ssh tectia™

SSH | Original Secure Shell
10 Years 1995 – 2005

SSH COMMUNICATIONS SECURITY CORP

FINANCIAL RESULTS
January 1 – December 31, 2006

WELCOME!

COPYRIGHT © 2005 SSH COMMUNICATIONS SECURITY CORP. ALL RIGHTS RESERVED.

Agenda

- 4th Quarter Business Review - Arto Vainio
- Financial report Q1-Q4/2006 - Mika Peuranen

COPYRIGHT © 2005 SSH COMMUNICATIONS SECURITY CORP. ALL RIGHTS RESERVED.

SSH | Original Secure Shell
10 Years 1995 – 2005

SSH | Original Secure Shell
10 Years 1995 – 2005

4th Quarter Business Review

Arto Vainio
CEO
SSH Communications Security Corp

COPYRIGHT © 2005 SSH COMMUNICATIONS SECURITY CORP. ALL RIGHTS RESERVED.

4Q highlights – key numbers

- Net Sales 3.3 MEUR
- EBIT +0.5 MEUR, Net profit +0.7 MEUR
- Sales Q4/2005 to Q4/2006 -19 %
- 4 orders above 100 kEUR; largest single order 0.6 MEUR
- Several major deals with good long-term prospects
  - 3 major banks, a leading financial institution, a leading retail chain

- In early Q1: 0.9 MEUR expansion order by a leading US retail chain

COPYRIGHT © 2005 SSH COMMUNICATIONS SECURITY CORP. ALL RIGHTS RESERVED.

SSH | Original Secure Shell
10 Years 1995 – 2005

1-4Q/2006 highlights – key numbers YTD

- Net Sales 9.5 MEUR
- Growth year-to-year +2 %
  - Americas revenue -16 %
  - Europe revenue +55 %
  - Asia revenue +41 %
  - Positive growth in Europe and Asia; issue: timing of large US deals
- EBIT –0.9 MEUR, Net profit –0,2 MEUR
  - EBIT growth 2005 to 2006 +1.7 MEUR
  - All expenses down 1.4 MEUR from 2005
- 8 orders above 100 kEUR; largest single order 0.6 MEUR
- Several major New Product orders
  - SSH Tectia for IBM mainframes

COPYRIGHT © 2005 SSH COMMUNICATIONS SECURITY CORP. ALL RIGHTS RESERVED.

SSH | Original Secure Shell
10 Years 1995 – 2005

SSH Tectia overview

- SSH Tectia is a data security solution aimed at large corporations, financial institutions and government organisations
  - Evolving legislation and standards force our target customers to continu improving their data security
- A system level product with versatile expansion potential in all existin and new accounts
  - Multi-year frame agreements, multi-year maintenance revenue streams
- SSH Tectia upgrades the data security without costly and complex changes of the IT infrastructure
  - Centrally managed for very large scale deployments
  - Seamless security for all essential enterprise operating systems

COPYRIGHT © 2005 SSH COMMUNICATIONS SECURITY CORP. ALL RIGHTS RESERVED.

SSH | Original Secure Shell
10 Years 1995 – 2005

SSH Tectia sales cases and projects

- SSH Tectia projects form one part in large IT infrastructure programs
  - Several projects have been triggered by SOX or PCI audits
  - US leading the trend, Europe and Asia in the next phase
- New regulations and cost of operating data security drive customers to commercially supported platforms such as SSH Tectia
  - Evaluation and consultative sales phases often relatively long
- Often projects purchased in several deployment phases
  - Winning a frame agreement starts a long-term business relationship
- Customers choose us on basis of overall solution value and support

COPYRIGHT © 2005 SSH COMMUNICATIONS SECURITY CORP. ALL RIGHTS RESERVED.

