



proofpoint®

Investor Presentation

December 2020

SAFE HARBOR

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Proofpoint Overview

People-centric cybersecurity and compliance platform

Compelling business model with >95% recurring revenues and strong free cash flow generation

Product expansion fuels growth, market share gains and a \$1B+ upsell opportunity

Large and growing \$19B+ total addressable market (TAM)

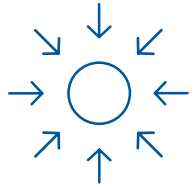
**\$888M FY2019
REVENUE**
(24% increase Y/Y)*

**\$200M+ FY2019
Free Cash Flow**
(23% of revenue)*

**Exceptional Execution
Track Record**

**7,100+ Enterprise
Customers**
(including over 50% of the Fortune 1000)

Strong Secular Drivers Fueling Growth Opportunity



Dynamic Threat Landscape

Malware and non-malware attacks



Move to the Cloud

Strong growth of Office 365, G Suite and other SaaS applications

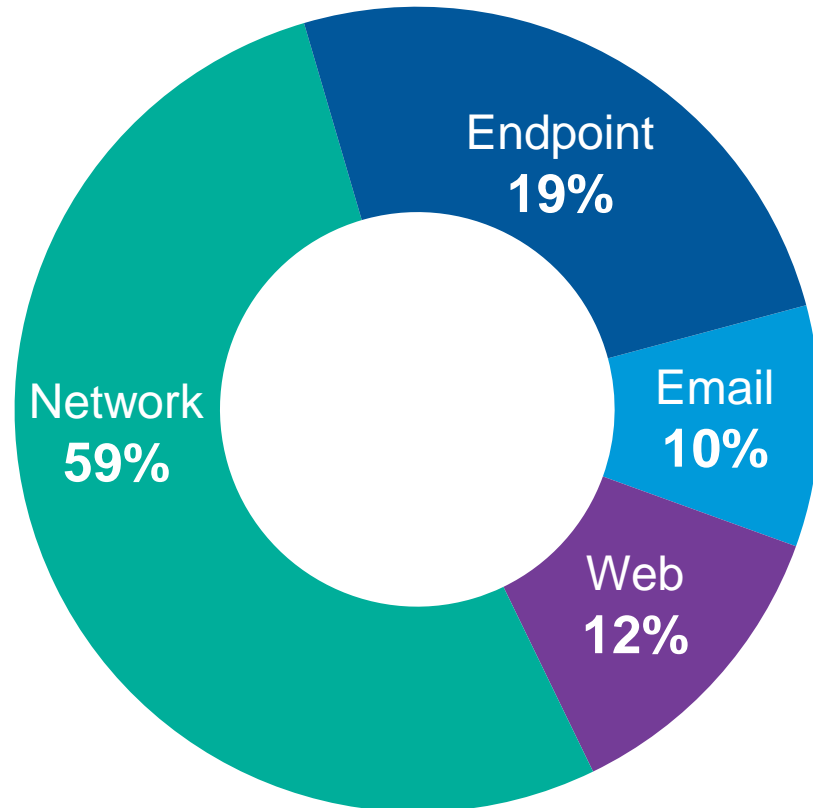


Email is #1 Threat Vector*

90%+ advanced threats propagated via email

Defenders Don't Focus on People, Attackers Do

SECURITY SPENDING



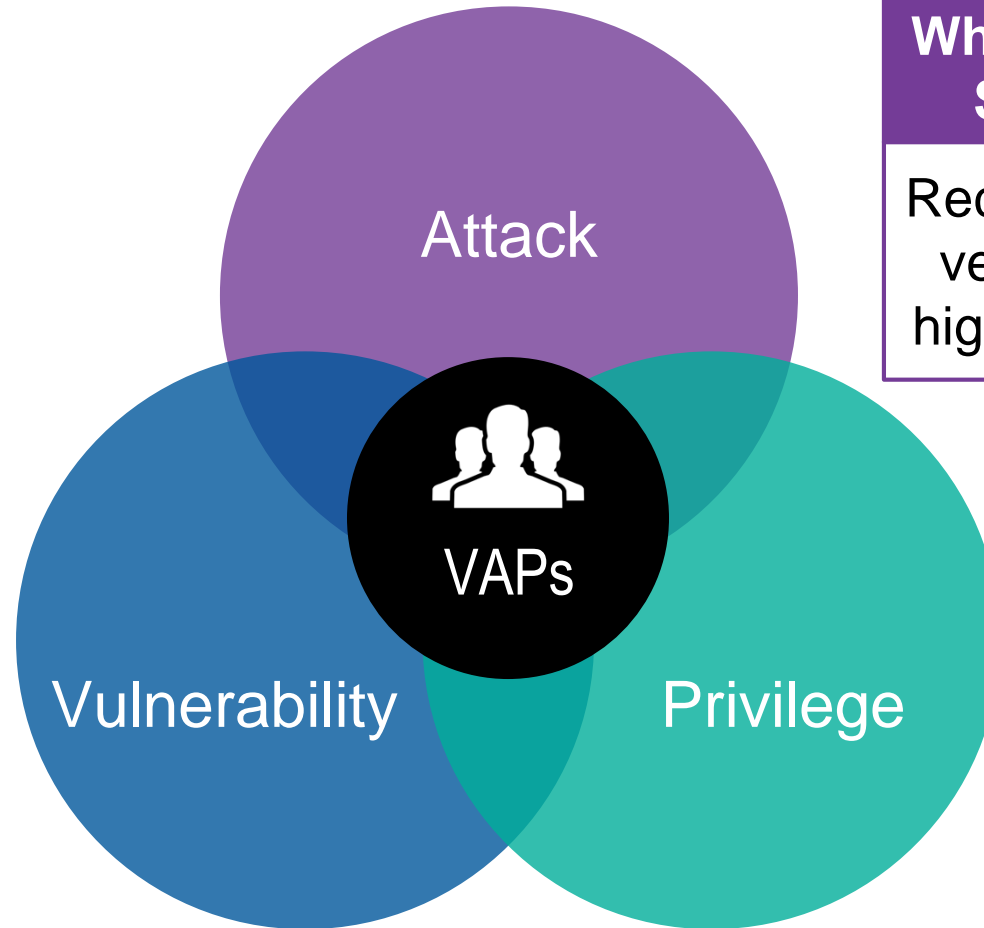
Source: Gartner Information Security, Worldwide 2017-2023, 2Q 2019 update (2019 forecast)

