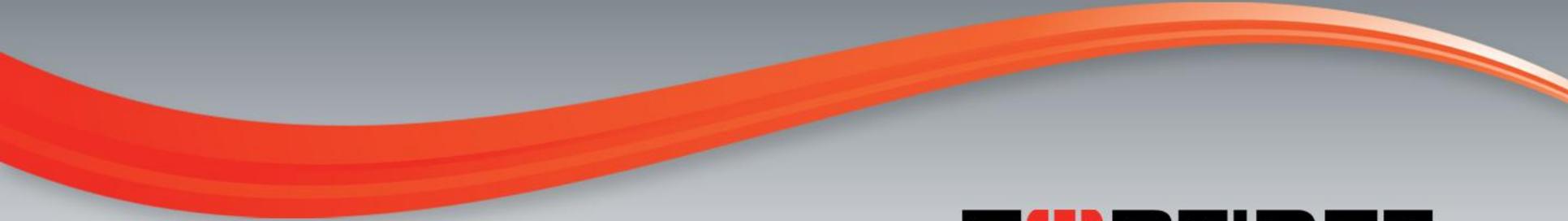




Q1 2014 Financial Results

April 23, 2014



FORTINET[®]

High Performance Network Security

Safe Harbor Statement



Information, statements and projections contained in these presentation slides and related conference call concerning Fortinet's business outlook and momentum, the Q2 2014 guidance, and future prospects and expectations are forward-looking statements that involve a number of uncertainties and risks. Actual results could differ materially from those projected in the forward-looking statements as a result of certain factors, including, among others: general economic risks; specific economic risks in different geographies and among different customer segments; uncertainty regarding demand for our products and services; uncertainty regarding increased business and renewals from existing customers; changes in our relationships with distributors, resellers and other partners; changes in overall technology spending and in spending on network security; contractual terms and other factors that may result in the deferral of revenue; the timing of orders and their fulfillment; manufacturing, inventory and supply chain constraints and timing; uncertainties around continued success in sales growth and market share gains; delays in scheduled product availability; risks associated with successful implementation of multiple integrated software products and other product functionality risks; execution risks around new product introductions and innovation; product defects, returns and vulnerabilities; 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, the UTM model; mergers and acquisitions and the ability to successfully acquire, integrate and manage businesses and technologies; litigation and disputes and the potential cost, distraction and damage to sales and reputation caused thereby; risks posed by competitors; current laws, regulations and standards, and the adoption of new laws, regulations and standards that affect our product, services or business; and the other risk factors set forth from time to time in our filings with the SEC. Please refer to our SEC filings, in particular, the risk factors described in our Forms 10-K and 10-Q for more information on these risks and uncertainties and on the limitations that apply to our forward-looking statements. Copies of our SEC reports can be obtained from the SEC, at the SEC's website located at www.sec.gov, or by visiting the investor relations section of our website. All forward-looking statements reflect our opinions only as of the date of the conference call related to this presentation, and we undertake no obligation, and specifically disclaim any obligation, to revise or publicly release the results of any revision of these forward-looking statements in light of new information or future events.

Q1 2014 Non-GAAP Results

	Q1 14	Q1 13	Y/Y % Change	Q4 13
Billings ⁽¹⁾	\$188M	\$148M	26%	\$210M
Revenue	\$169M	\$136M	24%	\$177M
Gross Margin (%) ⁽²⁾	71%	72%	-1% pt	71%
Operating Income ⁽²⁾	\$26M	\$25M	5%	\$38M
Operating Margin (%) ⁽²⁾	16%	18%	-2% pts	22%
Net Income ⁽²⁾⁽³⁾	\$18M	\$18M	2%	\$26M
Earnings per Share ⁽²⁾⁽³⁾	\$0.11	\$0.11	-	\$0.16
Deferred Revenue	\$451M	\$376M	20%	\$433M
Cash Flow from Operations	\$61M	\$38M	60%	\$47M
Free Cash Flow ⁽⁴⁾	\$50M	\$37M	36%	\$40M

Notes

- (1) Billings is a non-GAAP measure that we define as revenue recognized for the particular period plus the change in deferred revenue from the beginning to the end of that period, less any deferred revenue balances acquired from business combination(s) during the period. Includes patent revenue of \$0.6M in Q1 2013 and \$2.2M in Q4 2013.
- (2) Does not include stock based compensation or acquisition related charges, such as amortization and impairments of intangibles.
- (3) Assumes effective tax rate of 33% for Q1 2014, Q1 2013 and Q4 2013.
- (4) Free Cash Flow is a non-GAAP measure that we define as Cash Flow from Operations less the purchase of property, plant and equipment.

