



RADWARE
INVESTOR
MEETING
2 0 2 0

Roy Zisapel

PRESIDENT AND CHIEF EXECUTIVE OFFICER

David Aviv

CHIEF TECHNOLOGIES OFFICER

--- Break ---

Raffi Kesten

CHIEF BUSINESS OFFICER

Doron Abramovitch

CHIEF FINANCIAL OFFICER

Q & A

SAFE HARBOR

DISCLAIMER

This presentation may contain forward-looking information with respect to plans, projections, or future performance of Radware and its subsidiaries, the occurrence of which involves certain risks and uncertainties, including, but not limited to, general business and economic conditions, changes in product demand, competition, product development, profitability and government regulation and other risks detailed in Radware's reports filed or furnishes from time to time with the Securities and Exchange Commission, including Radware's annual report on Form 20-F. Radware disclaims any duty to update such forward looking statements.

CEO Perspective

Roy Zisapel
President and CEO

(
RADWARE
INVESTOR
MEETING
2 0 2 0
)

Agenda

HIGHLIGHTS 2019

STRATEGY

SUBSCRIPTIONS

SUMMARY

2019 HIGHLIGHTS

GROWTH AND
PROFITABILITY
MODEL IS
WORKING

+8%

Revenue
-> EPS

+53%

YoY

SUBSCRIPTION
MODEL IS
WORKING

>30%

of Booking

TOTAL DEFERRED
REVENUES
PROVIDES
VISIBILITY

+10%

YoY

OUR OFFERING
IS STRATEGIC

32 Deals

>\$1M

Cisco bookings grew

>2X

FY19 over FY18

Agenda

HIGHLIGHTS 2019

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TAKING OUR STRATEGY FORWARD



COMPANIES UNDER ATTACK

OUR GLOBAL CLOUD SECURITY SERVICE BLOCKS

166

DDoS Attacks
Over 10Gbps 2019

134K

DDoS Attacks
December 2019

73M

Web Application Attacks
December 2019

GROWING TAMs

DDoS PROTECTION

MARKET SIZE:

\$1.5B

CAGR: 18%

ADC

MARKET SIZE:

\$2.9B

CAGR: 8% Total
-6% Appliance
19% Virtual

WAF

MARKET SIZE:

\$900M

CAGR: 10%

BOT RISK MANAGEMENT

MARKET SIZE:

\$300M

CAGR: 25%

**Market size as of 2019, CAGR to 2022*

Sources: IDC Worldwide Application Delivery Controller Forecast, Dec-18; IDC: Worldwide DDoS Prevention Products and Services Forecast, Jull-18; Gartner: Information Security and Risk Management, Dec-18; F&S: Global Bot Risk Management (BRM) Market Analysis, Jan-18;

APPLICATIONS AND DATA CHANGING LOCATIONS

BALANCE SHIFTING
TO PUBLIC CLOUDS



2^{IN}5

are using multiple
cloud environments

3+

Public cloud environments
for large organizations

Source: Radware 2020 Global Application & Network Security Report

ENTERPRISE NEW ORDER

TRADITIONAL
ENTERPRISE JOURNEY

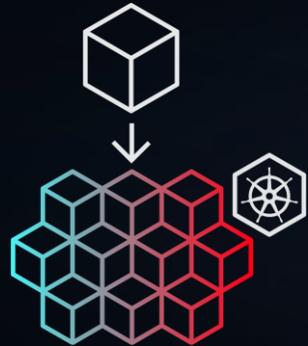


HYBRID, MULTI-CLOUD DATA CENTER



APPLICATION INFRASTRUCTURE IS SHIFTING

FROM MONOLITHIC TO
MICRO SERVICES

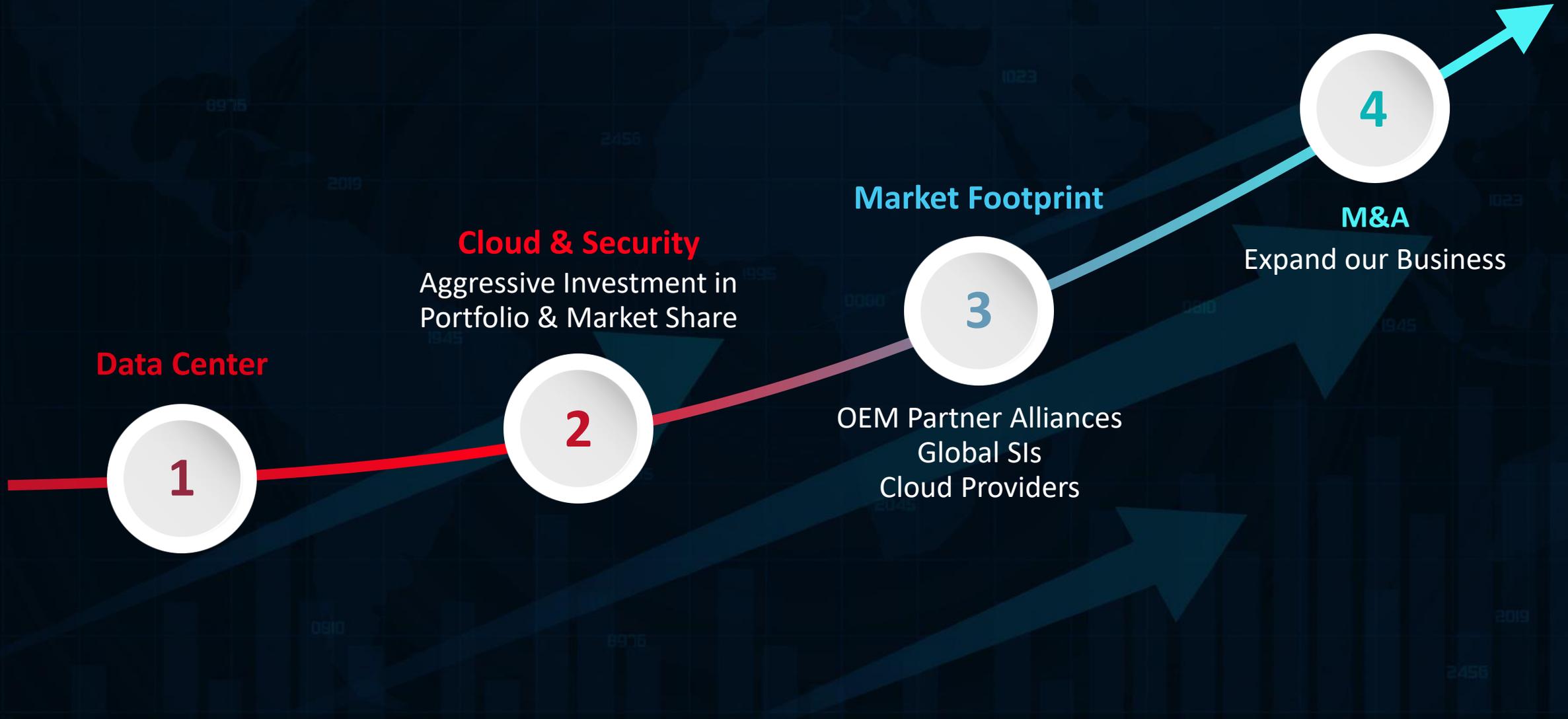


60%

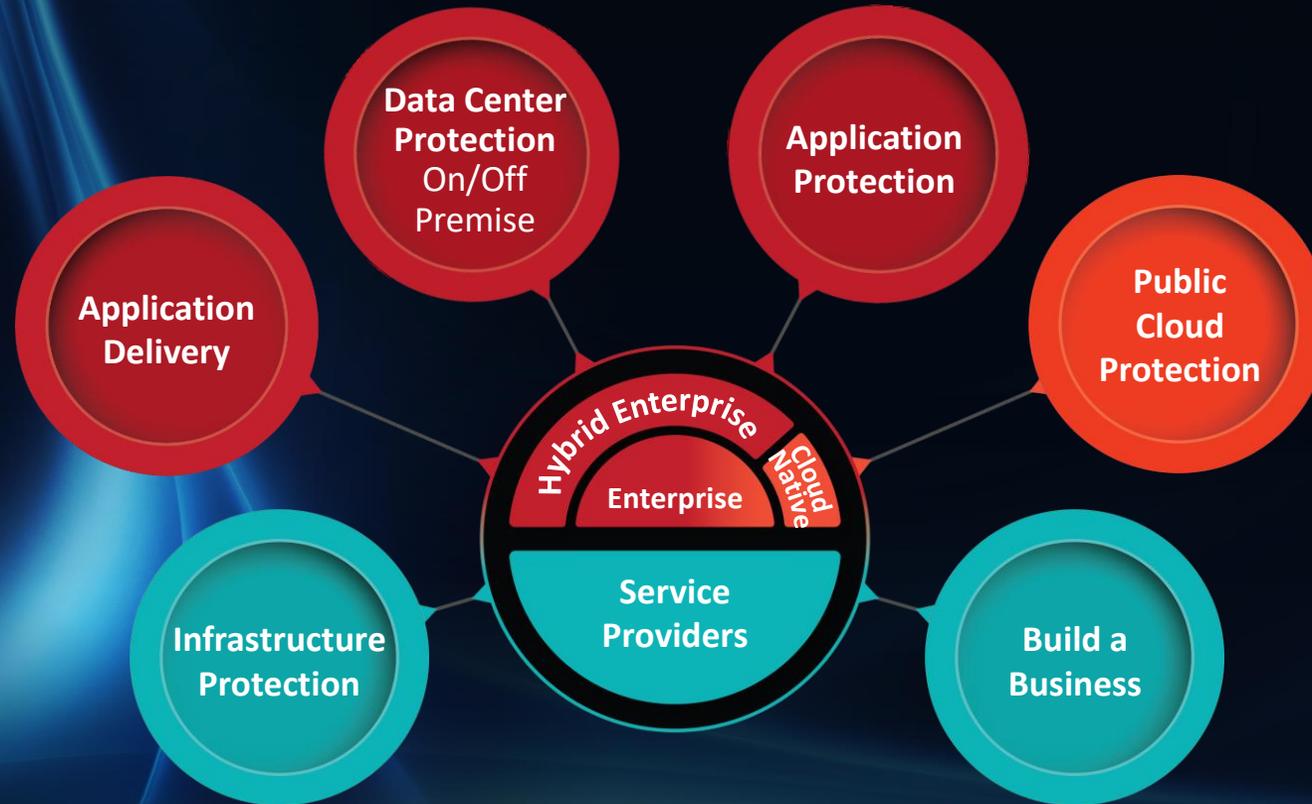
of organizations run Microservices/
Containers/ Serverless

