# INVESTOR PRESENTATION

**Q1 2018**

May 2018

# Safe Harbor

## Disclaimer

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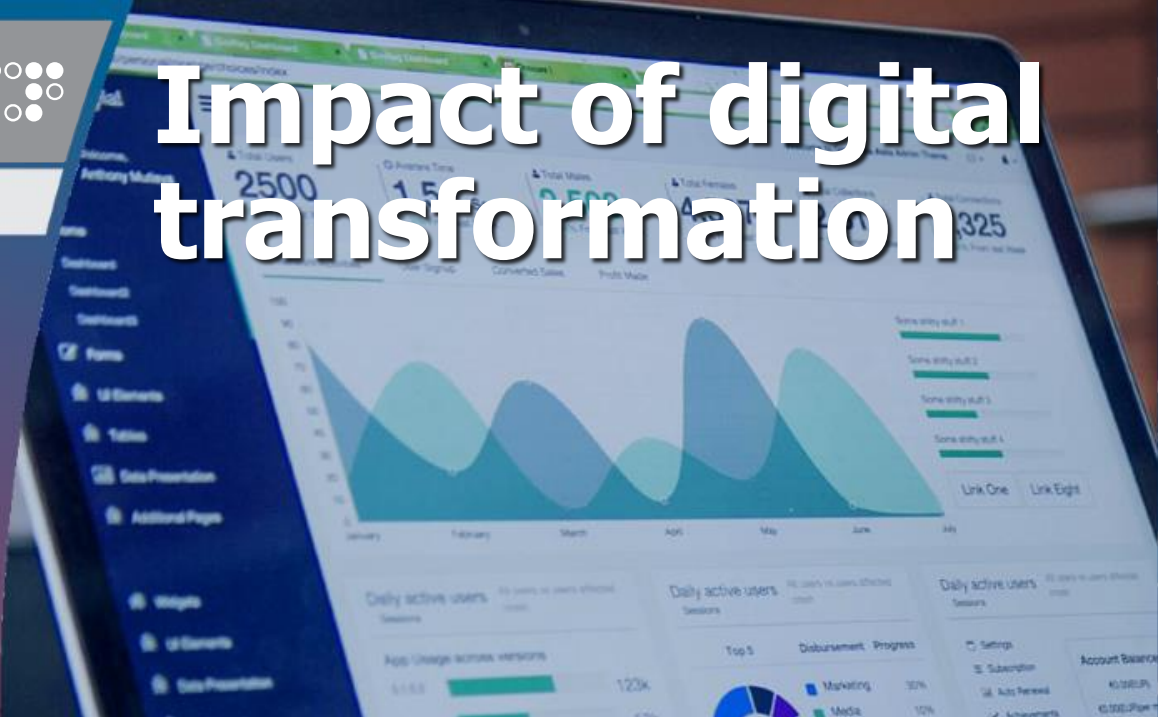
Is a worldwide leader in
**APPLICATION SECURITY & DELIVERY**
Across Datacenter and Cloud

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# Impact of digital transformation

## Cloud migration

New delivery models require new capabilities

## Datacetner complexity

Virtualization, private/hybrid cloud, multiple vendors

**Rapid changes require agility**

## User experience focus

expectations for flawless availability

**Anytime, Everywhere**

# Current state of cyber attacks

## INTENSIFYING THREATS

Attackers sophistication +
Attack tools availability +
platforms variety
**Increasing attack complexity and size**

## SKILL SHORTAGE

Scarce security expertise
**Need for automation and fully managed services**

## WIDENING THREATS

Attack motivation variety +
Attacked industry diversity
**Increasing attack frequency and abundance**

# Current state of cyber attacks

**INTENSIFYING THREATS**

**24%** of organizations report being under cyber attacks daily or weekly

**SKILL SHORTAGE**

Only **33%** of security officers feel confident they can mitigate application-layer DDoS attacks.

**50%** feel confident they can protect against network-layer DDoS attacks

**WIDENING THREATS**

**45%** of organizations experienced a data breach over the past year

*Source: Radware ERT Report and Web Application Security Report*

# Our Mission:
# Securing The Digital User Experience

For every business model.

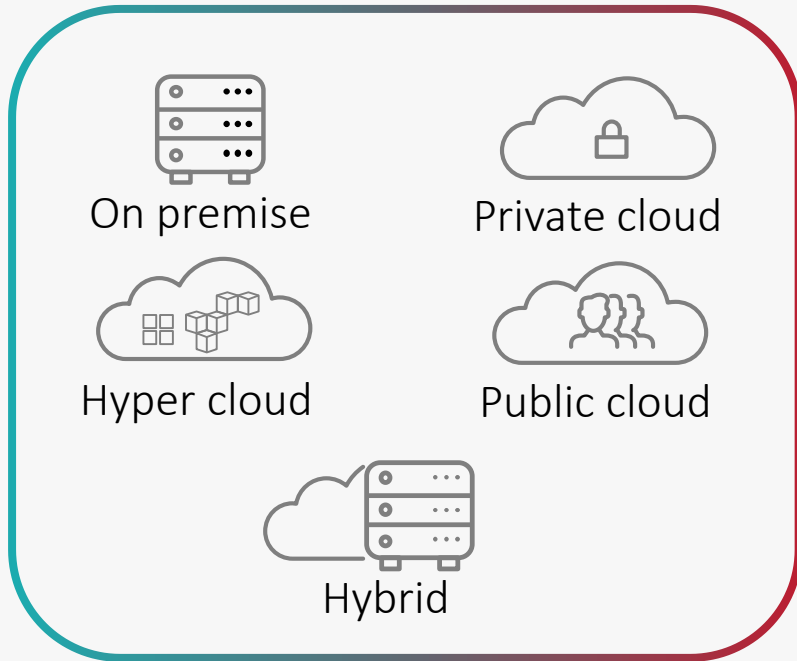Through continued innovation.

With a comprehensive offering.

