



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

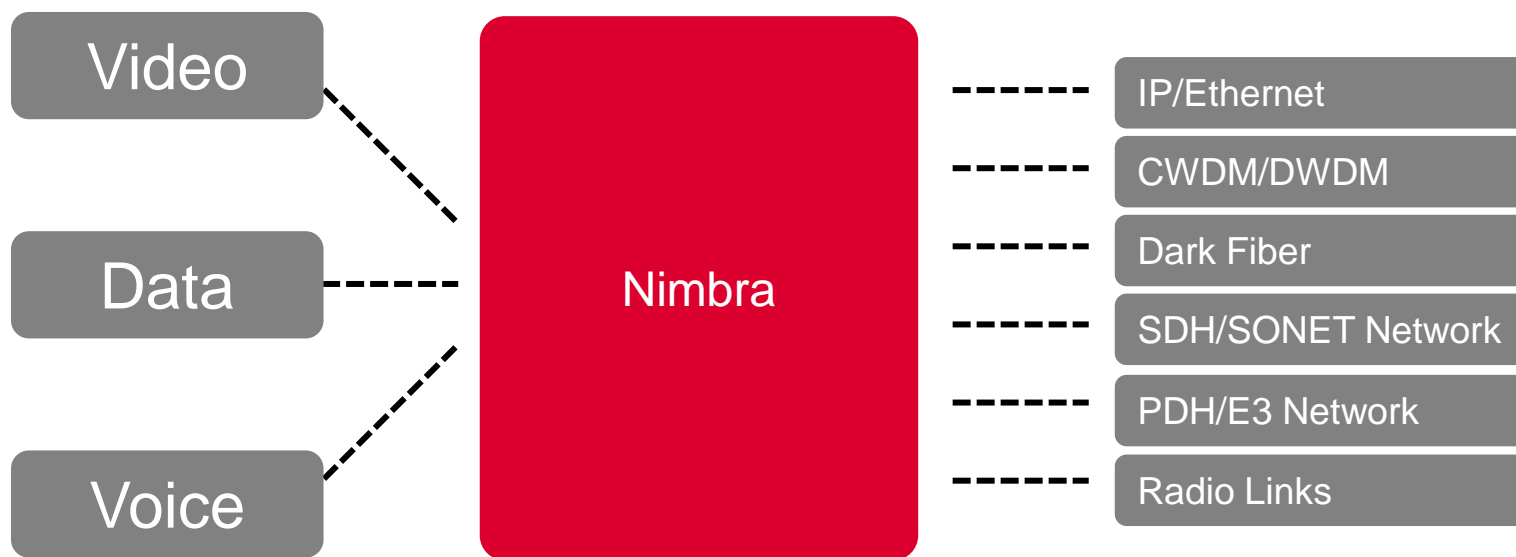
We develop and market network transport equipment and services

- 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)



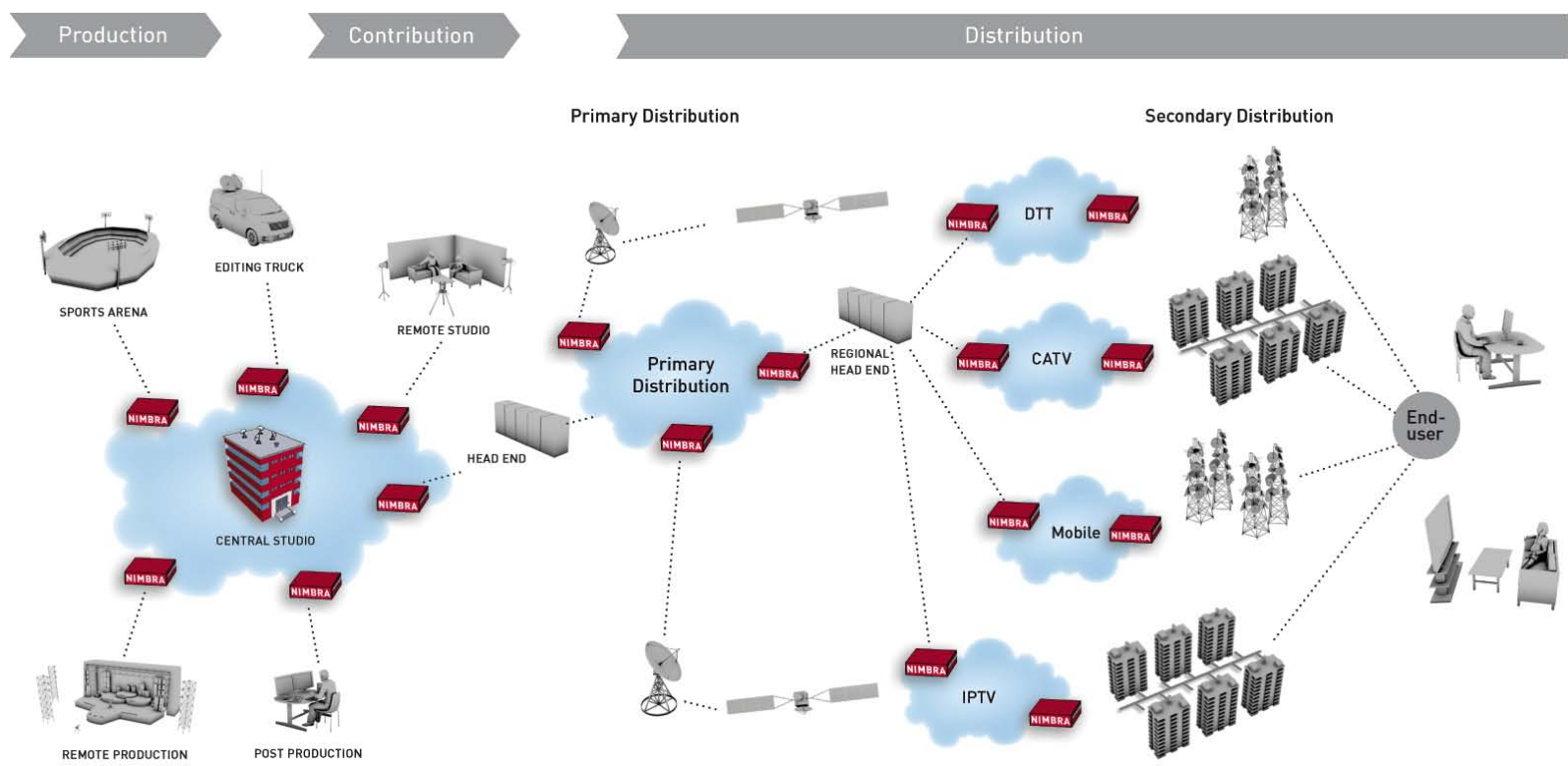
Telcos
National and Regional
DTT operators