SSH | Original Secure Shell
10 Years 1995 – 2005

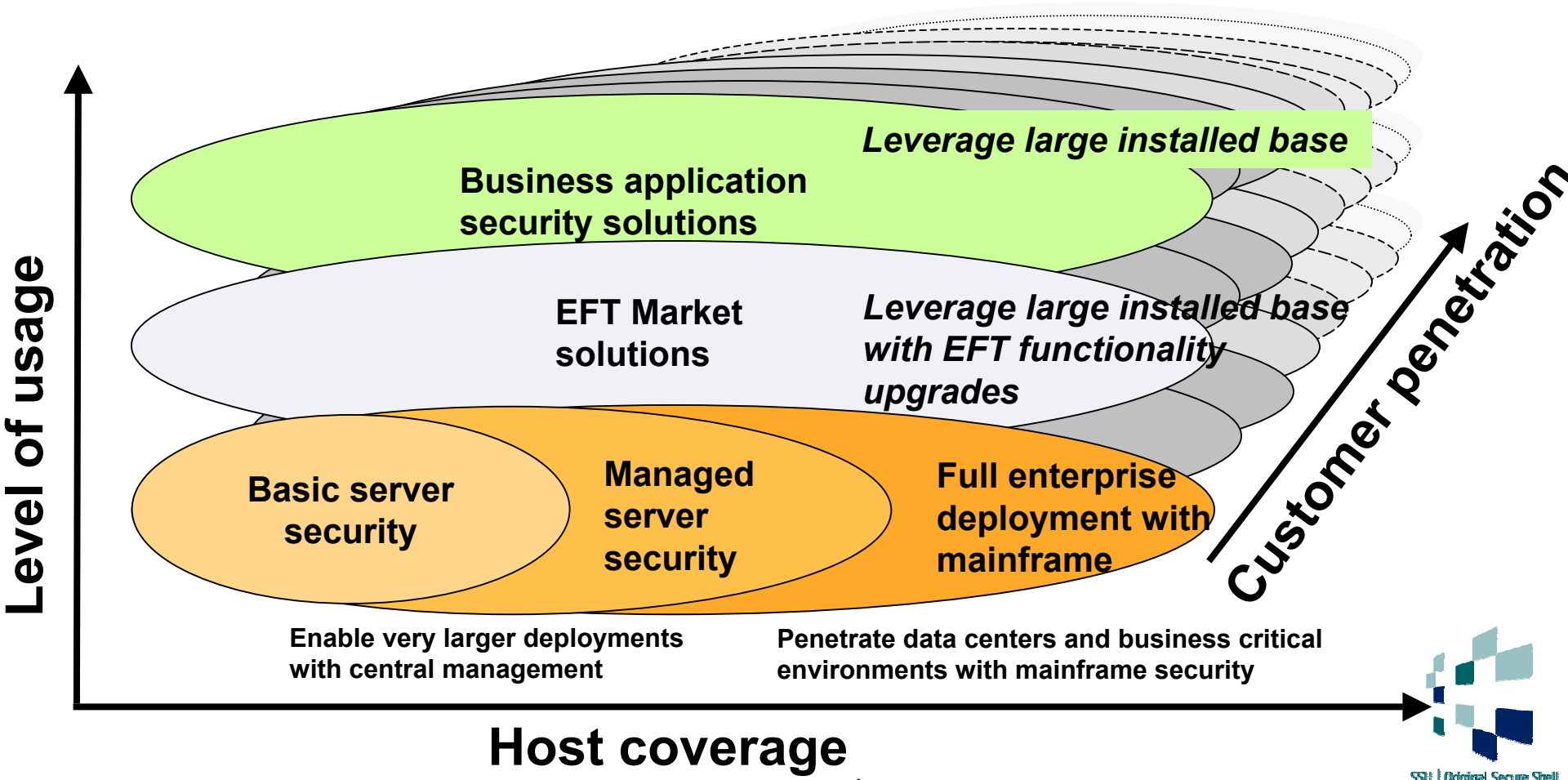
2007 business foundation sound

- Target customers in active evaluation and preparation of new projects all markets
  - Good portfolio of mature, well-developed sales cases
  - Good portfolio of long-term agreements for expansions and up-selling
- New products and applications expand our available market
  - New: Secure data access and transfer for IBM mainframes
  - New: Enhanced file transfer applications
  - New: Secure access to business applications
- Continuing to expand our market coverage by partnering
  - Wider coverage: geographic, customer segment & vertical

COPYRIGHT © 2005 SSH COMMUNICATIONS SECURITY CORP. ALL RIGHTS RESERVED.

SSH | Original Secure Shell
10 Years 1995 – 2005

Product Strategy update



COPYRIGHT © 2005 SSH COMMUNICATIONS SECURITY CORP. ALL RIGHTS RESERVED.