Source: Radware 2019 State of Web Application Security Report

TAKING OUR STRATEGY FORWARD

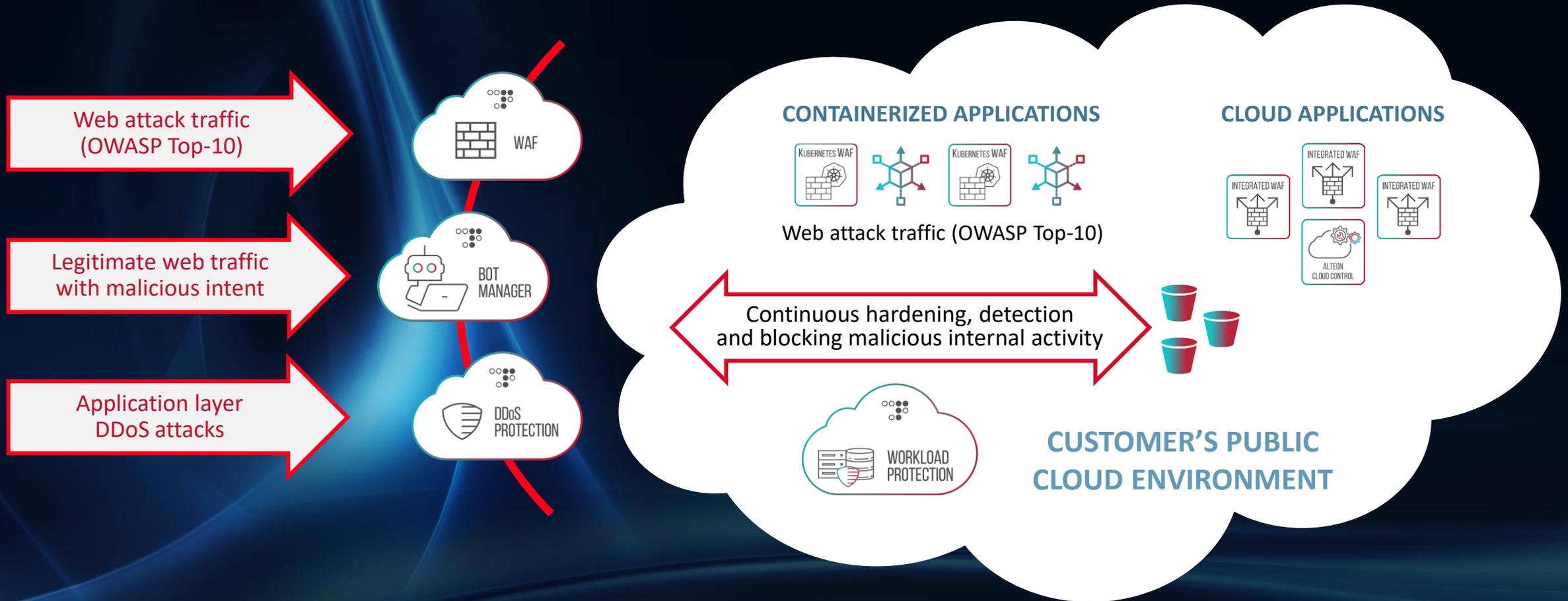


OUR GO-TO-MARKET

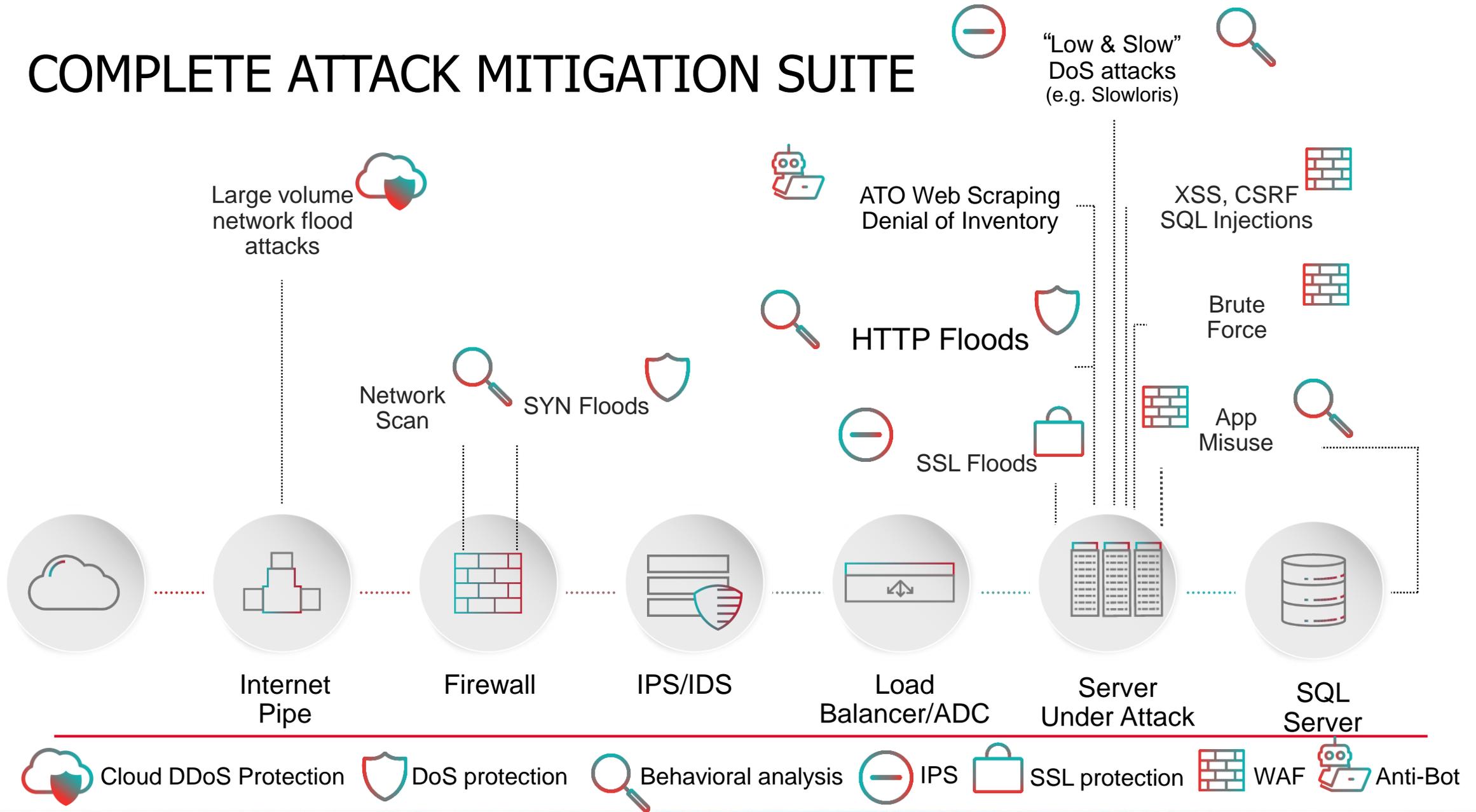


PUBLIC CLOUD GTM

ENHANCE THE PUBLIC CLOUD OFFERING AND BUILD A STRONG REFERENCE BASE



COMPLETE ATTACK MITIGATION SUITE



WHY RADWARE

WE HAVE THE BROADEST AND DEEPEST
DATA CENTER & APPLICATION SECURITY
FOR PRIVATE, HYBRID & PUBLIC CLOUD

TAKING OUR STRATEGY FORWARD



2020 TOP PRIORITY: OEMs, GSIs, CSPs

OEM Partner Alliance



GSI Landscape



CSP



We Can Get into **ANY** Global 2000 Company
and Book over **\$1M** of Business

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>2X

FY19 over FY18

SUBSCRIPTION OFFERINGS CONTINUE TO GROW

Products

ERT Active Attackers Feed

Security Update Subscription (SUS) for DefensePro & AppWall

Alteon Perform & Secure Subscriptions

 Bot Manager

 Alteon Global Elastic License

 Kubernetes WAF

Cloud

Cloud DDoS Protection Service

Cloud WAF Service

Cloud Web Acceleration Service

Global CDN Service

 Cloud Workload Protection

 Alteon Cloud Control

 Bot Manager

Management & Control

Vision Analytics

Right to Use (RTU) Subscription

MSSP Portal Subscription

DefenseFlow

Professional Services

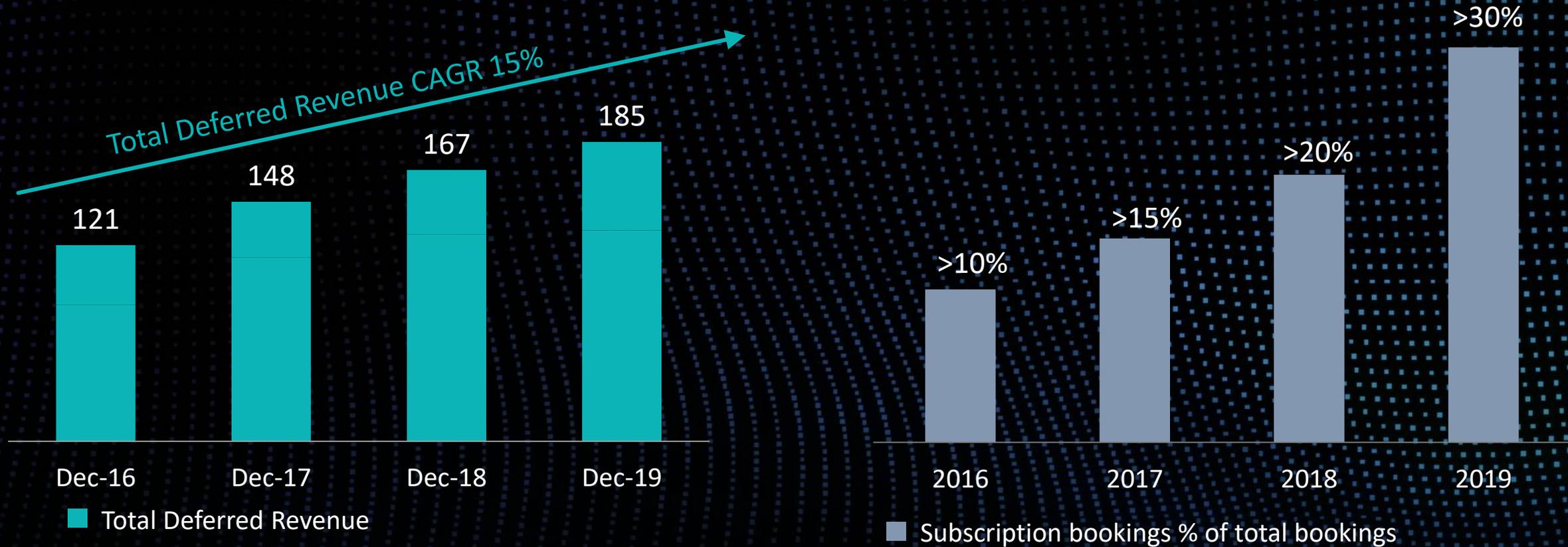
ERT Under Attack Service

ERT Managed Service

 ERT Silver

 ERT Gold

SUBSCRIPTION OFFERINGS CONTINUE TO GROW



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MAJOR MARKET OPPORTUNITY

DDoS PROTECTION

MARKET SIZE:

\$1.5B

ADC

MARKET SIZE:

\$2.9B

WAF

MARKET SIZE:

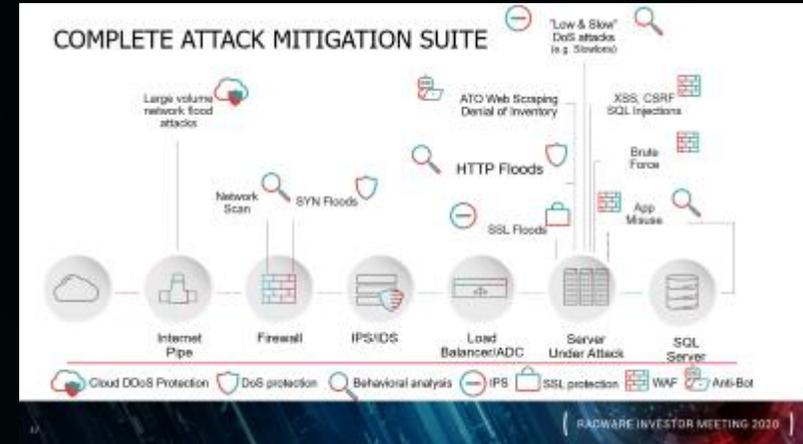
\$900M

BOT RISK MANAGEMENT

MARKET SIZE:

\$300M

LEADING DATA CENTER CYBERSECURITY PORTFOLIO



STRONG MARKET FOOTPRINT



SUCCESSFUL TRANSITION TO SUBSCRIPTION



(RADWARE INVESTOR MEETING 2020)

Radware Vision: From Transition to Transformation

Dr. David Aviv
CTO



RADWARE
INVESTOR
MEETING
2020

From Transition to Transformation

TRANSFORMATION
REDEFINES THE RULES...

THE INFLECTION POINT IS NOW

Redefining Gravity Centers

PREMISE – SAAS – CLOUD NAÏVE – CLOUD-NATIVE

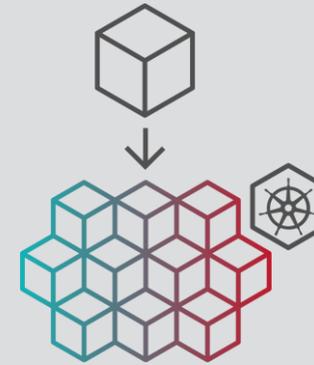
Redefining Application Build-out

‘POWER TOOL’ FOR TRANSFORMATION – MICRO-SERVICES

‘CLOUD-IN-CLOUD’ DEPLOYMENTS

Redefining Network Scalability – 5G/Edge-Cloud Impact

NETWORK ECONOMICS BREAKS AT MASSIVE SCALE –
FROM CORE TO EDGE-CENTRIC NETWORK



THREATS EVOLVE WITH MARKET SHIFTS

Redefining Gravity Centers

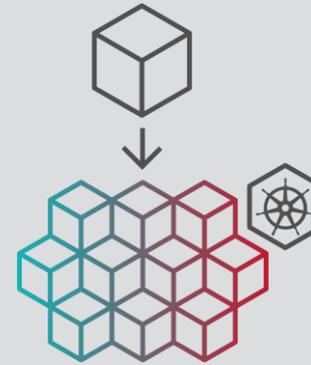
CLOUD-NATIVE EXPLOITATIONS: EXCESSIVE PERMISSIONS,
PUBLIC EXPOSURE, COMPLIANCE BREACHES

Redefining Application Build-out

ENCRYPTED FLOODS, DATA LEAKAGE: CREDENTIAL STUFFING,
B2C/B2B API EXPOSURE...