# EVERYWHERE
## To meet every business model
### ARCHITECTURE

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Everywhere

# Solutions Architecture

Wherever it is located



On premise

Private cloud

Hyper cloud

Public cloud

Hybrid

**radware**

**Will protect it**

From
**Physical Appliances**
on **Perpetual License**

To **Physical** or **Virtual Appliances**, on premise, cloud and Hybrid

# EFFECTIVE
## Continued Innovation
### TECHNOLOGY

# Comprehensive Secured Delivery

**Advanced automation**
for attack life-cycle management
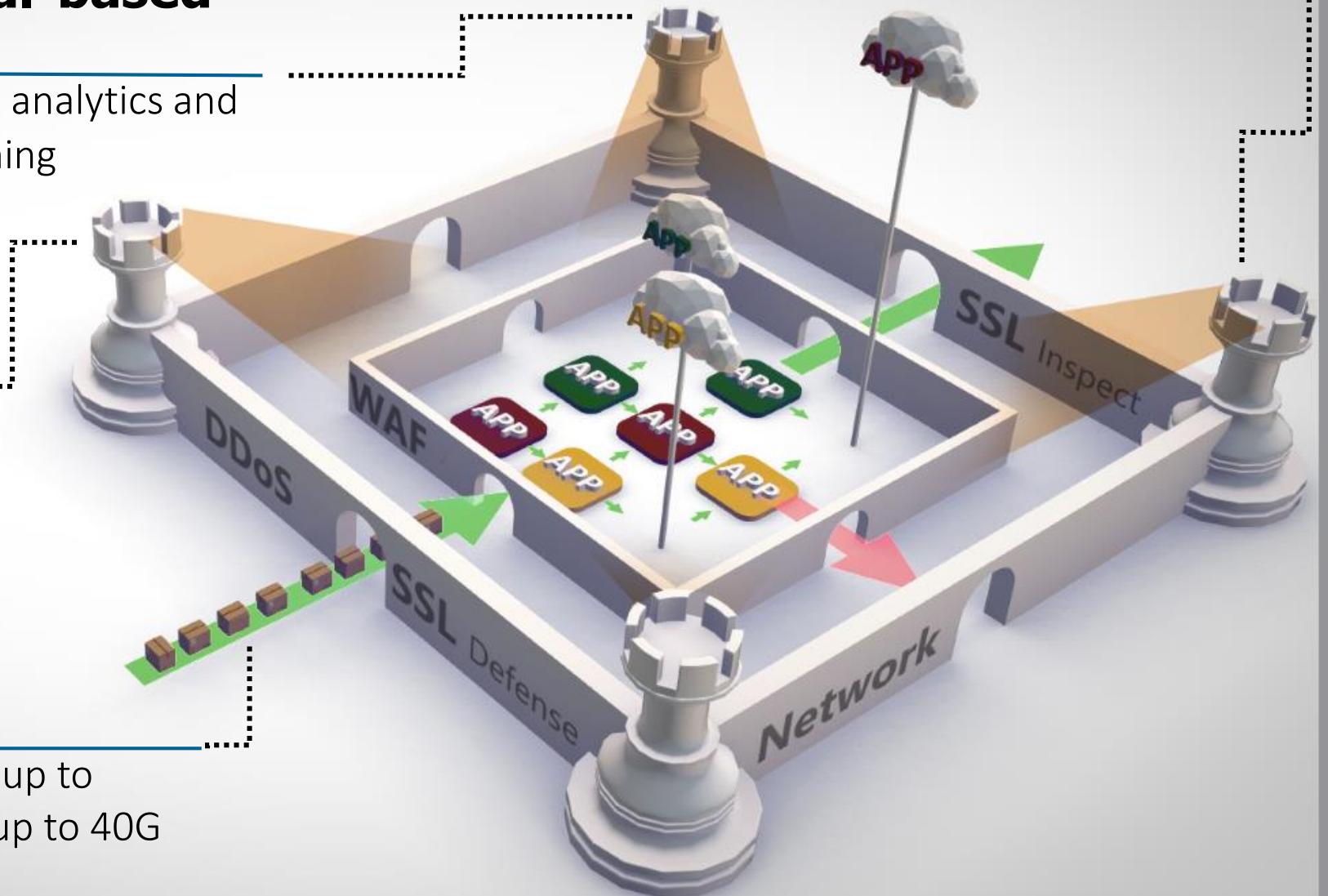and mitigation of unknown attacks

**Behavioral-based detection**
Using big data analytics and
machine learning

**Synchronized messaging**
to improve detection and
mitigation response and
accuracy.

**High performance**
Device mitigation capacity of up to
400Gbps; SSL throughput of up to 40G



Effective

# Comprehensive Secured Delivery

## Solution management

Fully managed cloud services catalog and cyber threat intelligence services

## Cloud migration

Multi-cloud migration, hybrid deployments across data-centers, public and hyper-scale clouds



Effective

**EASY**
Comprehensive offering
**SOLUTIONS**

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Easy

# Deep and Integrated Solution Portfolio

**Big Data Machine Learning**

RealTime Analytic Feed

CLOUD MALWARE PROTECTION

**Management & Visibility**

Cloud Portal

VISION

Vision Reporting Module

**Control Plane**

vDirect Orchestration

DEFENSE FLOW

DefenseFlow Automation

**Data Plane**

DefensePro

APPWALL www
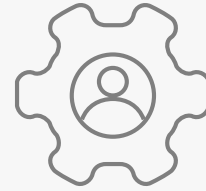
Alteon

3.5Tbps DDoS/WAFaaS

Easy

# SUCCESS FACTORS
## What makes it work

# Supporting Assets **Leading Technology**

## Market **RECOGNITION**

SC MAGAZINE AWARDS 2016 WINNER Honored in the U.S.

NSS LABS

FORRESTER

Gartner.

## Strategic **BUSINESS PARTNERS**

CISCO

Check Point
SOFTWARE TECHNOLOGIES LTD.

NOKIA

## Industry leading **TECHNOLOGY PARTNERS**

Hewlett Packard Enterprise

Nokia Siemens Networks

SAP

IBM

Success factors

# Supporting Assets **Over 12,500 Customers**
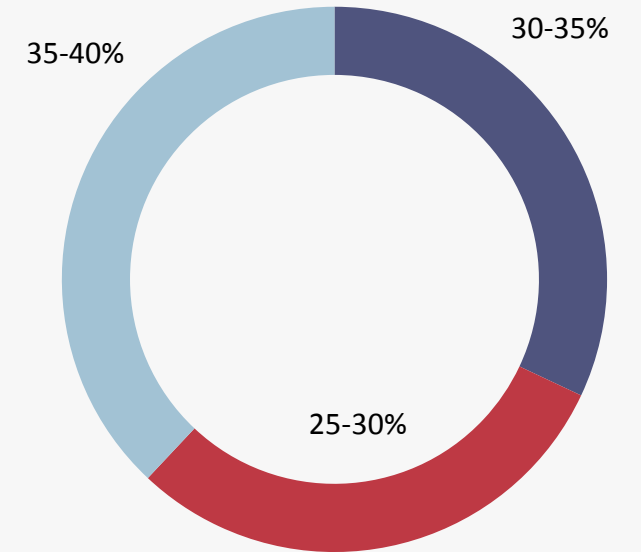
**8** Of Top **12**
World's Stock Exchanges