SSH | Original Secure Shell
10 Years 1995 – 2005

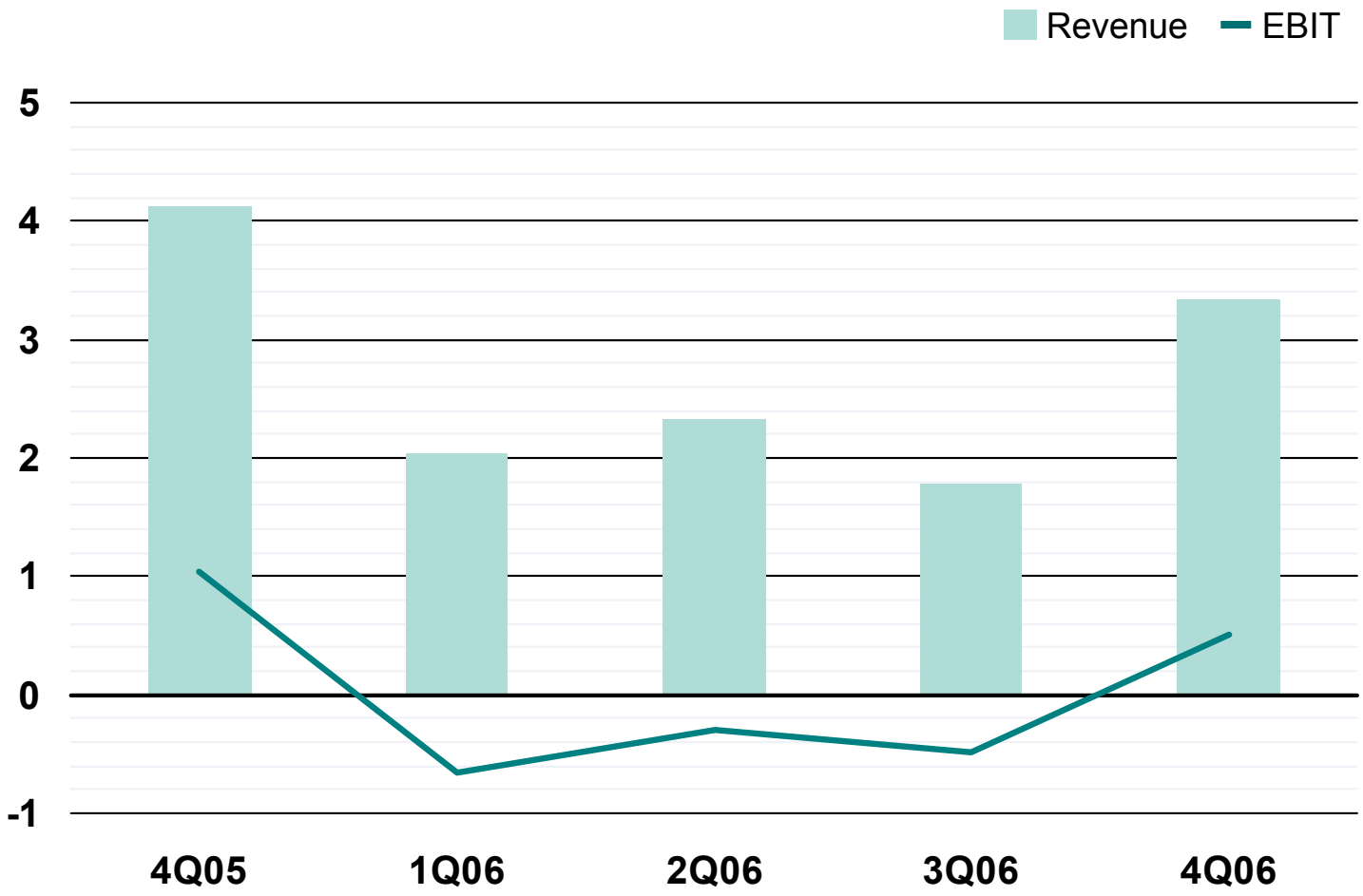
SSH | Original Secure Shell
10 Years 1995 – 2005

FINANCIALS
January 1 – December 31, 2006

Mika Peuranen
CFO
SSH Communications Security Corp

COPYRIGHT © 2005 SSH COMMUNICATIONS SECURITY CORP. ALL RIGHTS RESERVED.

Revenue and EBIT by quarter



COPYRIGHT © 2005 SSH COMMUNICATIONS SECURITY CORP. ALL RIGHTS RESERVED.