Balanced Product Segmentation

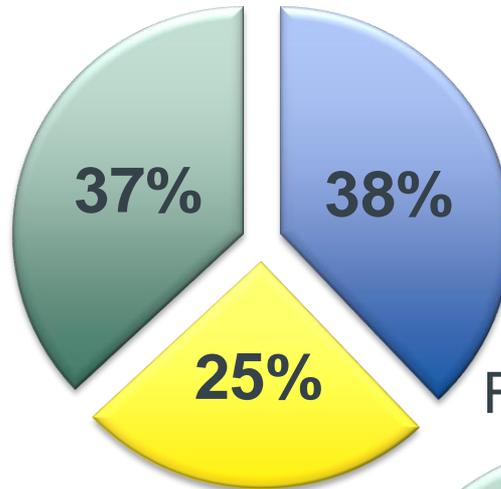


FortiGate Billings

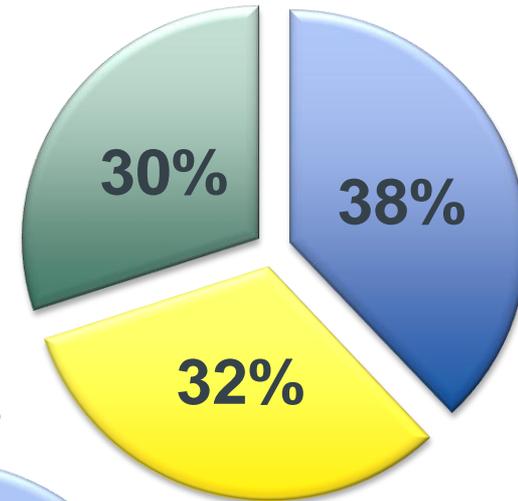
- **Balanced Product Sales**
 - Entry-level typically sold to SMBs/branch offices
 - Mid-range = enterprises
 - High-end = large enterprises and telcos/service providers

- **Entry-Level (FG20-100)**
- **Mid-Range (FG200-800)**
- **High-End (FG1000-5000)**