**11** Of Top **20**
World's Banks

**10** Of Top **10**
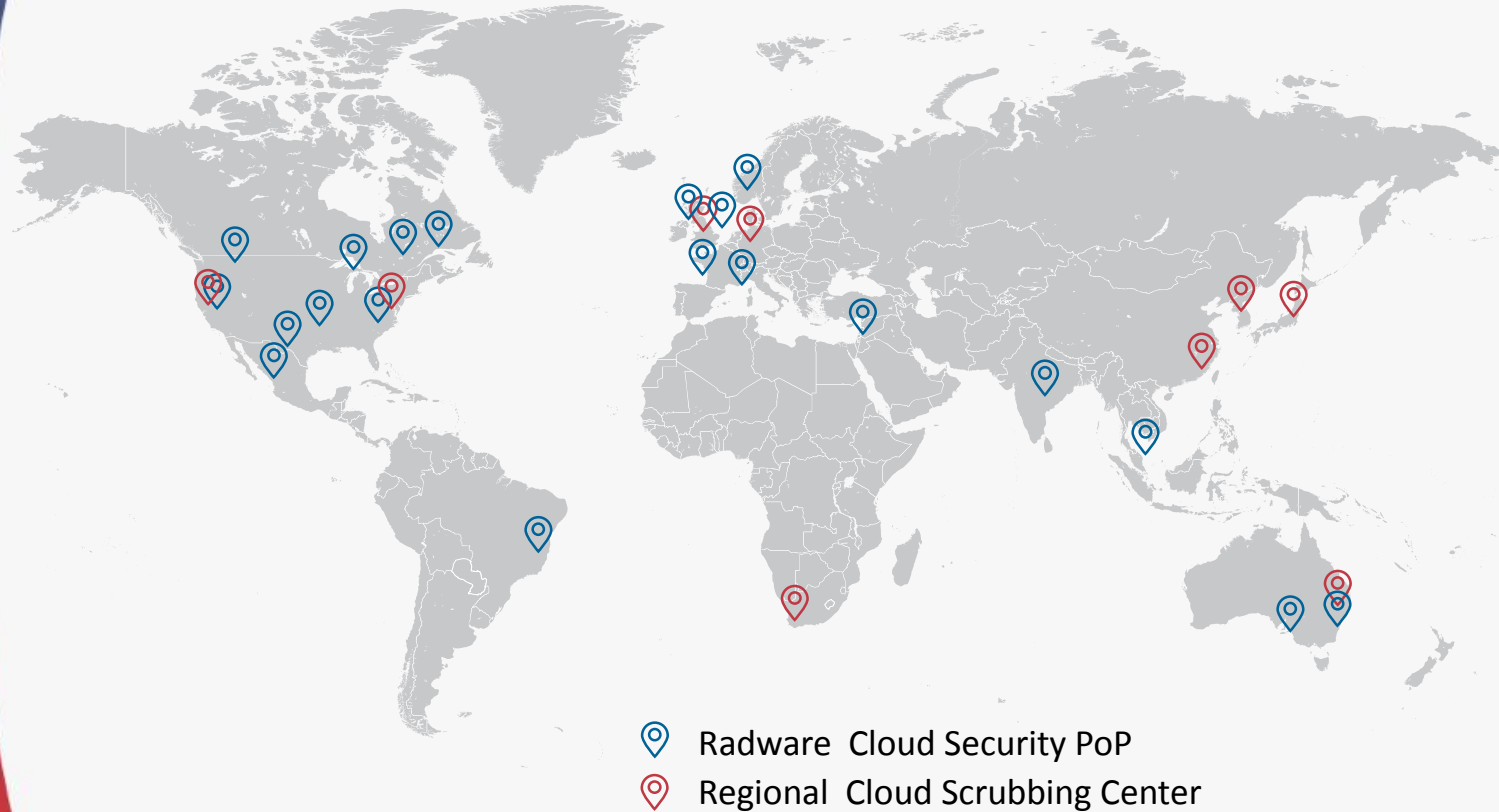World Telecom Companies

**3** Of Top **8**
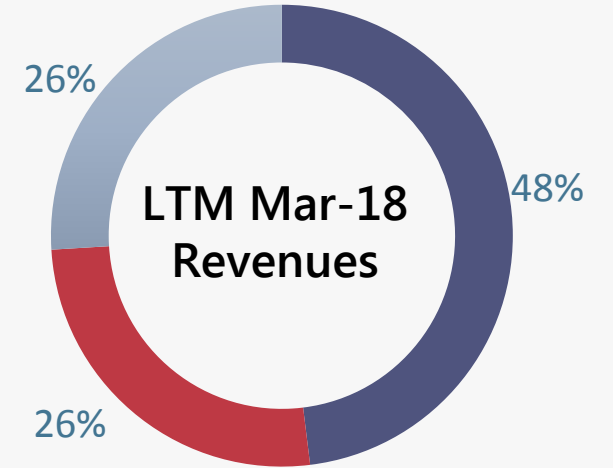N. American Application Software Companies

30-35%

35-40%

25-30%

■ Carriers & Service Providers

■ Banking, Finance & Government

■ Other

Success factors

