



Q1 2019 Financial Results

May 2, 2019

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Information, statements and projections contained in these presentation slides and related conference call concerning Fortinet's business outlook, the Q2 and 2019 guidance, and future prospects and expectations are forward-looking statements that involve risks and uncertainties. These forward-looking statements include statements regarding our position for future growth, position to provide our customers the best network security, ability to continue to grow our market position and address our market opportunity, and guidance and future financial results. Although we attempt to be accurate in making forward-looking statements, it is possible that future circumstances might differ from the assumptions on which such statements are based such that actual results are materially different from our forward-looking statements in this release. Important factors that could cause results to differ materially from the statements herein include the following: general economic risks; global economic conditions, country-specific economic conditions, and foreign currency risks; competitiveness in the security market; the dynamic nature of the security market and its product and services; specific economic risks worldwide and in different geographies, and among different customer segments; uncertainty regarding increased business and renewals from existing customers; uncertainties around continued success in sales growth and market share gains; longer sales cycles, particularly for larger enterprise, service providers, government and other large organization customers; failure to convert sales pipeline into final sales; risks associated with successful implementation of multiple integrated software products and other product functionality risks; sales and marketing execution risks; execution risks around new product development and introductions and innovation; litigation and disputes and the potential cost, distraction and damage to sales and reputation caused thereby or by other factors; market acceptance of new products and services; the ability to attract and retain personnel; changes in strategy; risks associated with management of growth; lengthy sales and implementation cycles, particularly in larger organizations; technological changes that make our products and services less competitive; risks associated with the adoption of, and demand for, our products and services in general and by specific customer segments; competition and pricing pressure; risks related to integrating acquisitions; and the other risk factors set forth from time to time in our most recent Annual Report on Form 10-K, our most recent Quarterly Report on Form 10-Q and our other filings with the Securities and Exchange Commission (SEC), copies of which are available free of charge at the SEC's website at www.sec.gov or upon request from our investor relations department. All forward-looking statements herein reflect our opinions only as of the date of this release, and we undertake no obligation, and expressly disclaim any obligation, to update forward-looking statements herein in light of new information or future events.

Q1 2019 Non-GAAP Results

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19
Billings ⁽¹⁾	\$403M	\$427M	\$432M	\$534M	\$463M	\$513M	\$528M	\$649M	\$552M
<i>Y/Y % Change</i>	<i>22%</i>	<i>14%</i>	<i>24%</i>	<i>15%</i>	<i>15%</i>	<i>20%</i>	<i>22%</i>	<i>22%</i>	<i>19%</i>
Revenue	\$341M	\$363M	\$374M	\$417M	\$399M	\$441M	\$454M	\$507M	\$473M
<i>Y/Y % Change</i>	<i>20%</i>	<i>17%</i>	<i>18%</i>	<i>15%</i>	<i>17%</i>	<i>21%</i>	<i>21%</i>	<i>22%</i>	<i>18%</i>
Product Revenue	\$135M	\$143M	\$137M	\$162M	\$143M	\$166M	\$165M	\$201M	\$163M
<i>Y/Y % Change</i>	<i>9%</i>	<i>4%</i>	<i>7%</i>	<i>2%</i>	<i>6%</i>	<i>17%</i>	<i>20%</i>	<i>24%</i>	<i>14%</i>
Service Revenue	\$205M	\$221M	\$237M	\$255M	\$256M	\$275M	\$289M	\$306M	\$310M
<i>Y/Y % Change</i>	<i>28%</i>	<i>26%</i>	<i>26%</i>	<i>25%</i>	<i>25%</i>	<i>25%</i>	<i>22%</i>	<i>20%</i>	<i>21%</i>

Notes

- (1) Billings is a non-GAAP measure that we define as revenue recognized in accordance with GAAP plus the change in deferred revenue from the beginning to the end of the period and adjustments to the deferred revenue balance due to adoption of the new revenue recognition standard less any deferred revenue balances acquired from business combination(s) during the period.