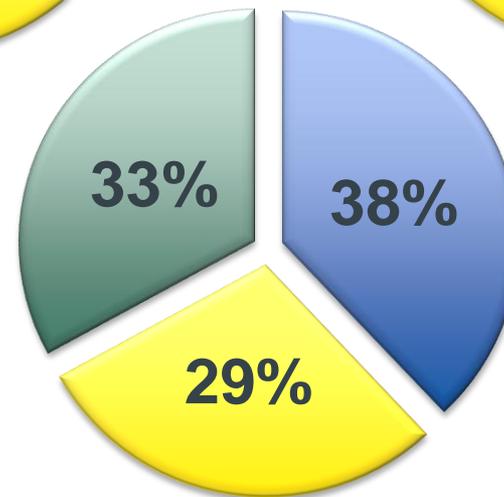
Q1 2014



Q1 2013



FY 2013



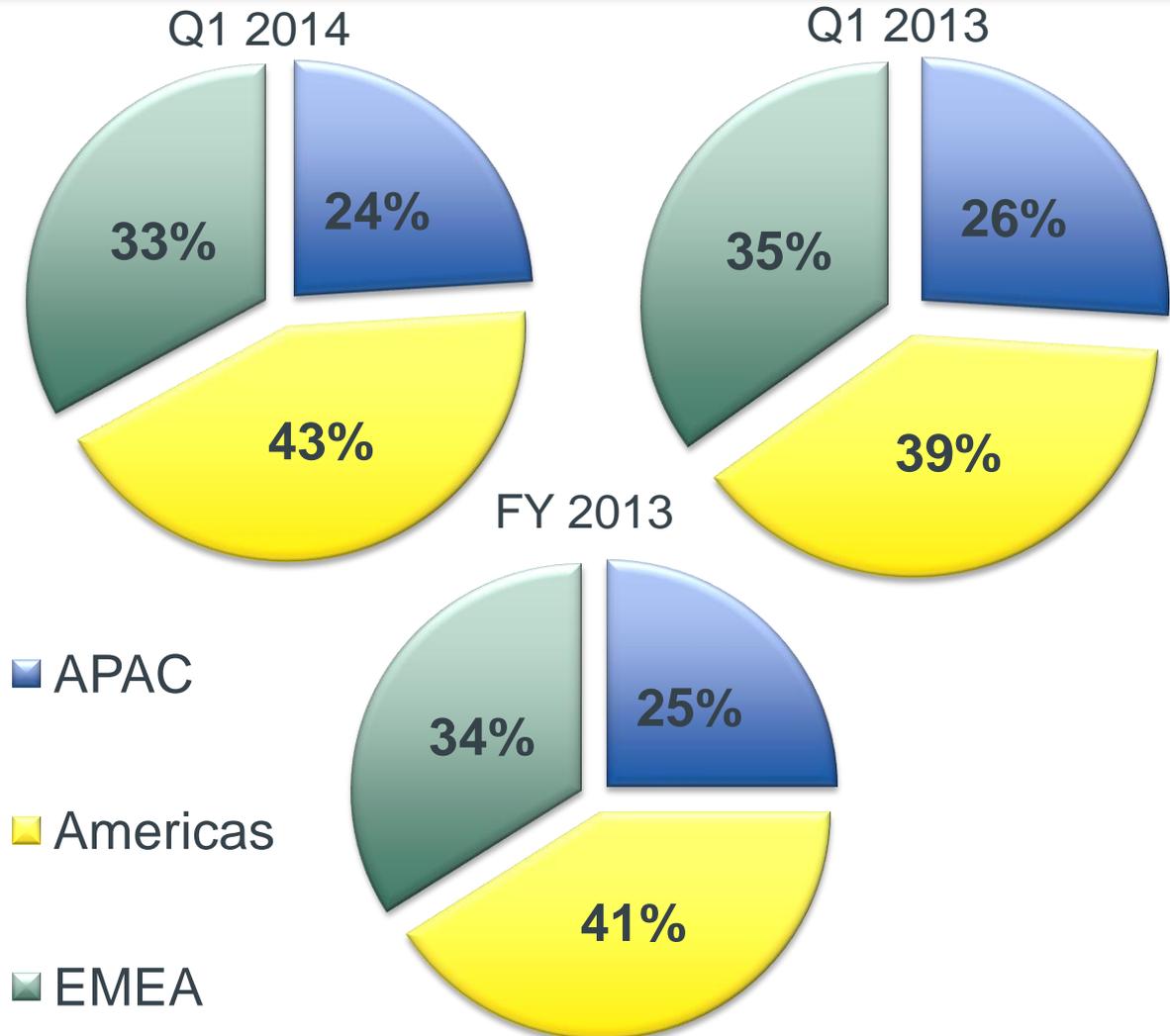
Note

Represents FortiGate billings by Product Category. Billings is a non-GAAP measure that we define as revenue recognized for the particular period plus the change in deferred revenue from the beginning of that period to the end of that period

