



Fortinet – Nasdaq: FTNT

Drew Del Matto

Chief Financial Officer- June 13, 2017

Safe Harbor Statement

Information, statements and projections contained in these presentation slides and related conference calls concerning Fortinet's business outlook and momentum, the Q2 and 2017 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; risks of slowing demand in the security market in general; sales execution risks; 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; possible turnover among personnel including key employees; changes in strategy; risks associated with management of growth; lengthy sales and implementation cycles, particularly in larger organizations; risks associated with acquisitions, including integration risks businesses and assumption of unknown liabilities; delays or losses of, or changes in circumstances with regards to, sales deals expected to close during a certain time period; technological changes that make our products and services less competitive; risks associated with the adoption of, and demand for, Fortinet's model; mergers and acquisitions and the ability to successfully acquire, integrate and manage businesses and technologies; litigation, investigations, and disputes and the potential cost, distraction and damage to sales and reputation caused thereby; risks posed by competitors and an increasingly competitive market; current laws, regulations and standards, and the adoption of new laws, regulations and standards that affect our product, services or business; risks associated with increased international sales, including the impact of foreign currency exchange rates; 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.

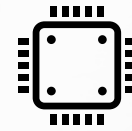
SECURITY HAS CHANGED



3.2 BILLION
INTERNET
USERS



1.3 BILLION
SMARTPHONES
SHIPPED
WORLDWIDE



3 BILLION
NEW DEVICES
PER YEAR
THROUGH 2020



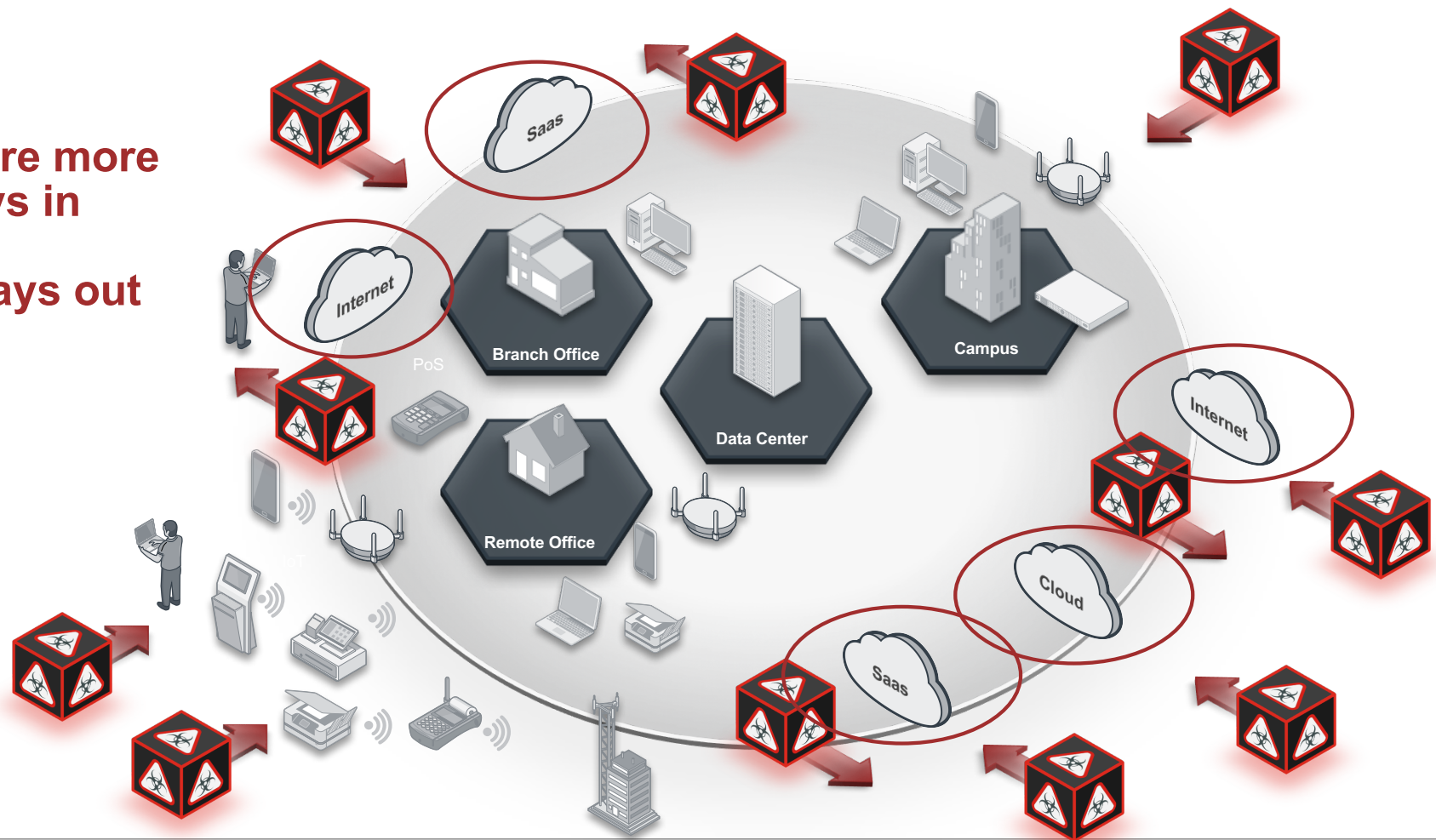
10,000x
INCREASE IN CYBER THREATS



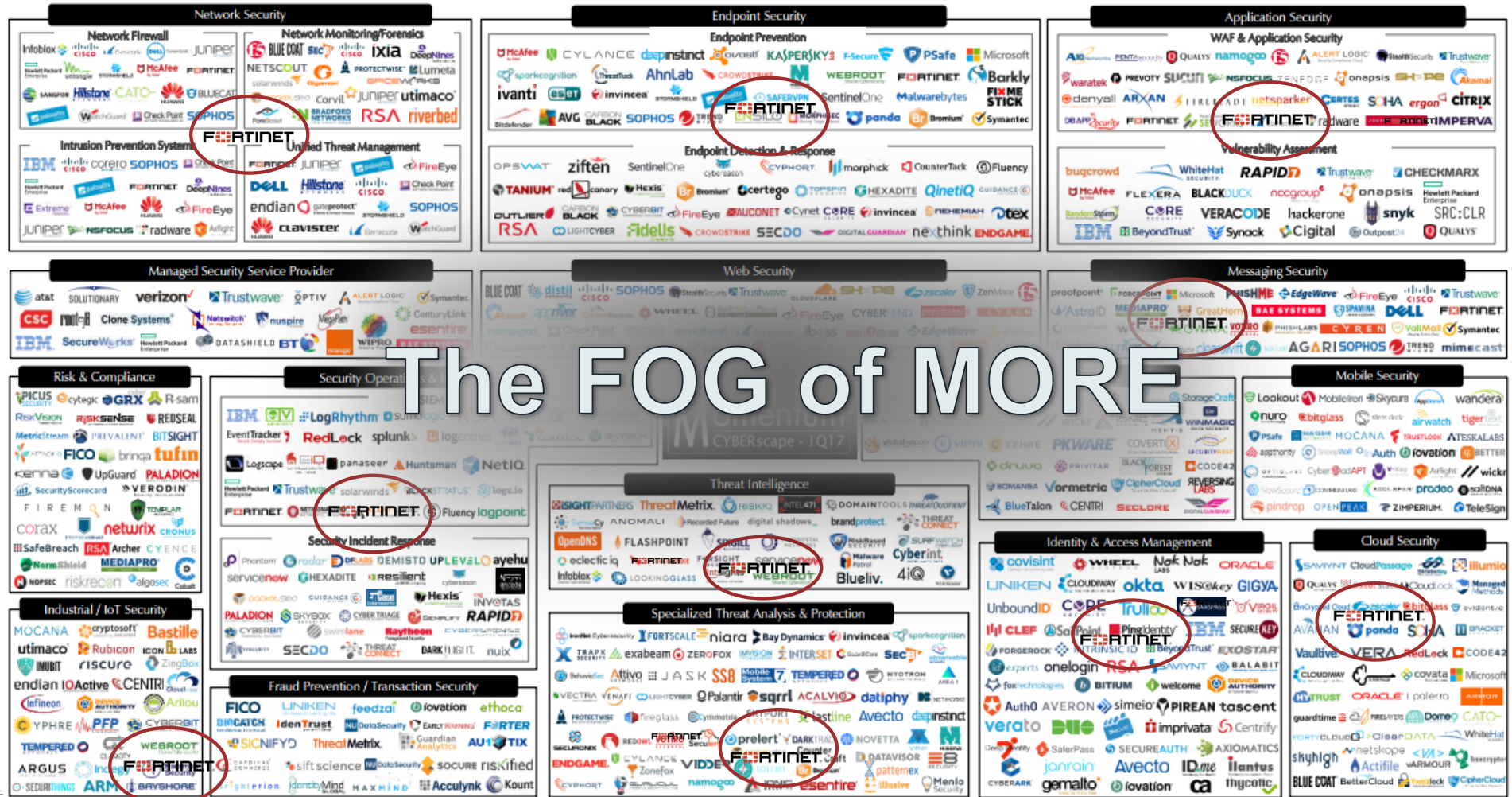
PUBLIC CLOUD MARKET IS ESTIMATED TO REACH
\$191 BILLION

BORDERLESS ATTACK SURFACE

There are more
ways in
More ways out






CYBERScape: The Cybersecurity Landscape

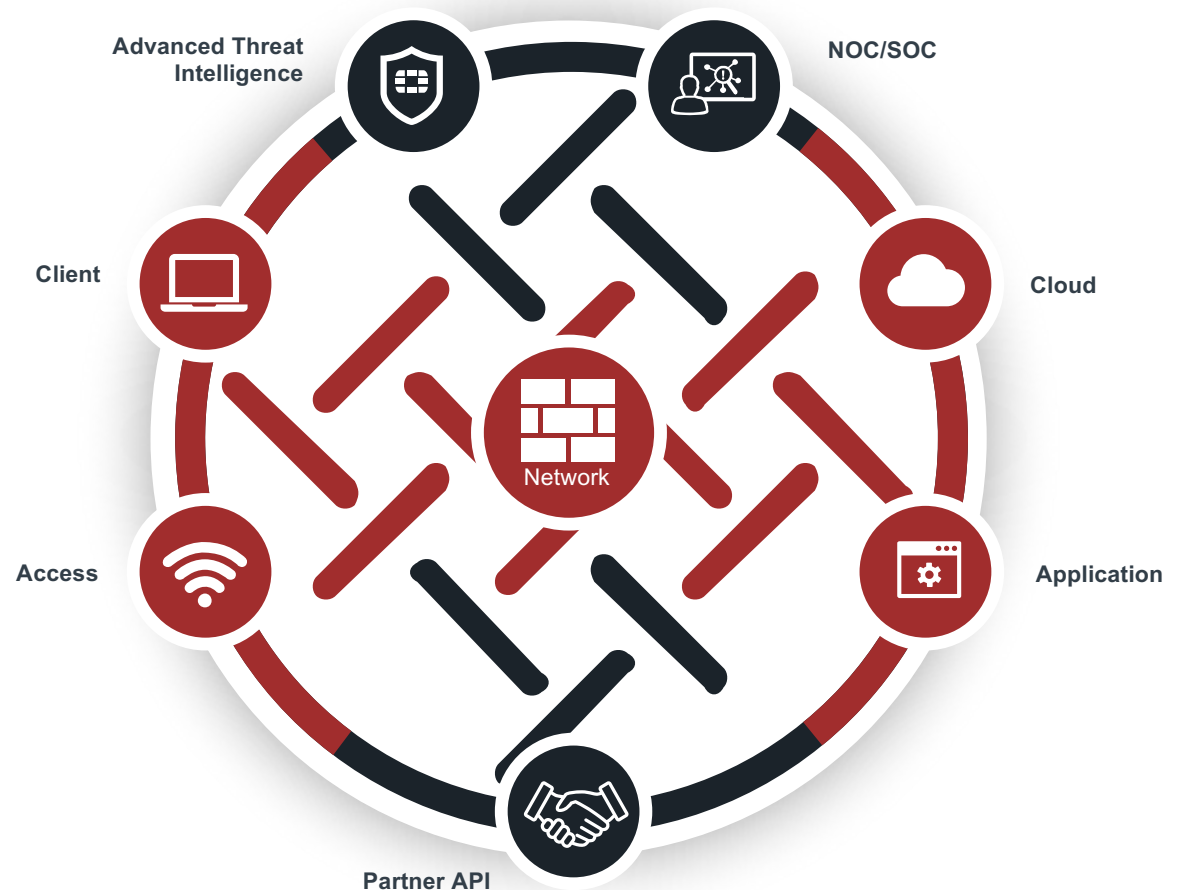


The FOG of MORE

The Solution: Fortinet Security Fabric

The Fortinet Security Fabric is the vision that delivers on the promise of Security without Compromise:

 **BROAD**
 **POWERFUL**
 **AUTOMATED**





Truly Integrated Protection with the Fortinet Security Fabric

Point Product

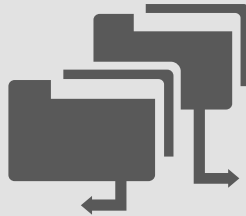
Only covers one aspect of the attack surface



Platform

Many different management consoles through acquisition



Fabric

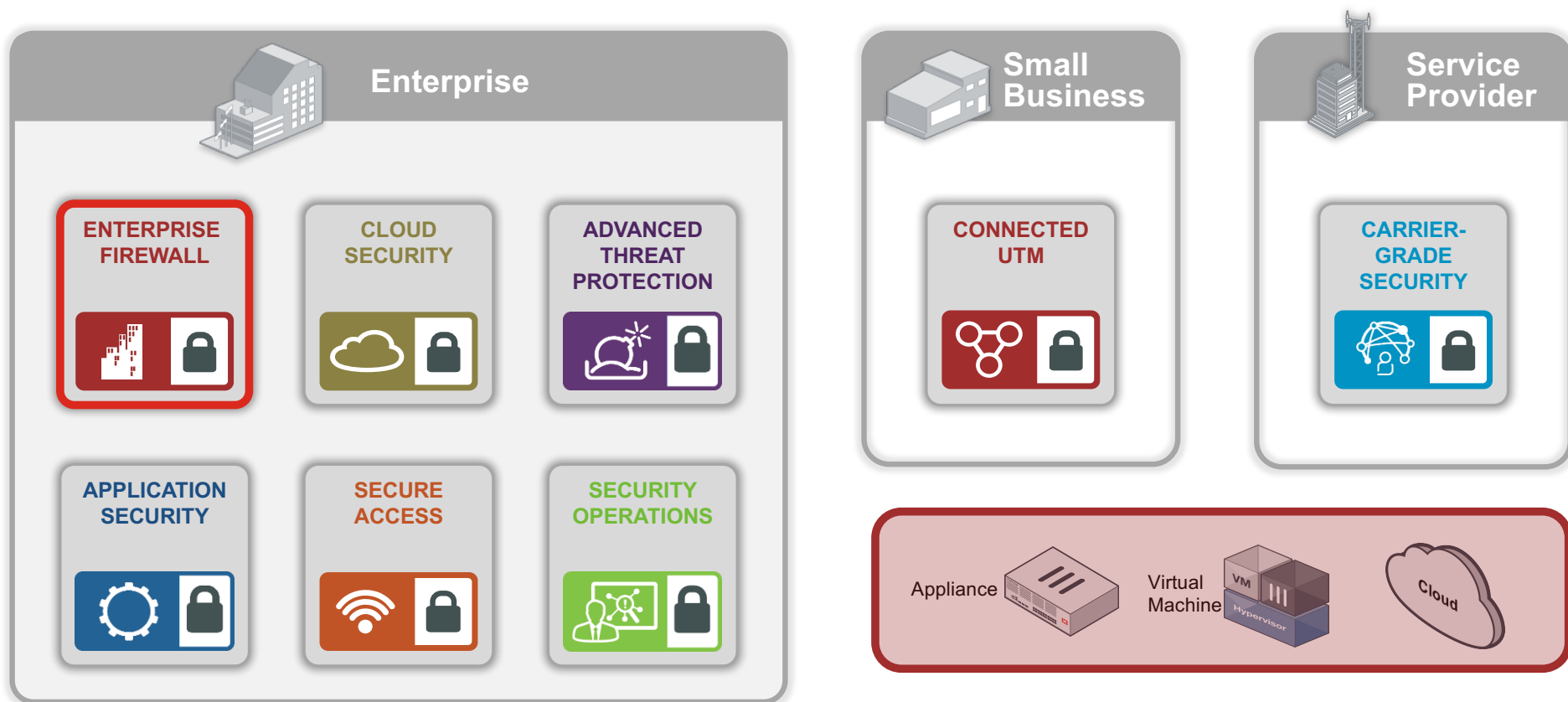
Rapid peer-to-peer threat and mitigation sharing from IoT to cloud



**FORTINET
SECURITY
FABRIC**



Fortinet Solutions



NSS Labs Certification



	Product	2012	2013	2014	2015	2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017		
Data Center	Data Center Firewall		Recommended			Recommended	Passed	Target				
	Data Center IPS			Neutral		Recommended		Target				
	Data Center Security Gateway							Target				
	WAF			Recommended			Recommended					
Virtual Security	vFW							Target				
	vSG								Target			
Endpoint	Endpoint Protection				Recommended		Recommended					
Enterprise/Perimeter Security	Breach Detection			Recommended	Recommended	Recommended		Target				
	Breach Prevention									Target		
	NGFW	Neutral	Recommended	Recommended		Recommended		Recommended				
	NGIPS				Recommended		Recommended		Target			
	SSL								Target			

Fortinet Customers



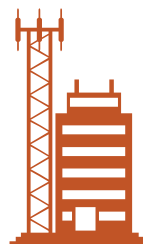
7 of the **TOP 10**
Fortune Companies
in **America**



8 of the **TOP 10**
Fortune Companies
in **EMEA**



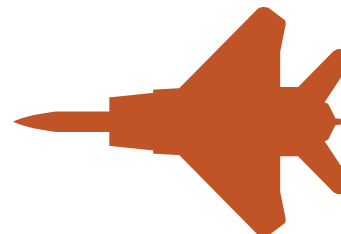
9 of the **TOP 10**
Fortune Companies
in **APAC**