BREACHES



Source: 2020 Verizon DBIR

Protecting Very Attacked People (VAPs)



Who is Likely to Fall for those Threats?

Clicks on malicious content, fails awareness training, or uses risky devices or cloud services

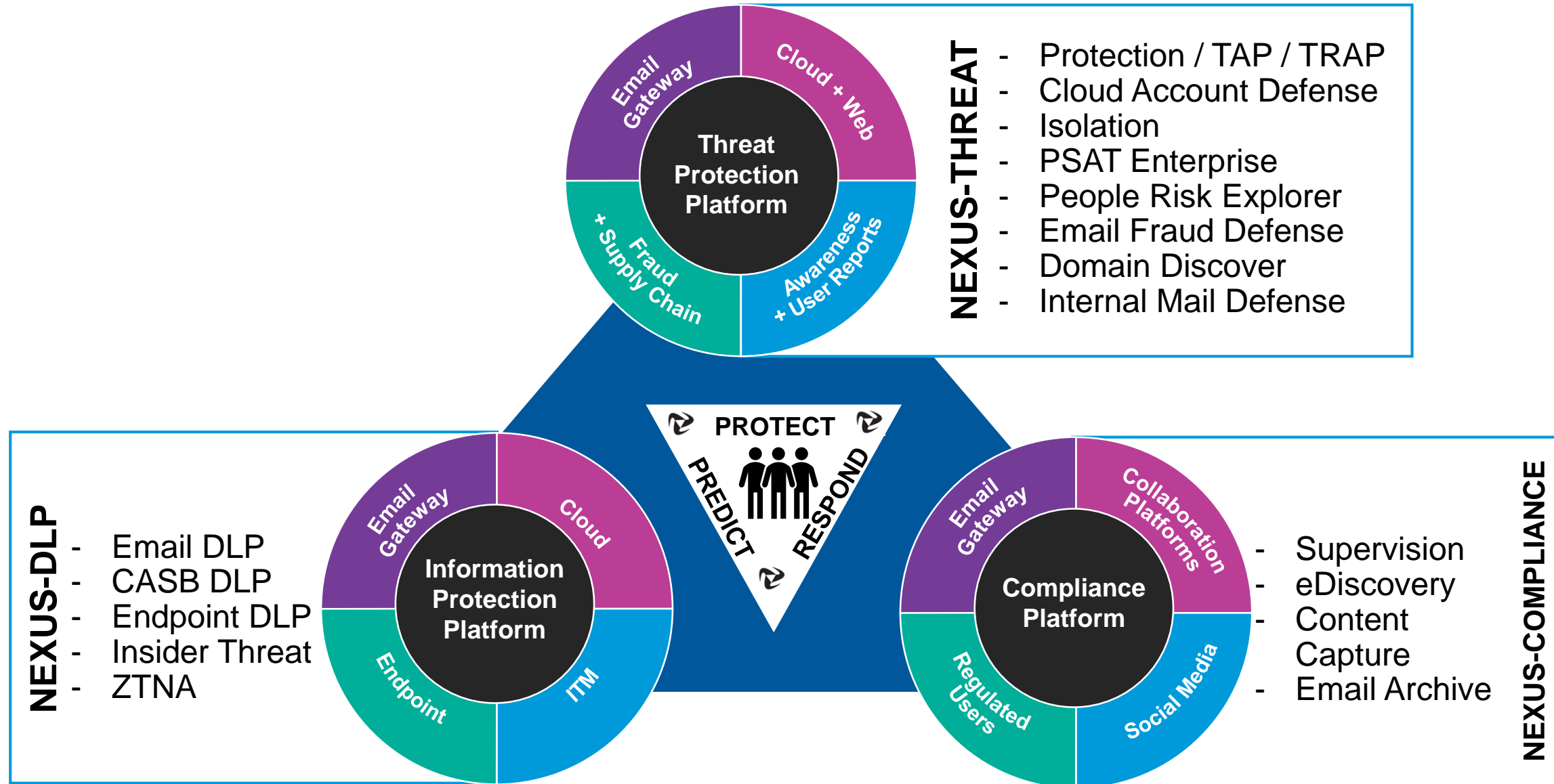
Who Gets Targeted by Serious Threats?