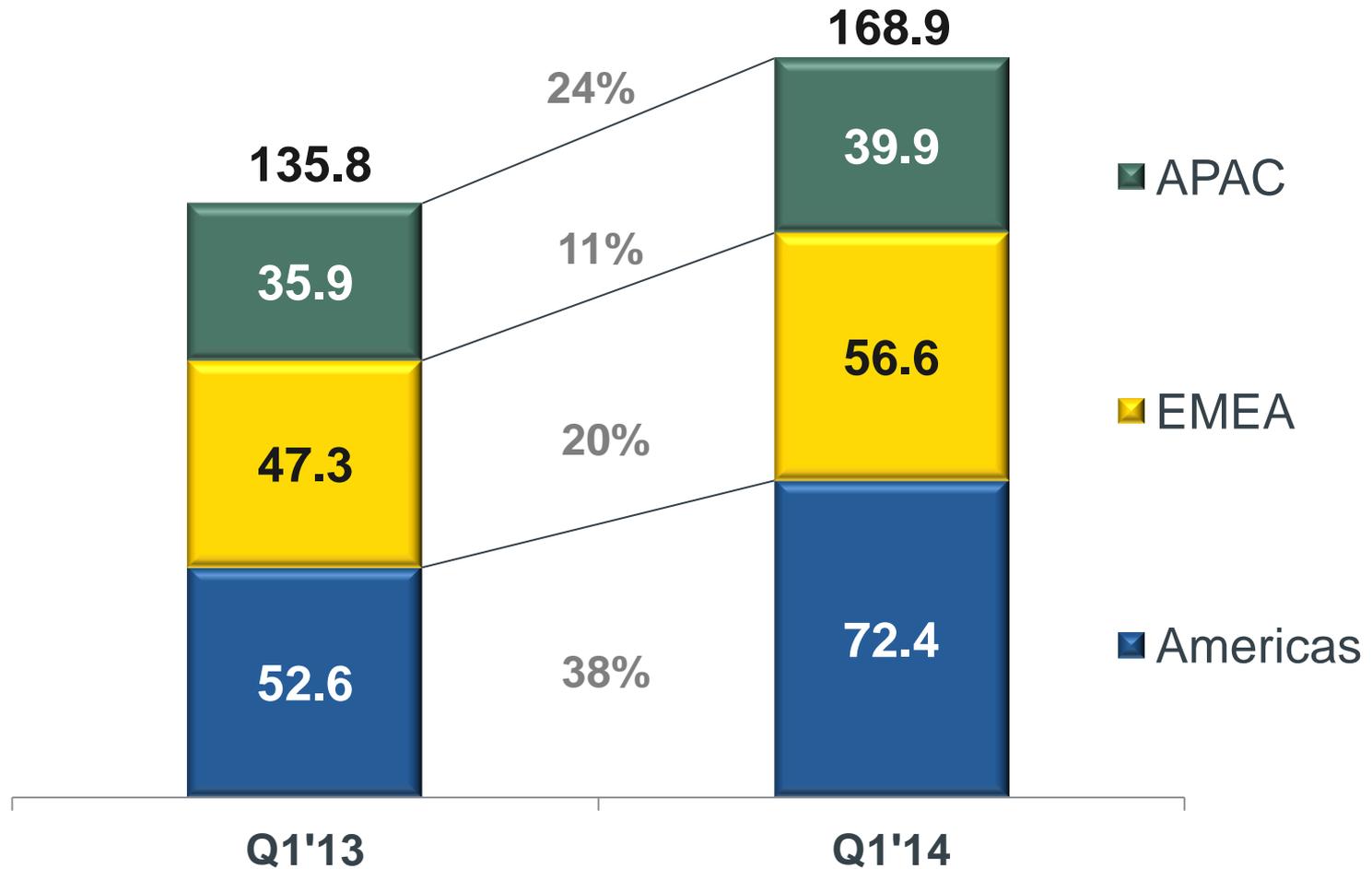
Diversified Global Revenue

Revenue by Geography

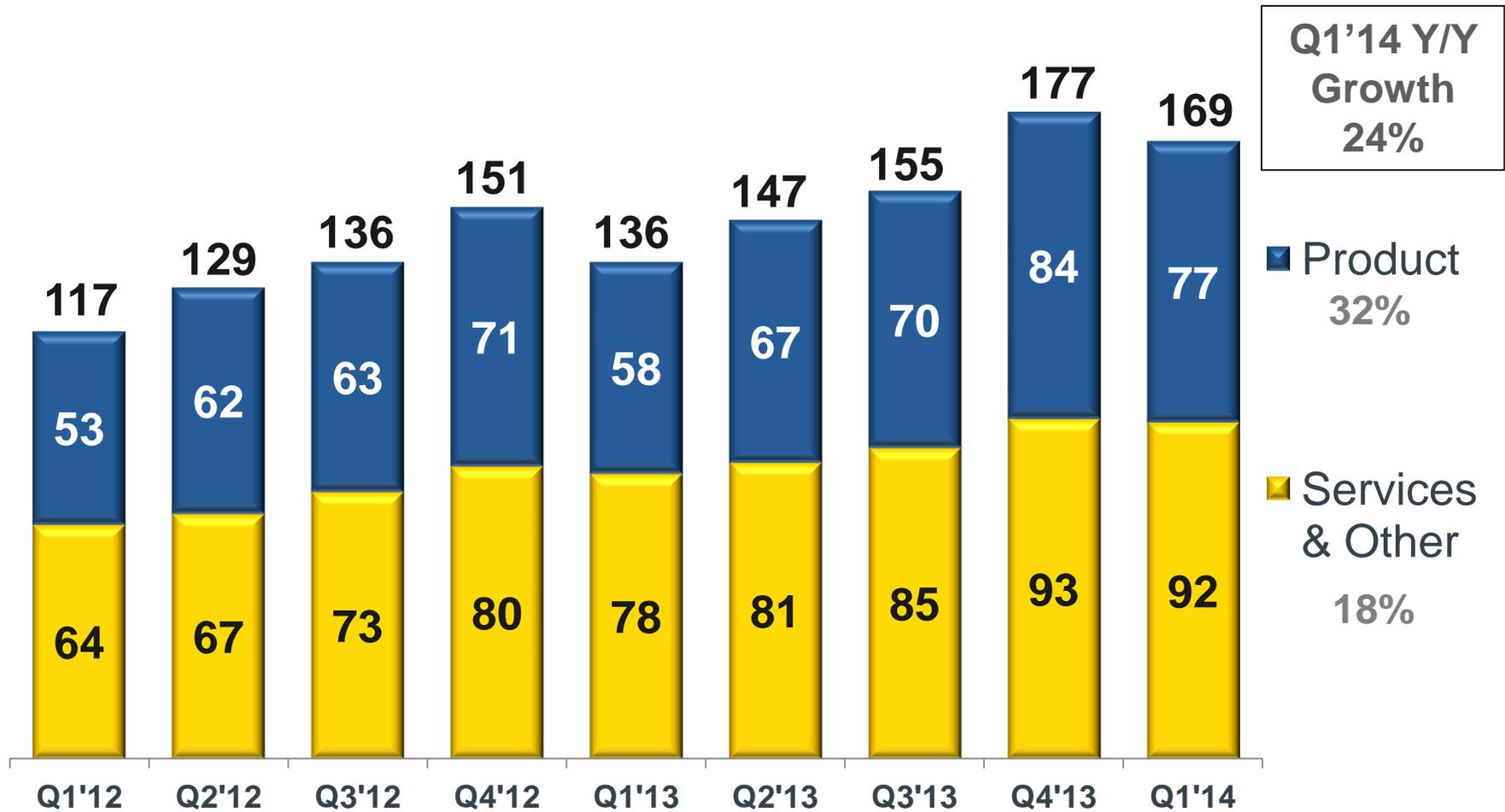
- Globally-diverse revenue stream
- Investing for growth globally



Revenue Growth by Geography



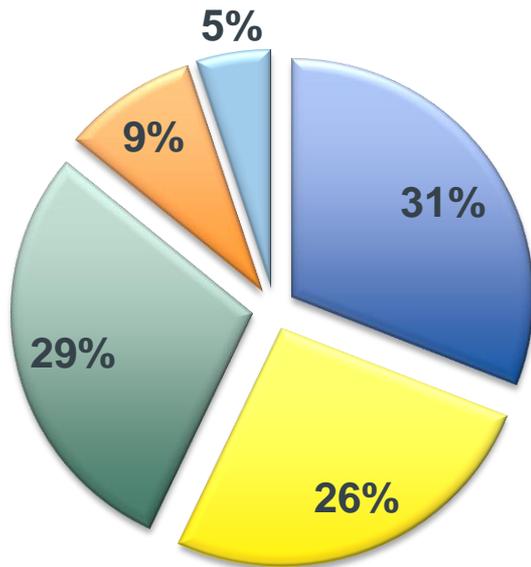
Quarterly Revenue Mix & Q1'14 Y/Y Growth