Redefining Network Scalability – 5G/Edge-Cloud Impact

EXPOSED DISTRIBUTED BREAKOUTS...
CARPET BOMBING, BURST ATTACKS, IOT BOTNETS,



OUR STRATEGIC APPROACH TO THE EVOLVING THREAT LANDSCAPE

DEEP

ALGORITHMS

Leverage and expand
our Behavioral
Big-Data, ML/AI

BROAD

PORTFOLIO & DELIVERY

From Perimeter to
Cloud-Native

INNOVATION

5G/Edge-Cloud
Kubernetes &
Public Cloud

EXPANDING OUR SOLUTIONS FOR GROWTH

PROTECTION AT THE PERIMETER

PROTECTION IN THE CLOUD

SOLUTIONS

BOTM
WAF
DDOS

HYBRID
BOTM
CWAF
CDDOS

KWAF
CLOUD-IN-CLOUD

CWP
CLOUD WORKLOAD
PROTECTION



DELIVERY



PRIVATE CLOUD



RADWARE SAAS

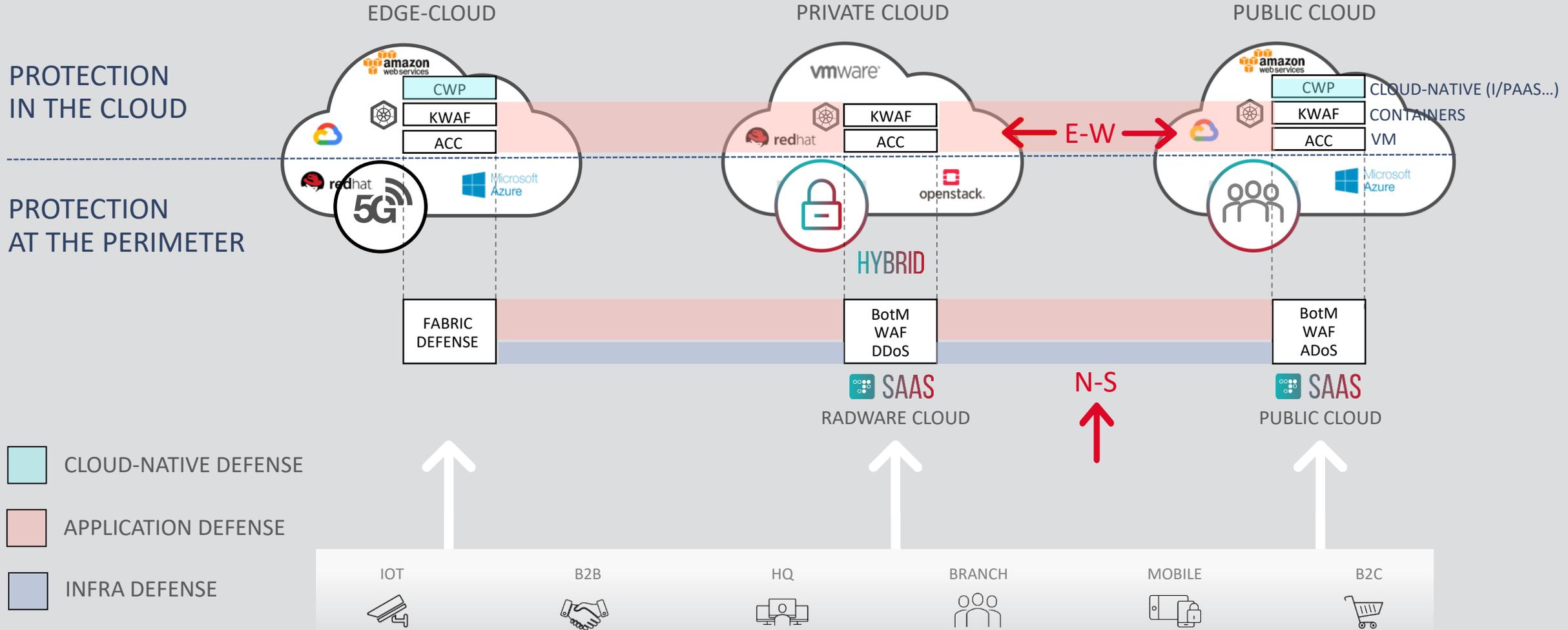


KUBERNETES

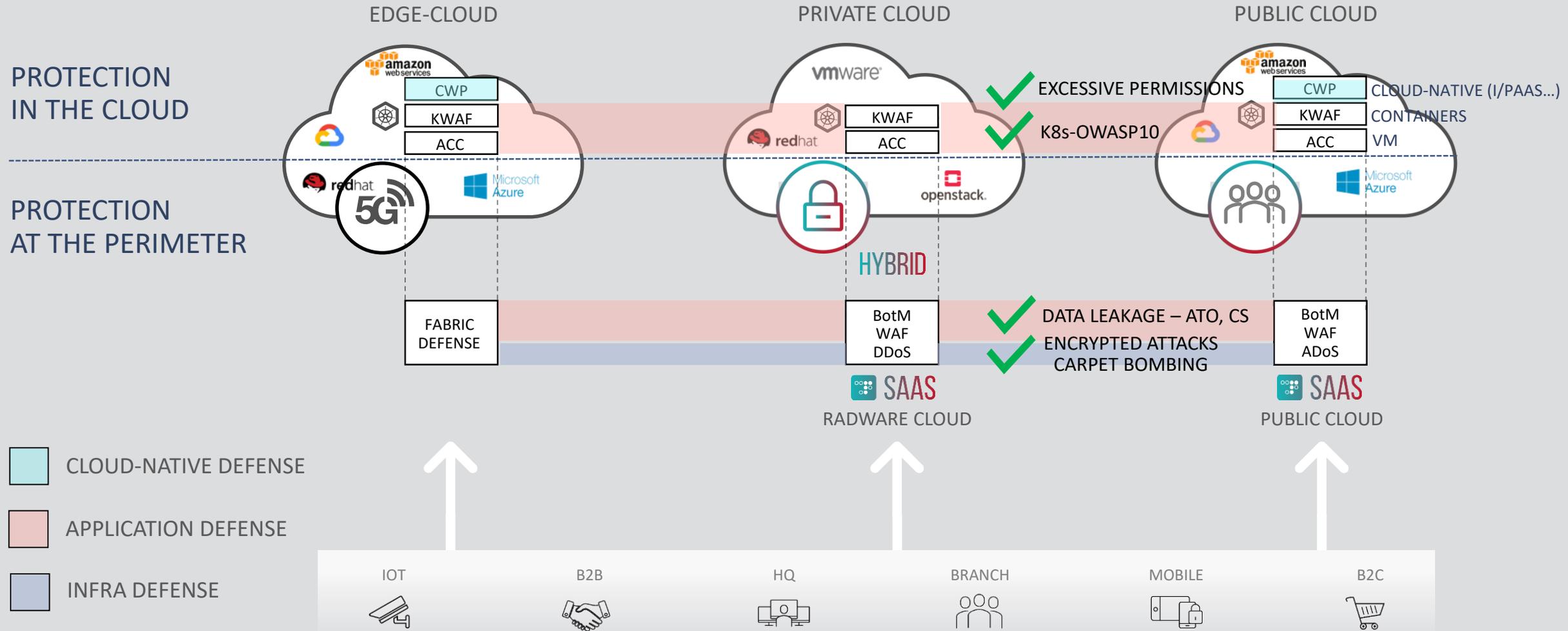


PUBLIC CLOUD

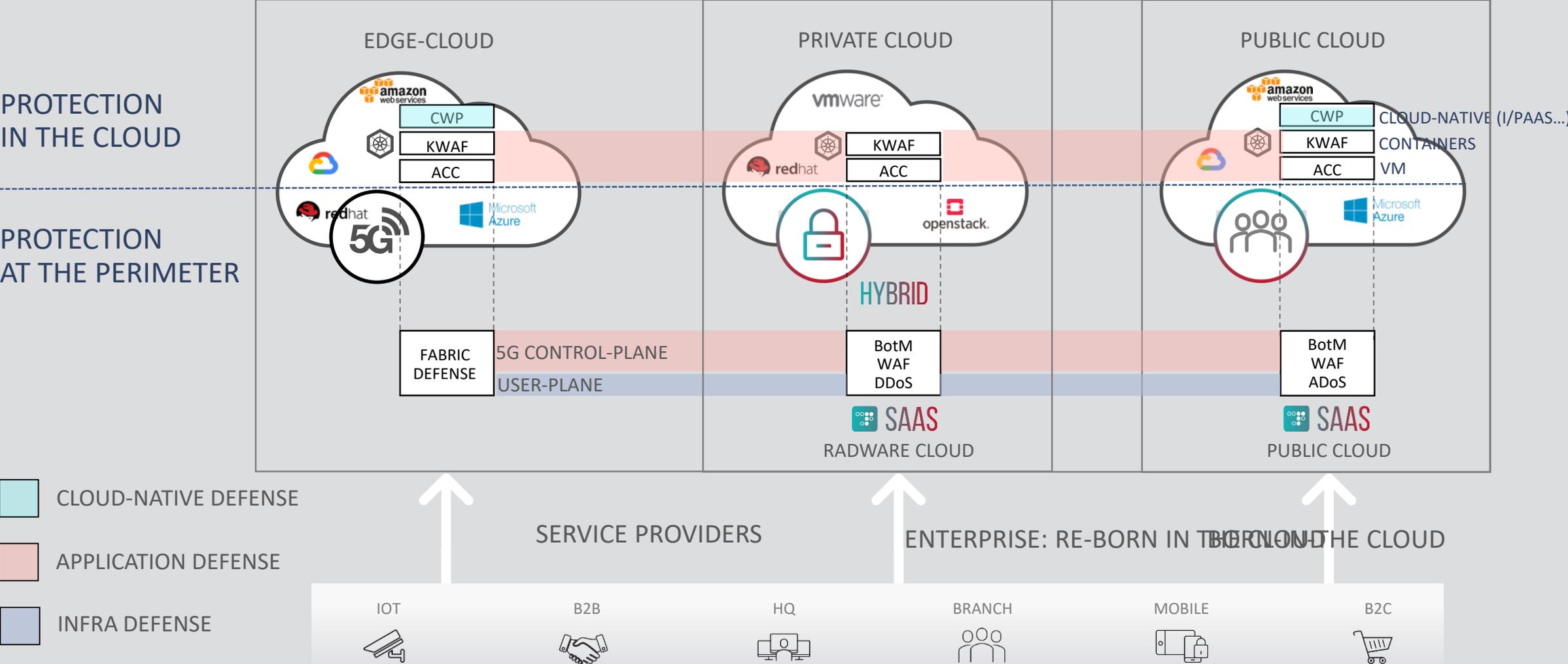
COMPREHENSIVE INTEGRATED SECURITY PORTFOLIO



ADDRESSING EVER-EVOLVING NEW THREATS



INCREASED ADDRESSABLE MARKETS



SUPERIOR CYBER ALGORITHMS, BROAD INTEGRATED PORTFOLIO

BROAD DELIVERY

CONTROL,
AUTOMATION
& BIG-DATA ANALYTICS



CONTROL & AUTOMATION



CLOUD ANALYTICS FACTORY

FORM-FACTORS



APPLIANCES

VIRTUAL/VNF

CONTAINERS

RADWARE SAAS



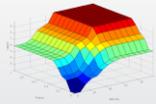
DELIVERY IN THE PUBLIC CLOUD

DEEP ALGORITHMS

NETWORK PROTECTIONS



18
seconds



SELF-LEARNING, BEHAVIORAL ANALYTICS

APPLICATION PROTECTIONS



DARK-DATA

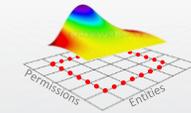


WEB/API/ANTI-BOT

CLOUD-NATIVE PROTECTIONS



COMPLIANCE
& RESPONSE



PREVENTION



DETECTION

SUMMARY - EXPANDING OUR COMPETITIVE ADVANTAGE

DEEP

ALGORITHMS

Leverage and expand
our Behavioral
Big-Data, ML/AI

BROAD

PORTFOLIO & DELIVERY

From Perimeter to
Cloud-Native

INNOVATION

5G/Edge-Cloud
Kubernetes &
Public Cloud

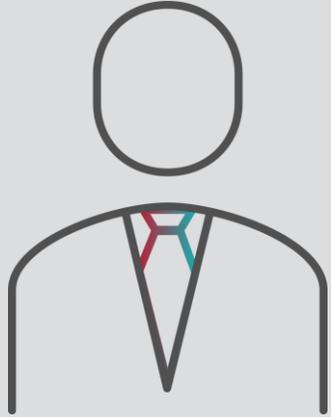
Field Perspective

Raffi Kesten

Chief Business Officer

RADWARE
INVESTOR
MEETING
2020

INTRODUCTION



-
- ✓ **COO, Sales ,Development and Account Management** of customers generating \$700m in annual revenue (NDS, Cisco)
 - ✓ **Head of Sales & Customer Success** for the Americas - Customers such as DirecTV, Cox, Sky-LATAM - generating \$300m in annual revenue
 - ✓ **Delivery & Support** for accounts generating **\$1.3B in annual revenue** (NDS , Cisco)
-
- ✓ **My goal at Radware: Accelerate Radware Growth**
-

OBSERVATIONS



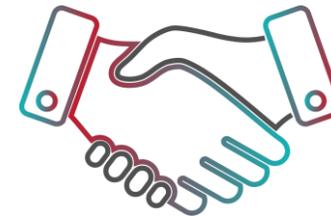
Outstanding **logos globally**, including leading brands in financial services, retail, carriers and more



Broad portfolio that meets **current** and **future customer needs**



Areas of excellent execution – replicable **processes** and **performances**

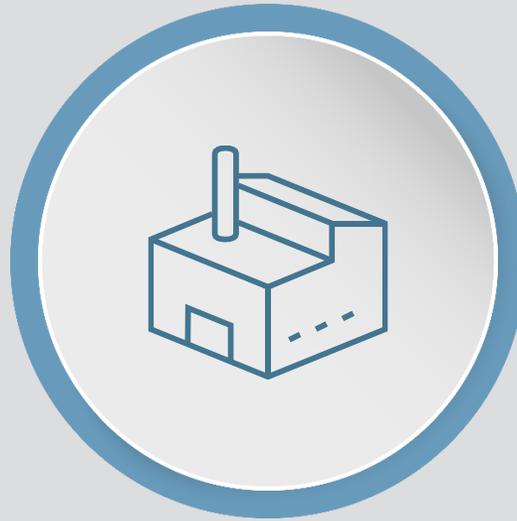


Partners, Major OEMs and SI relationships are accelerating

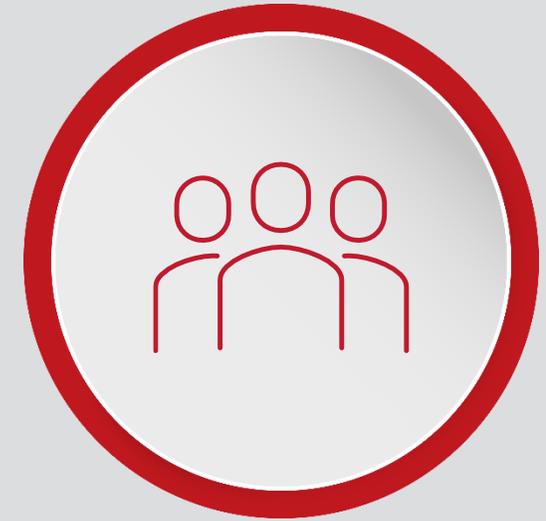
2020 PRIORITIES



SALES ORGANIZATION



MARKET ACCESS

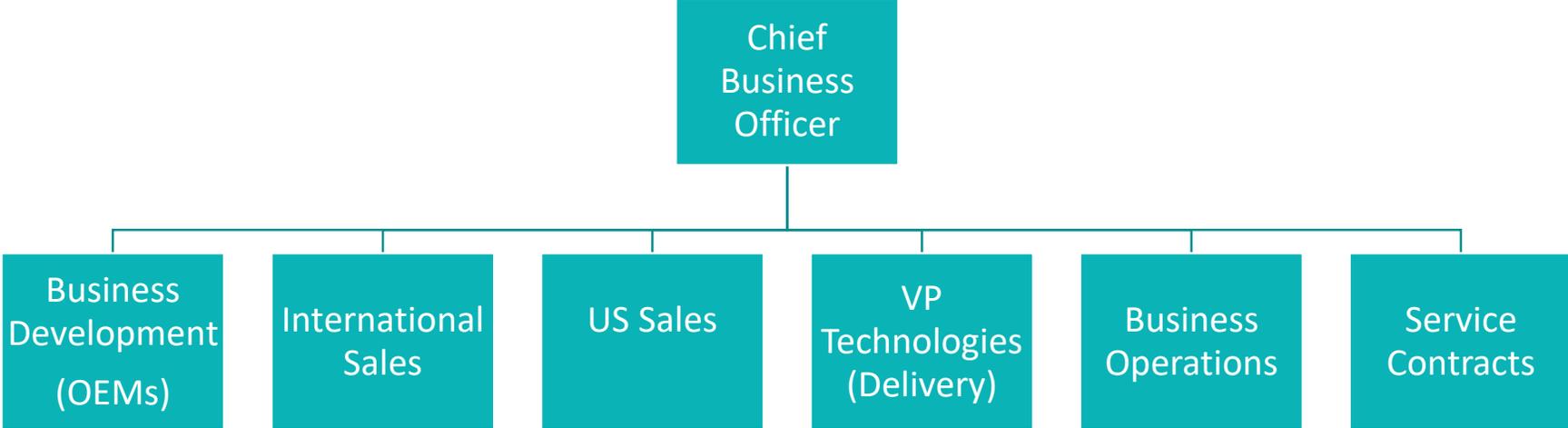


CUSTOMERS

EVOLUTION OF GLOBAL SALESFORCE

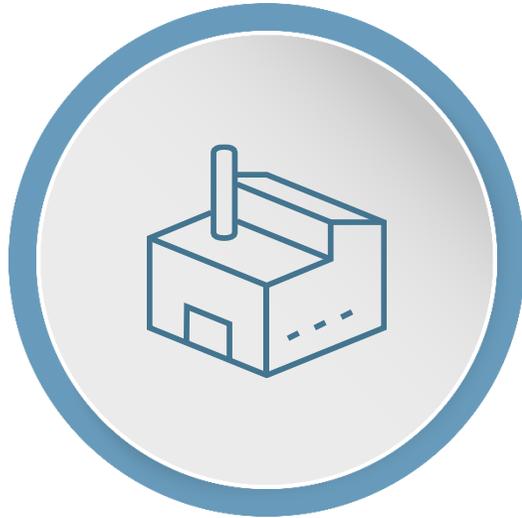


SALES ORGANIZATION



- ✓ Investment in resources to grow markets, OEMs, new product introduction
- ✓ US salesforce increases by 25%
- ✓ Focus on operational excellence
- ✓ Replication of success