Receive highly targeted, very sophisticated, or high volumes of attacks

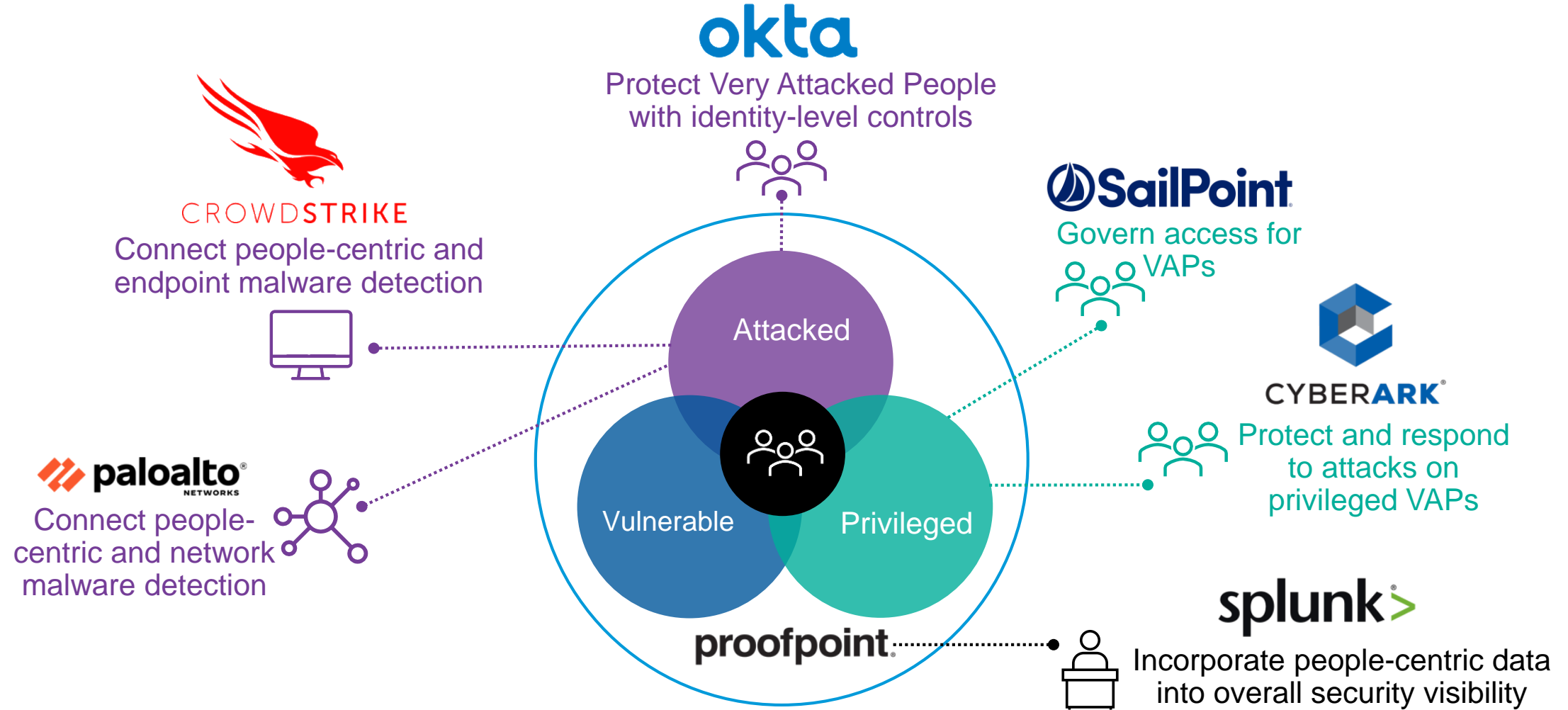
Who Represents Risk to the Organization?