Global Employee Footprint

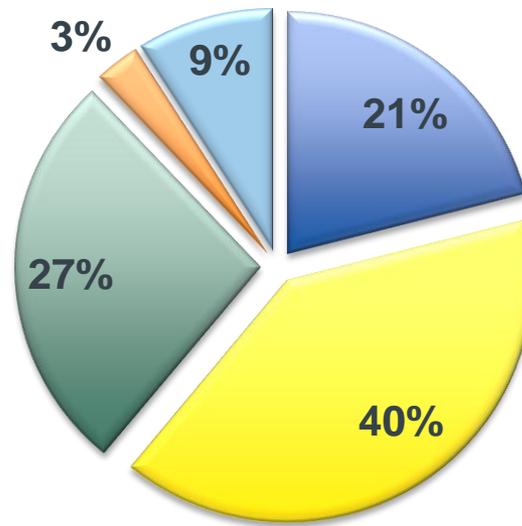


Location



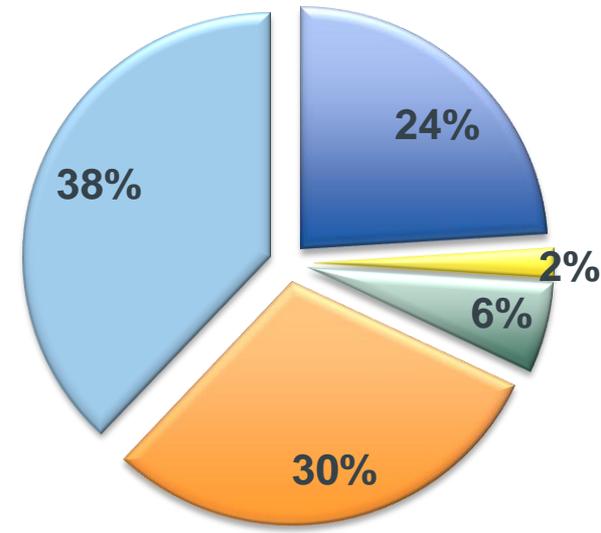
- Canada
- USA
- RoW
- China
- France

Cost



- Canada
- USA
- RoW
- China
- France

Function



- Service & Support
- Operations
- G&A
- R&D
- Sales & Marketing

Q1'14 Headcount: 2,389

Q1 2014 Select Financial Statistics



	Q1 14	Q4 13	Q1 13
Cash and Investments ⁽¹⁾	\$888M	\$843M	\$783M
Deferred Revenue	\$451M	\$433M	\$376M
Free Cash Flow	\$50M	\$40M	\$37M
Working Capital	\$387M	\$326M	\$282M
Accounts Receivable	\$111M	\$130M	\$102M
DSO	59	66	68
Net Inventory	\$43M	\$49M	\$24M
Inventory Turns	2.4	2.5	3.2
Revenue per Employee (Annualized)	\$288K	\$312K	\$270K
No. of Deals >\$100K	247	260	170
No. of Deals >\$250K	78	96	55
No. of Deals >\$500K	32	37	13

Notes
 (1) Excludes \$2.0M investment in privately-held company which is recorded in other assets.

Maintaining Strong Balance Sheet



(\$ in Millions)	Q1 14	Q4 13	Q1 13
Assets			
Cash and Investments ⁽¹⁾	888	843	783
Accounts Receivable	111	130	102
Inventory	43	49	24
Property and Equipment	47	37	26
Deferred Tax Assets	81	81	70
Other Assets	30	28	28
Total Assets	1,200	1,168	1,033
Liabilities and Shareholders' Equity			
Accounts Payable	28	36	26
Accrued Expenses and Others	111	113	83
Deferred Revenue	451	433	376
Common Stock/Paid in Capital	486	464	425
Retained Earnings	124	122	123
Total Liabilities and Shareholders' Equity	1,200	1,168	1,033

Notes
 (1) Excludes \$2.0M investment in privately-held company recorded in other assets.