10 of the **TOP 10**
Fortune Telecommunications
Companies

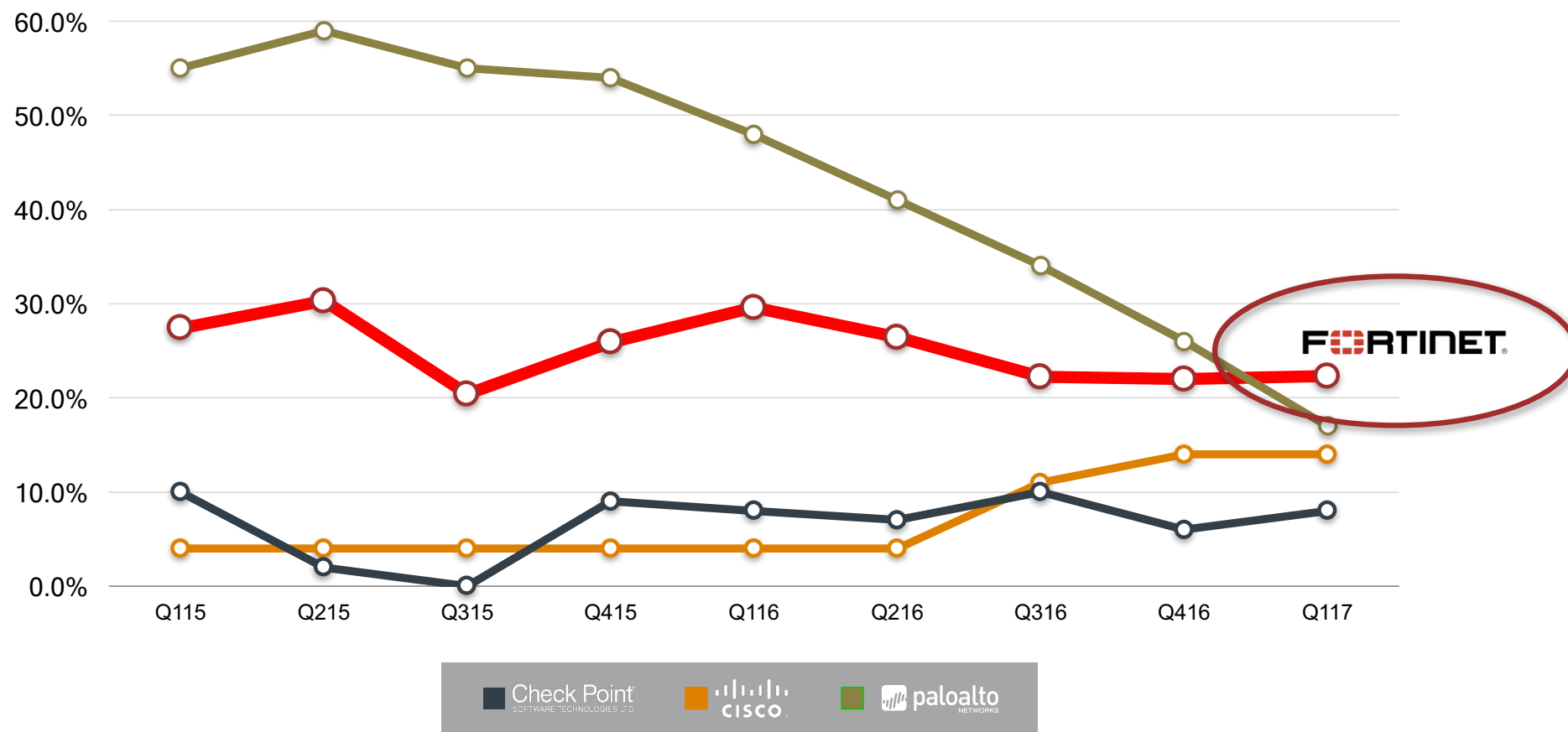


9 of the **TOP 10**
Fortune Retail and Commercial Banks



7 of the **TOP 10**
Aerospace and
Defense

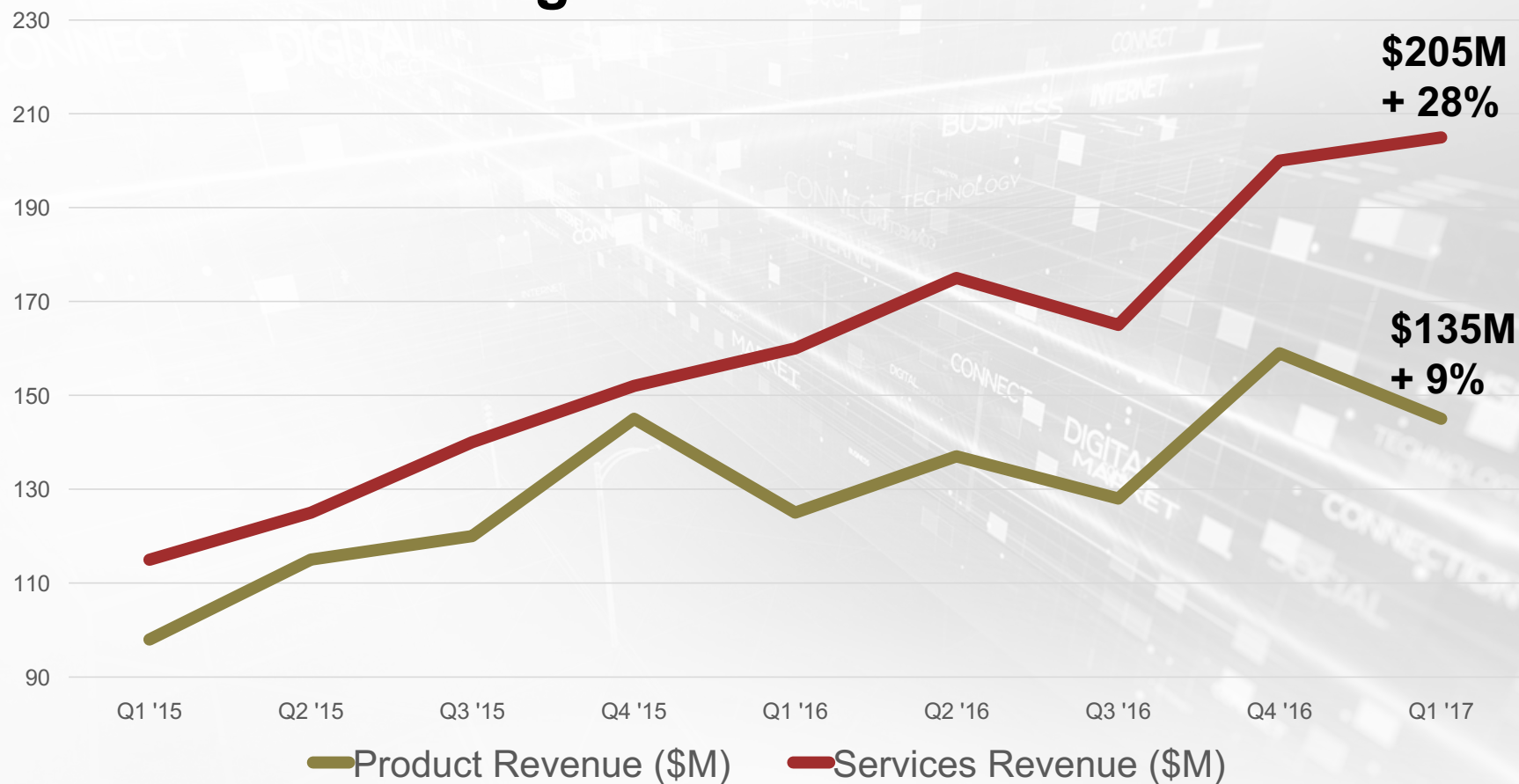
Fortinet is Outgrowing the Competition



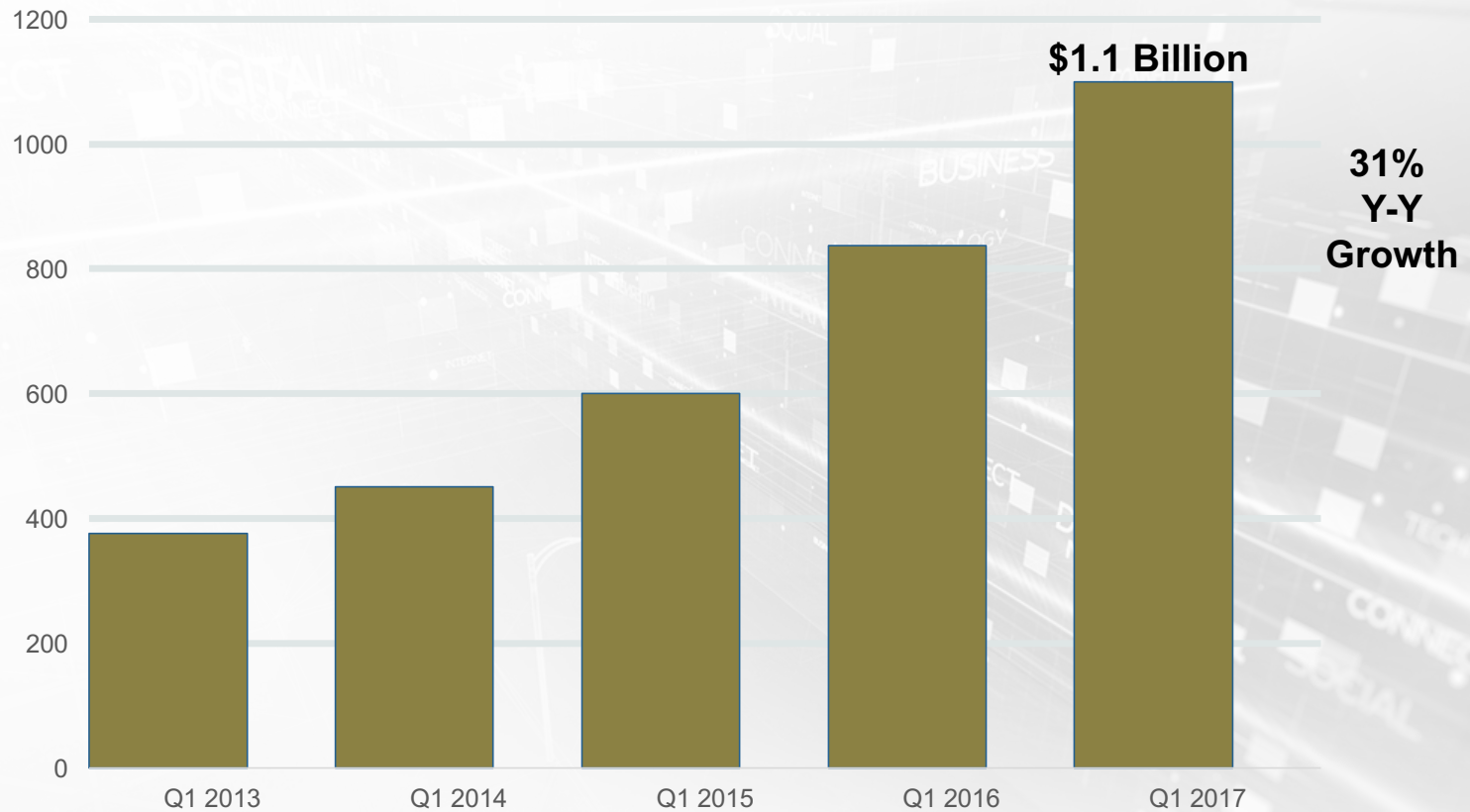
Q1 2017 Non-GAAP Results

	Q1 17	Q1 16	Y/Y % Change
Billings	\$403M	\$330M	22%
Revenue	\$341M	\$285M	20%
Gross Margin	75%	74%	+1 pt
Operating Income	\$43M	\$30M	43%
Operating Margin	13%	11%	+2 pts
Net Income	\$31M	\$20M	54%
Earnings per Share	\$0.17	\$0.12	42%
Deferred Revenue	\$1.10B	\$837M	31%
Cash Flow from Operations	\$130M	\$101M	29%
Free Cash Flow	\$116M	\$71M	65%