CATV/IPTV



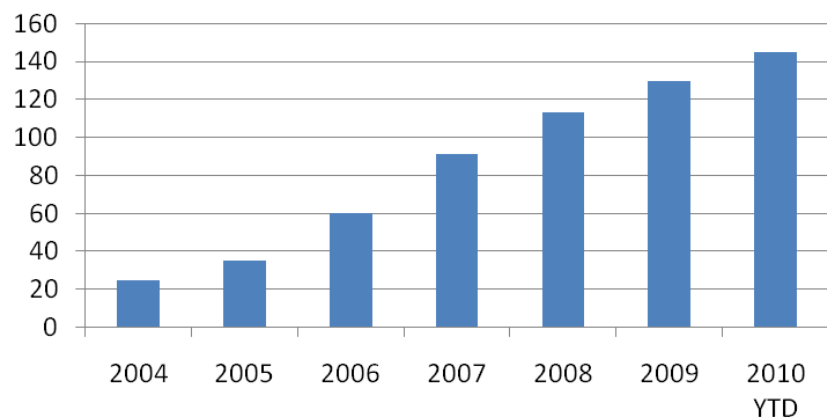
Telcos
CableTV operators

Transport in the content value chain

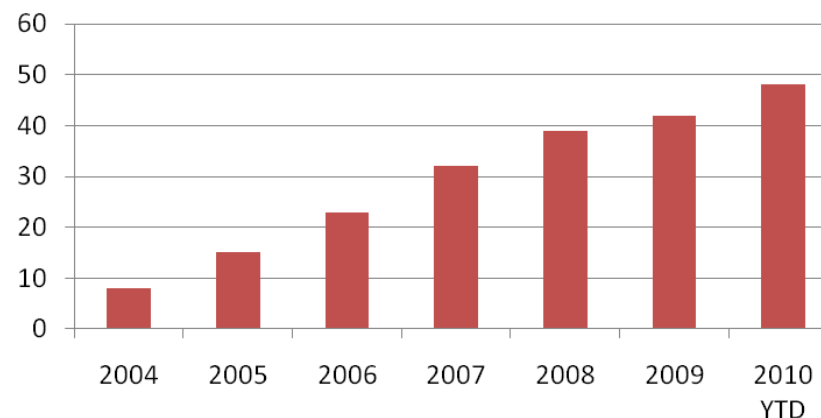


Customers and Countries

Number of Customers

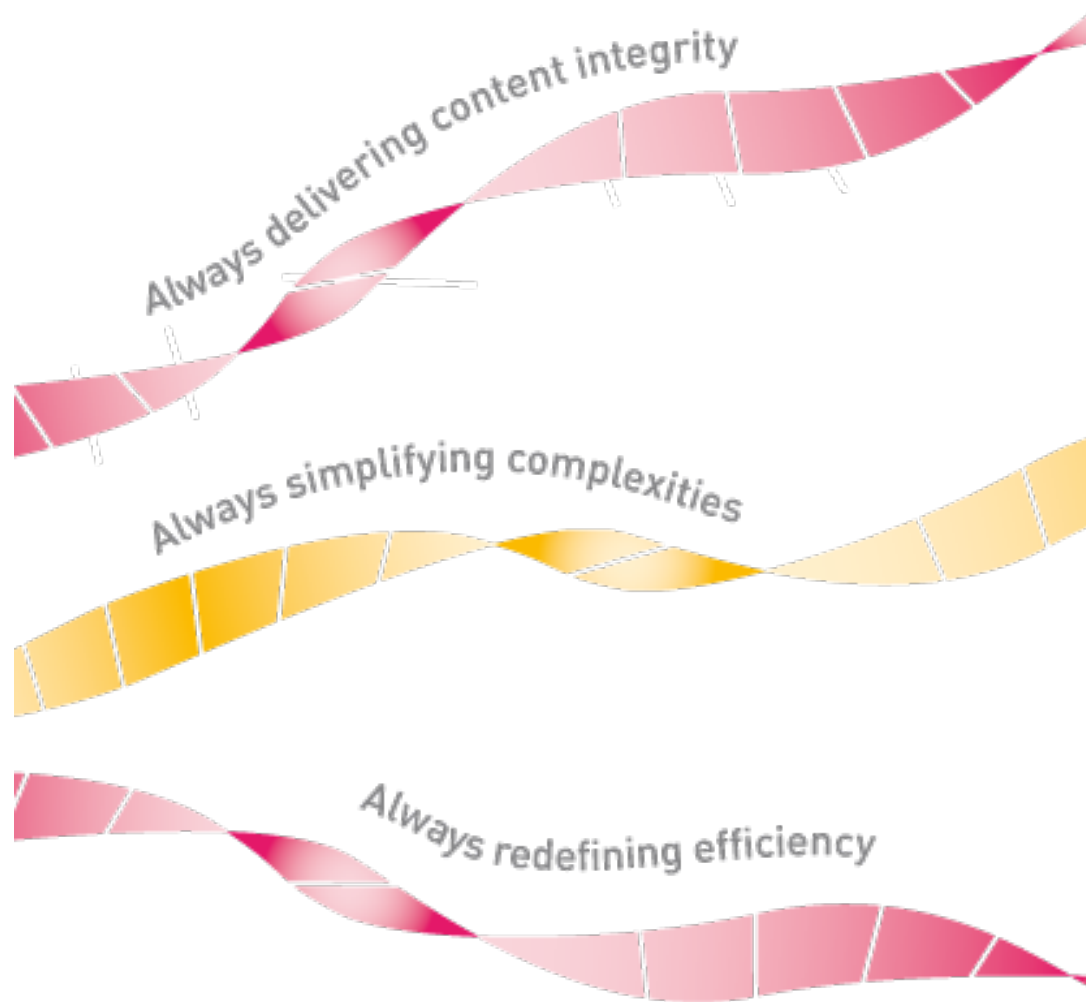


Number of Countries



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

Note: Customer defined as one legal counterpart per Group.



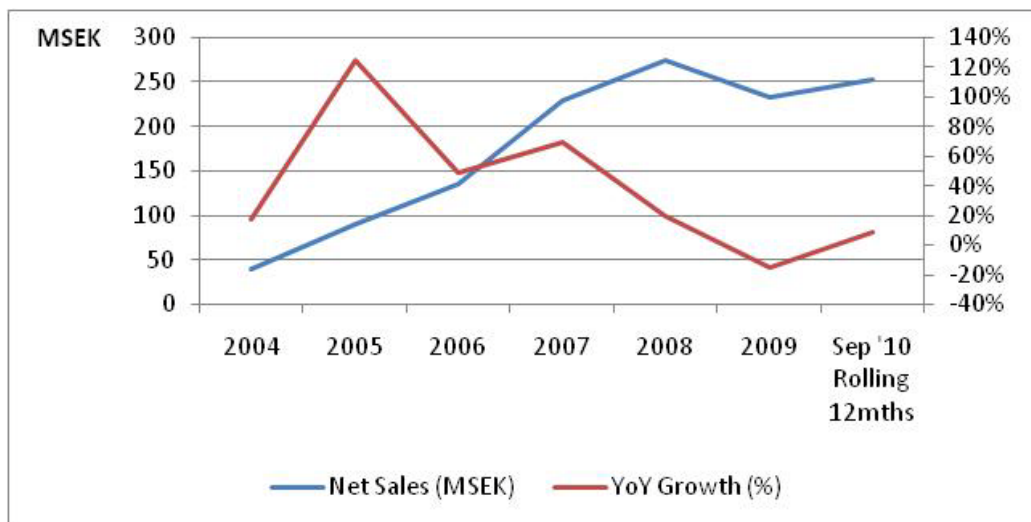


Financial Overview

Thomas Bergström, CFO



Sales Trend - Growth

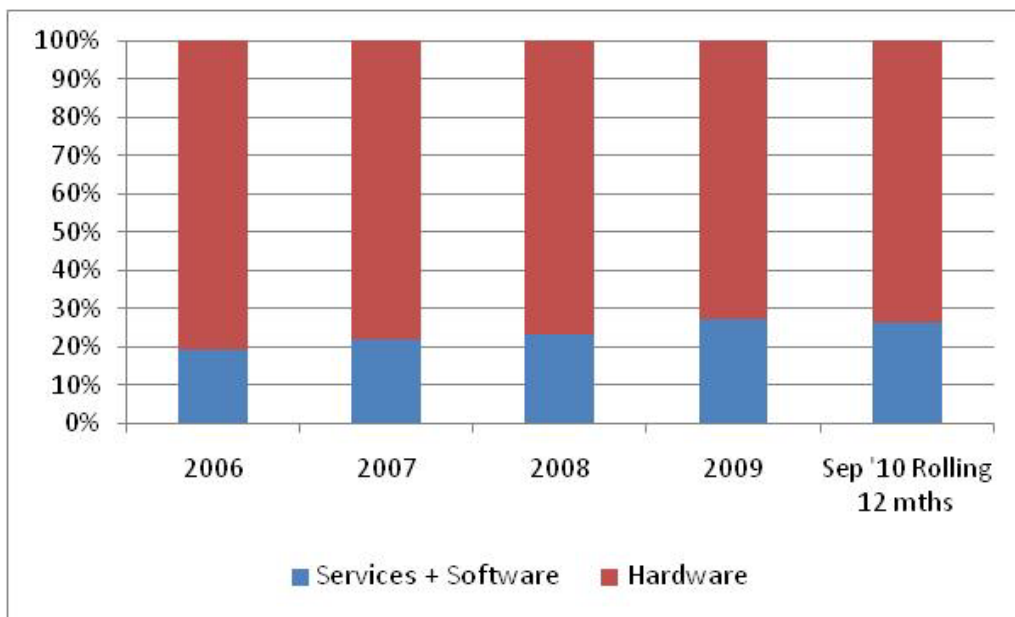


	Q3'10	Q3'09
Net Sales (MSEK)	67,6	57,5
QoQ Growth	18%	
QoQ Growth FX adj	33%	

- 18% QoQ growth despite appreciating Swedish Krona
- Growth from EMEA region and mainly in DTT