Statement of Cash Flows (Non-GAAP)

(\$ in Millions)	Q1 14	Q1 13
GAAP Net Income	8	12
Depreciation and Stock-Based Compensation	17	12
Accounts Receivable	19	6
Inventory	3	(5)
Accounts Payable / Accrued Expenses / Other	(4)	-
Deferred Revenue	18	13
GAAP Cash Flow from Operations	61	38
Purchase of Property and Equipment	(11)	(1)
Free Cash Flow	50	37
Stock Option and RSU Exercises / ESPP	11	14
Stock Repurchases	(12)	-
Acquisition	-	(6)
Effect of F/X Rate on Cash / Other	(4)	(2)
Net Cash Flow	45	43
<i>Footnote: Cash Paid for Taxes</i>	22	9
<i>Footnote: Shares Repurchased Not Yet Settled</i>	1	-

3rd Party Certifications - No One Comes Close

● Supported
 ● Not Supported
 ● Issues
 ● PAN scored 53

	Fortinet	Check Point	Cisco ASA	Juniper SRX	Palo Alto	FireEye
NSS Labs NGFW	●	●	●	●	●	●
NSS Labs IPS	●	●	●	●	●	●
NSS Labs Data Center Firewall	●	●	●	●	●	●
NSS Labs Data Center IPS	●	●	●	●	●	●
NSS Labs Breach Detection System	●	●	●	●	●	●
ICSA NGFW Evaluation	●	●	●	●	●	●
BreakingPoint Resiliency Score	●	●	●	●	●	●
ICSA Firewall	●	●	●	●	●	●
ICSA IPSec	●	●	●	●	●	●
ICSA SSL VPN	●	●	●	●	●	●
ICSA IPS	●	●	●	●	●	●
ICSA Antivirus	●	●	●	●	●	●
ICSA WAF	●	●	●	●	●	●
Common Criteria	●	●	●	●	●	●
FIPS 140	●	●	●	●	●	●
DoD UC APL	●	●	●	●	●	●
IPv6 Ready	●	●	●	●	●	●
VB100	●	●	●	●	●	●
AV Comparative	●	●	●	●	●	●
VBSpam	●	●	●	●	●	●

Virtual Appliance Platforms

Virtual Appliance 	VMware				Citrix		Open Source		Amazon	Microsoft	
	vSphere v4.0	vSphere v4.1	vSphere v5.0	vSphere v5.1	Xen Server v5.6 SP2	Xen Server v6.0	Xen	KVM	AWS	Hyper-V 2008 R2	Hyper-V 2012
FortiGate-VM											
FortiManager-VM											
FortiAnalyzer-VM											
FortiWeb-VM											
FortiMail-VM											
FortiAuthenticator-VM											
FortiADC-VM											
FortiCache-VM											

Q2 2014 Guidance (Non-GAAP)



	Q2 14	Y/Y % Mid-Pt Growth
Billings ⁽¹⁾	\$185 - 190M	17%
Revenue	\$169 - 172M	16%
Gross Margin (%) ⁽²⁾	70 - 71%	
Operating Margin (%) ⁽²⁾	13 - 14%	
Earnings per Share ⁽²⁾⁽³⁾	~\$0.10	
Weighted Diluted Shares used in EPS	168 - 170M	

Notes

- (1) Billings is a non-GAAP measure that we define as revenue recognized for the particular period plus the change in deferred revenue from the beginning to the end of that period, less any deferred revenue balances acquired from business combination(s) during the period.
- (2) Does not include stock based compensation or acquisition related charges, such as amortization and impairments of intangibles.
- (3) Assumes effective tax rate of 33% for Q2 2014.

GAAP to Non-GAAP – Operating Results (Q1'14 vs. Q4'13 vs. Q1'13)

(in thousands, except per share amounts)

