Analyst Day

November 18, 2019

Agenda

Time	Session	Speaker
10:00 AM	**Welcome**	**Peter Salkowski,** VP of Investor Relations
	Industry Overview & Company Vision	**Ken Xie,** Founder, Chairman & CEO
	Digital Innovation Is Creating Increased Risk	**John Maddison,** CMO & EVP Products
11:15 AM	**Q&A Session**	**Ken Xie & John Maddison**
	Sales Strategy & Go-To-Market	**Patrice Perche,** Sr. EVP Worldwide Sales and Support **Matthew Pley,** VP Cloud & Service Providers
	Financial Review & Outlook	**Keith Jensen,** CFO
12:30 PM	**Q&A Session**	**Executive Management Team**
1:00 PM	**Lunch / Departure**	

Safe Harbor Statement

Forward-looking statements that involve risks and uncertainties in this presentation and the question and answer session related to this presentation include the following: our business outlook; our Q4 2019 and full-year 2019 guidance; our mid-term model (and related modeling points); demand for our products and services; statements regarding the momentum in our business and future growth expectations and objectives; and other statements regarding our future prospects and expectations of 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 presentation. 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 products and services; specific economic risks worldwide and in different geographies, and among different customer segments; uncertainty regarding demand and increased business and renewals from existing customers; uncertainties around continued success in sales growth and market share gains; actual or perceived vulnerabilities in our products or services, and any actual or perceived breach of our network or our customers' networks; longer sales cycles, particularly for larger enterprise, service providers, government and other large organization customers; the effectiveness of our salesforce and failure to convert sales pipeline into final sales; risks associated with successful implementation of multiple integrated software products and other product functionality risks; risks associated with integrating acquisitions and changes in circumstances and plans associated therewith; 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; cybersecurity threats, breaches and other disruptions; 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; tariffs and other trade barriers; any political and government disruption around the world, including the impact of any future shutdowns of the U.S. government; 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 presentation, and we undertake no obligation, and expressly disclaim any obligation, to update forward-looking statements herein in light of new information or future events.

1st Generation Network Security : Connectivity
Network vs. Security

NETWORKING

SECURITY

Kbit/s

Software

TEXT CONTENT

FW

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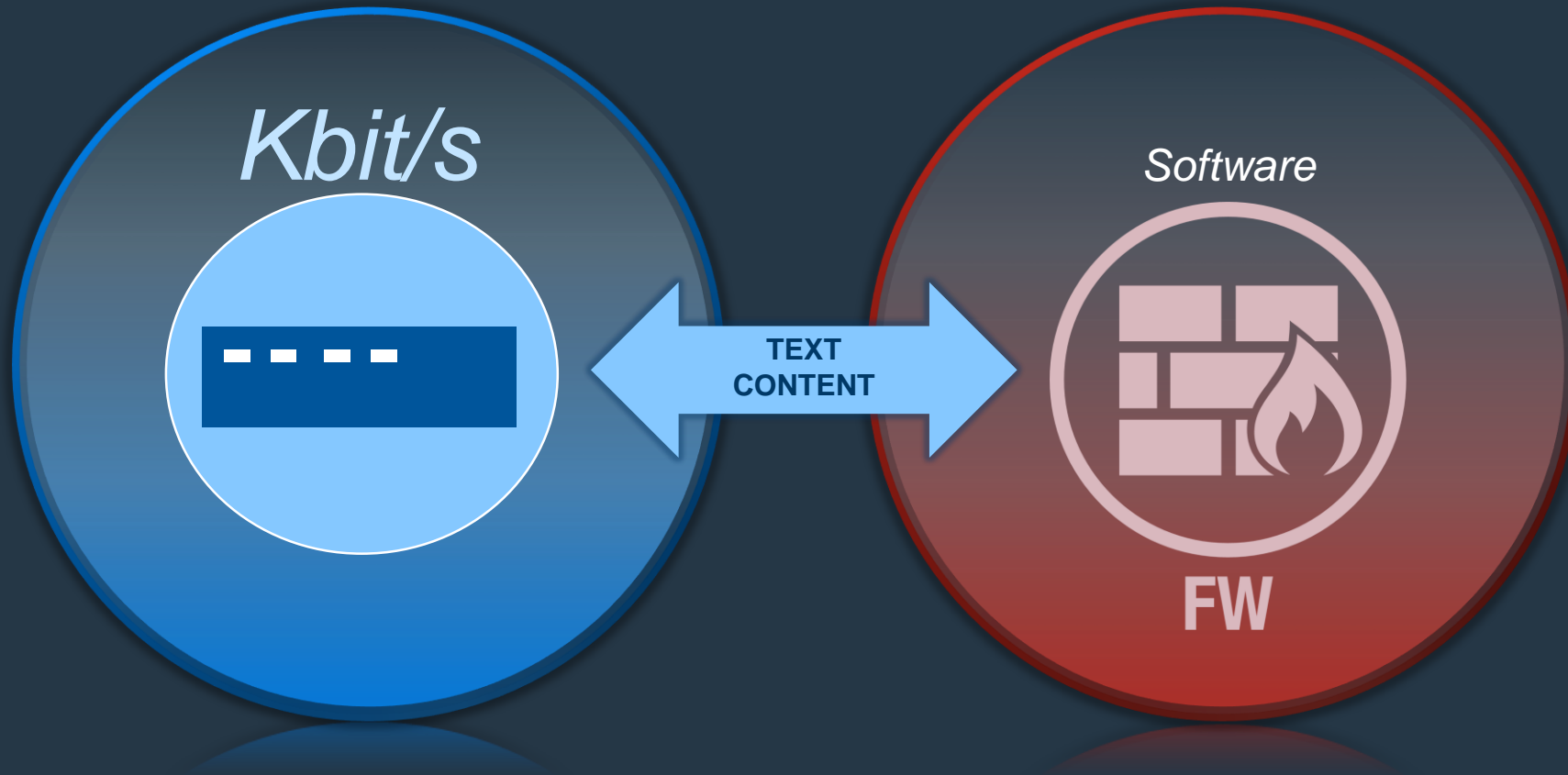
2nd Generation Network Security : Content
Network vs. Security

>2000

NETWORKING

SECURITY

Mbits

Hardware

MALICIOUS
CONTENT

NGFW

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6
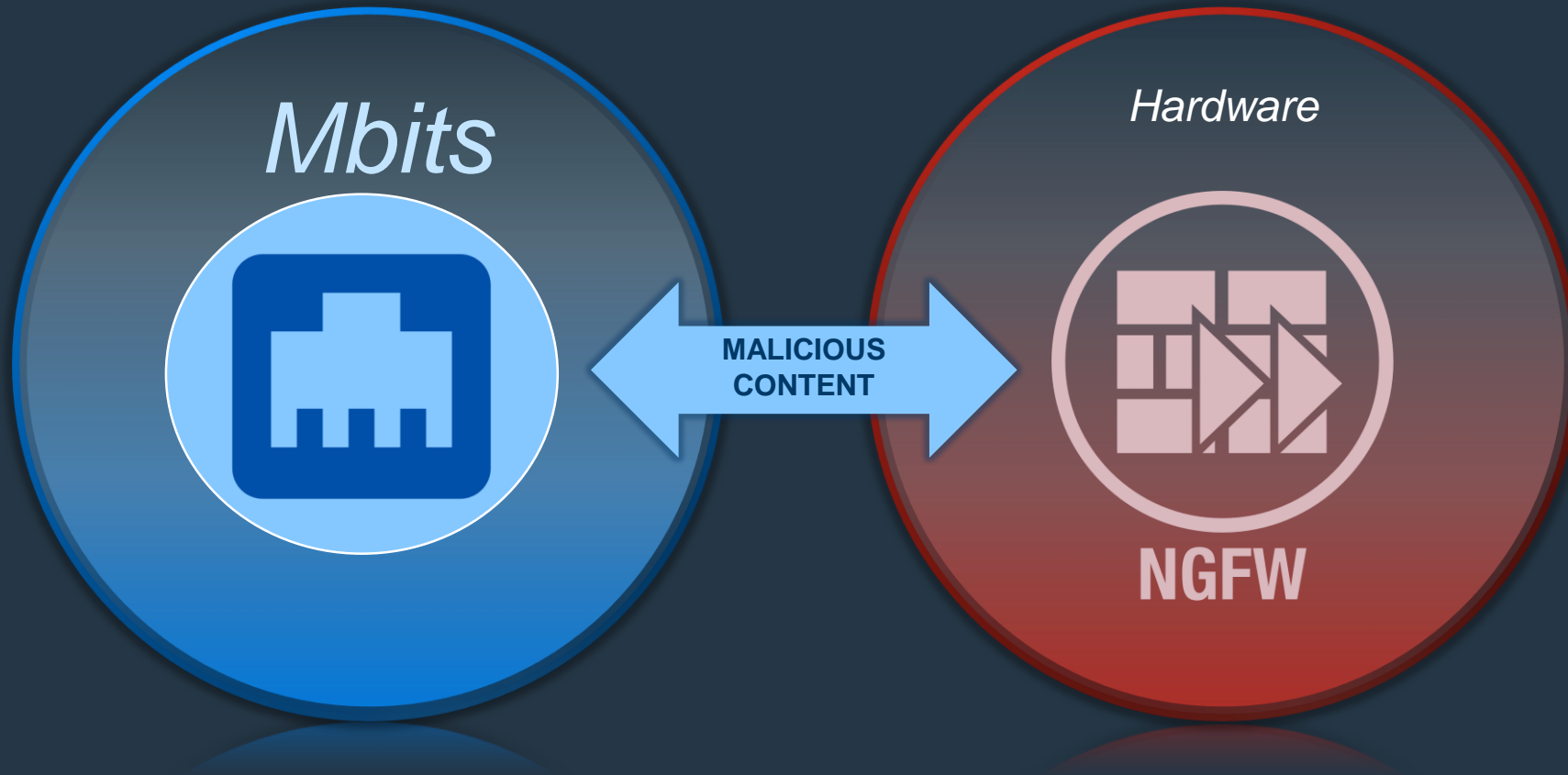
3rd Generation - Security-Driven Networking for a Hyperconnected World

Network vs. Security

NETWORKING

SECURITY

Cloud

5G

Edge

WAN Edge

Endpoint

IoT

OT

Security-Driven Networking

**Secure SD-WAN
Secure Access
Secure Cloud
Secure 5G**

FORTINET
FortiSOC4

SoC 4

Exploit

Insider

Malware
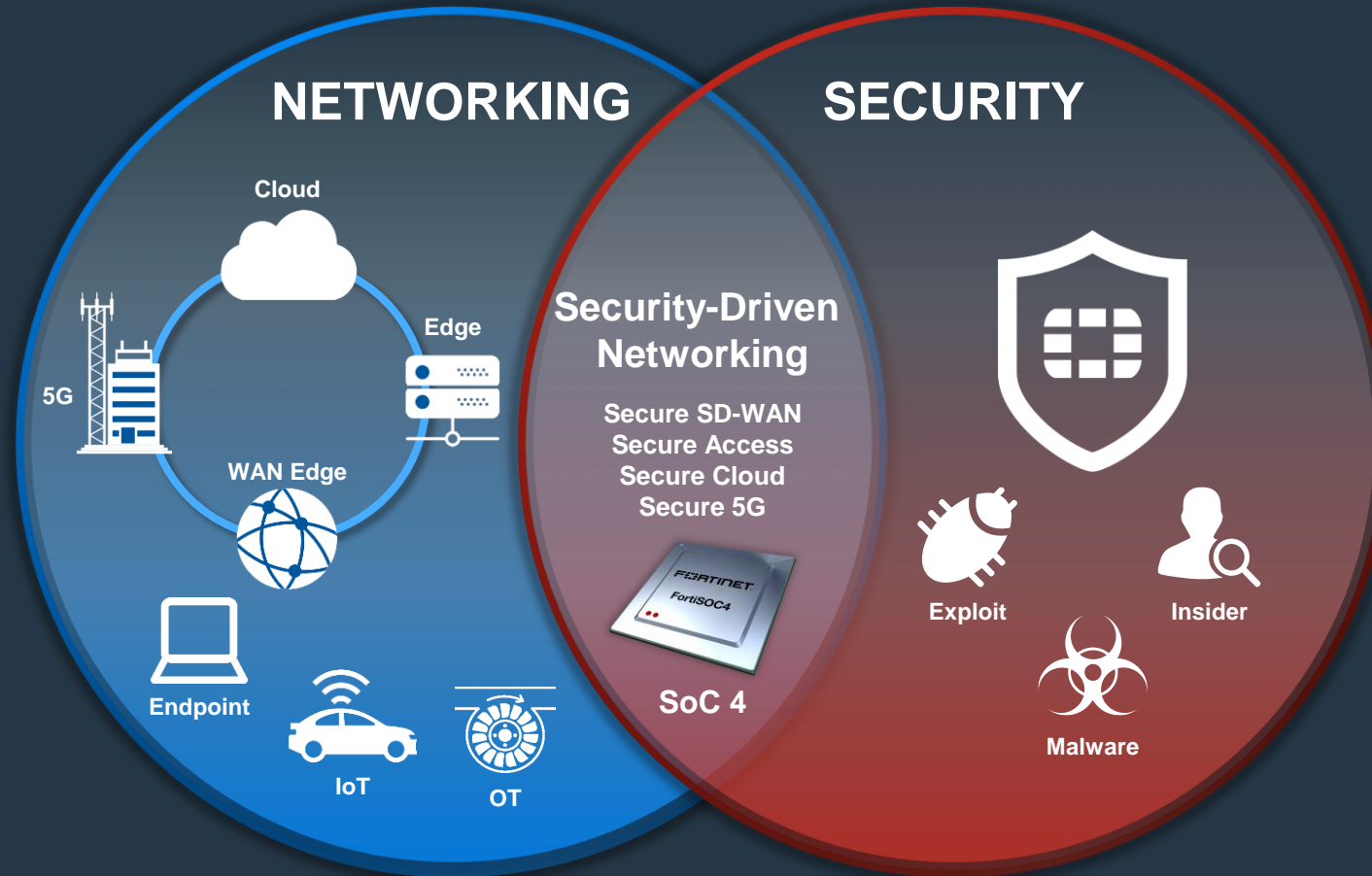
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"The Edge Will Eat The Cloud" – Gartner*
Edge & Cloud

EDGE

CLOUD

SERVERS

MAINFRAMES

Early 2020's

Early 2010's

Mid 2000's

Early 1980's

IMMERSIVE

MOBILE

PCs

TERMINAL

FORTINET

*Data provided by Thomas Bittman, Gartner

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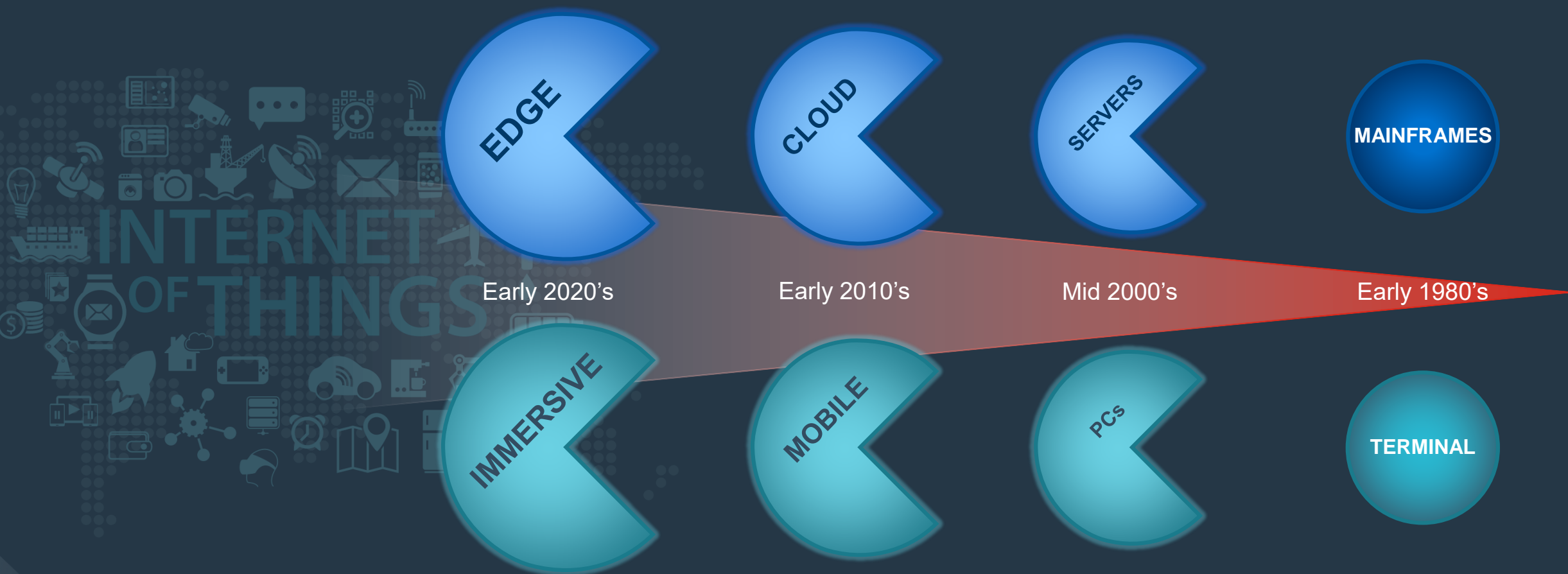
Fortinet Protects Both the Edge and the Cloud

5G Mini Tower

Consumer Appliances

Operational Technologies

WiFi Router

Smart Phone

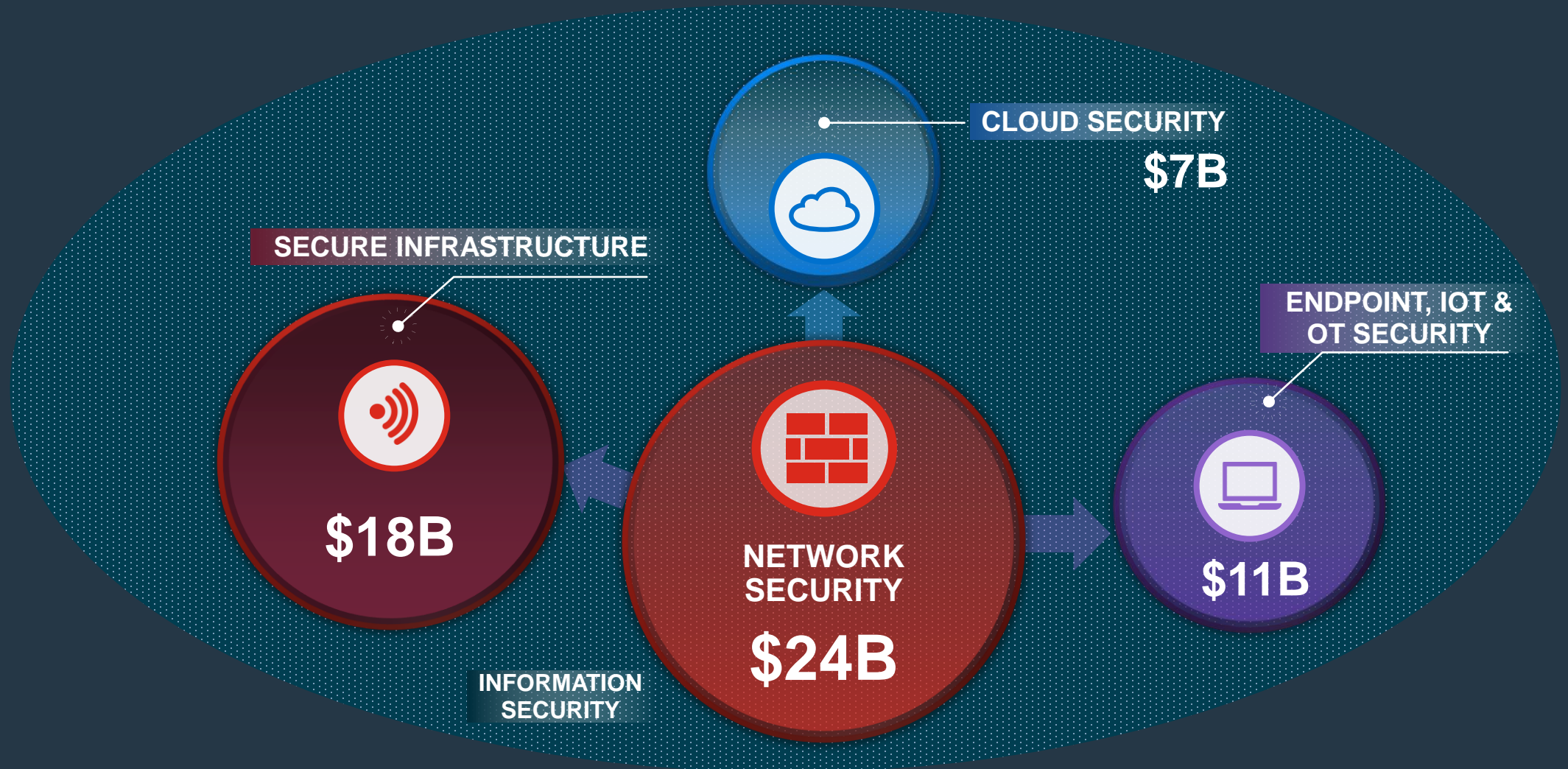**Intelligent House**

Smart Car

40% of large Enterprise will integrate **Edge Computing by 2021**, up from less than 1% in 2017

Latency and Bandwidth requirements will become critical application deployment factors for **30% of workload** deployments by

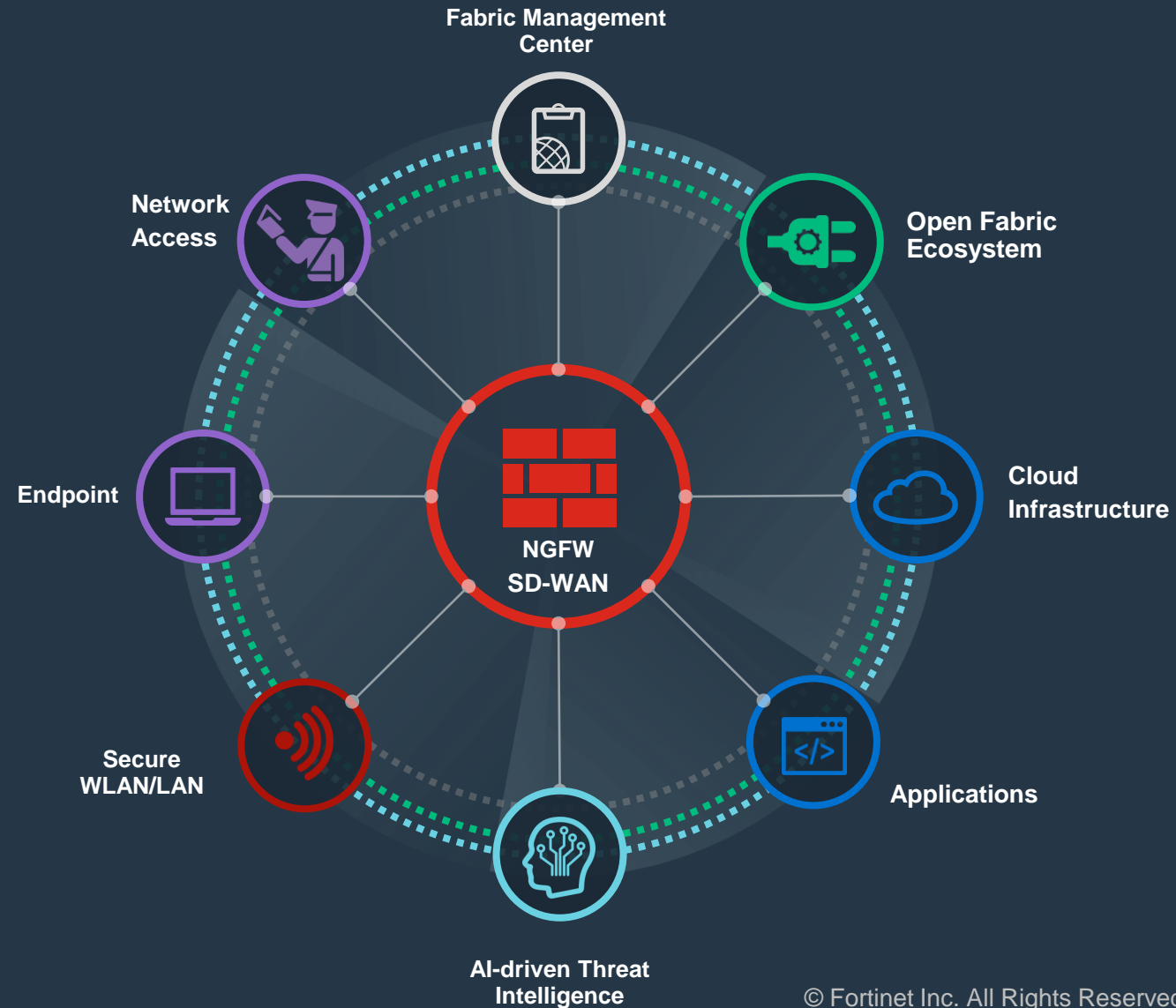But **Interoperability** with **cloud** is important