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

Sales Trend – Product Mix

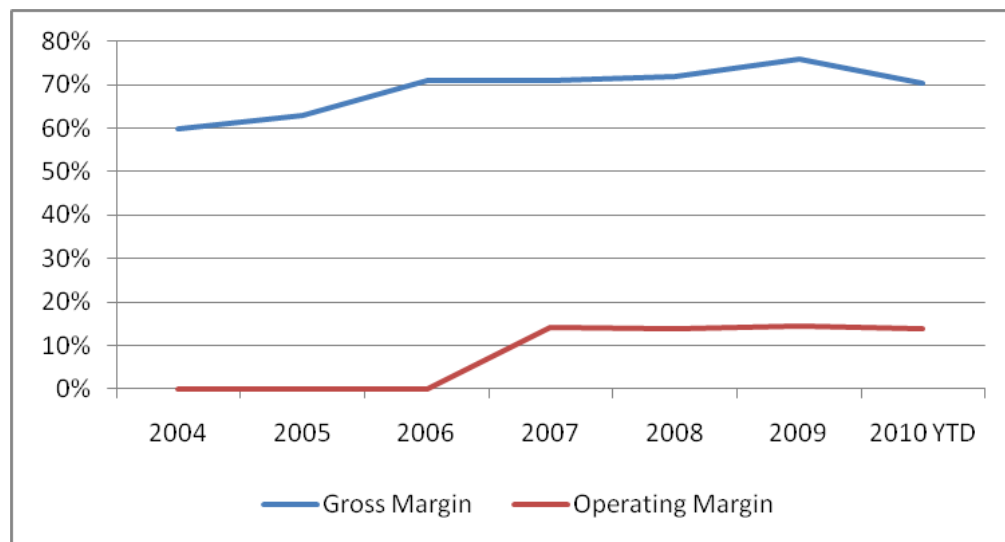


	Q3'10	Q3'09
Hardware	78%	75%
Services + SW	22%	25%

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

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

Margins



Note: 2004-2006 operating margins were negative.

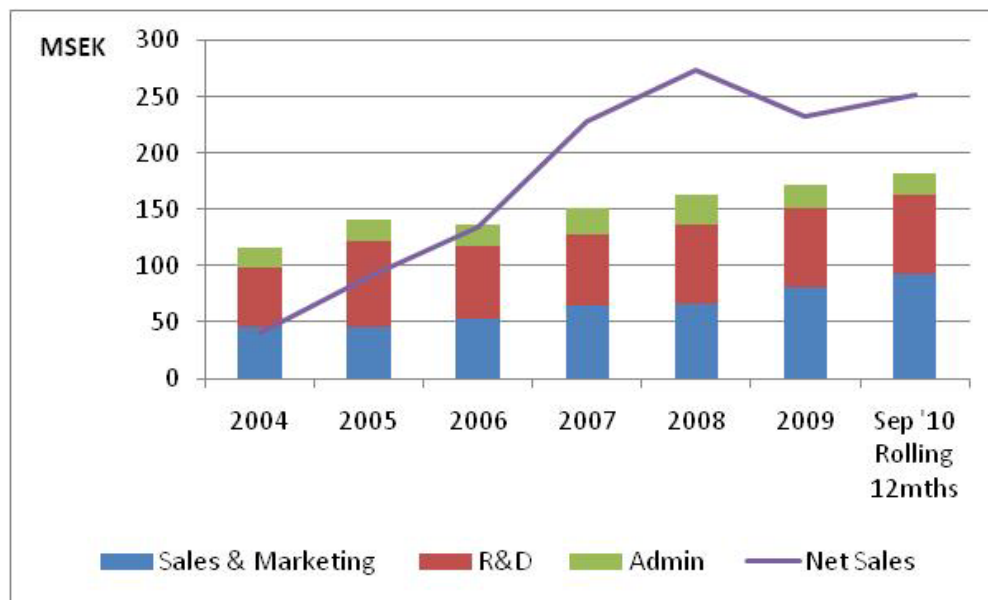
Per cent	Q3'10	Q3'09
Gross Margin	70,2	76,7
Operating Margin	13,7	17,6

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

- 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

OPEX Structure



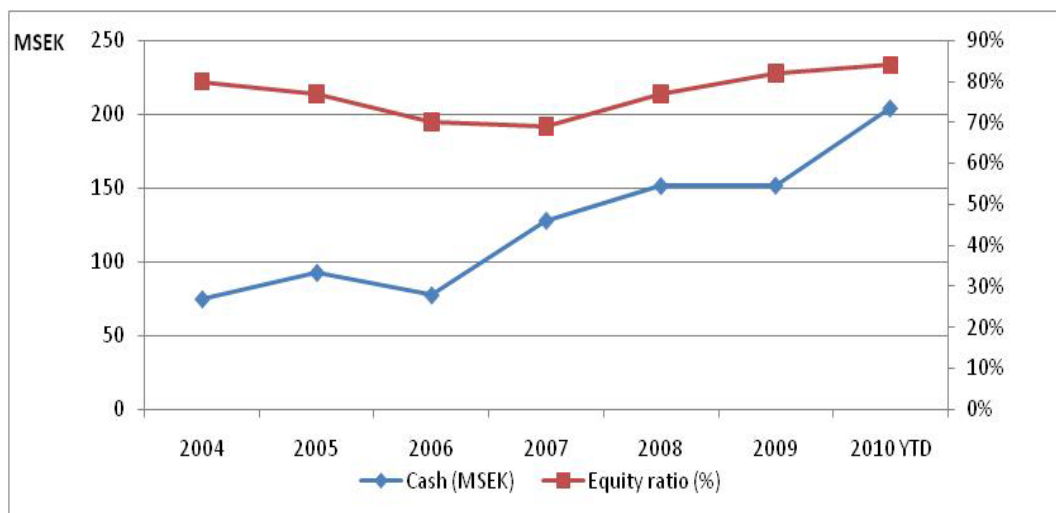
MSEK	Q3'10	Q3'09
Opex	32,1	33,6
Adj Opex	44,4	38,8

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

Note: R&D expenditures are shown in graph and in Adj Opex row in table ie capitalization and depreciation are reversed