Can access critical systems or sensitive data, or can be a vector for lateral movement

Blueprint for People-Centric Security and Compliance



People-Centric Integrations with Next Gen Leaders



Why Customers Choose Proofpoint



Leadership position in email security which is the #1 threat vector



Overall product efficacy and real-time threat intelligence



Cybersecurity and compliance services delivered globally as a SaaS service



Broad portfolio of industry leading solutions across email, cloud and web vectors

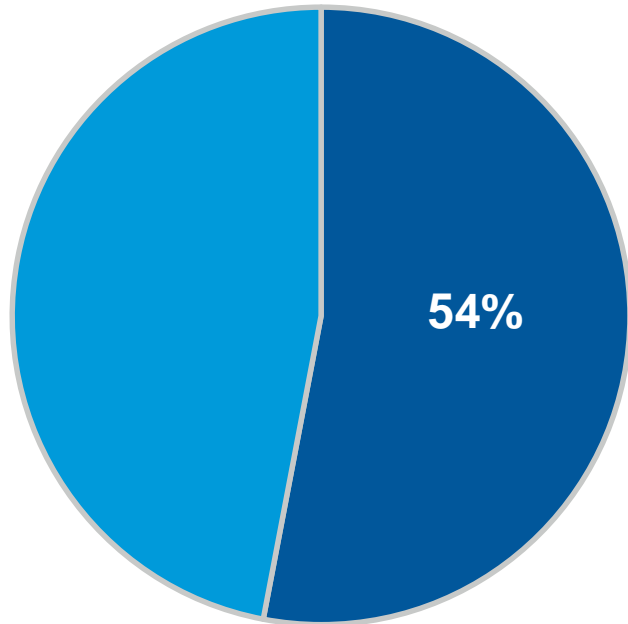


Continued investment in innovation (~20% of revenue in R&D*) and active M&A strategy

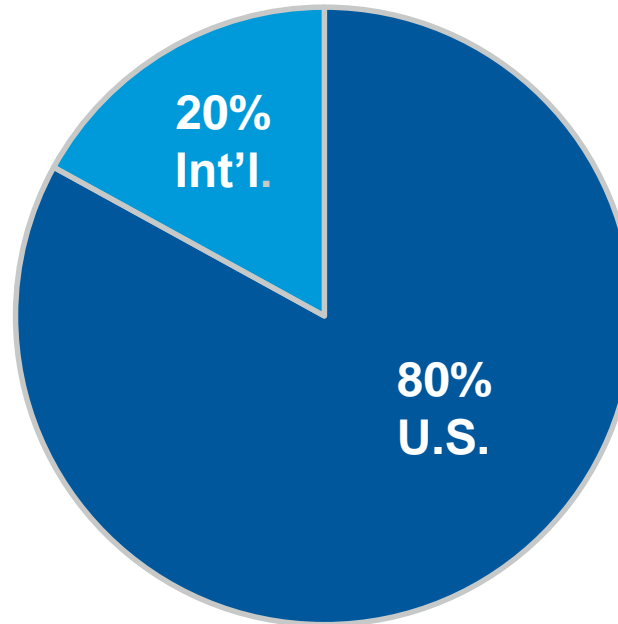
Blue Chip Customers with Significant Growth