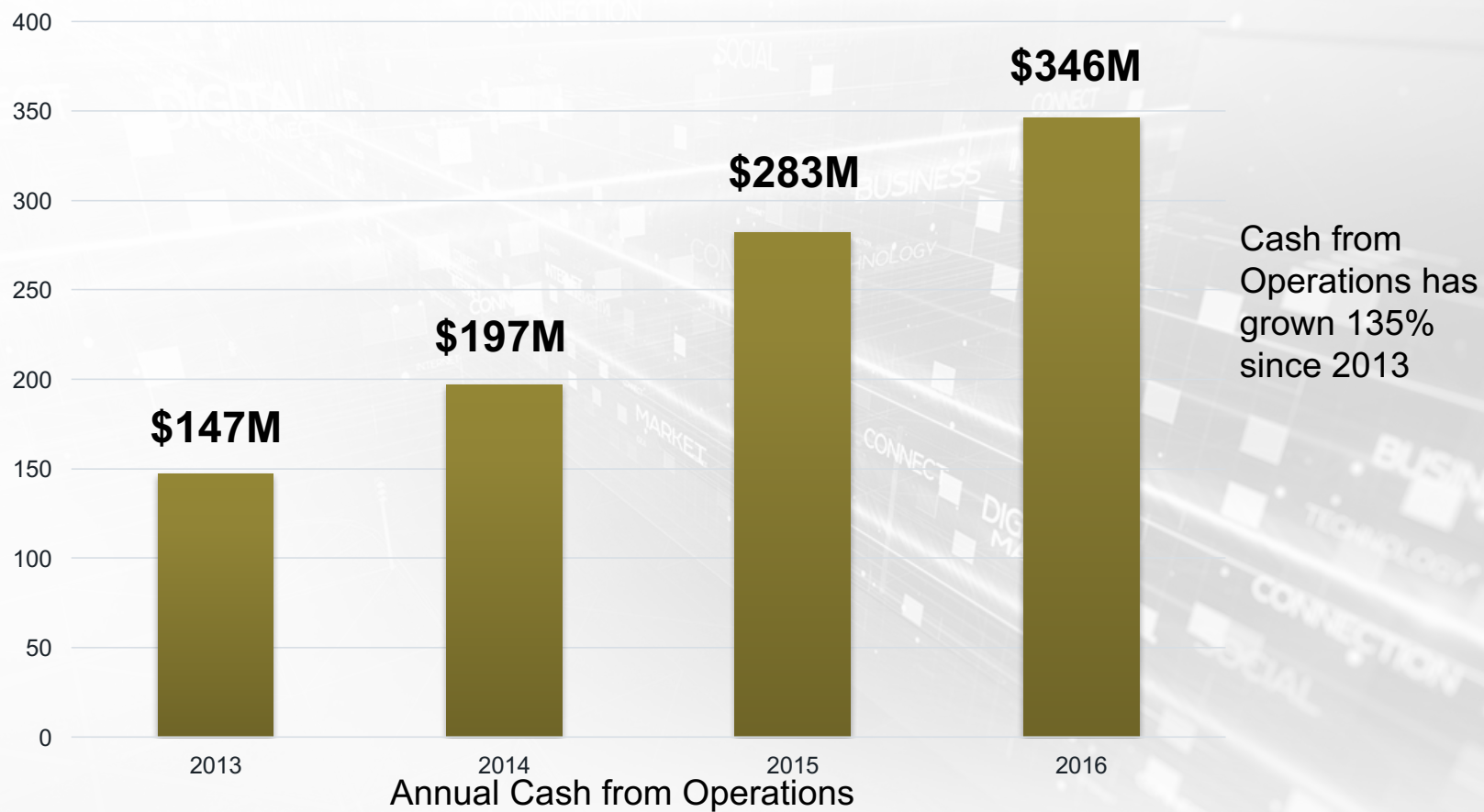
Strong Performance Driven by Higher Margin Recurring Revenue Streams