# Supporting Assets **Global Presence**



📍 Radware  Cloud Security PoP

📍 Regional  Cloud Scrubbing Center

**OVER 3.5Tbps** Of Global Mitigation Capacity

## LTM Mar-18 Revenues

26%

48%

26%

■ Americas   ■ EMEA   ■ APAC

## BALANCED
### Geographic Exposure

~1,000 Employees
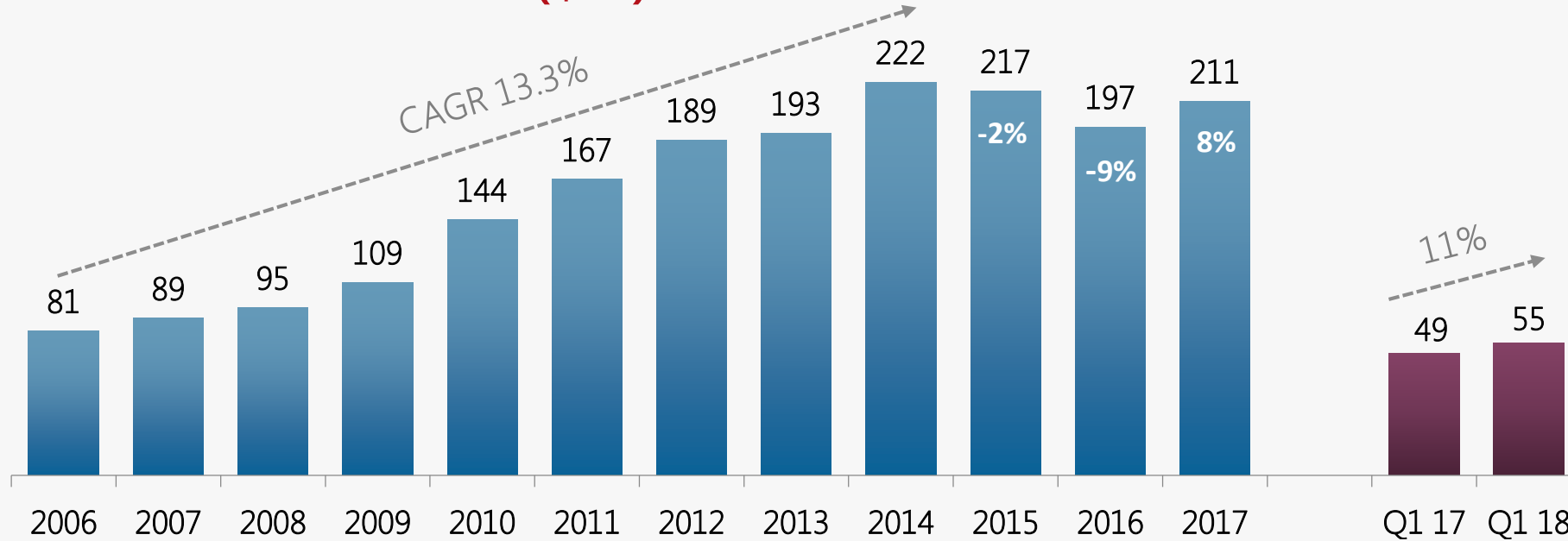
35 Offices
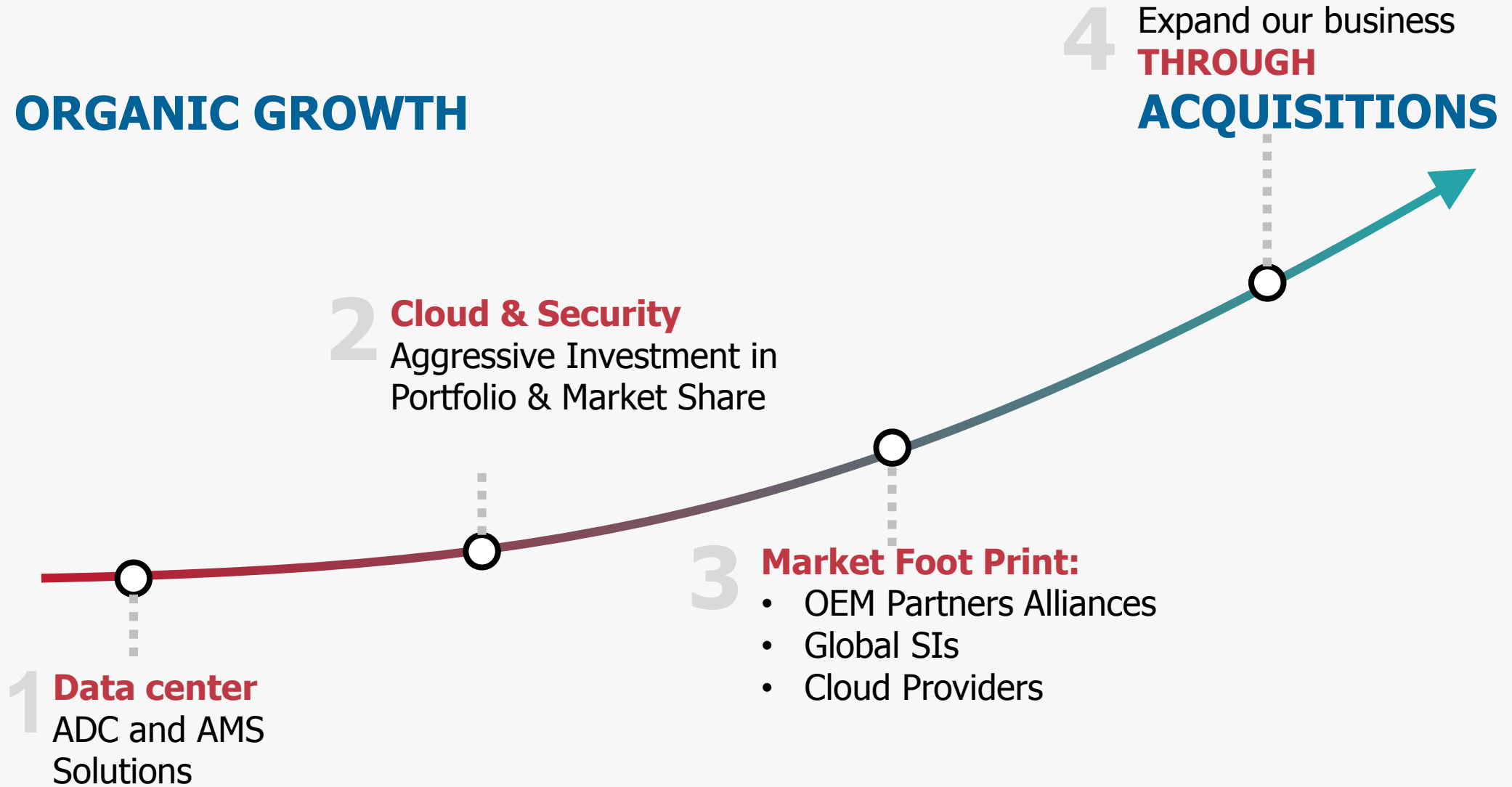
# FINANCIALS