INVESTMENT IN GROWTH DRIVERS



MARKET ACCESS

OEMs

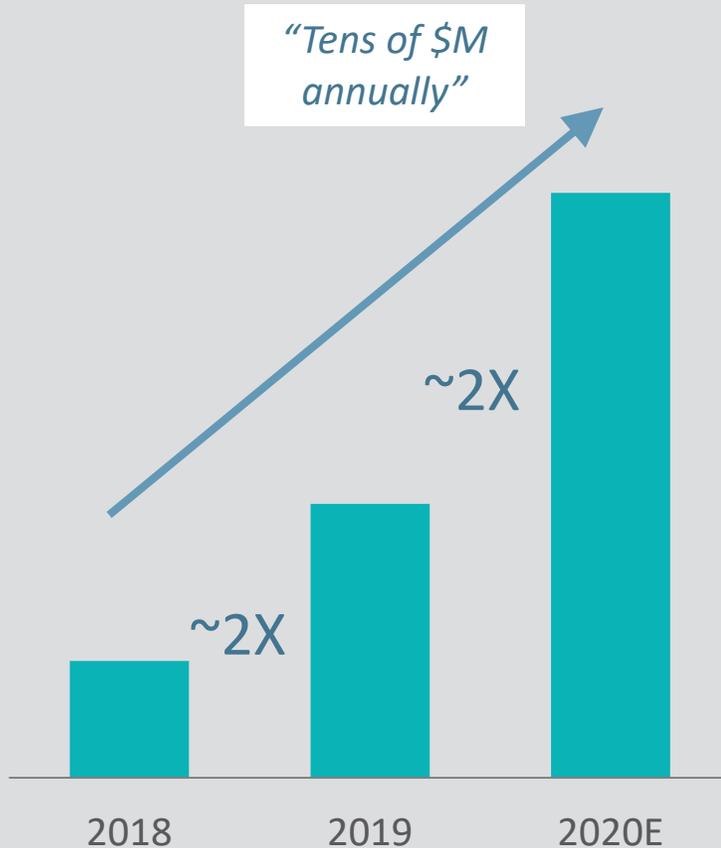
GSIs

Increased Investment
in Field

- ✓ Accessing **Global 2000 customers** through strategic partners and GSIs
- ✓ **Hiring of experienced** leaders within regions to support the OEM/partners programs
- ✓ New initiatives - Expedite **time to market**
- ✓ Each and every salesperson has a Cisco plan, GSI plan
- ✓ Generator for **new logos & significant deals**

CISCO

BOOKINGS VIA CISCO

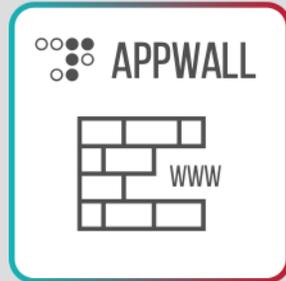
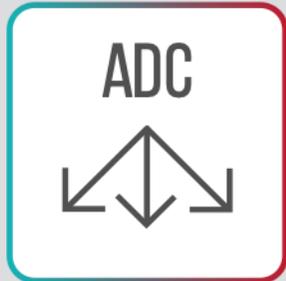


- ✓ Increasing number of **global opportunities in CRM**
- ✓ Participation in multiple Cisco “sales plays”
- ✓ Participation in **strategic Cisco projects**
- ✓ All Radware **regions are active** – driven by Cisco senior management
- ✓ Expand our offering
- ✓ **ON TRACK TO REACH TARGET SET IN EARLY 2018**

“Don’t miss this opportunity to win big and deliver best in class security offerings to your customers”

Internal email by **John Maynard, Vice President, Global Security Sales at Cisco**

CISCO - ASIAN MOBILE CARRIER CASE STUDY



- ✓ **Fully SW based application delivery** and **security** to IP-Core network environments and applications to secure Performance and Availability
- ✓ High degree of **automation** footprint, elasticity and programmability
- ✓ **Holistic security solution** via single cluster between Cisco and Radware
- ✓ Superb user experience and **simplicity of operation and visibility**

GSI - GO TO MARKET

INDIRECT SALES

WIDER

MARKET COVERAGE

LEVERAGE

THE OUTSOURCE TREND

FASTER

& CHEAPER GROWTH

MORE SCALABLE

& PREDICTABLE BUSINESS

USA
GSIs **\$74B**



INDIAN
GSIs **\$69B**



EUROPEAN
GSIs **\$26B**

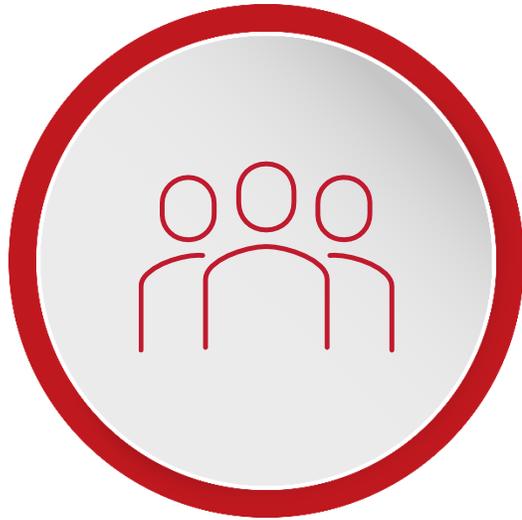


GSI - PHARMACEUTICAL CASE STUDY



- ✓ Multi-year contract for **Cloud-delivered DDoS Protection** and **Web Application Firewall** services
- ✓ Protecting **>20 data centers, >700 protected networks, >3,000 protected applications**
- ✓ **Global deployment:** NA, Europe, APAC, LATAM
- ✓ **Replacing multiple incumbent cloud** security service providers
- ✓ **Short** sales cycle
- ✓ **Key win reasons:** superior security technology, robust SLA and compliance, relationships with GSI, Local presence

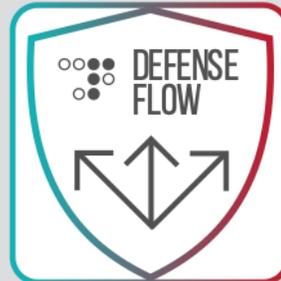
LEVERAGE CUSTOMER BASE POTENTIAL



CUSTOMERS

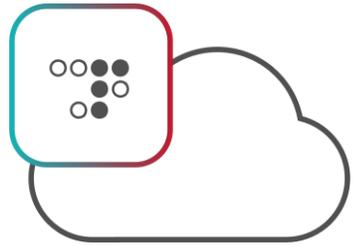
- ✓ Increase key **customer coverage**
 - Investment in **major account coverage**
 - Introduce **new technologies** and solutions
 - Leverage customer base **cloud transition** & cross sell
- ✓ **Focus on major deals - 32 wins >\$1M**, and we can do more...
- ✓ **Subscriptions and cloud services deals**

US TIER 1 CARRIER CASE STUDY



- ✓ Multi-tiered network services for Business Services, Wireless and Consumer networks
- ✓ High degree of **automation** including provisioning and attack lifecycle management with state-of-the-art portal for reporting
- ✓ **Advanced mitigation** to maintain service availability **without human intervention**
- ✓ **Customer Satisfaction** leads to an in-depth discussions on **next generation technologies**

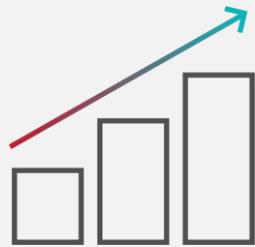
Q4 19: SIGNIFICANT DIRECTIONAL TRENDS



RECORD QUARTER
FOR CLOUD BUSINESS

Over
40%
of new cloud business
comes from new logos

Cloud bookings grew
>2X
YoY



KEY TRENDS
& MOMENTUM

Record number
of new booking deals
>\$1M

GSI bookings grew
>2X
YoY

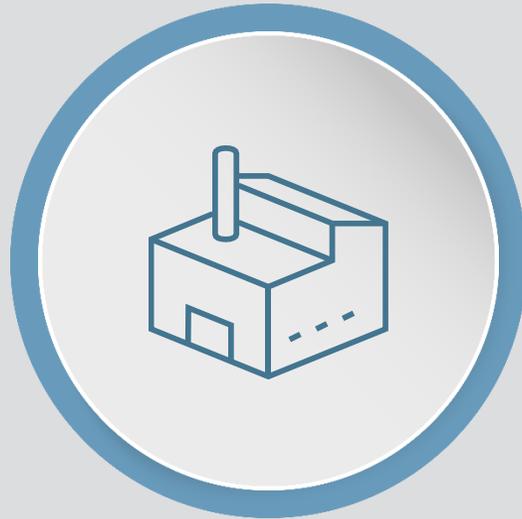
Cisco bookings grew
>2X
FY 19 over FY 18

SUMMARY: PRIORITIES FOR 2020 AND BEYOND



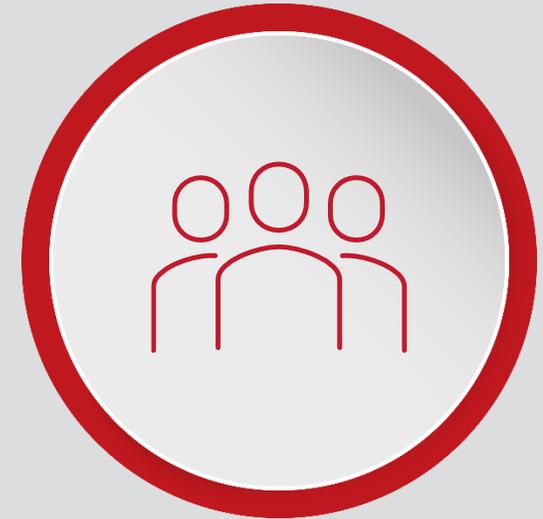
SALES ORGANIZATION

- ✓ We have the right sales structure to support and **focus on growth**
- ✓ **Continue hiring** sales talent
- ✓ Investing in people – Training, Onboarding



MARKET ACCESS

- ✓ Investing in partnerships: **Cisco, OEMS, GSIs**
- ✓ Bringing innovative technology & solutions to the market: **BotManager, CWP, 5G, Public Cloud**



CUSTOMERS

- ✓ Focus on delivering **world class customer experience**
- ✓ Introducing our customers - existing & new - to the extensive Radware portfolio
- ✓ Investment in **major account coverage**

Financial Overview

Doron Abramovitch
CFO

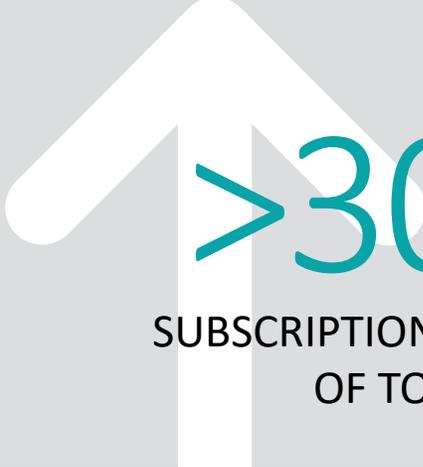
(RADWARE
INVESTOR
MEETING
2 0 2 0)