Q1 2019 Non-GAAP Results (Continued)

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19
Gross Margin ⁽¹⁾	74.6%	74.8%	76.0%	75.6%	76.7%	75.4%	76.5%	75.7%	77.2%
Operating Income ⁽¹⁾	\$43M	\$66M	\$70M	\$79M	\$71M	\$93M	\$109M	\$131M	\$97M
Operating Margin ⁽¹⁾	12.6%	18.1%	18.7%	18.9%	17.7%	21.1%	23.9%	25.8%	20.4%
Net Income ⁽¹⁾⁽²⁾⁽³⁾	\$31M	\$48M	\$50M	\$55M	\$57M	\$71M	\$87M	\$105M	\$81M
Diluted Net Income Per Share ⁽¹⁾⁽²⁾⁽³⁾	\$0.17	\$0.27	\$0.28	\$0.32	\$0.33	\$0.41	\$0.49	\$0.59	\$0.46
Weighted Diluted Shares Outstanding	178M	180M	179M	175M	172M	174M	176M	176M	175M
Deferred Revenue	\$1.10B	\$1.16B	\$1.22B	\$1.34B	\$1.40B	\$1.47B	\$1.54B	\$1.69B	\$1.77B
Cash and Investments ⁽⁴⁾	\$1.44B	\$1.46B	\$1.52B	\$1.35B	\$1.39B	\$1.50B	\$1.67B	\$1.72B	\$1.85B
Days Sales Outstanding	71	68	62	75	71	68	64	79	73
Inventory Turns	1.6	2.2	2.6	3.2	2.4	3.3	3.0	3.4	2.6
Headcount	4,711	4,792	4,903	5,066	5,275	5,462	5,639	5,845	6,015

Notes

- (1) Excludes stock-based compensation, amortization of acquired intangible assets, restructuring charges and certain litigation settlement expenses.
- (2) Excludes the gain on sale of investment in a privately-held company.
- (3) Assumes annual effective tax rate of 32%, 24% and 24% for 2017, 2018 and 2019, respectively.
- (4) Excludes investments in privately-held companies, which are recorded in other assets.

Revenue by Geography

	Q1'17		Q2'17		Q3'17		Q4'17		Q1'18		Q2'18		Q3'18		Q4'18		Q1'19	
(\$ in millions)	\$	Y/Y % Change																
Americas	\$147	22%	\$160	21%	\$161	20%	\$174	16%	\$176	20%	\$189	18%	\$194	20%	\$204	17%	\$201	14%
EMEA	\$126	20%	\$130	13%	\$138	18%	\$161	14%	\$144	15%	\$164	27%	\$165	20%	\$205	27%	\$177	23%
APAC	\$68	15%	\$73	14%	\$75	14%	\$82	14%	\$79	16%	\$88	20%	\$95	27%	\$98	20%	\$95	21%
Total	\$341	20%	\$363	17%	\$374	18%	\$417	15%	\$399	17%	\$441	21%	\$454	21%	\$507	22%	\$473	18%

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19
	% of revenue								
Americas	43%	44%	43%	42%	44%	43%	43%	40%	42%
EMEA	37%	36%	37%	38%	36%	37%	36%	40%	38%
APAC	20%	20%	20%	20%	20%	20%	21%	20%	20%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

Number of Deals & FortiGate Sales

Number of Deals ⁽¹⁾	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19
No. of Deals >\$50K	1,204	1,412	1,381	1,883	1,446	1,669	1,710	2,154	1,683
No. of Deals >\$250K	174	193	208	313	233	261	264	363	266
No. of Deals >\$500K	76	75	87	120	80	113	103	129	108
No. of Deals >\$1M	28	30	32	40	34	36	30	47	35

% of FortiGate ⁽²⁾	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19
Entry - Level	33%	32%	30%	30%	36%	34%	31%	31%	34%
Mid - Range	31%	29%	29%	29%	31%	31%	33%	32%	34%
High - End	36%	39%	41%	41%	33%	35%	36%	37%	32%

Notes

(1) Deals are defined as combined sales in the period to a customer account.

(2) Represents the percentage of invoiced amounts from FortiGate sales during the period by range of product and product bundles.