Updated for Q1 2018

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# **Back to Growth** Post Business Model Transition
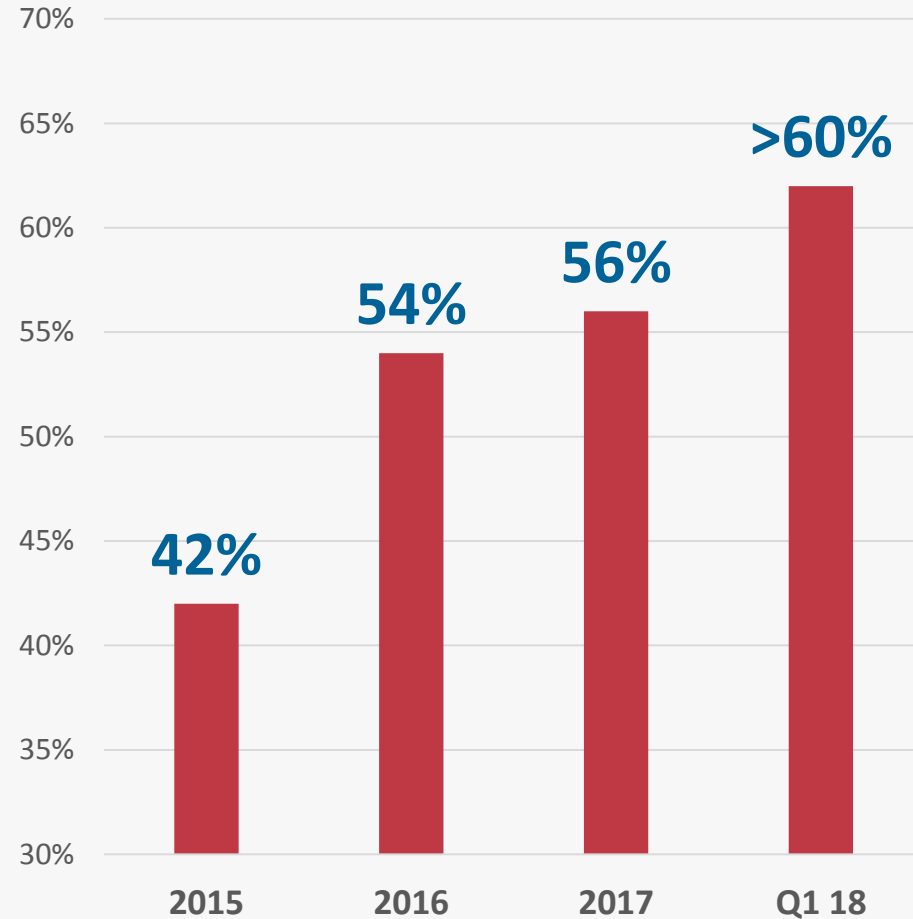
**Annual Revenues ($M)**

# Shift to Subscriptions (1)

**Business Mix**
Provides Us With
**Visibility &
Confidence** For
Future Financial
Performance

## Recurring Revenues as % of Total

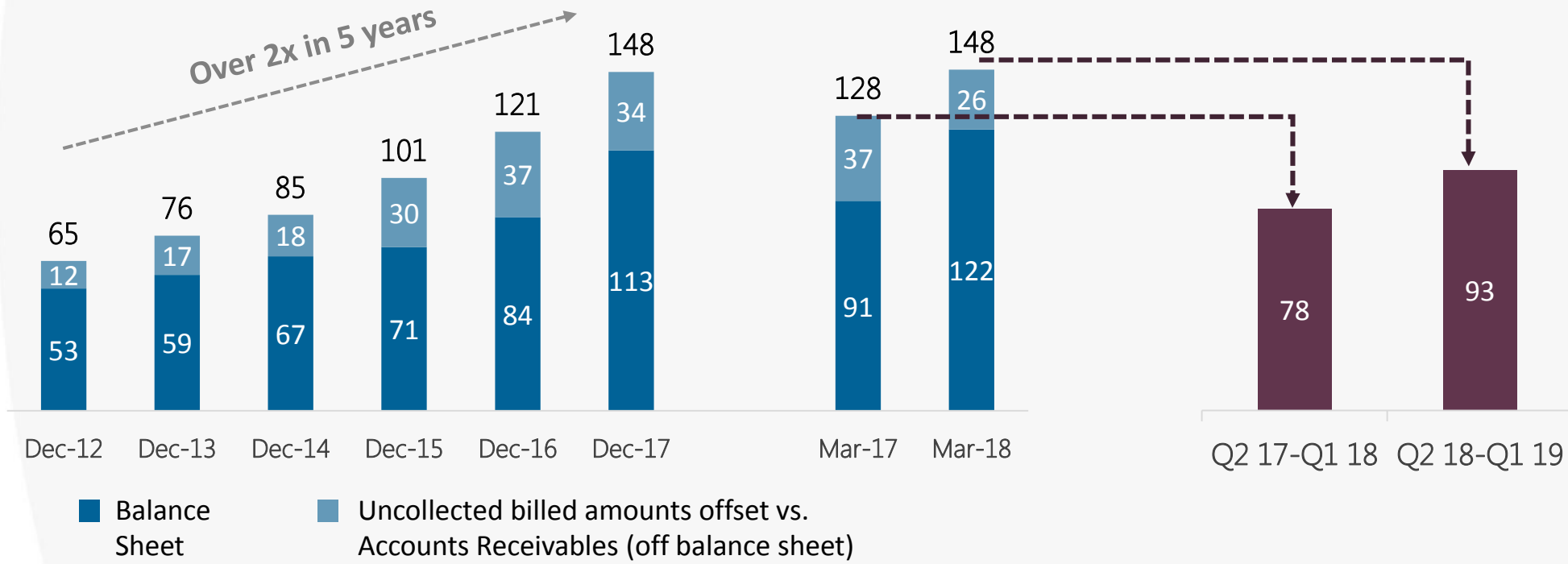| Year | Recurring Revenue % |
|------|---------------------|
| 2015 | 42% |
| 2016 | 54% |
| 2017 | 56% |
| Q1 18 | >60% |

**Radware's Recurring Revenues include support, cloud services and product Subscription**

# Shift to Subscriptions (2)

## Total Deferred Revenues ($M)

60-65% of Total Deferred Revenues is scheduled to be recognized as revenues within 12 months

**Over 2x in 5 years**



| | Dec-12 | Dec-13 | Dec-14 | Dec-15 | Dec-16 | Dec-17 | Mar-17 | Mar-18 |
|---|---|---|---|---|---|---|---|---|
| Total | 65 | 76 | 85 | 101 | 121 | 148 | 128 | 148 |
| Uncollected | 12 | 17 | 18 | 30 | 37 | 34 | 37 | 26 |
| Balance Sheet | 53 | 59 | 67 | 71 | 84 | 113 | 91 | 122 |

| Q2 17-Q1 18 | Q2 18-Q1 19 |
|---|---|
| 78 | 93 |

■ Balance Sheet    ■ Uncollected billed amounts offset vs. Accounts Receivables (off balance sheet)