	Q1'14	Adjustment	Non-GAAP Q1'14	Q4'13	Adjustment	Non-GAAP Q4'13	Q1'13	Adjustment	Non-GAAP Q1'13
Revenue:									
Product	\$ 76,765	-	\$ 76,765	\$ 83,884	-	\$ 83,884	\$ 57,950	-	\$ 57,950
Services and other	92,184	-	92,184	93,466	-	93,466	77,870	-	77,870
Total revenue	168,949	-	168,949	177,350	-	177,350	135,820	-	135,820
Cost of revenue:									
Product	32,139	(624)	31,515	37,579	(1,083)	36,496	22,958	(356)	22,602
Services and other	18,604	(1,329)	17,275	16,298	(1,298)	15,000	16,170	(1,020)	15,150
Total cost of revenue	50,743	(1,953)	48,790	53,877	(2,381)	51,496	39,128	(1,376)	37,752
Gross Profit:									
Product	44,626	624	45,250	46,305	1,083	47,388	34,992	356	35,348
Services and other	73,580	1,329	74,909	77,168	1,298	78,466	61,700	1,020	62,720
Total gross profit	118,206	1,953	120,159	123,473	2,381	125,854	96,692	1,376	98,068
Operating Expenses:									
Research and development	29,055	(3,882)	25,173	27,747	(3,666)	24,081	23,334	(2,766)	20,568
Sales and marketing	67,326	(5,746)	61,580	62,331	(5,599)	56,732	49,976	(4,118)	45,858
General and administrative	9,010	(1,860)	7,150	8,752	(2,018)	6,734	7,991	(1,305)	6,686
Total operating expenses	105,391	(11,488)	93,903	98,830	(11,283)	87,547	81,301	(8,189)	73,112
Operating income	12,815	13,441	26,256	24,643	13,664	38,307	15,391	9,565	24,956
Interest income	1,333	-	1,333	1,318	-	1,318	1,369	-	1,369
Other (expense) income—net	(389)	-	(389)	(419)	-	(419)	215	-	215
Income before income taxes	13,759	13,441	27,200	25,542	13,664	39,206	16,975	9,565	26,540
Provision for income taxes	5,366	3,610	8,976	13,526	(588)	12,938	4,726	4,032	8,758
Net income	\$ 8,393	\$ 9,831	\$ 18,224	\$ 12,016	\$ 14,252	\$ 26,268	\$ 12,249	\$ 5,533	\$ 17,782
Basic net income per share	\$ 0.05		\$ 0.11	\$ 0.07		\$ 0.16	\$ 0.08		\$ 0.11
Diluted net income per share	\$ 0.05		\$ 0.11	\$ 0.07		\$ 0.16	\$ 0.07		\$ 0.11
Shares used in computing net income per share									
Basic	162,391		162,391	163,281		163,281	161,282		161,282
Diluted	168,114		168,114	168,873		168,873	167,823		167,823

GAAP to Non-GAAP – Operating Results (% of Rev) (Q1'14 vs. Q4'13 vs. Q1'13)

% of revenue	Non-GAAP			Non-GAAP			Non-GAAP		
	Q1'14	Adjustment	Q1'14	Q4'13	Adjustment	Q4'13	Q1'13	Adjustment	Q1'13
Revenue:									
Product	45%	-	45%	47%	-	47%	43%	-	43%
Services and other	55%	-	55%	53%	-	53%	57%	-	57%
Total revenue	100%	-	100%	100%	-	100%	100%	-	100%
Cost of revenue:									
Product	19%	-	19%	21%	(1%)	21%	17%	-	17%
Services and other	11%	(1%)	10%	9%	(1%)	8%	12%	(1%)	11%
Total cost of revenue	30%	(1%)	29%	30%	(1%)	29%	29%	(1%)	28%
Gross Profit:									
Product	58%	1%	59%	55%	1%	56%	60%	1%	61%
Services and other	80%	1%	81%	83%	1%	84%	79%	1%	81%
Total gross profit	70%	1%	71%	70%	1%	71%	71%	1%	72%
Operating Expenses:									
Research and development	17%	(2%)	15%	16%	(2%)	14%	17%	(2%)	15%
Sales and marketing	40%	(3%)	36%	35%	(3%)	32%	37%	(3%)	34%
General and administrative	5%	(1%)	4%	5%	(1%)	4%	6%	(1%)	5%
Total operating expenses	62%	(7%)	56%	56%	(6%)	49%	60%	(6%)	54%
Operating income	8%	8%	16%	14%	8%	22%	11%	7%	18%
Interest income	1%	-	1%	1%	-	1%	1%	-	1%
Other (expense) income—net	-	-	-	-	-	-	-	-	-
Income before income taxes	8%	8%	16%	14%	8%	22%	12%	7%	20%
Provision for income taxes	3%	2%	5%	8%	-	7%	3%	3%	6%
Net income	5%	6%	11%	7%	8%	15%	9%	4%	13%