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Fortinet Focused on 4 Key Growth Engines

$45B in 2019, growing to about $60B by 2023 (CAGR ~7%)

CLOUD SECURITY

$7B

SECURE INFRASTRUCTURE

ENDPOINT, IOT & OT SECURITY

$18B

NETWORK SECURITY

$24B

INFORMATION SECURITY

$11B

Platform Approach to Cybersecurity – Fortinet Security Fabric

- **Broad**

- **Integrated**

- **Automated**

Fabric Management Center

Network Access

Open Fabric Ecosystem

Cloud Infrastructure

NGFW SD-WAN

Endpoint

Applications

Secure WLAN/LAN

AI-driven Threat Intelligence

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Security Compute Rating Benchmark's Industry Performance

Huge Fortinet Advantage over the Competition

System on a Chip 4

SoC4

Ideally suited to
SD-WAN Applications

Specification	Industry Average	Security Compute Rating
Firewall	0.65 Gbps	15x
IPSEC VPN	0.38 Gbps	17x
Threat Prevention	0.18 Gbps	4x
SSL Inspection	0.065 Gbps	11x
Concurrent sessions	15,000	47x

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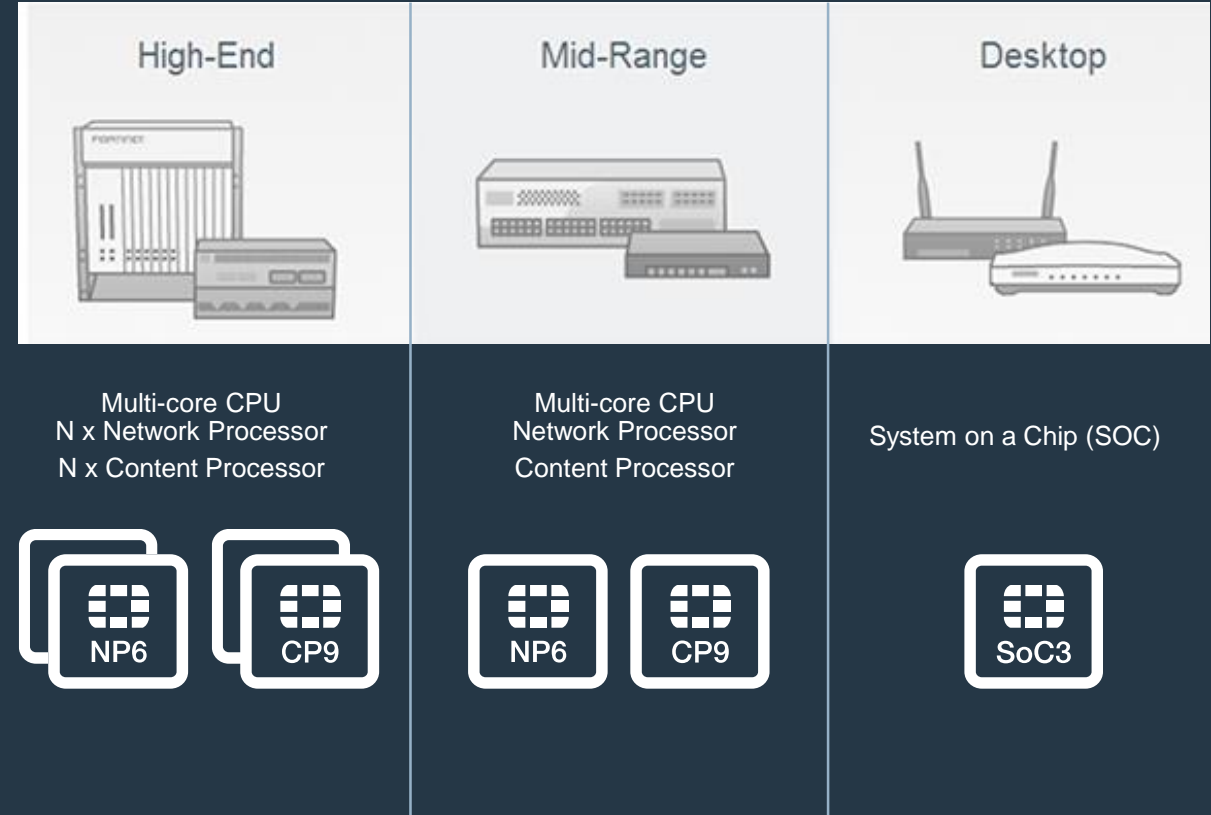# Introduction of NP 7 in early 2020 will open-up new Hyperscale Firewall Markets

Network Processor 7

NP 7

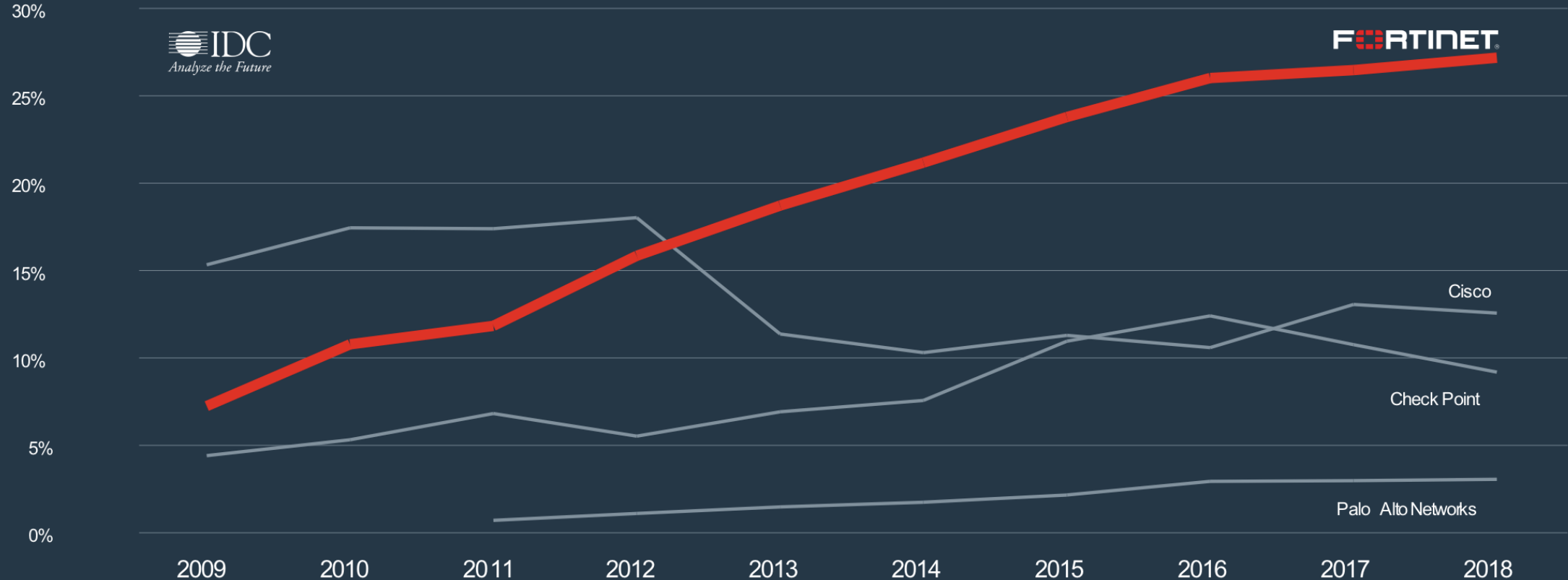| Specification	NP 6	NP 7
Interfaces	10G/ 1G	100G/40G/10G
Connections per Second	300K	2 M
DDoS Protection	Software/CPU	Hardware Accelerated
Packets per Second	45 M	200 M
Carrier Grade NAT	No	Yes
VXLAN Support	Software/CPU	Hardware Accelerated
IPSec	30 Gbps	75 Gbps

The Heart of the FortiGate Next Level of High Performance Security

NEW

	CPU **Xeon Gold 6152 CPU**	NP7 **NP7**	NP6 **NP6**	SoC4 **SOC4**
UDP 64Byte forwarding	3.8 Gbps	130 Gbps	40 Gbps	12.7 Gbps
Packet Per Second	5.3 M	250 M	50 M	15 M
IPSec VPN	571 Mbps	70 Gbps	25 Gbps	11.5 Gbps

High-End	Mid-Range	Desktop
Multi-core CPU N x Network Processor N x Content Processor	Multi-core CPU Network Processor Content Processor	System on a Chip (SOC)
NP6 CP9	NP6 CP9	SoC3

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Most Deployed Network Security Solution

Almost 30% of all Units Shipped

Source: IDC Worldwide Security Appliance Tracker, March 2019 (based on annual unit shipments of Firewall, UTM and VPN appliances)

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Unequaled Independent Industry Certification

FORTINET	**9**
Palo Alto Networks	**4**
Check Point	**3**
Cisco	**2**

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Recommendations

DCIPS	DCSG	BPS	NGIPS	BDS	NGFW	WAF	AEP	DCFW

We Lead the Industry in Innovation

3x as Many Patents Issued as Our Competitors

Company	Patents
Fortinet	611
FireEye	190
SonicWall	189
Palo Alto Networks	184
Sophos	83
Check Point	76

(x-axis: 0, 100, 200, 300, 400, 500, 600, 700)
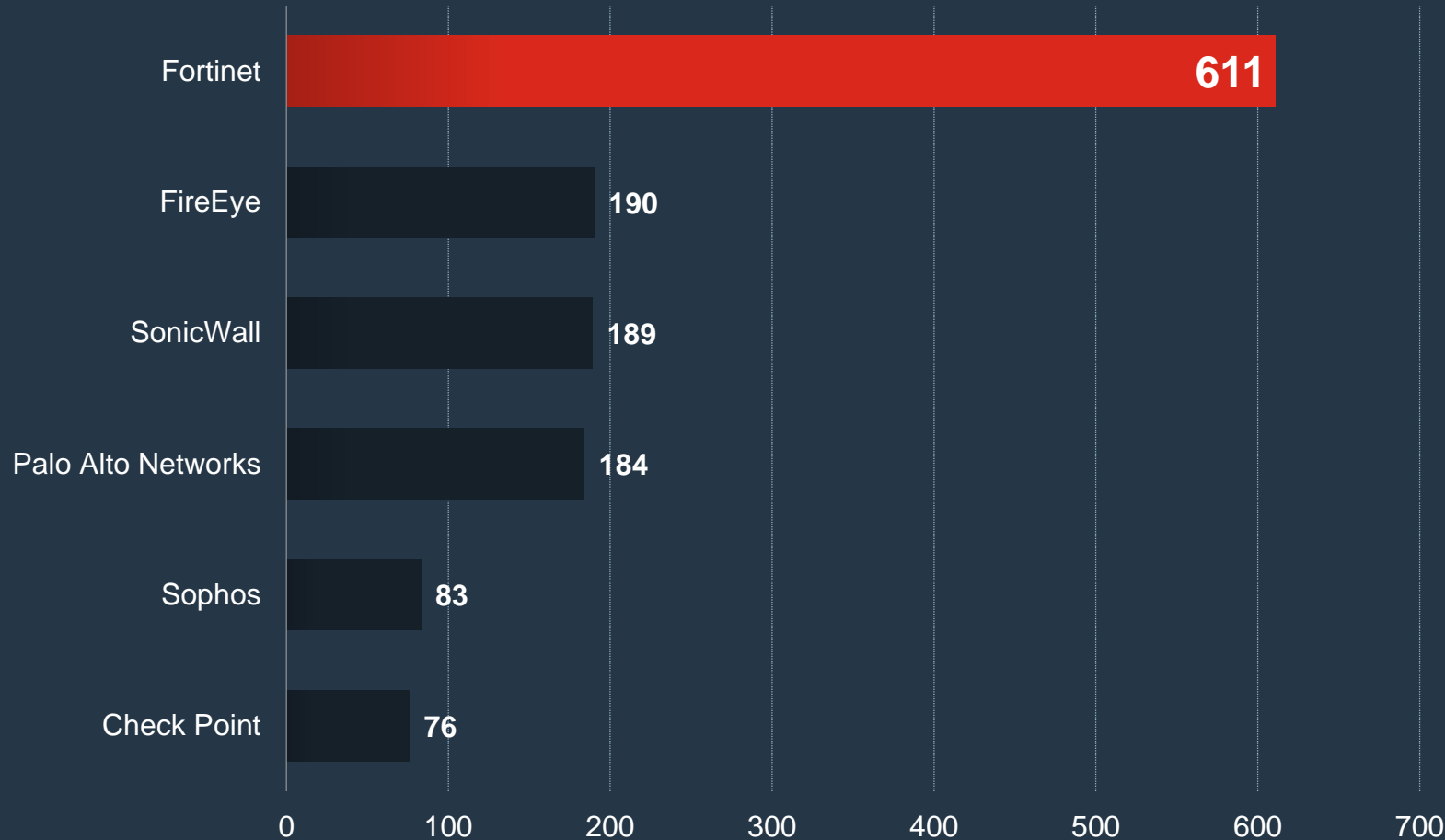
#1 Security Innovator

Competitor data based on patents issued as listed by the U.S. Patent and Trademark Office

611	U.S. Patents
30	International Patents
641	**Global Patents**

… with 149 more patents pending

Number of patents issued as listed by the U.S. Patent and Trademark Office

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Minor M & A Activity Focused on Accelerating Fabric Capability

Rapid Integration into the Fabric

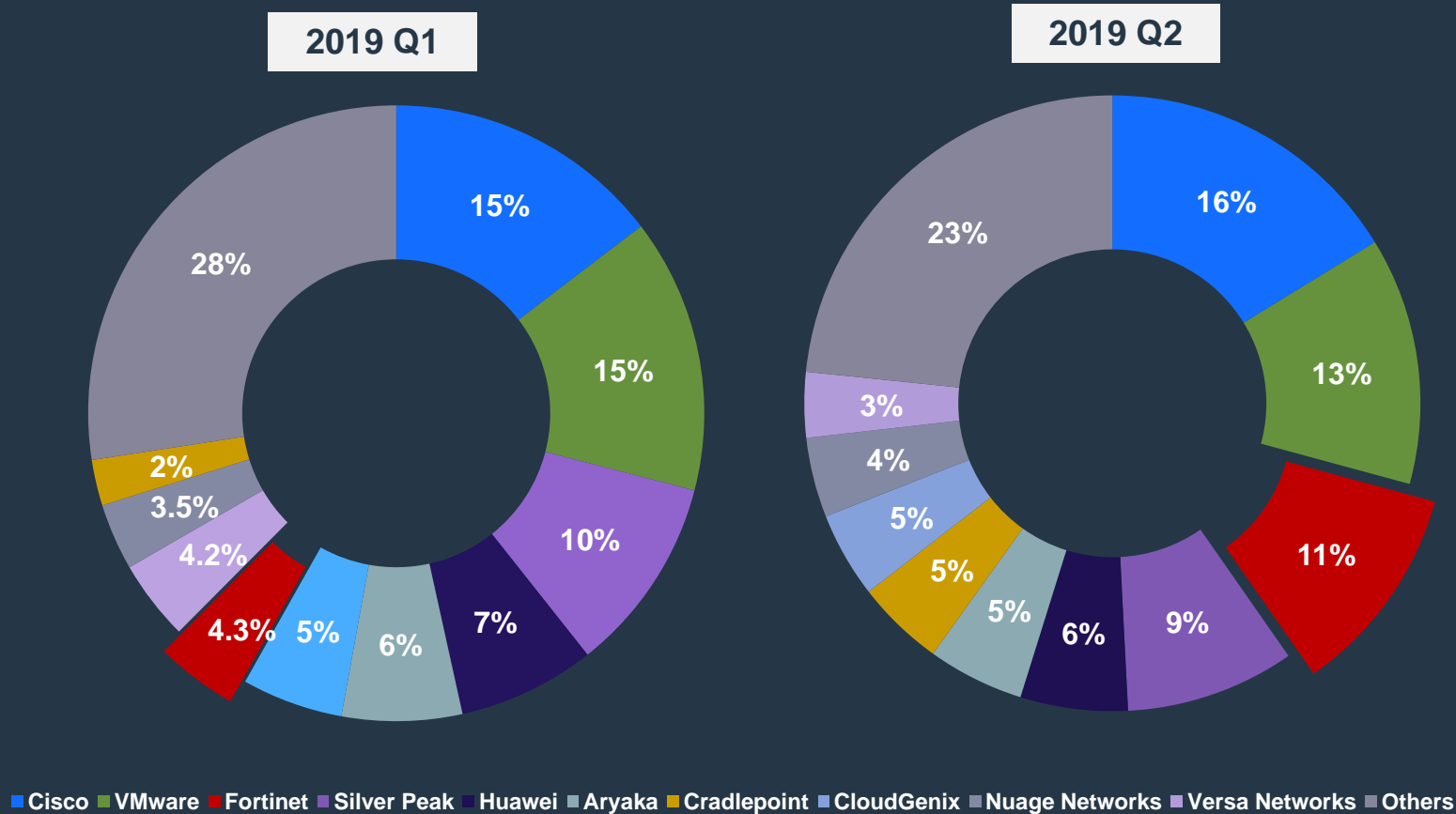| MERU NETWORKS	accelops	BRADFORD NETWORKS	ZoneFox	ENSILO
Secure WiFi	System Information & Event Management (SIEM)	Network Access Control (NAC)	User Entity & Behavioural Analysis (UEBA)	Endpoint Detection & Response (EDR)
FortiAP	FortiSIEM	FortiNAC	FortiInsight	Forti?

Rapidly Taking SD-WAN Market Share
SD-WAN Market Worth $2.8B by 2023

2019 Q1

2019 Q2

234%
2019 QoQ Growth

■ Cisco ■ VMware ■ Fortinet ■ Silver Peak ■ Huawei ■ Aryaka ■ Cradlepoint ■ CloudGenix ■ Nuage Networks ■ Versa Networks ■ Others

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Digital Innovation is Transforming all Industries

This is a **Disruptive** Force in Every Single Industry.

Industrial	Government	Finance	Manufacturing	Retail	Higher Ed	Insurance	Consumer
Transport	Utilities	Healthcare	Oil & Gas	Science	Auto	CSP	K12

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Disruption is also Causing Increased Risk

Cyber Threats Adapt Strategies to Benefit

Digital Attack Surface

Millions of "Security Edges" are formed

Sophisticated Threats

Breaches and Ransomware continue to increase

Ecosystem Complexity

Too Many Vendors
Too Many Alerts
NOT
enough skilled people

Compliance

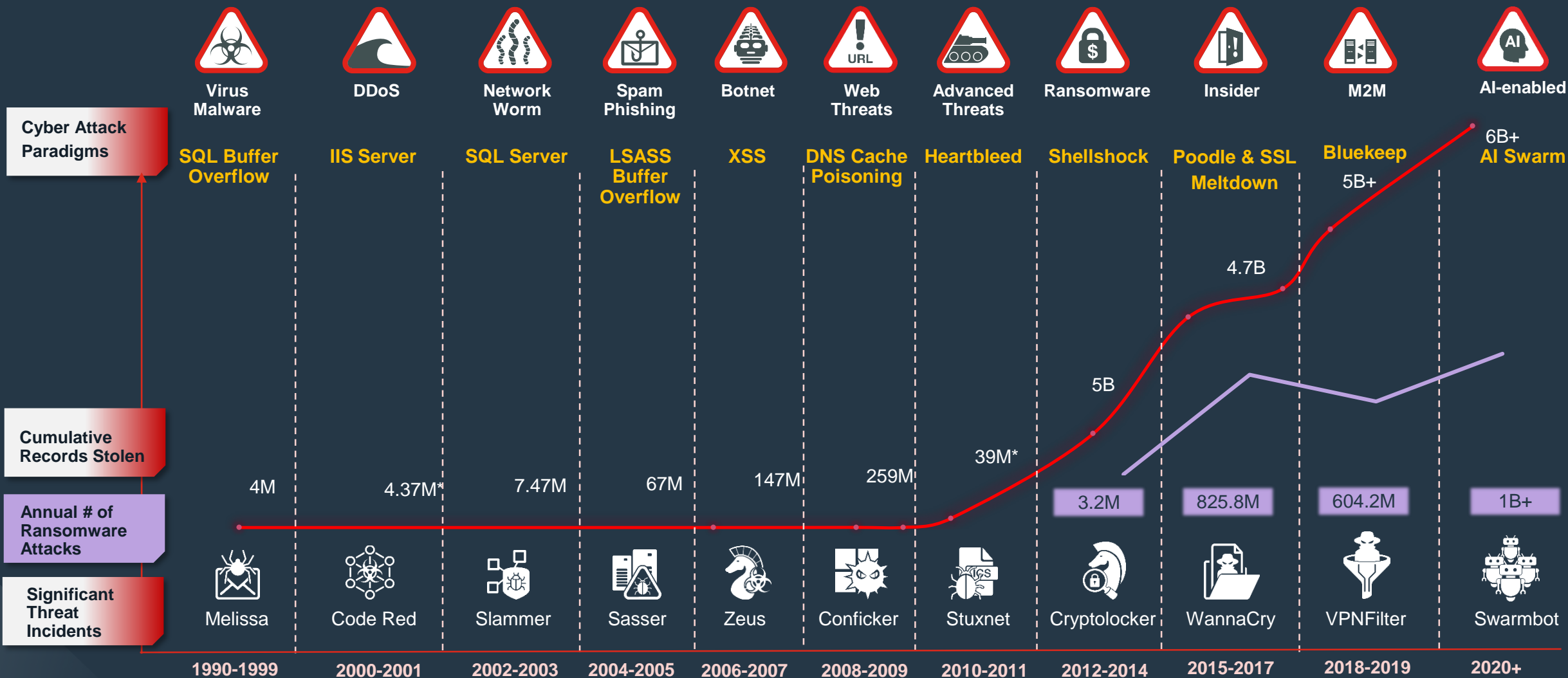Global, Country, Province, Industry and Government Regulation

New "Edges" Expand the Digital Attack Surface

Need to Put Security at Those Edges

Users and Devices

The Network

Compute

Campus

Branch

Unknown | Known | Trusted

Factory

Mobile

Switch | 5G

WiFi | Core | WAN

Remote | Customers | Partners

Public Cloud | SaaS

Hyperscale | Hybrid Data Center | Call Center

Edge

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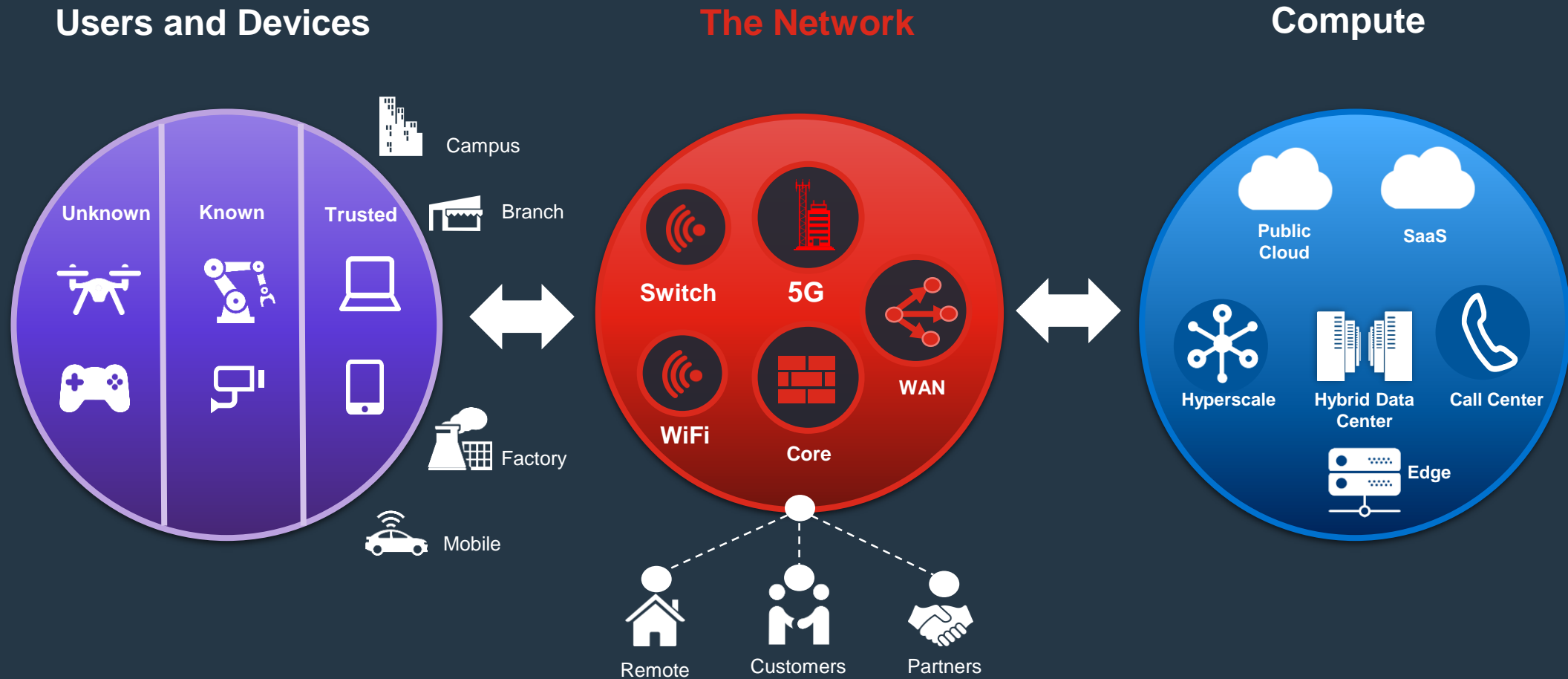
Advanced Threats Continue to Adapt
Even Advanced Threats Still Rely Heavily on Social Engineering