Statement of Cash Flows (GAAP)

(\$ in millions)

	Three Months Ended	
	March 31, 2019	March 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 58.8	\$ 41.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	43.0	36.5
Amortization of deferred contract costs	25.1	20.8
Depreciation and amortization	15.7	13.2
Amortization of investment premiums, net of accretion of purchase discounts	(1.1)	0.1
Other	0.3	0.3
Changes in operating assets and liabilities:		
Accounts receivable—net	63.6	48.9
Inventory	(2.6)	(7.3)
Prepaid expenses and other current assets	(5.9)	1.2
Deferred contract costs	(32.9)	(32.5)
Deferred tax assets	(8.0)	(9.6)
Other assets	0.1	(0.9)
Accounts payable	(18.0)	(13.6)
Accrued liabilities	3.9	(4.7)
Accrued payroll and compensation	(18.1)	(10.0)
Other liabilities	(0.9)	(0.6)
Deferred revenue	79.0	64.1
Income taxes payable	(0.7)	(7.8)
Net cash provided by operating activities	201.3	139.7
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(264.5)	(134.9)
Sales of investments	8.1	16.3
Maturities of investments	227.6	104.7
Purchases of property and equipment	(10.2)	(11.6)
Net cash used in investing activities	(39.0)	(25.5)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repurchase and retirement of common stock	(60.4)	(115.5)
Proceeds from issuance of common stock	34.6	45.1
Taxes paid related to net share settlement of equity awards	(32.0)	(19.2)
Net cash used in financing activities	(57.8)	(89.6)
NET INCREASE IN CASH AND CASH EQUIVALENTS	104.5	24.6
CASH AND CASH EQUIVALENTS—Beginning of period	1,112.4	811.0
CASH AND CASH EQUIVALENTS—End of period	\$ 1,216.9	\$ 835.6

Statement of Cash Flows (Non-GAAP)

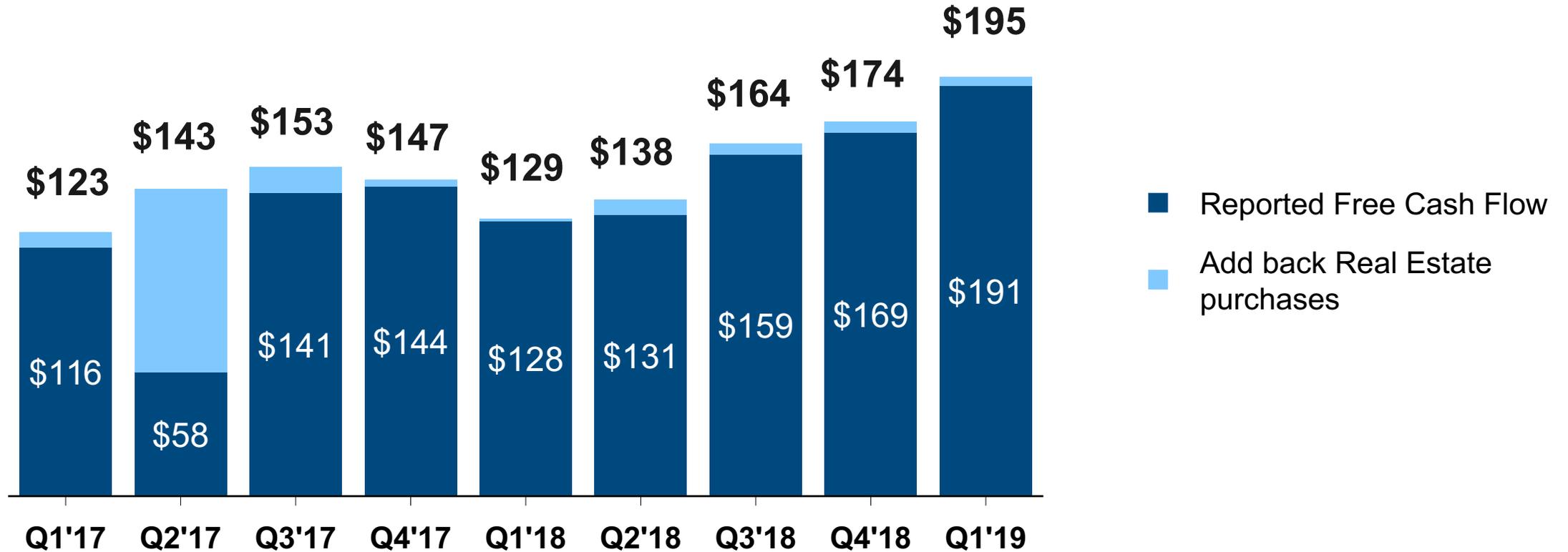
(\$ in millions)	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19
GAAP Net Income (Loss)	\$11	\$23	\$27	\$(29)	\$42	\$49	\$59	\$183	\$59
Depreciation and Stock-Based Compensation	47	49	48	49	50	54	57	57	59
Accounts Receivable	42	(5)	14	(90)	49	(20)	9	(120)	64
Inventory	(4)	13	8	(8)	(7)	(4)	(8)	(14)	(3)
Deferred Revenue	62	64	59	116	64	72	74	142	79
Other	28	1	6	120	(58)	(9)	(14)	(67)	(57)
GAAP Cash Flow from Operations	\$130	\$145	\$162	\$158	\$140	\$142	\$177	\$181	\$201
Purchase of Property and Equipment	(14)	(87)	(21)	(14)	(12)	(11)	(18)	(12)	(10)
Free Cash Flow	\$116	\$58	\$141	\$144	\$128	\$131	\$159	\$169	\$191
Stock Option and RSU Exercises / ESPP	16	—	10	5	26	(2)	9	(14)	3
Stock Repurchases	—	(33)	(91)	(322)	(116)	(1)	—	(95)	(60)
Acquisition	—	—	—	—	—	(6)	—	(16)	—
Other	(2)	(1)	(1)	(1)	(1)	(9)	6	—	1
Change in Cash and Investments⁽¹⁾	\$130	\$24	\$59	\$(174)	\$37	\$113	\$174	\$44	\$135
Footnote: Cash Paid for Taxes, Net of Refunds	\$9	\$9	\$7	\$7	\$6	\$12	\$13	\$11	\$11