SSH | Original Secure Shell
10 Years 1995 – 2005

Financial Highlights 1-4Q06

- Net sales EUR 9.5 million (EUR 9.3 million in 2005)
- Operating loss EUR –0.9 million (EUR –2.6 in 2005)
- During the fourth quarter revenue decreased 19.2 % compared to the last year's fourth quarter
- Fixed costs decreased by EUR 1.4 million compared to the previous year
- Strong balance sheet and financial position
  - **Equity ratio 92.5 % (92.8%)**
- The decision of the Annual Shareholders Meeting on March 21, 2006 regarding the decrease of the company's share premium fund and return of capital to the shareholders was implemented on 21 July. The amount distributed was euro 7.1 million, 0.25 per share.

COPYRIGHT © 2005 SSH COMMUNICATIONS SECURITY CORP. ALL RIGHTS RESERVED.

Key Financials 1-4Q06

EUR 1000	1-4Q06	% of sales	1-4Q05	% of sales
Revenues	9 456		9 297	
Purchasing and Production Costs	55	0.6 %	86	0.9 %
Gross Margin	9 401	99.4 %	9 212	99.1 %
Research and Development	3 370	35.6 %	3 424	36.8 %
Sales and Marketing	5 680	60.1 %	6 738	72.5 %
Administration	1 628	17.2 %	1 936	20.8 %
Other Operating Income	358	3.8 %	241	
EBIT	-920	-9.7 %	-2 645	-28.5 %
Financial Income and Expenses	693		630	
Profit before taxes	-227	-2.4 %	-2 015	-21.7 %
Personnel	80		75	

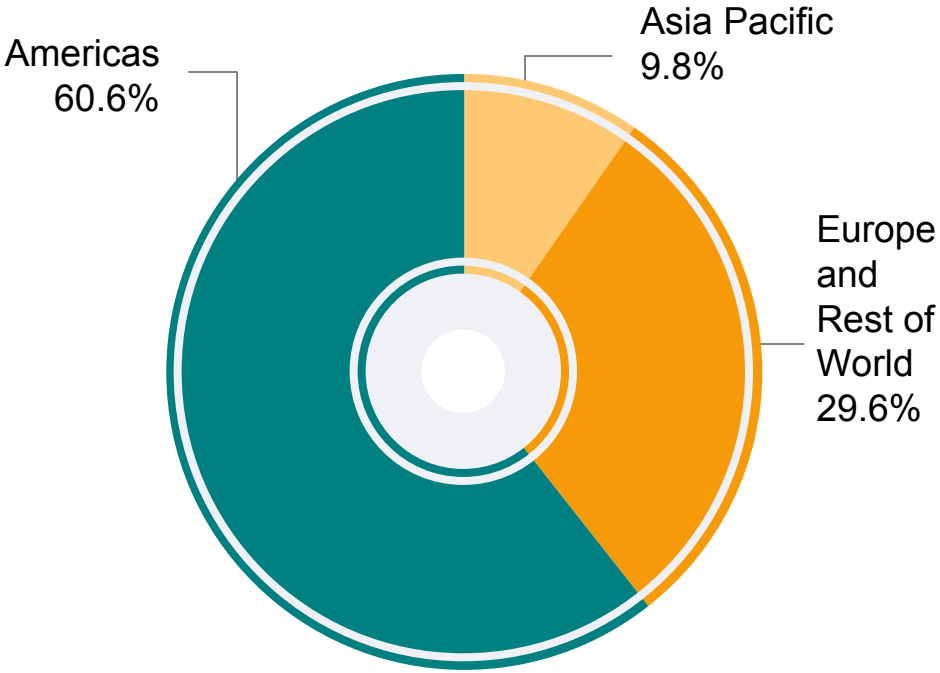
COPYRIGHT © 2005 SSH COMMUNICATIONS SECURITY CORP. ALL RIGHTS RESERVED.