	Virus Malware	DDoS	Network Worm	Spam Phishing	Botnet	Web Threats	Advanced Threats	Ransomware	Insider	M2M	AI-enabled
Cyber Attack Paradigms	SQL Buffer Overflow	IIS Server	SQL Server	LSASS Buffer Overflow	XSS	DNS Cache Poisoning	Heartbleed	Shellshock	Poodle & SSL Meltdown	Bluekeep	AI Swarm
Cumulative Records Stolen	4M	4.37M*	7.47M	67M	147M	259M	39M*	5B	4.7B	5B+	6B+
Annual # of Ransomware Attacks								3.2M	825.8M	604.2M	1B+
Significant Threat Incidents	Melissa	Code Red	Slammer	Sasser	Zeus	Conficker	Stuxnet	Cryptolocker	WannaCry	VPNFilter	Swarmbot
	1990-1999	2000-2001	2002-2003	2004-2005	2006-2007	2008-2009	2010-2011	2012-2014	2015-2017	2018-2019	2020+

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Record Stolen Reference – Breach Level Index
Ransomware stats - Statista

* many undisclosed

Cybersecurity Platform to Enable Digital Innovation

Protecting Every Edge in the Infrastructure

Zero Trust Network Access	Security-driven Networking	Dynamic Cloud Security	AI-driven Threat Intelligence
Identify and secure users and devices, on and off network	Secure and accelerate the user experience via the network	Secure and control cloud infrastructure and applications	Automatically prevent, detect and respond to cyber threats
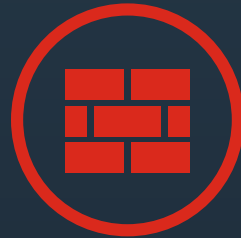
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Fortinet Security Fabric

BROAD
Visibility of the entire digital attack surface
Reduce Risk

INTEGRATED
Reduce the number of isolated point products
Reduce Cost

AUTOMATED
Build & orchestrate end-to-end workflows
Increase Speed

Fabric Management Center

Network Access

Open Fabric Ecosystem

Endpoint

NGFW SD-WAN

Cloud Infrastructure

Secure WLAN/LAN

Applications

AI-driven Threat Intelligence

Industry's Broadest Cybersecurity Portfolio

Different Consumption Models Available

FortiNAC	FortiClient	FortiAP	FortiGate	FortiGate VM	FortiWeb	FortiAnalyzer	FortiManager
FortiAuthenticator	FortiMobile	FortiSwitch		FortiCWP	FortiMail	FortiSandbox	FortiGate Cloud
FortiToken				FortiADC	FortiCASB	FortiSIEM	FortiCloud

FortiGuard Services

Appliance Virtual Machine Cloud Security as a Service Software

The FortiGuard Difference

Security Analytics & AI/ML Only as Effective as Inputs and Training

One of the Largest Security Research Teams

- 215+ Researchers and Analysts
- 8 Dedicated Labs
- 31 Countries
- **580,000 Hours of Research** Annually

10B+ Events
Analyzed Every Day

Integrated Threat Intelligence Ecosystem

- **200+** Partners and Collaborations

INTERPOL
KISA
CYBER THREAT ALLIANCE

FortiGuard Labs

Proven, Effective, Innovative

Analytics and Artificial Intelligence
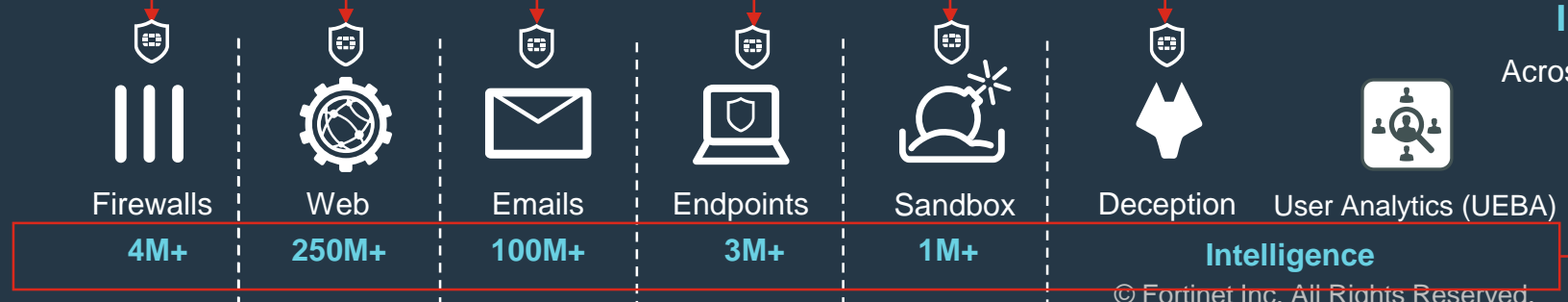
Global Real-time Intelligence

Across Security Fabric

Firewalls	Web	Emails	Endpoints	Sandbox	Deception	User Analytics (UEBA)
4M+	**250M+**	**100M+**	**3M+**	**1M+**	**Intelligence**	

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Fortinet Focused on 4 Key Growth Engines

$45B in 2019, Growing to About $60B by 2023 (CAGR ~7%)

CLOUD SECURITY

$7B

SECURE INFRASTRUCTURE

ENDPOINT, IOT & OT SECURITY

$18B

NETWORK SECURITY

$24B

$11B

INFORMATION SECURITY

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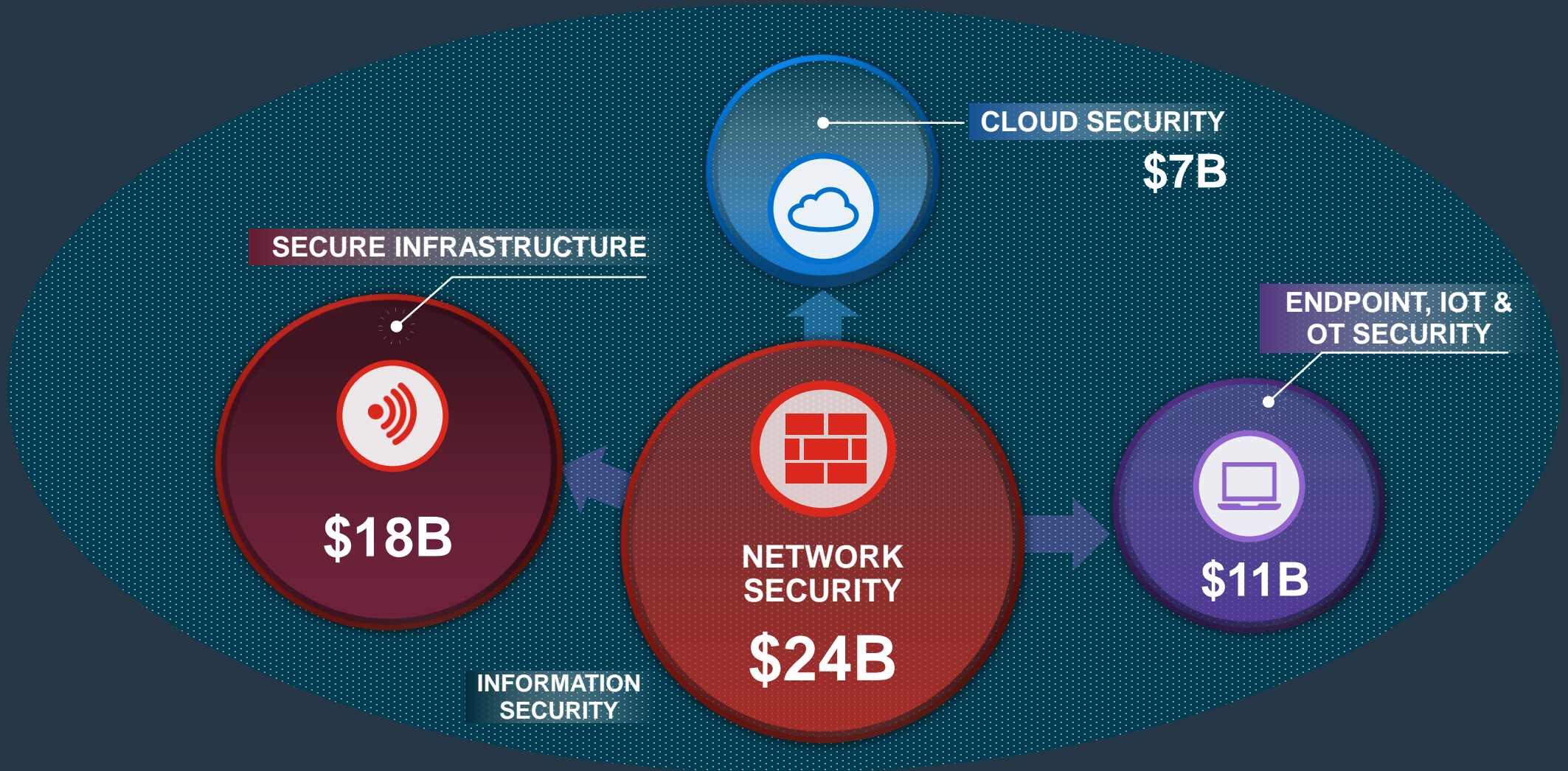
Network Security Market Dominated by Firewall

$18B

8% CAGR

$25B

2019

- SECURE SD-WAN 8%
- Web Gateway 19%
- IPS 7%
- Network Firewall 66%

2023

- SD-WAN 11%
- Web Gateway 20%
- IPS 4%
- Network Firewall 65%
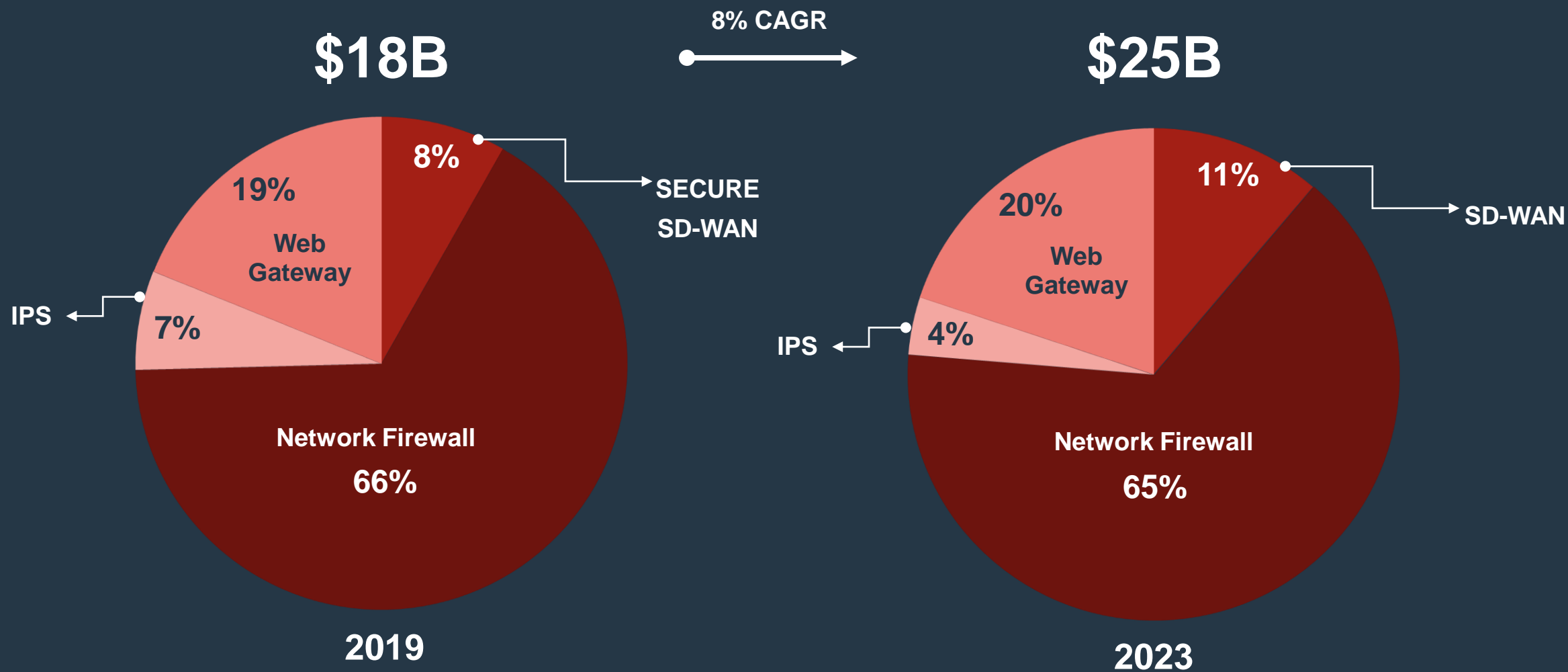
Network Security Consumption Model

Virtual FW → **5%** **1%** ← FWaaS

Hardware Appliance

94%

2019

Virtual FW → **15%** **2%** ← FWaaS

Hardware Appliance

83%

2023

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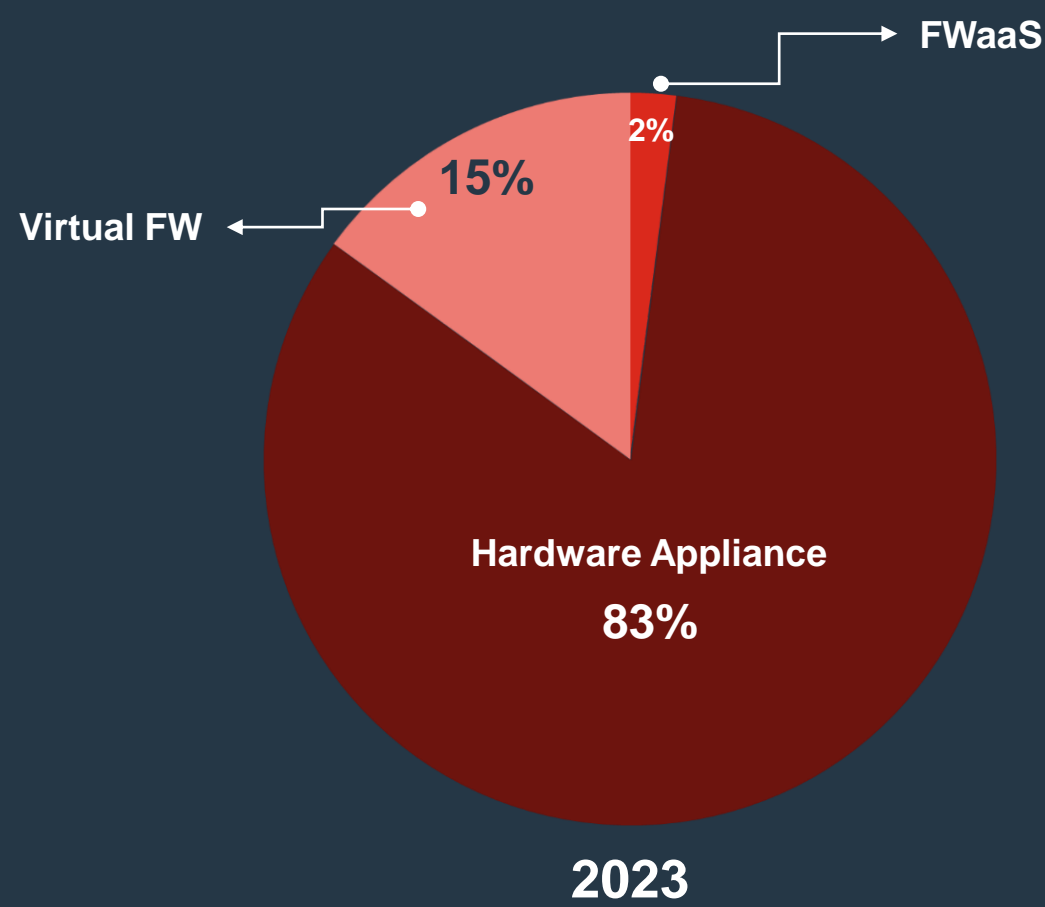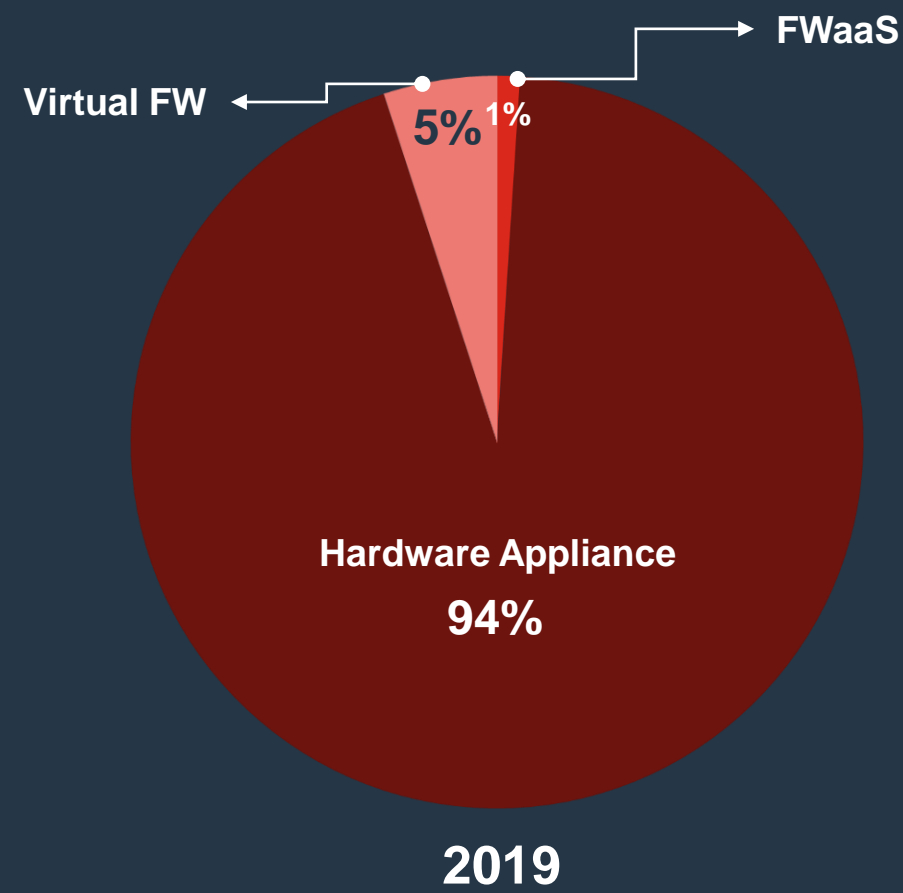
Network Security Use Cases

Network Firewall
Manage all security risks

Hyperscale Firewall
Protection for the Core

Secure SD-WAN
Improve user/application experience

Secure Web Gateway
Block Threats

**NGFW
SD-WAN**

Network Firewall Use Cases

Customers Prefer Consolidation

FortiGate

Cybersecurity attacks are originating externally and from within internal networks. They can disrupt business services. Managing security risks at very high scale and performance is required for business continuity

Firewall   **IPS**   **NGFW**   **Segmentation**   **SSL**

- Manage external and internal risks
- Remove blind spots with SSL inspection
- Protect hyperscale infrastructure

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Gartner's 2019 Magic Quadrant for Network Firewalls

Figure 1. Magic Quadrant for Network Firewalls

CHALLENGERS

LEADERS

Palo Alto Networks

Fortinet

Cisco

Check Point Software Technologies

Huawei

Juniper Networks

Sophos

Forcepoint

Hillstone Networks

Barracuda

WatchGuard

Venustech

Stormshield

Sangfor

SonicWall

H3C

F5

Microsoft

ABILITY TO EXECUTE

NICHE PLAYERS

VISIONARIES

COMPLETENESS OF VISION

As of July 2019   © Gartner, Inc

Source: Gartner (September 2019)

Fortinet Recognized as a Leader in this Magic Quadrant

Marks 10th time in a row that Fortinet is in the Magic Quadrant for Network Firewalls

Gartner Magic Quadrant for Network Firewall, Rajpreet Kaur , Adam Hills,, Jeremy D'Hoinne, John Watts, 17, September 2019. This report was previously titled the Magic Quadrant for Enterprise Networks Firewalls.

This graphic was published by Gartner, Inc. as part of a larger research document and should be evaluated in the context of the entire document. The Gartner document is available upon request from Fortinet

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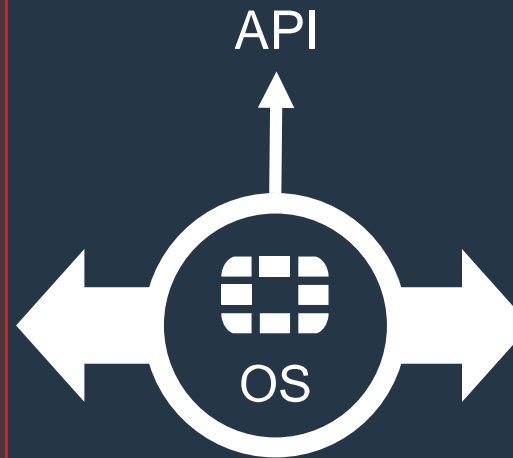
Network Firewall (NGFW)

Two Consumption Models

FortiGate Appliance

API

OS

FortiGate Virtual Machine

VM

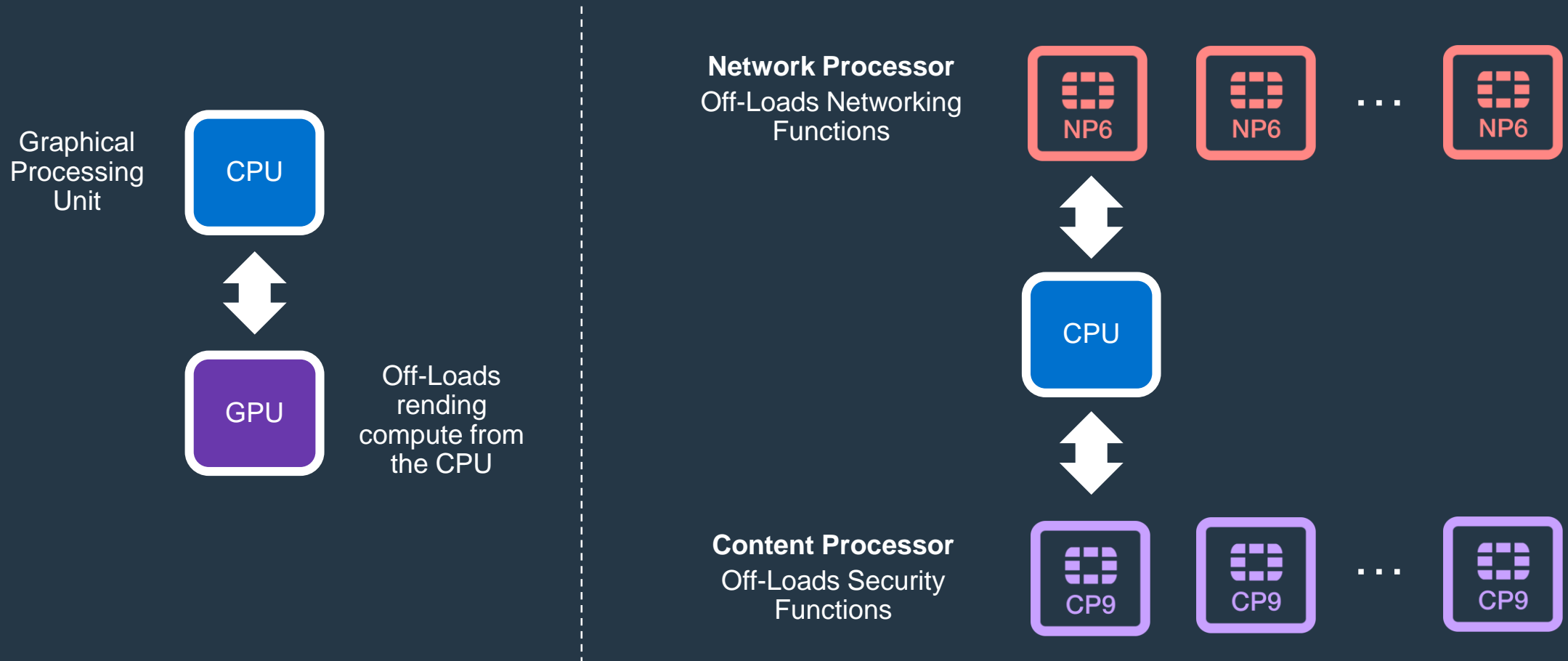Hypervisor

- Price/Performance
- Internet Hardened
  - Perpetual

- Flexible
- Cloud-Ready
- Subscription

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Performance Advantage with Security Processing Unit (SPU)