Strong Growth in Deferred Revenue

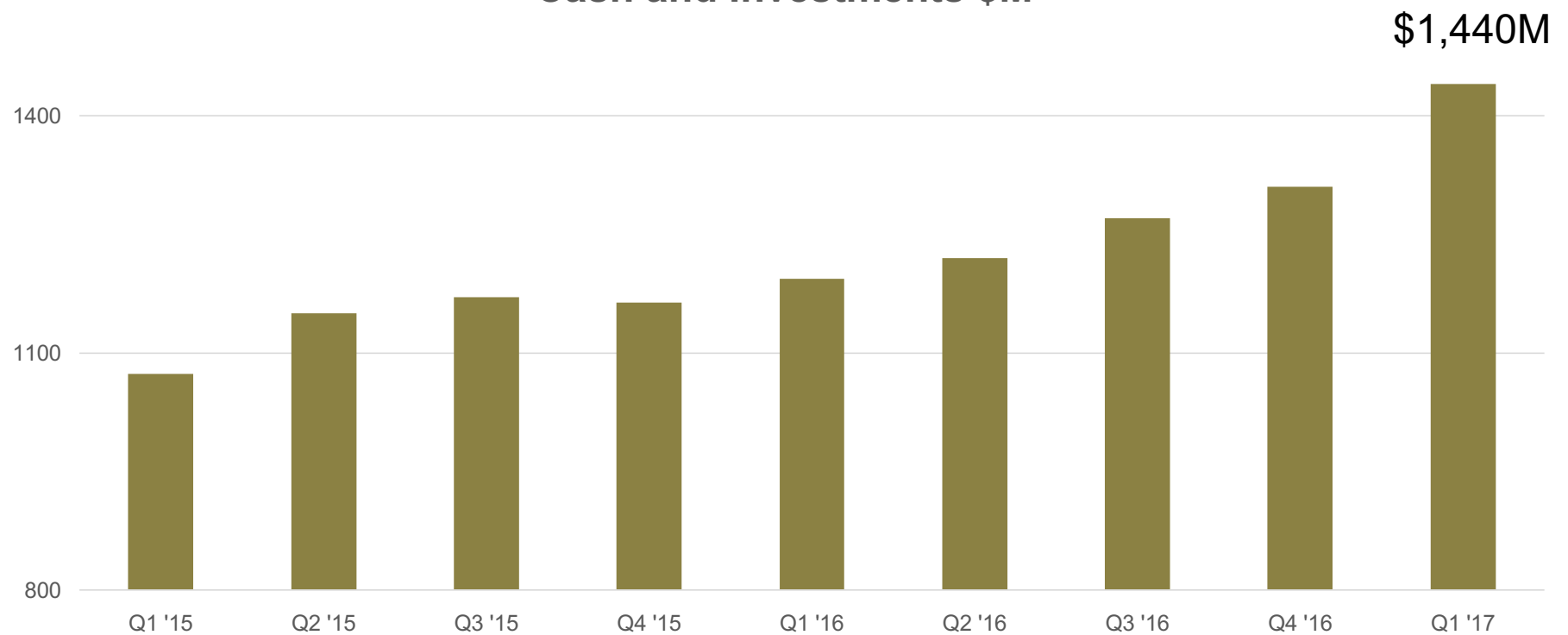


Strong Cash Flow Growth



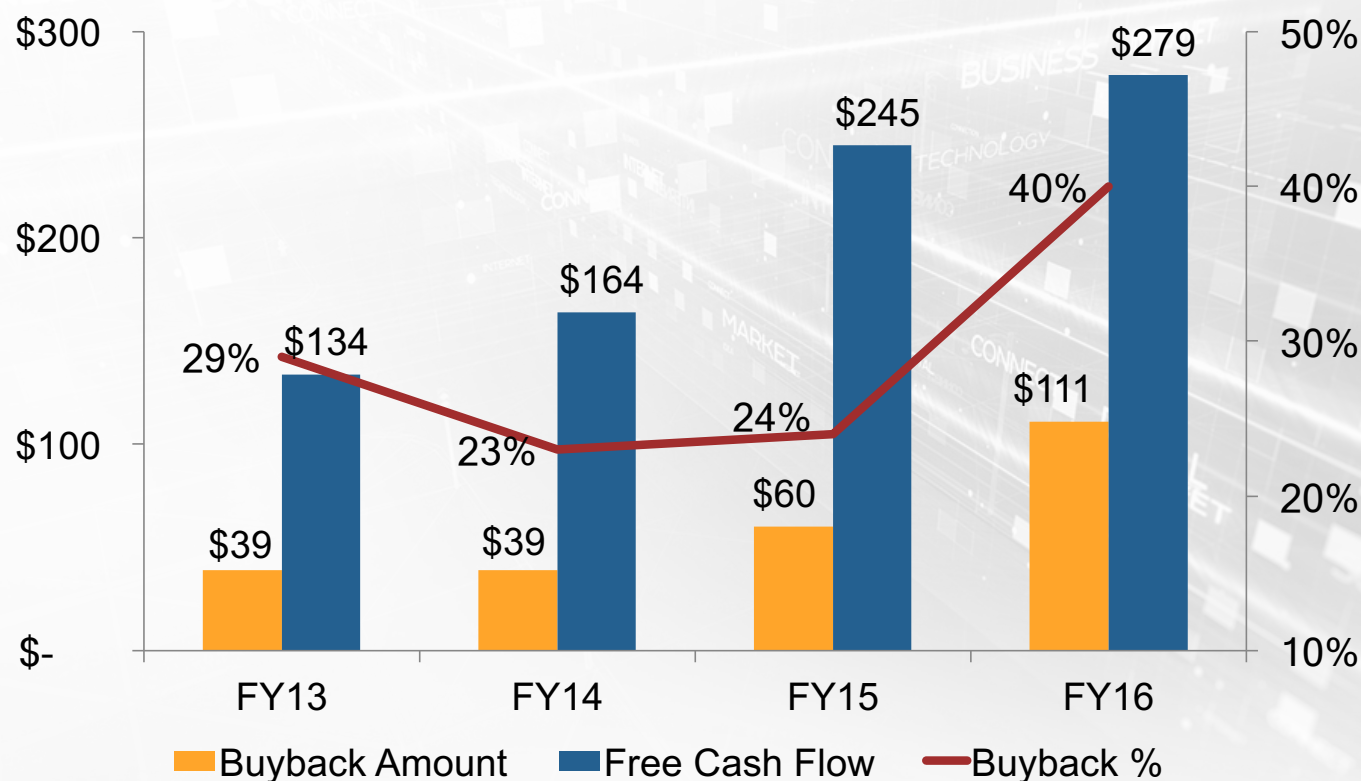
Strong Balance Sheet

Cash and Investments \$M

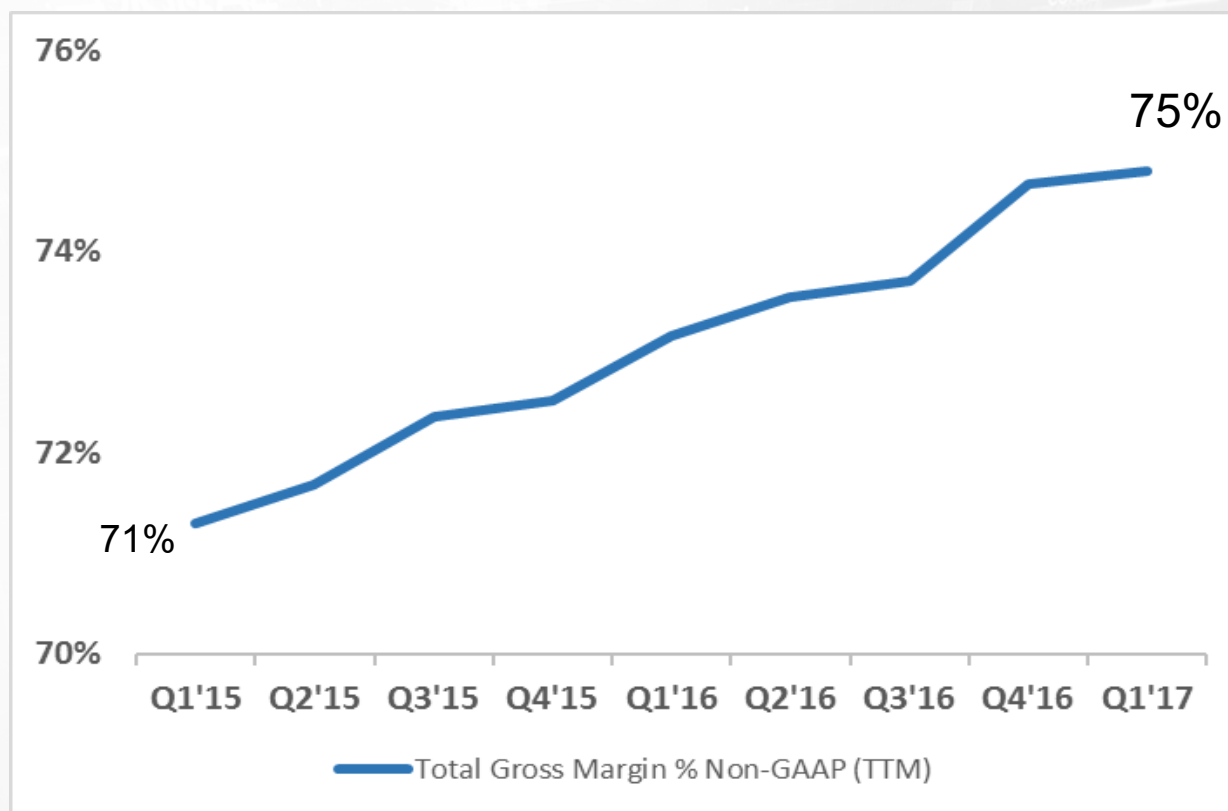


Returning Capital to Shareholders – Share Repurchase

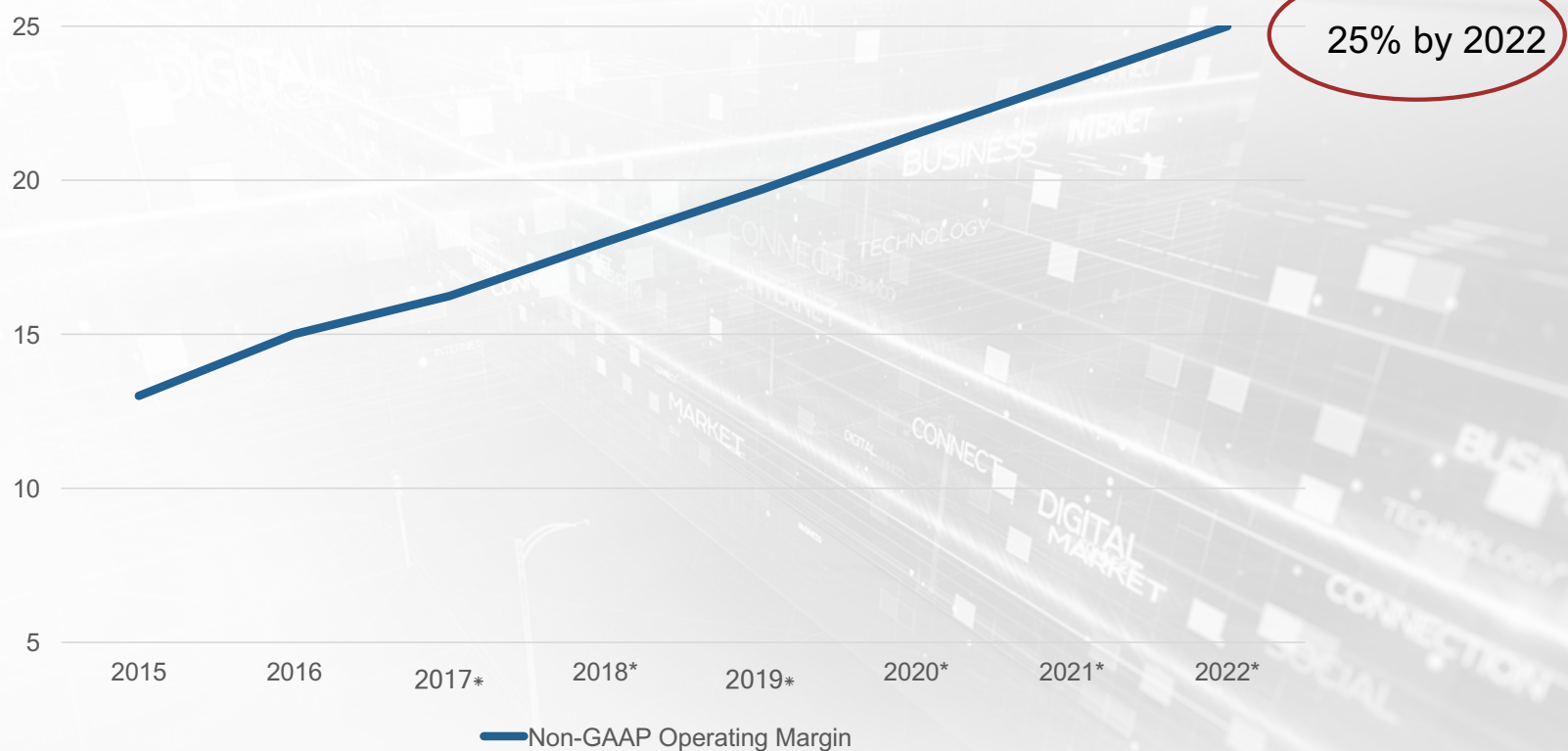
\$ Millions



Gross Margin Expansion Reflects Continued Growth in Services / Virtualized Product Offerings



Operating Margin Guidance Reflects Focus on Productivity and Efficiency



* Denotes guidance at mid-range

The FTNT Opportunity



The image features the Fortinet logo in white, bold, sans-serif capital letters. The logo is centered horizontally and vertically. The background is a solid dark red color. Overlaid on the red background is a complex, light-colored geometric pattern consisting of numerous hexagons of varying sizes, some of which are nested or overlapping. These hexagons are connected by thin lines, creating a network-like or molecular structure. The overall aesthetic is technical and modern.

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