Production → Contribution → Distribution

[Logos of various companies]
Financial Overview
2011 – 2012 Profit bridge

Operating Profit 2011: 43 MSEK
Margin %: 7
Sales Volume: -10
R&D Depreciation: -12
Opex: -22
Restructuring: -3
Operating Profit 2012: 3 MSEK
• BMN 76% of total business.
• DTT influenced by political decisions.
• CATV & IPTV opportunistic approach
Product Mix

- Share of services and software show slight increase
- Possibility to leverage installed base for future services and software sales
- Pricing trend towards software sales
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
Cost Structure (excl COGS)

- Investments in product portfolio and geographic reach
- Efficiency and cost reduction program concluded, bringing cost base down by 25 MSEK

Note: OPEX excluding restructuring charges + reversed R&D capitalization
Financially well positioned for growth

- Cash Balance end of 2012 amount to 186 MSEK
- Solid balance sheet pre-requisite for growth
Strategy going forward
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
Net Insight’s EUR 100-300 million

Note: Company’ estimate of market size and market growth rate i.e not a prediction of future revenues.
**Key Industry trend**
Industry themes collected through 30+ customer and competitor interviews

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<th>Broadcasters Want Simplicity</th>
<th>Rising Emerging Markets</th>
<th>Broadcasters Not Price Sensitive</th>
<th>IP/MPLS Convergence</th>
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<td>Growing need to cope with increasingly complex networks</td>
<td>Latent growth in emerging markets will accelerate</td>
<td>Price sensitivity is low among large buyers</td>
<td>Move towards standardization on IP and MPLS</td>
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Note: Based on report produced by AltmanVilandrie Company commissioned by Net Insight
Strategic focus

• 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
Net Insight Strategic Opportunities and addressable market

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

2012 A B C
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

400 MEUR
600 MEUR
800-900 MEUR
900-1200 MEUR

2012 A B C

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

**Strategic focus**

- **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**

**Response/Actions**

- Continue to gain market share in BMN & DTT
- CATV contribution a way in to CableTV operators
- Leverage new investments and presence in BRIC markets
- Enter through a broadcaster or DTT operator
- The partner network is essential for growth. We shall now leverage our existing partners and new low-entry products
- Focus on service providers also gives the opportunity to reach low-end media access market and new segments
- New product to existing customers.

**Potential new segments**

- **Video Interface & Conversion**
- **Critical Networks**
- **Live OTT**

- Product scope is a key driver in and highly adjacent
- Good technology fit
- Importance of live content OTT/CDN segment - value chain unclear
Net Insight positioning & competitive landscape
Shift in Media content consumption
Historically

Content

Distribution

Consumers

TVFew channels

Terrestrial

CATV

Satellite
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
ONE HUNDRED PERCENT QUALITY OF SERVICE
Improving quality and integrity over IP networks

- Studio Quality
- Broadcaster Quality
- Content Acquisition Quality
- Distribution Quality
- Best effort quality

Higher Packet loss, lower cost links

Net Insight = Net Insight
Other vendors = Other vendors

Dedicated Optical Networks
Dedicated IP Networks
Managed IP Networks
Unmanaged IP Networks

Net Insight Presentation
Nimbra end-to-end solutions over IP networks
## Net Insight’s response to market trends

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- Integrated Nimbra solution
- Service Provider focus
- New cost-effective access equipment
- Local presence
- Positioned in high quality segment
- QoS and reliability
- Unique QoS over IP networks
- IP video focus
Competitive landscape

- Fragmented market with no clear market leader
  - Opportunity to broaden portfolio through integration or M&A
Net Insight’s advantage over competition

- Media Adapters: Not part of the solution
- Data Routers: Not part of the solution
- Media Switch Routers: End-to-end responsibility
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.
LEVERAGE OUR TECHNOLOGY
REAL-TIME
RELIABILITY
SECURITY
GPS INDEPENDENT TIME SYNC
Customer Case – SwissCom
• Information can be found on the Net Insight webpage:
• www.netinsight.net/sv/Customers/Swisscom-Broadcast/
Business and markets
Market Share Net Insight
Based on 2011 revenues and estimated addressable market
• Business in "New Countries"
• Business in “New Countries”
• Leverage Existing Customers
• Business in “New Countries”
• Leverage Existing Customers
• Leverage New Functionality/Products
• Good traction in China
• Good traction in China
• Local Presence
• Good traction in China
• Local Presence
• DTT in progress
- Good traction in China
- Local presence
- DTTs happening

• Global network influencing several Service Providers
• Local Presence
• Local Presence
• Good Traction in China
• Local Presence
DTT is happening
Global network influencing all Service Provider
- Good Traction in China
- Local Presence
- DTT is happening
- Global network influencing all Service Provider

- World Class references
• Good Traction in China
• DTT is happening
• Local Presence
• World Class references
• IP functionality

Global network influencing all Service Provider
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• World Class references
• IP functionality
• Local Presence
• Local Presence
• Local Presence
• Local Presence
• Good Traction in China
• DTT is happening

• Local Presence
• World Class references
• IP functionality

• Local Presence
• World class partners

Global network influencing all Service Provider
• Local Presence
• World Class references
• IP functionality
• China is growing fast
• Local Presence
• DTT is happening
• Global network influencing all Service Provider

• Local Presence
• World class partners
• Significant References
• Selective Cable TV approach

• Local Presence
• World Class references
• IP functionality
• Good Traction in China
• Local Presence
• DTT is happening

Global network influencing all Service Provider

• Local Presence
• World Class Partners
• Significant References
• Selective Cable TV approach
• Leverage One of the largest J2K network
• Local Presence
• World Class references
• IP functionality
• Good Traction in China
• Local Presence
• DTT is happening

Global network influencing all Service Provider

• Local Presence
• World Class Partners
• Significant References
Summary
What’s new, What’s better and What’s next?

1. A real need to manage quality and real-time traffic

2. Well proven and respected solution to improve quality over IP networks

3. Growth opportunities in existing and new segments

4. Competent and focused organization. Scalable performance

5. Strong growth in media traffic will lead to increased network investments where our competitiveness together with a strong Gross Margin would generate a strong financial performance
The information presented herein may contain forward-looking statements. These statements relate to future events or Net Insight’s future performance. Any statements that are not statements of historical fact (including without limitation statements to the effect that Net Insight or its management "believes", "expects", "anticipates", "plans" (and similar expressions) should be considered forward looking statements. There are a number of important factors that could cause Net Insight actual results to differ materially from those indicated by the forward looking statements.