Off-loads and Accelerates Networking and Security Functions

Graphical Processing Unit

CPU

GPU

Off-Loads rending compute from the CPU

Network Processor
Off-Loads Networking Functions

NP6   NP6   ...   NP6

CPU

Content Processor
Off-Loads Security Functions

CP9   CP9   ...   CP9

Performance Advantage with Security Processing Unit (SPU)

Off-loads and Accelerates Networking and Security Functions

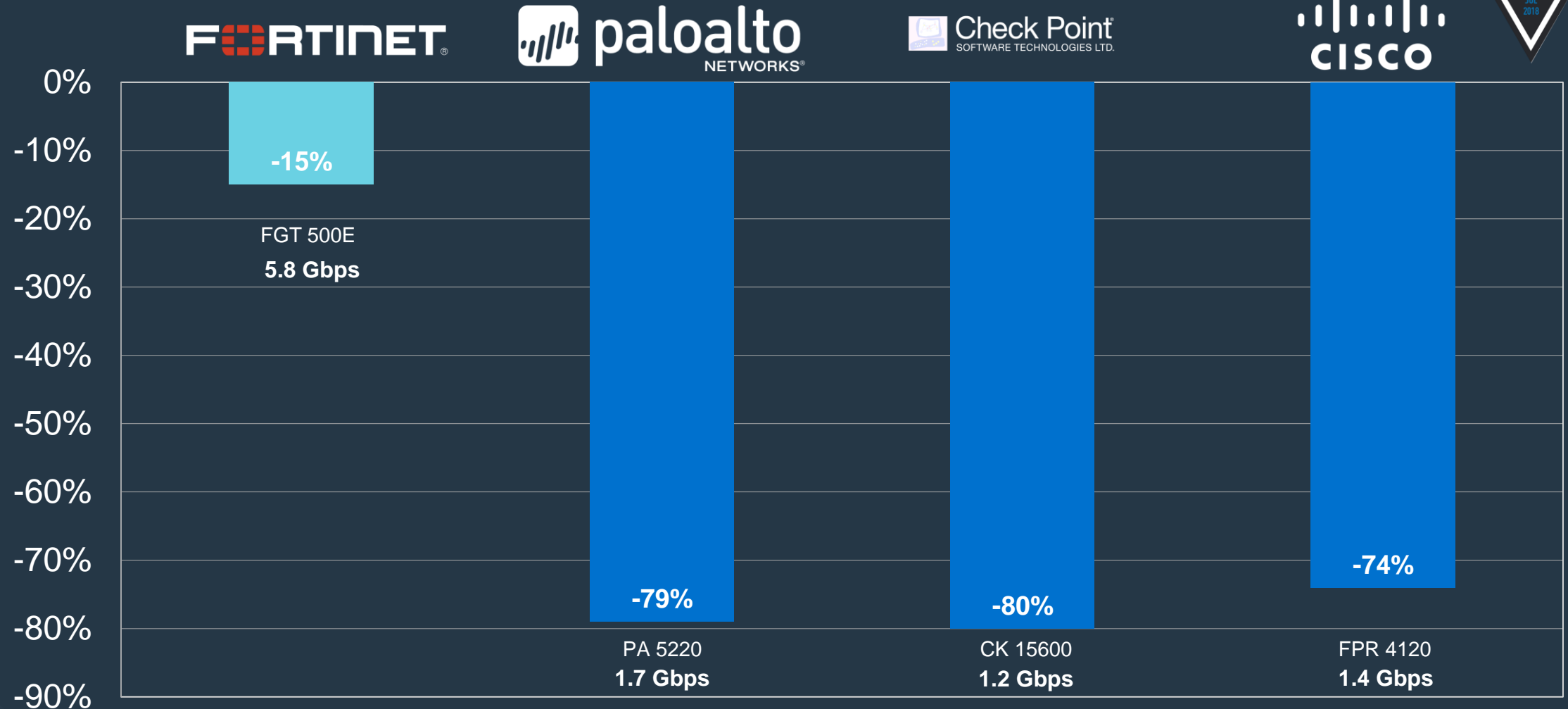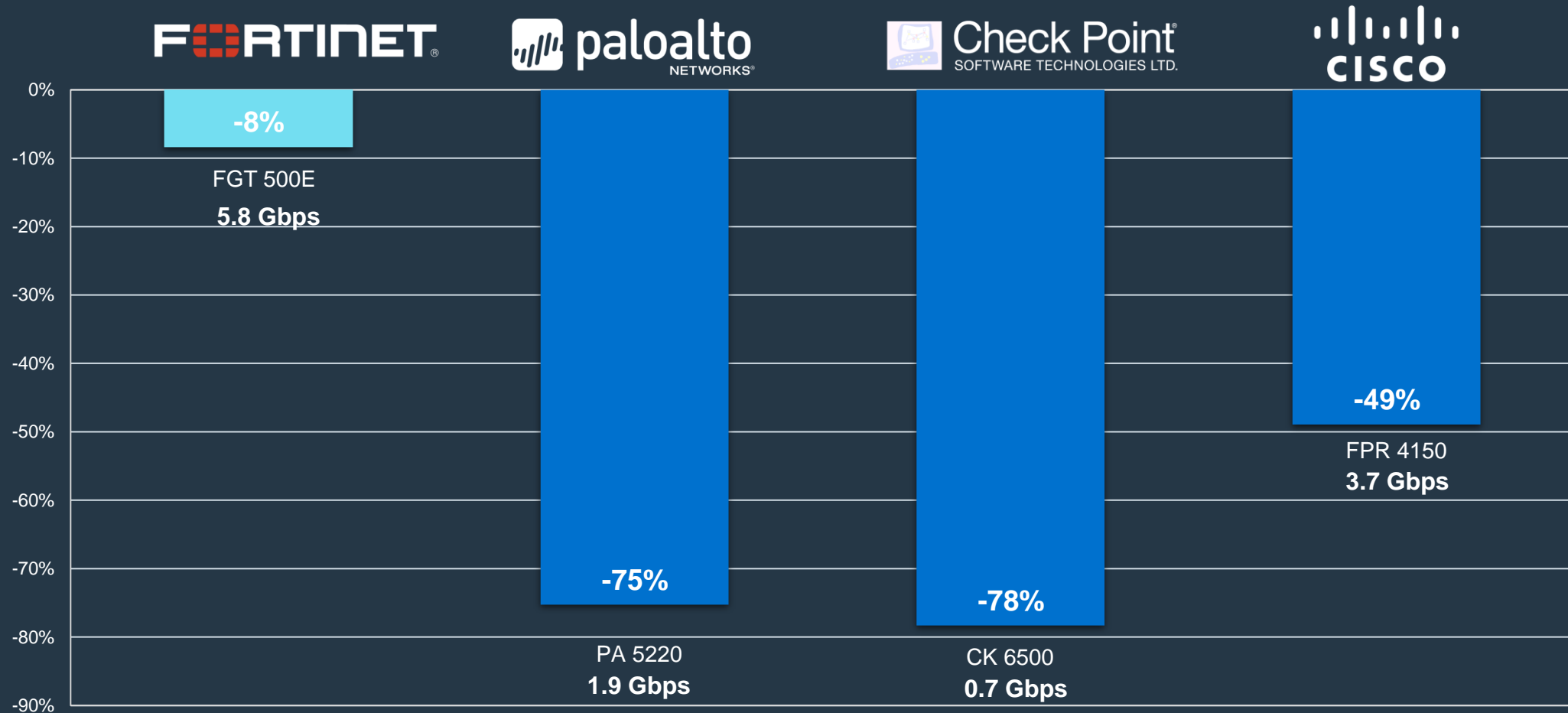| Specification	FortiGate 601E	Industry Average	Security Compute Rating	Palo Alto Networks PA-3220	Checkpoint SG-5200	Cisco FPR-2110
Firewall	36Gbps	5.2Gbps	7x	5 Gbps	7.8Gbps	3Gbps
IPsec VPN	20Gbps	1.6Gbps	12x	2.5Gbps	1.8Gbps	500Mbps
Threat prevention	7Gbps	1.6Gbps	4x	2.2Gbps	1.1Gbps	N/A
SSL Inspection	8Gbps	625Mbps	13x	889Mbps	N/A	350Mbps
Concurrent Sessions	8M	1.7M	5x	1M	3.2M	1M

More Performance

Less Latency

Less Power

Less Space

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Fortinet Superior SSL Performance

NSS Labs NGFW 2019 – New SSL Performance Test

FORTINET
FortiGate 500E V5.6.3GA build 7858
NEXT GENERATION FIREWALL
NSS LABS
RECOMMENDED
JUL 2018

FORTINET   **paloalto** NETWORKS®   **Check Point** SOFTWARE TECHNOLOGIES LTD.   **CISCO**

-8%	FGT 500E **5.8 Gbps**
-75%	PA 5220 **1.9 Gbps**
-78%	CK 6500 **0.7 Gbps**
-49%	FPR 4150 **3.7 Gbps**

Chart y-axis: 0%, -10%, -20%, -30%, -40%, -50%, -60%, -70%, -80%, -90%

Network Firewall Continues to Add New Use Cases
Existing Use Cases Need to be Off-Loaded

40
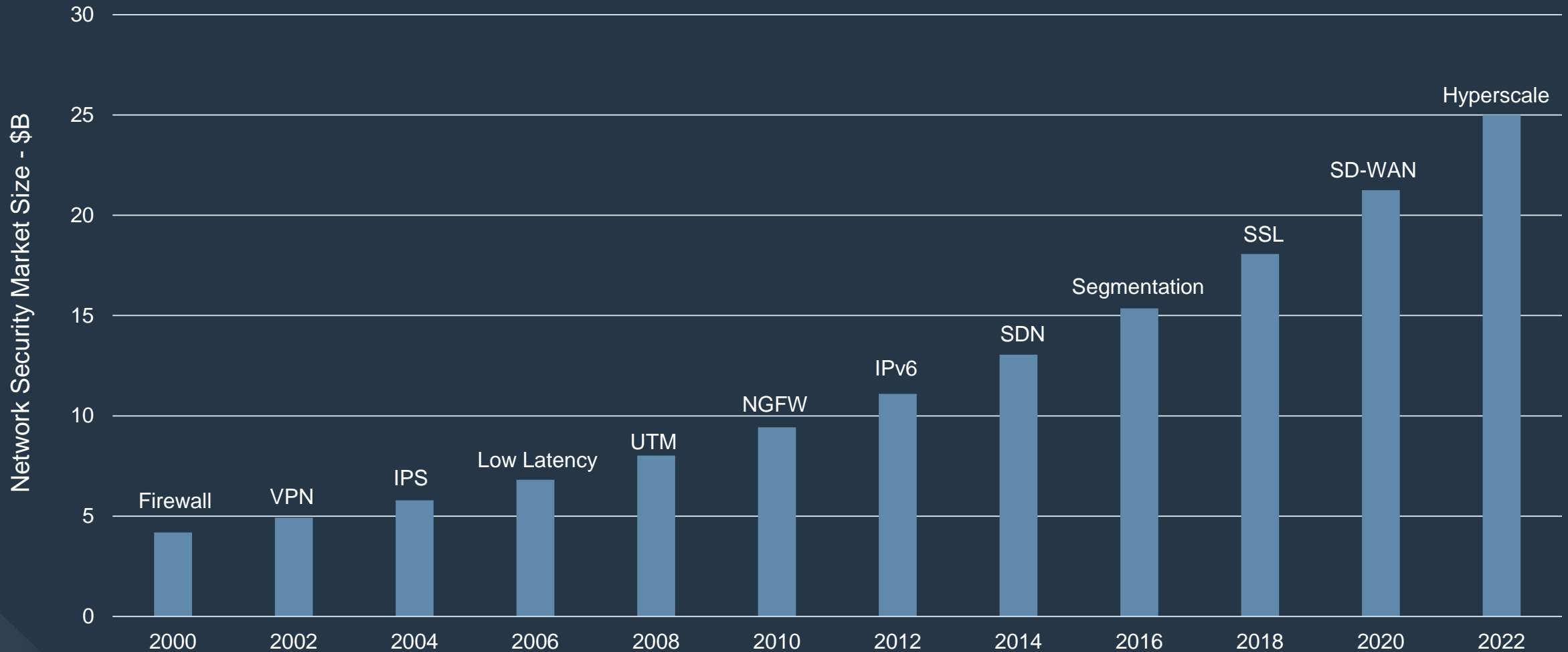
A Completely New Market - Hyperscale FW Applications

Not Possible with Current Firewall Technology

Elephant Flows

100G Interfaces

Edge Compute

Single Digit microsecond latency

Dynamic Gaming & eCommerce

Millions of CPS in Hardware

Massive Cyberattacks

Hardware Level DDoS Protection

UHD Streaming

200Gbps of Throughput

5G Networks

CGNAT in Hardware

Core Segmentation

Hardware Accelerated VXLAN

Large VPN

IPsec

75Gbps of IPsec Throughput

Introducing the Network Process 7 (NP 7)
Incremental to Current Network Firewall Market

NP 7

Hyperscale Firewall SPU

Next Dimension of Firewalling - Network Processor 7

Firewall for Hyperscale Applications

Function	NP 6	NP 7	Benefit
Interfaces	4 x 10 G	2 x 100 G	Elephant Flows
Latency	Microsecond's	Microsecond's	Edge Compute
Connections per Second	300K	2 M	Dynamic eCommerce
DDoS Protection	Software/CPU	Hardware Accelerated	Perimeter Firewall
Packets per Second	45 M	190 M	UHD Steaming
Carrier Grade NAT	No	Yes	5G Networks
VXLAN Support	Software/CPU	Hardware Accelerated	Core Segmentation
IPSec	30 Gbps	75 Gbps	Data Center to Cloud

Performance per Chip
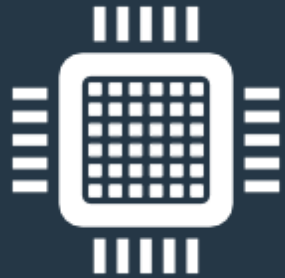
FortiGate Virtual Machine (VM)

Flexible	Scale	Flexible	SDN/NFV	Cloud

Flexible

Virtual
On
Virtual

SR-IOV
DPDK
vSPU

Scale

FG-VM01
FG-VM02
FG-VM04
FG-VM08
FG-VM16
FG-VM32
FG-VMUL

VERTICAL
HORIZONTAL

Flexible

Perpetual

Subscription

Metered

SDN/NFV

vmware®

Microsoft

KVM

openstack.

Xen™

Cloud

aws

Google Cloud Platform

Microsoft Azure

ORACLE®

IBM

Alibaba Cloud

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Secure SD-WAN
WAN Edge

Rapidly increasing bandwidth consumption and cloud adoption lead to poor user experience and increased WAN costs. Businesses need to simplify operations, reduce cost and enable secure cloud transformation.

FortiGate

SD-WAN

- Reduce WAN cost
- Improve application experience
- Enable cloud-ready branch

SD-WAN

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Gartner's 2018 Magic Quadrant for WAN Edge Infrastructure

Figure 1. Magic Quadrant for WAN Edge Infrastructure

Fortinet Placed Furthest for Completeness of Vision in the Challengers Quadrant of Gartner's 1st Magic Quadrant for WAN Edge Infrastructure
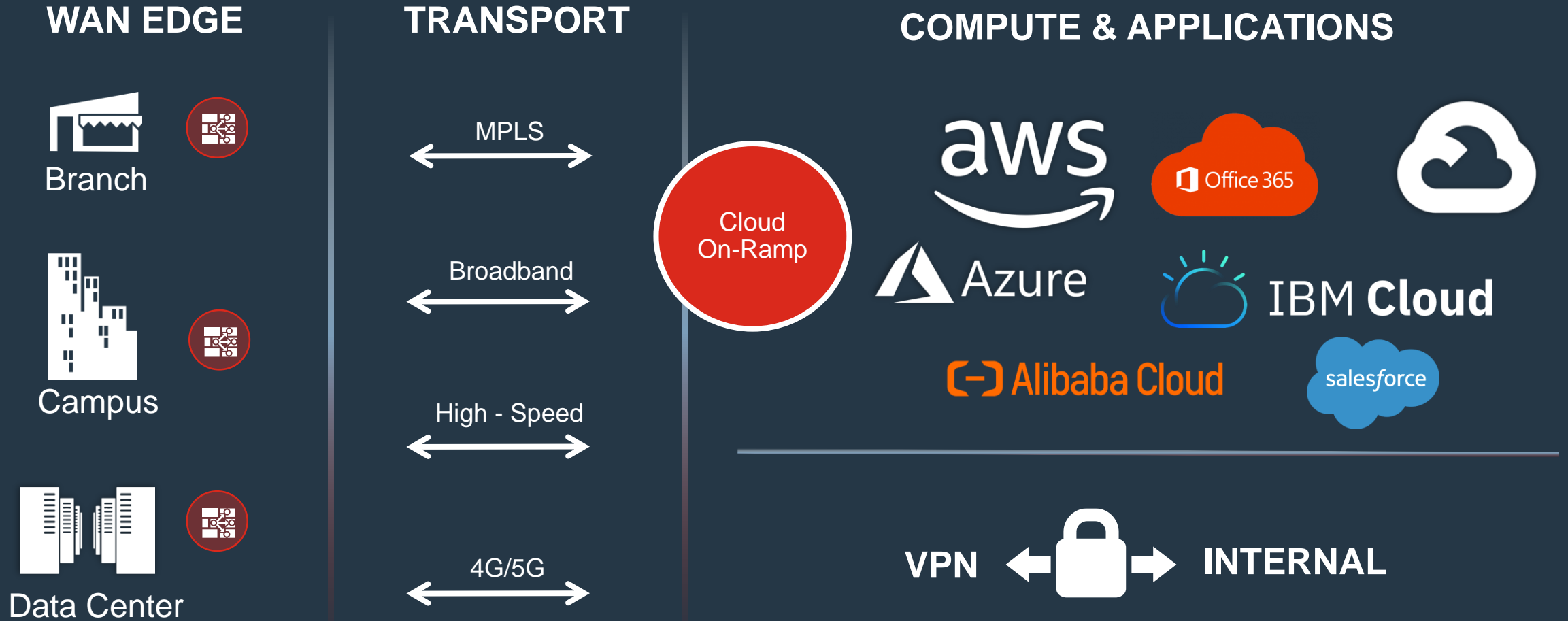
Gartner Magic Quadrant for WAN Edge Infrastructure, Joe Skorupa, Andrew Lerner, Chirstian Canales, Mike Toussaint, 18 October 2018

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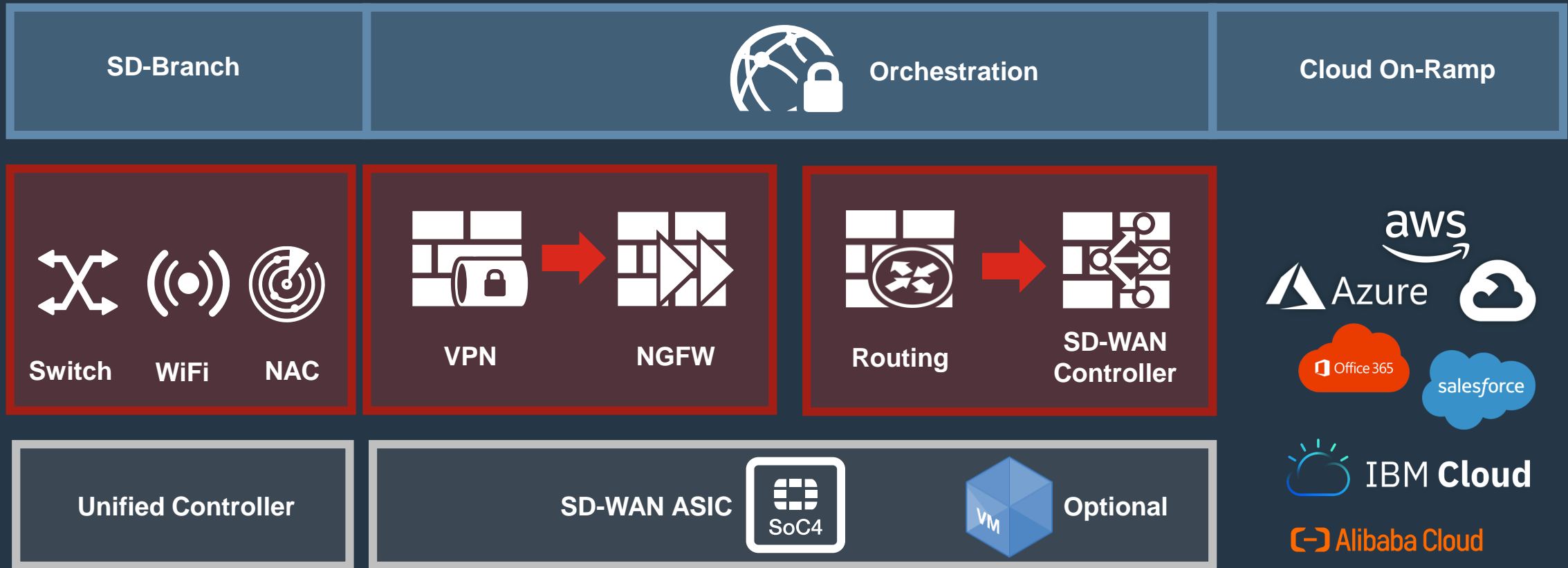
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Strategic Enterprise Connectivity Technology Decision

SD-WAN Path Controller

WAN EDGE

Branch

Campus

Data Center

TRANSPORT

← MPLS →

← Broadband →

← High - Speed →

← 4G/5G →

Cloud On-Ramp

COMPUTE & APPLICATIONS

aws

Office 365

Azure

IBM Cloud

Alibaba Cloud

salesforce

VPN ← 🔒 → INTERNAL

FORTINET

SD-WAN Evolution to Cloud On-Ramp

Orange Business Services Chooses Fortinet Secure SD-WAN to Expand its Flexible SD-WAN Portfolio

11/18/2019

"We are excited to extend our partnership with Fortinet as a new technological partner for SD-WAN and a complement to our existing portfolio. This option lets us expand our flagship Flexible SD-WAN offering to support the growing demand of enterprise customers of all sizes, spanning all sectors and use cases. When looking to broaden our portfolio, we sought out a company like Fortinet that combines SD-WAN and next-generation firewall security in a single box or as a virtual function. It is a key differentiator to support the requirements of midmarket companies around the world," explained Anne-Marie Thiollet, Vice President, Connectivity at Orange Business Services"

SoftBank Corp. Chooses Fortinet Secure SD-WAN to Accelerate Managed SD-WAN Services

11/18/2019

"When looking to expand our portfolio, we needed an SD-WAN solution that could deliver and enable, in addition to SD-WAN, a set of integrated and automated high-value services to solve our customers' challenges," explains Kunihiro Fujinaga, SVP and head of Enterprise Product and Business Strategy at SoftBank. "We chose Fortinet Secure SD-WAN with its built-in next-generation firewall security because it gives us a real advantage in providing a natively built-in service to significantly reduce onboarding efforts and speed time-to-market."
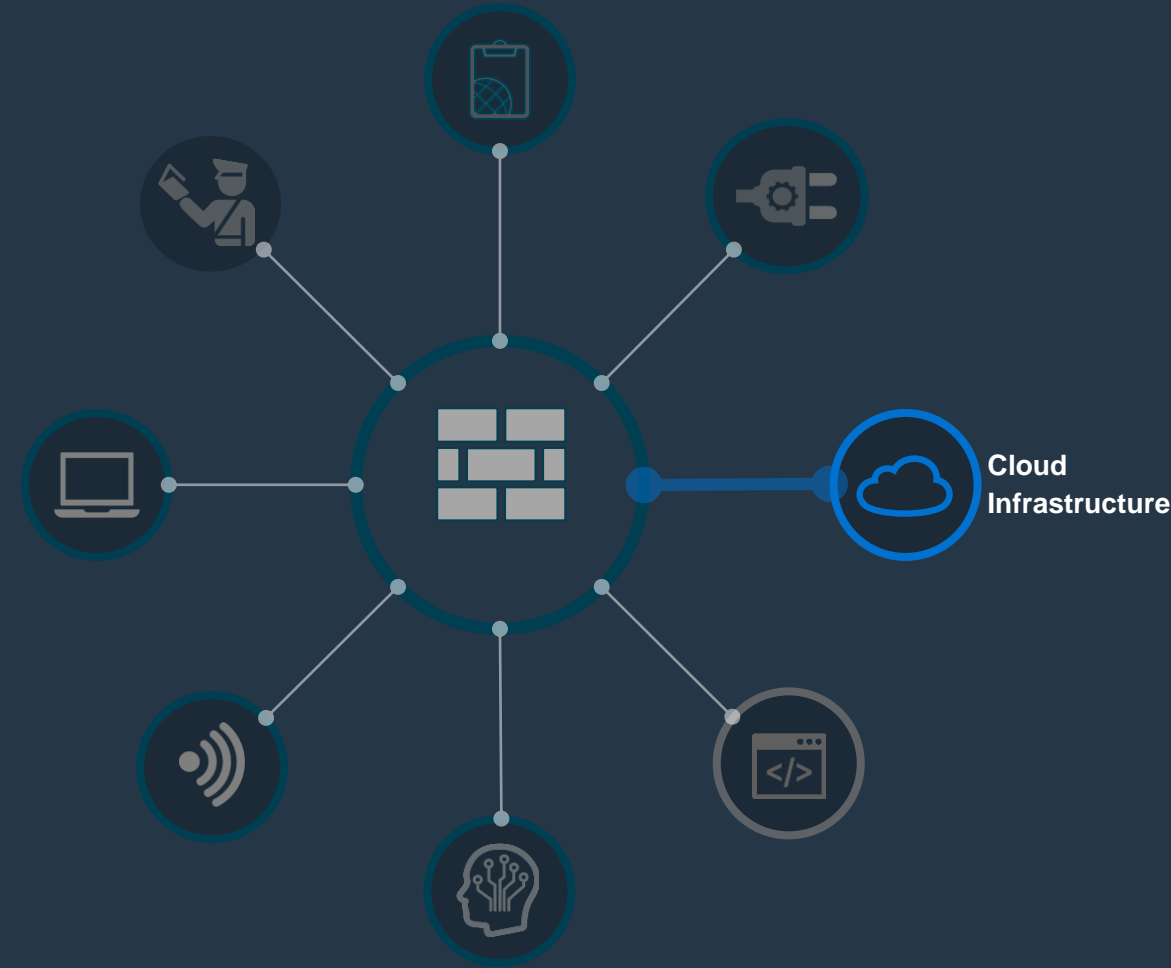
Dynamic Cloud Security