# Continuous Strong **Cash Generation**
## **Operating Cash Flow in Last 12 Months of $37.3M**

Cash Balance ($M)



| 31.12.12 | 31.12.13 | 31.12.14 | 31.12.15 | 31.12.16 | 31.12.17 | 31.03.18 |
| --- | --- | --- | --- | --- | --- | --- |
| 275 | 286 | 331 | 315 | 320 | 344 | 358 |
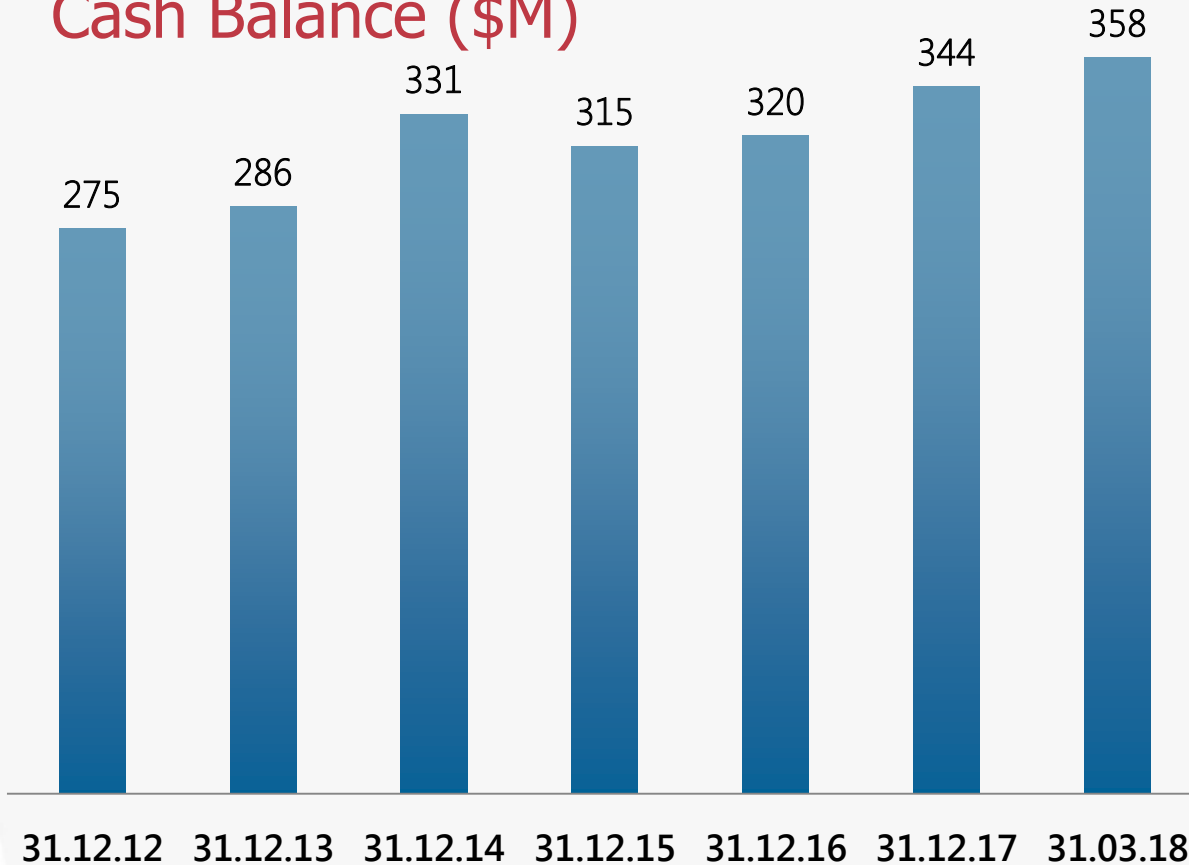
Readiness to **Put Cash Balance to Work** and Expand our business **THROUGH ACQUISITIONS**

# 2020 Goals

Subscriptions
**>30%**
of Bookings

Revenues of **> $270**
Revenues CAGR **> 9%**
Gross margins **> 83%**

Operating margins
**> 15%**
(from 2% in '17)

Total Deferred
Revenues CAGR
**Higher** than
revenue

Operating
Cash Flow
**> $60M**

Well positioned
for sustainable
**organic growth
in Bookings**

Operational
**margins leverage**

Continued strong
**cash generation**
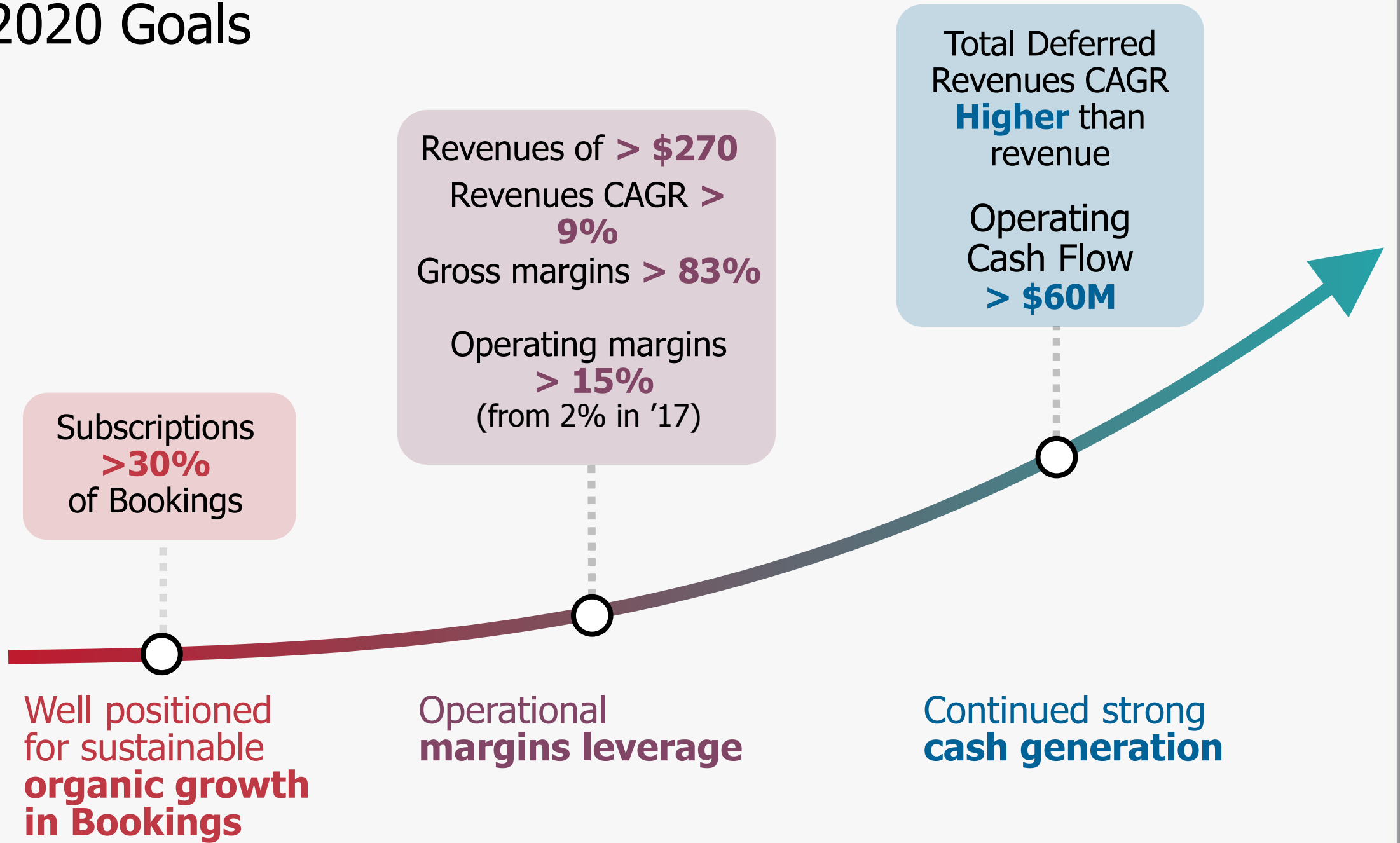
# Why Radware