Notes

(1) Change in Cash, Cash Equivalents and Short-Term and Long-Term Investments, excluding activity related to investments in privately-held companies which are recorded in other assets.

Free Cash Flow and Adjusted Free Cash Flow Growth

(\$ in millions)



- Free Cash Flow is a non-GAAP measure that we define as net cash provided by operating activities minus capital expenditures.
- Adjusted Free Cash Flow is a non-GAAP measure that we define as Free Cash Flow plus Real Estate purchases and new Sunnyvale campus building related cash payments.

Q2 and 2019 Guidance⁽¹⁾ (Non-GAAP)

	Actual Q2 18	Q2 19	Actual 2018	2019
Billings ⁽²⁾	\$513M	\$585 - 605M	\$2.153B	\$2.470 - 2.520B
<i>Y/Y Mid-Pt Growth</i>		16%		16%
Revenue (GAAP)	\$441M	\$505 - 515M	\$1.801B	\$2.070 - 2.100B
<i>Y/Y Mid-Pt Growth</i>		16%		16%
Service Revenue (GAAP)			\$1.127B	\$1.340 - 1.360B
<i>Y/Y Mid-Pt Growth</i>				20%
Gross Margin (%) ⁽³⁾	75.4%	75.5 - 76.5%	76.0%	75.5 - 76.5%
Operating Margin (%) ⁽³⁾	21.1%	22.0 - 22.5%	22.4%	22.5 - 23.5%
Net Income per Share ^{(3) (4) (5)}	\$0.41	\$0.49 - 0.51	\$1.84	\$2.10 - 2.15
Weighted Diluted Shares Outstanding	174M	177 - 179M	174M	178 - 180M

Notes

- (1) Guidance for non-GAAP financial measures excludes stock-based compensation and amortization of acquired intangible assets. We have not reconciled our guidance with respect to non-GAAP financial measures to the corresponding GAAP measures because certain items that impact these measures are uncertain or out of our control, or cannot be reasonably predicted. Accordingly, a reconciliation of these non-GAAP financial measures to the corresponding GAAP measures is not available without unreasonable effort.
- (2) Billings is a non-GAAP measure that we define as revenue recognized in accordance with GAAP plus the change in deferred revenue from the beginning to the end of the period and adjustments to the deferred revenue balance due to adoption of the new revenue recognition standard less any deferred revenue balances acquired from business combination(s) during the period.
- (3) Excludes stock-based compensation, amortization of acquired intangible assets, and litigation settlement expenses.
- (4) Excludes the gain on sale of investment in a privately-held company.
- (5) Assumes an effective tax rate of 24% for 2018 and 2019. For 2019, we expect cash taxes to be between \$53 million and \$59 million.