Public Cloud Infrastructure
Security for Compute and Applications built in the cloud

Private Cloud & SDN
Security Automation & Integration for Private Clouds

Cloud Infrastructure

Dynamic Cloud Security

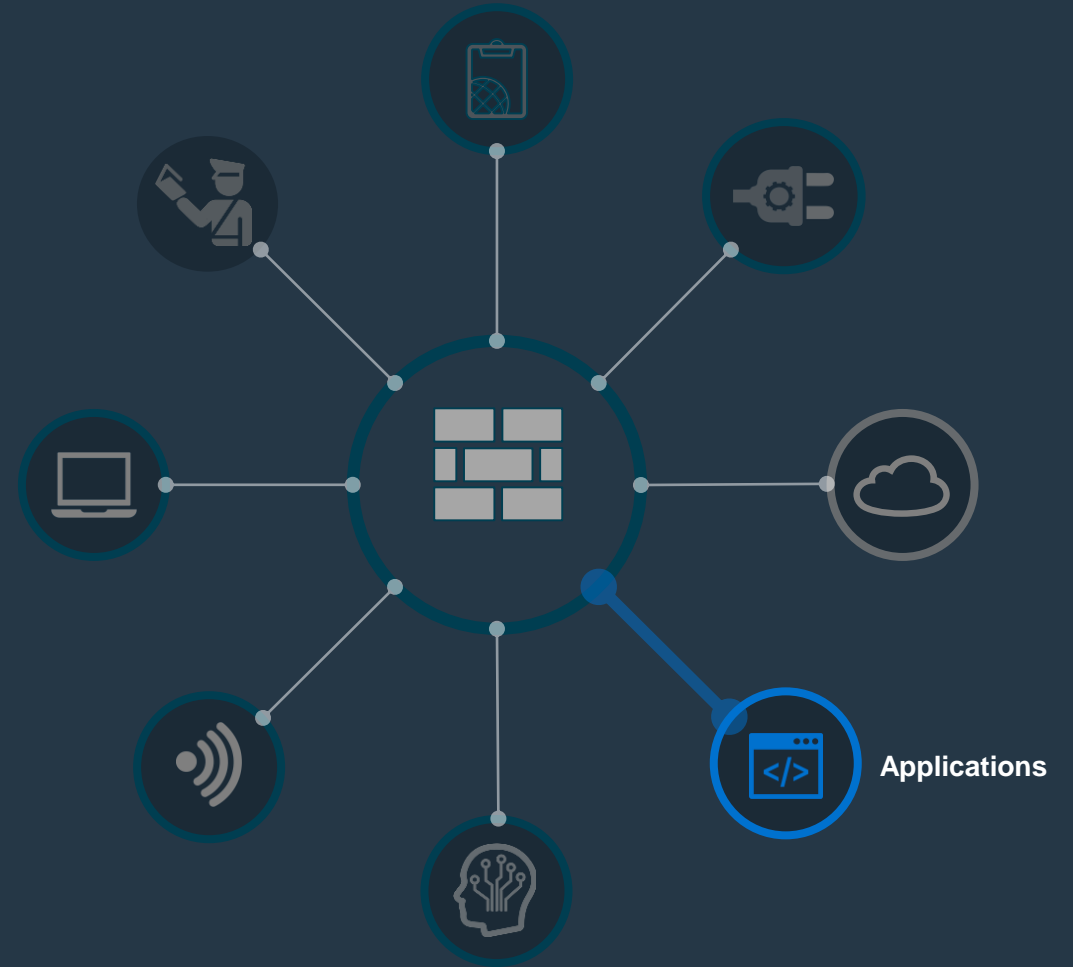## Web Application and API Security
Securing Web Applications and API's from application layer attacks

Email Security
Ensuring safe and appropriate cloud-based and on-premise email communications

SaaS Security
Securing SaaS applications from threats and risk

Applications

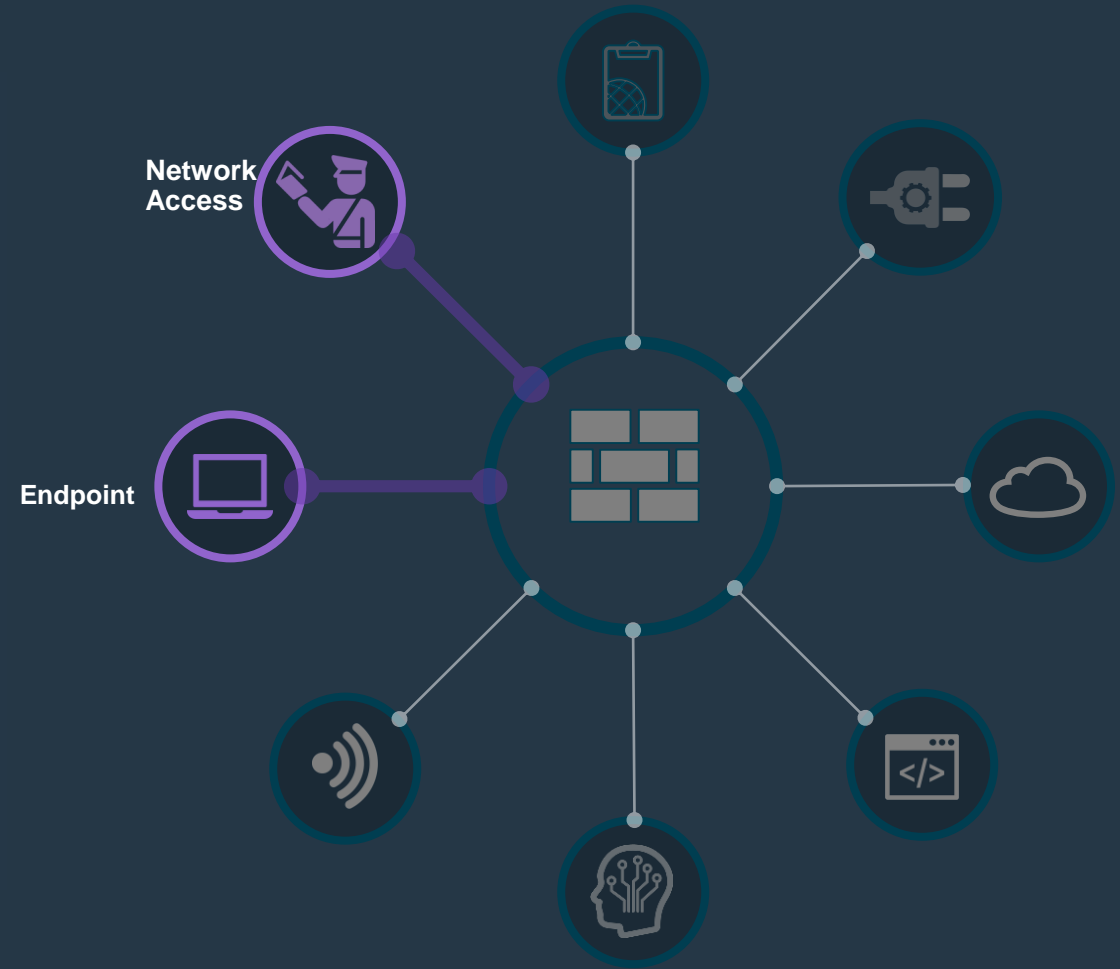# Zero Trust Network Access

Endpoint
Protect users and devices on-net, off-net

NAC
Know and control <u>what</u> is on your network

Identity
Know and control <u>who</u> is on your network

Fortinet and Siemens Partner to Provide Best-in-Class Protection for Operational Technology Networks

11/18/2019

- *"Organizations with OT systems face a unique set of requirements when it comes to connectivity and security. Partnering with Fortinet underscores the importance of cybersecurity in OT environments. As a Fortinet Fabric-Ready Partner, we are able to bring leading cybersecurity technology to our customers to integrate this offering within new projects as well as our vast installed base. This ensures their networks not only stay up and running, but also remain secure even in the harshest environments."*

- *- Hannes Barth, General Manager Siemens Ruggedcom*

SIEMENS

AI-driven Threat Intelligence
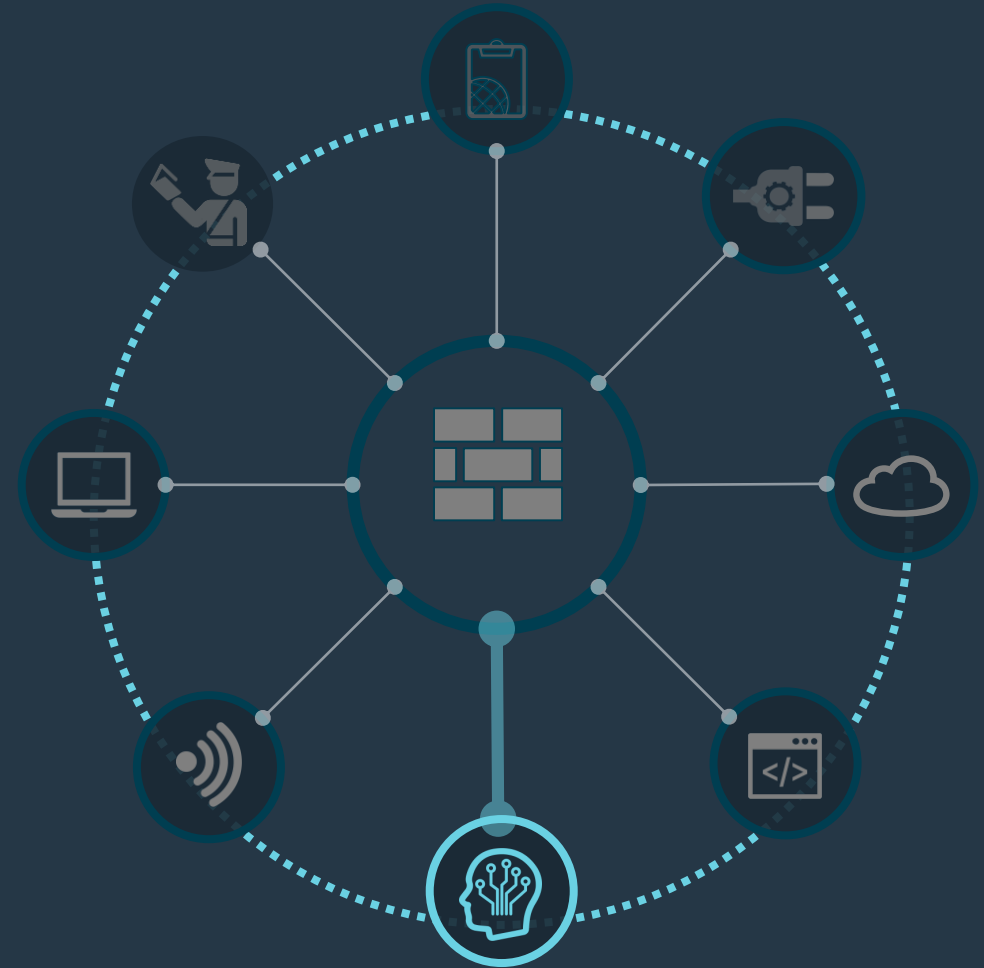
Protect
Stronger security through global ML

Detect
Early warning from custom ML

Respond
Faster containment with Orchestration / Automation

**AI-driven Threat
Intelligence**

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Fabric Management Center

Fabric Management Center

Automation-driven Network Management
Single console management

Unified Application Management
SSO across Security Fabric 'SaaS' applications

Orchestration & Integration
Integrated workflows within Security Fabric

Network Analytics & Reporting
Real-time network insights and reporting

Open Fabric Ecosystem

Fabric Connectors -12

Fortinet-developed deep integration automating security operations and policies
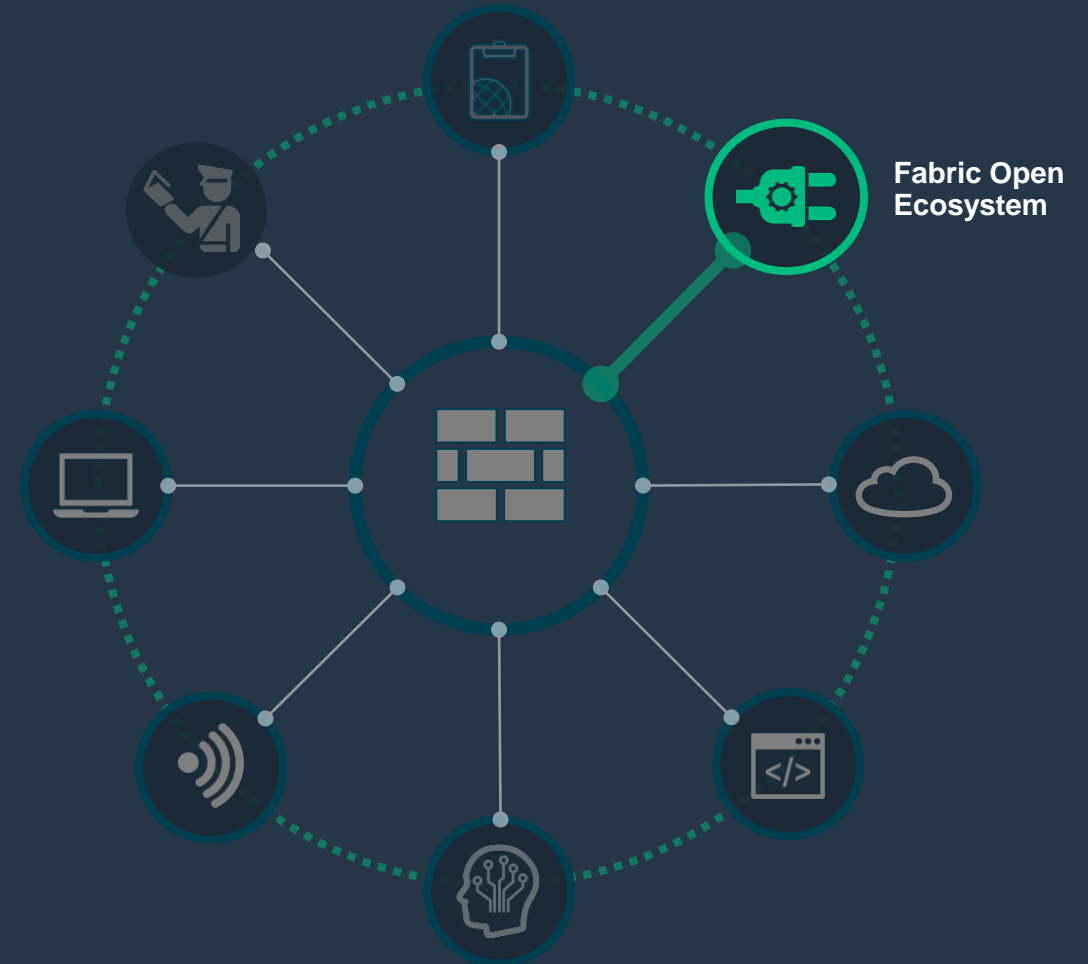
Fabric API - 135

Partner-developed integration using Fabric APIs providing broad visibility with end-to-end solutions

Fabric DevOps - 9

Community-driven DevOps scripts automating network and security provisioning, configuration and orchestration

Extended Fabric Ecosystem - 137

Collaboration with threat sharing initiatives and other vendor technology integrations

Fabric Open Ecosystem

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Fabric APIs

End-to-End Security Solutions with Complementary Integrations

Network Operations

Multi-Cloud Security

Application Security

Security Operations

Secure Access

Endpoint/Device Protection

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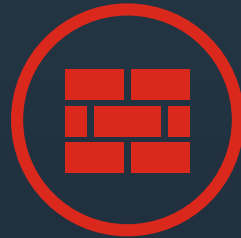# Summary of Growth Opportunities

Industry's Broadest Cybersecurity Fabric (Platform)

Zero Trust Network Access

Endpoint + EDR
IoT Security
OT Security

Security-driven Networking

Segmentation FW
Secure WLAN/LAN
Secure SD-WAN
New Hyperscale FW

Dynamic Cloud Security

Hybrid Cloud
Edge Compute
SaaS Delivery

AI-driven Threat Intelligence

Up Sell and Cross
Sell Security &
Operational
Subscriptions

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Q&A

2019 Focus

Direct Sales Teams

Segmentation and Verticalization

Pipeline Expansion
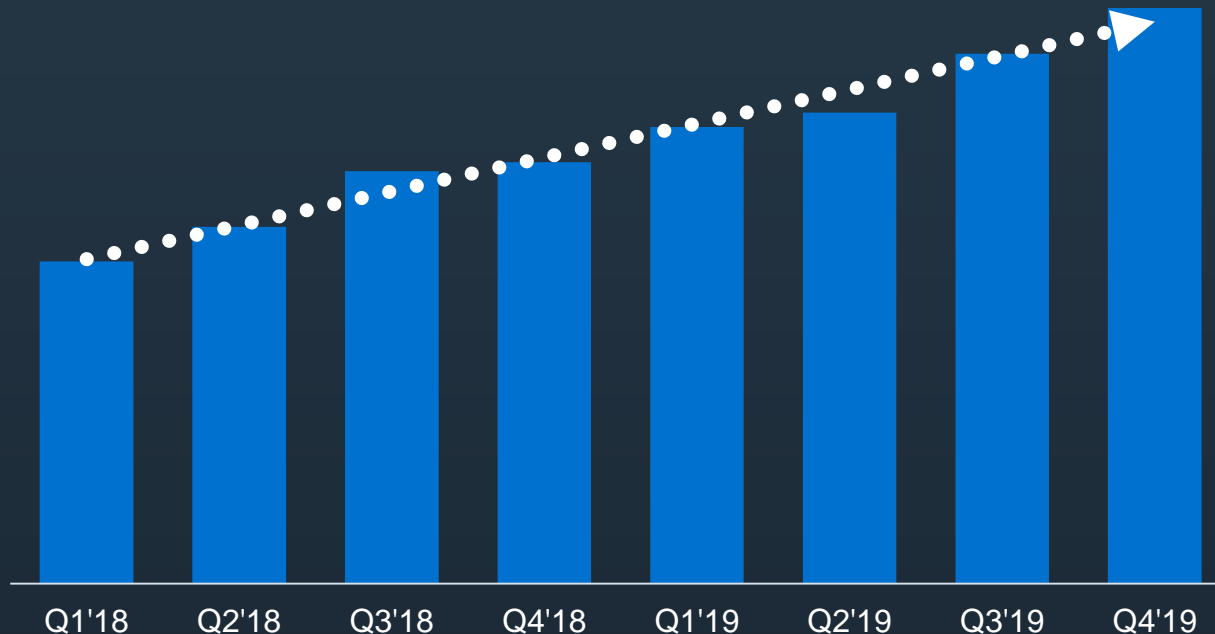
Continued Execution of Peel and Grow Account Coverage

Focus on Share of Wallet Growth

Investments in Account Acquisition

**F
RTINET**

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Pipeline Growth to drive long term strategy

Bar chart showing pipeline growth across quarters: Q1'18, Q2'18, Q3'18, Q4'18, Q1'19, Q2'19, Q3'19, Q4'19

- Pipeline benefitting from cross-sell / up-sell function via Fabric

- Strong pipeline growth fueled by:

- **Direct** – increased sales capacity

- **Marketing** investments: BDR, events and targeted campaigns.

- **Channel** – Deal Registration and targeted incentives

*data shows a snapshot of total active pipeline as of the 1st day in each period. (SFDC data)

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Fortinet Sales - Growth Drivers

Cross Sell of Fabric	Secure SD-WAN	Dynamic Cloud Security	Core / Datacenter/ Hyperscale	Refresh & Renew
Platform of choice	Security driven networking	Hybrid & MultiCloud – security everywhere	Power of the ASIC	High Customer retention

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Go-To-Market Strategy

Communication Service Provider (Sell-To)
MSSP, Network-Based, Cellular/Mobile

Enterprise:
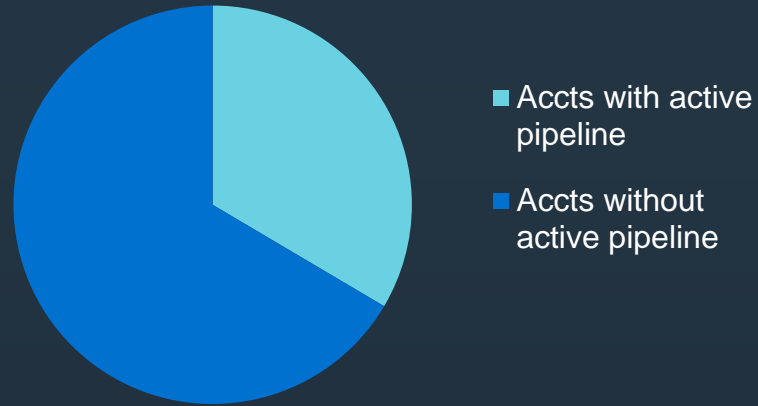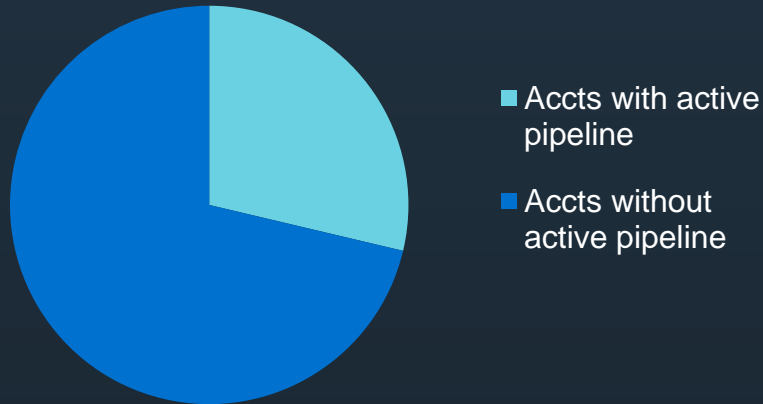Mid-Ent, Enterprise, G2000
Hyperscale, IoT/OT

Small Business

CLOUD
Hybrid
Private
Public

TELCO/SP
Sell-With

CHANNEL

Whitespace Opportunity

Major Account Managers

- Accts with active pipeline
- Accts without active pipeline

Named Account Managers

- Accts with active pipeline
- Accts without active pipeline

New Accounts (Active in CRM)

| 2015 | 2016 | 2017 | 2018 | 2019 Proj |
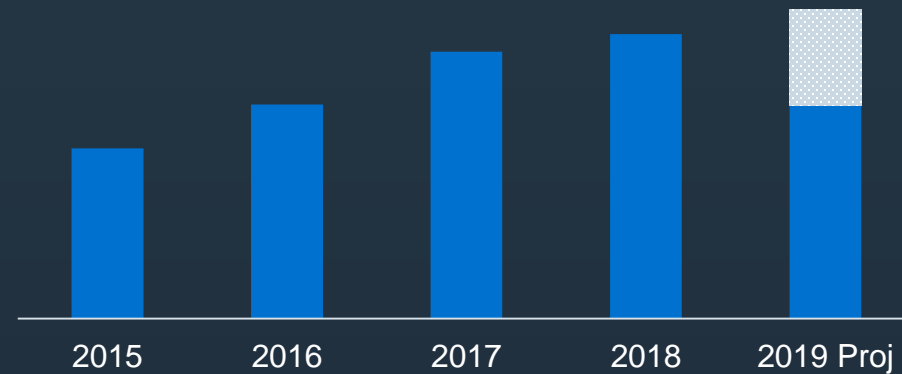
*data shows the # of active customers with billings captured in CRM

- Growth fueled by new account acquisition
- New sales territories fueled by hiring