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

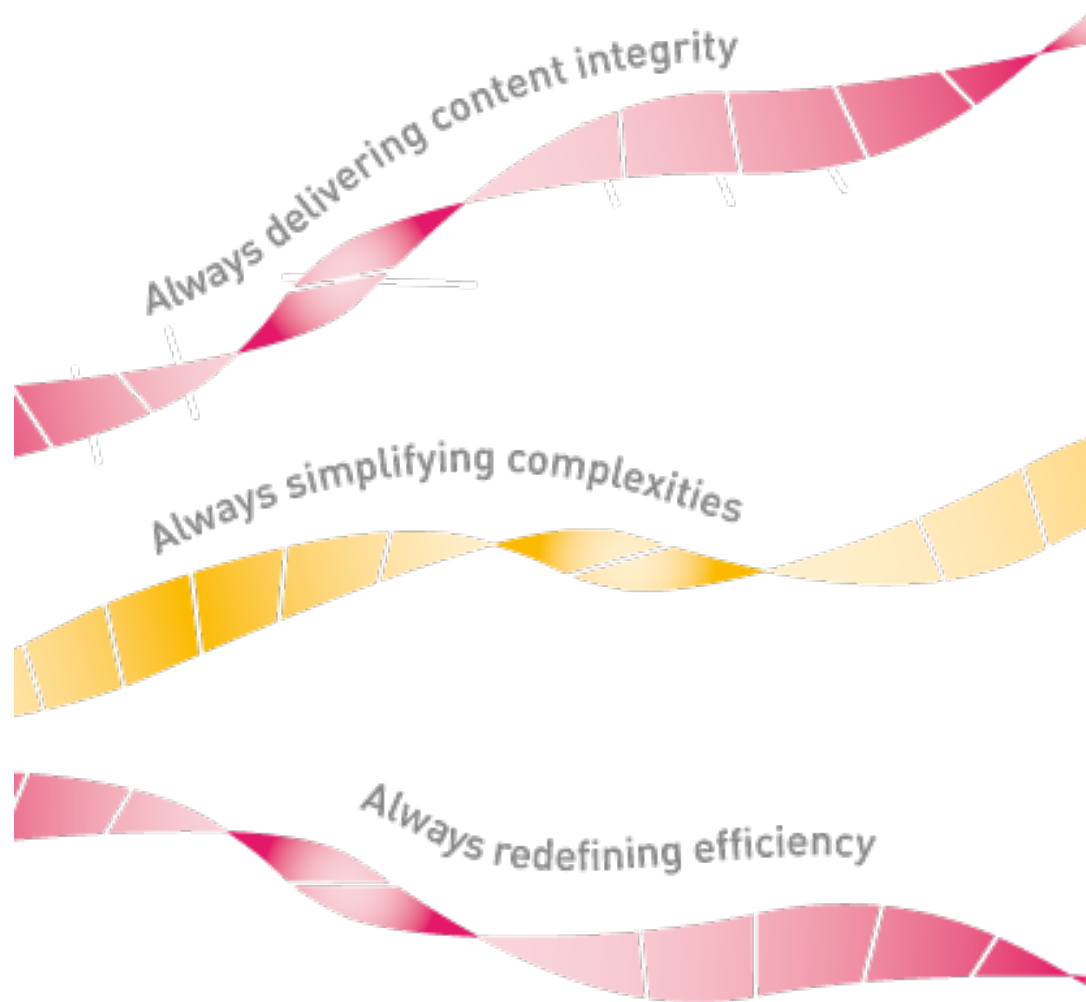
Financially well positioned for growth



MSEK	Q3'10	Q3'09
Cash	204	156
Cash Flow	-4	18
Equity Ratio	84%	80%

- Build-up of account receivables impact Q3'10 cash flow

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



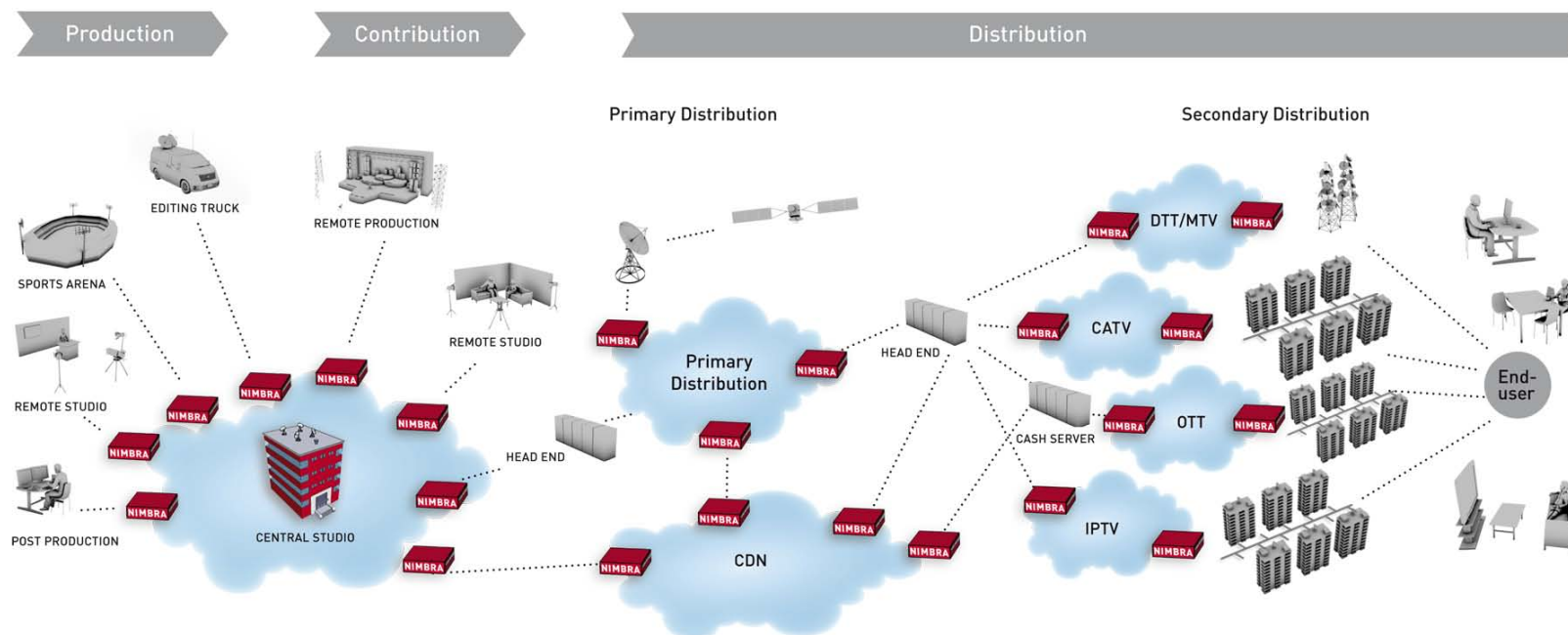


Market Trends and Drivers Media Networking

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



250 MEuro
12% CAGR

Digital Terrestrial TV



100 MEuro
7% CAGR

CATV/IPTV



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 ⇔ HDTV ⇔ 3G-HD ⇔ 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