FINANCIAL PROFILE



+8%

REVENUES GROWTH



>30%

SUBSCRIPTION BOOKINGS
OF TOTAL



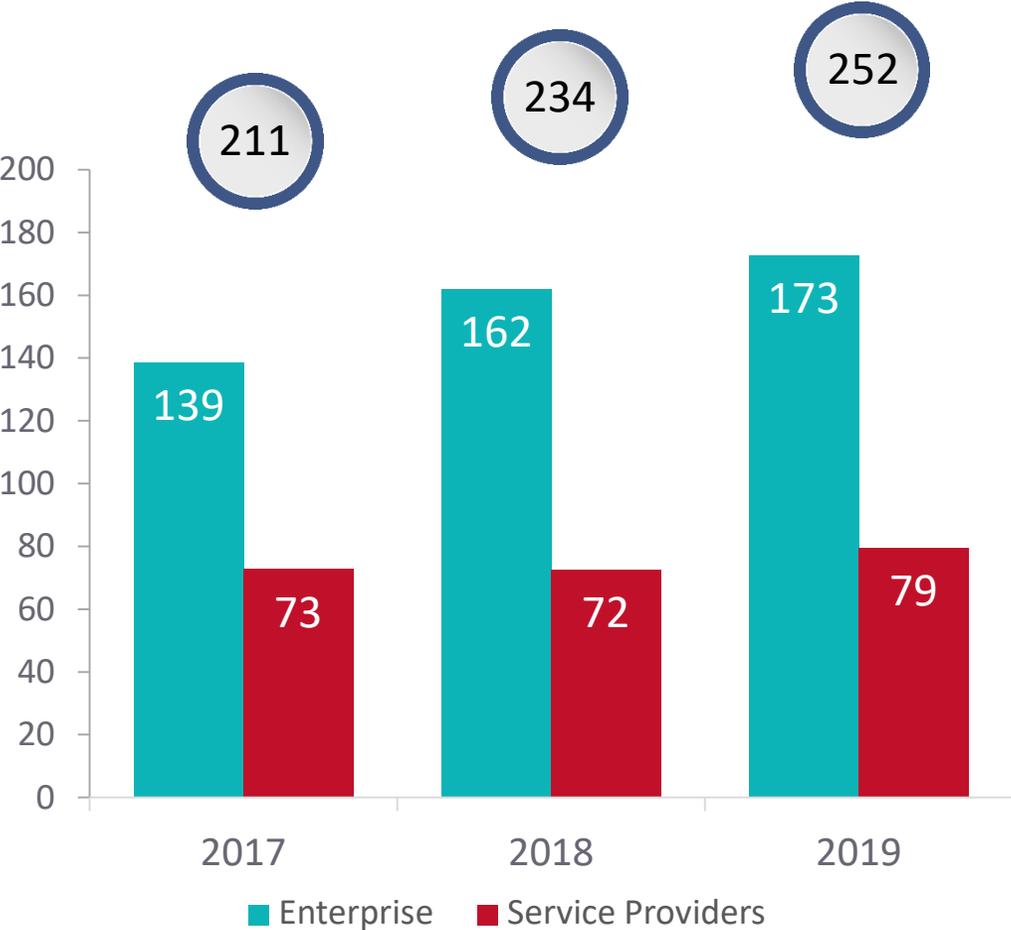
\$185M

TOTAL DEFERRED REVENUES
UP 10%

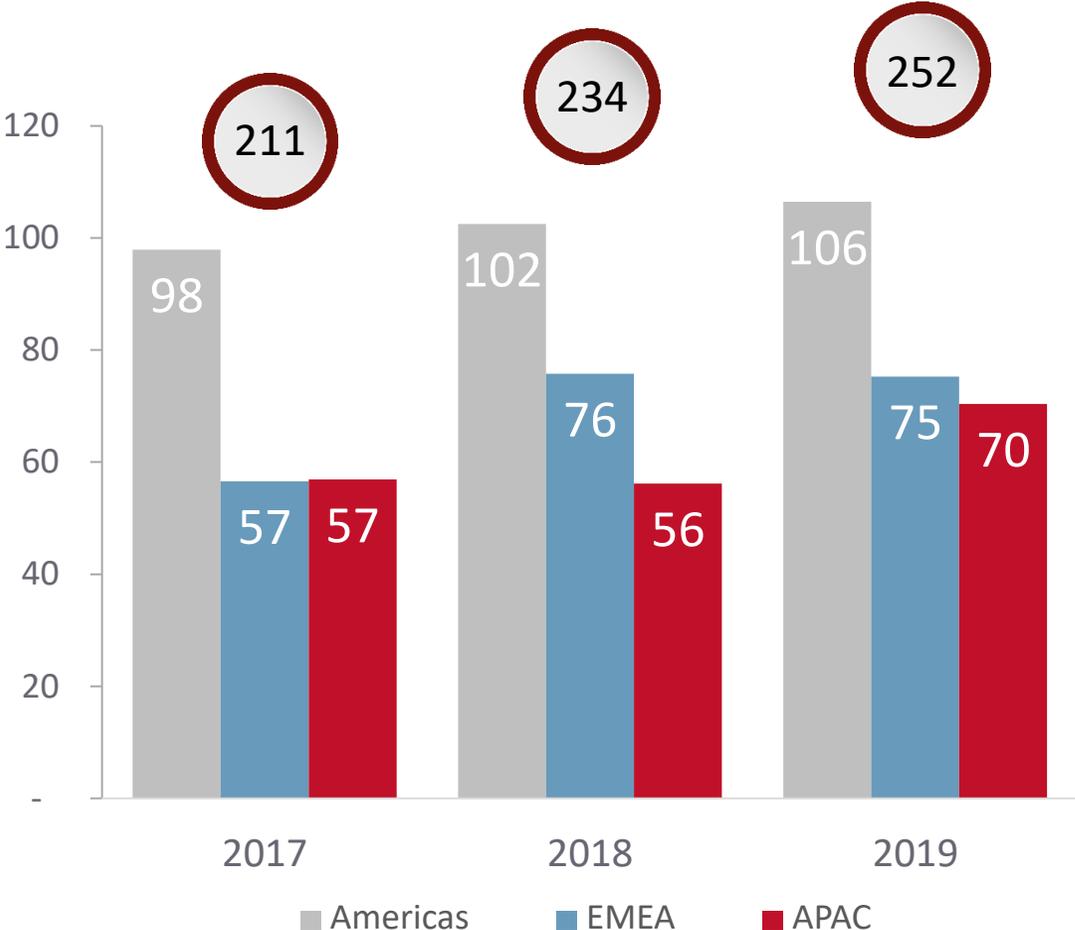
- ✓ Continuous growth in revenue year-on-year: Record year
 - ✓ Growth drivers to underscore growth for 12 consecutive quarters
 - ✓ Predictable model where subscription part of the booking is growing
 - ✓ Strong margins and cash flow
-
- ✓ **CONSISTENT EXECUTION IN LINE WITH LONG TERM STRATEGY**

REVENUE OF \$252M

REVENUE BY VERTICAL (\$M)

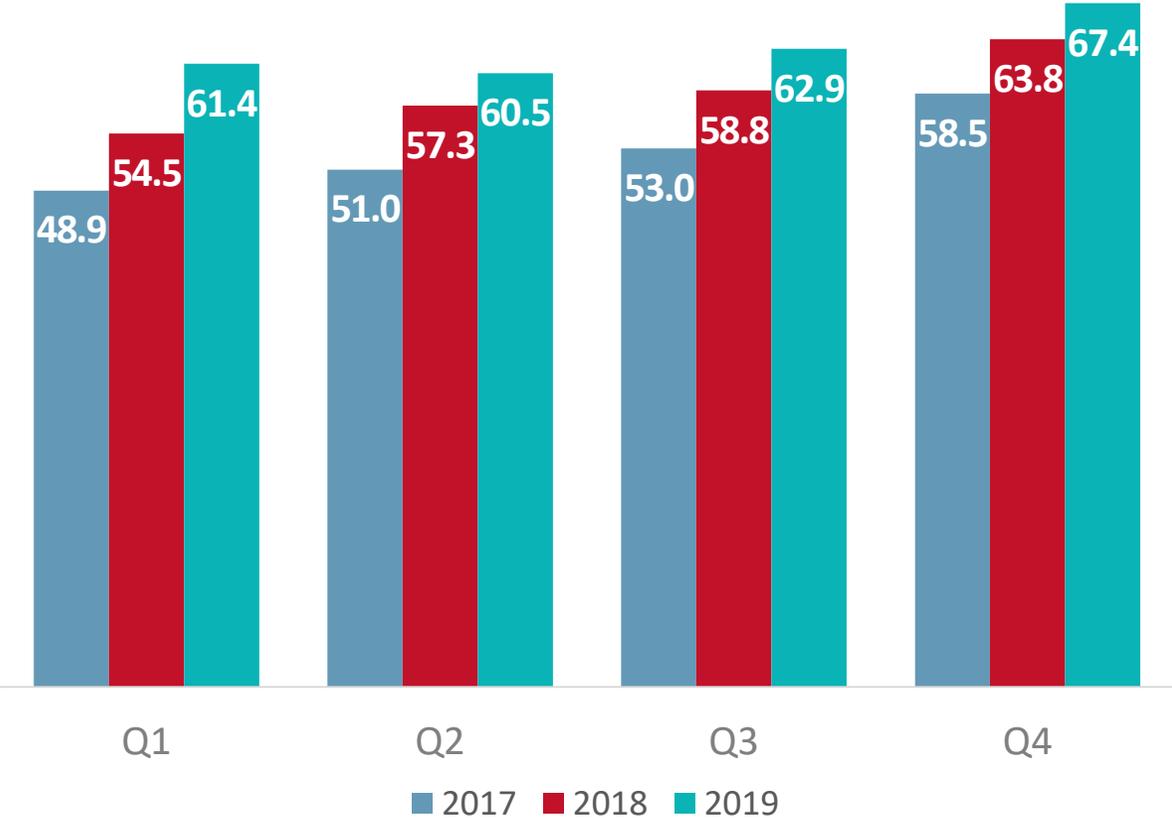


REVENUE BY REGION (\$M)

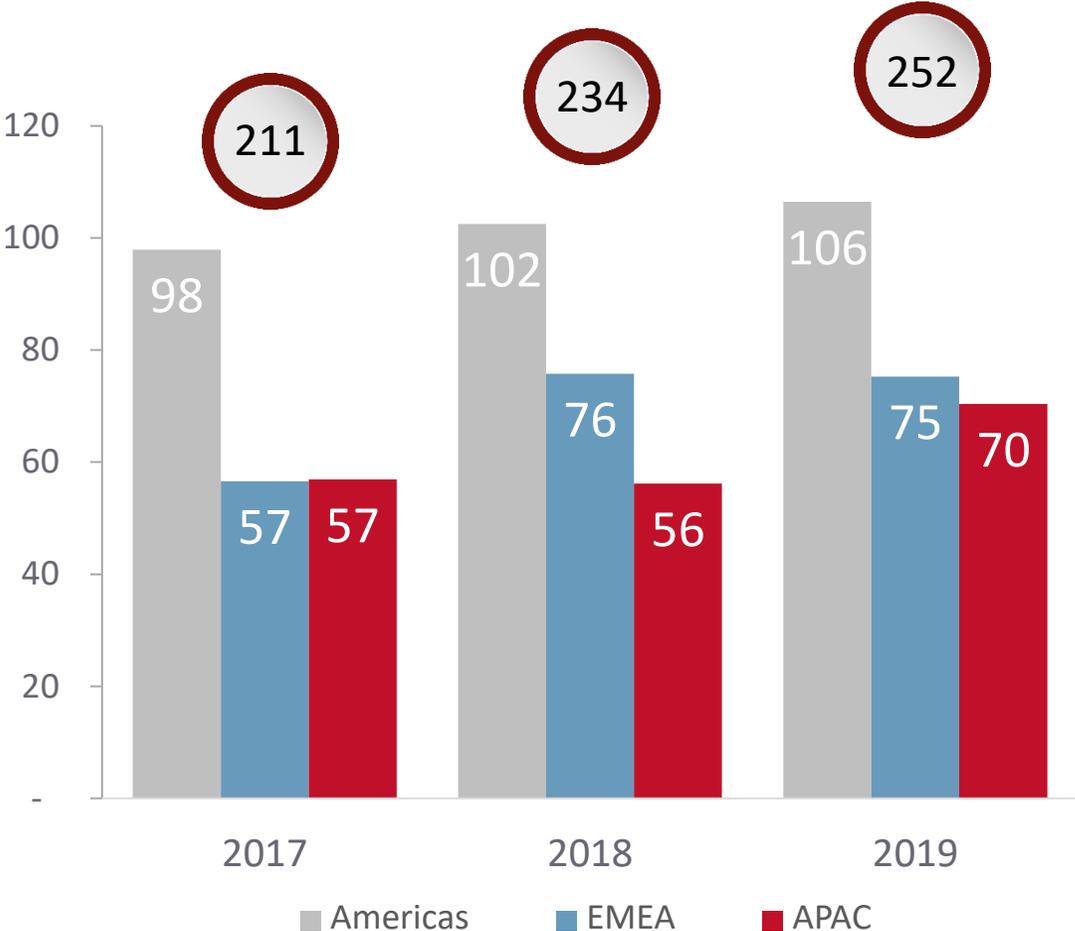


REVENUE OF \$252M

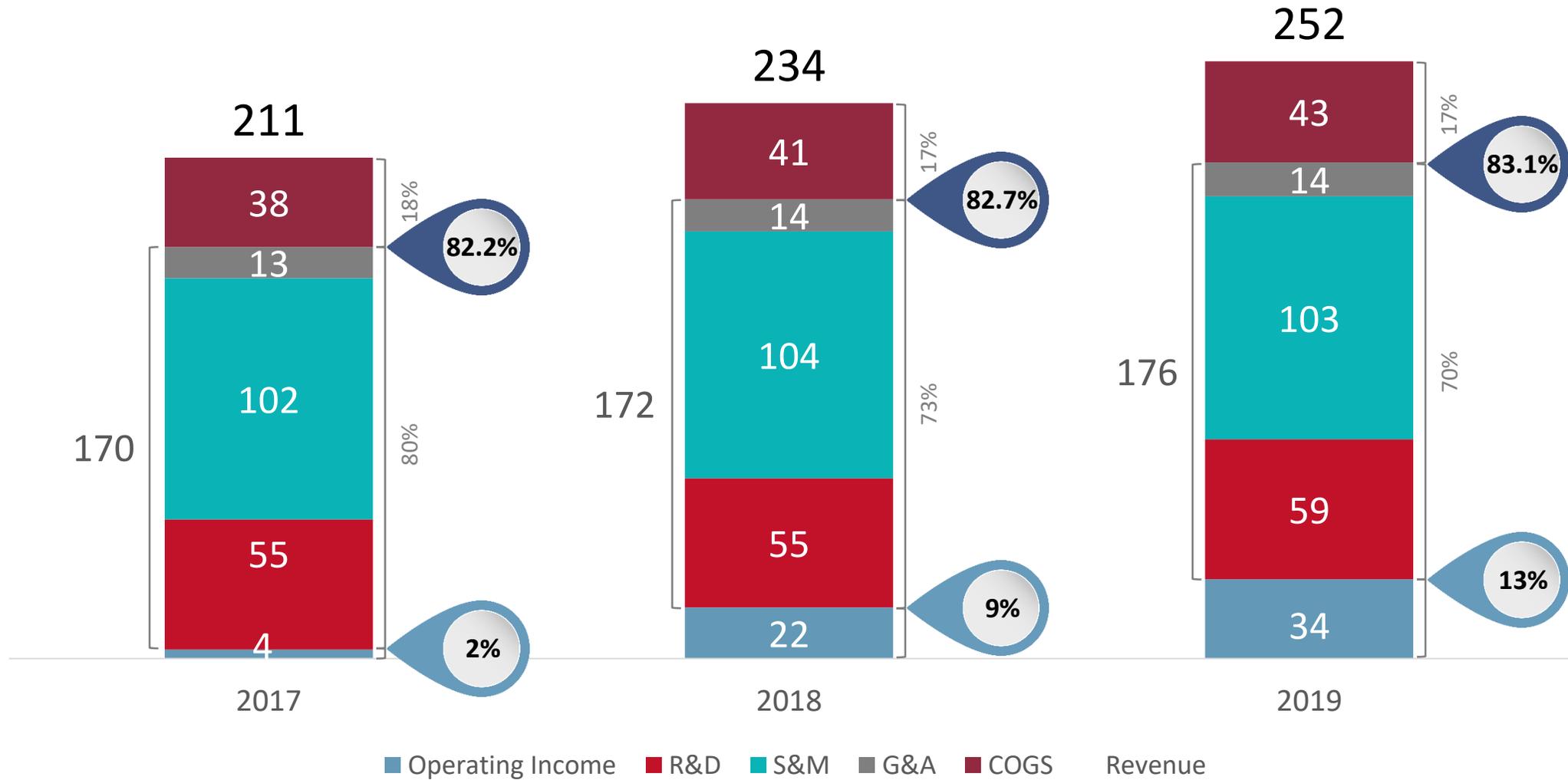
QUARTERLY REVENUE (\$M)