Investments to help drive Sales Productivity

Systems and Tools

- CRM platform Integration
- Streamline Quote to cash
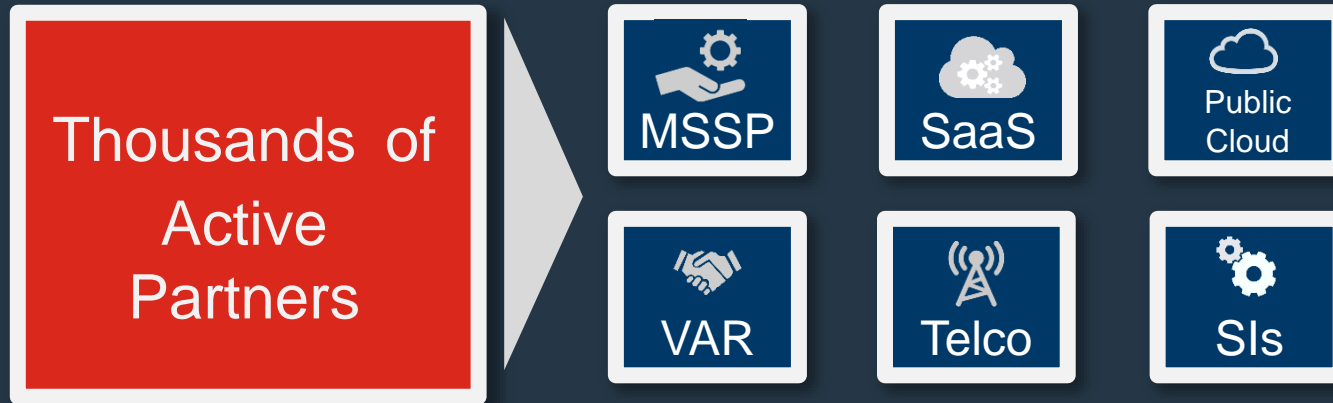- MDM to unlock install base

Sales Enablement

- NSE training program
- Training on Sales Motions
- Customer Intelligence Tools

Demand Generation

- Business Development Reps
- Inside Sales Reps
- Deal Registration programs

Channel Execution

Thousands of Active Partners

- MSSP
- SaaS
- Public Cloud
- VAR
- Telco
- SIs

THECHANNELCO. CRN ★★★★★ PARTNER PROGRAM GUIDE WINNER 2019

THECHANNELCO. CRN ARC ANNUAL REPORT CARD WINNER

THECHANNELCO. CRN WOMEN of the Channel 2019

THECHANNELCO. CRN 100 COOLEST CLOUD VENDORS 2019

THECHANNELCO. CRN TECH INNOVATORS WINNER 2019
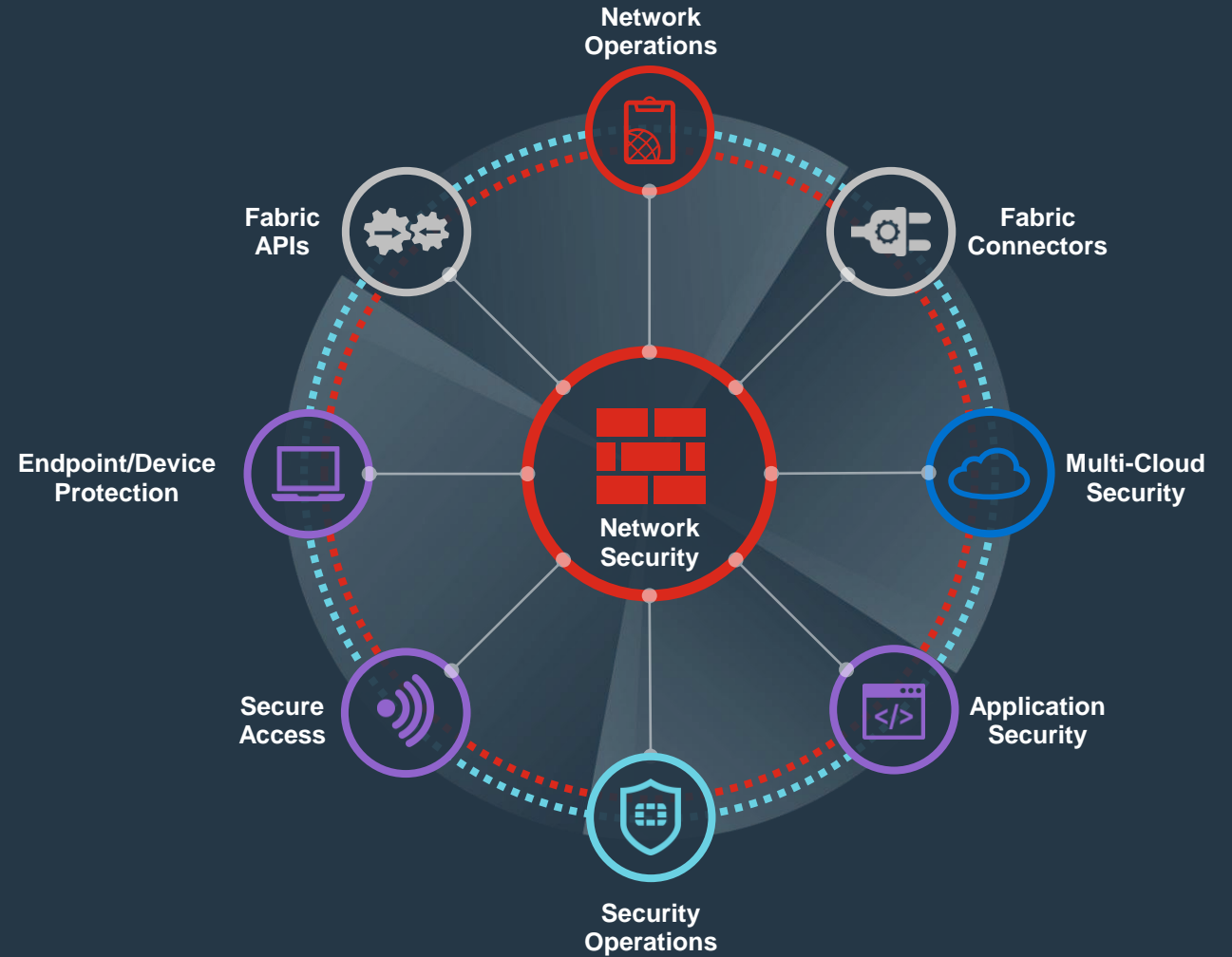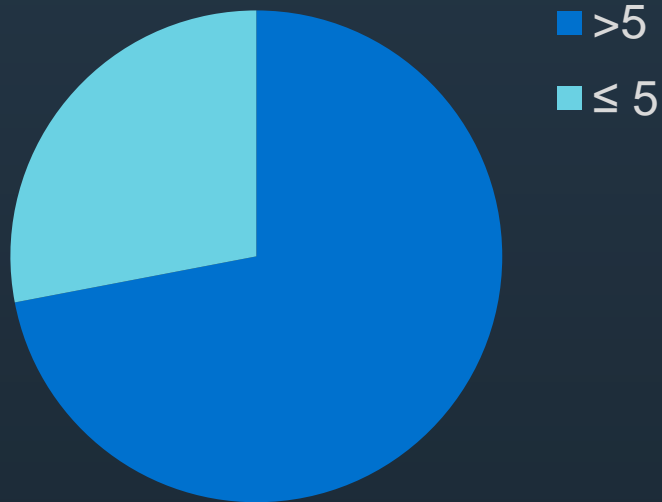
THECHANNELCO. CRN CHANNEL CHIEFS 2019

"Securing the WAN edge of branch offices is a priority for many of our SD-WAN customers, and many want to extend that security into the branch. Fortinet delivers a compelling SD-Branch solution that provides tight integration between the WAN and LAN platforms, enabling our customers to elevate their security and simplify management. This unique solution gives us a competitive differentiation with customers, helping expand our reach beyond the WAN edge down to the branch access layer."

Matthew Handler, CEO Security, NTT

F:RTINET

Fabric as a Key Differentiator

# of Fabric Products sold by a Sale Rep

- >5
- ≤ 5

Network Operations

Fabric APIs

Fabric Connectors

Endpoint/Device Protection

Network Security

Multi-Cloud Security

Secure Access

Application Security

Security Operations

Areas of Focus to Support Growth

Sales Hiring	Create 3X Pipeline for Sales	Productivity	Platform Focus
Sales and HR	Sales and Marketing	Sales and Training	R&D Investments

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Cloud Landscape for Business Agility

Secure Connectivity & QoE

"workers are 14% less productive than they could be due to poor application performance"

NetworkWorld

Dynamic Multi Cloud Reality

74% had moved an application into the public cloud, and then … back into their on-premises

IHS Markit

Cloud Increases Attack Surface

"Through 2025, 99% of cloud security failures will be the customer's fault."

Gartner

Shortage in Skilled Security Professionals

The cybersecurity skills shortage is worsening for the third year in a row and has impacted 74%

ESG and ISSA

F RTINET

Unlocking Business Agility with Security

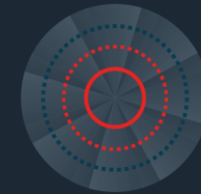|		
Secure Connectivity & QoE		**Secure SD-WAN & Cloud On-Ramp**
Dynamic Multi Cloud Reality		**Private, Public, SaaS** **CASB**
Cloud Increases Attack Surface		**Multi Layer Cloud Security Solutions**
Shortage in Skilled Security Professionals		**Single Pane of Glass**

Fortinet Security Fabric

Any application anywhere – same security everywhere

icare   CARMAX   COOPENAE   TOWER WATER   AUTODESK.

Steelcase   THE SCHOOL DISTRICT OF PHILADELPHIA   sodexo   NUbank

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Cloud Expands our Market → Web Application Firewall

14M
Impressions

45,000
Visitors

3,500
Engagements

60% of trials convert

Co-selling Opportunities

1,450
New Customers

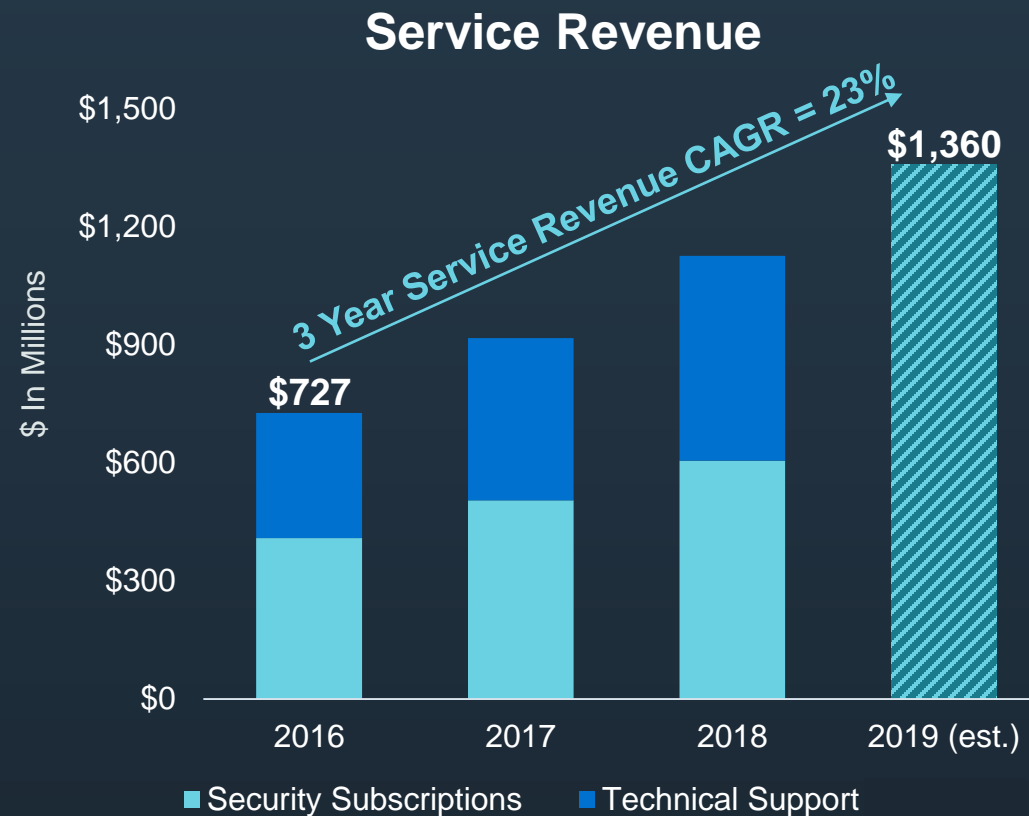**~75% have Fortinet hardware**
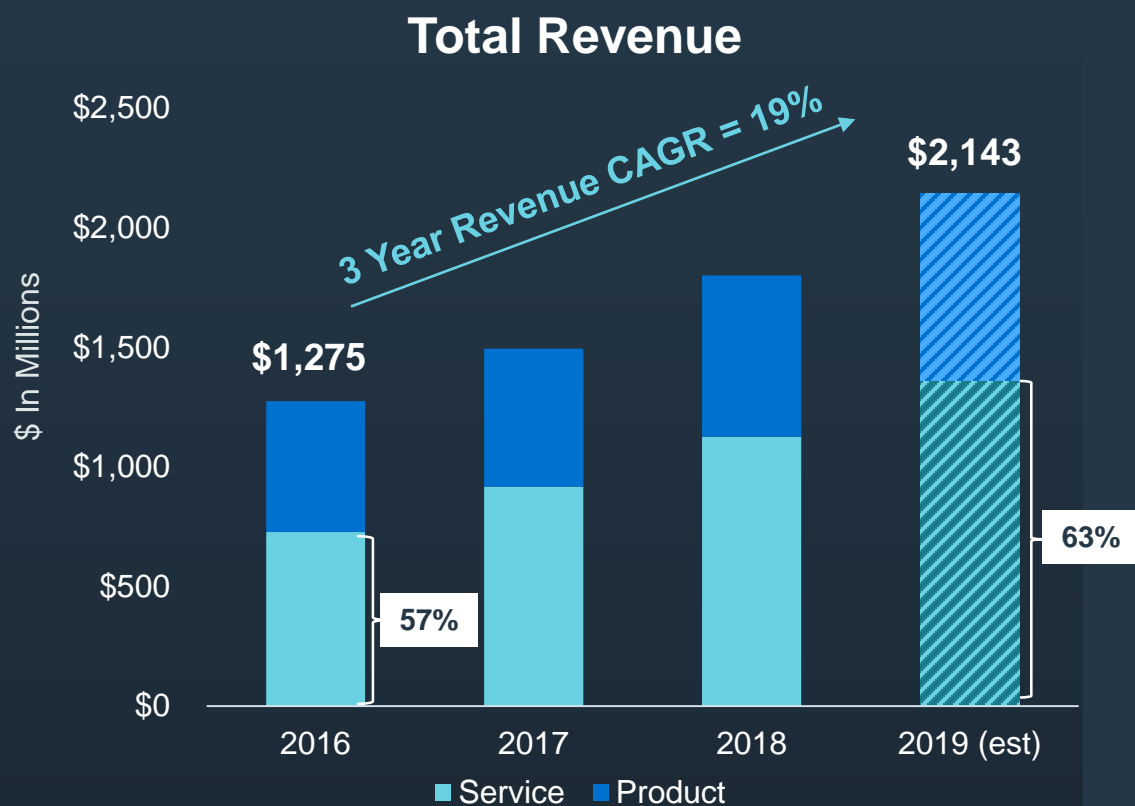
Fabric Upsell Opportunity

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Financial Review & Outlook

Keith Jensen
CFO

Revenue Growth
Led by Growth of Higher Margin and More Predictable Service Revenue

Total Revenue

3 Year Revenue CAGR = 19%

$ In Millions

- $2,500
- $2,000
- $1,500
- $1,000
- $500
- $0

$1,275

$2,143

57%

63%

2016   2017   2018   2019 (est)

■ Service ■ Product

Service Revenue

3 Year Service Revenue CAGR = 23%

$ In Millions

- $1,500
- $1,200
- $900
- $600
- $300
- $0

$727

$1,360

2016   2017   2018   2019 (est.)
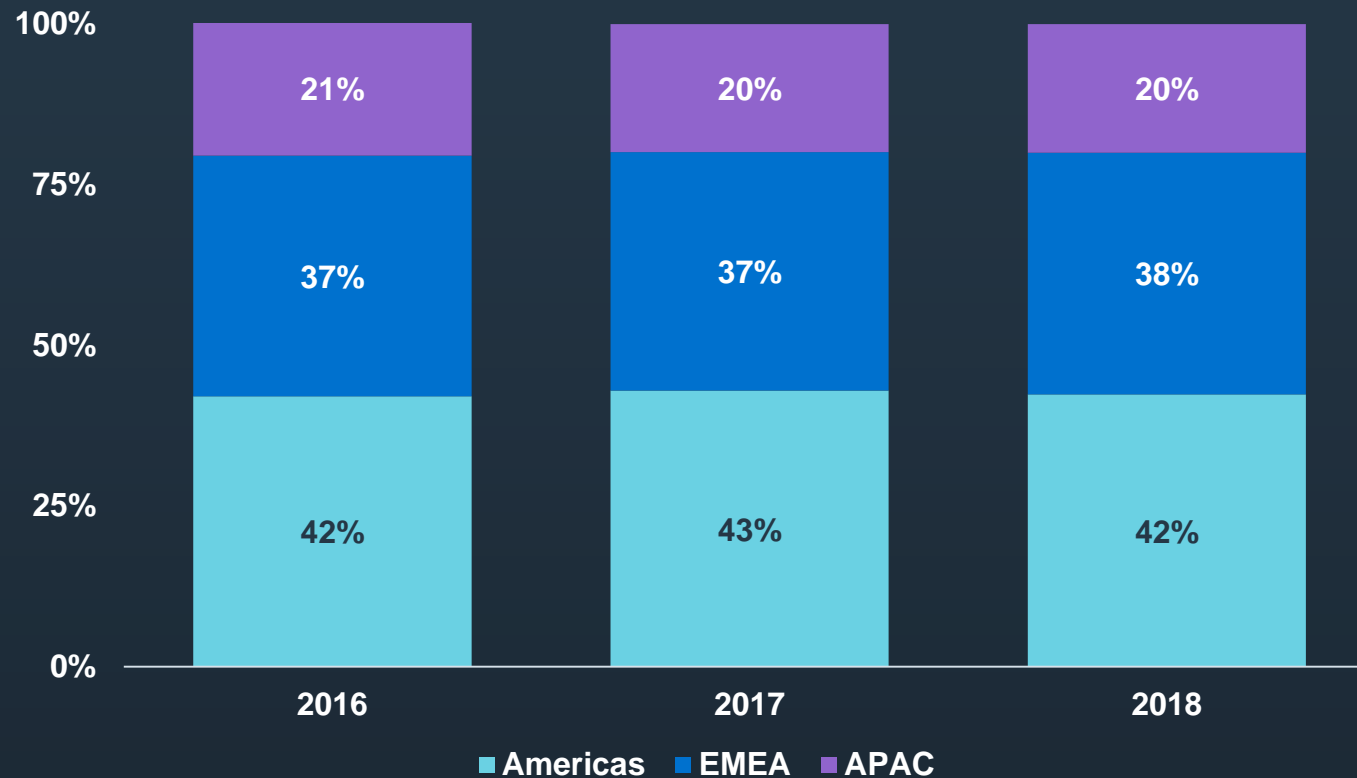
■ Security Subscriptions ■ Technical Support

Notes:
- 2019 (est.) represents the mid-point of guidance provided on Fortinet's Q3 Earnings Release on October 31, 2019.
- 3 Year Revenue CAGR includes 2019 growth assuming the mid-point of revenue guidance provided on Fortinet's Q3 Earnings Release on October 31, 2019.
- 3 Year Service Revenue CAGR includes 2019 growth assuming the mid-point of service revenue guidance provided on Fortinet's Q3 Earnings Release on October 31, 2019.

75

Revenue by Geography
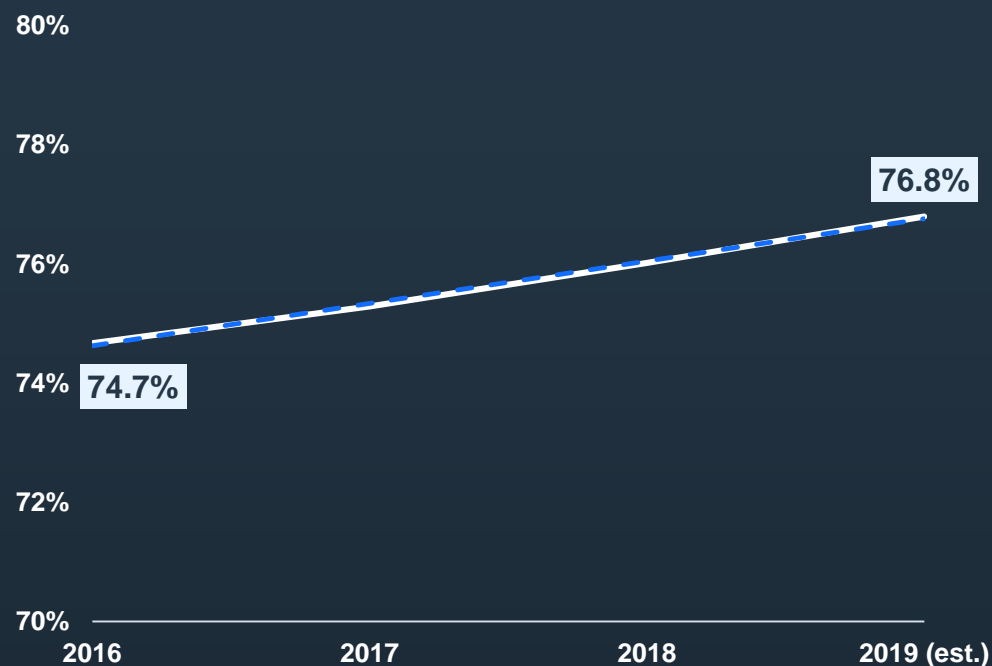
Balanced Growth with Geographic Diversity

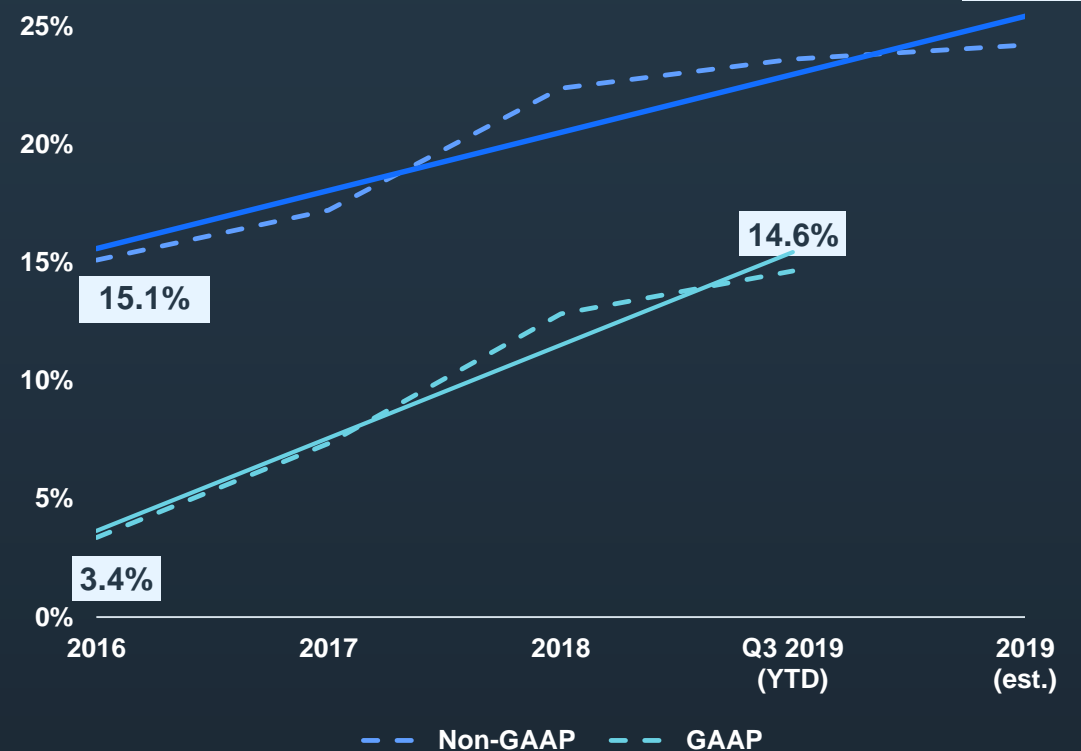| CAGR (2016 to 2018)	
AMERICAS	19%
EMEA	19%
APAC	17%
TOTAL	19%