Diversified customer based with significant headroom for growth

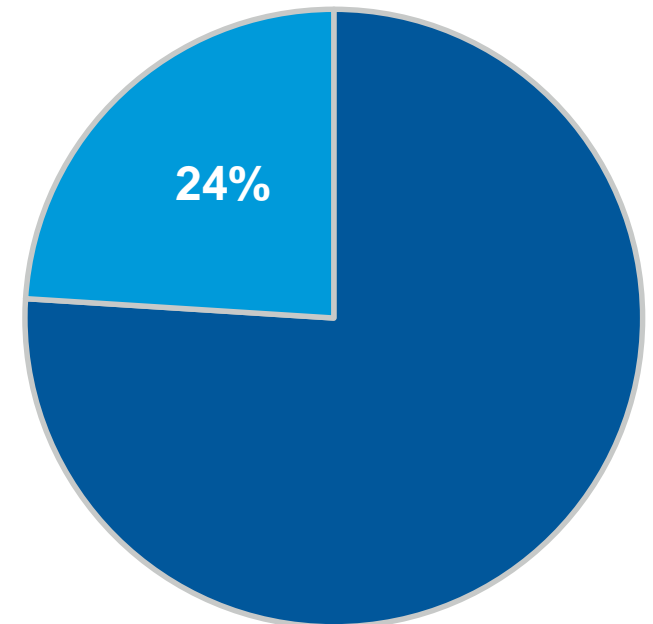
F-1000 Penetration



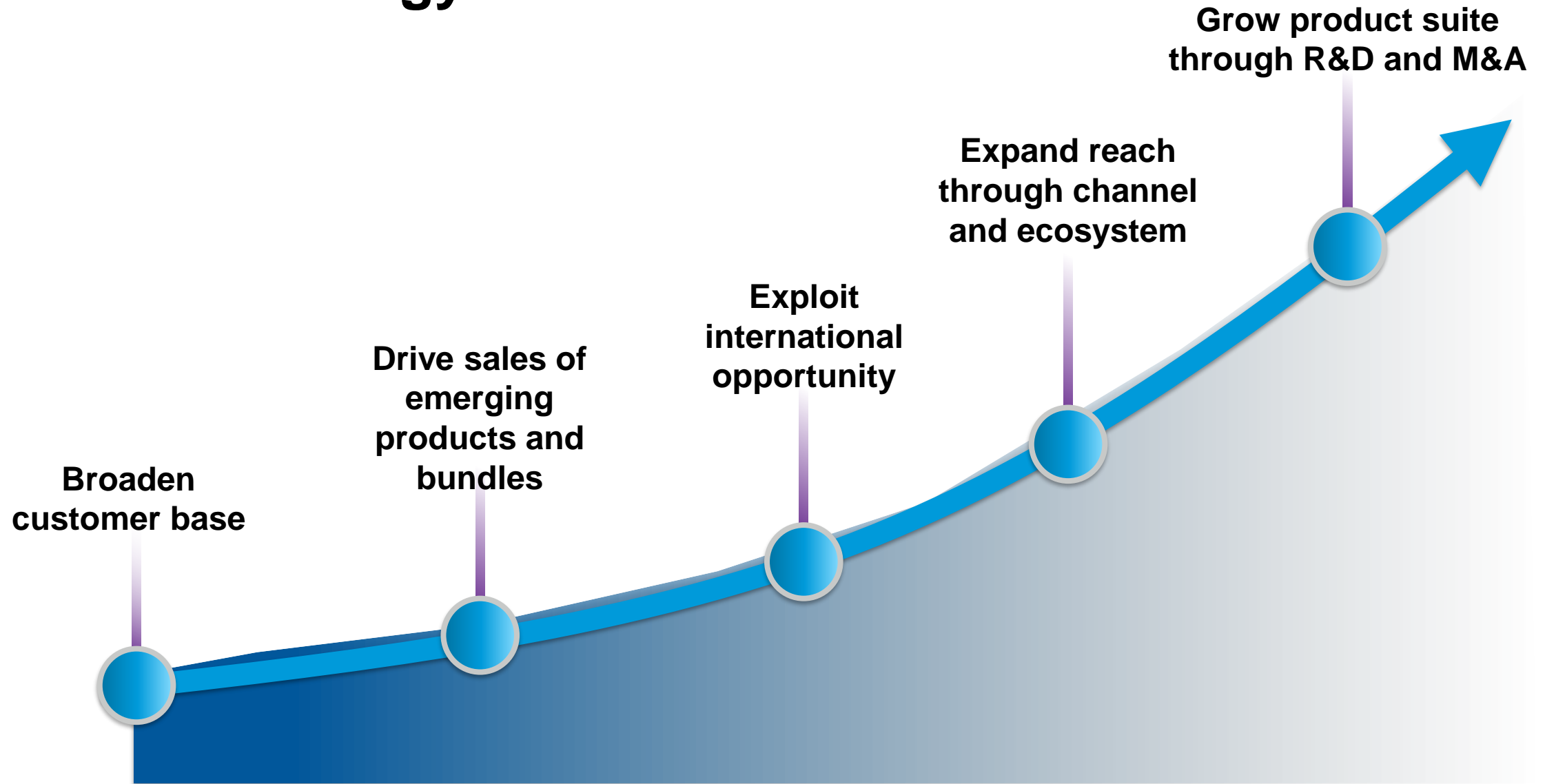
U.S. vs. International Revenue



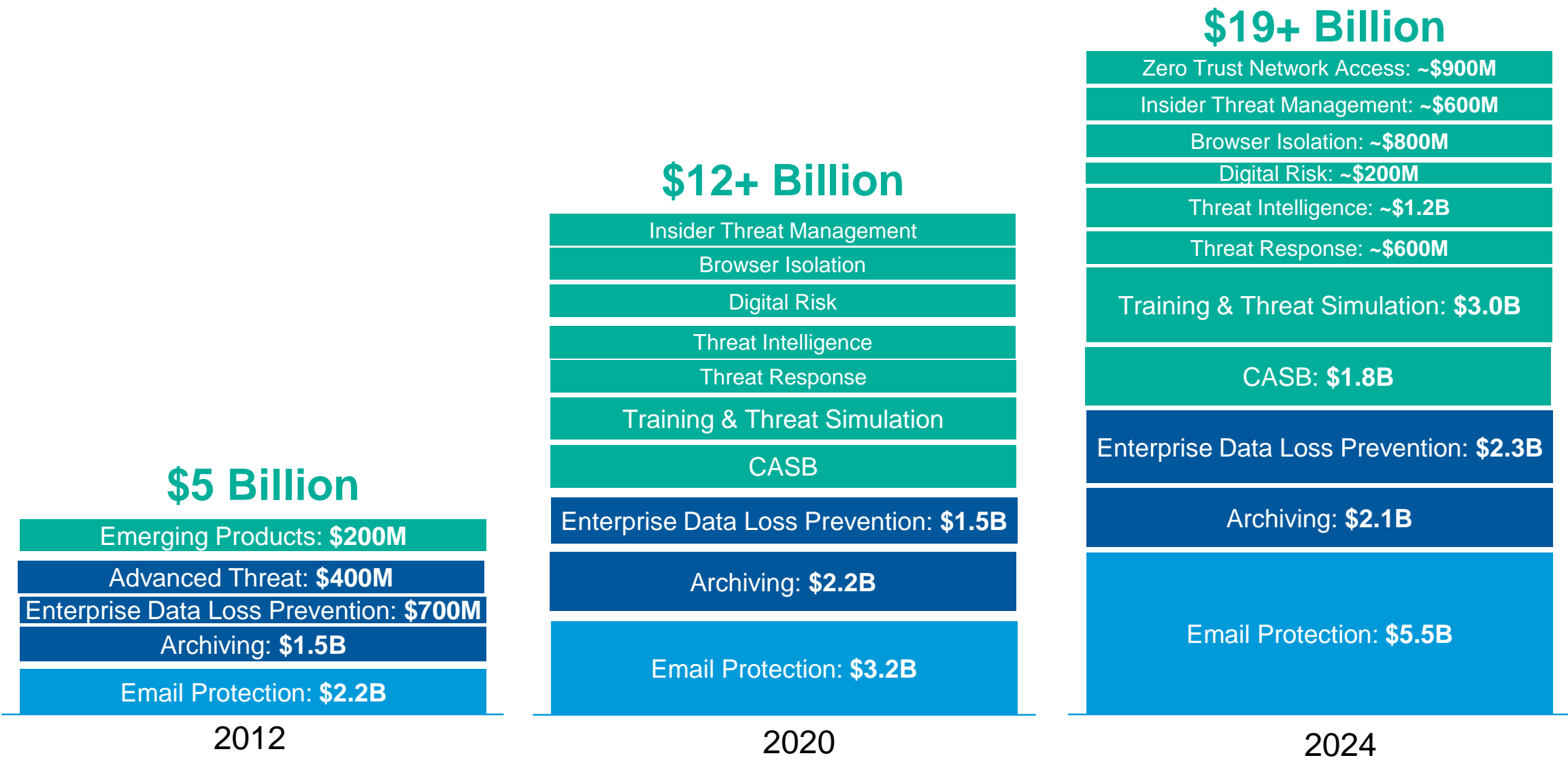
Global 2000



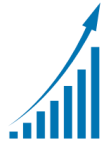
Growth Strategy



Proofpoint Market Opportunity Continues to Grow