REVENUE BY REGION (\$M)



OPERATING LEVERAGE (\$M)



All Numbers are Non-GAAP

OPERATING LEVERAGE

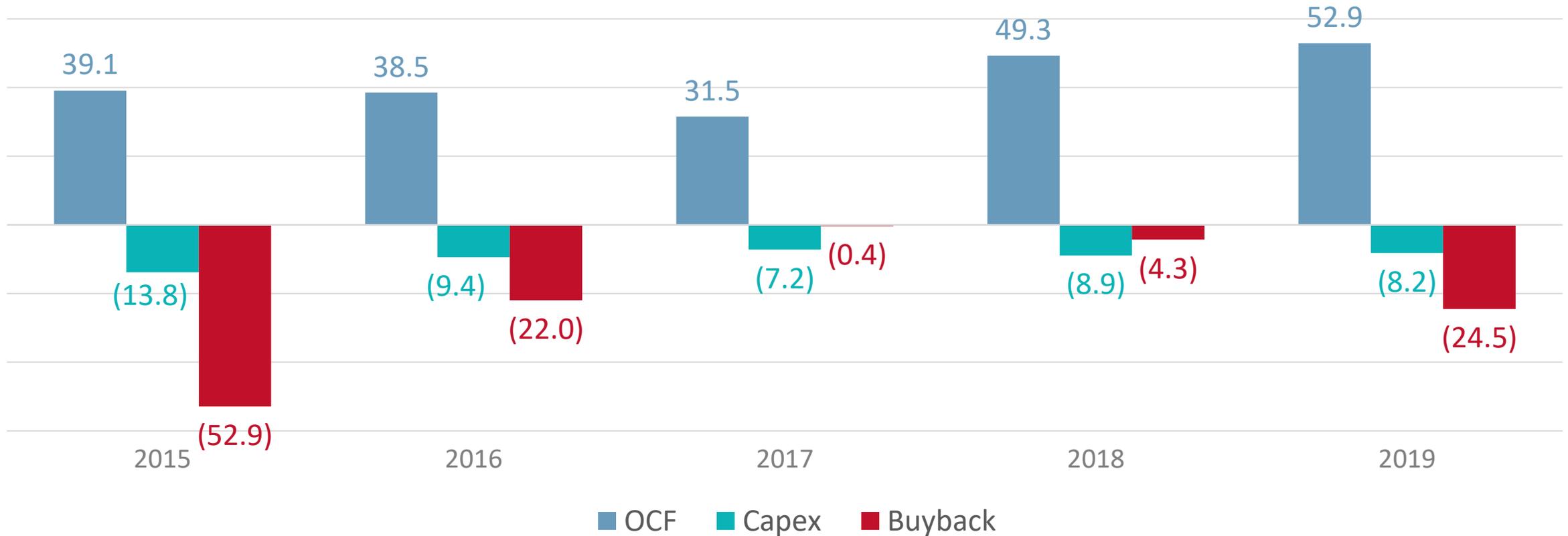
	Q1 19	Q2 19	Q3 19	Q4 19		FY 19 PF*	FY 19A
Opex Guidance (\$M)	44 - 45	43 - 45	44 - 46	44 - 46	Opex (\$M)	~180	176
Opex Actual (\$M)	43.2	43.1	43.2	46.4	Diluted EPS (\$)	~0.65	0.84
Open Positions	70-80	50-60	40-50	20-30			
N.A. & EMEA Sales Open positions	20-25	20-25	15-20	~5			
EPS Guidance (\$)	0.12 - 0.13	0.12 - 0.15	0.16 - 0.18	0.23 - 0.24			
Diluted EPS Actual (\$)	0.18	0.18	0.25	0.23			

** Pro-forma to full hiring*

All Numbers are Non-GAAP

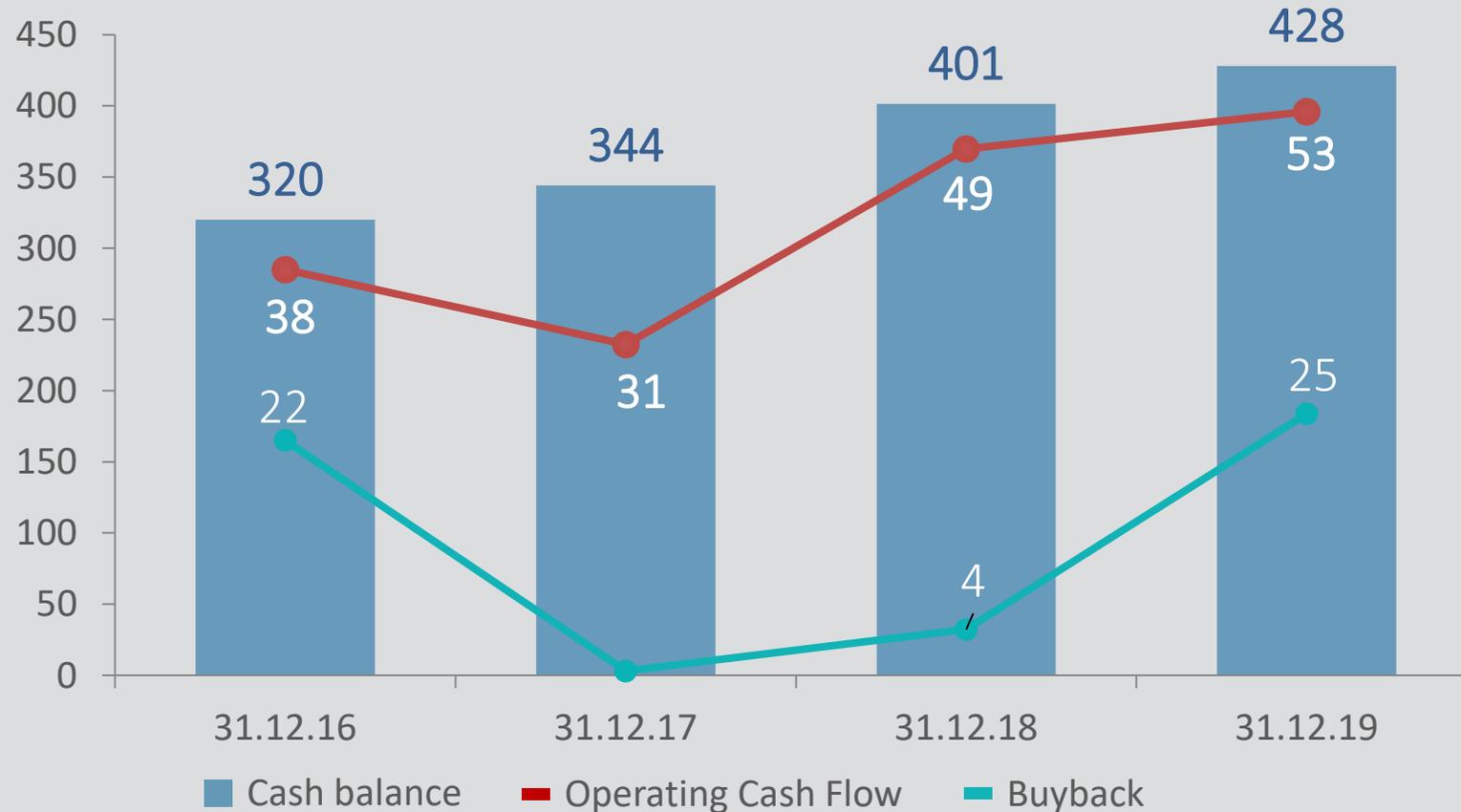
CONTINUOUS STRONG CASH GENERATION (\$M)

IN PAST 5 YEARS, RETURNED 49% OF OCF TO SHAREHOLDERS AND INVESTED 32% IN CAPEX AND ACQUISITIONS



USE OF CAPITAL (\$M)

IN PAST 5 YEARS, RETURNED 49% OF OCF TO SHAREHOLDERS AND INVESTED 32% IN CAPEX AND ACQUISITIONS

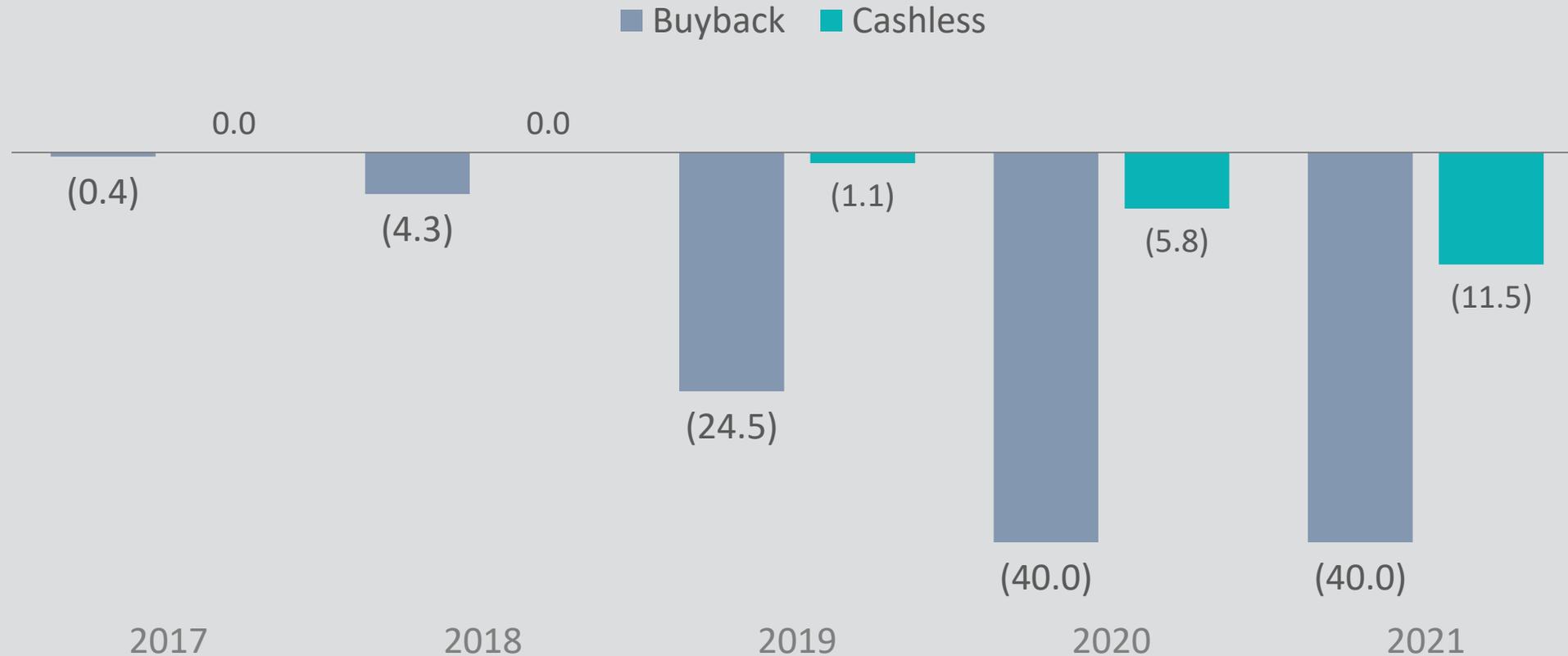


Q1 2019
Acquisitions to Expand
Offering and Presence

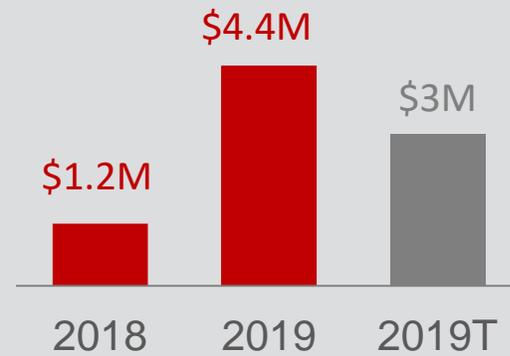
The logo for SHIELD SQUARE, with 'SHIELD' in red and 'SQUARE' in black. Below it is a white arrow pointing down to a cloud icon containing a robot head and a laptop, with the text 'BOT MANAGER' next to it.