Quarterly Financials 3Q05–4Q06

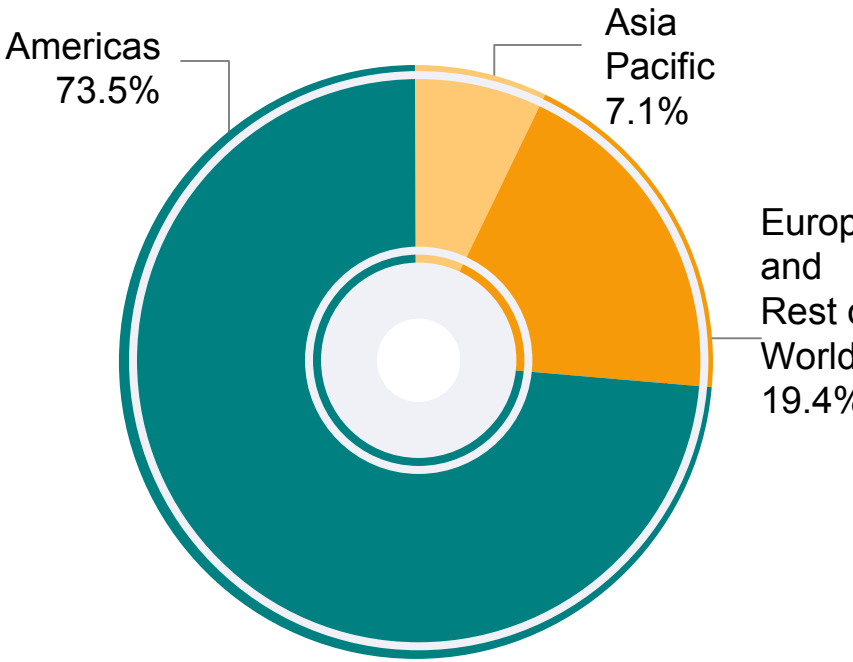
EUR 1000	4Q06	3Q06	2Q06	1Q06	4Q05	3Q05	2006
Revenues	3 329	1 770	2 320	2 037	4 118	2 358	9 456
Gross Margin	3 321	1 752	2 306	2 022	4 090	2 335	9 401
Research and Development	933	749	825	863	810	748	3 370
Sales and Marketing	1 562	1 244	1 534	1 340	1 867	1 381	5 680
Administration	425	354	381	468	430	449	1 628
Other Operating Income	106	106	146	-	60	60	358
EBIT	506	-488	-289	-649	1 043	-183	-920
Personnel	80	78	85	82	75	79	80

COPYRIGHT © 2005 SSH COMMUNICATIONS SECURITY CORP. ALL RIGHTS RESERVED.