Financial Highlights



Compelling SaaS revenue growth with strong free cash flow at scale



Blue chip customer base and increasing penetration into the largest enterprises



Attractive opportunity to expand market share internationally



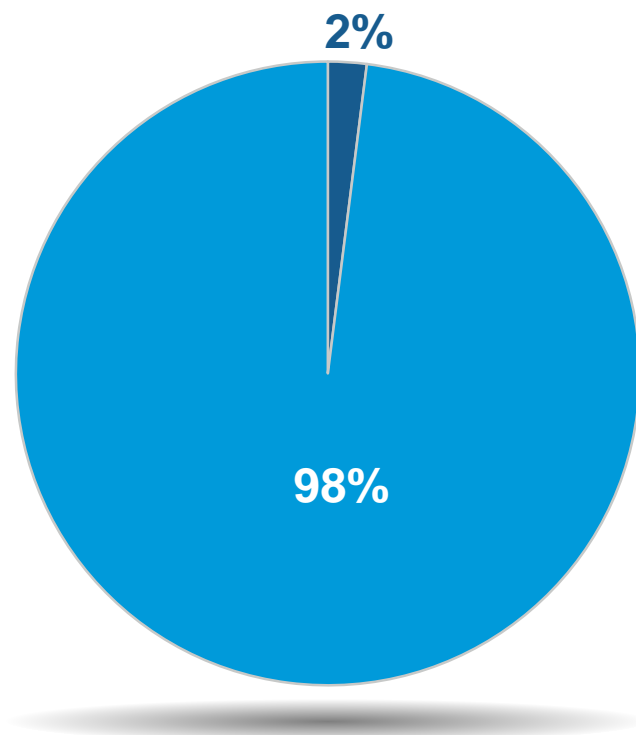
Broad product portfolio and strong attach rate leads to \$1Bn+ upsell opportunity