- **Fast growing, critical market**

- **Clear Vision and Strategy**

- **Leading attack mitigation technology, customers, partners**

- **Fast expanding subscription and cloud business**

- **Excellent visibility into 2018 and beyond**
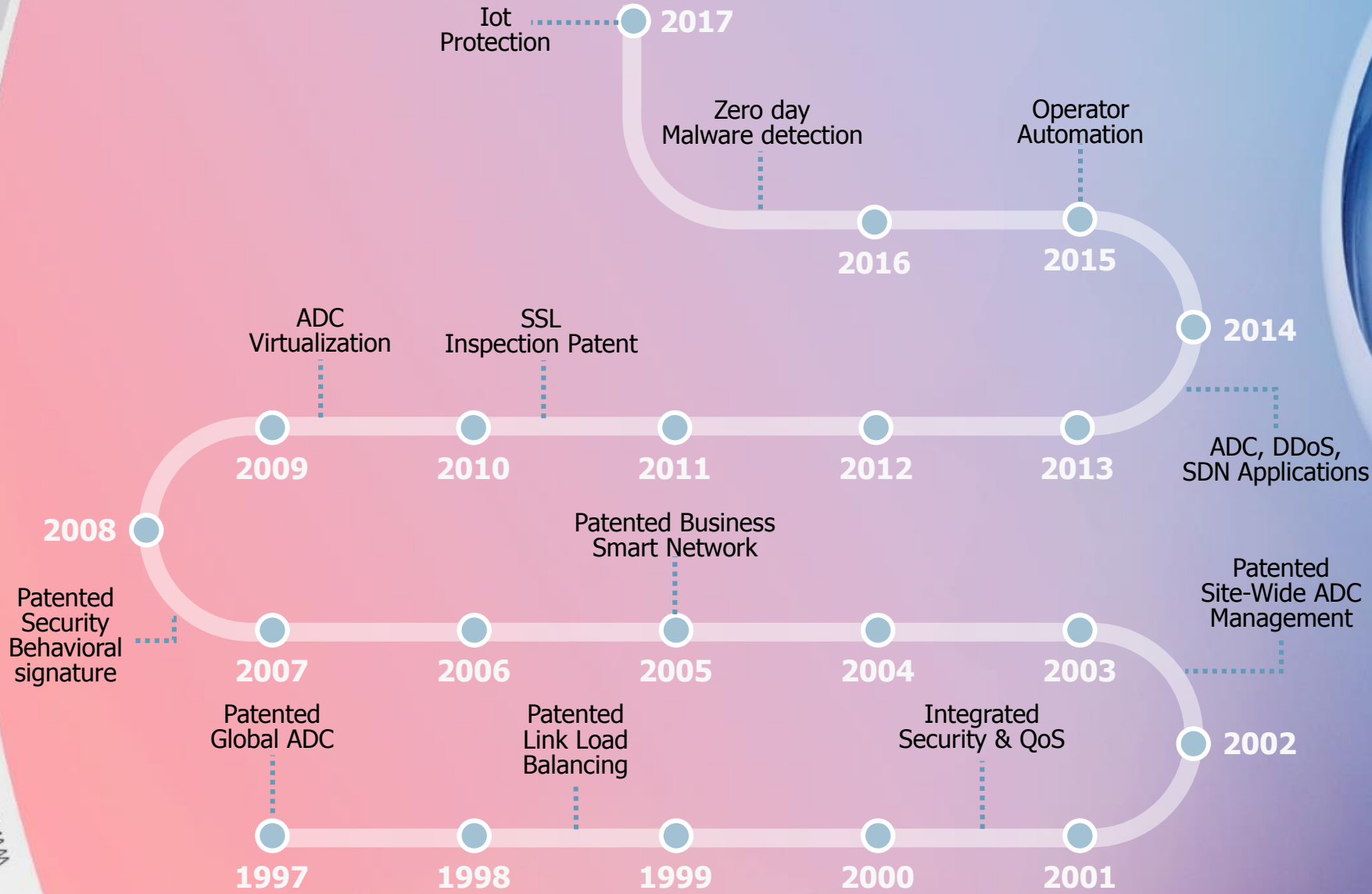
- **Well positioned for continued long term growth**