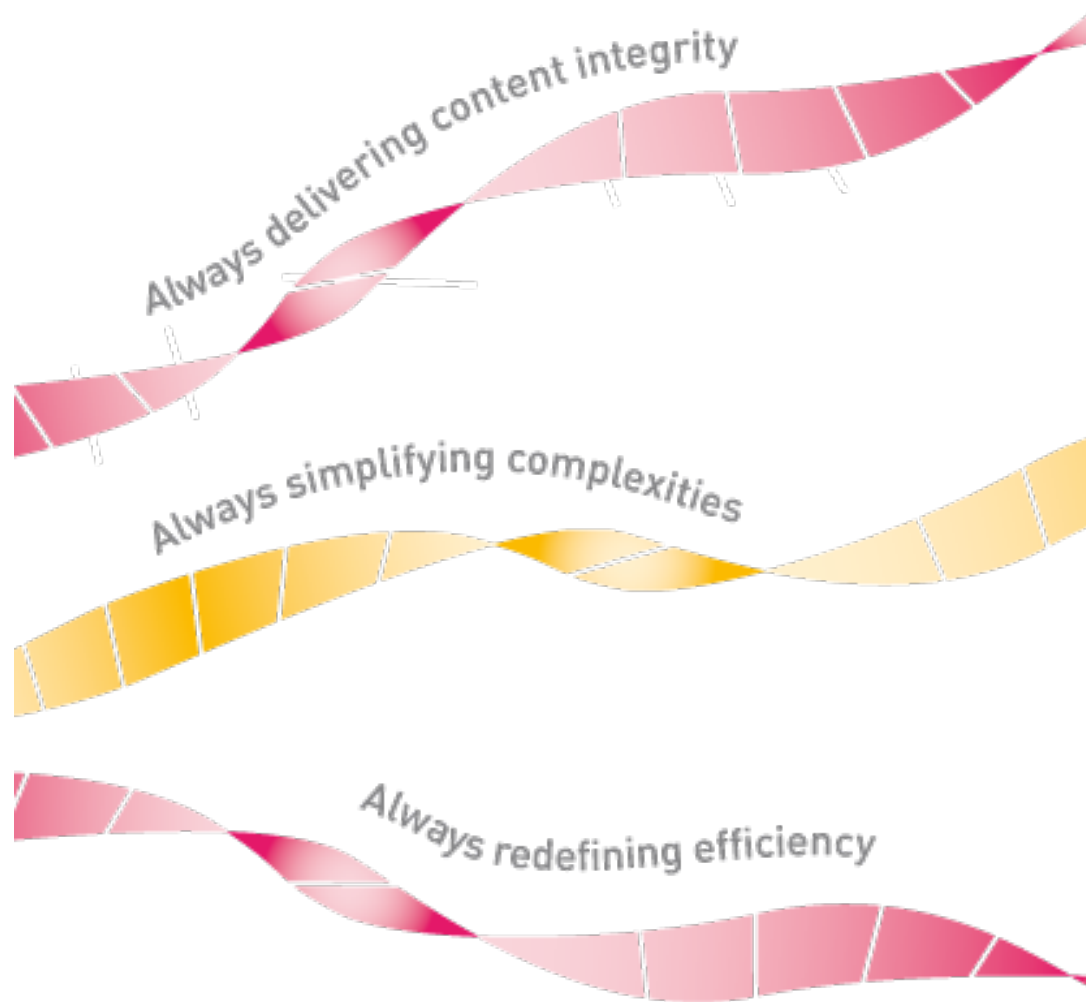
Conclusions

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

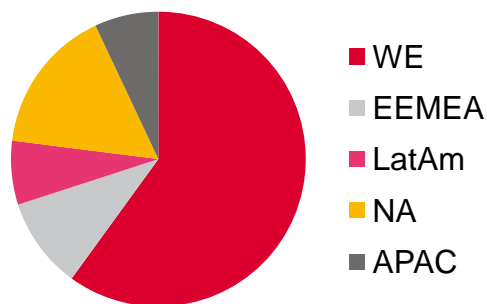
- Core Segments – Broadcast&Media and Digital Terrestrial TV Networks
 - Gain market share, very high hit ratio
 - Enlarged adressable market - adding the access market
 - New verticals - eg Content Delivery Networks, digital cinema, telepresence etc
- Entering the CATV and IPTV segment selectively
 - Through System Integrators and Partners
 - Leverage recent wins in CATV
 - Help scalability and QoS in IPTV roll-outs and Over-the-top

Geographic Expansion

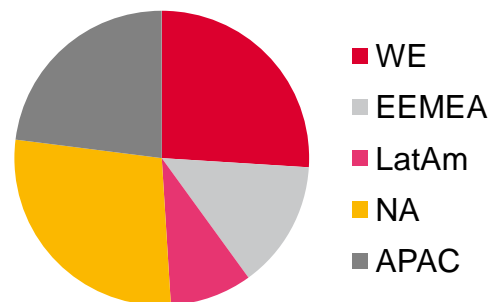
- **Market priority**
 - China, India, and selected markets in the Middle East and Latin America
- **Growth via Indirect Sales through partners**
 - Western Europe and North America 35-45%
 - Asia and Latin America 70-80%
- **Increase business volume per partner**
- **Establishment of new local offices**
 - US, Middle East, Asia
- **Direct Sales for larger projects where "requested"**

Geographic Distribution

Net Insight
Geographic Penetration



Total Media and Optical Communication
Market WW



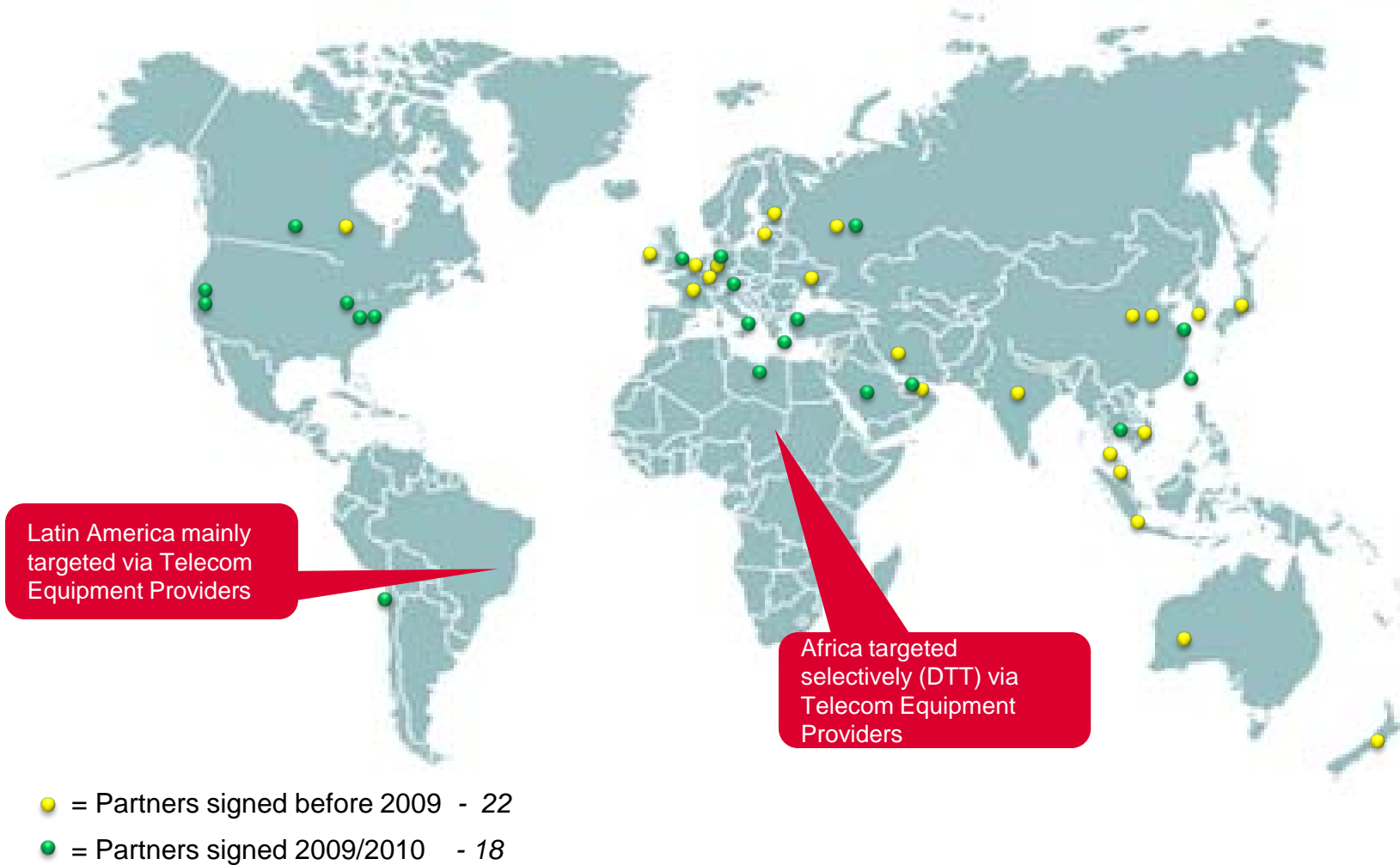
Large untapped potential also in emerging market in core segments

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



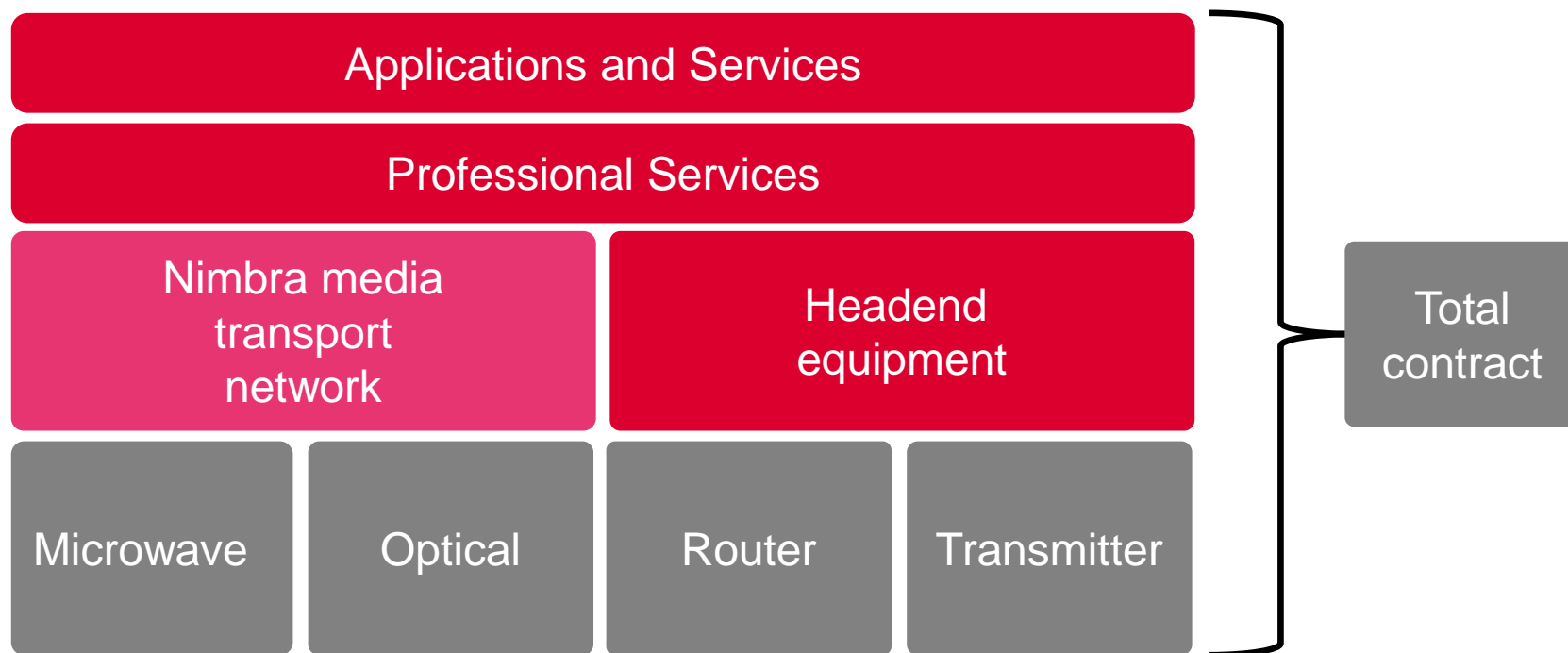
Partnership with Telecom Equipment Providers