Margins

Revenue Growth, Sales Leverage, and Expense Discipline Drive Margin Growth

Non-GAAP Gross Margin

76.8%

74.7%

| | 2016 | 2017 | 2018 | 2019 (est.) |

Operating Margin

24.3%

15.1%

14.6%

3.4%

| | 2016 | 2017 | 2018 | Q3 2019 (YTD) | 2019 (est.) |

Non-GAAP — — GAAP — —
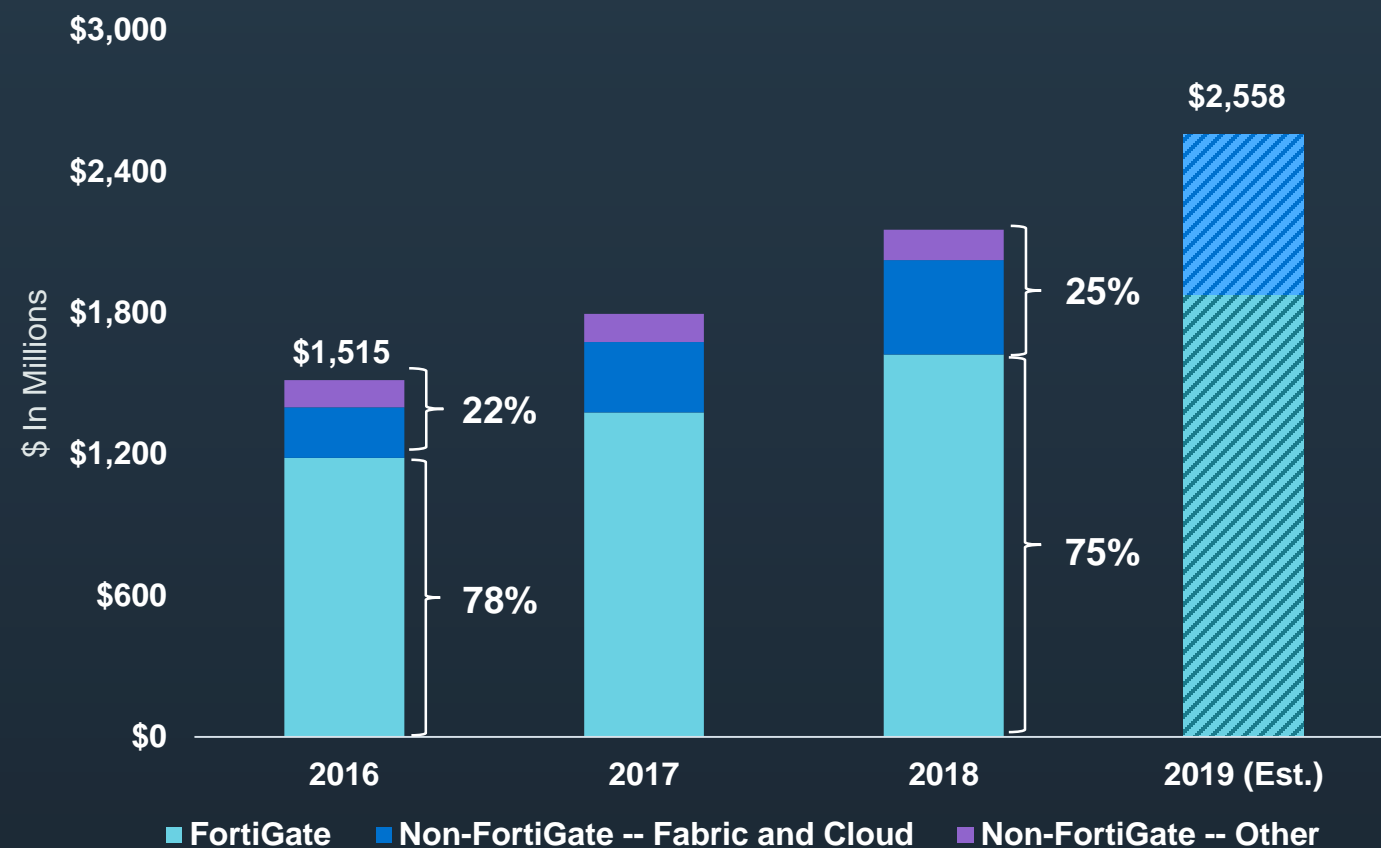
Notes:
- 2019 (est.) non-GAAP gross margin and non-GAAP operating margin represents the mid-point of guidance provided on Fortinet's Q3 Earnings Release on October 31, 2019.
- Periods prior to 2018 do not include the impact of ASC 606.
- Non-GAAP gross margin and non-GAAP operating margin are non-GAAP financial measures. See Appendix for reconciliation of the non-GAAP financial measures to the most comparable GAAP financial measures.

# FortiGate and Non-FortiGate Billings
Fabric Platform Growing Rapidly

$ In Millions

- $3,000
- $2,400
- $1,800
- $1,200
- $600
- $0

$1,515

22%
78%

$2,558

25%
75%

FortiGate   Non-FortiGate -- Fabric and Cloud   Non-FortiGate -- Other

2016   2017   2018   2019 (Est.)

CAGR (2016 to 2019)

TOTAL	19%
FortiGate	17%
Non-FortiGate Fabric and Cloud	35%

Notes:
- 2019 (est.) represents the mid-point of guidance provided on Fortinet's Q3 Earnings Release on October 31, 2019.
- FortiGate and Non-FortiGate billings are projected utilizing the Q3'YTD split (73.5%/26.5%), respectively.
- CAGR (2016 to 2019) includes the 2019 mid-point of billings guidance provided on Fortinet's Q3 Earnings Release on October 31, 2019.
- Total Billings is a non-GAAP financial measure, further categorization is derived from invoiced amounts. See Appendix for reconciliation of the non-GAAP financial measure to the most comparable GAAP financial measure.

Fabric Platform

Fabric and Cloud Drive Strong Growth in Non-FortiGate Billings
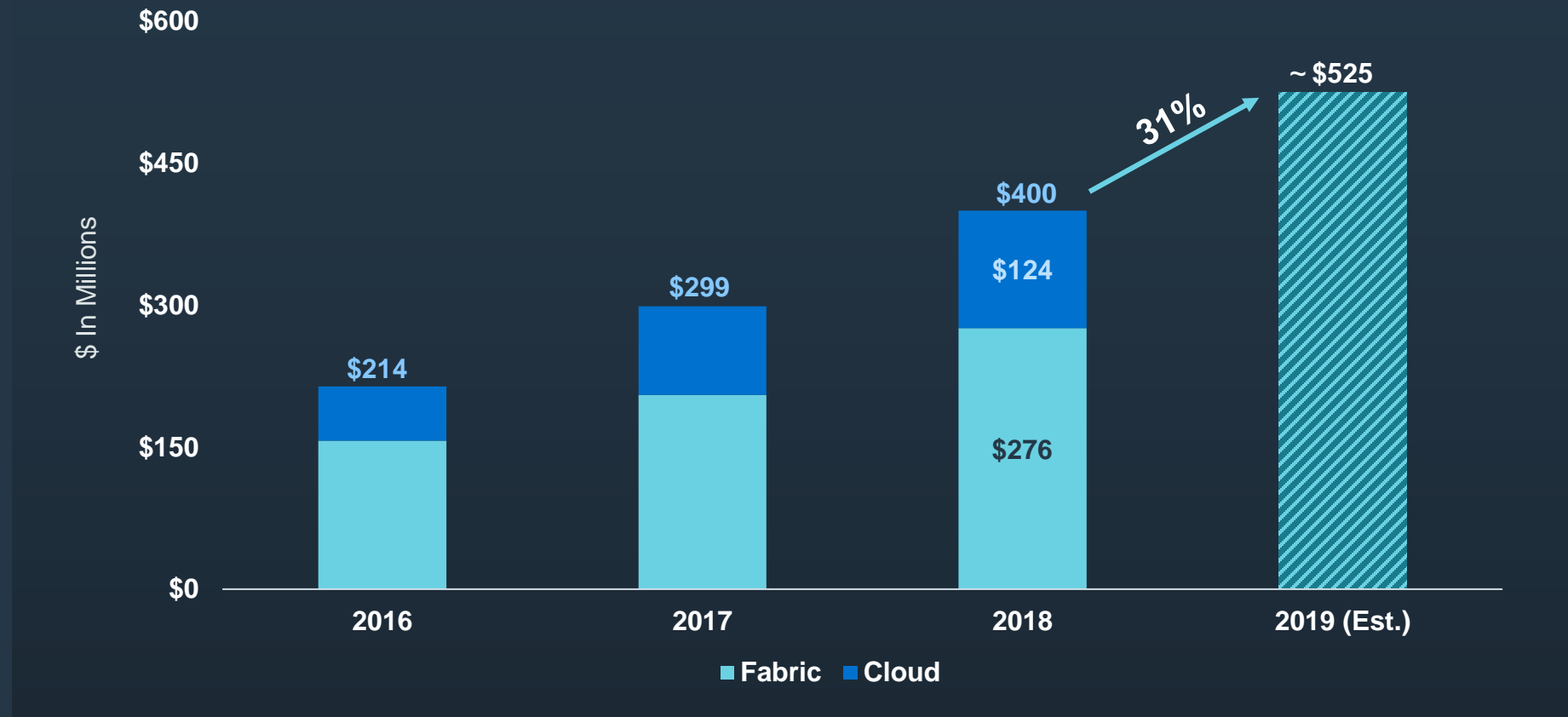
Notes:
- 2019 (est.) represents the mid-point of guidance provided on Fortinet's Q3 Earnings Release on October 31, 2019. Fabric and Cloud billings are calculated using the ratio of actual billings for the nine months ended September 30, 2019.
- Billings data is derived from invoiced amounts.

FortiGate and Non-FortiGate
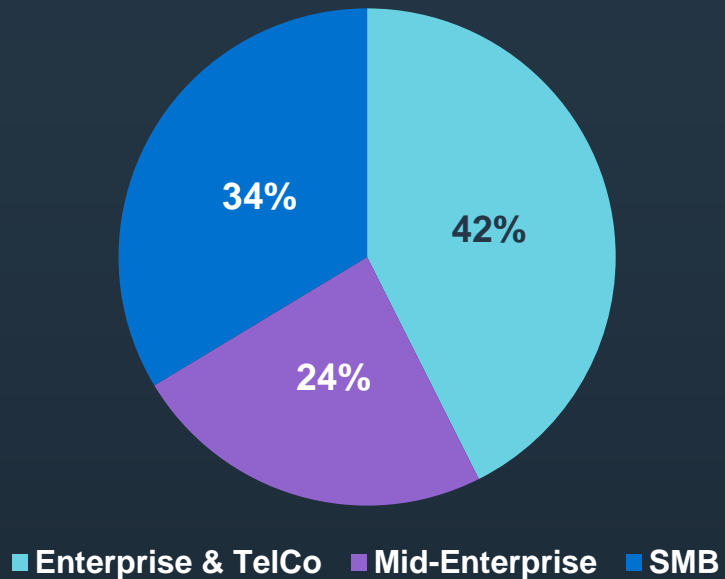
What is Included in Non-FortiGate?

FortiGate		Non-FortiGate				
Network Security Firewall	FortiGuard (FG) or FortiCare (FC) Available	Fabric				Other
		Solution	Infrastructure Fabric	Cloud (VM & PAYG)	FortiGuard or FortiCare Available?	
		Forti-				
Entry Level (32 Products)	FG and FC	Analyzer	HW	X	FG and FC	Pro Services
Mid-Range (21)	FG and FC	AP	HW		FC	Training
High-End (39)	FG and FC	Client	SW		FG and FC	Forti-
		Cloud	SW		FG and FC	Authenticator
		GateVM		X	FG and FC	Token
		Mail	HW	X	FG and FC	*Fone*
		Manager	HW	X	FC	*Camera*
		NAC	HW/SW	X	FC	
		Portal		X	FC	
		Sandbox	HW/SW	X	FG and FC	
		SIEM	HW/SW	X	FG and FC	
		Switch	HW		FC	
		Web (WAF)	HW	X	FG and FC	

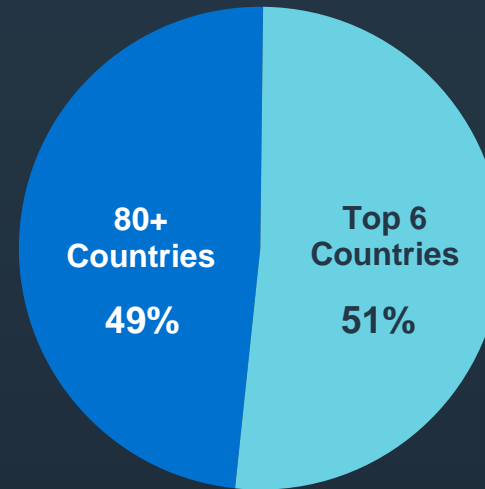Note: The above is not an inclusive list of all Fabric, Cloud and Other products.

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Billings Mix Q3 2019 YTD

Diversified Across Customer Segments, Geographies, and Industries

Customer Segments

- 42%
- 34%
- 24%

■ Enterprise & TelCo ■ Mid-Enterprise ■ SMB
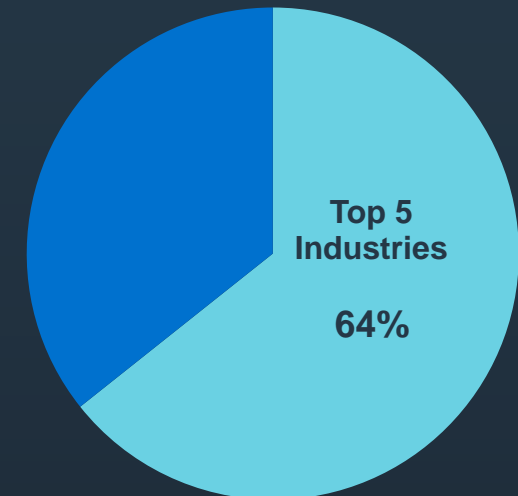
Geographies

- 80+ Countries 49%
- Top 6 Countries 51%

Top 6 Countries

Canada	Japan
France	United Kingdom
Germany	United States

Industries

- Top 5 Industries 64%

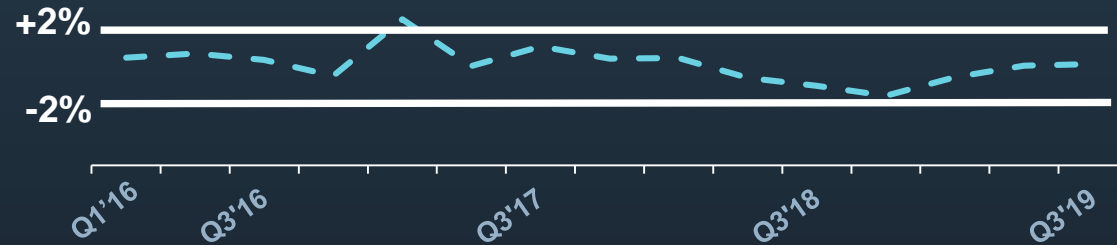**Top 5 Industries**

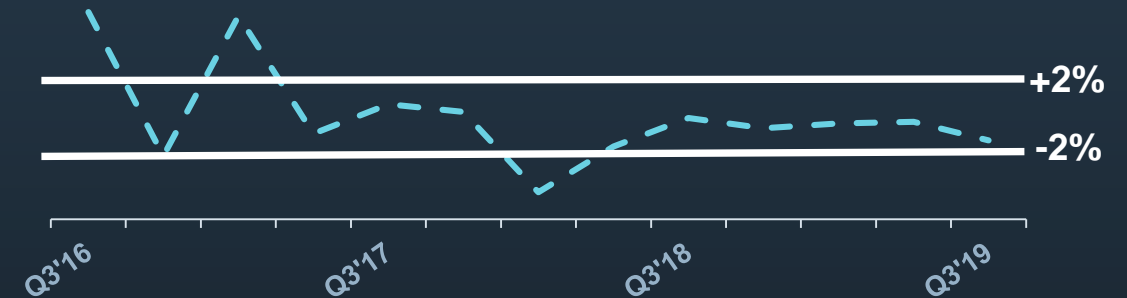|	
Fin Serve	Retail/Hospitality
Education	SP/MSSP
Government	

Note: Billings data is derived from invoiced amounts.

Visibility and Predictability
Key Metrics are Driving Consistent Execution

Renewal Rate Compared to 3-year Average

+2%
-2%

Q1'16   Q3'16   Q3'17   Q3'18   Q3'19

Discount Rate Compared to 3-year Average

+2%
-2%

Q3'16   Q3'17   Q3'18   Q3'19

Average Contract Term

27 mo.   +2%
23 mo.   -2%

21   25   26

Q1'16   Q3'16   Q3'17   Q3'18   Q3'19

Percentage of Service Revenue from Deferred

+2%
-2%

91.5%   91.6%   91.4%   92.5%

Q3'16   Q3'17   Q3'18   Q3'19

Notes:
Renewal rate: Actual renewal at opportunity value divided by original contract value available for renewal opportunity.
Average Contract Term: Dollar weighted average term for billing SKUs of product bundles and service contracts.

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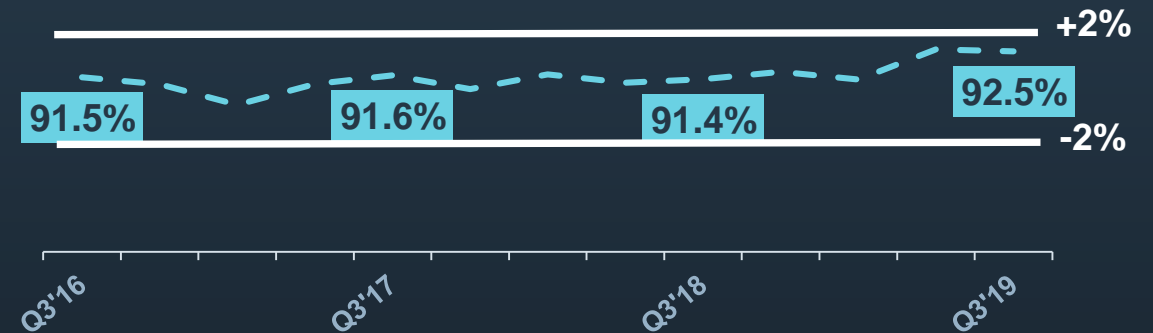
Deals Over $500K and $1M (Q3 YTD)

Moving Up Market

Left chart (stacked bar):

Year	Number of Deals over $500k	Number of Deals over $1M
2017	148	90
2018	196	100
2019	251	134

Legend: ■ Number of Deals over $500k   ■ Number of Deals over $1M

Right chart (bar) — $ In Millions:

Year	Dollar Value of Deals > $1M
2017	
2018	$200
2019	$268

34%

Legend: ■ Dollar Value of Deals > $1M

FORTINET
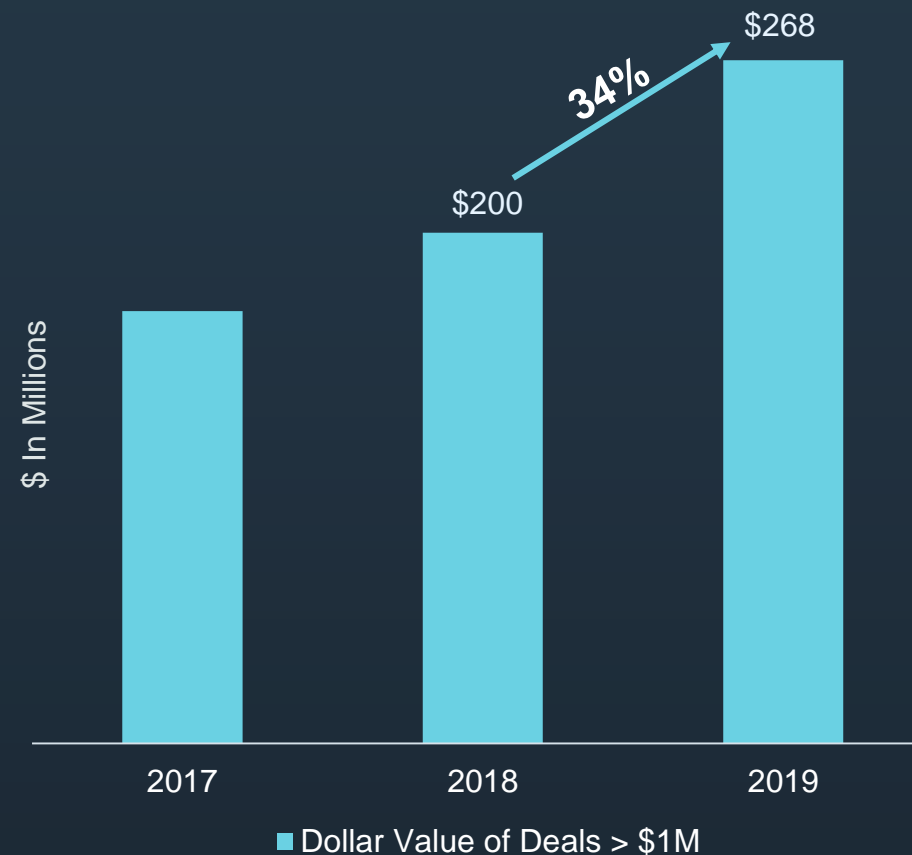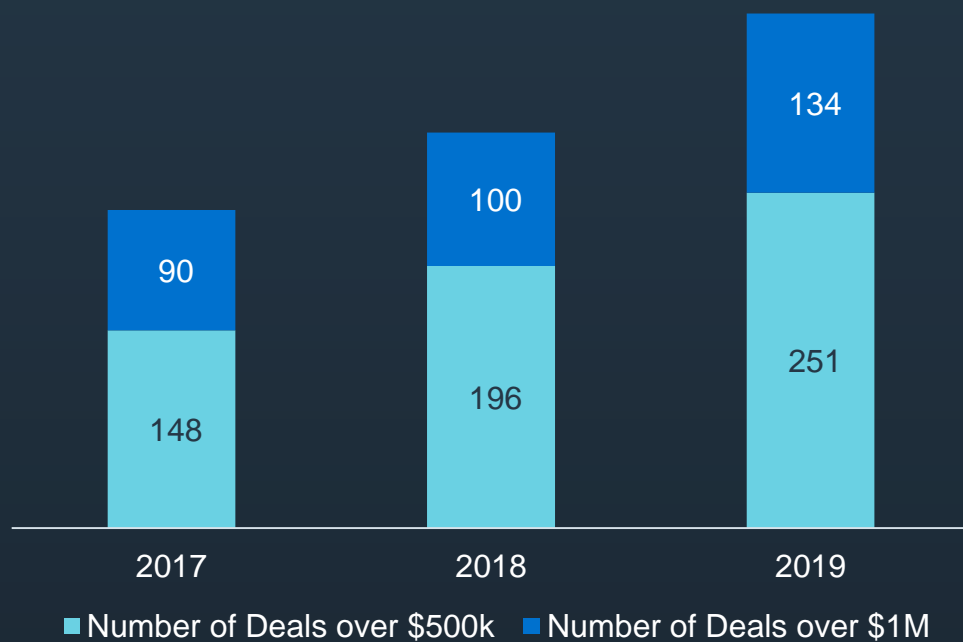
Secure SD-WAN

Billings, Product Revenue and Pipeline Growing Rapidly

SD-WAN Billings
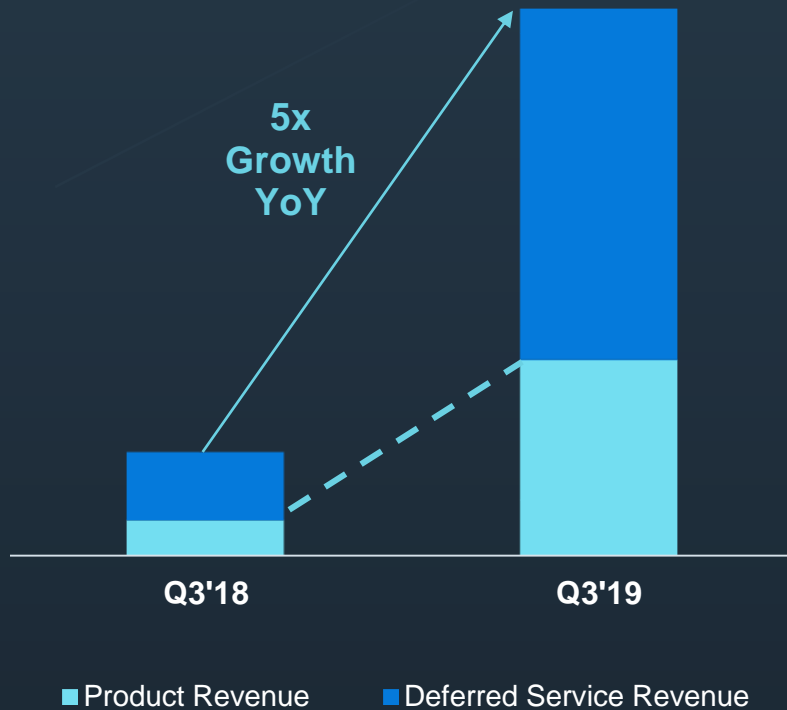
5x Growth YoY

Q3'18   Q3'19

■ Product Revenue   ■ Deferred Service Revenue

Secure SD-WAN Pipeline

Q2'18   Q3'18   Q4'18   Q1'19   Q2'19   Q3'19   Q4'19 (est.)