Summary

# APPENDIX

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financials

# Integrated secured delivery solution: **incoming** traffic

## DDOS & WAF
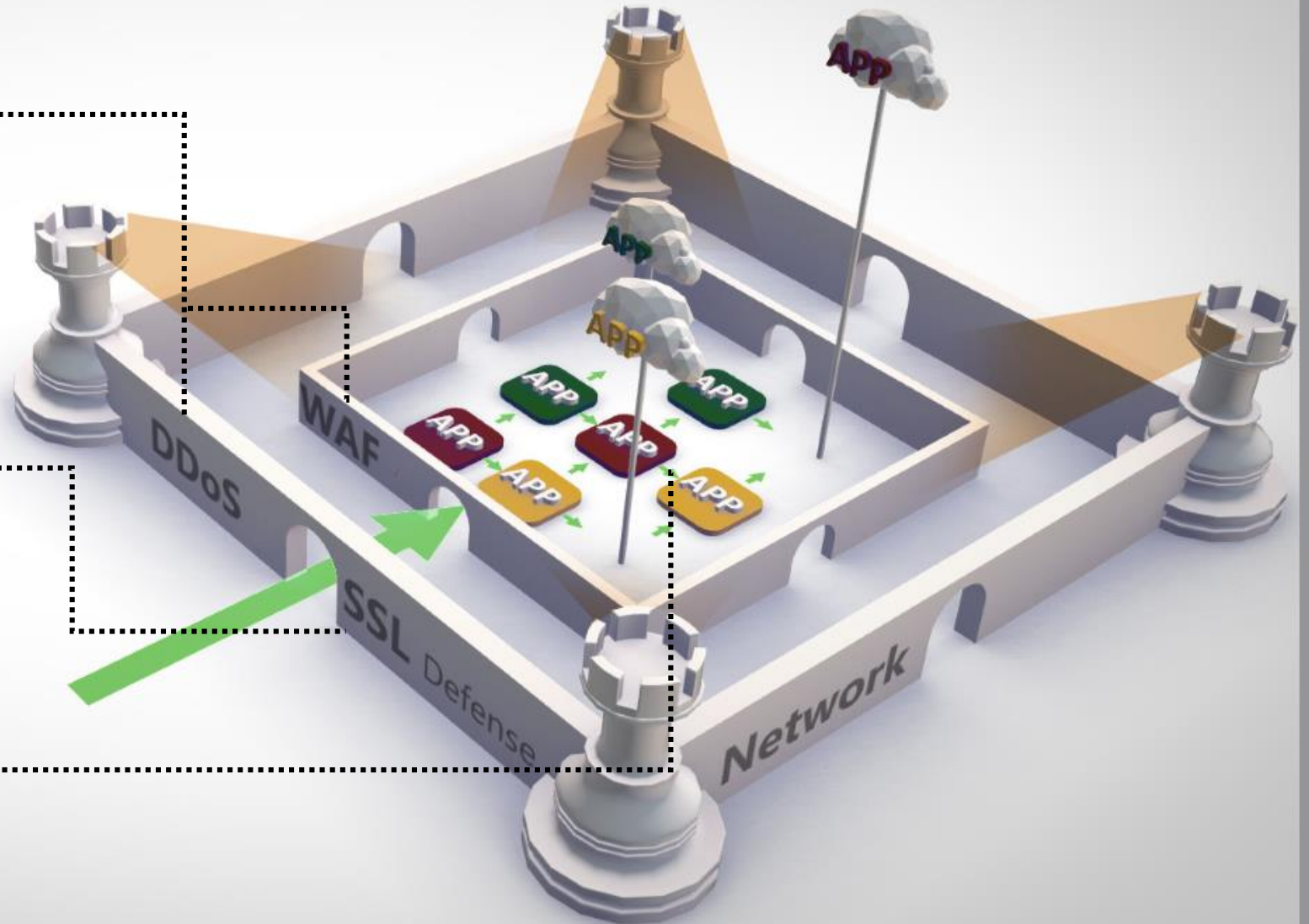Behavioral big-data analytics and machine learning

## SSL Defense
Mitigate encrypted threats

## Delivery Control
Load balancing and performance optimization

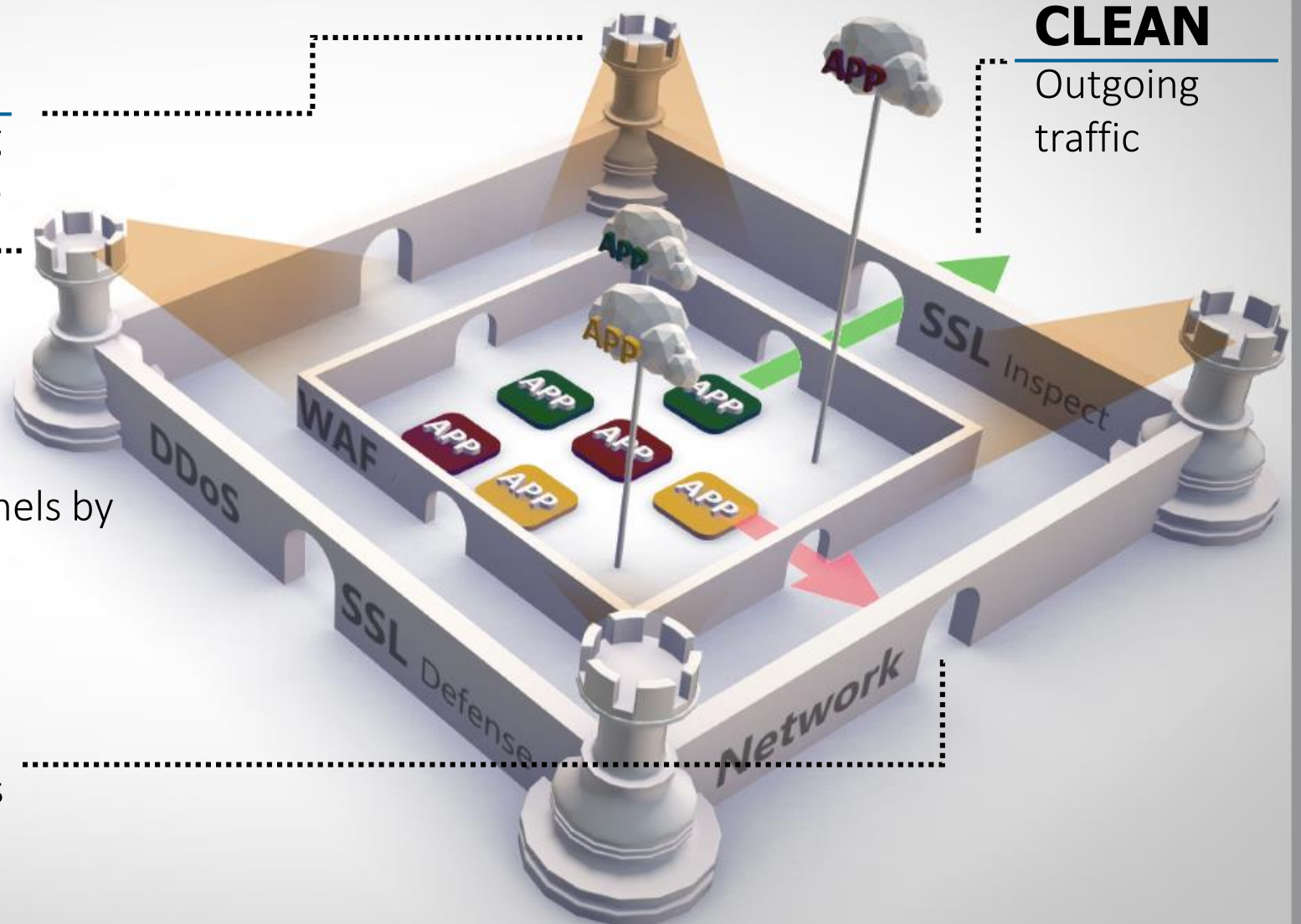# Integrated secured delivery solution: **outgoing** traffic

## SSL Inspect

**removes** blind spots by enabling protection systems visibility into encrypted traffic

## Cloud Malware Protection

detect and block malware channels by **using AI and Machine Learning**

## Blocked Traffic

Outgoing traffic is blocked if it is found to be suspicious.

**CLEAN**
Outgoing traffic



DDoS

WAF

SSL Defense

Network

SSL Inspect

APP

THANK YOU

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