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”

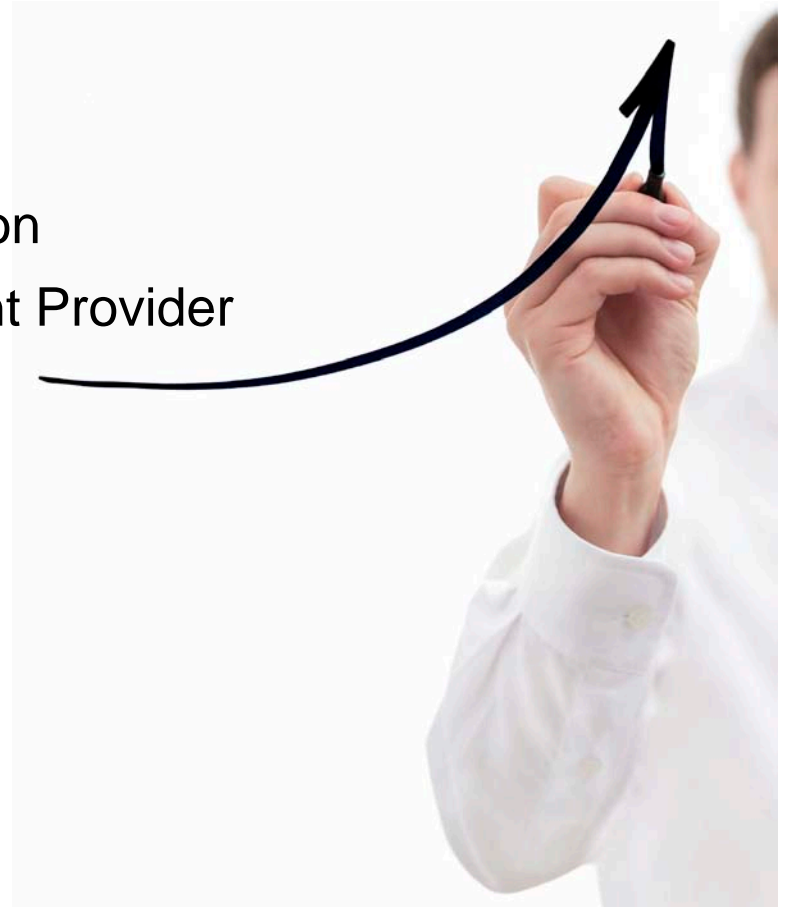


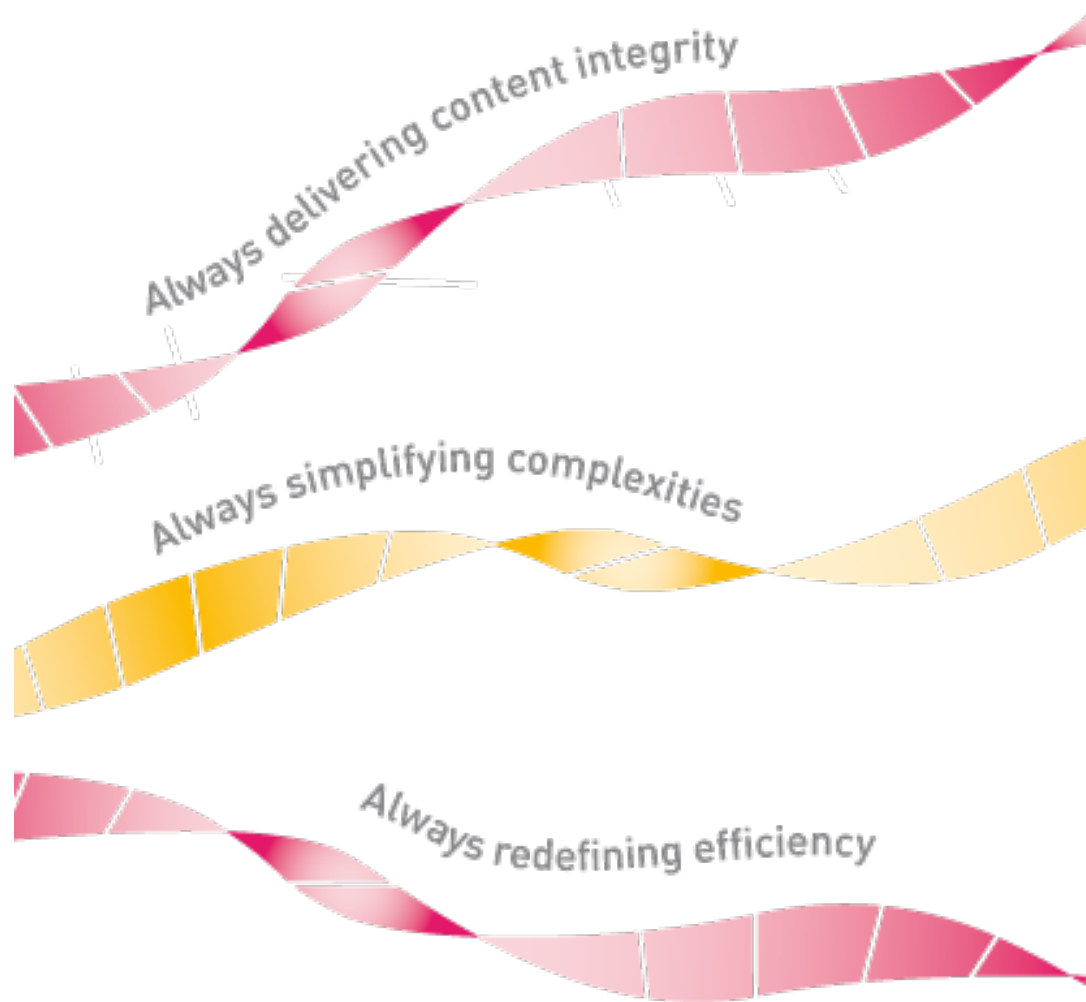
Service Provider Expansion

- 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)