Net Sales by Market in 1-4Q06



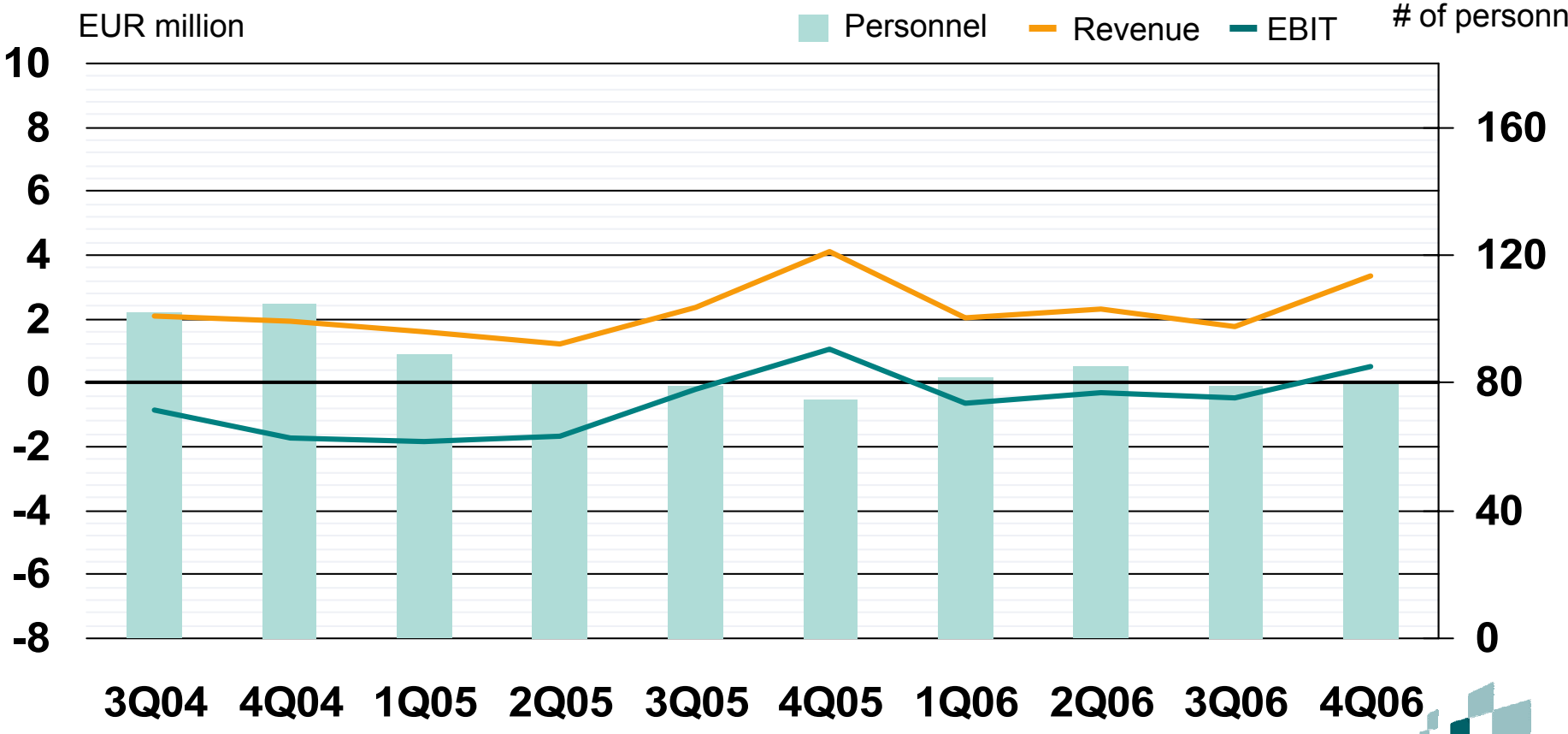
1-4Q06 EUR 9.5 million



1-4Q05 EUR 9.3 million

COPYRIGHT © 2005 SSH COMMUNICATIONS SECURITY CORP. ALL RIGHTS RESERVED.

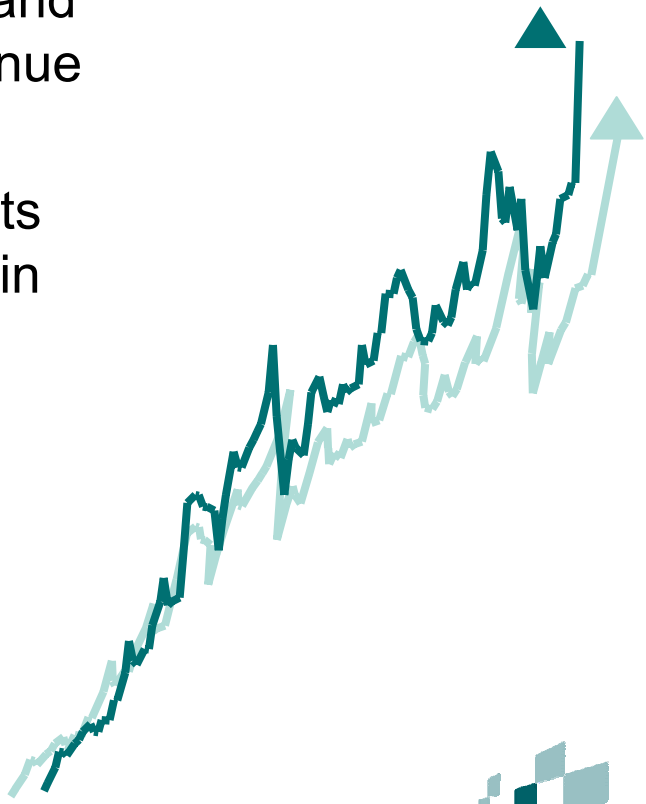
Development of Number of Personnel, Revenue and EBIT



COPYRIGHT © 2005 SSH COMMUNICATIONS SECURITY CORP. ALL RIGHTS RESERVED.

Outlook for 2007

- Due to the large size of individual orders orders and uncertainty of timing, significant variance of revenue per quarter may occur
- SSH is in a good position to continue improving its profitability and aims to be a profitable company in 2007.



COPYRIGHT © 2005 SSH COMMUNICATIONS SECURITY CORP. ALL RIGHTS RESERVED.

SSH | Original Secure Shell
10 Years 1995 – 2005

Further Information:

Arto Vainio, CEO **+358 20 500 7400**
Mika Peuranen, CFO **+358 20 500 7419**

http://www.ssh.com/investors/

THANK YOU!

COPYRIGHT © 2005 SSH COMMUNICATIONS SECURITY CORP. ALL RIGHTS RESERVED.