USE OF CAPITAL

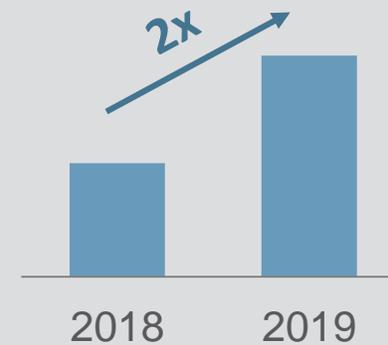
DILUTION LEVEL EXPECTED TO DECREASE AFFECTED BY BUYBACK AND CASHLESS OPTIONS EXERCISE



OUR GROWTH IS DRIVEN BY A POWERFUL MODEL



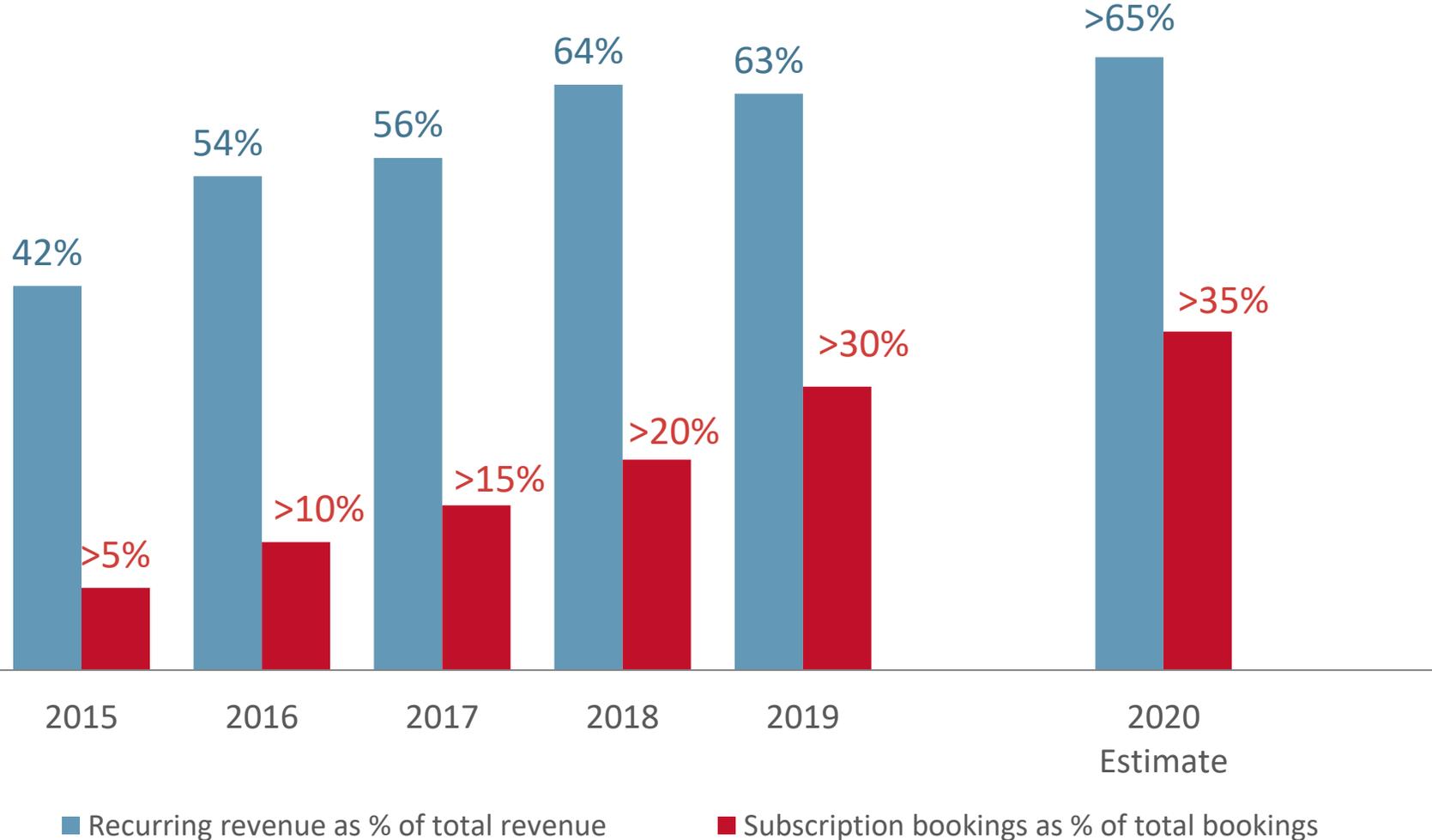
ERT ACTIVE ATTACKERS



ALTEON SECURE SUBSCRIPTION
CUSTOMERS

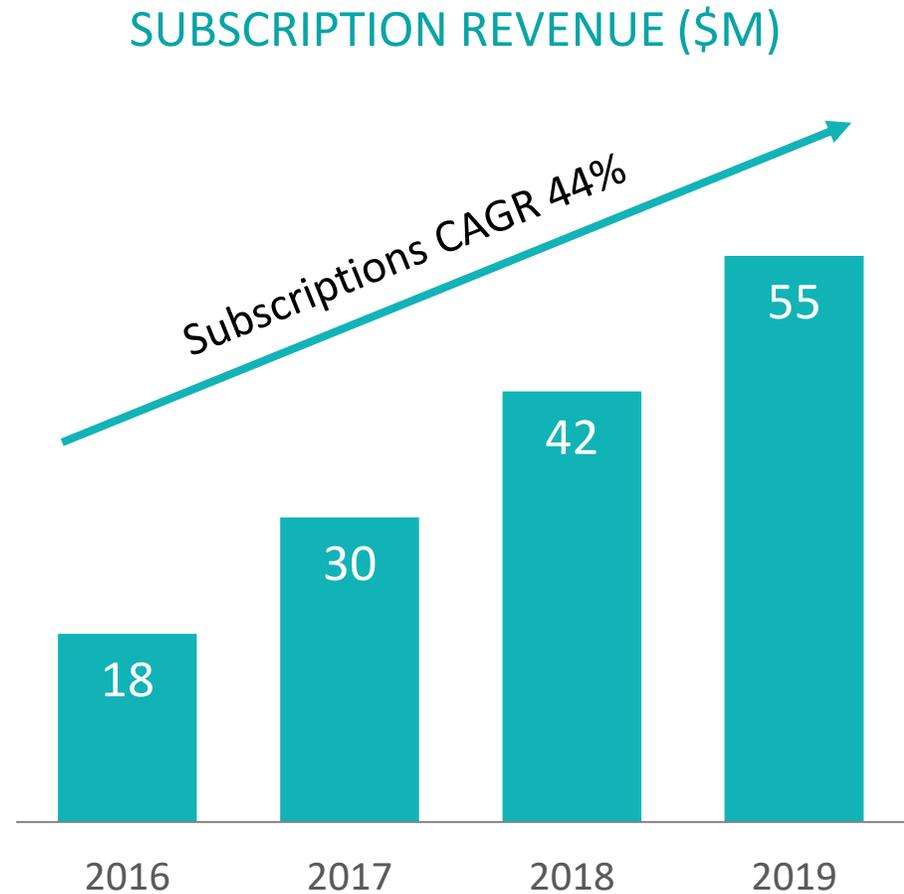
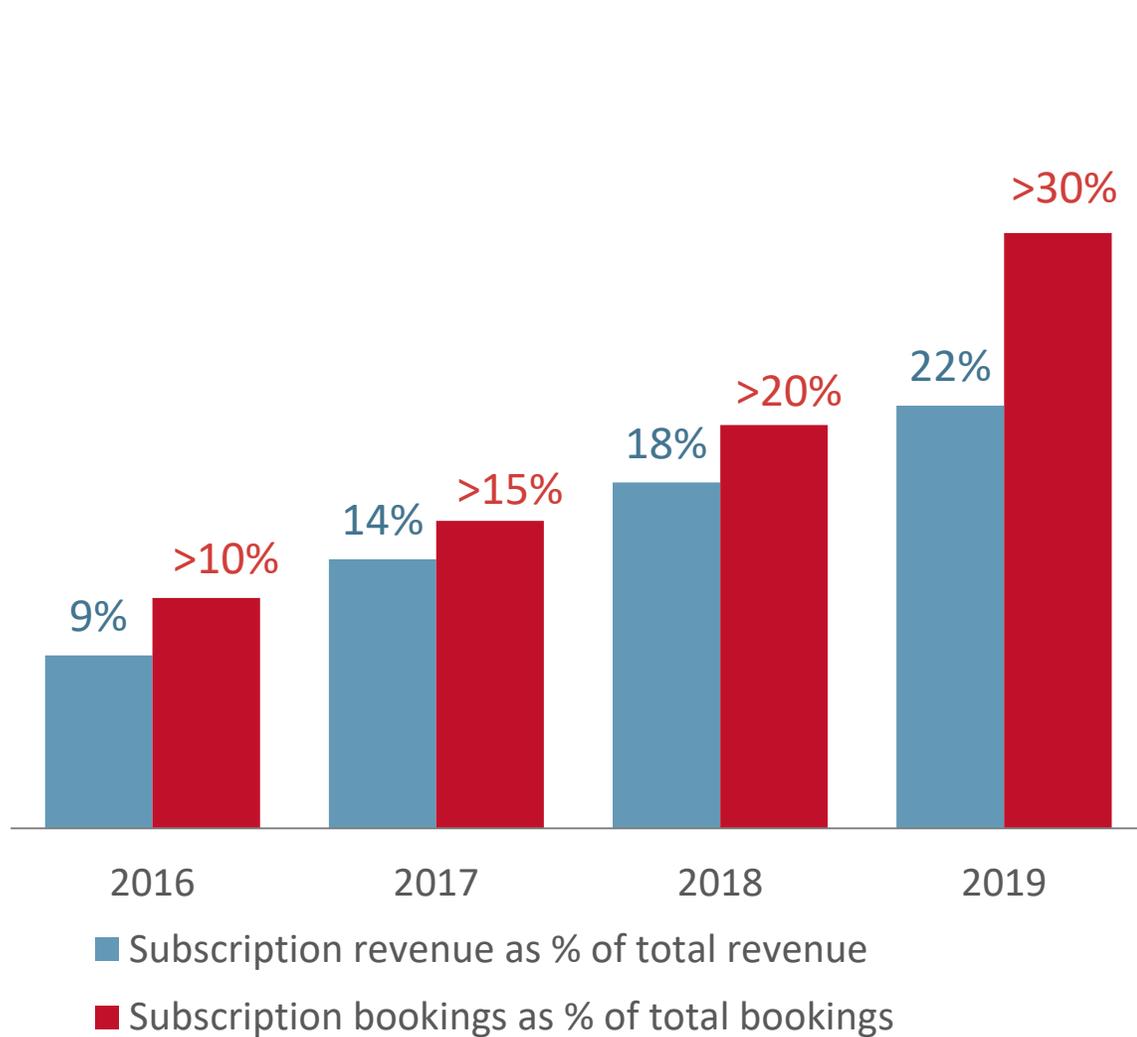
RECURRING REVENUE DRIVEN BY SUBSCRIPTIONS