GAAP to Non-GAAP Reconciliations

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19
GAAP product gross profit	\$80.0	\$81.9	\$79.0	\$92.4	\$84.6	\$92.4	\$92.5	\$113.9	\$92.5
Stock-based compensation	0.3	0.4	0.3	0.3	0.4	0.4	0.3	0.4	0.4
Amortization of acquired intangible assets	0.7	1.0	1.0	1.2	1.1	1.2	1.7	2.0	2.1
Non-GAAP product gross profit	<u>\$81.0</u>	<u>\$83.3</u>	<u>\$80.3</u>	<u>\$93.9</u>	<u>\$86.1</u>	<u>\$94.0</u>	<u>\$94.5</u>	<u>\$116.3</u>	<u>\$95.0</u>
<i>Non-GAAP product gross margin</i>	<u>59.9%</u>	<u>58.4%</u>	<u>58.6%</u>	<u>58.0%</u>	<u>60.3%</u>	<u>56.5%</u>	<u>57.4%</u>	<u>57.9%</u>	<u>58.4%</u>
GAAP service gross profit	\$170.0	\$185.9	\$201.6	\$218.8	\$217.2	\$235.8	\$249.8	\$264.6	\$267.1
Stock-based compensation	2.3	2.5	2.4	2.4	2.5	2.7	2.8	2.8	2.8
Amortization of acquired intangible assets	0.6	0.2	0.2	0.1	0.1	0.1	—	—	—
Non-GAAP service gross profit	<u>\$172.9</u>	<u>\$188.6</u>	<u>\$204.2</u>	<u>\$221.3</u>	<u>\$219.8</u>	<u>\$238.6</u>	<u>\$252.6</u>	<u>\$267.4</u>	<u>\$269.9</u>
<i>Non-GAAP service gross margin</i>	<u>84.2%</u>	<u>85.4%</u>	<u>86.1%</u>	<u>86.9%</u>	<u>85.8%</u>	<u>86.8%</u>	<u>87.3%</u>	<u>87.3%</u>	<u>87.1%</u>
GAAP total gross profit	\$250.0	\$267.8	\$280.6	\$311.2	\$301.8	\$328.2	\$342.3	\$378.5	\$359.6
Stock-based compensation	2.6	2.9	2.7	2.7	2.9	3.1	3.1	3.2	3.2
Amortization of acquired intangible assets	1.3	1.2	1.2	1.3	1.2	1.3	1.7	2.0	2.1
Non-GAAP total gross profit	<u>\$253.9</u>	<u>\$271.9</u>	<u>\$284.5</u>	<u>\$315.2</u>	<u>\$305.9</u>	<u>\$332.6</u>	<u>\$347.1</u>	<u>\$383.7</u>	<u>\$364.9</u>
<i>Non-GAAP gross margin</i>	<u>74.6%</u>	<u>74.8%</u>	<u>76.0%</u>	<u>75.6%</u>	<u>76.7%</u>	<u>75.4%</u>	<u>76.5%</u>	<u>75.7%</u>	<u>77.2%</u>
GAAP research and development expense	\$51.2	\$51.2	\$53.5	\$54.8	\$59.1	\$61.2	\$58.7	\$65.5	\$68.6
Stock-based compensation	7.9	8.3	8.0	8.1	8.4	9.2	9.3	9.5	9.4
Non-GAAP research and development expense	<u>\$43.3</u>	<u>\$42.9</u>	<u>\$45.5</u>	<u>\$46.7</u>	<u>\$50.7</u>	<u>\$52.0</u>	<u>\$49.4</u>	<u>\$56.0</u>	<u>\$59.2</u>
<i>Non-GAAP research and development expense as a percentage of revenue</i>	<u>12.7%</u>	<u>11.8%</u>	<u>12.2%</u>	<u>11.2%</u>	<u>12.7%</u>	<u>11.8%</u>	<u>10.9%</u>	<u>11.0%</u>	<u>12.5%</u>
GAAP sales and marketing expense	\$170.4	\$166.3	\$172.4	\$191.9	\$185.3	\$192.8	\$198.3	\$205.9	\$215.9
Stock-based compensation	19.0	19.7	19.6	19.6	20.9	23.6	26.0	25.1	25.4
Amortization of acquired intangible assets	1.1	1.0	0.8	0.8	0.6	0.5	0.8	0.9	0.9
Non-GAAP sales and marketing expense	<u>\$150.3</u>	<u>\$145.6</u>	<u>\$152.0</u>	<u>\$171.5</u>	<u>\$163.8</u>	<u>\$168.7</u>	<u>\$171.5</u>	<u>\$179.9</u>	<u>\$189.6</u>
<i>Non-GAAP sales and marketing expense as a percentage of revenue</i>	<u>44.1%</u>	<u>40.1%</u>	<u>40.6%</u>	<u>41.2%</u>	<u>41.1%</u>	<u>38.2%</u>	<u>37.8%</u>	<u>35.5%</u>	<u>40.1%</u>