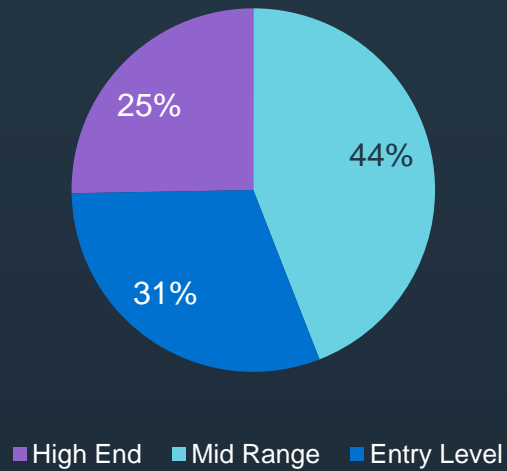Note: Billings data is derived from invoiced amounts.

FORTINET
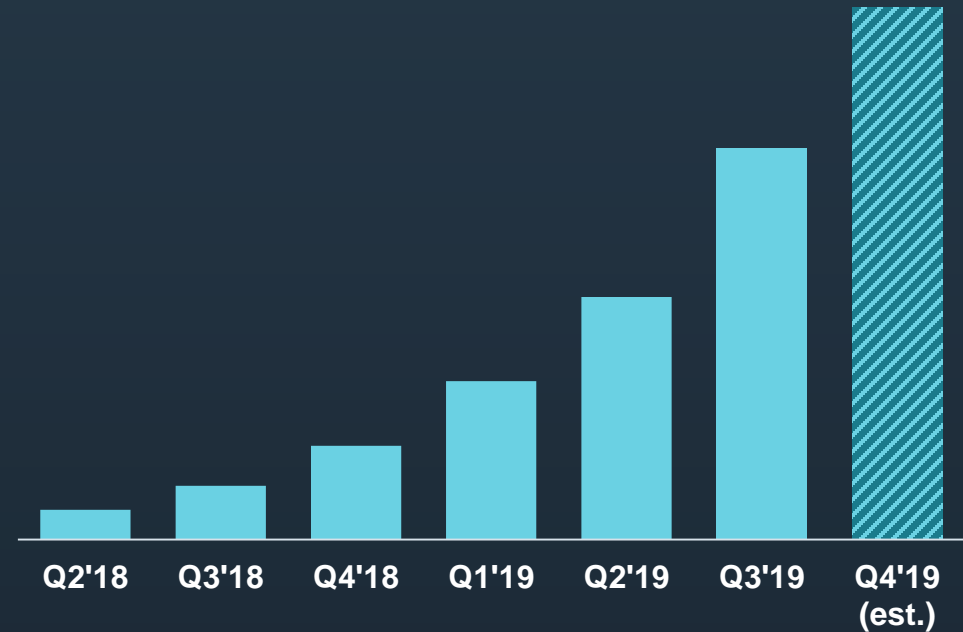
Secure SD-WAN

FortiGate, Geography, and Customer Mix (Q3 YTD)

FortiGate Revenue Mix

- High End: 25%
- Mid Range: 44%
- Entry Level: 31%

■ High End ■ Mid Range ■ Entry Level

Geographic Billings

- Americas: 48%
- EMEA: 43%
- APAC: 9%

■ Americas ■ EMEA ■ APAC
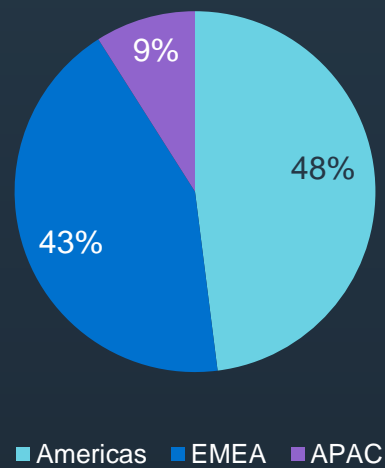
Customer Segment Billings

- Enterprise & Telco: 59%
- Mid-Enterprise: 26%
- SMB: 15%

■ Enterprise & Telco ■ Mid-Enterprise ■ SMB
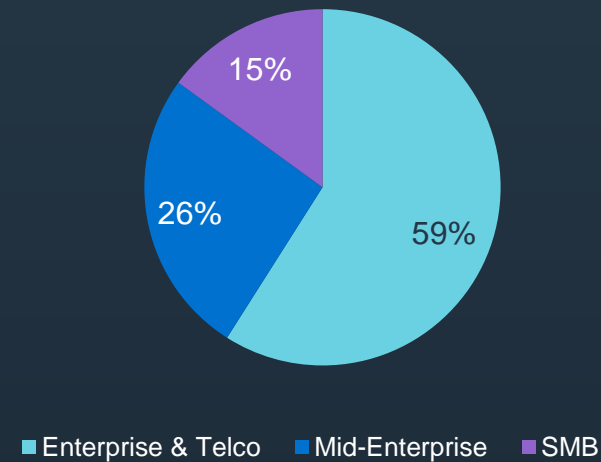
Industry Billings

- Top Industries: 49%
- All Remaining Industries: 51%
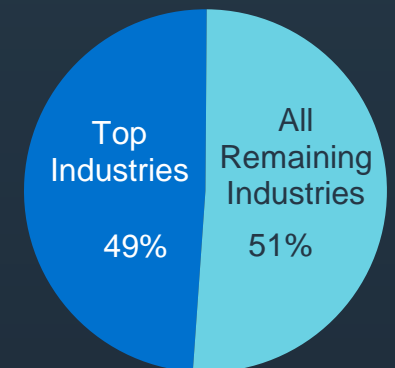
Top Industries
Fin Serv
Government
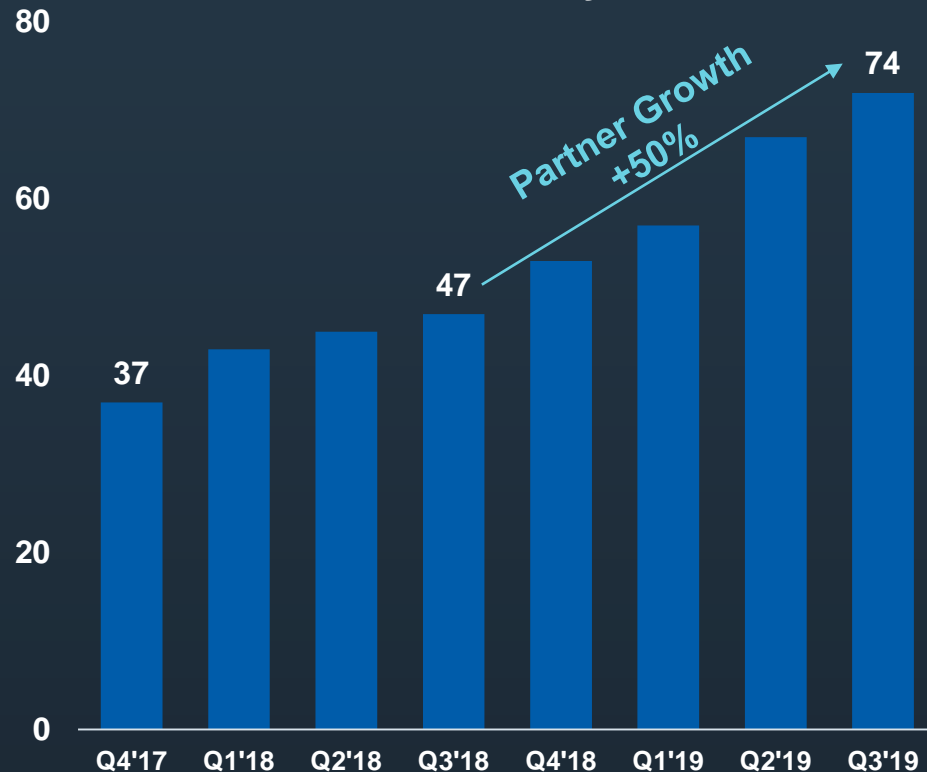Manufacturing
Retail/Hospitality

Notes:
- FortiGate Mix chart is based on all Secure SD-WAN deals over $250K.
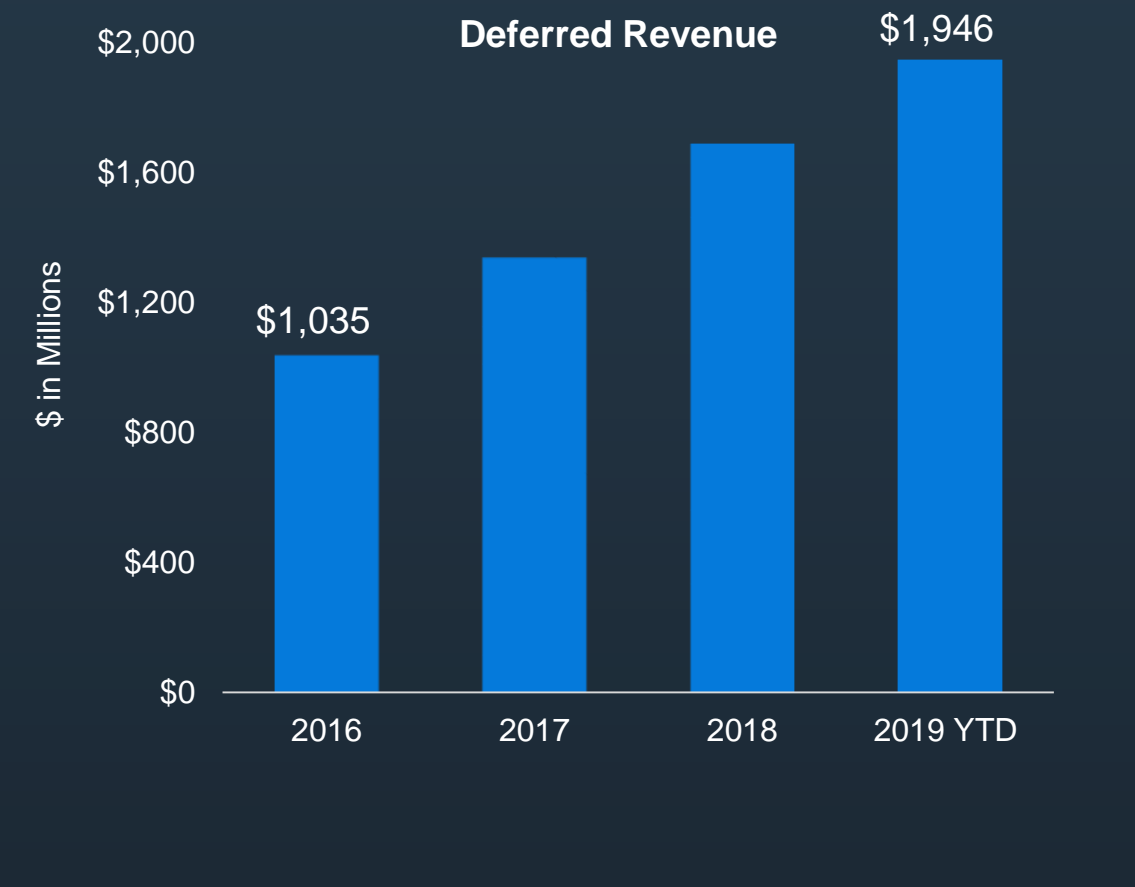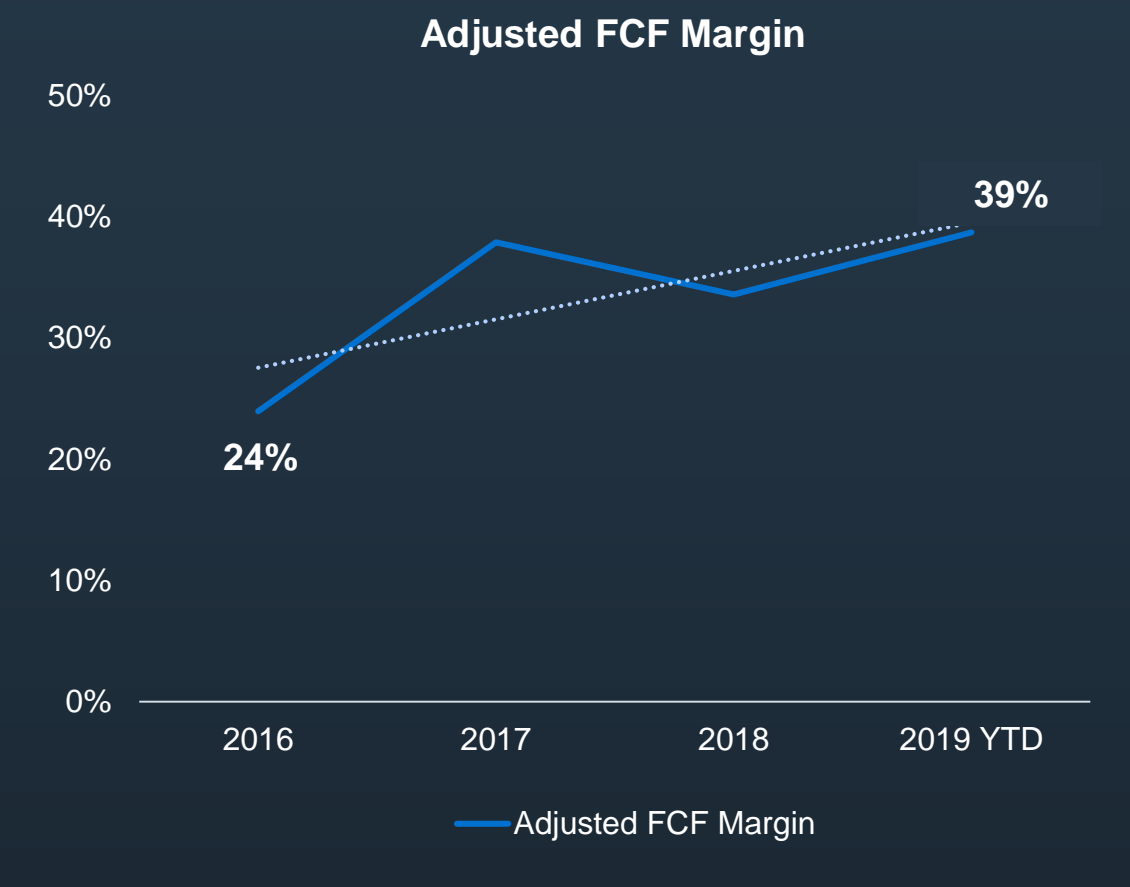- Billings data is based on invoiced amounts.

Fabric Partners

Adding Integrations – Enabling Automation

Fabric Ready Partners

Chart showing Fabric Ready Partners growth with "Partner Growth +50%":
- Q4'17: 37
- Q1'18: 44
- Q2'18: 45
- Q3'18: 47
- Q4'18: 51
- Q1'19: 56
- Q2'19: 67
- Q3'19: 74

Partner logos including: aws, Alibaba Cloud, aruba a Hewlett Packard Enterprise company, cisco, Hewlett Packard Enterprise, Microsoft Azure, nuage networks from Nokia, ORACLE, vmware, servicenow, Symantec, ADVA Optical Networking, alcide, algosec, amdocs, ARISTA, Attivo Networks, BACKBOX, BROCADE, CARBON BLACK, Centrify, chronicle, CLAROTY, CLOUDIFY, CORSA, CSPi, cyberOBSERVER, CYBERARK, CYBERX, CyGlass, D3 SECURITY, DELL, {disrupt:Ops}, ENEA, ENSILO, eset, FIREMON, Flowmon, FORESCOUT, HashiCorp, HUGHES, IBM Security, ImmuniWeb, Infoblox, intel, JASK, Lenovo, McAfee, MICRO FOCUS, NEC, NoviFlow, NOZOMI NETWORKS, NUTANIX, OPSWAT, ordr, Pulse Secure, Qualys, RAD, ribbon, rubrik, SentinelOne, SIEMENS, SKYBOX SECURITY, spirent, splunk, STRATOZEN, TANIUM, TERIDION, ThreatConnect, TRUEFORT, tufin, UBiqube, WhiteHat SECURITY, ziften

Adjusted Free Cash Flow Margin Growth

Adjusted FCF Margin

39%

24%

50%
40%
30%
20%
10%
0%

2016   2017   2018   2019 YTD

—— Adjusted FCF Margin

Deferred Revenue

$1,946

$1,035

$ in Millions

$2,000
$1,600
$1,200
$800
$400
$0

2016   2017   2018   2019 YTD

Note: Adjusted Free Cash Flow Margin is a non-GAAP financial measure. See Appendix for reconciliation of the non-GAAP financial measure to the most comparable GAAP financial measure.

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Strategic Capital Allocation and Investment

Focus on Innovation and Shareholder Return

Invest

Innovation

Our innovation investment was $850M since 2015[1]

611 U.S. Fortinet Patents

M&A

Opportunistic

Extending our Security Fabric – $100M spent since 2015

Purchased Technology includes: SIEM, Endpoint, and NAC

Return

Capital Return

2017 through Q3'2019 share repurchases: $773M

On November 11th, our Board of Directors approved a $1.0B increase in the Share Repurchase Program to $2.5B, which expires in February 2021. Currently, $1.6B remains available for future repurchase.

Note:
[1] This represents our non-GAAP research and development expense through September 30, 2019. See Appendix for reconciliation of the non-GAAP financial measure to the most comparable GAAP financial measure.

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Guidance for Q4'19 and FY'19

	Q4'19 Guidance	FY19 Guidance
Billings	$750-765M	$2.550-2.565B
Revenue (GAAP)	$595-610M	$2.135-2.150B
Service Revenue (GAAP)		$1.355-1.365B
Gross Margin	75.5-76.5%	76.5-77.0%
Operating Margin	25.5-26.0%	24.0-24.5%
Earnings per share	$0.69-0.71	$2.39-2.41

Note: Amounts above are non-GAAP except where GAAP is noted. Our guidance with respect to 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.

Additional Modeling Points

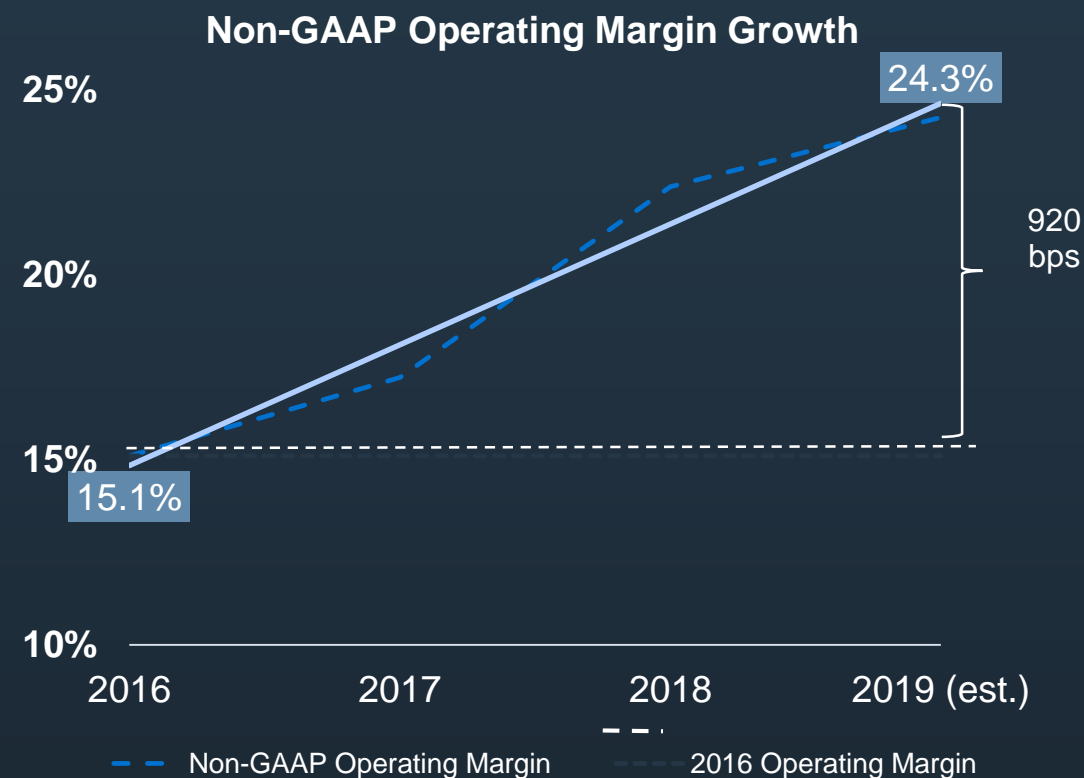|	Q4'19	2019 Guidance
Cash Paid for Taxes	$13-15M	$56-58M
Capital Expenditures	$40-50M	$90-100M
Non-GAAP Tax Rate	24%	24%
Shares Outstanding	176-178M	175-177M

2020 Total Capital Expenditures are expected to be between $210M and $230M.

Note: In order to provide a more complete picture of our recurring core business operating results, we include in non-GAAP net income and non-GAAP diluted net income per share, the tax adjustment required resulting in an effective tax rate on a non-GAAP basis, which often differs from the GAAP tax rate.

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Fortinet Framework

Gain Market Share and Improve Profitability

	Market Growth	Fortinet Revenue Growth	Growth Over Market
2017	12.6%	17.2%	+4.6
2018	12.4%	20.5%	+8.1
2019 (est.)	9.9%	19.0%	+9.1

Non-GAAP Operating Margin Growth

24.3%

920 bps

15.1%

25%

20%

15%

10%

2016   2017   2018   2019 (est.)

- - - Non-GAAP Operating Margin   2016 Operating Margin

Notes:
- Market growth based on Fortinet estimates based on data from recent analyst research.
- 2019 (est.) represents the mid-point of guidance provided on Fortinet's Q3 Earnings Release on October 31, 2019.
- Periods prior to 2018 do not include the impact of ASC 606.
- Non-GAAP operating margin is a non-GAAP financial measure. See Appendix for reconciliation of the non-GAAP financial measure to the most comparable GAAP financial measure.

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Mid-Term Model: 2020-2022

Rule of 40 For 8 Out of 10 Years, Including 2019

	2017A	2018A	FY19E	Mid-Term Model
Billings Growth	18.5%	19.9%	19%	>15%
Revenue (GAAP) Growth	17.2%	20.5%	19%	>15%
Operating Margin	17.2%	22.4%	24.0-24.5%	>= 25% [1]

Fortinet Growth Drivers

Gain Enterprise Share

- No. 2 Cyber Security Company
- Cyber Security budget growth
- Fabric platform/ vendor consolidation
- Competitor refresh cycle
- Third party recommendations

Expand Leadership

- TCO advantage
- Carrier/MSSP Leader
- SMB leader
- Growing Partner ecosystem and investment

New Market Opportunities

- TAM growth
- SD-WAN
- Hybrid Cloud & Multi-Cloud
- OT & IoT & 5G
- Edge computing
- Partnerships

Technology Innovation

- ASIC strategy (CP9, SoC4, & NP7) results in expanded use cases
- Security Compute Rating advantage
- Fabric Partner Integrations

Financials

- Increasing percent of high margin predictable, Service revenue
- Diversification across geographies, customer & industries
- Cash of $2.1B[1], no debt
- Growth of Free Cash Flow $ and % of revenue
- Share buy back program

(1) As of Sept. 30, 2019

Appendix

Billings and Free Cash Flow Reconciliation

	2016	2017	2018
Total revenue	$ 1,275.4	$ 1,494.9	$ 1,801.2
Add change in deferred revenue	244.1	301.0	350.5
Add deferred revenue adjustment due to adoption of the new revenue recognition standard	-	-	4.1
Less deferred revenue balance acquired in business acquisition	(4.4)	-	(2.5)
Total Billings	$ 1,515.1	$ 1,795.9	$ 2,153.3

	2016	2017	2018	2019 YTD
Net cash provided by operating activities	$ 345.7	$ 594.4	$ 638.9	$ 617.6
Less purchases of property and equipment	(67.2)	(135.3)	(53.0)	(45.0)
Free cash flow	278.5	459.1	585.9	572.6
Real Estate Adjustment [1]	27.0	107.3	19.0	24.0
Adjusted Free Cash Flow	$ 305.5	$ 566.4	$ 604.9	$ 596.6

(1) Represents real estate purchases and cash payments related to the new Sunnyvale campus building.

Reconciliation of Non-GAAP Results to GAAP Results

$ in million		2016		2017		2018		2019 Q3YTD
GAAP gross profit	$	937.6	$	1,109.6	$	1,350.8	$	1,176.4
Stock-based compensation		10.0		10.9		12.3		9.6
Amortization of acquired intangible assets		4.0		5.0		6.2		5.8
Inventory fair value adjustment amortization		0.8		-		-		-
Non-GAAP gross profit	$	952.4	$	1,125.5	$	1,369.3	$	1,191.8
Non-GAAP gross margin		75%		75%		76%		77%
GAAP operating income	$	42.9	$	109.8	$	231.0	$	225.8
Stock-based compensation		122.4		137.2		162.9		130.4
Amortization of acquired intangible assets		9.3		8.6		9.0		8.1
ERP-related expenses		13.4		-		-		-
Acquisition-related charges		0.3		-		-		-
Restructuring charges		4.0		0.3		-		-
Inventory fair value adjustment amortization		0.8		-		-		-
Litigation settlement expenses		-		1.5		-		-
Non-GAAP operating income	$	193.1	$	257.4	$	402.9	$	364.3
Non-GAAP operating margin		15%		17%		22%		24%