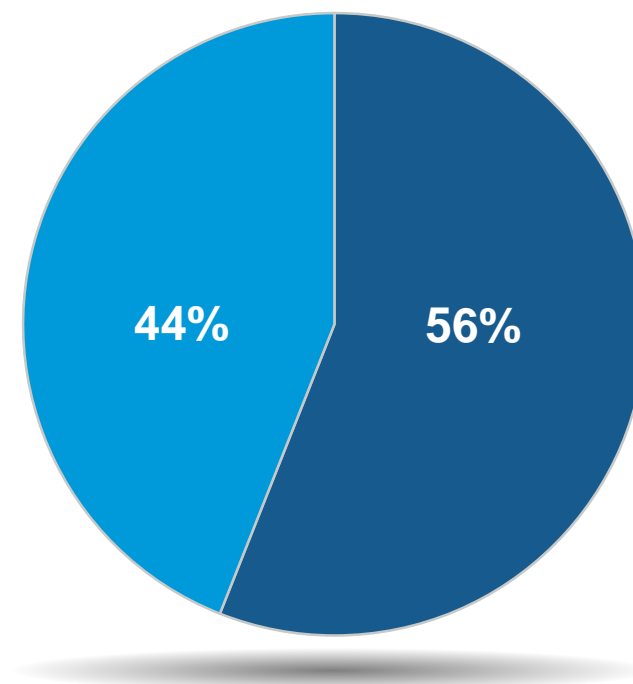
High levels of customer satisfaction with strong renewal rates

Demonstrated Ability to Sell Deeper Into Existing Customer Base

At Time of 2012 IPO
(~2,400 Customers)



Q4 2019
(~7,100 Enterprise Customers*)