SUBSCRIPTIONS ARE THE MAIN GROWTH DRIVER

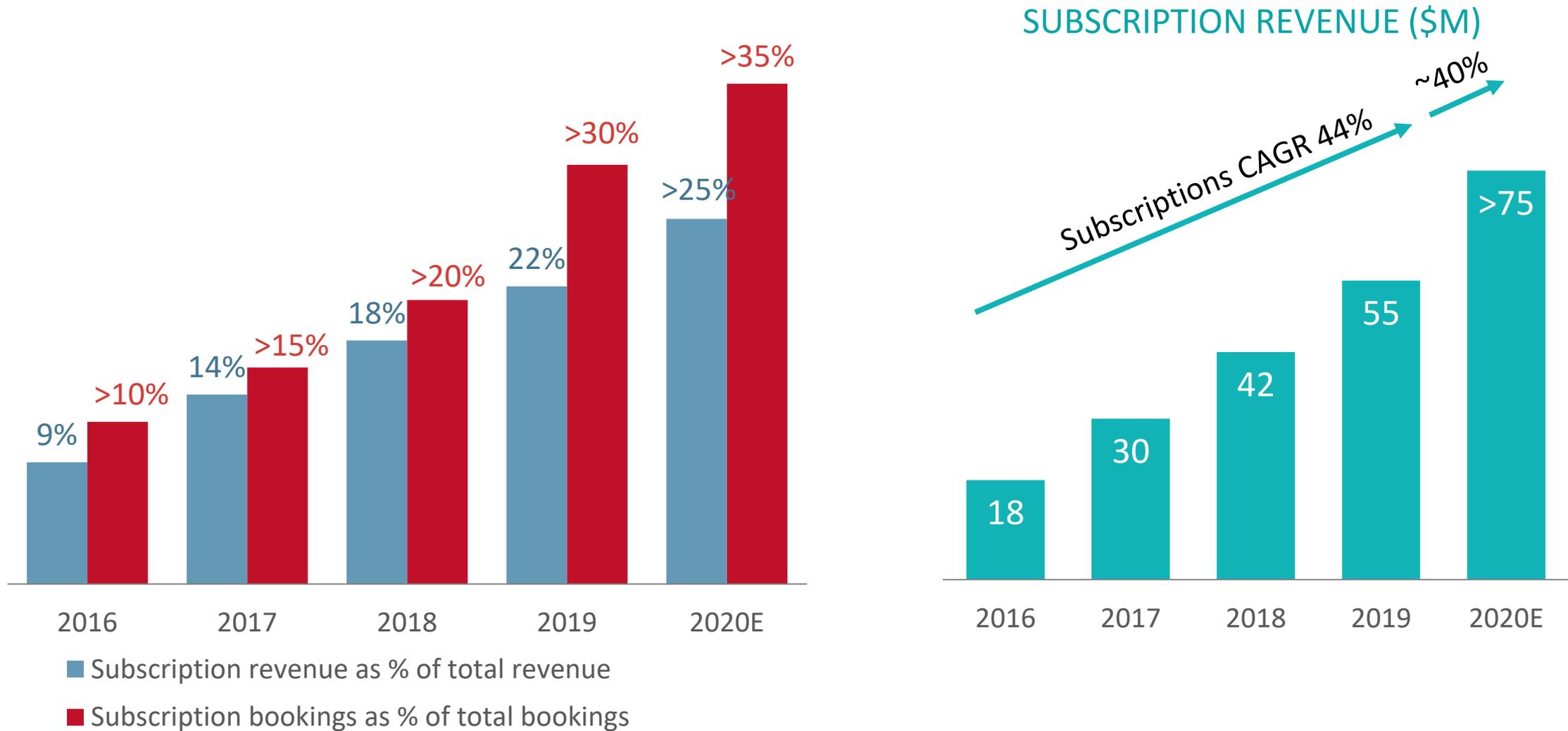


RADWARE'S RECURRING REVENUE INCLUDE SUPPORT, CLOUD SERVICES AND PRODUCT SUBSCRIPTION

SUCCESSFUL TRANSITION TO SUBSCRIPTIONS

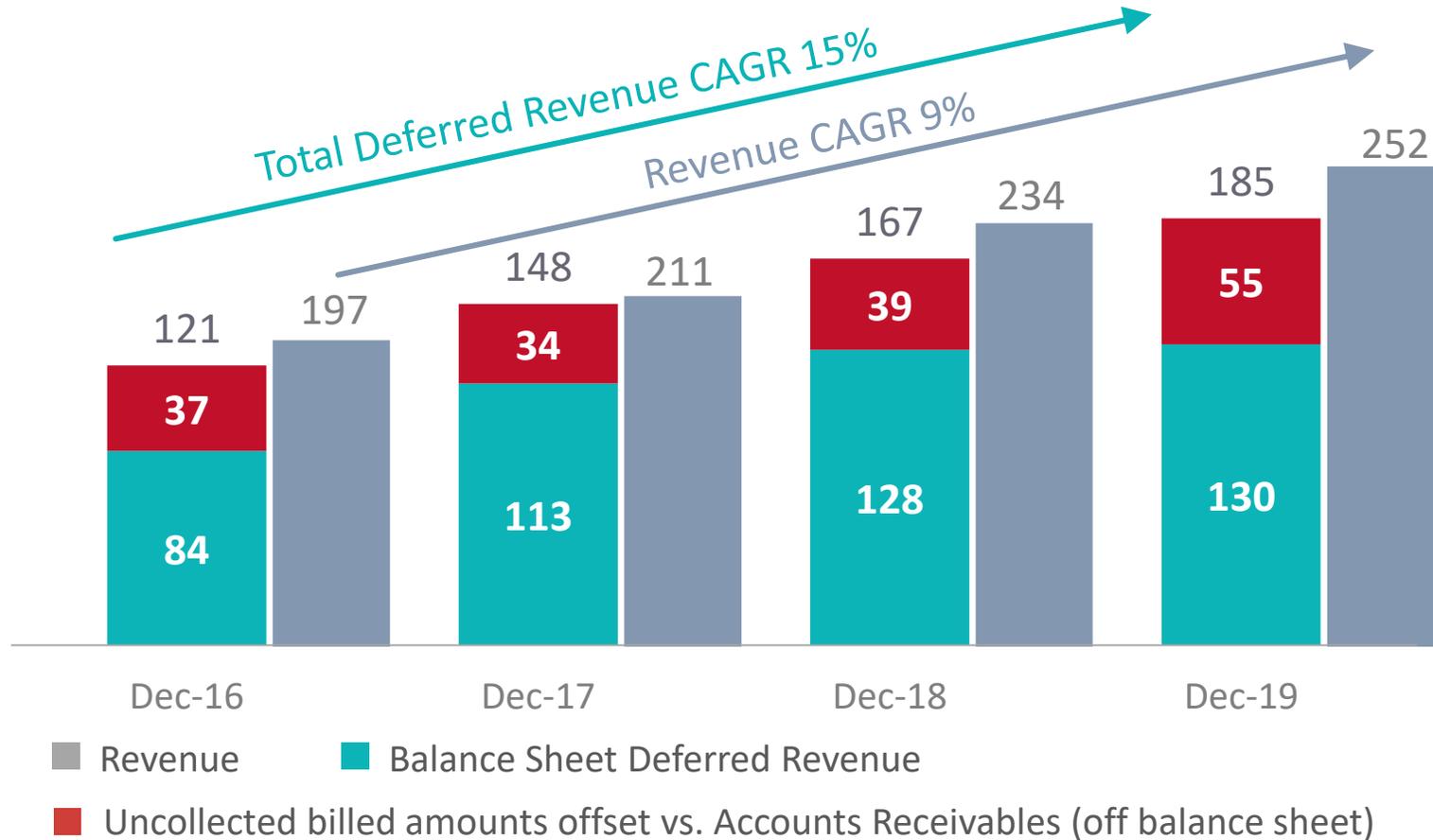


SUCCESSFUL TRANSITION TO SUBSCRIPTIONS



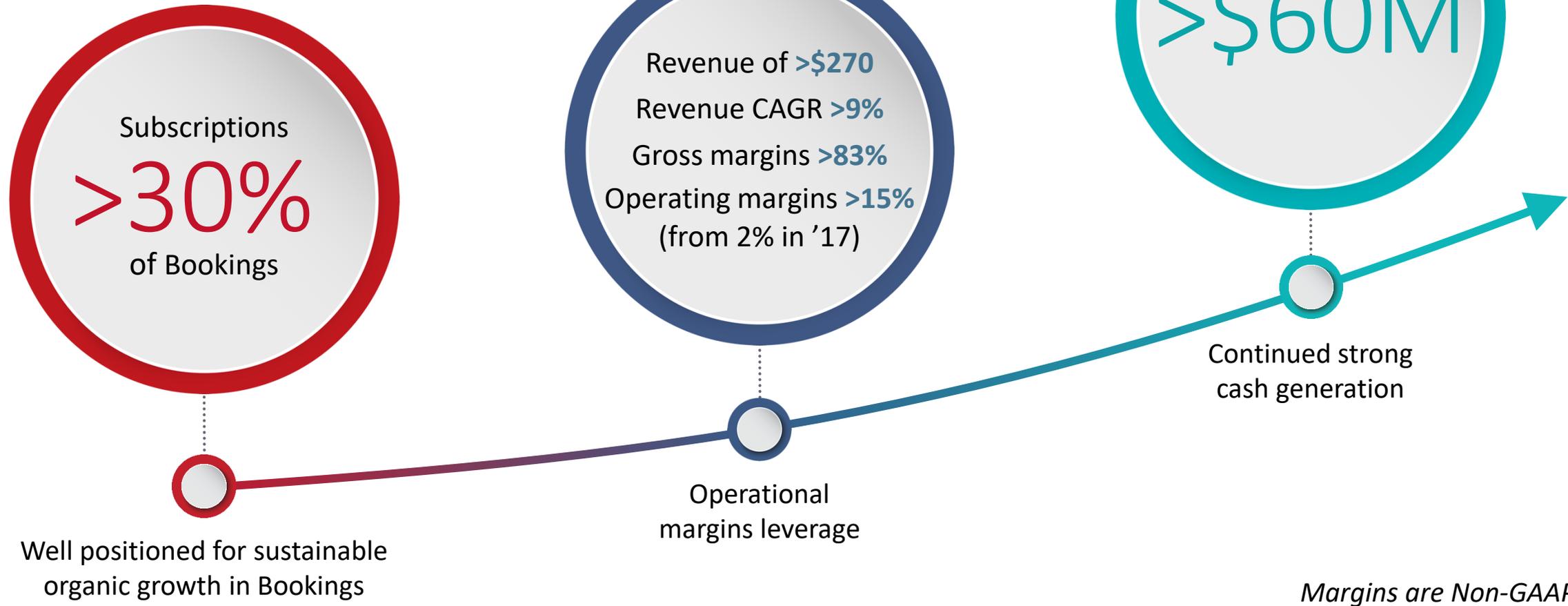
SHIFT TO SUBSCRIPTIONS ON TRACK TO SECURE PERFORMANCE

TOTAL DEFERRED REVENUE A KEY INDICATOR OF FUTURE GROWTH



Outlook

2020 MODEL (AS PRESENTED IN FEB-18)



2019 ACTUALS AS PART OF THE 2020 LONG-TERM MODEL

(AS PRESENTED IN FEB-18)

2019 Actual

2020 Target (as of Feb 18)

Subscriptions	31%	> 30% of bookings
Revenue	\$252M	> \$270M
Revenue CAGR	9.2% (from 2017)	>9% (from 2017)
Gross Margin	83.1%	> 83%
Operating Margin	13.3%	> 15%
Operating Cash Flow	\$53M	>\$60M

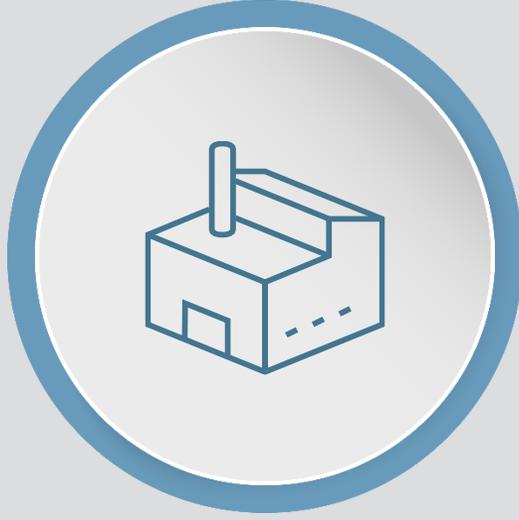
Margins are Non-GAAP

2020 AND LONG-TERM GROWTH ASSUMPTIONS



SALES ORGANIZATION

- ✓ We have the right sales structure to support and focus on growth
- ✓ Continue hiring sales talent
- ✓ Investing in people



MARKET ACCESS

- ✓ Investing in partnerships: Cisco, OEMS, GSIs
- ✓ Bringing innovative technology & solutions to the market: BotManager, CWP, 5G, Public Cloud



CUSTOMERS

- ✓ Focus on delivering world class customer experience
- ✓ Introducing our customers to the extensive Radware portfolio
- ✓ Increasing TAM - build solutions that address market changes

2020 GUIDANCE

	2019	2020 G
Revenue	\$252M	7% growth; \$270M
Gross Margin	83.1%	83%
Operating Expenses	\$176M	Up
Headcount	1,094	~1,150
Tax Rate	8%	12-14%
Diluted EPS	\$0.84	Flat

All Numbers are Non-GAAP

LONG-TERM MODEL 2022

	2019	2020 G	2022
Revenue	\$252M	\$270M	9-10%; ~\$325M
Gross Margin	83.1%	83%	>83.5%
Operating Expenses	\$176M	Up	Up
Operating Margin	13.3%	13-14%	~18%
Headcount	1,094	~1,150	~1,250
Tax Rate	8%	12-14%	12-14%
Diluted EPS	\$0.84	Flat	~\$1.2

All Numbers are Non-GAAP

2022 MODEL



Well positioned for sustainable organic growth in Bookings

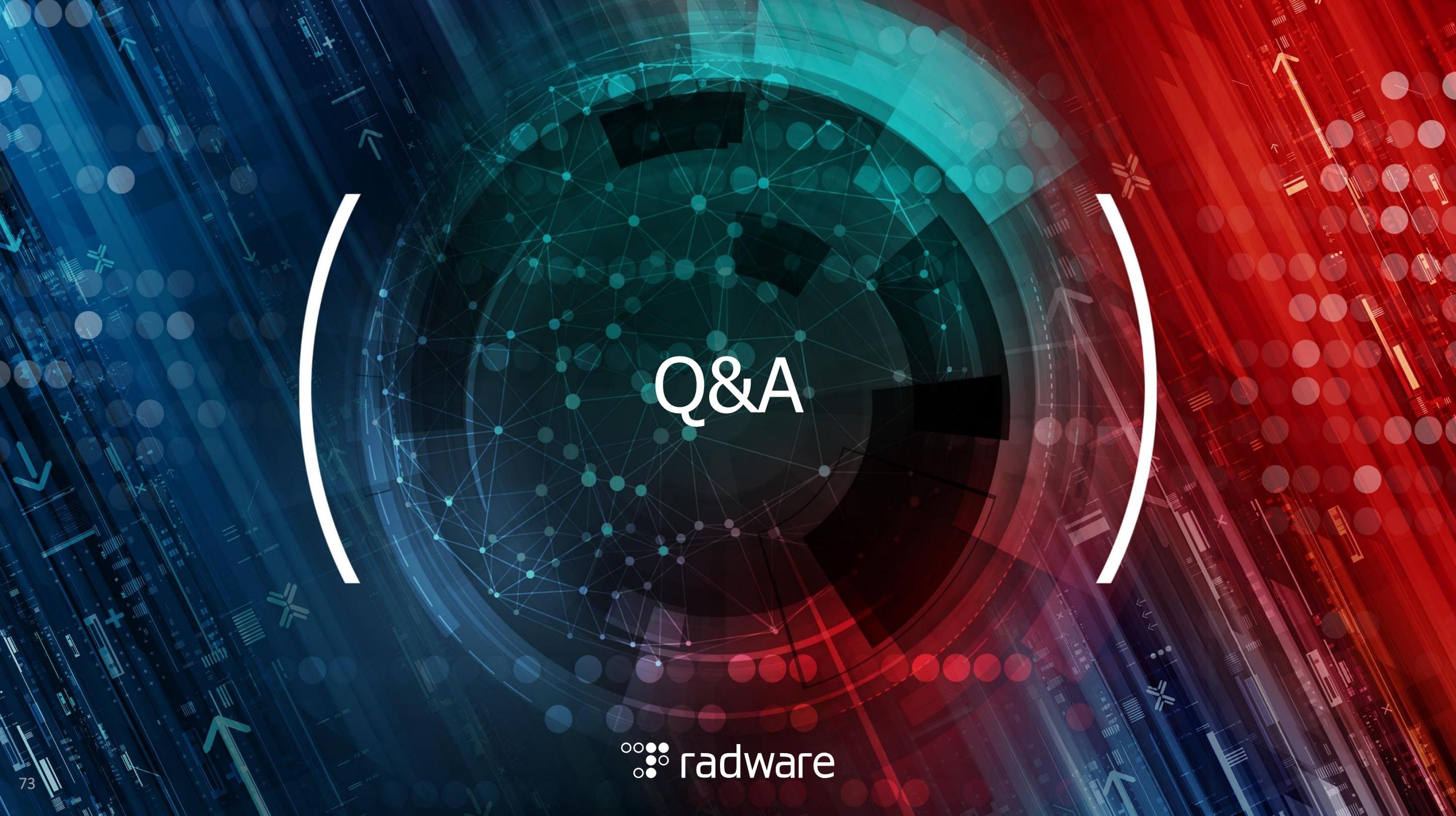


Operational margins leverage



Continued strong cash generation

Margins are Non-GAAP



Q&A



Thank
You