Portfolio Offering

Anders Persson, Executive Vice President



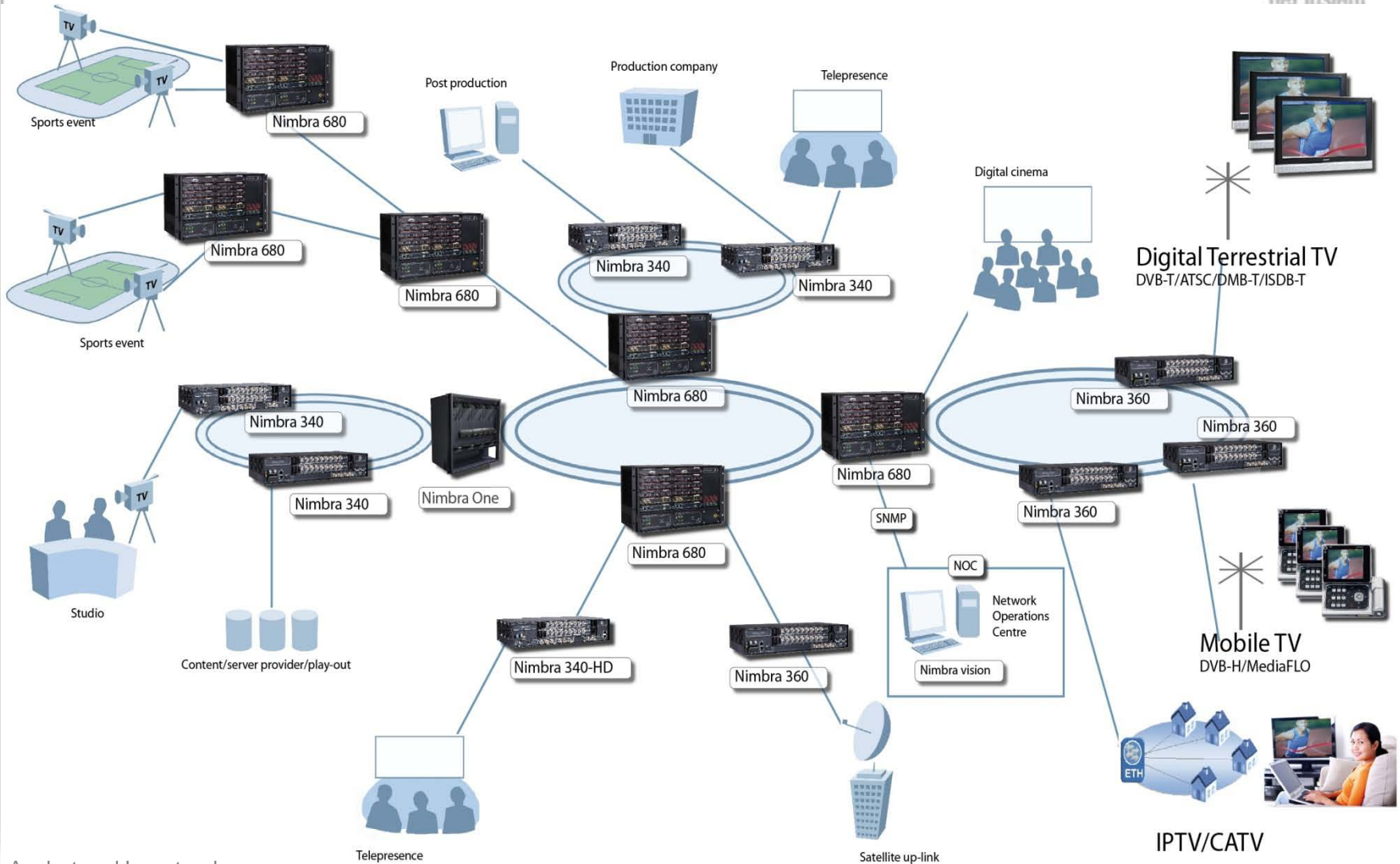
Portfolio Values

- 100% QoS (Quality of Service)
- Bandwidth efficiency
- Simplicity



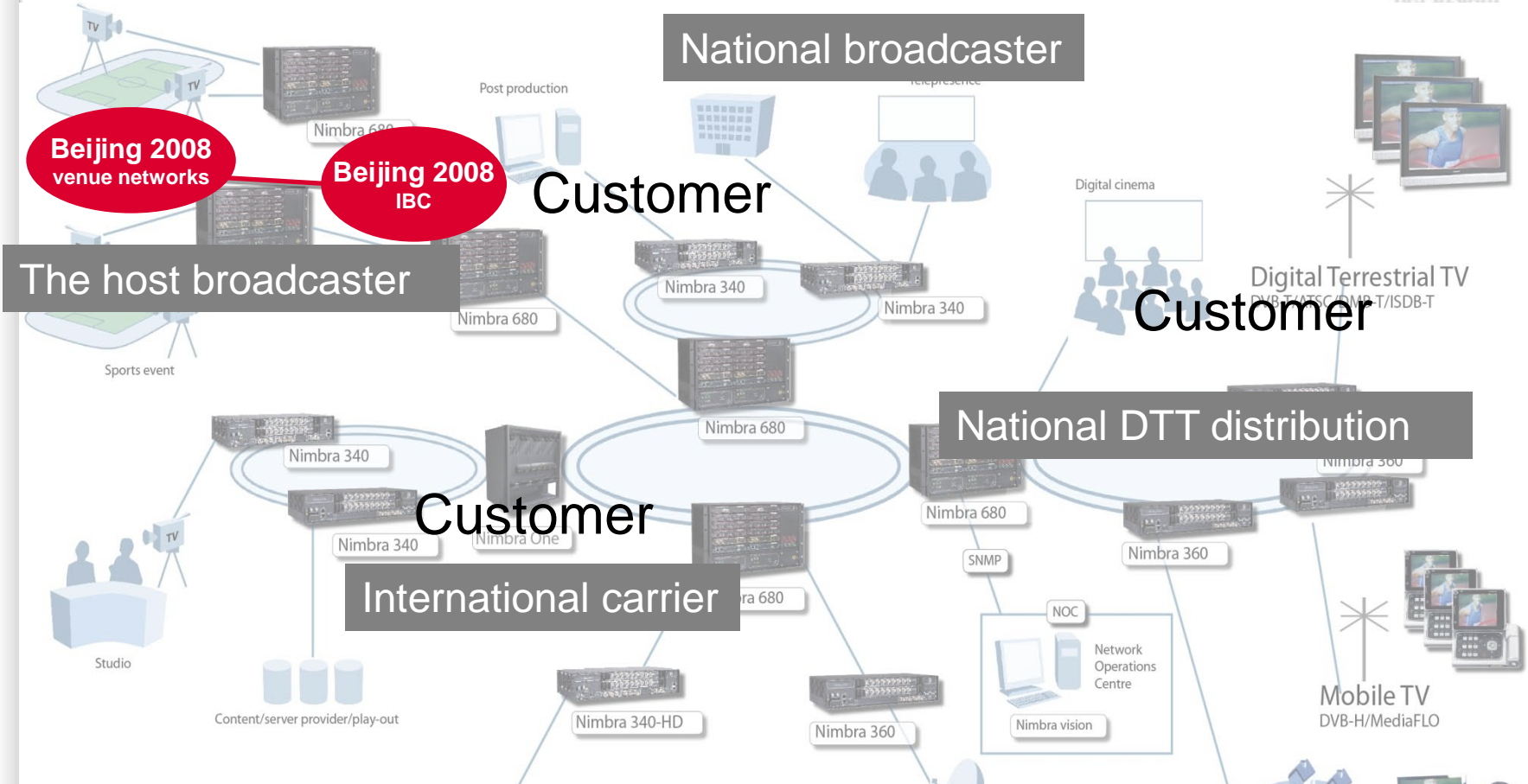
Beijing 2008

From production, contribution to distribution



Beijing 2008

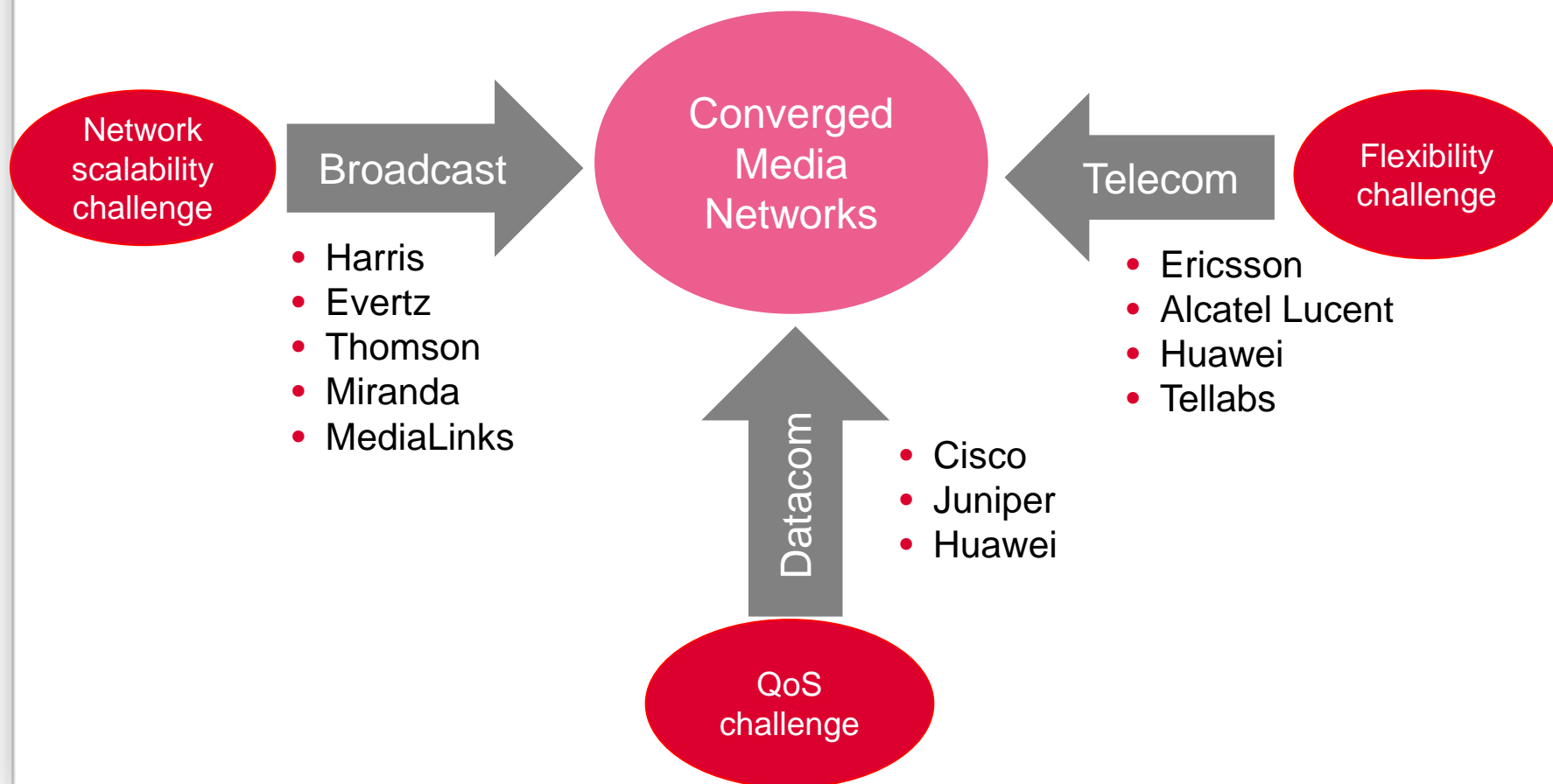
From production, contribution to distribution



Why do operators with very different requirements all select a Net Insight solution for their transport system?

Converged Media Network - Competitive landscape

- Net Insight



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 One