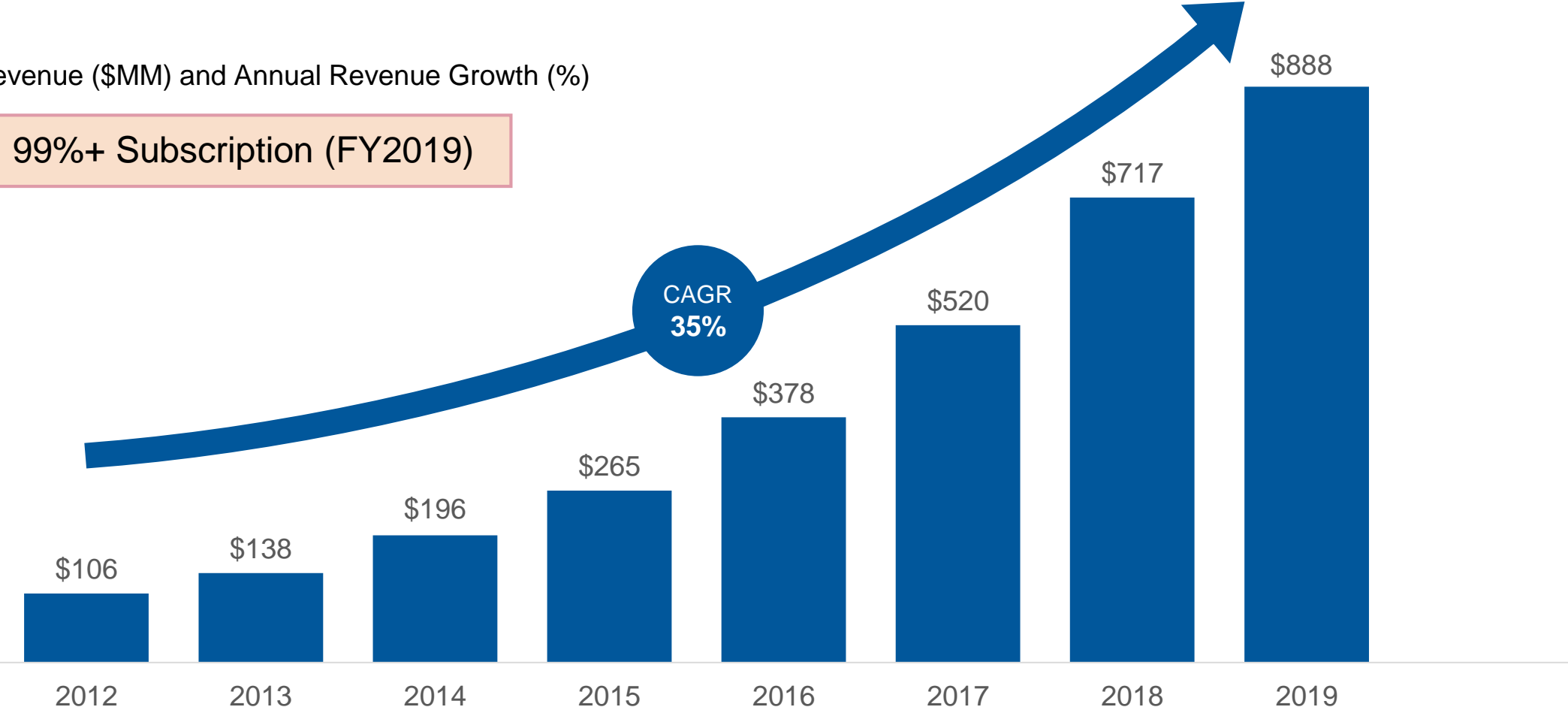


■ 1 or 2 products
■ 3 or more products

Compelling SaaS Revenue Growth

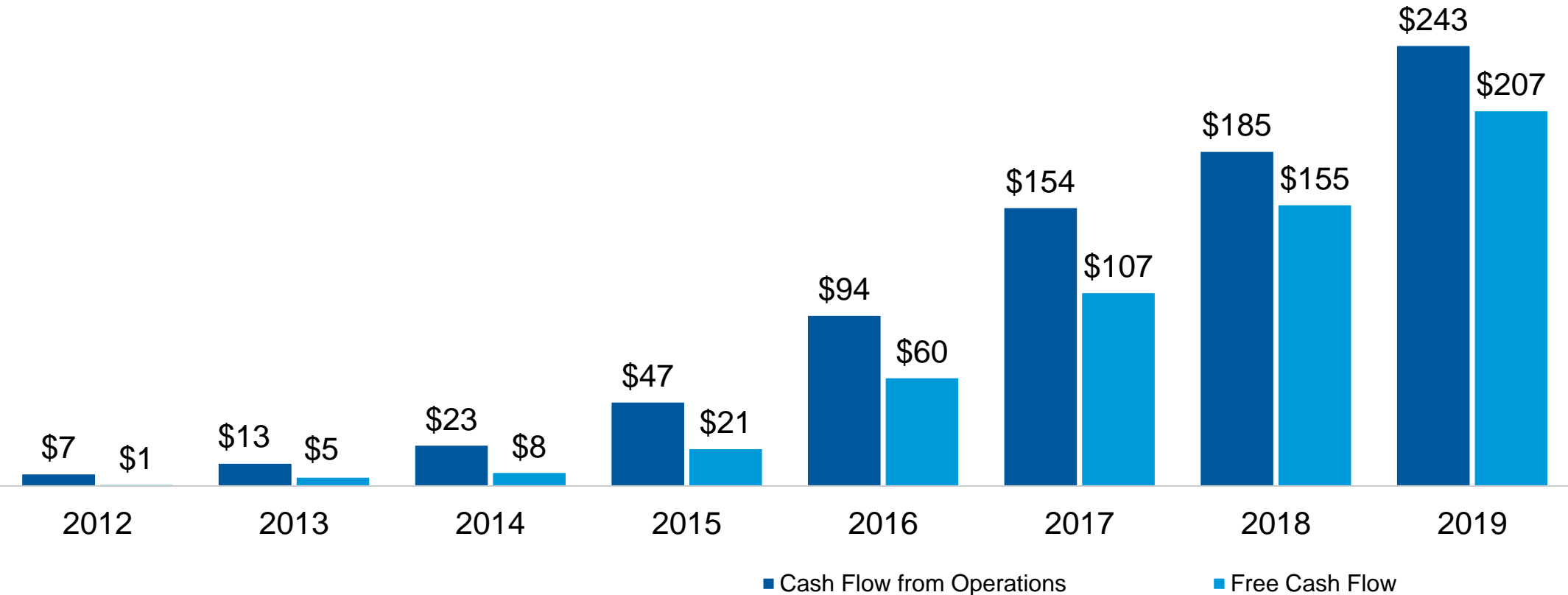
Revenue (\$MM) and Annual Revenue Growth (%)

99%+ Subscription (FY2019)



Generating Substantial Cash Flow

Operating and Free Cash Flow (\$MM)





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Non-GAAP Reconciliation (Free Cash Flow)

Reconciliation of GAAP Cash Flows from Operations to Free Cash Flows
(in millions)
(unaudited)

	2012	2013	2014	2015	2016	2017	2018	2019
GAAP cash flows provided by operating activities	\$ 6.6	\$ 12.6	\$ 22.6	\$ 46.5	\$ 94.2	\$ 153.7	\$184.7	\$ 242.5
Less:								
Purchases of property and equipment	\$ (5.9)	\$ (7.6)	\$ (15.0)	\$ (25.8)	\$ (34.4)	\$ (47.0)	\$ (29.5)	\$ (35.2)
Non-GAAP free cash flows	\$ 0.7	\$ 5.0	\$ 7.6	\$ 20.7	\$ 59.8	\$ 106.7	\$155.2	\$ 207.3
GAAP revenue*	\$ 106.3	\$ 137.9	\$ 195.6	\$ 265.4	\$ 378.3	\$ 519.7	\$717.0	\$ 888.2
Free Cash Flows as percentage of revenue	1%	4%	4%	8%	16%	21%	22%	23%

*2016 - 2019 revenue reflects the company's adoption of ASC-606

Source Data for Market Size Estimates

Sources and Company Estimates:

1. Gartner: Forecast: Information Security and Risk Management (July 2020)
2. Gartner: Magic Quadrant Enterprise Information Archiving (November 2019)
3. Gartner: Forecast Analysis: SOAR, Worldwide (May 2019)
4. Gartner: Magic Quadrant for Security Awareness Computer-Based Training, (July 2019)