GAAP to Non-GAAP Reconciliations (Continued)

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19
GAAP general and administrative expense	\$22.6	\$21.9	\$21.0	\$22.3	\$25.0	\$23.5	\$22.5	\$22.0	\$24.5
Stock-based compensation	3.8	4.2	4.0	4.0	4.3	4.7	4.8	4.8	5.0
Litigation settlement expense	1.5	—	—	—	—	—	—	—	—
Non-GAAP general and administrative expense	\$17.3	\$17.7	\$17.0	\$18.3	\$20.7	\$18.8	\$17.7	\$17.2	\$19.5
<i>Non-GAAP general and administrative expense as a percentage of revenue</i>	<i>5.1%</i>	<i>4.9%</i>	<i>4.5%</i>	<i>4.4%</i>	<i>5.2%</i>	<i>4.3%</i>	<i>3.9%</i>	<i>3.4%</i>	<i>4.1%</i>
GAAP total operating expense	\$244.6	\$239.3	\$246.9	\$269.0	\$269.4	\$277.5	\$279.5	\$293.4	\$309.0
Stock-based compensation	30.7	32.2	31.6	31.7	33.6	37.5	40.1	39.4	39.8
Amortization of acquired intangible assets	1.1	1.0	0.8	0.8	0.6	0.5	0.8	0.9	0.9
Restructuring charges	0.4	(0.1)	—	—	—	—	—	—	—
Litigation settlement expense	1.5	—	—	—	—	—	—	—	—
Non-GAAP total operating expense	\$210.9	\$206.2	\$214.5	\$236.5	\$235.2	\$239.5	\$238.6	\$253.1	\$268.3
<i>Non-GAAP total operating expense as a percentage of revenue</i>	<i>61.9%</i>	<i>56.7%</i>	<i>57.3%</i>	<i>56.8%</i>	<i>58.9%</i>	<i>54.3%</i>	<i>52.6%</i>	<i>49.9%</i>	<i>56.8%</i>
GAAP operating income	\$5.4	\$28.5	\$33.7	\$42.2	\$32.4	\$50.7	\$62.8	\$85.1	\$50.6
Stock-based compensation	33.3	35.1	34.3	34.4	36.5	40.6	43.2	42.6	43.0
Amortization of acquired intangible assets	2.4	2.2	2.0	2.1	1.8	1.8	2.5	2.9	3.0
Restructuring charges	0.4	(0.1)	—	—	—	—	—	—	—
Litigation settlement expense	1.5	—	—	—	—	—	—	—	—
Non-GAAP operating income	\$43.0	\$65.7	\$70.0	\$78.7	\$70.7	\$93.1	\$108.5	\$130.6	\$96.6
<i>Non-GAAP operating margin</i>	<i>12.6%</i>	<i>18.1%</i>	<i>18.7%</i>	<i>18.9%</i>	<i>17.7%</i>	<i>21.1%</i>	<i>23.9%</i>	<i>25.8%</i>	<i>20.4%</i>

GAAP to Non-GAAP Reconciliations (Continued)