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



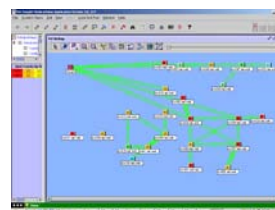
Nimbra 340/340-HD

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



Nimbra 360

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



Nimbra Vision

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

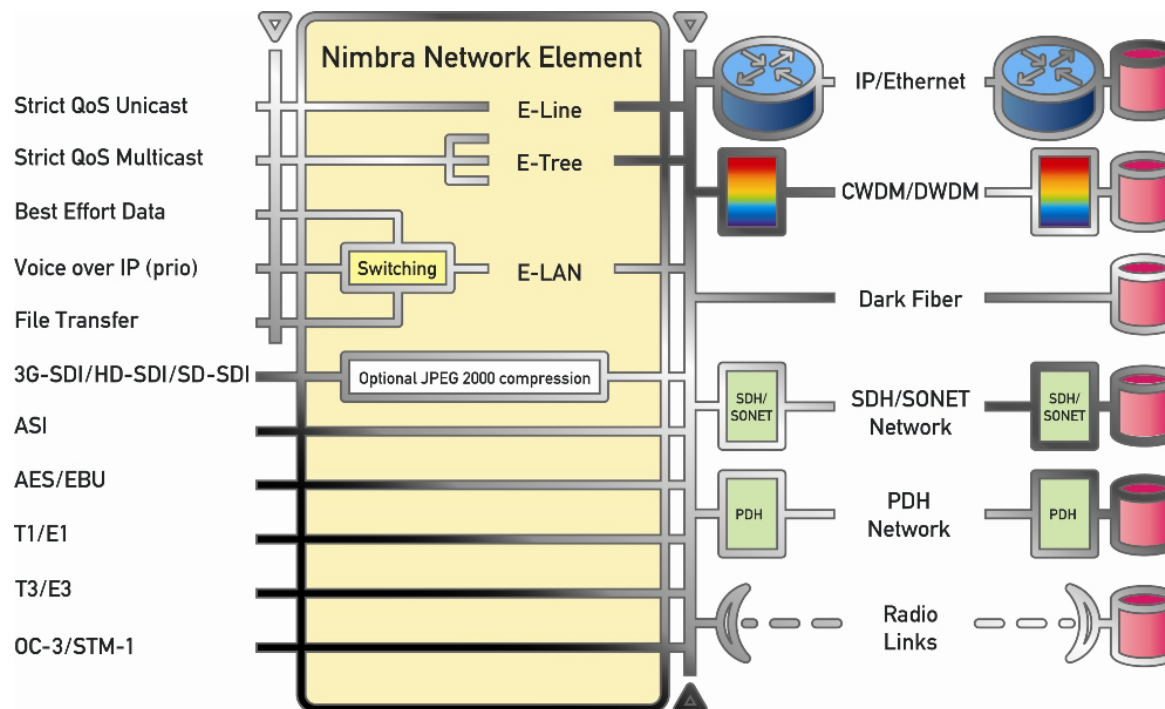


Professional Services

- 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

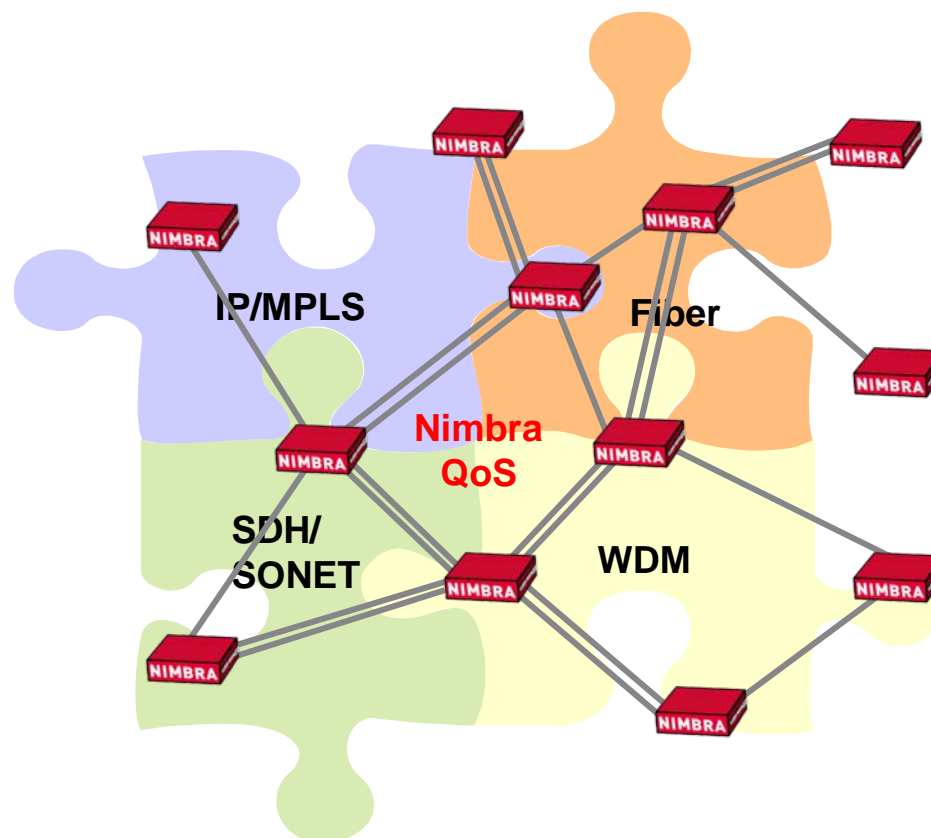
Media Excellence for all-IP or mixed infrastructure

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



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