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19
GAAP other income (expense), net	\$0.3	\$1.2	\$0.3	\$(1.2)	\$(0.2)	\$(5.0)	\$0.9	\$(2.3)	\$(0.5)
Gain on sale of investment in a privately-held company	—	—	—	—	—	—	(2.2)	—	—
Non-GAAP other income (expense), net	\$0.3	\$1.2	\$0.3	\$(1.2)	\$(0.2)	\$(5.0)	\$(1.3)	\$(2.3)	\$(0.5)
<i>Non-GAAP other income (expense), net as a percentage of revenue</i>	<i>0.1%</i>	<i>0.3%</i>	<i>0.1%</i>	<i>(0.3)%</i>	<i>(0.1)%</i>	<i>(1.1)%</i>	<i>(0.3)%</i>	<i>(0.5)%</i>	<i>(0.1)%</i>
GAAP income before income taxes	\$8.1	\$32.9	\$37.9	\$45.0	\$36.7	\$51.5	\$70.6	\$92.1	\$60.3
Stock-based compensation	33.3	35.1	34.3	34.4	36.5	40.6	43.2	42.6	43.0
Amortization of acquired intangible assets	2.4	2.2	2.0	2.1	1.8	1.8	2.5	2.9	3.0
Restructuring charges	0.4	(0.1)	—	—	—	—	—	—	—
Litigation settlement expense	1.5	—	—	—	—	—	—	—	—
Gain on sale of investment in a privately-held company	—	—	—	—	—	—	(2.2)	—	—
Non-GAAP income before income taxes	\$45.7	\$70.1	\$74.2	\$81.5	\$75.0	\$93.9	\$114.1	\$137.6	\$106.3
GAAP provision for (benefit from) income taxes	\$(2.6)	\$9.9	\$11.3	\$74.0	\$(4.9)	\$2.2	\$11.9	\$(90.5)	\$1.5
Tax adjustments related to the above	17.3	12.5	12.4	(48.0)	22.9	20.3	15.5	123.5	24.0
Non-GAAP provision for income taxes	\$14.7	\$22.4	\$23.7	\$26.0	\$18.0	\$22.5	\$27.4	\$33.0	\$25.5
<i>Non-GAAP effective tax rate</i>	<i>32%</i>	<i>32%</i>	<i>32%</i>	<i>32%</i>	<i>24%</i>	<i>24%</i>	<i>24%</i>	<i>24%</i>	<i>24%</i>

GAAP to Non-GAAP Reconciliations (Continued)

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19
GAAP net income (loss)	\$10.7	\$23.0	\$26.6	\$(29.0)	\$41.6	\$49.3	\$58.7	\$182.6	\$58.8
Stock-based compensation	33.3	35.1	34.3	34.4	36.5	40.6	43.2	42.6	43.0
Amortization of acquired intangible assets	2.4	2.2	2.0	2.1	1.8	1.8	2.5	2.9	3.0
Restructuring charges	0.4	(0.1)	—	—	—	—	—	—	—
Litigation settlement expense	1.5	—	—	—	—	—	—	—	—
Gain on sale of investment in a privately-held company	—	—	—	—	—	—	(2.2)	—	—
Tax adjustments	(17.3)	(12.5)	(12.4)	48.0	(22.9)	(20.3)	(15.5)	(123.5)	(24.0)
Non-GAAP net income	\$31.0	\$47.7	\$50.5	\$55.5	\$57.0	\$71.4	\$86.7	\$104.6	\$80.8
GAAP net income (loss) per share, diluted	\$0.06	\$0.13	\$0.15	\$(0.17)	\$0.24	\$0.28	\$0.33	\$1.04	\$0.34
Stock-based compensation	0.19	0.20	0.19	0.20	0.21	0.24	0.25	0.24	0.24
Amortization of acquired intangible assets	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.02
Litigation settlement expense	0.01	—	—	—	—	—	—	—	—
Gain on sale of investment in a privately-held company	—	—	—	—	—	—	(0.01)	—	—
Tax adjustments	(0.10)	(0.07)	(0.07)	0.28	(0.13)	(0.12)	(0.09)	(0.71)	(0.14)
Non-GAAP net income per share, diluted	\$0.17	\$0.27	\$0.28	\$0.32	\$0.33	\$0.41	\$0.49	\$0.59	\$0.46
Shares used in diluted net income (loss) per share calculations - GAAP	178.3	179.7	179.0	171.5	171.8	173.5	175.7	175.8	174.8
Adjustment for diluted weighted-average shares outstanding	—	—	—	3.9	—	—	—	—	—
Shares used in diluted net income per share calculations - Non-GAAP	178.3	179.7	179.0	175.4	171.8	173.5	175.7	175.8	174.8

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